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- San Bernardino County Transportation Commission
  - San Bernardino County Transportation Authority
  - San Bernardino County Congestion Management Agency
  - Service Authority for Freeway Emergencies
- 

## **SUPPLEMENTAL AGENDA ITEM NO. 35A**

### **Board of Directors Meeting**

**July 10, 2013**

**10:30 a.m.**

#### **Location:**

San Bernardino Associated Governments  
Santa Fe Depot – SANBAG Lobby 1<sup>st</sup> Floor  
1170 West 3<sup>rd</sup> St., 2<sup>nd</sup> Floor, San Bernardino, CA

### **CONSENT CALENDAR**

#### **Administrative Matters**

##### **35A Overview of SANBAG's Procurement Industry Review**

Receive and File. **Kathleen Murphy-Perez**

**This item was received by the General Policy Committee on June 12, 2013 and was inadvertently omitted from the July 10, 2013 Board of Directors Agenda.**



- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
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**Minute Action**

**SUPPLEMENTAL AGENDA ITEM: 35A**

**Date:** July 10, 2013

**Subject:** Overview of SANBAG's Procurement Industry Review

**Recommendation:\*** Receive and File

**Background:** In August 2012, San Bernardino Associated Governments (SANBAG) Board of Directors President, appointed a Contract Ad Hoc Committee ("Committee") chaired by Director Michael Tahan. The focus of the Committee is to have a forum for dialogue between Committee members and SANBAG staff regarding procurement related matters. The discussion between the Committee and staff over the last several months included proposed procurement policy changes. One of the key points was to garner information from the consultant community regarding SANBAG's procurement process and the policy changes. The Committee suggested that SANBAG should hold an Industry Review and hear directly from consultants regarding SANBAG's process. The Committee provided staff with some guidelines on developing the event. This included reaching out to a wide range of firms with at least some exposure to SANBAG's procurement process. This did not mean that the firms had to be awarded a contract with SANBAG, but the firms should at least have had experience with SANBAG's procurement process in order to provide useful information.

In response to the Committee's direction, staff developed a list of 24 potential firms who had procurement-related knowledge and willingness to provide honest

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*Approved*  
*Board of Directors*

*Date:* \_\_\_\_\_

*Moved:* \_\_\_\_\_ *Second:* \_\_\_\_\_

*In Favor:* \_\_\_\_\_ *Opposed:* \_\_\_\_\_ *Abstained:* \_\_\_\_\_

*Witnessed:* \_\_\_\_\_

COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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Check all that apply.  
 BRD1307a-kmp

<http://portal.sanbag.ca.gov/mgmt/committee/directors/brd2013/brd1307/AgendaItems/BRD1307a1-kmp.docx>  
<http://portal.sanbag.ca.gov/mgmt/committee/directors/brd2013/brd1307/AgendaItems/BRD1307a2-kmp.docx>

and direct feedback. The selection included firms from Orange, Riverside and San Bernardino counties that specialize in design, engineering, construction management, right-of-way, environmental. Also invited were firms that provide communication and community outreach services and professional organizations such as WTS International, American Society of Civil Engineers (ASCE), Institute of Transportation Engineers, and the Business Development Association of the Inland Empire. The list of firms in attendance is provided as Attachment A to this report. The Committee approved the invitation list as well as the date and time on which the Industry Review was to be held.

On March 29, 2013, 20 firms attended SANBAG's first Procurement Process Focus Group. The Board President followed by the Executive Director opened the meeting. The response from the consultant community was overwhelmingly positive. Participants were also very appreciative to SANBAG for holding such a forum. Discussion included an overview of recent changes to SANBAG's procurement policy and procedures, vendor registration and bidding, as well as what firms focus on when considering submittal of proposals. Participants were also asked to divulge any possible concerns they had with SANBAG's current procurement process. Participants were also asked questions about SANBAG's ability to pay invoices in a timely manner. The information received from participants was detailed and extensive. Though this meeting was scheduled for two hours, participants had an abundance of information that they wanted to share. It became clear that a second session would be required in order to complete this process. The consultants unanimously agreed to reconvene for a second session to continue the discussion.

On April 19<sup>th</sup>, a second session was held and included topics such as the negotiation of fees, contract changes and overruns, and SANBAG's management of contracts. A brief overview of the items discussed during both meetings as well as the information provided by the participants is presented in Attachment B to this report. The majority of the information provided by the participants was very positive in regards to how SANBAG conducts procurements. Overall, the consultants felt that SANBAG does a very good job in the management and award of contracts. However, there were areas that participants felt SANBAG could improve upon or refine. One area in particular was that firms wanted advance notice of upcoming projects. Providing as much notice as possible assists firms in managing staffing requirements and they are better able to respond to the Request For Proposals when they are released.

Staff has taken this information back to the Committee for consideration. Once the Committee has reviewed the information and identified possible areas in need of refinement, staff will prepare an Agenda Item(s) identifying specific areas that require Board discussion and will include recommendations for the Board of Directors consideration.

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**Financial Impact:** This item has no financial impact on the SANBAG 2013/2014 Budget.

**Reviewed By:** This item was received by the General Policy Committee on June 12, 2013. SANBAG General Counsel and Contract Administrator have approved this item as to form.

