



## City of Tamarac, Florida Administrative Policy

<b>Title: Vendor Quality Assurance Policy</b>	<b>Last Review:</b> N/A <b>Last Revision:</b> N/A <b>Next Scheduled Review:</b> December 12, 2014
<b>Originating Department:</b> Financial Services/ Purchasing & Contracts Division	<b>Supersedes:</b> All previous and existing memos or administrative policies in conflict
<b>Policy Number:</b> 09-03 <b>Effective Date:</b> December 21, 2009	<b>Page</b> <u> 1 </u> <b>of</b> <u> 11 </u>

### I. Purpose:

To establish a policy to improve the overall quality of goods and services received by the City by establishing a general policy whereby City employees actively seek the highest quality level for service through a collaborative effort with vendors doing business with the City, from the point where the initial need is articulated to the vendor community through the final contract close-out.

### II. General:

The VISION of the City of Tamarac is to lead the nation in quality of life through safe neighborhoods, a vibrant economy, exceptional customer service and recognized excellence.

Our MISSION is to foster and create an environment that responds to customers, creates and innovates, works as a team, achieves results and makes a difference.

Our VALUES include subscribing to the values of vision, integrity, efficiency and quality of service. In summary, we are committed to excellence. . . always!

While City employees are instrumental in meeting these commitments, we are still reliant on vendors who partner with the City in our efforts to support the vision, mission and values to which we subscribe. We find that if a vendor fails in its effort to complete a task, that failure often has a negative impact on the ability of the City to support its commitments to the citizens of Tamarac. Therefore, it is extremely important that our business partners have a thorough understanding of the level of quality expected from them, and have measurable methods for us to ensure that they are successfully fulfilling their commitments to the City. As quality partners, the City and its vendors can make a real difference to residents and visitors

As we have a real stake in the success or failure of our vendors, Tamarac must be vigilant in making certain that our vendors understand the level of quality expected by the City, and that they also be held accountable for maintaining that level of quality throughout the life of their contract with the City. Additionally, vendors need to be able to provide and receive honest feedback regarding these efforts.

### **III. Definitions:**

**Direct Service Contract:** An agreement entered into by the City which requires the contractor to provide services directly to residents or other customers prescribed by the agreement; or which provides for a mechanism for residents or other customers to have direct contact with representatives of the contractor.

**Invitation for Bid (IFB):** A document used to solicit offers from potential bidding vendors for goods and services (Bidders). No negotiation is permitted, and the contract award is granted to the lowest priced responsible and responsive bidder that meets the requirements set forth in the bid document.

**Performance Based Contract:** A contracting model whereby satisfactory performance under the contract, will result in the City's exclusive use of the contractor for all contractual purchases for the full period specified as the contract term. Unsatisfactory performance by the contractor shall result in the contractor's loss of exclusivity. If, in the sole judgment of the City, the contractor is not providing satisfactory service, the exclusive contractual relationship between the City and the contractor may be terminated, without penalty, by the City at any time after it has purchased the guaranteed volume of goods or services as specified in the Specifications/Statement of Work. The principle of Performance Based Contracting, however, does not negate the right of the City to terminate the contract under the standard terms and conditions which govern contract termination.

**Project Manager:** Individual responsible for the full scope of project management tasks including authorizing and monitoring the work of consultants, vendors, and field staff of assigned projects. The Project Manager also is responsible to ensure successful completion of projects.

**Request for Proposal (RFP):** A document used to solicit proposals from potential providers for goods and services (Offerors). Price is usually not the primary evaluation factor. Provides for the negotiation of all terms, including price, prior to contract award. May include a provision for the negotiation of Best and Final Offers. May be a single step or multi-step process. (NIGP 2008)

**Solicitation Phase:** A phase of the bid or proposal process where specifications or statements of work are developed; and potential vendors are provided the opportunity to submit offers to the City for consideration. The solicitation phase includes the advertisement and issuance of the bid or proposal document, the vendor review of the document, the opportunity to respond to vendor questions and comments, the pre-bid or pre-proposal conference as applicable, and the submittal of responses to the City. The formal solicitation process is facilitated by the Financial Services Department Purchasing & Contracts Division.

**Statement of Work:** Detailed description of the work which the City desires the contractor to perform.

**Term Contract:** A requirements agreement by which a specific good or service may be obtained from a vendor at a specific price for a specific timeframe. Term contracts usually have annual terms, and may or may not have provisions for price escalation.

#### **IV. Policy/Procedure:**

As a means of improving the overall quality of service provided by vendors doing business with the City, employees involved in the purchasing and contracting process shall take pro-active steps to ensure that the City's quality goals regarding the desired level of quality for products and services are explained and provided to prospective vendors at the beginning of the process, and that benchmarks and quality milestones and measurements are established to ensure that vendors have a clear understanding of the level of performance expected.

