

The



DIESEL MACHINERY, INC

Difference

A PUBLICATION FOR AND ABOUT DMI CUSTOMERS • 2013 No. 1

NEW D37-23, D39-23 DOZERS

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

See article inside . . .



KOMATSU®

A MESSAGE FROM THE CHAIRMAN



DIESEL MACHINERY, INC

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 into 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 DMI 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 *The DMI Difference* 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. Komatsu offers options that can help your operators approach their machinery and projects in ways that make them more productive and reduce operating costs. An article inside goes into further detail.

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,

A handwritten signature in black ink that reads 'Pat Healy'. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Pat Healy
Chairman of the Board

**Outlook is
positive for
2013**

The



DIESEL MACHINERY, INC

Difference

IN THIS ISSUE

INCREASED PERFORMANCE

Find out why three DMI customers — Krogstad Dairy, B&E Auto Repair and Rental and South Dakota Soybean Processors — believe their JCB equipment has increased the efficiency and versatility of their operations.

INDUSTRY OUTLOOK

Read about the housing rebound that has forecasters predicting a rise in overall construction.

GUEST OPINION

Find out what the AED has to say about the “fiscal cliff” deal and how it provides greater certainty for family businesses.

NEW PRODUCTS

Learn how customer input helped drive significant improvements in the new Tier 4 Interim D37-23 and D39-23 dozers.

MORE NEW PRODUCTS

Looking for a compact excavator with excellent power and efficiency? Check out the new Komatsu PC138USLC-10 tight-tail-swing model.

GPS TECHNOLOGY

See how one contractor got dramatic results on his first project using a Komatsu/Topcon dozer combination.

A CLOSER LOOK

Here's a recap of Komatsu's most recent Demo Days customer event.

KOMATSU & YOU

Komatsu's Vice President of Parts discusses the proactive approach the manufacturer is taking to ensure parts availability.

TRAINING TALK

Discover how Komatsu training helps operators be more efficient by maximizing their productivity.

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INCREASED PERFORMANCE

Users find JCB equipment increases their efficiency and adds versatility to their operations



Ron Krogstad,
Krogstad Dairy
Owner

DMI Sales Representative Dar Ellis (left) calls on Krogstad Dairy Owner Ron Krogstad. "Service played a role in our decision, and Dar and DMI have been great to work with," said Ron.



Ron Krogstad loads a wagon with Krogstad Dairy's JCB 536-60 Agri Plus telehandler. "Its maneuverability is great when it comes to working in the barns, and it has good visibility all around," said Ron.

Baltic-based Krogstad Dairy supplies milk to a local co-op, something the family business has done for more than 50 years. Founded in 1959 by Ordell Krogstad, the Baltic farm has grown from 25 cows into a 400-head dairy cow operation that's now run by his sons Ron and Craig.

"We're a 22-hour-a-day operation, running three shifts with five employees plus us," said Ron who oversees feeding, cropping, maintenance and bookwork. Craig takes care of calving, scheduling and parlor management, and Ordell still has a hand in the business.

The Krogstads have expanded their dairy operation throughout the past five decades, including adding land. They now have a 600-acre farm where they grow alfalfa and corn for silage. Krogstad Dairy blends those crops to feed its cattle and buys other commodities such as soybean meal, cottonseed, distillers' grain and more corn to add to the mix.

"In the past, we stored many of those commodities in silos and conveyed them into a mixer wagon," said Ron. "We've taken steps in the past several years to become more efficient in our practices, for example, we built a feed shed that brought everything into one central location."

Krogstad Dairy increased its efficiency again when it recently acquired a JCB 536-60 Agri Plus telehandler. The Krogstads had it equipped to run both a bucket and forks.

"As we looked for something to replace our farm loader, the JCB machine stood out for its usability and design," said Ron. "Its maneuverability is great when it comes to working in the barns, and it has good visibility all around, which allows us to see better in tight areas. It allows us to move a larger volume faster than our old loader, too, so it's substantially increased our efficiency."

Ron said the JCB unit has additional advantages beyond feeding and cleaning barns. "Because the boom telescopes out more than 20 feet, it makes tough jobs much easier than before, like placing tires on the tarps that cover our feed. We've also used it to change the overhead lights in the barn and to catch shingles when we reroofed a building, so it gives us a lot of versatility."

The Krogstads worked with DMI Sales Representative Dar Ellis to purchase the 536-60 telehandler. "We talked to some other JCB owners, and they recommended we take a look at one," said Ron. "Dealer service played a role in our decision, and Dar and DMI have been great to work with. We'll handle the routine maintenance, and if there's any unforeseen issue, we're confident that DMI will be here to assist us if we need them."

