



Selecting Your Design Professional

Using a Qualifications-Based Selection Process

Michigan
QBS
Coalition

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Agenda

- QBS Coalition
- Buying Commodities/Professional Services
- What is QBS?
- National Study Confirms QBS to be the Best Practice
- Trends Threatening the QBS Process
- Recommended Practice for Hiring Professionals
- Recommended Process for Hiring Professionals
- Questions



The QBS Coalition

QBS Coalition in Michigan

ACEC/Michigan	American Council of Engineering Companies
AIA/Michigan	American Institute of Architects
ASCE/Michigan	American Society of Civil Engineers
ASLA/Michigan	American Society of Landscape Architects
APWA	American Public Works Association
AGC/Michigan	Associated General Contractors
ESD	Engineering Society of Detroit
MSPE	Michigan Society of Professional Engineers
MSPS	Michigan Society of Professional Surveyors
MWEA	Michigan Water Environment Association
AWWA/Michigan	American Water Works Association of Michigan

QBS Coalition

- Formed in 1989 - House Concurrent Resolution 206
- Only organization in Michigan dedicated to promoting QBS
- Almost every state has a QBS Coalition



**The QBS Coalition
Is Available to Help
You.**



**Buying
Commodities,
Buying Professional
Services.**

When You Select Your Lawn Mower?

- A. Get Lowest Price?
- B. Features/Ratings, Track Record/ Reliability of Manufacturer/ and then Price?

When You Select Your Doctor/Dentist?

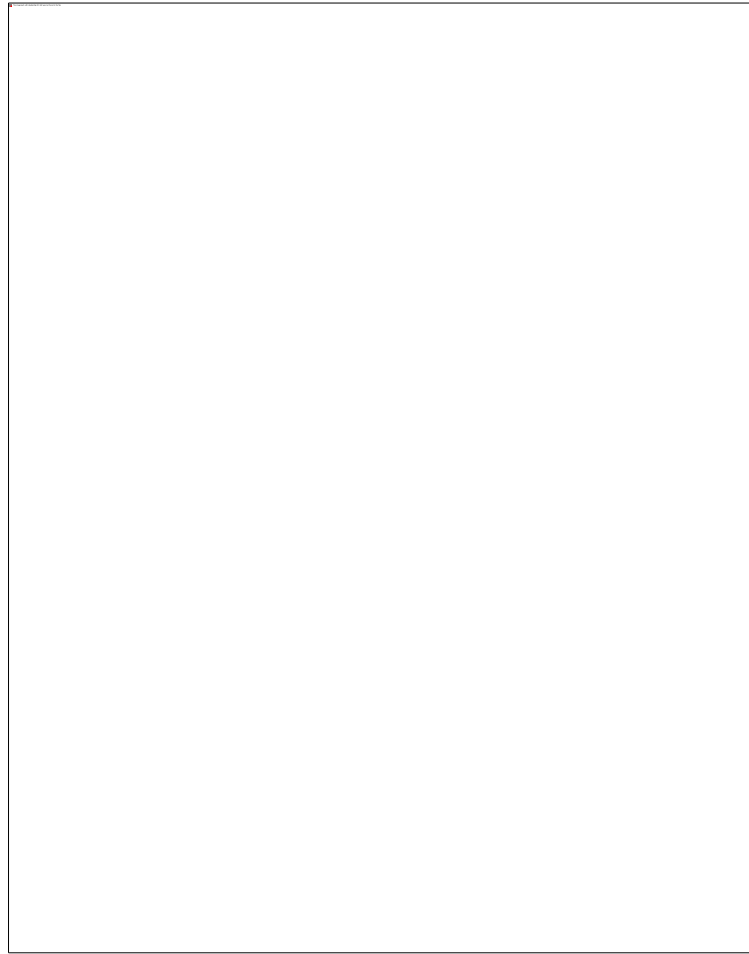
- A. Identify your Specialist then get bids?
- B. Identify Specialties/ Get Referrals/ Check References/and then Fee Schedule?

When You Select Your Engineer / Professional?

- A. Do you obtain bids without qualifications – you being at risk?
- B. Do you invite firms that you feel are qualified – then get bids?
- C. Identify Specialties/
Experience/ Check
References/define scope/
then negotiate fees?

As the English social reformer John Ruskin (1819-1900) put it, “The common law of business balance prohibits paying a little and getting a lot. It cannot be done.”

Excerpts from APWA Red Book on QBS Selection (August 2006)



Professional Services?

