



City of Gardena
City Council Meeting

Agenda Item No. 9. D. (1)

Department: CITY MANAGER

Meeting Date: 12/13/2011

AGENDA REPORT SUMMARY

TO: THE HONORABLE MAYOR AND CITY COUNCIL

AGENDA TITLE: RATIFICATION OF TERMINATION OF AGREEMENT BETWEEN THE CITY OF GARDENA AND REDFLEX TRAFFIC SYSTEMS, INC. FOR PHOTO RED LIGHT ENFORCEMENT PROGRAM
(Tabled and Rescheduled from 11/08/2011 City Council Meeting)

<u>COUNCIL ACTION REQUIRED:</u> Ratify Termination of Agreement	<u>Action Taken</u>
<u>RECOMMENDATION AND STAFF SUMMARY:</u> Staff respectfully recommends that the City Council ratify Staff's Letter of Intent to Terminate the Agreement with Redflex Traffic Systems, Inc. for the Photo Red Light Enforcement Program. Please review supporting information provided in the attached Agenda Staff Report.	
<u>FINANCIAL IMPACT/COST:</u> Remainder of Fiscal Year 2011-2012: Reduction in Revenue – Traffic Safety Reduction in Expense – Traffic Safety: \$210,000	
<u>ATTACHMENTS:</u> 1) October 13, 2011, Letter: Notice of Intent to Terminate Agreement from City of Gardena to Redflex Traffic Systems 2) October 19, 2011, Letter: Response/Acknowledgment from Redflex Traffic Systems to the City of Gardena 3) November 4, 2011, Letter: Follow-up to November 2, 2011, meeting, from Redflex Traffic Systems to City of Gardena 4) September 22 and September 29, 2011, Inter-Department Police Memos: Redflex Reports	
Submitted by <u><i>Mitchell G. Lansdell</i></u> , Mitchell G. Lansdell, City Manager Dated: 12/08/2011	

CITY COUNCIL MEETING AGENDA STAFF REPORT

Agenda Item No.	9. D. (1)
Department:	CITY MANAGER
Meeting Date:	12/13/2011

AGENDA TITLE:

RATIFICATION OF TERMINATION OF AGREEMENT BETWEEN THE CITY OF GARDENA AND REDFLEX TRAFFIC SYSTEMS, INC. FOR PHOTO RED LIGHT ENFORCEMENT PROGRAM
(Tabled and Rescheduled from 11/08/2011 City Council Meeting)

RECOMMENDATION:

Staff respectfully recommends that City Council ratify Staff's Letter of Intent to Terminate the Agreement with Redflex Traffic Systems, Inc.

BACKGROUND:

On February 9, 2010, City Council approved a five-year extension of the Agreement with Redflex Traffic Systems, Inc. Under the terms of the Agreement, Redflex provided equipment, processing, and back office services so that authorized employees could monitor, identify, and enforce red light running violations.

The purpose of the project was to reduce the incidences of vehicle collisions at the traffic intersections and city streets that would be monitored.

The City currently pays a maintenance fee of \$3,500/month per approach. The City has ten (10) approaches. Since the Agreement renewal, Staff has continued to monitor both the traffic safety impacts, as well as the financial impacts, of the program. Over the last year, the number of citations being issued has diminished. The number of paid citations has also decreased.

The current structure of payment of the \$35,000 monthly maintenance fee is not supported by the amount of revenue being collected, which also does not account for the cost of the administration oversight by the Police Department.

It was based on the financial review with a lack of statistical evidence that the program was reducing accidents at the ten (10) approaches being monitored, that the Letter of Intent to Terminate, pursuant to Section 6.3 of the Agreement was issued on October 13, 2011. The Agreement provides for a sixty (60) days Notice of Termination without cause. Council's ratification of the Notice of Intent to Terminate would make the effective date for termination of the Agreement, December 13, 2011.

Staff met with representatives of Redflex Traffic Systems prior to the November 8, 2011, City Council meeting. The Redflex letter of November 4, 2011, and their request for further discussion was the basis for Staff's request to table the November 8, 2011, Agenda item and continue it to December 13, 2011.

Subsequently, Staff has met with representatives from Redflex and discussed possible changes to the current agreement which would allow for the program to be financially sustaining while longer term solutions could be worked out.

