

RV STRIPES & GRAPHICS

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5/17/2017

City of Mesa Purchasing

RE: Intent to Award RFP 2017164

This letter will serve as my formal Protest against the Intent to Award RFP 2017164 "3M Scotchlite Vehicle Decals and Graphics". My company, RV Stripes & Graphics, Inc. is the current holder of a decal contract with the City of Mesa, RFP 2014123. Based on my evaluation of the low bidder's submitted pricing, the understood desire of the City to do business with businesses located within the City of Mesa and the value to the City of strong relationships with vendors I would like to enter this protest.

This RFP is not for a single, specific item, rather it is an aggregate of a variety of items, regardless of their actual usage by any City entities. A line by line comparison between my company's submitted pricing and the low bidder's submitted pricing realizes some disparities which will affect overall costs to the City, skewing the results of simply comparing totals of all line item pricing. For example, in the Fire tab, line items **3, 4, 6, 10, and 14** are all items which have not been ordered on even a single occasion during the entire length of the current decal contract. All "Apparatus" used by Mesa Fire/Medical are delivered to the City with the above noted decals installed by the vehicle manufacturer. These unused decals result in a difference of **\$737.00** between my bid and the low bidder, reducing the difference in overall price total. In contrast to the noted line items not being standard or even infrequently used by Mesa Fire/Medical, line items **1, 2, 5, 12, 13, 15, 17, 19, 21, 22, 23, 24, and 25** comprise the bulk of the decal usage by Mesa Fire/Medical, all of which I submitted lower pricing than the low bidder. Factoring in these line items, my bid on the most used decals by Mesa Fire/Medical is **\$1790.00 lower** than the low bidder. My protest is partly based on my company's familiarity with the decal usage by the City which allows us to accurately price the regularly used decals at the best possible pricing to reflect the usage volume, resulting in the lowest cost to the City. This same argument applies specifically to line items **32, 37, and 38** in the Sanitation Trucks and Other tab. Factoring in these line items on high volume decals used by Mesa Fleet, my bid is **\$724.20 lower** than the low bidder.

On the topic of pricing I also wish to draw attention to the inaccuracy of line item **29** in the Police tab. That item is incorrectly described as utilizing both reflective and non-reflective materials. Mesa Police has not used a pairing of reflective and non-reflective decals in its

markings since the current design was revised to all reflective materials in 2010, per Mesa Fleet personnel (Tony Cronin). Not having full reflective markings on the sides of the vehicles reduces the safety of the Police Officers, reduces visibility to the community and results in an unnecessarily labor intensive effort to assemble the specific decals. Installation of multiple media types incurs greater labor so while the item cost may be lower, production and install cost will naturally be greater – a factor the RFP does not take into consideration. Mixing dissimilar materials also exposes the City to additional warranty complications should a decal failure occur. This inaccurate line item and submitted vendor pricing could not be expected to be fairly compared if all vendors aren't basing their pricing on similar materials. The lower bid submitted by the low bidder does not accurately reflect the actual decal use mandated by Mesa Police. I repeatedly raised specific material issues with this RFP and Mesa Purchasing, including this line item. I do not feel that the low bid on line item **29** is a fair component to the aggregate pricing based on the inaccuracy of the item description and necessarily higher labor costs associated with the inaccurate item description.

There are a wide range of components to "lowest cost" and if the primary focus is on product price, it ignores other tangible factors including installation costs, decal material quality, order response time. Understandably a substantial cost difference in product pricing is an important measure. But how can substantial difference be measured? The price difference between the low bidder and my bid is **\$1447.08**. Factoring the actual decal usage over the past 3 years and the identified price differences between my bid and the lowest bid realizes an actual difference of **\$1067.12** *in favor* of my submitted bid. It is difficult to argue that the low bid is indeed the lowest price to the City when using these numbers. According to the language in the RFP, in numerical order, Evaluation of each Response is 1) Responsiveness, 2) Responsibility, 3) Price. I am told that the Evaluation and Intent to Award was based on the lowest bidder, after which their Responsiveness and Responsibility was evaluated. Did the Evaluators discuss Responsibility with the City entities who utilize the decal contract? Specifically, were Chris Jack, Matthew Marble in Fleet, Daniel Baker and Sgt. Frailan Young in Mesa Police and Larry LaBarbera and Jason Nickelson consulted with regards to Responsibility in RV Stripes & Graphics, Inc. executing the decal needs of the City of Mesa? My company has provided products and services without issue for nearly 4 years. While this may seem less tangible of a cost component, discussion of this topic with the City Staff will illustrate the value and cost savings realized by the high level of customer service provided by RV Stripes and Graphics, Inc. as well as the fact that we've not had to warranty a single decal during the contract term.

