A Word From the President

Seeing a Bit of Light Through the Tunnel

By Jerry Wiedenmann, President

After several years that have challenged our industry at numerous levels, I feel cautiously optimistic that we are seeing a little daylight at the end of a long tunnel.

We are seeing progress in several crucial areas. For example, residential development in metropolitan Kansas City is gaining strength after five years of diminished activity. In April, 444 single-family building permits were issued, the highest for any month since April 2008. This welcome upturn is creating more work for our members who do grading, road and curb installation.

We thankfully are seeing more large-scale infrastructure work, including street maintenance, in Kansas City. This is due to the August 2012 approval of Questions 1 and 2, which our Association strongly supported. The resurfacing of 300 lane miles, which began in mid-May, represents an "significant improvement from where we were 12 months ago," when the city was planning to resurface only about 30-plus lane miles.

The money for the extra work stems from the August 2012 decision by Kansas City voters to approve Question 1, which laid the groundwork for a dedicated street maintenance fund. The voters at that time also passed Question 2, which authorized $500 million in bonds, primarily for the city's federally mandated sewer overhaul project.

Together, the programs funded by Questions 1 and 2 are expected to create more than 20,000 jobs over the next five years and fix much of Kansas City’s long-neglected infrastructure. The HCA staff worked hard for the passage of Questions 1 and 2, and members are seeing those efforts bear fruit.

"The fact that we’re able to do more is a testament to the public’s willingness to acknowledge the need," said Sean Demory, public information officer of the Public Works Department. "We appreciate that, and we’re doing everything we can to be solid stewards of the public’s funds."

Getting projects ’out the door’

McIntyre said it’s a "good partnership when we’re able to identify additional resources and the Heavy Constructors industry steps forward and gets these projects out the door and built for us."

Other ongoing heavy construction work in Kansas City includes improvements in the Green...
Heavies Help Build the Roads to Recovery

After five years of quiet, the sounds of grading equipment and concrete trucks are back in new residential subdivisions in the Kansas City area, which means more work for heavy constructors.

In April, 444 single-family building permits were issued—the highest for any month since April 2008, according to the Home Builders Association of Greater Kansas City. There were 337 permits in May, the best May since 2007, association data shows.

“Though the May numbers were a little short of April’s, the market is still continuing to improve,” said association Executive Vice President Sara Corless. “Every indicator is looking good and builders are going strong.”

Permits for multi-family housing totaled 1,450 through May, the most for any year since 2001, according to the association.

The rebound in home construction is good news for contractors that do grading, road and curb installation, but the full impact will take time, said John O’Donnell, president of O’Donnell & Sons Construction Co.

O’Donnell said a lot of subdivisions already had streets and curbs installed before the recession hit. Those were the first locations to get new construction, but now new subdivisions are taking shape, he said.

“They had to get those old lots out of the system,” O’Donnell added.

Some developers went out of business and sold the lots at reduced prices, which turned out to be a good investment for buyers who sold the property as the market improved, O’Donnell noted.

Streets and curbing contractors are anxious to see more results from the housing rebound, said John T. Bowen, vice president of Superior Bowen Asphalt Company.

“We have been reading about the recovery but so far it has not translated into more road work for new subdivisions,” Bowen said. “It’s picked up a little, not a lot, but it’s coming. We are feeling good about it.”

Permit activity for 2013 compared to 2012 is up most on the Kansas side of the metro area, led by a 152 percent increase in Wyandotte County. Leavenworth County is up 55 percent, Johnson County 43 percent, and Miami County 33 percent.

In Missouri, Jackson County has had a 37 percent hike, with Platte County at 33 percent, Clay County 6 percent and Cass County 3 percent.

Old Dogs, New Tricks: Heavies ’Tweet’ to Stay on Top of Issues

Time was when an advocate sitting in on a state legislative hearing would run out of the chamber and into a phone booth to spread the word about hot breaking news.

Well, those days have gone the way of smoke signals and the Pony Express. Nowadays, an advocate or lobbyist—like ourselves—must make optimum use of the latest social media tools to notify constituencies of important developments.

