

UPDATE



ILLINOIS ASSOCIATION OF AGGREGATE PRODUCERS

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May 2006

State House Report

On May 4th Illinois Senate Democrats rammed through a \$59 billion Fiscal Year 2007 budget without any Republican support. Illinois House Democrats had approved the budget the day before, again by a strictly partisan vote. (Given that Senate and House Republicans were completely excluded from this year's budget negotiations, it is not surprising that no Republican votes were cast in support of the Governor's FY 2007 spending plan).

The FY 2007 budget (running from July 1, 2006 through June 30, 2007) increases State spending by \$1.4 billion over last year's budget. Although projected State revenues are not sufficient to cover existing expenditures, let alone any increases, the Illinois General Assembly has approved higher levels of spending for education and a variety of social programs without raising taxes. Rather than paying for another round of increased spending by increasing revenues, the Governor and General Assembly are repeating last year's formula -- delaying payment to Medicaid vendors, reducing pension fund payments and looting special funds. For example:

- Fiscal Year 2006 will end with more than \$1.8 billion in unpaid bills to Medicaid providers. Given that one of every seven Illinoisans is now enrolled in Medicaid it seems likely that the amount of unpaid bills will continue to rise, much to the dismay of the many creditors impacted by this deliberate "slow pay" scheme. In all fairness it is important to remember that prior Republican administrations also resorted to this shabby budget balancing technique – **a deliberate plan to delay paying creditors that was wrong then and is wrong now.**
- The FY 2007 budget was also "balanced" by reducing pension funding by \$1.1 billion. When you add the \$1.2 billion looted last year, State pensions have now been shorted a total of \$2.3 billion **plus all the money that would have been generated by investing this huge sum.** As outlined in the analysis of this scheme in the June 2005 *Update*, every dollar the State fails to pump into the pension systems today will cost up to \$11 in lost investment income over the next four decades. This will further undermine Illinois' state pension systems, which rank as some of the worst-funded systems in the country.
- Finally, additional FY 2007 spending was paid for, in part, by taking more than \$200 million from dedicated state funds, which will affect such areas as state income tax refunds (\$44 million), rail road crossing safety (\$4 million), trauma centers (\$5 million).

The FY 2007 budget also includes a laundry list of spending projects inserted to secure votes from some reluctant Democrat lawmakers, projects that serve to increase the total cost of this bloated spending package. **All in all a sad Election Year spectacle.**

FY 2007 Road Program Recap

Appropriations for the FY 2007 highway construction program will total \$1.975 billion, in contrast to the \$1.725 billion FY 2006 program. The \$665 million in highway fund diversions proposed for FY 2007 is slightly lower than the \$676 million in estimated diversions for FY 2006. The net increase in the FY 2007 State highway program results from an infusion of federal funds from the SAFETEA-LU legislation passed last year. However, this increase in funding will be primarily used to pay for some critical (and expensive) interstate highway projects, such as the much-needed expansion of I-55 north of I-80.

As outlined in previous newsletters, the Governor proposed a “Jobs for Illinois” highway bond program to provide \$1.75 billion of additional highway funding. This scheme would have increased the State highway construction program by an average of \$292 million a year over a six-year period, thereby yielding an average annual program of \$2.058 billion. The proposed FY 2007 highway construction program, at \$2.475 billion, would have been the largest in the state's history.

A key part of this enhanced program was a laundry list of additional “downstate” road projects not included in IDOT’s multi-year highway program, projects designed to obtain support from Republican legislators. “Jobs for Illinois” would also have provided local government matching funds for projects earmarked in SAFETEA-LU. With the defeat of the “Jobs for Illinois” program, these additional road projects (including local road projects not already accepted by IDOT) “fell out” of the FY 2007 highway program. (**Please note:** if Road Fund diversions were scaled back to the levels set under Illinois FIRST, the \$300 million in additional highway funds thereby realized would build and repair a lot of roads and bridges – all without borrowing!)

A Few Good Bills Supported by the IAAP

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. This bill 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)**. HB 5274 was approved by the Senate and sent to the Governor for signature.

