Seven Types of RFPs for Public Lands

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Based upon:
Coombes Kirkland Berridge, Proposal Calls (1980) &
Seven Approaches to Solicit Private Sector Interest

1. Tender or Auction
2. Sole-source developer method
3. Single-step RFP process
4. Two-step RFQ / RFP process
5. Pre-qualified Developer / RFP process
6. RFQ / Negotiate method
7. Three-step RFI / RFQ / RFP process
Tender or Auction

• Advantages:
  – Fast
  – Simple to organise
  – Easy to evaluate
  – Low-risk
  – Transparent

• Disadvantages:
  – Agency may not wish to sell land
  – Loss of control over site
  – Hard to meet non-financial objectives
  – May lose upside return in a redeveloping area
Sole-Source Developer Method

Advantages:
- OK if existing relationship – Master Developer
- Works if there is an obvious candidate
- OK if nobody interested
- Fast & simple
- Saves money for agency & developer

• Disadvantages:
  – Local developer backlash
  – Other public partners uncomfortable
  – Media backlash
    – appearance of corruption/fix

• Example: Canadian Opera Company & Cadillac-Fairview
Single-Step RFP Process

- Finance, Design and Development Issues in one step
- Advantages:
  - Addresses non-financial issues better than a tender
  - Faster than two or three step RFP processes (4-7 months)
- Disadvantages:
  - Often attracts many responses – 15-35
  - Developers hate it; some won’t bid
  - Best bid may come from a low-capacity developer
  - Best finance bid may have worst design
  - Media/political pressure to take the best $ offer
Two-Step RFQ/RFP Process

• Request For Qualifications, then Request For Proposals
• Shortlist to five firms from RFQ
• Evaluate by capacity and building type experience
• Advantages:
  – RFQ much cheaper to submit for developer
  – Better odds for developer; more will RFQ
  – Open and transparent
  – Shortlist by financial capacity and experience – better PR
• Disadvantages:
  – RFQ takes an additional 3-5 months

• Example: CBC Broadcast Centre
Prequalified Developer / RFP Process

• Pre-qualify to 5-7 developers by reputation & financial capacity
• Advantages:
  – Even easier for developers – no RFQ
  – OK if there are obvious candidates
  – Saves 2-4 months compared to RFQ/RFP
• Disadvantages:
  – Requires staff/consultants who know industry well
  – Shortlist process open to question

• Example: Sports Facilities – multi-pad arena complexes
RFQ / Negotiate Method

• Advantages:
  – Avoids lengthy RFP process
  – Some competition in RFQ
  – Public & Private partners work together on issues
  – Better learning for the public sector partner

• Disadvantages:
  – Other developers feel they could do a better deal
  – Fewer design/development ideas than the RFP process

• Examples:
  – Downtown development projects
  – York University housing
Three-Step RFI / RFQ / RFP Process

• Solicit ideas and concepts prior to a RFQ
• Advantages:
  – Markets the site
  – Initial reaction from the private sector
• Disadvantages:
  – Can take 10-12 months to complete
  – Developers may not give ideas for fear of helping competitors
  – Design competition, visioning exercise, ULI panel may work.

• Weak Example: Kingston Multipurpose Facility