

CONSTRUCTION PROCEDURES HANDBOOK

SECTION VI	SUBSECTION F-5	DATE
CONSTRUCTION OPERATIONS	VALUE ENGINEERING SUBMISSSIONS	06/12/2013

A Value Engineering (VE) Proposal is a concept or proposal submitted by the Contractor as specified in Subsection 104.02 of the Specifications for changing the Plans, specifications, or other requirement(s) of the Contract.

The purpose of Value Engineering is to promote innovation, new technologies and new methods of construction. The monetary savings are shared equally with the Contractor by the NJDOT.

A VE proposal will only be considered if it produces a cost savings to the Department without impairing the essential characteristics of the Project. These essential characteristics include, but are not limited to, safety, service life, economy of operation, ease of maintenance, environmental compliance and desired appearance.

A VE proposal will not be considered if it changes the Project's design criteria, only eliminates work, makes changes that are based on an unknown factor or factors, or makes changes that extend Contract Time.

Initial VE Proposal

The Contractor must submit an electronic copy (PDF Format) of the Initial VE proposal to the RE for review. The RE will forward a copy of the proposal to the Field Manager (FM). The RE, in conjunction with the FM, will review the proposal and determine if it meets the requirements of a VE proposal, as specified in Subsection 104.02 VALUE ENGINEERING of the Specifications.

If it does not meet the requirements, the RE will inform the Contractor within 5 days of initial receipt of the Initial VE proposal, by letter, that the VE proposal is rejected and explain why it was rejected. The VE Unit and the PM will be copied on this letter. The Contractor may resubmit the Initial VE proposal, if the reasons for rejection are addressed.

If it meets the requirements, the RE will inform the Contractor within 5 days of initial receipt of the Initial VE proposal, by letter, that the Initial VE proposal will be sent to the Value Engineering Unit for review. The RE will forward the electronic copy (PDF Format) of the proposal to the Value Engineering Unit and the Project Manager (PM) for review.

The Value Engineering Unit will distribute the Initial VE proposal to the appropriate reviewers, based on the nature of the proposal, for comment.

All reviewers are to submit comments regarding the conceptual acceptability of the initial VE proposal to the Value Engineering Unit within 14 days of receiving the proposal. The Value Engineering Unit is responsible for summarizing all comments and providing a recommendation to the PM regarding the conceptual acceptability of the proposal.

The PM will decide if the Initial VE proposal is to be advanced to a Final VE proposal. This decision is to be based on input of the RE, FM, Value Engineering Unit and all reviewers. The PM will inform the RE to provide the Contractor with a letter regarding the PM's decision about the acceptability of the Initial VE proposal. The Contractor should receive this letter within 25 days of the RE's initial receipt of the proposal (this time frame may be extended based on the complexity of the proposal).

Final VE Proposal

If the Initial VE proposal is determined to be conceptually acceptable the Contractor will submit an electronic copy (PDF Format) of the Final VE proposal to the RE for review. The RE should remind the Contractor that submission of a Final VE does not guarantee final approval and that the Contractor is responsible for achieving Substantial Completion and Completion regardless of approval or disapproval of the proposal. The RE and the FM will review the Final VE Proposal to determine if it meets the requirements of a Value Engineering proposal as specified in Subsection 104.02 VALUE ENGINEERING of the Specifications.

If it does not meet the requirements, the RE will inform the Contractor within 5 days of initial receipt of the Final VE proposal, by letter, that the Final VE proposal is incomplete or deficient and explain what additional information is needed. The VE Unit and the PM will be copied on this letter.

If it does meet the requirements, the RE will inform the Contractor within 5 days of initial receipt of the Final VE proposal, by letter, that it conforms with the requirements and will be forwarded to the Value Engineering Unit for further review. The RE will forward the electronic copy (PDF Format) of the proposal to the Value Engineering Unit and the PM for review.

The Value Engineering Unit will distribute the Final VE proposal to appropriate reviewers, based on the nature of the proposal, for comment.

All reviewers are to submit comments or provide concurrence that all previous comments have been addressed, to the Value Engineering Unit within 14 days of receiving the proposal. The Value Engineering Unit is responsible for summarizing all comments and providing a recommendation to the PM regarding the acceptability of the proposal.

If the proposal is not acceptable, the VE Unit will provide the reasons for rejection or will provide the areas to be addressed, with a note for the Contractor to then re-submit it after the corrections are made.

If the proposal is acceptable, the VE Unit will recommend approval and provide a detailed cost savings that includes the affected Contract Items and quantities. Also included would be all agreed upon changes to the Contract specifications, such as completion dates. An agreement will be reached between the RE and the Contractor if the VE Item is to be included or excluded from the Asbuilt Construction Layout calculation (typically it should be excluded)

The PM will decide if a Final VE proposal can be approved. The decision is to be based on input of the RE, FM, Value Engineering Unit and all reviewers. The PM will inform the RE to provide the Contractor with a letter regarding the Department's decision regarding the status of the Final VE proposal within 30 days of receipt of a complete proposal. (this time frame can be extended based on the nature of the proposal)

If the Final VE proposal is approved by the PM, the Contractor is responsible for providing the required number of plan sets (including originals) and pertinent calculations/specifications. All must bear the signature of a licensed Professional Engineer.

The RE will prepare a separate Change Order incorporating the proposal into the Contract. The Change Order may require increases and/or decreases to existing Items, and the establishment of new work Item(s). The RE will establish new work Item 104003M VALUE ENGINEERING for the balance of the cost savings. The Change Order will include language regarding the exclusion or inclusion of the Item as part of the Asbuilt Construction Layout calculation.

The RE is reminded that all unanticipated quantity increases and unforeseen increased costs resulting from the VE proposal that are not included in the approved VE proposal are not eligible for payment to the Contractor.

The VE Unit will initiate requests to change the Standard Specifications or Standard Details so as to include any new procedures or technologies into future contracts.