

VIRGINIA ASPHALT ASSOCIATION

ANNUAL REPORT

2019

REPRESENT // CONNECT // EDUCATE // LEAD



2019 BY THE NUMBERS



President's Message

Since my appointment as VAA Executive Vice President—now President—one of my goals has been to produce an Annual Report for VAA members. It's important that members know what's happening with *their* association, what was accomplished in the prior year, and what is planned for the upcoming year. VAA maintains an informative monthly newsletter, a semi-annual magazine, an updated website, and a constant stream of informative emails. However, an Annual Report is a yearly summation of the Association health and activities, and as such, there is no substitute. So, with that, here is the first Annual Report on the state of the Virginia Asphalt Association.

In 2019, VAA focused on three core business areas to serve members, the public, and the customers of the asphalt industry. Identified and codified by the Board of Directors in 2015, VAA focused on Technical Services, Member Services, and Training/Education. These core areas support the mission of VAA, "To promote the increased use and quality of asphalt pavements in Virginia." Overall, VAA operations are based on four pillars of a strategic plan—represent, connect, educate, and lead (see insert). This first annual report will summarize VAA efforts and accomplishments in 2019 and plans for 2020. 🏔️

\$950,646

Association reserves have steadily increased over the last decade.

VAA has diversified its revenue stream to be less dependent on any one area:

- Tonnage: 37%
- VECAT: 15%
- Other: 5%
- Meetings: 28%
- Dues: 12.5%

1,400

VECAT Students Served

16

MCS Classes Taught

150

Proficiency Exams Given

1,213

VDOT Credentials Awarded

The VECAT partnership has served students both online and in the classroom using the latest in technology and innovation.

20

Committees

14

Conferences

VAA represents and advocates for the asphalt industry tirelessly throughout the year.

\$55,000

Awarded in scholarships.

120

Companies

VAA is proud to count many asphalt industry companies as members.

1,400

Connected Live

100,000

Reached Through Digital & Print Media

In 2019, VAA hosted multiple events, produced a magazine and newsletter, and hosted a website and News Center. All were geared toward connecting members and providing the most current and innovative training and information.

INSIDE THE REPORT

VIRGINIA ASPHALT ASSOCIATION



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On the Cover:
Colony Construction
Paver Operator

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FINANCIAL HEALTH



Virginia Paving Norfolk Plant

Tonnage Fees Reduced by \$0.01 per Ton, Once Association Reserves Were Met

With the adoption of the 2015 strategic plan, VAA expanded its revenue streams, adjusted its annual dues structure, expanded the now Mid-Atlantic Asphalt Expo & Conference, and created the Virginia Education Center for Asphalt Technology. These changes, along with other measures, lead to the financial health of the Association as of 12/31/19. The Association stands on a solid foundation from which it can operate to support Virginia’s asphalt industry now and into the future.

It is important to note the 2019 finance numbers have not been reviewed by VAA’s accountant and are therefore “anticipated.”

Association Reserves

Since 2011, the Association’s reserves have steadily increased by over \$400,000. However, from 2017 to 2018, the reserves jumped nearly \$170,000. This increase was a result of revenue from the Virginia Education Center for Asphalt Technology (VECAT) and VAA’s Virginia Asphalt Conference & Expo, along with a reported 10.2 million tons of asphalt being produced by members. 2018 through 2019 shows a leveling in reserves as reported tonnage has dropped to approximately 9.3 million.

The VAA Finance Committee set several goals for VAA in 2017. One goal, as mentioned earlier, was to reduce the budget’s dependence on tonnage fees. A second goal was to reduce the tonnage fee when a reserve target was met. Based on the 2018 projections on association reserves, the Board of Directors voted to reduce the tonnage fee by \$0.01 for 2019. This fee reduction did not adversely impact the VAA finances. Also, the decrease along with other fiscal measures, has left the Association financially healthy while not retaining excess member funds.

