



WAUKESHA-PEARCE INDUSTRIES, INC.

UPDATE

A PUBLICATION FOR AND ABOUT WAUKESHA-PEARCE INDUSTRIES, INC. CUSTOMERS • 2012 No. 2, NOVEMBER

RECON SERVICES/973 MATERIALS

**Austin businessman reduces, reuses
and recycles to turn debris into
useful building materials**

See article inside . . .



Walter Biel,
President

KOMATSU®

A MESSAGE FROM THE VICE PRESIDENT



G. Michael Green

**See what users
are saying
about new
Tier 4 Interim
machines**



Dear Valued Customer:

Now that we're into the fourth quarter, we hope you're having a productive and profitable year.


We've seen plenty of activity during this construction season, so if you find a need for new equipment, please let us know. Komatsu continues to roll out its new Tier 4 Interim equipment, which we believe you'll find among the most efficient and productive on the market. In this issue of your WPI *Update* magazine, you can see what users are saying about the machines and their technology and service support. You can also read about the new PC210LC-10 excavator, which builds on the popular PC200LC models.

Like Komatsu, we're dedicated to keeping your owning and operating costs down. We help you do that in several ways, including the Tier 4 Interim machines, which come with complimentary scheduled maintenance through the exclusive Komatsu CARE program. Our trained technicians handle all the work, using genuine Komatsu parts and fluids.

We do some of that technician training right here at WPI. Our technicians also train at Komatsu's Training and Demonstration Center in Cartersville, Ga. There, Komatsu provides education on best practices to make parts and service personnel more efficient, maximizing your uptime.

Finally, during the construction season and throughout the year, we know you'll frequently encounter areas of road construction. Sometimes it seems inconvenient, but keep in mind those orange signs and cones are good for all of us as they represent progress toward better roads, bridges and other infrastructure. Like you, we're pleased that Congress passed legislation for even more highway and infrastructure construction.

Sincerely,
WAUKESHA-PEARCE INDUSTRIES, INC.



G. Michael Green
Vice President of CMD Operations

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WAUKESHA-PEARCE INDUSTRIES, INC.

UPDATE

A PUBLICATION FOR AND ABOUT OUR CUSTOMERS

IN THIS ISSUE

RECON SERVICES/973 MATERIALS

See how this Austin businessman reduces, reuses and recycles to turn debris into useful building materials.

A CLOSER LOOK

Here's a recap of what Komatsu had to offer at its most recent customer Demo Days.

INDUSTRY REPORT

This summer, Congress finally passed a new highway bill. Find out what it means for the construction industry.

GUEST OPINION

Read what ARTBA (American Road & Transportation Builders Association) has to say about the new highway bill.

NEW PRODUCTS

Discover what the new Tier 4 Interim Komatsu PC210LC-10 excavator provides in terms of fuel efficiency and productivity.

CUSTOMER COMMENTS

Hear from Komatsu equipment users how the new Tier 4 Interim machines are performing on the job.

MINING MEMO

Find out how one large mining operation is using Komatsu driverless trucks in its operation.

DOLLARS & SENSE

Learn more about Komatsu Financial and how its consistently low rates and top service are attracting more and more equipment buyers.

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RECON SERVICES/973 MATERIALS

Austin businessman reduces, reuses and recycles to turn debris into useful building materials



Walter Biel,
President



Ross Biel,
Recon Services/CD
Recycling Manager



Ryan Biel,
Shingle Recycling
Manager



Mark Lambert,
Plant Manager

About 10 years ago, Walter Biel decided to step away from doing earthwork construction for other contractors and go into business for himself. His new venture, Recon Services, wasn't focused on building, but roll-off services for construction and industrial clients. He's since added recycling of construction and demolition debris to the mix.

"I'm still involved with the construction industry — much of the material we pick up and haul is construction and demolition debris, including wood and metal," said Walter. "We provide boxes for construction companies to dump debris. We can set up a regular dump schedule, or they can call us when they're ready for our services."

Austin-based Recon Services uses 13 roll-off trucks to pick up and haul away the materials from construction and demolition customers. It also works with industrial customers, such as warehouses, to haul away metals, plastics, cardboard and other debris. In total, the company has nearly 500 boxes.

"All materials come either to our recycling center in Austin or our storage yard in New Braunfels," said Walter's son Ross, who oversees operations of Recon Services and CD Recycling, which processes the materials. "We separate out metals, cardboard and plastics and resell those products. Construction debris, such as dimensional lumber, goes through our grinding service to make a two-inch-minus product that cement plants use as an alternate fuel. We estimate about 80 percent of the materials we handle are recycled."

The percentage hits nearly 100 when it comes to asphalt shingles, which the Biels began recycling a few years ago through another company called Shingle Recycling. Shingles are

ground to three-eighths inch and sold to paving companies, which blend the pieces into their new asphalt mix.

"As with other materials, states have recognized that shingles can be recycled and put back into new construction," said Walter's other son, Ryan, who oversees grinding operations. "Texas allows new paving mixes to include up to 5 percent recycled asphalt shingles. It makes sense to divert those away from landfills and reuse them."

973 Materials crushes pavement, brick

The Biels say the same goes for other building materials such as concrete, asphalt pavement and brick, which they started crushing about four years ago with the purchase of an existing company, 973 Materials. Walter's brother-in-law Mark Lambert oversees that company, which offers some mobile crushing.

"We take those old materials and process them, including separating the rebar from the concrete, to make five new products that range in size from dust to eight-inch gabion rock," explained Walter. "The largest percentage of what we make is state- and city-approved base material for new pavement and gravel for rural roads. Those products divert materials away from landfills and, at the same time, reduce the amount of material that has to come out of a quarry."

973 Materials also works with an area slate-countertop manufacturer to recycle its scrap materials. "We use it to make a unique pipe-bedding product that meets government specifications," said Walter.

