

# MINIMUM STANDARD Z/11 – PERFORMANCE EVALUATION

## 1. INTRODUCTION

The following criteria are the requirements for the completion of Performance Evaluations of suppliers using the PACE (Performance Assessment by Coordinated Evaluation) system. Performance Evaluation is to be implemented on both Professional Services and Physical Works contracts relating to both capital and maintenance projects, and non-engineering consultants.

There are five different evaluation sheets used:

- PSF/9a - Performance Evaluation of Capital Consultant.
- PSF/9b - Performance Evaluation of Capital Contractor.
- PSF/9e – Performance Evaluation of Non Engineering Consultant.

This Minimum Standard is intended to describe the process to be used for the evaluation of performance, and provide information about the behaviours that the Client is encouraging under each criteria. From this minimum standard a supplier subject to performance evaluation, can obtain an insight as to where their focus should be for the successful delivery of a project, as well as recording their performance at contract completion.

## 2. OBJECTIVES

The three main objectives of performance evaluation are:

- To provide a means of systematically monitoring performance of our suppliers.
- To enable continuous dialogue with suppliers to encourage high levels of performance by challenging them to meet the key objectives.
- To provide an historical database to assist in track record assessment in future tender evaluations.

### 3. FREQUENCY OF EVALUATIONS

The frequency of performance evaluations shall be as set out in the table below:

CONTRACT TYPE	CONTRACT SIZE	FREQUENCY OF EVALUATIONS	
		MAXIMUM	MINIMUM
Physical Works -Capital Contracts	< \$5M	Bi-Monthly	Not less than 3 <sup>1</sup> Interim and 1 Final PACE per contract
Physical Works -Capital Contracts	> \$5M	Monthly	Bi-monthly and not less than 3 Interim and 1 Final PACE per contract
Professional Services -Capital Contracts -Non Engineering Contracts	< \$ 0.5M	Bi-Monthly	Not less than 1 Interim and 1 Final PACE per contract
	> \$ 0.5M	Monthly	Bi-monthly and not less 3 Interim and 1 Final PACE per contract

Note: Short form contracts are exempt from PACE evaluations

#### 3.1 Physical works contracts

The Consultant together with the Project Manager will be the Assessors. The Consultant is responsible for ensuring that the Contractor evaluations are carried out at the set frequencies, and the Contractor is present for the face to face interview. The Consultant is also responsible for ensuring that the Client receives sufficient notice of a pending performance evaluation of the Contractor, in order to be able to arrange participation in the evaluation. In the event that the Client is unable to attend, they may request that the evaluation proceeds without them.

#### 3.2 Professional services contacts

The Client should be the Assessor and is responsible for ensuring that the Consultant evaluations are carried out at the set frequencies, and the Consultant is present for the face to face interview.

PACE evaluations are only required to be undertaken with suppliers who have a direct contract with the Transport Agency. In Design-Build, Alliance and Early Contractor Involvement contracts where consultants are working on the contractor's team, separate PACE evaluations of the consultant should not be carried out.

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<sup>1</sup> May be less for contracts shorter than 6 months in duration

## 4. COMPLETING PERFORMANCE EVALUATIONS

### 4.1 Performance evaluation process

#### Selecting a PACE form

Performance evaluations shall be completed in the manner described below, using the appropriate evaluation form (PSF/9a to 9e). The numbers next to each of the performance measures indicate their individual rating and the weighting of the key issues that the Client desires focus on.

#### Marking Process

Details of each performance criteria relevant to the contract being assessed, will be agreed at the first interim PACE evaluation.

The Assessor shall complete the evaluation by selecting an appropriate performance rating for each performance measure, and by circling one of the numbers alongside each of the performance measures that matches that rating. Only the ratings shown on the sheet shall be used, and no in-between marks are allowed.

The Assessor shall calculate the overall rating by the addition of the individual ratings, pro rating it up where “Not Applicable” is used for any of the performance criteria. For example, if “Health and Safety – OSH Performance”, is not applicable for the Consultant, circle “N/A”. All performance measures must have either a rating or not applicable selected. An evaluation sheet shall not be deemed complete if the Assessor leaves a performance measure without a selected response.

Following the calculation of the overall rating, the Assessor and supplier shall determine whether or not the calculated rating represents an accurate reflection of supplier's performance during the period. In the event that it does not, the criteria(s) should be reassessed to provide a more representative rating.

Space is provided in the evaluation form for the Assessor to include any comments to clarify the rating of any of the performance measures; where possible comments made should be concise.

