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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Finance Director

SUBJECT: Parking Citation Payment Plan

DATE: May 7, 2018

City Administrator Approval

Date:

5/31/18

RECOMMENDATIONS

Staff Recommends That The Finance Committee Receive An Informational Report Regarding The Implementation of Assembly Bill 503, Creating Parking Plans For Indigent Parking Citation Recipients To Allow Payment Of Original Citation Amounts, Provide An Avenue For Vehicle Registration That Is Not Cost Prohibitive, And Allow The City To Continue To Participate In The Department of Motor Vehicle Recovery Program.

EXECUTIVE SUMMARY

Assembly Bill 503 (AB503) seeks to remove barriers that prevent indigent Californians from renewing their vehicle registration when the registered owner or lessee has been mailed a notice of delinquent parking violations. Parking citations that remain unpaid are forwarded to the Department of Motor Vehicles (DMV) and collected at point of vehicle registration. Adding the cost of parking violations to the total cost of registering a motor vehicle may prevent indigent Californians from being able to register a vehicle. Assembly Bill 503 requires agencies that issue citations, and wish to use the DMV collection process, to provide a payment plan option for indigent persons. AB503 requires the registered owner or lessee to enroll in a payment plan within 60 calendar days from the issuance of a notice of delinquent parking violation or 10 days after the administrative hearing determination, whichever is later. These payment plans require that the City dismiss all penalties and only charge the original ticket fine amount. If the registered owner enrolls in the payment plan as required, the processing agency is to rescind the filing of an itemization of unpaid parking penalties and service fees with the DMV for one time only.

BACKGROUND / LEGISLATIVE HISTORY

On October 13, 2017, Governor Brown signed AB503, amending the California Vehicle Code to remove barriers that prevent Californians from registering their vehicles. Under AB503, local jurisdictions that wish to pursue the collection of delinquent unpaid parking citations through the DMV registration hold process are now required to establish payment plans for indigent people. AB503 becomes effective July 1, 2018. AB503 authorizes a processing agency to file an

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itemization with the DMV for collection of unpaid parking citations only after: 1) the issuing agency provides a payment plan option for indigent persons as specified; 2) the processing agency provides notice of the payment plan and the process related to indigence determination in a specific manner; and 3) the Owner fails to enroll in the payment plan within the time specified in the notice or is not eligible for the payment plan, as specified.

Prior to AB503, the DMV could refuse to renew the registration of a vehicle if: 1) the Owner was mailed a notice of a delinquent parking violation; 2) the processing agency filed with the DMV an itemization of unpaid parking penalties; and 3) the Owner had not paid the parking penalties at the time of application for vehicle registration renewal.

ANALYSIS

The City of Oakland currently offers parking citation payment plans for individuals who have parking citations in amounts of more than \$250.00 and inform the City that he or she is unable to pay their outstanding citation balance in full. Under the current process, all parking citation payment plans are for a maximum of 12 months, all penalties are owed and a \$120.00 administrative fee is charged for the set-up and maintenance of the payment plan. To date, when compared to calendar year 2017, the City is experiencing increased demand for parking citation payment plans.

As noted in **Table 1** below, AB503 makes several changes to the City's current parking payment plan process. Those individuals who can verify they are not able to pay in full and qualify as indigent, will be allowed to enter a parking citation payment plan for a maximum of 18 months with a \$5.00 administrative fee and only for the amount of the parking citation(s) less any assessed penalties. Application for indigent status must be made within 60 days of citation issuance or 10 days of hearing of determination, whichever is later. Payment plans are to allow for monthly payments of no more than \$25.00 if the total amount due is \$300.00 or less, or equal monthly installments if the total amount due exceeds \$300.00.

Under AB503, if a person defaults on a payment plan, he or she has 45 days to resume payments before the issuing agency can file an itemization of citations with the DMV for collection.

