



CITY COUNCIL REPORT

August 27, 2009

TO: John Szerlag, City Manager

FROM: Gary Mayer, Chief of Police
Gerry Scherlinck, Captain, Troy Police Department

SUBJECT: Executive Summary on Revenue Projects

This document is meant to summarize the attached multi-page Update on Revenue Projects.

In preparation for the 2009/2010 Budget, research was conducted into possible revenue generators connected with police service delivery.

City Council directed the following initiatives:

- Police Arrest Booking Fee
- Property Damage Crash Recovery Fee
- Personal Injury Crash Recovery Fee
- Fuel Surcharge on Traffic Citations

In addition the police department and City Attorney's Office researched the potential for revenue in the following areas:

- Drunk Driving Forfeiture Fees
- Adoption of State Motor Carrier Rules under City Ordinance
- Firearms Range Consolidation Agreement with Sterling Heights
- Preliminary Breath Testing Fees

A cost recovery ordinance aimed at recovering city costs involving extraordinary circumstances was also undertaken under the coordination of the City Attorney's Office. While there is still potential for increased revenue in some of these areas, indicators are becoming less positive that all of these efforts will be implemented at the level originally anticipated. Unfortunately, based on preliminary indications that these efforts would be feasible, several of the projected revenues were included in the 2009/2010 revenue side of the Police Department Budget.

Council Initiatives:

- Per-Diem Lock-up Fee totaling \$158,600.00 of projected revenue included in the current budget. Not appearing feasible.
- Crash Investigation Service Fee totaling \$196,500.00 of projected revenue included in the current budget. Not feasible.
 - Property Damage Crash Recovery fee: \$135,000.00
 - Personal Injury Crash Recovery Fee: \$61,500.00
- Fuel Surcharge totaling \$100,000.00 of projected revenue included in the current budget. Not feasible.

Net current PD budget shortfall in revenue projections: \$455,100.00

This number will be calibrated into the total projected General Fund deficits.

City Council Initiatives	
Per-Diem Lock-up Fee	\$158,600.00
Crash Investigation Service Fee	\$196,500.00
Fuel Surcharge	\$100,000.00
Total	\$455,100.00

Police Department and City Attorney’s Office Initiatives:

- Drunk Driving Forfeiture Fee: Moving forward on a trial basis.
 - \$60,000.00 in potential revenue based on last year’s drunk driving stats – not included in current budget.
- Motor Carrier Enforcement: On-going/on track.
 - Increase in revenue dependant on number of commercial vehicle tickets. Frost law period last Spring would have generated an additional \$14,000.00 in revenue for the City had the citations been issued under local ordinance – not included in current budget.
- Firearms Range Consolidation w/Sterling Heights Police Department: Verbal Agreement
 - \$8,000.00 net increase in revenue; not included in current budget.
- Preliminary Breath Test Fee: Implemented and on-going.
 - \$10,000.00 in estimated revenue – included in current budget.

- Increase in traffic fines and costs: 52-4 District Court implemented.
 - Possible increase in revenue as detailed in attached Update on Revenue Projects.
- Cost Recovery Ordinance: On-going project.
 - Increase in revenue as a result of cost recovery on extraordinary events – no number projected.

Police Department and City Attorney's Office Initiatives	
Drunk Driving Forfeiture Fee	Unknown
Motor Carrier Enforcement	\$14,000.00
Firearms Range Consolidation	\$ 8,000.00
Preliminary Breath Test Fee	\$10,000.00
Increase in Traffic Fines and Costs	Unknown
Cost Recovery Ordinance	Unknown
Total	\$32,000.00

The Council initiatives were included in the revenue projections in the current budget, however attempts to implement those efforts cannot go forward. There is potential from the other efforts, however the exact monetary numbers are not certain. With the Firearms Range Consolidation at the verbal agreement stage, as well as the Motor Carrier initiative on track, placing those numbers into the above shortfall would reduce it by \$22,000.00. The Drunk Driving Forfeiture Fees could result in additional revenues, as could the increased traffic fines/costs and the Cost Recovery Ordinance, however it would be pre-mature to include estimated revenue at this time.

Revenue Included in 2009/2010 Budget	
City Council Initiative	\$455,100.00
<i>Potential not included in budget</i>	<i>\$ 22,000.00</i>
Total Estimated Shortfall	\$423,100.00

The Police Department Administration will work with City Management to address this issue in conjunction with efforts aimed at the on-going budget challenges.



CITY COUNCIL REPORT

August 27, 2009

TO: John Szerlag, City Manager

FROM: Gary Mayer, Chief of Police
Gerry Scherlinck, Captain, Troy Police Department

SUBJECT: Update on Revenue Projects

Background:

Based on an increasingly challenging budget outlook, the Troy City Council directed research into possible revenue generators connected with police service delivery. These included a police arrest booking fee, a property damage crash recovery fee, a personal injury crash recovery fee, and a fuel surcharge on traffic citations. In addition, the Police Department and City Attorney's Office identified additional areas of potential revenue, including drunk driving forfeiture fees, the adoption of the state motor carrier rules under the City's motor vehicle code, a firearms range consolidation agreement, and preliminary breath- testing fees.