Association Reserves Over Time 2011–2019

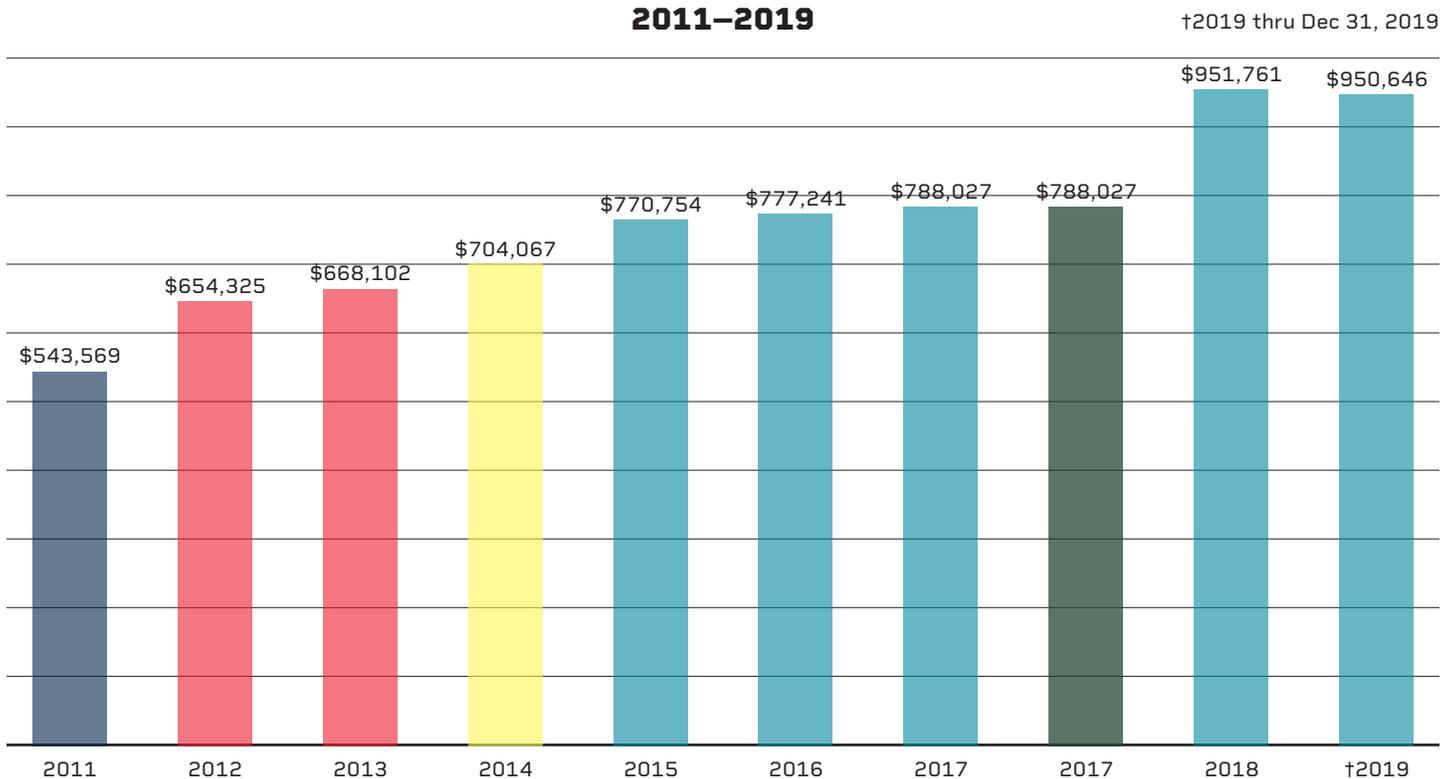


Figure 1: Association Reserves

FINANCIAL HEALTH

Association Revenue Streams

Diversification of VAA's revenue streams required analyzing all aspects of VAA's existing operations as well as investigating potential new sources.

In general, most revenues for VAA in 2015 came from tonnage fees (60%), meetings and conferences (18%), and membership dues (16%). At the end of 2019, the revenue sources and percentages have changed and are shown in Figure 1.

The changes in revenue can be seen in Figure 2. The measures put in place since 2015 had met the desires of the 2014–2015 Board of Directors.

