

### **SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY:**

**Parking Meter Collections and  
Citation Fines Equal 96 Percent of  
Expected Revenue, Excluding \$31.1  
Million in Foregone Revenue Given  
Various Legal Exemptions**



*November 13, 2014*

**OFFICE OF THE CONTROLLER  
CITY SERVICES AUDITOR**

The City Services Auditor Division (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that was approved by voters in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office. These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

For questions regarding the report, please contact Director of City Audits Tonia Lediju at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393 or CSA at 415-554-7469.

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# City and County of San Francisco

## Office of the Controller - City Services Auditor

**San Francisco Municipal Transportation Agency: Parking Meter Collections and Citation Fines Equal 96 Percent of Expected Revenue, Excluding \$31.1 Million in Foregone Revenue Given Various Legal Exemptions** November 13, 2014

### Purpose of the Audit

The audit objectives were to identify and analyze barriers that prevent the San Francisco Municipal Transportation Agency (SFMTA) from collecting the maximum potential parking meter revenue and to determine the effectiveness of internal controls over the collection procedures of SFMTA and the contractor, Serco Inc. (Serco).

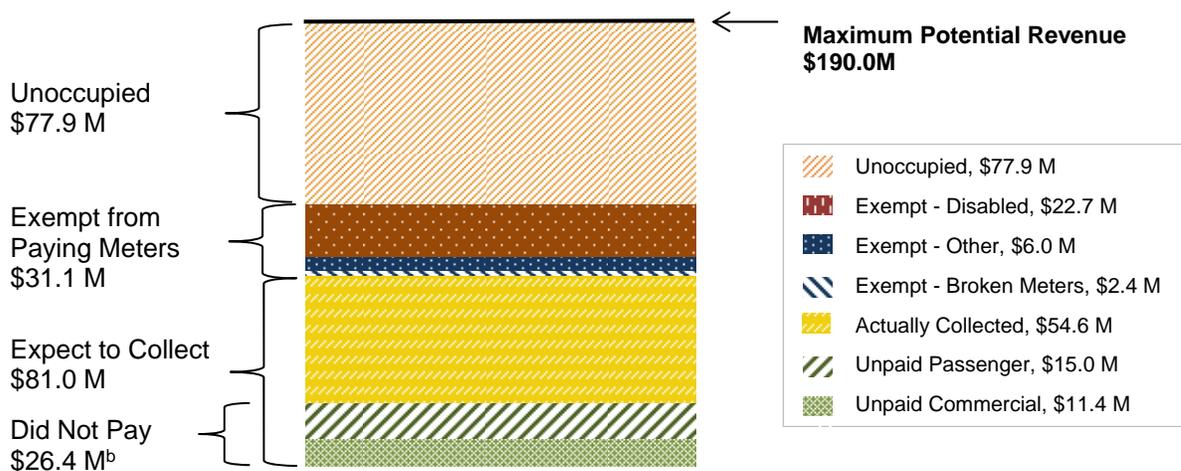
### Highlights

Based on approximately 28,000 on-street city parking meters, the maximum potential revenue SFMTA could collect from its meters in fiscal year 2012-13 was \$190.0 million. However, based on SFpark occupancy data, at any given time approximately 40 percent of the City's 28,000 parking meters (representing \$77.9 million per year) are unoccupied. In addition to unoccupied meters, meters occupied by those exempt from payment reduced the revenue SFMTA could expect to collect by \$31.1 million to \$81.0 million. In fiscal year 2012-13 SFMTA collected parking meter revenue of \$54.6 million and issued citation fines of \$23.2 million, or a total of \$77.8 million, which was 96 percent of the \$81.0 million of expected parking meter revenue.

### Factors That Result in Nonpayment of City Parking Meters, Fiscal Year 2012-13

Description	Amount in Millions
Maximum Potential Parking Meter Revenue	\$190.0
Less Unoccupied Meters	(77.9)
Less Unavailable Meters due to Disabled Placard Holders	(22.7)
Less Unavailable Meters due to Certain Permit Holders and Other Exempt Vehicles	(6.0)
Less Occupied Broken Meters Unable to Collect Revenue	(2.4)
<b>Amount SFMTA Can Expect to Collect</b>	<b>\$81.0</b>

### Factors That Reduce City Parking Meter Revenue<sup>a</sup>



Notes:

<sup>a</sup> Amounts shown are for fiscal year 2012-13. M = million

<sup>b</sup> Although parkers did not pay meters \$26.4 million as required, the City issued related citation fines of \$23.2 million.

## Highlights Continued

Had occupied city meters been fully paid during their operational hours, the meters would have generated \$112.1 million in revenue in fiscal year 2012-13. However, SFMTA only collected \$54.6 million (49 percent) from the meters for the year, resulting in \$57.5 million of potential revenue that was not collected. While the audit determined that Serco has adequate controls surrounding the collection, security, counting, and depositing of parking meter coin revenue, the following nonpayment circumstances reduced the parking meter revenue SFMTA could collect in fiscal year 2012-13:

- Vehicles with disabled placards<sup>1</sup> accounted for an estimated \$22.7 million of nonpayment and comprised 20 percent of occupied on-street city parking meters in fiscal year 2012-13. California is one of just five states that still exempt disabled placard holders from payment and posted time limits at on-street parking meters. Because a disabled placard exempts a parker from paying the meter, this free parking incentive may attract disabled placard abusers who potentially cost the city millions of dollars. The financial benefit that disabled placards provide and the difficulty in citing related abuse makes them susceptible to fraudulent use. Also, the high occurrence of nonpayment from disabled placard holders increases the cost to park for all users and threatens the effectiveness of SFpark's demand-based pricing, which is intended to create availability and improve accessibility.
- Vehicles required to pay for metered parking that did not accounted for an estimated \$26.4 million of nonpayment in fiscal year 2012-13. Although this was offset by the issuance of \$23.2 million in related parking meter citation fines, increasing enforcement and aligning citation fines with the price of parking may discourage nonpayment.
- Parking meters occupied or made unavailable due to construction permits, temporary signage permits, special events, various vehicle permits, and exempt vehicles resulted in an estimated \$6.0 million of nonpayment in fiscal year 2012-13. Of this amount, at least \$1.3 million was lost because SFMTA's \$6 base rate for meter space fees related to temporary signage and construction permits does not recover the maximum potential revenue of a meter and because the San Francisco Transportation Code prevents SFMTA from charging a fee for each meter made unavailable by construction.
- SFMTA does not efficiently track reported broken parking meters, impeding its ability to determine whether meters are repaired in a reasonable length of time and to properly assess the revenue impact of broken meters. Although the audit estimated that lost revenue in fiscal year 2012-13 due to broken meters to be \$4.0 million, once adjusted for meter occupancy, it is estimated that approximately \$2.4 million of this actually resulted from nonpayment at broken meters that are occupied but unable to collect revenue.

## Recommendations

The report includes 16 recommendations, including that SFMTA should:

- Continue its efforts to assess the impact of misused disabled placards and consider reaching out to other jurisdictions struggling with comparable issues related to their abuse, and work with members of the state legislature to amend state law so that disabled placard holders are required to pay at parking meters.
- Consider the feasibility of a combination of enforcement practices, citation rates, meter space fees, and improved internal controls to maximize parking meter revenue.
- Consolidate reports of broken meters including complaints from 311 in a format that can be analyzed, and compare broken meter activity to the consolidated reports to assess the length of time it takes to repair or replace broken meters and whether this duration is reasonable.

*Copies of the full report may be obtained at:*

*Office of the Controller • City Hall, Room 316 • 1 Dr. Carlton B. Goodlett Place • San Francisco, CA 94102 • 415.554.7500  
or on the Internet at <http://www.sfgov.org/controller>*

<sup>1</sup>The term *disabled placards* is used in this report to mean placards or license plates issued by the State of California (and other states) to persons with disabilities.



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

November 13, 2014

Board of Directors  
San Francisco Municipal Transportation Agency  
1 South Van Ness Avenue, 7<sup>th</sup> Floor  
San Francisco, CA 94103

Mr. Edward D. Reiskin  
Director of Transportation  
San Francisco Municipal Transportation Agency  
1 South Van Ness Avenue, 7<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Board Chairman, Board Members, and Mr. Reiskin:

The Office of the Controller's City Services Auditor Division (CSA) presents its audit report on the parking meter revenues of the San Francisco Municipal Transportation Agency (SFMTA). The audit objectives were to identify and analyze the barriers that prevent SFMTA from collecting the maximum potential parking meter revenue and to determine the effectiveness of internal controls over the collection procedures of SFMTA and the contractor, Serco Inc. (Serco).

The audit found that in fiscal year 2012-13 SFMTA collected \$54.6 million in parking meter revenue and issued \$23.2 million in citation fines related to meters. Together, this was \$77.8 million, or 96 percent of the \$81.0 million of expected meter revenue. Based on approximately 28,000 on-street city meters, the annual maximum potential revenue SFMTA could collect from its meters was \$190.0 million. However, based on SF*park* occupancy data, at any time approximately 40 percent of the City's meters are unoccupied, resulting in \$77.9 million yearly that cannot be collected. In addition to unoccupied metered spaces, meters occupied by those exempt from payment reduced the revenue SFMTA could expect to collect by \$31.1 million to \$81.0 million in fiscal year 2012-13.

Had occupied city meters been fully paid during their operational hours, the meters would have generated \$112.1 million in revenue for the year. However, the City only collected \$54.6 million, or 49 percent, resulting in \$57.5 million of potential meter revenue that was not collected. The report discusses the following nonpayment circumstances that deprived the City of a significant portion of potential parking meter revenue that was not realized:

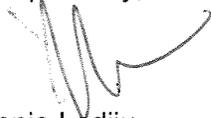
- Vehicles with disabled placards, which accounted for an estimated \$22.7 million of nonpayment and comprised 20 percent of occupied on-street city parking meters. The high occurrence of nonpayment resulting from these vehicles increases the cost to park for all users and threatens the effectiveness of SF*park*'s demand based pricing which is intended to create availability and improve accessibility.
- Vehicles that did not pay as required at meters, which accounted for an estimated \$26.4 million of nonpayment. This was offset by the \$23.2 million in parking meter citation fines.

- Meters occupied or made unavailable due to construction permits, temporary signage permits, special events, various vehicle permits, and exempt vehicles, which resulted in an estimated \$6.0 million of nonpayment.
- SFMTA does not efficiently track reported broken meters, which impedes its ability to determine whether meters are repaired in a reasonable length of time and to properly assess the revenue impact of broken meters. Although the audit estimated that lost revenue due to broken meters to be \$4.0 million, once adjusted for meter occupancy, it is estimated that approximately \$2.4 million of this actually resulted from nonpayment at broken meters that are occupied but unable to collect revenue.

The report includes 16 recommendations, including for SFMTA to continue its efforts to assess the impact of misused disabled placards and consider reaching out to other jurisdictions struggling with comparable issues related to their abuse, along with working with members of the state legislature to amend state law so that disabled placard holders are required to pay at parking meters. Also, although the audit determined that Serco has adequate controls surrounding the collection, security, counting (via automated coin counting machine), and depositing of parking meter coin revenue, SFMTA should consider the feasibility of a combination of enforcement practices, citation rates, meter space fees, and improved internal controls to maximize parking meter revenue.

CSA appreciates the assistance and cooperation of SFMTA and Serco staff during the audit. For questions about the report, please contact me at [Tonia.Lediju@sfgov.org](mailto:Tonia.Lediju@sfgov.org) or 415-554-5393 or CSA at 415-554-7469.

Respectfully,



Tonia Lediju  
Director of City Audits

cc: Board of Supervisors  
Budget Analyst  
Citizens Audit Review Board  
City Attorney  
Civil Grand Jury  
Mayor  
Public Library

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## GLOSSARY OF TERMS

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311	311 Customer Service Center
Building Inspection	Department of Building Inspection, City and County of San Francisco
City	City and County of San Francisco
Committee	Accessible Parking Policy Advisory Committee
Construction meter fee	Meter space fees associated with Temporary Exclusive Use of Parking Meter Permits issued by the Department of Building Inspection and Department of Public Works for construction work
CSA	City Services Auditor Division, Office of the Controller
Disabled placard	Disabled parking placard or license plate
DMV	Department of Motor Vehicles, State of California
FAMIS	Financial Accounting and Management Information System
GMP	General Metered Parking
ISCOTT	Interdepartmental Staff Committee on Traffic and Transportation
Meter space fee	Fee for rendering a parking meter inaccessible due to construction (construction meter fee) or temporary signage (temporary signage meter fee)
MMS	Meter Management System
Muni	San Francisco Municipal Railway, part of San Francisco Municipal Transportation Agency
PayByPhone	Mobile payment service accepted by all city meters, which is provided by Verrus Mobile Technologies, Inc., also known as PayByPhone
PCO	Parking control officer
Port	Port Commission of the Port of San Francisco
Public Works	San Francisco Department of Public Works
Serco	Serco Inc.
SFMTA	San Francisco Municipal Transportation Agency
SF <i>park</i>	City and County of San Francisco's smart parking meter program
SFPM	San Francisco Parking Management system
Temporary signage meter fee	Meter space fees associated with temporary signage permits issued by San Francisco Municipal Transportation Agency
Transportation Code	San Francisco Transportation Code
Treasurer	Office of the Treasurer and Tax Collector

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## INTRODUCTION

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### Audit Authority

This audit was conducted under the authority of the Charter of the City and County of San Francisco (City), Section 3.105 and Appendix F, which requires that the City Services Auditor (CSA) of the Office of the Controller conduct periodic, comprehensive financial and performance audits of city departments, services, and activities. CSA performed this audit at the request of the San Francisco Municipal Transportation Agency (SFMTA) to parallel a previous audit CSA performed—the report of which was issued in 2007<sup>2</sup>—which found that SFMTA collected 91 percent of expected parking meter revenue.

