



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | NL

Selecting a Professional Consultant



Presented by **Brad Dawe**, P.Eng.
to **Procurement Advisory Council**
Newfoundland & Labrador

October 3, 2019



ASSOCIATION OF CONSULTING
ENGINEERING COMPANIES | NL

Who Are We?

- Voice for the business of consulting engineering in Newfoundland & Labrador
- We represent 20 firms in NL
- Member firms collectively employ ~350 people
- Most members firms are SMEs
- Members provide a wide range of engineering and other professional services to public and private clients
- We are part of a Federation of 12 provincial and territorial associations with the parent body being ACEC Canada

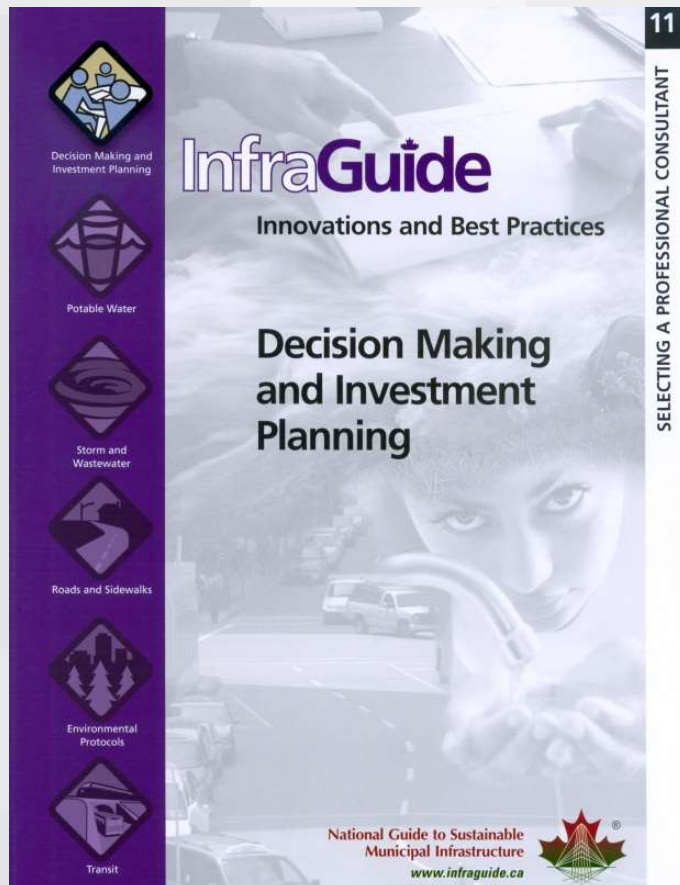


The Potential of Public Procurement

- Fulfilling government mandates and commitments
- Access to expertise and experience
- Providing flexibility and savings
- Creating jobs and opportunities for Newfoundlanders, Labradorians and Canadians
- Growing businesses and creating tax revenue
- Encouraging innovation
- Fairly sharing risk and reward



ACEC Recommends



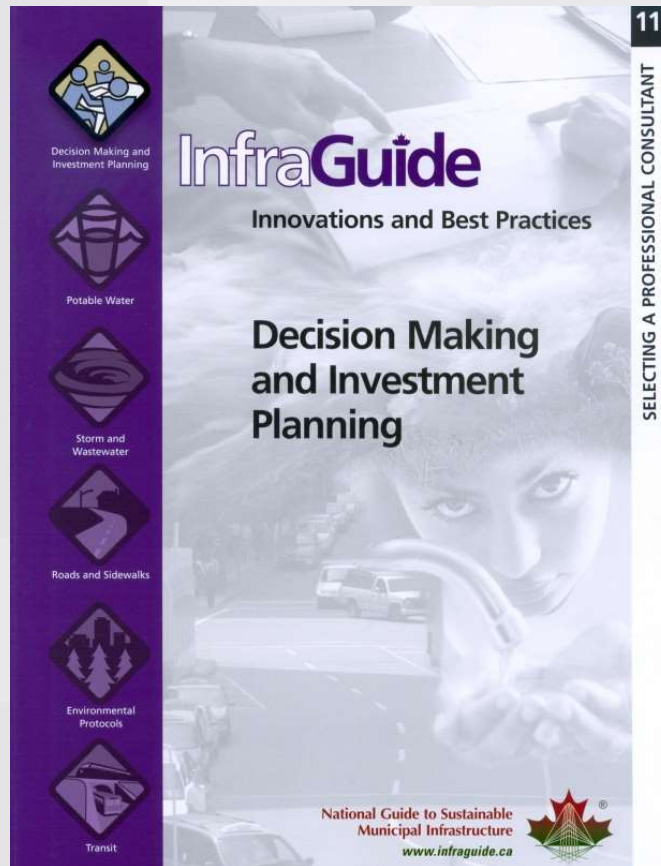
Public agencies adopt ***Selecting a Professional Consultant***, the procurement best practice developed in 2006 by the **National Guide to Sustainable Municipal Infrastructure (InfraGuide)**

