



ROAD TO SUCCESS

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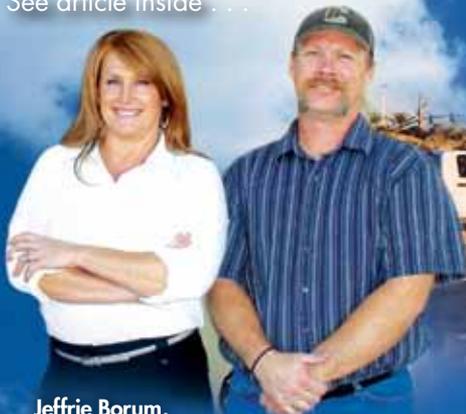
KOMATSU

A PUBLICATION FOR AND ABOUT ROAD MACHINERY LLC CUSTOMERS

KINKAID CIVIL CONSTRUCTION

Mesa utility contractor uses experience, relationships to build solid foundation

See article inside . . .



Jeffrie Borum,
Managing Member

Shawn LaVoie,
Member

SAVALA EQUIPMENT RENTALS

Southern California company carries a wide range of machinery to meet customer needs

See article inside . . .



Sean Savala,
President



A MESSAGE FROM THE PRESIDENT & COO



Dear Valued Customer:

We've had a growing sense of optimism when it comes to the construction industry in the past couple of years. That positive outlook continues as we enter 2013 with what looks to be a strong foundation for a significant rebound in housing. In addition, we're into the first few months of MAP-21, the new "highway bill." Recent reports suggest that Congress may already be looking ahead to the next one.

These are good signs that our industry is ready for significant growth, which we hope means more work for you. If you haven't already done so, now is a good time to assess your machinery needs from a service standpoint. Performing needed maintenance minimizes the chance of a catastrophic failure during the peak construction season when you rely on your machinery the most. At Road Machinery we're here to help, whether you need service, parts or both.

If you believe new equipment is in order, talk to us about productive and efficient options, such as Komatsu Tier 4 Interim machines. You'll find articles in this edition of your *Road To Success* magazine that highlight new D37 and D39 dozers and a PC138 tight-tail-swing excavator. Check them out to see the advantages they could offer your business, including complimentary scheduled maintenance completed by our technicians using genuine OEM parts and fluids.

To further increase efficiency, consider operator training. Road Machinery offers options that can help your operators approach their machinery and projects in ways that make them more productive and reduce operating costs.

Finally, if you're in the market for new equipment and want to trade in an older piece, talk to us about that too. We're interested in looking at what you have.

As always, if there's anything we can do for you, please call or stop by one of our branch locations.

Sincerely,
ROAD MACHINERY LLC

A handwritten signature in black ink, appearing to read "Dan Roush", written over a horizontal line.

Dan Roush
President & COO

**Outlook is
positive for
2013**



ROAD To SUCCESS

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SAVALA EQUIPMENT RENTALS

Southern California company carries a wide range of machinery to meet customer needs



Sean Savala,
President

There are times when a construction company only needs a particular piece of machinery for a day, a week or a month. In those instances, it makes little economic sense to buy the needed piece; renting is the better option. In the Los Angeles area, contractors have long turned to Savala Equipment Rentals to meet that demand.

Savala Equipment Rentals has locations in Irvine and Corona that serve Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties. Third-generation family members oversee operations, including President Sean Savala and his sister CEO Erin Oskorus.

"We understand construction because it's been a part of our family for three generations," said Sean Savala, whose grandfather founded George Savala Paving. Sean's father, Leonard, later formed Savala Construction Company and then Savala Equipment Rentals in 1978.

Thirty-five years later, Savala Equipment Rentals has one of southern California's largest operated and bare rental fleets. Machines range in size from skip loaders to 100,000-pound excavators. Customers appreciate the option of renting a machine bare or operated with a highly qualified union operator. "Contractors often request specific personnel to ensure their jobs are done to their satisfaction," noted Savala.

New Komatsu motor grader with Topcon unit

A large percentage of Savala Equipment Rentals' fleet is composed of Komatsu machinery purchased from

Road Machinery LLC, including excavators and wheel loaders. It recently added a Komatsu GD655-5 motor grader to the mix, working with Road Machinery Account Manager Fred Sixt to purchase the 39,000-pound machine.

The GD655 has an automatic, dual-mode transmission designed to virtually eliminate stalling and ensure smooth, low-speed operation. "Proven through the years to be reliable and fuel-efficient, we continue to buy Komatsu machinery, and the GD655 is no exception," said Savala, noting that the motor grader is assigned to Operator Keith Fresonke. "Our fine-grade team stays busy grading parking lots, housing and commercial pads, along with freeway and road reconstruction. The Komatsu GD655 is a perfect fit for our scope of work."

"It has good visibility all around, including to the blade itself, which is helpful for grading parking lots and roads," said Fresonke. "I can get close to the curb without worrying about potentially running the blade up against it, so it helps with precision and accuracy. I also like that the hydraulics are fast and the cab is comfortable. It's a good blade."

For additional accuracy and precision grading, Savala Equipment Rentals equipped the GD655 with a Topcon System Five, which Fresonke often uses with customers' laser systems.

"With the Topcon system, the customer can input the percentage of a cut, which allows me to see where I am relative to final grade," said Fresonke. "It can also be run off a string line. The big advantages are that it makes grading both more accurate and faster and it eliminates the need for an additional person



▶ VIDEO

Operator Keith Fresonke uses a Komatsu GD655-5 motor grader with a Topcon System Five to grade a parking lot on a commercial project. "It has good visibility all around, including to the blade, which is helpful for grading parking lots and roads," Fresonke said. "I also like that the hydraulics are fast and the cab is comfortable. It's a good blade."

to constantly check grade. That saves labor costs."

