



Loss Prevention Moves to the Forefront for Structural Engineers

With professional liability insurance rates at all time highs, structural engineering firms are looking for new ways to lower their risk, maintain quality work and consequently bring reasonableness to liability premiums.

One recent move was the formation by CASE of a Risk Management Program (RMP) devoted exclusively to reducing risk and loss prevention for structural engineering firms. (*See the Editorial in this issue.*) One unique goal this new effort has is that it will attempt to raise the bar in risk management for all structural engineering firms, not just CASE members. The CASE leadership is well aware that not much is accomplished if just part of the profession improves its practice. That is why it intends to reach out to as much of the structural community as possible to make them aware of the problems and give them the tools to deal with them.

The new RMP program will feature tools and products designed to improve the quality of structural engineering services and manage risk, so that any project worth building can move swiftly forward with the primary concern being giving the client an on-time quality project under budget... not with how to protect oneself against lawsuits. The Program will study claims histories to find what are the most common problems and alert engineers to them. It will contact liability insurance companies to let them know that structural engineering firms are aware of what causes problems in structural construction, and that firms have plans to deal with them. It will offer a technical peer review to firms willing to open up internal processes, so that the procedures practiced in the best firms can be spread throughout the profession. It is in everyone's interest for everyone to do quality work. The profession owes it to the public, its clients and itself. An annual convocation is also in the works. It will be a two-day event that will feature a program relating to quality work and liability issues, and will also include networking and communication between structural colleagues.

CASE has already developed a series of contracts exclusively for structural engineering services. These have been in existence for some time and have been recently updated. Many experts in this area believe that a well-drawn contract is a firm's best protection. But there is more to loss prevention than contracts. A solid in-house quality program and a communication

network between all parties involved play crucial roles in a claim-free project. To assist facet of the program, CASE has its acclaimed publication "A Guideline Addressing Coordination and Completeness of Structural Construction Documents". Over 10,000 copies have already been distributed. Recipients include municipalities like Raleigh, NC, universities like Rutgers and Notre Dame and large corporations like Ford Motor Company. Other guidelines also exist, including "Reports for Buildings", "Special Inspections" and "Specialty Engineers". Commentaries are available on AIA contracts, EJCDC contracts, design/build contracts in general, and on the AISC Code of Standard Practice.

Recently, at a May 11 meeting, many of the former SERMC (Structural Engineers Risk Management Council) members met with representatives of CASE structural engineering firms. They presented the RMP as the vehicle with which to continue many of its programs. They felt, because of CASE's focus on business issues, it was the best place for them to reside. CASE-RMP will work closely with the Structural Engineering Institute, the National Council of Structural Engineering Associations and many other state and local structural groups on the importance of quality work and raising the image of the profession. Additionally the mechanical/electrical engineers have been approached and are amenable to work on coordination of the professions in vertical construction, as well as have the American Institute of Architects. CASE members right now are speaking at a series of breakfasts of local chapters of the American Institute of Steel Construction.

Structural engineering firms can no longer work in a vacuum... coordination and communication needs to occur at all levels of the building project from owners to engineers to architects to contractors to sub-consultants. CASE-RMP plans to do its share to facilitate the communication to make the building process as safe and efficient as possible. ■



FLSA Reforms Survive House Challenge

At the urging of ACEC and its business allies, the House of Representatives in May rejected another attempt—this time by Rep. George Miller (D-CA)—to prevent the Department of Labor from implementing the final regulations that will update the Fair Labor Standards Act (FLSA).

The final regulations establish new standards for classifying employees as exempt and non-exempt from the Act's minimum wage and overtime requirements, subsequently making the regulations easier to follow, and protecting businesses from unfair enforcement actions and lawsuits.

In related news, Rep. Jim DeMint (R-SC) introduced ACEC's FLSA reform legislation in House. The bill, H.R. 4396, is modeled after S. 237, which was introduced in the Senate by Senator Lindsey Graham (R-SC), and seeks to further clarify the exempt status of specific positions within engineering firms. ■



Three Percent Tax Cut Clears Senate

ACEC and its industry allies won a major victory in the Senate last week, securing a tax reduction for A/E firms as part of a larger tax package.

The Hutchison-Smith-Landrieu Amendment to the Jumpstart Our Business Strength (JOBS) Act (S. 1637), provides a tax cut of approximately three percent for engineering or architectural services performed in the US for domestic construction projects.

The focus now switches to the House, where companion legislation (which also covers A/E services) awaits consideration on the House floor.

The JOBS Act repeals the Extraterritorial Income exclusion (ETI), an export-based tax relief provision, in response to a 2002 World Trade Organization (WTO) decision finding the benefit in violation of international trade rules. A/E firms have been beneficiaries of this benefit since 1972.

ACEC successfully lobbied for the inclusion of A/E services in the House bill (HR 2896), which was approved by the House Ways and Means Committee last November. The House bill provides for a tax rate reduction from 36 percent to 32 percent, but currently applies only to corporations.

Passage of the Hutchison A/E amendment was made difficult by election year politics surrounding A/E contractors working in Iraq. ACEC's grassroots lobbying effort was essential in educating senators as to the fairness of including A/E services and the importance of a healthy A/E sector.

ACEC will now shift focus back to the House in an effort to convince lawmakers to adopt the Senate's approach to the legislation and include all business entities within the bill's reach. ■



Peer Review: Enjoy the Benefits

The ACEC Peer Review Program continues to be one of the industry's most effective tools to enhance firm performance. Over 1,100 firms have benefited from having an ACEC Peer Review.

"We know of no other program that accomplishes a targeted goal in a relatively short period of time with individuals who understand the specifics of the consulting industry."

- Fermin Diaz, P.E, President
Wilson Miller Inc.
Peer Reviewed April, 2004

To join the "Peer Reviewed" club, please contact Kevin Wilson at kwilson@acec.org. ■

Project Delivery Systems Manual

Design-Build/Operate

In all sectors of the engineering industry, more clients are using Design-Build/ Operate as a delivery method for medium and large projects.

Find out key differences in the Design/Build process versus the Design-Build/Operate delivery system, as well as the long and short-term opportunities, obligations, responsibilities and liabilities that exist.

For more information, contact ACEC publications department at (202) 347-7474. ■



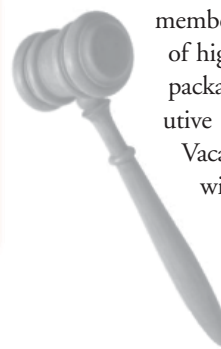
Degenkolb, HDR, Major ACEC/PAC Supporters in Colorado Springs

CASE member firm Degenkolb Engineers and HDR lead the roster of ACEC firms helping to underwrite the costs of ACEC/PAC events at the Annual Convention in Colorado Springs. In addition to these firms, The Browning Company has made a generous donation in partnership with ACEC of Utah.



The Annual Convention featured a Silent Auction, giving members the opportunity to bid on a number of high-quality items, including a golf vacation package donated by ACEC/Washington Executive Director Bill Garrity, and a Vermont Vacation Getaway donated by Peter Andrews with Dufresne-Henry.

"Degenkolb is proud of the support we give to ACEC/PAC and ACEC's advocacy program," said Chairman, CEO and President Chris Poland. ■



Save the Date!

Business of Design Consulting Seminar

October 20-23 - Chicago, IL

This is an intensive four-day leadership program for up-and-coming design professionals.

For more information or to register see www.acec.org, or call Cortney Coxon at 202-682-4338. ■