https://www.acec.ca/advocacy/procurement/selecting_consultant/index.html



Selecting a Professional Consultant

National Guide to Sustainable Municipal Infrastructure



Developed by the public sector... for the public sector:

- Federation of Canadian Municipalities
- National Research Council
- Infrastructure Canada
- Canadian Public Works Association

Based on extensive interviews and research

Recommends “competitive qualifications-based process” (QBS)



Our Mutual Goals

TIMELY
DELIVERY

FISCAL
RESPONSIBILITY

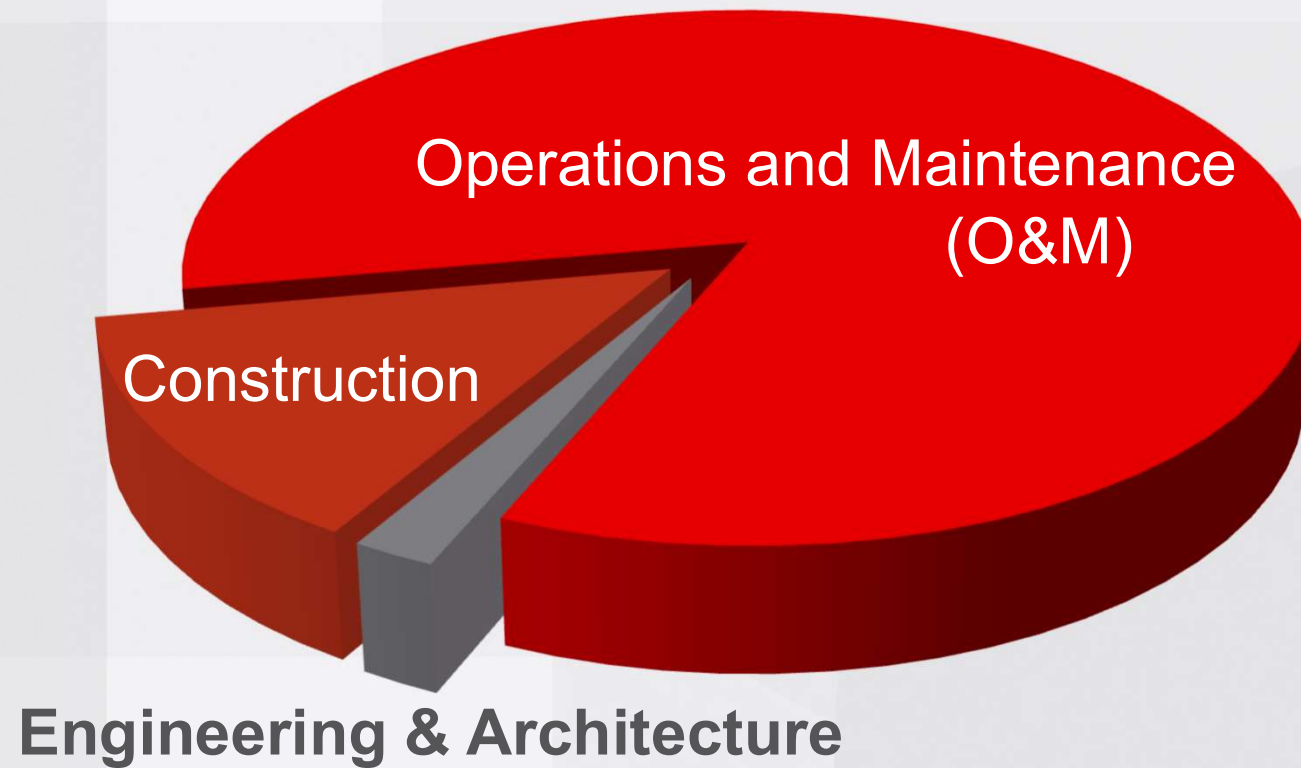
PUBLIC
INTEREST

QUALITY &
INNOVATION



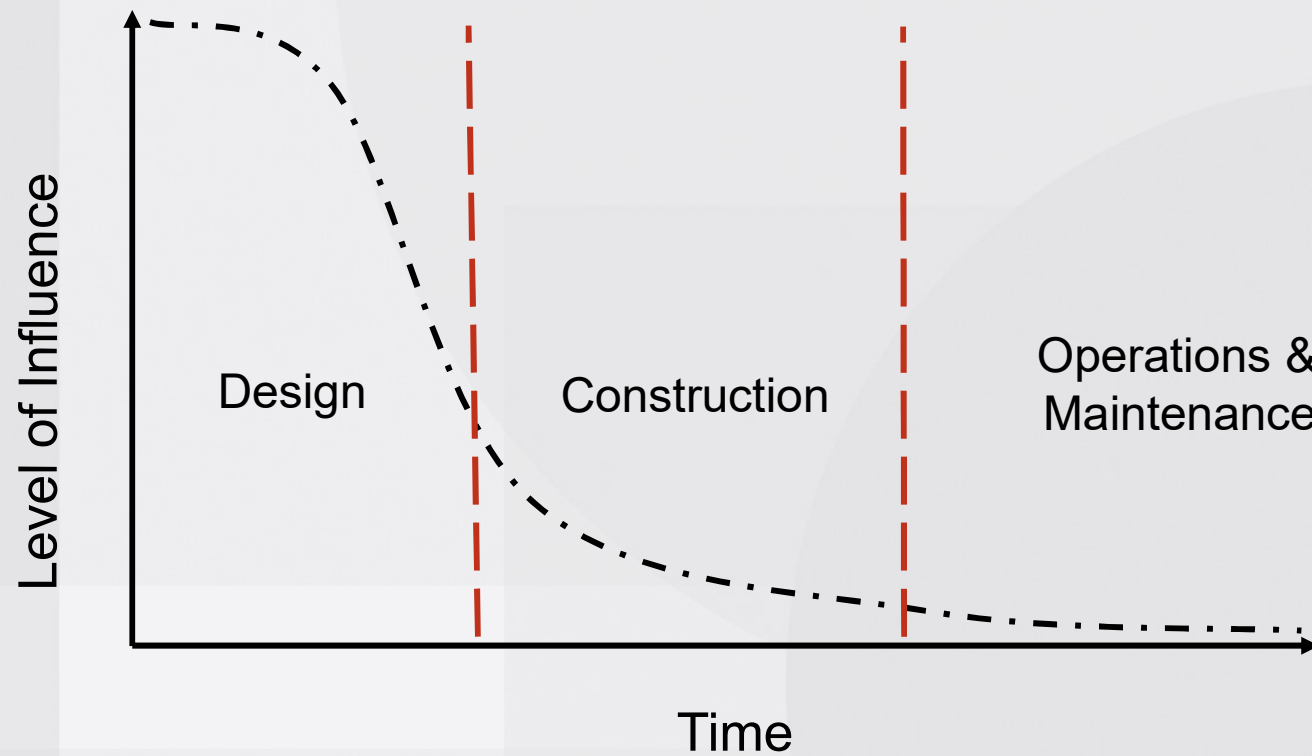


Total Life-Cycle Costs



