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City of Providence, Rhode Island Office of the Internal Auditor

Memorandum

To: Councilman David Salvatore, Chairman Ways & Means Committee
CC: Members of the Ways & Means Committee; City Council Members;
Alan Sepe, Director of Operations
From: Matthew M. Clarkin, Jr., Internal Auditor *MMC*
Date: 7/24/2013
Re: New Automated Red Light Enforcement Program with Gatso USA

As you requested, I have reviewed the terms of the proposed contract with Gatso USA to provide services associated with the Automated Red Light Enforcement Program. Below and attached is a summary of the major changes to the newly proposed Program.

Current Program with Affiliated Computer Services (ACS)

Under the terms of the current agreement with ACS, which was approved by the Board of Contract & Supply on October 27, 2008, the first \$4,550 of revenue per camera per month is credited to ACS.

The face value of a red light violation is \$85. Prior to a recent change in state legislation the state was scheduled to receive \$35 of the ticket value. The city now receives the \$35 from every paid ticket. The remaining \$50 would accrue to the benefit of ACS until the monthly minimum of \$4,550 was met. After the \$4,550 (91 paid tickets) minimum was met the \$50 per ticket would be realized by the city.

New Program with Gatso USA, Inc. (Gatso)

Under the terms of the proposed agreement with Gatso, the city will receive \$50 from every paid ticket until a total of \$4,100 per month per camera is collected (117 paid tickets). After the \$4,100 minimum is met, the city will receive \$65 per paid ticket and Gatso's portion will be reduced from \$35 per ticket to \$20.

Should a location net less than 117 paid tickets in any month, the portion of the unmet \$4,100 minimum will carryover for the next three months. If the location hasn't generated sufficient revenue to cover the minimum amount during that three month period, Gatso, with the approval of RIDOT and the City Council, can move the cameras to another location.

Comparison of Net Profit to City from the Current and New Programs

Using the actual results of the Red Light Camera Program during calendar year 2012 as a base, the new arrangement with Gatso would have resulted in an approximate 32% increase to revenue (\$149,755) above what the city realized through the agreement with ACS. It is important to note these results recognize the state's original portion (\$35 per paid ticket) of the ticket value remaining with the city.

Attached you will find a financial comparison of the current and new programs for each of the twenty five intersections that have cameras. In addition, you will find a listing that shows the actual activity and the resulting actual and projected revenue broken down by each month of calendar year 2012.

Please contact me if you have any questions would like additional information, please contact me.

Comparison of New (Gatso) Red Light Camera Program with Old (ACS) (Based Upon Calendar Year 2012 Activity)				
Location	# of Tickets	Net Profit (Actual)*	Net Profit (New Contract)**	Variance (New vs. Actual)
Admiral & River EB	281	\$9,835	\$14,050	\$4,215
Admiral & River WB	240	\$8,400	\$12,000	\$3,600
Angell & Gano EB	1,166	\$55,610	\$59,365	\$3,755
Broad & Baker NB	288	\$10,080	\$14,400	\$4,320
Broad & Baker SB	994	\$40,390	\$48,050	\$7,660
Chalkstone & Raymond SB	58	\$2,030	\$2,900	\$870
Eaton & Huxley EB	734	\$27,340	\$36,780	\$9,440
Eaton & Huxley WB	547	\$19,145	\$27,350	\$8,205
Eddy & Thurbers NB	823	\$28,805	\$41,150	\$12,345
Eddy & Thurbers SB	653	\$22,855	\$32,650	\$9,795
Oakland & Chalkstone SB	43	\$1,505	\$2,150	\$645
Pocassett & Webster EB	24	\$840	\$1,200	\$360
Pocassett & Webster WB	69	\$2,415	\$3,450	\$1,035
Raymond & Chalkstone NB	291	\$10,185	\$14,550	\$4,365
Service Rd 7 & Atwells SB	728	\$25,480	\$36,400	\$10,920
Service Rd 8 & Atwells NB	264	\$9,240	\$13,200	\$3,960
Service Rd 7 & Broadway SB	1,282	\$54,820	\$64,100	\$9,280
Service Rd 8 & Broadway SB	851	\$30,335	\$42,550	\$12,215
Smith & River EB	264	\$9,240	\$13,200	\$3,960
Smith & River WB	128	\$4,480	\$6,400	\$1,920
Steeple & Canal WB	658	\$23,030	\$32,900	\$9,870
Valley & River NB	637	\$22,295	\$31,850	\$9,555
Valley & River SB	475	\$16,625	\$23,750	\$7,125
Waterman & Gano EB	851	\$32,435	\$42,550	\$10,115
Webster & Pocasset SB	15	\$525	\$750	\$225
Total	12,364	\$467,940	\$617,695	\$149,755
<div> <div> * Current \$4,550 per camera/per month Prior to \$4,550 - ACS = \$50 / City = \$35 per ticket After \$4,550 - ACS = \$0 / City = \$85 per ticket </div> <div> ** New \$4,100 per camera/per month Prior to \$4,100 - Gatso = \$35 / City = \$50 per ticket After \$4,550 - Gatso = \$20 / City = \$65 per ticket </div> </div>				

