



**RFI - Qualification Based Selection Model and Social Procurement**

**ANNEX A  
QUESTIONS**

#	Question	Response
Q1	Please provide a brief description of your organization (100 words or less). Your response could also include any experience you have in responding or working with QBS RFP's. Also, based on the definition of a diverse supplier (see section 4.), do you meet the criteria to qualify as a diverse supplier? Include the name, mailing address, phone number, and email of a designated contact.	<p>As a self-regulating body, the Ontario Association of Architects (OAA) is dedicated to promoting and increasing the knowledge, skill and proficiency of its members, and to administering the Architects Act, in order that the public interest may be served and protected. The OAA comprises approximately 4,000 licensed architects, 1,500 architectural interns and more than 1,750 practices. As part of its regulatory mandate, the Association provides a wide range of services to its members and the public. We enjoy a longstanding, collaborative relationship with all levels of government</p> <p>1 Duncan Mill Rd. Toronto, ON M3B 1Z2 T: 416.449.6898 Toll Free: 1.800.565.2724 F: 416.449.5756 E: oaamail@oaa.on.ca</p>
Quality Based Selection Model		
Q2	What advantages or disadvantages does the QBS method present in the selection of a Design Consultant? What advantages or disadvantages does the current model (using 90% technical and 10% cost) present in the selection of a Design Consultant? Would you recommend any other options?	<p>According to the Federation of Canadian Municipalities Infraguide entitled <i>Selecting a Professional Consultant</i>, Canadian and American studies report that engineering/design typically represents 1 to 2 percent of project lifecycle cost. Construction accounts for 6 to 18 percent of lifecycle cost and the remaining 80-93% is taken up by operations, annual and capital maintenance and decommissioning costs.</p> <p>The Infraguide notes that based on “a large body of knowledge on worldwide practices to select professional consultants [t]he most common method recommended is</p>



		<p>qualifications-based selection (QBS).”</p> <p>Value is key. QBS gives an incentive for consultants to add value through innovation and maximizing design life and associated life-cycle savings.</p> <p>Current process penalizes consultants that wish to innovate, commit more resources or anticipate complexities. The lowest fee encourages the lowest service.</p> <p>QBS protects against possibility of a vendor winning on an artificially low price resulting in a poor or unfinished product with associated claims.</p> <p>The Infraguide speaks to all of these points directly. Minor investments in design (as little as an increase of 0.3% of lifecycle cost) can reduce operations and maintenance costs by 5% (a net savings of 4.7%). In other words, small investments in design “returns a savings in the ratio of 11:1”. In effect, there is little to be gained by undercutting design costs but significant cost increases over the long term.</p> <p>With regard to the current process, even a 10% threshold can often lead to lowest price being the determining factor during the selection phase. But whether it is or isn’t the determining factor is immaterial, as proponents will often structure their bids in this fashion anyway, assuming that they must come in as the lowest bid to win.</p> <p>The Infraguide is again clear in this regard, explicitly stating that consulting services “cannot effectively be obtained” through a procurement process intended for commodities or “construction contracts with clearly specified deliverables.” The Infraguide notes that literature reviewed “does not support the assumption” that the lowest-priced proposal represents best value for the</p>
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		<p>client.</p> <p>With the current process, there is also too often an antagonistic contractual relationship from the outset. QBS is more about partnership and relationship building allowing innovation and better service to thrive.</p> <p>If there is any risk or challenge with QBS it comes if qualifications are too narrowly assessed. This eliminates the ability of other firms to gain experience.</p>
Q3	<p>Is there potential for QBS to have a positive/negative impact on the ability to support small and medium enterprises in the real property design Industry?</p>	<p>QBS generally focuses on the specific team committed to the project rather than the size of firm. Criteria in the qualification stage will be the impetus for supporting SMEs.</p> <p>The Royal Architectural Institute of Canada noted that the experiences in other jurisdictions have shown SMEs are more competitive under QBS.</p>
Q4	<p>PSPC's intention is to only issue Phase 2 of the RFP to the three highest responsive bidders. The highest responsive bidder would provide PSPC a fee proposal to initiate negotiations; if this negotiation fails PSPC then begins negotiations with the second highest responsive bidder. What are your views? Or would you prefer to eliminate Phase 2 in its entirety and have a single phase QBS process?</p>	<p>Two phases is reasonable and preferable. It is keeping with the QBS principle that there are important factors besides fees. It also reduces pursuit costs for firms.</p>
Q5	<p>How would the initial cost of design, due to innovations and improvements to Scope/TOR, be outweighed by final project performance that results from good design solutions (costs, schedule and quality)?</p>	<p>This has been well documented in other jurisdictions. PSPC needs to consider capital and operating costs at the outset of a project.</p> <p>QBS has resulted in significant reductions in construction changes and schedule delays. High quality innovative design and contract documents can extend design life, allow more efficient operation and maintenance, and provide healthier living and working built environments.</p>



