

UPDATE



ILLINOIS ASSOCIATION OF AGGREGATE PRODUCERS

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State House Report

On February 15, 2006, Governor Rod Blagojevich unveiled the State's budgets for Fiscal Year 2007 (July 1, 2006 - June 30, 2007) during an address to a joint session of the Illinois General Assembly. Unlike prior Administrations, Governor Blagojevich separates the State's capital (building program) budget from its operational budget.

Transportation for Illinois Coalition Consultant Linda Wheeler (formerly the Director of IDOT's Office of Planning and Programming) has reviewed the State's FY 2007 budgets as well as the Governor's "Jobs for Illinois" multi-year program announced last month. Her preliminary analysis of both budgets, together with the bonding proposal in the Governor's capital program, is summarized as follows:

FY 2007 Operational Budget -- Road Fund Diversions

- It appears FY 2007 diversions will total around \$665 million.
- For comparison purposes, diversions were \$692 million in FY 2005 and are estimated at \$676 million for FY 2006.
- The drop in FY 2007 diversions is due to the phased reduction of the commercial distribution fee, which lowers revenues from this fee by an estimated \$24 million. The commercial distribution fee, which is essentially a surcharge on license plate fees for trucks, was instituted in FY 2004 in order to help balance the state's budget. All revenues from this user fee are deposited in the General Revenue Fund.
- Diversions increased for State Police Operations from the current \$97 million a year to \$107 million proposed for FY 2007. Under the terms of IL First, the State Police should have been capped at \$53 million from the Road Fund.
- Diversions to the Department of Health Care and Family Services, for IDOT group health insurance, increased from \$126 million in FY2006 to \$130.5 million proposed for FY 2007.
- The \$17 million Road Fund diversion, initiated in FY 2006, for Vehicle Inspection and Maintenance, would continue in FY 2007. However, the FY 2007 proposed amount is reduced to \$14.2 million.

“Jobs for Illinois” Capital Program -- Highway Construction

- Bond funds totaling \$2.325 billion would finance \$1.75 billion in additional highway projects added to IDOT’s multi-year plan. The remaining \$575 million in bonds would go to replenish the cash taken from the Road Fund to pay debt service on the bonds.
- The bond proposal is for a six-year highway program beginning this year and running through FY 2011. It would increase the regular highway construction program by an average of \$292 million a year during the six-year period. This would yield an average annual program of \$2.058 billion. The proposed FY 2007 highway construction program, at \$2.475 billion, would be the largest in the State's history.

Highway Program Size (\$ Million)

	FY06	FY07	FY08	FY09	FY10	FY11	FY12
With Bonds	2020	2475	2175	1900	1875	1900	1600
Without Bonds	1770	1975	1725	1725	1700	1700	1600

Estimated Debt Service with New Bond Authorization @ \$2.325 Billion

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Debt Service* (\$Million)	249	250	267	309	352	402	409	419	416	401
State Road Funds Used For Debt Service	16%	16%	17%	20%	22%	25%	26%	26%	26%	25%

*Projected debt service published in Governor's proposed bond program

FY 2007 Capital Budget -- Highway Construction

- The proposed FY 2007 capital budget incorporates the Governor's bond plan outlined above.
- In accordance with the “Jobs for Illinois” bond plan, the proposed capital budget requests the first \$250 million in bonds as a supplemental appropriation for FY 2006. This would bring the state's FY2006 highway program total to \$1.95 billion.
- The FY 2007 proposed highway program is \$2.475 billion, the largest program in the State's history.

Key Obstacles Ahead

- Senate and House Republicans are reluctant to support an enhanced capital program funded by bonds that lack a new revenue stream for debt service.
- The Governor’s “Jobs for Illinois” bonding program seriously short-changes some downstate IDOT Districts, thereby hardening political resistance to this new capital program.

