



Vendor Management Program

The Corporation of the City of Kawartha Lakes is committed to the provision of a safe and healthy work environment for its employees, contractors and visitors. To promote this type of environment, the City created a vendor management program outlining the following; roles and responsibilities of City staff and vendors; criteria and processes for performance evaluation; regulations and standards for environmental, health and safety; and processes for communication between the City and its vendors.

Scope

The vendor management program is comprised of three components:

1. Prequalification
2. Environmental, Health and Safety
3. Performance Management

Definitions

“City Project Manager” means a City of Kawartha Lakes employee or designate responsible for managing the work;

“Construction” includes erection, alteration, repair, dismantling, demolition, structural maintenance, painting, land clearing, earth moving, grading, excavating, trenching, digging, boring, drilling, blasting, or concreting, the installation of any machinery or plant, and any work or undertaking in connection with a project but does not include any work or undertaking underground in a mine;

“Contractor or vendor” is a person or business which provides goods or services to another entity under terms specified in a contract. Unlike an employee, a contractor does not work regularly for a company. Can also be referred to as an independent contractor;

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“Constructor” means a person who undertakes a project for an owner and includes an owner who undertakes all or part of a project by himself or by more than one employer;

“Owner” includes a trustee, receiver, mortgagee in possession, tenant, lessee, or occupier of any lands or premises used or to be used as a workplace, and a person who acts for or on behalf of an owner as an agent or delegate;

“Project” means the construction of the work as contracted by the City.

“Subcontractor” means a person or business that contracts to provide a good or service necessary for the performance of another’s contract;

Prequalification

The prequalification process is a formal process to evaluate contractors and forms part of the procurement process. Contractors must be approved to work for the City, meeting specific requirements, prior to commencing any work. Contractors will be required to complete a prequalification form and submit supporting documentation for review. Once approved, contractors will remain on the preferred vendor list for a two year period.

Environmental Health and Safety

The purpose of a Contractor Environmental Health and Safety (E.H.S) program is to establish minimum guidelines for contractors in order to help provide and maintain a safe work environment for all employees; to ensure contractors take all reasonable precautions for the protection of their workers during a project; and to ensure that contractors comply fully with all health and safety requirements in Legislation and Regulations.

Standards and Regulations

In addition to the Occupational Health and Safety Act (O.H.S.A), there are a number of related regulations that provide more specific information for certain types of work activities. Some of

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these regulations that apply to work conducted by the City of Kawartha Lakes' employees and/or contractors include but are not limited to:

1. Industrial Establishments (R.R.O. 1990 Reg. 851)
2. Construction Projects (O.Reg. 213/91)
3. Designated Substances (O.Reg. 490/09)
4. Biological and Chemical Agents, Control of Exposure to (R.R.O. 1990 Reg. 833)
5. Workplace Hazardous Materials Information System (WHMIS) (R.R.O. 1990 Reg. 860)
6. Confined Spaces (O.Reg. 632/05)
7. Asbestos on Construction Projects and in Buildings and Repair Operations (O.Reg. 278/05)
8. Window Cleaning (R.R.O. 1990 Reg. 859)
9. Diving Operations (O.Reg. 629/94)
10. Ontario Building Code
11. Ontario Electrical Safety Code
12. Fire Prevention and Protection Act (Fire Code)

Roles and Responsibilities

1.0 Senior Management

- 1.1 Provide the conditions necessary for the City of Kawartha Lakes' staff and contractors to implement the Contractor E.H.S program;
- 1.2 Support and promote education for the prevention of occupational injuries and illnesses;

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- 1.3 Reserves the right to remove any constructor, contractor or subcontractor from City of Kawartha Lakes' property or it may immediately terminate a contract for violation of Health and Safety Legislation, Regulations or the City of Kawartha Lakes' Contractor E.H.S program, without incurring any additional charges;
- 1.4 Advise City employees whose work operations may be affected by the contract work.

2.0 City Project Manager

- 2.1 Ensure all contractors have been prequalified, confirming the contractor has the appropriate insurance and WSIB coverage, appropriate and compliant health and safety policy, competent supervisors and staff who are trained to perform the job safely and in compliance with all provisions of the OHSA and other applicable regulations.
- 2.2 Establish practices so that the contractors perform their work in a safe and effective manner, meeting all the requirements of the OHSA and the construction regulations.
- 2.3 In all cases except situations where the City retains a contractor who acts as constructor, the City Project Manager will be involved in on the job oversight of contract employees to ensure that they meet all regulations, their own procedures, and applicable safety regulations.
- 2.4 Ensure the contractor and its workers are familiarized with the specific worksite and all potential health and safety hazards associated with the location where the work is to be carried out.
- 2.5 Set up a system for communication and coordination of work with the contractor to ensure the safety of both City and Contractor employees.
- 2.6 Clearly communicate the expectation that the contractor has a competent Supervisor on site at all times when work is in progress, and that this Supervisor enforces safe work practices.
- 2.7 Regularly inspect the worksite to determine the level of EHS compliance.

