Value Management Optimizes Projects for New York City

NYC OMB VE Program.....Jill Woller CVS-Life FSAVE, Director of Technical Services

Origins of VE Program in NYC

- Initiated in 1982 as a part of the recovery from the Fiscal Crisis
- Modeled on the federal agencies' programs at GSA and the Navy
- Created to prevent future major embarrassments on capital projects
- Located at OMB due to early focus on cost management

Objective of Value Engineering: The City's Best Interest

Why Use Value Engineering?

- Provides accurate assessment of entire project: cost, program & schedule
- Identifies project constraints, issues, risks
- Permits project improvements
- Reviews initial and life-cycle costs
- Removes unnecessary costs
- Remedies deficiencies, omissions
- Facilitates informed project decisions
- Minimum investment reaps large returns

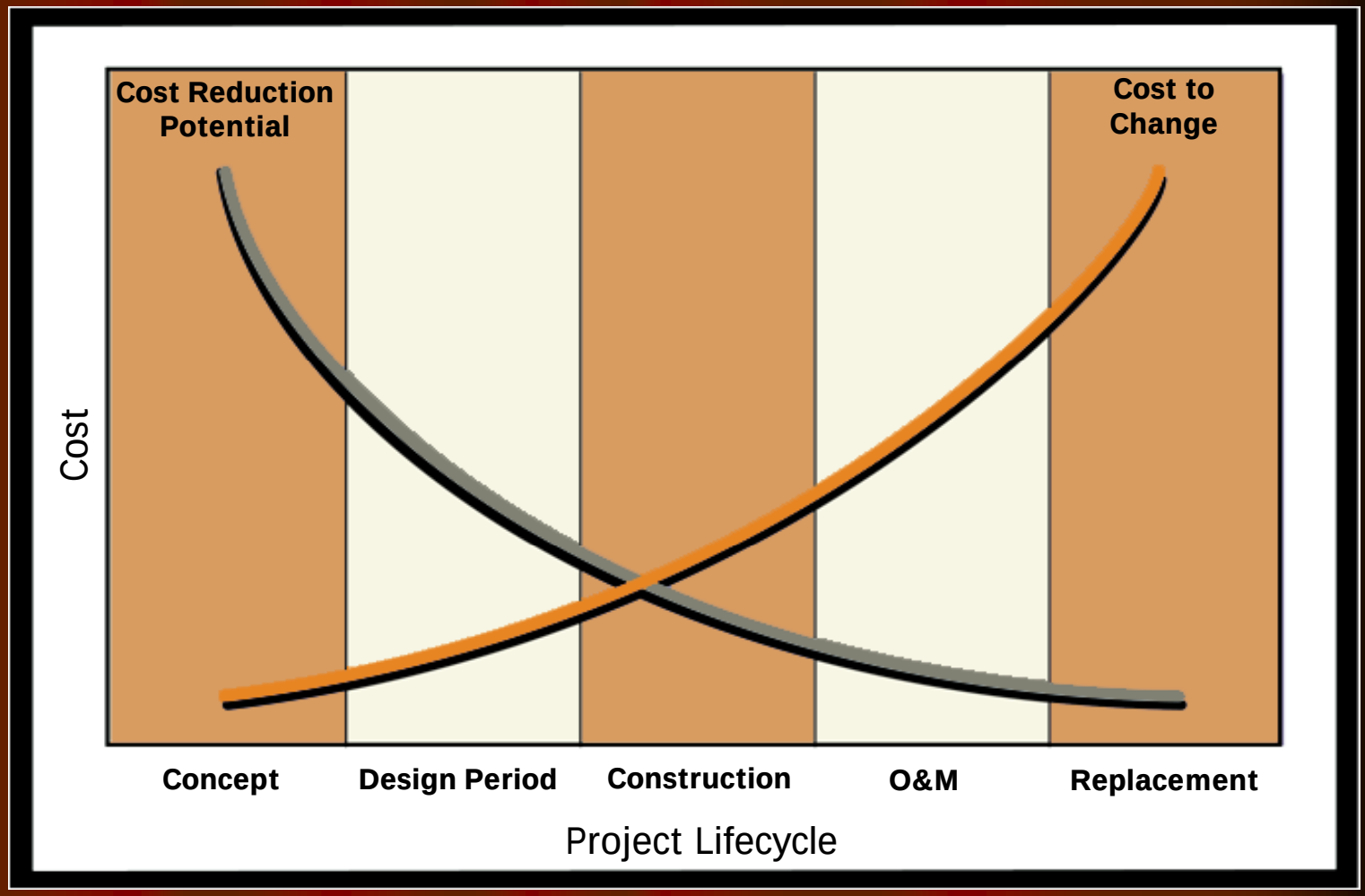
Applications for Value Engineering

- Costly projects
- Complex projects
- Repetitive smaller projects or prototypes
- Unique projects with few precedents or new technology elements
- Projects with constrained budgets or schedules
- High visibility projects

VE Project Types

jails	hospitals	bridges
schools	IT Projects	firehouses
ferry terminals	garages	landfills
parks	police precincts	water treatment
vessels & boats	laboratories	clinics
museums	courts	RFP's
dams	data centers	waste mgmt.