### Background

SFMTA plans, designs, builds, operates, regulates, and maintains the City's transportation networks. SFMTA oversees five transit modes (bus, trolley bus, light rail, historic streetcar, and cable car), paratransit services, and four modes of transportation (transit, walking, bicycling, and driving).<sup>3</sup>

Parking meter revenue is a significant source of revenue for SFMTA and involves multiple units within two divisions: the Sustainable Streets Division and the Finance and Information Technology Division. In fiscal year 2012-13 parking meter revenue, including parking meter citation fines issued, totaled \$77.8 million and represented almost 10 percent of SFMTA's budgeted operating revenue for the fiscal year.

*Meters are used by SFMTA to ensure a minimum level of parking availability.*

SFMTA uses a combination of parking meters, parking permits, time limits, and color curb regulations—all enforced by parking control officers—to manage on-street parking. The San Francisco Transportation Code (Transportation Code) establishes SFMTA's authority in several areas, including managing and regulating the City's parking meters. Parking meters are used where high parking demand or zoning imply a need for active parking management to ensure a minimum level of

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<sup>2</sup> CSA report entitled *San Francisco Municipal Transportation Agency: Combined Revenue from Parking Meters and Citations Equals 91 Percent of Expected Parking Meter Revenues* issued May 17, 2007.

<sup>3</sup> Driving includes private vehicles, taxis, carsharing, commercial vehicles, and on- and off-street parking.

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parking availability to improve access, promote commercial activity, discourage long-term car storage, and anticipate future parking problems.

*SFMTA enforces parking on behalf of the Port.*

Under the Burton Act<sup>4</sup> and city Charter, the Port Commission (Port), which administers the Port of San Francisco, is responsible for governing metered parking within its jurisdiction. However, the Port enforces parking regulations on its property through SFMTA.

Exhibit 1 lists the most common types of city parking meters.

<b>EXHIBIT 1 Most Common Types of City Parking Meters</b>	
<b>Meter Color</b>	<b>Who Can Use It</b>
Grey (Regular)*	Any vehicle
Green*	Any vehicle (limited to 15 or 30 minutes)
Red	Commercial vehicles with at least six wheels
Yellow	Commercial vehicles
Black	Motorcycles only

\*Note: Vehicles displaying disabled placards are exempt from time limits and paying at these meters.

Source: SFMTA

According to the Transportation Code, the director of transportation is authorized to determine the:

- (a) Rate to be charged at any meter at any time.
- (b) Times and days during which deposit of valid payment at a parking meter is required.
- (c) Maximum period permitted for parking at any parking meter.
- (d) Parking meter technology to be used by SFMTA.

SFMTA abides by requirements in the Transportation Code and the California Vehicle Code. The provisions of the Transportation Code must be consistent with the California Vehicle Code.

<sup>4</sup>In 1968 the state transferred its responsibilities for the San Francisco waterfront to the City and County of San Francisco through the Burton Act. As a condition of the transfer, the state required the city to create a Port Commission that has the authority to manage the San Francisco waterfront for the citizens of California. Although the Port is a city department, it receives no financial support from the City and primarily relies on the leasing of its property for its revenues.

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*SFpark meters have replaced many existing meters, allowing for more payment options and wireless communication capabilities.*

The SFpark pilot program<sup>5</sup> received funding from the U.S. Department of Transportation Urban Partnership Program and the Metropolitan Transportation Commission to implement improved parking management strategies. The program included the replacement of older parking meters, which were unable to physically accept credit and debit card payments, with new meters that allow for credit and debit card payments, in addition to coin, parking meter cards, and the PayByPhone mobile service. The new meters also have real-time wireless communication capabilities for maintenance needs and meter programming, including occupancy and rate information.

*SFMTA launched variable meter pricing with SFpark.*

SFMTA implemented variable pricing of metered parking with the SFpark smart parking meter program in 2011. To ensure parking availability, SFpark determines the optimal price to charge for parking in different areas<sup>6</sup> and at different times of day. Parking prices are incrementally raised or lowered in SFpark pilot areas based on demand. The new technology and policies aim to reduce traffic by helping drivers find parking spaces more quickly.

In April 2014 the City had approximately 28,000<sup>7</sup> metered parking spaces. Historically meters allowed 15-minute, 30-minute, one-hour, two-hour, four-hour, and all-day parking. However, in January 2013 all one-hour parking meters had their time limits increased to at least two hours. Of the 28,000 metered spaces, approximately 25,000 (89 percent) have single-space meters<sup>8</sup> and the remaining 3,000 (11 percent) use multispace meters.<sup>9</sup> The 28,000 metered spaces include 2,188 (8 percent) designated for motorcycles.

Article 400 of the Transportation Code establishes parking meter areas and their corresponding hourly meter rates, which are shown in Exhibit 2.

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<sup>5</sup> The SFMTA Board of Directors approved the resolution to implement the SFpark pilot projects in 2008, which included various stages of implementation.

<sup>6</sup> The Port partnered with SFMTA to participate in the SFpark pilot project.

<sup>7</sup> According to SFMTA, the exact number of meters can vary daily and the San Francisco Parking Management System (SFPM) does not maintain historical meter counts.

<sup>8</sup> A single piece of equipment receives and manages customer payment for a metered parking space.

<sup>9</sup> A single piece of equipment receives and manages customer payment for multiple metered parking spaces.

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**EXHIBIT 2**    **Parking Meter Areas, Locations, Rates, and Counts**  
**June 30, 2013**

Area <sup>a</sup>	Location	SFpark Hourly Rate Range	Non-SFpark Hourly Rate Range	Number of Meters
Area 1	Northeast sector of the City, including the Financial District, portions of South of Market, and the Embarcadero	\$0.25-6.00	\$1.00-3.50	4,676
Area 2	Civic Center and the lower portion of South of Market		1.00-3.00	4,177
Area 3	Neighborhood commercial districts		0.25-2.00	15,879
Area 4	Fisherman's Wharf		1.00-3.00	550
Citywide <sup>b</sup>	Motorcycle meters		0.05-0.70	2,188
Citywide	San Francisco General Hospital (General Hospital) and Off-street <sup>c</sup> meters		2.00-3.00	567
<b>Total number of metered spaces</b>				<b>28,037</b>

Notes:

- <sup>a</sup> According to the Transportation Code, there is also an Area 5, which is for SFpark pilot areas: Downtown, Civic Center, Fisherman's Wharf, Marina, Fillmore, South Embarcadero, and Mission. These meters are included in Area 1, 2, 3, or 4, based on their location.
- <sup>b</sup> Rates for motorcycle parking meters are between one-fifth the minimum and maximum parking meter rates applicable to automobiles for that parking meter area.
- <sup>c</sup> Although not included in Article 400 of the Transportation Code, General Hospital and off-street locations include city parking meters that collect revenue.

Source: Transportation Code and SFMTA

*Parking meters can be paid with coins, debit and credit cards, SFMTA Parking Cards, or by PayByPhone.*

Payments at parking meters,<sup>10</sup> can be made using any of the following methods:

- Coins, which are accepted by all city meters.
- Debit and credit cards, which are accepted by the new electronic meters. As part of the SFpark program, SFMTA is now replacing all parking meters that cannot accept debit and credit cards with electronic meters that do. In April 2014 debit and credit cards were accepted at 23 percent of city parking meters. SFMTA expects that these new

<sup>10</sup> *Parking meter collections* is used in this report to mean payments made at parking meters. In contrast, *parking meter revenues* include fines levied (but not necessarily paid) for parking citations issued for parking meter-related violations.

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meters will be installed citywide by December 2014.

- PayByPhone, which is accepted by all city meters. Customers can call the toll-free number or use the PayByPhone app to pay or add time without returning to the meter (subject to time limit restrictions), receive a reminder message when time is almost up, and download receipts online. The service is provided by Verrus Mobile Technologies, Inc., also known as PayByPhone (PayByPhone), at no cost to the City, as the provider adds a 45¢ service fee per transaction.
- SFMTA Parking Card, which is accepted by all city meters. Cards costing \$20 and \$50 can be purchased from specified merchant locations or online. There is no expiration date on the use of the cards.

Exhibit 3 shows the revenue from parking meter collections in fiscal year 2012-13.

**EXHIBIT 3 City Parking Meter Collections  
 Fiscal Year 2012-13**



Note: SFMTA also collected parking meter revenue of \$1.4 million from other sources.

Source: SFMTA

*Serco provides the City with meter collection and coin counting services.*

The City has a \$43.4 million contract with Serco for parking meter coin collection, counting, and support services. The five-year contract was established in August 2012 and has an option to extend the term for up to four additional years (through July 2021) at the

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discretion of SFMTA. Under the contract, Serco is responsible for coin and data collection services, coin counting services, and database administration support services, among other responsibilities.

In fiscal year 2012-13 credit and debit card payments were accepted and processed by single-space parking meters supplied by IPS Group, Inc., and multispace parking meters supplied by Duncan Solutions.<sup>11</sup> Payments through the PayByPhone service are processed under the PayByPhone contract. Parking meter card payments are processed by SFMTA's Revenue Collections and Sales unit and Accounting and Operating Budget unit.

The San Francisco Parking Management system (SFPM) is a database and information system that provides maintenance and revenue information for all parking meters under SFMTA's purview. Transaction data from meters is transmitted wirelessly (with new meters only) to SFPM in a batched manner daily. SFMTA uses SFPM to review and monitor revenue collected at the individual meter level, by collection route, and by type of payment (that is, coin, credit and debit card, PayByPhone, or parking meter card).

*Other sources of parking meter revenue*

In addition to meter collections, SFMTA generates parking meter revenue by collecting meter space fees, meter-related citation fines, city department/employee lot rental revenue, and other meter revenue sources.

Parking meter space fees associated with parking permits and signage (meter space fee) are assessed if a meter is affected by an SFMTA issued tow-away sign. Temporary tow-away signs can be obtained for use during construction work or for other temporary events. Vehicles unauthorized to park in the tow-away zone are subject to towing. In addition to charges associated with obtaining certain temporary tow-away signage, meter space fees may be assessed. In fiscal year 2012-13 the base rate for both fees was \$6 and was increased to \$7 effective July 1, 2013.

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<sup>11</sup> The SFpark pilot program included the replacement of both single space and multispace meters so that they may accept debit and credit cards as one of the payment methods. In September 2013 MacKay Meters, Inc., was contracted to supply multispace parking meters.

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The following are the two types of meter space fees that can be assessed:

- Construction meter fee<sup>12</sup> is charged when a construction permit<sup>13</sup> provides for temporary exclusive use of a parking meter. This fee is based on 25 linear feet of construction frontage per day, including weekends and holidays, and is collected by the Department of Public Works (Public Works) and Department of Building Inspection (Building Inspection).
- Temporary signage meter fee<sup>14</sup> is charged when a meter is rendered inaccessible to parking due to activities that are unrelated to construction or major events under the Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT).<sup>15</sup> SFMTA may issue temporary signage for activities involving special events, residential moves, and other similar needs. The fee is assessed per metered parking space per day by SFMTA.

City department parking permits allow city vehicles to park at metered and non-metered spaces, including in residential parking permit areas, for the posted time limits.

Meter bagging fees are generated through the use of meter bags to block meter availability during events held at the War Memorial Opera House and Performing Arts

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<sup>12</sup> The Transportation Code, Section 904, indicates that the Temporary Exclusive Use of Parking Meters fee is used for purposes such as building or roadway construction activities, use of debris boxes, storage of materials or equipment, and related purposes as the director of transportation deems appropriate.

<sup>13</sup> The Public Works Code, Section 724, indicates that Street Space Occupancy Permits are required for occupying any part of the street or sidewalk for building construction operations or for any other purpose.

<sup>14</sup> The Transportation Code, Section 312, indicates that the Parking Meter Use Fee is charged when a parking meter is rendered inaccessible due to non-construction activities that do not require a Temporary Exclusive Use Parking Meter Permit or a Temporary Use or Occupancy of Public Streets permit pursuant to the Transportation Code, Article 6.

<sup>15</sup> The Transportation Code, Article 6, includes major events under ISCOTT, for which permit charges and meter use fees are not assessed. According to the Transportation Code, Section 6.3, major events are defined as those events, including athletic events and street fairs, involving any of the following: the use or occupancy of more than five blocks, the expected attendance or participation of more than 1,000 people at any one time, the rerouting of more than three Municipal Railway transit lines, any sports event with expected attendance more than 50,000 people, or any parade governed by the provisions of the Police Code, Section 366 et seq.

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Center. The fee per meter<sup>16</sup> bagged is \$4 per half day or \$8 per full day.

Municipal Railway (Muni) employee lots are designated parking lots for Muni employees only and generate meter revenue.<sup>17</sup>

*Permits that indirectly impact parking meter revenue.*

Because it charges a fee for certain parking permits that allow vehicles to occupy a city parking space for a specified period, SFMTA does not require the holders of these permits also to pay parking meter use fees. This is because these permits allow vehicles to occupy both metered parking spaces and non-metered spaces, including in residential parking permit areas. Permits issued by SFMTA include:

- Contractor parking permits issued to commercial vehicles used by a business holding a California contractor's license for a trade related to construction or pest control services. Vehicles possessing a contractor's permit are allowed to park at parking meters, subject to the restrictions detailed in the Transportation Code.
- Press vehicle parking permits issued to news organizations, media outlets, freelance reporters, or photographers with a current press pass issued by the Police Department. The press vehicle parking permit exempts the holder from parking restrictions at parking meters, as well as other parking areas, while actively engaged in news gathering activities.
- Vanpool permits issued to vans that transport 7 to 15 people, allowing the driver to park at designated spaces for vanpool parking or any signed or metered space with a time limit of an hour or more for an unlimited duration.<sup>18</sup>
- Car Share vehicle parking permits issued to the participants of qualified Car Share organizations.

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<sup>16</sup> Count of meters is self-reported quarterly and paid to SFMTA by check.

<sup>17</sup> Revenue generated from Muni employee lots, which are not available to the public for parking, was excluded from the audit's analyses.

<sup>18</sup> Except for zones that have rush hour tow-away times or other restrictions.

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The permit allows the holder to park at designated on-street parking spaces established by SFMTA. The permit exempts the holder from applicable time limits for residential parking permit areas, street cleaning parking restrictions, and payment at parking meters when parked in these designated parking spaces.

