

UPDATE



ILLINOIS ASSOCIATION OF AGGREGATE PRODUCERS

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Multi-Year State Highway Program Unveiled

The Illinois Department of Transportation has rolled out its proposed Highway Improvement Program for Fiscal Years 2007 – 2012. This Multi-Year Highway Improvement Program (MYP) focuses on maintaining the current highway system. The entire FY 2007-2012 MYP is available online at the Illinois Department of Transportation website: www.dot.il.gov

Transportation for Illinois Coalition Consultant Linda Wheeler (formerly the Director of IDOT's Office of Planning and Programming) has reviewed the State's new multi-year program. Given continued opposition to the Governor's highway bonding scheme by House and Senate Republicans, Linda's analysis focuses on what the multi-year program would look like **without** the extra funds generated by the "Jobs for Illinois" program. Her preliminary analysis of this program is summarized as follows:

- The FY07-12 Proposed Highway Improvement Program is consistent with the previously released Proposed State Capital Budget and the Governor's "Jobs for Illinois" highway bond program. **Excluding the proposed highway bonds, the six-year program totals \$10.425 billion, with \$1.975 of that amount proposed for FY07.**
- For the first time, the multi-year program does not project what the condition of the State's roads and bridges will be at the end of the program period. The program does indicate that "the condition of roadway miles and bridges in Illinois is deteriorating at a more rapid rate" due to rapidly increasing project costs.
- The FY07-12 Proposed Highway Improvement Program proposes overall funding cuts of around 50 percent for four of the seven local benefit programs funded by IDOT: County Consolidated Program, High Growth Cities, Needy Townships, and state matching assistance. There are no cuts proposed for the remaining local benefit programs: Township Bridge Program, upgrading local truck routes and economic development. The highway program book does not specify when the cuts would begin or how they would be allocated on an annual basis.

The following table compares last year's multi-year program to this year's program, assuming that the "Jobs for Illinois" bonding program does not pass the Illinois General Assembly. The table illustrates the continued decline in state funds as well as the increase in federal funds from SAFETEA-LU. It also shows that, while the overall program has increased, the number of existing miles that can be repaired has declined. **Sobering statistics.**

	<u>FY06-11 Program (announced 4/05)</u>	<u>FY07-12 Program / no bonds (announced 2/06)</u>	<u>% Change</u>
<u>Program Amounts</u>			
6-yr. Total	\$9.15 billion	\$10.425 billion	13.9%
Annual Program	FY06 - \$1.725 billion	FY07 - \$1.975 billion	14.5%
6-yr. Total - State Highways	\$6.653 billion	\$7.381 billion	10.9%
6-yr. Total - Local Roads	\$2.497 billion	\$3.044 billion	21.9%
Annual Program – State Hwys	\$1.296 billion	\$1.342 billion	3.5%
Annual Program - Local Roads	\$429 million	\$633 million	47.6%
6-yr. Total - Local Benefits	\$456 million	\$315 million	-31.0%

<u>Program Funds</u>			
Federal Funding Share	59%	68%	
State Funding Share	37%	26%	
Local Funding Share	4%	6%	
Federal Funds - Annual Avg	FY07-11 - \$890 million	FY08-12 - \$1.184 billion	33.0%
State Funds - Annual Average	FY07-11 - \$527 million	FY08-12 - \$401 million	-24.0%
Local Funds - Annual Average	FY07-11 - \$67 million	FY08-12 - \$105 million	52.2%
Federal Funds - First Year	FY06 - \$925 million	FY07 - \$1.167 billion	26.2%
State Funds - First Year	FY06 - \$724 million	FY07 - \$689 million	-4.8%
Local Funds - First Year	FY06 - \$66 million	FY07 - \$119 million	80.3%

<u>Program Accomplishments - State System</u>			
System Maintenance			
% of Program	48%	46%	
Roads (miles)	4518	4283	-5.2%
Safety Locations (number)	257	291	13.2%
Bridge Maintenance			
% of Program	20%	20%	
Existing Bridges (number)	925	884	-4.6%
New Bridges (number)	53	50	-5.7%
Congestion Mitigation			
% of Program	24%	23%	
Roads (miles)	99	85	-13.1%
Traffic Improvements (number)	258	136	-47.3%
System Expansion			
% of Program	8%	11%	
Roads (miles)	60	91	51.7%

