



# CHINOOK

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Newsletter of the Chinook-Calgary Section

February 2010

## President's Message

Dear AACEI Chinook Calgary patrons and supporters,

I regretfully announce that the AACEI Chinook Calgary Board has decided to cancel the Total Cost Management Seminar scheduled for February 25-26 due to unavoidable circumstances. The Board assures you that the annual seminars will continue in the future.

In this issue I would like to bring your attention to AACE International's certification and discussion groups. AACE International offers 7 specialty certifications in areas of project controls and management. AACEI certifications provide you professional credibility, validate your knowledge, enhance your employability and distinguish you as a project controls professional. Certification exams are offered three times a year. Over the past few years, AACEI certification has received more recognition and a number of professionals here in Calgary have participated in these exams.



AACE International has a number of discussion groups focused on different areas of project controls. The members in these groups are project controls professionals with vast and varied experience. Informative topics are presented in these groups and one can benefit from joining in on the discussion. For further information on certifications and discussion groups, please visit the AACE International website ([www.aacei.org](http://www.aacei.org)).

On behalf of the board, I would like to extend my sincere thanks to Larry Sondrol (Suncor) and Steve Revay (Revay Associates) for their "Update on Alberta Productivity Study" presented on January 13, 2010. Our next technical dinner meeting topic is an overview of University of Calgary research scheduled for Wednesday, February 10, 2010. Our guest speakers, Reza Dehghan and Alnoor Halari, will present on "A New Framework to Assess Activity Overlapping in Construction for Oil and Gas Projects" and "The 7 Highly Effective Lessons to Successfully Execute SAGD Projects", respectively.

If you are interested in joining the AACEI Chinook-Calgary Board, this is the time to think about it and let us know by emailing your interest to Tanveer Ahmed ([pastpresident@aaceicalgary.org](mailto:pastpresident@aaceicalgary.org)). Also, if you have ideas for future dinner meeting topics, please email me with your suggestions.

We are always seeking seasoned professionals to share their experiences with AACEI membership. We are looking for speakers for our dinner and educational programs and articles on cost, planning/scheduling, estimation and project management issues to publish in our newsletter. If you have experience which would benefit our community please feel free to contact us.

I look forward to seeing you all again soon.

**Please feel free to contact me at (403) 692-3634 or at [president@aaceicalgary.com](mailto:president@aaceicalgary.com)**

### Legal Disclaimer

*Our Dedicated Team of "fancy" Lawyers*

AACE assumes no responsibility for statements and opinions advanced by contributors to its publications and speakers at events sponsored by AACE. Views expressed by them do not necessarily represent the official position of AACE International, its sections, committees, or its officers or directors. ❖

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**AACE Canada** [Peter Ripley - director@aaceicalgary.org](mailto:Peter.Ripley@aceicalgary.org) 245-1670

### WHAT is AACE Chinook Section?

The Chinook – Calgary Section of AACE Canada was founded in 1972. It currently has close to 500 members from a wide range of companies in and outside of Alberta. Our members are involved in all aspects of estimating, cost control, planning, scheduling and project management.

Reservation for dinner meetings can be made by calling Anna Tremblay at **648-7069** not later than the day prior to the meeting so that the correct number of meals can be ordered. The dinner cost is \$30 for members and \$35 for. Non-members

Members receive the Cost Engineering Magazine, a discount on books and publications from AACEI Headquarters and access to contents on the AACEI website. This newsletter is also issued regularly and members are encouraged to submit articles or notices for publication. Please submit articles to Tanveer Ahmed or Peter Ripley.

### CALGARY SECTION MAILING ADDRESS:

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Our Web Page at:  
<http://www.aaceicalgary.org>



Left to right (Back Row): Tanveer Ahmed (Past President 2008-09), Jeff Young, Art Kowalchuk, Frank Gutowski, Gerardo Caicedo, Dave Williams, Hassan Halepota (President 2009-10), Jennifer Foster, Gokhan Kaya, Mohammed Afzal , Placido Patriana.  
Left to right (Front Row): Elizabeth Pettersen (no longer with BOD), Deborah Clark-Shannon, Cindy Hands, Bindu Amin, Anna Tremblay, Ginette Basak, Joan Dyck.  
Missing from the picture are: Paul Yasinko, Clara Teran, Donna Kainth, Steven Revay and Peter Ripley.

# *Reflections on January Dinner Meeting*

By: Arthur Kowalchuk, P.Eng.

Some 43 Chinook-Calgary members and guests attended the 13 January 2010 technical dinner meeting in the Riverview Room of the International Hotel.

