



Date: 07/22/2024
To:
From: Pete Fowler Construction Services, Inc.
Project: Estimating Large Losses: When Does Xactimate Become the Wrong Tool?
Webinar 7/25/2024 (PFCS 23-1166)
Regarding: Audience Handout Package

Meet the Panel

Carla Braunstein

PARTNER - WOOD, SMITH, HENNING & BERMAN LLP

Meet Carla Braunstein, a seasoned litigator with a passion for fighting for her clients. With a focus on construction defects, catastrophic injuries, professional liability, and employment practices, Carla has represented major California developers and general contractors in complex and large-scale construction projects, as well as residential developments. But Carla's expertise doesn't end there. She's also a skilled defender of individuals, professionals, businesses, and public entities against allegations of negligence, premises liability, products liability, misrepresentation, breach of contract, and breach of fiduciary duty. And when it comes to transactional matters, Carla is well-versed in general business, real estate, and intellectual property matters. One of Carla's standout strengths is her vast experience in litigating cases involving motor vehicle accidents. She's intimately familiar with the complexities and nuances affecting ride-share technology companies in California, including worker classification and driver regulations. And when it comes to cases involving allegations of sexual assault, harassment, and related claims, Carla is a fierce advocate for her clients. In addition, Carla frequently represents insurance brokers and their carriers in negligence, bad faith cases, and other disputes with policyholders. She's also a trusted advisor to clients and insurance companies on insurance coverage-related issues. With Carla on your side, you can rest assured that you're working with a knowledgeable, experienced litigator who's passionate about getting you the results you deserve. Contact her today to see how she can help you.



Dave Luxa

EXPERT - PETE FOWLER CONSTRUCTION

Dave Luxa is a construction professional with over 30 years of experience as a licensed general contractor, supervisor, and manager. Throughout his career, he has been responsible for overseeing construction and maintenance in a variety of settings with a strong emphasis on safety. Dave has an extensive history as a contractor for commercial properties. He also holds licenses as a general contractor, electrical contractor, and refrigeration contractor. Dave has studied green building and the LEED rating system at UC Davis. He is a member of the National Fire Protection Association, and holds a certification for HVACR. Dave's unique, wide ranging experience has given him a strong understanding of projects from all angles.

Mike Villalba

PRACTICE DIRECTOR, TECHNICAL CONSULTING SERVICES - PETE FOWLER CONSTRUCTION

Michael Villalba is an expert construction consultant and cost estimator with experience in virtually every role in the contracting and building industry including laborer, carpenter, superintendent, project manager, estimator, quality control inspector, operations manager, and owner of a general building contracting firm. Mike's experience is wide and deep with project types including single-family residences, multi-family projects, mixed use developments, commercial, institutional, industrial, low-rise, mid-rise and high-rise construction. Mike serves clients who are property owners and managers, developers and contractors, product manufacturers and suppliers, insurers and lawyers.

Mike is a seasoned leader having held management positions supervising, directing, training and evaluating the work of tradesmen as well as professional consulting staff at well-known firms. In his role as a building consultant Mike serves as a technical expert, evaluating and testing physical building performance, examining enormous volumes of project documentation, making repair recommendations, estimating project costs, tendering projects for bid, and rendering professional opinions that aid in moving projects to conclusion. As an expert witness Mr. Villalba is experienced in composing declarations, as well as offering deposition and trial testimony.

Attachments

1. Lesson Plan with links to referenced backup materials
2. Power Point Slides



Estimating Large Losses: When Does Xactimate Become the Wrong Tool?



OFFICES

CALIFORNIA

(949) 240-9971

29122 Rancho Viejo Road, #114
San Juan Capistrano, CA 92675

NEVADA

(725) 333-2365

2470 St Rose Pkwy, Ste 104
Las Vegas, NV 89074

FLORIDA

(407) 517-0650

174 Semoran Commerce Place,
#A-109
Apopka, FL 32703

TEXAS

(469) 677-8710



Pete Fowler
CONSTRUCTION
Services, Inc.

INTRODUCTION

Our program is a 60-minute conversation about the right tools for Estimating Large Losses, with a lawyer, insurance professional, and a building expert consultant.

Small claims require (1.) insurance professionals to figure out what's covered and not, and (2.) building professionals to evaluate damage, define the scope of repair, and estimate costs. The large losses we work on are never that simple.

Xactimate is sophisticated software that allows professionals who don't have an extensive background in construction to quickly price the restoration of modest sized first party claims. It has come to serve as a common language between claims professionals and the insurance restoration industry.

Large losses often turn into medium size construction projects that should have professional construction contracting discipline applied. This begins with (1.) defining (designing) the scope of repair, and (2.) professionally estimating that work. There is an integrated collection of processes and documents, taught in architecture and engineering schools all over the world, for doing this, but they are often not applied in insurance restoration. We think they should be applied to large losses, to save money and decrease drama.

