

FOCUS



4TH ISSUE 2008

GOING GREEN WITH KAWASAKI



UPI CRUSHING • MIDWEST TERMINALS • HOW GREEN IS DEMOLITION?

KAWASAKI KEEPS IT SIMPLE.



Since 1962, Kawasaki has been listening to and learning from customers and dealers in the field. As a result, Kawasaki wheel loaders continue to evolve, with a constant focus on one thing — producing the most durable, most efficient, most dependable machines possible.

EASY TO OPERATE.

In a world of increasing demands, tighter deadlines, shrinking budgets and complicated contracts, better efficiency and greater productivity are a must. Innovative high-tech features on all Kawasaki wheel loaders allow the operator to adapt to the environment and the application right from the cab.

EASY TO MAINTAIN.

Diagnostic and operational modules monitor fluids and filters, and constantly provide information on everything from engine and transmission codes to location, hours, alarm sensors and machine performance data.

EASY TO DO BUSINESS WITH.

No run-arounds. No layers and layers of management. No distractions from competing product lines. Wheel loaders are our only business. Got a question? We'll get you an answer. Need a part? It's on its way. Quickly. Kawasaki offers flexible warranty programs, a state-of-the-art parts distribution system, an in-house rebuild center, and an experienced, knowledgeable support staff, focused on serving you.

The independent dealers that represent and support Kawasaki loaders are experts in their markets and are dedicated to providing you with the best service available.

Together, we are committed to making your investment in a Kawasaki loader a sound business decision that will pay dividends for years to come.

KAWASAKI. ONE FOCUS. COMPLETE SOLUTIONS.



Kawasaki Construction Machinery Corp. of America

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NEW BUSINESS, AGE-OLD IDEALS

Although on the surface UPI Crushing in New Berlin, Wisconsin, looks like a typical crushing yard, one look at their motto and their logo and you realize that there's a lot more going on than meets the eye.

Their motto is "Deeds, not Words." And the feather in their logo symbolizes owners Norb and Jeff Dretzka's Native American heritage — they are half Lac Courte Oreilles. Weaving those two aspects together by acting on and embracing their ancestral ideals of family and deep respect for the land as well as taking great pride in their country, state, and local community, the Dretzka brothers started up and now operate three thriving companies — Underground Pipeline, UPI Manufacturing, and UPI Crushing. But like many success stories, this one has a humble beginning.

UNDERGROUND PIPELINE, INC.

"We started our underground sewer and water line construction business in 1984," says Norb. "Our dad had been in that business awhile back, and growing up, I loved construction work. But when the market went bad in the late '70s, he got out. So when we started up, we asked him to come in and help us. We've been going ever since."

But it hasn't been without some struggles. In Wisconsin, pipeline work is seasonal. Winter layoffs, higher insurance costs, and rising fuel prices made it hard on everyone. Which leads us to the formation of company number two.



Mike Hagberg, American State Equipment and Norb Dretzka, Owner, UPI Crushing.

“ We were much happier with the Kawasaki. It performs well. It’s fast, quiet, and easy to service. ”

– Norb Dretzka, Owner, UPI Crushing



UPI MANUFACTURING

In 2003, the brothers decided they would start a manufacturing company. It would provide off-season work for their construction crew as well as provide year-round employment for many of the skilled machinists and pattern makers located in the greater Milwaukee area.

As a Vietnam Vet, Norb was keenly aware of the need to support U.S. troops overseas. So working with the American Indian Chamber of Commerce, the Small Business Administration, and the Defense Supply Center Columbus, UPI Manufacturing began winning federal contracts to supply various parts to the military's HMMWV, such as seats, ballistic glass, and armored doors. They make it a point to use only materials made in the U.S.A. The Department of Defense is so pleased with their work that they've awarded them the Gold Award in recognition of on-time quality and excellence — not just once, but twice. They are the only Native American business to win this prestigious award.

Once the manufacturing company was going well, they took another look at the construction side of the world.

UPI CRUSHING

Which brings us to UPI Crushing, the newest Dretzka Brothers' enterprise. It was born in 2007 as a way to hold down gravel costs for their own water and sewer business as well as reduce the impact of the mass of demolition materials being dumped into landfills. So UPI Crushing specializes in recycling old concrete and asphalt by crushing it and turning it into gravel. Not only do they crush at their own location, they are mobile and will crush anywhere. UPI uses the reclaimed gravel and other byproducts on their own sewer and water jobs.

