Deliver innovative transportation projects by encouraging construction contractors to develop and implement innovation, quality improvements, cost savings, accelerated project delivery, and reduced traffic congestion through the use of a Value Engineering Change Proposal (VECP).

BACKGROUND
The California Department of Transportation (Caltrans) uses innovation to deliver transportation projects with increased efficiency and effectiveness. Innovation is found in part through the encouragement of construction contractors to develop and implement construction methods, materials, and technologies that are new and unique and that reduce costs, save time, reduce congestion, and improve quality and safety.

The construction industry is a long-time advocate of VECPs and continues to work jointly with Caltrans to improve this process.

Deputy Directive 92 sets Caltrans’ policy regarding Value Analysis (VA) and established a VA program with the chief, Division of Design, as the program manager. This responsibility includes the collection and reporting of statewide results of VA studies, including VECPs.

The concept of a VECP has been around for some time. The older term, Cost Reduction Incentive Proposal (CRIP), is no longer used in contracts or as an industry standard.

DEFINITIONS
VECP Management Review Committee (MRC) is convened to provide a separate review and evaluation of a VECP. The MRC is chaired by the deputy district director/region chief of Construction and consists of the area
construction manager and at least one of the following or their designated representative: deputy division chief Structure Design; deputy division chief, Structure Construction; or the deputy district director/region chief of Design.

Members of the MRC should attend the contractor’s VECP presentation when an MRC is convened.

The MRC may consult the Project Development Team (PDT) to solicit input on a course of action for the VECP.

VECP denial is a written denial with reasons provided to the contractor.

RESPONSIBILITIES

Chief, Division of Construction:
- Establishes and communicates VECP policy.
- Provides staff resources to timely assist, evaluate, and report on VECPs.

Chief, Division of Design:
- Provides oversight of the VA program.
- Prepares and delivers reports on the VA program including VECPs.
- Coordinates with the Division of Construction to retrieve VECP data.
- Considers VECPs for the VA program’s award program.

Deputy Division Chief, Division of Engineering Services, Structure Design:
- Serves on the MRC when requested.
- Provides staff resources to timely assist, evaluate, report and, when accepted, implement VECPs.

Deputy Division Chief, Division of Engineering Services, Structure Construction:
- Serves on the MRC when requested.
- Provides staff resources to timely assist, evaluate, report and, when accepted, implement VECPs.

District Director:
- Considers approval of superior accomplishment awards for nominated staff that significantly contribute to VECP implementation.
- Ensures PDT availability to evaluate VECPs.

Deputy District Director/Region Chief of Design:
- Serves on the MRC when requested.
- Provides staff resources, including A&E consultant staff, to timely assist, evaluate report and, when accepted, implement VECPs.

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Deputy District Director/Region Chief of Construction:
- Convenes the MRC to evaluate VECPs with cost savings to Caltrans exceeding $200,000.
- May convene an MRC to evaluate VECPs with cost savings to Caltrans of $200,000 or less.
- Serves as MRC chairperson and ensures the MRC timely, fairly, and completely evaluates the merits of qualifying VECPs.
- Approves VECPs within the limits of delegated change order authority.
- May delegate approval of VECPs to the area construction manager and the construction engineer within the limits of their delegated change order approval authority.
- Issues VECP written denial with reasons to the contractor. Denial authority cannot be delegated.

Project Manager:
- Assembles the PDT when requested by the construction engineer to review VECPs.
- May request the PDT to attend the contractor’s VECP written proposal presentation or VA workshop to aid in the evaluation.
- Ensures the PDT timely, fairly, and completely evaluates the merits of a qualifying VECP.
- Provides timely recommendations to the construction engineer.
- Ensures adequate resources are included in the project’s budget for all Caltrans and/or consultant staff involved in reviewing and implementing VECPs.

Design Engineer:
- Provides staff resources to timely assist, evaluate, report and, when accepted, implement VECPs.
- Delivers quality design products to implement approved VECPs within specified delivery targets.

Project Engineer:
- Produces quality design products to implement approved VECPs within specified delivery targets.
- Prepares and provides a support cost expenditure report to the construction engineer, prior to VECP change order approval, to ensure VECP evaluation engineering costs are recovered.

A&E Consultant Services Manager:
- Ensures consultant service contracts and task orders include provisions for on-call design services during construction.

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Area Construction Manager:
- Serves on the MRC.
- Provides staff resources to timely assist, evaluate, report and, when accepted, implement VECPs.
- Approves VECPs within the limits of delegated change order authority when delegated.

Construction Engineer:
- Establishes and chairs a combined construction field staff and contractor VECP committee when an MRC is not established.
- Ensures the VECP committee timely, fairly, and completely evaluates the merits of qualifying VECPs and implements cooperative innovation.
- May request the project manager to assemble the PDT.
- Provides staff resources to timely assist, evaluate, report and, when accepted, implement VECPs.
- Approve VECPs within the limits of delegated change order authority when delegated.

Resident Engineer:
- Provides all communication and written correspondence regarding VECPs, except denials, to the contractor in a timely manner.
- Provides timely VECP recommendations to the construction engineer.
- Considers including VECP goals in project partnering charter and preconstruction conference.

Supervisors:
- Consider recognizing staff with significant contributions to VECP approval by noting in the “Remarks” section of the employee’s Individual Development Plan (Standard Form PM-0637) and integrating those contributions into the employee’s overall performance rating.
- Consider Superior Accomplishment Awards for employees that provide significant contributions to VECP approvals. Refer to Form STD 278, Superior Accomplishment Gift or Cash Award Recommendation for details.

KARLA SUTLIFF
Chief Engineer
Deputy Director, Project Delivery

Date Signed: 3-14-14

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