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- 2.8 Document inspections and initiate follow-up action immediately to rectify any problems in accordance with the Vendor Performance Management Guidelines.
- 2.9 Include EHS as the first agenda item at any meetings held to review progress on the contract work.
- 2.10 Advise employee whose work operations may be affected by the contract, and the co-chairs of the appropriate Joint Health and Safety Committee, of any anticipated impacts.
- 2.11 Ensure the contractor acknowledges that he has read and understood the OHSA and Vendor Performance Management Program.
- 2.12 Upon completion of project, complete a vendor performance report for all projects valued over \$50,000.

3.0 Constructor and Contractor

- 3.1 Take all reasonable precautions for the health and safety of their employees and the employees of their subcontractors
- 3.2 Comply with the OHSA and applicable regulations, Highway Traffic Act, Fire Protection and Prevention Act, other applicable legislation or Municipal Regulations, their own safe work procedures and work practices pertaining to employee safety.
- 3.3 Acknowledges that he has read and understood the OHSA and Vendor Performance Management Guidelines.
- 3.4 Agrees to indemnify and save the City of Kawartha Lakes harmless for damages or fines arising from any breach or breaches of the said OHSA and applicable legislation.
- 3.5 Provide to the City the applicable insurance and safety documentation prior to initiating work for the City of Kawartha Lakes.
- 3.6 Allow on demand access to the worksite for representatives of the City of Kawartha Lakes to inspect worksites.

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- 3.7 Ensure that all workers are trained and competent to work at the worksite; “competent” is as defined in the OHSA.
- 3.8 Unless otherwise agreed to in writing, supply all necessary equipment and tools required in completing the contract work.
- 3.9 Ensure that all equipment and tools, including PPE, used on the worksite are in proper working condition, properly maintained and certified if required by regulations.
- 3.10 Ensure that the equipment is operated only by those workers who have been properly trained and are skilled in the operation of the equipment.
- 3.11 Ensure all safety information is reviewed during the pre-start meeting and submit completed pre-start safety meeting checklist to the City Project Manager prior to starting work.
- 3.12 Complete field inspection reports bi-weekly for projects valued over \$1M or as deemed by the City and submit accordingly to the City Project Manager.
- 3.13 Immediately report health and safety regulatory non-compliance issues to the City Project Manager. City Vendor Performance Occurrence Report(s) should be completed in its entirety and submitted to the Purchasing Department.
- 3.14 Ensure roles and responsibilities of the worker of the contractor/constructor (section 4.0) are communicated.

4.0 Worker of the Contractor/Constructor

- 4.1 Meet the responsibilities of workers as defined in the OHSA.
- 4.2 Not expose themselves to any condition that may endanger themselves, or any other worker, visitor or guest.
- 4.3 Promptly report any unsafe act or condition and any environmental or safety incident or concern that they may become aware of to their supervisor.

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- 4.4 Use the appropriate tools and equipment for the job as per the manufacturer's recommendations.
- 4.5 Operate machinery and equipment only if qualified and authorized to do so.
- 4.6 Wear required personal protective equipment (PPE) and clothing.
- 4.7 Maintain good housekeeping throughout the worksite.
- 4.8 Ask questions if uncertain.
- 4.9 Actively participate in required project meetings.

Performance Management

The following steps are general recommendations. City Project Managers must exercise good judgment in determining the precise activities, timing and sequence.

5.0 At the outset of a Contract, the City Project Manager must:

- 5.1 Obtain a complete set of documents relating to the contract and set up a file. Key dates, such as delivery dates or milestones, should be noted and entered in a calendar.
- 5.2 Be familiar with and understand the contract provisions, such as technical, financial, service and performance levels/requirements, service delivery schedules and milestones, and performance management provisions, such as termination, penalties, and dispute resolution.
- 5.3 Be familiar with corporate policies and procedures related to procurement contracts, such as the Purchasing By-law and Vendor Management Guidelines.

