



SUPPLIER PERFORMANCE EVALUATION PROGRAM

Overview

In order to mitigate procurement risk in contracts through the monitoring and scoring supplier performance, the City has created a Supplier Performance Evaluation Program.

Definitions

Contract An agreement between the City of Waterloo and a Supplier for the supply of goods or services.

Goods or Services All goods and/or services including construction services and consulting services.

Supplier A person or firm having a Contract with the City of Waterloo to furnish Goods or Services.

Background

City Council passed Purchasing By-Law No. 2019-026, which provides that the City may, for any Contract that was created pursuant to the By-law, undertake performance evaluations during or after completion of the Contract.

Documented performance on any Contract:

1. Will determine the eligibility of a Supplier to continue to provide Goods or Services to the City;
2. Will determine the ability of a Supplier to participate in future Contracts;
3. May be considered as part of any future procurement evaluation process.

Performance evaluations and corrective actions will be conducted in an appropriate and consistent manner, in accordance with the City's Supplier Performance Evaluation Program (the "Program").

Objective:

The objective of this Program is to promote and reward positive supplier performance, and:

- Maintain a standardized approach when measuring supplier performance in order to evaluate supplier performance in a transparent and consistent manner.
- Serve as a foundation for continuous improvement.
- Develop mechanism to address performance concerns.

Scope:

If a Contract is to be subject to Evaluation under this Program, the City will communicate the intent in the procurement document issued for the project and include the scorecard that will be used at that time.

The results of the Evaluation undertaken for any Supplier will be used to determine Supplier eligibility for any future Contracts.

Program Overview:

The Program will have five components:

1. Supplier Contract performance scoring;
2. Supplier warning, probation or suspension.
3. Scorecard Review Process
4. Formal Notice of Suspension
5. Supplier Evaluation Score for Use In Future Procurements

SUPPLIER CONTRACT PERFORMANCE SCORING

A Supplier's performance on a Contract will be scored upon completion or termination of the project, or more frequently (as set out in the RFX documents) by the Project Manager assigned to the project and will be approved by the Management representative of the Project Manager.

The overall score (%) from the scorecard will place a Supplier into one of the following categories. The descriptions of each category are not an exhaustive list, but an overview of what the category entails:

Excellent – Supplier who scores $\geq 85\%$ on its scorecard.

Excellent is an extremely high category. A Supplier's work exceeds many of the objectives of the project; was completed early or on time and the technical performance exceeded expectations. Any corrective actions taken were prompt and effective.

Good – Supplier who scores $\geq 70\%$ but less than 85% on its scorecard.

A Supplier met the objectives of the project; corrective actions were effective; deliverables were within expectations; the Supplier met most timelines.

Fair – Supplier who scores $\geq 55\%$ but less than 70% on its scorecard.

A Supplier failed to meet some project requirements or met the bare minimum project requirements; City input to and/or prompting of corrective actions was required; there were minor performance deficiencies.

Minor performance deficiencies may include, but are not limited to the following:

- a) Failure to provide milestone schedules in a timely manner;
- b) Failure to update schedules as per the Contract;
- c) Inaccurate invoicing and budgets; and
- d) Failure to provide minutes of meetings as per the Contract.

Poor – Supplier who scores < 55% or less on its scorecard.

A Supplier did not meet contractual obligations and timelines; corrective actions were ineffective and failed to resolve issues or were not implemented; deliverables were not met; legislative requirements were not adhered to; there were major project deficiencies.

Major deficiencies may include, but are not limited to:

- a) Failure to comply with the terms and conditions of a Contract within a reasonable time after notification from the City;
- b) Failure to comply with Ministry of Labour and/or Occupational Health and Safety Act requirements;
- c) Failure to complete the project or key deliverables of a Contract in a timely and effective manner;
- d) Failure to comply with Environmental Protection Act Requirements;
- e) Failure to comply with Construction Act Requirements; and
- f) Making false declarations during the bidding process or throughout the term of the contract.

A Supplier's failure to comply with legislative requirements may be shown on the scorecard as resulting in an immediate "poor" rating without the need to finalize other parts of the scorecard, at any time, during the project. A Supplier Evaluation Score of 10% will be given in this circumstance.

