

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 (84-52000)

1. **Introduction.** Reclamation Manual Policy, *Reclamation Value Program* (CMP P05) describes Reclamation’s Value Program goals, objectives, duties, and responsibilities. The Reclamation Value Program Handbook provides supplemental details and guidelines for managers as well as guidance on how to conduct value studies. Value Studies are the cornerstone of the program. Value Studies generate ideas that can improve performance, reliability, quality, safety, and reduce life cycle costs of almost everything an agency does.

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

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together, typically, five to 10 subject matter experts in a high-performance team environment. A good team makeup includes a balance of team members who have been directly involved with the studied activity and some who have not. 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 studied activity. This effort is usually accomplished in five working days.

2. **Applicability.** This D&S applies to all Reclamation staff responsible for the implementation, administration, and execution of the Value Program in accordance with Department of the Interior policies and procedures. Paragraph four of CMP P05 includes the responsibilities for the Value Program.
3. **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 Studies.
 - 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 included in any annual budget requests. Reclamation typically charges costs to one or more policy and administration or indirect budget accounts.
 - D. Reclamation typically charges costs directly incurred in the conduct of value studies, including study scheduling, set up, workshop, and study report preparation and production 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) To fund authorized, but underfunded, or unfunded elements of the PPA where the Value Study accrued savings,

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- (2) To fund other Value Study reviews within that PPA,
- (3) To fund authorized, but underfunded, or unfunded elements of another PPA through a reprogramming action,
- (4) To fund other Value Study program activities of another PPA through a reprogramming action if necessary, or
- (5) To return surplus savings to U.S. Treasury Department.

4. Selection of Activities for Study.

- A. Directors will schedule and budget for a minimum of one Value Study for each construction and operation and maintenance procurement action of between \$1,000,000 and \$10,000,000, usually in the fiscal year prior to when procurement is expected to take place.
- B. Directors will schedule and budget for a minimum of two value studies for all construction and operation and maintenance procurement actions of \$10,000,000 or more. Reclamation will conduct one study at the planning stage, commonly referred to as a Value Planning Study, and one study at the design stage, referred to as a Value Engineering Study.
- C. Directors will schedule and budget for Value Studies 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.
 - (4) Management has not requested the study.

If a study is shown to be unjustified, directors will document that the conditions above apply to the procurement action and report the determination to not conduct the study to the Reclamation value program manager (RVPM).

- D. The RVPM will schedule each mandatory study to optimize the opportunity for the value method to be successful. Generally, conducting a Value Study earlier 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 or design prior to award yield the best (maximum) benefits.

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- E. The project manager, in consultation with the regional value program coordinator (RVPC), and RVPM will determine the type of study conducted and make an initial determination of 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.
5. **Value Program Plan of Action.** Each fiscal year, the RVPC 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 to expect procurement in the next three fiscal years. A RVPC will prepare a VPPA for review and approval by the appropriate director. The VPPA includes the Value Program goals for the director's office (minimum four 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. Directors will send the approved VPPA to their RVPM no later than September 1, each year. RVPMs 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, OMB may require the Department to send a VPPA to OMB for review.
6. **Training.** Regional directors 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. At a minimum, directors, review board members, RVPCs, Senior Advisor, DEC/DSO, and RVPMs must understand the Reclamation Manual CMP P05 Policy and this D&S.
 - B. At a minimum, all COs must understand Federal Acquisition Regulation Part 48 and Clauses 52.248-1, 2, and 3, Reclamation Manual CMP P05, and this D&S.
 - C. RVPCs, RVPMs, and Reclamation Value Study team leaders must have completed a SAVE International-certified, or equivalent, fundamental course, obtained the Value Methodology Associate Certification, or equivalent, from SAVE International, and must understand the Reclamation Value Program Handbook.
 - D. RVPMs 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 Value Engineering and two

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Value Planning studies. The Value Program strongly encourages RVPM and Value Study team leaders to obtain the Certified Value Specialist certification, or equivalent, from SAVE International

- E. Contract Facilitators and A-E firm Value Study team leaders must have a current SAVE International certification, or equivalent, as a certified value specialist.

7. Value Study Preparation.

- A. Typically two to three months before the study (scheduled in the current Plan of Action or otherwise), the RVPC will request the project manager (or other individual(s) responsible for the activity) to prepare an activity description and to assemble pertinent background information for the study.
- B. The project manager and the RVPC and/or RVPM agree upon and document the study budget and the number of team members and their disciplines.
- C. The project manager and RVPC 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 RVPC and/or RVPM will contact appropriate personnel to confirm that study personnel, facilities, and resources are available, and arrange to conduct the study.

8. 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.
- B. The signatory forwards the Accountability Report and disposition of each alternative/proposal to the RVPC for recording and submission to the RVPM 15 days prior to the acquisition award or acceptance of services.
- C. Waivers/Unaddressed Studies. Project managers that wish to forgo Value Engineering on their project must work with their RVPC to provide justification for not performing a study. This typically requires the regional office to sign off on the waiver. Similarly, Unaddressed Studies (projects that meet the threshold for Value Analysis but progressed without a study) need to have documented justification for not performing Value Analysis.

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9. **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 to implement some alternatives/proposals, the Regional Review Board will provide management assistance in implementing alternatives/proposals and recommendations.
10. **Value Engineering Change Proposals (VECP).**
- A. Part 48 of the Federal Acquisition Regulation 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 RVPCs of all planned contracts of \$1,000,000 or more; promote contractor participation under the contract Value Engineering Incentive Clause; ensure the Incentive Clause is included in all applicable contracts; coordinate with their RVPC to process contractor VECPs; and report VECP results annually to the RVPC.
11. **Value Program Summary of Action (VPSA).**
- A. RVPCs will prepare VPSA reports for their director's approval. Directors will submit the VPSA to the RVPM no later than November 15, each year. The RVPCs will consolidate information for studies done in-house, by A-E firms, 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.
12. **Value Program Activity Documentation.**
- A. At a minimum, RVPCs will retain copies of VPPAs, Value Studies, VPSAs, Inspector General audit reports, and written responses to Inspector General 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.
 - 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.

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- C. As the need arises, the Senior Advisor, DEC/DSO will notify the regions or regional directors and the directors of offices located in Denver of changes in the Reclamation Value Program.
13. **Definitions.** Definitions for the Value Program are included in the definition's paragraphs of CMP P05.
14. **Review Period.** The originating office will review this release every 4 years.

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: _____