

MEETING NOTES
Quality in Construction
February 27, 2013

I. Opening Comments by Bob Oglesby describing the agenda for the day

A. Note – **highlighted** items are those that need follow up attention by the respective party(ies)

II. List of attendees:

A. See Attached

III. Other general items include:

A. Tennessee Board of Regents did not participate in the meeting today, so they did not present their recommended project delivery methods for their upcoming FY13/14 project.

IV. Focus Group Presentations

A. Construction Manager/General Contractor (CM/GC) Focus Group

Presentation by Chairman Jay Hosay and Subsequent Discussion
See Attached

1. The Best Value (BV) Focus Group was proposed to move to the Design Bid Build (D/B/B) Focus Group. The reason was given that CM/GC is a negotiated Guaranteed Maximum Price (GMP) process, and BV is a hard bid. The commonality is prequalification based. The QIC group agreed with this recommendation.
2. Peter Heimbach stated that STREAM is pursuing the opportunity to bring in the CM during the preplanning phase of projects. The CM may have to sit idle between preplanning services and construction services until full funding gets approved.
3. Bob Oglesby stated that this effort provides much needed vetting prior to submitting capital requests for the Governor's budget.
4. The State would like to see more prequalifying of contractors on projects so they can be sure they will get the best contractor for the project and not just the least expensive.
5. Buddy Heinz asked how much money has been set aside to provide CM preconstruction services on preplanning projects. Peter Heimbach stated that approximately \$8.5 million to date was set aside for preplanning of general government only projects.
6. Peter said that the CM would be typically providing about two months of intensive work in project consulting and preconstruction services.
7. Ed Baldwin said that timing and quality of information will be critical and recommends considering a quarterly update on costing. Waiting nine months to a year before bringing a project to full funding can be very dangerous.
8. It was mentioned that the state has been and still is vetting and preplanning projects 18 months in advance of full funding and by utilizing our industry for early services like this allows the State to get better information than it could by not using their services.

9. Peter said that there is a period in the budget process where no changes to a project budget can occur during the months of October to February 1st. Changes to the budget, after that period, can only occur by administrative amendment.
10. Johnny Stites stated that consideration should be given to the later availability, or lack thereof, of the initial CM team that provides the preconstruction services during preplanning. The particular team members who provide these services may not be available for the actual construction phase services several months later.
11. Someone stated many contractors have different preconstruction team members than construction team members for the reason Johnny Stites stated.
12. John Wimberly asked if solicitation for CM services like this have to be confidential.
13. Peter said that all preplanning solicitations have to be public. The scope will be somewhat undefined as it is prior to submittal to the Governor and legislature consideration.
14. John Wimberly said that scope for these type services need to be defined well enough for Designers and Contractors to be able to propose the best team.
15. Lynelle Jensen stated that contractors who propose on multiple projects with one team cannot expect to have the same team doing all the projects. She asked that contractors proposing on CM/GC projects focus on proposing their best preconstruction / preplanning team and offer options for construction team members in subsequent phases.
16. Bob Oglesby said that preplanning funds get replenished when approved as capital projects.
17. Peter said that if the contractor cannot provide the team level of services that they proposed, then the State reserves the right to reissue another RFP.
18. Buddy Heinz said that competitors may offer a low or no cost proposal for preconstruction phase services just to win the project, and then make it up by charging more in later phases.
19. Bob Oglesby said that Life Cycle Cost Analysis (LCCA) is becoming a more regular part of the State's discussion and this will be a big issue especially on larger projects and new construction.
20. Bob stated that he understands the State's interest in early contractor involvement on all projects but we need QIC's input on how to best do this when 80% of the projects are smaller than \$3 million.
21. Alan Robertson stated that the CM/GC Focus Group met and discussed an important aspect regarding the evaluation and selection of a CM/GC. It was noted that the architect should be in an advising role to the evaluation team since a good working relationship between the Designer and the CM/GC is very important for a successful project.
22. Johnny Stites said he believes that contractors should have input in designer selection.
23. Peter asked how can the State do that. Designers under contract already have a vested interest in the project and with the Owner when they participate in the contractor's selection process, whereas contractors participating in the designer selection would not have that vested interest so it seems as though they would be less valuable to the process.
24. Johnny Stites said what he meant was that the construction industry can give general input as advisors as to which designers are good to work with on a certain types of project, etc.
25. Peter said that if a contractor participates as an advisor, then that contractor would not be considered for that project.
26. Johnny said he was personally fine with that.

