

# Selecting Professional Real Estate Consultants

by David R. Lewis, SR/WA, ASA

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**G**overnment agencies, public and private utilities, and private companies such as engineering firms often retain professional right-of-way consultants to provide expertise not available in the organization or to assist with short-term increases in work loads and special projects. It is not uncommon for small agencies to use consultants on a regular part-time basis because the work load does not justify a full-time staff. Some agencies may find it necessary to use a combination of in-house staff and consultants. Also agencies, such as pipeline and communication companies, that cover large and diverse areas may require local expertise and data base that can only be provided by a consultant in that geographic area. Such consultants also have an advantage of having a knowledge of local trends and conditions.

Using consultants on politically sensitive projects has advantages beyond the work load issue. Often, projects must be constructed that may not be popular, or where there is significant polarization and diverse community opinions. In those situations, it may be prudent to have recommendations proposed by consultants and retain the flexibility of in-house staff to be used as arbitrators. An additional benefit is that consultants may be viewed, in certain situations, as being more objective than staff in identifying and presenting issues and solutions to those who

make decisions. This may be especially true for fee appraisers in high-value acquisitions where eminent domain is likely to be necessary. Courts often view the opinion of independent appraisers as more objective since they are not employees of the agency.

While consultants provide valuable services, there are distinct disadvantages, or at least problem areas, that should be considered by the appointing authority. One of the major problem areas is the amount of control over quality and priorities that an agency has over the consultant. Consultants may serve any number of clients that can use their resources. Typically no one client has control over the priorities and demands that are placed upon the consultant. When faced with heavy work loads, consultants may play a juggling act and at times may be confronted with a decision of whose project is going to slip or have a reduction in quality. An additional consideration is that, in a dynamic

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work environment, there are going to be changes that will add stress to the project schedule. Consultants with heavy work loads may not be able to quickly respond to changes in the project, whether they are schedule or design driven.

Consultant services can be a significant expense item for agencies, therefore, great care should be taken to control costs by defining assignment parameters prior to contract agreements. Consulting firms are in business to make a profit. In the execution of their services, they must recoup costs such as rent, equipment, insurance, salaries, taxes, etc. The

consultant's goal is not only to provide services, but to complete the task in an expeditious manner and proceed to the next assignment. The agency should have the assignment well-defined and have cost controls in place. Cost of services come in two basic options. One option is a single-bid amount that covers all the costs, and the other option is a time-and-materials rate that can include a not-to-exceed amount.

Appraisal firms are typically adept in bidding the cost of producing a report under the single-bid process, as long as the project requirements are well-defined. This is because appraisal assignments typically have fewer variables that can cause staff time to significantly increase. Acquisitions and relocation assistance have the uncertainty of the human factor. Acquisition services can operate under the single-bid approach if the number of contacts are established in advance and the location of the owners and title issues are known. Under this scenario, the contract agency

would complete negotiations and proceed with eminent domain if necessary.

Once the decision is made that consulting services are required, the agency can choose the consultant in several ways. One choice is to retain the consultant through the single-source approach. In this process, the agency chooses the consultant without going through a formal competitive bid process whereby an individual firm is used on a consistent basis. Another approach is to select from a limited number of pre-qualified firms in which the selection is made on the basis of qualifications.



Formal Bid (RFP) approach provides a greater selection of consultants and provides a competitive environment to control costs. The disadvantages are that the procedure is lengthy, and much staff time may be required if there are a great number of responses. This approach is best for large projects, where special skills are required and there is no obvious choice.

Appointing authorities and consultants typically focus substantial energy in preparing and responding to RFP's. Therefore, agencies should

make a serious effort to implement a system that creates a positive and effective review procedure. The primary purpose of an RFP is to retain the best consultant for the required task at a competitive price. The process should be designed to minimize responses from unqualified consultants and encourage the most qualified to participate. In the absence of an in-house list of qualified consultants, or where the agency desires to expand an existing list, a Request for Qualifications (RFQ) may be an effective first step. The amount of effort should be in relation to the size and complexity of the task required by the agency. However, local IRWA newsletters as well as newsletters from other appraisal organizations

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Still another approach is to go through a formal bid process in which the appointing authority requests a bid through what is typically called a Request For Proposal (RFP).

