



CONSTRUCTOR

■ The Voice of the Kansas City Construction Industry

■ WINTER 2012

More Rough Road Ahead In 2012

Bright Spots Are Few on the Horizon, But They Do Exist

As the calendar turned to 2012, the mild winter weather failed to thaw the now multiyear cold front hovering over transportation funding at the federal, state, county and municipal levels. Here's hoping the fledgling economic recovery can brighten the outlook summarized here.

Federal Funding Enters Slow Lane

Federal spending on highways took a hit in the 2012 budget. President Obama in November signed a Department of Transportation bill that cuts highway obligation limits by almost \$2 billion, or 4.8 percent from the prior year, according to the American Association of State Highway and Transportation Officials. However, the legislation does add \$1.6 billion in appropriations for emergency relief highway funding.

Moving Ahead?

As of press time for this issue of *Constructor*, pressure was building in Washington for a much-needed multiyear surface transportation program. Senate multiyear authorization legislation known as Moving Ahead for Progress in the 21st Century (MAP-21) would:

- Fund programs at current levels to maintain and modernize our critical transportation infrastructure.
- Eliminate earmarks.
- Consolidate numerous programs to focus resources on key national goals and reduce duplicative and wasteful programs.
- Consolidate numerous programs into a more focused freight program that will improve the movement of goods.
- Create a new section called America Fast Forward, which strengthens the TIFIA program to stretch federal dollars further than they have been stretched before.
- Expedite project delivery without sacrificing the environment or the rights of people to be heard.

Improvements Stalled in Missouri

Missouri is trying to free up money for road and bridge projects by cutting costs. The state will, through attrition, cut 1,200 employees, close 131 facilities and sell more than 740 pieces of equipment in hopes of saving \$512 million by 2015. The state is only spending about half of what it should be on road projects due to lack of funds, said Kevin Keith, director of the Missouri Department of Transportation. The state will complete 473 projects, at 15.4 percent under estimated cost, Keith added. Legislators returned to Jefferson City in January and will discuss how to raise more money for road projects. An increase in the 17-cents-per-gallon sales tax on gasoline is extremely unlikely, but the possibility of tolling is gaining traction.

(continued on page 4)



MAKING IT BETTER

INSIDE

- | Determination Will Trump Challenges in 2012 3
- | Unshakable Commitments by Our Association and Unions 5
- | Watch Out for Fiscal Detours in Kansas 6

Welcome, New President Jerry Wiedenmann



Jerry Wiedenmann
HCA President

“My colleagues and I are very optimistic about the utility and heavy construction industry. There is a huge need out there for infrastructure improvements. We just need an improved economy and greater confidence among the public.”

The Heavy Constructors Association of Greater Kansas City takes pride in welcoming aboard Jerry Wiedenmann as our new president. Wiedenmann is president and co-founder (with Don Godfrey) of Wiedenmann & Godfrey Construction in Belton, which specializes in utilities infrastructure work and related paving, as well as bio-engineered creek channels. The company has demonstrated its expertise on projects such as the downtown Lee’s Summit revitalization.

“We like the hard, difficult jobs that take a lot of planning and public relations,” Wiedenmann said of his company.

Wiedenmann & Godfrey has been part of our Association since the company was founded in 1996. The two owners previously had worked for Lamm Construction, which was headed by William Lamm.

“Bill was a mentor of mine and a director of the Heavies for many years,” Wiedenmann said. “When he retired in 1996, Don and I started our company and joined the Heavies at our inception. This is a group of good quality business people. We look out for one another and support one another. We are advocates for the industry, letting the public know there is always a need for infrastructure improvements.”

Wiedenmann & Godfrey, like many other companies in our industry, has suffered in recent years due to the down economy.

But Wiedenmann remains upbeat: “My colleagues and I are very optimistic about the utility and heavy construction industry. There is a huge need out there for infrastructure improvements. We just need an improved economy and greater confidence among the public. Meantime, in my role as president, I will be a strong advocate of the need for more and improved infrastructure. Together, as an association, we will work tirelessly to get that message across.”

As we welcome Wiedenmann, we bid a fond farewell to outgoing president Gavin Barmby, whose tenure saw the 2010 passage of the much-needed \$8.2 billion T-WORKS program in Kansas. Thank you for all you’ve done, Gavin. ■

Welcome 2012 Officers, Directors and Affiliates

Jerry Wiedenmann, HCAGKC President – Wiedenmann & Godfrey Construction Inc.

Trey Bowen, HCAGKC Vice President – Superior Bowen Asphalt Company LLC

Barclay Hornung, HCAGKC Treasurer – Comanche Construction Inc.

