Office of Operations
2014 Fall Conference
October 7-9

Collaboration for Success

Request for Proposals (RFP) Evaluation Instrument

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AGENDA

- Request for Proposal Overview
- Evaluation Methodology Components:
  - Pass / Fail Requirements
  - Technical Evaluation
  - Cost Evaluation
  - Additional Optional Processes
  - Final Calculations
- Questions

OVERVIEW

- This class will provide an overview on how to prepare a Request for Proposal (RFP) evaluation instrument that reflects the requirements stated in the RFP and supports the best value determination. Best practices and potential pitfalls will be shared and discussed.

OVERVIEW

- The State's procurement process is designed to:
  - Ensure fair and open competition;
  - Guard against favoritism, improvidence, extravagance, fraud and corruption;
  - Ensure that the results meet agency needs;
  - Provide for checks and balances to regulate and oversee agency procurement activities; and
  - Protect the interests of the State and its taxpayers.

OVERVIEW

- State Finance Law, Section 163j, defines Best Value as the "basis for awarding contracts for services to the offerer which optimizes quality, cost and efficiency, among responsive and responsible offerers. Such basis shall reflect, wherever possible, objective and quantifiable analysis."

- The RFP Evaluation Instrument must be designed to measure competing proposals in an effort to award a state contract to the vendor offering the Best Value solution that meets New York State's service needs.

GUIDING PRINCIPLES

Need/Show/Measure

- For Evaluation Instruments to function properly, the following principles should be applied throughout the RFP process:
  - Specifications are created to meet an Agency *need*.
  - Proposals are requested for potential contractors to *show* how well their solution meets the agency's need.
  - Evaluation Instruments are designed to *measure* how well the proposed solution addresses the agency need.

PASS/FAIL EVALUATION

PASS/FAIL

Potential Pass/Fail Requirements

- Qualifications
  - Specific, well defined and measureable
- Experience
  - Submit documentation to support
- Mandatory Bidder's Conference
  - Require a sign-in sheet
- Minimum Technical Score
  - Must be set in advance
  - Must reject all proposals that do not meet the minimum
- Formatting Requirements

PASS/FAIL – QUALIFICATIONS

Evaluating Qualifications

- Minimum Qualifications must be stated in the RFP.
- Independently verify all required licenses and permits.
- Points are not allotted for meeting the Minimum Qualifications.
- In the Procurement Record, show how the Minimum Qualifications were verified.
  - Consider a checklist to document the process used to verify the proposal being evaluated passes the Minimum Qualifications.

PASS/FAIL – EXPERIENCE

RFP Requirement:

- Respondents must have at least ten years' experience providing the same or similar services to large and frequent issuers of municipal bonds.

Question to Consider:

- Who is the "respondent," and who needs ten years' experience?
  - The entity bidding?
  - The individual signing the proposal?
  - The sum of years' experience of the staff assigned to this contract?

PASS / FAIL – EXPERIENCE

- The Agency clarified by including the second paragraph:

  Respondents must have at least ten years' experience providing the same or similar services to large and frequent issuers of municipal bonds.

  The above criteria must be met by either the firm or the lead advisor assigned to the Agency's account.

PASS/FAIL – MANDATORY PRE-BID CONFERENCES

Mandatory Bidder's Conference

- Consider announcing the mandatory pre-bid conference in the Contract Reporter.
- Prepare an agenda with topics and sites to be discussed.
- Maintain a record of the proceedings and all questions asked.
- Remain aware of Procurement Lobbying Law restrictions & requirements.
  - See State Finance Law 139 j & 139k, or the Guide to Financial Operations chapter XI.18.B.
- Instruct the conference leader not to answer questions when they do not know the answer, and advise that official responses will be provided in writing.

PASS/FAIL – MANDATORY PRE-BID CONFERENCES

Mandatory Bidder's Conference

- Include a sign in sheet to document who was in attendance.
- Require the incumbent to attend, unless clearly stated otherwise.
- As a best practice, questions should be in writing and the official Agency answer will be in writing.
- Avoid multiple conference dates to mitigate the possibility of discrepancies, if possible.

PASS/FAIL – MINIMUM TECHNICAL SCORE

Minimum Technical Scores are occasionally used as a benchmark proposals must meet to continue with the evaluation.

