Upcoming Events

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<th>Date</th>
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<tr>
<td>April 25</td>
<td>Dinner Program</td>
<td>City of Los Angeles: An Overview of Their $1.5 Billion Public Works</td>
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<td>Construction Program</td>
<td>Downtown LA</td>
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<td>April 26</td>
<td>Seminar</td>
<td>CPM Scheduling &amp; Delays</td>
<td>The Grand</td>
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<td>May 20–22</td>
<td>National</td>
<td>SPRING CONFERENCE</td>
<td>Las Vegas, NV</td>
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<td>May 24</td>
<td>Seminar</td>
<td>Construction Litigation: How to Manage and Defend Claims</td>
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<td>October 7–9</td>
<td>National</td>
<td>NATIONAL CONFERENCE</td>
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CMAA Southern California News

Winter/Spring 2006-2007

CMAA Southern California News is published for the members of the Southern California Chapter of the Construction Management Association of America for the purpose of informing the members of local and national news, chapter events and industry trends.

Articles published in CMAA Southern California News contain the opinions of the authors and do not necessarily represent the position of the CMAA Southern California Chapter.

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CMAA Southern California News is published compliments of Carter & Burgess

Finding True Value in Value Engineering

By Scott Winde, AIA, Program Manager, Carter & Burgess, Inc.

There are no constants in our economy. Steel goes up 15 percent – again – so everyone switches to wood. Then Hurricane Katrina and Rita put wood over the top. Then the rising cost of fuel causes virtually every line item cost to climb even higher – including labor. The possibilities are endless and could blow even the tightest budgets out of the water.

Cost management has always played a critical role in an architectural/engineering firm’s approach to client service. In this era of rising material costs, value engineering takes on even greater value, especially when a firm has multiple prototype projects that must be kept on track. Cost management is an integral part of the program/process.

With construction costs spiraling upward, outpacing inflation at an ever faster clip, companies with large building programs are looking for every opportunity to minimize their construction costs. The “Value Engineering” exercise has become an annual occurrence in an attempt to break even on cost. One system utilized by Carter & Burgess to manage this process and allow quick client decision involves a multi-tiered analysis approach.

Consider this situation. A restaurant chain’s cost per building is $1.3 million. The contracted architectural/engineering firm is charged with cutting $300,000 out of the budget – a hefty 22 percent. A daunting goal, certainly, but not necessarily unattainable if the firm approaches their cost cutting in a methodical three-tier process.

Tier I

Tier I cost reductions are areas that neither the owner nor the consumer would ever notice, such as simplifying concealed structural systems down to respecting the type of gypsum board used for a project. While a more costly fire-rated sheetrock is required in and around mechanical rooms, often an architect will specify a job using fire-rated drywall for the entire project. Respecting that the fire-rated sheetrock be limited to the mechanical areas can save thousands of dollars per unit. In a multi-unit roll-out program of 20 stories per year, any cost savings can be multiplied by the total unit count, making the value engineering exercise very productive.

Submit Your 2007 Project Achievement Award Nomination

From new high schools to multi-billion dollar international airport expansions, America’s professional construction and program managers are delivering successful, valuable projects for clients of all kinds, every year. If you delivered a noteworthy project between June 16, 2006 and June 15, 2007, CMAA invites you to submit it for a 2007 Project Achievement Award. These awards, presented at the Industry Recognition Banquet during CMAA’s National Conference & Trade Show in Chicago this fall, recognize the year’s outstanding examples of successful construction and program management. This is the industry’s chance to shine by showcasing its contributions to communities and enterprises all over the world. It is also your opportunity to put your own firm/agency and its achievements in the spotlight.

CMAA Bookstore

Features New CM/PM Costs Study

CMAA’s latest study, the “2007 Comparison of Construction Management and Program Management Costs,” presents key findings by FMI on behalf of CMAA. This is the first such study since 2000, and represents the industry’s only source of reliable data about fees and costs among CM/PM practitioners. This new study, as well as other CMAA and construction industry publications, are available in the CMAA Bookstore. Check it out today.

Content continued on page 3.
The CMAA Southern California Chapter just held its 15th annual awards banquet that set a new record of 550 in attendance—surpassing last year's attendance by 200. The banquet featured the presentation of three project awards, 12 scholarships (totaling $29,500), 13 distinguished owner honorees, 46 corporate sponsors, and our honoree, Gary Cardamone of the Port of Long Beach.

A long time supporter of CMAA, Gary served as president of this chapter twice, and he is currently serving on the national CMAA board as vice president of standards and practices. We are truly honored to have had Gary as this year’s honoree.

Thank you to all of the sponsor companies for their continued support of this chapter and CMAA, and congratulation to all of the scholarship and project award winners as well as the distinguished owner honorees. Your continued support of both the annual awards banquet and the golf tournament has enabled us to increase our scholarship awards by more than 28% year over year.

Continuing to provide timely dinner programs and educational seminars to its membership, the chapter recently introduced a new event, our “Breakfast of Champions.” The first breakfast was held at the Irvine Marriott and featured Jim Bourgatt, Deputy Secretary for Transportation and Infrastructure, State of California, Business, Transportation and Housing Agency. It was quite a success with 72 attendees.

With the recent resignation of our student outreach chair, Mr. Willie Paiz, I have appointed Mr. Chip Ossman of Ossman Project Management Consulting, Inc. to fill that position for the remaining term. We all wish Willie the best and thank him for his dedication and participation over the last two years. As Chip has been on the scholarship selection committee these past few years, he is a perfect fit to fill this role. Welcome aboard Chip!

Setting the pace locally and nationally, the board’s focus this year has included increasing membership, promoting the CCM designation, and increasing student involvement within the chapter. Results so far include the addition of 14 new CCMs, a membership total of 682, and the addition of two student chapters—one from USC’s graduate program and the other from Cal State Northridge.

New programs, increased membership and CCM certifications, and increased participation of our corporate sponsors have made this a banner year for the CMAA Southern California Chapter. Thank you to all of our members for your continued support. One more reminder: the National CMAA Spring Conference is being held in Las Vegas this year, May 20th through the 22nd—see you there!

Greg Hess, CCM
President, CMAA Southern California Chapter
Restaurants are mechanically complex with extensive plumbing systems. If the restrooms are located in the front of the building and the kitchen and bar are in the back, a design change that moves the restrooms closer to the bar can save 100 feet of five separate utility runs.

