



ZACHRY *Force Report*

March/April 2012

The newsletter for the employees, families and friends of Zachry Holdings, Inc.

*Inside a
Biomass
Power Project*

On the Cover:

When complete, a wood feed conveyor will carry wood chips 45 feet below ground to fuel the Piedmont Green Power Plant in Barnesville, Ga. Photo/Alissa Hollimon

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ZACHRY

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APPLY YOUR KNOWLEDGE
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ILLUSTRATED**
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Zachry Employee

Milestones

FOURTH QUARTER 2011

5 YEARS

ETHEL ALQUIRRE
ETHEL ALQUIRRE
MICHELLE ALSTON
AMARY ANTONIO
DANA ARAN
JUAN AVILA
DINCO ARANDA
JENNIFER ARNOLD
ALBERTO AVALOS
JACQUE AVALOS
LINDA BENNETT
ROOSEVELT BENTON
EYRON BARNES
KELLEY BRADSHAW
MICHAEL BRADSHAW
TERY BRUNE JR.
BLAKE BRYANT
BRADLEY FURBER
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NANCY CANTO
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JUAN CASTRO
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VICKI CLARK
CHLOE COLE
ROBERT CAMPBELL
JOE CURT
REMOND DANIELS
NICHOLAS DEWITT
JASON DEL AND
CARLOS DIAZ
HECTOR DOSTER
JAMES DOWNEY
JUAN ESPINOSA
GEORGE FERNANDEZ
NANCY FERNANDEZ
HUGO FLORES
WILLIAM FRANKLIN
NANCY FRANKLIN
JERRY FREITE
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ANTONIO GARCIA

JACQUE GARCIA, JR.
VICTOR GARCIA
JOSE GARCIA-ORTIZ
MICHAEL GARNETT
BAUTISTA SODDY
NORVELL GOWAN
GERARDO GONZALEZ
RONALD GORDON
BRADLEY HARDY
THOMAS HICKER
WILLIAM HILL
ANANDA HITE
JIF JONSON
GARY JONES
ROOSEVELT JONES
ELZINA JOSEPH
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CHARLES JONES
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ANTONIO GARCIA

GARY SHERRIFF
JOSEPH SHUTE
DEBORAH SLAY
JUDITH SLOCUM
BOBBY SMITH
KIMBERLY SMITH
DANIEL SOLANO
EILENE STONE
JUAN TOLAN
RAFAEL STOLTZ
MICHAEL STRAHAN
WILLIAM STRASSER
MATTHEW THURMAN
ROBERT THURMAN
JOY TORRES
LUCY TRAMER
MATTHEW TRAMER
RONNAN TROTT
JANIS TROTT
DANIEL TUCKER
GREGORY VIVIANO
ROBERT VIVIANO
TERRY WHITTEN
GREGORY WHITTEN
JAMES YACOWITZ
EARG HARGROVE
JAMES KADZOFF
ANTONIO ZARAGALZA

RICARDO BATELLIN
KE HOPES
ARTHUR JOHNSON
SANDRA KENNIP
TERRY LAMON
KIMBERLY LAMON
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JOSE MERMELLA
JOE NEWMAN
SHENYI NG
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SANDRA PENTILE
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Employee Milestones
Fourth Quarter 2011

We want to hear from you



The process for submitting information for any story idea is simple. Send your Zachry Force Report story ideas, including contact information for those involved, to Zachry Force Report Editor Brian Dwyer at dwyerw@zhi.com or 210-588-5813.

Story ideas and photos also can be submitted to members of the Zachry Force Report editorial board, listed on page 24.

An archive of all issues of the Zachry Force Report is posted online at ZHI.com and group intranet sites. If you would prefer to exclusively access the publication electronically and opt out of receiving the printed edition, simply send a note to dwyerw@zhi.com.

Editor's Note: In the January-February issue, a member of the E.W. Brown project team was incorrectly listed. The Lead Field Engineer is Joshua Hanes, P.E.

Dear Readers,

The topic of safety is part of virtually every discussion about executing projects in our industry. While it may not be surprising that safety considerations are fundamental to construction and maintenance work, the link between safety and the procurement process is probably less apparent. Purchasing decisions and oversight of subcontractors and suppliers can substantially affect safety and the quality of work on a job site throughout a project's life cycle.

The importance of procurement and safety is well-recognized at Zachry. As an integral part of a full-service engineering, procurement and construction (EPC) organization, Zachry's procurement representatives typically manage 40 to 60 percent of an EPC project's cost and play a major role in managing many project execution risks. In addition, the Procurement Department supports project sites across a wide array of industries for the Industrial Services Group, the Regional Projects Group and Zachry Nuclear, Inc. Strong purchasing, logistics, supplier surveillance, expediting and material management skills have been critical in contributing to the success of many projects, our customers and the company for decades. Still, we must always ask ourselves: "How can we build upon our past achievements to prepare for future opportunities?"

Last year provided us an opportunity to explore that question in depth. As a result, 2011 turned out to be a year of significant change for Zachry Procurement as the department was redesigned to promote a stronger focus on strategy, planning and project management. Employees from across the organization (including procurement, engineering, construction, project controls, estimating and execution planning) were brought together with some key external hires to fuel this transformation. The restructured department is leading initiatives to strengthen procurement and project management capabilities, improve efficiency, increase transparency and enhance internal and external relationships.

Many of these initiatives focus on internal aspects of procurement, but we haven't forgotten that procurement is essentially outsourcing and managing external resources. Outsourcing requires significant investments of time and people. We must make sure that stringent methods are in place to qualify, manage, measure and monitor supplier performance because our brand is on the final product.

