

October 18, 2004

BRIEFING NOTE – Background Information Regarding Parking Tag Revenues & Expenditures

ISSUE:

At the September 20th, 2004 meeting of the Budget Advisory Sub-Committee responsible for the review of the Toronto Police Services Board budget, Budget Committee members requested information with regards to the:

- a) Non Program *Expenditure* Budget (NP2200) entitled “Parking Tag Enforcement and Operations”; and, the Non Program *Revenue* Budget (NP8070) entitled the same (i.e. “Parking Tag Enforcement and Operations”); and,
- b) Roles and responsibilities of various agencies and departments across the City corporation responsible for parking enforcement activities.

BACKGROUND:

a) Non Program Expenditure & Revenue Budgets (NP2200 & NP8070) entitled “Parking Tag Enforcement and Operations”

- In 2004, City Council approved the following Non Program Budgets for “Parking Tag Enforcement and Operations”:

Expenditures (NP2200)	\$40,025,241
Revenues (NP8070)	\$72,667,600

Expenditures (NP2200)

- Parking Tag Enforcement and Operations Expenditures (i.e. NP2200) consist of expenditures incurred by the:

a) Toronto Police Services, Parking Enforcement Unit:	\$30,933,400
b) Finance Department, Revenue Services Division, Parking Tag Operations:	<u>\$ 9,091,841</u>
2004 Approved Budget (NP2200)	<u><u>\$40,025,241</u></u>

- Tables 1 and 2, below, provide greater detail regarding the breakdown of 2004 Approved Budget expenditures incurred by the Toronto Police Services, Parking Enforcement Unit (re: Table 1) and the Finance Department, Revenue Services Division (re: Table 2):

Table 1: Breakdown of the 2004 Approved Budget for
Toronto Police Services, Parking Enforcement Unit
(Expenditures Charged to NP2200)

	2004 Approved Budget
Salaries & Benefits	\$26,790,100
Materials	\$1,231,500
Equipment	\$505,000
Services	\$3,010,800
Tow Recoveries	(\$465,000)
Rent Recovery	(\$139,000)
Total	\$30,933,400

Table 2: Breakdown of the 2004 Approved Budget for
Finance Department, Revenue Services Division,
Parking Tag Operations
(Expenditures Charged to NP2200)

	2004 Approved Budget
Data Entry	\$844,901
First Appearance Facilities	\$1,510,042
Finance & Administration (payment processing, pre-court filing, daily reconciliation, systems support)	\$1,374,132
Postage & Printing of Notice	\$1,450,926
Collection Agency Services	\$250,000
Payments to the Province & Court Services(See Note 1 below)	\$3,661,840
Total	\$9,091,841

Note 1: Payments to the Province represents the monies that the City collects on behalf of the Ministry of Transportation (for a \$9.00 fee charged by the MTO and added to the parking fine to cover the cost of obtaining ownership/address information at the conviction/plate denial phase). It should be noted that of the \$9.00 charged by the MTO and added to the parking fine, the MTO only requires the City to pay back \$8.25 when the fine has actually been paid. The \$9.00 fee that is added to the parking fine is collected by the City of Toronto's Finance Department and only \$8.25 is forwarded via a cheque payable to the Minister of Finance (Ministry of Transportation). As part of the Municipal Data Access Fee Agreement, each municipality is able to retain \$0.75 from each \$9.00 fee charged to offenders.

Revenues (NP8070)

- The revenues generated by the parking tickets issued across the City each year are budgeted and accounted for in the Non Program Revenue Budget (NP8070) entitled "Parking Tag Enforcement and Operations".
- The City issues approximately 3.0 million parking tickets each year, and collects fines on approximately 81 per cent of tickets issued, representing annual revenues of approximately \$70 million. The average payment amount is \$26.00. Additional information regarding the collection rate of parking tickets is presented within this briefing note, in a section entitled "Collection Rates re: Parking Tickets".