27. Bob Oglesby asked AGC and ABC to provide an updated list of 40 advisors that they had previously offered to the State.

B. Best Value (BV) Focus Group

Presentation by Chairman Allan Cox and Subsequent Discussion
See Attached

1. Tim McKeehan said that UT likes to use BV1 where the top three scorers proceed to bid, with the low bid resulting in a contract.
2. It was noted that BV may be appropriate for more than just projects above \$5 million.
3. Peter said one reason the State does not use BV2 and BV3 very much is the fact that one time a bidder was \$300,000 high but still won the selection by 1 point. This is the reason that TBR said that they would be reluctant to use these methods again.
4. Peter said he likes the idea of revising the policy so that any contractor who gets a score above a stated minimum threshold previously established by the Owner gets short listed and then all those contractors are ranked equally at that point moving forward as they head into the next bidding phase of selection.
5. Alan Robertson said that the State's premise in using BV2 and BV3 is that it is willing to pay more sometimes in order to have a more qualified contractor by utilizing BV2 and BV3.
6. Peter asked how do you know where to set the minimum threshold value and/or the maximum number of companies to be short listed to be sure you will get the three really qualified contractors? Or, would you do it at all?
7. Ed Baldwin said that the Federal government's evaluation system has various steps that narrow down the bidder's field each time.
8. Buddy Heinz cautioned to be careful making the process too burdensome where many firms won't bid at all.
9. Brian Hay said that Hardaway likes short listing to only three bidders especially on small projects, as this allows them to put in all the front end work and if they do make it to the second round of selection, they have a one in three chance.
10. Lynelle stated that if the State ends up prequalifying all its projects, then how can we make the selection and evaluation process simpler so contractors are not preparing proposals for all of the projects and the State is not burden with a time intensive process on every project? Industry needs to think through BV and CM/GC to prequalify a pool of contractors so it is not such a burden on the State and the industry. The State would welcome input as to how this could be accomplished.
11. Alan Robertson recalled one time on a BV project where no contractors qualified which translated into a lot of wasted time. The State needs to be careful in establishing its criteria and the first phase minimum passing score, but still maintaining its expectation requirements for qualifications.
12. Lynelle said that FRF is not proposing any Design Bid Build (non-qualification based contractor selection based) projects in FY 13/14.
13. Bob Oglesby said that some contractors don't want to propose if the State is making the selection solely on low bid only, like with a Design Bid Build process.
14. Buddy Heinz said that he is fine with narrowing the field to five qualified bidders.

15. Lynelle said that with so much work coming up, we need to address the issue of getting pre-qualified contractors and narrowing the bidding field.
16. FRF wants to use a pre-qualification process for projects less than \$5 million.
17. Johnny Stites asked if the committee considered a “blind” process to the early stages of pre-qualification.
18. Peter said that he has given consideration to this, and yes, blind qualification could work with first round to eliminate the “bottom of the barrel” contractors from being considered further.
19. Johnny asked if the State was having similar problems with the designer selection.
20. Peter and Lynelle answered yes.
21. Lynelle said that the State would welcome input from the industry regarding RFP/Q questions that should be asked to help weed out less preferred contractors who should not be considered further for a project.
22. Bob Oglesby asked each focus group to offer recommendations on selection requirements.
23. Peter asked the group to also suggest to the State what a contractor needs to know about the project in order to offer better proposals.
24. Johnny asked if it is possible to get the bottom designers out.
25. Lynelle responded that maybe it is the questions they are asking.
26. Bob asked the QIC group to recommend questions they should ask of designers.
27. Ricky Bursi said that marketing departments can make a bad team seem hireable.
28. Bob asked the BV focus group to please consider whether or not BV1 should be the only option, or continue to have the other BV options as well.
29. Ricky said that we may not want to throw the other BV options out, but instead “fine tune” them.
30. Alan Robertson said that having contractor interviews during the pre-qualification process is an option.
31. Lynelle said that the State benefits from interviews, but this also adds to the cost and length of time of the selection process. The State needs input on when and when not to do interviews.

