1. Best Value

What is it?

A procurement process where price and other key factors are considered in the evaluation and selection process to minimize impacts and to enhance the long-term performance and value of construction (*1, 2*).

Why use it?

In certain circumstances, an STA may have a project that is complex and/or large in size that requires additional qualifications to be considered along with the price of the project.

What does it do?

Best value allows STAs to select a constructor for a project based on price and other factors such as qualifications, schedule, quality and others.

How to use it?

Best value can be used in a variety of ways using different algorithms. The most common types of best value are found in sections B.2.1 through B.2.7 and are listed below:

* Fixed budget / best proposal (B.2.1)
* Adjusted score (B.2.2)
* Adjusted bid (B.2.3)
* Weighted criteria (B.2.4)
* Meets technical criteria – low bid (B.2.5)
* Quantitative cost – technical tradeoff (B.2.6)
* Qualitative cost – technical tradeoff (B.2.7)

When to use it?

Best value is a procurement procedure most commonly used with the design-build delivery method. Design-build projects only have limited design complete so that just procurement based on price would not be the best option for selecting a firm. Also, design-build projects require the selected firm to perform design and construction, so other factors need to be considered when selecting a firm.

Best value can also be used with other delivery methods in instances when selecting a contractor just on price is not the best option due to the scope, size and complexity of a project. Also, best value allows for more innovations to be thought out during procurement that can then be implemented during design and/or construction.

Limitations?

The majority of limitations to using best value are related to federal, state, and local laws and regulations. When competitive bidding (low bid) is required for a project, best value cannot be used without receiving special consideration from legislation. In addition, many STAs may not have the knowledge or resources to conduct a best value procurement, which then deters its use.

Who uses it?

Colorado, Florida, Minnesota, Utah

### Example

The Minnesota Department of Transportation (MnDOT) recently completed the new Hastings Bridge design-build project (3). This project was a major bridge replacement along TH 61 in Hastings, MN to replace the existing 2-lane highway over the Mississippi River with a 4-lane highway along with design and constructing the approaches on the north and south sides of the new bridge.

The Hastings Bridge project was selected to be design build based on the direction of the interim highway commissioner to accelerate the project as the schedule was the most important aspect of the project. Based on this, MnDOT moved forward with procuring a design-build firm using best value procurement. The information below is taken from the Hastings Bridge request for proposal (RFP), which outlines the evaluation and scoring method used to compare the received bids for the more than $100 million project.

**4.0 Evaluation Procedure**

The Proposals will arrive in three separate marked packages; the Technical Proposals in one package, the Price Proposals in the second package, and the EEO/DBE Submittal in the third package. The Price Proposals will remain unopened until the Technical Evaluation process has been completed and all Technical Proposals have been scored by the TRC. The Technical and Price Proposals will remain separated until the Technical Proposal scores are submitted to the Commissioner or designee prior to the Price Proposals opening. The Mn/DOT Office of Civil Rights will begin evaluating the EEO/DBE Submittal.

The following presents a general framework for the organization of the TRC and the methodology for scoring the Proposals in relation to the information that was requested in the RFP.

**4.1 Technical Evaluation Procedure**

The following steps summarize the general procedures for the Technical Proposal evaluation:

