
Parking Administration Program

OPPORTUNITIES EXIST TO INCREASE REVENUE COLLECTION AND
IMPROVE THE CITY'S MANAGEMENT AND OVERSIGHT OF ITS
PARKING ADMINISTRATION PROGRAM

MAY 2011

Audit Report
Office of the City Auditor
City of San Diego



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THE CITY OF SAN DIEGO

DATE: May 3, 2011

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **Performance Audit of the City Treasurer's Parking Administration
Citation Program**

Transmitted herewith is an audit report on the City Treasurer's Parking Administration Program. This report is in accordance with City Charter Section 39.2. The Results in Brief is presented on page 1. The Administration's response to our audit recommendations can be found after page 51 of the report.

If you need any further information please let me know. We would like to thank the Office of the City Treasurer's staff, as well as representatives from other City departments for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information is greatly appreciated. The audit staff responsible for this audit report is Claudia Orsi, Sonja Howe, and Chris Constantin.

Respectfully submitted,

Eduardo Luna
City Auditor

cc: Jan Goldsmith, City Attorney
Jan Goldstone, Chief Operating Officer
Wally Hill, Assistant Chief Operating Officer
Mary Lewis, Chief Financial Officer
Gail R. Granewich, City Treasurer
Andrea Tevlin, Independent Budget Analyst

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Results in Brief

Opportunities exist to increase revenue collection and improve the City's management and oversight of its Parking Administration Program (Parking Administration). Our review of the Parking Administration parking citation billing data system during fiscal years 2007 through 2011 indicates that Parking Administration did not consistently send eligible delinquent parking citations to the Office of the City Treasurer's Delinquent Accounts Program within the appropriate time frame. Additionally, we found that Parking Administration did not audit open citations to ensure that they were sent to collection in a timely manner. Thus, as of February 2011, 34,344 citations were not referred to collection for a total of \$2.9 million of uncollected accounts. To ensure that Parking Administration properly transfers all eligible delinquent citations to collection, Parking Administration should ensure that the responsible staff understands all applicable Department of Motor Vehicles status codes pertaining to the transfer of delinquent citations to collection, and provide updated criteria to its data system vendor.

In the City of San Diego both City and non-City agencies issue manual and electronic citations. Although manual citations represent about nine percent of the citations written in the City, errors originating from manual citations cause the majority of the administrative problems. For instance, because of issuing agencies' failure to correctly self-identify on manually written citations between fiscal years 2008 and 2010, the City Treasurer collected and distributed approximately \$3 million in parking citation revenue from citations with unidentifiable agency codes. In addition, data entry errors during the insertion of manual parking citations into the data system led to inappropriate late payment fees on violators who have

already submitted payment.

We also found that City departments and non-City agencies that issue parking citations do not have standardized training and/or processes in place pertaining to the issuance, voiding, accounting, and referral of citations. Training manuals vary in details and emphasis pertaining to those subjects. For instance, currently each City department and agency forwards manually written citations to Parking Administration according to internal department instructions that are not based on written and standardized guidance. The differing internal timeframes results in a delay of about three to four weeks for data entry of manual citations. To improve efficiency and effectiveness we recommend that the primary enforcement agencies such as the Storm Water Department and the San Diego Police Department draft process narratives standardizing the issuance, voidance, accounting and referrals of parking citations. In addition, Parking Administration should set a time requirement for delivery of manual citations.

Finally, we found that the City lacks an appropriate and effective replacement schedule for its parking meters to ensure the City retains a well-functioning parking meter system. To address the aging of the parking meter infrastructure, we recommend that the City Administration develop an appropriate replacement schedule for the City's parking meters.

Introduction

In accordance with our fiscal year 2010-11 audit work plan, we conducted an audit of the City Treasurer's Parking Administration Program. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We would like to thank the Office of the City Treasurer's management and staff, as well as representatives from other departments for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information is greatly appreciated.

Background

The Office of the City Treasurer's (City Treasurer) Revenue Collections Division administers the Parking Administration Program (Parking Administration). Parking Administration handles payment processing, parking citation customer service functions, issues residential parking permits, and reviews and processes parking citation appeals. Parking Administration currently has a total of 13 staff: one Parking Administration Supervisor, one Senior Clerk Typist, six Public Information Clerks, and five Clerical Assistant II's.¹ The City Treasurer also oversees the Parking Meter Operations program, which installs and maintains the City's parking meters, as well as enforces City parking meters and collects parking meter revenue.² In fiscal year 2010, City Treasurer expenditures for Parking Meter Operations were \$1.36 million; revenue generated by parking meters was \$6.9 million. **Exhibit 1** shows Parking Administration Program Positions, Expenditures, and Revenue for fiscal years 2008 through 2010.

¹ Four Clerical Assistant IIs are dedicated to perform appeal reviews. See Appendix G for the Parking Administration Organizational Chart.

² The primary enforcement agency within the City is the San Diego Police Department.

Exhibit 1

Parking Administration Program Statistics

	Positions	Expenditures	Revenue
Parking Administration			
FY 2008	19.00	\$2.4 million	\$19.2 million
FY 2009	17.00	\$2.5 million	\$20.7 million
FY 2010	17.00	\$2.6 million	\$22.5 million

Source: City of San Diego Fiscal Year 2008, 2009, and 2010 Annual Budgets.

Prior to fiscal year 2007, the General Services Department was responsible for the City’s parking citation administrative, enforcement, and appeals processes. In fiscal year 2007, the Parking Administration division moved to the Office of the City Treasurer. Parking Enforcement is provided by various City departments, divisions, and respective non-City contract agencies.

Currently, the City Parking Organization is comprised of divisions/services from seven separate City departments: Office of the City Treasurer, San Diego Police Department, Storm Water, General Services, Engineering and Capital Projects, Development Services Department, and City Planning and Community Investment. **Exhibit 2** below provides an overview of the key departments and divisions that make up the City Parking Organizational Structure, as well as their service and/or function.³

³ While the chart lists three City departments that enforce parking, there are seven City departments/divisions with staff that are authorized to issue parking tickets, including Lifeguard Services and Park Rangers.

Exhibit 2

City of San Diego Parking Organization Chart

City Department/Agency	Parking Services/Function
Office of the City Treasurer*	<ul style="list-style-type: none"> • Parking Citation customer service • Parking Citation payments and collection • Parking Citation appeals processing • Parking Meter coin collection • Parking Meter Enforcement • Parking Meter installation and removal • Residential Parking Permit
San Diego Police Department*	<ul style="list-style-type: none"> • Parking Enforcement Division • Abandoned vehicle abatement
Storm Water Department*	<ul style="list-style-type: none"> • Street Sweeping Enforcement
General Services Department	<ul style="list-style-type: none"> • Curb/Pavement markings • Street Signs
Engineering and Capital Projects Department	<ul style="list-style-type: none"> • On-street Parking Zones application processing • Parking studies • Faded/missing/incorrect signs & curb markings • Valet Parking permits • Residential parking permit district initiation
Development Services Department	<ul style="list-style-type: none"> • Development Projects Parking requirements • Traffic Permits
City Planning and Community Investment Department	<ul style="list-style-type: none"> • Community Parking District Administration • Parking Advisory Board

* Identified as a key department or as providing a key function of the enforcement of or processing of parking citations.

Source: Office of the City Auditor generated using documents provided by Parking Administration and City department websites information.

Parking Administration processes parking citations for seven City departments and divisions that issue parking citations including San Diego Police Department, Lifeguard Services, and Parking Meter Operations. In addition, the City Treasurer maintains contracts with 12 non-City agencies for which it processes citations.⁴ These agencies include the San Diego Regional Airport Authority, Metropolitan Transit Development Board, and the Unified Port of San Diego. See Appendix C for a list of City departments, divisions and contract agencies.

On an annual basis, the City processes an average of 429, 000 citations with average revenue of \$21 million. Parking citations range from \$25 to \$30 for an expired meter⁵, to \$440 for parking illegally in a disabled parking space⁶. See **Exhibit 3** below.

⁴ Four of the contract agencies – Mt. Carmel High School, Bernardo Heights Middle School, Rancho Bernardo High School, and Westview High School - are grouped under one contract between the City of San Diego and the Poway Unified School District.

⁵ Section 8.12 and 86.14 of the Unified Port District and San Diego Municipal Codes, respectively.

⁶ California Vehicle Code Section 22507.8.

Exhibit 3

City of San Diego Parking Citation Statistics, Fiscal Years 2008-2010

	Parking Citations Processed	Parking Citation Appeals Processed and Decided	Revenues Collected
Fiscal Year 2008	417,800	24,624	\$19.2 million
Fiscal Year 2009	418,074	25,295	\$20.7 million
Fiscal Year 2010	452,432	23,919	\$22.5 million

Source: City of San Diego Fiscal Year 2010 Annual Budget and FY 2012 Proposed Budget.

In completing its function of processing citations and collecting parking citation payments, the Parking Administration uses Inglewood Citation Management Services (ICMS), for the provision of its citation and permit processing system – AutoPROCESS - and related services. AutoPROCESS is a software system that manages and tracks parking citations and their respective payments, appeals, and residential parking permits.

