



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-34

333 West Ocean Blvd • Long Beach, California 90802

May 13, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution amending Resolution No. C-27898 imposing a charge on delinquent parking violations sent to ACS State & Local Solutions, Inc., (ACS) for collection services and authorizing the City Manager to execute an agreement with ACS for collection services of delinquent parking violations for a three-year period with the option of renewing for two additional one-year periods. (Citywide)

DISCUSSION

The City of Long Beach issues approximately 450,000 parking citations annually. Penalties assessed for these parking violations range from \$37 for illegal parking on private property to \$330 for illegally parking in a spot reserved for the disabled. The average penalty for a parking citation in Long Beach is approximately \$41.

Over recent years, Long Beach has maintained a collection rate of about 80 percent on parking citations. While this collection rate is laudable when compared to other California cities, 20 percent or about 90,000 annual parking penalties are not being paid each year. Presently, City staff attempts to collect on unpaid parking penalties by sending a notice to the registered owner of the vehicle. If the penalty remains unpaid, a hold is placed on the future registration of the vehicle with the California Department of Motor Vehicles (DMV) until the parking penalty is paid. The DMV charges a non-refundable \$3 fee for every vehicle registration the City designates for hold. This process works well, but there are certain classes of vehicles, for which the DMV cannot place a hold on the registration. These include vehicles registered out of state, vehicles sold or their ownership transferred prior to re-registration, or when the citation is issued on a rental car.

It is for these difficult to collect parking violations that City staff recommends entering into an agreement with a firm that specializes in collecting on these specific types of citations. Four firms specializing in parking violations collections responded to a Request for Proposals (RFP) and a committee of City staff selected ACS State & Local Solutions, Inc., 1800 M Street NW, Washington, DC 20036, as best meeting the City's requirements. ACS's fee is based solely on a percentage of the parking violations collected, so no appropriation is necessary to execute the agreement. Historically, ACS has collected 10

HONORABLE MAYOR AND CITY COUNCIL

May 13, 2008

Page 2

to 15 percent of these difficult to collect parking violations, depending on the age and category of the citation.

The proposed agreement contains the following major provisions:

- Length of term: Three years with two additional, one-year renewals with an early termination of the agreement by either party with 30 days' notice.
- Compensation: 25 percent of all amounts collected.
- Guarantee: ACS will deal with every parking violator in a professional, courteous manner and will assign a full-time customer service representative to handle the City's account.

Historical data indicates that the average amount owed, including penalties and late fees, on a citation that will be provided for collection to ACS will be about \$85. Therefore, at a compensation rate of 25 percent, the average fee paid to ACS will be about \$21.25 for each citation collected. To recapture the entire cost of the unpaid citation from the violator, the 25 percent charge will be added to each delinquent parking violation sent to ACS for collection.

Prior to sending an unpaid parking citation to ACS for collection, City staff will send a final notice to the responsible party advising that if the citation is still unpaid by a certain date, the amount of the penalty will be increased by 25 percent and sent to a collection agency. The responsible party will have had three notices, an opportunity to contest the citation, and a minimum of 12 weeks to have paid the parking citation penalty prior to it being sent to the agency for collection.

This matter was reviewed by Deputy City Attorney Amy Burton on April 14, 2008 and Budget Management Officer Victoria Bell on April 21, 2008.

TIMING CONSIDERATIONS

City Council action is requested on May 13, 2008 to ensure the City receives as much parking citation revenue as possible that is budgeted in the current year.

FISCAL IMPACT

It is estimated that approximately \$700,000 in net annual revenue will be realized for various funds and departments that have delinquent parking violations. The 25 percent collection fee will be added to the City's parking violation and will be retained by the collection agency. All remaining funds will be remitted to the City and deposited to the appropriate funds.

HONORABLE MAYOR AND CITY COUNCIL

May 13, 2008

Page 3

SUGGESTED ACTION:

Approve the recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

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ATTACHMENTS

APPROVED:



for Suzan
PATRICK H. WEST
CITY MANAGER

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH IMPOSING A CHARGE OF
TWENTY-FIVE PERCENT (25%) ON EACH UNPAID
PENALTY FOR A PARKING VIOLATION SENT TO ACS
STATE & LOCAL SOLUTIONS, INC. ("ACS") FOR
COLLECTION

WHEREAS, there are certain penalties for parking citations that cannot be collected for the City by the California Department of Motor Vehicles; and

WHEREAS, ACS is able and desire to collect these penalties on behalf of the City and the City desires ACS to do so; and

WHEREAS, the City also desires to recapture its cost for collection by the imposition of a charge for collection; and

WHEREAS, prior to adoption of this resolution, public notice was given and a hearing held in accordance with the California Government Code;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. That the above recitals are true and correct and are incorporated herein by this reference.

28 Section 3. This resolution shall take effect immediately upon its adoption.

1 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

2 I hereby certify that the foregoing resolution was adopted by the City
3 Council of the City of Long Beach at its meeting of _____, 20____ by the
4 following vote:

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Ayes: Councilmembers: _____

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Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk