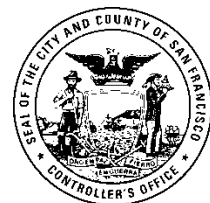


SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY:

San Francisco AutoReturn Complied With Key Contract Provisions Related to Fee Collections and Waivers, Towed Vehicle Inventory Management, and Oversight of Tow Subcontractors, but Tracking of In-Person Customer Wait-Time Needs Improvement



March 15, 2018

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor (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 voters approved 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 its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). 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 about the report, please contact Chief Audit Executive Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

CSA Audit Team: Winnie Woo, Senior Auditor

Audit Consultants: Sjoberg Evashenk Consulting, Inc.



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

**Ben Rosenfield
Controller**

**Todd Rydstrom
Deputy Controller**

March 15, 2018

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

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

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

The Office of the Controller's City Services Auditor Division (CSA) engaged Sjoberg Evashenk Consulting, Inc., (SEC) to audit the agreement between TEGSCO, LLC dba San Francisco AutoReturn (AutoReturn) and the City and County of San Francisco (City). The San Francisco Municipal Transportation Agency (SFMTA) administers this agreement, which requires AutoReturn to tow, store, and dispose of abandoned or illegally parked vehicles in the City. SEC also reviewed SFMTA's management and oversight of the agreement.

Reporting Period: April 1, 2016, through June 30, 2017

Towing Revenue: \$25,967,206

Results:

AutoReturn complied with key contract provisions related to invoices for services provided, fee waivers, and oversight of towing subcontractors. AutoReturn also sufficiently addressed each finding from the prior audit, issued in June 2016. However, AutoReturn's reporting is insufficient to demonstrate compliance with the contract's required maximum in-person customer service wait times.

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

Respectfully,

Tonia Lediju
Chief Audit Executive

Attachment

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

City and County of San Francisco

San Francisco Municipal Transportation Agency:

San Francisco AutoReturn Complied with Key Contract Provisions Related to Fee Collections and Waivers, Towed Vehicle Inventory Management, and Oversight of Tow Subcontractors but Tracking of In-Person Customer Wait-Time Needs Improvement

February 2018



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RESULTS

During fiscal year 2016-2017, the City and County of San Francisco (City) collected \$21 million in towing fees and paid \$12.5 million to San Francisco AutoReturn (AutoReturn) for approximately 42,500 vehicles towed on behalf of the City. The audit found that AutoReturn generally complied with the provisions of its contract with the City and has implemented several improvements to address prior audit findings. However, performance measures related to customer wait times were not always met and require corrective actions.

BACKGROUND

Since 2005, AutoReturn has provided towing and impound services for the City and County of San Francisco. After a competitive procurement process, AutoReturn was awarded a new five-year contract that took effect on April 1, 2016. While the scope of work remained largely the same as in the previous contract, the reimbursement structure changed significantly.

AutoReturn is now required to submit all towing revenues to the City and is compensated for services performed based on tow volume in addition to monthly fixed management fee.

AUDIT PURPOSE

The City Services Auditor (CSA) hired Sjoberg Evashenk Consulting (SEC) to conduct a contract compliance audit of the San Francisco Municipal Transportation Agency's (SFMTA) agreement with TEGSCO, LLC, dba San Francisco AutoReturn for towing services to determine whether AutoReturn has complied with key requirements of the agreement.

KEY FINDINGS

AutoReturn complied with key contract provisions and addressed all prior audit findings and recommendations:

- AutoReturn's October 2016 invoice to SFMTA for \$384,526.88 was reasonably supported and properly reviewed by SFMTA.
- A sample of 18 fee waivers and discounts were examined in detail and all 18 included reasonable support documentation.
- All active towing subcontractors have current licenses and permits.
- AutoReturn addressed all prior audit recommendations, improving inventory procedures, tracking of opposition holds, and monitoring of towing subcontractors.

However, AutoReturn could not demonstrate compliance with contract requirements for in-person customer wait times. Specifically, customer wait times should be less than 10 minutes at AutoReturn's customer service center unless all 6 windows are open for service. The audit found:

- Instances where wait times exceeded 10 minutes when fewer than six windows were open.
- Current wait time reporting is insufficient to demonstrate compliance as staff levels or number of windows open are not included.
- Inconsistent use of "QFlow"—the system employed to capture wait times – by AutoReturn employees.

