

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: KIM NADEAU, PARKING MANAGER
KEVIN BUCHANAN, ADMINISTRATIVE ANALYST
FINANCE DEPARTMENT

SUBJECT: PARKING CITATION PAYMENT PLAN FEES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, adopt the revised Schedule of Parking Fines and Penalties to: (1) establish processing fees for parking citation payment plans, and (2) comply with Assembly Bill 503.

EXECUTIVE SUMMARY

On October 13, 2017, Governor Brown signed Assembly Bill 503 (AB 503) into law, which goes into effect July 1, 2018. This bill requires parking agencies to offer a parking citation payment plan to indigent people prior to sending an indigent person's delinquent parking penalties to the Department of Motor Vehicles (DMV) registration hold program. The Finance Department is proposing a two-tiered payment plan and processing fees in compliance with AB 503.

BACKGROUND

The Parking Division has an existing practice of offering payment extension plans to people who owe at least \$100 in parking citation fines and penalties, do not have their vehicle placed on a DMV hold, and the vehicle registration date is at least 30 days from the date of payment plan application. This provides 30 to 90 extra days to pay a citation before additional late fees or a DMV hold is applied.

Due to the passage of AB 503, California Vehicle Code Section 40220 was amended to require local jurisdictions to offer a low-income payment plan if the jurisdiction wants to continue using the DMV registration hold program. The legislative intent of this law is to reduce the financial burden on indigent persons and renew their vehicle registrations when they have outstanding citations. The DMV hold program restricts people from re-registering their vehicle until delinquent citations (plus late fees and

PARKING CITATION PAYMENT PLAN FEES

PAGE 2 OF 4

penalties) are paid off. The City has effectively utilized the DMV hold program to collect outstanding citation fees for many years.

AB 503 requires jurisdictions that wish to use the DMV registration hold program to offer a payment plan option for indigent vehicle owners that meets the following criteria:

- a. Allows payment of unpaid parking fines and fees to be paid off in monthly installments (within 18 months) of no more than twenty-five dollars (\$25) for total amounts due that are three hundred dollars (\$300) or less.
- b. Waives all late fees and penalty assessments for indigent applicants.
- c. Limits the processing fee to participate to \$5 or less for indigent individuals and \$25 or less for all other individuals.
- d. Allows for application for indigency determination for a period of 60 calendar days from the issuance of a notice of parking violation, or 10 days after the administrative hearing determination, whichever is later.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

As shown below, the DMV registration hold program accounts for more than 20% of total citation revenue collected. The DMV registration hold program is an important tool in the collection of delinquent citation fees.

DMV Registration Hold Program – Citation Revenue Collected			
	FY 14-15	FY 15-16	FY 16-17
Number of DMV hold collections	3,328	2,574	2,236
DMV Revenue Collected	\$378,727	\$291,871	\$256,782
Total Citation Revenue	\$1,417,131	\$1,368,069	\$1,200,701
Percentage of total citation revenue	27%	21%	21%

Staff has drafted a payment plan that complies with AB 503. The Department has not charged a payment plan processing fee in the past and, historically, very few people have applied. In FY 2016-17, the Parking Division issued 8 payment extension plans. Establishment of a processing fee requires City Council approval.

Since not all applicants will meet the indigent determination, a standard payment plan will also be available. The table below compares the current payment plan with the proposed indigent and standard payment plans. While AB 503 only requires a

PARKING CITATION PAYMENT PLAN FEES

PAGE 3 OF 4

minimum monthly payment of \$25 for any amounts owed of \$300 or less, staff proposes keeping that the minimum, regardless of amount owed for consistency.

	Current – Payment Plan	Proposed – Standard	Proposed - Indigent
Fees	\$0	\$25	\$5
Timeline for Completion	1-3 months	4 months when \$500 or less is owed; 6 months when more than \$500 is owed	Up to 18 months (one-time 45-day extension for missed payment)
Minimum Payment/Month	N/A	\$25	\$25
Deadline for Submitting Application	31 days prior to vehicle registration expiring	Before vehicle is put on DMV hold	Within 60 calendar days of citation issuance or 10 days after the administrative hearing determination, whichever is later. *
Late Application Penalty	N/A	N/A	\$5, one time only. *
Fee Reduction	No	No	Yes, but fees are reinstated if plan is not completed

* One-time exception granted after DMV registration hold has been placed.

To qualify for the indigent payment plan, the registered vehicle owner must have income at 125% or less of the federal poverty level or receive public assistance such as Medi-Cal or CalWorks.

Additionally, AB 503 states that the processing agency shall rescind the DMV hold for an indigent individual, one time only, if the registered owner or lessee enrolls in a payment plan and pays a late fee of no more than \$5.

FISCAL IMPACT

It is anticipated that implementation of the payment plan, in accordance with AB 503, may result in reduced citation revenue to the General Fund due to waiving of the late penalties. This may be partially offset by the increased revenue from payment plan fees. There will also be increased costs associated with processing payment plan applications and tracking payment plans. However, the revenue gained from the DMV hold program exceeds the anticipated costs of administration of the payment plan program. Ceasing to use the DMV hold program will result in, at least, a 20% revenue reduction to the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A – Schedule of Parking Fines and Penalties

CONTACT

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