



FOR IMMEDIATE RELEASE

STERLING CONSTRUCTION COMPANY, INC. SELECTED AS PART OF JV WITH STEVE P. RADOS, INC. ON WASTEWATER PROJECT IN MODESTO, CALIFORNIA

Sterling's Portion of Project Valued at \$20 Million

THE WOODLANDS, TX – September 26, 2016 – Sterling Construction Company, Inc. (NasdaqGS: STRL) (“Sterling” or the “Company”) today announced that its affiliate, Myers & Sons Construction (“Myers”), was selected as part of a joint venture with Steve P. Rados, Inc. (“Rados”), by the City of Modesto, California for the design and construction of a major wastewater recycling system for the Del Puerto Water District (“DPWD”). Sterling’s portion of the \$40 million project is approximately \$20 million.

The joint venture construction management/general contractor team (CM/GC) will be responsible for the design and construction of 11 specific project elements. When complete, the project will deliver up to 35,000 acre feet per year of recycled water directly to the Delta-Mendota Canal, which will then be conveyed to DPWD customers or stored within Reclamation's Central Valley Project (CVP) system during low water demand periods.

Construction is scheduled to begin in late 2016 with completion by December 2017. For more information visit the North Valley Regional Recycled Water Program webpage.

Paul J. Varello, Sterling’s Chief Executive Officer, commented, “We are very pleased to have been selected for this very important and innovative project which will represent the future of water supply management programs for many years to come. The project will address two critical objectives. First, it will serve as a regional solution to address water supply shortages within DPWD’s service area and second, the project will allow the city of Modesto to permanently discontinue its practice of discharging treated effluent into the San Joaquin River. We believe that our growing experience in the development of water infrastructure projects positions us well to participate in similar projects in the coming years as water shortages become even more pronounced throughout the United States.”

Sterling is a leading heavy civil construction company that specializes in the building and reconstruction of transportation and water infrastructure projects in Texas, Utah, Nevada, Colorado, Arizona, California, Hawaii, and other states in which there are construction opportunities. Its transportation infrastructure projects include highways, roads, bridges, airfields, ports and light rail. Its water infrastructure projects include water, wastewater and storm drainage systems.

This press release includes certain statements that fall within the definition of “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Any such statements are subject to risks and uncertainties, including overall economic and market conditions, federal, state and local government funding, competitors’ and customers’ actions, and weather conditions, which could cause actual results to differ materially from those anticipated, including those risks identified in the Company’s filings with the Securities and Exchange Commission. Accordingly, such statements should be considered in light of these risks. Any prediction by the Company is only a statement of management’s belief at the time the prediction is made. There can be no assurance that any prediction once made will continue thereafter to reflect management’s

belief, and the Company does not undertake to update publicly its predictions or to make voluntary additional disclosures of nonpublic information, whether as a result of new information, future events or otherwise.

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