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# HOW TO DERIVE

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# CRITERIA

Introducing quality criteria  
into public procurement

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# EDITO

## By Marc Tarabella, Member of the European Parliament

As seen in his proposal of 21 December 2011, the intention of the then Internal Market Commissioner Michel Barnier was very clear in seeking new Directives on Public Procurement. With public procurement representing 19% of GDP, this new framework had to be achieved in the most effective manner to serve the interests of European citizens.

As rapporteur for the European Parliament, I completely shared this point of view and together with my colleagues we considered several angles of attack, such as better participation of SMEs in the market, the fight against the race to the bottom, and the promotion and ultimately compelling use of an electronic procedure.

I remember well seeking to improve the option of subcontracting by trying to limit it and eventually improve the transparency of the value chain. Too long of a value chain is not economically useful and often leads to malfunctions and the exploitation of human beings on some worksites.

But one of the most important points for the European Parliament was the award criterion by which the “lowest price” would be replaced by the “MEAT” as a key measure. The “economically most advantageous tender” became a major challenge where social and environmental criteria could be applied. It was a vital struggle first won within the European Parliament and then in negotiations with the Council who wanted to keep the alternative of the lowest price.

We remained united and determined in the different political groups of the Parliament and held our ground on this point.

In order to achieve the goal of a more sustainable investment, it is fundamental to objectify the criteria so as not to divert investment from its essential purpose, which is to best satisfy the interest of citizens.

These two years of work on these directives will remain for me the most impressive and interesting legislative work that I have had to face during my European parliamentary career.

## By Kevin Rudden, EFCA President

Every year, over 250 000 public authorities in the EU spend around 19 % of GDP on the purchase of services, works and supplies. The European Parliament adopted Directive 2014/24 which governs the way public authorities buy goods, works and services by establishing the criteria for awarding contracts. They ensure that public purchases are made in a transparent manner so as to ensure fair competition and that contracting authorities get the best value for taxpayers’ money.

Former procurement rules did not always allow public authorities to make the best use of their resources and could also be unduly burdensome. To remedy these problems, the award criteria in the new rules are based on the principle of the “most economically advantageous tender” (the MEAT criteria). In particular, the new rules seek to open procurement contracts up to more innovative solutions to ensure that the money that goes into procurement is spent in a way that stimulates development. The new rules also cut red tape for companies bidding and make it easier for small and medium-sized firms to participate.

This guidance produced by EFCA to promote MEAT criteria in public procurement, proposes a 5-step methodology to identify quality criteria linked to the subject matter. The challenge remains the way the MEAT criterion is used as old habits on the side of public procurers of using the lowest price criterion to circumvent subsequent criticism die hard.

Because determining the quality criteria is not always straight forward the guidelines describe a pan European and proven methodology when drawing up appropriate criteria for the contract award.

Price and cost are two different things. Price is meaningless; you can have a higher price at the start, but it may serve to lower costs over the lifetime of a construction. When working on price only, it is more than certain that the product, whether it is a road, or a building, or a whole infrastructure, will not be designed the optimum way.



# INTRODUCTION AND GOALS

In 2014, EU procurement directives were upgraded to enable greater use of quality criteria when awarding public contracts. Up to then, the heavy reliance on price as the predominant award criteria had the unfortunate effect of frequently limiting innovation and encouraging short-term thinking – neither of which favour the best solutions to today’s problems.

The EU Directive 2014/24 defined new award criteria (Article 67) and Clients are now obliged to use the ‘most economically advantaged tender’ (MEAT). Although it is still possible to base an award solely on price (Article 67.2), the European Federation of Consulting Engineer Associations (EFCA) strongly recommends that Clients use MEAT – employing criteria other than, or in addition to, price.

However, determining the quality criteria is not always straightforward. These guidelines aim to fill a gap by describing a methodology for use by contracting authorities when drawing up appropriate criteria for a contract award. Five steps are outlined which lead to the ultimate goal of having the best offer, in terms of quality and price, selected (given the specific elements of the project).

In the tendering process, the Client first selects engineering consultancies or contractors using ‘selection criteria’. It should be made clear that these guidelines address the second stage of tendering, governed by a set of ‘award criteria’, which concern the project rather than the implementing organisations. The focus is on selecting the ‘most economically advantaged tender’. The Appendix contains further information about both selection and award criteria.

The EU experience of using quality criteria in the tendering process varies between countries and a point of clarification is needed. Several countries make use of ‘best value procurement’ (BVP) to procure consultants or contractors. MEAT and BVP have similar aims but the latter is part of a totally different approach to project management. BVP, being just one phase in a total process, can be regarded as a specific application of MEAT.

# THE METHODOLOGY

The methodology being put forward to deliver sound MEAT criteria is based on a systematic, five-step approach. The steps are:

1. Formulate main project goals.
2. Derive possible quality criteria.
3. Choose a maximum of 4 criteria.
4. Attribute weights to the criteria.
5. Test the set by performing a crash test.

## **STEP 1** Formulate main project goals

The first step looks simple, but it may cause some discussion in the project team. The project goals cannot only refer to the scope of a project – they can never be “the execution of the project” or “the delivery of 150 km of railway”. The reason being that the scope relates to the “what”, the description of the physical result of the project. The project goals are about the “why”, so they give information about time, money, or specific goals about sustainability.

In accordance with the EU directives, the subject matter of the contract (the scope) should be clearly established at the start of the procedure so that bidders can decide whether or not to participate. There are two types of goal:

- that associated with the product, the realised project
- that concerning the process of realisation

The first is related to the delivery of the project and is used to select an engineering consultant; the second is related to the implementation process and mainly used when selecting a contractor.

The goals of a project can initially be found by asking ‘why?’ Why widen a road? ‘Because there is too much congestion’. The solution responds to the problem. Why build a new hospital wing? The problem is one of ‘too many patients and not enough space’. However, a scenario like the latter may have several potential solutions:

- enabling more patients to be treated
- increasing hospital capacity
- decreasing the queue of patients

so the goal is less straightforward and more difficult to define.