- Farmer’s Market Truck parking permits allow vehicles to park for any period of time at certain times and locations without depositing payment in adjacent parking meters.

*Parking meter-related fines of \$23.2 million were imposed through parking citations in fiscal year 2012-13.*

SFMTA’s Parking Enforcement Division is responsible for enforcing parking laws and issuing citations for violations. According to SFMTA’s enforcement manager, in fiscal year 2012-13 there were approximately 270 parking control officer (PCO) positions in the division.

Meter-related citation revenue derived from citations issued by Parking Enforcement operations is a significant portion of total parking meter revenue. In fiscal year 2012-13 the City issued citations for parking meter-related violations that carried \$23.2 million of fines.

Exhibit 4 lists the main types of parking meter-related violations, the corresponding fine amounts, and the total amounts of fines associated with citations for these violations at city parking meters in fiscal year 2012-13.

<b>EXHIBIT 4</b>	<b>City Parking Meter Citations and Fines Fiscal Year 2012-13</b>
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Transportation Code Section(s)	Description	Fine Amount	Citation Fines Issued <sup>a</sup>
Div. I 7.2.23(b)	Parking Meter <sup>b</sup> – Outside Downtown Core	\$62	\$14,680,715
Div. I 7.2.23(a)	Parking Meter <sup>b</sup> – Downtown Core	72	8,181,368
Div. I 7.2.65	Overtime Parking – Off-Street Parking Meter	62	355,591
Div. I 7.2.37	Motorcycle Parking <sup>c</sup>	98	17,640
<b>Total Citation Fines Issued</b>			<b>\$23,235,314</b>

Notes:

<sup>a</sup> Value of the fines associated with the violations is shown, not the amount of fines collected. Excludes penalty fines, moving violations cited at parking meters, and disabled placard/plate violations.

<sup>b</sup> Includes overtime meter violations (vehicle is parked beyond the meter’s posted time limit) and expired meter violations (vehicle is parked at a meter that indicates that the paid time has expired).

<sup>c</sup> This violation is for parking a vehicle other than a motorcycle in a space designated for motorcycles. (The audit only included citation revenue for violations at metered motorcycle parking spaces.)

Source: Transportation Code

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Violations other than those shown in Exhibit 3 can occur at both metered and non-metered parking spaces. Amounts cited for such violations may not be associated with parking meters. Exhibit 5 lists some of these violations and associated fines.

**EXHIBIT 5**    **Parking Meter Citations and Fines**  
**Fiscal Year 2012-13**

Transportation Code Section(s)	Description	Fine Amount
Div. I 7.2.44, Div. I 7.2.66	Misuse of Disabled Parking Placard/License Plate	\$966
Div. I 7.2.26	Curb Parking – Yellow Zones	83
Div. I 7.2.28	Curb Parking – Green Zones	72

Source: Transportation Code

*Certain circumstances exempt parkers from paying at parking meters.*

Except for Thanksgiving Day, Christmas Day, and New Year's Day,<sup>19</sup> city parking meters are enforced Monday through Saturday throughout the year. Beginning in January 2013 meters were also enforced on Sundays.<sup>20</sup> All vehicles that occupy a metered parking space must pay the parking meter immediately except for:

- Vehicles displaying a valid SFMTA parking permit unless the vehicle is parked in a yellow zone.
- News-gathering vehicles when the employee is on duty and the vehicle is parked at least a half-mile from the employee's place of employment or residence.
- On-duty, city-contracted garbage and recycling vehicles.
- Consular corps vehicles with plates issued by the U.S. State Department.
- Vehicles owned or operated by, for, or under contract with a utility used in the construction, operation, removal, or repair of utility facilities.
- Vehicles displaying a valid disabled placard.
- Vehicles displaying special veteran license plates.
- Authorized emergency vehicles.

<sup>19</sup> Meters on Port property are enforced based on the holiday schedule prescribed by the Port.

<sup>20</sup> Sunday enforcement of city parking meters ceased effective July 1, 2014.

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**Objectives**

The audit objectives were to:

1. Identify and analyze the barriers that prevent SFMTA from collecting the maximum potential parking meter revenue.
2. Determine the effectiveness of internal controls over parking meter revenue collection used by SFMTA and the contractor, Serco.

**Scope and Methodology**

The scope of this audit is SFMTA parking meter revenues in fiscal year 2012-13. This audit does not address revenue generated by parking meters controlled by the Port or parking meter revenue collected in SFMTA parking lots.

To conduct this audit, CSA:

- Reviewed SFMTA and Serco policies and procedures, key system-generated reports, accounting records, organizational charts, and reconciliation accuracy, when such documents were available.
- Followed up with Serco regarding implementation of recommendations made in a 2007 management letter regarding Serco's internal controls.
- Interviewed key SFMTA and Serco personnel.
- Reviewed and gained an understanding of contract terms and conditions.
- Accompanied SFMTA staff in the field to observe the performance of SFMTA and Serco employees' duties and responsibilities.
- Visited Serco's coin-sorting facility to observe coin collection and counting procedures and controls.
- Reconciled a sample of daily and monthly revenue collections.
- Analyzed parking meter collections and citation revenue trends.
- Analyzed and interpreted SFMTA's 2012 parking turnover study.
- Reviewed and analyzed reports from SFPM, SF*park*, and the City's Financial Accounting and Management Information System (FAMIS).

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*SFMTA's 2012 parking turnover, occupancy, and compliance study.*

In July 2012 SFMTA performed a study that measured parking turnover, occupancy, and compliance with parking and traffic regulations in selected locations across the City. (See Appendix A for detailed information on this study). The audit team used data collected by SFMTA for that study to estimate factors of city parking meter occupancy and payment trends for fiscal year 2012-13.

To verify the reliability of the SFMTA study data, the audit team observed the same blocks that were surveyed by SFMTA on New Montgomery and Hayes streets and noted no significant variances. Further, the audit analyzed multiple factors impacting the amount of parking meter revenue that SFMTA can expect to collect. These factors include:

- Vehicles exempt from paying the meter.
- Drivers who do not pay the meter as required.
- The number of parking meter citations issued.

**Statement of Auditing Standards**

This performance audit was conducted in accordance with generally accepted government auditing standards. These standards require planning and performing the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. CSA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

## CHAPTER 1 – Barriers That Prevent SFMTA From Collecting Potential Parking Meter Revenue

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### Summary

Although the maximum potential revenue that could have been realized from the City's parking meters in fiscal year 2012-13 was \$190.0 million, the City should have expected to collect only \$81.0 million due to meters that are unoccupied, occupied by vehicles that are exempt from payment, unavailable, or broken. In fiscal year 2012-13 SFMTA collected \$54.6 million in parking meter revenue<sup>21</sup> and issued \$23.2 million in citation fines related to city parking meters. Together, this was \$77.8 million, or 96 percent of the \$81.0 million the City should have expected to collect from parking meters.

### *Nonpayment at parking meters impacted SFMTA's ability to collect parking meter revenue.*

Had occupied meters been fully paid during the meters' operational hours, the meters would have generated \$112.1 million in parking meter revenue. However, the City only collected \$54.6 million, resulting in \$57.5 million of potential parking meter revenue that was not collected. This nonpayment at parking meters impacted SFMTA's ability to collect parking meter revenue.

The audit found that vehicles with disabled placards comprised 40 percent of all nonpayment by vehicles parked at parking meters, representing an estimated \$22.7 million in lost revenue in fiscal year 2012-13. California is one of just five states that still exempt disabled placard holders from payment and posted time limits at on-street parking meters. Because a disabled placard exempts a parker from paying the meter, this free parking incentive may attract disabled placard abusers who potentially cost the city millions of dollars.

The high occurrence of legal nonpayment from disabled placard holders not only results in lost revenue to the City, but also threatens the effectiveness of SFpark's demand-based pricing, which aims to improve accessibility, and increases the cost to park at parking meters for all users. In areas and at times when it is

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<sup>21</sup> Excluding parking meter revenue generated from Muni employee parking lots, which are not available to the public.

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difficult to find a parking space, *SFPark* incrementally increases parking meter rates to create availability and improve accessibility. Because drivers with disabled placards can park for free for up to 72 hours, raising prices based on demand may not reduce occupancy because price is irrelevant to disabled placard holders. Also, parkers without this payment exemption who are willing to pay will be charged higher rates.

In fiscal year 2012-13 an estimated \$26.4 million of nonpayment resulted from vehicles required to pay for metered parking that did not. Although this was offset by the issuance of \$23.2 million in parking meter citation fines, increasing enforcement and aligning citation fines with the price of parking may discourage nonpayment.

Meters occupied or made unavailable due to construction permits, temporary signage permits, special events, various vehicle permits, and exempt vehicles resulted in an estimated \$6.0 million of nonpayment. Of this amount, at least \$1.3 million was lost because SFMTA's \$6 base rate for meter space fees related to temporary signage and construction permits does not recover the maximum potential revenue of a parking meter and because the San Francisco Transportation Code prevents SFMTA from charging a fee for each parking meter made unavailable by construction.

Last, SFMTA does not efficiently track reported broken meters, impeding its ability to determine whether meters are repaired in a reasonable length of time and to properly assess the impact broken meters have on meter revenue. However, although it is estimated that lost revenue due to broken parking meters totaled \$4.0 million, approximately \$2.4 million of this actually resulted in nonpayment of broken meters that are occupied but unable to collect revenue. SFMTA anticipates that the frequency of broken meters will decrease as older parking meters are replaced with new electronic meters.

**Finding 1**

**The maximum potential annual meter revenue of \$190.0 million does not take into account meters that are unoccupied, occupied by vehicles that are exempt from payment, unavailable, or broken.**

Based on SFPM<sup>22</sup> parking meter inventory data, there are approximately 28,000 public metered parking spaces. The total amount that the City could collect (“the maximum potential revenue”) from its meters in fiscal year 2012-13 approximated \$190.0 million.<sup>23</sup>

To manage the supply of parking and to make parking reasonably available when and where needed, SFMTA has set an occupancy target of 60-80 percent. At any point in time, the parking occupancy rate can be calculated as the share of total available spaces that are occupied.

Based on SF*park* occupancy data collected during a pilot period<sup>24</sup> in fiscal year 2012-13, approximately 40 percent, or \$77.9 million, of the City’s 28,000 parking meters were unoccupied. In addition to unoccupied metered spaces, meters occupied by those exempt from payment reduced the revenue SFMTA could expect to collect by \$31.1 million, to \$81.0 million. Exhibit 6 lists these factors, while Exhibit 7 graphically portrays how the maximum potential revenue decreased based on these factors.

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<sup>22</sup> San Francisco Parking Management system

<sup>23</sup> Maximum potential meter revenue for fiscal year 2012-13 was calculated based on the number of city meters, the number of enforcement hours for those meters, and the hourly meter rates.

<sup>24</sup> During the SF*park* pilot period, SFMTA measured parking occupancy of 8,228 meters using continuous data from parking sensors and calculated occupancy in units of seconds. This information was filtered through SFMTA’s database of parking meter configurations and regulations to calculate the General Metered Parking (GMP) occupancy rate. The GMP occupancy rate only considers metered time that was available for parking to the general public and where parking was unavailable due to restrictions such as commercial loading or peak period tow-away times.

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**EXHIBIT 6 Factors That Result in Nonpayment of City Parking Meters  
 Fiscal Year 2012-13**

Description	Amount (in Millions)
<b>Maximum Potential Parking Meter Revenue</b>	<b>\$190.0</b>
Less Unoccupied Metered Spaces	(77.9)
Less Unavailable Meters due to Disabled Placard Holders	(22.7)
Less Unavailable Meters due to Certain Permit Holders <sup>a</sup> and Other Exempt Vehicles <sup>b</sup>	(6.0)
Less Occupied Broken Meters Unable to Collect Revenue	(2.4)
<b>Amount SFMTA Should Expect to Collect</b>	<b>\$81.0</b>

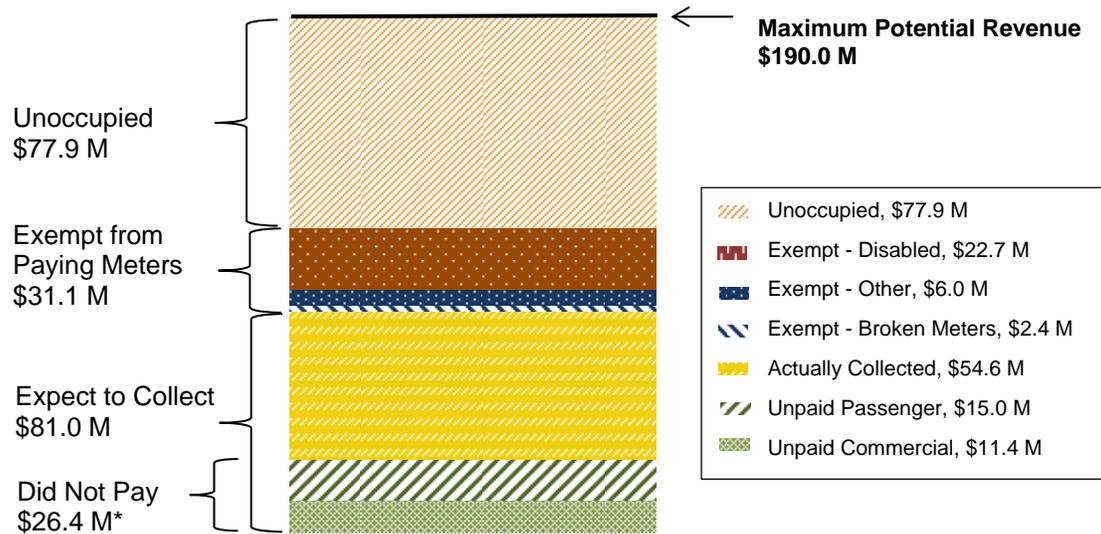
Notes:

<sup>a</sup> Permits include temporary signage for construction-related activities, special events, commercial and residential moves, and other similar needs, as well as contractor, farmer's market, press, and Car Share permits.

<sup>b</sup> Other exempt vehicles include on-duty city-contracted garbage and recycling vehicles, utility vehicles, and consular corps vehicles with plates issued by the U.S. State Department.