- RFPs must identify the minimum technical points or specific technical score that must be achieved.
- Evaluation instruments must clearly define all the scoring methodology.
- When no proposal meets the minimum technical score, the procurement is fatally flawed.

PASS/FAIL – MINIMUM TECHNICAL SCORE

- Minimum Technical Scores are optional, and are not required in all RFPs.
- Agencies must document the rationale for both using a minimum technical score and for the value chosen as the minimum.
- Any bidder disqualified for not meeting the minimum technical score will not be included in the cost score evaluation or any further step of the evaluation process.

PASS/FAIL – FORMAT REQUIREMENTS

Ensure proposal formatting requirements are reasonable.

- Examples of potentially restrictive mandatory requirements include:
  - Ten (10) hard copies of your proposal and a CD ROM are required.
  - Cost proposals must be provided on CD in Microsoft Excel 95 only.
  - Responses shall use a 12 point type with standard margins.
  - Responses must be limited to one (1) page.
- Remember, mandatory requirements may not be waived.

PASS/FAIL – FORMAT REQUIREMENTS

Identify the concerns in these specifications:

Financial and Operational Stability (Pass/Fail) (Not Weighted) (Performed at the time of the Initial Screening)

Included in this is the assessment of the Bidder's financial and operational stability that will include, but not be limited to, a review of the following items that Bidder shall include in its proposal.

- A description of the Bidder's organizational structure.
- Resumes of principal staff to be assigned to this engagement.
- The number of years the Bidder has been in operation.

How can the specifications be improved to avoid a potential protest?

TECHNICAL EVALUATION

Fair!

Consistent!

Thorough!

TECHNICAL EVALUATION

Need/Show/Measure

- The Request for Proposal specifications should clearly identify your Agency's technical requirements.
- The vendor's proposal must show how the vendor can meet those requirements.
- Agency must measure the extent that the proposals meet the requirements.

TECHNICAL EVALUATION

A technical evaluation is used to rate bidders on how well their proposals meet the technical and performance specifications as listed in the RFP.

- The Technical Specifications should describe the product or service.
- The Performance Specifications should describe the performance standards required.
- Agency should be able to justify the need for any required specification listed in the RFP.

TECHNICAL EVALUATION

Technical Proposal Evaluation Team

- Strongly recommended that Agency establish an evaluation team.
- Strongly recommended that technical and cost be reviewed by different teams.
- Typically comprised of technical experts.
- Confidentiality/conflict of interest statement is recommended.

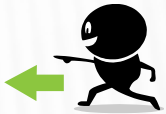
TECHNICAL EVALUATION

The Technical Evaluation Instrument should include criteria that closely represents the objectives, scopes and services as set forth in the RFP.

- Values must be assigned to each criteria.
- Values assigned must be consistent with the relative weight for the technical proposal as indicated in the RFP.

TECHNICAL EVALUATION

Instructions for Evaluators



- Overall goal is to have evaluators with consistent understanding of criteria and how it will be measured.
- Should identify how scores will be captured (i.e. whole numbers, decimals, fractions, etc.).

- Include formula to show how all individual evaluator scores will be used to determine final bidder scores. (Will they be perfected?)
- Include scripted questions for performing bidder interview and/or reference checks.

- Clearly state whether interviews/demonstrations will be worth additional technical points, will be for validation purposes only or may result in rescoring.

TECHNICAL EVALUATION

Instructions for Evaluators

- Vendor clarifications vs. vendor proposal changes.
- Single proposals, must still be evaluated.
- Identify minimum technical score, if applicable.
- How will blank scores and zero (0) points be addressed?
- Address process for tied proposals.

TECHNICAL EVALUATION

Instructions for Evaluators

- Detailed explanation of the criteria to be evaluated.
  - What information should the evaluators look for in each proposal?
  - Define general terms such as “good” and “relevant.”
  - Identify how references, if required, would be used to score proposals.

TECHNICAL EVALUATION

Instructions for Evaluators

- Criteria Matrix/Score Key
  - Set matrix that identifies potential scores for each criteria depending on the degree to which proposals satisfy the RFP requirements.
    - May be identified as a maximum potential scores per criteria.
    - Criteria may be further broken down into sub categories
    - May be identified as a pre-established scale of points per each criteria up to the maximum allowable points for that criteria.

