

# Reclamation Manual

## Policy

<b>Subject:</b>	Reclamation Value Program
<b>Purpose:</b>	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. The benefits of this Policy are to better ensure realistic budgets, identify and remove non-essential capital and operating costs and improve and maintain optimum quality of program and acquisition functions
<b>Authority:</b>	Public Law 104-106, Defense Authorization Act, Section 4306 - February 10, 1996; OMB Circular No. A-131, <i>Value Engineering</i> ; OMB Circular No. A-11, Part 7, <i>Planning, Budgeting, Acquisition, and Management of Capital Assets</i> ; Departmental Manual, 369 DM 1, <i>Value Engineering, General Criteria and Policy</i> ; Department of Interior's Value Engineering Guidance Handbook, No. VE-1; Federal Acquisition Regulation (FAR), Title 48, Part 48, <i>Value Engineering</i> ; Part 52, <i>Solicitation Provisions and Contract Clauses</i> ; Part 31, <i>Contract Cost Principles and Procedures</i> ; Department of the Interior Acquisition Regulation (DIAR), 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> ; Reclamation Acquisition Regulations (RAR), Part WBR 1448
<b>Approving Official:</b>	Commissioner
<b>Contact:</b>	Director, Technical Service Center, 86-68000

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) Directive and Standard, *Reclamation Value Program* (CMP 06-01) establishes the minimum scope and level of detail to ensure line managers apply the program consistent with all applicable law and policy. Supplemental details and discretionary 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 Director (RD) and the Directors of offices located in Denver 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. Although there is no specific

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savings goal for administrative, operational, or procurement activities, the Value Method shall be applied whenever there is potential for improvement, increased efficiency, or savings.

3. **Objectives.** Each Region and the offices located in Denver 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. Exclusions may be requested for projects less than the \$1 million mandatory OMB threshold. The exclusions process is contained in RM CMP 06-01 and in the Reclamation Value Program Handbook. Value Methods will be used on administrative, operational, and procurement actions whenever:
  - A. The expected Return on Investment (ROI) exceeds 5:1, or
  - B. Improved processes or efficiencies may reasonably be anticipated, or
  - C. The project is over budget, or
  - D. 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. The Reclamation Value Program Handbook provides discretionary guidance.
  - 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. **Director, Technical Service Center (TSC).** The Director, TSC is designated as the responsible senior official (RSO) for Reclamation's Value Program administration. The RSO is responsible for:
    - (1) Administration of Reclamation-wide Value Program activities, including interagency contacts and cooperation.

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- (2) Preparation and implementation of Reclamation directives, standards, and guidelines for the Value Program.
- (3) Determination of annual program goals.
- (4) Ensuring, through the regions and the offices located in Denver, that program requirements are met Reclamation-wide.
- (5) Accumulation and consolidation of Value Program performance data from RDs and the Directors of offices located in Denver, and preparation and submission of reports required by the Department 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 exclusions of the requirement to conduct VE studies on certain programs or projects, in accordance with 369 DM, 1.7A.

**D. RDs and the Directors of Offices Located in Denver.** RDs and the Directors of offices located in Denver are designated as the responsible officials for the Value Program for their organizations. 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 the Denver offices 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.
- (5) Ensuring that the value methodology is applied to all programs, projects, and activities (PPA) exceeding Department and OMB mandatory threshold values.
- (6) Establishing processes, consistent with RM CMP 06-01, by which exclusion requests will be prepared and reviewed in the region or offices located in Denver.
- (7) Submitting the annual Value Program Plan of Action and Value Program Summary of Action reports to ensure Value Program progress and compliance.

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### **E. 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:
  - (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) Ensure that the implementation decisions are coordinated with the client(s)/user(s).

### **F. 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.

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- (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.

**G. Value Program Review Boards.** Reclamation will establish and maintain a Reclamation-wide VERB, and each Region and the Directors of offices located in Denver 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 exclusions recommended by the RDs, the Directors of offices located in Denver, or VPRBs.
- (2) The Regional and Denver office VPRBs will:
  - (a) Act as the Director's action team to ensure that the Value Method is applied in organizational programs.
  - (b) Deny or recommend approval for exclusion requests originating in their region/offices; forward recommendations for approval to the VERB.
  - (c) Provide management assistance in implementing proposals and recommendations.

**H. 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.

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- (5) Foster and coordinate Value Program training.
  - (6) Report exclusions approved by the VERB to the Department's Office of Managing Risk and Public Safety, Value Engineering Program Manager (MRPS-VEPM).
  - (7) Serve on the Reclamation-wide VERB.
- J. **Regional or Denver office VPC.** One VPC will be appointed for each region and for the offices located in Denver to serve as a local resource and the focal point for Value Program planning, studies, monitoring and reporting activities in their Region or the offices located in Denver.
7. **Exclusions.** Each region and the Directors of offices located in Denver will establish written guidelines to exclude projects from study; consistent with Paragraph 4 above and RM CMP 06-01. The Reclamation Value Program Handbook also provides discretionary guidance. An exclusion 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 exclusions resides with the VERB in accordance with 369 DM 1.7A.
  8. **Reports.** Each Region and the Directors of offices located in Denver will prepare and submit reports to the RVPM as specified by Paragraph 5.D. (7) above and RM CMP 06-01.