

ORANGE SPEEL

ASPE Chapter 3 Orange County News Letter No. 27: November 2019



President's Message

10/29/2019

As everyone may well know by now, Kevin Murphy our OC Chapter president has resigned effective October 30th. Kevin took a job back in his hometown of Oklahoma City, OK. We wish him well on his future endeavors. Kevin did a great job being the chapter president for the past year and a half. We have a great group of active officers and board members, so I am very hopeful that we will all carry on the momentum that Kevin created.



I was the president of the OC Chapter in 2007 - 2008 for two terms, so I know many of the challenges of a volunteer organization and with ASPE National. I would very much like to continue with the programs that have been scheduled for our future meetings at the Ayres Hotel in Costa Mesa. Currently, there is a great group of people that are members of our chapter, and I hope that we can continue to grow with friendship, fellowship and invite new people to become members.

I hope to see all of you at the next dinner meeting to be held at the Ayres Hotel, in Costa Mesa on November 13th.

If you should have any questions, comments, suggestions, or would like to contact me I am available by email or by messaging.

Best Regards,

Dan Schottlander, CPE ASPE Chapter 3 President.

In this Issue:

- Letter from the President
- Upcoming Dinner meetings
- Value Engineering

"Professional Estimators and those in training to be estimators shall not enter into agreement that may be considered acts of collusion or conspiracy (bid rigging) with the implied or express purpose of defrauding clients. Acts of this type are in direct violation of the code of ethics of the American Society of Professional Estimators. "

Value Engineering: Fact or Fiction

Article by Wil Beukman, CPE

According to Wikipedia "Value engineering (VE)" is a systematic method to improve the "value" of goods or products and services by using an examination of function. Value, as defined, is the ratio of function to cost. Value can therefore be manipulated by either improving the function or reducing the cost.

However to a lot of Clients, Owners and Developers it is the process in which Contractors donate savings to the project without impact to the quality and magnitude of the end product.

Then again to Contractors it is a golden opportunity to maximize profit by getting rid of any portion of the work they do not want to execute but still receiving the anticipated profit margin for that portion of the work.

These definitions may sound quite cynical but the huge discrepancy in perception is really what its about. Reducing scope to attain budget should never be called "Value Engineering". It should be called "reducing scope"

Value Engineering must relate to the lifecycle of the building/object. The following example to illustrate my point:

I propose to build a steel structure for a water tank on my property: If I build it with a.) normal carbon steel it will last 10 years. b.) Galvanized steel will cost 10% more but give me 15 year life. c.) Stainless steel will last 25 years but cost 50% more.

If I am going to retire in 5 years time and move to Montana, VE will determine option "a." – the cheapest.

If I am going to retire in 12 years time option "b." is the VE driven decision. – The most cost effective to reach my goal.

If I just had my 1st child and I dream of him following in my footsteps then option "c." is the VE answer. Best value for money in the long term.

Another illustration of value: If I never take any photos with my cell phone then there is NO value increase for me to get a phone with 3 cameras. The value of the phone is determined by the functions you will utilize and not by the potential functions.

SAVE International is the professional association for Value Engineers. The membership is much wider than the construction industry and includes manufacturing and other engineering.

Getting back to the grass roots principle: **Value Engineering** is a systematic PROCESS to INCREASE the value where Value = Function/Cost. n insulated metal panels.

Board of Directors

[2019/2020]:

President: Dan Schottlander CPE

Vice President: Vacant

Past President: Kevin Murphy CPE

Secretary: Bryon Barker

Treasurer: Asoka Sellaheewa CPE

Directors: Danielle Leyva CPE ;

Daniel Luckhardt CPE; Mike Mills CPE

James Yu; Troy Thompson

Committees: Tom Smithson (Meetings)

Wil Beukman CPE (Newsletter)

Upcoming Programs in 2019:

November 11: "NEWBRICK - The evolution of brick" by Chuck Bundrick of Dryvit

January 8: TBD

February 12: "Progressive Design Build and Delivery Benefits " by Brandon Dekker of Cannon Design



AMERICAN SOCIETY
OF PROFESSIONAL
ESTIMATORS

Save the date ...

2020 ASPE Estimators' Summit

Riding the Wave

August 19 – August 22

The Westin Riverwalk – San Antonio

420 West Market Street, San Antonio * 210-224-6500

Home of the Alamo

\$ 925 – Pre-Registration through 11/30/2019

PDU's Awarded: 16

\$ 975 – Early Registration through 03/31/2020

\$1,100 – Regular Registration through 07/14/2020

Guest Ticket: \$125

\$1,325 – Late Registration through 08/02/2020

Register @ <https://www.ASPEnational.org/mpage/2020Summit>