Source: Auditor's analysis of SFMTA's 2012 Occupancy Study, SFPM, FAMIS, and SFpark data.

**EXHIBIT 7 Effect of Factors That Reduce Parking Meter Revenue**



Note: \*Although parkers were required to pay \$26.4 million in meter fees but did not, the City issued related citation fines totaling \$23.2 million.

Source: Auditor's analysis of SFMTA's 2012 Occupancy Study, SFPM, FAMIS, and SFpark data

*The City collected 96 percent of the expected parking meter revenue.*

Combining parking meter collections of \$54.6 million and related citation fines issued of \$23.2 million, the City collected \$77.8 million in fiscal year 2012-13, or 96 percent of the \$81.0 million of expected parking meter revenue. Although \$26.4 million in parking meter revenue

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was not paid as required in fiscal year 2012-13, fines from city parking meter citations of \$23.2 million offset 88 percent of this unpaid revenue. In fiscal year 2012-13, 356,829 citations for parking meter violations were issued<sup>25</sup>, with fine amounts of \$62 or \$72, depending on the violation type and the meter zone.

Had occupied meters, which were almost 60 percent of the City's 28,000 parking meters, been fully paid during the meters' operational hours, the meters would have generated \$112.1 million in parking meter revenue. Of this amount, the City collected \$54.6 million or 49 percent, resulting in \$57.5 million of potential parking meter revenue that was not collected. The following nonpayment circumstances deprive the City of a significant portion of potential parking meter revenue that is not realized. Specifically, in fiscal year 2012-13:

- Disabled placards accounted for \$22.7 million (40 percent) of nonpayment of parking meter fees.
- Vehicles required to pay for metered parking that did not, accounted for \$26.4 million (46 percent) of nonpayment. However, this lost revenue was mostly offset by the \$23.2 million in fines that resulted from some of these vehicles being cited.
- \$4.7 million (8 percent) of the nonpayment resulted from meters occupied or made unavailable due to special events, temporary signage permits, various vehicle permits, and exempt vehicles.
- Meters occupied by construction work accounted for \$1.9 million of occupancy. However, only \$0.6 million in parking meter revenue was collected, resulting in \$1.3 million (2 percent) of nonpayment.
- Broken meters accounted for \$2.4 million (4 percent) of nonpayment. However, SFMTA anticipates that this amount will decrease as more of the older parking meters are replaced with new electronic meters, which can track broken meter downtime.

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<sup>25</sup> PCOs issued more than 99 percent of all parking meter citations in fiscal year 2012-13.

**Finding 1.1**

**The use and abuse of disabled placards is one of the primary reasons the City does not collect more parking revenue, accounting for \$22.7 million worth of metered parking exempt from payment.**

Vehicles with disabled parking placards or license plates (disabled placards) account for 20 percent of the occupancy of on-street city parking meters and represent 40 percent of all nonpayment by vehicles parked at parking meters, or an estimated \$22.7 million in lost revenue in fiscal year 2012-13. Because a disabled placard exempts a parker from paying the meter, this free parking incentive may attract disabled placard abusers who potentially cost the city millions of dollars.

*Under state law, the City cannot charge for or limit the duration of on-street parking by vehicles with disabled placards.*

Based on California law, the City is required to permit on-street parking at no cost to holders of disabled placards, and individuals with such permits are granted parking privileges that include the ability to park for free for up to 72 hours in the following types of spaces:

- Curbside green zones (designated short-term)
- Curbside blue zones (designated disabled only)
- City-owned metered lots
- All other legal curbside spaces (metered, time-restricted, and non-regulated spaces)

Organizations and business owners can apply for curbside green zone designations as authorized by the California Vehicle Code. Incurred costs resulting from the designation are funded by fees charged to the requestors. The green zone meter fee, now \$784, will be increased to \$804 effective July 1, 2015.

Although green zones are intended for establishments where transactions are predominantly short-term (ten minutes) in nature, California state law permits vehicles bearing disabled placards or plates to occupy parking spaces in these zone for up to 72 hours, in turn hindering the objective of regular parker turnover.

The California Department of Motor Vehicles (DMV) issues disabled placards to individuals who are mobility-impaired and permits a broad range of physical

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conditions to qualify.<sup>26</sup> Individuals with specific, documented visual problems, including lower-vision or partial-sightedness may also qualify.

*Fraudulent use of disabled placards can occur in numerous ways.*

Disabled placard fraud can occur in one of the following four main ways:

- Use of a placard by someone other than the assigned holder, including use of a deceased person's placard or use of a placard when the holder is not being transported in the vehicle.
- Obtaining a counterfeit or expired placard.
- Obtaining a placard undeservingly through legitimate channels.
- Forging or falsifying application information.

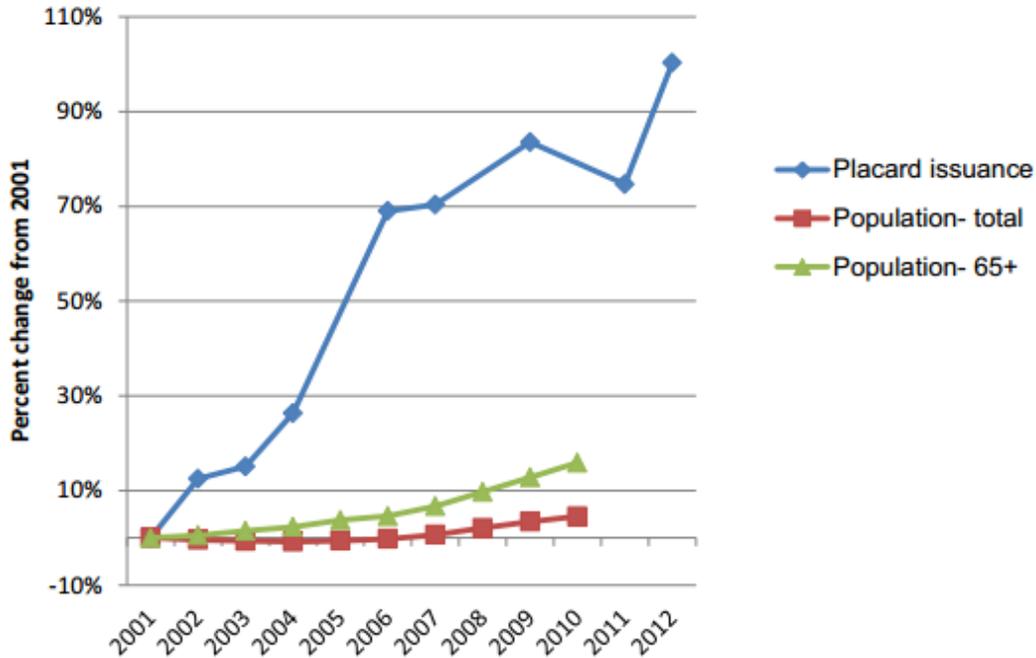
*The number of disabled placards in the Bay Area has far outpaced population growth since 2001.*

SFpark reported that, in November 2012, there were 60,750 disabled placards issued in San Francisco, twice as many as in 2001, with an additional 453,800 issued in the surrounding eight Bay Area counties. Based on the City's 28,000 meter count, twice as many disabled placards were issued in San Francisco as there were metered spaces. Exhibit 8 compares the increase in disabled placard issuance to population growth in the nine-county Bay Area.

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<sup>26</sup> According to DMV, those with impaired mobility due to having lost use of one or more lower extremities, or both hands, or who have a diagnosed disease that substantially impairs or interferes with mobility, or one who is unable to move without the aid of an assistive device can qualify for a disabled placard.

**EXHIBIT 8** Increase in Disabled Placard Issuance and Population Growth in the  
Nine-County Bay Area for 2001-2012



Source: SFMTA SFpark Accessible Parking Policy Advisory Committee Background Information Disabled Parking Placards and License Plates Overview, report dated November 20, 2012.

As illustrated in Exhibit 8, the number of disabled placards has increased roughly 80 percent from 2001 to 2010, far surpassing the growth of the overall population, which increased just 5 percent.

Studies and investigations, media articles, and reports issued by city and state agencies around the U.S. suggest that increased usage of disabled placards may indicate that people are fraudulently obtaining and using them. For instance, according to California State Senator Kevin de León—author of the proposed Senate Bill 1123, which is intended to help combat the misuse of disabled placards—reports indicate widespread abuse of disabled placards in California's highly populated urban areas. (The impact of disabled placard parking exemptions on other jurisdictions is further discussed in Finding 1.1.3.)

**Finding 1.1.1**

**Disabled placards are susceptible to overuse or fraudulent use because of the financial benefits they provide and because it is difficult to catch those who abuse them.**

*The intrinsic value of a disabled placard is directly correlated to the price of parking.*

In the City's downtown areas that have high concentrations of commuters, meter rates were as high as \$6 an hour in fiscal year 2012-13, making the value of the disabled placard \$55 or more per day based on the cost to park in high-cost areas of San Francisco all day.<sup>27, 28, 29</sup> If annualized, the daily cost of parking could result in over \$14,000 of savings to the disabled placard holder in the year. However, the DMV issues placards at little or no cost to individuals.<sup>30</sup> Although the intrinsic value of the disabled placards can increase based on the price of parking, the cost (if any) to obtain one remains constant, only making them more valuable. The financial benefit provides an incentive to individuals to obtain and use disabled placards, either legally or illegally.

Not only has the San Francisco population been increasing, but according to the U.S. Census Bureau, San Francisco has among the highest number of commuters coming from another county in the nation, reporting that among workers in San Francisco, 265,164 live outside the county.<sup>31</sup> Supporting this point, a 2008 SFMTA survey found that 45 percent of downtown area parking meters were occupied by cars displaying placards and, of these vehicles, 57 percent of placards were registered outside of San Francisco. Although more people are commuting into the City each day than in the past, the inventory of metered parking spaces has

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<sup>27</sup> The total value may be higher because the holder can avoid both the meter fare and a \$72 citation for not paying a (or parking at an expired) meter in downtown.

<sup>28</sup> According to the Transportation Code, operators of vehicles parked in the downtown core in any parking space controlled by a parking meter without immediately making advance payment for parking by depositing money into the parking meter assigned to the parking space, by prepaid parking card or by other authorized payment method, or that allow a vehicle within the downtown core to remain parked at any parking meter that indicates that time period for which payment was made has expired, may be subject to a Parking Meter-Downtown Core citation.

<sup>29</sup> Operators of vehicles which remain parked at a parking meter beyond the maximum time permitted for parking at that parking meter in the downtown core may be subject to an Overtime Parking – Downtown Core citation.

<sup>30</sup> All disabled placards are issued by DMV free of charge except for temporary parking placards, for which a \$6 fee is charged.

<sup>31</sup> Amounts reported by the U.S. Census Bureau were based on 2006-2010 estimates from the American Community Survey.

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remained relatively constant.

*Parking occupancy by disabled placard holders decreased when payment was required.*

SFMTA manages 20 public garages, each of which is required to have dedicated disabled spaces. However, these garages charge all drivers, including those with disabled placards, to park. Free disabled parking in private parking facilities is not provided for under state law, and these facilities, like the city-owned garages, generally charge all users.

The audit team conducted observations of the first floor of the City's Civic Center parking garage and the on-street metered parking spaces located directly above it surrounding Civic Center Plaza.<sup>32</sup> In the garage, where all drivers have to pay to park, disabled placard holders occupied an average of 20 percent of blue zone spaces and 2 percent of total occupied spaces. This was in contrast to on-street spaces around the plaza, where drivers with disabled placards can park for free: placard holders there comprised 32 percent of occupancy. This suggests that when the payment exemption is removed, occupancy of spaces by disabled placard holders decreases.<sup>33</sup>

*Detecting the fraudulent use of disabled placards is time-consuming and difficult.*

SFMTA has a Disabled Placard Detail team consisting of 11 PCOs who are dedicated solely to disabled placard parking enforcement. According to SFMTA, the team conducts stakeouts and twice-a-week stings, confiscating roughly 1,800 placards yearly.

According to SFMTA, the most common form of placard misuse appears to be people without disabilities illegally using legitimate disabled placards that belong to others. Because placards are assigned to people rather than vehicles, enforcement officers must observe placard users at the moment they arrive and/or depart. As a result, placard abuse is difficult to cite because it is time-consuming to wait for parkers to return to their cars.

Not only does the portability of disabled placards allow for abuse, as they can be easily transferred to vehicles not serving disabled individuals, a placard can be bought

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<sup>32</sup> Observations were conducted at similar times on various weekdays.

<sup>33</sup> Although the distance to nearby destinations from both locations is comparable, the audit did not assess whether factors other than payment requirements impacted parking preferences

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and sold. For instance, the audit found a California disabled placard listed for sale on Craigslist advertising “a lot of free parking.”

Also, parking meter enforcement cannot control individuals who fraudulently obtain certification from medical professionals, as a wide variety of professionals (from licensed physicians and chiropractors to certified nurses, including certified nurse midwives) can certify disabled placard applications for a wide variety of conditions (from serious long-term disabilities to sprained ankles). This variety of accepted certifiers makes it easier for individuals to shop around for practitioners who will endorse a disabled placard application.

A July 2014 column in the *San Francisco Chronicle* reported that authorities arrested and charged three people with submitting false documents to the DMV to obtain disabled placards. All three individuals have been charged by the San Francisco District Attorney with fraud, filing false documents, perjury, and commercial burglary, and two of them face an additional charge of allegedly falsifying a doctor’s signature.

Although DMV does not require the renewal of permanent disabled placards, permanent parking placards are only valid for two years. However, the DMV automatically mails new placards and identification cards to the address on record after they expire on June 30 of every odd-numbered year. It is the responsibility of individuals to notify the DMV of an address change. If they do not, DMV mails the placard to the most recent address it has on file. Also, DMV stipulates that placards be surrendered to it within 60 days of the death of the disabled person but does not verify that this occurs.