► VIDEO



B&E Auto Repair and Rental

Repairing farm equipment is just one aspect of the work Brian Melchert performs at B&E Auto Repair and Rental. Melchert and a partner (who has since left the business) founded the business in Melchert's garage where they worked on cars.

In 2006, they opened a shop in Volga that provides all types of repair work on farm equipment and automobiles, including rebuilding hydraulic cylinders. The business also does fabrication and makes hoses. Melchert and his wife, Caycee, now own the company and have two employees.

"I believe diversification is important, so we've branched out and are willing to take on a variety of projects," said Melchert. "About 10 years ago, I was looking for a skid steer to rent and had all kinds of trouble getting one. The experience wasn't good because I was charged for many things I thought should have been included in the price. So, I decided to buy one and I started renting it out."

B&E Auto Repair and Rental now has nearly 10 pieces of equipment for rent and nearly double that in attachments. Melchert's renters include area farmers and construction companies, and he'll either rent the machine alone or he will hire himself out as an operator along with the machine. Rates are hourly, weekly, biweekly or monthly.

"Renting the first machine went so well, it seemed logical to keep adding equipment and versatility to that side of the business," explained Melchert. "We have skid steers, telehandlers and some small excavators, for which I've fabricated custom buckets. Our attachments run the gamut from a post-hole auger to a 72-inch-wide vibrating roller to several types of blades."

One of the first pieces Melchert added to the rental fleet was a used JCB backhoe loader, and he's since added a 52755 telehandler and a T260 track skid steer, with the help of DMI Sales Representative Dar Ellis.

"That used backhoe really sold me on the quality of JCB equipment," said Melchert. "It had good power, and when I started looking to add machines, JCB was a natural choice. The telehandler has proven to be just as powerful. It's a 12,000-pound machine and will easily lift half its weight and more. I picked up and moved a skid steer with it. A good testimonial was when I rented



▶ VIDEO



B&E Auto Repair and Rental Owner Brian Melchert uses a JCB T260 track skid steer to move concrete. "The first thing I did with it when it arrived was put it into a 12-foot-high pile of gravel, and it went right into it without hesitation and kept going," he said.

DMI Sales Representative Dar Ellis (left) meets with B&E Auto Repair and Rental Owner Brian Melchert at his shop in Volga. "Dar stops by regularly to make sure things are going well, and I appreciate that level of service," said Melchert.

it out to someone who needed it to use while his wheel loader was down. He wanted to continue renting it because it outperformed his machine. It's a beast.

"I feel the same about the T260 skid steer," he added. "The first thing I did with it when it arrived was put it into a 12-foot-high pile of gravel, and it went right into it without hesitation and kept going. I've even taken down some fairly sizeable trees with it. I had a little apprehension at first because it has a single arm, but it's proven it will stand up to any skid steer with two. The single arm also helps with visibility. Another nice feature of the JCBs is that the attachments are interchangeable, so we can use them on the telehandler or the skid steer."

Because his operation is also a repair shop, Melchert performs service on the machines. "Dar stops by regularly to make sure things are going well, and I appreciate that level of service because that's how I run my shop. DMI has been excellent to work with. For instance, I called late one afternoon looking for a seal. The parts guy I talked to said the computers were already shut down for the day, but he started one up again and resolved my issue. That's the kind of commitment I'm looking for in a dealer."



Brian Melchert,
B&E Auto Repair
and Rental Owner



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Continued . . .

JCB meets variety of user needs

...continued



Rodney Fenske,
South Dakota
Soybean Processors
Operations Manager



Jason Converse,
South Dakota
Soybean Processors
Maintenance
Coordinator

South Dakota Soybean Processors

Since it opened in 1996, South Dakota Soybean Processors has continued to expand its capacity from 50,000 bushels a year to 80,000 today. Based in Volga, the facility operates 24 hours a day, seven days a week, processing raw soybeans.

"Most of our raw products come from within a 60-mile radius of Volga," said Operations Manager Rodney Fenske. "We're constantly producing, only shutting down for



(L-R) South Dakota Soybean Processors Maintenance Coordinator Jason Converse and Operations Manager Rodney Fenske work with DMI Sales Representative Dar Ellis. "Service after the sale is a big item for us," said Converse. "If we have an issue, DMI responds right away."

A South Dakota Soybean Processors operator uses a JCB 510-56 telehandler to lift materials in the company's yard in Volga. "It's equipped to run a bucket or forks, so it allows us to accomplish everything we need to do in our operations, as well as some general tasks, such as snow removal," said Maintenance Coordinator Jason Converse.

► VIDEO



about a week to 10 days during the year for maintenance."

