

Council Meeting of
December 9, 2008

PUBLIC HEARING

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council

SUBJECT: City Treasurer and Finance Director – Adopt an **ORDINANCE** to approve revised schedule of parking penalties, administrative fees, process service fees, and collection costs related to civil debt collection

RECOMMENDATION

Recommendation of the City Treasurer and Finance Director to:

- 1) Conduct a public hearing to adopt an **ORDINANCE** to approve modifying the current schedule of parking penalties and fees to authorize the City to recover the costs of collecting delinquent parking violation penalties through its existing Citation Management Service Agreement with the City of Inglewood and collection services from their collection agency contractor, Law Enforcement Systems (LES); and
- 2) Approve Ordinance Summary for publication.

FISCAL IMPACT

The proposed collections program is cost neutral and will not require additional City staff or funds to implement the program. Violators will be assessed an additional collection fee of 35% for delinquent balances under \$1,000 and 45% for balances over \$1,000 in order to reimburse the City for the internal staff costs and outside collection service costs of collections. The recommended revised fee schedule will add the authorization to recover the cost of collecting delinquent parking citations by imposing penalties fees of 35% and 45%.

The City issues 20,000 parking citations per year and generates approximately \$600,000 in parking citation revenue through normal collection efforts within 90 days of issue. Under the comprehensive secondary collection program, we anticipate collecting approximately \$240,000 per year. The implementation of the new collection cost recovery fee will also enable the City to attempt to collect citations that are unpaid for the past three years. We anticipate LES' efforts to collect additional delinquent citations from the backlog will result in one-time additional revenue over the next 9 months of \$200,000. In addition, LES will assume responsibility for costs associated with Department of Motor Vehicles (DMV) filing fees and Franchise Tax Board (FTB) tax intercept fees saving the City an estimated \$30,000 per year

BACKGROUND/ANALYSIS

The City Treasurer is responsible for the billing and collection of parking citations. Since October 1993, the City of Torrance has purchased parking citation processing services from the City of Inglewood in a government-to-government service bureau. This service, known as "Inglewood Citation Management Services" (ICMS), is provided to approximately 70 public agencies as a government service consortium. This parking citation processing service includes computerized accounting system, data entry of manual citations, mailing of notices, collection of delinquent accounts through DMV registration hold and FTB tax intercept programs.

In January 2008, the City Council approved a contract renewal with the City of Inglewood and Torrance selected to use "Comprehensive Secondary Collection Services" to take advantage of delinquent parking citation collection services under a fixed collection fee to increase revenues and enforce collection of citations on backlog of delinquent accounts. This service will allow the City to increase its collection efforts on delinquent parking accounts through assignment of seriously delinquent citations to ICMS Collection Agency contractor "Law Enforcement Systems" (LES). Law Enforcement Systems, Inc. has proprietary violation collection software and an established relationship with most of the out-of-state DMV's to collect debt owed by citizens. LES, through its collection program, will aggressively perform skip tracing techniques using a variety of commercial databases and nationwide DMV's to locate citizens who have moved without leaving forwarding addresses.

The current schedule of parking penalties, administrative fees, process service fees, collection costs related to civil debt collection and related charges must be modified to allow the City to impose delinquent collection fees on violators to recover the costs of collection services. The collection program would impose a special delinquent citation collection fee of 35% on seriously delinquent citations where the violator owes up to \$1,000 and 45% on cases over \$1,000 for filing of Civil Judgment in Superior Court. This action will authorize amending the Master Fee Schedule to add authority to recover the cost of collection by imposing collection cost recovery penalties on delinquent parking citations.

There are other agencies that have implemented the Comprehensive Secondary Collection Service under the ICMS service agreement. Cities such as Oakland, Berkeley, Inglewood, Alhambra, South Gate and Sacramento, California already have the program in place. Each program has demonstrated successful collection of the accounts that are more than 90 days delinquent, which includes collecting on delinquent out-of state citations.

Under the proposed fee schedule, the parking penalties, late payment fees and collection cost fees will reimburse the City for the cost for this service. Section III of the proposed fee schedule will add "Fee for Collection of Delinquent Penalty Payments," to read as follows:

"Should it become necessary or desirable for the City to seek collection of any delinquent parking penalty and late payment penalty by assignment to a collection agency, attorney or other collection service, the cost of collection shall be added to the penalty and late payment penalty and the violator shall be liable to the City for both the civil penalties and the collection costs."

