

CMAA Advisor

The Official Publication of the Construction Management Association of America



CMAA Announces Expanded Program for 2008 Leadership Forum

CMAA's 2008 Leadership Forum will feature three prominent keynote speakers who will focus on a historic reshaping of an urban landscape, the challenges of leading large organizations and critical productivity issues hampering America's construction industry today.

The three headliners are part of an expanded plan for the Forum, which will also offer twice as many Professional Development breakout sessions as it has in the past.

The Leadership Forum will take place on May 18–20 at the Marriott Inner Harbor Hotel at Camden Yards, Baltimore, with the theme, "Developing Excellence Through Leadership."

Complete information about the Forum will be posted on the CMAA website by mid-February.

More than 400 people are expected to participate, including leading construction project and program owners in both the public and private sector, along with providers of professional Construction and Program Management services.

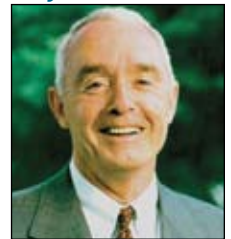
The three keynote speakers announced by CMAA are:

- **Martin Millsbaugh**, a pioneer in downtown redevelopment, who spent nearly a quarter century overseeing the rebuilding of Baltimore's Charles Center and Inner Harbor. Later, he formed a partnership with James Rouse to advise on the replication of the Inner Harbor projects in

other cities all over America and the world. Virtually every city with a "festival market" in what was once a decayed downtown area owes that success to the Baltimore model.

- **Gen. Barry McCaffrey**, retired four-star Army general now affiliated

with HNTB, will speak on "leadership." McCaffrey's career included extensive combat experience, and he wrote a 2007 report on the progress of the Iraq war. At the time of his retirement, McCaffrey was the most decorated four-star general in the Army.



- **Barry LePatner**, author of *Broken Buildings, Busted Budgets: How to Fix America's Trillion-Dollar Construction Industry*.

LePatner's book has stirred controversy with its thesis that construction is "the last remaining 'mom and pop' industry...rife with inefficiency and waste costing the nation over \$120 billion annually."



In addition to the three plenary session speakers, the CMAA Leadership

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Chairman's Report

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CMAA is a 25-year-old construction industry association of more than 4,700 firms and professionals who provide management services to owners who are planning, designing and constructing capital facilities and infrastructure projects.

Our Mission is to Promote and Enhance Leadership, Professionalism and Excellence in Managing the Development and Construction of Projects and Programs.

CM Advisor, published bi-monthly by the Construction Management Association of America, reports on and follows the industry as a service to its members. Submission of articles, ideas and suggestions is appreciated and encouraged.



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We're Doing Well... Now We Need to Do Better

*William Van Wagenen, Jr., Esq., CCM,
CH2MHILL*

Near the end of last year, CMAA conducted its annual Member Value Survey, and its findings have shaped the plan with which we embark on 2008.

This is not a member satisfaction survey, although we can deduce things from it about how well CMAA is satisfying its members.

Rather, the survey asks members which issues or activities are most important to them, and how good a job CMAA is doing in a wide range of areas. Naturally, if members perceive the association as doing a strong job in an area that's of high importance, this is the best possible finding.

With the goal of enhancing CMAA's value, staff and the board rely on the Survey findings in developing each year's Business Plan. Chiefly, this means we look at the "gaps" the survey reveals between the perceived importance of issues or activities and the association's perceived effectiveness on those topics.

For instance, members rated Certification at 4.48 (of a 5.0 maximum) for importance and 4.20 for performance. At first glance, of course, the performance score is quite good, and we have a right to be pleased.

If we leave it at that, however, we miss a key message, namely that our members are telling us not only that Certification is a very important function for CMAA, but also that we *could do* even better.

The box conveys another important message. We see a great deal of simi-

larity in these lists. In fact, the one item that appears on the Importance list and not on the Performance list – Standards of Practice – ranks not far below the website in importance, with a rating of 3.82. Conversely, Newsletters appear on the Performance list but not Importance. Newsletters drew a 4.13 rating, putting them not far outside of the "Top Five."

Our conclusions from this data were two. First, the things our members feel are most important are also the things they believe we're doing best. That's good. Second, even though CMAA is performing strongly across the board, there is room for improvement in every area.

These findings helped CMAA staff plot out the Business Plan the Board adopted in December, a detailed strategy for improving upon excellence. Several initiatives in the 2008 Business Plan respond specifically to the findings of the Member Value Survey, including:

- Complete all eight on-line Certificate programs providing a comprehensive and cost effective method of professional development in all of CMAA's Standards of Practice;
- Complete the update of CMAA's Standards of Practice;
- Re-design the CMAA website to consolidate all CMAA offerings, provide easier navigation, and more frequent updates of content;
- Establish a plan for expanding CCM certification program to international marketplace.

| Most Important | Best Performance |
|---------------------------------|---------------------------------|
| Promote the Value of CM – 4.66 | Certification – 4.20 |
| Professional Development – 4.54 | Newsletters – 4.04 |
| Certification – 4.48 | Professional Development – 4.01 |
| Standards of Practice – 4.42 | Promote the Value of CM – 3.99 |
| Website – 4.41 | Website – 3.95 |

The 2008 Business Plan also strengthens several core elements of CMAA's long term strategy. These include expanding our international presence, increasing our Owner membership, and developing quantitative research that objectively documents the value of CM.

The survey also revealed another important factor. Nearly 800 members took the time to complete the questionnaire. That's a remarkably strong participation rate and it reflects how much our members care about making CMAA more effective.

A solid foundation, a strong plan, effective leadership and a committed membership: That's what we need to continue to grow and improve our Association. **CM**

Continued from page 1

Forum will offer 36 Professional Development sessions on a wide range of topics. In a further enhancement for 2008, many of the tracks will be designated as appropriate for specific career stages among attendees, including "Career Foundation," "Mid-Career" and "Senior Career."

Both the keynote speakers and the breakout session schedule reflect a significant expansion of the traditional CMAA spring gathering, notes Conference Co-Chair Melissa Robins-Cesar, CCM of Tishman Construction Corporation. "This is the first time a CMAA National Conference or Leadership Forum has presented three headline speakers on the same program," she added.

The enlargement of the educational program, and its organization into career-focused tracks, also spring from CMAA's desire to be "the foremost provider of high quality Professional Development for every stage of a career," said Robins-Cesar said.

Additional information about the CMAA Leadership Forum will be published in the coming weeks at the association's website, www.cmaanet.org. **CM**

CMIT Program to Help Young Professionals

CMAA is actively progressing with the Construction Manager in Training (CMIT) Program. Currently, there are nearly 30 candidates waiting for approval from the CMIT Review Committee, with 16 mentor applicants.

Designed with recent graduates and young professionals in mind, the CMIT program aims to help candidates launch and build their careers, as well as preparing them to pursue the Certified Construction Manager designation.

"The CMIT program ensures that the future leaders of the Construction Management industry will have the necessary skills and experiences to earn their CCM," said George Gehringer, PhD, vice president, Professional Development. "We work with the candidate to find a mentor, preferably from their own organization or a CCM in the same field, who can coach them as they work to gain the experience required for a CCM."

Once a candidate's application is accepted, he or she must complete the CMIT Capstone Course, *The History of Construction Management Practices and Procedures*. Applicants also receive a CMAA membership and pin.

Gehringer expects applications to increase as news about the program spreads.

