



CONSTRUCTOR

■ The Voice of the Kansas City Construction Industry

■ SUMMER 2016

Roads, Bridges, Sewers, More Streetcars ...

What's on the Drawing Board for KCMO?

As summer gets underway, taxpayers and contractors face an uphill drive as they map out the infrastructure landscape in Kansas City, Mo.

Mayor Sly James in early May grounded the possibility of a local election this year on a plan to reconfigure KCI into a single terminal. James' decision may have been a surprise to some, coming as it did after airlines had said they would finance the project and asked the City Council for an August election on airport bonds to make it happen.

But private polling showed less than 40 percent of voters supported the plan. Proponents say a single terminal would be more efficient and provide better amenities, but many Kansas Citians like the convenience of the current KCI layout.

Airport overhaul next step

Mayor James' decision to hold off on an election on the previous plan makes sense. Word is that the Mayor has appointed a group of businessmen to look into the issue and provide him and the City Council with recommendations. In the meantime, talk about expanding the much-touted streetcar starter line to take in Westport, the Plaza and UMKC, has picked up pace.

Additionally, Mayor James has said he would likely champion a major bond package for infrastructure improvements. The latest word at City Hall is that this is under discussion for 2017.

City leaders believe that there would be voter support for a variety of basic infrastructure improvements, including for roads and



Musselman & Hall Contractors at work on new pedestrian plaza in front of Union Station.

bridges. Evidence of this sentiment can be gleaned from the city's Fiscal Year 2014-15 Citizen Satisfaction Survey. From July 2014 through May 2015, 9,000 households were randomly selected to fill out the annual survey. A total of 4,030 households completed it.

Infrastructure a top priority

The survey indicated that "maintenance of streets, sidewalks & infrastructure" was the No. 1 priority of KCMO residents, with almost 70 percent of respondents expressing dissatisfaction with the condition of city streets. If this was a one year spike, it could've been explained away. However, the high percentage of citizen dissatisfaction has remained consistent for years indicating a certain tone-deafness on the issue at City Hall.

The Heavy Constructors Association for many years has advocated for increased

spending to address the growing backlog of needed maintenance of streets, bridges and other basic infrastructure. Annual funding of street overlays has been independently identified to be in the \$30 million range. In 2012, KCMO voter were promised that \$14 million to \$15 million in annual overlay expenditures would result from the 2012 ballot measures Questions 1 and 2.

The latest KCMO budget, for Fiscal Year 2016-17, calls for expenditures of \$10 million on the city's annual street overlay program. That represents a slight improvement from the previous year, when the corresponding figure was \$ 5-6 million.

But a \$ 10 million annual street overlay program does not meet the commitment made to voters, and it is certainly not enough funding for Kansas City to catch up with its deferred maintenance backlog and bring the city's streets up to speed. ■



MAKING IT BETTER

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Has The Bank Of KDOT Finally Gone Bust?

When the 2016 legislative session concluded, lawmakers and taxpayers across the political spectrum decried the most recent run on “The Bank Of KDOT” as a betrayal and the latest in a string of broken promises.

Six years ago, the Kansas Legislature passed the Transportation Works for Kansas (T-Works) Program. That 10-year, \$8.2 billion transportation plan was designed to bring expanded and safer roads and bridges, spark economic development and create tens of thousands of jobs. In recent years, however, lawmakers have used T-Works as a slush fund and diverted over \$2.5 billion to keep the state budget solvent as required by the state constitution.

Out of Balance

This year, a majority of legislators in the House and Senate, ignored their constitutional obligation to pass a balanced budget. Despite additional large transfers of highway funds to the state general budget lawmakers passed a budget underfunded by \$90 million and left it to Governor Sam Brownback to balance the deficit through budget cuts.

Kansas appears to be flat broke, the series of raids from The Bank of KDOT were unable to stop the negative real-world effects on nearly every state program. Meanwhile, the destructive effects of the transfers on the state’s transportation sector continue to mount.

