

President's Message

We had another great turnout this year for our **19th Annual Awards Banquet**. Over 650 attended this exciting venue held downtown LA. At this year's Awards Banquet, we awarded \$45,000 to 14 CM scholars from 6 area universities including a \$ 5,000 donation to the ACE Mentorship program to benefit High School students interested in our industry. For the first time, these awards were made through our very own Chapter Foundation and Atul Apte, our Foundation President, was able to announce opportunities for your tax deductible donations in 2011. So, don't forget to go on-line to make a donation for next year's recipients. these students are the future of our industry!

\$7,000 Recipient

Michael Soh

University of Southern California

\$4,000 Recipient

Thomas Palmieri

University of Southern California

\$3,000 Recipients

Parul Chopra

University of Southern California

Clint Bechdolt

California State Polytechnic
University, San Luis Obispo

Yashar Hooshvar

California State University Long Beach

\$2,500 Recipients

Patrick Nabavi

California State Polytechnic University Pomona

Andrew McVay

University of Southern California

Raul Perez-Mireles

California State University Northridge

Joseph Bachis

California State University Northridge

\$2,000 Recipients

Arkadiusz Sliwa

California State University Northridge

Dung Hong

University of Southern California

Sharon Sims

California State University Northridge

James Maguire

Westwood College

Abhijit Deshpande

University of Southern California

ACE Mentor Scholarship \$5,000

Project Achievement Awards were distributed to a wide range of member firms including Owner organizations representing the diversity of our Chapter.

Project of the Year

Jacobs

Hoag Hospital Irvine, Tenant Improvements

Sustainable Project of the Year

Port of Los Angeles

22nd Street Park

Over \$100 Million -Infrastructure

Jacobs

City of Bakersfield –

Wastewater Treatment Plant #3

Over 100 Million -Building/New Construction

Turner Construction Company

Miller Children's Hospital –

Pediatric Inpatient Tower

\$51 to \$100 Million -Infrastructure

Barnhart Balfour Beatty
*John Wayne Airport Parking Structure "C"
and Central Plan Cogeneration Facility*

\$51 to \$100 Million –

Building/New Construction

O'Connor Construction Management
Leo F. Caine Educational Resources Center

\$11 to \$50 Million - Program Management

Heery International
*Oxnard Community College
Student Services Center & Food Services Center*

\$11 to \$50 Million –

Building/New Construction

Owen Group
*North Corona Parking Station &
Pedestrian Bridge*

Under \$10 Million -Building/Renovation

Vanir Construction Management
*Carpenter Family Theatre
at Westlake High School*

Under \$10 Million -Building/New Construction

Griffin Structures
*Stanton Public Works
Maintenance Corporate Yard*

Under \$10 Million -Infrastructure

Berg & Associates
Sunset Strip Beautification Project

Honorable Mentions

Caltrop Corporation
Interstate 5 Gateway Project

DLR Group WWCOT
LAUSD South Region Elementary School #2

CUMMING
LAUSD South Region Elementary School #7 7

Dudek
Fontana Community and Senior Center

ARCADIS
Port of Long Beach Ship-to-Shore Power

We also distributed Distinguished Owner Honoree Awards to recognize 16 Owners who strongly support our member firms right here in Southern California.

Alameda Corridor-Fast Construction Authority

Rick Richmond

Caltrans D7

Michael Miles

City of Los Angeles Bureau of Engineering

Gary Lee Moore, P.E.

Exposition Metro Line Construction Authority

Rick Thorpe, P.E.

Los Angeles Community College District

Tom Hall

Los Angeles County Metropolitan Authority

Krishniah N. Murthy, P.E.

Los Angeles Unified School District

Kelly Schmader

Los Angeles World Airports

Intissar Durham

Metro Gold Line Foothill Construction Authority

Habib Balian

Metrolink

John Fenton

Orange County Transportation Authority

Tom Bogard, P.E.

Charlie Guess, PE.

Port of Long Beach

Gary Cudamone, P.E.

Doug Thiessen, P.E.

Port of Los Angeles

Shaun Shahrestani

Transportation Corridor Agencies

Sam Elters

Special Awards were also issued to our key Member Firms and membership volunteers, including recognition of volunteer students and CCMs. It was a fun filled evening and we already received great feedback from many attendees including our Owner members and guests. We hope you had as much fun as we had putting

this together in sharing recognition of all the great achievements of our Chapter Members. Thank you once again for your active participation in our Chapter!

