

# THE FIRST WORD

January, 2004

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## ACEC OKLAHOMA General Membership Meeting Set for January 22nd in Tulsa

The next ACEC OKLAHOMA General Membership Meeting will be held on Thursday, January 22nd, beginning at 11:45am at the Philbrook Museum of Art in Tulsa.

GEORGE VOGLER will be our guest speaker.

George is well known to ACEC OKLAHOMA members as through his firm, Reserved Resource Insurance, he is a broker for Professional Liability Insurance exclusively for Engineers, Architects and Land Survey companies. An attorney by training, George's background and expertise in the professional liability insurance and contracting arena are a tremendous asset to the A/E/LS community in Oklahoma.

Additionally, Vogler is a past member of the State Board of Registration for Professional Engineers & Land Surveyors, serving as the Public Member during the Keating Administration. He holds the distinction of being the only Public Member ever to serve as Chairman of the State Board.

On January 22nd, George will review the current state of the professional liability insurance industry, as well as discuss specific issues which are currently being faced by the A/E/LS community both locally and nationwide.

**ACEC OKLAHOMA** will be changing our Registration format for this meeting by collecting lunch charges in advance or at the door. Cost for the lunch and program will be \$25.00 per person. We ask that you register for the meeting as soon as possible by sending the registration form, which has been sent to all members, and your check to **ACEC OKLAHOMA**.

## Oklahoma Supreme Court Approves GARVEE Bonds

In mid-December, the Oklahoma Supreme Court has upheld the constitutionality of the state issuing Grant Anticipation Revenue Vehicle bonds, commonly known as "Garvee" bonds, paving the way for the state to issue \$100 million in bonds for highway construction.

Authorized by the Oklahoma Legislature in 2000, the program was stalled by legal challenges from Common Cause and the Highway Users Federation. The groups contended that the program was unconstitutional as it created state debt without a vote of the people. The Supreme Court, however, rejected those arguments ruling that no state debt is created since it relies on anticipated federal highway funds to retire the debt.

Governor Brad Henry announced that the bonds will soon be sold to finance the first phase of the Garvee initiative allowing preliminary work to begin on a number of key projects. Twelve "economic development" corridors have been identified under the Garvee program to enhance the state's business climate. "By building these roads, we will greatly enhance economic development efforts in the metro areas and many other communities around the state," Henry said.

According to the construction plan, more than \$500 million will be spent on the first phase over the next four years. The first round of projects will include roads in Oklahoma City, Tulsa, Idabel, Durant, Ada, Sequoyah County, southwestern Oklahoma, Woodward, and Rogers County. "By linking Oklahoma's cities and towns with state-of-the-art highways, we will make Oklahoma a much more attractive place in which to live and do business," the Governor added.

The Oklahoma Department of Transportation expects much of the first phase work to focus on environmental clearance, design, land acquisition and utility relocation in the project areas.

## 2004 Standard Mileage Rates Set

The Internal Revenue Service has released the optional standard mileage rates to use for 2004 in computing the deductible costs of operating an automobile for business, charitable, medical or moving expense purposes.

To reduce a recordkeeping burden, the IRS also announced that taxpayers who use no more than four vehicles at the same time for business purposes may use the standard mileage rate, starting in 2004. Currently, those using more than one vehicle at a time cannot use the standard rate at all, leaving them to track the actual expenses for each vehicle.

"With this change, more than 800,000 businesses will become eligible to use the standard mileage rate," said IRS Commissioner Mark W. Everson. "This reflects our ongoing interest in reducing the burden for businesses to comply with the tax laws."

Although many taxpayers may still claim actual vehicle expenses for various reasons, the IRS estimates that small businesses will save 8-10 million hours a year in recordkeeping with this expansion of the standard rate option.

A taxpayer may not use the standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS), after claiming a Section 179 deduction for that vehicle, or for any vehicle used for hire.

Beginning Jan. 1, 2004, the standard mileage rates for the use of a car (including vans, pickups, or panel trucks) will be:

\* 37.5 cents a mile for all business miles driven, up from 36 cents a mile in 2003;

\* 14 cents a mile when computing deductible medical or moving expenses, up from 12 cents a mile in 2003; and,

\* 14 cents a mile when giving services to a charitable organization.

For more information, go to the Internal Revenue Service website at [www.irs.gov](http://www.irs.gov) or contact your tax professional.

