



Best Value Model

Pre-Proposal Information

Upcoming RFPs

Shirreff Dining Hall: Interior Demo & Abatement

Shirreff Dining Hall: Roof Structure, Interior Finishes

Shirreff Hall: Old Eddy Washroom Renovations

Killam Library: Elevator Renewal



PERFORMANCE BASED STUDIES RESEARCH GROUP

www.pbsrg.com

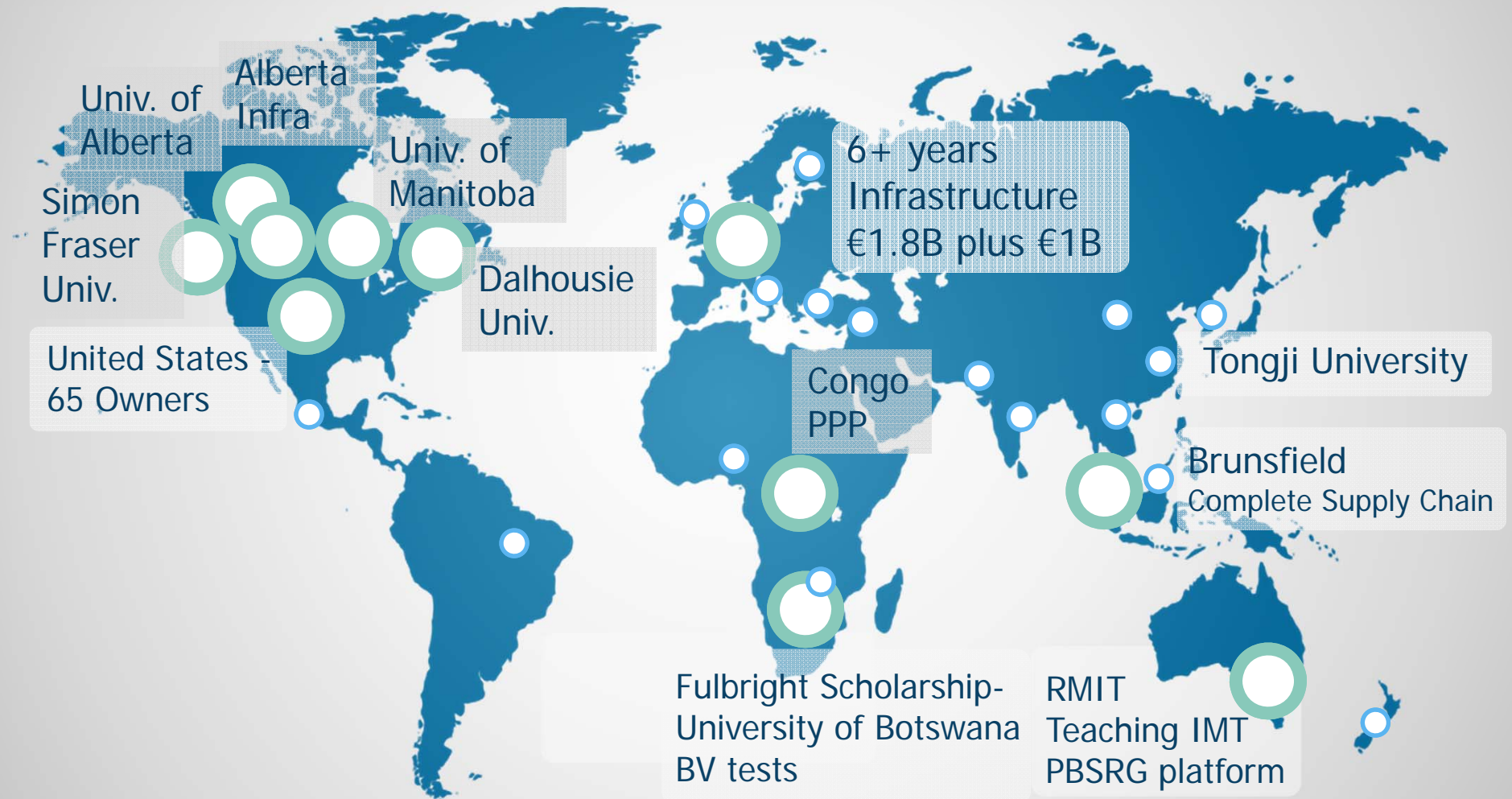
PBSRG's Research Results




























- Worldwide leader in Best-Value Systems
 - **18** Years
 - **210+** Publications
 - **550+** Presentations
 - **1600+** Projects
 - **\$5.7 Billion** Services & Construction
 - **98%** Customer Satisfaction
 - Various Awards (PMI, NIGP, IFMA, COAA, IPMA)
 - Owners: Federal, State, Local, School Districts, Private



International Efforts & Partners



 U.S. General Services Administration (GSA)
 US Army Medical Command
 Arizona State University
 Canon
 State of Oklahoma
 City of Phoenix, AZ
 University of Minnesota
 State of Alaska
 Rijkswaterstaat (Dutch public works & water management)
 Aramark
 State of Oregon
 State of Idaho
 University of Alberta
 Boise State University
 United Airlines
 Neogard / Jones-Blair
 Tremco
 Bank of Botswana
 General Dynamics C4 Systems
 Salt River Project (SRP)

 US Air Force Logistics Command
 US Coast Guard
 US Embassy (Botswana)
 US Army Corps of Engineers
 Federal Aviation Administration
 IBM
 Brunswick
 Qwest
 Honeywell
 City of Peoria, AZ
 University of Idaho
 University of Hawaii
 University of New Mexico
 Entergy
 Sodexo
 Chartwells
 Dallas Independent School Dist.
 Olmstead County, MN
 City of Roseville, MN
 Hennepin County, MN
 Scenter
 Abengoa Solar
 City of Sitka, Alaska
 US Solar
 Rochester Public Utilities

 Harvard University
 Denver Health & Hospital Authority
 State of Missouri
 State of Washington
 Idaho Transportation Department
 State of Georgia
 Arizona State Parks
 United Excel
 East Valley Institute of Technology
 Arizona Public Service (APS)
 Rochester School District
 Fann Environmental
 Idaho State University
 On Semiconductor
 Pearson
 State of Wyoming
 Idaho Department of Corrections
 City of Miami Beach, FL
 Lewis & Clark State College
 Hawaii Department of Transportation
 Baptist Health
 City of Columbia, SC
 PECO Energy
 Intermediate District 287

PROJECT PARTNERS AND PARTICIPANTS:

Information Technology

networking help desk services
data centers eProcurement
hardware
COTS software
ERP systems

Facility Management

maintenance custodial
landscaping conveyance
security service pest control
building systems
industrial moving
waste management
energy management

Health Insurance/ Medical Services

Manufacturing

Business / Municipal / University Services

dining material recycling
multi-media rights bookstores
fitness equipment furniture
online education
document management
property management
audiovisual
communications systems
emergency response systems
laundry

Construction / Design / Engineering

large gc	small gc	DBB
infrastructure	renovation	CMAR
municipal	repair	DB
laboratory	maintenance	IDIQ
education	roofing	JOC
hospital	demolition	Low Bid
financial	development	IPD
large specialty	supply chain	



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This presentation is being provided for educational purposes only

Please refer to the RFP for specific instructions

If there are any inconsistencies, the RFP and Amendments shall take precedence over this presentation

Best Value Model



Value-Proposition

- Cost, Capability, Value

Goal:

Differentiate Expertise

Best Value Model



NOT GOING TO CHANGE...

- Specifications
- Terms and Conditions
- Insurance & Bonding
- Contract
- Delivery System
- Pricing / Financials

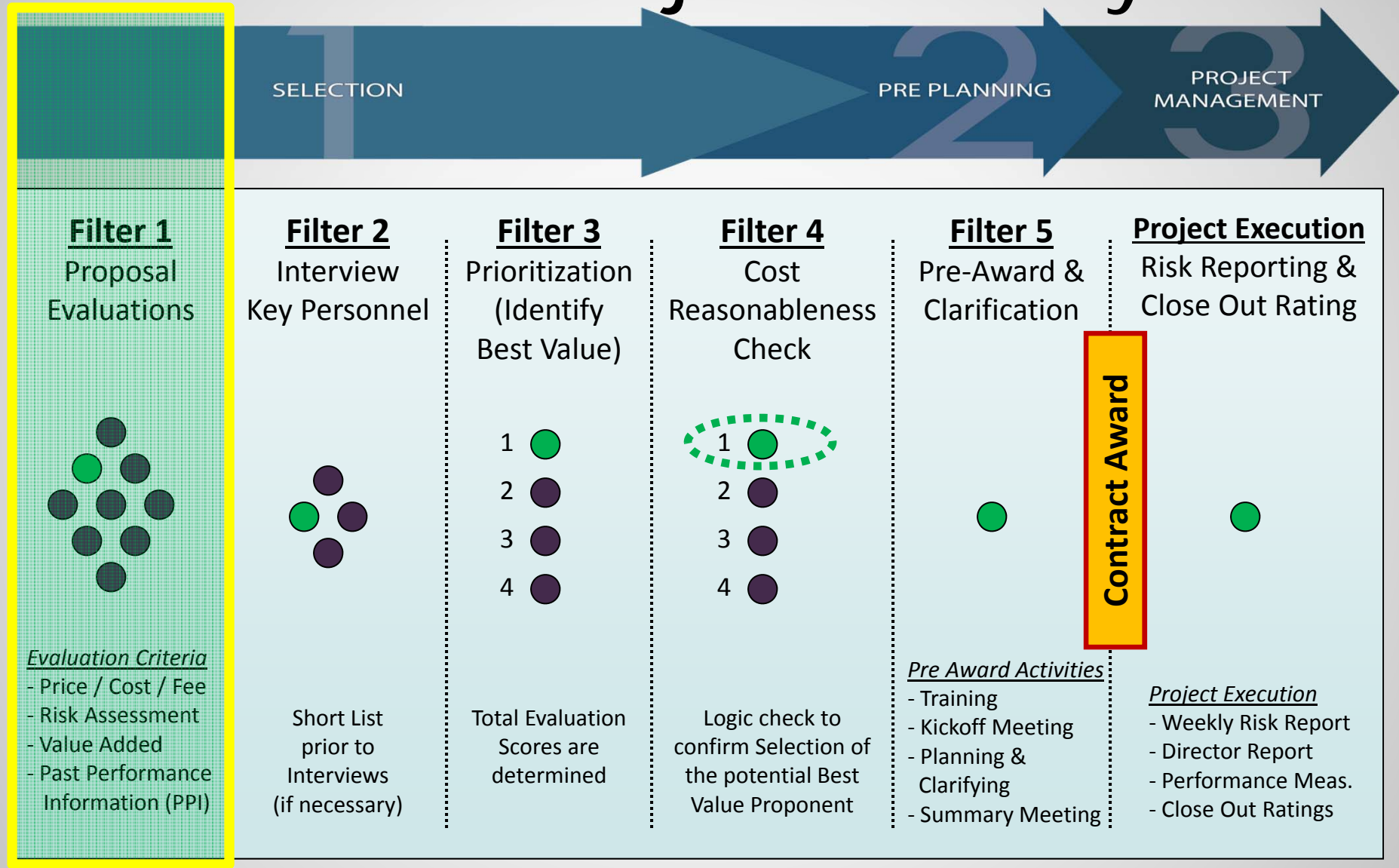
Process overlays on top of these...

