To: Mayor and Council
From: W. Troy Dunlop, Director of Public Works and Utilities
Date: May 22, 2019
Committee of the Whole Date: May 27, 2019
Title: Award of Contract # 19-PW-009 – 2019 Pavement Marking Program

Recommendation: THAT Council of the Corporation of the Town of Smiths Falls award Contract # 19-PW-009 for the 2019 Pavement Marking Program to Western Signs and Line Painting Ltd.

AND THAT Council authorize the Mayor and Clerk to execute the final contract agreement with Western Signs and Line Painting Ltd. for the low bid price of $21,635.66 plus HST.

AND FURTHERMORE THAT staff be directed to address the increase of $2,200 through offsetting savings within the tax supported operating budget.

Purpose: The purpose of this report is to provide background on the tender process for the 2019 pavement marking program and to award the contract to the lowest qualifying bidder.

Background: On April 18th, 2019, the Town released the advertisements for the tenders for the 2019 Pavement Marking Program. The pavement marking program includes the painting of approximately 21km of roadway centerlines, 1000 parking spaces, 250 stop bars, 100 crosswalks and over 700 symbols (accessible parking, railway crossings, arrows etc.).

On May 9th, 2019, the bid period for the project closed with a total of two submissions received. Results of the tender bids were as follows:

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>Total Bid (HST Included)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Pavement Marking &amp; Maintenance</td>
<td>$46,756.01</td>
</tr>
<tr>
<td>Western Signs and Line Painting Ltd.</td>
<td>$24,448.30</td>
</tr>
</tbody>
</table>
All of the tender submissions were reviewed for accuracy and completeness and were otherwise found to be compliant with the Town’s procurement bylaw. Western Signs and Line Painting Ltd. had the lowest qualifying bid and their firm has successfully completed line painting services for many neighbouring municipalities.

**Analysis and Options:** Under the terms of the current tender call, the Corporation has the right to accept or reject all tenders, negotiate with the successful tender, and to waive irregularities and omissions if doing so represents the best interests of the Corporation. After considering the details of the current pricing staff are satisfied with the overall value and are recommending that the Contract be awarded to Western Signs and Line Painting Ltd. as submitted.

If Council were to exercise the option to reject the negotiated pricing, the Town could re-tender the project however there are no assurances that additional bids will be received or that 2019 pricing will improve.

**Budget/Financial Implications:** The 2019 operating budget includes an allowance of $19,900 to complete the Town’s annual pavement marking program. This budget figure had reflected an approximate 2% increase over the 2018 budget of $19,500. Once the HST credits are factored in on the low bid submission, the 2019 pavement marking program comes in slightly over budget at a cost of $22,016.44. This translates to a shortfall of approximately $2,200 within the operating budget.

Upon review of the 5 year trend in operational costs, the Town is still receiving good value under the service sustainability model changes that were rolled out in 2017. The actual savings previously reported to Council last fall had considered the audited costs up to the end of 2017. Details provided at that time indicated that $36,167 of savings had been achieved. This figure was comprised of operating savings of $6,167 and capital savings of $30,000.

**Table 2 - Actual Operating Costs – 2014 to 2018**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>*2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Services</td>
<td>$41,327</td>
<td>$21,260</td>
<td>$25,447</td>
<td>$19,280</td>
<td>$19,467</td>
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<tr>
<td>External Service</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net Savings</td>
<td></td>
<td></td>
<td></td>
<td>$6,167</td>
<td>Pending</td>
</tr>
</tbody>
</table>

*Note: Service Sustainability Review – move to external service delivery model.*

**Links to Strategic Plan:** Approval of the contract for the 2019 pavement marking program aligns with Strategic Priority #1 – Service Sustainability wherein the Town is seeking “to find operational savings and improvements”.

**Existing Policy:**
- By-Law no. 7850-2004, Policies respecting the procurement of goods and services
Consultations: Supervisor of Public Works and Treasurer

Notes/Action (space for Council Member’s notes):

Respectfully Submitted:

[Signature]
W. Troy Dunlop, C.E.T.
Director of Public Works and Utilities

Approved for agenda by:

[Signature]
Malcolm Morris, CMO
CAO