



Request for City Council Committee Action From the Department of

Date: October 12, 2004

To: Public Safety & Regulatory Services

Referral to Ways & Means/Budget

Subject: Receive and File Report – Finance and Police Department's Review of Fine Revenue Estimates

Recommendation

(Complete action required in the final report, including fund-agency-org, contract number and amendment number, if applicable)

Previous Directives

(any past Council actions or directions to staff)

Prepared or Submitted by Jacob Cherucheril, Finance Manager, 673-2300

Approved by Patrick Born, Finance Officer _____
Deputy Police, Chief Tim Dolan _____

Presenters in Committee (name, title) Patrick Born, Finance Officer & Deputy Police, Chief Tim Dolan

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

Neighborhood Notification

City Goals

Comprehensive Plan

Zoning Code

Other

Background/Supporting Information Attached

In 2003, the Mayor and the Council approved a target strategy from the Police Department to increase fine revenue by increased traffic enforcement with the transfer of 12 Officers to the Traffic Unit. Fines are deposited to the general fund and attributed to the Police Department. Since this strategy was implemented in April 2003 fine revenues have significantly increased. The increase in fine revenues is more than the cost of the positions transferred to the Traffic unit. The following schedule shows Revenue estimates and collections from 2002 to 2005.

<u>Year</u>	<u>Revenue Estimate</u>	<u>Revenue Collections</u>
2002	\$2,700,000	\$2,688,990
2003	\$3,816,377	\$3,293,331
2004	\$4,691,377	\$3,822,000 Projected (\$2,562,300 YTD)
2005	\$3,834,377 (budget)	

In 2003 and 2004 actual fine revenues were significantly less than estimated. Although the Traffic Unit doubled its staff in 2003 it accounts for only about 50% of total fine revenue in 2004. The revenue estimates for 2003 and 2004 may have overestimated the amount of fines attributed to the Traffic Unit and underestimated the amount from normal Police operations. Doubling the Traffic Unit size should have increased 2003 revenues by 25% rather than the 40% estimate. Another important factor is that, due to the budget reductions, the department absorbed staffing reductions in both 2002 and 2003 resulting in fewer uniformed precincts officers available to issue citations. Because of the above factors, the additional 23% increase in estimated revenues in 2004 was not warranted.

Estimated revenues in the Mayor's proposed 2005 budget reflects the trend in actual revenues in 2003 and 2004 and is expected to be realized.

Review of Fine Revenues

Over the last year, Finance, Police, City Attorney, Internal Audit, Violations Bureau, and Court staff have studied the citation and fine revenue process. Based on what was learned, there is an opportunity for process improvements.

Use of electronic citations. The Police Department has just started issuing electronic citations and plans to eliminate the use of paper citations. Currently only 12% of citations are issued electronically. Paper citations have no information that identifies the:

- Citations written
- Offenses cited
- Citing officer and assignment
- Fine revenue associated with the offense
- Date of citation

There are several advantages with an electronic citations system:

- Citations written and citation fine collected data could be merged into one database.

- The merged data could identify unpaid citations, dismissed citations, and citations with reduced fines.
- With cited and collected data in one database, there is opportunity to analyze and identify further process improvements
- The City staff can project the amount of revenue to be received when all fines are paid in full, compare it to the amount actually collected, and establish a historical trend for future revenue projections.

Dismissal of citations. The Courts dismissed approximately one-third of the citations issued in 2004. When a citation is dismissed, not only does the City not collect any revenues, but also the Court system charges the City a fee of \$5 or \$15 per offense cited. The fees reduce the fines paid to the City by \$10,000 - \$15,000 a month. The City Attorney, Police and Court staff needs to review the dismissal process, to identify process improvements in order to reduce the percentage of dismissed citations