C. Design/Build (D/B) Focus Group

Presentation by Chairman Chris Remke and Subsequent Discussion

1. At this time Chris Remke presented discussion items from their D/B focus group.
 - a. The initial goal was to distinguish between DB1 and DB2 projects.
 - b. For DB1-how to define where design is incidental and secondary, and how do you define this criteria?
 - i. DB2 projects would be those where full design services are part of the scope.
 - c. Is there interest in defining a DB2 or interest in using DB2 type projects?
2. Lynelle said that, historically, DB1 is where design is incidental, like installing carpet, paint, etc. In terms of DB2, the State is not ready, generally speaking, on a “ground up”, but maybe on an equipment replacement project. They would like to know DB1 is working well before spending a lot of effort on DB2 definition.
3. Peter said there is a \$100,000 threshold for central procurement usage of the DB1 concept, but if over \$100,000 then as a policy we have to hire a full design team and bid out the construction services.

4. Peter said that other governments including (he believes) Metro Nashville do not have the threshold of \$100,000, where a maintenance project instantly becomes a capital item. With the SBC, he would hope that maintenance type projects above this threshold should also be able to be procured through a DB1 method which recognizes design is incidental to the work being performed and the project cost and time for procurement of design and construction services is kept to a minimum.
5. Alan Robertson said that, for DB projects, the State likes to have the accountability that comes with one point of contact.
6. Bob asked if the State should consider DB1 for projects without factors of health, safety, and welfare regardless of the threshold. For those HSW projects over \$100,000, have a DB2 option within certain parameters? Team expertise is needed on scheduling and costing, so if DB cannot be used then the State would have to use CM/GC and “force” a marriage with the designer.
7. Bob said the State would like a delivery method (not necessarily DB) which provides a mutually agreeable, single source collaborative design and construction team approach, over the forced marriage approach as is the case with CM/GC, that is usable on projects of any size.
8. John Wimberly said that the DB1 discussion is good by clarifying scope. John thinks we can get parameters set on DB1, but input from STREAM is needed to bring closure. The DB focus group to meet with STREAM to discuss additional DB1 project needs in order to clarify DB project criteria.
9. Peter stated that he prefers consideration of an IPD path over a DB2, therefore putting the designer and contractor on the same level, however he understands it is much more complex.
10. Ed Baldwin asked to see what the feedback is from those who have done IPD. He thinks the biggest problem is due to resistance by the designer and owner. This method may also be problematic if the owner cannot easily move funds around.
11. Ricky Bursi said that typical concerns with IPD are liability and fees.
12. Peter said that project insurance may be a solution to the liability concern.
13. Bob asked the QIC group if it would like to form an IPD focus group now. The group agreed to hold off for now until after this round of revisions to existing alternative methods is worked out.
14. The DB focus group will work to finalize defining DB1 type projects first, and then the group can decide if they want to consider pursuing a DB2 definition.

D. Design/Bid/Build (D/B/B) Focus Group

Presentation by Chairman Stan Hardaway and Subsequent Discussion

See Attached

1. The DBB Focus Group recommended the State hire a consultant (non-bidding GCs and/or estimating and scheduling professionals) to assist in developing pre-planning budgets and schedules.
2. Also recommended was to extend the question and answer period after receipt of addendum, and another extension of time after the final addendum to allow for questions and answers from contractors.
3. It was mentioned that sometimes contractors have seen addendum released on the same date as the bidding, which is now illegal for all government projects.
4. It was mentioned by the group that it would be better to post bidding documents on an ftp site in pdf file format for subs to have easier access.

5. It was decided that BV should merge with the DBB Focus Group and have that group explore their new BV agenda.
6. Alan Robertson asked the group to consider particular discussion items that should routinely be covered during a pre-bid conference.
7. Page Inman said that owner and architect change orders associated with project time extensions and additional associated GC costs have had a large impact on higher education projects.
8. It was mentioned that TBR will typically not allow these extensions or associated increases in GC costs.
9. Stan Hardaway said to be sure that owner's answers to bidder questions are thoroughly provided to aid the bidding process. This is not always the case currently.
10. Peter stated that contractors may have questions regarding released addendum and may contact designers for clarification. If this clarification is not shared with the rest of the bidders, does this create an unfair advantage? Designers need feedback on this issue from the focus group.
11. The State will need to "sign off" on any proposed changes to the current policy/guidelines, before they can move forward.

V. State Procurement Agencies (SPAs) of University of TN (UT), Department of General Services Real Estate Asset Management (STREAM), TN Board of Regents (TBR) (not participating today) Discussion of Proposed Construction Delivery Methods on Upcoming Proposed FY 13/14 Projects.

- A. Bob clarified to the group, the SPAs have volunteered to present today not as a requirement for approval before they can proceed but solely for the purpose of helping the QIC group assess the kinds of project scopes and criteria each of the SPAs are currently considering when deciding which construction delivery method to use.

