

## 8. Citation Processing and Collection

- **The San Francisco Municipal Transportation Agency (SFMTA) began processing adult fare evasion citations in February 2008 when adult fare evasion was decriminalized. The SFMTA fails to collect all collectible fare evasion fines and penalties because it is unable to obtain accurate fare evader information and lacks mechanisms to enforce collections. Under the contract between SFMTA and PRWT Services, Inc. (PRWT), PRWT sends up to four notices to adult fare evaders but after the fourth notice, if the fines and penalties have not been paid, the adult fare evasion citation remains open with no further collection efforts.**
- **Although the SFMTA claims that enforcement of adult fare evasion citations is difficult because Transit Fare Inspectors (TFIs) cannot require adult fare evaders to provide proof of identification, the SFMTA could increase the number of accurate names and addresses by training and evaluating TFIs in procedures to obtain correct identification. Further, the SFMTA could implement procedures currently used to enforce payment of parking fines to enforce payment of adult fare evasion fines, resulting in up to approximately \$1 million per year in additional fine and penalty revenues.**
- **The SFMTA does not account for all citations. The SFMTA does not reconcile written citations issued to adult fare evaders against citations in the POP program inventory, and therefore cannot ensure that citations are not lost or misplaced. The program could not account for 36 percent of a random sample of 85 issued citations. Furthermore, from June 2008 through September 2008, POP logged three percent more citations than were recorded in its contractor's database, further frustrating checks on the system.**
- **The POP program has the capacity to improve citation data collection but has not adopted necessary procedures. Although the POP program could purchase handheld units that would automate writing citations, recording citation numbers, and storing citation data, the POP program has delayed purchase due to budget constraints.**

## **The POP Program Lacks Adequate Controls over Citation Processing**

The SFMTA began processing adult transit fare evasion citations in February 2008 when adult transit fare evasion became a civil rather than a criminal offense. Previously, the Superior Court had processed both adult and juvenile citations but now processes only juvenile citations, which remain a criminal offense.

The SFMTA processes adult transit fare evasion citations under its contract with PRWT Services, Inc. (PRWT), effective from September 2008 through September 2013. Under this contract (outlined in Figure 8.1 below):

- The Proof of Payment (POP) program inventories and distributes citations to Transit Fare Inspectors (TFIs), collecting written citations and sending them to the Customer Service Center.
- The SFMTA Customer Service Center batches the written citations into groups of 100 and sends these batches to PRWT.
- PRWT enters the written citations into their automated citation processing and tracking system, Enhanced Technical Information Management System (eTIMS), and sends collection notices to the adult citation processing unit.
- POP program and Customer Service Center staff can generate eTIMS management reports, summarizing collection activity.

## **The POP Program Does Not Reconcile Citations**

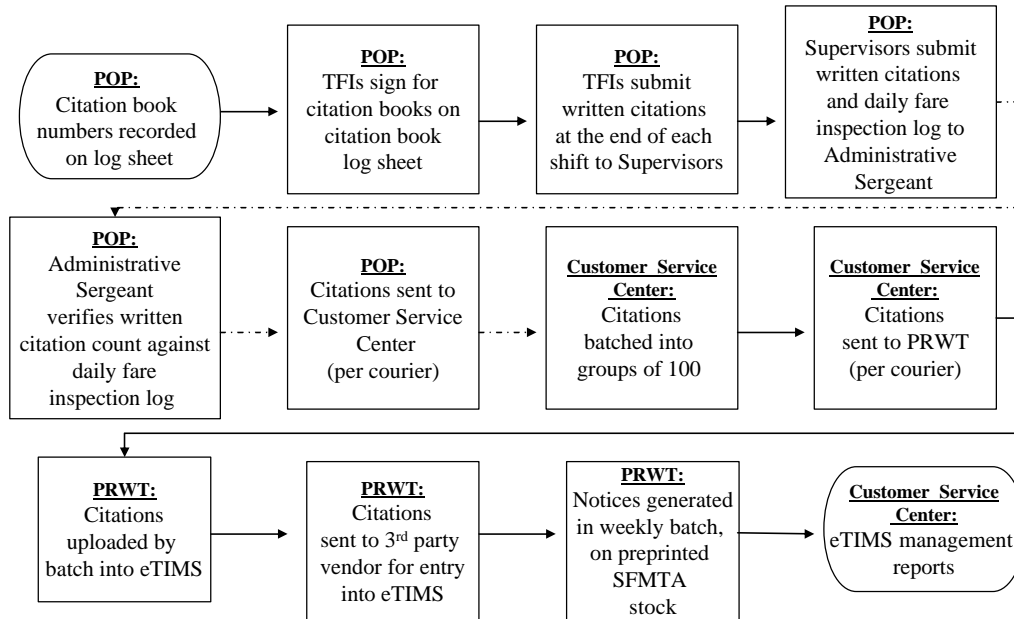
The POP program is responsible for inventorying the citation books it distributes to TFIs and collecting written citations issued to adult fare evaders from the TFIs. Under the POP program's current procedures, the POP program cannot ensure that written citations are not lost or otherwise not accounted for.