- Table 3, below, provides a breakdown of the 2004 Non Program Revenue Budget (NP8070) related to Parking Tag Enforcement and Operations:

Table 3: Breakdown of the 2004 Approved Revenue Budget for Parking Tag Enforcement and Operations (NP8070)

	Estimated # of Parking Tickets Issued	2004 Approved Budget
Toronto Police Services, Parking Enforcement	2,815,000	\$59,283,900
MLEOs (See Note 1 below)	200,000	\$4,212,000
Other Administrative fees (Ministry of Transportation; Court Services; Finance Department, Parking Tag Operations) (See Note 2 below)		\$9,171,700
Totals	3,015,000	\$72,667,600

Note 1: Municipal Law Enforcement Officers (MLEO's) are independent private agencies that are trained and certified by the Toronto Police Services to issue parking tickets on private or municipal property throughout the City of Toronto. Currently there are approximately 2,500 MLEO's working for 150 different agencies.

Note 2: These represent the fees charged by the various agencies for the successful prosecution/conviction of a parking ticket. The MTO charges \$9.00 for obtaining the ownership/address information, the Courts Services Division of the City of Toronto adds \$3.00 to cover their costs, and the City's Parking Tag Operations Unit charges a \$4.00 fee to cover collection costs. These costs are added to tickets after they have been convicted in the court system and the conviction has been registered by the Court Services Division with an update to the Parking Tag Management System. It should be noted that while these fees are budgeted and accounted for under the Non Program "Parking Tag Enforcement and Operations" Revenue account NP8070, there is an expense in the Non Program "Parking Tag Enforcement and Operations" Expenditure account NP2200 called "payments to the province" (see Table 2 above) for fees collected by the City on behalf of the MTO. The fees collected by the City of Toronto's Finance Department on behalf of the other agencies are only payable to the respective agency once payment has been received. Of the \$9.2 million in Other Administrative Fee revenue, \$3.7 million relates to MTO fees and are therefore forwarded to the province once collected, and the City retains the balance as it relates to the City's Courts Services and Parking Tag Operations fees. The Court Services Division receives their portion of the fees via an internal journal entry taken directly from Non-Program Revenue account NP8070.

b) Roles & Responsibilities of Various Agencies/Departments across the City involved in Parking Tag Enforcement and Operations

- The purpose of the various parking by-laws in the City of Toronto is to regulate the movement of traffic on the City's streets and to help ensure smooth traffic flow and safe City streets. The set fines have been established to serve as a deterrent to illegal parking.
- The City of Toronto attracts vehicular traffic from all surrounding areas and in fact, over 60 percent of all parking tickets issued in the City of Toronto are issued to vehicles registered in the "905" area. Each day, it is estimated that more than 2 million vehicles enter the City of Toronto and use our roads and parking facilities.
- In order to appropriately manage traffic flow across the City, it is important that all stakeholders involved with parking enforcement and operations across the City of Toronto work closely together.

- Within the City of Toronto, two agencies are directly involved in the issuing of parking tickets and subsequent processing and collection of these tickets – Toronto Police Services, Parking Enforcement Unit and the Finance Department, Revenue Services Division, Parking Tag Operations. The costs incurred by these agencies in terms of issuing, collecting and processing parking tickets are charged to the Non Program “Parking Tag Enforcement and Operations” expenditure account (NP2200).
- The following City departments / agencies play a more indirect role in parking enforcement:
 - Transportation Services Division of Works and Emergency Services;
 - Toronto Parking Authority;
 - Court Services Division of Corporate Services; and,
 - Legal Services Division of Corporate Services.

The mandate of these four departments/agencies is much broader than parking enforcement, and as such each of the aforementioned agencies have their own separate budget.

