

QBS:

Qualifications Based Selection

**for Acquiring Architectural and
Engineering (Professional) Services**

ACEC Massachusetts



AMERICAN COUNCIL OF ENGINEERING COMPANIES

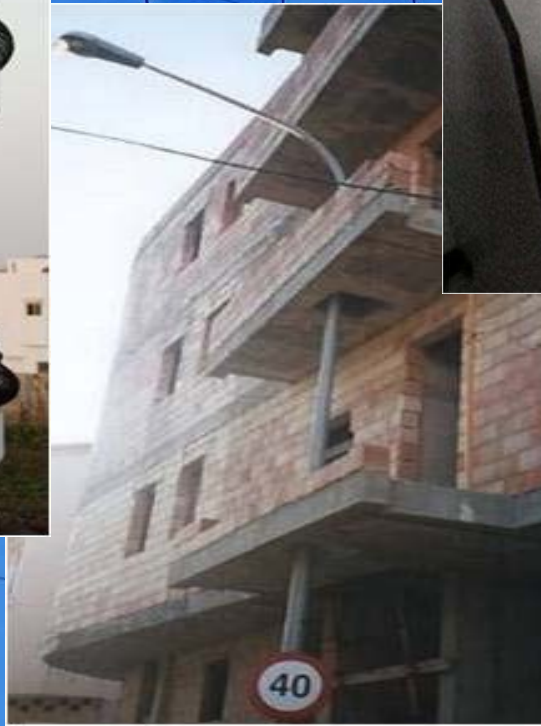
Without the right people & expertise, you will have problems

Let's begin with a few examples of award winning construction???



Low-bid does not guarantee the right person/expertise

And the winner is... the lowest bidder???



Presentation Agenda

- What is QBS?
- The QBS Process
- Current Legislative Update

What is QBS?

- QBS is a **competitive procurement process** in which engineering (professional services) firms submit qualifications to the procuring agency (the owner);
- the owner assesses the expertise of the competing firms; and
- the most qualified firm is selected to negotiate the scope, schedule, and associated fee with the owner.

QBS achieves the following:

- Better overall construction costs on large projects with fewer change orders
- Lower risks for complex projects
- Greater innovation and project sustainability
- Higher degree of project/owner satisfaction
- Minimizes long-term operation and maintenance costs.
- Lower overall project (life-cycle) costs

Common questions regarding the use of QBS:

1. How do I maximize my tax payer value?
2. How do I know if I have negotiated a reasonable fee for services?
3. Are all engineering firms the same?
4. Why doesn't low-bid work for engineering services?
5. Will QBS procurement be more costly or difficult to implement?
6. How is this different from the 2 envelope system?

1) How do I maximize my tax payer value?

- All Projects have three components that are interrelated and cannot be separated:
 - Design
 - Construction
 - Operations & Maintenance
- Upfront design decisions dramatically impact construction and operations and maintenance costs

1) How do I maximize my tax payer value?

- The fee for high-quality engineering services amounts to approximately **1%** of the total life-cycle cost of the project.
- Yet these professional services are critical to determining the other **99%** of the projects life-cycle costs, as well as the quality of the completed project.



Having the ability to choose the right engineering firm is *smart business*.

2) How do I know if I have negotiated a reasonable fee for services?

- With QBS, the owner and the engineer discuss project scope and cost parameters (you don't get this with low-bid) and arrive at a mutual understanding of scope, schedule, roles and responsibilities *before* the work starts.
- Similarly qualified professional firms have comparable labor costs, overhead, and profit structures – in low-bid what gets cut is scope, experience and level of effort.

***“The right people with the right experience
is the right cost.”***

2) How do I know if I have negotiated a reasonable fee for services?

- QBS allows development of a tailored scope and schedule to meet the owner's budget.
- Ability to confirm estimates with other owners, agencies or similar projects

3) Are all engineering firms the same?

