

An unintended consequence of NWPTA

Current Situation

The Consulting Engineers of Alberta support the spirit of NWPTA in terms of labor mobility, streamlining processes, and reducing red tape. It is a progressive trade document. An unintended problem has arisen with the NWPTA as it relates to procurement of professional services provided by engineers. The trade agreement works very well for tangible products; however, when it comes to engineering services the situation is much different. In selection of an engineering firm a number of factors that cannot be commoditized should be considered—general experience, advice, innovation, local experience, etc. Price is also important but it is only one criteria. Basing a selection strictly on price, as is happening with many municipalities and other public entities in the NWPTA provinces, is a counter-productive exercise.

In the United States the situation was resolved on a national scale through passage of the Brooks Act which mandated Qualification Based Selection for engineering services. QBS requires that procurement of engineering and geosciences services be primarily based upon qualifications. Usually interested companies respond to a RFQ (request for qualifications). The purchaser considers the responses and selects the three most qualified firms and then asks them to submit a proposal for the work. These proposals are evaluated and the best one is selected. Price is then negotiated. If a satisfactory price cannot be agreed upon, the project is price is negotiated with the second place candidate.

This approach is far better than a price-only determination. Qualified firms can submit innovative proposals and provide a complete range of services that in the end may mean a lower price and a better product. A second factor is the overall cost of submitting proposals in the current price-based format. A company may spend tens of thousands or hundreds of thousands of dollars to prepare a price-quotation. Among all the firms bidding the costs of proposal preparation can be in the millions of dollars—money that is essentially wasted by all except the lowest priced candidate. The net result is that often qualified companies don't bother to compete at all or only the largest do.

QBS is supported by the International Federation of Consulting Engineers, The Canadian Public Works Association, the American Public Works Association, and is outlined in the *National Guide to Sustainable Municipal Infrastructure* known as *InfraGuide* a publication created by Infrastructure Canada, the National Research Council and the Federation of Canadian Municipalities.

Experience has shown that selections of engineering firms based solely on price often result in cost-overruns; inappropriate designs for local conditions; or a shorter than necessary lifespan of the final project. An example is where a firm may offer the lowest price for a project and is accordingly selected. When the project begins, however, the consultant encounters local conditions that he was unaware of. Design costing must be adjusted. Costs soar or an inappropriate design results—certainly not the wishes of those spending public funds.

The Consulting Engineers of Alberta is guided by legislation passed in 1993 *The Consulting Engineers of Alberta Act* and associated regulations. We believe that based upon the provisions of the legislation, the Consulting Engineering Profession should be treated as a special case, as the intent of the legislation may be compromised by the provisions of NWPTA.

Solution

The mobility provisions of the NWPTA are excellent and are fully supported by the engineering profession. The procurement procedures are not.

The best way to resolve the issue is to exempt engineering services from the procurement provisions of NWPTA and then begin a process of introducing QBS throughout the trade agreement area. Such an approach would be strongly endorsed by the engineers in the three NWPTA provinces and by many municipalities.

The consulting engineering professions and the professional engineers of Alberta, Saskatchewan and British Columbia are collectively making this submission and are doing so in each of their provinces. This position is also supported by all the consulting engineering associations in the rest of Canada.