



## Memo

To: City Council  
CC: Tracey Nicholson, City Administrator  
From: Jim Chandler, Assistant City Administrator and Director, Community & Economic Development  
Ron Brooks, City Treasurer  
Date: December 15, 2020  
Re: FY2021 Legislative Item – Parking Schedule Maximum Fine Modification (Hollingsworth)

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The purpose of this memorandum is to provide the City Council with a **REVISED** staff recommendation of the FY2021 Legislative Item, 'Parking Schedule Maximum Fine Modification' submitted by Mayor Candace Hollingsworth.

### Detailed Summary

As part of the FY2021 Legislative Agenda, an item was submitted by Mayor Candace Hollingsworth to modify the City's late payment schedule related to parking fines through the following:

- Restrict the maximum fine for nonpayment of parking violations to no more than one and a half (1.5) times the value of the original fine after thirty (30) days of nonpayment.
- Authorize the City Administrator or her designee to negotiate amendments to any agreements impacted by this adjustment provided that such negotiations do not modify the existing base fee/fine schedule.

### Staff Analysis & Comments

The Legislative Item was reviewed by the City Administrator, City Treasurer and Director of Community & Economic Development and analysis was performed assessing the following:

- Best practices, program history and administrative procedures;
- Financial impacts, programming and revenues;

**Administrative capacity and program/policy goals**

- In 2012, the City Council amended Chapter 114 – Article VIII to address deficiencies in it City Code to address delinquent payment of parking citations that had accumulated to approximately \$1.8 million in ‘uncollectable’ fines. Prior to 2011, the City maintained a single late fee after thirty (30) calendar days. The revisions to Chapter 114 were intended to ensure that the City had an adequate enforcement tool for effectively resolving parking citations prior to going to collections or aging to a point that the original fine was uncollectable.
- The general the longer a citation goes unpaid and without closure (notices, MVA Flag Release holds, permit restrictions or additional collections) the tail of payments starts to decline. Escalations serve as a reminder to make a payment before the price increases.
- From a revenue perspective delaying the first escalation back would likely delay payments made between 13-15 days, cut the revenue from 16-18 and 28-30 in half and also reduce the revenue in citations paid 31+ days by 50% as well.
- Staff has requested that its parking provider, Passport Parking, providing reporting for days until payment for every citation, however that information was not available at the time of this memorandum. The City was able to acquire data which represents all citation revenues from June 2014 - October 2020.
- The City has voided or reduced (NULL) \$270,995.00 in either late fees or citations since June 2014. Of this amount, \$182,277 (3,336 citations) were voided citations and \$88,718 in reduced late fees. The City regularly reduces late fees as a means for closing out parking citations. The City will void citations (NULL) administratively for specific reasons:
  - Adjudication decisions from Prince George’s County Court;
  - Errors and/or typos on the citation;
  - Voluntary Compliance.
- The data set includes collections (31+) revenue received for citations that were issued prior to our issuing citations through Passport.

<i>Payment Date Group</i>	<b>SUM of Citations</b>	<b>SUM of \$ Issued</b>	<b>SUM of \$ Paid</b>
0-12	8,180	\$303,600.00	\$304,895.00
13-15	2,410	\$95,285.00	\$95,297.50
16-28	3,144	\$119,105.00	\$177,810.00
28-30	713	\$26,505.00	\$53,060.00
31+	4,035	\$156,165.00	\$534,686.50
NULL	5,789	\$270,995.00	\$0.00
<b>Grand Total</b>	<b>24,271</b>	<b>\$971,655.00</b>	<b>\$1,165,749.00</b>

**Financial Impact to Programming**

The City’s Parking Compliance Division primarily relies on parking meter revenue and citation revenue to fund its annual operating and capital expenditures, negating the need for a reliance on General Fund revenues.

- The Division provides residential parking zone programming at no direct costs to taxpayers. The City has also continued to maintain a parking rate of \$.50/hour. In addition, since 2013, the City has invested in the modernization of its parking infrastructure through resurfacing of City owned

public parking lots, integration of smart meters, parking shelters, updated signage, pay-by-phone services and recently implemented Automated License Plate Reader (ALPR) program.

- If future parking revenues are artificially cut or reduced as a result of legislative actions, the other financial impacts will be **(1)** the General Fund will have to subsidize parking operations to sustain its existence, or **(2)** as a result of loss revenues, this could force cutting the operations, increasing fees or reductions in staff.

#### **Staff Recommendation - REVISED**

During the Council's discussion of this item on December 7, 2020, the Council expressed a desire to (1) provide more advanced notice of pending late fees and (2) revising the fee structure while maintaining two late fee escalations. CED Staff reviewed these comments and have worked to develop a response that is:

- Responsive to the City Council's request and discussion;
- Balances the fiscal realities of costs and maintaining high level of service;
- Avoids creating a structural program deficit;

#### **Proposed Revisions to Parking Late Fee Schedule**

- Late fee 1: 20-days at 50% of original fine – notice sent at 15-days
- Late fee 2: 30-days at 100% of original fine – notice at 23-25 days

#### **Fiscal Impact**

We are assessing the projected financial impact of the revised fee schedule by applying these assumptions to actual data from FY 2017 - FY 2020. Based on an initial review of late payment dates of receipt, we anticipate that the revised fee schedule will result in a citation **gross revenue reduction of 25% - 30% or \$133.500 - \$160.200 annually**. We anticipate that post-COVID, parking behaviors may change and therefore Staff would prefer to rely on actual, rather than historical or projected data, to inform any additional modification to the fee structure of the parking program. Assuming that any adopted revised schedule will be implanted on July 1, 2021 (FY2022), we will need to assess the actual total gross and net reduction in revenue.

Based on the actual reduction in parking revenue (average of citation revenue from FY17 - FY20) and in lieu of supplementing the City's parking program with General Fund Revenue, it may be necessary for the City Council to consider, in FY2023, increasing the hourly rate of the City's parking meter program and/or assessing fees for the Residential Parking Zone Program.