



## **Safelight Program**

**Craig Hametner, CPA, CIA, CMA, CFE  
City Auditor**

**Prepared By:**

**Stephen Culpepper, CPA, CIA  
Audit Analyst**

**INTERNAL AUDIT DEPARTMENT**

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**Report 0817**

# Safelight Intersections

Forest & Jupiter



Forest & Jupiter



Plano & Buckingham



Forest & Jupiter

# Table of Contents

	<u>Page</u>
EXECUTIVE SUMMARY	4
INTRODUCTION	
Authorization	7
Scope and Methodology	7
Overall Conclusion	8
Background	8
Management Accomplishments	11
OPPORTUNITIES FOR IMPROVEMENT	13

## EXECUTIVE SUMMARY

### OBJECTIVES:

- To evaluate the adequacy of internal controls over revenue collection.
- To determine the ratio of collections to citations issued.
- To evaluate the compliance with applicable State and Federal laws.
- To report the progress toward resolution of audit findings from Audit #0505.
- To determine how improvements can be made in citations issued, collections increased, and safety enhanced.

### OVERALL CONCLUSION:

This audit was a review of the Garland Safelight Program. We did not find any instances of fraud, waste, or abuse within the program. We did, however, find several Opportunities for Improvement.

### OPPORTUNITIES FOR IMPROVEMENT:

#### ***A LARGE NUMBER OF SAFELIGHT PENALTIES HAVE NOT BEEN PAID.***

**Recommendation:** We Recommend that the City Manager, the Finance Director, and the City Attorney collaborate on a program with the Municipal Court, the Dallas County Tax Assessor, and the Texas Department of Transportation to hold the registration of vehicles with delinquent Safelight citations.

#### **Management Response:**

*Agree. Staff has worked with the City of Austin, the Dallas County Tax Assessor, and TxDOT for more than a year to implement registration holds for both Municipal Court and SafeLight citations. The Information Technology Department is developing and coordinating the technical requirements to make this happen. IT will provide a draft of the technology plan in June. Pending Court approval of the plan and Council approval of the resource request, IT will begin configuration and set up. The timing for this work will be included in technology plan that IT is currently developing.*

***GARLAND IS ACCRUING EXPENSES FOR SAFELIGHT EQUIPMENT WHICH IS OUT OF SERVICE.***

**Recommendation:** We Recommend that any future contracts with the red light camera contractor only allow payments for equipment which is operational.

**Management Response:**

*Agree. However, no payments have been made to the contractor for equipment that was not operational. The new payment terms assumed that 12 camera locations would be operational. Since that assumption has not materialized due to ongoing TxDOT negotiations, staff plans to renegotiate that part of the agreement.*

***WE WERE UNABLE TO DETERMINE THE CORRECT VALUES FROM THE REPORTS PROVIDED BY THE CONTRACTOR.***

**Recommendation:** We Recommend that the Program Manager contact the contractor about providing accurate and consistent information. This may include restructuring their database to record dates of issuance, dates of collections, and dates of resolution which can be used for extracting reports rather than just violation dates.

**Management Response:**

*Agree. Staff has discussed different reporting formats with the contractor and a new report is being developed that will list citation issuance dates, payment dates and resolution dates.*

***THE SAFELIGHT HEARING OFFICER NEEDS MORE CHOICES ON HIS DOCKET DISPOSITION SCREEN TO RESOLVE CITATIONS.***

**Recommendation:** We Recommend that the Program Manager work with the contractor to add a generic “resolved” disposition for the Hearing Officer. This disposition would include an explanation of the case. Once entered, the case would be removed from his docket. His explanation should provide all the information about the case and clear it from the system. Making it generic would allow it to be used for many different situations.

**Management Response:**

*Agree. Staff has requested the contractor to enable resolved cases to be removed from the hearing officer’s docket in a generic manner.*

***INFORMAL AGREEMENTS, WHICH CHANGE THE TERMS OF A CONTRACT, SHOULD BE FILED WITH THE CITY SECRETARY.***

**Recommendation: We Recommend** that the Director of Finance sends copies of the emails and any other correspondence relating to altered contract terms to the City Secretary's office. If there is a need for contract details in the future, all the information would be available from the City Secretary.

**Management Response:**

*Agree. All correspondence related to amended contract terms has been sent to the City Secretary.*

## **Authorization**

We have conducted an audit of the Safelight program in the City of Garland. This audit was conducted under the authority of Article VII, Section 5 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Audit Committee of the Garland City Council.

