

2020 VECP Virtual Peer Exchange: Information Packet

October 21 - 22 ,2020

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INTRODUCTION

In advance of the **2020 Value Engineering Change Proposal (VECP) Virtual Peer Exchange**, this information packet has been prepared to give you some background knowledge on the states attending. There are 10 total states registered to participate in the Peer Exchange including: California, Colorado, Florida, Missouri, North Carolina (Host State), Texas, Virginia, Washington, West Virginia, and Wisconsin.

In this packet you will find a state summary table as well as a state spotlight for each of the states listed. The **Summary Table** gives a quick overview of each state's VECP program, while each **Individual State Spotlight** provides extra detail on specific programs. The intent is to give you some background on the participating state programs to help you prepare for the Peer Exchange.

We hope this packet in addition to the Agenda will help you to develop thoughts and questions to share during the Peer Exchange. We look forward to speaking with you!

NCDOT in Partnership with the FHWA










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STATE SUMMARY

										
<i>Link to Info Packet Page</i>	CA	CO	FL	MO	NC	TX	VA	WA	WV	WI
Centralized (C) or Decentralized (D)	D	D	D	D	D	C	D	D	C	C
VECP Name	VECP	VECP	CSI	VECP	VEP	Exploring restarting program	VECP	VECP	VECP	CRI
Early Discussions										
VECP Workshop	✓		✓	✓						✓
Review/Support										
Designated Review Team		✓		✓	✓				✓	✓
Resources										
Construction Manual/ Policy Guidance	✓	✓	✓	✓	✓			✓	✓	✓
Submission Form			✓		✓					
Reporting										
Tracking System	Under Dvl/pmt		✓		✓			✓		✓

CALIFORNIA (CA)

Primary Contact	Chuck Suszko; (chuck.suszko@dot.ca.gov)
Organization Structure	Decentralized
State Structure	12 Districts
VECP Spec	4-1.07 - 2018 Standard Specification
Proposal Type(s)	Preliminary and Complete (Final)
Overview (Roles & Responsibilities)	<p>The Division of Construction, Chief Office of Contract Administration is responsible for the VECP process, guidance and annual reporting of VECPs. The Division of Construction Chief primarily gets involved if there is a VECP review decision dispute.</p> <ul style="list-style-type: none"> ▪ Tech Review = Construction (District) Engineer coordinates ▪ Final Approval = Deputy District Director/Region Chief of Construction. Construction (District) Engineer may be delegated to make the final decision, except rejections require concurrence from the District Construction Deputy Director
Process	<ul style="list-style-type: none"> ▪ The Contractor meets with the Resident Engineer to discuss proposal concept(s). Proposals can be submitted to reduce total cost of construction, construction activity duration or traffic congestion. ▪ Contractor sends a formal VECP to the Department for review ▪ Multiple Department stakeholders review the proposal before a Final Decision is issued <p>Workshop</p> <ul style="list-style-type: none"> ▪ For projects greater than \$5 million, a Contractor may request a Value Analysis Workshop to identify value enhancing opportunities and review VECP ideas ▪ For authorized workshops, the Department will pay half the workshop cost and does provide a CVS facilitator
Resources	Construction Manual , VECP Project Delivery Directive , Example of a VECP Change Order , Success Stories , Information and Procedures Guide
Tracking	<ul style="list-style-type: none"> ▪ An annual summary of VECPs is provided in the Caltrans Efficiencies Report. ▪ A more refined VECP tracking system is currently under development; currently data collection includes approved VECP data only (number of VECPs and total number of VECPs)
Notable	<ul style="list-style-type: none"> ▪ Two VECP categories; general construction activity (cost or time) and reduction of traffic congestion.
Savings	<ul style="list-style-type: none"> ▪ Contractor receives 50% of estimated net savings ▪ For traffic VECPs, the Contractor receives 60% of estimated net savings <p><i>Net Savings = Original Contract Costs – Proposed VEP Costs</i></p>
Challenges	<ul style="list-style-type: none"> ▪ Lack of a detailed VECP tracking system (length of review, etc.) ▪ Timely reviews ▪ Inefficiencies with multiple stakeholders internal reviews and approvals ▪ Contractor’s negative perception of the VECPs review process
Interests	<ul style="list-style-type: none"> ▪ Other States’ VECP processes ▪ Best Practices for encouraging Contractors



Primary Contact	Construction Area Engineers: Kevin Ryburn; kevin.ryburn@state.co.us , Laura Zamora; laura.zamora@state.co.us , Mark Straub; mark.straub@state.co.us
Organization Structure	Decentralized
State Structure	5 Regions
VECP Spec	104.07 - 2019 Standard Specifications
Proposal Type(s)	Preliminary Conceptual and Full (Final) <ul style="list-style-type: none"> There are two proposal categories (A&B) where Category A will be any proposal involving design and construction of a structure or a change over \$250,000; all other proposals will fall under Category B
Overview (Roles & Responsibilities)	The VE Program Manager (Project Development Branch) is responsible for annual reporting. <ul style="list-style-type: none"> Tech Review = Project Engineer works with Resident and Area Engineer to determine Technical Review Panel and facilitates panel’s review Final Approval = Region Program Engineer makes Final Approval/Rejection decision based on panel recommendations and consultation with Region Transportation Director
Process	<p>Concept Proposal:</p> <ul style="list-style-type: none"> Contractors submits concept VECP (abbreviated proposal) to Project Engineer for preliminary evaluation Project Engineer discusses conceptual VECPs with Resident Engineer for initial approval or rejection and notifies the Contractor of a decision <p>Formal Proposal:</p> <ul style="list-style-type: none"> Contractor submits formal VECP to Project Engineer <ul style="list-style-type: none"> Category A - a panel of subject matter experts evaluate Category B - a panel consisting of the Project Engineer, Resident Engineer, Program Engineer, Area Engineer, and other experts evaluate The recommendations of the panel are provided to the Program Engineer for a decision, then the Project Engineer notifies Contractor in writing of decision
Resources	Construction Manual Guidance
Tracking	-
Notable	<ul style="list-style-type: none"> Appeals can only be made on VECPs (Category A). The Prime Contractor submitting the VECP may file a one-time appeal of a denial through the Project Engineer to the Region Transportation Director.
Savings	<ul style="list-style-type: none"> Any net savings less than \$25,000 can be kept by the Contractor: $Net\ Savings = [Gross\ cost\ of\ deleted\ work - Gross\ cost\ of\ added\ work] - Contractor's\ engineering\ costs - CDOT's\ engineering\ costs$ If the net savings are greater than \$25,000 then the amount over \$25,000 is shared equally with CDOT: $Contractor's\ Total\ Incentive = (Net\ Savings - \\$25000)/2 + \\$25,000$
Challenges	-