Analysis of Current and Proposed Red Light Camera Programs

2012	Admiral & River EB	Admiral & River WB	Angell & Gano EB	Broad & Baker NB	Broad & Baker SB
January	18	19	16	23	115
February	23	24	18	32	98
March	25	22	21	25	110
April	24	25	87	1300	107
May	22	19	134	900	88
June	25	23	131	1200	85
July	27	24	121	1700	107
August	24	31	103	1560	121
September	31	11	104	1400	44
October	24	16	154	1000	26
November	15	13	151	700	33
December	23	13	126	650	60
	\$9,835	\$8,400	\$55,610	\$10,080	\$40,390
	\$14,050	\$12,000	\$59,365	\$14,400	\$48,050

2012	Chalkstone & Raymond SB	Eaton & Huxley EB	Eaton & Huxley WB	Eddy & Thubers NB	Eddy & Thubers SB
January	5	19	7	50	67
February	8	11	9	48	57
March	2	48	31	73	71
April	10	79	66	84	68
May	6	124	89	87	76
June	8	90	52	77	63
July	5	57	41	77	48
August	3	52	53	78	41
September	5	10	19	71	39
October	3	72	51	80	61
November	1	86	60	53	45
December	2	86	69	45	17
	\$2,030	\$27,340	\$19,145	\$28,805	\$22,855
	\$2,900	\$36,780	\$27,350	\$41,150	\$32,650

2012	Oakland & Chalkstone SB	Pocasset & Webster EB	Pocasset & Webster WB	Raymond & Chalkstone NB	Svc RD 7 & Atwells SB
January	3	0	7	29	81
February	9	0	9	36	76
March	2	0	8	27	81
April	2	0	8	24	73
May	2	0	4	30	72
June	3	0	1	23	74
July	7	1	2	23	66
August	4	1	7	18	64
September	3	2	5	21	55
October	2	9	5	31	35
November	3	5	7	18	19
December	3	6	6	11	32
	\$1,505	\$840	\$2,415	\$10,185	\$25,480
	\$2,150	\$1,200	\$3,450	\$14,550	\$36,400

Analysis of Current and Proposed Red Light Camera Programs

2012	Svc Rd 8 & Atwell's NB	Svc Rd 7 & Broadway SB	Svc Rd 8 & Broadway NB	Smith & River EB	Smith & River WB
January	40	104	83	28	16
February	54	90	48	23	15
March	34	93	45	21	10
April	24	95	38	31	9
May	33	109	95	31	5
June	14	112	66	13	15
July	29	113	61	18	10
August	10	115	89	16	15
September	10	143	91	22	9
October	14	110	98	17	17
November	2	115	77	22	5
December	0	83	60	22	2
	264	1282	851	264	128
	Current	Current	Current	Current	Current
	New	New	New	New	New
	\$13,200	\$54,820	\$42,550	\$9,240	\$4,480
	\$9,240	\$64,100	\$30,335	\$13,200	\$6,400

2012	Steeple & Canal WB	Valley & River NB	Valley & River SB	Waterman & Gano EB	Webster/ & Pocasset SB
January	64	53	42	20	2
February	27	71	28	13	1
March	54	61	49	14	2
April	34	41	43	23	1
May	52	53	40	95	1
June	61	57	40	92	2
July	75	56	49	107	1
August	68	55	49	97	0
September	49	48	47	92	1
October	36	43	40	101	2
November	62	49	31	103	0
December	76	50	17	94	2
	658	637	475	851	15
	Current	Current	Current	Current	Current
	New	New	New	New	New
	\$23,030	\$22,295	\$16,625	\$32,435	\$525
	\$32,900	\$31,850	\$23,750	\$42,550	\$750

Totals	ACS	Gatso	
	\$467,940	\$617,695	149755
Sharing of Revenue Per Paid Ticket			
Current	\$4,550 per camera/per month		
	Prior to \$4,550 - ACS = \$50 / City = \$35 per ticket		
	After \$4,550 - ACS = \$0 / City = \$85 per ticket		
New	\$4,100 per camera/per month		
	Prior to \$4,100 - Gatso = \$35 / City = \$50 per ticket		
	After \$4,550 - Gatso = \$25 / City = \$60 per ticket		