



November 2008

PROFESSIONAL ESTIMATOR

Denver, Chapter 5

NW Region Newsletter of the Year 2003-2007; National Newsletter of the Year 2004-05

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Calendar

November Program
November 11, 2008

December Program
December 9, 2008

November Program

How to Communicate Better in Our Industry

Panel discussion with industry experts

**See program details on page 4*

CHAPTER MEETING NOTICE

Date: Tuesday, Nov. 11, 2008

Time: Gather: 5:00 p.m.
Dinner: 6:00 p.m.

Place: Red Lion Hotel
4040 Quebec Street
Denver, CO 80216
(303) 321-6666

Cost: \$40.00 w/reservation
\$45.00 w/o reservation
\$10.00 for students

* Register online at:
<https://www.acteva.com/go/aspedenver>



MESSAGE FROM YOUR PRESIDENT

Kye Holtan-Brown

"We're in the 2nd or 3rd inning of the ballgame, with a long ways to go".

-Brit Probst, Davis Partnership

"Cash is king."

-Josh Magden, George K. Baum

"We're seeing a flight to safety."

-LeRoy Payne, Wells-Fargo

At our last dinner meeting, our guests offered their insights into the current economic turmoil and credit crunch and how they each thought it would be impacting construction in the next number of months. After listening to all three, I had two conclusions – the next year or so is not going to be a lot of fun for most in the construction industry, but Colorado is going to weather the storm better than most.

Usually in this newsletter I don't provide recaps of dinner meeting programs. For those that attended, well, they were there. And for others, what incentive is there for you to attend if you can read it instead (hint, hint)? This program, however, was so topical, and so interesting, that I felt it is worth trying to summarize here.

Our first speaker was Brit Probst, Principal of Davis Partnership Architects. He noted that starting last spring, he was seeing other architectural firms slowing down, but at first was not seeing his firm do the same. He was hoping his firm was large enough, with enough established clients, to be less impacted. The last two months have changed his view. His company has downsized 10% recently, and many others are worse off. Architectural firms tend to be six to eight months in front of construction in their workload, so his prognosis is that for those of us in construction that haven't seen a slowdown yet, we will soon. He noted that the bargains being created by reduced sales prices were

Continued on Page 2...

Message from your President continued...

in their workload, so his prognosis is that for those of us in construction that haven't seen a slowdown yet, we will soon. He noted that the bargains being created by reduced sales prices were resulting in a 'vulture' mentality, where those few who did have cash were waiting to buy distressed properties, and with prices for good existing properties going lower and lower, there would be little incentive for developers to take the risk of new construction. And projects that are in the works are starting to have difficulty with financing. As an example, he has seen even fully-leased projects not get financing. One bright spot – the worldwide nature of the downturn will lessen demand to a point that construction materials costs should finally see some relief, and may even go down.

Josh Magden with George K. Baum spoke next, and offered insights from his perspective working with school districts, municipalities, and others in creating bond programs for voters to approve, and then selling bonds to raise funds for construction. His comment 'cash is king' reflected the reality that those few companies and individuals who have cash are putting their money into "safe" Treasury securities, are demanding higher returns for taking the perceived higher risk of investing in AAA municipal-backed, tax-funded bonds. One significant result is that bonds are costing up to 6%, instead of the typical 2% or so. For us in the construction market, that means once a bond measure passes, the bonds are sold, and we are awarded a project, there is 4% less money from the bonds for use in building whatever the bond was for. So all those really tight school budgets we consistently face are just going to be tighter. Of course, that is for the bond measures that actually pass. Given the recent turmoil and fear in the marketplace, Josh is less confident in the number of bonds measures that will pass this year versus a typical presidential election year. On the bright side, he sees that Colorado is still growing, and local government needs are not going to go away. In addition, across the country there is a lot of infrastructure that is 40-50 years old and in serious need of repair or replacement very soon. So, while some construction may be deferred for a while, it will eventually get done. In general, he foresees smaller projects funded by local banks as the more likely prospects in the next year or so.