In addition, while phone wait time targets were missed for June 2016 to December 2016, they were achieved in each month from January 2017 to July 2017.

KEY RECOMMENDATIONS – THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY SHOULD WORK WITH AUTORETURN TO:

- Ensure level of service requirements established by SFMTA for customer in-person wait times are consistently tracked, reported, and met.

Introduction and Background

Audit Authority

The agreement between the City and County of San Francisco (City) and TEGSCO, LLC, dba San Francisco AutoReturn (AutoReturn), as well as the City Charter, provide the City authority to conduct compliance audits. The Office of the Controller's City Services Auditor engaged Sjoberg Evashenk Consulting, Inc., (SEC) to conduct a compliance audit of AutoReturn, as well as an assessment of the San Francisco Municipal Transportation Agency's (SFMTA) management of the agreement.

Background

In July 2005, SFMTA entered in an agreement with AutoReturn for the towing, storage, and disposal of abandoned and illegally parked vehicles in San Francisco. The initial agreement expired March 31, 2016. After a competitive procurement process, AutoReturn was awarded a new five year agreement, effective April 1, 2016 and expiring March 31, 2021.

Although the scope of work remains largely the same under the new contract, significant changes were made to the fee structure. Under the prior agreement, some fees paid by customers for towing and storage were retained by AutoReturn, while others were passed through to SFMTA; in addition, AutoReturn paid the City a referral fee for each towed vehicle and a royalty fee equal to 1 percent of gross revenues. Under the new agreement which took effect April 1, 2016, all fees paid by customers for towing and storage are passed through to the City while AutoReturn receives a flat monthly management fee as well as per unit fees for services provided, as shown in Exhibit 1 below.^{1, 2}

EXHIBIT 1. CURRENT FEES FOR TOWING AND STORAGE

Fee	AutoReturn Collects from Customers and Remits in Full to SFMTA	SFMTA Reimburses AutoReturn
Monthly Tow Management Fee—Fixed	N/A	\$685,316.68
Tow Fee	\$214	\$68.55
Admin Fee	\$269	N/A
Admin Fee—First Time ³	\$177	N/A
Admin Fee—First Time & Low Income ⁴	\$89	N/A
Storage Fee—1st Day, Additional	\$59.25/\$71	N/A
Dolly/Flatbed Fee	\$53.25	\$41.85
Transfer Fee	\$29.25	\$31.98
Lien Processing Fee	\$70/\$100	\$16.19
Auction Fee	\$0 - \$670	\$75.80
Dropped Tow fee	N/A	\$14.95

Source: SFMTA Tow Fee Schedule. AutoReturn Invoices.

¹ Under both the current and prior agreements, AutoReturn also collects citation and boot fees on behalf of SFMTA.

² The City also receives all proceeds from the sale of unclaimed vehicles, less a flat per vehicle sold fee paid to AutoReturn.

³ Applies to individuals who are registered owners. It excludes business owned vehicles, city car shares, or rental car companies.

⁴ Fee reduction criteria is same as footnote 3 but in addition, proof of low income eligibility must be presented such as Lifeline ID card or an award letter from one of the following programs: CalFresh, SSI, Medi-Cal, Housing Assistance, or SNAP.

As the new agreement was taking effect, the City also directed AutoReturn to implement discount programs for first time tows, and reducing the administration fee from \$269 to \$177 for individuals with no prior tow records and \$89 for those who additionally qualify as low income.

AutoReturn manages the entire impound process using ARIES, a proprietary Towed Vehicle Management System (TVMS) that routes tow requests initiated by city parking enforcement officers (SFMTA and SFPD) to a network of towing subcontractors. QFlow is another electronic system used by AutoReturn to capture customer statistics such as volume or wait time at its customer service center. Towed vehicles are brought to one of two impound lots managed by AutoReturn, where customers can pay to have their vehicles released. Vehicles left unclaimed are eventually sold at auction, with the proceeds used to cover outstanding fees.

Objectives

The objective of the audit was to determine if AutoReturn has complied with key requirements of its agreement with the City and had appropriately addressed findings and recommendations resulting from the prior contract compliance audit issued by the City Services Auditor in June 2016. Specifically, the objectives for this audit include determining whether AutoReturn:

- Paid all fees due to the City, and whether the City adequately monitors these payments;
- Properly performed operational activities in accordance with the agreement; including whether prior audit findings and recommendations were appropriately addressed; and
- Has adequate controls for ensuring that financial and operational activities are properly performed.

