

## City of Ottawa Vendor Performance Management (VPM) Guide (Summary)

• **Designed for:** Thresholds for the VPM framework have been defined as all consulting assignments over \$15,000 and all contractor assignments over \$100,000.

• **Goals of VPM:** The goals of implementing a VPM process and system for the City of Ottawa are to: 1) Improve overall vendor (consultants and contractors) performance on City contracts, 2) Improve communication between staff that manage vendors (e.g. Project Managers) and vendors, 3) Improve the overall performance of vendors over time (in a measurable way) and 4) Build a history of vendor performance over time, allowing future vendor selection decisions to include a historical performance perspective.

• **Best Practices and Vendor Performance:** Best Practices in VPM include: 1) Building effective and collaborative relationships between the City and vendors to ensure the best possible result, 2) Maintaining effective ongoing and open communication with vendors from the beginning of the contract, 3) Outlining performance expectations, 4) Conducting regular project meetings with minutes distributed to all parties, 5) Measuring, monitoring, tracking and communicating performance, 6) Identifying variances between planned versus actual performance.

• **Performance Communication:** Vendor performance issues shall be discussed and documented immediately (No Surprises Strategy). Opportunities for discussing performance with vendors include: Project kickoff meeting, project progress meetings, interim evaluations, emails/letters, and project close out meeting. No Surprise Strategy is to be implemented on all projects, and ensures that any vendor issues are brought up immediately. This allows the COA to mitigate risk.

• **Vendor Performance Scoring:** The following criteria describe the four general areas to be reviewed when considering the performance level: 1) The frequency of occurrence, 2) How much of the item was affected, 3) How much direction the vendor required, 4) The level of inspection required (if applicable). Vendors can only view their own scores and cannot view the scores of other vendors. Vendor Scores shall be considered in Construction and Consultant Design and CA bid evaluations beginning in 2018.

• **Effective Communications:** Emphasis is placed on maintaining good relationships with vendors so differences in opinions can be handled appropriately. Good communication is the key to a successful VPM program. Effective dispute resolution requires that the Project Manager and the vendor: Recognize that contract documents are not perfect, and neither are people; Keep larger objectives and the end result in mind; Focus on the facts and depersonalize issues; Make reasonable compromises, negotiate prescribed changes to the contract and justify them; Work cooperatively to proactively resolve disputes in a timely manner.

• **Vendor Non-Performance:** In cases of serious non-performance, a meeting and written communication or phone call should be sent to advise the vendor of the specific items that the vendor has not performed and/or performed unsatisfactorily. The Project Manager should quote the relevant part of the contract specification, delivery date, work plan or specific clause. If vendor's response is still unsatisfactory, a meeting with Supply Services and the vendor should be initiated by the Project Manager advising the vendor that if no action is taken to fulfill their contractual obligations, they will be in default. The details of this meeting should be formally documented and shared with all parties and departmental Managers in accordance with departmental escalation protocols.

**City of Ottawa Vendor Performance Scoring and Template**

<b>Performance Level</b>	<b>Score Range</b>	<b>Actions</b>
Outstanding	90-100%	<ul style="list-style-type: none"> <li>• The vendor frequently exceeded the requirements of the contract</li> <li>• Non-conformances affected a negligible portion of the project</li> <li>• No direction required; the contractor initiated preventative measures</li> <li>• Inspection, support and/or review at minimal levels</li> <li>• The vendor very frequently met and occasionally exceeded the requirements of the contract</li> </ul>
Commendable	80-89%	<ul style="list-style-type: none"> <li>• Non-conformances affected a small portion of the project</li> <li>• No direction required; the contractor initiated identification, reporting and remedial action</li> <li>• Inspection, support and/or review at reduced level</li> <li>• The vendor met the requirements of the contract and is in good standing with the City</li> </ul>
Satisfactory	70-79%	<ul style="list-style-type: none"> <li>• Non-conformances affected an average portion of the project</li> <li>• Required minimal direction; the contractor initiated remedial action</li> <li>• Inspection, support and/or review at normal level</li> <li>• The vendor occasionally did not meet requirements of the contract</li> </ul>
Needs Improvement	50-69%	<ul style="list-style-type: none"> <li>• Non-conformances affected a large portion of the project and/or had a major impact on the project</li> <li>• Required direction by the owner's representative to rectify</li> <li>• Required additional inspection, support and/or review effort</li> <li>• Non-performance letter(s) may have been issued</li> <li>• Contractor vendor did not meet requirements of the contract</li> <li>• Non-conformances affected a large portion of the project and had a significant negative impact on the project</li> </ul>
Not Satisfactory	<50%	<ul style="list-style-type: none"> <li>• Required frequent and strong direction to rectify</li> <li>• Required high level of inspection and/or review</li> <li>• Contractor in default (Default letter may have issued) and issue not rectified</li> </ul>

- Evaluation Criteria
- 1) Quality
  - 2) Schedule
  - 3) Wage Compliance and Required Job Postings
  - 4) Compliance with MBE/WBE/DBE Procurement Program(s)
  - 5) Invoicing and Payments
  - 6) Regulatory Compliance and Permitting
  - 7) Safety and Protection
  - 8) Adequacy and Availability of Workforce
  - 9) Project and Contract Management
  - 10) Communications, Cooperation, and Business Relations