The evening started with Peter Ripley providing a brief overview of AACEI in Canada, indicating there are over a 1000 members. Calgary, Montreal and Toronto seem to be the most active. Edmonton and Fort McMurray have slowed down quite a bit. Worldwide there are approximately 7000 members, a bit of a reduction over the past couple of years.

Peter Ripley then introduced the evening speakers, Stephen Revay (Chinook-Calgary) and Larry Sondrol (Suncor). Stephen Revay spoke first about the Construction Owners Association of Alberta (COAA) preparing a report for the Alberta Government in partnership with industry, particularly the heavy industrial construction sector involved in the Oil Sands Development. In 2008, the Oil Sands sector forecast significant capital expenditures of \$10 Billion per year in 2009, rising to \$15 Billion by 2015. This level of construction activity led to significant concerns about low productivity along with expensive cost overruns. In 2003, COAA engaged with the Construction Industry Institute (CII) at the University of Texas (Austin) to develop a benchmarking system which would assess project performance in Alberta major projects.

Thirty-seven projects out of 78 were analyzed by August 2008. Twenty-seven of the 37 projects in the study were related to the Oil Sands sector, with natural gas processing (4) and pipeline (2) sectors submitting more than one project. About half of the projects were grass roots with additions (38%) and modernizations (11%) making up the balance. Project size varied from \$5 million (1) to over \$100 million (75%) and 8 of these exceeded \$1 Billion; average project size was \$368 million.

Performance metrics included cost, schedule, safety, change and re-work. Productivity, engineering and construction were also assessed. Fourteen project Best Practices" were assessed for their impact on performance. Eighteen COAA specific metrics were included, such as comparison for direct and indirect costs, use of modularization, overtime, peak workforce and overtime. A comparison was made between Alberta projects and comparable projects in the CII database for the United States. Cost growth was generally lower as the per cent engineering completed increased. More effective Risk Assessment also reduced project cost growth. Indirect costs averaged 21% of total project cost and indirect cost growth increased as project size increased.

Productivity in Alberta is better for some disciplines, but worse (or much worse) for others. Average wage rates in Alberta are higher than in the U.S., particularly when compared to the U.S. Gulf Coast activity. The COAA and its members have developed and are implementing a number of initiatives such as Work Face Planning and Re-Work Reduction that will help improve project productivity. The reduced pace of project development in Alberta in the near term should also contribute to improved project completion.

The factor having the most impact on project schedule was the percent engineering completed prior to construction start. This was followed closely by business market conditions, craft labour skill, quality of field-level supervision and weather conditions. The above information was extracted from the COAA handout.

Larry Sondrol explained that CII information continues to be submitted to the U of C so that grad students could review the data and effect on project construction. Although the CII questionnaire compared favorably to COAA, the latter added several more items that rounded out Alberta project execution. Each company participating in COAA was assured of complete confidentiality of information submitted. The lessons of the past few years have created an improved awareness and added experience to the abilities of Alberta-based companies and personnel to manage the unique projects found in Alberta. Continued use of benchmarking will generate improved intelligence concerning Alberta-based projects.

A question-answer period followed the presentations.

## HAVE YOU UPDATED YOUR AACEI PROFILE?

As you've probably noticed, AACEI have switched to a new system.

All orders will now be processed through the AACEI online database system.

Everyone will need to have a Login Name and Password to process transactions on the AACEI site, even non-members.

If you already have a Login Name and Password, you can begin by entering your login information.

Here is the link: *Web Link:* <https://www.aacei.org/PortalTools/Login.cfm>

## *Skills & Knowledge 2010 Update*

Each fall, AACEI Chinook-Calgary organizes a series of Skills and Knowledge Workshops targeted at new practitioners and 'old hands'. The goal of this series is to share information and experience within the cost control community.

Planning is currently underway for the **Fall 2010** series and we are seeking **YOUR** input.

Please take the time to review the following topics that have appeared over the last two years. Assign a ranking to each topic, of the order of importance or interest to you. If a topic you are looking for is not on this list, add it and give it a ranking.

<b>Previous Topics</b>	<b>Duration</b>	<b>Rank</b>
Contract Law	1 day	
Cost & Change Management	1 day	
Cost & Schedule Risk Analysis	1 day	
Engineering Progress	1/2 day	
Material Take-off / Quantity Importance	1/2 day	
Planning & Scheduling Basics	1 day	
Project Controls 101	1 day	
Project Economics 101	1/2 day	
Contingency Management	1 day	
Risk Management	1 day	
<b><i>Additional Topics</i></b>		

We will collect and publish the survey results in an upcoming newsletter, so please give us your feedback! Your input will help establish the Skills and Knowledge sessions for the fall of 2010.

