



CITY COUNCIL AGENDA ITEM

Date: April 28, 2015

To: Brian Kischnick, City Manager

From: MaryBeth Murz, Purchasing Manager
 Kurt Bovensiep, Public Works Manager
 Tom Darling, Director of Financial Services

Subject: Report – City of Troy Local Preference Language for Major Street Pavement Markings Contract

History

- Pavement markings are installed per the Michigan Manual of Uniform Traffic Control Devices (MMUTCD) and are used to convey messages to roadway users on which part of the road to use and also to communicate conditions ahead.
- Major Street Pavement Markings are completed on an *as needed basis* throughout the year.
- Pavement marking cost history by year is detailed below:
 - 2012 \$52,038.68
 - 2013 \$66,452.69
 - 2014 \$69,809.73
 - 2015 \$80,000.00
- *P.K. Contracting of Troy, MI* currently provides the Major Streets Pavement Markings to the City.(2012-03-061)
- The current contract expires June 30, 2015.
- Note, the previous Pavement Marking 3-year Contract was held by *R.S. Contracting Inc. of Casco Township, MI.* (2008-08-254-F-4d)

Purchasing Report

- On March 26, 2015, a bid opening was conducted as required by City Charter and Code to furnish major street pavement markings. The bid was posted on the Michigan Inter-governmental Trade Network (MITN) website; www.mitn.info Two (2) bid responses were received. Below is a detailed summary of potential vendors:

Companies notified via MITN	44
Troy Companies notified via MITN	1
Troy Companies notified Active email Notification	1
Troy Companies - Active Free	0
Companies that viewed the bid	11
Troy Companies that viewed the bid	1

MITN provides a resourceful online platform to streamline the procurement process, reduce costs, and make it easier and more transparent for vendors to do business with the City of Troy.

Active MITN members with a current membership and paying annual dues receive automatic electronic notification which allows instant access to Bids, RFPS and Quote opportunities with the City.

Active MITN non-paying members are responsible to monitor and check the MITN website for opportunities to do business with the City.

Inactive MITN member status can occur when a company does not renew their account upon expiration. Inactive members cannot be notified of solicitations or access any bid information.



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- Upon review of the bid proposal, it was determined that even though R.S. Contracting, Inc. of Casco Township, MI was the low bidder meeting specifications; the bid from P.K. Contracting, Inc. a Troy, MI vendor, met the local preference bid language which states:

“The City of Troy reserves the right to award a contract to a local business, one which pays City of Troy taxes (real and/or personal), if the bid of a local vendor is within 5% of the lowest responsive and responsible non-local bidder, then the local vendor is given one chance to match the low bid.”

- Based on the Local Preference language P.K. Contracting, Inc. of Troy, MI was given the opportunity to match the pricing of the low bidder; without exception, and was therefore recommended for award of the contract.
- April 13, 2015 City Council approved the recommendation as presented. (Resolution #2015-04-051-J-4h)
- The local preference % Variance was calculated according to Excel methodology “Calculating Percent Variance in Excel”.

C4	D4	=(D4-C4)/C4
RS Contracting	PK Contracting	% Variance
\$543,620.80	\$570,982.20	5%

- R.S. Contracting contends that P.K. Contracting is over the % Variance. The % Variance (formula above) = 5%. Even if the % Variance was carried out to 3 decimals which (5.033%) it does not mathematically require rounding; so therefore the Local Preference language was applied to the bid recommendation.
- The Pavement Marking Contract was bid based on the total pavement markings in the City of Troy and the bid was awarded predicated on furnishing pavement markings on as needed basis not to exceed budgetary limitations. See below for Bid Amount v. Blanket Purchase Order amount. The PO is issued *on as needed basis* not to exceed budgetary limitations and as *per the direction* of the DPW Manager.

	ESTIMATED Bid Amount	*Blanket PO Estimated Amt.
Year 1	\$271,247.80	\$80,000.00
Year 2	\$272,373.00	\$80,000.00
Total	\$543,620.80	\$160,000.00

**not to exceed annual budget*

- The bid language pertaining to Estimated Quantities is:

ESTIMATED QUANTITIES:

*“The quantities as shown on the proposal are estimated and the same for each year. The actual work may vary from the quantities stated in the bid proposal. The successful Contractor will be paid only for the work he does **at unit prices quoted** which may be more or less than the quantities shown.”*

- Also included in the bid specifications is language regarding Award also referred to as Reservation of Rights; which states:

“The evaluation and award of this bid shall be a combination of factors, including but not limited to cost, professional competence, equipment, references, and the correlation of the proposal submitted to the needs of the City of Troy and any other factors considered to be in the City’s best interest.

The City of Troy reserves the right to award this bid to the lowest total responsible bidder meeting specifications; to reject low bids which have major deviations from specifications; to accept a higher bid which has only minor deviations; whatever is deemed to be in the City of Troy’s best interest.”
- Local Preference language has been openly discussed and encouraged by City Council and became a directive in 2012.
- March 28, 2013 a memo was sent to the City Manager RE: *Doing Business with Troy Vendors*. The memo summarized the number of Troy based businesses the City employs. The memo also stated and highlighted we have a local preference policy in order to encourage more City of Troy vendor participation. Since that time local preference language has been included in all bid documents.
- The local preference is always taken into consideration where applicable.
- Note, that the complete bid file is available in the Purchasing Department for review and will be posted to the Open Troy website for the public.