- Professional services are not a commodity.
- Each firm has their own expertise, qualifications and make-up.
- Specific experience is as equal as it is diverse.



4) Why doesn't low-bid work for engineering services?

- Low-bid works for commodities
- Low-bid doesn't work when
 - a project cannot be precisely defined
 - there are too many unknown risks
 - Creativity and innovation are desired



5) Will QBS be more costly or difficult to implement?

If not sole-source, most communities go through some kind of procurement

steps & timeline are similar

	Low Bid	QBS
	✓	
Develop statement of work		✓
Develop procurement document (RFQ/RFP)	✓	✓
Evaluate submissions	✓	✓
Interview	optional	optional
Select		
Negotiate scope, schedule and budget		
Award		

QBS allows for a mutually agreed upon scope of work, schedule and budget.

6.) How is this different than the two envelope system?

- Brief Explanation of the Two Envelop System
 - The two envelope system requires a fee to be submitted in a separate envelope concurrent with the submittal of the proposal.
 - After the proposals are evaluated and a frontrunner is identified based on qualifications, then the fee envelope is opened.
 - a predetermined combination of qualifications ranking and fee ranking are then used as a basis to make the final selection

6.) How is this different than the two envelope system? (cont)

- While this moves partially away from low bid it does not allow the two parties to review/negotiate the project needs in detail to develop a tailored scope and the corresponding fee.
- If the scope in the rfp is incomplete or flawed then the fee in the second envelope is not the true cost of the project.
- Consequences include;
 - Choosing the Wrong Professional
 - Potential Change orders
 - Miscommunication and Mis trust
 - A Deliverable that misses the mark

“Winning this low-bid project will require us to only use middle level junior staff to meet the capped salary rate and low over head.”

- Low Bid Firm Representative

“If community ABC is going to continue to select strictly on low price then we are not going to submit.”

- Highly Qualified Firm Representative

“We understand the value of getting the right professional engineering staff involved on our projects. Experience and qualified staff does not have to mean higher cost. Construction and O&M are where the real cost savings occur.”

- Owner using QBS Procurement

How an engineering firm is selected using QBS

QBS: The Process

- Typical QBS Process
 - Develop statement of work
 - Develop Request for Qualifications
 - Evaluate Submissions
 - Interview (optional)
 - Select most qualified firm
 - Negotiate scope, schedule and budget
 - Award

QBS: Alternative Processes

- Consultant pre-selection processes
 1. On-call services contracts
 2. General engineering consultant contracts
- Sole sourcing is allowed and recommended under special circumstances

QBS Steps

- Identify need for an engineer
- Develop selection criteria (qualifications) /process (no price references)
- Advertise
- Request for qualifications (RFQ)
- Request for proposals (RFP) - optional
- Interview - optional
- Selection of most qualified firm
- Negotiate scope/schedule/fee and other terms