- The six corporate agencies/departments identified above maintain a co-operative relationship that has resulted in one of the largest and most successful parking programs in North America.
- It should be noted that at its meeting held on July 30, 31 and August 1, 2002, Council adopted, as amended, a report (May 24, 2002) from the Chief Administrative Officer regarding an extensive review conducted on the organization of all parking responsibilities and activities in the City (re: Clause No. 3 of Report No. 12 of the Policy and Finance Committee).
- The following sections describe the role that each of the six agencies / departments is responsible for with respect to parking enforcement.

a) Toronto Police – Parking Enforcement Unit

The Parking Enforcement Unit is made up of parking enforcement officers who are responsible for administering and enforcing the City’s transportation / parking by-laws across the City, including issuing of parking tickets to illegally parked vehicles, and towing of illegally parked vehicles where necessary.

The Parking Enforcement Unit (PEU) writes approximately 2.8 million of the 3.0 million tickets issued each year in the City.

In addition to its own parking enforcement officers, the Parking Enforcement Unit trains and certifies staff from other independent agencies to serve as Municipal Law Enforcement Officers (MLEO’s). Once trained and certified by the Toronto Police Services, MLEO’s are empowered to write parking tickets on private or municipal property. Some examples of MLEO agencies are:

Table 4: Example of MLEO Agencies Operating in the City of Toronto

MLEO Agency	Parking Enforcement Area
City of Toronto, Economic Development, Culture & Tourism, Parks & Recreation Division	Park Properties
Toronto Community and Housing Corporation (TCHC)	TCHC Properties
Toronto Parking Authority (TPA)	Off-street municipal lots
Toronto Transit Commission (TTC)	TTC lots, and along TTC routes
Sunnybrook Hospital	Hospital Properties
Carecore Security	Different Hospitals Properties
Intercon Security (Tag and Tow group)	Contracted residential, commercial properties – city wide
York Condominium Corporation#510	55 and 65 Harbour Square

The Toronto Police Services, Parking Enforcement Unit is also involved in the following:

- Special events parking enforcement;
- School programs;
- Arrest assists, Interpretations;
- Respond to Calls for Service;
- Disabled Liaison parking enforcement/seizure of fraudulent or misused permits; and,
- Recovery of stolen vehicles.

b) Finance Department, Revenue Services Division

The Revenue Services Division of the Finance Department is responsible for the processing and collection of fines for all parking infraction notices (i.e. parking tickets) issued in the City of Toronto. More specifically the Revenue Services Division is responsible for:

- i. Data Entry of Parking Ticket Information: Manually entering pertinent data on the parking tickets onto the City’s Parking Tag Management System (PTMS) to ensure that the City has an electronic record of all parking tickets issued.
- ii. First Appearance Facilities (FAFs): Since 1994 the City of Toronto has operated First Appearance Facilities to mediate parking ticket disputes, file trial requests and accept parking tag payments. First Appearance Facility staff also have the ability to cancel parking tickets when warranted, and follow strict guidelines in so doing. Currently, the Finance Department operates four (4) FAFs: 1530 Markham Road, Metro Hall, North York Civic Centre, and York Civic Centre. As part of the mediation process, Finance staff investigate customer complaints/concerns related to missing signs, defective meters, over/underpayments, court dispositions, extensions of time to pay, conviction reversals and bank payment problems.
- iii. Payment Processing: Finance staff process parking tag payments received through the banks, mail, in person, or through the telephone payment system known as IVR.
- iv. Pursuing Unpaid Fines: Processing and monitoring unpaid parking tickets and ensuring that unpaid tickets are sent to the Ministry of Transportation’s Defaulted Fines Control Centre for plate denial. In addition, the Finance Department uses a

collection agency to pursue outstanding parking ticket that remain unpaid after two years while sitting at the Ministry of Transportation's plate denial process.

