

Economic Outlook 2005

By Joe McMahon, P.E., CEO



The Presidential Election is now behind us and we can look forward to the future. Our transportation business

is likely reflective of the economy. Uncertainties associated with the funding of TEA-21 Reauthorization have compounded the effects of high-energy costs and employment growth ups and downs and international terrorism. The outlook, therefore, is mixed.

Fortunately, our backlog is strong, currently totaling almost double the industry standard in months of work. This amount of backlog is good news given our 15 percent increase in net revenues in 2004.

The bad news is that a number of public clients are holding back on providing notice to proceed on various contracts due to uncertainty of the TEA-21 Reauthorization. Fiscal and economic uncertainty is also slowing some municipal projects, and even some private sector projects. The post-election fallout, however, is hoped to be optimistic.

Regionally, for McM, the situation varies. Florida, which stands to

(continued on page 4)

Where is our Transportation Industry Going? What Determines its Success?

by Rod Plourde, Ph.D., P.E., President

I was recently honored to be part of an engineering society panel discussion, addressing a number of challenges facing engineers today. One question raised was, "Where is our transportation industry going and what is important to its success?"

The general opinion was that our industry is sound, mainly because of two major reasons: the stability of the economy, and new infrastructure, along with replacement of our aging infrastructure, will always be a societal need.

The biggest boost, of course, to the transportation industry is the TEA-21 Reauthorization. By the count of the American Association of State Highway and Transportation Officials (AASHTO), the reauthorization was 404 days overdue as of September 30, 2004. Faced with losing \$1.8 billion in fiscal year 2004 obligation authority, and unable once again to reach agreement on a multi-year reauthorization package, Congress passed yet another extension, this time of eight months. Worse yet, the candidates running for the office of President have not addressed in any of their national debates the urgent need to replace, build and maintain our transportation infrastructure for the vitality of our nation, indicating that focus on this funding is not their top election priority.

Facing uncertainties

The delay in passage of the "ultimate transportation bill," has both engineering firms and engineers themselves asking, "What are the keys to our industry's continued success?" The buzz

word for firms is "flexibility," and for individual engineers, it is "versatility." Both are reflective of our industry's ability to adapt to the work in a funding-challenged industry.

Flexibility and versatility are keys to success

Flexible Engineering firms will be able to adapt to shifts in transportation needs and funding by region, by client type, and by type of service. A firm that does not rely solely on the shifting economic fortunes of one region, on one type of client, and providing one service is better equipped to weather fluctuations in a regional economy, slow downs by a client segment, and decreased demands for a specialized service. A diverse geographic, client, and services portfolio is preferable to "putting all your eggs in one basket!"

Similarly, engineers themselves will survive and prosper during uncertain times if they are versatile. Competency is, of course, always a given. Versatile engineers are those who possess cross training in more than one discipline or area of specialization (e.g. traffic studies and traffic signal design); have superior communication skills, verbal and written; and who are flexible as to work locations. These skill sets have firm value, and therefore client value.

A flexible firm and its versatile staff will succeed together! I'm proud to say McMahon Associates is one of those firms, having weathered many economic fluctuations in the past.

Did You Know?

On September 14, the Senate Appropriations Committee approved the transportation spending bill at a much higher rate than the

House Bill. The Senate Bill will provide \$34.9 billion for highways, \$7.75 billion for transit and \$1.217 billion for Amtrak.

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Ashmont Station to get \$44 Million Facelift

by Elizabeth Roberts, P.E., Senior Project Engineer



Ashmont Station was built in 1927 as an early bus-subway-trolley hub

Massachusetts Governor Mitt Romney and House Speaker Thomas Finneran announced September 22 plans to spend \$44 million to renovate the 77-year-old Ashmont Station, located in Dorchester, Mass.

Ashmont Station is located at the Red Line's southern terminus and is the largest MBTA station in the Dorchester area. It was built in 1927 as an early bus-subway-trolley hub. With

no major renovations since, the station suffers from an outdated configuration, and is in desperate need of repairs.

