

CONTRACTING FOR FACILITIES SERVICES

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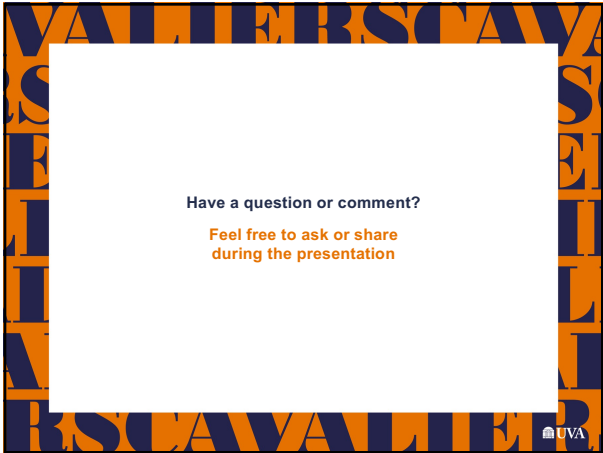
 **UVA** | Facilities Management



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Have a question or comment?

Feel free to ask or share during the presentation



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IN THIS SESSION WE WILL COVER


- In-house/Self performed
- vs. Contracting/Outsourcing
- Different types of Contracts
- Bidding Process



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Potential reasons institutions may decide to contract out

- Problems with in-house service delivery
- Reduced costs
- Quality of work
- Managing a contract operation is easier
- Specialty Need
- Resource Utilization



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Group Activity

At your tables, list:

- 1-2 advantages of keeping services in-house
- 1-2 advantages to contracting for services



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In-house advantages

<ul style="list-style-type: none">• Staff Loyalty/Dedication• Customer Service/Interaction• Commitment• Continuity• Responsiveness• Flexibility in staff Utilization• Quality	<ul style="list-style-type: none">• "Corporate knowledge" and knowledge transfer• Security• Mutual trust• Organizational cohesiveness• Emergency response capability• Lower cost (sometimes)
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**What about Contracting?
Advantages?**



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Contract Advantages


- Avoid capital costs
- Obtain specialized or infrequently required services
- Meet peak workload demands
- Lower costs (sometimes)
- Obtain management resources of a large, specialized organization
- Volume purchasing power
- Avoid inventory requirements
- Eliminate support space requirements
- Greater flexibility in adjusting to changing service level needs
- Avoid personnel management requirements



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Other Contracting Considerations

- Public/Private
- Procurement delegation
- Urban/Rural
- Union/Non-union
- Economic climate



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Examples of some services that are contracted for:

- Grounds maintenance
- Snow removal
- Custodial Services
- Pest Control
- Transportation services
- Refuse collection and disposal
- Paving
- Painting services
- HVAC services
- Elevator maintenance and inspection
- Asbestos abatement
- Facilities and equipment PM and maintenance services
- Plant operations
- Management of a particular function or operation
- Management of entire Facilities Management function



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Discussion

Institutions that have tried and/or currently contracting out some or all of their facilities services



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Contract

An agreement between two or more persons or parties to do or not to do something.



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Essential Elements of a Binding Contract

- An agreement (offer and acceptance)
- Voluntarily entered into
- By parties having capacity to contract
- Supported by consideration**
- To do legal acts or acts


**Consideration is something of value exchanged between the parties to a contract. It can be money, work performance, property, or many other things. Both parties to a contract must receive consideration for a contract to be valid.