PROGRAM OUTLINE

1. Introduction
2. Investigating Large Losses
3. Understanding Estimating
4. Evaluating Estimates by Others
5. How Xactimate Works and How It Doesn't
6. Conclusion

LEARNING OBJECTIVES

- Define what a large loss is.
- Review the process of investigating and estimating.
- Learn about evaluating cost estimates from other parties.
- Understand why large losses require conventional estimating techniques.
- Discuss the power and dangers of Xactimate.

BACKUP MATERIALS

1. [Use of Xactimate Letter](#) by Mike Villalba
2. [Anonymized Estimate Comparison from a Large Loss](#)
3. [Level 5 Estimating Matrix](#) by Pete Fowler

PROGRAM CONTENTS

1. Introduction – 5 Minutes
 - A. Who We Are
 - B. Presenter Information
 - C. Program Outline
 - D. Introduction
 - E. Learning Objectives
2. Investigating Large Losses - 10 Minutes
 - A. Understanding What Large Losses Are
 - B. File Summary and Analysis
 - C. Onsite (Visual) Investigations
 - D. Testing?
 - E. Specifying Repairs
3. Understanding Estimating - 15 Minutes
 - A. How We Estimate
 - B. Level 5 Estimating Matrix
 - C. Pricing
 - D. Estimate Summary
 - E. Estimating Basics:
 - F. Indirect Construction Costs
 - G. Burden
4. Evaluating Estimates by Others - 10 Minutes
 - A. Estimate Comparison
 - B. Time Spent on Summary and Analysis
 - C. How Do You Know?
 - D. Detailed Analysis
5. How Xactimate Works and How it Doesn't - 15 Minutes
 - A. Insurance Industry Standard
 - B. Certification
 - C. Construction Restoration
6. Conclusion – 5 Minutes
 - A. Continuing Education
 - B. Backup Materials
 - C. Feedback



WEBINAR

THURSDAY, JULY 25TH, 2024 @ 10:00AM PT

Pete Fowler
CONSTRUCTION
Services, Inc.

Estimating Large Losses: When Does Xactimate Become the Wrong Tool?

With Mike Villalba, Dave Luxa, and Carla Braunstein





ABOUT US

Building Experts.

Helping Smart People Make Smart Decisions



Construction Defects



Property Claims



Personal Injury Claims



Contract Claims



Quality & Construction Management





Meet our Presenters



Mike Villalba
Practice Director, Technical Consulting Services
Pete Fowler Construction



Dave Luxa
Expert
Pete Fowler Construction



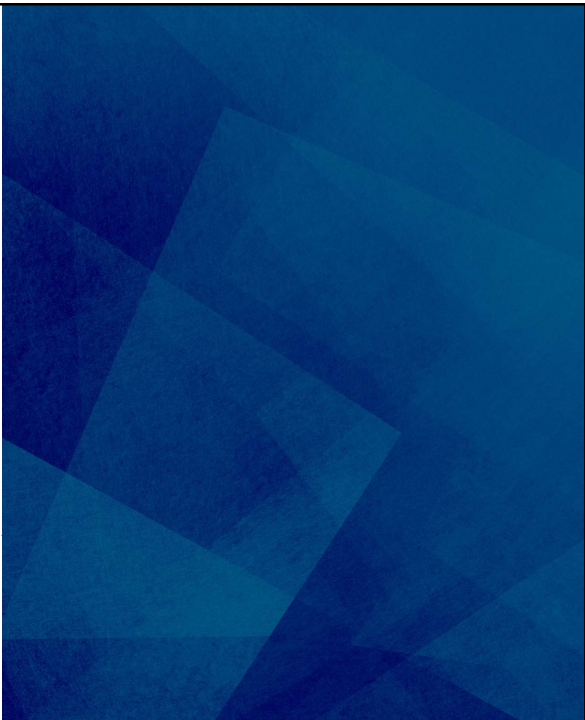
Carla Braunstein
Partner
Wood, Smith, Henning & Berman LLP



Program Outline

ESTIMATING LARGE LOSSES: WHEN DOES XACTIMATE BECOME THE WRONG TOOL?