A. Not commodities

B. Professionals provide:

- Technical Expertise
- Innovation
- Latest Technology
- High Degree of Professional Competence

Perspective from Engineers when Bidding our Services?

- A. Most firms totally stay away from a bidding environment
- B. Lose - lose
- C. Use standard designs – less alternatives
- D. Less engineering time during construction
- E. Less design details – more work by contractors
- F. Lower fees doesn't correlate to lower cost of the project
- G. More adversarial arrangement with Client



What is QBS?



“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

What is QBS per APWA?

“QBS means that the **qualifications of consultants** such as architects or engineers are the determining factors in consultant selection.”

Federal “Brooks Bill” Definition

"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**.

Brooks Bill Implementation

- All projects involving federal funds are to use the QBS process.
- **NEW!** As of Oct 2014, **SRF/DWRF projects in Michigan must follow the QBS process** to conform with federal legislation – engineers will be selected based on qualifications and then you will negotiate the fees with the most qualified firm

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.
- **NEW!** In January 2015, a QBS Bill was introduced in Michigan - House Bill 4025

Status of QBS Statutes by State

46 States have QBS laws (2013 ACEC survey)



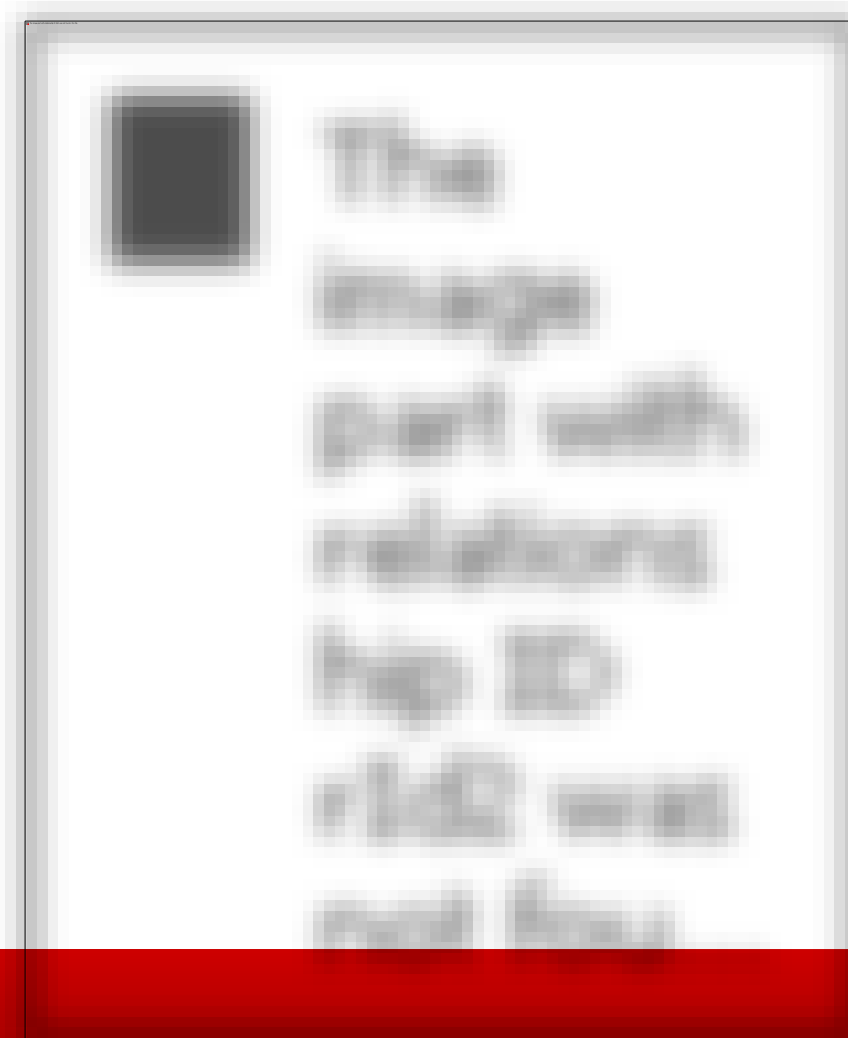
QBS Process of Selecting Professionals is not a new Process

