

Daily Journal of Commerce

A conversation with Samir Mokashi and Todd Alsdorf

by Kennedy Smith
07/21/2006

As high-tech firms in Oregon expand their business, questions arise about how they can expand within their current spaces - turning unused office space into scientific laboratories, for example.

That's where Evergreen Engineering comes in.

The firm, led by Todd Alsdorf, principal, and Samir Mokashi, an architect specializing in building codes, has offices in Portland, Eugene, Santa Clara, Calif., and Atlanta, all specializing in retrofits. As the company expands, its goal is to remain small - working with companies looking for retrofits and staying away from "the big guys," Alsdorf says.

For now, they're content to be the biggest fish in the retrofitting bowl.

DJC: So, walk me through the life of a project from beginning to end.

Todd Alsdorf: It depends. Most of our work is repeat business, so it's with various clients that we work with a lot. With those projects, generally, they'll have an idea that, for example, they want to expand a piece of their manufacturing into an existing office space or into an adjacent space that wasn't meant for that.

So, they'll ask us to come in and help them develop the scope and see what kind of impacts they would have associated with that - how much downtime it would create, would they have the services necessary to do that, like water and power? Are there code implications associated with that? If it was an office space, then does the code allow them to change it to manufacturing?

There's that initial planning stage that we go through. And then once we get a "let's go develop," then we would go into more of a detailed project program, where we would get into developing what kind of quantities of materials it would take to do the project so that an estimate can be generated. And often we help them with the estimate. Then, we go into detail design so our next step would be to do the full construction documents.

We also do construction for projects up to a couple million dollars, not for all our clients but for projects that fit well within our firm, if they need clean room specialty or chemical-type specialty or also biotech work.

DJC: Looking on the Web site, it sounds like you started out with paper products, the timber industry, but you're talking about high tech.

Alsdorf: Well, this (Portland) office is mostly focused on that. Our Eugene office is mostly focused on the wood products, and that's also a growing area.

As much building that's been going on has been driving the need for (engineered wood) products and plywood products for building. We do the design of those facilities, and there has been a lot of expansion and upgrading of technology associated with that. That's very active.

It's a mix between the two, maybe 60 percent semiconductor/light industrial/biotech/cleaner manufacturing, and then about 40 percent in the wood products, more heavy industrial I would call it.



Daily Journal of Commerce Photo

DJC: What are you seeing in your Santa Clara, Calif., office?

Alsdorf: It's a market kind of like Portland is becoming, in that the big wave has passed in terms of the semiconductor industry, and so the big firms have kind of moved on. You really see it in Santa Clara, it's left this void. So now someone wants to do a process change, they don't have anyone to go to, and our focus on the retrofit work has really helped with that.

So, we were asked by one of our large clients to help out and asked whether we were interested in work there. One of our principals (Michael Hardy) was able to go down there, and he's been there for almost a year now with continuous work. It's been growing, and we've got a staff down there.

DJC: How concerned are your clients about environmental issues, green building, green retrofitting? Is "green retrofitting" even a term?

Samir Mokashi: (Leadership in Energy and Environmental Design) certification is something that comes up. Our industry, both the paper/pulp and semiconductor, have not been totally into it, for a couple of reasons.

There are some unique material restrictions that make it very hard to retrofit with certain kinds of products.

Two, the biggest cost in this industry is in the processing energy-wise, not in the building.

Sustainability makes not even a small dent in the total energy cost. And the focus has been on the energy-conservation component of the process. That's what we do well here, and it's not sold as green systems because the customer is not looking for a green system.

Alsdorf: We saw a lot of it three or four years ago when the Energy Trust of Oregon was set up.

We got involved with a lot of projects and were helping within the industrial side to really find potential opportunities and bring those to the Energy Trust and then execute on those projects. So from a design and construction standpoint, we were doing studies, the design, the construction. There was a wave there where it was really just flying.

And then they started building infrastructure and things started slowing down, and as that started happening it got to be like it was in the past, where the projects weren't moving smoothly, and we got to the point where we just weren't able to bring it to our clients because it wasn't moving quickly.

Since then, we've really seen it nosedive in terms of the amount of work. In a year's time frame, we probably did 30 or more projects in terms of energy conservation and actually carried several of those through design and construction.

I think it's unfortunate because there's a little bit of the perception that all those opportunities have all been found, but we don't find that to be the case at all. We were finding in every facility we went into, because these aren't the areas that are focused on like the buildings that everybody's so used to, they feel like they've done it - they've changed out their lighting and all that. But the more complicated systems, people kind of put their hands up and don't necessarily understand it. The opportunities are out there, but they're not being pursued.

Mokashi: You might actually see more of those now. Part of it is the energy costs going up now, and secondly as products are becoming more of a commodity, there's competition from abroad, so cost savings at every level will make a difference.

The high-end chips, you can sell them at a very high price, you can profit, you don't care. The commodity ones, with very low profit margins, any cost savings you can get within your systems can make a big impact.