- Introduction
- Investigating Large Losses
- Understanding Estimating
- Evaluating Estimates by Others
- How Xactimate Works and How It Doesn't
- Conclusion



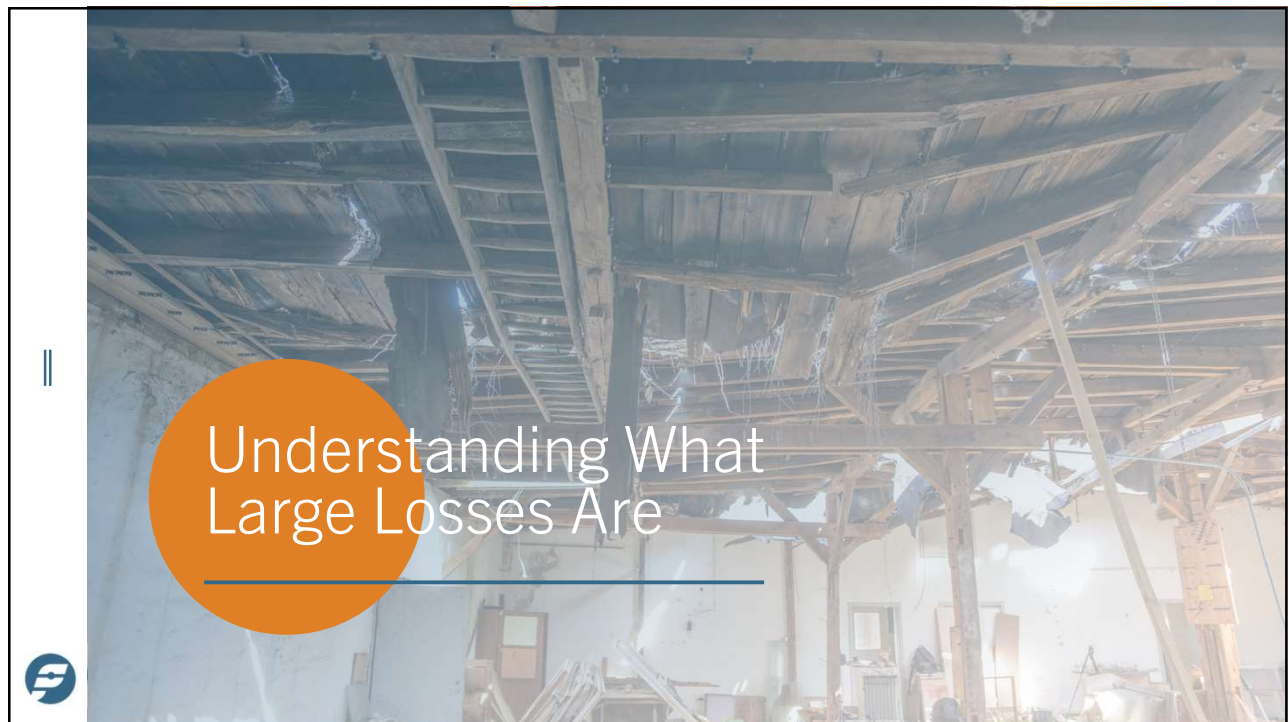
Introduction



Learning Objectives

- 
- Define what a large loss is.
 - Review the process of investigating and estimating.
 - Learn about evaluating cost estimates from other parties.
 - Understand why large losses require conventional estimating techniques.
 - Discuss the power and dangers of Xactimate.