- v. **Filing Trial Requests With Courts:** Processing trial requests and ensuring that all relevant documents for tickets going to trial are filed with the Courts.

c) Works and Emergency Services, Transportation Services

The Transportation Services Division of Works and Emergency Services is responsible for transportation programs for the City of Toronto, of which parking is one component. With regards to parking enforcement matters only, this Division is responsible for:

- i. Reviewing parking fine levels and recommending changes to the fine structure to Committee and Council;
- ii. Reviewing on street parking spaces/areas and making recommendations for changes or enhancements.
- iii. Issuing, maintaining and managing the City's on street parking permits;
- iv. Installing parking signs and roadway markings;
- v. Reviewing and enforcing front-pad parking;
- vi. Road closures and alternate parking arrangements for special events and construction zones.

d) Toronto Parking Authority (TPA)

The Toronto Parking Authority provides 20,000 off-street spaces in 150 facilities including 19 parking garages, as well as 17,500 on-street spaces controlled by pay-and-display machines or meters. The Toronto Parking Authority is also responsible for the operation, collection and maintenance of these on-street meters and pay and display machines. In addition, the Authority manages, on behalf of the Toronto Transit Commission, 12,500 spaces at their park and ride facilities and parking areas on behalf of the City's Parks and Recreation Department serving the waterfront parks during the summer season.

Toronto Parking Authority employs staff that are registered as Municipal Law Enforcement Officers by the Toronto Police Services, and thus conduct parking enforcement on TPA off-street parking facilities.

The TPA parking enforcement strategy for municipal parking lots consists of:

- a) issuing a Courtesy Envelope, which is a notice advising customers to pay the amount that should have otherwise been paid to park on the property; and,
- b) issuing a City of Toronto parking ticket if the parker has had a previous courtesy envelope registered against the plate and no previous PIN, or if the parker has two or more courtesy envelopes registered against the plate.

Courtesy envelopes range in price from \$8-\$10 depending on the location of the lot. The higher the premium to park in that lot equates to a higher amount for the courtesy envelope.

e) Corporate Services Department, Court Services Division

With regard to parking tickets, the Court Services Division of the Corporate Services Department is responsible for the scheduling and supporting of approximately 90,000 Provincial Offence Act part II (parking tickets) trials per year. If convicted, the offender has the option to appeal to a Judge, ask for an extension of time to pay, or pay the fine. The courts manage the filing of these same *Provincial Offences Act* matters including approximately 13,128 appeals, 38,379 re-openings and 47,801 extensions of time to pay. Appeals are when offender's appeal the decision made by the Justice of the Peace to a Judge. Re-openings occur when offenders have been convicted in their absence and they wish to dispute that decision. Requests for Extensions of time to pay are made when offenders ask for more time to pay their outstanding fines. It should be noted that only a Justice of the Peace could grant a reopening, or an extension of time to pay. A Judge is the only authority who has the right to grant an appeal presented by an offender.

f) Corporate Services Department, Legal Services

Staff in the Prosecutions Unit of Legal Services provides prosecutorial services in the conduct of trial at court and on appeal matters.

Collection Rates re: Parking Tickets

- Approximately 81% of all tags issued are subsequently paid. Although Toronto's collection rate is one of the highest in Canada, approximately 19% of all parking tags are not collected upon for a variety of reasons. Table 5 below outlines the various reasons why some tags are never collected upon.

Table 5 – Breakdown of 19% tags cancelled or not collected upon.

Percentage of Tags	Reason for Cancellation or Non-Collection
2.1%	Spoiled – error on parking tag – not replaced since offender drives away
0.1%	Illegible – processing staff are unable to read the tag
0.8%	Incomplete – information is missing
2.5%	Out-of-Province – tags issued to out-of-province vehicles where license plate and owner information is unattainable for processing
2.8%	Drove Away – offender drives away before officer can serve the tag
1.0%	Cancelled by Justice of the Peace at Trial
3.0%	Cancelled by First Appearance Facility staff for following reasons, deliveries, utility or road work, by-law exemptions, missing signs etc.
4.0%	Tags outstanding at Plate Denial – tag not paid due to offender being deceased, moving out of province, no longer driving, simply ignoring tags
2.0%	Plate errors – plate does not exist, plate is unattached
1.0%	Miscellaneous – visitors, driveway repairs, funerals, emergencies

