

Senate Local Government Committee
February 17, 2005
SENATE BILL 237

Mr. Chairman, Members of the Committee, my name is Karen Fagg. I am President of HKM Engineering Inc. HKM is an employee owned Montana Corporation with 140 employees in Montana and 20 in Wyoming. We were founded in Montana 50 years ago by three Montana State University graduates and we continue today to pride ourselves on hiring the best and brightest engineers and scientists from the university system and private colleges in Montana and Wyoming.

We are one of those companies often referred to by economic development experts that offer technical positions to Montana graduates allowing them to develop careers and remain in Montana supporting our communities. HKM's offices are located in Helena, Butte, Bozeman, Billings and Miles City and two offices in Wyoming. I represent all the families supported by HKM in strong opposition to Senate Bill 237. Our opposition is not because we're afraid of price competition but rather because we believe the taxpayers of this state deserve the best professional services whether it be architectural, engineering, surveying, scientific, legal, or other. The concept of qualifications-based selections has been reviewed by the federal government and individual states time and time again. In that review process the federal government and 44 states continue to support the position that qualification-based selections ultimately provide the best product and lowest cost to the public.

Vital differences exist between cost-based and qualifications-based acquisitions by public agencies. Cost-based acquisitions for supplies, equipment, certain services and construction are adaptable to a cost system that can reasonably provide a detailed description of the service, which permits vendors to offer firm prices with confidence. Cost-based acquisitions are best suited where the service can be definitively described in terms that are not open to wide interpretation.

In contrast, creative services, such as technical services, seldom lend themselves to advance precise definition. Instead, reliance must be placed on the experience, expertise, creativity and

overall intellectual capacity of the people involved who will ultimately determine the success of the project design or technical study.

Public agencies commonly seek to obtain maximum value from public infrastructure investments, especially where true value results from creative review. Bidding or other cost-based selection is unlikely to produce the best creative outcomes. When bidding, any prudent consultant must often include significant contingencies because of uncertainties about the true extent of effort required. Negotiating a detailed scope of work with the highest ranked firm under QBS provides a basis for realistic fees and promotes full cooperation of the consultant in fulfilling the contract.

Thank you for the opportunity to speak and I am available for questions.