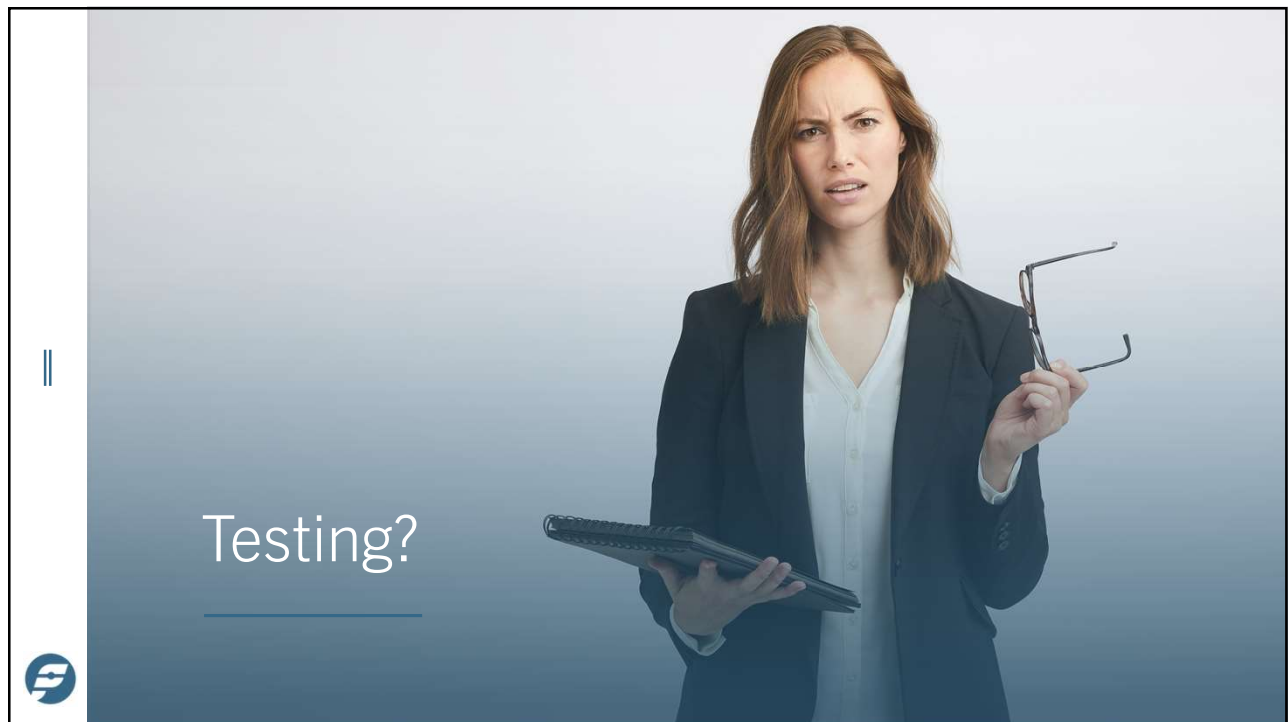


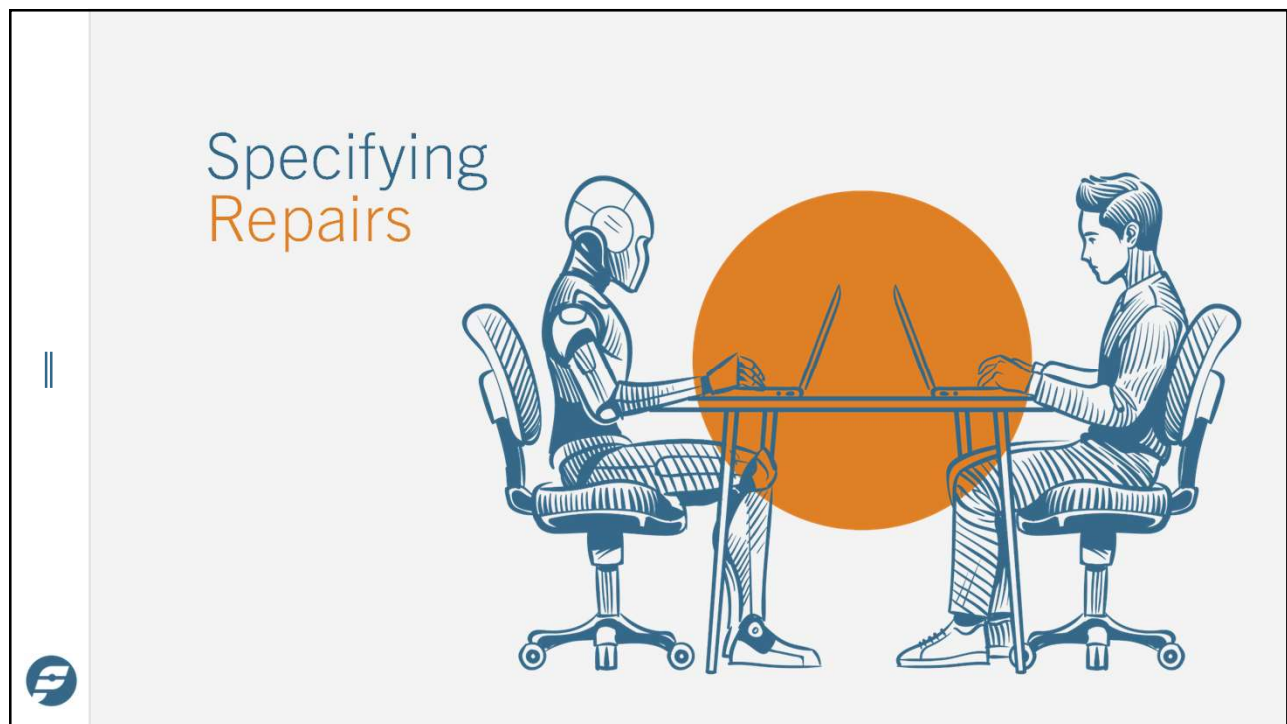


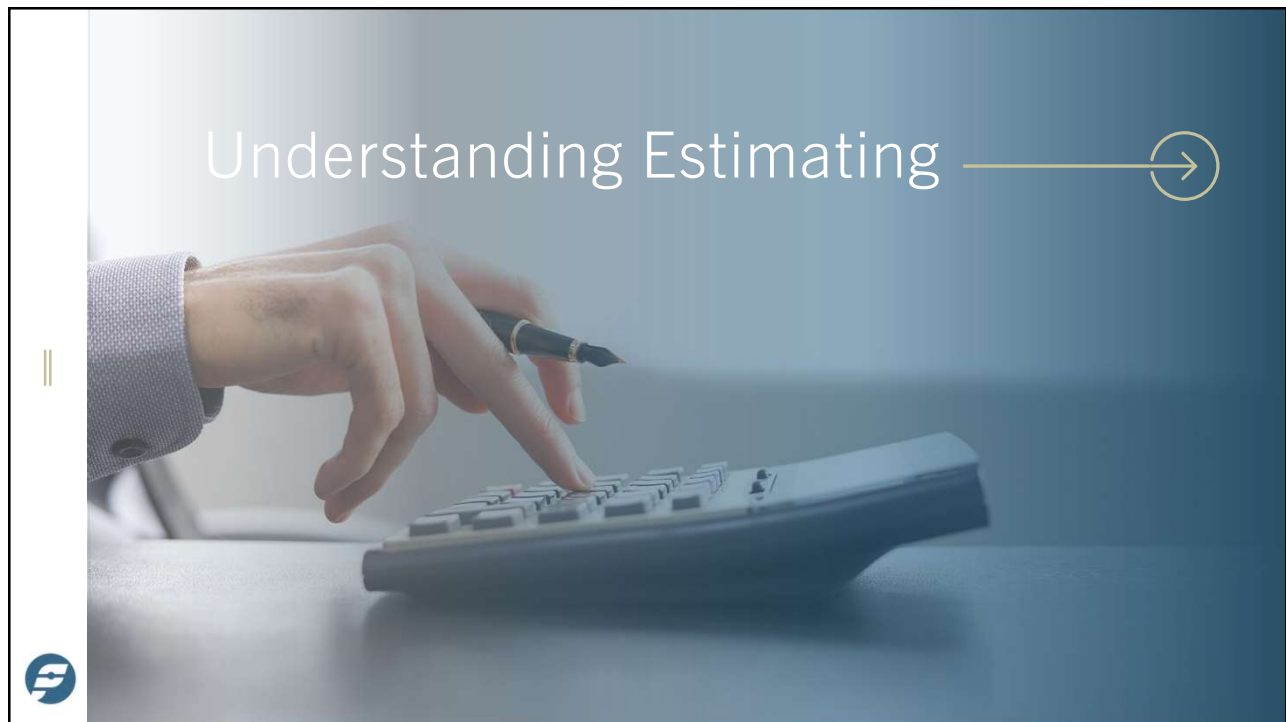




Onsite (Visual)
Investigations









||

Level 5 Estimating

5 Levels - 10 Steps

		Level 1	Level 2	Level 3	Level 4	Level 5
Line	Steps	Order of Magnitude	Conceptual	Preliminary	Detailed	Bid/Construction/Trial
1	Format	Summary Sheet Only	Add capital letters (or numbers if L1 are letters) with 2 to 15 items under each of the main categories	Conform with the WBS rules: Main Category, then capital letters or numbers, then alternate with each new level.	See PFCS Samples for deeper and deeper levels. Conform to rules of WBS.	Final Pass for clarity and ease of making references and following all of the component parts.
2	Scope	A Level 1 Work Breakdown (WBS): 1 page. There quantities in approx	Add details with 2-10		QTO.	Final Pass. Check QTO on key items.
3	Time/ Labor	Little or no labor / time			ates	Final Pass
4	Material	A guest QTO, Quant cost of Assembly i at the most	than book		ives	Final Pass
5	Equipment	WAG. Often none	Rough Estimate, No Calls	Calls, Books	Calls, Books, Bids	Final Pass
6	Subs	Unit prices, WAG, Use books only on BIG #'s	Books, NO calls	Some Calls	Lots of Calls, Maybe send info, Maybe Bids	Final Pass
7	GC's	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Broken Down	Same as L4
8	OH	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Possibly Broken Down	Same as L4
9	Profit	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Reconsider % or Amount	Reconsider % or Amount
10	Non-Construction	WAG	SWAG	More Support	More Support	Calls/Bids
11	Time:	1-4 Hours	2-24 Hours	16-100 Hours	50-200 Hours	100+ Hours