HCA Division Directors

Mark Dombrowski, O’Donnell & Sons Construction
(Asphalt Paving Division)

David Grossman, L.G. Barcus & Sons (Bridge-River Division)

Rob Loch III, Loch Sand & Construction (Concrete Paving Division)

Steve Kellerman, Clarkson Construction (Excavation Division)

Jim Kissick, Kissick Construction (Utility Division)

2012 Affiliate Committee

Steve Lange, Chairman, Schiffman,
Remley & Associates

Mark Dowdell, Dean Machinery

Bryan McCoy, RoadBuilders Machinery

Bill Bundschuh, Pretech Corporation

Tara Edwards, Carter Energy Corp.

Determination Will Trump Challenges in 2012

By Edward R. DeSoignie, Executive Director

As we head into 2012, the members of our Association are under no illusions as to the challenges that face us. The biggest is one we've been butting up against for years: realistic funding for unquestioned infrastructure needs.

In Kansas, we were encouraged in 2010 when the legislature passed the \$8.2 billion T-WORKS package after intensive lobbying by our Association.

But Kansas legislators have responded to budget shortfalls over the past dozen years by cumulatively withdrawing \$1.4 billion that had been designated for transportation projects. Gov. Sam Brownback authorized a painful \$205 million slice out of KDOT's budget in the current fiscal year to avoid cuts to Medicaid. An additional \$33 million was shunted from KDOT to the Highway Patrol.

Brownback said Kansas should seek to avoid another raid on KDOT coffers. We are going to hold him to that.

Missouri has long lagged behind Kansas in transportation funding. Missouri's 17-cents-a-gallon fuel tax is among the lowest in our region.

It came as no surprise in June when the Missouri Highways and Transportation Commission approved the "Bolder Five-Year Direction," MoDOT's plan to reduce the department's staff by 1,200 employees, close 131 facilities and dispose of more than 740 pieces of equipment.

The news from Missouri has not been all bad, however. In November, MoDOT Director Kevin Keith told the Legislative Joint Committee on Transportation Oversight that Missouri highways are in better shape – 86 percent of major roads are in good condition – and traffic fatalities have dropped 35 percent since 2005.



Edward DeSoignie
HCA Executive Director

Funding Bridge Out in Missouri

Unfortunately, the situation in the Show-Me State is about to get worse. Because much of MoDOT's annual revenue now must go for debt service, annual outlays are going to drop by half. Amid this bleak scenario, MoDOT is proposing to rebuild Interstate 70 from Kansas City to St. Louis and finance the project with a toll. This proposal will require careful study before any decisions are made, but I believe it is worthy of consideration.

Potholes Getting Deeper in KC

One place in need of innovative infrastructure proposals is Kansas City, Mo. This state of affairs cannot be allowed to continue, given the poor condition of so much vital infrastructure in the city. Our Association pointed out long before the latest recession that Kansas City leaders had abandoned the Community Infrastructure Committee goal of an additional \$5 million annual increase for maintenance.

We are disappointed that City Manager Shulte's latest budget proposal includes cutting \$2 million from street preservation and \$2.5 million from street reconstruction. We are lobbying hard to keep KCMO's infrastructure needs from getting shortchanged again.

As the challenges facing our infrastructure and our industry continue, I assure you our Association will step up the pressure on elected officials on both sides of the state line. It is the determination of the Association and our membership that will ensure progress is eventually put back on track. ■

Kansas City Up a Creek Over Sewer Mandate

Kansas City, Mo., is taking a small bite out of its estimated \$2.5 billion sewer improvements project list. The city council approved a 10 percent hike in water rates and 13 percent jump in sewer rates to pay for \$100 million in upgrades to treatment plants over the next dozen years. The biggest of those projects, at \$40 million, will be to add a system to better disinfect sewage and wastewater before it is discharged at the Little Blue River plant.

The federal government has ordered the city to undertake that project and many others to improve its waste treatment system. But no federal funds are available for the work so the city has so far looked to customers to bear the costs. Other future projects will include overhauling the 87th Street pump station and rehabilitating sewer lines in many locations to reduce flow and infiltration, city officials said. Meantime, City Manager Shulte has proposed asking voters to endorse at least \$600 million in new bonds, including for sanitary sewer upgrades.



More Rough Road Ahead In 2012

(continued from page 1)

I-70 Could Take a Toll

Tolls could be in the future for motorists on Interstate 70 in Missouri as means of affording needed repairs on the heavily traveled route between St. Louis and Kansas City. Financially strapped MoDOT can't afford the upgrades in its existing budgets.

