



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jim Ortbal

**SUBJECT: PARKING PENALTY AND LATE  
PAYMENT PENALTY RESOLUTION**

**DATE:** February 20, 2018

Approved

D. P. SyL

Date

3/1/18

## RECOMMENDATION

Adopt a resolution to repeal Resolution 77830 and set forth the Schedule of Parking Penalties and Late Payment Penalty for Parking Violations to increase the fee assessed by the Department of Motor Vehicle (DMV) for placement of vehicle registration holds for unpaid delinquent parking citations, effective March 15, 2018.

## OUTCOME

The proposed resolution will increase the DMV registration hold service fee from \$3 to \$4, enabling the City to collect the full amount of the parking citation due to the City.

## BACKGROUND

Pursuant to California Vehicle Code (CVC) Section 40203.5 (a), the governing body of each jurisdiction establishes the schedule of penalties for parking violations within their jurisdictional limits, including those penalties and fees assessed in order to facilitate the collection of unpaid delinquent parking citations.

The City utilizes many methods to collect parking citations fines including the issuance of courtesy and past due notices, placement of holds on vehicle registrations via the DMV, collection services, and collection attempts through the Franchise Tax Board. These efforts provide the City a positive collection rate (high 80% range), which compares well with other cities that have typical collection rates in the 75%-85% range. Parking citations that have not been paid within forty (40) days of the issuance of a notice of parking violation may be submitted to the DMV and attached to the corresponding vehicle registration. This process places the vehicle's registration on hold and requires payment of any unpaid delinquent citations in order to complete the registration process. The DMV charges a service fee for this service and effective January 1, 2018, the DMV increased this fee from \$3 to \$4. To enable the City to collect the full amount of the parking citation due to the City, the current Parking Penalty and

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Late Payment Penalty Resolution adds a \$3 DMV service fee to the total parking penalties owed by the registered owner when a DMV registration hold is placed.

### **ANALYSIS**

Annually, the City submits between 51,000 and 54,000 unpaid delinquent parking citations to the DMV for collection through the vehicle registration hold process. By the time a citation has been sent to the DMV, the registered vehicle owner has been sent a minimum of three notices, including the original citation, outlining the process to either pay or appeal the citation. While not all parking citations placed on a vehicle registration hold are collected, it is an effective collection method. In FY 2016-17, DMV holds resulted in the recovery of \$1.77 million unpaid parking citation fines. Revenues collected from parking citations accrue to the General Fund.

Adding the vehicle registration hold service fee to the total fine amount, as authorized by the CVC enables the City to collect the full amount of the parking citation due to the City. The proposed resolution will increase the DMV service fee for unpaid parking penalties from \$3 to \$4, and authorize the Director of Transportation to make adjustments to the DMV Service Fee within the established range of \$1-10, corresponding with any future adjustment the DMV may make to their vehicle registration hold fee structure.

### **EVALUATION AND FOLLOW UP**

No additional follow-up is required.

### **POLICY ALTERNATIVES**

City Council could elect not to increase the DMV registration hold fee from the current \$3 to \$4. This is not recommended as the City would forego citation revenue of approximately \$53,000 annually due to the increased withholding of remittances by DMV to cover its service fee for registration holds.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's website for the March 13, 2018, Council agenda.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

**COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

**COST SUMMARY/IMPLICATIONS**

The recommended change to the DMV Service Fee will enable the City to collect the full amount of the parking citation due to the City, offsetting the anticipated reduction in citation revenue remittances due to the increased service fee for registration holds. No adjustments to estimated revenue are recommended due to this change.

**CEQA**

Exempt, File No. PP17-005, CEQA Guidelines Section 15273 – Rates, Tolls, Fares and charges.

/s/  
JIM ORTBAL  
Director of Transportation

For questions please contact Heather Hoshii, DOT Parking Division Manager at (408) 793-4131.