

That Pesky Five Year Rule

Around twenty years ago Ray M. Collins, then a Vice President of Koss Construction, made a few comments on what he called his “pesky five-year rule” at a meeting of the board of directors of the company. Ray had retired in the early 1990’s after a long career in the industry and he stated it was his experience that much of what impacted our operations could be described as coming in five year cycles. “It seems to me we average one dry year, one wet year, and three average weather years over time. Likewise, it seems the market for our products produces three average years, one great year, and one awful year.” Ray was of course simplifying decades of his own experiences in the highway construction market, but he was an engineer who understood statistics and he had a point. There are indeed patterns and predictability in almost everything we do.

2014 and 2015 have been poor weather years for highway construction in our markets. The cold winter of 2013/2014 went well into the spring and while 2014 was wet, 2015 has been

about the weather, but weather not conducive to preparing grade or paving takes a toll on our company. Schedules are not met, work hours fluctuate from not enough work hours in a week to sustain our associates to too many hours per week to be sustained by all of our project staff. Ray Collins was being polite in using the term “pesky,” he certainly could have been more colorful! For those of you delivering these products in a wet year, or trying to keep projects on schedule, wet years take a toll much greater than we can quantify and very few understand what is required to make progress through wet periods in the paving business.

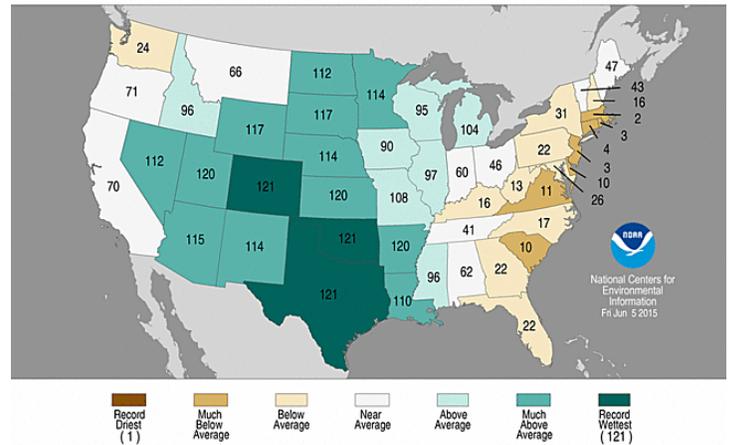
a record-setter with regards to rainfall. Looking back at the weather in our markets, we’ve had four awful weather years since 2000, with these wet years also being back-to-back: 2007 and 2008, and now 2014 and 2015. By Ray Collins math, we shouldn’t really be complaining about the weather... it fits his pesky five year rule fairly closely.



The markets for our primary products since 2000 have also shown patterns that reflect Ray’s experiences. We have bid on over 4,000,000 square yards of concrete pavement in three of the last fifteen years, and less than 2,000,000 square yards in three of the last fifteen years; the other years were... average.

The significance of Ray’s rule, however, is not simply putting everything in the context of five year patterns; the significance lay in his use of the label, “pesky.” There is little we can do

Statewide Precipitation Ranks
May 2015
Period: 1895-2015



Likewise with our markets; while maintaining some consistency in volume in the context of not one year, but five years helps understand the ups and downs of a market, the difficulties that arise from highly variable markets are painful for the same reasons the wet years are. Equipment and personnel scheduling become more challenging in up and down markets, our specialized skills and equipment only add emphasis to this.

Our favored strategy is to accept the “pesky” weather and the “pesky” markets for what they are and to work together to maximize the opportunities available to us when the sun is shining and to excel at promoting safe jobsites, delivering quality products, and to be efficient in our operations.

Road Construction Ahead

The continued budget crunch with the State of Kansas has caused a delay in some reconstruction projects to be put out to bid by the Kansas DOT. With these delays, the Engineering staff will be looking at smaller projects in Kansas including a new interchange near McPherson, a two lane reconstruction in Haskell County, and a pavement replacement near Belleville. Not the large interstate reconstruction project, but work we can build.

Arkansas continues with their Interstate Rehabilitation Program, and the Connecting Arkansas Program. We will be looking at all opportunities available there including some work on I-49 and I-440.

The state of Oklahoma continues to update and modernize many two lane routes throughout the state. Most of these are widening and overlay projects. We will continue to keep our eye out for opportunities we can put a competitive bid on.

Nebraska is one bright spot with well over a million square yards of interstate reconstruction on I-80 in the western part of the state.