Recon Services and 973 Materials share a yard in Austin where materials are crushed and ground. About 90 employees work at the



► VIDEO

An operator uses a Komatsu WA380-7 wheel loader to feed a grinder with asphalt shingles at the Recon Services/973 Materials yard in Austin. "Crushing and grinding are tough applications for equipment," said Recon Services/973 Materials President Walter Biel. "Having machinery that can stand up to the challenges with minimal downtime is essential, and Komatsu gives us that."

yard, which operates six days a week. Tara Stubblefield is Office Manager.

"We have a very hardworking and dedicated group of people," acknowledged Walter. "They're the reason we're able to handle large volumes of material quickly and efficiently. They deserve a great deal of credit for our success."

Komatsu equipment maximizes uptime

Walter said that handling large amounts of material quickly and efficiently takes productive equipment. The Biels turn to WPI and Sales Representative Sean Casey for Komatsu machinery, including a new Tier 4 Interim WA380-7 wheel loader it uses to feed the grinder that recycles wood and asphalt.

In addition to the WA380-7 wheel loader, the companies use a Komatsu WA470-6 to load trucks, a D65PX-15 dozer to work on stockpiles and PC400LC-8 and PC400LC-5 excavators for processing materials.

"Crushing and grinding are tough applications for equipment because we're handling large volumes of materials, often in hot and dusty conditions," said Walter. "Having machinery that can stand up to the challenges with minimal downtime is essential, and



► VIDEO

Recon Services/973 Materials uses a Komatsu PC400LC-8 excavator equipped with a pulverizer to size material and separate rebar from concrete before it's sent to a crusher.

Komatsu gives us that. It's fuel-efficient and has good hydraulic power, which keeps our production costs down."

Scheduled service intervals on the Tier 4 Interim WA380-7 are complimentary for the first three years or 2,000 hours through the Komatsu CARE program. WPI tracks the machine's hours through KOMTRAX to ensure services are done on time by trained WPI service technicians.

Continued . . .



Scan this QR code using an app on your smart phone to watch video of these machines at work.

Companies well-positioned to handle product demand

... continued



(L-R) Operator Armando Mundo, Recon Services/CD Recycling Manager Ross Biel, President Walter Biel and Plant Manager Mark Lambert meet with WPI Sales Representative Sean Casey. "We've always been pleased with the service Sean and WPI give us," said Walter. "We consider them a partner in our business."

"KOMTRAX gives us useful information such as machine hours and idle time," Walter noted. "It's a very valuable tool. Having WPI track our loader and provide complimentary service is a great benefit that reduces our owning and operating costs."

"We've always been pleased with the service Sean and WPI give us," he added. "They have a good parts inventory, and anytime we've needed them, they've been right there to help. We consider them a partner in our business."

Ready for now and the future

Walter Biel believes the demand for the end products his businesses produce will continue to increase. He said Recon Services, 973 Materials, CD Recycling and Shingle Recycling are in a good position to handle it.

"One of the first hurdles we had to cross was getting the state and municipalities to realize that we can make base products that meet their specifications just as well as those coming from a quarry," Walter said. "With that done, builders have increasingly turned to us to supply those materials."

He sees that continuing well into the future as the businesses continue to serve about an 80-mile radius of Austin. "We're probably at the volume we want to be with recycling the materials to make base and other fill products. Shingle recycling is an area where we will likely see increased production. What I'm most proud of is that Ross and Ryan have taken the reins and run with them, so I see things continuing to be very productive." ■



Recon Services uses 13 roll-off trucks to pick up and haul away materials from construction, demolition and industrial customers in about an 80-mile radius of Austin.

The operator of a Komatsu D65PX-15 dozer stockpiles material and keeps the Recon Services/973 Materials yard graded for truck traffic.



A CLOSER LOOK

DEMO DAYS

Tier 4 Interim machines among highlights of Komatsu's latest customer event

Customers and Komatsu distributor personnel recently got an up-close look and a chance to operate equipment at the Komatsu Training & Demonstration Center in Cartersville, Ga. More than 15 machines were on site during the three-day event.

Featured were several of Komatsu's new Tier 4 Interim machines, including D65EX-17, D65PX-17 and D155AX-7 dozers, as well as PC240LC-10 and PC490LC-10 excavators. Excavator models also included Komatsu's second-generation hybrid excavator, the HB215LC-1.

Other Tier 4 Interim machines included WA500-7 and WA380-7 wheel loaders and an HM400-3 articulated haul truck. In addition, a PC650LC-7 excavator, WA250PZ-6 and WA600-6 wheel loaders, GD655-5 motor grader, HD605-7 rigid-frame haul truck, and D39PX and D51PX dozers were available for demonstration.

Customers also had the opportunity to tour Komatsu's Chattanooga Manufacturing Operations, where six excavators and seven models of forestry equipment are manufactured. Educational seminars led by Komatsu personnel at the Training & Demonstration Center provided valuable information about effective and efficient excavation practices.

WPI Kilgore Branch Manager Jack Smelley Jr. (left) visits with Adrian Mitchell, President and CEO of Bob Mitchell, Inc., at Demo Days.



"Demo Days has always been a popular event because it gives customers the opportunity to operate equipment and see how it stacks up," said Bob Post, Director of Marketing for Komatsu. "They walk away with a good sense of how a piece of Komatsu machinery can fit into their operations. It also provides us with valuable feedback, so it's a true win-win." ■



Bob Post,
Director of Marketing



Among the many models on display and ready for operation was the WA500-7 wheel loader. A Tier 4 Interim machine, the WA500-7 features SmartLoader Logic that automatically provides the optimal amount of torque based on need.

Komatsu introduced several new Tier 4 Interim excavators during the past year, including the 257-horsepower PC390LC-10 that has better drawbar pull, increased lift capacity and lower fuel consumption compared to its predecessor model.