"We use small John Deere loaders in our water and sewer business," explains Norb. "So we were looking at one for this operation. But Mike Hagberg at American State Equipment urged us to try a Kawasaki. I wasn't familiar with them, but I am sold on the people at American State. We deal with a lot of equipment distributors and these guys are by far the best I have ever run into. So we tried one. You know,

when you look at price, that is just price. But when you consider value, that is a whole different thing. We look at that. We were much happier with the Kawasaki. It performs well. It's fast, quiet, and easy to service. It has great visibility out the back and the front — and for a machine this size, that is really something.

"The Kawasaki also travels so much faster than a comparably sized Deere — especially in reverse. And when you have a quarry-sized operation, reverse is more important than forward. Another feature we really like is the bucket rollback. It rolls back further in the carry position, which means you can heap another half yard on top of that bucket and run with it. We also like the self-leveling aspect of the bucket which we use all the time.

"And once our operators ran both the Deere and the Kawasaki, they favored the Kawasaki. It may not have all the bells and

whistles, but bells and whistles are electrical doodads that are going to quit working on you. But there are a lot of little things they have worked into this loader that make this a very nice machine.

IMPORTANCE OF DIALOG

"One of the things that I think made a different for us was that we hired a salesman," says Norb. "Even in our sewer work, we just bid it. But we wanted to someone to call back on the people, let us know how we are doing, etc.

"We also appreciate someone like Mike Hagberg, our sales rep at American State. He doesn't just try to sell us a piece of equipment. He does an analysis of what we are doing and makes a recommendation, like a consultant. It helps us set our goals too. And we are very goal oriented.



UPI Crushing finds their Kawasaki travels faster than other models especially in reverse.

"In our sewer business, the small loader is a glorified wheel barrow. But here, the Kawasaki has to be productive. I'm amazed at the difference in production this loader has made. I know we made the right decision. We're very happy with it. As we grow, we'll take another Kawasaki."

UPI Crushing is serviced by American State Equipment, Milwaukee, Wisconsin.

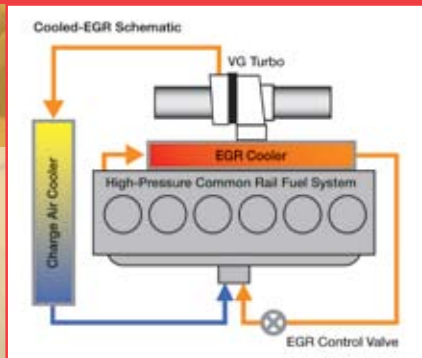
TIER-4 TECHNOLOGY

Cummins is focused on achieving the lowest cost of operation for our customers with today's EPA Tier 3 products and looking forward to our Tier 4 Interim products in 2011 and beyond. This focus on cost led Cummins to defining a Tier 4 Interim solution for the 174-751 horsepower band utilizing cooled EGR for NOx reduction and Cummins Particulate Filter aftertreatment for PM control.

COOLED EXHAUST GAS RECIRCULATION

Cooled Exhaust Gas Recirculation (EGR) technology is very effective at controlling NOx. The EGR system takes a measured quantity of exhaust gas and passes it through a cooler before mixing it with the incoming air charge to the cylinder. The EGR adds heat capacity and reduces oxygen concentration in the combustion chamber by diluting the incoming ambient air with cool exhaust gas. During combustion, the lower oxygen content has the effect of reducing flame temperatures, which in turn reduces NOx, since NOx production is exponentially proportional to flame temperature. This allows the engine to be tuned for the best fuel economy and performance at low NOx levels. Cooled EGR will be used by Cummins to attain the NOx levels being introduced in 2011 for 174-751 hp off-highway applications.

In EGR engines, exhaust gasses are cooled by engine coolant which raises the cooling system requirement. However, this will be mitigated by Cummins partnering with Kawasaki and cooling system suppliers to achieve more efficient packaging and integration techniques during the Tier 4 installation program. With hundreds of thousands of on-highway EGR engines in-service, Cummins offers a unique degree of experience in this area.



Cummins short-loop EGR system routes the exhaust gas directly back to the cylinder.

VARIABLE GEOMETRY TURBOCHARGING

In order to control both NOx and particulate emissions accurately, the amount of recirculated exhaust gas and air has to be precisely metered into the engine under all operating conditions. Customer benefits are increased performance and improved fuel economy.

Cummins Variable Geometry Turbocharger, with a unique patented one-piece sliding-nozzle design, continually varies the airflow delivered to the engine. This combines the benefits of a small and a large turbocharger in a single unit with a rapid boost at low engine rpm and maintains a high boost at higher rpm.

