SUBJECT: Traffic Signal Control Units Tender Award - Contract No. C11-29-06 (PW06136) - (City Wide)

RECOMMENDATION:

(a) That Innovative Traffic Solutions Inc., as the lowest compliant bidder, be awarded the contract for the supply of traffic signal controller units for 2006-2009.

(b) That the initial purchase of the traffic signal control units be funded from approved capital accounts, 53051-4030614008, New Traffic Signal Installation; 53051-4030614010, IPS and Traffic Signal Modernization; 53051-4030514509, Traffic Signal Enhancements and 53051-4030615019, Traffic Signal Replacement.

(c) That the total purchase not exceed $920,000 in 2006.

(d) That pending capital budget approval for 2007, 2008 and 2009, the total purchase price of the traffic signal control units for those years not exceed $495,000, $505,000 and $515,000 respectively.

EXECUTIVE SUMMARY:

Further to the Council approved report of May 31, 2005 (PW05076), a tender (C11-29-06) was released in March 2006, for the supply of traffic signal controllers to the City for a three year period. Council authorized the procurement of standardized controller equipment. The City requested only bids which supplied Peek 3000E or Naztec 980 models of controllers, which represent the latest and most commonly used types of
The equipment bid was required to meet a series of technical specifications as described in the tender document in order to be deemed compliant. Assuming all bids were compliant, the majority of the contract would then be awarded to the lowest bidder, but up to twenty percent of each annual purchase could be allocated to the second lowest bidder, as required, to supply replacement units or meet other operational needs.

Two bids were submitted, for evaluation, by the following suppliers:

Fortran Traffic Systems Ltd., Toronto, ON ("Fortran") and;
Innovative Traffic Solutions Inc., Stoney Creek, ON ("ITS")

Although Fortran’s bid was the lowest, Fortran was unable to demonstrate that its equipment met all tender specifications, despite being provided all available opportunities in accordance with the tender document. This failure to meet the tender specifications has rendered Fortran’s bid non-compliant. Therefore, it is recommended that the contract to supply traffic signal control units be awarded to ITS.

**BACKGROUND:**

The information/recommendation contained within this report has city wide implications. The last formal City of Hamilton traffic signal controller contract was issued approximately three years ago, and all current stock and spares have been depleted. New traffic control units are required for intersections to be signalized for the first time, for those damaged through collisions and weather-related incidents, as well as scheduled replacement. Under the capital replacement program the City replaces approximately fifty to sixty (50-60) worn-out and obsolete units annually. As well, up to 20 additional units are required for new signal installations and operational modernizations. Previously, the control units for these programs have been purchased using an annual tender process, with the low bidder meeting the specifications receiving the order. The annual low bid process required significant effort and has resulted in a variety of brands and types of equipment being accepted by the City.

In June of 2005, Council approved a report outlining a proposal to standardize the equipment used to control traffic signals. Peek 3000E and Naztec 980 controllers were specified as the types of signal controllers proposed as the standard. This new procurement option would help to minimize the issues related to maintaining a complex signal system which has been experiencing difficulty with availability of replacement components and the requirement for a wide variety of expertise to maintain and operate a multi-controller system. Standardization of equipment and the longer purchase term was expected to simplify and expedite the procurement process as well.

The tender release was delayed while waiting for the results of an electrical and grounding investigation undertaken by a consultant, the results of which impacted on the tender requirements. In March of 2006, a Request for Tender for traffic signal controllers (C11-29-06) was issued by the City. In response, two submissions were received. Fortran Traffic Systems Ltd. of Toronto ("Fortran") submitted a tender for the supply of the Naztec 980 controllers. Innovative Traffic Solutions Inc. of Stoney Creek ("ITS") submitted a tender for the supply of Peek 3000E controllers. The tender required that a sample controller be submitted to the City for the purpose of evaluating the components to ensure compliance with the tender's technical specifications.
evaluation of these sample controllers revealed that there were deficiencies with both bidders’ sample controllers. Under the tender special provisions, each supplier was provided with two opportunities to correct the deficiencies and resubmit the sample controller. After the submissions, it was determined that there were minor inconsistencies in the specifications that prevented the suppliers from achieving complete compliance with the specifications. These affected both suppliers’ samples. Therefore, a post-closing addendum was issued to correct the inconsistencies. Both ITS and Fortran were asked to modify and resubmit the sample controllers in accordance with the revised specifications (“Revised Specs”).