NEW HIGHWAY BILL

Two-year bill brings some certainty to surface transportation, transit construction

Congress passed and the President signed a bill in midsummer that funds highway and other transit projects, providing money for roads, bridges and other infrastructure for 27 months. Dubbed MAP-21 (Moving Ahead for Progress in the 21st Century), the measure comes nearly three years after the previous highway bill, SAFETEA-LU, expired in September of 2009.

Since then, nine, short-term funding extensions kept some money flowing to transportation projects. But industry organizations all complained that the lack of a long-term bill was adversely affecting contractors by creating uncertainty at the state and local level.

The bill totals \$120 billion, covering the remainder of this fiscal year, which ends September 30, and the next two fiscal years. Attached to it was a student loan deal to keep

interest rates at the current 3.4-percent rate for one year at a cost of about \$6 billion.

The measure provides \$40.4 billion in highway investment for fiscal year 2013 and \$41 billion for 2014. It includes \$12 million each year to support new pavement technologies to speed the adoption of cost-effective, sustainable pavement, as well as improve pavement design, maintenance and construction, according to the National Asphalt Pavement Association.

Construction and equipment industry groups had lobbied Congress hard for passage of a measure before the November election. It's hoped that the new bill will be a job creator for an industry that's seen unemployment well above the national average.

Faster environmental reviews

Both sides compromised to complete the deal.

Republicans dropped the Keystone Pipeline from their original proposal. They also agreed to abandon language that would have blocked the Environmental Protection Agency from regulation of ash generated by coal-fired power plants.

Democrats agreed to halve the time allowed for environmental reviews. This will mean speedier approval of projects and will shorten the length of time it takes to complete highway and bridge projects, which is estimated at an average of 13 years, according to the U.S. Chamber of Commerce. They also conceded on a funding issue regarding new bike paths and pedestrian safety projects.

The law gives states additional flexibility in spending federal money, imposes new safety regulations and expands a federal loan guarantee program to encourage private investment in transportation projects, according to a Yahoo

MAP-21, the new highway bill, provides funding for bridges and roads while allowing faster approval for such projects.





The new \$120 billion highway bill, passed by Congress in late June, is good news to the construction industry. The funding will provide some much-needed stability to the highway market, bringing jobs and certainty to contractors, equipment dealers and other industry suppliers.

News article. Private investment may well be needed, as estimates show the current gas tax does not cover the cost of transportation programs. Forecasts say revenue will continue to decrease with people driving less and greater fuel efficiency of cars and trucks.

Industry reaction

Industry groups praised Congress for passing the 27-month Highway Bill. But almost all concur that Map-21 doesn't go far enough. They want certainty past 2014.

"The leadership of the House and Senate should be congratulated for getting the conference report done," said National Asphalt Pavement Association President Mike Acott. "The additional year of funding will bring short-term certainty for the highway market and, at the very least, will help sustain jobs in the asphalt-pavement industry."

"This is a long-awaited, positive development for the construction equipment industry," said Associated Equipment Distributors Chairman Larry Glynn. "Contractors around the country have been on life support over the last few years. This bill will provide much-needed certainty for contractors, dealers and suppliers."

"The members of Congress that worked so hard to craft this message understand the benefits to our economy," said Stephen

E. Sandherr, Chief Executive Officer of the Associated General Contractors of America. "Today's legislative accomplishments must be seen, however, as the start of a broader effort to address the long-term funding challenges that still threaten the federal transportation program. That is why we look forward to resuming our work on an even longer-term transportation measure that includes key revenue reforms, as soon as Congress returns."

Long-term needs

The new transportation bill comes on the heels of recent information that predicted the American Society of Civil Engineers (ASCE) would likely give the nation's infrastructure a D grade when it releases its next report in 2013. The last report card in 2009 put our infrastructure shortfall at \$2.2 trillion. It's assumed that figure will be considerably higher in 2013.

"The report card isn't saying we don't spend money on infrastructure; it's saying we should be spending a greater amount," said ASCE President-Elect Greg DiLoreto in a recent Bloomberg article. "As civil engineers, we feel we are stewards of the infrastructure. It's what we know best. It's just like a doctor telling you that you have a heart condition. We're taking it to the concrete and saying, 'America, you have a mortar and bricks problem with your infrastructure.' " ■

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GUEST OPINION

REACTION TO HIGHWAY BILL

Measure contains “good news and bad news” says Transportation Association leader

The new highway bill that Congress passed in late June was welcome news throughout the construction industry. However, it was not the long-term, significant funding measure that many believe is needed. The following article is from Pete Ruane, President and CEO of the American Road & Transportation Builders Association (ARTBA).

In the short term, the bill will provide stability in federal funding for state and local transportation projects. The elimination of earmarks should also accelerate the speed at which federal funds impact the market for transportation improvements. That's the good news.

The bad news is there is no new money. And even with their federal funds, we are now in a situation where 28 states have invested less in highway and bridge projects over the past 12 months than they did in prerecession 2008, even when adjusted for inflation.

We view this bill – as we believe congressional leaders do – as just “Step One,” which is making the significant program and policy reforms needed to restore public confidence in how the federal government is investing their money in transportation and mobility.

“Step Two” is coming to grips with how to fund the nation's investments in transportation infrastructure and mobility over the longer term. That tough job remains. And it will require the same bipartisan, bicameral leadership and cooperation that was ultimately demonstrated on this bill.

Our mission is crystal clear: to do everything possible to ensure that the proper level of transportation investment is viewed as a core

priority as the looming, larger discussion and legislative activity begins in earnest on Capitol Hill to define the proper role of the federal government in the 21st century and how it utilizes the public's money.