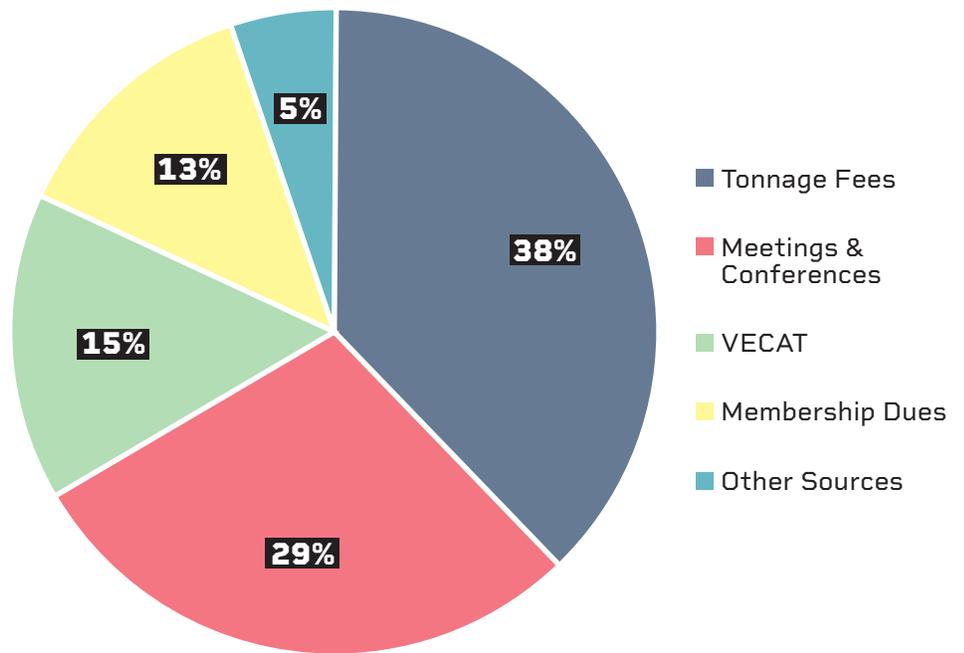


Figure 1: Revenue Stream

Combined Revenue - 5 Year Trend

Jan thru Dec 31 each year

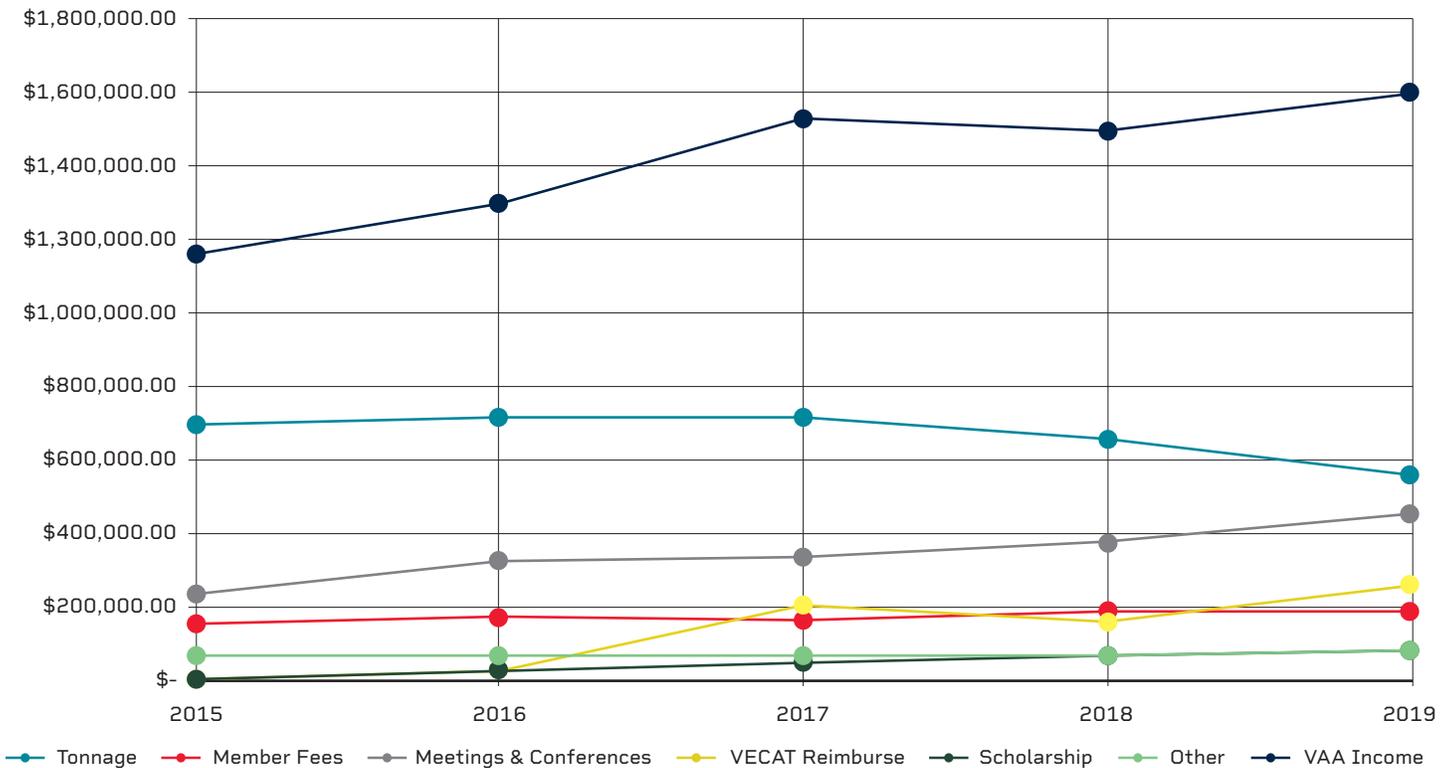


Figure 2: Combined Revenue

Membership

As the technical association for the asphalt industry in Virginia, VAA and members have worked to expand the number of member companies. A concerted effort was made to not only attract asphalt producers and associate contractors (i.e., placement, pavement marking, preventive maintenance, etc.) but affiliate members as well.