Best Value Objectives



- Owner: Minimize risk of non-performance
 - Highest value for cost
 - Leverage Proponent expertise to optimize project delivery
 - Differentiate: key individuals and their plan to deliver the project
 - Become a Owner of choice
- Contractor: Minimize the need for Owner management & decision making.
 - Ability to lay out optimal project plan
 - Identify what you need from the Owner
 - Opportunity to maximize profit by being more efficient

Value Based Project Delivery



Selection Objective

Selection based upon **Proponent Expertise**

How to differentiate expertise?

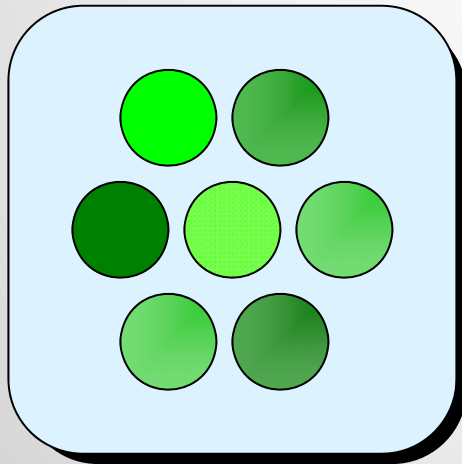
- Ability to understand the project & plan your approach
- Identify & mitigate risks to the project
- Add value to optimize project
- Cost Competitive

What are we trying to accomplish?

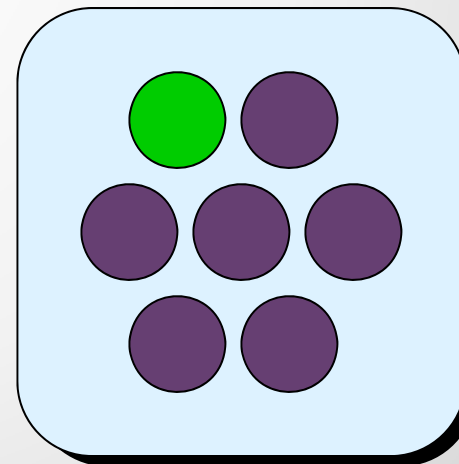
Question:

If Purchasing wants to buy a “green circle”, in which scenario is hiring the right “green circle” easiest to justify?




Scenario 1



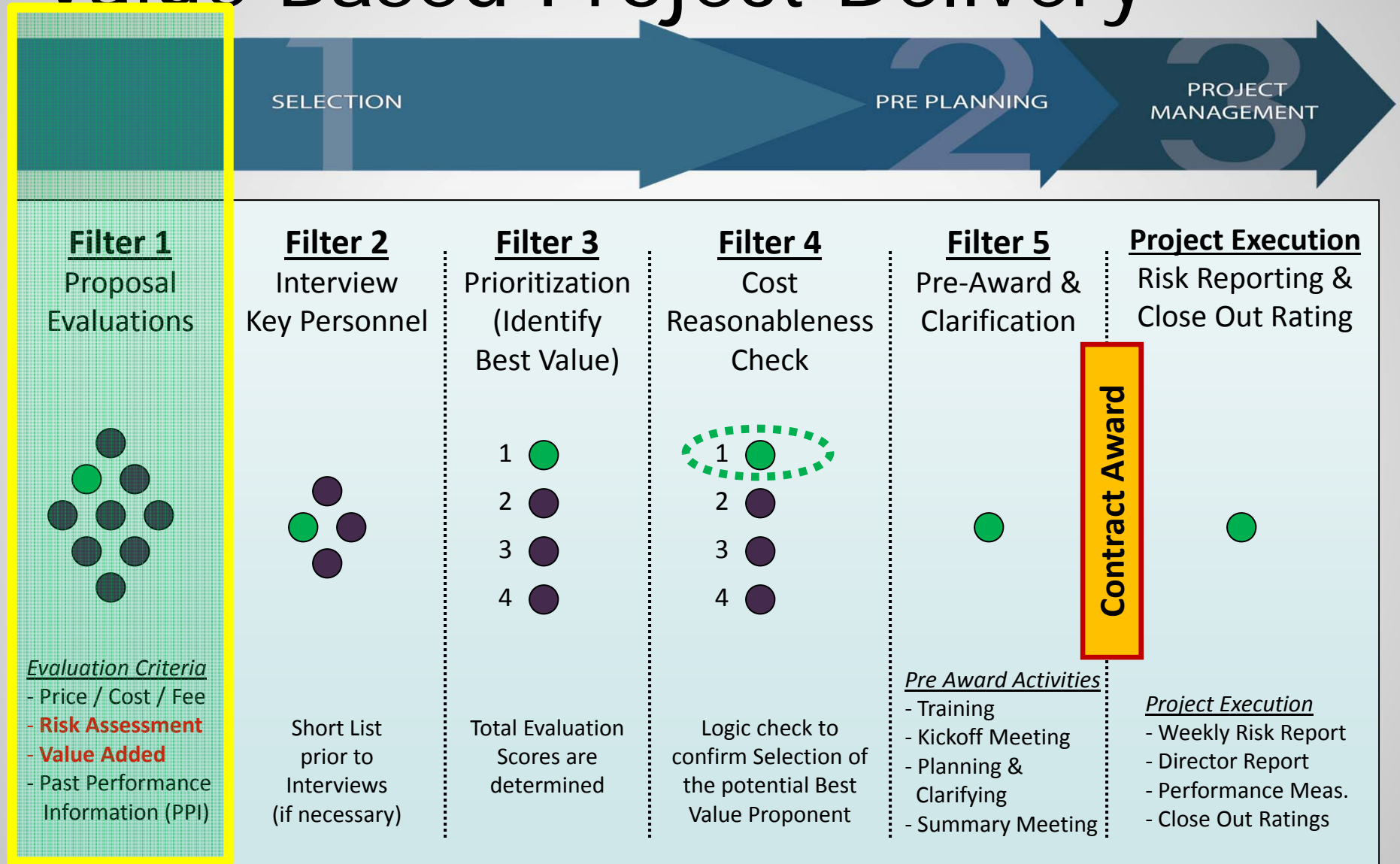
Scenario 2



Evaluation Criteria

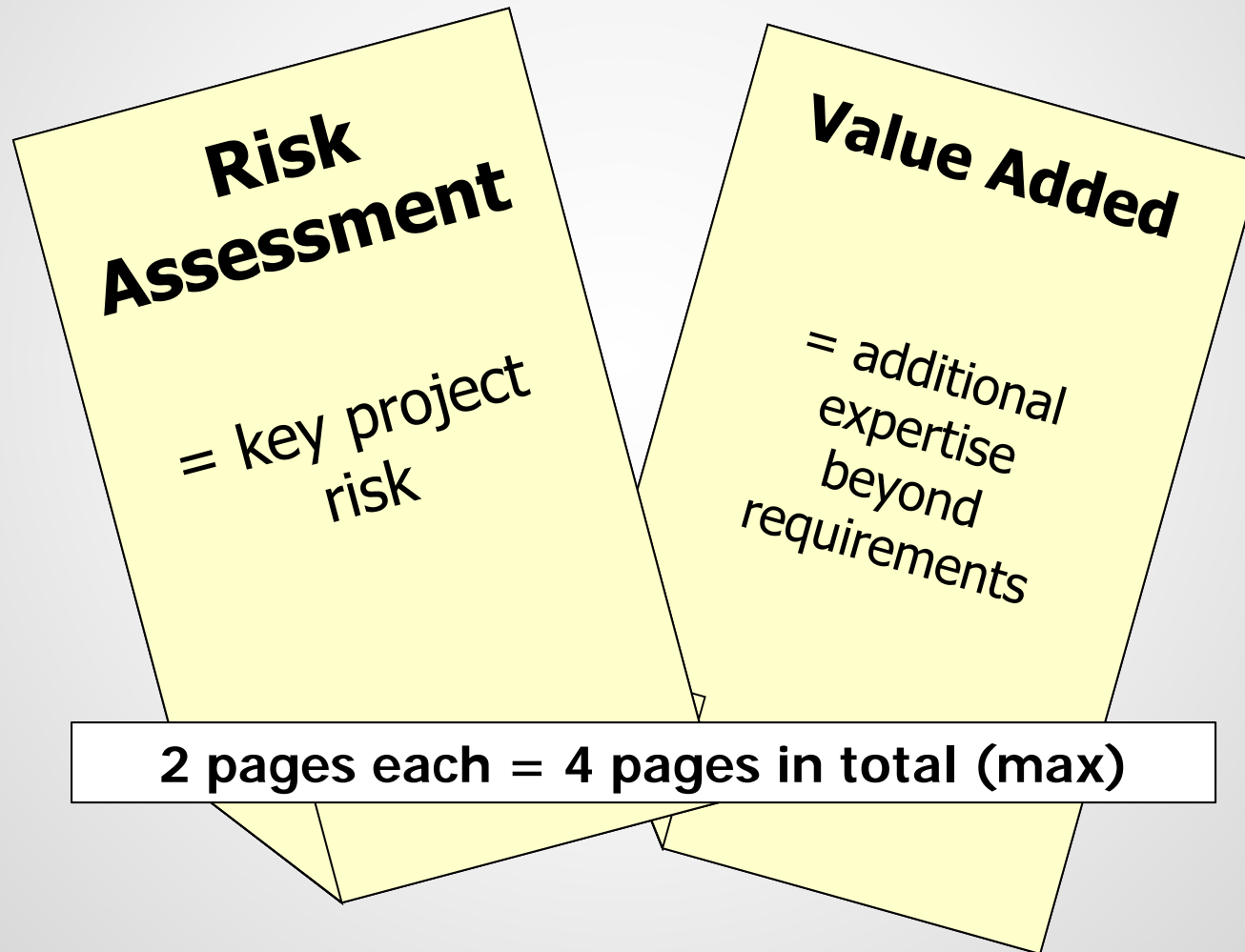
FM Projects Criteria	APPROX. Weight	Committee Rating	Numerical Value
Interviews	30		
Proposal Fee	30		
Risk Assessment	20		
Value Added	10		
Past Performance Information	10		
TOTAL	100 pts		

Value Based Project Delivery



2 Written Submittals

Blind Evaluations: standard templates, no modifications, and no names.