SB 1086 filed by **Sen. John Sullivan (D-47, Rushville)** and **Sen. Gary Dahl (R-38, Granville)** provides that IDOT shall maintain and provide a listing of all Class I-III designated streets and highways and list all local streets or highways designated by local agencies. In addition, this bill provides that IDOT shall maintain and provide an official map of the Designated State Truck Route System that includes State and local streets and highways that have been designated. This bill passed the Senate and was picked up in the House by **Rep. Brandon Phelps (D-118, Norris City)** and **Rep. Bill Black (R-104, Danville)**. SB 1086 passed the House and was signed into law as **P.A. 94-763**.

Next Month

A look at recent proposals to lease the Illinois Tollway Highway system and sell the Illinois State Lottery in order to raise some quick cash. We will also report on the status of our fight against IDOT’s decision to apply the Illinois Procurement Code to local road contracts.

Federal Mine Safety Update

The U.S. Senate has unanimously approved S 2803, the Mine Improvement and New Emergency Response Act of 2006 (MINER Act). Although this legislation targets underground coal mining safety issues, a key provision of this bill will impact the aggregate mining industry and is therefore of concern to the IAAP. Specifically, Section 5 of S 2803, entitled “Prompt Incident Notification”, makes two significant changes to the Federal Mine Safety and Health Act that could have a serious and unintended impact on many aggregate producers.

First, Section 5 amends the Act by adding a new sentence to Section 103(j) indicated below in bold print:

(j) In the event of any accident occurring in any coal or other mine, the operator shall notify the Secretary [MSHA] thereof and shall take appropriate measures to prevent the destruction of any evidence which would assist in investigating the cause or causes thereof. **For purposes of the preceding sentence, the notification required shall be provided by the operator within 15 minutes of the time at which the operator realizes that the death of an individual at the mine, or an injury or entrapment of an individual at the mine which has a reasonable potential to cause death, has occurred.**

Second, Section 5 goes on to add a new penalty provision to Section 110 (a) of the Act indicated below in bold print:

(2) The operator of a coal or other mine who fails to provide timely notification to the Secretary as required under section 103(j) (relating to the 15 minute requirement) shall be assessed a civil penalty by the Secretary of not less than \$5,000 and not more than \$60,000.

Although the legislative provisions set forth above might be appropriate for coal mines, it is equally apparent that this 15 minute notification requirement, when coupled with stiff civil penalty provisions, is clearly inappropriate and unduly burdensome for aggregate producers. Fortunately, the MINER Act is on hold until Congress returns from the Memorial Day recess on June 6th because key U.S. House members want to add additional provisions to S 2803.

The IAAP will be meeting with members of the Illinois delegation on June 8th during our joint Washington, D.C. Fly-In with Indiana and Ohio aggregate producers. During these visits we will ask that penalties for violating the 15-minute notification requirement be limited to coal mines. We will ask our members of Congress to support **HR 5432** – the companion bill to S 2803 introduced by **Rep. Shelly Moore Capito (R-WV)**. HR 5432 limits the penalties for violating the 15-minute notification requirement to coal mines, while retaining all other major provisions of S 2803.

In the meantime, please feel free to contact your member of Congress and ask that they support HR 5432 – limit penalties for violating the 15-minute notification requirement to coal mines. To access contact information for your member of Congress, place the cursor of your computer’s mouse over this State Board of Elections link, push the “Ctrl” key and click:

<http://www.elections.state.il.us/DistrictLocator/SelectSearchType.aspx?NavLink=1>

Underground Mine Rescue Contest

On May 10, 2006, the Illinois Department of Natural Resources (IDNR) hosted the inaugural metal/non-metal mine rescue contest in Ottawa. The IDNR team and one from Detroit Salt Company competed. Both were novice teams participating in their first contest.

The teams were given a scenario and then "entered" the mine to solve the problem and locate the two missing miners. Using their training they had to deal with ventilation issues, the mine fire, apply first aid, and successfully bring out the survivor. They also had to recover a fatality during this scenario.



MSHA officials served as the judges. It took each team nearly 90 minutes to complete the problem. When both were finished, there was a conference with the judges to discuss the decisions made during the contest and ways to improve their performance. Both groups agreed that it was a great experience to utilize skills they have been practicing in a competitive setting.

Spectators are welcome so contact Mike Woods, Manager of IDNR's Mine Safety and Training Division at (217) 782-9976 if you'd like to know about future aggregate mine rescue contests.

