



CONSTRUCTOR

The Voice of the Kansas City Construction Industry

SPRING 2011

A Word From the President

Tenacity Will Get Us Through

Although several of our members have had the opportunity to work on some highly significant local projects this past year, most of us are simply treading water, trying not to drown in this down economy.

Fortunately, we're a tough bunch. Our collective experience as heavy constructors tells us that tenacity and belt-tightening will get us through to the next resurgence.



Gavin Barmby
HCA President

There are a few glimmers of good news out there. According to a report from Reed Construction Data, released Feb. 3 by RCD Chief Economist Jim Haughey, heavy construction spending in December 2010 was up 6 percent from a year ago. Two-thirds of the gain was from power construction and one-third was derived from highway construction.

But the Reed report noted that both of those gains were misleading, since both sectors briefly had unusually low activity a year earlier. Heavy construction spending actually fell 1.3 percent in 2010 vs. 2009.

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Condition of Missouri's Roads a Cause for Concern

MoTA Says State's System in Danger of Second-Class Status

The Missouri Transportation Alliance (MoTA) is a group of business owners, first responders, cities, counties, local chambers of commerce and concerned citizens who share a common goal: to find a way to meet Missouri's urgent transportation needs.

The number of cars and trucks on Missouri roads has doubled in the past 30 years and the funding, provided by voters via Amendment Three, has been spent. But Missouri's transportation needs continue to demand action. We must act now or face detours, delays and decaying roads and bridges and ultimately a second-class transportation system.

Safety at Issue

The Missouri Department of Transportation has reliably delivered projects on time and on budget with the limited resources at its disposal. While this has been a benefit to Missourians, the time has come to address the needs that have been compounding over the past 20 years.

MoDOT spokesperson and former Missouri Highways and Transportation Commission chairman, Bill McKenna, noted the importance of "... wider shoulders, more guard rails, expanded use of rumble strips, better signing and striping, and most importantly finding a way to deal with Missouri's growing number of obsolete or deficient bridges that are nearing failure. In order to save lives, protect our families and meet our responsibilities to the public, we need to see that MoDOT has adequate funding."

McKenna noted that past improvements have led to significant reductions in fatalities, but MoDOT has stressed that continued safety improvements are largely dependent on making smart investments in safety measures and transportation improvements.



Transportation infrastructure deficiencies are evident throughout Kansas City.

Missouri small businesses are dependent upon a good transportation system to provide the crucial infrastructure to meet the demands of their customers, to survive and grow in a globally competitive marketplace.

"If Missouri wants to rebound from the recession, we need to double-down – invest in our infrastructure. That's the path to greater prosperity, job growth and economic vitality," said McKenna.

MoTA will be working with small businesses, transportation and community leaders, businesses and citizens to develop a funding solution over the next several months. To learn more about becoming an active supporter of the Alliance or to provide your input on how Missouri's transportation system can meet the safety and economic needs of Missouri, visit www.missouritransportation.org.



MAKING IT BETTER

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Association Welcomes Officers for 2011

The Heavy Constructors Association of Greater Kansas City is pleased to announce the retention and/or election of the following individuals to serve as officers for the year 2011:

President: Gavin Barmby, Pyramid Contractors, Olathe

Vice President: Jerry Wiedenmann, Wiedenmann & Godfrey Construction, Belton

Treasurer: Trey Bowen, Superior Bowen Asphalt Company, Kansas City

The Board includes five individuals elected by the contractor members of the Association to serve as Division Directors:

Buzz Bartley (Bridge-River Division) BSC Steel, Inc., Kansas City

Mark Dombrowski (Asphalt Division) O'Donnell & Sons Construction, Overland Park

Jim Kissick (Utility Division) Kissick Construction, Kansas City

Robert Loch, Jr. (Concrete Division) Loch Sand and Construction, Maryville

Steve Miles (Excavation Division) Miles Excavating, Basehor

Division Directors:

John Bowen, Superior Bowen Asphalt Company, Kansas City

Bill Clarkson, Jr., Clarkson Construction Company, Kansas City

Kevin Fahey, J.M. Fahey Construction Co., Grandview

Don Godfrey, Wiedenmann and Godfrey Construction, Belton

George Hornung, Comanche Construction, Olathe

Greg Kaaz, LEXECO, Leavenworth (Past President)

We welcome these returning Affiliate Committee members:

Phil McCoy (Chairman), Roadbuilders Machinery & Supply Co., Inc., Kansas City, Kan.

