

# Reclamation Manual

## Policy

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**Subject:** Reclamation Value Program

**Purpose:** Establishes goals and objectives for Reclamation Value Program consistent with applicable directives, authorities, and guidelines, and defines the organizational responsibilities used to execute the program.

**Authority:**

- Public Law 104-106, Defense Authorization Act, Section 4306 - February 10, 1996
- OMB Circular No. A-131, *Value Engineering*
- OMB Circular No. A-11, Part 3, *Planning, Budgeting, and Acquisition of Capital Assets*
- Departmental Manual, 369 DM 1, *Value Engineering, General Criteria and Policy*
- Value Engineering Guidance Handbook, No. VE-1
- Federal Acquisition Regulation (FAR), Title 48, Part 48, *Value Engineering*; Part 52, *Solicitation Provisions and Contract Clauses*; Part 31, *Contract Cost Principles and Procedures*
- Department of the Interior Acquisition Regulation (DIAR), Part 48
- Title 43, (Public Lands: Interior), Part 12, Subpart C, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*
- Reclamation Acquisition Regulations (RAR), Part WBR 1448

**Contact:** Director, Technical Service Center, D-8000

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1. **General.** Reclamation will maintain an active Value Program to comply with established policy, goals, and objectives. The Reclamation Value Program goals, objectives, duties, and responsibilities are described in the following paragraphs. Reclamation Manual (RM) CMP 06-01 establishes the minimum scope and level of detail to ensure line managers apply the program consistent with all applicable law, policy, and guidance. Supplemental details and guidelines are provided in the Reclamation Value Program Handbook.
2. **Goals.** The goals of the Value Program are to eliminate unnecessary costs, increase organizational efficiency and effectiveness, and promote the use of Value Methods in all Reclamation projects, programs, and activities including construction, rehabilitation, maintenance, administration, procurement, and in grants and loans (to increase benefits at the same or lower cost). Each Region and the Commissioner's Office, Denver, Colorado (CODO) will set Value Program goals each fiscal year in a Value Program Plan of Action. The minimum savings goal is 4 percent of the aggregate value of all construction, maintenance, alteration, repair, rehabilitation, and renovation projects with estimated project costs over \$500,000. The goal for Value Engineering Change Proposals (VECP) is one proposal for each construction project over \$1 million.

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Although there is no specific savings goal for administrative, operational, or procurement activities, the Value Method should be applied whenever there is potential for improvement, increased efficiency, or savings.

3. **Objectives.** Each Region and CODO will establish annual Value Program objectives in the Value Program Plan of Action which ensure that Value Program Goals are attained.
4. **Mandatory Study Requirements.** Value studies are required for all construction, maintenance, alteration, repair, rehabilitation, and renovation projects that have estimated costs (including force accounts) of \$500,000 or more. Waivers may be requested for projects less than the \$1 million mandatory OMB threshold. The waiver process is contained in RM CMP 06-01 and in the Reclamation Value Program Handbook. Value Methods should be used on administrative, operational, and procurement actions whenever:
  - The expected Return on Investment (ROI) exceeds \$5:1, or
  - Improved processes or efficiencies may reasonably be anticipated, or
  - The project is over budget, or
  - If requested by management.
5. **Value Program Responsibilities and Organizational Structure.**
  - A. **General.** All Reclamation executives, managers, and supervisors (and their staffs) share responsibility for successful execution of the Value Program. They will be assisted by Value Program staff to accomplish the program's goals and objectives. In addition to the following paragraphs, expanded requirements, procedures, assignments, duties, and responsibilities are contained in RM CMP 06-01 and in the Reclamation Value Program Handbook.
  - B. **Commissioner.** The Commissioner exercises responsibility and authority for the Reclamation Value Program, and delegates the responsibility and authority necessary for the execution of the Value Program to meet established goals and objectives. The Commissioner establishes meeting program goals as a performance measure for directors and managers who are responsible for the Value Program.
  - C. **Delegations.** The Commissioner's delegations are:
    - (1) The Director, Technical Service Center (TSC) is designated as the senior official responsible for Reclamation's Value Program administration.
    - (2) Regional Directors and the CODO Directors are designated as the responsible officials for the Value Program for their organizations.

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- D. The Director, TSC, as the responsible senior official (RSO) for the Reclamation Value Program, is responsible for:
- (1) Administration of Reclamation-wide Value Program activities, including interagency contacts and cooperation.
  - (2) Preparation and implementation of Reclamation directives, standards, and guidelines for the Value Program.
  - (3) Determination of annual program goals.
  - (4) Ensuring, through the Regional and CODO Directors, that program requirements are met Reclamation-wide.
  - (5) Accumulation and consolidation of Regional and CODO Value Program performance data, and preparation and submission of reports required by DOI and OMB.
  - (6) Designation of a Reclamation Value Program Manager (RVPM) to administer the Reclamation-wide Value Program and activities.
  - (7) Chairing the Reclamation-wide Value Engineering Review Board (VERB).
  - (8) Granting waivers of the requirement to conduct VE studies on certain programs or projects.
  - (9) Delegating the responsibility to grant waivers to other appropriate officials (such waivers being subject to RSO concurrence).
- E. **Directors.** Regional and CODO Directors are responsible for their respective Value Programs. They will actively execute the program by:
- (1) Designating senior staff members to chair and act as members of the Value Program Review Board (VPRB).
  - (2) Serving as the Regional or CODO representative to the Reclamation-wide VERB. This may be delegated to a Deputy Director or equivalent.
  - (3) Designating a Value Program Coordinator (VPC).
  - (4) Ensuring adequate budget and trained staff to support an aggressive, effective Value Program.

