OUR MISSION

Since 1956, ASPE serves the construction & engineering industries by providing education, training, fellowship and opportunities for professional estimating development.
Hello Everyone,

The holidays are over and we have an opportunity to making serious changes and progress towards better times. I have asked the new Chapter members to draft their Bio’s for future Newsletter publications so we can get to know them. The educational meeting speaker for January is an expert Web Designer, Developer and Search Engine optimization Specialist. We all need guidance to where the optimum services and who the best providers are to keep our skills and talents in front of those most likely to want or need them. In my opinion, everyone attending this meeting will take away new knowledge and be captivated with his presentation.

The Board of Directors, Officers and Chair Persons of our Chapter planned to meet in December but scheduling conflicts forced the months meeting to be canceled. The Chapter Board of Directors are meeting January 4, 2012 and continued to plan and calendar events and programs for the year. We received notification the IRS had received our Chapter’s application for not for profit status in December. Unfortunately, Chapter will not be able to receive credit cards electronically and through the website until the Federal Not for Profit status is granted by the IRS. Using credit cards to pay for attending events will actually reduce the Treasurer’s accounting effort by automating the transactions and recording them through the computer in addition to
President’s Message

reducing Chapter expenses from those who make event reservations and do not show.

Every ASPE Chapter member is welcome to attend our Board Meetings and to contact any of us at any time if they have any suggestions or questions or visit our Board or communicate to the Board members through the Chapter Facebook page. Please see me or contact me and I will be sure to send you an invitation with the Agenda and the previous months Meeting Minutes if you wish to attend a Board meeting.

I want to announce we are looking for ideas for social events, the Academy Day Seminar and job site walks from our chapter members. We will be reaching out to college students to get started in planning events to educate and stimulate interest in estimating. We are in the midst of planning an 11th Hour bid day simulation seminar. We are targeting college students and the industry at large. Berah Taylor has committed to work on the 11th Hour seminar committee and Carri Morones has agreed to help where and when she can. We need one more person on the committee to work with Chapter 4 San Diego and Chapter 68 Inland Empire in putting this event together and to be a success.

To keep abreast of our industry’s technical advancements, promote professional ethical estimating practices in our industry and to sponsor events leading to that end requires total Chapter participation and support. Your participation by joining one of our committees will not only be rewarding but will certainly contribute to the success of the Chapter’s efforts.

Gregory R. Clayton
Search Engine Optimization (SEO): How to Get More Online Visibility for Your Business

Presented by Nick Beske

Date
Wednesday, Jan 11, 2012

Time
5:30 p.m. Social Hour & Networking
6:30 p.m. Program & Dinner

Location
Ayres Hotel 325 Bristol St. Costa Mesa, CA 92626

Cost $40
(Includes Appetizer, Choice of entrée of Chicken Cordon Bleu OR Salmon fillet OR Teriyaki Beef Skewers, dessert, coffee/tea)

RSVP at www.aspechapter3.org

Background & About Point Click Productions

“I grew up on the net and built my first web page in 1996 as a freshman in high school on windows95 with Notepad and free hosting from GeoCities. Back then all I needed was a library card and dialup connection. Today I have a dedicated server, full blown development environment and a handpicked team of highly talented, creative folks with a passion for online business building.”

Nick Beske is the founder of Point Click Productions, a web and graphic design studio in Huntington Beach specializing in intelligent web design, targeted branding, search engine optimization, and more.
Presentation Outline

Search engine optimization is more than just a buzzword—it’s become a central fixture of every well designed website. Your site’s ranking in organic search results, such as Yahoo and Google, is the single most important factor in its visibility, which in turn impacts the number of clicks and conversions. If SEO isn’t on your radar, your site could be all but invisible to the clients who are searching for your expertise.

There are dozens of ways to get more eyeballs—and dollars—to your site through search engine optimization. Come listen to Nick Beske, a young, energetic, over-the-top expert Web Designer share extremely valuable information to help you build your business.
Back in October I wrote about estimating site development work and not being required to be the low bidder. I was trying to portray the voice of a non-interested third-party unbiased opinion of the costs to complete a project. The article was “technical” in nature and now I am following up on the ethical effects of producing a third-party non biased opinion of “finished lot” cost in the land development industry.