Project goals may also arise from other sources. For example, it is important to limit disturbances in a city either because the authorities want to create local support for a project, or because policy dictates it for all major projects in town. The project goal here could be: ‘to minimise disturbance for citizens’.

Another example of a process is where the project goals seek to minimise CO<sub>2</sub> emissions when executing the project. If the Contractor uses electric, instead of diesel, cars emissions can be minimised even though the result of the project (a bridge or a building) remains the same.

A project goal can be a faster delivery which, again, is about the process. Performance during the execution phase is crucial: it must be optimal, with efficient use of time, although the result remains the same.

## **STEP 2** Derive possible quality criteria

There is a wide range of possible criteria that could be used to elicit the 'best' offer to a tender but they must always fit the project and its goals. When formulating the quality award criteria, therefore, it is necessary to consider the following aspects:

- The criteria must be contract related
- A non-discriminatory application without the possibility of a subsequent arbitrary decision must be ensured
- The information of the partners submitting the offer must be verifiable
- The selection guidelines should give enough information to the bidders
- The weighting of the quality criteria must be well thought out and must be effective
- A graduated ranking possibility is necessary so that a real quality ranking of offers is possible instead of giving yes/no score points for only fulfilling a requirement
- In a two-stage procurement procedure the same aspect may not be used for selection
- Criteria cost money for the bidders – the more criteria and the more complex they are, the higher the transaction costs
- Innovation is not a criterion in itself but if wanted in a project, innovation should be assessed by the added value to the project goals

The award criteria are designed differently depending on whether the focus of the contract is on consulting or planning services.

Eight different fields in which criteria can be set, are defined below:

- Functionality
- Availability
- Aesthetics
- Sustainability (of the product)
- Sustainability (of the process)
- Lifecycle costs
- Risk management
- Environment



Within these fields, there are themes or subjects that can also be used. The list is a suggestion, but it can be made longer by developing new criteria, inspired by the project, the stakeholders, or the Client.

### a) Functionality

Criteria	Engineering consultants	Contractors
Noise	X	X
Pollution	X	X
Educational functionality	X	X
Storage capacity		X
Diversity and flexibility	X	X
Users quality	X	
Accommodation of functions	X	
Functionality	X	
Distinctive entrepreneurship	X	X
Housing quality	X	

### b) Availability

Criteria	Engineering consultants	Contractors
Date of delivery		X
Planning	X	X
Exclusions of the affected infrastructure	X	X
Project planning	X	X

### c) Aesthetics

Criteria	Engineering consultants	Contractors
Integration	X	
Design	X	
Transparent design	X	
Green design	X	
Natural quality	X	
Spatial integration	X	
Plan quality	X	
Spatial quality	X	
Urban integration	X	
Architectural quality	X	
User satisfaction	X	

#### d) Sustainability (product)

Criteria	Engineering consultants	Contractors
Noise reduction	X	X
Reduction of energy	X	X
CO <sub>2</sub> reduction	X	X
Circularity	X	X
Sustainable use of material	X	X

#### e) Sustainability (process)

Criteria	Engineering consultants	Contractors
Social return	(X)	X
CO <sub>2</sub> score on process	X	X
Quality system	X	X
Project PR	X	X
Efficient demolition		X

#### f) Lifecycle costs

Criteria	Engineering consultants	Contractors
Operating costs, maintenance and reconstruction costs	X	
Total cost of ownership	X	

#### g) Risk management

Criteria	Engineering consultants	Contractors
Risk register with mitigation measures	X	X
Project management	X	X
Project organisation	X	X
Geotechnical risks	X	X
Project control	X	X
Execution methodology		X
Risk - opportunities dossier	X	X
Co-operation	X	X
Feasibility	X	

## h) Environment

Criteria	Engineering consultants	Contractors
Communication with stakeholders	X	X
Information	X	X
Safety	X	X
Hindrance	X	X
Accessibility	X	X
Noise reduction	X	X
Minimisation of smell or other pollutants	X	X

Some organisations use other interpretations of quality criteria, like ‘professionalism of project staff’, i.e. project implementation team. Part of the offer is then a description of the project team, its members and their qualifications, including references on similar size and scope projects. The way to apply this criterion, apart from scoring references, is increasingly the use of interviews either individually or with the whole team.

The quality criteria must be clearly described in the tender dossier so that the bidders know what the demands are, and how they will be assessed and reviewed. In other words, criteria should be accountable. It might take some time and effort to work this out. If a criterion is planning (implementation schedule), this is easy: the faster the implementation, the higher the score. If the criterion is hindrance, it is a lot more difficult. How do you measure a reduction of hindrance?

### STEP 3 Choose a maximum of 4 criteria

Once the award criteria have been developed, their number must be limited. The first reason is statistical. The more criteria, the higher the dampening effect. The effect will be that price (still one of the award criteria!) will tend to have more and more influence. The maximum number should be four (without price). The second reason is money. For bidders, creating criteria takes effort, time and thus money. The more criteria, the higher the transaction costs.

The way to choose four criteria is a little bit subjective. If the project goals can be ranked, it should be possible to rank the criteria as well. The highest ranked criteria can be selected.

If the project goals are equal, it is a bit more difficult. In any case, two criteria should not be chosen from the same field, unless you really mean to emphasise that field in the review.

If possible, try to decide about this step with everyone involved and organise a consensus meeting.

It is also possible to use the panel of experts which advises on the final award decision and ask them to make the pair weighting. Any criterion can be compared with the rest of the criteria on the scale 1 to 10, meaning every expert delivers a table with their pair weighting. With an overall calculation it is possible to get the weighting of all criteria and the four with the highest weights can be chosen.

## **STEP 4** Attribute weights to the criteria

Having chosen the four criteria, each needs to be given a relative weighting.