Another type of Tier I cost reduction involves looking for ways to purchase in volume. The lighting package is one area where this approach frequently works. Within all areas of a restaurant, the client has often specified light fixtures from several different manufacturers. However, one manufacturer usually makes all of the fixtures specified, or at least fixtures that are very similar to those specified. The A/E consultant can pare down the product lines and then bring in a national representative to help the client set up a national account. Purchasing directly from the manufacturer for an entire chain of restaurants eliminates several points of markup – from the local manufacturer’s representative to the general contractor and the electrical sub-contractor – and can result in major savings with an increase in quality control for the client.

National representatives can also be brought in for HVAC systems, doors, windows, and the electrical sub-contractor – and can result in major savings with an increase in quality control for the client.

By chipping away with Tier I, Tier II and a few Tier III items that will have a definite visual impact, and are five to seven percent saved, $300,000 was trimmed from the owner’s construction cost per store without cheapening its clients, creating value for clients and new business for the firm. Even in this time of escalating materials costs, value engineering can help keep costs down when applied in a programmatic manner. Applying strict value engineering methods to prototype work is a win-win for a firm and its clients, creating value for clients and new business for the firm. By helping clients set up national accounts for global purchasing and cutting costs that are imperceptible to end-users, a program manager in the Building Programs Division of Carter & Burgess. With more than 25 years of progressive experience in retail design with an emphasis on restaurants, he has considerable expertise in concept design, prototype development, value engineering analysis, national building code evaluation and nationwide roll-out programs.

Restaurants are mechanically complex with extensive plumbing systems. If the restrooms are located in the front of the building and the kitchen and bar are in the back, a design change that moves the restrooms closer to the bar can save 100 feet of five separate utility runs, which can amount to substantial savings in a building program. Tier II cost reductions can typically achieve an additional five to seven percent reduction in both construction cost and operational efficiency.

Tier III cost reductions, the most difficult cuts, are those items that will have a definite visual impact, and are most noticeable to consumers. These types of reductions tend to reduce the quality of finishes or eliminate major building components, and may require harder brand/image concessions on the owner’s part. Tier III reductions typically result in a five to seven percent savings. However, once changes are made, these savings do cap out due to minimum system requirements needed to physically operate a business.

Cost-Effectiveness Across the Board

Through effective cost management and value engineering practices, thousands of dollars can be trimmed from a restaurant or retail client’s budget. KFC Remodel Wingstreet (Yum! Brands), Boston, Massachusetts.

**New Members from September 2006 through February 2007**

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<th>SHAHROKH ABD SALEH</th>
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<td>HOSSEIN ATAB</td>
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<td>ANTOINE ATALAH, CCM, PE, PMP</td>
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<td>MASOD BOBOLBE</td>
<td>JEFF COSME</td>
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<td>BORIM Engineers</td>
<td>California Construction Management</td>
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<td>JEFFREY DOWLING</td>
<td>RAND COUDRAY</td>
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<td>Luster National, Inc.</td>
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<td>STEVEN BRADY</td>
<td>JAMES COURTCEU</td>
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<td>English Management &amp; Consulting, Inc.</td>
<td>BRU &amp; Associates, LLC</td>
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<td>JAIME BURROLA</td>
<td>NICK CUNICO</td>
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<td>MARK BUTLER, JR.</td>
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<td>Butler Engineering, Inc.</td>
<td>Staples Construction Company, Inc.</td>
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<td>MARK BUTTERS</td>
<td>CHUCK DANIEL</td>
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<td>DAN CARTER</td>
<td>STEVEN DILL</td>
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<td>Project Control &amp; Development</td>
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<td>ALIOUNE DOUM</td>
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**Value Engineering (continued)**

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15th Annual Awards Banquet

The CMAA Southern California Chapter’s annual awards banquet was a great success with more than 500 in attendance. The evening’s principal honoree, Gary J. Cardamone, PE, (Deputy Chief Harbor Engineer – Construction, Port of Long Beach) was enthusiastically received by the audience.

Held on March 1, 2007, at the downtown Marriott, the event announced the Distinguished Project Achievement award winners as well as scholarship awardees. This year’s scholarship award winners include:

**$6,000 RECIPIENT**
Hahn Vu, California State University, Long Beach

**$5,000 RECIPIENTS**
Jeffrey Bowling, University of Southern California
Joel Velasco, California State University, Long Beach

**$2,500 RECIPIENTS**
Noel Abraham, University of Southern California
Farrah Farzaneh, University of Southern California
Mary Wull, Cal Poly, Pomona

**$1,000 RECIPIENTS**
Hossein Ataei, University of Southern California
Andre Hanks, Cal Poly, San Luis Obispo
Calypso Kiriacopoulou, University of Southern California
Terry Lim, Cal Poly, Pomona
Kaaitja Nissen, University of Southern California
Kyle Patterson, University of Southern California

Thank you to all who attended and made this event successful. All proceeds from the event go directly into our scholarship fund for next year.

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CMAA Southern California Chapter Scholarship Committee
Chip Ossman (Project Mediation Group), Brett Barnett (Harris and Associates), Mike McAlpine (DMJM), Rebecca Jones, Chair (Safework)

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National News

New CMAA Study Explores CM/PM Fees, Costs

Fees earned for construction management (CM) and program management (PM) services increased from 5.0 percent of a typical project budget in 2000 to 5.7 percent in 2007, but operating income for CM/PM firms dropped during that period, reflecting costs rising more quickly than fee income.

Those are among the key findings of a new study titled “2007 Comparison of Construction Management and Program Management Costs” executed by FMI on behalf of the Construction Management Association of America (CMAA). This is the first such study since 2000 and represents the industry’s only source of reliable data about fees and costs among CM/PM practitioners.

The survey drew detailed responses from 67 organizations, including owners, CM/PM firms, architect/engineer firms, and others providing CM/PM services. Data was collected about nearly 500 different projects of all kinds. The average firm responding to the survey was a CM-only provider, employing about 50 people and handling 17 projects annually, with yearly revenues of about $20 million.

Median CM/PM fees, the report says, are “very consistent around the country,” but vary among market sectors. Healthcare and education offer the lowest median fees, while the transportation sector shows the greatest variability in fee levels between the 25th and 75th percentile, the report says.

“Market conditions have changed considerably from 2000 to present,” the report says. “We have experienced the dot-com bubble, 9-11, the war in Iraq, a faltering home-building market and a mild economic recession. The labor market has become exceedingly tight as well. The combination of these factors is also impacting reported increases in direct and indirect costs and a decline in operating income as a percent of revenue.”

