

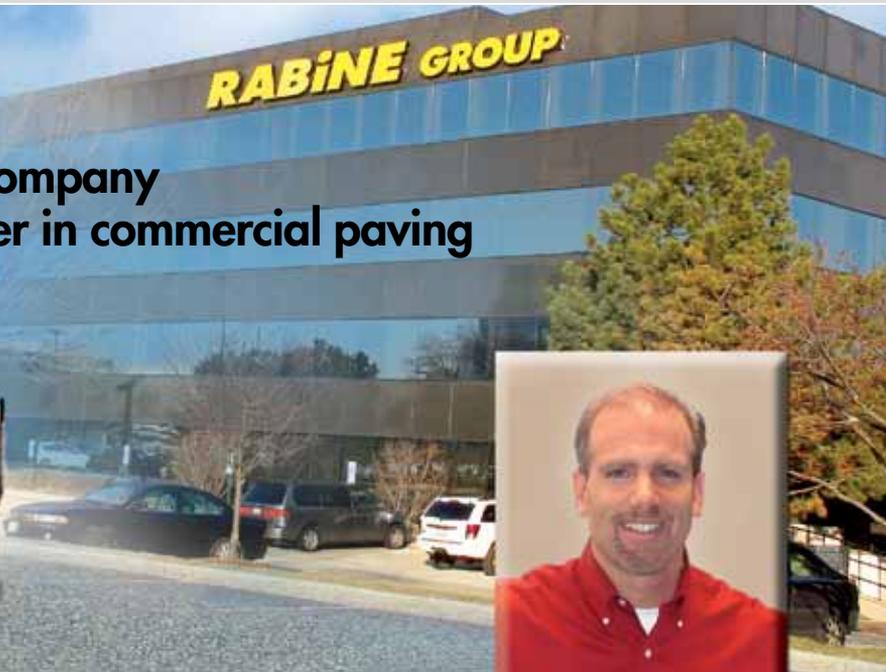


A PUBLICATION FOR AND ABOUT ROLAND MACHINERY CO. CUSTOMERS • 2012 NO. 1

## RABINE GROUP

How this Schaumburg, Ill., company has become a national leader in commercial paving

See article inside . . .



Gary Rabine,  
Founder/CEO

## ORT, INC.

Sikeston, Mo., firm specializes in restoring drainage ditches to original flow capacity

See article inside . . .



Donny Ort,  
Owner/President



## A MESSAGE FROM THE PRESIDENT



Matthew L. Roland

**We're proud  
to represent  
Komatsu**



Dear Valued Customer:

During the past year, Komatsu introduced several new machines that meet Tier 4 Interim regulations, and in most cases, do so with increased production and fuel economy. In addition, it premiered its second-generation Hybrid excavator, the HB215-1, before any other manufacturer brought its first hybrid machine to the market.

Like previous models, Komatsu's KOMTRAX machine-monitoring system comes standard and free on these new machines. Komatsu's Tier 4 Interim machines are also backed by the Komatsu CARE program, which offers complimentary service for three years or 2,000 hours, whichever comes first. As always, all work is performed by our highly trained, experienced technicians.

In this issue of your *Industry Scoop* magazine, you will see how Komatsu's Tier 4 Interim machines are exceeding expectations and proving to be more efficient and productive than their predecessors, in most cases.

That innovation and forward thinking makes us proud to be a Komatsu distributor. We're proud of the other manufacturing lines we carry as well, and we believe as you look to buy and rent equipment in the new year, you'll find Roland Machinery has the broadest offerings to meet your needs.

We're hopeful that there will be more need for equipment this year as the construction market continues to stabilize and even increases in some segments. We have fingers crossed that a new long-term highway bill will come to fruition this year, bringing more certainty.

Whatever your needs, we look forward to serving you in 2012 and beyond. So, please call or stop by one of our branch locations if there's anything we can do for you.

Sincerely,  
ROLAND MACHINERY CO.

Matthew L. Roland  
President

# Industry Scoop



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## RABINE GROUP

### How this Schaumburg, Ill., company has become a national leader in commercial paving



Gary Rabine,  
Founder/CEO

When it comes to commercial paving — asphalt or concrete — few if any companies have the resources, capabilities or expertise of the Rabine Group. Headquartered in Schaumburg, Ill., the Rabine Group has become not just a Chicago-area paving leader, but a national powerhouse as well. Quite remarkable for a company that Gary Rabine started as a teenager in 1981.

“I was just out of high school,” Rabine recalled. “I had worked for my dad and another guy since I was 14. I’ve never been afraid of hard work. I was captain of my football and wrestling teams in high school and my success in sports had little to do with talent — I just outworked my competition.”

Rabine carried that strong work ethic, along with a burning desire to be the best, into his business.

At its headquarters in Schaumburg, Ill., Rabine Group built a large parking lot to show many of the different pavements (from traditional asphalt to pervious concrete) the company has to offer.



“My initial plan was to earn enough money to pay for college, but after a year or two, I was doing well and discovered I really liked being in business. I also developed a passion for paving, which I retain to this day. That’s when I decided I wanted to be the best paving company around. First, I wanted to be the best in Lake County, then Illinois, then the Midwest, and so on.”

Early on, Rabine figured out that to become the best, he first had to be more knowledgeable. So he went to regional and national conventions, attended seminars and met with manufacturers. He went out of his way to get to know people he respected and admired within the industry so he could pick their brains.

“I was basically a sponge trying to soak up information,” he noted. “From paving techniques, to equipment, to business philosophies — I tried to figure out what made these guys good and how I could apply what worked for them to my company.”

During those early years, Rabine says he saw plenty of professionalism among mainline highway pavers, but not nearly the same level of expertise on the commercial paving side.

“I figured if I could take that mainline paving expertise into the commercial arena, I could offer top quality at a reasonable price and really separate myself from most competitors. I believe that’s what we’ve done. Providing the best bang for the buck in the commercial paving market was my goal and I’m absolutely convinced we do that routinely.”

#### Employees are key to success

That dedication to customers and to quality has paid off. Today, Rabine Group is a wide-ranging collection of companies that, in addition to paving, offers services such as roofing, fuel and oil distribution, snow removal, pipeline videos





This Rabine Paving crew uses one of the company's Wirtgen W 120 mills for a Commonwealth Edison project in Crestwood, Ill., a southern Chicago suburb. "We've found Wirtgen milling machines are a lot like Rabine Paving," said CEO Gary Rabine. "You may find something cheaper, but you can't find a better value or a better return on your investment."

and more. Paving remains Gary's passion, while other Rabine Group companies are led by industry-passionate experts always striving to be world-class. Rabine Paving works in the Chicago area while a newer company, Rabine Paving America, handles Rabine's growing national paving operations, which include building parking lots for many of the U.S.' largest chain retailers.