MSHA Publishes Final Rule on Diesel Particulate Matter

On May 18, 2006, MSHA published a final rule addressing diesel particulate matter exposure for underground metal and nonmetal miners. To access information about this rule, use this link to MSHA: <http://www.msha.gov/MEDIA/PRESS/2006/NR060518.asp>. Some key provisions:

- Effective May 20, 2006, the limit is 308 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) as measured by elemental carbon, which is the same as the existing interim limit.
- On January 20, 2007, the final limit will be reduced to a total carbon (TC) limit of 350 TC $\mu\text{g}/\text{m}^3$
- On May 20, 2008, the final limit of 160 TC $\mu\text{g}/\text{m}^3$ will become effective. Note that the 350 TC $\mu\text{g}/\text{m}^3$ final limit and the 160 TC $\mu\text{g}/\text{m}^3$ final limit are established as TC-based limits in this final rule. MSHA intends to convert these TC limits to comparable EC limits through a separate rulemaking.

- Mine operators must continue to use engineering and administrative controls supplemented by respiratory protection to reduce miners' exposures to the prescribed limits.
- The final rule establishes new requirements for medical evaluation of miners required to wear respiratory protection and transfer of miners who are medically unable to wear a respirator; and deletes the existing provision that restricts newer mines from applying for an extension of time in which to meet the final concentration limit.

A Day at the Quarry

Elmer Larson, LLC quarry in Sycamore, Illinois has hosted an annual open house tour for the past several years. This event offers an opportunity for local residents to come in and spend a portion of the day learning about aggregate mining in their community. **Dan Larson, Sales Manager** said it is one of the best public relations tools the company has ever used.

On Saturday, April 29 at 9:00 am, the entry gate swung open and for the next three hours, **Shawn McKinney, IAAP Outreach Manager**, and a steady flow of families and individuals were amazed with the ongoing operations to produce crushed stone, sand and gravel. As visitors filed into the quarry lunchroom, they were warmly greeted by members of the Larson family and company employees. Children received plastic hardhats, like those provided by the IAAP, and could search through boxes of rocks for fossils, allowing them to feel like junior miners.



Visitors waiting for their opportunity to board a tour van looked over a display depicting Elmer Larson's history and products, IAAP educational materials, and picked up logo items from **Dyno Nobel, Inc.** Coffee, juice, and donuts were also available to enjoy as *The Dance of the Detonators* video played on a television. Just around the lunchroom building's

corner, **Barb Larson, QC/QA & IEPA Manager**, explained the product testing and quality control process and showed off her impressive fossil collection.

Everyone agreed the highlight of the day was the mine tour. Beginning with a drive around the stockpiles, visitors learned about the crushing and screening process and the eventual uses for these products. Next, the van headed for the pit. This is the most impressive part of the tour because most people do not really know about the rock under their feet until they see it first hand. All aspects of the quarrying operation were working that day so everyone could view the heavy equipment being used and attention to safety the employees exhibited. Wrapping up the tour, the kids posed for a Polaroid picture next to a giant front-end loader.



More than 600 people toured the Elmer Larson facilities on Saturday; many were repeat visitors from previous years. With this kind of success, the Larson family is already anticipating next year's event on April 28, 2007.

Planning Your Open House

Has your company ever considered hosting an open house or quarry tour? Many IAAP member companies have but others still believe this kind of effort and expense would show little positive return. The IAAP and the National Stone Sand and Gravel Association would like you to rethink that notion. An open house does not need to be a burdensome production and the community relations benefit comes in no better package than the one you have designed yourself.

According to the NSSGA, an open house can help your community to understand why the aggregates industry exists and help to establish that connection between things that make our lives comfortable and the raw materials making this possible. The open house is also an opportunity for your company to associate a recognizable face with your operations. While at the grocery store or other community events, **Dan Larson** said people will approach him, as well as other company employees, and ask about the **Elmer Larson, LLC** mine open house and comment on how much their family enjoyed it. This neighborly relationship building can go a long way toward addressing the occasional community concerns and even increase your customer base.

Elmer Larson's planning efforts illustrate just how simple an open house can be. At least six months before the event, pick a date and notify employees. Deciding where to stage this event can present the greatest expense if your site does not have a building large enough for the public to gather and serve refreshments; you will need to make arrangements for renting a tent, tables, chairs and possibly portable restrooms. Provide lots of room to display pictures and literature about your company and the aggregates industry for the public to view. Touring the processing facilities and pit is easier and safer if you provide several vans for this purpose. Assess your transportation needs and consider renting some fifteen passenger vans to supplement minivans you may already have. Limiting the open house to a three or four hour time span in the morning will make planning for refreshments much easier. Elmer Larson serves coffee, juice, and donuts at a relatively low cost. You might also consider asking a local charity or community group to serve refreshments in exchange for donations.

