2011 AACE INTERNATIONAL ANNUAL REPORT

PRESIDENT’S MESSAGE
GOING OUT WITH A BANG

EDUCATION BOARD NEWS
2011 SCHOLARSHIP FUND CONTRIBUTORS

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Please note: You will need Adobe Flash Player enabled in your browser to view the presentations, click here if you need to download and install it. The webinars seem to work best using Internet Explorer as your browser.

AACE International Presents is a series of webinars, linked to a discussion forum, featuring some of the most popular presentations and presenters from past Annual Meetings. These are offered free to members.

For access to other AACE Presents webinars, as well as full membership benefits and discounts, become an AACE International member today, by visiting: www.aacei.org/mbr/how2join.shtml
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Even though as I write this, I still have more than two full months remaining in my tenure as AACE President, it will be my last message to the membership. I’m actually on an airplane traveling back home from Aiken, SC, where I was supposed to have presented on the State of the Association at a dinner meeting of the Central Savannah River Section. Unfortunately, a family emergency prevented me from making that presentation, and I am truly sorry to have left them without a speaker just a few hours before their meeting—I will definitely try to make it up to them at the Annual Meeting in San Antonio.

Presenting to the CSR Section was to have been the start of a flurry of outreach-focused activity that I had planned to finish my term on a high note, and I am confident that I will be able to honor the remaining commitments that I have made in this regard. In just over a week, I will be traveling to the Middle East to visit the leadership and members of both the UAE and Arabian Gulf Sections. While in Saudi Arabia, I will get to attend the 2nd AACE International Arabian Gulf Symposium on Managing Projects, Programs, and Portfolios. In Dubai, I will be given a tour of the Hyatt Regency Dubai Galleria, the site of the first AACE International TCM conference that is scheduled for November of this year.

Later in May, I will be representing AACE at the EVM World 2012 Conference in Naples, FL. The conference is sponsored by the newly independent College of Performance Management (CPM), and I am excited to announce that we have just renewed our cooperative agreement with CPM for another year. In June, I will be traveling to both the Saskatoon (Canada) and the Alaska Sections to meet with their leadership and members, and at the end of the month I will be presenting on AACE’s EVP certification at the SCEA/ISPA Joint Training Conference in Orlando, FL. Believe me when I say I will be ready to turn over the President’s gavel to Marlene Hyde in San Antonio, but not before I get to meet with as many Past Presidents of the Association as are able to attend the third annual Past Presidents Council, which is again scheduled to occur on the
first day of the Annual Meeting. I am also hoping to sign the renewal of our cooperative agreement with the Department of Energy (DOE) in San Antonio, which has been a key partnership over the past several years that we are excited to see continue well into the future.

At this past Board Meeting in Washington, DC, our Executive Director Dennis Stork asked me if there was anything more I wanted to accomplish in the few months before I too am a Past President. I only needed a few seconds to think about it, and responded that no, I feel that my tenure has been as effective as I could have hoped. To me, the role of President is really to be, “the face of the Association,” and while my face isn’t really that attractive I’ve done my best to live up to that personal expectation. Balancing this with the demands of a full-time job and active family is definitely a challenge, as Marlene will find out first hand soon, but this is the job we both signed up for when we agreed to our respective nominations. I wish her luck when she takes over as President in July, but don’t think that I’m ready to step down just yet—I still intend to go out with a bang!◆

If you would like to contact our current president with questions or comments about The President’s Message please address your e-mail to president@aacei.org. To engage in other discussions, check out AACE International’s Online Forums at www.aacei.org/forums.
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ACE International enjoyed an exceptional year in 2011. The Association experienced record highs in membership, net certifications, and enjoyed the third largest attendance during our 2011 Annual Meeting in Anaheim, CA.

Membership Trends—In a six year period when many professional associations were stagnating or losing members, AACE International membership has grown by 55 percent. A major factor in that growth has been the expansion of our international membership. Currently 27 percent of our membership is outside of North America, a factor that lead to the Association adding a third international region to serve the growing number of international sections. In 2011, the Board of Directors also voted to create the Corporate and Organizational Membership Partnership, a group membership program designed for entities to earn a discount on memberships for their employees. That program replaced the Corporate Sponsorship Program as of January 1, 2012. Membership growth has also benefited from our enhanced Member-Get-A-Member program as well as improved promotional tools such as the professionally produced membership recruitment video featured on our website.

Certifications Soar—In 2011, net certification holders of AACE International certifications increased by 22 percent for the second straight year, evidence of the increased recognition of the value of the certification among total cost management practitioners and employers. The Certification Board has announced that as January 1, 2013, the Association will be migrating to a computer-based examination program using the Kryterion testing network and phasing out the proctored paper and pencil examinations. With more than 500 secure sites worldwide, we believe that we will experience an even greater surge in certifications as we make access to examinations easier throughout the world. The Certification Board also offered a Recertification Amnesty program that allowed almost 100 individuals to reinstate their certifications by providing proof that they were current in their requirements and paying the required recertification fee.

Annual Meeting Abstracts Submissions Increase—In addition to having the third largest paid registration in Association history, the 2011 Annual Meeting set new records for submitted abstracts with more than 330 abstracts submitted. While the additional papers created an increased burden on the Technical Board to select papers for the Annual Meeting with three papers submitted for every slot available, the body of knowledge of total cost management benefited from the improved quality of the papers selected that the more competitive peer review process fostered. In 2012, AACE International will record technical sessions, synchronizing the audio with the presentation slides to create another method of distributing the information presented at the annual meeting. These sessions will be available on the new Online Learning Center, scheduled for release in September 2012.

Visual Total Cost Management Framework Released at Annual Meeting: The Technical Board released the exciting new membership enhancement, Visual TCM at the 2011 Annual Meeting. Visual TCM (VTCM) graphically demonstrates the integration of the strategic asset management (SAM) and project controls (PC) process maps of the TCM Framework. The Visual TCM application has been designed to provide a dynamic view of the TCM processes, from the overall strategy process maps to the mid-level processes and detailed activities.
AACE MEMBERSHIP TRENDS:
55% Increase Since 2005

AACE CERTIFICATION TRENDS:
Net Certifications Increased

2009  2501
2010  3040
2011  3717
The processes are hyperlinked, giving the user the ability to move to and from related process maps and reference material. This allows for the optimal effectiveness of understanding and using the process and sub-process in the context of and relationship to associated sub-processes that share common strategies and objectives. Visual TCM allows the user to view and apply TCM section-by-section, at a sub-process or functional level. Additional enhancements to the program will be added over the coming year.

AACE Presents Introduced, Webinars Planned—Each month, AACE International offers its members a free one-hour presentation based upon a highly regarded presentation from a previous Annual Meeting. These programs, narrated by the presenter of the paper and coordinated with the visual presentation, is a great way for members to keep abreast of current developments without leaving their desk. In early 2012, AACE International also announced its intention of providing a series of real time webinars beginning in 2012.

AACE International Experiences Loss—AACE International experienced a slightly larger than anticipated loss than budgeted in 2011, with declines in the stock market accounting and unanticipated increases in health insurance benefits accounting for the bulk of the shortfall. In the previous year, AACE had experienced unexpected gains in the stock market and has achieved its strategic goal of a six-month’s operating reserve. The Association had audited earnings of $2,821,401 and expenses of $2,922,504.

Canons of Ethics Revised, New Ethics Committee Created—In 2011, the AACE International Board of Directors approved a revised Canons of Ethics and created an Ethics Committee and processes to address alleged ethics violations.

New Headquarters and Association Management Software—In July 2012, AACE International moved to new headquarters offices at 1265 Suncrest Towne Centre, Morgantown, WV 26505. The new facilities provides a more efficient and effective environment for the 17 staff members working there. The Association also changed its association management software in April 2012, and expanded its internet and phone capacity with increased bandwidth to support its cloud-based data management system.

Other 2011 Accomplishments:

- Entered into a long term agreement to develop membership in China with the Shanghai Construction Consultants Association.
- Approved strategic plan requiring annual operating plan for the Association.
- Launched a comprehensive mentoring program that now has more than 100 registered mentors available to help partners/protégés.
- Experienced a more than 50 percent increase in the number of students applying for scholarships.
- Committed to hosting our first International Total Cost Management Conference Nov. 14-15, 2012 in Dubai, UAE, our first educational program outside of North America.
- Released the Seminar in a Box program as resource for sections to present the two-day seminars locally. And,
- Prepared for the launch of the new bimonthly online publication, Source, that now alternates with the Cost Engineering journal. Ethics.”
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SNC-Lavalin Mining and Metallurgy is an international leader in consulting, design, engineering and construction of processing and infrastructure facilities for the mining industry. With a staff of over 5,600 employees located in offices in Toronto, Saskatoon, New Caledonia, Romania, Abu Dhabi, Vancouver, Montreal, London, Johannesburg, Jakarta, Santiago, Perth, Brisbane, Lima and Belo Horizonte, we are well positioned to successfully execute projects anywhere in the world.

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• Planners/Schedulers
• Cost Controllers
• Estimators

Our areas of work include feasibility studies and EPCM projects of mining process plants and associated infrastructure, including green-field development and brown-field and expansions. The Project Controls Team supplies services, on a project basis, to ensure the full, efficient and orderly implementation of the project. These services include the planning, estimating, controlling and trending of project scope of work and the associated costs and schedules.

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CONSTRUCTIVE ACCELERATION is a well recognized claim in the United States. The Federal Government’s Boards of Contract Appeals long ago created this claim and established the basic rules of entitlement concerning this type of claim. Thus, U.S. based contractors know what must be documented in order to recover in such situations. But when U.S. contractors are working outside the U.S. and are faced with this sort of situation, can they recover in arbitration or litigation in other jurisdictions? This presentation examines constructive acceleration in various legal jurisdictions (both common law and civil law) around the world to determine whether a contractor is able to use this type of claim to recover damages.

The opinions and information provided herein are provided with the understanding that the opinions and information are general in nature, do not relate to any specific project or matter and do not necessarily reflect the official policy or position of Navigant Consulting, Inc. Because each project and matter is unique and professionals may differ in their opinions, the information presented herein should not be construed as being relevant or true for any individual project or matter. Navigant Consulting, Inc. makes no representations or warranties, expressed or implied, and is not responsible for the reader’s use of, or reliance upon, this paper, nor any decisions made based on this paper.
JIM ZACK is the Executive Director of the Navigant Construction Forum – the construction industry’s global resource for thought leadership and best practices on avoidance and resolution of construction project disputes globally. Formerly, Executive Director, Corporate Claims Management for Fluor Corporation, a $20 billion/year engineering, procurement, construction and maintenance contractor with offices and projects worldwide. Previous to that, Vice President of PinnacleOne and Executive Director, PinnacleOne Institute and Senior Construction Claims Consultant with CH2M HILL, Inc. With 40 years experience working on construction projects he is a recognized expert in mitigation, analysis and resolution or defense of construction claims. Mr. Zack has been involved with claims throughout the United States, Canada, Egypt, China, Germany, Kazakhstan, Saudi Arabia, Tatarstan, The Russian Federation, Saudi Arabia and Trinidad and Tobago. He has been involved in more than 5,000 claims and has been designated as an expert witness in mediation, arbitration and litigation. Mr. Zack is a Fellow of AACE International and the Royal Institution of Chartered Surveyors (RICS). Mr. Zack is a Certified Forensic Claims Consultant, a Certified Construction Manager and a Project Management Professional. Mr. Zack is a nationally known author, speaker and trainer concerning the management, mitigation and resolution of construction claims on public works projects.

