



Corporate Report

NO: R074

COUNCIL DATE: April 24, 2006

REGULAR COUNCIL

TO: Mayor & Council

DATE: April 20, 2006

FROM: General Manager, Engineering

FILE: 2320-20(Flagging)

SUBJECT: Traffic Control (Flagging) Services

RECOMMENDATION

That a three year contract for Traffic Control (Flagging) Services be awarded to DC Traffic Control (Division of Inprotect Systems, Inc.) for the 2006 unit amount of \$21.50 per hour excluding GST., and subject to Vancouver CPI increases for subsequent contract years. The City has sole discretion to extend an additional two (2) one-year terms to take advantage of unit rates should they be below market value.

INTENT

The intent of this report is to award the above noted contract which involves the supply of traffic control services required for crews working on road related maintenance activities and construction works, as mandated by WCB regulations. In addition, Surrey RCMP will utilize traffic flagging services at emergency motor vehicle accident sites (estimated 50 occurrences per year). The duration of the agreement shall be for three (3) years, with the option to renew services thereafter for two additional one (1) year contracts, at the City's sole discretion.

DISCUSSION

The City recently released a Request for Proposal (RFP) for the provision of Traffic Control (Flagging) Services. The RFP was sent to ten (10) companies, and a total of three (3) bids were received. All bids were reviewed and verified to be correct. The estimated 2006 cost for these services, calculated based on 2005 usage is reflected below.

Contractor	Tendered normal hourly rate for a Flagger	Estimated 2006 Usage – Both Engineering Dept & Surrey RCMP (including GST)
DC Traffic Control	\$21.50	\$570,000
Traffic King Enterprises, Ltd	\$24.00	\$630,000
Ansan Industries, Ltd.	\$24.00	\$630,000

A similar RFP for Traffic Flagging Services was also issued in early 2005 where DC Traffic Control was awarded the contract based on their low bid of \$17.75/hour. In late 2005 DC Traffic advised the City that they could not continue to honour their hourly rate due to increasing fuel costs and staff retention difficulties as a result of their lower than standard rates. Accordingly, DC Traffic Control submitted a proposal requesting a \$3.75/hour increase to their rates for the 2006 contract year (total of \$21.50/hour) or as permitted under the contract, gave notice to not renew their services for the next year in accordance with the contract agreement which states there must be mutual agreement to extend for additional years.

A staff review determined DC Traffic Control's hourly cost request of \$21.50 to be consistent with industry standard rates within British Columbia. Notwithstanding, due to the contract language which solely permits for an annual increase as per the Vancouver CPI (which would have constituted a 1.9% increase in 2006), DC Traffic Control's rate increase proposal was denied and the services were re-tendered in 2006. In the interim, DC Traffic Control agreed to continue providing these services in 2006 (at their 2005 rates) on a month-to-month basis while the RFP process was reissued.

The low tender submitted by DC Traffic for the 2006 RFP was for the same increase amount that they had proposed in 2005 at \$21.50/hour. This represents a 21% increase over the 2005 rate. As per the former contract agreement, this rate is subject to annual increases as per the Vancouver CPI only. In addition, the new (2006) agreement reflects a standard "Breach of Contract" term that will impose financial penalties if the contractor does not honour their rate into subsequent years of the contract.

As noted above, DC Traffic Control has been the City's contractor for Traffic Control Services since May 2000 and has performed their services well since then.

FUNDING REQUIREMENTS & AVAILABILITY

Funding for these services is available via a number of Engineering roads maintenance/construction operating budgets. Funding for RCMP usage of the service will be available via their annual operating budget.

CONCLUSION

That the Traffic Control (Flagging) Services contract be awarded to DC Traffic Control (Division of Inprotect Services, Inc.) for the 2006 unit amount of 21.50 per hour, excluding GST and subject to Vancouver C.P.I. increases for the subsequent contract years of 2 and 3. Subsequently, it would be at the City's sole discretion to extend the contract for two additional one-year periods (i.e. potentially 2009 and 2010).

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GM/RAC:ajs

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- General Manager, Finance, Technology & HR Dept.