

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

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May 27, 2009

Supervisor David Chiu, President, Supervisor Bevan Dufty,
and Members of the Board of Supervisors
City and County of San Francisco
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Dear President Chiu, Supervisor Dufty, and Members of the Board of Supervisors:

The Budget Analyst is pleased to submit this *Management Audit of the San Francisco Municipal Transportation Agency Proof of Payment Program*. On June 10, 2008, the Board of Supervisors adopted a motion directing the Budget Analyst to conduct a management audit of the San Francisco Municipal Transportation Agency (SFMTA) Proof of Payment program, pursuant to its powers of inquiry defined in Charter Section 16.114 (File 08-0596).

The purpose of this management audit is to evaluate the effectiveness and efficiency of the Proof of Payment (POP) program. The scope of the management audit included the SFMTA POP program's planning and evaluation; staffing and deployment; internal controls related to citations, passenger service reports, and staff incident reports; and other issues related to fare enforcement. The management audit was conducted in accordance with *Government Auditing Standards, 2007 Revision*, issued by the Comptroller General of the United States, U.S. Government Accountability Office, as detailed in the Introduction to this report.

This management audit is divided into 9 sections containing our findings and 56 related recommendations. Implementation of the Budget Analyst recommendations would result in net savings to the SFMTA, from reduced costs and increased revenues of an estimated \$1,725,000 as follows:

- \$1,200,000 in reduced annual salary and fringe benefit costs for 14 Transit Fare Inspector positions, for which the Budget Analyst recommends suspending further hiring until the

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SFMTA develops a long-term implementation plan to expand the POP program to the Municipal Railway (Muni) buses. The POP program is currently only operated on the Muni Metro light rail system, although it has commenced a pilot program for conducting inspections on Muni buses (see Sections 2 and 9);

- \$1,000,000 in increased annual fare evasion fine revenues resulting from improved collection practices (see Section 8); and
- \$475,000 in increased annual costs to hire additional Station Agents to staff both the primary and secondary booths in the Muni Metro stations (see Section 6).

Implementation of the Budget Analyst's recommendations would require existing staff time and other resource costs, which the SFMTA should be able to fund within its existing budget.

In addition to the fine revenues noted above, the Budget Analyst's recommendations should also contribute to increased Muni Metro passenger fare revenues. The SFMTA does not currently track the impact of the POP program on fare revenues and therefore, the Budget Analyst cannot calculate expected increases. However, the Budget Analyst estimates that a five percent increase in Muni Metro light rail passenger fare revenues from decreased fare evasion, resulting from improved deployment of POP staff and management of POP program performance would yield \$1,800,000 annually.

If such increased fare revenues were realized, the total net savings to the SFMTA will be \$3,525,000 annually.

Central Themes of the Management Audit of the POP Program

Audit findings fall into three themes:

- Program definition, planning, and evaluation;
- Revenue optimization; and
- Controls.

The SFMTA requires light rail and bus passengers to possess a valid fare receipt or transit pass upon boarding a Muni Metro light rail train or a bus or while in a Proof of Payment Zone (such as the Muni Metro subway platforms). The SFMTA POP program staff are responsible for inspecting passengers' transit passes or fare receipts and enforcing proof of payment requirements. Currently, the SFMTA POP program has 46 Transit Fare Inspectors (TFIs). The TFIs enforce proof of payment requirements on the Muni Metro light rail system. Additionally, the POP program has begun a pilot program in which TFIs are assigned to three bus routes.

Program Definition, Planning, and Evaluation

The SFMTA has not clearly defined the POP program's main objectives, and consequently cannot determine if the program is effective in reducing fare evasion and increasing fare revenues. Section 1, *Proof of Payment Performance Management*; Section 2, *Proof of Payment Program Staffing Needs*; Section 3, *Transit Fare Inspector Deployment*; and Section 9, *Proof of Payment on Buses*, discuss the POP program's failure to (a) measure POP program and staff performance effectively, (b) determine the appropriate staffing requirements, (c) deploy staff to optimize passenger contacts and reduce fare evasion, and (d) develop a full implementation plan to expand to buses.

