

# ASPHALT PRO

PRODUCTION PROFESSIONALS PRODUCTS

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# Positive Action, Positive Reaction

Experts show how to maintain a cool head in challenging times

by Sandy Lender

**W**hat December issue would be complete without an end-of-the-year state-of-the-construction-industry article? While many industry experts agree that the asphalt industry joins other branches of the construction business in a challenging economic period, they offer advice for weathering the storm. Your peers and mentors have ideas that have carried this industry through down cycles in the past, and have ideas that can bring us through the current tough time. They also have information on what the asphalt industry is doing to stay ready for the inevitable good times to come.

## WARMING THINGS UP

When it comes to forward thinking, the asphalt industry can't be beat. Mike Acott, president of the National Asphalt Pavement Association (NAPA), Lanham, Md., pointed out the popularity of the environmentally friendly practice of Warm Mix Asphalt (WMA) that's taking the industry by storm. Clear back in 2002, NAPA took a study team to Europe to look at the WMA practices there. "We were so impressed, we thought it would be a tool that would be of benefit to the industry and its customers," said Acott.

Several years later, the Federal Highway Administration (FHWA), state departments of transportation (DOTs), technology providers, NAPA and other industry leaders are on track for what Acott refers to as a complete conversion of traditional hot mix to warm mix.

"We have to be very careful how we do it, keep checking on how it's performing. There are already states specifying warm mix and I expect more and more will have a permissive specification that will allow substitution of warm for hot, provided it meets all the requirements. There's no reason states shouldn't be trying it... Within five years, we'll see a large percentage of hot mix projects being turned over to warm mix."

## PRESERVATION PRACTICES

Besides the warm mix trend, asphalt industry members have seen the growing emphasis on pavement preservation and infrastructure maintenance. When state funding coffers run close to empty, the roadways in most dire need of upkeep get the monies once earmarked for

new projects that might have cleared congestion or reduced pollution in one sector of a city. Time and new highway funding will take care of those issues eventually, but the current trend is to put band-aids on what's already down. In most cases, industry professionals see counties and states focusing their attention more closely on the types of preservation and maintenance tools available to do the job right.

Dag Seagren, president of EZ Street, Miami, Fla., said he sees a wider base of clients performing a broader spectrum of preservation methods. "And, they are trading up," he added. "We see this globally, as everyone is facing the same budget constraints. The emphasis is on the 'band-aid.' But there is much more interest in doing things right the first time than we have ever seen before. In other words, years and years of working with states, cities and contractors—together learning and seeing the difference between temporary repairs and long-term repairs has resulted in wiser choices and has helped government as well as the private sector stretch budgets."

Rob Vance, sales manager for Vance Brothers Inc., Kansas City, Mo., echoed this sentiment. "Agencies are shifting to more maintenance than new work. I think they're asking for more of the micros, slurries and chip seals—not

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necessarily different types of preservation, but more of the projects we've been doing."

One way Vance Brothers has been able to keep up with the work is through careful labor management. As John Ball, proprietor of Top Quality Paving, Manchester, N.H., pointed out, many owners have scaled back as of late. The seasonal layoffs began early with contractors downsizing by one or two crews. Some creative owners switched to a four-day work-week to keep the core people working. Vance explained that they've worked hard to avoid both tactics.

"We haven't over-extended ourselves with employees," Vance explained. "We've always run lean. We'll do what we have to do to keep good employees. We keep a close eye on labor, but then we always have. And we'll watch overtime as well. We haven't had to shorten the work-week. When the weather turns cold, we'll do what we can to make sure everybody gets their 40 hours a week."

For companies struggling to keep everybody on payroll, slimming down to just one or two core crews gives the company a different opportunity to shine. As Ball explained it, some companies he works with have bulked up on the veteran, skilled workers on their core crews, letting newer, untrained employees work in other areas of the company or, in unfortunate cases, letting them go. For the core crews with increased team members, quality control has been enhanced and performance has taken a step up.

## RECYCLING EQUIPMENT

Another way owners have tightened up operations lately is by cleaning up the yard. Ball has

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seen many owners sell older equipment rather than work at constant, and sometimes costly, maintenance. While prices at auction aren't stellar right now, sloughing off older equipment takes that maintenance burden off the crew. Newer, more reliable machines stay in place for the core crews still working jobs with greater efficiency. "They're able to get the production they want," said Ball. "With older equipment, you never know when something's going to break down. With new equipment, nothing's breaking down."