Another topic supporting my protest of the Intent to Award is that the chosen business is not located within the City of Mesa. My company is located within the City, collects City Sales Tax, and maintains various required permits and licenses within the City. 50% of the staff of RV Stripes & Graphics, Inc. are Mesa residents. My son goes to Zaharis Elementary School within the Mesa Public Schools. We purchase 95% of all our materials for the City of Mesa decal contract from Fellers Wrap Supply, located in Mesa. Upon award of the current contract in 2014, I hired a staff member to be directly responsible for all Mesa projects. This employee's position is in jeopardy should we not provide decals to the City, causing difficulties for that employee and my company. It is well understood in the business community and within the City departments that I interact with that the City desires to do business with businesses located within Mesa. I feel strongly that this point carries greater weight than appears to be considered in the simple low price evaluation of my bid.

Finally, I would like to protest the Intent to Award on the basis of relationship. A contract for

any type of product and/or service is much more than the contents of the contract and associated pricing. I recognize the difficulty in assigning a tangible dollar amount to relationship but if the Evaluators of this RFP were to discuss the topic with City Staff they would surely find a number of aspects of great value to Mesa Fleet, Mesa Police and Mesa Fire/Medical resulting from our relationship. Paramount is that my company has offered a dedicated point of contact throughout the entirety of the contract which allows for a seamless connection between City Staff and RV Stripes & Graphics. This has resulted in excellent lines of communication and the formation of a relationship built on my understanding the idiosyncracies of each respective department, Fleet vehicle makeup and preferences. A relationship provides a foundation from which City Staff can seek advice and an interactive problem solving approach outside a sales scenario. By nature the contracted Vendor sells to the City but when a long term relationship is formed both sides can step outside the customer/seller posture and solve problems in a trusting manner. When Fleet, Fire and Police staff reach out to my company they are seeking a solution to a new vehicle layout, the presence of hardware which affects the normal City marking directives, unusual surfaces or marking needs. From the vendor's position, a strong relationship contributes to a deep understanding of the client needs. This allows for the presentation of new materials or techniques to better meet the City's decal needs. My company's relationship with the City of Mesa has positioned me to have approached 3M to negotiate a specific municipal pricing structure covering all anticipated and standard decal materials. 3M is the primary Fleet decal material manufacturer in North America. Our relationship with them gives us and our customers unparalleled access to production information, tech support and buying opportunities. This relationship resulted in a lower materials price honored over a long term, allowing me to not seek a price increase from the City over the entire 3 year contract we currently hold. Where is the motivation to seek such arrangements if a vendor is not able to form a long term relationship? The existence of a relationship also eliminates the need for a new vendor to achieve a seamless integration of their decal production with existing decals. The City does not maintain a digital library of decal artwork, causing any new vendor to recreate each and every decal. My company has literally invested hundreds of hours in such a library, a value to the City which is not considered in the RFP and is lost when a vendor is changed. This includes not only the footprint of the decal but the coloring. There is certainly a cost to the City (and vendor) when decals must be recreated, resulting in a slowdown of implementation, vehicle branding, collision replacement and safety markings. I was a new vendor once and I'm not arguing that there can never be new vendors. But there is absolutely a cost associated with implementing a new vendor and again I think that consideration is fair and unrepresented in the Evaluation and Intent to Award when using the perceived difference of \$1447.00 in annual decal cost between my bid and the low bid.

I appreciate the consideration of my protest, particularly as I am a wordy person. I firmly believe that if Mesa is seeking the lowest cost for decals, the Evaluation of submitted bids should reflect a wider range of factors than bulk price. I am asking for the Contract to be Awarded to my company based on the factors I have detailed in this letter. Short of that, I believe the respective RFP should be rewritten to accurately reflect the decal usage of the City entities which will utilize the Contract and awarded vendor.

A handwritten signature in blue ink, appearing to read "Steve D. Zacher".

Steve D. Zacher, President



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PO Box 1466
Mesa, Arizona 85211-1466

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mesaaz.gov

May 25th, 2017

Mr. Steve Zacher
RV Stripes & Graphics
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Mesa, AZ 85120
Steve@rvsg.com
Tel: 480-984-7939
Fax: 480-984-7929

RE: City of Mesa Response to Protest of Award
Request for Bid #2017164 3M Scotchlite Vehicle Decals ("RFB")

Dear Mr. Zacher,

This letter will serve as the City of Mesa's ("City") response to your letter received by email on May 17, 2017 in which RV Stripes and Graphics ("RVSG") protests the award of the RFB referenced above ("Protest").

