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

We’re all wondering where the heck 2012 went and it’s already half way through February 2013. Well, Happy New Year to all! I have heard nothing but great things for the industry and everyone I speak with are busy with new projects, bidding like crazy and starting new work. It’s about time. I have had several “recruiters” call me looking for estimators and construction managers. Personally, I hired employee #12 last week as numerous projects have come through the door over the past few weeks. I started a new firm last September and currently have 38 projects; bid packages, construction oversight, estimates/budgets, value engineering studies and litigation support services.

The OC Chapter has speakers engaged for the next six months thanks to Tom Smithson. This includes Anwar Hafeez of SDC speaking on “Change Orders & Claims,” Cliff Brewis from McGraw-Hill to speak on the 2013 perspective on the Economy, Renee Borg and James Benham of JBKnowledge, maker of SmartBidNet. The monthly educational dinner
meetings are a great resource for knowledge and networking with fellow estimators. Look for the e-blasts and Newsletters with further information.

Ron Svarc mentioned that the industry is 100,000 estimators short and I believe it. Members of the OC Chapter will be speaking at Orange Coast College and Lakewood High School this semester on construction estimating and promoting the benefits of a career in estimating. The chapter will present at least two $500 scholarships this semester to students considering a career in construction.

Plans are being completed for site visits to John Wayne Airport, the Great Park and Rancho Mission Viejo to look at major infrastructure work being constructed and land development proceeding in Orange County.

Lastly, our annual Golf Event will take place June 24, 2013 at the private Aliso Golf Club. Further information on sponsorships, player recruitment and the day’s activities will be forthcoming in early March.

I look forward to a very exciting year in the industry and serving you as President of Chapter 3.

Steve Marow
Thanks. Greg!

Greg says thanks. We had a good night

Calendar of Events

- **FEB 13, 2013**
  - Dinner meeting
  - “CHANGE ORDERS & CLAIMS - How to Win Conflict between Drawings & Specs Every time”
  - PRESENTED BY Anwar Hafeez

More information
Visit chapter website for calendar

Topics

**TOPIC**

“CHANGE ORDERS & CLAIMS - How to Win Conflict between Drawings & Specs Every time”

PRESENTED BY Anwar Hafeez

Date
Wednesday, Feb 13, 2013

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 Filet of Salmon, Beef Stroganoff, Vegetarian (Chef’s Choice, Coconut Cake)

RSVP at www.aspechapter3.org

Talking Points

- What you must do to preserve your rights to compensation and delays for Change Orders/Claims.
- What are the contractor’s rights on defective drawings & specs?
- How to win ambiguities in contract documents.
  - Latent
  - Patent
- How to win conflicts and omissions in drawings and specs every time.
  - Order of Precedence of Document
  - Most Stringent Documents
  - Includes one actual case study
- Pricing & negotiating change orders & insider tips.
Anwar Hafeez is the president and founder of SDC & Associates, Inc. and a nationally known and respected engineer and construction project manager. He has personally supervised over $1.4 Billion of major construction projects over the past 40+ years and settled over $300 Million of Change Orders & Claims. His most notable projects include the San Diego Convention Center, Los Angeles Central Library, Los Angeles International Airport Expansion, Medical University for the Armed Forces, and the Washington DC Subway.

Mr. Hafeez is much sought out speaker on project management, construction claims, and more specifically on delay and disruption types of claims. A year ago he defied the odds and overcame adversity in the form of a brain tumor. His story of miracles combined with the power of positive thinking and hard work provide lessons that we all can use in life and business.
SDC and Associates is a leading nationwide provider of construction consulting services. Since 1994, SDC has successfully helped clients increase their profits and protect their bottom line through claims preparation, education, CPM scheduling, litigation support, and much more.