- Required since 1972 when federal funds are used
- This is a better way



**National Study
Confirms that
QBS is the Best
Practice**

QBS National Study



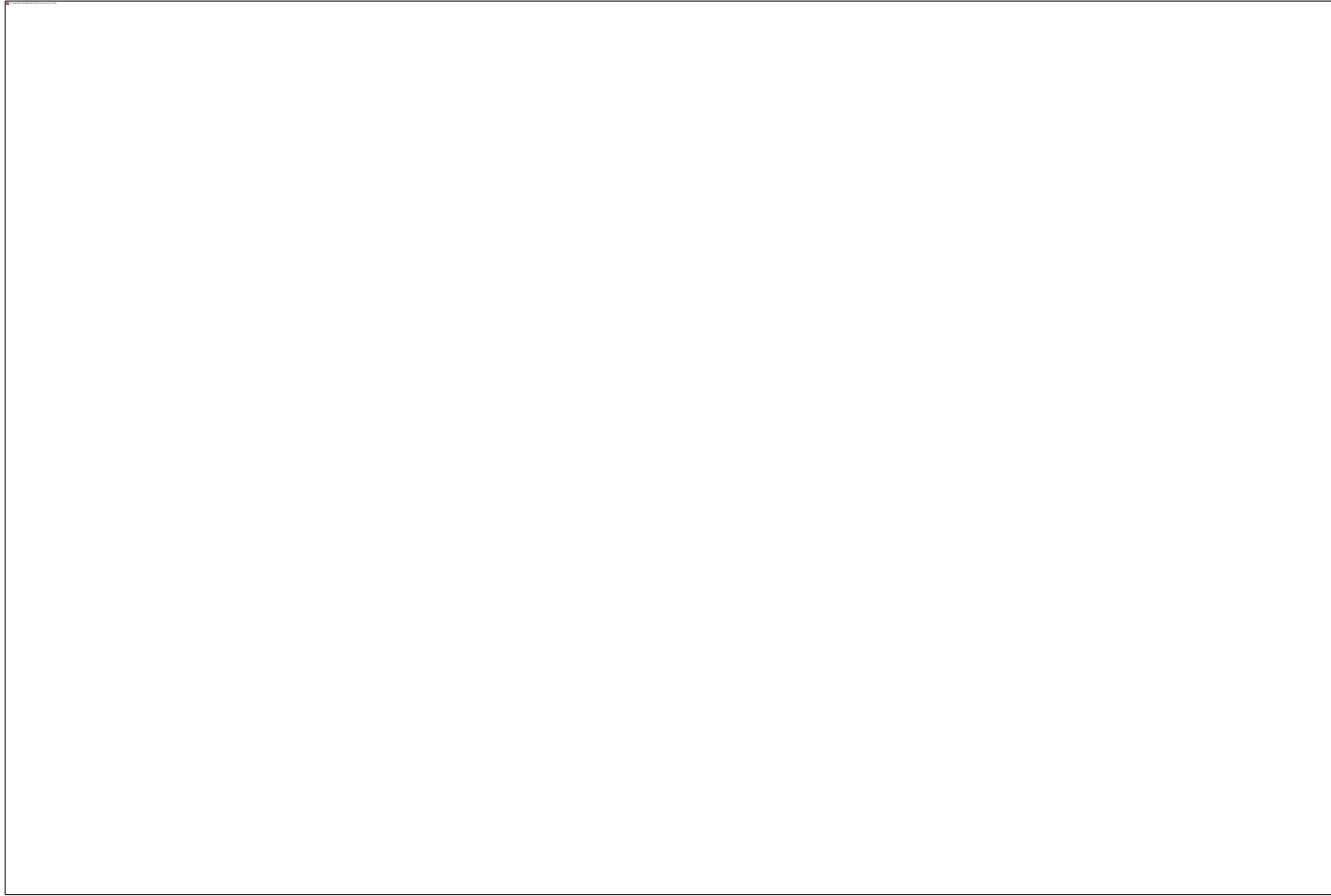
QBS Works (APWA/ACEC National Study)

- 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 or stakeholder concerns

What's in it for the Owners?