Savala Equipment Rentals takes care of service with parts purchased from Road Machinery. "We have a longstanding relationship with Road Machinery because they've always responded to our needs with quality customer service," said Savala. "Fred is always just a phone call away. Because of that, along with the great customer feedback we receive on the equipment, we will continue to be a large buyer of Komatsu equipment."

"Machines that continue to be in high demand are the Komatsu tight-tail-swing excavators," he noted. "They fit into the tightest of areas without sacrificing performance."

Available around the clock

With a good deal of heavy highway construction being done at night, Savala Equipment Rentals is available 24 hours a day.

"Customers repeatedly turn to us because they know we are committed to having the



Savala Equipment Rentals equipped its new GD655 motor grader with a Topcon System Five unit. "With the Topcon system, the customer can input the percentage of cut, which allows me to see where I am relative to final grade," said Operator Keith Fresonke. "It makes grading both more accurate and faster and eliminates the need for an additional person to constantly check grade."

best equipment available when they need it," he stated. "No matter what time of day or night, we are always ready to service our customers' needs." ■



Go online or scan this QR code using an app on your smart phone to watch video of Savala Equipment Rentals' machines at work.

KINKAID CIVIL CONSTRUCTION

Mesa utility contractor uses experience, relationships to build solid foundation



Jeffrie Borum,
Managing Member



Shawn LaVoie,
Member

When Managing Member Jeffrie Borum and Member Shawn LaVoie founded Kinkaid Civil Construction two years ago, they drew on two things to get a fast start. One was decades of experience, and the other was relationships built through a previous contracting business where they both worked together.

Mesa-based Kinkaid Civil Construction provides both wet and dry utility work throughout the state. In addition to hard-bid and negotiated projects, the company offers design/build and cost-saving proposals.

“Many of the companies we work for are ones we dealt with previously, because they know our reputation for providing quality work on time and budget,” said Borum. “The vast majority of our work is as a subcontractor on commercial, residential and road projects. Having those established relationships helped us get off to a fast start, and we’ve since added general contracting for military, municipal and state jobs where utility work is the primary component. We’ve also partnered with other contractors to do joint-venture projects.”

On the wet-utility side, Kinkaid Civil Construction installs storm, water, fireline, sanitary sewer, force mains and pump/lift stations. Dry work includes underground communications and duct banks for power lines. LaVoie estimates 90 percent of the company’s work is as a subcontractor and 10 percent as a general. Kinkaid covers the entire state of Arizona and is licensed to work in New Mexico and Texas.

“The only thing we don’t do is pull the electrical wires,” noted LaVoie. “If there’s pipe on a project, we bid it. Our services include everything from digging the trench and installing the pipe to backfill and final

grading. If we’re the prime contractor, we’ll usually sub out items such as curb and gutter, paving and other incidental work that may be needed.”

Large projects to start

Kinkaid Civil Construction’s first couple of projects illustrated its versatility. Crews installed about 6,000 feet of corrugated metal pipe for culverts along U.S. Highway 191 near Stafford. As part of realignment of U.S. Highway 95, Kinkaid put in nearly 7,000 feet of various-size pipe.

Another project on U.S. 191 near Stafford saw installation of about 7,000 feet of various-size pipe, taking crews between two and three months to complete.

“We’re able to get those and other projects done on time and on budget because we have such a solid staff,” said Borum. “Even though the company is only two years old, we have more than 150 years of combined experience on staff. We know how to approach any utility project, because we’ve done it before.”

Impressed with PC308

Kinkaid Civil Construction started out renting equipment but has since purchased pieces, including a Komatsu PC308USLC excavator it converted from a rental-purchase option. The company continues to rent as needed, working with Road Machinery LLC Account Manager Corey Barton and Regional Sales Manager David Weston.

“Our projects often take us into confined areas, where we’re up against a building or in a single lane of traffic,” noted LaVoie. “The PC308 is the perfect machine in those situations because its tight tail swing allows us to get



Kinkaid Civil Construction uses a Komatsu PC308USLC excavator for digging utility trenches. "What I'm most impressed with is the power it has for its size," said Member Shawn LaVoie. "Even though it's compact, we're not sacrificing production, even in hard soils. It's smooth to operate. Anybody who's operated the PC308, loves it."

the work done without worrying about the counterweight hitting something or hanging out into traffic. It works very well in open areas too, so we get a dual benefit.

"What I'm most impressed with is the power it has for its size," he added. "Although it's compact, we're not sacrificing production, even in hard soils. It's smooth to operate. Anybody who's operated the PC308, loves it."

LaVoie is impressed with Road Machinery's service as well. "Road Machinery handles all the service work on the machine. We call them whenever a service is due, and they schedule an appointment at a convenient time. We're very happy with the relationship we've built with Corey, David Weston and Road Machinery."

Controlled growth

Kinkaid Civil Construction has experienced fast growth, adding more than 25 staff members since its founding in 2011. Borum and LaVoie say expansion will continue, but at a more controlled pace.

"We were able to build a solid foundation because of previous relationships that were built on trust," stated Borum. "Our customers



(L-R) Kinkaid Civil Construction Managing Member Jeffrie Borum and Member Shawn LaVoie work with Road Machinery LLC Account Manager Corey Barton. "We're very happy with the relationship we've built with Corey, David Weston and Road Machinery," said LaVoie.

trust us to deliver on our word, so we're not looking for massive growth that may jeopardize that. We're taking a controlled approach."

