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OFFICE OF THE CITY CLERK
OAKLAND

2009 JUL -2 PM 7:05

CITY OF OAKLAND
AGENDA REPORT

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Parking Operations
DATE: July 14, 2009

RE: Resolution Authorizing the City Administrator to Enter into a Sole-Source Service Agreement with PayLock, Inc. to Operate within the City of Oakland a Vehicle Immobilizer "Boot" Program, at No Cost to the City, for a Three-Year Term with Two One-Year Renewal Options; and an Ordinance Amending Ordinance Number 12880 C.M.S. (Master Fee Schedule), as Amended, to Add the Boot Removal Fee

SUMMARY

Staff is submitting for City Council approval a resolution authorizing the City Administrator to enter into a sole-source service agreement with PayLock LLP to operate a self-release vehicle "boot" program. The program would come at no cost to the City, and is expected to generate \$800,000 in annual General Purpose Fund revenue. The program can begin within 6 weeks following Council's approval. Staff is also submitting for City Council approval an ordinance amending the City's Master Fee Schedule to permit the collection of the boot removal fee by the City's agent (PayLock).

Staff has been working with PayLock over the past few months to learn about their unique vehicle "boot" program that allows a motorist to unlock the device using a code provided over the phone upon payment of applicable fines and service charges. The PayLock product will make it convenient for parking violators whose vehicles have been "booted" to pay their unpaid citations using a credit card, debit card or check by calling an 800 number 24 hours per day, 7 days per week. The PayLock solution makes it possible and convenient for motorists to retrieve their vehicle without incurring towing and storage charges, and saving them a trip to the Parking Assistance Center in downtown Oakland.

FISCAL IMPACT

The PayLock program will not create any costs for the City, will not require additional City staff for implementation, and will likely save staff resources currently used to retrieve vehicle "boots" from the motorists calling for such a service.

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- Current Scoff Law Enforcement Officers as well as the Parking Enforcement Officers will utilize the PayLock system (consisting of license-reading cameras and vehicle “boots”) during their routine patrols.
- Motorists with five or more traffic violations who receive a “boot” will be assessed the current \$125.00 administrative fee (that will continue coming to the City) and a \$140 boot release fee charged by PayLock. Additionally, PayLock will pass-through any credit card bank charged processing fees to the motorists.

Currently, the City collects just under \$1 million annually from “booted” vehicles. The PayLock program, by adding cameras to identify the violators and boots to disable vehicles, is conservatively projected to generate **an additional \$800,000 in annual City revenue**. In the first implementation year (FY 2009-10), the revenue is expected to be slightly lower (\$500,000) due to the delayed start date. The additional revenue would accrue to the General Purpose Fund (1010), Treasury Operation Organization (08721), Fine & Penalty Account (43112).

The additional revenue will come from the increased number of “booted” vehicles – and the corresponding increase in the outstanding fines and administrative fee collection and– made possible both through enhanced vehicle identification (using PayLock’s license scanning cameras and software), the additional number of “boots” made available to the City, as well as the increased ease with which the “booted” vehicles could be released by motorists (by paying outstanding fines and fees over the phone 24 hours a day, 7 days a week).

Currently, the City has an average of 10 vehicles “booted” per day. The PayLock program would increase that number by at least 10 vehicles per day, therefore nearly doubling the net revenue to the City.

The PayLock program will also generate benefits to the motorist, and may result in an overall reduction in expenses incurred by the “booted” vehicle owners. The following chart compares fees incurred by a motorist under the current system to those under the proposed PayLock system.

Pricing

Description	Current System		PayLock Program	
	Percent (%)	Amount	Percent (%)	Amount
Average Outstanding Citation Value (for 5 citations)-to City		\$500		\$500
For Past due accounts: collection Fee-to Collection Agency (currently LES)	30%	\$150	30%	\$150
Administrative Fee-to City		\$125		\$125
Boot Release Fee - to PayLock		\$0		\$140
Tow Fee - to A& B Towing 1st day automatic storage (minimum, may be higher if vehicle is stored over 1 day)		\$170 \$60		\$0 (If boot is released on the spot, most vehicles will avoid towing & storage)
Total Minimum Cost to Motorist		\$1,005		\$915

BACKGROUND

Currently, the OPD Scofflaw unit tows vehicles with five or more outstanding citations. This process is very time consuming and inconvenient for motorists. To reclaim a towed vehicle, registered owners have to spend time to pay the outstanding balance at the Parking office, go to the Police department to pay the release fee of \$125 and then go to the Towing Company to retrieve their vehicles. Towed vehicles are retrievable Monday through Friday during business hours only.