1. UT - Tim McKeehan presented their proposed project delivery methods from his document dated February 7, 2013.

See list at: <http://www.tn.gov/finance/OSA/presentations.shtml>

- a. Tim stated that before projects make it to the Governor's budget they get filtered through their own and THEC's evaluation processes.
- b. Two primary categories are capital projects funded with State monies and then institutional projects, which the campuses fund themselves.
- c. Two projects that were submitted, but did not make it to the Governor's budget are the Health Sciences project at UT at Memphis at \$67 million, and UTK Health Sciences at \$74 million which has planning funds.
- d. The Building Envelope Upgrade project at UT Martin for \$2.3 million and the Central Energy System Expansion at UT Chattanooga are two institutional funded projects.
- e. Tim said that as far as campuses using the various delivery methods, think of a bell curve, where one side is "early adapters", the other side is "slow adapters", with the majority in the middle. In terms of delivery methods, UT would have to be classified as a slow adapter to change, with the majority of projects using the DBB method.
- f. Tim said that UT has done some alternative delivery projects but not as many as TBR, but UT also has fewer projects.

- g. UT has had some contractor failures on DBB projects where in hind sight they should have used a delivery method with a prequalification component.
- h. UT's default method this FY is still DBB, with some projects on their listing having TBD.
- i. A few of the projects will be a good fit for CM/GC.
- j. The \$61.6 million UTHSC in Memphis is recommended as a CM/GC. They have not selected a designer and are a ways off from securing a contractor.
- k. Yates helped with preconstruction phase services on the UTHSC Pharmacy building. Chris Ybos stated that this was a very difficult clean room renovation. UT did not want BV on this one because they needed preconstruction services in the planning phase, so they used CM/GC.
- l. The \$30 million UTK Student Rec Building is listed as a CM/GC project.
- m. The \$100 million UTK Life Sciences and Lab facility has \$3 million for planning. This one is recommended as a CM/GC.
- n. The \$10 million JIAMS Phase II project on the Cherokee campus is recommended as a DBB. The lab space is not too specialized and includes the build out of an enclosed space. It is uncertain whether the building will be occupied while under construction. This construction will occur after Phase I, which includes the foundation and building shell. UT would also entertain the value that BV could bring to this project.
- o. The \$8.7 million Central Energy Expansion project at UT Chattanooga is currently recommended for DBB. There will be a 1500 ton chiller, generator, and 5,000 sq. ft. addition to the central plant. This is a heavy equipment project. Could a GC or mechanical be the prime? It would be good to have a contractor with similar experience. May want to consider best of five firms.
- p. Sometimes the size of the project's bonding requirements will act as a pre-requisite minimum qualifier of bidders.
- q. John Wimberly stated that these type project scopes limit bidders anyway because of the specialty. Additionally, if this type project becomes a phasing issue where the plant needs to stay open, then he would think BV has a greater value over DBB.
- r. The \$4.8 million UTHSC Cancer Research Building is recommended as DBB. This is a desktop type research project and includes build out of space while working in an occupied building.
- s. Bob Oglesby asked when UT typically uses BV.
- t. Tim answered on small to medium type projects.
- u. STREAM will follow up with Tim on why STREAM wants to move forward with more prequalifying / use of BV over DBB in an effort to encourage UT's movement in that direction.

2. STREAM - Lynelle Jensen presented their Facilities Revolving Fund (FRF) projects.

See list at: <http://www.tn.gov/finance/OSA/presentations.shtml>

- a. STREAM FRF makes its own decisions, where non-FRF receives input from agencies on which delivery method to use.
- b. Lynelle stated that they are not recommending DB on any projects at this time but if DB1 can be approved by QIC and subsequently the ESC, they would like to do so.

