

City of Ottawa Vendor Performance Management (VPM) – Fall Consults: National Capital Heavy Construction Association (NCHCA)

Meeting Minutes

October 6, 2017



Present: Will McDonald, Diana Knight, Dale Harley, Wade Clouthier, Jeff Mulcock, Kevin Kiley, Jim Flegg, Dale Downey, Paul Lemire, Frank Merkley, Bernie Ingimundson, Brent McAuliffe

1. General Program Updates

- VPM Program Statistics - Until MERX is able to post the City of Ottawa's program statistics on their website, the City will provide these in hard copy quarterly at the regular City/NCHCA liaison meetings.
- Appeal Period Change – The City has requested MERX change the appeal period from 15 business days to 15 calendar days. Due to the way the MERX calendar works, the City will increase this period to 20 calendar days.
- Appeals – Opportunity for Vendors to present at appeal board – Vendors now have an opportunity to make a short presentation to the appeal board. The purpose of this is to provide insight and context, not to introduce new information to the appeal. The attendance to a board meeting does not replace the submission of any information required through the VPM process. NCHCA wanted to know if the PM would hear their presentation to the appeal board and vice versa. *Action: Supply to follow up. Post Meeting Note: Presentations to the appeal board by Vendors and the Project Manager shall be separate.*
- Going forward, supply will be conducting annual reviews of VPM. *Action: Supply to notify industry when these will be conducted.*
- The City will continue to keep Vendor scores confidential. The procedure has been reviewed with IS staff, highlighting that Vendor scores shall remain confidential and are not to be discussed in front of others. The City has also updated the business process guide to highlight this. For consideration of Vendor scores in bid evaluation, the City shall treat these the same way as prompt payment discounts. VPM scores will be private – Vendors will be notified that they were bypassed on the strength of another firm's VPM score. VPM Scores are considered commercially confidential

information and would not be available even if a request was put through under MFIPPA. The industry requested to see the formula of how scores would be applied. *Action: Supply to provide formula to Industry*

2. Corporate Mergers and Buyouts

- Consistent with the MTO's process
- When a firm "buys-out" or merges with another firm, Supply shall amalgamate the Overall Vendor Scores (OVS) of the two firms.
- Firms that continue to operate under their "old" name and continue to respond to bid opportunities as their former company will still maintain a separate score in the VPM system.
- Example was discussed where Company A bought all of Company B's assets, but Company B (the name) still exists. Company B would still maintain a separate VPM score.
- Firms are required to advise the City following an acquisition if they wish to have contracts assigned to the new firm or payments re-routed. The City will ask additional VPM questions of firms when a merger or buy-out has taken place.
- NCHCA was generally in agreement with this but will respond formally.

3. Joint Ventures

- Consistent with the MTO and Metrolinx approach (and MTQ)
- The City proposes that the Joint Venture is scored and stays with the joint venture, AND the individual companies have that score applied to their OVS
- How will previous performance of the firms in the Joint Venture be handled? *Action: City to review and report back.*
- Will the scoring of the Joint Venture be weighted based on the weighting in the Contract documents? *Action: City to review and report back.*
- NCHCA was generally in agreement with this approach but will respond formally.

4. New Vendors

- Barrier to doing business if the City gives new vendors a score of 70. The program has a very strong average (79%). If new vendors did not get the average, they could not compete.
- For consideration of VPM scores in bid evaluation, a new vendor will not be able to bypass another bid on the strength of the average system OVS. In order for a new vendor to win a Contract, it must be the low bidder.
- Once a new vendor receives a project score, their OVS shall be replaced by that score.
- The NCHCA was generally in agreement with this approach but will follow up formally

5. Use of VPM Score in Bid Evaluation

- Phased approach: 10% VPM score weighting beginning January 1, 2018 and then 20% beginning January 1, 2019.
- Program has been successful. The system is working - the City wants to recognize and reward superior performers.
- Analysis yielded that 10% had minimal impact on scoring decisions.
- Vendors are still concerned with consistency.
- The industry is concerned about the integrity of the Year 1 (2015) data.
- *Action: The Industry to review and provide a response to this proposal before the end of the month.*

6. Proposed KPI Changes

- Will be distributed by email
- Incorporated feedback from Industry and City Staff to improve consistency and clarity
- Make all bands achievable, make all consistent and clear.
- The City is working closely with staff that need more support and training. VPM is an ongoing item. VPM has become part of the business.

7. Roundtable

- NCHCA requested an agenda template for the Expectations Meeting.
Action: City to review the need for this.