

Vendor Performance Management Program

Owner's Forum

Alberta Infrastructure

July 9, 2020



Agenda



Program Objectives and Outcomes



Overview of Program Components



Where We Are Now

Project Objectives and Outcomes

Program Objectives and Outcomes



Facilitate ongoing, regular communication with vendors ensuring clarity of expectations and quality performance.



Minimize the need for corrective measures due to poor performance.



Provide incentives to vendor to improve their performance.



Hold vendors accountable for poor performance or unacceptable behaviour.



Enable Alberta Infrastructure to provide objective vendor references.



Enable better decision making on bidder selection through a centralized repository containing vendor past performance information.

VPM Program Overview

Thresholds and Program Application

Program Component	Details
Program Threshold	<ul style="list-style-type: none">• The VPM Program will be applied to any contracts with a pre-estimate of \$100,000 or above.• It applies to new procurements posted on or after January 6, 2020.
Opt-In/Opt-Out	<ul style="list-style-type: none">• Exceptions can be made to the above program threshold based on the risk and complexity of the contract.
Evaluation Frequency	<ul style="list-style-type: none">• Vendor performance is to be evaluated every six months.<ul style="list-style-type: none">○ Vendor Performance Evaluation Results every 6 months and at contract close-out.• For contracts that conclude before the six month evaluation, one <u>interim</u> and a <u>final</u> performance evaluation must be completed.

Performance Evaluation and Scoring

Program Component	Details
Performance Evaluation and Scoring	<ul style="list-style-type: none">• For both Consultants and Contractors, five key indices will be evaluated: <u>Quality</u>, <u>Management</u>, <u>Schedule</u>, <u>Cost</u> and <u>Safety</u>.<ul style="list-style-type: none">○ These apply differently to Consultants and Contractors• Key Performance Indicators are either rated on a 1-5 scale, or pass/fail.• A Vendor's interim and final performance evaluation results, from all contracts, contribute to a three-year rolling average, where current year results are given the most weight. The result of this calculation provides the vendor with an Overall Vendor Performance Rating (OVPR).

Performance and Evaluation Scoring



Consultant

Index	Weighting
Quality of Deliverables	20%
Quality of Design/Safety	20%
Management	20%
Schedule	20%
Cost	20%



Contractor

Index	Weighting
Quality	20%
Safety	20%
Management	20%
Schedule	20%
Cost	20%

Performance Evaluation and Scoring

Rating	Definition
[5] Exceptional	Vendor's performance greatly exceeds the expected performance.
[4] Surpassed	Vendor's performance exceeds the expected performance.
[3] Achieved	Vendor's performance meets the expected performance.
[2] Improvement Required	Vendor's performance is below the expected performance.
[1] Significant Improvement Required	Vendor's performance is significantly below the expected performance.
[N/A] Not applicable	Not applicable to the contract or point in time evaluation.

Overall Vendor Performance Rating (OVPR)

Overall Vendor Performance Rating

$$\frac{3 \text{ (Average of year 3 scores)} + 2 \text{ (Average of year 2 scores)} + 1 \text{ (Average of year 1 scores)}}{6}$$

Example of OVPR with no year 2 scores

$$\frac{3(2) + 1(4)}{4}$$

4

$$= \frac{6+4}{4}$$

4

$$= \frac{10}{4}$$

4

$$= 2.5$$

Performance and Evaluation Scoring

Contract 1	
KPIs	Quality
KPIs	Management
KPIs	Schedule
KPIs	Cost
KPIs	Safety
Contract 1	
KPIs	Safety
KPIs	Management
KPIs	Schedule
KPIs	Cost
KPIs	Safety
Contract 1	
KPIs	Quality
KPIs	Management
KPIs	Schedule
KPIs	Cost
KPIs	Safety
Contract 2	
KPIs	Quality
KPIs	Management
KPIs	Schedule
KPIs	Cost
KPIs	Safety
Contract 2	
KPIs	Quality
KPIs	Management
KPIs	Schedule
KPIs	Cost
KPIs	Safety

