



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT:** SEE BELOW

**DATE:** October 28, 2008

Approved

Date

10/29/08

**COUNCIL DISTRICT:** Citywide

**SUBJECT: REPORT ON BIDS FOR 2070L TRAFFIC SIGNAL CONTROLLERS**

## RECOMMENDATION

Report on bids and award the purchase of 570 fully assembled 2070L traffic signal controllers, add-on modules and related hardware/software training to the lowest responsive bidder, Western Systems Inc. (Everett, WA), for a total amount not to exceed \$1,509,630, including sales taxes, and authorize the Director of Finance to:

1. Execute the purchase order(s) for an initial three year term,
2. Purchase additional quantities during the initial three year period on an as-required basis at the same unit pricing subject to the appropriation of funds; and
3. Execute purchase orders to acquire additional quantities for two additional one-year terms on an as-required basis at the same unit pricing subject to the appropriation of funds.

## OUTCOME

To provide hardware for the rehabilitation of the aging traffic signal equipment and full citywide build-out of a state-of-the-art signal timing and traffic management system.

## BACKGROUND

In the February 15, 2008 Special Meeting on Priority Setting (see City Council Study Session Agenda, Supporting Documents, pages 24-26), the "General Fund Unmet/Deferred Infrastructure and Maintenance Needs Information" memorandum dated February 5, 2008, reported to Council that there is currently a backlog of \$14.2 million in one-time infrastructure improvements for



traffic signal system rehabilitation/maintenance. Of this amount, \$7.4 million is due to aging traffic signal controllers.

On August 12, 2008, City Council approved the acceptance of \$15 million from Traffic Light Synchronization Project (TLSP) grant funds. These grant funds will be used to implement the City's Traffic Signal Communication and Synchronization project, which includes upgrading existing traffic signal controllers and technology to a state-of-the-art traffic management system to optimize traffic flow. The TLSP grant project will replace the aging controllers, which reduces the backlog of infrastructure improvements to \$6.8 million.

**ANALYSIS**

On August 4, 2008, a Request for Bids (RFB) was released and advertised using the City's e-procurement system. A total of five bids were received and publicly opened on August 18, 2008 from the following bidders:

- Western Systems, Inc. (Everett, WA)
- Western Pacific Signal, LLC (San Leandro, CA)
- McCain, Inc. (Vista, CA)
- Econolite Control Products, Inc. (Anaheim, CA)
- Jam Services, Inc. (Livermore, CA)

Econolite Control Products, Inc. and Jam Services, Inc. bids were deemed non-responsive because they failed to submit pricing using the correct pricing form.

Responsive bids were received from Western Systems, Inc., Western Pacific Signal, LLC and McCain, Inc. and are summarized in the following table:

	QTY	Western Systems	McCain	Western Pacific Signal
		Extended Price	Extended Price	Extended Price
<b>Controller:</b>				
2070L Controller w/ 5 yr Warranty	570	\$1,263,491	\$1,351,470	\$1,618,800
<b>Spares:</b>				
2070-1B Single Board Processor	30	\$22,001	\$15,570	\$22,050
2070-3B 8x40 Front Panel Display	30	\$12,584	\$7,620	\$6,300
2070-4A 10.0 Amp Power Supply	30	\$12,066	\$11,070	\$13,500
2070-7A Asynchronous Comm Module	30	\$5,651	\$4,110	\$4,200
2070-8 NEMA Interface Module	30	\$36,368	\$19,950	\$15,600
<b>Training:</b>				
Hardware training	32	\$6,400	\$2,400	\$800
Software training	24	\$4,800	\$1,800	\$600
<b>Optional:</b>				
2070-2A C11S Field I/O	35	\$18,589	\$14,070	\$9,275
2070-6A module	30	\$13,484	\$16,590	\$8,250
<b>Early Payment Discount</b>		\$0	\$0	-\$84,969
<b>Base Bid</b>		<b>\$1,395,431</b>	<b>\$1,444,650</b>	<b>\$1,614,406</b>
Sales Tax (less training)		\$114,199	\$118,837	\$133,073
<b>Total Base Bid</b>		<b>\$1,509,630</b>	<b>\$1,563,487</b>	<b>\$1,747,479</b>



None of the bidders requested consideration for the City's Local and Small Business preference. Therefore, the preference was not a factor in the award.