- Better projects
- Right team for the job
- Realistic schedules and open book negotiated budgets. You get what you pay for.
- Fewer project change orders and disputes
- Better business relationship between parties
- Better service, better quality, and better value for taxpayers

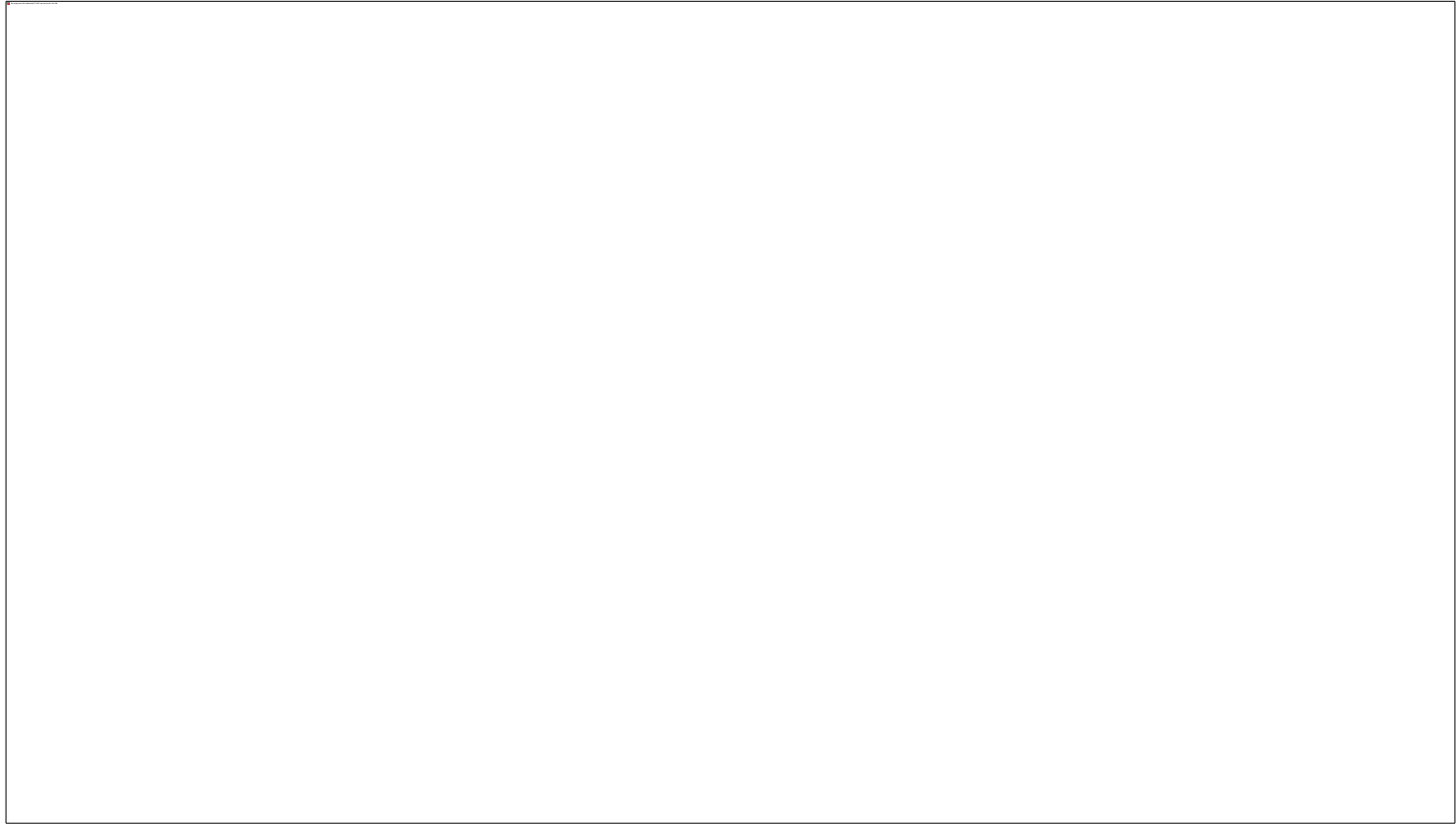
Design Professional Fees are a Small Fraction of the Lifecycle Cost