VAA restructured the affiliate member categories to better reflect the goods and services these companies provide to producers and associate contractors. Additionally, VAA's creation of an asphalt expo and specialty seminars/workshops gave companies more access to potential clients. As can be seen in Figure 3, the total

number of members has increased since 2014. The number of contractors (i.e., asphalt producers) members has remained flat; the Association has seen an increase in associate contractors, but the most significant growth has been in affiliate members. Through strategic approaches to attract new members, VAA was able to add a net of 6 new members in 2019.

Going forward, VAA will continue to focus on increasing the membership size—including contractor and associate contractor prospects. These companies benefit from the efforts of the Association and should be part of their industry's representative. This will give them a voice in discussions with the industry's customers. Finally, with the fiscal measures and targets adopted by the Board of Directors, more members will lessen the membership costs to all companies. This could result in lower tonnage fees, membership dues, and meeting/event prices. 🏗️

**Number of Members Over Time
2014–2019**

†2019 thru Dec 31, 2019

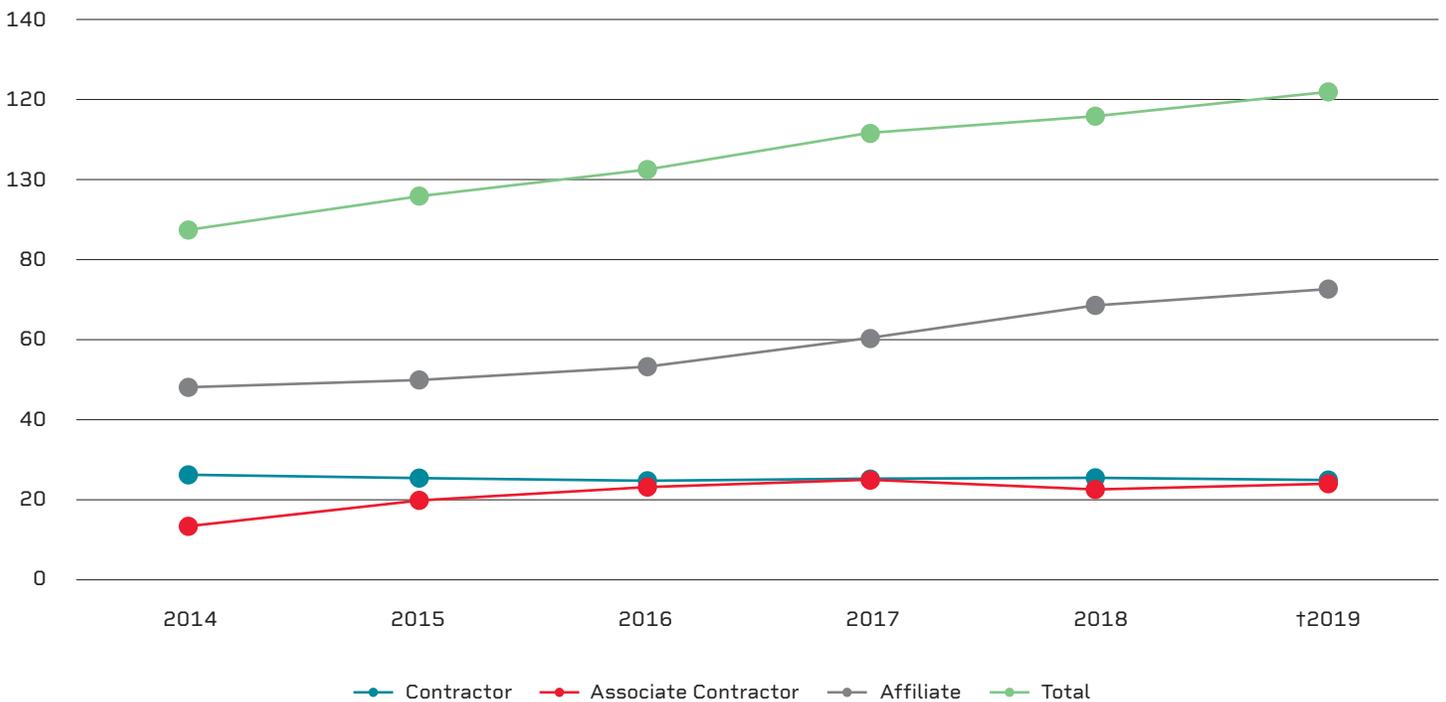


Figure 3: VAA Membership

MAKING A DIFFERENCE

Type B: Slurry and Micro P. 17

The slide displays three road types: Residential Streets, County Roads, and Airports. A table provides VDOT Residual Asphalt percentages for Slurry Seal and Micro Surfacing. A diagram shows a 1/4" Top Size (5 - 6 mm) gradation. The ISSA logo is also present.