Citation Issuance City and non-City personnel throughout the City of San Diego are authorized to issue parking citations for parking violations of district, municipal, and California Vehicle Codes. These enforcement officers use both manual/handwritten citations and handheld electronic devices that generate parking citations.⁷

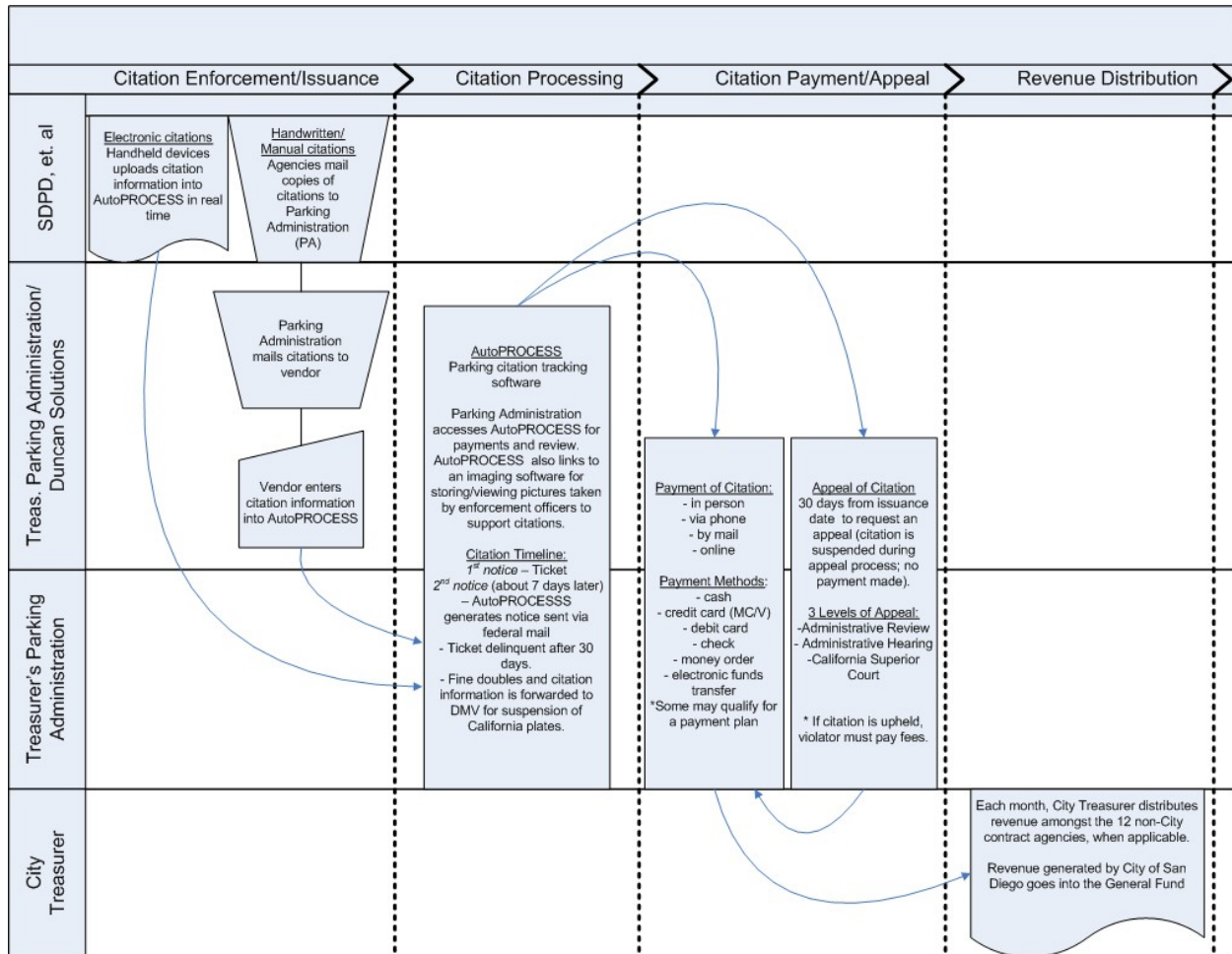
- Manual/handwritten citations: Enforcement officers enter all pertinent information onto the citation form, such as the vehicle identification number, location of the violation, license plate number, and the violation type, and leave a copy of the citation on the car windshield or with the violator. The issuing agency retains a second copy of the citation for internal purposes, and mails the final copy to Parking Administration for processing.
- Electronic citations: The enforcement officer enters all pertinent information into a handheld device, such as the vehicle identification number, location of the violation, license plate number, and the violation type. The device prints the citation and sends the citation information wirelessly to the parking citation tracking system, AutoPROCESS, within 2 to 5 minutes. The enforcement officer leaves the printed citation on the car windshield or with the violator and retains the original citation. At the end of each day, enforcement officers will dock their handheld devices which will upload into AutoPROCESS.

⁷ See Appendix C for a list of City departments/divisions and non-City agencies with authorized parking enforcement staff.

Exhibit 4 illustrates the citation enforcement, processing, and payment processes.

Exhibit 4

City of San Diego's Parking Citation Process



Source: Office of the City Auditor analysis of the parking citation process.

A few key components of this process include the following actions:

Processing of Citations Parking Administration is responsible for processing parking citations issued by various enforcement officers throughout the City, as well as citations issued by a number of contract agencies outside of the City government. Parking Administration responsibility begins when citations appear in AutoPROCESS and ends upon remittance of the penalty revenues to the agencies, where applicable. The AutoPROCESS system facilitates data transfer to/from handheld devices, ticket inquiry, and standard reporting such as: violation summary, officer log, handheld usage report and detailed lists of tickets entered by officer.

Various Parking Enforcement officers throughout the City use handheld devices to issue citations. Information inputted into the handheld device interfaces with Parking Administration's automated citation processing system in real time. To a lesser extent, City police officers and some of the smaller contract agencies use manual citation books to issue parking citations. In these instances, agencies will mail a copy of the issued parking citation to Parking Administration. Parking Administration forwards these copies to a third-party vendor who scans and inputs the citation data into AutoPROCESS manually. This process ranges from 2 to 3 weeks.

Payment of Citations & Citation Appeals Customers pay parking citations through a variety of methods: in person, online, or on the phone. Payments are accepted in cash or by check, credit card, money order, electronic funds transfer, or debit card.

There are three levels of appeals in contesting a parking citation. The first level of appeal is an administrative review provided by Parking Administration. The Parking Administration Program has a separate unit that handles its Administrative Review Process. If dissatisfied with the administrative decision, the second level of review is an Administrative Hearing, conducted by a third-party adjudicator. The final level of review is conducted by the California Superior Court.

Distribution of Revenue The City maintains contracts with 12 non-City agencies for the processing of parking citations. Once citation payments are collected by Parking Administration, the City Treasurer distributes the generated revenue to the agencies. The City Treasurer withholds a contracted processing fee⁸, statutory fee deductions⁹, and State-mandated surcharges.¹⁰

Citation Timeline Parking Administration issues citation holders a second notice approximately nine days after the citation information is uploaded into the AutoPROCESS data system. A parking citation becomes delinquent after 30 days from its issuance if the violator does not pay the penalty amount. If the violator does not pay the citation, the penalty amount doubles, and the Department of Motor Vehicles (DMV) is electronically notified. The DMV is able to suspend the violator's registration. Parking Administration's data system is designed to refer the citation with outstanding balances to collection.

⁸ Contract agencies have two options for paying City administrative fees. One option is the assessment of \$5.66 per citation processed; the other option is the City's assessment of 35 percent of revenue collected after all statutory fee deductions and applicable Department of Motor Vehicle payments have been made.

⁹ Statutory fee deductions include a Department of Motor Vehicles \$3 registration hold fee, California Vehicle Code 5204(a) and 22507.8 Violation Payments, and a California Vehicle Code 22507.8 Incremental Penalty Fee

¹⁰ State-mandated surcharges are payable to the County on a monthly basis and provide money to various funds and accounts. See Appendix B for a listing of surcharges.

Objective, Scope and Methodology

We conducted a review of the City Treasurer's Parking Administration Program to:

- Determine the extent to which the Parking Administration Program (Parking Administration) activities ensure:
 1. The proper administration of parking citations;
 2. The proper administration of citation appeals; and
 3. Whether Parking Administration has the necessary internal controls to ensure that its management of parking citations and the appeal process is operated efficiently and effectively.
- Determine whether the Parking Administration's processes comply with State and local codes; and
- Evaluate the degree of standardization and coordination among various City departments and non-City agencies involved with parking citations.
- Evaluate the appropriateness and accuracy of parking citation revenue distribution to partner agencies; and
- Review the parking meter operations and oversight over meter functionality to identify potential cost savings or additional revenue generation opportunities from parking meter operations.

We obtained an understanding of the roles and responsibilities of various City of San Diego departments and non-City issuing agencies pertaining to the core parking functions such as writing, voiding, and accounting for parking citations within the City. We reviewed State and local regulatory requirements, departments' policies and procedures, and interviewed department officials with regard to their roles and responsibilities. We then evaluated a random sample of 73 statistically selected parking citations issued during fiscal years 2008 through 2011 and determined whether Parking Administration processed these citations according to regulatory requirements. We also evaluated a sample of 73 statistically selected appeals received during fiscal years 2008 through 2010 and determined whether the appeal process complied with regulatory requirements and operated efficiently and effectively. To ensure that the Parking Administration's internal controls over manually written citations are sufficient to ensure that all manual citations that Parking Administration receives are accounted for, we reviewed a statistical sample of 123 random manual citations and identified the Parking Administration's mechanisms to account for those citations. To ensure the adequacy of Parking Administration's internal controls to reduce the risk of fraud and abuse in its cash handling responsibilities, we interviewed personnel with cash handling responsibilities, reviewed policies and procedures pertaining to cash handling, and reviewed and traced six bank reconciliation reports between July 2010 and December 2010 and traced those amounts to the City's accounting system to verify completeness and accuracy of deposits.¹¹

To evaluate the level of standardization and coordination between the different agencies and City departments involved in core parking functions such as citation issuance, voidance, accounting and referral, we reviewed seven City and non-City Agencies involved with core parking functions and interviewed officials regarding respective policies and procedures pertaining to citation issuance, voidance, accounting and

¹¹ Our review of the six bank reconciliations discussed above did not reveal cash handling deficiencies.

referral to Parking Administration. We limited our review in this area to identify policies, procedures, and practices pertaining to citation issuance, voidance, accounting and referral of manually written citations to Parking Administration.

To evaluate the Office of the City Treasurer's appropriateness and accuracy of parking citation revenue distribution, we reviewed appropriate policies and procedures, interviewed relevant staff, and reviewed 16 statistically selected payments to partner agencies to determine if they were in compliance with applicable policies and procedures and contractual agreements.

To evaluate parking meter operations and oversight over parking meter functionality we reviewed applicable policies and procedures, interviewed relevant staff, and performed testing on a sample of 15 statistically selected parking meters to identify whether the Office of the City Treasurer had processes in place to ensure that controls over parking meter functionality and operation were in place. We reviewed data from fiscal year 2010 and performed data reliability of parking revenue and meter data provided to us and which we relied on in this report. Our observations are detailed in the following audit results.

Audit Results

Finding 1: Opportunities Exist to Increase Revenue Collection and Improve the City's Management and Oversight of its Parking Citations Program

The Office of the City Treasurer (City Treasurer) obtained responsibility for the City's Parking Administration program in fiscal year 2007. Its responsibility includes the processing of parking citations issued by seven City departments/divisions and 12 non-City contract agencies, as well as revenue collection and the first level of appeal of parking citations issued in the City of San Diego. Our review found a number of areas within Parking Administration processes where improvements to manual and electronic processes would result in a current and future savings to the City. We found:

- Erroneous system programming and lack of Parking Administration oversight over its data systems resulted in \$2.9 million in delinquent citations not referred to collection in a timely manner;
- The City Treasurer does not consistently meet its contractual agreements with contract agencies to distribute parking citation revenues on a monthly basis;
- Opportunities exist to improve manual citations processes;
- Improvements to the Parking Administration Program's citation appeal process allows for more efficiencies;
- Uniform parking citation processes would lead to greater efficiencies;
- The Parking Administration Program needs to centralize all policies and procedures in a comprehensive

operation manual.