We commend Senate Majority Leader Harry Reid (D-Nev.), House Speaker John Boehner (R-Ohio), Senate Environment & Public Works Committee Chair Barbara Boxer (D-Calif.), EPW Ranking Member Jim Inhofe (R-Okla.), Senate Finance Committee Chairman Max Baucus (D-Mont.), House Transportation & Infrastructure Committee Chairman John Mica (R-Fla.), and T&I Committee Ranking Member Nick J. Rahall (D-W.Va.) for their steadfast and dogged determination to get the job done. ■



Pete Ruane,
President and CEO,
American Road &
Transportation Builders
Association (ARTBA)

Although Congress finally passed a new, bipartisan, highway bill, many believe it doesn't provide the long-term stability needed to support transportation infrastructure.



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NEW PRODUCTS

EXCAVATOR EXCELLENCE

Greater fuel efficiency, lower emissions make Komatsu's new PC210LC-10 even better than its popular predecessor

When Tier 4 Interim standards were announced, the challenge was to take already proven and productive machinery and reduce emissions without losing performance. Komatsu's new PC210LC-10 excavator does just that, with greater fuel efficiency as a bonus.

"The previous PC200 models, which the PC210LC-10 replaces, were popular because they were proven to be among the most productive excavators in their size class," said Komatsu Product Marketing Manager Brian Yureskes of the 47,000-pound-class PC200 excavators. "They're good machines in a wide range of applications. That holds true with the new PC210LC-10, with several added benefits, including up to 10 percent better fuel efficiency, depending on the application."

Yureskes notes that Komatsu achieved better fuel economy through advancements in engine and hydraulic-pump control technology, utilizing a combination of both newly designed pumps and advanced matching techniques. Komatsu did it without sacrificing power, as the PC210LC-10 maintains the same digging forces and lifting capacity of the previous model.

"The machine has larger displacement pumps, which are capable of providing higher flow at lower engine speeds," explained Yureskes. "Because the pumps are able to generate more volume per revolution, the engine speed does not need to be as high in order to achieve the same amount of hydraulic flow. That reduces fuel consumption by allowing the machine to operate at a lower engine speed without compromising pump flow.

"With variable-speed matching, the machine makes slight adjustments to engine speed

based on the amount of hydraulic flow the application requires. Whenever high flow is required, such as during heavy digging or trenching, the engine speed will adjust to accommodate the flow demand. In lower-flow applications, such as leveling or fine grading, engine speed will slightly reduce in response to the lower hydraulic work load. Previous models would operate at consistent engine speeds regardless of hydraulic demand, so fuel consumption was consistent even during low-flow applications. This slight reduction in engine speed improves fuel efficiency."

Like other new Tier 4 Interim excavators, the PC210LC-10 has increased operating weight and net horsepower compared to its predecessor. Both are about 10-percent higher compared to the PC200LC-8. An optional, lighter counterweight is available



Brian Yureskes,
Product Marketing
Manager, Excavators

Continued . . .

Komatsu's Tier 4 Interim PC210LC-10 provides up to 10 percent better fuel efficiency, depending on application, while maintaining the productivity of the PC200LC-8.



Improvements abound in new PC210LC-10

... continued

to accommodate regional transportation regulations. The PC210LC-10 also has 13 percent more drawbar pull, which improves steering and maneuverability.

Eco Guidance, Komatsu CARE

Additional new features of the PC210LC-10 include an enhanced LCD color monitor with improved resolution. Through the monitor, operators can set the proper working mode and program the attachment control, with the ability to store up to 10 attachments. It also has an Eco Guidance feature that gives the operator information on ways to improve fuel economy.

"We want operators to maximize productivity in the most economical way so their per-yard, per-ton costs are the lowest possible," noted Yureskes. "There are times when maximum output is necessary, but often it's unnecessary, and the operator can run the machine in a different mode that uses less fuel. Eco Guidance alerts them to those situations. It will also alert them to excessive idling, showing that it might be better to shut a machine down to save fuel and operating hours."

Once the PC210LC-10 reaches its routine service intervals, the work is covered by Komatsu CARE. This exclusive program

provides complimentary, factory-scheduled maintenance for the first three years or 2,000 hours, performed by distributor technicians using genuine Komatsu parts and fluids. Serviceability is improved with the addition of handrails around the upper structure, a rear-opening hood, battery-disconnect switch, swing-out cooler and improved diagnostics through the monitor.

"Komatsu CARE ensures that those service intervals are done properly, with the goal of longevity, reliability and lower owning and operating costs throughout the lifetime of the machine," said Yureskes. "In addition, we provide two, complimentary Komatsu Diesel Particulate Filter (KDPF) exchanges at 4,500-hour intervals. Komatsu and its distributors track the service intervals through KOMTRAX 4.0, then set up the scheduled maintenance."

The KDPF is one of several components that reduce emissions on the Tier 4 Interim PC210LC-10. Through passive and active regeneration, the KDPF uses heat to burn soot. Other components include the Komatsu Variable Geometry Turbocharger (KVG) and the exhaust gas recirculation system. Komatsu designed the components to work in harmony for maximum efficiency.

Cab improvements

Komatsu further boosted productivity by improving the operating platform in the PC210LC-10 with an integrated ROPS cab designed to minimize noise. A high-back, heated, air-suspension seat provides more comfort for the operator.

"We saw the new emissions standards as an opportunity to build a machine that not only meets regulations, but improves upon what users have already come to know as the leader in its size class," summarized Yureskes. "We believe that anyone who uses the new PC210LC-10, whether for digging trenches, mass excavation, clearing, demolition, landscaping or a host of other applications, will find it to be a class leader. We encourage anyone who's interested to try one out. We're confident that the results will speak for themselves." ■

The PC210LC-10 has increased operating weight, net horsepower and drawbar pull, compared to its predecessor.