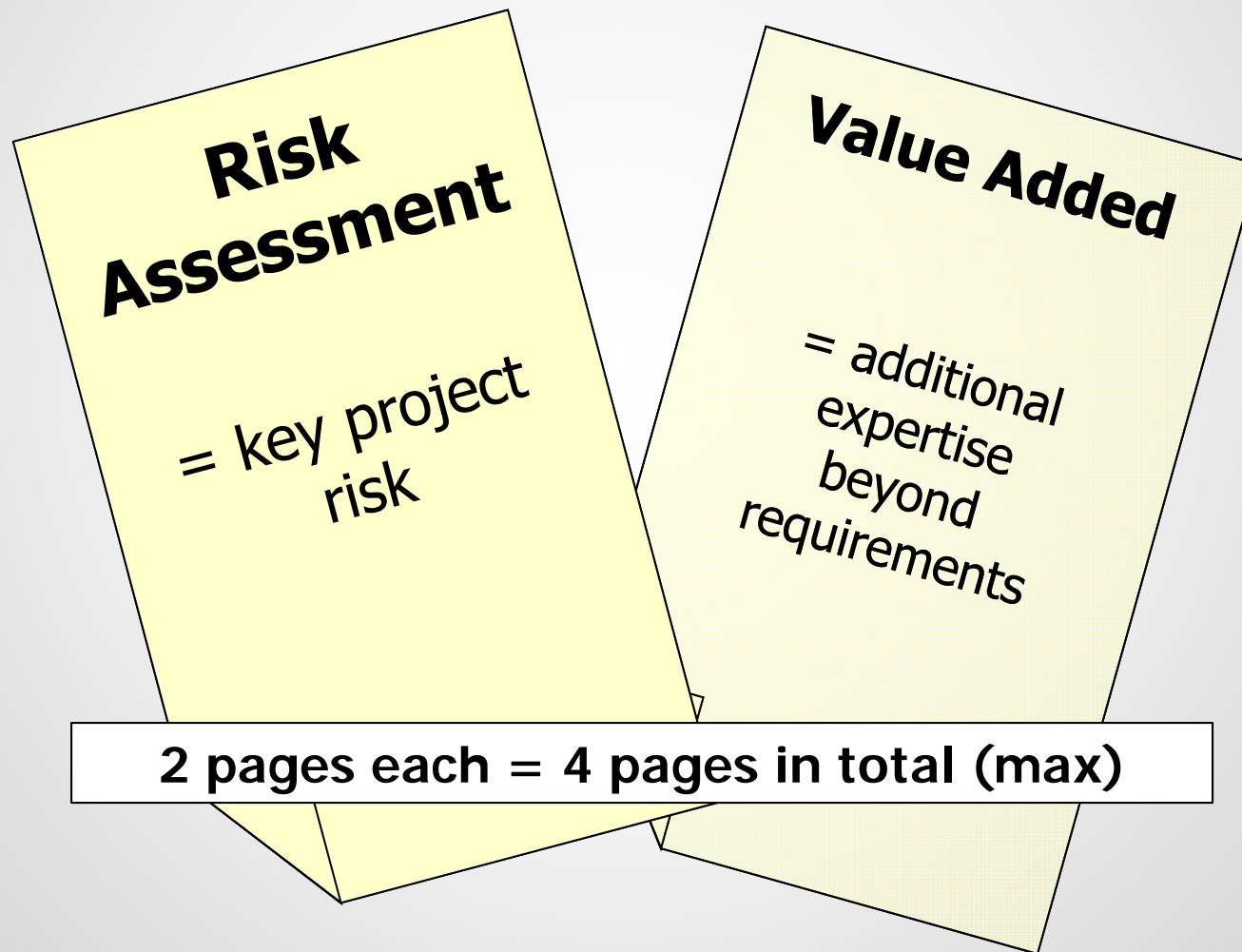
Format of Submittals

- ▲ In order to minimize any bias, the Submittals must **NOT** contain any names that can be used to identify who the proponent is (such as proponent name, personnel names, project names, etc).
- ▲ Template are provided and must be used. Proponents are NOT allowed to re-create, re-format, or modify the templates.
- ▲ DO NOT include any product pictures
- ▲ The plans should not contain marketing material.
- ▲ The Risk Assessment must NOT exceed **2 pages**.
- ▲ The Value Added must NOT exceed **2 pages**



2 Written Submittals

Blind Evaluations: standard templates, no modifications, and no names.



Risk Assessment

Template

2 pages max.



Section 00413
RFP 2013-098
PROPOSAL FORM
APPENDIX "E"

APPENDIX "E" TO PROPOSAL FORM RISK ASSESSMENT

This template must be used. Modifications to the format of this template may result in disqualification (i.e. altering font size, altering font type, adding colours, adding pictures, etc.). Do not list any names/information that can be used to identify your firm. You may add/delete additional rows but do not exceed the 2-page limit. **(You may delete these instructions.)**

The Proponent is to identify risk items they do not control and clearly state their plan to minimize these risks from negatively impacting project performance. Risks should be listed according to priority. **(You may delete these instructions.)**

Risk 1:
Why is it a _____
Risk? _____
Solution: _____



Risk 2:
Why is it a _____
Risk? _____
Solution: _____

Risk 3:
Why is it a _____
Risk? _____
Solution: _____

Risk 4:
Why is it a _____
Risk? _____
Solution: _____

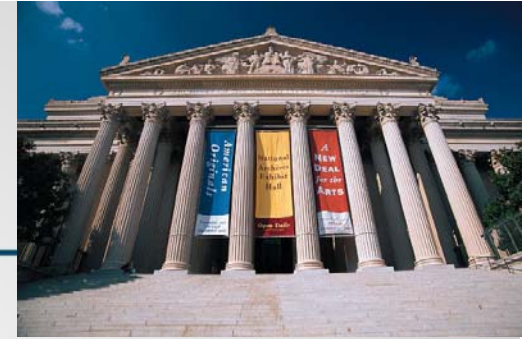
Risk 5:
Why is it a _____
Risk? _____
Solution: _____

Risk 6:
Why is it a _____
Risk? _____
Solution: _____

Example of Solutions

Risk: Noise from Demolition

Type: Project Capability



- **Plan 1**

- We will work with the user to minimize the impact of noise from demolition.

- **Plan 2**

- We have planned to demolition during off hours and weekends. This will have a slight impact on our cost (less than 1%), but the impact to customer satisfaction justifies this.
- We will also install rubber sheets on the floors to diminish noise and vibrations.
- Both solutions can be performed within your budget.
- Both solutions have been used on multiple previous projects w/ high levels of customer satisfaction (9.4/10).

Example of Solutions

Risk: Getting water to the site

Type: Risk Assessment



- **Plan 1**

- Coordination with [water company] is critical. We will coordinate and plan with [water company] as soon as the award is made to make sure that we get water to the site to irrigate the fields.

- **Plan 2**

- We will coordinate and schedule the water with [water company]. However, based on past experience there is a high risk they will not meet the schedule (the water company does not meet schedule over 90% of the time).
- We will have temporary waterlines setup and ready to connect to the nearby fire hydrant to irrigate until [water company] is ready.
- We will also have water trucks on-site if there is problems with connecting the lines.

Example of Solutions

Risk: Loss of Radio Flagship in Major Market

Type: Risk Assessment



- **Plan 1**

- We will work very hard to maintain excellent affiliate relationships. If we lose a radio station (e.g. it changes its format) we will move quickly to replace the lost station. If we cannot quickly replace a flagship station, we can be very creative and could even consider purchasing all local inventory from a new flagship station.

- **Plan 2**

- In the past 10 yrs, on over 50 accounts, 7 radio stations format changes have occurred. The following solution is optimal.
- We own and will maintain two radio contracts covering the area, where signals can be switched if required. The flagship station will be the station with the stronger signal and greater coverage.
- If a station is lost we will have a equal replacement within 2 months. If within two months a replacement is not contracted we will purchase inventory from another station or discount the cost of an inventory purchase and add it to our payments to the Owner.

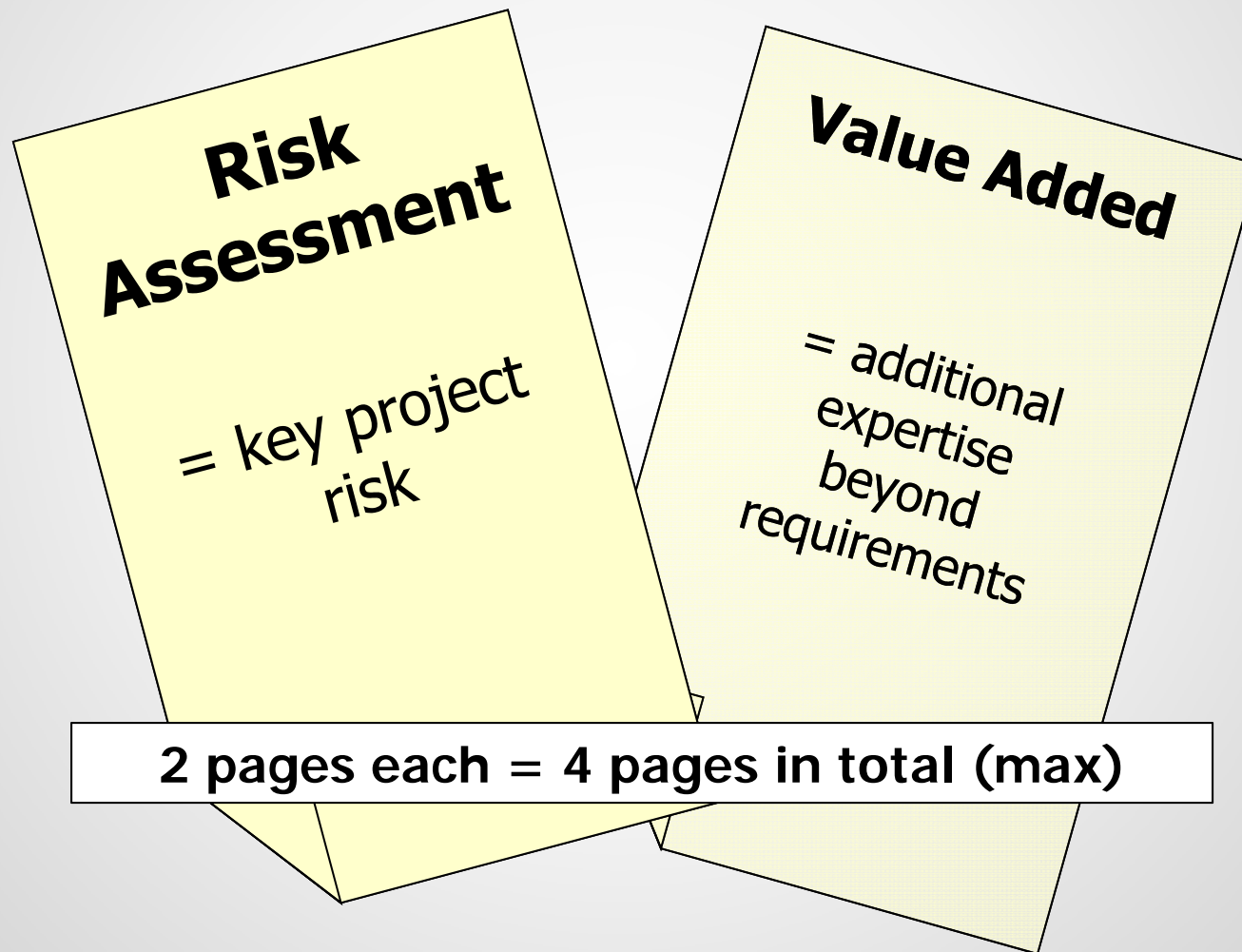
Risk Assessment Example



- **RISK:** Major risk items typically associated with transit implementations revolve around change management and business process impact. New technology implementations create change for the users. Change often causes issues with technology adoption. Requirements and scope creep also creates challenges. Systems may have thought a certain technology or component was incorporated in the RFP and/or needs assessment process that is not included in the actual scope of work or contract. Communication is also an area that can be a challenge.
- **SOLUTION:** A clearly defined scope of work and communication of the scope at the beginning of the project minimizes scope creep. If there is a discrepancy, scope or requirements can be discussed early on in the process versus at the end of the process. Communication is the key to successful implementations. Change management and business process re-engineering for organizations can be minimized at the technology and management levels. Management can get early buy-in at the “grass roots” level and include them in the technology planning process. The Team focuses on providing very configurable and flexible tools to minimize process re-engineering tasks. The Team focuses on automating existing business processes and providing additional tools to improve those processes that need to be improved such as data management.

2 Written Submittals

Blind Evaluations: standard templates, no modifications, and no names.