This complimentary webinar is sponsored by

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NOVEMBER 14-15, 2012 in DUBAI, UAE

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www.aacei.org/mtgs/ITCMC

WEBINAR FEES: Webinar registration is free to current AACE International members and stakeholders. Space will be limited to the first 500 registrants. The webinar will be archived and available for subsequent viewing on August 1, 2012.

Available at the following times:

7:00 AM - US Pacific Time Zone 9:00 AM - US Central Time Zone
3:00 PM - London 4:00 PM - Western Europe
5:00 PM - Eastern Europe/Saudi Arabia 6:00 PM - UAE/Russia
7:30 PM - Mumbai, India 10:00 PM - Kuala Lumpur

TO REGISTER GO TO

https://www2.gotomeeting.com/register/687262234
because you gave, AACE was able to award more than $78,000 in scholarships to 23 deserving students who applied for 2011 scholarships. This includes matching funds the Association was able to provide to AACE International sections for a number of the scholarships. Since the education funds were established, over one million dollars in scholarships have been awarded.

All contributions are grouped in dollar amount ranges, with the names of the contributors listed alphabetically under their respective contribution amounts. First is the AACE Canada Scholarship Fund, then the AACE Scholarship Fund and finally the AACE Education Endowment Fund. Collectively, these funds make up what is referred to as the AACE International education funds.

**CANADIAN SCHOLARSHIP FUND**

$3,500.00
- Chinook-Calgary Section

**AACE INTERNATIONAL SCHOLARSHIP FUND**

$1,000.00
- Chicago-Midwest Section
- Southern California Section
- Southwestern Ohio Section

**$1,000.00**
- Aurora-Edmonton Section

**$125.00 and Less**
- Tibor Magyarosi, Vanbots Construction Corp.
- Jon R. F. Webster, Flowmax Operating Inc.

**$50.00 and Less**
- Michael Charles Barsam, EllisDon Corporation
- Martin J. Bloem, Project Cost Services, Inc.
- Ian Ross Dewar, Hatch Energy
- Douglas O. Hoffman, BI Provincial Upgrader
- David A. Williams, CEP, Estimate Consulting Inc.

**$20.00 and Less**
- Douglas David Cameron, Galt
- Sami Wassili Fahmy, P.Eng.
- Roy Kingsley Howes, Fluor
- Shafa Ullah Khan, SUK & Associates
- Jim R. Maddocks, Gas Liquids Eng.
- Mike Nimec, Qnet Associates Inc.
- Mario Poirier, Cegertec Experts-Conseils
- Ali A. Rasouli, Hatch

**AACE SCHOLARSHIP FUND**

$1,000.00
- Aurora-Edmonton Section

**CANADIAN SCHOLARSHIP FUND**

$1,000.00
- Aurora-Edmonton Section
• Seattle Section
• National Capital Section

$800.00
• Upcountry South Carolina Section

$750.00
• North Florida Section

$700.00
• New Jersey Section

$500.00
• St Louis Section
• Laura Valley, DRMcNatty & Associates, Inc.

$150.00
• Larry R. Dysert, CCC CEP, Conquest Consulting Group
• Michael R. Morrison, CCC, Value Management Consulting

$125.00 and Less
• Richard J. Sieracki, The Kenrich Group, LLC.
• Kul B. Uppal, PE CEP, Conquest Consulting Group

$100.00 and Less
• Jeffery J. Borowicz, CCC CEP PSP, DTE Energy - Detroit Edison / Michcon
• Chris A. Boyd, CCE CEP, Administrative Controls Management, Inc.
• Robert W. Brown, RW Brown & Associates
• John H. Heitkamp, Cost Data On Line
• Jon M. Hollman, CCC CEP, Keville Enterprises, Inc.
• Joseph Henry Knick, PE, URS, Savannah River Remediation
• Enno Koehn, PE, Lamar University
• Thomas L. Kondziolka, Bechtel Corporation
• Daniel Laboy, PE, Laboy & Associates
• Douglas W. Leo, CCC CEP, Censeo Project Solutions
• Jonathan Eric McNatty, PSP, DRMcNatty & Associates Inc.
• US COST Inc.
• George D. Weaver Jr., PE
• Harvey J. Welker, WRE, Inc.
• James G. Zack Jr., CFCC, Navigant Consulting, Inc.

$50.00 and Less
• Peter J. Angelakos
• Roderick Dimitri Belcher, Belcher Consultants, Inc.
• Mark Boe, PE PSP, Capital Project Management, Inc.
• John O. Evans, III, PSP, John Evans Architect
• Peter W. Griesmyer, POWER Engineers, Inc.
• Dennis B. Hollis, Northwest Const. Services, Inc.
• Vinny Kissoon, CCC CEP, STV, Inc.

• Steven Koff, Steve Koff & Associates
• Cokey Wayne Mills, CCE, PBSJ/USACE/CW Mills
• Neil D. Opfer, CCE CEP PSP, Opfer Construction & Review Group

$25.00 and Less
• Vasanth K. Bhat, BASF Corporation
• Jennifer G. Frank, PE, Diggs Construction
• Victoria DeSharon Hankerson
• Rob Hartley, PSP, American Bridge/Fluor Joint Venture
• Edward A. Orlando Jr., Merrill Construction Services, LLC.
• Venkatesh Paidipalli, P.Eng., Fluor Australia Pty. Ltd.
• Andrew T. Petrella, Andar Cost Consulting
• Ahmed Ibrahim Osman Salih, Dams Implementation Unit
• William B. Solomon, Cornerstone Transportation Consulting
• Emad Adel Roushyd Tawfik, Orascom Construction Industries

$20.00 and Less
• Juan Alfonso, PBS&J
• Ajit Bhatia, Con Edison
• Limreal R. Blanc, LB Estimating, Inc.
• Terry Joseph Brennan, US Department of Energy, Office of Environmental Management
• Dale E. Brisboe, Entergy Nuclear Operations Inc.
• Thomas C. Caruso, Mark Resolve Inc
• David T.B. Cham, Cham Estimating Service Inc.
• Terry Chick, WorleyParsons
• Stanley Kam-Sun Chow, CCC, Perma Construction Ltd.
• Roger J. Clements, Toscano Clements Taylor
• John Leigh Elmer, John L. Elmer & Assoc.
• W. John Irwin II, PE CFCC
• Jaap Kruger, CTT PSP
• Richard Appiah-Kubi, Newmont Gh Gold Ltd.
• Charles Kumi, Kumi Construction Mgmt. Corp.
• Jeffrey D. Kursave, CCC, Honeywell
• Michael J. Lenahan, Shaw Environmental & Infrastructure, Inc.

ENDOWMENT FUND

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$1,000.00 and Less
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$500.00 and Less
• Mark T. Chen, PE CCE, ISTN
• John O. Evans III, PSP, John Evans Architect

SOURCE JUNE 2012  15
Thank you for your contributions!

ICEC Roundup Newsletter Has Been Posted as a Member Benefit To AACE International Members

The latest issue of the International Cost Engineering Council (ICEC) Roundup newsletter is posted and you can review it by clicking this link (www.icoste.org/category/publications/). This is a member benefit to AACE International members as a result of AACE being an ICEC member association.

In this issue of the ICEC Roundup, you’ll find the following.

- AACE International has launched a new ICEC Discussion Forum through the efforts of Past President Steve Revay. Register for a forum account at www.aacei.org/forums. Everyone registered receives an e-mail alert each time someone posts to the ICEC Forum. Additional information is on page 13 of the Roundup newsletter.
- Detailed information on the ICEC 8th World Congress, scheduled for June 23-27 in Durban, South Africa. AACE International member Alexia Nalewaik will be one of the keynote presenters. Her scheduled topic is: Intersection and Divergence in CE, QS, and PM: Competencies, Qualifications, and Professional Recognition. Articles on the congress are posted throughout the newsletter.
- A FIG Working Week event will be May 6-10 in Rome.
- The 16th Pacific Association of Quantity Surveyors Congress is set for July 7-10 at Brunei, Darussalam.
- The 26th IPMA World Congress will be Oct. 29-31 in Greece.
- AACE International’s first International Total Cost Management Conference will be Nov. 14-15 at the Hyatt Regency Dubai and Galleria in Dubai, UAE.
- The ICEC Secretariat, hosted by the Australian Institute of Quantity Surveyors (AIQS) has moved with AIQS from Canberra to their new headquarters in Sydney. Michael Manikas is the new CEO of the AIQS.
- ACostE, the association of cost engineers in the UK, is promoting a new tiered accreditation program, listed as a professional status framework for project control, estimating, and planning and cost engineering practitioners. ACostE celebrated its 50th anniversary in 2011 with over 80 attendees at its annual conference.
- Ken Humphreys has an article on page 14 explaining why the $ symbol appears several times in the ICEC logo.

These items give an overview of the contents of the ICEC Roundup Newsletter; check it all out at www.icoste.org/category/publications/.
Reaccreditation has been granted for the maximum five year term for three of AACE International’s specialty certifications by the Council of Engineering and Scientific Specialty Boards (CESB).

The reaccreditation was approved at the recent 2012 annual CESB meeting. Reaccredited are AACE International’s Certified Cost Consultant (CCC), Certified Cost Engineer (CCE) and Certified Cost Technician (CCT) certifications. Each certification is now reaccredited until Dec. 31, 2016.

“On behalf of the Certification Board, we are pleased to receive, for the first time since accreditation, the maximum accreditation period of five years with no mandatory actions required. The recent decision of the CESB Board is recognition of our efforts to ensure the quality and integrity of our certification program,” commented Valerie Venters, Chair of AACE International Certification Board.

AACE International’s Planning and Scheduling Professional (PSP) and Earned Value Professional (EVP) certifications are also accredited by CESB, expiring December 31, 2014. It is the intention of the Certification Board to submit an accreditation application for its Certified Estimating Professional (CEP) certification by Dec. 31, 2012.

Accreditation involves a detailed evaluation of all aspects of a certification program’s operations to determine compliance with CESB’s accreditation guidelines.

CESB is an independent, voluntary membership body created in 1990 for its member organizations who recognize, through specialty certification, the expertise of individuals practicing in engineering and related fields. As an accrediting body, CESB provides basic criteria and guidelines for certification programs for engineers, technologists, technicians, and related scientific specialties. CESB’s accreditation guidelines and other information are available at www.cesb.org.

“AACE International certifications have been a mark of distinction for over 30 years. As the industry leader, our professional certifications will distinguish you as an individual who has the knowledge and skills that impact the bottom line,” notes Venters. She continued, “Our certifications provide exam and experience validation that lets employers, clients, and colleagues identify those who meet the program’s competency standards.”

Venters concluded, “With AACE certification, you demonstrate that you have met the highest professional standard available in the industry.”
MEMBERSHIP RENEWAL OBJECTION #7

THE MAYAN PROPHECY

If the world ends on December 21, 2012, I won’t get the full value of my 2012 dues!

True, if the world does end, you would still be owed ten days of additional membership benefits, a value of $4.31, and AACE International is willing reduce your 2012 member dues by that amount if you agree to take part in our Cost Engineering journal special feature, entitled Mayans Among Us: Calculating the Risk Factor of the End of Days. Members who opt to participate in this special offer must agree to pay the balance of their 2012 dues on December 22, 2012 in the off chance that the Mayans got it wrong.

For non-Mayan members, you’re already experiencing interruption of member services, so we encourage you to renew your 2012 membership today!

RENEW OR JOIN FOR THE FIRST TIME AT
www.aacei.org/mbr/how2join.shtml
Lorrie Tietze is the founder and owner of Interface Consulting. The Denver-based firm focuses on ‘enabling sustainable change’ by working on both the technical side and the human side of changes. These changes include projects, acquisitions, business process engineering and mergers.