"The enthusiasm and interest surrounding this program speaks volumes to the efforts and success of promoting a professional identity for CM services," Gehringer said. "Employers recognize the value in hiring a professional who has a firm understanding of the CM body of knowledge."

Further information about the CMIT program, including applications, costs and requirements, can be found at <http://cmaanet.org/cmit.php>. **CM**

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New Pricing, Schedule for Online Certificates

Building on the introduction of “Contract Administration,” the first in a series of online certificate courses in CM basics, CMAA has announced a schedule for publication of the remaining modules in the projected series, as well as a new pricing strategy for the certificates.

Each module features a noted industry expert discussing a key aspect of the practice of Construction and Program Management. The remaining modules in the series, with their projected publication dates are:

First Quarter 2008:
Professional Practice

Second Quarter 2008:
Project Management, Value Engineering, Cost Management

Third Quarter 2008:
Time Management, Quality Management, Risk Management

The CMAA “Capstone” course, which will be the basis of the Construction Manager in Training program, is also expected to be available during the first quarter.

The certificate modules can be taken separately or as a complete basic “course,” and are ideal for newcomers to CM.

Among the earliest practitioners to go through the Contract Administration module was Joe Graf, vice president and central region manager at DMJM Management, who offered these comments on the program:

“I found the course to be well written and professionally produced. Based on this experience, I recommend the use of these courses. They provide a good foundation for a young professional, and a refresher for the more seasoned professional. These courses are a good way to prepare for the CMAA Certification.”

CMAA has placed a “sample” video derived from Contract Administration on its website.

New Pricing Initiative

In addition, CMAA is implementing a new pricing strategy for these modules. Recognizing that the eight topics entail different levels of content and time commitment from students – ranging upward from roughly 2.5 hours – CMAA will price the modules to reflect a unit price of \$100 per hour of study.

As a result, Contract Administration, which was introduced at \$395, can now be obtained for \$250 (CMAA member rates). Quantity prices, ideal for organizations that need to train larger numbers of staff members, are also available. Interested persons can learn more about the program on the website, or inquire about volume discounts by contacting the Professional Development Department. [CM](#)

New Membership Database Launch Coming Soon

By Feb. 4th, members can access the new Association Management System (AMS) to browse other members’ public profiles, update their own information, view the professional resources directory, print sales receipts and renew their membership online.

The AMS will also provide members access to their account history, including participation in past conferences and courses as well as a purchase history for publications. The account history will be active for all registrations and purchases made as of Feb. 4, 2008. Any previous account activity can still be verified by a member of CMAA staff.

Enhanced profile features allow members to upload photos, biographies, company logos and other documents to their profiles that can be seen by other members. Members can also include additional e-mail addresses, phone numbers or addresses.

Check your inbox for a detailed e-mail with step-by-step instructions for accessing the new AMS. [CM](#)

Dates and Locations Set for Online CCM® Exam

The Construction Management Certification Institute announced its 2008 CCM exam schedule with six exams scheduled for the year.

Unlike previous years, candidates taking the CCM exam are no longer limited to one location for each exam. Instead, they may take the computer-delivered exam at one of the many secured testing facilities located throughout the country and abroad. A detailed listing of host sites can be found at http://cmaanet.org/cmci/guidelines_exam_site.php.

The testing dates are: Feb. 23, April 12, May 17 (Baltimore), Aug. 16, Oct. 12 (San Francisco) and Nov. 8. The exams held on May 17 and Oct. 12 are only held in CMAA’s host city in conjunction with the national and spring conferences.

Before taking the CCM exam, applicants must first determine if they are eligible and fill out the CCM application. Approved candidates must then ask for a “request to test form.” Study materials are available through CMAA. Further details can be found online at http://cmaanet.org/cmci/Certification_Process.php.

To date, there are 971 CCMs. [CM](#)

CMAA to Present Transportation Infrastructure Summit

With estimates of the projected cost of needed transport infrastructure improvements ranging into many hundreds of billions of dollars, CMAA will present its first “Transportation Infrastructure Summit” in the Los Angeles area in July.

The program will be modeled on the highly successful “Best Practices in School Construction” Summit the association staged in 2006. The agenda will emphasize practical lessons gleaned from experience on actual current and recently completed projects.

The Summit takes place on July 20-21 at a location in the greater Los Angeles area.

Program details will be announced in the near future. In general, the program will offer two tracks of sessions, addressing Emerging Trends and Best Practices. Each track, in turn, will focus on developments in a different transportation mode:

- Highways and bridges
- Railways and transit
- Airports
- Ports and waterways

Watch the CMAA website and RSS news feed for additional details as they are finalized. [CM](#)

Now It's CCM[®]

CCM is now a registered trademark!

All holders of the CCM are urged to begin attaching the registration symbol to the initials wherever they are used.

Registering this trademark will help CMAA and CMCI strengthen their “ownership” of the certification program, build recognition in the marketplace and help deter others from making false or confusing claims.

Smithsonian, Delaware Agency Formalize Preference for CCMs

Two more major owners of ongoing construction programs have formalized their preference to work with Certified Construction Managers (CCMs) by adding language to their Request for Proposal documents stipulating that CCM services should be included in bids.

The Smithsonian Institution, whose construction plans for the near future include a new Museum of African American History and Culture, plus major improvements to the National Zoo, the Smithsonian Center for Environmental Research and other key facilities, now urges firms responding to its solicitations to include CCMs on their proposed project teams.

The newly revised Request for CM Services from the Smithsonian now describes the kinds of professional personnel bidders will be expected to provide, and states:

“The evaluation of these disciplines will consider education, training, overall and relevant experience and longevity with the firm. To this end, all respondent CM firms are strongly encouraged to provide staff certified as ‘construction managers’ by the Construction Manager Certification Institute sponsored by the CMAA.”



Smithsonian Institution photo.

Robert Fraga, AIA, director of the Office of Contracting at the Smithsonian, explained that “the Institution adopted CMAA’s CCM certification for consultant services because this designation is the gold standard in the industry for professional construction management. Hiring CCMs assures an owner that the individuals with this designation have the knowledge, experience and integrity needed to manage projects and programs in today’s complex environment.”

Also late in 2007, the Delaware River Joint Toll Bridge Commission officially recognized the CCM as an acceptable credential for prospective project managers and resident engineers.

Responding to questions about a current bid solicitation, the Commission stated, “CCM (Certified Construction Manager), as issued by the Construction Management Certification Institute, is acceptable in lieu of a P.E. or RA/AIA license requirements for the Project Manager and the Resident Engineer.” [CM](#)

Did you know....

CMAA members receive a discount of up to **70 percent** on all publications purchased through the CMAA bookstore?

Just out are our latest new releases listed below. You can view the entire bookstore by clicking on the Bookstore tab located on the top of the CMAA homepage.

Faster Construction Projects with CPM Scheduling, 1st Edition

By Murray B. Woolf

Foreword by James J. O'Brien, FCMMA
\$75/members, \$90/non-members

A comprehensive review that gives you insight into the latest innovations in network-based project planning, scheduling, and control...saving you time and money on all construction projects.

Managing a Construction Firm on just 24 hours a day

By Matt Stevens

\$25/members, \$30/non-members

This detailed overview of the construction contracting business delivers an invaluable collection of best practices, forms, templates, and checklists designed to reduce risks and increase profits.