**Finding 1.1.2**

**Legal nonpayment by disabled placard holders undermines SFpark's demand-based pricing, which aims to improve accessibility and increases costs to paying parkers.**

*Disabled placard users may make it more difficult to control metered parking through demand-based pricing.*

In addition to reducing parking meter revenue collections, the more parking meters that are occupied by vehicles displaying disabled placards, the fewer parking meter vacancies there are. In areas and at times when it is difficult to find a parking space, SFpark's demand-based pricing approach uses historical observation data to incrementally increase parking meter rates to create availability and improve accessibility. Because drivers with disabled placards can park for free for up to 72 hours at parking meters, raising prices based on demand may motivate individuals to try to obtain a disabled placard or it may simply drive out paying parkers, thereby making more spaces available for nonpaying placard holders. If so, higher prices will not improve accessibility because price is irrelevant to disabled placard holders. Also, parkers without this payment exemption who are willing to pay will be charged higher rates.

As previously discussed, detecting fraudulent use of disabled placards is time-consuming and difficult. The City has no direct control over the DMV's issuance of disabled placards and can only enforce the lawful use of placards and confiscate counterfeit or misused placards.

The California State Assembly passed a bill (AB 144) to allow local jurisdictions to process various placard-related abuses as either a misdemeanor punishable by a fine of \$250 to \$1,000, imprisonment in the county jail for as long as six months, or both fine and imprisonment. However, making it easier to cite violators by enabling enforcement officials to issue parking citations for these offenses may only motivate individuals to inappropriately obtain disabled placards through legitimate channels. Such reforms, in the absence of removing policies that provide free parking for disabled placard holders, may not be effective in reducing placard abuse. However, such solutions would require a change to state law.

**Finding 1.1.3**

**California jurisdictions have struggled with disabled placard abuse for years, likely because California is one of only five states that still provides time limit exemptions and free parking at meters to disabled placard holders.**

*Other California cities report high disabled placard use and apparent abuse.*

San Francisco is not the only California jurisdiction to report the prevalence of disabled placard use and/or suspected abuse. In 2012 the *Sacramento Bee* reported that the number of disabled placards in Sacramento County has risen far faster in recent years than population growth and, as of 2011, one in every ten vehicles had a placard. A 2009 University of California, Los Angeles, master's thesis study estimated that there were more than six valid disabled placards held by residents of the City of Los Angeles for each of the City's 40,000 parking meters.

Furthermore, according to a 2009 news release from Oakland's City Administrator, several hundred vehicles displaying disabled placards were parked at metered spaces in downtown Oakland and it appeared that many drivers and/or passengers of these vehicles were improperly using the placards. Such misuse impeded qualified placard users from finding convenient parking near their destination. The Oakland City Council estimated that this resulted in the loss of about \$150,000 in parking revenue per year.

*Other U.S. states have effectively changed their regulations to greatly limit the impact of disabled placard abuse, while making parking meters easier for people with disabilities to use.*

Free disabled parking has been an accepted practice in the United States for decades. However, some states and cities have effectively changed their regulations to limit the impact of disabled placard abuse. For example, Michigan and Illinois removed incentives for drivers to abuse placards to get free parking. In 1995 Michigan adopted a two-tier placard system that takes into account different levels of disability. Drivers with severe disabilities receive special placards allowing them to park free at meters. Drivers with less severe disabilities receive ordinary placards allowing them to park at handicap designated spaces, some of which are metered and require payment. Before this reform, Michigan had issued 500,000 disabled placards allowing all users to park free at meters. After the two-tier reform, only 10,000 people, or 2 percent of the 500,000, applied for the

special placards that allow free parking at meters.

Illinois adopted a similar two-tier placard reform after one of its major cities was charged an estimated \$22 million—or roughly 25 percent of the city’s annual total meter revenue—by its parking meter management company. Before the Illinois law changed, vehicles with any type of disabled placard were allowed unlimited free parking at meters. However, since January 1, 2014, the state has issued two types of disabled placards: a blue or red one that allows drivers to park in designated handicap-accessible parking spaces and a yellow and gray striped placard that allows the driver to park at a metered space for free. To qualify for a meter-exempt disabled placard, drivers must have a doctor attest that they cannot do one of the following:

- Feed parking meters due to the lack of fine motor control of both hands.
- Feed meters because they need to use a wheelchair.
- Reach above their heads to a height of 42 inches above the ground.
- Walk more than 20 feet due to an orthopedic, neurological, cardiovascular, or lung condition.

According to Chicago Mayor Rahm Emanuel, the law is about “preserving free on-street parking for motorists with disabilities that prevent them from being able to pay a meter.” SFMTA’s PayByPhone service tackles part of this issue by not requiring parkers to physically pay meters, instead allowing payment to be made remotely via a smartphone application or over the telephone.

The City of Baltimore began installing disabled street parking meters that are blue and about three feet tall. These new meters are designed to be even more accessible for disabled placard users than their EZ Park<sup>34</sup> meter counterparts, which were introduced in 2004 to comply with the Americans With Disabilities Act.

Later this year Washington, D.C., will begin using meters

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<sup>34</sup> EZ Park meters were parking meters with newer technology which met ADA standards, introduced in the City of Baltimore in 2004.

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that are red on top, will be reserved for handicap drivers, and will allow twice the usual time. These meters are being installed to eliminate the financial incentives that disabled placards provide, as everyone, including disabled placard holders, will have to pay to park.

*California is among the five states that still require an exemption from both payment and time limits for placard holders.*

Local jurisdictions in at least eight states have been given the authority by their state governments to enact parking meter regulations. According to the California State Senate Office of Research, to this point, California remains one of five states that require local governments to exempt disabled placard holders from both payment of meters and time restrictions. Some states, such as Pennsylvania, have given local jurisdictions the authority to establish and administer their on-street parking regulations.

Before 2001 Philadelphia law exempted disabled placard holders from paying for parking and from all time limits. In that year it was reported that more than 40 percent of metered parking spaces in the core of Philadelphia's Center City were congested all day by vehicles displaying handicapped license plates and windshield placards.<sup>35</sup> The new law requires disabled placard holders in Philadelphia to pay for metered parking but they are given a one-hour grace period after a meter expires before their vehicles can be cited.

Within nine months following the law change, vacancy rates of metered spaces in Philadelphia's Center City were reported to have increased from 5 to 13 percent, vehicles displaying disabled placards downtown dropped from 40 to 2 percent, payment by metered parkers increased from 43 percent to 63 percent, and total parking meter revenue increased 17 percent.<sup>36</sup>

Based on experiences of jurisdictions such as Michigan and Philadelphia that were able to effectively change meter payment requirements, meter payment is an effective way to reduce placard misuse and increase parking availability.

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<sup>35</sup> Philly.com, Web portal of the *Philadelphia Inquirer and Philadelphia Daily News*, January 11, 2002.

<sup>36</sup> Ibid.

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*SFMTA has taken steps to combat disabled placard abuse.*

In October 2012 SFMTA and the Mayor's Office on Disability brought together an Accessible Parking Policy Advisory Committee (committee), made up of disability rights advocates and businesses, regional transportation agency representatives, and medical stakeholders. The committee was tasked to identify problems, establish goals, review research, analyze solutions, and create an integrated set of recommendations.

The committee reviewed numerous approaches to increasing parking access and decreasing disabled placard misuse, including interviewing advocates and staff of five U.S. cities and reviewing accessible parking practices in 11 North American cities. Also, the committee reviewed case studies and disability rights advocate interviews from cities including Philadelphia, New York City, Chicago, Houston, and Arlington County, Virginia. These case studies illustrated the effects of various policy approaches, such as heavier enforcement, strict protocols for placard issuance, and meter payment.

The committee ultimately found that all programs that had successfully increased parking access and reduced placard misuse combined three core elements:

- Provide more blue zones.
- Conduct sufficient enforcement on placard use and blue zones.
- Charge placard holders at meters.

The committee also determined that cities that had implemented only one or two of the above elements were less successful than those that had implemented all three. For instance, the committee found that no city had significantly increased access and reduced placard misuse by using enforcement tactics alone.

In April 2013 the committee released a report documenting its findings and identifying policy recommendations based on best practices from across the nation to reduce placard abuse and increase access to street parking. SFMTA has taken steps to implement many of the committee's recommendations that are under its control, such as increasing the number of blue zones as a percentage of total metered spaces and

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increasing disabled placard enforcement. However, state law prohibits SFMTA from charging placard holders at meters. As stated by the report, committee members emphasized that the recommendations function together as a package and that some policy changes are local while others require changes to state law.

Blue zones are normally located in areas with high public use where they can serve a large number of individuals and are intended to ensure that people with disabilities can park close to public destinations. Only those with valid disabled placards can park in blue zones. However, the intent of these zones may be negated by the misuse of disabled placards and, unlike policies that require spaces for persons with disabilities be located near destination entrances, policies providing for free parking at all on-street meters does not guarantee a parking space closest to the desired location.

Although targeted enforcement is a response to address potential abuse, it does not affect the financial benefit that disabled placards provide at metered parking spaces. Also, simply adding additional blue zones conveniently located near destinations may make obtaining disabled placards more attractive to those who do not need them. As a result, without first reducing the financial incentive that disabled placards provide, SFMTA cannot reduce placard misuse and increase parking access. However, such a change would require changing California state law.

**Recommendation**

1. The San Francisco Municipal Transportation Agency (SFMTA) should continue its efforts to assess the impact of misused disabled placards on the disabled community and all others who park at parking meters. SFMTA should consider reaching out to other jurisdictions struggling with comparable issues related to disabled placard abuse. If deemed appropriate, SFMTA should consider working with members of the state legislature to amend state law so that disabled placard holders are required to pay at parking meters.

**Finding 1.2**

**SFMTA may decrease nonpayment and increase parking turnover, availability, and accessibility by adjusting citation fines and improving enforcement.**

Vehicles for which required payments were not made accounted for 46 percent of total nonpayment at meters. If drivers of these vehicles had paid the meters as required, the City would have collected an additional \$26.4 million in meter revenue in fiscal year 2012-13. However, because many drivers did not pay as required, some of them received parking citations, which yielded \$23.2 million of revenue. Increasing enforcement and aligning citation fines with the price of parking may discourage more nonpaying drivers from parking at meters. This, in turn, would improve parking availability and access for drivers.

In fiscal year 2012-13, an estimated 7.1 million drivers did not pay at parking meters as required. Of these, 356,829 (5 percent) drivers received citations for parking meter violations,<sup>37</sup> which carried fines of \$62 to \$72 each, depending on the violation type and meter zone. According to SFMTA, the goal of the Enforcement Division is to ease traffic congestion and promote parking turnover throughout the City, not to issue citations. However, when drivers do not comply with parking meter regulations, SFMTA cannot ensure that the purpose of parking meters, which is to manage the supply of parking and to make parking reasonably available, is achieved. The issuance of citations is a mechanism to deter noncompliance so that parking turnover and access is improved. If SFMTA increases enforcement, it may be able to decrease nonpayment and increase parking turnover, availability, and accessibility.

*As prices charged at meters increase, the financial impact of potentially receiving a citation decreases.*

Prices charged at parking meters controlled by *SFpark* reflect the relative value of a space based on its location and the time of day or week. As a result, at certain times of the day, meter prices are higher, providing more incentive for nonpayment. Because parkers may be inclined to risk receiving a citation if they do not believe that payment is enforced, increasing enforcement may reduce the risk of nonpayment. However, citation fines are fixed based on location and do not change based on

<sup>37</sup> PCOs issued more than 99 percent of all parking meter citations in fiscal year 2012-13.

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different meter prices. Because the financial impact of potentially receiving a citation lessens as the meter price increases, some drivers may continue to accept this risk.

Exhibit 9 compares parking meter rates and citation fines based on occupancy.

<b>EXHIBIT 9</b>		<b>Meter Rate and Citation Fines According to Occupancy Rates</b>	
<b>Fiscal Year 2012-13</b>			
<b>Occupancy Rate</b>	<b>Adjustment to Meter Rate</b>	<b>On-Street Downtown Core Parking Meter and Overtime Parking Fines</b>	<b>All Other Parking Meter and Overtime Parking Fines</b>
Below 30%	50¢ per hour less	\$72	\$62
30 to 60%	25¢ per hour less		
60 to 80%	No change		
Above 80%	25¢ per hour more		

Source: Transportation Code and SFpark

According to a city planner, drivers decide whether or not to pay parking meters based on the hourly meter rate, the cost of a parking citation, and the likelihood of receiving a citation.<sup>38</sup> If the cost of parking at a meter is high enough and the chance of receiving a citation is low enough, drivers may choose to risk receiving a citation over the guaranteed cost of paying the meter.

For example, in fiscal year 2012-13 all-day parking at a meter in Area 1 of downtown San Francisco cost \$55. However, if a driver parked at that meter all day without paying and received a citation, the cost would have been \$72 for the parking citation, or only \$17 more than the cost of parking all day.<sup>39</sup> Conversely, a parking meter in Area 2, outside of downtown, can cost as little as \$2.75 per day, so the impact of receiving a \$62 citation in this example is much greater, costing the parker \$59.75 more than the parking cost. SFMTA may provide more of an incentive to parkers to pay at meters by basing parking meter citation fines on the rate charged at the unpaid

<sup>38</sup> Donald Shoup, *The High Cost of Free Parking*, APA Planners Press, 2005, p. 488.

<sup>39</sup> If the meter had a time limit, then the driver would be due two citations, totaling \$144 in fiscal year 2012-13: one for overstaying at the meter and another for not paying the meter. However, to issue these two citations, parking enforcement would have to pass by the location at least twice within the meter's posted time limit.

meter.

According to SFMTA, it may be administratively burdensome to align citation fines with the price charged at a parking meter at a certain time of day. SFMTA may still be able to achieve more effective citation fines if it aligns fines with total revenue by metered area, rather than adjusting fines based on only two categories, downtown and outside of downtown.

**Recommendation**

2. The San Francisco Municipal Transportation Agency should consider the feasibility of:
  - a. Increasing—and, if feasible, take action to increase—parking enforcement efforts.
  - b. Aligning—and, if feasible, take action to align—citation fines with meter pricing. Any changes made to citation fine amounts should be reflected in the Transportation Code.

