Agenda – Executive Policy Committee – November 28, 2012

Report – Standing Policy Committee on Protection and Community Services – November 19, 2012

Item No. 1 Award of Contract for Supply, Installation and Operation of a Photo Enforcement Program, Bid Opportunity Number RFP 576-2012

STANDING COMMITTEE RECOMMENDATION:

On November 19, 2012, the Standing Policy Committee on Protection and Community Services concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That a contract for the Supply, Installation and Operation of a Photo Enforcement Program using digital technology for the period from January 1, 2013 to May 31, 2020, be awarded to ACS Public Sector Solutions Inc. the bidder who submitted the most advantageous offer for Alternative 2 - Digital Technology - variable price per ticket issued based on set volume categories of offence notices for the estimated amount of $20,919,983.93 plus GST and MRST plus an escalation factor for CPI basis Statistics Canada starting in 2015.

2. That the proposal submitted by Independent Traffic Services Ltd. in response to RFP 576-2012 be determined to be non-responsive.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Executive Policy Committee – November 28, 2012

Report – Standing Policy Committee on Protection and Community Services – November 19, 2012

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 19, 2012, the Standing Policy Committee on Protection and Community Services concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Award of Contract for Supply, Installation and Operation of a Photo Enforcement Program, Bid Opportunity Number RFP 576-2012

Critical Path: Standing Policy Committee on Protection and Community Services-EPC-Council

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Smolik	Chief D. Clunis	M Ruta	D Joshi COO

RECOMMENDATIONS

That a contract for the Supply, Installation and Operation of a Photo Enforcement Program using digital technology for the period from January 1, 2013 to May 31, 2020, be awarded to ACS Public Sector Solutions Inc. the bidder who submitted the most advantageous offer for Alternative 2 - Digital Technology - variable price per ticket issued based on set volume categories of offence notices for the estimated amount of $20,919,983.93 plus GST and MRST plus an escalation factor for CPI basis Statistics Canada starting in 2015.

That the proposal submitted by Independent Traffic Services Ltd. in response to RFP 576-2012 be determined to be non-responsive.

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract is estimated to be approximately $20,919,983.93 (plus GST and PST where applicable)) and the contract is for a purchase that obligates the City to expenditures on future budgets, Council has authority to approve the award of contract by the Chief Administrative Officer pursuant to B 8.2.3 of the Materials Management Policy.

IMPLICATIONS OF THE RECOMMENDATIONS

- Independent Traffic Services should be determined to be non-responsive as they failed to provide a price option within their submission and therefore failed the requirements of the Request for Proposal as stated in RFP 576-2012 B:10.1.

- The City should continue to provide a photo enforcement program as it is a proven safety initiative to which the citizens have positively responded. A recent survey revealed an 83% public support rate. (Traffic Injury Research Foundation (TIRF) report 2011 ; 81% support continuation of program, and 74% for persons receiving violation notices; 2010 WPS Public Survey 83% approve of program) Data supports that the program's goals are being achieved, reducing red light and speeding violations.

- TIRF report revealed that there has been a 46% decrease in the more severe right angle crashes at camera intersections, with a net 15% increase of less severe rear end crashes. The installation of photo enforcement cameras also associated with a 24% decrease in injury crashes and a 13% decrease in property damage only crashes at camera intersections. Data again supports that the program's goals are being achieved, reducing red light and speeding violations.

- The proposed contract is for the period from January 1, 2013 to May 31, 2020, with the possibility of three (3) mutually agreed upon five (5) year extensions by the City and the Contractor.

- RFP 576-2012 contract will include the provision of mobile photo radar operators from an "arms length" subcontractor.

- It is important to note that the revenue that will be generated by the photo enforcement program is dependent on the number of offence notices issued and fines received from the Province as they determine the final disposition of offence notices. We do not always receive face value of the fines (City portion).

