

0150-12935-0000

TRANSMITTAL

TO The City Council	DATE 04/18/2025	COUNCIL FILE NO. 13-0586
FROM The Mayor	COUNCIL DISTRICT All	

**Proposed Sixth Amendment to Contract C-124676 with
Modaxo Traffic Management USA, Inc. (formerly Conduent State and Local Solutions, Inc.)
for parking citation processing and collection services**

Approved and transmitted for your consideration.
The Council has 60 days from the date of receipt to act; otherwise, the agreement will be
deemed approved pursuant to Los Angeles Administrative Code Section 10.5(a).
Please see the City Administrative Officer report attached.



MAYOR

(Carolyn Webb de Macias for)

MWS:AMW:06250074t

Report From

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Analysis of Proposed Contract

(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 04-09-25	C.D. No. All	CAO File No.: 0150-12935-0000
Contracting Department/Bureau: Department of Transportation		Contact: Lindsey Estes, (213) 928-9772	
Reference: Letter to the Mayor dated February 26, 2025; Referred to the CAO for report on February 28, 2025			
Purpose of Contract: Sixth Amendment to extend the term, to reflect the business change from Conduent State & Local Solutions, Inc. to Modaxo Traffic Management USA, Inc., and to increase compensation by 2.8 percent			
Type of Contract: () New contract (X) Amendment, Contract No. C-124676		Contract Term Dates: September 26, 2014 to March 25, 2025, with the option to extend month-to-month for six (6) months, ending September 25, 2025	
Contract/Amendment Amount: up to \$14,469,000			
Proposed amount \$14,469,000 + Prior award(s) \$153,373,451 = Total \$167,842,451 (compensation determined on a per citation basis)			
Source of funds: General Fund			
Name of Contractor: Modaxo Traffic Management USA, Inc. (formerly Conduent State & Local Solutions, Inc.)			
Address: 5265 Rockwell Drive NE Cedar Rapids, IA 52402			
	Yes	No	N/A
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested	X		
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: N/A			
Contractor has complied with:	Yes	No	N/A
8. Business Inclusion Program	X		
9. Equal Benefits & First Source Hiring Ordinances	X		
10. Contractor Responsibility Ordinance	X		
11. Disclosure Ordinances	X		
12. Bidder Certification CEC Form 50	X		
13. Prohibited Contributors (Bidders) CEC Form 55	X		
14. California Iran Contracting Act of 2010	X		

RECOMMENDATION

That the Mayor and Council approve the proposed Sixth Amendment to Contract C-124676 with Modaxo Traffic Management USA, Inc. (formerly known as Conduent State and Local Solutions) to continue parking citation processing and collection services with a 2.8 percent compensation increase for three months, retroactive from December 26, 2024 to March 25, 2025, with the option to extend month-to-month for up to six months until a new contract is executed, subject to the approval of the City Attorney as to form.

SUMMARY

In accordance with Executive Directive 3, the Department of Transportation (LADOT) requests authority to execute the proposed Sixth Amendment with Modaxo Traffic Management USA, Inc. (formerly known as Conduent State and Local Solutions) to continue providing parking citation processing and collection services. The proposed amendment includes four significant changes: to reassign the business; to extend the term by three months, retroactive from December 26, 2024 to March 25, 2025, with the option to extend month-to-month for up to six months for a total extension of nine months; to add a 2.8 percent compensation increase; and, to replace the City's Standard Provisions with the most current revision (1/25 [v.2]).

<i>Allison Wilhite</i>			<i>John J. Huber</i>		
AMW	Analyst	0150-12935-0000	City Administrative Officer		

On May 1, 2024, Modaxo Traffic Management USA, Inc. (operating as Trellint, A Modaxo Company) acquired the curbside management and public safety business assets from Conduent and its affiliates, including this agreement, as amended. Prior written notice was provided by Conduent to the City of Los Angeles on December 28, 2023 regarding the definitive agreement to sell its Curbside Management and Public Safety Solutions businesses assets to Modaxo.

On February 20, 2024, the City of Los Angeles provided a written response to Conduent consenting to assignment to Modaxo contingent upon: Modaxo's commitment to all services and provisions in Conduent's RFP response and contract; and Modaxo meeting the City's contractor compliance and insurance requirements. On February 28, 2024 and April 3, 2024, Modaxo confirmed acceptance of these contingencies with written notice to the City of Los Angeles. The proposed amendment assigns the contract to Modaxo Traffic Management USA, Inc., effective May 1, 2024 per PSC-12 of the City's Standard Provisions for City Contracts.