A cost recovery ordinance aimed at recovering city costs involving extraordinary circumstances was also undertaken under the coordination of the City Attorney's Office.

Lieutenant David Livingston and Lieutenant Michael Lyczkowski have worked diligently with Ms. Susan Lancaster of the City Attorney's Office on these efforts. While there is still some potential for increased revenue in some of these areas, indicators are becoming less positive that these efforts will be implemented at the level originally anticipated. Unfortunately, based on preliminary indications that these efforts would be feasible, the projected revenues associated with several of them were included in the 2009/2010 revenue side of the Police Department Budget. The current reality is that this will result in a budget shortfall.

This report will provide a summary of the current state of affairs in each area along with the potential budget shortfalls associated with the revenues originally projected. It will also highlight areas where revenue potential remains, or where actual revenues are already being generated under these efforts.

Council Directed Initiatives:

Per Diem Lock-up Fee

State statute allows for the recovery of up to \$60.00 per day from prisoners housed in a local lock-up where the local jurisdiction is able to initiate a civil action against the individual prisoner. Lieutenant Lyczkowski and Ms. Lancaster are currently working with the 52-4 District Court on this issue in an attempt to have this fee assessed as part of sentencing/probation costs, rather than through individual civil litigations against each arrestee. Currently the court can assess restitution as part of a sentencing or probation directive. The goal was to convince the judges to assess this fee as restitution connected with final sentencing/probation requirements. There is some resistance from the judges in this regard because it is not specifically allowed by statute. In addition, the court indicated they are experiencing considerable difficulties collecting present fines and costs, simply because people do not have the funds, as so many that come before the court are not employed. The judges fear this additional burden would further impede the court's collection efforts.

The City still has the option, as expressed in the statute, to initiate a civil lawsuit against each inmate in an attempt to collect the fee. With filing and service fees, personnel costs to implement and oversee these individual cases, as well as the issue of "non-collectability" in many of these cases, this approach would be cost prohibitive.

A projection of \$158,600.00 in additional annual revenue was estimated. This is not appearing feasible.

Result: Probable \$158,600.00 shortfall in projected revenue.

Crash Investigation Service Fee:

A crash fee for at-fault drivers in vehicle crashes was proposed. Originally, two separate fees were considered, one fee for at fault drivers in property damage crashes, along with a higher fee for at fault drivers in personal injury crashes. A revenue projection of \$135,000.00 in additional annual revenue was estimated from property damage crashes, and a projection of \$61,500.00 in additional annual revenue was estimated from personal injury crashes and included in the current budget. As the project went forward, it was determined that trying to define the exact criteria for what would constitute a personal injury crash and what would constitute a property damage crash could be problematic and lead to disputes. It was therefore decided to investigate a single service fee for at fault drivers in all crashes without delineating as to property damage or personal injury crash. This Crash Investigation Service Fee was researched and also discussed with the 52-4 District Court, who would ultimately be responsible for collecting the fee. Again, it was determined that there are no express statutory guidelines that allow for this. As explained above, the imposition of additional fees is also a concern raised by the judges, since it will result in a significant additional burden for the court in terms of attempting to collect additional fees and costs. The reality of the current economic environment is such that collection efforts related to current fees and costs are becoming more and more challenging for the court. This will therefore not be feasible.

Result: \$196,500.00 shortfall in projected revenue.

Fuel Surcharge:

The original proposal included a surcharge for fuel with each traffic citation. A projection of \$100,000.00 in additional annual revenue was estimated and included in the current budget. This was researched and discussed with the judges of the 52-4 District Court, who would ultimately be responsible for collection. There are no express statutory provisions that allow for this surcharge, but there are also no express prohibitions. The judges were concerned about the additional burden in attempting to collect these additional fees and costs. The reality of the current economic environment is such that collection efforts related to current fees and costs are becoming more and more challenging for the court, without additional costs being imposed. This will therefore not be feasible.

Result: \$100,000.00 shortfall in projected revenue.

Other Revenue Generator Initiatives Undertaken:

Drunk Driving Forfeiture Fee

This initiative is permitted by state law. It is in place and we are prepared to go forward with it, however the judges at the 52-4 District Court, (as well as judges at other district courts in Oakland County for that matter), are struggling with this issue. The concern is that the forfeiture assesses punitive action prior to an actual conviction. After a recent meeting with the judges, the 52-4 District Court Administrator advised Lt. Livingston that they are willing to move cautiously forward with this program on a case by case basis. The judges will initiate forfeiture actions based on the merits of each individual petition. Lt. Livingston will introduce the program using the Traffic Safety Unit officers, as they are most familiar with these types of cases, rather than implementing the effort on a department wide basis, at first. This will allow the program to be evaluated by both the court and police department. The forfeiture applies to second and subsequent offense drunk drivers. Based on data from past cases, an additional \$60,000.00 in annual revenue was projected. Given the more limited and cautious implementation plan, this amount could be quite less, however any revenue from this program would represent a positive number in terms of revenue, as the projection was not included in the current budget.

