

Reclamation Manual

Directives and Standards

Subject:	Reclamation Value Program
Purpose:	Defines the process for meeting Reclamation Value Program goals and objectives and describes management responsibilities and process required to maintain an aggressive Value Program. The benefits of the Value Program reduce program and acquisition costs, improve performance, enhance quality, and foster innovation.
Authority:	Public Law 104-106, National Defense Authorization Act For Fiscal Year 1996, Section 4306 – <i>Value Engineering for Federal Agencies</i> ; Office of Management and Budget (OMB) Circular No. A-131 (REVISED), <i>Value Engineering</i> ; Capital Programming Guide V 2.0, Supplement to OMB Circular No. A-11, Part 7: Planning, Budgeting, and Acquisition of Capital Assets, June 2006, Appendix 8 <i>Value Management</i> ; Department of the Interior Departmental Manual, 369 DM 1, Effective Date: 12/19/2008, <i>Value Analysis, General Criteria and Policy</i> ; Department of the Interior Acquisition, Assistance, and Asset Policy (DOI-AAAP), <i>Implementing OMB Circular A-131, Value Engineering</i> , December 2014; Department of the Interior's <i>Value Engineering Guidance Handbook, No. VE-1</i> ; Federal Acquisition Regulation, Subchapter G – Contract Management, Part 48, <i>Value Engineering</i> ; Federal Acquisition Regulation, Subchapter H – Clauses and Forms, Part 52, <i>Solicitation Provisions and Contract Clauses</i> , Section 248.1-3, <i>Value Engineering</i> ; Department of the Interior Acquisition Regulation, Part 48; Title 43 Public Lands: Interior, Part 12, Subpart C, <i>Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments</i> , 12.76 <i>Procurement</i> , Part 7
Approving Official:	Senior Advisor, Design, Estimating, and Construction / Dam Safety Officer (DEC/DSO)
Contact:	DEC Oversight & Value Program Office (86-71000)

- 1. Introduction.** Reclamation's Value Program goals, objectives, duties, and responsibilities are described in Reclamation Manual Policy, *Reclamation Value Program* (CMP P05). Supplemental details and guidelines for managers are provided in the Reclamation Value Program Handbook which also contains guidance on how to conduct value studies. Value studies are the cornerstone of the program. Studies generate ideas that can improve performance, reliability, quality, safety, and reduce life cycle costs of almost everything an agency does.

Reclamation Manual

Directives and Standards

This Directive and Standard (D&S) describes the process for meeting Reclamation's Value Program goals and objectives and management responsibilities required to maintain an aggressive Value Program as called for in OMB Circular A-131.

Value Studies bring together, typically, five to ten subject matter experts in a high performance team environment. It is encouraged that some team members have not previously been involved with the specific activity being studied. The team collects relevant information, analyzes the functions of the activity, creatively generates functional alternatives, critically reviews the ideas, selects the best ideas, and develops and presents them to managers of the activity studied. This effort is usually accomplished in about five working days.

2. **Applicability.** This D&S applies to all Reclamation staff that are responsible for the implementation, administration, and execution of the Value Program in accordance with the Department of Interior policies and procedures.
3. **Definitions.** Definitions for the Value Program are included in the Definitions paragraphs of CMP P05.
4. **Responsibilities.** Responsibilities for the Value Program are included in the Responsibilities paragraphs of CMP P05.
5. **Budget for the Value Program.**
 - A. The Commissioner will budget sufficient funds to pay for all Value Study activities, including: Value Study staff; Value Studies conducted by government personnel and/or Architect/Engineering (A-E) firms under contract; Value Engineering Change Proposal (VECP) processing; Value Study-related technical assistance; review of Value Study alternatives/proposals; redesign to incorporate accepted recommendations; Value Study-related training; and incidental costs such as testing, travel, and professional activities related to Value Study.
 - B. Directors (or Review Boards, if authorized by their Director) will include adequate funds for an aggressive Value Program in every annual budget, as called for in OMB Circular A-131. Program costs include the following activities: program management/administration, conducting value studies, and training/professional development.
 - C. Costs directly associated with program administration, including time, equipment and materials used in preparing annual Value Program Plan of Action (VPPA) Reports, Value Program Summary of Action (VPSA) Reports, and Value Program training must be budgeted as part of annual budget requests. Costs are typically charged to one or more policy and administration or indirect budget accounts.

