

Chapter 13. Competitive Negotiation: Evaluation Criteria

Summary

This chapter discusses the procedure for developing relevant and material evaluation criteria and methods to weight the criteria to score a proposal.

Essential Information in this Chapter	
• The RFP must identify those criteria determined by the purchasing agent, the using department and the selection committee to be relevant and material to properly evaluate a proposal. • The criteria may include the vendor's plan for providing the goods or services, qualifications, experience with similar projects, past performance, availability, reputation and familiarity with the County. • If criteria are weighted, it should be done with caution to assure that they are properly weighted in accordance with the importance of each criterion. • The RFP should indicate the relative importance of the criteria by describing the decisional logic that the selection committee intends to use to make the selection decision.	
Key References to the Code of Virginia Applicable to this Chapter	
Section 2.2-4301: Definitions of competitive negotiation and other key terms Section 2.2-4303(A): When competitive negotiation required, generally <u>Section 2.2-4302.2: Process for competitive negotiation</u>	

13-1 General

The RFP must identify those criteria determined by the purchasing agent, the using department and the selection committee to be relevant and material to properly evaluate a proposal. The number of evaluation criteria should not be so numerous so as to make it impossible for the selection committee to determine whether a vendor has satisfied them all. As noted in chapter 12, for the procurement of goods and services other than construction and professional services, the evaluation criteria may include best value concepts, which allow consideration of the overall combination of quality, price and other elements that in total are optimal relative to the County's needs.

13-2 Types of Evaluation Criteria

Evaluation criteria can be divided into three primary categories: (1) technical capability; (2) managerial capability; and (3) competitiveness and reasonableness of cost:

- Technical criteria: Technical criteria include the vendor's understanding of

the procurement; the vendor's management plan; the quality of the proposed design for certain goods; the experience and qualifications of key personnel; and vendor resources.

- Management criteria: Management criteria include the vendor's experience on similar projects; the vendor's performance on similar projects; the vendor's available facilities and resources for the project; and the vendor's plan for management and control of the project.
- Cost criteria: For the procurement of goods and nonprofessional services only, cost criteria include the vendor's proposed price (for fixed-price contracts); the realistic expected cost of performance, plus any proposed fixed fee (for cost-reimbursement contracts); and other costs, such as that of ownership, including transportation costs, and life-cycle costs (installation, operation, maintenance, security and disposal).

13-3 Evaluation Criteria to be Included in a Request for Proposals

The evaluation criteria that should be included in an RFP are listed below. The criteria at the top of the list are relatively more important than those at the bottom of the list.

- Plan for performing services: When services are being procured, the vendor's plan for performing the required services.
- Qualifications of the vendor: The qualifications and experience of the vendor and, in particular, the project team members, including the consultants, proposed to be assigned to the project.
- Experience with similar projects: A record of recent past performance of similar projects of similar scope.
- Past performance: The past record of performance on contracts with government agencies or private industry with respect to such factors as control of costs, quality of the work, and the ability to meet schedules.
- Availability of the vendor: The personnel, equipment, and facilities to perform the services currently available or demonstrated to be made available at the time of contracting. This criterion should include considering the current and projected workloads of the vendor that would affect its ability to perform the required work on schedule, and the availability of key personnel to be assigned to the project.
- Reputation: The vendor's reputation for personal and professional integrity and competency.
- Familiarity with the County: The familiarity of the vendor with the County and, if services are being procured, familiarity with the problem to be addressed by the procurement as it exists in the County.

This list is not exhaustive, though it does address the technical and management criteria that should be included in all procurements using the competitive negotiation procedure. Although the list of criteria may be expanded for a particular procurement, the purchasing agent, the using department, and the selection committee should avoid creating sub-criteria that will make it difficult to apply the criteria.

Table 13-1

Sample Evaluation Criteria for a Consultant	
•	The methodology proposed
•	Qualifications and experience of assigned workers
•	Understanding of the project and its objectives
•	The degree of completeness of the vendor's response to the specific requirements of the RFP
•	Experience and history of the vendor in the disciplines covered by the RFP
•	Availability of personnel and whatever else is necessary for the performance of the work
•	The cost of the services to be provided

13-4 The Relative Importance of the Evaluation Criteria

The RFP should indicate the relative importance of the criteria by describing the decisional logic that the selection committee intends to use to make the selection decision. This may be accomplished in various ways, including the following:

- List by relative importance, differences small: List the criteria by relative importance, without assigning a specific weight to each; state in the RFP that the difference between the importance assigned to any one criterion and the criteria immediately preceding or following is small.
- List in descending order, predominant criteria: List the criteria in descending order of importance; identify which criteria are predominant.
- Identify most important class of criteria: State which class of criteria is most important; for example, state that the technical criteria is more important than the cost criteria.
- Identify the relative emphasis to be placed on classes of criteria: State that primary emphasis will be placed on one class of criteria, a lesser degree of importance will be placed on other classes, and include descriptions of the relative weight to be given by identifying that criterion within a class where satisfaction is mandatory, highly desirable, or desirable.