The Professional Communications Toolkit

By D. Joel Whalen, PhD

\$46.50/members, \$50/non-members

The Professional Communications Toolkit presents a compelling new vision of communications that offers little-known and amazingly effective techniques for the novice speaker and stage-savvy pro.

A Rising Competitive Imperative: Choosing the Right Infrastructure Investment

*R. L. "Rick" Rye, CCM,
Fluor Infrastructure Services*

Many think of Public-Private Partnerships (PPP) as emerging market opportunities still to mature in the U.S., yet there are a significant number of investment groups eager to invest billions into infrastructure assets because the returns are very good. Further, the U.S.'s aging infrastructure and state budget deficits offer enormous opportunities for PPPs.

The Third U.S. Infrastructure Investment Summit held in New York City in December explored the current investment climate by summarizing investment interest and opportunities related to energy, road, port, water, rail and airport sectors. I attended the summit on behalf of CMAA. It provided a great opportunity to synthesize the perspectives of many different PPP interest groups, including governmental project sponsors, institutional investors and operators and financial analysts."

"It is common knowledge now that the infrastructure improvement and replacement costs in the U.S. far exceed the traditional public funds available," said Shaun Mays, chief executive officer, RREEF Infrastructure Investments, during his presentation. "There are solid projections that over \$1 trillion of cumulative national transportation funding deficit will occur by 2015."

RREEF is the real estate and infrastructure, private equity and hedge fund division for the asset management activities of Deutsche Bank AG. However, Mays cautioned that there are significant issues that private investors face in the U.S. as compared to Australia and Europe, including "slow procurement processes, political landscape uncertainty, and it's hard to get everyone on board because of the broad distribution of political authorities."

Aleksandra A. Miziolek, Corporate Finance Group of Dykema, a co-sponsor of the summit agreed with Mays, adding, "Navigating through the political landscape is a significant challenge for all PPP investors and sponsors." Dykema is a Midwest-based law firm serving clients nationally in infrastructure and project finance.

Despite the political constraints, backlash in certain states and infrastructure sectors, PPPs are alive and well, as evidenced by activities in more than 23 states including Alaska, California, Colorado, Florida, Georgia, Massachusetts, Mississippi, Missouri, North Carolina, Oregon, Utah, Virginia and Texas.

"With billions of dollars earmarked for infrastructure investments and a rapidly growing number of infrastructure funds being set up, choosing the right infrastructure investment has become a competitive imperative among investors," Miziolek said. "There is a real need to strengthen the investor's confidence in the potential U.S. market."

Due to the increasing cost of construction and the rapidly growing demand for rail services, the Dallas Area Rapid Transit (DART) system is re-examining its project delivery philosophy. Doug Allen, DART's executive vice president, Program Development said the agency is looking at new ways to reduce project costs. Some of the alternatives include "finding new sources of capital, shifting project costs to others and converting short term costs to long term obligations." All of these criteria fit well with PPP investment models.

There was a strong consensus among the summit delegates that private financing through PPP models will never completely replace government funding, but it is now an imperative supplement to the traditional funding methods. There is a paradigm shift taking place that changes the

relationships among project teams, investors and sponsors.

In some extreme cases private equity players have shifted from the role of minority partner to a majority ownership role and strategic participant in their investments. It was clear at the summit that infrastructure investors and sponsors look for project management contractors and consultants that will bring to the PPP consortium an enterprise and entrepreneurial spirit influencing effective and creative ideas that save time and money and increases performance results. **CM**



CMAA Person of the Year Dailey Cited as “Newsmaker of 2008” by ENR

CMAA’s 2007 Person of the Year, Jeffrey Dailey, PE, was among the top 25 “Newsmakers of 2008” listed in the January 7/14 issue of *Engineering News-Record*. Dailey will be honored at a luncheon in New York in April.

Daily was honored by CMAA for his management of the \$5.3 billion, 10-year improvement of the Illinois Tollway. He has since moved on to a similar position at the North Texas Tollway Authority.

The magazine cited its 25 newsmakers for “achievements that served the construction industry.” **CM**

CMAA Exhibits at Key Events

CMAA took its Certification and Professional Development messages to two key exhibitions in December.

FEDCon, held in Washington, DC, brought together federal government executives and construction industry professionals with a shared interest in federal construction, and with special emphasis on green building for public facilities. CMAA’s booth at the Washington Convention Center was staffed for two days by both the Professional Development and Certification Departments, who distributed literature and reported a high level of interest among attendees.

The second event was the Transition Workshop and Job Fair, held in Atlanta in January by the Society of American Military Engineers. These SAME workshops are designed to support officers transitioning out of the military into private industry.

...and Sponsors Upcoming

Conferences

CMAA is also sponsoring and promoting two upcoming events.

The First International Conference on Transportation Construction Management will be held in Orlando, Fla. on Sept. 8-11, 2008, sponsored by the Federal Highway Administration, along with the American Association of State Highway and Transportation Officials and the Transportation Research Board.

About 250 people are expected to attend a program that will include plenary and breakout sessions and an exhibit hall.

In addition, CMAA is repeating its sponsor support for the Fourth Annual Public Private Partnerships USA Summit, to be held at the Ronald Reagan Building and International Trade Center in Washington, DC in early February. **CM**

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The Changing Face of Federal Facilities Management

"In the future, facilities management will be staffed by knowledge workers. It's evolving into a business discipline, no longer based on operation and cost-centric considerations."

That was the key message of James Whittaker, president of Facilities Engineering Associates and a member of the National Research Council's Committee on Core Competencies for Federal Facilities Asset Management. He was among the speakers at a "Government/Industry Forum" on federal facilities management through 2020, held in Washington, DC in mid-December.

Several speakers at the forum warned, though, that the marketplace hasn't fully understood the change in facilities management. "The image of facilities management is all

wrong," said Rear Admiral David J. Nash, USN (Ret.), chair of the NRC committee. "Coming down the road is a vast shortage of people who know how to do it."

The conference examined a list of specific knowledge and skills that a person must have today in order to meet the demands of a federal facilities management job – chiefly noting that the great majority of these core competencies are business management or IT skills and not maintenance of building operations.

The main goal of the committee's work, speakers said, was to begin shaping strategies for recruitment of newcomers to the field and expansion of the future workforce. **CM**

Omnibus Appropriations Bill Concludes Contentious 2007 on the Hill

The day after Christmas, President Bush signed an omnibus appropriations package for 2008, bringing together the approved budgets for more than a dozen federal departments and concluding a lengthy standoff between the White House and Capitol Hill over budget levels and threatened presidential vetoes.

In the end, Congress overrode only one Bush veto, that of the Water Resources Development Act, which provided funding for nearly 1,000 Corps of Engineers projects.

