



## Message from the President

By Ida B. Brooker

### **WCOE and ABC Sign a Memorandum of Understanding**

What an exciting month this has been. The story starts last year some time. As part of my platform as president I wanted to reach out to the construction industry and find areas of commonality. As such and with the current issues outlined in our Position Paper both in 2005 (posted on our website) and 2006 (soon to be posted on the website) it was evident that combining forces with other organizations would add weight to our stand when we visited our elected officials in Washington, D.C.

While brainstorming with some of the members who have supported WCOE over the years we were reminded that WCOE had a memorandum of understanding signed with several construction industry associations. This discussion led to the search for those documents. One event that was the outcome was a trip to San Diego earlier this year. We had requested that anyone with records belonging to WCOE please ship them to the offices of Rebecca Llewellyn. Boxes, boxes and more boxes.

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### WCOE

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### Quote of the Month

*"A leader takes people where they want to go. A great leader takes people where they don't necessarily want to go, but ought to be."*

*Rosalynn Carter*

## Message from the President

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I could not believe the number of boxes of records and other materials that ended up filling the conference room in Rebecca's offices. With the help of Rebecca (she just wanted to get rid of those boxes I am sure and if she wasn't allergic to dust prior to going through those boxes she certainly is now), Deborah Wilder (I am not sure I have ever seen an attorney work so hard), Arnice Lamb (The Mouse may be dedicated to fun but Arnice certainly showed that she is about more than just having fun) and Shannon Schaeffer (who has been inducted into WCOE with trial by fire and the honor of running a mean shredding machine) we got through every box. I truly lost count of the number of boxes but there were dozens and dozens. And guess what? No memorandum of understanding (MOU) signed with other construction industry associations.

Now the question becomes one of what to do next. Do we fall on our swords and tell the other associations that we cannot find the ones we signed back in the eighties? Deborah Wilder volunteered to call the other associations to see if they had copies of those MOU's. Recognizing when to fall back on the strength of others, I thought that our resident attorney would be perfect for the job. What she found out was that Associated Builders & Contractors (ABC) has an initiative this year to reach out to the diverse sections of the construction

industry and to find ways to support their success and growth.

They did not want to resurrect the MOU of twenty-five years ago but to create a new MOU to go along with the new relationship that WCOE and ABC will build.

Between the two organizations an MOU was created and ABC invited WCOE to join them at their 2006 Legislative Conference in Washington, D.C. for the official signing ceremony. Both Deborah Wilder and I attended their conference on behalf of WCOE and the agreement was signed. It is expected that the national-level agreement will trigger similar partnerships among the associations' local members nationwide. ABC 2006 National Chairman Jack Darnall, a vice president/healthcare division manager at Brasfield & Gorrie, Birmingham, Ala. said that ABC was pleased to be working with WCOE to develop national initiatives that will help promote free enterprise and opportunities for all. He went on to say that removing barriers and creating access to effective business practices and services increases competitiveness, which benefits the entire construction industry.

Working together, while representing many groups in our diverse field, will lead to better opportunities for the entire industry, add value to our products and enrich the lives of the men and women working in construction.

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## On-line Directory: Updated

The WCOE's membership directory has been updated and can be accessed on the website [www.wcoeusa.org](http://www.wcoeusa.org) by members only. Please take a few minutes to ensure that your information in the directory is accurate and complete.

To access the members only section, you need to login. Your username is your first name and last name without a space in-between -- and no middle initial. Your password is your member number shown on your membership card. Be sure to include any leading zeros. If you need to know what your member number is please email Shannon Schaeffer at [sschaeffer@wilderlawfirm.com](mailto:sschaeffer@wilderlawfirm.com).

## Risk in Construction Estimating: Part 1

By: Robert N. Kennedy, P.E.  
Consulting Engineer of MDCSystems®

**es-ti-mate** [ ést□ màyt ]

**1. (v) to calculate something roughly:** to make an approximate calculation of something

**2. (n) rough calculation:** an approximate calculation

By definition, an estimate is an *approximate calculation*. This inherently infers that there is a certain amount of risk involved with any estimate. The risk will vary depending on the quality and the detail of the estimate and on the detail of the design information available at the time the estimate is prepared.

