



# CITY COUNCIL ACTION REPORT

March 31, 2010

TO: The Honorable Mayor and City Council

FROM: John Szerlag, City Manager  
 John M. Lamerato, Assistant City Manager/Finance & Administration  
 Mark F. Miller, Acting Assistant City Manager/Economic Development Services  
 Peggy Sears, Human Resources Director  
 Susan A. Leirstein, Purchasing Director

SUBJECT: Standard Purchasing Resolution 8 – Best Value Award: Building Department Services

## **Background**

- As a result of the current budget crisis, the City continues to find ways to provide services at a reduced cost. As part of the process, the City has turned to the private sector to determine if a cost savings can be realized by outsourcing many City services.
- The City has utilized a two-step bid process in order to first qualify potential organizations; then second, to solicit pricing from those qualified organizations.
- A request for Statement of Qualifications (SOQ) for Building Department Services was sent to two-hundred fifty-eight (258) firms through the Michigan Intergovernmental Trade Network (MITN) e-procurement website at [www.mitn.info](http://www.mitn.info).
- SOQ's were received from six (6) entities, as well as one (1) statement of no interest.
- Three (3) of the SOQ's met the pass/fail criteria established for Building Department Services. The SOQ received from the City of Rochester Hills was removed from the formal SOQ process with the understanding consolidation would be considered if the privatization effort was unsuccessful.
- The two (2) remaining firms were evaluated independently by a review committee and each individual member calculated a weighted score based on their review. These individual scores were averaged into one score for each firm.
- Both firms were invited to move forward in the selection process by participating in an interview. The interviews were independently evaluated by each committee member and the weighted scores were averaged into one score for each firm. The interview comprised fifty (50) percent of the final score for each firm.
- The firms that were interviewed prepared and submitted detailed proposals outlining the members of their team as well as providing percentage of fees and costs for their services.
- The detailed proposals were evaluated by the committee and each member independently calculated a weighted score based on their review. The individual weighted scores were averaged into one score for each firm. The detailed proposal comprised fifty (50) percent (10% for the proposal and 40% for the cost proposal) of the final score for each firm.
- The price comparison was completed by the Purchasing Department. No committee member was permitted to attend the bid opening or to review the price proposal portion of the detailed proposal.
- Fees as a percentage of permit fees and hourly rates per discipline for services where a permit fee is not collected were obtained.
- The highest rated firm, SafeBuilt Michigan, provided a proposal for privatizing the entire building department operation, including the director and secretary positions.





## EXECUTIVE SUMMARY

### BUILDING DEPARTMENT SERVICES

#### STATISTICS:

- ◆ **Two Hundred fifty-eight (258) organizations were notified via the MITN e-procurement website**
- ◆ **Six (6) proposals were received, as well as one (1) statement of no interest**
- ◆ **Two (2) organizations met the pass/fail criteria**
- ◆ **Both remaining organizations were interviewed**
- ◆ **SafeBuilt Michigan is being recommended as the result of a best value process.**

The following two (2) firms received the indicated final scores as a result of the interview, detailed proposal and pricing criteria.

Organization	SCORE
<b>SafeBuilt Michigan</b>	<b>200.64</b>
PMI Inspection Services	193.97

#### STATEMENT OF QUALIFICATIONS – ORGANIZATIONS ELIMINATED FROM FURTHER CONSIDERATION (BASED ON PASS/FAIL MINIMUM REQUIREMENTS)

- Metro Community Development
- Testing Engineers & Consultants
- McKenna Associates

#### STATEMENT OF QUALIFICATIONS – ORGANIZATION REMOVED / SOQ RETAINED – TO CONSIDER CONSOLIDATION IF PRIVATIZATION EFFORT FAILS

- City of Rochester Hills

#### STATEMENT OF NO INTEREST

- Cityworks Management

#### Attachments:

- ✓ Weighted Final Scoring Includes Interview, Detailed Proposal and Pricing Score
- ✓ Evaluation Process
- ✓ Original Tabulation



WEIGHTED FINAL SCORING  
Golf Course Management Services

Final Score Calculation:

$$\begin{array}{r} 50\% \times \text{Interview Score} \\ 50\% \times \text{Detailed Price Proposal Score} \\ 100\% \end{array} = \text{Final Weighted Score}$$

In order to equate the price to the weighted evaluation process scoring, the prices had to be converted into a score with the base of 250. **NOTE:** Vendors are listed in the order of their summary score for the interview, detailed proposal, and pricing scores, from highest to lowest. For the final score the vendors are listed in the order of rating from highest to lowest.

