

House Transportation Hearing
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Center Valley, Pennsylvania



Michael R. Colella.
Essroc Corporation
Nazareth, Pennsylvania

Mr. Chairman and Members of the House Transportation Committee, thank you for this opportunity to speak with you about transportation funding. My name is Michael Colella. I am the Senior Vice-President for Marketing and Sales for Essroc Cement Corporation. I serve on the Board of the Transportation Construction Industries and of the Pennsylvania Chapter of the American Concrete Pavement Association. I am here today speaking on behalf of the concrete paving and cement industry.

The Lehigh Valley is the birthplace in our nation of the cement manufacturing industry. Essroc's original ancestor, Coplay Cement, is credited with the production, over 140 years ago, of the first portland cement in the United States. Since then, cement companies from this valley have supplied the basic component that is used to make concrete. And what a wonderful product it is. Concrete has been used to build works of historic importance, highways, streets, bridges, airports, mass transit systems, commercial buildings, dams and much more. Our homes rest on a concrete foundation. Yes, civilization is built with concrete.

Essroc has almost 200 people who have good-paying jobs manufacturing cement at our two plants, and another 150 employed at distribution points across the Commonwealth. The collective concrete and cement industry is a major employer in the Commonwealth. If you consider the Pennsylvanians we employ at the plants, the concrete products industry (masonry, pipes, precast beams), as well as concrete contractors, the cement and concrete industry provide more than 39,000 good paying jobs for our fellow Pennsylvanians. The industry collectively contributes approximately \$6 billion annually in economic activity for our state! Just prior to the current recession, the combined industry contributed an estimated \$300 million in sales tax and over \$400 million in Federal, State and Local Income Tax Revenue. These taxes fund investments in our schools, police, infrastructure, and many other important programs.

And the benefits of concrete pavement, made with a home-grown Pennsylvania manufactured material, are numerous. Concrete pavements are long-lasting and safe. Less energy is needed to keep a concrete street brightly lit at night. Furthermore, unlike other construction materials, concrete products have not been subject to volatile and fluctuating increases in costs. According to the U.S. Department of Labor, Bureau of Labor Statistics, concrete products have increased on average only 2.1% annually over the past four years, and less than 5% on average annually since 2002. It is one reason why we have recently seen concrete pavements across the country costing less on first cost!

Despite all the great benefits of using concrete, we face challenges and need your help. Public works projects have historically been the most significant consumer of Portland cement. However, with the downturn in virtually all segments of the economy, cement consumption in Pennsylvania has declined 33% over the last three years. Two cement plants, one being our Bessemer plant in western Pennsylvania, have ceased operations. Other plants have also curtailed operations. The decline has resulted in numerous job losses. We are faced with continued layoffs in not only the cement manufacturing industry, but also amongst concrete suppliers, contractors, and the many immediately affected communities.

We need a long-term funding solution for the infrastructure. A long-term plan for funding will have a lasting, sustainable, and positive impact on our communities. It will put people back to work. It will generate tax revenues that can be used to invest in our communities, and to restore the economic vitality of the Commonwealth. I thank you for your time and appreciate having had the opportunity to speak with you.

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