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Atlanta Section News

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This Month's Letter from the Atlanta Section President

We had a very successful social gathering and meeting with the national AACEI Board of Directors where altogether over 40 people gathered for dinner at Hsu's Restaurant. Ten past and present officers came from Atlanta Section and will be here to support and help organize the 2010 Annual Meeting in Atlanta.

Even though our section election is still a few months away, it is a good time to start thinking about serving as an officer in the coming term. Atlanta Section does need a few good men and women; the new Board of Directors will certainly bring in new visions, directions and energy. In addition, serving as an officer will earn two (2) re-certification points.

The Student Section at Southern Polytechnic State University (SPSU) has already received the Charter from headquarters. Thank you for the hard work of Bill Adams, Rendy Tendean and Cam Purdue. They

will soon have their first meeting and will be electing their Board Members. We also want to thank the faculty members at SPSU, Dr. Siddiqi and Dr. Itr, for their continuing support.

We look forward seeing at Cross Creek Café for the February 19th Section meeting.

Albert Kwong, CCE



MEETING NOTES & INFORMATION

At the January 2008 meeting **Steve Williams** of **U.S Cost** spoke on the topic of "Web Based Estimating".

Steve demonstrated estimating software which is capable of being centralized through a web based application, but flexible enough to be customized for individual locations and users.

The software can also be individualized in order to optimize oversight, manage access and prevent unauthorized use. Judging by

the number of questions posed by the attendees, the presentation was both informative and extremely interesting. We thank Steve for an excellent presentation.



UPCOMING FEBRUARY 19th , SECTION MEETING

FEBRUARY SPEAKER TOPIC: SETTING CONTINGENCY USING RISK ANALYSIS

Wade Martin will be presenting this month's topic. Wade is the Vice President of Estimating Group at US Cost; he has over twenty five years of experience providing cost and value management services to private sector clients in the construction industry.

He has extensive experience and expertise in value engineering/value analysis, quality control and assurance specialist, scheduling and planning.



PLANT SHUTDOWN VERSUS NEW CONSTRUCTION

(By Mark Cundiff, PSP)

The following is a briefing paper of some of the major considerations which should be taken into account when estimating, contracting for and constructing "Plant Shutdown work versus New Plant Construction work.

For owners or contractors who are considering involving themselves in "Plant Shutdown" work with little or no prior experience, while the nature of the work being performed under a plant shutdown and new construction is similar if not the same, there are major differences between the two.

Plant Shut downs as a rule are by their nature strictly constrained to a very limited time duration. The project scope and the nature of the work to be performed are usually much more limited. Also, as down time directly correlates to lost revenue, Owners are usually more liberal with providing funds than they are with new construction.

The "fast track" nature of plant shut down work normally calls for the schedule to be precise and abbreviated. In essence, virtually all of the work is accelerated. The individual activity and global work plan is developed around the concept of time is of the essence. Program flexibility (or float) is minimal. Manpower and equipment resources are therefore provided in as much abundance as possible to insure availability as required by production demands. Arrangements for the provision of resources must be completed prior to shut down to insure their availability. Submittals and procurement and delivery dates must also be set prior to plant shut down and site mobilization. The Contractor is more concerned with activity duration than productivity. In estimating such a project, productivity rates must be significantly reduced from those for new construction to take into consideration the consequences of the acceleration of the work, interference, reduced span of control, competition of resources, etc..

During "Fast Track "shut downs, the contractor does not have to be as concerned with unproductive work associated with idle labor. The likelihood of crews and equipment sitting idle for long periods of time is minimal.

Since most plant shut down work is very short in overall duration workers do not expected to be engaged on a long term basis. Wage scales are normally set at the higher end to attract workers. The normal manpower learning/loading curve is also abbreviated. There is little time to educate, test and cull the labor force. As a consequence the crews are likely to be overmanned as a method of compensation. Because the loss of revenue to the Owner typically far exceeds the cost of the construction/repair/remediation work, Owner's as a rule are more generous with the Contractor's profit margins and the Contractor's primary source of risk of loss is much more likely to be liquidated damages than direct labor and equipment cost overrun(s).

New construction is generally more competitive than plant shut down work. As the risk of loss of revenue is in the future Owner's are more likely to consider a larger pool of Contractor's from which to negotiate with or pre-qualify to bid the work. As a result of competition, profit margins are usually lower for new construction. To maximize profit, Contractor's become tougher on subcontractor's and supplier's prices. As the subs and suppliers profit margins are reduced through the buyout process, the likelihood that they will perform any work outside of the strict confines of their contract diminishes rapidly. The primary consideration with owners is normally simply the contractor's ability to perform the work in the allotted time. There is little if any room for learning curve considerations.

As the overall scope of work in new construction encompasses a much broader range of work activity over a longer period of time resource management becomes is more critical to new construction. The ability to maximize productivity through the utilization of manpower and equipment is usually more important than expediency. In "plant shut down" work, Project management must concern itself with a much broader range of issues and activity in a highly compressed period of time.

New construction work is normally not planned on an accelerated basis. By its nature and scope, plant shut down work is often under finished roof and therefore not usually subject to weather. New construction is obviously more prone to be affected by weather until and often after dry-in is achieved. With fast tracked plant shutdown work, acceleration becomes the rule, rather than the exception. Bid production rates and the project schedule must be adjusted from "normal" rates, accordingly. Submittals, the approval process and procurement are typically commensurate with the NTP and must precede the start up phase of the project. Similarly, prior to work startup, the baseline project schedule must be in place and resource leveled (to the extent possible) to optimize resource utilization and minimize cost. Changes which occur during the shut down are much more likely to prove disastrous. Because of this owners, are more likely not to impose limitations via liquidated damages in their contract clauses. The contractor should bear in mind that just because a contract does not include a liquidated damages clause he is protected from risk. Sans such contract language, the assessment by the owner of actual damages for lost production is likely, should problems the contractor is responsible for occur

AACEI – Atlanta Section HOT TOPIC !!!!!!!!!