Steve Lange, Schiffman, Remley and Associates, Mission

And we welcome these new Affiliate Committee members:

Mark Dowdell, Dean Machinery, Kansas City

Dick Kaler, Hunt Martin Materials, Lenexa

Tara Edwards, CarterEnergy Corp., Overland Park

Multiple Proposals Bypass Missouri's Transportation Backlog

Legislators Lacking Foresight to Address Jobs, Infrastructure

As this year's session of the General Assembly kicked off, Missouri legislators were looking at a variety of proposals that would impact the future of the Show-Me State. Unfortunately, none address the state's crying needs for additional infrastructure investment and job creation.

One such proposal comes from Sen. Jason Crowell from Cape Girardeau, who wants to let voters decide whether to make Missouri a "right-to-work" state. This has been a long-standing goal for Crowell, a Republican who for the past several years has filed legislation that would prohibit union-only workplaces.

Under current Missouri law, employees at some companies have to pay union membership dues in order to work as a condition of their employer-union contracts. Crowell's Senate Bill 109 proposes a statewide vote in August 2012 on whether to eliminate that scenario. The issue was overwhelmingly defeated the last time it was put to a vote in 1978.

Governments in right-to-work states save millions of taxpayer dollars by not having to follow prevailing wage laws, Crowell told the Southeast Missourian newspaper in Cape Girardeau in late January.

But as Heavies, we believe making Missouri a right-to-work state would hurt our work force and our economy. (For more on this issue, please see the column by Executive Director Ed DeSoignie, on the next page.)

Legislators Burning Bridges?

Taxes are a huge topic in Jefferson City this year. On top of a Republican-supported plan to abolish the Missouri income tax, a Democratic House Appropriations Committee chairman has proposed a bill that would slash the income tax while expanding the sales tax.

Rep. Chris Kelly, a Democrat from Columbia, has proposed a bill to temporarily expand Missouri's sales tax, lower the income tax and abolish the corporate income tax.

If passed, the bill would establish a timetable for the proposals, from the beginning of 2014 to the end of 2019. Kelly said that would allow legislators to review the effect of the sales tax and decide whether or not to extend the changes.

Kelly, who has supported similar legislation in the past, said his bill would allow the state to study the effects of a broader sales tax on state revenue.

But it should be noted that while the income tax generated more than \$5.5 billion in the last budget year, the sales tax generated about \$1.8 billion and the corporate income and franchise tax generated about \$500 million. This demonstrates that an overwhelming majority of general revenue comes from the income tax. The sales tax would have to generate \$4 billion more in the fiscal year to make up for losses if the income tax and corporate income and franchise tax were completely eliminated.

We Heavies do not support any of these proposals.

Time for Focus

Yet the biggest disappointment for us as an association is the lack of a focused plan to make the investments needed to rebuild transportation infrastructure and create desperately needed jobs in Missouri. Every day that goes by sees our roads, highways and bridges continue to deteriorate. Some good projects have gotten funding, such as a \$7.1 million plan for Jackson County to widen Lee's Summit Road from Anderson Drive to U.S. 40.

Much, much more investment is needed to bring Missouri up to speed. For the sake of its future viability and ability to provide good paying jobs, the Show-Me State must show its citizens that it can do more and do better. ■



Right-to-Work: The Wrong Direction for Missouri

By Edward R. DeSoignie, Executive Director

This year's session of the Missouri General Assembly is playing host to a plethora of business-related proposals. They include a cap on business taxes, limits on minimum-wage growth and adjustments to the loans that finance unemployment benefits. All subjects that are highly debatable.

One of the most controversial ideas on the table is a proposed statewide vote in August 2012 on whether to make Missouri a "right-to-work" state. Missouri businesses currently have the option of requiring union membership and dues as a condition of employment.

But some state senators want to prohibit union-only work places, which they say may discourage new businesses from putting down stakes in the Show-Me State. Legislation filed in January by Republican Sen. Jason Crowell of Cape Girardeau would place the issue



Fact: Workers earn better wages in states without right-to-work laws.

before voters next year, thereby going around Democratic Gov. Jay Nixon.

Earlier in the session, Sen. Luann Ridgeway of Smithville filed a right-to-work proposal that would require the governor's signature to become law. It would not go on the ballot.

The right-to-work issue last went before Missouri voters in 1978, when it was overwhelmingly defeated.