Defeat HB 2113

As outlined in a recent email alert, HB 2113 has risen from the dead. Although HB 2113 was not voted on and approved by the March 3rd deadline, Speaker Madigan extended the passage deadline for this bill and then kicked it back to House floor. **What can I say, the Speaker makes the rules!**

HB 2113 expands the coverage of the Prevailing Wage Act (PWA) to require the payment of prevailing (union) wages to truckers who transport **aggregate materials** (broadly defined in this legislation to cover hot mix asphalt, ready mixed concrete, fill as well as aggregates) to public works projects. HB 2113 also extends PWA coverage to workers at hot mix asphalt, ready mixed concrete and/or aggregate operations that are "dedicated exclusively or nearly so" to the public works project in question.

The IAAP and its allies oppose this major expansion of the PWA because:

- HB 2113 greatly increases costs associated with building and maintaining roads and other public works, costs that are ultimately borne by the tax payer. IDOT alone estimates a \$35 million annual increase in costs to the State.
- HB 2113 increases the administrative burden and legal liability for aggregate producers and others that employ contract haulers. Welcome to certified payroll requirements!
- HB 2113 will probably hurt a number of minority-owned trucking companies -- Black, Female, or Hispanic-owned business enterprises. If the truckers working for these companies must now be paid prevailing wages, these minority-owned companies may very well go out of business, a result that would create havoc throughout Illinois.

Thanks to the leadership of **IAAP Legislative Committee Chair Danny Dahlberg, Material Service Corporation**, and the grassroots efforts of a broad spectrum of IAAP members, the Illinois General Assembly has been bombarded by calls, faxes and letters. Moreover, the Coalition opposing HB 2113 now includes the following organizations in addition to the IAAP:

**Associated General Contractors of IL
American Concrete Pavement Association, IL Chapter
IL Road & Transportation Builders Association
IL Construction Industry Committee
IL State Chamber of Commerce
IL Trucking Association
IL Mechanical and Specialty Contractors Association
IL Association of County Engineers
PreCast PreStressed Producers of IL
IL Municipal League**

**Mid-West Truckers Association
IL Asphalt Pavement Association
IL Nurserymen's Association
Federation of Women Contractors
Associated Builders & Contractors
IL Landscape Contractors Assoc.
NFIB
IL Concrete Pipe Association.
Great Lakes Cement Shippers
Township Officials of IL**

With time growing short in the 2006 Spring Session, HB 2113 could come up for a vote at any time. Although this bill does not appear to have the 60 votes needed for passage, things can change radically in Springfield. **Therefore, please contact your State Representative immediately – ask your legislators to vote NO on HB 2113.**

IAAP Annual Convention Update

Preparations for the IAAP's May 18, 2006 Annual Convention, at the Springfield Crowne Plaza, are proceeding smoothly. The registrations received so far indicate that a record number of IAAP Producer members, Associate members and guests will be present this year.

Please note:

First, make your hotel reservations at the Crowne Plaza on or before the April 27th cut-off date for our block. Although we increased the number of rooms in the IAAP's room block for this year's Convention, these rooms are selling out quickly. If the Crowne Plaza is filled, bear in mind that we have a room block at the adjacent Holiday Inn Express: (217) 529-7771.

Second, all Associate Members who want to exhibit at our Expo should register immediately. Expo tables are selling rapidly, with over half of the available booths sold already!! Please remember that we cannot reserve an Expo booth for you until we receive your registration form and payment.

