

TRAFFIC CONTROL AGENTS – REVENUE SHORTFALL

Issue

Traffic agents' revenues for 2006 were 15% below budgeted levels.

Budget Assumption

Traffic Agents are assumed to recover 100% of their costs.

	2003	2004	2005	2006	2007*
Budgeted Traffic Agent Revenue	\$4,300,000	\$4,300,000	\$4,386,000	\$5,485,000	\$5,485,000
Actual	\$4,350,914	\$5,088,496	\$5,632,078	\$4,685,400	\$5,889,525
Difference	\$50,914	\$788,496	\$1,246,078	\$(799,600)	\$404,525
Snow emergencies	3	2	3	2	2

*Estimate based on revenue through April

(Preliminary numbers through February indicated that actual revenue would fall short of budgeted revenue by approximately \$125,000. Beginning in March, the agents are at full strength, and better production is assumed.)

	2003	2004	2005	2006	2007*
Number of TCA's	42	42	42	45	45 budgeted 36 TCA I 5 TCAII
Budgeted Revenue per agent	\$102,381	\$102,381	\$104,429	\$121,889	\$121,889
Avg. Revenue per agent	\$103,593	\$121,155	\$134,097	\$104,120	\$130,878
Difference	\$1,212	\$18,774	\$29,669	\$(17,769)	\$8,989

*Estimate based on revenue through April

Factors

80-85% of citations written by traffic control agents result in a \$34 fee. 60% of fine revenue goes to the general fund of the City, and Hennepin County receives 40% as an administrative fee. Beginning July 1, 2007, 80% of revenue will go to the City's general fund, and 20% to Hennepin County. Other less quantifiable factors include:

- 1) Difficulty retaining employees leads to understaffing. Other City jobs pay slightly more at equal grades, or have more regular hours.
- 2) There has been no accurate prediction of success in recruiting for agents. Full background checks are producing better candidates.
- 3) Each snow emergency results in approximately 3500 citations (\$34/citation = \$119,000). In years with few snow emergencies, the opportunity for this revenue is lost.
- 4) Similar to other examples of functions moving departments, agents were less productive as they tested management in the new department. New procedure is to hold monthly meetings discussing the importance of keeping numbers up, and address specific performance issues.
- 5) Scofflaw list not updated in 2006 due to Hennepin County system error. Scofflaw list includes cars with 5 or more outstanding tickets. If found in offense, TCA's can have violators towed and owners must pay all outstanding tickets for car to be released.
- 6) Taxicab inspections. Currently 2 FTE's spend 90% of their time (1.8 FTE) on taxi cab inspection. Previously 7 FTE's spent 75% of their time (5.25 FTE) on taxi cab inspection. Taxi cab inspection takes away from revenue generating activities of writing tickets and ensuring production among agents. The current plan provides reduced level of service for taxi cab inspections. This issue is being addressed with Regulatory Services.

TRAFFIC ENFORCEMENT UNIT – REVENUE SHORTFALL

Issue

Traffic officers' revenue was \$975,000 below budget in 2006. The additional 11 officers that were funded in the 2006 budget are currently on hold. At Council's request, police are providing additional information to Council in May.

Budget Assumption

Officers assigned to the Traffic Enforcement Unit are assumed to recover 50% of their salary in fine revenue. Tickets written by precinct officers also contribute to this revenue, although the budget does not assume a revenue recovery for precinct officers.

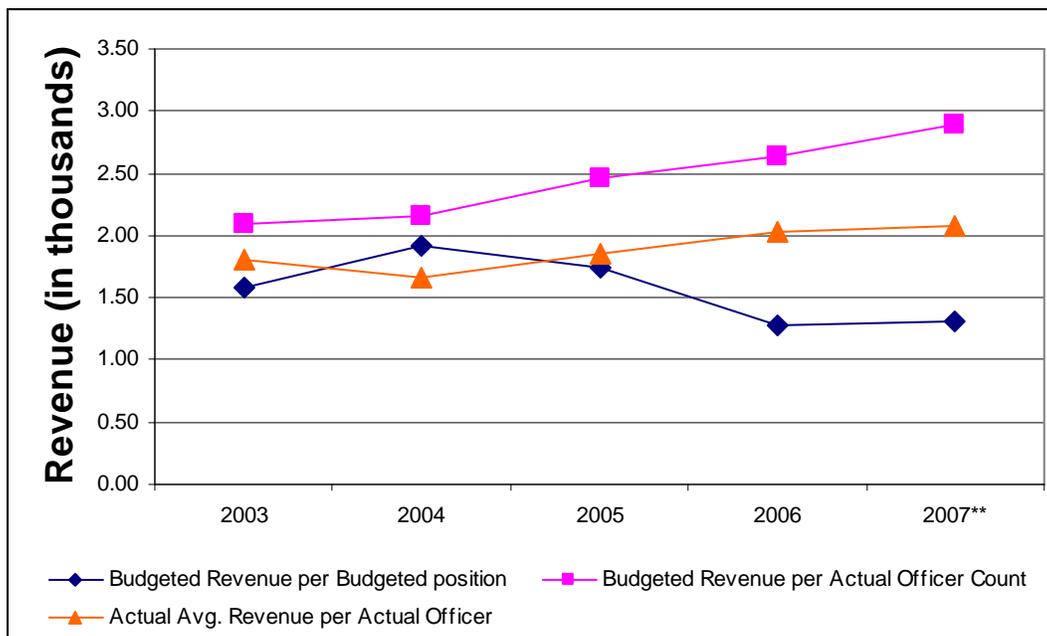
Factors

11 new officers will increase traffic citations by 50% and will increase revenue. Even with 11 additional traffic enforcement officers, some revenue shortfall is predicted.

The City receives 60% of citation revenue, approximately \$54 per paid citation. Beginning July 1, 2007, the City will receive 80% of citation revenue. If a charge is dismissed in court, the City pays a \$5 administrative fee.

	2003	2004	2005	2006	2007*
Budgeted Fine Revenue (Officers)	\$3,816,377	\$4,619,377	\$3,834,377	\$4,219,377	\$4,334,377
Actual	\$3,293,331	\$3,574,746	\$2,902,990	\$3,241,617	\$3,116,832
Difference	\$(523,046)	\$1,044,631	\$(931,387)	\$(977,760)	\$(1,217,545)

* 2007 revenue based on revenue through April



* 11 officers were scheduled to be transferred to the Traffic Unit in May. The transfer has been delayed due to a Council request for additional information.

** 2007 Revenue based on revenue through April

Options

The assignment of additional 11 officers to Traffic, combined with greater emphasis on revenue targets, will help reach budgeted amounts.