* *Step 1 – Responsiveness Review: Pass/Fail Evaluation.*  The Legal Subcommittee will review the Technical Proposals for responsiveness and make a recommendation to the TRC for consideration.
* *Step 2 – Responsiveness Review: ATCs:* The TRC Chair or designee will review whether the Proposer properly incorporated any ATCs into its Technical Proposal and make recommendation to the TRC for consideration.
* *Step 3 –* *Responsiveness Review: PAEs*: The TRC Chair or designee will review whether the Proposer properly incorporated all PAEs into its Technical Proposal and make recommendation to the TRC for consideration
* *Step 4 –* *Technical Proposal Review:* The TRC, Technical Subcommittees, Technical Advisors, and Process Oversight Committee will review the Technical Proposals.
* A representative of each Technical Subcommittee will provide their subcommittee’s findings of strengths and weaknesses to the TRC.
* *Step 5 –* *Responsiveness Review: Technical Proposals:* The TRC will determine if each Technical Proposal is responsive to the RFP.
* *Step 6 –* *Interviews (if used):* The TRC will participate in an oral presentation and Technical Advisors and Technical Subcommittee members may participate in an oral presentation with each proposing teams.
* *Step7 –* *Technical Scoring:* The TRC will determine the Technical Proposal scores.
* *Step 8 –* *Oversight Review:* The TRC Chair will present a summary of the technical Proposal scores to the Chief Engineer. The TRC will finalize scores. Scores are final and not subject to modification by an outside party.
* *Step 9 –* *Price Proposal Opening:* The Commissioner or designee will publicly open the Price Proposals and determine the adjusted score of each Proposal.

**4.2 Step 1 – Responsiveness Review: Pass/Fail Evaluation**

The Legal Subcommittee and/or the Process Oversight Committee will review the Technical Proposals for responsiveness to the RFP requirements by completing and forwarding to the TRC Chair, Appendix A for each Technical Proposal. The Chair will also request that a representative of the Legal Subcommittee report its findings to the Technical Review Committee.

If a Proposal obtains an initial non-responsive or fail score, the TRC Chair may issue requests for clarification or supplemental information from the Proposer to obtain a subsequent responsive or passing rating.

If a Proposal fails to achieve a passing score on any of the pass/fail portions of the evaluation, refer to Step 4 – Responsiveness Review: Technical Proposal.

**4.3 Step 2 – Responsiveness Review: ATCs**

The TRC Chair and/or designee will verify that any ATCs included in the Technical Proposal were properly incorporated by completing Appendix B for each Technical Proposal. The TRC Chair reserves the right to request clarifications from Proposer’s if incorporation of an ATC is unclear.

**4.4 Step 3 – Responsiveness Review: PAEs**

The TRC Chair and/or designee will verify that all PAEs in the Technical Proposal were properly incorporated by completing Appendix B for each Technical Proposal. The TRC Chair reserves the right to request clarifications from Proposer’s if incorporation of a PAE is unclear

**4.5 Step 4 – Technical Proposal Review**

The TRC, the Technical Subcommittees, and Technical Advisors will conduct the Technical proposal review and evaluation. The following procedures outline the process to be followed during Step 3 of the evaluation process.

* The TRC Chair will assign members of the TRC, along with other personnel, to serve on Technical Subcommittees. This assignment will be based on the technical expertise of the individual member being asked to serve.
* The TRC Chair will hold a Proposal evaluation kick-off meeting to review the Instruction to Proposers (ITP) and the Technical Proposal Evaluation Manual with the TRC, POC, Technical Subcommittees, and Technical Advisors.
* Following the kick-off meeting, each Technical Subcommittee as a group will review each Proposal, focusing on the technical issues associated with that subcommittee. The Technical Subcommittee facilitators may provide written clarification questions to the TRC Chair to request a clarification notice be sent to a Proposer. Each Technical Subcommittee will provide a single collective assessment of strengths and weaknesses findings to the TRC Chair on Appendix C (or other format approved by the TRC Chair) for each Technical Proposal. Strengths and weaknesses are defined with respect to the qualitative ratings set forth in Section 5.
* In conjunction with the completed strengths and weaknesses findings from the Technical Subcommittees, the Technical Advisors will review the Proposals and provide input to the TRC during the TRC Proposal Evaluation meeting.
* The TRC Chair will hold an initial TRC Proposal Evaluation meeting that will include the TRC and Technical Advisors. TRC members and Technical Advisors will independently review the Proposal materials. TRC members will be allowed to begin drafting comments on the forms in Appendix C, make notes in Proposals, formulate clarification questions, or draft potential interview questions. TRC members shall not begin any scoring in Appendix E at this time. No discussions regarding the Proposal contents shall occur during this initial review, unless authorized by the TRC Chair. TRC members may take notes on separate pieces of paper or request additional forms from the TRC Chair. However, all notes must be included with the Evaluation Manual at the conclusion of the Proposal review process. TA members will also be allowed to make notes on the forms in Appendix C.
* The TRC, TA and POC members meet to discuss the Proposals. After the TRC has reviewed each Proposal at least once, representatives of the Technical Subcommittees will report their committee’s strength and weakness findings of each Proposal to the TRC. Discussions may take place before the Technical Subcommittee reports, but shall not conclude before the Technical Subcommittee reports. Copies of the strength and weakness findings of the Technical Subcommittee reports will be provided to each TRC, POC and TA member. TRC, TA and POC members will be allowed to ask the Technical Subcommittee questions regarding their findings. The Technical Subcommittees and Technical Advisors may also suggest questions for the oral presentations.
* The TRC members may provide written clarification questions to the TRC Chair to request a clarification notice be sent to a Proposer.
* The POC will assign each TRC member with a unique identification number. The TRC members shall use their unique identification number on all forms, not their names. The POC will maintain a log detailing TRC members and their corresponding identification numbers.

