

CLEAN DIESEL ENGINES

KC Klosterman, Oldcastle Materials Group

April 1, 2015



**Oregon Concrete
& Aggregate**
PRODUCERS ASSOCIATION

Oldcastle Materials Group

1. Major building materials supplier with numerous operations in Oregon.
2. Involved in construction, construction materials (aggregates, concrete, asphalt) and other building materials (glass, general building materials) and distribution of the above.
3. Has significant on Road and Off Road diesel engines used in a variety of applications.



Construction Aggregates Employment

Total Current Production Employees
~1,000 –1,200

Production Employees During Peak:
~2,000

Grading, Placement, 3rd Party Delivery
and Engineering ~ 1,500

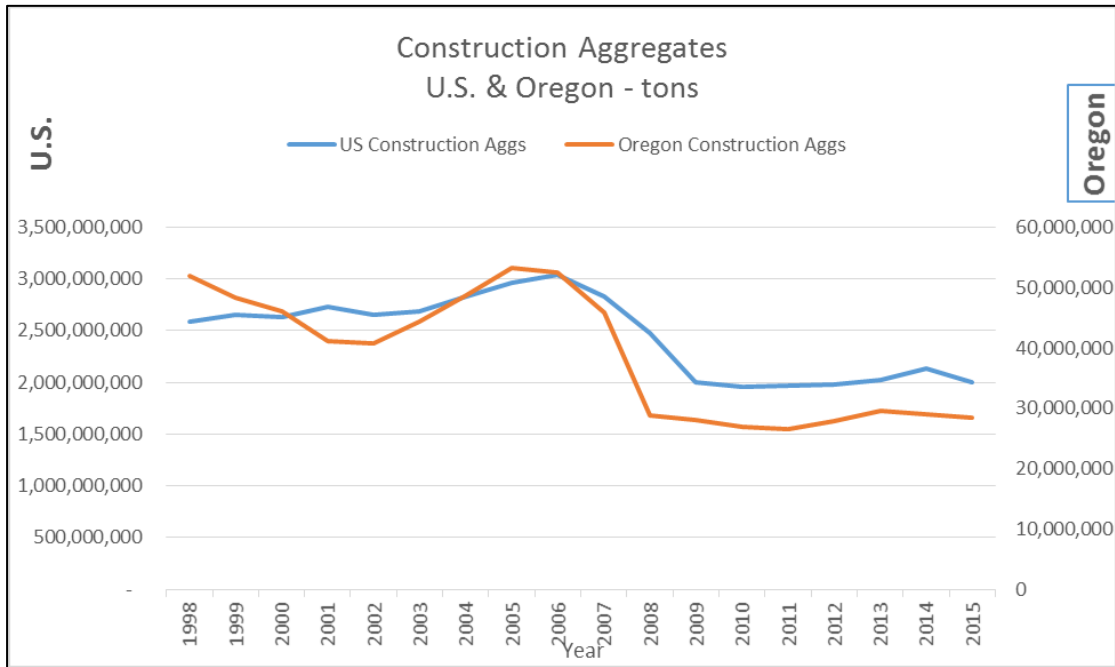
Suppliers/Vendors/Service Related
~ 1,000

Total Affected Direct Employment:

- Current ~ 3,500
- During peak ~ 5,000



Construction aggregates – tons



Year	U.S. Construction Aggs	Oregon Construction Aggs
1998	2,590,000,000	51,894,654
1999	2,650,000,000	48,326,956
2000	2,630,000,000	46,137,690
2001	2,730,000,000	41,098,461
2002	2,650,000,000	40,810,712
2003	2,690,000,000	44,351,427
2004	2,830,000,000	48,802,085
2005	2,960,000,000	53,181,594
2006	3,040,000,000	52,474,051
2007	2,830,000,000	45,916,951
2008	2,480,000,000	28,898,705
2009	2,006,000,000	28,057,862
2010	1,955,000,000	26,905,138
2011	1,970,000,000	26,519,043
2012	1,982,000,000	27,966,897
2013	2,020,000,000	29,555,747
2014	2,130,000,000	29,000,000
2015	2,000,000,000	28,500,000

Year end 2014 & full year
2015, est.