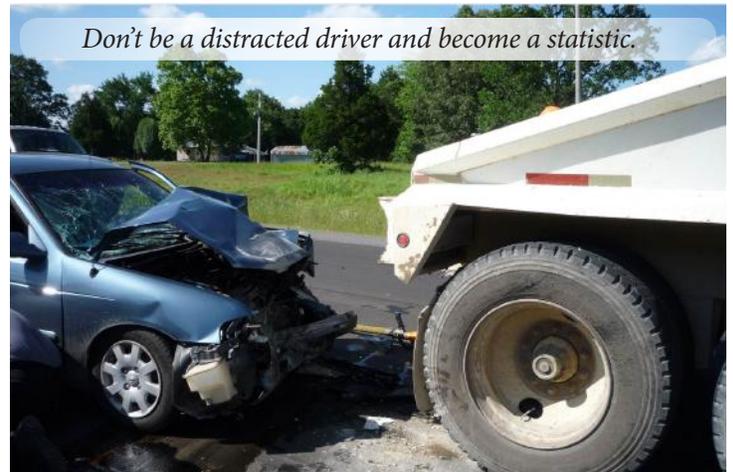


Distracted driving is referenced in the news on a daily basis regarding serious vehicle crashes or fatality accidents. Sometimes these references are in the headlines or sometimes it is included in an article about an accident. People and organizations are talking about it everywhere: law enforcement, television ads from AT&T, OSHA, the National Safety Council, and Koss Construction to name a few.

Distracted driving has been defined as any activity that a driver is doing that takes their eyes off of their primary task of driving. The distracted driver is not only endangering himself, but the safety of passengers in their vehicle, persons and vehicles traveling on the road, pedestrians, or others along the traveled roadway.

What activities are considered distracting? Texting is the big activity that everyone identifies as distracting. Due to the fact that text messaging requires visual, manual and cognitive attention from driving functions, it is the most alarming of all distractions. However, using a cellphone or smartphone, eating and drinking, talking to passengers, grooming, reading, using a navigation system, watching a video, or adjusting the radio or climate controls, etc. are considered distractions. According to the National Highway Transportation Administration, at any given daylight moment across America, there is approximately 660,000 drivers using cell phones or manipulating electronic devices while driving.

The statistics of distracted driving accidents are increasing but has been speculated that they are still underreported nationally. Even though this is true, Koss employees have seen first-hand the results of distracted driving in construction zones on projects in Arkansas, Oklahoma, and Kansas. Unfortunately, several of these accidents resulted in serious injuries. When events like these are fresh in the mind of drivers, it would seem like bystanders would commit to not letting something like that happen to them. However, these thoughts fade quickly and drivers will rationalize "something like that won't happen to me. I can multi-task while I drive. I am different." In reality, no one can multi-task when driving.



Koss policy prohibits text messaging while operating a company vehicle or equipment. It further prohibits drivers of commercial motor vehicles (CMV) from placing or answering cell calls while driving, unless using a hands-free device. Employees needing to answer or make calls are required to safely pull off the road to make their calls. No call is worth risking the safety of yourself or those around you; it can wait.

Construction Crews Make Progress Despite Weather

The 2015 construction season has included Koss Construction Company crews on projects from West Memphis, Arkansas to Sidney, Nebraska, and from Atoka, Oklahoma to Sargent, Nebraska. We have delivered a wide range of products, including stabilized subgrades, base courses and both concrete and asphalt pavements. The extremely wet weather has made progress difficult but our talented crews have made headway whenever conditions allow.



Koss crews have finished a couple of high profile concrete paving projects on I-40 in eastern Arkansas and are quickly approaching the completion of the first phase on I-80 in Cheyenne County, Nebraska. This fall should be very productive as we begin paving on US-59 in Adair County, Oklahoma, continue construction on US-56 in Gray County, Kansas and complete some smaller passing lane projects in southeast Kansas.

Benefits Open Enrollment

In the coming weeks, detailed benefit enrollment information will be sent to all eligible employees. This annual process provides eligible employees and their dependents an opportunity to enroll in benefits or to make changes in coverage. Eligible employees can enroll in medical and/or dental coverage even if they have declined when offered previously. Timing is especially important since all necessary paperwork must be received at the corporate office by the stated deadline.

The enrollment packet will be sent to home addresses so it can be carefully reviewed by the employee and their family, if applicable. Please watch for this important information in your home by November 16th. Enrollment Forms or Waivers of Enrollment must be returned to the Koss Corporate Office by December 2, 2015 so the opportunity is not missed.



The Sunflower Division's new 2015 30 ton Manitex Crane shown here mounted on a 2015 Freightliner Chassis.

Personnel News

Jessica L. Kitchen has joined the company in the new position of Project Management Assistant. She will assist the project management team with contract administrative duties. Jessica was employed by the KDOT for eleven years and we are sure this experience will be a benefit to her in this position. Welcome Jessica.

Jennifer K. Werth joined the company in August as an Accountant. She is a Certified Public Accountant with a Bachelor of Business Administration from Fort Hays State University. Jennifer will work closely with Jeanne Waisner our Chief Financial Officer. Welcome Jennifer.



This last spring some of the corporate office employees got the chance to visit a job site for the first time. From left to right are Pam Koerth, Jessica Kitchen, Stephanie Anderson and Virginia Kurzen at the Leavenworth County project (Koss #88).