In accordance with Charter Section 1022, the Personnel Department determined in December 2021 that City employees do not possess the expertise to perform the proposed work. Since there is no change in the scope of work, the determination is still valid.

On February 9, 2024, the Council approved the Fifth Amendment, which was executed to ensure no gap of service while LADOT completes a new contract with Modaxo for parking citation processing services. In order for staff to complete contract negotiations and develop, review, and execute the new contract, LADOT requests an additional extension for three months, from December 26, 2024 to March 25, 2025, with the option to extend month-to-month for up to six months, ending September 25, 2025. The proposed amendment includes a ratification clause for services provided prior to execution.

In accordance with Los Angeles Administrative Code Section 10.5(a), Council approval of the proposed amendment is required because the contract term, including the proposed amendment, exceeds three years.

The proposed extension period includes a 2.8 percent increase in the tiered pricing for processing parking citations under Section 7, "Citation Processing Cost." LADOT reports the increase was mutually agreed upon and is based on the Consumer Price Index, which rose 2.8 percent in the City of Los Angeles area between September 2023 and September 2024.

FISCAL IMPACT STATEMENT

The cost to provide parking citation and permit processing services under the existing contract is approximately \$1,200,000 per month. The proposed 2.8 percent increase in citation processing costs would result in an estimated \$23,000 of additional costs per month. \$12.7 million from the General Fund is budgeted in LADOT's Contractual Services Account in the 2024-25 Adopted Budget. There may be a General Fund impact should actual costs exceed budgeted funds. Should this amendment not be approved, the City will not collect parking citation revenue until an alternative method of collection is identified.

FINANCIAL POLICIES STATEMENT

The recommendation in this report complies with the City Financial Policies in that budgeted funds are available for this purpose.

MWS:AMW:06250074


CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: February 26, 2025

To: The Honorable Karen Bass, Mayor
Office of the Mayor
Attention: Legislative Coordinator

From: Laura Rubio-Cornejo, General Manager
Department of Transportation

Subject: **AUTHORIZATION TO AMEND PARKING CITATION PROCESSING AGREEMENT C-124676 TO EXTEND THE TERM AND REFLECT THE CHANGE FROM CONDUENT STATE & LOCAL SOLUTIONS, INC. TO MODAXO TRAFFIC MANAGEMENT USA, INC.**



SUMMARY

The Los Angeles Department of Transportation (LADOT) requests authority to execute an amendment to the parking citation processing agreement (C-124676) to reflect the change from Conduent State & Local Solutions, Inc. (Conduent) to Modaxo Traffic Management USA, Inc. to extend the term of the contract three months with a 2.8% compensation increase, and continue on a month-to-month basis up to six months until a new contract for parking citation and permit processing services is executed.

RECOMMENDATION

That the City Council, subject to concurrence by the Mayor:

AUTHORIZE the LADOT General Manager to execute the attached amendment to Agreement C-124676 to reflect the change in companies from Conduent State & Local Solutions, Inc. to Modaxo Traffic Management USA, Inc. (Modaxo) to extend the term of the contract to allow a three month extension from December 26, 2024 to March 25, 2025 with a 2.8% compensation increase, and to continue on a month-to-month basis up to six months until a new contract for parking citation and permit processing services is executed. The fee structure for the month-to-month contract will be at the new contract rate once it is approved by City Council.

BACKGROUND

In September 2014, LADOT entered into an Operating Agreement (C-124676) with Conduent for the parking citations processing and collection services. In December 2019, LADOT and Conduent entered into a second amendment to exercise the option to extend terms of the agreement through September 25, 2020. Due to service impacts brought on by the pandemic, Council approved a third amendment allowing for a contract extension up to June 25, 2022. Due to staffing challenges to timely release a Request for Proposals (RFP) to establish a new contract, Council approved a fourth amendment in September 2022, allowing for a contract extension through June 25, 2023. Because contract negotiations could not begin until a protest hearing and resolution was completed regarding the new contract award, Council approved a fifth amendment allowing for a contract extension through December 25, 2024 (Council File 13-0586).

