

CESPD R 11-1-3
App F
22 September 2000

APPENDIX F

MEMORANDUM CESPD-ET-EW, 14 MARCH 2000, SUBJECT: IMPLEMENTATION OF
VALUE ENGINEERING FOR MILCON PROJECTS FUNDED BY MCA, UMMCA
AND AFH APPROPRIATIONS WITH MEMORANDUM DAIM-FD/CEMP-MA, 20
JAN 2000, SUBJECT: REVISED GUIDANCE FOR PROCEDURES AND
APPROVAL OF CHANGES TO MILCON PROJECTS FUNDED BY MCA, UMMCA
AND AFH APPROPRIATIONS AS AN ATTACHMENT.



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
SOUTH PACIFIC DIVISION, CORPS OF ENGINEERS

333 Market Street, Room 923
San Francisco, California 94105-2195

CESPD-ET-EW

14 MAR 2000

MEMORANDUM FOR

Commander, Albuquerque District
Commander, Los Angeles District
Commander Sacramento District

SUBJECT: Implementation of Value Engineering in the Revised Guidance for MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations.

1. Reference, DAIM-FD/CEMP-MA memorandum dated 20 January 2000, subject: Revised Guidance for Procedures and Approval of Changes to MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations.
2. The following implementation guidance is provided to implement paragraph 4.a. (3) of referenced memorandum:
 - a. Project Management will identify projects to be studied and coordinate with the District Value Engineer to ensure studies are performed as necessary.
 - b. The District Value Engineer will schedule the study, assemble the team (or contract as applicable), and request funding from HQUSACE for the value engineering study.
 - c. The MCS Value Engineer and the MACOM project manager will be invited to attend the study.
 - d. A copy of the draft value engineering study will be forwarded to the MSC Value Engineer and the MACOM project manager. Sufficient time shall be provided for review so as to ensure that the MACOM project manager can implement cost savings proposals if desired. The MSC Value Engineer will coordinate with the MACOM and provide consolidated comments to the District Value Engineer who will coordinate with the District Project Manager.
 - e. The MCS Value Engineer and MACOM project manager will be invited to any briefings or meetings where the proposals are being discussed with installation personnel.

CESPD-ET-EW

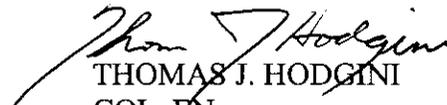
SUBJECT: Implementation of Value Engineering in the Revised Guidance for MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations.

f. For those projects where the CWE remains above 95 percent of the PA, the district will provide to the MSC Value Engineer the rationale for the PA remaining above 95 percent. The MSC will then forward this information to HQUSACE.

3. Review procedures for the HQ SPD staff is provided for your information (enclosure).

4. Point of contact is the South Pacific Division Value Engineer, Joseph Hovell, CESPD-ET-EW, at (415) 977-8109.

Encl


THOMAS J. HODGINI
COL, EN
Acting Commander

Internal Division Implementation Procedures

- a. As part of developing the yearly Value Engineering Work Plan (listing of projects to be studied within the Division) the MSC Value Engineer will coordinate with Program Management to identify projects in the MCA, UMMCA and AFA programs which require study. (Note there is no minimum program amount to which this guidance applies. All UMMCA projects are to receive a value engineering study.)
- b. The MSC Value Engineer will work with the MSC Program Manager to encourage the use of Design Charrettes using the Value Engineering methodology.
- c. The MCS Value Engineer will work with the District Value Engineer to schedule these studies and advise the MACOM project manager of any upcoming studies.
- d. The MSC Value Engineer will attend Value Engineering Studies as part of the Division's Quality Management oversight.
- e. Upon receipt of a value engineering study the MCS Value Engineer will review the study and notify the applicable District Support Team and arrange for their review. Turn around time is to be less than one week. In the absence of the MSC Value Engineer the District Support Team leader will coordinate the review.
- f. The MSC Value Engineer will contact the MACOM project manager and discuss the proposals presented in the study. The MSC Value Engineer and the MACOM project manager will work with the district and installation to incorporate the proposals to the maximum extent practical.
- g. The final decision to incorporate or not incorporate the proposals will be made by the MACOM.