TECHNICAL EVALUATION

Criteria Matrix/Score Key:

Examples of Maximum Potential Scores

- Qualification and Experience = 15 points
- Work plan and time frame completion = 25 points
- Staffing Plan = 10 points
- Quality of References = 10 points
- Interview/Demonstration = 10 points
- Total Maximum Technical Points = 70 points

TECHNICAL EVALUATION

Criteria Matrix/Score Key: Examples of sub-categories

- Qualification and Experience = 15 points
  - Experience in this specific type of work = 10 points
  - Qualified to perform comparable volume = 5 points
- Work plan and time frame completion = 25 points
  - Provided reasonable time frames for completion = 10 points
  - Work plan addresses desirables = 10 points
  - Clearly identifies all steps in work plan process = 5 points
- Quality of References = 10 points
  - References provided good feedback = 5 points
  - Work performed was relevant to work requested in the RFP = 5 points

TECHNICAL EVALUATION

Criteria Matrix/Score Key:

Example of a pre-established scale of points

- Qualification and Experience = 15 points
  - Experience in this specific type of work = 10 points
  - Qualified to perform comparable volume = 5 points
    - Previous volume performance was less than desired = 1 - 2 points
    - Previous volume performance was equal to desired = 3 points
    - Previous volume performance was greater than desired = 4 - 5 points

TECHNICAL EVALUATION

EXAMPLE #1: Unclear or Missing Evaluator Instructions?

- Table shows technical scores of all proposals for a recent RFP.
- Per the evaluation instrument, the sum of all technical criteria cannot exceed 60 points.
- Per the evaluation instrument, the Minimum Technical Score is 42.
- WHAT CAN BE DETERMINED WHEN LOOKING AT THIS FINAL SCORES MATRIX?

	Evaluator 1	Evaluator 2	Evaluator 3	Evaluator 4	Average Score
Bidder 1	59	40	52	42	48.25
Bidder 2	60	37	41	59	49.25
Bidder 3	50	45	45	50	47.50
Bidder 4	45	50	48	52	48.75

TECHNICAL EVALUATION

EXAMPLE #1: Results –May Be Flawed

- The evaluator instructions did not specify how the minimum technical score should be evaluated:
  - By individual evaluator scores?
  - By the average of all evaluator scores?

- The evaluators may have also been unclear on the evaluation criteria:
  - Two evaluators scored almost perfect scores.
  - Two evaluators scored less than passing.

TECHNICAL EVALUATION

EXAMPLE #2: Unclear or Missing Score Keys?

- Table shows technical scores of all proposals in a recent RFP.
- Per the evaluation instrument, the sum of all technical criteria cannot exceed 60 points.
- WHAT CAN BE DETERMINED WHEN LOOKING AT THIS FINAL SCORING MATRIX?

Rater 1	Criteria 1	Criteria 2	Criteria 3	Criteria 4	Criteria 5	Criteria 6	Criteria 7	Total Score
Bidder 1	9	8	9	7	9	8	9	59
Bidder 2	7	9	8	6	8	9	7	54
Bidder 3	8	5	6	9	5	7	5	45
Bidder 4	5	6	5	6	8	7	7	44

Sum of all Criteria = 63

TECHNICAL EVALUATION

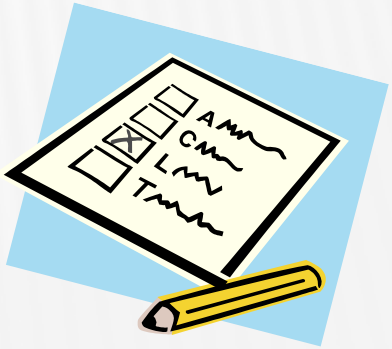
EXAMPLE #2: Results – May be Flawed

- The evaluators instructions did not specify the total maximum points allowable for each criteria.
  - Discrepancy in maximum allowable score per each criteria.
    - A high score of 9 is reflected in each criteria.
    - Sum of all technical points exceeds the allowable points per the evaluations instrument.

TECHNICAL EVALUATION

Scoring Instrument

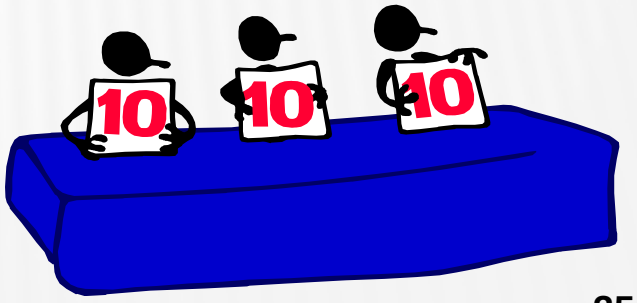
- Individual Evaluator Sheets
  - Score sheets should be created that outline the criteria and potential scores as set forth in the criteria matrix/score key.
  - Evaluators should record scores on these score sheets along with any notes on how these scores were determined.
    - Evaluators should identify each vendor being evaluated on each score sheet.