#### Agreement between Parties of PACE Rating

Once the evaluation form is completed, the Assessor and the reviewed supplier are to sign the evaluation form. All suppliers have the right to challenge the evaluation, and the right to elevate the issue if it cannot be resolved at the initial level. Despite this, completion of the evaluation form without the signatures of all the parties does not invalidate the evaluation and the resulting evaluation form shall still be considered a bona fide performance evaluation. If the signatures of all the parties are not included on the evaluation sheet when received by the Client, a note must be included in the comment box to explain why this is the case.

Suppliers must also receive a copy of the completed evaluation form. Copies of completed evaluation forms not already copied to the Client, shall be included in the Consultant's Monthly Report.

## 4.2 Quantification of performance grade

A supplier who is delivering what is specified to the required standard for each criteria without Client/Consultant intervention would generally rate in the shaded area (i.e. 60%) on the performance assessment forms. A rating less than 60% in any of the criteria indicates performance at a level less than the required standard and a rating of more than 60% indicates performance above the required standard. The overall rating is considered in accordance with the following:

MARK	DESCRIPTION
≤ 35%	Unsatisfactory
36-49%	Needs improvement
50-59%	Acceptable
60-70%	Requirements fully met
71-85%	Exceeds requirement's
86-100%	Superlative

A number of weaknesses, particularly in areas that are identified as critical will result in an unsatisfactory overall rating of 35% or less. Sub-optimal performance in one or more criteria(s) will result in an overall rating below 50% which needs improvement.

An overall rating above 70% requires not only consistency in meeting requirements, but value added features, such as pro-activeness, flexibility, identifying and pursuing innovation, and other factors that would lead you to describe the supplier as being a top performer.

## 5. EVALUATION STATUS

The Assessor shall determine the status of the supplier's performance evaluation. Performance evaluations are classified as interim or final.

### 5.1 Interim evaluations

Interim evaluations are undertaken to provide feedback on a supplier's performance during the contract period, with the objective of improving performance during the contract. They should be used to facilitate a performance related discussion that flushes out performance issues or barriers to improving performance, gives objective and real time feedback, and aids the resolution of differences. As such, they may vary significantly month to month, depending on a supplier's performance in that period and represents only the performance of the supplier in the period since the last evaluation. They are also used as an input into the final evaluation. If a supplier's overall rating is less than 50% or more than 70% additional specific details are required to be entered in the overall comment box to support the evaluation rating.

## 5.2 Final evaluations

Final evaluations are the final performance evaluation for a contract. The final evaluations for a particular contract will be assessed at the end of the contract **not** by averaging all interim ratings during the contract, but by an assessment as to the overall performance by that supplier using the interim evaluations during the contract as the basis for the final decision.

All final evaluations require comments to be entered into every comments box. Such comments shall amplify features of the supplier's performance, and any significant issues that arose during the contract period.

It is expected that the final evaluation will be completed shortly after Practical Completion of the contract. For contracts with a defect notification period or where a major incident occurs after the final evaluation is completed, the final evaluation may be revisited. Examples include where the number of, or attention to, defects has had a material positive or negative effect on the overall assessment of the suppliers performance.

Final evaluations will be reviewed and signed by the Project Management Services Manager (PMSM) prior to being entered into the database. This is to ensure a greater degree of consistency is achieved in the rating of final evaluations. In the event that this review requires the rating to be moderated, the evaluation form will be returned to the Assessor with the PMSM's comments, in order that a re-assessment can be carried out. The re-assessed evaluation will be signed by Assessor, Supplier and PMSM. In the event of any disagreement, the rating assessed by the PMSM will be the final rating entered into the database. Final evaluations are used as an input into the determination of Track Record non-price attribute grades for subsequent tenders.

## 6. STORING AND UTILISING

### 6.1 PACE Database

The PACE database records all supplier performance evaluations for the Client's contracts on a central register. Access to the PACE database is limited to the Client's personnel, however a supplier may request from the Client's their company's overall average rating for all final evaluations undertaken. Only Client personnel have the ability to enter evaluations (with a pdf. copy of the signed form), and view all performance evaluations in the database.