FLORIDA (FL)

Primary Contact	Kurt Lieblong; kurt.lieblong@dot.state.fl.us
Organization Structure	Decentralized
State Structure	7 Districts & Florida Turnpike Enterprise
VECP Spec	4-3.9 - 2021 Standard Specifications
Proposal Type(s)	Formal Proposal
Overview (Roles & Responsibilities)	<p>The State Value Engineer oversees Cost Savings Initiatives (CSI) and reports on progress of the CSI program quarterly and annually.</p> <ul style="list-style-type: none"> ▪ <u>Tech Review</u> = District Value Engineer (DVE) coordinates ▪ <u>Final Approval</u> = District Director of Operations makes the final decision based on recommendations that come from the District Construction Engineer (DCE).
Process	<p><u>Workshop</u></p> <ul style="list-style-type: none"> ▪ A CSI workshop is held prior to the contract start time where potential CSI proposals are discussed. ▪ A concept meeting is scheduled for any CSI proposal that is not discussed during the initial workshop. ▪ A Contractor submits a CSI proposal to the Resident Engineer in the district construction office. The Resident forwards the proposal to the DVE. ▪ The DVE distributes a proposal to design for review. ▪ The proposal receives design input and construction weighs in. ▪ Then, the Proposal with comments and a recommendation is forwarded to the District Director of Operations who makes the final decision.
Resources	Cost Savings Initiative (CSI) Website , CSI Procedure Guide, Workshop request form, Process Control System Flowchart , CSI Presentation
Tracking	<ul style="list-style-type: none"> ▪ VE and CSI stats are tracked through a Value Engineering Reporting database. The District Value Engineer is responsible for inputting CSI Proposal data into the database.
Notable	<ul style="list-style-type: none"> ▪ FDOT participates in some of the Contractors Engineering costs & CSI's are included on Design/Build projects
Savings	<ul style="list-style-type: none"> ▪ Contractor receives 50% of estimated net savings <i>Net Savings = Construction Cost Savings – Documented Engineering Costs</i>
Challenges	<ul style="list-style-type: none"> ▪ Closing the feedback loop ▪ Keeping program going with employee turnover
Interests	<ul style="list-style-type: none"> ▪ Exchange of successful VECP practices ▪ Challenges that other states are facing ▪ Practices to encourage Contractors to submit VECP ideas



MISSOURI (MO)

Primary Contact	David Simmons; David.J.Simmons@modot.mo.gov
Organization Structure	Decentralized
State Structure	7 Districts
VECP Spec	104.6 - 2020 Standard Specifications
Proposal Type(s)	Concept Proposal, Final Proposal; VECPs and PDVECPs
Overview (Roles & Responsibilities)	<p>The Design Division is responsible for compiling and VE annual reporting.</p> <ul style="list-style-type: none"> ▪ <u>Tech Review</u> = Resident Engineer coordinates ▪ <u>Final Approval</u> = District Engineer makes final decision
Process	<p>Concept Proposal:</p> <ul style="list-style-type: none"> ▪ Contractors submit a VECP or PDVECP (Practical Design) to the Resident Engineer for Evaluation <ul style="list-style-type: none"> ○ VECP reduces project cost, improves safety, or decreases time to complete project ○ PDVECP provides a product of lesser value using an existing item in place ▪ District Engineer recommends approval or rejection and sends to Division of Construction and Materials ▪ FHWA and the Policy and Innovations Engineer provide recommendations ▪ Division of Construction and Materials send to FHWA for signature ▪ Resident notifies contractor of decision <p>Final Proposal:</p> <ul style="list-style-type: none"> ▪ Contractor submits final proposal to the Resident ▪ Resident distributes final proposal to the district, Policy and Innovation Engineer, FHWA, and the Division of Construction and Materials ▪ Review is similar to the Concept Proposal Review (noted above) ▪ Resident notifies contractor of decision
Resources	Practical Design Checklist, Engineering Policy Guide , Submission Form , Practical Design Guidance , Review Flowchart , Guide for creating VECP change orders (entering into Contract Management System)
Tracking	<ul style="list-style-type: none"> ▪ VECP data is recorded in a Department Performance Tracker.
Notable	<ul style="list-style-type: none"> ▪ Designated review team called the Value Engineering Drive Team comprised of early career employees (to offer growth opportunities) to review projects and populate VE recommendations
Savings	<ul style="list-style-type: none"> ▪ The net savings is split 50/50 for VECPs and 75/25 for PDVECPs. <i>Net Savings = Construction costs – Documented engineering costs</i>
Challenges	<ul style="list-style-type: none"> ▪ Contractors confidence that their VECP idea will be considered ▪ RE has heavy workload (translating to high turnover rate), so ideas may be shot down too early
Interests	<ul style="list-style-type: none"> ▪ Learning and communicating new ideas ▪ Tracking methods for VECP data ▪ How to gain support for VE efforts