Our experts have experience in government, commercial, and residential construction, and have handled over $300 million in change orders and claims on $1.4 billion in projects. The experience in government, commercial, and residential construction makes us eminently qualified as construction managers for a broad range of high-profile projects with almost any problem. Additionally, we have considerable experience in arbitration and trial research, case preparation and strategy and we can serve as expert witness. Because we have worked both sides of the aisle – plaintiff and defense – we can provide invaluable litigation support.

Our Founder and President, Anwar Hafeez, has 40 years of experience in the construction industry, and has built landmark projects such as:

- Washington DC Metro
- First Armed Forces Medical University at Bethesda Naval Hospital
- San Diego Convention Center
- Los Angeles Central Library
- Radisson Plaza Hotel in Manhattan Beach (Flagship Hotel)
- Los Angeles International Airport Expansion

SDC has considerable experience in a broad spectrum of engineering specialties.

- structural engineering
- civil engineering
- mechanical
- electrical
- scheduling
- architecture
- geotechnical engineering
- historical restoration & preservation

We can bring our expertise to bear on critical project management issues.

- claims avoidance
- alternate claims resolution
- claim preparation
- change orders
- schedules and time extension analysis
- management consulting
- negotiation support
- litigation support
- project management training
- change order training

**SDC and Associates, Inc. Projects**
Ventura County Medical Center, Ventura, CA
Devon Energy Worldwide Headquarters, Oklahoma City, OK
Cerritos College Classroom Building Project, Cerritos, CA
UCSD Medical Center- Hillcrest, San Diego, CA
Culinary Arts Institute- Consumnes Oaks, Elk Grove, CA
AM Kulp Elementary School, Hatfield, PA
Newport Beach Civic Center, Newport Beach, CA
Santa Clara Valley Medical Center, San Jose, CA
Barrows Hospital, Anchorage, AK
Red Rose Transit Authority, Lancaster, PA
Ronald Reagan Federal Courthouse, Santa Ana, CA
Squad Operations/AMU Facilities, Travis AFB
City Hall Earthquake Repair, Oakland, CA
Harvey House Restoration, Barstow, CA
Los Angeles City Hall, CA
Riverside Hospital, Riverside, CA
Seventy Seventh Street Police Station, Los Angeles, CA
Storage Building, Irvine, CA
Terminal 2 Extension - San Diego International Airport, CA
Anderson Graduate School of Management, UCLA, CA
Central Plant Addition, Long Beach, CA
Cincinnati Public Library, OH
Colburn School of Fine Arts, Los Angeles, CA
Jefferson High School, Los Angeles, CA
Lynwood High School, Los Angeles, CA
Manual Arts High School, Los Angeles, CA
Palo Verde College, Palo Verde, CA
Repair of Parking Garage 1, Building #179, University of MD
Simply put, ethics involves learning what is right or wrong, and then doing the right thing -- but “the right thing” is not nearly as straightforward as conveyed in a great deal of business ethics text books. Most ethical dilemmas in the workplace are not simply a matter of “Should Bob steal from Jack?” or “Should Jack lie to his boss?”

(Many ethicists assert there’s always a right thing to do based on moral principle, and others believe the right thing to do depends on the situation -- ultimately it’s up to the individual.) Many philosophers consider ethics to be the “science of conduct.” Some people feel ethics includes the fundamental ground rules by which we live our lives. Philosophers have been discussing ethics for at least 2500 years, since the time of Socrates and Plato. Many ethicists consider emerging ethical beliefs to be “state of the art” legal matters, i.e., what becomes an ethical guideline today is often translated to a law, regulation or rule tomorrow. Values which guide how we ought to behave are considered moral values, e.g., values such as respect, honesty, fairness, responsibility, etc.

