



## **Bobcat and Doosan Testimony, Budget Committee Hearing** Wednesday, August 18, 2010, Wahpeton, North Dakota

**Providing testimony for Bobcat and Doosan:**  
Dan Antrim, vice president, North American Operations

### **TESTIMONY TRANSCRIPT**

Thank you, Senator Conrad, Director Ziegler, Mayor Sturdevant, and Mr. Pithey, for the opportunity to discuss the importance of North Dakota Highway 13 to Bobcat and Doosan, our parent company.

As you know, Gwinner — situated right on Highway 13 — has been home to our primary production facility for more than 60 years, dating back to when we were Melroe Manufacturing, even before the development of the Bobcat loader, for which we are known and named today. For six decades, North Dakota Highway 13 has been central to our distribution and supply chain system, serving as a primary artery for shipments going to and coming in from anywhere east of Gwinner — a direction that has been very important to our business. Most of what we produce goes east; most of our supplied materials and components come in from the east.

We have historical data that details truck runs and tonnage of loads in and out of Gwinner using North Dakota Highway 13, but today we will focus on current figures that demonstrate its importance to both our Gwinner plant and our newer Wahpeton valves and cylinders production facility, which is also, of course, situated on this vital transportation link.

We estimate that more than 141,000 tons of materials and product — to and from Bobcat — will be transported in and out of Gwinner and through Wahpeton, via North Dakota Highway 13, this year. That covers more than 527,000 miles driven by various trucks, some of which are carrying Bobcat-produced parts and equipment, and others with supplied components that are critical to our manufacturing operations. The total number of truckloads: 10,000.

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Shipments in and out of Gwinner, and through Wahpeton, can be split into five categories:

- Gwinner inbound shipments of valves and cylinders from our Wahpeton facility, and return trips to Wahpeton
- Bobcat equipment, being shipped from Gwinner to our Brooklyn Park, Minn. facility for load consolidation and distribution to other points east
- Inbound shipments to Gwinner, partial truckloads of Bobcat supplies, utilizing third-party public carriers such as Yellow Freight
- Inbound shipments to Gwinner, full truckloads of Bobcat supplies, utilizing our dedicated fleet or carriers
- Inbound shipments to Gwinner, coming direct from suppliers, utilizing their dedicated fleet or carriers

The following numbers are based on current-year estimates:

- Annual freight, in pounds, moved from Wahpeton to Gwinner along Highway 13: 22,500,000 lbs.
- Annual freight, in pounds, moved from Gwinner to our Brooklyn Park facility along Highway 13: 217,336,000 lbs.
- Annual total freight, in pounds, coming in from Bobcat/Doosan suppliers, utilizing our fleet or carriers, supplier fleets or carriers, or third-party shipping companies: 42,500,000 lbs.

As you can see, freight that includes Bobcat-produced equipment, headed toward our Brooklyn Park facility, makes up the bulk of this. Seventy percent of our outbound volume goes east, through the Brooklyn Park facility, and North Dakota Highway 13 is the primary conduit in getting there.

Another impressive number is the inbound supplies not coming from Wahpeton. Seventy percent of the total freight from outside suppliers, including raw materials, comes from the east.

Again, the numbers we are providing are based on this year's estimates. Please note that our business volume is down some 40 percent versus 2006. So, there are three key factors that could lead to the freight pounds or tonnage and truckloads increasing in the future:

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1. General business rebound or growth, resulting in more equipment shipments east
2. The Wahpeton facility. Previously, our valves and cylinders operation was located in Bismarck, but we relocated it to Wahpeton late last year. As production at the Gwinner plant increases, so will our need for valves and cylinders, and so will trips between Wahpeton and Gwinner.
3. Increased number of equipment lines produced in Gwinner. Previously, only loaders were made at the Gwinner plant. Late last year, we consolidated manufacturing operations, and moved excavator, Toolcat<sup>™</sup> utility work machine, and mini track loader production from Bismarck to Gwinner. So, again, additional lines being produced at the Gwinner facility could result in more shipments if business overall increases.

As I stated before, North Dakota Highway 13 has always been vital to our distribution of products and receiving of supply and component shipments. With the addition of our Brooklyn Park facility in 2006, the addition of the Wahpeton facility in 2009, and the consolidation of manufacturing operations in 2009, this artery has become even more vital. Specific to the last example, Interstate 94 was previously a critical link from the Bismarck plant to all points east, including Brooklyn Park. With Gwinner now the only North Dakota plant producing wholegood products, Highway 13 is our only link east. Plus, it connects our only two North Dakota manufacturing locations.

If you'd like, we have additional figures that detail truckloads, freight volume, and miles covered in shipments during various times of the week, and over various time periods. But the total numbers we have here today should demonstrate the importance of North Dakota Highway 13 to Bobcat and Doosan. It is indeed a vital transportation link for us.

Mr. Senator and other panelists, thank you again for your time today. I'd be happy to answer any questions you may have.