Lisa Sachs, AIA, CCM
CUMMING
lsachs@ccorpusa.com

19th Annual Awards Banquet Celebrates Outstanding Achievement



On April 7, 2011, at the J.W. Marriott, L.A. Live, the Southern California Chapter of CMAA held its 19th Annual Awards Banquet. The event was an outstanding success with close to 650 attendees. This Chapter has long been defined by its dedication to industry, education and support of construction industry growth and achievement in Southern California, and this Banquet was no exception to the high standards set by the Chapter.

The Awards Banquet featured approximately 50 event sponsors covering all aspects of the industry, who, through their participation, made the evening extraordinary. The Chapter Foundation was able to award scholarships totaling \$45,000 to 14 students. The scholarships ranged from \$2,000 to \$7,000 and the recipients represented a broad demographic distinguished by their common scholastic aptitude, leadership skills and demonstrated desire to contribute to the future of construction management.

Our Chapter also recognized the construction management industry for its extraordinary achievements as exemplified in 16 projects. Member firm Jacobs was awarded Project of the Year, for Hoag Hospital, Irvine, Tenant Improvements. The Port of Los Angeles also took home Sustainable Project of the Year, for 22nd Street Park.

The Chapter also recognized several distinguished owner honorees that have been instrumental in their support of the Southern California CMAA Chapter as well as the industry as a whole. Dean Fisher, P.E., CCM, was recognized as CCM Member of the Year and Natasha DeBenon was recognized as the President's Volunteer of the Year. Both ARCADIS and Jacobs were selected as Member Firms of the Year for their outstanding contributions to both the Chapter and to CMAA.

The Annual Awards Banquet dinner also serves as a fundraiser for the Southern California Chapter Foundation. This year was one of the most successful in that regard. The event's success would not be possible without the support of each member of the Southern California Chapter, whose generosity is not only appreciated, but among the best in the entire construction industry. Thank you to all of our members. Next year, let's aim for membership to come through once again and surpass these outstanding achievements at the 20th Annual Awards Banquet. See you there.

Michael J. Baker, Esq.
Atkinson, Andelson, Loya, Ruud & Romo
mbaker@aalrr.com

Contractual Claims Protection: A Checklist for Owners

More and more public owners have come to the realization that their general conditions and “front-end” documents are inadequately protecting them from inflated construction claims by contractors. From ARCADIS’ 30 years of experience assisting public clients with redrafting contract language, we have developed a checklist of clauses that serve as a guide for owners to include in contracts for protection against potential construction issues. The following are key items owners should include in contracts for maximum protection.

Notice Provisions – These provisions require the contractor to provide the owner with prompt notice of an alleged change, delay, claim for additional compensation or differing site condition. A well-drafted clause will strive to bar claims that did not comply with the notice provisions because the owner can argue that there was a lack of notice to be able to respond. The purpose of such provisions is to give the owner an opportunity to adequately investigate the situation to verify the contractor’s contention and to actively participate in the resolution and monitoring of the work. In the case of an alleged differing site condition, the notice requirement should be one of immediate notice, since an owner investigation is likely essential in order to protect evidence of the condition and to determine how the affected work will proceed.

Differing Site Conditions – It is important to define what a differing site condition is and how it will be treated should one be encountered during construction. This clause is particularly important in projects involving significant earthwork, tunneling, work in highly developed areas or renovation projects due to the increased likelihood of encountering susceptible conditions unknown to the designer and bidders.

Scheduling Requirements – Owners must take a more active role in monitoring the contractor’s schedule submittals in order to protect against potential improper schedule manipulation which could lead to inflated delay claims. In order to achieve this, owners must first have a solid specification with a mandate that requires the contractor to submit regular and meaningful schedule data. The areas which the specification should cover include, at a minimum:

- Technical requirements for the initial baseline submittal and updates
- Review/acceptance procedures and timeframes
- Updating and revision requirements
- Treatment of “early completion” schedules
- Inclusion of submittals and procurement activities into the overall schedule
- Means of submitting requests for time extensions (i.e., fragnets)

Audit Provisions – An owner can obtain extremely valuable information for evaluating or rebutting a contractor’s change orders and claims by gaining access to the full volume of the contractor’s records, including all cost records and correspondence with subcontractors. General contractors almost always have access to the public owner’s records by virtue of various “sunshine” laws, but often an owner can only get access to a contractor’s records after a formal litigation process has been initiated. A well-drafted audit or access to records clause can provide the owner with the contractual right to have access to all the contractor’s records at all stages of construction, thereby giving the owner much more information to utilize when assessing a request for change order or a claim demand.

