1.0 Policy

A Contractor's Value Engineering Change Proposal (VECP) is a proposal to modify the plans, specifications or other requirements of the Contract Documents relating to an Item, type of construction or process for Work that results in reduced construction costs. The City shall be the sole judge of the acceptability of a VECP and of the estimated net savings in construction costs from the adoption of all or any part of a VECP. The City will share with the Contractor the net cost savings that result from an approved VECP. The approval of a Final VECP requires the processing of a Change Order modifying the provisions of the Contract. Therefore, VECPs shall be carefully considered and reviewed in a technically sound manner in conformance with this procedure utilizing the WSIP Construction Management Information System (CMIS). The City shall respond to the Contractor's VECP within 30 days of receipt of the VECP.

This procedure applies to all personnel working on the Water System Improvement Program (WSIP) to the extent that their work is affected by these WSIP Construction Management (CM) Procedures and does not conflict with specific San Francisco Public Utilities Commission (SFPUC) policies or the contract under which the Work is executed.

2.0 Description

This procedure establishes the requirements for the submittal, process, control, coordination of review and response, and retention of Contractor's VECPs. The procedure describes the processing of a VECP from its original submittal by the Contractor and receipt by the Project Construction Manager (Project CM) through the review, response, and subsequent forwarding of the response to the Contractor.
3.0 Definitions

3.1 Value Engineering Change Proposal (VECP)

A VECP is a document presented by the Contractor that requests a modification of the plans, specifications or other requirements of the Contract Documents relating to an Item, type of construction or process of Work that results in reduced construction costs. The requirements and information to be included in a VECP are identified in the Contract.

3.2 Conceptual Value Engineering Change Proposal

A Conceptual VECP is an abbreviated VECP for preliminary review by the City which reduces the risk of subsequent rejection of a Final VECP by the City, but which does not commit the City to eventual approval of the Final VECP. A Conceptual VECP provides a general description of the proposed modification, conceptual plans and description of proposed changes, and an estimate of cost/time savings.

3.3 Final Value Engineering Change Proposal

A Final VECP is a full submittal of a VECP containing a detailed description of the proposed change and difference between it and the existing Contract requirements and the advantages and disadvantages of each; an itemization of all Contract documents requiring change; comparisons of cost and schedule impacts; descriptions of previous use of the proposed changes with conditions and results; and, if required by the City, a statement of life cycle costs.

3.4 Construction Management Information System (CMIS)

The WSIP Construction Management Information System (CMIS) is an on-line management tool for the processing of contract documents based on established construction management business processes. It serves as a tool for effective storage and retrieval of various documents generated during a construction project. Processing of VECPs will utilize the WSIP CMIS. The CMIS is designed for Contractor entry and Project CM response directly into the system.

4.0 Responsibilities

4.1 Contractor

The Contractor generates a VECP in CMIS, addressing it to the attention of the Project Construction Manager (Project CM). The Contractor provides supporting documentation as required by the Contract and this procedure pertinent to the understanding of and obtaining a carefully considered response to a request. The Contractor may submit a Conceptual VECP for the City’s consideration prior to the submittal of a
Final VECP. Acceptance by the City of a Final VECP obligates the Contractor to submit a Change Order Request (COR) within 5 days of notification of City acceptance.

4.2. **Project Construction Manager (Project CM)**

The Project CM is responsible as the single point of contact with the Contractor as the “City Representative” as defined by the Contract Documents. The Project CM is responsible for timely and efficient management of VECPs and for either approving or rejecting a VECP and transmitting the response to the Contractor. The acceptance, review and approval or rejection are at the sole judgment of the Project CM. The Project CM may, with the concurrence of the Contractor, modify the VECP in order to enhance it or make it more acceptable.

4.3. **Office Engineer (OE)**

The OE is responsible for processing the VECP using CMIS, assigning the file code, determining the routing of a VECP for review within the project CM team, to the Engineering Management Bureau and/or design consultant, tracking VECP reviews to ensure timely response and for addressing all comments on the status of a VECP. The OE has the authority to reject a VECP and to return it to the Contractor for re-submittal if it is determined to be non-compliant with the Contract Documents. The OE checks responses to VECPs for completeness, and obtains additional clarification or revision from the reviewer where deemed needed.

4.4. **Primary Reviewer**

There is one primary reviewer for a VECP who is responsible for the review including obtaining input from any other member(s) of the project team as considered necessary and preparing a coordinated single response. CM field staff will review as many submittals as possible. Technical submittals that affect the design will be reviewed by the Project Engineer who will coordinate with the SFPUC EMB design staff or the design consultant. If field staff cannot perform the review, the submittal will be sent to others for review. Safety, quality, environmental, cost and schedule and other submittals will be reviewed by the appropriate project staff. Reviewers will give VECPs priority in their daily schedule and make every effort to respond in a timely manner.

4.5. **Administrative/Document Control Specialist (ADCS)**

The Administrative/Document Control Specialist is responsible for the verification of the file code, logging the VECP into CMIS Correspondence Received upon receipt and into Correspondence Sent upon transmittal of the response to the Contractor, the receiving and logging of any non-electronic documentation submitted by the Contractor in support of the
VECP, and filing the VECP and response into the project files. For smaller projects, as agreed in the approved CM Work Plan, the OE or other project CM team member designated by the Project CM can perform the role of the ADCS.