"We've thought about expanding into other services such as site work, but that's really not a priority for us," added LaVoie. "If we expand at all in the near future, it will be in services related to utilities, such as directional drilling or trenchless technologies. Our priority is being the best utility contractor in the market." ■

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A CLOSER LOOK

DEMO DAYS

Komatsu displays new equipment, technology at most recent customer event

Customers who attend Komatsu Demo Days appreciate the chance to get a close look at and operate equipment. Komatsu enhanced the experience at its most recent event by offering educational opportunities and highlighting technology designed to make equipment users more efficient.

“First, and foremost, customers want a chance to test drive Komatsu equipment, so to speak,” said Bob Post, Director of Marketing. “But we also want them to see how we’re working to maximize their productivity and save them time and money by using technology, such as GPS systems.”

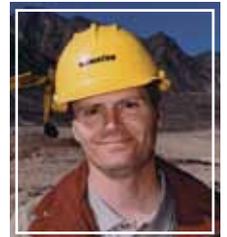
Educational opportunities included seminars on maximizing efficiency using technology such as Komatsu’s Eco Guidance and KOMTRAX, a remote machine-monitoring system that gives users valuable information, including idle time and fuel usage. While demonstrating machines, attendees could try out Topcon’s 3D-MC² GPS systems, which were mounted to new Tier 4 Interim D61-23 dozers and a PC360LC-10 excavator.

“Those GPS systems have proven benefits that allow operators to get to finished grade with less wasted movement and fewer materials,” said Post. “Several of our new Tier 4 Interim machines come plug-and-play ready to accept GPS systems.”

Other featured Tier 4 Interim dozers included D65-17 and D155AX-7 models. The HB215LC-1 Hybrid excavator, new PC210LC-10, PC290LC-10 and PC490LC-10 excavators, along with WA380-7, WA470-7 and WA500-7 wheel loaders, were available for operation, as well as an HM400-3 articulated truck. They were part of more than 20 machines on hand during Demo

Days at Komatsu’s Training & Demonstration Center in Cartersville, Ga.

Attendees also had the option of touring Komatsu’s Chattanooga Manufacturing Operations, where Komatsu manufactures excavators and forestry products. ■



Bob Post,
Director of Marketing



(L-R) Trinity Southwest
Owner Red Bentley,
Owner/Operator Donnie
Lee and Road Machinery
Sales Rep Donny Russell



(L-R) Road Machinery Sales
Rep Fred Sixt, WA Rassic
Mechanic Corey Cossey and
Chumo Construction Owner
Brad Chumo

Demo Days attendees operated equipment, including the new Tier 4 Interim D61PX-23 dozer equipped with a Topcon 3D-MC² GPS grading system (foreground) and D65-17 dozers.



INDUSTRY OUTLOOK

POSITIVE OUTLOOK

Housing rebound has forecasters predicting a rise in overall construction

Forecasters are predicting growth in the construction sector during 2013, led by what looks to be a resurgent housing market. Economists from organizations such as FMI Corp. are forecasting as much as 8-percent growth in the industry. Associated General Contractor's Chief Economist Ken Simonson sees 6-percent to 10-percent growth overall.

Other aren't quite as bullish, but see increases as well, including McGraw-Hill Construction at 6 percent. Portland Cement Association (PCA) predicts a smaller boost of 1.3 percent, but a gain nonetheless. Those gains follow year-over-year increases in 2012 compared to 2011 in overall starts and put-in-place construction.

Housing looks to be a strong driver of the construction market. An increase in construction, sales and prices started early in 2012 and continued to gain traction toward the end of the year, with total housing starts up more than 25 percent. Single-family housing starts will post the biggest gains, according to the National Association of Homebuilders. NAHB Senior Economist Robert Dent predicts a 25-percent

increase this year and a further increase of 30 percent in 2014.

"We are seeing steady increases unassisted by tax credits, so we are pretty comfortable that these increases are sustainable and will continue," said Dent. "We believe the market fundamentals can support 1.4 million housing starts a year, but we probably won't hit that mark until 2016."

Rick Palacios, Senior Analyst with John Burns Real Estate Consulting, said in a CNNMoney article, "We think the recovery is for real this time around. If you look across the U.S. economy right now, there are only a handful of industries looking at 20-percent to 30-percent growth over the next four to five years, and housing is one of them."

FMI Corp., a management consulting firm for engineering and construction, forecasts a 23-percent increase in single-family homes and a 31-percent increase in multifamily. NAHB forecasts a more modest rise in multifamily units of 5 percent. Spending on multifamily housing, such as apartment buildings, rose 49 percent in 2012 compared to 2011.

Simonson also sees a further rise in multifamily units. He noted that the increase could likely be attributed to an aversion to home ownership, despite low interest rates. "More households have started forming, but this isn't translating into owner-occupied space because of credit, student debt and more people choosing to live in cities rather than suburbs," said Simonson.

Difference of opinion on nonresidential building

While all say housing will increase, there are different perspectives on nonresidential construction. McGraw-Hill and FMI Corp. both see gains of 5 percent. The Portland Concrete Association projects a dip of a little less than 1 percent.

McGraw-Hill predicts double-digit gains in several segments for 2013, including a 12-percent rise in stores and shopping centers. Offices, hotels and motels and other commercial buildings are all predicted to be 10 percent or above.





An increase in construction, sales and prices in housing started early in 2012 and continued to gain traction toward the end of the year. Single-family housing starts will post the biggest gains this year, according to National Association of Homebuilders Senior Economist Robert Dent, who predicts a 25-percent increase this year.

McGraw-Hill predicts double-digit gains in several segments, including a 12-percent rise in stores and shopping centers. Offices, hotels and motels and other commercial buildings will all be 10 percent or higher. Manufacturing and healthcare facilities will be up, but educational buildings will be down.

