



March 2009 News Update

The Newsletter of the UpCountry South Carolina Section,
AACE International

President's Message

Members,

Friday April 3rd, 2009: - WASHINGTON (AP) -- The nation's unemployment rate jumped to 8.5 percent in March, the highest since late 1983, as a wide swath of employers eliminated 663,000 jobs. It's fresh evidence of the toll the recession has inflicted on America's workers, and economists say there's no relief in sight.

The economic outlook for 2009 is expected to get worse. I encourage all members to use the AACEI organization to make yourself more valuable to employers, and to attend section meetings to get to know some of your peers and network.

Our next meeting is our last before the summer break. I would like to thank everyone who has helped me reach the goals that I set for our section when I was elected President.

- 1) We have expanded our section's membership.
- 2) We have enough money in the treasury to offer a scholarship to a deserving student.
- 3) We have expanded our membership to include members outside of Fluor Corporation.

I would encourage the next Section President to set realistic goals and strive to achieve them. It has been an honor and a great learning experience to serve as your Section President. I offer best wishes and support to the next President.

Enjoy your summer!

Sincerely, Walter Manning

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Section Announcements

Certification!!

AAACEI offers 7 certifications.

1. Certified Cost Technician (CCT)
2. Certified Cost Consultant (CCC) / Certified Cost Engineer (CCE)
3. Planning and Scheduling Professional Certification (PSP)
4. Earned Value Professional Certification (EVP)
5. Certified Portfolio, Program & Project Management (C3PM)
6. Certified Forensic Claims Consultant (CFCC)
7. Certified Estimating Professional (CEP)

For descriptions and requirements regarding each of these certifications go to the AAACEI web page (<http://www.aacei.org/certification/certExplained.shtml>).

The December 2008 issue of Cost Engineering has a very good article on “The Top 11 Tips on writing a Certification Paper”. By reading this article, it should give you the confidence you need to write the paper and to become a certified Cost Engineer/Consultant.

Chris Swanson is working on arranging for an EVP certification seminar to be held locally next year. Please contact Chris Swanson (chris.swanson@fluor.com) if you have any questions or need assistance regarding any of the certifications mentioned above.

The next certification exams are currently scheduled for:
June 20, 2009 – Location to be determined (Deadline to register is April 06, 2009)

Continuing Education!!

Visit the AAACE Online Bookstore (<http://www.aacei.org/technical/ppg.shtml>) where you can order Professional Practice Guides, Recommended Practices and other AAACEI merchandise.

Note that the PSP Certification Study Guide, 1st Edition, and the EVP Certification Study Guide, 1st Edition, have recently been released and are now available.

Also, the Skills and Knowledge of Cost Engineering is going “On-Line” in 2009. Look for the launch in February 2009.



AACE International's 53rd Annual Meeting!!

Make plans to attend the next AACCEI annual meeting in Seattle, Washington. It will be held from June 28th thru July 1st. The theme for this meeting is:

TCM: Improving Decision Making in a Green World

Section News!!

Have reviewed the entries for AACCEI's competitive scholarship program and have submitted the rankings to AACCEI. These will be now be reviewed by AACCEI and the winner should be chosen in April. Our section will be giving \$1,500 to one of these students.

Nominations for electing our 2009–2010 Section Officers and Board Members have been finalized. Voting will occur in April. Your new officers and 2009-2011 Board Members will be announced and presented at the May meeting.

Misty Kaplenski is spearheading a Mentoring Program for our local members. E-mails will be going out to the individuals who expressed interest. Please contact Misty if you are interested in either being a mentor or a mentoree.

Becky Spencer has been working on our chapter's website. It is hoped that we will have a web-site up and running in April.



March 2009 UpCountry SC Section Dinner Meeting Recap

The Upcountry SC Section meeting was held on March 10, 2009 at the offices of Day & Zimmerman. Our guest speaker was Al Gasper of Fluor Corporation. Al Gasper is currently Vice President, Project Management in Fluor's Corporate Risk Group. As such, he is responsible for reviewing risk projects that are executed by Fluor worldwide. He has over 40 years experience in management, construction, operation and maintenance of process plants.

