

SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS – FISCAL YEAR 2009-10

DATE: June 2, 2009

BUDGET FOR: **JUSTICE COURT**

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JUSTICE COURT BUDGET

Justice Court:

The Justice Court functions include adjudicating small claims, criminal and non-criminal cases, domestic violence court cases, and cashiering. The Division's budget is proposed to decrease by 5.4% or \$254,429. The decrease is mostly attributed to the one-time money that was budgeted last year for remodeling the 2nd floor lobby, attorney client rooms, and new equipment and set up fees for the new staff. The decrease also is reflective of the 1.5% salary decrease. There are 51.0 FTEs in the Justice Court.

JUSTICE COURT PROPOSED BUDGET				
	Adopted 2008-09	Proposed 2009-10	Difference	Percent Change
Justice Court (Cashiering, Criminal and Non-Criminal Adjudication, Small Claims)	\$4,741,488	\$4,487,059	(\$254,429)	(5.4%)

POTENTIAL MATTERS AT ISSUE AND MAJOR BUDGET ISSUES

- Ordinance for Judges' Salary

The salary for Justice Court judges is not increasing. The Administration forwarded a fiscal year 2010 ordinance for the Council's approval. The judges will receive the same pay as last year, but the ordinance needed to be updated to reflect a new fiscal year.

- Collections

The Administration indicates that the total amount of outstanding parking ticket revenue as of April 2009 is \$5,651,037. Please refer to the attached chart detailing the outstanding parking ticket revenue. One FTE, a collections coordinator, was originally hired to aid in collection activities but was re-assigned to a clerk position after the Court started using the collection agency, leaving one FTE assigned to collections. The Justice Court audit recommended that the cost of in-house collection services be compared to the cost of the

contracted collection agency. One full-time collections person was spending their time doing work that can be done more efficiently by the collection agency.

The remaining collections FTE currently works with the outside collections agency, oversees late letters, calls on late payments, processes wage and till garnishments, runs monthly credit card payments, traces social security numbers, and sends bootable lists to parking enforcement. These functions, according to the Administration, consume this individual's time.

As indicated by the Administration, the collection agency has a collection rate of 11%, which equates to \$87,132 of revenue for the City. The Courts forward the following types of outstanding parking citations to their contracted agency: a.) judgments with no SSN, b.) judgments 6 years old with or without social security numbers, and c.) affidavits over 2 years old undeliverable, all moved, out of state. The collection agency charges 25% of their total collections which was \$21,783 (25% of \$87,132).

Public Utilities' collections efforts, including collector investigators and the collection agency, generate between \$700,000 and \$800,000 annually. Delinquencies are forwarded to a collection agency once water has been shut off. In Public Utilities, in addition to the FTEs, the collection agency receives 15% of everything collected on behalf of the city. *Does the Council wish to consider identifying funding for some temporary assistance with Justice Court collections? Please refer to the Unresolved Issues staff report for a discussion with regards to citywide collections. The Council may also wish to ask why collections are not turned over to a collection agency until they are six years old, given that the City's internal resources for collections have been reduced.*

- Justice Court Cost Analysis: Revenues versus Expenses:
The Administration has provided a cost analysis of the Justice Court for fiscal year 2009. The total Expenses exceed Revenues by \$948,889. Expenses for the Justice Court total \$6,181,087, while revenues total \$5,232,198. A cost analysis has been provided by the Administration as an attachment to the staff report. It should be noted that it is not legally appropriate for a municipal government to consider a court a revenue source.

SOURCES OF REVENUE	EXPENSES
Criminal fines and fees	Personnel and Operating costs (direct costs from Justice Court cost centers)
Late and warrant fees and court costs	Debt Service (Justice Court's share)
Traffic fines and fees	Building maintenance & utilities
Small Claims fees	Overhead costs: attorneys, administrative costs, computer technical services, human resources, financial report/audit requirements, payroll, record storage, etc.
Traffic school fees	

- Proposed Fee Increases:

The Administration has proposed a number of fee increases as follows. *The Council may wish to ask how soon these increases will be in place.*

PROPOSED ORDINANCE CHANGE	PROPOSED INCREASE
Parking Ticket Late Fee Increase	From \$30 to \$40 after 10 days
Small Claims Filings and Fees	Senate Bill 176 increased jurisdiction of municipal courts over small claims to \$10,000 and increases the amount of filing fees that can be charged.
Traffic Plea in Abeyance Fee Increase	Adding \$25.00 to traffic tickets
Traffic Infractions to State Warrant System	House Bill 292 allows municipal courts to obtain warrants on traffic infractions and send them to the State warrant system. The State enters the warrants into the database which allows the State Tax Commission authority to intercept tax refunds and pay unpaid warrants, taxes or assessment.

Additional Information

LEGISLATIVE INTENT STATEMENTS

No legislative intent statements are outstanding for the Justice Court.

During the briefing on the proposed budget, the Council may wish to identify legislative intents relating to the Justice Court.

During the briefing, the Council may wish to identify potential programs or functions to be added to the Council's list for future audits.

Outstanding Parking Ticket Revenue as of April 30, 2009

	Current	30 Days	60-90 Days \$	120-150 Days \$	6-12 Months \$	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5-6 Years	6-7+ Years	Total
Parking Revenue Outstanding	\$360,450	\$155,758	257,305	341,332	834,682	\$1,343,693	\$493,166	\$526,729	\$364,429	\$360,569	\$ 612,924	\$5,651,037
Unpaid Ticket Count	5,845	1,338	2,146	2,615	6,566	10,725	3,556	3,756	2,097	2,075	3,727	44,446
Unpaid Tickets with Judgments	-	-	-	285	1,023	1,605	1,317	1,522	1,901	1,881	3,255	12,789