**4.6 Step 5 – Responsiveness Review: Technical Proposals**

The TRC will meet and discuss the overall responsive of each Proposer to the RFP. A Proposal will be determined as Responsive unless:

* The Proposal does not receive a “pass” in Step 1 (Responsiveness Review: Pass/Fail Evaluation) or Step 2 (Responsiveness Review: ATCs and PAEs).
* The Proposal contains a major defect or defects that, in Mn/DOT’s sole discretion, would significantly violate an RFP requirement.
* The Proposer places any condition on the Proposal.

The TRC shall vote orally on the responsiveness of each Technical Proposal. The TRC Chair shall record the results on the form provided in Appendix D. A Technical Proposal shall be deemed non-responsive if at least 2/3 (66%) of the TRC members vote in favor of declaring a proposal non-responsive.

If a Proposal is deemed non-responsive, TRC may request, through the TRC Chair, clarification or supplemental information from the Proposer to obtain a subsequent responsiveness determination. The TRC Chair will obtain the requested information from the Proposer. The POC will review the clarification received and provide the TRC with information only relevant to the question of responsiveness.

If a Proposal is deemed non-responsive by the TRC, the TRC shall document the reasons to the TRC Chair. The TRC Chair will notify the Commissioner or designee that the Proposer has been determined as non-responsive to the RFP. If the Commissioner or designee concurs with the TRC non-responsive recommendation, the TRC Chair shall draft a notice for the Commissioner’s or designee’s signature after which the notice will be issued to the appropriate Proposer.

**4.7 Step 6 – Interviews (if used)**

* If an oral interview is required, the TRC and TA members shall formulate questions. The interview questions must include questions that are asked to all teams, but may also include questions specific to individual teams.
* The TRC will participate in the oral interviews. Technical Advisors, Process Oversight Committee and representative from each Technical Subcommittees may be present, but will not be allowed to directly ask follow-up questions to the Proposers.
* TRC members may consider the contents of the oral interviews in their evaluations.

**4.8 Step 7 – Technical Scoring**

* Following the oral interviews, the TRC, TA and POC members will meet again to discuss the interviews and contents of the Proposals. After all discussions have ended, each TRC member will independently record his/her final comments on the evaluation forms included in Appendix C. Evaluation comments shall be specific and not generalized.
* The TRC members shall independently score each Proposal by assigning a percentage based on the Qualitative Assessment rankings shown in Section 5.0. TRC members will multiply the percentage by the maximum total points in each category and record this value in the Evaluators Technical Proposal Score column in Appendix E.
* Each TRC member will complete the Evaluator Scoring Sheet in Appendix E by summing the Evaluator’s Technical Proposal Score column. Each TRC member must give 50 points for responsiveness if the Proposer passes Step 5 (Responsiveness Review: Technical Proposals).
* The Process Oversight Committee and/or Technical Advisors will audit the evaluation forms and score sheets from each TRC member and sign the Form in Appendix E following the audit.
* The TRC Chair, with assistance from the POC, will determine the average score for each Technical Proposal from all of the scores provided by the TRC members. The average technical score will be computed on Appendix F with a breakdown by criteria shown on Appendix G.
* The TRC chair shall keep a log of the identification of each TRC member and Proposer. The TRC Chair may reveal the overall technical scores to the TRC members.

