

CEEC-EB

DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
Washington, DC 20314-1000

EC 1110-2-259

Engineer Circular
No. 1110-2-259

1 February 1988

EXPIRES 28 FEBRUARY 1989
Engineering and Design
REVIEW OF COST EFFECTIVENESS OF DESIGN

1. Purpose. This circular transmits guidance for implementing cost control techniques for projects in accordance with Section 911 of the Water Resources Development Act of 1986 (Public Law 99-662).

2. Applicability. This circular is applicable to all HQUSACE/OCZ elements and field operating activities having civil works responsibilities.

3. Background.

a. Section 911, Review of Cost Effectiveness of Design, states:

"During the design of each water resources project which has a total cost in excess of \$10,000,000, which is authorized before, on, or after the date of enactment of this Act and undertaken by the Secretary, and on which construction has not been initiated as of the date of enactment of this Act, the Secretary shall require a review of the cost effectiveness of such design. The review shall employ cost control techniques which will ensure that such project is designed in the most cost-effective way for the life of the project."

The date of enactment of the Act is 17 November 1986.

b. The Conference Committee report accompanying the Act explains with regard to Section 911 that:

"Section 911 is adapted from both the Senate and House bills and will require a new cost-cutting review on all projects with a total cost in excess of \$10 million. Although not specified in the Conference Report, the type of study to be undertaken is commonly known as value engineering."

4. Action Required.

a. Within districts and operating divisions, the commander will establish a project multidisciplinary design review team which will review, in a manner similar to value engineering procedures, the product of the Preconstruction Engineering and Design (PED) effort and certify that the design complies with Section 911. The product of the PED effort will in most cases be a general design memorandum (GDM). Local interests will be afforded the opportunity to participate in the review.

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b. Each district or operating division commander will certify, based on the recommendation of the project design review team, that the design achieved in the PED effort is the most cost effective for this design phase. Where appropriate, the cost analysis should address life cycle and deferred risk costs as well as first costs. The certification statement will accompany the GDM. For those projects for which construction has not started as of 17 November 1986 and for which a GDM has been already submitted, the certification statement will be included in a separate letter and submitted to HQUSACE/CEEC-EB. Any cost savings resulting from the cost effectiveness review will be identified in the certification statement.

5. This guidance will be incorporated in a forthcoming revision to ER 1110-2-1150.

FOR THE COMMANDER:

/s/

GEORGE R. ROBERTSON
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Assistant Commander and Director
Engineering and Construction