

Testimony of Chad Girard
President, Kansas Companies
CRH Americas Materials, Inc.
Senate Ways and Means Committee
Senate Bill 375

Madam Chair and Members of the Committee:

My name is Chad Girard and I serve as President of Kansas Companies for CRH Americas Materials, Inc. (CRH). CRH is one of the world's leading suppliers of transportation materials. We have a significant presence in Kansas that includes APAC and Ash Grove Cement.

Support for a New Transportation Plan

We are very appreciative of Governor Kelly and Secretary Lorenz's commitment to a new 10 year comprehensive transportation plan. Secretary Lorenz has included us in the process as she developed what is now known as Forward Kansas and we are grateful to be able to add our perspective.

Kansas has traditionally valued its transportation infrastructure. We have a history of ensuring the safety of our citizens through good quality roads, bridges, and highways. We were an enthusiastic supporter of the T-Works plan you enacted in 2010. Unfortunately the promise of T-Works never came to fruition as over \$2 billion was siphoned from the state highway fund.

We know that a successful transportation plan is good for the Kansas economy. It creates good jobs and allows communities to grow. But we at CRH also know firsthand of the negative economic impact that occurs when transportation funds are redirected and projects go by the wayside.

What happened to CRH/APAC during the T-Works era

When the T-Works program was initiated in 2010, CRH's division office for the Central United States was in Kansas. APAC's regional office was in Kansas. APAC's Overland Park operation had a crane business, bridge business, asphalt and construction business, an aggregate materials business, and the centralized accounting and executive management for APAC's Kansas and Missouri operations. APAC-Shears Division employed 485 people headquartered in Hutchinson with offices in Dodge City, Emporia, Hays, Salina and Wichita.

Largely because of the lack of projects from T-Works, things have changed dramatically at CRH. The division office moved to Utah, APAC's regional office and centralized accounting moved to

Arkansas, the Overland Park crane business was sold, the Overland Park bridge, asphalt, and construction businesses were dissolved.

All that is left of APAC's Kansas operations in KC is four quarries and the APAC-Shears operations have 360 full-time employees left. This accounts for a total annual reduction of 743,000 man-hours, which equates to 357 full time jobs. The total economic impact of lost wages paid to workers and executives is over \$30 million annually.

Protection of Funding

If the promise of Forward Kansas is fulfilled, I believe we can get jobs and operations back to Kansas. But in order to do that, we need to ensure that we won't see another raid on the state highway fund. That is why CRH strongly supports a mechanism that protects the funding for Forward Kansas so that the bank of KDOT really does go out of business. As a member of the Kansas Contractors Association, we support the measures that are being introduced by the KCA to make sure that Forward Kansas really does become a reality. This bill does include one of those measures, but we believe more needs to be done. If we have these assurances, it will be much easier for CRH to plan for the future and make significant investments in our Kansas operations.

Alternative Delivery

Forward Kansas proposes to build numerous projects through alternative delivery. While we recognize that alternative delivery is becoming more prevalent in today's transportation world, we have concerns about what will occur if funding commitments are made to alternative delivery and a recession occurs or dollars are once again siphoned from the state highway fund. In this scenario, the big projects get funded and the other projects across the state go unfulfilled. This is one of the reasons why we are no longer in the construction business in Overland Park. We urge you to carefully consider the consequences of committing significant dollars to alternative delivery.

Conclusion

I thank you for the opportunity to testify on this bill. We want to see a new transportation plan that will truly come to fruition so that Kansas companies can have the predictability to invest in our employees and will deliver Kansans the high quality transportation infrastructure that we have come to rely on. I am happy to stand to any questions.