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CITY OF SACRAMENTO



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NOV 15 1982

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DEPUTY CITY ATTORNEYS

November 12, 1982

Hon. City Council
City Hall
Sacramento, CA 95814

Re: DISTRIBUTION OF MUNICIPAL COURT FINES

APPROVED
BY THE CITY COUNCIL

AC 82045

Dear Council Members:

NOV 16 1982

OFFICE OF THE
CITY CLERK

SUMMARY

I attach a resolution and agreement between the City and County of Sacramento relating to the distribution of municipal court fines. This agreement also resolves the pending litigation between the City and County on this issue. The settlement may be summarized as follows:

1. The County would agree to pay to the City the sum of \$3 million for all City traffic fine claims accruing prior to July 1, 1982. The payment would be in five equal annual installments at seven-percent interest, with the first annual payment to be made on April 1, 1983. Interest would commence on November 15, 1982.

2. The City would receive 74 percent, and the County 26 percent, of fines collected after July 1, 1982, except Traffic Adjudication Board fines and parking fines which would be payable at the present statutory percentage of 79 percent to City and 21 percent to County.

DISCUSSION

The attached agreement would settle pending litigation between the City and County over the distribution of revenue generated by municipal court fines arising from arrests or citations issued within the City limits. The dispute results from differing legal interpretations of the applicable statutes dealing with fine revenue distribution.

In 1975 the County began collection of fines paid in installments at its centralized collection facility, the Office of Revenue and Reimbursements. Defendants paying their fines to the County in installments, in many cases, had been placed on summary probation by the court. The County's interpretation of statutes dealing

with fine revenue distribution was that if the defendant who paid the fine had been placed on summary probation, the 79%-City / 21%-County fine split specified in Penal Code Section 1463 was not applicable. Based on a different code section (Penal Code Section 1203.1), the County contended that it should be allowed to keep all the fine money in such cases.

The City contended that the 79%-City / 21%-County split applies to all municipal court fines, irrespective of who collects the fine and irrespective of whether the fine was paid by a defendant on summary probation. The City's position was that the County could keep all the fine money only if a defendant had been placed on supervised, formal probation by the Court.

The City and County staffs recommend the settlement outlined above. The settlement is also recommended by the special Council committee appointed to study this issue.

The proposed settlement, in our opinion, is fair to both the City and the County. Under the proposed settlement the City would recover the money which it claimed the County should have paid to the City during the period July 1, 1975, to June 30, 1982. The settlement includes a deduction for a portion of the cost of collecting fines by the Office of Revenue and Reimbursements (ORR). The City staff thinks that payment of some of the collection costs is justified because the County (1) incurs additional costs by operating ORR and (2) collects more money than the municipal court would, because it allows fines to be paid in installments and has a good follow-up program. This results in more fine money being collected for the City. Also, the City Council had indicated, in earlier settlement discussions with the County, a willingness to pay a portion of ORR collection costs.

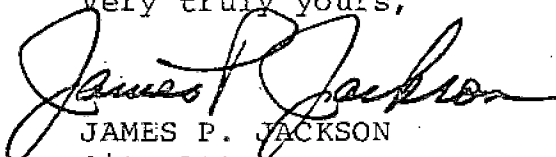
The amount of money claimed by the City pursuant to an audit by Price Waterhouse was approximately \$3.6 million, excluding interest. This sum includes 15 percent more than the figures furnished to us by the County because Price Waterhouse identified certain errors in the County calculations which they thought should raise the total by about 15 percent. We think a deduction of approximately \$600,000 is justified for ORR collection costs incurred during the 1975-82 period. This results in a settlement figure of \$3 million for the past fines.

For the reasons given above, relating to ORR costs and services, we think a five-percent adjustment in the statutory percentage is appropriate for future fines collected by the municipal court and County.

RECOMMENDATION

The City Manager, the special Council committee appointed to study this case, and the City Attorney recommend approval of the attached agreement.

Very truly yours,




JAMES P. JACKSON
City Attorney

JPJ/p

Attachment

Recommendation approved:



WALTER J. SLIPE
City Manager

RESOLUTION NO. 82-796

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION APPROVING AGREEMENT WITH
COUNTY OF SACRAMENTO RELATING TO
DISTRIBUTION OF MUNICIPAL COURT FINES

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

That the agreement between the City of Sacramento and the County of Sacramento relating to the distribution of Municipal Court fines dated November 16, 1982 is hereby approved and the Mayor and City Clerk are authorized and directed to execute said agreement on behalf of the City of Sacramento.