## **Scope and Methodology**

We conducted this audit in accordance with Generally Accepted Government Auditing Standards, with the exception that no peer review has been performed on this audit entity in the past three years. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that produces a reasonable basis for our findings and conclusions based on our audit objectives. These included procedures assessing management controls, such as comparing collections reports to general ledger entries, evaluating citations issued by intersection and payments to the contractor for monthly maintenance fees. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit covered calendar years 2006 and 2007.

While we report to the Mayor and City Council and present the results of our work to the Audit Committee, we are located organizationally outside the staff or line management functions we are auditing. Therefore, this Audit organization may be considered free of organizational impairments to independence to audit internally and report objectively to those charged with governance.

The objectives of this audit were:

- To evaluate the adequacy of internal controls over revenue collection.
- To determine the ratio of collections to citations issued.
- To evaluate compliance with applicable State and Federal laws.
- To report the progress toward resolution of audit findings from Audit #0505.
- To determine how improvements can be made in citations issued, collections increased, and safety enhanced.

To adequately address the audit objectives, we:

- Interviewed the staff of Safelight to learn about the daily functions of the program.
- Talked to the management of the Finance and Legal Departments to understand the history and goals of the Safelight Program.
- Examined State and Federal regulations related to red light camera enforcement. Talked with the Safelight contractor regarding issuing citations, collecting penalties, reporting information, and remitting payments.

- Communicated with the Transportation Department to learn about equipment installation, timing, and permits.
- Contacted the Texas Department of Transportation regarding holds on vehicle registrations.
- Searched the Internet to find information related to red light camera enforcement.

### **Overall Conclusion**

This audit was a review of the Safelight Program. The initial goals of the program were to increase safety while making the program self supporting. Those remain the goals today.

Safelight has been a very successful program. Violations have dropped significantly since it began in 2003. As violations have dropped, so have collections. Though revenue is not the goal of Safelight, it is necessary to make the program self supporting.

We did not find any instances of fraud, waste, or abuse. There is a concern, however, about the program's self sufficiency. The agreement between the contractor and the City of Garland is that monthly fees will never be more than monthly collections. On the other hand, the contractor cannot continue to operate the program for an extended period of time if it is losing money.

### **Background**

This audit was an examination of the Safelight Program. Safelight is the name of Garland's red light camera (RLC) enforcement project. Safelight was the first RLC program in Texas. Due to the maturity and success of the program, other cities and the State of Texas have adopted many of Garland's RLC procedures.

Penalties collected during calendar year 2006 were \$524,845.47. Penalties collected in 2007 were \$509,907.46. The total penalties for the two year audit period were \$1,034,752.93. Monthly fees charged by the contractor in 2006 were \$366,770.84. Monthly fees charged in 2007 were \$572,361.58. Total monthly fees for the two year audit period were \$939,132.42. The difference or gain for 2006 was \$158,074.63. The difference in 2007 was a loss of \$62,454.12. The gain for the two year period was \$95,620.51.

Safelight began in 2003 as a safety program to reduce red light running. The original goals were to increase safety and make it self-supporting. It is managed by an outside contractor. The contractor is responsible for the equipment, preparing notices of violation for issuance by the City, and collecting penalties. The City of Garland is the administrator of the program through the Director of

Finance. The Police Department also has a role by approving all violations before they become citations.

In the early days of Safelight, many citations were issued and much revenue was collected. As Garland citizens have modified their driving behavior, the number of citations and the corresponding revenue has both dropped. While still meeting the goal of improving safety, the second goal of keeping the program self-supporting is beginning to suffer.

Profit was never the objective of Safelight. Safety and self-sufficiency were the initial goals and continue to be the goals today. Revenue has lagged expenses since June 2007. In November 2007, the Finance Director and the contractor renegotiated the self-sufficiency terms of the contract. A loss where expenses exceed revenue will be born by the contractor. While this is favorable to Garland, the contractor will not be able to continue if the program operates at a loss for an extended time period.

Other cities, Lewisville for example, have a different agreement with their RLC contractors than Garland has. Monthly fees are based on a sliding scale of citations issued rather than a fixed fee. If collections drop, both the contractor and the city lose revenue, not just one of the parties. Garland might consider this type of contract when the time comes for renewal

On December 31, 2007, City of Garland owed the contractor \$312,000 for unpaid monthly fees. Of that amount, \$250,000 was over thirty days old. Section 4D of the contract states that payment of monthly fees is due within thirty days of billing. As each month's billing remains unpaid, the City of Garland goes further into debt with the Safelight contractor. According to the Finance Director, an agreement was made between Garland and the contract that the outstanding balance could be paid over time since Safelight has not made a profit. "Over time," was not stated as a definite period.