The first decision is about the ratio between price and quality. A lot of arguments can be given, but there is a general opinion that quality has a significant influence if price and quality are equal in weight. If MEAT (i.e. quality) is important, then the weighting should be more than 50%. In other words, if price is higher than 50%, then MEAT will not work. Ideally, price cannot be higher than 20 to 30% in relation to quality.<sup>1</sup>

The second decision is the relative weighting between the 4 (or less) quality criteria. This is also a matter of discussion between the members of the project team. One should look at the project goals if they are different in importance. If they are, then the derived criteria might be different in weight as well.

The pair weighting method (described above) is a proven objective method, if the expert panel is chosen in a broad and representative way.

## **STEP 5** Test your set by performing a crash test

The last step is a crash test. Insert some scores from a virtual offer to the set of criteria and ask some pertinent questions:

- How big is the difference in price if a low bidder wants to win from a bidder with the highest score on quality?
- How big a financial difference is there if two bidders are almost equal?
- How much extra would you pay if the second bidder has a higher quality and the lowest price bidder doesn't win?

With this test you can get a feeling for the influence of quality related to price. If it is too expensive to award quality, you can adjust the ratio between price and quality.

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<sup>1</sup> The International Federation of Consulting Engineers (FIDIC) recommends the use of quality-based selection (QBS) in the selection of an engineering consultant. In QBS, the price is fixed and forms no element in the assessment.

# APPENDIX

## Eligibility criteria

(minimal requirements for participation in the procurement procedure)

Eligibility criteria must show an objective relation to the contract item. The requirements must be adequate regarding scope and extent of the contract and to the actual risks in connection with the project. Regarding planning services, there is a tendency to have excessive eligibility criteria and thus create unnecessary burdens for market access especially for SMEs.

**Authorisation:** in case of low contract values, the requirement of an authorisation for the offered planning services is often sufficient as it is legally combined with minimum professional legal requirement in most countries.

**Economic capacity:** for proving the economic resilience, professional liability insurance is an important factor. Requirements of minimum turnovers can be misleading as the office structure of planning offices very much differ from the structure of other companies that are part of the building process. Excessive requirements can be a burden for many potential service providers with an SME structure. This can considerably reduce the intellectual competition and thus hinder perfect solutions.

**Technical capacity:** most relevant are the qualifications of the personnel that are active in the project. This can be proved by qualification / CPD certificates and personnel references. Additionally, it is possible to require company references. It is important that such requirements are not excessive, normally it is sufficient to ask for references with half the volume of the contract item (e.g. for planning a retirement home, references in housing are sufficient). Reference periods should be as long as possible, unrealistically short periods can considerably reduce the intellectual competition without bringing added value.

**Reliability:** in many cases the proof of legal authorisation, which is often bound to certain legal requirements, makes this requirement superfluous.

Engineers are very much in favour of self-declarations where Tenderers can make claims about their organisations and only have to provide supporting, official documentation (from banks, liability insurance, social security, etc.) if they actually win the final award. By allowing such self-declarations, potential tenderers are more inclined to participate in competitions as there is less red tape up-front, and Clients can benefit from having a broader selection of offers.



## Selection criteria

(for two-stage procedures to select the most suitable participants)

A two-stage procedure is one in which you first select a number of bidders (5), on the basis of size, references, etc. These five are then invited to submit a proposal, and their offer is related to the project, not to the company.

In contrast to eligibility criteria the evaluation range for selection criteria can be very broad. Selection criteria should be listed in order of importance, and the scoring system should be transparent.

### Potential selection criteria:

- Additional qualifications of key personnel receive additional score points
- Personnel references / team constellations exceeding the key personnel qualifications that are evaluated according to content-related parameters
- Company references exceeding the eligibility references that are evaluated according to content-related parameters
- Work samples that are evaluated by a commission according to sub-selection criteria related to the task assignment in the second stage of the procedure
- Knowledge management e.g. shown by lecture series / publication series in connection with the contract item
- Quality management by work samples of checklists and test criteria
- Proposal for solution, concept
- Continuous professional development

## Award criteria

Award criteria are the means by which an offer is assessed. They, therefore, have to be, in contrast to the company-related eligibility and selection criteria, contract related. Planning services as intellectual services require the use of the 'most economically advantageous tender' (MEAT).

This means that the quality aspects of the tender are more important than the pure price aspects. The economic efficiency of the project is essential and more important than the score points that assess the offered price.

For further explanation see the guidelines.



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# EXAMPLES ILLUSTRATING THE IMPLEMENTATION OF MEAT CRITERIA

The following seven examples of award criteria for selecting a contractor, architect, total engineering services and engineer, serve as effective learning tools for public procurement Clients and Tenderers.

## Award criteria for the selection of engineering services

### PROJECT EXAMPLE 1

TOTAL ENGINEER FOR AN OFFICE, INCLUDING PARKING FACILITIES

**Explanation:** this is an example whereby costs and benefits are financially quantified, with some subjective elements. Because the estimated offers are not known, it is difficult to conclude how the relation between price and quality is. A special feature is the way in which the VF and the EPC are a part of the score. They are very exact and in contrast with the subjectivity of the rest of the design vision.

The Client will award the contract in accordance with the award criterion 'economically most advantageous tender' (MEAT) on the basis of best price-quality ratio. The Tenderer must elaborate the award criteria as part of their tender and therefore include the expected performance of the Contractor within the context of the overall performance of the project.

### 1. Calculation

In this scheme the total maximum fictitious discount is given. This 'score' will be subtracted from the financial offer and the price for a detailed design (a) and (b). The result will be the basis of the final score.

Sub-criteria	Further distribution	Calculation	Maximum fictitious discount
(a)	Financial offer	<ul style="list-style-type: none"> <li>offer</li> <li>hourly rates</li> </ul>	
(b)	Detailed design	<ul style="list-style-type: none"> <li>offer</li> </ul>	
(c)	Design vision	<ul style="list-style-type: none"> <li>ease of use</li> <li>gross / net ratio</li> <li>sustainability</li> </ul>	- € 75.000 - € 25.000 - € 25.000
(d)	Project and risk control		- € 40.000
		<b>Total amount</b>	<b>xxx</b>



The four sub-criteria are explained below.

