

OCTOBER 2007

# American Society of Professional Estimators



[www.aspenational.com](http://www.aspenational.com)

### Our Mission

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

## ORANGE COUNTY CHAPTER #3



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# ORANGE SPEEL NEWSLETTER





## President's Message

We had a good turn-out at our first kick-off meeting. Our guest speaker was John Cross, VP of Marketing for American Institute of Steel Construction (AISC). AISC is the publisher of The Steel Design Manual, a book that we all had in college for our structural classes. A synopsis of John's talk is summarized in the newsletter below.

For 2007 – 2008, we have 50 paid members for Chapter 3. Congratulations to all of you for your continued support. Our retention rate was one of the highest based on national ASPE figures. As everyone knows, the key to any organization is growth. As members of ASPE, we are all ambassadors for our organization. All of us should try to promote our organization to our peers, colleagues, vendors, subcontractors, engineers & architects. Remember, you don't have to be an estimator or a member to attend any of our meetings. Our goal is to reach out to the construction community, by providing interesting topics & discussions, and as a result, gain recognition as an organization and appreciation as professional estimators. This year we are planning programs on green buildings, industry trends, conceptual & design build estimating, estimating software, and hosting some educational seminars.



Arrangements have already been made for forthcoming guest speakers at our monthly dinner meetings, which will be held each month. Remember, our dinner meetings are held on the second Wednesday of each month. We meet at the Mezzanine Building at the Newport Gateway Towers, in Irvine (see enclosed map for details). The next dinner meeting is scheduled for October 10th. There is a social hour starting at 5:30 PM and dinner is served at 6:30 PM.

At our next dinner meeting on October 10th, we will hold a short seminar on "Recommended Bidding Procedures for Competitively Bid Construction Projects." Your very own Chapter members will be making the presentation. Hand-outs / Pamphlets will be furnished for free (see attached flier).

### ASPE Code of Ethics:

#### Cannon #1

*Professional estimators shall perform services in areas of their discipline and competence.*

#### Cannon #2

*Professional estimators shall continue to expand their professional capabilities through continuing education programs to better enable them to serve clients, employers and the industry.*

#### Cannon #3

*Professional estimators shall conduct themselves in a manner, which will promote cooperation and good relations among members of our profession and those directly related to our profession.*

#### Cannon #4

*Professional estimators shall safeguard and keep in confidence all knowledge of the business affairs and technical procedures of an employer or client.*

*President's message continued...*

We will have another dinner meeting in November, on Wednesday, the 14th followed by continued dinner events after the first of the year. November's meeting topic is "Sustainable Construction with Concrete."

In December, we are planning a mystery dinner theatre dinner holiday party. The professional dinner theatre will be held at the Mezzanine Building at the Newport Beach Towers, in Irvine. This will be a party, or social function, without any technical discussions. Friends, guests, spouses, significant others, are all invited to attend. Details to follow in upcoming newsletters.



As mentioned earlier we would like to institute some new programs. We need volunteers! This is a great way to give back to your organization ASPE, and make some new friends.

We are still looking for board directors. These individuals will meet with the elected chapter persons and the committee chair persons. We meet tentatively once a month for approximately one hour. No meetings are held during the summer break. Come and join us. Check it out once if you are not 100% certain that you want to volunteer. We will even provide the dinner and drinks. Board member suggestions and ideas will help us in making our organization better.

If you become a volunteer it will help you maintain your standing with ASPE. Become a board or chairperson!

~ Dan Schottlander, CPE  
President, ASPE Orange County Chapter

## Cannon #5

*Professional estimators shall conduct themselves with integrity as all times and not knowingly or willingly enter into agreements that violate the laws of the United States of America or of the states in which they practice. They shall establish guidelines for setting forth prices and receiving quotations that are fair and equitable to all parties.*

## Cannon #6

*Professional estimators shall utilize their education, years of experience and acquired skills in the preparation of each estimate or assignment with full commitment to make each estimate or assignment as detailed and accurate as their talents and abilities allow.*

## Cannon #7

*Professional estimators shall not engage in the practice of "bid peddling" as defined by this code. This is a breach of moral and ethical standards, and a member of this society shall not enter into this practice.*

## Cannon #8

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

## Cannon #9

*Professional estimators and those in training to be estimators shall not participate in acts, such as the giving or receiving of gifts, that are intended to be or may be construed as being unlawful acts of bribery.*

# Notes from the President

A special thanks to Paulette Rutlen who graciously took it upon herself to set-up a Chapter Website. Our new website is [www.ASPEChapter3.org](http://www.ASPEChapter3.org). Last month's newsletter has already been posted onto the site. If you have any questions or ideas on what to include in our web site, feel free to contact Paulette.

