

Vendor Performance Management (VPM)

**Year 2 (2016) Review and**  
**Vendor Scores in Bid Evaluations**

Industry Consultation Sessions  
February 2017

# Agenda

## 1. Year 2 Review

- 2016 Metrics
- Data – Average KPI Scoring by Performance Program
- Range of Project Scores

## 2. Vendor Scores in Bid Evaluations

- Analysis
- Proposals
- Vendor Score Confidentiality
- Vendors without a Vendor Score
- Summary

# 2016 Metrics

- At the end of 2016:

Projects Opened:	1,056	Engineering Consultant:	435	41%
		Contract Administration:	265	25%
		Construction Contractor:	356	34%

- **142/200 vendors** now have a vendor score from **460 completed final** project evaluations
- Vendors with a score have an average of **3.24 projects making up the score**

# 2016 Metrics

- **79.98 average vendor score** (commendable range) for Contractors

	<u>Av. Evaluation Score:</u>	<u>Highest Average KPI:</u>	<u>Lowest Average KPI:</u>
Construction Contractor	79.98	82.73 – Schedule Management	75.51 – Health and Safety

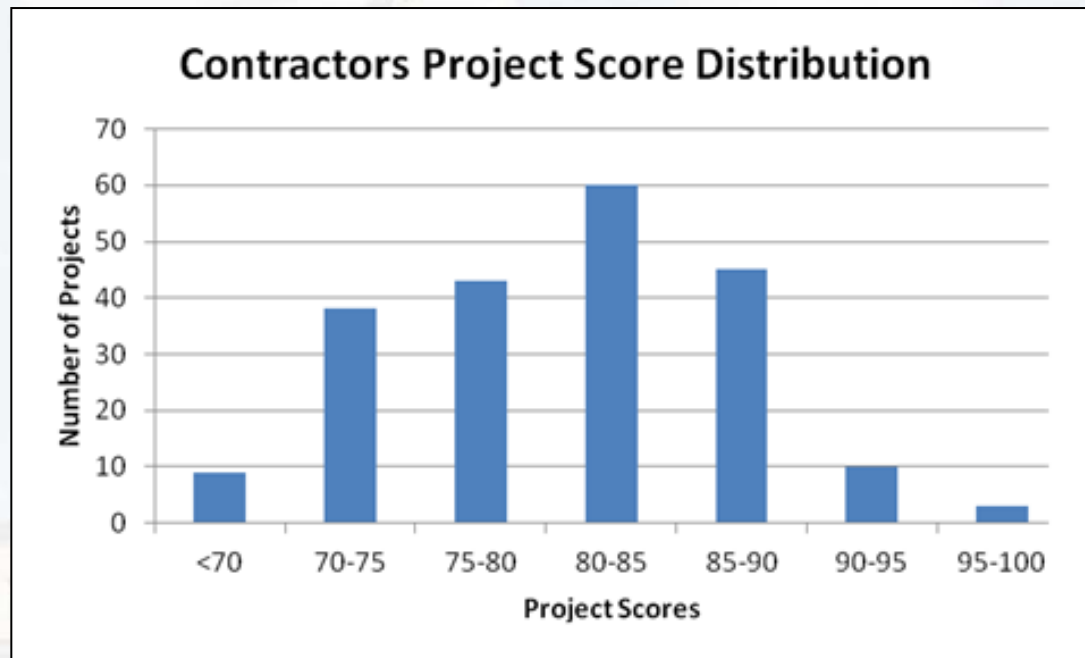
- Only 5 appeals received in 2016 (3 in 2015), totaling **8 appeals to date**
  - 4 maintained, 4 adjusted
  - Of the 4 adjusted, 1 final score was lowered as a result of review

# Data – Average KPI Scoring and Vendor Scores by Performance Program

## Contractor Performance Evaluation Form

84 Contractor Vendors Median of 2 evaluations	Co-Operation & Public/Client Relations	Cost Control	Health and Safety	Overall Project Management	Quality	Schedule Management	Site Management	Supervision	Global Program Average
Average	78.59	78.74	75.51	78.14	79.36	82.73	81.94	80.87	79.98

# Range of Project Scores



- Good distribution of project scores
- Majority (50.48%) falling between 80-89% range
- 38.94% falling between 70-79% range

# Feedback

- The City is requesting your feedback on:
  - The overall process (start-up, expectations setting, updates, appeals, etc.)
  - Documentation available to vendors
  - The MERX system software
  - Other
- Additional comments on behalf of your members? Email [vpm@ottawa.ca](mailto:vpm@ottawa.ca).

