

THE FIRST WORD

December, 2006

ACEC OKLAHOMA PAC Represents Profession in 2006 Elections

ACEC OKLAHOMA PAC, your state political action committee, made \$4,000.00 in contributions during the recently concluded election cycle. The 2006 elections were the first full election cycle since the formation of ACEC OKLAHOMA PAC.

ACEC OKLAHOMA members contributed over \$4,500.00 to the PAC, an outstanding "first step" for the fledgling PAC.

The ACEC OKLAHOMA PAC Trustees met in early October and decided that the PAC funds could best be used through contributions to the Leadership PACs of both parties in the House and Senate. The Trustees, considering the limited resources of the PAC, decided that ACEC OKLAHOMA was best served by contributing to the Leadership PACs rather than try to be involved in a variety of individual races.

To that end, \$1,000 contributions were made to both the House Republican and Democrat Leadership PACs, with equal contributions made to the Senate Republican and Democrat Leadership PACs.

ACEC OKLAHOMA President/CEO Jim Sullins personally presented the checks to House and Senate leaders meeting individually with Senate Minority Leader Glenn Coffee (R), House Minority Caucus Chairman Danny Morgan (D), and House Leadership PAC Chairman Trebor Worthen (R).

All three came to the ACEC OKLAHOMA office, which gave Sullins the opportunity to provide them with an overview of the business of consulting engineering and the impact that ACEC OKLAHOMA members have on the daily lives of all Oklahomans. Additionally, all three asked Sullins about ACEC OKLAHOMA's legislative priorities, both in general and specifically for the upcoming 2007 session.

Senate President Pro Tem Mike Morgan (D) was unable to meet with ACEC OKLAHOMA prior to the elections due to a very busy schedule. However, through Phil Brown, Brown Engineering, Stillwater, we were in contact with Senator Morgan and will be meeting with him prior to the beginning of the 2007 session.

ACEC OKLAHOMA PAC thanks these member firm principals for their support and contributions during the 2005-06 election cycle. The consulting engineering profession and business owes them a huge debt of gratitude.

Stacy Loeffler, BKL, Inc.
Brad Watts, Terracon
Jeremy Basler, Terracon
Chris Rickman, Zahl-Ford, Inc.
Gary Finn, Terracon
Phil Brown, Brown Engineering
Jennifer Fair, PSA Consulting Engineers
Bill McVey, PSA Consulting Engineers
Michael Fair, PSA Consulting Engineers
Jim Stewart, PSA Consulting Engineers
Tom Hendrick, Wallace Engineering
Steve Ford, Zahl-Ford
Bob Williams, Poe & Associates
Jim Benson, Poe & Associates
Paul Sprehe, ACEC/ACECOK Past President
Brian Glover, Cobb Engineering
Roy Dean, Trumble-Dean
Jim Hunt, P B S & J
Marty Hepp, Cobb Engineering
Mike Homan, Terracon
Darold Davis, Garver Engineers
Joe Davis, Triad Design Group

We hope to add your name to the list during the 2007-08 cycle.

A House.....err, Senate....Divided

Senate Split Evenly; Republicans Maintain House Majority

Prior to the November General Elections, many had predicted that the election would be a "historic" night for Oklahoma Republicans with Republicans taking control of the Oklahoma State Senate for the first time in the history of the state.

Well.....those predictions were half right! It was a "historic" night, but for a different reason.

With the votes finally counted, the control of the State Senate is firmly in the control of.....NOBODY!

Going into the elections, Democrats held a 26-22 advantage in the Senate, but following the elections, the Senate is evenly split at 24-24.

So.....who's in control you ask? Well, everyone else is asking the same question, including current President Pro-Tem Mike Morgan (D-Stillwater) and Senate Minority Leader Glenn Coffee (R-Oklahoma City).

There are a variety of scenarios that are being bantered around, even at least one offered as a practical joke by Coffee who went to Morgan's office the day after the election and placed a strip of tape down the middle of the Pro-Tem's desk designating one side as "Glenn's" and the other as "Mike's."

While all in good fun, the joke by Coffee foretells a new "bi-partisanship" within the Senate which will be absolutely necessary if the State's business is going to be completed.

While the election of Rep. Jari Askins (D-Duncan) as the new Lt. Governor would seemingly keep control of the Senate with the Democrats, one school of thought doesn't subscribe to that theory. The reason, apparently the State Constitution, which designates the Lt. Governor as the President of the Senate, give the Lt. Governor the ability to break "tie" votes in the Senate. However, the Lt. Governor can ONLY vote if there is in fact a "tie".

Additionally, Senate rules require 25 votes....a true majority...for a "final action" on a bill. Again, one would assume that the Lt. Governor's vote would be the 25th vote.