Plans for the station include a reconfigured concourse, improved accessibility for the disabled, automated fare collection equipment, and a new roof. Also planned are 28,000 square feet of street-side retail space and 120 mixed-income apartments.

To facilitate redevelopment of the station, the MBTA solicited proposals from private developers for construction of housing and retail uses within the existing station. The resulting transit-oriented development provides an economic stimulus to the area, while encouraging the use of transit. As part of the design team for the station renovation, McMahon is working as part of the development team to analyze traffic flow, particularly bus traffic, for the renovated station. The project is scheduled to be completed in 2007.

Mid-Atlantic REGIONAL NEWS

National Math Program Promotes Local Support

by Keith Bergman, P.E., Associate & General Manager

Like most engineers, I find myself wanting to give back to the community in which I live and work. One way to give back, of course, is to volunteer, but to what cause should one donate their time? A simple answer is: Donate time to an organization that betters the mind and has a positive impact on the youth of the community. McM recognizes MATHCOUNTS as just that type of organization.

MATHCOUNTS is a 21-year-old national math enrichment, coaching and competition program that promotes middle school mathematics achievement through grassroots involvement in every U.S. state and territory.

The rigors of being a Mathlete

After several months of coaching, participating

schools select students to compete individually or as part of a team in one of the more than 500 written and oral competitions held nationwide and in U.S. schools overseas. Winners at the local level proceed to state competitions, where the top 4 Mathletes and top coach earn the right to represent their state or territory at the national level. At all levels, MATHCOUNTS challenges students' math skills, develops their self-confidence and rewards them for their achievements.

The Pennsylvania Society of Professional Engineers (PSPE) is a regular supporter of MATHCOUNTS. As a representative of the Valley Forge Chapter of PSPE, I work with two other McMahon employees, Anton Kuhner, the Bucks County representative, and Karen O'Connell, to get schools involved and secure sponsorships.

The local event for Bucks and Montgomery counties this school year will be held at William Tennant High School on Saturday, February 26, 2005. If you would like more information feel free to e-mail or call me. You may also visit the MATHCOUNTS website at www.mathcounts.org.

Drainage on the Mind of Many After Hurricanes

by Kim D'Aprile, Administrative Assistant and Ibrahim Toure, E.I., Project Engineer

Once a roadway is designed, it is just as important to protect the integrity of the road's drainage systems as development occurs nearby.



Water collects in the street during one of the many hurricanes that hit Florida in recent months.

The need for adequate drainage in all development projects has been amply demonstrated in the wake of four hurricanes within about a month in Florida. Although few plans can accommodate the amount of water that poured onto Florida in such a short time, the seemingly mundane work of engineers, developers, and planners on drainage permits, water runoff features, and sewer systems now makes sense to many.

When development or site improvements are made in Florida, the Florida Department of Transportation (FDOT) requires a drainage permit. Permitting rules require that any development that might increase stormwater runoff on FDOT right-of-ways make accommodations for the excess water.

Design features aim to control water runoff

In the process of developing a site, grassy areas that allow water to percolate into the ground are sometimes replaced by impervious surfaces, such as roads and parking lots, which exacerbate runoff by increasing the speed (on sloping surfaces) or encouraging the pooling of water.

'State of Florida' – after the hurricanes

All of us at McMahon Associates would like to offer condolences and hope for a rapid recovery to those who have suffered in the wake of the devastation caused by four recent hurricanes — Charlie, Frances, Ivan, and Jeanne.

Fortunately, McMahon's Palm Beach Gardens, Fort Lauderdale, and Cape Coral offices suffered no losses, and all staff were personally blessed through the storms. Each of our

To manage runoff and accumulation of water, features such as wet and dry ponds, swales, exfiltration trenches, wells and underground storage can be designed to slow and direct excess water into the system.

Special attention is paid to new site changes. For example, if a private site hasn't previously discharged water into an existing FDOT sewer system, developers must make other provisions for runoff. Only applicants proving a pre-development discharge into FDOT right-of-way may continue doing so in a manner acceptable to FDOT.

