

FRAMEWORK FOR QUALITY-FEE SELECTION METHOD (QFM) SYSTEM

1.0 OBJECTIVE OF QFM SYSTEM

The Quality-Fee selection Method (QFM) system was developed to replace the previous public sector consultancy procurement system which was used during the CPGCorp moratorium for projects below \$20M.

The previous system involved placing firms in segregated panels and allocating jobs to them after balloting to obtain the order of allocation. Fees were fixed according to a pre-determined scale.

2.0 KEY PRINCIPLES

- a) The Quality-Fee selection Method (QFM) is a competitive selection method that takes into consideration both the quality criteria submitted by the firms and their fee proposals. It is primarily quality-based with a higher weightage given for quality.
- b) The QFM will also operate in as transparent a manner as possible. Besides the overall quality:fee weightages, the weightages of the various quality criteria sought for will be made known at tender stage. Quality scoring will be carried out before fee proposals are opened.
- c) The QFM will also be carried out in an efficient manner to reduce costly efforts in tender pre-qualifications, tendering itself and tender evaluation.

3.0 MAIN FEATURES OF QFM

- a) Weighting for QFM
 - Quality: 60% - 80%
 - Fee : 40% - 20% correspondingly
 - Q/F weighting: 60/40 to 80/20
- b) Two-envelope system
 - Quality proposals will be opened and evaluated first with quality scores computed before the envelopes for the fee proposals are opened and the fee scores computed.
- c) Quality criteria for quality proposals could include:
 - Firm's track records
 - Awards attained by firm
 - Relevant expertise and experience of the proposed project team for the project
 - Approach for the project based on the firm's understanding of the client's requirements in the form of Written Proposal and/or Concept Design Proposal.

d) Written Proposal

- Outline of consultant's approach and understanding of clients' needs and constraints, and does not include any form of drawings (including sketches) or presentation that portray design solutions
- Limited to 2 A4 sheets to minimise wastage of tendering efforts and resources by firms.

e) Concept Design Proposal

- Concept Design Proposals will only be allowed for projects above \$30M; if used, this will form a significant part of the quality criteria
- Q/F weighting could be 80/20

f) Measure to reduce fee diving

- To discourage firms from quoting excessively low fees, the maximum score for fees will be pegged at 20% below the average fees quoted by the tendering firms.

4.0 CENTRAL PANEL SYSTEM FOR SHORTLISTING

A central panel system called Public Sector Panels of Consultants (PSPC) is to be adopted together with QFM. The main features of the PSPC are as follows:

- a) Centralised and categorised according to their respective disciplines and different project values as follows:

Architectural, C&S, M&E and QS firms

- Panel 1 : above \$30M and up to \$65M
- Panel 2 : above \$10M and up to \$30M
- Panel 3 : above \$3M and up to \$10M
- Panel 4 : up to \$3M

PM firms

- Panel 1 : above \$10M
- Panel 2 : up to \$10M

The entry criteria for the panel are given in *Appendix A*.

- b) Listing will be *open* to firms at any time
- Subject to renewal annually to ensure minimum qualifying criteria are still met
- c) Firms will select which panel they wish to be listed on
- Limited to *one choice* and subjected to meeting the qualifying criteria for that panel
- d) Firms listed on a particular panel are eligible for projects of value within that panel and the next lower panel only.

Architectural, C&S, M&E and QS firms

- For projects within *project cost range of above \$30M and up to \$65M*, only firms from Panel 1 can tender.
- For projects within *project cost range of above \$10M and up to \$30M*, only firms from Panel 1 & Panel 2 can tender.
- For projects within *project cost range of above \$3M and up to \$10M*, only firms from Panel 2 & Panel 3 can tender.
- For projects within *project cost range of up to \$3M*, only firms from Panel 3 & Panel 4 can tender.

PM firms

- For projects of *project cost above \$10M*, only firms from Panel 1 can tender.
- For projects within *project cost range of up to \$10M*, only firms from Panel 1 & Panel 2 can tender.

5.0 PROCUREMENT STEPS

a) Expression of interest

Projects up to \$65M

Depending on the type of services sought for and the size of the particular project, the procuring agencies will invite expression of interest from all eligible firms in the relevant panels.

Projects above \$65M

Firms from all panels from the specific disciplines of consultancy services sought for may participate, provided they meet the eligibility criteria specified by the procuring agency.

b) Shortlisting methods

Single-disciplinary firm or multi-disciplinary team of Architectural, C&S, M&E and QS services

(i) Projects up to \$30M

- 1-stage QFM procurement process will be adopted.
- 5 firms/teams will be balloted from interested firms/teams in eligible categories.

(ii) Projects above \$30M and up to \$65M

- Either 1-stage QFM or 2-stage QFM will be adopted.
- For 1-stage QFM, same balloting process applies.
- For 2-stage QFM, Stage 1 involves shortlisting 5 firms/teams from the pool of interested firms/teams based on agencies' particular requirements.

(iii) Projects above \$65M

- Open 2-stage QFM will be adopted i.e. *firms from all the panels* in the particular disciplines sought for can express interest for the project, provided they meet the eligibility criteria specified by the procuring agency.
- Stage 1 involves shortlisting 5 firms/teams from the pool of interested firms based on agencies' particular requirements.

PM firms

Balloting may be used to shortlist 5 firms from the interested pool of firms, if necessary.

