

THE FIRST WORD

July, 2007

Darold Davis Installed as ACEC OKLAHOMA Chairman of the Board

Darold D. Davis, P.E., Regional Office Manager, Vice President and Project Manager of Garver Engineering, Tulsa, is the new Chairman of the Board of ACEC OKLAHOMA. Davis was installed as Chairman at the ACEC OKLAHOMA Annual Convention in Branson, MO.

Broken Arrow Chamber of Commerce, and SAME Tulsa Post.

Davis and his wife, Carol, live in Broken Arrow, and have a son and daughter and one granddaughter.

Davis came out of retirement to join Garver Engineers in October 2003, leading the Garver Tulsa office to a new level of service and dedication to Oklahoma clients.

A graduate of Kansas State University with a Bachelor of Science in Civil Engineering, Davis began his career as a transportation engineer for the Oklahoma Department of Transportation (ODOT) and also served as Assistant City Engineer for the City of Midwest City.

Davis was then hired as Manager of Engineering for Cunningham Consultants in Oklahoma City where he was ultimately relocated to Tulsa to open and manage, as President, the Tulsa office of Cunningham-Davis-Stoldt.

During his career, Davis also served as program management consultant for the Sverdrup Corporation in Tallahassee, FL, and later relocated to Kansas where he joined Cook, Flatt & Strobel Engineers before joining Garver Engineers.

He is a member of ACEC, ASCE, NSPE, the Institute of Transportation Engineers Missouri Valley Section, the



Front Row - (L-R) Darold Davis, Jim Stewart, Steve Ford
Second Row - Mike Homan, Jim Benson, Tom Hendrick

Joining Davis on the 2007-08 ACEC OKLAHOMA Board of Directors are:

Chairman-Elect Steve Ford, Zahl-Ford, Inc., Oklahoma City

Vice Chairman of Membership Tom Hendrick, Wallace Engineering, Tulsa

Treasurer Jim Benson, Poe & Associates, Oklahoma City

Vice Chairman of Business

Practice Stacy Loeffler, BKL, Inc., Tulsa

Vice Chairman of Education Alan Soltani, The Benham Companies, Oklahoma City.

ACEC National Director Mike Homan, Terracon Consultants, Tulsa

Immediate Past Chairman Jim Stewart, PSA Consulting Engineers, Oklahoma City

Congratulations to Darold on assuming the Chairmanship of ACEC OKLAHOMA, and thanks to Jim Stewart for a great year as 2006-07 Chairman.

Pictures from the 2007 ACEC OKLAHOMA Convention



Nancy Sullins, Lynne Stewart, Sue Benson, Jane Ford



Darold Davis Thanks Jim Stewart for a great year as ACEC OKLAHOMA Chairman



Mike & Ginger Homan, Jim Benson



Outgoing Chairman Jim Stewart reviews the year.



ACEC Chairman Darold Davis & his wife Carol



Jim Stewart and Steve Ford



(L - R) Lisa Joyce, Mary and Tom Hendrick, and John Joyce.

Joint Convention Raises \$5,000 for ACEC/PAC

A new addition to this years Joint Annual Conventin was a raffle to raise money for ACEC/PAC, the national political action committee.

Members from all four states stepped up to the challenge, with \$5,000 raised for the national PAC. Raffle tickets were \$50 per ticket, and 100 tickets were sold over the three day convention.



Oklahoma's Gary Finn is congratulated by ACEC Missouri Chairman John Sonderman

At the Saturday night banquet, a drawing for two prizes --- An Apple I-Pod and a portable GPS system --- was held.

Gary Finn, Terracon Consultants, Oklahoma City was the first winner drawn, and he selected the Apple I-Pod. Dan Williams, Garver Engineers, Little Rock won the GPS system.

Senator Coburn Meets with ACEC OKLAHOMA Representatives



U.S. Senator Tom Coburn welcomed four ACEC OKLAHOMA representatives to his Oklahoma City office on Thursday, July 5th.

Chairman-Elect Steve Ford, Immediate Past Chairman Jim Stewart, Vice Chairman Alan Soltani, and President Jim Sullins discussed several important ACEC issues with

Senator Coburn including repeal of the mandatory 3% withholding on government contracts and expansion of the H1-B visa program.

Senator Coburn provided an overview of the reasoning behind the initiation of the 3% withholding, scheduled to begin in 2011. He said that there was over \$200 billion in unpaid taxes per year by businesses, and that implementing this withholding was a way to collect some of these unpaid taxes. However, he did also say that he would support repeal especially if another way to recover these unpaid taxes could be developed.

As for the H1-B visa program, Senator Coburn said that he strongly supported increasing the number of visas allowed per year, especially for highly educated individuals with strong technical training, such as engineers, doctors, etc.

The meeting was a follow-up to our visit to Coburn's DC office during ACEC's Consulting Congress Day. Senate floor action prevented him from meeting with us that day, but he asked his staff to schedule an "in district" meeting as he wanted to meet with us to discuss ACEC's issues.