- c. The FRF project contractor selection criteria is developed by STREAM and evaluators are all under STREAM, so all have some background in construction. There is a high level of expertise in their evaluation process decision making.
- d. On non-FRF, the best situation is where, sometimes, the user agency's facilities department has someone qualified in contractor selection. Other times there may be a personnel manager that does not have construction experience, and as a result they may be less inclined to consider an alternative delivery method.
- e. Lynelle stated that they try to bundle projects into fewer projects which may be individual line items in the budget.
- f. There is often a very short time frame (less than 1 year) from approval of the budget to proceeding with the project.
- g. Most of the decommissioning project's "master planning" is the State doing its own lease space design.
- h. The currently proposed decommissioning schedule is very tight.
- i. One of the lessons learned from the T3 projects is the amount of time it took to train the many DB teams, but each project size was fairly small.
- j. The reason they are proposing to select one designer on the decommissioning project is due to the three month schedule for design and all required approvals, including local code approval. It takes too much time to bring multiple designers "up to speed". However, they are leaving flexibility to have one or multiple designers and contractors.
- k. They can currently procure design now as part of their pre-planning but not construction services on their upcoming projects, so DB can't happen at this time.
- l. Brian Hay stated he understood designers cannot be considered outside their regional area.
- m. Alan Robertson said that in special situations, the State may consider designers from different regions.
- n. Lynelle stated that STREAM needs to have all contractors on the decommissioning project dealt with in the same manner, so it will be easier to do this if there is just one designer. Another choice would be to have all meetings with multiple designers combined at the same time and in the same location, which would be challenging.
- o. Lynelle said she thought the Citizen's Plaza project could be a DB project if the QIC group could approve the policy clarifying its use. Otherwise it will be a BV.
- p. There will be six buildings undergoing bus duct replacement. This will be an intense scheduling issue in order to not shut down operations. These are recommended to be CM/GC.
- q. The elevator modernization projects would like to use DB1, but if not available for use, then they will probably use CM/GC.
- r. All the FRF projects on the list were reviewed. Those with further discussion include the following:
 - i. Capitol landscaping which may consider BV,
 - ii. Clover Bottom Mansion is listed as CM/GC, but may be able to do BV due to the need for historic experience,
 - iii. Ellington, which may become 2 projects and could be DB.

3. STREAM - Jim Dixey presented the non-FRF projects.

See list at: <http://www.tn.gov/finance/OSA/presentations.shtml>

- a. There are about 40 agency projects totaling \$120 million.
- b. \$30 million Bledsoe prison expansion is recommended for CM/GC.
- c. \$22 million Deaf School in Knoxville is recommended for CM/GC.
- d. The Governor's budget arranges these projects by agency.
- e. The correction's projects can probably be BV, instead of DBB.
- f. The DBB focus group stated that generally DBB projects would be for \$3 million or less, but prison work requires qualified corrections experienced contractors typically. This could be similar for Military.
- g. Non-FRF agencies would also consider bundling projects.
- h. On Military projects "RC" is defined as Readiness Center.
- i. TDOT does a lot of their own maintenance work.
- j. Johnny Stites asked what is expected from the DB committee to allow DB to be used beyond T3 projects.
- k. Someone stated that the issue that many have with DB is primarily making the architect subservient to the contractor, whereas it is in reverse with all other methods.
- l. Bob stated that we will need policy revisions and letters from ABC, AGC, AIA, and ACEC supporting use of DB1, as newly clarified.

VI. Other items discussed

- A. It was stated that the next QIC meeting is scheduled for Wednesday, April 10, 2013.
- B. It was proposed to have the following items on the agenda for this next meeting:
 1. Have TBR present their recommended delivery options (including non CM/GC) for their FY 13/14 projects.
 2. Focus Groups to present their RFP ideas.
 3. Focus Groups to present policy changes (tracking changes), when they are ready.
- C. The QIC group thanked AGC for hosting this event and providing lunch.

