



THE TEST REPORT

A Newsletter of the California Council of Testing and Inspection Agencies

Fall 2010

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Presidents Message

James "Chip" Moore, ENGEO, Inc.

As we approach the end of 2010, let's reflect back on what we have accomplished through CCTIA. We have held three separate ICC Renewal Seminars throughout California, and held meetings in Sacramento and Anaheim featuring guest speakers from the California Nevada Cement Association and the Structural Engineers Association of Northern California (SEAONC). Many of our member firms attended hearings alongside SEAONC to provide input for the upcoming Code changes. Although some of the Code changes we opposed appear imminent, we were successful in being heard at the National level and are continuing our outreach with the City/County of San Francisco and with the Northern California Tri-Chapter Uniform Code Committee. It is important that we maintain our efforts to influence the inspection and testing industry and address the gaps that would otherwise plague us. We are encouraged over the announcement of the new Acting State Architect, Howard Smith, and hopeful that this "Changing of the Guard" may usher in an opportunity for CCTIA and DSA to develop a more beneficial partnership. But wait—there's more! Our Educational Committee has created a seminar for the ICC Soils Foundation exam, soon to be offered in a town near you! Also, please plan to attend our Annual Business Meeting held in Las Vegas this January 2011 - Elizabeth Levi and Jeffry Cannon are putting together a program with special guests that you will not want to miss. See you there!!



GOVERNOR SIGNS SB 972!

SB 972 (Wolk, D-Davis) was signed by Governor Schwarzenegger into law last week! As many of you know, this is the bill that was sponsored by ACEC California which responds to the horrible court rulings which arbitrarily expanded the duty of design professionals to defend others. Basically, the bill ties the duty to defend to the negligence of the design professionals. The bill will take effect on January 1, 2011 and will apply to contracts between design professionals and local public agencies signed on and after that date. Many of our members and industry peers rallied their support with ACEC in order to make this a success.

Concrete Masonry Association Lab Technician Certification Course

CMACN will be offering a 2-day class for Concrete Masonry Testing Lab Tech Certification on 10/16/10 and 10/17/10 from 8 a.m. to 5 p.m. in Dixon (Sacramento Vicinity). The cost is \$425 and you can register online at www.cmacn.org. This course will include continental breakfast, lunch, and an afternoon break. It will also give the attendee 1.4 ICC/CEU for completing the session. They will also provide handouts, compilation of ASTM Standards, and a copy of the Testing of Concrete Masonry Manual.

We're on the Web!
http://
www.cctia.org

The Selling of Materials

The Death Spiral of Testing and Inspection in Construction

By Jaye Richardson

The recent financial crisis has put much of the construction industry in the U.S. on hold or in bankruptcy. The majority of construction that is going on has funding from federal, state or local government coffers. The public interests are always looking for the best value they can get for the money they spend. I have noticed a disturbing trend in construction for both the public and private sector.

I have received many Requests For Proposals (RFP's) and Request For Qualifications (RFQ's) over last few months. In almost every case, pricing has been a portion of the request. Sometimes, they don't even bother with the niceties that normally come with requests. We get the one-page fax or email with a list of units and a request for a lump sum bid. We all receive these and we all normally respond to a large percentage of them, especially when it is a client we currently work with or are looking to develop a relationship with. I know I have. I am deeply concerned about where this trend is leading us.

The path we are on leads ever downwards. We cannot sit idly by and allow the commoditization of materials testing and inspection services. Some of the markets in the U.S. are already beyond the event horizon for this, and others are spiraling quickly that way. The one thing we cannot afford is our profession turning into "lowest price" commodity, like ordering paper towels, with no qualifications or quality based criteria required. When anyone can simply call up a website, send out a fax or email and request, for example, 4 slump tests, 2 entrained air contents and 3 concrete cylinders, we are finished as a profession. We might as well ask them if they would like fries with their order.

Our profession does not provide a commodity-based service. At least that was what I was taught and believed. Now, there have always been those schools of thought that say making money in this business can only be achieved by large volumes of low-margin work. Although they may be making money in the good times, I have one word for that school of thought...*Seriously?* This process of under-bidding the competition leads to low-margin fees and undercuts the professional aspects of inspection. We are living up to the lowest expectations of contractors, architects, engineers and developers. We are putting our careers and skills on the open market for the lowest bid, regardless of whether that person or firm is quali-

fied to perform the inspections that the project requires.

Quality counts. There...I said it. It is the thing we all know but refuse to stand up and demand. Firms should be judged on their qualifications, personnel and experience on similar projects. To do any other selection process is a grave disservice to the owner, client and the public at large. The only two things we can hang our profession on are the quality of the services we provide and the integrity we bring to each effort we undertake.