DASH 10 EXCAVATORS

From Komatsu - The Excavator Experts



Komatsu Dash 10 excavators provide increased horsepower, improved operator comfort and reduced fuel consumption. The excavator experts at Komatsu can help you complete jobs more quickly, while lowering your fuel and maintenance costs.

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CUSTOMER COMMENTS

TIER 4 TESTIMONIALS

Here's what users are saying about Komatsu's new interim machines and their technology

The past couple of years saw the introduction of Tier 4 Interim emissions standards for many machines used in the construction industry. Regulations required reducing Nox by 45 percent and soot by 90 percent. With new technology, Komatsu achieved the standards while improving production and fuel efficiency as well. Komatsu also introduced KOMTRAX 4.0 and Komatsu CARE, a program that offers complimentary scheduled service on Tier 4 Interim machines. Here is what a few of the users of these innovative new wheel loaders, dozers, articulated trucks and excavators have to say about the machines.

"We're very impressed with the new Tier 4 machines, because they're as productive as previous pieces in that size, with greater fuel efficiency. The PC360 is very powerful and also smooth to operate. We use the D65s quite often for discing-in drilling mud on the farms, and they have good power to get through that heavy material. One of our operators, who's very loyal to another brand, called in to tell us how much he liked the D65 and claimed it was his machine now. That said a lot to us." — **Brian Foster, Equipment Manager, J.W. Hughes Excavation, Inc., a multifaceted contractor that works in the Texas oil market.**

"It was practically a foregone conclusion that we'd purchase Komatsu; it was just a matter of which machine was the right fit. We decided that the Tier 4 Interim machines fit the best, not only in terms of productivity, but meeting the tough California emissions standards. I have to admit, I was never a Komatsu guy, but working with ERSI and using these machines has made me a believer. They have good reach, power and stability. Our operators love them." — **Sonny Centeno, Senior Project Manager for**

Environmental Remediation Services' West Coast operations, which was set up about a year ago. An East Coast-based company, ERSI has used Komatsu equipment in its demolition operations for several years.

"I am very impressed with the improvements made on the new D65-17. The Sigma blade allows more ground to be moved during a longer push. Because the ground we move can be hard, we use the ripper quite often, and the D65 has the power to get through it." — **Carl Morgan, President of Morgan Tools, which builds locations for gas and oil companies in the Southwest. Morgan Tools is a longtime Komatsu user and now has three Tier 4 Interim D65-17 dozers.**

Continued . . .

New Tier 4 Interim machines, such as the PC490LC-10 excavator, have proven to be as or more productive than their predecessors, with greater fuel efficiency.



Users seeing fuel savings with Tier 4 Interim equipment

... continued

"The first dozer proved reliable, and that really made us look at Komatsu as we added machines. Each one we've owned or rented has cemented that reliability. I admit, there was some apprehension with the new Tier 4 machines because of the new technology. But they've proven to be just as good as any piece of Komatsu equipment we've ever had."

— **Mark Sellin, President, Sellin Brothers, Inc.**

A Minnesota-based excavation contractor, Sellin Brothers is a longtime Komatsu equipment user, including excavators, dozers and wheel loaders, in both its highway and underground utility divisions.

"When we first started looking for a machine to replace one of our PC220s, we wanted another one. Our sales representative talked to us about the PC240, which replaced the PC220. We were hesitant at first because the PC220 has always been a reliable performer. The PC240 has a lot of new technology, and that made us a little apprehensive, but our sales rep, distributor and Komatsu said they would stand behind it. In less than a year, we've put more than 1,100 hours on it without any issues. It's proven to be just as effective as the machine it replaced, with less fuel usage. We're sold." — **Edwin Coggins, Co-owner of Coggins Farms & Produce, which grows and harvests several crops in the southeastern United States and uses the PC240LC-10 to clear trees and stumps.**

KOMTRAX 4.0

"I can log onto the computer and get a lot of information about a machine, such as what time it started in the morning, what rpm it's running at, how much fuel it is using per hour, etc. It also gives us a level of security. Some of our jobs take us into tough areas, and with KOMTRAX, I can use a geofence to prevent a machine from starting between certain hours if it's not supposed to be running at that time. KOMTRAX is a great tool." — **Sonny Centeno, Senior Project Manager, Environmental Remediation Services**

"KOMTRAX is a very valuable tool that provides us with useful information. I can see actual working hours versus idle time and fuel consumption. That allows me to address any productivity issues I see with the operator, showing them ways to maximize fuel economy and production." — **Mark Sellin, President, Sellin Brothers**

"A light on the monitor indicates the Komatsu Diesel Particulate Filter is regenerating. Other than that, I can't even tell it's happening. I can keep working with no loss of performance, which I've found is all-around better than other excavators I've run." — **Davey Stabler, Operator, Coggins Farms & Produce.** ■

Komatsu's Tier 4 Interim machines come with KOMTRAX 4.0 and Komatsu CARE, a program that provides complimentary scheduled services.



D65-17

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AUTONOMOUS AGREEMENT

Large Australian mining operation to use huge Komatsu driverless trucks

Komatsu and Rio Tinto, one of the largest mining companies in the world, signed a Memorandum of Understanding to take the next step in large-scale implementation of the Komatsu Autonomous Haulage System (AHS), with the two companies committed to deploying a minimum of 150 Komatsu AHS trucks. Built at Komatsu's Peoria Mining Operations, delivery of equipment will begin this year.

Rio Tinto has been testing the Komatsu AHS, the world's first commercial, autonomous, mining-haulage system, since December of 2008 at its West Angelas mine in the Pilbara region of Australia. During the trials, the AHS technology demonstrated clear value to the business, especially in the areas of health, safety and productivity.