The 2006 IAAP Annual Convention promises to be an extremely educational and entertaining event. **Don't miss out!**

2005 Hard Hat Sticker Contest

The IAAP Safety Committee recently held a Hard Hat Sticker Contest to celebrate a wonderful event: **zero Illinois aggregate mine fatalities in 2005**. The following winning entry was submitted by **Karen Townsend, Material Service Corporation**:



The IAAP Safety Committee will print up 8,500 hard hat stickers using Karen's design for distribution to all employees at IAAP mines, with the finished stickers ready in time for the IAAP's May 18, 2006 Annual Convention. **Congratulations (and \$250) to Karen Townsend.**

IAAP Insurance Program Update

The IAAP has endorsed **Associate Member Dakota Street Insurance, LLC**, to offer an insurance program through **Associate Member Bituminous Insurance Company** that is specifically designed for the Aggregates Industry. Insurance professionals operating in Bituminous' multiple branch office networks support the customized insurance programs created by Dakota. Because effective loss control can be beneficial to your operations, Bituminous' Loss Control Representatives are prepared to treat each account on an individual basis. Moreover, Bituminous' outstanding financial rating of A+ is an indicator of their ability to offer you optimum security. **Comprehensive loss control services provided by highly trained professionals: that's their commitment to IAAP members.**

These and other optional coverages customized to meet the individual needs of pit and quarry operators are available.

- Worker's Compensation
- Comprehensive General Liability
 - Automatically includes blasting
 - Limited pollution coverage also available
- Property
- Inland Marine
 - Features special forms and rates with either blanket or scheduled coverage available
 - Equipment rental reimbursement endorsement also available
- Automobile
- Business Income
 - Monthly limitation available for loss resulting from damage to equipment, buildings or contents
- Commercial Umbrella

Over the years, IAAP members have strongly supported this Association program because Dakota and Bituminous have been able to design coverage designed to meet their individual needs. These members have also benefited from the competitive pricing offered under the IAAP program. Finally, these members will now be able to realize an extremely lucrative benefit – the IAAP insurance program is paying dividends. **Here's how the dividend process works.**

Dividends are based upon the combined experience of the included lines of insurance for all participants for each calendar year. These dividends are first calculated 9 months after year end and then 21 months after year end for each year. Dividends will then be returned at a uniform rate proportioned to each policyholder's share of the earned premium of each member.

2004 Year Dividend: The final calculation for 2004 will be completed in September 2006. As it stands today, it looks like a dividend of \$300,000 will be distributed to all members of the IAAP insurance program. **This equates to a 6% return on premiums paid!**

2005 Year Dividend: The initial 2005 year calculation will be completed on September 2006. Given that IAAP program members had another good year of loss runs, it looks like a dividend will be paid for 2005.

IAAP Members Receive Safety Awards

Starved Rock State Park lodge was again the site of this year's MSHA/IDNR Spring Thaw State Grants Safety Conference and IAAP producer members were there to take home some very prestigious awards. Beginning in 2000, the Illinois Department of Natural Resources, Office of Mines and Minerals took a significant step forward in recognizing the safety efforts of the State's aggregate industry whose operations have achieved the fewest lost time accidents for the previous calendar year. This year, the accident free mine with the most employee-hours in each of six divisions, five surface and one underground, was recognized at the Conference and given a plaque from Joe Angleton, Director of the IDNR Office of Mines and Minerals. The 2005 Aggregate Safety Award winners were all IAAP members:

Division I

Martin Marietta Aggregates, Cave-In-Rock Quarry - 200,697 employee-hours, Zero Lost Time Accidents



Angleton (L) of IDNR and **Jerry Bernard** (R) of Martin Marietta Aggregates

Division II

Fox River Stone Co., Fox River Stone - 57,196 employee-hours, Zero Lost Time Accidents



Angleton (L) of IDNR and **Steve Decker** (R) of Fox River Stone Company

Division III

Central Stone Co., Portable Plant #3 - 34,365 employee-hours, Zero Lost Time Accidents



Angleton (L) of IDNR and **Jim Papenhausen** (R) of Central Stone Company.

Division IV

RiverStone Group, Inc., Valley Quarry - 18,277 employee-hours, Zero Lost Time Accidents



Angleton (L) of IDNR and **Jim Papenhausen** (R) of RiverStone Group, Inc.

Division V

Conmat, Inc., Eustice Portable - 7,998 employee-hours, Zero Lost Time Accidents



Angleton (L) of IDNR and **Jeff Bussan** (R) of Conmat, Inc.

Underground Division

Martin Marietta Aggregates, Kaskaskia Mine - 81,197 employee-hours, Zero Lost Time Accidents



Angleton (L) of IDNR and **Mike Anderson** (R) of Martin Marietta Aggregates.

