

STAFF REPORT: ENGINEERING AND PUBLIC WORKS DEPARTMENT



REPORT TO: Infrastructure & Recreation Committee
MEETING DATE: March 23, 2010
REPORT NO.: EPW.10.038
SUBJECT: Engineering and Public Works Consultant
 Selection Process Overview
PREPARED BY: Reg Russwurm, Director of Engineering and
 Public Works

A. Recommendation

THAT Council receive Report EPW.10.038 “Engineering and Public Works Consultant Selection Process Overview” for their information.

B. Background

The purpose of this report is to inform Council of the current consultant selection process used by the Engineering and Public Works Department (EPW Dept). The process outlined below is not a formally adopted procedure of the Town but rather best practice developed and implemented by Senior Departmental Staff to undertake consultant selections in a fair, reasonable and defensible manner.

The Town has adopted a Purchasing Policy and related Procedures that speak generally to the use of proposals for consultant selection and some key concepts, however, due to other priorities, a corporately adopted set of consultant selection procedures has not been formalised.

Within the EPW Dept, the consultant selection process consists of the following steps:

1. Proposal Preparation
2. Request for Proposal Administration
3. Consultant Selection Committee
4. Stage 1 – Letter of Interest (Optional)
5. Stage 2 – Detailed Work Plan and Upset Fee Estimate
6. Post Selection Documentation
7. Consultant Award

Each of the steps is described below:

1. Proposal Preparation

After a project has been identified and it is deemed appropriate that a consultant is retained to undertake an assignment related to the project, Staff prepare a Request for Proposal (RFP) using the templates developed by the Finance and Information Services Department.

The templates ensure that the terms within the Purchasing Policy and Procedures are followed. The key work of the EPW Dept is the preparation of the Terms of Reference (TOR). The TOR describes in, as much detail as is reasonable, the assignment and expected deliverables. As a general rule, the more detail provided in the TOR the better the understanding of the assignment by the consultant, the more competitive pricing and less discussions about out-of-scope work with the associated fee increases. It should be noted however that some assignments, particularly studies, which are by their nature difficult to define, are hard to tightly scope. In these cases, Staff pay particular attention to defining key deliverables and the final product. Reliance is placed on the consultant's expertise to describe in the proposal how the assignment will be undertaken to achieve the Town's goals.

It is during the proposal preparation of the RFP that Staff determine if the selection process will be one-step or two-step process. In a one-step process, the consultant is asked to provide a Detailed Work Plan and Upset Fee Estimate. In a two-step process, the consultants are first asked to provide a Letter of Interest (LOI), and then based on the LOI's received; consultants will be short-listed to typically no more than 3 or 4. These short-listed consultants are then required to provide a Detailed Work Plan and Upset Fee Estimate. Generally, a two-step process is used when the fees are expected to be higher than \$100,000 and/or the assignment is difficult to define and the Town wishes to gain the benefit of the consultant's expertise in order to better define the assignment for the short-listed consultants. There is wording in the RFP to permit the Town flexibility in the administration of the consultant selection such that the Town may request additional information or undertake interviews as needed during the selection process. It should be noted that at all times, the Detailed Work Plan and Upset Fee Estimates are provided in separately sealed envelopes.

The Town's typical selection criteria are 75% quality and 25% fees. Within the quality criteria, the following sub-criteria and weighting is assigned:

- Firm Qualifications and Experience – 10%
- Project Team's Experience – 20%
- Project Understanding and Approach – 15%
- Work Plan, Methodology and Quality Assurance – 20%
- Schedule – 10%

During the RFP development, Town Staff may vary the score weighting, delete criteria and/or add additional criteria. Furthermore, the fee weighting may be modified depending on the nature of the project. Any modification from the norm criteria must be approved by the Director of EPW. Without a search of projects, Staff do not recall a selection that had a fee weight less than 25% but has been as high as 50% for equipment purchase.

2. RFP Administration

Once the RFP is ready for release, appropriate ads are placed in accordance with the Purchasing Procedures. In addition, the EPW Dept maintains a current list of consultants that have a proven track record to which the RFP ad is sent to make sure that as wide an audience as possible is aware of the Town's project. Staff feel that this list has resulted in more proposal submissions resulting in competitive proposals.

Within the RFP, interested consultants are asked to send written questions to the Town by a specific date. The Town will answer the questions by addendum to all consultants taking a RFP in a timely manner to permit the consultants to adapt their proposals. Staff will not entertain verbal inquiries and will not provide any information to one consultant that is not also provided to all others.