DISCUSSION

In April 2022, LADOT released an RFP for parking citation and permit processing services. LADOT completed the rating, evaluation, and selection process for the RFP, and selected Conduent in August 2023. The non-selected proposer, Duncan Solutions, protested the decision in accordance with the RFP. LADOT assembled a Standing Protest Committee to hear the protest arguments in October 2023. The Standing Protest Committee subsequently denied the protest (Council File 22-0375).

LADOT began contract negotiations with the contractor in November 2023. The Scope of Work for the new contract is approximately 200 pages long, and included dozens of internal staff meetings and negotiation sessions with the contractor as of December 2024. In order for staff to complete contract negotiations and develop, review, and execute the new contract, LADOT requests a three-month extension from December 26, 2024 to March 25, 2025, and to continue on a month-to-month basis up to six months thereafter to conclude negotiations, and prepare a draft contract for Mayor and City Council review.

The three-month extension includes a 2.8% increase in the tiered pricing for processing parking citations under Section 7, "Citation Processing Cost," of Contract No. C-124676. The mutually agreed-upon increase is based on the Consumer Price Index, which rose 2.8% in the City of Los Angeles area between September 2023 and September 2024. Should negotiations and/or the execution of the contract extend past March 25, 2025, the current contract will continue on a month-to-month basis up to six months at the new contract rate once it is approved by City Council.

Additionally, on May 1, 2024, Modaxo acquired the curbside management and public safety businesses from Conduent. For Modaxo to be paid for services rendered since May 1, 2024, the amendment reflects the change in contractor name from Conduent to Modaxo.

FISCAL IMPACT STATEMENT

Parking citation revenue is deposited into the General Fund. In Fiscal Year (FY) 2024, parking citation revenue deposited into the General Fund was \$109,551,950. The cost to provide parking citation and permit processing services under the existing contract is approximately \$1,200,000 per month in direct expenditures from the General Fund and is budgeted within the LADOT budget. The proposed 2.8% increase of citation processing costs from December 2024 through March 2025 would result in an estimated \$23,000 in additional costs per month. Should negotiations and/or execution of the new contract extend past March 25, 2025, the month-to-month rate is not expected to exceed \$1,800,000 per month. The cost to extend the contract would be offset by the parking citation revenue deposited to the General Fund. Should this amendment not be approved, the City will not have the ability to process and collect parking citation revenue until a new contract is executed.

LRC:JK:KH:PR:dg

Attachment

**SIXTH AMENDMENT TO AGREEMENT NUMBER C-124676
BETWEEN
THE CITY OF LOS ANGELES
AND
MODAXO TRAFFIC MANAGEMENT USA, INC.
(FORMERLY CONDUENT STATE & LOCAL SOLUTIONS, INC.)**

This Sixth Amendment to Contract Number C-124676 ("Agreement") between the City of Los Angeles, a municipal corporation ("City"), acting by and through the Department of Transportation ("LADOT"), and Modaxo Traffic Management USA, Inc. ("Modaxo"), who is operating as "Trellint, A Modaxo Company", having become a party to the Agreement by way of assignment from Conduent State & Local Solutions, Inc., who was formerly Xerox State & Local Solutions, Inc., a New York corporation ("Contractor"), collectively referred to as "Parties" or individually as "Party", is entered into with reference to the following:

WHEREAS, the LADOT released a Request for Proposal (RFP) on February 27, 2012, to solicit proposals to provide parking citations processing, collection services, and related systems support and services; and

WHEREAS, the Contractor submitted a proposal in response to the RFP and the City found the Contractor's response to satisfy the level of qualifications and experience necessary to provide the type and level of service required by the City; and

WHEREAS, the Contractor's proposed services are expert and technical in nature, and the work could be performed more economically and feasibly by independent contractors rather than by City employees; and

WHEREAS, the Parties entered into Agreement C-124676 on September 26, 2014, wherein the Contractor agreed to provide parking citations processing and collection services for a five-year term with an option to extend the term for an additional year; and

WHEREAS, on February 16, 2017, Xerox State & Local Solutions, Inc. changed its name to Conduent State & Local Solutions, Inc. ("Conduent"); and

WHEREAS, on March 28, 2018, the Parties entered into the **First Amendment** to Agreement C-124676 to reflect the name change; and