That goes for the safety portion of procurement as well. Rigorous evaluation and qualification practices,

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— Glenn Kloos,
Vice President,
Procurement



Photo/Alissa Hollimon

performance supervision and strong processes for directing subcontractors and suppliers are essential to mitigating potential safety challenges. Safety is Zachry's foremost core value and we expect anyone who does business with us to embrace it as strongly as we do.

Zachry's emphasis on safety is evident in this issue of the Force Report. You can learn how our safety record has garnered a series of recent awards from industry organizations and regulatory agencies, and how the Industrial Services Group provides customers with its insight into proactive safety procedures and other major industry issues. Additionally, the cover story about building a biomass-fired power plant showcases Zachry's ability to safely complete complex projects that combine our EPC services.

We understand the connection between safety and all facets of our business. Incorporating safety awareness into procurement and other areas of our organization will continue to position us for prolonged success.

Glenn

Veteran earns Founder's Award

Almost 500 Zachry employees are military veterans. This strong connection to the armed services became even more evident when Director of Centralized Accounting Support Services **Ruben Villafranca** took home the Founder's Award from the 6924th Heritage Association. It represents more than 1,000 Air Force Security Squadron members who served during the Vietnam War.

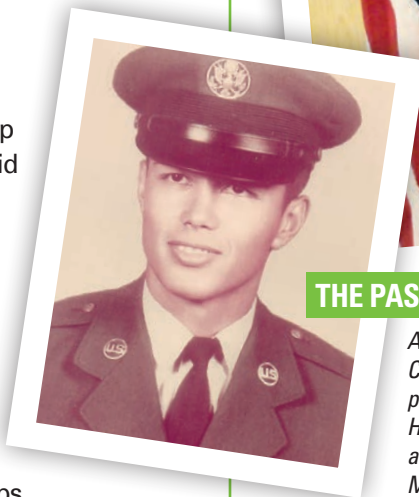
"There are always people who will step up to help out with the easy tasks," said Mike Gilkerson, association secretary and founder, "but Ruben has been a mainstay of our organization because he does so much."

A veteran of the 6924th, Villafranca organized fundraising to create an endowment that each year will provide \$2,000 in scholarships to Air Force Reserve Officer Training Corps (ROTC) students at the University of North Carolina at Charlotte. UNC-Charlotte is the alma mater of Paul Wayne Anthony, a 6924th member who lost his life in the Vietnam War. The scholarships are named after him.

Villafranca's work for the association, including several years running its reunion auctions and serving as its treasurer, isn't all that endears him to veterans. He also helped organize a Veterans Day ceremony at Zachry's Home Office.

"This was the first one held in the 22 years I've been with Zachry," said Villafranca, who served as master of ceremonies and assisted with logistics.

Air Force veteran **Inez Ornelas**, business systems analyst, produced the ceremony's slide show. Senior Vice President of Employee Relations **Steve Hoech**, also a U.S. Air Force veteran, was the guest speaker. The event also recognized Zachry employees who once served in the armed services or currently serve in the Reserves or National Guard. •



THE PAST AND THE PRESENT

Above, Air Force veteran and Zachry Director of Centralized Accounting Support Services Ruben Villafranca poses with the Founder's Award he won from the 6924th Heritage Association. To the left is a photo of Ruben at age 19 as an airman stationed at Keesler Air Force Base in Mississippi. Photos courtesy of Ruben Villafranca.

Amarillo offices attack hunger in schools

Zachry employees in Amarillo, Texas are fighting hunger among schoolchildren one backpack at a time. They joined "Snack Pak 4 Kids," a nonprofit program that delivers bags of healthy snacks to area schools. Every Friday, volunteers place bags into the backpacks of kids who educators believe may go hungry over the weekend.

"We saw it on a commercial and had an extra \$500 to do something with," said **Kayla Echols**, the software developer heading up the project for Zachry Engineering's Interstate 40 office. Employees donated more than \$500 for food and sent volunteers to pack 180 bags for a school in Canyon, about 15 minutes from Amarillo.

The payroll office added 30 volunteers, and the Washington Street office offered assistance as needed. The power plant support team was already packing for an Amarillo school and also raised nearly \$1,700 to buy enough peanut butter and Pop Tarts for 400 homes. •

"[Snack Pak 4 Kids] still has 300 children they haven't been able to help," said **John Straws**, project manager. "We can do at least this much to help those children who haven't yet been helped."

With 30 percent of children in Amarillo's Potter County living in poverty, Snack Pak 4 Kids' founder Dyron Howell calls hunger "an epidemic." Amarillo isn't alone. One in four kids nationwide have "food insecurity," according to the U.S. Department of Agriculture.

"Every community in the United States has hungry children," Howell said. "We certainly have many more than anyone thought. We took the blindfold off of what hunger looks like, and companies like Zachry rallied to help solve at least one part of the hunger these kids face." •



Zachry employees and other volunteers in Amarillo help the "Snack Pak 4 Kids" effort with an efficient assembly-line process. Photo/Site

Internship program equals real-world experience

This summer, Zachry's corporate-wide internship program expects to include as many as 30 college students spread across offices in Denver, Amarillo, Omaha, Minneapolis, San Antonio and Stonington. The program is targeting students in engineering, accounting, construction science, marketing, information systems and environmental, health and safety management.



Zachry interns get hands-on experience and instruction at job sites as part of the company's internship program. Photo/Site

The recruiting team conducted college visits in the fall, which produced far more applicants than the company has positions to fill. This abundance has created a highly qualified applicant pool that will allow Zachry to select candidates who best fit the company.