Our Florida offices were fortunate to weather the hurricanes without disaster. At the same time, we are reminded that our behind the scenes work for the residents of Florida can truly minimize the devastation of the forces of Nature.

offices maintains their availability to serve clients with our responsive transportation solutions.

Staff from our Pennsylvania and Massachusetts offices generously took up a collection, for which our company matched two dollars to one, to aid those less fortunate in the state. If you would like to contribute to the relief fund, visit www.fema.gov/rrr/help2.shtm.

NEW ENGLAND

- Traffic signal and driveway access design for Shaw's Supermarkets, Inc., Town of Saugus, MA
- Bus Shelter Improvement Program for Massachusetts Bay Transportation Authority (MBTA)
- Ashmont Station Renovation and Traffic Analysis, MBTA

FLORIDA

- Development of Regional Impact Traffic Study, Pompano Beach, FL
- Governmental Center PUD Traffic Study, Lee County, FL
- Traffic Engineering Services of a Comprehensive Plan Update, City of Port St. Lucie, FL

MID-ATLANTIC

- Rosedale Memorial Park Layout, Bensalem Township, Bucks County, PA
- Sunrise Development Highway Occupancy Permit, Upper Dublin Township, Montgomery County, PA
- Boundary and Topographic Survey, Trinity Capital, East Goshen Township, Chester County, PA

Answer: (from page 4)

The six domains of practice, which are the foundation of SMPS' Certified Professional Services Marketer (CPSM) Program, are:

- Marketing Research
- Marketing Plan
- Client and Business Development
- Statement of Qualifications/Proposals
- Promotional Activity
- Information, Resource, and Organizational Management

To learn more about SMPS and the knowledge areas/skill sets within each domain, or to participate in any of the regional Chapter programs and networking events, visit www.smps.org.

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increase its funding from TEA-21. Reauthorization, is also blessed with a vibrant economy. Palm Beach County, our Florida epicenter, is the location of The Scripps Research Institute's (TSRI) east coast expansion. TSRI, said to be the biggest thing to hit Florida since Disney, will generate as many as 50,000 jobs in 25 years. A multitude of related private projects have started and department of transportation, county, and municipal government activities are strong.

Our 30 percent growth in Florida is based on major new work supporting our Palm Beach, Fort Lauderdale, Fort Myers, and Miami (coming in early 2005) locations. Included are several projects ranging from 2,000 to more than 6,000 acres.

In New England, despite the "Big Dig" (Central Artery/Tunnel Project) winding down, MCM's work is solid. Additionally, a wealth of public and private good prospects threaten to create a delightful conundrum if they all start at once. However, our full integration across offices has resulted in several great examples where strong client project demand has been successfully met by distributing work electroni-

cally to staff in other offices.

Pennsylvania is our largest center, with three offices plus plans for our first permanent New Jersey office in early 2005. As with the other two regions, backlog is strong. However, delays to several larger projects have required temporary importing of some design work.

TEA-21 Reauthorization is likely to provide proportionally less funding to Pennsylvania. The state's 42,000 miles of state highway rely heavily on generous federal funding formulas. In the past, the state has received almost \$1.15 for every \$1.00 in gas taxes sent to Washington. Once TEA-21 Reauthorization is finalized, the state will move forward. Initiatives to secure other financing are already underway. One such example includes the possibility of making Interstate 80 a toll road.

The 2005 outlook firmwide mirrors the economy. While not projecting major growth, we foresee steady expansion. Economically, as observed by many (including the Federal Reserve), the nation has transitioned from the increased growth of recovery to the rate of a steady sustained expansion.

We Answer Your Transportation Questions

Our traffic engineers will answer your question in the following issue. Submit your questions via email to fortwashington@mcmtrans.com.

Question: (from previous issue)

The Society for Marketing Professional Services (SMPS), a national organization for education and information in marketing professional services in the A/E/C marketplace, conducts a practice analysis of professional services marketing. Can you identify the six domains of practice that articulate and confirm the profession's body of knowledge and the skills most critical to professional competence?

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