“Commercial markets lost some momentum this year (2012), but we think commercial-building starts will jump back by 12 percent next year,” McGraw-Hill Chief Economist Robert Murray was quoted as saying in a November 26, 2012, *Engineering News-Record* article. “The institutional-building market continues to be weak, but we think it will bottom out in 2013.”

FMI sees growth in the single digits for all nonresidential construction, with healthcare posting the biggest gain at 8 percent, followed by lodging and commercial at 7 percent. The only areas where PCA sees gains are hotels and motels (9.6 percent) and commercial (2.6 percent).

A little more highway funding

There’s cautious optimism when it comes to public-works projects, especially in highway and bridge construction. Passage of MAP-21, the new 27-month highway bill signed into law last summer, brought some near-term certainty. It’s

currently in its first full fiscal year of funding, with about \$40 billion invested from October of 2012 through October 1 of this year. Fiscal Year 2014 will start at that time, bringing part of another \$40 billion-plus to the table in the final three months of 2013.

The American Road & Transportation Builders Association pointed out that 2012 was a record year for bridge work with more than \$28 billion being spent. It foresees that being the case again in 2013. Highway work will increase by a little more than 2 percent, according to ARTBA.

That could put a small dent in the overall need for infrastructure spending, but falls far short of what’s needed to bring it up to good standards. A Standard & Poor’s report said the country has a \$2.2 trillion backlog of infrastructure projects.

“The enactment of MAP-21 is not an opportunity to put these programs on auto pilot,” penned ARTBA President & CEO Pete Ruane in an article for *Home Builder*. “The Highway Trust Fund will again be facing a solvency crisis at the end of FY 2014 — if not before. As such, it is imperative that the entire transportation community redouble its efforts to convince Congress to enact a long-term solution to ensure the sustainability of the federal highway and public transportation programs and complement MAP-21’s many policy reforms.” ■

GUEST OPINION

DEPRECIATION BONUS EXTENDED

“Fiscal cliff” deal puts off massive tax increases, provides greater certainty for family businesses

This article is from the Associated Equipment Distributors, a trade association representing companies in the distribution, rental and support of equipment. Its members account for more than \$15 billion of annual sales of construction equipment and related supplies and services in the U.S. and Canada.

On Jan. 1, the House agreed to the Senate’s “fiscal cliff” solution, the American Taxpayer Relief Act. The legislation prevents massive tax hikes for most Americans and delays across-the-board cuts to federal programs.

The agreement also provides a victory for equipment users by extending the 50-percent depreciation bonus through 2013, with the option to accelerate AMT (Alternative Minimum Tax) in lieu of the depreciation bonus and allowing companies using PCM (percentage-of-completion method of accounting) to benefit from the capital-investment incentive. It also includes a provision setting Sec. 179 expensing levels at \$500,000 with a \$2 million phase-out through the end of the year.

The law includes several items designed to prevent a severe shock to the nation’s

economy. Estimated to cost nearly \$4 billion during the next 10 years, the agreement permanently extends current income tax levels for those making less than \$400,000 (\$450,000 for taxpayers filing jointly). Similarly, capital gains and dividend rates will also be extended for individuals earning less than \$400,000. The measure provides a permanent fix to the AMT, sparing millions who would have otherwise been subject to the tax.

The law provides many family businesses with greater certainty, including a permanent resolution to the estate tax, which has fluctuated widely from year to year. The fix sets the tax at 40 percent with a \$5 million exemption (\$10 million for married couples), indexed to inflation.

Does not address root causes

The American Taxpayer Relief Act addresses a host of other issues, including extending unemployment insurance, preventing a cut in Medicare reimbursement rates for doctors and continuing the Farm Bill through the end of September. It delayed massive 8.1-percent automatic cuts to federal agencies.

While the law avoids the fiscal cliff, it does not address the root causes of the nation’s unsustainable fiscal posture — it merely postpones the tough decisions on spending reductions and entitlement reform until a later date. With many lawmakers unhappy with the absence of substantial deficit reduction or spending cuts in the new law, the 113th Congress is shaping up to feature contentious battles on federal spending. ■

The depreciation bonus was extended through the end of 2013 as part of the “fiscal cliff” deal passed on Jan. 1. It also sets Sec. 179 expensing at \$500,000 with a \$2 million phase-out.



NEW PRODUCTS

NEW D37-23, D39-23 DOZERS

Customer input helps drive significant improvements in new Tier 4 Interim models

When a machine manufacturer introduces new models, you expect the equipment to meet current emissions requirements. But it would be nice to know that the manufacturer is also listening to your suggestions on improving production, efficiency and other attributes that better your bottom line. Komatsu did just that as it designed and built its new Tier 4 Interim D37-23 and D39-23 dozers.

“Customer input was a major driver in enhancements made to the new dozers,” said Product Manager Bruce Boebel. “They told us they wanted improved efficiency, operator comfort and customization of the machine controls, and lower maintenance costs. Komatsu built all of those attributes into the Dash-23 models, with the most significant improvement coming in the more efficient engines and next-generation hydrostatic transmissions that reduce owning and operating costs.”

Komatsu maintained the horsepower in the Dash-23 models compared to its Tier 3 counterparts, but new engine technology improves efficiency and lowers fuel consumption. An advanced, electronic-control system manages airflow rate, fuel injection, combustion parameters and aftertreatment functions to optimize performance while reducing emissions and providing advanced diagnostic capability.

“We reduced operating costs further with a more simplified Tier 4 engine that uses 100-percent passive regeneration to remove soot without interfering with daily operation,” said Boebel. “Instead of a diesel particulate filter, the D37-23 and D39-23 dozers have

a new Komatsu Diesel Oxidation Catalyst that’s integrated into the engine. It requires no scheduled maintenance and is designed for long life.”