"We're extremely excited to expand the Rio Tinto fleet to at least 150 AHS trucks in its Western Pilbara operations by the end of 2015," said Komatsu Ltd. President and CEO Kunio Noji. "Komatsu and Rio Tinto are global partners and have developed a strong alliance throughout the years. We are confident that our leading-edge technology will accelerate Rio Tinto's Mine of the Future™ objectives through improving safety and mine operations."

Revolutionizing mining

The 930E-AT autonomous trucks enable users to haul 320-ton payloads without a driver. The dump trucks, which feature a 2,700-hp (rated brake power) engine, are equipped with vehicle controllers, a high-precision GPS system, an obstacle-detection system and a wireless network system. The trucks are operated and controlled via a supervisory system.

"This announcement further reinforces our longstanding alliance with Komatsu," said Tom Albanese, Chief Executive of Rio Tinto. "Autonomous haulage is an important component of our Mine of the Future™ program. These new, 150, autonomous trucks will work with our pioneering Operation Centre that integrates and manages the logistics of 14 mines, three ports and two railways.

"These technologies are revolutionizing large-scale mining, creating attractive, high-tech jobs and helping us improve safety and environmental performance, while reducing carbon emissions," he added. ■

Komatsu's 930E-AT electric, autonomous, haul truck can carry a 320-ton payload without a driver.



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KOMATSU FINANCIAL

The finance arm of Komatsu America consistently offers low rates and top service

If you're a contractor purchasing a piece of Komatsu equipment and you plan to finance the purchase, you basically have three choices: your bank, an independent finance company or Komatsu Financial.

"I believe we are far and away the best option for financing Komatsu equipment and I can list at least half a dozen specific reasons why," said Tim Tripas, VP Operations for Komatsu Financial. "But it really comes down to one thing. As the finance arm of Komatsu America, we have a vested interest in you continuing to choose Komatsu equipment in the future. Therefore, we're more motivated than anybody else to ensure that you have a positive financing experience."

What goes into ensuring a positive financing experience? First and foremost, low rates.

"Komatsu Financial is what's known as a 'captive' finance company," said Tripas. "We finance exclusively for Komatsu. As a result, we have a special relationship with the manufacturer and we're able to offer rates that are significantly below market. Our rates are routinely lower than the competition on the vast majority of Komatsu products, and on top of that, we often have special rates as low as zero percent on select products.

"For example, right now we're offering 'Zero for 60' (0% for 60 months) on the HB215LC-1 Hybrid hydraulic excavator for a limited time. Why? Because it's a unique machine to the North American market and Komatsu wants to give customers an incentive to try it out. Zero percent can save thousands of dollars over the life of a loan. For any Komatsu product where a special interest rate is not offered, Komatsu Financial

offers financing with extremely competitive market rates."

Because it's not financing airplanes, cars or medical devices, Komatsu Financial knows its specific job (financing Komatsu equipment) far better than anybody else. Tripas calls it the "triple play of market expertise, customer expertise and equipment expertise." With this knowledge, Komatsu Financial brings plenty to the table for Komatsu equipment purchasers, such as:

- More flexibility, both up front and through the life of the loan;
- Ability to react quickly to changes in the marketplace and to unforeseen changes in customers' situations;

Continued . . .



Tim Tripas,
VP Operations
Komatsu Financial

Komatsu Financial rates are routinely lower on most products, including a current offer of zero percent for 60 months on the new HB215LC-1 Hybrid excavator.



Komatsu Financial — market, customer and equipment expertise

...continued

- A willingness to take more risk than other lenders;
- Superior customer service provided for the entire life of the loan;
- Streamlined credit review for most transactions;
- Limited financial disclosure requirement;
- Simple and direct documentation (no automatic, cross-collateralization agreement);
- A consistent credit review and approval process;
- Deals that are typically approved in four hours or fewer (as compared to a day or two);
- Never any prepayment penalty.

Tripas says another significant advantage of using Komatsu Financial for your Komatsu equipment purchases is that it preserves your banking line of credit for other things, such as acquisitions, that will help you grow your business.

Financing used machines, parts and leases

Komatsu Financial not only offers financing for new Komatsu equipment, it also offers financing for Komatsu certified used machines, Komatsu used machines, parts and service performed by a Komatsu-trained technician offered through your Komatsu distributor.

"If instead of buying a new or used piece of equipment, you prefer to fix what you have by putting on a new undercarriage, rebuilding an engine, or whatever — we'll finance that for you too," said Tripas. "Just about anything you

want to buy from your Komatsu distributor, we can finance it for you."

If you prefer leasing to purchase or rental, Komatsu Financial has some of the most favorable lease programs in the equipment-finance industry, with terms from 12 to 60 months.

"I believe we're one of the few lenders in the industry that offers a standard 12-month term on a lease," said Tripas. "We're willing to custom-quote a lease to meet a customer's specific need for a unique job or application. We also offer a feature where, when your lease gets down to the final six payments, Komatsu Financial will allow you to trade it in with no pretrade penalty if you buy a new piece of Komatsu equipment and finance it through KF."

Save the deal, help the customer

As all contractors know, there are often speed bumps on the road to building a successful business. Perhaps you experience unforeseen problems on a job, or there are weather issues, or you have difficulty collecting payment for services. Tripas says at Komatsu Financial, the mind-set is to help customers get past those bumps to the smoother road ahead.

"Komatsu distributors often take the position that they're in partnership with their customers and the only way they both succeed is by working together. At Komatsu Financial, we feel the same, so we're going to do everything we can to help them along. Our unofficial motto is, 'Save the deal, help the customer.' We are more motivated to ensure the long-term success of the customer than a third-party lender is."

Obviously, the past several years have been challenging ones for the construction industry overall, and that includes equipment manufacturers. But Komatsu and Komatsu Financial see the industry rebounding.

