

NCHCA VPM Committee Meeting Minutes

June 2, 2017

Time: Monday May 24, 2017 at 1:00 pm

Place: 170 Colonnade Road South, Centurion Center

Attendance:

Wade Clouthier, Chairman
Jim Flegg, President
Frank Merkley
Ivan Levac
Jeff Mulcock
Tim Vizena
Kevin Kiley
Craig O'Regan
Deborah Mohr-Caldwell

Missed:

Dale Harley
Dale Downey
Bernie Ingimundson
Ken McIntyre
Marty White
Steve Turner
Dennis Colautti
Dave Meilke

Agenda:

To discuss issues of the City of Ottawa VPM process, and present the industry perspective on solutions to Supply Branch for future revisions.

Issues for discussion:

Item	Description	Action
1	Joint Training Sessions The City said no to joint training at our May 15 2017 meeting. We have not contacted OCA and CEO to see if they want to do joint training without the City staff. Lots of discussion held on best way to increase consistency by CAs, PMs, and contractors on expectations was through joint training sessions so everyone hears the same message on how to use the system. It was felt that the Educational Series could be used to do it, but it is too late since it will miss out another year of opportunity on consistency. The city did say they	Wade

	<p>gave internal training and we should ask them for their presentation notes to see what and how information was presented. It is suppose to be transparent on what is expected of vendors and how to obtain better scores.</p> <p>The city has updated their Project Manager’s Manual and it should have VPM procedures explained in it. We will request a copy for posting on our website for our member’s review and knowledge.</p>	Wade
2	<p>KPI Wording Changes At the May 15 city meeting, they presented that Darryl Shurb would be drafting changes to the KPI’s wording prior to him leaving the city. We should request a draft copy for review and input prior to it being implemented.</p> <p>The NCHCA Safety Committee has been creating an industry safety standard KPIs to post on our website that the city could use to measure contractors for part of the safety section.</p> <p>NCHCA wants the city to participate on a KPI wording/Expectation Joint Committee similar to the specification subcommittees. We could get a Terms of Reference for the subcommittee and ask OCA if they want to join in too. Have 8 sections so get 8 volunteer leaders so they only have to do one section each.</p>	Wade
3	<p>Expectation Example List These should be done with the KPI wording changes so they match up. Propose to do it with the joint subcommittee annually as they will change with experiences and historical stats. The expectation list should be comprehensive enough to cover all types of projects and the PM could pick which ones would be applicable to their contract. The applicable project list would be discussed and agreed upon at the preconstruction meeting.</p>	
4	<p>Appeal Process The proposal for a 10 to 15 minute verbal presentation to the city’s MAC for appeals was to be brought to MAC by Carina. Wade to follow up if it was accepted by MAC. This will allow the contractor to present his side of the story and answer MAC’s questions, but the written submissions still have to be submitted. The documentations could be more on copies of notes or site emails instead of an extensive explanation style report. It is noted that there are few appeals to date, and the VPM system has been getting better on Final Score meeting discussions to avoid appeals.</p> <p>We will recommend that the city use the contract Dispute Resolution clauses if further actions are required after MAC final written report is received. It would allow binding Arbitration, and 50/50 cost sharing. The Fairness Commissionaire could over see the MAC meeting if the city wants to be seen as fair.</p>	Wade

	<p>We would recommend that members ask for the final score draft report prior to it being posted on MERX. It has been given if it is requested now, which is an improvement over initial years. It would be good that MERX would not allow the report to be posted unless a final meeting date is ticked on the form by the city PM. This would force the final score meeting to happen automatically. There was concern that city PM's were not presenting their information for the final score meeting in advance of the meeting so it took longer at the final meeting or subsequent meetings had to be held. Both parties should present their information a few days before the meeting to make the meeting process more efficient.</p>	
<p>5</p>	<p>Bracket Point Spread The city turned down the 5 point spread per section item at our previous meeting. The section categories and ratio of scoring can be reviewed at a later date when more consistency has been obtained. When contractor's scores get averaged out with multiple years of scoring records they will be statistically insignificant. The greater concern was the city PM or Program Manager's desire to NOT go to MAC to justify given a mark below 70% or above 90%, and they would use the section score to skew the total project marks.</p>	
<p>6</p>	<p>VPM Weighted Scoring (20%) There was lots of discussion on options on the tender award process as the consistency is not acceptable to most general civil contractors at this time. The NCHCA survey results are for supplier, associates, and subcontractors so it's results do not reflect contractors that will be impacted by the VPM scoring results and tender awards in the future. The first year scores were of concern since they were presented that 70 % was a great mark and was in the city's opinion that it was a good average to have. We have seen that it is now a below average mark and not acceptable to most contractors. Delaying the tender award by VPM scores for one more year would get rid of this initial year learning curve. The general consensus of the committee was to present the following directions to the city.</p> <ol style="list-style-type: none"> 1. Use 0 % in 2018, than 10 % in 2019, and than 20 % in 2020 for VPM impact on tender award process. 2. The city must define expectations list for each type of project and apply them at the start of the contract. 3. The city must further train their staff on the use of VPM fairly, and participate in joint sessions. 4. Revisions to the KPI wording to improve them to make it clearer and applicable in each section of the VPM documents. 5. Annual review and revisions sessions with the industries will occur similar to the specification committees. 6. The NCHCA would hold future opinions or positions if the City does not satisfy all the recommendations. 	