But, consider this.....let's say, for example, that all 24 of the Democrats vote for a bill with 23 Republicans voting against a bill with one Republican abstaining, or vice versa with 24 Republicans voting "Yes" and 23 Democrats voting "No" and one Democrat abstaining. In this scenario, there is no "tie" and the Lt. Governor cannot vote since the Lt. Governor can only vote to break a tie.

This is just one of the many issues which Morgan and Coffee are working to address.....floor leadership positions, committee chairman and vice-chairman positions, to mention a few. At this point, both are staying "mum" in the media as to what, if any, progress is being made, but the session starts in eight weeks, so something should be known fairly soon.

As for the House, the Republicans maintained the majority they won in 2004. At first it looked as though the Democrats would gain one seat, but that didn't happen (See Story Below) and the Republicans still hold a 57-44 advantage.

House Republicans have tapped Lance Cargill (R-Harrah) as the new Speaker of the House. Last week Cargill appointed Greg Piatt (R-Ardmore) as the Majority Floor Leader; Rob Johnson (R-Kingfisher) Majority Whip; Chris Benge (R-Tulsa) as the Chairman of Appropriations & Budget; Gus Blackwell (R-Goodwell) as Speaker Pro-Tem; and, John Wright (R-Broken Arrow) as Majority Caucus Chairman.

Piatt will be in charge of setting the daily agenda and deciding which bills will be heard, with Johnson serving as the mediator between Republican members and the leadership and also will be responsible for keeping members up-to-date on upcoming votes and ensuring the caucus' agenda has the support it needs to move forward.

Cargill's appointments also span the geographic and age ranges represented in the House. Blackwell brings knowledge of the Panhandle, while Piatt and Johnson bring more of a rural touch being from Ardmore and Kingfisher, respectively.

Danny Morgan (D-Prague) has been selected by House Democrats as the House Minority Leader, replacing Jari Askins.

Who's Says Your Vote Doesn't Count

Not Republican Todd Thomsen or Democrat Darrell Nemecek!!!!

When all the votes were counted, Nemecek held a TWO vote advantage. But when a court challenge on the eligibility of four voters who cast ballots but were not registered in the district threw out those four ballots, Thomsen was declared the winner following a recount by TWO VOTES.

Think about that next time you wonder if it's worth your time to go to the polls!

PSMJ Tips: A Twice Monthly Free Service of PSMJ's E-Cast

Five Skills A Small Firm Principal Must Have

1. A realistic vision of business planning. A business plan is nothing more than the specific actions your firm must implement to achieve your objectives. Your action items should be important, significant and contribute to the growth and/or profitability of your firm. Each action item is a project or task to be completed. Make your plans carefully. Execute them on time, within budget, and with excellence. Measure their impact routinely.

2. An understanding of cash flow. Ninety-two percent of small A/E firms fail because of cash flow problems. You must discuss your invoice format and frequency with your clients at the beginning of the project. Tell the client what to expect, and customize invoices to the client's needs. You must have a billing and payment schedule for the full duration of the project. You must submit invoices at least monthly, or bi-weekly if acceptable to the client. Submit invoices on a specific date each month - do not miss the monthly deadline. The longer you wait, the more questions you'll have to answer to get paid. You must match your billing cycle with the client's billing or payment cycle. You must invoice separately for basic services professional fees, additional services professional fees, and reimbursable expenses. Don't let a dispute over a minor or separate item hold up all valid payments due.

3. A simple accounting and project tracking system. Once you understand the critical indicators and what they measure, develop monthly reports that are short, easy to use, and highlight only the key ratios. Use clear, simple, graphically easy-to-read visuals. Such reports will be appreciated by your bank officers as much as by your project managers.

4. The discipline to say no. The best firms say no when the work is not in line with their focus and vision - or when they know that the work doesn't have a chance of being profitable. You don't have to say you don't have the resources to do the project. Firms constantly grow and change, and you don't want the clients to pigeonhole you as someone who will never be able to perform their projects.

5. The confidence to get the highest possible fee for services. The differentiation your firm brings to every project applies to every element of a sale. Try mini-scoping - breaking down your entire fee down into bite-sized mini-lump-sum fees starting at the beginning of your scope fee. This approach allows you to demonstrate differentiation from other firms and show your value at every phase in the project.

There is no substitute for business experience - PSMJ's Small Firm Advisor has it

Life in a small A/E firm is oftentimes more about running a business than design. *PSMJ's Small Firm Advisor* is your premier resource for authoritative guidance on growing your firm or staying small successfully. Every month, *PSMJ's Small Firm Advisor* delivers actionable intelligence and definitive solutions on the critical business issues that affect your firm the most - Strategic Planning, Financial Management, Business Development, Project Management, Human Resources, Information Technology, and Ownership/Leadership Transition.