New interns will be notified in early April and begin the program in June with orientation at Zachry's Home Office in San Antonio. Throughout the summer, they'll make at least one jobsite visit and create project presentations before they return to San Antonio for exit interviews and an opportunity to meet with **John Zachry**. It's as close to a real-world experience as Zachry could give college students.

"This program is helping to create relationships with universities and future applicants, and further Zachry's reputation as a preferred employer," said **Tammy Mallaisé**, director of employment and labor relations. "We're helping to grow a new generation of talented professionals in the industries we serve." •

The Playhouse that Zachry built

Three-year-old Parker has a new playhouse in his Louisiana back yard, thanks to his grandmother's winning raffle ticket and volunteer builders from Zachry's Monsanto team in Luling, La.

Parker's playhouse is one of two raffled to help Child Advocacy Services (CAS) in Hammond, La. Ticket sales helped raise \$38,000 for CAS's child-protection efforts.

"From the first nail the volunteers struck, all the way to the recipient, it's a great project," said CAS Chief Executive Officer Rob Carlisle whose agency is one of the largest of 5,500 "Court Appointed Special Advocates" programs in the country.

Seven Zachry volunteers spent 165 hours during 10 afternoons assembling playhouse pieces for the raffle.

"When we finished our job for the day, we worked two or three hours each day, as we could, to get the project finished," said Production Superintendent **Jody Horn**. "[When we] came here 19 years ago, one of Zachry's priorities was to take on projects in the community. It comes back to you a thousand times."

Companies including Landry Lumber, Civil Construction Contractors and Holmes Building Supply pitched in with donated materials. The playhouse designs came from an architectural firm that held an internal contest. Rotary Club and CAS Board Member John Harmon headed up the project.

"He came to us to help with putting the playhouse together," Horn said. After all, Zachry now has a reputation in the community. "Zachry just gets it done," said Horn. •




Dignitaries cut the ribbon on a playhouse Zachry volunteers helped to build. Pictured from left to right is Melanie Moore, Pierre Theriot, Ryan Faulk, Michael Holly, Brian Matherne, John Harmon, Jody Horn, Randi Rousseau (WDSU Channel 6 News), Janina Scalfano, Amy Garrett, Rob Carlisle, Gate Boonklurb, Jessica Oddo, Glen Alack, Jason Brown, Donna Bliss, April Weir, Alexis Ducorbier, Niki Morrow, Jordana LeBlanc, Connie Stein, Lori Banks, Charlita Patterson and Alexis Champagne. Photo courtesy of Phillip Colwart.

MAKING A SUSTAINABLE IMPACT

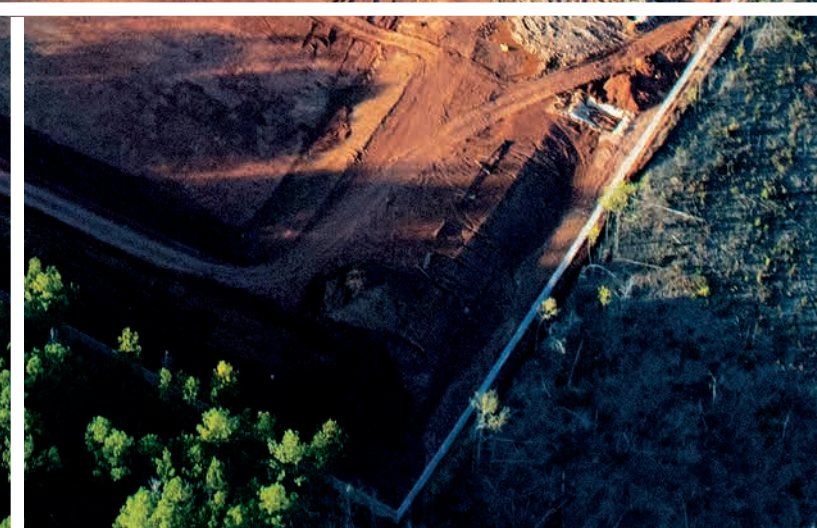
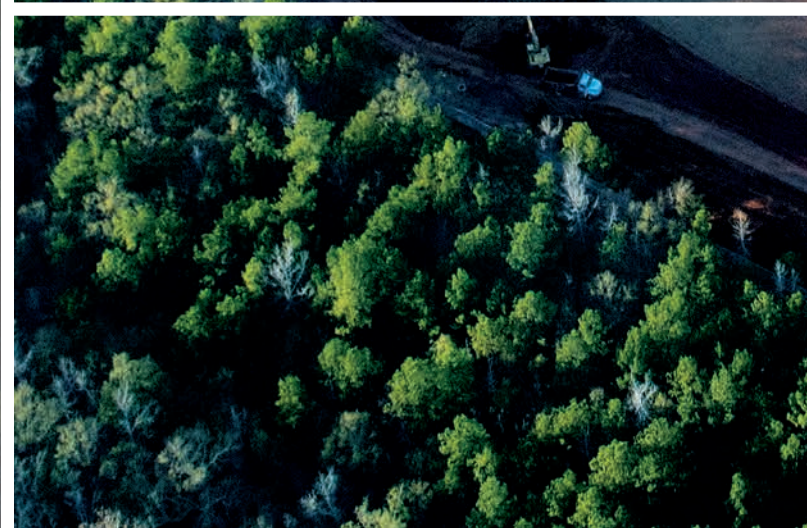
Piedmont plant covers new ground for Zachry in renewable energy market

About 60 miles south of Atlanta, Zachry is almost literally moving mountains of Georgia red clay to complete a project that is unprecedented for the company. While Zachry has decades of experience in designing, constructing and retrofitting a variety of power plants, this project represents the first time that it has ever provided engineering, procurement and construction (EPC) services on a project to build a biomass-fired power plant.