To get the most return on this investment, follow Elmer Larson's example and notify the community of the event on your company's sign, or rent one of those flashing arrows, and buy a few ads in the local newspapers. Notifying the local schools and including notices with your customer's bills will also help spread the word. It is also very wise to designate someone to answer questions and compose a press release to send out with an invitation to local news reporters.

On the day of the event, ask your guests to sign in and tell how they heard of the open house. This allows you to assess your efforts and know how many people are taking advantage of the opportunity to see your operation up close. While waiting for their tour van, give each adult a single sheet of prepared background information about the facility's history, geology, workforce, and products being made each day. For more detailed information about planning your open house, including a timeline and press release examples, call the IAAP at (217) 241-1639 and request the NSSGA's guide entitled *Hosting an Open House or Operation Tour*. The IAAP will be glad to help you make a long lasting impression within your community that will be felt for generations to come.

IAAP PIE Committee Makes the Connection

“If it cannot be grown, it has to be mined” was the message of this year’s IAAP Public Information and Education (PIE) Committee presentation to fourth grade students on Earth Stewardship Day, May 2nd, at the Illinois State Fairgrounds. Six classes with a total of 140 children learned how minerals are essential in our everyday lives.

At the beginning of each presentation, **Linda Hiltabrand (IDNR, Office of Mines and Minerals)**, asked the children to name some things that are mined. She went on to explain that nearly everything making their lives comfortable had to be mined; for instance, the aggregates in the foundation of their house, the shingles on the roof and much of the structure in between.



Next, **Bill Pearce (Conco-Western Stone Company)** identified eight raw minerals on display and quizzed the kids to name one thing not grown or mined. Upon hearing lots of incorrect guesses, he said the only correct answer is air.



Finally, PIE Committee members **Russ Brielman (Carri Scharf Materials)**, **Susan Friers (GZA GeoEnvironmental, Inc.)**, **Mark Kroeger (Elmhurst-Chicago Stone Company)**, **Dan Larson (Elmer Larson, LLC)**, **Kim Schmidt (Lawrence Gravel, Inc.)**, and IAAP Outreach Manager **Shawn McKinney** paired off to help the children with a matching game illustrating the connection between numerous finished products and the raw minerals used to produce them.

After playing with Russ Brielman’s toy mining equipment, the students and teachers concluded their session by receiving a bag full of educational materials and a box of Oreos (cookies containing a number of ingredients produced through mining). All left with a much greater appreciation of the aggregate mining industry and its importance in their lives.

2006 Convention Wrap-Up

On May 18, 2006, the IAAP held its 38th Annual Convention at the Crowne Plaza Hotel in Springfield, Illinois. With 66 Expo booths and a record number of IAAP members and guests in attendance, this year’s Convention was an unqualified success. Some highlights:

Kevin LeGrand, MSHA Peru Field Office Supervisor and **Steve Richetta, MSHA North Central District Manager** helped present the IAAP’s Fourth Annual Rock Solid Safety Awards. This year, 30 IAAP members received awards for 115 operations – a remarkable level of achievement. (The individual award winners will be highlighted in next month’s newsletter and on the IAAP website). After the safety awards, **Eric Harm, Deputy Director, IDOT Division of Highways**, discussed technical and policy issues of interest to Illinois producers.

The Convention's morning session featured the following presentations:

- **Health & Safety Update -- Kelly Bailey (Vulcan Materials Company)**
- **Using Clean Construction and Demolition Debris as Fill -- Paul Purseglove (IEPA)**
- **Fuel Forecast -- Dave Sykuta (Illinois Petroleum Council)**

Following a luncheon address by **Illinois AFL-CIO President Margaret Blackshere**, the **IAAP Education Foundation** awarded scholarships for the 2006-2007 academic year, each in the amount of \$1,500.00, to **Trevor Bollman** (University of Missouri-Rolla); **Nick Lange** (Bradley University); and **Randall Jerrell** (Southern Illinois University-Carbondale). Randy also received the Frank Geske, Jr. Scholarship Award as the top applicant in 2006.