HISTORY

In anticipation of the expiry of the current contract December 31, 2012 , (another report extending the contract by one month from November 30, 2012 to December 31, 2012 has been submitted and was approved by the Chief Financial Officer on October 25, 2012) the Photo Enforcement RFP Committee, comprised, as recommended by the Photo Enforcement Program Review Report (Audit Report), of representatives from Legal Services, Materials Management, Winnipeg Police Service, and Corporate Finance and held a number of meetings to formulate and strategize a new RFP specification for the Photo Enforcement Program which would address the recommendations of the Audit Report for the Photo Enforcement Program and continue to provide an effective safety strategy for photo enforcement which would provide a positive revenue stream to provide funding for Police Services.

On August 17, 2012, the City of Winnipeg received two (2) submissions for the “Supply, Installation and Operation of Photo Enforcement Program in response to RFP 576-2012.

An RFP Evaluation Committee was formed, comprised of a representative from Materials Management staff, Traffic Unit Commander, Supervisor and Assistant Supervisor of the Photo Enforcement Program, and the Winnipeg Police Service’s Manager of Finance. In accordance with the Audit Department report, the evaluation committee included a technical expert and a financial representative, and had access to a specific lawyer.

The current contract for the photo enforcement program will expire on December 31, 2012.

The bids are open for acceptance until December 15, 2012.

The Photo Enforcement Program and Safety

PUBLIC OPINION POLL ; SUPPORT AND ATTITUDE: (T.I.R.F. on photo enforcement, report released July 2011)

An important element of road safety programs is public awareness. The success of Winnipeg’s Photo Enforcement Program depends on the ability to inform the public about the dangers of red-light running and speeding and the benefits of photo enforcement. This is especially true if a change in driving behavior is an expected outcome of the program, virtually all drivers appear to be aware of Winnipeg's photo enforcement safety program.

When asked whether they knew about the program, about 95% of respondents confirmed they did. Moreover, the program garners rather high levels of support among people from the Winnipeg Census Metropolitan Areas (CMA): 71% believe the program helps improve road safety in Winnipeg, about 80% think the photo enforcement safety program makes the public more aware of the issue of speeding, and, most importantly, 81% support the continuation of the photo enforcement safety program.

Finally, between 26% and 40% of people actually believe they changed their behavior due to the program, either by slowing down (38%), by becoming more cautious when crossing an intersection (40%), or by becoming a better driver overall (26%). Such high levels of support among the public cannot and must not be ignored.

According to the results of the current study, the expectation would be that the increased level of concern would then lead to a higher level of support for the continuation of the program. This would presumably result in more people abiding by the rules with less speeding and red-light running infractions as a result.

As a sidebar, it is likely not impossible that at least a portion of them would become supportive, as suggested by the finding that 74% of those who were caught indeed actually are supportive of the program.

2010 WPS General Survey

Residents were also asked their reaction to the use of mobile photo enforcement vans by the WPS (question 10). A great majority (82.7%, 81% in 2007 and 82% in 2005) of the respondents approved of these cameras. All age groups and both genders responded in generally the same manner. Approval of the cameras was highest among respondents from District 1 at 87.1%
but approval of the cameras was high in all districts. A great majority (82.7%) of Winnipeg residents approve of the use of mobile photo cameras to catch speeders in school and construction zones.

Survey respondents also overwhelmingly approve (84.1%) of the use of red-light cameras to catch intersection violations and were quite comfortable (73.2% approval) with the installation of photo radar cameras in other strategically selected areas that are neither school nor construction zones (questions 10-12). It is interesting to note that respondents approve of the installation of red light and photo radar cameras even if someone in their household had received a ticket (question 13). Over 80% of respondents whose household had received such a ticket approved of the cameras, compared with the overall frequency of around 83%.

As a result, it appears that the Photo Enforcement program as a whole has reduced the number of critical accidents at enforced locations and has the support of the majority of the citizens of Winnipeg. It is recommended that the City of Winnipeg continue with a photo enforcement program.

DISCUSSION:

Two submissions were received in response to Request for Proposal 576-2012 by the deadline date of August 17, 2012. The RFP evaluation committee conducted its review of the two submissions using Material Management standard of the completeness review and evaluation matrix and awarded points as required under Evaluation of Proposals B:17 of the RFP document. Based on the requirements of the RFP and the information submitted, the final evaluation concluded that ACS Public Sector Solutions Inc. (ACS) was deemed to have the best bid in response to RFP 576-2012.

