

# BREAKOUT

FOURTH ISSUE 2009



*In a fishbowl* — page 3

*Key to success* — page 6

*Putting Hitachi to work* — page 8

*Construction in Hawaii* — page 12

# ON the INSIDE

## STIMULATING THE ECONOMY

On February 17, President Barack Obama signed the American Recovery and Reinvestment Act of 2009 into law. This \$787-billion economic-stimulus package is intended to improve the nation's weakened economy through job creation. Like any legislation, we can quibble over the details (I know I wish every dime was going toward rebuilding our long-neglected infrastructure), but it's our position that the new act is essential to the health of our industry.

What's more, we believe Hitachi, our dealer network, and each of our customers should take full advantage of the act, and we should join together at federal, state, and local levels to work on "shovel-ready" projects and revitalize our industry.

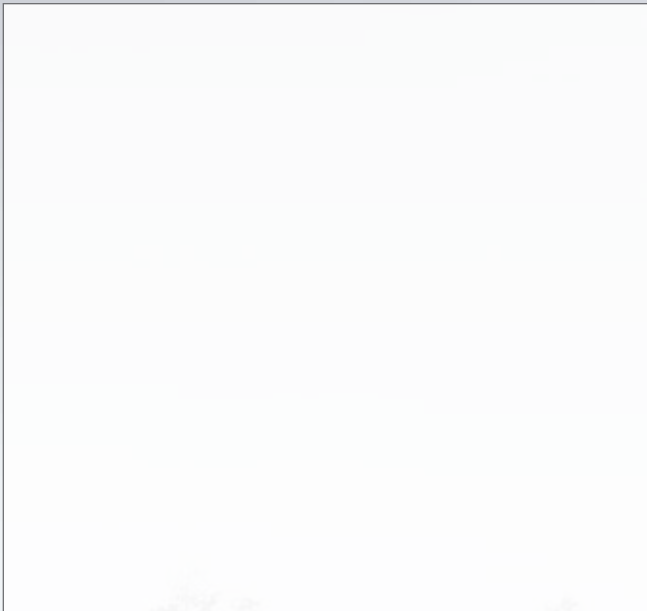
This stimulus legislation has been a long time coming, and there have been scores of dedicated contractors who have testified before our government to secure as much funding as possible for their corners of our industry and for the industry as a whole. One organization we all owe thanks for its due diligence is the National Utilities Contractors Association (NUCA) and its former president Terry Dillon of Atlas Excavating. NUCA's advocacy for utility contractors is without peer.

As for the greater stimulus, I'd like to put in a plug for Hitachi equipment. Shovel-ready projects demand outstanding productivity, uptime, and low daily operating costs, and Hitachi excavators and trucks deliver those in spades. Plus they do it with great fuel efficiency and earth-friendly low emissions because of their Tier 3 and Interim Tier 4/Tier 4 Yanmar and Isuzu engines.

Working together, I'm confident we'll emerge from the recession stronger than ever.



*Kelly Granatier,*  
Director, Sales, Hitachi Division



# In a fishbowl: 84 hours and counting

*Thanks to a lot of prep, teamwork, and a quartet of Hitachi excavators, the salmon are running once again in Anchorage.*

**H**amilton Construction, LLC out of Skagway, Alaska, is no stranger to pressure. As a heavy civil construction company specializing in big rock and dirt projects, they've handled a lot of critical jobs in the 19 years they've been in business. But their part in the highly anticipated Chester Creek Aquatic Habitat Restoration project at Westchester Lagoon was certainly one of their most high-profile projects ever.

## UPSTREAM STRUGGLE

Salmon have been trying to navigate the fish ladder between Cook Inlet and Chester Creek since the 1970s, with mixed results. Everyone agreed it needed fixing, but it took over 20 years to coordinate the project with all the public and private entities. It took an additional 10 years to craft a workable plan and put it in motion.

This is when things got interesting for the folks at Hamilton Construction, because they had just 84 hours to get in there and get the job done. Why the rush? Well, it seems installation of the new fish ladder/culvert required demolition of the rail line that supplied aviation fuel to the international airport. Eighty-four hours was it.

In that 84 hours Hamilton had to rip up the railroad track, move 20,000 cubic yards of embankment dirt, and assemble and install the 96-foot-long custom-made concrete culvert. Then — in a sprint to the finish — it had to rebuild the embankment and replace the tracks. Adding to the project's daunting timetable was the weather — this was a winter project — and the sticky tidal mud flats and a mucky lagoon also had to be overcome.

