

CITY OF CORAL GABLES

- MEMORANDUM -

TO: Peter J. Iglesias, P.E.
City Manager

DATE: January 2, 2019

FROM: Diana M. Gomez
Finance Director

SUBJECT: Information regarding
Parking Citation Revenues



Below is information regarding Parking Citations based on estimated revenues and expenditures depending on whether the City brings the processing in-house at the rates set by Ordinance 2018-16 versus the County continuing the processing at their increased rates that go into effect July 1, 2019. This analysis has been reviewed with the Parking Director, Kevin Kinney.

Revenues generated from expired meter violations have averaged just under \$1 million in the past few years with the most recent year at \$850,000. Expenditures are currently \$1.3 million. This leaves a deficit of about \$451,000 which is funded with other parking operations revenue. This is based on the current rate schedule which has the expired meter tag at \$18.00 with the County processing the citations.

The City's Ordinance (2018-16) changes the expired meter ticket from \$18 to \$25 when and if the City brings the processing in-house. Other violations also increase with the new rate schedule in the Ordinance. Estimated revenues at the \$25 rate would be approximately \$1.720 million and expenditures would be approximately \$1.726 million (see detail for increase in expenditure below), leaving a small deficit of \$6,000 but an overall increase to the budgeted revenues of approximately \$445,000 in year one (since the existing deficit of \$451,000 is covered). In subsequent years, the revenue over expenditure surplus is estimated to be \$143,000 with a total budget swing to the positive of \$595,000.

Increase in expenditures if brought in-house:

\$75,000	Hearing Officer - \$150 per hour, one day per week.
\$100,000	Administrative Assistant - 18E - \$42,500 plus benefits, pension, uniform, etc.
\$100,000	Parking Enforcement System including collections and ongoing replacement
<u>\$150,000</u>	Hardware purchase (one-time)
\$425,000	Total additional expenditures

The County recently adopted new rates and increased the expired meter violations to \$32 plus a \$4 surcharge for the School Crossing Guard Fund, essentially making the new rate \$36. At this rate, having the County do the processing, the estimated revenues to the City would be approximately \$1.65 million and expenditures would stay at the current \$1.3 million. This would generate a surplus of \$350,000 and a total increase to the budget of \$800,000. However, due to the much higher rate, we believe behavior

will change and factored in a reduction in tickets issued (15%); therefore, the overall increase to the budgeted revenues would be approximately \$680,000.

The Parking Department reviewed the appeal process (including administration and hearings) with the City Attorney's office. We anticipate an appeal rate of approximately 2% based on current operations. The current proposed expenses are sufficient to manage a much higher appeal rate than we project. While Finance has reviewed for reasonableness, we do not have the detailed information to include in the analysis.

Attached is a summary chart of the information stated above. For purposes of this analysis, the current split between City/County/Crossing Guard Fund/Senate Bill Fund was used. It is not known if these amounts would be required once the City brings the processing in-house. Also, because the actual impact on revenue is uncertain, the anticipated increase in late payment fees are not included the attached chart or the analysis above. After thirty (30) days, the City will assess a \$15 late fee, making the total cost for a meter violation \$40 (\$25+ \$15). Since the enforcement process would be in-house, the City would receive the complete \$15 late fee. With the County processing citations, the County will assess \$26 in late fees making the total cost for a meter violation \$62 (\$36 + \$26) and the City will only receive \$6.67 of the \$26 in late fees.

Please let me know if you have any questions or need additional information.

cc.

Kevin J. Kinney, Parking Director
Miriam Soler Ramos, City Attorney

Summary of Parking Citation Revenues over Expenditures

	Current Rates and Activity	County Processes @ \$36 (\$32 Plus \$4)
Avg Ticket Revenue		
Municipality Share	\$ 850,000	\$ 1,651,809
County Share	\$ -	\$ -
Total Revenue	<u>\$ 850,000</u>	<u>\$ 1,651,809</u>
Expenditures		
Existing Operations	\$ 1,301,581	\$ 1,301,581
Hearing Officer	\$ -	\$ -
Admin Support	\$ -	\$ -
System & Collections	\$ -	\$ -
Hardware (one-time)	\$ -	\$ -
	<u>\$ 1,301,581</u>	<u>\$ 1,301,581</u>
Revenues over Expenditures	\$ (451,581)	\$ 350,228
Existing Deficit		\$ (451,581)
Reduce 15% for change in behavior		\$ 120,271
Impact on Budget- Surplus/(Deficit)	<u>\$ (451,581)</u>	<u>\$ 681,538</u>
	@\$25 City Processes In-house Year 1	@\$25 City Processes In-house Ongoing
Avg Ticket Revenue		
Municipality Share	\$ 1,148,139	\$ 1,148,139
County Share (now coming to City)	\$ 571,980	\$ 571,980
Total Revenue	<u>\$ 1,720,119</u>	<u>\$ 1,720,119</u>
Expenditures		
Existing Operations	\$ 1,301,581	\$ 1,301,581
Hearing Officer	\$ 75,000	\$ 75,000
Admin Support	\$ 100,000	\$ 100,000
System & Collections	\$ 100,000	\$ 100,000
Hardware (one-time)	\$ 150,000	\$ -
	<u>\$ 1,726,581</u>	<u>\$ 1,576,581</u>
Revenues over Expenditures	\$ (6,462)	\$ 143,538
Existing Deficit	\$ (451,581)	\$ (451,581)
Reduce 5% for change in behavior	\$ 22,256	\$ 29,756
Impact on Budget- Surplus/(Deficit)	<u>\$ 422,863</u>	<u>\$ 565,363</u>