

Why Reverse Auctions Are a Bad Idea for A/E/C Services

Support Amendment 25 in SB 2424: An Act Relative to Municipal Relief

ISSUE

Section 12 of SB 2424 (in the Senate) and Section 19 of HB 4631, would have a harmful affect on the design and construction of public municipal projects and on public safety. These sections provide that municipalities may enter into procurement contracts in the amount of \$25,000 or more utilizing reverse auctions for the acquisition of supplies and services. HB 4631 defines reverse auctions as “An internet based process used to buy supplies and services whereby sellers of the supply or service being auctioned anonymously bid against each other until time expires and until the governmental body determines from which sellers it will buy based on the pricing obtained as a result of the reverse auction.”

KEY POINTS

Bidding of professional architectural and engineering (A/E) services has long been shown to be poor public policy. Reverse-auction bidding is even worse. Both forms ignore long-term value by focusing on short-term “savings,” which are unsupportable and unproven.

- Bidding works with clear specifications on which competitors can base their pricing. When designers are selected for an engineering project, the scope of required professional services is not clear enough to price their services.
- The engineering design has an enormous impact on long-term costs. “Saving” money by price-bidding A/E fees has been shown to actually add to the long-term costs of building.
- The American Bar Association’s 1979 Model Procurement Code states that price-bidding of A/E services is not in the public interest and recommends **Qualifications Based Selection (QBS)**.
- Federal procurement policy for A/E services has reflected the inappropriateness of price-bidding for over 30 years. Congressman Jack Brooks, who authored the applicable federal law, noted that architects and engineers would be “under no compunction to compromise the quality of the design or the level of effort they contribute to it in order to meet the lower fee quotations of other A/E’s.”
- Private sector use of reverse auction procedures related to building design and construction is generally for “prototype” standard buildings with known design services that are near-commodities, such as prefabricated storage buildings. Public buildings and public infrastructure does not fit that model, nor should they.

Carefully designed projects use resources wisely, and sustainably add value for taxpayers. Reverse auction bidding of A/E services is a public-relations gimmick that confuses price with value, and is an invitation to compromise design and construction quality and safety and presents a long-term threat to the public health, safety and welfare.

ACTIONS REQUESTED

Ask State Senators to support Amendment #25 to exclude: “**procurement of architectural, engineering or related professional services as defined by Section 2 of MGL Ch. 30B, as amended by Ch. 25 of the Acts of 2009**” after the phrase “acquisition of supplies and services.”