Construction employment in Kansas fell 3,400 over the past year to plunge the

state to 49th in the nation, while all four neighboring states experienced growth in that sector by adding a combined 20,000 construction jobs to the economy, a federal report recently showed. Among Kansas’ neighbors, Oklahoma had 7.9 percent growth in construction jobs, Colorado 7.1 percent, Nebraska 3.6 percent growth and Missouri increased 1.7 percent.

After legislators quietly raised the KDOT borrowing cap, the agency issued a record \$400 million in transportation bonds which was almost immediately swept into the State General Fund for other than transportation purposes. After the sweep of KDOT bond funds, an announcement was made that \$553 million in previously-scheduled highway projects would be delayed—14 projects in FY 2017, nine projects in FY 2018 and two projects in FY 2019.

Broken Promises, Battered Bond Ratings

In response, Moody’s Investors Service downgraded its outlook for Kansas highway bonds from Stable to Negative. A few weeks earlier, Standard & Poor’s placed the state’s bond rating on its watch list, indicating the possibility of a downgrade. The state’s structurally imbalanced budget, along with its ongoing drain of transportation funds have been cited as one reason Kansas has 2,303 bridges rated “deficient” by federal standards, which is the sixth-most in the nation. ■

A Word from the President Legislators Mired In Indecision

By Barclay Hornung, President HCAGKC

As I prepared to begin my term as the 2016 President of the Association, I took some time to review our accomplishments from recent years. After my quick research, all I can say is: What a difference a few years makes.



Six years ago, vigorous lobbying by members and staff had led to passage of an \$8.2 billion transportation plan in Kansas. The T-Works Program promised tens of thousands of jobs, safer highways and bridges and a new era of economic development for the state.

We all know the grim fate of the T-Works Program. Year after year, the Governor and legislative leaders have raided transportation funds to bail them out of a budget disaster of their own making.

Meanwhile, the situation in Missouri has taken a different turn during that time.

Following the defeat of Amendment 7 in 2014, extensive discussion resulted in a conclusion that the old, “one large bullet” model of funding transportation with a large tax increase, needed to be shelved. A strategy was developed which starts by identifying the target level of funding needed. Next, a range of funding strategies are identified which may be legislatively-enacted, voter-approved or other such as P-3. Last, a multi-year schedule is considered for implementation.

The recent emergency closure of the Grand Boulevard bridge over Interstate 670 reminds us that our region has significant deferred maintenance needs. The fact that plans for a new KCI have been shelved doesn’t mean that the issues surrounding our airport have gone away. And following this autumn’s election season, our legislative agendas in both Kansas and Missouri promise to be among the most challenging in our history. I look forward to working with the membership and staff to advance our Association’s mission. ■

Miles Excavating's Success Built on Hard Work and Loyalty

Veteran Contractor Racks Up The Miles

Steve Miles has comfortably adapted to changes in technology, market conditions and the region's economy, but he has never been willing to compromise his company's founding values.

According to Miles, today's challenges are different from those he faced 33 years ago, when he founded Miles Excavating Inc. But while his responses to those challenges have evolved, he will never abandon the hands-on style he credits for much of his company's success.

"I'm here at 5 a.m. every morning, six days a week, to meet with my superintendents," Miles said. "I talk to everyone all day long, even when I'm out of town. I'm talking to supervisors, operators, everyone. I see everyone's daily sheets, I'm on job sites every day, and I still run tear outs with my own hoe that I use."

In coming weeks, Miles will add yet another layer of personal involvement with his employees, which typically number about 250 people. To maintain his company's culture of workplace safety—illustrated by an enviable safety rating and no OSHA violations for more than 10 years—Miles plans to launch a bi-weekly program of safety meetings with his foremen.

The emphasis on safety and communication, Miles said, has built loyalty and stability that benefits his employees, suppliers and clients.

Stability in an Up-and-Down Industry

"We have a lot of long term people here," Miles said. "We have people who have been here since our inception, and three of my six kids work here. The loyalty between my suppliers and me has always been based on prompt payment. It's the same with my employees. I expect a lot out of my employees, but I treat them well and pay them well."

Clients benefit in many ways from his company's stability, Miles said, particularly by Miles Excavating's ability to finish most projects substantially ahead of schedule.

