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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
Pocasset & Webster EB	24	\$840	\$1,200	\$360
Pocasset & 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

* **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 = \$20 / City = \$65 per ticket

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		
		Current	New		Current	New		Current	New		Current	New		Current	New
January	18	630	900	19	665	950	16	560	800	23	805	1150	115	5225	5750
February	23	805	1150	24	840	1200	18	630	900	32	1120	1600	98	3780	4900
March	25	875	1250	22	770	1100	21	735	1050	25	875	1250	110	4800	5500
April	24	840	1200	25	875	1250	87	3045	4350	26	910	1300	107	4545	5350
May	22	770	1100	19	665	950	134	6840	6700	18	630	900	88	3080	4400
June	25	875	1250	23	805	1150	131	6585	6760	24	840	1200	85	2975	4250
July	27	945	1350	24	840	1200	121	5735	6110	34	1190	1700	107	4545	5350
August	24	840	1200	31	1085	1550	103	4205	5150	31	1085	1550	121	5735	6050
September	31	1085	1550	11	385	550	104	4290	5200	28	980	1400	44	1540	1820
October	24	840	1200	16	560	800	154	8540	7850	20	700	1000	26	910	740
November	15	525	750	13	455	650	151	8285	8060	14	490	700	33	1155	1160
December	23	805	1150	13	455	650	126	6160	6435	13	455	650	60	2100	2780
	281	\$9,835	\$14,050	240	\$8,400	\$12,000	1166	\$55,610	\$59,365	288	\$10,080	\$14,400	994	\$40,390	\$48,050

2012	Chalkstone & Raymond SB			Eaton & Huxley EB			Eaton & Huxley WB			Eddy & Thurbers NB			Eddy & Thurbers SB		
		Current	New		Current	New		Current	New		Current	New		Current	New
January	5	175	250	19	665	950	7	245	350	50	1750	2500	67	2345	3350
February	8	280	400	11	385	550	9	315	450	48	1680	2400	57	1995	2850
March	2	70	100	48	1680	2400	31	1085	1550	73	2555	3650	71	2485	3550
April	10	350	500	79	2765	3950	66	2310	3300	84	2940	4200	68	2380	3400
May	6	210	300	124	5990	6200	89	3115	4450	87	3045	4350	76	2660	3800
June	8	280	400	90	3150	4500	52	1820	2600	77	2695	3850	63	2205	3150
July	5	175	250	57	1995	2850	41	1435	2050	77	2695	3850	48	1680	2400
August	3	105	150	52	1820	2600	53	1855	2650	78	2730	3900	41	1435	2050
September	5	175	250	10	350	500	19	665	950	71	2485	3550	39	1365	1950
October	3	105	150	72	2520	3600	51	1785	2550	80	2800	4000	61	2135	3050
November	1	35	50	86	3010	4340	60	2100	3000	53	1855	2650	45	1575	2250
December	2	70	100	86	3010	4340	69	2415	3450	45	1575	2250	17	595	850
	58	\$2,030	\$2,900	734	\$27,340	\$36,780	547	\$19,145	\$27,350	823	\$28,805	\$41,150	653	\$22,855	\$32,650

2012	Oakland & Chalkstone SB			Pocasset & Webster EB			Pocasset & Webster WB			Raymond & Chalkstone NB			Svc RD 7 & Atwells SB		
		Current	New		Current	New		Current	New		Current	New		Current	New
January	3	105	150	0	0	0	7	245	350	29	1015	1450	81	2835	4050
February	9	315	450	0	0	0	9	315	450	36	1260	1800	76	2660	3800
March	2	70	100	0	0	0	8	280	400	27	945	1350	81	2835	4050
April	2	70	100	0	0	0	8	280	400	24	840	1200	73	2555	3650
May	2	70	100	0	0	0	4	140	200	30	1050	1500	72	2520	3600
June	3	105	150	0	0	0	1	35	50	23	805	1150	74	2590	3700
July	7	245	350	1	35	50	2	70	100	23	805	1150	66	2310	3300
August	4	140	200	1	35	50	7	245	350	18	630	900	64	2240	3200
September	3	105	150	2	70	100	5	175	250	21	735	1050	55	1925	2750
October	2	70	100	9	315	450	5	175	250	31	1085	1550	35	1225	1750
November	3	105	150	5	175	250	7	245	350	18	630	900	19	665	950
December	3	105	150	6	210	300	6	210	300	11	385	550	32	1120	1600
	43	\$1,505	\$2,150	24	\$840	\$1,200	69	\$2,415	\$3,450	291	\$10,185	\$14,550	728	\$25,480	\$36,400