EVALUATION OF PROPOSALS

B17.1 Award of the Contract shall be based on the following evaluation criteria:

(a) Compliance by the Bidder with the requirements of the Request for Proposal or acceptable deviation therefrom	(pass/fail);
(b) Qualifications of the Bidder and the Subcontractors, if any, pursuant to B11:	(pass/fail);
(c) Form N: Detailed Specifications	(30%)
(d) Evaluated Bid Price	(70%)
(e) Economic analysis of any approved alternative pursuant to B7.	

It is recommended that the proposal submission from Independent Traffic Services Ltd. should be determined non-responsive as Independent Traffic Services ltd. did not demonstrate in its Proposal Submission or in other information required to be submitted that it met the requirement of B:10.1.

In the opinion of the Winnipeg Police Service, the proposed contractor ACS Public Sector Solutions Inc. has the skills and resources to satisfactorily complete the Work. ACS provided sufficient information in its Proposal Submission and in other information required to be submitted, to confirm that it is responsible and qualified, including having all the necessary experience, capital, organization and equipment to perform the Work in strict accordance with the terms and provisions of the Contract. ACS has indicated that TriStar Traffic Control Systems, Inc. is its proposed subcontractor for the installation of the Intersection Safety Camera locations. TriStar Traffic Control Systems, Inc. is COR certified with the Construction Safety Association of Manitoba (COR Certification # 17411-06).

Based on the evaluation criteria stated above, ACS's proposal also received the highest total weighted score for Features and Functionality.

DIGITAL TECHNOLOGY

Digital technology was required in the RFP so that the City could enhance photo enforcement with newer technology, as the wet film process was obsolete and a more expensive technology. The current contractor is having trouble sourcing wet film, as the City of Winnipeg is the last major city using this type of technology.

It has also been demonstrated that digital technology is less expensive to process than wet film. Costs associated with wet film are forecasted to continue to increase as this product now has to be special ordered as most photo enforcement has been replaced with digital and no longer has the economies of scale. Digital photography is now a proven technology that yields a better quality of photograph than wet film provided, and at a less expensive cost. Digital technology has been accepted by the Manitoba Courts for evidentiary purposes and has never been successfully challenged in other jurisdictions. Amendments were made to the Highway Traffic Act to allow for the introduction and use of digital technology in photo enforcement technology. Photographic evidence is crucial in court trials pertaining to charges related to photo enforcement. A number of organizations have attempted to challenge digital (or wet film) photo enforcement but have not been able to refute the accuracy that either one of these technologies provide.

FINANCIAL IMPACT SECTION– EVALUATION OF PRICING ALTERNATIVES:

For purposes of the evaluation of the Proposal the evaluation criteria and the quantities as included on Form B within the RFP were used; it is based on this calculation that the figure of $20,919,983.93 (plus GST and PST where applicable) is arrived at for the Recommendation. Notwithstanding this dollar figure for the Recommendation, for purposes of comparison of the various pricing options the quantities which the Winnipeg Police Service feel are most likely have been used in the Financial Impact section – Evaluation of Pricing Alternatives, Financial Impact Section – Evaluation of Alternative Delivery Methods and the Financial Analysis section of this report.

The revenue that will be generated by the photo enforcement program is dependent on the number of offence notices issued, and net fines received from the Province as they are the ones that determine the final disposition on offence notices. Capital and/or operating budget funds will be required if revenues are less than the fees to be paid to the proposed contractor.

It is recommended that the City choose Alternative 2 - Variable Pricing for Digital Technology from the three alternatives offered.

Bidders were required to provide pricing for three (3) Alternatives:

Alternative 1 - Fixed and Variable Pricing for Digital Technology;
Alternative 2 - Variable Pricing for Digital Technology;
Alternative 3 - Fixed Pricing for Digital Technology.