A tightening labor market is one factor cited by the CMAA research study as contributing to a growing reliance on outsourced CM/PM services. Other factors include:

- Aging of the professional construction management workforce is creating increased demand for construction management and program management services to extend the reach of the owner.
- Aging of all types of infrastructure, particularly highway, bridge, power, education, and water/sewer, building greater demand pressure.
- Increased interest and use of alternative project delivery and financing schemes changing the landscape for design and construction service providers.

In this context, the study projects that “beyond 2007, demand for construction and related services is significant due to aging infrastructure, general economic growth, general population growth and migration/immigration patterns in the United States. It is perhaps not too bold to predict a period of unparalleled demand for construction services and particularly construction management/program management services for the foreseeable future.”
Action Needed! Ask Your Representative to Cosponsor Legislation to Repeal Tax Withholding Law

Current law (Section 511 of P.L. 109-222) mandates that federal, state, and local governments withhold three percent from payments for goods and services beginning in 2011. Section 511 would have a negative impact on nearly all businesses, including CM firms. If a firm has a one-year, $1 million government contract to provide CM services, for example, the three percent withholding would equal $30,000. That amount may be more than the profit that the CM firm expected and the firm would also have three percent less funds to pay expenses related to the government contract.

Specifically, the provision would:

- Withhold taxes at a rate of three percent on all government payments for products and services made by federal, state, and local governments with expenditures of $100 million or more.
- Affect payments for goods and services under government contracts as well as payments to any person for a service or product provided to a government entity.
- Result in significant administrative costs and information reporting requirements for governments and companies.

CMAA and other organizations are very concerned about the impact and the unintended consequences of this provision on the business community. Specifically, how the three percent withholding significantly affects companies’ cash flows. Companies will lose vital funds needed to operate day-to-day activities and will be forced to pass along the added costs to customers or finance the additional amount.

CMAA Applauds House Passage of Water Infrastructure Legislation

The Construction Management Association of America (CMAA) is extremely pleased that the U.S. House of Representatives has passed H.R. 720, the Water Quality Financing Act of 2007.

The Water Quality Financing Act would authorize $14 billion for the Environmental Protection Agency’s (EPA) Clean Water State Revolving Fund (SRF) over the next four years. The SRF program has been a very successful clean water financing vehicle for communities for nearly 20 years, however, current federal investment is clearly not getting the job done as this critical infrastructure continues to deteriorate. Over the next two decades, the EPA and the Government Accountability Office have both projected that the shortfall in clean water infrastructure investment will approach $500 billion.

“The federal government has a responsibility to provide adequate resources toward ensuring that clean drinking water and an effective wastewater system are a national priority. Through passage of this legislation, the House has shown its commitment to our nation’s clean water infrastructure and the positive impact that this investment would have on public health, the environment, and job creation,” said Bruce D’Agostino, CAE, executive director of CMAA.

CMAA also strongly supported a key provision in the legislation that would ensure that construction management and program management contracts as well as payments to any person for a service or product provided to a government entity.

Dr. Herberg, Director of Engineering

15th Annual Awards Banquet

Project Achievement Award Winners

CMAA Southern California Chapter extends special thanks to MBI Media for their photography services at the March 1st Annual Awards Banquet.

Greg Hess, CCM, CMAA Southern California Chapter President, Gary Cardamone, Port of Long Beach and CMAA Honoree, and Joe Seibold, CMAA Past President.
How Important is CCM Certification To You?

For both the employer and the employee, the answer is very important. There is a growing tendency for employers to list the CCM designation as a requirement, or a preference, for employment. And more and more often, RFPs are being issued which require a CCM. This valuable ANSI-accredited credential is well-recognized in the field of construction management and the number of individuals entering the program is growing fast. Currently more than 800 construction managers have earned the CCM, and more than 300 are in the process.

Keep Your Credential Current

Earning a CCM is an important investment in your professional future. Individuals who have successfully completed the certification process are recognized for having the experience and knowledge necessary to be a competent construction manager. But you cannot stop there; to continue to be foremost in the field, you must remain current. The CCM program ensures this by requiring recertification. To remain certified, each CCM must submit an annual fee of $75, and every three years must present CMCI with a list of continuing education activities that meet the requirements. First notification will be sent out six months prior to the expiration date.

Discounted Insurance for CCMs

Certified Construction Managers can now get a discount on their professional liability insurance. The Beazley Insurance Group agreed to provide a credit of at least 10% to Ames & Gough clients who have been certified by the Construction Manager Certification Institute. It appears that other underwriters will follow suit shortly to provide similar discounted insurance to CCMs. The CCM benefits continue...

Legal & Legislative News (continued)

Beyond the factual issues involved, this case is interesting because of the Court’s finding that the general contractor was liable because it agreed in its contract to have overall responsibility for project safety. In addition, although not specifically discussed in the published Court opinion, it appears the subcontractor was not cited by Cal OSHA.

The AG concluded there was no prohibition in the Court opinion, it appears the subcontractor was not cited by Cal OSHA.

The AG concluded California’s Public Contract Code subcontractor listing requirements (Public Contract Code §§ 4100-4114) do apply to CSU’s design/builders. However, the opinion acknowledged that at the time a design/build contract is awarded, the design is incomplete and therefore the design/builders do not know what subcontractors will be used on the project. Therefore, the AG concluded that the Act requires that once the portions of the design applicable to a particular trade are completed, the design/builders are required to “competitively bid” that work and it must provide the CSU with a list of those subcontractors. Once that list is developed, the listed subcontractors are entitled to the rights conferred by the Subcontractor Listing laws.

The most controversial aspect of this opinion is its conclusion that design/builders must competitively bid the subcontract scopes of work and that the selected subcontractors have rights under the Subcontractor Listing laws. While this opinion is limited to an interpretation of the California State University Contract Act, to the extent that the language of this statute is similar to language used in other design/build statutes, it can be anticipated that this opinion will be used by subcontractors to argue that they have these rights in connection with their design/build project.
Recently, in Overaa Construction v. California Occupational Safety and Health Appeals Board, 2007 DJDAR 1553 (January 31, 2007), the California Court of Appeal upheld liability against a general contractor for its subcontractor's violation of Cal OSHA regulations.