As we move through our careers in Estimating, somewhere along the line we are presented with the situation of taking the right road or the easy road. This is especially true in today’s economy where profit margins are shrinking and in many cases the projects are bid at cost. Major decisions made by the estimating department typically determines whether a project comes through the door or evaporates. In many cases, the estimating process is driven by the estimators. At the end of the process and near bid day, upper management typically assesses the risk factors, subcontractor
participation, and makes a judgement call on profit margins. This is where the estimator is of most value and must speak his/her mind. I can tell you from experience, on more than one occasion, upper management recommended using the sub that was obviously too low. In other cases, management suggested submitting a bid with no profit margin or contingency. In these situations, it is vital the estimator assess his moral and ethical obligation to himself and the company. An excellent place to start is to revisit the core values of the company. Is the decision in alignment? As an estimator and a member of the ASPE, we also have the option of revisiting our Estimating Canons. I encourage everyone to revisit our Canons and ask ourselves if our decisions are in alignment.

Are you taking the right road or the easy road?

Mike Mills
Design Development Estimates

Design Development estimates or DD estimates are documents that are prepared by engineers or estimators during the design process. As a design progresses, estimates are typically prepared at the 30%, 60% and 90% design levels. An engineer, estimator, architect or a consultant may prepare the DD’s. Sometimes General Contractors will be invited to provide preliminary pricing information. DD estimates are prepared at the request of the architect or client. As a design evolves through inception to the completion stages, the design team will want to know if the project is within the planned budget to build. Sometimes the Architect’s design budget will include costs for preparing these DD estimates. Other times the client may self-perform the DD estimate or retain the services of an outside consultant.

At the 30% design stage there will be a limited number of drawings from which the estimator can use in cost preparation. Drawings could include a site plan, demolition plan, building footprint and perhaps some limited architectural & structural drawing details and sections. Mechanical & electrical drawings may or may not be a part of the drawing set. A preliminary bar chart schedule could also be included. The schedule possibly would show durations for the A/E design, permitting, community & agency approvals, contract solicitation, bid award, notice to proceed and a construction timeline with a completion date. Actual construction
start dates could be from 6 months to years in the future.

With the information provided from the 30% DD documents, the estimator is tasked with preparing a schematic cost estimate for construction of the proposed project. A DD estimate would be similar to a Class 1 or 2 estimate (ASPE) or Class 4 or 5 estimate (AACE). Often this estimate is classified as an Opinion of Probable Construction Cost (OPCC) because much of the baseline information is still of a preliminary nature.

The estimator will prepare the 30% DD estimate with the information as provided. Historical costs from similar projects, parametric estimates, square foot unit costs, take-off quantities as applicable, vendor budget pricing, and the estimator’s knowledge & expertise, will all be used in estimate preparation. Since the drawings are still in the preliminary stages, many items may not yet appear on the plans. Allowances and contingencies could be used for required yet undefined items. Variances on estimate accuracies can range from -15% to +30%. The contingency could be in the 20% to 35% range. Escalation factors may possibly be considered as the start date for the project maybe undetermined. As result, a list of assumptions should be included to describe the scope of work that is included and excluded. This information becomes invaluable at the next design stage when creating the 60% estimate.

Once the 30% design package and estimate reports have been submitted to the client for review & comments, flow times could range from a few weeks to many months, until the design is released for the 60% level. Upon completion of the 60% DD documents the estimator will again prepare a cost estimate. At this stage there should be more drawing information and a set of outline specifications. Typically, drawing documents would include more detailed site & demolition plans, sections & drawing details, architectural plans, elevations, limited building sections, roof plan, structural drawings, preliminary mechanical, plumbing and electrical plans. As the name implies 60% design drawings should mean that the design is approximately 60% complete. However, this could mean that some of the drawings within the set are 60% or more complete, while other drawings within the set are less than 60% finished. An example
could be that the site plans are 100% complete, the architectural & structural plans are 60% done, while the mechanical & electrical design is only 25% finished.

With the information furnished from the 60% DD documents, the estimator will prepare an early stage construction document cost estimate. A 60% DD estimate would be similar to a Class 2 or 3 estimate (ASPE) or Class 2 or 3 estimate (AACE). Variances on estimate accuracies can range from -5% to +20%. The contingency could be in the 15% to 25% range. Often this estimate is classified as a preliminary working drawing document cost estimate.