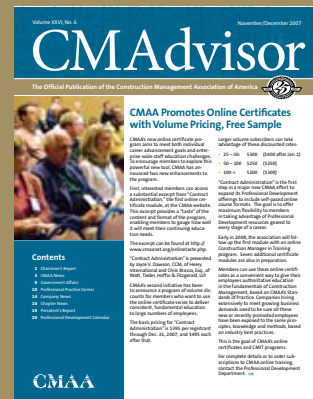
Other highlights of the approved appropriations package included:

- The Energy-Water portion appropriated \$31.5 billion for the Energy Department, the Army Corps of Engineers and other agencies, which is \$579 million more than President Bush requested. The Army Corps of Engineers got \$5.6 billion for water and infrastructure projects, about \$250 million more than enacted for fiscal 2007, not including emergency appropriations.
- The Veterans Affairs and military construction portion of the omnibus bill included significantly less money for military construction than had been provided in earlier versions of the legislation: \$20.6 billion. Democrats took most of the money out of the Base Realignment and Closure account, which received \$7.5 billion, or about ten percent less than the president had requested. **CM**

- \$103.6 billion for the departments of Transportation and Housing and Urban Development (HUD). Highway spending was set at \$41.2 billion, or \$2.1 billion more than enacted for fiscal 2007 and \$1.6 billion more than Bush requested. The Federal Aviation Administration (FAA) received \$14.6 billion. The bill also provided \$1 billion for bridge repair and inspections and \$195 million in emergency funding to help fix the I-35 bridge in Minnesota that collapsed last summer.

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Professional Practice Corner

An International Problem: Global Comparisons

Barry B. LePatner
LePatner & Associates

One recent study showed that only about 32 percent of the total time spent at the typical U.S. construction site involves actual direct work. The other 68 percent is wasted.

With the U.S. anticipating a \$25 trillion construction surge through 2030, and other national industries booming as well, questions of productivity and efficiency loom ever larger.

The expansion of the global economy, which is especially evident in places like China, India and the Middle East, is being led by unprecedented levels of construction. The volume of construction in China and Dubai alone makes the question of productivity and other industry-wide improvements an increasing concern for international investors and economists alike.

An old cold war one-liner, likely cribbed from Winston Churchill's memorable quip about democracy, went something like this: The United States of America has the worst government in the world except for all the others. The same sad sentiment holds for the U.S. construction industry. It is the most productive in the world, or nearly so, but only because its competitors are so inept.

Just as most U.S. industries are among the world's leaders, the U.S. construction industry is still tops because of the institutional advantages of American society. America enjoys a stable, (relatively) non-predatory government that protects property and civil rights. It does not destroy production incentives through the massive redistribution of wealth or provision of an overly generous social safety net. Moreover, it helps to support the infrastructure needed to transport workers, materials, power and information, not to mention water and sewage, to where they are needed quickly and cheaply. Finally, perhaps most importantly, it generally supports financial sector innovation and development. Given that solid foundation, still a relative rarity in today's world, it is difficult for U.S. construction businesses to be less efficient than their foreign counterparts. A few countries are worth noting in particular:

In **Brazil**, construction labor productivity runs between a third to a half that of the United States. All other factors remaining the same, Brazilian construction workers and managers are no less intelligent, dutiful or hard working than their American colleagues. Rather, they must contend with lower levels of competition, macroeconomic stability, infrastructure capacity, construction financing, and supply chain efficiency.

Brazil's construction sector, especially that part of it devoted to residential construction, is largely informal. In each locale,

a few small inefficient firms use cheap casual labor, largely to avoid taxation. The firms almost exclusively use "craft" rather than "assembly" processes. In addition, there are few widely accepted standards for either material or workmanship. Brazilian construction firms rely much less on skilled subcontractors than U.S. construction firms, preferring instead to train and retain skilled workers.

Similarly, the paucity of good external financing makes Brazilian construction firms less efficient. They work on a smaller scale and buy materials only as needed, which often occasions delays. They also use less capital equipment than U.S. firms.

The U.S. construction industry...is the most productive in the world, or nearly so, but only because its competitors are so inept.

A dearth of competition also hurts Brazilian construction productivity. In the cement industry, collusive activity keeps prices artificially high. The twelve domestic producers, especially the two biggest ones, Votorantim and Group Joao Santos, which control 41 and 12 percent of the market, respectively, have essentially divided the country into near exclusive territories. Other barriers to entry, including prohibitively high start up costs, have kept the number of construction companies so low that Brazilian firms can insist on contracts that are explicitly mutable cost. Analysts and economists agree that mutable-cost contracts encourage contractor waste because they allow them to pass their inefficiencies onto owners. The result is a low level of market discipline.

Brazil's prescriptive building codes are also extremely nettlesome as they are not at all performance driven. Walls, for instance, must be of a certain width rather than strength. Such laws of course reduce the incentive for adopting innovations leading to thinner, stronger walls.

In short, construction companies in Brazil have much less incentive to be efficient than those in the United States. That has prevented up- and down-stream industries from

Professional Practice Corner

becoming more efficient as well. Brazil's prefabricated materials industry, for instance, is small, high cost and highly concentrated.

India is also cursed with an inefficient construction sector, one that operates at just eight percent of the U.S. productivity level. India's problems are similar to those of Brazil, with the added difficulty that it is especially costly and time consuming to secure clear title to land in rural India. In the cities, inadequate infrastructure limits developable land availability. Construction firms therefore compete on the basis of gaining access to land with clear titles or clear water rather than on the basis of construction practices.

The lack of price-based competition has prevented Indian construction firms from improving operational procedures. Poor organization of functions and tasks, inefficient design for manufacturing and a dearth of large-scale projects keep Indian builders mired in the mud. Rampant use of nonstandard materials invites contractors to source cheap, inferior materials, a source of profits that is much easier to tap than productivity increases.

The difficulty of obtaining clear title to land has also stymied development of a mortgage market. That, in turn, reduces the number of new construction starts and also reduces the liquidity and hence value of commercial and residential real estate. It also induces owners to build slowly, room by room and even (mud) brick by brick, with very little use of even the simplest capital equipment, such as wheelbarrows.

The very long-term building process has stymied development of Indian project management skills. Foreign project managers working in India can finish buildings 15 percent faster than their Indian counterparts simply by implementing critical path scheduling. Further gains could be made by increasing supervision of workers, paying them by the task rather than hourly and by increasing labor specialization.

The market also remains small because India's lack of a relatively cheap, transparent legal system impedes competition. The scarcity of competition, in turn, keeps costs high. Custom rather than standard contracts reign supreme. Most construction firms therefore prefer to create long-term relationships with subcontractors rather than to forge frequent, new arms-length contracts with untried firms. Most general contractors think nothing of paying, say, a 40 percent gross markup to a labor subcontractor in exchange for the relative assurance that he will procure the necessary number of unskilled laborers.

In Poland, where productivity levels are about a quarter that of the United States, the two biggest problems are lack of demand and the unavailability of large land tracts. Both are related to the nation's recent emergence from communism. Many people pay low rents to former state-owned cooperative buildings and hence are uninterested in new housing at current prices. The lack of large tracts for new construction limits the scale of operations, keeping firms specializing in

the construction of single family homes small and local. Firms specializing in multifamily homes in urban areas are much larger and rather more productive, in part due to competition from, and the employment of managers of, best practice international firms.

Polish workers are paid by the hour, with extra compensation for extra hours, and are poorly supervised, so they often slack during the day in order to earn overtime pay. Construction contracts are often poorly structured too.

A shortage of specialists also reduces the productivity of Polish construction. Instead of being performed in parallel by different specialized subcontractors, many tasks are undertaken in sequence by generalists who finish their jobs more slowly and at lower quality standards than specialists.

Also like India, Poland suffers from government regulations that are overzealous when they impede productivity and ineffective when they could help it. For example, local authorities interpret building codes in idiosyncratic ways, making it difficult for non-locals to enter. Unlike in Russia, however, widespread corruption is not found. Still, vestiges of the old communist bureaucratic infrastructure in Poland slow or even halt the construction process due to inconsequential paperwork discrepancies and delayed transmission of funds, and other administrative delays. Company employees are often idle as a result.