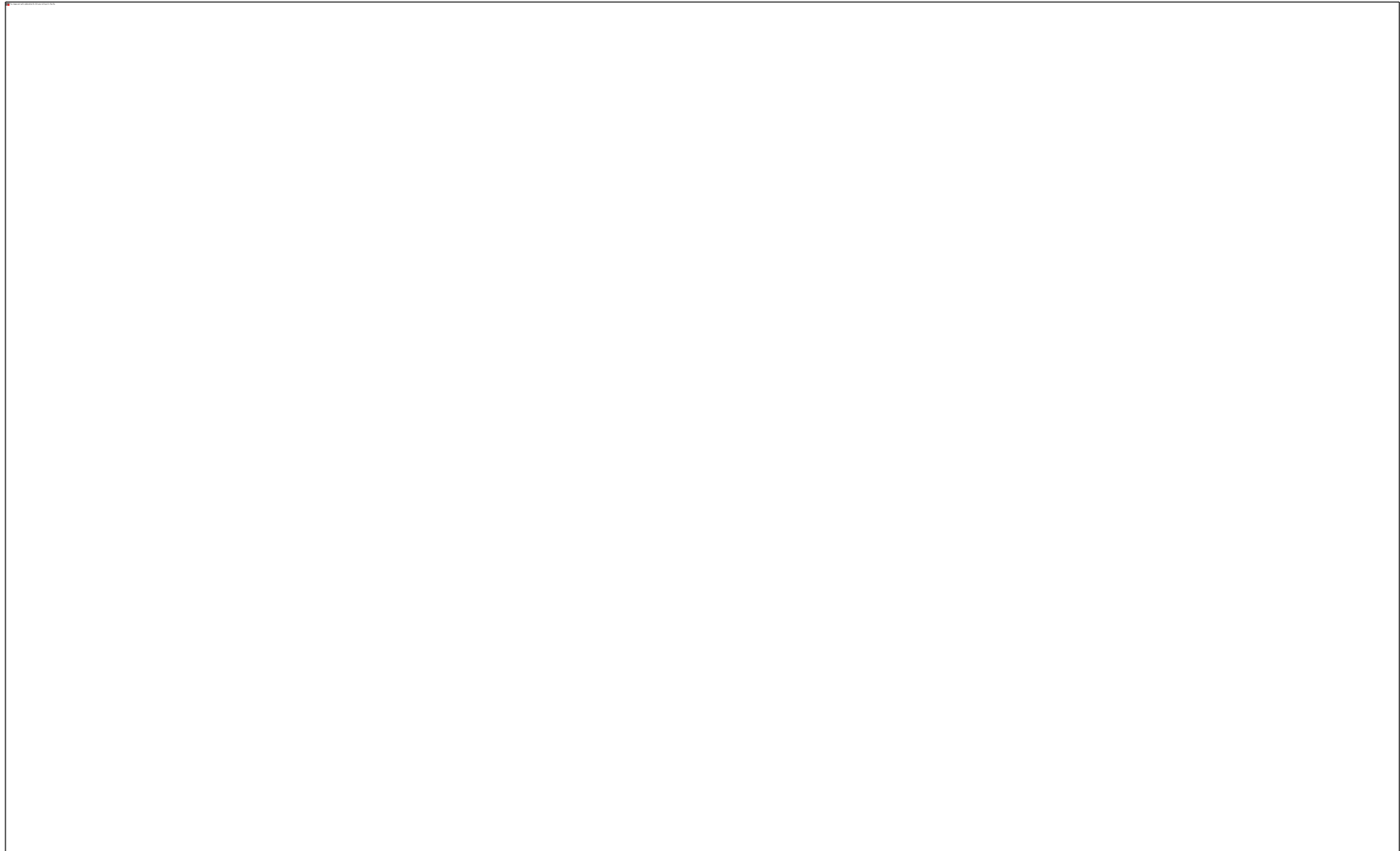
Life Cycle Costs vs. Design Fees

“**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.”

Opportunities to Improve Outcomes



Cost to Improve Outcomes vs. Timing



From a Consultant's Perspective

A thoughtful consultant once said, "If you want to select a bridge designer on the basis of least cost to design, I will give you a bridge which costs me the least to design."

If you want to select a bridge designer on the basis of least life cycle cost, I will use my brains and experience to give you a bridge which will cost you the least to design, build, and maintain."

Excerpts from APWA Red Book on QBS Selection (August 2006)

Does QBS Result in Higher Fees?

Not when you consider the final project costs. The Maryland experience between 1976 and 1982 showed that fee bidding or two envelope bidding (technical and price proposals) may offer a lower initial price but the “savings” are lost in change orders and time delays.



