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General Engineering
Contractors
Since 1958



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March 24, 2003

Assemblyman Goldwater
NEVADA STATE ASSEMBLY
Carson City, Nevada

Sent VIA FAX 1-775-684-8874

RE: AB 393

Dear Assemblyman Goldwater:

It is our understanding that the above Bill will prompt other government entities to follow Nevada Department of Transportation's policy for the withholding and payment of retention on public works projects. If this is the case, with this letter, Las Vegas Paving Corp. herein offers their support for such legislation for the following reasons:

1. All public works projects in excess of \$100,000 are bonded. It is required by specification that the underwriters of these bonds be financially stable and strong, so the process of withholding an additional ten percent retainage, in addition to requiring a payment and performance bond essentially doubles the entities security.
2. This doubling of security for the benefit of the public entity also essentially doubles the cost of this security for the contractors. Rarely do we consistently experience ten percent profit margins on public works projects. The result is we are financing the costs of the project by having to pay for materials on a net 30 day basis, pay for labor every week, and pay for equipment every week, without realizing any profit related to those expenses for, in some cases, many months after the project is completed.
3. The oil that makes any business operate properly is cash. With the public entities withholding retentions, cash flows suffer, and our business suffers. The costs associated with the excessive withholding of retainage cannot be under estimated. They are significant.

Innovators in Recycling Asphalt Pavements

J 10F2

Assembly Commerce & Labor
Date 3/24/03 Room 4100 Exhibit J
Submitted By: JAY SMITH

We are all experiencing decreasing margins. Insurance costs are skyrocketing. Increased competition from out of state contractors is getting fiercer. Anything like the above bill would be of benefit, and we greatly appreciate your efforts in that regard.

Sincerely,
LAS VEGAS PAVING CORP.



Jay N. Smith
President

JNS:gw