 Rollcast Energy's Piedmont Green Power Plant in Barnesville, Ga. allows Zachry to bring its vast EPC experience with traditional energy generation projects to the renewable energy market, which has gained momentum as society and regulations push utilities to generate power in alternative ways.

"Biomass plants are one of the cornerstones of Zachry's offerings to our customers," Project Executive **Larry Ward** said. "Zachry has more than 30 years of project experience in biomass power projects including 640-plus megawatts of biomass power plant capacity. Our experience in design engineering, equipment selection, general plan procurement, construction, startup and plant commissioning, combined with the financial strength of our organization, make us a solid EPC provider of biomass facilities."

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A bird's-eye view of the Piedmont job site illustrates the scope of activity happening on the ground as Zachry's groundbreaking biomass project takes shape. Photo/Aero Photo



Clayton Driskell, light equipment operator, gives hand signals to help guide Bradley Perkins, heavy equipment operator, (inside bulldozer) while achieving the final level grade at the site. Photos/Alissa Hollimon



Johnny Leggett, millwright, checks the level of a boiler feed pump base before the pump is set.

David Howard and Freddie Garcia, both structural ironworkers, work from a lift basket to guide a piece of steel into the air pre-heater/economizer structure.



Building on decades of biomass project experience

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How biomass material makes sustainable fuel

Biomass is an energy source that comes from living or once-living material. Unlike coal, which is mined, biomass is typically an agricultural byproduct. Woody biomass, such as tree trimmings, wood chips and waste from the paper industry, will provide the fuel for the Piedmont Green plant. Using these residual materials will help to prevent them from ending up in landfills, and means that no trees will be cut down to supply fuel. The wood byproducts will burn to generate heat that, in turn, produces steam, providing the thermal energy to rotate the turbine that drives the generator. The project will create electrical power to support the demand of approximately 40,000 homes.

Woody biomass is considered to be “carbon-neutral” based on the carbon dioxide a tree has taken in throughout its lifetime. The emissions released when the wood is processed into energy are thought to contain the same amount of carbon dioxide as if the tree died naturally, only accelerated at a faster pace. As a result, biomass

power plants like this are better for the environment than are many other sources of energy.

The fuel materials must be four inches or smaller (in any direction) in order to be processed. Then, they are broken down to less than half that size by a hammered mill called a “hog unit.” Those smaller pieces are conveyed to a yard where they will stay until sent to the boiler as fuel, similar to how coal is handled.

Piedmont Green is the first biomass facility for Project Manager **Rodney Sweat**, who has worked on a number of coal-fired power plants.

“This has everything you have in a coal burner, but it’s just in a smaller footprint,” Sweat said. “We have the same conceptive pumps, methods, systems and burners. But, a water pump in a coal plant that may need a 1,500 horsepower motor, needs just a 300 horsepower motor here.”

Clearing the way from the ground up

The project, which started in the fourth quarter of 2010, is due to be complete in October. The most challenging work came in the early days of preparing the site for

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Providing a single-source solution

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the project. The site was originally on a heavily wooded hill. The vegetation had to be cleared and 250,000 cubic yards of dirt moved to create space for the plant.

"We halved the hill, so we didn't haul any dirt off," Sweat said. "We took the high spot and put it in the low spot. At one time we had a 30-foot high wall of backfill along the leading edge of the property."

Appreciating the complete EPC difference

"We strive to build a very integrated EPC environment and have a seamless interface among engineering, procurement and construction," according to **Josephine Hurtado**, vice president of EPC execution. "It involves planning, executing and monitoring the job at any point in the process. Working together with engineering, procurement and construction allows us to use established relationships and processes. It is a distinctive factor for Zachry EPC projects."

Growing renewable market opportunities

Zachry long ago recognized the potential for renewable energy and made it a prominent part of the company's new business development goals. The types of renewable energy projects vary due to a number of factors like market conditions and renewable resources.

"We are pursuing other similar renewable projects," said Hurtado. "Our performance on this project showcases our ability to integrate all phases of the project as a single-source solution for our customers." •

Veronica Navarro, carpenter, installs the formwork on a conveyor pedestal to prepare it for a cement pour. Photo/Alissa Hollimon



A transfer tower, standing 130 feet over the plant's site, is where woody biomass will be delivered before it heads to the combustor for immediate fuel or to the stacker for storage. Photo/Alissa Hollimon

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ZACHRY

APPLY YOUR KNOWLEDGE

**SAFETY
ILLUSTRATED**

SEE PAGE 15

► Spotlight on Values: Safety

SAFETY

IS NOT OPTIONAL

Zachry strives for continuous improvement in safely conducting work. The organization often goes well beyond established industry benchmarks by upholding even more stringent internal safety standards for its employees. This practice keeps safety at the forefront of corporate culture, and has contributed to a recent series of prestigious safety awards from leading professional associations and regulatory agencies.

Zachry received 18 National Petroleum Refiners Association (NPRA) Contractor Awards for Meritorious Safety Performance in 2011. These awards added to more than 100 National Safety Council Awards in the past three years. In 2010, Zachry won the Houston Business Roundtable (HBR) Safety Excellence Award in the General Contractor, Large category.

Field Safety Director **Steve Trickel** said that what makes these types of industry awards more meaningful are the rigorous selection criteria. "For example, the HBR Safety Excellence Award contenders have to be nominated by customers," he explained. "For the 2010 award, we were nominated by seven of our customers, which was more than any other finalist." It was also a record number of nominations in this HBR award category.

Nominees for HBR awards are required to submit extensive documentation and information about their safety programs. HBR has an audit team that analyzes documentation that contractors submit and then selects three to four finalists who are subject to a site visit. The team's safety experts, who come from throughout the industry, go to each finalist's job site to conduct meticulous field audits.