Analysis of Current and Proposed Red Light Camera Programs

2012	Svc Rd 8 & Atwells NB			Svc Rd 7 & Broadway SB			Svc Rd 8 & Broadway NB			Smith & River EB			Smith & River WB		
		Current	New		Current	New		Current	New		Current	New		Current	New
January	40	1400	2000	104	4290	5200	83	2905	4150	28	980	1400	16	560	800
February	54	1890	2700	90	3150	4500	48	1680	2400	23	805	1150	15	525	750
March	34	1190	1700	93	3355	4650	45	1575	2250	21	735	1050	10	350	500
April	24	840	1200	95	3525	4750	38	1330	1900	31	1085	1550	9	315	450
May	33	1155	1650	109	4715	5450	95	3525	4750	31	1085	1550	5	175	250
June	14	490	700	112	4970	5600	66	2310	3300	13	455	650	15	525	750
July	29	1015	1450	113	5055	5650	61	2135	3050	18	630	900	10	350	500
August	10	350	500	115	5225	5750	89	3115	4450	16	560	800	15	525	750
September	10	350	500	143	7605	7150	91	3185	4550	22	770	1100	9	315	450
October	14	490	700	110	4800	5500	98	3780	4900	17	595	850	17	595	850
November	2	70	100	115	5225	5750	77	2695	3850	22	770	1100	5	175	250
December	0	0	0	83	2905	4150	60	2100	3000	22	770	1100	2	70	100
	264	\$9,240	\$13,200	1282	\$54,820	\$64,100	851	\$30,335	\$42,550	264	\$9,240	\$13,200	128	\$4,480	\$6,400

2012	Steeple & Canal WB			Valley & River NB			Valley & River SB			Waterman & Gano EB			Webster/ & Pocasset SB		
		Current	New		Current	New		Current	New		Current	New		Current	New
January	64	2240	3200	53	1855	2650	42	1470	2100	20	700	1000	2	70	100
February	27	945	1350	71	2485	3550	28	980	1400	13	455	650	1	35	50
March	54	1890	2700	61	2135	3050	49	1715	2450	14	490	700	2	70	100
April	34	1190	1700	41	1435	2050	43	1505	2150	23	805	1150	1	35	50
May	52	1820	2600	53	1855	2650	40	1400	2000	95	3525	4750	1	35	50
June	61	2135	3050	57	1995	2850	40	1400	2000	92	3270	4600	2	70	100
July	75	2625	3750	56	1960	2800	49	1715	2450	107	4545	5350	1	35	50
August	68	2380	3400	55	1925	2750	49	1715	2450	97	3695	4850	0	0	0
September	49	1715	2450	48	1680	2400	47	1645	2350	92	3270	4600	1	35	50
October	36	1260	1800	43	1505	2150	40	1400	2000	101	4035	5050	2	70	100
November	62	2170	3100	49	1715	2450	31	1085	1550	103	4205	5150	0	0	0
December	76	2660	3800	50	1750	2500	17	595	850	94	3440	4700	2	70	100
	658	\$23,030	\$32,900	637	\$22,295	\$31,850	475	\$16,625	\$23,750	851	\$32,435	\$42,550	15	\$525	\$750

Totals	
ACS	\$467,940
Gatso	\$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