Participating in Peer Exchange



Dave Simmons

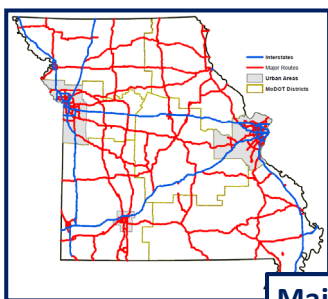
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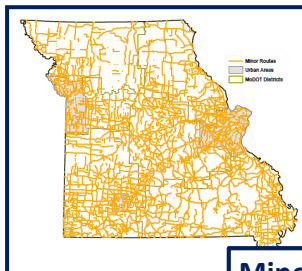
ncdot.gov

Missouri Department of Transportation

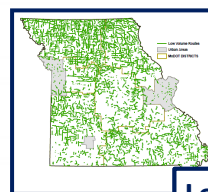


Major

Population of 6.1 Million
5100 MoDOT Employees
6-Member Bipartisan Commission
7 Districts
17 cent per gallon fuel tax
48th Rank revenue per mile



Minor



Low Volume

7th Largest System in the Nation

28,339 miles of Minor Roads

5,517 miles of Major Roads

10,403 Bridges

207 Major Bridges

20 Divisions – include Planning, Design, Construction and Materials, Safety and Traffic, Maintenance, Bridge, etc.

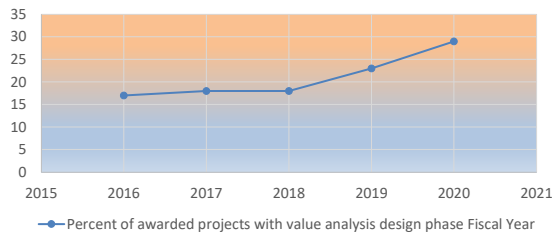


Missouri Tracker

A Measure of Department Performance

- Design Value Engineering
 - Roughly 400+ Projects per year
 - Target **25%** Value Engineering of Total Projects
 - Have a programmatic VE for Chip Seal Projects

Percent of Awarded Projects with Value Analysis Design Phase



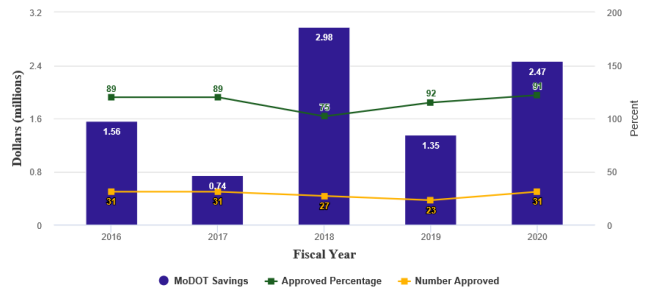
Missouri Tracker

A Measure of Department Performance

Contractor Proposed VE's

- Track:
 - Number of VECP's Approved
 - Percentage Approved
 - Dollars Saved
- Need better Benchmark

Value Engineering Proposals by Dollars Construction Phase



Desired Trend: Increase



NORTH CAROLINA (NC) - Peer Exchange Host State

Primary Contact	Alyson W. Tamer; awtamer@ncdot.gov (State Value Management Engineer) Rosemary Brybag; Rbrybag@ncdot.gov (Program Manager)
Organization Structure	Hybrid-Decentralization (Value Management is a Central Support Unit)
State Structure	14 Divisions
VECP Spec	104-12 – 2018 Standard Specifications
Proposal Type(s)	2-step process (Preliminary [<i>Optional</i>] and Final)
Overview (Roles & Responsibilities)	<p>When a VEP is received, the Resident (Division Office) provides initial feedback to Value Management (to pursue or not). Value Management is responsible for the VECP process and annual reporting.</p> <ul style="list-style-type: none"> ▪ Tech Review = VEP Program Manager determines reviewers & coordinates review ▪ Final Approval = State Construction Engineer based on technical recommendations and consultation with Value Management
Process	<p>Preliminary Proposal:</p> <ul style="list-style-type: none"> ▪ Contractor submits Preliminary Proposal to Value Management, Resident Engineer and Design Build (if applicable) ▪ Value Management reviews that requirements and met and coordinates technical review ▪ Comments/concerns from the Technical Review are compiled by the Value Management Program Manager and discussed with the State Construction Engineer who makes the decision to approve or reject the preliminary proposal ▪ The Resident notifies the Contractor of the Decision <p>Final Proposal:</p> <ul style="list-style-type: none"> ▪ The Contractor submits a final proposal, after addressing comments and concerns from the Preliminary Proposal ▪ Review is similar to the Preliminary Proposal Review (noted above) ▪ If approved, the State Construction Engineer authorizes the RE to create a Supplemental Agreement to carry out the changes in the proposal
Resources	Construction Manual Guidance , Flowchart , Submission Form , Website , FAQs , Training Video
Tracking	<ul style="list-style-type: none"> ▪ Value Management tracks each submission (regardless of approval or rejection) including date received, duration of technical review, overall approval status and an implementation check that a Supplemental Agreement was executed.
Notable	<ul style="list-style-type: none"> ▪ Using an internal Knowledge Management Database (CLEAR) to share approved VEPs across the state.
Savings	<ul style="list-style-type: none"> ▪ Contractor receives 50% of estimated net savings <i>Net Savings = Original Contract Costs – Proposed VEP Costs</i>
Challenges	<ul style="list-style-type: none"> ▪ Improving tracking system to make sure all VEPs are captured, even if the Resident recommends not pursuing. ▪ Keeping momentum going on outreach efforts

