



The Voice of America's Engineering Industry

COMMON MISCONCEPTIONS

- MYTH:** Procuring engineering services based on qualifications takes significantly more time than awarding a contract based on low-bid.
- FACT:** An emphasis on qualifications as the prime selection criteria can substantially reduce the overall time to complete a project.
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- MYTH:** State and local agencies should procure A/E services based on low-bid to save taxpayers' money.
- FACT:** Low-bid procurement does not save taxpayer money over the life of the project because it leads to increased change orders and project maintenance costs. In addition, public health and safety — paramount concerns for public-sector projects — are undermined by low-bid procurement. Federal, state and local government agencies have a responsibility to obtain the high quality and safe design that is achieved through QBS.
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- MYTH:** QBS eliminates price as a selection criteria.
- FACT:** Price is a factor! Price becomes a factor only after the most qualified firm has been identified and a detailed scope of work has been jointly developed by the owner and the firm. QBS gives the owner and design professional an opportunity to negotiate a fee based on the scope of services being provided. If in the owner's view, a fair and reasonable price cannot be concluded with the highest-ranked firm, negotiations may proceed with the next-highest-ranked firm.

TESTIMONIALS

"QBS is an invaluable tool for us. It consistently delivers high-quality, on-time infrastructure projects for the citizens of New York."

**- William F. O'Connor, Deputy Commissioner
New York State Office of General Services.**

"The public interest is best served when government agencies select engineers, architects and related professional services and technical consultants for projects and studies through QBS."

**- Marty Manning, President
American Public Works Association.**

"In general, QBS has allowed us greater flexibility, placed minimal financial burden on prospective consulting firms, initiated greater understanding of the scope of work, and facilitated the development of contracts that are based on common understanding and sound fiscal principles associated with the expected work."

**- Harry Judd, Manager of TMDL
Utah State Division of Water Quality.**

"The whole QBS process was very helpful. My only regret is that I wish we would have adopted it sooner."

**- Rick Manchester, Parks and Recreation Director
City of Two Rivers, WI.**

"QBS means that the owner gets a qualified, competent engineer who is known to have the qualifications for a specific project. And the taxpayer receives a quality infrastructure system that is well-designed and meets the required service life."

**- Paul Kinshella, Superintendent
for the City of Phoenix Water Services Department.**

Qualifications-Based Selection

QBS

*Why Value Outweighs Cost
in the Selection of
Engineering Services*

WHAT IS QBS?

Enacted by Congress in 1972, the Brooks Act (P.L. 92-582) established a qualifications-based selection (QBS) process for federal agencies when acquiring architectural and engineering services. QBS is a competitive procurement process in which engineering firms submit qualifications to the procuring agency (the owner); the owner assesses the expertise of the competing firms; and the most qualified firm is selected to negotiate the project scope and associated fee. If the owner and most-qualified firm cannot reach an agreement on project scope, schedule and budget, the owner then negotiates with the next-most-qualified firm.

QBS has been so successful at the federal level that it has been adopted by 44 states and hundreds of localities throughout the country. The QBS process is widely endorsed by the American Bar Association, the American Public Works Association, the Associated General Contractors and all major design professional associations.

WHY QBS WORKS

If you needed to have heart surgery, would you choose a doctor based on the lowest price? Or would you search for a qualified doctor who had performed this operation many times before? The answer is clear. Engineering services should be procured the same way — based on qualifications and competence.

Those unfamiliar with the role of design professionals often ask, “If we buy everything else from the lowest bidder, why shouldn’t we select our engineering firm based on low-bid, too?”

The answer is that design professional firms do not sell a commodity, but provide technical expertise, innovation and the latest technology. These skills enhance the quality of a project and lead to cost savings. Simply stated, selecting an engineering firm based on low-bid prevents an owner from receiving the best value.

Why? Seeking the cheapest design is bound to produce a poor-quality project.

Qualifications are the most important factors when choosing an engineering firm, yet the process also embraces value by identifying project fees prior to the signing of a contract. Proposals are weighed first on competence, creativity and performance, followed by negotiation of a fair and reasonable price with the most-qualified firm. Placing the focus on qualifications first affords the owner the flexibility to select a design professional firm best suited for the task. It creates an atmosphere of trust where the owner and a firm’s engineers can develop a detailed scope together, avoid miscommunication and establish a mutually agreed upon price.

QBS LEADS TO COST SAVINGS

The services provided by design firms are the single most important factor in determining a project’s overall construction and life-cycle costs. The fee for the technical skills and experience provided by a high-quality engineering firm amount to approximately 1% of the total cost of the project. Yet these services are critical to determining the other 99% of the project’s life-cycle costs, as well as the quality of the completed project. QBS creates a relationship that allows the owner and design professional firm to work together to develop the project scope and determine alternative materials and designs that will minimize long-term operational and maintenance costs. By identifying these costs early in the project, owners receive a clear indication of the overall financial requirements.

Projects procured on a low-bid basis may save owners a small amount on up front design costs, but can lead to significantly higher construction costs, increased change orders and higher maintenance costs over the life of the project. The long-term savings achieved by placing an emphasis on quality outweigh potential savings in procuring design services based on low-bid.

HOW DOES QBS WORK?

Selecting a Design Firm

1. An owner identifies the general scope of work and develops a selection schedule.
2. A request for qualifications is issued.
3. Statements of qualifications are evaluated.
4. A short-list of qualified firms to be interviewed is determined.
5. Interviews are conducted and the firms are ranked.

Negotiating a Contract

6. The owner invites the highest-ranked firm to assist in defining a detailed scope of work.
7. The design firm develops and submits to the owner a detailed fee proposal based on the agreed-upon scope of work.
8. If the proposed fee is not acceptable to the owner, the owner and designer work together to modify the scope of work, schedule, and budget to determine if an agreement on fee can be achieved.
9. If an agreement cannot be reached with the top-ranked firm, those negotiations are ended and negotiations begin with the next-most-qualified firm.
10. An agreement covering scope and fee is executed.
11. Firms involved in the selection process are given post-selection feedback, when requested.

“It is unwise to pay too much, but it’s worse to pay too little. When you pay too little, you sometimes lose everything because the thing you bought was incapable of doing the thing you bought it to do.”

– John Ruskin (1819–1900)