

THE PAVEMENT NETWORK

NEWS



Spring 2024

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TO MY FRIENDS OF THE PAVEMENT NETWORK,

Spring Greetings! It has been a long winter, and the time is here to put your equipment and people to work. As I know that you are now busy, and your time for reading is short, I will make this message to match that available time.

My friend and business partner, Jeremy Nielson, shared a podcast with me last month that has caused me to relisten, pause, ponder, and reflect on what I heard. The podcast is given by the Ed Mylett Show and is titled: **"The 4 Hidden Enemies of Success."** I recommend that you take the time to listen. Here are some highlights that I've gleaned and will try to implement as I approach another year in this asphalt grind.

There are many obstacles that we will face on our road to success. The author makes us aware of four of these obstacles and how our recognition of them can give us the power to overcome difficult things. He calls them the 4-Ds.

Discouragement: The opposite of courage, reduces our confidence and makes us feel average and even unworthy. Failure wants us to be discouraged. Success wants us to be encouraged.

Doubt: Makes us ask ourselves if we are good enough. Is our goal even possible or worth doing? Doubt creates a lie and makes us less than what we can do and become.

Delusion: Seeing things for what they are not. It makes us believe that a problem is worse or bigger than it really is. It makes us think that success is just too far out to be achieved.

Delay: The enemy of progress is perfection. Waiting until we have all of the answers is to delay the opportunity. The answers to the problems will come as we move and work. Choosing to delay should be the exception and not the rule.

My sincere hope is for the success of each and every member of our Pavement Network. Go get it done!

2025 Annual Pavement Network Meeting will be in Seattle, Washington

SAVE THE DATE!

The Pavement Network division meetings will be held February 26-27, 2025. The CNBA will have its Shareholder Meeting and Vendor Showcase on February 28.

Join us for a tour of the Rainier Facility on Friday, February 28!



Dean H Garrett, **Network President**
Morgan Pavement
morganpavement.com

HAPPY SPRING, EVERYONE!! THE BEST TIME OF THE YEAR IS UPON US; WHERE SOME OF US ARE COMING OFF WINTER LAYOFFS, WHILE OTHERS WHO ARE IN WARMER CLIMATES ARE JUST STARTING TO RAMP UP FOR THE COMING SEASON. 2024 IS LOOKING TO BE AN AMAZING YEAR FOR ALL OF US, AND I TRULY LOOK FORWARD TO OUR CONVERSATIONS IN THE FALL TO SEE WHERE EACH OF US PROGRESSED. BUCKLE UP BECAUSE THE FUN IS ABOUT TO BEGIN.

2024 Annual Meeting

We all had an amazing time at our annual meeting in January down in Punta Cana, Dominican Republic. It was so great to those who attended and shared in our experiences, triumphs, losses, and more. The spirit of sharing and making each one of us better is what makes this Network so amazing. Our Administration Group met on January 31st for a day filled with valuable conversation and presentations. I wanted to recap a few items from our day.

Holmes Murphy Insurance

Jason McMurray and Jeff Matney graciously traveled to Punta Cana to present to our group the benefits and structure of Captive Insurance programs. Some of our companies are already participating in Group Captive Insurance and were able to share their experiences and how this unique program has helped their organizations. Jason and Jeff provided great insight and information that was well received, and I look forward to hearing in the future who in our group investigates switching to this type of insurance coverage.

BambooHR

Ty Nielson from Bamboo met with our group via Zoom to discuss several items, including effective onboarding and recruiting ideas. He discussed the importance of maximizing the first 44 days of a new employee's tenure and how important that time can be. There is data that shows that close to 30% of new employees decide during their first week on the job if the company is a right fit for them. A valuable

discussion was had between all members of our admin group in sharing ideas on the importance of recruiting and onboarding valuable employees each year. Ty had a quote in his presentation that really stuck out to me, and I think is valuable wisdom for any organization. It was "You do not build a business; you build people. Then, the people build the business for success for all of the people."

ChatGPT and HR

We had a discussion on how AI and, specifically ChatGPT, can help us as HR professionals in our respective roles. Before the discussion, there were some comments made regarding preferences in keeping things "old school," but I feel that afterwards, some might have changed their mind on how this tool can be helpful. Some of the things we discussed that Chat GPT could possibly help us with were:

1. Building and writing new job descriptions
2. Job postings and recruitment
3. Writing policies and procedures
4. Job offers
5. Benefit and compensation packages

Once again, it was amazing to meet with so many of you and share and collaborate, all in an effort to make each one of us stronger. May 2024 be as prosperous and successful as any year before for each one of us. I look forward to meeting with you soon on our quarterly check-ins. Be safe and prosperous!!

Dusty Parker, **Network Admin Lead**

Morgan Pavement

morganpavement.com



Operations Report

I WANT TO THANK EVERYONE FOR THE PRIVILEGE OF SERVING ON THE BOARD OF THE PAVEMENT NETWORK!

I am truly humbled by the opportunity to represent Operations. Even though I have only been to three annual Pavement Network meetings, I feel like I can call many of you friends, and I have learned so much in my short time at these events. The operations world for a construction company is a stressful environment, but for me- I enjoy the reward of solving day-to-day problems. I find it comforting to know that there are like-minded people across the country who enjoy doing what I do and can provide insight and be a useful resource whenever I might need one. That, to me, is what makes this network so great.

As I sit at my kitchen table and type this, the neighborhood I live in has been freshly paved as of today. It is unusually convenient for me that this happened as my wife and I are preparing to put our house on the market in the summer. Even though my company was not the one to do the work, I am nonetheless happy it was done by one of our suppliers, who is also a friendly competitor. I say all this to point out that the asphalt world is going strong! The paving season has arrived.

The months of January and February were relatively unproductive here in Georgia, due to the abundant rainfall and cold. As the weather continues to be warmer and drier, our backlog continues to grow, and from what I hear, it is unanimous with everyone. I am excited to see what this year has in store for us, and I wish everyone in the Network the best for the 2024 season. I look forward to hearing the successes and triumphs from each region of our great country. Happy Paving!

Please share your thoughts so I can get better at this in the future. I also feel like an idiot because I thought this address was supposed to be a mailbox address... *don't fall out of your chair from laughing too hard.*



Kevin House, **Network Operations Lead**
Georgia Paving
georgiapaving.com



Houston Lawless, **Network Fleet Lead**
Wright Construction Company
wrightconstructioninc.com

Fleet Report

With 2024 coming into full swing, the Fleet group is staying busy. After all our Zoom calls, we finally met most members face to face in the Dominican Republic. In the Dominican Republic, our group discussed many topics, including challenges with equipment lead time, maintenance issues, and projected equipment purchases for 2024.