Although Redflex indicates that the Financial Reports distinguish Red Light Revenue from other Court Revenue, the City of Gardena Finance Department is unable to determine which court deposits are from Redflex citations. Giving the benefit to Redflex, it is our belief that Redflex and non-Redflex monies are mixed. Yet, even when this is considered, between the contract costs and staff time, the red light program is losing money.

At a December 6, 2011, meeting with Redflex Traffic Systems, staff discussed continuation of the program on a three-month basis to see if the current level of citations and payments would change.

Staff countered the Redflex Traffic System's November 4, 2011, proposal with a \$6,000/month credit for the last four (4) months and a \$25,000/month credit (\$10,000/month is contract cost) for the next three (3) months. Prior to the end of the three-month period, a review would be conducted to determine the financial sustainability of the program.

Redflex has countered City Staff's proposal, by offering the following alternatives:

1. A \$6,000/month credit for prior four (4) months and a \$12,000 credit (\$23,000/month is contract cost) for the next three (3) months; or
2. A credit of \$20,000/month (\$15,000/month is contract cost) for the next three (3) months.

Based on the current monthly loss on fixed costs and the lack of statistical evidence to continue the program on safety alone, an agreement could not be reached regarding restructuring.

Staff, therefore, recommends that the City Council ratify Staff's Letter of Intent to Terminate the Agreement with Redflex Traffic Systems, Inc., effective December 13, 2011.

Submitted by: 
Mitchell G. Lansdell, City Manager

Date: 12/08/2011

MGL:nw

Attachment - 12/08/11 Email from Redflex Consultant

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60 60
39

Nancy Ward

From: Mitchell G. Lansdell
Sent: Thursday, December 08, 2011 4:45 PM
To: Nancy Ward
Cc: Ed Medrano; Peter Wallin
Subject: FW: Redflex Offer [Spam score:8%]

For packets

From: Juan Garza [<mailto:juan@englanderpr.com>]
Sent: Thursday, December 08, 2011 4:41 PM
To: Mitchell G. Lansdell
Subject: Redflex Offer [Spam score:8%]

Hi Mitch,

Thanks again for your time on Tuesday and consideration. I'm aware Bob Warner from Redflex spoke with you earlier today, but just wanted to ensure his message was conveyed accurately.

The City asked for \$99k total credit:

- \$6k/mo for last four months (\$24k), PLUS \$25k/mo for next three months (\$75k)

Redflex has countered with \$60k total credit:

- \$6k/mo for last four months (\$24k) PLUS \$12k/mo for next three months (\$36k) OR
- No arrears, BUT \$20k/mo for next three months (\$60k)

Thanks again for your consideration. Per my voicemail, If I can be of any assistance, please let me know. Looking forward to hearing from you either way.

The Very Best,

Juan F. Garza

Vice President

Englander Knabe & Allen

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CITY of GARDENA
EXECUTIVE OFFICE – CITY MANAGER

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FAX NO: (310) 217-9694 / WEB SITE: www.ci.gardena.ca.us

PAUL K. TANAKA, Mayor
RACHEL C. JOHNSON, Mayor Pro Tem
TASHA CERDA, Councilmember
RONALD K. IKEJIRI, Councilmember
DAN MEDINA, Councilmember

MARIA E. MARQUEZ-BROOKES, City Clerk
J. INGRID TSUKIYAMA, City Treasurer
MITCHELL G. LANSDELL, City Manager
PETER L. WALLIN, City Attorney

October 13, 2011

Mike Negrette, Account Manager
Redflex Traffic Systems
6076 Bristol Parkway, Suite 106
Culver City, CA 90230
Fax: 909/889-8243

Subject: CITY OF GARDENA

Dear Mr. Negrette:

This letter will serve as NOTICE OF INTENT TO TERMINATE the City of Gardena's Agreement with Redflex Traffic Systems, Inc.

The termination is made, pursuant to Section 6.3 of the Agreement. The effective date will be December 13, 2011.

Prior to the effective date, I will be requesting City Council ratification of my administrative action.

Respectfully,

MITCHELL G. LANSDELL
City Manager

MGL:nw

c: Peter Wallin, City Attorney
Edward Medrano, Chief of Police
Redflex Traffic Systems, Inc., Phoenix, AZ (Fax: 623/207-2050)



2011 OCT 21 AM 10:44
CITY MANAGER'S OFFICE
MAKING A SAFER WORLD.

October 19, 2011

Redflex Traffic Systems Inc.