Even some rich countries greatly lag the United States in construction productivity. The Japanese construction industry, for example, is only about half as productive as that in the United States. The Japanese industry suffers from a lack of scale. In 2002, Japan was home to about 590,000 construction companies, employing some 6.5 million workers. Of those companies, 98.9 percent were capitalized at less than \$1 million. The top six companies, however, are quite large and tied into *keiretsu* networks. Japanese construction also suffers from a lack of standardized designs, methods and materials. Moreover, most managers are architects or engineers not trained in effective construction management techniques. The result: poor compensation structures for workers, a dearth of scheduling expertise, misallocation of physical resources, which often have to be moved several times before being used, and other operational inefficiencies.

Price competition is very limited in Japan. *Dango* or collusion is common, as is *amakudari*, or the "descent from heaven" of retired government ministers into executive positions in construction firms. When they compete, Japanese construction companies tend to do so on customization and reputation, not price. They do because of the relative weakness of the Japanese legal system compared to that of the United States, and because of Japan's very limited secondary housing market. Taxes and other incentives discourage the Japanese from remodeling their homes and buildings; they prefer instead to scrap and rebuild.

Of course, it is economically inefficient to scrap a building that could have been remodeled at less expense had the tax and other distortions not been in place. Japanese homes are much smaller than those in the United States and much more likely to be inadequately soundproofed, insulated and air conditioned. Yet, due to the lack of standardization, they are usually custom designed, even at the low end of the scale.

Moreover, they cost much more, so a smaller percentage of Japanese become homeowners and at a much later average age. Two by four construction, the U.S. standard, is still rare in Japan, where homes are built either in the traditional wood post and beam method by tiny family-owned firms or are prefabricated steel structures, likely built by one of three large firms that control three quarters of the prefab market.

Barriers to foreign direct investment (FDI) have also kept the Japanese insulated from best practices. As mentioned above, the lack of a secondary market reduces competitive pressures on Japanese builders because they do not have to compete against renovators. It also reduces the amount of information available to Japanese purchasers regarding fair market prices. That is particularly troublesome because the Japanese government does not regularly report building transaction prices and appraisal standards are far from being as uniform as they are in the United States. Japanese banks assume that wood frame homes are worthless after a mere 35 years, so they regularly undervalue such structures, rendering it nearly impossible for anyone but the original owner to obtain mortgages for them.

The productivity level of the South Korean construction industry is much closer to that of the United States – about 70 percent of American productivity when measured by value added, and 93 percent when measured by square meters built. South Korean buildings tend to be of lower quality than those in the United States, partly from the use of lower quality materials and partly from the installation of fewer high margin extras. Both of those are largely due to price cap regulations in Korea. Most of the remaining productivity gap is explained by relative operational inefficiencies largely rooted in the lack of effective leadership at the design stage.

Construction productivity in Sweden is only about three quarters the U.S. level because the Swedes shackle their builders with myriad regulations regarding building quality, safety and land use, each requiring government approval. In fact, Swedish construction firms spend as much time circumventing government red tape as they do trying to win in the market. Government subsidies for residential housing made customers insensitive to costs; firms were happy to oblige by engaging in joint pricing. Finally, strong labor unions make it difficult for managers to use their workforce in a flexible manner, decreasing teamwork and increasing costs. Reforms implemented in the 1990s decreased red tape and subsidies and increased competition. Productivity improved, but the industry is still trying to catch up.

With U.S. ranking in the international league looking so good, why should we care that productivity in the U.S. construction industry is suboptimal? Who cares so long as most Americans can afford to own decent housing and mega-corporations do not balk at the price of building or renting office buildings, factories and other facilities?

Simply put, laggard productivity inflates costs. Some are borne by private owners and developers and some are borne by the larger economy because huge amounts of capital are diverted into construction that could be put to other uses. In the case of public owners (the government, from the General Services Administration down to the local school board), the same problems result in the waste of billions of tax dollars every year. This is not a parochial “industry” problem, but a national policy concern. Construction in this regard keeps undistinguished company with health care and higher education where costs, holding quality constant, are skyrocketing far faster than inflation. Analysis of those industries we leave to others. But questions remain: Why are construction firms, from the neighborhood handyman to Halliburton, such lackluster performers? What can be done to improve the industry’s productivity? [CM](#)

Excerpted from *Broken Buildings, Busted Budgets: How to Fix America’s Trillion Dollar Construction Industry* (University of Chicago Press). www.brokenbuildings.com.

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Federal Regulations Now Require A Comprehensive Compliance Program For All Government Contractors

Mark R. Berry, Esq.
Peckar, Abramson, PC

On Nov. 23, 2007, the federal government announced additions to the Federal Acquisition Regulations (“FAR”) that require virtually all prime and subcontractors with government contracts to institute comprehensive ethics and compliance programs. In another important development, on Nov. 14, 2007, the government announced more proposed FAR ethics and compliance regulations that would expand the final regulations that were just adopted.

These initiatives are elements of the federal government’s ongoing commitment to root out fraud, waste and abuse in contracting on federally funded projects. This commitment is reflected in the Department of Justice’s creation of its “National Procurement Fraud Task Force” in Oct. 2006 and in recent court decisions that have placed construction contractors in the spotlight for violations of the false claims and anti-kickback laws.

The New Final FAR Regulations

Effective Dec. 24, 2007, the new FAR Subpart 3.10, “Contractor Code of Ethics and Business Conduct,” imposes the following requirements on all government contractors (prime and subcontractors), regardless of the contracting agency, who receive a contract award in excess of \$5 million with a performance period of at least 120 days:

- Within 30 days after contract award, contractors must have a written code of ethics and business conduct, a copy of which must be provided to “each employee engaged in the performance of the contract.”
- Within 90 days after contract award, contractors must have instituted an employee ethics and compliance training program and internal control systems.

- Time periods may be extended by the contracting officer.
- Contractors must display a hot line poster “in common work areas” within the business units performing the contract and on the company’s website if the company conveys information to employees via its website.
- The compliance program must:
 - Facilitate the timely discovery of improper conduct in connection with government contracts
 - Ensure corrective measures are promptly instituted and carried out
 - Promote compliance with the company’s code of business ethics and conduct
 - Set up an internal reporting mechanism, such as a hotline, by which employees may report suspected instances of improper conduct
 - Perform internal and/or external audits, as appropriate
 - Carry out disciplinary action for improper conduct

Exemptions

Contracts to be performed outside the United States and contracts for “commercial items” are exempt, along with contracts that do not meet the dollar or performance period thresholds.

Companies that qualify as small businesses are partially exempt; they are not required to have a formal training program and internal controls, but are still subject to the general requirement for a code of business conduct that must be distributed to all employees.

“Self-Reporting” Requirement

The final FAR regulations do not address the controversial self-reporting requirement that would have required contractors to report their own suspected violations of criminal laws and other contracting irregularities. Instead, the self-reporting requirement will be considered when the newly proposed amendments to the FAR regulations are considered, as discussed below.

Flow Down to Subcontractors

Prime contractors are required to “flow down” the requirements to their subcontractors and vendors that meet the threshold requirements and are not otherwise exempt. The contractor is not required to judge or monitor the ethics awareness program and internal control systems of the subcontractors—just check for existence.