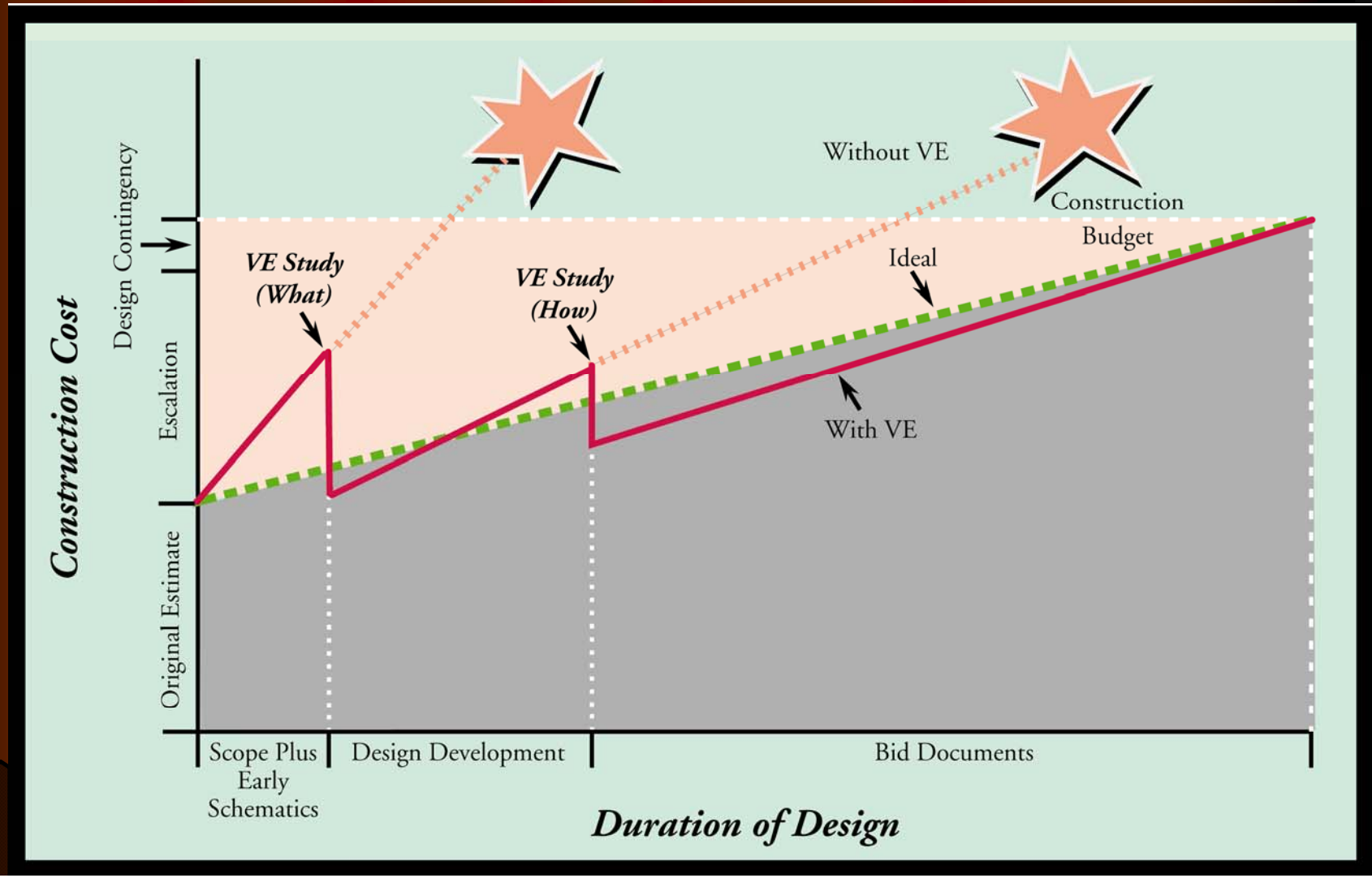
Timing of Value Engineering Studies



Debunking VE Myths

- “VE is cost-cutting”
- “VE delays projects”
- “VE reviews criticize designs”
- “VE focuses only on initial cost”
- “VE diminishes quality”

Cost Management Using Value Engineering



VE Job Plan

- Prestudy (1 Day)
  - Orientation Meeting/Site Visit
  - Independent Cost Estimate begun
- Workshop (5 Days)
  - Information, Function Analysis, Creativity, Evaluation, Development, and Presentation Phases
- Poststudy (1 Day)
  - Responses Received
  - Implementation Meeting

Who Participates?

- Trained Facilitator(s) (CVS) FT
- Project Stakeholders PT
- Facility Users FT
- Multi-disciplinary A/E experts FT
- The Designer and their team PT
- A Cost Estimator FT

Key Elements for Successful VE Studies: Program Infrastructure

- Establish top management support for VE
- Emphasize meeting all functional requirements
- Create a collaborative effort with all concerned stakeholders
- Provide time and support for VE in design contracts
- Establish requirements contracts for VE firms
- Perform an independent assessment of cost, program and schedule
- Develop a dispute resolution protocol

Key Elements for Successful VE Studies: Program Best Practices

- Do VE early in the design process
- Apply the structured, formal VE job plan
- Select team leader and expert specialists to match the particular needs of the project
- Document VE proposals sufficiently to enable informed decisions
- Require and carefully review the agency's written responses
- Clarify and record the agency's decisions for implementation

NYC VE Program Innovations

- Pre-Workshop Activities:
  - Orientation Meeting/Site Visit
  - Independent Professional Cost Estimate
  - Goal: To advance the project
  - Charge to the VE Team

NYC VE Program Innovations

- Workshop Activities:
  - 40-Hour, 5-Day duration
  - Clients participate full-time
  - Stakeholders and designers participate part-time
