

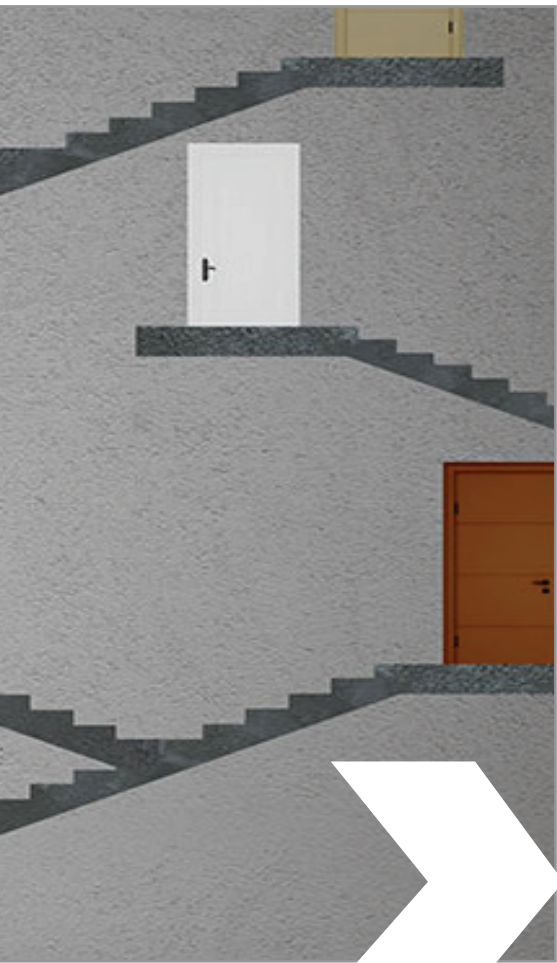


PICKING THE RIGHT **SERVICE PROVIDER**

BY KERRY MALONE

A practical guide to reducing costs, minimizing risks and ensuring a successful project

Securing the best right of way service company and properly managing their services is key to the overall success of any project, regardless of industry sector or client. To help ensure successful project implementation, following some basic guidelines and best practices will help facilitate the selection and oversight of right of way service companies.



Selection Criteria

The cost of services is—and will always be—a major factor when selecting a service provider, but it should not be the single deciding factor. Too often, what appears to be a low bid will turn out costing more dollars in the long run as change orders are utilized to make up for the under-bidding that made the low bid look so attractive in the first place. The proliferation of procurement groups and the associated granularization involved in the bidding and cost estimation process has further complicated the selection process.

To ensure that the project's unique requirements take precedence over the procurement process, the client's project director or manager should play a proactive role in selecting the service

provider. Depending on the company's approach to procurement, this goal is usually easier to consider than actually accomplish.

Before finalizing the list of potential service providers for your next project, the following criteria should be considered.

SPECIFIC PROJECT EXPERIENCE

A critical benchmark for evaluating service providers is a record of successful performance on similar projects. Experience in the type of project—like electric transmission, oil or gas pipeline, rail, highway, airport and bridges—should be a driving factor. For example, a company specializing in public sector projects may not be the ideal pick for a utility project and vice versa. This is especially true for larger projects, where a lack of specific project experience can compound an already difficult task and drive up costs.

CONFIRMING PRIOR PERFORMANCE

Interviewing references provided by the service provider is highly recommended. Another tip is interviewing past clients, whether listed as references or not.

REGIONAL EXPERIENCE

While not always critical to success, an understanding of the state and local infrastructure and project climate can give the service provider an early advantage on the project. Availability of local or regional personnel can be a plus, and the availability of staff with past area experience can be invaluable.

DOCUMENTED PROCESSES AND PROCEDURES

Determine whether the candidate company has established and documented protocol for how they will accomplish the tasks. If they begin each new project without an established plan or approach, this may be a red flag.

DATA MANAGEMENT SYSTEMS

Today's projects must be supported by an advanced system to ensure the documentation and reporting necessary to meet the client's needs for immediacy and accountability. The candidate companies should either have a proprietary data management approach, be equipped to use the system prescribed by the client or be able to utilize an acceptable commercial application. Transparency of project operations is imperative. Find out whether the company's technological capabilities have demonstrated success on other projects and offer immediate implementation and a user-friendly interface.