Rabine, who serves as CEO of Rabine Group, is quick to credit the team (the companies employ about 350 people) for the success of the company. He pointed specifically to President Mike Johnson, Senior VP Engineering Ryan Laughlin, VP Estimating and Engineering Brad Wagner, VP of Operations Keith Griffin, Field Operations Manager Max Broadway, as well as many others.

"Our management team is exceptional, our field supervisors are outstanding and our crews are top-of-the-line," acknowledged Rabine. "I love this industry and I think the vast majority of our team feels the same, which is why we're able to do what we do. We're proud of our work, proud of the quality of our jobs and proud of our reputation.

"We've been called in on some jobs that really highlight the difference between us and our competition," Rabine continued. "For example, a trucking company awarded a good-size job in northern Wisconsin. The contractor who won the bid then told the owners it would take him two to three weeks and he wasn't sure when he could start. They called us. Long story short, we did the job in two days, one of which we used to stage our equipment. We did the actual milling and paving in 11 hours. We started on

a Saturday at 6:00 a.m. and were pulling out of town by 5:00 p.m."

### **Any and all types of paving**

Rabine companies do any and all types of paving jobs, large and small. Projects comprise residential and subdivision work, including streets, driveways and sidewalks. They take on some municipal work, although they are not as focused on it because it is low-bid by nature and therefore harder to sell the value proposition he emphasizes. But Rabine Group's specialty is large parking lots and paving for utility companies. It's one of the few paving firms that can offer customers either asphalt (black top) or concrete (the company has trademarked a product called Ultra Lot White Topping).

"We can go with whatever works best for a customer's particular use and/or budget," Rabine noted. "We also consider ourselves leaders in terms of environmentally friendly, sustainable pavements. We don't believe there are any competitors in the country that offer the wide array of paving solutions we do for commercial/ industrial customers. We expanded nationally about four years ago and we are having a lot of fun competing across the country."

Rabine Group services go beyond just putting down pavement. Through a unique, complimentary program called Rabine Pavement Management (RPM), the company's engineers provide client partners with an annual assessment of their ongoing pavement maintenance needs to ensure the best pavement performance for the least cost. It's an engineering service designed to save the customer money in the long term.



**Ryan Laughlin,**  
Senior VP  
Engineering

*Continued . . .*



# Rabine Group poised for substantial growth

... continued



Brad Wagner,  
VP Estimating  
and Engineering

"We invest in technology and we invest in engineering," said Rabine. "We sell quality, and part of our job is educating customers that all paving is not the same. Services such as RPM really set us apart and demonstrate the Rabine difference."

## Wirtgen mills/Roland service

As Rabine Group began getting heavily into pavement maintenance and rehab, they had more jobs requiring full-depth reclamation, which they were subbing out. Eventually, they decided they'd be better off doing that work themselves with an in-house milling crew.

"We started out with a mill that we thought was good, then we demo'd a Wirtgen mill from Roland Machinery and were blown away — it was a night-and-day difference," claimed Operations Manager Max Broadway. "The

Wirtgen was technologically superior. It's built better so it will last longer. And it milled much faster and better than the other brand. There really was no comparison."

That first demo was four years ago. Rabine Group now has three Wirtgen mills (two W 120s and a W 150).

"Production rates are second-to-none and Wirtgen quality never ceases to amaze," observed Broadway. "Every unit we've bought has been improved over the previous model. When I see another company out milling, I always stop by and ask them how they like their machine. They usually say how good it is, blah, blah, blah ... and I just say, 'You've never run a Wirtgen, have you?' Once you run a Wirtgen, you'd never want to go back to something else."

"Frankly, Wirtgen mills cost a little more," admitted Rabine. "Initially, that made me a little hesitant. But my operators were adamant and I trust them. Now, I realize Wirtgen is like us. You may find something cheaper, but you can't find a better value or a better return on your investment."

"Roland Machinery is a big part of our success with Wirtgen too," added Broadway. "Our Roland Sales Rep, John Ross, is very helpful. Roland does a great job in terms of training us on the product. They also have a technician (Bob Lovejoy) dedicated to Wirtgen products, and he can often talk us through issues. But if we're down and need a technician on site, Roland takes care of us quickly. They give us great service and I can't say that about every dealer."

## Moving ahead

From its humble beginnings, Rabine Group has grown remarkably — up 2,000 percent in the past decade. As for the future, Rabine says it's full-speed-ahead.

"We did about \$175 million worth of work in 2011. We plan to do \$1 billion by 2020. We're still hungry, and just like back in the beginning, we're still trying to get better. I used to look to regional and national leaders to see if there's anything we can adapt to improve our company. Now, we're looking globally to learn what innovative paving firms in other countries are doing. We can't get complacent if we want to be the best and stay the best." ■

Rabine Paving owns three Wirtgen mills (two W 120s and a new W 150). "The first time we demo'd a Wirtgen mill, we were blown away," said Operations Manager Max Broadway. "It was superior to the competition in every way. There really was no comparison."



(L-R) Rabine Group Operations Manager Max Broadway and CEO Gary Rabine work with Roland Sales Rep John Ross. "Roland is a big part of our success with Wirtgen," said Broadway. "They give us great service."



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## ORT, INC.

### Sikeston, Mo., firm specializes in restoring drainage ditches to original flow capacity



Donny Ort,  
Owner/President

Donny Ort has worn many hats through the years. After military service in the '60s, he was an equipment operator, then a mechanic for a dealership. In the early '80s, he and a partner started Tri-State Crawler, which was a combination repair shop, salvage yard and parts business. As part of Tri-State, Donny started doing some earthwork with the equipment they purchased, which eventually led to an amicable split about three years ago. His Tri-State partner took the shop and Donny took the construction side of the business, which he renamed Ort, Inc.

"Like so much of life, it's all about timing," Ort recalled. "The same year I started Ort, Inc., is when the government decided to start doing something about drainage ditches in southeastern Missouri and northeastern Arkansas. They had been neglected for decades and had become overgrown with trees and filled in with silt and other debris to the point where they were no longer effective as a means of draining the area farmland."

Clearing and dredging drainage ditches has become a specialty of Ort, Inc., which is based in Sikeston, Mo. Ort's ditch-cleaning work really picked up after heavy spring floods in 2011 made a bad situation worse by depositing even more material into the ditches.

"I work for a number of drainage districts, basically from Cape Girardeau, Missouri, to Jonesboro, Arkansas," Ort explained. "To do the work, one needs the right equipment, which basically means long-reach excavators, drag lines or cranes. I think long-reach excavators are best because more people can operate them effectively. I already had long-reach excavators, so I was able to hit the ground running after the flooding last year. I consider myself fortunate to have been in the right place at the right time."