Audit Standards

This 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. Sjoberg Evashenk Consulting believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Scope and Methodology

SEC was hired by the City's City Services Auditor (CSA) to perform a contract compliance audit of the SFMTA's agreement with AutoReturn covering the period from April 1, 2016 to June 30, 2017.

To accomplish the audit objectives, SEC performed tasks and tests including, but not limited to, the following:

- Interviewed AutoReturn and SFMTA staff to gain an understanding of existing processes, practices, and controls surrounding the tow process, fee collection and waivers, invoicing and payment, inventory management, lot security, oversight of tow truck operators, and vehicle holds as well as various other operational areas.
- Analyzed the agreement between the City and AutoReturn to identify key requirements related to staffing, in-person customer service, customer calls, and lot security.
- Followed-up on prior audit findings and recommendations involving inventory management and ARIES vehicle records, opposition holds, tow truck subcontractor licensing, and approval of AutoReturn's operations manual:
 - Performed inventory testing by sampling a total of 45 vehicles from both the short-term and long-term storage lots and reconciling them against ARIES records.
 - Reviewed the business licenses, liability insurance, and company tow permits on file with AutoReturn for all 12 active towing subcontractors to determine if they were current.
 - Examined ARIES records to determine if AutoReturn had addressed prior audit findings related to duplicate vehicle records and management of opposition holds.
 - Reconciled invoices submitted by AutoReturn for services provided in October 2016 against ARIES records and further examined 10 transactions in detail to ensure they were adequately supported.
- Observed customer payment and vehicle release processes at AutoReturn's customer service center at 450 7th Street.
- Reviewed a total of 18 fee waivers from two sample months to determine whether fee waivers were appropriately applied and included sufficient supporting documentation.
- Analyzed customer in-person wait times and staffing levels using data from QFlow for two sample months (August 2016 and July 2017), the customer service management system used by AutoReturn, as well as additional data provided by AutoReturn.
- Analyzed customer call wait times over the audit period and performed a detailed review of customer calls for two sample months (August 2016 and July 2017).

Audit Results

Between April 1, 2016, when the new agreement went into effect, and June 30, 2017, AutoReturn towed nearly 54,000 vehicles in the City and County of San Francisco and remitted nearly \$26 million in fees, fines, and auction revenue to SFMTA as shown in Exhibit 2.

EXHIBIT 2. TOW VOLUME AND TOW REVENUES, APRIL 1, 2016 TO JUNE 30, 2017⁵

	Number of Tows	SFMTA Tow Income
April 1, 2016 to June 30, 2016	11,462	\$4,941,591
July 1, 2016 to June 30, 2017	42,501	\$21,025,615
Total	53,963	\$25,967,206

Source: AutoReturn Invoices to SFMTA. AutoReturn Revenue Reconciliation Records.

Under the agreement, AutoReturn is responsible for ensuring an effective and efficient tow process, collecting fines and fees on behalf of SFMTA, providing timely customer service in person and over the phone for customers retrieving towed vehicles, managing and securing towed vehicles in its possession, managing and monitoring tow subcontractors, and preparing unclaimed vehicles for sale at auction, among other duties.

Our review found that AutoReturn complied with key contract provisions related to invoices for services provided, fee waivers, and oversight of towing subcontractors. We also followed-up on prior audit recommendations and noted that AutoReturn had sufficiently addressed each finding from the compliance audit issued in June 2016. However, AutoReturn's current reporting is insufficient to demonstrate compliance with contract provisions relating to in-person customer service wait times, and testing revealed several instances where the wait time exceeded the threshold specified in the agreement.

AutoReturn Complied with Key Contract Provisions Reviewed

AutoReturn submits monthly invoices to the City for services provided as well as the agreed-upon fixed monthly management fee. As shown in Exhibit 3, during fiscal year 2016-2017, AutoReturn remitted roughly \$21 million in towing, storage, and auctions fees to SFMTA and submitted invoices totaling just over \$12.5 million.⁶

⁵ April 1, 2016 represents the new contract's start date. Because only three months remained in the fiscal year the contract started, the audit included data through June 30, 2017 to obtain a full year of data.

⁶ AutoReturn also collected and passed through more than \$2 million in citation and boot fees to the City over the same period.