	<p>Our members should plan to improve their understanding of VPM requirements and increase their marks. A possible memo on what general contractors should do to get better marks, such as looking at the VPM file, get positive issues put in site meeting minutes, reduce number of negative issues put in VPM file, and negotiate draft final mark prior to posting on Merx system. The weighting formula gives more recent years marks higher impacts on the average score.</p> <p>The use of only 2 years of scores and dropping the middle year portion of the weighting formula if there is no second year score is acceptable as the percentage impact on the average score goes to the recent year scores. Some contractors might loose the better first year scores but the majority of members have better marks now than the initial year.</p> <p>Concern was raised that some city PMs have stated that value for the city is free extra works in VPM consideration. Supply Branch has stated that the VPM system should not be used as leverage for free extra works and believe in paying a fair amount for extra works. It shows that more understanding of the intent of the VPM is required internally in the City. Other example of projects by OC Transpo have shown that their staff have no or limited knowledge of the VPM system from discussions at the start of the contract.</p>	
7	<p>Vender Scoring Transparency</p> <p>The NCHCA would like Supply Branch to only verbally debrief the lowest price bidder that loses the contract should the VPM tender award process change the contract to the second bidder. Members do not want their scores to be made public until the system become more consistently fair. It is noted that the losing bidder would only know the winning bidder's average score for that instance in time, as it will change when newer contracts are scored.</p>	
8	<p>New Vendor Assigned Score</p> <p>The NCHCA would like to see new vendors be given a score of 70 % which is satisfactory by city terms. It is felt that present members have had to work for their marks and the industry average mark is above satisfactory. It has costed money to obtain the higher marks and newer vendors should not get this benefit for free and they should have to prove themselves. New vendors would have to win the tender on low price until they obtain their own scores. Being new vendors with no record of abilities leaves the city unsure and exposed as if they will be of better value.</p>	
9	<p>Complexity Tracking</p> <p>The NCHCA would like to recommend that more criteria be tracked in the VPM system now, but not used for evaluation of marks yet. The intent is that as the VPM system evolves it will need further sections to differentiate best value of price for each type of construction project. As more people become knowledgeable about the VPM system it can get more complicated in the expectations on each type of contract. Some criteria could be the following:</p> <ol style="list-style-type: none"> 1. Urban versus rural versus suburban 	

	<ul style="list-style-type: none"> 2. Sewer versus water versus roadway versus transit 3. Multiple subcontractors versus less subcontractors 4. Utility coordination versus no other contractors on site 5. Differential tender values into big, medium, or small amounts. 6. Different city departments of ISD/Parks/Buildings/OC Transpo 7. Etc.. 	
10	<p>Annual Review and Revisions</p> <p>The City has agreed to annual reviews and input from the industries on the VPM process in the future. The extent and how the input process would be done has not been defined yet. The NCHCA would like to see a committee be setup similar to the present specification process. We would like to see CEO and OCA on the general committee and maybe a subcommittee(s) for NCHCA issues.</p>	
11	<p>Future Topics</p> <p>Utility coordination delays = leave on</p> <p>CA rating input from contractor = leave on</p> <p>Subcontractor scoring = leave on for OCA and not NCHCA</p> <p>Health and Safety scoring and knowledge = get industry standard rated</p> <p>City PM scoring records shown = drop issue as personal information not allowed to be given out by city</p> <p>Designer reductions after job lead to contractor increases = drop it as now members negotiate higher marks for tough jobs during the works</p> <p>Other? = none presented at this time.</p>	

These minutes were recorded by the undersigned, and any errors or omissions should be brought to their attention for revision.

Yours Truly;

Wade Clouthier, P.Eng.
NCHCA VPM Committee Chair