Our final speaker was LeRoy Payne, whose perspective as a commercial loan officer with Wells Fargo gives him a very unique, and front-seat, view of the current credit crunch. LeRoy managed to explain in fairly straightforward terms how \$1,000,000 put into a local bank created wealth by being leveraged into 10 or more \$1,000,000 loans to other businesses, which in turn spent the loan money and put \$10,000,000 back into the banking system. As the mortgage crisis gained momentum, and some banks needed more equity to offset reduced asset values, they reduced lending and started hoarding cash. By not lending to fellow banks overnight, they forced other banks to increase their cash by decreasing lending, and so the credit crunch started. Then investors started making it even worse by pulling their money out of the banking system completely, and started to put much of it into the U.S. Treasury by buying T-bills. The reality for the lenders that fund private construction is that pre-sales, needed to raise equity, are dropping just as equity requirements are getting tougher. Loan decisions have to be 99.5% correct, with no room for error. The good news is that quality firms, including banks, developers, and construction companies, will benefit from the resulting flight to quality that is starting to happen. And the fundamental strength of the Colorado market will help us weather the storm better than most. Alternative energy and good jobs will see us through a lot. In addition, the housing bubble in Colorado wasn't as inflated as other markets, so the declines haven't been as bad. In fact, LeRoy mentioned that he is seeing signs that Colorado's residential real estate market is bottoming out, and for once, Colorado may actually lead the nation out of recession, instead of lagging as it has done in the past.

Trying to do justice to these fine speakers is an almost hopeless task, but hopefully this recap provided some insight and potentially even some direction to future decision-making. At the very least, I hope it encourages those of you who didn't attend to come join us for our next meeting.

In November, we'll have a panel representing general contractor, specialty contractor, and supplier, and discuss communication between these groups. As the construction industry starts to feel the pinch of the economic troubles, our relationships and communication with each other may be the key to weathering the storm.

Treasurer's Report by Newt Klusmire

Checking Balance: \$12,372.29

Savings Balance: \$1,040.84

Total Balance: \$13,413.13

ASPE Code of Ethics

Basic Canons

- Canon #1** Professional estimators shall perform services in areas of their discipline and competence.
- Canon #2** Professional estimators shall continue to expand their professional capabilities through continuing education programs to better enable them to serve clients, employers and the industry.
- Canon #3** Professional estimators shall conduct themselves in a manner, which will promote cooperation and good relations among members of our profession and those directly related to our profession.
- Canon #4** Professional estimators shall safeguard and keep in confidence all knowledge of the business affairs and technical procedures of an employer or client.
- Canon #5** Professional estimators shall conduct themselves with integrity as all times and not knowingly or willingly enter into agreements that violate the laws of the United States of America or of the states in which they practice. They shall establish guidelines for setting forth prices and receiving quotations that are fair and equitable to all parties.
- Canon #6** Professional estimators shall utilize their education, years of experience and acquired skills in the preparation of each estimate or assignment with full commitment to make each estimate or assignment as detailed and accurate as their talents and abilities allow.
- Canon #7** Professional estimators shall not engage in the practice of “bid peddling” as defined by this code. This is a breach of moral and ethical standards, and a member of this society shall not enter into this practice.
- Canon #8** Professional estimators and those in training to be estimators shall not enter into any agreement that may be considered acts of collusion or conspiracy (bid rigging) with the implied or express purpose of defrauding clients. Acts of this type are in direct violation of the Code of Ethics of the American Society of Professional Estimators.
- Canon #9** Professional estimators and those in training to be estimators shall not participate in acts, such as the giving or receiving of gifts, that are intended to be or may be construed as being unlawful acts of bribery.

NOVEMBER PROGRAM

“I know that you believe you understand what you think I said, but I am not sure you realize that what you heard is not what I mean.”

Come listen to a panel discussion at our November ASPE Denver Chapter meeting about how to communicate better within our industry. The panel discussion will be led by a general contractor, a subcontractor, and a supplier and involve all attending personnel.

BOARD UPDATE

Andy Martinez, from the ASPE Student Chapter at CSU, was a guest at the board meeting.

The board voted to approve the budget plan as presented by Newt Klusmire at the September meeting. A copy of the budget is enclosed in the November newsletter. The board voted to provide financial support for the ASPE Student Chapter at CSU for the amount of \$300.

Clyde Armstrong, with Sunstate Equipment, and Monty Everson, with JE Dunn Construction, have volunteered for the Golf Tournament Committee.

QUOTE OF THE MONTH

“The road to success is always under construction.”

-Lily Tomlin

Enjoy the Holidays!



ASPE ANNUAL BUDGET

ASPE Denver Chapter 5
 2008 - 2009 Program Year Budget
 October 14, 2008 - Approved by vote of Board.

