



## **STAFF REPORT ACTION REQUIRED**

### **Out-of-Province Parking Ticket Collection Pilot Program**

<b>Date:</b>	March 25, 2009
<b>To:</b>	Government Management Committee
<b>From:</b>	Acting Treasurer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2009\Internal Services\rev\gm09011rev (AFS#9225)

#### **SUMMARY**

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This report presents the evaluation results of the Out-of-Province Parking Ticket Collection pilot project approved by City Council in July 2006 and launched in December 2007. An evaluation of the pilot results reveals that the costs to administer the program exceed the revenues realized. As such it is recommended that the pilot program be discontinued.

#### **RECOMMENDATIONS**

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**The Acting Treasurer recommends that:**

1. The Out-of-Province Parking Ticket Collection pilot program be discontinued given that the costs to operate the program exceed the revenues being realized;
2. City Council again request the Province of Ontario to negotiate data transfer and data exchange agreements with other provincial and state governments, so as to provide municipalities with name and address information for out-of-province plate owners who remain on the default parking ticket payment listing. Priority should be given to the provinces of Quebec, Alberta and British Columbia, and the states of New York, Michigan and Florida, which account for more than 50 per cent of all out-of-province tickets issued.

## **Financial Impact**

There are no significant additional financial implications associated with this report.

An evaluation of the pilot program indicates that the cost to administer the program (approximately \$12,000 in total for the two pilot areas, including the cost of collecting information, processing collection notices, postage) exceeded the revenues collected (\$11,000), resulting in a net loss to the City of approximately \$1,000. As such, continuing or expanding this program is not financially beneficial for the City.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting held on July 25, 26, and 27, 2006, City Council in adopting Clause 55 of Policy and Finance Committee Report 6 titled "Parking Tickets Issued to Out-of-Province Vehicles" authorized the following:

- (1) that the Treasurer be authorized to negotiate and enter into agreements with the states of New York, Pennsylvania, Maine and Ohio for the purpose of obtaining out-of-province license plate information, such agreement to be to the satisfaction of the City Solicitor;
- (2) that gross expenditures of \$13,000 in 2007, and an incremental increase of \$12,000 in 2008, to cover the cost of postage, printing, and ownership/address information be included in the Revenue Services Division's respective years operating budget submission, and gross revenues of \$30,000 in 2007 and incremental impact of \$20,000 in 2008 for the increase in Parking Ticket revenue be included in Non Program's respective operating budget submission;
- (3) that if Committee and Council approves the budget request identified in Recommendation (2) above, staff initiate a program after meaningful consultation with Tourism Toronto, to pursue collection of outstanding City of Toronto parking tickets issued to vehicles registered in the states of New York, Pennsylvania, Maine and Ohio, by issuing a Notice of Fine and Due Date to the offenders following a registered conviction of the offence by the Courts; and
- (4) that staff be directed to report back to the Administration Committee within 12 months of the program's initiation to present an evaluation of the results.

The staff report and Council decision can be accessed at:

<http://www.toronto.ca/legdocs/2006/agen/committees/adm/adm060704/it001.pdf>

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/cofa.pdf>

## ISSUE BACKGROUND

The City of Toronto issues approximately 2.8 million parking tickets each year. Of those, approximately 114,000 are issued to vehicles bearing out-of-province licence plates. Of the 114,000 out-of-province tickets issued in 2008, approximately 18,000 or 16.1 per cent were paid voluntarily. Appendix A illustrates the breakdown of tickets issued in 2008 to out-of-province vehicles.

Efforts to pursue collection on the balance of the tickets cannot be initiated unless the City has access to vehicle ownership information for out-of-province license plates. This information is required in order to enable the City to pursue the vehicle owner for payment via the issuance of a Notice of Fine and Due Date following a conviction being registered. In order to legally pursue collection on out-of-province tickets, it is critical that the vehicle information (i.e., ownership and mailing address information) be secured within 35 days of a ticket being issued. This timeframe allows for the receipt of the information, processing of the ticket and the requesting of a conviction through the court system within 75 days of the date of issue. The *Provincial Offences Act* requires that parking infraction notices be fully processed within 75 days of the date of issue otherwise the ticket must be cancelled. Following a registered conviction, a Notice of Fine and Due Date is mailed to these offenders.

