



Buenos Aires NWR is located in Arizona.

A Tale of Three Arizona Contractors

By Kelly K. Mensah, U.S. Fish and Wildlife Service

Arizona, being one of the “sand states,” was disproportionately affected by the mortgage meltdown and subsequent economic recession. Unemployment numbers for The Copper State have more than doubled from 4.6% in 2005 to 9.7% in December of 2009*. The economic collapse has led to hardships for Arizona

businesses from the largest corporations to the smallest independent contractor. And the roughly 6 million dollars** in Recovery Act funds being dispensed to Arizona’s eight national wildlife refuges (NWR) and three national fish hatcheries (NFH) have provided an opportunity for small-to-medium Arizona contractors to make payroll while hoping for an upturn in the economy.

One of the more ambitious Recovery Act projects in Arizona is the Masked Bobwhite Quail rehabilitation on Buenos Aires NWR in Sasabe, Arizona. Cattle grazing, drought, predators and invasive species have combined to bring the Bobwhite species to extinction in their home territory of Southern Arizona. The Service is directing \$750,000 to Buenos Aires NWR to re-establish Bobwhite populations, and three Arizona contractors have benefitted in different ways.

Empire Pump Corporation of Phoenix was contracted by the U.S. Fish and Wildlife Service (Service) to repair and replace three electric well pumps and three solar well pumps. Empire Pump, a 10-year-old company that currently employs 12 people, specializes in the sale, construction and refurbishment of commercial water pumps. Owner Alan Crawford says that the economy is difficult in Phoenix and that business has been down over the past two years.

“In my own personal opinion, the economy here is stressed,” he says, “I know that our particular business is struggling to make payroll and to make sure that we have enough projects to keep a cash flow going.”

Paul Palmer of Thatcher, Ariz., has owned Waterfall Construction with his son for over 13 years. He makes his living earth moving; building water control structures and levees; and constructing erosion control in washes and rivers. Waterfall has been awarded two contracts on the Bobwhite habitat build. The first is to clear 10, sediment-filled stock tanks for wildlife drinking water while the second is to clear 2,000 acres of Mesquite trees. Palmer describes the economy in his hometown of Thatcher (population 14,000) as “almost dead.” He adds “there’s very little construction work right now, almost none.”

Ben Astenius of Man of the Soil Contractors considers himself lucky to have received the contract to re-vegetate the bobwhite habitat with native grasses.



Ben Astenius is owner of Man of the Soil Contracting.

*Source: Department of Labor – www.dol.gov

**Source: Fed Biz Ops – www.fbo.gov



Marshall Vest is director of the Economic and Business Research Center (EBR) at the University of Arizona, Eller College of Management.

“The economy in Tucson is very slow,” Astenius says. “It’s not rebounding like we thought it would, especially in the private sector, but that has caused us to work with the government on a lot of the projects that they are putting out for contractors.”

According to Marshall Vest, director of the Economic and Business Research Center (EBR) at the University of Arizona, Eller College of Management, the Arizona economy was hit by the slowdown across all industries.

“Arizona was one of the hardest hit states during this recession, statewide, one out of every nine jobs disappeared,” Vest says. “This is a huge impact, we’ve never seen anything even remotely close to what we’ve seen during this recession, and of course the loss of jobs has affected all sectors of the economy and all major areas of aggregate economic activity and of course revenues in state and local governments as well...we’ve been hit really, really hard, much harder than most states so the spending of Recovery Act dollars in Arizona is critical to Arizona’s recovery.”

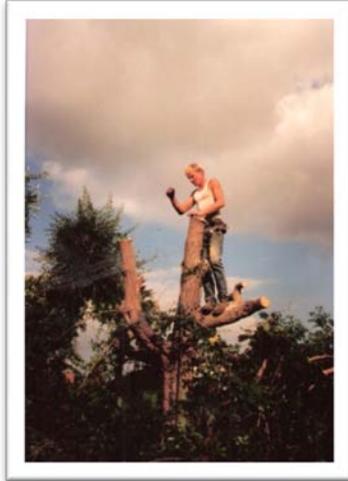
Vest added that he believes that the Recovery Act leads to excellent benefits for state and local economies.

“I think spending money on infrastructure makes the most sense in today’s environment,” he says. “If you were to simply cut people’s taxes, they might simply put the extra money they’ve saved under the mattress, so the effect on the economy would be minimal. But if what you are trying to do is stimulate the economy, the best way to do that in this type of environment is in spending through infrastructure improvement, which is what the U.S. Fish and Wildlife Service is doing here.”

Palmer agrees adding, “As far as the overall concept of the government spending to stimulate the economy, I think that’s a great idea. Personally I’ve benefitted from it because I’ve gotten two jobs so that’s been very helpful to me.”

Economists believe that the “trickle down” effect of the Recovery Act spending cannot be discounted. According to Vest, direct infrastructure investment leads to money changing hands at many different levels.