That may be true, but Ort's success is much more than just luck and/or timing. Well before he started doing much drainage work, he had good customers and an excellent reputation for getting things done.

"We have plenty of competition, but I think the drainage districts we work for are pleased with the quality of our work, the price, and the fact that we get their jobs done in a timely manner," said Ort. "They know we have the people, the know-how and the equipment to do the work. They also know from past experience that they can trust us to do what we say we're going to do."

#### Nothing but Komatsu

When it comes to the long-reach excavators required to clean drainage ditches, Ort has turned exclusively to Komatsu machines.

"Back when I was doing repairs, I had a customer who brought in a Komatsu excavator and I gave him kind of a hard time because my background was with another brand," Ort recalled. "The guy just said, 'Komatsu's better — and if you ever have one, you'll know what I'm talking about.'"

"I remembered that, and the first machine I bought was a Komatsu PC200LC-5 that had basically been ruined by being submerged in

Ort, Inc., specializes in clearing and cleaning drainage ditches in southeastern Missouri and northeastern Arkansas that have become overgrown with trees and filled with silt and debris.





water. Because of the damage, I was able to buy it cheaply. I replaced all the electric components and rebuilt the engine, then put it to work. It was a great machine that ran beautifully for many years. For me, it's been nothing but Komatsu ever since."

Today, Ort owns about a dozen Komatsu excavators ranging from a PC150 with about 25 feet of reach, up to a PC400 with a 73-foot front.

"The best thing about Komatsu excavators is they just don't give me much trouble," he noted. "They're quick, strong and reliable. I buy used machines and my experience is that, even with a used Komatsu, I'm not going to run into any real problems before about 10,000 hours. Of course, I buy wear parts, hoses, seals and maybe do some track work, but that's about it. I think 10,000 hours without any major repairs is very good.

"The other good thing about Komatsu is that Roland Machinery is the dealer. My Roland Sales Rep, Dan Christensen, does a great job finding me machines. PSSR Kevin Cox makes sure we get parts. Roland is also really good about talking us through minor repairs, which I appreciate because it keeps our downtime under control and saves us money."

### Full speed ahead

Since opening its doors just a few years ago, Ort, Inc., has grown from basically a one-man operation to about 10 operators today. Ort says he'll grow the business if he needs to, but is happy with its present size. And although he's old enough to retire, Ort says he has no intention of calling it quits anytime soon.



An Ort, Inc. operator uses a Komatsu PC220 with a long-reach front to dredge a ditch near Paragould, Ark. "I use Komatsu long-reach excavators exclusively for my drainage ditch work," said Owner Donny Ort. "What I like best about Komatsu excavators is that they just don't give me much trouble."

Ort, Inc. owns about a dozen Komatsu long-reach excavators, ranging from a PC150 with 25 feet of reach, up to this PC400 with its 73-foot front.



Donny Ort (center) works closely with PSSR Kevin Cox (left) and Sales Rep Dan Christensen (right) from Roland Machinery's Cape Girardeau branch.

"I love to work and I love what I'm doing. My wife, Deborah, and daughter, Deanna Phelps, run the office and take care of the bookkeeping, and that lets me stay out here in the field, which is what I enjoy. I've got some good help, and as long as I've got operators who want to work, my plan is to keep this company going." ■



# TRIGGERED CUTS

## Super committee failure could mean reduced federal infrastructure investment



**Christian Klein,**  
Association of Equipment  
Distributors VP of  
Government Affairs

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The failure of the bipartisan congressional “super committee” to produce a plan for solving the nation’s fiscal and budgetary crisis will trigger \$1.2 trillion across-the-board defense and nondefense discretionary cuts.

The spending rollback is set to begin in 2013 through a process known as sequestration. Though the exact impact of the process is unknown at this time, its effect will be far-reaching.

Federal infrastructure programs, such as the Clean Water and Drinking Water State Revolving Fund programs will likely see reductions. Combined with recent drops in investment levels, the new cuts will be particularly damaging. The exact impact on federal programs with dedicated revenue streams, such as the highway program (Highway Trust Fund), is still unknown.

**The congressional super committee’s failure to reach an agreement means federal infrastructure programs will likely see reductions in investment, according to Associated Equipment Distributors’ Christian Klein.**

The sequestration process creates a set of discretionary spending caps and triggers mandatory spending cuts spread over a nine-year period. In 2013, cuts will be made from all congressionally approved discretionary and mandatory spending. Beginning in 2014, discretionary caps will be lowered and spending will be cut from all categories not exempted by law (e.g., Social Security, Medicaid, veterans programs, refundable income tax credits, and programs with dedicated revenue streams, such as the Highway Trust Fund).

The automatic cuts are required by the Budget Control Act (BCA) of 2011, the deal reached last year to raise the national debt ceiling. Under the law, House and Senate leadership appointed members to the super committee who were tasked to come up with a plan containing at least \$1.2 trillion in cuts to the federal budget. The final compromise was to be voted on by both chambers. As an incentive for lawmakers to reach a deal, any failure to make the required cuts would result in automatic reductions necessary to reach the goal.

While the super committee’s failure has triggered sequestration, it is unclear what, if any, impact the process will have. Many members of Congress have indicated their desire to avoid the cuts envisioned by sequestration by creating new laws to reduce or eliminate the impact of the BCA’s requirements.

We need to continue to remind Congress of the important difference between wasteful government spending and critical investments in infrastructure. The threat of the cuts highlights the need for sustainable and dedicated funding for infrastructure investments and for new and innovative approaches to financing that capitalize on public-private partnerships. ■



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# WHAT WILL 2012 BRING?

## Forecasts for the construction economy show slight improvement this year

The U.S. construction economy has stabilized during the past two years. According to most construction forecasting firms, it looks as though that trend will continue for 2012.

As always, different markets will behave differently this year. For example, according to McGraw-Hill Construction, residential construction will be up (+10 percent for single-family housing and +18 percent for multifamily housing). Also up, construction of office buildings, hotels, shopping centers, other commercial buildings and manufacturing. That's all positive, however, industry experts still see challenges ahead.

Challenge No. 1 is that despite the projected increases, some of the numbers are still fairly low. For example, take single-family housing. The National Association of Home Builders is even more optimistic than most other forecasters and is projecting 495,000 housing starts this year — a 17-percent increase from 2011. While that sounds

encouraging, it's still only about one-third of what NAHB says the housing market should be, and is well short of the million-plus homes that were being built each year before the downturn.