Employing nearly 100 people, South Dakota Soybean Processors produces several products, including its top three: soy oil, soy hulls and soy meal. The latter makes up the majority of the tonnage produced and it, and the hulls, are used as livestock feed. The facility refines oil on site and ships it to customers for diverse uses, including food products and biodiesel.

Raw products come in from farmers, elevators and other sources via truck or railcar to the company's on-site rail facility. It ships finished products out by rail and truck.

"Operating around the clock means we put a heavy burden on machinery, so we have to have equipment that can stand up to the challenge," said Maintenance Coordinator Jason Converse. "Our machines also have to be versatile, because we use them to do everything from unloading pallets to cleaning up the yard."

To help meet its needs, South Dakota Soybean Processors purchased a JCB 510-56 telehandler. "It's equipped to run a bucket or forks, so it allows us to accomplish everything we need to do in our operations, as well as perform some general tasks, such as snow removal," said Converse. "We have some hard-to-reach areas, and the telescoping boom allows us to get to those, even with a heavy load."

"In a plant like ours, safety is always an issue," added Fenske. "The JCB has excellent visibility all the way around, so our operators are confident that their surroundings are clear when they move. It's also very user-friendly. The cab is laid out for comfort and ease of operation. Our operators really like it."

South Dakota Soybean Processors staff members are pleased with DMI's service as well. "We've dealt with Sales Representative Dar Ellis for several years," said Converse, noting the company also has a Komatsu wheel loader. "Service after the sale is a big item for us, and we knew that Dar and DMI would take care of us. They have parts in stock when we need them, and if we have an issue, they respond right away." ■



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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.” ■



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DEPRECIATION BONUS EXTENDED

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

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. ■

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.

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.



D65-17

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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."

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 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." ■

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.



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- 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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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 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



This PC360LC-10 equipped with a Topcon GPS system was one of several excavators available for customers to operate during Demo Days.



Komatsu's Rizwan Mirza (right) showed customers how information from KOMTRAX can be used to maximize productivity and efficiency.

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.



A PROACTIVE APPROACH

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



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,
Vice President of Parts

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.

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 can be confident that their Komatsu machinery is going to perform the way they expect it to.



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.



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

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. ■



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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.

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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.



MORE INDUSTRY NEWS

MAP-21 aids post-hurricane reconstruction

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. ■

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. ■

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. ■

SIDE TRACKS

On the light side



"Don't forget to empty the suggestion box."



"Here comes another load of soil for the dump truck."



"Schedule A, line 16 G:
Do you wish to
make a charitable
donation to help
pay off the
national debt?"

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.

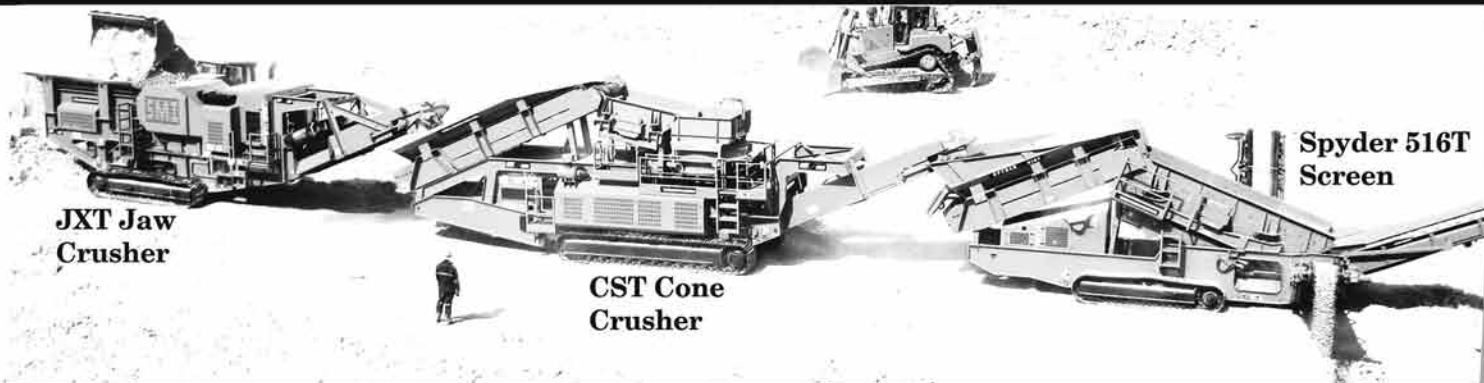
Brain Teasers

Unscramble the letters to reveal some common construction-related words. Answers can be found in the online edition of the magazine at www.DMIDifference.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
5. C G L N E I A R _ L _ _ _ _ _

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