



# CITY OF PLANO COUNCIL AGENDA ITEM

<b>CITY SECRETARY'S USE ONLY</b>					
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory					
Council Meeting Date:		October 28, 2013			
Department:		Police Department			
Department Head		Gregory W. Rushin			
Agenda Coordinator (include phone #): <b>Kellie Boyer x7248</b>					
<b>CAPTION</b>					
To approve and authorize Contract Modification No. 2 for the addition of a collections program from Redflex Traffic Systems, Inc. and the establishment of an escrow account in the amount of \$185,000 and to authorize the City Manager or his designee to execute all related documents.					
<b>FINANCIAL SUMMARY</b>					
<input type="checkbox"/> NOT APPLICABLE <input checked="" type="checkbox"/> OPERATING EXPENSE <input checked="" type="checkbox"/> REVENUE <input type="checkbox"/> CIP					
FISCAL YEAR:	<b>2013-14 thru 2021-22</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget		0	0	0	<b>0</b>
Encumbered/Expended Amount		0	0	0	<b>0</b>
This Item		0	0	0	<b>0</b>
BALANCE		0	0	0	<b>0</b>
<b>FUND(S):    TRAFFIC SAFETY FUND</b>					
<b>COMMENTS:</b> Approval of this item will allow Redflex Traffic Systems, Inc. to establish an initial escrow account on behalf of the City of Plano with TxDOT in the amount of \$185,000. Redflex will recover this initial expense from fines collected. After this initial cost recovery, the City of Plano will then collect \$90 in revenue on each past due violation.					
<b>STRATEGIC PLAN GOAL:</b> Contracting with Redflex Traffic System, Inc. for violation collection services relates to the City's Goal of Financially Strong City with Service Excellence.					
<b>SUMMARY OF ITEM</b>					
Staff recommends the approval of Contract Modification No. 2 for the addition of the collections program to increase the number of collections on violations that would otherwise go uncollected. If approved, Redflex Traffic Systems, Inc. will establish an initial escrow account on behalf of the City of Plano in the amount of \$185,000. Redflex Traffic Systems, Inc. will recover the initial expense from fines collected. After the initial cost recovery, the City of Plano will collect \$90 in revenue on each past due violation.					
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies		
Memo					



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## MEMORANDUM

**DATE:** October 10, 2013  
**TO:** LaShon Ross, Deputy City Manager  
**FROM:** Gregory W. Rushin, Chief of Police  
**SUBJECT:** Red Light Camera Collection Program Offered by Redflex Traffic Systems, Inc.

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The City of Plano began its Red Light Camera program in March 2006 with the installation of the first four cameras. We are currently operating 19 cameras at 16 intersections. Since the inception of the program we have contracted with Redflex Traffic Systems, Inc. We pay Redflex a fixed monthly fee per camera approach. Redflex installs and maintains the equipment and also bills and collects on violations issued. A red light camera violation carries a \$75 civil penalty. A \$25 fee is assessed if the violation becomes past due and is sent to collections. Currently, Redflex contracts with Penn Credit for collection services. There is no action taken against a violator if he/she does not pay the penalty.

Plano's collection rate of violations, even though it is higher than the state average, is dropping. In 2011, Plano's collection rate was 80.4% and the state average was 70.5%. For 2012, Plano's rate dropped to 77% and the state rate dropped to 68.4%. As of June 2013, there were 48,512 violations that were more than 90 days past due. This amounts to approximately \$4.7 million in uncollected revenue. The number of uncollected violations is growing at a rate of approximately 450 per month. Due to this drop in collections, we are moving forward with the Redflex ASP program.

Redflex is offering to contract with the City to provide up-to-date information on outstanding, past due violations to TxDOT. TxDOT would then flag the registration of the vehicle and the owner would not be able to register the vehicle without first paying the violation. Once the violation is paid, Redflex would send the clearance request to TxDOT. Redflex completes all of the billing and collections already; therefore, this information is readily available in the Redflex computer system and would be accurate and timely. Reflex would be providing an additional service with data that already exists in their system.

Redflex estimates the initial batch of entries to be flagged by TxDOT to be 37,000. Redflex would charge the City \$5 for each entry for a total of \$185,000. After the initial batch the cost would be \$10 each. Redflex's collection program will maintain and fund the required escrow account at TxDOT. This is an account from which TxDOT draws its processing fees. Redflex would fund this escrow account up front. Redflex would collect its \$185,000 initial fee only after twice that amount has been collected and is available in the escrow account. Redflex will collect their \$185,000, the remaining \$185,000 will function as our escrow account with TxDot.

Through the Redflex collection program, the City will collect \$95 or \$90 (dependent on whether we paid \$5 or \$10) on each past due violation. Currently, if the collection agency is successful, the City collects \$86 and pays the collection agency \$14. Redflex advises that flagging has proven four times as effective as the phone call that violators receive from the collection agency. We would have to collect 1948 past due violations (5%) of the initial batch to cover the cost of Redflex's services.

Redflex prints and mails a letter to the registered owner notifying him/her of the hold being placed on his/her registration. Redflex has found this to be more effective than the owner finding out at registration renewal time. Upon payment, Redflex generates a receipt and a paid-in-full letter, which the owner then presents to complete registration of the vehicle.

The following cities are already using Redflex collection program: Corpus Christi, El Paso, Richland Hills, North Richland Hills, Haltom City, Denton, Hurst, Balch Springs and University Park. Grand Prairie and Richardson will be implementing the program on the same date as Plano. All three of these cities will be granting a grace period until December 1, 2013. After that date Redflex will begin to flag registrations.

The Collin County Tax Assessor-Collector, Kenneth Maun does not intend to honor the flags if the owner walks into the tax office or mails in; therefore, these customers will be able to renew their registration even if they have outstanding violations. Persons who complete their registration online or at off-site locations such as Tom Thumb, will not be able to complete the process without first clearing their violation. TxDOT does not keep figures on the number who walk into the tax office and those that register by alternate methods, but a representative of TxDOT estimated that 75% use the alternate methods.

The City would have no upfront investment. Redflex would cover the escrow necessary for the initial batch entry and would not charge us until the escrow account has grown to double that size.

If we do not accept this contract with Redflex for this service we will continue to collect less than 10% of the \$4.7 million in outstanding violation revenues.