**Finding 1.3**

**SFMTA’s \$6 daily base rate for the meter space fee did not recover the daily maximum potential revenue of a parking meter, resulting in lost revenue of at least \$1.3 million.**

SFMTA charges meter space fees when meters are rendered inaccessible for parking. Meter space fees include construction meter fees which are collected on behalf of SFMTA by Public Works or Building Inspection and temporary signage meter fees which are collected by SFMTA. However, despite SFMTA’s efforts to offset revenues lost from meters made unavailable to the public, in fiscal year 2012-13 the \$6 base rate for both meter space fees<sup>40</sup> was insufficient to cover the \$19 average maximum potential revenue that a meter could collect daily, resulting in lost parking meter revenue of at least \$1.3 million in fiscal year 2012-13.

*Meters occupied by certain permit holders resulted in at least \$1.3 million of lost parking meter revenue to the City in fiscal year*

While the base rate for both meter space fees is assessed daily, SFMTA and Port charge temporary signage meter fees per meter, whereas construction meter fees are charged based on 25 linear feet of construction frontage. In contrast to SFMTA’s \$6 daily

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<sup>40</sup> In fiscal year 2012-13 the base rate for both fees was increased to \$7 effective July 1, 2013.

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2012-13.

base rate for its meter space fee in fiscal year 2012-13, the Port charged \$24 as its base rate. In fiscal year 2012-13 SFMTA collected \$622,420 in construction meter fees.

In fiscal year 2012-13 had SFMTA charged the same \$24 rate as the Port, or even the \$19 average maximum potential daily revenue per meter, SFMTA could have collected parking meter revenue of \$2.5 million or \$2.0 million, respectively. Exhibit 10 shows the actual and potential revenue SFMTA could have received in fiscal year 2012-13 if it had changed the permit base rate.

**EXHIBIT 10 Comparison of Projected Revenue in Fiscal Year 2012-13 Based on Construction Meter Fees as Issued by SFMTA and Port**

Source	Rate	Projected Yearly Revenue <sup>a</sup>
SFMTA	\$6	\$622,422
Average Maximum Daily Revenue per Meter <sup>b</sup>	19	1,971,003
Port	24	2,489,688

Notes:

<sup>a</sup> Projected Yearly Revenue is determined by multiplying the rate by the 103,737 construction meter fees charged in fiscal year 2012-13. Construction meter fees are charged based on 25 linear feet of construction frontage.

<sup>b</sup> Based on auditor's analysis.

Source: Data was obtained from the Transportation Code, Port Web site, and auditor calculations.

The amounts in Exhibit 10 could be significantly higher had construction meter fees been charged per parking meter rather than based on linear feet. This issue is discussed further in Finding 1.4. Also, although SFMTA charges a temporary signage meter fee, potential lost revenues associated with this fee could not be assessed. This issue is discussed further in Finding 1.5.

*SFMTA sets the base meter space fee to recover the amount the meters would have collected, not the maximum the meters could have collected.*

According to SFMTA, temporary tow away signs generally prevent metered spaces from collecting meter revenue and meter space fees help offset the revenue lost. On average, city meters collected \$5.37 per day and, according to SFMTA, the \$6 meter space fee base rate was determined based on the average daily revenue actually collected per meter. In contrast, the City of Santa Monica assesses a meter space fee for moving based on the applicable meter rates of the unavailable meters. Therefore, it recovers all potential revenue lost as a

result of the metered space being made unavailable.

**Recommendation**

3. The San Francisco Municipal Transportation Agency should consider charging the maximum daily revenue that a parking meter could collect during operational hours for meter space fees (the Parking Meter Use Fee and Temporary Exclusive Use of Parking Meter Fee). Any changes made to base rate fees should be reflected in the Transportation Code.

**Finding 1.4**

**The Transportation Code prevents SFMTA from charging a fee for each parking meter made unavailable by construction.**

*The City may not charge for all meters made unavailable due to construction permits.*

The Transportation Code prevents SFMTA from receiving construction meter fees for every meter blocked by holders of construction permits. Parking meters that are blocked by construction permit holders who are not assessed a construction meter fee cost the City an average of \$19 per meter per day, but this lost revenue can be as much as \$55 per meter per day in certain high-demand areas.

Construction meter fees are collected on behalf of SFMTA by Public Works and Building Inspection. Based on the San Francisco Transportation Code, in fiscal year 2012-13 a \$6 daily fee was assessed for every 25 linear feet of street frontage allowed to be occupied under a construction permit.<sup>41</sup> However, the number of metered parking spaces in any given length of street frontage may vary depending on whether the spaces are angled, parallel, or perpendicular to the curb.

Each parking space that is parallel to a curb requires, at a minimum, 20 feet of street frontage, whereas spaces situated at a 90-degree angle only require approximately 9 feet of curb space. Because the Transportation Code prevents a fee from being assessed for every parking meter impacted by a construction permit, the City loses revenue. For instance, 100 linear feet of curb space could contain about eleven 90-degree metered parking

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<sup>41</sup> Effective July 1, 2013, the Transportation Code was amended to increase the fee to \$7 per 25 linear feet of construction frontage per day.

spaces. If a 30-day construction permit was required for the 100 linear feet of curb space, the daily construction meter fee would only be charged for 4 of the 11 meters,<sup>42</sup> resulting in charges totaling \$720. Had the daily fee been assessed for all 11 meters made unavailable, the fee revenue would have been \$1,980, resulting in additional revenue of \$1,260.

**Recommendation**

4. The San Francisco Municipal Transportation Agency should consider working with the Office of the City Attorney and the Office of the Controller to revise the Transportation Code so that construction meter fees (temporary exclusive use of parking meter) are assessed based on the number of parking meters on the permitted construction street frontage.

**Finding 1.5**

**Parking meter revenue from meter space fees may be misstated due to inadequate controls over the administration and recording of the fees.**

SFMTA's controls over meter space fees need improvement to reduce risks of misstating meter space fee revenue or undercharging meter space fees.

*SFMTA's Accounting unit does not verify the correctness of construction meter fees and temporary signage permits and meter fees.*

Verification of amounts reported. Payments related to construction meter fees are collected by Public Works or Building Inspection, while payments related to temporary signage permits, which may include temporary signage meter fees, are collected by SFMTA's Temporary Sign Program.<sup>43</sup> According to Public Works, Building Inspection, and SFMTA, all amounts collected are then reported to SFMTA's Accounting unit for entry into FAMIS. However, according to SFMTA, its Accounting unit does not verify the amounts reported before recording them in FAMIS. As a result, the department cannot be assured that the amounts reported are complete and accurate.

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<sup>42</sup> Based on 100 linear feet divided by 25 linear feet, the basis of the fee assessed.

<sup>43</sup> SFMTA administers temporary tow away signage, while the issuance and posting of no parking signs related to construction work is under the purview of Public Works.

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*SFMTA does not separately track temporary signage permit and meter fees, which increases the risk of these collections being misstated.*

Separation of fees. Unlike construction meter fees, which are recorded as part of parking meter revenue, temporary signage meter fees are not separately tracked by SFMTA. As a result, these fees are not recorded in FAMIS as part of parking meter revenue. Instead, they are recorded with temporary signage permit fees as part of the Public Safety Service Charges account in FAMIS.

Construction meter fees are appropriately recorded in the Parking Meter Collections general ledger account because Public Works and Building Inspection segregate construction permit fees from construction meter fees. However, according to SFMTA, its Temporary Sign Program does not separately track and report amounts collected related to temporary signage permit fees and temporary signage meter fees.

Because temporary signage meter fees are commingled with temporary signage permit fees, the audit could not separately identify how much of the \$709,186 collected in fiscal year 2012-13 was exclusively related to temporary signage meter fees. Clearly defining and separating revenue sources—and ensuring that amounts collected from those sources are accurately reported—can help to ensure that departments collect and record the correct amounts and can better assist SFMTA in analyzing the performance of the City’s parking meters by more accurately representing the revenue they generate.

*Public Works may not be collecting all parking meter space fees due to outdated maps.*

Outdated Parking Meter Maps. Public Works personnel rely on outdated parking meter maps to determine whether construction meter fees should be charged.<sup>44</sup> As a result, the City may not charge or may undercharge construction permit holders that occupy metered spaces.

For example, the map used by Public Works to determine meter locations does not include 38 meters located on the 900 block of Turk Street, which are included in SFMTA’s map dated February 2013. If a construction parking permit for this block were issued, the City may not collect the meter space fees due.

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<sup>44</sup> Amount charged is calculated based on the linear feet of street frontage required by a construction meter fee.

**Recommendations**

The San Francisco Municipal Transportation Agency should:

5. Verify the accuracy of the following:
  - a. Construction meter fees reported by the Department of Public Works and the Department of Building Inspection.
  - b. Temporary signage permit fees and meter fees reported by the Temporary Sign Program.
6. Separately track temporary signage meter fees and record these fees as part of parking meter revenue collections in the City's accounting system.
7. Ensure that the Department of Public Works is notified and provided an up-to-date parking meter map when changes to a map have been made.

**Finding 1.6**

**Temporary signage fees may not be received before signage is posted.**

*City resources may be wasted pursuing payment when billing occurs after no parking signs have been posted.*

According to SFMTA, it may not always collect temporary signage permit fees and temporary signage meter fees before posting temporary tow away signs. As a result, SFMTA sometimes does not obtain payment promptly and uses more resources in its attempts to collect missing payments. If SFMTA does not obtain payment promptly, it cannot deposit cash promptly, causing it to lose some of the interest it earns from the deposit. Although such interest amounts are likely small, they can add up over time to significant totals.

Customers can apply for temporary no parking signs, which inform the public that vehicles parked in the posted no parking spaces will be towed to clear the space on a designated date and time. Permit fees for temporary no parking signs are based on the number of signs needed and in fiscal year 2014-15 range from \$177 to \$590 or more. In addition to the permit fee for temporary signage, a temporary signage meter fee may be charged, per meter per day, if temporary signage is posted on metered city property.

SFMTA requires that temporary no parking signs at metered spaces be posted no less than 24 hours before the event's start time, including set-up. According to SFMTA, due to this time-sensitive posting requirement, payment is not always received before signage is required to be posted. As a result, SFMTA sometimes must attempt to recover any additional amount owed after the signage has been posted.

**Recommendation**

8. The San Francisco Municipal Transportation Agency should require that meter space fees are collected before approval of temporary no parking permits or posting of signage.

**Finding 1.7**

**SFMTA does not efficiently track reported broken meters, impeding its ability to determine whether meters are repaired in a reasonable length of time and to properly assess broken meters' impact on revenue.**

SFMTA does not efficiently track when meters are reported as broken and does not assess the downtime of broken meters. As a result, SFMTA cannot ensure that all broken meters are repaired or replaced in a reasonable length of time.

*SFMTA does not have an efficient process for tracking information related to broken meters.*

SFMTA may receive reports of broken meters from a variety of sources but does not consolidate these reports. Patrons can report broken meters by calling the 311 Customer Service Center (311) or completing a 311 self-service form online. In fiscal year 2012-13 SFMTA received 8,410 complaints through 311 related to damaged or broken meters. Also, the SFMTA Meter Shop receives meter status reports from meter vendors and parking control officers every day of the week, and from Serco on weekdays. The reports received by SFMTA are provided in many different formats and SFMTA does not combine them to produce a comprehensive list of all meter issues reported.

Instead, according to SFMTA, it sends its repair staff to the field with the printed daily reports. When the repairperson works on a broken meter, he or she will log the meter issue found and the repair action taken into a handheld device, which wirelessly transmits the work

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done to SFPM. SFPM produces a daily activity report summarizing the information. According to SFMTA, it does not compare the daily activity reports to the original reports of broken meters. Therefore, SFMTA does not determine whether it is resolving broken meters in a reasonable length of time.

Also, although SFMTA prepares a summary of complaints received and addressed for internal use, it is not formatted in a manner that allows analysis of whether issues are addressed in a reasonable length of time.

In November 2013, SFMTA entered into a five-year contract with IPS Group, Inc., for the procurement of 25,000 new single-space parking meters.<sup>45</sup> As part of the citywide meter replacement program, SFMTA also awarded MacKay Meters, Inc., a separate five year contract for the procurement of 300 multispace parking meter pay stations. Both contracts include support services, including access to the Meter Management System (MMS), which is a package of software applications. The MMS records all meters' general status and performance, including fault and maintenance events, parking sessions, financial transactions, and payment status time and contains the following reports:

- Maintenance activity by mechanism serial number, parking meter space identification number, parking meter repairer, or operational status.
- Exception report for meters not repaired.
- Exception report for meters that have not communicated with the MMS within 24 hours or more, including the number of hours since last communication.
- Operational status by mechanism serial number, parking meter space identification number, date and time.

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<sup>45</sup> In addition to the option to extend the contract for up to two additional years, the contract also contains an option for SFMTA to purchase an additional 5,000 single-space meters over the five-year term of the contract. The additional 5,000 single-space meters will be allocated as follows: 1,200 for Port meter replacement, 2,800 to replace damaged meters, and 1,000 to be used as maintenance backup.

According to SFMTA, the new parking meters will be able to accurately track downtime, allowing the SFMTA Meter Shop to accurately measure various key performance indicators and to adjust its meter repair methodology accordingly.

**Recommendations**

The San Francisco Municipal Transportation Agency should:

9. Consolidate reports of broken meters including complaints from the 311 Customer Service Center in a central format that can be analyzed.
10. Compare broken meter activity according to the San Francisco Parking Management system to the consolidated report to assess the length of time it takes to repair or replace broken meters and whether this duration is reasonable.
11. Reevaluate the process for tracking broken meter activity, upon completion of the citywide meter replacement program, to assess the length of time it takes to repair or replace broken meters and whether this duration is reasonable.

**Finding 1.8**

**Data for parking occupancy studies is manually collected and maintained, resulting in inefficient analyses, and does not capture occupancy related to special events or permits.**

*Manually collected occupancy data cannot be easily analyzed and may lead to inconsistencies.*

SFMTA periodically conducts studies to measure parking occupancy, turnover, and meter payment exemptions by surveying selected parking areas and recording its observations. Although the studies help SFMTA to understand parking trends and practices affecting parking meters, the results cannot be easily analyzed because they are tracked manually. Using this data, SFMTA can capture such information as disabled placard use, the number of hours meters were occupied, and the number of vehicles in compliance with parking meter restrictions. However, the data is kept on paper and is voluminous, preventing easy analysis.