The new, Komatsu-exclusive, hydrostatic-transmission, pump-control technology is incorporated with the new engines to improve operational efficiency. It increases productivity up to 4 percent and reduces fuel consumption, compared to a conventional hydrostatic-control system. Even under load, the new transmission provides powerful turns.



Bruce Boebel,
Product Manager

Continued . . .

Brief Specs on Komatsu D37-23 and D39-23 Dozers

Model	Net Horsepower*	Operating Weight	Blade Capacity
D37EX-23	89 hp	18,386 lbs.	2.50 cu. yds.
D37PX-23	89 hp	19,048 lbs.	2.55 - 2.78 cu. yds.
D39EX-23	105 hp	20,437 lbs.	2.89 cu. yds.
D39PX-23	105 hp	21,363 lbs.	2.72 - 3.00 cu. yds.

*At 2,200 rpm



New engine technology in the Komatsu D37-23 and D39-23 dozers improves efficiency and lowers fuel consumption, compared to Tier 3 models, while maintaining horsepower.

New features add to operator comfort, productivity

... continued

Operators can choose between two working modes, Economy and Power, that match performance to the application. E mode is designed for general dozing, leveling and spreading applications. Maximum power for slot dozing, ripping, uphill dozing and other demanding applications is available with P mode.

"In most cases, Economy mode is the best choice and has up to 20-percent better fuel economy compared to prior models, and P mode improves economy by up to 10 percent, even in demanding applications," said Boebel. "Operators can also choose from two gearshift modes: Variable, which has 20 incremental speed settings, and the new Customizable Quick shift with three speed settings that can be adjusted through the monitor, which is also new and easy-to-use."

Better blade visibility

Additional productivity features include a steeply slanted engine hood and a forward-mounted cab that moves the operator closer to the blade to improve visibility. Dash-23 models have a new power-angle-tilt blade with curvature that more efficiently rolls material. A new, hydraulic, blade-angle toggle switch improves ease of blade operation.

A new, Komatsu-exclusive, HST transmission in Komatsu D37-23 and D39-23 dozers increases productivity up to 4 percent and reduces fuel consumption, compared to prior models. Even under load, the new transmissions provide powerful turns.

Joystick controls are ergonomically designed, offering operators a relaxed posture and superb fine control to minimize fatigue. The cab is quieter with reduced decibel levels, and the standard air-ride seat is more comfortable and can be heated with the flip of a switch.

"Operator comfort is an integral part of any machine, so Komatsu added to the features in our previous models by incorporating attributes that customers told us would increase their productivity," said Boebel. "In addition, the ROPS-integrated cab is pressurized and mounted on viscous dampers to reduce vibration. Users told us they wanted a radio auxiliary jack and a 12-volt power converter, so those are standard too."

Reduced maintenance, more production

Also standard is Komatsu CARE, which provides complimentary scheduled maintenance for the first three years or 2,000 hours. Factory-certified technicians perform the work using only genuine Komatsu parts and fluids.

"Komatsu CARE offers peace of mind that services will be done properly and on time, which directly affects durability, longevity, productivity and, ultimately, resale value," said Boebel. "Komatsu and our distributors actively track machines with KOMTRAX, so we can proactively schedule those maintenance intervals at a time convenient to the customer."

Komatsu designed routine maintenance to be easy. Daily engine checks are grouped at the left-hand side of the engine compartment. The rear-mounted, swing-up hydraulic fan allows for easy, periodic access to the radiator, oil cooler and charge-air cooler. The operator can quickly clean the side-by-side coolers from the cab, using the manually reversing fan.

"We encourage everyone who uses dozers for land clearing, grading, forestry and site work to see what these new machines designed from customer input can do for their businesses," said Boebel. "We believe they'll see a marked difference in their per-ton, per-yard costs to move dirt and other materials." ■



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MORE NEW PRODUCTS

NEW COMPACT EXCAVATOR

Tight-tail-swing PC138USLC-10 offers excellent power and efficiency in a compact size



Craig McGinnis,
Product Specialist-
Excavators

Contractors continue to see the value in compact excavators that offer powerful performance coupled with a tight tail swing. Komatsu's new PC138USLC-10 takes that value to a new level with a more efficient Tier 4 Interim engine that offers additional horsepower and lower fuel consumption than its predecessor.

"The PC138 has always been a popular machine because it allows users to get into confined spaces, such as between buildings or in a traffic lane, and get work done without sacrificing power," said Craig McGinnis, Product Specialist-Excavators. "Owners and operators like that because they still have the benefits of the lifting power and production of a conventional machine. The unique contoured cab in the new PC138 swings within the same radius as the counterweight, so if one clears, the other will also clear when swinging.

"The new PC138USLC-10 also has added technology, including a new hydraulic-pump

control that improves operational efficiency and reduces fuel consumption by up to 7 percent, depending on work load," McGinnis added.

The operator can select a working mode that matches engine speed, pump delivery and system pressure, thereby maximizing efficiency. A variable-flow turbocharger provides optimum airflow under all speed and load conditions.

"In most cases, Economy (E) mode is the best option because it reduces fuel consumption, while giving the power and production needed for most applications," noted McGinnis. "For tough digging conditions, an easy switch to Power (P) mode is appropriate. The excavator also has Lifting, Breaker, Attachment Power and Attachment Economy modes.

"We've found that customers appreciate the flexibility of being able to select the most efficient mode," he pointed out. "They also like that new Komatsu machines, including the PC138USLC-10, have Eco Guidance, which appears on the cab monitor, showing the operator how to maximize fuel economy."

Brief Specs on the Komatsu PC138USLC-10

Model	Operating Weight	Net Hp	Bucket Capacity
PC138USLC-10	31,791 - 32,628 lbs.	94 hp	0.34 - 1.0 cu. yd.