Overall, it sounds as if dealers are finally gaining stock and inventory. This increased stock is projected to lessen the lead time for most equipment and parts in 2024. We had two speakers come and talk during our meeting that are part of the CNBA. Fleet Pride and Lawson Products presented in our meeting to see how they could assist in each of our operations. This could save cost and downtime on shop expenses for each company in the CNBA.

We are all utilizing and relying on one another to assist in working through issues that we are each experiencing.

THIS GROUP HAS BEEN VALUABLE IN HELPING EACH OF US NAVIGATE THESE DAILY FLEET CHALLENGES WITH EACH OTHER'S EXPERIENCE.

I'M PLEASED TO JOIN THE PAVEMENT NETWORK BOARD AND LEAD THE SALES GROUP GOING FORWARD. I WOULD LIKE TO EXTEND A BIG THANK YOU TO ERIC BILLINGKOFF OF T&K FOR HIS SERVICE TO THE NETWORK IN THIS CAPACITY THE LAST SEVERAL YEARS. HE WAS ONE OF THE FIRST PEOPLE I MET AT OUR FIRST MEETING IN CABO IN 2021, AND HE HAS ALWAYS BEEN VERY WELCOMING TO ME AND ADDED VALUE IN ALL OUR INTERACTIONS. I HOPE TO FILL HIS SHOES WELL.

Things have been ramping up quickly since returning from the Dominican Republic. At Rainier, we had one of our more sluggish off-seasons in recent memory. In our climate, we endeavor to be a company that operates for all 12 months. And although backlog has been healthy for some time, we're coming out of a period where a large part of it has not truly been "shovel ready." I think part of that has to do with the recent interest rate environment. Some customers are a little skittish to actually hit the "go" button. Our book of business has also gotten more bureaucratic recently, too, which is something we are keeping an eye on. More work from GCs means we're downstream from other scopes (and weather); more things that require permits mean we are often waiting on municipalities, and so on. Nonetheless, things are breaking through in recent weeks and we'll be trying to get more work done in a shorter window this year.

Whether it's NPE, World of Concrete, or Pavement Network meetings, I always challenge my team to bring home three to five firm ideas or action items that they are going to make a reality. Our group came back with over 30 specific ideas to help us get better. Specific to sales, these are some key things that I brought back home:

- **Focusing on bigger anchor clients and bigger revenue projects is an opportunity for us to improve. We're not there yet.**
- **A subtle change in our workflow to always call the customer before sending the bid (rather than the reverse) is a great way to prime the pump for getting a contract signature.**
- **We've rarely done much advertising over the years, and we're currently re-evaluating that. Many members spend 0.5% to 1% of their revenue on marketing and advertising. I'm not sure what the sweet spot is for us yet, but it's surely greater than zero!**

We have had growth in 12 of the last 13 years, and I'm realizing that we are going to require new strategic focuses and ways of doing things for that to continue. It's great to have such a valuable sounding board as the Pavement Network. I'm reminded that "iron sharpens iron," and I definitely felt that upon our return from DR.

Some other themes that came up while we were together:

1. Most companies have normal or above normal backlogs for pre-season. That is encouraging to hear;
2. Finding and training new account reps is difficult but imperative for each of our organizations to continue to grow;
3. Many companies are evaluating their software systems and seeking out new efficiencies with CRM, automation, AI, or some combination thereof. We recently bolted on a DocuSign feature into our homegrown software system, and we're finding that it has been very helpful to improve win rates, especially on jobs \$10k and below, by making it simpler and easier for the customer to say "yes."

In preparation for our quarterly sales meetings this year, I will be seeking to collect (and transmit) some of the summary data beforehand. So, if you're in the sales group email, look for some Google Surveys a few weeks before our meeting. I'll share some reports and highlights before our meeting to economize our time together.

It's going to be a great 2024. Look forward to seeing you all soon.

Let's do this!

Tom Merry, **Network Sales Lead**

Rainier Asphalt

www.rainierasphalt.com



April Meetings

All times listed are Pacific.

Owners	April 2 11am
Admin	April 2 1pm
Sales	April 3 10am
Operations	April 4 10am
Fleet	April 4 12pm

July Meetings

All times listed are Pacific.

Owners	July 9 11am
Admin	July 9 1pm
Sales	July 10 10am
Operations	July 11 10am
Fleet	July 11 12pm

October Meetings

All times listed are Pacific.

Owners	October 8 11am
Admin	October 8 1pm
Sales	October 9 10am
Operations	October 10 10am
Fleet	October 10 12pm

Our Network in



During winter maintenance, Jeff Gau at St. Louis Paving noticed the trackpads on their newest Weiler P385B pavers needed replacing prematurely. After reaching out to Weiler, it was found that they had received some "bad batches" - and Weiler was willing to send new sets of tracks at no charge if Jeff's team provided the labor.

However, an issue arose during the installation when it was found that the machinery to assist in the install wasn't as easily accessible. Bobby Kirk from Morgan Pavement and Matt Flanagan from GPM both reached out with suggestions to help with the installation, **proving once again how valuable our network is because we share information.**

WE'RE CONSISTENTLY UPDATING OUR MEMBER PORTAL ON THE PAVEMENT NETWORK'S WEBSITE.

This has information like presentations from past annual meetings, quarterly meeting notes, member contact info, and more.

Need access? Email admin@pavementnetwork.com

PUNTA CANA Recap

The Pavement Network 2024 Annual Meeting

The Pavement Network held our Annual Meeting from January 30 to February 2, 2024, at the beautiful Royalton Punta Cana resort in the Dominican Republic. We had over 100 attendees this year, comprised of PN members, their guests, and vendors.

Presentation Highlights

Jeff Mattney & Jason Murphy, Holmes Murphy: Captive Insurance

Owners & Admin Meetings Presentation

The Captive Strategy to “Do Business Boldly” presented owners with how Holmes Murphy uses Captive Insurance to bring like-minded businesses together to form their own insurance companies. Using Innovative Captive Strategies, construction companies have reduced their premium rates and enjoyed substantial returns. Jeff and Jason highlight member T&K Asphalt Services as a case study. Find out more at holmesmurphy.com.

