

0040309-VALUE ENGINEERING INCENTIVE-SHARING ARRANGEMENTS
RESPONSES TO COMMENTS FROM INDUSTRY REVIEW

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Comments:

4-3.9.3 (4) Data Requirements:

The word "Engineering" is the first word of the sentence. It starts with a capital "E". Should this be a small "e" or should all other sentences start with a capital letter?

Response: Will correct for consistency. Thank you

Jim Warren
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Comments:

"a decrease in the cost of performance of the Contract." How or where is this defined? Using a term that is not clearly defined somewhere will cause confusion and is wrought for misinterpretation.

Response: Modified to say "a decrease in the cost of the contract". This should make clear the intent. Thank you

Allen Schrupf
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Comments:

Correct reference in 3rd to the last line to 4-3.9.8.1.

Response: Corrected. Thank you

Sharon L. Harris
District Maintenance Administrator
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Comments:

My comments are as follows:

I agree with the deletion of the references and requirements related to collateral costs. In over 10 years of reviewing VECPs in both Construction and Maintenance for District One. I have never seen any submittals that included collateral costs. However, in 4-3.9.1 - paragraph (2) b, there is some essential language also being deleted I feel should remain. The language is:

"VECPs must result in savings without impairing essential functions and characteristics such as safety, service, life, reliability, economy of operation, ease of maintenance, aesthetics...The Department will not recognize the Contractor's correction of plan errors that result in a cost reduction, as a VECP."

Without this language, contractor's will be able to submit VECP's that save construction costs but may increase life cycle costs or violate commitments made regarding aesthetics etc. Design features can often exceed minimum requirements for valid reasons. Reducing construction costs is a valid goal, but not when its at the expense of other costs to the Department. After all, its all coming out of the same pot of money, namely the Transportation Trust Fund. It would be difficult to deny VECP's related to the issues above without this language.

Response:

Agree. That language really shouldn't be a part of paragraph (2) b. The intent of our change was to delete collateral costs and that language has nothing to do with collateral costs. This is important language and will remain. Thank you.

Chris Papastratis
District 4 Construction Office
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Comments:

1. District 4 likes the change. Looks cleaner.
2. This spec #0040309 is eliminating the chart in 4-3.9.8 to permit the contractor to keep all the savings related to any costs less than or equal to \$25,000.00 and requiring the savings to be split now 50 percent for all VECP submittals. This is a concern for minor savings since the contractor will have no way of recouping his costs for design and analysis of minor VE

proposals. Therefore, he will not want to propose any minor changes although could be good for the Department to make this change.

Response: The chart in section 4-3.9.8 was for innovative ideas only. An innovative idea was defined as an idea that was not identical or similar to a previously submitted VECP and was not previously used by the Department. In researching this it was discovered this clause had not been used. Thank you.

Christopher Wood
D2 Construction
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Comments:

I have received the following comment regarding the Proposed Specifications Change: 0040309-Value Engineering Incentive:

1) Under 4-3.9.7 Sharing Arrangements the following change is being proposed:

The Contractor shall receive up to 50% of the net reduction in the cost of performance of the Contract due to an approved VECP, ~~except for innovative ideas. Upon review and approval of the VECP, the savings shall be based on a~~ *as determined by the* final negotiated agreement between the Contractor and the Department.

I would rather us not strike out the words “up to”. Are we really comfortable with paying 50% in every instance?

Sincerely,

Response: Yes. If the VECP has been properly reviewed and the Department has determined that it is acceptable then split should be consistent throughout the state. This is the standard split used nationwide. Thank you.