

# Request for Proposal (RFP)—Opportunity or Nightmare?

## Detailed example of three types of RFPs.

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In the past few years, more and more nontraditional companies, utilities, and state/municipalities have found themselves in the position of requiring the services of an outside right of way consultant. The use of right of way consultants for these companies makes sense in many ways because of their short-term needs and the flexibility of consultant manpower loading. From all of this good there is, however, a problem for both the client and the consultant—the bidding process.

In many instances the client has never had to prepare a request for proposal (RFP) for right of way services. In other cases, company policy dictates that all RFPs will be on a standard format usually designed for a totally unrelated service that does not fit right of way activities. Many times a purchasing agent sets the RFP format with little or no input from the right of way section. On the other hand, some RFPs are developed by right of way personnel with little or no regard to specifics needed to assure adequate contract terms and conditions. Many times a poor RFP and the subsequent consultant proposal sets the stage for an unpleasant experience for the client and the consultant. Obviously, when a client compares the proposal received from various consultants, the more consistent the responses, the easier it is to evaluate

and choose the most suitable consultant.

There are instances for which the following RFP examples will not be practicable because of policies and existing formats ingrained into your system. However, within your RFP format you should attempt to demonstrate the need for changes to better decide on a consultant who will best fit the needs of your company. The major problem with most RFPs is the vague nature in which they are written. Even if you are unsure as to some or most of the specifics surrounding the project, use an exact number for purposes of evaluation and so state that it is an estimate. It is a rare project that does not require some changes in work scope, and the RFP can be written to accommodate those changes. The goal is to receive consistent proposals from consultants in which everyone bids apples for apples.

There are three basic types of RFPs seen in the industry:

1. Lump Sum Cost Estimate
2. Base Rate Estimate (Monthly, Daily, or Hourly)
3. Price Per Parcel Estimate.

### Lump Sum Estimate

Because of the complexity of right of way acquisition in general, it is difficult to estimate the exact effort necessary to successfully negotiate easements or relocations. However, if condemnation rights are to be exercised and a specific "drop dead" date is given, certain basic assumptions can be made in estimating various tasks. The

Lump Sum Cost Estimate is by far the most complex type of RFP and, consequently, the most time consuming for the consultant to prepare as well as causing a longer review period for the client. It does, however, represent the greatest effort of determining right of way costs and allows for more flexibility if changes are made in a specific task. Since each client has different needs, the sample used is only an example. The basic premise of the "task" estimating system underlines the initial identification of a series of basic tasks that are required to complete the work. Before using this type of RFP, a prequalification system should be considered so that the final consultant list would be limited to six to eight companies.

### Base Rate Estimate

This is probably the most widely used RFP system as it deals mainly with personnel classifications with monthly, daily, hourly rates in combination with an annual agreement or contract. This type of RFP usually provides only personnel costs without any support estimates. In those cases, simple agreements are predetermined either by the client or the consultant regarding terms and conditions with periodic rate changes.

Once this Base Rate Services Agreement is in place, the client simply calls the consultant and places the order for personnel at the agreed upon rate(s). Clients may use one or more consultants under this scenario depending on their needs. Sometimes a Base Rate type RFP is used to estimate a

#### Base Rate Cost Estimate Sample

Total monthly charge plus mileage

Expense billed to owner:

Land Agent I \_\_\_\_\_

Land Agent II \_\_\_\_\_

Supervisory Land Agent \_\_\_\_\_

Special Agent \_\_\_\_\_

Records Analyst/Assistant \_\_\_\_\_

Secretary \_\_\_\_\_

hourly rate  
times 00%

List number of each personnel category with rates times number of months, days, or hours.

Total \_\_\_\_\_

Additional expense estimate (list: office, per diem, mileage equipment, postage, etc.) \_\_\_\_\_

Total Estimated Project Bid \_\_\_\_\_

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## LUMP SUM COST ESTIMATE RFP SAMPLE

### I. Project Description and Purpose

Brief description including parameters; i.e., 142 miles of line, 200-foot wide right of way, estimated six landowners per mile. Include a statement of the purpose for the project.