		<p>The Federation of Canadian Municipalities Infraguide highlights the fact that engineering/design typically represents 1 to 2 percent of total project cost, yet the work in this phase represents a huge opportunity for lifecycle savings (in the ratio of 11:1 lifecycle savings vs design costs).</p> <p>Investing in the design early on can make the building more efficient to operate, easier to maintain, reduce sickness/health issues of the workers (increasing productivity) and generally improving the lifecycle value of the building is well worth the investment.</p>
Q6	What type of project (or project characteristics) would most benefit from the QBS method? What type of project (or project characteristics) would benefit the least from the QBS method?	While most, if not all, projects would benefit from the QBS method, projects with higher levels of complexity, unique design, risk, and specialization would particularly benefit from the QBS method.
Q7	How could this process allow for the discussion of innovative ideas, alternative approaches, and new technologies which should reduce life cycle costs? Could you provide an example and explain to which extent? Furthermore, In the event that three firms bring forward very different solutions, how can we fairly assess proposals?	<p>A QBS approach allows a design team to accurately anticipate, design and be rewarded for identifying complications or innovations related to the project. Doing so could potentially have a significant cost reduction in the long term (again, think of the 11:1 savings to cost ratio cited in Infraguide), whereas a traditional procurement would discourage a firm from doing so (innovations or significant modifications would likely increase cost, significantly reducing the odds of winning a procurement with a fee component). Under a traditional procurement model, firms are encouraged to minimize costs during the design phase potentially resulting in increased change orders and costs during construction, or throughout the operations and maintenance phase.</p> <p>Ideas and approaches are generated by the requirements of the qualifications portion and depend upon the quality of the project team preparing them. Expertise is needed by those developing the RFP.</p>



		Ideally the process should generate different solutions. The criteria in the process should be measurable and the evaluation team must be qualified. Firms must demonstrate how their submissions meet or exceed the criteria.
Q8	Would oral presentations be valuable to validate the content of the submissions presented in Phase II? How do we ensure this is a success?	Yes. Oral presentations, particularly those that focus on features of proposals that distinguish proponents from one another, are very useful. They are an opportunity to examine many important qualities and considerations, including but not limited to competency, legitimacy, communications skills, design instinct, understanding, and level of engagement in the process
Q9	To what extent would the scope and schedule need to form part of the negotiations in order for QBS to be of value in the selection of a Design Consultant?	<p>The negotiation of scope and schedule ensures a mutual understanding of project outcomes by owner and consultant and can identify issues and risks.</p> <p>The negotiation of scope and schedule ensure a correlation between services to be provided and fees</p>
Q10	<p>Under NAFTA and other trade agreements, Canada may not be allowed, under the QBS context, to negotiate the Terms of Reference resulting in a change or deviation from the scope, project description, etc., set out in the solicitation document.</p> <p>Do you think that QBS could be achieved without negotiating the TOR?</p>	<p>Yes. QBS can be achieved. In fact, Canadian adoption of QBS would mirror and reciprocate processes already in place in the United States. Also, the ability to negotiate is explicitly recognized in some agreements</p> <p>QBS is mandated by federal law in the US and applies to any project using Federal funds. QBS would bring federal procurement practices more closely in line with the US.</p>
Q11	How could PSPC conduct fee negotiations in the framework of QBS? How could Canada support best value as a result of these negotiations?	Canada is a large purchaser of design services. It is in a position to use its own data going forward to develop a fee guide, using a framework like that of the RAIC as a guide. While some deference can be given to historical data, it is important to remember that previous processes likely had a significant fee component or may have ultimately been awarded based on lowest-fee. Data from these procurements may not