Construction Aggregates Oregon Forecast

- 2014 – 29 million tons
- 2015 – 28 million tons

Estimate by KC Klosterman, Oldcastle Materials

► **By sector:**

- Public agency – declining to significantly declining
- Residential – positive growth
- Commercial – positive growth
- Industrial – flat growth

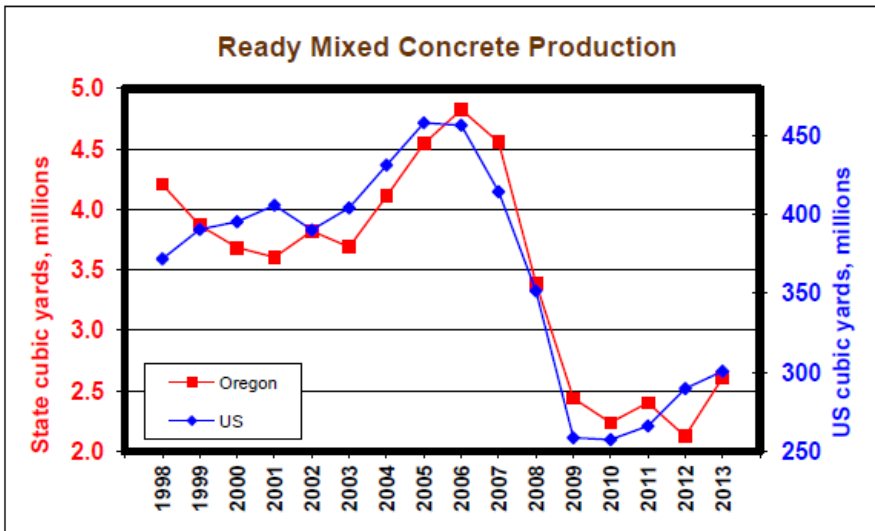


Ready Mix Concrete Employment

- **Total Current production employees ~1,000–1,200**
 - Production employees during peak ~1,600
- **Installation, engineering, finishing contractor related employment ~ 1,000**
- **Suppliers/vendors/service related ~ 800**
- **Total affected direct employment:**
 - Current ~ 2,800
 - During peak ~ 4,000



Ready Mix Concrete Historical Volumes – Oregon



Estimated Ready Mixed Concrete Production

	Oregon	US	Percent of US
1998	4,207,000	372,033,000	1.1%
1999	3,869,000	390,658,000	1.0%
2000	3,685,000	395,614,000	0.9%
2001	3,606,000	406,091,000	0.9%
2002	3,822,000	390,301,000	1.0%
2003	3,691,000	404,333,000	0.9%
2004	4,111,000	431,498,000	1.0%
2005	4,544,000	458,290,000	1.0%
2006	4,827,000	456,768,000	1.1%
2007	4,557,000	414,644,000	1.1%
2008	3,391,000	351,673,000	1.0%
2009	2,438,000	258,551,000	0.9%
2010	2,237,000	257,423,000	0.9%
2011	2,402,000	266,039,000	0.9%
2012	2,125,000	289,781,000	0.7%
2013	2,607,000	300,800,000	0.9%



Ready Mix Concrete Oregon Forecast

- 2014 – 2.9 million cubic yards
- 2015 – 3.3 million cubic yards

This is the Portland Cement Association forecast assuming continuous economic recovery.

By sector:

- Public agency – flat to slightly declining
- Residential – positive growth
- Commercial – positive growth



Mining and Mining Equipment



Ready Mix Trucks



Loaders



Excavators



Heavy Haul Mine Trucks



Retrofit is not a Viable Option



Impacts

- Oldcastle has more than 300 pieces of equipment in Oregon that would be impacted by this bill
- Many pieces cannot be retrofitted (especially off road equipment)
- Estimated cost could approach \$20 million.
 - Economic development and highway construction would bear the brunt of this
 - Less road repairs
 - Less economic development
 - = Less jobs



Baker Rock – Cost Example

Our front line machines and an estimated replacement cost are as follows:

- 2 – 770 Haul Trucks – \$1,500,000
- 4 – 769 Haul Trucks – \$3,000,000
- 1 – 990 Loader – \$750,000
- 1 – 988 Loader – \$750,000
- 2 – 980 Loaders – \$1,000,000
- 2 – Motor graders – \$500,000
- 1 – 310 Excavator – \$200,000
- 3 – Bull Dozers – \$900,000

Total estimated costs for Tier IV Final or Tier IV Interim equipment replacement costs – \$8,600,000



Key Problems with SB 824

1. Funding the retrofits and replacements would reduce funds available for public work projects at a time that we cannot even find the bare minimum funding for highway and bridge maintenance without addressing needed capacity improvements.
2. While all businesses would be harmed and have an impact on employment, smaller poorly capitalized companies may be even more greatly harmed.



Conclusion

- The Industry appreciates the committee taking the time to discuss this bill.
- There are certain environmental benefits for the program, though the cost–benefit analysis using well vetted science and economics appears to be severely lacking.
- The current proposed transition cycle would have a material impact on economic development, road maintenance and may even sink small businesses.
- We would like to continue to be partners with the legislature in discussing this issue.

