



Best Value Procurement

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Ted Lucas, JD, CPPO

Director, Procurement & Contracts

Sound Transit, Seattle, WA

 **SOUNDTRANSIT**

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

“Best Value Procurement is both a concept and a set of recommended practices.”

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

Best Value Procurement

“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

Best Value Procurement

“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

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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...[n]ot 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

Best Value Procurement

“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

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

No.	Criterion	Maximum Points
1	Project Approach	350 pts
2	Capacity, Experience, and References	300 pts
3	Price	250 pts
4	Partnership Strength	50 pts
5	Commitment to and Compliance with Equal Employment Opportunity Law	50 pts
	TOTAL POINTS	1000 pts

Best Value Procurement

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

No.	Criteria
1	Solution Functionality
2	Service Level, Support, Maintenance and Training
3	Knowledge and Recent Experience of Key Individuals / Firm Experience
4	Price
5	Project Approach

Best Value Procurement

“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

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“QBS” Request for Qualifications (A&E)

No.	Criterion	Maximum Points
1	Firm Experience and History	100 pts
2	Knowledge and Experience of Key Individuals	250 pts
3	Capacity and Project Organization	200 pts
4	Project Understanding and Approach	250 pts
5	Good Faith Efforts and Commitment to DBEs and other Small Businesses	100 pts
6	Equal Employment Opportunity (EEO) Commitment	100 pts
	TOTAL POINTS	1000 pts

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>

