

**ANNEX A**

**PERFORMANCE MEASUREMENT FRAMEWORK**

**PROPERTY, FACILITY AND PROJECT DELIVERY SERVICES**

**FOR THE**

**The Embassy of Canada in Tokyo**

**ON BEHALF OF**

**DEPARTMENT OF FOREIGN AFFAIRS, TRADE AND DEVELOPMENT (Canada)**

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## **Philosophy of the Performance Measurement Framework (PMF)**

A successful performance measurement framework (PMF) is built on mutual trust and co-operation and recognizes the Contractor's ability to measure their own service performance. It supports Canada's role in delivering a functional work environment for its Occupants while promoting quality and efficiency in service delivery. Continuous improvement includes meaningful measurements and underscores the importance of providing value for money while fostering a healthy work environment and meeting client requirements.

The PMF as described in this Annex supports Canada's "due diligence" role by strengthening service quality and adherence to process.

The Contractor measures its service delivery performance in keeping with their Quality Management System. The results of the Contractor's performance measurement form the basis for the performance measurement and Key Performance Indicator (KPI) and Performance Indicator (PI) framework.

Canada's interests and responsibilities are maintained by reviewing Contractor service delivery processes including checklists and questionnaires as well as performing quality oversight and monitoring activities. Routine reporting (outlined in Annex C) and quality inspections will provide Canada with the necessary confidence in the Contractor's reported performance data. By applying this PMF, Canada promotes continual improvement and a good working environment through its process of establishing baselines and the Contractor's formal mechanism for addressing concerns with respect to Contractor processes and service delivery.

## **1 Key Performance Indicators**

### **1.1 Limitations**

This Annex pertains only to the evaluation of performance in relation to the determination of the performance fee for the Contract #: 08C54-190430. It does not discuss the fixed portion of the fee, nor the specific points or percentages of fee allocated to performance, which are addressed in the contract body.

### **1.2 General - Key Performance Indicators**

The Contractor must share in the interests of:

- Improving life-cycle management for Canada's real property buildings;
- Programming appropriate investments in their operation, maintenance, repair and improvement are made; and
- Ensuring mandatory legislative requirements for safety, health and environment are regularly and systematically assessed and implemented.

Canada has designed a fee payment structure that focuses on the quality of the workmanship, process compliance, client requirements, and continual improvement while fostering a highly co-operative working environment between the Contractor and Canada. The Contractor's management fees for Property, Facility, and Project Management Services consist of two parts: 85% of the total fee that will

be paid on a monthly basis; and 15% (performance fee) of the total fee that will be paid at year-end dependent on the Contractor performing at levels established at the beginning of the year (as per Appendix F – Pricing Schedule and Basis of Payment).

Performance of the work described in the Statement of Work (SoW) will be evaluated by Canada against various Key Performance Indicators (KPIs) related to Property and Facility Management Services, as well as Project Management Services. These KPIs also include numerous Performance Indicators (PIs) related to:

- 1) **Physical** –measures the quality, efficiency and completeness of services performed by the Contractor to operate, maintain, repair and improve the building structures, systems, equipment, and grounds.
- 2) **Functional** – measures reporting delivery and how well the Contractor has been able to implement and maintain a comprehensive Quality Management System (QMS) for service delivery as well as their ability and effort in meeting Canada and Occupant requirements.
- 3) **Financial** – measures the Contractor's financial performance in managing the budgets, their ability to provide reasonable estimates for planning purposes as well their ability to forecast accurate year-end expenditures.
- 4) **Project** – measures the Contractor's ability to estimate, procure and deliver quality projects in a timely manner while meeting forecasted expenditures.

### **1.3 Performance Measurement Based on KPIs**

#### **Evaluations**

The evaluation of the Contractor's performance is defined and detailed in the paragraphs that follow. Contractor performance assessment is not completed until the end of the year, but will be monitored by Canada throughout the year through various mechanisms including statistics from critical events, Occupant surveys as well as the Contractor's reported performance data. The Contractor will provide a quarterly overview at the Quarterly Review Session which will include both the Project Authority, and the Technical Authority (Tech A).

The Contractor must provide monthly updates to Canada on performance measurements resulting from the Contractor's quality assurance program. Some of these measurements, as defined in this Annex, will be used by Canada as performance data while others will be used for information purposes only. Canada will inform the Contractor of progress towards meeting these KPIs during the monthly meetings to ensure a continual understanding of the status of the performance assessment. Canada will also conduct quality oversight as a means of verifying the effectiveness of the Contractor's QMS and ensuring that Contract requirements are being met.

