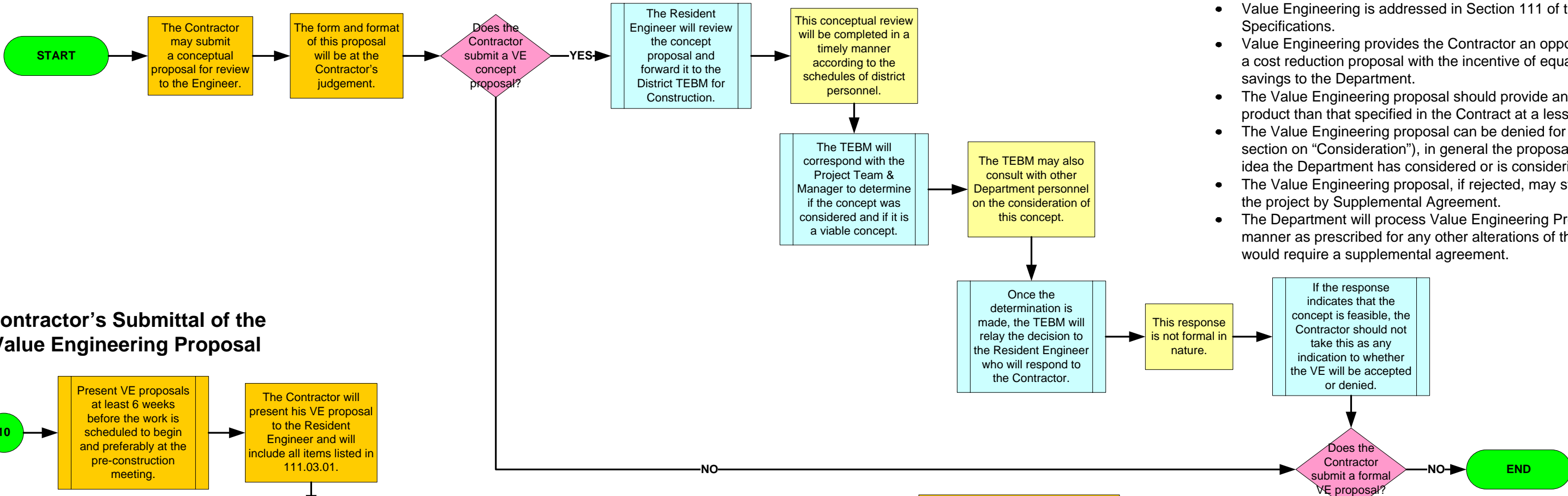


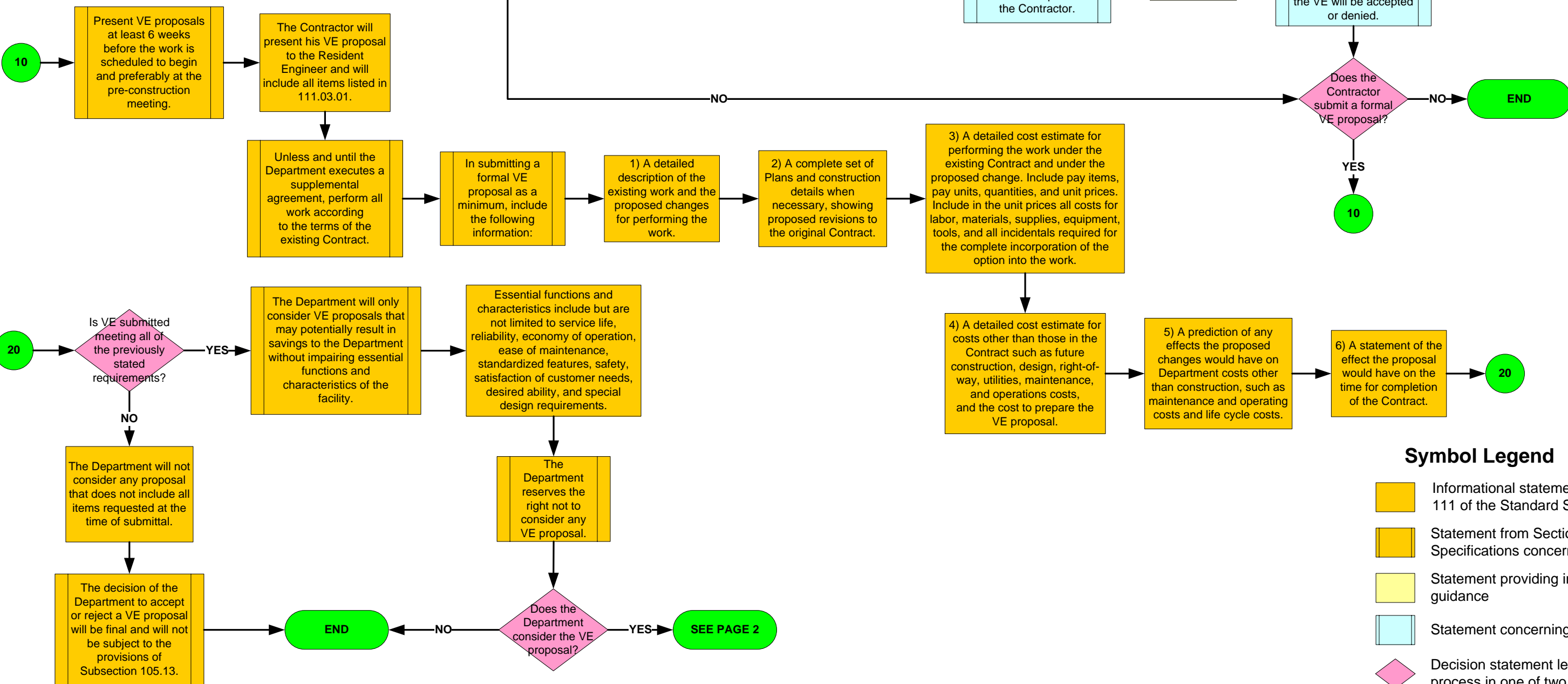
Value Engineering Concept Proposal



General Information Concerning the Value Engineering Process

- Value Engineering is addressed in Section 111 of the Standard Specifications.
- Value Engineering provides the Contractor an opportunity to to submit a cost reduction proposal with the incentive of equally sharing in the savings to the Department.
- The Value Engineering proposal should provide an equivalent or better product than that specified in the Contract at a lesser cost.