Participating in Peer Exchange



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Kelly Jones
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NCDOT STATS

General:

- Population of 10.5 Million in NC
- 9,000-10,000 NCDOT Employees
- 80,000 Centerline Maintained Miles of Roadway (173,000 Lane Miles)
- 18,000 Maintained Structures (13,500 Bridges)

Organization:

- Division of Highways, Rail, Aviation, Ferry, Public Transit, and Bike&Ped
- DMV and Governor's Highway Safety Program
- Turnpike Authority, Ports Authority, and Global TransPark
- 14 Divisions – include preconstruction, construction, and maintenance and Central Units



Sharing VEPs (Internal Database)



- **Sharing** - Approved VEPs (2018-present) are being added to an internal knowledge management database (CLEAR) as Lessons Learned. Includes:
 - VEP Submission (from the Contractor)
 - Approval Memo
 - Summary Card (including guidance on how to incorporate idea to another project)
- **Trends** - Ability to analyze based on topics, locations, project types, etc.
- **Updates** - As trends are identified, VEP ideas are evaluated to update/incorporate specifications, guidance, etc.

Connect NCDOT BUSINESS PARTNER RESOURCES

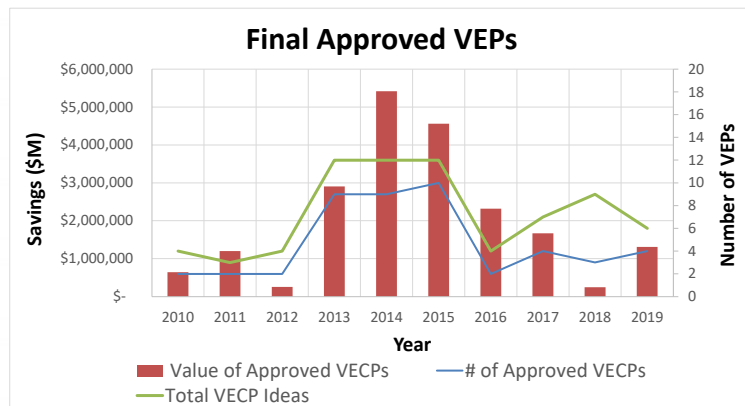
Doing Business Bidding & Letting Projects Resources Municipalities

CLEAR · Accepted Lessons Learned

new item

Accepted All Items value engineering

Title	ID	Description
Submitted VEP (Value Engineering Proposal): Original design at time of bid, called for an MSE (Mechanically Stabilized Earth) parcel owner wanted an alternative.	37	Submitted VEP (Value Engineering Proposal): Original design at time of bid, called for an MSE (Mechanically Stabilized Earth) parcel owner wanted an alternative.
Submitted Value Engineering Proposal (VEP): Original design at time of bid, showed a layer of FRD/C permeable asphalt	38	Submitted Value Engineering Proposal (VEP): Original design at time of bid, showed a layer of FRD/C permeable asphalt
Submitted VEP (Value Engineering Proposal): Original design at time of bid, showed a proposed wall on ramp C1. This is to use tie-backs because of the existing water table. The tie-backs would encroach onto Fort Bragg ROW. This was going to be the presence of the security fence.	39	Submitted VEP (Value Engineering Proposal): Original design at time of bid, showed a proposed wall on ramp C1. This is to use tie-backs because of the existing water table. The tie-backs would encroach onto Fort Bragg ROW. This was going to be the presence of the security fence.
Submitted Value Engineering Proposal (VEP): Utility (utilties by other) delay; utilities relocation for 'Y' was to be complete	40	Submitted Value Engineering Proposal (VEP): Utility (utilties by other) delay; utilities relocation for 'Y' was to be complete
Submitted Value Engineering Proposal (VEP): The Design-Build RFP stated "While the Department prefers box culverts (Boulevard)/I-440 interchange... box culverts will not be required for conveyance of the aforementioned tributaries. If by the Design-Build Team shall install pipes using trenchless construction methods." The Design-Build Team's technical proposal was to use trenchless construction methods as allowed in the RFP at the time.	41	Submitted Value Engineering Proposal (VEP): The Design-Build RFP stated "While the Department prefers box culverts (Boulevard)/I-440 interchange... box culverts will not be required for conveyance of the aforementioned tributaries. If by the Design-Build Team shall install pipes using trenchless construction methods." The Design-Build Team's technical proposal was to use trenchless construction methods as allowed in the RFP at the time.



➤ This past federal fiscal year (2020): there were 20 submittals and our highest savings, with 16 approved VEPs for a total savings of over \$26M (to be split 50/50).