In compliance with the recommendation of the Audit Report, the following financial analysis is provided:

For evaluation and comparison purposes, evaluation was based on the monthly volumes of offence notices issued in 2011. This year was selected as it seems to have represented a typical year, as well most current, and with no significant anomalies. In all cases evaluations were done using 2011 as a base year and determining anticipated volumes at a low volume, a base volume, and a higher volume range. It is also anticipated that there would be a spike in the first few years due to the new technology with a reduction later on as drivers adjust their driving behaviour. The expected trend over time would be to less tickets being issued.

As ACS was the only qualified bidder, the ACS pricing was as follows in order from lowest (best) to highest (worst) using the matrix evaluation calculation and 2011 volumes. These values represent annual costs.

1. Alternative 2 - Variable Pricing for Digital Technology; $2,820,672
2. Alternative 3 – Fixed /Variable Pricing for Digital Technology; $4,939,611
3. Alternative 1 - Fixed Pricing for Digital Technology $5,311,920

For the reasons discussed below, it is recommended that a contract be awarded to ACS based on Alternative 2 – Variable Pricing for Digital Technology. The previous contract used the pricing alternative of fixed/variable. Experience we have learned during the last 10 years shows that there is a wide variability of tickets being issued during the course of the year. During the peak summer period volumes can range five to six times of the volumes during January/February. It is felt now with our experience, and that there will be a trend to lower tickets being issued over time, given the same operating environment that a pricing alternative related more to volume level changes would be in the best financial interest of the City. The financial analysis at the expected base volume range also supports this proposal.

In the evaluation matrix identifying the costs of the 3 pricing alternatives there was a significant variance between the alternatives as shown above. Although the contract stipulated that we would be evaluating alternatives based 2011 tickets being issued, it appears that ACS based their pricing for all three options on a very high volume scenario. If the high volume range was used for the variable alternative then all 3 pricing alternatives would be very close in cost. As a result, our expectation of a base volume range lower than the vendor's indicates that the variable method is the correct and only choice.

Financial Analysis: Award Contract

Using the variable method of costing does not require a breakeven point. If there are no offence notices given then there are no costs to the city. Under this alternative, if the photo enforcement program were to be cancelled for any reason the City would have no financial exposure.

The numbers of offence notices in 2011 were used as a base as the 2011 photo enforcement results were deemed to be representative of a typical year, with the knowledge and expectation that offence notices would slowly decrease over time as drivers alter their behaviour and slow down to legislated speeds.

The cost per ticket under the new contract will drop in all scenarios using this variable pricing alternative due to a number of reasons. Digital technology is less expensive overall than wet film, and the technology itself will generate additional offences due to clearer images and will allow greater flexibility in deployment of mobile units. The amortization period for digital equipment purchases is also spread over 89 months instead of the previous contract period of 5 years (60 months).

Under the variable costing – low volume scenario, assuming the only change to processes is to have the digital cameras installed inside the vehicles and replaced at the fixed intersection sites, there will still be a reduction to the cost per ticket as a result of the new technology because of lower processing costs. So while the down side risk is limited and will still provide a lower cost overall and per ticket, there is an upside and opportunity depending on method of deployment.

The following analysis has been prepared to summarize to compare all the alternatives and indicate that the variable pricing under the most likely scenario to yield the best return to the City of Winnipeg at estimated volume levels.

Fixed Price Alternative:

- One price for the entire program regardless of volumes. This type of pricing was applied on the first five year contract.
- Under all current volume scenarios this was the highest cost pricing alternative.

Fixed/Variable Alternative:

- Pricing is based on fixed components which include such cost elements as operating lease, equipment, mobile operators, and an additional variable component which includes cost adjustments such as additional per ticket processing costs which are dependent on volumes.
- As volumes decrease the fixed/variable becomes more favourable over the fixed pricing alternative.
- It is consistent with the City's objectives for the program, namely that the program is a safety initiative and is not meant to maximize revenue, It allows for some changes to the scope of the photo enforcement program which result in increased volumes of offence notices without requiring contract re-negotiations.