➔ Vendor Performance Evaluation Result 1

➔ Vendor Performance Evaluation Result 2

➔ Vendor Performance Evaluation Result 3

➔ Vendor Performance Evaluation Result 1

➔ Vendor Performance Evaluation Result 2

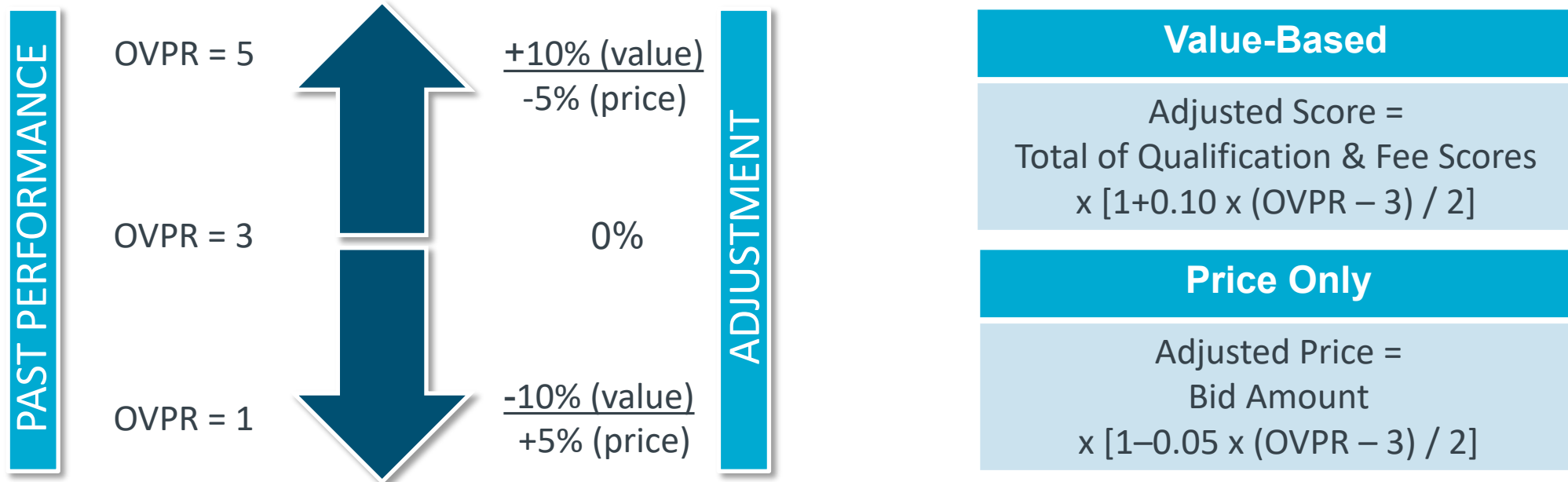
OVPR
Overall Vendor Performance Rating
(for use in vendor's subsequent procurement evaluation)

Past Performance and Procurement

Program Component	Details
Past Performance and Procurement	<ul style="list-style-type: none">• Past performance impacts the procurement selection process:<ul style="list-style-type: none">○ Based on the vendor's OVPR, an adjustment will be made:<ul style="list-style-type: none">▪ to the procurement evaluation total score of qualifications and fee; or▪ to the submitted bid price.

Past Performance and Procurement

- **Value-based (RFP)** up to a ± 10 per cent adjustment on the total of qualifications and fee score.
- **Price only** up to a ± 5 per cent adjustment on the submitted bid.



Review Process

Program Component	Details
Review Process	<ul style="list-style-type: none"><li data-bbox="894 411 2280 511">• The vendor may request, in writing, a review of the results within 10 days of notification.<li data-bbox="894 582 2346 739">• The score under review will not be considered as part of the vendor's Overall Vendor Performance Rating until a final decision is issued by the Vendor Performance Committee.<li data-bbox="894 811 2361 911">• Infrastructure will make every effort to issue a decision within 30 days of receipt of the review request.

Corrective Measures and Suspension

Program Component	Details
Corrective Measures and Suspension	<ul style="list-style-type: none">• The Corrective Measure and Suspension Process is triggered by inadequate performance evaluation results as measured by the VPM Program. This is defined as a score at or below a 2.5.• A warning letter is issued and a Corrective Action Plan must be submitted. If performance does not improve, suspension of bidding privileges for 18 months can result.• A second suspension of the same vendor can result in a 3 year suspension of bidding privileges.

Vendor Feedback

Program Component	Details
Vendor Feedback	<ul style="list-style-type: none"><li data-bbox="894 411 2364 622">• Self-assessment – Vendors have the option to complete a self assessment using the performance evaluation form as part of Performance Evaluations. These scores will not be counted, but can form a basis for discussion.<li data-bbox="894 696 2339 908">• Survey – Vendors have the option to complete a survey at performance evaluation intervals throughout the contract duration, providing feedback to Infrastructure and informing improvement opportunities and lessons learned.

References

Program Component	Details
References	<ul style="list-style-type: none">• Alberta Infrastructure will provide a performance-based reference, upon request, for a vendor's completed contracted work, if the vendor's contract was subject to the VPM Program.

Where We Are Now

Where We Are Now



Press Release

Prasad Panda, Minister of Infrastructure announced the VPM Program on December 2, 2019, along with representatives of Alberta Construction Association and Consulting Engineers of Alberta.

Industry Information Sessions

Five industry information sessions were held from December 2019 to January 2020.

Overall, 163 participants attended the sessions. In some cases, a single webinar participant account for multiple attendees joining from video-enabled boardrooms.

Subsequent to the sessions, public interest in the program was generated via inquiries to the VPM Program email inbox.



Executed Contracts with VPM

52

Questions?



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<https://www.alberta.ca/vendor-performance-management-program.aspx>