MAYOR

ATTEST:

CITY CLERK

APPROVED
BY THE CITY COUNCIL

NOV 16 1982

OFFICE OF THE
CITY CLERK

AN AGREEMENT BETWEEN THE CITY OF SACRAMENTO
AND THE COUNTY OF SACRAMENTO RELATING TO
THE DISTRIBUTION OF MUNICIPAL COURT FINES

1. PARTIES. The parties to this agreement are the City of Sacramento, referred to herein as the City, and the County of Sacramento, referred to herein as the County.

2. PURPOSE. The purpose of this agreement is to fully resolve all of the issues and all of the claims between the parties in the consolidated actions presently pending in the Sacramento Superior Court, identified therein as Case No. 272938, consolidated with No. 272936.

3. PAST FINES. In full settlement of all of the City's claims relating to Municipal Court fines collected by the County Office of Revenue Reimbursements prior to July 1, 1982, and in full settlement of all of the County's counter claims and offsets asserted in relation to the City's claim, the County shall pay Three Million Dollars (\$3,000,000) to the City in five (5) equal annual payments, with interest commencing November 15, 1982, on unpaid principal at the rate of seven percent (7%) per annum. The first payment of principal and accrued interest is to be made on April 1, 1983, and subsequent payments of principal and interest on April 1 of each following year.

4. FUTURE FINES. Except for parking fines, all Municipal Court fines, including formal probation cases, collected by either the Municipal Court or the County Office of Revenue Reimbursements or any other County collection facility on and after July 1, 1982, if based on arrests by the City Police Department within the boundaries of the City, shall be divided seventy-four percent (74%)

City / twenty-six percent (26%) County and, if based on arrests by the California Highway Patrol within the boundaries of the City, shall be divided forty-five percent (45%) City / fifty-five percent (55%) County.

5. PARKING FINES. Parking fines shall continue to be divided between the City and the County as separately provided in the agreement previously entered into between the parties in 1981, identified in City records as City Agreement No. 81-050, or any successor agreement thereto.

6. TRAFFIC ADJUDICATION BOARD. This agreement is not intended to affect or alter the distribution of fines collected by the Traffic Adjudication Board. However, if the Traffic Adjudication Board is dissolved or its jurisdiction is changed so that responsibility for processing traffic violations, formerly the responsibility of the Board, becomes the responsibility of the Municipal Court, all provisions of this agreement shall be applicable to such fines.

7. ACCOUNTING. At least quarterly, the County shall provide to the City in written form data relating to the various categories of fines to which this agreement is applicable which are the bases for the amounts distributed by the County to the City and the County as provided by this agreement. Such data shall be provided in sufficient detail and in a form appropriate for the purpose of enabling the City to verify the accuracy of the County's computations and the correctness of the amounts distributed to the City. Upon reasonable advance notice the City shall have the right to inspect relevant County records to determine the accuracy of the data furnished under this paragraph.

8. LEGISLATIVE CHANGES. This agreement is entered into pursuant to express authority contained in Penal Code Section 1463, and the contractual obligations that are hereby assumed by each party are given in exchange for consideration in the form of the contractual obligations assumed by the other party. In the event of a legislative change in statutory provisions relating to the distribution of Municipal Court fine revenue between the City and the County, the provisions of this agreement relating to distribution shall be renegotiated.

9. COLLECTION EFFECT. The collection efforts of the County Office of Revenue Reimbursements shall be maintained at least substantially equal to the level of collection effort and quality during the period November 1, 1981, through November 1, 1982. If the County ceases to collect fines through the use of ORR or similar collection facility, this agreement shall terminate.

10. CITY'S RIGHT TO COLLECT FINES. If legal authority exists for the City itself to collect fines which are based on arrests within or citations issued within the boundaries of the City, the existence of this agreement shall not prevent the City from exercising such authority. If such authority is exercised by the City, the statutory formulae for distribution in effect at the time the City elects to exercise its authority shall govern Municipal Court fine revenue distribution. If the City exercises

such authority, the City shall provide data relating to such fines to the County subject to the same conditions as are specified in paragraph seven (7) of this agreement.

11. DISMISSAL OF ACTIONS. Upon execution of this agreement by the City and the County, the City shall dismiss said actions with prejudice.

12. RELEASE AND HOLD HARMLESS AGREEMENT. In consideration of the mutual agreements expressed herein, each party releases the other from, and agrees to indemnify and hold the other harmless against, any and all claims, causes of action, damages, costs and expenses of any sort of nature, known or unknown, arising out of or in any way connected with the facts and circumstances set out in the complaint and answer, as both amended and supplemented, and all of the pleadings, documents and records on file in action numbers 272938 and 272936. These releases are given with knowledge of the terms of Civil Code Section 1542, the provisions of which are hereby waived by both parties.

Dated:

COUNTY OF SACRAMENTO

By _____

Chairman
Board of Supervisors

Dated:

November 16, 1982

CITY OF SACRAMENTO

By _____

Mayor