		<p>be useful in setting a benchmark.</p> <p>The City of Calgary has had decades of success with QBS and can share its experience. Both the City and its consultants feel that the QBS process, including negotiations, have been successful and beneficial to both.</p> <p>Additionally, GSA in the US has trained negotiators, PSPC could follow this model. Negotiations should consider operations and maintenance, and occupancy costs as well as construction cost to put the services and fees in perspective.</p>
Q12	<p>Would the price support clause, referred to in section 3.3, be valuable or the most difficult during fee negotiations to support best value? Please explain your response.</p>	<p>A&amp;E firms cannot be measured as if they were producing commodities. In fact, the Infraguide document explicitly argues that “consulting services...cannot effectively be obtained in this fashion.” PSPC should enter a procurement process with a solid idea of the range of fees to be requested. The selected firm should be expected to demonstrate how its fee base was established. This can be done through previous projects, analysis of time required for the various aspects and so on.</p>
Q13	<p>In your experience, would the use of Engineering or Architectural Association fee guidelines such as the following, be appropriate to support price during fee negotiations? How would this ensure best value for taxpayers? Could it serve better than the current process?</p> <p><u>Association des firmes de génie-conseil du Québec</u> Schedule of Fees 2015-2016 edition <a href="http://www.afg.quebec/uploads/AFG_Bareme_honoraires_2015_EN.pdf">http://www.afg.quebec/uploads/AFG_Bareme_honoraires_2015_EN.pdf</a></p> <p><u>Ontario Society of Professional Engineers (OSPE)</u> Fee Guideline 2015</p>	<p>Fee schedules are used in context of QBS in some jurisdictions.</p> <p>The owner would be expected to use realistic fees and be prepared to adjust them to reflect inflation, risk, method of delivery, and geographical variations in costs.</p> <p>It is important that guidelines are regularly updated to reflect current market and economic conditions. The current RAIC fee guide would need to be updated before being utilized as a standard.</p> <p>Best value for the tax payer needs to be considered over the life of the facility. To achieve best value RFPs must be set up in a</p>



	<p><a href="https://www.ospe.on.ca/public/documents/general/2015-fee-guideline.pdf">https://www.ospe.on.ca/public/documents/general/2015-fee-guideline.pdf</a></p> <p><u>The Royal Architectural Institute of Canada © 2009</u> A Guide to Determining Appropriate Fees for the Services of an Architect <a href="https://www.mbarchitects.org/docs/guide_architectservicefees(e).pdf">https://www.mbarchitects.org/docs/guide_architectservicefees(e).pdf</a></p>	<p>manner that recognizes life cycle costs. A low initial fee, if inadequate, provides no value to the taxpayer.</p>
Q14	<p>Please see previous question: do you know of any other supporting documentation that could be used to support best value during fee negotiations?</p> <p>What other documentation or supporting method would you propose?</p>	<p>A number of provincial associations publish suggested fee schedules and/or salary surveys that can be used to benchmark negotiations. It is important that guidelines, including the current RAIC guideline are regularly updated to reflect current market and economic conditions.</p> <p>The government itself will gather extensive project data. Going forward, this could be used to seek out and support best value during fee negotiations.</p>
Q15	<p>The QBS Model in the United States has a maximum on the professional AES fees of 6% (of the construction costs) relating to the production of tender drawings and specifications. All remaining costs are negotiated. Is this 6% cap deemed fair in the Canadian marketplace?</p>	<p>Design fees as a percentage of construction costs are only appropriate in simple designs. It is important to consider the complexity and size of the project. A \$10m renovation to a listed heritage building in a tight urban setting, with on-going occupancy during phased construction is far more complex than a \$10m new office building in a greenfield site.</p> <p>Design fees as a percentage of construction costs could be a disincentive to reduce constructions costs.</p>
Q16	<p>How appropriate would it be to apply a percentage cap to the Consultant's fees for the entirety of the services? If appropriate, what % cap would be considered fair and reasonable?</p>	<p>Design fees capped at a percentage of construction costs could be a disincentive to reduce constructions costs through creative or innovative design. However the idea of establishing a reasonable maximum could form part of the early negotiation.</p>



