

Summary of Changes to The City of London's Consultant Appointment Policy

City of London Adopts Qualifications-Based Selection (QBS)

The City of London has made several changes in their Environmental and Engineering Services Department (EESD) in an effort to achieve the highest quality consulting services at the lowest life-cycle cost for all engineering projects. As a result non-productive activities for consultants and city staff are eliminated.

In making these changes, value and quality were a priority in considering the taxpayers who will benefit from receiving the highest quality consulting engineering services.

The process was introduced over a period of time as follows:

- 2004 – consultant performance evaluations for future consultant selections
- January 2005 – new policy came into effect - price taken out of weighting in RFP evaluation
- October 2005 – decision to undertake trial for qualifications based selection (QBS)
- March 2006 – trial QBS for grouped water and sewer replacement projects
- January 2007 – full adoption of QBS within EESD for all projects

The message to the City of London's consultants is clear and sets priorities for the highest quality, designs, service, and finished product at a reasonable price. In assessing outcomes those who perform well and provide quality services or products will be rewarded with additional work.

The decision to move to QBS procurement for all assignments was based on the very positive results seen with the grouped replacement trial, including the time savings, and the shift in focus to infusing quality in the jobs. This is in contrast to the previous RFP process which had consultants spending excessive amounts of energy trying to "win" the job, and staff trying to figure out "who should win". Under this previous process three consultants were invited for each of eight replacement projects. It became clear that 1/3 of the consultants were successful in winning the assignment, while the efforts of 2/3 of them were wasted. In some cases consultants were quite discouraged by coming in second three times in a row for work that they were well qualified for. What also became clear was that often the "winner" was really a "loser" when price was included in the selection process since they could not do the job for the price that had been submitted.

Under QBS, the grouped process invites 6 to 8 consultants who have demonstrated good performance on previous city assignments for 6 to 8 water and sewer replacement projects. These projects account for approximately 20% of all consulting assignments in EESD. These projects are typically similar in scope and scale and re-occur annually. One Statement of Qualification (SOQ) is prepared by each consultant with information identifying why they are particularly well qualified for specific projects within the project grouping. The city believes that it is saving over \$70,000 per year on the selection process for all parties. Staff time, including politicians' time, is reduced by over 200 hours. Although time commitments for senior staff are slightly higher than with the prior process, it ensures proper supervision. The productivity that is leveraged with the remaining technical staff is significant and ultimately benefits the final construction project. The other significant saving is in terms of the overall schedule for

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appointment of consultants and moving the work into design. The "end product" is then the finished construction project, not the "consultant selection".

The top ranked consultants for the grouped assignments are those firms that have determined what it will take to make the project(s) they have selected successful for the city. In this way energies can be focused on one or two projects instead of on many. Competition and interest are maintained as there is no guarantee that each consultant will be selected for a project, since, in some cases, two projects have been awarded to the highest ranked consulting firm while leaving other firms out.

In 2007, QBS has been adopted on all projects with similar anticipated savings. Although there are fewer opportunities for grouping assignments depending on the nature of the projects, savings result by having only the successful consultants prepare detailed work plans and fee estimates. Moreover, city staff are only required to review these work plans and fee estimates. Savings result, in part, from the fact that the submission requirements for the SOQ are significantly less rigorous than previously required for detailed proposals.

For the City of London's larger projects (over \$500,000 in fees), the city has retained elements of its previous two-step selection process, while using QBS for short-listing consultants and selection of the preferred firm. Consultants are invited through public advertising to submit an expression of interest. The short list of three consultants is determined by screening their general qualifications. The short listed consultants then prepare a statement of qualifications with their suggested approach on how the project would be undertaken. Interviews are then held to select a firm. Consultant selection is highly dependant on qualifications, past performance and innovation.

Modifying the city's selection process has required several coordinated activities:

- Senior management leadership – primarily driven by its general manager including the buy-in of all service area directors
- EESD champions to develop the details – policy statements, evaluation forms, communication of policy and process, tracking of results, and improvement in process
- Cultural shift among program and project managers to implement the system – although most managers were in agreement with the new process, some education and coaching was required to address some of their concerns
- Support from the consulting community and professional associations

The investment made by the City of London in developing and implementing a responsible, respectful and professional consultant selection process will result in benefits to its taxpayers and ratepayers for many years to come. It will ensure sustainability of the City of London's infrastructure at the highest service level for the lowest total cost.