23751 N. 23rd Ave.
Phoenix, AZ 85085
623-207-2000 (p)
623-207-2051 (f)
www.redflex.com

Mitchell G. Lansdell
City Manager
City of Gardena
1700 West 162nd Street
Gardena, CA 90247

RE: PHOTO RED LIGHT CAMERA PROGRAM - LETTER OF INTENT TO TERMINATE

Dear Mr. Lansdell,

It is with deep regret that I am in receipt of your notice to terminate your Red Light Camera program as of December 13, 2011 under Section 6.3 of our agreement. Under that provision, Redflex has 60 days in which to mitigate your concerns and we would very much like the opportunity to do so. It has always been our desire to provide the City of Gardena with a safety program that provides excellent service to the community in a reasonable and cost effective manner.

In an effort to resolve your concerns and to maintain your successful red light safety program, I will be in contact with you shortly to discuss and address any issues or concerns you may have regarding operation or cost effectiveness of the program. Redflex very much looks forward to resolution of those concerns and the continuation of your safety camera program.

Best Regards,

A handwritten signature in cursive script that reads "Mike Negrette".

Mike Negrette
Account Manager
Redflex Traffic Systems
5835A Uplander Way
Culver City, CA 90230

CC: Edward Medrano, Chief of Police
Peter Wallin, City Attorney
Robert Warner, Account Director - US Western Region
Jack Weaver, Account Executive
James Saunders, Vice President, Account Management



MAKING A SAFER WORLD.

November 4, 2011

Redflex Traffic Systems Inc.

23751 N. 23rd Ave.
Phoenix, AZ 85085
623-207-2000 (p)
623-207-2051 (f)
www.redflex.com

Mitchell G. Lansdell
City Manager
City of Gardena
1700 West 162nd Street
Gardena, CA 90247

RE: PHOTO RED LIGHT CAMERA PROGRAM

Dear Mr. Lansdell,

Thank you for meeting with us on Wednesday to discuss the City's position relating to your Photo Red-Light program. Redflex Traffic Systems is committed to the continuation of the red light camera enforcement program. We value the City's business and desire for the city to ensure its financial wellbeing while maintaining the operation of this important program. The fact that there is a trend showing fluctuations in monthly revenue can be remedied by adopting one or more options which are being offered to you herein.

In the interest of working with the City to make the program as effective and efficient as possible, we would like to present an option that would include a \$6,000 monthly credit retroactive four months. This will offset the decrease in revenue from June through September 2011. In addition, we would propose a \$6,000-per-month concession for the next several months which should alleviate the cost concerns expressed by the City. As we stated at the meeting, we will continue to work with the courts to clarify fine distribution levels and failure to respond consequences. It is our intent to do everything possible to ensure that the City is receiving its full share of these fine revenues. Our eventual success will depend on continued support and assistance from the City, however we are confident that a better accounting of these funds is possible. Additionally, if the City would be willing to consider a cost-neutrality option, which would protect the city from negative fluctuations in monthly revenue, we would be pleased to offer some possible language that has withstood legal challenges in the past in the state of California. A mutually agreeable amount per month could be included in the cost-neutrality language to cover city operating costs. Either or both of these options should resolve the City's concern over the cost of this program and allow for its continuation.

We would like to offer these options in the interest of providing as much assistance as possible to allow the City and RTSI time to accurately and thoroughly examine the City's photo enforcement revenue and cost data. We would very much appreciate your consideration of this proposal prior to your recommendation to the council on November 8, 2011.



MAKING A **SAFER** WORLD.

We look forward to your favorable response. Thank you for your consideration.

Best Regards,

A handwritten signature in black ink, appearing to read "Mike Negrette". The signature is written in a cursive style with a large, stylized initial "M".

Mike Negrette
Account Manager
Redflex Traffic Systems
5835A Uplander Way
Culver City, CA 90230

CC: Paul Tanaka, Mayor
Edward Medrano, Chief of Police
Peter Wallin, City Attorney
Robert Warner, Account Director - US Western Region
Jack Weaver, Account Executive
James Saunders, Vice President, Account Management
Juan F. Garza, Vice President, Englander Knabe & Allen

become involved, then it may make this case stronger. Chase advised me that he is unaware if Barbee was able to meet with the presiding judge or not as of the writing of this memo.

