

# NCHCA VPM Committee Meeting Minutes

October 18, 2017

**Time:** Tuesday October 17, 2017 at 3:00 pm

**Place:** 170 Colonnade Road South, Centurion Center

**Attendance:**

Wade Clouthier, Chairman  
Frank Merkley  
Dale Harley  
Bernie Ingimundson  
Mike Buch  
Jeff Mulcock  
Kevin Kiley  
Deborah Mohr-Caldwell

**Missed:**

Jim Flegg, President  
Ivan Levac  
Tim Vizena  
Craig O'Regan  
Dale Downey  
Ken McIntyre  
Marty White  
Steve Turner  
Dennis Colautti  
Dave Meilke  
John De Kroon

**Agenda:**

To discuss issues of the City of Ottawa VPM process, and present the industry perspective on solutions to Supply Branch for future revisions. The VPM Cmтт met with Supply Branch on October 6 2017 to discuss optional changes to their VPM Process, and we have to respond to their proposals.

**Issues for discussion:**

Item	Description	Action
1	Appeal Process The City proposal for a 10 minute verbal presentation to the city's MAC for appeals. 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. The VPM Cmтт agrees with this option.	Done

	<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.</p> <p>Since MERX system can only deal with calendar days the City proposes to allow 20 calendar days for the appeal to be filed to allow for weekend situations. The VPM Cmтт agrees with this option.</p>	Done
2	<p>KPI Wording Changes</p> <p>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 did not get a draft copy for review and input, and recently found that process did not get completed. We recommend that they be reviewed and altered in the VPM Annual Review Process. The VPM Cmтт would still like to see joint City, CEO, and NCHCA training on VPM scoring. The Educational Series would be a good venue to do break out groups to discuss and rate construction activities.</p>	
3	<p>Expectation Example List</p> <p>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. The NCHCA members should ask for it at that time, but if it is not discussed with the PM the request should go to their Program Manager so it occurs. The city has stated that they have recently done some training on the VPM process with their PMs.</p>	
4	<p>End of Project VPM Meeting</p> <p>Our members should push to have a VPM final score meeting before the score is posted on MERX so that the parties are not defensive on their marks. The city proposes that we go to the ISD Managers if it does not occur before posting date. There is concern that the PM will be reprimanded and be difficult to deal with on the next project with this approach. These final score meetings are starting to occur regularly now but there is still some room for improvement. The VPM Cmтт has proposed that the PM must have contractor sign off document prior to being allowed to post on MERX as a control.</p>	
5	<p>Vendor Scoring Confidentiality</p> <p>The city proposes to keep the vendor scores confidential and our members are encouraged not to discuss their individual scores to others. The contractor negatively impacted by the VPM score tender award process will get a verbal debriefing session if they request it. The VPM Cmтт agrees with this approach.</p>	

6	<p><b>Joint Venture Scoring</b></p> <p>The City has proposed that each member of a Joint Venture will get the project score on their final records, and the Joint Venture Team will remain in their records as a vendor in case they do future works together. The Joint Venture Team will go into the project with the average score of each member. The VPM Cmтт would like to get clarity if one of the team members is new will they get the average industry score and does the Joint Venture Team have to win on low price to get the contract? Each Joint Venture partner must declare their percentage of the venture so should it be used in the average team score? It has been clarified that the City would not use the VPM score in the award of pre-qualified contracts.</p>	
7	<p><b>New Vendor Assigned Score</b></p> <p>The NCHCA would like to see new vendors be given a score of 70 % which is satisfactory by city terms, but the City finds this too restrictive to new contractors coming into the market. 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>	
8	<p><b>Health and Safety Section</b></p> <p>The NCHCA Safety Committee has been creating an industry safety standard KPIs to post on our website that our members could use to measure themselves to industry standards for part of the safety section. It was decided by the VPM Cmтт that it was not to be submitted to the City at this time, and a more extensive list of examples and education of City PMs on this topic would be a better solution.</p> <p>The contractors want this section to be our highest scoring section as we put a lot of effort into Health and Safety matter in our companies. The City staff have not generally worked in construction so they are inconsistent on marking this section. One small incident should not dramatically reduce the VPM score or it will lead to non-reporting of the incidents to the city field staff. How the contractor deals with the incident should be how they are rated on the VPM system. Private vehicle accidents within the work area or close to it should not ne rated negatively by VPM because driver errors are beyond the contractor’s control. The VPM marks could be lowered if the signage was proven in court to contributed to the private vehicle accident but that ruling is usually well after the project ends. The number of MOL visits and instructions is variable due to the MOL inspector’s behavior which is beyond the contractor’s control. Members should give written proof of their training, manuals, policies, etc to the City PM at the start of the job to show that the contractor takes it seriously. City staff should be invited to job toolbox meetings so that they can learn about hazards and avoidance of risks.</p>	

9	<p><b>Complexity Tracking</b>  The NCHCA would still 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.</p>	
10	<p><b>VPM Scoring Used for Tender Award Process</b>  The city has proposed to use 10 % VPM scoring weighting on January 1, 2018 and then progress to 20 % beginning on January 1, 2019. There is concern that the Audit Committee at the city will mandate these percentages or more later this year. Dale is to review if the NCHCA could make a presentation to the Audit Cmтт on our recommendations, and do a draft document for the VPM Cmтт to review. If we can not present there than we should present our views at the Transportation Cmтт and the Environment Cmтт. The CEO and OCA have agreed to using the proposed VPM scoring weighting for 2018. It was discussed that both of those associations are different than the NCHCA. The CEO has had the VPM and RFQ systems for years so they have worked out some of their consistency concerns. The OCA members usually have confined sites that they can control their subcontractors easier and generally do not have much public traffic issues. Our members work in the public Right-of-Ways so we have a lot of public inter actions, weather concerns, variable soils conditions, and utility interference to deal with regularly.</p> <p>There was no consensus as to what actions the VPM Cmтт wants to present to the city at this time. Some actions discussed were as follows:</p> <ol style="list-style-type: none"> <li>1. State that we want one more year for training and consistency prior to using the VPM scores in tender award.</li> <li>2. Push for revised KPI's and joint training solutions before proceeding.</li> <li>3. Present that we are working with the city departments on the system and are displeased with the audit decision to implement tender award at this time.</li> <li>4. State that we are in favour of the city present approach and work with them on making it better.</li> <li>5. Bring the matter to the NCHCA Board and see what direction they would like to see us present to the city.</li> <li>6. Use 10 % in 2018 and 2019 before going to 20 % in 2020 to phase in consistency and maturity to the VPM system.</li> </ol> <p>There was lots of discussion on options on the tender award process as the present scoring consistency is not acceptable to most general civil contractors, but it is getting better every year. The first year (2015) 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</p>	Dale

	<p>of this initial year learning curve scores in the 3 year VPM average weighting formula. The city review process showed that few contract tender review processes would be altered using the 10 % weighting factor. Our spreadsheet shows that the number of tender changes have decreased from 2015 to 2016.</p> <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 lose 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. ISD Manager has stated that they had specific training to the PMs to stop using that approach, but it is still being used. It shows that more understanding of the intent of the VPM is required internally in the City.</p>	
11	<p><b>Annual Review and Revisions</b></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 as our type of works are different.</p>	
11	<p><b>Future Topics</b></p> <p>There was lots of discussion as to possible improvements to the VPM system through training and knowledge. The use of descriptive lists of examples to show differences for scorers to use on scoring would take experience to compile. The use of joint training to get everyone to hear the same story would be beneficial for consistency. Using more scoring divisions in each section would allow scorers more leeway to differentiate between contractors.</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