Defined Mark-ups – Many disputes arise because contract provisions are not clear as to what is or what is not included within a contractor’s (and subcontractor’s) mark-ups and what is allowable under the contract. Better defined provisions will take away the guesswork and arguments associated with this common problem and will decrease the chances that an owner pays for “double-dipped” overheads on extra or changed work.

Escrow of Bid Documents – This is a procedure being used increasingly on large projects whereby the contractor is required to place all of its bid preparation materials into an escrow. Then, if a change order or claim arises that brings the contractor’s bid or original plan of performance into question, the owner and contractor can jointly review the bid documents to determine whether they support the contractor’s performance of the bid.

Claim Submittal Requirements – Often, owners are frustrated at the end of a project when the contractor submits a disjointed omnibus claim or a claim with too sparse details that it is virtually “non-analyzable.” The addition of a claim submittal clause can formally specify the format, content and level of back-up documentation that is required within the contractor’s claim to be valid; otherwise it will be rejected until it meets the contract requirements.

Liquidated vs. Actual Damages for Delays – When drafting contracts, owners are faced with a choice in deciding how they are going to address the possibility of contractor-caused delays that extend a project’s completion date. The owner can elect to include a liquidated damages provision which is a pre-determined amount included in the bid documents that “fixes” the contractor’s daily exposure or liability for contractor-caused delays. The other option is for the owner’s contract to be silent regarding the amount of damages that the contractor would be liable for in the event of a delay. In that case, the owner could claim all reasonable, foreseeable damages caused by the contractor’s delay.

Many owners include liquidated damages provisions, but set the amount at a level that does not come close to compensating the owner for the real costs of a contractor-caused delay. Such costs could include lost revenue, additional CM and inspection costs, rental of temporary facilities, or financing costs. Owners must realize that if they include liquidated damages for delay provision, it is an absolute cap on the owner’s recovery for contractor delays, regardless of the actual costs ultimately incurred by the owner. This is why some owners, are leaving contracts silent regarding contractor-caused delay damages. By operation of law, the contractor is then exposed to

liability for the owner's actual damages, subject to proper proof by the owner.

When choosing one of these options, an owner should do so carefully. If liquidated damages are the preference, perform an analysis of what the actual, out-of-pocket costs might be and be sure to save that analysis as proof of the estimate. This will serve as backup documentation should a contractor later challenge the liquidated damages amount as being a "penalty" rather than a genuine pre-estimate of likely damages. If the true estimated daily amount is so high that publishing it in the bid documents might "scare" bidders, owners can elect to leave the contract silent and simply allow actual damages to apply without drawing attention to a dollar figure. In addition, public agency owners should check with their counsel to determine whether they are required to use liquidated damages.

Limitations on "Early Completion" Claim Damages – One type of claim that has become quite prevalent is the "early completion" claim, whereby the contractor alleges that it would have finished the project earlier than the required contract completion, but the owner caused the delay, so the contractor is thereby entitled to the extended overhead costs. Owners are beginning to include clauses that prohibit the recovery of damages based on missed early completion dates, forcing bidders to accept language that acknowledges that their bid is based on this premise. A contractor may argue that such a clause is rendered unenforceable under certain state-enacted statutes. However, the distinction in an early completion claim is that the project may not have been delayed beyond its required completion date, yet the contractor is still asserting a delay damages claim. Another distinction is that a clause which limits a contractor's right to claim for early completion delays is not a wholesale

denial of liability for all owner-caused delay on a project similar to most typical no-damages-for-delay clauses. Like any contract provision that restricts a contractor's ability to pursue claims, this type of clause may be argued by contractors; however, this should not hinder an owner from including such a clause in its contracts.

Defining Turnaround Times for Submittal Reviews – An area of frequent dispute and delay allegations involves the time taken by owner's representatives to review required contractor submittals. When a contract is silent about how long an owner's representative has to review submittals, there is often a difference of opinion between the contractor and "reviewer" as to what a reasonable review period is. This can result in protracted arguments and even claims.