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6.0 As the Contract progresses the City Project Manager (or designate) must:

- 6.1 Anticipate and respond to changes in circumstances such as bad weather, industry-related labour disruptions, site conditions or potential financial stability of the vendor.
- 6.2 Monitor vendor performance in accordance with the contract requirements.
- 6.3 Conduct regular inspections, using the Contractor Health and Safety Inspection Checklist, of the vendor's performance and document poor performance using standard Occurrence Reports when necessary.
- 6.4 Establish and maintain a good working relationship with the vendor by, for example, giving praise for good performance (not just criticism for unsatisfactory performance).
- 6.5 Notify vendors of performance issues as soon as they arise to ensure the vendor has every opportunity to rectify the situation.
- 6.6 Match the details of all receipts or performance with the corresponding information in the contract and verify that the appropriate quantity/quality of goods or services, or both, have been received and that agreed to delivery dates have been met prior to authorizing payment.
- 6.7 Comply with the guideline's City Project Managers' Document Responsibilities section.
- 6.8 Notify the Buyer if Vendor non-performance has been identified and is not being remedied or if it is thought that the Vendor may be experiencing financial difficulties;
- 6.9 Determine, in consultation with the Buyer, if cancellation of the contract will be recommended.
- 6.10 Advise the requisitioning Director as well as any Sponsors and/or Steering Committees of issues and recommendations as/when appropriate.

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6.11 Issue a “stop work” order to the vendor if there are safety or regulatory problems and forward copies to affected area staff and the Buyer.

The steps used in managing vendor performance depend upon the nature of the Vendor relationship, the scope and magnitude of the problem, and the risks identified. For example, if there is a significant safety concern, an immediate stop-work order to the vendor may be required. Similarly, if the vendor’s non-performance issues result from the vendor’s bankruptcy or insolvency, then it may not be appropriate to take all of the steps outlined here. The City Project Manager may, instead, recommend the immediate termination of the contract.

7.0 If a Performance Issue is Identified:

If the City Project Manager has evidence that the vendor is not performing any part of the contract or that the vendor’s performance is unsatisfactory, the City Project Manager must fill out a Vendor Performance Occurrence Report and contact the vendor Supervisor immediately.

For example, if the City Project Manager arrives on site to conduct an inspection and witnesses an occurrence of unsafe work, they must document it using the Vendor Performance Occurrence Report. The City Project Manager must then contact the Vendor Supervisor to arrange a meeting in regards to the occurrence.

7.1 First Occurrence Meeting

- a) The first occurrence meeting will be between the City Project Manager and the Vendor Supervisor. This meeting will preferably happen in a face to face setting.
- b) During the meeting, the City Project Manager must:
 - Make the City’s concerns clear;
 - Ask the vendor for an explanation;
 - Obtain a commitment from the vendor as to the corrective action required and agreed upon completion date; and

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- Inform the vendor of the consequences of not taking the corrective action within the stated time-frame.
- c) The City Project Manager must document the discussion, including the date of the discussion, any steps the vendor agreed to take to correct the problem and avoid a recurrence, and the time-frame for which the corrective action must be complete.
- d) A copy of the Vendor Performance Occurrence Report will be provided to the vendor and to the Buyer.

7.2 **Second Occurrence Meeting**

- a) If the Vendor does not comply with the first timeline, or if another occurrence happens, the City Project Manager must issue a second Occurrence Report immediately. They must also arrange a meeting with Purchasing, the Vendor Supervisor and the Vendor Manager.
- b) During the second meeting, the City Project Manager must:
 - Confirm the non-performance, with examples and dates;
 - Reference the earlier meeting and verbal discussions;
 - Make the City's concerns clear;
 - Ask the vendor for an explanation;
 - Allow the vendor to make suggestions as to how the project may be brought back on track;
 - Obtain a commitment from the vendor as to the corrective action to complete and the agreed upon date for completion; and
 - Inform the vendor of the consequences of not taking the corrective action within the stated time-frame.

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- c) Following the second meeting, Purchasing will send a letter, and copies of occurrence reports, to the Vendor Supervisor and Manager confirming corrective action and target completion date. The letter will also outline future occurrences could result in termination of the contract.
- d) Following the second Occurrence Meeting, the City Project Manager and Buyer must begin to formulate a contingency plan in case the contract is to be cancelled due to default. Emergency supplies may need to be obtained from other vendors. The City Project Manager must inform his or her Director and others as appropriate of the contingency plan, and if warranted, seek prior approval.
- e) If the new compliance date is not met then the contract may be cancelled. Up to 100% of the vendor's surety may be retained by the City in order to cover additional expenses as a result of the terminated contract. Upon termination, Accounts Payable should be notified that the contract is in default and the payments to the vendor should be withheld until further notice from the Buyer.

7.3 Third Occurrence Meeting

- a) If the Vendor makes the changes necessary after the second occurrence, but a third occurrence is reported, then there may be immediate contract cancellation with no explanation.
- b) Up to 100% of the vendor's surety may be retained by the City in order to cover additional expenses incurred as a result of the terminated contract.
- c) Upon termination, Accounts payable should be notified that the contract is in default and that payments to the vendor should be withheld until further notice from the Buyer.