Our recommendations would ensure Parking Administration strengthen controls to reduce the likelihood of errors that have occurred during the years of our review, and which have resulted in approximately \$2.9 million in delinquent citations not referred to collection and \$3 million in penalties collected from parking citations with an unidentifiable agency code.

Erroneous System Programming and Lack of Parking Administration Oversight Over its Data Systems Resulted in \$2.9 Million in Delinquent Citations not Referred to Collection

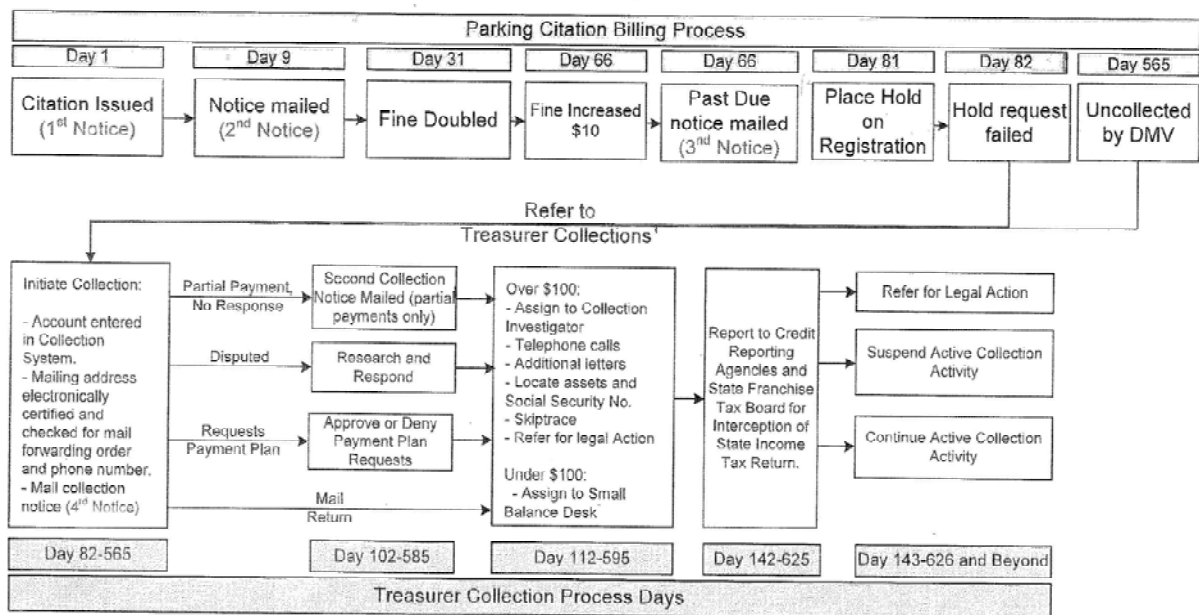
Parking Administration is under the Revenue Collections Division (Division) of the City Treasurer. One of the Division responsibilities is the administration and collection of delinquent accounts. Our review of the Parking Administration parking citation billing data system during fiscal years 2007 through 2011 indicates that Parking Administration did not consistently send delinquent parking citations to the City Treasurer's Delinquent Accounts Program within the appropriate time frame. Additionally, we found that Parking Administration did not audit open citations to ensure that they were sent to collection in a timely manner. As a result, as of February 2011, 34,344 citations were not referred to collection for a total of \$2.9 million, which represents approximately 19 percent of the total universe of citations that were eligible to be sent to collections.

Parking Administration's data system is designed to refer citations with outstanding balances into collection after a certain period of time. **Exhibit 5** shows the parking citation billing process and identifies the criteria to send citations with an open balance into collection.

Exhibit 5

Parking Citation Process Flow

Parking Citation Process Flow



¹ 82-565 days after issue date depending on whether registration hold for citation can be place with the California DMV. Citation holds cannot be placed on vehicles that are registered outside of California, vehicles that are rented, and or vehicles that have been transferred to a new owner. Citations with successful registration holds are not referred for collection until 100 days after the following registration due date.

Source: Parking Administration.

In the process of identifying unpaid accounts to send to collection, Parking Administration’s data system relies on the Department of Motor Vehicles’ (DMV) classification codes pertaining to registration holds. DMV has 11 classification codes regarding its attempt and success at registration holds.¹²

¹² See Appendix F for a list of the Department of Motor Vehicle classification codes with regard to registration holds.

One of the factors that contributed to the failure of Parking Administration's data system to send citations with a delinquent balance to collection was that Parking Administration was unaware of one DMV classification code and therefore did not provide complete criteria to Duncan Solutions, its data system vendor. As a result, Parking Administration's data system did not recognize one of the 11 DMV classification codes as identifying unpaid accounts as eligible for collection. Due to this omission, 33,887 citations totaling \$2.9 million were not transmitted to collection.

Additionally, we found that Duncan Solutions erroneously programmed a certain date field (DMVHoldStatusDate) on which the timing of sending an account to collection depends. Specifically, the data entry in the date field was supposed to stay the same as originally input, but the programming caused the entered information to change every time the account was accessed.¹³ This resulted in an additional 457 citations totaling \$36,958 not being sent to collection.

Parking Administration IT Division did not properly monitor and audit its data system and did not catch these errors. As of February 2011, we estimate that Parking Administration's oversight failure and Duncan Solutions' programming error have resulted in approximately 34,344 open citations that did not go into collection for an amount of \$2.9 million.¹⁴

In order to ensure that Parking Administration properly refers all eligible delinquent citations to collection, we recommend that the Parking Administration Program:

Recommendation #1

Send all eligible delinquent citations to collection. (Priority 1)

¹³ The input date was supposed to be static and informative. However, due to the system programming error, the date wasn't static, and it affected the calculations on the timing for when accounts went to collection.

¹⁴ Of the \$2.9 million about \$2.8 million represents revenue for the City's General Fund. The remaining represents revenue due to non-City entities that Parking Administration contracts with to process parking citations.

Recommendation #2

Ensure that the responsible staff understands all applicable Department of Motor Vehicles status codes pertaining to the transfer of delinquent citations to collection, and provide updated criteria to its data system vendor. (Priority 1)

Recommendation #3

Develop policies and procedures to ensure that it regularly audits its parking citations data system to ensure that eligible delinquent accounts are timely sent to collection. (Priority 2)

Recommendation #4

Work in conjunction with their vendor to adjust the erroneous programming and capture all of the Department of Motor Vehicles status codes to send open accounts into collection. (Priority 2)

The City Treasurer does not consistently meet its contractual agreements with contract agencies to distribute parking citation revenue on a monthly basis

We found the City Treasurer did not distribute citation revenue to contract agencies in accordance to contractual obligations and as required by the California Vehicle Code. Specifically, we found that contracts for 10 of the 12 contract agencies include payment terms stating that the City will distribute citation revenue to agencies on a monthly basis. We conducted a review of a sample of payments made to the City's 12 contract agencies during Fiscal Year 2010. We found that none of the agencies with monthly payment terms received payments in a timely manner¹⁵ and all payments exceed one month.

California Vehicle Code section 40200.5 authorizes an issuing agency to contract with the City for the processing of notices of parking violations and notices of delinquent parking violations. Further, the California Vehicle Code requires monthly distribution of amounts collected with the exception of money payable to the County and the Department of Motor Vehicles.

Despite the one month requirement in State law, the City

¹⁵ We define "timeliness" in this instance to be distributions made within 30 days from the end of the month when citation payments were accepted by the City Treasurer.

Treasurer took an average of 3.78 months for processing and payment of citation revenue. According to the City Treasurer, the delay in processing and payment of revenue distribution to contract agencies is the result of a lack of resources and problems with reports used for revenue distribution. The City Treasurer decided to assign the staff member responsible for the processing of revenue distribution to OneSD full time. By distributing revenues on a quarterly basis and not monthly, the City Treasurer is not in compliance with the terms of the contracts with City and non-City agencies and State law.

The City Treasurer must comply with voluntary contractual arrangements entered into by the City and any other entity. This is especially the case when State law requires certain actions on the part of the City when the City enters into a contractual arrangement to provide parking citation processing services. If the City Treasurer does not have sufficient staff to comply with contractual arrangements, the City Treasurer should either reevaluate internal processes to provide adequate staffing or cease contractual arrangements where the City Treasurer is unable to perform.

To comply with contract requirements and State law, we recommend that the Office of the City Treasurer:

Recommendation #5

Establish a process to distribute the appropriate revenue to its contracted agencies on a monthly basis as required by contract agreement and State law or cease contractual arrangements where the City Treasurer is unable to perform in compliance with its contracts. (Priority 3)

Opportunities Exist to Improve the Manual Citation Processes

As reported, both City and non-City issuing agencies issue manual citations. Although manual citations represent nine percent of the citations written in the City, errors originating from manual citations cause the majority of the administrative problems, such as difficulties in identifying agency codes. In fact, our review of the processing of manual citations as compared to electronic citations revealed the following:

- Issuing agencies often failed to correctly self-identify on manually issued citations and as a result between fiscal years 2008 and 2010, the City Treasurer collected and distributed ¹⁶ approximately \$3 million in parking citation revenue generated by parking citations with unidentifiable agency codes;
- Data entry errors and delays during the insertion of manual parking citations into the data system led to inappropriate late payment fees, on violators who have already submitted payment.

The City Treasurer is responsible for the receipt and custody of all citywide revenue and for the proper accounting and distribution of these funds. Parking Administration is responsible for parking citation customer service functions, including ensuring that citizens that make payments are not inappropriately charged. Further, the Parking Administration has a contractual obligation to non-City issuing agencies to distribute revenue generated by that agency in its entirety.¹⁷ Errors pertaining to the issuance and processing of manual citations affect the City Treasurer's ability to properly distribute revenues to the issuing agencies and to avoid improperly charging parking violators.

During fiscal years 2008 through 2010, the City Treasurer collected and distributed approximately \$3 million in parking citation revenue for citations with unidentified agencies. In issuing manual (hand-written) citations, enforcement officers fill out the citations, inputting information regarding the type of violation, vehicle code identification, etc. In addition, each issuing division or agency is identified by a code which is used by the City Treasurer during citation processing. When the issuing agency does not accurately write its agency code on the citation, AutoPROCESS cannot allocate that revenue to a specific agency and the citation is rejected by the system.

¹⁶ Of the \$3 million of revenues that originate from citations with unidentifiable agency codes, \$2.8 million are distributed to the San Diego Police Department, a General Fund department. The remainder is distributed to various contract agencies.