Take Twitter, for example. Our Executive Director, Edward R. DeSoignie, did a lot of tweeting as events unfolded during the latest legislative sessions in Kansas and Missouri. Here are some examples:

- Of course, advocating for a constituency still involves a great deal of old fashioned face time with the decision makers. Nothing will ever replace that.
- But our association is always on the lookout for new tools we can use to communicate better and faster with our members, whether it involves tweeting or updating news items on our Web site. Knowledge is power, and disseminating important information as quickly as possible will always work to our advantage.

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John O’Donnell went into business with his dad, Jack O’Donnell, in 1973 patching asphalt. As the family grew, so did O’Donnell & Sons Construction Co. Three younger O’Donnell brothers quickly joined the company, which has become a household name in the Kansas City street construction industry.

“As the boys grew up and graduated high school, they came to work for the company as operators”

“We all developed the company together,” John O’Donnell said.

The Overland Park grading and paving contractor employs 80 to 100 full-time workers on public and private jobs, mostly in Johnson County.

The family ties are key, said O’Donnell, 62, the oldest brother and the company’s president.

“All of the brothers are in the business and that’s what has made us successful, in part,” O’Donnell said. “We’ve each had four different parts of the business to watch as the company grew. We treated each other equally.”

Laurence O’Donnell is company treasurer, Michael O’Donnell is secretary, and Bernard O’Donnell is vice president. About 10 years ago, the company added Mark Dombrowski as vice president, chief estimator and senior project manager.

The brothers didn’t just slide in behind a desk at dad’s company, John O’Donnell said. “As the boys grew up and graduated high school, they came to work for the company as operators,” John said. “They all learned now to operate every piece of equipment. We all know how to do it and it has helped us train other people.”

John’s son, Patrick O’Donnell, is estimator for the company and handles some project management. While he didn’t get the field experience of his dad and uncles, Patrick had a young person’s knack for technology, his father said.

“Along with Mark, he brought us into the computer age and now everything is done with computers,” O’Donnell said.

Toughing Out the Hard Times

O’Donnell describes his company as mid-sized, with about 70 percent of its work coming from the public sector and 30 percent from private developers. That is shifting, though, and the recovery of new home construction will probably tilt the percentage to 60-40, O’Donnell said.

O’Donnell’s offices are at 15301 Broadmoor and it has a hot mix asphalt facility in Olathe.

Construction contractors in the past year have finally seen business rebound after the recession-induced downturn that began in 2007. Housing construction came to a standstill and local governments cut back on road work, O’Donnell said.

“We had some lean years, some very lean years,” he recalled. “We cut back on the people we were hiring and fortunately we did not have to lay off too many of our full-time people.”

To survive, the company went after more government contracts, such as street upgrades in Olathe and Overland Park, O’Donnell said. But annual company revenue, which reached about $65 million in good years, dipped to as low $30 million in the recession, he said. Average annual revenue is about $40 million, he said.

Cities are still struggling with limited revenue despite the slow economic recovery, he said.

Residential Revival

“There isn’t a lot of city work or new construction going on right now,” he said. “It’s very limited because they don’t have the money, and they used to have all kinds of money.”

While home construction permits are reaching a five-year high in Kansas City, according to the Home Builders Association of Greater Kansas City, a lot of those are in subdivisions that already had streets and curbs, O’Donnell said.

New subdivisions are now going in, but developers will probably tread slowly, O’Donnell said. “Nobody wants to get caught holding the bag again,” he added.

Developers are also more inclined to bid...
Moving Heaven and Earth …
Work Slowly Picking Up Again

HCA member contractors continue to scrape by, as the nation’s economy shows some signs of improving.

A few heavy projects dot the local roadmap this summer, including the overhaul of busy I-35/Southwest Trafficway through downtown Kansas City, bridge replacements in Kansas City and in Platte and Johnson counties, and long overdue street paving throughout the metro.

The State of Missouri this Spring awarded contracts totaling more than $30 million for work around Kansas City’s busy Downtown Loop. Clarkson Construction, Comanche Construction and sub-contractors are working multiple shifts to rebuild the nearly mile-long bridge deck on the stretch of I-35 from State Line to Downtown KC.