### II. Project Schedule

Indicate owner-determined milestones; i.e., right of way acquisition to begin by June 10, condemnation information to attorneys by October 10, construction to begin March 10.

### III. Scope of Work (example)

The Land Services contractor shall provide all qualified personnel to perform the following tasks:

- A. Prepare a detailed project manual or work plan that shall also include a description of cost control methods and schedule milestones.
- B. Provide written survey permits as required including access points for all surveying and studies deemed necessary to complete field work.
- C. Provide all documents and personnel to acquire easements, relocation assistance, appraisals condemnation assistance, and construction damage claims for the project.
- D. Provide and maintain an ongoing schedule by task from beginning to completion; provide monthly updates.
- E. Provide all services and administration necessary to furnish the project with adequate support for the duration of the project.

### IV. Cost Estimate by Task Description

Task Description	Cost Estimate			Total
	Personnel Costs	Sub- contract	Expenses	
1. Start-up activities including: field office(s) administrative costs, data acquisition, ownership maps, ownership list, permit list, revise schedule, case files, and weekly/monthly reporting systems for entire project.	_____	_____	_____	_____
2. Survey permits including: landowner notification, follow-up, legal support, and acquisition of written survey permits. Based on 300 landowners.	_____	_____	_____	_____
3. Title services: provide abstracts and title reports for all required easements; title certificates for all fee acquisitions and condemnations. Based on 100 landowners.	_____	_____	_____	_____
4. Appraisal services: provide a market value study on all parcels and MAI certified appraisals on all condemnations for easements and fee purchases. Based on 100 landowners with 10% condemnation.	_____	_____	_____	_____
5. Permits: Identify and acquire all necessary permits, agreements, or grants where land rights are impacted or required. Based on 25 permits. (Indicate whether contractor shall be responsible for application for and tracking of federal agency permits and grants.) Contractor will not be responsible for environmental permits.	_____	_____	_____	_____
6. Easement acquisition: document preparation, consent and subordination agreements, negotiations, recording of all documents and condemnation support. Based on 100 landowners and 20% condemnation rate.	_____	_____	_____	_____
7. Property acquisition: contract of sales preparation, negotiations, closing, recordation, and condemnation supposed. Based on 10 fee purchases and 20% condemnation rate.	_____	_____	_____	_____
8. Construction monitor: prepare construction line list by tract number, including pertinent landowner stipulation for contractor; monitor construction, settle damage claims and mitigate permit violations; obtain written damage releases. Based on 100 landowners and 10% damage claim rate.	_____	_____	_____	_____
9. Close out: prepare final right of way report; close and archive files; obtain permit affidavits of construction; close field office(s); turn over all maps, files, and pertinent documents to authorized representative.	_____	_____	_____	_____
10. Identify any other tasks deemed necessary to proposer but not included in this RFP.	_____	_____	_____	_____
<b>Totals</b>	_____	_____	_____	_____
<b>Estimated Project Cost</b>	_____	_____	_____	_____

### V. List of personnel classification and rates

List of criteria representing expenses

Other specific example requests regarding the budget

### VI. Qualification of Consultants

List all similar projects completed within the last 3 years, including current status of projects, client representative and their respective telephone numbers. All anticipated subcontractors will be listed including qualifications.

### VII. Submittal of Proposals

Proposals are to be submitted to reach the owners no later than \_\_\_\_\_ (a.m.)(p.m.) \_\_\_\_\_ (standard time), \_\_\_\_\_ (date) in the number of copies and at the address listed below:

Example:

3 copies to: Joe Doaks, Land Manager, North by Northwest Utility Co., 126 Northwest Ave., Box 1515, Northville, CA 99620

2 copies to: Jane Freds, Real Estate Specialist, Salsa Pipeline Company, 246 Pepper Lane, El Paso, TX 84521

Any questions regarding this RFP should be directed to Mr. Joe Doaks at 619/983-3330.