In this case, Overaa Construction, the general contractor, entered into a contract with the Dublin San Ramon Services District, to construct certain improvements to the site. Overaa, in turn, subcontracted with an electrical subcontractor to perform certain electrical work on the project. As part of its scope of work, the electrical subcontractor had dug a trench. During a routine OSHA inspection, the OSHA inspector cited Overaa for violation of the OSHA regulations requiring shoring for excavations that exceed five feet in depth. The OSHA inspector determined that the trench was 5'6" in depth, measured from the top of a concrete slab to the bottom of the trench. Because there was no protection against "cave-in", Cal OSHA cited the general contractor on the grounds that it was the "controlling employer" pursuant to its contract with the District and, therefore, it was responsible for the safety of the work site. Overaa appealed the citation to the California Occupational Safety and Health Appeals Board ("Appeals Board"), which denied the appeal. Thereafter, Overaa filed a Petition for Writ of Administrative Mandamus requesting the Superior Court to overturn the Appeals Board's decision. The Superior Court denied the Writ and, thereafter, Overaa appealed the Writ denial to the California Court of Appeal.

On appeal, the general contractor presented evidence that it was aware of the trenching, that its safety manager had inspected the trench on several occasions prior to the date of the citation and that the safety manager believed the trench was less than five feet deep and, therefore, the trench was not subject to the OSHA regulation requiring shoring. The general contractor argued that the Appeals Board decision should be overturned because Cal OSHA had failed to establish that the general contractor had knowledge of the condition and that, absent requiring that Cal OSHA make such a showing, the OSHA standards would impermissibly create a strict liability standard against the general contractor. The general contractor relied on Federal OSHA standards under which an employer can only be held liable if it failed to exercise due diligence in discovering the violative condition.

The Court of Appeal rejected the general contractor's appeal and upheld the Appeals Board decision that it was liable for failing to ensure project work site safety. In reaching this conclusion, the Court found that Cal OSHA standards, and not Federal OSHA standards, controlled the determination of Overaa's liability. It also noted that under California standards it was not Cal OSHA's burden to show a lack of due diligence on behalf of the controlling employer, that it was the general contractor's burden to show that it had exercised due diligence as an affirmative defense, and that Overaa had failed to meet that burden. As such, the Court found that the Appeals Board had not applied a strict liability standard against the general contractor.

With respect to the issue of the general contractor's due diligence, the Court noted, while the general contractor's safety manager and the subcontractor's foreman both believed the trench was less than five feet deep, the evidence was that Overaa's safety manager had never measured the actual depth of the trench. In addition, in response to the challenge that actual depth of the trench was less than five feet from the top of the dirt to the bottom of the trench, the Court interpreted the OSHA standards to require the measurement to be from the top of the concrete slab to the bottom of the trench.
Local and National Events

City of Los Angeles: An Overview of their $1.5 Billion Public Works Construction Program

The CMAA Southern California Chapter is hosting a dinner program on Wednesday, April 25, 2007, featuring guest speaker Gary Lee Moore, PE, City Engineer, City of Los Angeles. Mr. Moore will discuss:

- LA River Revitalization Master Plan.
- Upcoming construction projects with the Bureau of Engineering and the Bureau of Sanitation.
- Los Angeles Business Assistance Virtual Network (BAVN).
- Contracting and professional service opportunities soon to be available!

The program will be held at the Downtown Marriott. Registration will begin at 5:30 with dinner and the presentation from 6:30 to 8:30.

Register Now for the Spring Leadership Forum

Learn from the best - sharpen your skills - share your ideas - enjoy dazzling Las Vegas! Plan to join fellow CMs, PMs, and owners when they meet at the Westin Casuarina Hotel, Casino and Spa, May 20-22, at the CMAA Spring Leadership Forum.

The Forum’s keynote speakers and panel discussions are all designed to show you how to better manage your organization and your projects. You’ll walk away with dozens of performance improving ideas on business management, program management, risk management, sustainability, technology, team building, and communication.

You won’t want to miss keynote speaker Jack Hallman, director of the Capital Projects Organization-Worldwide Facilities Group at General Motors. Hallman has vigorously pursued “lean and green” strategies to help compress schedules, cut costs, eliminate waste, and streamline the construction process. He will describe how GM has used 3D and Building Information Modeling techniques to help GM’s construction programs support the corporation’s business objectives...and he will challenge CMs to demonstrate the value they offer to owners.

Second BIM Conference Coming to California

By popular demand, CMAA has scheduled a second BIM (Building Information Modeling) conference in Anaheim, CA, on March 30. Based on the sold-out BIM Conference in New York City in December, this one-day conference will address transitioning your team to BIM, who the key players are in the design and construction industry, and provide hands-on demonstrations from various software vendors. Participants will become familiar with BIM processes, be able to identify advantages of BIM for the various stages of the construction project, and understand what is required to manage the BIM process - including interfacing/ coordinating with designers and contractors. This program offers 8 LUs / PDHs (8 CEUs) and is also approved for AIA CES credit.

Upcoming Conferences

CMAA (national) has scheduled the following conferences for the 2007 calendar year. Please contact CMAA at 703-356-2622 or visit www.cmaa.net for more information.

BUILDING INFORMATION MODELING CONFERENCE
Marriott Anaheim Suites and Hotel
12015 Harbor Boulevard
Garden Grove, CA 92840
March 30, 2007

CMAA SPRING LEADERSHIP FORUM
Raising The Stakes: Active Leadership As Your Tool For Success
Westin Casuarina Hotel, Casino & Spa
160 East Flamingo Road
Las Vegas, Nevada 89109
May 20-22, 2007

CMAA NATIONAL CONFERENCE & TRADE SHOW
Sheraton Chicago Hotel & Towers
301 East North Water Street
Chicago, Illinois 60611
October 7-9, 2007

FHWA Offers Grants to Spur Innovation

The Federal Highway Administration (FHWA) is seeking applications and will award multiple grants in support of the Highways for LIFE Technology Partnerships Program. FHWA opened the solicitation for the program on March 2, 2007, with a closing date of April 16, 2007. The program anticipates as many as 12 awards at the $200,000 funding level and three awards at the $500,000 funding level.

The purpose of the Technology Partnership Program is to pull in partner organizations and companies to work with the highway construction industry to accelerate the adoption of promising innovations. The program seeks to adapt proven non-highway related innovations or to refine existing highway equipment, materials, practices, or processes that have not become adopted as common practice. The program is intended to fund innovations that have been developed to the prototype stage and require further development, testing, evaluation and application in a real-world setting before they would be available for implementation.

Applicable innovation areas include: technologies, materials, tools, equipment, procedures, specifications, methodologies, processes, or practices used in the financing, design or construction of highways or bridges. The innovation must make a significant contribution to achieving at least one of the following Highways for LIFE goals: improving project and/or work zone safety (including worker or user safety), reducing construction congestion, accelerating construction or improving quality.