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*Zachry's safety is
often recognized among
the best in the industry.
There's a reason
for that.*

“

***It's all about making sure everyone
is safe every day. We're always
looking for ways to control hazards
and prevent accidents.***

—Yvonne Zavala, Project Safety Coordinator

”

Photo/Alissa Hollimon

Serious about safety

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“With the field audit, your peers are evaluating you. Safety is one thing we don’t mind sharing across the board, and we all share best safety practices freely with our peers,” Trickel said.

Zachry gains Voluntary Protection Program recognition

Other recent industry recognition for Zachry has come through the Occupational Health and Safety Administration’s (OSHA) Voluntary Protection Programs (VPP). VPP has three levels, and the Star level is reserved for exemplary sites with comprehensive health/safety systems in place. Zachry has 14 Star Sites in OSHA’s Region VI, which is more than any other industrial construction contractor. At the 2011 VPP Association Region VI Conference in San Antonio, Zachry sites received 10 awards, again leading the field.

Redefining higher safety standards: Heart of Zachry

Industry safety honors are an outgrowth of the fundamental framework of safety standards and expectations that Zachry maintains. A prime example of this safety culture is the Heart of Zachry awards program. It recognizes company job sites that achieve outstanding safety performance during each calendar year. Job sites are evaluated according to objective benchmarks and core processes.

A particularly notable metric for Heart of Zachry recognition is the required recordable injury rate. The Construction Industry Institute (CII) annually publishes a Composite Total Recordable Injury Rate that serves as a target for companies. CII’s most demanding goal for recordable injury rates has been 0.58. By comparison, to be eligible for the Heart of Zachry award, a job site must achieve a recordable injury rate of half that level, 0.29, or less.

Trickel noted that each year, more than half of Zachry maintenance locations meet or exceed this 0.29 rate. In the past two years, 61 Zachry maintenance sites logged more than 12 million workhours while achieving a total recordable injury rate of 0.06. Combined with nine construction projects during this same time period,



The Equipment Asset Management and Services (EAMS) Department challenges itself to exceed measures of safety, and the “Racing for Excellence” board keeps track of the standings. Photo/Alissa Hollimon

Zachry logged more than 16 million workhours and had a total recordable injury rate of 0.12.

“When we tell our customers this, they find it very hard to believe,” Trickel said. “That is a staggering statistic for the kind of work we do.”

Inventing new ways to raise the bar for safety

Because safety is so ingrained in Zachry’s culture, some groups develop their own ways to strive for higher standards. One example is the friendly competition the Equipment Asset Management and Services (EAMS) Department developed with its shop assessments and report cards programs. In 2011, the department implemented a new program called “Racing for Excellence” for 15 shops, including automotive, crane and electrical.

“Each shop earns points on a report card in a variety of safety areas, such as reporting near misses and hazards and participating in safety assessments. We chart the progress of each shop on a billboard,” explained **Yvonne Zavala**, project safety coordinator. “It’s a three-step process: we expose the hazard, we correct it and we control it.”

The report cards are scored in key areas, including Safety Task Analysis, VPP Assessments and daily safety meetings. The department also holds massive safety meetings once a month during which everyone goes over a particular safety issue.

“At the end of the year, we evaluate our progress. If something didn’t work well as well as it could, we address and fix it,” Zavala emphasized. “It’s all about making sure everyone is safe every day. We’re always looking for ways to control hazards and prevent accidents.” •

SAFETY 101



SAFETY ILLUSTRATED

Safety is Zachry’s first and most important value. The company understands that accident prevention is a complex and multi-layered process, so it proactively recognizes and assesses safety hazards and successfully implements corrective actions and control measures. Personal protective equipment (PPE) supplements these efforts and should always be used when appropriate. Zachry’s award-winning safety record is due to a daily commitment from all employees to make safety everyone’s top priority.

Here are illustrations and descriptions of Zachry’s top five safety hazards along with details of what the company does to combat each.



Eye injuries

Why it’s important: The Bureau of Labor Statistics estimates that approximately 60 percent of lost-time eye injuries occur when the affected employee was not wearing any eye protection. Different jobs require different levels of eye protection. For example, standard safety glasses with side shields are required for many basic field tasks. Jobs involving chemicals often require safety goggles plus a face shield and welding jobs require special tinted lenses to protect against the bright light produced.

Illustrated: This photo demonstrates the correct way to protect eyes. Note that these workers are wearing safety glasses with side shields for their eyes. They also have chemical goggles on their helmets ready for other types of hazards such as chemicals and high-dust areas.

The Zachry Approach: Zachry’s safety guidelines require that proper protective eyewear be worn when



performing tasks that pose eye injury hazards and in situations where potential eye hazards are present. All safety glasses on Zachry projects must meet the requirements of the American National Standard Institute’s (ANSI) Z87.1 safety standards.

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Hand injuries

Why it's important: According to the Occupational Safety and Health Administration (OSHA), 70 percent of workers who sustained hand injuries were not wearing gloves at all. The other 30 percent were wearing improper or damaged gloves. Again, the specific task determines the type of protective equipment needed to provide adequate protection.

Illustrated: Gloves are often personalized on job sites and can be as unique as the individuals who wear them. As shown in this picture, some sites use orange-tipped gloves as an additional safety measure that's been proven to help reduce the number of hand injuries.

The Zachry Approach: Every job is evaluated for hand safety risks and the appropriate PPE, including



proper gloves, is provided. Protecting hands is not only about using the right types of gloves, but also involves employee awareness of potential pinch points and careful placement of hands to avoid the "line of fire" during all tasks performed in the field.