An easy way to address this from the outset is to simply specify in the bid documents the timeframe that the owner must review submittals. This eliminates the argument, and forces the contractor to schedule its work accordingly based on the assumption that the new owner contractually has "x" number of days for review. Consideration should also be given in the specifications as to whether the review "clock" fully or partially starts over when a submittal is properly rejected and has to be resubmitted/re-reviewed. Owners should also consider prohibiting the transmission of a large number of submittals simultaneously which could overwhelm the review process.

Estimating the Volume and Turnaround Time for Requests for Information (RFIs) – Often, claims by contractors include allegations devoted to "untimely responses" or "excessive volume" of RFIs. The first, dealing with turnaround time, can be resolved by

simply specifying an amount of time. Many owners accuse contractors of failing to plan their work ahead and then demand instantaneous responses to RFIs. In addition to providing contractual protection to the owner, a specified turnaround would serve as a message to the contractor to either plan ahead or to not expect an instant turnaround. With regard to the volume of RFIs, a clause can be put into the contract stating that the contractor should expect "x" number of RFIs. This way, the owner can establish a reasonable baseline for denying "excessive" RFI-related claims and establish a baseline for contractor expectation. To fairly set the turnaround time, the owner must take into consideration the complexity and duration of the project. The owner must also be on the lookout for contractors that may submit unnecessary RFIs to circumvent the baseline.

The contract provisions discussed in this article are only some of the key clauses that an owner should consider for to help protect against untimely or inflated claims. Because each project brings a different set of circumstances and complexities, it is always advised that owners engage a construction claims expert as early as possible to prevent these issues from arising on a project.

Jeffrey DeFeo, Esq., Regional Director,
Construction Claims Services
ARCADIS
jeff.defeo@arcadis-us.com

Implementing an Enterprise Project Management System is a Stretch Assignment

A corporate initiative to select and implement a new enterprise project management system is a stretch assignment. By definition, a stretch assignment equates to performing a task for which an individual lacks experience and expertise. This article will offer some key elements that will assist your organization in this costly, strategic, and necessary process. The ultimate goal of an enterprise project management system is to improve operations which many times are the most risk-laden portion of your business. Selecting and implementing this type of system is not primarily an IT initiative, but will take an effort by executives, project management and all who are involved in the organization's operations.

At PCI Group, a division of Hill International, we have assisted hundreds of clients from large public agencies to specialty contractors to achieve this mission critical endeavor. Based on lessons learned and the experience gained, here are some points to ponder when tackling this project management application initiative:

1. There are many aspects to project management software. Conduct a preliminary fact-finding mission within your organization to determine what processes may be improved. For example, is your company looking to implement and/or improve scheduling and resource management, document management, estimating, program management, cost control, collaboration tools, asset management, workflow, forecasting or earned value? The preliminary fact-finding mission will serve as a brainstorming exercise. An executive empowered team or committee should be created to develop priority objectives and turn the global list of infinite wants into concrete specific needs. PCI Group specializes in the brainstorming and priority-building process, and helps build a plan for the entire project, analogous to a detailed scope document holding everyone accountable, engaged and committed to the specific goal. Over the last 10 years, our experience has taught us the potential for process improvement, the importance of process development, and the cost of process implementation.
2. Selecting the software and the vendor is the second step in this stretch assignment. There are multiple vendors, and each has its unique value proposition. There is a historical notion that a company must select "Best of Breed" or an "Integrated System." Over time, this argument has lost its effectiveness. When technology advances and there are multiple vendors, the end product becomes a commodity rather than a unique

system. Additionally, because of the advances in technology, a fully-integrated system now competes in the "Best of Breed" market space. Feature wars between vendors are generally futile, and your company is more likely to be swayed by a smooth talking sales representative pushing features than a trusted business adviser who clearly understands your needs.