Revenue Optimization

The POP program's competing objectives – reducing fare evasion, providing customer service, increasing safety and security on transit – leads to policies and practices that fail to optimize fare or fine revenue. Section 3, *Transit Fare Inspector Deployment*, notes that the POP program does not deploy TFIs in a manner that optimizes passenger contacts or citations. Section 7, *Fare Evasion Fine Structure*, discusses how the SFMTA's fines charged to Muni riders for fare evasion is significantly less than most other transit systems and does not adequately deter fare evasion or replace lost revenue—particularly for repeat offenders. In fact, as shown in Section 8, *Citation Processing and Collection*, and discussed below, the SFMTA does not adequately collect fines. For example, under the contract with PRWT, during the period from February through July 2008, the SFMTA failed to collect \$583,569, or 45 percent of the estimated \$1,292,100 in fines and late penalties

As shown in Section 6, *Muni Response Team and Station Agents*, the Budget Analyst found that SFMTA should staff both the primary and secondary booths in the Muni Metro subway stations to prevent fare evaders from entering the Muni Metro system through the gates adjacent to the unstaffed secondary booths. In Section 9, *Proof of Payment on Buses*, the Budget Analyst found that if SFMTA expands POP to buses, it will incur costs for TFI salaries and fringe benefits that it may not recoup. Further, it is not at all clear whether such an expansion would maximize fare and fine revenues.

Internal Controls

The POP program's internal controls have serious weaknesses that reduce the program's effectiveness. In particular, in Section 4, *Complaints and Complaint Handling*; Section 5, *Fare Inspection Safety*; and Section 8, *Citation Processing and Collection*, the Budget Analyst discussed control weaknesses related to the response to passenger complaints and queries, internal reports concerning staff safety, and the handling of citations, as discussed in the sections below.

Management Audit Findings

1. Proof of Payment Performance Management

Although the POP program's objective is to reduce fare evasion on Muni, POP management and line staff routinely suggest alternate objectives, such as providing customer service, safety, and security. For example, the POP program regularly deploys TFIs to the San Francisco Giants home games or special events in which TFIs primarily direct passengers to where they can pay fare or assist with boarding but do not issue fare evasion citations. The Budget Analyst considers these alternative objectives to be important. However, these different objectives underlie the POP program's unfocused performance management. The SFMTA Security and Enforcement Division has not developed specific goals or corresponding performance measures for the POP program. Managers, therefore, cannot manage the program to ensure progress toward goals or goal achievement.

Although POP TFIs collect program-related data, including the number of passenger contacts and verbal warnings or citations, the POP program does not compile this data in a way that is easily analyzed. At least one central recordkeeping document requires contributions by multiple users, but only allows one user at a time. Collecting daily TFI performance data in a single, shared file puts the data at risk of accidental changes or deletion. Also, program data is manually entered into two separate spreadsheets, which is time consuming. Analyzing the data in these spreadsheets is cumbersome, requiring several steps to make the data suitable for performance measurement.

The POP program does not collect or report to the SFMTA Board on two key indicators of performance identified by the Federal Transit Administration: fare evasion rates, which indicate how SFMTA passengers' behavior compares over time and to other transit agencies; and inspection rates, which measure the percentage of passengers inspected for proof of payment.

The POP program's performance evaluation process has historically placed totally inadequate emphasis on performance and achievement. Further, the POP program has never evaluated (a) 10 of 46 active TFIs (22 percent) or (b) 2 of the 6 Fare Inspection Supervisors/Investigators (Supervisors, 33 percent), nor has the POP program evaluated any of the 6 Supervisors on supervisor-specific skills, responsibilities, and achievements. In the absence of performance evaluations, individuals' performance and achievement vary widely with some TFIs significantly underperforming.

In order to be an effective and worthwhile program, the Security and Enforcement Division needs to manage POP to reduce fare evasion. In order to assess its performance, the POP program should record and report fare evasion rates and inspection rates. POP management should set additional fare inspection- and evasion-related goals, establish performance measures aligned to those goals, collect data and report on progress toward those goals, and regularly evaluate staff on their contributions to program goals and objectives.