Why a Value Added Plan?

Opportunity to identify value added options that may benefit the Owner:

1. Increase customer satisfaction
 2. Increase performance
 3. Provide ways to **optimize the financial proposal**
- Respondent should identify what adjustments are recommended to the project scope
 - MUST have a **cost** impact (and possibly schedule impact)
 - If none, denote as "\$0"
 - NOTE: Value added options ideas are **NOT** included in the base cost proposal

Value Added

Template

2 pages max.



Section 00413
RFP 2013-098
PROPOSAL FORM
APPENDIX "F"

APPENDIX "F" TO PROPOSAL FORM VALUE ADDED OPTIONS

This template must be used. Modifications to the format of this template may result in disqualification (i.e. altering font size, altering font type, adding colours, adding pictures, etc.). Do not list any names/information that can be used to identify your firm. You may add additional rows but do not exceed the 2-page limit. (You may delete these instructions.)

The Proponent is to identify any value added options, ideas, or services that are beyond the standard requirements in the tender. An explanation of "Why it is a Value Add" must be provided for each item. The corresponding cost impact of each value added option must be included. (You may delete these instructions.)



Item 1:	
Why is it a Value Add?	
Cost Impact (\$):	
Item 2:	
Why is it a Value Add?	
Cost Impact (\$):	
Item 3:	
Why is it a Value Add?	
Cost Impact (\$):	
Item 4:	
Why is it a Value Add?	
Cost Impact (\$):	
Item 5:	
Why is it a Value Add?	
Cost Impact (\$):	
Item 6:	
Why is it a Value Add?	
Cost Impact (\$):	

Value Added Example



- Reroofing this building will not stop all water leaks. The majority of the leaks are caused by cracks in the parapet walls, broken/missing glass, and poor caulking. For an additional \$10K and 3 weeks in schedule we can replace and repair all of these items.

Value Added Examples

Option to Optimize Project Schedule:

Alternate Interior Partitions

- The drywall sub-trade occupies the critical path for the bulk of the schedule & creates heavy dust in an area where cleanliness is a priority
- Arcoplast is a composite wall panel that fastens directly to the steel studs, thus eliminating the need for drywall
- Arcoplast is a product that meets or exceeds cGMP specific guidelines pertaining to surface finishes for maximum containment facilities.
- Key features include: Impact, chemical, corrosion and water resistance.
- Cost = \$1,697,136
- Schedule: Reduces the schedule impact of the drywall trade by 3 months.



Value Added Examples

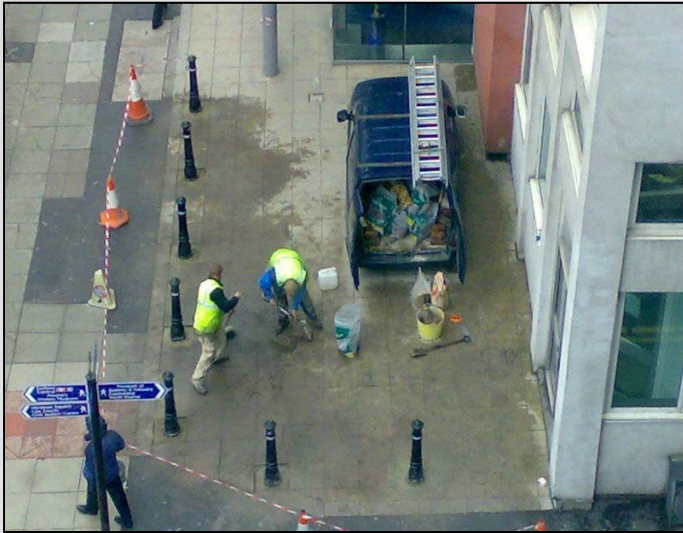
Additional Scope Options:



Example 2: Replace Existing Wood Roof Deck with Steel Decking

- The existing wood decking has been exposed to moisture for a considerable number of years, as evidenced by the leaking roof which was noticeable during the site visit. The existing wood decking will naturally absorb moisture inside the building and may eventually result in mould growth on the surface of the wood. Replacing the wood deck while the new facility is operational will not be practical.
- Cost = \$128,456,
- Schedule: 0 (no schedule impact)

We are Looking for Contractors Who Can Think Ahead...



***...And Act In
Our Best Interest***

Page Limits

- Goal is to make the process as efficient as possible (for all parties)
- Proposal is limited to
 - **2 Pages** = Risk Assessment Plan
 - **2 Pages** = Value Added Plan
- Remember: **No Names** (company, project, personnel) in any of these documents!!!!

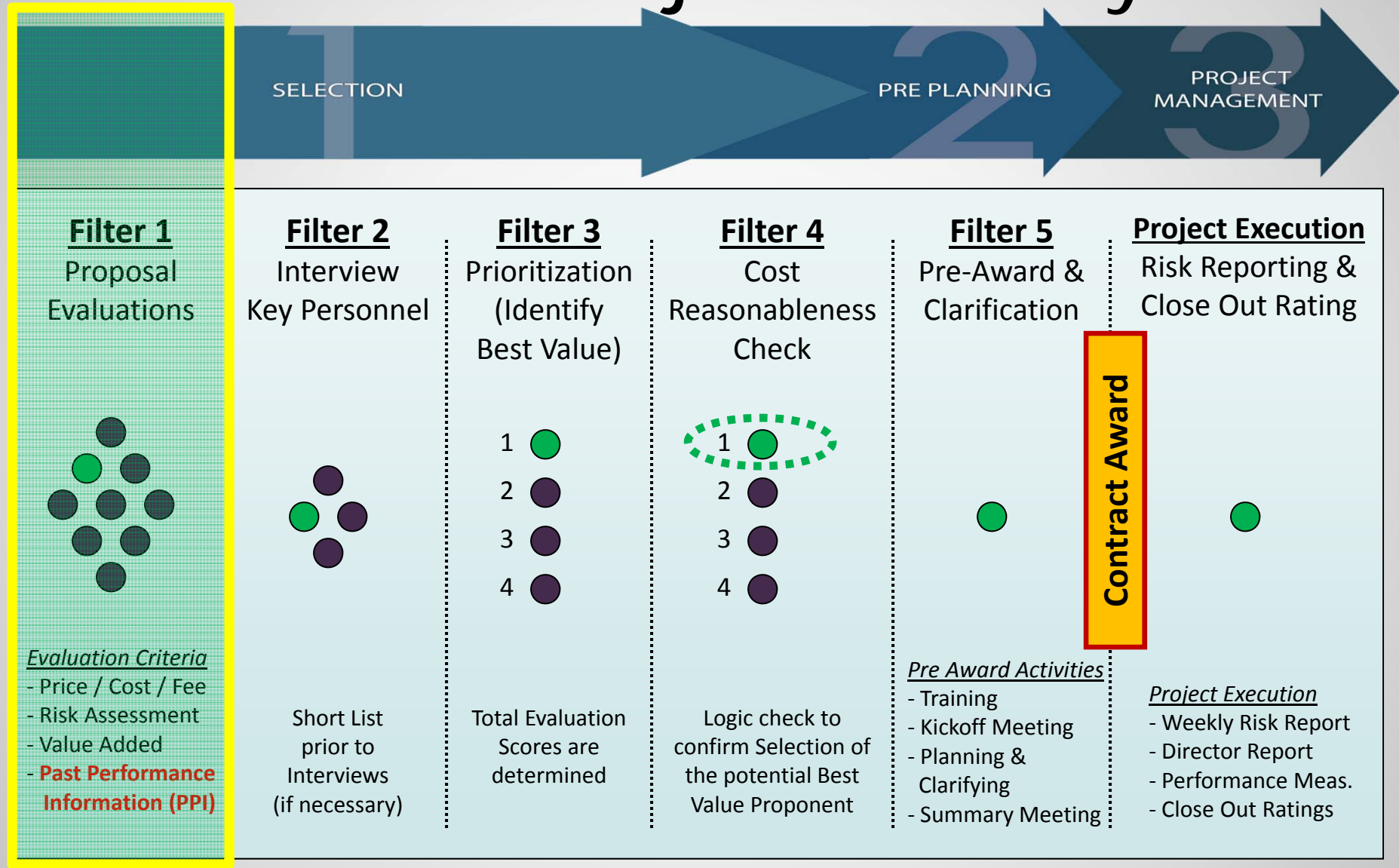


Remember...It is the Contractors
Responsibility to Provide
“Dominant Information”
to differentiate themselves from
their competition

Things to Avoid

- **Marketing Information:**
 - *Our company is known worldwide as a leader in online education.*
 - *We will use our long history to make sure the project is a success.*
 - *We will use state-of-the-art process to make it a success.*
- **Transferring risk back to client:**
 - *We will work with the owner to resolve issues*
 - *We will have team meetings / partnering meeting with the owner*
- **General risks and/or general solutions:**
 - *We will plan ahead to coordinate activities*
 - *We will plan ahead to get classes scheduled and created*
- **Overly Technical data:**
 - *The system we propose has 200% increase in PRX bandwidth modularity.*

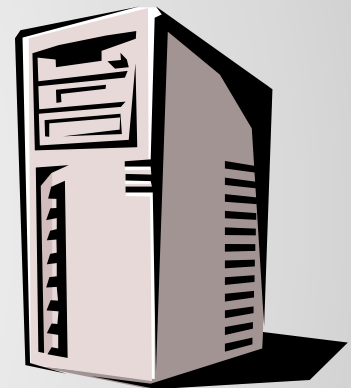
Value Based Project Delivery



Past Performance Information

Collected For:

- Company / Firm (as the Proponent) – 3 max
- Key Personnel
 - Project Manager – 3 max
 - Site Superintendent – 3 max
- The Proponent picks their own references
- The Proponent collects all surveys
- Close out ratings at the end of the contract will be used to update PPI scores for future projects.



PPI Survey / Questionnaire

PERFORMANCE QUESTIONNAIRE – DESIGN BUILD PROJECT	
To: _____	Survey ID _____
<i>(Name of person completing survey)</i>	
Phone: _____	Fax: _____
Subject: Past Performance Survey of: _____	
<i>(Name of Company)</i>	

The University of Alberta (the University) is seeking information from their key personnel. The information is being collected for the purpose of the supplier/individual listed above to appreciate your taking the time to complete this survey.

Rate each of the criteria on a scale of 1 to 10 (1 = lowest rating, 10 = highest rating). Please rate each of the criteria to the particular area, leave it blank.