The other problem is the lack of financing for public projects. The Associated Road & Transportation Builders Association (ARTBA) is bracing for a 6-percent drop in highway paving and bridge construction in 2012. McGraw-Hill expects a similar drop in road work, as well as a 5-percent decline in environmental public works and a 24-percent decline in electric utilities.

### \$\$\$ lacking for public works

The stagnant public-works market caused the Portland Cement Association to recently lower its projections for 2012 and 2013. When all the data are in, the group expects 2011 to wrap up with a 1.1-percent increase and for 2012 to grow at 0.5 percent, before rebounding with a 7.4-percent increase in 2013.

*Continued . . .*



The American Society of Civil Engineers says improving the nation's infrastructure would improve the economy by making us more efficient and putting construction workers back to work.

# Congress holds key to unlocking construction funds

... continued

"We are riding on the bottom again in 2012, and the market I'm most concerned about is the public sector," PCA's Chief Economist Ed Sullivan told Engineering News-Record. "It's not talked about a lot, but we were still seeing a positive impact from stimulus spending in 2011. That largely disappears in 2012. Add to that the lingering fiscal crisis facing most states, and you have the potential of a steep slide in public spending next year."

McGraw-Hill Construction Chief Economist Robert Murray put it this way to ENR. "The Budget Control Act of 2011 is in line with the move toward reduced federal spending. Through Fiscal 2010, the federal government had assumed a supportive stance toward construction programs. After the November 2010 elections, that supportive stance changed. When 2012 appropriations are eventually finalized, they are virtually certain to contain diminished federal support for numerous programs."

He points to 2011 appropriations as a guide. Congress froze the federal aid highway program at fiscal 2010 levels; rescinded \$2.5 billion in contract authority to states; cut mass transit by 20 percent; allocated zero funding for high-speed rail; and cut financing for military-related projects in the U.S. by 16 percent. Legislation passed in late December 2011 resulted in a \$56 million cut in the Clean Water State Revolving Fund and a reduction of \$46 million in the Drinking Water State Revolving Fund.

What frustrates many observers about the lack of funding for public work is that almost everybody agrees that our nation has serious

infrastructure needs that must be addressed. They cite the American Society of Civil Engineers (ASCE) Report Card of American Infrastructure that gives infrastructure an overall grade of "D" and recorded "D-minus" for roads, drinking water and wastewater. ASCE points out that improving the nation's infrastructure would improve the economy in two ways: one, by making us more efficient and two, by putting construction workers back to work.

## On the other hand

Somewhat more optimistic than the McGraw-Hill, Portland Cement and ARTBA forecasts were reports by construction-industry analysts at FMI Corp. and Reed Construction Data (RCD), although both were tempered.

Reed expects 2011 will wrap up with a nearly 3-percent decline in total construction spending, citing Euro Zone problems, uncertainty among U.S. businesses and low consumer confidence. Nonetheless, Reed says "positive economic data continue to accumulate..." and forecasts construction spending to increase by almost 4 percent in 2012 and about 7 percent in 2013. It should be noted that both of those figures were slightly lower than a previous RCD forecast, due to expectations of reduced government spending.

When final, year-end numbers are in, FMI Corp. expects a 2-percent increase in overall construction put in place for 2011, followed by a 6-percent rise in 2012. However, when recalculated into 2006 dollars to take inflation of construction material into account, the FMI numbers translate into a 1-percent decrease for last year and just a 3-percent increase for this year.

## Fate of highway bill

One thing to watch closely in 2012 is what happens regarding a new highway bill. Will it continue to be one-year-at-a-time or can Congress and the White House agree on a new five- or six-year program that will give road builders some certainty and allow them to do some better long-range planning?

In late December of 2011, there was a bipartisan House effort to get a bill passed, but it was tabled until 2012. Various plans are being worked on in the Senate. Any bill will have to be approved by both Houses of Congress and the White House before it becomes law. ■

McGraw-Hill Construction predicts residential housing construction to increase by 18 percent for multifamily units and 10 percent for new single-family homes.



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## TIER 4 INTERIM AFTER YEAR ONE

### Customers seeing benefits from Komatsu machines designed to meet latest emissions standards

A year ago, Komatsu introduced its first machines designed to meet Tier 4 Interim standards, which dramatically reduce emissions in the 175- to 750-horsepower range. On nearly every machine, Komatsu went beyond just meeting the regulations, working to improve performance and efficiency. In some cases, Komatsu replaced the predecessor machines with new model numbers to better reflect changes, such as operating weight.

Komatsu released five excavators (PC490LC-10, PC390LC-10, PC360LC-10, PC290LC-10, PC240LC-10), two dozers (D155AX-7, D65-17 in EX, PX and WX models), two articulated haul trucks (HM300-3 and HM400-3) and a WA380-7 wheel loader. Tier 4 Interim standards for machines in the 75- to 174-horsepower range go into effect beginning this year.

“We believe we raised the bar, not only in terms of lower emissions, but in performance,” said Peter Robson, Director of Product Marketing. “We’ve made some significant changes to the machines, such as low-speed and variable matching, smart-loader logic and Komatsu traction control. Another key element of productivity is operator comfort, and the Tier 4 Interim machines have enhancements in the operator’s environment, including new seats, cabs, controls and monitors. Our feedback after the first year is very positive.”

Feedback comes in various forms, including direct customer contact and active tracking through Komatsu’s KOMTRAX remote machine-monitoring system.

“We’ve found that the Tier 4 Interim machines are more efficient than their Tier 3 predecessors,” said Ken Calvert, Komatsu’s Director of Product Support Systems. “In fact, many customers see benefits, such as higher production with lower fuel consumption, which equate to lower operating costs. As with any new standards, there was some concern about how they would affect performance. Our data show that customers can put those concerns to rest.”

#### Already saving

Alton Hutto, Owner and Vice President of Lad Corporation, saw savings right away. A longtime Komatsu user, Hutto purchased a PC360LC-10 late last year and began using it on a large sewer project that involved digging in rocky soils. Despite the rugged conditions, which required using the excavator in Power mode, he said the fuel savings were apparent.

“There were competitive machines on the project, working in the same conditions,”

With reduced fuel consumption and higher productivity, Komatsu’s Tier 4 Interim machines, such as the PC360LC-10 excavator and the HM300-3 articulated haul truck, make a cost-effective combination in most applications.

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Last year, Komatsu introduced new excavators, articulated dump trucks and dozers, including this D65-17, that meet Tier 4 Interim standards. Data show they're more fuel-efficient and productive, with lower emissions than their Tier 3 predecessors.

Hutto pointed out. "Compared to those, our PC360LC-10 used about half the fuel. That's a significant savings, but not completely unexpected. Our experience with Komatsu through the years has shown significant savings compared to competitive brands."

