SUBJECT: Red Light Camera (RLC) Program Extension (PW03150b) - (City Wide)

RECOMMENDATION:

(a) That approval be granted to extend the previous contract with Affiliated Computer Systems (ACS) for maintenance and operational activities associated with operating the City of Hamilton Red Light Camera Program for two (2) additional years, from November 2005 through to November 2007 at a cost increase of 4% for 2006 and 2007 for a total of approximately $206,440 per year.

(b) That staff be authorized to transfer any 2006 and 2007 year end surpluses from the Red Light Camera Program into the reserve account for consideration of future operating costs or expansion costs of the Red Light Camera Program.

Scott Stewart, C.E.T.
General Manager
Public Works

EXECUTIVE SUMMARY:

As of November 2004, the Province of Ontario removed the “sunset” clause in regard to municipalities operating red light camera systems. In essence, this allowed red light cameras to become a permanent program. The City of Hamilton owns and operates two cameras which are rotated through 8 camera housing sites. Installing and removing the film, relocating the cameras and general maintenance is performed on behalf of the City by Affiliated Computer Systems (ACS), which is the only authorized North
American vendor for the brand of hardware operated by Hamilton and the 5 other Ontario municipal red light camera partners. ACS has proposed to the joint municipal group operating red light cameras, a contract extension on the maintenance activities for the years 2006 and 2007. The price increase proposed by ACS is 4% per year. While this price is slightly above the current level of inflation and Consumer Price Index, the only other option would be to cease to operate the cameras. Therefore, it is recommended that the ACS offer be accepted and that staff be authorized to enter into the formal contract for the next 2 years.

The following report also provides a status update on other current activities impacting the red light camera program.

**BACKGROUND:**

The information/recommendations contained within this report have city wide implications.

The red light camera program in Ontario has been a joint municipal venture involving the cities of Hamilton, Toronto and Ottawa and the Regional Municipalities of Halton, Peel and Waterloo. Following a provincial legislative change in 2004, the program status converted from a pilot project to a permanent operation, although the province retains the authority and right to cancel the program at any time.

At present the six municipalities involved operate 17 municipally owned cameras at 68 sites. Processing of film and issuing of violation notices is done on behalf of the municipalities by the City of Toronto. The Province of Ontario is a partner in that the Ministry of Transportation supplies identification of the registered vehicle owner based on license plate information collected by the red light camera systems.

Maintenance on the cameras and the camera equipment, including rotating the cameras on a regular basis and installing and removing film, is done by the current authorized vendor, Affiliated Computer Systems (ACS). ACS is the only authorized distributor and maintenance supplier in North America for the brand of hardware installed in Ontario.

**ANALYSIS/RATIONALE:**

With the removal of the “sunset” clause by the Province of Ontario, the participating municipalities have proceeded to consider expansion of the red light camera programs. Technologically, digital cameras have improved significantly over the past 5 years. As well, the existing camera equipment, while operating satisfactorily and giving no indication of approaching its lifespan, is five years old and ultimately will have to be replaced. As such, the member municipalities have jointly prepared a new Request for Proposals (RFP) for supply of camera equipment. This RFP should be released to the vendor community later this year. One very significant change from the previous financial structure is the change from a purchase and operate strategy, where the municipalities bought all the equipment outright, to one of a lease or rental arrangement. This change gives more flexibility for technological change, and flattens out the cash flow requirements. From the City of Hamilton perspective, this changes the financial
structure from one of being capital funding to one which is operating or current budget based. By the time the RFP is issued and the responses are received and evaluated, accurate financial information will not be available for submission to the 2006 budget cycle. Therefore, staff are presently developing a plan for an expansion to the red light camera program, subject to funding and Council approval, for 2007.

The existing 2 cameras in Hamilton rotate through 8 red light camera housing sites. While the City may wish to expand to other sites, the existing cameras continue to work well and the sites used continue to identify significant numbers of violators at the present 8 sites. The current monthly violation rates appear to be at about 70% of the rates which were experienced when the program was initiated. Relocating cameras is a very expensive proposition; costing approximately $50,000 per site when the required labour, materials and site preparation and testing are considered. As such, it is recommended that no change is made in the present status or organization of the program. To keep the program running, it is recommended that ACS be engaged for the next 2 years to continue the maintenance contract which they or their predecessor company have held since the start of the program.