Unpaid parking tickets issued to out-of-town plates cannot be pursued via plate denial (i.e., prohibiting drivers from renewing their license plates until all parking fines are paid in full), as other jurisdictions do not have a plate denial system in their province/state. In addition, these unpaid tickets cannot be pursued through the courts, since convictions require a registered and certified label of ownership information, on a prescribed form, which cannot be obtained on out-of-province vehicles. Using collection agencies to pursue these out-of-province tickets is also not a financially viable option based on information provided by the City's current collection agency, which indicates that the cost of pursuing these offenders (collectors' time, long-distance telephone charges, paper and postage costs, etc.) are high when compared to the relatively low value of a parking ticket (i.e., \$30.00 on average).

In 2006, City staff undertook an analysis of out-of-province parking tickets and contacted those jurisdictions for which the City issued, in 2005, more than 500 parking tickets. Of those, staff identified jurisdictions willing to provide the City with the required vehicle information necessary to pursue collection for free or for a minimal cost. Staff's cost-benefit analysis, as reported to Committee and Council in 2006, revealed that collection costs would exceed revenues if the required vehicle ownership information were not provided for free or at a minimal cost. Following Council's adoption of Clause 55 of Policy and Finance Committee Report 6 titled "Parking Tickets Issued to Out-of-Province Vehicles" in July 2006, Revenue Services, after consultations with Tourism Toronto, contacted public officials in the states of New York, Pennsylvania, Maine and Ohio to begin the process of negotiating an agreement for vehicle ownership data. The consultation process with Tourism Toronto was completed in December 2006 and the negotiation process commenced early 2007.

## COMMENTS

Following consultation with Tourism Toronto, staff began to negotiate the agreements for obtaining vehicle ownership and mailing address information for out-of-province license plates in order to allow the City to pursue collection of outstanding parking fines for vehicles registered in the states of New York, Pennsylvania, Maine and Ohio. Staff were successful in reaching agreements with three of the four states in the fall of 2007 - Maine, Pennsylvania and Ohio. The State of New York, after initially proposing to offer vehicle ownership information to the City free of charge, introduced a fee of \$7.00 per request for ownership information on license plates registered in New York State. As such, it was cost prohibitive for the City to enter into an agreement with the state of New York.

The agreements negotiated with Pennsylvania, Maine and Ohio allowed the City of Toronto to fax license plates requiring ownership information to the respective Department of Motor Vehicles, and within a week the City would receive, by fax, the required vehicle ownership information.

Shortly after negotiating the agreements, the State of Ohio opted out of this manual process and informed the City they could only participate if the process was fully automated. Given the cost, timeline and staff resources required in order to automate the information exchange, it was decided that automating this process would not be feasible. As such, exchanging information with the State of Ohio was excluded from the pilot project and the states of Maine and Pennsylvania remained the focus of the pilot project.

On December 1, 2007 the first exchange of information took place. It was quickly determined that the exchange of information was going to be labour-intensive, as it was taking staff one full day to enter the vehicle ownership information received from Pennsylvania and Maine into the City's Parking Tag Management System. As well, the turnaround time for receiving the information back from the states was neither consistent nor timely. There were numerous times where staff would have to contact the representatives from the respective states to inquire as to the status of requests. As a result in the delay of receiving this information, many tickets did not have notices sent to them within the required timelines set out in Part II of the *Provincial Offences Act*.

Of all tickets issued in the City of Toronto between December 1, 2007 and September 30, 2008 (the pilot period), a total of 2,698 tickets were issued to vehicles with plates originating in Maine (249) and Pennsylvania (2,449). Of the 2,698 tickets issued:

- 561 tickets (21%) were paid voluntarily (Maine - 54, Pennsylvania -507); and,
- 1,134 of the 2,698 tickets (42%) had Notices mailed by the City to the vehicles' owners requesting payment of the parking ticket fine.

Of the 1,134 Notices mailed, the City received payment on 282 tickets, or 24.9 per cent of those mailed. Table 1, below, highlights the payment results based on the Notices sent.