Each City Committee member independently used a weighted score sheet to evaluate the Statement of Qualifications; and each Committee Member calculated a weighted score. The scores of the Committee Members were averaged into one score for each organization for each phase of the process. Only the most qualified organizations were invited to participate in an interview.

Phase 2

Weighted Average Score for Statement of Qualification Evaluation:

RATERS	1	2	3	Average
Vendors:				
SafeBuilt Michigan	215	180	195	196.67
PMI Inspection Services	210	190	145	181.67

Phase 3

Weighted Average Score for Interview: 50%

RATERS	1	2	3	Average	Final Weighted Score (x .50)
Vendors:					
PMI Inspection Services	193	198	161	184.00	<b>92.00</b>
SafeBuilt Michigan	178	171	151	166.67	83.34

Phase 4

Weighted Average Score for Detailed Proposal: 10%

RATERS	1	2	3	Average	Final Weighted Score (x .10)
Vendors:					
PMI Inspection Services	217	166	186	189.67	<b>18.97</b>
SafeBuilt Michigan	240	169	110	173.00	17.30

Weighted Average Score for Price: 40%

RATERS	Weighted Criteria - Difference in Costs {1-(Proposal Price-low price/low price)} x Available Points	Final Weighted Score (x .40)
Vendors:		
SafeBuilt Michigan	{1-(704,250-704,250)/(704,250)} x 250 = 250.00	<b>100.00</b>
PMI Inspection Services	{1-(824,000-704,250)/(704,250)} x 250 = 207.50	83.00



FINAL SCORE:

VENDORS:	SafeBuilt Michigan	PMI Inspection Services
Interview Score	<b>83.34</b>	92.00
Detailed Proposal Score	<b>17.30</b>	18.97
Pricing Score	<b>100.00</b>	83.00
FINAL SCORE	<b>200.64</b>	193.97



## SELECTION PROCESS

### CRITERIA FOR SELECTION

#### Building Department Services

A City Committee of three (3) individuals will review the proposals. The City of Troy reserves the right to negotiate a final contract (pending City Council approval) with the most qualified organization(s) based upon a combination of factors including but not limited to the following:

- A. Compliance with qualifications criteria
- B. Completeness of the SOQ
- C. Financial strength of the organization
- D. Correlation of the SOQ submitted to the needs of the City of Troy
- E. Any other factors which may be deemed to be in the City's best interest
- F. Evaluation Process

#### **Phase 1: Minimum Qualifications Evaluation (Pass/Fail)**

Organizations will be required to meet minimum established criteria in order to go to the second phase of the process. (Evaluation Sheet Proposal)

#### **Phase 2: Statement of Qualifications Evaluation**

Each City Committee member will independently use a weighted score sheet to evaluate the Statement of Qualifications; each Committee Member will calculate a weighted score. The scores of the Committee Members will be averaged into one score for each organization for this phase of the process.

#### **Phase 3: Interview Score**

Based on the scores from the Statement of Qualifications – Phase 2, only the most qualified organizations will be invited to participate in an interview. Each City Committee member will independently use a weighted score sheet to evaluate the Interview; each Committee Member will calculate a weighted score. The scores of the Committee Members will be averaged into one score for each organization for this phase of the process. Those being interviewed may be supplied with further instructions and requests prior to the interview. Persons representing the organization at the interview must be the personnel who will be assigned to this project. ***Only the contractors that have made it to Phase 3 will be asked to provide a Detailed Price Proposal as outlined in Phase 4.***

#### **Phase 4: Detailed Price Proposals**

The Detailed Price Proposals will include the following information, at a minimum:

- a. Key personnel involved.
- b. Staff availability and time frames to complete various types of tasks.
- c. % of permit fee schedule
- d. Pay rates for various classifications proposed including overhead, direct costs, profit and all other costs.