Trends in Michigan Threatening the QBS Process

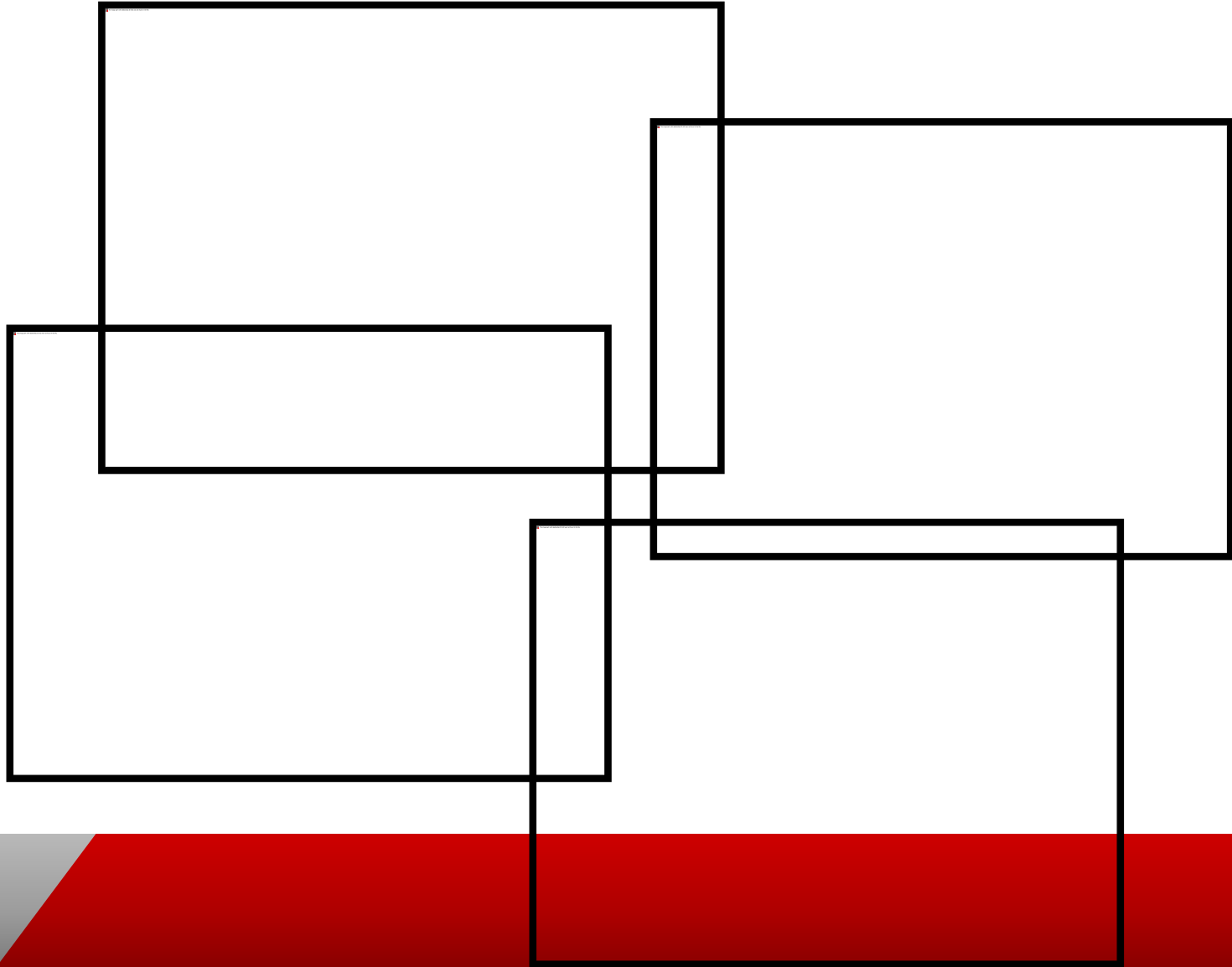
Trends - Local Elected Officials

- Change all the Time
- Lack of understanding of process or lack of experience working with professionals.
 - Lowest bid may not result in lowest cost project or the best design
- Some think they are required to bid due to public funds
 - Professional services should not be bid

Trends - Electronic Age

- Owners and Managers talk to each other - share.
 - Poor examples / practices are shared - sometimes requests for bids
- Or - go through qualification process
 - Award based on lowest price from top three.

Trends – Advertise for Professional Services Like a Commodity on Various Web Sites





Recommended Practice for Hiring Professionals

Many Councils Want Quality and Consistency over a Long Period of Time

- Long term relationships
 - One or multiple engineers hired via QBS - general civil, water treatment, wastewater treatment, parks and recreation - shouldn't bid against each other
 - Consistency from project to project and consults when there is no project – big picture, learn your community and infrastructure
 - As long as happy with service, quality, and fees - no reason to go out
- If you ever get unhappy or want to see what else is out there, go through a qualifications based process
- Some go out for Qualifications at frequency desired – say 3 or 5 years
- If you need specialty help e.g. library, then go out for qualifications on your specialty needs

Some Have Their Own Engineering Staff - Long Term Consistency Not as Important

- Hire your engineering/professionals project by project or every 3 or 5 years on a qualifications based process
- MDOT is a perfect example - they get help on specialty needs or work their engineering staff can't handle.
- Many communities with engineering staff should use QBS for specialty areas or large complex projects.