TEXAS (TX)



Primary Contact	Jane Lundquist; Jane.Lundquist@txdot.gov
Organization Structure	Centralized, with Texas Statewide Value Engineering Program managed through the Design Division.
State Structure	Texas Transportation Commission, Administration, 34 Divisions , and 25 Districts
VECP Spec	None
Proposal Type(s)	N/A
Overview (Roles & Responsibilities)	The structure for VECPs used to be in place but there were never many submissions. The VECP specification was eliminated in the 2004 Specification update. There has been interest in restarting the program, but it would need to be championed through our Construction Division, since they are responsible for post-letting oversight.
Process	N/A
Resources	N/A
Tracking	N/A
Notable	<ul style="list-style-type: none"> ▪ For Value Engineering (during development and design), there is a point person within each District to work with their District planning office. By using Texas' 10-year Unified Transportation Program, VE Studies are being scheduled earlier in development with greater VE implementation results. District point persons monitor projects' status throughout the VE Job Plan, which helps extend program management efforts.
Savings	N/A
Challenges	<ul style="list-style-type: none"> ▪ Reestablishing a VECP Program.
Interests	<ul style="list-style-type: none"> ▪ Learning about how VECP programs are set up for other states. ▪ Learning about how to extend Value Engineering efforts with less resources.

Participating in Peer Exchange

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Statewide Value Engineering Program
Program Manager
Design Division



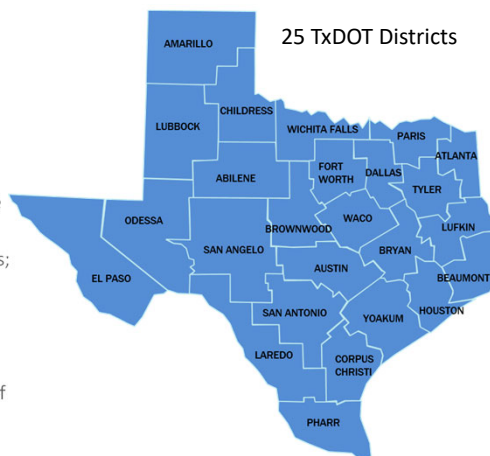
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State Stats

- 268,597 sq. mi. divided into 254 counties and served by 25 TxDOT Districts that develop and design projects for their District.
- 34 Headquarters Divisions in Austin Texas provide service, perform research, and manage statewide programs.
- Approximately 12,000 employees.
- 12 Interstates and 54,180 bridges.
- 80,445 state-owned and maintained centerline miles is 25% of all roadways, but carries 75% of daily vehicle miles traveled. The average daily vehicle miles traveled on all roadways is 747.9B miles.
- Geographically diverse: West Texas deserts and Guadalupe Mountains; North Texas grassland prairies; Central Texas Hill Country; East Texas Piney Woods; and South Texas Coastal tropical island and coastal salt grass.
- Marine transportation system: Ferries operated 24/7 as part of the highway system; support development and intermodal connectivity of 11 Deep-draft and 8 Shallow-draft maritime ports and the Gulf Intracoastal Waterway (Texas Marine Highway M-69).
- Share a 1,254 mile border with Mexico joined by 28 international bridges and border crossings.

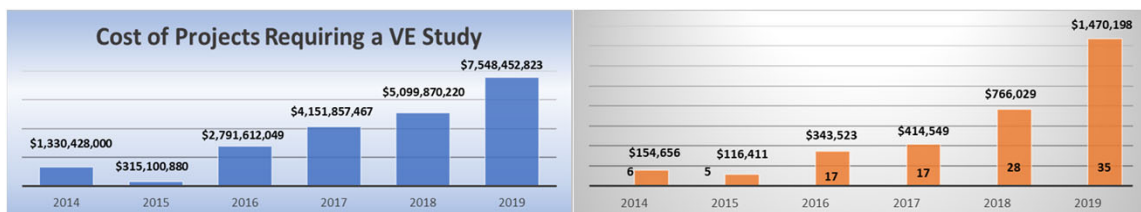


Share more about your program!

- TxDOT does not have a VECP procedure at this time.
- TxDOT hasn't had any VECPs since early 2000s.
- We need a specification and coordination with TxDOT Construction Division post-let management for VECP.

OPTIONAL

- Texas Statewide Value Engineering Program has been active since 1990.
- In 2014 we did 6 VE Studies and in 2019 we did 35.
- To manage the volume, I created a District VE Program Coordinator in each of the 25 Districts.
- I train the District Coordinators in the Value Methodology Job Plan and their management role.



VIRGINIA (VA)

Primary Contact	Robert Poutier, PE; robert.poutier@vdot.virginia.gov
Organization Structure	Decentralized
State Structure	9 Districts
VECP Spec	104.02 (c) – 2020 Standard Specifications 104.02 (b) – Design-Build Standard Template Documents
Proposal Type(s)	Formal Proposal
Overview (Roles & Responsibilities)	<p>When a VECP is received, the Engineer is the sole judge of acceptability of a VECP. An accepted VECP is processed through a change order.</p> <ul style="list-style-type: none"> ▪ Tech Review = Area Construction Engineer (ACE) coordinates the technical review ▪ Final Approval = ACE gives final approval; with concurrence from the Engineer of Record (as needed)
Process	<ul style="list-style-type: none"> ▪ Contractor submits VECP to the Area Construction Engineer (ACE). <ul style="list-style-type: none"> ○ A Contractor can submit a VECP for the purpose of reducing the total cost or contract time. ▪ The ACE reviews the VECP with the necessary technical units. ▪ The Department makes the final decision to accept or reject a VECP, then processes a VECP in the same manner as any other proposal that would require a change order.
Resources	N/A
Tracking	N/A
Notable	N/A
Savings	<ul style="list-style-type: none"> ▪ The Department and the Contractor equally divide net savings or contract time. <i>Net Savings = Original Contract Costs – Proposed VEP Costs</i> <ul style="list-style-type: none"> ○ If a VECP proposes to reduce contract time and is accepted, half of the time savings will be used to reduce the contract time and the remaining half should be used by the Contractor as extra time.
Challenges	<ul style="list-style-type: none"> ▪ Staying on schedule with reviewing VECPs ▪ Implementing VECPs into future projects and sharing between districts
Interests	<ul style="list-style-type: none"> ▪ How to make sure VECP review does not interfere with a project’s schedule ▪ How other states are tracking and sharing VECP info

