Best Value Procurements

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Topics

What is Best Value?
Pros and Cons
Lessons Learned
What is Best Value?
Again, it depends on your perspective

- **PROS - Agency**
  - Lower total cost of ownership?
  - Definite costs now
  - Standardization
  - Proven
  - Relationship with supplier
  - Healthier supply industry?

- **CONS - Agency**
  - Different budgets
  - Estimated costs later
  - Might not exactly fit
  - Your environment
  - Locked into one supplier

- **PROS – Supplier**
  - Long term cash flow
  - Reduced engineering expense
  - Relationship with agency

- **CONS - Supplier**
Lessons Learned

- On the one hand, cost savings are irrelevant if a train is stranded because of quality issues and your whole schedule is affected.
- On the other hand, most transit agency staff do not feel comfortable recommending to the Board a product that costs a lot more now for POSSIBLE future savings.
- The Total Cost of Ownership focus from the 1980’s was phased out because the savings in maintenance costs were never seen or felt in any meaningful way; it’s unclear whether Best Value can succeed better.
- Internationally, many new car procurements include car delivery, ongoing maintenance, and car availability as one contract.
  - Haven’t done this yet in the US, and Canada is just starting it.
  - Results, everywhere, are mixed.
Thank you for your time and attention