Slips, trips and falls at the same level

Why it's important: Just like at home and in non-construction workplaces, slips, trips and falls are among the most common everyday hazards on industrial job sites. In these environments, uneven surfaces can cause trips and falls. Slips can happen when work surfaces or walking paths are wet, icy or coated with a slippery substance such as oil. In an office setting, looking down at smart phones while trying to navigate a hallway or stairway is hazardous.

Illustrated: These workers are keeping a clean and safe workspace. Notice how the ground around their feet is free and clear of any debris or material that could become a hazard and lead to a trip or fall.

The Zachry Approach: Workplace guidelines require employees to keep tools and other work materials picked up and out of foot traffic paths. They also mandate removing ice and substance spills from walkways, and filling or properly covering holes and surface dips.



Electrical and chemical hazards

Why it's important: Electricity and chemicals represent other hazards frequently encountered at project locations. OSHA's required Lock-Out/Tag-Out (LOTO) procedures prevent an estimated 1,220 fatalities and 50,000 workplace injuries each year. The LOTO standard requires that hazardous energy sources "be isolated or rendered inoperative" before maintenance or servicing can begin.

Illustrated: In this image, a lock and tag is applied to a valve as part of a chemical system lock-out. The chain, lock and tag ensure no one can turn the system back on or allow chemicals back into the system while an employee is working on it.



The Zachry Approach: Zachry fully complies with OSHA's LOTO program. The company also assesses any need for specialized PPE required in a specific work setting and provides all necessary PPE to employees before they enter those sites.



Falls from elevations

Why it's important: According to the National Safety Council, falls from elevations are the number-one cause of serious injuries in the construction industry.

Illustrated: This photo shows the proper way to situate and adjust harnessing when working at elevation. The employee is accessing a scaffold ladder through a scaffold swing gate using a Retractable Life Line (RTL) as required for scaffold ladders more than 12 feet long.

The Zachry Approach: This potential job risk is very serious. To address it, Zachry has developed specific training, procedures and rescue plans at all job sites. These include incorporating specialized equipment such as scaffolds and aerial work lifts, providing employees with thorough safety training and providing appropriate PPE like full body harnesses, shock absorbing lanyards and self-retracting lifelines.

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Apply your
knowledge of
industry data.
See next page!

Did you know?

Zachry's safety goal is zero accidents. To help achieve this standard, the company continuously analyzes internal and external data trends and develops preventive measures to eliminate hazards. The National Safety Council released the information below, which is based upon data collected across the entire construction industry in the United States. Check your knowledge of injury trends in our industry, and apply your knowledge to help keep your environment injury-free.

1 What age group has the largest percentage of injuries?

- A) 20 to 24
- B) 25 to 34
- C) 35 to 44
- D) 45 to 54
- E) 55 to 64

2 What is the leading type of injuries?

- A) Sprains/strains
- B) Lacerations (cuts)
- C) Bruises
- D) Fractures
- E) Burns

3 The body part that is most frequently injured is the back. What part of the body has the second-most injuries?

- A) Eye
- B) Shoulder
- C) Knee
- D) Finger
- E) Foot/ankle

4 What is the most significant source of injuries?

- A) Worker motion
- B) Vehicles
- C) Floor surfaces
- D) Containers
- E) Materials

5 What is the most common occupational health illness?

- A) Hearing loss
- B) Respiratory/breathing problems
- C) Poisonings
- D) Skin disorders
- E) Sight loss

An extra consideration

To ensure a safe work environment, it's essential that proper safety processes and equipment are consistently applied. That's why Zachry maintains extensive behavior-based safety measures, such as:

- ▷ Peer-to-peer observations
- ▷ Ongoing safety assessments
- ▷ Formal safety committees
- ▷ Employee expectation pledge cards
- ▷ Employee safety surveys
- ▷ Safety task assessments



- 5 D at 43%
- 4 E at 20%
- 3 D at 10%
- 2 A at 33%
- 1 B at 30%

Answers:

Industrial Services Group takes the lead

Timely insight proves to be another valuable customer service

When customers hire Zachry's Industrial Services Group (ISG), they get much more than maintenance, turnaround and capital services. They also gain access to a wealth of industry expertise as an added value.

Spotlight on Strategy: Sharing industry expertise

The group provides a variety of opportunities for customers and potential customers to benefit from Zachry's knowledge, experience and insight into market trends and developments.

"The services we provide are beyond skilled craft resources and site management," said Senior Director of ISG Business Development **Kenny Manning**. "Part of our job is providing timely information on key topics to our existing and future customers."

One way to convey this information is by bringing it directly to the customer. Zachry experts visit customers' locations and discuss the major issues and challenges they face, such as staffing and proactive safety practices in the refining, petrochemical and energy industries.

The Reliability-Centered Maintenance Program is another way that customers get additional access to industry expertise. Zachry evaluates customers' existing facilities, assesses equipment reliability and makes recommendations on how they might optimize performance. Often, Zachry representatives are made available to speak on these topics at customer meetings and other events as well.



When several customers showed special concerns about issues including safety and supply and demand for craft services, ISG created a new way to answer them. The group gathered current and prospective customers in the refining and petrochemical industries at a symposium

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Valuable insight helps inform customers about best practices

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Zachry hosted in Houston to present information and facilitate discussions on key topics. The event provided a forum to share the latest information on best practices. It also focused on how the post-recessionary climate was affecting contractors and their ability to do work.