MoDOT proposes leasing the freeway to a private operator, which would take over upgrades, operation and maintenance. Expenses would be financed through the collection of tolls, leaving the state with more money for other road projects. I-70 costs the state \$70 million to \$90 million annually for maintenance, according to MoDOT. The toll road idea requires legislative approval.

Erratic Measures in Kansas

Kansas is still reeling from a \$205 million cut in the transportation budget in 2011. That's on top of withdraws of more than \$1.2 billion over the previous dozen years from funds meant for transportation upgrades. But the state plans to spread the cut over the next 10 years as it funds the T-WORKS transportation program the legislature approved in 2010, said Steve Swartz, spokesman for the Kansas Department of Transportation. The T-WORKS program mostly taps gas taxes, federal funds and bonding proceeds. It will also make use of a four-tenths of a cent sales tax for transportation that takes effect in 2015, Swartz said. Gov. Sam Brownback has pledged to support more money for transportation, but we wonder if he can deliver on that pledge.

“Gov. Sam Brownback has pledged to support more money for transportation, but we wonder if he can deliver on that pledge.”



Carl Gerlach



Ed Eilert

Projects Still Puttering Along in OP

Overland Park has seen a 50 percent drop in its capital improvements budget from several years ago but is still able to pursue major road improvements, such as adding lanes to U.S. 69 Highway and widening Quivira Road at Interstate 435. “We were fortunate to have shovel-ready projects,” Mayor Carl Gerlach said. “They have kept us moving during these tough times.”

JOCO Pecking Away at Improvements

Johnson County, Kan., is getting ready to improve 183rd Street from Metcalf Avenue to Mission Road, which involves some new sections. The county's major road project is a new interchange at Interstate 35 near Edgerton, which will be mostly federally funded, said County Commission Chairman Ed Eilert. The slow economy has affected some projects, he said. “The big challenge in unincorporated areas is being able to move from gravel roads to paved surfaces,” Eilert said. “We'd like to move more quickly on that.”

KCMO Backlog Getting Bigger and Bigger

Despite progress in areas such as a revitalized downtown, Kansas City, Mo., has been a poster child for neglected capital maintenance needs for several years. In his budget letter of Feb. 10, 2011, then Interim City Manager Troy Schulte acknowledged his budget did not recommend “the full additional \$5 million from non-sales tax resources be provided to the capital maintenance needs of the city.

“The sluggish growth of city revenues simply prevents the city from adding as much infrastructure funding as is needed or desired,” Schulte said.

City Manager Schulte's latest budget proposal again falls short in addressing our city's capital maintenance needs, but our Association is lobbying hard to reverse this worrisome trend. ■

Training, Education, Pensions and Welfare Programs

Unshakable Commitments by Our Association and Unions

Through thick and thin, in good times and bad, our Association and the unions that work with us have gone the extra mile to provide training and education opportunities to bolster our dedicated work force.

This is as it should be. Thousands of local men and women are out there right now, earning great wages and benefits, while building and maintaining our region's roads, bridges, highways and other critical infrastructure. Heavy construction offers a variety of career opportunities for responsible, hard-working individuals who have a passion for building and for making things better and safer.

Training programs that support those jobs include the Construction Craft Laborers' Apprenticeship Program offered by Heavy Construction Laborers' Union Local 663. It is a "Letter of Intent Program" consisting of a minimum 3,200 hours of on-the-job training (OJT) and a minimum of 328 classroom training hours. This is achieved by attending scheduled week-long training classes, eight-hour certification refresher classes and Union meetings.

The training curriculum includes classroom and hands-on training in all phases of the Construction Craft Laborers' jurisdiction, from new-entry through leadership training, with safety keyed into all training sessions.

Last summer, our Association was proud to be one of the primary sponsors of MAGIC (Mentoring a Girl in Construction) Camp, a free one-week summer day camp hosted by the National Association of Women in Construction (NAWIC) Kansas City chapters, in partnership with national and local construction vendors.

In addition, our association and union colleagues have gone all out to support pension and welfare programs to ensure a decent standard of living for heavy construction workers who retire or lose their jobs.

The challenging conditions of recent years have made all of these programs more important than ever, and our Association is determined to keep them going at full throttle. ■

Thank You, Deb Miller

As Transportation Secretary,
She Advocated for Progress in Kansas

Our Association wishes to express its deep thanks to Deb Miller, who fought tirelessly for infrastructure improvements during her tenure as Kansas Secretary of Transportation.