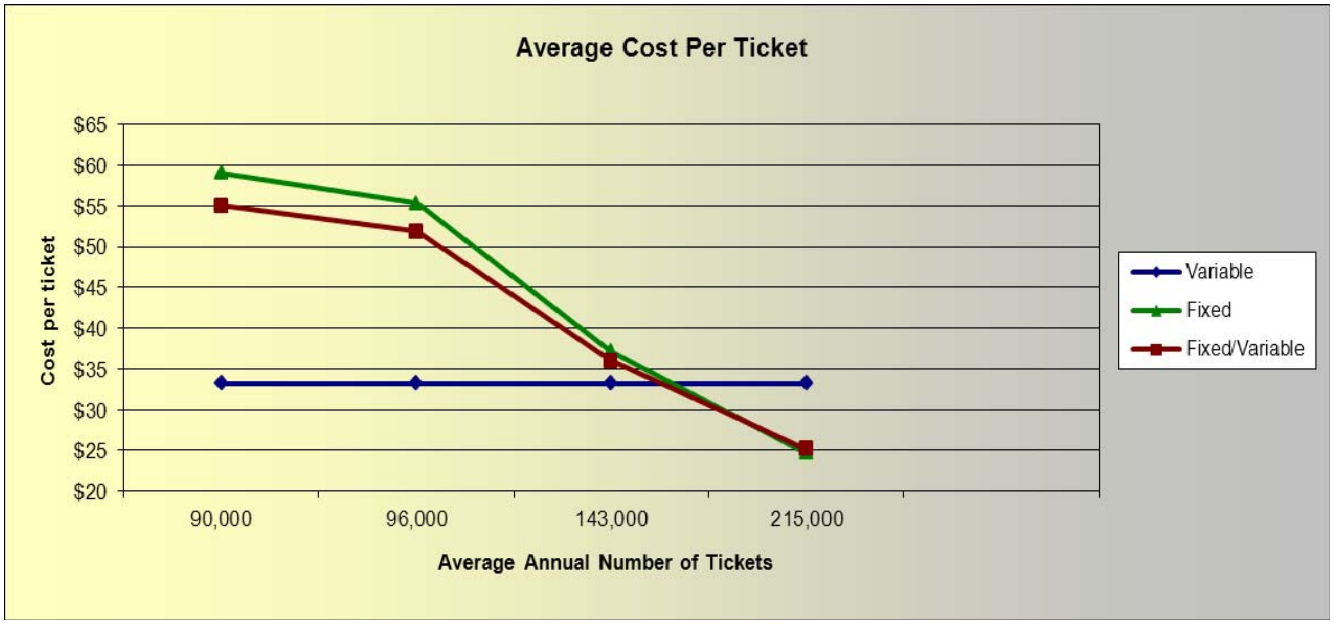
Variable Price Alternative:

- Completely based on volume which provides flexibility on all volume ranges.
- Only pay on offences issued (no fixed costs to pay) If no tickets are issued there is no cost.
- Is sensitive to changes in volume, and provides the greatest amount of flexibility for the City of Winnipeg as volume ranges change significantly during the course of the year
- With respect to the Recommendation for the contract award, the estimated amount payable is based on 2011 volume levels and equally extrapolated out for 89 months in accordance with the evaluation criteria within the Request for Proposal document and as is required under Material Management policy.
- The financial impact statement allows for a slight fluctuation in volume allowing for some productivity increase in the early years, and the general downward trend in tickets being issued during the contract period, and provides for an estimated CPI increase, and includes all the salary and operating costs to provide for a complete financial evaluation of the photo enforcement program
- Recommended as overall best option to the City as over time, there should be a reduction in tickets being issued as drivers will JUST SLOW DOWN