### 6.2 Use of PACE Information in Tender Evaluation

In tender evaluations, a supplier's performance is evaluated under the Track Record non-price attribute. Tenderers are required to include final PACE ratings for contracts nominated under Track Record as additional pages in their non-price attribute submissions. Tender evaluation teams (TETs) use these final PACE evaluations as an input into determining Track Record grades. Where a Final PACE evaluation has not been completed, TET's in discussion with the PACE Assessor, will utilise Interim PACE evaluations in evaluating Track Record grades. The PACE forms are also recommended for use to structure and document discussions with referees for projects both with and without a PACE record.

### 6.3 Prequalification Performance Reviews

A Performance Review may be undertaken on any prequalified physical works contractor who demonstrates inadequate performance. Inadequate performance is defined as a contractor

receiving a total PACE rating on any one project for the four PACE main criteria (Management, Production, Health and Safety, and Administration) of 40% or less. In addition the Prequalification Evaluation Team (PET), in discussion with the NZTA Project Manager, will make a decision on whether a performance review is necessary when:

- Three or more (in total) of the individual PACE criteria are 40% or less, or
- Two or more of the individual PACE criteria in any one category are 40% or less.

## 7. PERFORMANCE CRITERIA

Consideration of the following is recommended when marking the appropriate rating for each criteria:

### 7.1 Contractors Performance-Capital

#### Management-Skill Level and Competency

Competency of management team to effectively manage project and progress on all necessary tasks. Compliance with Contract Environmental Management Plan.

#### Management-Risk Management

Effort, focus and proactive management of risks on the project.

#### Management – Responsiveness

Provide efficient and timely responses, reporting and deliverables.

#### Production – Ability to Meet Programme

Current progress compared to approved construction baseline programme, and effort and proactive management of resources to achieve timely completion.

#### Production - Achieves the Specified Standard

Comparison to quality standard achieved to that described in the Specification, availability of test results and certification.

#### Production - Defect Management System

Assess current status of internal and externally raised non-conformances, and effectiveness of system to detect defects and timely rectification of errors.

#### Health and Safety - Safe Work Practices

Effort, focus and proactive management of site safety. Examine accident and incident statistics, reporting, H&S audits and action taken.

#### Health and Safety - Traffic Management Control

##### a. Development of Site Specific Traffic Management Plans (TMPs)

Comparison with compliance with Traffic Management Plan development requirements in contract documents.

**b. Implementation of Site Specific Traffic Management Plans (TMPs)**

Compliance with TMP and traffic control set out. If TMP audits are undertaken, the set-out audit ratings relate to the “Code of Practice for Temporary Traffic Management” with points allocated for non-conformance with the TMP set-out. The rating follows the Transport Agency’s audit procedures and provides direct ranking for performance.

### Administration - QA Documentation

Level of proactive effort applied to QA system. Evidence that the Site QA procedures are being monitored and applied at all levels.

### Administration - Financial

Effort and proactive management of project budget, cashflow and its accuracy. Comparison to target Forecast Final Cost (FFC) at time of tender, and accuracy of invoicing.

### Administration-Handling of Variations

Any necessary changes being managed effectively, time and cost effective solutions to variations giving Client good value for money and early notification and resolution of contractor raised variations.

## 7.2 Consultant Performance-Capital and Non Engineering

### Management - Competency

Competency of management team to effectively manage the project and its progress on all necessary tasks.

### Management – Creating “No Surprises” Environment

Ability to keep the client informed on all relevant issues.

### Management – Creating Innovation

Innovative ideas turned into reality.

### Management – Proactiveness

Effort, focus and proactive management of risks and future issues on the project.

### Management – Responsiveness

Provides efficient and timely responses and exception reporting.

### Production – Timely outputs

Effective management and resourcing to produce the required outputs on time.

## Production – Accurate outputs to Required Standard

Standard and quality of output in relation to contractual obligations.

## Production – Defect Management System

Ability to identify and rectify non compliances and errors.

## Health and Safety: Safe Work Practices

Review of contractor’s H&SMP Plan. Effort, focus and proactive auditing of safety on site. This criteria would be N/A for design consultant not involved in Implementation or could include attention to “safety in design” if appropriate.

## Administration – Quality Assurance Documentation

Level of proactive effort applied to the quality system.

## Administration – Monthly Report

Accuracy and relevance of Monthly Report.

## Administration – Financial

Effort and proactive management of the project budget, cashflow and its accuracy.

## Administration – Handling of Variations

Necessary changes being incorporated effectively and managed satisfactorily.

Note: PACE Evaluation Forms (PSF9a, 9b and 9e) and Guidelines (PSG/2) refer to the interactive Excel spreadsheet available on the Transport Agency’s website.