

Value Based Procurement Can Maximize

Social value for \$

Environmental value for \$

Economic value for \$

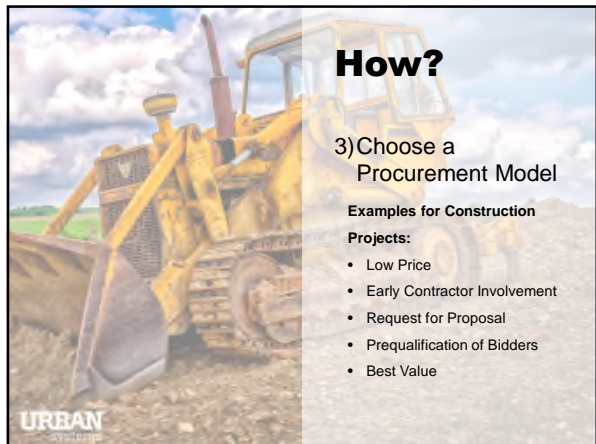
Value Based Procurement

- Operational Spending
 - *(catering, office supplies, printing, etc.)*
- Goods and Services
 - *(planning and engineering services, equipment, etc.)*
- Development Agreements

★ Infrastructure Projects

How?

- 1) Review your Procurement Policy
- 2) Determine Which Community Values to Evaluate



How?

3) Choose a Procurement Model

Examples for Construction Projects:

- Low Price
- Early Contractor Involvement
- Request for Proposal
- Prequalification of Bidders
- Best Value

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Procurement Model Example

Best Value

Developed by Arizona State University

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Why Best Value?



THE CONSTRUCTION INDUSTRY EXPLAINED

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Best Value

- Community Values
- Trade Law compliant
- Wide range of construction projects
- Comparative evaluation model
- Clarification Period




Impact of Clarification/Pre-Award

(General Services Administration)

No	CRITERIA	Traditional RFP	ASU-BV
1	Number of projects analyzed	11	10
2	Total awarded cost	\$14,244,385	\$9,994,887
3	Total awarded schedule	1,822	1,373
4	Percent awarded cost below budget	4.4%	6.0%
5	Average time RFP Release to Contract	68 days	78 days
6	Average BV-PA duration (days)	0	7
7	Average Overall Change Order Rate	50% Decrease	
8	Average Overall Project Delay Rate	38% Decrease	
9	GSA Satisfaction Rating of Contractor/job	34% Increase	

For within BV projects, also tested "≤1 week" PA vs ">1 week" PA

- Longer PA had **33%** lower change order rate (**73% reduced overall**)
- Longer PA had **69%** lower delay rate (**73% reduced overall**)



WHO?

Stakeholders

in Value-Based Procurement

- Elected officials
- Staff who procure municipal services
- Current suppliers / vendors / contractors
- Future suppliers / vendors / contractors
- Strategic Advisors
 - Legal Advisors
 - Engineering Consultants



Emerging Trend


- Some values are more straightforward to incorporate into documents than others
- Requires continual learning and adapting of processes
- One size does NOT fit all



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Key Take-Aways

- Needs to be Best Value for your dollar
- Maximize your procurement dollars
- Important to define what is most important to your community
- Requires conversations



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Next Steps

- Contact strategic advisors
- Determine the objectives that you want to achieve with Best Value
- Review your public procurement policy and determine if changes need to be made then change them



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Next Steps

- Have conversations and education sessions with internal stakeholders
- Choose a procurement model
- Educate Future and Current External Stakeholders
- Start Early!

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Summary

Value Based Procurement

- What is it?
- Where could it Apply?
- How to Implement?
- Stakeholders
- Next Steps

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EMERGING TRENDS IN MUNICIPAL LAW 2019

THE BIG THREE of VBP

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1. Prequalification
2. Procurement Rules
3. Contract Delivery Models

Overview

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Prequalification

- Permitted by the **CFTA** and the **NWPTA**
- When should it be used?

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Procurement Rules

- **CFTA** and **NWPTA** rules
- Legitimate Objectives
- Prohibited Practices


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Business Solutions 3

Contract Delivery Models

Question: What contract delivery models deliver more or better value?

Answer: Non- traditional models

- Design Build
- Integrated Project Delivery

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Questions?





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