DJC: But it's all about that bottom line right now?

Mokashi: It is.

Alsdorf: In the environmental side, a lot of our products are environmentally oriented, making sure that the hazardous components are going out to the right place, that the air is treated. That's a lot of work we do.

And also on the wastewater side, making sure that hazardous waste that would be going out into the wastewater center are treated as well. Right now we have two active projects that are associated with either air or water. So, it is a fair amount of our business, it's just not a trend we see in the industry.

DJC: Are you seeing any innovations or trends in your field that have surprised you or maybe thought was a long time coming?

Alsdorf: I would say that the trend toward seeing the spin-offs from the (Oregon Health & Science University) work and, just in general, that lab/R-and-D/manufacturing, with medical devices and products coming off of that, that is a trend that is growing, especially with Genentech (a pharmaceutical developer that's planning to build a \$250 million packaging center in Hillsboro) moving in.

I think a few years from now it won't be so much in the semiconductor industry or manufacturing, it will be more medical industry growing, and it seems to be growing.

Whether that's surprising or not - kind of, because everybody has been saying that it will all be in Seattle or all in San Francisco, so every time we look into that market, there were just a few companies in Oregon, so there wasn't much market. So even though we had projects with those companies, it wasn't significant. Now, especially with Genentech coming in, it's been good to see.

DJC: Is it a good time to be in Oregon for the line of work that you're in?

Alsdorf: Yes, I think so. The market has been going well for us, we've been growing. We've probably grown by around 70 percent. Over the last five years we've gone from 54 (employees) and now we're at 93, so it's been growing, and I think that after 2001 when we had a big drop-off across the board, a lot of firms just didn't come back into the industry that we're in, so a lot of people went into the public side or just completely left this market all together. But the growth has come back in terms of the work that's out there.

DJC: Do you predict that more high-tech firms will eye Oregon in the future?

Alsdorf: I would be surprised because of the same phenomenon we talked about in the Bay Area. There are not the big projects that are taking place. There are established firms here so it's not an easy market to come into, and there's not the big projects that everybody's chasing, so there's only one big semiconductor firm here that is expanding significantly, the rest are really upgrading their technology significantly and what that means for this area in terms of that industry, I don't think it's going to draw a huge amount of interest.

Mokashi: In this industry, the capacity is not by increasing your facility. It's by decreasing your chip size and expanding your wafer size. So that's the biggest change. For that reason, you could see that our line of work will grow.

DJC: How do you solicit clients who may feel that they can do retrofitting on their own?

Alsdorf: What I would say with respect to how we get work, the main thing that happens is that a lot of clients are not maintaining their staff that can do what we do. So that's been a lot of growth as well. The in-house people who can do the projects get downsized, that's been happening a lot. They're the first to go. Companies are starting to outsource that function.

So with the retrofit work, we've brought in a lot of people from that side. They come on board with us and think along the lines of our clients. So it's a combination of our clients needing more outsourced support because they've downsized.

DJC: As these companies downsize, do you expect more firms like yours to start popping up?

Alsdorf: It might. But many don't want to take the risk of going out on their own. All the time we see a few people that start up their own engineering firms, but it's a one-man type of shop.

There will always be firms that will be out there, but I don't think it's necessarily a threat. Actually it's been a plus. I can think of five or six people that we've brought on board that were once our clients. It's a very tight market and has been for some time now, so it's an opportunity for us that we've been able to bring people on board.

Clients' assumptions about codes always a surprise

DJC: Are there aspects of your firm or engineering in general that it's surprising to you more people don't know?

Samir Mokashi: Some of the things on the code side, I'm so surprised still how many people take codes for granted and try to do it in-house.

Some of that comes from the architectural profession trying to be a jack-of-all-trades, and still there is resistance to the master-of-one type of approach. People don't go to specialists.

Todd Alsdorf: I think engineering is like two different services. One is document production, and a lot of our clients don't really think about that part in terms of what it takes. It's like its own little manufacturing setup in the office to create all the drawings, the specifications, all these things that take place.

On the other side, it's really service oriented: the face to the customers, the response to their needs. That's what they really seem to focus on.

The construction people will see the documents and use those, but owners hardly ever use those, so they don't think about it too much.

In regards to the retrofit, a lot of that is driven by the industry. One industry in particular being semiconductor, it has so much change going on. Well, that change drives two things. It drives continuous equipment changes in facilities, which all have different needs, different layouts, different impacts. So that's one of our specialties, handling that work. They also have a lot of growth, which means new facilities, but we don't really do that. It's much larger firms that are doing that.

DJC: Is that something you're hoping to do as the firm grows?

Alsdorf: Going after the new facilities? No.

It's not something that I really see on the horizon, just because what we do we're good at, and it has worked well for us, and there's more of, especially in the United States right now, there's a lot more retrofit work going forward than there is on new facilities. What we're seeing is that more of the larger companies are trying to do what we're doing.