

INTRODUCED: April 22, 2019

AN ORDINANCE No. 2019-118

As Amended

To amend City Code ch. 2, art. IV, div. 1 by adding therein a new § 2-239, concerning value engineering, for the purpose of requiring value engineering for projects costing more than \$5,000,000.00.

Patron – Ms. Gray

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: MAY 28 2019 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 2, Article IV, Division 1 of the Code of the City of Richmond (2015) be and hereby is amended and reordained by **adding therein a new section** numbered 2-239 as follows:

Sec. 2-239. Value engineering.

(a) *Definitions.* For purposes of this section:

(1) “*Project*” means a capital project set forth in the City’s capital improvement program.

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: DEC 9 2019 REJECTED: _____ STRICKEN: _____

(2) “*Value engineering*” means a systematic process of review and analysis of a project by a team of persons not originally involved in the project to offer suggestions that ~~[would]~~ may improve project quality and reduce total project cost by combining or eliminating inefficient or expensive parts or steps in the original proposal or by totally redesigning the project using different technologies, materials, or methods.

(b) *Requirement.* The City department or other agency identified in the Mayor’s most recently proposed capital improvement program as the department responsible for a particular project shall ensure that the value engineering process set forth in the most recent edition of the Commonwealth of Virginia Construction and Professional Services Manual is employed for any such project costing more than \$5,000,000.00 after the completion of the preliminary design phase but before the commencement of the final design phase. Value engineering may also be used for any project costing \$5,000,000.00 or less. For purposes of this section, the cost of a project includes the total value of all phases or other parts of a project without regard to the manner in which those phases or other parts are set out in the capital improvement program. The team of persons that engages in value engineering for a project shall include appropriate professionals licensed in accordance with Code of Virginia, tit. 54.1, ch. 4.

(c) *Report.* The review developed pursuant to subsection (b) of this section shall be compiled in a value engineering report and submitted to the Chief Administrative Officer or the designee thereof. Each item included in the value engineering report shall have a status designation of accepted, declined, or accepted as modified. The Chief Administrative Officer or the designee thereof, within 45 days, must approve the value engineering report and submit a copy of the approved value engineering report to the City Council before the project may move to the next phase of design.

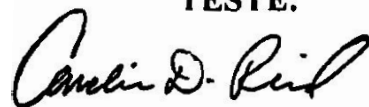
(d) *Exceptions to Requirement.* A value engineering report shall not be required for projects that (i) are designed utilizing either the design-build or construction management at risk basis ~~[and]~~, (ii) have the value engineering process as an integral component, or (iii) involve the construction of or improvements to transportation infrastructure, utility infrastructure, or utility facilities unless the Chief Administrative Officer otherwise requires such a report. In such cases, a written summary of the cost savings that have been incorporated into the design shall be provided to both the Chief Administrative Officer or the designee thereof and the City Council prior to moving forward to the construction phase of the contract. In addition, a value engineering report shall not be required for projects to construct or repair a public way as defined in Section 24-1 unless a federal or state law or regulation or the Chief Administrative Officer requires a value engineering report.

(e) *Waiver of Requirement.* The City Council, by resolution, may waive the requirements of this section for any proposed project for compelling reasons. The resolution must state the reasons for the waiver and apply only to a single project.

§ 2. This ordinance shall be in force and effect upon adoption.

A TRUE COPY:

TESTE:

A handwritten signature in black ink, appearing to read "Camille D. Reed".

City Clerk



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

Ordinance/Resolution Request

TO Allen Jackson, Richmond City Attorney
Richmond Office of the City Attorney

RECEIVED

THROUGH Meghan K. Brown *MLB*
Interim Council Chief of Staff

APR 12 2019

FROM William E. Echelberger, Jr, Council Budget Analyst

OFFICE OF CITY ATTORNEY

COPY Kimberly B. Gray, 2nd District Representative
Haskell Brown, Deputy City Attorney
Craig K. Bieber, 2nd District Liaison