WASHINGTON (WA)

Primary Contact	Mark Gabel; gabelm@wsdot.wa.gov
Organization Structure	Decentralized
State Structure	6 Regions
VECP Spec	1-04.4(2) – 2021 Standard Specifications
Proposal Type(s)	<ul style="list-style-type: none"> ▪ Concept Approval ▪ Formal Approval
Overview (Roles & Responsibilities)	<p>The Engineer is responsible for the review of the VECP.</p> <p>The Development Division/Design Analysis Office is responsible for annual reporting.</p> <ul style="list-style-type: none"> ▪ <u>Tech Review</u> = The Engineer ▪ <u>Final Approval</u> = The Engineer
Process	<p>Concept Proposal:</p> <ul style="list-style-type: none"> ▪ The Contractor submits a concept VECP to the Engineer ▪ The Engineer will coordinate the review and inform the Contractor of a decision ▪ Conceptual approval allows the Contractor to proceed with developing final plans <p>Formal Proposal:</p> <ul style="list-style-type: none"> ▪ The Contractor submits to the Engineer a proposal including calculations of quantities to be removed or added, engineering costs, a schedule analysis and working drawings ▪ If approved, the VECP will be processed through a change order
Resources	Construction Manual , Construction Change Order Process Guide
Tracking	<ul style="list-style-type: none"> ▪ Tracked in Construction Contract Information System (CCIS) as a Change Order type
Notable	-
Savings	<ul style="list-style-type: none"> ▪ Contractor receives 50% of estimated net savings <p style="text-align: center;"><i>Net savings = Gross Savings – Contractor’s Engineering Costs – Contracting Agency’s Costs</i></p>
Challenges	-

Participating in Peer Exchange



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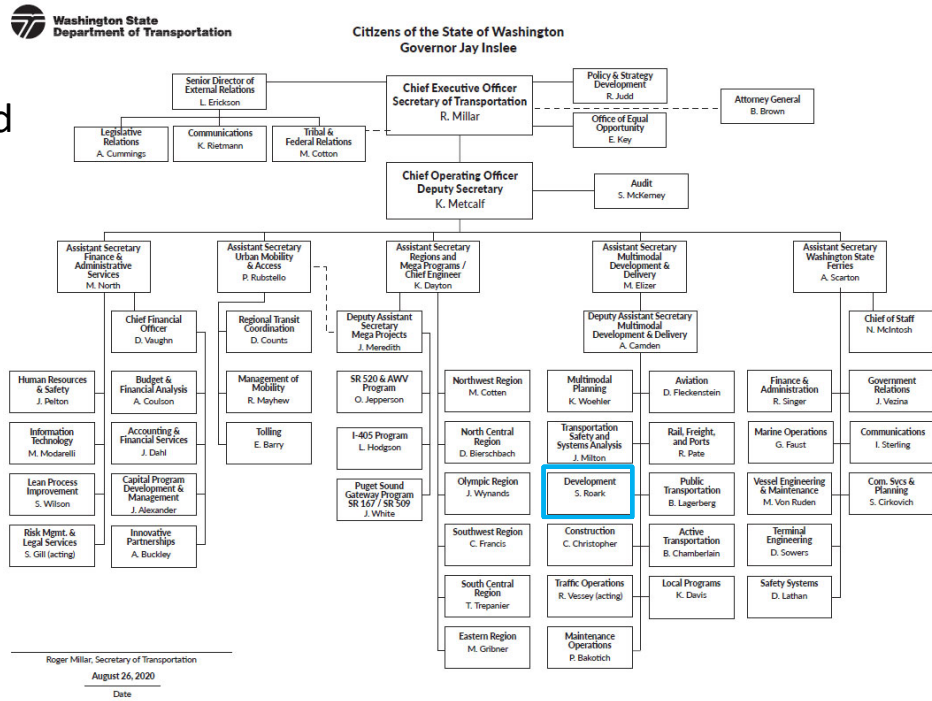
STATE STATS

- Population of 7.615 Million
- 6,300 WSDOT Employees
- 18,600 Lane Miles of Roadway
- 3,300 Maintained Bridge Structures
- Nations largest Ferry System • 24.2 M Passengers &
 - 10 M vehicles per yr

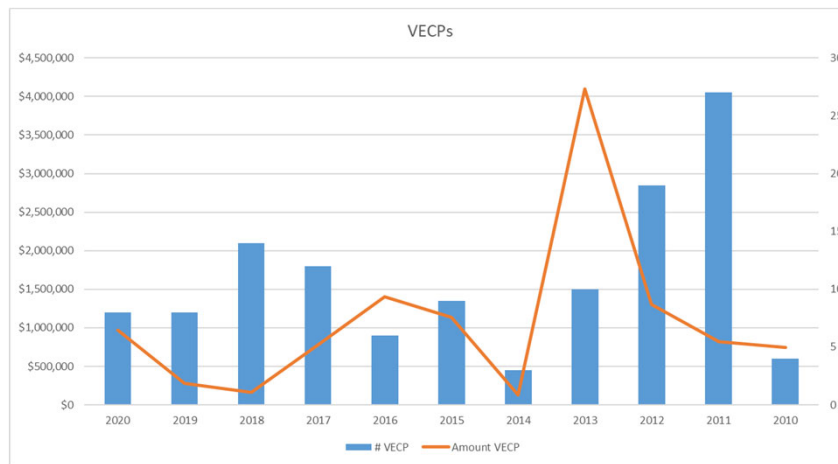
Washington State Department of Transportation Regions