This review examined the operations of Safelight and how those operations could be improved. As the audit continued, it became very clear that increasing collections was going to be important for keeping the program operating. Safelight's primary goal continues to be, to improve the safety of Garland's streets and highways.

### Safelight Camera Locations

Location Code	Description	First Issue Date	Last Issue Date	Citations since 2003
101	NB Plano Rd. @ Buckingham	9/2/2003	Present	14,132
202	SB Jupiter Rd. @ Kingsley Rd.	9/2/2003	Present	9,759
302	SB Centerville Rd. @ I635	9/2/2003	2/21/2006	27,458
404	WB Northwest Highway @ I635	11/4/2003	2/9/2006	13,265
501	NE Parkway @ Centerville Rd	2/21/2005	8/3/2007	884
601	NB Broadway @ Centerville Rd	7/14/2006	Present	1,276
701	NB Jupiter @ Forest	7/6/2006	Present	575
703	EB Forest @ Jupiter	7/5/2006	Present	1,090
803	EB Beltline @ Shiloh	7/12/2006	Present	569
902	SB First @ Kingsley	8/7/2006	Present	1,813
1004	WB Centerville @ NW Highway	7/28/2006	Present	2,047
1011	NB Shiloh @ Kingsley	8/5/2006	Present	845
1022	SB Centerville @ Miller	8/8/2006	8/30/2007	67
1033	EB Walnut @ Jupiter	8/8/2006	8/3/2007	295

Three additional intersections are in the planning phase. They are:

- Shiloh & George Bush Tollway
- Avenue B & First Street
- Broadway & Interstate 30

## Management Accomplishments

The Garland SafeLight Program has been a huge success story for the City of Garland. The Program, which was the first of its kind in Texas, has always operated within the objectives of reducing red light violations, reducing serious accidents and saving lives. Recently the Transportation Department completed a review of updated crash statistics for 82.5 months, which represented data from both before and after the installation of red light cameras. The statistics reflected the following:

1. Overall, crashes per year went down 29.4% (from 41/year to 29/year) after the cameras were installed. Crashes caused by red-light runners were 60% lower (from 16.7/year to 6.7/year) and, on the approaches where the cameras are located, the reduction was over 95% (from 5/year to 0.23/year)
2. The severity of crashes lessened after the installation of cameras. The number of injuries reported from crashes at the four locations went from over 37 per year without cameras to 27 per year while cameras were operating, a reduction of 28%.
3. After the cameras were removed due to construction activities at the IH 635 Frontage Roads and Northwest Highway and Centerville, overall crashes increased about 65% (from 10/year to 17/year) and injuries increased almost 29% (from 9.1/year to 11.7/year).
4. Rear-end crashes increased after the installation of cameras from about 4.7 per year to 6.8 per year, a 45% increase (total of all four intersections). On the camera approach, the increase was from about 2 per year to 3.6 per year. This increase in rear-end crashes was more than offset by decreases in other types of accidents. After the cameras were removed from the two IH 635 Frontage Road intersections, rear end crashes went down. A previous study noted that the increase in rear end accidents was similar at locations with and without cameras.

-- **George Kauffman, Finance Director**

What the SafeLight Garland Program has done.

- Intersections in north Dallas County and south Collin County have consistently rated among the most dangerous intersections in the *country* as well as the state. The overall downward trend across the board has been a decline in the number of citations of 70 – 75% at all intersections since the inception of the program in September 2003 through January 2008.

- Penalties collected from the *SafeLight* Garland program have been used only to fund the program and public safety initiatives such as replacing school crossing signs with new, high-visibility fluorescent green signs; providing self funded law enforcement grants for traditional traffic safety enforcement; and re-striping intersections. Additional uses of program penalties include high-visibility signal faces and timed pedestrian crosswalk signals as well as outreach and education including radio PSA's. Program collections have not been funneled into the City's general fund.
- The Garland *SafeLight* program has produced significant public safety benefits. In the 51.5 months following the launch of the program, total accidents at intersections in Garland have decreased by 29.4%. More significantly, accidents caused by red light runners have gone down by 60%. At the intersection approaches that are equipped with a *SafeLight* camera, accidents caused by red light runners fell from 5/year in the 31 months prior to the program to .23/year in 51.5 month period following program inception.

**-- Brad Neighbor, City Attorney**

## Opportunities for Improvement

During our audit we identified certain areas for improvement. This audit was not intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement might be needed.

### 1. A LARGE NUMBER OF SAFELIGHT PENALTIES HAVE NOT BEEN PAID.

As of December 31, 2007, there were 33,441 outstanding citations which had not been paid. The outstanding penalties amounted to \$3,229,202. A \$75 citation should be paid within 30 days. If not paid in 30 days, a \$25 late fee is added. After the citation and two payment notices, a period of 105 days, the overdue citation goes to a collection agency. There is no further incentive to pay the penalty. The owners of the vehicles cannot be arrested because it is a civil penalty and the penalties can not be reported to a credit bureau because of SB1119.

