

## How to Write the Construction Management RFQ/RFP

Setting Up a Project for Success

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### Today's Objectives

- The Art of RFQ/RFP writing
- First things first
  - Determining the optimum Project Delivery Method
- Construction Document selection
- Project objectives
- Special owner requirements
- RFQ/RFP format
  - Separate RFQ/RFP or RFP only
- Evaluating the RFP
  - Scoring rubrics
  - Typical attachments or exhibits to the RFQ/RFP

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### The Art of RFQ/RFP Writing

- More Art than Science
- Common threads
  - Focused RFQ/RFP can bring the best team together
  - Owner self examination
  - Optimum Project Delivery Method
- Scalability of the RFQ/RFP

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### Begin With the End in Mind

- All projects have a beginning, middle and (hopefully) end
- The way the project is laid out in the beginning will affect the end
- One of the first questions must be “What Project Delivery Method best fits our internal capabilities and project demands?”

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### Optimum Project Delivery Method

	Design-Bid - Build	CMAR or CM Agent	IPD	Program Management
Owner experience, current work load	*High Owner Experience *Low Current work load		*Inexperienced Owner	*Very high work load with multiple projects or wide geography
Speed to market	*No time constraints		*Extreme schedule demands	
Project cost	*Low or average compared to other projects		*Many times the cost of previous projects	
Market demands	*Plentiful labor *Multiple qualified vendors		*Tight labor market *Many opportunities for vendors	
Owner tolerance for risk	*Risk adverse		*Open to risk sharing	
Project complexity	*Simple		*Complex	

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### Optimum Contract Documents

- Many choices
  - AIA Family of documents
  - AGC Consensus Documents
  - CMAA Documents
- Understand the implications of each document family
  - Understand the impact of the document version

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### Describing the Project

- Summarize the project objectives
  - 3-4 key owner objectives
- Describe the project environment
  - Brief history of the owner
  - Geography
  - Demographics
  - Known issues
  - Project budget

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### Special Owner Requirements

- Unique owner requirements
  - Special government requirements
  - Hospital policies
    - Smoking
    - ICRA/ILSM etc.
  - Other special directives

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### RFQ and RFP?

- Some jurisdictions require a two stage process
  - Process may be legislated
- Entry into new markets with unknown vendors
- If all potential vendors are familiar to the Owner
  - May be no need for the qualification process

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### RFQ/RFP Table of Contents

#### Part I, Project overview and instructions to interested parties (Qualification information)

##### Introduction and purpose

- Purpose statement of the RFQ/RFP
- Authority of the Owner to accept or reject any or all proposals
- Description of the desired Project Delivery Method
- Description of the expected role of the respondent in relation to the project team
- The expected extent of the Owners role in relation to the project team

##### General description and background

- Project location
- Funding source for the project
- Project purpose (extend life of existing facility, replace existing, etc.)

##### Definitions

- Form of agreement for the work
- Definition of team members
- Correct title of the project owner
- Definition of RFQ/RFP
- Definition of selection committee

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### RFQ/RFP Table of Contents

#### Statement of need

- Description of the project
- Project budget
- Special known challenges
- Owners' expectations of the team member (i.e. can the constructor self perform or must they submit bids for elements for the work, can the architect use their own engineers or does the owner designate a preferred firm or vendor.
- Project team members
- Description of desired services over the various phases of the project
- Anticipated project schedule, milestones and key dates

#### Qualification and proposal administrative procedures

- Legal address and contact information of the issuing office
- Scope of response limited as stated in the RFQ/RFP
- Rejection of incomplete responses to the RFQ/RFP
- Instruction on inquiries
- Communications (formal communication process)
- Cost to respondents (who pays the cost to respond)
- Addenda process if necessary
- Pertinent dates
- Owners right to change the form of agreement

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### RFQ/RFP Table of Contents

Required tabs

- Tab 1-RFQ & signed acknowledgement
- Tab 2-Proprietary information
- Tab 3-Executive summary
- Tab 4-Business organization and history
  - Financial information, ability to bond, etc.
- Tab 5-Project staffing plan
  - Org chart, key personnel, ability to self perform, contingency plans
- Tab 6-Management approach
  - Narrative, time management/ cost management, documentation

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### RFQ/RFP Table of Contents

Required tabs (continued)

- Tab-7-Experience on similar projects and references
  - References, (Owners, A&E, major subs)
  - Arbitration/litigation
  - Disclosure of conflicts

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### RFQ/RFP Table of Contents