Q17	<p>It would be Canada's plan that the basis of the price negotiation could include as an option an "open book" approach to negotiation. Under this scenario, potential consultants could be required to provide Canada with the necessary supporting costing details of its operations and the planned project costs. How would this condition affect your firm's decision to participate in the RFP process?</p>	<p>This approach could only work if it is established with a clear purpose and set of objectives showing how it is useful for the project. It could also only proceed if personal and commercially sensitive information was appropriately protected.</p>
<b>Social Procurement</b>		
Q18	<p>Could you recommend approaches for incorporating social procurement measures along with A&amp;ES procurements?</p> <p>For example, one approach could be to include a rated criterion in the RFP Phase I to award 5-15% of the total technical score to diverse suppliers. A diverse supplier is currently defined as a business owned or led by Canadians from underrepresented groups, such as women, Indigenous Peoples, persons with disabilities and visible minorities. Each business is usually defined as being owned, operated and controlled by 51% of a given group (e.g., women-owned business, Indigenous-owned business, persons with disabilities-owned business, or visible minority-owned business).</p>	<p>Establishing QBS, then social procurement in a two stage or phased approach may allow for a better and more effective implementation.</p> <p>There should be some consideration of mechanisms to ensure inclusion of qualified smaller firms.</p> <p>One of the key benefits of QBS is the emphasis on the project team, therefore these measures should request information on who would be placed on the project and their role in the firm. The principal should be to promote career development to help place underrepresented groups in ownership positions.</p> <p>Social procurement should be implemented with some understanding of the existing realities in terms of ownership and team composition. PSPC can and should work with licensing authorities to set, test and adjust the requirements. Once a realistic benchmark has been set, the federal government and regulators could work together to set future targets.</p>
Q19	<p>With respect to increasing supplier diversity what measures would you propose PSPC consider?</p>	<p>As mentioned in the previous response, social procurement should be implemented with some understanding of the existing realities in terms of ownership and team</p>



		<p>composition. PSPC can and should work with licensing authorities to set, test and adjust the requirements.</p> <p>The realities of multi-step licensing and significant education commitments that are part of becoming an architect mean that changes to the overall demographic composition of the professional are improving, but the changes are gradual. There may be a role for government in further encouraging and fostering greater interest and pursuit of architectural educational and career paths among underrepresented groups.</p>
Q20	What approaches could PSPC undertake to increase accessibility and capacity of diversity in the procurement system?	<p>It could be mandated that at least one of the firms selected for the interview stage of a project be a new/previously unused or “fresh applicant” firm. Any such firm would still need to meet all qualification requirements.</p> <p>PSPC should also review best practices and experiences in the US.</p>
Q21	Are you aware of any other organizations, besides those listed in section 4 of this RFI, that certify diverse suppliers or social enterprises?	No.
Q22	Certification bodies typically charge a fee to certify a business as a diverse supplier or social enterprise. Are you willing to pay an extra fee to be certified? Do you think it is fair or creates a barrier for your entry?	This will depend upon how diversity is defined and how it is measured. Given that it will be primarily applicable to SMEs, the size of the fee could be contentious.
Q23	Should PSPC use attestation (self-certification) followed by audits, or certification by established certification organizations to qualify diverse suppliers and social enterprises? What other methods would you propose we use to verify diverse suppliers?	<p>Some form of certification can be required during contract negotiation.</p> <p>Both professional engineers and architects are licenced and regulated under provincial law and can be relied upon to self-certify based upon clear requirements.</p>
Q24	Do you anticipate the government of Canada’s commitment to increasing the diversity of	Yes. This will have a net positive impact on the process. If the process is fairer, it will



	businesses owned or led by Canadians from underrepresented groups will have an impact on your participation in A&ES procurements?	encourage more participation. Success will depend on working with licensing authorities to carefully consider how diversity is defined and required to ensure a system that is compatible with what can realistically be provided in the near future.
Q25	What other measures could be incorporated into this method of supply to leverage the government's buying power to support the objectives of the Minister's mandate letter stated in 4.2 of the RFI?	More work needs to go into the definition(s) of diversity and how to best measure diversity in a firm. One important dimension of diversity will be ensuring diversity of the size of firms. Also measuring diversity or presence of people from underrepresented communities may require analysis of the firm in ways other than just consideration of the ownership breakdown.'
Q26	Do you have any other comments or recommendations?	<ul style="list-style-type: none"><li>- Recognize the role of architecture in a broader aspect of the market: as project leaders, project managers, and coordinators. Architecture has the power to affect social change, and impact the design of infrastructure and is not limited to "just" buildings. there is almost no cabinet ministry that is not affected by architecture in some way.</li><li>- Different sectors, businesses, and professions can react and adapt to changes in procurement processes in different ways and on different timelines. In architecture, the multi-year multi-stage licensing process limits how fast our membership grows. It also limits how quickly its composition and diversity can change. Please keep this in mind when designing your process.</li></ul> <p>Similarly, in Ontario a dual licensing model exists whereby services can only be offered through a certificate of practice. Ownership requirements are set by provincial legislation (<i>Architects Act</i>, R.S.O. 1990) and cannot be modified to fit social procurement thresholds</p>



		<p>around ownership.</p> <p>The differences specific to the architectural industry must be considered when designing this process.</p>
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