There is another thing that is rarely considered in the quest to beat the guy across town by \$0.50 an hour for a concrete technician...*integrity*. Value does not always mean the lowest price. Quality often overshadows price if truly considered in proposals. Notice I said proposals and not bids. Contractors bid. We propose. Quality Control (QC) and Quality Assurance (QA) have something in common. They both refer to quality. If you are not competent to perform the service, how can you ensure compliance with quality standards? It is so tempting to send a cheaper, less experienced person to the site. That is the easiest way to make up for that low bid we put in. Rarely do we stop and think of what the consequences of this might be. The ASCE, ASFE, CoMET, IBC, ICC, AASHTO, ASTM and every other professional society, regulatory body or standard bearer for our industry all say the same thing. We must supply people who are qualified, competent and experienced in the area they will be responsible for inspecting.

It is a lot easier to simply edit a field report, concrete break or density result to wipe away a problem. I know the reasoning.



It is a small piece of information. The engineer has built-in safety factors to account for these types of things. No one pays attention to these reports anyway. If these arguments sound reasonable to you, you are on that slippery slope. You don't believe me? What does this guy know about your business model? You are in control of your own future...right?

A case in point: Testwell Laboratories, based in New York, and 12 of its officials were recently indicted for fraud and corruption. They were convicted on those charges, as well as interstate corruption. Why? Easy – press reports indicate that they changed break data on concrete breaks to show passing results on some cylinders that did not pass. That led to a deeper probe into their practices. It seems as though someone was manufacturing concrete break data and mix designs in place of simply running the tests. They then billed the government for the tests they pretended to run. This is not a case of this firm being required to return funds or arbitrate a lawsuit. This is Federal Prison time.

The lead prosecutor secured a conviction against the President and Vice President of the firm and has asked for the maximum - 25 years in federal prison. Think about this for a minute...25 years for racketeering, corruption and fraud against a firm whose job was to make concrete cylinders. How does the D.A. see this? A February 25, 2010 News Alert from Engineering News-Record (<http://www.enr.com>) quotes Manhattan District Attorney, Cyrus R. Vance Jr. as saying "*Testwell's conduct was reprehensible not only for its pattern of theft and deception, but for its utter disregard for the safety of the public at large.*"

This company did not operate in a vacuum. They did not operate in this fashion for years without either implicit or complicit knowledge by others. By others, I mean architects, concrete manufacturers, engineers and codes officials. They also did not get to this low level of service as part of their long-range strategic plan. More than likely, it began as an attempt to be cost competitive in a "lowest price wins" market. The situation simply de-

veloped from there. The problem comes when you have to decide how you are going to beat a competitor's prices. There are only a few ways to do this and each has a consequence.

Method 1

Pay the technical staff significantly less than they currently make. The positive effect here is obvious. You increase your margin on every employee allowing you to reduce your prices while maintaining profits. This is the old "*do the same for less money*" approach. The negative effects are equally as obvious. Lowered wages push out more experienced and higher paid staff. They are replaced by younger inexperienced staff which not only depresses wages in the area, but it also drastically reduces the quality of work being performed by QA-QC firms.

Method 2

Propose a reduced scope of services than that normally performed during typical inspection services while adding a minimum site visit charge. This is the "*do less for the same money*" approach. As an example, instead of monitoring a concrete placement from beginning to end, the technician makes his required series of cylinders on the first couple of loads and then leaves. If you have a minimum 4 hour charge, you increase your profit margin by billing more time than the technician was actually on site.

EXAMPLE

If only 5 technicians did this each day, staying at each location only 1 hour, and moving on to the next location...each technician would bill 40 man-hours for each 10 hour day worked. These 5 technicians would bill 200 man-hours a day. This is 1,000 hours per 5-day week. If each client pays only \$40.00 per hour for a technician, that generates \$40,000 in revenue per 5-day week. If the technicians are making only \$10.00 per hour, it would cost you only \$2,750 for that same week of effort (including overtime at 1.5 for the 10 hours per technician). Easy math says that is a multiplier of 14.55. Now that is making money...but at what cost?

The cost is compromising the actual purpose of Quality Control. While the company in the example may be delivering the

required amount of testing, they are not observing the placement to verify it was conducted in accordance with the specifications. How are they to know if a load of concrete with an extremely high water/cement ratio went in if they do not see it? How do they know if the concrete placed was within the temperature requirements if no one was there to use a thermometer? Concrete is an extremely sensitive product. Laboratory-cured cylinders made off the first two or three trucks do not represent the entire placement. It gives a false, or in my opinion, fraudulent, impression of the actual placement's performance.

