

ALABAMA UTILITY CONTRACTORS ASSOCIATION

TIM AYERS, EXECUTIVE DIRECTOR
AUGUST 2018

Director's Comments:



USDA to offer \$4 billion in loans for rural water, waste infrastructure

The U.S. Department of Agriculture recently announced it will make available "a historic level of funding" for rural communities to finance improvements to their water and waste disposal infrastructure.

According to a news release, the USDA's Water and Waste Disposal Program has \$4 billion in direct loans available now to fund "the construction, upgrade, or expansion of clean and reliable drinking water systems, sanitary sewage systems, solid waste disposal infrastructure, and storm water drainage in rural areas."

Most state and local government entities, private nonprofits, and federally-recognized tribes are eligible to apply. Projects must be located within a rural area with a population of 10,000 or less. The terms of the loans could be for up to 40 years, based on the expected lifespan of the improvements, at fixed interest rates determined by need and the median household income of the community being served by the project.

Applications that are not approved by September 30th will be considered for funding during the next fiscal year. Additional information can be found on the [USDA Rural Development website](#).

Let's hope that our state takes full advantage of this opportunity, and that it helps create many more jobs for our members, while making much needed infrastructure improvements in many parts of our state.

Tim

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News & Notes:

AUCA 2019 Board of Directors Nominations:

We are soliciting the membership for suggestions of people to serve on the 2019 AUCA Board of Directors. If you have someone in mind that you think would be an asset on the AUCA Board, please email us by August 31st to recommend them to the AUCA Nominating Committee. If you are interested in serving yourself, please feel free to list your name as well.

The Nominating Committee will review the nomination forms of those desiring to serve on the 2019 Board at the September 19th AUCA Board Meeting. The proposed slate of nominees will be announced to the membership and the candidates will be voted on by the members in attendance at the October 18th General Meeting in Montgomery.

Association Health Plan Survey:

In June 2018, the U.S. Department of Labor issued a new regulation regarding Association Health Plans (AHP's) allowing for more flexibility in formation and operation of AHP's.

Association Health Plans (AHP's) are group health plans that employer groups and associations offer to provide health coverage for their members' employees. They allow small employers, through associations, to gain regulatory and economic advantages available to large employers.

Benefits of AHP's:

- Allows small employers to group together to achieve group buying power and economies of scale
- Pooling together allows for rate stabilization and lower rates in the long run
- Health plans may be customized to meet needs of the group rather than one-size fits all government dictated plans
- Plans may be managed and member education provide more transparency and understanding of health costs drivers

AUCA has been actively investigating the possibility of offering an Association Health Plan option for our members. The recent regulatory changes make this possibility more feasible than ever. However, in order to make an AHP work, we have to have a certain number of members participate.

Please take the time to click the link: [AUCA AHP Survey Link](#) and complete the brief survey to help the AUCA Board of Directors develop a potential AHP implementation strategy. You may also print out the survey from the following page and Fax it to the AUCA office at (205) 582-9155.





Alabama Utility Contractors Association Benefit Interest Form

Company Name*

Owner / HR Manager*

First Name

Last Name

Address*

City

State

ZIP Code

Phone*

Email

Check All Benefits that might be of Interest to your Company.

Health

Dental

Vision

Critical Illness

Cancer

Accident

Life

Number of Employees that might be interested

News & Notes:

NEW LEASE STANDARD - HOW IT AFFECTS CONTRACTORS

by Daniel Brock, CPA, CVA - Barfield Murphy Shank & Smith, LLC

In 2016, the Financial Accounting Standards Board (FASB) issued a new standard that will significantly change how businesses record and report their leases. The new standard will go into effect for fiscal years beginning after December 15, 2019 for nonpublic companies.

The most significant change in this new standard is that all leases with terms in excess of 12 months will be reported on the balance sheet. Under the current standard, leases that qualified as operating leases were left off the balance sheet and recorded as lease expense as they were paid.

While this will generally not result in a significant change to your net equity, it does have the potential to greatly affect two key areas that rely on the financial statements:

Bonding Capacity

One of the most critical components of the financial statements is working capital (current assets minus current liabilities), as this shows the contractor's ability to service upcoming obligations. Working capital is also a major factor in your bonding capacity. Under the new leasing standard, working capital will decrease, as the next 12 months' worth of lease payments will be added to current liabilities, while the leased asset will be noncurrent.