Competition under this solicitation is open to all nonprofit and for-profit organizations except state and local governments and institutions of higher education. State and local agencies, local municipalities, and academic institutions are excluded from competition as prime awardees, but are encouraged to participate as a partner at the sub level.

For more information on the Highways for LIFE program, go to http://www.fhwa.dot.gov/life. To submit a grant application, go to http://www.grants.gov.
Local and National Events

Breakfast of Champions
CMAA Southern California Chapter had its first Breakfast of Champions (BOC) event on February 28, 2008, at the Irvine Marriott Hotel. At 7:00 a.m. the door opened to more than 700 attendees to meet Mr. Jim Bourgart, Deputy Secretary for Transportation and Infrastructure, State of California, Business, Transportation and Housing Agency.

Chapter President Mr. Greg Hess welcomed Mr. Bourgart as our first speaker for the BOC meeting. Mr. Bourgart discussed the bright future for transportation and infrastructure projects as a result of Proposition 1A-E passing last November.

This first BOC event was a success for the CMAA Southern California Chapter—stay tuned for the next one.

Ali Altaha
Program Chair
CMAA Southern California Chapter

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For more information on the Highways for LIFE program, go to http://www.fhwa.dot.gov/lifl. To submit a grant application, go to http://www.grants.gov.
Recently, in Overaa Construction v. California Occupational Safety and Health Appeals Board, 2007 DJDAR 1533 (January 31, 2007), the California Court of Appeal upheld liability against a general contractor for its subcontractor’s violation of Cal OSHA regulations.

In this case, Overaa Construction, the general contractor, entered into a contract with the Dublin San Ramon Services District, to construct certain improvements to a project site. Overaa, in turn, subcontracted with an electrical subcontractor to perform certain electrical work on the project. As part of its scope of work, the electrical subcontractor had dug a trench. During a routine OSHA inspection, the OSHA inspector cited Overaa for violation of the OSHA regulations requiring shoring for excavations that exceed five feet in depth. The OSHA inspector determined that the trench was 5’6” in depth, measured from the top of a concrete slab to the bottom of the trench. Because there was no protection against “cave-in,” Cal OSHA cited the general contractor on the grounds that it was the “controlling employer” pursuant to its contract with the District and, therefore, was responsible for the safety of the worksite. Overaa appealed the citation to the California Occupational Safety and Health Appeals Board (“Appeals Board”), which denied the appeal. Thereafter, Overaa filed a Petition for Writ of Administrative Mandamus requesting the Superior Court to overturn the Appeals Board’s decision. The Superior Court denied the Writ and, thereafter, Overaa appealed the Writ denial to the California Court of Appeal.

On appeal, the general contractor presented evidence that it was aware of the trenching, that its safety manager had inspected the trench on several occasions prior to the date of the citation and that the safety manager believed the trench was less than five feet in depth and, therefore, the trench was not subject to the OSHA regulation requiring shoring. The general contractor argued that the Appeals Board decision should be overturned because Cal OSHA had failed to establish that the general contractor had knowledge of the condition and that, absent requiring that Cal OSHA make such a showing, the OSHA standards would impermissibly create a strict liability standard against the general contractor. The general contractor relied on Federal OSHA standards under which an employer can only be held liable if it failed to exercise due diligence in discovering the violative condition.

The Court of Appeal rejected the general contractor’s appeal and upheld the Appeals Board decision that it was liable for failing to ensure project worksite safety. In reaching this conclusion, the Court found that Cal OSHA standards, and not Federal OSHA standards, controlled the determination of Overaa’s liability. It also noted that under California standards, it was not Cal OSHA’s burden to show a lack of due diligence on behalf of the controlling employer, that it was the general contractor’s burden to show that it had exercised due diligence as an affirmative defense, and that Overaa had failed to meet that burden. As such, the Court found that the Appeals Board had not applied a strict liability standard against the general contractor.

With respect to the issue of the general contractor’s due diligence, the Court noted, while the general contractor’s safety manager and the subcontractor’s foreman both believed the trench was less than five feet deep, the evidence was that Overaa’s safety manager had never measured the actual depth of the trench. In addition, in response to the challenge that actual depth of the trench was less than five feet from the top of the dirt to the bottom of the trench, the Court interpreted the OSHA standards to require the measurement to be from the top of the concrete slab to the bottom of the trench.

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How Important is CCM Certification To You?

For both the employer and the employee, the answer is very important. There is a growing tendency for employers to list the CCM designation as a requirement, or a preference, for employment. And more and more often, RFPs are being issued which require a CCM. This valuable ANSI-accredited credential is well-recognized in the field of construction management and the number of individuals entering the program is growing fast. Currently more than 800 construction managers have earned the CCM, and more than 300 are in the process.

Keep Your Credential Current

Earning a CCM is an important investment in your professional future. Individuals who have successfully completed the certification process are recognized for having the experience and knowledge necessary to be a competent construction manager. But you cannot stop there; to continue to be foremost in the field, you must remain current. The CCM program ensures this by requiring recertification. To remain certified, each CCM must submit an annual fee of $75, and every three years must must present CMCI with a list of continuing education activities that meet the requirements. First notification will be sent out six months prior to the expiration date.

Discounted Insurance for CCMs

Certified Construction Managers can now get a discount on their professional liability insurance. The Beazley Insurance Group agreed to provide a credit of at least 10% to Ames & Gough clients who have been certified by the Construction Manager Certification Institute. It appears that other underwriters will follow suit shortly to provide similar discounted insurance to CCMs. The CCM benefits continue...

CMAA Committee Members

COMMITTEE CHAIR
Mehdi Heydari, PE, CCM, Vanir Construction Management

COMMITTEE MEMBERS
Gus Bitar, CCM, JCM Group (a division of Heery International) • Scott Harral, PE, CCM, Towill Land Surveying • Michael McAlpine, CCM, DMJM Management • Raju Kaval, CCM, Los Angeles Unified School District • Danny Kaye, CCM, Parsons-3DII • Moshir Kellada, CCM, Vanir Construction Management • David Tiberi, PE, CCM, Parsons

Beyond the factual issues involved, this case is interesting because of the Court's finding that the general contractor was liable because it agreed in its contract to have overall responsibility for project safety. In addition, although not specifically discussed in the published Court opinion, it appears the subcontractor was not cited by Cal OSHA.