Interface Consulting is committed to finding and promoting processes, skills, and tools that help support project managers and project teams to deliver their work on time and on budget. Much of the technical side of work involves project implementations—including project cost and schedule controls. They are, for Lorrie, like a 3-D puzzle—lots of moving parts that must all come together at a preferred time and cost for success. Lorrie frequently provides consulting on shifting an organization from a deterministic schedule and cost methodology to a risk-based, probabilistic methodology.

Lorrie remembered, not long ago, when her mother asked her, “Who would have imagined that you would have had the experiences you have had when you were growing up in rural Wyoming?” It made Lorrie think back over her background and career and realize that she had imagined it. As a young girl, Lorrie wanted to see the world and make a difference. Her purpose, to help people help themselves, has guided her through life and influenced the choices she has made.

Lorrie was born in Missouri when her father was in the Army. About a year after her birth, Lorrie’s parents moved to Wyoming, where her father worked at a uranium mine. It was a true western, rural life—Lorrie rode horses, fished, backpacked, and learned how to shoot. Her dad was also a hunter, so she grew up eating more game meat than beef for dinner.

While Lorrie’s rural western childhood grounded her, she wanted to see and do more in college. Lorrie had always aspired to obtain a technical degree, and since she loved math and physical science, engineering seemed like a good fit. She attended Kansas State University and earned both bachelor’s and master’s degrees in nuclear engineering.

Lorrie was first introduced to AACE through long time member Anamaria Popescu. Association with AACE has already benefited Lorrie and her company, and she is still discovering all the opportunities AACE has to offer.
After grad school, Lorrie was offered several positions in the nuclear industry, as well as a manufacturing management position with Procter & Gamble (P&G), which was known as having one of the best management training programs around. Lorrie went to work at P&G thinking it would be for just a couple of years. She discovered that she actually liked manufacturing and stayed for 17 years. To this day, Lorrie loves to go onto a manufacturing floor—whether the product is soap, diapers, pharmaceuticals, or fighter jets. There is a great satisfaction in actually making a product!

For the first 11 years with P&G, Lorrie worked in Kansas City at the soap and chemicals plant. Her experience included doing line management in a labor union environment, regulatory work, and project startup/management. The P&G manufacturing system recognized that individuals need both technical and human skills to be a good manager. It didn’t take long for Lorrie to figure out that replacing a pump was the easy task—replacing a person was much harder. Additionally, on project management and project startup work—she was responsible for the overall schedule and cost.

Lorrie saw that, while there were excellent technical project management work processes and tools, they were lacking in the human skills arena. Since that time, she has tried to make sure that she was developing both sets of skills (technical and human), for herself, colleagues, and teams that she has worked with.

Lorrie’s last six years at P&G enabled her to ‘see the world.’ Her work involved regulatory compliance and project implementation for manufacturing, as well as research and development operations globally. She has worked in 25 countries, including China and India. The challenge and the fun of the international work was to find an implementation method and structure that matched the local culture—so that the results were sustainable. This work constantly challenged Lorrie to get out of her comfort zone—and to remember how privileged people are in the US. It was vital for her to set aside any value judgments about other cultures and just accept them—meeting them where they were and supporting them in the next steps.

On the human side of the work, Lorrie has two mentors/teachers. Susan and John Van Vleet know very well what the human skills bring to the party, how work and life improve when you work both the human and technical side, and the cost to people when the human side of a project is not worked correctly. Through them, Lorrie is certified to teach Managing Corporate Change®, Commitment and Delegation®, Productive Relationships®, and Women Moving Forward®—all practical, skills-based courses that enable participants to actually do things differently after they leave the course.

Lorrie was first introduced to AACE through long time member Anamaria Popescu. Association with AACE has already benefited Lorrie and her company, and she is still discovering all the opportunities AACE has to offer. Lorrie is especially pleased with her warm welcome from the Women in Project Controls Committee. She is looking forward to participating, learning, and sharing in the experiences of AACE members. Lorrie says, “It is always valuable and helpful to find someone else with similar experiences—then you don’t feel like you are going through the jungle alone!”

Lorrie lives in Castle Pines, Colorado, with her husband, Kevin, and their three children, Meghan, Brian, and Kyle. Meghan is headed to college to study biology/public health and play volleyball. Brian and Kyle, identical twins, will be sophomores in high school.
Sixty seconds: The minute you spend waiting for the coffee to brew in the morning or to walk to the water cooler and back. And yet that minute per day represents how long it takes the average total cost management practitioner to earn the annual dues to join AACE International!*

- **One minute** to earn unlimited access to 4,500 technical papers online in our Virtual Library that can help you solve that problem that will make you a hero in your company.
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- **One minute** to earn viewing rights to monthly technical presentations in AACE Presents.
- **One minute** to join a vibrant network of more than 7,700 other professionals in our discussion forums, section meetings and other networking opportunities.
- **One minute** to earn discounts on education, training, meetings and certification programs that will make you more valuable to your employer and clients.

Isn’t it time you made an investment in your career? Or don’t you have a minute to spare for your own future success? Don’t procrastinate: act now to join AACE International. After all, time is money.

To learn more about AACE International, go to www.aacei.org.

*Based upon annual total compensation of $70,000 and annual dues of $143.00 (US).
Devdas Tamboli, CCE PSP, is an up and coming young member in AACE International, from Region 7. He is originally from Mumbai, India, and currently works in Doha, Qatar. He works for Kahramaa (Qatar Water and Electricity Authority), as a project monitoring specialist. He is responsible for implementing and revising project control practices within the electrical projects department, managing 48 projects with a total value of approximately $2.7 billion.

Over the past nine years, Devdas worked on various Infrastructure and building projects in the United Arab Emirates and India, with reputed organizations like Nakheel, Mouchel and Hindustan Construction Company India Ltd. During this time, he gained valuable experience in project management, project controls, estimation, and claims analysis and site supervision.

Devdas is driven for knowledge and believes in continual self improvement. He holds a bachelor’s degree in civil engineering and a master’s degree in advanced construction Management. He also holds multiple professional credentials—including Certified Cost Engineer (CCE), Planning and Scheduling Professional (PSP) and Project Management Professional (PMP). He intends to obtain his doctorate in project management from India.

Devdas has worked on all sides of the table—including owner, contractor, and construction manager. He has also worked across multiple project controls disciplines. He is talented in developing master schedules, including cost and resource loading, monitoring project performance, earned value management, and defending against delay claims.

Devdas is skilled in claim analysis techniques, including Window analysis and time impact analysis methods. He both understands and can interpret contracts, and is an effective communicator with proven analytical planning skills.

Devdas has a good understanding of project management tools, techniques, and their implementation. His project controls computer knowledge includes use of multiple applications including Oracle Primavera products of Primavera.
Devdas says the mentoring program has, “helped him improve his knowledge and skills in various aspects including improved communication, networking techniques, and helped him to raise the bar and reset his career goals.”
In 2009, Simon Sinek released the book "Start With Why"—a synopsis of the theory he has begun using to teach others how to become effective leaders and inspire change. He is a leadership expert and author.

Why You Should Listen to Him
Beginning as a student in anthropology, Simon Sinek turned his fascination with people into a career of convincing people to do what inspires them. His earliest work was in advertising, moving on to start Sinek Partners in 2002, but he suddenly lost his passion despite earning solid income. Through his struggle to rediscover his excitement about life and work, he made some profound realizations and began his helping his friends and their friends to find their “why,” —at first charging just $100, person by person. Never planning to write a book, he penned Start With Why simply as a way to distribute his message.

Sinek also contributes to several efforts in the non-profit sphere: He works with Count Me In, an organization created to help one million women-run businesses reach a million dollars in revenue by 2012, and serves on the Board of Directors for Danspace Project, which advances art and dance. He writes and comments regularly for several major publications and teaches a graduate-level class in strategic communications at Columbia University.

"I try to find, celebrate, and teach leaders how to build platforms that will inspire others."

“If you hire people just because they can do a job, they’ll work for your money. But if you hire people who believe what you believe, they’ll work for you with blood and sweat and tears.”

- Simon Sinek

For more information on TED, go to www.TED.com
Outside the Box will be a standing column designed to introduce new ideas and concepts from other resources and professions that may help stimulate a new way of thinking about total cost management. We invite *Source* readers to send suggestions on other sources to AACE International Executive Director Dennis Stork at dstork@aacei.org.

CLICK to watch Simon Sinek talk about “How Great Leaders Inspire Action” presented by TED.
As part of its strategic initiative to reach out to US federal agencies, AACE International sponsored its first Federal Agency Roundtable April 13, at George Washington University’s Marvin Center. Organized by the Government Liaison Committee, the Federal Agency Roundtable brought together selected federal officials from a variety of US federal agencies for a wide-ranging discussion of total cost management topics, such as earned value and risk management.

Kim Hunter, Government Liaison Chair, noted that, “Government agencies are challenged in 2012 and beyond to complete projects in the most cost efficient way possible, using both available dollars and human resources wisely. Government leaders are working in an environment where they have to produce greater results faster, and for less money. Effective risk management can make a significant difference in achieving success across government projects. This roundtable explored how earned value management (EVM) is used within the federal government as a major risk management tool and how AACE International can help federal leaders create an environment where proven TCM practices can be applied effectively.”

AACE International President Michael Nosbisch presented an overview of AACE International; while President-Elect Marlene Hyde extended a special invitation to federal agency officials to participate in the 2013 Annual Meeting which will be conducted in Washington, DC, June 30-July 3, 2013. This initiative was designed to support the provisions of the Association’s strategic plan which calls for, “AACE International to develop an ongoing government relations program with governmental agencies that need the technical expertise and educational training AACE can offer.”

To facilitate interaction from among the 35 attendees, participants were divided into two groups with a scribe assigned to record and report back conclusions and themes to the entire group at the end of the discussions. Jerry Jones, Federal Aviation Administration, facilitated one group while Marlene Hyde facilitated the second. The group shared transferable techniques and identified areas where future inter-agency cooperation might lead to more effective deployment of total cost management practices within the government.

One of the common themes expressed during the breakout sessions was a growing concern about the need for more professionals well-trained in the practice of total cost management in both the governmental and private contractor sector. Anther common theme was the perceived need for improved standardization of earned valued procedures among the federal agencies and the importance of senior leadership “buy-in” as prerequisite for establishing the organization culture necessary to support the earned value environment.

Based upon the positive feedback from the initial round table participants, the Government Liaison Committee will be recommending future round tables to build upon the momentum created. Specific recommendations as to frequency and format will be presented to the Board of Directors at the July 6-7, 2012 meeting in San Antonio, TX.
AACE International sponsored a Federal Agency Roundtable April 13, at George Washington University.

AACE President-Elect Marlene Hyde talks to attendees at a Federal Agency Roundtable April 13, at George Washington University.

AACE President Mike Nosbisch talks about AACE to attendees at the Federal Agency Roundtable on April 13.

Selected federal officials express viewpoints at a Federal Agency Roundtable April 13, at George Washington University.

Government Liaison Committee Chair Kim Hunter addresses attendees at the recent Federal Agency Roundtable.

The first Federal Agency Roundtable was so successful that plans are to seek Board approval for future sessions.
With more than 60 years of experience and offices across North America, Faithful+Gould is a leading project management consultancy delivering cost, project and construction management consulting services from conception to start-up and operation. Let our expertise, achieved through innovation and insight, be the key to your project success. For more information, please email us at info@fgould.com.
The AACE International Certification Board has adopted guidelines for awarding engineering designations for the Certified Cost Consultant (CCC) and Certified Cost Engineer (CCE) certification examination, in compliance with The Council of Engineering and Scientific Specialty Boards (CESB), the accreditation agency for AACE International certification programs.

