



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer

**SUBJECT: CREDIT CARD PROCESSING FEE AND
INCREASED METER VIOLATION FINE**

DATE: 06-01-05

Approved

Date

6/8/05

Council District: Citywide

RECOMMENDATION

It is recommended that the City Council repeal Resolution No.72116 and adopt a new Resolution to set forth a revised schedule of parking penalties that includes:

- a. Increase the penalty for the following parking violations:
 - Expired Parking Meter
 - Parking out of a Designated Space
- b. Collection of a \$3 processing fee by the City (through a citation processing vendor) for payments made by credit card.

BACKGROUND

Parking Penalty Revision

Pursuant to the California Vehicle Code (CVC) Section 40203.5(a), the governing body of each jurisdiction establishes a schedule of penalties for parking violations within their jurisdictional limits. To the extent possible, the CVC encourages the issuing agency to establish parking penalties that approximate penalties by other jurisdictions in the same county. The City has not revised the penalties for an expired meter and parking out of space since 1995. A recent comparison of such penalties (refer to page 2) indicated that San Jose's fees are lower than similar penalties in other cities.

Credit Card Payment of Parking Citations

To offer convenience to the general public, the City allows credit card payment of parking citations. When parking citations are paid using a credit card, the City is charged a total fee of 5.1 percent of the citation amount by the bank and the processing company. The City's current vendor, Turbo Data Systems (TDS), provides the credit card payment service for the City under the existing processing and collections contract. TDS provides this service to many of its other clients including the cities of Culver City, Seal Beach, Brea, Fountain Valley, Riverside, Stanton,

Tustin, as well as CalState Fresno and UC San Diego. For these clients, TDS collects a service fee of \$3 from the public for each citation paid using a credit card, which covers the cost of processing and collecting the credit card payment. Since TDS is based in Southern California and has a very limited client base in the Bay area, no local comparison is available.

The recommended parking fine revisions and credit card fee have been included in the proposed FY2005-2006 operating budget. The proposals were also discussed during the Council Budget Study Sessions and Fees and Charges Session in May.

ANALYSIS

Parking Penalty Revision

Since the last penalty increase of 7% in 1995, the costs for issuing and processing parking citations have increased. The increase is primarily due to the contractual obligations in citation processing and collection fees paid to the City's vendor, and negotiated salary increases for parking control officers and support staff.

Staff conducted a survey of parking penalties within seven cities in Santa Clara, Alameda, Sacramento and San Francisco counties. Four of these Cities currently have parking meters. The results of this survey, depicted below, indicate that San Jose's current citation fees are below the average of other comparable cities.

City	Meter Penalty	Out of Space Penalty
San Jose	\$23	\$23
San Francisco	\$40	\$25
Oakland	\$32	\$35
Sacramento	\$25	\$32
Palo Alto	\$35	\$35
Average Non-San Jose	\$33	\$32
Proposed for San Jose	\$28	\$28

Based upon the increased costs to issue and process parking citations, and to make San Jose's parking penalties more consistent with other cities in the surrounding counties, staff recommends revising these parking penalties.

Credit Card Payment of Parking Citations

Providing a credit card payment option is a convenience that the City offers to the general public. In order to recoup the costs of credit card payments, staff recommends that the City allow the contractor (currently TDS) to collect a \$3 fee for processing credit card payments.

OUTCOME

The recommended action will bring parking fines for meter violations and out of space violation to a level equal to other Cities within Santa Clara and surrounding Counties. Approval of the Credit Card Fee will continue to allow the public the option of paying parking fines by credit card at no cost to the City.

PUBLIC OUTREACH

Public hearings are scheduled to receive public input on the proposed 2005-2006 budget. The proposals have been discussed at the Council Study Sessions on FY2005-06 Operating Budget and the Fees and Charges Study Session.

COORDINATION

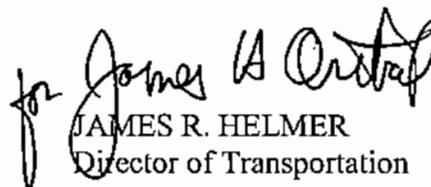
This recommendation has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COST IMPLICATIONS

The proposed citation fee revision is expected to result in approximately \$232,000 in additional annual revenues. The collection of a \$3 fee for each citation paid by credit card is expected to result in cost savings of approximately \$63,000 annually based on current fiscal year usage.

CEQA

Not a project.


for James R. Helmer
JAMES R. HELMER
Director of Transportation