WSDOT Programs and Structure



Tracking & Reporting





WEST VIRGINIA (WV)

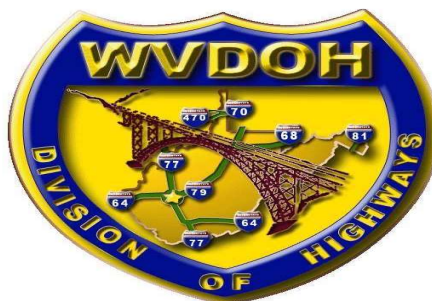
Primary Contact	Shawn Smith; Shawn.A.Smith@wv.gov
Organization Structure	Centralized
State Structure	10 Districts
VECP Spec	104.12 – 2017 Standard Specifications
Proposal Type(s)	Formal Proposal; VECPs and PDVECPs
Overview (Roles & Responsibilities)	The Engineer is the sole judge of acceptability of a VECP. The VE Committee is comprised of upper management and is responsible for the review of the VECP and making a final decision.
Process	<ul style="list-style-type: none"> ▪ The Contractor submits a VECP to the Engineer, and it is reviewed for requirements. ▪ Then, it is submitted to management who meets together as a VE Committee to approve or deny the VECP. <ul style="list-style-type: none"> ○ Time to review VECP depends on complexity of VECP submission but normally it takes a series of weeks. Contractor submits a time frame in the VECP for reference. ▪ If approved, modifications stated in the VECP are executed via a change order. <p>For Practical Design Changes (PDVECPs)...</p> <ul style="list-style-type: none"> ▪ Normally, a proposal will come in as a VECP and the VE committee determines whether it is a practical design change. ▪ PDVECPs are submitted and vetted in the same manner as VECPs.
Resources	Construction Manual , Value Engineering Manual
Tracking	<ul style="list-style-type: none"> ▪ There is a software that allows for running reports so stats can be collected for annual report; however there is no designated group that tracks VECPs
Notable	<p>VE Committee (*NEW*):</p> <ul style="list-style-type: none"> ▪ The VE Committee is comprised of upper management, and they ask the contractor pre-determined questions about the VECP ▪ Contractor gives presentation on VECP before the committee ▪ Upper management votes to approve, deny or approve with conditions ▪ Typically, the committee meeting lasts 1.5-2 hours ▪ District Construction Engineer & Designer are sometimes invited to the VE Committee meeting. They review the comments compiled and shared with committee before the meeting.
Savings	<ul style="list-style-type: none"> ▪ Districts determine what the final savings are. These savings may not be split 50/50; savings could be split 70/30 or 60/40 depending on if a regular VECP or a Practical Design Change was approved. ▪ For VECPs, 50% of the net savings will be paid to the Contractor when the Change Order is approved. <p style="text-align: center;"><i>Net Savings = Original Contract Costs – Proposed VEP Costs</i></p>
Challenges	<ul style="list-style-type: none"> ▪ Making sure the right people are attending VE Committee meetings

Participating in Peer Exchange



Shawn Smith

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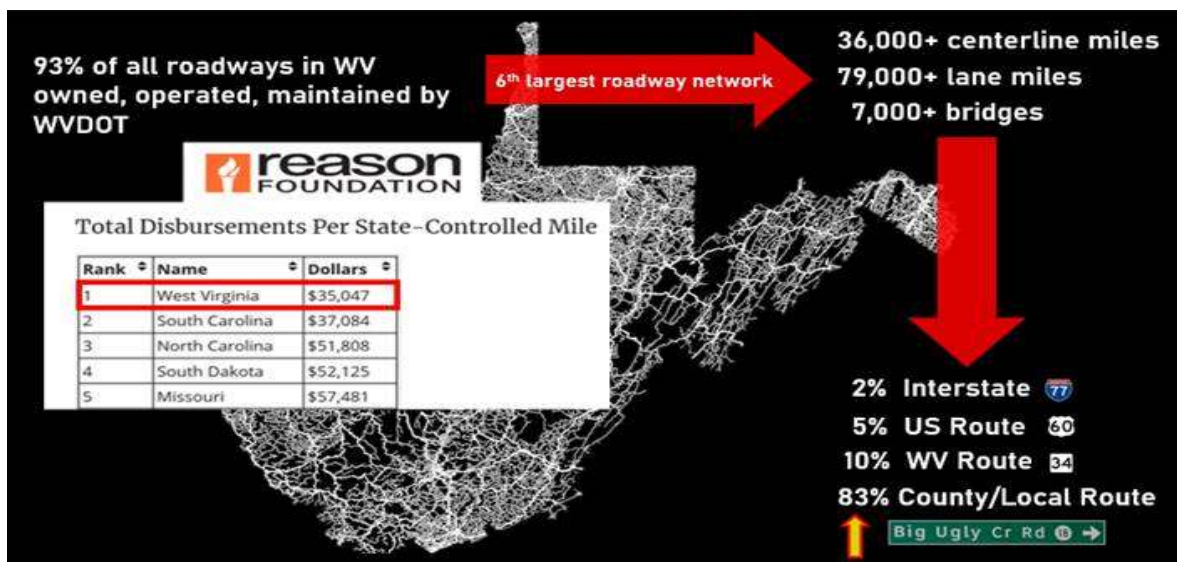


