CESWL-VE

DEPARTMENT OF THE ARMY
Little Rock District, Corps of Engineers
P.O. Box 867
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SWLOM 11-1-2

Office Memorandum
No. 11-1-2

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Army Programs
VALUE ENGINEERING

1. References.

a. AR 5-4, Department of Army Productivity Improvement Program, Chapter 4, Value Engineering, 18 August 1976.

b. OCE Supplement 1 to AR 5-4, 25 July 1980.

c. EP 11-1-3, Value Engineering Officer's Operational Guide, 1 January 1987.

d. SWDED-E, subject: Value Engineering FY 85 Master Plan, 10 September 1984.

e. DODD 4245.8, DOD Value Engineering Program, 7 May 1984.

f. DAEN-ECE-V letter, 15 December 1986, and DAEN-ECR-V letter, 7 December 1984, subject: Value Engineering Accomplishments; including enclosure entitled "USACE Value Engineering (VE) Initiatives".

2. Purpose. The Value Engineering Office Memorandum establishes policies, responsibilities, and procedures for the administration of the Little Rock District Value Engineering (VE) Program.

3. Scope. The VE Program is applicable to all components of the Little Rock District.

4. Objective. The objective of the Little Rock District Value Engineering Program is to reduce the cost of design, construction, operation, and procurement. This is accomplished while safeguarding the quality of the product, and without degradation of the required functional characteristics. The reduction in costs will be realized in savings in funds, material, facilities, maintenance, or labor through sound application of the VE methodology.

This office memorandum supersedes LRDR 11-1-2, dated 17 Nov 77

5. Policies. All technical division chiefs, supervisors, and individuals concerned with the development of design and the accomplishment of construction, operation, maintenance, and procurement will implement and emphasize Value Engineering. For effective design and design review, all SWL activities will stress the application of Value Engineering during all stages of design with emphasis on the early stage. Management personnel will encourage contractors to utilize the Value Engineering Incentive Clause of their contracts. VE will be applied, when cost effective, to each military project with a current working estimate exceeding $2 million and for each civil project exceeding $2 million.

6. Organization. The organization for conducting the Value Engineering Program will consist of:

a. A District Value Engineering Officer (VEO) - A special assistant to the District Engineer.

b. Value Engineering Program Committee (VEPC):
Chief, Engineering Division, Chairman
Value Engineering Officer, Secretary
Project Manager, Engineering Division, Member
Chief, Construction Management Section, Con-Ops Division, Member
Chief, Engineering Management Branch, Engineering Division, Member

Technical experts within Engineering Division will be called to provide recommendations as needed.

7. Responsibilities.

a. District Engineer. The District Engineer will monitor and provide general guidance for the VE Program, and will ensure implementation of the VE policies.

b. Deputy District Engineer. The Deputy District Engineer coordinates with the Value Engineering Officer to resolve controversial problems arising from VE studies, proposals, evaluations and implementations.

c. Value Engineering Officer. A part-time VEO heads the program and provides motivation for the comprehensive application of VE in District activities to accomplish the program objective. The VEO has access to all technical division and staff offices for performing his duties. The VEO will:

(1) Establish and maintain a productive VE program conforming to existing applicable regulations.

(2) Maintain a training program, as required, to ensure that all elements are familiar with the principles and application of VE.

(3) Assure that there is a continuous effort in the performance of VE. Organize meetings of the VE Program Committee and recommend members to serve on VE study teams.

(4) Promote contractor participation in the VE program and assure that contract-related organizational elements actively promote contractor participation in the VE program.

(5) Coordinate funding for VE expenditures.

(6) Prepare reports required by higher authorities.

(7) Encourage Government employees to participate in the VE program. Monitor employee awards program to ensure that VE contributions are properly considered.

(8) Assure maximum cost reductions are achieved through adherence to established VE methodology.