Meters installed as part of the SF*park* program conducted measurements to estimate parking

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occupancy. These measurements were taken using sensors installed in 8,228 on-street spaces that detected if a car was parked in the designated space. Although a sensor could determine whether a vehicle was parked in the space, according to SFMTA, it could not determine if the vehicle parked in the space was exempt from payment or if the meter was broken. For this reason, manual observation and surveying is still a valuable tool to determine what is occupying or not occupying a metered space and why.

If data for studies was captured electronically, SFMTA could create settings limiting staff to specific entry fields, in turn making data consistent and readily available for analysis. Also, analyses could be done efficiently to measure things such as the:

- Driver noncompliance and total unpaid violations.
- Total exceeded meter hours.
- Other parking violations such as handicap placard-bearing vehicles parked at commercial meters.

When tracked manually, surveyors developed different tendencies when observing parking trends, which resulted in inconsistent markings. For instance,

- Undefined annotations. The template provided to surveyors did not specify an annotation for vehicles parked and attended by the driver. As a result, the audit found at least three instances where different annotations were created to mark attended vehicles. It is important to note a vehicle attended by the driver because, according to SFMTA, parked drivers remaining in their vehicle may wait and watch for a parking control officer before paying a meter, which explains to SFMTA one reason for meter nonpayment.
- Missing regulations. Templates were not designed to allow surveyors to specify certain meter regulations, such as tow away times, which would indicate that there should have been no parked vehicles when observations occurred. Including these regulations assures SFMTA that observations are accurately documented so that it

can appropriately interpret parking behaviors.

- Unclear annotations. Surveyors were provided with an annotation for government vehicles, but not consular corps vehicles with plates issued by the U.S. State Department, which are exempt from paying a meter. Because SFMTA does not distinguish the types of government vehicles, SFMTA cannot determine whether it should collect revenue from these vehicles.

Also, although surveys capture a majority of parking scenarios and meter types, they do not capture information affecting meter occupancy related to special event permits, contractor and press parking permits, vanpool permits, utility vehicles, or special events approved by the Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT). Drivers of these vehicles are exempt from paying the meter and, although these situations do not generate meter revenue, they do affect occupancy. By not capturing this information, SFMTA misses the opportunity to record aspects of occupancy, making the data incomplete. During observations surveyors look for some exemptions, such as disabled placards/plates, and looking for and documenting other instances of payment exemptions would require minimal additional time.

Furthermore, although meter space fees are not charged for ISCOTT-approved events, tracking the number of meters and days that meters are made unavailable to the public can assist SFMTA in analyzing meter revenue collection trends.

## **Recommendations**

The San Francisco Municipal Transportation Agency should:

12. Consider recording and maintaining survey results electronically to reduce inconsistencies and allow easy analysis.
13. Begin recording occupancy data for all circumstances that impact parking meter revenue, including: special events; contractor, vanpool, and press permits; utility vehicles; and exempt and

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nonexempt government vehicles.

14. Track the number of meters and days that meters are made unavailable due to events approved by the Interdepartmental Staff Committee on Traffic and Transportation.

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## CHAPTER 2 – Although Collection Procedures of the Contractor are Adequate, Aspects of SFMTA’s PayByPhone Contract Need Improvement

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### Summary

Although the contractor, Serco Inc. (Serco), has adequate controls over the collection, security, counting (via automated coin counting machine), and depositing of parking meter coin revenue, SFMTA must improve aspects of its contract with PayByPhone.

### Finding 2.1

**The PayByPhone contract exposes the City to the potential risk of losing interest income and ten days’ of unsettled funds.**

*PayByPhone has ten business days to deposit revenue, which causes the City to lose interest earnings.*

SFMTA’s contract with PayByPhone does not require that settled<sup>46</sup> funds are first deposited into the City’s bank account before transactions fees are remitted to the contractor. The contract also allows PayByPhone up to ten business days after a transaction to transmit all collected revenue to SFMTA. Both factors expose the City to the risk of losing earned interest and, in the event that the contractor is unable to relinquish the amounts it collected, the City could lose up to ten days’ collected revenue, or as much as \$447,000.

The contract requires that in any trailing 30-day period, 95 percent of collected funds must be settled in SFMTA’s bank account no later than two business days after receipt of funds in PayByPhone’s acquiring bank.<sup>47</sup> PayByPhone did not comply with this contract requirement for the two months the audit tested. However, the requirement is unreasonable and should be changed because it does not consider the length of time it takes for the flow of funds due to the payment structure required by the contract.

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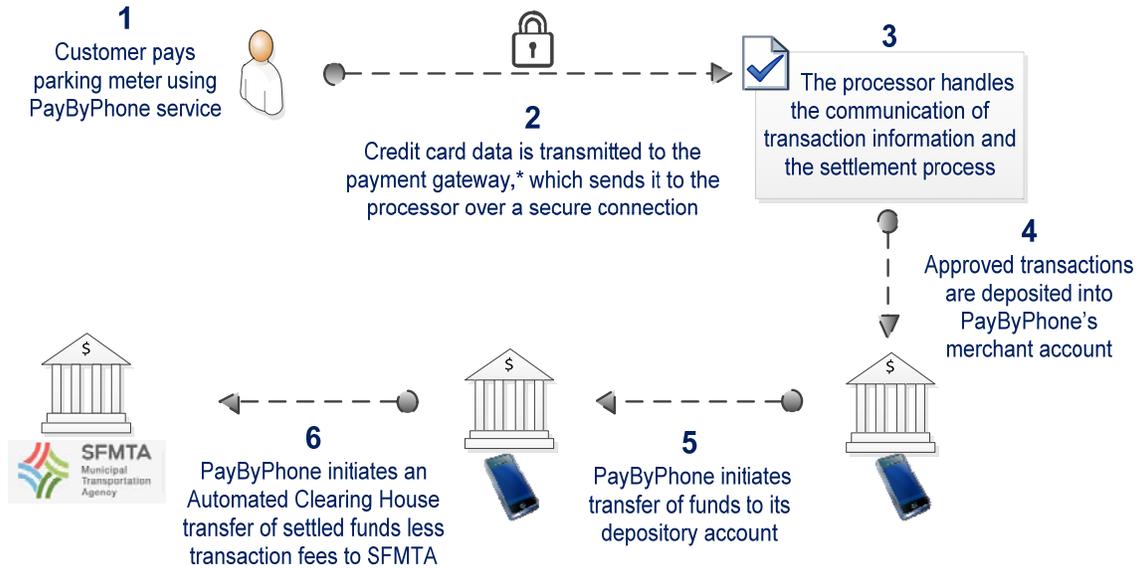
<sup>46</sup> Settlement is the process by which approved card transactions are cleared so that funds can transfer from the cardholder’s account at the issuing bank to the merchant account at the acquiring bank.

<sup>47</sup> An acquiring bank is a financial institution that provides merchant accounts, which allows a merchant to accept credit and debit cards.

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Exhibit 11 shows the flow of funds for revenue generated through the PayByPhone service.

**EXHIBIT 11      Flow of Funds for PayByPhone's Service**



Note: \* The payment gateway company serves as the intermediary between the merchant's application service and the payment processor.

Source: Auditor's analysis based on interviews with SFMTA and PayByPhone staff.

As depicted in Exhibit 11, the flow of funds collected by PayByPhone includes an additional step because funds settle in PayByPhone's bank account first, thereby delaying SFMTA's receipt of its revenue. According to PayByPhone, PayByPhone initiates an Automated Clearing House transfer to SFMTA the next working day after funds are settled, and it takes four business days for the funds to be deposited into SFMTA's account. The time it takes for the bank to process the transfer may make it difficult or impossible for PayByPhone to comply with the two-day requirement. Further, according to PayByPhone, it takes an additional three to five days for funds to first settle in PayByPhone's bank account.

According to guidance<sup>48</sup> issued by the Office of the Treasurer and Tax Collector (Treasurer) on how city

<sup>48</sup> Departmental Guidelines #2014-1.

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departments are to manage and process receipts, it is recommended that departments with collection services contracts use the City's processor<sup>49</sup> to ensure the integrity of funds in terms of lost interest earnings. The guidance also states that the City's processor be used in case the contractor cannot remit collected funds and to ensure that all funds received are deposited into the City's bank account and that this occurs in a timely manner. Alternatively, the Treasurer suggests that contractors that do not use the City's processor at least segregate funds to enhance controls over the revenue that belongs to the City.

*SFMTA receives revenue after PayByPhone deducts its fees from the payments it collects.*

According to SFMTA, because it did not have experience with the mobile payment method used by PayByPhone, SFMTA structured the agreement as a "no-cost" contract to minimize the financial impact and risk to the City. PayByPhone receives no compensation from SFMTA, other than a 45-cent fee per transaction that is charged to the parker, which is deducted from the meter revenue remitted to SFMTA.

In January and May 2013, the two months tested by the audit, the City received revenue from PayByPhone in four to eight business days, or in an average of six business days. Although this met the requirement that 100 percent of collected funds be transferred to SFMTA within ten business days, it failed to meet the requirement that 95 percent of collected funds be deposited to SFMTA within two business days.

*The City receives revenue from PayByPhone in an average of six business days, as opposed to two for other credit and debit card revenue.*

Further, PayByPhone holds the revenue longer than other parking meter revenue the City receives. On average, it took four business days longer for funds collected by PayByPhone to be received than the average duration for all other credit and debit card parking meter revenue<sup>50</sup> collected in the same periods. Because it takes, on average, six business days, as opposed to two, for the City to receive the funds from PayByPhone, the City earns less interest on the funds collected than it would otherwise. Also, the delay

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<sup>49</sup> Processors handle the transaction requests by connecting the credit card networks to merchant banks (acquiring banks) and cardholder banks (issuing banks).

<sup>50</sup> Unlike PayByPhone revenue, credit and debit card revenue is settled directly in SFMTA's designated bank account.

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exposes the City to risk of loss of funds held by the contractor should it become unable to relinquish the amounts collected.

Using the average of six business days between transaction and deposit dates, the average amount at risk was as high as \$268,486 in the two months tested. In the event that PayByPhone is unable to relinquish ten days of collected funds, SFMTA could potentially lose revenue of up to \$447,476.

*PayByPhone monthly collections increased six-fold in fiscal year 2012-13.*

Given the rapid growth of PayByPhone usage in San Francisco in fiscal year 2012-13, it is imperative for SFMTA to increase its controls over the collections. PayByPhone collected \$104,924 in revenue under its city contract in July 2012 and \$631,288 in June 2013, a six-fold increase.

The Treasurer's guidance requires that procurement and implementation of third-party contracts related to collection services—including merchant processing, gateway, payment applications, systems with a payment component, or online payment—be approved by the Treasurer and that departments coordinate with the Treasurer for guidance regarding monitoring of the vendor's financial stability.

*The new payment-by-phone contract will address the risks identified in the current contract.*

According to SFMTA, it recognizes that the current contract with PayByPhone creates a risk of theft or loss of funds. Consequently, the new payment-by-phone contract, which SFMTA intends to put out to bid in the fall of 2014, will require that the revenue be processed by the City's processor and that settled transactions be directly settled in the City's bank account.

**Recommendations**

The San Francisco Municipal Transportation Agency should:

15. Ensure that the new payment-by-phone contract be approved by the Office of the Treasurer and Tax Collector.
16. Ensure that the new payment-by-phone contract requires that revenues are settled in a designated city bank account.

**Finding 2.2**

**Serco's internal controls over the collection of parking meter revenue are generally adequate.**

Serco has adequate controls over the parking meter coin revenue collection process. Overall, the collection, security, counting (via automated coin counting machine), and depositing of parking meter coin revenue is sufficient and appropriate. Examples of internal control procedures that occur include:

- Segregation of duties and responsibilities to properly safeguard the collection and counting of parking meter coin revenue.
- Frequent rotation of collection assignments and monthly meetings with SFMTA to prevent theft and ensure efficiency of collection routes.
- Reconciliation of electronic records and coin sorter machine counts to ensure that counts are 99 percent accurate, in compliance with contract requirements.
- Daily documentation of processes, including revenue collection reports and variances, from the point of meter collections to the point at which armored vehicles pick up the coins for deposit.

Also, in 2007 CSA reviewed selected internal controls related to Serco's parking meter collection and coin-counting services and found several opportunities for Serco to strengthen internal controls and operating efficiency. The current audit included a review of the 2007 report's recommendations, which concluded that Serco has taken sufficient steps to successfully implement the recommendations directly affecting parking meter revenue.

## **APPENDIX A: 2012 SFMTA PARKING STUDY**

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In July 2012 SFMTA studied 16 parking areas throughout San Francisco. It covered 1,025 meters for 7,037 hours. The study's areas, dates and times of observation, and numbers of meters covered are listed below.

