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## President's CORNER

We are through the first quarter of 2006 and things are looking pretty good. We are seeing a fair amount of expansion from our customer base, as well as some moves toward automation and energy efficiency. I was at a Chamber breakfast meeting the other day and the topic was the energy crisis. The guest speaker said that the world would use up all its oil supplies by the year 2025. He stressed that it was imperative that we in the United States explore all the other possibilities for renewable energy sources: solar, wind, water, hydrogen, and nuclear. He said that if we are successful in this search, all the jobs that left this country will be coming back, because we will be the only ones that have the power. I am counting on this for the future of our children.

As I hope you are all aware, we opened a second office last fall in New Hampshire. We are well ahead of plan at this location and activity is very strong. One of the jobs we are working on is with a customer on a

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Photo taken outside of the new office in New Hampshire. From left to right: **John Poisson** — Project Manager; **Lori Kelley** — Human Resources Mgr.; **David Sanborn** — Vice President.



## Ripple Effects of Katrina



The not-so-obvious effects (of Katrina) will come in the forms of personal, political, and economic impacts over the course of time.

The surface damage that was left in the wake of Hurricane Katrina is quite obvious and easy to quantify. It ranges from leveled buildings to debris-ridden roadways, to the blue FEMA roofs that you can see peppering the landscape from the sky. The not-so-obvious effects come in the forms of personal, political, and economic impacts over the course of time. The ripples flowing into the economy, industry, and commerce are having a very interesting impact in many unexpected ways.

**Katrina was the costliest hurricane in U.S. history** — early estimates of the economic damage exceeded \$100 billion, not accounting for the catastrophic damage inland due to flooding, or damage to the economy caused by interruption of oil supply and exports of commodities such as grain. With 900,000 displaced workers representing \$80 billion in annual output, it is likely that \$100 billion was an underestimation of the total economic impact (usually far greater than total damages), which may be as high as \$200 billion.

If you travel the region today, there is still evidence of displaced workers, people living in tents and RV's, FEMA and other government vehicles on the highways, and banners of

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## The Big Chill — A Big Hit


### Salem State College's O'Keefe Center Renovation Included Rebuilding Ice Rink Chillers.

On any given day students, alumni, and friends of Salem State College can be seen enjoying the many activities available at the O'Keefe Center. **The O'Keefe is a multipurpose facility offering many programs and community events.** Built with the needs of many in mind, the Center includes a dance studio, modern locker rooms, a competitive swimming pool, a wellness center and free-weights room, classrooms, and the Rockett Ice Arena.

**Cranney Companies partners with Salem State College to provide ongoing services to all facilities,** and most recently contributed to specific renovation efforts at the O'Keefe Center. The college had planned an initiative to replace all large system components in the Rockett Ice Arena. As a part of this initiative, in the summer of 2005, we replaced an existing boiler with a new, more efficient Cleaver Brooks Boiler and controls. **Cranney was also able to contribute to the longevity and reliability of the rink by rebuilding the rink chillers and replacing the condenser for the refrigeration system.**

**Cranney Companies and Salem State College have worked together on all types of projects. The One Team approach along with the one point of contact has been a great asset. This system is truly unique and works well.**

— Dan Burke  
Director of Maintenance and Operations  
Salem State College

Recreational skaters and hockey players alike can all look forward to years of enjoyment in the Rockett Ice Arena. 

continued from page 1 **Ripple Eff**

hope and support hanging from bridges and buildings. But beneath the obvious lay evidence of other forces in motion. Certainly the dynamics of the economy are quite different than they were. What are the ripple effects for our clients and partners, and what are other suppliers and industries experiencing as a result of the hurricane? Here are a few, from the obvious to the obscure, that may have an impact on your planning for 2006 and 2007:

- Money allocated to reconstruction and new construction is fueling much of the economy. At the same time, a shortage of building materials has stalled construction for many companies — **an estimated 14.5 million cords of paperwood and 3.2 billion board feet of sawtimber were destroyed.**
- For others, the shortage of workers has stymied efforts to revive production and distribution of goods and products. Literally **hundreds of thousands of residents were instantly scattered across the country**, many of them finding new jobs where they suddenly found themselves living.
- Many of the business owners in Louisiana, Mississippi, and Alabama have struggled to rebuild and to reopen, often hiring workers from Mexico to fill the labor gap on the Gulf Coast. **These regions are experiencing instant, and possibly permanent, demographic shifts.**
- Hiring for FEMA contracts and government bids, corporate initiatives, and private projects is happening so fast that **the existing manufacturing companies along the Mississippi river are having a hard time finding employees to fill their needs.** Lynn Gautreau, the Human Resources Manager of Ormet Corporation in Burnside, Louisiana comments, “The craft workers — millwrights, pipe fitters and welders — have left the area, as they are being offered between \$25 and \$30 an hour. Our craft workers start at \$15.52 (an hour). To contract out this work, a company has to be willing to pay the rate of \$50 per hour! So, right now I have four millwright openings and two pipe fitter openings. I have gone through the Louisiana Job Works and have posted openings in the local union halls and have not received a single response.”
- Port issues resulted in short supply of Chiquita bananas and Folgers coffee, while increases in the price of sugar are affecting the prices of other goods, including condiments like ketchup.