Our union partners in the heavy construction industry have publicized lots of reasons to oppose right-to-work laws. Some of the main reasons we have as employers to oppose these laws are best laid-out in a joint letter recently distributed to the Missouri Senate as they considered right-to-work legislation:

All Opposed!

The Heavy Constructors Association of Greater Kansas City and the Associated General Contractors of St. Louis, jointly express their opposition to SCS/SBs 1 & 206.

While our associations represent many different diverse construction companies from small to large in the two largest metropolitan areas in Missouri, they share one characteristic. Our member companies employ approximately 50,000 workers and are faced with the need to ensure that these workers are qualified and capable workers in order to successfully deliver desired construction projects to public owners and private businesses. In many

cases, our members utilize union labor pursuant to locally negotiated collective bargaining agreements.

Passage of SCS/SBs 1 & 206 would put our member firms based in Missouri in a very difficult situation.

First, they would be faced with impossible requirements related to existing negotiated agreements concerning employee benefits. This facet of the proposed legislation would force many of our current Missouri based construction companies to close their doors. Second, these bills will undermine collective bargaining contracts negotiated by our associations on behalf of our members by allowing individual employees to opt out of joining a labor union in a union shop. SCS/SBs 1 & 206 would create an unbalanced work environment where those employees who opted out of joining a labor union would still receive the benefits of the collective bargaining agreement without joining and supporting the union which negotiated the agreement.

We don't believe this would be in the best interests of our companies, our workers, or the state of Missouri.

We oppose SCS/SBs 1 & 206. ■



Edward DeSoignie
HCA Executive Director

Renewal of KC's Earnings Tax is Critical

Many basic city services and projects – including street maintenance and safety work – are at stake in Kansas City's April 5 election to continue the 1 percent earnings tax. The "e-tax" raises about \$200 million for the general fund and helps pay for streets, signs and lighting projects across the city, as well as critical police, fire and ambulance coverage.

A simple majority vote will uphold the tax, but under a new state law it will have to be voted on again every five years. Kansas City's earnings tax dates back to 1963. The tax is levied on earnings of everyone who works or lives in Kansas City and on the profits of businesses in the city.

The earnings tax also pays for street markings, traffic signals, and some sidewalk and infrastructure work. Beyond this, the earnings tax

is a major source of revenue for trash collection, parks and boulevard maintenance, public safety and many other necessary expenses.

Most street repair and maintenance in Kansas City is paid out of the motor fuel tax while a sales tax covers most capital projects. But the general fund, including the earning tax, is tapped occasionally for this work.

The HCA believes defeat of the earnings tax would be a financial disaster for the city budget, requiring other tax or fee increase proposals and significant spending cuts. We encourage all residents of Kansas City, Mo., to vote, and to vote YES, on April 5. ■



KC's Capital Projects Department Gets Into Gear in Year Two

The Capital Projects Department (CPD) that took so much hard work to put in place last summer will, thankfully, head into its second year at Kansas City Hall with a larger budget.

CPD is the successor to CIMO – the Capital Improvements Management Office. CPD oversees the design, inspection and management of road, bridge and building projects across the city. It is intended to get

the work bid, carried out and completed within budget and on time. In recent years, the city has been plagued by a massive backlog of pre-funded projects.

City Manager Troy Schulte's budget for CPD in the 2011-12 budget year that starts July 1 is \$4.9 million, up from \$3.2 million currently. This is mostly due to a transfer of two employees from other departments and the restoring of three positions eliminated previously, according to the budget. Contract and supply costs are also up due to higher overhead costs associated with establishing the department, the budget states.

CPD is funded entirely from revenue from other departments, nearly all of it motor fuel tax or capital improvement sales tax dollars. The City Council is debating the new budget and holding public hearings across the city this spring.



KANSAS CITY
MISSOURI

Friend of the Heavy Constructors Kansas City Councilman Terry Riley

April 29 will be the final day in office for a true friend of the Heavy Constructors Association, Kansas City Councilman Terry Riley. The Association would like to recognize Councilman Riley for his hard work and leadership over the past 10 years on a broad range of city policies important to the HCA.

His leadership on issues important to our Association include: the KCMO Civil Rights Ordinance renewal, the groundbreaking Workforce Ordinance, the establishment of the new Capital Projects Department and passage of the ordinance requiring issue of \$90 million in 2004 voter-approved bonds for capital improvements, creating needed jobs for our industry. Councilman Riley has labored tirelessly to get backlogged capital improvement projects off the drawing board and turn them into jobs for our members and the hundreds of men and women we employ.