Line	Level 1		Level 2	Level 3	Level 4	Level 5
	Steps	Order of Magnitude	Conceptual	Preliminary	Detailed	Bid/Construction/Trial
1	Format	Summary Sheet Only	Add capital letters (or numbers if L1 are letters) with 2 to 15 items under each of the main categories	Conform with the WBS rules: Main Category, then capital letters or numbers, then alternate with each new level.	See PFCS Samples for deeper and deeper levels. Conform to rules of WBS.	Final Pass for clarity and ease of making references and following all of the component parts.
2	Scope	A Level 1 Work Breakdown Structure (WBS): 1 paragraph to 1 page. There are only basic quantities (no real QTO) in approximate figures	Add details with 2-10 categories each with letters and CSI codes. Basic QTO on main items (SF, FA, LF, etc.) Usually not calculated units like Cubic Yards (CY)	Level 3 WBS with letters, numbers, and CSI codes. More detailed QTO.	Complete, detailed QTO.	Final Pass. Check QTO on key items.
3	Time/ Labor	Little or no breakdown of labor / time in this step	Rough Estimate, Typical crews, Round numbers, slightly over estimating. No calls	Productivity rates, Use Walker's book on big #'s	Use Walker's Labor Rates	Final Pass
4	Material	A guesstimate. Little QTO, Quantities only - not cost of materials. Assembly level estimates at the most	QTO, Rough Estimate, Slightly over estimating. Books only for big #'s, NO calls unless faster than book	Calls, Books, Maybe Alternatives	Calls, Bids, Alternatives refined	Final Pass
5	Equipment	WAG. Often none	Rough Estimate. No Calls	Calls, Books	Calls, Books, Bids	Final Pass
6	Subs	Unit prices, WAG, Use books only on BIG #'s	Books, NO calls	Some Calls	Lots of Calls, Maybe send info, Maybe Bids	Final Pass
7	GC's	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Broken Down	Same as L4
8	OH	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Possibly Broken Down	Same as L4
9	Profit	% of Direct Cost	Reconsider % or Amount	Reconsider % or Amount	Reconsider % or Amount	Reconsider % or Amount
10	Non-Construction	WAG	SWAG	More Support	More Support	Calls/Bids
11	Time:	1-4 Hours	2-24 Hours	16-100 Hours	50-200 Hours	100+ Hours