AI in HR

Admin Meeting Presentation

This session included an overview of AI and ChatGPT and how to best use AI within an HR context, particularly focusing on job descriptions and postings, onboarding procedures, recruitment campaigns, and job offers.

Ty Nielson, BambooHR

Admin Meeting Presentation

Ty examined one of the biggest challenges we face: hiring quality employees. He presented the overall negative perception of the recruiting industry, that many potential employees come to the industry as a last resort and that companies within the industry are fighting for the same people. Ty also highlighted how much companies spend on hiring and onboarding new employees (the average cost is \$4,700). BambooHR is a tool used to streamline hiring and onboarding and track the process. Effective onboarding can reduce turnover by as much as 30%. New hires decide within the first 44 days if they want to stay on the job. If you want to learn more about BambooHR, visit bamboohr.com.

We want to thank Jeff Mattney and Jason Murphy from Holmes Murphy for their excellent presentation on Captive Insurance and Ty Nielson from BambooHR for his presentation.

We had a number of presentations over the course of four days, and some fun was thrown in as well.

Presentation Highlights, continued

Dean Garrett: Making Decisions for the Next Level of Business

Owners Meeting Presentation

Dean Garrett of Morgan Industries took us through a look back at Morgan Industries and how it has changed and grown over time. Then, we discussed important questions for the future of our businesses, such as what's needed for the company to move forward and how our decisions affect our bottom lines.

The presentation also covered the importance of the right people in the right roles and how the future will likely impact our business with considerations like AI, EV (electric vehicles), environmental impacts, political changes, and Gen Z's role in the job industry.

John Lewis, Lawson Products

Fleet Meeting Presentation

John discussed the company's 70 year history in business and the Lawson Product Line, including fasteners, cutting tools, welding, and more. He outlined how Lawson uses a "5S" audit scorecard to assess company needs and uses this needs analysis to assist in solutions, installation, managing inventory, and reporting. Lawson's end-user benefits include consolidated billing, lower inventory costs, consolidated reporting, and purchasing transparency, among other benefits. Contact John to learn more about [Lawson Managed Inventory](#).

Andy Brown, FleetPride

Fleet Meeting Presentation

Andy gave us an overview of strategic account benefits for the CNBA "RAM" Pricing Catalog. He noted that 23 of 35 CNBA members are within 10 miles of a FleetPride Branch, and all members are within 41 miles of a branch. FleetPride has industry leading digital solutions that allow you to quickly check local inventory, find the right products, or get the sales assistance you need. They currently have 85+ service centers and 35+ mobile/onsite repair locations.

Welcome

to Our New Board Members

We voted on and welcomed our two newest board members at the Pavement Network:

Kevin House from Georgia Paving replaced Gordon Miller from GPM for Network Operations Lead.



Tom Merry from Rainier Asphalt & Concrete replaced Eric Billinghoff from T&K Asphalt as Network Sales Lead.

We want to thank Gordon and Eric for their time, leadership, and expertise these past few years leading their respective divisions. We know Kevin and Tom are going to do great, and we thank them for their commitment to the Pavement Network.

Contractors National Buyer Alliance

CNBA Annual Shareholders Meeting

Our last day included the Contractors National Buyer Alliance's annual shareholders meeting. After presentations from John Lewis (Lawson), Andy Brown (FleetPride), and Ari Bleemer (OneCrew), we reviewed the CNBA advantages and member requirements. We also celebrated new CNBA vendors TPR Strategies, Elemental Design, Goodyear, and Boot Barn.

**We welcomed new CNBA members:
American Asphalt and Magnum Drywall.**

We also looked to the future with new vendors, members, growth bonuses, and dividend payouts. We had a lot of fun handing out those checks, too! Thank you to every CNBA member for continuing to make this alliance possible.

Fun Excursions

It wasn't all business in Punta Cana, though. Friday, we took a catamaran tour of Bavaro Beach to explore a coral reef, swim, and enjoy the Dominican Republic. Other highlights included time to enjoy the resort's amenities, a cigar-rolling demonstration, and plenty of conversations over breakfast, lunch, and dinner.

For all of our members in attendance, we hope you enjoyed the 2024 Annual Meeting and found it valuable for your team and growth. We can't wait to see you at our next annual meeting in 2025, where Rainier Asphalt & Concrete will host us in The Emerald City!



Hiring, Training, Retaining, and Firing Employees

DURING THE 2023 Q4 DIVISION MEETINGS, WE FOUND A COMMON THEME AMONG SEVERAL OF OUR MEMBERS WITHIN EACH DIVISION REGARDING EMPLOYEE HIRING, TRAINING, RETAINING, AND FIRING. OUR STRENGTH AS A NETWORK OF PAVING AND CONSTRUCTION INDUSTRY PROFESSIONALS COMES FROM SHARED EXPERIENCES AND KNOWLEDGE AND THE WILLINGNESS OF EACH MEMBER TO HELP OTHER MEMBERS GROW IN THAT KNOWLEDGE. WE PUT TOGETHER THIS ARTICLE TO HELP ADDRESS SOME OF THOSE FRUSTRATIONS EXPERIENCED BY OUR MEMBERS.



Difficulty Hiring Qualified Workers

Many of us are experiencing this frustration. People are applying for open positions, but finding people who are qualified continues to be a challenge. Let's look at what has worked for some PN members:

- Competitive pay with benefits. Competitive pay is straightforward, but offering benefits isn't. Health insurance and coverage continue to be one of the major benefits employers can offer alongside competitive salaries.
- Several of our members noted changes in healthcare packages at the meeting. Some have seen insurance consolidated, while others have asked workers to use the healthcare market options available through the state or their partner's insurance. DRYCO noted they provide a **KAISER plan** that includes a health card for up to \$4,000 of out-of-pocket expenses. That is a significant benefit that is likely to draw in qualified workers.
- DRYCO also offers MEWA plans through their local chamber of commerce. MEWA plans are **Multiple Employer Welfare Arrangements** that seek to assist small businesses with health insurance coverage. If you're struggling to find affordable options for your employees, this is a possible solution.
- Consider offering partner/spouse plans for employees, especially those at the manager level or higher. This is another valuable benefit for employees.
- Instead of relying on job boards to attract candidates, reach out to technical schools in the area. Attend career fairs or arrange to speak to upcoming technical school graduates as a guest speaker.
- Support careers in construction and industry by reaching out to technical schools and industry associations with your name and an offer of support. Keep your business top-of-mind so they can reach out to you when they note qualified candidates.

