

Contract Language Remains Unpalatable CASE Withdraws From AOD Contracts Committee

Having failed to heed most of the suggestions offered by CASE Contracts Committee members, the Associated Owners and Developers (AOD) contract writers will be proceeding without further CASE participation. It was first thought that, by participating in the process, CASE could have a positive impact on the final version of the contract. However, while CASE input was courteously received, only minor changes were accepted and the overall contract remained unpalatable.

"...only minor changes were accepted..."

A letter was sent from CASE liaison Andy Ouzoonian to the committee

outlining reasons for withdrawal from the Committee. What follows is the substance of that letter.

"...agreements proposed by AOD will not benefit our membership."

"After many discussions with the CASE Executive and Contracts Committees regarding our participation in AOD, I respectfully withdraw from the Subcommittee on the Owner-Design Professional Contract Relationship. Although the committee work has been enlightening, it is our opinion that the agreements proposed by AOD will not benefit our membership.

We believe that the writers of the proposed AOD Standard Form Agreement between Owner and Architect have not seriously considered the review comments submitted by the CASE Contracts Committee on two separate AOD submissions.

Therefore, there should be no reference to CASE as an organization participating in the preparation or review of the AOD documents.

CASE, as always, will serve its members by preparing commentaries to various Agreements that may be published by organizations associated in the design profession or in the construction industry as the need arises."

A/E Size Standards SBA To Release Proposed Rule

ACEC recently held meetings with the Small Business Administration (SBA) to inquire about details of an upcoming proposal to amend the small business "size" standard for engineering services. The current engineering size standard, \$4 million in annual gross receipts, is used by federal and state agencies as a threshold to determine whether a firm is eligible to compete for projects "set aside" for small businesses.

While SBA is not divulging much information about the proposed changes at this time, ACEC has learned that SBA will be converting the size standard from a "gross-receipts basis" to a "number of

employees basis." The proposed rules, which are scheduled to be published by year's end, will have a 60-day public comment period.

"It's always a concern when SBA toys with the size standard," said Kathy Dewkett, owner of Dewkett Engineering, P.C. "Depending on the size of your firm you could lose your ability to qualify for small business programs overnight."

ACEC is establishing a task force composed of small, medium, and large firm principals, to provide input on the proposed rules. Members interested in participating on the task force please contact Roger Jordan at 202-347-7474.

GSA, Park Service Opportunities Detailed

At ACEC's Market Forecast event, David Eakin, chief engineer at the U.S. General Services Administration (GSA) discussed GSA's \$1 billion construction plan, which includes a major courthouse construction program. The courthouse program involves five to eight new design starts each year, with more than a hundred courthouses yet to be built.

Sue Masica, Director of Park Planning, Facilities and Lands at the National Park Service (NPS), discussed an estimated \$700 million construction budget for F.Y. 2004, including \$300 million in the Federal Lands Highway program. Over 90 percent of NPS design work is outsourced to the private sector; the design that NPS currently maintains in-house may also be outsourced as part of the Bush Administration's plan to open commercial work to private sector competition.

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FASB Retreats on New Accounting Standard

In the face of ACEC and allied opposition, the Financial Accounting Standards Board (FASB) announced that it is deferring "indefinitely" the implementation of key portions of the Statement of Financial Accounting Standards 150 (FAS 150).

ACEC and its member firms have waged an aggressive grassroots campaign in recent months against the new standard. The Council also asked Congress to intervene, stressing in testimony before a Senate subcommittee this week the potentially disastrous affects the new standard would have on engineering companies.

"...potentially disastrous affects..."

"Our firms rose up in strong opposition to this flawed policy," said ACEC Chairman Eric Flicker. "And our voices were heard."

The proposed statement sought to require non-public companies to classify

their stock as a liability or debt in situations where the firm automatically repurchases the stock at a specific time or circumstance, such as when a stockholder dies or leaves the firm.

"...require non-public companies to classify their stock as a liability or debt..."

During testimony on Wednesday before the Senate Securities and Investment Subcommittee, FASB Chairman Robert Herz came under criticism from Subcommittee Chairman Mike Enzi (R-WY) for not doing a better job of vetting the new standard within industry prior to implementation. Herz pledged to improve outreach as further changes are contemplated in the future.

In testimony submitted to the Committee, ACEC President Dave Raymond, while noting FASB's decision to defer the new standard, stressed that FAS 150, if implemented in the future as it is currently written, "will artificially and unfairly eliminate the net worth of many non-public engineering firms throughout the country." Raymond stressed that such a drastic shift of debt on the financial statements of closely held firms could jeopardize their ability to obtain new clients, loans, bonding and insurance.



Senior Executives Institute (SEI) Class X Registration Now Open

Enrollment is open for the ACEC Senior Executives Institute (SEI) Class X, which begins in September, 2004.

ACEC's SEI program provides executive level leadership training through 21 days of training over a two-year period. Through five sessions, this elite group of 26 executives focus on topics such as their vision and the world, strategies and systems thinking, personal and organizational leadership skills and putting it all together effectively in their firms.

For more information or to register for SEI, visit www.acec.org/education/sei.cfm or contact Deirdre McKenna at dmckenna@acec.org or 202-347-7474. ■

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*Tim O'Connor
President and CEO of RobsonWoese, Inc.
Amherst, NY, states.*

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