Pyramid is also rebuilding and expanding 127th Street, between Black Bob and Pflumm roads, in Olathe.
Swinging for the Safety Record!

HCA Golfers Follow Best Practices

HCA Treasurer Barclay Hornung recognized association members for their exceptional safety records and presented a few good-golfer awards, too, at the HCA’s 14th Annual Don Clarkson Classic Golf Tournament at Shadow Glen:

Billy Clarkson, accepting Safety Award for Clarkson Construction in Class A (more than 300,000 work hours)

Al Hintz, Hayes Drilling, winner of Closest to the Pin

Greg Kaaz, Lexeco, accepting Safety Award for LEXECO Class D (50,000 – 99,000 work hours)

Dan McCarville, Travelers, winner of the Longest Drive Contest

Mike O’Donnell, O’Donnell & Sons, winner of Longest Putt Contest

Larry Eilenstein, accepting Safety Award for Musselman & Hall Contractors, Class C (100,000 to 199,999 work Hours)

Kevin Mulvany, accepting Safety Award for Superior Bowen Asphalt Class B (200,000 to 299,999 work Hours)

Top Duffers - Low Team Score: Mike Koplin, Murphy Tractor; Mike O’Donnell, O’Donnell & Sons; Barney O’Donnell, O’Donnell & Sons; Dave Robinson, Wells Fargo (not pictured)
Night Moves
Pyramid Races the Clock to Replace Busy 12th Street Bridge

Pyramid Contractors called all hands on deck and burned the midnight oil on a weekend in mid-July to drop the old 12th Street bridge over I-35 on the west edge of Downtown KC with the least amount of disruption to traffic. Within 48 hours Pyramid's heavy equipment operators and support teams had brought the bridge down and poured key piers for the new one they are building.

Said Pyramid president Gavin Barmby: “Our guys worked hard, they worked with professionalism and precision, and they got the job done in near-record time. I can’t say enough good things about our project managers and their crews.”
Kansas transportation funding takes hit-again

It came down to the wire and then some, but the Kansas Legislature voted to set the state sales tax at 6.15 percent, instead of dropping it to 5.7 percent.

Lawmakers worked into early June before agreeing to retain a portion of the sales tax, set to expire July 1.

While the Heavies took no official position on retaining or lowering the sales tax, there were concerns that the scheduled decrease in the tax could result in additional diversions of state revenue for road and bridge projects.

Mike King, secretary of the state’s Department of Transportation, had earlier in the session found the agency had “over-budgeted” the T-Works transportation program by $300 million. Those funds had then been made available to the overall state budget, thereby backfilling the projected revenue shortfalls resulting from the income tax cuts signed into law in 2012.

Where to Next?

Governor Brownback and Secretary King have given public assurances that funding of the 10-year T-Works program that began in 2010 is intact. “We expect to do all the work as planned,” Swartz said.

Gov. Sam Brownback pushed for retention of the sales tax because it preserved much-needed state revenue in the wake of deep cuts in income taxes he pushed through the legislature last year.

The legislature passed several changes in labor laws, one that undermines local control of wages.

Further cuts in income taxes are in the offering, also engineered by the governor. Income taxes in the lowest brackets would decline from 3 percent to 2.3 percent by 2018 and from 4.9 percent to 3.9 percent in the highest brackets.

On another issue, lawmakers approved Brownback’s proposal to put the Kansas Turnpike Authority under the direction of the secretary of transportation. Brownback felt that having two transportation agencies was wasteful, Swartz said.

The Heavies took no position on the merger and don’t believe it will impact road and bridge projects one way or the other, said Executive Director Ed DeSoignie.

Gov. Sam Brownback pushed for retention of the sales tax because it preserved much-needed state revenue in the wake of deep cuts in income taxes he pushed through the legislature last year.

The legislature passed several changes in labor laws, one that undermines local control of wages, DeSoignie said.