**Responsible Staff:** Kathleen Murphy-Perez, Contracts Manager

## **Attachment A–Attendees List**

ACEC  
Arcadis  
ASCE–Inland Empire  
ASCE–Orange County  
Business Development Association of Inland Empire  
Caltrop  
Epic Land Solutions  
Harris & Associates  
HDR  
HNTB  
Jacobs  
Overland, Pacific & Cutler  
Parsons Brinckerhoff  
Towill  
Transystems  
URS  
Vandermost Consulting Services  
Westbound Communications  
WTS–Inland Empire  
WTS–Orange County

## Attachment B

Topic	Feedback
Use of online vendor registration.	Very positive. SANBAG should consider implementation of an online vendor registration system. Would also consider using an online proposal or bid submittal process with limitations.
How do firms learn of upcoming procurements?	Generally, firms follow Board Agenda items and organizations' web sites. They rarely get information from newspapers or trade journals. Strongly recommended that SANBAG provide a "look ahead" of upcoming projects on website.
What were the firms thoughts regarding the revised RFP and IFB templates?	Firms were very positive regarding the recent changes to the templates. Firms like the consistency in all the documents as it makes it much easier to review and analyze.
How is SANBAG in regards to our procurement timelines?	Mostly positive. The firms made it clear that ideally they need 30 calendar days from the release of the RFP/IFB. Again stressed having advanced notice of the release to prepare.
How does the consultant community feel about the use of pre-qualified or on-call type contracts?	Mostly positive with several exceptions. First, there needs to be a reasonable chance of the selected firms getting work. Secondly, they would prefer that the award of work be done on a rotational basis and not competed on price. Also, only certain types of projects would lend itself to this type of contracting.
How should SANBAG follow up with firms who showed an interest in an RFP or IFB but ultimately did not submit a proposal or bid?	Unanimously, the firms would prefer a phone call rather than responding to an e-mail or filling out a form.
<p>What are some of the issues prime firms face when developing their team?</p> <ul style="list-style-type: none"> <li>• Keeping the team intact when there is a delay in the start of the project.</li> <li>• Keeping the "key personnel" for the duration of the contract.</li> </ul>	<p>Will always tend to use subcontractors that they know and that can meet the contract terms and conditions such as licensing and insurance. If they do not meet the requirements or they have not worked together before they are hesitant to team with them. Often agencies say that "we" (meaning the firms), should team with small businesses but does not offer assistance or alleviate some of the contractual requirements to allow this to happen.</p> <ul style="list-style-type: none"> <li>• If SANBAG delays the start of a project by more than a reasonable period of time, it is very difficult to keep the team intact.</li> <li>• Firms should be allowed to keep star performers but run into issues when they either; cannot offer personnel a rate increase or the rate increase is limited by the terms of the contract.</li> </ul>
<p>Selection Process:</p> <ul style="list-style-type: none"> <li>• Evaluation Criteria and Weights.</li> <li>• Use of consultant to assist in reviewing other consultants' proposals.</li> </ul>	<ul style="list-style-type: none"> <li>• It is important for firms to know how the proposal is going to be evaluated. The more information identified in the RFP the better. It is important to identify the weights between the technical proposal and the interview.</li> <li>• Expressed concern that SANBAG consultants have access to other consultants' pricing information. Expressed a strong concern that there is a perception of SANBAG's management consultants having unfair advantage when competing with other firms in the market place.</li> </ul>

## Attachment B

Interviews.	<ul style="list-style-type: none"> <li>• Consultants prefer to know in advance who they should bring to the interview.</li> <li>• They like that SANBAG is now showing the questions asked on a big screen. It aids in ensuring that the entire question gets addressed.</li> <li>• Prefer more questions and answers rather than including a presentation as part of the interviews.</li> </ul>
<p>Contract Terms and Conditions:</p> <ul style="list-style-type: none"> <li>• Payment - Time and Materials vs. Fixed Price.</li> <li>• Retention.</li> </ul>	<ul style="list-style-type: none"> <li>• If the Scope is well defined, firms prefer a fixed price payment provision compared to time and materials. If it is a fixed price contract, the firm should manage how the work gets done.</li> <li>• Would prefer not to have retention, but understand why it's required; requests SANBAG release retention at certain milestones.</li> </ul>
Prompt Payment.	Unanimously, the firms felt that SANBAG pays their consultants timely.
Insurance Requirements.	Small businesses have a hard time meeting some of the insurance requirements. Uncomfortable to ask for a reduction in certain limits.
<p>For Architectural and Engineering procurements, when would you (consultant) prefer to submit your cost proposal?</p> <ul style="list-style-type: none"> <li>• When you have been invited to the interview.</li> <li>• Or when you have been selected as the top ranked firm.</li> </ul>	Putting together a price proposal is a lot of work for a firm and if it is requested in advance of the final selection of the firm, it's more work for a lot of firms. Also, do not like that SANBAG has access to other firms' pricing. Would prefer to submit the price proposal after the firm has been selected and after the Scope of Work has been finalized.
<p>Negotiations:</p> <ul style="list-style-type: none"> <li>• Overhead Rates.</li> <li>• Scope of Work.</li> <li>• Hourly Rates and Escalation.</li> </ul>	<ul style="list-style-type: none"> <li>• Firms do not like "caps" on overhead rates. It is not fair to the firm to demand lowering of the rates that have been audited.</li> <li>• All felt that SANBAG should be negotiating the Scope of Work before asking for a price proposal. Once the Scope is defined it can be priced more accurately.</li> <li>• In order for firms to retain top talent, firms need the flexibility to pay them what the market requires. Firms do understand that there are difficult economic times and try to be sensitive to that. Escalation is important and firms like in theory, the idea of tying escalation to an index as long as it is identified in the RFP.</li> </ul>
Amendments.	All felt that almost every project will have changes. Often times it is due to changes with other project partners such as Caltrans. Firms feel that they are blamed for the changes that occur when that is not the case.