

Q¹₂₀₁₄



TIMES

Waste is a Terrible Thing To Mind ...



Jersey City, NJ

Uniondale, NY

SCE Environmental Group, Inc.
Pittsburgh, PA

Lake Ariel, PA

SCE EMR drops. Rating represents historic low.

.783

In an industry where safety is fundamental, there is a universally accepted measurement: the Experience Modification Rating (EMR). It is a measurement used by the insurance industry to credit or penalize a company's specific safety history. An "average" company pays 100% of its insurance premium and scores an EMR of 1.00. Exceed 1.00 and you are penalized. Fall below 1.00 and you are credited for your safety record.

Recently, SCE was advised that its EMR for 2014 will be .783 - a significant drop from last year's already impressive .790. The decrease represents the third straight year of improvement and a best-ever mark in this key company measurement.

The accomplishment is of much greater significance than simply a cost savings. A decreasing EMR signifies a company's long term dedication to the safety and welfare of its employees. A rate as low as SCE's comes only with a continued commitment to safe work practices, a safe work environment, and extensive safety training.



Emphasizing the company's commitment to safety are mandatory training programs featuring behavior-based safety management, OSHA training and refresher courses, task-specific competency training, and CPR and First Aid training. Refresher courses are done with more frequency than required by safety regulations. Safety stand-downs and company town hall meetings provide a forum for the latest in training and equipment. Mandatory tailgate morning meetings on every project, along with "2-minutes at 2" and "5-minutes at 5" jobsite meetings drive home the safety culture throughout the year.

(continued, page 2)

EMR at Historic Low *(continued)*

Nor is training the only commitment. All SCE employees are empowered by a Stop Work Policy that allows them to cease work if they perceive a safety risk. Only after the safety risk has been corrected does work continue. Similarly, all SCE employees are encouraged to advise their supervisor, without fear of repercussion, of any personal condition that renders them temporarily unable to perform a task.

Among the six core values at SCE is safety. The value is stated as such: “We believe that safety awareness, safe behavior, and accident prevention are conditions of employment. We accept no excuses.”

“With a culture of safety that starts with our Core Values, and flows throughout senior management, field supervision, and boots-on-the-ground staff, we are grateful to see this latest EMR rating,” notes company President, Jody Cordaro, “It is concrete proof that these years of consistent effort are having positive results not only in abstract measurements, but in the health and safety of our valued employees, our business partners, and the general public.”

For 2014, the company continues its review and refinement of safety policies and procedures, as well as developing a revamped Safety Committee, and partnering with safety experts in the industry.

Resting on laurels, however, is not on the agenda.

Multiple Bid Awards Generate Record 1st Quarter.

Multi-Million Dollar Asbestos Contract part of \$17MM Renovation of Harlem River House Complex.

Extending a very successful 2013 bidding season, SCE has booked a record number of new contracts in the 1st Quarter of 2014.

In March, SCE was awarded a \$2.5 Million dollar contract for asbestos abatement in the New York City Housing Authority's Renovations at Harlem River. The project is part of a \$17 million dollar renovation under Prime Contract with Rockmore Contracting

Corporation of Ronkonkoma, NY. URS Corp. serves as Construction Manager for the Housing Authority. As part of the process, SCE submitted a Vendex registration to the Office of The Mayor of New York City and received the endorsement of the New York City Housing Authority in completing the registration.

New contracts for the selective demolition and abatement of the Town Hall of New Canaan, Connecticut, and the King Low Heywood Thomas Upper School Renovation represent SCE's first undertakings with new client-partner The Whiting-Turner Contracting Company.

Numerous projects in Scranton, PA, Watsontown, PA, Schenectady, NY, Tampa, FL, Whitestone, NY, Baychester, NY, Peru, IN, Mamaroneck, NY, and Livingston, NJ were awarded in the First Quarter as well. Closing out the quarter, SCE received notice that it is the tentative low bidder on a multi-million dollar environmental callout contract with the Port Authority of NY and NJ. The contract would represent the third ongoing contract between SCE and the Port Authority.

At Rutgers, SCE preserves a landmark.

Historic Law School was one of Newark's first skyscrapers.



image courtesy of Tim Farrell/TheStar-Ledger

Standing 17 stories and constructed in the 1920's with opulence typical of the era, the former Rutgers Law School at 15 Washington Street in Newark is an iconic symbol of the city's architectural heritage. The passage of time, vandals and the elements have not been kind to the once-grand building that has lay dormant for over ten years. "What really needs to be restored is the beauty of the building back to its 1929-30 standard," says Antonio Calcado, Rutgers Vice President of University Facilities and Capital Planning.