According to the CESB, AACE International shall, “limit the use of the title “engineer” or any variation, to licensed professional engineers or candidates possessing an engineering degree from an EAC/ABET accredited university.” Specifically, the CCE candidate’s degree must state “engineer” in the diploma’s title (e.g., Mechanical Engineering, Civil Engineering, etc.). Degrees that do not have “engineer” in its title, even if it is from a college or branch of engineering, will not qualify for a CCE designation.

The need to control engineering designations is necessitated by our accreditation, and all applicable laws, and does not imply that AACE International is endorsing a specific designation to be superior to the other designation. The eligibility requirements, examination, and credential recognition are identical. The only distinction is those with an engineering degree (bachelor or master) will be awarded the CCE designation, whereas all other candidates, with or without a degree, will be awarded the CCC designation, upon successfully passing the examination and technical paper.

Additionally, persons who are not registered professional engineers in some states are often prohibited under local state laws from using the Certified Cost Engineer (CCE) designation, even if they hold an accredited engineering degree. Consultants generally are affected by these laws, as are most engineers.
Please note that most US state laws have clauses which specifically exempt employees of industrial firms or public utilities from registration, if they do not perform engineering consulting work and/or are not in a position to perform engineering work directly affecting the public health and safety. Thus, many engineering employees are not required to be registered. Therefore, if a candidate has been certified as a CCE, but is not registered and prohibited by law from using the CCE designation, they should request a new certificate to be issued as a Certified Cost Consultant and the certified directory updated to reflect the correct designation. Use of the CCE designation in violation of your state law could result in legal action being brought against you by a third party.

The AACE International Certification Board is committed to ensuring that all past, present and future certification designations are in compliance with the CESB accreditation guidelines, and all applicable laws. Therefore, if at any time it is found that a designation was given erroneously, upon recertification or an audit of our files, the incorrect designation will be revoked and the correct designation awarded.

Any questions related to this issue should be directed to the certification department at AACE International Headquarters, at certification@aacei.org or 304-296-8444.

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Annual Meeting Survey Results

Our February 2012 survey focused on future Annual Meeting sites. Location appeared to be an important determining factor to the Individuals responding to the survey with 59.6% indicating that location was either An Important or Significant Factor in determining whether to attend the Annual Meeting. Consistent with previous surveys, slightly more than half of all those responding indicated that their employer picks up all the registration fees to attend the annual meeting while 43% indicated that they received no reimbursement whatever. Most popular sites for future Annual Meetings in order of preference were Denver, CO and New York City (tied), Chicago, IL, Washington, DC and Miami, FL.

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AACE International Board Approves Two New Sections

Two new AACE International Sections, the Brazil Section and the Central Ohio Section, were approved at the spring board meeting in April at Washington, DC. These newest sections join more than 90 other sections around the world that provide a local opportunity for our members to gain professional development and networking opportunities.

The Brazil Section petition was signed by 10 AACE members. Its territory, encompassing the entire country, will conduct its meetings on the second Tuesday of each month. If you are interested in participating in section activities, contact President Aldo D. Mattos at aldomattos.com.

The new Central Ohio Section territory is Central Ohio and surrounding areas. Its petition was signed by 11 members. Meetings will be conducted on the third Wednesday of each month, excluding summer and December. For more information, contact President Joseph Zupsic, CCC at joezupsic@gmail.com.

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Congratulations to Our February Survey Winner

Congratulations to Willem van Niekerk of Oakville, ON, Canada, who was our February 2012 winner of the Kindle Fire for participating in that issue’s survey.
Early this year, the AACE International Board of Directors approved the Association to sponsor online webinars. Webinars provide an online “whiteboard” where a presenter narrates a presentation, usually with extensive PowerPoint visuals and sometimes with a video feed of the speaker or other resource materials. Webinars are usually presented in real time, and often recorded to be made available for review at a later date.

In the live video mode, participants registered for the event can submit questions via email or “instant messenger” capabilities in the webinar platform, participate in real time polling on issues and topics and download supporting documents or resources that might be referenced by the presenter.

The webinar platform chosen by AACE International is GoToWebinar.

One of the first AACE International webinars offered will be June 26 and will feature Jim Zack, CCM, CFCC, FAACEI, FRICS, PMP former AACE International President, discussing CONSTRUCTIVE ACCELERATION – A GLOBAL TOUR. Details of the webinar may be found on pages 12-13 of this issue of Source. This free webinar is sponsored by the 2012 International Total Cost Management Conference November 14-15 in Dubai, UAE.

This month’s survey questions will focus on the preferred use of webinars to further the AACE International’s mission.

Please respond to this survey on or before June 29, 2012. This survey officially ends at 5 p.m. on Saturday, June 29, 2012.

CLICK HERE TO START
The global financial crisis (GFC) has had devastating effects on the international construction market with serious implications for the quantity surveyors operating in it [1]. While the Australian economy has remained surprisingly resilient throughout the crisis, the major industries (including construction), have not escaped unscathed. In order to remain relevant, globally competitive and successful quantity surveyors must now, more than ever, scan their business landscape in order to discern and adapt to imminent changes to their professional practice.

The purpose of this article is to discuss the implications of the GFC through late 2008 and 2009, for the construction industry in general and the quantity surveying profession in particular. Because of the relatively recent nature of events surrounding the crisis, there is currently little in the way of empirically determined literature on the subject. The literature consulted to underpin the arguments put forward in this article was primarily economic data and the views and observations of key economic analysts and industry leaders.

This article sets out to identify the key lessons for the quantity surveying profession by reflection.
The article begins by exploring the underlying reasons for the crisis, before discussing its repercussions for the international economy and construction industry.

The specific responses from both the Australian government and the marketplace are identified. The effects on the construction industry are examined and sectoral variances are highlighted. This is followed by a discussion of the implications for the Australian quantity surveying profession. Finally, inferences are drawn regarding key lessons learned from the crisis, and strategies for the profession going forward, as local and international economies move toward recovery.

The Global Financial Crisis

The latest wave of financial globalization surpassed not only the ability of governments to react, but also that of financial institutions [2]. The collapse of the US housing bubble was a key determinant for what has become the most severe and widespread financial crisis since the Great Depression.

Profligate lending was extended to sub-prime borrowers which led to greater demand for housing. When over-stretched borrowers were unable to meet their mortgage obligations, the result was a rapid unravelling of the sub-prime mortgage market in 2006 [1, 3]. This in turn prompted the failure of key primary financial institutions, which in the current interconnected financial marketplace set in motion an unparalleled global financial reversal, as sources of short term debt rapidly expired [1].

The key turning point for the Australian economy, and much of the developed world, was the collapse of US global financial services firm Lehman Brothers in September 2008 [4]. As a result, the global economy under went a period of severe contraction; the far reaching consequences of which did not spare the international construction market [1].

The Effect of the GFC on the International Construction Market

With the collapse of numerous major banks, the availability of the short term money disappeared almost instantly. By October 2008, inter bank lending had almost vanished. As short term debt became increasingly difficult to obtain and maturing loans were not extended, countless construction projects stalled. As property values and share prices fell sharply, business and consumer confidence also collapsed. Consequently the global construction market declined and projected forward severely contracted workloads [5]. Many main contractors responded by bracing for the downturn and preparing for recovery by rationalizing their operations and becoming leaner organizations [6].

In an attempt to stimulate economies, governments worldwide were forced to invest heavily. These stimulus packages typically included major infrastructure works, as well as more short term projects to ensure that cash would flow through economies quickly [5]. The general consensus is that these stimulus packages have been effective in avoiding an even more pronounced downturn. Confidence now appears to be improving, worldwide stock markets are recovering, government stimulated construction works are under way and global finance channels are beginning to flow once more.

The bottom of the market and subsequent recovery for most regions was estimated as 2010 [5]. Global professional services firm KPMG reports on a recently undertaken global construction industry survey which indicates that despite the deepest global recession experienced in over 60 years, the industry is now accordingly optimistic about the outlook [6].

Australia’s Response to the GFC

Throughout the crisis, the Australian economy has fared better than almost every other developed economy. Indeed it succeeded in staving off a technical recession altogether [4,7]. The success of the economy is illustrated in the sustained growth experienced in the first quarter of 2009; a time when all of the G7 states were experiencing significant contractions, and only two of 33 developed economies analyzed reported economic growth [4].

One of the main enablers for the sustained economic growth was the relative curbing of escalating unemployment, which despite all economic forecast managed to remain below 6 percent [7]. Australian treasury estimates in 2009 indicated that without the implemented stimulus packages, the unemployment rate may have risen to near 10 percent; stimulus measures are estimated to have provided around 210,000 more jobs [4].

The Australian government had used infrastructure spending in the past to support the economy. Lessons learned from those experiences were that, in many cases, funds were too slow to flow through the economy and much of the infrastructure work was only commencing as the economy was already recovering.

As such, the first stimulus package, on the order of $10.4 billion in late 2008, was mainly in the form of cash bonuses that would flow quickly through the economy to individuals [4]. Then in February 2009, a stimulus package focusing on quick start midscale infrastructure was released. This package included: $14.7 billion for education infrastructure, $6.6 billion on defense and social housing, $3.9 billion for energy efficiency (much of which is directed toward existing housing stock) $890 million road, rail and small scale infrastructure, and $2.7 billion in business investment tax breaks [4]. The 2009-2010 budget, delivered in May 2009, announced a further $22 billion package for large-scale infrastructure focusing on land transport, clean energy and education [4,8].

The consensus among analysts is that the government stimulus measures were indeed successful in avoiding disaster. However, the economy, and in particular the financial services sector, has undergone significant and lasting change. Because of the difficulty of obtaining funds on the local and international capital markets, the number of independent lenders has reduced significantly. As a result, most industries are struggling with the higher costs of obtaining debt financing. Analysts are agreed that the credit is unlikely to ever be as cheap and easily accessible as it was prior to the crisis [7].

The Effect on the Australian Construction Industry

The construction industry experienced the impact as much as any other. Reports from the Construction Forecasting Council indicate that the number of lenders providing loans to the construction industry has fallen to around 10 percent of pre-crisis levels [7]. However, as outlined above, government stimulus spending has come as a welcome relief for the industry, in a time when levels of private lending had fallen.

As a result, the outlook in Australia is relatively more optimistic than the international aggregate. According to KPMG’s survey findings up to 93 percent of Australian contractors have
the view that government stimulus packages will see an increase in opportunities over the coming 12 month period; compared with global contractors where only 65 percent are as optimistic [6].

Reflecting on the past year, half of global respondents indicated that their backlog and profits increased or stayed the same as in prior years. More than two thirds of Australian respondents achieved or exceeded last year’s levels, and 75 percent of Australian contractors are expecting to meet or improve on current backlog and profit levels in the coming 12 months. However, indications are that margins on future work will be lower than at present, suggesting that contractors expect to maintain current profit levels by reducing or offsetting their direct costs [6].

The direct effects of the crisis and corresponding mitigating measures have not impacted consistently across the property sector. The major property sub-sectors have each experienced the effects of the crisis differently [9].

The long project durations of civil construction projects, has meant the sector has retained its pre crisis workloads for longer. However, work is expected to fall off somewhat over the next two years [7]. Levels of activity in the non-residential building sector are clearly split between publicly and privately funded sub-sectors. Particularly affected by the crisis are the prospects for the construction of office, retail and industrial buildings.

Despite the resilience of consumer spending throughout the downturn, retail construction dropped markedly when huge amounts of forward workload were put on hold as investors’ profit expectations sobered. Retail building is expected to begin its recovery to return to normal levels around 2012, as positive sentiment returns [7].

