



DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

INTRADEPARTMENTAL CORRESPONDENCE

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MEMORANDUM

TO: CHRISTOPHER P. KNOTTS, P.E.
CHIEF ENGINEER

FROM: CHARLES NICKEL, P.E. [Signature]
V.E. DIRECTOR

DATE: JULY 19, 2022

SUBJECT: REVISION REQUESTED FOR EDSM I.1.1.18

I am requesting approval for a revision to EDSM I.1.1.18: Value Engineering.

This is needed in order to properly address Title 23, Part 627 of the Code of Federal Regulations. Biggest change removes reference to projects on the National Highway System and refers instead to any project utilizing Federal-aid highway funding. Also includes the Design-Build exemption and addresses changes in project costs during development, prior to letting.

Requested changes have also been verified by the sections affected by this EDSM. These Section Heads have signed below.

If you have any questions or concerns; please feel free to contact me accordingly.

Attachments:

- EDSM I.1.1.18 current version
EDSM I.1.1.18 first review with track-changes proposed
EDSM I.1.1.18 second review (new format) with track-changes proposed
EDSM I.1.1.18 with proposed changes incorporated

- cc: Chad Winchester Peggy Paine [Signature]
Chris Nickel [Signature] Robert Isemann [Signature]
David Smith Sanettria Pleasant [Signature]
Mark Chenevert Vertie Gary [Signature]
Mike Vosburg ZhengZheng Fu [Signature]

BY DATE
BY DATE
BY DATE

DocuSigned by: Mark Chenevert 7/20/2022
RECOMMENDED FOR APPROVAL DATE 8/1/2022
RECOMMENDED FOR APPROVAL DATE
RECOMMENDED FOR APPROVAL DATE 8/1/2022
APPROVED FOR DATE

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT**ENGINEERING DIRECTIVES AND STANDARDS**

Volume	Chapter	Section	Directive Number	Effective Date
I	1	1	18	8/1/2022

SUBJECT: VALUE ENGINEERING

1. **PURPOSE:** The purpose of this Directive is to establish a policy on Value Engineering (VE) for LA DOTD.
2. **SCOPE:** LA DOTD hereby establishes a VE program that will analyze plans, specifications and estimates of proposed projects for safety, product improvement, and cost reduction. VE Studies may be performed at any point in project development from Stage 0 (Feasibility) through Stage 3 (Final Design). VE Proposals, also known as Value Engineering Change Proposals by FHWA, will be allowed during Stage 5 (Construction).
3. **Objective:** To provide maximum benefit by employing the VE process as early as possible without delaying project progression and to provide a significant ratio of savings to the cost of the VE study or substantial improvements in the program's effectiveness.
4. **POLICY.** The Department shall perform VE studies prior to construction letting on projects that utilize Federal-aid highway funding in any contract or phase comprising the project with a total project cost (i.e., including r/w, utilities, and construction) of \$50 million or more (\$40 million or more for bridge projects). Projects that make use of the Design-Build contracting method may be exempt from this VE requirement. Other project candidates for VE studies will be decided on a case-by-case basis. Additional evaluation criteria for selecting candidate VE projects should include phased construction, alignment changes, major right-of-way acquisitions, and utility relocations. After a VE Study has been performed for a project, additional VE Studies are not required if it is subsequently split into smaller projects. However, splitting a project into smaller projects does not eliminate the requirement for a VE study.

At the conclusion of Stage 1, based on project scope and budget, a determination shall be made whether or not the project is a candidate for a formal VE study. However, if the project's scope or design changes at any time prior to construction letting which results in an increase in the project's total cost, the project shall be reevaluated to determine if the project is a candidate for a formal VE study. Once the project is established as a candidate, the VE Director (VED) will notify the Chief Engineer in writing of his/her recommendations. With the Chief Engineer's approval for the VE analysis to proceed, the VED will identify the appropriate sections for participation. The Department will provide the FHWA Louisiana Division Office with a copy of any VE study completed on Federal-aid projects - after the completion of the study.

5. **RESPONSIBILITY:**

The VE team makeup for the study shall be from sections recommended by the VED, based on project type and available resources. The approval of the selected VE team will be made by the Chief Engineer or as delegated. Additional team members could be selected from the local Metropolitan Planning Organization (MPO) and the Federal Highway Administration (FHWA).

The VED shall set meeting times and locations. In order to ensure the objectivity of the VE team, neither the project managers nor anyone from the design team overseeing the development of the project to be studied will be VE study team members. A VE study facilitator will be assigned by the VED from in-house staff or from outside sources. Outside facilitators shall be Certified Value Specialists (CVS). The VED, with the help of the project manager, will be responsible for providing team members with necessary documents for the study. The VED will be responsible for scheduling and presenting the analysis results to the Chief Engineer. The project manager and design team will be invited to the presentation.

Upon completion of the study, the VED (with input from the District Administrator, project manager, Road/Bridge Design Administrators, and other affected sections) will formulate recommendations for the Chief Engineer's approval of the VE proposals to be implemented. These decisions should be made after the presentation or no later than 30 days following the presentation. The project manager will be responsible for implementing the approved changes into the plans.

Training of LADOTD staff in the principles of VE will be done on an as-needed basis.

6. **RECOMMENDATIONS:** The VE program will be implemented throughout the planning, environmental, and design sections.
7. **OTHER ISSUANCECS AFFECTED:** All directives, memoranda, or instructions issued heretofore in conflict with this directive are hereby rescinded.
8. **EFFECTIVE DATE:** This policy will become effective upon signature of the Chief Engineer.

DocuSigned by:

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Christopher P. Knotts, P.E.
Chief Engineer