"Miles Excavating has a fantastic reputation, and we work hard to keep that," he said. "We have a long history of getting in and getting out ahead of schedule. Last year was the wettest year in 50 years, and we still met all our deadlines—and we beat



most of them. We have had jobs where we were selected over the low bidder because of our history. Sometimes it's good to be second with a good reputation."

The Basehor, Kan., based company has grown to have a bonding capacity in excess of \$200 million per job, Miles said. Miles Excavating is currently at work on MoDOT's \$25 million I-35 and Pleasant Valley Road interchange project near Liberty, Mo., and on a \$14 million project on 143rd Street in Leawood, Kan. Last year, the company won an award for their work on the \$8 million reconstruction of US-73 Highway, which was the first pre-cast pavement project in Kansas

Adjusting to the Times

In recent years, Miles Excavating has moved from municipal projects to larger, state highway projects. That shift gained momentum in approximately 2008, when the housing collapse wiped out neighborhood infrastructure work in new subdivisions and moved the surviving small companies into the municipal projects mix. In 2012, Miles opted to "downsize and update" by selling unproductive equipment and plowing the resulting funds into new, state-of-the-art equipment.

"We are now perfectly set up to do whatever we choose to do," Miles said.

"Size-wise, we can do anything. We have financial stability, we have staying power, and we don't have any KDOT or MoDOT limits. We are very proud of that. We still bid city work and get our share of it, but the non-union competition has pushed us into state work. Honestly, union employers are losing market share every year."

Miles takes pride in his status as a union employer, and he works to instill that same pride in his employees. For example, Miles annually prepares a document for each employee that details his or her total compensation for the previous year. Those reports are important tools for employee education and workforce retention.

"I've always prided myself on being union, and my employees couldn't make more than they make working for me," Miles said. "I show each employee every year a compilation of the wages, insurance, pensions and other benefits they received. Those sheets can show \$50,000 to \$60,000 in additional compensation that they didn't realize they had received.

"You have to educate your employees. When they don't realize everything their compensation entails, that leads to a greater non-union market share." ■



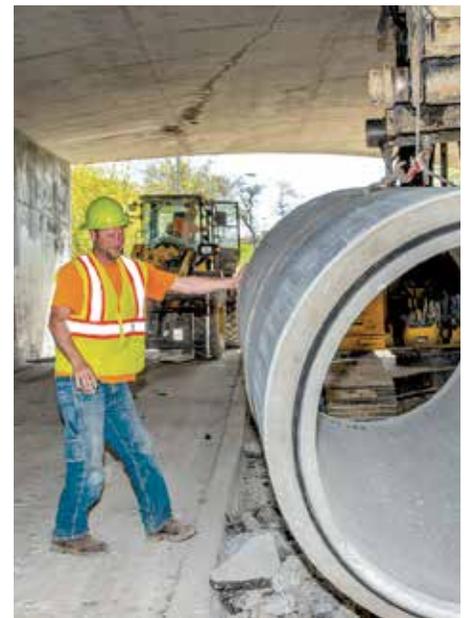


Some Progress, But Contractors Still Looking for All the Work Promised

The orange barriers and bridge cranes are up, and some dirt is moving throughout the metro, but hundreds of overdue, much-needed, and long-promised bridge, highway and utility projects remain on the shelves at KDOT and MoDOT, waiting on funding.

The big and ongoing Gateway project in southwestern Johnson County, Kansas, continues to be the most visible heavy construction activity in the area, with multiple HCA members involved. Other less visible but substantive projects under way by our member contractors include water line improvements in DeSoto, bridge and roadwork along I-35, 435, 291 and Route 69 and the 159th Street corridor in Johnson

County, ongoing earth and utility work at the \$4.5 billion Cerner Campus, and bridge and concrete work at Union Station. ■



Gas Tax Hits Another Dead End

Missouri's Needs Kicked Down the Road

The 2016 session of the Missouri General Assembly that ground to a halt in May was a disappointment, though it could have been worse. There was too much debate over fringe issues and not enough positive action on proposals that would make things better for taxpayers.