If the scorecard results in an Excellent, Good or Fair score, the Project Manager will provide the Supplier and the City Procurement Division with a copy of the signed scorecard. If the scorecard results in a Poor score, the Project Manager will provide the scorecard to the Manager, Procurement for review and recommendation under the Supplier Suspension Process before the scorecard is provided to the Supplier.

SUPPLIER WARNING, PROBATION OR SUSPENSION

The following actions will occur as a result of a Supplier's project score:

Suppliers who score "Good" or "Excellent" on an Evaluation – No action

Suppliers who score "Fair" on an Evaluation will be sent a warning letter indicating, as appropriate:

- if the supplier receives a second "Fair" score on one (1) of their next two (2) evaluations they will be placed on probation for two years;
- if the supplier is on probation and receives a "Fair" score on any evaluation while on probation, the supplier will be suspended for one (1) year; or
- if the supplier receives a "Poor" score on their next evaluation, the supplier will be suspended for one (1) year that will be followed by a one (1) year probationary period after reinstatement;
- If the Supplier's Contract has renewal options, they will be notified that they may not be eligible for any further Contract extensions.

In addition, if requested by the Supplier or initiated by the City, the Project Manager will meet with the supplier to clearly identify and discuss the performance issues and determine the corrective action that could be taken to rectify and avoid recurrence of the performance issues. Following the meeting, the Project Manager will confirm the details and outcome of the discussion in writing to the supplier, and will file a copy of the written record of the meeting with the Supplier Performance Evaluation.

Suppliers who score “Poor” on an Evaluation at any time will be recommended via a Suspension Recommendation Report to be placed on suspension from bidding on work for the City. If the Suspension Recommendation Report is approved the Supplier will be suspended for a period of one (1) year minimum that will be followed by a one (1) year probationary period after reinstatement.

SCORECARD REVIEW PROCESS

Should a Supplier have any concerns after receiving the notice of its Supplier Evaluation Score, it must provide them in writing to the Manager of Procurement via email (procurement@waterloo.ca) within ten (10) business days of receiving the notice. If the Supplier does not provide its written concerns within ten (10) business days of receiving the notice of its Supplier Evaluation Score, the City will deem the Supplier to have accepted the results without dispute and no further review will be undertaken. If the Supplier’s written concerns are received within the specified ten (10) business day period, the Manager of Procurement will examine and/or investigate the situation and provide the Supplier with a written response within ten (10) business days of receiving the Supplier’s written concerns, or such other time as the City reasonably determines to be appropriate.

If the Supplier remains dissatisfied and decides wishes to escalate its concerns, the Supplier must submit a final statement of its concerns in writing within ten (10) business days of receiving the City’s written response to the Director of Fleet and Procurement via email (procurement@waterloo.ca), who will review with an internal City committee. A final response will be provided to the Supplier within ten (10) business days or such other time as the City reasonably determines. This final written response will confirm, modify or withdraw the Evaluation results. The decision made by the City will be final and binding.

FORMAL NOTICE OF SUSPENSION

Suspension Recommendation Report

Any decision to suspend a Supplier must be supported by a Suspension Recommendation Report completed by the Manager, Procurement that contains details of the analysis of factors set out above. The Suspension Recommendation Report will be reviewed by the Director of Procurement, the City Solicitor and the Director of the Division who created the Evaluation. All parties must sign and agree to the suspension recommendation prior to the issuance of a formal notice of suspension as permitted under the Program.

Suspension Notice

A formal notice of suspension will be sent to the Supplier in writing and the letter will contain:

- (a) the length of the suspension period and the scope of the suspension;
- (b) full details as to the reasons for the suspension, including copies of any documents or correspondence to support such a suspension; and
- (c) notice of the supplier’s right to reinstatement within the prescribed time period.

Probation and Suspended Suppliers List

The Procurement Division will maintain an up-to-date and current list of any suspended Suppliers.

Any person affiliated with a suspended Supplier shall also be deemed to be suspended, and any person affiliated with a Supplier that is on probation should will also be deemed to be on probation. For the purposes of this provision, persons affiliated with each other are as set out in Section 251.1 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended.

For any competitive procurement process, the Procurement Division will check the suspended Suppliers list to ensure that bids are not accepted from suspended Suppliers.

SUPPLIER EVALUATION SCORE

In instances where the Supplier Evaluation Score will be used in the evaluation of bids, the Supplier Evaluation Score portion of the overall evaluation will be identified in the RFX document. Once the Supplier has multiple Contracts scored, the average of the last three (3) scorecards will be used to determine the Supplier's score.