This public hearing was advertized in the Daily Breeze on November 29 and December 4 for tonight's Council meeting.

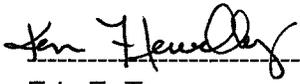
Respectfully submitted,

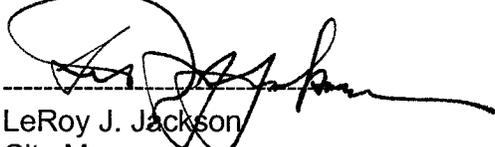
LINDA BARNETT
City Treasurer

By 
Dana Cortez
Deputy City Treasurer

CONCUR:


Linda M. Barnett


for Eric E. Tsao
Finance Director


LeRoy J. Jackson
City Manager

Attachments:

- A. Ordinance
- B. Ordinance Summary
- C. Daily Breeze Publication

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TORRANCE ADDING A NEW SECTION 7 TO ARTICLE 2 OF CHAPTER 1 OF DIVISION 1 OF THE TORRANCE MUNICIPAL CODE IMPOSING A FEE FOR THE COLLECTION OF DELINQUENT PARKING CITATIONS.

WHEREAS, the City of Torrance may utilize the services of private collection agencies to collect delinquent parking penalties; and

WHEREAS, these private agencies charge the City of Torrance for the cost of their services; and

WHEREAS, the City of Torrance wishes to recover all of its costs associated with the collection of delinquent parking penalties.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TORRANCE, DOES ORDAIN AS FOLLOWS:

SECTION 1

That a new Section 7 is added to Article 2 of Chapter 1 of Division 1, entitled "FEES FOR THE COLLECTION OF DELINQUENT PARKING CITATIONS." This section reads in its entirety as follows:

"SECTION 11.2.7. FEES FOR THE COLLECTION OF DELINQUENT PARKING CITATIONS.

Any person liable for a civil penalty will be required to pay the penalty provided on the bail schedule of parking penalties for parking violations, including process service fees, and any late payment penalty. In addition, if the City incurs collection costs in conjunction with the assignment of a parking citation, those costs will be added to the penalty and the violator will be liable to the city for both the civil penalties and the collection costs. "

SECTION 2

Any provisions of the Torrance Municipal Code or its appendices, or any other ordinances of the City inconsistent with this ordinance, to the extent of the inconsistencies and no further, are repealed.

SECTION 3

If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, the decision will not affect the validity of the remaining portions of the ordinance. The City Council declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases are declared invalid or unconstitutional.

SECTION 4

This ordinance will take effect thirty days after the date of its adoption. Within fifteen days following adoption, this ordinance or a summary of this ordinance, if authorized by the City Council, will be published at least once in the Daily Breeze, a newspaper of general circulation, published and circulated in the City of Torrance.

INTRODUCED AND APPROVED the ___ day of _____, 2008.

ADOPTED AND PASSED this ___ day of _____, 2008.

Frank Scotto, Mayor

ATTEST:

Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____
Ronald T. Pohl, Assistant City Attorney

ORDINANCE NO. ____

SUMMARY

On _____, 2008, the City Council of the City of Torrance adopted an ordinance imposing a fee for the collection of delinquent parking citations.

The ordinance requires the person liable for a civil penalty to pay the penalty provided on the bail schedule of parking penalties for parking violations, including process service fees, and any late payment penalty. In addition, if the City incurs collection costs in conjunction with the assignment of a parking citation, those costs will be added to the penalty and the violator will be liable to the City for both the civil penalties and the collection costs.

****City Clerk to add a paragraph stating that copies of the ordinance are available at the City Clerk's office and stating the names of the City Council members that voted in favor and those that voted against.****

Daily Breeze Publication**DB 11-89
CITY OF TORRANCE
NOTICE OF FEE HEARING**

NOTICE IS HEREBY GIVEN that a public hearing will be held before the City Council to impose a fee for the collection of delinquent parking citations. The public hearing will be held on Tuesday, December 9, 2008 at 7:00 PM as part of the regularly scheduled Council meeting. This public hearing will take place in the Council Chambers, 3031 Torrance Boulevard. Anyone with an interest in the matter may appear and be heard in person, or they may submit written material for Council consideration as long as it is delivered to the City Clerk, 3031 Torrance Boulevard, Torrance, CA, 90503, prior to the hearing. This notice is given pursuant to the order of the City Council by order of LeRoy J. Jackson, City Manager, City of Torrance.

Pub: Nov 29, Dec 04, 2008