**Finished lot costs** are those site development costs that include hard costs, soft costs and governmental fees. The hard costs relates, in general (and by no means all-inclusive) to clearing, grading, retaining walls and fences, wet and dry utility construction, concrete and street improvements, landscaping, common area improvements, i.e. interior walls, area drains, pool, recreation building, landscaping, tot lots, pocket parks, etc. The soft costs refer to civil engineering, soils and geotechnical, paleo, archeo, hydrology and sound studies; and, numerous consultants utilized for design and during construction. Fees are categorized into fees paid in order to file the final map and impact fees required to be paid prior to “pulling” a building permit. Also included are school fees that are paid prior to obtaining the building permit. Obligation and responsibility of paying fees are those of the site developer until such arrangements are transferred over to the builder by way of a contractual obligation.

The development of these costs are based on estimates from the consultants for soft costs coupled with a project site estimate provided by a qualified estimator. In addition, the fees are specifically calculated based on locale and can include over 80 different components for fees, permits, plan check, inspection, etc.

Once a finished lot cost is developed a series of negotiations typically take place between a buyer and seller of a specific piece of property. The finished lot cost is used...
to determine a land residual value. For example, a finish lot cost of $63,175 per lot added to a house construction cost of $160,000 (2,500SF @ $64/SF) totals $223,175. Throw in $30,000 for profit, marketing, sales, carry costs, etc. and you get $253,175. If homes in the area are selling for $300,000 (Inland Empire), the land residual value is $46,825 per lot and if there are 263 lots within the 73 acre parcel the cost of the land would be $12,314,975 or $168,698 per acre (approx. $3.87/SF).

Builders understand their building costs and have an incredible data bases and history of cost by product type, by location, by square footage, etc., and builders can drive the neighborhood and see what homes are selling for, the “unknown” is the site development cost. This is where the negotiation takes place and where ETHICS prevail.

Here is the tricky part. As my good friend Gennady Chihzik says, “think about it.” If the site development cost is higher, the residual land value decreases; if the site development cost is lower the residual land value increases; thus, the ethical approach to providing the best opinion of probable development cost. The selling price of the home is fixed. The construction cost of the home is basically fixed. The variable is the site development costs. Is the grading worth $1/CY or $2/CY; is the 60” storm drain $130/lf or $160/lf; is curb & gutter $12/lf or $18/lf; are retaining walls $28/SF or $35/SF; is the asphalt paving $72/TN or $80/TN; is common area landscaping $6/SF or $3.50/SF?

As you can see, based on one’s estimating ability (and basis of costs, as discussed in my October article) the site development costs can vary and affects the cost of land. Again, a higher site cost equals lower land value and vice-versa.

Example of a Site Development Pro forma Summary:
By Steve Murow

Ethics Article
There are several back up sheets with numerous scope of work line items and unit pricing that roll up to generate the summary sheet.

**Sample Calculation of Land Residual Value:**

Site Development Cost = $63,175 (Per Pro forma - $16,615,088/263 Lots)

House Construction Cost = $160,000 (2,500SF @ $64/SF)

Site Development and House Construction = $223,175 per Lot

Builder profit, carry cost, marketing, misc costs = $30,000 per Lot

Total Cost per House = $253,175

Home Prices in Vicinity are $300,000

Therefore, Land Residual Value (the delta) = $46,825 per Lot x 263 Lots = $12,314,975

Unfortunately, there are those in the industry who expect the site development cost to “change” based on the side you are advocating for, or who is paying your invoice. We had a client state that if the costs weren’t reduced; hence, increasing the land residual value, there would be no “deal” made and therefor no money to pay our $15,000 invoice. Obviously, we were working for the seller of the land; and, did not get paid.

Honesty and integrity still remain the forefront of our core values.

*Steve Murow is VP at The Moote Group in Santa Ana providing site development pro forma’s and expert witness & litigation services to the real estate industry.*
i wanted to take a minute to review a fundamental element of an estimate. Checking your work product. Most estimators today have one if not two decades of experience behind them. We remember the Stone Age days when we used a scale, a takeoff sheet and a number two pencil. It was imperative in those days to take your quantities off three times and use the average of the three. As the old saying goes, measure twice, cut once. That same principal is even more valid today. Most of our estimates today are electronic in nature using software like OnScreen Takeoff, QTO and populating into database platforms like Timberline, MCACES, or SUCCESS. Although we can do the estimate in half the time, the element of mistakes is still present.

i recently worked with a Senior Estimator performing a takeoff for a building slab. Pretty basic stuff right? The area was input into Timberline and the quantity was off by a factor of five. How did this happen? When the Architect drew the slab on CAD. The final drawing had five layers of the same area. The estimator’s credibility was in jeopardy had he presented the quantity derived from OnScreen Takeoff. Constant “sniff tests” or “gut checks” are in order and experienced estimators will be constantly checking work product to ensure a solid deliverable. The takeoff is the first step to a comprehensive estimate and it has to be right.
Another example is at least once a week we find a drawing with a scale that is incorrect. Again, double checking our work we find the scale is incorrect, we adjust and move on. If the mistake is not discovered, our credibility is at risk and the entire estimate is questioned. Architects just like estimators are under time constraints and mistakes will be made. For the estimator however, mistakes are not a luxury and in most cases are inexcusable.