Result: Possible positive revenue.

Motor Carrier Enforcement:

The City Attorney's Office is re-writing the City's Traffic Enforcement Ordinance, Chapter 106 to include portions of the motor vehicle code that are pertinent to the police department's local commercial vehicle enforcement efforts. This will allow the City to retain 70% of the fines and costs associated with these citations. Currently, enforcement is taken under state law and the state receives this revenue. Based on enforcement data during last Spring's frost law season alone, the City would have received approximately \$14,000.00 in additional revenue if the police department could have issued these violations under local ordinance. It is an on-going project, and although on-track, the revenue was not projected into the current budget.

Result: Increase in revenue if/when enacted.

Firearms Range Consolidation:

The Troy Police Department has recently entered into a verbal agreement with the Sterling Heights Police Department where they have agreed to reimburse us \$8000.00 annually for the use of our range. Final negotiations are on-going regarding sharing repair and maintenance costs. Although we cannot predict the final costs in terms of repairs and maintenance the additional usage might cause, the revenue at this point is aimed at off-setting this department's annual range costs. This is a recent accomplishment, therefore the revenue was not projected into the current budget.

Result: \$8000.00 net increase in revenue.

Preliminary Breath Test Fee:

This program was implemented last year through the oversight of Captain Colleen Mott. Individuals on bond and parole for charges related to substance abuse and drunk driving are often required to take PBT's. Recognizing the impact on police service, a \$5.00 fee for residents and a \$10.00 fee for non-residents was implemented. For the period 12/1/08 through 7/31/09 this program has generated \$10,210.00 in revenue for the City. Based upon that number, a projection of \$10,000.00 in revenue from the program was projected and included in the current budget. This number could be greater or lesser, dependent on case load and citizen usage of this facility, however should be attainable.

Result: \$10,000.00 revenue generator.

Fine Schedule Increases:

\$400,000.00 in revenue from fines and costs was projected into the current budget. The 52-4 District Court increased the fines for traffic citations this year. The city receives approximately 30% of the fines and costs associated with traffic citations, therefore this should result in some increase in revenue. The total number is of course, predicated upon the total number of citations issued, which is not a constant and is variable based on many factors.

Cost Recovery Ordinance:

The City Attorney's Office continues work on a proposed Cost Recovery Ordinance that will allow the recovery of costs associated with extraordinary circumstances. Such circumstances would apply to costs "beyond basic service" in extraordinary events. This ordinance not only applies to police, but other city department costs associated with these events, as well. Although these incidents are infrequent, when they do occur, they are costly. The ordinance would also allow for restitution in cases where someone deliberately damages police property, such as in a case where a disorderly prisoner breaks out the windows of a police car during transport to the Lock-up facility. It would be difficult at this point to predict a revenue estimate for this initiative.

Financial Considerations:

The above initiatives were undertaken in an effort to offset the increasing costs of services in light of the current budgetary challenges. They were also aimed at generating additional revenue in the face of those challenges.

Although, as outlined above, several of the initiatives will not be feasible, we continue to pursue the jail reimbursement fee initiative and the drunken driving forfeiture initiative. Should these prove feasible, they will produce additional revenues. The Cost Recovery Ordinance and Motor Vehicle Code update will also provide opportunities to recover costs and generate revenue.

The firearms range agreement with Sterling Heights is an example of consolidation efforts and revenue generation that will streamline operations, increase inter-agency cooperation, and cover the cost of Troy's range operations.

The PBT fee program has successfully generated revenue from a police service, to help offset police department administrative costs.

As a result of an increase in fines and costs for traffic and other violations initiated by the 52-4 District Court, City revenue in this regard should increase slightly over that which was originally projected.

The unfortunate outcome is the programs that have become unfeasible represent a \$455,100.00 shortfall in projected revenue in the current budget. This number will be calibrated into projected total General Fund deficits accordingly. The Police Department Administration will work with City Management to address this issue in conjunction with efforts aimed at the on-going budget challenges.

Legal Considerations:

As outlined above, the Troy Police Department and the Troy City Attorney's Office are working together on these initiatives. The research thus far has indicated that several of the initiatives are not supported by statute, while others can be accomplished through agreements with the District Court or by updating/enacting City Ordinances.

Policy Considerations:

By pursuing these initiatives, the Police and Legal Departments are attempting to offset the increasing costs of service, as well as provide for the generation of additional revenue in a challenging financial environment. This effort complies with the following City Budget Outcome:

- Troy is rebuilding for a healthy economy reflecting the values of a unique community in a changing and interconnected world

Reviewed and approved:

Lori Grigg Bluhm, City Attorney