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### VIII. Proposal Information

Proposal shall also include the following technical information:

1. Consultant's background and origin.
2. Size, availability, and resume of permanent staff and personnel available for the project.
3. Detailed work plan by tasks.
4. Description of management, reporting, and tracking systems.
5. A schedule, developed as proposer perceived the project.
6. Cost information in current dollars.
7. Proposer's multiplier and/or daily rate schedule, including all payroll additives, overhead, and profit.

Example: Hourly rate  $\times$  fixed multiplier = billing rate.

Multiplier:

Payroll burden (%)

Overhead (%)

Profit (%)

Total (%)

8. Statement of hourly rates by job classification and range.
9. Statement of charges to be billed to the owner for direct expenses: per diem, reproduction, computer, airplane, vehicles, etc.
10. Handling charge percent or expense.
11. Failure to include all of the above cost or technical information will be cause for rejection of any proposal.

### IX. Contract Terms and Conditions

If selected, the proposer will be contacted by phone and then given a written Notice To Proceed with a formal written contract forwarded for signature.

- A. The proposer, if selected, will have 5 working days after receipt of the contract Notice To Proceed to accept the terms and conditions of the contract.
- B. Insurance: The proposer, if awarded this contract, shall provide and maintain the following types of insurance and amount of coverage for the life of the contract. (List insurance needs)
- C. Hold Harmless Clause (This varies widely but should be based on the actual party responsible for the direction of the project. If the client is directing the consultant, the client is responsible for errors in judgement and vice versa.)
- D. Ownership of drawings, reports, designs, and other data are the property of the owners and shall be protected for the life of the project and delivered to the owner upon completion of the project or anytime at the owners request.
- E. Terms of Payment to the consultant.

### X. Evaluation Criteria

All proposals submitted for this RFP will be compared and reviewed based on the following criteria in order of importance (can be placed in order of preference):

1. experience and qualifications
2. schedule, cost control methods, tracking system
3. project team and availability
4. completeness of proposal
5. cost

- XI. The awarding of this contract will take place on (or before) \_\_\_\_\_. If you are the successful bidder you will be notified by phone, otherwise, notification to unsuccessful bidders will be by letter.

project in addition to reviewing various consultants.

Another form of the Base Rate Estimate is a client (or consultant) determined salary by personnel classification along with a pre-determined car and per diem allowance with the consultant bidding their multiplier. For example, if the agent's base monthly salary is \$1,500 and the consultant has a multiplier of 1.95, the payment rate is \$2,925; thus payroll burden, overhead, and profit amount to \$1,425 per agent per month. Per diem, car allowance, and expenses are then added (with or without a handling charge).

### Price Per Parcel Estimate

Probably the least desirable and least flexible from the consultants point of view (in the author's opinion) is the Price Per Parcel Estimate. Simply put, this is a "not

to exceed" estimate of all personnel costs, expenses, and profit lumped into a single per parcel price. Sometimes a consultant is forced to short-cut acquisition techniques in order to ensure that a reasonable profit is made when this type of payment is used. Higher condemnation rates are possible as fewer landowner contacts are made using this system. Since this method does not break down the estimate by tasks, it is difficult for both the client and the consultant to determine where problems are arising in their respective budget and schedule until it becomes too late. Although it may look simple on the outside, it is a form of Russian Roulette inasmuch as in the

consultant can either make a big profit or lose his or her shirt. This system can work, but both parties must be very careful on their approach to problem-solving techniques.

### Conclusion

In summary, there is no panacea for an RFP format, but there are some basic ideas that can assist both the client and the consultant in preparing a more responsive RFP and resulting proposal. Your success will be measured in the choosing of the most qualified consultant and the completion of the project on schedule and within the budget restraints. (IRWA)

IRWA International Headquarters has a FAX.

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