The ITS sample controller subsequently passed the proof of operational performance according to the Revised Specs and was therefore considered compliant. Fortran chose not to modify their sample controller, but rather requested that the City accept the sample controller with noted deviations. The controller continued to be non-compliant with the Revised Specs. In accordance with the tender document, Fortran was afforded the opportunity to demonstrate that its sample controller could be operated as required by the Revised Specs. The demonstration was conducted on August 25th, 2006 in the presence of Fortran and City representatives, whereby Fortran was unable to show that its unit performed in accordance with the tender requirements. Further, Fortran advised the City that their controllers could not be modified to meet the City’s requirements. Subsequently, in accordance with the tender document, the City provided Fortran with an additional twenty one (21) days to make the necessary modifications to pass operational performance tests. Fortran did not provide a revised controller for testing within this timeframe and therefore is considered non-compliant.

**ANALYSIS/RATIONALE:**

Although Fortran is the lowest bidder, its traffic signal controller is not completely compliant with the Revised Specs. It is therefore recommended that the contract to supply traffic signal control units be awarded to ITS, as they are the lowest compliant bid.

**ALTERNATIVES FOR CONSIDERATION:**

The alternative is to reissue the tender to suppliers of all brands of traffic control equipment in the area, either as a one- or three-year contract. However, the reason that the two units were selected as the units for standardization is to optimize our maintenance response and minimize training and spare parts inventories. This alternative is not recommended as there is one compliant bidder whose equipment meets all requirements, and capital projects are on hold pending resolution of the tender process, and should not be held up any longer than required.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

By the end of 2006, the City will operate almost 500 traffic signals. Approximately sixty to eighty (60-80) locations annually require new traffic signal control equipment, which is to be funded from approved budgets. Based on historic figures, the estimated total required funding for installation, replacement and maintenance programs, subject to funding approvals, is as follows:
2006 $920,000 (includes available, unspent capital funds earmarked for work that is outstanding and on hold pending delivery of the control units)
2007 $495,000, pending capital budget approval
2008 $505,000, pending capital budget approval
2009 $515,000, pending capital budget approval

This funding will also be utilized for spare parts inventory required for emergency repairs/replacement, as well as for regular maintenance items related to the signal controllers. The current budget for traffic signal maintenance contains sufficient funding for the emergency repairs and unexpected maintenance replacements.

**POLICIES AFFECTING PROPOSAL:**

Purchasing Policy # 14 “Policy for Standardization” and its accompanying procedure was utilized to solicit bids on two specific traffic signal controller models. The Naztec 980 and Peek 3000E controllers were selected to maintain consistency and compatibility within Hamilton’s traffic signal system.

Corporate report number PW05076 was approved by Council in 2005 authorizing the standardization of the noted traffic signal control units.

**RELEVANT CONSULTATION:**

Contract Number C11-29-06 was issued by the Purchasing Section of Corporate Services Department. Purchasing led the process of bid evaluation, testing and selection.

After issuance of the post-closing addendum, Legal Services provided assistance with respect to tender interpretation and adherence to tender document procedures to ensure a fair and equitable process.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (Community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
The equipment to be purchased will allow for new and revised traffic signal control of road intersections. This will improve traffic flow.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
Revised signal operations can be more efficient, thereby reducing fuel consumption and motor vehicle exhaust emissions.

Economic Well-Being is enhanced. ☐ Yes ☑ No

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No