Al talked to us on Trends in Risk Management within the EPC Industry. First he talked about the 5 Risk Types: Technical (licenses, technology, etc.), Climatic (Mother Nature), Financial (Source of funding and funding requirements), Market Conditions and Socio-Economic Impact on Community (Source of Labor). Project Risk can also occur due to scope/cost creep caused by influences from the Owner's O&M group, poor scope definition, poor project execution, subsurface conditions, regulatory changes and incomplete DOR's. Having a good Change Management System is important to managing these risks. He then talked about his "Red Light Theory" regarding identifying/evaluating Risks that are meant to stop a company from bidding a job due to unacceptable risk conditions. This risk evaluation included risks associated with Technical, Team, Regulatory, Politics and Economics. A company should evaluate a proposal to ensure that it is technically qualified, has the right team members, that the project has resolved all regulatory issues, that it will be performed in a favorable political environment and is financeable.

Project risk can be associated with Engineering & Construction Trends and Marketplace Trends. These trends can be put into 3 categories; External Risks (eg. natural disasters, political unrest, soil conditions), Management Risks (eg. corporate, financial and Human Resources) and Operational Risks (eg. craft labor, logistics, schedule, budget, suppliers). In order to be successful, you must try to mitigate these risks by transferring and/or avoiding these risks.

To further his point, Al broke down each category and outlined different mitigation strategies. External risks can be contractually managed by including a severe weather clause, by having an expanded force majeure clause, or by making sure all assumptions, clarifications and exclusions are identified. Management risks can be managed by offering incentives, by training to improve skill levels, by negotiating to have the best contract and by selective bidding. Operational risks can be managed by analyzing partnering/teaming relationships, by ensuring adequate schedule float, by developing key supplier relationships, by knowing your contract and by providing the training required to execute the project successfully.

Al stressed the importance of adhering to the original contract as well as the importance of identifying and assessing potential risks. He concluded by describing risk principals that everyone should follow:

1. Have a Risk Management Process that addresses risk issues
2. Know and understand the Project's scope of work and scope of services
3. Assign owners to risk items so that they are properly managed
4. Manage the project's cost and event driven contingencies. Have a draw-down plan curve so that periodic updates can indicate if you are above or below the plan.

In conclusion, if you always plan and accommodate for the worst,, surprises wont be as likely.

The Upcountry SC Section would like to thank Al Gasper for a very informative presentation.



April 2009 UpCountry SC Section Dinner Meeting

Tuesday, April 14, 2009

Location: Day & Zimmerman’s Office Building

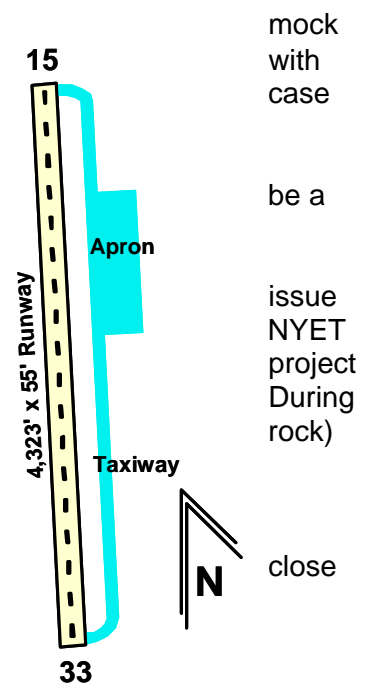
**Mock Arbitration:
Catfish Contractors vs. Nyet County Airport**

Parties: Ron Stuff, Mark Sucher & Donald McDonald

AAACE’s Upcountry South Carolina Section is presenting a arbitration patterned after an actual arbitration. Actual facts are presented names and dates changed to protect identities. You will be presented with facts and asked to make a final award. This exercise is to allow cost & schedule professionals to become familiar with the arbitration process, understand legal requirements for proving one’s case, and what it takes to qualified expert witness in such cases.