Out of more than 2,000 bills that were introduced, only 138 were passed and sent to Gov. Jay Nixon. From the standpoint of the HCA, the most egregious example of the session's accomplishment shortfall was the failure to raise the state's gas tax, which at 17 cents a gallon is among the lowest in the nation.

Senate Bill 623 as introduced would have allowed the legislature and governor to raise the state's tax on gas by 1.5 cents a gallon; and diesel by 3.5 cents a gallon. But after an amendment on the Senate floor, the bill would have raised both gasoline and diesel fuel taxes by 5.9 cents a gallon and required a vote of the people.

Needs vs reality

While additional funding is sorely needed for Missouri transportation needs, the larger amount produced by the 5.9 cent increase in the final bill would have required statewide approval by voters. Polling has shown that while Missouri voters are concerned about infrastructure, prospects for voters approving the 5.9 cent increase were very low. This confirmed the HCA's concerns that were expressed when our association



submitted testimony on the amended bill. While the HCA supported the original version of the bill, our association felt that the revised bill requiring a public vote would go down in defeat.

At the end of the session, the proposed gas tax increase died awaiting House action. Meantime, Gov. Nixon signed the state budget bill that includes \$20 million in general revenue funds for a local government matching program for transportation needs. But MoDOT continues to warn that without additional, new revenues, its ability to perform big fixes on the state highway system will be limited.

The HCA was pleased to see anti-union legislators fail in their attempt to override Gov. Nixon's veto of "paycheck protection"

legislation that would have required most public employee unions (with the exception of police and firefighters) to obtain written permission from members annually before any union dues could be withheld from their paychecks. The affected unions represent teachers, social workers and most other state or local government employees.

Proponents of the legislation said it was intended to make unions more accountable to their members, but opponents said the intent was to weaken unions. As the HCA has often pointed out, our association believes that strong unions are a vital component of our society and our industry. As such, the HCA leadership hopes that Missouri unions will continue to be protected from "paycheck protection." ■

HCA's Bridgette Williams Earns Helzberg Executive MBA



The Heavy Constructors Association of Greater Kansas City is pleased to announce that Bridgette Williams, our Deputy Director,

recently received an Executive MBA (EMBA) degree from the Helzberg School of Management at Rockhurst University.

The Helzberg EMBA is awarded to those who successfully complete a two-year

course of study that develops the competence, conscience, knowledge and leadership skills of working executives. Alumni of the Helzberg EMBA program include local, national and international leaders of companies, organizations and nonprofits.

Bridgette came on board as our deputy director on Jan. 1, 2010, after serving as president of the Greater Kansas City's AFL-CIO chapter for 15 years. Her tenure has coincided with the some of the most challenging and interesting times in the HCA's history, as our members seek to fulfill ever-growing infrastructure needs amid funding battles on both sides of the state line.

"I am honored to receive the Helzberg EMBA and thankful for the support that I received from the HCA Board of Directors" Bridgette said. "I feel fortunate to have earned this degree at a time when our industry continues to face growing challenges, as well as opportunities. The knowledge, contacts and resources I have gained through this program will enable me to do more to help us make things better for our members, employees and citizens. In addition, I wish to personally thank Ed DeSoignie, our executive director, for his support and encouragement as I pursued and attained this long-time goal." ■

HCA Boasts Strong Leadership Team at a Critical Time

The Heavy Constructors Association of Greater Kansas City, which works for the benefit of its contractor and affiliate members, is guided by an exceptionally strong group of directors.



Above, 2016-2017 Executive Committee: (L-R) Treasurer-Patrick O'Donnell, O'Donnell & Sons Construction; President-Barclay Hornung, Comanche Construction; Vice President-David Kissick, Kissick Construction.

Left, Back Row (L-R): HCA President Barclay Hornung (Comanche Construction Co.), Steve Kellerman (Clarkson Construction Co.), Past President Trey Bowen (Superior Bowen Asphalt Co.), Mark Dombrowski (O'Donnell & Sons Construction), Gavin Barmby (Pyramid Contractors), HCA Treasurer Patrick O'Donnell (O'Donnell & Sons Construction), HCA Vice President David Kissick (Kissick Construction Co.), George Hornung (Comanche Construction Co.) and Dexter Phillips (Musselman & Hall Contractors).