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Basic Documentation

- Specific goods or services to be provided
- Required performance and quality
- Delivery requirements and schedule
- Consideration to be paid and related terms or conditions



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Contractual Procurement Procedures



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Competitive Bidding (IFB)

- Compete solely on basis of price
- Award to responsive and responsible contractor with the lowest offer

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Competitive negotiation (RFP)

- Qualitative evaluation
- Negotiate on basis of specific selection criteria
- May or may not include price
- Mandatory/preferred terms

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RFP Score Sheet

TECHNICAL PROPOSAL EVALUATION
COMMITTEE AVERAGES
Athletics Complex Phase 3 Olympic Sports Complex
RFP No. 21-104; Project Manager: Brian Williams

RFP Evaluation Criteria	Max RFP Point Value	Nielsen	Jamerson-Lewis	Barton-Melroe	Clark
Key Proposed On-Site Team	30	15.13	25.88	27.00	21.63
Corporate Experience on Similar Projects	20	9.38	16.75	19.38	15.75
Specific Job Plan	20	10.88	17.50	16.25	15.88
Innovative Construction Technology/Techniques	10	4.75	8.00	8.88	8.50
Project Safety Record & Proposed Plan	10	6.75	8.38	8.25	8.50
SWM Firm Utilization	10	8.00	10.00	5.00	5.00
Total	100	54.88	86.50	86.75	75.25

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RFP Score Sheet – Alternative

TECHNICAL PROPOSAL EVALUATION

COMMITTEE MEMBER _____

Athletics Complex Phase 3 Olympic Sports Complex
RFP No.: 21-104; Project Manager: Brian Williams

RFP Evaluation Criteria	Score	Nickson	Zimmerman Lewis	Barton Malow	Clark
Key Proposed On-Site Team	1 to 10				
Company Experience on Similar Projects	1 to 10				
Specific Job Plan	1 to 10				
Innovative Construction Techniques/ Technologies	1 to 10				
Project Safety Record & Proposed Plan	1 to 10				
SMM Firm Utilization	1 to 10	Score Provided by Supplier Diversity			

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Negotiated or "Sole Source" contract

- Direct negotiation with single vendor
- Justification required in public sector

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Defining Contractual Requirements

MUST DEFINE

- What we want
- How much
- Standards of quality & performance
- When

CAN DO THIS BY:

- Plans/specifications
- Statement of performance objectives or standards
- General statement of requirements

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Obtaining Offers

- Advertisement
- Solicitation
- Pre-bid /pre-proposal meeting
- Addenda
- Type of offer

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Formal Contract

- Plans and/or specifications
- Request for bid/proposal document
- Contractor's offer/proposal
- Bonds
- Terms or conditions negotiated following selection of contractor

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Contract Management

- Contract Administrator
- Pre-performance conference
- Inspection procedures
- Performance incentives/penalties
- Payment
- Claims and disputes procedures
- Renewal procedure

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To be successful, an institution's decision process needs to be ...

- Performed within the context of the institution's mission and culture
- Seen as a strategic choice
- Consultative and inclusive of customers, functional area specialists and administrators
- Balanced and cognizant of all management/operating alternatives




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At the end of the day...

"Only the provision of a service can be contracted for, not the responsibility for it."

"In the eyes of the consumer, the ultimate accountability will always rest with the institution."



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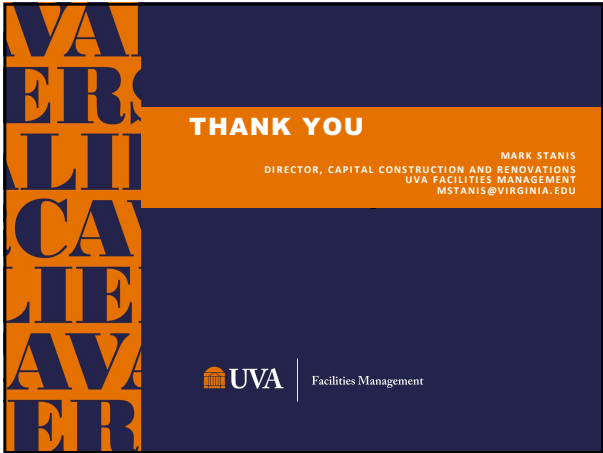
- There *is* a contract alternative
- Understand the advantages and disadvantages of the alternatives
- Understand contracting principles
- Recognize perceptions/seek reality
- Inject competition



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