**4.9 Step 8 – Oversight Review**

* The TRC Chair and a member of the POC will submit the results shown in Appendix F and Appendix G to the Chief Engineer. The TRC chair and POC shall not reveal to the Chief Engineer the names of the Proposers unless the Chief Engineer requests that he/she is considering having the TRC continue to review the proposals.
* The Chief Engineer will review the results. The scores shall be considered final if the Chief Engineer has no questions regarding the results.
* The Chief Engineer may meet with the TRC and request clarification on the scoring. The Chief Engineer may also request that the TRC continue reviewing the proposals.
* TRC members may adjust their scoring and comments in Appendix C after further consideration. Adjustments to the scores shall be made on the Appendix E sheet by crossing out changed scores with adjusted scores.
* The Process Oversight Committee and/or Technical Advisors will audit the revised evaluation forms and score sheets from each TRC member and initial and date the Form in Appendix E following the audit.
* The TRC Chair, with assistance from the POC, will recompute the average score for each Technical Proposal from all of the scores provided by the TRC members on Appendix F and Appendix G. The TRC Chair will reveal the results of Appendix F and Appendix G to the TRC members.
* The TRC Chair will submit the results along with a report of the results of the evaluation to the Commissioner or designee, following an audit by the Process Oversight Committee.

**4.10 Step 9 – Price Proposal Opening**

* On the Price Proposal opening date, the Commissioner or designee will announce the Technical Proposal score for each Proposal, and will publicly open the Price Proposals and divide the Price Proposal by the Technical Proposal score to obtain the adjusted score of each Proposal. The Commissioner or designee may use a spreadsheet similar to Appendix H.
* After the adjusted scores are determined, the TRC Chair or his designee will perform a responsiveness review of the Price Proposal with the lowest adjusted score.
* Proposers that submit Price Proposals that exceed $220,000,000 will be deemed non-responsive.

**5.0 Technical Proposal Scoring**

The TRC will review the Technical Proposals, along with the strength and weakness findings prepared by the Technical Subcommittees, according to the criteria set forth in the RFP. Each TRC member will then qualitatively evaluate each of the major categories. Proposal elements will initially be given a qualitative rating. The five assessment levels of general competency are:

* **Excellent (91-100 percent):** The Proposal demonstrates an approach with unique or innovative methods of approaching the proposed work with an outstanding level of quality. The Proposal contains many significant strengths and few minor weaknesses, if any. There is very little risk that the Proposer would fail to satisfy the requirements of the design-build contract.
* **Very Good (76-90 percent):** The Proposal demonstrates an approach offering unique or innovative methods of approaching the proposed work. The Proposal contains many strengths that outweigh the weaknesses. There is little risk that the Proposer would fail to satisfy the requirements of the design-build contract. Weaknesses, if any, are very minor and can be readily corrected.
* **Good (61-75 percent):** The Proposal demonstrates an approach that offers an acceptable level of quality. The proposal contains strengths that are balanced by the weaknesses. There is some probability of risk that the Proposer may fail to satisfy some of the requirements of the design-build contract. Weaknesses are minor and can be corrected.
* **Fair (50-60 percent):** The Proposal demonstrates an approach that marginally meets the RFP requirements/objectives. The weaknesses are not offset by the strengths. There are questions about the likelihood of success and there is a risk that the Proposer may fail to satisfy the requirements of the design-build contract. There are a significant number of weaknesses and very few strengths.
* **Poor (0-49 percent):** The Proposal demonstrates an approach which contains significant weaknesses/deficiencies and/or unacceptable quality. The Proposal failed to meet the stated RFP requirements/objectives and/or lacked essential information and is conflicting and/or unproductive. There is not a reasonable likelihood of success and a high risk that the Proposer would fail to satisfy the requirements of the design-build contract. There are a significant number of weaknesses and very few strengths, if any.