CUMMINS ADVANTAGE

Cummins has a unique advantage in that we design and manufacture all the critical engine subsystems and aftertreatment. We can integrate them more efficiently and optimize them as a total system for your use in Kawasaki equipment.



*(Top) Randy Baumert, Operator;
Ron Manning, Maintenance Tech;
Bill Dunn, Fleet Mgr; and Ed
Dusseau, Maintenance Tech.*



*The wheel loaders typically load about
60 trucks a day. They also load rail cars.*

MOVING TIME-SENSITIVE CARGO

Back in the late 1940s and early 1950s, a lot of parents took their kids to the airport to watch the planes take off and land. They'd spend hours camped by the fence, enthralled by the sights and sounds of America's burgeoning airline industry. But in Toledo, Ohio, Bill Dunn's dad would bring him and his brothers down to the docks on Lake Erie, to watch ships offload their cargo. Not only did they get to see a wide variety of vessels from all over the world, they caught glimpses of what they carried. Like a visit to the zoo, the sights were exotic and endlessly entertaining.

Dunn is once again back at the docks, but this time as the equipment maintenance manager for Midwest Terminals of Toledo International. He's recently retired from the Ohio Department of Transportation where he started as a welder and eventually became an administrator buying equipment for nine counties. He's returned to the docks, thanks to Todd Audet, a Lt. Colonel in the Air Force Reserves who was also with DOT, and is now Vice President of Operations for Midwest Terminals.

"I was constantly challenged when I first got here," recalls Dunn. "A lot of it had to do with the equipment. There was a lot of deterioration." So he started making positive changes to clean up what they had, instituting a solid and aggressive maintenance program. This led management to authorize some new purchases, knowing any new investments would be well cared for.

ONLY THE TOUGH SURVIVE

One of the machine's Dunn inherited was an old Kawasaki 110ZII with about 40,000 hours on it. Purchasing parts led him to the local Kawasaki dealer and the opportunity to rent a new Kawasaki

95ZV-2. "That 95 got my attention," says Dunn. "The competition is too pricey and it's not operator-friendly either — neither is the Komatsu. With Kawasaki I am able to slip any operator into it without any difficulty. They don't have to re-learn the machine."

Selling equipment to port facilities is tough, almost as tough as the dock environment itself. Either the equipment and the accompanying service are as good as promised, or they're a huge liability. Dunn admits he's demanding when it comes to dealing with equipment guys. But the stakes are high. The facility operates 24/7 with everyone hustling to get the job done quickly and safely. Ships have to be loaded and unloaded within a set time limit or penalties apply and waiting ships can't get in and out as scheduled. The environment itself is just flat unfriendly to equipment. If the salesman doesn't know what he's talking about, or service is lacking, Dunn's got little patience. "Service has a lot to do with it. In my world, service is not a department, it is an attitude."

MACHINE VS. COMMODITY

Situated in the western basin of Lake Erie, the port is ideally situated. As the midpoint of the Great Lakes, it is the perfect transfer point for shipments coming into or out of the St. Lawrence Seaway. It is within 20-hours' drive of nearly three-quarters of the U.S. population, and Toledo is a Top-5 U.S. rail center. Midwest Terminals is designated as a Foreign Trade Zone and they even have an NYMEX-approved warehouse facility. As a result, an enormous diversity of materials comes and goes not only by ship but also by truck and rail. And many of the transfers are on tight timetables. Materials span the spectrum and include sugar, calcium nitrate, iron ore pellets, pig iron, pet coke, windmill towers, oats, titanium bars, coal, aggregates, and aluminum.





Many present their own on- and off-loading challenges and are detrimental to the loading equipment.

"Iron ore pellets are hard on the buckets," says Dunn. "They're heavy and very abrasive. Pig iron is tough to load because it is so heavy. Warehoused oats create fine dust when the loader charges the hopper that feeds the conveyor to the railcars. Sugar is tough because it gets inside the bushings. It's also abrasive. And when it gets into the filtration system it turns to syrup. I go through three sets of filters a day when I'm dealing with sugar."

With five Kawasakis currently on site (two 95ZV-2s, two 95ZV-2 high reach, and the older 110), Dunn feels pretty good about his wheel loader choice. "The cab is comfortable with good visibility — that's important for safety. And we don't have any unscheduled downtime with them. Everything is accessible and easy to maintain. The filters are easy to find so my guys don't waste time. Fluids are easy to check. Greasing is very easy. Every morning we blow out the radiators. The wide fin radiators really help with that — they are easy to blow out. And you wouldn't believe what I get out of a machine!