The Province of Ontario has asked the member municipalities to renegotiate the contracts between the Ministry of Transportation and the member municipalities. On one hand, the province is offering a significantly reduced cost for researching the registered owners and providing that information to the processing centre for the preparation of violation notices. On the other hand, the Province has presented a contract that contains a number of onerous clauses, particularly in regard to Freedom of Information and allowing the Province to conduct audits of our procedures. The member municipalities are jointly responding to the Province of Ontario with our comments and we hope to resolve this contract in the near future so that we can begin to realize the costs savings offered.

**ALTERNATIVES FOR CONSIDERATION:**

Since ACS is the only designated maintenance contractor in North America, there are only 2 alternatives: cease to operate red light cameras; or switch to alternate equipment.

Outside of the financial issues, the present status of the RFP for new hardware means that it would not be possible to replace the equipment in the near future. Thus, the only alternative would be to cease operating the equipment with the resulting negative impact on traffic safety.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

The 2005 cost for services provided by ACS was approximately $198,500. ACS proposes a 4% increase in each year 2006 and 2007. While slightly higher than current trends of the Consumer Price Index, the contract escalation is considered to be within an acceptable range. The purchasing arrangement has been discussed with the Purchasing Division and recognizing that this is a repeat of the contract extension for the years 2003-4 and for 2005, this sole source approach is deemed to be acceptable.
To engage ACS for 2006 and 2007 the City will enter into a contract extension with the prices fixed at 4% per year over the previous year. The contract will contain an “exit clause” should Provincial regulations change or should Council wish to discontinue the program. The exit clauses provide for paying of all outstanding services which have already been rendered plus recognition that the vendor may have costs which extend up to three months past the final operation date. It is also recognized that leaving the program may transfer some fixed costs to other municipal members of the red light camera program and there is consideration of a contribution in that regard. The contract is structured as 2 - one (1) year renewals so the City would also have the right to exit at the end of 2006.

To date, the fine revenues received have been sufficient to balance off the costs of camera system operation and maintenance, plus court and prosecution charges. While the overall number of violations appears to be dropping, indicating that drivers are learning not to run red lights, the 2006 budget projection suggests that the project should at least break even for one more year, and the ACS contract increase of approximately $8000 in 2006 and 2007 will not have a major financial impact on the project. The project has a reserve, and previous surpluses have been earmarked to assist funding program expansion or future operational deficits. It is recommended that the approval be granted to continue the strategy of directing any surpluses to the reserve for 2006 and 2007.

POLICIES AFFECTING PROPOSAL:

The contract outlined in this report is in accordance with Purchasing Policy #11, Negotiations, Item G – Extension of Contract.

RELEVANT CONSULTATION:

There have been ongoing discussions about this contract extension with staff from Legal. As well, Purchasing was consulted. With regard to the RFP and future expansion of the program, there has been consultation with other member municipalities in the program in Ontario as well as Legal and Finance staff. There have been separate discussions with Ministry of Transportation, Ontario about the contact with MTO.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
The public are involved in the definition and development of local solutions. During the tenure of the operation of the red light camera systems in Hamilton, a reduction in right-angle collisions at traffic signals has been demonstrated, which is likely attributable to the camera program. This supports the goal of a safe and liveable community. The public also perceives the program as contributing to a safer driving environment, adding to quality of life.
Environmental Well-Being is enhanced. ☑ Yes ☐ No
Human health and safety are protected.
This program is neutral in terms of environmental impact.

Economic Well-Being is enhanced. ☑ Yes ☐ No
Investment in Hamilton is enhanced and supported.
After an initial Capital Investment, this program has been self sufficient financially.

Does the option you are recommending create value across all three bottom lines?
☐ Yes ☑ No
The program has a neutral impact on environmental and economic bottom lines.

Do the options you are recommending make Hamilton a City of choice for high performance public servants?
☐ Yes ☑ No
Not applicable to this program.