Some Don't Have Their Own Engineering Staff – but Bid Engineering Work

- Not Recommended – ever.
- If you bid/change engineers every project, who then is the City Engineer – City Manager, DPW Head?
- Buying the lowest level of service or doing the work and not hiring an engineer is not a good practice
 - Usually more costly in the long run
 - It takes just one bad experience
 - Your staff doesn't have the training to do engineering or look at the proper alternatives
 - You may well be overpaying contractors - no experienced professional monitoring the work and bids?



**Recommended
Process to Hire
Professionals that
Follows QBS**

First Step - Decide What Is Best for You

- Review the infrastructure you have
- Determine what kind of expertise/firms you need to help manage it cost-effectively e.g. general civil, water treatment, wastewater treatment, recreation
- Revise your current or adopt a new Consultant Selection Policy
 - Develop Templates to follow
 - Develop policy for hiring professionals for consulting projects and special projects
 - Document your process

Consultant Selection Policy

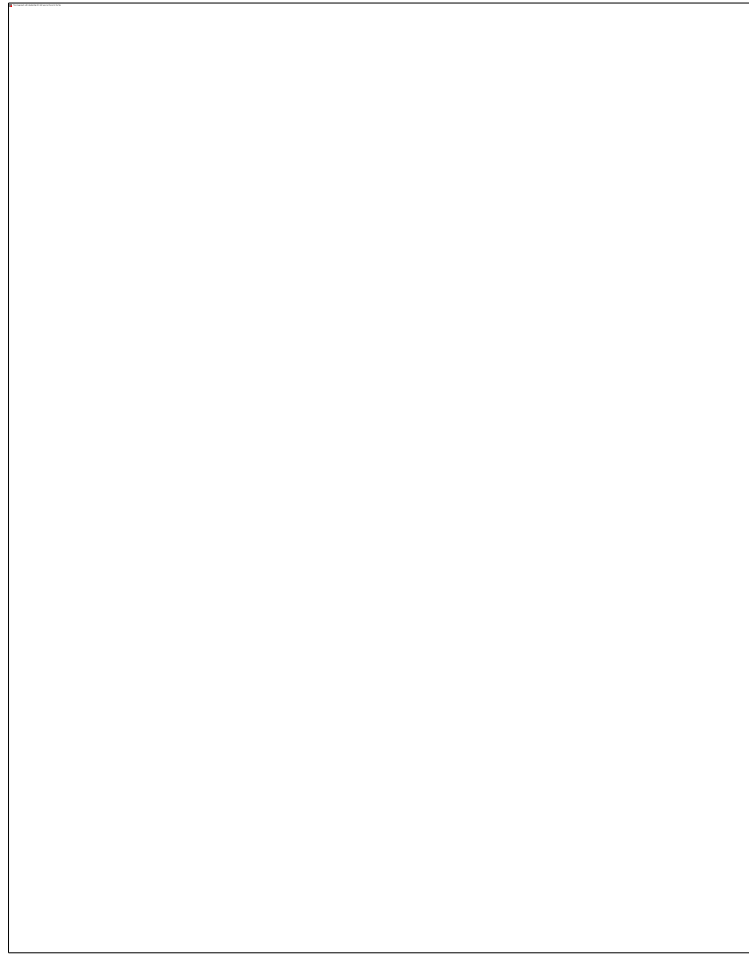
- Establish qualifications as the basis for selection
- General criteria to select firm
- Where to publicize for the services
- Number of consultants to be considered - sizes and kinds of projects
- Procedure for screening qualification statements
- Who is responsible for administering the process
- Who makes recommendation to Board/Council