### 1.1. Financial offer

The honorarium per phase (excluding VAT) must be indicated in Form A1 Fee Sheet Honorarium<sup>2</sup>. The total honorarium and the honoraria per (partial) phase are fixed until the end of the contract. All additional costs must be included in the fee. Additional costs include those mentioned in DNR 2011 (revision 2013)<sup>3</sup> Art. 50 paragraph 4a, 4b, 4c, 4d, 4e, 4f and 4h. If the contract is awarded, this fixed price per phase will apply to the Engineer. An incorrect, i.e. 'too low', estimate of the number of hours will become the full responsibility of the Engineer.

If the optional elaboration of the detailed design is commissioned, the fee for checking it, drawn up by a third party, will lapse. The Tenderer must adhere to the prescribed format for the quotation and the basic principles formulated in the Subscription Guidelines<sup>2</sup>. Tenderers making changes and/or additions to the format will be excluded from the award procedure.

For the purpose of possible additional work, hourly rates will be agreed upon when awarding the contract. The hourly rates per function are fixed until the end of the Contract.

If the assignment is awarded to a Tenderer and they are instructed to include additional work, these hourly rates will be applied per function. The prescribed format for the quotation and the basic principles formulated in the Subscription Guidelines must be adhered to. Tenderers who have made changes and/or additions to the format will be excluded from the award procedure.

### 1.2. Detailed design

The honorarium for the elaboration of the detailed design (excluding VAT) must be indicated in Form A1 Fee Sheet Honorarium. The honorarium for this phase is fixed until the end of the Contract. All additional costs must be included in the fee. These include all costs as mentioned in DNR 2011 (revision 2013) Art. 50 paragraph 4a, 4b, 4c, 4d, 4e, 4f and 4h.

If the Contract is awarded to a Tenderer and they are also instructed to work out the implementation design, the fixed price that you have offered will apply to this phase. An incorrect (i.e. 'too low') estimate of the number of hours will become the full responsibility of the Contractor. Tenderers must adhere to the prescribed format for the quotation and the basic principles formulated in the Subscription Guidelines. Tenderers who have made changes and/or additions to the format will be excluded from the award.

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2 Part of the published Tender documentation package.

3 DNR 2011 refers to the Dutch Standard Regulations for the services of engineers and architects

### 1.3. Design vision

#### 1.3.1. *The extent to which the building layout and terrain design is efficient and focused on the final operation.*

Assessment takes place on the basis of the qualitative assessment method as described below:

- 3 points: € 75,000
- 2 points: € 45,000
- 1 point: € 20,000
- 0 points: -

So a very good offer scores 3 points and will earn a € 75,000 ‘fictitious’ discount.

A score from 0 to 3 is awarded on the basis of the following points:

- optimal design / operation is possible taking into account the desired logistics and the mutual relations between the different programmed components
- a correct translation of the zoning
- the need for vertical traffic
- flexibility (possibility to expand office or parking in the future)
- relationship with the environment

#### 1.3.2. *The extent to which the design has a favourable gross square meter (BVO) form factor (VF).*

Assessment takes place on the basis of the form factor BVO (in accordance with NEN 2580: 2007<sup>4</sup>):

- $89\% \leq VF$ : € 25,000
- $88\% \leq VF < 89\%$ : € 17,000
- $87\% \leq VF < 88\%$ : € 11,000
- $86\% \leq VF < 87\%$ : € 7,000
- $85\% \leq VF < 86\%$ : € 4,000
- $84\% \leq VF < 85\%$ : € 2,000
- $80\% \leq VF < 84\%$ : € 1,000
- $VF < 80\%$ : -

With a VF of 89% or above, the offer will be scored with a € 25,000 ‘fictitious’ discount.



### 1.3.3. The extent to which the design contributes to the sustainability of the building

Assessment takes place on the basis of the building's energy consumption (EPC<sup>5</sup>) in accordance with NEN 7120:2012<sup>6</sup>.

- EPC < 0.0%: € 25,000
- 0.0% ≤ EPC < 0.1%: € 18,000
- 0.1% ≤ EPC < 0.2%: € 12,000
- 0.2% ≤ EPC < 0.3%: € 7,000
- 0.3% ≤ EPC < 0.4%: € 3,000
- 0.4% ≤ EPC: -

### 1.4. Project and risk control

The extent to which the Tenderer guarantees that the objectives of this project are realised.

Assessment takes place on the basis of the qualitative assessment method as described below:

- 3 points: € 40,000
- 2 points: € 24,000
- 1 point: € 10,000
- 0 points: -

In doing so, attention is paid to the following points:

- integral assurance of the design process
- assuring required expertise
- assuring design integration of the various disciplines
- assurance of the design planning (solidity)
- possibilities optimization of design planning (acceleration)
- assurance of the project budget

<sup>5</sup> EPC is a score for how well the building performs on energy consumption

<sup>6</sup> NEN 7120:2012 is the standard for the EPC

## EXAMPLE 2

The table below sets out the arguments for awarding each score, 1 to 3.

Score	Response in the offer (for each sub-criteria)
3	<ul style="list-style-type: none"><li>• is relevant and applicable and well formulated and the Tenderer has demonstrated that it has understood the assignment properly; and</li><li>• is fully based on the principles of this project; and</li><li>• has one or more innovative or positively distinctive elements that fit in with this project.</li></ul>
2	<ul style="list-style-type: none"><li>• is relevant, applicable and well formulated and the tenderer has demonstrated that it has understood the assignment properly; and</li><li>• is fully based on the principles of this project</li></ul>
1	<ul style="list-style-type: none"><li>• is relevant, applicable and adequately formulated and the tenderer has demonstrated that it has sufficiently (largely) understood the assignment; and/or</li><li>• is largely based on the principles of this project.</li></ul>
0	<ul style="list-style-type: none"><li>• is relevant, applicable and adequately formulated and the tenderer has demonstrated that it has sufficiently (largely) understood the assignment; and / or</li><li>• is largely based on the principles of this project.</li></ul>

## EXAMPLE 2

### ENGINEER TO DESIGN THE RENOVATION OF A ROAD

**Explanation:** This example shows some elements that are being used in ‘best value procurement’ (BVP). In BVP, elements like the Value-Added Plan and interviews are standard. It is not clear whether the whole BVP is used in this project or it is only used in the procurement procedure. A special element is the bottom price (€400,000) since it is given without a ceiling price. Normally, in BVP, only a ceiling price is given.

