

THE SIX COMPANIES

1. Florida Rail Enterprise
2. Gilbane Building Co.
3. Nodarse & Associates
4. Suffolk Construction Co.
5. W.S. Atkins
6. WCI



FLORIDA RAIL ENTERPRISE

Tallahassee
 Created: 2009
 Executive Director: Kevin Thibault
 If Florida's high-speed-rail project survives, stations like this one, proposed for Tampa, could start construction soon.

Six Companies To Watch

Keeping an eye on 2011's prospects, ENR Southeast highlights five private firms and a public agency that are poised to lead the region

BY SCOTT JUDY, DEBRA WOOD AND RICHARD KORMAN

EVERY YEAR in the construction industry, a few firms stand out, possibly for a string of new contract awards, challenging projects or, as is lately the case for some, achieving business success that other firms fail to attain. What firms will stake leadership positions in the coming year is still up for grabs, of course. The new year has potential for both good and bad. Robert Murray, chief economist for McGraw-Hill Construction, the parent of ENR Southeast, is predicting the first national upturn in total construction starts in five years, with an 8% overall improvement and a big jump in housing expected. President Obama just signed into law the Middle Class Tax Relief Act, which also lowers taxes on upper-income citizens and includes breaks for businesses. When a recovery unfolds, the Southeast's construction industry will be different. Contractors likely

will be focusing on different markets and have adjusted expectations. There will be new ways of doing business, new technologies and probably some new and different people and firms with which to conduct business. As 2011 begins, ENR Southeast looks at six companies—specifically, five private firms and one government agency—that could make a difference in the coming year and help to shape and refine the future of the regional industry. This list is by no means exhaustive, but these firms are surely among those who will be game-changers.

Florida Rail Enterprise
Ready to build a high-speed-rail system that would be at the vanguard of U.S. transit

Engineering, construction and financial firms from around the world as well as Sunshine State residents will have their eyes focused on the Florida Rail Enterprise to learn whether and how it will spend more

IMAGE COURTESY FLORIDA DEPT. OF TRANSPORTATION



than \$2.3 billion in federal funds to build America's first high-speed-rail express service, planned to run between Tampa and Orlando.

Created as an entity within the Florida Dept. of Transportation by the state Legislature in 2009, the Florida Rail Enterprise succeeded in securing \$1.5 billion in American Recovery and Reinvestment Act money and \$800 million from the High Speed Intercity Passenger Rail Grant program. Besides these funds, the state itself has committed \$280 million to build an 84-mile-long, five-station rail line running from Orlando to Tampa.

However, the election of Republican Gov. Rick Scott, who has questioned high-speed rail, could kill the \$2.6-billion state project, which FDOT estimates would create 20,000 construction jobs and 1,000 permanent private-sector positions. These jobs may convince the governor, who campaigned on the pledge to put people to work, to proceed with the project.

Engineering and construction workers hoping to snag jobs on the project as well as those hungry consortium teams will surely keep watch on the project's progress. If Gov. Scott scuttles the project, that will be something to watch, too.

Gilbane Building Co.

Recent acquisition could expand this firm's regional presence

Industry acquisitions and mergers are continuing. For the current times, these business transactions generally are viewed as a sign of healthy firms pouncing on an advantage to gain market share and build for the future. One of the Southeast's biggest such transactions in 2010 was Gilbane Building Co.'s acquisition of W.G. Mills Inc., based in Sarasota, Fla. It was a significant move for the Providence, R.I.-based Gilbane, which has had limited exposure in the Florida market

GILBANE BUILDING CO. Sarasota, Fla.

Acquired:
W.G. Mills
Combined
2009 Southeast
Revenue:

\$418 million
Gilbane will seek to expand W.G. Mills' focus on the K-12 market in Florida (above) plus health-care, higher-education and aviation work.

since it left the state roughly 20 years ago. According to ENR Southeast's most recent Top Contractors list, W.G. Mills ranked 29th in the Southeast, with more than \$274.6 million in 2009 regional revenue. Most of that money came from Florida, making the company the 10th-ranked contractor in the state.

Dan McConaghy, executive vice president for Gilbane, says the merger should help both firms. Gilbane hopes to expand the Florida-focused W.G. Mills beyond its business in the K-12 market, which is seen as stagnating overall. "We see a lot of work in Florida in health care, aviation and higher education, which are all strong suits of ours," he says.

