

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NATIONAL APPLIED RESOURCE SCIENCES CENTER
DENVER FEDERAL CENTER, BUILDING 50
P.O. BOX 25047
DENVER, COLORADO 80225-0047

In Reply Refer To:
9100 (RS-140) P

Instruction Memorandum No. RS-99-015
Expires 9/30/00

To: All State Directors
From: Director, National Applied Resource Sciences Center
Subject: Value Engineering Program Implementation

As directed in the attached memorandum from the Assistant Secretary - Policy, Management and Budget, the Bureau of Land Management must ensure that appropriate steps are taken to implement the requirements for Value Engineering (VE) included in the attached Departmental Manual (369 DM 1).

The objectives of Value Engineering are to (1) obtain a project which meets management's needs at less cost or (2) obtain a better project for the same cost. These objectives are met by performing a formal, independent evaluation of the various project components to identify suitable alternatives. Studies performed by other Department of the Interior agencies have resulted on a 5:1 return on investment. These savings are returned to the originating office for other uses.

The DM requires that projects \$1 million or more must have a VE study performed, and that projects \$500,000 and over must be evaluated to determine the effectiveness of a VE study on them. In addition, all Architect/Engineer (A/E) contracts for design of a qualifying project must contain a clause for a VE study. While BLM has had a VE Program for several years, the number of qualifying projects (projects over \$500,000) has been limited. With increased construction and maintenance funding for BLM, these requirements are currently applicable.

The DM also requires that each agency prepare an Action Plan (by December) which describes VE goals and objectives, identifies projects to be studied, and sets a target of 4 percent savings from the aggregate value of all construction, repair, rehabilitation, and renovation projects that are over \$500,000 in estimated project costs.

All projects meeting these thresholds should be identified and a

list of potential VE projects furnished to NARSC at PAWP time. The project costs must include funding for the VE study (\$20,000 - \$50,000, depending on size and complexity of the project).

The time for the VE study itself is about 1 week, plus the time for incorporating approved changes. VE studies can be performed by A/E, National Park Service, Bureau of Reclamation, and other qualified agencies. The VE study should be performed at the 35 percent design stage. The Field Office Manager is generally the official responsible for approving changes recommended by the VE Study Team, and the cost savings will remain within BLM for authorized uses.

It is recommended that projects between \$500,000 and \$1,000,000 be VE studied, but if it is determined that estimated VE savings do not economically justify study and redesign costs, the Field Office Manager can request an exemption from the State Director. If the exemption is considered justified, the State Director can approve it (with a copy sent to NARSC).

Assistance is available from NARSC for planning and scheduling VE studies, as well as for coordinating appropriate VE training for field office personnel.

For further information, please contact BLM's Value Engineering Program Coordinator, Larry Hoovestol, RS-140, at 303-236-9510.

2 Attachments

- 1 - Memorandum from AS-PMB dated November 10, 1998 (1 p)
- 2 - Departmental Manual - Part 369 DM 1 (10 pp)

Distribution

WO-200, MIB, Rm 5650
WO-300, MIB, Rm 5627
RS-110
BC-670
RS-150A, BLM Library
NI-100, Reading File
RS-140/LH/lap/12-2-98/h:\...\vedm.mem