Debt Covenants

If you have bank loans that require you to maintain certain financial ratios, these could be negatively impacted by the new lease standard. For example, a maximum debt to equity ratio could pass under the current law, but fail after the leases are added to the balance sheet as liabilities. As the time to implement these new rules gets closer, you will need to contact your BMSS CPA to see how these changes could impact your balance sheet, your bonding agent on how this will affect your capacity and your banker to make any necessary adjustments to your agreements so any ratios or covenants do not become unreasonable under the new standard.

If you would like to hear more on this and other new FASB standards, as well as the new tax law and how it will impact the construction industry, BMSS is having a panel discussion on October 9, 2018. Keep an eye on our website www.bmss.com and social media for more information on this event.



News & Notes:

AUCA PAC Fundraising Raffle

Tickets will be distributed to AUCA member companies beginning in September for the annual AUCA raffle. This year we will be raffling two great prizes that anyone can use:

- \$500 Cash - Prize #1
- \$1,000 Cash - Prize #2

Tickets will be \$10 each, and will allow you two (2) chances to win. The drawing will be held at our October 18th General Meeting / Sporting Clay Shoot in Montgomery. You do not have to be present at the event to win.

All money raised from the raffle will go towards the AUCA PAC Fund to help support our Legislative efforts in Montgomery and Washington. With 2018 being an important election year in our state, we need to ensure that our PAC Fund stays strong. We hope that you and/or your employees will be able to participate again this year.

CEFA Equipment Operator Training

The Construction Education Foundation of Alabama (CEFA) is gearing up to offer a class to the general industry for equipment operator training starting in late September or early October at their office in Birmingham for up to 24 students with 16 hours of seat time training.

An organizational meeting will be held on August 31st, and additional details will be forthcoming. If your company has any interest in signing up students for the class, please contact CEFA President Byron McCain at (205) 956-0146.

DRINKING WATER STATE REVOLVING FUND 2017 ANNUAL REPORT

EPA recently issued the Drinking Water State Revolving Fund (DWSRF) 2017 Annual Report. This report commemorates the DWSRF's 20th anniversary, highlighting program accomplishments for 2017.

A full copy of the report can be found by following the link: [DWSRF 2017 Annual Report](#)



Upcoming Events:

AUCA Local Lunch Meetings
Dates and Locations To Be Announced

AUCA Board of Directors Meeting
September 19, 2018 at 10:00 a.m.
Montgomery, AL



September 25 – 27, 2018
Embassy Suites Montgomery

Damage Prevention Summit Session topics to include:

- Alabama 811 annual membership meeting and operations update
- Components of a successful ticket
- How important is white lining?
- What the law really says
- Benefits of being an Alabama 811 member
- What obstacles do excavators face daily?
- What obstacles do locators face daily?

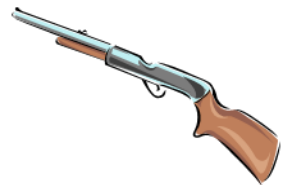
www.alabama.damagepreventionsummit.com



***AUCA Fall General Meeting &
Sporting Clay Shoot***

October 18, 2018

Lower Wetumpka Shotgun Sports Club
Montgomery, AL



Health & Safety:

Provided by Josh Broaddus @ J. Smith Lanier & Company

The Importance of Water

Water is necessary: Many people experience fatigue, headaches, and nausea during a normal day, but very few of us realize that these problems could be caused or aggravated by not drinking enough water. Water is one of the most important ingredients for survival. Water is the principal chemical component of the human body and it is vital to the proper functioning of all physiological systems.

Water performs countless duties in our bodies and keeps us healthy and refreshed:

- Water makes up approximately 60% of a person's body weight.
- Water in body fluids is the transport vehicle for nutrients.
- Water flushes out toxins.
- Water creates a moist environment for the structures of the eyes, ears, nose, and throat.
- Water acts as lubrication and cushioning for joints.
- Water helps maintain body temperature.



The above list of health factors affirms our need to keep properly hydrated.