EXHIBIT 3. SFMTA TOW INCOME AND AUTORETURN REIMBURSEMENT, FISCAL YEAR 2016-2017

	Fiscal Year Totals
AutoReturn Tow Collection Remitted to SFMTA	
Auction Revenues	\$3,277,805
Tow Admin Revenues	\$17,747,810
Total	\$21,025,615
SFMTA Payments to AutoReturn	
Tow Management Fee ¹	\$8,024,194
Auction Fee ²	\$434,601
Dolly-Flatbed Fee ²	\$962,676
Dropped Tow Fee ²	\$27,647
Lien Processing Fee ²	\$114,652
Tow Fee ²	\$2,842,635
Transfer Fee ²	\$102,894
Total	\$12,509,299

Note: ¹ Flat monthly fee of \$665,356 (July 2016 to April 2017) and \$685,317 (May 2017 to June 2017). Increase is due to CPI adjustment. ² Amounts are dependent on tow volume (per unit fee) and therefore vary from month-to-month.

Monthly invoices are processed within SFMTA by the Accounting and Operating Budget unit, with review and approval from the Contract Manager and Contract Administrator. We reconciled the October 2016 invoice submitted by AutoReturn against ARIES transaction records and performed a detailed review of 10 transactions from invoice support documents, totaling \$384,527, and found that AutoReturn's invoice for services was reasonably supported.

At the start of the new agreement, SFMTA directed AutoReturn to implement discounts for first time tow customers and those who qualify as low income. The discount reduces the administration fee from \$269 to \$177 for those individuals with no prior tow records and to \$89 for those who additionally qualify as low income. We tested a sample of 18 fee waivers and discounts issued by AutoReturn over the audit period, including first time and low-income discounts as well as waivers for the recovery of stolen or repossessed vehicles. Each of the sampled waivers and discounts included appropriate supporting documentation.

AutoReturn had agreements with 14 towing subcontractors, 12 of which remained active at the end of the audit period. Pursuant to the agreement with the City, AutoReturn is responsible for ensuring that tow subcontractors maintain the proper licenses and permits. We found that AutoReturn maintained current documentation of business licenses, liability insurance, and company tow permits for all active tow operators.

Moreover, based on our review, we noted that both AutoReturn and SFMTA have established an effective and collaborative working relationship to address operational concerns as evidenced by AutoReturn implementing all prior audit recommendations and diligently responding to all requests by SFMTA on an on-going basis.

AutoReturn and SFMTA Addressed All Prior Audit Findings and Recommendations

The previous compliance audit, issued in June 2016, found that while AutoReturn had paid all fees due to the City and generally complied with key provisions of the previous contract, a number of improvements were needed regarding AutoReturn's inventory management, eliminating duplicate records in ARIES, handling of opposition holds, and oversight of subcontractor licensing and permitting. In addition, the audit found that SFMTA had not formally approved AutoReturn's Operations Plan.

We followed-up on the prior audit findings and recommendations, and found that SFMTA and AutoReturn addressed each prior audit finding as follows:

- SFMTA formally approved AutoReturn's Operations Plan on November 11, 2016.
- Several findings noted weaknesses in AutoReturn's inventory management, including
 - Weekly inventory counts were done on Saturdays and not compared against an ARIES storage report until the following Monday.
 - Full inventories were performed only once a year and were not fully reconciled against ARIES records.
 - ARIES contained a number of vehicle records for vehicles no longer in AutoReturn's possession.

We confirmed that both storage lots receive weekly vehicle counts that are reconciled to ARIES totals on the same day. We also verified that full inventories were conducted at both the short-term and long-term storage lots in December 2016 and July 2017. Records for vehicles previously identified as no longer in AutoReturn's possession have been researched and resolved. We also performed a mini-inventory and for 45 vehicles selected for testing, we were able to locate all 45 vehicles and match their information against ARIES storage records.

The prior audit also identified weaknesses in the tracking of opposition hold vehicles, which resulted in 51 outstanding opposition holds, many of which were well beyond the deadline to file in small claims court.⁷ Since the conclusion of the prior audit, AutoReturn has implemented a new tracking system for opposition holds and increased management oversight to ensure deadlines are met. Our review of ARIES records found that AutoReturn had reduced the number of outstanding opposition holds from the prior audit from 51 to 18 and had not missed deadlines for new opposition holds since the last audit.