The IAAP Board of Directors caucused and elected the following officers for 2006-2007:

- **President: Troy Kutz (Rockford Sand & Gravel)**
- **Vice-President: Everett Lawrence (Lawrence Gravel, Inc.)**
- **Secretary: Steve Warnke (Meyer Material Company)**
- **Treasurer: Ron Koehler (Nokomis Quarry Company of Illinois, Inc.)**
- **Chair, Associates Division: Anne Leslie (Raimonde Drilling Corporation)**

IAAP President Kutz also approved the following slate of volunteers to chair the five IAAP Member Committees:

- **Environmental: Gary O'Toole (Material Service Corporation)**
- **Legislative: Danny Dahlberg (Material Service Corporation)**
- **Public Information and Education: Dan Larson (Elmer Larson, LLC)**
- **Safety: Jim Papenhausen (RiverStone Group, Inc.)**
- **Technical: Brian Rice (Material Service Corporation)**

The Convention's afternoon session featured the following seminar lineup:

- **Safety Principles -- Ed Elliott (Rogers Group, Inc.)**
- **How Aggregate Producers Add Value For Their Customers -- Dennis DeVito (K-Five Construction)**
- **Taxation Update for Aggregate Producers -- Paul Schafer (Eck, Schafer & Punke LLP)**

After reports from each IAAP member committee, **Rick Feltes, Feltes Sand and Gravel**, closed out our convention with a well-received keynote address about national issues confronting the aggregates industry. After Rick's address everyone gathered in the Associate's Expo for the traditional evening reception. The baseball tickets raffled off during the Expo reception by **Terracon Consultants, Inc.** were won by **Patricia Dropkowski, Austin Powder Company (Cubs) and Roger Gagliano, Fred Weber Inc. (Sox).** **Dale A. Hillman, Central Stone** won the **PIE Committee 50/50 raffle (\$2,640).**

The next IAAP Annual Convention is set for May 17, 2007 – make plans to attend!

New IAAP Producer Member

EUGENE LIPPOLD CONSTRUCTION CO., INC.

d.b.a. Alby Quarry

P.O. Box 206

18448 Brushy Mound Road

Carlinville, Illinois 62626

(217) 854-9013

FAX: (217) 854-2606

Eugene Lippold, President

Plant Location:

Alby Quarry - Madison County

1627 Alby Street, Alton, IL 62002

(618) 462-4200

Shipping Facilities: Truck

Materials: Stone

Products: Concrete Aggregate, Base Materials, Agstone, Rip Rap, Asphalt Chips CM16

New IAAP Associate Member

MACHINERY MAINTENANCE, INC.

2949 E. 350th Road

LaSalle, Illinois 61301

(815) 223-4058

FAX: (815) 223-4065

Email: don@machmaintenance.com

Website: machmaintenance.com

Paul Sandrolini, Machine Shop Manager

Barry Flanagan, Fabrication Shop Manager

Kevin Kotecki, Field Service Manager

Services: Heavy industrial repair is our specialty. Our machine and fabrication shops repair all construction equipment such as end loaders, scrapers, backhoes, buckets, booms and attachments. We also repair and rebuild hydraulic cylinders and valves. With some of the largest capacity equipment in the Midwest, we are able to handle the most difficult jobs. Our field service group is there for you day and night, 24/7. With our ability to do onsite welding, portable boring, and machining at your facility, we make it convenient for you to obtain those needed repairs.

IAAP Calendar

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 13, 2006: Illinois Mining Institute Executive Board Meeting; Joy Machinery, Mt. Vernon, Springfield, Illinois.

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 11, 2006: IAAP Environmental Committee Meeting; IAAP Office, Springfield, Illinois.

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

July 19, 2006: TFIC Steering Committee Meeting; Illinois State Chamber of Commerce, Chicago, Illinois.

August 4, 2006: IDOT Bid Letting; Hanley Building, Springfield, Illinois.

August 9, 2006: IAAP Technical Committee Meeting; IAAP Office, Springfield, Illinois.

August 14, 2006: IAAP Annual Golf Outing; Springfield, Illinois.

August 15, 2006: IAAP Board of Director's Meeting; IAAP Office, Springfield, Illinois.

August 16, 2006: IDOT/Industry Joint Coop Meeting; AGCI Headquarters, Springfield, Illinois.