(9) Initiate and coordinate the issuance of appropriate recognition to personnel (Federal or civilian) that have contributed to a successful VE proposal.

d. Value Engineering Program Committee. The committee will meet when required. All projects with VE potential or a cost over $2 million will be considered for VE study. The committee will determine how the study will be performed and nominate team members for in-house studies and make recommendations to the using agency (Military) or contracting officer (Civil) for a determination on VE proposals.

e. Branch Chiefs and Section Chiefs. Design and construction chiefs will participate in reviewing design and construction projects for high cost areas, including life-cycle and energy costs; propose projects for VE study that their own organization can perform; and encourage both individual and team participation in the VE program.

f. Area and Resident Engineers. Resident Engineers will establish and maintain active VE programs and coordinate such programs with the VEO; create and maintain an awareness of the importance of the program among both Government and contractor personnel; develop the contractor's understanding of the principles and application of Value Engineering; review VECP's

for completeness; send all formal VECP's to the VEO with any known background data and the Area/Resident Engineer's recommended approval or disapproval; obtain and furnish to the VEO the installation's approval, disapproval, and/or comments on all formal VECP's; and furnish specific reasons for recommended action.

g. Project Managers. Project Managers shall alert the VEO when any project design with VE potential or a cost over $2 million reaches the optimum point for VE study, with emphasis on the early stages of design.

8. Training. Engineering and architectural personnel and other professionals that will serve the District in any Value Engineering function, not previously trained in Value Engineering, will receive a VE orientation. Each year the District will allow training in the 40-hour VE workshop to an appropriate number of engineers, architects, and other selected employees. Other training will be accomplished as required for the success of the program.

9. Awards/Recognition. Little Rock individuals or VE study teams who are responsible for the Government savings of $100,000 or more in one fiscal year will be recognized by the District Engineer with a letter of appreciation, certificate, or other appropriate award. When a contractor submits five or more VECP's, or when the net Government savings from the contractor's submission exceeds $100,000, the District Engineer will recognize the contractor's contribution with a letter of appreciation, a certificate of achievement, or other appropriate award. A copy of each letter of appreciation or award recognition will be forwarded to CESWD-ED-EG and CEMP-EV.

10. Initiation of VE Proposals.

a. All projects with VE potential or a cost over $2 million will be considered for VE study.

b. Value Engineering Review Comments (VERC). VE proposals may result from design reviews or biddability-constructability reviews. This includes proposals by the Corps of Engineers Southwestern Division, consulting engineers, and the using agencies.

c. VE Proposals by Hired Labor. VE proposals may be developed in such activities as design, construction, procurement, supply, operations, maintenance or any other duty related activity of a COE employee. The VE discipline can be applied profitably to systems, facilities, and procedures being developed, procured, operated, and maintained.

d. Formal Suggestion Program. VE proposals prepared outside of normal job duties may be submitted on a DA Form 1045 to the Army Ideas for Excellence Program (IDEAL) Coordinator, Resource Management Office.

11. Methods of Accomplishing Value Engineering Proposal (VEP) Studies.

a. Value Engineering In-House Studies may be conducted by selected personnel.

b. Value Engineering using Architect-Engineering firms. An A-E firm may be selected to perform VE studies. This can be done by either a clause in the design A-E's contract or by a separate indefinite delivery A-E contract. The A-E may assess the VE potential of design criteria and suggest high cost/low benefit areas for the District to select for VE.

c. Value Engineering may be performed by the USACE Value Engineering Study Team (OVEST).

d. Value Engineering by other Corps of Engineers District. Other districts with the capability may perform VE studies on projects selected by the Little Rock District.

12. VEP Procedures. When a VEP is received, a study team will review the proposal and gather all the information pertaining to the proposal subject. The study team will prepare a savings report. The study team and VE Program Committee will prepare recommendations to the using agency or Contracting Officer for the final determination. When the decision is made, the plans and specifications will be corrected to reflect the changes. VE savings will be reported as realized during construction placement. VE savings of $1 million and over will be verified by the Internal Review Office. The Value Engineering Officer and the Project Manager will verify the savings under $1 million.

13. Value Engineering Change Proposals.

a. All Value Engineering Change Proposals (VECP) received from contractors will be forwarded through channels to the Value Engineering Officer for coordination of studies and evaluations. Upon completion of the evaluation, the VECP and the evaluation recommendations will be submitted to the contracting officer for the final determination.

b. If the contractor's VECP is accepted, the contractor will be notified by letter initiated by the Value Engineering Officer and signed by the contracting officer, after which a contract modification will be issued in accordance with existing procedures.

c. If the contractor's VECP is rejected, a letter to the contractor will be written by the Value Engineering Officer for signature by the contracting officer, giving the reasons for rejection.

CHARLES C. McCLOSKEY III
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District Engineer

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