The contract will be awarded to the Tenderer with the ‘most economically advantageous tender’. The award criteria used to assess the offer are:

- Quality: Quality Plan (envelope 1, non-price-related information), and the interview
- Price: Price offer as stated on the Offer Form and the State of Analysis of the Registration Fee (envelope 2, price-related information)

The Tenderer who meets all the eligibility requirements (and therefore does not need to be excluded) and whose offer has the lowest Fictitious Comparison Price after the assessment, has the ‘most economically advantageous tender’.

‘Quality’ is assessed on the basis of the principle ‘award on value’. The value given to each sub-criterion is deducted from the price offer. This creates a Fictitious Comparison Price which is the basis for determining the ‘most economically advantageous tender’.

All-in Price Offer (excluding VAT) – Quality Score (expressed in euros) = Fictional Comparison Price

The lower limit of the budget is set at € 400,000. In short, the Tenderer’s registration with an all-in price offer may NOT be LOWER than the fixed minimum budget. Failure to comply with the budget requirement leads to exclusion.

## Assessment of the Quality Plan

The plan must contain the elements outlined below.

### 1. Risk Inventory and Added Value Plan

Up to 5 edges on A4 size, font Arial 10pt, line spacing 1.

#### 1.1. Risk Inventory (max score € 50,000):

Tenderers need to show which project specific risks they include with the offer and how they intend to minimise them. This may, on the one hand, be risks within their sphere of influence and, on the other hand, those outside. There must be a clear distinction between technical and non-technical risks.

- Risk 1: ...                      Control measure: ...
- Risk 2: ...                      Control measure: ...

#### 1.2. Value Added Plan (max score € 50,000):

This should show how value can be added to the project in terms of lowering costs and increasing customer satisfaction and quality. The way in which the cost or process relating to each item is affected should be indicated. There is one given and required item. Conditions include:

- said items are treated strictly individually and not outside the assessment team;
- this plan is not part of the pricing, it includes extras or deviations for which a contract extension is granted. There is a ceiling of 10% of the maximum budget for any add-on options that increases the value of the offer.
- tenderers are encouraged to use cost-saving options, and to strengthen the impact of any items on sustainability. During assessment, the Province is less concerned with the number of the assessment solutions but rather more with the impact (the severity of the risk or added value) and the quality, or result, of the management measure or added value for the Province.

### 2. Plan of Action (max score € 75,000)

Up to 12 edges on A4 size, font Arial 10pt, line spacing 1.

The Plan of Action should include a quality assessment of the following:

- the process for the (final) tender documents, adhering to the Public Procurement Act, including investigations, and documents accompanying the UAV-GC 2005<sup>7</sup>) and the tender documents (including sustainability and EMVI<sup>8</sup>);
- the structure of the project team, the internal communication /cooperation with subcontractors, including how documents and information are exchanged, tested and recorded (assurance). The starting point is that the Province has insight into the project status at all times of business;

<sup>7</sup> The Dutch UAV-GC 2005 can be compared to the conditions of contract, the 'Yellow Book', published by FIDIC

<sup>8</sup> EMVI is the Dutch equivalent of 'most economically advantageous tender' (MEAT)

## EXAMPLE 2

- external communication, such as with the Province and other stakeholders (including those listed in the overview of stakeholders), and how documents and information are exchanged, tested and recorded;
- how the data are collected and processed for each investigation recorded; how these data are interrelated and the steps for follow-up research.

### 3. Planning (max score € 25,000)

Tenderers must make a realistic and accurate plan to cover activities needed to create a Contract, including signing it with the Contractor. The (partial) products and milestones should be named in the planning, and control and decision-making time for the Client should be taken into account. It should be clear what is expected of the Province, and when. The planning will be assessed as to whether it meets the requirements by, for example, the milestone data. The feasibility will be tested (the Tenderer remains responsible), the intermediate steps should be realistic, and the planning should be clear.

### 4. Interview (max score € 100,000)

Individual interviews between the Client, the project manager and the contract expert are more or less based on a set of standard questions. The aim is to ascertain risks and determine to what extent the person, or project, is taking responsibility. The questions in any case relate to:

- (a) The person
- (b) Their experience
- (c) The view on the Tender and the project
- (d) The content of the registration (the offer)
- (e) The tendering process on the basis of BVP

Note: the interviewees must continue in the same role if the Tenderer is awarded the contract.

- Interview 1: about 30 minutes (max. score: € 50,000)
- Interview 2: about 30 minutes (max. score: € 50,000)

## Award criteria for the selection of a contractor

Project example 5 shows criteria for the selection of an architect.

### PROJECT EXAMPLE 3

INFRASTRUCTURE, A PROVINCIAL ROAD

**Explanation:** this is an example using three criteria by which to judge the project goals. Three is good, not too many. However, there is a significant amount of subjectivity in the description, and the award criteria are not very SMART<sup>9</sup>.

#### 1. Limiting nuisance for project environment

Criterion K1 relates to the nuisance to the project environment. The replacement of the road construction, measures at the intersections, and the replacement of the culvert bridge entail nuisance to the project environment. The province appreciates a working method for the Contractor that limits nuisance for the project environment. The Tenderer must provide a description/Plan of Approach that includes a clarification of how nuisance for the project environment will be limited. It should address the relationship between the duration of nuisance and the degree of nuisance to the project environment (short duration, heavy nuisance versus long duration, limited nuisance).

This description may not exceed eight A4 pages (including attachments, excluding planning).

