



# **Best Value Procurements**

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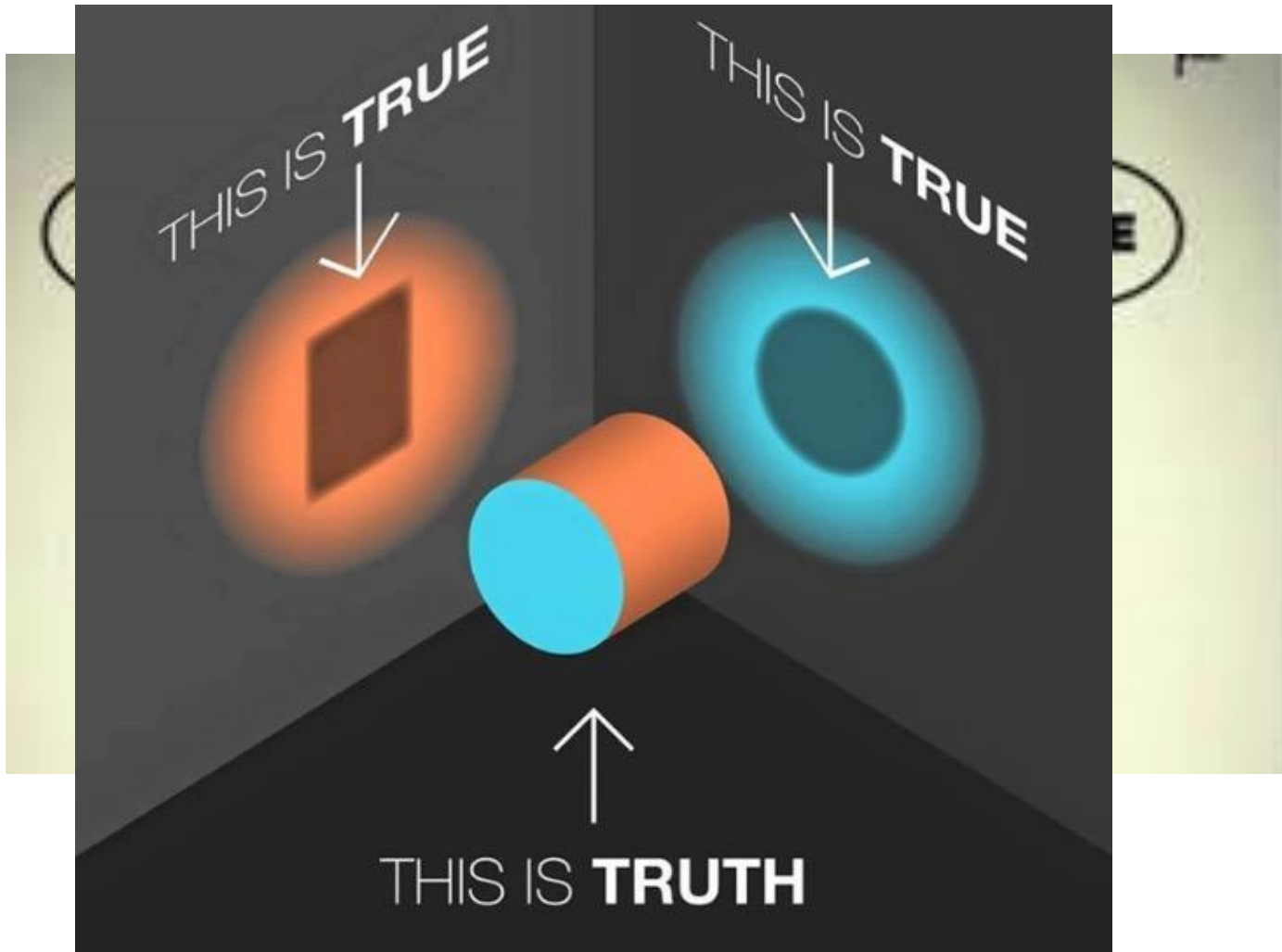
# Topics

What is Best Value?

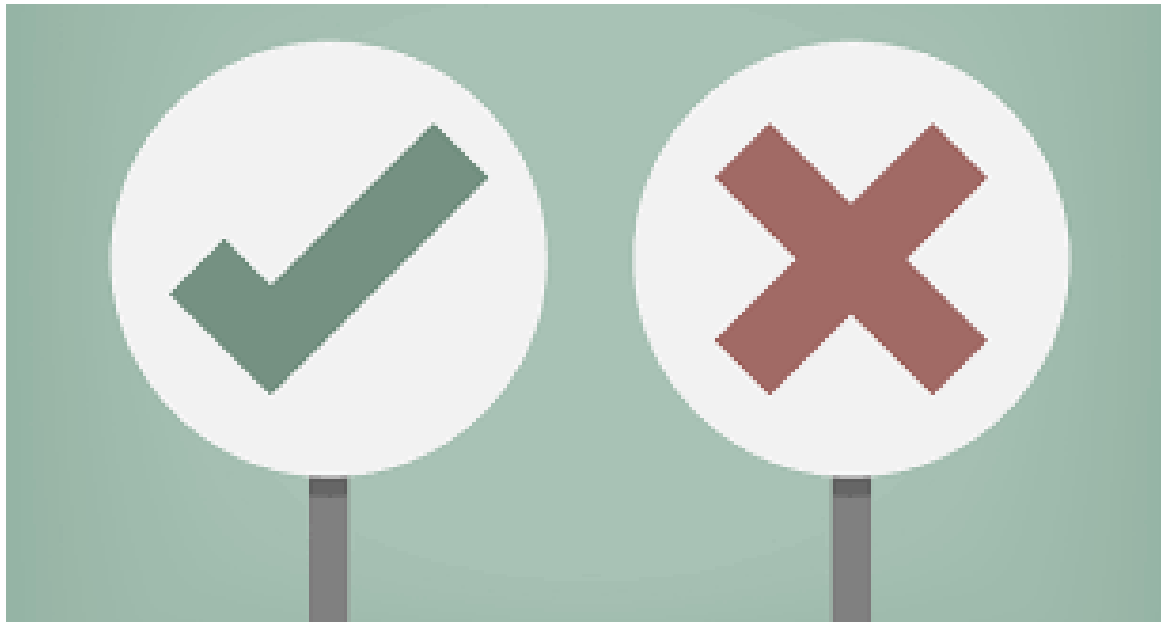
Pros and Cons

Lessons Learned

# What is Best Value?



# Pros and Cons



# Again, it depends on your perspective

## ■ PROS - Agency

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

## ■ PROS – Supplier

- Long term cash flow
- Reduced engineering expense
- Relationship with agency

## ■ CONS - Agency

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

## ■ 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, on-going 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**