Komatsu's new PC138USLC-10 has the productive benefits of a conventional excavator with the compact size of a tight-tail-swing machine.



Backed by Komatsu CARE

Like other Komatsu Tier 4 Interim machines, the PC138USLC-10 is backed by Komatsu CARE, which provides complimentary scheduled maintenance for three years or 2,000 hours. Factory-certified technicians do all the work using genuine Komatsu parts and fluids.

"Komatsu distributors, such as Road Machinery, track machines using KOMTRAX and work with the customer to schedule a convenient time to perform the services," noted McGinnis. "We're confident that anyone using compact excavators will see that the PC138USLC-10 is the most productive and efficient machine in its size class." ■

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.

- Efficient Komatsu Tier 4 Interim engines and advanced hydraulic systems maximize productivity while providing up to 10% lower fuel consumption.
- Enhanced operator environment improves comfort and machine control.
- Komatsu CARE provides complimentary Tier 4 maintenance, including KDPF exchange filters. Contact your Komatsu distributor for details.

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GPS TECHNOLOGY

FASTER TO FINAL GRADE

Contractor sees dramatic results on first project using a Komatsu/Topcon dozer combination

Many contractors are now getting to grade faster with less cost, making them more competitive in bidding and more profitable. The key is GPS technology and productive equipment, such as the Topcon 3D-MC² system and Komatsu D51 dozer combination that earthwork contractor Schoenfelder Construction uses.

“We initially looked at a GPS system for several reasons, including not being able to get staking done on a timely basis,” said President Norm Schoenfelder. “It’s almost inevitable that we’re going to knock over stakes during grading, which means we have to call someone out to restake. That takes time away from production because we don’t want to continue working and guess where we are in relation to the elevation we’re trying to obtain. With the Topcon system, that’s not a problem. Using a set of electronic



Brad Schoenfelder sets up a Topcon 3D-MC² base unit used to set grade via GPS with a Komatsu D51 dozer. Schoenfelder Construction shaved months off a site-work project with the Topcon/Komatsu combination.

plans and a Topcon system, we can do a project with few or no stakes at all.”

Less staking isn’t the only cost-saving advantage GPS systems provide. Studies show they save time in reaching final grade with less chance for overcutting and excess material waste that’s often associated with fills. Both came into play the first time Schoenfelder Construction used the Topcon/Komatsu D51 combination. The job called for subgrade prep for a parking lot and building pad as part of a 25-acre site-work project.

“We used it to cut about 30,000 yards of dirt and place about a foot of gravel under the pavement,” said Brad Schoenfelder. “A job of that size would normally take about three months using the traditional method of staking and constantly checking grade by a laborer or by the operator getting out of the machine to check grade. We had it done in two weeks. In fact, at the end of our work, the surveyors challenged us by saying there was no way it could be correctly done that fast. It didn’t take long for them to figure out it was spot-on. That really sold us.”

Topcon systems interface directly with the machine’s hydraulics for more exact blade positioning during cut-and-fill and fine-grading operations. New Komatsu Tier 4 Interim dozers such as the D65-17 and D61-23 models come plug-and-play ready to accept a Topcon system. Older models can be retrofitted.

“The ability to get to grade faster gives the user a leg up on the competition,” said Mike Salyers, Product Marketing Manager with Komatsu’s Intelligent Machine Control team. “It not only speeds production, but saves labor, fuel and material costs, all of which have a direct impact on profits. The return on investment is often recouped rather quickly.” ■



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A PROACTIVE APPROACH

VP of Parts says planning, technology help Komatsu have parts inventory readily available

QUESTION: In the past few years, Komatsu introduced several new Tier 4 Interim machines. How do you prepare for new machines from a parts standpoint?

ANSWER: It starts with a proactive approach. We talk with our engineers throughout the design process. As they reach the final phase of design, we're working together to build a parts inventory list. Eventually, new machines will need parts such as filters for regular service intervals, as well as common wear items. By taking a proactive approach and working collaboratively with our distributors, we can ensure those items are on the distributor's shelf and ready before a customer needs them.

Another way we're taking a proactive approach is using KOMTRAX to monitor machine usage. Under our Komatsu CARE program, scheduled maintenance is complimentary for the first three years or 2,000 hours. KOMTRAX shows us how many hours are on a machine, so our distributors know how close a customer's machine is to a service interval and we can ensure the parts are on hand. They can then schedule a convenient time to have one of their factory-certified technicians perform the work with genuine Komatsu OEM parts and fluids.

QUESTION: Why is it important to use factory-certified technicians and Komatsu OEM parts and fluids?

ANSWER: Maintenance is a critical component in a machine's health and longevity. You want someone working on your Komatsu equipment who knows how to get the job done right and in the most efficient manner to minimize downtime.

OEM parts and fluids are specifically designed for Komatsu machines to provide continued productivity throughout their lifetime. Customers

Continued . . .



Frank Pagura,
Vice President of Parts

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.

Frank Pagura is in his eighth year as Vice President of Parts at Komatsu, having previously served as Parts Planning and Coordination Manager for a year. He joined the company in 2004 after working in parts purchasing and parts planning for an offshore-drilling equipment manufacturer.

Since Pagura joined Komatsu, the company has expanded its regional parts distribution centers to include eight across North America. It also has a 584,000-square-foot Central Parts Operation in Ripley, Tenn., which supplies construction and mining parts throughout the world.

"The goal is always to have the parts available when the customer needs them, and our fill rate is close to 99 percent in terms of either on-the-shelf or next-day delivery through our distributors and regional parts centers," said Pagura. "We're constantly working to improve and make ordering parts easier with programs such as *epartscentral*, which allows customers to log onto a secure Web site, find the part or parts, check availability and place an order any time of the day."