¹⁷ The revenue distributed excludes the City's contracted processing fee, statutory fee deductions, and State-mandated surcharges.

Between May 2010 and December 2010, there were 2,052 rejected citations. The Police Traffic Division was responsible for issuing 1,403 (68%) of those citations. The most frequent reason (51 percent) for citation rejection was the failure of the issuing agency to provide an agency code. Without an agency code, the City Treasurer does not know to whom to distribute the resulting parking citations revenue. In the case of unidentifiable citations, the City Treasurer divides the resulting revenue among all City and non-City agencies based on the percentage of citations issued by each agency during the month in review.¹⁸

**Inputting Manual
Citation Data is Not
Done in a Timely Manner**

In addition to the revenue distribution issues caused by manual citation errors, the process to insert a manual citation into the data system can take up to three weeks. During the three-week period, Parking Administration may receive a citation payment before it has inputted that citation into the data system. In such instances, AutoPROCESS creates a skeletal citation where it records payment. As previously noted, manual citations are mailed to a third-party vendor where they are scanned and manually inputted into AutoPROCESS. If, during the manual imputation, even a minor data entry error occurs, the skeletal citation and the actual citation will not match up and the system creates an entirely new citation. Consequently, the system will inappropriately generate notices of late payments, and accumulate additional late fees. During our review, we found a citation issued in April 2009 was still open in the system for an amount of \$41.00 even though the violator had made a payment. In another instance, we noticed that a violator has paid additional penalties in the amount of \$57.00 to the Parking Administration in 2009 due to late fees caused by a mismatched citation.

The effective and efficient operations of Parking Administration rely on the ability of agencies to issue and process citations without errors. When errors such as the absence of an agency code or a skeletal payment that is mismatched from the original citation occur, Parking Administration cannot manage citation payments effectively and the City Treasurer cannot

¹⁸ According to Parking Administration, this methodology was reviewed by the City Attorney.

distribute revenue for parking citations according to contract requirements. As of May 2010, the Parking Administration data system has been programmed to reject citations with errors such as the lack of an agency code. Subsequent to the rejection, the appropriate staff within Parking Administration reviews the rejected citations and corrects the errors that caused the citations to be rejected. According to the City Treasurer, the review of the citations that are rejected by the data system allows Parking Administration to identify the issuing agency and essentially correct problems pertaining to the citations with unidentifiable agency codes.

To improve the process pertaining to manual citations, we recommend that the Parking Administration Program:

Recommendation #6

Ensure that the process of review of the rejected citations fully corrects the errors that resulted in the distribution of revenues for citations with unidentifiable agency codes. (Priority 2)

**Improvements to the
Parking Administration
Program's Citation
Appeal Process Allow for
More Efficiencies**

We found the City Treasurer has lenient timelines, in excess of State law requirements to administer its appeal and payment processes. Specifically, we found that 32 percent of the appeals processed were submitted past the State deadline of 14 days from the date of the Notice of Illegal Parking. A more stringent timeline in conformity to State law requirements would likely reduce the volume of appeals. As violators are not required to pay penalties immediately when they appeal, the lenient timelines result in delays of parking citation revenue receipt. **Exhibit 6** summarizes a comparison between City of San Diego and other jurisdictions' appeals processing time-lines.

Exhibit 6

Parking Citation Payment and Appeals Timeline Comparison

	California Vehicle Code	Other Jurisdictions ¹⁹	City of San Diego
Payment of Citation	<ul style="list-style-type: none"> • 21 days from issuance of parking citation • 14 days from the notice of delinquent parking violation 	<ul style="list-style-type: none"> • 21 days from issuance of parking citations • 14 days from the first reminder notice 	<ul style="list-style-type: none"> • 30 days from issuance of parking citations • 21 days from the Notice of Illegal Parking (2nd notice sent via federal mail)
Appeal of Citation	<ul style="list-style-type: none"> • 21 days from issuance of parking citation • 14 days from the mailing of delinquent parking violation 	<ul style="list-style-type: none"> • 21 days from issuance of parking citations • 14 days from the first reminder notice 	<ul style="list-style-type: none"> • 30 days from issuance of parking citation • 21 days from the date of the Notice of Illegal Parking (2nd notice sent via federal mail)
Administrative Review Timeline	No guideline	5-60 days	60+ days in 56 percent of appeals ²⁰

Source: Office of the City Auditor generated using analysis of California Vehicle Code, benchmarking data, and Parking Administrative data.

We found that Parking Administration did not effectively manage its appeals workload because 56 percent of time they exceeded the 60 day limit to inform violators of the Administrative Review decision. According to best practices, 60 days is a good practice to inform violators of the Administrative Review decision. Parking Program supervision agreed with this practice. Specifically, we reviewed a sample of 73 appeal requests during fiscal years 2008 and 2010 and found that Parking Administration accepted 11 percent of appeals late based on its own policy and procedures of allowing 21 days from the date on the Notice of Illegal Parking. In addition, our

¹⁹ Based upon information gathered from the cities of West Hollywood, San Francisco, Sacramento, San Bernardino, Los Angeles, and Santa Monica.

²⁰ Based upon a sample of appeals reviewed between fiscal years 2007 and 2010.

review of the Parking Administration's appeal review process indicates that between fiscal years 2008 and 2010, Parking Administration took longer than 60 days to perform an Administrative Review 56 percent of the time. We found that Parking Administration did not track or use performance measures to determine opportunities to improve the appeals process.

As of October 2010, Parking Administration had a backlog of approximately 9,000 appeals. To resolve the backlog, Parking Administration contracted with Duncan Solutions to process backlogged appeals at a cost of approximately \$19,000. Parking Administration attributes the backlog of appeals to an increased ability for violators to request an appeal,²¹ setbacks due to the learning curve of newly implemented citation tracking software, and to having lost 40 percent of its workforce due to a budget reduction during the summer of 2009.²² **Exhibit 7** summarizes the statistics pertaining to the appeal process between fiscal years 2008 and 2010.

As shown in the exhibit, our review indicates that Parking Administration reviews the majority (98 percent) of the appeals it receives and it denies only a very small percentage of appeal requests (2 percent) it receives. The only valid reason for denial is if the appeal is late. Of the appeals that Parking Administration reviews, 88 percent are upheld and the violator is considered liable and required to pay the penalty.²³

²¹ According to Parking Administration, when the City Treasurer assumed responsibility of the administrative and appeals divisions of Parking Management, it provided more options for customers to appeal, such as online and via email. In addition, it extended office and telephone hours.

²² The appeals unit lost two of five appeals staff in June 2009.

²³ State law dictates that once a citation is contested, payment of the citation is not due until/unless the administrative review is completed and the violator's citation is upheld. At this point, full payment is due even if the violator chooses to request a second level of review. If the second level of review is decided in favor of the violator, the City refunds the payment.

Exhibit 7

Parking Citation Appeals at Each Step of the Process, FY 2008-2010

Appeal Phases	Number of Appeals at Each Phase	Percentage of Total Appeals
Appeals Requested	65,570	
Appeal Requests Accepted	64,437	98
Appeal Requests Denied	2,324	2
Appealed Citations Upheld	56,392	88
Appealed Citations Dismissed	7,718	12

Source: Office of the City Auditor generated analysis of Parking Administration data.

By not complying with the letter of State law, Parking Administration is missing an opportunity to reduce its future backlog. In addition, a lack of performance metrics, such as expected daily appeals workload, the Parking Program cannot evaluate the performance of its appeal staff and identify opportunities to improve the appeal process.

To operate the appeals process more efficiently, we recommend that the Parking Administration Program:

Recommendation #7

Modify its appeals timelines and procedures to comply strictly with State law. Specifically, the Parking Administration Program should ensure that appeals are not accepted after the State Mandate deadline of 21 days from the date of the citation issuance or 14 days from the date on the Notice of Illegal Parking. (Priority 3)

Recommendation #8

Develop clear performance metrics for its appeal unit to guide process improvements. (Priority 3)

Uniform Parking Citation Processes Would Lead to Greater Efficiencies

The City of San Diego processes parking citations for seven City agencies and division, and 12 non-City agencies.²⁴ City departments and non-City agencies that issue parking citations do not have standardized training and/or processes in place pertaining to the issuance, voiding, accounting, and referral of citations. Training manuals vary in details and emphasis pertaining to those subjects. Both City and non-City agencies that issue parking citations afford parking enforcement officers discretion to void parking citations with minimum guidance. We reviewed seven City and non-City agencies that issue parking citations²⁵ and found that three of the seven agencies do not have written policies or procedures regarding citation issuance.²⁶ While the citations issued by these three agencies account for a small percentage of the total number of citations issued, maintenance of policies and procedures would ensure appropriate and consistent citation issuance practices. With regard to the voiding of citations, we found that two of the seven agencies²⁷ reviewed provide the issuing officer with no guidance for voiding citations, whereas five of the agencies²⁸ require some level of supervisory review for voiding citations. Finally, we found that four of the seven agencies do not track or maintain any internal records of citations issued.²⁹

According to Government Finance Officers Association's (GFOA) *Governmental Accounting, Auditing, and Financial Reporting*³⁰, the greatest challenge to effective internal control is ensuring that the control framework established by management is comprehensive—that it is broad enough to fully achieve its intended purpose. GFOA points out that any truly comprehensive framework of internal control must

²⁴ See Appendix C for a list of agencies.

²⁵ The City agencies chosen for review are Parking Enforcement, Street Sweeping, Meter Operations, and Lifeguard Services. The non-City agencies chosen for review are the Unified Port of San Diego, San Diego Regional Airport Authority, and Mt. Carmel High School.

²⁶ Lifeguard Services, Mr. Carmel High School, and Street Sweeping. According to management, Street Sweeping follows the SDPD guidelines for citation issuance and does not maintain its own internal policies and procedures.

²⁷ Lifeguard Services and Mt. Carmel High School.

²⁸ Meter Operations, Parking Enforcements, Street Sweeping, San Diego Regional Airport Authority, and Unified Port of San Diego.

²⁹ San Diego Police Department Unified Port of San Diego, San Diego Airport Authority, and Mt. Carmel High School.

³⁰ *Governmental Accounting, Auditing, and Financial Reporting – Using the GASB 34 Model (2005)*, p. 382.

possess five essential elements: a control environment; continuing assessment of risk; the design, implementation, and maintenance of effective control-related policies and procedures; and ongoing monitoring. Standardization of processes helps management to accomplish these objectives.

