

Business Review

Companies • Trends • Entrepreneurs • CEOs

The Weekly Newspaper for Gulf Coast Business Leaders

Restoring Profits



Dan Harte keeps Tampa Contracting Services going through the downturn by taking on the “weird” wetland restoration projects that few other construction companies are interested in even bidding on.



Mark Wemple

Dan Harte quit his job as a high school physics teacher to start a home renovation business in the mid 1980s. That venture has since grown into Palmetto-based Tampa Contracting Services, a construction company that specializes in habitat restoration projects, such as this one in Terra Ceia, on the southern end of the Sunshine Skyway Bridge.

Uncommon Heart

Despite the downturn, a Gulf Coast construction firm keeps on winning by sticking to what it does best: The ‘weird stuff.’

In the mid-1980s, Dan Harte would look at the bi-weekly paycheck he received as a high school physics teacher in Pinellas County and mutter to himself.

So much for a master’s degree. So much for Teacher of the Year.

“This is nuts,” he would say, wondering how he was going to stretch the dol-

lars to provide for a growing family.

Harte decided to do something about his plight, beginning with turning his hobby of building forts as a teenager into a second business renovating homes. Twenty years later, that business has turned into one of the more unique construction firms on the Gulf Coast.

His company, Palmetto-based Tampa Contracting Services, specializes in the field of restoring wetlands for public entities. It’s a place many other contracting firms wouldn’t touch with a super-sized excavator, mostly since it involves dealing with multiple layers of government bureaucracies.

A Swell Opportunity

Dan Harte doesn't necessarily consider himself a 'green' devotee when it comes to construction and real estate development.

Nonetheless, he thinks he's onto something in creating a new green way to make some green in the real estate development industry, in spite of the industry's crippling downturn. The idea stems from Harte's main business, Palmetto-based Tampa Contracting Services, which has become one of the Gulf Coast's most prominent firms specializing in wetlands restoration.

Tampa Contracting, however, simply bids on restoration jobs run by other entities. So about a year ago, Harte thought he could make a business out of buying wetlands on his own, restoring the properties and selling off the work to other developers. The developers, under Florida and federal laws, can then turn in the restoration work for credits, or offsets, that can be key components in getting a large-scale project approved.

"There isn't anybody out there that is doing this," says Harte. "It's a real neat concept."

The company Harte formed to carry

out the plan is South Swell Development Group. Harte and his brother, Rob Harte, who built up Chicago-based PRM Realty Group into a \$2 billion development firm over the last 20 years, run the company.

The Hartes are currently in the middle of two development stages for the South Swell. One is seeking out land purchases and the other is recruiting private investors to help pay for those deals.

The push for investors is underway. According to an investment prospectus the company recently released, South Swell will "engage in an aggressive acquisition plan that not only capitalizes on the current real estate cycle, but also delivers a development strategy that provides a 'non-traditional' opportunity to create near-term cash flow."

So far, the company has received about \$1 million in investment capital, which is about \$9 million short of its ultimate goal of \$10 million. But with the economy in tatters, Dan Harte says he's happy with the progress.

"We are just cranking along," says Harte. "It's better than I thought it would be."

Harte, on the other hand, has taken on jobs for a flock of agencies, including the U.S. Department of the Interior, the U.S. Navy, the Florida Department of Energy and the Southwest Florida Water Management District, better known as Swiftmud.

"I get along real well with those people," Harte says. "They don't scare me."

That kind of fearless attitude, combined with the willingness to do what others firms won't touch, has been the impetus of a growth spurt at Tampa Contracting Services. The company's revenues increased

132% from 2004 to 2007, from \$2.8 million in 2004 to \$6.5 million in 2007.

While growth slowed to zero in 2008, the company was able to surpass \$10 million in total bonding capacity, a benchmark figure government entities look for when bidding wetlands restoration and other public work. The slowdown also hasn't caused Harte to lay off even one of the company's 20 employees, all of whom work out of the company's headquarters, a converted barn across the street from Port Manatee near the Hillsborough-Manatee county line.

Stealth approach

Harte is now tackling the economic downturn in the same fearless, analytical fashion he did to turn his personal financial fortunes around 20 years ago. It's a deft skill he picked up not only from his love of physics, but also from his favorite hobby: sailing. Harte owns a 62-foot sailboat, which he recently sailed across the Atlantic, leaving Fort Lauderdale in May and arriving in Portugal two months later.

Harte's first line of attack in fortifying his business has been to go complete contrarian in forming, of all things, a real estate development firm. The idea was to take advantage of his knowledge in the stipulations, rules and regulations inherent in wetlands and habitat restoration. That company, South Swell Development Group, recently secured \$1 million in private investment capital. (See related story.)