This letter is submitted to you in accordance with the City of Mesa Procurement Rules ("Procurement Rule(s)") Section 6.3. After reading your letter and reviewing your claim, RVSG's Protest is denied per Section 6.3 (C) of the Procurement Rules. The City replies as set forth below to the claims identified in the Protest.

RVSG's Claim: "A line by line comparison between my company's submitted pricing and the low bidder's submitted pricing realizes some disparities which will affect overall costs to the City, skewing the results of simply comparing totals of all line item pricing. For example, in the Fire tab, line items 3, 4, 6, 10, and 14 are all items which have not been ordered on even a single occasion during the entire length of the current decal contract. All "Apparatus" used by Mesa Fire/Medical are delivered to the City with the above noted decals installed by the vehicle manufacturer. These unused decals result in a difference of \$737.00 between my bid and the low bidder, reducing the difference in overall price total. In contrast to the noted line items not being standard or even infrequently used by Mesa Fire/Medical, line items 1, 2, 5, 12, 13, 15, 17, 19, 21, 22, 23, 24, and 25 comprise the bulk of the decal usage by Mesa Fire/Medical, all of which I submitted lower pricing than the low bidder. Factoring in these line items, my bid on the most used decals by Mesa Fire/Medical is \$1790.00 lower than the low bidder. My protest is partly based on my company's familiarity with the decal usage by the City which allows us to accurately price the regularly used decals at the best possible pricing to reflect the usage volume, resulting in the lowest cost to the City. This same argument applies specifically to line items 32, 37, and 38 in the Sanitation Trucks and Other tab. Factoring in these line items on high volume decals used by Mesa Fleet, my bid is \$724.20 lower than the low bidder."

City's Response: Procurement Rule 4.3 governs the City's solicitation for a Request for Bids. Section (D) states, in pertinent part, that: "Responses will be evaluated to determine which Respondent offers the lowest cost to the City in accordance with the evaluation criteria set forth in the Solicitation. Only objectively measurable criteria that are set forth in the Solicitation will be applied in determining the lowest Respondent...Evaluation criteria need not be precise predictors of actual future costs, but to the

extent possible, the evaluation criteria will be reasonable estimates based upon information the Procurement Officer has available concerning future use.”

The City solicited the RFB with estimated future usage provided by the City of Mesa’s Fleet and Fire Departments. These usage numbers were utilized to determine the lowest priced, responsive, responsible respondent. The City is required to evaluate responses based on the criteria set forth in the RFB. Based on the pricing submitted by your firm, you were not the lowest priced, responsive, responsible respondent, as such, the City could not award the RFB to your firm.

RVSG’s Claim: “On the topic of pricing I also wish to draw attention to the inaccuracy of line item 29 in the Police tab... The lower bid submitted by the low bidder does not accurately reflect the actual decal use mandated by Mesa Police. I repeatedly raised specific material issues with this RFP and Mesa Purchasing, including this line item. I do not feel that the low bid on line item 29 is a fair component to the aggregate pricing based on the inaccuracy of the item description and necessarily higher labor costs associated with the inaccurate item description.”

City’s Response: As set forth above, the City solicited this request for bid utilizing the decal information provided by the City of Mesa’s Fleet and Fire Departments. The City was aware of the revisions you requested for item 29. Your information was provided to the using department and ultimately they declined to accept your requested changes.

RVSG’s Claim: “There are a wide range of components to “lowest cost” and if the primary focus is on product price, it ignores other tangible factors including installation costs, decal material quality, order response time. Understandably a substantial cost difference in product pricing is an important measure. But how can substantial difference be measured? The price difference between the low bidder and my bid is \$1447.08. Factoring the actual decal usage over the past 3 years and the identified price differences between my bid and the lowest bid realizes an actual difference of \$1067.12 in favor of my submitted bid. It is difficult to argue that the low bid is indeed the lowest price to the City when using these numbers.”

City’s Response: The City is basing its evaluated price on estimated future usage and is unable to verify your claims that your firms proposed pricing is lower than the intended awardees response. Section 8 of the Scope of Work for the RFB requires that all costs of the Contractor be included in the pricing submitted. As set forth in the RFB, the City did evaluate other tangible factors including installation costs, decal material quality, and order response time. As it pertains to installation costs, based on the installation rate you identified in your solicitation, you submitted the highest hourly install rate. On the issue of the decal material quality, the City mandated a 3M Scotchlite product, no exceptions, to ensure that the City was receiving comparable quality materials. Lastly, minimum order turnaround time was identified in the solicitation which the intended awardee indicated that they would be able to meet.