Failure to Comply

The final rule does not specify the penalties for failing to comply with these FAR requirements. Instead, the FAR drafters stated, somewhat ominously, “The FAR already provides sufficient remedies for breach of contract requirements.”

The Newly Proposed FAR Regulations

On Nov. 14, 2007, additional FAR regulations were issued that would provide more specificity to the requirements of the compliance regulations that were just finalized and would address the self-disclosure requirement. The newly proposed FAR regulations would supplement, not replace, the recently finalized FAR regulations. Key highlights:

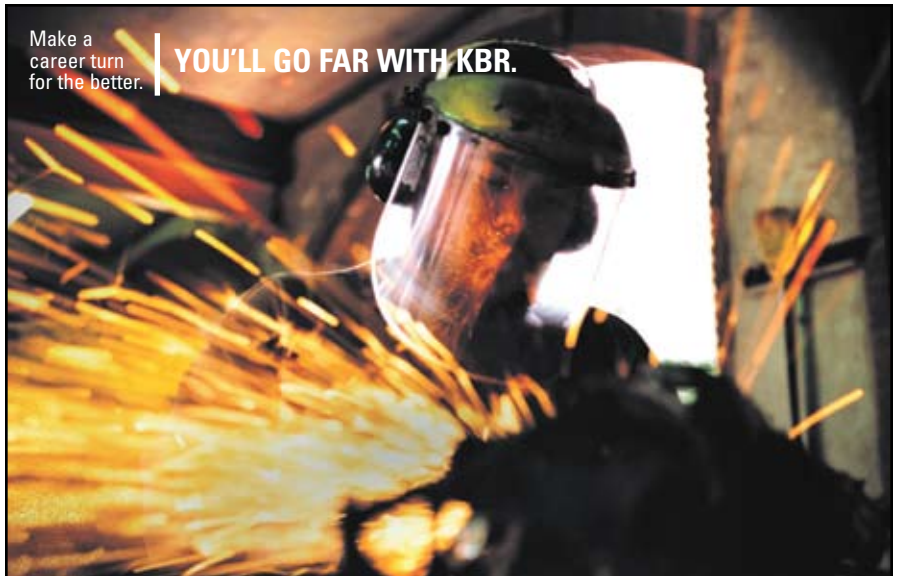
- Ethical violations will be considered in past performance evaluations of bidders, and may form the basis for suspension or debarment

- The contractor shall exercise due diligence to prevent and detect criminal conduct and otherwise promote an organizational culture that encourages ethical conduct
- Minimum standards for contractor's ethic awareness programs and internal control systems outlined
- Self Disclosure Requirement providing that contractor must issue a "timely report" in writing whenever the contractor has reasonable grounds to believe that a principal, employee, agent, or subcontractor of the contractor has committed a violation of federal criminal law

Bottom Line

Instituting and implementing an effective compliance program is now an integral and essential part of doing business with the federal government. The FAR regulations finalized effective Dec. 24, 2007, coupled with the proposed FAR regulations on Nov. 14, 2007, will mean that prime and subcontractors must have in place – within a short time after award of a contract over \$5 million and a performance period of at least 120 days – a comprehensive compliance program replete with a code of ethics and conduct, educational programs, compliance audits, anonymous reporting and other internal controls.

In addition, prime contractors will be required to ensure that any subcontractors meeting the dollar and performance period thresholds have the same type of compliance program. Yet to be determined is the perilous issue of self-disclosure, which would effectively conscript contractors into policing and prosecuting themselves. **CM**



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KBR

Project Profile

Dr. William D. Purser, DC Center

Chesterfield, MO

Owner: Logan College of Chiropractic

CM: S. M. Wilson & Company



The William D. Purser, DC Center won a 2007 CMAA Project Achievement Award.

What made the performance on this project successful?

The success of the Dr. William D. Purser, DC Center project can be attributed to the strong partnership among team members. With this project's site complications and other challenges, team building and effective communication were essential for this project to be successful.

Throughout the design and construction process, the entire team, including owner, owner's representative, architect, engineers, CM and key subcontractors, worked together cohesively. Weekly meetings were held with all of the team members, almost four months prior to the start of the construction. These meetings were the start of the teamwork attitude that continued to flow through the course of design and construction. Due to the fact that S. M. Wilson spearheaded the strong communication and a great working relationship with all of the team members, an open atmosphere was created and egos did not factor into the project.

What lessons learned can you share from this project experience?

The most valuable lesson learned from this project was that trust and collaboration among team members directly impacts performance. Through strong partnerships, communication and collaboration, this project was completed early and on budget.

What obstacles did you have to overcome?

Site work – Extensive site work needed to be completed on an existing campus while maintaining its park-like setting. S. M. Wilson constructed a much needed second entry into the campus and three additional parking lots, and reconfigured and repaved all major roadways on campus, all while constructing a new 47,000-square-foot building directly in the middle of the major campus artery. A temporary road rerouted traffic around the building, and the project was phased so that minimal shutdowns occurred and constant communications with the college's PR staff were maintained.

Sinkhole – One of the major challenges of the project was the remediation of a 100-by-200-foot sinkhole that would eventually end up directly beneath the center of the new building. Working with the project team, S. M. Wilson excavated around and down an additional 50 feet to the core of the sink hole, then poured approximately 350 yards of flowable fill to cap off the outlet.

Dimensioning – The design created a constructability challenge due to the odd radius layouts used to achieve great aesthetics in the building. Many of the architectural finish pieces had to be modified, including ceiling clouds, acoustical panels and wood veneers. The main portion of the building was built using dimensions that were all on extremely long radius points. The front curtain wall is on a 250 foot radius and also tilted out 10 degrees. The interior partitions were also on long radii and other walls intersected each other at abnormal angles, typically between 60 and 75 degrees.

Essentially, two buildings had to be built from two separate radius points, the auditorium and the lobby, and then the buildings had to intersect to form the complete Purser Center. The angles of the building were also a challenge; every dimension had to be perfectly aligned so that the building intersected at each designated point with the correct angles.

What would you have done differently?

This project was so successful that we would not have approached anything differently. We addressed every problem with a team approach. It was that approach that allowed everyone to share their thoughts, ideas and solutions freely, which in turn resulted in an outstanding and highly successful project. **CM**

Member News

Bill Heitz Is New President of Heery International

Bill Heitz, CCM, a 28-year veteran at Heery, officially assumed the role of president on Jan. 1. John Furman, formally the Baltimore Area Manager, has taken over Heitz's old role as East Region Manager.

"I am a firm believer in rewarding dedicated employees who move up through the ranks, demonstrating their ability to be innovative, strategic, creative, inclusive and focused on delivering superior service," said Jim Moynihan, Chairman and CEO at Heery. "Both Bill and John possess these qualities and continue to set an example for the entire Heery team of employees."

AECOM Announces Contract with Libya Housing and Infrastructure Board

AECOM Technology Corporation signed a five-year contract which authorizes the initial two years for \$201 million and contains three additional option years for a potential total value of \$574 million. AECOM will lead the Program Management Department for the Great Socialist People's Libyan Arab Jamahiriya Housing and Infrastructure Board (HIB).

According to the master agreement, AECOM will serve as the overall program manager of the HIB capital budget program, a comprehensive housing and infrastructure development program for Libya that will create an enhanced environment for its citizens and visitors, and which the HIB has indicated has a total value of approximately US \$50 billion.

AECOM was selected for the initial phase of this housing and infrastructure enhancement project in August.