The California Attorney General's Review of California State College's Design/Build Public Contracting Requirements

In February 2007, the California Attorney General's office issued an opinion interpreting the requirements of the California State University Contract Law (Public Contract Code §§ 10700-10874) (“the Act”) relating to design/build contracting. Although California Attorney General opinions are not legal "precedent" that bind Courts, they are often considered by Courts as guidance in interpreting statutory requirements.

The following three questions were presented to the Attorney General (“AG”) by a member of the California State Legislature:

• May the CSU develop selection criteria to limit the number of prospective bidders who are eligible to submit proposals in response to design/build RFPs?
• Is the CSU required to advise prospective bidders of the selection criteria that will be utilized to qualify parties who will be permitted to respond to CSU RFPs?
• Is the design.builder subject to the requirements of California's subcontractor listing laws?

The Attorney General’s Opinion provided the following guidance:

• The AG concluded there was no prohibition in the Act against the prequalification of responsible bidders.
• The AG opined that the Act required the selection criteria to be published to prospective bidders so that they could determine in advance whether they met the qualifications to respond to CSU design/build RFPs and thereby determine whether they would communicate their interest to bid.
• The AG concluded that California’s Public Contract Code subcontractor listing requirements (Public Contract Code §§ 4100-4114) do apply to CSU’s design/builders. However, the opinion acknowledged that at the time a design/build contract is awarded, the design is incomplete and therefore the design/builder does not know what subcontractors will be used on the project. Therefore, the AG concluded that the Act requires that once the portions of the design applicable to a particular trade are completed, the design/builder is required to “competitively bid” that work and it must provide the CSU with a list of those subcontractors. Once that list is developed, the listed subcontractors are entitled to the rights conferred by the Subcontractor Listing laws.

The most controversial aspect of this opinion is its conclusion that design/builders must competitively bid the subcontract scopes of work and that the selected subcontractors have rights under the Subcontractor Listing laws. While this opinion is limited to an interpretation of the California State University Contract Act, to the extent that the language of this statute is similar to language used in other design/build statutes, it can be anticipated that this opinion will be used by subcontractors to argue that they have these rights in connection with their design/build project.

G. Christian Roux
Weston, Benshoof, Rochefort Rubalca & MacCuish
Los Angeles, California
Legal & Legislative News (continued)

Action Needed! Ask Your Representative to Cosponsor Legislation to Repeal Tax Withholding Law

Current law (Section 511 of P.L. 109-222) mandates that federal, state, and local governments withhold three percent from payments for goods and services beginning in 2011. Section 511 would have a negative impact on nearly all businesses, including CM firms. If a firm has a one year, $1 million government contract to provide CM services, for example, the three percent withholding would equal $30,000. That amount may be more than the profit that the CM firm expected and the firm would also have three percent less funds to pay expenses related to the government contract.

Specifically, the provision would:

- Withhold taxes at a rate of three percent on all government payments for products and services made by federal, state, and local governments with expenditures of $100 million or more.
- Affect payments for goods and services under government contracts as well as payments to any person for a service or product provided to a government entity.
- Result in significant administrative costs and information reporting requirements for governments and companies.

CMAA and other organizations are very concerned about the impact and the unintended consequences of this provision on the business community. Specifically, how the three percent withholding significantly affects companies’ cash flows. Companies will lose vital funds needed to operate day-to-day activities and will be forced to pass along the added costs to customers or finance the additional amount.

CMAA Applauds House Passage of Water Infrastructure Legislation

The Construction Management Association of America (CMAA) is extremely pleased that the U.S. House of Representatives has passed H.R. 720, the Water Quality Financing Act of 2007.

The Water Quality Financing Act would authorize $14 billion for the Environmental Protection Agency’s (EPA) Clean Water State Revolving Fund (SRF) over the next four years. The SRF program has been a very successful clean water financing vehicle for communities for nearly 20 years, however, current federal investment is clearly not getting the job done as this critical infrastructure continues to deteriorate. Over the next two decades, the EPA and the Government Accountability Office have both projected that the shortfall in clean water infrastructure investment will approach $500 billion.

“The federal government has a responsibility to provide adequate resources toward ensuring that clean drinking water and an effective wastewater system are a national priority. Through passage of this legislation, the House has shown its commitment to our Nation’s clean water infrastructure and the positive impact that this investment would have on public health, the environment, and job creation,” said Bruce D’Agostino, CAE, executive director of CMAA.

CMAA also strongly supported a key provision in the legislation that would ensure that construction management and program management contracts are negotiated and selected based on qualifications. “This is an important provision because CM/PM contracts should always be selected based on the firm that is most qualified to perform these professional services, not on who has the lowest price,” said D’Agostino.

15th Annual Awards Banquet (continued)

Project Achievement Award Winners

CATEGORY: PUBLIC PROJECT AWARD FOR $50 MILLION OR LESS - WASTEWATER
Orange County Sanitation District, P1-76 Trickling Filter Rehabilitation and New Clarifiers Project, Fountain Valley.
This $35 million project consisted of demolition of old trickling filters, clarifiers and a pump station, and construction of a trickling filter facility, clarifiers and pump station power building. The new facility will allow effluent to be sent to the new groundwater replenishment system or the ocean outfall or both.

DElIVERY SYSTEM  OWNER AND CONSTRUCTION MANAGER  PROJECT MANAGER
Design-Bid-Build  Orange County Sanitation District  Jim Herberg, Director of Engineering

CATEGORY: PUBLIC PROJECT AWARD FOR $50 MILLION OR LESS - EDUCATION
LAUSD Frank del Olmo Elementary School.
This $20.5 million project is a brand new elementary school built in the Koreatown area of Los Angeles and is helping to eliminate overcrowding and the necessity for year-round schools. The project includes new classrooms, administration areas, a library and central courtyard, and also allows for open playfield and green space.

DElIVERY SYSTEM  OWNER  PROJECT MANAGER
Design-Bid-Build  Los Angeles Unified School District  Robert Lester, Owners Representative for LAUSD

CATEGORY: PUBLIC PROJECT AWARD FOR $50 MILLION OR LESS - TRANSPORTATION
LAN Engineering and Construction for the Nogales Street Grade Separation Project, West Covina.
This $47.5 million project consisted of lowering Nogales Street 200 feet and then building two bridges to carry railroad traffic and Valley Boulevard motorists over the newly depressed street. The project also included a loop connector road that replaced the normal intersection of Nogales and Valley.