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- (5) Ensuring that the value methodology is applied to all programs, projects, and activities (PPA) exceeding DOI and OMB mandatory threshold values.
- (6) Establishing processes, consistent with RM CMP 06-01, by which waiver requests will be prepared and reviewed in the region or CODO.
- (7) Submitting the annual Value Program Plan of Action and Value Program Summary of Action reports to ensure Value Program progress and compliance.
- (8) Granting waivers (subject to RSO concurrence) of the requirement to conduct VE studies on certain programs and projects.

**F. Leadership Team; Area Office; Project, Program, and Group Managers; Client Liaisons; and Design Team Leaders.**

- (1) Personnel responsible for the planning, budgeting, development, design, or execution of any action or activity where the estimated cost is reasonably expected to be \$500,000 or more, will ensure that the action is identified to the local VPC. They will:
  - (a) Schedule and budget for required value studies in their annual action plan.
  - (b) Recommend experts to serve on value study teams.
  - (c) Provide information to the study team in sufficient detail to provide a basis for study of the concept.
  - (d) Prepare accountability reports to identify the anticipated savings and/or benefits of the fully or partially accepted study proposals and/or indicate the rationale for rejecting the proposals.
- (2) For all contracts of \$500,000 or more, Program and Project Managers will verify to the Contracting Officer and the VPC that required value studies and accountability reports have been completed.
- (3) Leadership Team, Area Office, Project, Program, and Group Managers will:
  - (a) Nominate staff to serve on value study teams.
  - (b) Maintain an appropriate cadre of Value Method trained personnel for each discipline under their direction.
- (4) Area Office, Project, and Program Managers will:

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- (a) Review and sign all accountability reports, for which they are responsible.
- (b) Verify that the study proposals and recommendations are reviewed promptly and objectively, and implemented to the maximum extent possible.
- (c) They will ensure that the implementation decisions are coordinated with the client(s)/user(s).

**G. Contracting Officers.** Contracting Officers for construction and procurement will:

- (1) Notify the VPC and the VPRB of all planned contracts over \$500,000 or more.
- (2) Promote contractor participation under the contract Value Engineering Incentive Clause.
- (3) Ensure that the Incentive Clause is included in all applicable contracts.
- (4) Coordinate with the local VPC to process contractor VECP.
- (5) Report VECP results annually.

**H. Value Program Review Boards.** Reclamation will establish and maintain a Reclamation-wide Value Engineering Review Board (VERB), and each Region and CODO will establish and maintain a VPRB as described below (369 DM 1):

- (1) The Reclamation-wide VERB will:
  - (a) Review value study proposals when deemed appropriate and necessary
  - (b) Review and approve or deny waivers granted by the Regional or CODO Directors or VPRBs.
- (2) The Regional and CODO VPRBs will:
  - (a) Act as the Director's action team to ensure that the Value Method is applied in organizational programs.
  - (b) Approve or deny waiver requests, if authority to issue waivers has been delegated to the VPRB.
  - (c) Ensure waiver authority is not further delegated.

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- (d) Provide management assistance in implementing proposals and recommendations.

I. **Reclamation Value Program Manager (RVPM).** The RSO will appoint a RVPM to manage the Reclamation-wide Value Program. The RVPM will:

- (1) Coordinate, guide, foster, and monitor the execution of the Reclamation-wide Value Program. Provide recommendations for maintaining an aggressive program.
- (2) Develop and assemble Value Program Plans of Action, Value Program Summary of Actions, and other reports as requested.
- (3) Serve as the primary point of contact for Reclamation-wide and interagency Value Program activities and issues.
- (4) Develop and implement Reclamation directives, standards, and guidelines.
- (5) Foster and coordinate Value Program training.
- (6) Report approved waivers to the Department of the Interior, Office of Managing Risk and Public Safety, Value Engineering Program Manager (MRPS-VEPM).
- (7) Serve on the Reclamation-wide VERB.

J. **Regional or CODO VPC.** One VPC will be appointed for each Region and CODO to serve as a local resource and the focal point for Value Program planning, studies, monitoring and reporting activities in their Region or CODO.

- 6. **Disposition of Savings.** Reclamation value savings may be retained and used for other authorized activities or returned to the U.S. Treasury.
- 7. **Waivers.** Each Region or CODO will establish written guidelines to waive projects from study, consistent with paragraph 4 above, RM CMP 06-01, and the Reclamation Value Program Handbook. Any waivers issued will be promptly reported to the RVPM. A waiver does not remove the project's value from the aggregate program total that is subject to the Value Program savings goal. The authority to grant waivers resides with each Director, may be redelegated only to their VPRB and cannot be further redelegated.
- 8. **Reports.** Each Region and CODO will prepare and submit reports to the RVPM as specified by paragraph 5E(7) above, RM CMP 06-01, and described in the Reclamation Value Program Handbook.