Reclamation Manual

Directives and Standards

- D. Costs directly incurred in the conduct of value studies, including study scheduling, set up, workshop, and study report preparation and production are typically charged directly to the activity studied.
 - E. Money saved from Value Study efforts (subject to the program/project/activity (PPAs) appropriation language) will remain with the bureau/office to be used within discretionary authority as follows:
 - (1) fund authorized but underfunded or unfunded elements of the PPA where the Value Study savings accrued;
 - (2) fund other Value Study reviews within that PPA;
 - (3) fund authorized but underfunded or unfunded elements of another PPA through a reprogramming action;
 - (4) fund other Value Study program activities of another PPA through a reprogramming action if necessary; or
 - (5) return surplus savings to U.S. Treasury.
- 6. Selection of Activities for Study.**
- A. The Director will confirm that a minimum of one value study is scheduled and budgeted for each construction and operation and maintenance (O&M) procurement action of between \$1,000,000 and \$10,000,000, usually in the fiscal year prior to the year procurement is expected to take place.
 - B. The Director will confirm that a minimum of two value studies are scheduled and budgeted for all construction and O&M procurement actions of \$10,000,000 or more. One study is to be conducted at the planning stage, commonly referred to as a Value Planning Study, and one study is to be conducted at the design stage, referred to as a Value Engineering Study.
 - C. The Director will confirm that value studies are scheduled and budgeted for all procurement actions covered by (a) or (b) above of \$1,000,000 or more, unless it is documented that:
 - (1) The return on investment is expected to be less than 5:1 over study and redesign costs;
 - (2) Improved processes or efficiencies may not be reasonably expected;
 - (3) The activity is not over budget, or
 - (4) The study is not requested by management.

Reclamation Manual

Directives and Standards

If a study is shown to be unjustified, the Director will document that the conditions above apply to the procurement action and report the determination to not conduct the study promptly to the Reclamation Value Program Manager (RVPM).

- D. The Project Manager will schedule each mandatory study to optimize the opportunity for the Value Method to be successful. Generally, the earlier a study is conducted in the planning of a procurement action, the greater the opportunity for improvements to performance, reliability, quality, safety, and life-cycle costs. Frequently a study conducted for planning and a study conducted for design prior to award yield the best (maximum) benefits.
 - E. The Project Manager, in consultation with the Regional Value Program Coordinator (VPC), and RVPM will determine the type of study to be conducted Value Planning, (VE) or Value Engineering, (VP) and make an initial determination which studies are to be done in-house and/or by A-E firms. All study types use a common value methodology, but differ in the detail to which the process is applied.
7. **Value Program Plan of Action (VPPA).** Each fiscal year, the VPC will identify all activities including all systems, products, items of equipment, buildings, facilities, services, or supply actions of \$1,000,000 or more for which procurement is expected in the next three fiscal years. The VPC will prepare a Value Program Plan of Action (VPPA) for review and approval by the Director. The VPPA includes the Value Program goals for the Director's office (minimum 4 percent Department/Reclamation goal, or higher, if so established by the Senior Advisor, DEC/DSO), the activities selected for study by the office, a schedule for completing the studies, and the training plan for the office.
- A. The Director will send the approved VPPA to the RVPM no later than September 1 each year. The RVPM will consolidate the VPPA from the regions and offices located in Denver into a Reclamation VPPA and submit it to the Senior Advisor, DEC/DSO for review and approval.
 - B. The Senior Advisor, DEC/DSO will send the approved Reclamation VPPA to the Department's Value Engineering Program Manager (and a copy to the Commissioner) no later than October 1 each year. Upon request from OMB, the Department may be required to send a VPPA to OMB for review.
8. **Training.** RDs and Directors of offices located in Denver will provide training in Value Analysis techniques to their staff responsible for coordinating and monitoring Value Program efforts, conducting Value Studies, and developing, reviewing, analyzing, and implementing Value Study alternatives/proposals, change proposals, and evaluations.
- A. As a minimum, Directors, Review Board members, VPC, Senior Advisor, DEC/DSO, and RVPM understand the Reclamation Manual (RM) CMP P05 Policy and this D&S.