2. Proof of Payment Staffing Needs

TFI staffing for the POP program has increased by 119 percent, from approximately 21 TFIs in FY 2005-06 to 46 TFIs in FY 2008-09 (as of April 2009). According to the SFMTA, the goals of this expansion were to (a) increase fare inspection in the Muni Metro light rail system in order to reduce fare evasion and increase passenger fare revenue, and (b) expand POP to the Muni buses.

Although the SFMTA has not developed criteria for identifying POP staffing needs, a federal study has looked at transit agency POP staffing in the U.S. and abroad. The study utilized a number of metrics to compare staffing across agencies, including the ratio of inspectors to riders, inspector productivity, and the inspection rate.

The POP program's April 2009 staffing of the Muni Metro system is comparable to other transit systems' inspector-to-rider ratios, reported by the Federal Transit Administration's Transit Cooperative Research Program (TCRP). However, TFI productivity and inspection rates significantly lag those recommended by the TCRP.

Including inspections conducted at sporting and other special events, the POP program inspects only 7.4 percent of Muni Metro riders compared to the TCRP inspection rate benchmarks of 15 to 25 percent, and the POP program's TFIs contact only 331 passengers per day on average, compared to TCRP productivity benchmarks of 400 to 750.

Despite an inability to effectively measure productivity and inspection rates, and despite an inspection rate that is more than 50 percent below the TCRP minimum benchmark of inspecting 15 percent of riders and TFI productivity that is between 17 percent to 56 percent below the TCRP benchmark of 400 to 750 passenger contacts per day, the SFMTA is in the process of hiring 14 additional TFIs to expand the POP program to the buses (see Section 9). The Budget Analyst recommends that hiring of the 14 TFIs should be suspended immediately.

The SFMTA needs to establish criteria for appropriate POP program staffing levels. Until the SFMTA has established these criteria, it should suspend TFI hiring—including hiring currently underway to expand the POP program to the buses. POP program managers should develop tactics for regularly monitoring, reporting, and improving individual and team productivity and inspection rates. Implementing these changes will increase TFI and POP program efficiency.

3. Transit Fare Inspector Deployment

The SFMTA's POP enforcement staff are primarily assigned to the Muni Metro light rail system. The POP program currently deploys its TFIs to cover the entire Muni Metro light rail system, so that all light rail riders could be inspected. A pilot program has some TFIs facilitating bus boarding. The POP program schedules work assignments to ensure that TFI assignments are random and cannot be predicted by fare evaders, and vary assignments for individual TFIs.

POP program deployments not only fail to strategically cover the Muni Metro light rail system but involve significant unproductive time. The current deployment method fails to (a) maximize contacts, warnings, citations, or ancillary safety and customer service benefits, (b) match coverage – including shift start and end times, team assignments, or lunch breaks – to system ridership, (c) ensure full system coverage, (d) ensure targeted, balanced, or coordinated Muni Metro station coverage, (e) emphasize inspections of known problem areas, and (f) minimize non-productive time due to lengthy transit rides or avoidance of overcrowded trains.

For example, on weekdays, the POP program schedules an average of 25 TFIs between 11 a.m. and 1 p.m. when Muni Metro has an average of approximately 9,000 riders but only schedules 15 TFIs between 6 a.m. and 10 a.m. when Muni Metro has an average of nearly 12,000 riders.

In the professional judgment of the Budget Analyst, such deployments are not in the best interest of the City.

Extended and unscheduled breaks, late departures to the field, early returns from the field, and unnecessary administrative time cut down on the time TFIs spend actively conducting fare inspections. TFIs spend only approximately 5.75 hours, or approximately 72 percent of each 8 hour paid shift, conducting proof of payment activities. Therefore, 28 percent of TFIs work hours are spent in team briefing and debriefing sessions, performing administrative requirements, changing from their uniforms into street clothes, paid breaks, and restroom breaks.

The POP program should develop objectives and use those objectives to guide the deployment of its fare inspection staff. Such a strategy should consider traffic according to line, district, and time of day, as well as areas of high fare evasion. In addition, POP program managers and Supervisors, who have begun to reduce TFIs non-productive time, should continue to work with TFIs to maximize active deployment.