#### **Phase 5: Final Scoring and Selection** – based on scoring from Phase 3 and Phase 4

The organization(s) with the highest final weighted score(s) will be recommended to the Troy City Council for Award. The final weighted score shall be based on:

- 50% x Interview Score (250 point base)
- 50% x Detailed Price Proposal Score (250 point base)
- 100% = Final Weighted Score

#### Note:

The City of Troy reserves the right to change the order or eliminate an evaluation phase if deemed in the City's best interest to do so.

**BUILDING DEPARTMENT SERVICES  
RFP-COT 09-49**

**PROPOSAL A:**

Fees as % of Permit Fee Schedule

Licenses                   \$   2,000.00  
Permits

		PMI Inspection Services		Safe Built Michigan	
		Percentage of Fee	Calculated Fee Total	Percentage of Fee	Calculated Fee Total
		Not Requested	N/A	Not Requested	N/A
Building	\$ 600,000.00	90%	\$ 540,000.00	75%	\$ 450,000.00
Plumbing	\$ 60,000.00	90%	\$ 54,000.00	75%	\$ 45,000.00
Electrical	\$ 100,000.00	90%	\$ 90,000.00	75%	\$ 75,000.00
HVAC/Refrigeration	\$ 75,000.00	90%	\$ 67,500.00	75%	\$ 56,250.00
Plan Review	\$ 50,000.00	90%	\$ 45,000.00	75%	\$ 37,500.00
	\$ 887,000.00		\$ 796,500.00		\$ 663,750.00

**PROPOSAL B:**

Personnel Rates

		PMI Inspection Services		Safe Built Michigan	
INSPECTORS:	HOURS:	Reg Hrly Rate	Calculated Total	Reg Hrly Rate	Calculated Total
Building	100	\$ 55.00	\$ 5,500.00	\$ 70.00	\$ 7,000.00
Plumbing	100	\$ 55.00	\$ 5,500.00	\$ 80.00	\$ 8,000.00
Electrical	100	\$ 55.00	\$ 5,500.00	\$ 80.00	\$ 8,000.00
HVAC/Refrigeration	100	\$ 55.00	\$ 5,500.00	\$ 80.00	\$ 8,000.00
REVIEW SERVICES:					
Plan Examiner	100	\$ 55.00	\$ 5,500.00	\$ 95.00	\$ 9,500.00
	500		\$ 27,500.00		\$ 40,500.00
<b>GRAND TOTAL PROPOSAL A &amp; B:</b>			<b>\$ 824,000.00</b>		<b>\$ 704,250.00</b>

**BUILDING DEPARTMENT SERVICES  
RFP-COT 09-49**

**CLARIFICATION: Attachment 1 - Proposal A - Turn-Key Operation**

Fees as % of Permit Fee Schedule		Safe Built Michigan	
		Percentage of Fee	Calculated Fee Total
Licenses	\$ 2,000.00	Not Requested	N/A
Permits			
Building	\$ 600,000.00	80%	\$ 480,000.00
Plumbing	\$ 60,000.00	80%	\$ 48,000.00
Electrical	\$ 100,000.00	80%	\$ 80,000.00
HVAC/Refrigeration	\$ 75,000.00	80%	\$ 60,000.00
Plan Review	\$ 50,000.00	80%	\$ 40,000.00
	\$ 887,000.00		\$ 708,000.00

		Safe Built Michigan	
INSPECTORS:	HOURS:	Reg Hrly Rate	Calculated Total
Building	100	\$ 70.00	\$ 7,000.00
Plumbing	100	\$ 80.00	\$ 8,000.00
Electrical	100	\$ 80.00	\$ 8,000.00
HVAC/Refrigeration	100	\$ 80.00	\$ 8,000.00
REVIEW SERVICES:			
Plan Examiner	100	\$ 95.00	\$ 9,500.00
	500		\$ 40,500.00
			<b>\$ 748,500.00</b>

NOTE: The contract could be structured to reduce the turn-key percentage to 75% once permit fee revenues in a given 12-month period exceed \$1,000,000.

