

ACEC New York
American Council of Engineering Companies of New York

AMERICAN COUNCIL OF ENGINEERING COMPANIES OF NEW YORK

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Including an indepth look at the many benefits of QBS

A closer look at the procurement process known as Qualifications-Based Selection

NEW YORK, N.Y.—New York City and many New York State authorities rely on engineers and architects to design the public facilities that millions of New Yorkers depend on, day after day. It is therefore in the best interests of these entities to choose the most highly qualified engineering and architectural professionals for these projects—professionals whose training, judgment and experience profoundly impact the health and safety of the public and the reliability and durability of city and state infrastructure.

ACEC New York believes that the best method for choosing these professionals is Qualifications-Based Selection (QBS), a procurement process widely used throughout New York and the country, but not yet used in N.Y.C. and by a number of state authorities. QBS, which designates superior qualifications and experience the paramount basis for selection, consistently results in first-rate design and construction and, in the long run, saves taxpayers millions of dollars.

ACEC New York has been advocating QBS to N.Y.C. and New York State authorities for many years. The reasons are clear. QBS benefits everyone, including:

- **Agencies.** QBS allows agencies to select the design firm with the best experience, capabilities, technical approach and quality of personnel, matched to the needs of the project and the agency.

- **Contractors.** QBS generates better plans and specifications, resulting in higher quality contract documents that make bidding on and carrying out construction easier.

- **Taxpayers.** QBS fosters the development of innovative, cost-effective design solutions at a fair market value, resulting in lower overall project costs, minimizing delays, cost overruns and litigation, and lowering operating and ownership costs.

- **The community.** QBS generates projects with design so-

lutions that best meet the needs of the project, emphasizing public health, safety and quality of life.

Cost-effective

In the long term, QBS saves money. Cost-based procurement, which focuses primarily on price, may sometimes result in a lower *initial* design cost, but QBS generates a better project with lower *overall* costs—from design through construction to ongoing operation and maintenance. Moreover, the fee for the design professional amounts to only a small percentage—according to *Dunns*, a leading construction industry publication, less than 1 percent—of total life-cycle costs.

It is also important to remember that price *is* a factor in QBS. However, unlike cost-based procurement, with QBS price comes into play later in the selection process, after the highest technically ranked firm is selected and the project scope is fully defined. QBS generates a realistic fee based on a fee proposal by the consultant and negotiations with the agency. If an agency cannot negotiate a fair price with the first choice of consultant, it has the option to open negotiations with the next highly qualified consultant.

A history of success

Historically, QBS has been used to select engineers and architects to design the nation's public works—including monumental New York projects such as the Verrazano Narrows Bridge, the Foley Square Court House, and New York City's water supply and public library systems.

In 1972, QBS was officially mandated for virtually all federal projects through the passage of the Brooks Act. QBS is also mandated in 44 states, including New York State, which in 1980 passed Section 136-a of the State Finance Law to codify a QBS process that had been used in the state for many years. All state agencies, such as the N.Y. State Dept. of Transportation, use it as standard policy. Many authorities, counties, towns, cit-

ies and villages throughout the state—and country—use QBS because it is recommended by the National Bar Association and by their municipal attorneys.

In addition to ACEC New York, QBS is now endorsed by the New York Building Congress, American Institute of Architects, General Contractors Association, New York State Society of Professional Engineers, American Society of Civil Engineers, ACEC and American Bar Association.

Supported by data

Studies clearly demonstrate the superiority of QBS. A study comparing cost-based procurement in Maryland with QBS in Florida between 1975 and 1983 drew two significant conclusions: 1) the cost of Florida's QBS process was less than half the cost of Maryland's cost-based process; and 2) for every dollar spent on contracts in 1983, Maryland's procurement process cost 3.8 cents, compared to Florida's 1.6 cents. Consider

these other compelling statistics:

- Number of contracts awarded and estimated construction costs: Maryland: 174, totaling \$518 million; Florida: 1,166, totaling \$875 million

- A/E selection and design costs as a percentage of estimated construction costs: Maryland: 13%; Florida: 6.8%

- Average project cycle from A/E selection through construction: Maryland—49 months; Florida—35.5 months

- Capital construction dollars spent in 1983: Maryland, \$65 million, with a budget of \$2.5 million and 96 personnel; Florida: \$100 million, with a budget of \$1.6 million and 51 personnel

Does cost based procurement save money? No! A 1999 report by the New York City Mayor's Office of Contracts claimed that there were cost savings achieved with cost-based procurement. But an independent academic study conducted in 2002 at Polytechnic University, in Brooklyn,

NY, and sponsored by the New York Building Foundation analyzed their report and found it seriously flawed. The same independent study surveyed both cost and qualifications based procurement practices throughout the U.S. and assessed the benefits and disadvantages of each. The key conclusions are:

- QBS results in better projects with lower overall costs.

- QBS offers significant advantages over cost-based selection.

- The use of cost as the key selection factor may result in inferior projects even if the highest qualified firm is selected, since many of the disadvantages of bidding prevail.

There are good reasons why QBS is the preferred procurement process throughout the U.S. and in much of New York. Quite simply, it works. And its success has been proven in project after project—in New York and around the country.

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