WHEREAS, on December 23, 2019, the Parties entered into the **Second Amendment** to Agreement C-124676 to exercise the option to extend the term of the Agreement through September 25,

2020, update the City's Standard Provisions for City Contracts (Rev. 10/17) [v.3], and add certain City contracting provisions as required by various ordinances; and

WHEREAS, on October 5, 2021, the Parties executed a **Third Amendment** to Agreement C-124676 to add a 12-month extension with an option to extend the term of the Agreement another nine (9) months through June 25, 2022, and modified the pricing to reflect a fixed and variable fee structure for the Contractor; and

WHEREAS, on April 15, 2022, the City released a RFP for Parking Citation and Permit Processing Services with submission deadline of August 5, 2022; and

WHEREAS, on October 4, 2022, the Parties executed a **Fourth Amendment** to Agreement C-124676 to exercise the option to extend the term of the Agreement on a month-to-month basis up to twelve (12) months through June 25, 2023, and update the City Standard Provisions for City Contracts (Rev. 10/21) [v.4] to allow execution of a new Operating Agreement and transition time with the City's selected contractor; and

WHEREAS, on March 19, 2024, the Parties executed a **Fifth Amendment** to Agreement C-124676 to exercise the option to extend the term of the agreement on a month-to-month basis up to eighteen (18) months through December 25, 2024, as a Recommendation of Contract Award was released on August 2, 2023, under Section 2 of the said RFP named Schedule for RFP Process, and a new Operating Agreement is being negotiated between City and Trellint, A Modaxo Company ("New Operating Agreement"); said Fifth Amendment has allowed the City more time to complete the execution of a new Operating Agreement and updated the Standard Provisions for City Contracts (Rev. 9/22) [v.1]; and

WHEREAS, on May 1, 2024 ("Effective Date"), Modaxo Traffic Management USA, Inc. (operating as Trellint, A Modaxo Company) acquired the curbside management and public safety business assets from Conduent and its affiliates, including the Agreement, as amended. Prior written notice was provided by Conduent to the City of Los Angeles on December 28, 2023 regarding the definitive agreement to sell its Curbside Management and Public Safety Solutions businesses assets to Modaxo. On February 20, 2024, the City of Los Angeles provided a written response to Conduent for consent to assignment to Modaxo contingent upon (1) Modaxo's commitment to all services and provisions in Conduent's RFP response and contract (2) and Modaxo meeting the City's contractor compliance and insurance requirements. On February 28, 2024 and April 3, 2024, Modaxo confirmed acceptance of these contingencies with written notice to the City of Los Angeles, which this Sixth Amendment captures thereby superseding and replacing such written notice; and

WHEREAS, the City and Modaxo Traffic Management USA, Inc. desire in this **Sixth Amendment** to assign the Contract to Modaxo Traffic Management USA, Inc., effective May 1, 2024, extend the

term of the agreement up to three (3) months through March 25, 2025 with a 2.8% increase corresponding the Consumer Price Index for the Los Angeles area, and continue on a month-to-month basis up to six (6) months, in contemplation of the New Operating Agreement being signed;

NOW, THEREFORE, IT IS MUTUALLY AGREED that the Contract be amended as follows:

1. The term “Contractor” in the Contract shall mean and refer to “Modaxo Traffic Management USA, Inc.” and as of and after the Effective Date, (i) the City accepts Modaxo Traffic Management USA Inc. as party to the Contract with respect to all covenants, agreements, terms, conditions, obligations, liabilities and stipulations occurring after the Effective Date and (ii) Modaxo Traffic Management USA Inc. shall be entitled to hold and enforce all of the privileges, rights and benefits of Conduent under the Contract as if it had been originally named as a party to the Contract.
2. Where the Conduent State & Local Solutions, Inc., or any version of the same (i.e. Xerox) appears throughout the Agreement or any exhibits/attachments thereto, said name is now replaced with the name of Modaxo Traffic Management USA, Inc.
3. Except as amended herein, all other provisions of Contract Number C-124676 shall remain in full force and effect.
4. As of May 1, 2024, City assigns all rights under the contract to Modaxo Traffic Management USA, Inc. pursuant to PSC-12 of the City’s Standard Provisions.
5. Effective the date of attestation by the City Clerk of this Agreement, all or any partial references to the Standard Provisions for City Contracts revised 9/22 [v.1] previously accepted under the Fifth Amendment is hereby deleted and replaced with Standard Provisions for City Contracts (Rev. 1/25 [v.2]).
6. Exhibit 2 – Standard Provisions for City Contracting (9/22) [v.1] is hereby replaced in its entirety by Exhibit 2 – Standard Provisions for City Contracts (Rev. 1/25 [v.2]).
7. SECTION 6, PERIOD OF PERFORMANCE, first paragraph is hereby replaced in its entirety with:

