

## **Supplier Subcommittee Meeting**

**November 3, 2009**

### **Minutes**

#### Attendees:

Scott Fant, Sloan Construction Co.  
Joe Reynolds, SEACO, Inc.  
Scott Capps, The Sharon Company  
Ed Deaver, Holcim (US), Inc.  
Chris Broderick, CMC Rebar  
Matt Jolliff, Hanson  
Craig Grey, ERICO  
Milt Fletcher, SCDOT-OMR  
Cliff Selkinghaus, SCDOT-OMR  
Andy Johnson, SCDOT-OMR  
Jason Thompson, SCDOT, District 5  
Merrill Zwanka, SCDOT  
Sammy Hendrix, CAGC

The meeting was called to order by Milt Fletcher with introductions.

#### **Old Business**

##### Update on Mechanical Couplers for Reinforcing Steel

The task force met and the spec has been revised. It was sent to the Bridge Subcommittee to review and then send for approval. Bridge design has approved. The bridge subcommittee will be asked to review by e-mail since their next meeting is not until December so the approval process is not delayed.

A copy of the spec will be sent to this committee.

##### Asphalt Specification Changes

Cliff Selkinghaus reported on specs SCM407 and SCM408.

SCM407 merges together RAP and shingle.

SCM408 deals with warm mix asphalt. Two areas are foaming and chemical additives.

There is no increase in RAP in warm mix asphalt. The additives lower mixing temperatures so less fuel is used. The temperature drops from 300 degrees to 270 degrees with foaming. This allows asphalt cement to foam and expand to get a better coating. Also there is less emission when the temperature drops below 280 degrees. Clemson University is helping evaluate warm mix asphalt.

Scott Fant reported 100% of their FOB sales is warm mix with a consistent temperature of 270 degrees. There have not been any problems with density. Their customers are very happy with the product.

Three field trials with number 8 stone are being evaluating. Matt Jolliff noted number 8 is difficult to make and will cost more.

## **New Business**

### Updates on Industry – Market Supply

#### Chris Borderick

Rebar pricing is falling. It was highest in July and August. The mills are producing 60 to 70% of capacity to build inventory and are buying scrap material which is the driving force in pricing. The Cash for Clunkers program put more scrap in the market when those cars were crushed. More deterioration is expected in the price of steel with more scrap on the market and the dollar is weak. China is not getting a lot of scrap from the US which drives down the price.

With steel pricing down, projects in NC are running 20 to 30% under budget.

The joist division is off 60 to 70% because of the commercial market.

#### Scott Capps

There has been no price increase because there is no demand. The three main suppliers he uses are not producing much inventory. He can call today and get the order the next day from the inventory kept on hand. Prices should stay the same in November and go down more in December and January.

There is now another guardrail supplier in Bristol, Virginia so more inventory is available making it tighter with other suppliers.

Milt acknowledged it is looking like 2012 before we get out of the recession. Lack of commercial work has had a big impact too. Scott Fant added we haven't seen the bottom of the recession yet and more closures could be ahead.

### Matt Jolliff

Plants are running for critical products. Inventory and cost control is a way of life now. We will see plants shut down for periods of time and we are moving material and inventories around. There is minimal commercial work.

Capacity is an issue to control costs along with less hours and shorter work weeks. When the market turns around there will be a shortage of skilled labor. The build up will have to occur gradually.

### Ed Deaver

Inventory is not an issue. We are dropping inventory as close to 0% as possible. Plants are shutting down for cement production. Some will be closed until the first of 2010 and other plants are operating on reduced hours. While the plants are down we are taking this time to perform maintenance work.

Ready mix prices (30% lower than cement) are falling due to the decrease in residential and commercial work.

Cement prices are in the 2008/2009 range and should hold. There is no fixed cost as we run the mill or we don't. It is not good from a cost standpoint to bring a plant up and down – either 100% or 0%.

There is military work available if you are near a base. Runways, etc. are being replaced at several bases.

The Boeing plant and the Ports Authority pier will bring work to the Charleston area. There will be a design build road for the Ports Authority to feed the new pier and a new I-26 interchange. Also, two nuclear plants will be built.

### Joe Reynolds

The escalation cost for emulsions is in raw materials cost as they are by products of other processes.

Chip seal with granite and a fog seal make an esthetically pleasing road. We have seen this in New York State.

Milt added DOT has looked at this, but it increases the cost.

## Scott Fant

Concerning asphalt and cement, see a drop in price through February, 2010. Unless there is a major issue at a refinery, prices will probably stay the same.

What happens with the Federal Trust Fund will affect the industry.

He has visited several states recently, and South Carolina is not alone with having bad roads. Interstates in SC are as good as other states. Capacity on the interstates is now an issue. Many need to be expanded to three lanes, especially parts of I-85 and I-26. I-85 near Spartanburg has 3 lane interstates from other states feeding into SC two lanes creating a bottle neck of traffic. Have also noticed a lot more guardrail "hits".

Scott also reported that at the SCFOR meeting on Monday it was suggested to the SCDOT representatives in attendance that we need to be ready if we do get money. There is currently no planning for interstate work. DOT needs to have a plan ready and in place now. Then it can be presented to the Legislature to drive the work as money is available.

## Paving – Season vs. Temperature Limitations

Milt reported that a Hot Mix committee is meeting to discuss. Currently a cold weather plan can be submitted for approval.

## Update on Certification program of QPL 60

Merrill Zwanka reported NTPEP does not have enough resources, but more suppliers are getting on board. Certification is being added as we move forward. Still scheduled for January, 2010 and the information is on the web site.

## Use of 4x8 cylinders to replace 6x12 cylinders

January 1, 2010 we will be using 4x8 cylinders. There will be a transition period with March the final deadline. The 6x12 cylinders will go away. The 4x8 cylinders are lighter. Andy added DOT may have to look at PSI and the life of the pavement.

## Lab Procedure Changes/Updates

None to report today. Cliff noted a few are being worked on now.

## Other Business

District 5 and the coastal area have sales tax projects with bridges and concrete. Asphalt season is closing. This area survived the work load better than other areas of the state.

The status of Highway 601 – haven't not heard anything final on this yet.

The next meeting will be in April, 2010. We will notify the committee as soon as a date is decided.

The meeting was adjourned.