PROJECT MANAGER  OWNER
Regina Talamantez, Resident Engineer, Lim & Nascimento  Alameda Corridor East Construction Authority
The CMAA Southern California Chapter's annual awards banquet was a great success with more than 500 in attendance. The evening's principal honoree, Gary J. Cardamone, PE, (Deputy Chief Harbor Engineer - Construction, Port of Long Beach) was enthusiastically received by the audience.

Held on March 1, 2007, at the downtown Marriott, the event announced the Distinguished Project Achievement award winners as well as scholarship awardees. This year's scholarship awardees include:

$6,000 RECIPIENT
Hahn Vu, California State University, Long Beach

$5,000 RECIPIENTS
Jeffrey Bowling, University of Southern California
Joel Velasco, California State University, Long Beach

$2,500 RECIPIENTS
Noel Abraham, University of Southern California
Farrah Farzaneh, University of Southern California
Mary Wulf, Cal Poly, Pomona

$1,000 RECIPIENTS
Hossein Ataei, University of Southern California
Andre Hawkins, Cal Poly, San Luis Obispo
Calypso Kiriacopoulou, University of Southern California
Terry Lim, Cal Poly, Pomona
Kaatija Nissen, University of Southern California
Kyle Patterson, University of Southern California

Thank you to all who attended and made this event successful. All proceeds from the event go directly into our scholarship fund for next year.

CMAA Southern California Chapter Scholarship Committee
Chip Ossman (Project Mediation Group), Brett Barnett (Harris and Associates), Mike McAlpine (DMIMM), Rebecca Jones, Chair (Safework)
With nearly 700 members, the CMAA Southern California Chapter is extremely proud of its growth over the past few years. Our membership includes more than 100 owner members from diverse organizations representing a variety of industries such as:

- Entertainment
- Private Development
- Universities
- School Districts
- Water Districts
- Municipalities
- Airports
- Transportation Agencies
- Ports
- Sanitation Districts

We have also been increasing our associate membership of design, engineering and legal consultants as they recognize the benefit of joining an organization where owners value construction management services.

New Members from September 2006 through February 2007

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<td>University of Southern California</td>
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<td>ANTONIO ATAEI</td>
<td>University of Southern California</td>
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<tr>
<td>ALEX BARRERA</td>
<td>URS Corporation</td>
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<td>LOUIS BECK, JR.</td>
<td>Lundgren Management Corp.</td>
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<td>RUSSELL BECK</td>
<td>Lundgren Management Corp.</td>
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<td>MASOD BOBAIE</td>
<td>BORIM Engineers</td>
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<td>JEFFREY BOYDING</td>
<td>University of Southern California</td>
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<td>STEVEN BRADY</td>
<td>English Management &amp; Consulting, Inc.</td>
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<td>JAIME BURROLA</td>
<td>MWH Americas, Inc.</td>
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<td>MARK BUTIER, JR.</td>
<td>Butier Engineering, Inc.</td>
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<td>MARK BUTTERS</td>
<td>California Construction Management</td>
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<td>DAN CARTER</td>
<td>Project Control &amp; Development</td>
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<td>MICHAEL CHEGIN</td>
<td>Owen Group, Inc.</td>
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<td>CURTIS CHENI</td>
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<td>MATTHEW CHRISTENSEN</td>
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<td>MARVIN BUDROE</td>
<td>CH2M HILL</td>
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<td>RAND COUDRAY</td>
<td>Luster National, Inc.</td>
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<td>JAMES COURTEAU</td>
<td>BRJ &amp; Associates, LLC</td>
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<td>NICK CUNICO</td>
<td>Lundgren Management Corp.</td>
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<td>MARIN DARCOSI</td>
<td>staples Construction Company, Inc.</td>
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<td>CHUCK DANIEL</td>
<td>Eastern Municipal Water District</td>
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<td>Washington Group International</td>
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<td>MELANIE ESTES</td>
<td>Menkola &amp; Associates</td>
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Another type of Tier I cost reduction involves looking for ways to purchase in volume. The lighting package is one area where this approach frequently works. Within all areas of a restaurant, the client has often specified light fixtures from several different manufacturers. However, one manufacturer usually makes all of the fixtures specified, or at least fixtures that are very similar to those specified. The A/E consultant can pare down the product lines and then bring in a national representative to help the client set up a national account. Purchasing directly from the manufacturer for an entire chain of restaurants eliminates several points of markup – from the local manufacturer’s representative to the general contractor and the electrical sub-contractor – and can result in major savings with an increase in quality control for the client.

National representatives can also be brought in for HVAC systems, doors, windows, finishes and so on. If a client is building as few as ten stores a year, the volume discount achieved by National Account Purchasing is significant. Tier I cost reductions typically can achieve a seven to ten percent savings of total construction costs.

**Tier II**

Tier II cost reductions involve cost-cutting areas that owners may notice because they are so familiar with their building, but would not be obvious to customers. This type of reduction can add up to millions of dollars in savings. By chipping away with Tier I, Tier II and a few Tier III cost reductions, $300,000 was trimmed from the owner’s construction cost per store without cheapening their building.

Restaurants are mechanically complex with extensive plumbing systems. If the restrooms are located in the front of the building and the kitchen and bar are in the back, a design change that moves the restrooms closer to the bar can save 100 feet of five separate utility runs, which can amount to substantial savings in a building program. Tier II cost reductions can typically achieve an additional five to seven percent reduction in both construction cost and operational efficiency.

**Tier III**

Tier III cost reductions, the most difficult cuts, are those items that will have a definite visual impact, and are most noticeable to consumers. These types of reductions tend to reduce the quality of finishes or eliminate major building components, and may require harder brand/image concessions on the owner’s part. Tier III reductions typically result in a five to seven percent savings. However, once changes are made, these savings do cap out due to minimum system requirements needed to physically operate a business.

Even in this time of escalating materials costs, value engineering can help keep costs down when applied in a programmatic manner. Applying strict value engineering methods to prototype work is a win-win for a firm and its clients, creating value for clients and new business for the firm. By helping clients set up national accounts for global purchasing and cutting costs that are imperceptible to end-users, a firm can help clients build intelligent decisions into prototypes that can add up to millions of dollars in savings.

Scott Windle, AIA, RID, serves as program manager in the Building Programs Division of Carter & Burgess. With more than 25 years of progressive experience in retail design with an emphasis on restaurants, he has considerable expertise in concept design, prototype development, value engineering analysis, national building code evaluation and nationwide roll-out programs.

