The Outcome-Based RFP

This guide is the last in a four-part series to understanding why you should choose Ecosystem. Other parts in this series include:

- Part 1 – Why Ecosystem and the focus on outcomes?
- Part 2 – The Outcome-Based Approach
- Part 3 – Guaranteed Results

In an outcome-based RFP, the client presents proponents with a problem and challenges them to propose solutions that solve the problem within defined parameters such as timeline and budget. For example, a client with a boiler at the end of its useful life also wants to address two problems: high energy consumption and high GHG emissions. The RFP will ask proponents to provide a solution that satisfies its heating requirements, and reduces its energy use, energy costs and GHG emissions without setting restrictions. Proponents are then free to propose solutions that the client can evaluate based on how well the solutions achieve the stated outcomes. The resulting contract will include guarantees for the most important outcomes.

In contrast, conventional or traditional RFPs present a defined solution and scope of work and ask proponents to compete on price. The limitations with this approach are evident – the client may miss out on performance and innovation opportunities and may not achieve their desired outcomes.

The scoring matrices commonly used illustrate the difference in emphasis.

Outcome-Based RFP Scoring Matrix	Points
General Qualification, firm, personnel, experience with outcome-based and similar solutions	10
References must be outcome-based and similar solutions, with a lens on how shortfalls on outcomes were fixed	10
Technical response	50
Oral presentation	10
Financial Analysis, NPV spreadsheet, best value on lifecycle costs to reach outcomes	20

Traditional RFP Scoring Matrix	Points
Company profile, assigned project team composition and qualifications, company expertise and qualifications	10
Project experience and references within the last 5 years	10
Methodology/Approach and ability to deliver project on time and on budget	10
Technical response	25
Price	40
Oral presentation	5

Price is often the most important factor in a traditional RFP scoring matrix since the client already knows what they want. Other critical factors are the proponent's ability and approach to performing the work, where an outcome-based RFP emphasizes long-term value based on NPV or life cycle cost analysis (in yellow). The quality of the technical response is also emphasized in an outcome-based RFP relative to the traditional approach (in green).

Outcome-based RFPs may also take a hybrid form: the client presents desired outcomes and prescribes a solution but also challenges proponents to improve upon it and develop an alternate solution that achieves or exceeds their stated objectives. The Client will then evaluate which solution is most advantageous to them.

The sample outcome-based RFP provided is meant to serve as a guide for clients who are exploring this option. It demonstrates the simplicity and accessibility of the approach.

Client Name

RFP Title

RFP No.

Issue Date

Submission Deadline

Purchasing Representative: Name, email phone

Contents

Introduction

Client is seeking qualified firms (proponents) with the experience, skills, and ability to perform the required engineering, construction, commissioning and performance projects at the Client's facilities identified in this request for proposals (RFP).

Client's objective is to conduct a fair RFP process to evaluate the proponents' ability to perform the required services and deliver the outcomes described in this RFP.

Background

Overview of Client/facility/campus

Overview of the electromechanical infrastructure (central utility plant/boiler plant/HVAC systems etc.)

Project Goals & Objectives

Goal statement

Objectives (EXAMPLES)

- Objective 1 – Asset renewal (describe or reference appendix or attachment)
- Objective 2 – Lower operating costs
- Objective 3 – GHG reductions
- Objective 4 – Complete the project by date
- Objective 5 – Full electrification
- Objective 6 – Increase facility redundancy

Current State

Explain the current building conditions, including necessary asset renewal and other challenges and issues

Future State

Describe the desired outcomes – how the building should perform and operate post-project. EXAMPLES:

- Integrated buildings etc.
- 80% GHG reduction by [year]
- Full electrification by [year]
- Carbon neutral readiness by [year]
- Overall comfort outcome for occupants
- Control outcome for occupants, including eliminating seasonal switchover giving residents full control over heating or cooling

Project Phases [if applicable]

Phase 1

Proponent (Design-Builder) selection, followed by detailed study (preliminary design services) and confirmation of design intent

Phase 2

Design-Builder and Client will collaborate to perform any additional audit tasks needed and complete a final basis for design for the Project, in accordance with the Client requirements, including updated performance guarantees.

Design-Builder and Client will sign a contract for the execution of the approved scope of services

Phase 3

Design-Builder to proceed with the implementation of Phase 2 scope of services within the TBD timeline including commissioning and training, and turnover.