Pagura is a native of New York and continues to root for the Mets and Jets. He graduated from the U.S. Naval Academy and was an active-duty officer for six years.

Frank and his wife, Trina, have three daughters, Aimee, Abigail and Avery. He enjoys spending time with the family and attending the kids' activities, including soccer and horse riding.

Minimizing downtime is Komatsu goal

... continued



Komatsu's fill rate is nearly 99 percent in terms of immediate or next-day availability through its distributors and regional parts centers.



can be confident that their Komatsu machinery is going to perform the way they expect it to. We believe that using OEM parts and fluids is ultimately more cost-effective than using will-fit components or fluids that may not provide maximum performance, or worse, lead to a catastrophic failure.

QUESTION: What about remanufactured parts. Are those cost-effective?

ANSWER: Absolutely. Komatsu offers remanufactured options on most of its major OEM components, and we often encourage customers to choose that option. Like new parts, in most cases, they're readily available. And, like new parts, we stand behind them with a one-year, unlimited-hours warranty.

QUESTION: What do you see for the future?

ANSWER: Nothing is more important to us than keeping our customers' downtime to a minimum, and to do that, we must have parts available when they're needed. Dramatic change is not something we look for from a parts standpoint. Our goal is consistency, meaning we maintain solid parts inventories at all times. That's been the case in the past, it's the case now and will continue into the future. ■



Komatsu's Central Parts Operation in Ripley, Tenn., is open 24 hours a day, seven days a week and is the main hub that handles parts distribution for Komatsu distributors and their construction and mining customers throughout the world. Komatsu also has eight regional parts distribution centers across North America.

Frank Pagura, Komatsu's Vice President of Parts, says the company takes a proactive approach to building parts inventory lists before new products, such as Tier 4 Interim machines, are available. "By taking a proactive approach, and working collaboratively with our distributors, we can ensure those items are on the distributor's shelf and ready before a customer needs them," said Pagura.



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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TRAINING TALK

MAXIMIZING PRODUCTIVITY

Komatsu offers training to help operators be more efficient

In today's competitive marketplace, productive operating practices can help you be more competitive and more profitable, too. Komatsu offers a way to help you accomplish that with its specialized operator training for both construction and mining customers.

"Some customers who have used a particular machine — a WA380-6, for example — and have veteran operators, might have recently purchased a new Tier 4 Interim WA380-7 and may only need someone to show them the new features," said Jim Sandercock, Senior Manager-Training and Demonstration. "Another customer might have several new operators who need a very in-depth course in the machine's features and how to operate it. In the first example, we'll likely come to a customer's location or jobsite and spend a day or two. For the other situation, those operators would come for a week-long class at our Training & Demonstration Center in Cartersville, Georgia, or our mining proving ground near Tucson."

Week-long, basic, operator-training classes for construction customers are the most frequently requested courses, according to Sandercock. "We limit the class to eight people and spend the first day in classroom training, covering basic functions, controls, switches, specification, maintenance and other items. The rest of the week, the trainer or trainers work one-on-one with operators, putting theory into practice."

MSHA certification available

On the mining side, Komatsu offers everything from basic operation to MSHA certification courses, including train-the-trainer qualification courses. Advanced classes require prerequisites.

"We can customize classes to go well beyond the basics," said Sandercock. "For example, we have had customers request help in being more efficient, in setting up a jobsite or mine to maximize production, and a host of other topics. Operators have a significant impact on the bottom line, including the machine's reliability, so we want them to use the features correctly to maximize production and uptime. We can do that because all our trainers have solid backgrounds in best practices.

"Customers who want operator training should contact their distributor, which will arrange it with Komatsu," Sandercock added. "We're here to help in any way we can." ■



Jim Sandercock,
Senior Manager-
Training and
Demonstration



Komatsu offers both classroom and hands-on machine training for operators. "We want them to use the features correctly to maximize production and uptime," said Komatsu's Jim Sandercock, Senior Manager-Training and Demonstration.

BETTER WATER SYSTEMS ESSENTIAL

Hearing, reports show aging infrastructure needs immediate attention

The National Research Council recently took aim at the lack of attention given to deteriorating water infrastructure in its report “Corps of Engineer Water Resources Infrastructure: Deterioration, Investment, or Divestment?” The report shows national water needs are increasingly shifting from new construction to maintenance and rehabilitation, with current infrastructure exceeding its design life.

It also revealed that the Army Corps of Engineers is faced with a funding gap in trying to rehabilitate the nation’s water supply. It said the Water Resources Development Act (WRDA) was outdated and reorientation of water infrastructure priorities is needed.

That situation was further brought to light in the wake of Hurricane Sandy, which a Senate Environmental & Public Works

(EPW) Committee cited in a recent hearing on reauthorizing WRDA. Despite bipartisan support, WRDA has not been reauthorized since 2007. Both EPW Committee Chairman Barbara Boxer, D-Calif., and Ranking Member David Vitters, R-La., have said WRDA is a top priority and pledged to move forward in a bipartisan manner.

Testimony during the hearing highlighted the need for shared responsibility among federal, state and local governments and the need for a bill to establish a Water Infrastructure and Innovation Authority. Creating a voluntary national levee safety program should be a priority as well, according to witnesses.

Those testifying at the EPW hearing called for streamlining the Army Corps of Engineers’ project selection and completion process, stressing that the Corps should make regional ecosystem restoration projects a priority to strengthen natural barriers to flooding and improve critical watersheds.