“Certainly there’s some economic impact in spending three-quarters of a million dollars in a small community like Sasabe; I would assume that some of the supplies and meals by some of the construction crews would accrue to the local community.” Vest says. “As you broaden your geographic boundaries, certainly it has an effect on Tucson, Thatcher and Phoenix, where the contractors are coming from, so those workers will of course take their salaries back home and spend their salaries in the grocery store, the pizza joint and the auto dealer. So there’s an induced impact of those dollars flowing through the economy.”



Ben Astenius working.

Man of the Soil Contracting, which expects 14 months of work from the project, is a prime example of Recovery Act funds trading hands. The contract site is over two hours from Astenius' home in Tucson making overnight stay necessary, in addition, there the representatives of the company will be buying gasoline along the way; eating in restaurants; and purchasing seeds, tools and supplies from local contractors to complete the job.

"I think the Recovery Act has been a good thing. Yes, once people understand where it is and how it works; I think it's an awesome thing," Astenius says. "It really helps the local economy by furnishing employee services that we need and providing different vendor services from materials to product."

"As dollars circulate and circulate, there's a multiplier effect," adds Vest. "So I would say that geography is important, the smaller the geography the less the impact, and in this case if you expand throughout the state you have most of the impact."

An additional benefit to Recovery Act funds is the creation of work, including hiring local subcontractors. When asked about this, the three contractors were not exactly sure how many jobs would be created or saved, but insisted that they would have to spread the wealth.

"Well we're currently in the middle of (the project)...as far as office on my end," says Paula Monter, office manager for Duncan Pumps. "We've had two different people who have worked in the office, myself and another person, and we had two of our laborers out at the site who are working on it."

In addition to subcontracting the solar and fencing applications, Monter adds, "In the future, there will be two more people: one solar specialist, and then another person who does fence installation for fencing around the projects to secure them."



David Monter of Empire Pumps inspects a solar panel with a USF&WS representative

Astenius added, "The project is in its infancy stages, so right now there are three-to-five different people working on this as far as investigating on our seed sources and getting ready to begin growing these grasses and plants. There's also some irrigation that's being installed so we can water the first year of re-establishing, as well as deer fencing to protect the project. We've been able to hire three more people at this point, and as we get into it, we will hire more



Brush pile created for bobwhite habitat at Buenos Aires NWR

as we do the planting. Also there may be some subcontracting work that we use. It will depend mainly upon our time structure and what happens down the road. But there is a good possibility that we may be able to do that.”

Palmer says that he will also hire one more person to help him and his son complete the work ahead.

Vest has noticed signs of economic recovery in Arizona, over the past six months, as the unemployment rate, while still high, stabilized.

This, he believes, is in no small part thanks to economic stimulus programs such as the Recovery Act.

“I think the stimulus money is going to have a big impact here in Arizona in the next 12 months,” Vest says. “According to the last figures I saw, something around a third of what has been approved will be released. The increase we had in the fourth quarter (of 2009), and the small increase we had in the third quarter, according to GDP numbers, much of that was stimulus driven. I think these programs will probably add 1.5 points or more to the growth rate over the next four quarters.”

Astenius has done government landscaping projects in the past for other agencies such as the Coast Guard, the Naval Reference, and the Air Force. He is optimistic about the future, and believes that government programs will play a large part in the success of the state of Arizona, as well as his own.

“The future for us will be good as long as we can compete in the government arena, which actually boosts us and gives us an edge on our competitors in the residential and commercial fields,” Astenius says. “The future looks good as long as we have these recovery programs that are definitely working. It has made a huge difference in my business.”

As for Monter, she admits that the Buenos Aires NWR projects have “aided in keeping their jobs,” but offers cautious optimism about the future of Empire Wells.

“Right now, I don’t know, it’s sort of week-to-week,” Monter says. “We’re just sort of watching and waiting, and we’re keeping our eyes open for all the projects that are out there. We’re bidding as much as we can, and trying to network as much as we can, and just, who knows, it’s tough right now...so I don’t know...but I think it will work out.”

“I’ve never seen a period this slow,” says Palmer, who chooses to take a philosophical view of the future. “I’ve lived long enough that I’ve seen cycles. I’ve learned that the economy and particular aspects of the economy go in cycles, and so when everything heats up and the economy is booming, that’s great. But everybody needs to be aware that it’s going to go down

eventually, and when it's on the bottom they need to be aware that it's going to go back up, that's the way it happens."

Vest, looking into his crystal ball, was able to temporarily slip off his economist's suit when discussing other benefits of the bobwhite rehabilitation.

"Clearly there's a benefit, not just from an economic standpoint but from an environmental standpoint as well, which is a lot harder to measure," Vest says. "What's the value of having the Masked Bobwhite Quail in the wild again? There is a value to the public, but it's hard to come up with a dollar figure."



State Tank, Buenos Aires NWR