Hutto attended a seminar during one of Komatsu's recent Demo Days at the company's Training and Demonstration Center in Cartersville, Ga. He learned about the technology behind Komatsu's Tier 4 Interim machines and was impressed. Tier 4 Interim emission regulations require equipment manufacturers to reduce NOx by 45 percent and soot by 90 percent.

"After the seminar, I was very confident that Komatsu is well ahead of the competition in terms of Tier 4 and how it reduces emissions," said Hutto, who's researched the Tier 4 Interim standards and how Komatsu and other companies went about meeting the regulations. "After we purchased the excavator, Komatsu sent someone to train our operators in how to maximize the machine's performance and fuel economy. We're very

impressed with their commitment to ensuring our machine's optimal performance."

Komatsu machines do that by using engine components, including the exhaust gas recirculation system, variable geometry turbocharger and Komatsu Diesel Particulate Filter (KDPF), which work together to maximize efficiency. Through regeneration, the KDPF uses heat to burn soot and reduce emissions. Komatsu designed the machines to passively and actively regenerate during operation.

Robson said passive and active regeneration trends are right on track. "The results are very positive. Passive regeneration happens consistently during normal working conditions when operating conditions maintain sufficient exhaust temperatures to oxidize particulate matter. Operators don't even know it's happening. Active regeneration generally occurs in the 60- to 80-hour range, and is what we call a 'house-cleaning event,' where temperatures are raised to oxidize the carbon. In most cases, the operator is unaware of it as well."

*Continued . . .*

# COMPLIMENTARY TIER 4 SERVICES



Komatsu CARE for Komatsu Tier 4 Interim models is a new, complimentary maintenance program designed to lower your cost of ownership and improve your bottom line. It provides factory-scheduled maintenance on the machines for the first three years or 2,000 hours, whichever comes first. This includes up to two exchange Komatsu Diesel Particulate Filters. Be sure to contact your Komatsu distributor for all the details.

Once again, Komatsu leads the industry. No other construction equipment manufacturer offers a complimentary maintenance program like this.

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# Tier 4 Update: Komatsu programs mean even more benefits

... continued

## KOMTRAX plays a crucial role

According to the Tier 4 Interim standards, the diesel particulate filter must be cleaned at 4,500 hours. "Our tracking shows the number of regenerations, including machine requests for manual regeneration and the length of the regeneration itself," said Calvert. "We've also tracked fuel consumption as it relates to regeneration, and the numbers are very positive. We've learned a lot."

Tracking regeneration is done with Komatsu's new KOMTRAX 4.0, designed specifically for Tier 4 Interim machines, which also collects other critical information, such as fuel usage, idle time and machine hours.

"KOMTRAX 4.0 builds upon our previous versions by offering information such as predicting fuel-saving opportunities associated with changes in operating modes," noted Calvert. "For example, it can show operators ways to save fuel by using the Eco mode in their application as opposed to Power mode, if it's appropriate. It alerts them when idle time seems excessive and it would be better to shut the machine down to conserve fuel."

In addition to Komatsu tracking the machines, Calvert said distributors are actively using KOMTRAX to track equipment in their territories. "Our distributors are excellent communicators of the Tier 4 Interim technology when they sell or rent a machine, and are great at identifying situations where customers could operate equipment more efficiently to maximize productivity using less fuel."

## CARE part of the equation

To further help Tier 4 Interim users keep owning and operating costs down, Komatsu backs its new machines with Komatsu CARE. The program features complimentary factory-scheduled maintenance for the first three years or 2,000 hours, whichever comes first, with work performed by Komatsu distributor technicians using genuine parts and fluids.

"One of the main goals of Komatsu CARE is to assist in the overall profitability of the end user," pointed out Jake Tiongco, Senior Product Manager, Parts Division. "Lower owning and operating costs will lead to more competitive quotes on jobs for our

Continued...



All new Komatsu Tier 4 Interim machines are backed by the Komatsu CARE program that provides three-year/2,000-hour complimentary maintenance.



Komatsu tracks Tier 4 Interim machines using its advanced KOMTRAX 4.0. "Our tracking shows the number of regenerations, including machine requests for manual regeneration and the length of the regeneration itself," said Ken Calvert, Komatsu's Director of Product Support Systems. "We've also tracked fuel consumption as it relates to regeneration, and the numbers are very positive."

# Tier 4 Update: it can mean improvements to your bottom line

... continued

customers. In addition, proper maintenance of the machine with Komatsu genuine parts and factory-certified, trained technicians will increase the longevity and reliability of the Komatsu machine throughout its life."

Robson said it all adds up to increased profitability. "If owners are getting as good or better production compared to their older machines, with less fuel consumption and

lower maintenance costs, their bottom line will be better. With each new tier standard, we've improved our equipment beyond the regulations, and we believe these machines mark our best introduction yet. If owner's are still thinking about whether they should make the investment, we encourage them to demo or rent a machine. We believe they'll see the difference." ■

## New Komatsu machines make magazine's Top 100 list

Komatsu's Hybrid HB215-1 is among several of the company's products listed in Construction Equipment magazine's Top 100 Products of 2011. Also listed were Komatsu's Tier 4 Interim Dash-10 excavators and its new WA1200-6 wheel loader.

The HB215-1 is Komatsu's second-generation Hybrid excavator, which was built upon the success of its predecessor and provides significant fuel savings compared to its conventional counterpart, the PC200LC-8. Four major components of Hybrid — a generator motor, inverter, capacitor and electric swing motor — work in harmony to assist the engine. For example, the swing motor captures energy from the upper structure during swing braking and sends it to the capacitor for storage. It's then available to power the swing motor or the generator motor.

Both the Hybrid HB215-1 and the Tier 4 Interim excavators (PC240LC-10, PC360LC-10, PC490LC-10) feature low-speed matching that optimizes engine and hydraulic performance. Higher-displacement pumps deliver a higher flow amount at lower engine speeds. The machine can adjust the engine speed based on the flow output for better efficiency.

Tier 4 Interim excavators reduce emissions while, in most cases, providing better fuel economy and higher horsepower than the models they replaced. All major components, such as the engines, hydraulic pumps, motors and valves, are exclusively Komatsu. An integrated design with a closed-center, load-sensing hydraulic system makes the machines more efficient.

Designed for mining applications, the WA1200-6 wheel loader has an increase of 132 horsepower compared to its predecessor. It has an engine rpm-control system with auto deceleration and a dual-mode hydraulic system that can be set for normal or powerful loading. ■



Komatsu's second-generation hybrid excavator, the HB215LC-1, is recognized by Construction Equipment magazine as one of the most innovative products of the year. Also listed were Komatsu's Tier 4 Interim Dash-10 excavators and its new WA1200-6 wheel loader.