The \$85 Million project, to be completed in 2015, will preserve the elegance of public spaces and provide housing for nearly 400 students.

SCE is providing interior demolition for the project. Supported by SCE's branch location in Jersey City, NJ, the project includes complete interior demolition, and the removal of water tanks atop the building, as well as mechanical, electrical and plumbing, non-load bearing walls, stairwells, elevators, and all interior framing. The process is, at times, surgical. Historic areas and materials must be preserved for the future renovation. SCE's role in the project is slated for completion in late spring.

New LPS training requirements take effect.

SCE field technicians and supervisors transition to new system.

The widely acclaimed Loss Prevention System (LPS) has undergone some revisions this year. A staple in the petroleum industry and other fields, LPS is a training system that incorporates behavior-based safety theory and trains its students to ask before every task, "What is the worst that can happen?" With 2014, new guidelines refining the roles of field technicians and supervisors came into effect and rendered the old training certificates obsolete.

SCE adheres to the LPS system not only for clients and jobs that require the protocol, but for all jobs within the firm's operations. SCE has followed the LPS safety guidelines for over seven years. To meet the new guidelines, SCE has aggressively scheduled technicians

and supervisors to be recertified under the new standards. As a result, more than 95% of the company's personnel are now fully certified. The remaining 5% will be retrained well before the June deadline for compliance. It is anticipated that SCE will have 125 LPS trained employees by June.

As reflected on its corporate website, LPS "is a comprehensive management system designed to prevent or reduce losses using behavior-based tools and proven management techniques." The program includes management tools such as near-loss incident reporting, loss prevention observations, job loss analysis, and loss prevention self assessment to effectively manage workplace safety. SCE has incorporated these same concepts in all jobs and sites and the results are tangible and irrefutable.



SCE acquires Dust Destroyer.

Hi-Pressure Air Water Cannon (HAWC) joins dust suppression arsenal.

Extending its investment in remediation equipment, SCE has acquired a HAWC Dust Destroyer. Featuring a Hi-Pressure Water Cannon with a massive air fan and a specialized cluster of water jet nozzles, the Dust Destroyer can throw a dust suppressing cloud mist up to 250 feet horizontally and up to 75 feet vertically. Mounted on a rotating base, the cannon swivels a full 360 degrees. Coverage from a stationary position is nearly 200,000 square feet. An added benefit: the entire operation is controlled via remote control and is completely self contained.



Dust suppression is an area of ever increasing scrutiny by federal, state and local governments. Whether with regard to jobsite dust suppression, odor control, or road dust control, regulators and private industry professionals are focusing on this vital health and safety issue. With greater frequency, dust control becomes an integral part of the advanced planning and procedures of construction, demolition and abatement projects. With the Dust Destroyer, SCE now brings this vital functionality in house and on site.



Other substantial investments in the first quarter included the acquisition of an 80' rough terrain articulating boom lift, three 2014 Dodge 4500 crew cab service trucks, three mini-excavators and five Dingo Compact Utility Loaders.

SCE Constructs Algae Cultivation Farm.

Test Facility in Rio Hondo, TX, expands.

At the southernmost tip of Texas lies the town of Rio Hondo. Less than 2,000 people call the town home. However, the warm weather and little rainfall make it the perfect spot to grow algae vital to human health and nutrition. It is in Rio Hondo that Aurora Algae is expanding its test facility to evaluate the feasibility of a commercial algae cultivation farm. "We have successfully tested our algae cultivation system in countries around the world, including Australia, India, Italy, Mexico and multiple locations in the United States," said Greg Bafalis, Aurora Algae CEO. "Our most recent test site, [Rio Hondo] is meeting and surpassing our growth rate expectations in this area."

SCE is the prime contractor installing the expanded test facility on the 1,880-acre parcel. Featuring one-acre cultivation ponds and a harvesting system, the cultivation system will generate patented strains of algae targeted for use as biofuels and other strains targeted for human nutrition. SCE crews, using GPS-guided excavation equipment, have carved the cultivation system into the flat Texas landscape. If the new test facility meets expectations, Aurora Algae anticipates expansion to a full commercial operation.



Aurora Algae is a producer of high-performance, premium algae-based products for the pharmaceutical, nutrition, aquaculture and fuels markets.

A Return to Hallowed Ground.

SCE returns to Ground Zero.

