

Selecting & working with consultants

Why use a consultant

Today, cities need to consider delivery options for information and services not even contemplated during the 1990s. Both small and large cities will find themselves in situations where, due to a lack of available personnel or to a lack of expertise in a specific area, they need to seek outside professional assistance. Often a consultant can provide the required staffing and knowledge.

Consultants are defined as those with training and experience in a specific field who offer others their expertise. Why, when and how a community retains a consultant is an important policy issue.

When to use a consultant

No one can be an expert in every aspect of local government. Consultants are typically retained for one of three reasons:

1. to provide specialized service not available through existing staff resources;
2. to supplement existing staff in completing projects and/or doing planned projects when the existing staff does not have time or the expertise to complete the project; and
3. to get a second opinion from an outside source on a possible project or to review, provide input, analyze data and conclusions reached by the cities through other studies.

Consultants are retained for many types of projects and services. For example:

- street construction,
- water, wastewater and storm sewer projects,
- information technology support,
- labor relations,
- master land use planning,
- grant application preparation and oversight,
- subdivision plan reviews,

- short and long term strategic planning, and
- recreation master planning.

Common types of consultants and professional services

The most common types of consultants are:

- engineers,
- planning consultants (land use and zoning),
- strategic planning consultants,
- attorneys – general counsel, labor/employee relations, environmental, insurance claims, bond counsel, litigation/special counsel (example: tax tribunal cases) and real estate transactions,
- human resources/training/safety consultants,
- property assessors,
- information technology experts,
- privatization of services consultants,
- auditors and financial advisors,
- pension plan administrators and
- retired city/village management professionals.

Retired city and village managers are valuable resources for communities of all sizes. A municipality might call one for interim management services during recruitment of a new manager or to assist the staff in managing specific projects or functions.

How to retain a consultant

The first step in retaining a consultant is to establish criteria and guidelines. Items to consider in formulating your guidelines are:

- whether to designate an individual or committee to be responsible for retaining the consultant,
- who will be planning, monitoring and scheduling the project or service,

- what the scope of the project or service will be, and
- what base qualifications will be required for firms or individuals to be considered.

These should include:

- professional and ethical reputation,
- professional standing of the firm's employees (registered, licensed, certified),
- ability to assign qualified personnel to the project and to complete it within the allotted time and
- experience in providing the services or project development.

Selection process

Michigan, unlike many other states, does not have a state law requiring local governments to establish procedures for purchasing of goods and services or the selection of consultants. Local charters and/or ordinances usually establish the consultant selection procedures. If the project will be funded in part or in full with state or federal monies, check the requirements for consultant selection procedures. Those responsible for the selection process need a working knowledge and familiarity with the purpose and general nature of the project to be performed.

Sole source

If the city has experience with one or more consultants, preference may be given to continuing the professional relationship with these firms. If you are not required by jurisdictional policy or ordinance to send out requests for proposal or bids, you can hire the consultant directly. An agreement as to the scope and cost of the project is negotiated with this firm and the project proceeds.

Request for proposals (RFP)

Under an RFP the city provides firms with a specific detailed description of the project and requests that the firms submit a proposal addressing the manner in which the project would be completed and the cost of the project. From the responses, the local government selects the consultant based on two criteria: cost and responsiveness to the RFP.

The method for selecting a consultant using an RFP should follow many of the steps outlined below in the RFQ process.

Request for qualifications (RFQ)

Unlike a RFP, the RFQ provides the opportunity to select a consultant based on the needs of the community and qualifications of the consultant, not low bid. In July 2002, the State of Michigan enacted legislation (2002 PA 504) requiring state agencies to use Qualification Based Selection (QBS) methods to select consultants. While this legislation does not apply to local governments, it emphasizes the advantages to using QBS in selecting consultants.

For more information on the QBS process, visit www.qbs-mi.org or call 517-332-2066.

