Financial Services
Procurement
735 Randolph Street, Suite 1508
Detroit, Michigan 48226
Phone: 313-964-9157

Memorandum

Date: **August 18, 2022**

To: **The Honorable Board of Directors**

From: **Sonya Collins, Chief Procurement Officer**

CC: **Nicolette Bateson, Chief Financial Officer and Treasurer**
Cheryl Porter, Chief Operating Officer-Water and Field Services
Navid Mehram, Chief Operating Officer-Wastewater Operating Services
Daniel Edwards, Procurement Manager

RE: **Communication – Response to Question Concerning Scoring of Cost in Request for Proposals**

Question: During the August 10, 2022 Operations and Resources Committee meeting, a question was asked regarding why one of the Requests for Proposal (RFP) had scored cost while other RFPs had not. A request was made to compare all the RFP contracts from this Board meeting to show exactly why this had occurred.

Background: GLWA's Procurement Policy requires the utilization of a Quality-Based Selection (QBS) process in the evaluation of RFPs for awarding A/E Professional Services.

QUALITY-BASED SELECTION (QBS)
Quality-Based Section (QBS) is an evaluation method used to facilitate the selection of A/E Professional Services based on qualifications and competence in relation to the scope and needs of a particular project. Under QBS, financial proposals are not immediately included in the evaluation process. If financial proposals must be submitted with technical proposals, the two-envelope system is typically used – where, though submitted at the same time, the technical proposal and the financial proposal are placed in separate envelopes.

Once the highest-ranked technical proposal is determined, the corresponding financial proposal would then be opened, and its owner invited to negotiate with the procuring and evaluation team. GLWA utilizes the cost proposals as a market analysis to assist in negotiations of the cost of the project.

QUALITY COST-BASED SELECTION (QCBS)
Under QCBS, both the technical and financial proposals are used to determine contract award. Typically, the technical and financial proposals are submitted at the same time in separate sealed envelopes (two-envelope system).

The QCBS evaluation methodology aims to identify the strongest technical proposal at the best price. Hence, the technical and financial proposal scores are weighted based on the quality-cost balance the procurement and evaluation teams want to apply. Weighted scores are then tallied to produce the final score. See below for example weighting:

- Weight assigned to technical proposal = 60%
- Weight assigned to financial proposal = 40%

The technical proposals are evaluated first. The score assigned to each proposal is then weighted as prescribed. Thereafter, the financial proposals are evaluated. The lowest-priced financial proposal is awarded the full weighted score. Once the weighted technical scores and weighted financial scores are determined for each set of RFP submissions, these scores are then tallied to determine contract award.

COMPARISON OF QBS AND QCBS SCORING:
Contract No. 1902908 and Contract No. 2004674 used QBS scoring, whereas Contract No. 2100239 used QCBS scoring. See below for a comparison of these scoring approaches.

Contract No. 2100239 (QCBS Hybrid qualifications and price) Design Build:

- Bid form has approximately 50 unique construction unit price line items for nearly 170,000 units.
- Actual distribution of these items will not be determined until D/B Contractor completes their assessment. D/B Contractor can shape the final scope of work.
- Important to obtain competitive pricing on these line items to allow GLWA to maximize the repair value as the distribution of the unit price work is finalized.
- Incorporating costs into the scoring encourages more competitive pricing.
- Design and construction of the work is relatively straightforward and low risk but requires a qualified team.
- **Conclusion: Scope and criteria less subjective; therefore, include cost in scoring criteria.**

Contract No. 1902908 (Pure QBS) Design Build:

- Bid form had 25 lines items, 3 of which are subject to quantity variations.
- The overall scope of the work is predefined with only the design to be finalized.
- The project management team determined that a highly qualified design/build team was important to completing the more complex design and maintaining facility operations throughout construction.
- After scoring, costs were reviewed and found to be in line with other proposing firms.
- **Conclusion: Scope and criteria more subjective; therefore, do not include cost in scoring criteria.**

Contract No. 2004674 (Pure QBS) Design only:

- Bid form had 10-design line items/tasks that are not subject to quantity variations.
- The overall scope of the work is design only with related Resident Project Representation (RPR) inspection, and Construction Administration tasks.
- The project management team determined that a highly qualified design team with an excellent understanding of the project was important to completing this very complex design and maintaining facility operations.
- After scoring, costs were reviewed and found to be acceptable due to receiving value added by requiring substantially more hours during construction to provide the needed oversight to ensure the design intent was being met in comparison with the other proposing firms. In addition, quality assurance/inspections must be provided by the subject matter experts (SME) along with the normal full time RPR inspectors.
- **Conclusion: Scope and criteria more subjective; therefore, do not include cost in scoring criteria.**

The use of the QCBS system vs QBS and the actual category weights are determined by the Project Manager.

RFP 2100239

Kokosing Industrial

Evaluators / Criterion	Evaluator 1 Rating	Evaluator 2 Rating	Evaluator 3 Rating	B.I.D.	Grand Totals
Technical Score	53.03	42.15	55.41	2	
Cost Score	39.95	39.95	39.95		
Total	**92.98**	**82.10**	**95.36**	**2**	**92.15**

Commercial Contracting Corporation

Evaluators / Criterion	Evaluator 1 Rating	Evaluator 2 Rating	Evaluator 3 Rating	B.I.D.	Grand Totals
Technical Score	51.96	41.85	43.21	3	
Cost Score	40.00	40.00	40.00		
Total	**91.96**	**81.85**	**83.21**	**3**	**88.67**

Pullman SST

Evaluators / Criterion	Evaluator 1 Rating	Evaluator 2 Rating	Evaluator 3 Rating	B.I.D.	Grand Totals
Technical Score	51.96	45.6	41.35	3	
Cost Score	37.84	37.84	37.84		
Total	**89.8**	**83.44**	**79.19**	**3**	**87.14**

Scoring of Contract No. 2100239

As observed from the above scoring data, the cost was very competitive and the highest-ranking score (Kokosing) at 92.15 was not the lowest cost. GLWA received not only a very qualified team, but also received a very competitive price.

Please direct any additional questions on this matter to me.