Part II, Proposal elements

Invitation for qualified firms/ notification to non-selected firms

RFP Deliverables

- Résumés of key personnel
- Fee schedule for pre-construction services
- Fees and General Conditions for proposed project
- Sample project reports, schedules, etc.
- Project Management web sites and/or software
- Team responsibility matrix

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## RFQ/RFP Table of Contents

Part II, Proposal elements (continued)

### RFP instructions

- Number of pages, number of copies (electronic and/or hard copy)
- Maximum number for interview team and time allowed
- Instruction on submitting documents

### Typical Exhibits to the RFQ/RFP

- Response agreement
- Forms for pre-construction fee schedule & Fee and General Requirements
- Sample contract with owners special requirements

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## Other Documents

Rubric for scoring Qualifications

Rubric for scoring proposals and interviews

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## Other Documents

Rubric for scoring Qualifications

Rubric for scoring proposals and interviews

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### Legal Considerations

- Legal review of RFQ/RFP
- Proposed agreement reviewed by legal prior to issuing with RFQ/RFP

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## **How to Write the Construction Management RFQ/RFP: Setting up a project for success**

### **Introduction**

Recognized best practice in writing a paper or making a presentation is to find peer reviewed scholarly papers on the selected subject to reference as evidence of a certain position or proof of a theory. On the subject of writing requests for proposals, scientific papers are very few; probably for good reason. After reviewing a number of RFP examples and limited references, it appears that writing a “good” RFP is much more art than science. For the purpose of this paper the terms RFP may mean the RFQ/RFP process

Some common threads observed in sample RFP’s were the belief that a focused RFP will bring the best matched firms to respond to the owners need, reduce cost by focusing on the vital elements of project success, and introduce objectivity in the owners strategic decision making process. This paper will examine the basic elements of the Request for Proposal; the self examination the owner should undergo to understand how the project aligns with internal management capabilities, the project delivery options available and how the different project delivery methods affect the project, project document selection and its alignment with the selected project delivery method, and the evaluation process which leads to the best project team.

This paper will focus on procurement of construction or design services for healthcare construction. It is not possible, in the context of this paper, to examine every potential combination of design and construction RFP’s for all the project delivery methods available so the focus will be on one of the more common delivery methods; Construction Management at Risk. Other project delivery methods and how to choose the method that best fits the circumstances will be briefly discussed however that process is not the focus.

Writing a comprehensive RFP can be a lot of work and requires a diverse knowledge base. The payoff is the potential to create a high functioning project team that meets the owner’s needs.

### **Writing a Winning RFP**

#### *First things first*

All projects have a beginning, middle and end (hopefully). The steps taken in the very inception of the project have an impact on how the project ends so careful consideration at the beginning is warranted. For the purpose of this paper, the assumption is that a healthcare organization has identified a need, the initial programming is complete and the owner is ready to move into the design and



construction phase of the project. One of the first decisions is the determination of which project delivery method fits the project.

### *Project delivery methods*

For decades the traditional Design-Bid-Build served construction owner well. For many reasons outside the scope of this paper, new project delivery methods began to surface in the 1960's and continues to evolve today. The project delivery methods considered for this paper are Design-Build, Design-Bid-Build, Construction Management at Risk, Construction Management Agency, and Integrated Project Delivery emerging as the most recent option. Program Management is another term frequently used when there are multiple projects for a single owner that may also use any of the project delivery methods listed above. Each project delivery method, or combinations of project delivery methods, has benefits and limitations that should be understood so that the proper selection is made for any given project. As important is the examination of the owner's capabilities, local conditions, and other factors that affect the project. (fig. 1).

### *Key questions for the owner*

Many factors influence the selection of a project delivery system; owner construction expertise, owners' tolerance for risk, project duration, technical complexity, multiple similar projects, speed to market and geographical availability of trades and material are some of the criteria to be considered. Generally, the less complicated, shorter duration, with budgets at or less than the owners' average project budget would tend to fit the traditional Design-Bid-Build delivery system. Think clinics, medical office buildings and other relatively simple projects.

Larger projects of longer duration, higher cost, higher technical complexity, need for increased speed to market, management and coordination that exceeds the capabilities of the owners' organic staff, and which may require trades and material that exceed local availability would tend to fit one of the Construction Management models. For an owner with a lower tolerance for risk, Construction Management at Risk may be the best choice. For the sophisticated project owner that understands and accepts more risk, Construction Management Agency or IPD may be a better fit. Think major hospital additions, replacement hospitals, or projects that must be delivered in a reduced time frame.

If several projects are being constructed concurrently, regardless of the project delivery system employed for the individual project, Program Management could be a consideration. Program Management offers the opportunity to consolidate equipment purchases, trade contracts and so forth which could lead to a reduction in cost. Think large complex projects like the Olympic Village for the Salt Lake City 2002 Olympic Games or several hospital projects under construction for a hospital system.