Do yourself a favor and continue to thoroughly check your work.

Mike Mills
CPE.
Re-caps, Re-caps, Re-caps
by Dan Schottlander

December 14, 2011
Dinner Meeting

On Wednesday, December 14, 2011 ASPE OC chapter had our dinner meeting at the Ayers Hotel in Costa Mesa, CA. Our guest speaker was Mr. Andy Howard a construction / contracts attorney for Alston & Bird LLC of Los Angeles, CA.

The topic was entitled “Estimator Liability.” The first portion of the discussion was about legal theories and precedents regarding cost estimates. When actual prices are higher than what was originally estimated, estimators can be liable for damages. Currently, there are inconsistent legal theories regarding breach of contract, expert testimony and recovery for damages.

An architect’s estimate of a project’s costs can be considered to be a purchase of a service and not insurance for design defects. Some courts may interpret this differently. The contract may stipulate that an engineer’s estimate be provided and detail the requirements and the estimate’s accuracy range. Is the actual design within the Owner’s budget? If not, was the scope of work modified? What is the implied obligation for the architect to stay reasonably informed on design matters affecting building costs?
Architect’s damages for poor estimates may result in loss of fee, the cost of A/E redesign or legal damages for delay or increased cost of construction. Actual underestimation could lead to a breach of contract or litigation.

Architect’s can protect themselves by legal contract language eliminating cost guarantees. Limits of liability can be negotiated. Project specific insurance can be purchased. Documentation detailing records of estimate development and design changes should be maintained.

Contractor’s can be liable for estimates as well. The contractor promises to perform for a specified price. If the contractor fails to perform for the stipulated price they can be liable for damages. Contractor estimates can be affected for many reasons including market conditions, material cost fluctuations, unique project requirements, labor costs, project sequencing, site conditions, etc.

Contractors must deliver the project at the proposed estimated cost. If not, they may become legally liable for Owner damages. Contract documents maybe ambiguous or incomplete. In order to recover, a contractor must prove that the questions of ambiguity were raised at the time of bidding. Proof can come from the estimate. What was the contractor’s interpretation? Insufficient, inaccurate or incomplete estimating files can be fatal.

Contractors can protect themselves from legal liability by extensive documentation throughout the estimating process. Retaining detailed notes on how quantity take-offs, and how pricing was performed are critical. Quality controls and third party reviews may also protect the Contractors estimates for accuracy and prevent possible liability.
Thoughts or Suggestions?

We are looking for your ideas and input regarding our newsletter and dinner programs. Do you have an idea for an upcoming dinner meeting? Would you like to be a presenter at one of our dinner meetings? Is there a topic of discussion that we should write an article about? Would you like to be a contributor to our newsletter? Please contact ChiaYen Yuan at ChiaYen.Yuan@fgould.com.

Membership

Applications for membership can be downloaded from the national website- www.aspenational.org, or on our local website- www.aspechapter3.org. For more information, contact Greg Clayton at gclayton@4cei.com.

by Dan Schottlander

Dec. Dinner Meeting

The topic was informative and reminds all of us the importance of preparing accurate and detailed cost estimates, in order to prevent legal liabilities.

Dan Schottlander

CPE.
Carri Morones, CPE, CIT

Carri Morones returned to the Southern California area this summer after spending 4 ½ years in Las Vegas. While there she worked as a Project Manager for Dynalectric Company on the Cosmopolitan of Las Vegas. It was a unique experience, building a resort hotel and casino, particularly since the property experienced a complete redesign of major areas after being taken over by the bank following foreclosure. In addition she was responsible establishing document control for the project and processing change order pricing in the multi-millions of dollars. Carri began her career in electrical construction working for Dynalectric Company in Cerritos in the early 1980’s as a Project Administrator. A quick learner, she began to help the project managers with their change order take offs, which eventually lead to a position in the estimating department a few years later.