## ACEC's New Quality Management Guidelines

Competitive pressures and clients use of a Qualifications-Based Selection process have made "quality" an ever more important priority for engineering firms. Successful firms no longer limit their focus on quality to a final document check; instead they adopt a more systematic approach. Firms narrow focus on "quality control" has evolved over the years into a broader emphasis on "quality management."

ACEC understands the challenges firms face in developing quality management programs. Comments at ACEC conferences, input from related committees, and feedback from peer reviewers have highlighted the struggles of firms that seek to strengthen their quality management.

ACEC has responded to members need for assistance via its Quality Management and Peer Review (QMPR) Committee and through a new publication entitled *Quality Management Guidelines*. This manual is one of ACEC's *Guidelines to Practice* publications. The *Guidelines to Practice* series addresses critical business issues important to customer satisfaction and retention, effective and efficient operations, and a healthy bottom line.

"The *Quality Management Guidelines* manual allows a firm to more readily develop its own quality management system," says co-author Jim Klug, vice president of Consoer Townsend Envirodyne Engineers Inc.

The *Guidelines* follow an outline of components that should be part of any overall quality management plan. These components are consistent with the seven elements of organizational peer review (OPR): General Management, Human Resources/Professional Development, Project Management, Quality Management, Computer Systems Management, Financial Management, and Business Development.

ACEC recognizes that engineering firms cover many disciplines and come in all sizes. Likewise, each firm is at a different stage in its internal journey to enhance quality. By working through ACEC's *Quality Management Guidelines*, firms can gain appreciation of the many factors of business that should be considered when developing or improving their own quality management system.

The *Quality Management Guidelines* manual is available in user-friendly electronic media. Copies can be purchased directly on the ACEC website, or by calling 202-347-7474.

## ACEC OKLAHOMA Leaders Meet With Congressman Istook

ACEC OKLAHOMA Chairman-Elect Don Vick met with Congressman Ernest Istook (R-OK) on December 19th to discuss the recently passed transportation spending bill by the U. S. House of Representatives. Chairman-Elect Vick was joined by ACEC OKLAHOMA Past President's Bob Williams and Jerry Shepherd, and ACEC OKLAHOMA President/CEO Jim Sullins.

The House passed Congressman Istook's final version of a transportation spending bill on December 8th as part of an omnibus spending package.



(L to R: Don Vick, Bob Williams, Congressman Istook, and Jerry Shepherd.)

Congressman Istook is the Chairman of the House Transportation and Treasury Appropriations Subcommittee which is responsible for setting the spending limits for the Reauthorization of TEA-21. The bill, which will give Oklahoma significantly more in federal transportation dollars than the state has received in past years, passed the House by a vote of 246-172. The Senate is expected to approve the spending bill when Congress returns in early January.

"For years, Oklahomans have paid more in federal gas taxes than we have received back in federal highway dollars. This year, the opposite will be true," Istook told the ACEC OKLAHOMA representatives. For Oklahoma's largest project—the I-40 Crosstown Expressway—the bill contains \$30 million. In addition to the major increase in highway funds, the bill also increases funding for buses, transit, airport, and rail improvements across the state.

Over the past five years, Oklahoma has contributed an average of \$473,432,000 in federal gas taxes to the highway fund and has received back an average of 93

cents on the dollar. By contrast, Istook's bill contains over \$592 million for transportation projects across the state this year: \$487,083,038 in estimated highway formula funding (a \$55-million increase from last year) plus \$106,795,000 in designated projects, significantly more than Oklahoma received in the last 4 years combined.

With the passage of the transportation spending bill, focus now shifts to the reauthorization of TEA-21, The Transportation Equity Act: A Legacy for Users (TEA LU). The \$375 billion highway and transit reauthorization bill provides a 72 percent increase over TEA-21, with each state guaranteed an eventual 95 percent return on their tax contribution.

The ACEC OKLAHOMA delegation discussed several other issues with Congressman Istook. At the conclusion of the meeting, ACEC OKLAHOMA presented the Congressman with a contribution to his reelection campaign from ACEC/PAC, ACEC's federal political action committee.

## Nelson To Be Next NCEES President

Jon Nelson, P.E., has been elected President-Elect of the National Council of Examiners for Engineering and Surveying (NCEES).