Reclamation Manual

Directives and Standards

- B. As a minimum, all COs understand the FAR Part 48 and Clauses 52.248-1, 2, and 3; RM CMP P05; and this D&S.
 - C. VPCs, RVPM, and Reclamation Value Study team leaders must have completed a SAVE International certified or equivalent fundamental course, obtained the Value Methodology Associate Certification from SAVE International or equivalent, and understand the Reclamation Value Program Handbook.
 - D. RVPM and Reclamation Value Study team leaders must also have completed a SAVE International certified or equivalent advanced course, and performed satisfactorily as a Reclamation Assistant Team Leader for no less than two VE and two VP studies. The Value Program strongly encourages RVPM and Value Study team leaders to obtain the Certified Value Specialist certification from SAVE International or equivalent.
 - E. A-E firm Value Study team leaders must have a current SAVE International certification as a Certified Value Specialist or equivalent.
9. **Value Study Preparation.**
- A. Typically 2 to 3 months before the study (scheduled in the current Plan of Action or otherwise), the VPC and/or RVPM will request the Project Manager (or other individual(s) responsible for the activity to be studied) to prepare an activity description and to assemble pertinent background information for the study.
 - B. The Project Manager and VPC and/or RVPM agree and document the study budget and agree on the number of team members and their disciplines.
 - C. The Project Manager and VPC and/or RVPM will decide whether the study will be done with government personnel, facilities, and materials or by an A-E firm.
 - D. The Project Manager and VPC and/or RVPM will contact appropriate personnel to confirm that study personnel, facilities, and resources are available, and arrange for the study to be conducted.
10. **Accountability Reports.**
- A. The responsible Project Managers document their decisions to fully accept, partially accept, withdraw, or reject each of the study alternatives/proposals in an Accountability Report to the appropriate Area Office, Project, or Program Manager for review and management's signature. The Accountability Report is due to the signatory 60 days prior to acquisition award or acceptance of services, although best completed immediately following decisions for all the alternatives/proposals.

Reclamation Manual

Directives and Standards

- B. The signatory forwards the Accountability Report and disposition of each alternative/proposal to the VPC for recording and submission to the RVPM 15 days prior to acquisition award or acceptance of services.
11. **Implementation.** The Project Managers implement all approved Value Study alternatives/proposals in a timely manner. In many cases, project redesign or activity reconfiguration may begin shortly after the formal study presentation, even before the accountability memorandum has been prepared. If the Project Manager needs assistance from the Regional Review Board (VPRB) to implement some alternatives/proposals, the VPRB will provide management assistance in implementing alternatives/proposals and recommendations.
12. **Value Engineering Change Proposals (VECP).**
- A. Part 48 of the FAR requires Federal agencies to promote and process VECPs in all specified contracts they award. Contractors are encouraged to submit VECPs and COs are required to quickly process the proposals with the support of technical personnel in the agency.
- B. COs will notify their VPCs of all planned contracts of \$1,000,000 or more; promote contractor participation under the contract VE Incentive Clause; ensure the Incentive Clause is included in all applicable contracts; coordinate with their VPC to process contractor VECPs; and report VECP results annually to the VPC.
13. **Value Program Summary of Action (VPSA).**
- A. VPCs will prepare VPSA reports for their Director's approval. The Director will submit the VPSA to the RVPM no later than November 15 each year. The VPCs will consolidate information for studies done in-house, by A-E firms, and by the offices located in Denver, and for VECPs processed by all COs throughout Reclamation.
- B. The RVPM will consolidate the summary reports from all regions and offices located in Denver for review and approval by the Senior Advisor, DEC/DSO. The Senior Advisor, DEC/DSO will send the approved Reclamation VPSA to the Department's Value Engineering Program Manager (and a copy to the Commissioner) no later than December 15 each year.
14. **Value Program Activity Documentation.**
- A. At a minimum, VPCs will retain copies of VPPAs, Value Studies, VPSAs, Inspector General (IG) audit reports, and written responses to IG report findings to document an office's Value Program activities. Offices will keep selected other documents in organized files, and readily available that validate the accuracy of agency reported value engineering savings and/or that demonstrate the adequacy of agency value engineering policies, procedures and implementation of OMB Circular A-131.

Reclamation Manual

Directives and Standards

- B. The Senior Advisor, DEC/DSO is responsible for preparation and implementation of Reclamation directives, standards, and guidelines for the Value Program and determination of annual program goals.
- C. As the need arises, the Senior Advisor, DEC/DSO will notify the region and the Directors of offices located in Denver of changes in the Reclamation Value Program.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____