September 12, 2001. A day after the devastation of 9/11, SCE was called into action at Ground Zero. Our role was extensive. With the deployment of over 80 HAZMAT personnel, SCE crews worked 16 hours per day, 7 days per week under conditions that could, at best, be called adverse. Crews provided decontamination of emergency personnel associated with the clean up, decontamination of equipment and vehicles working at Ground Zero, decontamination and cleaning of adjacent private office buildings affected by airborne dust particulates, as well as the physical segregation of debris.

In March of 2014, SCE returned. As the winning contractor on a multi-year, multi-million dollar abatement contract with the Port Authority of NY and NJ, SCE was again at the site of the World Trade Center for the first work order in an asbestos abatement project that requires an enormous coordinated effort of SCE personnel and equipment with the staff of the Port Authority.

The challenge: to remove a large section of asbestos from a conduit in the PATH train tunnels that run through the basement of the former World Trade Center. The catch: the tunnels could only be accessed during scheduled PATH downtimes. It was essential that any task begun during a scheduled downtime had to be completed before the trains resumed operation. The logistics of lowering equipment into the tunnel, coordinating crews and trades, and finishing the job during scheduled windows of shutdown all added to the challenge. Mix in an extensive background and security clearance requirement for every crew member, and the complexity of the job is apparent. That's why we were particularly pleased to receive these kind words from the Port Authority engineer in charge of the project.

"I wanted to take a moment to thank you for an excellent job in removing the asbestos contaminated material beneath PATH Track No. 4 here at the World Trade Center Construction site. During the planning process you both gave me the feeling you shared my sense of urgency in completing this work during a system wide weekend track outage in order to re-open the system to the commuting public by Monday morning and to keep the critical path of the overall construction moving forward. Then you proved it by executing the plan.

My colleagues and superiors have also been complimentary of SCE's ability to pull this off under such tight constraints. Please let your crews know their efforts are appreciated."

September, 2001



Major Contracts Continue in First Quarter.

Crews at full throttle in Puerto Rico, Texas, Arkansas and throughout the NY-NJ Metro Area.

With crews working at the United States Naval Base in Ceiba, Puerto Rico; Rio Hondo, TX; Little Rock, AR, and throughout the NY, NJ and PA metro area, SCE has hit the ground running in 2014. The quarter far outpaces any prior first quarter in the history of the company.



In **Baltimore, MD**, this March, SCE crews demolished a chemical batch house during a brief factory-wide

plant closure. Timing was critical to ensure that permits, crews, work plans, health and safety plans, and equipment were ready to go at the moment the plant closed and demobilized when the plant reopened just a few days later. Adding to the challenge was a relatively short window from bid award to project start. Only through a carefully orchestrated effort of engineers, the plant owner, and SCE was the plan developed and executed. The project completed on-schedule.

In **Port Jervis, NY**, SCE returned to the Erie Turntable to complete phase 2 of a slurry wall project conducted by the NY Department of Environmental Conservation. In Phase 1, SCE constructed a 30 foot high, 1,000 foot long slurry wall completely below grade for the purpose of protecting local water tables from a historic railroad yard. In Phase 2, SCE has been tasked to



screen and remove the huge pile of soil generated during Phase 1.

In **Linden, NJ**, SCE is completing a cover enhancement to a nine acre Sludge Lagoon Operable Unit (“SLOU”). The job calls for the removal of a vegetative layer, and the installation of a new hybrid cover system including areas of topsoil and seeding as well as areas of artificial turf. Vapor, odor and dust control are an integral part of the project located inside a large refinery.

In **Ceiba, Puerto Rico**, SCE crews are removing six reinforced concrete tanks and three fiberglass tanks from the United States Navy’s NAPR at Roosevelt Roads Naval Station. SCE is self-performing all of the work. In a first for the company, safety dictated an onsite beekeeper to minimize crew exposure to Africanized honey bees.

In the **Bronx, NY**, SCE began site preparation for the ambitious City Island construction project. In this first stage, SCE has demolished and removed the foundations of former structures at the site and will continue with barge demolition, sea wall construction, site grading and utility infrastructure. This \$13MM project will continue through 2015.