"In 2008, and especially 2009, the market was down," observed Tripas. "But we saw a considerable increase in volume in 2010, and 2011 continued that upward trend. Overall, we're optimistic about the industry continuing to gradually improve, and our goal at Komatsu Financial is to grow right along with it." ■

In addition to financing new, used and leased Komatsu equipment, Komatsu Financial offers financing for parts and service from Komatsu distributors.



KOMATSU & YOU

LISTENING TO CUSTOMERS

Equipment users provide valuable insights, says new Komatsu America President/COO

QUESTION: You've been with Komatsu many years. How have your experiences prepared you to be President/COO?

ANSWER: I have extensive sales & marketing experiences from my long history with Komatsu. I always think and take actions from a customer perspective, such as what are our customers' goals and expectations from Komatsu and its distributors, and how can Komatsu meet their expectations. I keep those things in mind and bring them to the President/COO role. That "boots on the ground" philosophy provides us with invaluable feedback.

QUESTION: What do you believe Komatsu does especially well?

ANSWER: We're an equipment manufacturer, so "Job One" for us is making great equipment. We believe our products are the most unique and unrivaled machines available. We're always striving to make them even more productive and efficient.

Having such great products requires a significant investment in our technology initiatives, which we also believe are unique and unrivaled in the industry. Komatsu is a strong engineering company with a commitment to technological innovation. Proven examples of our dedication include machines that are plug-and-play ready for GPS grading systems; KOMTRAX, the first machine-monitoring system installed as standard equipment; our Tier 4 Interim engines that customers tell us are truly superior; our autonomous haul trucks and our second-generation Hybrid Excavator.

In addition, we believe we're the best when it comes to proactive product support. Our distributors do an outstanding job of focusing

Continued . . .



This is one of a series of articles based on interviews with key people at Komatsu discussing the company's commitment to its customers in the construction and mining industries — and their visions for the future.

Noboru Sato,
President/COO of
Komatsu America Corp.

New Komatsu America Corp. (KAC) President and COO Noboru (Nob) Sato has been with the company for more than 30 years, but his experience with the company goes back much further. As a child growing up, he often visited the family farm.

"My uncle used a Komatsu bulldozer to cut out a mountainside and level the land to farm ground. When we visited, I would ride along with him while he worked the crops," said Sato. "When I grew up, I wanted to work for a leading company and travel the world. Komatsu has given me the opportunity to do both."

As President and COO, Sato is responsible for managing Komatsu operations related to construction and mining. He took over the position April 1, after serving as Executive Officer and President of the Overseas Marketing Division at Komatsu Ltd for four years. Before that, Sato was Executive VP, Marketing at KAC for five years.

"My previous positions allowed me a great deal of time to talk with customers, which is something I enjoy," he noted. "That one-on-one interaction provides valuable information. Because they're the ones directly using our machines, customers often have great insight. Many of our marketing and service strategies have come as a result of that input. I enjoy talking with customers to learn their visions for their businesses, then asking what we can do to help meet them."

In his leisure time, Sato enjoys playing golf and recently took up cooking.

New COO says Komatsu a leader in product-support solutions

... continued

on customer satisfaction and deserve a great deal of credit for Komatsu being a leader in support programs, including Komatsu CARE, which was introduced with our Tier 4 Interim machines.



Komatsu America President Noboru (Nob) Sato said he believes Komatsu is the best in the industry when it comes to product support, citing programs such as Komatsu CARE, which provides complimentary scheduled maintenance on new Tier 4 Interim machines.

Innovative products such as hybrid excavators, including the second-generation HB215LC-1, set Komatsu apart, according to company President Noburo (Nob) Sato.



QUESTION: What benefits does the Komatsu CARE program offer?

ANSWER: It provides complimentary scheduled service that assures the customer those services are done correctly with no out-of-pocket costs. Also included are two diesel particulate filter exchanges. The distributor tracks the machine and schedules the service at a beneficial time.

The program also benefits us. Tier 4 Interim technology is new, including componentry. Komatsu CARE allows us to track this technology and see first-hand how it's working. What we're learning from that, along with what our customers are telling us, is that it's performing very well.

QUESTION: What do the construction and mining markets look like now?

ANSWER: Some segments of the construction market are strong, including the energy sector with the oil boom. Other construction segments, such as roads and housing, are seeing an increase, but are still behind where they were several years ago. Some states, and even municipalities, are increasing their infrastructure work, but we need more on a national level. As for housing, I believe that will make a strong comeback next year.

There is some concern as coal mining has softened somewhat here in the U.S., due largely to low natural gas prices. However, in the long term, I see mining remaining strong for several years. ■



Komatsu America President Noboru (Nob) Sato says it's vital to listen to customers as they provide valuable feedback on ways to improve Komatsu products.

MACHINE MONITORING

WHAT'S YOUR IDLE TIME?

KOMTRAX team points out benefits of shutting a machine down during nonproduction

Having an accurate picture of how long your equipment is idling can have significant advantages. But how do you know if it's idling too much? KOMTRAX can help by providing detailed information that will show your machinery's productive operation versus idle time.

"In 2007, we started a push to get owners and operators to think about idle time and how it affects the bottom line," said Goran Zeravica, Manager, Distributor Operations. "It's paying off, as our information shows that idling time has gone down somewhat. But it's nowhere close to where we would like it to be."

Komatsu's KOMTRAX team would like it to be near zero. Estimates show that the average machine spends nearly 40 percent of its working time at idle. Zeravica and Rizwan Mirza, Manager, KOMTRAX, said that excessive idling has several negative implications.

"To start with, idling is an incredible waste of fuel that eats into profits," pointed out Mirza. "Then consider that those nonproductive hours are putting the machine closer to the next service interval at a faster pace. The per-yard and per-ton cost of the project goes up. It affects resale value as well. Limiting idle time means fewer hours, which equals a higher resale value."

How do you stack up?