##### **A. Solicitation Phase**

1. The best time to make vendors aware of our quality requirements is at the beginning of the process. All efforts shall be made to inform prospective vendors of the City's need for quality service. When developing a formal solicitation (i.e., an invitation for Bid (IFB), or a Request for Proposal (RFP) document). The Purchasing and Contracts Division has already created boilerplate language in the City's standard "General Terms & Conditions" which will address this issue. It may also be necessary to reinforce certain aspects of the boilerplate language with specific references to appropriate sections of the City's Vision, Mission, Values and Goals as a part of the special terms and conditions, or as a part of the specification or statement of work. The Purchasing and Contracts Division will be able to assist in this process.

2. Every effort should be made to develop performance standards for the completion of the contract, which should include specific quality standards and/or benchmarks for the work to be completed, or for any products to be delivered. These standards must be measurable either quantitatively, e.g. by measurement, visual inspections, etc.; or qualitatively. Factors that may be measured qualitatively include areas such as the rate of defects or errors, the number of complaints received for a service, the timeliness of delivery, as well as the timeliness of a project as a whole.
  
3. **Performance Based Contracting:** Performance based contracting is a voluntary contracting method that may be used for situations where the quality level of a service component of a term contract is benchmarked and evaluated throughout the life of the contract. (Note: a "term contract" is a requirements contract that is used for establishing unit prices or service rates for products or services to be utilized over a specific timeframe. Once the City enters into a term contract, all City needs for the specific item or service covered by the contract will normally be purchased exclusively from the vendor who has been awarded the term contract.) There may be certain circumstances where the using department may wish to establish a performance based contract for a particular service. Specifically, performance based contracts should target areas that have experienced historically marginally acceptable levels of service. Under the performance based contracting model, satisfactory performance is rewarded and marginal or poor service may result in the City using other vendors to perform those services. In essence, the poorly performing contractor may lose their exclusive right to fulfill the requirements of the contract.

An example might be a Janitorial Services agreement that provides for a contract term of up to a total of three years. Under the performance based contract model, the contractor is required to perform to the satisfaction of the City, as measured by a checklist of criteria and benchmarks that are mutually agreed upon prior to the contract award for a six (6) month period. During that time, the Contractor has the exclusive right to our business under the contract, and City end users will be constantly evaluating the contractor's performance. If the contractor meets or exceeds the criteria and/or benchmarks previously agreed upon, the contractor will be rewarded by being granted additional contract extensions. The extension increments will be determined during the bid solicitation phase. If the extension increment is six months, for example, the successful contractor will be granted extensions in increments of six months for satisfactory performance until the full three year term is completed. On the other hand, if the contractor performs below the required level, that firm will be provided with feedback related to their problems, and if their service continues to fall below expectations, the vendor then loses their exclusive right to hold the contract, and the City has the

opportunity to have other vendors fulfill the contract, without a penalty.

The principle of performance based contracting, however, does not negate the right of the City to terminate the contract under the standard terms and conditions covering "contract termination" herein. Extremely poor initial performance may result in a finding of default, and the contract with the vendor may be terminated.

Whenever a performance based contract is used, the City will initially develop a performance checklist which will be used to evaluate the vendor's performance. The vendor will be asked to agree to the performance checklist prior to beginning work under the contract. The performance based contract may require the devotion of a significant amount of time and personnel resources, so any end user interested in utilizing a performance based contract must first consult with a representative of the Purchasing & Contracts Division to discuss their interest in the concept and to determine if the scope of their needs justifies the use of this contracting method.

4. In many instances, a pre-bid or pre-proposal conference will be held to discuss issues related to a specific bid or proposal. These conferences, which are to be facilitated by a representative of the Purchasing & Contracts Division, provide an excellent opportunity to articulate the City's desire for a high quality end product from the successful vendor.

#### B. Evaluation, Negotiation and Award Phase

1. Once bids or proposals are opened, quality concerns should be addressed during the evaluation, negotiation and award phase of the process. Vendor responses should carefully be evaluated to ensure that the vendor is a responsible firm capable of successfully performing the work required. As a start, reviewing the vendor's references is a good method for determining their past experience.

The evaluation phase also provides the City with a good opportunity to review other capabilities of the vendor, including financial viability, staffing resources, insurance coverage, licensing, and schedule commitments for other projects, as well as the ability of the firm to obtain a performance and payment bond if required by the project. Individuals evaluating vendors will be given direction in this area by the Purchasing and Contracts Division, and must coordinate their evaluation efforts with the Purchasing and Contracts Division in order to ensure the complete integrity and fairness of the evaluation process. During this process, information should be gathered about the vendor's work plan for meeting the City's needs, and the vendor should be allowed to have an opportunity to provide the City with information regarding their capabilities either by supplying materials to the City or

through a meeting with the appropriate City officials.