The City Parking Organization is spread across seven City departments with the core parking functions of issuance of citations, voiding of citations, accounting of citations and managing citation payments spread across three City departments including the Storm Water Department, Police Department, and the Office of the City Treasurer. While the Office of the City Treasurer is the parking citations processing agency, Storm Water Department and the San Diego Police Department are the two largest enforcement agencies. In addition, 19 City and non-City entities issue parking citations that require processing by Parking Administration. The lack of a centralized system that encompasses the core parking functions under the same umbrella leads to a disjointed effort that compromises the efficiency of citation processing and results in inconsistencies in enforcement citywide.

For example, currently each City department and agency forwards manually written citations to Parking Administration according to internal department instructions that are not based on written and standardized guidance. Thus, City departments and partner agencies forward their manual parking citations at different times independently from the citation issuance date, at times based solely on whether they believe they have accumulated enough citations or to allow time for subsequent voiding of citations. The differing internal timeframes ultimately results in a delay of about three weeks for data entry of manual citations. When manual citations take three weeks to be entered into the system, there is a significant likelihood that payments may be made prior to the citation's information being inputted into the system, as the citation payment is due 30 days after the citation is issued. When an individual makes a payment on a manual citation prior to the citation being entered into the data system, Parking Administration creates a skeletal citation to account for

payment of that citation. Data entry errors on either the skeletal citation or actual citation result in the creation of duplicate citations. Although we found minor instances of violators paying late fees due to this issue, we did not find that the City Treasurer sent violators to collection. However, the manual process increases the risk of inappropriately charging late fees, or worse, sending violators to collection.

Instituting program-wide standard practices indicating that all manual citations should be forwarded to the processing agency within a limited period of having received/written them would result in a less time-consuming process and reduce the chances of skeletal payments problems. A standardized process which requires all City departments and contract agencies follow the City Treasurer's approved timeline for forwarding citations to Parking Administration would ensure timeliness for processing manual citations.

To improve the efficiency, effectiveness and standardization of the City Parking Organization, we recommend that the primary enforcement agencies such as the Storm Water Department and the San Diego Police Department:

Recommendation #9

Draft process narratives regarding the issuance, voidance, record keeping and referrals of parking citations. This could provide a standardized model for the issuance, record keeping, voiding, and referrals of citations for every department and agency. (Priority 3)

In addition, to further standardize the process, we recommend that the Parking Administration Program:

Recommendation #10

Set a time requirement for delivery of manual citations for those City and non-City agencies for which the Parking Administration Program processes citations. (Priority 3)

The Parking Administration Program needs to Centralize all Policies and Procedures in a Comprehensive Operations Manual

We found Parking Administration does not have a comprehensive, centralized set of policies and procedures or a Program Operations Manual for the Parking Administration Program. Parking Administration's written policies and procedures are contained in a series of memorandums and draft policies that address a variety of subjects such as cashiering procedures, telephone impound procedures, processing refund requests, and Notice of Illegal Parking vs. Courtesy Notice. Memorandum effective dates vary, and although core subject areas appear to be addressed, the Parking Administration staff could benefit from a comprehensive operations manual and centralized set of policies and procedures.

According to the Government Finance Officers Association (GFOA), an essential component of internal control is the design, implementation, and maintenance of specific, control related policies and procedures. In addition, a key element of a comprehensive framework of internal control is the effective and efficient communication of information through a comprehensive formal documentation of policies and procedures that encompasses the accounting and internal controls of the organization. Finally, according to the GFOA, management is responsible to monitor and update policies and procedures to ensure that they continue to function properly. Management must also verify that policies and procedures have, in fact, been updated and that they address new challenges. Without a comprehensive set of policies and procedures or a comprehensive Operations Manual there is no certainty staff understands or adheres to the program policies and procedures.

Parking Administration informed us that the lack of comprehensive policies and procedures for the administration of parking citations is due in part to Parking Administration being moved across several City departments prior to becoming a function of the City Treasurer.

To develop, formalize, and implement a standardized parking citation management program, we recommend that the Parking Administration Program:

Recommendation #11

Establish a comprehensive Program Operations Manual that incorporates all existing policies and procedures, newly developed policies, procedures, training materials, and resources, as well as the Parking Administration Program's purpose, values, and mission. (Priority 3)

Finding 2: The City Lacks an Appropriate and Effective Replacement Schedule for Its Parking Meters

The City Treasurer's Parking Meter Operations program (Meter Operations) installs and maintains the City's parking meters. Meter Operations³¹ is also responsible for the daily collection of coin from the City's 5,276 active parking meters.³² We conducted a review of the City's parking meters to evaluate parking meter operations and oversight over parking meter functionality. Our review indicates that:

- The City lacks an appropriate and effective replacement schedule for its parking meters to ensure the City retains a well-functioning parking meter system.

To address the aging of the parking meter infrastructure, we recommend that the City Administration develop an appropriate replacement schedule for the City's parking meters. In addition, the City Administration should ensure that an appropriate portion of the parking meter revenue is set aside to fund the replacements.

The City Lacks an Effective Replacement Schedule for its Aging Parking Meters

Between February 2009 and June 2010, there were 6,596 reports of out of service parking meters, an average of 366 reports per month. **Exhibit 8** illustrates the maintenance level provided to parking meters within the City's nine parking meter business districts.³³ As the Exhibit indicates, the majority of parking meter repairs and maintenance took place in the areas of the city with the highest number of parking meters: Little Italy (18 percent), and the East Village (15 percent). Repairs were least frequent in the Marina (6 percent) and Gaslamp District (5 percent).

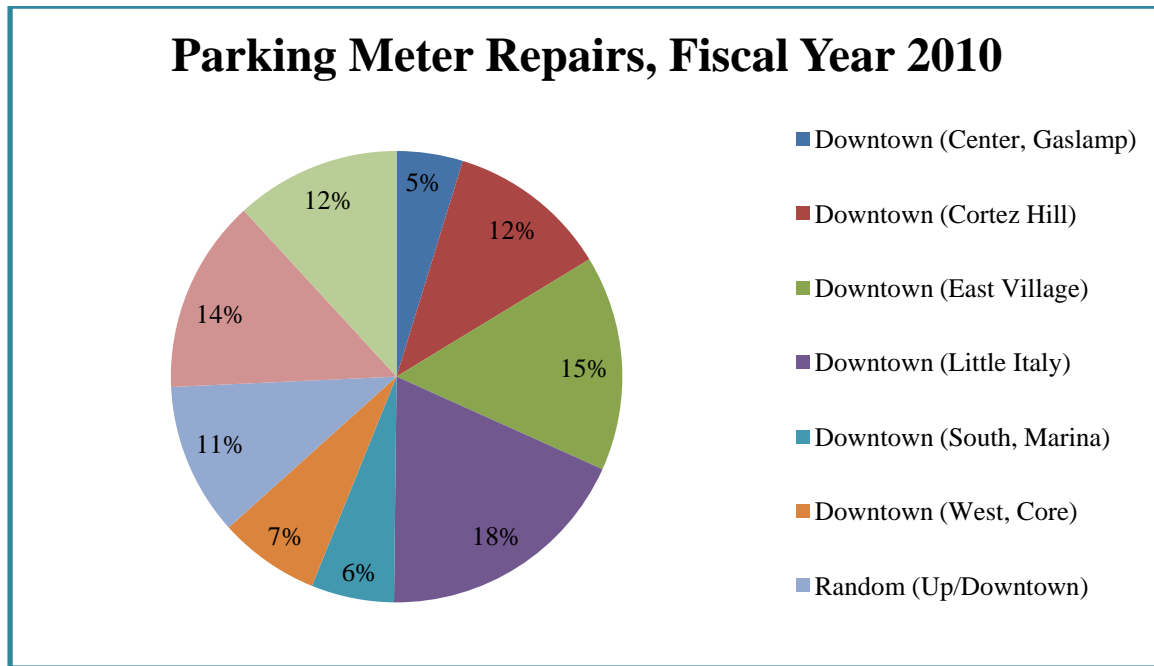
³¹ Parking Meter Operations is comprised of 10 staff including eight Parking Meter Technicians, a Senior Parking Meter Technician, and a Division Supervisor.

³² Some of these routes are collected once a week while others 3 times per week.

³³ Center/Gaslamp, Cortez Hill, East Village, Little Italy, South/Marina, West/Core, Up/Downtown, Hillcrest/Mission Hills, Pill Hill.

Exhibit 8

City of San Diego Parking Meter Repair and Maintenance, Fiscal Year 2010



Source: Office of the City Auditor generated using Meter Operations' 2010 Maintenance Report

The average time between when a meter was reported out of service and when it was subsequently restored was approximately 2.3 days.³⁴ However, we found 83 instances in which the Meter Operations “fix” time took 30 days or longer. While the 83 reports represent only one percent of the total population, additional testing of 15 such reports found that in 14 out of the 15 reports we reviewed, parking enforcement had issued a citation.³⁵ Of our sample, we found that the most common complaint regarding parking meters was a failure to register coins. According to Parking Meter Operations, while a number of elements, such as the environment and insect nests contribute to faulty operation of parking meters, the volume of repairs needed during our review are likely due to the service age of the City’s parking meters. The parking meter manufacturer (POM) recommends replacement of parking

³⁴ The shortest “fix” time was less than one minute, represented by a battery change; the longest time was 400 days.

³⁵ While most of the meters, when inspected by parking meter technicians, were deemed “ok”, our review found that many of the parking meters on the 30+ day list were listed multiple times, suggesting that problems did, in fact, exist.

meters every 10 years.³⁶ While Parking Meter Operations works to extend the life of the City's meters through maintenance and rotation, the division estimates that approximately 4,750 of the City's 5,276 meters (90 percent) are over 10 years old.³⁷ According to Meter Operations, the environment, vandalism, and service years have reduced inventory to a minimum level and as newer parking meter versions are developed, older model parts become more difficult and expensive to replace. Without an appropriate replacement schedule, parking meter users lost meter time due to errors where coins failed to register or received parking citations due to malfunctioning meters.

Although Meter Operations is responsible for the maintenance of the City's parking meters, the purchase of new parking meters does not lie with the program. Instead, the process and financing of replacement for new parking meters lies partially with the City Planning & Community Investment Department and Community Parking Districts (CPD) which are responsible for compiling parking meter location and revenue information, working with community interest groups, and proposing parking-related improvements annually.

The San Diego City Council's (City Council) Community Parking District Policy 100-18, which became effective on November 15, 2004, was designed to enable communities to implement parking management solutions—such as metered and non-metered parking spaces, parking lots, valet-parking—to meet their specific needs by creating community parking districts. As of September 2010, there were six³⁸ community parking districts within the City with the three largest being Downtown, Mid-City, and Uptown. According to the policy adopted in 2004, 45 percent of the revenue generated by parking meters in each Community Parking District is allocated to that district annually primarily to be used to address parking supply and mobility issues, such as management and improvement of the

³⁶ POM is the manufacturer of 5,174 of the City's parking meters. The remaining meters are manufactured by IPS Group (single-space) and Cale Parking Systems (multi-space).