DATE April 12, 2019

PAGE/s 1 of 3

TITLE Requirement for Value Engineering

This is a request for the drafting of an ☒ Ordinance ☐ Resolution

REQUESTING COUNCILMEMBER/PATRON

Kimberly B. Gray, 2nd District
Representative

SUGGESTED STANDING COMMITTEE

Finance

ORDINANCE/RESOLUTION SUMMARY

- The Patron requests an ordinance to require the use of value engineering on capital projects costing more than \$5 million, and for which appropriations are made in the City's Capital Improvement program.
 - Value engineering may also be used for any project costing \$5 million or less.
 - For the purposes of this ordinance, the value of a capital project shall be calculated as the total value of all phases or subdivisions however they may be set out in the Capital Improvement Program.
 - Value engineering of a capital project shall be undertaken by a third party team of persons not originally involved in the project. Such team shall include appropriate professionals licensed in accordance with Chapter 4 (§ 54.1-400 et seq.) of Title 54.1.
 - The value engineering team shall offer suggestions that would improve project quality and reduce total project cost by combining or eliminating inefficient or expensive parts or steps in the original proposal or by totally redesigning the project using different technologies, materials, or methods.
 - The review developed pursuant to this requirement shall be compiled in a value engineering report and submitted to the Chief Administrative Officer, or designee.

- The Chief Administrative Officer, or designee, shall review the value engineering report and, for each item included in the value engineering report, shall note status designation of accepted, declined, or accepted as modified, and the rational therefor.
- The Chief Administrative Officer, or designee, must approve the value engineering report, within 45 days of its receipt. And forward a copy of the approved report with the required notations accepted, declined, or accepted as modified, and the rational therefor to City Council.
- The project may not move to the next phase of design until the value engineering report is approved and forwarded to City Council.
- A value engineering report shall not be required for projects that are:
 - Designed utilizing either the design-build or construction management at risk basis, and have the value engineering process as an integral component. In such cases, a written summary of the cost savings that have been incorporated into the design shall be provided to the Chief Administrative Officer, or designee, and City Council prior to moving forward to the construction phase of the contract of the contract.
 - Highways, streets, roads, or alleys, unless such value engineering report is required by Federal or state law or regulation.
- The requirement for a value engineering report may be waived for an individual project by a resolution of City Council for compelling reasons, which shall be set out in such resolution.

BACKGROUND

Summary:

- The Whole Building Design Guide, of the National Institute of Building Sciences, defines value engineering as:
 "... a creative, organized effort, which analyzes the requirements of a project for the purpose of achieving the essential functions at the lowest total costs (capital, staffing, energy, maintenance) over the life of the project. Through a group investigation, using experienced, multi-disciplinary teams, value and economy are improved through the study of alternate design concepts, materials, and methods without compromising the functional and value objectives of the client."
- The Virginia Department of General Services, and State Institutions of Higher Education are required by §2.2-1133 of the Code of Virginia to use value engineering. A copy of this Code Section is attached.
- The patron believes that the application of value engineering will result in both short and long term saving for the City of Richmond.

FISCAL IMPACT STATEMENT

Fiscal Impact Yes ☐ No ☒

Budget Amendment Required Yes ☐ No ☒

Estimated Cost or Revenue Impact

There is no revenue or expenditure impact for the current budget. Short and long term savings can be expected in both the Capital Improvement Program, and the operating budget.

Attachment/s Yes ☒ No ☐

MOTION

To amend Ordinance No. 2019-118 as follows:

Page 2, Line 3

After the word “that”, strike the word “would” and insert the word “may”

Page 2, Line 8

After the word “that”, insert the word “the”

After the word “engineering”, insert the text “process set forth in the most recent edition of the Commonwealth of Virginia Construction and Professional Services Manual”

Page 3, Line 3

After the word “basis”, strike the word “and” and insert a comma

After the word “component”, insert a comma followed by the text “or (iii) involve the construction of or improvements to transportation infrastructure, utility infrastructure, or utility facilities unless the Chief Administrative Officer otherwise requires such a report”

Page 3, Line 10

After the word “regulation”, insert the text “or the Chief Administrative Officer”