To subscribe to *PSMJ's Small Firm Advisor* risk-free, call 800.537.7765, email customerservice@psmj.com, or order online at <http://www.psmj.com/buynewsletter/?newsid=7>. Please mention Priority Code 352921 when ordering. When you order from PSMJ in December, you get the exclusive new report PSMJ's A/E/C Firm Management Plan: 12 Steps to Ensure Success free with your order. This report is only available to PSMJ clients.

IRS SETS STANDARD MILEAGE RATES FOR 2007

The Internal Revenue Service today issued the 2007 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning Jan. 1, 2007, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

- 48.5 cents per mile for business miles driven;
- 20 cents per mile driven for medical or moving purposes; and
- 14 cents per mile driven in service to a charitable organization.

The new rate for business miles compares to a rate of 44.5 cents per mile for 2006. The new rate for medical and moving purposes compares to 18 cents in 2006. The primary reasons for the higher rates were higher prices for vehicles and fuel during the year ending in October. The standard mileage rates for business, medical and moving purposes are based on an annual study of the fixed and variable costs of operating an automobile.

PRESIDENT'S MONTHLY UPDATE

David Raymond, President, ACEC

November 1, 2006

General

- Budget Committee provided National Directors and MO leaders with additional information on the proposed three year budget following up on Board Roundtable discussions.

- MO leadership orientation sessions on October 20 and 27, at the ACEC headquarters were well attended (43) and regarded by participants as “highly informative” on ACEC’s programs and resources available to MOs, with a third session will be held on November 3.

- Spoke at ACEC/North Dakota’s 50th anniversary celebration; participated in ACEC/Minnesota leadership meeting and recruitment visit.

- Participated in White House conference call with Karl Rove on election issues. Rove predicts Republicans will keep both the House and Senate.

Government Affairs

- Defeated two anti-contractor provisions in the FY’07 Defense Authorization bill, which has since been signed into law.

- Discussed industry’s concerns over US DOT Inspector General audit on overhead at the ACEC/AASHTO Joint Committee meeting in Portland, Oregon; AASHTO is joining ACEC on joint response.

- Hosted senior agency officials and congressional staff in discussions on dam and levee inspections, federal facilities construction, and correcting a 3% payment withholding requirement for government contractors.

- Hosted fundraisers for the following Members of Congress who are supporters of ACEC’s advocacy agenda: Rep. David Hobson (R-OH), Rep. Hal Rogers (R-KY), Rep. Elijah Cummings (D-MD), Rep. Sue Kelly (R-NY), Rep. Anne Northup (R-KY), Rep. Heather Wilson (R-NM), Rep. Howard Coble (R-NC), and Rep. Mike Capuano (D-MA).

- ACEC/North Carolina became the latest of 15 ACEC member organizations who have met their 2006 ACEC/PAC fundraising goals.

- Joined APWA in a webinar for APWA members on the release of the latest version of the Red Book, which pro-

notes qualifications-based selection (QBS); free copies of the Red Book were sent to all member organizations, and additional discounted copies can be obtained through the ACEC bookstore.

- Hosted a 17-member delegation of the Chinese National Association of Engineering Consultants at ACEC headquarters for seminar on professional liability issues.

- Awarded a total of \$16,500 to the 2006 QBS Grant recipients – Georgia, West Virginia, and Missouri – to assist with efforts to promote the use of QBS.

Institute for Business Management

- SEI Class XII began with their Session One in Washington, D.C. featuring presentations by Brookings Institute scholars and briefing at the Embassy of Germany.

- Market Forecast series for October featured GSA’s new Chief Engineer, William Holley.

- Business of Design Consulting was held in Las Vegas, Nevada with 41 participants.

- Hosted four online seminars: *The U.S. Engineer Drought and What It Means for Our Firms*, Robert VanArsdell, XL Design Professional; *A Systematic Approach to Hiring*, Greg Churchman; *Negotiating Better Engineering Contracts*, Gary Bates, Roenker Bates Group; and *Decline of the Engineering Class: The Effects of Global Outsourcing of Engineering Services*, Paul Bryant, O+I Consultants.

- CASE Risk Management Program held a successful Convocation in San Francisco, with over 150 attendees.

- CASE released a new training manual, *Guidelines for the Performance of Site Visits*.

- 10% discount on EJCDC documents during November and December.

- After his successful book signing at the Fall Conference, former Congressman John Kasich has agreed to sign additional copies of the popular “Stand For Something,” available through the ACEC Bookstore.