Versar, Inc. Awarded \$770,000 in Additional Work in Kuwait and Iraq

The U.S. Air Force Center for Engineering and the Environment (AFCEE) awarded Versar a new task order for

\$450,000 to provide Construction Management and Quality Assurance personnel for operations in Kuwait. This award to support operations in Kuwait expands Versar's presence into a third Middle East country.

A second task order was awarded for \$320 thousand for Geotechnical Support for the Enhanced Grouting Program for the repair of Mosul Dam, Iraq.

The Mosul Dam on the Tigris river, built in 1983 by Saddam Hussein, holds back 12 billion cubic meters of water and threatens 2 million people in the area should it fail. AFCEE has contracted with Versar to provide one of the world's leading Geotechnical Experts to facilitate repair.

The two new task orders, managed by Versar's international operations,



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Member News

VIAP, demonstrates how VIAP and Versar excel with continued growth in construction management and engineering projects located within harsh, remote and austere environments.

Dr. Ted Prociw, president and CEO of Versar said, "The continued expansion of Versar's international activities both in technical scope and geographic penetration is a result of our successful efforts to diversify our international business. This diversity lays the foundation of our continued future growth and increased profitability. VIAP leadership and staff are excited to continue to be a critical part of the development of the Middle East."

MBP Awarded CM Contract by Corps

McDonough Bolyard Peck (MBP) announced that the firm has been selected to perform Construction Management Services on behalf of the U.S. Army Corps of Engineers (USACE) - Baltimore District. The \$30 million, 5-year contract will support more than \$8 billion in construction.

As the prime consultant on this contract, MBP will support USACE and its customers located within the USACE North Atlantic Region boundaries and assigned North Atlantic Division mission areas. Specific areas are Fort Belvoir, Va. and Fort Lee, Va.

PinnacleOne Names Sudhir Damle EVP of Program-Project Management Service Line

PinnacleOne named Sudhir Damle Executive Vice President of Program and Project Management. In this role, Damle will focus on strengthening PinnacleOne's position in the Southern California market and continuing efforts in the Northern California regions.

"Sudhir is a well-known industry leader who has truly been a key component of our current success," said Chuck Dahill, President of PinnacleOne. "Sudhir's extensive background and experience is a great benefit to us."

Damle brings more than 25 years of construction industry experience, with eight of those years at PinnacleOne. He began with PinnacleOne as a senior project manager focusing on the Hyperion Wastewater Treatment Facility, and was later named Vice President. During the past four years, he has headed up the Infrastructure Construction Management (ICM) service line. During that time, his leadership has connected PinnacleOne with such clients as Los Angeles World Airports, Metropolitan Water District of Southern California and Port of Long Beach.

Gilbane and SGI Selected To Manage Sweetwater Union H.S. District Construction Initiative

The Sweetwater Union High School District Board in San Diego has selected Gilbane Building Company and SGI Construction Management to lead its \$644 million modernization and construction initiative.

As the new program managers, the Gilbane/SGI joint venture will quickly mobilize and implement a seamless transition to oversee all aspects of the modernization and new school construction projects in the district.

"The combined talents, experience, and resources of the Gilbane/SGI team will provide Sweetwater with the needed know-how and horsepower necessary to continue the successful momentum of a program of this size and complexity," said Henry Amigable, Gilbane's vice president.

Sweetwater's School Classroom Safety and Repair Measure provides \$644 million in funds necessary to address the urgent and critical needs of schools in the Sweetwater Union High School District. The funding supports repairs and improvements needed to ensure that the more than 41,000 middle and high school students and 28,000 adult learners attending schools are in a safe, healthy and quality learning environment.

MBP Unveils New Corporate Structure

McDonough Bolyard Peck, Inc. has begun 2008 with a new corporate structure.

In line with the firm's succession plan, Frank A. McDonough, PE has stepped down as Chairman of the Board and Officer of the firm. He will continue to be involved on a daily basis as Chairman Emeritus and as Claims Consultant for the firm.



Principals Charles E. Bolyard, Jr., PSP, CFCC and Blake V. Peck, PE, CCM, FCMAA, will now take over as Chairman of the Board/CEO and President/COO respectively.



"Since the firm's inception, Frank has been instrumental in growing the firm and is responsible for its success over the

last 18 years. He has played a leading role in managing projects and as one of the firm's principals, has always had an unwavering commitment to MBP and its clients and team members. We look forward to continuing our work with Frank as a consultant and advisor," states Charles Bolyard, Jr.

Tuttle Promotes Two

Tuttle Construction has recently named Byron Winner as director of safety and Patrick Miller to lead its Human Resource and Quality Departments.

Winner's primary responsibilities include onsite safety management for multiple contractors and providing guidance and direction for Tuttle Construction, Inc., under the direction of President, Clyde Rauch.

Winner attended Merritt College in Oakland, Calif. and is an Associate Safety Professional with 25 years petrochemical manufacturing, industrial and construction safety experience includ-

ing excellent technical, managerial, personal and communication skills.

Miller graduated in 1987 from Wilmington College with a bachelor of science in Manufacturing Technology and Business Administration. Miller has 20 years of Safety and Human Resource experience. Miller also serves as president of the Lima Kiwanis club, past president of West Central Ohio's Safety Council and is a member of the Associated General Contractors of State and National Safety and Health Committee.

CH2MHILL Co-Founder Hayes Dies at 95

Burke Hayes, one of the four founders of the engineering company that became the international construction giant CH2M HILL, died of natural causes Dec. 14 at his home in Corvallis, Ore. He was 95.

"The CH2M HILL family has lost a lifelong supporter, a dedicated and ethical man who forever left his mark on this great company," the company said in announcing Hayes's death, adding that Hayes was "known for his analytical and inventive mind."

"Aside from helping establish CH2M HILL as an industry leader, Burke, with quiet demeanor and an unassuming approach, fostered employees, was known as an engineer's engineer, a teacher at heart, and an employee mentor," said a CH2MHILL statement.

MOCA Systems Opens San Antonio Office

MOCA Systems has opened a regional office in San Antonio to support the Military Construction (MILCON) and Base Realignment and Consolidation (BRAC) programs of the U.S. Air Force and U.S. Army throughout the western U.S. region.

The MOCA San Antonio Office executive leadership team includes:

- Neal McElhannon - Vice President
- Roark Rosson, P.E. - Principal
- Kevin Easterday, P.E., CCE - Principal

Over the past few years, MOCA has supported the Air Force Center for

Engineering and Environment (AFCEE) headquartered in San Antonio with innovative project control services based on the MOCABuild construction simulation system on over 30 different USAF projects. These have included traditional MILCON projects to some of the most challenging programs such as the Guam construction build-out and the Hurricane Katrina Reconstruction efforts.

ATCS Wins Northern Virginia Projects

The Virginia Department of Transportation has selected ATCS for Construction Management of several major projects in northern Virginia, as well as to coordinate an interim traffic management strategy during the construction period.

ATCS is the managing partner of a joint venture with CH2MHILL. The team will manage five VDOT mega projects with construction value of over \$5.4 billion. These five mega projects are the I-95/395 HOV/BUS/HOT Lanes, the I-95 Fourth Lane Widening, the Capital Beltway I-495 HOT Lanes, the Base Realignment and Closure (BRAC) project(s) and the Dulles Metro Extension (PPTA).

