



OREGON IRON WORKS, INC.

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TESTIMONY TO THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON SMALL BUSINESS

“HEROES OF SMALL BUSINESS”

OREGON IRON WORKS, INC. (OIW)

May 20, 2009

INTRODUCTION

Good morning Chairwoman Velazquez, Ranking Member Graves and distinguished members of this Committee. My name is Chandra Brown and I am Vice President of Oregon Iron Works, Inc. and President of United Streetcar, LLC. The Oregon Iron Works headquarters are located in Clackamas, Oregon and we have a facility in Vancouver, Washington. On behalf of Oregon Iron Works and all of our employees, it is my privilege to present this testimony to you today on our experience and successes as a small business in Oregon. I would like to especially thank Representative Kurt Schrader for providing me the opportunity to testify today.

Oregon Iron Works, Inc. (OIW) is a metals manufacturing company that specializes in complex machining across diverse industries. Oregon Iron Works has extensive experience with a wide range of products including hydro-power equipment, machinery, structural and plate fabrications, bridges, aerospace ground equipment, specialized boats, streetcars and wave energy devices. From its inception in 1944, Oregon Iron Works has grown from a local provider of steel fabricated products into an international fabrication and manufacturing company.

HISTORY – Since 1944

To give you a bit of history, OIW was founded in 1944 by Charles and Kenneth Poole, and was incorporated in 1955. The original headquarters were in a 5,000 square foot building in downtown Portland, with only a handful of employees working for the company.

Our first growth spurt occurred in 1974, when current management acquired the company. At this time OIW employed approximately 13 people. From its inception,

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OIW's guiding mantra stems from a quote by Frank Lloyd Wright: *I know the price of success: dedication, hard work, and an unremitting devotion to the things you want to see happen...*"

In the years from 1977 through 1978 OIW purchased 44 acres of undeveloped heavy industrial land in Clackamas, Oregon. Small Business Administration guaranteed financing was secured, and construction began on a 24,000 square foot craned building, and 2,000 square feet of office space. OIW was up to approximately 42 employees by 1978. OIW also leased land in Vancouver, Washington in 1976, and purchased the land in 1991.

OIW facilities now encompass more than 305,000 square feet on 38 acres of land in two states. This is an 1170% growth rate in facilities since 1978.

Over the years OIW has grown steadily, with a growth rate of about 13% annually since 1984. We now have approximately 350 employees. This is a 733% growth rate in employment since 1978. Our annual revenues are in excess of \$100 Million. We are a union shop, with roughly 600,000 man hours per year. Our shop workers are under contract with Shopman's Local 516 Union of the International Association of Bridge, Structural, Ornamental and Reinforcement Ironworkers. We have never had a work stoppage.

FOUR AREAS OF SUCCESS FOR OIW:

How has OIW managed to succeed? There are four key areas that have allowed OIW to thrive: our workforce, our diversity and technology, our innovation and our local, state and federal support.

1. PEOPLE ARE OIW's #1 CAPABILITY

The success of OIW is owed primarily to our number one capability and asset, our people.

The OIW manufacturing approach involves the participation of key representatives from each skill-group focused on success. What is success? Innovative approaches and solutions applied to the project to achieve the best quality, schedule and cost. This sounds simplistic, but it is not.

The planned interaction of expert tradesmen such as machinists, welders and electricians with project engineers combines the practical and theoretical with millions of man-hours of diverse experience resulting in extraordinary performance and quality.

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2. DIVERSITY & TECHNOLOGY

OIW is an incredibly diverse company, serving various industries throughout the United States. We are not limited to solutions or approaches from a single industry, because we work in a variety of diverse and specialized fields, including the hydroelectric, bridge, marine, nuclear, aerospace, machinery and streetcar industries, all of which brings innovation and creativity to a project.

OIW's initial work was in the hydroelectric field where we have been providing services and manufacturing products for over 35 years. Our past work includes Roller Gates (McCook Reservoir), Bonneted Slide Gates (Bonneville Dam), Jet Flow Gates, Miter Gates (McAlpine), Radial Gates (Folsom Dam and Carraizo Dam in Puerto Rico), and Tainter Valves, along with Stop Logs (Bonneville Dam), Bulkheads (Emsworth Lock and Dam) and other custom designed and manufactured systems for controlling water flow.

OIW's next logical progression was to the complex bridge building industry, where we have fabricated Bascule Leaf (Illinois Street Bridge), Truss (Golden Gate Bridge Retrofit and Hood Canal) Swing Span, Vertical Lift Bridges (Thames River Bridge), Simple Span Plate Girders and complex Box Girders (San Francisco Oakland Bay Bridge).

Gradually OIW began working on defense contracts and has done extensive ground based missile defense work (silo interface vaults, known as SIV's, & Silos), specialty marine craft for the U.S. Navy and Coast Guard craft, along with nuclear work (shield doors and pressure vessels) and aerospace launch complexes at Vandenberg and Cape Canaveral (platforms and doors).

OIW's state of the art manufacturing and machining facilities are supported not only with an extraordinary workforce but also a commitment to cutting edge technologies and continuous improvements. We have invested heavily in technology that provides us a competitive advantage and entry into more sophisticated markets. We have laser tracking tools, advanced computerized machinery, and one of the largest burning tables west of the Mississippi.