4. Complaints and Complaint Handling

Muni's Customer Services unit converts passenger complaints, comments, questions, and compliments into Passenger Service Reports (PSRs) and distributes POP-related reports to the POP program in hard-copy. Relatively few of Muni's PSRs concern the POP program or fare evasion. In the 46-month period from January 1, 2005 to October 31, 2008, Muni received a total of 65 PSRs coded as "Fare Evasion" and 329 PSRs coded as "Non-Enforcement of Fare Collection." Combined, these PSRs accounted for less than 0.5 percent of all Muni PSRs. By contrast, in 2007, the Muni received 1,791 PSRs coded as "Abusive Speech/Manner."

Despite Muni's relatively few fare evasion-related PSRs, the POP program's review of fare evasion-related PSRs is inefficient. The Budget Analyst reviewed closed PSRs that were investigated twice by separate Supervisors and others that were filed twice by the same Supervisor. Some reports lacked relevant details due to the "Details" field being cut short in the hard copy. Other closed reports lacked any description of the Supervisor's investigation. Further, the POP program does not systematically process or close POP-related PSRs, review closure

times, or have an internal standard for PSR closure. Also, the POP program lacks standards for responding to passengers.

The POP program should improve its handling of PSRs to ensure that it handles rider concerns in a systematic, consistent, and appropriate fashion. The program should work with Muni's Customer Services unit to train all Supervisors on Muni's automated system to process PSRs and should discontinue the handling of PSRs in hard-copy. POP management should review and sign-off on all PSRs prior to PSRs being designated as closed. The program should develop performance objectives for PSR handling and hold staff accountable to achieving those objectives.

5. Fare Inspection Safety

TFIs have daily contact with Muni passengers, and that contact is sometimes confrontational and occasionally requires emergency response. The POP program trains TFIs in conflict resolution and avoidance during new employee training. POP managers review TFIs' responses to conflict and emergencies, in part, through internal incident reports. Despite this training and oversight, TFIs have been victims of verbal and physical assaults while conducting their work, and have differing understanding of how and when to request emergency response from the San Francisco Police Department (SFPD).

The POP program lacks adequate procedures to ensure the safety of TFIs. The POP program has changed its policies and practices over the years, and TFIs, initially hired to conduct fare inspections from an enforcement perspective, now serve in a program that emphasizes customer service techniques in conducting inspections. However, the POP program has not updated trainings and training materials to keep up with changes, and employee manuals are now outdated and contradictory.

For example, the Supervisor training manual states that the "If the passenger refuses to give the Fare Inspection Officer identification or to state his name and address, the Fare Inspection Officer must warn the individual that he is subject to arrest." Yet, the TFI training manual states, "If a violator does not have identification, then verbal information should be accepted... Law Enforcement should not be utilized to ID Patron at any time."

The POP program does not provide ongoing formal conflict avoidance and resolution training. POP managers and administrators do not adequately review and process incident reports. As a result, the TFIs do not approach emergencies and conflicts consistently. TFIs have differing understandings of POP program protocols for handling incidents that may require police assistance. While some TFIs ably resolve conflict, other TFIs escalate situations.

In order to protect the safety of TFIs and the public, POP management should clearly and consistently communicate its policies and practices to Supervisors and TFIs. POP management should update all employee manuals and include materials on tactical communications. In particular, POP managers should articulate clear and unambiguous guidelines for TFIs requesting

emergency response from the SFPD. The POP program should provide formal, regular retraining on tactical communication techniques, at least once every three years. To ensure that TFIs are safe and are conducting their work in a safe fashion, POP management should improve its processes for handling and reviewing TFI incident reports, and use those reports to identify additional training needs and opportunities.

6. Muni Response Team and Station Agents

The San Francisco Police Department (SFPD) Muni Response Team provides security services to the SFMTA through a work order under which the SFMTA reimburses the SFPD for SFPD services provided to Muni. The SFPD Muni Response Team has a limited role in providing Proof of Payment services, primarily responding to requests for assistance from TFIs. The SFMTA and SFPD are currently drafting a new Memorandum of Understanding (MOU) for SFPD Muni Response Team services. The SFMTA should incorporate the Budget Analyst's recommendation into the new MOU between the SFMTA and the SFPD, in order for the SFMTA to conduct periodic 100 percent sweeps of the Muni Metro light rail system to detect fare evasion in coordination with the SFPD Muni Response Team.