There were no protests received from any of the bidders after the award recommendation was made.

The pricing is firm fixed for the five year period. In the event prices decrease, Western Systems has agreed to promptly pass on price decreases to the City by means of Most Favored Customer Pricing which guarantees lowest pricing to City of that given to other similar situated customers.

Therefore, staff recommends award to Western Systems, Inc. as the lowest responsive bidder in accordance with the formal bidding procedures of the San José Municipal Code, Section 4.12.310.B.

Through the purchase of this equipment, the City will improve overall traffic signal communication and synchronization for travel safety and efficiency by optimizing traffic flow (reduced congestion, transit travel and wait time). This will also improve commutes and air quality through reduced emissions. Specifically, this purchase addresses the portion of the City's Traffic Signal Communication and Synchronization project that is replacing 785 aging traffic signal controllers.

### **EVALUATION AND FOLLOW-UP**

This memorandum will not require any further follow-up from staff.

### **POLICY ALTERNATIVES**

Not applicable.

### **PUBLIC OUTREACH/INTEREST**



**Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**



**Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**



**Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**



This item meets Criterion 1. The memorandum will be posted on the City's website for the November 4, 2008 Council agenda. To provide outreach to potential vendors, the RFB was advertised through the City's e-procurement system.

**COORDINATION**

This memorandum has been coordinated with the Department of Transportation, Information Technology Department, City Manager's Budget Office, and the City Attorney's Office.

**FISCAL/POLICY ALIGNMENT**

This action is consistent with the following General Budget Principles "We must focus on protecting our vital core city services for both the short- and long-term" and "We must continue to streamline, innovate, and simplify our operations so that we can deliver services at a higher quality level, with better flexibility, at a lower cost" and the Strategic Initiative "Make San Jose a Tech-Savvy City; lead the way in using technology to improve daily life."

Authorization of the Director of Finance to execute the purchase order for 2070L traffic signal controllers will support the City's initiative to "build a better transportation system" and support the Council-approved Budget Principle to leverage State and Local grant funds to implement regional transportation projects. It also complies with the Mayor's June 2008 budget message that calls for capital investment to "address reliability issues and allow the City to utilize the latest signal timing, coordination, and communications technology that are available for optimizing traffic flow. This will improve commutes, improving our air quality, and making our neighborhoods safer."

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:  
Total Project Cost (3-Year Pricing) **\$1,509,630**
  
2. COST ELEMENTS OF AGREEMENT/CONTRACT:  

<b>Description</b>	<b>Cost</b>
Hardware	\$1,384,231
Hardware/Software Training	\$11,200
Estimated Sales Tax	<u>\$114,199</u>
<b>Total (Not to Exceed Contract Amount)</b>	<b>\$1,509,630</b>
  
3. SOURCE OF FUNDING: Fund 429 -Building and Structure Construction Tax Fund



4. FISCAL IMPACT:	FY 08/09	\$265,000
	FY 09/10	\$795,000
	<u>FY 10/11</u>	<u>\$449,630</u>
		<b><u>\$1,509,630</u></b>

**BUDGET REFERENCE**

The table below identifies the fund and appropriation proposed to fund the agreement recommended as part of this memo.

Fund #	Appn #	Appn. Name	Total Appn	Amt. of Agreement	2008-2009 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
429	6624	Traffic Signal Communications & Synchronization	\$7,574,000	\$1,509,630	N/A	8/12/08 Ord No. 28365
Total			\$7,574,000	\$1,509,630		

**CEQA**

Not a project.

  
 SCOTT P. JOHNSON  
 Director, Finance

For questions please contact Walter C. Rossmann, Chief Purchasing Officer at (408) 535-7051.



