

DBIA POSITION STATEMENT

PRINCIPLES OF BEST VALUE SELECTION

Background

In a well-managed best value design-build selection process, the owner establishes qualitative non-price and quantitative cost/price criteria by which proposals will be evaluated and a selection made. However, owners tend to vary widely in the choice of evaluation and selection criteria and the degree of disclosure of these criteria to the proposers.

Position: DBIA strongly recommends that the basis for evaluating best value design-build proposals be clearly articulated by the owner in the request for proposal (RFP) and used in making the award. Specific evaluation criteria and standards allow competing design-builders to provide proposals that maximize benefits and optimize solutions to the owner's needs. By understanding what is important to the owner, proposers can focus effort upon those elements which bring greatest value to the owner. Conversely, non-disclosure or obscurity as to the owner's evaluation criteria may disadvantage both proposers and the owner. Since creativity in proposing design solutions is a hallmark of the design-build process, the owner is best served when the relative order of importance of the evaluation criteria is clearly expressed. Proposers can apply their individual creative strengths most effectively — and avoid wasted effort — when they clearly understand the evaluation/selection criteria.

Position: DBIA believes that non-cost/price evaluation and selection factors should dominate the owner's best value process to select a design-builder. Best value techniques provide the owner the opportunity to consider cost/price in the selection process, but a selection based primarily on technical, design, management, past performance and other non-cost/price qualitative factors maximizes the likelihood of owner satisfaction with the delivered design-build services. Because design-builders primarily provide a professional service, DBIA believes team qualifications should be the focus of the first phase in a typical two-phase best value selection. In Phase 2, a key element of the design-build delivery method is the use of performance-based requirements in lieu of prescriptive specifications. The complete design is not known at time of design-build team selection and the methods used to complete the project are largely at the discretion of the design-builder. Although price is often a factor in the competition, it should not be the dominant factor. Experience shows that the lowest initial contract price does not necessarily equate to the best value for the owner. A piece of equipment or a specific material may cost more at the outset, but could save money for the owner over the life of the asset due to durability or other advantages. In addition, a highly qualified design-builder can provide value through better coordination and scheduling, better communication and collaboration with the parties, cost savings through innovation and avoidance of cost growth, which in other models become an owner responsibility. Focusing the evaluation and selection on non-cost/price factors advances the owner's interests in obtaining the highest quality design-build services. Use of selection techniques such as Build-to-Budget or Fixed-Price Competitive Design help owners ensure proposed prices are affordable while further enhancing the focus on technical excellence instead of proposed initial cost.

- **Fixed-Price Competitive Design.** The owner stipulates the design-build contract price in the RFP, as well as the qualitative evaluation

(Continue to Page 2)



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factors for non-price project elements upon which the selection will be determined. Competitors must submit qualitative offers at the stipulated price. Proposals are evaluated and rated on the non-price factors, and the highest rated proposal is selected for award at the stipulated price.

- **Integrated Assessment and Trade-Off (Federal Model).** The owner identifies in the RFP all non-price factors and their relative order of importance. Price is also an evaluation factor, but is significantly less important than the aggregate of the non-price factors. Each proposal is assigned a subjective rating (color, adjective, or other) for each non-price evaluation criterion. Price for each proposal is evaluated for reasonableness and sometimes for realism, but ratings are not assigned. The owner's selection official considers all ratings and price evaluation findings for all competitors and, given the stated relative order of importance of the evaluation factors, subjectively selects the proposal that represents the best value. In some cases, the selection official will "trade-off" a higher proposed price in order to select a higher rated technical proposal, or vice versa.

The critical feature in each of these processes is the establishment of a system by which proposals can be evaluated. If such a system is to be used in the selection, it naturally follows that it should be disclosed to the proposers. Disclosure encourages participation in the owner's competition, imparts a sense of high integrity and clarity to the process, and results in proposals which respond more closely to the owner's requirements and expectations.

DBIA recommends owners take action to attract the best design-build teams and strengthen the competitive field for the best value selections:

- Impartiality and integrity of the owner's selection process have a direct bearing on the quality of design-build teams that will compete for the owner's projects and, therefore, on the owner's eventual overall project satisfaction. In addition to the items discussed above, owners should ensure their selection process is established prior to initiating a competition, and the process should be captured and communicated internally to all individuals involved on the owner's side. Owner personnel participating in the evaluation or selection process must be free from bias or the perception thereof, competent, and qualified for the evaluation or selection role to which they are assigned.
- Owners should offer stipends to encourage participation in the otherwise costly best value proposal process.
- To further reduce the proposal burden on competitors, owners should limit proposal deliverables to those required for proper evaluation of the proposer's designs, leaving highly technical or detailed submittals for post-award submission.
- Owners should shortlist three design-build teams from Phase 1 of the best value process to provide final proposals in Phase 2.

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