

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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March 19, 2010

TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst

SUBJECT: March 25, 2010 Government Audit and Oversight Committee Meeting

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Item 1
File 09-1182

Department:
Municipal Transportation Agency

EXECUTIVE SUMMARY

Legislative Objectives

File 09-1182: Hearing on the Budget and Legislative Analyst's *Management Audit of the Municipal Transportation Agency Proof of Payment Program*, May 2009.

Fiscal Impact

The Budget and Legislative Analyst estimated that implementation of the audit recommendations would save the Municipal Transportation Agency (MTA) approximately \$3.5 million annually. These savings are based on our estimates of reduced costs and increased fine and fare revenues.

Key Points

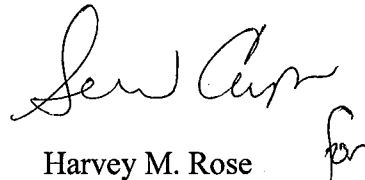
In response to a motion adopted by the Board of Supervisors in June 2008 (Motion No. 08-91), the Budget and Legislative Analyst conducted a management audit to evaluate the effectiveness and efficiency of the Proof of Payment (POP) program. The scope of the management audit included the MTA POP program's planning and evaluation; staffing and deployment; internal controls; and other issues related to fare enforcement.

The MTA requires 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's Transit Fare Inspectors (TFIs) are responsible for inspecting passengers' transit passes or fare receipts and enforcing proof of payment requirements. At the completion of the study, the MTA POP program employed 46 TFIs.

In the study, the Budget and Legislative Analyst found that the MTA had not clearly defined the POP program's objectives, but rather had competing objectives – reducing fare evasion, providing customer service, or increasing transit safety and security –resulting in policies and practices that failed to minimize fare evasion and optimize fare revenue. Also, the MTA POP program did not (1) regularly or adequately evaluate the program or the program's employees; (2) provide sufficient training to employees, putting those employees and MTA passengers at risk; (3) implement the POP program in order to maximize fare compliance or minimize fare evasion; and (4) exhibit sufficient internal controls over citations.

The management audit report includes 9 sections of findings with 56 associated recommendations. The audit recommendations include, but are not limited to, the following: (1) develop a POP program implementation plan focused on encouraging fare compliance and reducing fare evasion; (2) constantly measure and evaluate POP program and staff performance; (3) provide regular training and retraining opportunities to POP program employees; (4) increase the fare evasion penalty for the first citation and implement higher penalties for subsequent citations to encourage compliance; (5) maintain constant staffing in both primary and secondary Muni Metro subway booths to reduce fare evasion; (6) improve the handling of passenger complaints and queries, internal reports concerning staff safety, and citations; and (7) complete a full POP program implementation plan prior to hiring additional staff to expand proof of payment inspections to buses.

The Budget and Legislative Analyst submitted the *Management Audit of the Municipal Transportation Agency Proof of Payment Program* to the Board of Supervisors on May 27, 2009. The MTA Executive Director presented a written response to the Budget and Legislative Analyst on May 27, 2009.



Harvey M. Rose

cc: Supervisor Mar
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Supervisor Alioto-Pier
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