³⁷ Older meters have been replaced by newer technologies in high-traffic areas of the City. For example, in 2005, 309 Downtown meters were replaced by 51 Cale multi-spaced *Pay & Display* pay stations.

³⁸ Downtown, Uptown, Mid-City, La Jolla, Old Town, and Pacific Beach

existing parking inventory, increasing the parking supply, and promoting alternative forms of transportation to reduce the parking demand.³⁹ The remaining 55 percent is allocated to the City to be used for parking and traffic-related purposes specific to parking meter zones. The 2004 council policy requires the cost of new parking meters and other parking-related equipment, as well as the maintenance of parking meters, to be shared between the City and the Community Parking Districts based upon the 45/55 percent ratio described. However, the decision about when to replace parking meters is not explicitly required of the Community Parking Districts.

According to the City Planning & Community Investment Department, the City has not budgeted for replacement of aging meters though the CPD Advisory Boards have budgeted limited funds in fiscal year 2011 for replacement. While the Parking Meter Operations cost may now be fully recovered prior to the sharing of revenue with the Community Parking Districts, the meter costs (a capital investment and not technically an operations cost) would still be subject to a 55/45 split on the costs unless the CPD advisory boards recommended funding the entire cost. While, this practice will ensure the City recovers the full cost of Meter Operations' collection of coin and maintenance of the outdated meters, it does not address the impact to the citizens currently parking in meters that are past their prime, require multiple repairs each year, and may result in the inappropriate receipt of a parking violation.

During March 2011, the City Council amended its policy 100-18, allowing the mayor to proceed with dynamic pricing and expanded hours, which sets a goal of increasing the meter utilization rate from 38 percent to 85 percent. The plan introduces flexible pricing systems, so that an hour of street parking could range from \$0.25 to \$2.50, depending on location and time of the day. In addition the plan allows for parking meter operation to expand hours of operation from 7 am to 11 pm, and to include Sundays and holidays. Currently

³⁹ Community Parking District revenue must be used in accordance of San Diego Municipal Code sections 82.08 and 82.09.

parking meters are in use from 8 am to 6 pm, Monday through Saturday.

To ensure that the City increases existing parking meter functionality, we recommend that the City Administration:

Recommendation #12

Develop an effective and appropriate replacement schedule for the City's parking meters. In addition, the City Administration should ensure that an appropriate portion of the parking meter revenue is set aside to fund this program. (Priority 3)

Conclusion

Our review of the Parking Administration processes revealed that opportunities exist to increase revenue collection and improve the City's management and oversight of its parking citations. For instance, Parking Administration did not always send eligible delinquent citations to collection within the appropriate time frame resulting in \$2.9 million of uncollected accounts. Additionally, issuing agencies often failed to correctly self-identify on manually issued citations and as a result between fiscal years 2008 and 2010, the City Treasurer collected and distributed approximately \$3 million in parking citation revenue from citations with unidentifiable agency codes.

Furthermore, some City departments and non-City agencies that issue parking citations do not have standardized training and/or processes in place pertaining to the issuance, voiding, accounting, and referral of citations. Both City and non-City agencies that issue parking citations afford parking enforcement officers discretion to void parking citations with minimum guidance. Finally, Parking Administration does not have a comprehensive, centralized set of policies and procedures or a Program Operations Manual pertaining to the administration of parking citations.

To ensure that Parking Administration processes citations efficiently and effectively and that it maximizes revenue collection, we recommended that Parking Administration send all eligible delinquent citations to collection; provide updated collection criteria to its data system vendor; and, develop policies and procedures to ensure that it periodically audits its parking citations data system to ensure that eligible delinquent citations are sent to collection.

To improve the processing of parking citations within the City, the Office of the City Treasurer should ensure that the process of review of citations that are rejected in its data system

because of the absence of an agency code fully address the issues pertaining to the distribution of revenues for citations that lack identifiable agency codes. To ensure that program operations remain consistent and effective, Parking Administration should establish a comprehensive Program Operations Manual that incorporates all existing policies and procedures, newly developed policies, procedures, training materials, and resources, as well as the Parking Administration's purpose, values, and mission.

To ensure that the City increases existing parking meter functionality, we recommend that the City Administration develop an effective and appropriate replacement schedule for the City's parking meters. In addition, the City Administration should ensure that an appropriate portion of the parking meter revenue is set aside to fund this program.

Other Pertinent Information

Between fiscal years 2003 and 2009, the State of California (State) added an additional \$4.50 in various surcharges to the existing \$5.00 surcharge for each parking citation issued by cities.⁴⁰ For example, in 2003 the State added a \$1.50 surcharge to be assessed on each parking violation in order to fund the State Courthouse Facilities Construction Fund. Until December 2010, the City of San Diego (City) had been remitting the full amount of the State-mandated parking citation surcharges imposed over the last 16 years out of the City's General Fund for parking citations issued by the City without passing on the cost of those surcharges to parking violators.⁴¹

The State requires the City to impose parking citation surcharges on each parking citation collected by the City. These various pass-through surcharges are submitted by the City to the County Treasurer, who remits the State's portion of the surcharges to the State Treasurer for deposits into various State Funds.⁴² **Appendix B** provides a summary of all State-mandated surcharges between fiscal year 2003 and 2010.

As stated above, responsibility of the Parking Administration function of Parking Management was transferred from the General Services Department in fiscal year 2007. In mid-2010, the City Treasurer's Operations Division initiated a Parking Performance Review to help streamline customer service and citation processing. During this review, the City Treasurer's accounting staff discovered that various pass-through fees were not being assessed to violators. Although the State had added various fees over time, neither General Services nor the

⁴⁰ The \$5.00 surcharge, effective January 1994, funded the Courthouse Construction Fund and the Criminal Justice Facilities Construction Fund.

⁴¹ The City did not subsidize the citations issued by non-City agencies for which it processes parking citations.

⁴² Government Code Sections 76000, 76100, 76101, 70372(b), 76000.3

City Treasurer identified or alerted the City Council of these new surcharges so the City Council could consider passing them through to violators. As a result, the City unnecessarily subsidized parking violator penalties in the amount of \$7 million for citations paid during fiscal years 2008 to 2010 for parking citations issued by City enforcement.

In November 2010, prior to a new State-mandated \$3 surcharge to fund the State's Trial Court Fund was to take effect,⁴³ the City Treasurer requested that the Budget and Finance Committee approve the recommendation to assess a \$12.50 surcharge on each parking citation issued by the City.⁴⁴ On November 10, 2010, the City Council adopted this recommendation. The City Treasurer also requested that City Council authorize the Mayor to assess any subsequent State-mandated pass-through fees on parking citations without City Council approval. The City Council adopted the recommendation as well as a requirement that the Mayor must notify the City Council in writing 30 days prior to a new fee being implemented and the City Treasurer must review all changes to fees annually as part of the budget process.

To ensure that the City's General Fund does not subsidize State surcharges for parking violations in the future, we recommend that the Office of the City Treasurer:

Recommendation #13

Develop an internal process for periodic review of parking related legislation by which it would identify upcoming surcharges, and their impact on parking citations. Further, in the future, the Office of the City Treasurer should take immediate action to pass through all State-mandated parking surcharges onto violators in a timely manner. (Priority 2)

⁴³ Effective date of the additional \$3 surcharge was December 7, 2010.

⁴⁴ The \$12.50 pass-through recommended included the \$9.50 currently being paid per parking ticket, as well as the new \$3 surcharge.

Recommendations

In order to ensure that Parking Administration refers all eligible delinquent citations to collection, we recommend that the Parking Administration Program:

1. Send all eligible delinquent citations to collection. (Priority 1)
2. Ensure that the responsible staff understands all applicable Department of Motor Vehicles status codes pertaining to the transfer of delinquent citations to collection, and provide updated criteria to its data system vendor. (Priority 1)
3. Develop policies and procedures to ensure that it regularly audits its parking citations data system to ensure that eligible delinquent accounts are timely sent to collection. (Priority 2)
4. Work in conjunction with their vendor to adjust the erroneous programming and capture all of the Department of Motor Vehicles status codes to send open accounts into collection. (Priority 2)

To comply with contract requirements and State law, we recommend that the Office of the City Treasurer:

5. Establish a process to distribute the appropriate revenue to its contracted agencies on a monthly basis as required by contract agreement and State law or cease contractual arrangements where the City Treasurer is unable to perform in compliance with its contracts. (Priority 3)

To improve the process pertaining to manual citations, we recommend that the Parking Administration Program:

6. Ensure that the process of review of the rejected citations fully corrects the errors that resulted in the distribution of revenues for citations with unidentifiable agency codes. (Priority 2)

To operate the appeals process more efficiently, we recommend that the Parking Administration Program:

7. Modify its appeals timelines to comply strictly with State law. Specifically, the Parking Administration Program should ensure that appeals are not accepted after the State Mandate deadline of 21 days from the date of the citation issuance or 14 days from the date on the Notice of Illegal Parking. (Priority 3)
8. Develop clear performance metrics for its appeal unit to guide process improvements. (Priority 3)

To improve the efficiency, effectiveness and standardization of the City Parking Organization, we recommend that the primary City enforcement agencies, such as the San Diego Police Department and the Storm Water Department:

9. Draft process narratives regarding the issuance, voidance, record keeping, and referrals of parking citations. This could provide a standardized model for the issuance, record keeping, voiding, and referrals of citations for every department and agency. (Priority 3)

In addition, to further standardize the process, we recommend that the Parking Administration Program:

10. Set a time requirement for delivery of manual citations for those City and non-City agencies for which the Parking Administration Program processes citations. (Priority 3)

To develop, formalize, and implement a standardized parking citation management program, we recommend the Parking Administration Program:

11. Establish a comprehensive Program Operations Manual that incorporates all existing policies and procedures, and newly developed policies, procedures, training materials, and resources, as well as the Parking Administration Program's purpose, values, and mission. (Priority 3)

To ensure that the City increases existing parking meter functionality, we recommend that the City Administration:

12. Develop an effective and appropriate replacement schedule for the City's parking meters. In addition, the City Administration should ensure that an appropriate portion of the parking meter revenue is set aside to fund this program. (Priority 3)

To ensure that the City's General Fund does not subsidize State surcharges for parking violations in the future, we recommend that the Office of the City Treasurer:

13. Develop an internal process for periodic review of parking related legislation by which it would identify upcoming surcharges, and their impact on parking citations. Further, in the future, the Office of the City Treasurer should take immediate action to pass through all State-mandated parking surcharges onto violators in a timely manner. (Priority 2)

Appendix A: Definition of Audit Recommendations

DEFINITIONS OF PRIORITY 1, 2, AND 3

AUDIT RECOMMENDATIONS

The Office of the City Auditor maintains a classification scheme applicable to audit recommendations and the appropriate corrective actions as follows:

Priority Class ⁴⁵	Description ⁴⁶	Implementation Action ⁴⁷
1	Fraud or serious violations are being committed, significant fiscal or equivalent non-fiscal losses are occurring.	Immediate
2	A potential for incurring significant or equivalent fiscal and/or non-fiscal losses exist.	Six months
3	Operation or administrative process will be improved.	Six months to one year

⁴⁵ The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number.