Integrated Project Delivery and Design Build project delivery systems each offer a unique solution and unique challenges for project owners'. In both instances the responsibility for design and construction are concentrated in one entity, theoretically reducing conflict and potentially increasing speed to market. The challenge for the owner is the need to have a dedicated construction professional (Construction Management Degree, Certified Construction Manager, Healthcare Architect and/or Engineer) on staff to monitor the design and construction process. This is necessitated due to the reduction of the checks and balances introduced with separate contracts for design and construction and to make timely decisions in an accelerated project delivery environment. Design Build can be a good fit for less complex and stand alone project. Integrated Project Delivery can be a good fit for very complex, large projects with a need for speed to market.

In the examples above the references to large, speed to market and so on are all relative to the owners' experience. This self evaluation should be as objective as possible and examine the experience of the team members that will be involved in the project and not the broader corporate expertise.

#### *Document selection*

Once the project delivery system is known the next step is to select the family of documents used to contract with the design and construction team. The owner must decide if a proprietary document will be written for the project or if one of a series of standard documents will be used. The advantage of the standard documents is the design and construction team may have a familiarity and comfort level with the documents. In addition the standard documents have developed over many years or even decades and have been adjusted over time to compensate for current conditions.

Standard documents have been developed by the American Institute of Architects (AIA), the Design Build Institute of America (DBIA), the Construction Management Association of America (CMAA), the Association of General Contractors (AGC), and several other associations. The document set should be selected for all parties to the project with the objective of a common document set for all. For example, if Construction Management at Risk is selected, and the AIA documents are preferred, then the Architect may be engaged using the AIA B-101, the CMAR using the AIA 133 and both parties would be bound by the AIA 201 General Conditions. Caution should be used to insure the current versions of the documents are used. The owner should then change those provisions, if any, or add special conditions to the contract to customize it for the project and attach the contract as an exhibit to the RFP.

#### *Project description and objectives*

Other important elements of the Request for Proposal are a brief summary of the owners business, a brief description of the project, and a statement of key objectives identified by the owner. The description of the owner should state the owners

business, the geography served, a brief overview of the demographics of the location of the project, along with other information the owner deems necessary.

The project description is relatively straight forward. It should have a paragraph or two describing the purpose of the project; what is driving the need for this particular work along with a general scope of work, time restraints, projected budget and other project specific requirements. The project description should also describe the demographics of the project area along with known issues involving the availability of manpower and material for the project.

The statement of key objectives tells the project team what is the project emphasis. Examples of project objectives may be to “maximize use of local labor”, “be a focal point in the community”, “100 percent adherence to budget”, “completion prior to a scheduled community event”, or “completion prior to implementation of a new law or regulation”.

#### *Special owner requirements*

In certain circumstances the owner will have requirements specific to their organization. These should be clearly stated in the RFP or in the sample contract attached as an exhibit. Special requirements may be no smoking on the project site, adherence to certain laws specific to health care, or requirement for certain certificates or licenses.

Another special requirement may be the projected calendar for the selection process and subsequent design and construction. The project calendar should allow adequate time for the parties to develop their response. Assuming there will be a RFQ and RFP phase, then from the issue of the RFQ document two weeks should be allowed for questions regarding the project with four additional days allowed to submit the response. Adequate time, usually no more than a week, should be allowed to contract references and evaluate the qualification statements. Part two, the RFP should be issued to selected parties at the end of the evaluation period with two weeks allowed to prepare for interviews and completion of the proposal. Start to finish 45 days is reasonable for smaller projects. Large projects or instances where the owner makes site visits may extend the duration of the selection phase.

#### *The RFP format*

##### *Determining the composition of the RFP*

Once the project is defined the owner needs to determine if the RFP can be a combined document or split into two parts; Part I, the Request for Qualifications and part II, the Request for Proposals. Some owners may have long standing relationships with several design and construction firms and not be compelled to go

through a two stage process. Some state laws may require a formal RFQ then RFP for projects receiving state funding. In the event the owner is entering a new geographic area or the project size and scope do not fit known vendors, then the two stage process is appropriate. The attached RFP Table of Contents, (fig. 2), is an outline for those elements commonly found in Requests for Proposal reviewed for this writing.

A response agreement, exhibit 1, (fig. 3), is listed in the RFP Table of Contents for the purpose of the recipient to acknowledge receipt and understanding of the requirements of the RFP. Best practice is to require the return of all RFP documents, prohibit the use of the RFP for any use other than the specific project named in the RFP, and agreement to maintain confidentiality of any information included in the RFP.