Station Agents staff the nine Metro Stations, of which six have primary and secondary booths. As a result of the current, long-standing practice of not systematically staffing the Embarcadero, Montgomery Street, and Civic Center secondary booths, and of not staffing the secondary booths for breaks, fare evasion is much easier. Station Agents disable the coin receptacles at the secondary booths when the station is not staffed, and during these times, habitual fare evaders and other Metro System patrons may enter unhindered through the utility gate. The SFMTA should fully staff the primary and secondary booths to decrease fare evasion through the utility gates adjacent to the secondary booths.

The SFMTA would have to hire an additional 5 Station Agents (59 positions currently funded compared to the Budget Analyst's recommended 64 positions to staff both the primary and secondary Muni Metro station booths), with annual salary and fringe benefit costs of \$475,000, to fully staff the primary and secondary booths. The SFMTA would only have to increase daily fare revenues through decreased fare evasion on the Muni Metro light rail by approximately 1.35 percent to pay for the costs of the additional positions.

7. Fare Evasion Fine Structure

The civil fine for fare evasion for adults is \$50, and the criminal fine and associated court fees for juveniles is up to \$123.97. Neither fine is increased for repeat offenders. As of July 2009, the cost of an adult fine of \$50 will be lower than the \$55 cost of a monthly Muni Adult Fast Pass. Further, a Budget Analyst survey and a Federal Transit Administration study both reveal that the \$50 adult fine is low compared to most other transit systems, particularly with regard to repeat offenders.

The SFMTA decriminalized fare evasion for adults in February 2008 in order to reduce the number of fare evasion citations processed by the Superior Court and to increase SFMTA fine revenue collections. Prior to the transition, the adult fine, with court fees, totaled up to \$123.97. By instituting a \$50 adult civil fine in its place, the SFMTA retains 100 percent of fine revenue. The change also effectively lowered the fine for adult fare evasion by approximately 60 percent. The State Penal Code sets the fine plus Superior Court processing fees for juvenile fare evaders.

The SFMTA should consider recriminalizing fare evasion for adults in order to reinstate a more meaningful disincentive to adult fare evaders. However, if adult fare evasion is to remain a civil fine, then the SFMTA should increase the fine from the current \$50 level and implement a graduated fine schedule for repeat offenders. Furthermore, the SFMTA should develop a policy and program for prohibiting habitual offenders using the transit system; allow cited offenders of limited means to participate in the “Project 20” community service alternative sentencing program, which allows the offender to perform community service in lieu of the fine; and direct TFIs to issue written warnings instead of verbal warnings in order to better track fare evasion.

8. Citation Processing and Collection

The SFMTA began processing adult fare evasion citations in February 2008 when adult fare evasion was decriminalized through SFMTA’s existing contract with PRWT Services, Inc. (PRWT). Under the contract with PRWT, during the period from February through July 2008, the SFMTA failed to collect \$583,569, or 45 percent of the estimated \$1,292,100 in fines and late penalties, because it lacks mechanisms to enforce collections, such as referring unpaid fines to a collections agency. The SFMTA collected \$358,696, or 28 percent, and disposed of or determined as uncollectable \$349,835 or 27 percent.

Under the contract between SFMTA and PRWT, PRWT sends up to four notices to adult fare evaders but after the fourth notice, if the fines and late penalties have not been paid, the adult fare evasion citation remains open with no further collection efforts, because the State Public Utilities Code, which governs San Francisco’s process for adult fare evasion, does not allow further enforcement of fine collection.

Although the SFMTA claims that enforcement of adult fare evasion citations is difficult because TFIs cannot require adult fare evaders to provide proof of identification, the SFMTA could increase the number of accurate names and addresses by proper training and evaluating TFIs in correct procedures to obtain such identification. Further, the SFMTA could implement procedures, such as referral to collection agencies, currently used to enforce payment of parking fines to enforce payment of adult fare evasion fines.