If you have an interest in presenting a topic please feel free to contact us.

**R.J. (Jeff) Young, P.Eng.**

AACEI Skills & Knowledge Director

seminars@aaceicalgary.org

# AACE International Update

**Peter Ripley CCC**  
**AACE Canada President**

AACE International is truly an international organization. We now have sections in Russia, India, the Middle East, Australia and Japan. The Association also continues to support over 50 sections in the USA and 9 sections in Canada. Canadian Sections are active in Vancouver, Edmonton, Fort McMurray, Calgary, Saskatoon, Winnipeg, Sarnia, Toronto and Montreal.

Membership in AACEI stands at around 7,000 with 1,000 members coming from Canada. Our own Calgary-Chinook section is the largest section within AACEI.

A membership in AACEI automatically allows you to participate in the activities and the resources of the International Cost Engineering Council (ICEC), a Worldwide Confederation of Cost Engineering, Quantity Surveying and Project Management Societies. For further details about ICEC please look at their website at [www.icoste.org](http://www.icoste.org).

AACEI has just completed a major update to their website. This provides members with access to numerous resources in cost, estimating, planning, scheduling, risk and project management. This information is provided in the form of Recommended Practices (RP's), Professional Practice Guides (PPG's), The Total Cost Management Framework, Published Papers and Discussion Forums. A number of companies are currently using these resources to develop their own Project Controls Procedures. The latest PPG is titled "Cost Engineering in the Process Industry".

Members are encouraged to attend other section's meetings when travelling throughout Canada, the US and the rest of the world. The website provides contact details for all AACEI sections.

A recent development has been the use of Discussion Forums on the AACEI Website. Two new initiatives/forums you may consider joining are:

- 1) Women in Project Controls Committees
- 2) Young Professionals' Task Force

This year's Annual Meeting will be held in June in Atlanta. The program is being finalized and 35 exhibitors have already purchased booth space.

Over recent years there has been a substantial increase in the numbers of members taking AACEI certification exams. In response to this demand, AACEI has increased their staff in Morgantown to support the increased work load. Exams are scheduled 3 times a year in March, June and November. However applications need to be submitted 3 months ahead of the exam date.

A portion of membership dues and the proceeds from workshops and seminars go towards Student Scholarships. During 2009, \$18,000 was awarded to Canadian Students.

AACEI would like to keep in touch with current and future members. Please take 5 minutes to review the new website and ensure that your profile reflects your current contact details. If your membership has lapsed or needs renewal this would be a good time to reconnect with AACEI.

If you have any suggestions or concerns, please contact me. I hope to see you at the Annual Meeting in Atlanta!

Peter

**AACEI Chinook-Calgary**  
(Association for the Advancement of Cost Engineering)

**Wednesday, Feb 10, 2010**

**Report on Research at the University of Calgary**

**Presenters:**

**Reza Dehghan- Ph.D. Candidate University of Calgary**  
**Alnoor Halari - MSC. Candidate University of Calgary**

**Presentation Overview**

**A New Framework to Assess Activity Overlapping in Construction, Oil and Gas Projects** The demand for project completion in a shorter duration has led to various methods of schedule compression, one such activity is overlapping. The main problem with overlapping lies in extra risks generated, with the risk of rework probably the greatest. Overlapping can result in more changes, which consequently can result in more rework; more rework can increase expenses and lengthen execution time of the project. This means that too much overlapping cannot be applied, as only reasonable levels of risk can be tolerated, and reasonable amount of extra costs are acceptable. Therefore, the question is how much overlapping is desirable or to which degree of overlapping is optimum. The answer to this question is the main goal of this research, i.e. to develop and validate a systematic and structured approach and a conceptual framework to assess the optimal overlapping that brings maximum benefits to the project.

**7 Highly Effective Lessons to Successfully Execute SAGD Projects** In recent years, with the declining conventional crude oil reserves in Alberta, the Oilsands have become a major source of Oil production. 80% of Oilsands extraction is in situ and 20% mining. A substantial part of in situ oil extraction is based on SAGD (Steam Assisted Gravity Drainage) technology. Currently, most major Oilsands projects are using SAGD. With the numerous SAGD projects being built now and in the future, from a project management perspective, how can we make the engineering, procurement and construction of these SAGD projects more effective? To find solutions, professionals working on SAGD projects in the EPC industry were surveyed in late 2009. The results of the study will make you rethink the where and what should be the priorities to execute your project more successfully. This interactive presentation will also give you an opportunity to share your thoughts on effective execution of SAGD projects. Find out the 7 highly effective lessons that will make execution of your projects much more successful.