Client Name: _____

Project Name: _____

NO	
1	Ability to manage costs
2	Ability to provide and maintain schedules
3	Quality of work
4	Professionalism and ability to manage
5	Ability to minimize and respond to address user
6	Communication, explanation of requirements
7	Ability to work through requirements
8	Overall customer satisfaction (hiring firm again)

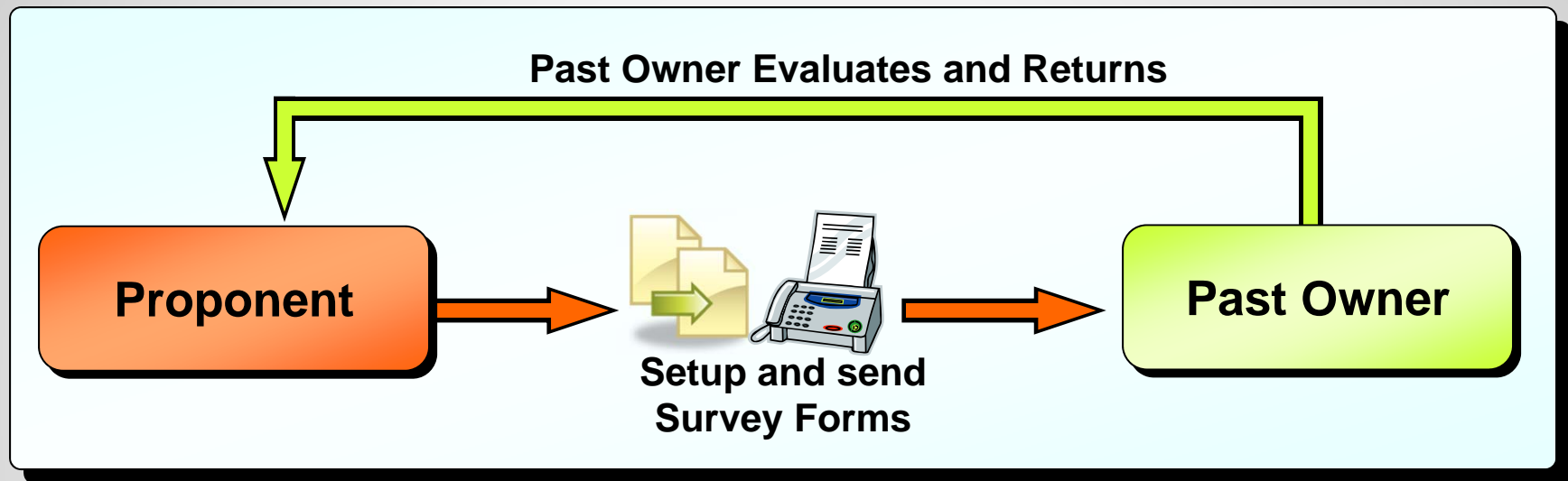
NO	CRITERIA	UNIT	
1	Ability to manage costs	(1-10)	
2	Ability to maintain schedules and respond to requests in a timely manner	(1-10)	
3	Quality of service	(1-10)	
4	Professionalism and ability to manage	(1-10)	
5	Ability to meet client expectations and to respond to address user complaints and/or unique requirements	(1-10)	
6	Ability to identify, communicate, and mitigate risk	(1-10)	
7	Ability to follow Client rules, regulations, and requirements	(1-10)	
8	Overall customer satisfaction and willingness to hire firm again	(1-10)	

Printed Name (of Evaluator) _____

Thank you

Please fax the completed survey to: Proponent fax number _____

PPI Process

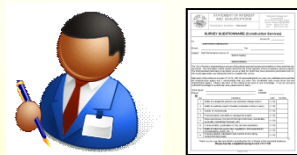


- The Proponent is responsible for sending out a survey questionnaire to each of their past Owners.
- The survey must be faxed/emailed back to the Proponent
- The Proponent will submit all surveys to the Owner with their submittal.

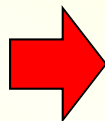
Example Survey

(Firm and Individuals)

		Survey ID	126
To:	Jack Robertson <i>(Name of person completing survey)</i>		
Phone:	623-555-5659	Fax:	623-555-5999
Subject: Past Performance Survey of:	ABC Designer Inc <i>(Name of Company)</i>		
	Amy Smith (Lead Designer), John Jacobs (Lead Engineer), Brad Thompson (Civil Eng) <i>(Name of Individuals)</i>		



Proponent



Past Owner

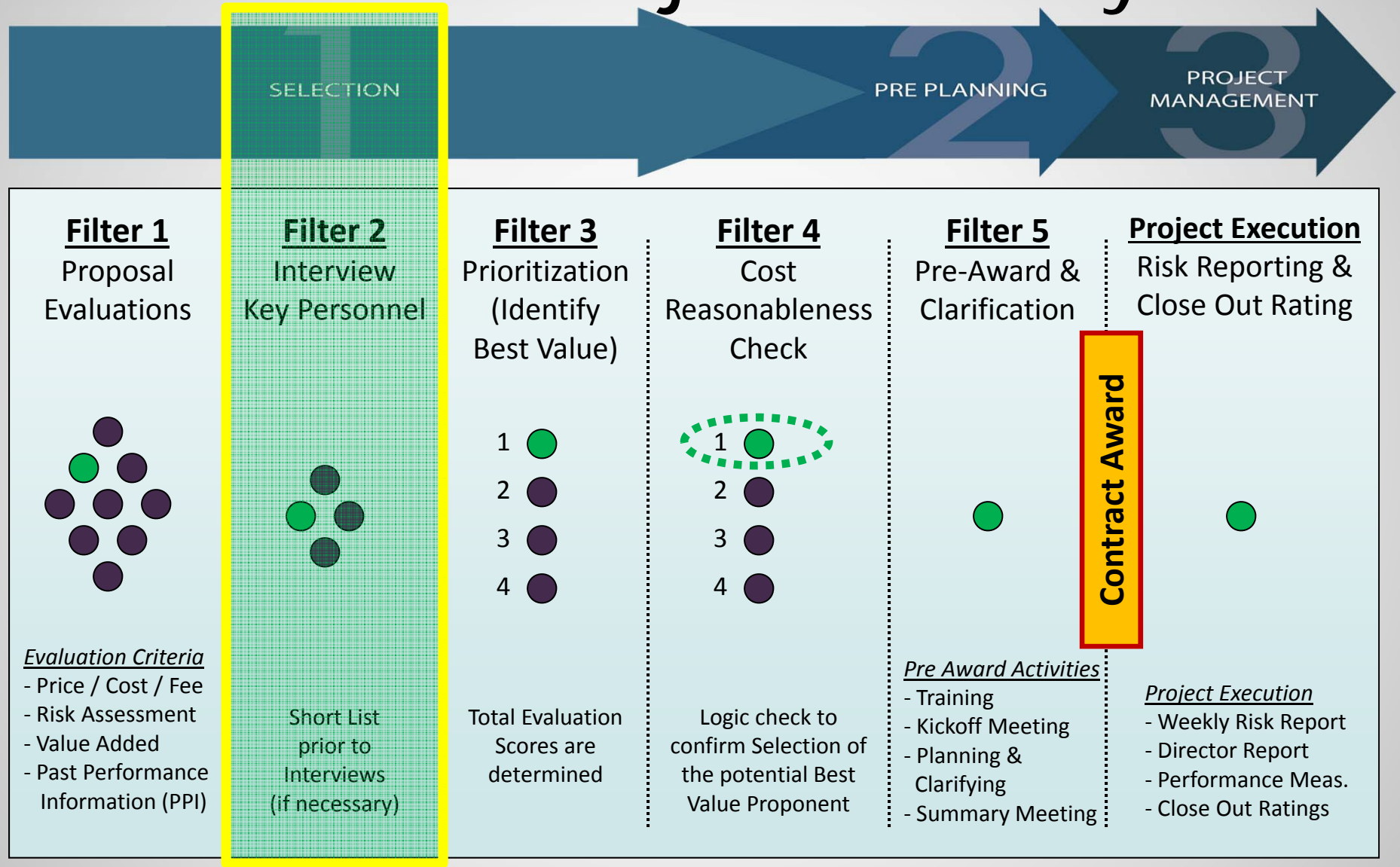


Proponent

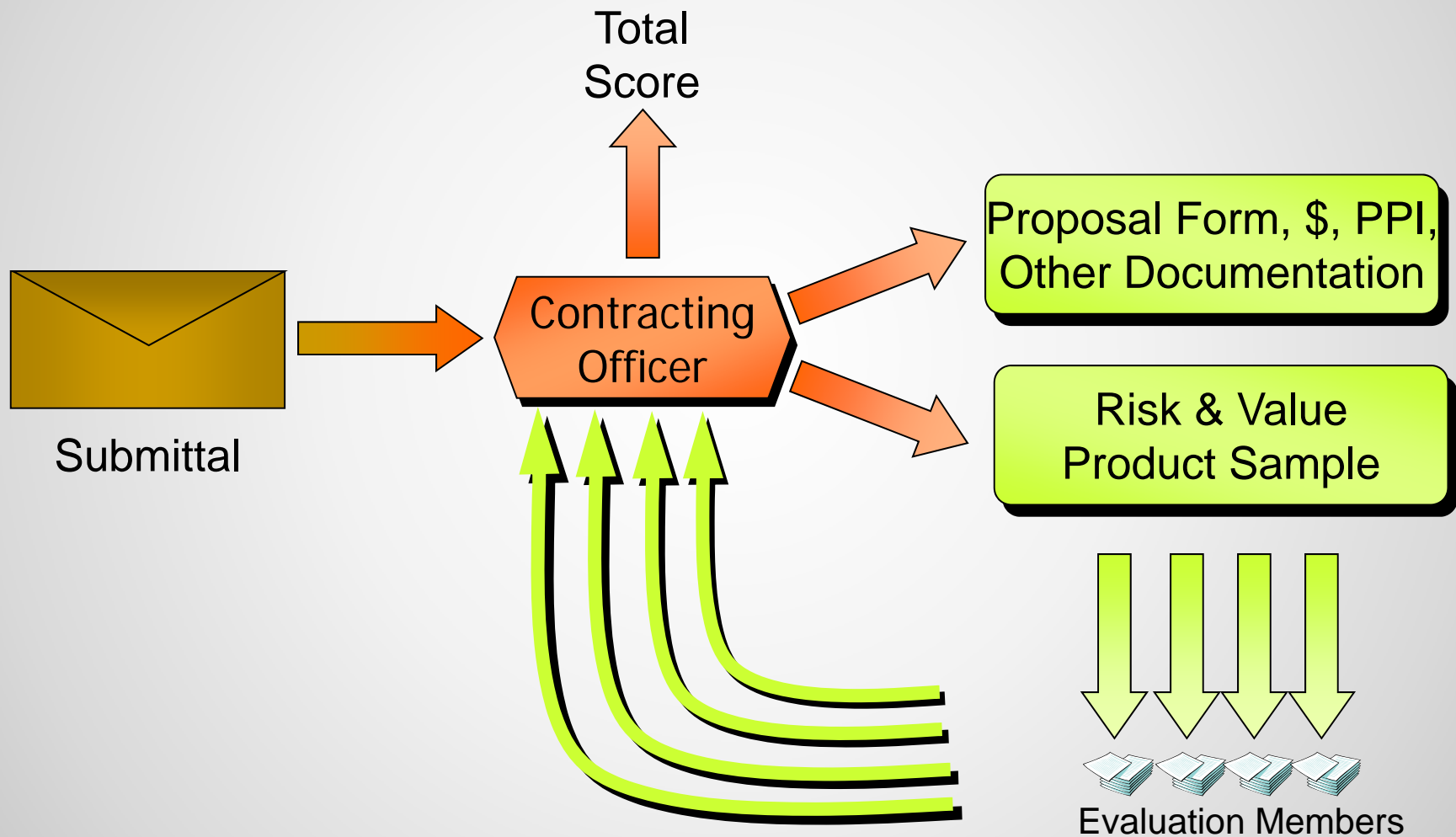


Past Owner

Value Based Project Delivery



The Evaluation Process



Remember...It is the Contractors
Responsibility to differentiate
themselves from their
competition

Shortlisting

- If necessary short listing will be conducted prior to interviews (depending on the number of Proponent)
 - Interviews:
 - Project Manager
 - Site Superintendent
- * May be the same person

Interview Format



- Q&A Interview, NOT a presentation
- Individuals will be interviewed separately.
- A standard set of questions will be generated and asked to each individual.
- Typically interview times will last about 15-30 minutes per individual
- No substitutions will be allowed.

