



Pennsylvania Aggregates and Concrete Association

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Chairman of the Board State of the Association Address PACA Annual Meeting, November 2019

Ladies and Gentlemen,

It is an honor to serve you as the Chairman of our Association. There has not been a better time in the recent history of our Association. Your elected leadership is confident in our direction, our work, the professionalism of our staff and our financial position.

PACA has grown its membership rolls again this year. We have added 5 new producer members and 8 new associate members.

In 2019, our member retention level was exceptional with an average retention rate of 97% for producers – aggregates, concrete and cement – and 95% for associate members.

Ton for ton and yard for yard, PACA represents a bigger percentage of construction materials sold in recent memory.

Our certifications, trainings and events have registered close to 2,000 people in 2019. Our Annual Meeting is the highest attended gathering since our 25th Anniversary celebration back in 2007.

We continue to employ quality professionals that deliver value to our membership through their efforts, knowledge and networks. Our engagement with key decision makers within PennDOT, DEP and the General Assembly continues to grow.

A significant change this year has been the sale of our building. The challenge of any organization is to properly maintain and continue to invest into its operational infrastructure. Unfortunately, we were unable, for a long time, to make those investments and the precarious location of the building next to the river made it a tough long-term challenge. Your Board decided to sell that asset and we successfully moved into our leased offices on May 1, 2019. I encourage you to visit our new offices as they are a far better representation of our industry.

We continue to advocate for our interests and are always open to partnerships and coalitions to achieve our goals. We are actively engaged with the PA Chamber-led coalition opposed to a natural gas severance tax. We oppose Governor Wolf's Restore PA solution as unfairly picking on one industry to fix decades of underinvestment in our crumbling infrastructure and also fearful for the economic future of our children due to the \$4 billion bond burden.





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We are equally disappointed with the bleed from the Act 89 investment that brought many promises, but has us concerned about the long-term viability of the Motor License Fund. We continue to work with the Transportation Construction Industries coalition to present common sense solutions to our elected officials.

The regulatory squeeze is intensifying in Harrisburg. The Climate change agenda is in full swing in our state. Executive Orders are paraded and we are trying to make sense of the real agendas. This is what we believe the impact is even though not mentioned in the press conferences....your electricity rates will increase because of RGGI; you will be paying more for your fuel because of the Transportation & Climate Initiative....your cost of doing business will increase because of emission management controls, and on and on...

The challenges that we face as an industry are getting more complicated and daunting. The low-hanging fruit has been picked. Over the course of the Annual Meeting, you have heard a few of these big issues that will affect our companies – PennDOT's Skid Resistance Level initiative, MS4 fees, Climate change, declining Motor License Fund revenue and the impact on PennDOT work, uneven economic growth forecast, partisan politics in Harrisburg and Washington, DC. We will never outrun these challenges and hiding is no longer an option. We must face them together as ONE.

I am confident that our Association can be the platform of ONE industry united.

Your Officers, Executive Committee and the Board are not resting. We understand the cyclical nature of our industry and the impact of our nation's economic fortunes on our member companies. We practice financial prudence in our decisions and are pleased that we have reached a benchmark of banking a half year's operating expenses so that we can weather future downturns.

In closing, I guarantee you that in 2020, PACA

Will be valiant in its efforts,
Will make mistakes but learn from them, and
Will persevere!

Because this industry....our industry....is a worthy cause!

Thank you for your attention.