Table 1: Results of Out-of-Province Pilot Project

		<b>Total</b>	<b>Pennsylvania</b>	<b>Maine</b>
A.	Parking Tickets issued during Pilot (Dec. 1, 2007 – Sept. 30, 2008)	2,698	2,449	249
B.	Tickets Paid - Voluntarily	<u>561</u>	<u>507</u>	<u>54</u>
C.	Tickets Issued & Not Paid Voluntarily by the Recipient ( <i>Line A – Line B</i> )	2,130	1,938	192
D.	Tickets that had Notices mailed to Vehicle Owner	1,134*	1,053	81
E.	Number of Tickets paid following mailing of Notice of Fine and Due Date	282	264	18
F.	Total Tickets collected ( <i>Line B + Line E</i> )	843	771	72
G.	Cost to Collect (labour, postage, processing documents)	\$12,086.64	\$10,976.49	\$1,112.15
H.	Revenue Collected (Post Notices Only)	\$11,189.55	\$10,583.27	\$606.28
I.	Net Loss	(\$899.09)	(\$393.22)	(\$505.87)

\*Due to the manual nature of this new process, not all ownership information was received on time from the participating States and as a result Notices could only be sent to those offenders where information was obtained within the legislated timeframes.

The cost to collect on out-of-province plates is high given the administrative resources required to gather the required vehicle ownership information and manually enter the data onto the City's Parking Tag Management System. Consideration was given to automating the process; however, after reviewing cost and resource requirements along with the limited benefit and low payment rate, this option was not pursued.

The results of the pilot project have shown minimal success. Given the complexity, administration and labour costs involved, staff are recommending that this pilot project be terminated and that staff continue exploring alternate solutions to address collection for out-of-province offenders. Staff will review the practices of other municipalities and report back to Committee and Council if other feasible options are found.

At its meeting held March 6-8, 2001, Council, in considering a staff report dated February 1, 2001 from the Chief Financial Officer and Treasurer titled "Parking Tag Fine Collection Strategy", adopted a recommendation requesting the Province of Ontario's Ministry of Transportation to "negotiate data transfer and data exchange agreements with other provincial and state governments so as to provide municipalities with name and address information for out-of-province plate owners who remain on the default payment listing. Priority should be given to the provinces of Quebec and British Columbia and the states of New York and Michigan which account for more than 50 percent of all out-of-province tags issued." [Re: Clause 1 of Report 2 of the Administration Committee as adopted by Council at its meeting of March 6, 7 and 8, 2001.] To date, the Province has not provided any indication that they intend to proceed with negotiating agreements with other jurisdictions.

Unless the Province of Ontario, through the Ministry of Transportation, is able to negotiate data transfer and data exchange agreements with other provincial and state governments, a significant portion of parking tickets issued to out-of-province vehicles will continue to be uncollected.

This pilot project was conducted to explore whether collection efforts on tickets issued to out-of-province vehicles could be carried out successfully. However, after completing the pilot project it was discovered that the cost to administer the project was greater than the revenue received. As a result it is being recommended that the project be terminated. The City of Toronto, as well as every other municipality in Ontario, could benefit from this type of project if the Province were able to successfully address privacy issues associated with the exchange of personal information and negotiate exchange agreements with other provinces and states.

## **CONTACT**

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## **SIGNATURE**

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Giuliana Carbone  
Acting Treasurer