Komatsu offers a complimentary, detailed, monthly report with easy-to-read charts and graphs highlighting key items, including how a machine's idle time compares with the average of all machines it tracks.

"A simple graph shows owners if their machines' idle times are above, below or average, when compared to the national average," explained Zeravica. "Of course, we want them to be below average, and eventually we want to get the overall idle-time average below 10 percent. Customers tell us these reports are helpful because they give them a better understanding of how efficiently their fleet is operating and the costs associated with idling."

For more information about KOMTRAX or to receive reports, contact Zeravica or Mirza at gzeravica@komatsuna.com and rmirza@komatsuna.com. ■



Rizwan Mirza,
Manager, KOMTRAX,
ICT Business Division



Goran Zeravica,
Manager,
Distributor Operations,
ICT Business Division



A monthly fleet report from Komatsu offers detailed information about machine use, including idle-time percentage compared to the average of all machines KOMTRAX monitors.



MAJOR CONSEQUENCES

ASCE report shows significant negative impact of underfunding water infrastructure

A failure to adequately fund water and wastewater infrastructure could cut the nation's gross domestic product by as much as \$416 billion over the next decade, according to an analysis commissioned by the American Society of Civil Engineers (ASCE).

The analysis was based on existing capital spending trends, examining the economic consequences of aging systems on businesses and households, according to an article in the Engineering News-Record.

Titled "Failure to Act: The Economic Impact of Current Investment Trends in Water and Wastewater Treatment Infrastructure," it is the second of four ASCE-commissioned assessments of infrastructure spending. The report shows that without more investment in these systems, the U.S. Environmental Protection Agency's 2010 estimate of a \$55 billion shortfall in maintenance and upgrade needs could increase to \$84 billion by 2020, and reach \$144 billion by 2040.

Businesses would feel the impact through added costs of dealing with water shortages, increased rates and higher costs associated with either relocation or investment in self-reliant water systems. Water-borne illnesses due to unreliable delivery and treatment services could lead to higher medical costs, leaving households with less money for discretionary spending.

Any gains would be offset

According to the article and report, productivity will also suffer, with a potential loss of nearly 700,000 jobs across all sectors of the economy by 2020. Twice as many jobs may be at risk by 2040.

The report notes that while current sustainable practices, including conservation, more efficient water use and new treatment technologies, could ease water demand, any gains will likely be offset by factors such as population growth in areas of the country where resources are less abundant. ■

An American Society of Civil Engineers report shows that inadequate funding of water and wastewater systems could lower gross domestic product, increase future costs to businesses and households and potentially cause a loss of more than 1 million jobs.



Order establishes task force for oversight of shale gas "fracking"

President Obama recently signed an executive order establishing a high-level task force to oversee domestic natural-gas development. Its responsibilities include ensuring safety and responsibility with rapidly growing, advanced, drilling techniques, such as "fracking," used to tap natural gas supplies in shale formations.

"It is vital that we take full advantage of our natural gas resources, while giving American families and communities confidence that

natural and cultural resources, air and water quality, and public health and safety will not be compromised," the order says.

A federal Energy Information Administration estimate shows that shale gas production will grow to 49 percent in 2035, up from 23 percent in 2010. The EIA reported that total U.S. gas production was about 22 trillion cubic feet in 2010 and will increase to about 28 trillion in 2035. ■



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MORE INDUSTRY NEWS

Highway contractors offer suggestion to reduce work-zone accidents

An Associated General Contractor's study showed 68 percent of highway contractors had work-zone crashes at construction projects during the past year. Twenty-eight percent of those crashes resulted in injury and 18 percent had at least one worker killed as a result. The study also revealed that half of work-zone crashes cause injury to the driver or passenger(s) with 15 percent of those injuries resulting in death.

"Whenever a jobsite is just a few feet away from fast-moving traffic, things can get a little too exciting," said Tom Brown, Chair of AGC's national highway and transportation division, which conducted the survey with nearly 400 contractors nationwide. "Construction workers are more likely to be killed in a work-zone crash than motorists are."

Brown noted that the study shows a negative impact on construction schedules and costs, with 35 percent of those reporting accidents saying they were forced to shut down. Nearly half the shutdowns were for two or more days.

According to the study, 75 percent of contractors believe tougher laws, fines and penalties would reduce injuries and fatalities. Brown suggested that the best way to improve safety was for motorists to be more careful while driving through construction zones.

"The easiest way to improve work-zone safety is to get motorists to slow down and pay attention. When motorists see construction signs and orange barrels, they need to take the foot off the gas, put the phone down and keep their eyes on the road." ■

Dates changed for 2014 CONEXPO

If you marked your calendar for the next CONEXPO-CON/AGG in three years, you'll need to change it. Originally scheduled for

March 18-22, dates were changed to March 4-8, 2014. The venue remains the Las Vegas Convention Center. ■

Landscape society study shows benefits of green infrastructure

A report from the American Society of Landscape Architects (ASLA) and other organizations shows major benefits of green infrastructure, including reduced costs of treating large amounts of polluted runoff, as well as improving public health by reducing bacteria and pollution in rivers and streams.

Dubbed "Banking on Green: How Green Infrastructure Saves Municipalities Money and Provides Economic Benefits Community-wide," the report is aimed at the need to quantify the economic benefits of such infrastructure. It further showed a reduction in energy expenses, along with reduced flooding and flood damage.

"For many decades, landscape architects have been helping communities large and small manage their stormwater with innovative green infrastructure solutions, such as green roofs, rain gardens, bioswales and pervious pavements," said ASLA Executive Vice President Nancy Somerville. "The case studies and the cost analysis in this white paper clearly demonstrate that green infrastructure techniques are proven to be cost-effective at managing stormwater, preventing flooding, improving water quality and promoting public health. Landscape architects will continue to implement these projects in more and more neighborhoods across the country." ■



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