- Numerical weighting: Identify the weight given to each criterion by assigning a numerical value to that criterion. A Request for Proposal must indicate whether a numerical scoring system will be used in evaluation of the proposal. In the event that a numerical scoring system will be used in the evaluation of proposals, the point values assigned to each of the evaluation criteria must be included in the Request for Proposal or posted at the location designated for public posting of procurement notices prior to the due date and time for receiving proposals.

Whether criteria should be weighted and how they should be weighted are addressed in sections 13-5 and 13-6.

13-5 Whether to Weight the Criteria

The purchasing agent and the selection committee may use its discretion in determining how to score proposals, provided that it is not arbitrary. There are advantages and disadvantages to weighting the evaluation criteria listed in an RFP. If criteria are weighted, it should be done with caution to assure that they are properly weighted in accordance with the importance of each criterion.

Weighting criteria can be a problem if the selection committee later wants to elevate the importance of a particular criterion that initially was given a lower weight. The selection committee should consider to not weight the evaluation criteria until the interview.

13-6 Methodologies for Weighting Criteria

Following are several methodologies that can be used to weight the criteria. In selecting any of these or any other methodologies, the key is to have a method for evaluating proposals that is reasonable, fair and objective to the extent practicable.

- Fixed weights: This is a simple mathematical weighting system. The selection committee assigns weight to each evaluation criterion by percentage distribution.
- Variable weights: This weighting system allows more flexibility in the weighting of criteria where it is determined that, as to satisfying certain criteria, proposals are of relatively equal merit. In such a case, the selection committee could give greater weight to other criteria. For example, the weight given to cost as a criterion could increase as the selection committee determines that the proposals are relatively equal based on other certain criteria evaluated.
- Trade-off analysis: This weighting system requires the selection committee to evaluate the value of technical differences between proposals in order to determine if these differences justify paying the cost or price differential. The technical criteria are point scored and the differences between technical proposals are then traded off against the differences in price or cost. For example, the RFP may inform vendors

that an award will be made on the basis of a cost-technical trade-off, with technical being of more relative importance than cost. The selection committee has a great deal of discretion when using this system. When this system is used, the RFP must inform vendors that the selection committee will determine the weight to be accorded cost or price criteria after determining the relative merits of the technical proposals. The cost or price criteria are not scored because the weight to be accorded them can only be judged after the relative merits of the proposals have been determined from a technical standpoint.

- Go, no-go: This weighting system is frequently used in situations in which goods are being procured and are to be subjected to testing. The technical and management criteria are scored on a go, no-go basis, which means that a technical or management element of a proposal is either adequate (go) or inadequate (no-go). If the element is inadequate, the vendor may be asked to revise its proposal; if the factor is adequate, it is no longer relevant in the evaluation process and an award is made on the basis of the other criteria. If this weighting system is used for the procurement of goods, the RFP should provide for the award to the vendor with the lowest overall price among those proposals found acceptable in the technical and management areas.

As an alternative or in addition to the weighting systems described above, the selection committee should also consider adopting decision rules. A decision rule tells the committee how to deal with a criterion under varying conditions. For example, a decision rule might be: "if management is rated anything less than satisfactory, the entire proposal is unacceptable" or, "if the proposed price is 30 percent higher than the using department's estimate, it will be judged as being potentially unrealistic and the vendor's proposal will be reevaluated to determine if there is a misunderstanding of the requirements."

13-7 Scoring Proposals

After the system for weighting the criteria is determined, the selection committee must also determine how the proposals will be scored. There are several methods by which proposals may be scored, including by adjective (excellent, good, fair . . .), numerical (10, 9, 8 . . .), narrative and ranking. A narrative evaluation may be the most effective scoring procedure in situations where the selection committee must present its results to the board of supervisors. Narratives can communicate specific information that adjectives and numbers cannot.