⁴⁶ For an audit recommendation to be considered related to a significant fiscal loss, it will usually be necessary for an actual loss of \$50,000 or more to be involved or for a potential loss (including unrealized revenue increases) of \$100,000 to be involved. Equivalent non-fiscal losses would include, but not be limited to, omission or commission of acts by or on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its residents.

⁴⁷ The implementation time frame indicated for each priority class is intended as a guideline for establishing implementation target dates. While prioritizing recommendations is the responsibility of the City Auditor, determining implementation dates is the responsibility of the City Administration.

Appendix B : State and County Surcharges on Parking Violations

Parking Administration Program
Table of State and County Surcharges

Government Code (GC) Section		Total Surcharge
County GC § 76000 (b)	Courthouse Construction Fund (CCF) - GC 76100	
	GC § 76000 (b) - \$2.50 parking penalty to the local <u>Courthouse Construction Fund</u> established pursuant to GC § 76100 less \$1 to the county general fund per GC § 76000 (c)	\$1.50
	GC § 76000 (c) - \$1 of the \$2.50 from GC § 76000 (b) - to the County general fund	1.00
	Row A: Subtotal - CCF and County General Fund (See GC § 76000 (d) - reduction in parking penalty from \$2.50 to \$1.00)	\$2.50
	Criminal Justice Facilities Construction Fund (CJFCF) - GC § 76101	
	GC 76000§ (b) - \$2.50 parking penalty to the local <u>Criminal Justice Facilities Construction Fund</u> established pursuant to GC § 76101 less \$1 to the County general fund per GC § 76000 (c).	1.50
	GC § 76000 (c) - \$1 of the \$2.50 from GC § 76000 (b) - to the County general fund	1.00
Row B: Subtotal - CJFCF and County General Fund	\$2.50	
State GC § 70372 (b)	State Court Facilities Construction Fund (SCFCF) - GC § 70371	
	GC § 70372(b) - \$4.50 - State Court Construction Parking Penalty	
	(Note: Per GC § 70372 (f)(2) 1/3 of \$4.50 (or \$1.50) to the <u>State Court Facilities Construction Fund</u> (SCFCF) and 2/3 of \$4.50 (or \$3.00) to the Immediate and <u>Critical Needs Account</u> (ICNA) of the SCFCF.)	
Row C: State Court Construction Parking Penalty	\$4.50	
New State Surcharge GC § 76000.3	GC § 76000.3- Effective December 7, 2010 the City will be required to assess a new \$3.00 parking citation surcharge. This surcharge will be used to fund the <u>State Trial Court Fund</u> . This new surcharge will sunset on July 1, 2013, under Government Code § 76000.3	
	Row D: New State Trial Court Parking Penalty	\$3.00
Total Added Parking Penalty Pursuant to GC § 76000 (b) and GC § 70372 (b) and new State surcharge (Row A + B +C+D)		\$12.50

Source: Parking Administration

Appendix C: City and Non-City Issuing Agencies (alphabetical)

City of San Diego	CSD Fire
	CSD Lifeguards
	CSD Meter Operations
	CSD Park Rangers
	CSD Parking Enforcement
	CSD Police
	CSD Street Sweeping
Non-City Agencies	
	Alliant University
	Bernardo Heights Middle School
	Metropolitan Transit Development Board
	Mount Carmel High School
	National University
	Rancho Bernardo High School
	San Diego City Schools
	San Diego Community Colleges
	San Diego Regional Airport Authority
	San Diego Unified Port District
	San Dieguito Union High School
Westview High School	

Source: Office of the City Treasurer

Appendix D: San Diego Parking Violation Notice

P100281296

PARKING VIOLATION NOTICE
(SAN DIEGO, REGIONAL)

DATE: ___/___/___ TIME: ___:___ DMV FILE CODE: _____ STATE: _____

LIC # _____

VIN # (LAST FOUR): _____ EXP. DATE: _____ MAKE: _____

BODY: _____ COLOR: _____

LOCATION: _____

REMARKS: _____

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT A COPY OF THIS CITATION WAS ATTACHED TO THE ABOVE DESCRIBED VEHICLE IN ACCORDANCE WITH SECTION 40202 OF THE CALIFORNIA VEHICLE CODE.

OFFICER: _____ AGY: _____ I.D. _____

	THIS VEHICLE IS ILLEGALLY PARKED IN VIOLATION OF:	FINE IF PAID WITHIN 30 CALENDAR DAYS
1.	<input type="checkbox"/> 8.12 UPD EXPIRED METER #	\$ 25.00
2.	<input type="checkbox"/> 8.10(a) UPD SIGNS OR CURB MARKINGS	\$ 35.00
3.	<input type="checkbox"/> 8.16(b) UPD RED ZONE	\$ 60.00
4.	<input type="checkbox"/> 86.14 SDMC EXPIRED METER #	\$ 30.00
5.	<input type="checkbox"/> 86.15 SDMC # EXPIRED IN METER ZONE A B	\$ 40.00
6.	<input type="checkbox"/> 86.09(a) SDMC VIOLATION OF SIGNS	\$ 40.00
7.	<input type="checkbox"/> 86.09(b) SDMC RED ZONE	\$ 65.00
8.	<input type="checkbox"/> 86.10 SDMC LOADING ZONE	\$ 45.00
9.	<input type="checkbox"/> 86.03.1 SDMC PASSENGER LOADING ZONE	\$ 40.00
10.	<input type="checkbox"/> 21113(a) CVC PARKING ON PUBLIC GROUNDS	\$ 35.00
11.	<input type="checkbox"/> 86.10.3 SDMC ALLEY PARKING	\$ 47.00
12.	<input type="checkbox"/> RESERVED	
13.	<input type="checkbox"/> 22907.8 CVC DISABLED PARKING ONLY	\$440.00
14.	<input type="checkbox"/> 12064 CVC FIRE HYDRANT	\$ 65.00
	<input type="checkbox"/> 86.2014 SDMC RESIDENTIAL PERMIT	\$ 40.00
77.	<input type="checkbox"/> 5204(a) CVC CURRENT REGISTRATION NOT DISPLAYED	\$ 25.00
83.	<input type="checkbox"/> 0.341(b) SDCRAA LINKUP/DRIVE-TO-AIRPORT PARKING	\$ 67.00
88.	<input type="checkbox"/> 86.09(b) SDMC STREET SWEEPING	\$ 40.00

P2-1709 (Rev. 8-06)

PARKING ADMINISTRATION COPY



Source: Unified Port of San Diego

This parking citation lists the most commonly issued parking violations.

Appendix E: City-Issued Citation Payments to the County for State-Mandated Parking Citation Surcharges, FY 2009-2010

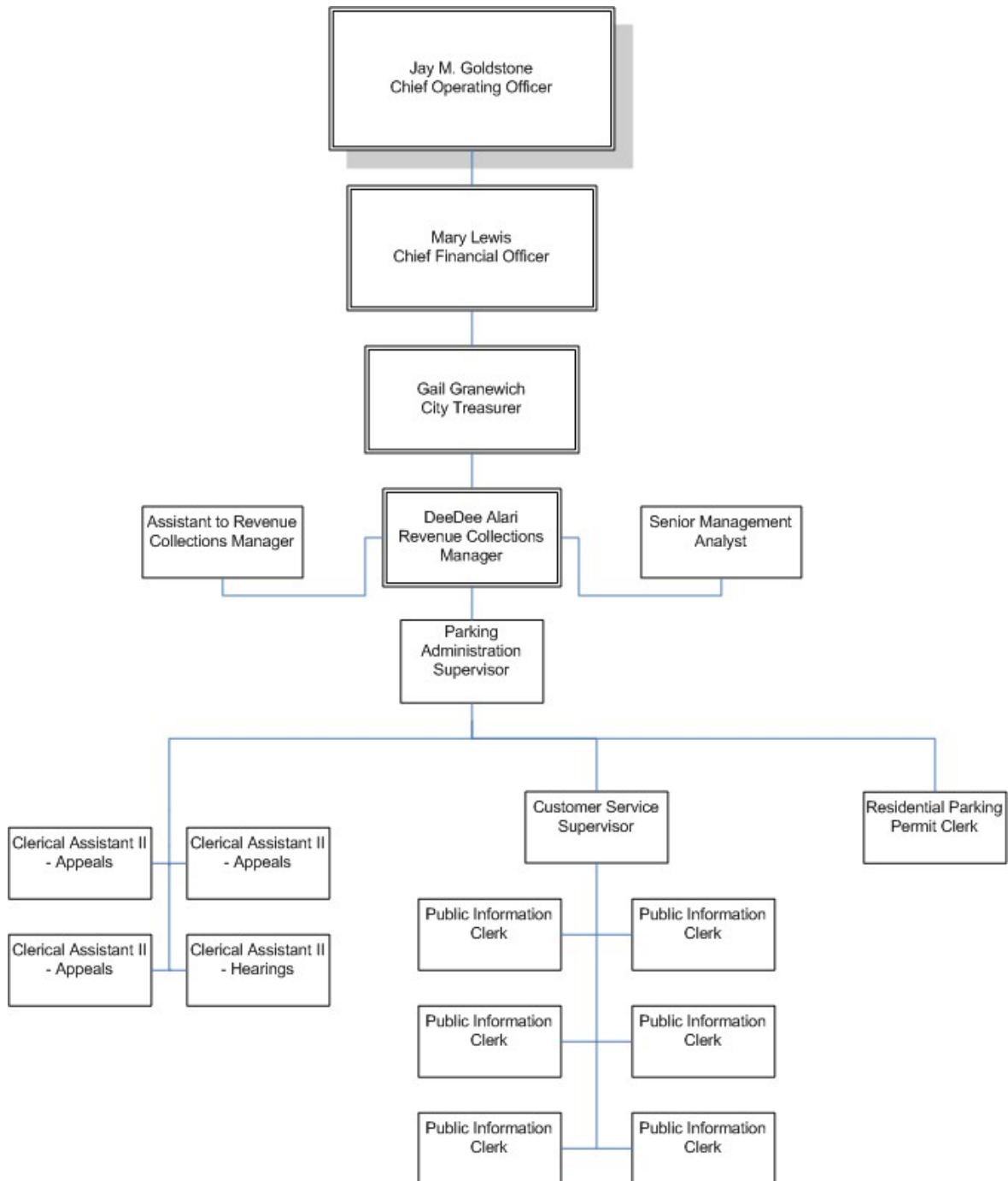
Fiscal Year 2008		Fiscal Year 2009		Fiscal Year 2010		Total Surcharge Payments
Month	Payment	Month	Payment	Month	Payment	
<i>July</i>	Unknown	<i>July</i>	\$123,285.00	<i>July</i>	\$317,984.00	
<i>August</i>	Unknown	<i>August</i>	\$59,375.00	<i>August</i>	\$327,256.00	
<i>September</i>	\$115,920.00	<i>September</i>	\$73,235.00	<i>September</i>	\$293,778.00	
<i>October</i>	\$107,850.00	<i>October</i>	\$27,830.00	<i>October</i>	\$440,163.50	
<i>November</i>	\$116,240.00	<i>November</i>	\$11,495.00	<i>November</i>	\$289,047.00	
<i>December</i>	\$123,760.00	<i>December</i>	\$34,100.00	<i>December</i>	\$289,997.00	
<i>January</i>	\$123,480.00	<i>January</i>	\$187,424.00	<i>January</i>	\$268,508.00	
<i>February</i>	\$143,040.00	<i>February</i>	\$205,512.00	<i>February</i>	\$267,035.50	
<i>March</i>	\$178,570.00	<i>March</i>	\$250,088.00	<i>March</i>	\$345,230.00	
<i>April</i>	\$170,595.00	<i>April</i>	\$255,392.00	<i>April</i>	\$310,735.50	
<i>May</i>	\$174,795.00	<i>May</i>	\$302,261.50	<i>May</i>	\$312,455.00	
<i>June</i>	\$164,265.00	<i>June</i>	\$325,223.00	<i>June</i>	\$318,981.50	
TOTAL	\$1,418,515.00	TOTAL	\$1,855,220.50	TOTAL	\$3,781,171.00	\$7,054,906.50