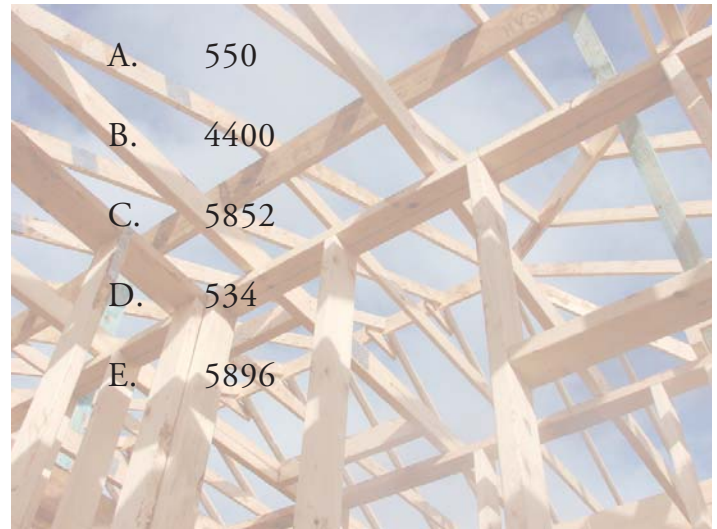


Please remember that by serving on ASPE boards and committees, your efforts will make our chapter a success. Be sure to attend our next dinner meeting in October!

And feel free to invite a colleague or a guest! We will have a raffle at the dinner and you could win some money as well.

# Estimating Knowledge

How many board feet of lumber are there in 550 pieces of 2" x 8" wood studs that are 8' - 0" in length? Assume no waste, round-up to the nearest decimal point.



- A. 550
- B. 4400
- C. 5852
- D. 534
- E. 5896

## Joke of the Month

**Q. How do Architects in the jungle keep monkeys from jumping and playing on the roofs?**

**A. With very good de-tailing...**

The correct answer is D.  $2' \times 8" / 12" = 1.333$  board foot per foot.  $1.34 \text{ bf} \times 8' \text{ in length} \times 550 \text{ each} = 5896$  board feet.

# Member Spotlight



## Shantha Suraweera, CPE O'Connor Construction Management, Inc.

Shanatha Suraweera, CPE, is the Chief MEP estimator of O'Connor Construction Management, Inc. full service construction management firm based in Irvine, California.

Shantha is married (26 years) and has a son and a daughter. He obtained his Master of Science degree in Mechanical Engineering from the Technical Institute of Astrakhan, Russia in 1981. He is also a certified professional engineer / Sri Lanka.

Mr. Suraweera has more than 25 years experience in the construction industry as an estimator, project manager, and project engineer. He has worked on many projects in the United States and overseas.

Mr. Suraweera has a strong understanding of the design and construction process, and is adept at providing cost estimates at all levels of design, from programming to construction documents. He is experienced with all aspects of quantity take-off, pricing, and trade coordination.

Shantha joined ASPE in 2000 and became certified in 2003. He served as the vice president of Chapter # 3 in 2002 and currently he is the chapter secretary / treasure.

## QUOTE OF THE MONTH

“ A letter  
always  
seemed  
to me like  
immortality  
because it  
is the mind  
alone without  
corporal  
friend. ”

~ Emily Dickinson  
(1830 - 1886)

# AMERICAN SOCIETY OF PROFESSIONAL ESTIMATORS

Invites you to join the  
ORANGE COUNTY CHAPTER'S  
next meeting at:



Date: Wednesday, October 10th , 2007

Social Time: 5:30 p.m. - Program & Dinner: 6:30 p.m.

Location: 19800 MacArthur Boulevard, Irvine, CA

The Mezzanine @ Newport Gateway Towers

Presented by: ASPE

## Topic: Recommended Bidding Procedures for Competitively Bid Construction Projects.



Successful completion of a construction project depends upon a team effort. Without the full corporation and fair treatment of all team members: the owners, design team, and construction team, the objective of a successful project will not be obtained.

