SUBJECT: Proposed Write-Off of Outstanding Fines to Provincial Offences and Parking Violations (FCS07033/PED07107) (City Wide)

RECOMMENDATION:

That staff be authorized to write-off all outstanding Provincial Offences, By-Law Offences and Parking Fines deemed uncollectible with a due date of December 31, 1998.

EXECUTIVE SUMMARY:

Due to the transfer of outstanding fine revenues from the Province of Ontario as part of their downloading of responsibilities to municipalities, outstanding fines dating back several years became the responsibility of the municipality. It is appropriate and necessary to review and purge all revenues deemed uncollectible from the Integrated Courts Offence Network (ICON) on an annual basis. ICON is the provincially managed database that the Provincial Offences Office is required to use as per the transfer agreement.
BACKGROUND:

As a result of the Provincial transfer of responsibility from the Province to the City on February 7, 2000, the City of Hamilton Provincial Offences Office assumed outstanding Revenues (fines) that date back to 1977. There are currently outstanding files that are outside the window for a Judgment to be secured in Civil Court, therefore negating the possibility of further enforcement means. These files are seven years old or more and are now uncollectible in terms of available legal remedies and therefore should be written off. As of March 31, 2007 the total outstanding receivables for the Provincial Offences Office, the Municipal parking system and all other City by-law enforcement was $32,101,190.41

The Provincial Offences office has an internal collections section and utilized one collection agency for outstanding fines. The internal collections are responsible for $1,934,844.99 of the revenue generated in 2006. The external collection agency has collected a total of $453,786.06. Internal collections staff has a detailed collection process and address tracking procedure. Copies of these are attached as Appendix “A” for the Committee’s information.

ANALYSIS/RATIONALE:

Staff anticipates the amount of the write-off to be $848,521.48 dollars in uncollectible fines. The Provincial Offences Office (Clerk’s Division) portion equals approximately $292,244.75 dollars. The Hamilton Municipal Parking System portion (Planning and Economic Development Department) equals approximately $226,211.00 dollars. Other By-Law Offences equal $330,065.73. Some examples of other by-law offences are building code charges, animal control charges and noise by-law infractions. Included in this $848,521.48 dollars is $70,850.00 in Victim Fine Surcharge that is payable to the Province of Ontario. There will be no impact on current budget projections as the fine revenue is not accrued annually. POA budgets are based on cash receipts only.

Write-off reports have been done on an annual basis by the Provincial Offences office since 2004. All offences filed in the Provincial Offences Office are pursued by way of enforcement if they are not paid by their due date. Enforcement means suspension of a driver’s licence, denial of licence plate renewal and referral to our internal collection or an external collection agency. Outstanding fines are tracked through our collection database wherein chronic offenders can be identified based upon the criteria that any one with more than three offences in a five year period is classified as chronic. All chronic offenders’ files are stored on CD, including those that have been written-off, for reference and possible payment. The chronic offenders’ list is updated on an annual basis.

The approved writing-off of these revenues will reduce the accounts receivables owing to the City of Hamilton and allow our collection staff to concentrate their efforts in pursuing more recent fines for which there is a higher probable rate of collection. Future reports will show a decrease in amounts to be written-off with the elimination of
older files, the full implementation of plate denial for parking offences and the ongoing improvement in the POA office collection procedures.

In addition, as reported to City Council in 2006, the requisite legislation for plate denial came into force and effect on August 14, 2006. Staff is currently updating the computer system and pursuing, through the Ministry of Transportation and the Ministry of the Attorney General, outstanding parking fines in the order of $7.5 million which have accrued since 2002.

**ALTERNATIVES FOR CONSIDERATION:**

A record is maintained of all write-offs for future reference if needed. In view of the fact that amounts to be written-off are deemed uncollectible, it would not be cost effective to continue collection efforts that would yield little or no return.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Staffing Implications**

In view that these revenues remain as outstanding liability to the City, the writing-off of these assets will have no impact on staffing.

**Legal Implications**

If approved by Council, staff will advise the Ministry of the Attorney General of this recommendation and request that they be authorized to purge these records from the Ministry database (ICON).

**POLICIES AFFECTING PROPOSAL:**

The above recommendation is in compliance with existing corporate, provincial policies and procedures and standard accounting practices respecting the writing-off of uncollectible monies.

**RELEVANT CONSULTATION:**

Finance and Corporate Services
Planning and Economic Development Department (Hamilton Municipal Parking System)
CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes  ☐ No
Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.

Environmental Well-Being is enhanced. ☐ Yes  ☑ No

Economic Well-Being is enhanced. ☐ Yes  ☑ No

Does the option you are recommending create value across all three bottom lines?  ☐ Yes  ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  ☐ Yes  ☑ No
Collection Process

Fines Downloaded into Database from MAG CD
Files Sent to Agency for Skip Tracing and Verification
Verified and Corrected Addresses Imported into Database
Print and Mail First Notices (given 14 days to pay)
Generate Collectors Report for Phone Number Searching
Phone Number search using Canada411 or Transunion Info Search
Followup Phone Calls (3-5 calls made)
Final Notice 14 days to pay

Unpaid fines totalling under $500 per Offender
Report Files to Collection Agency

Unpaid fines totalling over $500 per Offender
File Certificate of Default

Accumulated Fines per Offender
Over $10,000.00
Superior Court
Receive Judgement
Notice of Judgement (10 days to pay)
Report Judgement Files to Agency for Credit Bureau Reporting and Final Attempt to Collect
Complete Credit Check through Transunion
Enforcement (decided per case based on info obtained from Transunion)

Accumulated Fines per Offender
Between $500.00 and $9999.99
Small Claims Court

Receive Judgement
Notice of Judgement (10 days to pay)
Report Judgement Files to Agency for Credit Bureau Reporting and Final Attempt to Collect
Complete Credit Check through Transunion
Enforcement (decided per case based on info obtained from Transunion)
Address Tracing Procedure

Mail Returned

Pull Ticket to Verify if Address is Keyed Correctly

YES

Check ICON to see if a more recent fine has a different address

NO

Verify Address on Canada411 if possible

YES

Verify Address on Canada411 and Check City Tax Records if offender is a local resident

NO

Mail Returned

Send to Agency

Complete Transunion Address Info Search

Not Found

Update Address on Database

Found

Update Address on ICON**

Mail a new Collection Letter

**Go into IOOFE (and case#), hit F4 and tab to where information needs to be changed. Correct the address and then go to IFCR and put all in on the screen where it says "other__". This brings up all the outstanding cases. Each address must be changed separately.