Enclosure



DEPARTMENT OF THE ARMY
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT
600 ARMY PENTAGON
WASHINGTON DC 20310-0600

REPLY TO
ATTENTION OF

DAIM-FD/CEMP-MA

JAN 20 2000

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Revised Guidance for Procedures and Approval of Changes to MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations

1. References:

a. AR 415-15, Army Military Construction Program Development and Execution, dated 4 Sep 98.

b. DAIM-FD memorandum dated 24 Aug 99, subject as above.

2. The purpose of this memorandum is to provide revised guidance for procedures and approval of changes to MILCON projects funded by MCA, UMMCA, and AFH appropriations. This memorandum supersedes reference *1b*.

3. The following conditions require revision to the current policy:

a. Based, in part, on a perception that contingencies were being used to upgrade projects, Congress made a general reduction to the FY 00 MCA program in the amount of \$47.5 million.

b. The Office of Secretary of Defense (OSD) has eliminated the entire 5-percent contingency for MILCON projects, FY 01 and beyond.

c. The deficit in the MCA account through FY 99 is \$30 million. This does not include the above Congressional and OSD directed cuts. The AFHC program is at a break-even point with virtually no prior year savings upon which to draw.

4. These conditions will seriously impact our ability to award critically needed MILCON projects and fund mandatory changes. In response, the following measures will be implemented immediately:

a. For all projects regardless of FY--

(1) The design current working estimate will not include contingency.

(2) Projects will be designed at full scope. The design current working estimate (CWE) target is 95 percent of the approved program amount (PA).

DAIM-FD/CEMP-MA

SUBJECT: Revised Guidance for Procedures and Approval of Changes to MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations

(3) All projects will be aggressively value engineered to provide the approved scope at the lowest reasonable cost – even if the full scope CWE is below 95-percent of the PA. All value engineering (VE) studies will be reviewed by the USACE MSCs in coordination with the MACOMs. If the full scope CWE remains above 95-percent of the PA, VE reports will be forwarded to HQUSACE with the rationale for proposed actions. If a proposed award CWE cannot be reduced below the approved PA, the project will be considered for deferral and a source of funds for mandatory changes on other projects.

(4) After construction award, all discretionary (user requested) changes must be approved by HQDA (DAIM-FD).

(5) Increased use of the design-build procurement is strongly encouraged.

b. For all FY 00 and prior year projects, the field construction contingency will be funded at 1-percent of the unplaced balance of construction or \$100,000, whichever is less.

c. For future year projects, it is highly recommended that installations and MACOMs fund USACE districts to conduct planning charrettes. More precise definition of project scope and cost during planning will minimize project changes during design and construction.

5. The enclosed AR 415-15, Revised Appendix M (dated 7 Jan 00) reflects the newest guidance on approval of changes.

6. We enlist your cooperative support on this issue. We must continue to be judicious in our use of increasingly scarce MILCON resources to maximize mission effectiveness and to provide quality facilities for our soldiers, their families, and Army civilians.

7. OACSIM POC is Mr. Pete Tamin, DAIM-FDC, (703) 692-9207. HQUSACE POC is Mr. Howard Stickley, CEMP-MA, (202) 761-1995.



R.L. VAN ANTWERP
Major General, USA
Assistant Chief of Staff
for Installation Management



MILTON HUNTER
Major General, USA
Deputy Commander
for Military Programs

Encl
as

DAIM-FD/CEMP-MA

SUBJECT: Revised Guidance for Procedures and Approval of Changes to MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations

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SUPERINTENDENT, US MILITARY ACADEMY, ATTN: MAEN
COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

CF:

DASA(IH)
SAFM-BU