Agenda – Executive Policy Committee – July 8, 2025

REPORTS

Item No. 10 Approval of a five-year Contract Extension for Supply, Installation and Operation of a Photo Enforcement Program - Request for Proposal No. 576-2012

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the City award, enter into, execute, and deliver an extension of Contract No. 576-2012 for the supply, installation and operation of a Photo Enforcement Program for the period of September 1, 2025, to August 31, 2030, to Modaxo Acquisition Canada Inc., in an estimated amount not to exceed $25,191,670 plus applicable GST (RFP No. 576-2012). This would be the first of two remaining possible five-year extensions and would extend all terms and conditions of the existing contract, including the existing price escalation provisions in section D21.

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

ADMINISTRATIVE REPORT

Title: Approval of a five-year Contract extension for Supply, Installation and Operation of a Photo Enforcement Program - Request for Proposal No. 576-2012

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
Insp. M. Philippot	Chief G. Bowers	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

The Winnipeg Police Service is seeking to exercise the contract extension option in its agreement with Modaxo Acquisition Canada Inc. (“Modaxo”), formerly Conduent Business Services Canada Inc. (“Conduent”), provider of equipment and services for the City's Photo Enforcement Program for red light and speeding traffic offences, for the first of two remaining five-year contract extensions (extension ending August 31, 2030).

The Province of Manitoba is required to approve the use of specific Image Capturing Enforcement equipment through an amendment to the applicable *Highway Traffic Act* regulation. A formal request to amend the *Image Capturing Enforcement Regulation* was submitted to the Minister of Transportation and Infrastructure in 2017. Significant work on the amendments to the Regulation was completed over the past year. As such, the Service is recommending a five-year extension to allow for the implementation and use of the new equipment, once approval has been granted.

The recommendations of this report are compliant with the City’s Purchasing Policy and applicable trade agreements.

RECOMMENDATIONS

1. That the City award, enter into, execute, and deliver an extension of Contract No. 576-2012 for the supply, installation and operation of a Photo Enforcement Program for the period of September 1, 2025, to August 31, 2030, to Modaxo Acquisition Canada Inc., in an estimated amount not to exceed $25,191,670 plus applicable GST (RFP No. 576-2012). This would be the first of two remaining possible five-year extensions and would extend all terms and conditions of the existing contract, including the existing price escalation provisions in section D21.

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

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract is for a purchase that obligates the City to expenditures in future budgets, Council approval is required pursuant to the Purchasing Policy F1-003.

IMPLICATIONS OF THE RECOMMENDATIONS

If approved, the Photo Enforcement Program will continue uninterrupted. The costs associated with the contract are performance-based on a per ticket basis. For 2025, the approximate gross revenue generated from the photo enforcement program is $12.8 million (based on forecasted budget), leaving a net revenue of approximately $7.8 million.

HISTORY/DISCUSSION

Since 2003, the Winnipeg Police Service has used photo enforcement technology to conduct speeding and red-light enforcement at high volume intersections, as well as intersections with high collision rates. There are now 49 locations accessible for Intersection Safety Cameras (ICS), 33 cameras and 10 mobile enforcement units in use in Winnipeg. The mobile enforcement units provide speed enforcement for school zones, playgrounds and construction zones.

ACS Public Sector Solutions, later known as Conduent, was the successful bidder for the Service's photo enforcement program in 2007. After the expiration of the original contract, a second contract was awarded to Conduent, now known as Modaxo, for an upgraded (digital) photo enforcement program. The current agreement was approved by Council on December 12, 2012, and signed by the City of Winnipeg on December 31, 2012, for photo enforcement services for the period of January 1, 2013, to May 31, 2020, with the option of three mutually agreed upon five-year extensions.

The Photo Enforcement Program is highly regulated by the Province of Manitoba, with the requirements and approved equipment being laid out in the *Image Capturing Enforcement Regulation* (220/2012) under *The Highway Traffic Act*. The current Regulation only allows for three types of ISCs and two types of mobile enforcement units to be used. The three ISCs are now obsolete and are no longer manufactured as they have been surpassed by a new generation of camera technology. The Service has made requests to the Province, since 2017, to amend the Regulation and approve the use of updated equipment. However, that has not yet occurred.

On November 13, 2019, the Province of Manitoba announced that it would be conducting a review of the Photo Enforcement Program. The Province issued an RFP for the review work and the tentative start date of the review was the end of January 2020. The results of the review could have resulted in the elimination of photo enforcement, retaining the status quo, or modifying authority on who is authorized to use photo enforcement and changes to deployment criteria. The City's contract with Modaxo contains a clause that states the contract is terminated if the Province eliminates the legal authority for the City to operate the type of photo enforcement program provided for in the contract. As the contract is based on a variable fee (i.e., Contractor is paid a certain amount per ticket issued), there are no financial liabilities in the event the contract is terminated early due to elimination of authority.