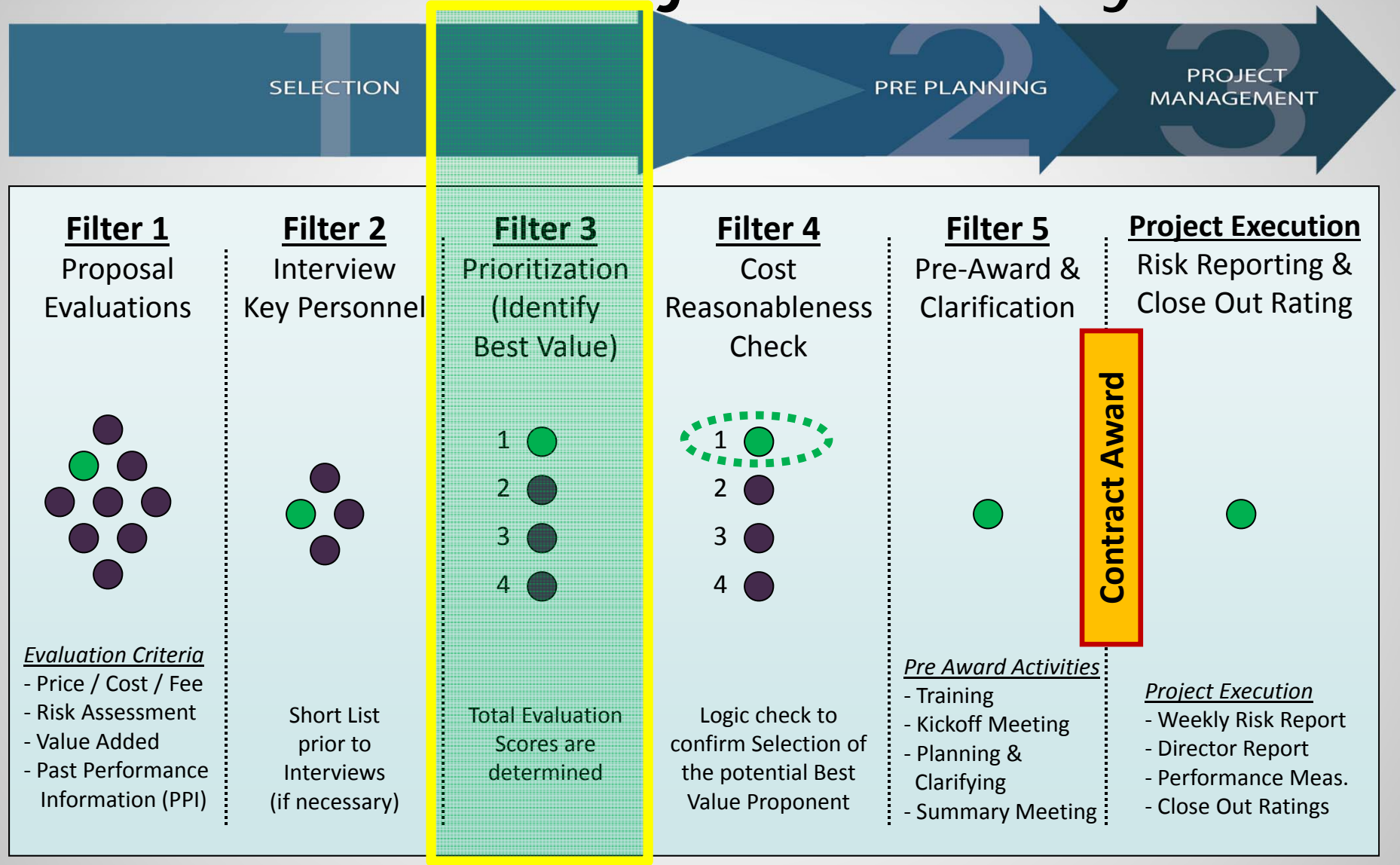
Best Value Interviews:

Identifying Expertise

Examples of questions asked:

1. Why were you selected for this project?
2. How many similar projects have you worked on? Individually and as a Team?
3. Describe a similar project you have developed/worked on to the current project.
4. What is different about this project from other projects that you have worked for?
5. Draw out the process for this project by major milestone activities.
 1. Identify, prioritize, and how you will minimize the risks of this project.
 2. What risks don't you control? How will you minimize those risks?
 3. What do you need from the Owner and when do you need it?
6. What value do you bring to the project in terms of differences based on dollars, quality, expertise, or time?
7. Other questions regarding the RFP requirements

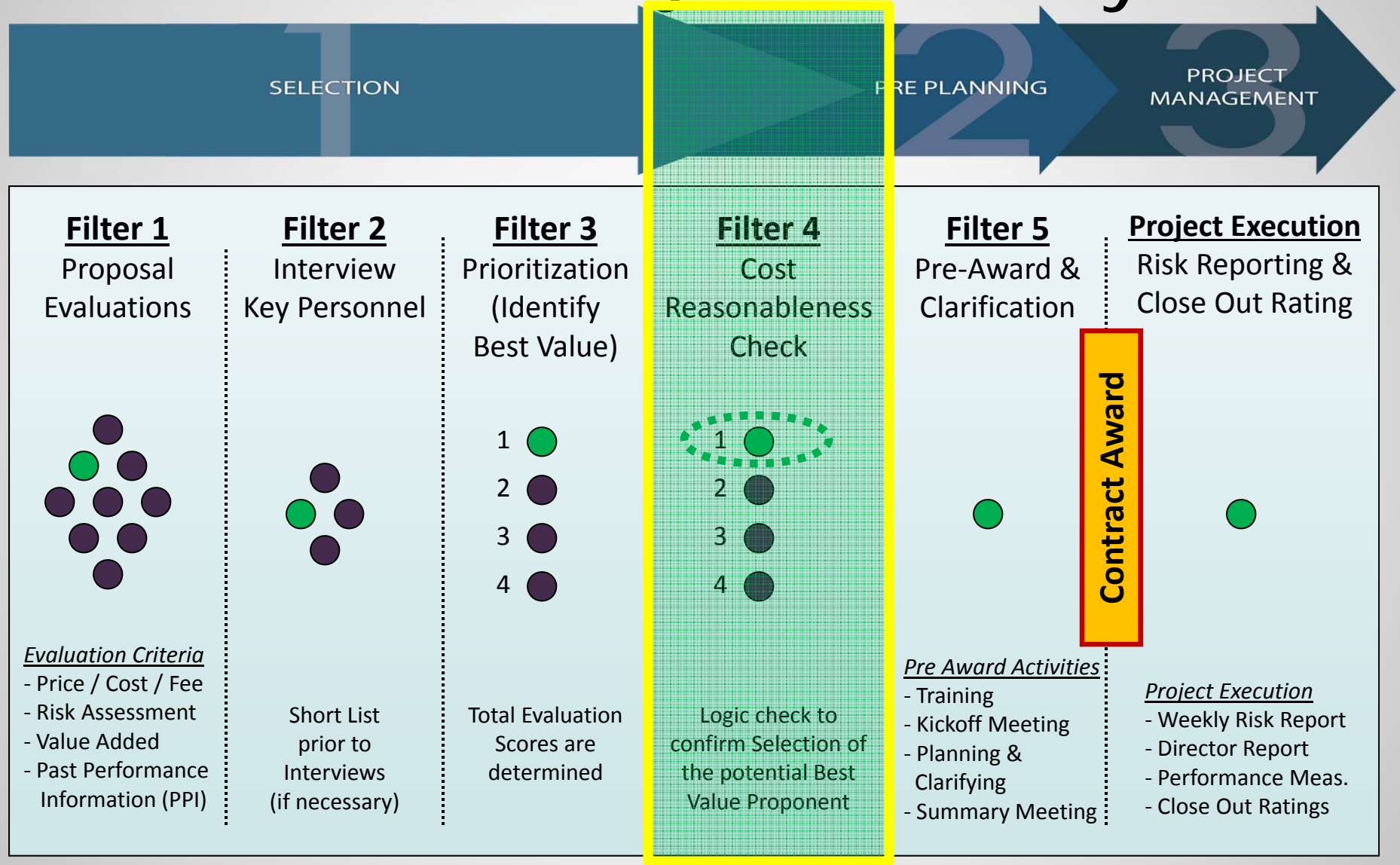
Value Based Project Delivery



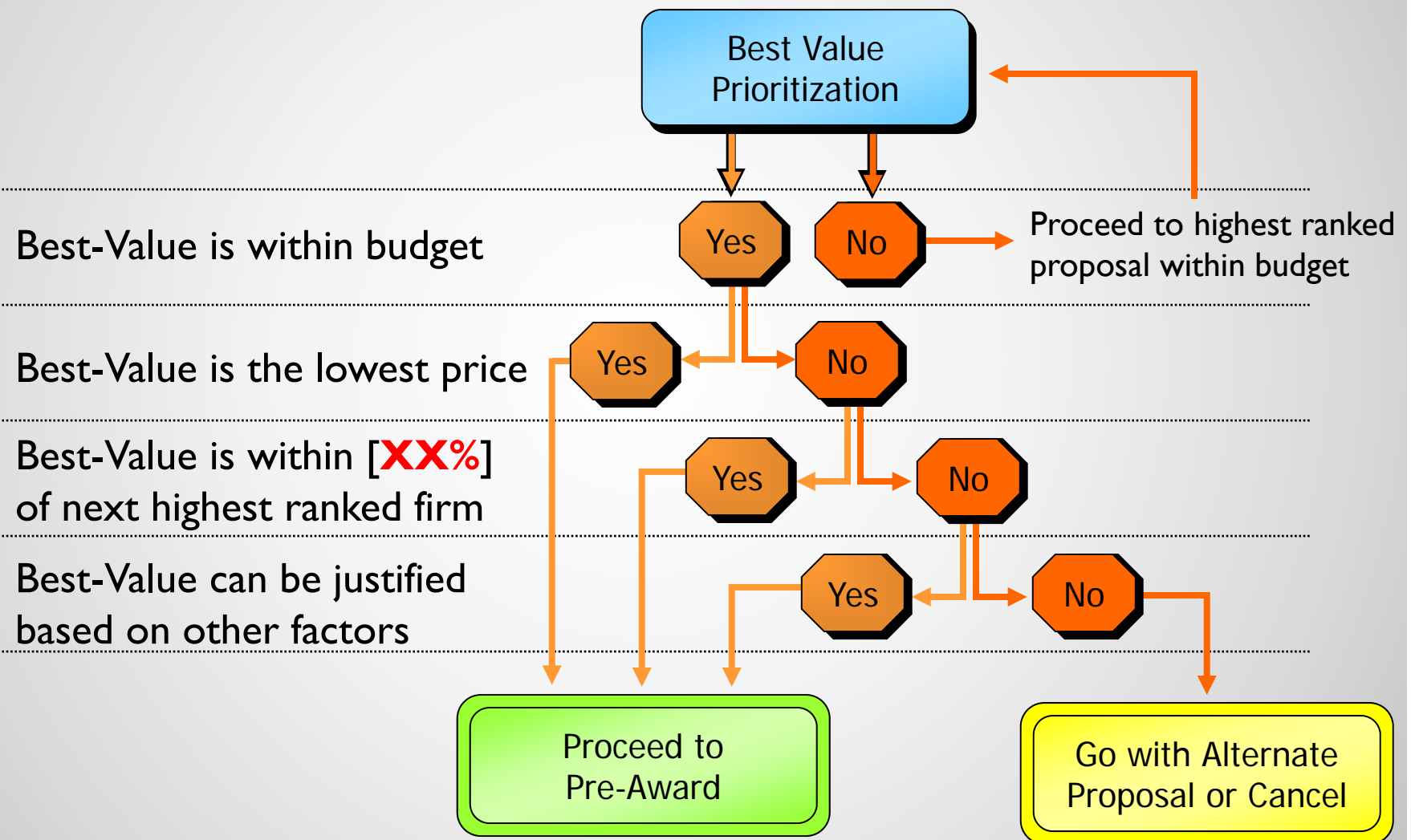
Simple Scoring Methodolgy

NO	CRITERIA	WEIGHTS	RAW DATA			FINAL POINTS		
			Vendor A	Vendor B	Vendor C	Vendor A	Vendor B	Vendor C
1	Proposal Cost	250	\$ 57,000	\$ 65,000	\$ 55,000	241	212	250
2	Interview Rating	350	8.5	5.1	5.1	350	210	210
3	NTR Rating	150	9.5	6.5	5.1	150	103	81
4	TC Rating	100	9.1	9.5	9.9	92	96	100
5	VA Rating	100	5.0	8.5	5.0	59	100	59
6	PPI Rating	50	9.8	9.8	9.9	49	49	50
						941	770	749