Other elements of the RFP are listed as exhibits to be included with the published RFP; exhibit 2-Form for Pre-construction (design phase) services proposal, (fig.4), exhibit 3-Construction phase Fee and General requirement proposal form, (fig.5), exhibit 4-Owners special requirements, (i.e. no smoking policy, hospital contractor policies, etc.), and exhibit 5-Clean copy of the form of agreement with modifications, if any, (this is the form of agreement determined during the project delivery decision process).

### *Evaluating the RFP*

#### *Scoring the RFP and/or the RFQ*

Chemistry between the respondents to the RFP and the owner is an important aspect to creating a high functioning construction team, however many of the other elements are equally important so a scoring process should be in place when the RFP's are issued.

A scoring rubric's should mirror the main items in the Qualification preparation requirements, paragraph 1.f in the table of contents). The scoring can be on a standard Likert scale where the score ranges from 1 to 5 or the questions can be weighted for those items more important to the owner. An alternative to a weighted scale is to "force" responses on key elements where only one respondent can receive a 5, only one can receive a 4 and so on. Where there is a legal or practical need for a separate (RFQ and RFP) process, the results of the qualification process should result in a short list of firms to compete in the remaining proposal process.

The proposal, (part II), is scored using a similar format. Those selected for the short list are generally given the opportunity to interview with the results of the interview scored along with other proposal requirements. Adherence to the instructions, (i.e. number on the interview team, page limit on responses, etc.), may become an element of the final score if so desired.

### *Conclusion*

Construction in Healthcare is a very complex process and may extend over one, two or more years. It is important to begin with the end in mind and a good beginning is the selection of the best team for the project. A structured RFP process during which key elements of success are identified and communicated with potential team members is a very good first step. Shaping the responses so that they can readily be compared and evaluated using focused scoring rubrics combine to give the owner the best opportunity to select the best partners for the project.

Figure 1  
Project Delivery Method Evaluation Guide

The owner must determine the optimum project delivery methodology for any given project. There is no formula that data can be entered into and a selection made, however the following scatter chart may assist in determining a project delivery method.

Figure 2

*RFP table of contents*

- I. Part I, Project overview and instructions to interested parties
  - a. Introduction and purpose
    - i. Purpose statement of the RFQ/RFP
    - ii. Authority of the Owner to accept or reject any or all proposals
    - iii. Description of the desired Project Delivery Method
    - iv. Description of the expected role of the respondent in relation to the project team
    - v. The expected extent of the Owners role in relation to the project team
  - b. General description and background
    - i. Project location
    - ii. Funding source for the project
    - iii. Project purpose (extend life of existing facility, replace existing, etc.)
  - c. Definitions
    - i. Form of agreement for the work
    - ii. Definition of team members
    - iii. Correct title of the project owner
    - iv. Definition of RFQ/RFP
    - v. Definition of selection committee
  - d. Statement of need
    - i. Description of the project
    - ii. Project budget
    - iii. Special known challenges
    - iv. Owners' expectations of the team member (i.e. can the constructor self perform or must they submit bids for elements for the work, can the architect use their own engineers or does the owner designate a preferred firm or vendor.
    - v. Project team members
      1. Owners representative
      2. Other team members selected prior to this process
      3. Owners desired project team lead
    - vi. Description of desired services over the various phases of the project (figure 2)
    - vii. Anticipated project schedule, milestones and key dates
  - e. Qualification and proposal administrative procedures
    - i. Legal address and contact information of the issuing office
    - ii. Scope of response limited as stated in the RFQ/RFP
      1. Prohibition of altering the terms of the RFQ/RFP
    - iii. Rejection of incomplete responses to the RFQ/RFP
    - iv. Instruction on inquiries
      1. all questions in writing (mail or e-mail)
      2. method of response to questions

3. Instructions on submitting proposals
- v. Communications
  1. Formal communication process
  2. Prohibition against “private communications” with any board member, officer, manager or employee of the owner with out permission
- vi. Cost to respondents (who pays the cost to respond)
- vii. Addenda process if necessary
- viii. Pertinent dates
- ix. Notification of award
- x. Incorporation of the RFQ/RFP and subsequent response into the contract
- xi. Owners right to change the form of agreement
- f. Qualification preparation requirements
  - i. General Requirements
    1. Complete response required signed by authorized representative
    2. Instruction on the format to be submitted (number of pages, bound, etc.)
    3. Ownership of all RFQ/RFP documents
    4. Signed acknowledgement the RFQ/RFP has been read and understood
  - ii. Specific requirements
    1. Tab 1-RFQ & signed acknowledgement
    2. Tab 2-Proprietary information
    3. Tab 3-Executive summary
    4. Tab 4-Organizational Structure and firm history
      - a. C-Corp, LLC, etc.
      - b. Total number of employees
    5. Tab 5-Staffing plan
      - a. Org chart
      - b. Key personnel
      - c. Ability to self perform or contracted to others
      - d. Project team long term availability to the project
    6. Tab 6-Management approach
      - a. Narrative of management approach on the project
      - b. Time management/ budget management
      - c. Project documentation
    7. Tab 7-Experience on similar projects in past five years
      - a. Project information
        - i. Staff on other projects proposed for this project
        - ii. Specific work performed
      - b. Arbitration/litigation
      - c. Disclosure of conflicts
      - d. References



