

Chapter 15. Competitive Negotiation: Evaluating Proposals

Summary

This chapter describes the steps to be taken in order to properly evaluate each proposal received in response to an RFP.

Essential Information in this Chapter	
<ul style="list-style-type: none">• The selection committee reviews and scores each proposal based on the evaluation criteria specified in the RFP.• The evaluation process should consist of feature-by-feature comparisons of the proposals to the evaluation criteria set forth in the solicitation, and, if goods or nonprofessional services are being procured, cost comparisons.• The scope of the evaluation of each proposal should cover, at a minimum, the proposal's general quality and responsiveness and the vendor and its personnel.• The selection committee should use the information contained in each proposal to evaluate its merit. Other relevant information from previous surveys, field technical reports, and advisors and consultants may be used to evaluate criteria other than technical criteria.• An RFP for the procurement of goods or nonprofessional services that requests pricing information should be evaluated using either a cost, price, or value analysis.• The selection committee may exclude a vendor from further consideration in the procurement process if it determines that its proposal is not competitive and, therefore, not suitable for further consideration; whether a proposal is suitable for further consideration should not be determined on the basis of a predetermined cut-off score.• Upon completion of the evaluation of the proposals, proposals are classified as being either suitable for further consideration or are eliminated from further consideration.	
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	

15-1 General

The selection committee reviews and scores each proposal based on the evaluation criteria specified in the RFP. After the committee reviews the proposals, it chooses two or more vendors who are qualified, responsible, and suitable. The committee may choose a single vendor, but only if the purchasing agent documents in writing that the vendor is the only one qualified or is clearly the most qualified.

The purchasing agent then coordinates negotiations with two or more vendors submitting proposals that are the most competitive and issues a notice to those vendors whose proposals were eliminated from further consideration.

15-2 The Evaluation Process

After the proposals are opened and the vendors are identified, the selection committee is convened. Before the first committee meeting, the purchasing agent should prepare scoring forms. Evaluation must be based only on the criteria specified in the RFP. Other criteria cannot be added or substituted.

All RFP responses are to be evaluated. Evaluators should not compare proposals against one another and should not include in the comments on one proposal any references to another offeror's proposal. Proposals not meeting requirements should be scored lower. Evaluators should carefully document and justify their scores providing detailed, legible comments and specific references to an offeror's responses, as this information is used during debriefing conferences with unsuccessful offerors.

The selection committee should review and evaluate proposals as they affect committee members' areas of interest and expertise. All findings should be shared among the committee members. During this step, the selection committee also may check references. The committee should check references other than those listed by the vendor.

Table 15-1

Techniques to Insure Fairness in the Evaluation Process	
<ul style="list-style-type: none">• Have technical and cost elements of a proposal evaluated by different groups of the committee, with cost information withheld from the technical personnel until technical scoring is completed.• Have all evaluators review each proposal.• The committee may select a member to conduct references of acceptable vendors.• During reference checks, the committee member should obtain information as to how the vendor performed for the organization, the type and extent of claims filed, problems that occurred during the contract term and how they were resolved, and the vendor's reliability and professionalism. During interviews, any questions arising from reference checks should be asked.	

The selection committee should select the top two or more proposals to move on to the negotiation or discussion stage. The process becomes cumbersome when more than five vendors are considered.

15-3 The Scope of an Evaluation

The evaluation of proposals by the selection committee is limited to the criteria set forth in the RFP. At a minimum, the scope of the evaluation of each proposal should cover the following, so long as each of these is included in the published evaluation criteria:

- General quality and responsiveness: Responsiveness to terms, conditions, and time of performance; completeness and thoroughness; understanding of the problem or of the work to be performed; and the proposed approach to be used.
- Organization and personnel: Evidence of good organizational and management practices; qualifications of personnel; experience and past performance; financial condition; and, for goods and nonprofessional services, price and bid-price breakdown or price range and cost schedule.

The selection committee must evaluate each proposal for satisfaction of all criteria set forth in the RFP.

15-4 Information Used to Evaluate Proposals

The selection committee should use the information contained in each proposal to evaluate its merit.

For the evaluation of technical criteria, only the information contained in each proposal should be considered. However, the selection committee may request that a vendor provide additional technical information.

15-5 Evaluating Costs

An RFP for the procurement of goods or nonprofessional services may request that a prospective vendor include pricing information in its proposal. This pricing information should be treated as nonbinding, primarily because negotiations may bring to light additional needs or requirements not identified in the RFP or because some anticipated services may not be required.