**Strengths and weaknesses are defined as follows:**

* Strengths – That part of the Proposal that ultimately represents a benefit to the Project and is expected to increase the Proposer’s ability to meet or exceed the RFP requirements.
* Weaknesses – That part of a Proposal which detracts from the Submitter’s ability to meet the RFP requirements or may result in inefficient or ineffective performance.

Once the TRC members assign qualitative ratings to each Proposal category, the TRC members will convert the ratings to a numbered value for the purpose of arriving at the official technical score for the Proposal. The Proposer will not receive a stipend unless the Proposal is deemed responsive.

The progression of scoring from Fair to Good to Very Good through Excellent will reflect the aggressiveness of the Proposer’s unique and innovative ideas to bring Mn/DOT increased benefit, advantage, quality and overall best value.

The Technical Proposal and oral interview, if held, will account for 100 percent of the total technical score.

Each Proposal will receive an average technical score. The average technical score will be determined by summing all TRC members’ official technical scores and dividing by the number of TRC members. The Commissioner of Transportation will be advised of the Technical Review Committee average technical scores for each team. The TRC average technical scores are not subject to modification and will be used in the determination of the Design-Build Best-Value Team.

MnDOT used the above evaluation and scoring to rate the proposals from three design-build firms. The technical portion of each proposal received the evaluation first before opening the bid price portion. The table below summarizes the technical scoring for the three proposals using the evaluation information from above. The scores shown are the average scores from the five MnDOT evaluators.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Max points possible | D-B Firm #1 | D-B Firm #2 | D-B Firm #3 |
| Bridge components | 34 | 30.54 | 29.30 | 26.17 |
| Environmental management | 6 | 4.78 | 5.15 | 4.08 |
| Maintenance of traffic | 5 | 4.29 | 4.16 | 2.75 |
| Public communication | 2 | 1.90 | 1.84 | 1.74 |
| Schedule | 3 | 1.78 | 2.77 | 2.45 |
| Responsive proposal | 50 | 50.00 | 50.00 | 50.00 |
| TOTAL SCORE | 100 | 94.29 | 93.22 | 88.75 |

The next step was then to open the bid prices from each proposing firm. The table below outlines the total costs proposed by the three D-B firms.

|  |  |  |  |
| --- | --- | --- | --- |
|  | D-B Firm #1 | D-B Firm #2 | D-B Firm #3 |
| Project Management | $34,241,000.00 | 14,579,142.00 | 25,170,937.87 |
| Engineering & Construction | $125,118,000.00 | $105,251,748.00 | $109,022,563.00 |
| TOTAL PRICE | $159,359,000.00 | $119,830,890.00 | $109,022,563.00 |

The final analysis is to compute the final proposal scores using the technical score and the total price. MnDOT used an adjusted bid best value method by dividing the total price by the technical score. The table below summarizes the final results. Using the lowest score as the best score, D-B firm #2 was awarded the project.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Technical Proposal Score | Proposal Price | Adjusted Score (Price / Technical Score) |
| D-B FIRM #1 | 94.29 | $159,359,000.00 | 1,690,126.65 |
| D-B FIRM #2 | 93.22 | $119,830,890.00 | ***1,285,416.43*** |
| D-B FIRM #3 | 87.11 | $134,193,500.87 | 1,540,431.99 |

References

1. Scott, Sidney, Keith R. Molenaar, Douglas Gransberg, and Nancy C. Smith. *NCHRP Report 561:* *Best-Value Procurement Methods for Highway Construction Projects*. National Cooperative Highway Research Program, Transportation Research Board, Washington DC, 2006.
2. Anderson, Stuart D., and Jeffrey S. Russell. *NCHRP Report 451:* *Guidelines for Warranty, Multi-Parameter, and Best Value Contracting*. National Cooperative Highway Research Program, Transportation Research Board, Washington, DC, 2001.