The new law bans cities and counties from requiring contractors to pay prevailing wages, or wages better than federal minimum, on public projects. The legislation arose in part from Wyandotte County and its prevailing wage rules.

“We feel that this should be a local decision, made by local-elected officials,” DeSoignie said.

“We find it contradictory that this legislation came from folks who say they believe in local control.”

There certainly is a growing need for what we do. A recent Transportation for America report, based on data from the National Bridge Inventory, stated that there are 66,405 structurally deficient bridges in our country—representing more than one in nine of all the bridges in the United States.

Of course, the great needs that are out there don’t mean it will be easy to obtain the funding that is required to fulfill those needs. But on the whole, conditions have improved, and indications point to better times ahead.
Bumpy Ride in Missouri

Transportation Tax Effort Runs Out of Gas

Missourians concerned about the deplorable condition of Missouri’s highways were profoundly disappointed with the actions—or lack of action—taken by the Missouri General Assembly in its 2013 session. Yes, it could have been worse, but not by very much.

The biggest disappointment came when House Committee Substitute for Senate Joint Resolution 16—a proposal to put a 1-cent sales tax to raise money for state transportation projects on the Missouri ballot—failed to win the Senate’s final approval and died on the last day of the session.

The need for the funding the proposed tax would provide is undeniable. As was reported in the Kansas City Business Journal on May 10, 2013, the Missouri Department of Transportation’s contractor awards budget will total about $700 million in fiscal year 2014, down from an average $1.2 billion. The funding shortfall will force MoDOT to focus on maintaining the current system, rather than upgrading it. “We’re at a point where we are going to take as good care of the system that we have now for as long as we can, but we know that we can’t hold our own for very long.” MoDOT Director Dave Nichols said in May 30, 2013 article published by the Pew Charitable Trusts. “You don’t add a room on the house when the roof is leaking.”

The 1-cent tax would have generated about $7.9 billion over its 10-year life. Kudos to the legislators who had the vision and political courage to sponsor the transportation sales tax bill: Rep. Dave Hinson, R-St. Louis” wages and fringes on local construction. This is because the previous law stated that if there were no reportable wages for the work in the county building the project, we need to work on our water, sewer and roadways in general.”

At session’s end, Jones said he’s open to more talks on a transportation tax, though he thought the 1-cent sales tax proposed in the defeated bill had been too high and would have amounted to giving MoDOT a “blank check.”

Ironically, in a talk to the American Society of Civil Engineers this past May, Jones acknowledged the C-grade given to Missouri infrastructure and said: “We need to work on the electric issue, we need to work on highway funding, we need to work on our water, sewer and roadways in general.”

The legislation died in the Senate when Sen. John Lamping, R-Ladue filibustered the bill that his own party leader supported.

As has frequently occurred in the past, seemingly unrelated issues got tied together late in the session. Bills that appear to be moving get held hostage in one chamber, in order to leverage the other chamber to move a certain piece of legislation. SJR 16 got held hostage by the House to get the Senate to pass income tax cuts.

The association and other supporters of safer infrastructure in Missouri were very disappointed over the actions of House Speaker Tim Jones, R-Eureka, who, not only voted against the transportation sales tax bill but held it hostage for weeks, releasing it only with a few days remaining in the session.

Bills that appear to be moving get held hostage in one chamber, in order to leverage the other ...
Movement: Pushing against a political stonewall in Missouri

By Ed DeSoignie, Executive Director

Many in the Missouri highway construction industry were taken aback this past Spring, when Missouri State Senators John Lamping (R-Ladue) and Rob Schaaf (R-St. Joseph), led a filibuster of SJR 16; the one-cent transportation sales tax measure. The filibuster took place within days of adjournment, severely limiting the time the industry and supporters could respond. The shocked reaction is certainly understandable when one considers the sizeable majorities in both the House and Senate that passed the legislation.

Opinions on this negative turn of events cover a broad spectrum. At one end are those who believe that a transportation sales tax could be passed by the 2014 Legislative Session and placed on the November 2014 ballot. At the other end are those who believe that going the legislative route again is futile and that regardless of the filibuster, the transportation funding issue has moved toward the top of public debate, providing an opportunity to move forward.