Come hear and learn about ASPE's recommended bidding practices to develop a comprehensive set of bidding guidelines.

*What YOU need to know as an Owner, Architect, Engineer, Contractor, Vendor, Project Manager or Estimator!*

For reservations, contact Art Quinion by e-mail at [artq@phoenix-planning.com](mailto:artq@phoenix-planning.com) or call 949-581-9370.



# MEETING INFORMATION

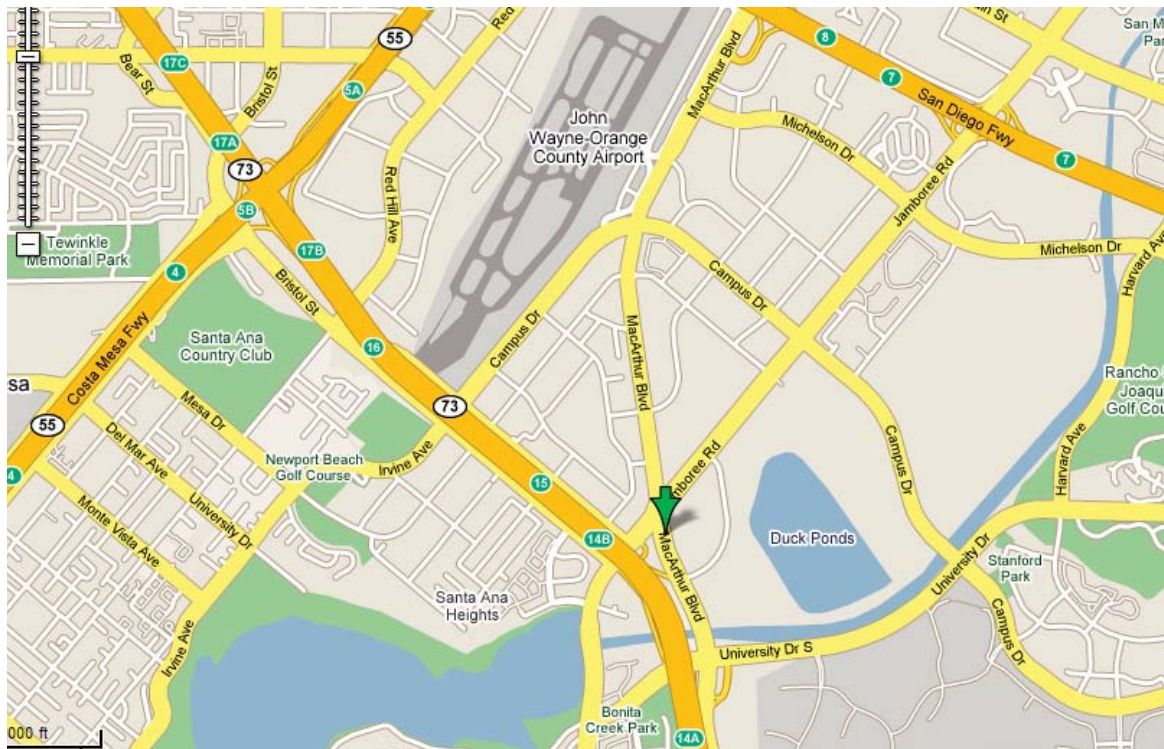


Speaker: ASPE Board

Date: Wednesday, October 10th, 2007

Social Time: 5:30 p.m. - Program & Dinner: 6:30 p.m.

Location: 19800 MacArthur  
Boulevard, Irvine, CA  
The Mezzanine @ Newport  
Gateway Towers  
P: 949 724-1066  
405 Freeway @ MacArthur  
Junction between  
MacArthur & Fairchild



Dinner:

Chicken \$35

Fish \$35

For reservations, contact Art Quinion by e-mail at [artq@phoenix-planning.com](mailto:artq@phoenix-planning.com) or call 949-581-9370.

# October

# 2007

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10 Dinner Meeting. @ 6:30 p.m. in Irvine	11	12 ASPE Western Regional Conference in Reno, Nevada	13 ASPE Western Regional Conference in Reno, Nevada
14	15	16	17 Board Meeting @ 6 p.m.	18	19	20
21	22	23	24	25	26	27
28	29	31	31 			

\*Don't miss the next meeting on Wednesday, November 14th at 6:30 PM.