TECHNICAL EVALUATION

Technical Score Summary

- Include all individual evaluator scores for each proposal.
- Show final calculations that were used to determine the final scores.
- List ranking of all proposers from highest to lowest scores.
- Address discrepancies in scores.



FINAL EVALUATION

Technical Score Summary

- Rounding and use of decimal places must be consistent and pre-defined.
- Address any normalization (is there any benefit?).
- Document all re-scoring, if applicable.

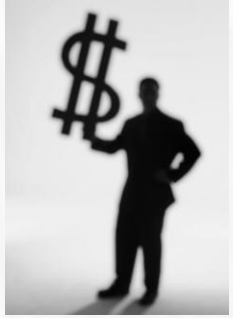
COST EVALUATION

Total solution!

Will it be enough?

COST EVALUATION

- Different needs may align with different cost models.
  - Hourly services?
  - Milestone based?
  - Fixed lump sum cost?
  - Monthly / Annual cost?



- Cost evaluation should most accurately measure the cost of meeting those needs.
- Do costs clearly tie back to the technical scope?
- Is the technical scope completely represented in cost proposal?

COST EVALUATION

- OSC will look for cost evaluations to be fair and reasonable.
  - Is it objective?
    - Well-structured cost form, not a narrative.
    - Separate from Technical Evaluation.
    - Can one bottom-line figure be arrived at?
  - Are cost proposals equivalent ?
    - 'Apples to Apples' not 'Apples to Oranges to Limes'
  - Is cost reasonable?
    - Justify when less than 3 proposals.
    - May need to clarify bidder fully understands scope if proposal appears to be very low.
    - May still need to justify as reasonable if very high or significant change from prior award.

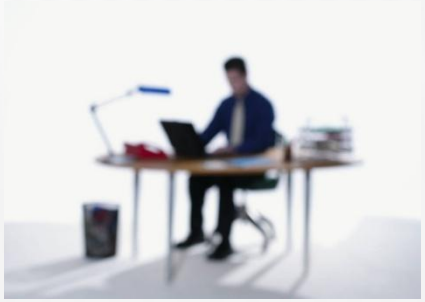
COST EVALUATION

Concepts to Consider

- Anticipate all phases that would impact cost.
  - Include design, development, implementation and acceptance.
- Are the projected number of hours known or not?
- Are there multiple components to the total cost?
- Will there be parts, materials, equipment or maintenance?
- Will there be travel?
- Will there be escalation?
- Are cost formats in keeping with the industry?

COST EVALUATION

- May need to standardize job titles/descriptions and estimated number of hours per job title.
  - Firms may have different definitions of an 'Analyst 1.'
  - Not all job titles will be used for an equal number of hours.
    - Provide an estimated number of hours per job title.
      - Director vs. Analyst vs. Administrative Assistant
- Perhaps the level of effort cannot be predicted at all.
  - Pure average hourly rate may be necessary.



COST EVALUATION

- Per transaction cost
  - Cost per customer processed
  - Banking services
  - Cost per assessment performed
- Would a fixed-price phase/deliverable approach work?
  - Milestone based
    - Final Design Document, Module Acceptance, Final Report
    - Can this be tied back to set of requirements in RFP?
  - Final lump sum
    - Examples
      - Known type of audit report.
      - Annual all-inclusive maintenance.

COST EVALUATION

- Cost may have multiple components.
  - New software + consulting + training + annual support.
    - Fixed cost, hourly costs, session costs, travel may be rolled in or separate.
    - Set maximum points available for each of the cost components.

COST EVALUATION

- Options <u>must be evaluated or cannot be awarded.</u>
  - If agency 'may' do something, the cost needs to be evaluated.
    - Deploying core set of modules but may do additional ones.
    - Pricing tiers if number of users/sites may grow over time.
    - Faster bandwidth internet connections.
- Evaluation should weigh costs appropriately.
  - Are options a small or substantial percentage of cost?
  - Are change controls and additional hourly expenses anticipated?
  - What is likelihood of usage?
- All bidders must provide pricing (optional for the agency, not for proposers).

