



AMERICAN COUNCIL OF ENGINEERING COMPANIES

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JANUARY 11, 2009

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“Qualifications” Tops “Lowest Bid” in Providing Better Cost, Better Quality Construction Design, Nationwide Study Shows

WASHINGTON, D.C. — A landmark university study confirms that federal and state agencies achieve lower construction costs, more efficient use of taxpayer dollars and higher construction satisfaction when procuring design and engineering services for such projects on a “qualifications” rather than a “lowest-bid” basis.

The new study—*An Analysis of Issues Pertaining to Qualifications-Based Selection*—was conducted jointly by the University of Colorado and Georgia Institute of Technology, and co-sponsored by the American Council of Engineering Companies (ACEC) and the American Public Works Association (APWA).

Researchers drew from a database of approximately 200 public and private construction projects in 23 states. The sample included transportation, water, commercial, and industrial projects, ranging in size from relatively small projects to those costing hundreds of millions dollars. The study compared various procurement methods including: Qualifications-Based Selection (QBS); Best Value, Low-Bid, and Sole Source, with such factors as total project cost, projected life-cycle cost; construction schedule and project quality outcome.

Results show that using QBS to procure the design component of a construction project consistently meant lower overall construction costs, reduced change orders, better project results and more highly satisfied owners than in other procurement methods.

Since 1972, with passage of the Brooks Act, federal law has required QBS for procuring engineering and design services for federally funded projects. Most states and many municipalities follow the federal model in adopting QBS in their procurement policies.

Under QBS, the public agency evaluates and “short-lists” design firms based on qualifications. Negotiations are held with the top-ranked firm to secure a fair and reasonable price for design and engineering services based on the scope of the project. If the agency and firm cannot agree on a price, the agency opens negotiations with the second-ranked firm.

“Since the design component of a project is just a small fraction of the overall project cost, low bid at this early critical stage would undercut obtaining a successful design—a design which also would achieve lower life-cycle costs,” said ACEC President David A. Raymond.

The lead researchers on this study—Paul S. Chinowsky, Ph.D., of the University of Colorado and Gordon A. Kingsley, Ph.D., of Georgia Tech—found that public agencies using QBS to procure architectural and engineering (A/E) services were “better able to control construction costs and achieve a consistently high degree of project satisfaction” than those using other procurement methods. Both noted experts in the construction field, Chinowsky and Kingsley contend that QBS should continue to be the procurement method of choice when acquiring A/E services to meet increasingly challenging infrastructure needs.

“This nationwide study of Qualifications-Based Selection once again validates what has been known for some time and what the Brooks Act enshrined—namely that QBS saves money, leads to better project outcomes and more satisfied clients,” Raymond said.

To obtain copies of *An Analysis of Issues Pertaining to Qualifications-Based Selection*, contact Mary Jaffe at ACEC at 202-347-7474 or through the ACEC website: www.acec.org

The American Council of Engineering Companies (ACEC) is the business association of America’s engineering industry, representing nearly 5,700 independent engineering companies throughout the United States engaged in the development of America’s transportation, water and energy infrastructure, along with environmental, industrial and other public and private facilities. Founded in 1909 and headquartered in Washington, D.C., ACEC is a national federation of 51 state and regional organizations.