Providing eye-opening insights

Steve Trickel, field safety director, presented some surprising results from a Construction Industry Institute (CII) study. They showed that, in some cases, providing financial incentives can generate poorer safety performance. The study found that workers are less inclined to report mishaps and tend to ignore problems when financial bonuses are at stake. Trickel went on to explain how these findings correspond with the Occupational Safety and Health Administration’s (OSHA) position that job sites that provide incentives may not qualify for Voluntary Protection Program (VPP) Merit participation or maintain VPP Star status.

The symposium also addressed another challenge related to finding skilled craft workers despite the high unemployment rate in the current economy. **Rudy Ramirez III**, senior manager of craft employment, revealed that when the unemployment rate in commercial and residential construction lingered above 20 percent, skilled craftspeople experienced an unemployment rate closer to nine percent. Ramirez also discussed Zachry’s ability to train and retain this segment of the workforce through its premier Employment and Craft Training Center in the Houston area.



Providing people with the subject-matter expertise to address questions and provide guidance is even more valuable and reassuring to long-term business relationships.

— **Terry Hart, Business Development Director**

Business development director **Terry Hart** completed the symposium with a discussion about the market outlook for contractor services. It provided a chance for participants to share what owners and contractors have endured together in the midst of the recession. While facility owners have faced more volatility in the marketplace, Zachry has responded with ideas about how to reduce costs by working more efficiently and effectively. “We demonstrated our value and proved that together we can successfully go on in this ‘new normal’ of market uncertainty,” said Hart.

Zachry plans to build on the success of this initial symposium by hosting more. Creating opportunities to conduct in-depth discussions on topics of great interest and importance to customers sets Zachry apart from other service providers. “It’s an important distinction given how ISG work is known for its continuous presence and long-term focus,” said Hart. “Providing people with the subject-matter expertise to address questions and provide guidance is even more valuable and reassuring to long-term business relationships.”

This signature combination of contracted services and industry expertise is one of the reasons that ISG embeds employees at more than 80 industrial sites across the United States. •



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			30 YEARS: HARVEY BUEHRIG MYRNA DE LA TORRE SONJA HARRISON CHRISTOPHER JOHNSON CATHY OBRIOTTI GREEN ANTONIO RODRIGUEZ MARVIN SMITH PATRICIA SMITH DAVID TOLBERT JOHN TRAPHAGAN	
		15 YEARS: CARL AMEDEE LORI CHOPIN DANIEL DELEON THOMAS DRISCOLL ISMAEL GONZALEZ DANIEL MAREK JENNIFER MAYEAUX BILLY MYERS JR. JOHN OLIVER JR. CHARLES REIS JUAN RODRIGUEZ SUSAN STAFF CHRISTOPHER URBAN		
		20 YEARS: JAMES BARROW DAVID EAGLETON ROBERT ELIZALDE RICARDO HERRERA		
			35 YEARS: ANGEL DURAN	
			40 YEARS: JOSE FLORES GARY GOODLETT	

My name is Mercedes Delgado-Knott and I am Zachry.

In 1993, I was working on my master's degree and looking for a marketing job when I began working as a temporary employee in Zachry's Puerto Rico office. One day, there was a bank reconciliation problem and I gave all my effort and solved the problem. Then, I was put in charge of reconciliation, accounts receivable, contract administration and insurance. That was the beginning of my career with Zachry.

In the 18 years I've worked for Zachry, I've lived in places like Jacksonville, Fla. and Port Arthur, San Antonio, Austin and Dallas, Texas. I'd never heard of Zachry before I started with the company in Puerto Rico and didn't know anything about the construction industry. Relocating to different cities as a Zachry employee has given me the experience of meeting wonderful people and creating lifelong friendships. Three things have been common to all my moves: we all care about each other, we love to help the community in which we live and we take pride in doing things right.

Today, I have my master's degree in finance and oversee the accounting department at the Sandy Creek Energy Station Project in Riesel, Texas. My job as field administrative manager II is to make sure payroll processes are followed, process unemployment claims and billings and help employees with questions about insurance and company policies. I'm always keeping an eye out for the positive in things while looking for ways to do things that will be more beneficial and less time consuming.

I'm also involved in the United Way campaigns, which I started doing in 2004 because it's a great way to help the community. I'm very family-oriented. I think that's what they saw in me when I was offered my first assignment. They knew I was both reliable and dependable.

Now that I have a husband (John) and two children (Joseph, 6 and Olivia, 3), the emphasis on family values is my favorite thing about the company. We look out for one another. I don't feel like just a number. It was a hard decision to leave my home in Puerto Rico, but I saw an opportunity to grow within the company. Being able to balance my family and career while working for Zachry helped me decide to make this my home. John and I are able to balance family and our careers, which is important because everything we do is for our kids.

My goals are to become a member of the 25-year Club and be promoted to a business manager with additional responsibilities on my next project. Yes, that would mean another move. I always look at it as a new beginning. I like the unexpected and that is why I AM ZACHRY. •

Payroll
Offices

I AM
ZACHRY

Photo/Alissa Hollimon

“ Mercedes is a great success story of balancing career and family. Her general knowledge of the company and information pertaining to employee benefits, insurance and company policies makes her the 'go-to person' on the project. From her work experience and education, she demonstrates her analytical and problem solving skills. Mercedes believes in working hard and doing it right the first time. — Dave Hill, Area Business Manager

NOMINATE A PEER

Do you have a co-worker who lives the Zachry values? We want to hear from you — especially craft employees! Please send your nominations to Brian Dwyer, *Zachry Force Report* editor, at dwyerbw@zhi.com or call (210) 588-5813.

I AM ZACHRY

My name is Rene Dominguez and I am Zachry.

I started as a laborer 17 years ago, and in 2002, I became the project site safety and health manager at the CITGO Refinery in Corpus Christi, Texas.

