



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

7 SEP 1989

CEMP-ZV (5-4e)

MEMORANDUM FOR

DIVISION COMMANDERS
DISTRICT COMMANDERS

SUBJECT: Interim Guidance for Cost Effectiveness Review/Value Engineering

1. The purpose of this memorandum is to provide interim guidance for the Value Engineering Program relative to EC 1110-2-259 "Review of Cost Effectiveness of Design."
2. Recent inquiries from FOA indicate that some offices are misinterpreting the intent of EC 1110-2-259. The purpose of EC 1110-2-259 is to require that the subject review be accomplished under the direction of the Value Engineer using VE methodology. This also conforms to current USACE VE policy requiring that VE studies be performed on all USACE projects with a programmed cost of \$2,000,000 or more when cost effective.
3. Until EC 1110-2-259, presently under revision, is issued, the following guidance is offered:
 - a. On projects where an approved GDM exists, this should be the basis for the VE study.
 - b. On projects under the Life Cycle Project Management System, a study shall be performed on the earliest document available that satisfies the functional requirements of the project and includes a comprehensive engineering cost estimate.
 - c. Standard criteria and designs normally incorporated into the project may be studied prior to the receipt of the approved GDM or similar document.
 - d. In cases where final design is proceeding concurrently with GDM review, the VE study may be started prior to approval of the GDM or similar concept document.
4. I wish to point out that even if a Certificate of Cost Effectiveness has been signed, this does not preclude VE efforts. This certification only applies to the project at the time the review is accomplished, and is not intended to encompass undeveloped future design developments and changes. The intent of Congress in Section 911 of P.L. 99-662 and the more recent OMB Circular A-131 is to increase Government Value Engineering efforts.

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CEEC-ZB

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5. If further clarification in this area is needed, contact Ted Dahlberg at 202-272-8738

FOR THE COMMANDER;



LLOYD A. DUSCHA
Deputy Director
Directorate of Military Programs