- The Value Engineering proposal can be denied for many reasons (see section on "Consideration"), in general the proposal should not be an idea the Department has considered or is considering for the project.
- The Value Engineering proposal, if rejected, may still be included in the project by Supplemental Agreement.
- The Department will process Value Engineering Proposals in the same manner as prescribed for any other alterations of the Contract that would require a supplemental agreement.

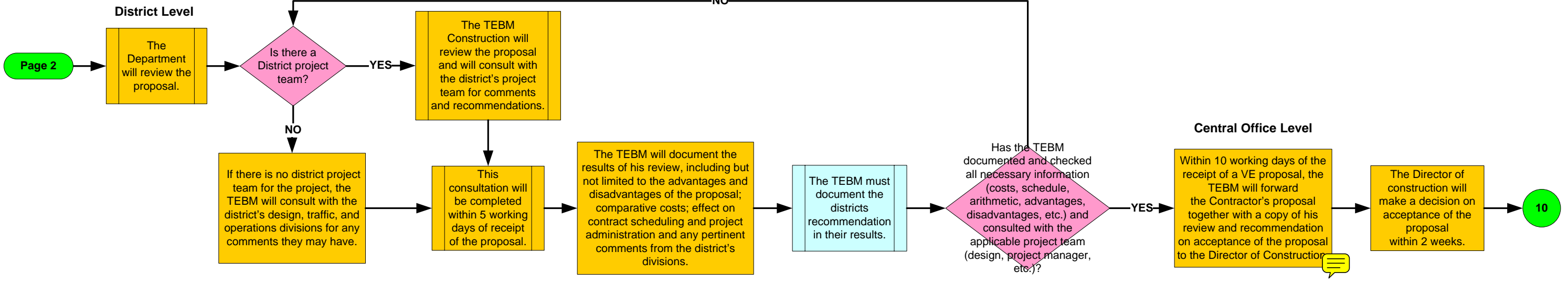
Contractor's Submittal of the Value Engineering Proposal