Once the 60% design and cost estimates have been reviewed & approved with client comments; the architects & engineers can proceed with the 90% design. From the 60% documents the 90% design can now be refined into a rough set of construction drawings. The 90% documents will contain virtually all of the necessary drawings and complete specifications for an estimator to prepare an accurate construction estimate.

With the information provided from the 90% DD documents, the estimator will prepare an early stage construction document cost estimate. A 90% DD estimate would be similar to a Class 4 or 5 estimate (ASPE) or Class 1 or 2 estimate (AACE). Variances on estimate accuracies can range from -3% to +15%. The contingency could be in the 2% to 15% range. Often this estimate is classified as a pre-bid construction cost estimate.

A 90% DD set of documents should provide sufficient information that detailed quantity take-offs with complete pricing can be incorporated by the estimator. With the majority of the documentation provided, there should be little need for the estimator to include allowances or contingencies. Only with limited unknowns will small allowance items or contingencies be required at the 90% DD. Once the 90% DD has been vetted for the final revisions that will comprise the 100% bid set of plans & specifications, a final construction cost estimate can be prepared. This estimate can also be classified as a check estimate or final engineer’s estimate. The final 100% cost estimate should only require minimal changes for the estimator to put together.
The purpose of all of these DD estimates at the various design levels is to help to determine whether or not a proposed project is cost effective for construction. As the design evolves from the early design stage to a refined final stage, various layouts, configurations, building methods, materials and finishes can all be analyzed. If a project exceeds the client’s budget, the scope will have to be modified to meet the owner’s financial needs. Or, worse the project will be shelved due to budgetary constraints. The estimator plays a key role in preparing these DD estimates in helping to determine the final design outcome of a project.

Creating DD estimates allows the estimator to participate in the design process. If something is too expensive to build cost alternatives maybe suggested. Observing a project start from the preliminary 30% design stages to the final 90% / 100% design, and being a member of the design team, is what makes estimating enjoyable as well as demanding.

Dan Schottlander
CPE- Past President & Board Member
December 2012
Some may not be aware that there is a partnership agreement between the ASPE and NAWIC (National Association of Women in Construction). This partnership promotes the groups’ concern of enhancing the role of women’s business enterprises and the profession of estimating in the construction industry through an open and free exchange of experiences, resources and technical information. In fact, it is through my membership in NAWIC that I first met Patsy Smith (currently our ASPE Executive Director) who encouraged me to join ASPE in 2004 even though I didn’t have a local chapter available at the time. I immediately discovered the CPE program, signed up and completed the requirements earning my certification in November 2005. I know a good thing when I see one! As a member of ASPE and NAWIC I encouraged and coordinated joint meetings with the Las Vegas Chapters that proved very informative and even had ASPE members from Perini Building Company speak at the NAWIC meetings about both the City Center and Cosmopolitan projects. Great way to share resources.

Like ASPE, NAWIC offers many educational opportunities, some of which are available to ASPE members as a result of this partnership. If you are interested let me know and I will get more details for you. There are several NAWIC Chapters in the area including the Orange County Chapter 91 where I am a member. We offer professional programs at our monthly meetings. In February John Flynn, Principal of The Cadmus Group, Inc. will be speaking on construction defects and March’s speaker is from Critchfield Mechanical. These meetings are open to members and non-members, men and women. For more information on upcoming events visit the website at www.nawicoc.org. I hope you will consider attending an upcoming meeting, sending a representative from your office, sponsoring one of our great programs or introducing a woman in construction to this great organization that I have been a member of for more than 15 years.