ACEC President David Raymond Reviews ACEC Activities

ACEC President & CEO David Raymond attended the Joint Annual Convention and updated members on the recent activites of ACEC, as well as reviewing on-going issues which ACEC is following.



David Raymond (center) with Arkansas Executive Director Ann Hamilton, Oklahoma President Jim Sullins, Kansas Executive Director Scott Heidner, and Missouri President Bruce Wylie.

Raymond attended each of the state's individual Board meetings, and addressed the entire convention group at Saturday morning's breakfast meeting.

Topics discussed included the efforts to repeal the federal 3% withholding mandate on fees paid for "goods and services" to federal, state and local government entities; the upcoming transition of the ACEC Life/Health Insurance program from HealthPlan Services to United Healthcare; and a variety of other issues.

Raymond also showed a new video produced by ACEC which provides members and prospective members an overview of ACEC, and the value firms receive from being a member of ACEC.

ACEC Responds To Rhode Island Controversy On State Contractor Markup

Editors Note: *The following Op-Ed by ACEC President Dave Raymond and Patrick Quinlan executive director of Rhode Island Consulting Engineers appeared in the June 21 edition of the Providence Journal. In response to a request from the Rhode Island Consulting Engineers (RICE), ACEC weighed in on a recent series of articles in the Providence Journal critical of the use of consultants by the Rhode Island Department of Transportation (DOT). The articles portrayed design firm overhead exclusively as profit, and with the implication that the cost of doing DOT work in-house would be substantially less.*

Raymond, Quinlan: Here's how those subcontracts work

There has been quite a stir recently about Rhode Island's paying a private contracting firm a markup of nearly 146 percent for the firm's services. Obviously, any firm that would bilk the government — that is, us taxpayers — by nearly a 150 percent profit ought to be run out of town! Only that's not what happened.

There's a lot of misinformation swirling around — a sad disservice not only to the majority of consulting firms that do excellent and highly technical work for the government, but also the hard-working state employees who oversee those projects.

Engineering firms partner with the government on projects that help us all to drink clean water, breathe cleaner air, and drive on safer roads and bridges. They're also your neighbors, a part of the community, and they work every day on projects that enhance our quality of life. For this reason, it's important for us to correct some of the misconceptions that have been circulated in recent weeks.

To clarify, let's start with the term "markup," which is at the center of the controversy here in Rhode Island. For most people, the term markup means profit — pure and simple.

For the government, though, it means something else entirely. When government audits show a company making 150 percent markup, they're not referring to profit.

Markup includes a reasonable profit margin, but it also includes any and all costs a company incurs to do the job the government has requested it to do. As with any business, actual "profit margins" vary based on the complexity of the project. They can range from as little as 3 percent to as much as 15 percent, but they average about 10 percent.

So where does the rest of that 140 percent of the money go? Back into the local economy. It goes to paying for computers. It goes to paying for electricity. It goes to paying for rent, the phone bill, office furniture, gas. It goes to paying for state and federal payroll and income taxes, workers' compensation, and worker training. It also goes to pay for things that we expect good companies to provide for their employees, such as health insurance, retirement pensions, and 401k plans.

The list goes on. As any small-business owner knows, running a business is a costly venture. By the time you've paid for all of your expenses, you're lucky to make much of a profit at all.

It's no different for business owners who do work for the government.

And it's no different if the service is handled by government workers. Let's be clear: The Rhode Island government must pay somebody to do the important work of the people. Whether it's a local private firm or full-time in-house government workers, the markup or overhead is the cost of paying for the resources to do the job.

For example, while a government employee's salary may only show up on the books as, say, \$45,000, that is not the true cost of that employee. The government must still pay for health insurance, retirement packages, utility bills, computers, recruiting, training — the whole range of costs associated with keeping a full-time, in-house workforce, just like any other business.

Indeed, the government usually charges more for similar services. We recently asked auditors for the Department of Defense — who often provide their services to other government agencies — what they charge. The answer was \$103 per hour for an auditor making \$60,000 a year. Can you guess what the "markup" on that contract is? It's about 200 percent!

It's also important to note that any contract involving federal dollars has multiple levels of oversight to ensure that the government is getting the best possible price from consultants.

Federal regulations require a firm's costs to be fair and reasonable, compliant with public-accounting regulations, and a host of other rules. State governments require additional regulations and oversight. And federal auditors, state auditors and public accountants all provide oversight to ensure that the rules are being followed.

In other words, it is nearly impossible for a contractor to reap anywhere near a 150-percent profit margin.

Government contracts can be complex, and we've all heard stories about those who try to game the system for short-term financial gain. Those players don't often stay in business very long, particularly in the engineering industry, where so much of the competition for work is based on a firm's past track record of delivering good service to their government clients.

The rules we have in place today are all focused on the goal of ensuring that we pay contractors an honest day's pay for an honest day's work, and that taxpayers receive real value for their investment. We should demand no less.