Nodarse & Associates

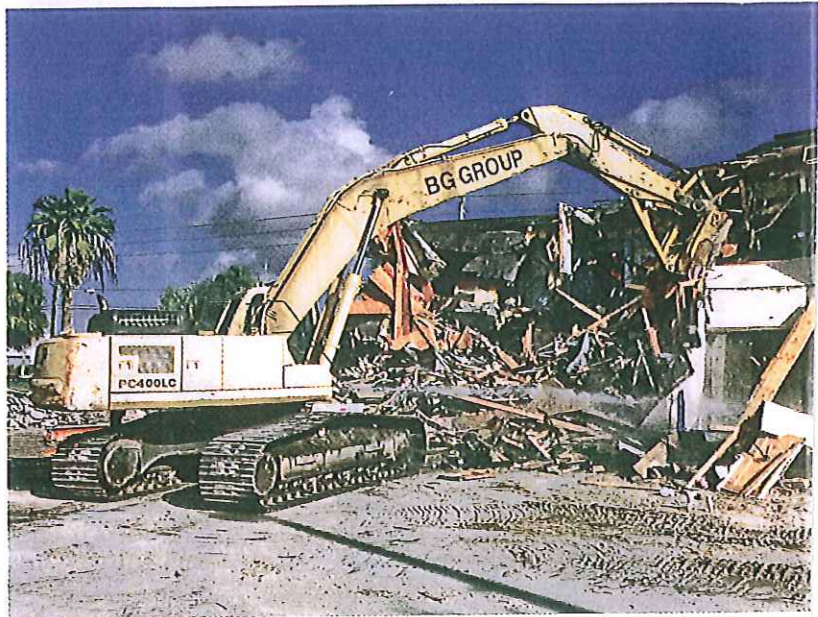
This geotechnical engineering firm is planning to expand into other markets

It's not just the giants of the Southeast's industry that will potentially lead the way to new trends and understanding of the market. Other, more organic expansions by smaller firms can be indicative of ongoing trends as well. The Florida-based environmental and geotechnical engineering firm Nodarse & Associates announced at the end of 2010 its plans to branch out significantly with new forays into Alabama, Georgia, North Carolina, South Carolina and Louisiana. Furthermore, the company opened a new office in Fort Lauderdale on Jan. 1 in anticipation of Broward County's extensive aviation program.

"A lot of our clients are starting to move into Georgia and the Carolinas," says Leila Jammal Nodarse, president and CEO of Nodarse.

Not immune to the economic downturn, the company has downsized, but it rebounded in 2010 with modest growth due in part to large and unusual projects, most notably work related to Florida's high-speed-rail project, Nodarse says. The company is working with the program management team of HNTB, which is based in Kansas City, Mo., and Wilbur Smith Associates, headquartered in Columbia, S.C., on preparing the design-build specifications.

Transportation and federal work represent Nodarse's primary markets. The company currently is working on the SunRail light-rail project in central Florida for Archer Western Contractors, based in Atlanta. Furthermore, the company is performing quality assurance and verification drilling at the Herbert Hoover Dike in Okeechobee, Fla. as a subcontractor to Bauer Foundation Corp. of Odessa, Fla., on the U.S. Army Corps of Engineers project. The firm also has secured a water well drilling license in Louisiana, so the company can pursue Corps projects in that state.



Suffolk Construction Co.

Firm continues its regional growth as it makes a major push into the health-care market

Another general contractor that's expanding its geographic and market reach and remains a firm worth watching in 2011 is the expanding Boston-based Suffolk Construction Co.

Rex Kirby, president and Florida general manager, says market conditions are tough all over, with bid protests from competitors more common and owners squeezing every penny. The South Florida high-rise condo boom is a distant memory for Kirby's southeastern regional office, so volume is down from its 2009 peak of \$390 million. Yet Suffolk has been winning new work consistently. "We have marketing and estimating cranking," Kirby reports.

The company is open to working in different markets. Suffolk is the low-bidder for a new, 14-story Miami-Dade County Children's Courthouse. The courthouse's base estimate is \$125 million, and about 140 people signed in at the project's pre-bid conference last winter. But Suffolk takes smaller jobs seriously, too. For example, the company is on the short list for a building at Payne College in Augusta, Ga. Further, it is bidding on an assisted-living-type facility in Palm Beach County as well as a new \$8-million laboratory in West Palm Beach for the South Florida Water Management District. "We have quite a list of stuff we're chasing," says Kirby. "The net's bigger to make sure we're looking at key opportunities outside our backyard."