Nevertheless, if an RFP for the procurement of goods or nonprofessional services identifies cost as an evaluation criterion, it must be evaluated. Following are three different ways in which the cost of a procurement may be evaluated:

- Cost analysis: This analysis consists of reviewing and evaluating separate cost elements and proposed profit of: (1) a vendor's costs or pricing data; and (2) the judgmental factors applied in projecting from the data to the estimated costs, in order to form an opinion as to the degree to which the proposed costs represent what the contract should cost, assuming reasonable economy and efficiency. This analysis requires that the

committee evaluate specific elements of cost, the necessity for certain costs, the reasonableness of the amounts estimated for the necessary costs, the reasonableness of allowances for contingencies, the basis used for allocation of indirect costs, the appropriateness of allocations of particular indirect costs to the proposed contract, and the reasonableness of the total cost or price.

- Price analysis: This analysis is made by examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit. In making this analysis, consideration must be given to any differing terms and conditions. Price analysis is used to determine if a price is reasonable and acceptable and involves an evaluation of the prices for the same or similar goods or services. This analysis requires the selection committee to evaluate the price submissions of prospective vendors in the current procurement, prior price quotations and contract prices charged, prices published in catalogues or price lists, prices available on the open market, and in-house estimates of cost.
- Value analysis: This analysis evaluates the function of a product and its related costs in order to determine its inherent worth or value and to determine if the price is consistent with what the goods or services should cost. This analysis requires that the committee evaluate what the goods or services provide to the County, the life-cycle costs, whether there are other ways in which the service or function could be obtained and what it would cost, and whether there are features of the goods or services that could be modified or eliminated.

The selection committee must determine how cost information will be evaluated before the evaluation process begins.

15-6 Determining Whether a Proposal is Suitable for Further Consideration

The selection committee may exclude a vendor from further consideration in the procurement process if it determines that its proposal is inferior based on scoring of the evaluation criteria and, therefore, not suitable for further consideration. The committee should not determine which proposals are not suitable on the basis of a predetermined cut-off score. Rather, those proposals determined to be excluded from further consideration should be those that are inferior because of deficiencies that are not easily correctable.

A proposal must contain sufficient information so that the selection committee knows what is being proposed. An informational deficiency should be considered material, and the proposal inferior, only after the selection committee considers: (1) the detail called for in the RFP; (2) whether the omissions make the proposal unsuitable for further consideration or merely inferior; (3) the scope and range of the omissions; (4) whether the proposal offers significant cost savings; and (5) the number of offerors in the competitive range.

A proposal should not necessarily be determined to be unsuitable for further consideration solely because it fails to conform to all of the requirements of the RFP. The selection committee has broad discretion in determining whether a proposal is competitive or inferior, as long as its decision is neither arbitrary or capricious. The key question is whether the proposal has a reasonable chance of being selected for award.

Following are examples of deficiencies in a proposal that the selection committee may determine to be material and to render the proposal not suitable for further consideration:

- Fails to satisfy technical objectives: The proposal is incapable of satisfying the technical objectives of the RFP.
- Material deficiencies: The proposal contains deficiencies that are so material as to preclude any possibility of upgrading the proposal except through major modifications or revisions.
- Extremely low rating: The proposal is rated so low that any attempt to upgrade the proposal to an acceptable level would require an unreasonable and unfair degree of assistance from the County.
- Technical issue not clarified: The proposal is technically inferior and the vendor fails to timely respond to a request for clarification.
- Price omissions: The proposal omits a number of required prices.
- Feasibility of approach unsupported: The proposal fails to include detailed information establishing the feasibility of the vendor's proposed approach.
- Addendum not acknowledged: The vendor fails to acknowledge receipt of an addendum to the RFP where offered prices would have been significantly increased by the addendum and vendors were advised that failure to acknowledge the amendment would result in rejection of the proposal.

A vendor should not be excluded if there is a close question as to whether its proposal is competitive or if information deficiencies in the proposal can be corrected by information obtained during the negotiation process, particularly if the deficiencies are the result of deficiencies in the RFP.

15-7 Establishing a Short-list of Vendors

Upon completion of the evaluation of the proposals, the selection committee should assign a score based on evaluation criteria and classify each proposal either "acceptable for further consideration" or "not suitable for further consideration." Thereafter, the committee shall invite two or more vendors it deems fully qualified, responsible and suitable, to interview with the committee.

The County is not required to interview all vendors who submit proposals. The number of vendors selected depends in part on the size, scope and complexity of the project, the number of qualified proposals, and the time available to complete the selection process. The process becomes cumbersome when more than five vendors are considered at the interview stage.

If the purchasing agent, on the recommendation of the selection committee, determines in writing and in his sole discretion that only one vendor is fully qualified, or that one vendor is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that vendor.

Vendors whose proposals are eliminated from further consideration should be notified by the purchasing agent that their proposals were removed from further consideration. The notice should be in writing and advise the vendors of the decision and express appreciation for their participation in the process.