In addition, the ATCS/CH2M HILL Team is responsible for the Regional Transportation Management Program to handle traffic during construction of these mega projects.

Bossardt Corporation Announces Newly Designed Website

Celebrating 25 years as a professional Construction Management firm, Bossardt Corporation is starting 2008 with a newly designed website. The new site can be viewed at: www.bossardt.com.

Bossardt Corporation, specializing in Agency CM services, has provided facility cost analysis, cost estimating, value engineering, scheduling, needs analysis and management services (pre-construction through post construction completion) on over more than projects with individual project scopes ranging from 1,500 to 395,000 square feet and budgets ranging from \$200,000 to over \$135,000,000. [CM](#)

CMAA Foundation

CMAA Foundation asks for your help in reaching our goal of a \$500,000. The endowment fund will provide dedicated funding for academic scholarships and support for original, targeted market and technical research in the field of construction management. Through the Foundation, supporters help create new knowledge, improve professional practice and assure the future of the CM profession.

All donations are tax deductible. Donors will be recognized on the association's website and newsletter.

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To donate, please contact Laura Odom at lodom@cmaanet.org or (703) 677-3362. [CM](#)

Shine a Spotlight on Your Best Work

Watch your mail late in February for the announcement of the 2008 CMAA Project Achievement Awards. Plan to use this opportunity to recognize and publicize what you've achieved in the last year!

Chapter News

Minnesota Chapter

In December, the chapter hosted a Professional Development program using the Webinar: *2007 AIA Contract Documents: What's New*. The event was attended by representatives of owners, insurance providers and member CM companies. The session was sponsored by Cost, Planning & Management International, Inc. (CPMI) and hosted by United Properties.

The chapter will be presenting programs to members and guests every two months throughout 2008. On Feb. 21, the Minnesota State Colleges and Universities and University of Minnesota will present a session on the Project Management Information System software, known as Unifier, adopted for State higher education projects by these two institutions.

Northern California Chapter

The chapter offered two opportunities in January for its members to attend a program on the 2008 Construction Economics Outlook. Coming up in February is an update on the Transbay Center Program, being held in Oakland. March features an update on the Sacramento Airport Authority project.

Additional information on all programs and meetings can be found on the chapter's website at <http://chapters.cmaanet.org/chapters/nca/> or from Valerie Largin at (916) 247-0313 or vlargin@sbcglobal.net.

The chapter has launched their Best Projects awards program for 2008. See the items of interest page on their website for details.

South Atlantic Chapter

At the request of CMCI and CMAA, Chapter President Josh Rowan, CCM, attended the SAME Transition Workshop and Job Fair, held in Atlanta in early January. The purpose of the chapter's participation was to promote the CCM designation and CMAA membership to officers transitioning out of the military, giving those individuals an opportunity to speak directly with a knowledgeable representative. [CM](#)

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President's Report

Our Code of Ethics in the Competitive Trenches

Bruce D'Agostino, CAE

Any professional Construction or Program Manager who subscribes to the CMAA Code of Ethics – that is, anyone who belongs to CMAA – promises, among other things:

“I will assign staff to projects in accordance with their qualifications and commensurate with the services to be provided, and I will only make representations concerning my qualifications and availability which are truthful and accurate.”

This seems like a fundamental of business transparency, and certainly no company has an explicit policy of misleading clients and systematically delivering less than it promises.

Yet the industry grapevine is almost always disseminating some version of a familiar complaint.

From owners: “Based on their proposal, I thought I was getting Company X's A-Team, but once the contract was signed the superstars disappeared.”

Even on such difficult-to-staff contracts, you owe your client the services of a team that will represent your firm creditably, that will meet or exceed contract requirements, and satisfy your client's expectations.

From service providers: “Competitor Y routinely low-balls and wins jobs based on devaluing their professional services. If we charge a fair price for quality service, it hurts us competitively.”

These practices, whether real or perceived, and the associated grumbling, damage our entire profession and industry; and all sides have roles to play in eliminating it.

CMAA has long urged owners to look for the Certified Construction Manager (CCM) credential as an assurance that

they will have the services of seasoned and highly qualified professionals. A growing list of sophisticated owners have written a CCM preference into their RFPs and made it part of their contracts.

We believe that anyone who holds the CCM is qualified to deliver first rate professional service. Often, though, CCMs aren't as interchangeable as this statement might indicate. Specialized experience, specific recommendations and other factors can all lead an owner to conclude that only certain individuals will really meet their needs. Even replacing the proposed project leader with another CCM might leave the owner feeling bait-and-switched.

As a result, we sometimes see owners specifying, in their contracts, the names of the individuals who will be servicing their project, and spelling out the exact conditions under which later substitutions will be permitted. These policies take on added importance in an environment of Best Value procurement.

In such cases, merely offering the lowest cost doesn't suffice to win a job. The client will weigh the value of the services being offered against the price, and will often pay more to a provider who promises a higher level of qualification or service. Clearly, this contracting approach hinges on the reliable availability of exactly the personnel offered in the proposal.

It is understood that the “A Team” won't be available, or even needed, on every project. CM firms should provide the personnel that best fit the qualifi-

cations solicited. Most CM firms want to focus the talents of their best people on their most complex, demanding and high-risk projects, not on simpler jobs. Owners need to understand this.

Owners also need to realize the extent to which some of their procurement practices are putting service providers in difficult positions. IDIQ contracts (for services of indefinite delivery and indefinite quantity) provide a great deal of desirable flexibility for owners with multiple needs. But when the CM provider doesn't know in advance what work will be starting when, it becomes impossible to plan sufficiently to assure the client of the availability of the preferred team members. Under conditions of little or no advance notice, the CM firm will naturally be improvising much of the time, putting together the best teams possible from the people available.

This is a key point. Even on such difficult-to-staff contracts, you owe your client the services of a team that will represent your firm creditably, that will meet or exceed contract requirements, and satisfy your client's expectations. If you can't promise that, the answer is simple. Don't pursue the job.

It's easy to generate “churn” – to produce volume in terms of paperwork and fees, and not really add the value that CMs are most capable of providing. Our goal should be to make a difference for each and every project we are associated with, otherwise we are just producing revenue, but little else... **CM**



Professional Development Calendar

CMs TalkLive! Online Webinars

Thursday, Feb. 21: “New Ethics and Compliance Rules for Federal Contractors,” a review of new and proposed revisions of the Federal Acquisition Regulations, presented by Mark Berry, Esq.

Thursday, Feb. 28: “Program Management Best Practices,” presented by Bill Van Wageningen, CCM, PE.

Standards Of Practice Review Course

February 27-29:
SAME in Sacramento, CA

2008 Exhibit Hall Open

Exhibitors in the CMAA Annual Trade Show in Chicago last October have first crack at reserving their space in San Francisco in 2008 at a discounted rate, up until March 1. After that, all companies who want to serve the professional Construction and Program Management communities are invited to explore what the Trade Show has to offer.

An exhibit hall floor plan and other details are available at the CMAA website.

This year’s expo will feature a more spacious and open floor plan, along with an evening welcome reception in the show hall. With attendance at the National Conference growing to new records every year, each year’s expo offers a broader and deeper audience for exhibitors.



“As an exhibitor, we were very pleased with both the quantity and the quality of attendees that stopped to talk with us. Our goals of increased industry exposure and contact with management-level attendees were met.”

*—Carl A. Azar,
VP, Marketing
and Product
Development,
ColumbiaSoft*



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