The evaluation of the Contractor's annual performance is completed after March 31st of each year.

#### **Baselines and Scoring**

Performance Indicator baselines, performance ranges and points per unit will be established, by both parties and agreed to in writing, no later than the first day of May for the fiscal year for which it is intended. These values will be reviewed and modified annually to promote "continual improvement" in service delivery. The previous Contract year's values shall remain in effect if an agreement cannot be

reached. The baseline values, performance ranges and points per unit for a Performance Indicator may be updated at any time, through negotiation between Canada and the Contractor, if both parties agree that a change to the method of calculating the Performance Indicator scores is required.

The initial baselines and performance ranges, outlined by Canada, are based on achievable goals and expected outcomes. The points per unit amounts are used to determine the final score for performance that falls outside the performance range either positively or negatively; the type of unit used varies with the Performance Indicator (PI).

The final score will be calculated on the basis of the actual performance in relation to the Performance Measurement Dashboard (Annex A/2), using the identified performance range. If the actual score is within the expected performance range, Canada will release the associated Performance Fee Holdback on the basis of the schedule. If the actual score falls outside the performance range, Canada may, at its option, partially release or retain the Holdback.

### **Fee Determination**

The individual Performance Indicator scores are totaled for each of the four Key Performance Indicators. The Performance Fee Holdback will be fully released to the Contractor for each KPI where the total score achieves 80% or more of the maximum points available. Canada will release partial Holdback if the total score is 70% to 79%, and results below 70% will result in Canada retaining the Holdback.

The maximum scores available for each Performance Indicator or components are part of the KPI framework and are not negotiable. Canada may decide to suspend or reactivate specific Performance Indicators for a Contract year. When this situation arises, Canada will advise the Contractor in writing of the intended suspension to an existing Performance Indicator or component, or to the re-activation of a previously suspended Performance Indicator or component for a specific Contract year. When a Performance Indicator is suspended, the maximum points associated with the Performance Indicator shall be removed from the total points available for its related KPI. For example, if a Performance Indicator worth "10" points (maximum) is suspended, the KPI score used for fee determination will be based on "90" points instead of the normal "100".

Where Canada is unable or unwilling to perform a required evaluation, the Contractor will be awarded the "maximum score" available for that evaluation. Where an evaluation cannot be made by Canada due to the Contractor's inability or unwillingness to provide the required information, the Contractor will be awarded a score of "0" for that evaluation. This scenario does not apply to Performance Indicators or components that are suspended from the KPI framework for a specific year.

## **1.4 Performance Management**

Canada requires that the Contractor implement and maintain a fair and representative sampling methodology to provide a clear indication of the overall service delivery in the buildings as well as to provide Canada with a high level of confidence in the evaluations and performance data. The Contractor must collect and provide Canada with performance data in accordance with the Statement of

Work. Performance data will be collected in Canada's KPI Scorecard application and used to determine performance and excellence fees in accordance with the Contract.

## **1.5 Quality Monitoring and Oversight**

Canada uses various processes for identification and resolution of deficiencies and promoting continual improvement. Part of Canada's due diligence, is to ensure that Contract requirements are being met, and that the quality of the Contractor's workmanship and the accuracy of its performance data is acceptable. On-site reviews are conducted on any service delivery item, at Canada's discretion. The Contractor shall be invited to participate in quality monitoring exercises to facilitate a common understanding of established processes and observed deficiencies and concerns.

Canada will adopt, where appropriate, the Contractor's quality management methodology and approach when performing quality monitoring. Where the Contractor does not measure specific items using quality control checklists, Canada will verify the quality of the data and results by reviewing the effectiveness of the Contractor's QMS, applicable processes and performance measurement data.

Canada recognizes that not all deficiencies identified during quality monitoring need to be addressed as part of the Contractor's formal non-conformance process. Minor deficiencies are defined such as minor variations or discrepancies which are easily rectified and:

- do not adversely impact occupants;
- do not contravene mandatory requirements;
- are not part of a reoccurring problem; and
- are not part of an accumulation of observed deficiencies that collectively could be an indicator of a more serious problem.

Although noted as minor deficiencies on quality monitoring reports, Canada does not require the Contractor to address minor deficiencies as part of the Contractor's formal non-conformance process provided that these deficiencies can be corrected to Canada's satisfaction within 10 working days of the notification of the deficiency from the quality monitoring exercise.