# LOADERS

From Komatsu - The Loader Experts



Komatsu Wheel Loaders deliver high productivity, low fuel consumption, easy maintenance and superior operator comfort. The WA200PZ-6, WA250PZ-6 and WA320PZ-6 feature Komatsu's electronically controlled Hydrostatic Transmission (HST) with Komatsu's PZ (Parallel Z-bar) linkage.

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- The PZ linkage provides parallel lift, high breakout force and high lift capacity.
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# NEXT-GENERATION TRUCK

## Komatsu's new HM400-3 meets all Tier 4 Interim requirements, plus provides increased capacity

You care about the reduction in emissions that Tier 4 Interim regulations mandated, but chances are you're more concerned that new machines will move the same amount of material as efficiently as your current equipment. Komatsu's new HM400-3 articulated haul truck does that and more. The new Tier 4 Interim truck actually outperforms the previous Tier 3 model.

The HM400-3 has an increased body capacity that yields a 44.1-ton payload compared to the 40 tons of its predecessor. Built of high-strength, wear-resistant steel, the body features a low loading height of 10 feet, five inches, which allows easy loading by Komatsu wheel loaders and excavators.

"A good combination is matching the HM400-3 with a 40- to 60-ton hydraulic excavator or a 5.5-cubic-yard to 7.5-cubic-yard wheel loader," said Product Manager Rob Warden. "That's an efficient, cost-effective way to move massive amounts of dirt on a variety of jobsites. Depending on conditions, operators can select from two working modes: Economy for lighter work on flat ground or Power for higher-production jobs and uphill-hauling applications."

A new Komatsu Traction Control System (KTCS) allows for maximum performance in soft ground, allowing operators to continue working in wet, sloppy conditions. If the truck detects a rapid slowdown in movement, it checks to see that the front and middle axle shafts are rotating at the same speed. If not, it automatically engages the inter-axle differential lock. If wheel slippage is then detected, the HM400-3's KTCS system will automatically brake the slipping wheel.

"Job conditions determine fuel consumption, but with improvements in the transmission and advanced electronic engine control, we're seeing as much as 14-percent better fuel economy

compared to the previous model," said Warden. "Eco Guidance through the monitor panel gives the operator information on ways to improve fuel economy. In addition, there are improvements to make the operator more productive, such as a center-located seat that provides a wider view, and a larger seat with air suspension that dampens vibration. The cab design offers less vibration and noise, too."

### Backed by Komatsu CARE

Like other Tier 4 Interim machines, Komatsu backs the HM400-3 with Komatsu CARE. The program provides complimentary scheduled maintenance for three years or 2,000 hours by factory-certified technicians using genuine Komatsu parts and fluids.

"It's a value-added service that ensures proper maintenance, done right and on time," explained Warden. "That lowers owning and operating costs, maintains uptime and reliability and improves resale value." ■



**Rob Warden,**  
Product Manager

Komatsu's new HM400-3 features increased payload, horsepower and gross vehicle weight compared to its predecessor, while reducing fuel consumption by as much as 14 percent, depending on job conditions.

### Brief Specs on the Komatsu HM400-3 Artic Truck

Model	Net Horsepower	Gross Vehicle Weight	Payload
HM400-3	469 hp	162,569 lbs.	44.1 tons



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# A MAJOR VICTORY

## Industry groups hail repeal of 3-percent withholding rule

After a long legislative fight, Congress passed and the President signed the repeal of the 3-percent withholding rule that was designed to hold back that amount from individuals or companies that provide goods or services to the government. Passed as part of the Tax Increase Prevention and Reconciliation Act of 2006, it was originally scheduled to go into effect at the end of 2011, but was subsequently delayed until 2013.

Several construction industry groups lobbied for its repeal ever since its passage, noting that the withholding applied to the total contract, not to the net revenue generated from a project. That meant the government would withhold funds necessary to complete a project, such as those needed to pay subcontractors and material suppliers. According to the Associated Builders and Contractors, the rule would restrict cash flow, resulting in higher bond costs or denial of coverage, thus driving up the cost of construction and forcing smaller firms out of the public sector market.

“An overwhelming, bipartisan majority of Senators understand that repealing the 3-percent withholding mandate is essential to boosting economic growth,” said Stephen E. Sandherr, Chief Executive Officer of the Associated General Contractors of America. “With construction activity down, the last thing construction employers need is to be forced into giving interest-free loans to the federal government. That’s why the vote comes as welcome news for construction firms, workers and taxpayers alike. As our members made clear in a recently released survey, many firms will be better able to offer positions to veterans, which this legislation also supports, without the enormous cost of this measure looming.”

Sandherr was referring to the portion of the repeal that offers tax credits ranging from \$5,600 to \$9,600 to companies that hire former members of the military who are unemployed. The credits, part of the total cost of the repeal that’s estimated at \$11 billion less revenue over 10 years, are offset by changing a provision of the 2010 health care law that moves some people from Medicaid to subsidized coverage in new health care exchanges, among other changes.

“By repealing the 3-percent tax withholding provision that was scheduled to take effect in 2013, Congress took an important step in lifting a cloud of uncertainty hanging over the business community,” said Bruce Josten, U.S. Chamber of Commerce Executive Vice President for Governmental Affairs. “With passage of this legislation, many small businesses that operate on tight margins will feel more comfortable making decisions to hire and invest in their companies, knowing that the government won’t be allowed to withhold 3 percent of their revenues.” ■

**Congress repealed the 3-percent withholding rule, marking a victory in the long legislative fight against it. Construction industry organizations say it brings more certainty to contractors.**



# MODEL MANUFACTURING

## General Manager Dennis Riddell says the Komatsu CMO's quality focus equals quality products



**Dennis Riddell,**  
General Manager,  
Chattanooga Manufacturing Operation

*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.*

In the 25 years Dennis Riddell has been at Komatsu's Chattanooga Manufacturing Operation, he's never seen production levels as high as they are right now. As General Manager of CMO, Riddell oversees about 300 employees who build six models of hydraulic excavators and seven models of Komatsu Forestry equipment, including log loaders and feller bunchers.

"Our production numbers are well above previous levels," said Riddell, who joined CMO as a quality engineer a few months after it opened in 1986. He moved up to Quality Manager, Manager of Manufacturing Engineering and Operations Manager before becoming General Manager in 1997. "We believe that's due in part to construction picking up, which is good for the economy as a whole."

CMO began building new Tier 4 Interim excavators in late 2010 to be ready to meet the standards that took effect at the beginning of 2011.

"We're able to meet high production levels and maintain the quality Komatsu is known for because an excellent group of people work here. Many have been here as long as I have and are well-versed in new product introductions and making that a fairly seamless process."