9. Expanding Proof of Payment to Buses

The SFMTA is in the process of implementing POP on buses through a pilot program. The SFMTA's buses handle more than three times the passenger volume of the Muni Metro light rail system. POP has conducted three phases of a pilot expansion to buses on three bus routes in which Transit Fare Inspectors have assisted with back door bus boarding, inspecting transit passes and fare receipts, and referring passengers without proof of payment to the front of the bus to pay their fare. The goals of this expansion are reducing boarding times and improving on-time performance, increasing fare box revenue collection, assisting in orderly and compliant boarding, and providing customer service.

The SFMTA is now considering implementing a fourth phase of the POP pilot program on the buses, including hiring 14 TFIs with annual salary and benefit costs of \$1,200,000, as discussed above. Under the first three phases of the pilot program, TFIs facilitated back door bus boarding at specific locations while under the fourth phase, the SFMTA plans for TFIs to board and ride buses and conduct fare inspections along two bus routes. The SFMTA did not provide a detailed plan for the fourth phase of the bus pilot program to the Budget Analyst.

The SFMTA has implemented its bus pilot program one phase at a time without a longer term plan for implementing POP on the buses. The SFMTA has moved forward with the fourth phase, although a formal plan has not been made public or approved by the SFMTA Board of Directors. The SFMTA has not defined the goals of the first three phases of the POP pilot program on the buses and consequently cannot evaluate if the first three phases of the POP pilot program have met these goals.

Also, because the SFMTA has difficulty in managing the performance of the existing POP program on the Muni Metro light rail system, expanding the POP program to the Muni buses will only exacerbate the POP program's inadequate performance management.

The SFMTA should immediately discontinue the pilot program to expand POP to the SFMTA bus fleet, including the immediate suspending of hiring for the 14 Transit Fare Inspectors, until a detailed bus pilot program implementation plan is approved by the SFMTA Board of Directors.

In the professional judgment of the Budget Analyst, before POP can expand to buses, the SFMTA must improve its overall performance management of the POP program, while also developing a full implementation plan for operating the POP program on the buses.

The SFMTA Executive Director's Written Response

The Executive Director of the SFMTA presented a written response to the Budget Analyst on May 27, 2009, which is attached to this management audit report beginning on page 106. According to the Executive Director's written response, the Department agrees with 36 of the 56 recommendations, or 64.3 percent; partially agrees with 11 of the 56 recommendations, or approximately 19.6 percent; disagrees with 8 recommendations, or 14.3 percent, and did not respond to 1 recommendation, or 1.8 percent.

In the written response, the Executive Director states that he "strongly encourage(s) refinements to future management audits that will yield an overwhelming cost-value added to the audited City departments." The Executive Director made three recommendations as follows:

- Entry and exit interviews with the Department Head of the audited department.

The Budget Analyst conducted an entrance conference with SFMTA representatives on August 7, 2008, and exit conferences with SFMTA representatives on April 27, April 29, and May 14. When we request a management audit entrance or exit conference, it is the responsibility of the department to determine who should represent the department in that meeting.

- Mutually agreed upon formulas and calculations by the Budget Analyst and the Department prior to commencing with the auditing process.

The Budget Analyst conducts management audits in accordance with the U.S. Government Accountability Office (GAO) *Government Auditing Standards, July 2007 Revision*. As such, we are required to maintain independence and objectivity, defined by the GAO as "being independent in fact and appearance...and a continuing assessment of relationships with audited entities". We are also responsible for identifying "criteria that is relevant to the audit objectives and permits consistent assessment of the subject matter." We do not agree that the Budget Analyst should limit our role by agreeing with the Auditee upon the criteria (formulas and calculations) prior to commencing with the auditing process.

- A minimum 90-day Departmental review of the Budget Analyst's findings and response preparation.

The Budget Analyst strongly disagrees with a minimum 90-day review of the management audit report, which is unnecessary and inconsistent with generally accepted management audit practices. The Budget Analyst provides a confidential draft report to the audited department, conducts an exit conference, clarifies and revises the draft report based on new information provided by the department, and provides a final draft report to the department for their written response, a process which takes 14 to 21 days on average. City departments and programs audited by the Budget Analyst have adhered to this timeline.

