CONSULTING ENGINEERS OF MANITOBA INC.

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Executive Policy Committee
City of Winnipeg
Main Floor – Council Building
510 Main Street
Winnipeg, MB R3B 1B9

**Re: Proposed Change to Procurement Management Policy**
**Solicitation of Competitive Offers for Assignments over $100,000**

The Consulting Engineers of Manitoba (CEM) represents the majority of Manitoba firms providing engineering services to the City of Winnipeg. CEM represents over 30 engineering firms with over 1400 employees in the Province. The City has been a valued client of our member firms for many years and we have enjoyed a strong and mutually beneficial relationship.

CEM understands that significant changes are proposed to how engineering services are to be retained by the City, some of which may have a significant effect on our industry. In particular, it is understood that new limits are proposed for sole sourced consulting services contracts. While CEM is not aware of all of the reasons for this change, it is understood that the City believes there will be overall cost reductions by adopting this approach. CEM is of the opinion that changing these limits will not result in meaningful cost improvements to the City and, in fact, has the potential to increase overall project costs.

CEM fully agrees that special projects and unusual works should in fact look for competitive proposals, to find the best ideas to solve a particular problem or deliver a product, regardless of the project size. However, the majority of projects that will be affected by this proposed change are annual capital works projects, such as street renewals and watermain and sewer renewals. On these projects, there is often not a highly technical component, and we strongly believe that previous performance and experience should govern the selection, not price. In this regard, past experience on a project or with a particular type of service can create significant schedule improvements as well as construction cost reductions. For these projects, a negotiated contract is generally considered to better represent the client needs.

In summary, CEM feels that changes to the sole source limit may result in the following:

- Added burden to City staff in preparing and evaluating RFP's and completing documents for administrative approval; potentially resulting in a decrease in the amount of work that can be done in a given year. Furthermore, it may become very difficult to fast track any assignments and the scheduling of RFP's will become key in successful completion of projects in a given year.
- The added burden to City staff, as outlined above, may reduce the amount of work that the City can undertake in-house;
- Reduced quality of work. It is generally accepted that projects awarded to a low cost supplier results in a reduced quality of product and increased life cycle costs;
- Reduced interest from CEM firms in the smaller projects and thus less competitive proposals;
- Increased costs to the City. Preparation of proposals is a significant expense for the various firms invited and these costs are generally accounted for in charge out rates. A significant increase in proposal costs may result in increased engineering rates.

While CEM understands that there is dissatisfaction with the current system at City Council, we would very much like to work with the City to adapt or modify the system so that all parties are satisfied and that the taxpayers of the City receive the greatest value. In this regard, we would be pleased to work with the City to develop options for review and offer our services in a joint task force to evaluate procurement practices and better understand the needs of both parties. Delaying implementation of the new policy by one year would allow for this task force to complete a more detailed assessment.

Lastly, if the City decides that implementing the new limits immediately is in the best interests of the City taxpayers, CEM strongly suggests that the City adopt the process of quality based selection, as outlined in the "Guide for the Engagement of Consulting Professional Engineer" (see attached copy). CEM can also provide links to recent studies completed on the success of quality based selection as compared to cost based selection.

We would be pleased to discuss this matter at your convenience.

Yours truly,

**CONSULTING ENGINEERS OF MANITOBA INC**



Harley Pankratz, P. Eng.
President