

Policy Analysis Report: Addendum

To: Supervisor Kim
From: Budget and Legislative Analyst's Office
Re: Study of Municipal Fines
Date: February 23, 2016



Summary of Requested Action

Your office requested that the Budget and Legislative Analyst provide additional information regarding the municipal fines policy analysis report. You requested that our office report on:

- How the SFMTA determines financial hardship for violators;
- Details about the current SFMTA towing contract;
- Data on the number and amount of referrals to collection agencies and the actual amount collected; and
- Number of suspended driver's licenses

For further information about this report, contact Severin Campbell at the Budget and Legislative Analyst's Office.

Municipal Transportation Agency (SFMTA)

Determining Financial Hardship for Violators

SFMTA does not grant waivers for parking or transit violations based on financial hardship. However, payment plans and community service are available to all individuals through Project 20/SF Pretrial Diversion Project (Project 20) which allows people to perform volunteer community service or establish a payment plan in lieu of paying parking and transit citations if they meet certain requirements.

There is a \$27 non-refundable administrative fee due to the SFMTA upon enrollment in Project 20. In addition, Project 20 charges a sliding fee based on the amount owed for work credit, as shown in Table 1 below, or a \$35 flat fee for payment plans.

Table 1: SFMTA Citation Work Credit/Payment Plan Program

Amount Owed	Required Service		
	Hours	Project 20 Fee	Timeline for Completion
\$50-\$100	7-14	\$20	4 weeks
\$101-\$200	15-29	\$20-\$40	5 weeks
\$201-\$300	30-43	\$40	6 weeks
\$301-\$400	44-57	\$40-\$60	7 weeks
\$401-\$500	58-71	\$60	8 weeks
\$501-\$600	72-86	\$60-\$80	9 weeks
\$601-\$800	87-114	\$80-\$100	12 weeks
\$801-\$1,000	115-142	\$100-\$120	14 weeks

Source: SFMTA

An individual protesting the parking citation or transit violation is granted an administrative hearing, and charged an administrative hearing fee. The fee may be waived due to financial hardship. The SFMTA does not require proof of income for a financial hardship waiver.

If the parking citation or transit violation is deemed valid, the individual is required to pay the full amount of the parking citation or transit violation.

SFMTA Towing Contract

The SFMTA contracts with Auto Return for towing services in the City. The total number of towed vehicles has declined by 3,140 over the past three fiscal years, from 47,289 vehicles in FY 2012-2013 to 44,149 vehicles in FY 2014-2015. However, the percentage of unclaimed towed vehicles sold at auctions over the past three fiscal years rose by two percentage points over the last two years, from seven percent of all towed vehicles to nine percent, as shown in Table 2 below.

Table 2: SFMTA Towed and Sold Vehicles

Towed Vehicles	FY 12-13	FY 13-14	FY 14-15
Total Towed Vehicles	47,289	44,996	44,149
Total Sold Vehicles	3,174	3,580	4,092
Percentage Unclaimed	7%	8%	9%

Source: SFMTA

Under the current towing contract with Auto Return, SFMTA does not track the amount of towing fees charged. Auto Return sets fees based on their own expenses and profit, and then pays the SFMTA an administrative fee, referral fee and a one percent royalty. SFMTA only tracks the amount of revenue paid to the department by Auto Return. Legislation approving the new contract between SFMTA and Auto Return, which revises the payment structure, is pending before the Board of Supervisors.

Total SFMTA revenue received over the past three fiscal years from Auto Return has increased 7.6 percent, from \$10,186,087 in FY 2012-13 to \$10,963,122 in FY 2014-15, as shown in Table 3 below.

Table 3: SFMTA Tow Revenue (FY 2012-13 through FY 2014-15)

Fiscal Year	SFMTA Admin		1% of Auto Return's	Total SFMTA Revenue
	Fee	Referral Fee	Gross Revenue	
FY 2012-2013	\$9,042,696	\$979,811	\$163,580	\$10,186,087
FY 2013-2014	\$9,723,295	\$1,043,354	\$160,935	\$10,927,584
FY 2014-2015	\$9,783,363	\$1,021,482	\$158,277	\$10,963,122
Total	\$28,549,354	\$3,044,647	\$482,792	\$32,076,793

Source: SFMTA

Superior Court

Referrals to Collections Agency

The Superior Court currently works with Alliance One, a contracting agency, to collect unpaid fines and civil assessments if a person fails to appear in Court, or pay their fine. Table 4 below shows the amount of referrals sent to Alliance One by the Superior Court over the last three fiscal years, in addition to the amount referred and collected. Referrals and collections do not adhere to fiscal year deadlines, so it is possible that a referral will begin in one fiscal year, and the collection would occur in a later fiscal year.

The Superior Court began contracting with Alliance One in FY 2013-14 with a focus on clearing the backlog, which is why the number of referrals is much greater than in FY 2012-13. The Treasurer/Tax Collector was responsible for collections prior to FY 2013-14. The decline in referrals in FY 2014-15 is likely due to stabilization, after the more concerted efforts made in FY 2013-14, according to the Superior Court.

Table 4: Referrals to Alliance One

Fiscal Year	Number of Referrals	Amount Referred	Amount Collected
FY 2012-13	13,632	\$26,034,608	\$284,611
FY 2013-14	83,671	\$10,523,916	\$3,057,298
FY 2014-15	21,164	\$4,096,647	\$6,844,009

Source: Superior Court

Driver's License Suspensions

If a violator fails to pay traffic fines or respond to a citation, the Superior Court is able to request that the Department of Motor Vehicles (DMV) suspend the violator's driver's license. Table 5 below lists the number of driver's licenses the Superior Court referred to the DMV for suspension over the past three fiscal years. The number of referrals has increased by 23 percent, or 2,392 over the past two fiscal years.

Table 5: Driver's License Suspensions Referred to DMV

Fiscal Year	Driver's License Suspension Referrals
FY 2012-13	10,588
FY 2013-14	11,878
FY 2014-15	12,980

Source: Superior Court

While the Superior Court submits these referrals to the DMV, they do not track whether or not the DMV actually follows through with suspending the driver's licenses.