

**PROCEDURE FOR CONSTRUCTION CONTRACT
COST REDUCTION INCENTIVE AND/OR
VALUE ENGINEERING CHANGE PROPOSALS (VECP'S)**

VECP's should be handled in the same manner as change orders; however, the contractor may request a "conceptual" approval prior to submission of the change order proper.

Conceptual Proposal

The contractor may request a Department "conceptual" review of the proposal in order to avoid unnecessary investment of his resources in preparing change proposals that would not be acceptable to the Department. This review will not address the total economics of the proposal, not the specific engineering design(s).

Approval of the "Conceptual Proposal" will not obligate the Department to accept the entire of any part of the final VECP.

To submit a VECP for a "conceptual review", the contractor shall submit a letter explaining the concept of his proposal, clearly delineating all aspects of the proposed change. The original shall be sent directly to the Resident Engineer, with copies being sent to the field division and the Construction Engineer (Central Office).

The letter shall include estimates of the impact the proposed change would have on the project as a whole, included, but not limited to, detours, traffic control items and time of construction.

The field division will be responsible for advising outside local government entities and/or owners of any such proposal, and will advise the Construction Engineer as to the owner's approval/disapproval of the proposed change.

The Construction Engineer will be responsible for contacting our Railroad Branch in order to secure the railroad's approval/disapproval of the proposed change.

If appropriate, the Construction Engineer will forward copies of the "conceptual review" to the VECP Committee.

When deemed necessary, the Construction Engineer will conduct a meeting with the VECP Committee to discuss the concept of the proposed change. The decision of the Department as to the acceptance/rejection of a changed proposal will be final and will not be subject to any further action.

If at all possible, ODOT will attempt to respond to the contractor's conceptual proposal within three working days after receipt in the Central Office. When outside entities are involved, the committee cannot meet until their approval is secured.

If the conceptual proposal is disapproved, the contractor shall not pursue the matter any further. However, if the conceptual proposal is approved, then he may proceed with his final proposal. If time

is not critical, the contractor shall submit his proposed change through normal channels. When time is of the essence and the contractor must have a quick response to avoid project delay, he may submit additional copies to the Field Division Engineer and the Construction Engineer (Central Office) at the same time.

Final Proposal

The final proposals shall be engineered and sealed by a professional engineer if mandated by the nature of the change.

When determining the net savings, the contractor shall consider all costs associated with the change he is proposing. This may include road user costs, if appropriate.

The Construction Engineer will forward copies of the final proposal to the VECP Committee, the Chief Engineer and all other appropriate offices.

After studying the proposal, everyone will forward their comments to the Construction Engineer. The comments will be documented and made available to the VECP Committee for their review.

The Construction Engineer will call and chair a meeting with the field division and the VECP Committee to recommend approval/disapproval of the final change proposal. If the proposed change involves complex design, it may be advantageous to have the contractor present in the meeting to answer possible questions. If the VECP Committee members think that the contractor's presence should be required, they will notify the Construction Engineer, who will in turn notify the Resident Engineer to extend the invitation.

If both ODOT and FHWA approve the contractor's final change proposal, the Construction Engineer will send letters of acceptance to the field division and the contractor. The contractor will receive 50 percent of the final net savings amount generated from his change proposal.

If the final change proposal is rejected, the Construction Engineer will notify the Resident, who in turn will notify the contractor.

The Department will respond to the contractor's final change proposal as expeditiously as possible.

The VECP Committee will consist of the following:

The Construction Engineer	FHWA
Bridge Division	Field Division
Urban Design Division	When appropriate, the outside government
Rural Design Division	entities/owners
Traffic Division	
Materials Division	
Maintenance Division	
Local Government Division	
Value Engineering Coordinator	

To complete the process, the VE Coordinator will periodically report the VECP activities to ODOT top management.

The contractor must understand that:

The Department is not obligated to accept their VECP's.

They must absorb all costs and risks incurred in preparing VECP's.

Until the VECP is accepted, they are obligated to the terms of the original contract.

ODOT reserves the right to adopt a VECP for general use.

9/3/92