Executive Summary

- The Executive Director of the SFMTA writes on page 3 of the response that “the audit’s main reference source was the Federal Transit Administration (FTA) sponsored Transit Cooperative Research Program (TCRP-80), published in 2002, over seven years ago.” The Budget Analyst used the FTA benchmarks for transit proof of payment programs to evaluate the SFMTA POP program staffing and performance, which was one part of our comprehensive management audit of the POP program. Although we do note the time lapse since the FTA report was released, we found *TCRP-80, Toolkit for Self-Service, Barrier-Free Fare Collection* to be the best available source of proof of payment program best practices and benchmarks.

We strongly disagree with the SFMTA Executive Director’s assertion, also on page 3 of the response, that “the purpose of a POP program clearly has multiple objectives of equal weight.” In the management audit, we cite numerous SFMTA documents that clearly demonstrate the primary objective of the POP program – as it is understood by the department, the SFMTA Board of Directors, and the City – is to curtail fare evasion on Muni. While we acknowledge that there are additional, real benefits to having Transit Fare Inspectors (TFIs) in the system, including improved safety and security, we state on page 1, Section 1 of the management audit report:

“Although the POP program’s objective is reducing fare evasion, POP management and line staff routinely suggest alternate objectives, such as providing customer service, safety, and security. This muddling of objectives underlies the POP program’s unfocused performance management. The SFMTA Security and Enforcement Division has not developed specific goals or corresponding performance measures for the POP program. Managers, therefore, cannot manage the program to ensure progress toward goals or goal achievement.”

- Also on page 3 of the response, the Executive Director writes:

“As per the findings of the Budget Analyst the SFMTA fare evasion rate is 2.4% based upon ([warnings + citations] divided by contacts) and falls within acceptable TCRP-80 ranges from 1.5% - 3.0%. In comparison, the David Binder Research report, dated June 13, 2006, found the fare evasion rate in the Muni system to be 10.5% and a 7.5% on the J,K,L,M & N lines which included both underground and surface stops.”

Because the SFMTA does not regularly calculate fare evasion rates, we calculated such rates using the POP program’s own best and most recent 2007 and 2008 citation, warning, and contact data to calculate the 2.4 percent evasion rate. We continue to recommend that the SFMTA “Calculate and communicate inspection rate and fare evasion rate on a monthly basis”, as noted in Recommendation 1.2, page 15 of the report.

- The Executive Director writes on page 4 of the response that in conducting our survey of POP programs, we did not select “transit agencies which are more similar to Muni. The transit agencies used for comparison were not similar in urban configuration, service model and ridership in Appendix A.”

Because we acknowledge that there are limitations with our survey respondents – though the SFMTA failed to provide us with those POP systems it felt to be more suitable for comparison – in every instance of comparing the SFMTA to our survey group in the management audit, we also include survey data provided by the FTA.

- In Table 3 and Table 4 on page 6 of his response, the Executive Director provides new calculations for the POP program’s inspection rate and productivity rate based on a count of 4,295,828 inspections by TFIs per year.

This count of inspections differs significantly from data provided by the SFMTA to the Budget Analyst during the course of the management audit and in the April 29, 2009 exit conference, and therefore, we cannot verify its accuracy. We continue to support our estimates of the POP program’s inspection and productivity rates in Table 2.2 on page 22 of the management audit report.

Response to the Recommendations

- In partially agreeing with Recommendation 1.2, on page 14 of the management audit report the SFMTA writes:

“The fare evasion methodology offered by the Budget Analyst, warnings plus citations divided by contacts, will not adequately capture the correct fare evasion rate as the ability to determine fare evasion rates requires statistical significant data. Using the number of warnings plus citations divided by passenger contact as the basis of the fare evasion rates is a questionable methodology as the POP deployment strategies, the productivity of the TFIs and the reliability of passenger contacts will affect the calculation of fare evasion rates ...”