# 2007-2008 Board Members and Committee Chairs

President	Dan Schottlander, CPE Earth Tech	949 330 2299 dan.schottlander@earthtech.com
1 <sup>st</sup> Vice President	Art Quinion, CPE Phoenix Planning	949 581 9370 artq@phoenix-planning.com
Secretary/Treasurer	Shantha Suraweera, CPE O'Connor Construction Management	949 476 2094 ssuraweera@ocmi.com
Immediate Past President	Ron Svarc, CPE BRE Properties, Inc.	949 863 4266 kickerron@cox.net
Board of Directors	Paulette R. Rutlen, CPE The Austin Company	949 451 9055 paulette.rutlen@theaustin.com
Chapter Certification Chair	Art Quinion, CPE Phoenix Planning	949 581 9370 artq@phoenix-planning.com
Board of Directors	Vacant	Vacant
Programs	Vacant	Vacant
Newsletter	Vacant	Vacant
Membership	Vacant	Vacant
Certification	Vacant	Vacant
Education	Vacant	Vacant
Scholarship	Vacant	Vacant
Bylaws	Vacant	Vacant

## Web site of the Month:

Our very own Orange County Chapter's web site is up and running. Please check it out when you get the chance.

<http://www.aspechapter3.org/>

## Advertising Opportunities:

Business Card Ad:	1 Issue	\$15
	6 Issues	\$60
	12 Issues	\$100
Full Page Ad:	1 Issue	\$50
	6 Issues	\$200
	12 Issues	\$300
Employment Ad	Each Issue	\$50

# Extra, Extra, Read All About It...

## Escalation

Dan Schottlander

There have been numerous studies conducted on escalation & inflation, but when it comes to forecasting what the rates will be into the future, it can be nebulous at best. Government agencies, universities, think-tanks, economists and consultants have all been trying to predict future escalation rates for the past fifty years, all with mixed results. The federal government recently released their latest Consumer Price Index (CPI) rates on August 15th 2007. According to the Federal government, average prices for goods and services actually decreased by 0.10% for the month of August. This is the first decrease in 10 months. The drop occurred due a decrease in energy costs of 3.2% in August. The CPI rates only indicate what the current CPI rate is, but this rate does not forecast future rate fluctuations.

Commodity prices have sky-rocketed in last three years. From 1993 to 1996 diesel fuel has increased by 121%, Iron & steel 60%, Iron ore 41%, Non-ferrous metals 85%, Industrial chemicals 55% and cement 32%. Manufactured items have seen cost increases over the same time period of 29% for metal tanks, 40% for heat exchangers, 15% for pumps & compressors, 81% for wire & cable, 15% for motors & generators and 7% for process control instruments.

In the Southern California metropolitan area (Los Angeles County, Orange County & San Diego County) escalation is currently averaging a 3% to 4% annual rate. In 2006, the rate was 5%. In 2005, the rate was 6%. Energy & transportation inflation rates have been escalating at a higher rate. Construction costs have typically increased at a higher rate than the CPI due to increased labor & material costs, as well as increased market demand for construction projects. The tender price for construction work in a specific regional area also will



impact the price. According to BCIS construction costs are expected to rise faster than inflation over the next five years. With new work output from Federal and Municipal agencies increasing on infrastructure projects, upward pressure on commodity prices increases.

Escalation can be applied from the date an estimate was prepared to the mid-point of construction. Economic escalation rates can be applied on an annual basis. Costs can change due changing technology, availability of labor & materials and the changing value of the monetary unit (inflation). All cost indices should be used on a general basis. This is because all cost indices are based on general, average information. An expert judgment call is required based on interpretation of the cost indices and past experience. There is no one correct predictor of what escalation will be into the future. Long term predictions are even more limited.

Based on data and escalation forecasts construction escalation will average 4 to 5% per year over the next few years in the Southern California metropolitan area. On a national level the annual rate of inflation is 3.7%, up from 2.5% from all of 2006.

# ORANGE COUNTY CHAPTER

# WANTED



Have some extra time to spare? How about volunteering?  
The following committees would appreciate your help.