Each selection procedure has advantages as well as disadvantages. Each approach has an appropriate application that agencies should consider. Following are three approaches that agencies can use to select consultants:

Single-source approach saves time and develops long-standing relationships that fosters consistency in the product. The disadvantage is that there could be the appearance of favoritism and does not promote competitive bidding which can reduce costs. This approach works well for low-cost projects, where there is no appearance of favoritism, and there is a history of satisfactory performance.

Pre-qualified approach saves time and fosters long-standing relationships with a number of consultants. The disadvantage is that good consultants can be overlooked. This approach is appropriately used to keep control of costs through obtaining competitive cost estimates. It also works well when specific abilities are required.



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are good sources for consultants. These publications are excellent for finding qualified professionals because of the commitment to professionalism that comes with the organization's membership.

When requesting RFQ's, the agency should indicate the minimum qualifications that will be considered and the type of assignments the agency will be contracting. Emphasis can be placed on experience as well as specialized training such as IRWA or equivalent courses. The type and extent of the project should be sufficiently detailed so that the potential consultants can determine if they have the resources to complete it. For example, if relocation services are

required, the agency should specify the size and character of the project, what type and number of properties are to be involved, such as single family residential, multifamily, commercial, industrial, etc. The agency should also specify what type and how much information should be included in the RFQ so as not to be

sultant works with the clients. The following is a list of typical information that should be included in a RFP:

- Name, address, and phone numbers
- Name of key personnel and their qualifications
- List of projects that they been directly involved with

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overburdened with useless information. A consultant should communicate their qualifications in a compact package. A diligent effort should be made to determine the reputation of the consultant and how well the con-

- Special training (list of courses)
- References

The evaluation process should be conducted in a well-organized and business-like environment to foster confidence in the consulting community. This will not only reduce criticism, it will also help the agency to retain the best possible consultants. At a minimum, agency staff should meet individually with the consultant to discuss the project and to obtain an impression on a personal level before the bid is submitted.

A mandatory meeting can be useful where the consultants obtain details about the project and can ask questions of the project manager and support staff. On-site inspection, where practicable, can be beneficial to secure a better understanding of project details. The evaluation of the proposal and qualifications of the consultants should be done by qualified staff even if it requires borrowing another agencies staff. A formal rating format is desirable to organize the review process and can also be useful if the agency staff needs to defend the selection. Evaluate qualifications first, and then consider the bid amounts. If a consultant is highly qualified but a high bidder, the agency could open negotiations to bring the costs in line. However, this should be done on

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**Consultant Selection Evaluation/Interview Rating Form**  
**Evaluation Criteria**

	<i>Score</i>					COMMENTS
	WEAK	.....	STRONG			
Personnel qualifications	1	2	3	4	5	_____
Professional associations (senior designation)	1	2	3	4	5	_____
Experience with similar projects	1	2	3	4	5	_____
Time availability	1	2	3	4	5	_____
Availability of principal staff	1	2	3	4	5	_____
Training (education) relevant to assignments	1	2	3	4	5	_____
Access to data	1	2	3	4	5	_____
Technical approach	1	2	3	4	5	_____
References	1	2	3	4	5	_____
Ability to be flexible (easy to work with)	1	2	3	4	5	_____
Communication skills	1	2	3	4	5	_____
Cost	1	2	3	4	5	_____
<b>Total Score</b>	_____					_____

unique assignments where there is a clear advantage with selecting that particular consultant.

The sample evaluation form suggests one possible format. The evaluation criteria are intended to be a sample of possible items that can be used depending on the type of project and the needs of the agency. Specific criteria can also be weighted if it has paramount importance. Some items on the evaluation form, such as "easy to work with," may require perceptive staff and background check. Other items may require interviews.

Successful use of consultants requires the agency and the consultant to be clear on individual responsibilities and the end product. Standards by which the work product is to be judged needs to be defined from the start of the process before a contract is agreed upon. Many of the problems that agencies have with consultants can be remedied by developing a selection process that addresses the past problem areas. 

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