The average score of the preceding three (3) issued scorecards for a Supplier will be used by the Procurement Division to determine a Supplier rating. If less than three (3) scorecards are issued for a Supplier, then the average score of the issued scorecards for the Supplier will be used. In the case there is only one scorecard issued the value of that scorecard will be used. If there is no score on file, a score of 70% will be given.

In case of a joint venture:

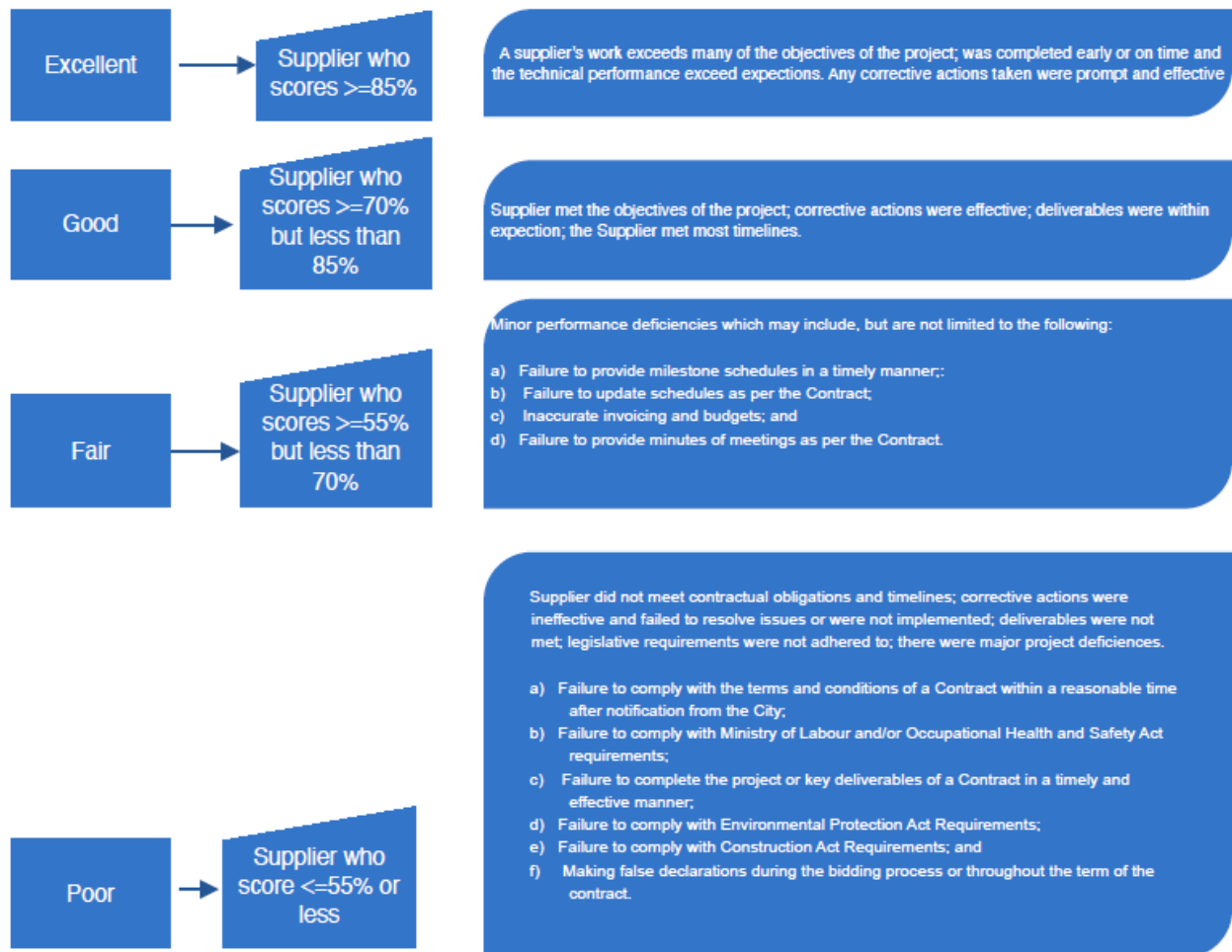
- scores assigned to the joint venture, will be assigned to each member of the joint venture;
- when evaluating a bid from a joint venture, the average score of the members will be used as the score for the joint venture