Moreover, AutoReturn has been proactive in addressing prior audit recommendations pertaining to its monitoring of towing subcontractors' compliance with licenses, permits, and insurance requirements. For instance, we found that AutoReturn implemented a system to track and notify towing subcontractors via email when documents are set to expire. As a result, our review of licenses and permits for active towing subcontracts confirmed all were active and in good standing. Also, as part of tightened oversight,

⁷ Opposition holds arise when vehicle owners contest the lien sale of their towed vehicle. Once an opposition hold has been filed, AutoReturn must either get the vehicle owner to release the opposition or must file and receive a judgement in small claims court within a specified time frame before the vehicle can be sold.

AutoReturn had terminated a towing subcontractor who was deemed non-compliant during and subsequent to the prior audit.

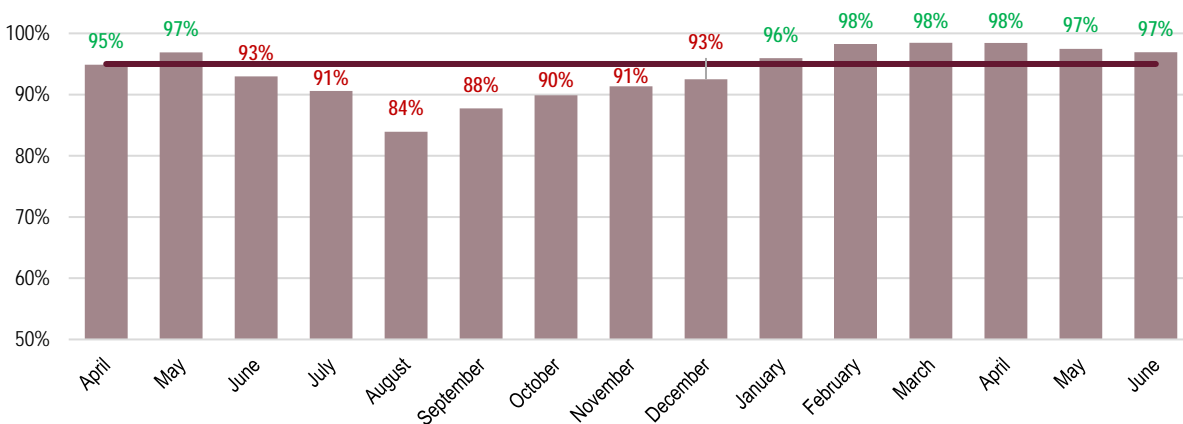
Current Reporting of Customer Wait Times does not Sufficiently Demonstrate Compliance and Testing Revealed Further Improvements are Necessary

The agreement with the City includes service level provisions and reporting requirements for in-person and over-the-phone customer wait times. At the start of the new agreement, AutoReturn missed customer call wait times each month between June 2016 and December 2016; however, over-the-phone service goals were met from January 2017 through July 2017. Similarly, while in-person wait times exceeded thresholds set-forth in the agreement for both sample months, AutoReturn was unable to demonstrate compliance with in-person service level requirements.

Phone Wait Time

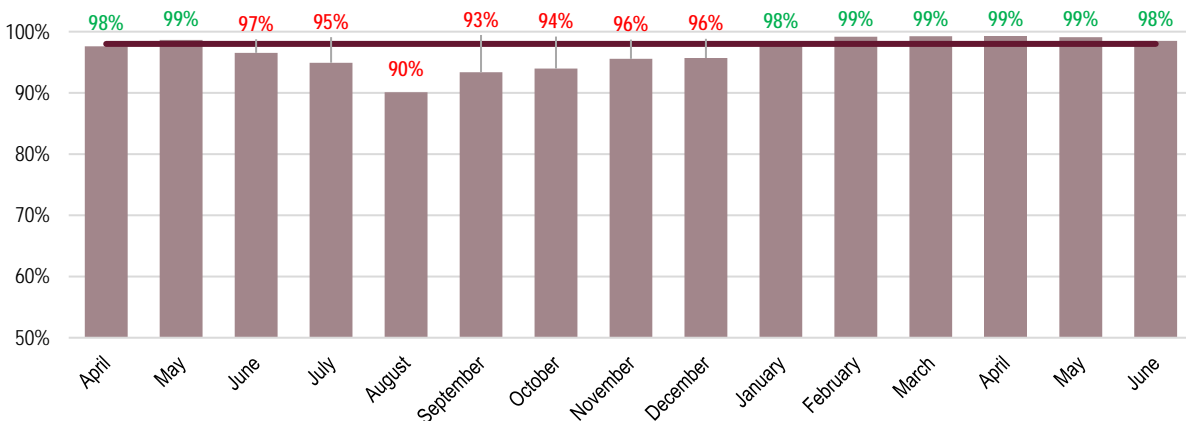
Under the agreement, each month 95 percent of customer calls should reach a live operator within 3 minutes, while 98 percent should reach a live operator within five minutes. Customer call performance is reported each month to SFMTA, consistent with the requirements of the agreement. However, as shown in Exhibit 4, our analysis of call wait times over the audit period found that AutoReturn did not meet the call wait time thresholds between June 2016 and December 2016. AutoReturn explained that that due new contract requirements, staff spent more time explaining the discount terms to customers. Yet, AutoReturn met or exceeded the wait time thresholds from January 2017 through the end of the audit period. AutoReturn management indicated that to address the delays, they directed staff to prioritize customer calls and added a call center in Las Vegas, Nevada to handle overflow calls from San Francisco.