The quality and detail of an estimate is usually defined in the requested scope of services. An estimate can be an *opinion of cost* or a *detailed estimate*. The *opinion of cost* is an estimate prepared based on a professional's best approximation of what a project will cost. It may take into account some basic parameters such as the type and size of the project or the expected product output from the project. It may even delineate some categories of construction following the CSI MasterFormat or UniFormat outlines. The *opinion of cost* is what was typically included in a standard AIA or NSPE contract. There is greater risk in an *opinion of cost* than in a *detailed estimate*. The *detailed estimate* is prepared based on a quantification of all items identified on the design documents at the time the estimate was prepared. It is then supplemented with parametric quantities for items not yet identified in detail on the design documents. The preparation of a *detailed estimate* is usually an additional scope of service. There is less risk in a *detailed estimate* than in an *opinion of cost*.

The design/construction process helps to define the amount of risk associated with the project estimate phase. There is more risk within an estimate that is prepared during the concept/program phase than the subsequent phases of schematics, design development, construction documentation/bid, and construction. The risk will lessen as the design reaches the completion of each phase and the project is re-estimated.

As a design progresses, more information concerning the details of the design become apparent and the estimate should become more accurate, thus less risk.

Estimating, from its very basic definition, is not a factual scientific engineered calculation. It is, at best, one's best educated guess of the cost of a project. It will always have risk inherent in the numbers that compose the total.

### Impact of Risk in Estimating

Estimating risk can have an impact on the design of a project. If an estimate is prepared in the early phases of a project and not updated during the subsequent design, there is the possibility that enhancements and changes to the design may outstrip the measures taken in early estimates to mitigate the risks (mostly cost overruns). When this happens the project can either try to secure additional funding (most unlikely) or change the design (most likely). Changes to the design to reduce cost are aesthetic, functional, or programmatic. Although the aesthetic changes to the design are the most visible, they often have the lowest impact on the overall cost of a project. The functional changes to the design (VAV vs CV HVAC system) have a moderate impact to the project costs but may also change how the project is operated when complete. The programmatic changes to the design have the largest impact on the costs, but also have the largest impacts to the end-users (i.e. less square foot per person, no cafeteria, etc.). With appropriate professional estimating at the start of the project and throughout the design phases, much of the risk and associated impact can be accommodated in the project budget.

Estimating risk can have an impact on construction. Field conditions such as rock excavation, poor soils, or inclement weather may expend the entire estimate risk buffer (construction contingency) early in the project. Subsequently, there may not be sufficient buffer in the later stages to lessen or mitigate the impact of additional field conditions.

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## California Construction Expo 2006

**AUGUST 17, 2006**  
Los Angeles Convention Center

\$100 Billion in Government  
Construction Contracts

Attend to learn how to maximize  
your bottom line.

For more information, please contact the  
MWD Business Outreach Hotline at  
213.217.7444 or via email at  
BusinessOutreach@mwdh2o.com

## World of Concrete

**JANUARY 23-26, 2007**

Mark your Calendar now for the 2007 World  
of Concrete Conference and Exhibition to be  
held in Las Vegas, NV. WCOE will be  
attending with an exhibit booth. For more  
information and to register go to:  
<http://www.worldofconcrete.com/>

## WCOE Contacts

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Consulting Engineer of MDCSystems®

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When this happens the project can either try to secure additional funding or change the design in the field to reduce the budgets yet to be expended. If it is a renovation project, then a larger than usual buffer should be carried in the estimate for unforeseen conditions.

Value management can help lessen the risk of an estimate by creating options that can increase the value or lower the cost of a design. This process allows an owner to get the optimal design for the optimal cost. This process has the greatest effect on the project costs and reduction of risks during the early stages of the design of the project. As the project progresses through the construction phase, the Value Management process has less of an impact on the overall costs and the reduction of risks to a project.

