SUBJECT: Procurement and Standardization of Traffic Signal Control Units and Associated Hardware 2009 - 2013 (PW09030) - (City Wide)

RECOMMENDATION:

(a) That the PEEK brand of traffic signal equipment be approved as the Manufacturer’s Standard for the City of Hamilton for a period of five years, relative to the purchase of traffic signal control units, control masters and associated hardware and software;

(b) That staff be authorized to negotiate and execute “house accounts” for the supply of spare equipment, parts and repair and maintenance services with original equipment manufacturers and / or licensed distributors of the approved standardized product.

EXECUTIVE SUMMARY:

For the current three year period, Council authorized staff (Report PW05076) to standardize on traffic signal control units and associated hardware, limiting the use to two brands with the bulk of the purchases to be directed to the lowest priced supplier. As such, the City has virtually standardized on the PEEK brand of equipment. The PEEK units have given satisfactory operation and are provided with good support from a supplier located in Stoney Creek.

At present sixty to seventy percent of all equipment in use in Hamilton is the PEEK brand. Since there are cost and efficiency advantages in terms of system compatibility,
training and spare parts, it is recommended that the City of Hamilton standardize on the PEEK brand of traffic signal control units for the next five years.

**BACKGROUND:**

The information/recommendations contained within this report have City wide implications.

For the period 2005 through 2008, Council approved standardizing on two brands of traffic signal control units for use in the City of Hamilton (Report PW05076). The recommendation was based on creating a competitive bidding situation between the two brands which have had consistently been the lowest price and were presently in service in the City of Hamilton. The bulk of the award was biased toward the lowest price bidder meeting all specifications and the supply of traffic control signal units was awarded to Innovative Traffic Solutions Inc. of Stoney Creek, local supplier of the PEEK brand.

Since the equipment has performed satisfactorily, and there are distinct operational advantages to standardization, it is therefore recommended that, subject to negotiating a satisfactory price based on the current, known pricing, that the City standardize on PEEK traffic control units and associated hardware and software for the next 5 years.

**ANALYSIS/RATIONALE:**

Traffic signal control units are not interchangeable. While some specifications are standard within the industry, others, particularly the communications between units, are proprietary and are unique to individual manufacturers. The City of Hamilton has a significant investment in the PEEK hardware and has found it to be reliable and satisfactory to our needs.

The current structure of the Traffic Signal System has control units in groups of ten to 24 for communications purposes. All units within a communications groups must be of a common brand. Standardizing on one manufacturer allows interchangeability without having to replace an entire control system. Adding units to an existing system or replacing units which have reached their life expectancy is much easier with all units in a group of the same manufacturer specification.

Secondary benefits include the reduced training levels, increased familiarity of staff with operations, as well as reduced levels of spare components which must be maintained in stock.

**ALTERNATIVES FOR CONSIDERATION:**

One alternative would be to revert to a competitive tender process; however, if PEEK was not the low bid, the City would be required to take on the new brand of equipment with all the associated difficulties of introducing and integrating new and different hardware to the system. As well, the hardware compatibility issues associated with a different manufacturer, increased quantities of spare parts required, additional staff training needed and purchasing, inventory and repair management demands would all lead to increased costs beyond the initial purchase cost.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

The 2009 demand for new traffic signal equipment purchase plus spare components is estimated at $800,000. Subsequent years would be approximately similar, with variations for changes in capital and current programs such as emergency maintenance, construction, new traffic signals, capital controller replacement, etc. The actual purchase orders will be placed annually based on the approved funding for the various programs.

POLICIES AFFECTING PROPOSAL:

The City of Hamilton’s Purchasing Policy Section 4.14 - Policy for Standardization states that when more than one application exists for any equipment, product, or service a standard will be established.

If such a standard will result in a single source purchase, the Manager of Purchasing and Council shall approve that standard. The recommendations contained within this report are keeping with the spirit of that provision.

It is cost beneficial for the City to base the purchase of traffic signal control equipment on the specified manufacturer in an attempt to negotiate volume discounts directly with that manufacturer and/or their local representative. This will guarantee the City receives maximum discount on the equipment acquired.

This initiative is consistent with two of the vision drivers in Innovate Now, the Public Works Strategic Plan, those which encourage Smart Processes That Match Our Needs and Sound Financial Management for the Long Haul. This initiative is also consistent with the focus area of Fiscal Sustainability from the City of Hamilton Strategic Plan.

RELEVANT CONSULTATION:

Purchasing staff have advised the preferred method to undertake these revise purchasing process. Legal has been consulted with regard to this format.

Staff responsible for traffic signal installation and maintenance in other municipalities regularly discuss traffic signal equipment procurement strategy. Municipalities such as Niagara and Durham have elected to acquire traffic signal system equipment from a single supplier. Other municipalities have been following the tendering 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
Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.
The public are involved in the definition and development of local solutions.
Partnerships are promoted.
This approach will optimize the functioning of the City’s traffic control system, encouraging smooth, safe traffic flow.
Environmental Well-Being is enhanced.  ☑ Yes  ☐ No
Human health and safety are protected.
Consumption of all natural resources is reduced.
Air quality and water quality and quantity are protected.
Climate-related risks are managed; Greenhouse Gas emissions are reduced.
Ecological function and the natural heritage system are protected.
Fewer maintenance calls means less material and vehicle use.

Economic Well-Being is enhanced.  ☑ Yes  ☐ No
A skilled, innovative and diverse workforce is attracted and retained.
Hamilton's high-quality environmental amenities are maintained and enhanced.
This approach should minimize maintenance costs.

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