Miller, the first woman to lead KDOT, took the helm at the department in 2003. Amid the Great Recession and a state revenue crisis, she always remained focused, always did her homework and always put the needs of Kansans first.

One of Miller's greatest accomplishments was helping to push through passage of the 10-year, \$8.2 billion Transportation Works for Kansas (T-WORKS) package in 2010. We were reminded of the importance of T-WORKS last June, when nine Northeast Kansas highway expansion projects with an economic impact of \$8.8 billion were announced.

Despite the fact that she is a Democrat, Miller worked well with the Brown-back administration on transportation issues. But Miller was not afraid to rock the boat when she felt it was necessary. Such was the case in November, when she said the days of the Kansas Legislature taking KDOT highway funds for other purposes must end.

"This is over," Miller said in an interview with the *Topeka Capital-Journal*. "It is just not possible to take more from this program and then go back and credibly say to the public we're still going to do what was promised."

Miller left KDOT in December to join Cambridge Systematics Inc., headquartered in Cambridge, Mass., as a senior associate. She will continue to live in Topeka. We wish her all the best and hope that her successor will carry on in the same spirit. ■



"One of Miller's greatest accomplishments was helping to push through passage of the 10-year, \$8.2 billion Transportation Works for Kansas (T-WORKS) package in 2010."

Watch Out for Fiscal Detours in Kansas

In 2010, heavy constructors were in the mood to celebrate when the Kansas Legislature passed an \$8.2 billion package known as the Transportation Works for Kansas (T-WORKS) Program.

The 10-year program – passed after intensive lobbying by the Heavies and allied groups – includes funding for road and highway preservation, modernization, expansion and economic opportunity projects.

There was more good Kansas news in late January that year when an Associated General Contractors of America survey reported that 43 percent of Kansas contractors expected a higher total value of highway projects they would complete in 2011 compared with the previous year. That was the highest percentage of the 26 states whose survey results were released individually.

And on Feb. 11, 2011, our contractors received a big shot in the arm when Gov. Sam Brownback announced \$115 million for much-needed improvements at the intersection of U.S. 69 and Interstate 435 in Overland Park. That money was part of \$250 million in funds for road projects announced by the governor that day. Other projects included expansion of Kansas 18 in Riley County and U.S. 50 in Reno County. Those were to be among the first projects funded by T-WORKS, which is partly funded by the 1-cent sales tax increase that our Association fought hard for passage.



Important projects like U.S. 69 at 435 could be shelved if funds are raided from the T-WORKS budget again.

Diversions Hurt

Kansas is still ahead of Missouri when it comes to making solid long-range plans for comprehensive infrastructure improvements. However, it was later reported that Gov. Brownback planned on using \$200 million in funds set aside for highway projects to prop up general government programs in his proposed budget.

The governor's budget called for transferring the highway funds into the state's main bank account, where it could finance aid to public schools, social services and other programs. Landon Fulmer, Brownback's policy director, said it would be a one-time transfer and would not change the 10-year transportation program.

Soon after, Kansas Transportation Secretary Deb Miller sent an email to stakeholders in which she said KDOT could still honor the promises made under T-WORKS, thanks to low bid prices and low inflation rates.

Miller said KDOT originally planned to spend about \$450 million annually on preservation over the next 10 years to maintain Kansas highways at the performance level taxpayers have come to expect. But she said that, because of savings due to low or no inflation, Kansas anticipated being able to do the same amount of work for an annual average cost of \$420 million over the next 10 years – assuming inflation remains at 0 percent for the next two years and future inflation is equal to or less than an assumed inflation rate of 3.5 percent in years 2013 thru 2015, and increasing to 4.5 percent in 2016 and beyond.

But Miller, whom the HCA recognizes as one of the best transportation secretaries in Kansas history, said she wanted to make it clear that “if we are to deliver T-WORKS, there's no room left for future transfers from the State Highway Fund to the State General Fund, and we have to hope our inflation assumptions are conservative enough. Should inflation begin growing sooner or grow faster than estimated or any additional losses of revenue occur, projects will be affected,” she said.

No Contingency Plan

Today, our Association is concerned that there is no fallback plan should the rosy estimates of continuing low bid prices and low inflation fail to materialize. If KDOT's projected scenario doesn't play out, Kansas could be left with an under-funded, over-promised program similar to Missouri's failed 15-year plan. Such a scenario would be devastating to KDOT's credibility, upon which has rested each of the state's highway programs.