COST EVALUATION

IF NOT INCLUDED IN THE EVALUATION PROCESS, NORMAL PROCUREMENT RULES WILL APPLY FOR FUTURE NEEDS.

COST EVALUATION

- Escalation
  - None allowed?
  - Request specific rates for each year?
  - Consumer Price Index (CPI)
    - Must evaluate using the same percentage for each bid.
- Travel
  - Specify if this is a separate budget category or is it rolled up into the fixed costs.

COST EVALUATION - TIPS

- Clarifications cannot result in a changed proposal.
- Cannot just give zero points to the highest cost.
- Define use of decimal points and rounding.
- Do not allow vendors to alter proposal worksheets.

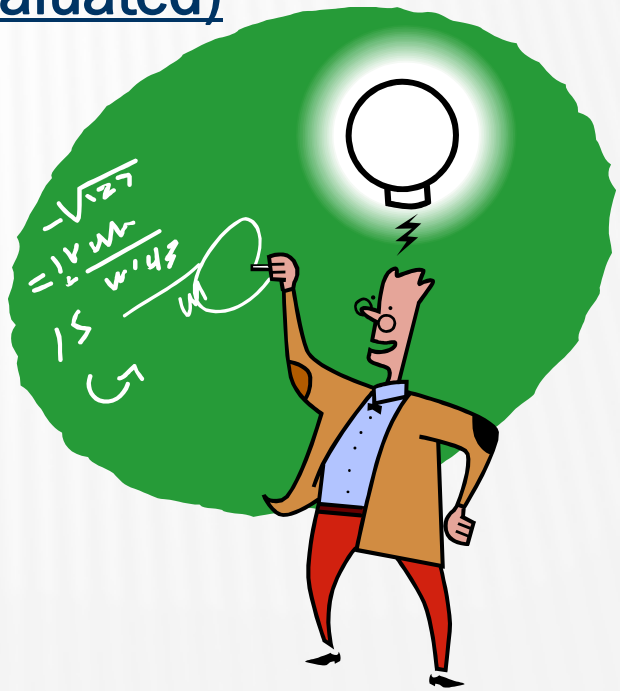
COST EVALUATION - TIPS

- Do not allow vendors to leave any field blank; but rather enter $0 if appropriate.
- Any bidder disqualified for not meeting a Minimum Technical Score will not be included in the cost evaluation or any further step of the evaluation process.

COST EVALUATION - TIPS

- Cost score is a calculation, not an analysis.
- Recommended formula for cost scores:

  Max Points * (Low Bid ÷ Bid Being Evaluated)