- Board of Directors
  - Programs
  - Newsletter
  - Membership
  - Certification
  - Education
  - Scholarship
  - Bylaws

For more information, please contact Art Quinion

# Certification Testing and Training

By Art Quinion

ASPE Chapter 3 Certification Chairman

Becoming a Certified Professional Estimator (CPE) is one way of being recognized for your achievements as an estimator. For those of you considering certification, there is some information you may be interested in. In recent years, some branches of the Federal Government have started to ask that construction cost estimates prepared for them be prepared by a professional cost estimator. The U.S. General Services Administration (GSA) has added the following paragraph to their 2007 Project Estimating Requirements for the Public Buildings Service manual (publication P-120):

“Capital project estimate submissions must be prepared by professional cost estimators unaffiliated with the design team or the Construction Manager as Contractor (CMc). Certification as a cost engineer by the Association for the Advancement of Cost Engineering (AACE), or as a certified professional estimator by the American Society of Professional Estimators (ASPE), is supporting evidence of an estimator’s qualifications, although it is not required.”

If you would like to become certified, the certification process requires the candidate to write a 2,500 word technical paper, in addition to taking two examinations. The first exam is a General Knowledge Exam (GEK) consisting of approximately 500 questions across a variety of construction topics including AIA documents and general estimating knowledge. The candidate has four hours in which to complete this test. In addition, each candidate must also take a Discipline Specific Test (DST). These exams are a test of the candidate’s specific area of expertise. Currently ASPE has Discipline Specific Tests in numerous categories including General Estimating, Earthwork, Concrete, Roofing, Plumbing, HVAC Sheet Metal, and Electrical to name a few. The DST exam is an eight hour test with true/false and multiple choice questions as well as estimating problems that are basically mini-estimates.

There are two testing cycles per year. The timeline for the next testing cycle starts on March 1st, however your application for the testing must be received by the Society Business Office by no later than January 25th. Once approved, you will be required to complete an online workshop to begin the testing process. I am also available to give a Saturday workshop, in addition to the required online workshop, to review the technical paper and test requirements if you feel it would be helpful.

As the Certification Chairman for ASPE Chapter 3, I’m available to answer any questions you may have about the certification process. Please feel free to e-mail me at [artq@phoenix-planning.com](mailto:artq@phoenix-planning.com) or call me at my office at (949) 581-9370.

# New Member...Introducing Paul Steele

One of our newest ASPE members, Paul Steele, currently works as an



estimator for Raymond Interior Systems, a major union plaster, framing and drywall subcontractor. Paul began his career in the construction industry in 1986 starting as a drywall finisher with his brother. He quickly rose to the foreman level and soon after became a trade superintendent. From there, he became a project superintendent and then a project engineer. In 1999, Paul became an estimator. During the past seven years, he has moved back and forth between estimating and project management, enjoying both roles equally.

During his years working in the field, Paul attended night courses at Cal State, Long Beach, two evenings per week. After some nine years, he earned a B.S. in Operations Management, graduating Cum Laude. After a couple of years of recharging his batteries, he returned to Cal State, Long Beach, and earned an M.B.A. in General Management, graduating Cum Laude. Paul also completed several graduate courses in construction management in the Civil Engineering department of the university.

Paul recently passed a stringent U.L. certification test in spray applied fireproofing design and application. He is currently leading an effort at Raymond Interior Systems to attain status as one of the very first companies in the nation to achieve U.L. certification for their spray applied fireproofing operations. He is also on the committee that is writing an estimating manual for Raymond. Earlier this month, Paul, representing Raymond, accepted the top award at the Design Build Institute of America (DBIA) for their contributions on the Cal Trans building project in Los Angeles.

Born and raised in Southern California, Paul attended Mater Dei High School in Orange County. Paul is married with two daughters, ages five and eight, and resides in Huntington Beach, California. He enjoys running a children's basketball league at St. Bonaventure School and attending his daughters' soccer and softball games. Paul is conversant in Spanish, and his hobbies include exercise, music and golf.



# September Meetings Highlights

If you were at the September meeting, you already know how interesting and informative our speaker, John Cross, V.P. of Marketing for the American Institute of Steel Construction (AISC),



was. AISC publishes the steel design manual, the standard for structural engineers. Maybe you have one of their thick manuals floating around somewhere in your office.

