Best Value Procurement

APTA Rail, Denver, CO – June 11, 2018
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Sound Transit, Seattle, WA
Best Value Procurement

Introduction

• Long background in federal (US) and local public procurement
• Member of NIGP’s “Legislative & Position Committee”
• “NIGP: The Institute for Public Procurement”
  • Position Papers
  • Global Best Practices
  • And more…
“Best Value Procurement is both a concept and a set of recommended practices.”

NIGP “Best Value in Government Procurement” Position Paper
“NIGP: The Institute for Public Procurement promotes conscientious consideration of all factors that lead to good value at every stage of procurement, not only price or other single factor.”

“Governments increasingly recognize that enabling the use of Best Value Procurement (BVP) methods by procurement professionals maximizes the value of all procurements and ultimately improves the way they conduct business.”

NIGP “Best Value in Government Procurement” Position Paper
Best Value Procurement

Definition:

“1. A procurement method that emphasizes value over price. The best value might not be the lowest cost. Generally achieved through the Request for Proposals (RFP) method.

2. An assessment of the return that can be achieved based on the total life cycle cost of the item; may include an analysis of the functionality of the item; can use cost-benefit analysis to define the best combinations of quality, services, time, and cost considerations over the useful life of the acquired item.”

NIGP Dictionary of Procurement Terms
Best Value Procurement

Expressions / Applications of Best Value

• Total Cost of Ownership
• Life Cycle Costing
• Performance Based Contracting
• Design-Build
• Construction Manager At-Risk
• Other

• Best Value Evaluation (Request for Proposals) →
Best Value Procurement

Best Value Evaluation (Request for Proposals)

Definition:
“Best value means the most advantageous balance of price, quality, and performance identified through competitive procurement methods in accordance with stated selection criteria. There is no uniform statutory or regulatory definition, but it generally refers to a source selection based upon a cost/benefit analysis.”

NIGP “Local Preference in Public Procurement” Position Paper
“In practice, best value is neither infinite nor arbitrary, but is a matter of context, relating a restricted set of desired characteristics to desired outcomes. There are three basic stages to choosing factors to guide a procurement toward best value.

1. **Identify possibilities.** List all the possible solutions, and the possible pros and cons of each. Conduct market research, consult others, and collaborate with stakeholders.

2. **Choose relevant factors.** Decide what is relevant to each specific acquisition.

3. **Assign values or “weights”** to the chosen factors and create selection criteria.”

NIGP "Best Value in Government Procurement" Position Paper
Best Value Procurement

Weighting Criteria

“Each criterion should be weighted to reflect its relative importance to the contracting authority. The identification of criteria and weights must be carried out with care to ensure that the contracting authority identifies the most advantageous proposal/offer.”

Notification of Criteria

“Evaluation criteria and their associated weightings must…not be changed once they have been advertised and notification has been sent to the bidders. If changes become necessary, all bidders must be notified of the changes.”

NIGP “Developing Evaluation Criteria” Global Best Practice
The evaluation process is a complete review of the received proposals based on pre-defined evaluation criteria. The criteria should be comprehensive enough to determine the best value solution for the public body so that a recommendation for award can be made.”

NIGP “The Evaluation Process” Global Best Practice
Best Value Procurement

...interesting note: “concept” “meets” “practice”

“NIGP recommends that any local procurement preferences be implemented [only] as one of several criteria in a ‘best value’ evaluation and award process.”

NIGP “Local Preference in Public Procurement” Position Paper
### Best Value Procurement

“Best Value” Request for Proposals (RFP) (with points)

<table>
<thead>
<tr>
<th>No.</th>
<th>Criterion</th>
<th>Maximum Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project Approach</td>
<td>350 pts</td>
</tr>
<tr>
<td>2</td>
<td>Capacity, Experience, and References</td>
<td>300 pts</td>
</tr>
<tr>
<td>3</td>
<td>Price</td>
<td>250 pts</td>
</tr>
<tr>
<td>4</td>
<td>Partnership Strength</td>
<td>50 pts</td>
</tr>
<tr>
<td>5</td>
<td>Commitment to and Compliance with Equal Employment Opportunity Law</td>
<td>50 pts</td>
</tr>
<tr>
<td></td>
<td>TOTAL POINTS</td>
<td>1000 pts</td>
</tr>
</tbody>
</table>
## Best Value Procurement

“Best Value” Request for Proposals (RFP) (no points – “relative order of importance”)

<table>
<thead>
<tr>
<th>No.</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Solution Functionality</td>
</tr>
<tr>
<td>2</td>
<td>Service Level, Support, Maintenance and Training</td>
</tr>
<tr>
<td>3</td>
<td>Knowledge and Recent Experience of Key Individuals / Firm Experience</td>
</tr>
<tr>
<td>4</td>
<td>Price</td>
</tr>
<tr>
<td>5</td>
<td>Project Approach</td>
</tr>
</tbody>
</table>
“Sound Transit will select the Proposal that Sound Transit believes best meets the evaluation criteria in the best interests of Sound Transit. Final selection, if any, will be made on a ‘best value’ basis.”

Sound Transit standard RFP language
## “QBS” Request for Qualifications (A&E)

<table>
<thead>
<tr>
<th>No.</th>
<th>Criterion</th>
<th>Maximum Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Firm Experience and History</td>
<td>100 pts</td>
</tr>
<tr>
<td>2</td>
<td>Knowledge and Experience of Key Individuals</td>
<td>250 pts</td>
</tr>
<tr>
<td>3</td>
<td>Capacity and Project Organization</td>
<td>200 pts</td>
</tr>
<tr>
<td>4</td>
<td>Project Understanding and Approach</td>
<td>250 pts</td>
</tr>
<tr>
<td>5</td>
<td>Good Faith Efforts and Commitment to DBEs and other Small Businesses</td>
<td>100 pts</td>
</tr>
<tr>
<td>6</td>
<td>Equal Employment Opportunity (EEO) Commitment</td>
<td>100 pts</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL POINTS</strong></td>
<td><strong>1000 pts</strong></td>
</tr>
</tbody>
</table>
Best Value Procurement

Qualifications Based Selection (QBS) (price excluded)

vs.

Best Value Procurement (BVP) (price included)

Debate: NIGP favors BVP
Best Value Procurement

NIGP Dictionary of Procurement Terms
http://www.nigp.org/home/find-procurement-resources/dictionary-of-terms

Best Value in Government Procurement
A position paper from NIGP: The Institute for Public Procurement
http://www.nigp.org/home/find-procurement-resources/guidance/position-papers

Local Preference in Public Procurement
A position paper from NIGP: The Institute for Public Procurement
http://www.nigp.org/home/find-procurement-resources/guidance/position-papers

Developing Evaluation Criteria
A global best practice from NIGP: The Institute for Public Procurement
http://www.nigp.org/home/find-procurement-resources/guidance/global-best-practices

The Evaluation Process
A global best practice from NIGP: The Institute for Public Procurement
http://www.nigp.org/home/find-procurement-resources/guidance/global-best-practices

Performance Based Contracting
A global best practice from NIGP: The Institute for Public Procurement
http://www.nigp.org/home/find-procurement-resources/guidance/global-best-practices