### **PULLING FOR FUTURE FUNDS**

Richard Young of B&S Light Industries, Tulsa, Okla., has seen his business continue to boom despite the economic uncertainty fluttering through the industry. He's also seen a grassroots interest in strengthening infrastructure in his neck of the woods. Unfortunate accidents on bridges around Tulsa have brought the issue of road repair and motorist safety to the forefront of voters' minds. Rather than waiting on state funding to trickle down to the city and county level, officials put measures on November's ballot to let sales taxes and property taxes subsidize the necessary repairs to main arteries and bridges around Tulsa and in Tulsa neighborhoods, respectively.

It's that type of thinking the industry wishes to see modeled on a national level. Clear cause and effect. If legislators provide proper funding for maintenance and repair, the asphalt industry can get in and provide safe travelways for the motoring public. Luckily, people are starting to catch on.

"We're seeing a lot of talk in the mainstream media about infrastructure investment—roads, bridges," said Seagren. "The mere fact that these words are being inserted into daily conversation is a huge opportunity for us as an industry. We just all need to put our most compelling offers forward at the local, state and federal level to see the talk converted into real spending at the infrastructure level. If

history tells us something, nothing would have more immediate—and long term—effects than investment in infrastructure."

Mike Acott provided NAPA's standpoint. "All markets have been down significantly in '08, and probably '09 is going to be a difficult year. That stretches from residential, non-residential, city, county and DOT. It's from a combination of factors outside of our industry's influence—a major downturn in the economy, extreme difficulty in the financial markets, the escalation of energy costs and the price of liquid asphalts earlier this year. All of those factors combined to produce a very weak market for all products, whether it was asphalt, concrete, stone. All construction materials have suffered.

"The outlook will be a very interesting period from now through '09 because President-Elect Obama and a democratic Congress, with the support of the Republican side, gives us a strong feeling about a stimulus bill that could directly help highways and infrastructure. The thinking is 1) it would help create jobs and 2) we need a world class infrastructure to be competitive. There are many ready-to-go projects that could be up and running very quickly and could proceed."

The chances of getting the transportation bill through sooner, rather than later, are good. "President-Elect Obama has indicated that he does believe in infrastructure investment," said Acott. "And I think Congress is going to be interested in moving forward with an infrastructure investment bill. There are signs there will be increased spending on roads and bridges."

### **WHEN IT ALL GETS BETTER**

Increased spending on roads and bridges is what will protect the motoring public, bring new jobs to Americans and spur economic growth. It's a cycle we've seen before.

"The industry has gone through downturns in the past and probably the most noticeable one was in the '70s," said Acott. "Coming out of the '70s, the major emphasis was on recycling, which occurred as a result of the oil crisis at that time. There was a real economic necessity for including recycled material in our mixes. What is occurring now is almost a dusting off of a lot of processes and materials that meet the need of the customer—such as the customer's shortage of funds. How can the asphalt industry respond in terms of providing economic solutions for the customer? That is what our focus is at the moment. What are

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the different technologies and services that can meet the need today, given that we've seen a softening in the oil price in the space of weeks. That has an impact on energy and liquid asphalt costs. I see a whole array of products and processes that are going to be very important in the next year to 18 months."

As anyone can see, the asphalt industry is staying busy with the necessary projects our counties and states call for, even during difficult economic times. From commercial to residential to state, the paving needs are there, and wise professionals have honed the skills of their most able-bodied crews to perform the best jobs these customers have seen. It gives the industry a chance to really shine, to put our best foot forward. When funding comes into place during the next 12 to 18 months, imagine the credibility the asphalt business will have for the myriad projects states will be clamoring to let.

It may seem a long time to wait, but experts watching the grassroots efforts already see cities and counties growing impatient for ways to protect infrastructure. Getting stimulus packages and highway bills passed can be fast-tracked if the demand is high. How much effort are you willing to put into increasing demand?

In the meantime, the staff at *AsphaltPro* wishes you nothing but success as you work through today's climate. And we encourage you to share your ideas for surviving challenging days. Have you sold off older equipment? In the southern areas where we're paving through the winter, have you switched to four-day work-weeks to keep workers employed? Have you found ways to bolster employee morale to keep work bonus-worthy? What ideas can you share with other readers to help your peers around the country? We'd love to put you and your piece of business strategy in the pages of *AsphaltPro*. Contact me at [sandy@theAsphaltPro.com](mailto:sandy@theAsphaltPro.com). ☐