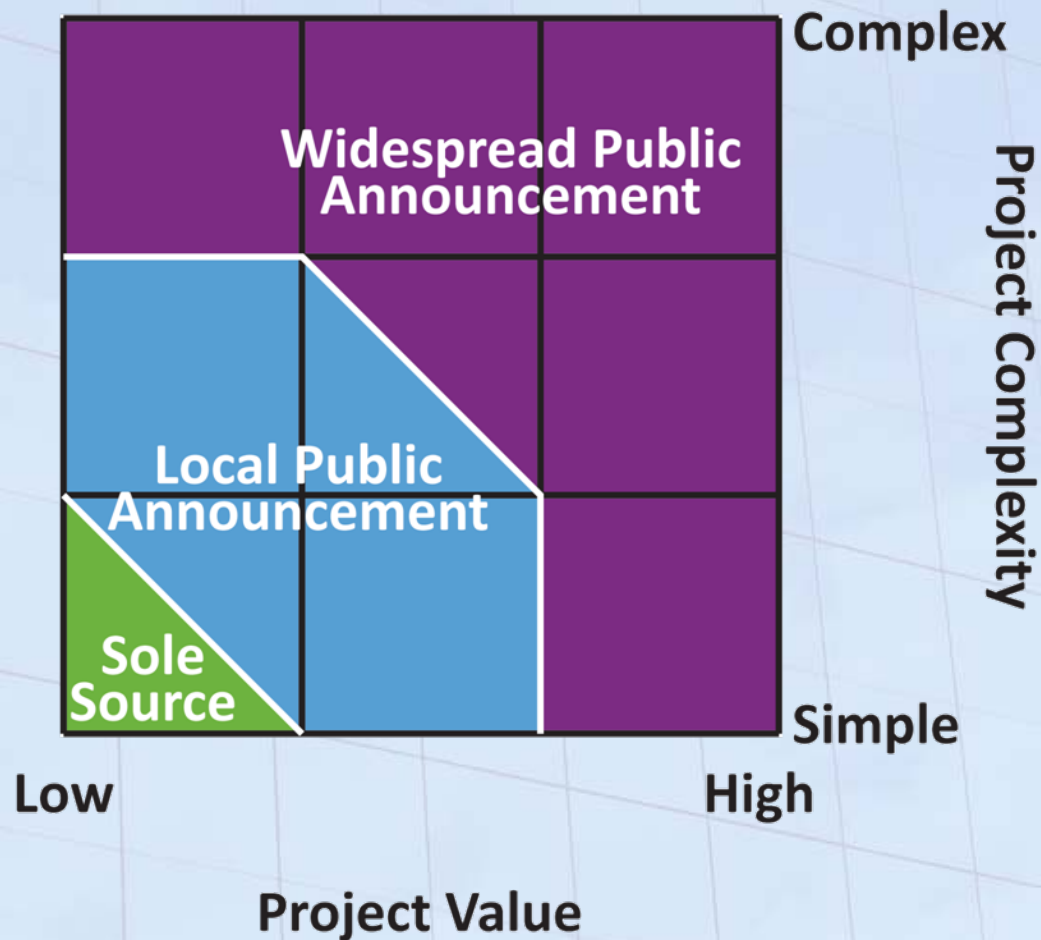
Selection Criteria

- Criteria should be based on qualifications relevant to the project
- Criteria may be supplemented with agency goals such as local or M/WBE participation
- The criteria should also describe an objective weighted scoring process for evaluation of the qualification statements
 - Most advantageous
 - Advantageous
 - Not advantageous
 - Unacceptable

Advertise

- Legal Requirements –advance notice in a professional service bulletin or an official State Agency Website.
- Number of firms responding should match the value and complexity of the project