Mr. Cross talked about how the structural steel industry has changed in the last thirty years. For instance, did you know that the structural steel members used today contain 97% recycled steel? Or that the country using the most scrap steel today is not China, but Turkey? Because of the high percentage of recycled material being used today,

it has become the cost driver for steel coming from the mill.

He talked about the volatility of material costs, the relationship between the mill, the service centers, and the fabricator.

Although the mill price for structural steel is up from \$280 per ton in 2003 to nearly \$800 per ton today, the overall cost of the steel package has not increased proportionally to the rising mill costs because 60% to 80% of the total steel package cost comes from the fabricator/erector.

Another important piece of information for those of you that do not have your finger on the pulse of the steel industry, right now there is an eighteen week lead to get structural members rolled at a mill, and of course even longer for uncommon or specialty items.



In order to reduce construction project steel costs structural engineers should work with suppliers and service centers to determine which steel sizes are the readily available when designing a structure. It is often less expensive to size a larger steel beam member in lieu of a lighter beam that has camber, due to production line release times. Sizing a lighter column in lieu of a heavier column could result in larger connection costs for the lighter column, due to larger gusset plates, increased bolt quantities or special

# September Meeting Highlights Continued...

welding requirements. By working with the mill, service centers, steel fabricators and steel erectors engineers and architects can achieve cost savings in their buildings. These savings can be substantial.

When we think of a steel building we imagine a building that is composed of structural steel members.

But all buildings including reinforced concrete structures have steel as a component. Reinforcement steel, wire mesh, metal studs, piping, metal hangers, electrical conduit & wire, mechanical & electrical equipment and miscellaneous iron are all made of steel and are all integral parts of the building.

John highly recommends getting Kenneth Simonson's newsletter to track industry cost trends. Mr. Simonson is Chief Economist for the AGC, in Arlington, VA. Just drop an e-mail to him requesting his newsletter, at [simonsonk@agc.org](mailto:simonsonk@agc.org), and he will add you to his circulation list.

There was a lot more that Mr. Cross talked about, you should have been there. If you weren't there...where were you? We missed you, and you missed an excellent program.

Paulette R. Rutlen, CPE  
National 1st Vice President



## Web site Up & Running

Chapter 3 is proud to announce the unveiling of our own chapter web site, [www.ASPEChapter3.org](http://www.ASPEChapter3.org). We will be posting our newsletters & meeting information, along with any special announcements. If you or your company wish to sponsor our web site or would like to place an advertisement, please contact our President, Dan Schottlander. The site construction is not complete, but we are well on our way. Go check it out!

~Paulette R. Rutlen, CPE

## Mystery Dinner

As Dan had mentioned, our holiday party will be a Mystery Dinner in December. The event will be hosted by The Gourmet Detective, Orange County's favorite Murder Mystery Dinner Show Comedy. You will laugh, witness a crime and help solve a mystery. For more information, please visit [www.gourmetdetective.com](http://www.gourmetdetective.com).



## Any Program Ideas?

If there is enough support from the chapter, other things that we can develop, could include sponsoring a golf tournament, hosting an estimating academy, or having a regional meeting in 2008 with other ASPE chapters. (This year the regional meeting is being held in Reno).

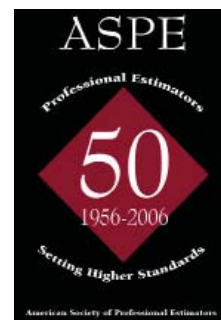
In order to make our chapter work for everyone we are looking for your ideas and input. What topics would you like to see discussed? What programs would you like? If you are a General Contractor, Subcontractor, Consultant, Architect or Engineer, what topics are you interested in? Any suggestions that you have, we would appreciate your input.

## New Members

We have three new members. A special and warm welcome is given to Steve Dunn, Peter Garan, and Paul Steele. Feel free to introduce yourselves to our new members at the next meeting.

## Memberships

With each publication, our electronic newsletter is distributed to over 150 individuals, members & non-members alike. If you know anyone that might enjoy receiving our newsletter, please pass it along and give us their e-mail address. If you are not currently a member and enjoy our readership as well as our events, perhaps you may want to consider joining ASPE for 2007 – 2008.



[www.aspenational.com](http://www.aspenational.com)