The Contractor must provide written confirmation that the deficiencies are corrected. If not corrected within this time frame, then the Contractor will be required to address the outstanding deficiencies using the formal non-conformance process.

Where Canada identifies a non-conformance while performing its quality oversight activities, the Contractor must perform a root cause analysis to determine if it was due to the Contractor's failure to:

- comply with established service delivery processes; or
- report performance results that accurately reflect the level of services delivered; or
- provide acceptable workmanship that could have a negative impact on performance or could compromise Canada's role in fulfilling its due diligence obligations.

Canada retains the right to alter the Contractor's performance score on the KPI scorecard if the Contractor's root cause analysis reveals a significant discrepancy. The affected Performance Indicator will be adjusted at the building level of a contract year to the service delivery level determined during Canada's quality oversight review.

Canada will determine the impact or score reduction on the applicable PI. If a discrepancy on the score reduction cannot be resolved between the Contractor and Canada, it will be subject to the process set out in section 1.6. It is important to note that until the matter is resolved, the year-end fee determination cannot be concluded.

## 1.6 Issues Resolution

Canada will identify major deficiencies to the Contractor, who must treat them as major non-conformances using the Contractor’s formal non-conformance process. The Contractor must resolve all non-conformances raised by Canada to Canada's complete satisfaction. Only Canada is authorized to verify the effectiveness of the corrective actions taken to resolve Canada-raised non-conformances and has the sole authority to sign off on these non-conformances prior to their closeout.

Any major non-conformance subject to and awaiting the completion of the Contract’s "Issues Resolution Process", will have its outstanding status suspended (will remain "active" but not "outstanding"). It will not be considered "outstanding" unless the Contractor fails to "close" any actions within the specified timeframes as determined from the "Issues Resolution Process".

## 2 Evaluation of Performance Indicators

The overall performance results shall be determined by adding the contributions for each of the KPIs for Physical, Functional, Financial and Project Management Services as detailed below.

### 2.1 Physical indicators

The Physical Performance score will be determined by totaling the final scores for each of its Performance Indicators identified below. The Physical Performance Indicators and their associated maximum percentages are as follows:

Performance Indicators for Physical	Maximum Points
PHY1 - Building Management Plan (BMP)	20
PHY2 - Completion of Mandated Maintenance (Pass/Fail)	50
PHY3 - Completion of Routine Scheduled Maintenance	20
PHY4 - Building is available 100% of operational hours (Uptime)	10
Total Available Points	100

#### PHY1: Building Management Plan (BMP)

Canada requires that each building have an Annual Building Management Plan completed. The report includes the assessment of individual building components (e.g., roof, exterior cladding, HVAC, etc.) and architectural components, financial forecasts and market details. This document provides an overall

outline of the building (present and future), its occupants, operating costs and supports prioritization of funding needs.

This Performance Indicator measures that the Contractor has provided a corresponding and comprehensive Building Management Plan (BMP) completed by November 30<sup>th</sup>, for each building.

### **PHY2: Completion of Mandated Maintenance (Pass/Fail)**

Mandated maintenance is defined as the minimum level of service activities that must be conducted on a routine basis for Canada to comply with safety, health and environmental standards mandated by applicable laws and Government of Canada policies, as well as Canada's strategic business objectives.

Mandated inspections by their very nature must have a higher priority than life-cycle inspections. In other words, if mandated packages are not completed as prescribed then this measurement is FAILED.

This Performance Indicator measures the mandated maintenance packages that have been done. The goal is to ensure 100% of scheduled mandated maintenance activities for a given month to be completed within 30 days of their targeted start date.

### **PHY3: Completion of Routine Scheduled Maintenance**

This Performance Indicator measures required activities for a comprehensive preventative maintenance program. Those involve scheduled servicing, inspections, adjustments, filter changes, lubrication, consumables and other relevant activities that are intended to extend the useful service life of a building's structure, systems or equipment.

The Contractor shall report to Canada on a monthly basis the status of all scheduled preventive and predictive maintenance (PM) inspections and testing.

The report shall identify at the building level the following:

- quantity of PM inspections that were scheduled for a given month.
- quantity of PM (non-mandatory) inspections that were not completed within 45 days of their targeted start date.

The Contractor will be assessed against the number of life-cycle PM (non-mandatory) inspections activities for a given month that were not completed within 30 days of their targeted start date.