- i. Owners
      - ii. Design professionals
      - iii. Construction contractors/ sub-contractors
      - iv. Consent to contact
    - e. Financial condition
  - g. Evaluation of qualifications
    - i. Evaluation criteria in no particular order
      - 1. Financial strength/ability to bond if required
      - 2. Business organization and history
      - 3. Strength of key personnel
      - 4. Management plan
      - 5. experience with the selected project delivery system
      - 6. Litigation, arbitration
      - 7. References
- II. Request for Proposal
  - a. Invitation for qualified firms/notification to non-selected firms
  - b. RFP deliverables in addition to RFQ deliverables
    - i. Résumés of proposed key personnel
    - ii. Fees for pre-construction activities (if appropriate)
    - iii. Fees and general conditions for proposed project (if appropriate)
  - c. Other deliverables
    - i. Sample schedule and budget
    - ii. Computer or internet based project management site
    - iii. Team responsibility matrix
    - iv. Samples action logs
    - v. Other project controls
  - d. RFP instructions
    - i. Number of pages
    - ii. Number of copies and electronic copy
    - iii. Maximum number of interview team and time allowed
    - iv. Instructions on submitting documents

*Exhibits to the RFP*

Exhibit 1-Response agreement (acknowledgement that the respondent has read and understands the RFP)

Exhibit 2-Form for Pre-construction (design phase) services proposal

Exhibit 3-Construction phase Fee and General requirement proposal form

Exhibit 4-Owners special requirements

Exhibit 5-Clean copy of the form of agreement with modifications, if any

Other documents

Rubric for scoring Qualifications.

Rubric for scoring Proposals.

Figure 3  
Sample Response Exhibit

**Exhibit I**

By submitting a response to this RFP, the Respondent represents and warrants that it has read and understands the RFP documents and this response is made in accordance with the terms of the RFP. The Respondent also agrees to return all documents related to this RFQ/RFP and that the documents may not be used on any project other than the one stated in the RFQ/RFP.

\_\_\_\_\_  
Name of Respondent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of authorized representative.

Figure 4  
Pre-construction fee schedule

**Attachment 1**

Pre-construction services are described elsewhere in the Request for Proposal. For the purposes of the response make the following assumptions in regard to estimating the cost of pre-construction services:

- Confirm budget and schedule based on the architects program and description of the scope of work
- Evaluate proposed changes due to updated codes or incorporation of best practice for budget impact
- Make material and equipment recommendations to the Owner in regard to pre-purchasing opportunities
- Review and comment on design drawings and specifications

Complete not to exceed estimate of cost for pre-construction or Phase I services for each project in the bond issue.

Submit Pre-construction information in the format below.

Personnel assigned to Pre-Construction Services	Hourly Rate	Multiplier to include all labor burden, overhead and profit	Estimated hours for pre- construction services included in this RFP	Total estimated cost for pre-construction services
Other Direct cost				
Not to exceed Pre-construction services cost				

Figure 5  
Construction Phase Fee and Division 1 schedule

Phase II services are described elsewhere in the Request for Proposal. For the purposes of the response provide the following:

- Proposed Construction Management At-Risk fee stated as a fixed fee
  - Base fee on program estimate, actual fee to be prorated
- Provide Division 1 cost for the Tower Build Out Project
  - Project cost based on project completed and billed out 100% by 30 June 2011

Personnel assigned to Project	Hourly Rate	Multiplier to include all labor burden, overhead and profit	Estimated hours for construction services included in this RFP	Total estimated cost for Division 1
Other Direct cost				
Not to exceed Division 1 cost				

CM fee for the project is \_\_\_\_\_ %

CM bond cost is \_\_\_\_\_ %

CM Workmans Compensation experience modifier is \_\_\_\_\_

Figure 6  
Sample RFQ scoring rubric

To be published

Figure 7  
Sample RFP scoring rubric

To be published