Method 3

Act like a low-bid contractor and proposed a severely reduced scope for a lower than anticipated lump sum fee. This is the "*do less for less money*" model. It is also known by the less attractive titles of "bait and switch" or "the scope-creep change order shuffle". Most of the clients that buy into this method suffer from the failure to read beyond the price. The low price wins the job...that is when the fun begins.

The winning firm then begins to track all of the things that are not included in the lump sum price assumptions. Bring on the change orders! The project might require a full time inspector for ten days to monitor fill placement, but the proposal included only four site visits at two hours each. The project is scheduled to have six concrete pours, but the proposal counted on only two. It is easy to see how this can get out of control quickly. What you rarely see these days is the REAL secret to success...Method 4.

Method 4

This method is a little out on the fringe, but here it is...do it right. You propose the scope of work needed to meet the intent of the project specifications. You use qualified, skilled, technical personnel who are fairly compensated for their knowledge. You see...I told you it was out there.

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Current Members

Apex Testing Laboratories	Fugro West, Inc.	Pacific Crest Engineering
Applied Materials & Engineering, Inc.	HP Inspections	Reliant Testing Engineers
BSK Associates	Heider Engineering	RES Engineers, Inc.
John R. Byerly, Inc.	Holdrege & Kull	Raney Geotechnical
CHJ, Inc.	Inspection Services, Inc.	Southern California Soil and Testing, Inc.
Condor Earth Technologies	KC Engineering Co.	Terracon Consulting Engineers & Scientists
Consolidated Engineering Laboratories	Kleinfelder, Inc.	Testing Engineers, Inc.
Construction Testing Services	Krazan & Associates, Inc.	Twining Laboratories, So. CA
Dynamic Consultants, Inc.	Leighton Consulting, Inc.	Youngdahl Consulting Group
ES Geotechnologies	Ninyo & Moore	URS-Signet Testing Laboratories
ENGEO Incorporated	Nova Engineering	

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You supply resumes, projects, certifications and a unit rate table for services that the client will need to successfully execute the project.

If you believe in the methodology that “great clients appreciate quality” you will find yourself surrounded by outstanding employees and long-term client relationships. These clients are appreciative of the value your firm brings to their projects. If you do not get at least 70% of your annual revenue from these types of clients you may not be focusing on this method as much as you thought.

Although it may seem naive to say this, I believe all QA-QC technical personnel are true professionals. They are also the most visible representation of our firms. Our clients know our reputation by the people we send to the field and the work they do every day. They are judged by how they speak, dress, their work ethic and the service they deliver. How can we as managers, principals and owners expect a higher level of professionalism from our staff than we are willing to deliver ourselves? We are consultants. We are not fast food restaurants, convenience stores or “Quickie-Lubes”.

If we do not put a higher value on our services than we currently represent to the marketplace, we should not be surprised to find more of our contemporaries in prison and home improvement stores carrying “do-it-yourself” QA/QC kits. Remember, if you cannot “Control”...you will never be able to “Assure”.

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NEW ACI Document available soon!

The Guide for Obtaining Cores and Interpreting Compressive Strength Results (ACI 214.4R-10) will soon be available for purchase. This standard will summarize practices for obtaining cores and interpreting core compressive strength test results. It will provide direction for checking strength compliance of concrete in a structure under construction and methods for determining equivalent specified strength to assess existing structure capacity.

ICRI Launches Certification Program

The International Concrete Repair Institute (ICRI) has started its first complete certification program: Slab Moisture Testing Technician Certification, Grade 1. With completion of this certification, the student will understand the (4) ASTM standards associated with Slab Moisture evaluation and testing. The certification given in two tiers will be set up for the beginner and advanced Technician. The first tier will be for beginners and they will receive only a ICRI Letter of Achievement. The second tier will be for those who complete both Tier 1 and Tier 2 covering a educational session, written exam, and training session. Passing Tier 2 will result in a Slab Moisture Testing Technician Certification, Grade 1 certificate. Upcoming 2010 Certification Programs are slated for 11/15-11/16 in San Diego and 11/18-11/19 in San Jose. You can find more information at www.icri.org.

UPCOMING MEETINGS

CCTIA—General Meeting
 Sheraton Hotel
 Pleasanton, CA
 3:00pm
October 28, 2010

CCTIA—General Meeting
 Sheraton Hotel
 Pleasanton, CA
 3:00pm
November 18, 2010

CCTIA—General Meeting
 Sheraton Hotel
 Pleasanton, CA
 3:00pm
December 16, 2010