The Town may hold a site meeting of shortlisted consultants so that they have an opportunity to see the project and to ask questions of Staff directly. All consultants are included in the discussions. Depending on the project scope, the site meeting may or may not be mandatory.

3. Consultant Selection Committee

A Consultant Selection Committee (Committee) is constituted to undertake the evaluation of the submitted proposals. The Committee consists of at least three people from the EPW Dept who have the technical ability to evaluate the proposals. In addition, the Manager of Purchasing and CAO Office are invited to attend.

The Committee members are provided the proposals at least a week in advance of the scoring meeting and are expected to come well prepared with preliminary scoring done for each consultant. The consultants have expended significant effort in the preparation of their submissions and Town Staff should undertake a corresponding effort in the evaluation. It is not uncommon for consultants to expend upwards of \$10,000 for an in-depth two-stage selection.

During the actual scoring process, the final scores are arrived at by consensus. The various merits of a score on a particular criterion for a particular consultant are debated by the Committee until agreement is reached. Scoring is relative and therefore the score for a criterion is arrived at for all consultants before moving on to another criterion.

4. Stage 1 – Letter of Interest

In a two-step process, the first submission is the Letter of Interest (LOI). The purpose of the LOI is to permit the Town to evaluate the interested consultants based on quality factors and to short-list typically 3 or 4 consultants. Those short-listed consultants then provide the Detailed Work Plan and Upset Fee Estimate. The Town has the flexibility to short-list fewer if it's determined that not enough qualified consultants have submitted a proposal. Staff have not experienced when at least two consultants are not short-listed.

As outlined above, the Town's typical selection criteria are 75% quality and 25% fees. During the LOI process, only the quality scores are used to short-list consultants. There is not a minimum score that must be reached to be short-listed. It is the relative scoring that matters. The final scoring may not be consistent from project to project in an absolute sense but are relative to each other within the assignment being considered among the proposals being scored.

The quality scores are comprised usually of five criteria with the weighting outlined above. A description of how each criterion is scored is described below. At times, the criteria overlap however the same aspect of a proposal is generally scored within just one criterion to avoid overly prejudicing or favouring a proposal.

Firm Qualifications and Experience – This score relates to the overall experience and capabilities of the consulting firm. It is expected that a firm with wide range and depth can bring more expert resources to bear on a project.

Project Team's Experience – This score is particular to the experience and capabilities of the named project staff. A key person is the Consultant's Project Manager – can he/she bring the resources of the consultant to bear in order to complete the project on time and on budget? This is somewhat dependent on the project. The larger and complicated a project, the more senior the Project Manager is expected to be within the firm. Another key person is the technical lead – do they have the work experience and training necessary? The Committee must also assess who will be doing a significant portion of the work. Often, senior consultant staff are named but invest comparatively little time. Their oversight is valuable but many times the rollout of the project is very much dependent on assistant project managers and other project Staff.

The score assigned to project team members is based on the information provided in the submission tempered by Staff's previous experience with the consultant and by reference checks.

Project Understanding and Approach – In this criterion, the Committee assesses if the consultant has a grasp on the goals of the Town. Staff do not want the consultant to repeat the RFP in their proposal response but rather describe the assignment in their own words to demonstrate their knowledge. Furthermore, an added value / innovative discussion in the proposal can receive a favourable score. Staff also look for a description of how the consultant will approach the project to make sure the needs of the Town are satisfied.

Work Plan, Methodology and Quality Assurance – This criterion is similar to Project Understanding and Approach but a more detailed discussion is expected. A review of the person-hours is done to determine the relative effort that the consultant is placing on various tasks. For example, the Project Manager should have 10 – 30% of the project hours very much dependent on the size of the project. Often on smaller projects, a better product is prepared if the Project Manager has a bigger role and the opposite is expected on a larger project.

A discussion of quality control is also expected to describe the consultant's internal processes to make sure the Town has a completed project on time and budget meeting the goals of the RFP.

During the upcoming development of a corporate consultant selection process, Staff will consider combining some or all of this criterion with Project Understanding and Approach.

Schedule – Within the RFP the consultant is asked to complete the assignment by a specific date or within a timeframe and is required to provide a supporting detailed graphical project schedule within the proposal. This criterion measures whether the consultant will satisfy the Town's schedule and if not, why not. It has happened that a consultant received most favourable scoring because they pointed out within the proposal why the Town's schedule was overly aggressive and would result in a cost premium. The Town's time line was revised accordingly.