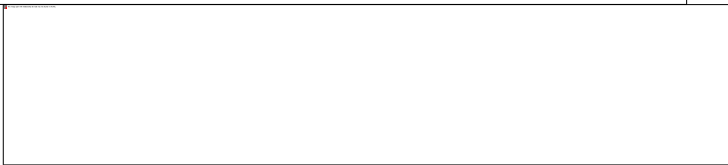
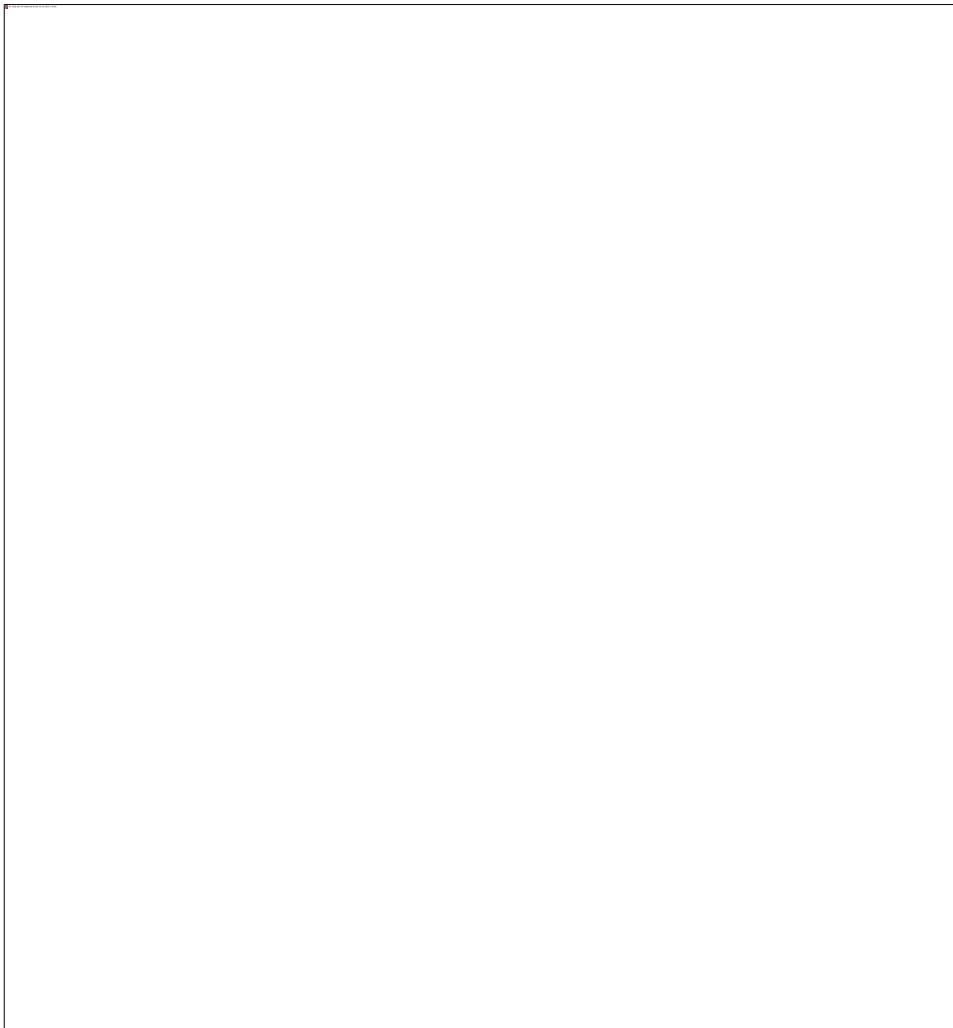
QBS Selection Process – Once Project or Services are Needed

1. Establish schedule and important criteria.
2. A Request for Qualifications (RFQ) is issued.
3. Evaluate Statements of Qualifications
4. Create short list of qualified firms.
5. (May) conduct interviews
6. Rank firms.

QBS Negotiations Process

1. Jointly define the detailed scope of work with highest ranked firm.
2. Design firm submits fee proposal based on the agreed-upon scope of work.
3. If fee proposal not acceptable, the owner and designer work together to modify the scope of work, schedule, and budget to determine if an agreement can be achieved.
4. If agreement not achieved, begin negotiations with next-most-qualified firm.
5. Agreement covering the scope and fee is executed.
6. Firms not selected are notified - Provide post-selection feedback, when requested





Materials Prepared by Coalition



QBS Coalition Is Available to Help You

- Website www.qbs-mi.org
- Produce Education Materials
 - QBS Brochure, Workbook
 - Future webinars?
- Speak at Conferences and Meetings
- Meet one-on-one with Owners
 - Meet with your Board or Selection Committee
- **Ron Brenke, P.E. 517-332-2066**



Questions?