3. INNOVATION

Our extensive background in traditional manufacturing and our specialty capabilities have allowed us to engage in more innovative projects, namely streetcars and wave energy. In 2005, United Streetcar, LLC, a wholly owned subsidiary of Oregon Iron Works, was formed. United Streetcar is dedicated to providing modern streetcars to cities nationwide.

United Streetcar has developed an exclusive license agreement with Skoda, a Czech company with extensive experience in streetcar manufacturing. United Streetcar has taken the time proven Skoda streetcar design, and converted it to a fully Buy-America

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compliant vehicle. Instead of outsourcing jobs, we are “insourcing” jobs - bringing them back to the states.

We truly consider the streetcar project the creation of an industry. It has opened doors for vendors across the nation. Specialized companies who have never had the opportunity to work in the streetcar arena now find themselves with new work in their shops. New jobs are being created not only at OIW/United Streetcar, but in businesses across the country.

We are excited to announce that United Streetcar, LLC, has just finished building the first modern streetcar in the United States in over fifty years. The streetcar is made up of over 70% U.S. content, and assembly was done in Clackamas, Oregon. The streetcar is in Portland now undergoing testing, and it will be running on the streets of Portland this summer.

We are also looking forward to building a minimum of six streetcars for Portland’s new East Side Loop extension, and we are one of two finalists to manufacture seven cars plus options for the City of Tucson. In addition, there are over 65 U.S. cities looking into the streetcar market.

Another growing and innovative industry that we have been working in for approximately the past five years is the wave energy field. Wave energy is an emerging industry that can provide high paying jobs in the Northwest and across the United States and supply us with clean renewable energy. The U.S. has the potential to become one of the global leaders in this new technology.

In 2007 we had the opportunity to build several wave energy devices. We fabricated and fully outfitted the first wave energy buoy ever deployed in Oregon waters for Finavera Renewables. We also manufactured a Power Take Off unit for Ocean Power Technologies that was placed off the coast of Hawaii. I have recently returned from a trip to the UK to see how advanced they are in terms of these devices and while they are slightly ahead, at this point the USA can still catch up and this should be a very viable long term growth industry in the future.

OIW is a founding member and serves on the board of the Oregon Wave Energy Trust (OWET). OWET is a non-profit organization dedicated to making Oregon a leader in wave energy. Their mission is to support responsible wave energy development and create jobs for Oregon workers, and it is funded thanks to the Oregon Innovation Council under the leadership of Oregon Governor Ted Kulongoski.

OIW’s overall success is due in part to our ability to recognize potential markets in their early stages and then adapt to meet those needs. Our transition into providing green alternatives to urban transit and renewable energy devices is something that we take great pride in.

4. LOCAL, STATE & FEDERAL SUPPORT

While we know that we would not be here today without our incredible workforce, we also recognize that a huge part of our success is attributed to the support we get from our community and our government, on the local, state and federal levels.

Both the City of Portland and Clackamas County have been great advocates for OIW. Our county has supported us for as long as we can remember. We have also had the good fortune of receiving commendations and accolades from our great state of Oregon and last year we were recognized as one of the Top 10 Most Admired Companies in Oregon, and our competition was mostly very large well known companies such as Nike and Intel.

The State of Oregon, the City of Portland and Clackamas County have all been very helpful with trying to anticipate the needs of small businesses. By being proactive, they have led the way in supporting a green, sustainable economy, an economy which we want to participate in with our zero emission streetcars and green jobs in renewable energy.

On the federal level, we have received strong support from our Members of Congress. We have received federal appropriations for DOD special operations boats and US built streetcars as well as assisted with appropriations for wave energy devices. Oregon Iron Works has been the recipient of a number of competitively awarded federal contracts.

ISSUES OF CONCERN

There are two important issues as well that we wanted to bring to your attention.

The first issue is bonding capacity for small businesses. We are thankful that we are successful enough to have a high bonding capacity. However, as time progresses, increasingly more work needs to be bonded due in part to a risk adverseness in buyers and owners including federal and state governments. In addition the overall market capacity to bond, with the loss of such security companies as AIG has decreased. It is becoming more and more difficult to secure bonding for small businesses and we would never want to turn away work for the sole reason that a bond is too difficult to obtain. This is a concern for small businesses across the nation, and we would appreciate any help you can provide.

The second issue is the difficulties which arise with incremental funding for smaller capital projects. While incremental funding is certainly justified and necessary with certain types of projects, for smaller projects it often leads to increased project costs, schedule delays and workforce issues. Potential solutions might include full funding for

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smaller projects under \$30,000,000 or full funding for stand alone stages project. Again, this issue often has tremendous impact on small businesses. Any help you may be able to lend would be of great value.

We realize these two points are big issues but are hopeful that solutions can be found as they will both enable small businesses to continue to be competitive on a world wide basis.

IN CONCLUSION

With more than more than 65 years of manufacturing experience, OIW continues to be one of the most innovative and successful small businesses in Oregon and we look forward to another 65.

Again, thank you so much for this opportunity to testify on behalf of Oregon Iron Works. I would be pleased to answer any questions that you may have.

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Attachments: Oregon Iron Works, Inc. Executive Briefing (Powerpoint - 10 pages)
United Streetcar, LLC Overview (1 page)
Wave Energy Overview (1 page)