A follow-up Red Light Camera (RLC) meeting is scheduled for Wednesday, September 28th, 2011 at 1000 hours in Culver City. An update from Greg Barbee is on the meeting agenda.

This report is an update to various prior updates which have occurred over the past five years. Three of those reports are incorporated herein as attachments one through three.

Safety

To assess the effectiveness of the program relative to public safety, traffic collisions in 2006-2007 were compared to those occurring this calendar year (2011). Based on the below chart, overall traffic safety has not been affected by the presence of the RedFlex cameras. At best, single digit decreases have occurred at certain intersections. However, a majority of the intersections have remained unchanged. In summation, the RedFlex program has not increased our ability to enhance safety for the citizens of Gardena.

Location	Number of T/C's 2006-07	Number of T/C's 2011
Artesia/Normandie	6	6
RBB/Normandie	2	4
158/Western	4	1
135/Western	8	3
Budlong/Rosecrans	8	7
RBB/Grammercy	0	0

Redflex Citations

Over the last three years, the number of Total Processed Incidents have decrease by approx. 1500 to 2000 each year. Regardless of the reasons why this occurred, it translated to producing approx. 1500 to 2000 less approved violations each year. The following chart illustrates the decrease:

Type of Issue	9/2008 to 8/2009	9/2009 to 8/2010	9/2010 to 8/2011
Total Processed	19676	17063	15752
Police Rejects	1188	907	1133
Approved Violations	10580	9417	7279

Court Revenue

I have attached a summary of the monthly revenue alleged by RedFlex since September of 2007. It is incorporated herein as attachment 4. This report shows the highest month being October of 2007 and the lowest as August 2011. In August of

2011, the total gross amount from all court revenue (according to RedFlex) was \$28,128. The amount alleged by RedFlex coming from Red Light Camera tickets was \$9,925.37. Considering the City of Gardena pays \$35,000 per month to operate the system, it would signify a \$25,000 loss in the month of August. It is important to keep in mind that although RedFlex states they can separate red light camera revenue from other traffic fines, we have yet to verify it. It would be more prudent to assume that red light revenue is contained in both categories (general and traffic).

In addition to the \$35,000 dollar per month cost of a program, there are personnel costs as well. One thirty-five hour a week part-time employee is assigned to the program. One police sergeant is assigned to the program to monitor maintenance of the RedFlex equipment once a month. In addition, this sergeant attends traffic court several times monthly to ensure prosecution of these citations.

In summation, the current costs of the RedFlex program outweigh any benefits of the program. The program has failed to produce significant decreases in traffic collisions. The current state of the economy as well as the negative publicity regarding RLC programs ensures future revenue collection difficulties. Based on the above information, I recommend the program be discontinued. The City of Gardena must give RedFlex sixty-days notice to terminate the contract. This requirement is included in the contract herein incorporated as attachment number 5. Thank you for your attention.

GARDENA POLICE DEPARTMENT
INTER-DEPARTMENT MEMORANDUM

TO: Chief Ed Medrano

DATE: September 29th, 2011

FROM: Lt. Mike Saffell 

REF:

SUBJ: Red Flex

CC:

On Wednesday September 28th, 2011, I attended the RLC meeting in Culver City. I learned that Greg Barbee has sent the presiding judge of LA Superior Court a letter requesting to meet with her to detail the problems with court collections of Red Flex tickets. The presiding judge has not answered the request as of this time. In sum, even if the meeting takes place, implementing measures to improve collections within the court system will take time. There is no immediate fix to this issue.

During the meeting, a representative from Montebello PD spoke. His sentiment was that smaller cities will start to drop out of the Red Flex program because of the immense cost of continuing the program and on the fact that revenue is currently not covering that cost. He believed that larger cities may stay with the program depending upon their demographics. My belief is that the Montebello representative is correct in his analysis.

Based on the lower number of violations (1500 to 2000 less per year), a decrease in the amount of people paying the full fine at court, and increase in community service due to the inability to pay the ticket fine, my recommendation is to terminate the contract with Red Flex. At \$3,500 per approach (10 approaches), the City of Gardena pays \$35,000 per month. Last month, the program netted \$9, 925.37. This is a \$25,000 dollar cost for a program which shows no empirical evidence of improving traffic safety. Again, my recommendation is to terminate the Red Flex Program.

NOTED 9-30-11
