

QUALIFICATIONS-BASED SELECTION PROMOTES EXCELLENCE AND SAVES MILLIONS

The American Council of Engineering Companies of New Jersey (ACECNJ), an organization representing over 100 engineering firms that collectively employ more than 5,200 people in New Jersey, aggressively supports the use of Qualifications-Based Selection (QBS) procurement methods for professional services.

QBS, a procurement process widely used throughout the state and the country, designates superior qualifications and experience as the paramount basis for selecting engineering and architectural professionals for public facilities projects. QBS provides the public owner with the most qualified firm who can deliver the best design to meet the project needs.

Consistently resulting in first-rate design and construction and, in the long run, saving taxpayers millions of dollars, 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;
- Generates better plans and specifications, resulting in higher quality contract documents that make bidding on and carrying out construction easier;
- 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;
- Generates design solutions that best meet the needs of the project, emphasizing public health, safety and quality of life.

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. A recent study by ACEC shows that the use of QBS for public projects produced lower project costs and reduced schedule. Moreover, the rate of change-orders decreased from 10% to 3% on average, and 3% schedule growth compared to the industry average of 8.7%.

It is important, however, to remember that price *is* a factor in QBS. 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 negotiate with the next highly qualified consultant.

QBS is required by law in 46 states including New Jersey (NJSA 52:34-9.1). New Jersey's QBS law applies not only to all Departments and Divisions of State Government, but to any independent State authority, commission, instrumentality or agency (the project owners). Many county and local governments also follow QBS requirements as standard practice as stewards protecting the public's best interest.

In addition, the Federal Brooks Act (P.L. 92-582) was enacted in 1972 and requires the use of QBS for virtually all Federal projects. This means that any project with federal dollars, or any state-funded design that is used for a non-federal match on construction funding, must be QBS compliant. The Federal Highway Administration (FHWA) issued policy guidance in July 2011 reaffirming this position. *See*, <http://www.fhwa.dot.gov/programadmin/172qa.cfm>.

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