



# City of Greenville, North Carolina

Meeting Date: 8/9/2007  
Time: 7:00 PM

**Title of Item:** Termination of agreement for the Redlight Photo Enforcement Program

**Explanation:** In March 2004, the City entered into an agreement with Redflex Traffic Systems, Inc. to provide equipment and services in order for the City to monitor, identify, and enforce red light running violations. The objective of the agreement was to reduce the incidence of vehicle collisions and red light violations. The City entered into the agreement with the basic premise that it would implement a public safety program funded 100% by the violators and 0% by the taxpayers. However, a December 2004 decision involving the City of High Point jeopardized this premise by requiring that 90% of the money received from citations be paid to the county school systems. In response to this decision and to allow the court system to finally determine the issues raised in the High Point case, Redflex and the City entered into an amendment to the agreement which suspended the program until there was a final appellate determination in the High Point case.

A final appellate determination has now been made. On June 27, 2007, the North Carolina Supreme Court denied the motion by the City of High Point to review the May 16, 2006, decision of the North Carolina Court of Appeals in the case involving High Point's red light photo enforcement program. This decision means that the decision of the Court of Appeals stands. The decision means that the clear proceeds of the fines which are collected from citations issued in red light photo enforcement programs are required, by a provision in the North Carolina Constitution, to be paid to the local school system and that, as a result of this constitutional provision and a state statute, clear proceeds means not less than 90% of the fines collected.

The decision of the North Carolina Supreme Court amounts to a final appellate determination since there is no further appeal or court action available from the decision. (The issue involves an interpretation of the North Carolina Constitution and, therefore, would not be subject to appeal to the United States Supreme Court.) As a result of this being the final appellate determination, the suspension of the agreement between the City and Redflex Traffic Systems, Inc.

ceases. And, since the final appellate determination causes a result which makes it economically infeasible for the City to proceed with the program, the City is in the position where it must terminate the program. (Although the City could proceed with the program at a loss of \$42 for each citation issued – from each \$50 received for a citation, the City would have an expense of \$92 since \$45 is to be paid to the school system in accordance with the decision and \$47 is to be paid to Redflex in accordance with the contract.)

Section 6.3 of the agreement allows the City to terminate the agreement without cause at any time by giving Redflex 30 days written notice of termination. However, there is an expense to the City for terminating the agreement pursuant to this termination for convenience right. The City's expense is the amount of the expense associated with the installation of the two (2) Intersection Approaches already installed but not to exceed \$18,000 per Intersection Approach. Redflex has submitted documentation relating to the expense incurred. This documentation has been reviewed, and it has been determined that Redflex's expense for each intersection exceeded \$18,000 and, therefore, Redflex is entitled to receive \$36,000.

Although this expense will be incurred, the City is fortunate that the High Point decision came at a time prior to the City issuing citations. Those cities which were issuing citations will now be required to pay the school systems in accordance with the decision. High Point will be paying its school system approximately \$1.5 million, and Charlotte will be paying its school system approximately \$4.5 million.

**Fiscal Note:**

The expense to the City for terminating the agreement is \$36,000, which is the amount of the expense associated with the installation of the two (2) Intersection Approaches already installed but not to exceed \$18,000 per Intersection Approach. Staff recommends that these funds be appropriated from the 2007-2008 contingency account.

**Recommendation:**

It is recommended that City Council exercise the termination for convenience right provided by Section 6.3 of the agreement by approving the termination of the agreement with Redflex for the City's Redlight Photo Enforcement Program. The recommendation that the contract with Redflex be terminated can be accomplished by the approval of a motion by Council.

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# City of Greenville, North Carolina

Meeting Date: 8/9/2007  
Time: 7:00 PM

**Title of Item:** Budget ordinance amendment #1 to the 2007-2008 City of Greenville budget

**Explanation:** Attached is an amendment to the 2007-2008 budget ordinance for consideration at the August meeting. For ease of reference, a footnote has been added to each line item of the budget which corresponds to the explanation below:

**A** To carry over unused City funds previously appropriated and funds received from Uptown improvements in Uptown Greenville.

**B** To allocate contingency funds to reimburse Redflex for the installation of red light camera approaches (Memorial @ Westhaven and Memorial @ Arlington). The City is obligated to fund the intersection approach for direct material and labor costs.

**C** To appropriate additional funds received by the City for the Community Development Housing Program. The receipt of these additional federal funds requires a transfer from the general fund contingency.

**Fiscal Note:** The budget ordinance amendment affects the following funds: increase General Fund by \$29,356 and Community Development Housing Program Fund by \$217,703.

<b><u>Fund Name</u></b>	<b><u>Original Adopted Budget</u></b>	<b><u>Proposed Amendment</u></b>
General Fund	\$65,723,108	\$ 29,356
Community Development Housing Fund	\$ 1,834,135	\$217,703

**Recommendation:** Approve budget ordinance amendment #1 to the 2007-2008 City of Greenville budget