Training Employees in the Field

This problem runs hand-in-hand with finding qualified employees. When qualified candidates aren't available, we have to provide more training, and training employees in the field is time-consuming for both the new employee and those overseeing training. Here are member tips for training in the field.

- Offer small daily cash bonuses (\$25 to \$50) for training goals met and for those training new employees.
- Offer similar rewards for the first time an employee passes a safety check or inspection.
- Ask veteran employees if they'll consider taking on a mentorship role for new employees and offer an extra stipend as long as they fulfill it.
- Rewards don't have to be cash only. They can include accruing hours of paid time off for use later, gift cards to restaurants and movie theaters, or tickets to local events.
- If possible, train employees in the off-season when you have more time to dedicate to this process. Another avenue is to identify possible employees (or subcontractors) during the off-season, communicate your high season needs, and learn what training these potential employees need. Run an off-season workshop to bring them up to speed.

What To Do When An Employee Isn't Working Out

Perhaps one of the most difficult parts of running a business is letting people go when it's obvious the employee isn't a good fit for your company. Here are a few tips on letting employees go.

- Before considering termination, be sure you've offered the employee enough constructive feedback for them to change their behavior and document this meeting. Communicating your expectations is key. If you've done this, and they still haven't met these expectations, move forward with termination.
- Bring someone else into the room when you let an employee go. This offers a witness for both parties that the termination is done respectfully. Your HR person is the likely candidate for this.
- If possible, offer clear reasons for the termination. This helps the employee to understand why they're being let go, whether it's due to budget constraints, absences from work, missed goals, poor performance, etc.

- If it's your policy, delineate what severance they'll receive. If not, guide them to your local unemployment office and offer an **unemployment verification letter** they can use to apply for assistance or health insurance while they search for a new job. Speak with your HR representative about putting together a letter or how to obtain unemployment benefits and **COBRA insurance** that can be given to terminated employees.
- Finally, address the termination with the rest of your employees. You don't have to go into details, but you will need to communicate why the employee was let go and follow up with an emphasis on your company policy and goals if necessary.

These are just a few of the themes from our last quarterly meeting. We learn a lot from each other in the Pavement Network and look forward to our next quarterly meeting. If you have any questions or comments in the meantime, simply reach out to us at admin@pavementnetwork.com.

How to Keep Turnover Low

Training new people is expensive and time consuming. Keeping qualified and well-trained employees should be a key focus in your business. Consider some of these tips for maintaining low turnover outside of offering good salaries and benefits.

- Allow employees to use Volunteer Time Off (VTO). VTO programs offer employees paid time off to volunteer at their favorite non-profit, school, or other community organization. Read more about instituting a **VTO policy** in your company from Indeed.com.
- Celebrate employees. Recognize hard work and achievements with monthly shoutouts and awards. Recognize employees who hit employment milestones with your company. Offer birthday greetings or lunches. Recognize employees during meetings for exceptional customer service or on the job performance.
- Offer additional training at no cost to the employees. Some of our PN members identified this as a great way to retain good employees. Sending employees who are already a good culture fit to more training shows you're investing in them as a person and in the upward trajectory of their careers.
- Be sure your employees have a clear path to success within the company. Clearly communicate how to receive promotions and if there are qualifications and training that must first be obtained. Help employees reach these goals.

Paving Roll Up



Harry Green, **PN Founder**
Global Emissionary
globalemissionary.com

Hello Pavement Network Members,

I am so sorry I wasn't able to attend the recent meeting in the Dominican Republic. I hear it was a well-attended, fun learning experience, and I sure wanted to be there to celebrate our 24th year since founding this wonderful group back in 2000. I have already noted my attendance at the Seattle meeting in January 2025.

Unfortunately, I wasn't able to share with you the past two years of life experiences I've endured in connection with the sale of Chamberlain Contractors, Inc. after 47 years of ownership of the business. But I did want to share with you my numerous observations of what I've learned since December 23, 2021. I hope you read and digest what information I share. It might generate additional questions. Feel free to reach out to my cell at (202) 288-4130 for additional information or clarification. So, let's get started.

Once an owner elects to sell his business, there is always the need for secrecy to prevent the process from unraveling. Only one or two persons within the business will be privy to the Due Diligence period which lasts from 60-90 days. During this time, the new owners will investigate every aspect of the business so as not to have any surprises. The owner tries to remain focused on the daily operation of the business while lawyers, accountants, and Mergers & Acquisitions (M&A) representatives address issues and proceed to closing. It's essential from the owner's perspective to engage outside resources, including M&A representatives, to handle the complexity of the closing. It's worth paying the 5% commission on the sale of the business. They usually can increase an offer from new owners by as much as 30%, so it's well worth hiring outside M&A as that's what they do for a living! For owners, make sure you sell all excess equipment that isn't used daily, as that is an asset that you should capture before the sale of the business.

Once a sale does occur, there will be a period of what-ifs and slight depression. The biggest issue is loss of control once that check clears. The new owners will, of course, state that they expect everything to remain the same but that clearly never is the case. Expect a 3-6 month evaluation of the people and systems within the business, and then the change begins. The owner moves quickly from total control and accountability for all aspects associated with running a business to no control, no accountability, no authority. Things begin to change, and employees can get frustrated.

There were lots of promises made during that dance between the letter of intent and the close and subsequent no change anticipated, but the reality now begins to set in. The first to change is in accounting. Expect a change in accounting software, then soon thereafter, change in employees in accounting so they can have their “own people” in charge. Loyalty is the reason! After that comes the change in proposal/bidding/operations software so the new owners can immediately assess daily jobs, bid jobs awarded, potential profit margins, backlog, etc. The company may go through several changes in software systems, and confusion is the operative word of the day.

Owners, you can expect a valuation factor of 4.5-6.75x EBITDA. Again, make sure you sell off excess equipment so you are putting cash in your pocket.

Tax planning is always important. It's crucial to plan in advance. That may include 1-2 years before you plan to sell your business, as it takes a while to properly prepare for the eventual sale of a business. Remember, federal and state taxes can capture almost 50% of the eventual sale of your business. The new owners will ask if you want to reinvest a portion of your settlement monies into the new venture. That's a personal decision that you need to investigate with your accountant and, of course, your spouse!

Real estate is never part of the outright purchase of a business. The new owners will negotiate a five-year lease, so be realistic in the lease. Make sure it's a triple net lease so all costs are passed through to the new owners. We'll get tax implications here as well.