Frankly, while we’d like to see a one-cent sales tax ballot measure pass in the 2014 Session, realistically we don’t see it happening. We do see the possibility of a greatly reduced tax measure passing and perhaps tied to income tax cuts for business and the top rate payers. Should such a scenario play out in 2014, the industry would find itself tasked with raising millions in campaign funds statewide to try and put lipstick on a pig. We once found ourselves in that position in 2002 and don’t want to repeat the experience.

“…regardless of the filibuster, the transportation funding issue has moved toward the top of public debate, providing an opportunity to move forward.”

So we have movement and it is positive movement forward. Movement which we can build on in the coming months. We’ll keep you posted.

Time to Streamline KC’s Economic Development Efforts

By Bridgette Williams, Deputy Director

My role at the Heavy Constructors Association of Greater Kansas City gives me a special appreciation for business retention and recruitment in our city. When companies expand here or move here, it creates work for our members and their employees.

I also have the privilege of serving as the current Board Chair of the Economic Development Corp. of Kansas City, a non-profit agency that serves as Kansas City, Missouri’s link to business and the economic development community.

The EDC manages the efforts of six redevelopment agencies, such as the Tax Increment Financing Commission and the Land Clearance for Redevelopment Authority. Kansas Citians can and should be proud of what the EDC has accomplished since its establishment in 1987.

But the agency and its various moving parts need to do a better job. Economic development, whether it involves business retention or relocation, needs one point of entry, and processes built on the front end. That will ensure that incentives, which are taxpayer dollars, are delivered in the best interests of the citizens of Kansas City.

“…there’s definitely going to be a role for roads, bridges and infrastructure in general.”

Unfortunately, that is not what’s happening now. The process has become highly political, with different agencies operating as if they exist in separate silos. This hurts Kansas City in terms of business retention and development. Kansas City has lost businesses to other areas where incentive packages are more consolidated and intact, where the processes are built on the front end, and where an employer can go and know exactly what to expect.

What we want to do at the EDC is bring our economic development processes under one umbrella, with one point of entry, and with a board that’s organized in a way that will enable it to decide what projects will actually help grow Kansas City. We want to cultivate that expectation and understanding, so that it’s not a different process every time a company wants to expand here or move here.

This is an important issue for heavy construction. Whether you’re talking about development for businesses that move here or for existing businesses that expand here, there’s definitely going to be a role for roads, bridges and infrastructure in general.

And as we all can see, the situation as it exists today is hurting the heavy construction industry on the Missouri side of our metropolitan area. Except for a few bright spots, there simply isn’t much development going on. But if we can streamline our economic develop process and make it more efficient and user-friendly, it will help put Kansas City on the map of growth and development hot spots.

Official action has yet to occur on this proposal as I write this column, but there is a general consensus on the EDC Board that we need to move in the direction of one point of entry for our economic development agencies. When that occurs, it will help bring about better days for our city, our industry, our members and their employees.
O’Donnell & Sons
continued from page 3

out construction work rather than simply negotiate a price, as they often did in years past, O’Donnell said.
“We don’t see the commercial work coming back like the residential, such as the big shopping centers,” O’Donnell observed. There is also a glut of office space in buildings that went up during the boom, he said.

“I like the idea of having our name on the equipment. People see our equipment on the job and they mention it to me and that is satisfying.”

Dealings with the ups and downs of construction demand is the biggest challenge in running the business, O’Donnell said. Growing regulation of the construction industry is also a challenge, O’Donnell said. “The bureaucracy of cities had grown tremendously—just what it takes to get the paper work done,” he said. “It drives developers nuts and it drives us nuts.”

But running the family business has mostly been a rewarding experience, O’Donnell said. O’Donnell has overseen the company since his father died in 1983. “It’s very satisfying to know it’s in the family,” he said. “I like the idea of having our name on the equipment. People see our equipment on the job and they mention it to me and that is satisfying.”

Of the O’Donnell brothers, only John has a son on the executive side of the business. Bernard’s son, Joe, is a paving superintendent.