Dennis and his wife, Jamie, have been married for 46 years and have two grown children and five grandchildren, with a sixth on the way. He's an avid golfer and likes to fish.

**QUESTION:** What products are produced at the Chattanooga Manufacturing Operation (CMO)?

**ANSWER:** For the past couple of years, we've been producing the forestry line, which has been rebranded as Komatsu since 2011. That includes three log-loader models that will become Tier 4 Interim machines later this year and four models of tracked feller bunchers.

CMO is well-known as the Komatsu hydraulic excavator manufacturing facility. We produce several models of hydraulic excavators, including the new Tier 4 Interim construction machines that range from the PC240LC-10 to the PC490LC-10. We believe that when those excavators are paired with Komatsu's new Tier 4 Interim articulated trucks, they are one of the most productive combinations in earthmoving.

**QUESTION:** Why is that?

**ANSWER:** The Tier 4 Interim machines have proven to be as productive as, and in many cases more productive than, their Tier 3 predecessors. At the same time, they provide both decreased emissions and fuel consumption. So a company that uses a Tier 4 Interim combination can often move more dirt, more quickly with less fuel. That improves per-yard costs and equals better profits.

**QUESTION:** Have you received any feedback from Tier 4 Interim users supporting that?

**ANSWER:** Lots of feedback, and it's been very positive. Anytime there are new product introductions, especially ones that are mandated by federal regulations,

there's a bit of apprehension. Users always wonder whether those standards will affect performance. But our engineers, research and development teams and manufacturing personnel, among others, have spent years testing and retesting to ensure all our new products not only meet the emissions standards, but give the owner/operator more value without sacrificing any of the productive features they've come to expect from Komatsu. From the feedback we've received, we believe we achieved that.

In addition, Komatsu tracks Tier 4 Interim machines with its KOMTRAX 4.0, which gives instant feedback on how a machine is performing. We've produced more than 700 of the new machines, and several of them are approaching 1,000 hours with very few issues. In the 25 years I've been here, the Tier 4 Interim introduction has been the best new-model introduction we've ever done.

**QUESTION: How did CMO prepare for the new Tier 4 Interim machines?**

**ANSWER:** Just like we always do when a new machine is introduced. We start with good manufacturing practices, and that involves a great deal of time engineering the machine before it's ever put on the production line. That began right away, as soon as the standards were announced several years ago. The engineers and manufacturing personnel worked together to ensure that when actual production started, it was as seamless as possible. What really helps is that the people who work for Komatsu are all quality-focused and take their responsibility very seriously. As an example, when a machine goes through the production line, the workers at each station act as though the workers at the next station are their customers. It's a very unique quality-control measure and very effective as well. Of course, we thoroughly inspect each and every machine produced here. If it doesn't meet our stringent standards for any reason, it doesn't go out.

**QUESTION: So, that means Komatsu is already preparing for the final Tier 4 standards, which take effect in 2014?**



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The 360-horsepower Tier 4 Interim PC490LC-10 is the largest excavator produced at Komatsu's Chattanooga Manufacturing Operation. The facility also manufactures four other Tier 4 Interim excavators, as well as the PC200LC-8.



Komatsu's Chattanooga Manufacturing Operation produces hydraulic excavators and forestry equipment.



About 300 employees work at CMO, building excavators and forestry machines. "We're able to meet high production levels and maintain the quality Komatsu is known for because an excellent group of people work here," said General Manager Dennis Riddell.

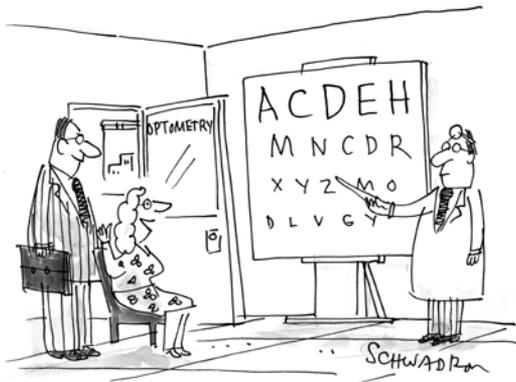
**ANSWER:** Absolutely. Our personnel have been working on that for a long time, and we're in what we call the "prepro" process, meaning preproduction. Just like all the previous tier standards, we'll be ready when the regulations take effect. ■

**On the light side**



"Go to school, study hard, get a job and make money, aren't there phone apps to do all that?"

"Did you guys order a pizza?"



"My lawyer will read the fine print."

**Did you know...**

- The human eye blinks an average of 4.2 million times a year.
- Only 1% of bacteria cause disease.
- Bluebirds cannot see the color blue.
- Like fingerprints, everyone's tongue print is different.
- A law in North Carolina prohibits plowing a cotton field with an elephant.
- Throughout the world, more Monopoly money is printed in a year than real money.
- The U.S. has more bagpipe bands than Scotland does.
- The Mona Lisa has no eyebrows. It was the fashion in Renaissance Florence to shave them off.
- The most productive day of the workweek is Tuesday.

**Brain Teasers**

Unscramble the letters to reveal some common construction-related words. Answers can be found in the online edition of the magazine at [www.RolandIndustryScoop.com](http://www.RolandIndustryScoop.com)

1. D L E B A    \_ \_ \_    D    \_
2. D G D E R E    \_ \_ \_ \_    G    \_
3. N M E E T C    \_ \_    M    \_ \_ \_
4. G R E E N I E N    \_ \_ \_ \_ \_    E    \_ \_
5. L N P P E I E I    \_ \_    P    \_ \_ \_ \_

## Fed report: restoring housing market critical to economic recovery

In a message to Congress, the Federal Reserve said, "Restoring the health of the housing market is a necessary part of a broader strategy of economic recovery."

That message was part of a report by the Federal Reserve that said excessively tight mortgage-lending standards are hampering a housing and economic recovery. Organizations such as the National Association of Home Builders (NAHB) applaud the report, saying that the lack of credit extends to housing construction loans, which is crippling the housing industry and preventing construction of new homes. NAHB said housing can act as a job catalyst if regulators and lending

institutions return to prudent underwriting standards that do not exclude creditworthy borrowers and if they move to restore the flow of credit to viable home-building projects.

NAHB noted that cash-strapped municipalities are desperately searching for new revenue sources and home building can increase the property tax base that supports local schools and communities. "Removing the obstacles limiting access to mortgage credit and enabling builders to obtain construction loans to build in markets where demand is firming is imperative to get housing back on track, to put our nation back to work and to keep the economy moving forward," said Chairman Bob Nielsen. ■

## State Revolving Funds monies are cut for FY 2012

State revolving funds, which appropriate monies to such items as the Clean Water State Revolving Fund and Drinking Water State Revolving Fund, have been finalized for Fiscal Year 2012. Each will receive lower funding, with total cuts of more than \$100 million.