When using an RFP, an evaluation committee will be appointed by the City Manager, and that committee will have the responsibility to evaluate initial proposal responses and narrow the vendor field for more in-depth consideration, also known as "short-listing". The evaluation committee may also choose to take the opportunity to interview short-listed vendors during an oral presentation process facilitated by a Purchasing and Contracts Division representative.

2. Prior to award of a contract, the City representatives responsible for administration of that contract along with a purchasing representative if so desired, are encouraged to meet with vendor representatives in an effort to establish benchmarks for performance under their contract. This process shall be followed in any instance where a vendor will have direct contact with City residents on a regular basis. Examples of direct service contracts include, but are not be limited to contracts for Waste Hauling Services, Recycling Services, Landscaping Services and Towing Services.
3. During these pre-award negotiations or vendor meetings, the City shall make every effort to ensure that a vendor has a clear understanding of the level of service required by the City, and that the City and vendor have appropriately defined the level of satisfaction required from the vendor during the execution of their contract with the City.
4. Prior to award, the City and the vendor shall mutually agree on benchmarks, tasks to be completed, or other performance measures that gauge the effectiveness of the final agreement. Remember that these factors must be readily measurable. Examples of the types of measures that might be used may include items such as the following:
  - Schedule for completion of various portions of a project. (Include schedule milestones for various phases of the project; or develop a checklist of specific tasks or items that need to be accomplished either on a routine basis, or within a specific timeframe.)
  - Number of complaints received from the public. (Agree on a maximum number of complaints that will be tolerated.)
  - Maximum number of defects allowable. (In some instances, we may require a zero tolerance for defects by the contractor; however, this number needs to be a realistic representation of the capabilities of vendors in the marketplace.)

5. Performance Based Contract: If the City is utilizing a performance based contracting method (See Section IV.A.3 above), it will be necessary to develop a performance checklist, or "Contract Report Card", which specifically lists quality factors that will be evaluated by the project manager or designee during the performance of the agreement. The successful contractor shall be agreeable to the requirements of the performance checklist prior to the award and commencement of the contract. It is important that the checklist be adhered to once the contract begins, and that evaluations be made on a regularly scheduled basis, since the results of evaluations using these checklists will be used to determine if a contractor is meeting our quality goals. Following is a specific example of some factors and measures that may be used on a "Contract Report Card" for a Janitorial Services contract:

- *Factor:* Carpets shall be vacuumed nightly, with care taken to protect carpet from undo wear.

*Measure:* On a scale from 1 to 5, were carpets vacuumed nightly? Is there any debris on the floor that has been in place for more than one business day? Do carpets appear to be frayed or damaged from vacuuming?

- *Factor:* Inside windows shall be cleaned once per week.

*Measure:* On a scale from 1 to 5, do windows appear dirty? Are the windows streaked from inadequate cleaning?

#### C. Contract Administration Phase

The Contract Administration phase is one of the most important opportunities to ensure quality for the current contract at hand, and to ensure that vendors delivering poor quality will not be used for future projects. The keys to effective contract administration are:

- Continue review of progress or lack of progress
- Appropriate documentation of findings
- Ongoing two-way communications with appropriate feedback

During the Contract Administration phase, certain steps should be taken to ensure that you receive a quality product.

1. Appoint a qualified City employee to act as a "Project Manager" to monitor the progress of the contract, and to evaluate compliance with benchmarks. The City shall immediately inform the Contractor in the event that it is necessary to appoint a new project manager.
2. At the beginning of the contract, the project manager should reiterate the City's quality requirements for the project, as well as the evaluation measures that will be used to evaluate the vendor's performance. A representative of the Purchasing and Contracts Division should also be involved in providing the vendor with information regarding what the City will generally expect from the vendor over the course of the contract's performance.

The project manager should discuss the specific project evaluation factors in depth with the vendor; and ensure that the vendor understands what level of quality is expected from the vendor's performance. It may be necessary to re-visit these quality requirements with the vendor on a regular basis, and make adjustments to those requirements as necessary, throughout the course of the contract. (Note: Adjustments that are material in nature, and may impact the cost or schedule must be approved by the City Manager through the use of a formal contract Change Order.)

