

Memorandum

*Making Conservation
a California Way of Life.*

To: DEPUTY DISTRICT DIRECTORS, Construction
DEPUTY DIVISION CHIEF, Structure Construction
CONSTRUCTION MANAGERS
SENIOR CONSTRUCTION ENGINEERS
RESIDENT ENGINEERS

Date: May 14, 2021

File: Division of Construction
CPD 21-7



From: KAMION HOPKINS, Chief
Division of Construction

Subject: **VALUE ENGINEERING CHANGE PROPOSALS**

This directive announces updates to value engineering change proposal (VECP) specifications, form requirements, and procedures. Refer to sections 3-405, "Value Engineering," and 5-314, "Value Engineering Change Proposals," of the *Construction Manual* for related guidance.

The California Department of Transportation (Caltrans) has worked with the construction industry to broaden consideration of VECPs and improve tracking and reporting of such efforts. Construction projects with ready-to-list dates after April 16, 2021, will include the attached Section 4-1.07, "Value Engineering," of the Revised *Standard Specifications*. Specification revisions include:

- Addition of an optional contractor-requested preconstruction value engineering meeting to identify potential cost- or time-saving proposals. The meeting must be requested after contract approval and before the start of contract time. If the meeting results in a viable VECP and the project's critical path method schedule is affected, an agreed change order may be implemented to postpone the start of contract time. This provision does not apply to cost-plus-time contracts.
- Required VECP submittals using Form CEM-4910, "Value Engineering Change Proposal Submittal." Submittal is made to the resident engineer and VECP.Program@dot.ca.gov.
- Required resident engineer's acknowledgement of receipt of the VECP submittal within 5 business days.

Caltrans will assess certain VECPs in VECP management review committees in the district or region administering the construction contract. When response time allows, a management review committee will evaluate a VECP for which Caltrans' estimated portion of construction cost savings exceeds \$500,000. Each committee will be chaired by the deputy district director or region division chief of Construction and include the

DEPUTY DISTRICT DIRECTORS, Construction et al.

May 14, 2021

Page 2 of 2

area Construction manager and at least one the following: their designated representative, deputy division chief of Structure Design, deputy division chief of Structure Construction, or deputy district director or region division chief of Design. For committee-evaluated VECPs that are denied, the chairperson will issue a written denial with reasoning that is provided to the contractor.

The resident engineer must complete Form CEM-4911, "Value Engineering Change Proposal Acceptance / Rejection," to track each VECP submittal result. Copies of the completed form are to be submitted to VECP.Program@dot.ca.gov and filed in Category 49 of the project records. Caltrans will use this information to track the use of VECPs in construction. Savings and efficiencies realized from VECP change orders will be captured and reported on an annual basis.

A sample VECP change order has been posted at:

<https://dot.ca.gov/programs/construction/change-order-information/change-order-examples>

The sample attempts to clearly identify and segregate the analysis and implementation portions of a VECP change.

If you have questions or comments regarding this directive, contact Ken Darby, Division of Construction, at Ken.Darby@dot.ca.gov or (916) 764-6929.

Attachment:

1. Section 4-1.07, "Value Engineering," of the Revised *Standard Specifications*, dated April 16, 2021