**MENU:**

**Green Salad, Roast Beef with seasonal vegetables, Cheese Cake with strawberry sauce and fruit**

**LOCATION and TIME:**

Riverview Room, International Hotel, 4<sup>th</sup> Ave SW, Calgary  
Cocktails 5:30, Dinner 6:15, Meeting 7:30 p.m.

**PLEASE RSVP to Anna Tremblay at [diners@aaaceicalgary.org](mailto:diners@aaaceicalgary.org), no later than Tuesday, February 9th.**

(Indicate if you have a dietary preference and place your SPECIAL FOOD REQUEST with Anna 48 hours in advance)

**PRICES:**

\$30 for members, \$35 for non-members, \$15 for students.  
Please pay with cheque or cash when you sign in at the door.

**WHO IS INVITED?**

Cost analysts & cost engineers, estimators, planners & schedulers, project managers – all practitioners and professionals with an active interest in project costs, estimates, schedules and project management are cordially invited to participate in our meetings.

## DINNER MEETING PROGRAM 2009 – 2010

### **Overview of the P3 Project Delivery Model from a Contractor Perspective**

Wednesday, Sep 16, 2009

Speaker: Kees Kusveller (Graham)

Chairman: Peter Ripley

**Completed**

### **Sustainable Projects in Syncrude**

Wednesday, Oct 28, 2009

Speaker: Jimmy Dees (Syncrude)

Chairman: Mohammad Afzal

**Completed**

### **TransCanada's Alaska Pipeline**

Wednesday, Nov 18, 2009

Speakers: Arash Ranjbarran (Worley) & Jack Beattie (TransCanada)

Chairman: Peter Ripley

**Completed**

### **Alberta report on Productivity**

Wednesday, Jan 13, 2010

Speakers: Larry Sondrol (Suncor) & Steve Revay (Revay Associates)

Chairman: Peter Ripley

**Completed**

### **Report on Research at the University of Calgary**

Wednesday, Feb 10, 2010

Speakers: Reza Dehghan and Alnoor Halari

Chairman: Tanveer Ahmed

### **Why bother with a budget on projects - when they are known to be wrong! (Part 2)**

Thursday, Mar 25, 2010

Speaker: Francis Hartman

Chairman: Steve Revay

### **All we want is Better Projects – Why is changing our organization so difficult?**

Wednesday, Apr 21, 2010

Speaker: Phil Gardner

Chairman: Peter Ripley

### **Chinook-Calgary AGM**

Wednesday, May 12, 2010

Chairman: Hassan Halepota

## SKILLS & KNOWLEDGE WORKSHOPS 2009

### **Saturday, Sep 26, 2009 – Change Management / Engineering Progress**

Speakers: Peter Ripley / John P Lacroix

**Completed**

### **Saturday, Oct 24, 2009 – Planning & Scheduling**

Speaker: Peter George

**Completed**

### **Saturday, Nov 21, 2009 – Project Controls 101**

Speakers: Hassan Halepota & Deborah Clark

**Completed**

### **Saturday, Dec 5, 2009 – Economics 101 / Quantification Material /Take offs**

Speakers: Sandra Paulguard & Umesh Krishnappa

**Completed**

## Certification Application Deadlines

*Bindu Amin*

This is to inform those interested in writing AACE certification exam, please make note of following dates and applicable fees. Chinook-Calgary Section is hosting second quarter certification exams on July 10, 2010.

Certification	Early Bird <i>April 27, 2010</i>	Regular <i>May 11, 2010</i>
<b>CCE/CCC/PSP/EVP/CEP (Members)</b>	US\$300	US\$350
<b>CCE/CCC/PSP/EVP/CEP (Non-members)</b>	US\$450	US\$500
<b>CCT (Members)</b>	US\$100	US\$150
<b>CCT (Non-members)</b>	US\$150	US\$200

**Please note: The last day to submit application is May 11, 2010. The first quarter exams will be conducted on March 06, 2010. The deadline for which has already passed.**

If you have any questions regarding **Certification Application** or any related matters please check website: <http://www.aacei.org/certification>. Any other questions please contact Bindu Amin ([Certification@aaceicalgary.org](mailto:Certification@aaceicalgary.org)) phone 403-691-7614.

**In addition to workshops and seminars hosted locally  
By the Chinook-Calgary section,  
AACE International has 'online' courses available.**

**Enroll Now AACE Online Courses**

Visit our international website for complete information -  
<http://www.aacei.org/education/dl/welcome.shtml>