Meanwhile, Harte continues to use a stealth approach in winning bids for Tampa Contracting Services. He bids only five or six jobs a year, normally beating out larger competitors by devising a system of maintaining profitability through being both low-debt and low key. Indeed, Tampa Contracting is so low-key that it doesn't even have a Web site.

"I've been under the radar for 10 years," says Harte. "But I still win bids against bigger competitors."

The quiet approach belies the company's abilities. "I like a job that is complicated," says Harte. "The more complicated, the better."

In some instances, complicated means building a community park with more park than most, such as constructing a pool with water slides, unusual parking lifts and other modern-day park components.

Other times, complicated mean constructing stormwater runoff treatment centers known as alum facilities, which use aluminum to remove pollution from a lake or pond. State and local agencies

Dan Harte, Tampa Contracting Services: "I've been under the radar for 10 years. But I still win bids against bigger competitors. I like a job that is complicated. The more complicated, the better."

have only recently begun to use alum treatment plants as a low-cost alternative to other methods, although the concept has been around for 20 years.

Tampa Contracting Services has capitalized on that mini-boom, Harte says, having built four of the six alum facilities in Florida, including one in Hillsborough County. The company is also currently working on a \$6 million alum treatment center project in Lake Seminole in Pinellas County.

For just about any project the company takes on it helps that Harte, who says his physics DNA gave him the genes to want to build all “the weird stuff,” long ago earned state certifications in commercial pool construction and general utility construction. This way, Harte and his team can do most of the site work, planning and execution for a given project in-house, eliminating many sub-contractor hassles.

Harte is also a big proponent of using technology to simplify the work of the crews in the field. For instance, a few years ago Harte began outfitting the company’s bulldozers and excavators with GPS equipment and coordinating video screens, to take the guessing work out of dredging and digging.

The equipment, which Harte says cost about \$500,000 to implement, allows field workers to dig precisely where they need to be digging and to the exact length. The company’s bulldozers even have specialized toggle switches that go into automatic digging mode when the target is less than three inches away. “It’s almost like a video game in there,” Harte says of the company’s retrofitted bulldozers.

While costly in the short-term, the technology, says Harte, allows the company to save time and money in the long-term. On most projects, for example, the company doesn’t have to hire a surveyor or use stakes, poles and other assessment equipment.

Perks and compromises

While alum stormwater treatment facilities and community parks are a large chunk of Tampa Contracting’s portfolio, it’s not where the company built its reputation.

Instead, that would be in wetlands and habitat restoration. The company recently completed a major restoration project at Port Redwing, a unit of the Tampa Port Authority. Its current projects include working on a 350-acre job at Terra Ceia, a small island outside the company’s headquarters, near the southern end of the Sunshine Skyway Bridge.

Like most other jobs the company takes on, habitat restoration sticks tightly to its theme of keeping stuff complicated. The work involves a systematic and precise line of dredging, excavating and reshuffling.

And of course, it includes dealing with multiple layers of government. Those layers are sometimes double-edged, Harte says. While he’s developed a good rapport with many agencies, he has also realized over the years that doing government work is basically a series of tradeoffs.

Those tradeoffs usually revolve around getting paid. One compromise is that while Harte’s profit margins on government jobs might shrink, the agencies normally have deep pockets, which min-

imizes delinquent accounts — no small feat in a troubled economy. And past the actual amount of money a project is worth, says Harte, there is the speed of payment, another compromise. “Invoices are slower than hell,” says Harte, “but at least you get paid.”

Habitat restoration also has some perks. For starters, the complex process serves as a competitive buffer for Harte, as few firms are willing to take on the work. Most of the jobs Harte bids on have less than five other bidders, a stark contrast to the downturn-induced overcrowded bidding environment seen at more mainstream projects.

Another aspect that makes the habitat restoration work different than building a house, school or strip mall is the success measurement. Unlike a touchable building, a habitat restoration project, says Harte, is judged based on the amount of fish, birds and plants that return to the area within five years. Harte says the company has always met its restoration goals.

When Harte went from home renovations to commercial construction in 1988, he didn’t envision becoming an expert in habitat restoration. Says Harte: “I didn’t wake up one morning and say I’m going to be the premier habitat restoration contractor in the area.”

But that’s almost how it happened. Harte actually did get up one morning in 2002 and in skimming a contractor bulletin for public works jobs, he zeroed in on a habitat restoration project up for bidding on City Island in Sarasota. He met with the Switfmud officials running the project, bid on it and won it.

“It turned out well,” says Harte. “It was a lot of fun.”

SOUTH SWELL DEVELOPMENT GROUP

South Swell Development Group
11008 US 41 North, Palmetto, FL 34221
FL • 941-729-8987 IL • 630-493-4597
SouthSwellDevelopment.com



Tampa Contracting Services, Inc.
11010 US 41 North, Palmetto, FL 34221
Office 941-721-7711
Fax 941-721-7733