Part two of this article will feature Identifying Risk, Estimating Contingency, and How to Lessen the Risk to an Estimate. It will be published in the August Turning Point.

*(This article was originally published in the MDCAdvisor Newsletter)*

## Meet the Members



**The Pratt Institute; Master Degree, Interior Architecture Pennsylvania State University; Bachelor of Design**

**American Institute of Architects; Member AIA New York Chapter; Women in Architecture Committee Manhattan Community Board 5; Co-Chair 34th Street Business Improvement District; Board Member Women Builders Council; Founder Women Construction Owners & Executives; Board Member Women Impacting Public Policy; National Founding Member Women Presidents' Organization; Member**

**City University of New York, The Pratt Institute, Fashion Institute of Technology; Lecturer**

Nancy Aber Goshow is a member of WCOE based in New York City. We are especially excited to welcome Nancy to WCOE as she brings to our organization the perspective of a registered architect with over 30 years of experience in architecture, landmarks restoration, and interior design.

Ms. Goshow, AIA, founded Goshow Architects in 1978, and is now Managing Partner of one of the largest woman-owned architectural firms in New York City. Ms. Goshow's varied interests and leadership skills have led to the firm's involvement in a diverse range of project types.

Ms. Goshow's involvement in civic responsibilities includes being co-chair of Manhattan Community Board 5 and serving on the board of the 34th Street Business Improvement District. She is co-chair of the Women in Architecture Committee of the New York Chapter of the American Institute of Architects, and a founder of the Women Builders Council, an advocacy group that focuses on promoting the utilization of woman-owned businesses in the construction industry. In addition, she is a board member of Women Construction Owners & Executives, and a national founding partner of Women Impacting Public Policy, and a member of the Women Presidents' Organization.

Her academic credits include lectures on interior design and historic restoration at the City University of New York, The Pratt Institute and the Fashion Institute of Technology, where she also taught advanced design studios, color and interior materials and construction technology courses for five years.

Prior to forming Goshow Associates in 1978, Ms. Goshow worked at Skidmore, Owings & Merrill, John Carl Warnecke, Ulrich Franzen, and Beyer Blinder & Belle, during which time she designed office interiors for Philip Morris, Sun Oil Company, General Electric, and the United States Senate.

Ms. Goshow is a the recipient of the Greater New York Chapter of the National Association of Women in Construction's *Woman of the Year Award*, and has been profiled on PBS's weekly series, Small Business School's "New American Hero."

Ms. Goshow holds a Master's Degree in Interior Architecture from Pratt Institute and a Bachelor's Degree in Design from Pennsylvania State University.

## SBA Seeks to Help Women Earn Contracts

The Small Business Administration is seeking public comment on a proposed rule that would establish a program to assist women-owned small businesses earn a larger share of federal contracts. The contemplated change originated in a February 2001 Government Accountability Office report that assessed the trends and obstacles in federal contracting that women-owned small businesses had encountered since 1996, according to SBA. Contracting officers considered the lack of a targeted government program supporting the businesses to be a significant obstacle, the GAO report states. Agencies are supposed to award 5 percent of their contract dollars to woman-owned small businesses. Section 811 of the Small Business Reauthorization Act provided such a mechanism, SBA said. But although data indicates that such businesses' share of federal contract dollars has risen each year since 1996, agencies have yet to meet the goal, the agency said. The proposed rule change would establish a Women- Owned Small Business Federal Contract Assistance Program to be administered by SBA's Office of Government Contracting.

Among other things, the proposed rule would:

- Add the program to the list of government procurement programs subject to size determination.
- Describe who may initiate a size protest in connection with a particular requirement of the program.
- Require the businesses to meet specific requirements if they intend to subcontract.

**If you have comments please submit them to Deborah Wilder at [dwa@wilderlawfirm.com](mailto:dwa@wilderlawfirm.com) by July 10, 2006.**

*(Originally written by David Hubler and published on June 16, 2006)*