"I feel a real strong ownership over our equipment," concludes Dunn. "It's great to see the results. I'm from the Freddy Flintstone era. Todd Audet, our vice president, is an engineer. He's got great vision to make us grow. He knows I know the equipment and he knows I'm going to make them work. I do machine sampling. I track fuel. I have all the information I need on-hand to present equipment recommendations to upper management. I don't know that I'm 100-percent swayed to Kawasaki, but they've held up real well and I'm able to slip different operators into them without difficulty. That says a lot. A comfortable operator is an efficient one, and because we have to travel the entire dock and all the grounds, efficiency is important. We have to keep the materials moving."

Midwest Terminals of Toledo International is serviced by RECO Equipment, Perrysburg, Ohio.



Midwest Terminals' 110-acre complex has seven berths with 28 feet of draft in each, 4,100 feet of dock frontage, six gantry cranes (including two that are 110 tons each), seven wheel loaders, and lots of indoor and outdoor storage. Multiple clamshell and conveyor options are available for offloading dry bulk. Bulk vessels carrying iron ore can be emptied at 800 US tons an hour. Many bulk materials can be loaded via conveyor at 827 US tons an hour. Some materials can be moved even faster.

HOW GREEN IS DEMOLITION?

Since recycling is one of the ideals of the green movement, demolition professionals have a lot to talk about — we continually recycle land for re-use, whether for a new school or a public park.

In its strategic plan for the next decade, the National Demolition Association has identified environmental stewardship as one of its top priorities. This encompasses practices such as demolition debris recycling, environmental remediation, and architectural salvaging. These activities have become an increasingly important part of many demolition contractors' businesses as they expand vertically into related trades. For some association members, recycling represents 20 to 50 percent of their annual revenue. Not only are they maximizing the use of re-useable and re-saleable materials, they are reducing landfill usage and resultant waste disposal costs.



With increasingly stringent local, state, and federal regulations that require the clean-up of facilities, soil, and groundwater before a demolition can be completed, many companies have expanded their services to all aspects of remediation, including the removal and disposal of asbestos, lead, mold, PCBs, above-ground and underground tanks, etc. Many firms are now staffed with technical managers, engineers and an experienced hazardous materials labor force to support the effort. It is often more cost-efficient to engage a demolition contractor certified in environmental contracting rather than bringing in an additional firm to handle that aspect of the project.

While the most well-known green building rating system known as LEED (Leadership in Energy and Environmental Design) has no direct rating system for the demolition process, it does address the issue of brownfield redevelopment, which is a growing area for many demolition

professionals. The intent is to rehabilitate damaged sites where development is complicated by environmental contamination. By re-using this land, it reduces the pressure to build on undeveloped land.

The LEED system also addresses the issue of construction and demolition waste management. Under LEED Credit MR2, projects can earn one point for diverting 50 percent of waste, two points for diverting 75 percent of waste, and an additional point under Innovation in Design for diverting 95 percent of waste. The National Demolition Association supports the re-use and recycling of demolition debris whenever it is financially feasible. Many members routinely have recycling rates of 75 percent, while some recycle up to 100 percent of debris generated during a recycling project. There are, of course, economic realities that can affect how much debris can be recycled. Site owners must deal with tight timelines, stringent financing schedules, and difficult security issues. There is also the challenge of finding a viable after-market for certain materials.



At Fers & Métaux Recyclés Limitée, scrap metal is shredded, sorted, and sold.

A number of factors affect how and when demolition professionals use landfills for debris that cannot be re-used. Fines can be levied for not recycling an adequate amount of demolition debris. Along with the need to comply with local ordinances, demolition contractors have other reasons to avoid landfills whenever possible. These include the increasing costs of landfill use, the benefit of tax credits such as those for LEED practices, new mobile recycling technology that makes on-site recycling possible, and heightened awareness about promoting a green and sustainable environment.

SOME AFTERMARKETS FLOURISH

Demolition contractors always factor investment recovery into their calculations of what a demolition project will cost. For example, equipment that is obsolete in the United States may be resellable in less developed countries. The flourishing aftermarket for steel and certain types of lumber have also spurred interest in re-use and recycling. Materials at the top of the list of recycled demolition debris are concrete, asphalt pavement, metals, bricks/blocks, and wood, nearly all of which is separated out for transport or processed at the jobsite. Some projects promise to yield such a high amount

of valuable recyclables, such as those with steel construction, that contractors may perform the demolition at no cost or many even pay the property owner to claim the rights to all recyclable materials.