7.4 Evaluation

It is important to evaluate and document both good and poor vendor performance and/or non-performance. Purchasing provides a Vendor Performance Report which must be used to evaluate vendor performance involving contracts valued at \$50,000 or more. Completion of the

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report is optional when the contract is less than \$50,000, but must always be completed in the event of poor performance.

Vendor Performance Reports should be completed objectively and professionally, with all appropriate supporting documentation attached. Examples of supporting documentation include notes of all meetings and telephone discussions with the Vendor; reports and letters; change order totals/impact; and invoice samples. The City Project Manager may confer with other City staff having information relevant to the vendor's performance and/or review the completed report(s) with applicable staff (e.g. the Buyer, City Solicitor).

The City Project Manager and the Financial Services Supervisor must sign and date the completed report. A copy of the report will also be provided to the vendor.

Vendors will be evaluated on a five (5) point scale as follows:

Rating	Summary of Rating	Description of Rating
5	Exceeded Requirements	Performance significantly exceeds contract requirements to the City's benefit, for example, the vendor implemented innovative or business process reengineering techniques, which resulted in added value to the City. The contractual performance of the element or sub-element being assessed was accomplished with few minor problems for which corrective actions taken by the vendor were highly effective.
4	Met all Requirements	Performance meets contractual requirements and exceeds in some area(s) to the City's benefit. The contractual performance of the element or sub-element being assessed was accomplished with some minor

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Rating	Summary of Rating	Description of Rating
		problems for which corrective actions taken by the vendor were effective.
3	Met most requirements/minimal improvements required	Performance meets contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which proposed corrective actions taken by the vendor appear satisfactory, or completed corrective actions were satisfactory.
2	Met minimum requirements. Substantial Improvements required.	Performance did not quite meet contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which proposed corrective actions taken by the vendor appear to be a continued minor concern, or completed corrective actions were slightly below satisfactory.
1	Did not meet requirements.	Performance does not meet some contractual requirements. The contractual performance of the element or sub-element being assessed reflects a serious problem for which the vendor has submitted minimal corrective actions, if any. The vendor's proposed actions appear only marginally effective or were not fully implemented.
n/a	Not applicable.	Evaluation criteria are not applicable to the contract.

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A score of mostly level three (3) or higher will allow the vendor to bid on future work. A score of mostly level two (2) will place the vendor on two year probation to closely monitor future work. A score of mostly level one (1) will suspend the vendor from future work for a minimum period of two (2) years. The criteria denoted with an asterisk (*) are consider mandatory items and must receive a minimum score of three (3). Vendors who score a one (1) or a two (2) on these items will automatically be placed on two year probation or disqualified.

7.5 Disqualification

At the time the Vendor Performance Report is completed, where a poor evaluation is received, the City Project Manager should assess whether or not the vendor's poor performance or non-performance is sufficient to warrant the vendor be disqualified from future procurement opportunities.

Examples of what might be cause for disqualification include but are not limited to the following:

1. Breach of contract provisions that the Purchasing Agent regards as serious enough to justify disqualification, such as:
 - Deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
 - A recent pattern of performance failure or of unsatisfactory performance with respect to one or more contracts, unless caused by factors beyond the vendor's control.
2. Failure to secure and/or maintain necessary licenses and/or permits.
3. Failure to comply with City of Kawartha Lakes By-laws in respect of the performance of the contract.
4. Failure to comply with federal and/or provincial law in respect of the performance of the contract.

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5. Inadequate financial resources to operate effectively, as demonstrated on one or more contracts.
6. Experience, organization, or technical resources are inadequate to perform the contract.

This list is not exhaustive. Disqualification may also be justified if there are other factors or serious circumstances that demonstrate a strong likelihood of unsatisfactory vendor performance such as many low scores on the Vendor Performance Report.

Recommendations for disqualification of a vendor must be approved by the Financial Services Supervisor or his/her designate.

7.6 Appeals

In the event of a dispute over the final Vendor Performance Report, the vendor will have seven (7) days of receiving a copy of the final evaluation in which to appeal the decision in writing to the Director of Corporate Services. A disputes committee will hear details of the appeal from both the Vendor and City Staff. Upon weighing of the facts of the appeal, the disputes committee will pass a decision, which will be provided in writing, to the Vendor and City Staff.

7.7 Audit Requirements

New contracts will be audited monthly to ensure all vendors working for the City have been prequalified. The vendor management program will be reviewed on an annual basis. Vendors will be required to complete the prequalification process every two (2) years.

Please Contact the Purchasing department if you need to access the City of Kawartha Lakes Vendor Performance Occurrence report or the Vendor Performance report.

Contact information: Financial Services:

Address: P.O. Box 9000, 26 Francis St.,

Lindsay, Ontario K9V 5R8

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