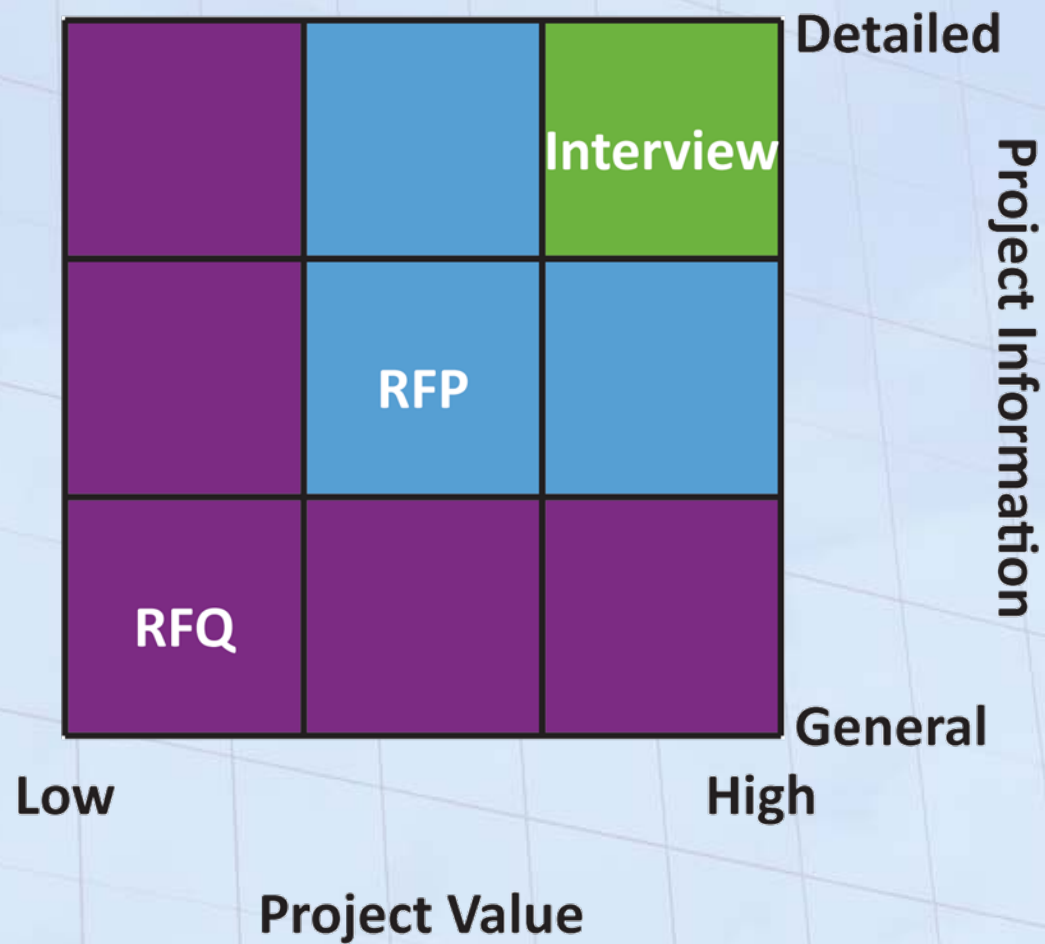
Advertisement Level



RFQ/RFP/Interview

- Level of effort should be consistent with value of project
- Not all projects will merit an RFP and/or an interview
- Level of detail should be consistent with level of available information

RFQ/RFP/Interview



Evaluating Qualifications

Qualifications	
Experience/ firm	✓
Expertise/ staff	✓
Availability	✓
References	✓
Training	✓

Selection

- After selection is made, all firms should be notified in writing if they were selected or not.
- Many owners grant debriefing interviews to unsuccessful consultants.

Negotiation

- Scope, schedule, fee and other terms are inter-related
 - List duties of the engineer and owner
 - Identify deliverables and milestones
 - Describe approval process
 - Identify insurance and liability requirements
 - Describe conflict resolution process
 - List points of contact and level of their authority
 - Select an appropriate fee structure

QBS Legislative Update

QBS Update

- Chapter 25 of the Acts of 2009: An Act Modernizing the Transportation Systems of the Commonwealth (Transportation Reform)
 - Sections 40 -45 of Chapter 25 of the Acts of 2009
 - Signed into law by Governor on 6/26/09
- In October 2009 the Legislature passed a Deficiency Budget that also revised Chapter 25 by changing the “Agency” definition to only be MassDOT (Highway Division), Massport and MBTA (section 39-41)

QBS Update

- A Technical Corrections Bill clarification is pending.
- Land Surveyors are included in the new law, however, Chapter 81 is still in force. House Bill 3200 and/or the proposed Technical Corrections Bill will resolve conflict to allow QBS for survey services on MassDOT Highway work

Summary - Why Choose QBS?

- The fee for high-quality engineering services amounts to approximately **1%** of the total life-cycle cost of the project.
- Yet these services are critical to determining the other **99%** of the projects life-cycle costs, as well as the quality of the completed project.

Summary - Why Choose QBS?

- QBS creates a relationship that allows the owner and professional services engineering firm ***to work together*** to develop the project scope and evaluate alternative materials and designs that will reduce long-term operations and maintenance costs.