Carri Morones, CPE, CIT
Dinner Meeting Overview
January 17, 2013

January’s Educational Dinner Meeting featured Rick Dill, the founder and CEO of PipelineSuite, a construction bid management software company. Rick’s Company founded in 2002, is headquartered in Newport Beach, California and has a branch sales and technology office in Garner, North Carolina. The Company’s proprietary pipelineRFQ bid invitation software allows contractors to fax/email bid invitations and addenda to their subcontractors. The private pipelineOPR Online Plan Room allows contractors to upload a project’s plans and specifications for subcontractors to download fast and simply. All of this can be done with a few clicks and with no software or server to install, is proving to be very efficient for contractors.

Rick received his Bachelor’s Degree in Civil Engineering from Fresno State University and worked for Trus Joist, a Weyerhaeuser Company prior to starting PipelineSuite. He has been married for 20 years and has four children. His true passion is all things Little League Baseball. He has served on the Newport Beach Little League Board of Directors for 11 years, coached 26 Little League teams and has held the office of Division Coordinator, Vice President and President of the League.
What this night was really about was the story of Rick’s son, Harry. It is a story of miracles - of defying the odds and overcoming adversity in the form of a brain tumor. The first miracle was the brain tumor was discovered after a follow-up from X-rays taken at his dentist’s office. A mysterious dark spot was revealed on the X-ray and after further imaging, the brain tumor was found. The second miracle was the tumor grew away from the brain and into an open space that made the tumor operable. The third miracle is Harry is now back playing baseball and last summer, helped the Newport Beach All-Stars reach the championship finals. Harry’s story of miracles combined with hard work and positive thinking provides a life lesson that we can all carry forward in our business and personal lives.

Terry Paulson
Moote Companies LLC
Welcome members! With the start of another year we are asking all members to think about, and reach out to, friends and colleagues who may also benefit from membership.

The American Society of Professional Estimators began in 1956. What started with fewer than 20 members in the Los Angeles area can boast today of thousands of members in chapters from border to border. ASPE was created with dedication and commitment to the idea of providing its members with tangible benefits:

- A professional society which promotes the highest standards and ethics in the practice of construction estimating.
- Continuing education through seminars and lectures on construction-related topics.
- An opportunity to become recognized as a Certified Professional Estimator (CPE) through the completion of our training and testing program.
- A means of personally communicating with fellow professionals on a monthly and annual basis, providing an opportunity to exchange information and gain professional recognition for yourself and your company.
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.

If you have friends or colleagues who are–

- Currently CPEs or even just those who submit numbers on bid day,
- Looking for professional recognition for their experience,
- Supervising estimators and would like the staff to be more professional,
- An independent estimator who provides estimating services for others, or
- A user of estimating services as an owner, architect, engineer, or government agency, and would like to be assured of receiving professional estimates.

Let’s invite them to a meeting to engage with fellow professionals in the field and experience the benefits of membership.
Advertising Opportunities

For more details if you would like to advertise with us, contact ChiaYen Yuan at chiayen.yuan@fgould.com

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Company Members Representatives

- AECOM Technical Services, Inc.
- American Wrecking, Inc.
- Ampam Parks Mechanical ARB structures, Inc.
- Arcadis Bert L. Howe and Associates
- Brussel Consulting & Const Mgmt Contracting Engineers Inc.
- Construction Cost Controls
- Cumming DIRTONU, Inc.
- Dynalectric Company Faithful + Gould fs3 PM/CM
- GAFCON Jacobs Engineering
- Kanda Project Services Corp
- KGA, Inc.
- Lombard Consulting Services, Inc.
- McKissack & McKissack
- O’Connor Construction Management, Inc.
- Phoenix Planning
- Pipeline Suite
- Prime Pacific Construction Services
- Raymond-Southern California
- Red Hill Services Construction
- Richman Konoll Associates
- Ronald Fedman Associates, Inc.
- Swinerton Builders
- The Moote Group
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.
IT’S ABOUT...
making you stand out

You can start by becoming a
Certified Professional Estimator.

www.aspenational.org
Call 888-378-6283 to learn more about the CPE program.
Advertising

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