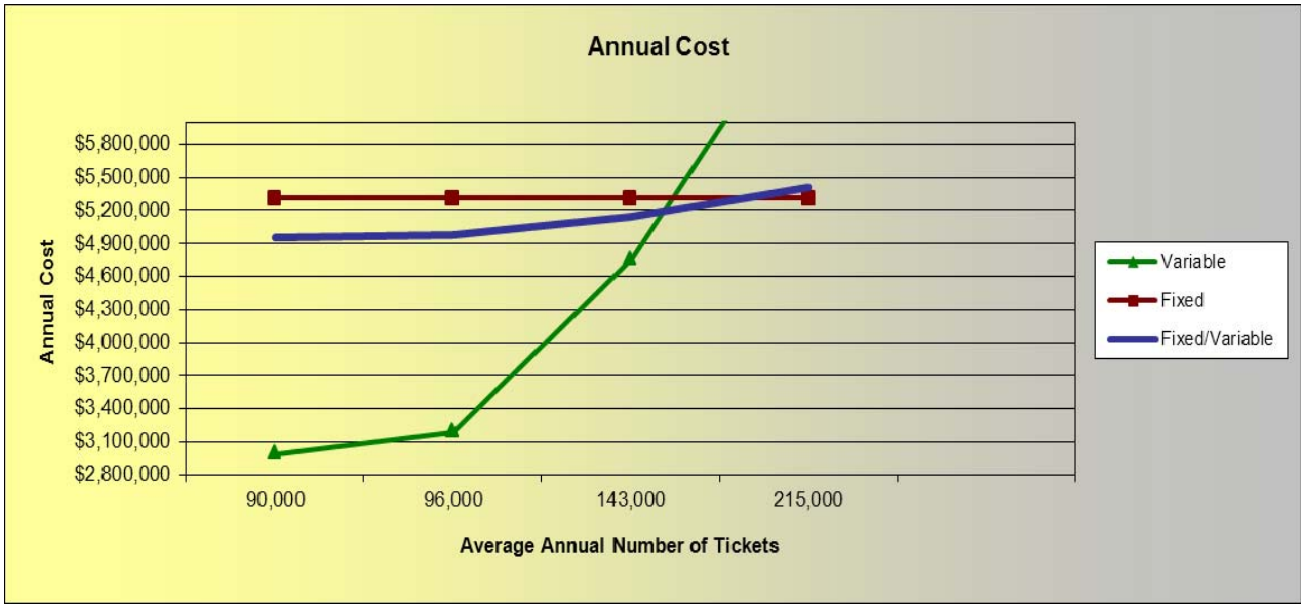
In order to determine what would be the best pricing option for the City a number of assumptions had to be made. These assumptions are based on current knowledge at the time of the evaluation. Anticipated volume has the greatest impact on what pricing alternative to select. As a result, with anticipated volumes not attaining anywhere near the volumes that would make the fixed or fixed/variable alternatives viable, left variable pricing as the best pricing option.

The following sensitivity analysis shows the average cost per ticket over a range of volumes. The Fixed and Fixed/Variable pricing options are very similar. Historically, our volume ranges during the slower months do not exceed the minimum for the month required for a variable price to be different. The fixed/variable cost per month is the same for any volume of tickets issued under 5000 per month, i.e., the cost per ticket is the same whether we issue 1 ticket or 4999 tickets in the same month. There are a number of months where our total volume of tickets issued does not exceed this minimum volume.

Comparison of ACS Pricing Options
Annual Average Cost Per Ticket Over a Range of Volumes
(based on 2011 volumes)



Comparison of ACS Pricing Options
Total Annual Cost Over A Range Of Volumes
(based on 2011 volumes)



FINANCIAL IMPACT SECTION– EVALUATION OF ALTERNATIVE DELIVERY METHODS:

For purposes of the evaluation of the Proposal the evaluation criteria and the quantities as included on Form B within the RFP were used; it is based on this calculation that the figure of $20,919,983.93 (plus GST and PST where applicable) is arrived at for the Recommendation. Notwithstanding this dollar figure for the Recommendation, for purposes of comparison of the various pricing options the quantities which the Winnipeg Police Service feel are most likely have been used in the Financial Impact section – Evaluation of Pricing Alternatives, Financial Impact Section – Evaluation of Alternative Delivery Methods and the Financial Analysis section of this report.

The Service, in order to ensure that we were providing the best option in supplying traffic enforcement services to the City of Winnipeg, was directed by Council to research other alternatives that could provide traffic enforcement.