Big point here. As owners, you've been in charge for many years. Now you have no

control, responsibility, or accountability, and as such, it's likely within two years maximum that you will see the writing on the wall, and it's time to move on. In my first year, 2022, after the sale of the business, we hit a grand slam in terms of sales and significant profitability. and yet new owners wanted to change everything! Usually, by this point, some of your teammates from operations, sales, and field personnel will see that the “family atmosphere” no longer exists. Healthcare changes and 401K changes will be made, you'll see profit sharing changes, equipment purchases will become standardized and you may suddenly be operating equipment you don't like. If you've had a working relationship with your banker, or insurance agent for auto and general liability, all that will disappear in short order.

Within a year, 50% of office staff will disappear. Estimators who were intimately engaged in sales, operations, and job site management now find a new way of working in the business. Instead of having someone type your proposals or coordinating with operations, you're now self-dependent only on yourself.

Estimators: You'll be assigned monthly sales targets, including the number of proposals to complete, dollar sums to generate, capture rate to maintain, new customer contacts to be made, camera and car to monitor your movements during the day, and so much more.

Over time, old business customers will change. The concern I am currently observing is that Big Brother in the back office can see every customer I bid work with. Suddenly, your customer, whom you've had a great relationship with, might be poached by one of the new business entity's salespersons.

You've cultivated that relationship for years, but

now someone else within the new business organization wants your customer. Maybe it's an old friend's desire to capture that business for the other roll up firm, a desire to lower sales costs in terms of commissions by paying someone else a lower percentage and thus pushing more profit to the bottom line. No matter, over time, estimators will gradually be eroded of their good customers, who will be fleeing either to outside competitors or new ownership competitors who will offer a lower commission.

New roll up firms focus on higher volumes, and somewhat lower margins, with interest in growing both the top and bottom lines. The goal is to reach a new investment platform, usually within 3 to 4 years, when they look to flip the original investment strategy for me 6 times multiple to 11 to 12 times multiple, and in doing so, harvest is a substantial increase in profitability. So the family atmosphere that most employees seek in working for a smaller friendly business has disappeared.

I've observed a change in the sales atmosphere and attitude of frustration at CCI. Waiting for the other shoe to drop, competitors with other new owners roll ups are outbidding you, and instead of working together, it's still a cutthroat business. I'm waiting until retirement now. Before, it was fun and a family atmosphere. Now, it's just coming to work. Before, estimators were always in the office. Now, maybe they come to the office once every 10 days or longer.

When a new roll up enters the market, its goal is to gain market share. Usually, that happens by buying several competitors in the market. Each firm will remain autonomous in terms of staff and sales, marketing, and pricing, but the “overseer” will be privy to pricing from all sectors. Sealcoating and striping will usually be

the first to try and provide uniform pricing across the entire marketplace, then concrete will be subject to central uniform pricing. Asphalt work is harder to get uniform pricing on, and of course, there's no desire to get involved with price fixing. There can be some sharing of customers in other markets that your business doesn't share, but that's usually the exception. Hold your customers close and be open to explain what the new business is all about.

Experience with buyouts shows that with current Pavement Network membership, likely 80% will eventually sell in a roll up to a new business enterprise. Which can be either a regional or national enterprise. Maybe one in five will have a succession plan in place for either next generation family members or ESOP to propel business for years to come, but our industry is now in the throes of a significant roll up.

Questions around tactics when they first enter the market are steady as she goes. Collect data and observe for the first year, then let the change occur. The second year is an adjustment to a whole new way of operating the business. Therefore, I'm living it at the moment. I chose to exit the business on a daily basis as I no longer had control, authority, or responsibility as was defined as my role as CEO of the business. A general manager now runs the operation in conjunction with management from afar. I'll remain with CCI for the 2024 season on a commissioned basis and, at the end of this year, will fully sunset my business activities after a 50-year career in the asphalt business.

With all that said, I'm excited to still be part of the Pavement Network and have instead focused on a new segment in the asphalt industry. As some may be aware, I created **Global Emissionary**. Our business was established in 2012, and what we've done is create and pass the first Worldwide Greenhouse Gas Emissions Methodology (VMOO39) to document, capture, write project descriptions, verify and validate emission reductions, and then gain issuance and sell these emission credits.

Here, you'll find the first such VCU document. I hope in the coming months and years to share with you this exciting evolution in our asphalt industry as all asphalt contractors over the coming decade, we'll see noticeable changes in how we operate within this industry.

Please keep my thoughts and observations private. I'm sharing with the Pavement Network so those currently can advance their strategies to incorporate into their business when is the right time to sell, acquire other contractors, transition onto the next generation, or even merge with a local competitor. Nothing is off the table and huge change within our industry is upon us. The Pavement Network is our greatest resource taking information and creating a strategy that works for all of us. That was my sole goal when creating this organization back in June of 1999. We've come a long way since then, and now CNBA is also a benefit we should all be appreciative of for Daren, Aryn, and Chris for creating, managing, and overseeing. Let's have a prosperous 2024 and I will keep my passport away from my dogs come the 2025 visit.



Harry Green, **PN Founder**
Global Emissionary
globalemissionary.com



The Use of Recycled Materials in Paving



AS THE PAVING INDUSTRY SEEKS TO BECOME MORE SUSTAINABLE ACROSS ALL PRACTICES, SOME INTERESTING POSSIBILITIES ARE BEING EXPLORED. WASTE PRODUCTS FROM OTHER INDUSTRIES COULD BE REUSED AS ADDITIVES IN ASPHALT AND PAVEMENT. THESE TECHNIQUES COULD BE APPLICABLE IN THE NOT-TOO-DISTANT FUTURE, AND THE PAVEMENT INDUSTRY COULD BECOME A LEADER IN USING RECYCLED MATERIALS FROM OTHER INDUSTRIES AND CREATING MORE SUSTAINABLE PRODUCTS.

Waste Engine Oil

Waste engine oil is the oil removed from cars and trucks during oil changes. This oil is typically collected for re-refining. Too much engine oil on asphalt can damage the pavement, but engine oil in the right amount can actually be beneficial when used in the right way. Reclaimed Asphalt Paving (RAP) is a common practice in the industry and an excellent way to reuse asphalt at a lower cost to consumers. This is often done through milling or Full Depth Reclamation. However, that recycled asphalt endured years of ultraviolet radiation and damage. This creates a more brittle pavement than new asphalt. The solution to brittle pavement is adding a new bitumen to the recycled asphalt. A recent study revealed using waste engine oil may be feasible as a way to restore the pavement's flexibility in the same way as a new binder. More research needs to be conducted, but the **study** is promising.