The Clean Water SRF receives \$1.469 billion, down from \$1.525 billion in FY 2011, while the Drinking Water SRF funding is at \$919 million, a cut from \$965 million. Funding was passed in late December as part of appropriations bills in Congress. Earlier versions would have cut the numbers by a total of \$967 million. ■

## Action plans issued for improved U.S., Canada infrastructure cooperation

Improving infrastructure security and facilitating trade were part of an agreement that the U.S. and Canada announced late last year. It calls for developing a Joint Border Infrastructure Investment Plan that will assure funding for important investments in physical infrastructure to facilitate surface transportation and reduce congestion at border crossings.

Examples of joint infrastructure projects include upgrades to many customs plazas for additional inspection lanes and booths, as well as new roads, highways and bridges to connect the two countries. Action plans designed to speed up trade and travel, improve security and align regulatory approaches are also part of the agreement. ■

## Labor department announces grants for employment, training services

The Department of Labor announced approximately \$98.5 million in Workforce Innovation Fund grants to support employment and training services. Aims include aligning employment and training services with the skill needs of employers,

strengthening partnerships with business, combining general academic instruction at high schools and community colleges with occupational training and expanding registered apprenticeship and other on-the-job training programs. ■

## Study shows “green” construction workers may face greater risks

A recent study shows workers on “green” construction projects may face additional safety risks compared to traditional jobsites. Eight case studies were part of the study, “Identification of Safety Risks for High Performance Sustainable Construction Projects,” which appeared in the Journal of Construction Engineering and Management.

Researchers interviewed designers and contractors who completed 100 traditional projects as well as four LEED (Leadership in

Energy and Environmental Design) ones. The study showed that LEED-project workers face new, high-risk tasks not found on traditional projects, such as installing solar panels, which resulted in a 24-percent increase in falls during roof work. A 19-percent increase in eyestrain when installing reflective roof membranes and a 14-percent increase in exposure to harmful substances when installing innovative wastewater technologies were also revealed in the study. ■

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 LeeBoy 1000D, '03, 1475 hrs .....\$19,500  
 LeeBoy 8500LD, '00, 1535 hrs .....\$29,500  
 LeeBoy 8500LD, '04, 2739 hrs .....\$26,500  
 LeeBoy 8500LD, '04, 1823 hrs .....\$24,500  
 LeeBoy 8510LD, '06, 306 hrs .....\$74,500  
 LeeBoy 8515, '00, 1303 hrs .....\$53,500  
 Rosco TRUPAC915, '05, 481 hrs .....\$32,500  
 Voegele SUPER 700, '07, 80 hrs .....SCALL  
 Wirtgen W1200F, '05, 3,150 hrs .....SCALL  
 Wirtgen W2000, '03, 2996 hrs .....SCALL  
 Wirtgen W2000, '96, 9346 hrs .....SCALL  
 Wirtgen WR2000, '11, 334 hrs .....SCALL  
 Wirtgen WR2500S, '07, 3,100 hrs .....SCALL



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 Cat D5C, '97, 6931 hrs .....\$26,500  
 Komatsu D37P-5, '94, UKN hrs .....\$18,500  
 Komatsu D37P-5, '98, 2624 hrs .....\$20,500  
 Komatsu D39E-1, '98, 6,585 hrs .....\$29,500  
 Komatsu D39P-1, '97, 6,189 hrs .....\$27,500  
 Komatsu D39EX-21A, '05, 1,176 hrs .....\$57,500  
 Komatsu D61EX-15, '05, 4,778 hrs .....\$114,500  
 Komatsu D65PX-12, '96, 4969 hrs .....\$49,500  
 Komatsu D85E-12, '78 .....\$24,500

### EXCAVATORS

Case CX240B, '07, 4810 hrs.....\$114,500  
 Komatsu PC138USLC-8, '09, 2,363 hrs \$104,500  
 Komatsu PC138USLC-2E0, '07, 4377 hrs\$69,500  
 Komatsu PC138USLC-8, '07, 3935 hrs.....\$77,500  
 Komatsu PC150LC-6, '98, 9246 hrs .....\$39,500  
 Komatsu PC270LC-7, '04, 4,608 hrs .....\$124,500  
 Komatsu PC300LC-7E0, '06, 3004 hrs..\$159,500  
 Komatsu PC300LC-7E0, '07, 1230 hrs..\$189,500  
 Komatsu PC750LC-7, '05, 4517 hrs .....SCALL

### WHEEL LOADERS

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 Cat 926, '86, 15,870 hrs .....\$26,500  
 Dresser 540, '89, 4,082 hrs .....\$24,500  
 Komatsu WA200-5, '07, 2528 hrs .....\$93,500  
 Komatsu WA320-6, '08, 3961 hrs .....\$126,500  
 Komatsu WA380-5, '06, 4965 hrs .....\$132,500  
 Komatsu WA400-5L, '04, 7,169 hrs .....\$94,500  
 Komatsu WA420-1, '88 .....\$39,500  
 Volvo L220E, '03, 15,335 hrs .....\$49,500



Cat 926, '86, 15,870 hrs .....\$26,500

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Kenworth T800 Water Truck .....\$13,500  
 Komatsu HD785-5, '01, 22,508 hrs.....SCALL  
 Komatsu HD785-5, '01, 25,415 hrs.....SCALL

### FORESTRY

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 Fabtek 344LB Forwarder, '02, 13,200 hrs .....\$42,000  
 Fecon FTX130-FM, '06, 875 hrs .....\$86,500  
 Franklin 132XL Forwarder, .....\$16,000  
 Franklin 3000/Stroke Head, '92 .....\$9,800  
 K-2 Four Wheel Forwarder, '05, 2,160 hrs ....\$90,000  
 Log Lift F-135 Log Loader, '05.....\$7,000  
 Valmet 840.3/8, '05, 9800 hrs .....\$165,000  
 Valmet 840.3/8, '06, 9,592 hrs .....\$185,000  
 Valmet 901C/960, '99, 13,000 hrs .....\$65,000

### SHREDDERS, TROMMELS

Doppstadt DW3060K, '09, 328 hrs .....SCALL  
 Doppstadt DW3060SA, '09, 410 hrs .....SCALL  
 Doppstadt SM617, '09, 290 hrs .....SCALL  
 Doppstadt SM720, '09, 235 hrs .....SCALL  
 Doppstadt SM726, '09, 257 hrs .....SCALL



Hamm HD14VV, '08, 816 hrs .....\$32,500



Hamm HD14VT, '09, 1083 hrs .....\$32,500

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