GIS REPORTING CAPABILITIES

Candidate companies should be proficient in the use of GIS-based reporting systems, which are the norm on nearly all projects above a minimal size. Special consideration should be given to companies that have a fully functional in-house GIS staff. This can greatly reduce overall right of way costs for mapping, exhibit production where certified plats are not required and public outreach.

AVAILABILITY OF QUALIFIED PERSONNEL

Each candidate company being considered should be able to show evidence of availability for management/supervisory level personnel and line staff for all skillsets the project requires. Without this, it becomes very difficult to manage the immediate start-up of work and to provide the responsiveness required as project phases change. Be sure that the candidate company has access to the specialists needed for detailed title work, non-environmental permitting, construction support, documentation/data management and the other areas beyond project acquisition.



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LICENSED PERSONNEL

Where required by state statute or for fee purchases, the service company may need established brokers and licensed personnel to acquire the needed rights. Every state has different requirements, so it is important to know these up front. That way, you can determine whether the company has the right personnel available.

HUMAN RESOURCES SUPPORT

Does the candidate company have a functioning human resources component or does it depend on outside services or untrained professionals to provide this critical support? With the current labor law climate and litigious nature of our society, this can be a valuable asset to protect the interests of the client company.

EMPLOYEE SCREENING

Ask whether the company has documented screening protocols, not only for substance abuse, but also for a nationwide criminal background and driving record investigation. Recent history on right of way projects has shown that such due diligence is only prudent.

EMPLOYEE VERSUS INDEPENDENT CONTRACTORS

Does the service provider utilize employees or independent contractors (W-2 employees or 1099 workers)? While this aspect is sometimes overlooked, it is important to consider the value of limiting consideration of candidate companies to only those using employees. The use of employees can provide significant labor law, IRS and liability protection for the client company. If there are internal concerns in this regard, it is recommended that a labor law specialist be consulted for a full explanation of the issues involved.

OPERATIONAL SERVICES

There are a variety of other services that can lead to a successful project implementation. Determine if the candidate company has proficiency in providing services such as securing field offices, if necessary and equipping them in a timely manner. Have they done it before? If they have, ask whether they have established national accounts for equipment and furniture needed for such offices, and if they have procedures for managing project and petty cash accounts.

SAFETY PROTOCOLS

Given the increased importance of safety, you will need to know whether the prospective provider has a functioning safety department or safety officer, as well as active safety protocols. Is the company a member of ISNetworld or another approved certification organization?

The Request for Proposal

Whether part of an online procurement process, tendered RFP or RFQ or simply a cost estimate request, certain elements must be clearly defined in order for the client company to fully evaluate the potential service providers equitably. To ensure that each candidate company can provide the most specific responses possible, all of

the pertinent details about the project should be included. The RFP should describe the type of project, location information, length (miles), projected number of landowners, number of tracts to be acquired and included in notifications, project timeline, whether or not the contractor will be responsible for non-environmental permitting, open house or public meeting support needs, payment method and frequency of payment to contractor.

A critical item that needs to be made clear in the RFP is whether the right of way contractor will be responsible for project management or if the client company or a third-party consultant will provide that function. This is crucial for the contractor to know in order to prepare a proper response.

What should the RFP require from the potential providers? The following is a list of information that clients often require:

- **Rate Schedule** itemizing all classifications of personnel who would serve on the project, and the basis for all expense items to be billed. This includes per diem, mileage rates, personal and office equipment, and any mark-up if applicable. The schedule should also include any software licensing fees or other technology costs that will support the work.

➤ **Project Organizational Chart** for all personnel assigned to the project. In the early RFP stage, this should be listed by position and later updated with individual names once the project is awarded.

➤ **Project Plan** detailing how the work will proceed. Requesting that the candidate companies provide information about their standard project approach, procedures and protocols will help support the viability of their plan.

➤ **Training Plan** for the entire life cycle of the project. Employee training is one of the basic concepts that IRWA shares with the Right of Way Consultants Council. While the client company should expect their project to be staffed with knowledgeable professionals, project-specific training is recommended at the outset, as well as at critical phase changes. The candidate company should have an established approach to coordinating with clients to provide any training needed. This will ensure that untrained staff is not simply given files and told to get the easements acquired.