The POP program purchases citation books from a vendor with each citation in the book having a unique citation number. Each citation book's beginning and end citation number are recorded on a log sheet. TFIs sign out for these books, writing their name and date on the citation book log sheet.

At the end of each shift, the TFI submits written citations to the Transit Fare Inspection Supervisor/Investigator (Supervisor). The Supervisor submits the written citations and the daily fare inspection log, counting passenger contacts and citations, to the Administrative Sergeant, who then compares the count of written citations to the count of citations recorded in the daily fare inspection log.

The POP program does not reconcile the unique number for each written citation against citation numbers recorded in the citation book log, and therefore cannot account for citations that may be lost or are otherwise missing. For example, the POP program was not able to locate 31 citations in eTIMS from a sample of 85 citations, or 36 percent, indicating that the current procedures cannot fully account for all citations.

**Figure 8.1**  
**Adult Fare Evasion Citation Collection Process**  
**February 2008 to Present**



---- Dashed connectors indicate breakdown in internal controls

Source: Interviews with SFMTA staff.

### The POP Program Does Not Maintain Accurate Citation Data

The POP program has not kept accurate citation data since program inception. The daily fare inspection log collects passenger contact, warning, and citation counts by train or station for each TFI. POP Supervisors enter citation and other daily fare inspection log information into a spreadsheet, and track the information by month and year.

Prior to February 2008, the Superior Court processed fare evasion citations but did not provide routine reports to the POP program. Since PRWT assumed citation processing in February 2008, the Customer Service Center and POP program have been able to generate eTIMS reports summarizing citation processing and collections. However, the POP program citation data, entered into a spreadsheet from the daily fare inspection log, does not correspond to eTIMS reports. For example, eTIMS reported 12,717 citations from June 2008 through September 2008, while the POP program reported 12,347, a difference of 370 citations, or three percent.

### Handheld Units

The POP program has the capacity to improve citation data collection but has not adopted necessary procedures. Under the PRWT contract, the POP program could purchase handheld units for automated issuance of fare evasion citations, with a cost per unit ranging from \$6,100 to \$6,430, depending on the type of unit. Therefore, the cost to provide 50 handheld units for the TFIs would be from \$305,000 to \$321,500. The handheld units would increase accuracy in counting citations and assist in data collection, allowing for improved program oversight.

Although the SFMTA included the handheld units in the FY 2008-09 budget, it has not purchased the handheld units due to budget constraints but considers use of handheld units at a future date to be an option. The handheld units automate many of the fare inspector functions as well as standardizing and storing citation information, including:

- Generation of paper citations with standardized fields for time, date, fare inspector, and citation number;
- Storage of all data related to a citation; and
- Automatic updating of information while the handheld unit is in its docking cradle, such as scofflaws, warrants, and other information specified by the SFMTA.