COST EVALUATION - TIPS

Example of Cost Score Calculation

- 70% Technical/30% Cost

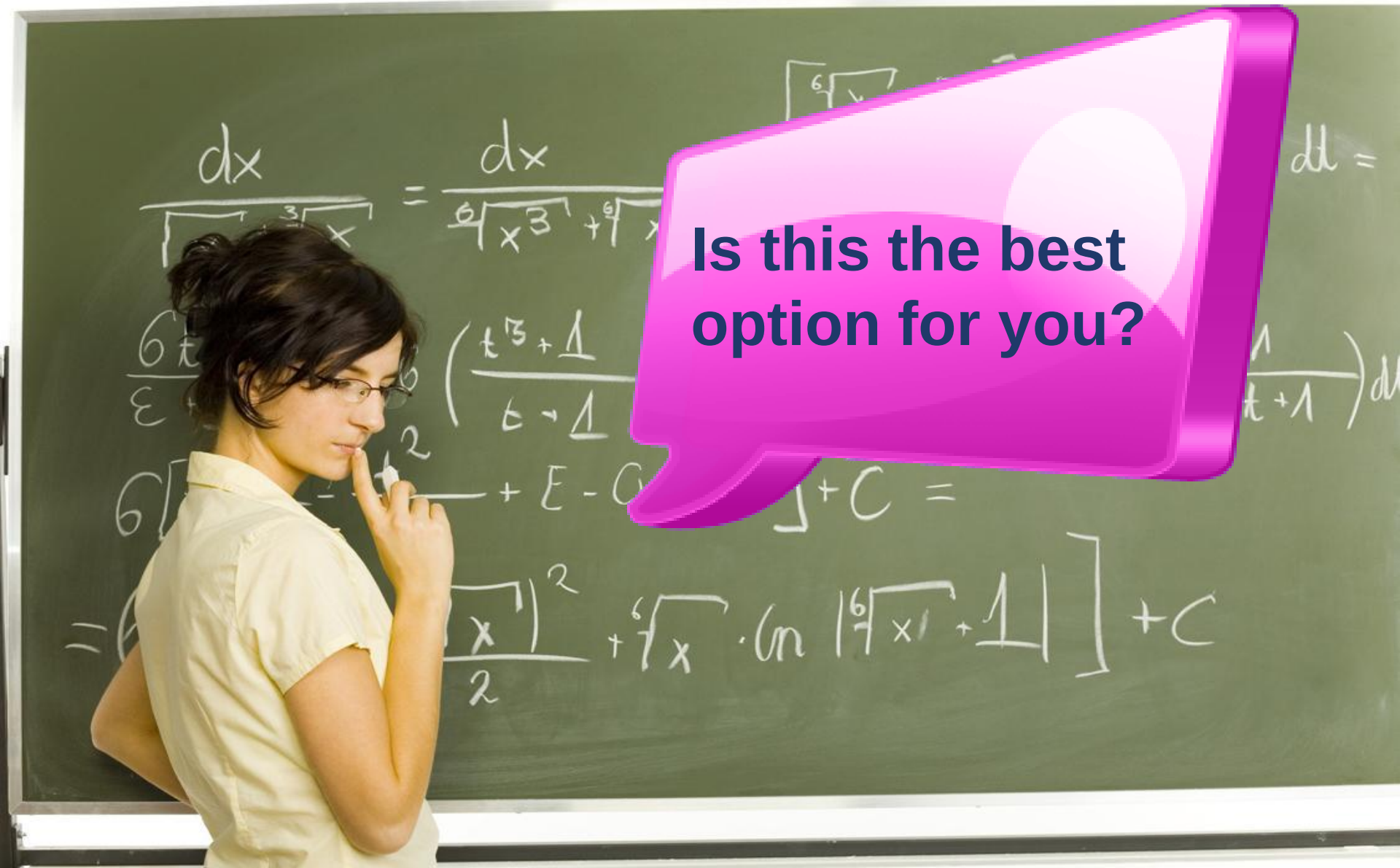
Vendor	Hourly Rate	Cost Score
A	$90	30
B	$100	?

- Cost Score = Max Points * (Low Bid ÷ Bid Being Evaluated)
- Vendor B Cost Score = 30 * (90 ÷ 100)

  = 30 * (0.9)

  = 27

ADDITIONAL OPTIONAL PROCESSES



OPTIONAL TECHNIQUES

Short-listing

- Interviews
- Product demonstrations
- References

SHORT-LISTING

- A process that limits the number of vendors that are allowed to continue into the final evaluation step (i.e. Interview, Presentation, References, etc.) based on the their preliminary score.
  - Must consider both Technical and Cost scores.
  - Evaluation Instrument must indicate the process that will be used to develop the short listed vendors.

SHORT-LISTING

Options:

- Will the final evaluation step be *scored*?

  Example – Final evaluation phase is a product demonstration worth 15 points.

- RFP should state a short list will be used and all vendors susceptible to award will be included in the short list.

- Evaluation instrument should define how the short list will be developed. (i.e. If this phase is worth 15 points, only vendors within 15 points of the highest composite score will be invited to participate.)

SHORT-LISTING

Options:

- Will the final evaluation step be used to *validate* information only?

  Example – Final evaluation phase is an interview. No points will be awarded but scores may be adjusted based on interview results.

  - RFP should state a short list will be used and indicate the number of bidders that will be interviewed.
  - Evaluation instrument must define how the number of participants to be interviewed is to be determined.
  - Process not intended to re-score the entire proposal.

SHORT-LISTING SCENARIO

- Agency has short-listed bidders to move onto the interview phase. The preliminary results of the evaluation for the procurement are listed below.
- 70% Technical and 30% Cost Weighting.
- Request For Proposal and Evaluation Methodology state the two Vendors with the highest composite score will be invited in for interviews.
- Initial scores can be adjusted downward only based on interview results.