Design-Builder performs post-installation services, including performance measurement and verification services of the savings

Project Requirements / Parameters

The proposed project must meet the following criteria:

EXAMPLES

- Project not to exceed $$$
- Project costs must be a guaranteed firm-fixed price that is valid for a minimum of # months after bid submission
    - Change orders will not be allowed unless scope change is requested and subsequently approved by the Client
- Project incentives and subsidies must be contractually guaranteed
- System design must meet the following requirements:
    - Heating load of at least ## btu/hr-sqft at 5F outfoor air temperature for all conditioned spaces
    - Cooling load of at least ## btu/hr-sqft for all conditioned spaces at design day conditions
- The proponent must provide costs for an energy cost savings guarantee for:
    - 1 year guarantee of savings proposed
    - 5 year guarantee of savings proposed
- Project must maximize the net present value (NPV) with a maximum payback of # years
- The proponent must offer an energy performance guarantee of the Project, according to the International Performance Measurement and Verification Protocol Option (choose A, B, C or D) for a minimum of X years

Evaluation Criteria

Proposals will be evaluated and scored on the basis of the criteria in this section. The evaluation information should be clearly demonstrated within the submitted proposal format. Proponent responses should be aligned with the criteria listed in this section.

EXAMPLE

- Proponent Experience and Qualifications [10 points]
- Guaranteed Financial Criteria [30 points]
  - Project cost
  - Incentives
  - Energy cost savings guarantee
  - Financial analysis, NPV spreadsheet, best value on lifecycle costs to reach outcomes
- Impact on Operating Costs [10 points]
  - Energy cost savings, including quality measurement and verification (M&V) plan
  - Operation & Maintenance costs
  - GHG emissions reductions
- Asset renewal and technical approach [50 points]
  - Demonstrate that assets in need of renewal/replacement are addressed
  - Proposals will be evaluated on the soundness, application, and detail of presentation of technical strategies proposed for meeting the Client's objectives. The technical approach includes the viability of the project, and the degree to which the Proponent has minimized risk to the Client in connection with the project
  - Provide justification for enough heating/cooling capacity installed to meet needs

RFP Schedule

Key events and dates

RFP Issue	date
Site visits (optional/mandatory)	Within 2 weeks of RFP issue date
Questions deadline	3 weeks from RFP issue date
Q&A and Addenda deadline	4 weeks from RFP issue
Submissions due	6 weeks from RFP issue
Presentations	8 weeks from RFP issue
Award notification	10 - 12 weeks from RFP issue

For site visits, please contact the Purchasing Representative via email by [date] and express your intent to visit the site. The Purchasing Representative will confirm the date and time for the site visit

Mandatory Submission Requirements

Please provide the information in the same order in which it is requested. Proposals must contain sufficient information to assure the Client of its accuracy.

- Cover Letter – Must include the information indicated below:
  - Firm's name, address, telephone number, email address, web site address if applicable
  - Name, title, telephone number, and email address of the individual within the firm who will be the firm's primary contact concerning the proposal
  - Attestation that the firm is willing to perform all required services identified in Section 4 and will abide by the terms of the RFP
  - Signature of individual(s) authorized to bind the firm contractually. Indicate the title or position that the signer holds within the firm.
- Brief company overview describing years in business, ownership, and proponent capability
- A description of the proposed project that includes:
  - Overall project design concept, including location of all equipment and distribution (electrical, piping etc)
  - Schematic of project concept
  - Justification for energy savings and operating cost savings
  - Proposed equipment specs or cut sheets
  - Warranty and cost of extended warranties
  - Measurement and Verification plan and strategy

The impact of the proposed project on the following project goals and objectives identified must be described in detail.

EXAMPLES

- Asset Renewal
- Lower Operating Costs
- GHG Reductions
- Resident Comfort and Control
- Minimized Disruption
- Incentives

- Description of proponent's experience in providing Design-Build services for similar projects
- List of relevant projects performed by the proposed Design-Build team including names, titles and phone numbers of at least three (3) and no more than five (5) references and a summary of services provided including outcomes of the projects. The projects must have been completed in the last ## years

- Proposed project team including organization chart and resumes of all key personnel
- Project financials:
  - Financial Summary Table (See Table 1)
  - Finance Options (if applicable)
  - Table 1 – Financial Summary:

	Total Project Cost* ($)	Incentives* ($)	Energy Cost Savings** ($)	Operations and Maintenance Savings ($)
No energy cost savings guarantee				
One-year energy cost savings guarantee				
Five-year energy cost savings guarantee				

* **Total Project Cost** and **Incentives** are guaranteed by the Design-Builder. Any unforeseen increase in cost to the project is to be accounted for by the Design-Builder. So long as the proposed project scope is not changed per written request by the Client, there will not be any Change Orders on this project. Should there be an incentive shortfall, the difference shall be paid by the Design-Builder to the Client.

Energy Cost Savings guarantee is to be provided as option by the Design-Builder for a one- and five-year period.

Notes for Table 1: Submit an all-inclusive guaranteed firm-fixed price to complete all the work required for the project.