NOTIFICATION OF UPCOMING EXAMINATION

US Cost is going to have an on-demand CCC/CCE test on Friday March 21, 2008. The test will start at 8:00AM; it will be a whole day event. Andreas Santoso Kristanto, CCE and Mark Cundiff, PSP will be the proctors for the exam as required by AACEI.

The following is a list of persons presently signed up to take the test:

Wade Martin, Todd Tanner, Chuck Latour, Howard Campbell, Luis Ramos and Russel McElreath

**AACE 2007 -
2008 Guest
Speaker
Schedule**

Date	Speaker	Organization	Topic
September 18, 2007	George Bradshaw	PT&C	Nuclear Power - Learning from History to Understand Costs & Mitigate Risks
October 16, 2007	Mike Bartoli	US Cost	Integration of BIMS & Estimating
November 20, 2007	William Kraus	International Aviation Consultant	Future Directions of AAACE
December 18, 2007			Christmas Party @ US Cost
January 15, 2008	Kurt Nolte	US Cost	Web Based Estimating
February 19, 2008	Wade Martin	US Cost	Setting Contingency Using Risk Analysis
March 18, 2008	Mike Ray & Patrick Ray	Legis Consultancy Inc	TBA
April 15, 2008	Tom Doig CCC	AMEC	Risk Management
May 20, 2008	Jim Johnson	Heery International	Reinventing Yourself as a Total Cost Engineer

AACEI ATLANTA SECTION NEWS

AACEI Atlanta Section Treasurer's "State of the Atlanta Section"

Our section is blessed to be in very stable financial condition.

Our initial funds were accrued when the Atlanta Section hosted the AACEI Annual Meeting in Atlanta in 1985 at the Atlanta Hilton. Our section received approximately \$5000 from hosting that Annual Meeting.

Since that time, our section has been funded primarily from dues payments received quarterly from AACEI National as our Atlanta Section members pay their dues each year.

The expenses incurred by the AACE Atlanta Section fall primarily in five categories:
Georgia Engineering

Foundation Annual AACE Scholarship, Georgia Engineering Foundation AACE annual dues, speaker gifts, speaker meals, and occasionally Atlanta Section monthly meeting raffle gifts.

It has been the goal of our Atlanta Section board for some time to grow the Atlanta Section AACE scholarship fund to the point of being a self-endowed fund. While we are not quite to that point yet, if we continue our present growth, we may well reach that goal.

Dave Cowan

AACE Atlanta Section Treasurer



AACEI SECTION

ATLANTA,
GEORGIA

From the AAACE International Website:

Since 1956, AAACE International has been the leading-edge professional society for cost estimators, cost engineers; schedulers project managers, and project control specialists. With more than 5,500 members worldwide, AAACE International is the largest organization serving the entire spectrum of cost management professionals. AAACE International is industry independent, and has members in 78 countries and 71 local sections. If you are not a member read on to learn what AAACE can do for you.

Cost Engineering Journal - the monthly international journal of cost estimation, cost/schedule control, and project management read by cost professionals around the world to get the most up-to-date information about the profession.

Education - improve your professional expertise and technical skills at AAACE educational seminars, the annual meeting, and through regional and local section meetings.

The Online Bookstore - learn all you need to know through AAACE International's first-rate publications that cover key industry-related issues of the cost and project management profession. Purchase Recommended Practices and Standards, PPG's, Transactions, and all the leading professional estimating books at substantial discounts.

Library - AAACE International members receive FREE access to the world's largest library of cost estimating, cost/schedule control, and project management literature through interlibrary loans, literature searches, and referrals.

Online Information - our website includes a wealth of information. Members have access to Cost Engineering Journal, references for over 8,000 technical publications, a fully searchable database covering thousands of technical books and papers, updates to latest Recommended Practices and Standards, and much more.

Executive Search and Employment - find a job in cost/project management through AAACE's employment referral service, resume database, or through an advertisement of your services in Cost Engineering Journal, or on our website.

Professional Development - increase your knowledge and professional expertise by joining one of AAACE's many technical committees, subcommittees, and special interest groups (SIGs) in their effort to develop new and improved techniques for the profession and in standardizing the practice of total cost management.

Certification - AAACE has been certifying individuals as Certified Cost Consultants (CCC)/Certified Cost Engineers (CCE) since 1976, Interim Cost Consultants (ICC) since 2000, Planning & Scheduling Professionals (PSP) since 2004, and Earned Value Professionals (EVP) since 2005. At the 2007 Annual Meeting, AAACE will hold its first public offering of the Certified Forensic Claims Consultant (CFCC). AAACE is also working diligently to create the Certified Portfolio, Program, & Project Management Manager (C3PM) and the Certified Estimating Professional (CEP). Accredited by the [Council of Engineering and Scientific Specialty Boards \(CESB\)](#), CCE and CCC are the only internationally-recognized certifications for cost management professionals.

Networking and Contacts - take advantage of numerous opportunities to network with your peers and expand your circle of valuable business contacts: join a local section and participate in local activities, attend the annual meeting, or join one of our several technical committees and special interest groups.

Annual Meeting - see and hear outstanding technical presentations, panel discussions, workshops, tours, and guest speakers at the AAACE International Annual Meeting.

AACEI Atlanta Section 2007 – 2008 Officers

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