EXHIBIT 4. CUSTOMER CALLS ANSWERED WITHIN 3 MINUTES, APRIL 2016 TO JUNE 2017



Source: AutoReturn Call Center Reports.

EXHIBIT 5. CUSTOMER CALLS ANSWERED WITHIN 5 MINUTES, APRIL 2016 TO JUNE 2017



Source: AutoReturn Call Center Reports.

In-Person Wait Time

The agreement also states that the wait times for in-person customer service should not exceed 10 minutes unless all six customer service windows at the customer service center are staffed and open. For failure to meet contractually agreed-upon wait time performance thresholds, SFMTA may assess liquidated damages.⁸ Wait times are measured using a queuing system known as QFlow. Specifically, upon entering the lobby at the customer service center, customers take a ticket and then wait for their ticket number to be called. Monthly QFlow reports submitted by AutoReturn to SFMTA include the number of customers served, the average wait time, and the percentage of customers who waited more than 10 minutes. However, these summary level reports do not include any measure of staffing levels or the number of customer service windows open to be able to correlate the delays with staffing levels. As such, using the current reporting does not allow SFMTA to confirm compliance with in-person wait time requirements.

For the audit, we analyzed QFlow raw data over two separate months and found several periods where customer wait times exceed contractual thresholds. Specifically, in August 2016, AutoReturn customer service representatives processed 3,203 customers of which 568 waited longer than 10 minutes. In order to determine whether AutoReturn had all six customer service windows open during those longer wait times, we examined QFlow data in detail for a sample of six hours over two months.

We found several instances where customers waited more than 10 minutes while fewer than six staff were logged into QFlow as shown in Exhibit 2.⁹ For example, on August 1, 2016 between 10am and 11am, three AutoReturn customer service representative assisted 24 customers. 16 of those 24 customers waited in line longer than 10 minutes with the longest wait being 18 minutes as shown in Exhibit 2. While longer wait times are expected during peak hours or after weekends, they are only acceptable if all six customer service windows are open. However, for the periods shown in Exhibit 6, it appears that not all windows were open based on QFlow raw reports.

⁸ Liquidated damages assessments are contractually set at \$225 per month for each month the wait time requirement is not met.

⁹ Although the audit period runs through June 30, 2017, the July data coincided with audit site visits and provided the most up-to-date data covering customer wait times.

EXHIBIT 6. SAMPLED IN-PERSON WAIT TIMES AND STAFF LEVELS, AUGUST 2016 AND JULY 2017

Date	Day	Time	Customers Served			Number of Staff Logged into QFlow
			Number of Customers	Waited Over 10 Minutes	Longest Wait Time (in minutes)	
08/01/2016	Monday	10:00 am – 11:00 am	24	16	18	3
08/17/2016	Wednesday	5:00 pm – 6:00 pm	21	17	31	2
08/27/2016	Saturday	4:00 pm – 5:00 pm	10	2	11	2
07/03/2017	Monday	9:00 am – 10:00 am	22	12	20	2
07/12/2017	Wednesday	9:00 pm – 10:00 pm	6	5	25	2
07/22/2017	Saturday	6:00 pm – 7:00 pm	13	3	18	2

Source: QFlow data provided by AutoReturn

When asked about the correlation between staffing levels and customer wait times, AutoReturn management explained that because the QFlow system relies on staff logging into QFlow and pushing a button to track wait times—staff not logging in or not using QFlow will not be tracked by the system. In other words, customer wait time is triggered when the customer pulls a ticket upon entering the lobby at the customer service center and ends when a customer service representative pushes the “next customer” button in QFlow and calls the customer to the service window. If staff does not use QFlow, the customer is still served but the wait end time is not captured. Also, according to AutoReturn, there may be instances where customer service staff may be handling other duties but are available to open a window if need be. To demonstrate, AutoReturn provided ARIES data for the examples in Exhibit 6 to show the number of active staff during those periods. Since ARIES must be used to process tow payment transactions, it provides a more accurate count of staff working or windows open.