Left, Front Row (L-R): Kevin Fahey (J.M. Fahey Construction Co.), Bill Clarkson, Jr. (Clarkson Construction Co.), Jim Kissick (Kissick Construction Co.) and John Bowen (Superior Bowen Asphalt Co.)

Members Dig in to Compete on the Golf Course

Competitive by nature, 143 HCA contractors and affiliate members drove each other hard on the course during the annual Don Clarkson Golf Tournament, May 2 at Shadow Glen.

The winning foursome was made up of Mike Ryan, Mitch Gilman, David Kissick and Jim Kissick. Mitch's Hole in One on #4 contributed nicely to the team's win.

In the skills competition (sore losers

might argue that a bit o' luck was involved), Jim Heney of Carter-Waters, won the longest putt contest (24', 10"), sponsored by Roadbuilders Machinery & Supply. The Longest Drive contest, sponsored by Murphy Tractor & Equipment, was won by big-swinging Travis Holt of Brush Creek Partners. And the Closest To The Pin Contest, sponsored by the Heavy Constructors, was won by Scott Anderson, of Hamm, Inc.

A big thanks to the day's sponsors: BKD, Carter Energy, Construction Anchors, Foley Equipment, Fordyce Concrete, Forterra Pipe & Precast, Heathwood Oil, Holliday Sand & Gravel, Iron Planet, Johnson County Aggregates, Lockton, Martin Marietta Materials, Murphy Tractors, Roadbuilders Machinery & Supply, Talon Concrete Aggregates, and Universal Lubricants. ■





MAKING IT BETTER

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Want more information on our Association, members and issues?

Check out our website, **KCHeavyConstruction.org**. Regarding membership, contact Ed DeSoignie at (816) 753-6443



photography by Jeff Roberts and compliments of MoDOT

Why it Makes Sense for You to Vote Informed

By Edward DeSoignie, Executive Director

If there is one thing that we can all probably agree with, is that things today are definitely different than they were just 10 years ago. Setting social issues



aside, the attitude towards our government, from federal to local is very different than it was not that long ago. We need look no further

than the state of Kansas to see the rapid and drastic changes that have taken place in a very short time. Many folks are asking how and why did this happen?

Without sounding like your high school government teacher, you get the government you choose.

As members of the heavy, highway, utility construction industry that worked long and hard with our public elected officials to enact sensible, needed programs to improve public

infrastructure, it is hard to see the state of Kansas methodically dismantle its 10-year transportation program piece by piece. We are fortunate that the Johnson County Gateway project started when it did to make long-needed improvements to the I-35/I-435/K-10 highways intersection. Had it not been awarded and started when it did, it could have been delayed along with other major transportation projects. Delayed as a result of on-going, large diversions of transportation funds to help shore up the state budget. As it looks now, this third, major 10-year Kansas transportation program is on wobbly legs and looks like it may not be able to cross the finish line. How did we get to this point?

The short answer is we elected the people to make this happen. In 2010 many Kansas voters believed what they were told-that the state was being mismanaged to the point it was in dire trouble and needed a new, fresh direction. A new governor was elected who managed to get his plan enacted to make things right. In 2012 the governor said he needed new legislators who shared his ideas to make the plan really work. So Kansas voters threw out many existing legislators

and elected new ones. Somewhere during this time the first diversion of highway improvement money was made. Then a little bit more was taken and then some more was taken and then a whole lot more was taken. So much money that as of today, somewhere between \$2.5 billion to \$2.7 billion in transportation funds have been taken to prop up the state budget.

Recently, the U.S Department of Labor released statistics that Kansas lost just north of 3,400 construction jobs. Kansas now has the distinction of ranking 49th in the nation on construction employment. Where does it end?

That question may begin to be answered starting this August 2nd in the state's Primary Election. That's when Kansas voters take the first step in electing a new Kansas House of Representatives and Senate. It is the first step in the fight back if you believe things are not headed in the right direction. We urge everyone in our industry to get engaged, get informed and support candidates who support transportation. We'll help keep you informed who the true supporters of transportation really are. So stay tuned. ■