Estimate
Summary





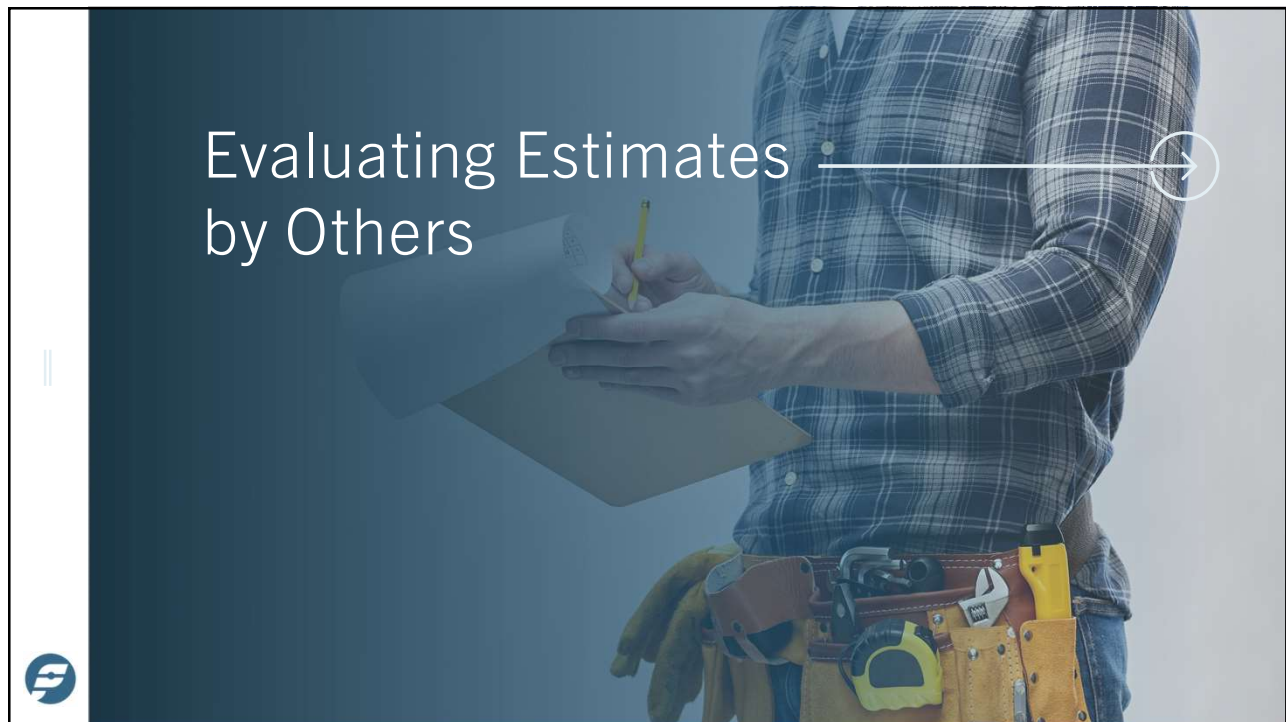
Estimating Basics

- ☛ Labor
- ☛ Materials
- ☛ Equipment
- ☛ Subcontractors

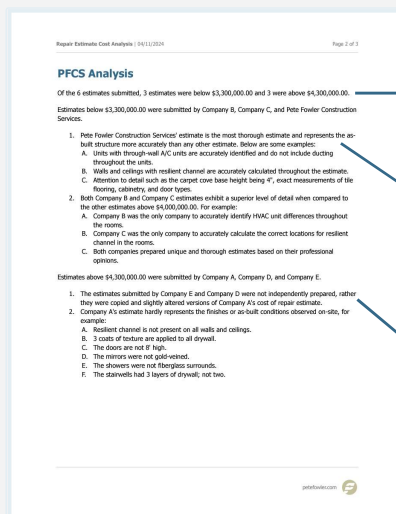








Estimate Comparison



Of the 6 estimates submitted, 3 estimates were below \$3,300,000.00 (submitted by Company B, Company C, and Pete Fowler Construction Services) and 3 were above \$4,300,000.00 (submitted by Company A, Company D, and Company E).

Pete Fowler Construction Services' estimate is the most thorough estimate and represents the as-built structure more accurately than any other estimate.

The estimates submitted by Company E and Company D were not independently prepared, rather they were copied and slightly altered versions of Company A's cost of repair estimate.

Estimate Comparison

Opinions/Conclusions

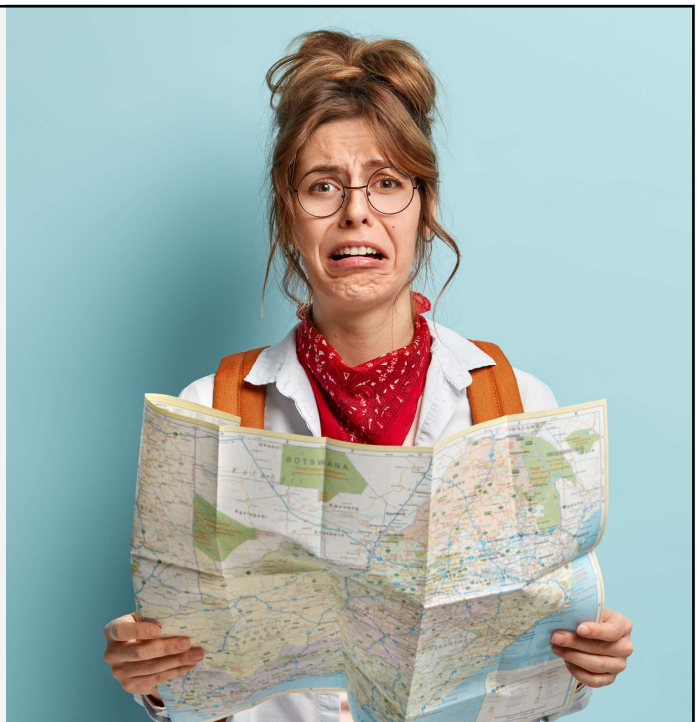
1. Pete Fowler Construction's estimate should serve as the "control" estimate for this project, due to the attention to detail and accuracy of the scope and pricing.
2. Both Company B and Company C estimates are realistic estimates representing accurate pricing and scopes of work.
3. Company A's estimate does not represent an accurate and honest account of the scope or pricing necessary to restore the building back to its pre-loss condition.
4. Company D and Company E estimates closely represent Company A's estimate and both companies clearly used Company A's inaccurate estimate as a baseline for their own estimates. For this reason, neither estimate should be considered for the project.

#	Name	Company	RFP Sent	Proposal Expected	Proposal RCVD	Proposal Amount	Notes
1	Estimator A	Company A	8/3/2023	8/11/2023	8/2/2023	\$4,433,884.41	Attended job walk on 8/2/2023.
2	Estimator B	Company B	8/3/2023	8/11/2023	8/12/2023	\$3,252,768.92	Attended job walk on 8/2/2023.
3	Estimator C	Company C	8/3/2023	8/11/2023	8/16/2023	\$3,142,816.19	Attended job walk on 8/2/2023.
4	Estimator D	Company D	8/3/2023	8/11/2023	8/11/2023	\$4,316,807.01	Attended job walk on 8/2/2023.
5	Estimator E	Company E	8/3/2023	8/11/2023	8/21/2023	\$4,424,673.61	Attended job walk on 8/2/2023.
6	Parker Anderson	Pete Fowler Construction Services	8/3/2023	8/11/2023	8/23/2023	\$3,063,274.52	Attended job walk on 8/2/2023.
7							