The facts are fairly simple, straightforward and not really in dispute. Primary revolves around concept of reasonableness and engineering judgment. County Airport Board hired Catfish Contractors to build a new airport. The was relatively small and was not complex to estimate, plan, or execute. construction a dispute arose concerning the caliche (calcified limestone used in the runway base courses. NYET believed that compaction and gradation test results showed Catfish’s material not meeting specification. Catfish believed that while the gradation tests at the project site showed a deviation from a tested and approved offsite material source, that it was enough and that Owner’s engineer should have judgment to allow the material be left in place. In the alternative, Catfish sought to add lime to the caliche base courses to solve the problem. This solution was rejected by the Engineer as being unreliable.

This case became the Contractor’s search for justice, who thought that Owner and Engineer had impugned Contractor’s reputation and that Engineer was acting arbitrarily and capriciously. The parties, after Contractor was forced to remove the caliche and replace it with material meeting all specifications, formally arbitrated the dispute using American Arbitration Association rules and procedures. Actual results are presented after mock arbitration is concluded.



Please RSVP by Friday, April 3rd at 5 PM by e-mail or phone. The cost of the meeting is **\$20.00**.

Schedule:

- 6:00PM to 6:30PM Registration, Networking and Light Meal
- 6:30PM to 7:15PM Presentation

Reservations

For information, please contact: Chris Swanson (864) 517-1571 (e-mail – chris.swanson@fluor.com)



2008/9 Meeting Schedule for AACE UpCountry SC Section

Description	Day of Week	Date(s)	Presenter & Topic
UCSC Dinner Meeting	2 nd Tuesday	14 Oct 2008	Ken Willis, Fluor, Int'l Assignments – What to Expect
UCSC Dinner Meeting	2 nd Tuesday	11 Nov 2008	Doug Findley, Clemson Professor, Topic TBD
UCSC Dinner Meeting	2 nd Tuesday	09 Dec 2008	Robert Toet, Fluor, Knowledge Management
UCSC Dinner Meeting	2 nd Tuesday	13 Jan 2009	Brian Miller, Trehel Corp, PCEA Organization
UCSC Dinner Meeting	2 nd Tuesday	10 Feb 2009	Ron Winters, Ron Winters Consulting, Scheduling for Contractors
UCSC Dinner Meeting	2 nd Tuesday	10 Mar 2009	Al Gasper, Fluor, Risk Management
UCSC Dinner Meeting	2 nd Tuesday	14 Apr 2009	Donald McDonald will host a Mock Arbitration
UCSC Dinner Meeting	2 nd Tuesday	12 May 2009	Mike Twitchell, Fluor, Global Warming and Power Plants

2008/9 Meeting Schedule for AACE Catawba (Charlotte) Section

Description	Day of Week	Date(s)	Presenter & Topic
Catawba Dinner Meeting	2 nd Tuesday	14 Oct 2008	Dr. Kenneth Humphreys, Consultant, Risk & Contingency using Range Est'g
Catawba Dinner Meeting	2 nd Tuesday	11 Nov 2008	Mark Jones, CDP Inc., Planning & Scheduling using Primavera Software
Catawba Dinner Meeting	2 nd Tuesday	09 Dec 2008	Paul Shuster, Power Advocate, Construction Index Tools
Catawba Dinner Meeting	2 nd Tuesday	13 Jan 2009	Scott Bishop, HDR Inc., Cost Estimating Classifications and Models
Catawba Dinner Meeting	2 nd Tuesday	10 Feb 2009	Doug Creech, Carolina Healthcare System, Professional Paper
Catawba Dinner Meeting	2 nd Tuesday	10 Mar 2009	Mark Hoecker, Duke Energy, Cliffside Power Project
Catawba Dinner Meeting	2 nd Tuesday	14 Apr 2009	TBD
Social Dinner	2 nd Tuesday	08 May 2009	None

Please contact Shirley Harris at Shirley.Harris@ch2m.com if you are interested in attending a Catawba Section Meeting. These meetings are typically held at: 11301 Carmel Commons Blvd. Suite 304 in Charlotte