Quality In Construction

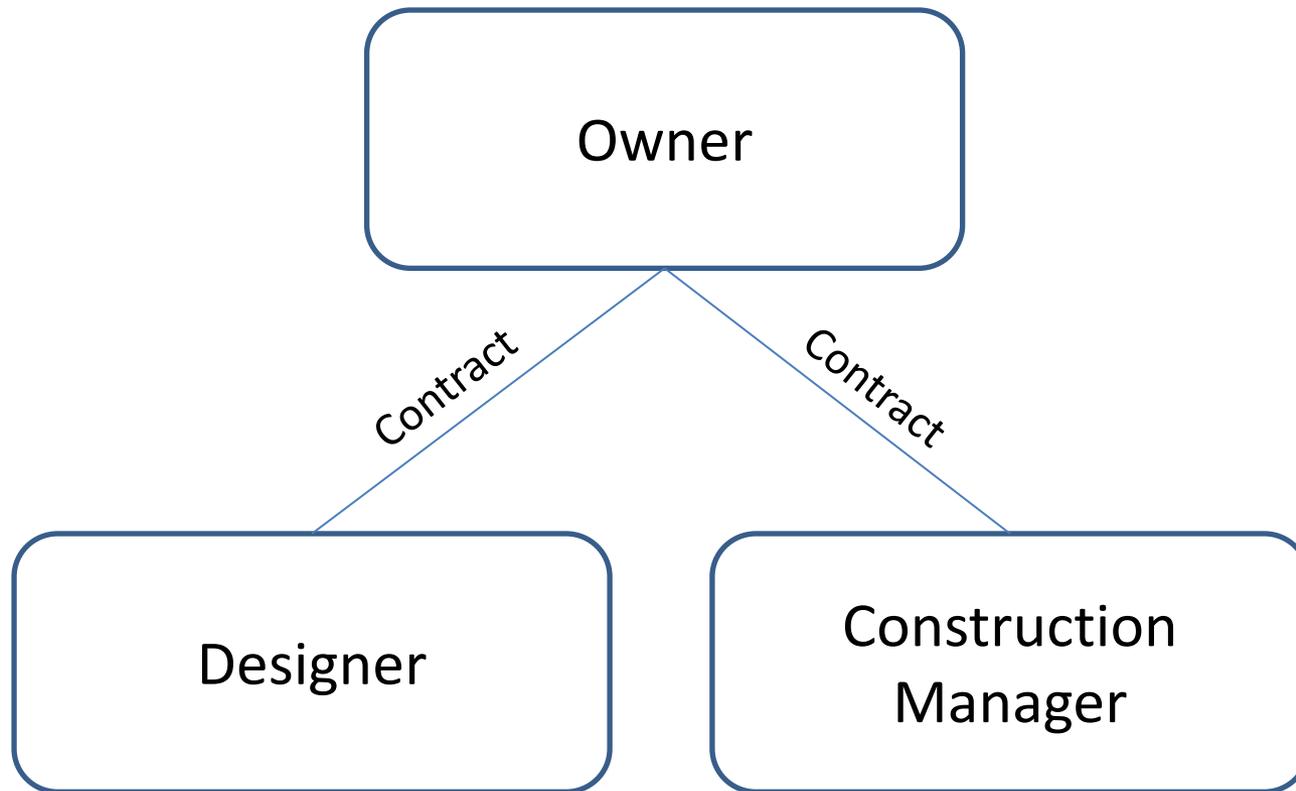
February 27, 2013
Nashville, Tennessee

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CM / GC

Alternative Delivery Method

What is the Structure?



When to Use CM / GC?

- Weigh the benefits
- Consider the Factors
- Timing

Benefits of CM / GC

- Constructability
- Phasing considerations
- Estimating
- Early collaboration with the owner
- Supports the Owner and Design Team with information for better informed decision making opportunity.
- Enhanced work scopes and definition

Benefits of CM / GC

- Qualifications based selection criteria enhances project fit and quality.
 - Personnel
 - Experience
 - Approach
- Creates Overlap in Design and Construction allowing for early starts “Fast Track”
- Life Cycle Analysis

Factors to Consider

- Project Size
- Project Complexity
- Project Schedule
- Quality Concerns
- Occupancy (Security, Sensitive Areas, etc)
- Project Scope (Stability of Scope)
- Owner's ability to support the method
 - Cost
 - Involvement
 - Resource availability

Typical CM / GC Phases

- Predesign
 - Owner develops scope and quality expectations
- Design
 - Owner selects design team
 - Develops SD level documents (typical)
- Award CM / GC
 - Qualifications based with weighting of Fees and GCs

Typical CM / GC Phases

- Preconstruction
 - Design is finalized with support by the CM / GC
 - GMP is established
- Construction
 - CM / GC manages the project within the GMP
- Occupancy
 - CM / GC completes construction and owner moves in. Partial occupancy can be accomplished based on project demands.

Evaluation and Selection of CM / GC

- Competitive Sealed Proposal
 - Technical Proposal
 - Cost Proposal
- Scoring / Weighting of Criteria
- Evaluation Team

PROCUREMENT THROUGH BEST-VALUE

Best Value Option #1: PREQUALIFICATION

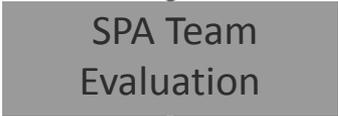
- **Qualification of contractors that identifies a short list of contractors is followed by a low bid cost submittal.**
- All contractors who meet the pass/fail requirements and score at least the established required qualification points are considered to be equal. SPA's have the option to short list to top 3 scoring contractors. The point value of the bid is rated at 100%.
- This option is the most simplistic and will most likely be the option most frequently employed on smaller projects (construction cost of \$5 million or less).

