Qualifications-Based Selection: Your Path to Success

Presenter: Ronald W. Brenke, PE
Manager, QBS Coalition
Executive Director, ACEC MI & ASCE MI
Agenda

- What is QBS?
- Who created QBS?
- The QBS Selection Process
- QBS Confirmed to be Best Practice
- Trends in Procurement
- QBS Coalition
How Do You Select Your Lawn Mower?

A. Lowest Price?

Or,

B. Investigate Features/Check out Ratings, Track Record and Reliability of Manufacturer/ and then look at Price
How Do You Select Your Doctor/Dentist?

A. Call and Get Bids?

Or,

B. Identify Specialties where needed/Get Referrals/Talk with Friends/Check References
How Do You Select Your Engineer/Design Professional?

A. Low bid?

Or,

B. Look at firms qualifications, professional staff, past experience/performance, understanding of project
Do you spend more time picking your lawn mower than your design professional?
So What is QBS?
So where did QBS start?

“During my service in the United States Congress, I took the initiative in creating the Internet.”

- Al Gore, Vice President
1972 Federal Legislation “Brooks Bill”

Sec. 902. The Congress hereby declares it to be the policy of the Federal Government to publicly announce all requirements for architectural and engineering services, and to negotiate contracts for architectural and engineering services on the basis of demonstrated competence and qualification for the type of professional services required and at fair and reasonable prices.
American Bar Association

- Model Procurement Code for State and Local Governments

- Recommends a QBS process for procurement of Architectural and Engineering Services (Section 5-505)
What is QBS per APWA?

“QBS refers to a procurement process whereby professional service firms are retained based on qualifications such as experience, expertise, past performance…rather than on price or fees.”

- APWA Red Book on QBS Selection (August 2015)
What about Price?

“Price is not ignored, but a realistic, mutually agreeable price is established once the scope of services – details on the kinds and extent of work required of the consultant – has been fully negotiated.”

- APWA Red Book on QBS Selection (August 2015)
Status of QBS Statutes by State
46 States have QBS laws (2013 ACEC survey)

Legend:
- QBS statute in place
- QBS statute not in place
- Authorized through administrative rules

Figure 3-1: Current status of QBS statutes by state (AIA 2006)
Michigan

• In 1987 - Concurrent Resolution No. 206 urges state and local agencies to utilize QBS for selection of design professionals.

• In 2002 - PA 504 requires the Department of Management and Budget to use a competitive QBS process for hiring design professionals.
Introduced Legislation
House Bill’s 4447-4455

• Creates Local Government Professional Services Selection Act
• Flexibility for Local Agencies
• Can continue to use your engineer if they are performing well
• Exemptions for projects <$25,000 and for Emergencies
QBS Selection Process
Life Cycle Costs vs. Design Fees

“...design service fees are small when compared to project construction and life cycle costs, typically less than 2 percent, yet their impact on project performance and longevity is critical.”

-APWA Red Book on QBS Selection (August 2015)
Design Professional Fees are a Small Fraction of the Lifecycle Cost

Operations and Maintenance (O & M)

Construction

Engineering
(usually 1-2%)

Lifecycle Costs
Cost to Improve Outcomes vs. Timing

Cost of Making Changes

Engineering

Construction

Operations & Maintenance

Time
Opportunities to improve outcomes

Level of Influence

0%

50%

100%

Time

Engineering

Construction

Operations & Maintenance
QBS Process - Selection

1. An owner establishes a selection schedule and criteria.
2. A request for qualifications (RFQ) is issued.
3. Statements of qualifications are evaluated and the owner creates a short list of qualified firms to be interviewed.
4. Interviews are conducted and the firms are ranked.
QBS Process - Negotiations

1. The owner and highest-ranked firm jointly define the detailed scope of work.

2. The design firm submits a fee proposal based on the agreed-upon scope of work.

3. If the fee proposal is not acceptable to the owner, the owner and designer work together to modify the scope of work, schedule, and budget to determine if an agreement can be achieved.
QBS Process - Negotiations

4. If an agreement cannot be achieved, those negotiations are ended and the owner begins negotiations with the next-most-qualified firm.

5. An agreement covering the scope and fee is executed.

6. Firms involved in the selection process are notified of the selection and provided post-selection feedback, when requested.
What’s in it for the Owners?

- The right team for the right job
- Realistic schedules and budgets
- Fewer change orders and disputes
- Better business relationship between parties
- Better service, better quality & better value for taxpayers
“We have to start getting some attitude folks. We’re good. If you want engineering work anywhere in the world, why wouldn’t you do it here?...We’re not the cheap place to be; we’re the value place to be.”

–Governor Rick Snyder
National Study Confirms that QBS is the Best Practice
QBS National Study
QBS National Study

Georgia Institute of Technology and University of Colorado reviewed over 200 projects across the USA

- 93% of clients expressed high or very high satisfaction with consultants selected using QBS
- QBS reduced construction cost growth by 70%
- QBS reduced schedule slippage by 20%
- QBS provided better ability to address societal issues (sustainability) and stakeholder concerns
Trends in Michigan on Hiring Professionals
Bidding “in a cyberspace vacuum”
Electronic Age

- More engineering services are being advertised like a commodity on various web sites.
- Owners and Managers share poorly written RFP’s/RFQ’s.
  - Examples shared - more like requests for bids
  - Owners go through qualification process, then award based on lowest price bids from top three.
Local Elected Officials
Change

- There is a lack of education for the elected officials on the proper way to hire professionals.

- Without ongoing education, how would a local official know that the lowest bid professional may not result in the best design or lowest overall project costs?
The Public Official's Guide to Municipal Infrastructure

Enhancing Local Government
Preparing Public Officials for the New Millennium

michigan municipal league
The QBS Coalition
MI QBS Coalition

- Formed in 1989 as a legal entity as a result of House Concurrent Resolution 206
- Only organization in Michigan dedicated to promoting QBS
- Almost every state has a QBS Coalition – many formed with grants from ACEC/MSPE/ASCE
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<th>Organization</th>
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<td>ACEC/Michigan</td>
<td>American Council of Engineering Companies</td>
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<td>AIA/Michigan</td>
<td>American Institute of Architects</td>
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<td>ASCE/Michigan</td>
<td>American Society of Civil Engineers</td>
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<td>MWEA</td>
<td>Michigan Water Environment Association</td>
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QBS Coalition Is Available Free of Charge

- **Education Materials**
  (QBS Brochure, Workbook, Study, Etc.)
- **Speak at Conferences and Meetings**
- **Meet one-on-one with Owners**
  Managers, Councils, Boards, or Selection Committee
- **Website** ([www.qbs-mi.org](http://www.qbs-mi.org))
Educational Materials
QBS Coalition Materials in Development

- Infographic
- 1-minute explainer video
- Revamping website
- Webinar
Qualifications Based Selection (QBS) is a simple and competitive process that matches the right professional service provider to your project.

- Improves Quality
- Encourages Innovation
- Reduces Costs

Selection Criteria:
- Qualifications
- Previous Performance
- Competence
- Availability
Sample - QBS Video

www.yes2qbs.com
The Good, Bad & Ugly

“The failure to select consultants on a qualifications basis can lead to three dissatisfied entities, an owner who did not get the expected quality of professional services, a consultant who has lost money or reputation, and a public who will ultimately be damaged or burdened by project failure.”

- APWA Red Book on QBS Selection (August 2015)
THANK YOU!

Questions?

Ron Brenke, P.E.
517.332.2066