



Oregon

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November 20, 2006

To: Mike Morrow
Federal Highway Administration

Subject: Annual Federal-Aid Value Engineering Report 2006

Per your request, enclosed is the 2006 Value Engineering report.

Since the last annual report submitted in November of 2006, four Value Engineering studies were conducted in the State of Oregon. The four Value Engineering studies completed have a potential of \$35,624,000 in contract savings. The cost of conducting the four Value Engineering studies was approximately \$33,400. Through the course of the year 4 ODOT employees, 0 FHWA employees, and 1 consultants were trained in the fundamentals of Value Engineering.

In the construction arena, ten Value Engineering Change Proposals (Cost Reduction Proposals) were approved on construction projects for a total savings of \$307,930.

Tracy M. Harris
ODOT Value Engineering Coordinator

Enclosure

cc: Cathy Nelson, TSB Manager w/enclosure
Ed Fischer, State Highway Engineer w/enclosure
Jeff Gower, State Construction & Material Engineer w/enclosure
Steve Lindland w/enclosure
Region VE Coordinators w/enclosure-
Region 1- Jason Tell (Region Manager)
Region 2- Marty Klug
Region 3- Paul Mather (Region Manager)
Region 4- Ray Thwaites
Region 5- Monte Grove (Region Manager)

Area Managers w/enclosure-

Arthur Anderson
Kelly Bruce
Rena Cusma
Gary Farnsworth
Norman Hansen
David Kim
Jane Lee
Michael Long
Ray Mabey
Allan McDonald
Larry Mckinley
John Osborn
Vivian Payne
James Potter
Frank Reading
Charlie Sciscione
Mike Stinson
Mark Usselman
Richard Watanabe
Sam Wilkins

Value Engineering Study FHWA Summary Report (DRAFT)

Oregon
Division/State

2006 (October 1, 2005 - September 30, 2006)
Federal Fiscal Year

		In-house	Consultant	Total
1. Number of VE studies				
1.1	Studies conducted this year:	2	3	5
1.2	Studies finalized this year:	5	3	8
2. Cost of VE Program				
2.1	Costs of studies conducted this year:	\$34,572	\$4,500	\$39,072
2.2	Costs of studies finalized this year:	\$76,535	\$53,600	\$130,135
3. Estimated project costs of studies finalized this year				
3.1	Total cost of projects finalized this year:	\$116,447,000	\$125,000,000	\$241,447,000
4. Number of proposed VE recommendations				
4.1	Studies conducted this year:	28	34	62
4.2	Studies finalized this year:	33	34	67
5. Number of Approved VE recommendations				
5.1	Studies finalized this year:	4	24	28
6. Value of proposed VE recommendations				
6.1	Studies finalized this year:	\$17,220,000	\$8,103,000	\$25,323,000
7. Value of all approved VE recommendations				
7.1	Studies finalized this year:	\$2,290,000	\$1,611,000	\$3,901,000
8. VE related training costs				
8.1	VE related training costs		\$ 13,430.00	\$13,430
9. Number of people trained in VE during this year				
9.1	Number of State DOT Employees Trained		4	4
9.2	Number of FHWA Employees Trained		0	0
9.3	Number of Others Trained		1	1
9.4	Total number trained			5
10. Number of Construction VECs				
10.1	Submitted this year:		N/A	N/A
10.2	Approved this year:		10	10
11. Savings from approved Construction VECs				
11.1	Savings from VECs Approved this year:		\$307,930	\$307,930

Value Engineering Study FHWA Summary Report (DRAFT)

Oregon
Division/State

2006 (October 1, 2005 - September 30, 2006)
Federal Fiscal Year

12. Studies of special merit

12.1 Study Name:

12.2 Study Description, Comments

Analysis of Results

Return On Investment	=	$\frac{\text{Value of Approved Recommendations}}{\text{Costs of Studies Finalized}}$	30
% of Project Costs Saved	=	$\frac{\text{Value of Approved Recommendation}}{\text{Project Costs of Studies Finalized}}$	2%
Recommendation Acceptance Rate	=	$\frac{\# \text{ of Approved Recommendations}}{\# \text{ of Proposed Recommendations}}$	42%
Average Cost Savings per Recommendation	=	$\frac{\text{Total Value of Recommendations Finalized this Year}}{\text{Total \# of Recommendations Finalized this Year}}$	\$139,321
VECP Acceptance Rate	=	$\frac{\# \text{ of Approved VECP}}{\# \text{ of Submitted VECP}}$	#VALUE!

VALUE ENGINEERING STUDY SUMMARY REPORT

Division/State **OREGON**

Fiscal Year **2005**

1. **I-5: Sutherland to Roseburg**
 October 27, 2004

2. Cost of performing the VE study
 Consultant: **\$2,600**

3. Estimated construction cost of project studied.
 Consultant: **\$44,042,000**

4. Number & Value of VE recommendations
 Consultant: **8** Value: **\$0**

5. Number & Value of approved VE recommendations
 Consultant: **x** Value: **\$xxx,xxx (See Note Below)**

6. Life-cycle cost (cost avoidance) savings from VE study.
 Consultant Value: **\$0**

7. Total VE-related training costs (include an estimate of salaries
 of persons attending, travel cost and local incidental costs). **\$x**

8. Number of employees trained in VE during VE study.
 - a. FHWA **0**
 - b. State and Others **0**

NOTE:

This VE Study was conducted on a Design-Build project after the request for proposals were received. The team put its effort into identifying products, processes, or tactics from the other proposals that have the potential to add value to the selected proposal. At this time, we do not know which recommendations were added to the project.

VALUE ENGINEERING STUDY SUMMARY REPORT

Division/State OREGON

Fiscal Year 2006

1. **OR 217: Sunset Highway – Tualatin Valley Highway**
April 10 – 14, 2006

2. Cost of performing the VE study
In-house: **\$16,235**

3. Estimated construction cost of project studied.
In-house: **\$30,028,000**

4. Number & Value of VE recommendations
In-house: **13** Value: **\$8,679,000**

5. Number & Value of approved VE recommendations
In-house: **2** Value: **\$450,000**

6. Life-cycle cost (cost avoidance) savings from VE study.
In-house Value: **\$0**

7. Total VE-related training costs (include an estimate of salaries of persons attending, travel cost and local incidental costs). **\$5108**

8. Number of employees trained in VE during VE study.
 - a. FHWA **0**
 - b. State and Others **3**

