

# Memorandum

*Making Conservation  
a California Way of Life.*

To: DISTRICT DIRECTORS

Date: February 5, 2019

From:   
KARLA SUTLIFF  
Chief Engineer  
Project Delivery

Subject: **NEW VALUE ANALYSIS THRESHOLD**

Deputy Directive 92-R1 requires an approved Federal Highway Administration (FHWA) Value Analysis (VA) study be performed on all projects over \$50 million (\$40 million for bridge projects). VA is an effective process to identify efficiencies in a transportation project by increasing the performance and decreasing cost. In October 2018, the Senate Bill 1 (SB 1) report, "Annual Efficiencies Report to the California Transportation Commission – Fiscal Year 2017-2018," identified over \$60 million in savings due to our VA process. VA will be one of the premier tools the California Department of Transportation (Caltrans) uses to continue to look for ways to be more efficient while complying with the SB 1 mandate to implement strategies that result in \$100 million in savings to reinvest for additional infrastructure improvements. The savings accomplished by a VA study can be reinvested into more SHOPP projects and meet the intent of the law.

Therefore, effective immediately, a VA study must be considered for all projects over \$25 million. A project below the FHWA threshold of \$50 million (\$40 million for bridge projects) can be granted an exception by the District Director if that particular project is unlikely to benefit from performance of a VA study.

VA methodology optimizes overall value through:

- Partnering with key stakeholders
- Obtaining consensus on project purpose, need and scope
- Determining performance criteria and corresponding evaluation measures
- Identifying risk and validating cost estimates
- Analyzing lifecycle costs, user benefits and overall return on investment
- Comparing and prioritizing project alternatives
- Refining design to increase performance and/or decrease cost
- Resolving tricky constructability issues
- Promoting innovation
- Demonstrating transparent and sound decision-making

The VA tool is a proven methodology which typically achieves a rate of return of over 100:1. Please consult with your District Value Analysis Coordinator or the HQ VA Program. Please direct questions to Troy Tusup, VA Program Manager, at (916) 653-3538.

Additional information on the VA Program can be found at:  
<http://design.onramp.dot.ca.gov/value-analysis>

**DISTRICT DIRECTORS**

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**Attachment**

**Distribution List – District Value Analysis Coordinators**

- c: **District Value Analysis Coordinators**
  - District Division Chiefs, Design Project Development**
  - District Division Chiefs, Program Project Management**
  - James E. Davis Acting SB1 Program Manager**
  - Edward Ofori, Federal Highway Administration**
  - Ray Tritt, Chief, Office of Innovative Design and Delivery**
  - Troy Tusup, HQ Value Analysis Program Manager**

## DISTRICT VALUE ANALYSIS COORDINATORS

Jennifer Nishikawa	Central Region,	(559) 243-3449
Jennifer Armstrong	Central Region,	(559) 243-3428
Robert (Bob) Johnson, Jr	Central Region,	(559) 243-3564
Kevin Espinoza	North Region	(530) 741-4127
Binh Dang	District 4	(510) 286-5873
Dale Benson	District 7	(213) 897-2999
Nivine Georges	District 8	(909) 383-6043
Jeremy Milos	District 9	(760) 872-0795
Chili Cilch	District 11	(619) 688-4217
Son Nguyen	District 12	(657) 328-6098