Client is looking to evaluate three (3) options:

- no guarantee on energy costs savings
- a one-year guarantee on energy cost savings
- a five-year guarantee on energy savings.

Any increase/decrease in operational costs (maintenance, surveillance, operation) must be specified.

- Project schedule
  - Provide an implementation plan, insight into the critical path, and potential strategies that could be used to mitigate impact on residents and any scheduling delays.
  - Specify timeline of construction for each individual resident unit, including whether apartments will remain occupiable and potential strategies that could be used to mitigate impact on the resident and any scheduling delays.

Scope of Work

The Design-Builder shall deliver a completed project that meets the Project Requirements. Specific responsibilities of the Design-Builder shall include, but are not limited to:

- Detailed design including stamped and sealed drawings and specifications by a Professional Engineer registered in [place]
- Vendor, subcontractor evaluation and selection
- Procurement of materials and equipment as required for construction.
- All permitting as necessary including but not limited to construction and environmental permits
- Minimized disruption to Building residents
- Ongoing communication and coordination with the Building and Client's representatives throughout the Project including verification of work
- Demolition and removal of specified existing equipment
- Piping and Electrical service and feeder upgrades as required
- Procurement, shipping, and storage of equipment, as required. Delays in procurement, fabrication, and/or shipping shall be the responsibility of the Design-Builder
- Installation labor for all trades including structural, mechanical, electrical, civil, controls etc.
- Construction management as required to ensure safe, efficient, rapid installation
- Start-up and commissioning of all equipment, components, and systems associated with the Project
- Measurement and verification of completed Project to ensure equipment performance and operability as designed
- Performance guarantee of system operability

General Requirements

Performance Guarantee: Design-Builder guarantees the project cost, incentives, GHG reduction, cost savings, energy savings specified in Project Financials. Client also requires option of one- and five-year energy savings guarantee and associated costs for that guarantee

Savings: Annual energy cost savings shall be consistent with figure provided in Project Financials and verified through measurement and verification process using Option C of the International Measurement and Verification Protocol. (IMVP). Client requires optionality of a one- and five-year guarantee on the energy cost savings.

In the event that the actual savings are less than projected savings, the difference between actual savings and projected savings shall be paid by the Design-Builder to the Client

Insurance: Provide insurance coverage as required by the Client (see attachment 2). The minimum coverages shall be those required by law

Qualifications: All drawings shall be signed and bear the seal of a Registered Professional Engineer

Access: Design-Builder shall endeavor to limit disturbance to Client's normal operation. The Design-Builder shall schedule site access and make necessary arrangements with the Client

Site visit: The Design-Builder shall/may visit the site to ascertain location of all existing equipment and other conditions which affect the work

Survey: It is the responsibility of the Design-Builder to provide the field surveying necessary to properly locate necessary equipment and determine all required work needed to ensure proper functioning of the new heating and cooling infrastructure

Presence during construction: The Design-Builder shall have a qualified Construction Manager always present on site during construction

Standards: All work shall be performed in accordance with current Local, State/Provincial and Federal Building Codes

Restoration: Design-Builder shall take precautions to prevent damage to property and shall restore the site to existing conditions prior to the beginning of the work

Performance Bond: Client will require a performance bond for the full value of the project, which is to be included in the proposed project cost

Project payment: The project cost shall be in accordance with the section 7.8. Client shall pay the Design-Builder monthly in accordance with Design-Builder's billing schedule. Invoice value shall be commensurate with the advance of work. Client shall retain 5% of all invoice values until successful completion and acceptance of the work and when the guaranteed energy cost savings are verified

Servicing of Equipment: All new equipment installed by Design-Builder shall be covered by original equipment manufacturers warranty under Client name and title. Client shall be responsible for the operation and maintenance of the equipment and systems designed by the Design-Builder

Training Provided: Training for site-specific operations, maintenance, and engineering personnel is included in the project cost. Design-Builder shall provide training sessions for all equipment and systems to allow Client Management to comfortably assume full operating control of Project

Controls: Proposed control systems must not be proprietary. Only electronic systems allowed (no pneumatic)

Temporary heating and cooling will be required during implementation if existing or new HVAC equipment is not operable

Proponent Instructions

- All inquiries regarding this RFP should be addressed to the following individual:
  - Name, title, email, phone
- Proposals must be received via [email/via the submission portal/etc.]
- Information submitted to Client will be kept in strictest confidence and shared only with the Board of Directors and individuals directly involved with this project
- Client reserves the right to accept or reject any or all proposals

Attachments

- Table 1 – Financial Summary
- Insurance Requirements
- Floor/Plant/Facility Layout
- BCA Report
- Energy Bills – FY19-21
- Existing Mechanical Equipment
- COVID19 Protocols