The PayLock “boot” program has the following advantages:

- › A booted vehicle remains at the location it was parked. Booted vehicles will be considered as abandoned vehicles after 72 hours and will be subject to towing at that time.
- › Motorists can call and pay for their citations using a toll free number 24 hours a day, seven days a week, and can pay with a credit card, debit card or a check over the phone.
- › Motorists will be given a six-digit code to unlock the device and remove the boot themselves.
- › Average boot release time with PayLock is 5 minutes.
- › There is a substantial savings in reduced fees to the motorist as shown in Chart 1 above.
- › Staff time will be saved by eliminating the need to arrive at the scene to release and collect the boot.

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- Confrontation between Parking staff and angry citizens will be eliminated.

KEY ISSUES AND IMPACTS

Current System

Currently, the OPD scofflaw unit matches a vehicle's Vehicle Identification Number (VIN) or License Plate number with City's citation processing system (Inglewood) or with the Department of Motor Vehicle's system in real time to identify vehicles with five or more unpaid citations. Vehicles are currently booted using the four boots available. A booted vehicle's owner can call for the boot to be removed upon payment of fines and fees; most often, however the booted vehicles are towed right away.

After a vehicle is towed, the registered owner is required to pay all outstanding citations in person at the Parking Citation Assistance Center's office and obtain a "Parking Violations Clearance Verification" form to be taken to the Police department. Upon paying a \$125 vehicle release fee and obtaining a release from the Police department, the owner is required to go to the towing company to reclaim the towed vehicle.

Amending the Master Fee Schedule

The Paylock boot program will allow a motorist to unlock the vehicle immobilization device using a code provided over the phone upon payment of the outstanding parking citations, and a new \$140 fee to PayLock Inc. PayLock will be acting as the City's agent in the collection of these fees, and if the Council approves the PayLock service agreement, it must also amend the Master Fee Schedule to add the new \$140 vehicle immobilizer removal fee. The proposed Ordinance amending the Master Fee Schedule to include the new fee is attached to this report.

Proposed PayLock Program

PayLock will provide the following services at no cost to the City:

- PayLock will provide the City with as many boots as needed for a successful program.
- The City will also be provided with five (5) sets of Mobile License Plate Recognition (MLPR) cameras, three (3) of which will be installed on three (3) new SUV type vehicles while two (2) will be portable which can be used in any vehicle.
- PayLock will provide the City with three (3) new SUV type vehicles retrofitted with MLPR cameras.
- PayLock will provide all wireless communications for the implementation of the booting program at no cost to the City.
- Custom boot racks to be used in the provided scofflaw enforcement vehicles
- PayLock provides an 800 phone number, which is answered 24 hours seven days per week to assist motorists with payment

- PayLock will collect outstanding citation fines from motorists who pay over the phone and deposit the funds in City's bank account on a daily basis. Motorists also have the option to pay for their outstanding citations in person at the PCAC by either cash, check or credit card.
- PayLock will fund the entire program at no cost to the City.
- PayLock will charge a \$140 processing fee directly to the motorist.
- PayLock will pass-through any credit card bank charged processing fees to the motorist.
- Supply, design and print 3-part seizure notices for placement on booted vehicles
- Access by City staff to PayLock web-based BootView application
- Integrate with the City's parking ticket processing and collections vendors
- Performance and financial reports

City's scofflaw officers and the parking enforcement officers will drive vehicles installed with PayLock's MLPR cameras. The cameras read license plates of parked vehicles as the officers are driving and notifying the officer with an audible sound immediately upon identifying a scofflaw vehicle. Officers will immediately boot the identified scofflaw vehicle and drive off.