In 2007, the Texas Legislature passed SB1119. Section 707.017 of the bill, allows holds on vehicle registrations with delinquent red light camera violations. Holds on registration would encourage violators to pay their penalties and reduce the backlog of outstanding citations.

Garland Municipal Court is already working on registration holds for traffic violations. Safelight violations would not to be included in the Municipal Court project. Safelight penalties are not managed by the Municipal Court and the Safelight computer system is not accessible by the Municipal Court. The ability to collect over \$3 million would be a good reason to make the effort to include Safelight violations into Garland's vehicle hold program.

**We Recommend** that the City Manager, the Finance Director, and the City Attorney collaborate on a program with the Municipal Court, the Dallas County Tax Assessor, and the Texas Department of Transportation to hold the registration of vehicles with delinquent Safelight citations.

### **Management Response:**

*Agree. Staff has worked with the City of Austin, the Dallas County Tax Assessor, and TxDOT for more than a year to implement registration holds for both Municipal Court and SafeLight citations. The Information Technology Department is developing and coordinating the technical requirements to make this happen. IT will provide a draft of the technology plan in June. Pending Court approval of the plan and Council approval of the resource request, IT will begin configuration and set up. The timing for this work will be included in technology plan that IT is currently developing.*

## **2. GARLAND IS ACCRUING EXPENSES FOR SAFELIGHT EQUIPMENT WHICH IS OUT OF SERVICE.**

The City of Garland is being charged for three Safelight intersections which were decommissioned in November 2007. The equipment was to be moved to new locations, but was delayed. The City should not have to pay for equipment that is out of service, not generating revenue, and not adding to the safety of the program. From November 2007 through April 2008, \$103,950 has been accrued and billed for equipment which is not operating. In early 2008, new payment terms were agreed to between the Finance Director and the contractor. The new terms state:

***“Beginning with the invoice covering the service periods 11/1/07 to 11/30/07 (delivered to the City in December), ACS will invoice the full twelve camera program, but the City’s current obligation to pay each month is limited to the revenue collected for the month less the \$7,000 allotment for City internal costs (not to exceed the full invoice amount). Per the revenue neutral language in the current contract, any monthly shortfalls will carry forward – to the extent there are surpluses in future months, these surpluses will be used to cover any deferred shortfalls from prior months.”***

Maintenance fees for all twelve intersections may not be paid if there is a shortfall. On the other hand, any future surpluses would result in paying the monthly maintenance fees for the equipment which has been out of service since November 2007.

As of May 15, 2008, the three new intersections have still not been brought online. According to the Director of Transportation, ***“TxDOT requires the City to enter into a new maintenance agreement for state highways within Garland before they will approve the installation of the cameras. We have significant concerns about several of the new provisions in this agreement and are working to resolve them with TxDOT. The agreement has nothing to do with the installation of cameras but TxDOT is using the request for cameras to force us into a new agreement.”***

**We Recommend** that any future contracts with the red light camera contractor only allow payments for equipment which is operational.

### **Management Response:**

*Agree. However, no payments have been made to the contractor for equipment that was not operational. The new payment terms assumed that 12 camera locations would be operational. Since that assumption has not materialized due to ongoing TxDOT negotiations, staff plans to renegotiate that part of the agreement.*

**3. WE WERE UNABLE TO DETERMINE THE CORRECT VALUES FROM THE REPORTS PROVIDED BY THE CONTRACTOR.**

The contractor produces different reports which do not contain the same information for the same period. One example is the Receipts from the Cashiering Report and Receipts from the monthly invoices.