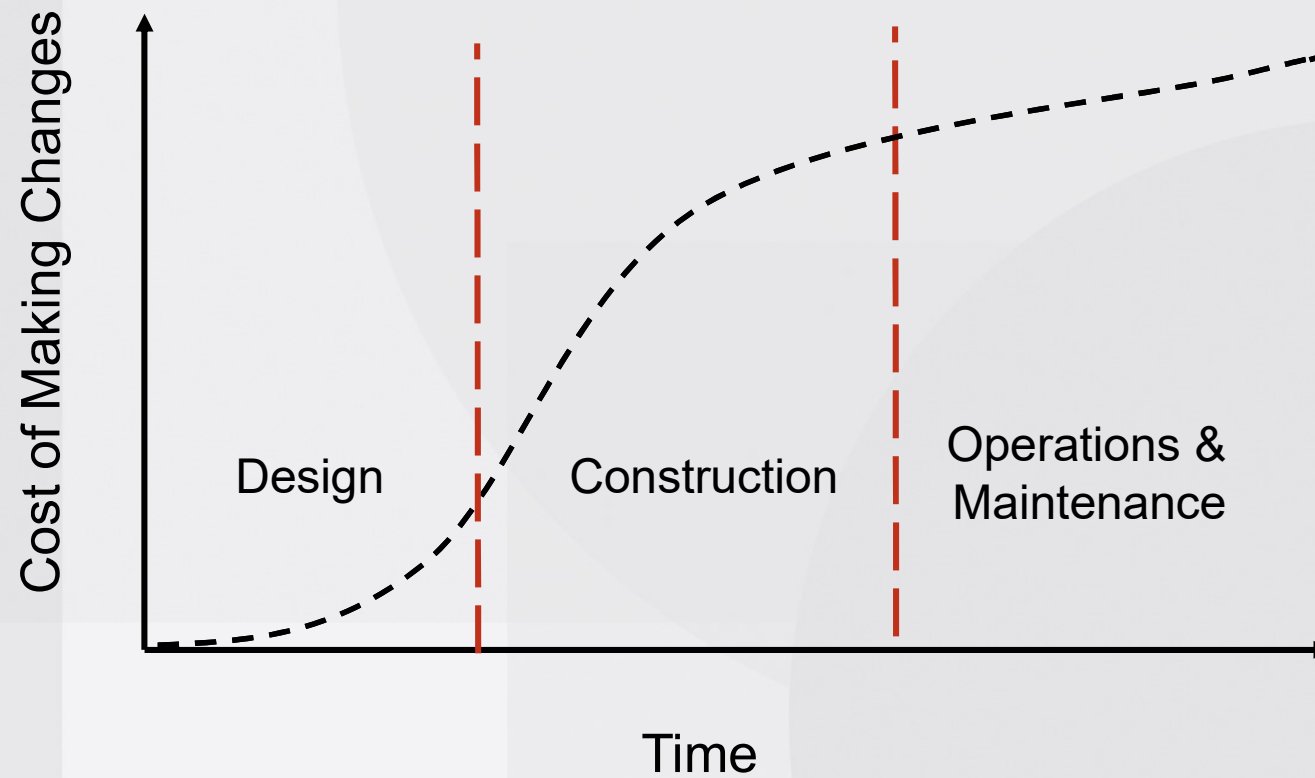


Opportunities To Add Value





Opportunities To Add Value





Procurement Is The Key

- Establishing common objectives and desired outcomes
- Developing clear and accurate scopes of work
- Understanding cost-benefit-risk relationships
- Clarifying roles and responsibilities
- Selecting the right team for the right job
- Identifying required resources (cost and schedule)

The RIGHT price is the BEST price!



Desired Procurement Outcomes

- The right team for the right job
- Realistic schedules and budgets
- Fewer change orders and disputes
- Better business relationship between parties
- Better service, better quality & better value for taxpayers



Common Procurement Challenges...

- ✘ Process becomes an end unto itself – rather than a means to an end
- ✘ Treats professional services as a commodity
- ✘ Discourages innovation
- ✘ Assumes all proponents are equal
- ✘ Takes extended period to award
- ✘ Is used to justify pre-decided outcome
- ✘ Confuses value with low price



An Effective Procurement System...

- ✓ Clearly defines objectives and scope
- ✓ Evaluates what distinguishes proponents
- ✓ Fairly shares risk and reward
- ✓ Rewards proposals that add value
- ✓ Uses a short list where necessary –
Proposals are expensive
- ✓ Considers project life-cycle
- ✓ Focuses on best value – not lowest price