How to Support the “Jobs for Illinois” Capital Program

On February 17, 2006, the TFIC Statehouse Affairs Committee met to discuss a targeted outreach effort designed to overcome obstacles faced by the Governor’s proposed Capital Program. **IAAP Executive Director John Henriksen** represents aggregate industry interests on this Committee. The current game plan:

- Committee members are reaching out to IDOT officials in order to secure an accurate list of transportation investment needs for specific downstate communities that are currently under-represented in the Governor's capital proposal. Specifically, we are securing a downstate inventory of construction projects suitable for inclusion in a bonding program.
- Once project needs are identified, TFIC organizations and their members will solicit the support of area legislators. The ultimate goal will be to win the support of area legislators for championing the inclusion into the capital proposal of some of the new projects for each affected downstate district. **(Our efforts will focus first on the Senate since the Administration wants this bill to start in that chamber).**

The following communities and their corresponding state senators are the first focus of our efforts:

- IDOT District 5: Champaign/Urbana, Danville and Bloomington (Senators Brady, Rutherford and Winkel)
- IDOT District 7: Decatur and Charleston/Mattoon (Senators Watson, John Jones and Righter)
- IDOT District 9: Carbondale, Marion and Mt. Vernon (Senators Luechtefeld and John Jones)
- IDOT District 4: Peoria and Galesburg (Senator Risinger)
- IDOT District 6: Springfield and Jacksonville (Senator Bomke)

This specific list of communities has been chosen because it represents the areas of the state that are currently underrepresented in the capital proposal. TFIC will also be working with community leaders from other areas of the State that currently receive a respectable share of funding in the Governor's proposal but that have additional funding needs to solicit legislative support for the proposal and to identify any additional unmet needs.

However, to make this happen, we need the help of everyone in these downstate areas.

The IAAP, along with every other TFIC member organization, has compiled a list identifying key members operating in each of the targeted communities and legislative districts outlined above. This contact information has been given to **TFIC Managing Director Jennifer Gordon** so that she can solicit your help in contacting your local legislators. Once we get the project information we need from IDOT, we will then be able to coordinate the legislative outreach efforts of the aggregate producers, road builders, consulting engineers, mayors, chambers of commerce and organized labor organizations in each district.

If contacted, please help support this important TFIC outreach effort.

Spring 2006 State Legislation

Illinois House and Senate leadership manage and ultimately control the numerous bills introduced each legislative session by setting a series of critical deadlines. This year, the Senate selected January 20th as the cut-off date for introducing substantive (non-appropriation) bills in this chamber; the House set a January 27th cut-off date. Each filing deadline gives you a rough idea of the legislation you will need to support, fight or monitor within a given session. The next, and more critical, deadline is the cut-off date for passing substantive bills out of Committee. Both the House and Senate selected February 17th as this key deadline. In essence, substantive bills not heard and approved by a majority vote in Committee by the end of last week are essentially dead. Now that the dust has settled, here is where we stand:

HB 4206, legislation reducing the annual NPDES permit fees paid by aggregate producers, coal mines and municipal water treatment works, was held in the House Rules Committee. Both **House Deputy Majority Leader Gary Hannig (D-98, Litchfield)** and **House Assistant Minority Leader Mark Beaubien (R-52, Barrington Hills)**, the key sponsors of this bill, repeatedly requested that HB 4206 be released for hearing before the House Revenue Committee. Given that HB 4206 is co-sponsored by a very diverse, bi-partisan group of legislators, including every Democratic “target” in this year’s general election, our bill would have flown out of the House. However, **House Majority Leader Barbara Flynn Currie (D-25, Chicago)**, the Speaker’s legislative “gate keeper”, declined to release our bill or any other bill that would reduce business fees.

Leader Currie’s reason for “putting a brick” on HB 4206 was that Speaker Madigan wanted to limit the General Assembly’s consideration of any legislation that may impact State revenues. In short, if aggregate producers get a break on fees, no matter how well deserved, a host of other interest groups would want relief, thereby complicating the Speaker’s ultimate goal – **approve the FY 2007 State budget and adjourn the General Assembly in order to campaign**. Yet Leader Currie’s rationale doesn’t seem to make a lot of sense when you look at another piece of legislation that was allowed to move forward.

For example, **HB 4764** co-sponsored by Leader Currie and Speaker Madigan would suspend the Gas Revenue Tax Act (a sales tax on gas consumed by residential customers) for 3 months, at a cost of approximately \$40 million to \$65 million in lost receipts!?! HB 4764 was quickly heard in the House Revenue Committee, passed the House on February 14th and has gone over to the Senate for consideration. Although this significant hit to our State’s General Revenue Fund will probably be vetoed by our next Governor, legislation like HB 4764 plays very well with voters during an election year.