Thinking ahead, Suffolk is setting up a new regional

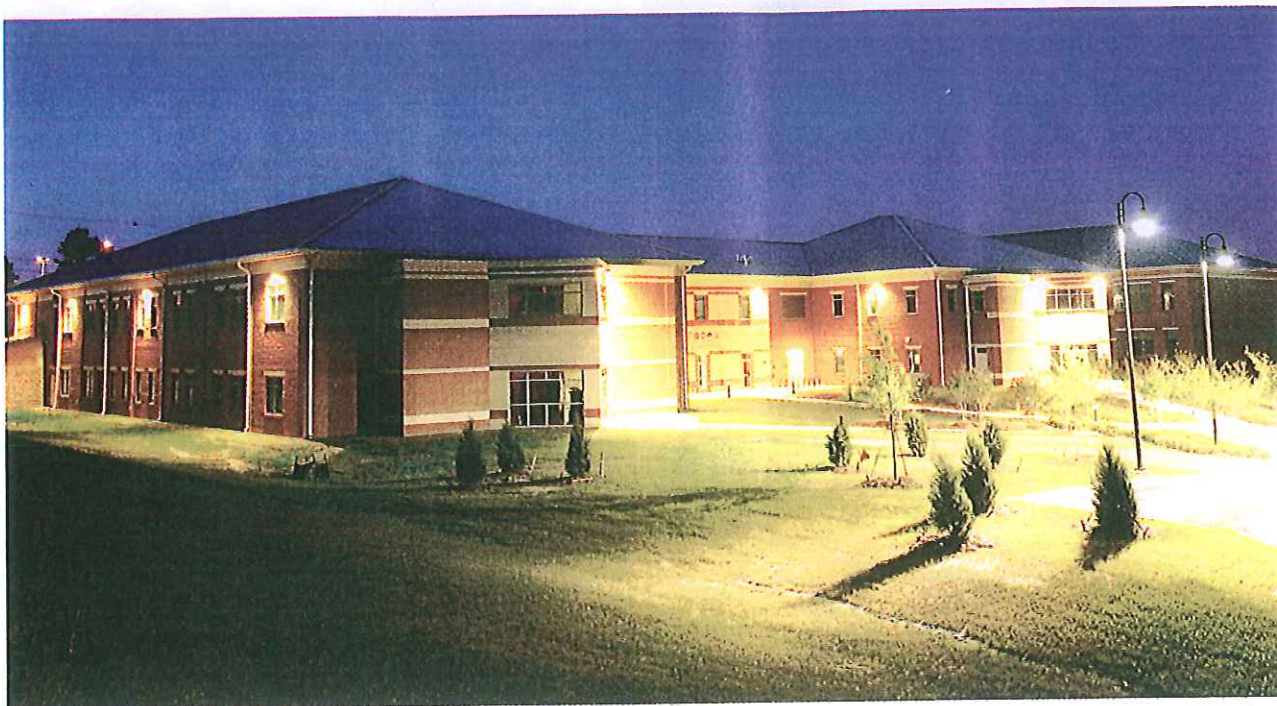
SUFFOLK CONSTRUCTION
West Palm Beach
President:

Rex Kirby
New Division:
Health Care
Suffolk is bidding on an \$8-million lab where an existing building is being demolished (above).

Suffolk is winning new work consistently. "We have marketing and estimating cranking."

—Rex Kirby,
Suffolk
Construction Co.

PHOTO COURTESY SUFFOLK CONSTRUCTION CO.



W.S. ATKINS
Tampa
Acquired: PBSJ
Combined 2009
Design Revenue:
\$2.7 billion
PBS&J has
experience on
military projects,
such as this
Chaplaincy Center
at Fort Jackson,
S.C.

health-care group in Nashville. The company wants to win more health-care, hospital and government work.

WCI
Will the reorganized residential developer come out on top in 2011?

Economists are repeating their predictions from a year ago that the nation's housing market is finally poised for a significant rebound. One Southeast firm symbolizing the housing boom—and bust—was Bonita Springs, Fla.-based homebuilding developer WCI. During the boom, WCI's luxury high-rise condominium projects dotted the southwestern Florida landscape, such the \$92.5-million Veracruz on Cape Marco. The company also developed numerous luxury single-family residential communities. However, when the residential market crashed, WCI filed in 2008 for U.S. bankruptcy protection, reporting an estimated \$1.8 billion in debt.

In November 2010, the developer announced it had retired \$300 million in senior debt as part of its reorganization and reduced its overall debt by 68% in just 15 months. WCI reports it is now shifting its focus "to re-establishing and growing its homebuilding operation and returning the company to profitability," according to a statement by David Fry, president and CEO. Russ Devendorf, WCI's chief financial officer, adds, "We continue to rebalance our asset portfolio to align with our go-forward homebuilding strategy. Our amenities and real estate service businesses continue to operate cash-flow positive. It's a solid position to build on."

On a bright note, the firm reportedly retained its profit margin on Fort Myers and Venice communities, where prices can exceed \$400,000. In 2011, the firm plans to build homes in three Naples and Coral Springs communities as well as restart sales and construction operations in other developments.

W.S. Atkins
The acquisition of Florida-based PBSJ Corp. has regional and global implications

The W.S. Atkins brand may not have been familiar to some in the Southeast's construction community, but it's likely to become more so in 2011, thanks to the U.K.-based design firm's recent acquisition of engineering giant PBSJ Corp., Tampa. The firm closed on its \$280-million cash acquisition of the transportation engineer and construction manager in October. The deal provides PBSJ with a capital infusion for growth.

The deal links Atkins—the industry's 11th-largest global design firm—to PBSJ and its \$513.9 million in 2009 revenue generated by the formerly employee-owned engineer. In the Southeast, PBSJ ranked second in regional design revenue, with about \$289 million from work in Florida, Georgia and the Carolinas; 43% of that amount came from transportation.

"We have the ability to take PBSJ into other U.S. states and to add technical skills," Keith Clarke, CEO of Atkins, told ENR. "We have strong complementary skills in water and environmental engineering in addition to building design." ■

PHOTO COURTESY PBSJ/W.S. ATKINS