3. The project manager shall review with the vendor, exactly how the evaluation process will take place, and what results will be expected during the evaluation process.
4. Evaluations of the vendor shall be made on a regularly scheduled basis. When performing evaluations of the vendor, the project manager shall base the evaluation score on the satisfaction of benchmarks, milestones or accomplishments that were agreed upon at the time of contract award. The project manager shall provide detailed documentation of reasons for a poor evaluation of any benchmark on an ongoing basis throughout the course of the contract.
5. The project manager shall regularly schedule feedback sessions with the vendor where the results of the evaluations are shared. The project manager shall discuss any exceptions to the contract requirements that have been taken by the vendor, and shall discuss any negative variances with the agreed upon satisfaction evaluation benchmarks. These feedback sessions should be scheduled as often as necessary to ensure that the vendor is well aware of any deficiencies in quality in order to ensure that steps to correct any problems as deficiencies are noted.

6. The project manager shall provide immediate feedback as necessary and appropriate, in the event that an unacceptable level of performance or serious deficiency is noted that requires immediate action.

#### D. Remedies for Non-Performance

Despite the best efforts to partner with our vendors, when the service level provided is not acceptable to the City, further actions may be required to either ensure that the requested quality level is provided by the vendor, or that the City's needs are accommodated by another source. Actions to be taken by the City in this type of situation should be a part of the feedback delivery process, and should be administered in a progressive manner. Remedial actions must be administered by the Purchasing & Contracts Division, and may likely require the involvement of the City Attorney. The progressive remedy process includes the following phases:

1. Development of a Corrective Action Plan:

The first step that should be taken with a vendor who is not providing a product or service that is satisfactory to the City; is to develop a corrective action plan. The end user shall work with the Purchasing & Contracts Division to ensure that the plan is reasonable and realistic.

Corrective action plans should specifically detail steps required to be taken by the vendor in order for them to achieve the results that meet our level of satisfaction. Corrective action plans should specify any deficiencies in the products or services delivered, as well as the desired quality required for those products and services. This, in essence, may seem to be a restatement of the project goals outlined to the vendor throughout the contract process; however, the corrective action plan will include specific and often very harsh consequences for non-compliance with the plan by the vendor. For this reason, it is important to impose realistic deadlines on the vendor for the achievement of the corrective action, and to specifically detail actions that will be taken by the City if the plan is not followed.

The final corrective action plan will be issued to the vendor in writing by the Purchasing & Contracts Manager, and may include remedies such as monetary penalties, the requirement to cover the cost of goods purchased from another source, termination of the agreement, or even suspension or debarment, dependent upon the seriousness of the deficiency. The Purchasing & Contracts Manager will normally impose a deadline of approximately 30 days from the date of the written correspondence for compliance with the plan, and indicate that the City reserves the right to terminate the agreement if the terms of the correction action plan are not fulfilled by the vendor.

2. In the event that the vendor fails to meet the obligations of the corrective action plan, the next step may include the termination of the vendor's contract. Most City contracts include standard termination language that gives the City the right to terminate a contract for default. If it is determined that circumstances warrant termination, after appropriate notification of the City's intent, action shall be initiated by department after consultation with the Purchasing & Contracts Manager, who will seek the advise and consent of the City Attorney, to terminate the vendor's agreement in compliance with the requirements of the City's Purchasing Code (Tamarac City Code Article V. Purchasing Procedures, Section 6 et al). In certain cases, where the City Commission approved the original contract, the City Commission will be required to approve any contract termination actions. If the project is covered by a performance and payment bond, the Contractor will forfeit their bonds, and the City will be able to work with the bonding company to ensure completion of the project using funding provided through the bond.
3. Vendors that have severe deficiencies, or who may have violated the law, may be suspended and debarred for a period of up to two (2) years after being given proper notice, and holding an administrative hearing on such charges, as required by Tamarac City Code Article V, Purchasing Procedures, Section 6-146 Scope of Purchasing Authority, Paragraph (16).
4. In all cases, whether a vendor defaults on an agreement, or performs in a manner that exceeds all of the City's expectations, it is important to maintain the documentation of vendor evaluations and/or any corrective or punitive actions. This documentation is extremely important, especially for poorly performing vendors, as it provides the City with background for considering the viability of that vendor for future contract awards; and may be used as background information when developing requirements and specifications for future contracts. Failure to maintain this documentation may result in the City having no viable justification for not awarding a contract to a vendor that has had past performance problems with the City. In addition to retaining such documents pursuant to Florida's public records laws, it is recommended that copies of documentation for poorly performing vendors be maintained with the Purchasing and Contracts Division.

#### E. Feedback

1. The City may occasionally request feedback from vendors who have worked with the City. Feedback may be conducted with individual vendors via exit interviews after the completion of a project; or through a survey process. Surveys may be addressed to individual vendors, or may be addressed to a group of vendors who have provided services or commodities to the City.