## **ATTACHMENTS**

Attachment A: Parking Tickets Issued to Out-of-Province Vehicles in 2008

**Attachment A**  
**Parking Tickets issued to Out-of-Province Vehicles in 2008**

Province/State	# of Parking Tickets Issued	% of Tickets Issued to Out-of – Province Plate	# of Tickets Paid(at March 12, 2009)	% Paid	# of Tickets Outstanding(at March 12, 2009)	% Outstanding
Quebec	27,550	24.21%	5,479	19.89%	22,071	80.11%
New York	10,993	9.66%	2,261	20.57%	8,732	79.43%
Alberta	10,456	9.19%	708	6.77%	9,748	93.23%
British Columbia	6,109	5.37%	575	9.41%	5,534	90.59%
Michigan	4,884	4.29%	1,002	20.52%	3,882	79.48%
Florida	4,835	4.25%	612	12.66%	4,223	87.34%
Nova Scotia	3,842	3.38%	549	14.29%	3,293	85.71%
Illinois	3,464	3.04%	394	11.37%	3,070	88.63%
Maine	3,309	2.91%	357	10.79%	2,952	89.21%
Ohio	3,240	2.85%	531	16.39%	2,709	83.61%
Pennsylvania	2,905	2.55%	979	33.70%	1,926	66.30%
Manitoba	2,814	2.47%	240	8.53%	2,574	91.47%
Arizona	2,571	2.26%	427	20.50%	2,044	79.50%
New Jersey	2,278	2.00%	445	19.53%	1,833	80.47%
California	2,255	1.98%	188	8.34%	2,067	91.66%
New Brunswick	1,819	1.60%	260	14.29%	1,559	85.71%
Saskatchewan	1,620	1.42%	133	8.21%	1,487	91.79%
Texas	1,413	1.24%	142	10.05%	1,271	89.95%
Oregon	1,354	1.19%	410	30.28%	944	69.72%
Maryland	1,328	1.17%	187	14.08%	1,141	85.92%
Connecticut	1,240	1.09%	214	17.26%	1,026	82.74%
Virginia	1,230	1.08%	237	19.27%	993	80.73%
Indiana	1,147	1.01%	103	8.98%	1,044	91.02%
North Carolina	1,028	0.90%	109	10.60%	919	89.40%
Georgia	862	0.76%	124	14.39%	738	85.61%
Newfoundland	839	0.74%	80	9.54%	759	90.46%
Minnesota	740	0.65%	102	13.78%	638	86.22%
Tennessee	669	0.59%	174	26.01%	495	73.99%
Wisconsin	659	0.58%	79	11.99%	580	88.01%
Washington	535	0.47%	75	14.02%	460	85.98%
Prince Edward Island	524	0.46%	88	16.79%	436	83.21%
Missouri	452	0.40%	53	11.73%	399	88.27%
Colorado	349	0.31%	39	11.17%	310	88.83%
New Hampshire	330	0.29%	39	11.82%	291	88.18%
South Carolina	303	0.27%	58	19.14%	245	80.86%
Nevada	297	0.26%	19	6.40%	278	93.60%
Maryland	290	0.25%	91	31.38%	199	68.62%
Kentucky	254	0.22%	59	23.23%	195	76.77%

**Attachment A**  
**Parking Tickets issued to Out-of-Province Vehicles in 2008**

Province/State	# of Parking Tickets Issued	% of Tickets Issued to Out-of – Province Plate	# of Tickets Paid(at March 12, 2009)	% Paid	# of Tickets Outstanding(at March 12, 2009	% Outstanding
New Mexico	249	0.22%	23	9.24%	226	90.76%
Oklahoma	247	0.22%	53	21.46%	194	78.54%
Vermont	238	0.21%	52	21.85%	186	78.15%
Rhode Island	219	0.19%	47	21.46%	172	78.54%
Alabama	215	0.19%	22	10.23%	193	89.77%
Minnesota	205	0.18%	65	31.71%	140	68.29%
Massachusetts	181	0.16%	78	43.09%	103	56.91%
New Mexico	155	0.14%	9	5.81%	146	94.19%
Kansas	149	0.13%	28	18.79%	121	81.21%
Delaware	129	0.11%	18	13.95%	111	86.05%
Yukon Territories	125	0.11%	7	5.60%	118	94.40%
Los Angeles	121	0.11%	29	23.97%	92	76.03%
Iowa	114	0.10%	16	14.04%	98	85.96%
Utah	108	0.09%	6	5.56%	102	94.44%
District of Columbia	84	0.07%	8	9.52%	76	90.48%
Idaho	78	0.07%	7	8.97%	71	91.03%
Arizona	70	0.06%	7	10.00%	63	90.00%
West Virginia	54	0.05%	17	31.48%	37	68.52%
New England	52	0.05%	12	23.08%	40	76.92%
South Dakota	44	0.04%	17	38.64%	27	61.36%
Northwest Territories	42	0.04%	15	35.71%	27	64.29%
Arkansas	32	0.03%	9	28.13%	23	71.88%
Nunavut	26	0.02%	8	30.77%	18	69.23%
North Dakota	22	0.02%	5	22.73%	17	77.27%
Wyoming	19	0.02%	4	21.05%	15	78.95%
Hawaii	13	0.01%	1	7.69%	12	92.31%
Virginia	2	0.00%	0	0.00%	2	100.00%
Mississippi	1	0.00%	0	0.00%	1	100.00%
<b>Totals</b>	<b>113,781</b>	<b>100.00%</b>	<b>18,285</b>	<b>16.07%</b>	<b>95,496</b>	<b>83.93%</b>