### eTIMS Management Reports

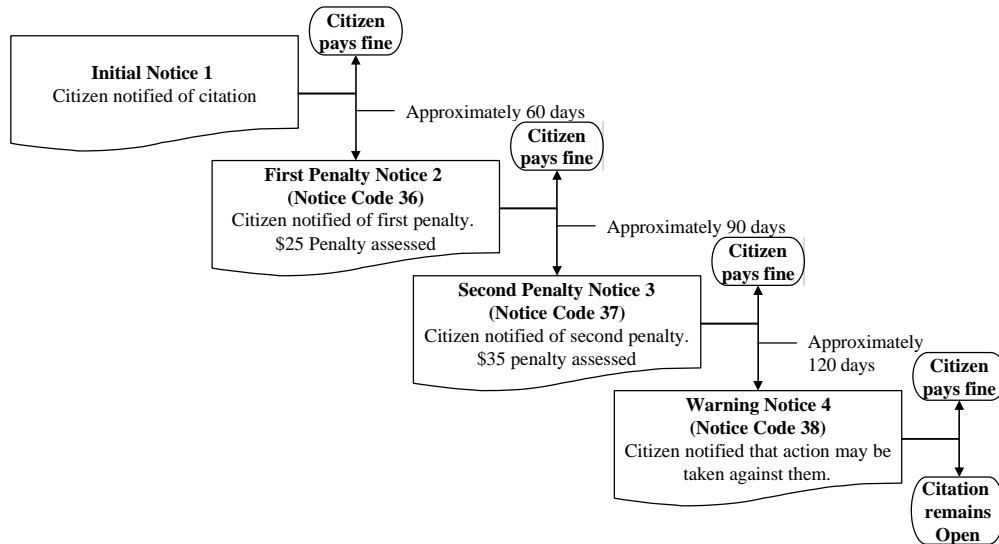
While the POP Operations and Investigations Manager uses eTIMS to produce management reports, the POP Supervisors do not. At the time of the audit review, the POP Supervisors had recently obtained access to eTIMS but had not yet been trained on how to use it. eTIMS reports would provide the Supervisors current and more accurate citation counts than the spreadsheets into which daily fare inspection log data is manually entered, though these reports would not provide passenger or warning counts.

## **The Fare Evasion Citation Collection Rate Is Low**

Prior to February 2008, the Superior Court processed fare evasion citations, which were considered a criminal infraction. The Superior Court issued three notices: a courtesy notice, a notice to pay the fine, and a civil assessment adding a penalty to the initial fine. The Superior Court could issue a bench warrant if the fine was not paid after the civil assessment notice was issued.

Beginning in February 2008, fare evasion became a civil rather than a criminal infraction. Under the current civil citation process, citations that are not paid accrue penalties over time and can remain open indefinitely. PRWT issues four collection notices, and after the fourth notice the citation remains open indefinitely, as shown in Figure 8.2.

## Figure 8.2 POP Program Citation Collection Process



Source: eTIMS Action Logic and Interviews.

### The Civil Citation Collection Process Lacks an Enforcement Mechanism

When the Superior Court collected fare evasion citations, the Court could issue a bench warrant for unpaid citations. Under the PRWT contract, the SFMTA does not enforce collection after the fourth warning notice is issued. By contrast, the SFMTA does enforce parking citation collections, including referral to third party collection agencies, or reporting to the California Franchise Tax Board or credit bureau.

#### Low Collection Rate

From February 2008 through July 2008, the SFMTA collected only 42 percent of fare evasion citations, as shown in Table 8.1.<sup>1</sup>

<sup>1</sup> The Budget Analyst analyzed eTIMS citation processing data for February 2008 through November 2008. Because the process from citation issuance through final notice takes 154 days on average, the Budget Analyst selected data through July 2008 to allow for collection through November 2008.

**Table 8.1**  
**Number and Amount of Citations, Fines, and Penalties**  
**February 2008 through July 2008**

	<b>Total Citations</b>	<b>Percent of Citations</b>	<b>Total Fines and Penalties</b>	<b>Percent of Fines and Penalties</b>
Assessed	15,597	100%	\$1,292,100	100%
Collected	6,583	42%	358,696	28%
Uncollected	9,014	58%	933,404	72%
Disposed	406	3%	26,810	2%
Not Collectible (Estimated)	3,899	25%	323,025	25%
Available for Collection	5,115	33%	\$583,569	45%

Source: eTIMS

The SFMTA collects most of the fare evasion citations prior to the SFMTA's sending of the second collection notice. Less than six percent of fines and penalties are collected after the second collection notice has been sent.