## IT'S ALL IN THE PREP

Of course, a lot of preparatory work was done before those critical 84 hours began. Cofferdams were built on either side to prevent water intrusion. A popular hiking trail was relocated, which required the addition of a new



pedestrian bridge. Truck routes were carefully mapped out to minimize disruption of quiet neighborhoods. Supplies were stockpiled on-site. And the culvert — undoubtedly the biggest piece of the puzzle — was poured in sections off-site.

“We had to pour the culvert in 32 three-foot-wide, 15-foot-square sections,” says Jeff Hamilton, President, Hamilton Construction. “We set up a yard near the site and used forms. Since all the sections would bolt together using a DYWIDAG post-tensioning system, we had to make sure everything would line up once we got the sections on-site.”

Hamilton also installed a 54-inch, 1800-foot HDPE outfall pipe running from the lagoon into the inlet’s mud flats to handle any overflow beyond the culvert’s capacity to handle. “We had to do excavation in really nasty mud,” says Hamilton. “We used 12- x 12-foot timber crane mats and walked them out under the excavators and rock trucks so they wouldn’t sink. It was quite a sight.”

The least worrisome part of the project was the demolition and replacement of the rail line, because railroad work is one of Hamilton’s specialties. They manufacture custom-ordered passenger cars for railroads all over the world. They also built and operate the St. Kitts Scenic Railway on the Caribbean island of St. Kitts.

### CLOCK’S TICKING

The countdown commenced, the time came, and everyone sprang to work — including four Hitachi excavators. One ZX850LC, two ZX450LC-3s, and one ZX160LC-3 tore into the task with a vengeance despite the snow and cold temps. A loader moved the box-culvert sections to a telescoping crawler crane, which assembled the structure.

Next, the embankment was rebuilt and the tracks were replaced. The entire

project came off without a hitch with 10 hours to spare. Night shifts were not required.

### QUARRIES AND PIPELINES

Hamilton owns three quarries to support its heavy construction operation, and extracts enough rock to go through 10 buckets a year. Understandably, he also has a bucket-rebuilding company.

Oil-field work is another area of expertise. It requires a fleet of new excavators to be ready to deploy at a moment’s notice for pipeline maintenance and other projects.

Hamilton didn’t always have orange iron in its construction fleet. Hitachi gained “excavator-of-choice” status after years of delivering outstanding reliability, controllability, and fuel efficiency.

The company now owns 11 Hitachis: one 850, one 750, two 700s, six 450s,

and one 160. They also have a brand-new 1200-6 Shovel working in one of their quarries.

Hamilton admits he owns a lot more equipment than most companies his size. And that’s just fine with him. “It makes more sense for me to buy than lease, especially when I have so many locations to cover. We need to deploy machines at a moment’s notice, so I need to have machines held in reserve.

“We do our own maintenance, but our Hitachi dealer does all our warranty work and major repairs. When a machine has enough hours on it, I send it to our quarry in Anchorage. Then, we really put it through its paces because it’s close to the dealership for any TLC it might need. We’re not afraid to work our Hitachi units hard — and they hold up really well.”

*Hamilton Construction, LLC is serviced by CMI, LLC, Anchorage, Alaska.*



*Hamilton Construction finished the job with 10 hours to spare, thanks in part to the reliability of the four Hitachi units on-site.*

**“We’re not afraid to work our Hitachi units hard — and they hold up really well.”**  
**— Jeff Hamilton, President  
Hamilton Construction**





# Key to success

Key Construction takes advantage of federal programs to rebuild communities and generate hope

**C**ontractors, are you shell-shocked from the loss of construction projects during these rough economic times? If so, you might want to adopt some of the strategies being used by Larry Weinstein, a self-made entrepreneur and president of Key Construction LLC. Based near The Village of Spring Valley, New York, he's decided to help revitalize The Village by tackling projects that would give others second thoughts. It takes resolve, ingenuity, and hard work to leverage things like tax credits, grants, and stimulus dollars to jump-start a project.

## TAKING BACK THE STREETS

In a story familiar to many towns, Spring Valley's central district had become blighted — especially after a military-parts distributor pulled out after 50 years. The Village commissioned a comprehensive, 15-block renewal plan, which specified future retail, office, and residential development sites. Public and private sector funding was put in place to enable property acquisition and disposition. The goal was to replace about 22 run-down commercial buildings.

"I got into building about 10 years ago," says Weinstein. "I had been a real estate agent/broker, but I've always been fascinated by the whole construction process. A builder and I formed a partnership; we'd sell land to developers, and then I'd sell new homes.

"Then I got brave five years ago and bought some lots for myself to redevelop. It was crime and drug infested, but we built it up, and it's changed quite a bit for the better."