2005 Mines and Minerals Land Reclamation Award



Not to be overshadowed by the Aggregate Safety Awards at the MSHA/IDNR Safety Conference, the IDNR Office of Mines and Minerals Land Reclamation Division recognized the most outstanding reclamation project. This year, IAAP producer member **Material Service Corporation – Yard 10** in Lincoln, Illinois was the recipient of the Land Reclamation Award. The State will now nominate this reclamation project for two national reclamation awards, the National

Association of State Land Reclamationists Reclamation Award and the Interstate Mining Compact Kenes C. Bowling National Mine Reclamation Award. The IAAP extends its congratulations to our member for the fine work. Pictured from left to right are **Paul Jaderholm, IDNR** and **Barney Johnson, Roger Brown, and Michael Brennan** accepting for Material Service Corporation.

IEPA Smoke School

The IEPA is offering a course on the “Evaluation of Visible Emissions” on Tuesday, April 25, through Wednesday, April 26, 2006. The IEPA’s Smoke School is held every six months to provide an opportunity for USEPA Method 9 readers to obtain and maintain certification.

This course will be held at the Ramada Limited Motel, 3281 Northfield Drive, in Springfield. Class begins at 9:00 a.m. on Tuesday and Wednesday, with registration at 8:00 a.m.; everyone must sign in both days. There is a **mandatory meeting on Monday, April 24, at 1:00 p.m.**, for anyone seeking to obtain an **initial certification**. At this meeting you will learn what is expected of anyone who has not qualified previously.

The IEPA does not charge a fee for this course; all materials necessary for the course will be supplied with the exception of pens/pencils and a clipboard. **Bear in mind that this class is held outside so dress appropriately and bring your own lawn chair.**

The Ramada has set aside a block of rooms for this session so mention that you are attending “Smoke School”. The Ramada’s phone number: (217) 523-4000. For more information about Smoke School, contact Kevin Mattison, IEPA, at (847) 294-4000.

Environmental Updates

Clean Construction/Demolition Debris as Fill

On March 1, 2006, the Illinois Pollution Board held its final public hearing on the IEPA's proposed regulations to govern clean construction/demolition debris (CCDD) as fill. The **IAAP Clean Fill Work Group** worked closely with IEPA, during a series of meetings, to ensure that the final rules reflect current industry practice. Based on these meetings, the final IEPA rulemaking package favorably addresses all of the concerns raised by the IAAP (with the exception of our ongoing concerns about a mandatory public notice for a proposed clean fill permit). The IEPA also addressed concerns raised by road building interests regarding the scope of the "IDOT specifications" exemption as well as the City of Chicago's concern that a CCDD fill operation would not encompass normal road maintenance excavation work. Finally, the IEPA has added language to address IAAP issues regarding "uncontaminated soil".

The Board plans to adopt its final version of these CCDD rules on or before April 15, 2006. These rules will then go through the rulemaking process established by the Illinois Administrative Procedure Act, with final rules in place (and effective) by September 1, 2006.

Noise Regulations

On March 2, 2006, the Illinois Pollution Control Board issued a final order resolving the IAAP's 3-year fight to ensure that noise from blasting operations is not regulated under a separate and overlapping IEPA enforcement scheme. The Board's ruling specifically exempts quarry blasting noise from IEPA noise enforcement, thereby ensuring that air blasts generated by mining operations are only subject to IDNR oversight. The Board's ruling, which is reflected in an amended set of IEPA noise regulations, will also serve to lessen frivolous litigation designed to limit or prohibit quarry blasting operations. **Jim Hafliger (IDNR, Office of Mines and Minerals), IAAP Executive Director John Henriksen, Willard Pierce (Evenson Explosives, LLC) and Dane Tittman (Vibra-Tech Engineers, Inc.)** offered testimony and submitted written comments on this issue to the Illinois Pollution Control Board.