The Period of Performance will be from September 26, 2014 (“Effective Date”) through March 25, 2025, and continuing thereafter on a month-to-month basis up to six (6) months, ending on September 25, 2025 or when the New Operating Agreement is signed and executed (“Extension Term”).

6.1 Ratification. The Contractor may have provided prior services to the City of Los Angeles under the terms of an executed Agreement which included a requirement to adhere to the City’s Standard Provisions for City Contracts. To the extent that the Contractor provided services to the City prior to the execution of this extension, and the Contractor’s services were performed in accordance with the terms and conditions of this extension and the original

Agreement, including the City's Standard Provisions for City Contracts, those services are hereby ratified.

8. SECTION 7, CITATION PROCESSING COST, is hereby amended by adding the following:
Citation Processing Cost during the Extension Term, the City will pay Contractor:
 - (a) A fee per issued citation of \$7.35 per citation issued up to 75,000 issued per calendar month and (f); or
 - (b) A fixed fee of \$550,905 per month for the total of all citations over 75,000 and up to 115,000 issued per calendar month; and
 - (c) A fee per issued citation of \$4.79 per citation issued for each citation over 115,000 up to 180,000 issued per calendar month; and
 - (d) A fee per issued citation of \$4.07 per citation issued for each citation from 180,001 to 220,000 issued per calendar month; and
 - (e) A fee per issued citation of \$3.66 per citation issued for each citation over 220,001 issued per calendar month; and
 - (f) A fee for Special Collections of \$27 per transaction with a monthly minimum Special Collections fee amount of \$421,000 per month and no monthly maximum fee limitation for Special Collections.
9. At the conclusion of the Extension Term, in addition to the fees paid during the Extension Term pursuant to SECTION 7, CITATION PROCESSING COST in section 8 of this Sixth Amendment, the City will pay the Contractor the remaining owed fees that would have been earned between March 26, 2025 to earlier of September 25, 2025 or when the New Operating Agreement is signed and executed had the fees been as set out in the New Operating Agreement, to the extent such would have been higher than the fees earned during the Extension Term pursuant to SECTION 7, CITATION PROCESSING COST in section 8 of this Sixth Amendment.
10. Except as provided herein, all other terms and conditions of this Agreement shall remain unchanged.

The parties hereby indicate their agreement to this change by their signatures hereunder.

[Signature Page Follow]

IN WITNESS WHEREOF, the City of Los Angeles and the Contractor have caused this Agreement to be executed by their duly authorized representatives.

For: THE CITY OF LOS ANGELES,
a Municipal Corporation

By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this contract.

By: _____
Laura Rubio-Cornejo
General Manager
Department of Transportation

Date: [mm/dd/yyyy]

Modaxo Traffic Management USA, Inc., a Delaware Corporation

**Approved Signature Methods:*

1) *Two signatures: One of the Chairman of the Board of Directors, President, or Vice-President, and one of the Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer.*

2) *One signature of a Corporate-designated individual together with a properly attested resolution of the Board of Directors authorizing the individual to sign*

By: _____
Bill Delaney
CEO
Modaxo Traffic Management USA, Inc.

By: _____
[Name]
[Title]

Date: [mm/dd/yyyy]

APPROVED AS TO FORM:

HYDEE FELDSTEIN SOTO, City Attorney

By: _____
[Name]
Deputy City Attorney

Date: [mm/dd/yyyy]

ATTEST:

PETTY F. SANTOS, Interim City Clerk

By: _____
[Name]
Deputy City Clerk

Date: [mm/dd/yyyy]

City Business License Number: 0003459216
Internal Revenue Service Taxpayer Identification Number: 35-2832964
Said Agreement is Number C-124676 of City Contracts