Weinstein and others have tackled additional downtown sections since

that first foray. A new mixed-use building has just opened with retail and apartments for seniors. Single-family townhouses are also on the drawing board.

We caught up with Weinstein in a parking lot he plans to transform into 30,000 square feet of office/retail space. The structure will be partially solar powered and will feature green space.

“This will be one of the first new office buildings built in downtown in over 25 years,” says Weinstein. “I’m taking ownership of this. We hope to have a pharmacist, some doctors and lawyers, and some nonprofits in here. And our company will move into the third floor. It’s a big risk, but I think there’s a need for functional space.

“We can tailor it to fit the needs of the occupants and offer a little lower rate and more incentives than other areas. We’re excited about this project.”

### **SCRATCHING BELOW THE SURFACE**

Working in an urban environment comes with all kinds of challenges, some of which are hidden. Weinstein’s parking lot masks layers of previous use — and potential chemical pollution. Key Construction’s new ZX120 is carefully excavating downward under the watchful eye of Jillian Mauer of Ecosystems Strategies, Inc. “We’re looking to see if there are any contaminants that have leached into the ground,” explains Mauer. “There was a dry cleaner on this property at one time, and they often bury fuel-oil tanks.”

The prospect of finding contaminants doesn’t panic Weinstein because he knows where to turn for help. “The lot might qualify for a Brownfield Grant through the EPA.”

### **UNEARTHING THE MONEY**

Weinstein has also served as contractor for public and private jobs. He’s become very adept at putting together deals and finding financing to make



**Mike Hattar, Nortrax Northeast General Manager Beacon branch, with Larry Weinstein, President, Key Construction.**

them work. Of course, using all these special resources means sweating the details and untangling lots of red tape. It also takes bidding skill and no-nonsense cost controls.

But Weinstein thinks the rewards are well worth the trouble. It’s hard to put a price tag on the satisfaction he gets from stimulating the economy of a hard-hit community, providing construction jobs, generating civic pride, and improving the lives of its citizens.

Weinstein used the extension of the \$250,000 equipment tax law in the 2008 Economic Stimulus package to purchase a construction machine. After looking at several competitors, he decided on a thumb-equipped ZX120. Its fuel-efficient Isuzu engine coupled with a low interest rate sealed the deal.

As Mike Hattar, Branch Manager, Nortrax Northeast Beacon puts it, “When you have an economic downturn, sometimes you have to think outside of the box. And you’ve got to have a little bit of hope. Sometimes it makes sense that you want to get into

equipment at a low market, just like you would in real estate. Buy in a low market and get a better deal.”

“We like to keep excavation in-house,” adds Weinstein. “It gives us total control and keeps our costs down. That’s the trap a lot of contracting companies fall into. They can’t control their costs, and then when things don’t get better, they get caught and have to go out of business.

“My operator, Angel Siguencia, worked five days on a drainage project. An excavating company would have taken two weeks. I would guess we’ve already saved about \$20,000 by doing it ourselves. By the time we finish some upcoming projects, the ZX120 will have paid for itself. Our total excavating bill last year was about \$400,000 because we had to hire excavating companies. Our ZX120 will certainly help our company become more profitable.”

*To view the video visit us online at [www.hitachiconstruction.com/key](http://www.hitachiconstruction.com/key).*

*Key Construction LLC is serviced by Nortrax Northeast, Beacon, New York.*

# Putting Hitachi to work

“We’re not your typical construction company,” says Lorin Johnson, Owner, G & L Johnson Construction of Calgary, Alberta. “Providing a contracting service that utilizes our Hitachi excavators gives us cash flow, but it’s our investing in Calgary real estate that ensures our long-term future. My excavating company is coupled with a land-development company and a building business that I own.”

## ON THE GROW

Calgary is the fastest-growing city in Canada. More than nine-million square feet of downtown office space is under construction — over half of all the office space currently under construction in Canada, notes Calgary’s *Journal of Commerce*. It’s not real-estate speculation; seven-million square feet of the unfinished space have already been pre-leased. There are also residential

condos, new housing additions, and, of course, new retail strips and malls to serve the new residential areas. Although hurt by the economic downturn in the U.S. and 2009’s lower petroleum prices, most projects are in place and being continued to completion.

“I started in business when I was 19 with a used excavator that I ran for six years working for a number of contractors. Then, I went south to work on earthmoving projects in Central and South America. After a few years of that, I decided Canada was really a pretty good place to live, so I came back to Calgary,” notes Johnson.