Industrial property is in oversupply and construction activity is not expected to return to the sector prior to 2012 [9]. When it does, the highs experienced in 2008 are not expected to be repeated, as the major rounds of building upgrades were completed [7].

Office building is not expected to begin recovering before 2012, following its 2008 collapse. Construction activity will remain very low until the profit outlook and credit availability for businesses recovers [7,9]. Similarly, accommodation construction is expected to remain weak, with no real short term recovery expected until at least 2013. This is because of the reduction in both business travel and foreign and domestic tourism resulting from the crisis itself and the strength of the Australian dollar [7].

However, the outlook for the public funded sectors remains strong, particularly in education and healthcare. Building in the education sector has undergone unprecedented growth, due almost entirely to government stimulus spending on the sector amounting to approximately $16 billion over three years. Levels of activity are expected to normalize after 2011. Similarly, construction in the health and aged care sectors is expected to remain high because of government spending on new hospitals. The ageing population continues to underpin demand for the aged care sector [7,9,10].

The head of Australia’s Construction Forecasting Council (CFC) refers to this different state of affairs in the public and private funded sub-sectors as evidence of a two speed non-residential building sector. The CFC’s latest reviews show building activity in government stimulated sub-sectors increasing, while private spending continues to remain in decline[11].

In summary, the availability of credit for all industries has severely reduced. Despite risk premiums on credit returning to more normal levels, the reduction in numbers of independent lenders means businesses’ ability to obtain debt financing remain heavily constrained. Because of government stimulus spending, in education and healthcare, construction in these sectors is expected to maintain solid growth before levelling off around 2011 to 2012.

Conversely, office, retail, and industrial building, are expected to remain weak until around 2011 to 2012 when tight credit conditions are expected to have relaxed sufficiently [7,12].

Implications for the Quantity Surveying Profession

Overview

The effects of the GFC on the construction industry hold obvious implications for professional groups such as quantity surveyors, who derive their income from the industry. This section looks specifically at the threats and opportunities emerging from the new business landscape and how they might impact on the Australian quantity surveying profession.

Internationalization

As the global economy undergoes major restructuring, the traditional polar model of US led global financial leadership, is replaced with a broader multilateral model [26]. This destabilizing has brought about new links between nations, evident for example in the G-20’s newfound relevance as the increasingly powerful economies of states such as Russia, China, India, Iran and Brazil impact on the newly formed economic landscape [14,15].

Anecdotal evidence suggests that the impact of this new world order is already impacting on Australian quantity surveying organization. The re-evaluation of international ties may result in local organizations divesting themselves of their partners in traditional economic centres; an example of this is the management buyout of the Australian division of Gleeds in late 2009. Subsequently rebranded as Lucrum, the newly independent business enjoys a strong project network throughout Australia and Asia [16]. Conversely, in an attempt to gain a foothold in the lucrative Asian markets, Cyril Sweett has recently acquired Padghams, a consultancy with a presence both in Australia and India, and the Hong Kong based Widnell Ltd [17]; demonstrating the increased relevance of Australian quantity surveying organizations as strategic geographical partners for larger multinationals.

Human Resources

Surveys in the UK indicate that quantity surveyors are more vulnerable to the effects of the crisis than their professional peers. While there is no clear empirical data to underpin the reasons behind this observation, possible explanations include that quantity surveying firms may be operating with lower margins, or may simply have a higher sensitivity toward economic forces and have therefore acted more quickly and radically than their counterparts.

Internationally, the response from firms has been to reduce exposure to the crisis by downsizing their workforce [18]. The sharp falls in the Clarius Skills Index for building and engineering professionals suggests that quantity surveying organizations in
Australia may also have been forced to downsize their workforce. The index dropped from 104.1 in late 2008 to 100.8 in early 2009. This indicates that supply of professionals exceeded demand by around 1000; in stark contrast to the previous year’s undersupply of nearly 5000 professionals [9]. Encouragingly, construction sentiment data from late 2009 shows that staffing levels are again on the rise [19].

Dispute Resolution Services
The tightening of credit markets and the subsequent rise in insolvency has led to an increase in construction disputes. The constrained lending market has impacted on the liquidity of clients’ funding, exacerbated when purchasers or tenants are forced to default.

Contract Principals have become more likely to dispute claims for payment. Contractors are increasingly seeking recovery of payment from principals with limited cash, they are also more likely to submit claims for variations, latent conditions and delay costs. The rise in disputes is not expected to be sustained for the full duration of the crisis.

Demand for dispute resolution is likely to reduce as the number of projects contracts, principals and contractors liquidate, and as project viabilities start to improve following from the eventual onset of economic recovery [18, 32].

Sustainability
The sustainability agenda has suffered. However, sustainability was a core agenda for long enough to have become entrenched in the thinking of clients, designers and other key players [18]. According to the KPMG’s recent global construction survey, contractors are now of the view that sustainability is no longer seen as a source of a competitive advantage, but rather as a baseline necessity [6]. Nevertheless, clients are presently unlikely to be as willing to pay premiums for sustainable initiatives as they may have been in the past [18]. Meanwhile, as the threat of climate change remains, sustainability regulation is advancing unchecked by the GFC. The National Greenhouse Energy Reporting Scheme (NGERS) is now enacted, and the proposed Mandatory Disclosure of Energy Efficiency program is due to commence this year. There is likely to be more sustainability regulation in the pipeline in response to this increasingly topical issue [20].

Construction Business Recovery
An area which has experienced some growth in demand for quantity surveyors in that of construction business recovery. Essentially, this involves the application due diligence principles to partly constructed buildings. This is complicated with the added complexity of contractual disputes surrounding the partially completed project.

Projects become cases for construction business recovery services when development has stalled and the planned course of action for the sale or disposal of the asset is compromised. This has become a significant fee earner for quantity surveyors operating in particularly depressed markets, such as Ireland [21]. There is no evidence to say whether there has been a similar rise in demand for such services in Australia.

Emphasis on Cost Bottom Line
Despite the growing popularity of triple bottom line accounting [22], the GFC has tipped the balance to favor the cost aspect of the model, evident in the reported rise of traditional fixed price lump sum competitive tendering [19]. While this is a step backwards for social and environmental sustainability, it does present quantity surveyors with an opportunity to showcase their advanced cost management abilities [18].

Key Lessons and Considerations for the Quantity Surveying Profession
The GFC and the resultant reactions of markets and governments have had direct impacts on the construction industry and its cost managers. The key effects, discussed above, have highlighted a number of strategies and approaches that might be considered by the quantity surveying profession going forward.

Rethink Internationalization
As the destabilization of the traditional global economic model brings about newfound emphasis for key G-20 nations such as Russia, China, India, Iran and Brazil, the Australian quantity surveying community must take a close look at where the emphasis lies in terms of international ties [13, 14, 15, 23]. Movements in the industry indicate that traditional alliances with organizations in western economies may be increasingly replaced by new ties throughout the Asia-Pacific region [16, 17].

As investors consider alternative locations for capital investment location factoring employed to evaluate the relative cost differences for projects in new geographical regions will need to be developed, likely to necessitate the gathering of new cost data [24]. Additionally, seeking out cooperative local partners allied to an organization could assist in deflecting competition from the multinational, while the local partner benefits from international knowledge sharing [25].

Industry and Sector Specializations
The GFC has clearly highlighted the need for quantity surveyors to pursue service specializations covering all of the main construction sectors and sub-sectors. In particular:

- The difference in delivery times between civil construction and building construction projects means that they will react differently to economic cycles,
- Civil works and building construction are invested in differently by governments as they attempt to stimulate economies rapidly and sustainably,
- Construction activity in the public and private sectors have been observed to rise and fall in almost opposing cycles, with the public sector in Australia providing most of the construction activity as the private sector recovers; and,
- Further sub-sector variations due to the nature of market forces [7, 9, 10, 11].

Sector diversification is a strategy which the leading global consultants have been quick to implement. EC Harris and Davis Langdon both identify the realigning of service delivery with each of the main construction sectors through specialists with the ability to add real value, as cornerstones of their respective global business strategies [21, 23].
Service Diversification

As the impacts have been felt worldwide, companies have had to re-examine their competitive positioning and the services they offer. Firms which offer diversified services have seen an increase in existing building and property services such as building and land surveying [18]. A breadth and depth of service capability relevant to the market which allows for innovation is penultimate [23]. Key areas which have demonstrated resilience or even growth in the face of market downturn include the following.

- sustainability services – boosted by continued legislating [6,20],
- dispute resolution services – because of the rise in dispute as a result of the increased financial pressures on all parties to a construction contract [18,32],
- cost management services – because of the increased emphasis on reducing cost [18,19,22], and,
- construction business recovery services – required in extreme cases where live projects have stalled [21].

Drive for Innovation

To be effective in new key international markets, firms must adapt to offer innovative value added services [27]. The profession must rethink traditional practices to involve technological advances that are better aligned to the new challenges. Successful change management will be critical to enable practices to adapt to the new socio-cultural, political, legal and environmental exposure, as preparations are made to take practices offshore [26].

Focus on Value Rather Than Cost

The increased relevance lent to the more-for-less agenda has reiterated the need to re-examine project alternatives. While there is an instinctive reaction to simply reduce direct costs, the smarter alternative is to develop a deeper understanding of clients’ objectives and to work with them to achieve the required outcomes.

With the reduced availability to funds, sophisticated clients are not only seeking to outright reduce costs, but also to make productivity and efficiency improvements. For quantity surveyors, this means broader engagement, specialist insight, and focussing on managing value rather than simply cutting costs.

To be effective, practitioners need to develop an understanding of what the client is trying to achieve, and then drive for outcomes that meet client objectives. Clients are showing interest in joint ventures and other forms of collaboration, in some cases even co-investment. They are looking for more performance-driven, long-term collaborative relationships with consultants who can demonstrate the ability to understand their needs. In order to meet this need, quantity surveyors must continue to diligently work toward focussing on long term value rather than just short term cost [28].

International Standards of Best Practice

The onset of the global financial crisis has undoubtedly prompted greater demand for transparency from regulators and investors alike. Investors are demanding to know where their funds are being allocated. Investors want transparency of returns and debt financing and this demand carries through to the allocation and management of construction expenditures [20].

Creating international standards for cost data architectures would allow cost information at all levels to be understood and transferred worldwide, ensuring greater investor confidence [29]. Similar standardization has recently been successfully adopted in accountancy. International financial reporting standards have been adopted as the primary generally accepted accounting principles (GAAP) by domestic listed and unlisted companies for external financial reporting in Australia, New Zealand, Singapore and Hong Kong, among others [30]. Similar moves by the international quantity surveying community could assist greatly in encouraging investor confidence back to the construction sectors [31].

Investment in Human Capital

Although organizations have had pressure to reduce their operational costs, in the knowledge based quantity surveying profession, the right human capital is the ultimate resource. Retaining the right knowledge skills and experience are crucial for when the industry makes its recovery [6].

Conclusions

This article has presented a review of the recent global financial crisis and its effects on the construction industry and the quantity surveying profession in particular. The collapse of the US sub-prime mortgage market is identified as the underlying cause of the crisis. The ensuing repercussions are traced through the global economy; the rapid exhaustion of short term debt followed by plunges in shares and property values were found to have ultimately led to a near synchronised global downturn in construction activity.

The Australian government acted expeditiously in releasing a series of stimulus packages aimed at injecting cash into the local economy. The investment of funds into mid-scale infrastructure had the effect of creating a two speed building sector, where activity in some publicly funded subsectors reached record highs while the major private building markets remained dormant. However, an optimistic outlook is now returning to the market and employment levels are again on the rise. The main private sectors are expected to recover around 2011 to 2012.

Quantity surveyors have experienced a number of resultant changes to their business landscape.