CONTACT

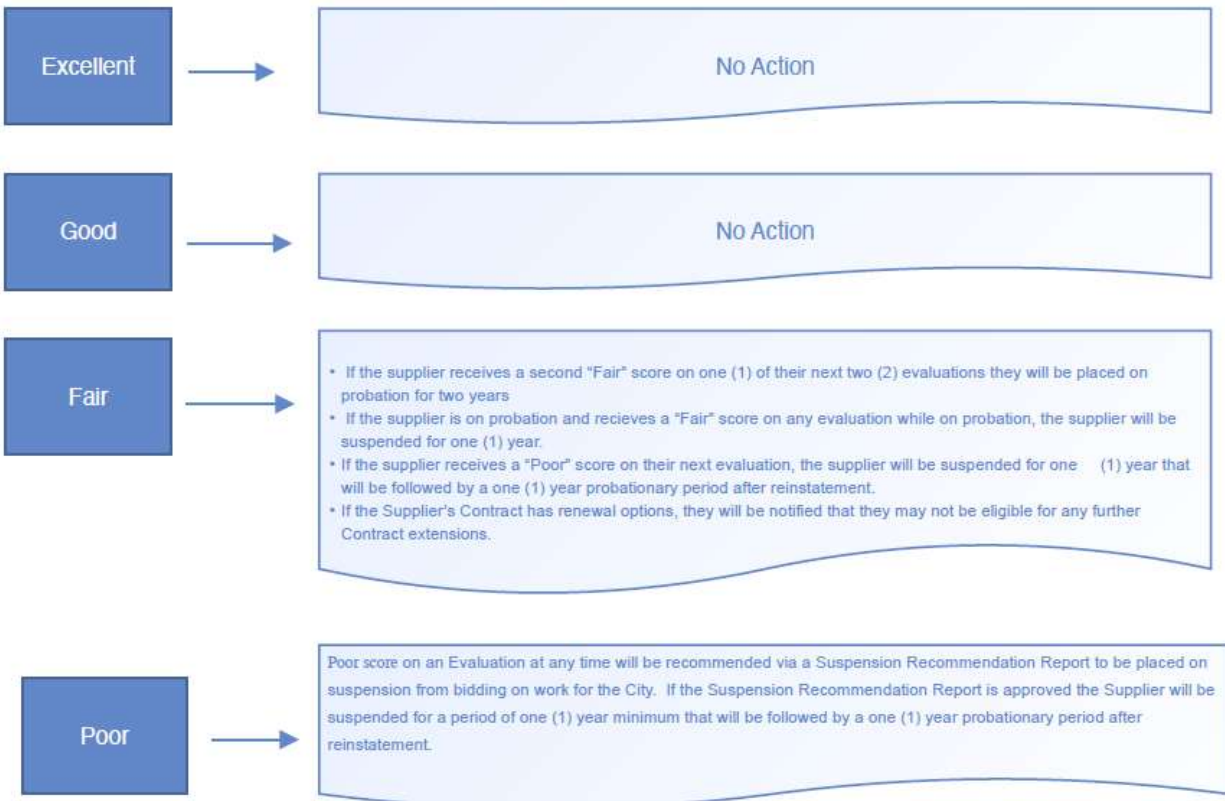
Any inquiries relating to this Program should be directed to:

Jason Wilhelm
Manager, Procurement
City of Waterloo
519-886-2310 ext. 30271
jason.wilhelm@waterloo.ca