PayLock has agreed to make necessary program modifications, which will permit an interface with City's current MLPR camera system currently used by OPD exclusively to locate stolen vehicles and vehicles involved in felonies. The PayLock system offers an exceptional service to the motorists with features such as (i) vehicles not towed, (ii) 24 hours, 7 days per week service for boot release, (iv) immediate release of vehicle upon payment of all fines and fees.

Other Clients' Experiences

PayLock is the only company that can provide a self-release booting program. Staff has researched other cities that have implemented the PayLock booting program and the following comments were provided by these cities' staff:

City of Baltimore: The City of Baltimore has a population comparable to that of Oakland. The City of Baltimore immobilizes over 40 vehicles per day. In order to verify that a vehicle was boot eligible, Baltimore's scofflaw needed to communicate with two different agencies: Department of Transportation (DOT) and Scofflaw Enforcement Supervisor and the City Dispatch. The motorists were required to pay in person only during business hours of 8:30a.m. and 4:00p.m. Monday – Friday. Motorists had to wait in three separate lines for an agent to be dispatched to release their vehicles, which took an average of five hours. Their past practice towing process was very much similar to Oakland's current towing process. The City of Baltimore automated their manual towing process with PayLock where all activity related to immobilization is tracked electronically. Almost 80% of their motorists pay using the PayLock 24/7 Help Center, while a small percentage of motorists choose to pay with cash. Staff was unable to confirm revenue enhancements with Baltimore in time for this report.

City of New Orleans: The city of New Orleans had a positive feedback regarding this program and has been using the program for one year. They had originally ordered two booting system devices and ordered an additional 20 more devices to do 20 boots per day. According to the City of New Orleans, they had projected annual revenue from the booting program to be \$1.1 million but collected \$1.5 million for the year.

City of Syracuse: Syracuse has been using PayLock program for one and a half year and is very satisfied with the program. According to the statistics from this city, prior to using PayLock, the percent of their paid citations was 49.65% while 47.70% were in outstanding collections. After the implementation of PayLock program, their percentage of paid citations has increased to 69.95% and their outstanding collections has decreased to 21.64%. Additionally, they have reported that their citation revenue has increased from \$1.7 million to \$4.05 million in gross revenue annually. According to the City of Syracuse, the PayLock system is well received by the public and the perception that booting is a criminal activity is now considered a business activity.

SUSTAINABLE OPPORTUNITIES

Economic: The City could generate in additional \$800,000 annually from incorporating this program.

Environmental: There are no environmental impacts resulting from the proposed fee increase.

Social Equity: None.

DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact on disabled or senior citizen access.

RECOMMENDATION (S) AND RATIONALE

Staff recommends that the City Council approve the proposed resolution to enter into a sole-source service agreement with PayLock Solutions to operate a vehicle “boot” program in Oakland. The contract terms are as follows:

- Three (3) year initial term
- Two one year options to extend at City’s sole discretion
- City will be responsible for maintaining vehicles provided by PayLock free of charge.
- The cameras and boots will be maintained by PayLock at no cost to the City
- PayLock will provide services outlined in the “Key Issues and Impacts” section of this report.

Staff also recommends approval of an attached ordinance to add a \$140.00 boot release fee that payLock will charge directly to the motorists.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council approve the attached resolution to enter into a sole-source professional service agreement with PayLock Inc, and the ordinance to add a \$140.00 fee to be charged by PayLock to motorists.