Table 1	Current Process	AB503 Process
Citation Value	Issuance value plus penalties	Issuance value only (all penalties must be waived)
Payment Plan Threshold	\$250.00	Any amount due
Plan Set-up & Maintenance Fees	\$120.00	\$5.00
Maximum Payment Length	12 months	18 months
Time Limit To Set-up Payment Plan	No time limit	60 days
Payment Plan Default	15 days to resume payment	45 days to resume payments
Payment Plan Set-up	One at a time	One time only

AB503 has several noticing requirements. Information is now required on the initial citation that includes the availability of the payment plan, timeframe to apply, a person's rights to indigent status determination and a phone number to call if more information is needed. Additionally, the City's website is required to contain the same noticing information and links to necessary application documents.

FISCAL IMPACT

It is unknown how many parking citation recipients would qualify for parking payment plan under AB503. **Table 2** provides possible scenarios of the fiscal impact based upon parking citation issued during the first quarter of calendar 2018 and straight-lined to encompass an entire fiscal year.

Under the current payment plans structure, 372 parking citation payment plans would generate \$64,356 of administrative and management fee and penalty revenue. Furthermore, there is a loss of revenue in penalties assessed on citations that will be realized with the implementation of AB503. The first penalty on a citation is assessed on day 42 which is equivalent to the original City fine.

With the adoption of AB 503, if 20% of the 372 payment plans qualified for an AB 503 payment plan, the City could experience a loss of \$12,499; at 30% the revenue loss would be \$18,749; at 40% the loss would be \$24,998.

Table 2		Revenue- Possible AB503 Percentage			
		Current Process	20%	30%	40%
Total parking payment plans	372	100%			
AB 503 Administrative Fee	\$ 5.00	\$ -	\$ 372	\$ 558	\$ 744
City of Oakland Admin& Mgt Fee	\$ 120.00	\$ 44,640	\$ 35,712	\$ 31,248	\$ 26,784
Parking Citation Penalty Revenue	\$ 53.00	\$ 19,716	\$ 15,773	\$ 13,801	\$ 11,830
Total Revenue		\$ 64,356	\$ 51,857	\$ 45,607	\$ 39,358
Implementing AB 503 Annual Revenue Loss			\$ (12,499)	\$ (18,749)	\$ (24,998)

Offering payment plans in accordance with AB503 also allows the City to continue to qualify for the DMV Recovery Program. Through the DMV program, the City collects an average of **\$2.3 million** annually from those who register their vehicles and have parking tickets attached to the registration. If the City does not offer payment plans, the City will not be allowed to participate in the DMV Recovery Program, at no cost to the City, and would therefore forfeit access to much needed revenue that supports the City's General Purpose Fund.

PUBLIC OUTREACH / INTEREST

As required by AB 503 Information regarding AB 503 payment plans will be posted on the City's website. Additionally, staff from the Revenue Management Bureau have held several informal meetings with the East Bay Community Law Center and has met with staff from the Race and Equity Department.

COORDINATION

This report was produced in coordination with the Department of Race and Equity.

SUSTAINABLE OPPORTUNITIES

Economic:

While the City stands to lose some revenue by offering AB 503 payment plans, the loss of revenue from not being able to participate in the DMV Recovery program would be of greater consequence.

Environmental:

There are no environmental opportunities associated with this report

Social Equity:

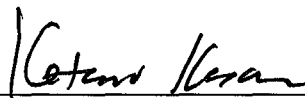
The City is acknowledging that some individuals have hardship and need assistance.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Finance Committee receive an informational report regarding the implementation of Assembly Bill 503, creating parking plans for indigent parking citation recipients to allow payment of original citation amounts, provide an avenue for vehicle registration that is not cost prohibitive, and allow the City to continue to participate in the DMV recovery program.

For questions regarding this report, please contact Margaret L. O'Brien, Revenue and Tax Administrator, 238-7480.

Respectfully submitted,



Katano Kasaine
Finance Director

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