Other than the fall in demand for construction related services, the complex economic environment has presented a number of threats and opportunities. These impacts have presented a number of key lessons for the profession to consider on the road to recovery. Quantity surveying organizations are urged to rethink international ties to align with emerging international centres of economic significance, particularly throughout the Asia region.

The obvious need for organizations to diversify their service offering to encompass all the major property sectors was highlighted. The same argument applies to extending building construction services to the civil construction industry. The diversification of services should also consider those which have been demanded in the recent downturn, namely:

- dispute resolution;
- construction business recovery;
• sustainability; and,
• traditional cost control services.

The profession is urged to remember to drive for innovation and to proactively seek out and exploit avenues for adding real value for clients. The importance of retaining the right skills and experience in anticipation of economic recovery is reiterated. Finally, the renewed argument for the development of international best practice standards is summarized. ◆

REFERENCES

ABOUT THE AUTHOR
Marcel Frei is winner of the 2010 ICEC Ken Humphreys Award in the Best Young Person Paper category. His award was presented at the ICEC/PAQS Congress in Singapore. ◆

First 2012 Member-Get-A-Member Contest Winner Announced

AACE International’s Member-Get-A-Member 2012 campaign is off to a great start with the first quarterly winner being awarded a $250 gift card to Land’s End, where AACE logo merchandise can be ordered.

The winner is Mohd Faizal Jaffar, an estimator for SBM Malaysia Sdn. Bhd. of Kuala Lumpur, Malaysia.

The random drawing was made from among all AACE members who recommended at least one new member who joined the association during the first quarter of 2011. Members from 21 US states, 4 Canadian provinces, and 11 other countries were eligible in this first drawing.

The contest will continue throughout 2012 with a winner drawn each quarter, for the $250 gift card from Land’s End. The contest will culminate with a grand prize being awarded at the end of the year. The grand prize is a trip to the 2013 Annual Meeting in Washington, DC (including airfare, hotel, meeting registration, and meals). It will be awarded to one individual who recommended at least one new member during 2012.

Join your colleagues in recruiting new members to AACE, and you, too, may be a winner! ◆

Kindle Version of AACE Skills & Knowledge of Cost Engineering Now Available for Purchase Through Amazon

AACE International is announcing the availability of its first kindle version of one of its most popular AACE International study materials, the *Skills & Knowledge of Cost Engineering*.

To check out this new offering, visit http://www.amazon.com/dp/B007N71408. *Skills & Knowledge of Cost Engineering, 5th edition revised [Kindle edition]*, is a product of the Education Board of AACE International, the Association for the Advancement of Cost Engineering International (www.aacei.org). This book is part of the AACE International body of knowledge for teaching the basic skills and knowledge any cost engineer should possess. AACE International is a non-profit association whose members are primarily cost engineers, cost estimators, planners and schedulers, and related disciplines. AACE International offers testing and several accredited specialty certifications in related discipline areas. This book includes educational material useful in the association’s certification preparation process. AACE International’s CCC™/CCE™, CCT™, EVP™, and PSP™ certifications are independently accredited by the Council of Engineering and Scientific Specialty Boards. For additional information, visit the AACE International website at www.aacei.org

The kindle version has a list price of $70.00 in US currency. The file size is 18241 KB for the kindle edition that is available through Amazon.com. The purchase price includes free wireless delivery via Amazon Whispernet. The Kindle edition is sold through Amazon Digital Services. ◆
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The following are photos of the third AACE Leadership Conference event, held Saturday, April 14, at Washington, DC, at the Crystal City Marriott at the Reagan National Airport. Attendees enjoyed a variety of networking opportunities.

Praduman Maraj, PSP, explains his group’s assessment activity on steadiness at the Leadership Conference.

Calvin Speight, CCE; Mark Sanders, CCE PSP; President-Elect Marlene Hyde, CCE EVP, and Frank Adam, CCT, at a group exercise.

Julie Owen, CCC PSP, John Ciccarelli, Pam Powrie, and Elena Sarytchev are shown working on an assessment activity.
Martin Darley, CCC, VP of Administration, is shown explaining his group’s assessment of the decision component.

John Ciccarelli, PE CCE PSP, Incoming President-Elect, explains his group’s assessment of the influence component.

Presenter Chris DeSantis follows up on each group’s work with DISC, i.e., decision influence steadiness compliance.

Duane Meyer, PE CCE, Director Region 4, explains his group’s assessment of the compliance component of the DISC exercise.

Katrina Knight, CCC; chair of the Diversity Taskforce; Marina Sominsky, chair of WPC; Jill Hubbard, EVP PSP; and Elena Sarytchev.

Seth Agyepong-Wiafe, Scott Bartel, Junghan Kwak, Aaron Roche, Praduman Maraj, Ahmed Chilmeran, and Katrina Knight.
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Your membership in AACE International is like the legendary utility knife. One set of annual dues gives you access to a career tool that provides you with a wide range of benefits. Working on a complex total cost management problem? A few clicks on the Virtual Library allows you to search 4,500 abstracts to find the information you need. Looking for the latest trends in TCM practice? Read our Cost Engineering journal to keep abreast or check out our website for the latest industry news. Looking to learn from your peers? Watch AACE Presents webinars from the comfort of your chair, attend the Annual Meeting, or participate in other meeting events to gain face-to-face insight. Looking for a new career opportunity or where you stand compensation-wise against your peers? Check out our Career Center.

Whether you are looking for a mentor, more education, or a professional credential to demonstrate your competency, the right career tool is your AACE International membership.
The Arabian Gulf Section had a “Homecoming Meeting” on Tuesday, Dec. 13, 2011, at the Carlton Al-Moaibed Hotel, Al-Khobar, to honor all of its pioneers (i.e., past presidents) for actively promoting AACE activities in Arabian Gulf Section, Saudi Arabia. Mementoes were given to each past president in attendance. Farouk Khory, one of the past president’s, retired from Saudi Aramco and returned to Canada with the tremendous memories of Saudi Arabia and the Arabian Gulf Section. He was awarded a special plaque.

This event was also used to acknowledge and recognize the efforts put in by the trainees for certification courses. Certificates were distributed to the attendees for successfully completing the Fall-2011 CCE certification course. The presentations were followed by a buffet dinner.

On Sept. 29, 2011, the first technical dinner meeting of this cycle was conducted at the Carlton Al-Moaibed Hotel, Al-Khobar, Saudi Arabia. The speaker of the evening was Madhu P. Pillai of Kentz Group, Al-Khobar, Saudi Arabia. His presentation was entitled, “Continuous Professional Development – No More a Choice”.

The second technical dinner meeting was on Wednesday, Nov. 29, 2011, at the Le-Meridien (Starwood Hotels & Resorts), Jeddah, Saudi Arabia. The speaker of the evening was Dr. Ashraf Elazouni, an associate professor, King Fahd University of Petroleum & Minerals (KFUPM), Dhahran, Saudi Arabia. The presentation was entitled, “Finance-based Scheduling.”

The Arabian Gulf Section has successfully completed the fall 2011 cost certification refresher courses in the following regions: Al-Khobar, from Sept. 29 to Dec. 8, 2011, at the Carlton Al-Moaibed Hotel, Al-Khobar, Saudi Arabia. Jeddah from Oct. 27, to Dec. 8, 2011, at the Sky Center, Jeddah, Saudi Arabia. Riyadh, from 24 Nov. 24, 2011 to Jan. 9, at the Coral Gulf Hotel, Riyadh, Saudi Arabia. Certification exams were conducted in Al-Khobar, Jeddah, Saudi Arabia, and Doha, Qatar, during July and November of 2011.

The Arizona Section’s March meeting was on Thursday, March 22, at Kitchell’s Training Room, in Phoenix. The meeting featured a presentation by guest speaker George Lignos from ARES Software Corporation. The topic of discussion was, PRISMG2. This is a fully-integrated, 748 compliant, project cost and earned value management solution, designed to manage local and multi-national capital projects. Mr. Lignos, gave an overview of the PRISM G2 software and its use throughout the project lifecycle. These lifecycle areas include estimating, cost management, engineering, procurement and construction. He then demonstrated the capabilities and benefits of PRISM G2 dashboards. He also explained the software interface capabilities with scheduling tools such as Primavera P6 and Microsoft project.

The Arizona Section’s board meeting was on Thursday, Feb. 16, at Hill International in Phoenix. At the meeting, the board reviewed: The treasurer’s report; membership status report; calen-
dar of events for 2012; the student scholarship program and the potential opportunities to speak to students at ASU and NAU; Section website development; Section excellence award application status, and the Section hosting certification exams scheduled for March 10, July 21, and December 8, at both Phoenix and Tucson locations.

Atlanta Area Section
www.aaceiatlanta.com

What can an organization do to increase personal and organizational productivity? According to Beth Lane, Southeastern Architectural Manager for PPG Industries, increase the amount of natural light in which individuals work and perform. As Beth discussed in her presentation to the regular March meeting of the Atlanta Area Section, natural light has been shown to be psychologically beneficial for both employees and customers. Recent studies link improved work environments and increased productivity. In one recent study, individual productivity was boosted an average of 5.54 percent and a retail organization realized an astounding 40 percent increase in sales when natural light was introduced.

In her presentation entitled, “Introduction to Glass,” Ms. Lane discussed the history of glass, and attendees now have a better sense of how glass is made and an understanding of the different methods for processing glass and the different types of glass and their intended uses. Now when you hear your associates and friends from the Atlanta Area Section using terms like “VLT” (visible light transmittance), “SHGC” (solar heat gain coefficient), “LSG” (light to solar gain ratio), or ask you when you refer to “Low-E glass” whether you’re referring to a pyrolytic or magnetically sputtered vacuum deposition coat, you’ll know Beth is to blame! Her presentation is available on the Atlanta Area Section website at http://www.aaceiatlanta.com/meetings.html.

For the second consecutive year, the Atlanta Area Section staffed a booth at the annual CEFGA (Construction Education Foundation of Georgia) career fair. The 8th annual CEFGA Career Expo and SkillsUSA Georgia state championships were at the Georgia International Convention Center in College Park near Hartsfield-Jackson Atlanta International Airport on Thursday and Friday, March 15—16. Information on AACE International was presented to 6,685 public school students during the career fair.

Presented by Jeremy Cowan of Ardex Engineered Cements, the February Atlanta Area Section presentation was entitled, “How to Estimate Floor Leveling Projects,” and featured information on the selection of appropriate products and estimating the costs for various floor leveling projects.

Jeremy explained that most often floor leveling is required in the adaptive reuse of facilities for new uses or to bring older facilities up to current standards. Floors, whether on steel, concrete, wood structures, or on grade, are often not constructed such that they meet the standards of the proposed floor covering manufacturer and some correction is necessary. Jeremy illustrated his talk with an example of an industrial floor on which a forklift operates, often lifting pallets to racks above the floor level. If lifting to a rack low to the floor, the forklift being out-of-level results in the pallet being only, say 1/4 inch out-of-level and the effect is minor. However, if the pallet is being lifted to a rack 40 feet above the floor, suddenly the pallet is more than an inch out of level and a problem results in transferring the pallet to the rack.

Ardex produces products intended to assist in the remedy of those problems. Jeremy discussed the various factors involved in making intelligent decisions on how to remedy problems and esti-
Central Savannah River Area Section

www.aacei-csra.org

The Central Savannah River Area Section joined several other professional organizations for a panel discussion regarding Engineering and Technology in the CSRA. The Central Savannah River Area (CSRA) Society of Women Engineers (SWE) and URS in conjunction with other professional societies, including the American Nuclear Society (ANS), the Health Physics Society (HPS), Toastmasters International, the National Society of Black Engineers (NSBE), Federally Employed Women (FEW), America Society of Mechanical Engineers (ASME) and AACE International sponsored the event on January 23, at the URS Center for the Performing Arts.