Bottom Line: Rep. Beaubien has tabled HB 4206 given leadership’s reluctance to move our bill this Spring. We have identified a live “vehicle” bill we may be able to pass out of the House and then amend in the Senate in order to include the NPDES permit fee relief we are seeking. However, we may be forced to wait until the Fall Veto Session (or next year) in order to secure the legislative relief aggregate producers so clearly deserve. In the meantime, to quote Winston Churchill: **“Those who love the law and those who love sausage should not watch either being made.”**

Other Legislation of Interest (Illinois House)

HB 4782 filed by **Rep. Elaine Nekritz (D-57, Northbrook)** established heavy fines for diesel trucks found to be “idling” for more than 5 minutes! Her bill is an urban pollution initiative being pushed by the American Lung Association. However, when we explained to Rep. Nekritz that her bill would make routine loading and weighing operations impossible at aggregate operations, she came up with a reasonable amendment to this bill that: (a) limited the scope of this legislation to non-attainment areas; and (b) provided a 30-minute time period for loading, weighing and unloading operations. **With that change, HB 4782 passed out of Committee and is pending before the House.**

HB 5002 filed by **Rep. Gary Hannig** is intended to address the practice of misclassifying employees as independent contractors. This bill is primarily being pushed by the Carpenters’ Union to get a handle on contractors who improperly characterize employees as independent contractors, thereby avoiding the payment of unemployment insurance, social security and other benefits. Because of the extremely broad scope of the original bill, a lot of associations focused on this piece of legislation. For example, the bill, as originally filed, would have converted the bookkeeper who comes onto your mine property to take care of your paperwork into an employee, a result not intended by the bill sponsor. HB 5002 has since been amended to clearly limit the application of this new Act to contractors and specifically exempts a person or company “who furnishes only materials or supplies.” **HB 5002 passed out of the House Labor Committee and is pending in the House. However, further amendments are in the works.**

HB 5274 filed by **Rep. Dan Reitz (D-116, Steeleville)** provides uniformity of Illinois weight laws for ready mixed concrete trucks across all classes of roads, thereby enhancing the payload for both front and rear discharge units. HB 5274 also eliminates the application of the “inner bridge” measurement restrictions to these vehicles. **HB 5274 has passed the House and was picked up in the Senate by Sen. Terry Link (D-30, Vernon Hills) and John Millner (R-28, Carol Stream).**

Other Legislation of Interest (Illinois Senate)

SB 2398 filed by **Sen. Debbie Halvorson (D-40, Crete)** would radically expand the coverage of the Prevailing Wage Act. This bill is a “repeat” of the unsuccessful bill filed last year by **Rep. Skip Saviano (R-77, Elmwood Park)** at the request of the Teamsters.

Currently, the Prevailing Wage Act only applies to workers physically located on a “public works” project (as opposed to workers supplying materials for the project and/or workers transporting materials to the jobsite). SB 2398 expands prevailing wage coverage to truckers who bring “aggregate materials” (defined to also include ready-mix, hot-mix and clean fill materials) to a public works project. In addition, this bill would extend prevailing wage coverage to workers at ready-mix, hot-mix and aggregate operations if the facility in question is “dedicated exclusively, or nearly so, to performance of the contract”?!

The IAAP, working with road building, trucking and State Chamber lobbyists, has been able to keep SB 2398 in the Senate Rules Committee. During meetings with Sen. Halvorson and during follow-up meetings with the Teamsters, our group outlined the increased labor costs, administrative headaches and wage liability flowing from this legislation. **Although SB 2398 currently appears dead, we will be monitoring this critical issue very carefully.**

Convention Preview

The IAAP's 38th Annual Convention is scheduled for **Thursday, May 18, 2006**, at the Springfield Crowne Plaza. The ticket price for this event is unchanged from last year -- \$125.00 will admit you to a full day of interesting exhibits, informative presentations and excellent food and beverages. **Associates:** please note that an Expo' booth is still only \$275.00.

The 2006 Schedule

After registering and touring the Associates' Expo, everyone will gather in the main seating area on the Convention floor for **IAAP President Mike Stanczak's** opening remarks. After Mike's address and IAAP Board of Directors elections comes the highlight of our Opening Session -- the IAAP's Fourth Annual "Rock Solid" Safety Awards. At the conclusion of these awards, **Eric Harm, Deputy Director, IDOT Division of Highways**, speaks about technical and policy issues of interest to the Illinois aggregates industry. Then everyone can choose to attend one of our interesting morning seminars.

