

Construction Firm Works From Solid Base of Military Projects

BUILDING: Harper Also Does Education, Retail and Other Areas

By LOU HIRSH

As the largest San Diego County-based general contractor by revenue, which reached \$359.8 million in 2010, **Harper Construction Co. Inc.** has also been among the most successful at tapping into the region's military construction boom of the past four years.

Construction at local military bases has quadrupled during that period and is expected to top \$1.5 billion this year. Industry observers caution that the building streak will likely trail off starting in 2012,

as Congress and the White House debate looming budget cuts that won't leave the Pentagon unscathed.

However, recent **Defense Department** awards indicate that Harper and some of its local competitors will be kept busy with military work nationwide for the foreseeable future, even if some projects get put on hold.

On Defense

For instance, the Pentagon announced on Aug. 31 that Harper has been awarded a \$67 million contract to build three bachelor enlisted quarters, with up to 400 bedrooms, at Marine Corps Base Camp Lejeune in North Carolina. Then on Sept. 12, it announced that Harper has received a \$40 million contract to design

and build a naval aviation training center at Marine Corps Base Camp Pendleton near Oceanside.

Harper Construction ranks second overall on the **San Diego Business Journal's** list of the largest private companies with headquarters in San Diego County. It also placed at No. 40 in the U.S., based on revenue, on the 2011 list of the largest design-build contractors, published yearly by **Engineering News-Record**, a prominent construction industry magazine.

Owner and President **Jeff Harper** could not be reached for comment. In past interviews, Harper has said his firm has hundreds of workers and subcontractors spread throughout the nation doing military projects at various times, covering all types of facilities — including recruiting,



HARPER CONSTRUCTION CO. INC.

CEO: Jeff Harper.

Revenue: \$359.8 million in 2010; \$251.4 million in 2009.

Local Employees: Approximately 100.

Headquarters: San Diego (Little Italy).

Year founded: 1974.

Company description: Design-build general construction contractor.

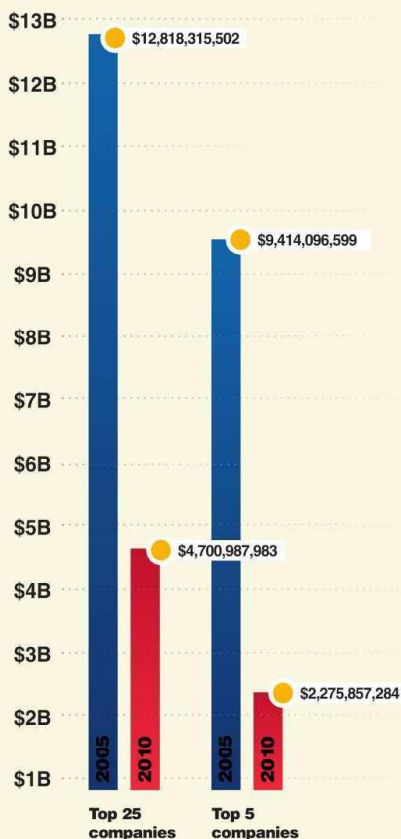
Key factors for success: Strong presence in military, civic and commercial building sectors; projects are spread throughout U.S.



Jeff Harper

PRIVATE COMPANIES

Revenue 2005 vs. 2010



In 2005, the No. 1 company on the San Diego Business Journal's Private Companies list was Science Applications International Corp. With revenue of almost \$7.2 billion, SAIC was more than seven times the size of the top-ranked company on the 2010 list, DJO, with just under \$1 billion in revenue.

After operating near La Jolla since its founding in 1969, SAIC relocated its headquarters to McLean, Va., in 2009.

Eliminating SAIC from the top five companies in 2005 and comparing revenues of the next five companies to those of the top five of 2010 shows a decline in revenue of 10 percent, not nearly as precipitous as the graphic indicates.

2005 Top 5 Companies Revenue in millions

1. Science Applications International Corp. \$7,187
2. Corky McMillin Cos. \$880
3. La Mesa RV Center Inc. \$533
4. Barnhart Inc. \$486
5. Goal Financial \$328

2010 Top 5 Companies Revenue in millions

1. DJO Global Inc. \$966.0
2. Harper Construction Co. Inc. \$359.8
3. One Source Distributors LLC \$335.0
4. Technology Integration Group \$317.7
5. Kleinfelder Inc. \$297.4

housing and related infrastructure.

The San Diego-based company, in business since 1974, has done work over the years for all of the four principal armed services. While the military has been a key focus in recent years, it also works in the education, health care, apartment and retail arenas, among others.

Harper and other contractors on the local largest-company list, including **Solpac Construction Inc.**, **T.B. Penick & Sons Inc.** and **Reno Contracting**, have been bolstered by civic and military-related projects at a time when most types of commercial construction have become scarce.

According to the research firm **IBIS-World Inc.** in Los Angeles, municipal building construction in the U.S. — including government, military and public education work — has grown an average of 1.6 percent annually over the past five years, generating an estimated \$104.2 billion in revenue and \$9.4 billion in profits for companies in that field in 2011.

Commercial construction has been more lucrative for companies finding work, but that sector has been shrinking 8.6 percent annually in the last five years.

Changes in Spending

Kathleen Ripley, a construction industry analyst for **IBISWorld**, estimates that military construction spending nationwide will decline 5 percent in 2012, following several years of increases. However, work geared to improving housing for military personnel and their families — such as what is being done by Harper and other local firms at San Diego County military bases — is likely to be given high priority for completion by the Pentagon.

Other types of defense infrastructure could be at the mercy of debates in Washington over spending cuts.