The Police Service also conducted a review on what it would cost to provide photo enforcement through a special operating agency run by the City. A high volume, base volume, and low volume scenario were developed. This analysis contains a high risk element as the Service/City has no experience in providing this type of service and benchmarking to other Canadian jurisdictions could only provide limited information. This SOA would have to be formed from its complete beginning, with the acquisition of a facility, organization structure, staffing, and a software system that would have to be either purchased or developed. The limited time, lack of familiarity, and complexity inherent constrained the ability to review this option thoroughly, increasing the difficulty in providing a high degree of confidence for all of the three scenarios (high volume, base volume, low volume). Determining an actual startup date was difficult to predict as the process to begin all the administrative, organizational, marketing, and approval processes could add up to a lengthy time, at least a year under a best case scenario.

The Service was also directed to look at either replacing, or supplementing photo enforcement by increasing the number of officers assigned to full time traditional traffic enforcement duties. As such, the Service analyzed the impact of expanding full time dedicated traffic enforcement from 10 to 67, in order to maintain day and evening coverage in all districts. Conducting traffic enforcement by officers provides a greater presence on the streets, and allows complete coverage in the City of Winnipeg as traditional enforcement is not restricted to school and construction zones as under photo enforcement. However the increasing cost of salaries and court costs over the time period reduce the net revenues as it is assumed that the level of revenue remains constant. (no fine increases)

As indicated, there is a disturbing trend of more offence notices being contested in court, resulting in officers incurring greater court overtime, and less time available on duty to actually conduct traffic enforcement, thus limiting revenues and increasing costs. The final disposition of fines is under the auspices and control of the Courts, and there are indications that a reduced share is coming back to the City.

As the implications of this are substantial it is recommended that the Service and the City of Winnipeg undertake, in conjunction with the Province a review of the whole traffic court process in view to enhance and streamline the entire process from electronic reporting to fine disposition. There would be a benefit to both parties to do this.

Financial Analysis: Alternative Delivery of Service Options

Assumptions:

1) No change in number of mobile units and fixed intersection sites.
2) No increase in fine rates that impact on the city portion
3) Inflation(CPI) rate of 2%
4) Salary increases at 2%
5) Change to digital technology at all locations and mobile units
6) Purchase of 4 specialized digital cameras (DragonCams) for mobile units
7) 2011 used as a base year
8) Volume ranges used
    a. Low volume - 2011 volumes reduced by 8%
    b. Base volume - 6% increase because of enhanced digital quality, spike in first couple of years, decreasing as citizens adjust driving behaviour.
    c. High Volume - 170% increase in mobile tickets only
9) No allowance made for potential change to school zone speed limits

These assumptions were used in both scenarios where photo enforcement would be either vendor provided or done in-house.

Comparison of Service Delivery Options and Volume Levels

The following chart compares the total net present value of net revenue using the differing volume levels under the three alternative service delivery over a ten year period, then indicates what the yearly average contribution would be, and then determines a net cost per ticket. The analysis again confirms that of all the alternative service delivery models using a service provider is the best option of the three.

Comparison of Service Delivery Options and Volume Levels

Option	Description	Net Present Value		
		Lower Volume	Base Volume	Higher Volume
A	Photo enforcement - using a service provider	$ 37,430,777	$ 41,014,412	$ 49,121,897
B	Photo enforcement - delivered using a City run SOA	$ 6,589,332	$ 19,140,843	$ 26,792,639
C	Traditional enforcement program - 57 additional officers	$ (4,169,427)	$ 3,048,788	$ 11,561,616

- The above represents the net presents value for each option. Each option was analysed over a period of 10 years, using a discount rate of 6% and an inflation rate of 2%.

Option	Description	Average Annual Contribution to Funding Police Services		
		Lower Volume	Base Volume	Higher Volume
A	Photo enforcement - using a service provider	$ 5,032,460	$ 5,515,162	$ 6,482,989
B	Photo enforcement - delivered using a City run SOA	$ 1,251,204	$ 2,836,089	$ 5,295,751
C	Traditional enforcement program - 57 additional officers	$ (674,962)	$ 384,612	$ 1,606,395

- The above represents the average net revenue/net expense for each option. Each option was analysed over a period of 10 years using an inflation rate of 2%.