Area	Location	Study Date/ Time	Count of Meters
1	Montgomery St. – Pine St. to Market St. Sutter St. – Kearny St. to Montgomery St.	7/24/12 10:00 a.m.- 4:00 p.m.	55
1	Folsom St. – 1 <sup>st</sup> St. to 2 <sup>nd</sup> St. Harrison St. – 1 <sup>st</sup> St. to 2 <sup>nd</sup> St.	7/25/12 10:00 a.m.- 4:00 p.m.	63
1	Hawthorne St. – Folsom St. to Howard St. New Montgomery St. – Howard St. to Market St.	7/24/12 10:00 a.m.- 4:00 p.m.	104
2	Stockton St. – Broadway St. to Clay St.	7/25/12 10:00 a.m.- 4:00 p.m.	55
2	3 <sup>rd</sup> St. – King St. to Townsend St Townsend – 3 <sup>rd</sup> St. to 4 <sup>th</sup> St.	7/26/12 10:00 a.m.- 4:00 p.m.	55
3	Bosworth St.– Brompton Ave. to Diamond St. Diamond – Bosworth St. to Chenery St.	7/25/12 10:00 a.m.- 4:00 p.m.	23
3	Union – Buchanan St. to Gough St.	7/25/12 10:00 a.m.- 4:00 p.m.	87
3	Market St. – Castro St. to Sanchez St.	7/24/12 10:00 a.m.- 4:00 p.m.	79
3	Noriega St. – 20 <sup>th</sup> Ave. to 22 <sup>nd</sup> Ave.	7/25/12 10:00 a.m.- 4:00 p.m.	50
3	Hayes St. – Franklin St. to Laguna St.	7/19/12 10:00 a.m.- 4:00 p.m.	93
3	24 <sup>th</sup> St. – Castro St. to Church St.	7/25/12 10:00 a.m.- 4:00 p.m.	114
3	Grant Ave. – Union St. to Broadway St. Stockton St. – Greenwich St. to Union St.	7/26/12 10:00 a.m.- 3:00 p.m.	84
3	Ocean Ave. – Capitol Ave. to Brighton Ave.	7/25/12 10:00 a.m.- 4:00 p.m.	46
3	Broadway St. – Stockton St. to Montgomery St.	7/26/12 10:00 a.m.- 4:00 p.m. <sup>51</sup>	55
4	Jefferson St. – Taylor St. to Powell St. Taylor – Jefferson St. to North Point St.	7/25/12 10:00 a.m.- 4:00 p.m.	62
<b>Total Meters</b>			<b>1,025</b>

<sup>51</sup> One hour of occupancy information between 10:00 a.m. and 4:00 p.m. was not recorded in this study.

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SFMTA conducted the study by having an observer walk down a block at hourly intervals during the time indicated. The observer recorded:

- Type of meter, parking space, or zone
- License plate information
- Vehicle type information (e.g., motorcycles, commercial vehicles or whether a vehicle was displaying a disabled placard)
- Expired meters
- Citations
- Double-parked vehicles

SFMTA used this information to determine:

- Occupancy
- Parking turnover
- Parking duration
- Noncompliance

In 2006 SFMTA determined that parking demand and occupancy increases during the summer tourist season at Fisherman's Wharf, but not in commercial districts or downtown areas. Seasonality does not have a significant overall impact on occupancy, as SFMTA meters at Fisherman's Wharf (Area 4) make up only 6 percent (62 of 1,052) of the meters observed in the 2012 study.

The audit used SFMTA's observation data to determine:

- The number and type of vehicles parked at meters.
- Whether or not vehicles paid the meter as required or whether they were exempt from payment.

## APPENDIX B: DEPARTMENT RESPONSE

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Edwin M. Lee, *Mayor*

Tom Nolan, *Chairman*  
Gwyneth Borden, *Director*  
Jerry Lee, *Director*  
Cristina Rubke, *Director*

Cheryl Brinkman, *Vice-Chairman*  
Malcolm Heinicke, *Director*  
Joél Ramos, *Director*

Edward D. Reiskin, *Director of Transportation*

October 9, 2014

**Tonia Lediju**  
**Director of City Audits**  
**City Hall, Room 476**  
**1 Dr. Carlton B. Goodlett Place**  
**San Francisco, CA 94102**

*Subject: Response to San Francisco Municipal Transportation Agency: Parking Meter Revenue Audit Report*

**Dear Ms. Lediju:**

The San Francisco Municipal Transportation Agency is in receipt of the draft audit report entitled, "San Francisco Municipal Transportation Agency: Parking Meter Collections and Citation Fines Equal 96 Percent of Expected Parking Meter Revenue, Which Excludes Meter Occupied by Those Exempt From Payment That Could Generate \$31.1 million." We appreciate the time and efforts of your staff throughout the audit process.

Please find enclosed our responses to the audit recommendations. I am pleased to report that several of the recommendations have either already been implemented or are in process.

If you have any questions or need additional information, please call Kathleen Sakelaris at 701-4339.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Reiskin", is written over a white rectangular background.

**Edward D. Reiskin**  
**Director of Transportation**

Enclosure

For each recommendation, the responsible agency should indicate whether it concurs, does not concur, or partially concurs. If it concurs with the recommendation, it should indicate the expected implementation date and implementation plan. If the responsible agency does not concur or partially concurs, it should provide an explanation and an alternate plan of action to address the identified issue.

## RECOMMENDATIONS AND RESPONSES

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Recommendation	Responsible Agency and Responder	Response
The San Francisco Municipal Transportation Agency (SFMTA) should:		
1. Continue its efforts to assess the impact of misused disabled placards on the disabled community and all others who park at parking meters. SFMTA should consider reaching out to other jurisdictions struggling with comparable issues related to disabled placard abuse. If deemed appropriate, SFMTA should consider working with members of the state legislature to amend state law so that disabled placard holders are required to pay at parking meters.	SFMTA Sustainable Streets	<b>Concur.</b> As the implementation of this recommendation relies on many factors outside SFMTA's control, we will continue to pursue this recommendation until December 2017, at which time we will reassess whether or not it continues to be a meaningful avenue for pursuit.

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Recommendation	Responsible Agency and Responder	Response
2. Consider the feasibility of:  a. Increasing—and, if feasible, take action to increase—parking enforcement efforts.  b. Aligning—and, if feasible, take action to align—citation fines with meter pricing. Any changes made to citation fine amounts should be reflected in the Transportation Code.	SFMTA  (a) Sustainable Streets (Enforcement)	a. <b>Concur.</b> The SFMTA will establish a data-driven methodology to create and update general enforcement and residential parking permit enforcement beats. After our analysis and review is complete, if feasible, Enforcement will realign parking enforcement efforts. Projected completion date: Q1-2015.
	(b) Finance	b. <b>Partially concur.</b> The SFMTA agrees with the policy intent. However, it is neither feasible nor practical to implement for multiple reasons, including, but not limited to: 1) implementation would require setting up a currently non-existent back end system which would require significant costs and time; 2) implementation would require significant customer service education given the complexity of information that customers would receive (e.g. differing citation amounts each time) in an area that is already very sensitive; 3) implementation would require significant ongoing operational costs and administrative support to respond to questions, address the back end system support and address the increased adjudication process; and 4) implementation would create complexity and possible additional hostility toward parking control officers. Therefore, the SFMTA will not implement the Recommendation.
3. Consider charging the maximum daily revenue that a parking meter could collect during operational hours for meter space fees (the Parking Meter Use Fee and Temporary Exclusive Use of Parking Meter Fee). Any changes made to base rate fees should be reflected in the Transportation Code.	SFMTA  Finance	<b>Partially concur.</b> This recommendation is standard practice for the SFMTA. For the last seven years, during each budget cycle, the SFMTA Board considers the option to charge the public the maximum potential meter revenue per meter/per day or the average meter revenue per meter/per day for the next budget cycle. The Board has also considered charging different amounts per zone, per use and various other methodologies. However, to date, the SFMTA Board has opted to charge the average meter daily revenue fee adjusted by inflation.

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Recommendation	Responsible Agency and Responder	Response
4. Consider working with the Office of the City Attorney and the Office of the Controller to revise the Transportation Code so that construction meter fees (temporary exclusive use of parking meter) are assessed based on the number of parking meters on the permitted construction street frontage.	SFMTA Sustainable Streets (Traffic Engineering)	<b>Partially Concur:</b> The SFMTA has met previously with DPW and DBI to discuss the easiest method to assess fees for temporary use of parking meters, and all parties felt that the 25 lineal feet measurement was the best option. In light of the recommendation, SFMTA will meet again with the agencies by July 2015 to discuss feasibility of the recommendation.
5. Verify the accuracy of the following: a. Construction meter fees reported by the Department of Public Works and the Department of Building Inspectors.	SFMTA Finance (Accounting)	a. <b>Concur:</b> This process was implemented for departments other than DPW as of 10/1/2014. For DPW, the process was implemented on a sampling basis, effective 10/1/2014, because daily fees are nominal amounts and the SFMTA does not have the administrative resources to provide the daily reports.
b. Temporary signage permit fees and meter fees reported by the Temporary Sign Program.	Sustainable Streets (Sign Shop)	b. <b>Concur:</b> Already implemented. SFMTA's accounting division verifies check and credit card deposits with reports provided by the Temporary Sign Program Unit. This procedure has been in place since April 2014.

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Recommendation	Responsible Agency and Responder	Response
6. Separately track temporary signage meter fees and record these fees as part of parking meter revenue collections in the City's accounting system.	SFMTA Finance (Accounting) and Sustainable Streets (Sign Shop)	<b>Concur.</b> Already implemented. Separate tracking was implemented effective October 1, 2014.
7. Ensure that the Department of Public Works is notified and provided an up-to-date parking meter map when changes to a map have been made.	SFMTA Sustainable Streets (Traffic Engineering)	<b>Concur:</b> SFMTA will meet with DPW by July 2015 to get an assessment of their needs and establish a schedule to provide DPW with updated maps and other necessary information.
8. Require that meter space fees are collected before approval of temporary no parking permits or posting of signage.	SFMTA Sustainable Streets (Sign Shop)	<b>Concur.</b> Existing long-term vendors will require a period of time to adjust their business practices from legacy practices inherited from the SFPD that allowed payment after signage posting. The SFMTA Sign Shop has begun transitioning from the current process so that by January 1, 2015, no posting of signage will be done before temporary no-parking permits have been approved and meter space fees have been collected.
9. Consolidate reports of broken meters including complaints from the 311 Customer Service Center in a central format that can be analyzed.	SFMTA Sustainable Streets (Meter Shop) and Finance	<b>Partially Concur.</b> Upon completion of the new meter installation in March 2015, the SFMTA will have broken meter reports from the Meter Coin Counting and Collections contractor and the two new meter/paystation procurement vendors. In order to add 3-1-1 and Enforcement division reports (each of which has separate software), the SFMTA will need to assess the feasibility of consolidating the reports to see if and how the software systems could be integrated without incurring significant development costs. The feasibility study will commence after new meter installation is completed, with an expected completion date in Fall 2015. At that time, the SFMTA will determine if consolidation of reports is an option.

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Recommendation	Responsible Agency and Responder	Response
10. Compare broken meter activity according to the San Francisco Parking Management system to the consolidated report to assess the length of time it takes to repair or replace broken meters and whether this duration is reasonable.	SFMTA Sustainable Streets (Meter Shop) and Finance (Services and Contracts)	<b>Partially Concur.</b> As stated in response #9, broken meter reports are available from five different sources (single space procurement vendor, multi space procurement vendor, coin collection contractor, 311 and Enforcement). Upon completion of the citywide meter installation, the SFMTA will be able to track the length of time it takes to repair/replace broken meters from 3 of the 5 sources (single space, multi space and coin collection). The remaining two sources (3-1-1 and Enforcement) will be added provided that the feasibility study outcome described in response #9 is supportive. Since the study should be completed in Fall 2015, staff will make a determination regarding adding the two remaining reports by the first quarter of FY2016.
11. Reevaluate the process for tracking broken meter activity, upon completion of the citywide meter replace program, to assess the length of time it takes to repair or replace broken meters and whether this duration is reasonable.	SFMTA Sustainable Streets (Meter Shop) and Finance (Services and Contracts)	<b>Concur.</b> Given that this is now possible with the new meter contracts, the recommendation will be implemented beginning in March 2015, upon completion of the new meter installation in February 2015.
12. Consider recording and maintaining survey results electronically to reduce inconsistencies and allow easy analysis.	SFMTA Sustainable Streets (Parking)	<b>Concur.</b> SFMTA will consider the technical and staff resources required to record survey results electronically and will make a determination when/whether to begin to do so by March 31, 2015.

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Recommendation	Responsible Agency and Responder	Response
13. Begin recording occupancy data for all circumstances that impact parking meter revenue, including: special events; contractor, vanpool, and press permits; utility vehicles; and exempt and nonexempt government vehicles.	SFMTA Sustainable Streets  (Traffic Engineering and Parking)	<b>Concur.</b> Manual observation and surveying is a costly effort. Recording occupancy data for all circumstances that impact parking meter revenue may slow down surveyors and increase costs. That said, the SFMTA is willing to add data that impacts parking meter revenue to surveys when said surveys are conducted on an as needed basis and when resources are available.
14. Track the number of meters and days that meters are made unavailable due to events approved by the Interdepartmental Staff Committee on Traffic and Transportation.	SFMTA Sustainable Streets  (Parking)	<b>Partially concur.</b> SFMTA will conduct a study by July 2015 to analyze the number of meters and days that meters are made unavailable by ISCOTT-approved events for a representative timeframe.
15. Ensure that the new payment-by-phone contract be approved by the Office of the Treasurer and Tax Collector.	SFMTA Finance  (Services and Contracts)	<b>Concur.</b> The SFMTA will provide the Treasurer and Tax Collector's Office the opportunity to review and provide input on the contract draft prior to contract award in March 2015. The Treasurer's Office has already provided input for the RFP that will be released in October 2014.
16. Ensure that the new payment-by-phone contract requires that revenues are settled in a designated city bank account.	SFMTA Finance  (Services and Contracts)	<b>Concur.</b> The new pay-by-phone contract, expected to go into effect in Summer 2015, will stipulate that revenues are settled in the City's designated bank account.

## APPENDIX C: CONTRACTOR RESPONSE

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LTR14-0255

October 2, 2014

Tonia Lediju  
Director of City Audits  
City Hall, Room 476  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Subject: SFMTA Parking Meter Revenue Audit Report

Dear Ms. Lediju:

This letter is to acknowledge receipt of your Draft Audit Report sent on September 25, 2014. We have thoroughly reviewed the draft report and we have no suggested changes at this time. We would like to thank you for taking the time to review our Parking Meter Collection and Counting operations. We appreciate the opportunity to assist your team as needed and to provide you with the requested information to complete your audit.

Please do not hesitate to contact our Project Manager, Fred Schouten at (415) 285-5043 or myself should you need any additional information.

Sincerely,

A handwritten signature in blue ink that reads "David Cornell".

David Cornell  
Contracts, Transportation & Infrastructure  
Serco Inc.

Serco Inc.