“Going back into business for myself, I bought a piece of grey-iron equipment, and from the first day had trouble with it. It just so happens that Bob Thomas with Wajax, the Hitachi dealer, stopped by and saw I was having trouble. He arranged to let me use





**“I’ve always watched fuel costs before they became a big deal. I’ve never liked throwing it out the exhaust pipe. And Hitachis have always been cheaper on fuel. They just use less.”**

**— Lorin Johnson, Owner, G & L Johnson Construction**



a demo excavator, which got me through my problem. I ended up buying that demo machine, which I still have to this day. It's my oldest machine and still one of my best excavators. I've been buying everything from Bob and Wajax ever since."

### USING THE HITACHI ADVANTAGES

Today, Johnson has nine Hitachi excavators. And he is quite clear on why:

"1. My dealer has been good to me. Bob, my Wajax representative, finds me good deals, and the dealer's service is great. Any time I have a problem, they look after me. They've always gone that extra step.

"2. Fuel. I've always watched fuel costs before they became a big deal. I've never liked throwing it out the exhaust pipe. And Hitachis have always been cheaper on fuel. They just use less.

"Those are the two big reasons why I'm running Hitachi excavators," Johnson continues. "Plus, I should add, I've never had any problems. For example, I bought my 450 used, with 1,500 hours on it. Now, it's approaching 6,000 hours. I've never touched it beyond regular oil changes. So, that's money in my pocket. And, that's my story with Hitachi. My oldest machine is a 1998 EX270 — the one Bob demoed for me. It now has 15,000 hours on it and, again, I've never touched it...except, well, I put a new starter in it and I've changed the oil regularly. My view is, why would you own anything else with that kind of record?"

Johnson also likes the resale value of the Hitachi. "I like buying and selling equipment. Often I'll buy for the job I've bid, including excavators. If I can find the right deal, I can always make money with the Hitachis. I'll run them



*Cody Rivest, Operator; Lorin Johnson, Owner; and Claude Rivest, Job Superintendent.*



*Bob Thomas, Wajax Sales Representative.*

for a season, buying them slightly used, and sell them for about what I bought them for. That's free rent. I mean, I keep my babies, like the old 270, but most of the rest of my equipment I don't keep forever. I buy them for the jobs and the season, and then sell them."

### GETTING IN ON THE ACTION

Explains Johnson, "When I first got into the contracting business, I was eager to see it grow beyond just moving dirt. I guess you could say I wanted a piece of the overall business. But after a while, I knew I needed more experience. That's a big reason I went off to

work for others.

"But when I came back to Calgary, what I was looking for was residual income. And that comes from owning the building or owning the land the buildings are sitting on.

"Today, we use the equipment and the contracting business to supplement other businesses that pay us bigger dividends. I call it cherry picking. Often, our equipment is working on a project I'm developing. That's the best. Other times, it's working for someone else while I'm working to finish the building phase of a project. That's great, too, because that equipment activity is paying the bills.

"I like to think that, in a small way, I'm in sync with Calgary's growth. I'm developing, building, and providing contracting services to others doing the same. When one part slows, I'm working on another part," concludes Johnson. And so are his Hitachi excavators.

*To view the video visit us online at [www.hitachiconstruction.com/gljohnson](http://www.hitachiconstruction.com/gljohnson). G & L Johnson Construction is serviced by Wajax Industries, Calgary, Alberta.*

# Construction in Hawaii has its challenges

*Palm trees blowing in the cooling trade winds, white sandy beaches, bright sunshine, and smiling faces. This must be heaven, right? Close. It's Hawaii. It's paradise if you're visiting, but not if you're a contractor.*

Ed Brown is the region manager for Goodfellow Brothers' operations on the Big Island. When he talks about working in solid lava, the logistics of getting parts and equipment to the island, and working in a delicate ecosystem, one

begins to understand that while Hawaii may be paradise to some, it's not to those who move dirt.

## **DEALER'S ROLE**

These conditions make a positive dealer/contractor relationship a key

to operating successfully in Hawaii. Brown includes his American Machinery dealer rep, Eric Fu, as a member of his management team. "I consider him one of our staff. We bounce ideas around. I trust him. Our relationship



*Goodfellow Brothers' Hitachi units fill a trench through Hawaii's ever-present and highly abrasive lava.*

is a partnership in every sense of the word, and I give him credit for a large part of Goodfellow's success on the Big Island."

Brown uses Fu's knowledge of equipment and the Goodfellow operation to help select machines to fit an application and fit in their fleet efficiently once a job is finished. While price is important in Brown's equipment-acquisition decision — "The cost of equipment affects what we can bid a project for, so the price has to be right for us to get the work we need" — there are other factors as well.