  - Estimates are reconciled to common baseline
  - Mid-week briefing for part-timers
  - Well-documented and developed proposals
  - Focus: Customized for each project and level of design

NYC VE Program Innovations

- Post-Workshop Activities:
  - Report is off the critical path
  - Responses are required
  - Implementation Meeting conducted for closure

Recent Initiatives

- LEED experts included on teams
- Risk assessments conducted where appropriate
- Space Program, Master Plan, and Facility Plan reviews are performed on mega projects before design commences

Ensuring Program Success

- Identify a Champion
- Build Top Management Support
- Link VE to Funding Decisions
- Emphasize Collaboration
- Require Agency Accountability
- Use VE as a Reality Check
- Make it Routine

VE Results Summary 2001-2007

- 101 Projects Reviewed
- Cost Reductions Achieved of $1,186,639,000
- Average: 4.7% Cost Reduction
- Average 71:1 Return on Investment (ROI)

Why Designers Should Welcome VE Reviews

- Additional credible expertise
- VE Team may challenge the client “preferences”
- Clarifies tradeoffs on choices for systems and materials
- Assesses cost impact of alternatives
- Preserves all functionality and project goals
- Identifies opportunities to achieve added value
- Clients and Designers are the decision makers
- Designers get the credit for the ultimate project

Value Analysis Studies of Agency Operations

- Team is composed of agency staff involved in the process being studied
- Few outside experts added to spark ideas
- Baseline workflow is documented
- Opportunities for improvement identified
- Steps for implementation developed
- Internal change agents are created

Value Analysis Examples

Procurement process	Daycare contracting
Payment System	Leasing process
Homeless Intake process	Mail Handling
Change Order process	Legal Services
ACS Eligibility process	Citywide IT Services
Housing Renovation	Construction Safety
Child Support Documentation	HHC Revenue Enhancement

Questions and Answers