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State Stats



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VEP Memorandum


WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
Division of Highways
190 Kanawha Boulevard East • Building Five • Room 118
Charleston, West Virginia 25305-6430 • (304) 556-3365

April 2, 2019

MEMORANDUM

TO: All C and H Level Staff
All District Engineer/Managers
All Division Directors

FROM: Jimmy Wriston, P. E.
Deputy Secretary/
Acting Commissioner *Jimmy Wriston, P.E.*

Byrd E. White, III
Secretary of Transportation

Jimmy Wriston, P. E.
Deputy Secretary/
Acting Commissioner

SUBJECT: Policy for Contractor Value Engineering Proposals

Contractor Value Engineering Proposals submitted on projects let after the date of this memorandum, shall follow the policy as described below:

Contractor Value Engineering Committee

The State Highway Engineer will chair this committee and appoint members as shown to a standing committee. Other committee members may be appointed at the discretion of the State Highway Engineer on a case by case basis. Proposals will be accepted or rejected by committee vote.

The standing committee will consist of one member for each of these organizations:

Fielding members as their designee:

- State Highway Engineer – Chair
- Deputy State Highway Engineer – Programming and Planning
- Deputy State Highway Engineer – Construction and Development
- Deputy State Highway Engineer – Operations
- Director of Materials Control, Soils and Testing Division

Non-voting members:

- FHWA

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Policy for Contractor Value Engineering Proposals
April 2, 2019
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The contractor shall submit final Value Engineering proposals for presentation and review by the Committee. Access to SiteManager is available to all Contractors and contains a report which allows the viewing of the accepted Contractor Value Engineering Proposals.

As the program develops, the Value Engineering Manual will be revised to implement this policy, including procedural details for the Committee. This document is to be recognized as the WVDOT Value Engineering Manual for all projects.

This memorandum supersedes the memorandum announcing a pilot program dated December 29, 2011, along with any other policies/revisions dated between December 29, 2011 and the date of this memorandum.

JW:Gd

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Additional Resources

VE Manual

- <https://transportation.wv.gov/highways/engineering/files/WVEMANUAL.pdf>

Standard Specifications Section 104.12

- https://transportation.wv.gov/highways/contractadmin/specifications/2017StandSpec/Documents/2017_Standard.pdf

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Primary Contact	Wayne Chase; wayne.chase@dot.wi.gov
Organization Structure	Centralized
State Structure	5 Regions
VECP Spec	104.10 – 2021 Standard Specifications (Cost Reduction Incentive)
Proposal Type(s)	2-step process (CRI concept and CRI proposal)
Overview (Roles & Responsibilities)	<p>Region staff and the Bureau of Project Development Construction Oversight Engineer work together on the approval process for CRI concepts and proposals. The Bureau of Project Development is responsible for annual reporting.</p> <ul style="list-style-type: none"> ▪ <u>Tech Review</u> = Project Engineer coordinates ▪ <u>Final Approval</u> = Project Team with input from CRI Validation Team
Process	<p>CRI Concept</p> <ul style="list-style-type: none"> ▪ CRI concept (including a brief letter with sketches and an estimate of savings and costs) is submitted to the project engineer ▪ The project team evaluates concept for merit with input from technical experts ▪ CRI Validation Team - also evaluates the concept for merit <ul style="list-style-type: none"> ○ Composed of a person from each region (5 people) ○ Team member have mixed roles (QA engineers, Project Managers, etc.) <p>CRI Proposal</p> <ul style="list-style-type: none"> ▪ If the CRI concept has merit, the Contractor is invited to submit a CRI proposal, which includes greater detail ▪ Approved CRI proposals are executed via a change order <p>Workshop</p> <ul style="list-style-type: none"> ▪ Big/Complex projects have a formal CRI workshop – the project engineer, project team and oversight engineer are involved ▪ Most projects do not have a formal CRI workshop
Resources	Construction Manual (including flowchart)
Tracking	<ul style="list-style-type: none"> ▪ Statewide CRI Database (Excel Sheet) - includes information about the CRI proposal & status. The Region Quality Engineer logs all concepts & proposals
Notable	<ul style="list-style-type: none"> ▪ If a proposed CRI is initially deemed by the department to have merit, and the contractor develops the CRI, but the department later rejects the CRI, the department will reimburse the contractor for development costs. ▪ Copies of approved CRIs should be sent to the Bureau of Project Development to share with applicable staff to provide follow through to see if these costs saving concepts can be adopted in other projects
Savings	<ul style="list-style-type: none"> ▪ The Contractor receives 50% of the net savings $Net\ Savings = Cost\ of\ Work\ (Original) - Cost\ of\ Revised\ Work - Contractor\ Cost - Department's\ Cost$
Challenges	<ul style="list-style-type: none"> ▪ Pushback from the Contractor Community about rejected proposals (approximately 50% of CRI are accepted) ▪ Disagreements with Contractors on whose idea it was for the CRI proposal

Participating in Peer Exchange



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Craig Pringle, P.E.

Construction Oversight Engineer

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Organization



Division of Transportation System Development

Design, Construction, Maintenance,
Technical Services, Structures

5 Regions (8 offices)

Central Office located in Madison



VECP (CRI) Highlights

- Savings is shared 50/50 with contractor
- Implemented CRI Validation Team in 2019
- Historically have approved approximately 50% of submitted concepts

Tracking & Reporting