# Vendor Scores in Bid Evaluations

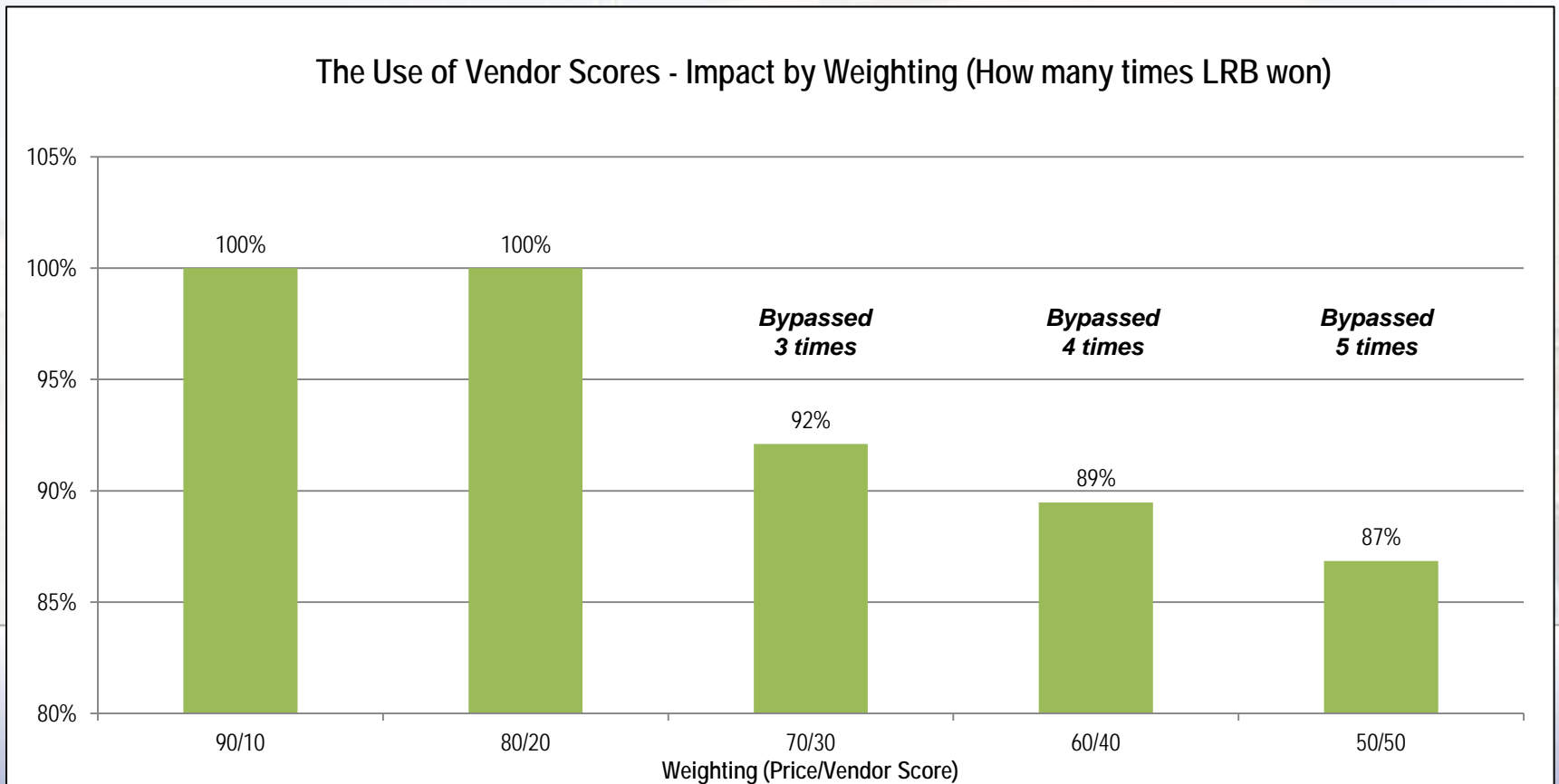


# Vendor Scores in Bid Evaluations

- Now in Year 3 of VPM
- Sufficient data to begin discussions
- City's proposals to proceed in using vendor scores in bid evaluations
- Targeted Go Live date to start using vendor scores in the award of contracts: January 1, 2018