RVSG’s Claim: “Did the Evaluators discuss Responsibility with the City entities who utilize the decal contract? Specifically, were Chris Jack, Matthew Marble in Fleet, Daniel Baker and Sgt. Frailan Young in Mesa Police and Larry LaBarbera and Jason Nickelson consulted with regards to Responsibility in RV Stripes & Graphics, Inc. executing the decal needs of the City of Mesa? My company has provided products and services without issue for nearly 4 years. While this may seem less tangible of a cost component, discussion of this topic with the City Staff will illustrate the value and cost savings realized by the high level of customer service provided by RV Stripes and Graphics, Inc. as well as the fact that we’ve not had to warranty a single decal during the contract term.”

City’s Response: Larry LaBarbera and Jim Ruiz from the City of Mesa reviewed and approved the award recommendation of the RFB to VisionIT, the winning vendor. The RFB and Section 4.26 of the Procurement Rules set forth the requirements for evaluating responsiveness in the RFB. In utilizing that

criteria, the City did not find any indication that VisionIT would not be able to satisfy the requirements of the City's vehicle decal needs. Since this is a request for bids, not a request for proposals, the City was compelled to award the contract to the lowest priced, responsive, responsible respondent, Vision IT.

RVSG's Claim: "Another topic supporting my protest of the Intent to Award is that the chosen business is not located within the City of Mesa. My company is located within the City, collects City Sales Tax, and maintains various required permits and licenses within the City. 50% of the staff of RV Stripes & Graphics, Inc. are Mesa residents. My son goes to Zaharis Elementary School within the Mesa Public Schools. We purchase 95% of all our materials for the City of Mesa decal contract from Fellers Wrap Supply, located in Mesa. Upon award of the current contract in 2014, I hired a staff member to be directly responsible for all Mesa projects. This employee's position is in jeopardy should we not provide decals to the City, causing difficulties for that employee and my company. It is well understood in the business community and within the City departments that I interact with that the City desires to do business with businesses located within Mesa. I feel strongly that this point carries greater weight than appears to be considered in the simple low price evaluation of my bid."

City's Response: Although the City supports local business and very much appreciates your support of other local businesses and the hiring of Mesa residents, an awarded contractor in a solicitation is not required to be located within the City of Mesa.

The City's Management Policy #214 (Local Business Consideration) sets forth how the City may take into consideration the status of a local business in evaluating a solicitation. Vendors supplying bids who have a Mesa Transaction Privilege Tax ("TPT") license, who would be charging the City TPT because the materials/service requested in the solicitation is taxable as TPT under the Mesa City Code, receive credit towards the pricing listed in their proposal for the tax that would be paid by the City. This results in a local vendor having 1.75% removed from the price of the taxable item(s) set forth in the vendor's bid for the purpose of evaluating low price. Since your firm identified itself as a Mesa vendor, this consideration was included in your evaluated price, resulting in your price being reduced in accordance with Management Policy #214; however, the reduction of the price did not result in your firm being the lowest priced, responsive, responsible respondent and thus your firm was not recommended for award.

RVSG's Claim: "Finally, I would like to protest the Intent to Award on the basis of relationship. A contract for any type of product and/or service is much more than the contents of the contract and associated pricing. I recognize the difficulty in assigning a tangible dollar amount to relationship but if the Evaluators of this RFP were to discuss the topic with City Staff they would surely find a number of aspects of great value to Mesa Fleet, Mesa Police and Mesa Fire/Medical resulting from our relationship...But there is absolutely a cost associated with implementing a new vendor and again I think that consideration is fair and unrepresented in the Evaluation and Intent to Award when using the perceived difference of \$1447.00 in annual decal cost between my bid and the low bid."

City's Response: While the City understands your position and values the relationships with our vendors, this solicitation was a request for bids and, as stated above, the City is required to evaluate responses based on the criteria set forth in the RFB. For vendors who meet the requirements for responsiveness and responsibility, the City will look at the pricing the award of the RFB and will ultimately award to the lowest responsive, responsible bidder. In this solicitation, your response did not result in award, but you are encouraged to continue to respond to the City's solicitations.

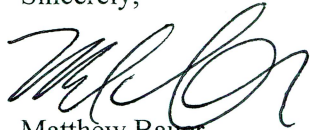
Pursuant to Procurement Rule Section 6.4, you may appeal this decision within seven (7) calendar days to the Chief Procurement Officer.

The City of Mesa Procurement Rules are available at <http://www.mesaaz.gov/business/purchasing> under Policy Documents.

Please address all correspondence to:

Chief Procurement Officer
City of Mesa
20 E. Main Street, Suite 450
Mesa, AZ 85122-1466

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Bauer', written over the printed name.

Matthew Bauer
Procurement Administrator