Our Associates' Luncheon will feature an address from **Margaret Blackshere, President of the Illinois AFL-CIO**, as well as our Fifth Annual IAAP Scholarship Awards. After lunch, and a tour of the Associates' Expo, Convention participants may choose from a round of concurrent afternoon seminars.

The Convention's Closing Session features reports from the IAAP Environmental, Public Information and Education, Safety and Technical Committee representatives outlining their members' accomplishments over the past year. After these reports we will hear a keynote address from **Joy Wilson, President and CEO, National Stone, Sand and Gravel Association**.

After conducting some Association business, the Convention then concludes with the Associates' Expo Reception. By hosting our Evening Reception within the Expo area, rather than in the Crowne's upstairs ballrooms, we ensure that our Associate members get increased foot traffic around their display booths. In addition, this format change ensures that our Evening Reception has an even more relaxed atmosphere.

Two things to remember:

First, please make your hotel reservations early. After the IAAP room block is gone, you won't be able to obtain a room at the Crowne or Holiday Inn Express at our special rate.

Second, Associate Members who want to exhibit at our Expo should send in their registration forms and checks quickly. We cannot officially assign a booth to you until we have received your registration form and check. Given the format change for our Evening Reception, we are confident that our Expo booths will sell out very quickly.

Your Association has put together another fine Convention program -- all we need is you! Please make plans to attend the IAAP's 38th Annual Convention. **We look forward to seeing you in Springfield on May 18th.**

Member Profile: Nokomis Quarry Company of Illinois, Inc.

Embracing new technology and adapting to the current marketplace are two of the most important factors **Nokomis Quarry's General Manager Ron Koehler** cites when he talks about his Central Illinois rock mining operation. He knows that to stay competitive with much larger quarries it has taken some savvy business decisions over the past twenty-five years he has been in the business.

Nokomis Quarry opened in 1952 and mines Pennsylvanian age limestone from a 35-foot deposit. Koehler believes that producing many specialty products beyond CA6 and agricultural lime have allowed his company to respond faster to changing markets. One unique product he produces is



A Caterpillar loader dumping 22 tons of rock into the crusher

stone-sand for asphalt pavement. On the day **Shawn McKinney, IAAP Outreach Manager**, visited Nokomis, Koehler was making RR 3, CA 6, FA 4, CA 7, CA 16, and fine lime. After witnessing a shot that produced about two days worth of rock, he proudly showed off the custom designed conveyer belt system transporting rock from a portable crusher in the pit to the stationary plant 6700 feet away. This conveyer system, first installed in 1978, replaced five haul trucks for less than the cost of one new truck. Koehler said, "The conveyer requires less maintenance than a truck and electricity

is certainly cheaper than gasoline right now." Controlled by one employee from an elevated booth, the conveyer reduced labor and equipment costs for the company while improving worker safety.

Koehler's innovative ideas also benefit his fourteen employees in other ways. With rising health insurance costs a concern for every business and worker, Nokomis Quarry addressed this problem with a novel approach—health savings accounts. Each year, the company places an amount equal to the employee's individual health insurance deductible into a personal account for health related expenses. According to Koehler, health savings accounts have allowed the company to reduce its costs and pass a portion of the savings along to its employees through lower monthly premiums—all with no reduction in benefits.

Nokomis Quarry is more than an aggregate mine. A reclaimed section where mining ceased in the 1980's is now set aside as a hunting preserve. Here, Koehler built a log cabin overlooking a beautiful pond with great fishing. Besides duck hunting and fishing, Koehler spends many weekends enjoying the view with his wife, children, and invited guests. If you are ever in the area, stop in to say hello and ask Ron to show you the cabin and the double-banded goose.

Unimin Corporation Wins 2005 Corporate Habitat of the Year Award



Employees at Unimin Corporation's Tamms/Elco Plant distinguished themselves by winning the Wildlife Habitat Council's coveted 2005 Corporate Habitat of the Year award, which goes to one recertified program each year. Employees and volunteers take advantage of the opportunities created by the site's mining and reclamation program to incorporate wildlife management projects for an incredible diversity of native species across 1,950 acres.

As most of the Tamms/Elco land holdings serve as suitable bluebird habitat, the wildlife team maintains a bluebird nest box monitoring project. Approximately 67 nest boxes were erected on the site, several of which were constructed by the employees. Employees monitor and maintain the boxes and remove wasp nests or other possible invaders from the boxes. The program has shown great success with the

population of bluebirds increasing and over 60% of the nest boxes occupied.