# Analysis

- Over a year of testing multiple methods and scenarios
- Conducted detailed review of 38 RTOs from July and August 2016 across 50 vendors to gather “real life” data



# Construction

- Supply proposes that vendor performance is weighted at 20% for Construction contracts

Total Evaluation Score	/100
Vendor Score (OVS)	/20
Price	/80

- Tender is evaluated out of 100 points split between (lowest responsive) Price and (performance) Rating categories
- This method compares all bids against the lowest responsive bid (LRB). LRB gets full points and the other bids lose points to the extent that they exceed the lowest bid.

# Vendor Score Confidentiality

- Vendor Scores are confidential. However, this raises a transparency issue.
- Supply proposes that the vendor score of the successful bidder is displayed **only** if the lowest bid is bypassed

Example 1

# of Bids	Bidder	Total Price
1	Vendor A	\$929,276.58
2	Vendor B	\$952,000.00
3	Vendor C	\$1,121,550.80

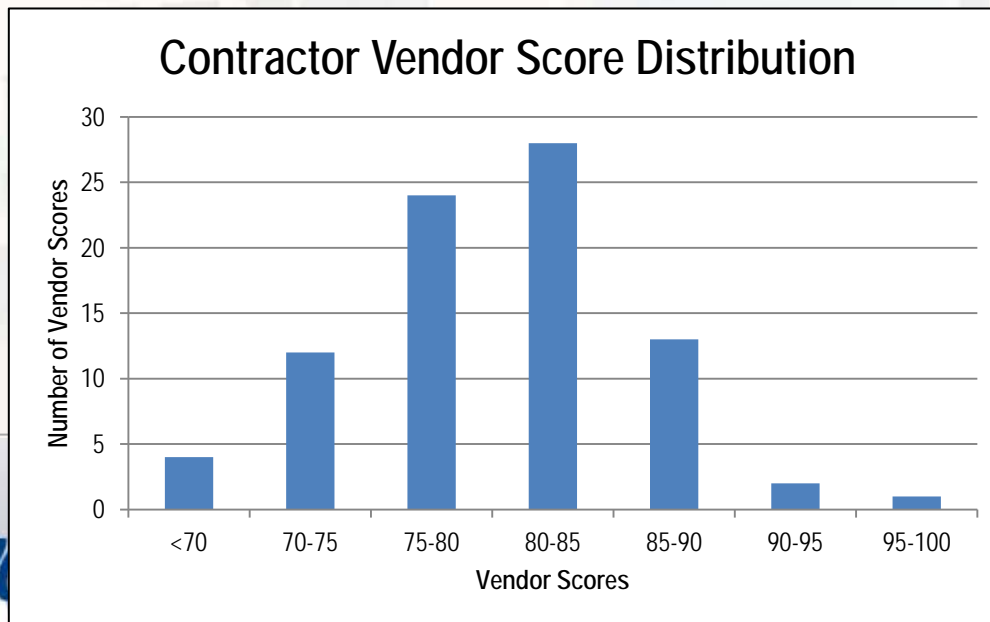
Example 2

# of Bids	Bidder	Total Price	Vendor Score
1	Vendor B	\$1,111,268.50	86.25
2	Vendor A	\$1,108,591.90	-
3	Vendor C	\$1,970,888.00	-

# Vendors without a Vendor Score

- Supply proposes that the vendor is given the current average vendor score of their relative performance program
- Giving the vendor a satisfactory score would take away the competitiveness and be a barrier to doing business with the City

**Note:** This cannot result in a contract award (unless they are also lowest bidder)



This histogram shows that the majority of vendor scores are falling between the 76% and 82% range

# Summary

- Weight vendor performance at 20% for Construction contracts
- Vendors without a vendor score be given the current City average vendor score (of their relative performance program)
- Display the vendor score of the winning bidder *ONLY IF* the lowest bid is bypassed

# QUESTIONS?



# THANK YOU