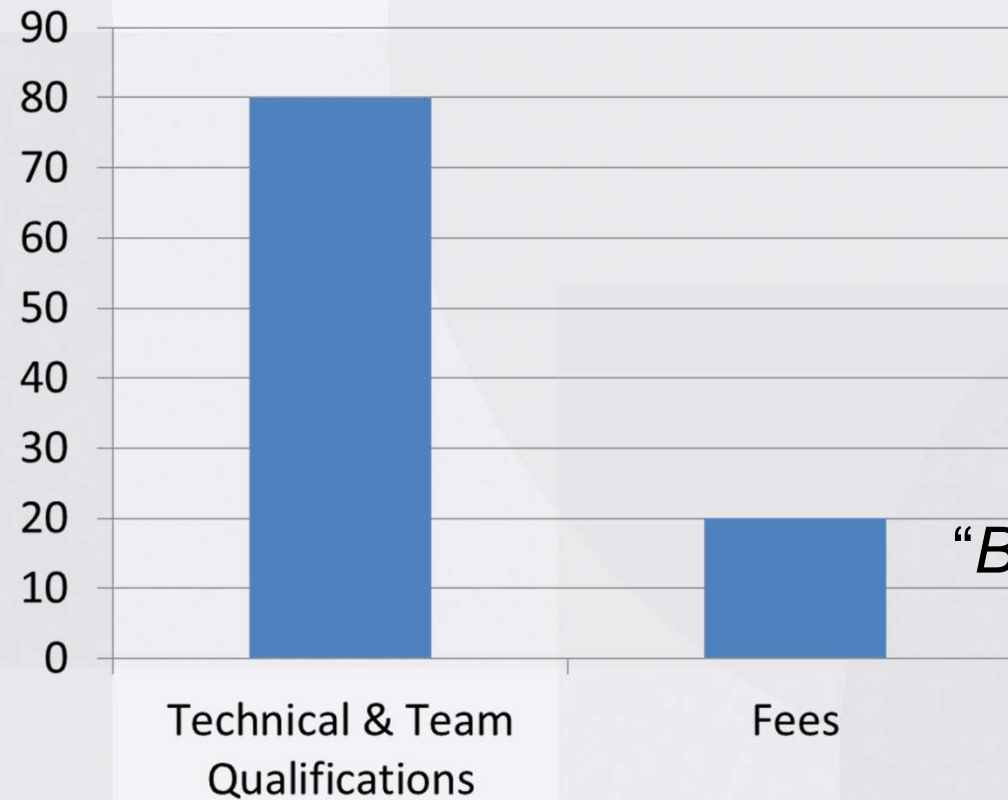


What's Wrong With Lowest Price?

- Rewards firms that minimally interpret project scope (e.g. commit fewer resources, less experienced staff)
- Penalizes firms that propose innovation
- Penalizes firms that anticipate complexities
- Significant life-cycle savings sacrificed in favour of modest short-term savings
- Knowing “too much about the client’s needs can be a disadvantage”



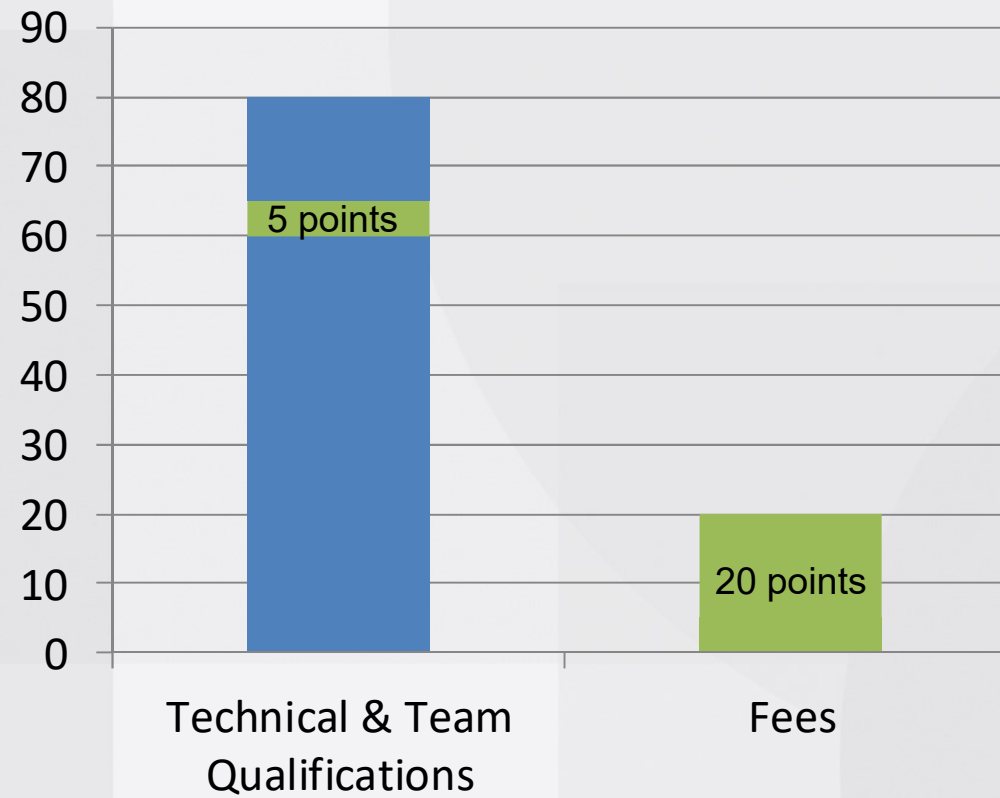
But what if fees are only part of the evaluation?