#### 2. Limiting traffic nuisance to (road) users of the N500

Criterion K2 relates to the inconvenience for road users of the N500. The replacement of the road construction, the measures at the intersections and the replacement of the culvert bridge lead to traffic disruption for the road users of the N500. The province appreciates a working method of the Contractor that limits traffic nuisance. The Tenderer must provide a description / Plan of Approach that explains how traffic nuisance for road users of the N500 will be restricted. It should address the relationship between the duration of the traffic disruption and the degree of traffic disruption for road users of the N500 (short duration, heavy traffic nuisance versus long duration, limited traffic disruption).

This description may not exceed eight A4 pages (including attachments, excluding planning).

#### 3. Risk reduction for the client

Criterion K3 relates to the extent in which the Tenderer is 'in control' with respect to the management of the client's principal risks, other than risks described under K1 and K2. The Client wishes to reduce risks and consequential damages and limit responsibilities. In this respect, the Client considers it important that the Contractor flexibly handles setbacks in the process that are their fault and that the Contractor thinks ahead instead of, for example, passively acting and reacting. The Tenderer must submit a risk reduction plan that clarifies which control measures the Tenderer applies and identifies residual risks. The Tenderer must at least include an assessment and identification of five major client's risks in his

<sup>9</sup> Specific, measurable, acceptable, feasible, time-bound



risk reduction plan. In addition, the Tenderer is required to include in the risk reduction plan additional relevant client risks plus connected management measures and residual risks.

The proposed management measures will be part of the contract. For the development of the risk reduction (allocation) plan in the proposal, a standard form can be used.

The risk reduction plan may not exceed eight A4 pages (including attachments).

## PROJECT EXAMPLE 4

### RENOVATION OF A BUILDING

**Explanation:** this is an example with four criteria, which is deemed just right. They are related to the project goals. There is some subjectivity in the description, but the elements are structured. There is a good distinction between the description and the assessment.

## 1. Social Return

Social return is included as a criterion because this issue is central to the client's core business. The tenderer must describe how social return will be accomplished.

### Assessment

The Tenderer must explain social return in concrete (SMART) terms and present concrete actions in his action plan. This is related, among other things, to the extent in which the project and/or the organisation of the Tenderer:

- provides for a policy to promote employment, and opportunities for the creation of employment (number of full-time equivalents);
- includes duration and time frame of employment (experience) / creation of employment;
- shows efforts for the benefit to workers and / or persons in severe employment environments / low accessibility to employment;
- ensures the mission and vision of the client is reflected in the solution that is proposed for the project;
- is clear in the extent the solution adds value to the mission and vision of the client.

## 2. Transition plan

For the Client, ongoing operations during the implementation phase are of great importance. The Tenderer must demonstrate in a transition plan how the accessibility of the building will be guaranteed during implementation. The Tenderer must describe how business operations can be continued throughout the execution period and include a scheme of support mechanisms.

### Assessment

The Tenderer must submit a transition plan that includes planning. In this, the Tenderer must describe the extent their work will impact on the operational management. This must concern, among other things, the extent to which:

- obstruction is limited by construction work
- the construction method causes inconvenience for the users
- the building remains accessible during execution
- business can go ahead

### 3. Communication and corporation

The Tenderer must describe how he will collaborate and communicate with the Client and with the staff working in the building during the implementation period. For this the Tenderer must submit a view on communication and cooperation.

#### Assessment

The Tenderer must demonstrate how cooperation and communication with the Client during execution will be guaranteed. Also, he must add details about communication with the users, employees who are present at the premises during the execution. The Tenderer describes the way in which he will give form and content to building, strengthening and maintaining sustainable and constructive cooperation and communication during all phases. For this the Tenderer must draw up a communications plan. This must include, among other things:

- the stated name and profile of the proposed key officer (project manager), as well as a proposed adequate replacement if required (with at least equivalent expertise);
- communication and cooperation during the design phase, concrete success and failure factors, and the interpretation of the corresponding measures;
- the communication and cooperation during the execution phase, concrete success and failure factors, and the interpretation of related measures;
- communication with the users, employees in the building, during the execution, and how and to what extent the specific target group is considered;
- prevention of lack of clarity and possible discussion points.

### 4. Opportunities and risks

The Tenderer must describe potential opportunities in the project. Prices associated with opportunities for added value do not form part of the project budget. For each potential opportunity, the Tenderer must state the price he wishes to receive if the contracting authority wishes to use such opportunity. When research is to be carried out for opportunities for added value, the researcher must incorporate the research costs in to his price offer for the relevant opportunity. It is up to the Tenderer to make a trade-off between the value addition and the investment that goes with it.

The Tenderer must describe how he will control the most important risks and how he creates added value for the Client. The Tenderer is expected to take into account all possible risks that may arise during the execution of the work based on their knowledge and experience, and develop (preventative) control measures for this. In addition, it is expected that the Tenderer, based on his expertise and experience, is also capable of managing risks during the implementation process (remedy control measures).

## Assessment

The Tenderer needs to define the extent of the scope for creating opportunities. This concerns, among other things, the extent to which:

- the Tenderer identifies opportunities for added value;
- the Tenderer identifies effective management measures to take advantage of the opportunities;
- a relatively small investment results in a relatively large added value

The costs and what it entails in terms of risk of time overrun, schedule delay and quality issues must be indicated for each opportunity. The Tenderer must define the extent to which the management of risks is interpreted. This concerns, among other things, the extent to which:

- efforts are made to control the most important risks in an effective way (preventative control measures)
- the most important building risks are measurably and demonstrably controlled

## PROJECT EXAMPLE 5

INFRASTRUCTURE, A MUNICIPAL ROAD

**Explanation:** this is an example with one criterion, which is as simple as possible. It relates to the project goal and to the scale of the project (small). It may involve a very SMART assessment but also carries the risk of providing the wrong incentive. No information is asked about the specific measures to close the road to traffic.