BEST VALUE OPTION #1: PREQUALIFICATION

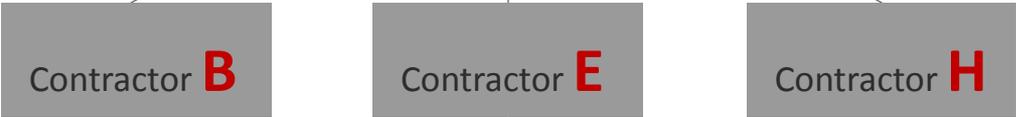
RFQ
Response



Qualification
Evaluation



Pre-qualified
Short list to bid



Awarded to
Lowest Bidder



Best Value Option #2: Cost & Non-Cost Evaluation Model

1. A qualification submittal and technical response in conjunction with a bid.

- An evaluation and scoring of qualifications and the technical response is made independent of the review of the bid.
- The bid is opened after evaluation of qualifications and the technical response.
- Contractors are scored based on the points assigned to the various requirements shown in the Request for Qualifications and Bid (RFQ/B).
- The point value of the bid is less than 100%.
- A proposer's contract is recommended to be awarded to the contractor with the highest combination of qualification points and bid points.

Best Value Option #2: Cost & Non-Cost Evaluation Model

2. BV Option #2 with a twist: Qualification Cost-Technical Trade-off

- Upon specific approval of the State Building Commission, at the time of original approval of BV option, a trade-off analysis approach may be utilized wherein the evaluation team is asked to continue after the initial evaluation scoring and cost scoring have been tallied.
- **Qualification Cost-Technical Trade-off** is essentially a consensus among the evaluation panel, after initial scoring is complete, as to the best value among the proposals as a final step wherein the panel considers a re-evaluation of actual costs and qualifications scores to determine the best value for the State.

Best Value Option #2: Cost & Non-Cost Evaluation Model

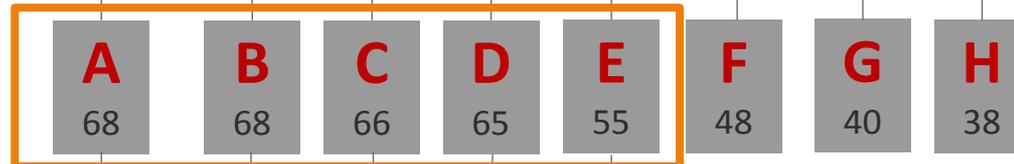
3. Option Two is more complex than Option One and will most likely be the option most frequently employed on medium sized projects (construction cost of more than \$5 million, but less than \$20 million and of average complexity, such as college dormitories).

BEST VALUE OPTION #2: QUALIFICATION SUBMITTAL AND TECHNICAL RESPONSE WITH A BID

RFQ Response & Bid

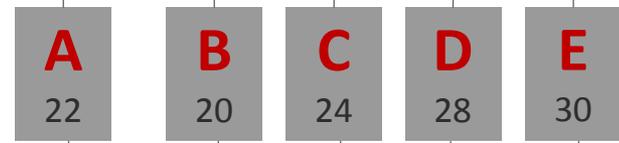


SPA Team Evaluation (Max. score of 70, min. score of 50 required to open bid)

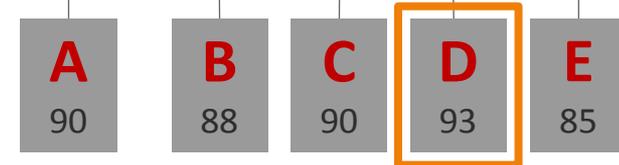


Do not open Bids below 50 points

Bid Evaluation Low bid = 30 points



Awarded to Combined Highest Total Score



Best Value Option #3: Combination Prequalification and Cost/Non-Cost Evaluation Model

1. BV Option #3 is BV Option #2 preceded by a qualification process thereby providing a short list of contractors to respond to the process identified above. **In essence, this is a Request for Qualifications followed by a Request for Technical Response and Request for Bid.** The Technical Response and Cost Bid may be received simultaneously, but the Cost Bid will not be evaluated until after evaluation of the Technical Response unless a trade-off analysis has been previously authorized as mentioned in Option #2.
2. BV Option #3 is the most involved and will most likely be employed on larger projects (construction cost of more than \$20 million and/or of more than average complexity, such as a prison, library or museum).