There are two approaches you can choose from to determine proper intake:

- **Replacement:** This approach suggests drinking 8 cups daily, which is about enough to replace the amount of water that is lost.
- **Dietary Recommendations:** This approach suggests that men drink 13 cups of water each day and women drink 9 cups. This is thought, by many, to be the healthier choice.

Stay properly hydrated: By staying hydrated a person ensures that his/her body will have enough water to perform its necessary functions.

Drinking plenty of water is one aspect of a healthy life-style, the benefits of which may be experienced as an increase in energy, relief from joint tenderness, and a boosting of the immune system.



Clean Water Construction Coalition Report

From Bob Briant, Jr. - Chairman CWCC & Sante Esposito - Key Advocates

NEXT ROUND OF CLEAN WATER / DRINKING WATER FUNDING MOVING FORWARD

With progress on a "mega" infrastructure plan stalled, the focus is on the FY19 Interior Appropriations bill. On July 19, the House passed its version of the FY19 Interior Appropriations bill. Floor action pending in the Senate.

The House bill contains lower numbers than the Senate for CWSRF - \$1.3B - despite the FY19 raised budget caps. The Senate has the same numbers as for FY18, which are \$1.694B for the CWSRF, \$1.16B for DWSRF, and \$63M for WIFIA. Key Advocates met with staff from each Committee, pushing the House Democrats to support the Senate levels, and urging the Senate to hold the line on their numbers at a minimum.

SHUSTER ISSUES HIS INFRASTRUCTURE PROPOSAL

On July 11, Congressman Bill Shuster (R-PA), Chair of the Transportation and Infrastructure Committee, released his infrastructure plan which is mostly focused on reforming the Highway Trust Fund (HTF). Shuster took this step, in his own words to "reignite discussions amongst my colleagues, and I urge all Members to be open-minded and willing to work together in considering real solutions that will give America the modern-day infrastructure it needs. Over the coming weeks and months, I look forward to additional input from my Republican and Democratic colleagues in order to prepare a bill for congressional consideration." Odds are that this proposal is another set of ideas that will lie dormant until executive leadership is applied.

The proposal would reauthorize and address improvements to a number of successful water infrastructure programs. These provisions are purported to "remove barriers to private investment and encourage the private sector to participate at a greater level." It authorizes incentive grants to encourage public entities to lease their infrastructure to the private sector and then use both the funding from the lease and incentive grant to improve other public infrastructure. Shuster's measure also authorizes \$3 billion a year for 5 years for the Clean Water SRF.

Related to the HTF, the proposal calls for the gasoline tax to be raised by \$.15 cents/gallon and the diesel fuel tax to be raised by \$.20 cents/gallon. Overall, the Shuster Plan would raise approximately \$284 billion over 10-years to cover the HTF shortfall and leave room for additional investment.

Schuster deserves credit for including in his proposal reforms to the environmental review and permitting process to accelerate delivery of critical projects. This is a priority matter for the CWCC past



Clean Water Construction Coalition Report

Continued from Page 8

the obvious needs for funding. It requires federal agencies carry out the reforms and two-year permitting deadlines called for under the Administration's One Federal Decision Executive Order. It also authorizes the use of innovate practices and makes other administrative reforms at the Department to expedite the environmental review and permitting process for transportation projects. Finally, it reduces unreasonable delays in the water quality certification process under section 401 of the Clean Water Act.

WRDA REAUTHORIZATION / SRF WIN BILL – DISCUSSIONS CONTINUE

As previously reported, the likelihood of a WRDA reauthorization bill by the end of the year is questionable. As it stands now, the proposed House reauthorization bill remains limited to Army Corps of Engineers projects while the Senate version also includes water infrastructure provisions included in the SRF WIN Act. The House T&I Republican leadership position is that any other programs would be addressed in a separate infrastructure bill.

There has been no progress on the SRF WIN Bill since the last CWCC report.



www.cleanwaterconstructioncoalition.org



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***AUCA IS A MEMBER-DRIVEN, NEEDS
FOCUSED TRADE ASSOCIATION CREATED
SOLELY TO PROMOTE AND ADVANCE THE
UTILITY INDUSTRY IN THE STATE OF
ALABAMA.***

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www.aluca.org**

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Training Needs***

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