For the August 1, 2016 example discussed above, ARIES reports show six staff working—four cashiering and two performing other duties such as data entry. However, even with the additional data from ARIES, it is still unclear whether six windows were open when wait times were greater than 10 minutes. Further, on July 3, 2017 and July 22, 2017, wait times exceeded 10 minutes while fewer than six staffs were active in ARIES.

Recommendations

To improve in-person customer service and ensure compliance with the agreement, the San Francisco Municipal Transportation Agency should work with AutoReturn to:

1. Ensure consistent and uniform use of the QFlow system. All staff serving customers at a window should be logged on to QFlow to provide comprehensive data collection. Accuracy of recorded data should be improved by having staff use the completed button immediately when service is finished or the abandoned button if the customer leaves prior to being processed.
2. Improve reporting of in-person wait time statistics to include staffing levels or number of service windows open so that the reporting demonstrates compliance with contractually-required wait time thresholds

APPENDIX A – SFMTA Response



Mark Farrell, *Mayor*
Cheryl Brinkman, *Chairman* Joél Ramos, *Director*
Malcolm Heinicke, *Vice-Chairman* Cristina Rubke, *Director*
Gwyneth Borden, *Director* Art Torres, *Director*
Lee Hsu, *Director*
Edward D. Reiskin, *Director of Transportation*

February 5, 2018

Tonia Lediju, Director of City Audits
Office of the Controller, City Services Auditor Division
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: Agreement for Towing, Storage and Disposal of Abandoned and Illegally-Parked Vehicles

Dear Ms. Lediju:

Many thanks to you and your team for your work and review of the SFMTA's vehicle tow services contract.

The SFMTA has reviewed the draft audit report and subsequent recommendations. Please find attached our responses to those recommendations.

If you have any questions or need additional information, please do not hesitate to contact Steven Lee (701-4592) at steven.lee@sfmta.com or David Rosales (646-2283) at david.rosales@sfmta.com.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Reiskin".

Edward D. Reiskin
Director of Transportation

Enclosure

Recommendation and Response

For each recommendation, the responsible agency should indicate in the column labeled **Agency Response** whether it concurs, does not concur, or partially concurs and provide a brief explanation. 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.

Recommendation	Agency Response	CSA Use Only Status Determination*
1. Ensure consistent and uniform use of the QFlow system. All staff serving customers at a window should be logged on to QFlow to provide comprehensive data collection. Accuracy of recorded data should be improved by having staff use the completed button immediately when service is finished or the abandoned button if the customer leaves prior to being processed.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur <u>Completed</u> During the audit review months, AutoReturn was in the process of upgrading an old QFlow kiosk that was experiencing periodic malfunctions and therefore inaccurate data was gathered. AutoReturn replaced the aging kiosk in July of 2017 and it has been functioning properly. AutoReturn also purchased a new back-up printer in February 2018 to reduce QFlow downtime. Customer Service staff are trained and regularly reminded to use the system as recommended.	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Contested
2. Improve reporting of in-person wait time statistics to include staffing levels or number of service windows open so that the reporting demonstrates compliance with contractually-required wait time thresholds.	<input checked="" type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur <input type="checkbox"/> Partially Concur <u>Expected completion - April 30, 2018.</u> In July 2017, AutoReturn completed the development of a new feature in ARIES to track staff shift times. AutoReturn is currently developing a report that combines staff shift times with in-person wait time reports generated from QFlow to measure and ensure contractual compliance.	<input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested

APPENDIX B – TEGSCO, LLC dba AutoReturn Response



TEGSCO, LLC ("AutoReturn")
450 7th Street
San Francisco, CA 94103

March 12, 2018

Tonia Lediju
Chief Audit Executive
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ms. Lediju:

TEGSCO, LLC ("AutoReturn") has reviewed the audit report for the period from April 1, 2016 through June 30, 2017. This letter is to confirm that we agree with the recommendation sections of the audit.

Sincerely,

John B. Wicker
CEO