	Receipts from Cashiering	Receipts from Invoices	Difference
Jan-06	\$83,343.00	\$83,918.00	-\$575.00
Feb-06	\$76,725.00	\$77,300.00	-\$575.00
Mar-06	\$75,180.00	\$75,580.00	-\$400.00
Apr-06	\$33,256.00	\$33,256.00	\$0.00
May-06	\$42,686.00	\$43,036.00	-\$350.00
Jun-06	\$40,586.00	\$42,486.00	-\$1,900.00
Jul-06	\$24,195.00	\$24,195.00	\$0.00
Aug-06	\$33,926.00	\$36,501.00	-\$2,575.00
Sep-06	\$38,636.38	\$39,611.00	-\$974.62
Oct-06	\$47,225.00	\$34,455.00	\$12,770.00
Nov-06	\$26,950.00	\$23,300.00	\$3,650.00
Dec-06	\$18,335.00	\$0.00	\$18,335.00
Jan-07	\$27,900.00	\$27,900.00	0.00
Feb-07	\$34,560.00	\$35,310.00	-750.00
Mar-07	\$42,625.00	\$42,625.00	0.00
Apr-07	\$53,817.00	\$53,817.00	0.00
May-07	\$52,225.00	\$52,301.00	-76.00
Jun-07	\$56,050.00	\$40,410.00	15,640.00
Jul-07	\$36,872.50	\$36,952.50	-80.00
Aug-07	\$37,765.00	\$37,805.00	-40.00
Sep-07	\$20,427.50	\$20,427.50	0.00
Oct-07	\$32,470.00	\$32,470.00	0.00
Nov-07	\$30,786.00	\$30,786.00	0.00
Dec-07	\$69,000.00	\$69,000.00	0.00

Another example is the Citations Issued from the Location Summary Report and the Citations Issued from the Violations Recorded and Citations Issued Report.

	Citations issued from Location Summary Rpt	Violations Recorded and Citations Issued Report	Difference
Jan-06	1453	1648	-195
Feb-06	811	927	-116
Mar-06	474	518	-44
Apr-06	590	620	-30
May-06	603	629	-26
Jun-06	498	443	55

Jul-06	626	669	-43
Aug-06	857	870	-13
Sep-06	541	511	30
Oct-06	455	432	23
Nov-06	372	347	25
Dec-06	481	472	9
Jan-07	352	344	8
Feb-07	478	468	10
Mar-07	1002	977	25
Apr-07	880	623	257
May-07	776	756	20
Jun-07	539	523	16
Jul-07	545	528	17
Aug-07	443	492	-49
Sep-07	494	628	-134
Oct-07	700	751	-51
Nov-07	623	450	173
Dec-07	525	3848	-3323

Reports which contain the same information, for the same time period, should be consistent. Inconsistent values raise a credibility concern. According to the contractor's Project Manager, timing plays a role in the reported amounts. Their database is based on violation date, so the varying amounts are timing differences based on the report's run date.

The contractor does not emphasize financial and statistical reporting like accountants would. Their focus is equipment, traffic, and citations. For that reason, the contractor's reporting lacks the accuracy and consistency expected by accountants.

**We Recommend** that the Program Manager contact the contractor about providing accurate and consistent information. This may include restructuring their database to record dates of issuance, dates of collections, and dates of resolution which can be used for extracting reports rather than just violation dates.

**Management Response:**

*Agree. Staff has discussed different reporting formats with the contractor and a new report is being developed that will list citation issuance dates, payment dates and resolution dates.*

**4. THE SAFELIGHT HEARING OFFICER NEEDS MORE CHOICES ON HIS DOCKET DISPOSITION SCREEN TO RESOLVE CITATIONS.**

The Hearing Officer can not remove citations from his docket because of the limited choices of resolutions on the docket disposition screen. His choices now are Liable, Liable – failed to appear, Liable with waivers, and Not liable.

He needs another generic category to show a case has been resolved with an explanation. For example, a citation is set for hearing but the penalty is paid before the hearing date. That resolves the citation, but none of the choices provides a way to remove the case from the docket.

Old cases remain on the docket making it appear that more citations are outstanding than really are. The contractor's computer system did not anticipate a need for additional resolutions.

**We Recommend** that the Program Manager work with the contractor to add a generic "resolved" disposition for the Hearing Officer. This disposition would include an explanation of the case. Once entered, the case would be removed from his docket. His explanation should provide all the information about the case and clear it from the system. Making it generic would allow it to be used for many different situations.

**Management Response:**

*Agree. Staff has requested the contractor to enable resolved cases to be removed from the hearing officer's docket in a generic manner.*

**5. INFORMAL AGREEMENTS, WHICH CHANGE THE TERMS OF A CONTRACT, SHOULD BE FILED WITH THE CITY SECRETARY.**

In November 2007, the Finance Director and the contractor agreed to changes in the monthly fees for Safelight. The contract was not renegotiated, but emails between the parties communicated the new terms. According to the City Secretary, no ordinance requires filing these informal contract changes, but standard operating procedures encourage changes to be on file with the original contract. Because this was an informal change, not requiring City Council approval, the changed terms were not sent to the City Secretary. Having all the information with the City Secretary would facilitate future information requests.

**We Recommend** that the Director of Finance sends copies of the emails and any other correspondence relating to altered contract terms to the City Secretary's office.

**Management Response:**

*Agree. All correspondence related to amended contract terms has been sent to the City Secretary.*