➤ **Cost Estimate** is one of the most important deliverables and it needs to be detailed. In order to provide an equitable comparison of candidates, the RFP should carefully describe what is expected in the proposal. It is recommended that this estimate include monthly staffing loads by position, along with the monthly burn rate and a total anticipated cost of labor and expenses. This estimate need not be granular to the point of breaking out hours and dollars for each minor aspect of the work. But it should be detailed enough to evaluate the staffing and associated costs for each major phase of the work, including surveying,

permitting, title, acquisition, construction/damage settlement and eminent domain support if applicable.

➤ **Gantt Chart** or other schedule breakdown that outlines the timelines for all major and support tasks needed to meet project milestones. The more detailed information the client can provide in the RFP relative to key milestone dates— like project commencement, condemnation timeline, construction start date—the better the candidate companies can plan for staffing levels and costs.

➤ **Resumes for Key Personnel** are important. Key roles include the project manager, supervisor and management oversight personnel from the service company. On larger projects, placement of line employees like agents and administrative specialists will probably be based on availability at the time of assignment. However, the client may ask for a sampling of potential candidates for the various skillsets.

➤ **Safety Plan** and documentation of certification by an applicable safety organization like ISNetworld, along with copies of OSHA summary logs for the past three years. This protects both the service company and the client.

➤ **Substance Abuse Policy** is needed for comparison with the client company's requirements.

➤ **Quality Control Measures** that the candidate company will employ is a vital requirement, as well as an explanation of associated costs.

➤ **Time and Expense Reporting** requirements should be defined, including the schedule for invoicing and budget management. If there isn't a specific requirement, the RFP should ask the provider to outline the process they plan to utilize during the project.

➤ **Subcontracted Services**, if anticipated by the service provider for areas like appraisal or title work. The RFP should require that those costs be included in the estimate. It is also recommended that the names and pertinent information about those subcontractors be included in the proposal.





Minimizing Scope Creep

The RFP must clearly specify whether an “Estimate of Costs” is being requested, or if a hard dollar “Not-to-Exceed Bid” is what is needed. If an estimate of costs is required, the RFP should indicate some basic information related to a change order process. This is mainly because a project seldom proceeds to its conclusion without some scope creep or revisions in the anticipated schedule or other critical factors. The more project details the client can provide, the better the candidate companies can respond in a meaningful manner.

It is also recommended that the client company conduct a FEED Study, or at least, a Fatal Flaws/Risk Analysis before tendering the RFP to candidates. Failure to consider the risks can lead to significant timeline and cost issues. The client should make every effort to begin the project with full knowledge of such matters.

Single or Multiple Providers?

While it is common for some client companies to break up a project between several right of way providers,

this approach is seldom the most cost effective and often makes success more difficult to achieve. This is especially true when one or more of the providers are tasked with managing the employees of another. When all right of way personnel assigned to a project are following the same processes and procedures, utilizing the same data, reporting and GIS tools, and operating under the same management approach, the efficiencies can result in cost savings, superior performance and optimum efficiencies. Communications are simplified, and the inherent and disconcerting mixed loyalties between service companies is eliminated.

Client companies sometimes feel that a large project is beyond the capabilities of just one services company. The truth is, top providers have access to extensive personnel pools with all of the skillsets needed to successfully staff projects that span hundreds of miles and have thousands of landowners. The key is doing enough background investigation to narrow the candidates under consideration to those companies that can handle the full assignment. This principal can also be applied to small and mid-size projects with an even larger number of qualified companies eligible for consideration.

Achieving the Common Goal

When it comes to selecting a service provider and managing the relationship throughout the duration of the project, using some of these best practices can play a significant role in successful project implementation. Remember that the client and service provider share a common goal—successful project implementation. By working collaboratively and using the industry’s best practices, both parties have a strong chance of achieving this important goal.

So what happens after the service provider is selected? Watch for the second part of this important topic which will appear in an upcoming issue of Right of Way Magazine. 🌟



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