- With respect to the spoiled, illegible and incomplete tags, Toronto Police, Parking Enforcement staff are continually reviewing quality control issues on the tags within the officer's control and have steadily increased the overall processability rate.
- With respect to the out-of-province tags, these tags cannot be pursued since the Ministry of Transportation does not provide license plate or owner/address information on out-of-province vehicles. On March 6th, 2001, Council adopted a recommendation directing that the Province be requested to negotiate information-sharing agreements with other provincial and state governments in an attempt to access out-of-province vehicle information. To date the Province has not negotiated any such agreements. As an alternative, Finance staff, in consultation with Legal Services, are in the process of investigating whether the City itself can negotiate information sharing agreements with other provincial and state governments.
- Staff reviewed the Drove Away tags to determine if there were alternate means of serving the tag, such as using a Provincial Offences Act Part III Summons. However, as reported to Committee and Council in June 2002, the significant administrative responsibilities and resources associated with the use of Part III Summons, is not cost beneficial, given that most parking offences have low fines. As an alternative, the Toronto Police Services Board has requested that the province amend the *Provincial Offences Act* to allow for service of drove away tickets by registered mail.
- With respect to tags cancelled in court by the Justice of the Peace, City staff are unable to affect these tags since it is the sole judgement of the judiciary that makes the decision to dismiss the charge.
- With respect to parking tags cancelled by City staff in the First Appearance Facilities, strict guidelines are followed to ensure integrity. Tags are only cancelled once staff satisfy themselves of the validity of the reason (i.e. - by-law exemptions, missing signs, medical emergencies etc.)
- With respect to the 4% of tickets that remain outstanding after the plate denial stage, the Finance Department recently completed a one-year pilot-project whereby a collection agency was hired in February 2003 to pursue parking offenders with outstanding fines. A full evaluation of the pilot project was completed and a report (June 15, 2004) from the Chief Financial Officer and Treasurer to the Administration Committee entitled "Authority to Renew Option Years for RFP 9138-01-7489 for the Use of Collection Agency Services to Collect Outstanding Parking Tags (Contract No. 47008940)" presented the results of the one-year pilot project. At its meeting of July 20, 21, and 22, 2004, City Council considered this report and authorized the renewal of the Collection Agency contract for an additional one-year period under the same terms and conditions of the original RFP (re: Administration Committee Report No. 5, Clause 9).

KEY POINTS:

- Each year, approximately 3.0 million parking tickets are issued in the City of Toronto.
- Revenue from parking fines amounts to approximately \$70 million each year. These revenues are budgeted and accounted for in the City's Non Program Revenue Budget titled "Parking Tag Enforcement and Operations" (Account # NP8070).
- Charged against the Non Program parking tag revenues are the expenditures directly related to parking enforcement (i.e. Toronto Police Services, Parking Enforcement Unit) and the processing of parking tickets (i.e. Finance, Revenue Services Division, Parking Tag Operations). These direct expenditures, totally approximately \$40 million per year, are charged to the Non Program Expenditure Budget "Parking Tag Enforcement and Operations" (Account # NP2200). Of the \$40 million per year, approximately \$31 million is attributable to the Toronto Police, Parking Enforcement Unit for enforcement related activity and approximately \$9 million is attributable to the Finance Department, Revenue Service Division, Parking Tag Operations unit, for processing and collection of parking tickets.
- At its meeting held on July 30, 31 and August 1, 2002, Council adopted, as amended, a report (May 24, 2002) from the Chief Administrative Officer regarding an extensive review conducted on the organization of all parking responsibilities and activities in the City (re: Clause No. 3 of Report No. 12 of the Policy and Finance Committee).

Circulated to: Budget Advisory Committee

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