### **PHY4: Building is available 100% of operational hours (Uptime)**

This Performance Indicator measures whether the Contractor has been able to ensure a fully-functional building throughout the year.

Uptime is the yearly Percentage of time that the building availability for program delivery was maintained by the contractor during normal operational hours.

Downtime is defined as the time when more than 5% of the total number of occupants cannot access the building due to mechanical failures or project-related interruption (smoke, electrical outage, etc.) that is caused by the Contractor or its subcontractors.

## **2.2 Functional Indicators**

The Functional score will be determined by totaling the final scores for each of its Performance Indicators identified below. The Performance Indicators for Functional and their associated maximum points are as follows:

Performance Indicators for Functional	Maximum Points
FCT1 - Occupant Satisfaction (Annual Survey)	15
FCT2 - Occupant Satisfaction (Service Desk)	15
FCT3 - Service Call Management	30
FCT4 - Quality Management	40
Total Available Points	100

**FCT1: Occupant Satisfaction (Annual Survey)**

Canada is a client- focused organization and occupant satisfaction is considered to be an indicator of the Contractor's effectiveness in meeting the expectations of the Statement of Work.

The Contractor must conduct an annual Customer Satisfaction Survey (CSAT) for all occupants within the building(s).

This Performance Indicator will use performance data from the results of the questionnaire related to the occupants' perceptions of various services and confirm that the applicable Action Plan is developed and implemented in a timely manner.

The Contractor is responsible for developing the annual questionnaire for Canada’s approval prior to distribution.

**FCT2 : Occupant Satisfaction (Service Desk)**

This Performance Indicator measures success in responding to occupant-initiated service inquiries in a timely, professional and effective manner. It considers the effectiveness of the Contractor's overall delivery of property and facility management services as perceived by the building occupants.

This Performance Indicator component will use performance data from the results of the question and measures if the occupant “requestors” are satisfied with the level of service related to their service inquiry.

The Contractor is responsible for developing the questionnaire for Canada approval prior to using it within their service desk software.

**FCT3: Service Call Management**

The Contractor is responsible for responding to occupant service requests related to building operations and maintenance. Canada relies on the Contractor to provide timely updates on service requests in order that they may perform their service call follow ups. The expectation is that the Contractor will update their system within 24 hours of responding to a service and follow up with the requestor

This Performance Indicator measures the % service requests that are responded to in a timely manner (see SoW Section 3.3).

It also measures the % service requests that are rectified in a timely manner (see SoW Section 3.3).

#### **FCT4: Quality Management**

The Contractor shall document and track all non-conformances to resolution in a manner that is readily and easily accessible to Canada. This includes:

- All environment, health and safety incidents;
- Mandatory requirements not completed on schedule;
- All critical incidents that by their nature are required to be documented and investigated to determine and eliminate the root cause;
- Recurring incidents; and
- complaints that cannot be resolved easily or that indicate a breakdown in the Contractor's quality system.

Outstanding non-conformances will be used to measure the Contractor's level of effort in rectifying deficiencies, resolving issues and improving service delivery.

- Non-conformances become 'outstanding' when:
- the root cause is not identified and corrective actions not assigned within 5 days of creation (from time to time, where the root cause and corrective action cannot be determined within the above timeframes, a root cause analysis plan will be provided within the aforementioned timeframe);
- corrective actions are not completed by the target date; or
- effectiveness of corrective actions is not verified within the designated timeline identified in the action plan.

This Performance Indicator measures the timely and efficient completion of the Non-Conformance Action Plans.

### **2.3 Financial Indicators**

The Financial score will be determined by totaling the final scores for each of its Performance Indicators identified below. The Financial Performance Indicators and their associated maximum points are as follows:

Performance Indicators for Financial	Maximum Points
FIN1 - O&M Expenditures Work plan (delivery against Work Plan)	75
FIN2 - Minor Works Expenditures <\$10,000 (based on annual spend)	25
Total Available Points	100

#### **FIN1: O&M Expenditure (delivery against Workplan)**

At the start of the Contract year, budget amounts are established at the building level for each of the financial categories. At the end of the Contract year, Canada will compare the actual amounts to the

approved Workplan budget amounts to determine an average variance. The Workplan budget will be adjusted as appropriate to accommodate changes to the building inventory (new buildings added or existing buildings removed) during a contract year. If the average variance amount is within the established performance range, then the Contractor will be awarded the performance score. Amounts outside of the performance range will be subject to the points per unit method of calculation to arrive at a final score.