The municipality attaches value to an implementation process in which the nuisance for motorised traffic that uses the road is limited as much as possible. The municipality has therefore included this aspect as a MEAT criterion.

The most economically advantageous tender is the tender with the lowest evaluation price (EP) for the following award formula:

$$EP = I + (10,000 \times G)$$

*EP: evaluation price*

*I: price offer of the relevant Tenderer (in EUR)*

*G: maximum number of days of road closure for motorised traffic*

The Tenderer must indicate the number of days the road will be closed to motorised road traffic (G) by means of a 0.0 system. (For the definition of a 0.0 system refer to Request specification Part 1 ...). Only consecutive days may be offered. These consecutive days may be divided over a maximum of 2 periods. Closing a part of a day counts as a whole day. The closure may only take place within the implementation period.

On the basis of this number of days, the Client will determine the total amount of euros that will be added to the price offer (see the award formula).

## PROJECT EXAMPLE 6

### WATER SEWAGE INSTALLATION

**Explanation:** this is an example with many criteria, which is not particularly good because there will not be a clear distinction between them. Besides, price is still the most important element (80 out of 100 points). It is a very ‘technical’ MEAT approach, with a long formula. The assessment of the plans is a bit subjective, and the incentive for the warranty period is doubtful. The offers will also be assessed in connection with each other, which can be a risk.

On the basis of the offers from the candidates, the contract will be awarded to the tenderer with the most economically advantageous tender, provided that this offer meets the set of requirements. The ‘most economically advantageous tender’ is the offer with the highest total score (S) for the following award formula:

$$S = (LI / I) * 80 + (LE / E) * 5 + B \& O + W + G + R$$

*S: total score for award formula (0 - 100 points)*

*LI: lowest tender (in EUR)*

*I: price offer (in EUR)*

*LE: lowest amount of unit prices*

*E: amount of unit prices*

*B & O: points for management and maintenance plan (0 - 5 points)*

*W: points for number of mechanical installations (0 - 5 points)*

*G: points for number of warranty period pumps (0 - 3 points)*

*R: points for number of response time guarantee phase (0 - 2 points)*

The offers will be assessed in connection with each other. Unclear or incomplete information may result in a low rating / score.

#### Price offer (I)

The maximum score for the offered price is 80 points.

#### Unit prices (E)

For unit prices, reference is made to an Annex. The maximum score for the unit prices is 5 points.

#### Management and maintenance plan (B & O)

The Plan of Approach is assessed by a committee of experts from the Client, assisted by external experts. Points (0 to 5) are awarded on the basis of the following assessment criteria:

0 points:

- the Tenderer’s vision does not demonstrate expertise and knowledge of maintenance and management matters

## PROJECT EXAMPLE 6

- the Tenderer's vision offers the Water Board no, or hardly any, valuable insights for the management and maintenance of the pumping station
- the management solution and maintenance phase of the pumping station is not taken into account in the chosen solution
- the chosen solution is expected to result in high maintenance and management costs
- the chosen solution is not expected to result in a reliable and fault-free pumping station

5 points:

- the Tenderer's vision clearly demonstrates expertise and knowledge in maintenance and management matters
- the vision of the Tenderer offers the Water Board valuable insights for the management and maintenance of the pumping station
- in the chosen solution, the management and maintenance phase of the pumping station is optimally taken into account
- the chosen solution is expected to result in low maintenance and management costs
- the chosen solution is expected to result in a reliable and fault-free pumping station

### **Mechanical installations (W)**

The Water Board values a high technical quality of the mechanical installations to be realised. The technical specifications provided are assessed by a commission of experts from the client, assisted by external experts. Points (0 to 5) are awarded on the basis of the following assessment criteria:

0 points:

- a low level of quality of the pumps offered
- a low level of quality of the offered trash cleaner
- the pumps offered meet the minimum requirements in terms of pump capacity, pump efficiency (BEP) and energy consumption
- the pumps offered are not proven to be reliable
- the suppliers of the offered pumps and trash cleaner are not known to the Water Board

5 points:

- a high level of quality of the pumps offered
- a high-quality level of the offered trash cleaner
- the pumps offered amply meet the minimum requirements in terms of pump capacity, pump efficiency (BEP) and energy consumption
- reliability of the pumps offered is well substantiated
- the suppliers of the offered pumps and trash cleaner are known to the Water Board

### **Warranty period pumps (G)**

The points for this section are awarded as follows:

- warranty period  $\leq$  5 years: 0 points
- warranty period 6 to 9 years: 1 point



- warranty period 9 to 12 years: 2 points
- warranty period  $\geq$  12 years: 3 points

### Response time guarantee phase (R)

The points for this section are awarded as follows:

- response time 7 to 8 hours: 0 points
- response time 4 to 7 hours: 1 point
- response time  $<$ 4 hours: 2 points

## Award criteria for the selection of an architect

### PROJECT EXAMPLE 7

DESIGN OF A BUILDING IN THE HEALTHCARE SECTOR

**Explanation:** this is an example whereby costs and benefits are financially quantified, with some subjective elements. But, given the subject (selection of an architect), there are not many alternatives. Given the significant amount of subjectivity in the description, the Client will have to give a thorough explanation of his arguments when he makes his choice.

A presentation is often used in this kind of selection, and in this case there is no separate assessment of quality (the plan) and of the presentation.

The award criterion is the ‘most economically advantageous tender’ (MEAT). The most economically advantageous tender is the registration with the lowest fictional bid amount (F) for the following formula:

$$F = I - K$$

*F: fictitious contract fee for registration*

*I: offered fee of the relevant Tenderer (in EUR)*

*K: fictitious discount (in EUR)*

The fictitious discount (K) is determined according to the procedure described below. For the record, it is stated that the fictitious bid amount (F) is used to determine the MEAT. The contract is awarded on the basis of the offered price (I).

The Assessment Committee consists of expert project staff from the Client, possibly assisted by an external advisor(s). They evaluate the quality of the offer on the basis of each assessment criterion. A minimum of 0 and a maximum of 5 points are awarded for each, on a linear scale.