The Magazine Mine on-site is the largest abandoned, underground silica mine within both the plant property and the State of Illinois. Unimin partnered with Bat Conservation International, the Illinois Department of Natural Resources (IDNR), Southern Illinois University, U.S. Fish & Wildlife Service and USDA Forest Service to survey the mine and carefully document the bat population. Native Illinois bat species including the big brown bat, little brown bat, Indiana bat, northern long-eared bar and the eastern pipstrelle were documented in and around the mine.

The effort to directly protect resources critical to bat reproduction and hibernation strengthened and promoted a conservation ethic that benefited not only bats, but the surrounding fragile Shawnee National Forest ecosystem as a whole. To further enhance the value of the property for local wildlife species, the wildlife team implemented a project to convert nine acres of fescue grassland into a native wildflower and grass meadow. Two test sites were prepared and seeded, which were expanded and reseeded in 2005 that bloomed with colorful stands wildflowers and sunflowers.



The plant types will increase the diversity and population of pollinators, such as songbirds, bees and butterflies. Other projects include native hardwood tree plantings, kudzu eradication and wild turkey management. The wildlife team also works on wildlife rehabilitation by reintroducing animals at suitable locations on Unimin property in concert with FREE AGAIN, Inc.

Congratulations to IAAP Member Unimin Corporation

New IAAP Associate Members

RAIN FOR RENT

221 McDonald Avenue

Joliet, Illinois 60431

(815) 744-3947

FAX: (815) 744-4820

Email: DiMaggio@rainforrent.com

Website: www.rainforrent.com

Mike Zudycki, Branch Manager

Ken Schramm, Sales Representative

Joe DiMaggio, Sales Associate

Other Locations:

Rain for Rent

Granite City, Illinois Branch

(618) 931-0901, FAX: (618) 931-0905

Products/Services: Tanks, pumps, pipe and filtration equipment rentals.

TERRACON CONSULTANTS, INC.

135 Ambassador Drive

Naperville, Illinois 60540

(630) 717-4263

FAX: (630) 357-9489

Email: esellen@terracon.com

www.terracon.com

Bill Thayer, Principal

Ron Clauson, Exploratory Services Mgr.

Elizabeth Sellen, Business Dev. Coordinator

Other Locations:

Rockford, Illinois

(815) 227-9663, FAX: (815) 227-9667

Bloomington, Illinois

(309) 662-9357, FAX: (309) 662-0358

St. Louis, Missouri

(314) 692-8811, FAX: (314) 692-8810

Products/Services: Geotechnical, Civil and Environmental engineering and testing services; exploratory drilling and coring, materials testing and evaluation. MSHA and OSHA certified drillers. State-wide IDOT and ASHTO certified laboratories. Wetland and environmental assessments.

IAAP Calendar

February 27, 2006: IAAP Board of Director's Meeting; Sangamo Club, Springfield, Illinois.

February 28, 2006: AGCI/IAAP Legislative Breakfast; Sangamo Club, Springfield, Illinois.

February 28, 2006: IAAP Environmental Committee Meeting; IAAP Office, Springfield, Illinois.

March 2, 2006: IDOT/Industry Joint Coop Meeting: AGCI Headquarters, Springfield, Illinois.

March 7-8, 2006, 15th Annual MSHA Spring Thaw/State Grants Conference; Starved Rock Lodge, Utica, Illinois.

March 10, 2006: Illinois Metro Recycling Group Meeting; IDOT District One, Schaumburg, Illinois.

March 10, 2006: IDOT Bid Letting; Hanley Building, Springfield, Illinois.

March 15, 2006: IAAP Public Information and Education Committee Meeting; IAAP Office, Springfield, Illinois.

March 15, 2006: IAAP Safety Awards Sub-Committee Meeting; IAAP Office, Springfield, Illinois.

March 16, 2006: IDOT/Industry Policy Committee Meeting; Hanley Building, Springfield, Illinois.

March 22, 2006: McHenry County Gravel Advisory Council; McHenry County Government Administration Building, Woodstock, Illinois.

March 30, 2006: Illinois Mining Institute Executive Board Meeting; IAAP Office, Springfield, Illinois.

April 5, 2006: IAAP Safety Committee Meeting; IAAP Office, Springfield, Illinois.