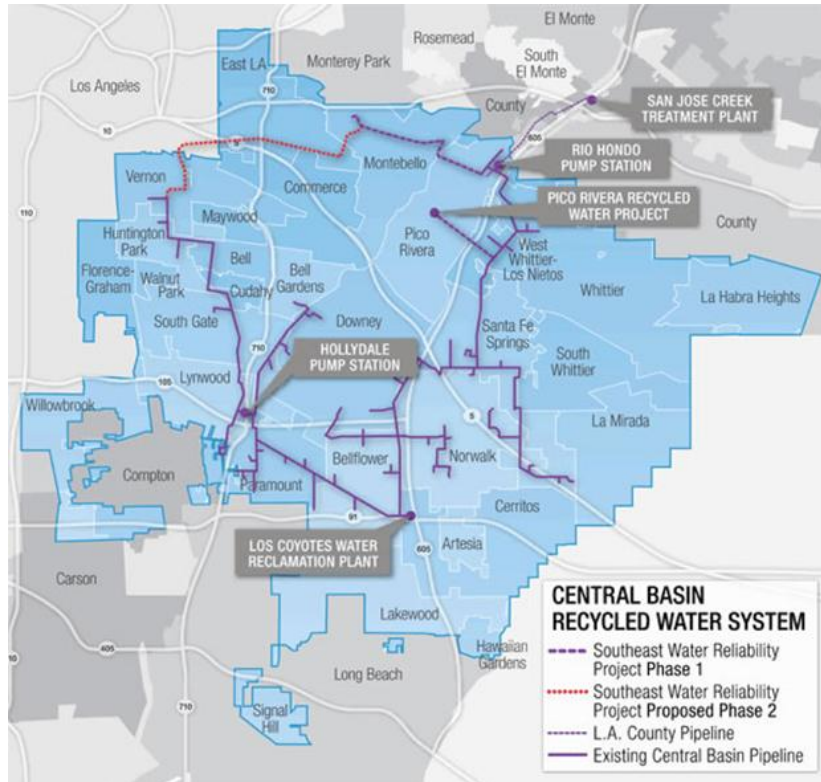
3. Project management applications are mass-produced, but may be customized or configured to provide a unique user experience specific to your organization's needs. For example, operations may be in dire need of a cost control solution while the purchasing department is perfectly content with their current process. These disciplines would best serve the company globally if their efforts were integrated. The optimal solution is to find an integrated, base software system that would provide operations with the tool they need while replicating the purchasing department's current practices.

4. The last point to consider is resource management, and/or the consideration of hard and soft costs. Defining the hard costs (software and consulting) of the concrete, specific needs is an excellent way to determine how much you want to bite off in the initial phase of process implementation. There may only be enough resources to accomplish the initial priorities during this phase. However, time and effort has already been extended for later priorities and subsequent phases.

Soft costs are always underestimated; staffing a new enterprise project management system is a large commitment. In very few cases, a project manager or executive can lead this process on a part-time basis. However, success occurs when there is a concerted effort, and the organization can see the executive commitment to success. Hill International has been helping companies around the globe for years with the assignment of selecting and implementing project management enterprise applications. We look forward to hearing from your company and further explaining further our process of building priorities, selecting a vendor, and successfully implementing your application on time and on budget.

Gino Wideen, Senior Vice President
Project Controls Division
Hill International, Inc.
ginowideen@hillintl.com

Central Basin MWD installs Phase 1A of Southeast Water Reliability Project



Project at a Glance

Project Name and Location:

The Southeast Water Reliability Project – Phase 1A, which runs through Montebello and Pico Rivera, is being constructed for the Central Basin Municipal Water District headquartered in Commerce.

Project Type: Program Management

Project Completion Date:

April 2011 (estimated)

Owner/Client:

Central Basin Municipal Water District (CBMWD)

Project/Construction Management Firm:

Pacifica Services, Inc.

This Phase of the Southeast Water Reliability Project comprises approximately 4.5 miles of 30-inch recycled water transmission main pipeline, which is managed by Pacifica Services Inc., a Pasadena-based Project/Construction Management firm that also provides environmental management and renewable energy management services. The water main is welded steel pipe and installed using open trench installation with 500 feet of micro-tunnel and 100 feet of auger bore. CBMWD received \$5.6 million from the Bureau of Reclamation/ARRA for this project. The project required that all federal standards be met, from certified payrolls and MEBE, WEBE requirements to

official reports. California will likely require connection by water users within a certain distance to a recycled water distribution system in the future but the date for this requirement has not been set.