5.0 Implementation

5.1. Contractor prepares on Contractor company letter head all required statements, estimates, narratives and other documentation. The Contractor enters VECP data directly into the CMIS, referencing the pertinent Contract, specification section, and/or drawing number. The Contractor enters a narrative description (general description if the VECP is “Conceptual”, detailed description if the VECP is “Final”) of the proposed change in the Question field. The Contractor enters the following information:

- Statement that the proposal is submitted as a Conceptual or as a Final VECP, as appropriate for type of VECP
- General or detailed narrative description of the difference and advantages and disadvantages, as appropriate for type of VECP
- List and analysis of contract requirements changed if the VECP is accepted, including suggested revisions to specifications
- General description of changes to plans, drawings and specifications, with reference to the attached document(s) that provides appropriate details, to include conceptual plans or marked-up drawings
- Estimate or sum of cost savings and impact on Baseline CPM Schedule and, for Final VECPs, a reference to the attached document that provides appropriate detailed cost comparison
- Information regarding previous use, including
  - Description of project and use
  - If a City project, include Contract No., date and City action
  - Date of project and use
  - Contact information
- A statement of the time by which, for a Conceptual VECP, a response is required, time required to prepare a Final VECP; or, for a Final VECP, a Change Order must be executed for maximum economies and date by which the VECP is required to avoid delays

The Contractor shall attach documents that provide detailed documentation in conformance to the specification, as appropriate to the type of VECP, including

- Waiver of restriction in City use or disclosure
- Agreement not to hold City liable for acceptability or attributable delays
- Estimate or detailed cost comparison of methods proposed in the VECP to the original Work
- Effect of the VECP on the Baseline CPM Construction Schedule
• If deemed appropriate by the City, design calculations and statement of life cycle costs

Attached electronic documents shall be in the latest version of Adobe Acrobat Pro.

The Contractor may request in writing, concurrent with the submittal of the VECP, that the City return information pertinent to the VECP if the City rejects the VECP.

5.2. The OE assigns a file code in accordance with from WSIP Construction Management Procedure 006, Document Control and Correspondence to ensure consistency as much as possible between all WSIP projects. The OE reviews the VECP for completeness and conformance to the requirements of the Contract, and uses the Inbox function to notify the ADCS of the receipt of the VECP.

5.3. If the VECP is non-compliant, the OE sets the Status to Rejected, uses the Ball in Court function to forward the action to the ADCS, and uses the Email Form function to return it to the Contractor, including the Project CM and ADCS as recipients. The OE enters instructions for rectifying the non-compliance and resubmittal into the Remarks field of the Email Form function.

5.4. The Administrative/Document Control Specialist verifies the file code, logs the VECP in CMIS Correspondence Received and files the hardcopy VECP. If the VECP is rejected by the OE, the ADCS also logs the rejected VECP in Correspondence Sent.

5.5. If the VECP is compliant, the OE determines the Reviewer; enters a priority code and scheduled response date; and uses the CMIS Ball in Court function to forward the VECP to the Project CM for review.

5.6. The Project CM, as City Representative, is the sole judge to determine if a VECP qualifies for consideration and may reject any VECP that

• that requires excessive time to evaluate
• does not generate sufficient cost savings to warrant review
• is not consistent with the City’s design, criteria or schedule for the project
• is similar to a change in plans or specifications that is under consideration by the City
• is based on or similar to standard specifications, special provisions or plans adopted by the City after Contract advertisement
• proposes changes implied on submittals without the Contractor’s formal request
• addresses Work that has been started, installed or completed and does not meet requirements in the Contract Documents
• is requested directly by a Subcontractor or Supplier
• only proposes reducing or eliminating Contract pay items
• proposes changes for which equivalent options are already provided in the Contract
• does not contain the elements required by the specification

5.7. The Project CM reviews the VECP, coordinates with the Contractor to request additional information needed to evaluate the VECP or to obtain concurrence to modify the VECP, if necessary, and accepts or rejects the VECP.

5.8. If the VECP is rejected, the Project CM sets the Status to Rejected, uses the Ball in Court function to forward the action to the ADCS, and uses the CMIS Email Form function to transmit the rejected VECP to the Contractor, including the OE and ADCS as recipients of the email. This rejection is final and the Contractor may not appeal or claim additional costs or delays resulting from the rejection or untimely acceptance of a VECP. In compliance with the Contractor’s previous request, the OE and ADCS coordinate to return to the Contractor all information pertinent to the rejected VECP.

5.9. If the VECP is rejected, the ADCS confirms all data, clears the Ball in Court, attaches any necessary electronic files, attaches the rejected VECP from the Project CM’s email, prints and files the hardcopy, closes and saves the VECP and logs the rejected VECP in Correspondence Sent.

5.10. If the VECP is accepted, the Project CM sets the Status to In Review and uses the Ball in Court to forward the action to the OE. The City shall notify the Contractor of acceptance or rejection within 30 days of receipt of the VECP.