Value Based Project Delivery



Dominance Check & Cost Reasonableness



Feedback

Debriefs in Edmonton (2013)

Pursuit Costs & Profit

- “We saw the opportunity in the best value model to **improve or maximize our profit**”
- “**We didn’t approach our fee any differently** than in a traditional form of procurement”
- “[Best Value Selection] levels the field and **opens up opportunities for firms** to showcase their expertise”

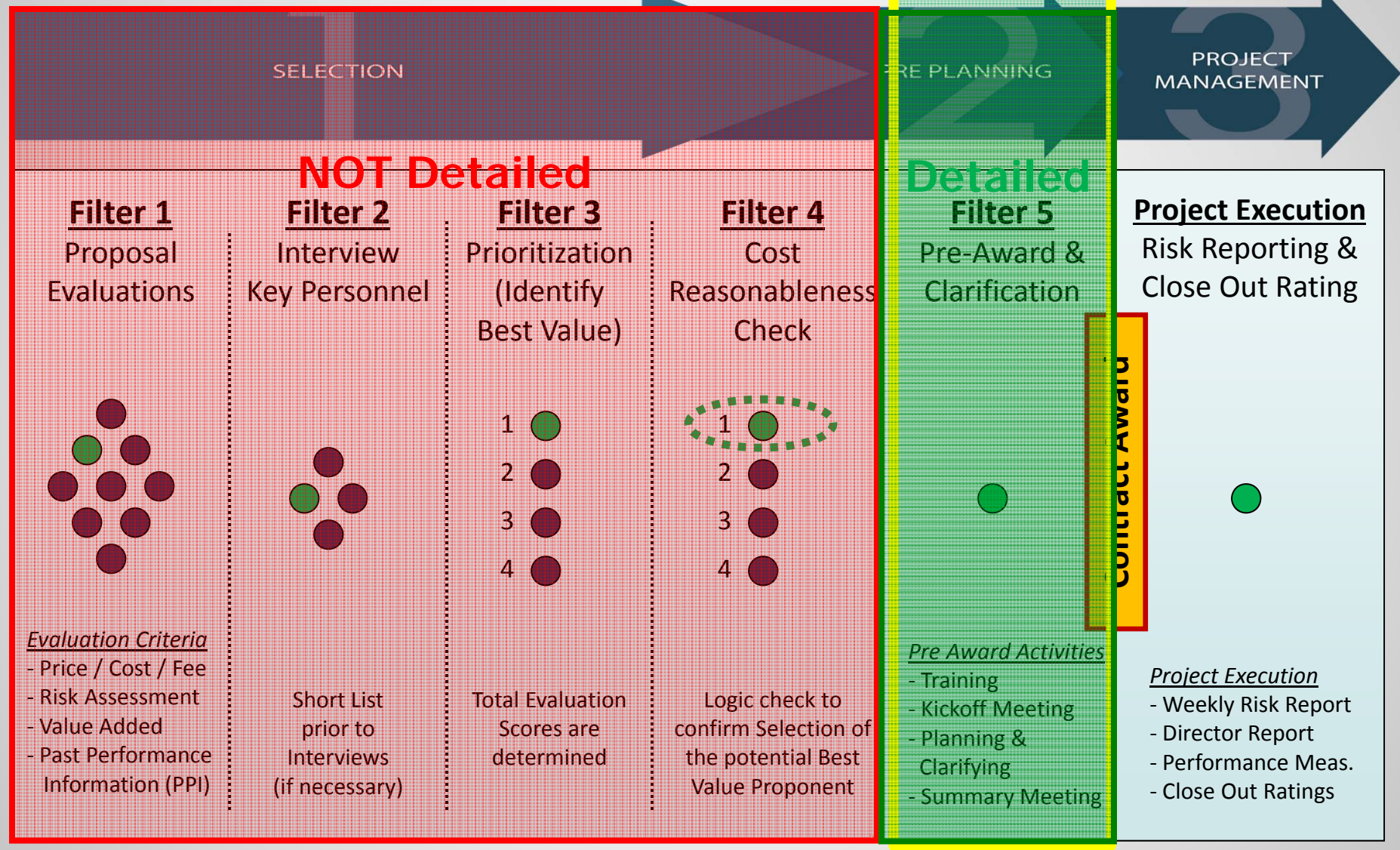
Feedback

Debriefs in Edmonton

Proposal Process

- “What we found was that the time that we spent in **the RFP response is productive time**”
- “[Best Value Procurement] makes it about this project and makes your references about this project. **You getter better proposals and better services.**”
- “In an RFP response it really **takes the smoke and mirrors out of the process**”

Value Based Project Delivery

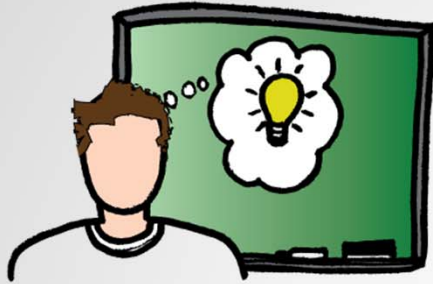


Pre-Award Clarification

What the Contractor Does

- Presents their Optimal Plan
 - Clarify that it's accurate & set the expectation for *how* you will execute
 - Coordinate the milestone schedule
- Identifies Project Risks
 - Set plans to minimize those risks from occurring
 - Address any Owner concerns
 - Clarify assumptions & "known unknowns"
- Identifies what support they need from the Owner (or others)
 - Coordinate & establish how you'll get the support you need
 - Could be: info, access, decisions, reviews, etc.

Clarification / Preplanning Period



1 Pre Award Education



2 Kickoff Meeting



3 Plan & Coordinate Deliverables



4 Insert Deliverables Into Contract

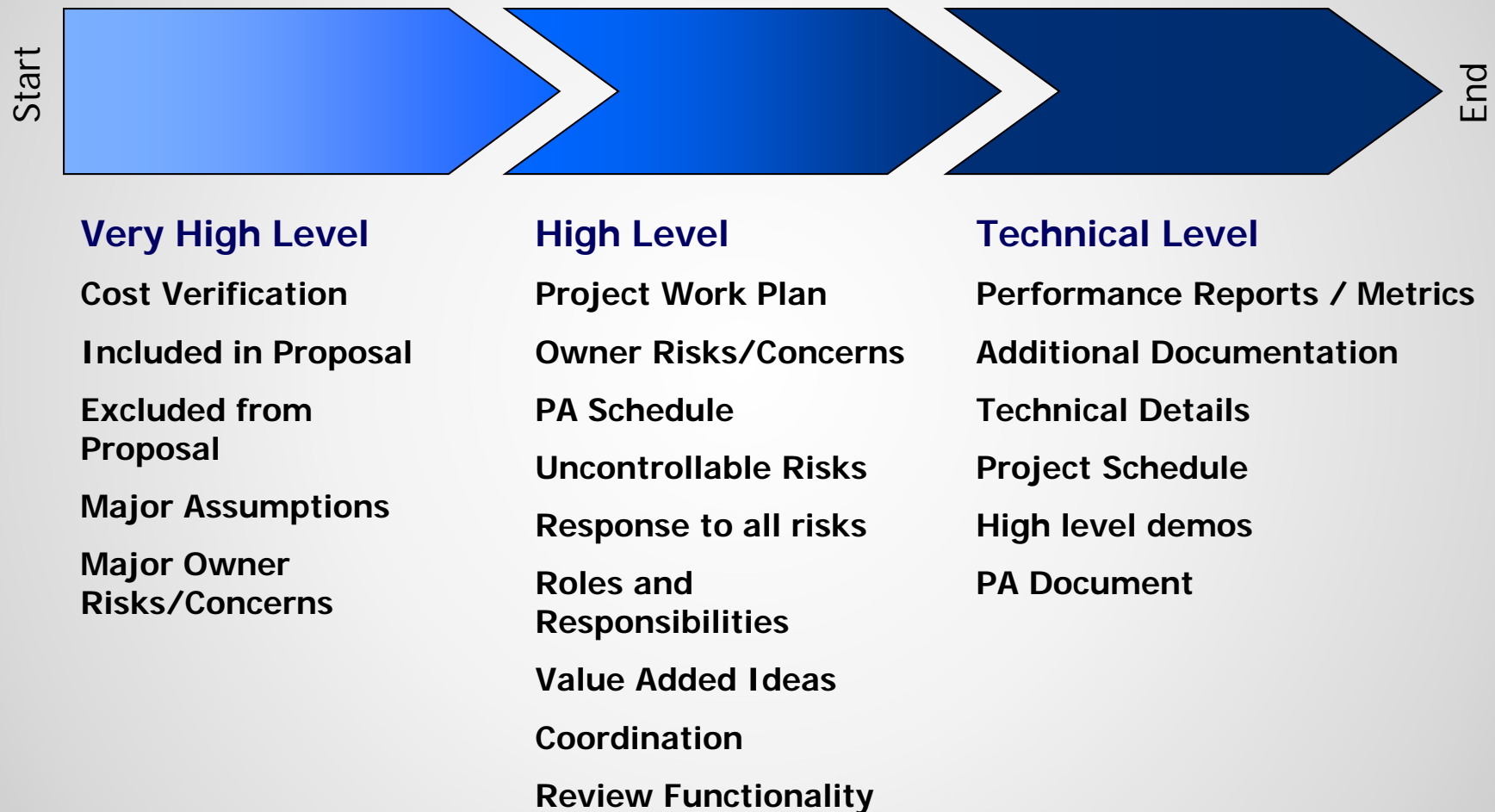


5 Summary Meeting



6 Contract Signed

Clarification / Preplanning Period



Kickoff Meeting Agenda

- Contractor runs the meeting
 - Review plan in detail
 - Milestone schedule
 - Address Owner concerns (if given)
 - Address your risks and unknowns (it is ok not to know things, but need to know when you will know and what could happen along the way)
 - Have day-by-day schedule for clarification period