Through effective cost management and value engineering practices, thousands of dollars can be trimmed from a restaurant or retail client’s budget. KFC Remodel Wingstreet (Yum! Brands), Boston, Massachusetts.
President’s Message

The CMAA Southern California Chapter just held its 15th annual awards banquet that set a new record of 550 in attendance—surpassing last year’s attendance by 200. The banquet featured the presentation of three project awards, 12 scholarships (totaling $29,500), 13 distinguished owner honoree awards, 46 corporate sponsors, and our honoree, Gary Cardamone of the Port of Long Beach.

A long time supporter of CMAA, Gary served as president of this chapter twice, and he is currently serving on the national CMAA board as vice president of standards and practices. We are truly honored to have had Gary as this year’s honoree.

Thank you to all of the sponsor companies for their continued support of this chapter and CMAA, and congratulation to all of the scholarship and project award winners as well as the distinguished owner honorees. Your continued support of both the annual awards banquet and the golf tournament has enabled us to increase our scholarship awards by more than 28% year over year.

Continuing to provide timely dinner programs and educational seminars to its membership, the chapter recently introduced a new event, our “Breakfast of Champions.” The first breakfast was held at the Irvine Marriott and featured Jim Bourgart, Deputy Secretary for Transportation and Infrastructure, State of California, Business, Transportation and Housing Agency. It was quite a success with 72 attendees.

With the recent resignation of our student outreach chair, Mr. Willie Paiz, I have appointed Mr. Chip Ossman of Osman Project Management Consulting, Inc. to fill that position for the remaining term. We all wish Willie the best and thank him for his dedication and participation over the last two years. As Chip has been on the scholarship selection committee past few years, he is a perfect fit to fill this role. Welcome aboard Chip!

Setting the pace locally and nationally, the board’s focus this year has included increasing membership, promoting the CCM designation, and increasing student involvement within the chapter. Results so far include the addition of 14 new CCMs, a membership totaling 682, and the addition of two student chapters—one from USC’s graduate program and the other from Cal State Northridge.

New programs, increased membership and CCM certifications, and increased participation of our corporate sponsors have made this a banner year for the CMAA Southern California Chapter. Thank you to all of our members for your continued support. One more reminder: the National CMAA Spring Conference is being held in Las Vegas this year, May 20th through the 22nd—see you there!

Greg Hess, CCM
President, CMAA Southern California Chapter

New Chapter Members

MELINDA JOHNSON  
ABS Consulting/EQE Program & Construction Mgmt. Group

STACEY JONES  
Hallrow HFA

SHIRLEY JULIAN  
English Management & Consulting, Inc.

RAMESH KALWANI  
KAL Architects, Inc.

SAM KAMAND  
Klassen Corporation

THOMAS KENNEDY  
Professional Reprographic Services, LLC

ZAMIR KHAN, PE  
Jacobs

HAROLD KUHBLALL, PE, PMP  
Orange County Sanitation District

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University of Southern California

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Pacificia Services, Inc.

JESSICA LANDON  
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MIKE LEWIS  
Eastern Municipal Water District

GEORGE LOGNOS  
DRAulinity & Associates, Inc.

TERRY LIM  
Cal Poly Pomona

MARIAN LIVINGSTON  
City of Palmdale

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Mendoza & Associates

MANNY MAGANA  
Oatay Water District

ROB MARKS  
CDM

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Parsons

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Malcom Pirme, Inc.

CRAIG MCKINLEY  
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JOHN METOVER  
Keller CMS, Inc.

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Staples Construction Company, Inc

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Eastern Municipal Water District

JOE MOULAWAD  
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GABE NECOCHEA  
Eastern Municipal Water District

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URS Corporation

KYLE PATTERSON  
University of Southern California

ANDREW PEARL  
University of Southern California

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Clark Construction Company

JOHN PURCHASE  
Eastern Municipal Water District

DANIEL REICH  
DMJM H&N

RON RIPPERGER  
Oatay Water District

ELI RODRIGUEZ  
Eastern Municipal Eastern Water District

KARL ROLAND  
Eastern Municipal Water District

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URS Corporation

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Butler Engineering, Inc.

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PinnacleOne

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Cal Poly, San Luis Obispo

DEREK SIMPSON  
Morris Patch & Purdy LLP

MIKE SILAMA  
City of Long Beach, Public Works Dept.

MATT SMITH  
Orange County Sanitation District

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Lundgren Management Corp.

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Construction Management Solutions

ANDREA STILLERY  
Butler Engineering, Inc.

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GARRETT TERLAAK  
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O’Connor Construction Management, Inc.

ROGER TORRIERO  
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Winter/Spring 2006-2007

Finding True Value in Value Engineering
By Scott Windle, AIA, Program Manager, Carter & Burgess, Inc.

There are no constants in our economy. Steel goes up 15 percent — again — so everyone switches to wood. Then Hurricanes Katrina and Rita put wood over the top. Then the rising cost of fuel causes virtually every line item cost to climb even higher — including labor. The possibilities are endless and could blow even the tightest budgets out of the water.

Cost management has always played a critical role in an architectural/engineering firm’s approach to client service. In this era of rising material costs, value engineering takes on an even greater value, especially when a firm has multiple prototype projects that must be kept on track. Cost management is an integral part of the program/process.

With construction costs spiraling upward, outpacing inflation at an ever faster clip, companies with large building programs are looking for every opportunity to minimize their construction costs. The “Value Engineering” exercise has become an annual occurrence in an attempt to break even on cost. One system utilized by Carter & Burgess to manage this process and allow quick client decision involves a multi-tiered analysis approach.

Consider this situation. A restaurant chain’s cost per building is $1.3 million. The contracted architectural/engineering firm is charged with cutting $300,000 out of the budget — a hefty 22 percent. A daunting goal, certainly, but not necessarily unattainable if the firm approaches their cost cutting in a methodical three-tier process.

Tier I
Tier I cost reductions are areas that neither the owner nor the consumer would ever notice, such as simplifying concealed structural systems down to specifying the type of gypsum board used for a project. While a more costly fire-rated sheetrock is required in and around mechanical rooms, often an architect will specify a job using fire-rated drywall for the entire project. Respecifying that the fire-rated sheetrock be limited to the mechanical areas can save thousands of dollars per unit. In a multi-unit roll-out program of 20 stores per year, any cost savings can be multiplied by the total unit count, making the value engineering exercise very productive.

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is published compliments of
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Inside . . .

President’s Message 2
15th Annual Awards Banquet 4
CCM Corner 6
Local and National Events 8
Legal & Legislative News 10
National News 13
New Chapter Members 14
Upcoming Events 16

Page 16 www.cmaasc.org