Riley will leave City Hall having served with distinction as chairman of the council's important Transportation and Infrastructure Committee. As mentioned previously, the 5th District councilman last year sponsored a key city ordinance that established the new Capital Projects Department. He was responsible for shepherding the critical ordinance through committee and then the full council.

The new department is designed specifically to speed up approval of infrastructure projects and reduce a \$400 million backlog of projects that for years has frustrated contractors and city officials, alike.

We wish Terry well and thank him for his unswerving leadership over the years. ■



Terry Riley

Star Recognizes Achievements of HCA Deputy Director Williams

The Heavy Constructors Association felt a surge of pride recently when *The Kansas City Star* recognized the impressive career achievements of our deputy director, Bridgette Williams.

In its Dec. 7, 2010, article headlined "Women in leadership making their own opportunities," the *Star* noted that in 1994 Williams was elected president of the Greater Kansas City AFL-CIO after six years of working her way up the organization. Williams won that election by a three-to-one margin, despite being young (only 27 then), female, African-American and not from the union's rank and file.

Williams quickly became known for getting the union involved in discussions with companies and policymakers, in places where it had never had a voice.

The article reported that just as she had surprised some people when she ran for AFL-CIO president 15 years earlier, Williams surprised them again in late 2009 when she announced she was leaving the union to take a job on the "other side of the table" with the Heavies.

Williams told the newspaper she took the opportunity because it looked like an interesting challenge, and she was ready for a change. But she said her goal of helping workers hasn't changed. "It is in our best interest to have a strong union movement with a great work force," she said.

Meantime, as Heavies we know it is in our best interest to have innovative, forward-thinking leaders like her in our corner, helping us make things better – for employers and workers at every level. Bridgette, you make us all proud!



Bridgette Williams

Tenacity Will Get Us Through

(continued from page 1)

The Reed report stated further that month-to-month changes will continue to be volatile amid an underlying trend of sluggish growth and the “drying up” of public funding. Little, if any, inflation-adjusted growth is expected in the next two years.

So while we are all grateful for the work we have, we are painfully aware that these are extraordinary times. My colleague Jim Kissick, president of Kissick Construction Co. and a Heavies board member, said he has never seen such a competitive and uncertain environment.

“We’re all struggling to get work,” Jim said. “People are bidding for work in segments of our industry that they typically never bid before. Heavies members usually submit bids that reflect the true cost of a project, but some competitors outside the Association frequently underbid them and lower the boom on the bid price.

“Then once we get work we’re at the mercy of commodity prices, which you cannot control,” Jim continued. “You’re at the mercy of the weather and other things out there you have no control over.”

There is always hope. A reasonable amount of work is available, and our Association will increase our chances of landing more as our society begins to realize that our infrastructure needs must be addressed.

“I have always felt the Heavy Constructors Association is probably the most valuable organization our company belongs to,” Jim said. “Kissick Construction Co. by itself is a small voice in the crowd. But when you put all of these contractors together that form the Heavies, that voice becomes very loud and very strong and has a great amount of influence. The Association has been instrumental, whether through bond issues or sales tax legislation, in generating work for our industry. And I know they will continue to do that. The organization is critical to the future of our business.”

I agree with Jim 100 percent. Through our Association, the tenacity of our members is multiplied many times over. The history of the Heavies is one of can-do individuals whose never-say-die spirit enables them to survive and, ultimately, to thrive. I am proud to be part of this group of entrepreneurs, and thankful for the support of this great Association. ■

Watch Out for New Roadblocks in Kansas

Troublesome Tactic Could Weaken T-WORKS

Last year, we were in the mood to celebrate when the Kansas Legislature passed an \$8.2 billion package known as the Transportation Works for Kansas (T-WORKS) Program. The 10-year program, passed after intensive lobbying by the Heavies and allied groups, includes funding for road and highway preservation, modernization, expansion and economic opportunity projects.

There was more good Kansas news in late January when an Associated General Contractors of America survey reported that 43 percent of Kansas contractors expect a higher total value of the highway projects they complete for 2011 compared with last year.

And on Feb. 11, heavy constructors received a big shot in the arm when Gov. Sam Brownback announced \$115 million for much-needed improvements at the intersection of U.S. 69 and Interstate 435 in Overland Park. That money was among \$250 million in funds for road projects announced by the governor that day.

Not So Fast ...

