

## COUNCIL REPORT

M&C No.	2019-36
Report Date	February 15, 2019
Meeting Date	February 25, 2019
Service Area	Transportation and Environment Services

His Worship Mayor Don Darling and Members of Common Council

***SUBJECT: Traffic Paint Sole Source***

### ***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of Common Council.

### ***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	City Manager
<b><i>Katherine Shannon</i></b>	<b><i>Michael Hugenholtz</i></b>	<b><i>John Collin</i></b>

### ***RECOMMENDATION***

Notwithstanding the City's Procurement Policy, your City Manager recommends that Common Council authorize City staff to purchase Franklin Paint Company traffic paint for the 2019 construction season as a sole source procurement from Stinson Equipment Limited at a cost of \$95,307.17 plus HST.

### ***EXECUTIVE SUMMARY***

The purpose of this report is award a sole source contract for traffic paint due to improved overall quality and value.

### ***PREVIOUS RESOLUTION***

RESOLVED that the recommendation set out for each consent agenda item be adopted.

That as recommended by the City Manager in the submitted report M&C2018-63: Traffic Paint Sole Source, notwithstanding the City's Procurement Policy, Common Council authorize City staff to purchase Franklin Paint Company traffic paint for the 2018 constructions season as a sole source procurement from Stinson Equipment Limited at a cost of \$73,797.64 plus HST.

### ***REPORT***

Previous to 2016, the City had procured traffic paint from four different manufacturers. Three of these four manufacturers ultimately did not meet the City's specifications. One manufacturer did not meet the material composition

requirements and the other two manufacturers provided product that clumped during the painting season causing damage to equipment and excessive down time. Only Franklin Paints met specifications upon delivery and throughout the subsequent painting season.

City staff has endeavored over the years to maintain the competitive bidding process. Tender specifications had been updated each year including more stringent material and performance specifications, ability for the city to test the paint at its discretion and penalty clauses for non-conformance. Despite these efforts paint supplied by other manufacturers still had quality and other issues impacting operations. This more than offsets the lower cost of the low tender process.

Quantifying the net benefit of procuring the higher quality and more costly Franklin Paint through a sole source procurement versus continuing a competitive bid process in 2019 is difficult. In 2015, a quote submitted for Franklin Paint was approximately \$31,000 greater than the low tender based on the quantities needed in 2015. It is expected the relative cost savings on material if a low tender process was used for 2019 would be similar.

The question then turns to quantifying the operational effectiveness and efficiency benefits, by using the higher cost and quality of Franklin paint. When using lower quality paints clumping occurs, when clumping occurs there is lost production. One lost day of productivity when clumping of the lower quality paints occur, would cost approximately \$1400 to make up in labor costs when overtime is required.

It would only take 11 days of lost productivity to offset half this difference in material cost. The clumping is also hard on the painting equipment that the City owns, requiring more frequent replacement of parts such as pumps and filters. Additional staff time, both in working with manufacturers/suppliers of non-conforming paint and in explaining to the public delays to the painting program, is also an added cost.

One key measurement of the operational effectiveness of the annual painting program is the repainting of all the approximately 3300 traffic markings and 350 KM of centre and lane lines in a timely manner. This is not possible when we receive sub-standard material.

In 2016, 2017 and 2018 a sole source tender was awarded to Stinson Equipment Limited who is the sole distributor of the Franklin Paint Company product in this region. The product performed very well and none of the aforementioned issues related to the other vendors was experienced. The Department experienced zero downtime related to the quality of the paint and is happy with its performance and longevity.

City staff remains committed to respecting the competitive bidding process and is always open to having manufacturers demonstrate that their traffic paint meets the City's specifications. At this point, staff has not had any other manufacturer demonstrate compliance with our required quality requirements. From a service efficiency and effectiveness perspective, Staff is confident a sole source purchase of Franklin Paint Company product, through Stinson Equipment Limited, is the best solution for the 2019 painting season.

### ***STRATEGIC ALIGNMENT***

This report demonstrates the City's commitment to effective and efficient service delivery.

### ***SERVICE AND FINANCIAL OUTCOMES***

Funding is included in the 2019 General Fund Operating Budget for the anticipated purchase price of \$95,307.17 of the Franklin paint.

### ***INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS***

Input from the Materials Management Division has been incorporated into this report.

The City of Fredericton has used Franklin Company paint for the last seven years and is content with the product. The two previous years Fredericton used two different other manufacturers (same from the list of those used by Saint John) with similar negative results.

The City of Moncton has also experienced issues with other manufacturers. They commenced a sole source procurement of Franklin Paint through Stinson Equipment Ltd. in 2015, and are planning the same in 2019.

City staff has worked with the two cities to place a single larger order of paint to reduce the price with the larger order.

### ***ATTACHMENTS***

None