BEST VALUE OPTION #3: COMBINATION PREQUALIFICATION AND COST/NON-COST EVALUATION MODEL

RFQ
Response



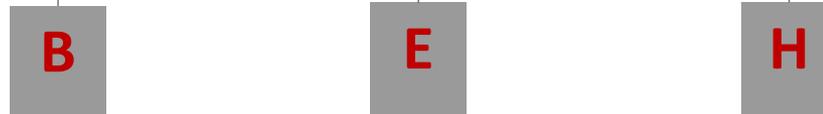
Qualifications
Evaluation



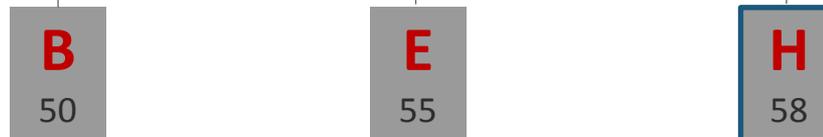
Top 3 Evaluated
= Short List



Submit Technical
Response & Bid



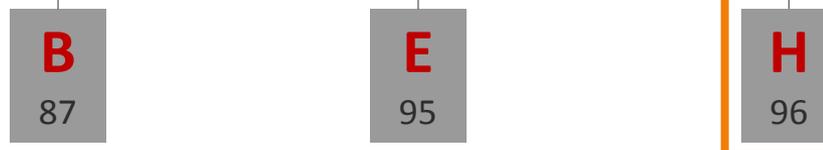
Technical
Evaluation = 60%



Low Bid = 40%



Awarded to
Combined Highest
Total Score



When to Use Best Value Procurement Option

Timing of Decision

- Generally speaking, the decision should be made no later than the end of the schematic design phase
- Determining the complexity of projects in such depth as to weigh its impact on the decision sometimes may require the development of at least schematic level plans and specs for adequate evaluation
- The earlier the decision is made, the easier it is for the State to adequately implement the process

When to Use Best Value Procurement Option

Influencing Factors

- **Project size**

- The larger the project, the greater is the potential impact for improved value in the delivery of the product
- The cost of implementing the process generally precludes the consideration of best value project delivery for minor projects

- **Project complexity**

Examples of issues to consider:

- Sequencing
- Systems, such as controls, security, etc.
- Architectural design

When to Use Best Value Procurement Option

Influencing Factors

- **Project schedule**
 - The need for successful experience by a contractor on projects with a critical time element
 - Take into consideration both the project completion date and the adequacy of the schedule length established by the program
- **Quality concerns:** Projects that involve heavier impact on the State's role as steward of the public trust bear heavier consideration for higher quality of contractor abilities. Examples of such factors include:
 - Important historical features
 - Special materials
 - Unique features

When to Use Best Value Procurement Option

Influencing Factors

- **Project occupancy:** Occupancy considerations can involve factors such as the following:
 - Level of importance to State government, i.e., Governor, Legislature, etc.
 - Security
 - Classification of occupants with regard to age, disability, etc.
- **Project scope:** Complexity of the project scope that warrants consideration of a best value system can include such items as:
 - Uncertainty of scope
 - Potential for change

When to Use Best Value Procurement Option

Influencing Factors

- **State's ability to implement a best value project delivery system:** The State must give serious consideration as to its ability to conduct a competent, unbiased, fair and equitable selection process. The following factors should be given consideration:
 - Cost of a best value project delivery process to the State in relation to cost of project
 - Qualified manpower available to conduct a best value delivery process, either in-house or out sourced
 - Effect of time required for a best value project delivery process in relation to schedule demands

QIC Task Force

D/B/B COMMITTEE



D/B/B COMMITTEE RECOMMENDATIONS

1) D/B/B Procurement Criteria

- \$3M or less strongly considered
- Not complex or specialty features within SOW requiring PreQ
- Not heavily schedule driven where fast track could be beneficial

D/B/B COMMITTEE RECOMMENDATIONS

2) Design Document Review

- Thorough review by Owner & Design team prior to releasing for bid



D/B/B COMMITTEE RECOMMENDATIONS

3) Schedule & Budget Assistance

- 3rd party, fee based consultant hired to assist in establishing budget & schedule during design phase

Options: Non-bidding GC

Estimating & Scheduling
Professional

D/B/B COMMITTEE RECOMMENDATIONS

4) Bidding Period Q&A

- 3 day minimum extension of Q&A period after receipt of addendum
- 7 day minimum bid date extension from receipt of final addendum

D/B/B COMMITTEE RECOMMENDATIONS

5) Bid Document Access

- All bid documents to be posted electronically, pdf file format
- Hosted ftp site for document download