Plastics

Plastics are in everything. They are difficult to recycle and don't biodegrade on their own. The United States produced 35.7 million tons of plastic waste in 2018 alone, a stunning amount. The idea of recycling plastics into asphalt **has been proposed and explored** in the last several years. The benefits of this practice are that using plastic as aggregates could be more economical, in addition to recycling the material. However, there are still drawbacks preventing this from becoming a common practice. Plastics haven't produced a consistent asphalt yet, the use of plastics in asphalt in low temperatures is still not proven, and there is concern the plastic could break down into microplastics and flow into water, further contaminating our water sources with microplastics. The theory is interesting, but the practice is still one to wait and see what develops.

Bottom Ash from Municipal Solid Waste

Municipal Solid Waste (MSW) is the garbage sent from households and businesses to landfills and incinerators. The amount of MSW in the United States has increased by 93% from 1980 to 2018. We are drowning in trash. To cope, some of this waste is incinerated in plants, and this incineration process creates bottom ash, an inorganic mixture containing particles of glass, minerals, metals, and ceramics. Bottom ash is typically sent to landfills, but the material could be used to create a more sustainable pervious concrete. In a study from Lebanon, bottom ash replaced coarse aggregate in pervious concrete. The concrete made from bottom ash had lower flexural strength, so its use could be limited to concrete for lower traffic areas. Still, the use of bottom ash in [this study](#) opens the way for investigating its use in pervious concrete and possibly provides a green solution to a previously unusable waste product.

Bio Oil

Bio oil is waste oil derived from any organic industry waste. This includes cooking oil and oil from timber waste, rice husks, sugar cane, and coconut fibers. This oil has a history of use as a fuel, but now it's being considered as an alternative source for bitumen in asphalt. Using bio oil as a binder offers several advantages. It is more sustainable than crude oil products, and some studies show bio oil could reduce the mixing time and stiffness of reclaimed asphalt, similar to the way waste oil functions. Further study is still needed to see how the oil interacts with the aggregate and if there are environmental risks to long-term use.

Finding ways to reuse waste products is a core part of finding our way to a more sustainable future. The paving industry can play key roles in recycling previously unusable products and keeping these waste products out of landfills while offering more sustainable paving practices.

Glass

Glass is a recyclable material but large quantities of glass are still being deposited in landfills. When glass is ground down to fine particles, it can be used as a replacement for Portland cement up to a 30% ratio. When glass particles are used, they become an effective binder because of the pozzolanic reaction that occurs. A pozzolanic reaction converts a silica-based material to calcium silicate, which results in a stronger cement. The Romans used this method in their cement building, and it is still used today in some Portland cement. By substituting finely ground glass into the mix, cement makers lower their carbon emissions and effectively recycle waste glass otherwise headed for landfills.





Preservation of Permeable Pavement

IF AN AREA IS SET TO GROW WITHIN THE PAVEMENT INDUSTRY IN THE NEXT TEN YEARS, IT'S PERMEABLE PAVEMENT. PERMEABLE PAVEMENTS ALLOW WATER TO PASS THROUGH THE PAVEMENT IN VARIOUS WAYS, DEPENDING ON THE PAVEMENT'S CONSTRUCTION. PERMEABLE PAVERS, POROUS ASPHALT, AND PERVIOUS CONCRETE ARE ALL TYPES OF PERMEABLE PAVEMENT CONSTRUCTED TO CURTAIL WATER RUNOFF, WHICH IS THE BIGGEST BENEFIT OF PERMEABLE PAVEMENT. HOWEVER, ITS ABILITY TO CONTROL WATER ISN'T THE ONLY ASSET PERMEABLE PAVEMENT PROVIDES. IT'S BEEN EARMARKED AS A GREENER TECHNOLOGY AND A WAY FOR CITIES AND BUSINESSES TO BE MORE CONSCIONABLE AS THEY MOVE FORWARD WITH THEIR PAVING NEEDS.

A [report by Research and Markets](#) predicts the global pervious pavement industry will grow to \$24.37 billion by 2027, up from just over \$16 billion in 2019. While the [Market Statsville Group](#) (MSG) predicts a more modest increase, they still set the predicted compound annual growth rate (CAGR) at a robust 6.1% from 2023 to 2033. It's likely pavement businesses will see increased demand for permeable pavement in the next decade, and it's important to know how to care for it and how to inform customers of the need to preserve permeable pavement with regular maintenance.

Reasons to Install Permeable Pavement

- **Stormwater runoff, drainage, and flood control are problems.** One of the earliest uses of permeable pavement is to assist in areas that simply cannot handle the flow of water it receives. The porousness of permeable pavement allows water to filter into the groundwater table instead of running across the pavement. This replenishes groundwater and keeps chemicals and pollutants from entering the water at the same time.
- **A municipality has an aging sewer system.** Aging sewer systems are an environmental threat to its local citizens and the water table as well. Aging pipes leak and are more likely to have blockages, which lead to sewage backups. This contaminated water then mixes with stormwater and runoff and flows into local streams, rivers, and lakes. Permeable pavement can relieve the strain on these aging systems.
- **Cities, businesses, and individuals are looking for more green solutions.** More individuals and businesses are concerned with pavement's environmental impacts and are looking for workable solutions. Permeable pavement filters pollutants and prevents them from entering groundwater, cuts down on water runoff and erosion, and reduces pavement's heat island effect in urban areas.

Once permeable pavement is installed, regular maintenance is needed to handle stormwater runoff and control pollution. Although porous pavement allows water to pass through it, it is susceptible to clogging from sediment and other debris. To preserve permeable pavement well, plan to clean the pavement once a year and more often if debris is visible.

Best Preservation Practices for Permeable Pavement

- **Sweep the pavement to remove dust and sediment.** If the paved area is small (patio, walkway, etc.), this can be done by hand.
- **Clean the pavement with water.** Note that using a pressure washer can permanently damage the pavement.
- **Wet or dry vacuum the pavement.** For small areas, this can be done with a heavy-duty wet/dry vacuum, or by a high-powered vacuum sweeper for large areas like parking lots and city streets. Most areas like this should be swept by these vacuum machines every six months. If the pavement has a lot of debris on it from leaves, it may need more frequent attention.
- **Sand shouldn't be applied to permeable pavement during snow and ice storms.** The grains can fill the porous spaces and clog the pavement.
- **Conduct regular inspections of the permeable pavement.** Look for clogged inlets and outlets, standing water after rain, or moss. All of these can indicate the permeable pavement needs maintenance.