He cites an instance where the company was looking at a 450-size excavator for a particular job. "That's what we thought we needed, but then Eric



**Ed Brown, Region Manager, Goodfellow Brothers.**

told us about the 35-metric-ton machine. It gave us the price, power, and digging specs we needed, without the cumbersome size of the larger machine. It was a great fit.

"I trust him to tell us what kinds of equipment will best fit our needs, and he hasn't missed so far."

### **VERSATILITY**

When he looks for equipment Brown also looks for machines that can do a number of jobs. "We don't have the luxury of having specialized equipment. We need to be able to swap around different pieces here on the island from one job to the other." Brown said that barging equipment from one island to the next eats into margins, so he does all he can to eliminate this expense.

### **PARTS BACKUP**

Being 4,000 miles from the mainland puts more pressure on the customer/dealer relationship. "We have really



high expectations from the dealer's customer-dealer relationship," says Brown. "When we buy a machine we expect the dealer to have the parts we'll need in stock." He mentions the dealer's constant communication with his master mechanic regarding when machines will be running and when scheduled maintenance will require more rarely needed parts.

"It's rare when they don't have a part here on the Big Island, but they will air-freight it in a bat of the eye if they don't."

### **LOGISTICS A KEY**

"This island is solid lava," says Brown. "This is much more abrasive than about anything else I've seen. We go through undercarriages and buckets fast." He notes that a welder keeps busy hard-facing buckets and other ground-engaging tools. Logistics play the most important role in keeping Brown's operation profitable. "We need the right equipment in the right place, and up and running," says Brown. "That means giving high priority to getting us the parts we need where we need them. The only way to do it consistently is to have a relationship with your dealer built on mutual trust and respect."

*Goodfellow Brothers is serviced by American Machinery, Hawaii.*

*This ZX450LC-3 Excavator equipped with a hydraulic breaker chisels lava to make way for a building foundation. The spoil will be converted to aggregate.*



# 350LC-3

## A versatile performer

The Hitachi Zaxis 350LC-3 performs more like its larger production-sized siblings, thanks to its Isuzu six-cylinder Tier-3-certified engine, robust swing torque, traction force, and digging force. The P Mode increases production; the E mode can reduce fuel consumption.

The Zaxis 350LC-3 weighs 77,269 pounds (35 049 kg) and comes standard with a 13-ft. 1-in. (4.0 m) arm, a 16,314-lb. (7400 kg) counterweight, and 32-in. (800 mm) triple semi-grouser shoes. Other arm lengths are optionally available.

### COMFY CAB

Operators will especially appreciate the comfortable cab. Largest in its class, the CRES II cab has a wider, more comfortable seatback, more foot room, and a much larger right-side window for excellent visibility. Pedals have been reshaped for easier use. And the cab has

been strengthened to protect against external pressures. The widescreen color LCD monitor is multilingual and multifunctional. From the seat, the operator can make simple oil-flow adjustments for attachments, monitor 32 readings, and track maintenance for 14 items. Short-throw, low-effort levers provide fingertip control.

### BUILT FOR DURABILITY

The 350LC-3 comes with a beefy undercarriage and strengthened upperstructure. The undercarriage X-beam is stronger thanks to monolithic plates instead of conventional welded plates on the top and bottom. Box sections are larger. Side-frame height has been increased to enhance rigidity.

The upperstructure features Hitachi's signature D-section frame skirt increased to enhance rigidity. The boom-foot, boom-top, and arm-cylinder mounting areas are stronger. Patented

HN bushings, using Hitachi's own molybdenum-based lubricant, are used at the boom-arm joint and arm-cylinder mounting area for better lubrication and improved durability. The arm top is hardened at the arm-bucket joint with tungsten-carbide thermal spraying for greater wear resistance at its contact point with the bucket.

Factory-installed ZXLink™ Ultimate Machine Monitoring System comes standard. Available only on Hitachi ZX Dash-3 Excavators, ZXLink Ultimate delivers a powerful remote machine-monitoring update of alerts, maintenance tracking, fuel consumption, machine location, trouble codes, and more.

For more information about the Hitachi Zaxis 350LC-3, visit your local Hitachi dealership or go online to [www.hitachiconstruction.com](http://www.hitachiconstruction.com).



# Manage your fleet without leaving your seat.

Stay in control and in the know with the ZXLink™ Machine Monitoring System. ZXLink lets you manage multiple jobsites from the comfort of your computer workstation. It gives you real-time info on machine location, utilization, and fuel consumption with just a click of the mouse. This easy-to-use system also transmits machine alerts and diagnostic trouble codes, which can dramatically reduce downtime. Call 866-973-0394 or see your local dealer to find out how ZXLink lets you manage your fleet without leaving your seat.

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