A mini career fair was conducted before the event, featuring career booths from local employers in the engineering and technology fields, including URS, MOX, Value Added Solutions (VAS), Bridgestone, and Kimberly Clark. The CSRA Section sponsored an AACE International booth during the mini career fair.

Also in January, the CSRA Section participated by judging during the final phase of the 19th annual Regional Future City Competition at the University of South Carolina, Aiken. Forty-eight student teams from 22 middle schools located throughout the state of South Carolina, and the city of Augusta, competed head-to-head in the SRNS, USCA-Ruth Patrick Science Center sponsored competition. Each year, the Future City organization presents themes that highlight a current issue and asks participating students to investigate and come up with viable solutions. This year’s theme was, “Fuel Your Future: Imagine New Ways to Meet Our Energy Needs and Maintain a Healthy Planet.” CSRA Section members Myron Berry and Gary Bunker assisted in judging the entries. The Section also sponsored one of the scholarship awards.

The February dinner meeting was highlighted by our guest speaker, Hawthorne Welcher, Jr., who is the Assistant Housing Director for the City of Augusta’s Housing and Community Development Department. The City of Augusta has undertaken a revitalization effort to rejuvenate the Laney Walker - Bethlehem section of the city that has been plagued by blight and disinvestment for decades. The goal of the Department is to use $3.5 million of city funds to jump start this effort and then realize a return on its investment through the sale of new home construction. The remaining project funding would come from either private financing or other state/federal government financing.

March’s CSRA dinner meeting featured John Lopez, DOE-SR, Acting Deputy Director ARRA Project, Savannah River Site. His responsibilities included providing project controls/project management support to US federal project directors assigned to these projects. In 2009, he was promoted to Recovery Act Site Representative at the Savannah River Site in Aiken, SC. Currently, he is Acting Deputy Director on the $1.6 Billion ARRA Project at the Savannah River Site responsible for day to day operations of the project. The evenings discussion included the many scenarios and project success stories during the ARRA Project.

The CSRA Section conducted an Earned Value Professional (EVP) Workshop at the Augusta State College on March 23-24. The 16-hour workshop was attended by 15 students.

Ashok Pillai, CCE EVP, announced his retirement at the March dinner meeting. An AACE member since 1994, Ashok held several positions on the CSRA Executive Board for 17 years, participating as the Section President, Programs Director, Treasurer, Vice President and Communications Director. Ashok also made major contributions to the AACE International Board, serving as the Director for Region 3, Chairman of the EVM Committee, and participated on the Technical Board. Ashok was awarded Fellow in 2007.

East Tennessee Section

www.aacei-hgcs.org

The East Tennessee Section’s January meeting was at the Gondolier Restaurant in Oak Ridge, TN. The guest speaker was Steve McCracken, general manager of Kingston Ash Recovery Project, Tennessee Valley Authority (TVA). Mr. McCracken, a native of Oak Ridge, is responsible for all aspects of TVA’s role in the ash recovery project at the Kingston Fossil Plant in Harriman, TN. He oversees the integration of all TVA activities on the site, which includes working with the plant manager on plant operations, the scrubber project, being closely involved in the conversion to dry ash storage, and closing of existing ash impoundments. Mr. McCracken is a nationally recognized leader on clean-up and remediation projects, with successful decontamination and remediation projects completed in previous positions with the Department of Energy in Tennessee, Ohio, and Missouri.

Steve shared an overview of the Kingston Ash Recovery Project which has included three years of recovery so far. The Kingston Fossil Plant was built in the early 1950’s, and began operation in
1955. It was the world’s largest coal burning plant at that time. The plant produces about 1,000 tons of ash in order to run its nine generators. An ash spill resulted from a failure of the ash dredge cell and dike on Dec. 28, 2008, between midnight and 1 a.m. Some 5.4 million cubic yards of ash spilled over a 300 acre area, including 8 acres of private property. Twenty three homes were damaged and three homes were uninhabitable, with roads, rails, and utilities disrupted. The ash filled in the Berkshire and Swan Pond sloughs, and emptied into the main channel of the Emory River. The clean up strategy includes a three phase plan including time critical activities (3.3M CYs) for 18 months, non-time critical activities (2.4M CYs) planned for four years, and then a long term phase.

Phase 1 included reopening the river with five dredges operating at the same time and was completed in May 2010, and it took 414 train loads to ship out material. Seven hundred people and over 200 pieces of equipment took part in this first time critical phase.

Phase 2 involves restoring the land is planned for four years and 2.8M CYs of ash will be consolidated in a concrete reinforced on-site disposal area with a robust subsurface perimeter containment system to withstand earthquake loads. It is scheduled to be completed in 2014, including all restoration. The final restoration will include a lakeshore green space including a boat ramp, fishing piers, boat parking, restrooms, pavilions, boardwalk and walking trails. Conceptually, there will also be a birding and wetlands trail with observations areas for viewing wildlife. Also, in one area there are plans for baseball diamonds and soccer fields.

Phase 3 is long term phase scheduled to initiate after 2014, and it’s goal will be to validate phases 1 and 2, and establish long term requirements. It will include monitoring and remediation, stewardship plan, establishing a trustee group, and a natural resources damage assessment.

In closing, the key theme Steve shared with the section was, “Making It Right,” and with all the current success the ash spill area will be a safe area with some great recreational areas provided by TVA for the community and the public. The cost to date is $0.8M with a total estimate of $1.2B. This is a huge project and so far very successful and the pictures Steve shared were certainly proof of how TVA has made it right, and how hard everyone has been working to produce what will be a great and successful project when fully completed.

**Houston Gulf Coast Section**

**www.aacei-hgcs.org**

The third meeting of the Houston Gulf Coast Section for year 2012 was on Tuesday, March 13, at the HESS club in Houston, TX. Over 40 members attended the meeting. HGCS Board member David McNamara spoke on, “Life Cycle Assessment.”

David’s presentation gave an overview of assessing costs from operational and capital sources. Building in a sustainable manner requires building better so we don’t have to demolish, dispose, and rebuild. He emphasized that owners need to understand the complete cost of ownership from initial construction through occupancy. Life cycle assessment is used to incorporate all these costs into one complete picture. His presentation provided distinctions between life cycle assessment for materials/systems and life cycle cost estimating that can be used for any building system. LCA and LCC can be very complex or relatively simple depending on the boundaries defined for a given project. He showed a few examples from very complex campus wide initiatives to define their carbon footprint and material selection criteria using various standards.

David is a Houston Gulf Coast Section Board Member, and VP of Faithful & Gould, one of the world’s leading construction consulting services company. His expertise is in cost management, claims, risk, auditing and value engineering. He earned his undergraduate degree in architecture from University of Florida and an MBA at Texas A&M University. Dave is a LEED AP, and is certified by Green Advantage Construction Management Association, a licensed contractor and an Associate Value Specialist. In his spare time, he enjoys chasing his teenagers around, volunteering for Habitat for Humanity, running marathons and recently signed up for the MS-150.

**Indiana Hoosier Section**

The Hoosier Section kicked off the New Year with a featured presentation on “Critical Chain.” The guest speaker was Bill Linehan, who filled in on very short notice when the original planned speaker had to cancel. Bill is a “master scheduler” with Bucovic and Duncan Technologies, as well as the Indiana-Hoosier Section
secretary. Bill has many years of experience with planning and scheduling, primarily within the pharmaceutical industry.

The reincarnation of the old Hoosier section is showing significant signs of improvement! In its first year, the Hoosier section went from 10 members in January 2011 to 27 members by January 2012. The section experienced a great period of growth over the last year, and high participation by its members, as the section meeting average attendance is 16! The section is looking to continue that growth in 2012.

The February meeting featured a presentation on, “Performance Measurement.” The presenter was Rob Matthews, who is with Booz Hamilton Allen, and is a director of the Hoosier Section. Rob is a certified Earned Value Professional (EVP) and has experience with EVM, planning and scheduling, and performance measurement within the Aerospace industry and the Department of Defense.

The Office of Abandoned Mine Lands & Reclamation was created in 1981, to manage the reclamation of lands and waters affected by mining prior to passage of the Surface Mining Control and Reclamation Act (SMCRA) in 1977. The AML program is funded by a fee placed on coal mined. Allocations from the AML fund are made to state and tribal agencies through the US Congressional budgetary process. Its mission is to protect public health, safety, and property from past coal mining and enhance the environment through reclamation and restoration of land and water resources.

Dave Broschart graduated from WVU in 1974, with a BS degree in civil engineering. He is a WV Registered Professional Engineer #8044. Has 38 years of work experience with the state of West Virginia. Currently, he functions as the Northern Regional Engineer for AML&R, Phillipi Office WVDEP.

Gregg Smith graduated from WVU in 1973, with a BS degree in civil engineering. He is also a WV Registered Professional Engineer #7862. Has over 38 years of work experience with the state of West Virginia. Currently, he functions as the Northern Design Administrator for AML&R, Phillipi Office WVDEP.

**Seattle Section**

**www.aace-seattle.org**


Social networking is more than a buzz phrase or trend for today’s construction professional; it’s now a formula for maximum efficiency and cost savings. This presentation covered how networking tools such as LinkedIn, Twitter, Facebook and others help the busy AEC professional build and maintain prospect, client, and vendor relationships. The attendees learned how broadcasting instant updates, two-way communications, and group collaboration are easily achieved with these new technologies—which are fast becoming must-haves for any size project.

The specific topics that were discussed included the following.

- Using LinkedIn to build and maintain new client and vendor relationships.
- Using LinkedIn as a human-powered search engine to seek industry feedback, projects, and service/product recommendations.
- Broadcasting job updates and information with Twitter.
- Collaborating on projects with Facebook Groups and Pages. And,
- Using specialty products to help build and monitor your social network and online presence.

**Nevada-Las Vegas Section**

The Nevada Section, starting on April 14, sponsored a certification exam training session for the CCC/CCE certification exam. The classes were at the University Nevada, Las Vegas campus, in the Thomas Beam Engineering room.

**Northern West Virginia Section**

The Northern West Virginia Section, along with the local chapter of the National Society of Professional Engineers (NSPE) and the local chapter of the American Society of Civil Engineers (ASCE) met on Monday, April 18, at the Engineering Sciences Building on the WVU Evansdale Campus.

The focus of the program was on the WVU Personal Rapid Transit system. Arlie Foreman, PE, Associated Director of Transportation and Parking, at WVU, presented: “The history and future of the MPRT.” He discussed the historical background of the MPRT system, the current state of the MPRT system, and plans for system modernization.

Arlie Forman graduated from WVU in 1994 with a Bachelor of Science degree in civil engineering. He is a WV Registered Professional Engineer. He has eight years experience working in the consulting field, and nine working in state government.

The three groups also met on Monday, March 19, at the Engineering Sciences Building on the WVU Evansdale Campus.

The program focused on the Abandoned Mine Lands and Reclamation Program (AML&R) in West Virginia. The speakers were Greg Smith, PE, Northern Design Administrator for the Abandoned Mine Land & Reclamation (AML&R), and Dave Broschart, PE, Northern Regional Engineer for AML&R. They presented, “The History and Accomplishments of the Abandoned Mine Lands and Reclamation Program in West Virginia.” Topics covered included the funding and structure of the program, a description of what AML&R does and what it has accomplished.