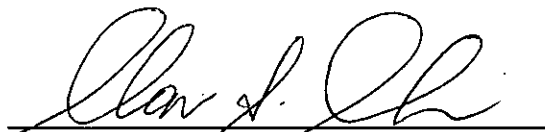
Respectfully submitted,



Noel Pinto
Parking Division Manager

Prepared by:
Shahia Azimi
Revenue Analyst

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

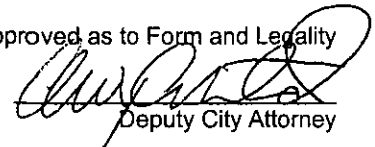
Attachments: Resolution
Ordinance

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Finance and Management Committee
July 14, 2009

FILED
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OAKLAND

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Approved as to Form and Legality



Deputy City Attorney

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR
TO ENTER INTO A SOLE-SOURCE SERVICE AGREEMENT WITH PAYLOCK, INC.
TO OPERATE WITHIN THE CITY OF OAKLAND A VEHICLE IMMOBILIZER "BOOT"
PROGRAM, AT NO COST TO THE CITY, FOR A THREE-YEAR TERM WITH TWO
ONE-YEAR RENEWAL OPTIONS**

WHEREAS, PayLock Inc. offers a unique vehicle "boot" program that allows a motorist to unlock the vehicle immobilization device using a code provided over the phone upon payment of applicable fines and service charges; and

WHEREAS, the PayLock product will make it possible and convenient for motorists to retrieve their vehicle without incurring towing and storage charges; and

WHEREAS, PayLock Inc. will provide their vehicle immobilizer service to the City for a fixed fee to motorists, and at no cost to the City;

WHEREAS, the City of Oakland wishes to enter into a sole-source service agreement with PayLock, Inc. for a three-year term with two one-year options to extend the term of the agreement; now therefore, be it

RESOLVED, that the City Administrator is hereby authorized to take all actions necessary to negotiate and execute a sole-source service agreement with PayLock, Inc., at no cost to the City, for a three-year term with two one-year options to extend the term of the agreement.

IN COUNCIL, OAKLAND, CALIFORNIA,
PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND PRESIDENT BRUNNER

NOES -

ABSENT -

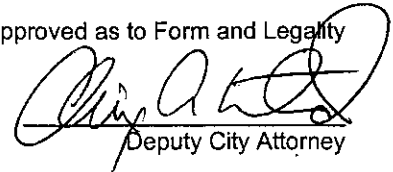
ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California

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Approved as to Form and Legality



Deputy City Attorney

OAKLAND CITY COUNCIL

Ordinance No. _____ C.M.S.

ORDINANCE AMENDING ORDINANCE NUMBER 12880 C.M.S. (MASTER FEE SCHEDULE), AS AMENDED, TO ADD BOOT REMOVAL FEE

WHEREAS, the City of Oakland periodically amends its Master Fee Schedule to account for general cost of living increases and program changes or other costs; and

WHEREAS, the City intends to enter into a new service agreement with PayLock, Inc. to create a new vehicle "boot" program that will immobilize vehicles that have incurred five or more unpaid parking citations; and

WHEREAS, the Paylock program will allow a motorist to unlock the vehicle immobilization device using a code provided over the phone upon payment of the outstanding parking citations, and a new \$140 fee to PayLock Inc.; and

WHEREAS, the City wishes to add the new \$140 vehicle immobilizer removal fee to the Master Fee Schedule; and

WHEREAS, the City Council finds and determines that the herein-referenced fee addition is necessary to reimburse the City's agent (PayLock Inc.) for the costs of performing the vehicle immobilizer removal and the various functions required for the vehicle immobilizer program; and

WHEREAS, a Public Hearing was held on July 21, 2009, to review the proposed fee changes; now, therefore,

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1: Master Fee Schedule. The Master Fee Schedule as set forth in Ordinance Number 12880 C.M.S., as amended, is hereby amended to add a new "Vehicle Immobilizer Removal Fee" of \$140.00 per boot that is removed, as set forth in Attachment A, attached hereto and made a part hereof.

**ATTACHMENT A
AMENDMENT TO MASTER FEE SCHEDULE**

VEHICLE IMMOBILIZER REMOVAL FEE

**\$140.00
per boot removed**

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2009 JUL -2 PM 7:05 NOTICE AND DIGEST

ORDINANCE AMENDING ORDINANCE NUMBER 12880 C.M.S. (MASTER FEE SCHEDULE), AS AMENDED, TO ADD BOOT REMOVAL FEE

This Ordinance will amend the City of Oakland's Master Fee Schedule to add the Boot Removal Fee of \$140, to be charged by a contractor.