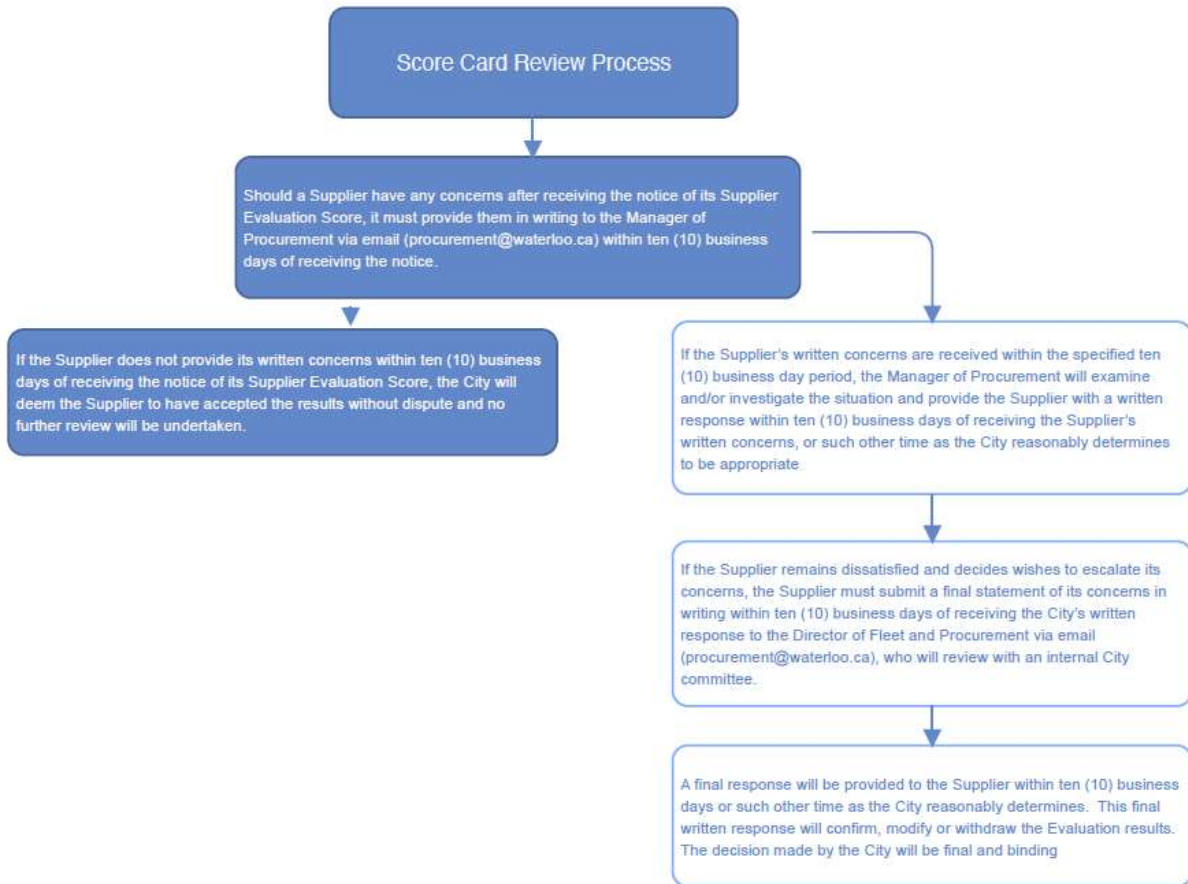
Supplier Contract Performance Scoring



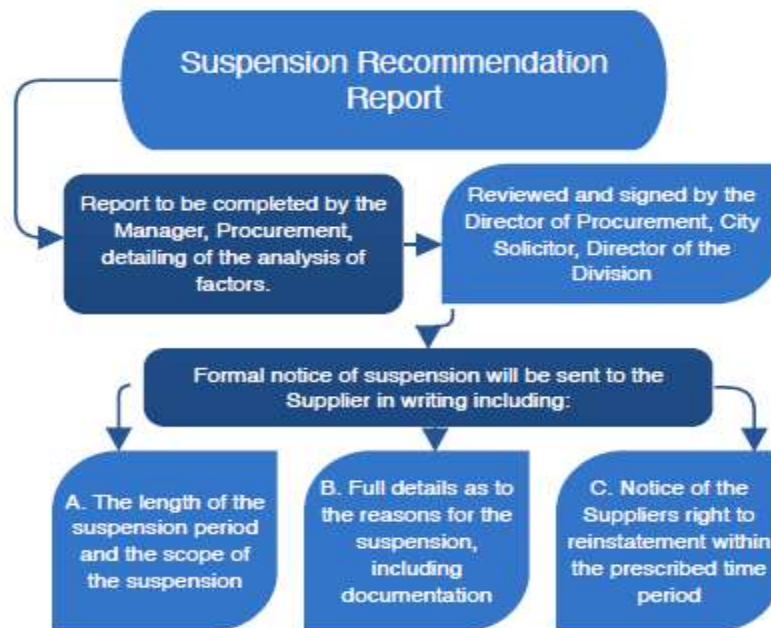
Procurement Evaluation Scoring



Scorecard Review Process



Suspension Recommendation Report



Supplier Evaluation Score

