



## INDOT Value Engineering Policy

Effective October 16, 2015

A Value Engineering (VE) analysis shall be conducted prior to the completion of final design on each applicable State and LPA project that utilizes Federal-aid highway funding. Applicable projects requiring a VE analysis shall include the following:

- Road projects on the National Highway System (NHS) receiving Federal assistance with an estimated total cost of \$50,000,000 or more.
- Bridge projects on the NHS receiving Federal assistance with an estimated total cost of \$40,000,000 or more.
- Any major projects<sup>2</sup>, located on or off of the NHS that utilizes Federal-aid highway funding in any contract or phase comprising the major project.
- Any project where a VE analysis has not been conducted and a change is made to the project's scope or design between the final design and the construction letting which results in an increase in the project's total cost exceeding the thresholds identified above for road and bridge projects.
- Any other project FHWA determined to be appropriate that utilizes Federal-aid highway program funding.

All approved VE recommendations shall be included in the project's plans, specifications and estimates prior to authorizing the project for construction<sup>1</sup>. VE analyses are not required for non-NHS bridge projects<sup>3</sup> or for projects delivered using the design/build method of construction<sup>4</sup>. The total project cost is defined as the estimated costs of all work to be conducted on a project including the environment, design, right-of-way, utilities and construction phases.

An additional VE analysis is not required if, after conducting a VE analysis as required under this policy, if the project is subsequently split into smaller projects in the design phase or the project is programmed to be completed by the letting of multiple construction projects. However, the Project Manager may not avoid the requirement to conduct a VE analysis on an applicable project by splitting the project into smaller projects, or programming multiple design or construction projects.

The VE analysis should be completed as early as practical in the planning or development of a project. Therefore, the VE analysis may be completed anytime during the planning, environmental, or design phases of a project as long as there is enough project information available to conduct an effective VE analysis.

The Project Manager (assigned to delivering the applicable project) will assemble a multi-disciplinary team not directly involved in the planning and development phases of a specific project to provide recommendations and complete the VE analysis. The team will be comprised of 3-5 people and led by a Project Manager within the Capital Program Management Division that is not involved in the development of the project. This Project Manager will be responsible for completing the VE analysis in accordance with the [Value Engineering Workbook](#).



The Value Engineering Workbook must be completed no later than 30 days after the Stage 1 design submittal for all eligible projects. The Project Manager will provide the recommendations from the VE analysis to the Designer of Record for review, and comments must be received and provided back to the Project Manager within 15 days. [The Value Engineering Recommendation Memo](#) must be completed and presented to the Deputy Commissioner of Capital Program Management within 15 days of receiving and reconciling the comments from the Designer of Record.

Final direction whether or not to implement the recommendations of the Value Engineering Team will be given by the Deputy Commissioner of Capital Program Management. A justification will be provided after each recommendation identified on the VE Recommendation Memo, and the Deputy Commissioner will sign off on each recommendation.

The signed VE Recommendation must be attached to the VE workbook and uploaded into ERMS with the following title: **CPMD\_ValEngStudy\_DesNumber\_for\_Roadway Services**. A hard copy of the workbook and recommendations must also be sent to the Director of Project Support. The recommendations to implement changes to the project at the direction of the Deputy Commissioner must be assembled into a spreadsheet by the Director of Project Support and provided to FHWA in the annual Value Engineering report to FHWA.

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<sup>1</sup>as specified in 23 CFR 630.205

<sup>2</sup>as defined in 23 U.S.C. 06(h)

<sup>3</sup>as specified in 23 U.S.C. 106(e)(2)(B)

<sup>4</sup>as specified in 23 U.S.C. 106(e)(5)