5.11. The OE confirms its Status as In Review, confirms the Primary Reviewer, and uses the Ball in Court to forward the action to the Primary Reviewer. The OE shall monitor the progress of the VECP’s review.

5.12. CM field staff will review as many VECPs as possible but, if necessary, the VECP shall be sent to others for review. Non-technical VECPs will be reviewed by the appropriate project staff and technical VECPs that affect the design will be reviewed by the Project Engineer who will coordinate with the SFPUC Engineering Management Bureau design staff or the design consultant. Each VECP has one primary reviewer (Reviewer) responsible for the review. The Reviewer is expected to obtain whatever additional review assistance is required from other project staff and compile one comprehensive response.

5.13. The OE reviews the responses from the Primary Reviewer and, if necessary, returns the response to the Reviewer. The OE will also determine the notification distribution list. Upon satisfactory completion of
the response, the OE uses the CMIS Ball in Court function to forward the response to the Project CM for approval or modification and transmittal to the Contractor.

5.14. The Project CM verifies the response, determines if the VECP should be approved and transmits the response to the Contractor. The Project CM may modify the response before transmitting to the Contractor. The Project CM sets the Status to Approved or Rejected, uses the Ball in Court function to forward the action to the ADCS, and uses the Email Form function to transmit the VECP to the Contractor, including comments regarding the approval or rejection in the Remarks section of the Email function. The Project CM includes the OE and ADCS as recipients of the email transmitting the VECP to the Contractor.

5.15. The ADCS confirms all data, clears the Ball in Court, attaches necessary electronic files, prints and files hardcopy documents, logs the transmitted VECP in Correspondence Sent, and sends notifications to parties named on the distribution list which must always list the RPM, PE, RCM and City RCM. The ADCS closes and saves the VECP.

5.16. If the approved VECP is a Conceptual VECP, the Contractor initiates a Final VECP as described in Paragraph 5.1. If the approved VECP is a Final VECP, the Project CM includes in the response the instruction to initiate a COR within 5 working days.

5.17. The Contractor shall continue to perform the Work in accordance with the requirements of the Contract Documents until a Change Order incorporating the VECP has been approved. If the Change Order has not been approved by the date specified by the VECP, the VECP shall be deemed rejected unless the decision date has been extended by mutual agreement of the parties.

5.18. If the approved VECP is a Conceptual VECP, the Contractor initiates a Final VECP as described in Paragraph 5.1. If the approved VECP is a Final VECP, the Project CM includes in the response the instruction to initiate a COR within 5 working days.

6.0 Other Procedural Requirements

6.1 Notifications of actions required will appear on the action item list. Based on the Required Date, alerts will be built into the CMIS for notification of any overdue documents and status reports will be generated that include statistics on processing times. The Project CM will monitor VECP action lists for overdue actions.

6.2 Subsequent to an approved Final VECP, a Change Order Request (COR) must be submitted by the Contractor following the process described in Procedure 016, Change Management. The COR and resulting Change
Order must specifically state that the Change Order will be executed pursuant to Specification Section 01635 so that the City may track Value Engineering cost savings. Net savings shall be shared equally by the City and Contractor, and the Contractor shall be paid its 50 percent share when the City has accepted the Work attributable to the VECP.

7.0 References

WSIP Construction Management Procedure No. 006, Document Control and Correspondence

WSIP Construction Management Procedure No. 016, Change Management

WSIP Construction Specification 01635, Value Engineering Change Proposals

WSIP Business Process Report 1c, Value Engineering Change Proposals

8.0 Attachments

003 -1 Value Engineering Change Proposals Flow Chart

003 -2 Value Engineering Change Proposals Format

003 -3 Value Engineering Change Proposals Log Format
Contractor enters VECP data into the CMIS to the attention of the Project CM, attaches electronic documents

Office Engineer reviews the VECP for Conformance and Completeness, assigns file code

Contractor revises VECP and resubmits

Conformed And Completed?

Yes

OE forwards to Project CM for review, accept/reject

Accept?

Yes

OE forwards to Project CM for review

Accept response?

Yes

ADCS sends distribution notification and files VECP hard copy

Accepted Final
Contractor initiates COR

Rejected
Contractor continues Contract Work

Accepted Conceptual
Contractor initiates Final VECP

No

ADCS files a hard copy

No

Office Engineer reviews the VECP for Conformance and Completeness, assigns file code

Office Engineer determines review and approval routing and enters data into CMIS

Reviewer performs review, and prepares and emails response to Office Engineer

OE reviews VECP response, enters status into CMIS

Accept?

Yes

OE forwards to Project CM for review

Accept response?

Yes
# Value Engineering Change Proposal Log

## San Francisco Public Utilities Commission

### Water System Improvement Program

<table>
<thead>
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<th>Contract Name:</th>
<th>Date:</th>
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| Contract No: | |

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**REQUEST AND ANSWER LOG**

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**

**WATER SYSTEM IMPROVEMENT PROGRAM**

**CONTRACT NAME:** WD-2469 Forest Knolls PS & Tank  
**CONTRACT NO:** WD-2469  
**Date:** 2/17/2009

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