The use of recycled water technology and fabricated steel pipe is approximately 70 years old. Many, many projects have used fabricated steel pipe and recycled water technology. The use of recycled water saves potable water that is in limited supply and is also a cheaper and more reliable source than potable water. If the installed 30-inch pipe is used to its full capacity, it will save 4 billion gallons per year of potable water, which could be spread among 200 to 300 new recycled water customers. Completion of Phase II of the SWRP would complete the loop of Central Basin's Recycled Water distribution system and provide vastly improved system hydraulics and operating flexibility.

Project Management Efforts:

Pacifica Services serves as the Project Manager on the Southeast Water Reliability Project. Pacifica Services works closely with the design team at HDR in pre-design and design to determine pipe size. The Construction Managers are under the direction of Pacifica Services. Pacifica Services conducts weekly construction meetings during construction. Pacifica works closely with affected cities and consulted on public outreach. Pico Rivera and Montebello are the two cities involved with this phase of the overall Southeast Water Reliability Project. Ongoing coordination efforts are aimed at keeping the cities happy and cooperative while they are impacted by construction.

Quality Management:

Pacifica Services serves as the quality manager and reviews and approves the design while also overseeing the Construction Management of the Southeast Water Reliability Project. Project improvement recommendations for were numerous and constant. Pacifica Services instituted schedule recovery efforts listed above in other sections. There are weekly field visits and inspections at the pipe manufacturer's facilities to keep pipe fabrication on schedule and to resolve schedule and fabrication cost discrepancies. Pacifica Services brought in a design engineer to weekly meetings to more expediently resolve design and field quality control issues.

Project Complexity:

Numerous design changes were required and implementing these design changes while also minimizing budget and schedule impacts was challenging. One example of a budget and schedule saving decision was eliminating a second 500 feet of micro-tunnel when it was determined that it would be cheaper and quicker to open trench. Frequent, open communication of all key information to the stakeholders and the SWRP Design, Construction, and Inspection teams allowed for project success.

With regard to fabricated steel pipe, design changes can increase project complexity as the fabrication of each section of pipe is custom in length and angle and accurate to the inch once the design is complete. Again, frequent communication with the pipe manufacturer during weekly visits resolved design changes. This was

especially critical because the Contractor was unable or unwilling to pursue design changes expeditiously. In hindsight, this project may have progressed more smoothly had it been a design-build project. Pacifica Services and Central Basin Municipal Water District are now discussing using a design-build process for the remaining phases of the Southeast Water Reliability Project.

Customer Service:

Many municipalities which the pipeline crossed were very sensitive to impacts. Pacifica helped minimize those impacts by managing expectations, frequent communication, and by notifying the cities of any forthcoming changes. In addition, Pacifica Services was in close contact with MWD regarding crossing the MWD main, as well as crossing under a 52-inch sanitary sewer and contingency plans were set up and arranged for low flow during the crossing.

Larry W. Hubler Jr., CCM, LEED AP
Vice President/Project Executive
Pacifica Services Inc.
lhubler@pacificaservices.com

Membership Committee News

The membership committee has had a very active few months. Our main goal is the retention of our existing members and the recruiting of new members through outreach and personal contact. Our committee members are: Jeanette Hernandez with CPS Security + Communications group, Nicole Kumar with ARCADIS, John Squillace with Barnhart-Balfour Beatty and Jeff Zimmerman with CH2M Hill. Our efforts have been concentrated on assisting and contacting members regarding renewals and outreaching to non-members through events, which include speaking about membership benefits at many of the very exciting breakfast seminars organized and sponsored by CMAA Southern California Chapter, our goal is to increase our membership of already over 1,000 by a minimum of 10% this year alone.

CMAA has created a new membership category called the “Mega Corporate Membership” with annual dues of \$25,000. Several existing member Corporations have already taken advantage of this opportunity which, among other benefits, allows the Mega member Company unlimited membership for individual employees. Through our Committee’s effort CMMA Southern California Chapter was one of the sponsors of “move LA” an important event in the Los Angeles County which focused on the “30-10” Plan the goal of which is to help build 12 of the Measure R transit projects in 10 years instead of 30. We also had representatives at the ever popular “Owner’s Night” event where we recruited several new members. The membership committee is still looking for additional members to do a valuable job for CMAA and have some fun in the process, anyone interested please contact me.

Adrian O. Cohen, FAIA LEED
Director and Membership Committee Chair
DLR Group WWCOT, Architects and Engineers