Summary Meeting Agenda

- Not a “Q&A” meeting
 - All issues resolved
 - All coordination complete
 - All risks that are not in Contractors control have been identified
 - All value added options have been addressed
- PA Summary Meeting is to summarize all of the coordination that has been complete and walk through the PA Document/RMP
- Upon successful completion of the PA Summary Meeting, the Owner will make the award

Impact of Pre-Award Clarification

(General Services Administration)

No	CRITERIA	Traditional RFP	ASU-BV
1	Number of projects analyzed	11	10
2	Total awarded cost	\$14M	\$10M
3	Ave. Schedule	5-6 mo.	4-5 mo.
4	Percent awarded cost <i>below</i> budget	4.4%	6.0%

Within ASU-BV projects, also tested “<1 week” PA vs “>1 week” PA

- Longer PA had **37%** lower change order rate
(**55% reduced overall**)
- Longer PA had **68%** lower delay rate
(**70% overall reduction**)

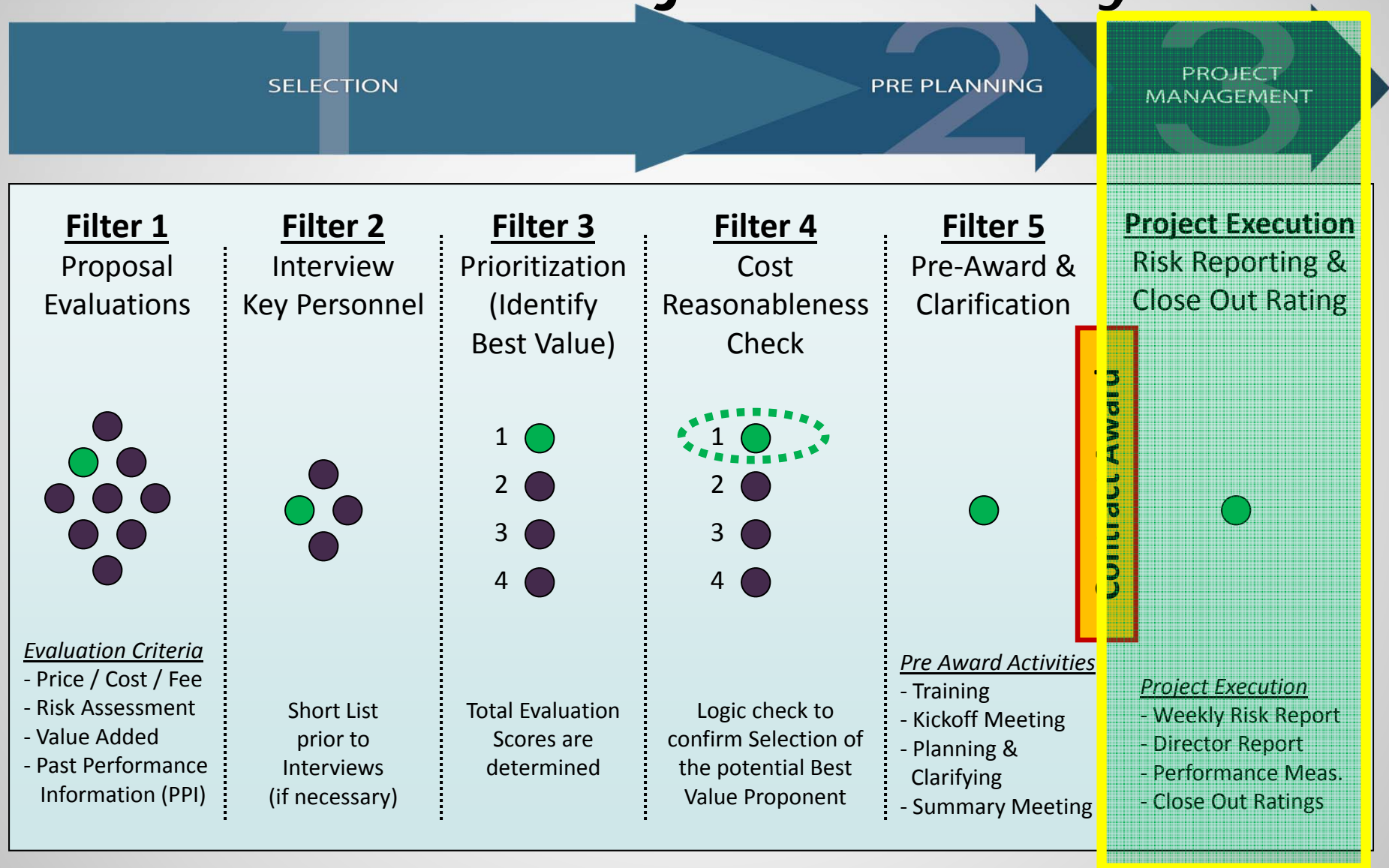
Feedback

Debriefs in Edmonton

Pre-Award Clarification Period

- “As we went through [the Pre-Award] and when you get the award, you're well into it, **there's no warm-up period**”
- “It has assisted us in being **able to undertake a very complex project**”
- “Usually we are kicked off and get into a project and then we refine the schedule and details...all of that was **identified up front before we actually started**”

Value Based Project Delivery



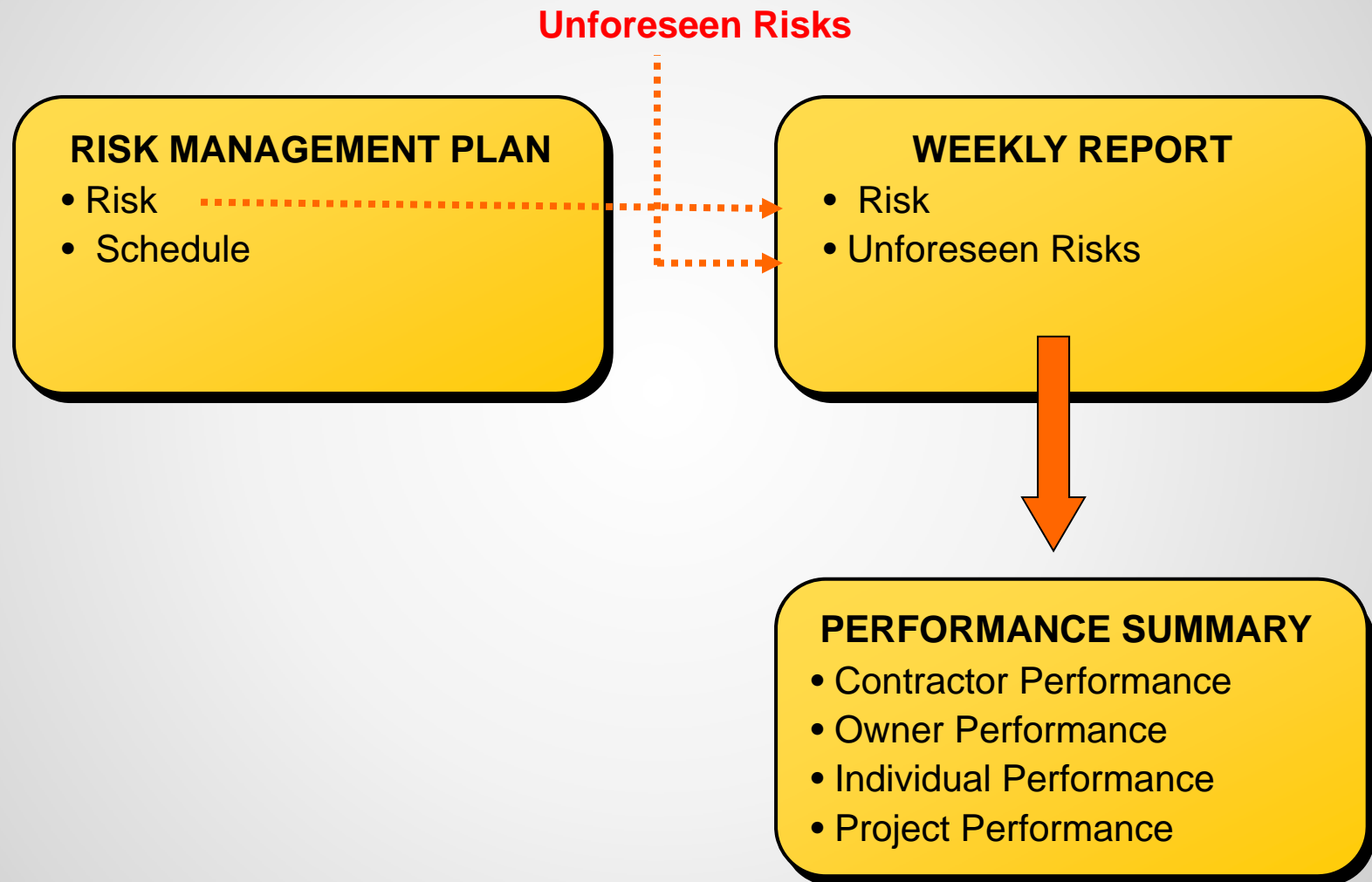
Weekly Risk Report

- Excel Spreadsheet that tracks risks and impacts
- Owner will setup and send to Contractor once the Award is issued. ASU will provide additional training.
- The final project rating will be impacted by the accuracy and timely submittal of the WRR

No	Date Entered	Risk Items	Plan to Minimize Risk	Planned Resolution Date	Actual Date Resolved	Impact Days to Critical Path	Impact to Cost	Owner/ Contractor Generated	Satisfaction Rating (1-10)
0	3/17/2006	EXAMPLE: Risk A	Risk A Plan: 1) Problem background - why is this an unexpected project risk? 2) What will be done to minimize this? 3) Who is responsible for the plan? 4) What kind of impact will this have?	9/9/2006		75	\$ 10,000	0	5
1									
2									
3									

Measurement of Deviation from the Expectation

Management by Risk Minimization



Feedback

Debriefs in Edmonton

Weekly Risk Reporting

- **"It's a very streamlined process.** We put what we need into the weekly risk report and it's given to us"
- "We've now implemented [the weekly risk report] system on every job"
- "We found that if somebody saw their name on that report, they wanted to get their name off very quickly. So distributing that to the team ... **put the onus on to everybody to do their job"**

Feedback

Debriefs in Edmonton

Best Value Model

- “The process is not that different for us. **This is how we like to do business**, Best Value just provides the tools and structure that makes it more formalized.”
- “We have **implemented the weekly risk report on all of our projects**, regardless of if they are a Best Value project.”

Questions?



DO YOU KNOW WHERE PURCHASING IS HEADING IN CANADA?

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Over \$600M of Projects Delivered in Canada, with \$450M Preparing for Tender

CURRENT CANADIAN USERS ...WITH MORE USERS JOINING EVERY MONTH

- University of Alberta
- Alberta Infrastructure
- Simon Fraser University
- City of Spruce Grove
- University of Manitoba
- Ontario 5-University Consortium
- Worker's Comp Board - Nova Scotia
- Dalhousie University



HIGHLIGHTS ...WITH HANDS-ON WORKSHOPS & PRESENTATIONS FROM CURRENT USERS

OWNERS

- How to write Best Value tender documents (RFI, RFP, etc.)
- Risk minimization tools for project management
- Optimization of internal resources

VENDORS (Professionals, Contractors, Suppliers)

- How to increase your hit rate on all project types
- Gain effective interview skills
- Developing risk plans and value plans for your proposals

3-DAY IMMERSION TRAINING

DATE & LOCATION

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Edmonton, Alberta

COST

\$1,250 (before Feb 1)
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