		Income	Expense	Net
Dinner Meetings	per meeting		per meeting	
07-08 Actual / 9 dates	\$1,920		(\$1,474)	
		\$17,279	(\$13,266)	\$4,013
Clay Shoot				
07-08 Actual less 3iG		\$10,583	(\$6,423)	\$4,160
Golf Tournament				
07-08 Actual		\$15,775	(\$9,232)	\$6,543
Estimating Academy				
07-08 Actual		\$8,978	(\$3,397)	\$5,581
General & Admin				
Advertisement CREJ			(\$150)	(\$150)
Regional Governor Fund			(\$500)	(\$500)
Website Maint. - Develobling Studio			(\$720)	(\$720)
12 mos \$60				
Web Hosting			(\$45)	(\$45)
Newsletter - S. Caton			(\$675)	(\$675)
Qwest phone service			(\$840)	(\$840)
12 mos \$70				
Campaigner email			(\$300)	(\$300)
12 mos \$25				
Website Search Engine Listing			(\$35)	(\$35)
State Of CO Incorp Annual Fee			(\$10)	(\$10)
Summer Board Meal			(\$100)	(\$100)
Fall Convention Expense			(\$1,600)	(\$1,600)
Spring Convention Expense			(\$1,600)	(\$1,600)
National Convention Expense			(\$1,600)	(\$1,600)
Paid Speakers			(\$600)	(\$600)
National Dues				
Renewals	96 \$60	\$5,760		\$5,760
New	20 \$60	\$1,200		\$1,200
Scholarships				
CSU			(\$2,500)	(\$2,500)
CSU - Gene Joerns		\$350	(\$1,250)	(\$900)
TBD #1			(\$1,250)	(\$1,250)
TBD #2			(\$1,250)	(\$1,250)
Third Eye Group				
12 mos \$900			(\$10,800)	(\$10,800)
Allowance for Reimbursables				Not required ?
Awards Expense			(\$250)	(\$250)
Totals		\$59,925	(\$58,393)	\$1,532

Member Company Roster

The following is a list of companies who are represented at ASPE Chapter 5...

Acoustical Concepts
Adolfson & Peterson Construction
Alliance Construction Solutions
Alutiiq
ARC Integrated Program Management
Assoc. Construction Consultants
Baker Concrete
Beck Group
Boles Custom Builders
Building Tech Consultants, Inc.
Casson Duncan Constructors
CDM Constructors
CLC Associates, Inc.
Coe Construction, Inc.
CPC Painting
dcb Construction Company, Inc.
Denver Drywall Company
Design Mechanical Inc.
Douglass Roofing
Earth Tech/AECOM
F. Rodgers Corp.
Golden Triangle Construction
Haselden Construction
Heartland Acoustics & Interiors
Heggem-Lundquist
Howell Construction
Interior Alterations, Inc.
J. E. Dunn
J.R. Huston Enterprises, Inc.
Jacobs Facilities, Inc.
Kellogg, Brown & Root, Inc.
Kenny Electrical Services
Landtech Contractors Inc.
LPR Construction
Ludvik Electric
M.A. Mortenson Construction
Madsen Kneppers & Associates
Main Electric
Management Computer Controls
Maxwell Construction
McBride Electric
Merrick & Company
Metro Steel Fabricating
MCM, Inc.
Mountain Steel & Supply Company
PA Consulting Group
Palace Construction Co.
Professional Investigative Engineers
Quality Electric
Range Fuels, Inc.

Membership Committee Update Heather Boulanger - Chair

I am submitting 7 new member applications from our student Chapter at CSU. They are:

Peter Martinez, Chapter President
Berah Taylor
Tyler Laib
Michael Brown
Adam Pladson
Brian Roling
Josh Grado

I would also like to recognize all the guests at October's meeting. They were:

Mark LaBere, HPE
Tom Hammond, HPE
Tyler Sartorius, Adolfson & Peterson
Anthony Durst, Adolfson & Peterson
Steve Rademacher, dcb Construction
James DeMattee, Adams County Plumbing & Heating

If you know of anyone that you think would enjoy the benefits of membership, please tell me and I can contact them. I can be reached at: (303) 659-7861, ext. 112 or email me at: heather@rollingplains.com.

Member Companies Continued...

Rider Levett Bucknall
RK Mechanical
Roche Constructors
Rolling Plains Construction
Sabells Enterprises, LLP
Shaw Construction
Sturgeon Electric
Swinerton Builders
T.P. Enterprises, Inc.
The Blue Book
TJS Construction
Trautman & Shreve, Inc.
Universal Forest Products
USA Masonry
Vertex Engineering
Weifield Group Contracting
West Electric
Weitz Company, LLC

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Education Committee:

Henry Zurbrugg, Golden Triangle Construction

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Email: hzurbrugg@gtc1.net

Ethics Committee:

Newt Klusmire, CPE, Swinerton Builders

Email: nklusmire@swinerton.com

Fundraising Committee:

Interested? Contact Kye Holtan-Brown

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