We disagree that the fare evasion methodology is questionable, while also noting that these are not our methodologies, but those devised and recommended by the Federal Transit Administration’s Transit Cooperative Research Program.

- The SFMTA disagrees with (a) Recommendation 2.1 to “Immediately suspend all POP-related hiring, including hiring currently underway, until the POP program has devised metrics for evaluating the appropriate staffing levels and implemented the Budget Analyst recommendations for expanding POP to buses;” (b) Recommendation 9.1 to “Discontinue the pilot program to expand POP to the SFMTA bus fleet until an implementation plan is approved;” and (c) Recommendations 9.2 to Immediately suspend hiring of vacant 8124

Supervisor/Investigators and 9132 Transit Fare Inspectors positions until the pilot program implementation plan is completed and approved by the Board of Directors.”

While we agree that it may be ultimately necessary and prudent to expand POP to buses, and that a pilot program is an effective approach, we disagree that SFMTA has planned for implementation of the pilot program. As noted on page 87 of the management audit report:

“The SFMTA has implemented its bus pilot program one phase at a time without a longer term plan for piloting POP on the buses. The SFMTA has moved forward with Phase IV, although a formal plan has not been made public or approved by the SFMTA Board of Directors, and without first defining the specific goals of Phases I, II, or III or evaluating if these phases have achieved set goals. The goals of Phase IV are as yet unclear.

“The SFMTA is not currently well-situated to expand POP to the bus fleet. The POP program has difficulty conducting performance management at the program’s current scale, and increasing the size and scope of the program will only exacerbate this problem. Expanding POP to buses poses a number of new obstacles that the POP and its pilot program have not addressed, including communication, cultural, and physical obstacles.”

Considering these limitations, we stand by our recommendations that the SFMTA should immediately suspend the hiring currently underway and to discontinue the bus pilot program until the SFMTA Board of Directors has approved a full implementation plan.

- The Executive Director disagrees with Recommendation 3.1 to “Evaluate designating elevated Muni platforms, including the T Third light rail platforms, as Proof of Payment Zones. Such a designation would allow TFIs to conduct inspections on these platforms, and would exclude non-patrons from these areas, which have had additional problems of graffiti and other vandalism.” According to the Executive Director’s written response:

“The SFMTA does not believe that this is feasible on Third Street as customers are not able to purchase fares on the platforms. Additionally, the cost-effectiveness of purchasing, installing and maintaining fare vending machines along the Third Street platforms is questionable.

“The platforms along the Embarcadero, however, may present more suitable options for this designation given the ability to purchase fares.”

The Budget Analyst continues to recommend that the SFMTA evaluate designating Proof of Payment Zones on those Muni platforms with fare vending machines.

- The SFMTA disagrees with Recommendation 7.2 to “Develop a policy and program for excluding habitual offenders from the Muni transit system.” As noted on page 73 of the management audit report:

“The TCRP also recommended that systems consider excluding repeat offenders from the transit system. It found that excluding repeat offenders may be a more effective deterrent than a fine, can improve a system’s image by excluding problem riders from the system, and may enjoy a public perception of being fairer than a high fine.”

We acknowledge that technical and legal challenges may exist in implementing this recommendation, and encourage the SFMTA to consult with the City Attorney and SFPD, as they note in their response, to discuss this and other potential non-financial costs that can be imposed on fare evaders.

- The SFMTA disagrees with Recommendation 7.3 to “Allow fare evaders to participate in the SFMTA’s Project 20 community service alternative sentencing program,” which currently allows individuals with limited means and outstanding SFMTA parking ticket payments the opportunity to work off those payments with a small fee and SFMTA-approved volunteer hours. According to the SFMTA, “The SFMTA does not believe that this recommendation is feasible given the operational, legal, and other potential risks to a program of this type”.

Given that the SFMTA currently provides the Project 20 program for parking citations, the Budget Analyst continues to recommend that transit fare evaders should be allowed to participate in the Project 20 program.

Supervisor David Chiu, President, Supervisor Bevan Dufty,
and Members of the Board of Supervisors
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We would like to thank the SFMTA Executive Director, his staff and various representatives from other City departments for their cooperation and assistance throughout this management audit.

Respectfully submitted,



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