VDOT Residual Asphalt, %		
Gradation Designation	Slurry Seal	Micro Surfacing
Type B	8.0-10.5	6.5-8.5

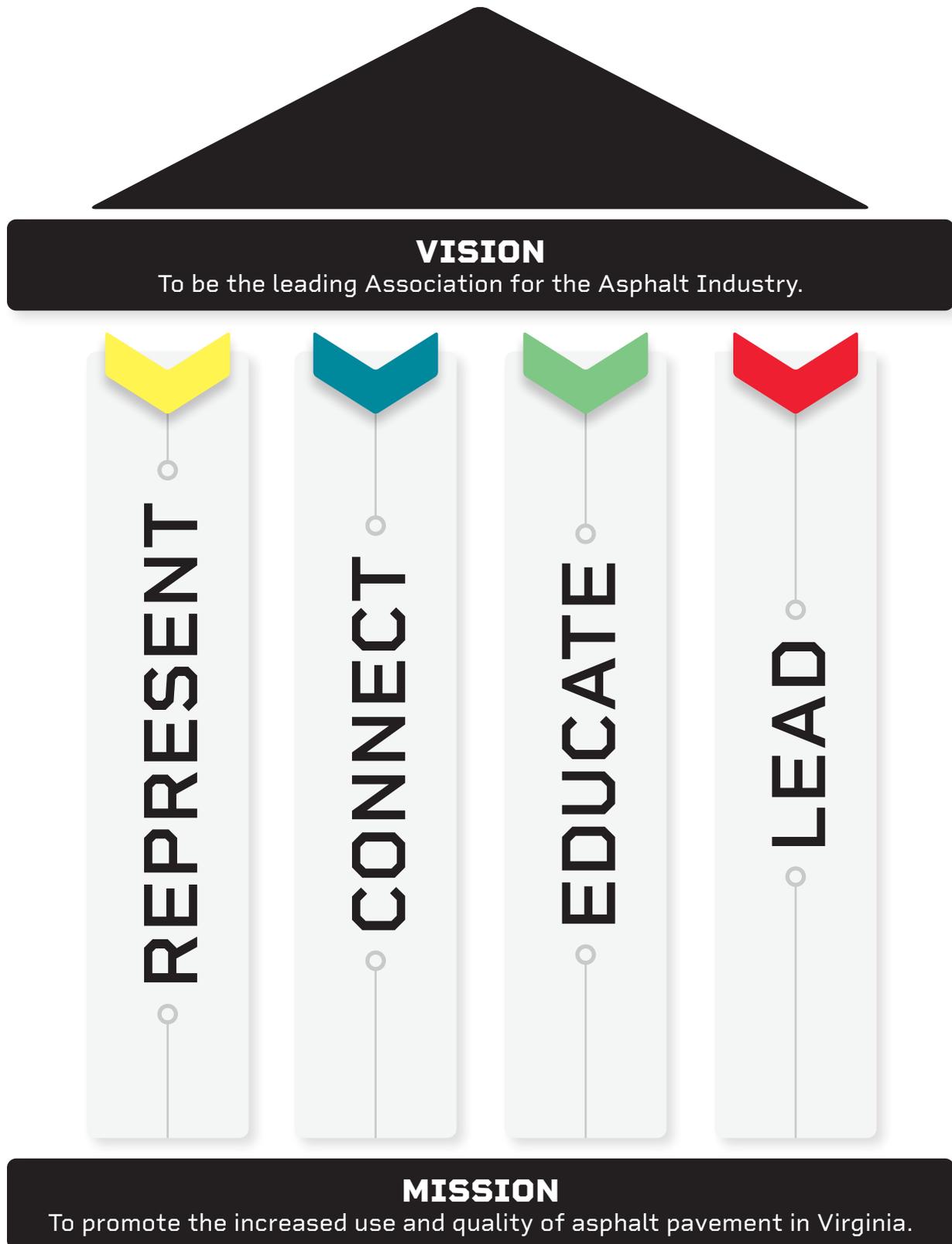
1/4" Top Size (5 - 6 mm)

ISSA
INSTITUTE OF SURFACE APPLIED TECHNOLOGIES

**BUILD
VIRGINIA
STRONG.**

VECAT

Operating under the Association’s Vision and standing on the firm foundation of its Mission, VAA strives every day to carry out the Four Pillars of the Strategic Plan.