Condition of Forming Multi-disciplinary teams

Firm which is the lead consultant of a multi-disciplinary team should not participate in other team (under the same discipline) for a particular tender.

c) Tendering procedures

Broad guidelines for 1-stage QFM

- Shortlisted firms will either submit bids on an individual basis (by discipline) or be asked to form multi-disciplinary teams to submit proposals
- Firms will submit quality proposals and fee proposals at the same time in separate envelopes
- Quality submission requirements such as firm's track record, relevant expertise & experience of the proposed project team for the project, Written Proposal
- No concept design proposals should be required

Main steps for 1-stage QFM (for procuring agencies)

- (i) Preparatory works
 - Prepare a project brief
 - Determine prelim cost estimates and project timeframe
- (ii) Establish key criteria
 - Determine the quality-fee ratio
 - Determine the weightage for each discipline if a multi-disciplinary team were to be appointed
 - Determine the quality criteria such as firm's track record, relevant expertise & experience of the proposed project team for the project, Written Proposal and the relative weightages for the quality proposal
 - There should be no requirement for concept design proposals
- (iii) Shortlisting of firms
 - Invite expression of interest from all firms in eligible categories from the panels

Arch, C&S, M&E, QS firms

5 firms/teams will be balloted from pool of interested firms/teams.

PM firms

Balloting may be used to shortlist 5 firms, if necessary.

- (iv) Tender evaluation and award
- Each balloted firm / team will submit a quality proposal and fee proposal in 2 separate envelopes at the same time
 - Open quality proposals only, evaluate and compute the quality scores
 - Open the fee proposals next and compute the fee scores
 - Award the project to the firm / team with the best quality-fee score (refer to pg. 7 for example on quality-fee scoring)

Broad guidelines for 2-stage QFM

1st stage of 2-stage QFM (Shortlisting phase)

- 5 firms/teams could be shortlisted based on quality proposals submitted such as firm's track record relevant expertise & experience of the proposed project team for the project, and Written Proposal.
- No fee proposals and no concept design proposals are required at this stage.

2nd stage of 2-stage QFM

- Shortlisted firms/teams will submit, in separate envelopes, fee proposals and additional quality proposals which consist of quality attributes not listed in the 1st stage, such as Written Proposal or Concept Design Proposal.

Main steps for 2-stage QFM (for procuring agencies)

(i) Preparatory works

- Prepare a project brief
- Determine prelim cost estimates and project timeframe

(ii) Establish key criteria

1st stage (shortlisting phase)

- Determine the quality-fee ratio
- Determine the weightage for each discipline if a multi-disciplinary team were to be appointed
- Determine the quality criteria such as firm's track record, relevant expertise and experience of the proposed project team for the project and the relative weightages for the quality proposal
- No fee proposals should be required
- No concept design proposals should be required

2nd stage

- Determine the detailed quality proposals to be submitted by shortlisted firms/teams such as Written Proposal or Concept Design Proposal, if required
- Determine weightage for quality criteria; high weightage should be given for Concept Design Proposal

(iii) Shortlisting of firms

- Invite expression of interest from all firms in eligible categories from the panels

Arch, C&S, M&E, QS firms

5 firms/teams will be shortlisted based on agencies' particular requirements.

PM firms

5 firms will be shortlisted, if necessary based on agencies' particular requirements.

(iv) Tender evaluation and award

1st stage (shortlisting phase)

- 5 firms/teams will be shortlisted by agencies based on the submitted quality proposals.

2nd stage

- Shortlisted firms/teams will each submit an additional quality proposal and a fee proposal in 2 separate envelopes
- Open additional quality proposal only. Evaluate and compute quality scores based on the 1st stage quality proposal and the additional quality proposal.
- Open the fee proposal next and compute the fee scores
- Award project to firm/team with highest quality-fee score (refer to pg. 7 for example on quality-fee scoring)

6.0 SPECIAL CIRCUMSTANCES

Subject to having consulted BCA, procuring agencies could deviate from the above Procurement Steps under special circumstances.

COMPUTATION FOR QUALITY-FEE SCORING (EXAMPLE)

Example:

Quality-Fee Ratio: 70/30

Total number of shortlisted firms/teams: 5

Bidders	1	2	3	4	5
Q_(raw)	84	94	91	90	88
Q-score	62.6	70	67.8	67.0	65.5
F(%)	3.5	4.2	5.0	4.6	4.9
F-score	30	25.4	21.3	23.2	21.7
Total QF score (Q-score + F-score)	92.6	95.4	89.1	90.2	87.2
Overall position	2	1	4	3	5

(i) To compute weighted quality score

$$\begin{aligned} & \text{Weighted quality score, Q - score} \\ &= \frac{\text{Bidder's total quality points (Q}_{\text{raw}})}{\text{Highest total quality points}} \times \text{Quality weightage (70\%)} \end{aligned}$$

(ii) To compute average fee %

$$\begin{aligned} F_{\text{ave}} &= (\text{summation of fees of all qualifying bids}) / (\text{no. of qualifying bids}) \\ &= 4.44 \% \end{aligned}$$

(iii) To compute weighted fee score

a) If the lowest fee quoted in a tender is lower than $0.8F_{\text{ave}}$,

$$\begin{aligned} & \text{Weighted fee score, F - score} \\ &= \frac{0.8F_{\text{ave}}}{\text{Bidder's fee}} \times \text{Fee weightage (30\%)} \end{aligned}$$

will be used for computing F-score of all shortlisted qualified bidders.

Cap maximum score at 80% of average fee, $0.8F_{\text{ave}} = 3.55\%$ Any fee quoted lower than $0.8F_{\text{ave}}$ will get maximum F-score (e.g. F-score of Bidder 1 = 30)b) If the lowest fee quoted in a tender is higher than $0.8F_{\text{ave}}$,

$$\begin{aligned} & \text{Weighted fee score, F - score} \\ &= \frac{\text{Lowest Bidder's fee}}{\text{Bidder's fee}} \times \text{Fee weightage (30\%)} \end{aligned}$$

will be used for computing F-score of all shortlisted qualified bidders.