“But fees are only 20% of the weight!”



Distribution of Scores



■ Distribution of scores

Fee score can still dominate qualifications!



Procurement in NL

- Former Public Tendering Act replaced with the new Public Procurement Act in 2018



Public Procurement Policy

SNL2016 CHAPTER P-41.001

PUBLIC PROCUREMENT ACT

Amended:

2018 cI-7.1 s28

CHAPTER P-41.001

AN ACT RESPECTING PROCUREMENT BY PUBLIC BODIES

(Assented to December 14, 2016)

NEWFOUNDLAND AND LABRADOR REGULATION 13/18

*Public Procurement Regulations
under the
Public Procurement Act
(O.C. 2018-029)*

(Filed February 22, 2018)

Under the authority of section 28 of the *Public Procurement Act*, the Lieutenant-Governor in Council makes the following regulations.

Dated at St. John's, February 21, 2018.

Ann Marie Hann
Clerk of the Executive Council

REGULATIONS

- Act, Regulations & Policy



What We Are Hearing From Our Members

- Why are engineering services no longer considered to be “Professional Services”?
- Inconsistent understanding and/or application of “the new rules” by procuring agencies.
- What constitutes a “fair and reasonable” price?
- The level of effort required to prepare responses to RFPs sometimes does not correspond with the work being procured.
- Vague scopes of work / open interpretation of scope.



What We Are Hearing From Our Members

- Part of the reason Act was changed is because it was recognized that the lowest price is not necessarily the best price, however it seems that the lowest price is the measure by which engineering services are now being procured.
- Too much emphasis on price. Technical/price ratios of 50/50 or 60/40 are common.
- To get work, consultants are being forced to participate in a “race to the bottom” with respect to fees.



Our Suggestions

- ACEC Canada recommends 'Qualifications Based Selection' (QBS). Price is not a factor.
- ACEC-NL suggests that median pricing, similar to that employed in Nova Scotia, is a fair way to include price in the selection process
- Median pricing encourages consultants to price the job right for the scope of work they believe to be necessary based on their interpretation of an RFP
- There is no incentive to minimally interpret the scope and provide the lowest possible price.



Median Based Pricing

Procurement Process:
Architects & Professional Engineering Services

Procurement
www.novascotia.ca/tenders

Updated: November 2015

NOVA SCOTIA

- Standard practice calls for a 90/10 or 80/20 technical/price ratio.
- Use of a 70/30 split would apply where the scope and procedure are well defined.
- Award full points to the median price and all fees up to 5% above or 10% below the median price.
- Fees 5% - 15% above the median receive 80% of points.
- Fees 10% - 15% below the median receive 80% of points.
- Fees 15% - 25% above or below the median price will receive some points (determined by evaluator).
- Fees 25% above or below the median price may have proposal rejected.



ACEC-NL / NLAA Fee Guidelines

Project Administration
 Consulting with and Review and Approval of Authorities
 Owner-supplied Data Coordination
 Schedule Development/Monitoring
 Testing and Inspection Administration

Concept Design

Construction Documentation Services
 Supplemental Documentation
 Administration of Multiple Contracts
 Detailed Cost Estimates and Quantity Surveys

Value Analysis or Value Engineering
 Life Cycle Cost Analysis
 Presentations at Public Meetings

Preparation of Renderings
 Preparation of Special Certificates and Letters of Assurance
 Certified Area Calculations

As-Built Drawings and Computer Files

Preparation of Measured Drawings
 Building Inspection and Reporting
 Construction Progress Photographs
 Architectural Photography of Completed Building or Site