As permeable pavement becomes more commonly used in cities and businesses, following these simple maintenance tips will ensure the pavement keeps the surface water-free while functioning well and sustainably.

Learn more about permeable pavement from the Environmental Protection Agency's [Green Infrastructure site](#), or read this [TechBrief](#) from the Federal Highway Association.

Enhanced Durability to Improve Pavement Performance

ONE OF THE MOST COMMON QUESTIONS IN THE PAVEMENT INDUSTRY IS, “HOW LONG WILL IT LAST?” PAVEMENT IS QUITE DURABLE, OF COURSE, SO IT’S EASY TO TELL CLIENTS THEIR NEW ROAD OR PARKING LOT WILL LIKELY LAST TWENTY YEARS WITH PROPER MAINTENANCE. HOWEVER, THE REAL ANSWER ISN’T QUITE SO SIMPLE. WEATHER, UV INDEX, AND CHEMICALS ALL AFFECT THE DURABILITY OF PAVEMENT, AS WELL AS THE TYPE OF LOAD THE PAVEMENT BEARS. PAVEMENT DURABILITY, THEN, IS AN IMPORTANT TOPIC, AND THERE ARE A FEW WAYS TO ENHANCE DURABILITY.

Three Methods to Enhance the Durability of Pavement

1

Reduce Permeability

Permeability in pavement allows water and chemicals to seep inside, which can weaken or damage the pavement, particularly in a freeze-thaw cycle. Unless the pavement is designed to be permeable (porous concrete or permeable asphalt), a good way to increase durability is to reduce the permeability. This is best accomplished by using a mix appropriate to the required strength for the project. Larger aggregates within the mix will increase permeability, while mixes with finer aggregate will decrease it. Using aggregate blends instead of a single type of aggregate can also decrease permeability. With finer mixes and smaller aggregate, more asphalt binder is needed, which also increases the durability of the pavement. Another issue related to permeability is adequate water drainage. If the pavement has excellent drainage, permeability is less of an issue.

2

Increase Density

Increasing the density of pavement is the first and best way to improve durability. The way to increase density is by compacting the pavement to decrease the air pockets between the aggregate. In previous studies, a **one percent increase in density results in a ten to thirty percent reduction in air voids**. This is a significant difference, as air voids can quickly lead to pavement fatigue and alligator cracking, the first signs of poor pavement durability. Compacting the mix at optimal temperatures and at the correct times for each stage of compaction is mandatory. If the mix cools too much during a compacting stage, or the rollers aren’t matched well to the mix, the pavement won’t compact properly. Choosing the right mix for compaction is important as well, as the binder in the mix is what draws the aggregate together tightly. The better the binder, the less voids there are in the pavement. By choosing a high quality mix appropriate to the job and using the right compaction methods at appropriate times, the pavement will be denser and last longer.

3

Protect from Chemical Damage

Chemicals, particularly deicing chemicals, can wreak havoc on pavement once they penetrate the surface. One of the best ways to keep pavement durable is to sealcoat pavement regularly. Sealcoating replenishes the oil and binders within the pavement, but it also seals small cracks and fractures to prevent chemicals from penetrating. It blocks UV rays that dry out the pavement and cause more damage. Once the pavement has been installed, sealcoating becomes the best way to increase durability throughout the pavement's lifetime.

Pavement durability and the best ways to achieve it are so important that the **Asphalt Institute** runs workshops and webinars over this topic. Two webinars are available on compaction and durability:

- Asphalt Pavement Compaction: Best Practices for Durability and Smoothness, available for a fee of \$50.00
- Intelligent Compaction: A Quality Control Tool for the Construction of Asphalt Pavement, available for free.

The Asphalt Institute also offers more recorded webinars which may be of interest. Find all webinars and workshops on offer at **Training - Asphalt Institute**.

The **Federal Highway Association** also reports on various topics, including the durability of pavement. If you're ready for some in depth reading on the topic, put on your reading glasses and check out the following reports:

- **Ensuring Durability of Concrete Paving Mixtures Part 1: Mechanisms and Mitigation (2016).**
- **Ensuring Durability of Concrete Paving Mixtures Part 2: Test Methods (2016).**
- **Tech Brief: Chemical Deicers and Concrete Pavement: Impacts and Mitigation (2018).**
- **Strategies for Concrete Pavement Preservation (Interim Report) (2019).**
- **FHWA Demonstration Project for Enhanced Durability of Asphalt Pavements through Increased In-place Pavement Density, Phase 2 (2020).**

Durability in pavement is always going to be a balance between the pavement's function and its design. A little extra effort and knowledge can go a long way to enhancing pavement durability and extend its use for years, which means the answer to, "How long will it last?" can truly be twenty years.

ADA Parking Lot Requirements

The American Disabilities Act (ADA) was passed in 1990 to ensure that all Americans have equal access and opportunities, including Americans with any type of disability. ADA compliance requirements include parking lot features, and new or renovated parking lots must pass an ADA compliance check.

ADA compliance is a national standard and does not include codes that may be specific to your state or town. This means your new parking lot could meet national standards and still fail to meet state or municipal requirements. Today, we're looking at national ADA requirements for parking lots.



Parking Spaces

The ADA standards were updated in 2010, and the full text of the 2010 ADA Standards for Accessible Design can be found at ada.gov. For information on parking spaces, refer to Chapter 5- General Site and Building Spaces, Section 502: Parking Spaces.

The number of designated accessible parking spaces depends on the size of the parking lot and the total number of spaces. The ADA National Network website has a fact sheet with the number of required spaces under the Accessible Parking Fact Sheet. Download it for quick reference on all parking lot jobs.

- According to the fact sheet, a parking lot of up to 25 spaces only needs one accessible parking space, but that space must also be a van accessible space. A lot with 26 to 50 spaces needs two accessible spaces, with one of these van accessible. You can review the list for parking lots up to 1,000 spaces and beyond.
- This sheet also details requirements for medical facilities, which require more accessible spaces, and exceptions to these requirements, including parking lots exclusively used for buses and delivery trucks.
- An accessible parking space must be 96 inches wide (minimum) or 132 inches wide for van accessibility. These spaces must have an adjacent access aisle of 60 inches (minimum) extending the parking space's full length.
- One in every six accessible spaces should also be van accessible. Angled van accessible spaces should have an access aisle on the passenger side. Access aisles should connect to an accessible path that is clear of any obstructions.