Option	Description	Average Total Cost per Ticket		
		Lower Volume	Base Volume	Higher Volume
A	Photo enforcement - using a service provider(see note)	$ 42.22	$ 41.70	$ 40.70
B	Photo enforcement - delivered using a City run SOA	$ 72.42	$ 69.01	$ 58.29
C	Traditional enforcement program - 57 additional officers	$ 116.66	$ 100.57	$ 87.55

- The above represents the total average cost per ticket for each option. Each option was analysed over a period of 10 years using an inflation rate of 2%.

Note: The cost per ticket represents total costs to run the photo enforcement program, which includes the variable fee from the service provider and police supervisory costs.

Summary:

Based on the above, under the present operating environment and assumptions, it is recommended that it is in the best financial interests of the City to continue to conduct its photo enforcement program using new digital technology under a variable processing fee per offence notice issued. (Alternative 2)

This recommendation using the base volume will result in a slight gross revenue increase over previous years as this new technology provides clearer pictures reducing erred out offence notices. Net profit will increase as digital processing results in a significant cost reduction as it less expensive than wet film technology.

Comparisons - Costings of Contracts	
2008–2012 Previous Awarded Contract expected payments	**$ 25,075,505**
2008-2012 Actual payments to ACS from (2012 estimated)	**$ 24,748,336**
2013-2017 Estimated payments to ACS using digital technology and using Vendor-Operated-Option A–Variable Pricing-Base Volume Using average over the 89 months but extrapolated to 5 years for comparison purposes.	**$ 15,109,833**

GENERAL COMMENTS

- The contract includes provision of performance security by the Contractor.
- The proposed contract is from January 1, 2013 to May 31, 2020 with the possibility of three (3) five (5) year extensions by mutual agreement between the City and the Contractor. After December 31, 2014, the Contractor will submit an annual request for a price increase based on CPI.

Accordingly it is recommended that a contract for the Supply, Installation and Operation of a Photo Enforcement Program using digital technology, be awarded to ACS Public Sector Solutions Inc. for the period of January 1, 2013 to May 31, 2020, based on Alternative Two – Variable processing fee based on base volume of tickets for the estimated amount of $20,919,983.93 plus GST and MRST plus an escalation factor for CPI basis Statistics Canada starting in 2015, being the responsible and qualified bidder submitting the most advantageous offer for the Alternative which is in the best interests of the City.

FINANCIAL IMPACT

Financial Impact Statement

Date: October 25, 2012

Project Name:
Photo Enforcement - Digital Program

First Year of Program **2013**

	2013	2014	2015	2016	2017
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 3,464,526	$ 3,444,176	$ 3,452,120	$ 3,489,928	$ 3,528,043
Less: Incremental Revenue/Recovery	9,530,329	9,435,301	9,244,927	9,149,264	9,054,130
Net Cost/(Benefit)	$ (6,065,803)	$ (5,991,125)	$ (5,792,807)	$ (5,659,336)	$ (5,526,087)
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ (6,065,803)	$ (5,991,125)	$ (5,792,807)	$ (5,659,336)	$ (5,526,087)

Additional Comments: Contract start date of Jan 1, 2013. Financial Impact Statement Costs are before taxes and based on Alternative Two – Variable processing fee based on 2011 volume of tickets for the estimated amount of $$20,919,983.93 plus GST and MRST plus an escalation factor for CPI basis Statistics Canada starting in 2015. As well as program costs such as salaries and other operating costs are included to complete the financial impact. Other assumptions are listed under the different scenarios in the financial discussion. No addition to the number of fixed cameras (33) or number of mobile operators (10) has been anticipated. No interruption to the photo enforcement program is anticipated with implementation of the new contract. An allowance of 10% for uncollectible tickets has been factored in. The contract will be in duration of 89 months until May 31, 2020. Total net revenues for 89 months $68,159,245 less payments to vendor and program expenditures $26,160,736.

Ron Smolik October 25, 2012
Controller - Police Finance Division

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department
Materials Management Branch
Corporate Finance Department

SUBMITTED BY

Department: Winnipeg Police Service
Division: Central Traffic Unit/Finance Division
Prepared by: S/Sgt Rob Riffel
P/Sgt Kirk Van Alstyne
Constable Ray Howes
Manager of Finance Ron Smolik
Date: November 5, 2012
File No.