FIRM NAME: sl

<b>SafeBuilt Michigan</b>	PMI Inspection Svc
---------------------------	--------------------

**PROPOSAL: TO PROVIDE BUILDING DEPARTMENT SERVICES FOR THE CITY OF TROY**

<b>FOUR (4) COPIES</b> (Yes or No)	<b>Yes</b>	<b>Yes</b>
<b>TERMS:</b>	<b>Net 30 Days</b>	<b>30 days in full</b>
<b>EXCEPTIONS:</b>	<b>N/A</b>	<b>N/A</b>
<b>ACKNOWLEDGEMENT:</b> Signed Y or N	<b>Yes</b>	<b>Yes</b>
<b>PROPOSAL A: Fees as a % of Permit Fee Schedule</b>	<b>Percentage Fee</b>	<b>Percentage Fee</b>
Inspections:		
Building	<b>75%</b>	<b>90%</b>
Plumbing	<b>75%</b>	<b>90%</b>
Electrical	<b>75%</b>	<b>90%</b>
HVAC/Refrigeration	<b>75%</b>	<b>90%</b>
Review Services:		
Plan Review	<b>75%</b>	<b>90%</b>

<b>PROPOSAL B: Personnel Rates</b>	<b>Hourly Rates</b>		<b>Hourly Rates</b>	
	<b>Regular</b>	<b>Overtime</b>	<b>Regular</b>	<b>Overtime</b>
Inspectors:				
Building	<b>\$ 70.00</b>	<b>\$ 85.00</b>	<b>\$ 55.00</b>	<b>\$ 82.50</b>
Plumbing	<b>\$ 80.00</b>	<b>\$ 100.00</b>	<b>\$ 55.00</b>	<b>\$ 82.50</b>
Electrical	<b>\$ 80.00</b>	<b>\$ 100.00</b>	<b>\$ 55.00</b>	<b>\$ 82.50</b>
HVAC/Refrigeration	<b>\$ 80.00</b>	<b>\$ 100.00</b>	<b>\$ 55.00</b>	<b>\$ 82.50</b>
Review Services:				
Plan Examiner	<b>\$ 95.00</b>	<b>\$ 110.00</b>	<b>\$ 55.00</b>	<b>\$ 82.50</b>
<b>Fee Schedule attached</b>	<b>Yes - Attachment 3</b>		<b>Yes - Attachment 1</b>	

<b>PROPOSAL C: Project Team</b>	<b>Overall Availability per Week</b>		<b>Overall Availability per Week</b>	
Building Inspectors	<b>40+/Hrs</b>		<b>30-40/Hrs</b>	
Mechanical Inspectors	<b>40+/Hrs</b>		<b>30-40/Hrs</b>	
Plumbing Inspectors	<b>40+/Hrs</b>		<b>30-40/Hrs</b>	
Electrical Inspectors	<b>40+/Hrs</b>		<b>30-40/Hrs</b>	
Plan Analyst	<b>40+/Hrs</b>		<b>30-40/Hrs</b>	

<b>PROPOSAL D: Time Frame to Complete Various Tasks</b>	<b>Time to Complete</b>		<b>Time to Complete</b>	
	<b>First Review</b>	<b>Revisions</b>	<b>First Review</b>	<b>Revisions</b>
Tasks - Plan Reviews:				
Residential	<b>5/Days</b>	<b>3/Days</b>	<b>10-15/Days</b>	<b>10-15/Days</b>
Multiple Family	<b>10/Days</b>	<b>5/Days</b>	<b>10-15/Days</b>	<b>10-15/Days</b>
New Commercial	<b>10-20/Days</b>	<b>10/Days</b>	<b>10-15/Days</b>	<b>10-15/Days</b>
Commercial Alteration	<b>5/Days</b>	<b>3/Days</b>	<b>10-15/Days</b>	<b>10-15/Days</b>
All Other Reviews	<b>same-5/Days</b>	<b>&lt; 3/Days</b>	<b>10-15/Days</b>	<b>10-15/Days</b>
Tasks - Inspections:	<b>Time to Complete</b>		<b>Time to Complete</b>	
	<b>24/Hrs</b>		<b>24/Hrs</b>	

**ATTEST:**  
 Julie Hamilton  
 Mark Stimac  
 Debra Painter

Susan Leirstein CPPO CPPB  
 Purchasing Director