The maximum number of 5 points for an assessment criterion can be obtained if a tender (almost) fully satisfies the requirements. If the criteria are not at all, or very badly, met, the minimum number of 0 points will be given. The better a Tenderer is scoring on the evaluation criteria, partly in comparison with other offers, the higher the score. For all assessment criteria, the approach must be described as SMART as possible. Unclear or incomplete information can result in a low rating or score.

### Assessment per award criterion

B1. Architectural quality preliminary design.

B2. View on the process (a more detailed description of the assessment criterion). Aspects to be included in the offer:

- the planning
- the composition of the design team, with an explanation of why this was chosen
- a description of how the team coordinates its design process; organisation structure
- the way in which the team will take the Client's other objectives (care concept, sustainability) into their design process

Award for B1 is a maximum of 150,000 EUR.

Award for B2 is a maximum of 200,000 EUR.

The maximum fictitious discount to be achieved for each assessment criterion is given above. The fictitious discount obtained for each assessment criterion is determined using the following formula:

$$\text{achieved fictitious discount} = (\text{awarded score}) / 5 \times \text{maximum fictitious discount}$$

### Presentation and explanation

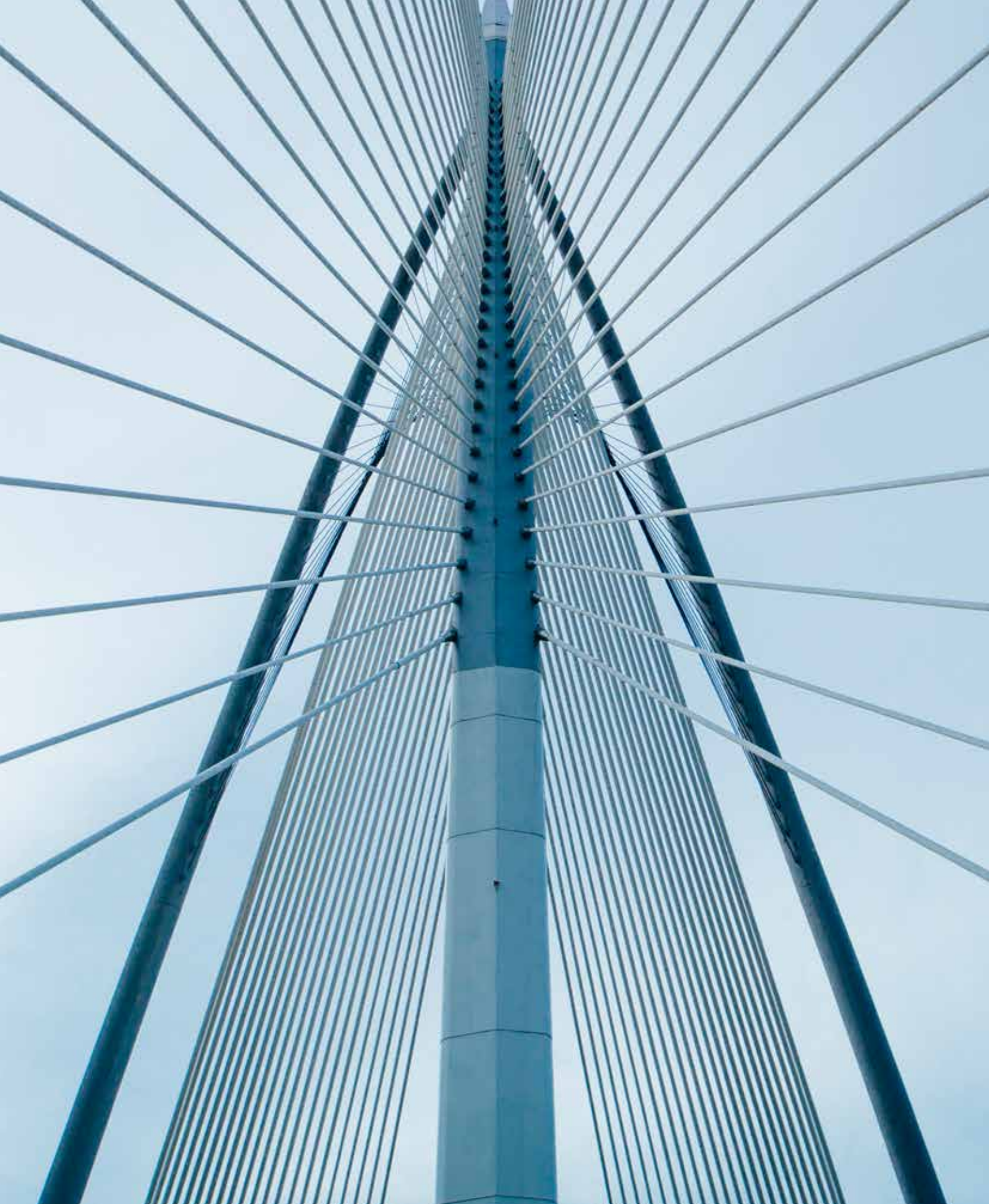
After the Assessment Committee's evaluation, and announcement of the preliminary quality score, the Tenderers are given the opportunity to give a presentation and explanation to support and clarify the submitted quality part of their offer. This meeting takes place at the hospital and lasts for a maximum of one hour. Tenderers may participate with a maximum of three people. The invitation for the presentation and explanation will be sent after the closing of the submission of tenders.

The meeting consists of two parts of about half an hour each. In the first part, the Tenderer provides the explanation and in the second part the Assessment Committee can ask questions about the offer. By combining the Tenderer's explanation and the Committee's responses to questions, the Assessment Committee aims to obtain a better insight into the offer.

At the end of this meeting, the Assessment Committee evaluates the offer and makes a final consensus-based judgment of the quality component. Only whole numbers are assigned.

For the sake of good order, it is pointed out that the offer can no longer be changed substantively, the scope of work may only be refined, so that the Assessment Committee correctly interprets the offer.





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