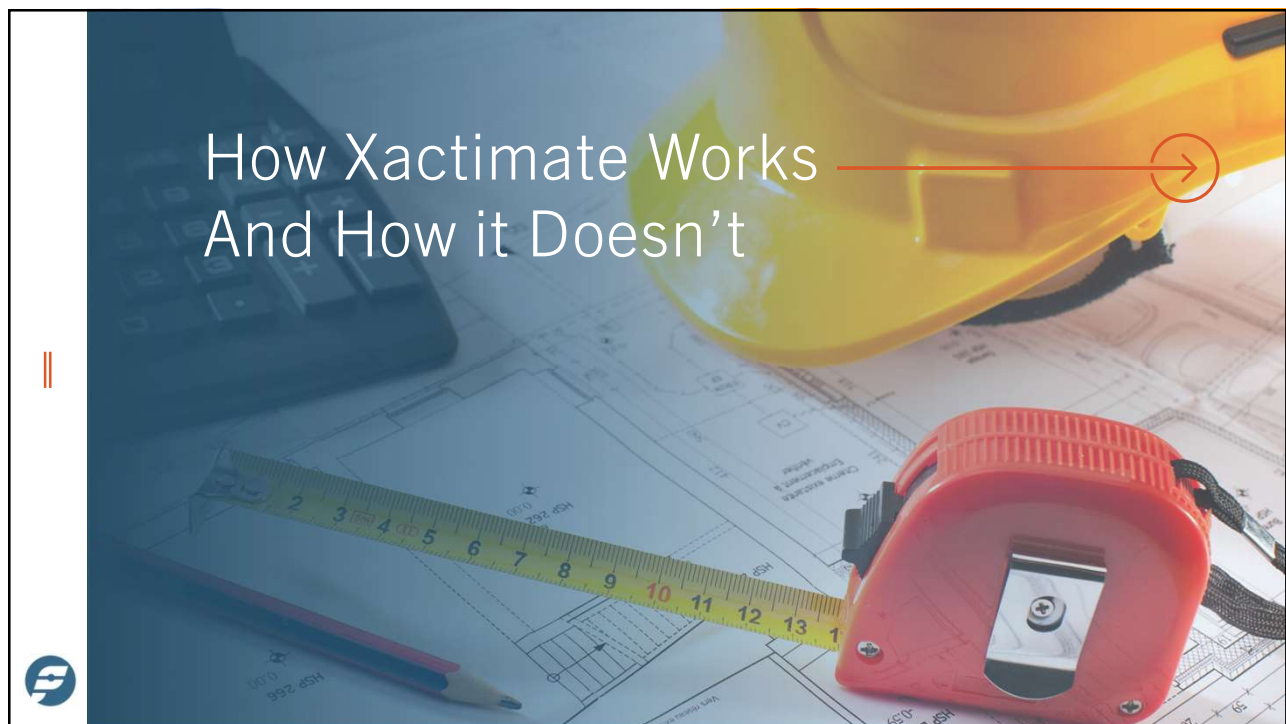
How Do You Know?



Detailed Analysis

- **Errors:** Incorrect formulas, incorrect totals, incorrect take offs, incorrect links from sheet to sheet.
- **Double Dipping:** Duplicate scope, duplicate materials, duplicate scopes in different categories.
- **Burden:** Everything more than direct costs... Or is it?







Certification

THREE LEVELS OF CERTIFICATION

- Basic
- Understanding the Construction Aspect /
Using the Program to its Full Potential
- Personal Item Costing



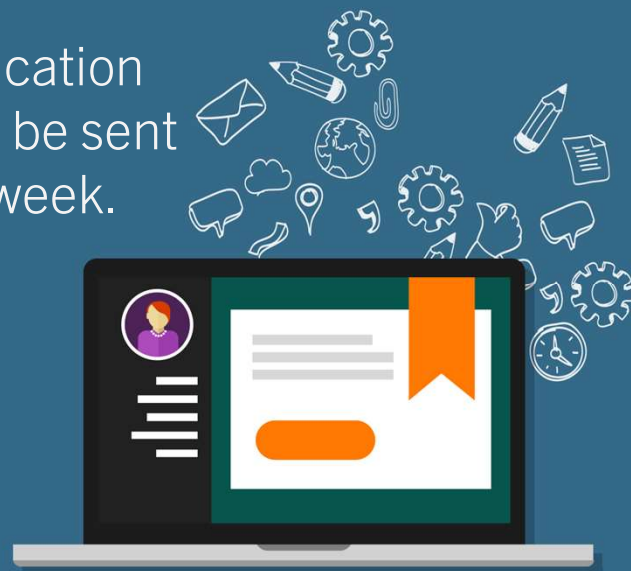




Learning Objectives

- 
- Define what a large loss is.
 - Review the process of investigating and estimating.
 - Learn about evaluating cost estimates from other parties.
 - Understand why large losses require conventional estimating techniques.
 - Discuss the power and dangers of Xactimate.

Continuing Education
Certificates will be sent
out within one week.





WEBINAR

THURSDAY, AUGUST 28TH, 2024 @ 10:00AM PT

Effective Expert Use in Alternative Dispute Resolution (ADR) and Mediation

With Pete Fowler, Jennifer Kalvestran, and Judge Stephen Sundvold