Carri has completed National Electrical Contractor Association (NECA) Estimating II and III courses as well as attending several estimating classes at local community colleges. In 2004 she joined the ASPE after discussing the potential benefits with long time National Association of Women in Construction (NAWIC) friend Patsy Smith, who is the ASPE Director of Administration. Carri has been a NAWIC member for 14 years. “I was looking for an organization that truly represented my work peer group”, Carri explains. “Patsy suggested I join ASPE even though I lived in Bakersfield and the closest chapter was in Los Angeles”. A little investigating revealed that there is a partnership between NAWIC and ASPE, which she continues to promote. Another benefit was the Certified Professional Estimator program. Immediately after joining ASPE she began working on her CPE, which she earned in November of 2005. While in Las Vegas she was the Certification Chair for the local ASPE Chapter.

Carri is currently working for Mammoth Electric as their Chief Estimator. She is active in the local ASPE and NAWIC Chapters and is active in her church including singing in the choir. Her son is an electrical apprentice in Bakersfield where he lives with her grandchildren. Carri’s other interests include reading, music and continuing her studies as a Certified Coach.
Advertising Opportunities

If you would like to advertise with us, contact ChiaYen Yuan at chiayen.yuan@fgould.com

For more details

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COMPANY MEMBERS

Canon #1
Professional Estimators shall perform services in areas of their discipline and competence.

Canon #2
Professional Estimators shall continue to expand their professional capabilities through continuing education programs to better enable them to better serve their clients, employers and the industry.

Canon #3
Professional Estimators shall conduct themselves in a manner, which will promote cooperation and good relations among members of our profession and those directly related to our profession.

Canon #4
Professional Estimators shall safeguard and keep in confidence all knowledge of the business affairs and technical procedures of an employer of client.

Canon #5
Professional Estimators shall conduct themselves with integrity at all times and not knowingly or willingly enter into agreements that violate the laws of the United States of America or of the states in which they practice.

Canon #6
Professional Estimators shall utilize their education, years of experience and acquired skills in the preparation of each estimate or assignment with full commitment to make each estimate or assignment as detailed and accurate as their talents and abilities allow.

Canon #7
Professional Estimators shall not engage in the practices of "bid peddling" as defined by this code. This is a breach of moral and ethical standards, and a member of this society shall not enter into this practice.

Canon #8
Professional Estimators and those in training to be estimators shall not enter into any agreement that may considered acts of collusion or conspiracy (bid rigging) with the implied or expressed purpose of defrauding clients. Acts of this type are in direct violation of the Code of Ethics of the American Society of Professional Estimator.

Canon #9
Professional Estimators and those in training to be estimators shall not participate in acts, such as the giving or receiving of gifts, that are intended to be or may be construed as being unlawful acts of bribery.
We Need Volunteers!!

We need your help! Anyone who is interested in serving on a committee for the OC chapter, please contact Greg Clayton at gclayton@4cei.com for more information. This is a great way to give back to ASPE both personally and professionally. We encourage you to attend a board meeting to see what it’s all about. We meet every other month in a physical location and all ASPE members are welcome to attend.

Welcome

We look forward to seeing you at this month’s dinner meeting.

Serving construction estimating professionals by promoting ethical behavior, professional development, continuing education, standardization, certification and fellowship.

Do you Tweet? With the advent of all of the social networking going on I figured we should be keeping up with the technology. For those of you not in the know, Twitter is a website that allows postings, called tweets, of no more than 144 keystrokes (yes, spaces count). With Twitter you can find individuals such as ASPE’s national Executive Director (ASPENatExecDir), other chapters (ASPE12Reno or ASPE51SLCUtah), construction related organizations such as NAWIC, MC2, or McGraw Hill.

I intend on finding links to individuals and organizations that may be of interest to our membership. If you find an organization that you think would be of interest to our chapter membership let me know. Just post a tweet to ASPE3OrangeCty and I’ll be sure to link us to the account.

Do you have insights to pass on to our membership regarding the construction industry in Orange County? With a Twitter account you can pass them along quickly. After all, how long can it take to type 144 characters? See a website or blog you think may be of interest, post the link with one tweet and the whole chapter can see it too.

Try it out. Even if you never post anything, you can follow the postings of whoever you may find interesting. Hopefully, one of those will be ASPE3OrangeCty.

Thank you for reading ASPE OC Chapter3.
CALLING FOR PRESENTERS!

Interested in giving a presentation at our chapter dinner meetings?

Interested in getting your company name out to members?

Come educate and Share with our members!

Contact Tom Smithson at tedwardsmithson@gmail.com for more info!

If you would like to advertise with us, contact ChiaYen Yuan at chiayen.yuan@fgould.com