Accessible Aisles and Paths

Part of ADA compliance when constructing or restriping a parking lot is ensuring accessible aisles and paths. The ADA has strict specifications for these aisles and paths.

- Accessible parking must be clearly marked by signs and a recognized accessible symbol.
- Access aisles should be painted to discourage the use of the aisles as parking spaces.
- Accessible parking and access aisles and walkways should be built on the most level ground possible. The slope must be no greater than 1:48 inches for accessible parking spaces.

Don't forget anti-slip paint when painting the access aisles and walkways. Diagonal stripes are commonly used to denote accessible aisles and walkways.

Striping

Speaking of paint, let's look at how to stripe accessible spaces in a parking lot. Even though the ADA standards are over 30 years old, there is still some confusion when it comes to striping these spaces.

The ADA recognized this and created a handy **ADA Compliance Brief: Restriping Parking Spaces**.

- Paint for accessible parking spaces and walkways must be a contrasting color from the paint used to stripe the rest of the parking spaces. Commonly used colors are blue and white. Check to see if your city or state mandates a color for accessible spaces.
- The international symbol of access is often included inside accessible parking spaces. This is not mandated federally but check with local or state guidelines.
- A sign marking the space as accessible is required. Post one sign for each accessible space.
- Non-accessible parking spaces are striped in a color contrasting the accessible spaces. If blue or white is used for accessible spaces, yellow can be used for other striping.

Asphalt Pro magazine has an informative article on ADA striping called **How to Stripe ADA Compliant Parking Lots**.

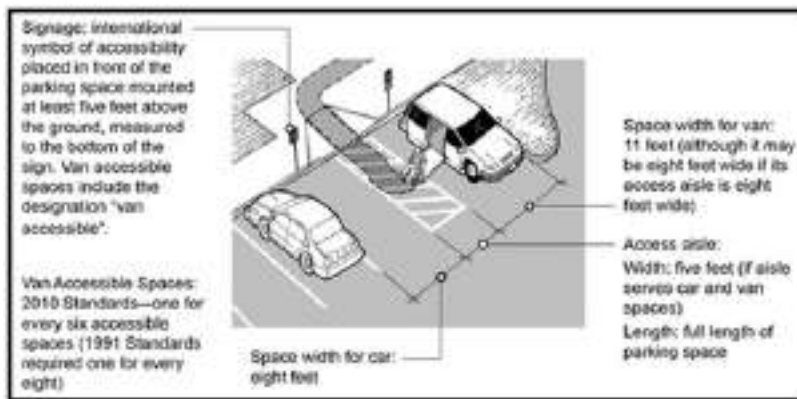


photo credit ADATA.org

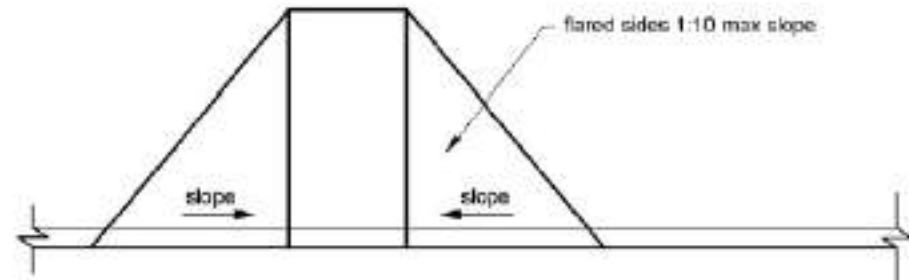


photo credit ADATA.org

Curb Ramp Requirements

Our final section on ADA parking lot requirements is on curb ramp requirements. These requirements are listed in **Chapter 4 (Accessible Routes) Section 406** in the 2010 ADA Standards for Accessible Design. The specifications are:

- Counter slopes should be no greater than 1:20 inches for connecting surfaces.
- The maximum slope of the sides of the curb ramp should be no greater than 1:10 inches.
- Landings are required at the top of every curb ramp, with a minimum length of 36 inches and a width matching the curb ramp.
- It is recommended that the curb ramp be painted a visible color and that reflective paint or tape be added to the edges for visibility.
- Curb ramps should not stick out into accessible aisles, parking spaces, or traffic lanes.

Though ADA parking lot requirements take a little extra time, they ensure everyone can access the parking lot safely and easily. It's a job worth doing right and hitting each requirement for the sake of inspections and for those who use and appreciate the accessible features.

We would like to thank Jeff Gau, at St. Louis Paving, for suggesting this article topic.



PAVEMENT NETWORK ASSOCIATES,

STATE OF DRYCO

Last year was another fantastic year for us, with sales of \$108,403,940 and a gross margin of 31.77%. We paid out record profit-sharing bonuses, and we continue to lower our debt-to-equity ratio. We had a record January (\$9.1 million) and a good February (\$7.1 million).

However, things slowed down for us in March in our concrete division just as we staffed up anticipating another busy year. The other divisions are doing fine, and our fencing division is booming.

Today, we hired four more experienced fence guys and that will put us at 13 crews. (See previous article **“Why Every PN Member Should Have a Fence & Iron Division”**).

Overall, our pipeline is showing signs of weakening for the first time in years. We are hopeful that this will turn around as the rain stops and the days warm up. (This from the guy from California, LOL)

CONTRACTORS NATIONAL BUYERS ALLIANCE (CNBA) - WOW!!!

We have definitely turned the corner and are off to a fantastic start to 2024. We have doubled our spending for January and February, and Chris continues to add great vendors like Goodyear, Boot Barn, and PPG/Ennis Flint. I think the checks he is handing out (I just got mine) got everyone’s attention. That first check made DRYCO whole as we received more than our original investment and now everything else will be profitable.

I had a meeting with my buying team and explained to them that a percentage of the money we got back would be given back to them as a reward for their efforts. That got their attention. Our spending is more than double last year through February, and that’s without PPG/Ennis Flint, Goodyear Tire, or Boot Barn, and those will be big for us. I’m currently figuring out how to split up the pie. I have three levels of buyers: big spend, medium spend, and small spend. Bonus checks will reflect the amount each of the buyers spends.

We have great momentum now, and Chris is stoked!
Let’s keep it going!

Daren Young, **Past President of the PN and President of the CNBA**

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