This Performance Indicator measures the O&M forecast accuracy: variance between O&M yearend actuals and forecast expenditures at Period 3, 6 and 8 (at qualifier level) to year-end.

**FIN2 - Minor Works Cost Control <\$10,000 (based on annual spend)**

For all Minor Works between \$2,500 and \$10,000 the Contractor must follow the Task Authorization process and have advanced approvals from the Project Authority. This PI should ensure that the Contractor is taking the proper steps in procuring such services and that the total costs are not greater than the original Task Authorization amount.

This Performance Indicator measures the variance between the Minor Works approved Task Authorizations and the approved annual Minor Works budget against the annual spend.

**2.4 Project Indicators**

The overall Project Management Services performance shall be determined for each of the Key Performance Indicators (KPIs) for Projects as detailed below.

The Project Performance score will be determined by totaling the final scores for each of its Performance Indicators identified below. The indicators and their associated maximum points are as follows:

Performance Indicators for Projects	Maximum Points
PDS1 - Project Planning for over \$25,000 (individual projects)	25
PMS2 - Project Estimates for all projects over \$25,000	25
PMS3 - Project Timeliness (delivery against Workplan)	25
PMS4 - Project File Completion (individual projects)	25
Total Available Points	100

**PMS1 - Project Planning for over \$25,000 (individual projects)**

The Performance Indicator measures that the business case supports Canada in making a best value recommendation.

This Performance Indicator measures the provision of complete IARs and option analysis when recommending all applicable projects.

### **PMS - Project Estimates for all projects over \$25,000**

Canada is committed to improving project estimates to achieve 'on time on budget' project delivery services. This Performance Indicator measures the Contractor's success in planning and delivering work within its estimated project cost.

The total project cost includes all cost elements in the Investment Analysis Report. The estimated project cost may be adjusted, as determined by Canada, to accommodate agreed changes regarding project scope.

The Contractor will evaluate each project to determine the accuracy of their estimating practices. At the Project Approval stage, the Contractor will identify the "Estimated Project Cost" which will be compared to the "Final Price" for the project.

- Project Approval generally occurs at the IAR stage when the preferred option has been approved and the project intent and extent (scope) has been clearly defined so that the detailed design of the option can commence.
- The Estimated Project Cost may be adjusted as determined by Canada to accommodate agreed to changes regarding project scope.

The difference between the "Estimated Project Cost" and the "Final Price" will establish a project variance.

This Performance Indicator measures the average percentage of projects that are delivered within the Class B budget against the quarterly project program.

### **PMS3 - Project Timeliness (delivery against Project Work Plan)**

This Performance Indicator measures the Contractor's success in meeting project schedules.

For projects over \$25,000, the planned project completion date indicated on the Task Authorization and the date of actual completion date will be used to establish a project variance, which will be measured in days.

For projects under between \$10,000 and \$25,000, the Contractor will use a random sampling method to generate a statistically valid sample of projects. For these projects, the planned completion dates on the Task Authorization and the date of actual completion will be used to establish a project variance, which will be measured in days.

Measurement of elapsed time does not include weekends and statutory holidays.

### **PMS4: Project File Completion (individual projects)**

The Contractor will evaluate project quality by filling out a questionnaire (Project Audit Checklist) at project completion to assess specific elements including appropriateness of project and design, quality of materials, acquiring of licenses/permits, workmanship, coordination and commissioning. All BMP funded projects greater than \$25,000 will be evaluated whereas projects below this amount may be evaluated on a sample basis. The performance data for this Performance Indicator component is provided by the Contractor's quality assurance program. The actual score for this Performance Indicator will be the average score of the evaluations. If the actual score is within the established performance

range, then the Contractor will be awarded the performance score. Amounts outside of the performance range will be subject to the points per unit method of calculation to arrive at a final score.

The Contractor will use a project quality checklist approved by the Technical Authority for this Performance Indicator. The checklist will provide an indication of the Contractor's success in meeting requirements identified in the approved Investment Analysis Report as compared to the objectives attained at project close-out.

This Performance Indicator measures, on a percentage basis, against the number of project file documents required versus the number completed.

### **3 Reporting Criteria**

The Contractor must submit service delivery performance data using an electronic spreadsheet and in a format acceptable to Canada and transfer the data from the Contractor's spreadsheet to the KPI Scorecard application. Therefore, it is imperative that any changes to the spreadsheet format be approved by Canada prior to submitting.