On the other hand, some materials may present more challenges to a demolition professional contemplating their recycling. Drywall, for instance, can be recycled, but a number of issues involving things such as the age of the drywall (it may contain asbestos) and whether it was painted (it may have been painted with lead paint) make its common, widespread use impractical at this time. New recycling technology, however, is always being developed and refined to handle the materials presently going to the landfill.

In addition, the salvage industry has grown right along with the demolition industry. Usually, contractors are instrumental in achieving the goals of preservationists. Building façades, along with many important architectural artifacts, woodwork, lighting and plumbing fixtures, are either removed for re-sale or preserved in a building when its interior is gutted and renovated.

In addition, demolition contractors remove deteriorated roads and bridges as well as unstable structures that were damaged by

fire, earthquake, or extreme weather. Historic structures are often saved through selective structural demolition.

With more than 1,100 member companies and growing, the National Demolition Association is broadening its scope beyond demolition contractors to any company involved in the demolition process. This could include general contractors, civil engineering firms and recycling, landfill and salvage operations, as well as companies outside the United States and Canada. Now more than ever, the association has dedicated itself to keeping members and regulators well informed about environmental issues so the industry can continue to work in an environmentally responsible manner, while contributing to the health and growth of the economy. The association is doing this not only because it is there is a financial incentive to its members, but also for a more simple reason — it's the right thing to do.

Reprinted with permission from Michael R. Taylor, CAE, who is executive director of the National Demolition Association.

For more information, go online to www.demolitionassociation.com or call 800-541-2412.

2008 Economic Stimulus Act



Now may be the time for your company to purchase or lease new equipment and take advantage of the expense perk and depreciation provisions of the Act.

Here's how your company may benefit:



Bonus Depreciation

The Act contains a provision for accelerated ("Bonus") depreciation of an additional 50 percent of the cost of qualified business assets purchased and put into use in the 2008 calendar year. This front-loaded deduction can be a major benefit for your business because the depreciation deduction would otherwise typically be spread evenly over the useful life of the equipment.



Expense Deduction

The available Section 179 expense deduction may allow your company to almost double the amount of equipment that can be expensed—from \$128K to \$250K for your 2008 tax year. If your company buys certain categories of equipment for 2008 tax year, you may be able to deduct the full cost of the eligible equipment as an expense on your 2008 taxes, subject to certain limits.



Many Types Of Construction Equipment May Qualify:

Loaders	Screens	Compactors	Scrapers
Graders	Excavators	Cutters	Grinders
Dozers	Trucks & Trailers	Drills	Trenchers
Cranes	Crushers	Pumps	Pavers

Work with your accountant and/or tax advisor to learn how the 2008 Economic Stimulus Act can work for you. **Call your Wells Fargo Construction territory manager when you are ready to purchase your next piece of equipment.**

www.wellsfargo.com/construction



KAWASAKI KEEPS IT SIMPLE.



In a world of increasing demands, tighter deadlines, shrinking budgets and complicated contracts, the choice in wheel loaders is simple: Kawasaki.

A FULL-LINE OF RUGGED, RELIABLE, EFFICIENT MACHINES.

- 13 models
- 96 HP – 720 HP
- 1.8 cu. yd. – 13 cu. yd.

EASY TO OPERATE.

Increased efficiency and productivity come from innovative high-tech features that allow the operator to customize and adapt to the environment and the application...from the comfort of the redesigned cab.

- Adjustable Declutch
- ELS — Efficient Loading System
- Idle Management System
- Variable Boom Kickout
- Power Mode Switch
- Ride Control

EASY TO MAINTAIN.

Even basic servicing is easier than ever, with extended greasing and oil change intervals. Not to mention:

- MODM (Machine Operation Diagnostic Module) provides essential operations and diagnostic information in an easy-to-read LED display.
- K-LINK II monitors and transmits digitally the location, hours, system alarm sensors, engine and machine performance data.
- KLEW provides fast and easy access to a total oil analysis and early warning program.

EASY TO DO BUSINESS WITH.

No run-arounds. No layers and layers of management. No distractions from competing product lines. Wheel loaders are our only business. Got a question? We'll get you an answer. Need a part? It's on its way. Quickly.

- Creative Solutions, Fast Response.
- Focused Resources, Experienced Specialists.
- Flexible Warranty Programs
- Rebuild Center

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