John O’Donnell doesn’t see himself retiring any time soon, as business still recovers from the long downturn.

“What would I do if I retired, play golf?,” said O’Donnell, who like most of his brothers is an avid golfer. “I don’t think I could play that much golf. I’m going to be here for a while. I am not sure I would be comfortable not being here.”

O’Donnell employs 80-100 full-time workers on public and private jobs.

More work on tap in KC
continued from page 1

Impact Zone, which comprises a cooperative effort to focus federal stimulus funds on projects in the area bounded by 39th St. on the north, 51st St. on the south, Troost Ave. on the west and Prospect to 47th to Swope Parkway on the east.

“We’re replacing sidewalks and curbs, updating traffic signals and resurfacing a major number of residential streets (in the Green Impact Zone), as well Emanuel Cleaver II Boulevard, which was completed this year,” McIntyre said.

Street car project on track

Looming on the horizon is construction of a 2.2-mile, $102 million streetcar line downtown. “We’ve got a bid out for the construction manager,” Demory said. “We’re looking to move forward quickly. There’s work that’s going to be done in the downtown area prior to that, in some degree of support. Things like the Main Street Bridge over I-670, which was on our radar screen prior to the streetcar. We are accelerating the construction to better work with that project. That will be going on a bit later this year.”

McIntyre said the construction manager will procure contractors to replace the aged water line along the streetcar route and re-align the sewer line with the new water line.

In addition, a study is under way on possible northbound routes that potentially could take the streetcar over the Missouri River.

HCA members and staff are closely watching the ongoing debate on whether or not to rebuild Kansas City International Airport and reconfigure it into a one-terminal airport. City officials declined to comment on this controversial topic as we went to press. Obviously, HCA members would welcome the work and jobs that would result from a major infrastructure project at KCI. Stay tuned.

Looking out for minorities and women

On another matter of local interest, our association is pleased with Kansas City’s passage last March of an amended Work Force Ordinance. The ordinance applies to city contracts and those put out by related public agencies, such as the Tax Increment Financing Commission, which exceed $300,000.

Phillip Yelder, director of the city’s Human Relations Department, said the ordinance was amended to enable the city to take actions once every quarter against contractors who do not fulfill goals involving minorities and women. Under the previous ordinance, the city had to wait until the end of a contract to take such actions. If contractors consistently fail to meet goals, the Human Relations Department can recommend that they be debarred from further city-related work for a certain period of time.

In addition, contractors now must provide details about the makeup of their work forces prior to being awarded contracts.

“Our goal is to put people to work,” Yelder said.

Yelder expressed thanks to the city’s Construction Workforce Board—whose members include Edward R. DeSoignie, our executive director, and Bridgette Williams, our deputy director, who chairs the board—for the guidance it provided in amending and improving this crucial ordinance.
August marks one year since Kansas City voters said, “enough!” to kicking the can down the road and “yes!” to properly investing in our City’s infrastructure. Kansas Citians approved over $700 million dollars in new funding for streets, sewers, and parks. This took place through an innovative give-and-take with our residents. By thinking outside the matrix of the typical tax proposal, and listening to each other and our residents, we were able to make substantial progress in a single year. Our proposals passed at the polls with over 60% approval—not too bad. What’s even more impactful is that Questions 1 and 2 passed by majorities in every single part of the City.

Prior to the votes last August, we were repaving 30 miles of our roadways a year. This year, because of the investments of Kansas Citians, we will repave over 180 miles of roadways. There are many things we still must do to make ours the city we want it to be, but focusing on getting the basics right is the key to building that city. Fewer potholes, smoother roads, better accessibility for our residents with disabilities, all show we are acting responsibly. In a time when our residents are being told by some elected officials or candidates that government is the problem, it takes even more effort to show local government is actually part of the solution.

This year … we will repave over 180 miles of roadways.

Our infrastructure investment efforts are just one example of how local government, Kansas City residents, and the men and women of the labor movement can work together to further build our community. I am personally looking forward to working with you all as we travel further down the road to make Kansas City best.