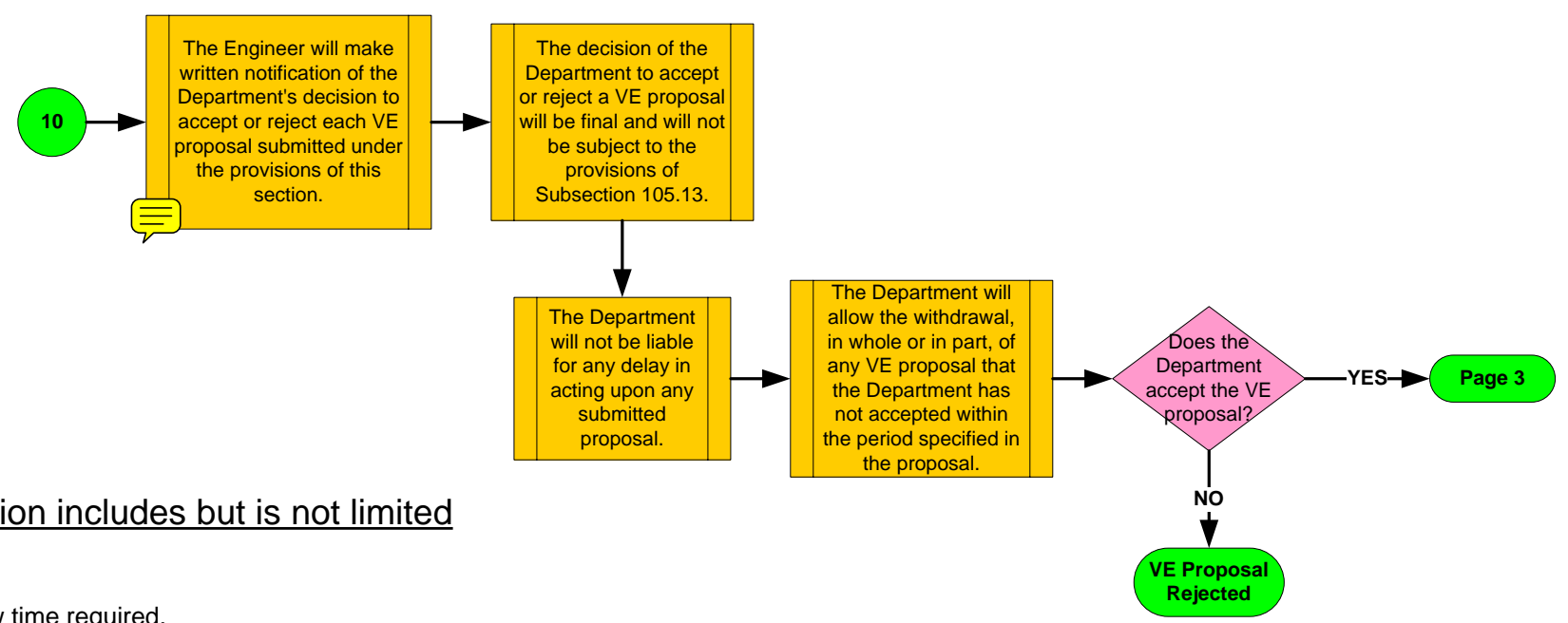
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- Informational statement from Section 111 of the Standard Specifications
- Statement from Section 111 of the Standard Specifications concerning an action
- Statement providing information or guidance
- Statement concerning an action
- Decision statement leading the process in one of two directions

Department Review of the Value Engineering Proposal



Department Decision on the Value Engineering Proposal



The Department will only accept VE proposals meeting the following criteria:

- The Department may reject a proposal if it contains certain revisions that the Department has considered, is considering or has already approved for the Contract without obligation to the Contractor.
- The Contractor has no claim to additional costs or delays, including development costs; loss of anticipated profits; or increased material or labor costs if the proposal is rejected.
- The Department has sole authority in determining the acceptance of any VE proposal.
- The Department reserves the right to reject all unacceptable work resulting from an approved proposal and can require that rejected work be removed and reconstructed under the original contract.
- The Department will reject proposals that provide equivalent options to those already in the Contract.
- The proposal will be disqualified if requests for additional information are not immediately met.

Basis for rejection includes but is not limited to:

- Excessive review time required.
- Inconsistent with established Department policies.
- Inconsistent with project design policies or criteria.

The Department will not consider the following value engineering:

- Elimination or reduction of final product work.
- Changes in Traffic control plans only.
- Reducing only pavement thickness.
- Modification to existing facilities instead of replacing them with new ones.
- Phase changing to accommodate contractor's schedule.






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Acceptance of Value Engineering Proposals

Page 3

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The Department will review the proposal and if acceptable will execute a supplemental agreement that incorporates the necessary Contract modifications.

The Department reserves the right to include in the supplemental agreement any conditions it deems appropriate for consideration, approval, and implementation of the VE proposal.

The Department's approval of a VE proposal voids any restrictions that the Contractor had imposed on the use or disclosure of the information that the Contractor included in the VE proposal, and the Department then has the right to use, duplicate, and disclose, in whole or in part, any data necessary to implement any portion of the proposal on this project and all other Department projects.

Adjusting Contract Time

The Department will adjust the Contract completion time for any time savings realized by implementing a VE proposal.

The Department will not provide any incentive pay for early completion days resulting from time savings related to an approved VE proposal.

The Department will grant additional contract time when specified in the supplemental agreement.

Measurement: Revised Work

The Department will measure the quantities for all revised work specified in the supplemental agreement according to Section 109.

Measurement: Net Savings

The Department will measure the net savings in cost by subtracting the estimated construction costs of the proposed and accepted option and all other costs associated with the option, such as design, right-of-way, utilities, the cost of preparing the value engineering proposal, and the Department's review costs from the estimated construction costs in original Contract for the option.

The Department will not include road user's costs when determining net savings.

Payment: Revised Work

The Department will make payment directly for all completed and accepted revised work specified in the change order or supplemental agreement according to Subsection 109.04.

Payment: Net Savings

The Department will make payment for 50 percent of the net savings in cost.

The Department will consider payment as full compensation for all work required under this section.

END