Preliminary Composite Score

	Tech Support Inc.	IT Specialist Inc.	Omni Technology	Knowledge Software
Total Technical	42.3	55.3	64.0	64.0
Total Cost	19.8	30.0	27.5	18.6
TOTAL	62.1	85.3	91.5	82.6

SHORT-LISTING SCENARIO (CON'T)

- IT Specialist Inc. and Omni Technology were interviewed and both of their scores were adjusted.

Preliminary Composite Score

	Tech Support Inc.	IT Specialist Inc.	Omni Technology	Knowledge Software
Total Technical	42.3	55.3	64.0	64.0
Total Cost	19.8	30.0	27.5	18.6
TOTAL	62.1	85.3	91.5	82.6

Post Interview Score

	Tech Support Inc.	IT Specialist Inc.	Omni Technology	Knowledge Software
Total Technical	XX	44.0	53.0	XX
Total Cost	XX	30.0	27.5	XX
TOTAL	XX	74.00	80.5	XX

SHORT-LISTING SCENARIO (CON'T)

- Realizing that making an award to a vendor with a lower composite score would appear to contradict the concept of best value, the Agency decides to invite Knowledge Software in for an interview.

Post Interview Score

	Tech Support Inc.	IT Specialist Inc.	Omni Technology	Knowledge Software
Total Technical	XX	44.0	53.0	63.0
Total Cost	XX	30.0	27.5	18.6
TOTAL	XX	74.00	80.5	81.6

- Based on the evaluation results, an award is made to Knowledge Software.

SHORT-LISTING SCENARIO - CONCLUSION

- Contract must be non-approved.
  - By interviewing the third ranked firm, the Agency changed its process after the receipt of the proposals in violation of State Finance Law § 163-7.
  - If an award was made under the initial interview results, the evaluation process would not have achieved best value results.
- Pitfall
  - Failure to include all vendors susceptible to award could result in a successful bid protest and non-approval by OSC.

INTERVIEW

Request For Proposal should state how the interview will be used. The same evaluators must be present for all interviews.

- Two options:
  - Score using a specific set of questions for all bidders who qualified for the interview. If this technique is used, all bidders susceptible to an award should be included;
  - Use to validate information provided in the proposal. Based on the information provided, the agency reserves the right to re-score against the original technical criteria. Evaluators should note the reasons for changing their initial scores.

PRODUCT DEMONSTRATION

- Request For Proposal should state if the product demonstration will be scored or used to validate information already provided.
- The same evaluators must be present for all demonstrations.
- Agency should develop a product demonstration agenda and document outcomes.

REFERENCES

- Request For Proposal and Evaluation Instrument should state how and when (e.g. 9 to 5 EST) references will be contacted.
- How will the information be used?
  - Pass / Fail ?
  - Proposal validation?
  - Points?

REFERENCES

Things to consider:

- Define procedure that will be followed if a reference cannot be contacted.
- Identify in RFP that it is the firm's responsibility to ensure that Contacts are willing to provide a reference.
- Identify the number of references needed but suggest vendors provide more than the needed number and include order of preference.
- Weigh the benefits of the information that will be provided.

FINAL EVALUATION

Analyze!

Complete!

Succeed!

FINAL EVALUATION

Technical plus Cost

- Final calculation should be inclusive of both Cost and Technical scores for all vendors susceptible to award.
- Should indicate additional points, if any, for interviews and demonstrations.
- Should address any inconsistencies.
- Should highlight the highest scoring bidder.

FINAL EVALUATION

Technical plus Cost equals Best Value

- Normalization
- Averages
- Totaling
- Weighing
- Re-score
- Summary
- Tied Bids

FINAL EVALUATION

Technical Score	Worth 70 Points					
	Rater 1	Rater 2	Rater 3	Rater 4	Total	Average
Bidder A	59	63	60	58	240	60
Bidder B	48	55	47	50	200	50
Bidder C	62	51	58	56	227	56.75

Cost Score	Worth 30 Points	
	Bid Amount	Score
Bidder A	$ 30,000.00	10
Bidder B	$ 10,000.00	30
Bidder C	$ 20,000.00	15

Grand Total	Maximum 100 points		
	Technical	Cost	Total
Bidder A	60	10	70
Bidder B	50	30	**80**
Bidder C	56.75	15	71.75

Highest scoring vendor

QUESTIONS?

CONTACT INFORMATION

RFP Team

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