I came to this position from the bottom up. I accepted the job because I wanted to get more involved with the safety aspect of the company. I had been working with the safety people, side-by-side, so I knew everybody there and knew that they would help me learn. Also, because I worked in the field first before joining management, I already saw and experienced many of the things that can happen out there.

I work at a good-sized refinery with more than 200 Zachry people. We do a lot of different craft work, from welding and scaffold building to insulating, carpentry and pipe fitting. Some of us work in the hazardous units wearing chemical suits every day. In every job, there are always questions about the processes involved in things like the maintenance, welding and vessels — questions about whether or not something is right, or whether we can do something.

I love that the employees come to me and ask questions like that before they start a task. They are being proactive. I'm a real people person, and I had a strong family-oriented upbringing, so I like to help and to teach.

On my team, there are three safety technicians and one industrial hygiene technician. It's my responsibility to prepare them for my job someday. I like to show them what I do each day and how to work with a customer, and just let them see the detail involved in my work, especially during incident and accident investigations. It's good for them to understand that sometimes new processes or tools can make a job safer.

We also work together with CITGO management to balance their desire to get a job started and finished by taking the time to properly evaluate the work and make sure it can be safely done. We essentially say to them, 'Let's see what kind of equipment and processes we can use to make it both quicker and safer.' Our efforts pay off. Recently, Zachry achieved 17 years without a lost-time incident at the CITGO Corpus Christi Refinery.



Photo/Alissa Hollimon

“ Rene exemplifies Zachry's safety culture. He constantly provides leadership and guidance to Zachry employees and our customer, influencing in a positive way many of their critical safety conversations and processes. He is able to work with all types of people on site. Rene often coordinates and resolves what can be very challenging situations with a personable and knowledgeable approach that is derived from his experience and success. Rene is very well-respected in the community and on the job site, and his work ethic is incredible. — Jeff Kuhn, General Manager

Every day brings something new. I enjoy facing new tasks, whether it's maintenance work or some kind of urgent situation. We look at the problem with the customer and see what it takes to fix it.

I love representing Zachry. I love the people here. We have a good team, and we constantly talk to one another. It takes a lot of eyes to do it all safely so that no one gets hurt. I'm never too busy to work with the people in the field where I got my start, and that's why I AM ZACHRY. •

EEO Policy

Zachry Holdings, Inc., its subsidiaries and affiliates observe EEO, harassment policies

EQUAL EMPLOYMENT OPPORTUNITY POLICY (EEO)

It is the policy of Zachry to assure that employees and applicants for employment are to be treated without regard to their race, religion, sex, color, national origin or age. The company will not discriminate against individuals because of a physical or mental disability, or status as a disabled veteran or veteran of the Vietnam Era. Zachry's policy of nondiscrimination applies to all work-related actions; including but not limited to employment, upgrading or promotion, demotion, transfer, layoff or termination; rates of pay or other forms of compensation; recruitment or recruitment advertising; selection for training; and apprenticeship and pre-apprenticeship programs.

Reasonable accommodations will be made for qualified disabled persons according to existing state and federal law. Requests by qualified disabled persons for reasonable accommodation are encouraged by the company.

All employees are requested to encourage women, persons of minority races and disabled persons to apply for employment with the company or to apply for training under available programs.

POLICY AGAINST HARASSMENT

Zachry is firmly committed to a work environment free from all forms of harassment of any employee or applicant for employment by anyone, including supervisors, co-workers, clients/customers, other contractors or visitors. Such harassment may be in violation of the harassment policy as well as state and federal discrimination laws.

This policy prohibits any conduct (verbal, physical or visual) by an employee or within the work environment that belittles or demeans an individual on the basis of race, religion, national origin, sex, age, color and disability. This policy specifically prohibits sexual harassment as well as all other forms of harassment. Sexual harassment includes any unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is an explicit or implicit condition of employment;
- Employment decisions are based on an employee's submission to or rejection of such conduct; or
- Such conduct unreasonably interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

RESPONSIBILITY

All employees are responsible for complying with the company's Equal Employment Opportunity Policy and its Policy Against Harassment and for reporting possible violations of these policies.

Who to Call:

Dispute Resolution Program
P.O. Box 240130
San Antonio, Texas 78224-0130
1-877-350-0129

COMPLAINTS

Any employee or applicant for employment who feels that they have encountered a situation that may be in violation of these policies is encouraged to make known their concern as soon as possible. Applicants for employment are encouraged to utilize the Dispute Resolution Process by contacting a Dispute Resolution Manager. Employees are encouraged to discuss their concern or complaint of alleged discrimination with their immediate supervisor. The supervisor's obligation is to try to resolve the concern or complaint. If it is not resolved at the supervisory level, or if the employee is uncomfortable discussing the issue with their supervisor, the employee should either contact the project/department manager or utilize the company's Dispute Resolution Process. Supervisors who fail to act on employee questions or complaints brought to them under these policies are subject to disciplinary action, up to and including discharge.

The Dispute Resolution Process is coordinated by the company's Corporate Responsibility Department at the Home Office. Employees must comply fully with any lawful investigation under these policies. In the event of questions about, or an investigation of, alleged discrimination by any governmental agency, the Corporate Responsibility Department must be promptly notified.

CONFIDENTIALITY

In handling complaints, every effort will be made to maintain confidentiality. However, certain laws require the company act on information brought to its attention, and it will sometimes be necessary to do a full investigation in order to comply with the law. Investigations are intended to be a confidential process and every effort will be made to maintain confidentiality to the extent possible.

RETALIATION

Retaliation against individuals who report violations of these policies is strictly prohibited. Employees who violate these policies or who attempt to retaliate against individuals acting under these policies will be subject to immediate disciplinary action up to and including discharge.



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