Architectural Conservation
 Codes or Regulations
 3-D Computer Presentations and Walkthroughs
 Electronic Communication and Distribution
 Computer Analysis and Mock-ups

Urban Design
 Shadow Studies
 Urban Design Studies

Land Use Studies
 Transportation Studies

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**GUIDELINES & RECOMMENDED MINIMUM FEES
 FOR ARCHITECTURAL & ENGINEERING PROJECTS**

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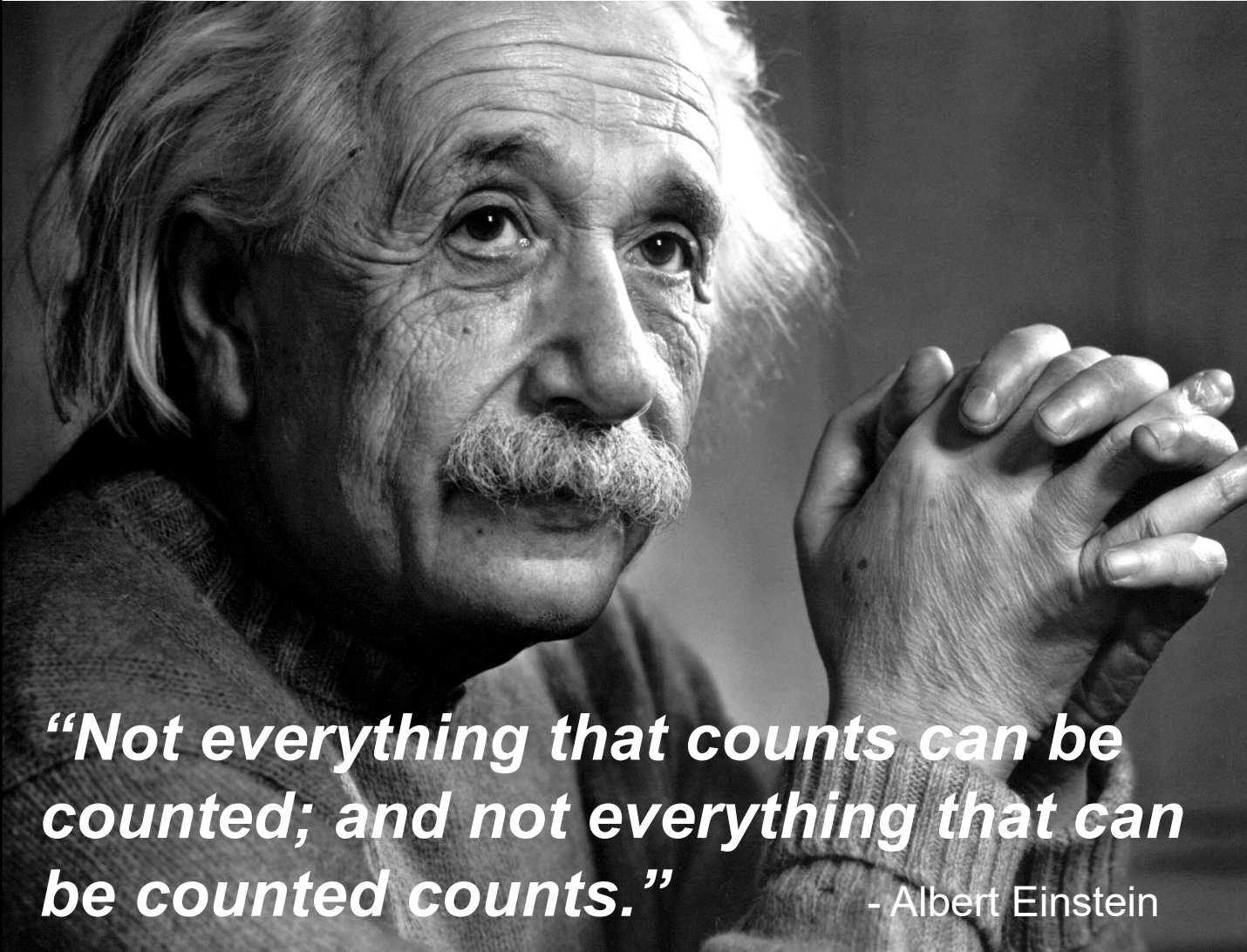



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Thank You !
Q & A



“Not everything that counts can be counted; and not everything that can be counted counts.”

- Albert Einstein

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