Streamlining called for

The need for streamlining water and wastewater infrastructure was also part of a Government Accountability Office report on rural water funding. It shows that EPA and USDA funding often overlap, causing communities to complete duplicate applications when applying for assistance. It found that communities were applying to different programs for the same project, creating delays and increasing costs.

The report recommends that EPA and USDA complete guidelines to help states develop uniform preliminary engineering reports and environmental analyses, as well as emphasize the importance of state-level coordination. ■

A recent Congressional hearing and industry reports highlight the need to focus attention on the nation’s aging water infrastructure. Creating a voluntary national levee safety program should be a priority as well, according to hearing witnesses.



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MORE INDUSTRY NEWS

Unconventional oil and gas production have huge economic impact

A new study shows horizontal drilling and hydraulic fracturing will become the most productive methods of extracting oil and natural gas by 2015. Conventional land and deep-water drilling methods will see continual decreases, according to the study from research firm IHS Global Insight.

Between now and 2035, horizontal drilling and fracturing will account for

more than \$5 trillion in capital expenditures and have an employment impact of 3.5 million jobs. That would create a total economic contribution of \$475 billion in 2035 and generate tax revenues of nearly \$125 billion that same year. The study shows nearly 50 percent of revenues generated from production is spent on construction, materials and heavy equipment. ■

Construction companies' insurance rates could increase

Commercial general liability underwriters for the construction industry are seeking rate increases of up to 15 percent, according to a report published by Marsh Inc.'s Construction Market Update magazine. Construction firms with poor loss histories are experiencing even larger liability rate increases and in some

cases, receiving nonrenewal notices from their underwriters.

After nearly a decade of rate declines, insurers also are typically seeking to raise rates on umbrella and excess liability insurance between 8 percent and 10 percent, according to Construction Market Update. ■

New T&I chair looks at transportation funding options

New House Transportation and Infrastructure Committee Chairman Ron Shuster said all options should be on the table when it comes to highway funding, including raising the gas tax, taxing miles driven and more tolling. The gas tax is 18.4 cents per gallon and hasn't been raised since 1993.

That's partially led to a shortfall in funding for transportation projects in the past three years, with Congress using general revenue to

make up the difference between what the gas tax brings in and outlays for project costs. The gap is expected to remain, and likely widen, with more efficient vehicles.

Shuster said a tax on miles driven could help alleviate that, however it's drawing resistance. In the past, the President has said he doesn't support it, and the House adopted a transportation appropriations amendment last summer that forbids even studying it. ■

Construction seeing a worker shortfall

Construction companies are struggling to find workers, a trend that is likely to continue, according to AGC Chief Economist Ken Simonson. In a recent USA Today article, Simonson said construction employment hasn't changed much in the past two years, and as the industry rebounds, companies are turning to more overtime for current employees.

During the past five years, the industry lost more than 2 million workers, and two years ago, the unemployment rate for construction stood at 17.3 percent. It's since dropped to around 11 percent, but that's largely due to workers leaving the field or having stopped looking for work. ■

New MAP-21 highway bill aids reconstruction efforts post-Hurricane Sandy

The streamlined emergency-relief program for federal highways created as part of MAP-21, the new highway bill, are being tested for the first time following the devastation left in Hurricane Sandy's wake.

The relief measure provides a significant boost to restoration efforts by easing environmental review regulations for state and local highway authorities following weather-related disasters. Lawmakers included exemptions from all reviews,

approvals, licensing and permitting for restorative infrastructure projects to accelerate reconstruction efforts and speed a return to normalcy.

The law provides funding for emergency repairs, making the restoration of critical infrastructure a top priority. Already, the Department of Transportation has released nearly \$30 million to Connecticut, New Jersey, New York, North Carolina and Rhode Island for emergency repairs. ■

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Did you know...

- The Guinness Book of Records was originally published by Guinness Breweries as a reference for settling bar arguments.
- Blue eyes are a genetic mutation. Before the mutation occurred, all humans had brown eyes.
- There is enough energy in one bolt of lightning to power a home for two weeks.
- The most productive day of the workweek is Tuesday.
- The average company saves more than \$7,000 for each employee suggestion it enacts.
- Bulletproof vests, fire escapes, windshield wipers, and laser printers were all invented by women.
- Donkeys kill more people annually than plane crashes.
- A million dollars weighs about a metric ton. Hence the expression "a ton of money."
- A typical lead pencil can draw a line 35 miles long.
- American car horns beep in the tone of F.

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.RMLRoadToSuccess.com

1. N G I P V A P _____
2. O R T I F P _____ T
3. E I D B R G _____ I _____
4. D O N F U T I A O N _____ N _____ N
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2005	KOMATSU	PC400LC-7	6,012	EMD247	\$165,000
2004	KOMATSU	PC400LC-7	6,500	EMD249	\$135,000
2007	KOMATSU	PC220LC-8	2,425	EMD67	\$149,000
2007	KOMATSU	PC800LC-8	4,578	EMD6888	\$550,000
2007	KOMATSU	PC300LC-7EO	4,603	EMD252	\$175,000
2008	KOMATSU	PC200LC-8	1,954	EMD109	\$135,000
2011	KOMATSU	HB215LC-1	210	EMD7061	Call for Price

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2007	KOMATSU	WA500-6	6,384	EMD7624	\$239,000
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2001	KOMATSU	WA320-3MC	6,098	EMD7052	\$69,500

DOZERS

2008	KOMATSU	D65EX-15EO	3,724	EMD7946	Call for Price
2003	KOMATSU	D39EX-21	3,169	EMD7752	Call for Price
2007	KOMATSU	D51EX-22	2,650	EMD7022	\$119,000
2007	KOMATSU	D61EX-15	2,800	EMD293	\$149,000
2009	KOMATSU	D61PX-15	3,761	EMD7386	\$142,000

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