Nelson, Vice President and Director of Operations for Tetra Tech FHC in Tulsa, will become NCEES President in August, 2004.

Nelson is in his second six-year term on the Oklahoma State Board of Registration for Professional Engineers and Land Surveyors. During his tenure with the State Board, he has served as Secretary, Vice Chairman, and Chairman.

Prior to his election as NCEES President-Elect, Nelson has held the position on the NCEES Board of Directors as the Southern Zone Vice President. He also has served on numerous NCEES Committees.

Nelson will be only the second Oklahoman to serve as NCEES President, following in the footsteps of Charles Kimberling who served as President in the 1970's.

Our congratulations to Jon on this honor.

## Trade Union Prevents Professional Engineer of Record from Entering Job Site to Review Construction of His Plans

A Chicago-area trade union has prevented a registered professional engineer from entering a construction site to review construction of his plans and specifications. The incident is detailed in a new case history available free from **ASFE/The Best People on Earth**, a not-for-profit trade association that represent geoprofessional, civil engineering, and environmental consulting firms.

According to the case history, Field Development retained STS Consultants, Ltd. to update a geotechnical analysis of 180 North Jefferson Street (Chicago, IL), where Fifield intended to develop a 28-story residential tower and parking garage. Clyde N. Baker Jr., P.E., S.E., an internationally recognized engineer, led the STS effort. Brian R. Reinicker, P.E. assisted. The two recommended a caisson foundation system. The permit issued by The City of Chicago required the geotechnical engineer of record to provide observation and testing services during foundation construction.

Mr. Baker sent a representative to the site on February 4, 2003, more than five months after STS' field representatives had voted 17 to 4 to reject representation by Local 150 of the International Union of Operating Engineers. The technician was surprised to encounter picketers from Local 150 protesting his presence. He left the site so as not to delay the project.

A union-signatory construction observation and testing firm agreed to provide the field services originally assigned to STS and, on February 11, Mr. Reinicker stopped by the development site to review construction of the permitted design. Mr. Reinicker was informed that the union-signatory firm was unable to verify adequate soil bearing capacity and, as a result, the caissons had to be oversized. While Mr. Reinicker was discussing this issue, a Local 150 representative arrived and began to picket. Construction workers put down their tools and left the job site.

Mr. Reinicker and a representative of the general contractor explained to the union representative that Mr. Reinicker was a professional engineer, that he had coauthored the geotechnical report, that he was on site solely as the geotechnical engineer of record, as required by the City of Chicago, and that the STS field representatives whom the union wanted to represent were not then and would not ever be on site. The Local 150 representative responded that picketing would stop only when Mr. Reinicker left. A Fifield Development

representative asked Mr. Reinicker to do just that, and he obliged. The Local 150 representative immediately stopped picketing and the construction workers returned.

According to STS CEO Thomas Wolf, P.E., "The concept of a trade union preventing professional engineers from performing their duty is abhorrent.... [Engineers should] band together and take action that makes it clear that, as a group and as a profession, they will not tolerate such behavior and will work together in solidarity to maintain the principles involved. In my judgment, if the organizations that represent the profession of engineering are not willing to take the same 'we're all in this together' approach as trade unions, we may one day soon find engineers looking to trade unions for leadership. Either we hang together or we hang separately."

The case history is available for free .pdf download on the ASFE website <http://www.asfe.org/images/pdfs/180jeffersoncasehistory.pdf>. A .pdf or hard copy will be issued electronically or by fax or mail when requests are addressed to [info@asfe.org](mailto:info@asfe.org) or 301/565-2733, ext. 225.

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### USAID To Reverse Non-QBS Procurement Policy

ACEC has successfully persuaded the U.S. Agency for International Development (USAID) to reverse its intended procurement of engineering services for two key international projects using non-QBS procedures.

In October, the agency advertised that it intended to use GSA Schedules instead of QBS procedures for Water Resources Management and Coastal Management engineering services. In a letter to USAID Administrator Andrew Natsios and follow-up exchanges, ACEC highlighted the engineering nature of these two programs and the requirement under the Brooks Act and the FAR that such services must be procured using QBS.

In announcing this week that it is reversing course, USAID recognized the engineering nature of the two programs and indicated that it will use qualifications-based Indefinite Quantity Contracts (IQC).

"This is a significant victory for ACEC," said ACEC Chairman-Elect Bill Howard who has been active in ACEC's international programs.