This proposal of Gov. Brownback's should be viewed with grave concern. The practice of using the State Highway Fund as a checking account to balance the state budget created huge problems for Kathleen Sebelius when she was governor. It is alarming to see this governor adopt a similar strategy right out of the gate. ■

Through Thick and Thin, Contractor Does it ‘the Fahey Way’

Joe Fahey was in the Navy in 1971 when he received a call from his dad and brother back home in Kansas City. How would he like to go into the construction business when his tour ended?

Forty years later, J.M. Fahey Construction Co. has grown to be one of the strongest family-owned heavy construction businesses in Kansas City, with Joe Fahey the CEO and his brother, Kevin, the president. Their youngest sister, Bridget Fahey, manages the office and Kevin’s son, Andrew Fahey, joined the company in 2000.

Joe and Kevin have never regretted entering the heavy construction field, despite periods of lean times, such as now.

“We enjoy the diversity of what we do,” Joe Fahey said. “There’s a new challenge ... a new opportunity ... every day. Kevin and I get a real kick out of looking at work we did 30 or 40 years ago. It provides a tremendous sense of accomplishment. You also develop a healthy respect for your competition. There’s even a friendship, especially in the Kansas City area, because we’ve known many of our competitors almost our entire lives.”

Founded in 1971 by their father, Joseph M. Fahey, J. M. Fahey Construction Co. specializes in the design and reconstruction of urban roadways along with producing asphalt from its two plants. Most of Fahey’s work is on public projects, both in Missouri and Kansas. Its main office has been in Grandview, Mo., for more than 35 years.

The recent recession has taken a significant toll on funding for road construction. Kevin Fahey said business is slower than at any time since the early 1980s as governments lack money for road projects. Private business is also down due to less commercial and residential development, he said.

“I don’t see much change in 2012,” Fahey said. “If anything ... even more belt-tightening may be required.”

J.M. Fahey has weathered this recent downturn with minimal cuts to its permanent staff but has been unable to keep as many union personnel employed as in prior years. Some contractors have closed shop or tried to move into different types of construction to get more work during this period, the Faheys said.

Current projects for J.M. Fahey include design-builds on 63rd Street from Prospect to Jackson and Troost Avenue from 89th to Bannister for the City of Kansas City, Mo., improvements to both Donahoo Road and 78th Street for KDOT in Kansas City, Kan., and a recently awarded project for the KCMO Parks and Recreation Department in Penn Valley Park.

The Faheys have tried to not only run a solid business, but also be active in civic and nonprofit activities, as well as industry associations such as the Heavy Constructors. In good times or bad, J.M. Fahey still tries to live by the high business standards Joseph M. Fahey envisioned 40 years ago.

“I remember our dad telling us early on how important it was to pay the bills first so you didn’t think the money in your account was all yours,” Joe Fahey said.

Another timeless lesson, Kevin Fahey said, “was to hire the best people possible. That’s accomplished not only by paying them fairly, but making the company a place where they are proud to work. You are only as good as your people. Find the best people and create a quality place to work that is an asset to the community.”

The company has a term, the “Fahey Way,” to describe its approach to employees and clients.

“It’s very simple,” Kevin and Joe said. “Treat people as you want to be treated. That hasn’t changed since 1971 ... and won’t change over the next 40 years.” ■



The Fahey brothers haven’t changed much at the company since 1971. It’s the Fahey way.



J.M. FAHEY
Construction Company

BUILDING FOR OUR COMMUNITY SINCE 1971



A Fahey track hoe gets down to business at Penn Valley Park.



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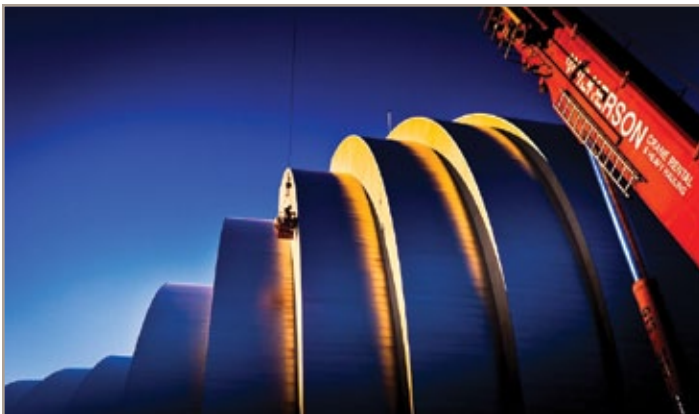


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Iconic Projects of 2011



Jobs were slim again in 2011, but KC's Heavy Constructors had a big hand in many of the area's most significant improvements.