REPRESENT



VAA is proud to be the asphalt industry's technical Association in Virginia. We are the unified voice of the Association members. VAA works on the development of position statements regarding VDOT specifications and policy and represents members on the state, national, and international levels.

Position Statements

During 2019, VAA staff and members worked on numerous specifications and policy documents pertaining to VDOT. The partnership between VAA, members, and VDOT accomplished the creation or revision of six specifications and special provisions directly impacting the asphalt paving industry. These specifications were finalized in 2019 and others are still in development:

1. Pavement Shoulder Wedge Specifications
2. Plastic Inlaid Markers (PIMS) Specifications
3. Asphalt Binder and Emulsion Specifications
4. E-Ticketing Specifications
5. Pavement Recycling Specifications
6. Balanced Mix Design Specifications

Along with specifications and special provisions, VAA staff reviewed and commented on the VDOT Materials Division Manual of Instructions (MOI) Section V. This section deals with asphalt materials testing in the plant and the field. VAA had noted numerous changes in the MOI were necessary to reflect current practices and worked to make sure this section reflected industry best practices.

Non-VAA Committees & Events

With the depth and talent of VAA staff, employees were heavily involved in various committees, events, and organizations outside of the Association. Each technical staff member was either assigned as the primary contact or support. In 2019, VAA staff represented the asphalt industry in the following ways:

- Presented on the fundamentals of Pavement Design at World of Asphalt
- Presented on Cold Pavement Recycling and PAVEXpress at Oklahoma Asphalt Pavement Association's Annual Technical Conference
- Presented on Asphalt Mix Basics and Selection at the Rocky Mountain Asphalt Conference and Expo
- Invited to participate in the FHWA Pavement Research Stakeholder's meetings

Each of these committees, events, and organizations were focused on promoting asphalt and improving the quality of asphalt, which ties directly into VAA's Mission Statement. 🏗️



Balanced Mix Design Workshop



Trenton Clark speaking at NAPA Annual Meeting

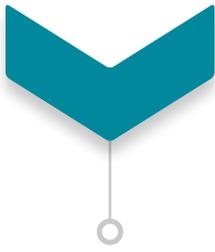


World of Asphalt



Installation of B-VI Tape on SMA I-495

CONNECT



VAA creates multiple opportunities for members, customers, and clients to connect throughout the year. In 2019, VAA brought together these groups through technical conferences, an annual members meeting, and charitable outings. We also use various forms of media to stay in touch and inform our membership and the public at large.

Technical Conferences

VAA hosted or co-hosted five technical conferences in 2019. In February and March, VAA and VDOT partnered to host three regional Asphalt Seminars. These seminars focused on outlining new specifications or procedures and reinforced best practices before the commencement of the paving season. The Asphalt Seminars attracted nearly 600 individuals from VDOT and the industry. The seminar survey indicated that eighty-six (86) percent of the respondents felt seminars should be held in 2020. Following the seminars, VDOT leadership felt only one seminar was needed. Therefore, a statewide Asphalt Seminar was scheduled for early March 2020.

VAA, VTRC, and Germanna Community College partnered to hold VPRIS (Virginia Pavement Research and Innovation Symposium) in June. VPRIS connected researchers and innovators with specifiers and buyers. This unique symposium drew a targeted group of 100.

The final technical conference for 2019 was the Mid-Atlantic Asphalt Expo and Conference (MAAE). MAAE served two purposes—technical and marketing. MAAE registered over 630 individuals from across the Mid-Atlantic Region. VAA is striving to increase that number in 2020.

1,400

Connected face to face.

100,000

Reached through media.



David Lee, P.E., speaking with the Stanley's at 2019 Annual Meeting



Scott Shorb and Mike Dudley at VAA Annual Meeting



From left to right: Scott Claud, Colony Construction; David Lee, VAA; Rob Cary, VDOT; Trenton Clark, VAA talk during VAA Annual Meeting Executive Dinner

Annual Membership Meeting

The VAA 68th Annual Meeting was held at MGM-National Harbor in April. More than 140 people traveled to Maryland for the three-day event. VAA delegates, significant others, and guests participated in information sharing.

Media

Communication of our mission to members, customers, and the public is why VAA exists. Staying abreast of current trends in information and evolving with changes in generations is an ongoing process. In 2018, VAA decided to launch a new website. Today, this website gets thousands of visits. During the 2019 calendar, vaasphalt.org had over 105,000 page views by 64,000 users. VAA also reformatted its much-loved Membership Directory, which is available in a digital and print version.

