



# A6

## ADMINISTRATIVE REPORT

Report Date: October 30, 2009  
Contact: Philip Wong  
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RTS No.: 08407  
VanRIMS No.: 08-2000-20  
Meeting Date: November 17, 2009

TO: Vancouver City Council

FROM: General Manager of Engineering Services  
Manager, Supply Management

SUBJECT: Standing Offer For the Supply of Traffic Signal Equipment

### ***RECOMMENDATION***

- A. THAT, subject to the conditions set out in C and D below, approval be granted for the issuance of a standing offer for the supply of proprietary traffic signal equipment from Novax Industries at a cost of \$550,000, plus applicable taxes, for a one year period following issuance with the option to extend annually, with funding to be provided within the 2009-2011 Engineering Traffic Signal Program Capital, subject to approval of the 2010 and 2011 Basic Capital Budget for the Traffic Signal program, and annual Operating Budgets.
- B. THAT, the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement Recommendation A.
- C. THAT, all such legal documents be on terms and conditions satisfactory to the General Manager of Engineering Services, Manager, Supply Management, and the Director of Legal Services.
- D. THAT, no legal rights or obligations will be created by Council's adoption of Recommendation A, B and C above unless and until such legal documents are executed and delivered by the Director of Legal Services.

### ***GENERAL MANAGER'S COMMENTS***

The General Manager of Engineering Services and the Manager, Supply Management recommend approval of Recommendations A through D.

### ***COUNCIL POLICY***

The policy of Council is that contracts with a value over \$300,000 are referred to Council.

### ***PURPOSE***

The purpose of this report is to seek Council authority to issue a standing offer for the supply of traffic signal equipment to Novax Industries.

### ***BACKGROUND***

Staff is requesting Council approval to issue a standing offer for the supply of Traffic Signal equipment. The City has a constant requirement for these products. Novax Industries Corporation has been supplying traffic signal equipment to the City for over twenty years. In order to support this Traffic Signal system, components need to be purchased to maintain or expand the Traffic Signal system. Much of the traffic signal equipment is proprietary in nature and can only be provided by Novax Industries.

### ***DISCUSSION***

On October 13, 2009, Supply Management issued a Notice of Intent to Contract (NOITC) No. PS09185 which closed on October 23, 2009. Novak Industries was the only known vendor that was notified and in addition to the notification the NOITC was publicly posted on the City's and BC Bid's websites. No challenges were received by the closing date to indicate that any other vendors are able to supply these goods.

The estimated value of the standing offer with Novax is \$550,000, based on historical purchases from Novax Industries and projections of the work to be done in the next few years. Actual costs will be paid based on the quantities of items purchased and depending on field conditions, may be higher or lower than the estimated value of the contract award.

The traffic signal controllers are custom cabinets and components which are designed to be compatible with the existing traffic control system. The majority of the City's traffic control system is proprietary in nature and the substitution of equipment is not recommended.

The City of Vancouver staff is currently trained to service the existing equipment. If additional brands of equipment are added to the system, staff will need additional training. In addition, the inventory of spare parts which will be used to support this equipment will increase substantially and the existing control system will need to be re-designed to handle the different equipment. The net book value of the existing traffic control system is estimated to be over \$22,000,000. Upgrades to the traffic control system, including the recent addition of transit priority for buses and Olympic security upgrades, is ongoing.

The equipment will need to be delivered as soon as possible to meet current construction schedules.

The requested equipment has been tested by City staff. Any potential changes to equipment will trigger a significant delay in testing for compatibility. It is not standard practice to introduce untested traffic system equipment into a current system.

*FINANCIAL IMPLICATIONS*

Novax Industries is the sole distributor of equipment compatible with the City of Vancouver's Traffic Signal System. All equipment is proprietary to Novax Industries and is required to support other equipment purchased from Novax Industries. The cost of equipment purchased under this agreement is estimated to be approximately \$550,000 per year. The equipment and costs will be allocated to traffic signal - new construction and renovate and replace aging signal maintenance programs in the 2009 - 2011 Engineering Traffic Signal Program Capital, subject to approval of the 2010 and 2011 Basic Capital Budget for the Traffic Signal program, and traffic signal maintenance programs in the annual Operating Budgets.

*CONCLUSION*

Accordingly, we recommend that Council authorize issuing a contract for a standing offer to supply Traffic Signal from Nova Industries Corporation at a net cost of \$550,000 plus the 5% GST (less any municipal rebate received) and PST (where applicable).

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