National Ambient Air Quality Standards

On March 8, 2006, **IAAP Executive Director John Henriksen, Mary Anne Hunter (Material Service Corporation) and C.J. Spainhour (Vulcan Materials Company)** appeared at a public hearing called by the USEPA regarding proposed changes to national ambient air quality standards for coarse particulate matter (PM). Specifically, the IAAP team appeared in support of the agency's proposal to exclude coarse PM generated by aggregate mines from compliance with national regulatory standards, a major, and positive, change in the USEPA's approach to enforcement. As the USEPA's rulemaking record flatly states ". . . the proposed standard would not cover situations where the coarse particles in the air come from sources such as windblown dust and soils, agricultural sources and mining sources. Evidence to date does not support a national air quality standard for these kinds of situations."

The USEPA will take public comments on this proposal until April 10, 2006. Final rules are to be in place by September 2006.

Industry News

Hanson Acquires Material Service

On March 2, 2006, Hanson PLC, the international building materials company, announced that it has signed a contract to acquire **IAAP Member Material Service Corporation** from General Dynamics Corporation. Completion of the acquisition, which is subject to final due diligence and regulatory approval, is anticipated to occur in the second quarter of 2006.

Headquartered in Chicago, Illinois, Material Service is the thirteenth largest producer of aggregates in the United States. Established in 1919 by the Crown family, it merged with General Dynamics in 1959. Material Service employs more than 800 people and operates ten crushed stone quarries and three sand and gravel quarries. (Three of the crushed stone locations are in western Indiana.)

This acquisition should increase Hanson's annual aggregates volume in the USA by around 15% and reinforces Hanson's position as one of the leading US aggregates producers.

LaFarge Acquires RS&D Mines

LaFarge North America has acquired **Fox River Stone Company** and **Joliet Sand and Gravel**, from long-time IAAP member **Rein, Schultz and Dahl of Illinois, Inc.** These two operations will become part of a new division of LaFarge North America under the direction of **General Manager Nathan Creech**.

The remaining RS&D property, **Tuscola Stone Company**, was not acquired by LaFarge. Tuscola will continue operating as a stand alone company.

New Associate Members

MOBILE EQUIPMENT SALES & SERVICE, INC.

11485-B Dorsett Road
Maryland Heights, Missouri 63043
(314) 291-9600
FAX: (314) 291-9601
Email: jfalvis@prodigy.net
Fred Alvis, VP/GM

Products/Services:

Lincoln Automatic Lube Systems
Premo By-Pass Filtration Systems (Oil)
Emissions Technology - Combustion Catalyst System
VEI - Payload Management Systems

TEMA ISENMANN, INC.

2107 Sandersville Road
Lexington, Kentucky 40511
(859) 252-0613
FAX: (859) 254-9877
Email: jgianato@temaisenmann.com
Website: www.temaisenmann.com
Louis Ondrias, VP - Sales
John Gianato, Regional Sales Manager

Products: Urethane Screen Media

IAAP Calendar

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

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

April 18, 2006: IAAP Environmental Committee Meeting; IAAP Office, Springfield, Illinois.

April 19, 2006: TFIC Steering Committee Meeting; Illinois Municipal League, Springfield, Illinois.

April 28, 2006: IDOT Bid Letting; Hanley Building, Springfield, Illinois.

May 18, 2006: IAAP Annual Convention; Crowne Plaza Springfield, Illinois.

May 22-23, 2006: Central Region Aggregate Professionals; Comfort Inns & Suites, LeClaire, Iowa.

May 24, 2006: IDOT/Industry Joint Coop Meeting; AGCI Building, Springfield, Illinois.

June 7, 2006: IAAP Public Information and Education Committee Meeting; IAAP Office, Springfield, Illinois.

June 7-9, 2006: IMAA/IAAP/OAIMA Summer Fly-In; Residence Inn/Capitol, Washington, DC.

June 16, 2006: IDOT Bid Letting; Hanley Building, Springfield, Illinois.

June 21, 2006: IDOT/Industry Policy Committee Meeting; Hanley Building, Springfield, Illinois.

June 26-27, 2006: IAAP Board of Director's Meeting; Eagle Creek Resort, Lake Shelbyville, Illinois

July 17-19, 2006: IAAP Science Teachers Workshop; Pere Marquette State Park, Grafton, Illinois.