Twelve monthly e-newsletters (*Asphalt News*) were circulated in 2019, along with a semi-annual magazine (*Virginia Asphalt*). Digital formats of both publications are distributed to over 1,400



The VAA website had visits from users living in countries shown in yellow and dark gray

individuals in the asphalt industry. The print version of the magazine is distributed to over 800.

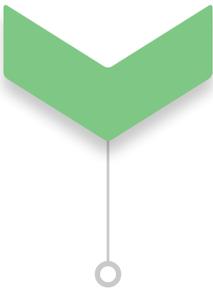
VAA promotes advertising on all four platforms and has used this as part of its revenue stream diversification.

Charitable Outings

With the initiation of the Richard J. Schreck Scholarship Program in 2016, VAA has used golf and other outings to aid in the funding of scholarships. Besides the golf tournament

held at the annual meeting, three scholarship tournaments were held in April, August, and October of 2019. Not only did nearly 200 people play in these events, but over \$35,000 was raised to fund seven scholarships.

While no official count was made, clearly VAA connected well over 100,000 people through conferences, meetings, media, and charitable outings. 🏌️



As a technical-based association, the training of members and non-members is a large part of the Association's mission. VAA hosts meetings and workshops, partners with Germanna Community College (GCC) and Virginia Department of Transportation (VDOT) on VECAT, provides one-on-one support and trains on new technologies. VAA also works to educate the public on the sustainability and resiliency of asphalt.

VECAT

Virginia Education Center for Asphalt Technology was officially launched in 2016. VECAT is a partnership between Germanna Community College (GCC), Virginia Department of Transportation (VDOT) and Virginia Asphalt Association for Educational Services (VAAES).

As a model partnership between the community college system and industry, VECAT generates income to sustain and expand a workforce focused program. It's one of the most innovative partnerships in the United States. VAAES was started specifically to handle VECAT and is a Limited Liability Company solely owned by VAA. Since its inception, VECAT has provided certification services to more than 5,000 students through live and online learning environments. VAA staff serve as subject matter experts in 16 live classes a year. During the 2019 calendar year, VECAT had:

- *Nearly 1,400 classroom & online students
- *Over 150 Plant & Mix Design proficiencies
- *1,213 credentials awarded

VECAT uses prerecorded presentations with a subject matter expert at each class site. Online classes are offered through a learning management system operated by GCC. VECAT worked to provide all seven MCS classes in 2019, and all prerecorded presentations were available on YouTube for study. By the end of 2019, more than 1,000 students had completed one or more of the VECAT classes online.

Finally, VAA staff and members participate and chair the VECAT Steering Committee. A significant accomplishment in 2019 was the establishment of Cold Asphalt Pavement Recycling technician credentials by VDOT for 2020 contracts and corresponding classes to certify contractors and inspectors.

Meetings & Workshops

Throughout 2019, the main buzz in the asphalt industry was Balanced Mix Design (BMD). VAA held numerous formal and informal meetings with members, National Center for Asphalt Technology (NCAT), and VDOT to learn and share information. In October, VAA hosted two single day BMD Workshops with NCAT. Utilizing the technical expertise of NCAT and the experience gained by VAA staff, over 80 individuals were informed through lecture, question and answer discussion, and hands-on demonstrations. Through these workshops, a significant accomplishment was the education of contractors, the initiation of a BMD round robin, and mix design efforts by contractors.

One-On-One Support

VAA expanded the breadth and depth of the Association's technical expertise with the addition of David T. Lee, P.E., in April 2019. Lee brought a new viewpoint and his experience as a long-time VDOT District Materials Engineer. Along with Mike M. Dudley, who provides lab and mix design knowledge, they were able to guide members during normal asphalt production as well as provide insight on balanced mix design. Additionally, VAA staff visited more than 30 projects, members, and plants to assist with everything from pavement designs to project concerns throughout the year.

New Technologies

In 2019, most of the focus on new technology revolved around balanced mix design (BMD) testing equipment and approaches. VAA staff spent time learning about the different BMD technologies and participating in pilot projects with lab testing. The knowledge gained was shared with other lab technicians and members through the BMD workshops, one-on-one lab support, and informal meetings.

Educating members and others has been the trademark of VAA. During 2019, VAA formal and informal events provided services to more than 2,000 people.