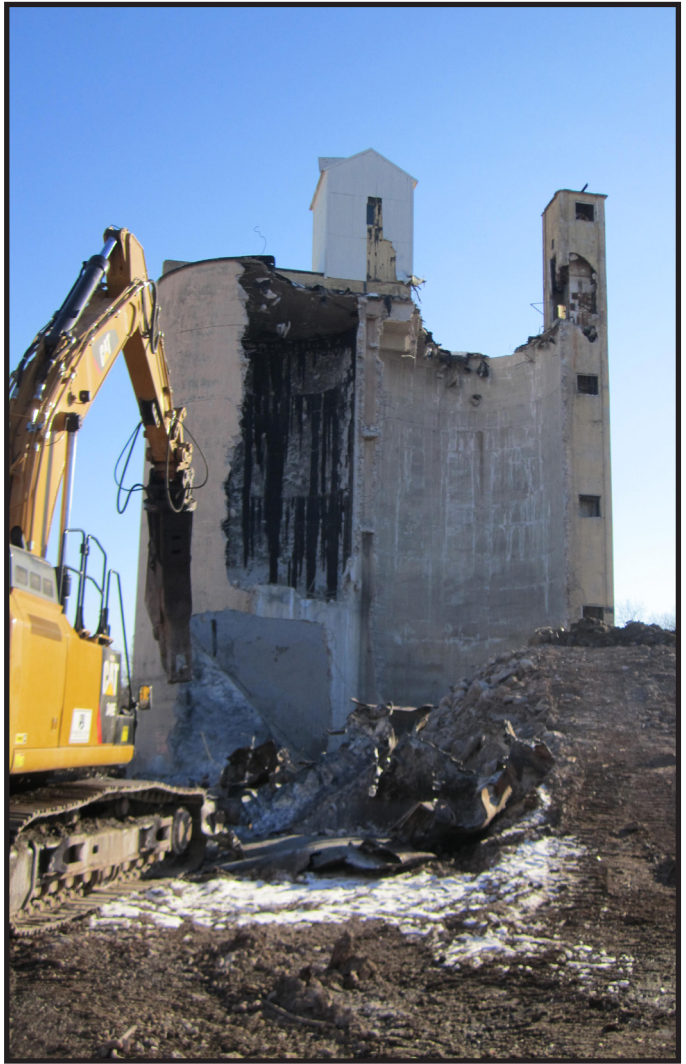
At **JFK Airport in Queens, NY**, SCE continues work under an Operation and Maintenance (O&M) contract with the Port Authority of NY & NJ. In addition to ongoing O&M work at the airport's fuel facilities, SCE also undertook a trenching operation across an airport roadway to facilitate system upgrades.

In **Little Rock, Arkansas**, SCE completed the facility decontamination of a former industrial battery manufacturer. The project is part of a larger initiative to clean similar facilities around the United States. SCE has completed decontamination projects for this client in Ohio, Pennsylvania, New York, New Jersey, Illinois, Tennessee, Wisconsin, and Nebraska.

In **Avenel, NJ**, SCE finished the demolition and abatement of a mothballed former chemical plant and is engaged in Phase 2 of the project which requires the removal and abatement of 200,000 SF of siding and roofing material from an active plant on site.

In **Carteret, NJ**, SCE constructed a large concrete pad which will be used as the base of a treatment plant in a subsequent phase of the project. Reinforced rebar cages and forms for the pad were fabricated at SCE's facility and transported to the site for installation and final concrete pour.

Throughout the first quarter, SCE has been installing soil remediation systems at former petroleum operations throughout NY and NJ including four



systems in Manhattan, NY. These installations include various technologies including air sparge systems designed to remediate contaminated soils.





Last Thoughts ... A Letter From The President



The first quarter of a new year is always a great opportunity to reassess where we've been as a company and where we are heading for the next 12 months and beyond. We've spent the last few weeks reviewing our corporate core values and goals, as well as working on our 3 year and 5 year strategic plan. As we have in every year since our founding, SCE continues to identify "Safety" as a core value. We've identified several goals in support of that core value and numerous strategies to achieve them.

In the midst of this process, we were encouraged to receive our new EMR rating of .783 - a company best. It validated the efforts we've made in the past and motivates us to strive for an even lower rating for next year. Not just to better our "score", not just to increase our "discount." We strive for an even lower score because to achieve it requires that every one of our employees returns home at the end of every job safe and unharmed. If we can keep our people safe, the score will continue to improve.

In 2014, we have several new safety initiatives taking root. We are expanding our Health and Safety Department to include a new director who will be tasked with monitoring jobsites, procedures, documents and equipment to ensure the highest level of safety at each jobsite. We've invested in new equipment like a state of the art HAWC dust suppressor to increase jobsite safety for our crew, other contractors and the general public. We've partnered with safety specialists with extensive experience in our industry and in the most effective use of our Safety Committee and safety programs. And we've heavily invested in new safety and personal protective equipment. We ask that each of you, our employees, our friends, business associates, and client partners, join us in this effort. With this team effort, we all win.

Sincerely,

Jody Cordaro

Jody Cordaro, President



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