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- Broadcasting job updates and information with Twitter.
- Collaborating on projects with Facebook Groups and Pages. And,
- Using specialty products to help build and monitor your social network and online presence.
The Seattle Section followed up with its next meeting on Feb. 9. John Spencer made a presentation about the, “Seattle Public Utilities Combined Sewer Overflow (CSO) Program.” Seattle Public Utilities is preparing a long-range plan to reduce the amount of raw sewage and stormwater that overflows into local creeks, lakes, rivers, and the Elliott Bay. Seattle Public Utilities must correct this problem to protect public health, the environment, and comply with the Clean Water Act and state regulations. Mr. Spencer explained the history, regulatory framework, and schedule for this program, and provided a brief overview of the process to develop the long-term control plan.

Seattle has identified three alternative approaches to reduce combined sewer overflows. Each of the three alternatives emphasize a specific approach to reducing CSOs using a combination of control strategies—sewer system upgrades, natural drainage solutions, and underground storage. The plan will ultimately select the strategy to be used in each sewer basin and create a comprehensive plan to reduce CSOs to meet state and US federal regulations. Specifically, the plan will try to address the following items:

- Identify areas of the city where CSO reduction projects are required.
- Evaluate alternatives for reducing CSOs in affected areas.
- Select a preferred alternative (solution) for each affected area.
- Recommend a schedule for designing and constructing projects from 2016-2025.
- Estimate program costs and associated rate impacts. And,
- Consider public and stakeholder input.

The section next met on March 12, for a program entitled, “Application of Phase Gate to the Management and Delivery of Transit Infrastructure Projects,” presented by Jerry DeMuro.

### Southern California Section

**www.aace-scs.com**

On Wednesday, April 18, the Southern California Section met for a presentation titled, “An Overview of the Federal and California False Claims Acts.” The presenters were: Marian Selvaggio, Kathlynn Smith, and Craig Sorensen.

For more than a century, the US federal False Claims Act has been an effective tool for public agencies to deal harsh blows to dishonest contractors. In the late 1980s, California followed in the footsteps of the feds and enacted its own False Claims Act. As the competition for government contracts increases, so too does the opportunity for waste. As such, public agencies are actively investigating and prosecuting alleged violations of the False Claims Act with unparalleled focus and unprecedented intensity.

Many commentators believe that the wave of False Claims Act settlement announcements made in the last few years signals that False Claims Act prosecutions are on the rise... and will be for a while. This presentation provided an overview of the US federal and California False Claims Acts and a discussion of the most heavily litigated types of False Claims Act violations as told by the attorneys and consultants in the trenches (with a war story or two thrown in for good measure).

Marian Selvaggio is an associate attorney at Hunt Ortmann specializing in construction litigation. Marian has tried cases in state and federal courts, including the Court of Federal Claims, as well as in administrative proceedings. Marian has also successfully represented clients in bid protest hearings throughout California.

Kathlynn Smith is an associate attorney at Hunt Ortmann with extensive experience in commercial and real property litigation as well as construction contract administration, claims, and litigation. Kathlynn has successfully represented owners, contractors, and subcontractors in state and federal cases, arbitrations, and administrative proceedings. Marian and Kathlynn are the authors of, Smart Girls’ Guide To Construction Law and architects of the Smart Girls’ initiative directed at women-owned and/or operated construction companies.

Craig Sorensen is President of Nitro Associates, a Pasadena, California based construction consulting firm. He has over 28 years of experience in critical path schedule analysis, delay and disruption analysis and related damages preparation. Mr. Sorensen has worked with owners, contractors and subcontractors which provides a unique perspective during his evaluation of the facts.

At the Southern California Section’s March dinner meeting, Alexia Nalewaik, owner of QS Requin Corporation, offered a presentation titled, “The Evolving Roles of Cost Engineering, Quantity Surveying and Project Management,” exploring intersection and divergence in the competencies of cost engineers, quantity surveyors and project managers across the project lifecycle.

As a project progresses through its lifecycle, different skills are required for adequate control and oversight. Much of this required expertise is provided by the cost engineering (CE), quantity surveying (QS), and project management (PM) communities. The competencies of cost engineering, quantity surveying and project management are evolving in response to market demand, creating much overlap in the services provided by these disciplines. As these roles expand, overlap and specialization will continue. It is likely that, over time, the roles of quantity surveyor and cost engineer will become almost fully interchangeable, and these functions will continue to support project management.

This presentation expanded upon the definitive ICEC white paper, “What are CE, QS and PM?,” exploring intersection and divergence in the competencies of cost engineers, quantity surveyors and project managers across the project lifecycle.

Nalewaik is a chartered quantity surveyor with 20 years of broad construction industry experience in management consultancy and cost controls. Her work focuses on audit, standard of care, cost engineering, and risk management as key components in capital program accountability, transparency, and governance.

Alexia’s voluntary and professional roles outside her own business encompass a position on the governing board of RICS Americas; Interorganization Chair at AACE; Administrative Vice-Chair at the International Cost Engineering Council. She regularly presents papers on the international project management and cost engineering conference circuits, including keynote appearances and is currently completing a Ph.D. in strategy, program and project management at the SKEMA Business School.

The Southern California Section continues to grow. As of January month-end, the Section membership totaled 302 members. In the last month, 10 new members met for a joint dinner meeting with the National Association of Women in Construction (NAWIC). The meeting included a great presentation on construction disputes by two highly knowledgeable professionals: Jim Zack and Tom Peters of Navigant Consulting. Jim and Tom discussed all aspects of disputes in the industry; its history, effects on cost and schedule and most importantly key steps to avoid them. The meeting was part of the section continuing partnering with NAWIC and
the dispute presentation was very applicable to nearly everyone involved in construction. The technical training topic of Intelligent Management of Construction Disputes engaged the whole audience and generated lots of great discussion.

Each year, the Southern California Section conducts at least one student outreach program at one of the local universities. They try to visit different universities every year. This year, thanks to Russ Vakharia, the section visited USC and met the graduate program students to share information about AACE, real life experiences and networking. The section members were especially keen to help the students understand the opportunities available by pursuing a career in project controls. In addition to discussing the many career path options, section members let the students know about the many benefits of membership with AACE, including participating in the mentoring program and using the online career center. The section members were also looking for a few students seeking summer internships or their first job.

For the section’s annual Student Outreach, volunteer members from the Southern California Section had the great opportunity to visit the University of Southern California on March 8, and introduce AACE International to a group of graduate students in USC’s Project Management program. With the collaboration of Mr. Russell Vakharia, CCE PSP, from USC’s Department of Civil and Environmental Engineering who kindly provided his time, Jaimin Mehta, Alexia Nalewaik, Julie Owen, and Zaymar Henriquez, gave a presentation to the students offering a brief introduction of their experience in the field of project controls and how the role of project controls is more important in the industry than ever before.

The students were very interested and keen to learn about all the advantages and benefits that AACE International offers to professionals and students and how project controls relates to many different professional backgrounds. There is no doubt that the importance of project control is being highly recognized and well compensated in today’s market. At the conclusion of the session, the SoCal Section team had the opportunity to network with the students and get resumes from those students interested in internships. This was a great opportunity to inform and motivate students to consider project controls as a unique and interesting career path that can differentiate them in this competitive market.

As of March, the Southern California Section had a membership of 302. The Section’s Fall Symposium is planned for Nov. 9-11 at the Hyatt Grand Champions Resort, Villas, and Spa in Indian Wells, Calif. This will be a 3-day program of workshops, technical seminars, and vendor exhibits.

**ANNUAL MEETING REMINDERS**

Attendees are reminded of changes scheduled at the 2012 Annual Meeting, including that the technical program will start at 1:30 p.m. on Sunday, July 8. This is a change from the traditional Monday morning start.

The July 8-11 Annual Meeting will also end at noon on Wednesday, July 11. Please keep these time changes in mind as you are making your Annual Meeting reservations and travel arrangements.

Individuals who attend the first two sessions will receive access to download 10 complimentary files from the AACE Online Learning Center that will be launched in September. These downloads carry a value of $200.

**CERTIFICATION RECEPTION**

One of the new events at the San Antonio Annual Meeting, July 8-11, will be an invitation-only Certification Reception to honor attendees who hold one of AACE International’s specialty certifications. The invitation only reception will be from 6-7 p.m. on Monday, July 9. The reception will feature heavy hors d’oeuvres and a hosted bar.

**FIRST TIMER’S LUNCHEON IS SUNDAY**

If you are attending the 2012 Annual Meeting and this is the first AACE Annual Meeting that you have attended, there will be a First Timer’s Luncheon from noon to 1 p.m. on Sunday, July 8. Because this will be a ticketed event, if you are a first time attendee and you want to participate, you need to indicate on your registration form that this will be your first meeting. That will initiate the process where your registration will be flagged and checked, so that a lunch ticket will be prepared.
HOW TO SUBMIT SECTION NEWS TO THE AACE® INTERNATIONAL BULLETIN

When Will Your Section News Submission Be Published?

The new digital Source magazine will include all “Section News” submissions. Source has a submission deadline of two months in advance of the issue date. Please review the following production schedule. It lists the submission periods for the six bi-monthly issues of Source magazine in 2012.

2012 Source Section News Submission Schedule

February
• Items submitted from Oct. 16 through Dec. 15, 2011

April
• Items submitted from Dec. 16 through Feb. 15

June
• Items submitted from Feb. 16 through April 15

August
• Items submitted April 16 through June 15

October
• Items submitted June 16 through Aug. 15

December
• Items submitted Aug. 16 through Oct. 15

This production schedule is based upon production schedules at AACE headquarters, as well as our printer having two to three weeks production time to take our in-house files and convert them to the Nxtbook software for posting. Enhanced features like audio, video, website links, and more will be a part of each issue of the Source. Some technology features will require additional production time and earlier deadlines. The magazine is to be ready for posting by the first of the month.

Within 2 to 3 business days of submitting a “Section News” items, you should receive a return confirmation e-mail that your submission was received at AACE headquarters.

How to Submit Text and Photos

Please submit any and all text as a part of the e-mail or as a Microsoft Word file attachment. Please submit any photo or photos as individual attachments in tiff or jpg formats. Do not embed photos in Microsoft Word files.

For photos to be used, we require either large original files or print size photos at 300 dpi (dots per inch). We can convert large 72 dpi submissions into the required 300 dpi. This process shrinks the size of the original submission. We cannot use photos taken on cell phones. For photos to be published, they must be in focus, of print quality, and wide enough to fill the width of the column layout.

Please include the names and titles of each person shown in any photos. Please list names from left to right or refer to those shown as being above left or right. For group photos please list names from left to right, beginning with the front row and working to the back. Do not list the Section officer first unless he or she is photographed on the left with guest speakers on the right.

All submissions should be e-mailed to editor@aacei.org. Please use the official name of the Section as approved by the AACE Board when the Section’s charter was approved. Never refer to the Section as a chapter.

Contact AACE Concerning Missing Submissions

Generally, all submissions received in the above scheduled times will be published in the listed issue. Items are not held because of space restrictions. There is no waiting list and no preference is given to one Section over another. Questions about incomplete submissions or failure to follow these submission guidelines could delay publication. Text will be published without submitted photos if the photo does not meet the listed quality requirements.

If a submission is not included in the designated issue, please e-mail or call the Managing Editor to ensure that it has not been lost or misplaced. Call or e-mail if you do not receive a confirmation e-mail within 3 business days of submission.

AACE reserves the right to edit all submissions and/or to refuse to publish any submissions determined by the Managing Editor or the Art Director to not meet the standards of the journal. Any appeals of these decisions will have a final decision determined by the Executive Director.

Any Section representative with questions is advised to e-mail editor@aacei.org or call the Managing Editor during regular business hours (9 a.m. to 5 p.m. Eastern Standard Time, Monday-Friday, except holidays and special closings).
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