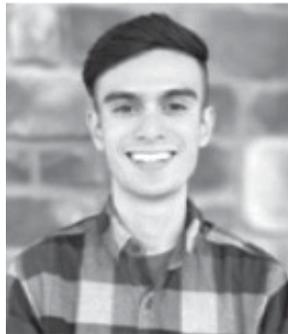
RJ Schreck Scholarship

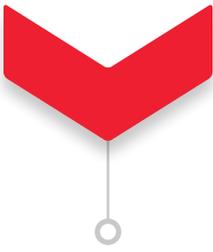
The Richard J. Schreck Scholarship is one of VAA's proudest accomplishments and shows our commitment to our members and the future of the asphalt industry.

VAA established the Scholarship to assist dependents of VAA member companies in furthering their education beyond high school. This program is managed under the auspices of the NAPA Research and Education Foundation (NAPAREF) Scholarship Program, a 501(c)3 organization. Only dependents/spouses/employees of VAA member companies are eligible to apply. Eligibility includes all incoming freshman, first-year attendees at a post-high school institution (i.e., trade school, colleges, universities). Also, those students currently enrolled in post-high school institutions may apply. In 2019, VAA Awarded \$55,000 in scholarships. 🏡

\$55,000

Awarded in scholarships in 2019.





VAA provides leadership and resources to benefit members and the asphalt industry in Virginia. This leadership encompasses the various committees established and led by staff, investigating new opportunities, expertise, research resources, and monitoring local, state, and national issues regarding health, safety, and environmental issues.



Mike Dudley, Director; Trenton Clark, President; David Lee, Vice President

Committees

VAA played a significant role in **more than 20 committees** during 2019. In some instances, VAA staff lead or co-lead the committee; for other committees, VAA staff played an active role. **During 2019, VAA lead the establishment of the VDOT-VAA Statewide Traffic Engineering Co-Op committee and re-defined the Statewide Asphalt Co-Op committee.**

Investigate

Through involvement with numerous national and international committees along with the input of VAA members, staff continually investigate new opportunities and applications for asphalt. The primary focuses nationally have been sustainability and resiliency. Asphalt materials and pavements are both sustainable and resilient. VAA staff has provided tremendous input on revising Cold Pavement Recycling specifications and use guidelines with VDOT. Final specifications and guidelines will be issued in 2020.



Mike Dudley teaching VECAT class

Expertise & Research Resource

As mentioned previously in this report, VAA staff are resources for technical expertise and research. During 2019, resources were provided to members, VDOT, and others in the industry. Additionally, VAA staff field numerous phone calls and emails from the public related to driveways, parking lots, and porous asphalt.

Health, Safety, & Environmental

For some functions that impact the asphalt industry, VAA teams with third parties such as the National Asphalt Pavement Association (NAPA) and consultants. For Health and Safety issues, VAA established a Safety and Health Committee in 2018. Since then, VAA has held committee meetings and sponsored efforts to collect and disseminate information for members. VAA has hired Troutman Sanders to monitor legislative and regulatory environmental issues in Richmond and Washington, DC. They provide quarterly reports to VAA as well as special alerts to keep members informed.

Leading the asphalt industry is a vital role that VAA strives to excel at every day. Efforts by staff, members, and partners have resulted in VAA being recognized as a national leader. 🏆



Porous asphalt parking lot



Full-depth reclamation with CIR equipment

CONCLUSION & FUTURE PLANS



During 2019, VAA endeavored to meet the mission of the Association by focusing on the core functions—technical services, member services, and training/education. By reviewing the business plan of the Association, which was established upon the core functions, a formal strategic plan was formed and adopted by the Board of Directors. The strategic plan stated VAA would represent, connect, educate, and lead the asphalt industry in Virginia and nationally.

Throughout 2019, VAA efforts were assessed and monitored against the business plan. While some efforts did not result in the outcomes desired by VAA and members, most works were very successful. VECAT, MAAE, and the expansion of VAA technical expertise were meaningful highlights. For 2020, VAA will build upon those successes. A few initial efforts will be:

- VTRC Balanced Mix Design Round Robin
 - Phase I and Phase II
- BMD Pilot Project Assistance
- Paving Leadership Group
- Further Partnering with VDOT Senior Leadership
- Discussion with the Department
- Enhanced Mid-Atlantic Asphalt Expo & Conference

Along with these efforts, VAA has sold the 6900 Patterson Ave. offices and will move to a new location for the first time in 35 years. With the changes to staffing and member needs, VAA needed more functional and inviting office space. Likewise, VAA may extend staffing by hiring a second administrative person to assist with member services.

The future of VAA and the asphalt industry is bright. This is due to a dedicated staff and extremely supportive members who are focused on outcomes. Your membership allows staff to be very active in and out of Virginia to ensure the industry is at the leading edge of technology and research. 🏔️





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