## Effects of Katrina

- The cement and aggregate industry are operating at near capacity, causing potential shortages for the general construction industry.

The good news is that for the first three quarters of 2006, economists are projecting a sizable positive effect on the gross domestic product (GDP). This is due to the rebuilding of the hurricane and flood devastated areas causing a massive rippling through all the construction, equipment, service, and industrial supply industries. ©

## Safe Solutions

Since the formation of **Cranney Communications** in 1995, the industry has gone through many changes in technology and how we use it in our day-to-day lives. It continues to change on a daily basis and makes all of our busy lives more manageable.

However, in this new millennium, as it was abruptly brought to our attention on 9/11, we all need a safe, secure environment to live, work and play.

At the Cranney Companies we have made the commitment to keep on the cutting edge of technology to design, install and implement systems to keep you, your families and employees in a safe, secure environment whether at school, work or at home. ©

### SAFE, SECURE SYSTEMS INCLUDE:

- Video Monitoring
- Emergency Call and Response Systems
- Building and Secure Access Systems
- Building Monitoring Technology



## More Fabrication Services Available

The Cranney Companies **Fabrication Division** has now added custom-machined enclosures and frames as an added service to our customers. These assemblies offer structural integrity, complete flexibility in design, and complement the professional appearance of your machinery and facility.

Manufactured and pre-assembled in our Exeter location, these structures can also be complemented with a full range of machine



safeguarding products and installed at your facility. Our UL-listed panel shop can also complete the integration of all safeguarding devices to your existing application, making a complete turn-key installation. ©

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## President's Corner

seven-figure contract to relocate a production line. The great news is they are moving it from Canada back into the States.

We have just completed all of our employee appraisals and everyone has clear goals and objectives for themselves and for the company as a whole. My health insurance provider told me he had good news - he was able to keep our increase down to 9.6%. "So," I said, "what the hell is the bad news if this is good news?" Well, as we all know, the average increase for health care coverage is running between 16 and 25%. When we started the negotiations on this, he was at 16%, so I felt some sense of victory for where we ended up, but it still is a very difficult pill to swallow. I asked him if his former job was as a used car salesman!

One of the areas that we see a lot of growth in is our **OTTS, "One Team Total Solutions" program**. Our customers have seen a great value in having all of their mechanical needs met with one point of contact. This has allowed us to look at a project from many phases and provide the customer with real benefits for the whole project.

Well, Spring training is just around the corner, and the only questions we will have as Red Sox fans are: who is going to play first, second, short, center field, and will Manny be Manny?

– Brian Cranney

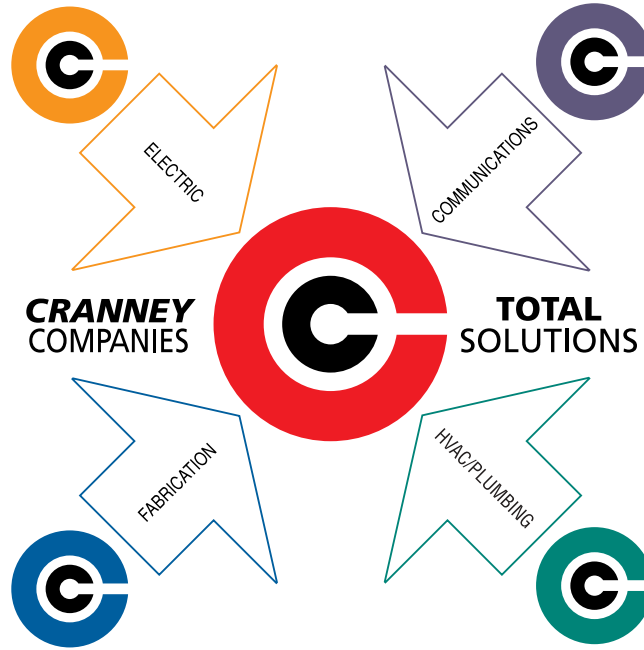
# Sweet Success


Sugar recovery system installation  
leaves a good aftertaste.

**Necco**® New England

**Confectionery Company** (Necco) of Revere, Massachusetts recently pointed out to us the value of having a single point of contact for a complex installation completed by our **Fabrication Division**. One electrical foreman for Cranney handled all project meetings, time line changes and workflow issues for the installation of a sugar recovery system which contributed to a project considered sweetly successful by all.

## One Team • Total Solutions

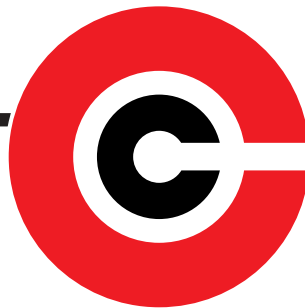


Working on a significantly reduced timeline, **the Cranney team**, which varied from six to fifteen employees, **successfully installed electrical power and instrumentation in 4 weeks for Necco**. Over 3000 electrical terminations were made — mistake free — while extra effort was put forth to help a mechanical equipment contractor get familiar with the area and procedures. 



## CRANNEYCOMPANIES

- **Electric** - Brian McHugh, x45
- **HVAC/Plumbing** - Greg Maffei, Sr., x32
- **Communications** - Chris Murtaugh, x22
- **Fabrication** - David Sanborn, x23



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