5. Stage 2 – Detailed Work Plan and Upset Fee Estimate

The Consultant is asked to provide a Detailed Work Plan and Upset Fee Estimates in separate sealed envelopes either standalone in a one-step process or after the LOI has been evaluated in the two-step process.

The Consultant Selection Committee is convened to evaluate these submissions. In a two-step process, the LOI scoring to short-list the consultants is used as a starting point to evaluate the Detailed Work Plan, however all scoring is reviewed against new information in the Detailed Work Plan. In a one-step process, the quality scores are based solely on the Detailed Work Plan as presented. The scores are relative to each other and not absolute. In a one-step process, Staff question if any of the consultants are unable to do the work. If so, that proposal is set aside from proceeding. The unopened Upset Fee Proposal is returned to the consultant.

Once all the quality scores are agreed upon by the Committee, the scores are "locked-in" - not to be changed. It is only when the scores are agreed upon by all Committee members that the process will move ahead and the Upset Fee Estimate is opened. The scoring of the fee estimate is calculated by the method below:

- lowest fee estimate is given score of 25 (full points)
- other fee scores established by ratio of lowest fee estimate over fee estimate multiplied by 25

It should be noted that if any fee or cost information (hourly rates, summations, etc) are included in the Detailed Work Plan, the proposal is disqualified outright because an unbiased evaluation is not defensible. The RFP is very clear about this point.

The fee score calculations method described above is just one way of evaluating the fee estimate. Alternatives include discarding the lowest and/or highest bids before scoring, giving the average fee full points while other submissions away from the average get a lower score, assigning full weight to second lowest fee, etc.

During the upcoming development of a corporate consultant selection process, Staff will consider if an alternative method of fee scoring is warranted.

The Consultant receiving the highest combined total of quality and fee score is recommended for award by the Consultant Selection Committee.

6. Post Selection Documentation

After the consultant is selected, a single scoring sheet is prepared documenting all final scores, fees and ranking of the proposals. The members of the Committee sign the final scoring sheet to demonstrate that there is consensus.

One copy of the Upset Fee Estimate for the successful consultant and all the fee estimates for the other consultants are placed in an envelope along with the signed final scoring sheet. The envelope is sealed, labelled with the project name and words to the effect that the envelope is not to be open without permission of the Director of Engineering and Public Works. The purpose of the above actions is to maintain process confidentiality, independence of opinion and avoid the circulation of incomplete information.

The consultant are notified of the selection and award as appropriate under the Town's Purchasing Policy.

After the Consultant selection is known, Staff invite unsuccessful consultants to meet for a confidential discussion. The Consultant's scores are not revealed for reasons that the scores are taken out of context since the scoring is relative and not absolute. The discussion is generally about where the consultant can improve and where they did well. Staff have found this to be a valuable exercise when done in a face-to-face, confidential and frank manner.

7. Consultant Award

Depending on the complexity of the assignment, a contingency fee allowance of 5 – 15% is added to allow Staff to extend the scope of work due to unforeseen conditions. This fee contingency is used much like a contingency allowance in construction contracts. It permits the work to keep moving along quickly when previously unknown factors come to light. Reliance is placed on the good judgement of the Town's Project Manager that the additional work is value for money.

The actual award of the assignment is done in accordance with the Town's Purchasing Policy.

Summary

The EPW Dept will continue to use the above described Consultant Selection Process and will continually evaluate its effectiveness. Modifications as deemed necessary will be made after due consideration. The Department will also be working closely with the Manager of Purchasing as the development of a corporate Consultant Selection Process proceeds.

On a related note, the EPW Department has, through a formal consultant selection, pre-selected three local consultants to provide engineering services on small projects, having an upset fee estimate of less than \$10,000. These pre-selected consultants are available for retention by any departments in the Town.

C. The Blue Mountains' Strategic Plan

Town's Strategic Plan Goal # 2 "Addressing the Town's Municipal Infrastructure needs" and Strategic Plan Goal #6 "Providing a strong, well managed municipal government" are in part satisfied by the recommended action.

D. Environmental Impacts

None.

E. Budget Impact

By using an established and defensible process for the selection of consultants, the Town can select the best consultant available for the project and will realise the most value for fee expended.

F. Attached

None.

Respectfully submitted,

Reg Russwurm
Director, Engineering and Public Works

For more information, please contact:
Reg Russwurm
rrusswurm@thebluemountains.ca
(519) 599-3131 x260