Kansas is ahead of Missouri when it comes to making solid long-range plans for comprehensive infrastructure improvements. However, at the end of January it was reported that Gov. Brownback was using \$200 million in funds set aside for highway projects to prop up general government programs in his proposed budget.

The governor’s proposed budget would transfer the highway funds into the state’s main bank account, where it can finance aid to public schools, social services and other programs. Landon Fulmer, Brownback’s policy director, said it would be a one-time transfer and would not change the 10-year transportation program.

Soon after, Kansas Transportation Secretary Deb Miller sent an e-mail to stakeholders in which she said her department could still honor the promises made under T-WORKS, thanks to low bid prices and low inflation rates.

Miller said KDOT originally planned to spend about \$450 million annually on preservation over the next 10 years to maintain Kansas highways at the performance level taxpayers have come to expect. But she said that because of savings due to low to no inflation, Kansas anticipates being able to do the same amount of work for an annual average cost of \$420 million over the next 10 years – assuming inflation remains at 0 percent for the next two years and future inflation is equal to or less than an assumed inflation rate of 3.5 percent in years 2013 thru 2015, and increasing to 4.5 percent in 2016 and beyond.

But Miller, whom the Heavies recognize as one of the best transportation secretaries in Kansas history, said she wanted to make it clear that “if we are to deliver T-WORKS, there’s no room left for future transfers from the State Highway Fund to the State General Fund, and we have to hope that our inflation assumptions are conservative enough.”

If KDOT’s projected scenario doesn’t play out, Kansas could be left with an under-funded, over-promised program similar to Missouri’s failed 15-year plan. Such a scenario would be devastating to KDOT’s credibility, upon which has rested each of the state’s highway programs.

Gov. Brownback’s proposal should be viewed with grave concern. The practice of using the State Highway Fund as a checking account to balance the state budget created huge problems for Kathleen Sebelius when she was governor. It is alarming to see Kansas’ new governor adopt this strategy right out of the gate. ■



Can T-WORKS be delivered as promised? Time will tell.



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For additional information, contact
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KC Mayor and Council Decisions Carry Historic Magnitude

Voters to Choose on March 22

As Kansas City voters get ready to decide on a new mayor and city council makeup, deferred maintenance and decaying infrastructure continues to be a topic of much debate.

Following a hotly contested primary election Feb. 22, attorneys Mike Burke and Sly James are set for a runoff on Tuesday, March 22. Both Burke and James acknowledge that Kansas City's neglect of basic infrastructure is taking a heavy toll on traffic, and on the vitality of neighborhoods and business districts.

At press time for this spring newsletter, The Heavy Constructors' leadership team was preparing to interview both candidates for a second time.

Log onto KcHeavyConstruction.org to learn more about Burke and James, and to see which one the Association is endorsing, and why.

The Heavies supported former councilman and current Jackson County Sports Complex Authority Director Jim Rowland in the primary, due to his keen understanding of construction- and labor-related issues. Rowland waged a strong and intelligent campaign, but finished fourth in the recent primary, behind James, Burke and incumbent Mayor Mark Funkhouser.

The Association has endorsed: **Scott Wagner** – 1st District-at-Large; **Ed Ford** – 2nd District-at-Large; **Melba Curls** – 3rd District-at-Large; **Jan Marcason** – 4th District; **Jim Glover** – 4th District-at-Large (HCA endorsement only); **John Sharp** – 6th District; and **Scott Taylor** – 6th District at large.

“Supporting good candidates is important for the continued viability of our community, as is the continuation of Kansas City's critical earnings tax,” said Ed DeSoignie, executive director of the HCA. Voters will decide the future of Kansas City's critical earning tax in a separate election to be held April 5. ■



Sly James



Mike Burke

Key Elections on the Kansas Side

Several important elections will take place April 5 on the Kansas side of the metro, where infrastructure challenges continue to loom. The Heavy Constructors Association has endorsed the following candidates:

Lenexa Mayor: Mike Boehm

Lenexa Council: Steve Lemons and
Andy Huckaba

Olathe Mayor: Mike Copeland

Olathe Council: Larry Campbell

Prairie Village Mayor: Ron Shaffer

Merriam Council: Nancy Hupp

Mission Hills Council: Dan Sullivan

Overland Park Council: Paul Lyons,
Rick Collins and John Skubal

Roeland Park Council:
Megan England

**Unified Government of Wyandotte
County Commission:** Mark Holland