If notices are returned to the SFMTA after the second notice is sent, the SFMTA marks the returned notices "undeliverable" and sends no further notices. According to the SFMTA, approximately 50 percent of second collection notices were undeliverable in FY 2008-09, or an estimated 20 to 25 percent of all citations.<sup>2</sup>

#### Increased Fine Collection Enforcement

As shown in Table 8.1 above, the SFMTA could have collected more than 5,000 additional citations for the six-month period from February 2008 through July 2008 through more effective collection enforcement, resulting in up to \$583,569 in total fine and penalty revenues. Low fare evasion citation collection reduces revenues to the POP program, as well as reducing incentives to adult fare evaders to pay fares. The SFMTA does not have procedures to enforce citation payments after the fourth and final collection notice is sent.

According to the SFMTA, a large number of citations contain incorrect names and addresses, resulting in undeliverable notices to pay fines. TFIs cannot legally compel fare evaders to provide identification, and in cases where an evader does not provide or possess identification, the evader either writes or speaks his/her name and contact information for the TFI. Although TFIs have techniques to verify this information, the

<sup>2</sup> In the first half of FY 2008-09 (July 2008 through December 2008) approximately 29,000 fare evader citations have been referred to PRWT for collections, of which an estimated 6,400 were undeliverable, or approximately 22 percent.

SFMTA has not sufficiently trained TFIs to verify identification and therefore has not ensured the maximum number of citations with correct names and addresses. The SFMTA should train TFIs, as well as evaluate their performance, in techniques to obtain adult fare evaders' correct name and address, thus increasing the number of citations with accurate information.

Further, the SFMTA could collect a larger percentage of fines and associated penalties by adopting some of the measures used to enforce parking citations, including citation referral to third party vendors, and reporting on unpaid citations to the California Franchise Tax Board or credit bureaus.

## **Conclusion**

The SFMTA lacks adequate controls over citation processing to ensure that citations are not lost or misplaced. The POP program could not account for 36 percent of a random sample of 85 issued citations. Furthermore, from June 2008 through September 2008, POP logged 3 percent more citations than were recorded in its contractor's database, further frustrating checks on the system.

The SFMTA could increase adult fare evasion fine collection through more effective enforcement. Although the SFMTA claims that enforcement of citations and collection of all fines owed is not possible because TFIs cannot require adult fare evaders to provide correct identification, the SFMTA could train and evaluate TFIs on better methods to obtain fare evaders names and addresses, reducing the number of citations with inaccurate information.

The SFMTA could also increase collection of citation fines and penalties by adopting measures used to enforce parking citations. Although an estimated 25 percent of citations have incorrect names and addresses or otherwise undeliverable, the SFMTA could collect up to an additional 10,000 citations per year (based on an estimated 5,000 collectible citations for the six-month period from February 2008 through July 2008).

## **Recommendations:**

In order to increase enforcement of adult fare evasion citations, the Board of Supervisors should:

- 8.1 Petition the California State Legislature to amend the California Public Utilities Code, authorizing the City and County of San Francisco to implement mechanisms to enforce adult fare evasion fine collections under the PRWT contract, including referral to third party collection agencies, and reporting to the California Franchise Tax Board and the credit bureaus.
- 8.2 Consider petitioning the California State Legislature to amend the California Public Utilities Code to authorize the City and County of San Francisco to convert

adult fare evasion civil citations to criminal citations if the evader has not paid the fine after 120 days.

In order to increase reliability of citation counts and data, the Deputy Director of SFMTA Security and Enforcement should:

- 8.3 Identify costs and benefits, including decreased staff administrative tasks and increased citation revenues, and potential timeframe for purchasing and implementing handheld devices.
- 8.4 Upon the purchase and implementation of handheld devices, develop written procedures for reconciling citation numbers to ensure that all citations are accounted for.
- 8.5 Discontinue manual counts of issued citations after implementing the use of a handheld device.
- 8.6 Provide training on eTIMS to all POP Supervisors, focusing on citation issuance and collection reporting.
- 8.7 Develop written procedures for generation and use of eTIMS management reports.

In order to increase collection rates, the Director of SFMTA Security and Enforcement should:

- 8.8 Train and evaluate TFIs in collecting accurate adult fare evader names and addresses when issuing citations.

## **Costs and Benefits**

Increased adult fare evasion fine and penalty collection by employing special collection procedures under the contract between PRWT and SFMTA could result in additional fine revenues of approximately \$1 million per year.