Subject to continued authorization by the Province, the Service plans to continue to use ISCs and the mobile enforcement units to provide photo enforcement for the foreseeable future as both a deterrent to problematic driving and an automated enforcement tool that frees Traffic Unit officers to focus on traffic collisions and impaired and/or distracted drivers.

As the Program was nearing the end of the original contract term in early 2020, and the Province had launched a review and approval of new equipment was pending, the parties amended the contract to allow for two possible one-year extensions (report approved by interim Chief Financial Officer on March 13, 2020). The parties entered into the first one-year extension for the operation of the Program for the period June 1, 2020, to May 31, 2021.

The purpose of shorter extensions was to allow the planned provincial review to take place, and permit time for the new technologies to be approved in the Regulation. However, the COVID-19 pandemic stalled the review, and the Province has not changed the Regulation.

In the 2020 approval/amendment process, two possible five-year extensions were inadvertently removed.

In the 2021 renewal process, given the uncertainty of the provincial review, the parties amended the contract to provide for five possible mutually agreed upon one-year extensions, followed by two possible mutually agreed upon five-year extensions. This was consistent with the total potential length of the contract approved by Council (maximum to 2035), allowed for short term extensions pending the program review by the Province, and provided the ability to extend for longer terms once new technology is approved by the Province. It was noted that Conduent, as it was then known, may be reluctant to invest money in technology upgrades in this contract unless a five-year extension is exercised. The parties entered into the second one-year extension for the operation of the Program for the period June 1, 2021, to May 31, 2022.

In February 2022, the Province notified the Service that they were no longer pursuing the review of the Photo Enforcement Program and, instead, the Province would be exploring potential amendments to the Program. As a result, the parties entered into the third one-year extension for the operation of the Program for the period June 1, 2022, to May 31, 2023. In addition, due to the impact of the pandemic on the automotive industry, the parties agreed to amend the requirement for the photo radar/laser vehicles to be newer models within three years of the current model year to models within four years.

As the Province had not provided further updates regarding potential amendments to the Photo Enforcement Program, the parties entered into the fourth of five possible one-year contract extensions for the period June 1, 2023, to May 31, 2024.

On April 23, 2024, the Chief Financial Officer approved the vendor's request for request for assignment of agreement 576-2012 with Conduent Business Services Canada, Inc. to Modaxo Acquisition Canada Inc.

Over the past year, the Province has worked with the Service on the proposed amendments to the *Image Capturing Enforcement Regulation* to approve the use of updated equipment. As the Regulation is currently with the Province for consideration and approval, the Service commenced discussions regarding a five-year extension to allow for the implementation and use of the new equipment, once approval has been granted.

On May 2, 2025, Modaxo's management indicated a willingness to enter into a five-year extension.

On May 21, 2025, the Chief Financial Officer approved single source negotiations and award of contract for a three month period from June 1, 2025, to August 31, 2025, in the estimated amount of $957,283.00 plus applicable GST, pursuant to Purchasing Policy B4.1(i).

The short-term contract was intended to allow sufficient time for negotiation and approval to enter into first of two remaining five-year extensions. The parties have agreed to a price increase of 1.13 percent for 2025, which is within the existing price escalation provisions in section D21 and the maximum estimated contract value of $25,191,670 for five years. Further escalations will be reviewed on an annual basis as per the contract.

The Contract Administrator is satisfied that Modaxo has the necessary resources and experience to perform the work of the contract satisfactorily and has satisfactorily performed the work since the beginning of the contract in accordance with the requirements of the contract.

On May 23, 2025, the Winnipeg Police Board received this report from the Winnipeg Police Service for review and consideration. On May 23, 2025, through communication from the Executive Director, the Winnipeg Police Board advised that it accepted this report, and indicated that the Winnipeg Police Service may proceed with the submission of this report.

FINANCIAL IMPACT

Financial Impact Statement **Date:** May 22, 2025

Project Name: **First Year of Program** **2025**

Photo Enforcement Contract Extension

	2025	2026	2027	2028	2029	2030 and Beyond
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	$ 1,679,445	$ 5,038,334	$ 5,038,334	$ 5,038,334	$ 5,038,334	$ 3,358,889
Less: Incremental Revenue/Recovery						-
Net Cost/(Benefit)	$ 1,679,445	$ 5,038,334	$ 5,038,334	$ 5,038,334	$ 5,038,334	$ 3,358,889
Less: Existing Budget Amounts	1,679,445	5,038,334	5,038,334	5,038,334	5,038,334	3,358,889
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funds are available within the approved Winnipeg Police Service operating budget to 2027 and forecast to 2030.

Tara Holowka, May 22, 2025
Executive Director of Finance
Winnipeg Police Service

CONSULTATION

This Report has been prepared in consultation with:

- Winnipeg Police Board
- Legal Services Department

OURWINNIPEG POLICY ALIGNMENT

N/A

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Winnipeg Police Service
Division: Traffic Division
Prepared by: Inspector M. Philippot
Date: May 23, 2025
File No: 576-2012