In preparing the RFQ the following elements should be included:

- a type of consultant being sought
- a brief outline of services desired
- date and time the sealed qualifications are to be submitted to the local government, and
- optional, but recommended, elements:
 - expected date of completion or length of contract, and
 - anticipated end product such as reports or designs.

These elements will help the consultant and local government determine the availability of resources.

There are three options for establishing the cost of services:

1. negotiating the cost with the consultant selected,
2. listing the anticipated range of fees in the QBS, and
3. having the consultant place the estimated fees in a separate envelope. This envelope would only be opened if the consultant were selected and would be used in contract negotiations. When the contract is signed with the successful firm the remaining fee envelopes should be returned unopened to the unsuccessful consultant firms.

The QBS process allows the local community to select one or a small number of consultants to interview. This selection should be based on the number of responses to the RFQ.

During the interview, ask who will be the key personnel assigned to your project. The proposed project manager should be in attendance at the interview. The scope of services should also be discussed in the interview, but fees should not.

After the interviews, check with recent clients of each firm and determine the quality of performance that each client has experienced. Try to include clients in addition to those specified by the firm.

After the interviews, rank the firms using criteria such as location, reputation, compatibility, experience, financial standing, size, personnel availability, quality of references, workload and other factors specific to the project. Decide which firm you consider to be best qualified, and initiate contract negotiations.

If an agreement cannot be reached with the first firm selected, notify them in writing to that effect. Meet with your second selection, going through the same process. When you and the consulting firm agree on all matters and charges for services, the selected firm should submit a written contract for both parties to sign. Make sure your attorney reviews the contract before the city signs the agreement.

A courtesy letter should be sent to each firm that expresses interest in the proposed project, informing them of the outcome of your decision.

Project management

Once you select a consultant, you need to design a process to manage the contract. These elements will help ensure the successful completion of the project:

- appoint a project manager,
- establish a work schedule (including milestones) for the project,
- cross-check the consultant's work, and
- determine and evaluate the final work product.

While these elements are components of good project management, the extent to which each element is used will depend on the magnitude and scope of the work. For example, a small project may only require a project manager and an evaluation of the final product, without a work schedule.

The project manager is essential to any consultant contract regardless of its size. This municipal representative administers the contract, including but not limited to monitoring the work, approving payments for the work and accepting the final work product. The project manager should be given enough authority to ensure that the city receives maximum benefit from the consultant's work.

Establishing milestones will tell the municipality when each stage of the project should be completed. Failure to meet these milestones could be an early indicator of possible delays and/or trouble with the consultant's work product. This gives the project manager an opportunity to correct the problem or it could serve as a reason to terminate the consultant's contract.

Identifying deliverables in conjunction with the milestones will provide the city with another tool to evaluate the consultant. Deliverables, for example, might include a draft chapter of a master plan, a grant application or securing certain permits. The type and extent of the deliverables depend on the size and scope of the project.

In addition to milestones and deliverables, monitoring the work can involve regular meetings with the consultant, visits to the consultant's office, telephone calls, e-mails and faxes.

The larger the contract, the more likely there will be a need to amend the contract. In large projects, unforeseen delays can make it necessary to amend the contract. The contract amendment should be included in the original contract.

The success of any project is determined by the process and resources allocated to the effort. Using consultants can be a valuable tool in the management and delivery of services for our communities.

About the author . . .

Reid S. Charles is the manager of the City of Mt. Morris. For the past 35 years, he has served in various management and planning positions in local government. He has lectured and taught courses on planning and municipal finance and contributed to the book *Financial Handbook for Mayors and City Managers*, Clark, DeSeve & Johnson, 1985 and *City Money: Political Processes, Fiscal Strain and Retrenchment*, Clark and Ferguson, 1983.

Mr. Charles holds a BA and MA from Wichita State University in Political Science and Public Administration. He is a member of the International City/County Management Association and a charter member of the American Institute of Certified Planners.