Source: Auditor Generated Using Documentation Provided by City Treasurer

Appendix F: DMV Hold Status Codes

HC	Request Cancelled
HI	Release Request Rejected
HM	Release Requested
HO	Request Accepted
HQ	Requested
HR	Release Request Accepted
HS	Release Sent
HT	Release Request Sent
HX	Release Request Canceled
IH	Request Rejected
XX	No Activity

Appendix G: Parking Administration Organizational Chart



Source: Office of the City Auditor Generated using City Treasurer data.



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: April 29, 2011

TO: Eduardo Luna, City Auditor

FROM: Gail R. Granewich, City Treasurer Gail R. Granewich

SUBJECT: Response to City Auditor's Parking Administration Program Draft Audit Report

This memorandum is in response to the City Auditor's Parking Administration Program (Program) Draft Audit Report dated April 27, 2011. The following specific responses are provided to the report's recommendations that were directed toward the Office of the City Treasurer:

Recommendation #1: Send all eligible delinquent citations to collection. (Priority 1)

Response: Agree. The Office of the City Treasurer immediately began working with our system vendor to send all eligible delinquent citations to collection. All citations identified in the Draft Audit Report have been or are scheduled to be referred to collection. Due to the large volume identified, referral is being done in batches every three weeks until all are referred. The first batch interfaced on March 16, 2011.

Recommendation #2: Ensure that the responsible staff understands all applicable Department of Motor Vehicles status codes pertaining to the transfer of delinquent citations to collections, and provide updated criteria to its data system vendor. (Priority 1)

Response: Agree. The appropriate staff was provided a complete list of DMV status codes on February 2, 2011 and updated criteria was provided to the parking system vendor on February 25, 2011. As stated in our Response to Recommendation #1, the Office of the City Treasurer immediately began working with our system vendor to correct all errors related to referral of delinquent citations and we will continue to partner with them until all eligible citations are referred in a timely manner.

Recommendation #3: Develop policies and procedures to ensure that it regularly audits its parking citations data system to ensure that eligible delinquent accounts are timely sent to collection. (Priority 2)

Response: Agree. The Office of the City Treasurer will develop policies and procedures for periodic system review to help ensure that all eligible delinquent citations are referred to collection in a timely manner. Draft policies and procedures will be completed on or before October 31, 2011.

Recommendation #4: Work in conjunction with their vendor to adjust the erroneous programming and capture all of the Department of Motor Vehicles status codes to send open accounts into collection. (Priority 2)

Response: Agree. The Parking Administration Program and Treasury IT have been working with our system vendor to correct all erroneous programming and DMV status code omissions to ensure all eligible delinquent citations are referred to collection in a timely manner. All system edits will be completed by October 31, 2011.

Recommendation #5: Establish a process to distribute the appropriate revenue to its contracted agencies on a monthly basis as required by contract agreement and State Law or cease contractual arrangements where the City Treasurer is unable to perform in compliance with its contracts. (Priority 3)

Response: Agree. The Office of the City Treasurer will establish a process to distribute parking citation revenue on a monthly basis, and will evaluate its contractual arrangements with its outside agencies for parking citation processing on or before April 30, 2012.

Recommendation #6: Ensure that the process of review of the rejected citations fully corrects the errors that resulted in the distribution of revenues for citations with unidentifiable agency codes. (Priority 2)

Response: Agree. Parking Administration has taken steps to reduce the number of citations in the system that do not have a valid agency code. A Rejected Citation system was implemented in June 2010 and all citations that have a blank agency code cannot upload into AutoPROCESS¹ until the agency code is determined. Citations with no agency code instead go into the Rejected Citation system. A Program staff person works the Rejected Citation system daily and researches what corrections are needed for the citation to be valid and uploaded into AutoPROCESS. These corrective actions include identifying and populating the proper agency code. These new controls should greatly decrease and possibly eliminate instances of revenue collected for unidentified agencies.

Recommendation #7: Modify its appeals timelines and procedures to comply strictly with State Law. Specifically, the Parking Administration Program should ensure that appeals are not accepted after the State Mandate deadline of 21 days from the date of the citation issuance or 14 days from the date on the Notice of Illegal Parking. (Priority 3)

Response: Agree. The Parking Administration Program will change its payment and appeal due dates to conform to the State timeline of 21 days from the date of the citation issuance or 14

¹ The Parking Administration Program's parking citation system.

days from the date on the Notice of Illegal Parking. Appeal procedures will also be modified to match the new timeline. This will be completed on or before April 30, 2012.

Recommendation #8: Develop clear performance metrics for its appeal unit to guide process improvements. (Priority 3)

Response: Agree. Parking Administration Program management will develop clear performance metrics for its appeal unit on or before April 30, 2012.

Recommendation #9: *This recommendation is directed towards the San Diego Police Department and Transportation and Storm Water Department*

Recommendation #10: Set a time requirement for delivery of manual citations for those City and non-City agencies for which the Parking Administration Program processes citations. (Priority 3)

Response: Agree. The Office of the City Treasurer will establish time requirements for the delivery of manual citations to the Parking Administration Program. The time requirements will be standardized for all issuing agencies and will be completed on or before April 30, 2012.

Recommendation #11: Establish a comprehensive Program Operations Manual that incorporates all existing policies and procedures, newly developed policies, procedures, training materials, and resources, as well as the Parking Administration Program's purpose, values, and mission. (Priority 3)

Response: Agree. The Parking Administration Program will establish a comprehensive Program Operations Manual on or before April 30, 2012.

Recommendation #12: *This recommendation is directed toward City Planning & Community Investment Department*

Recommendation #13: Develop an internal process for periodic review of parking related legislation by which it would identify upcoming surcharges, and their impact on parking citations. Further, in the future, the Office of the City Treasurer should take immediate action to pass through all State-mandated parking surcharges onto violators in a timely manner.(Priority 2)

Response: Agree. The Office of the City Treasurer will develop internal processes for periodic review of parking related legislation to identify future surcharges and will take immediate action to adjust the surcharge amount passed through to the violator. These processes will be drafted on or before October 31, 2011.

cc: Jay M. Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Wally Hill, Assistant Chief Operating Officer
Chris Constantin, Assistant City Auditor
Kyle Elser, Assistant City Auditor
DeeDee Alari, Revenue Collections Manager



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: May 3, 2011

TO: Eduardo Luna, City Auditor

FROM: Wally Hill, Assistant Chief Operating Officer

A handwritten signature in black ink that reads "Wally Hill".

SUBJECT: Response to City Auditor's Parking Administration Program Draft Audit Report

This memorandum is in response to the Auditor's Parking Administration Program Draft Report dated April 27, 2011. The following specific responses are provided to the report's Recommendations #'s 9 and 12 directed toward the Storm Water Division of the Transportation Department, the Police Department and the Economic Development Division of the City Planning & Community Investment Department.

Recommendation #9: Draft process narratives regarding the issuance, voidance, record keeping and referrals of parking citations. This could provide a standardized model for the issuance, record keeping, voiding, and referrals of citations for every department and agency. (Priority 3)

Response: Agree. The applicable City departments will develop process narratives that provide uniform policies and procedures regarding issuance, voidance, record keeping and referral of parking citations. These narratives will be completed by the end of 3rd quarter of FY2012.

Recommendation #12: Develop an effective and appropriate replacement schedule for the City's parking meters. In addition, the City Administration should ensure that an appropriate portion of the parking meter revenue is set aside to fund this program. (Priority 3)

Response: Agree. The applicable City departments, in collaboration with the Community Parking District organizations will develop an appropriate replacement schedule for the City's parking meters in order to address the aging parking meter infrastructure. In addition, City Administration will ensure that an appropriate portion of the parking meter revenue is set aside to fund this program. The schedule and identification of funding needs will be completed by the end of 3rd quarter of FY2012.

Page 2
Mr. Luna
May 3, 2011

Wally Hill

WH/bam

Cc: Jay M. Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Gail R. Granewich, City Treasurer
Kip Sturdevan, Acting Transportation Department Director
Bill Anderson, City Planning & Community Investment Department Director
Chris Constantin, Assistant City Auditor
Kyle Elser, Assistant City Auditor
Claudia Orsi, Principle Auditor
DeeDec Alari, Revenue Collections Manager