



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

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**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
OPERATIONS COMMITTEE
NOVEMBER 16, 2006**

SUBJECT: METRO TRANSIT ADJUDICATION BUREAU

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file update on the establishment of a Metro Transit Adjudication Bureau.

ISSUE

In February 2006, the Board approved a motion directing staff to investigate the creation of an internal Metro Transit Adjudication Bureau (TAB) to more efficiently and effectively administer transit citations. In May 2006, staff reported to the Board on the feasibility of establishing an internal transit adjudication bureau, its estimated costs and the benefits of de-criminalizing Section 640 of the California Penal Code (Attachment A).

On September 14, 2006 Governor Arnold Schwarzenegger signed Senate Bill 1749 (Migden, 2006) into law. SB1749 amends Section 640 of the California Penal Code adding Chapter 8 (commencing with 99580) to Part 11 of Division 10 of the California Public Utilities Code. These amendments authorize San Francisco and Metro to establish a mechanism by which to internally administer offenses incurred on the public transit system (including fare evasion, and minor passenger conduct issues) through the civil penalty process as opposed to being treated as infractions and administered by the local courts, which are regularly overburdened.

However, should the Board desire to pursue the citation of a TAP, SB1749 requires the adoption of an ordinance to implement this new non-judicial system. It is important to note that this law is permissive and does not require Metro to adopt this new procedure.

DISCUSSION

As reported in May 2006, the ability of Metro to administer a civil, non-judicial, process for transit related citations would enhance the public transit system. In the nearly 17 years that Metro and our predecessor agencies, have operated the regional Metro Rail System, hundreds of thousands of citations have been issued for violation of the 640 section of the

California Penal Code. This section of the code covers fare evasion and quality-of-life infractions committed while riding the public transit system. More than 60,000 citations per year are currently issued by the deputies and security assistants assigned to the transit security function for both the Metro bus and rail system. This number of citations is a sizable burden on the time and resources of the court system within Los Angeles County.

This current process is problematic in several aspects. For example, under the current system, Metro is unable to acquire adequate information on the status of individual citations once they are sent to the court system. Consequently, Metro is unable to obtain basic management information on outstanding citations. Establishing a TAB would resolve this issue and enable Metro to analyze all aspects of the citation program and make management decisions as appropriate to ensure that the program is fair and effective, and ensure that it meets the goals of the Board in enhancing the public transit system.

A preliminary staff estimate (Attachment B) indicates that it would cost approximately \$1.5 million per year to operate a TAB in Los Angeles. This staff estimate is based on the cost incurred by the New York TAB, extrapolated to a program that would be about half the size and cost. In the first year, an estimated \$70,000 would be required for mobilization costs. If the TAB received an average fine remittance of \$25 (average fine currently collected in Los Angeles County is \$30), Metro would receive approximately \$1.3 million per year in administrative fine revenue. Based on past performance and the average revenues of the New York TAB, staff believes that this average revenue of \$25 per citation is a conservative estimate.

Based on this analysis, a newly formed TAB could operate in its initial years with a small annual deficit of approximately \$200,000. As the TAB became more efficient and effective, staff would expect to generate a positive cash flow within a relatively short period of time, possibly within three to six years.

The American Public Transportation Association (APTA) conducted a Peer Review of the Metro Transit Security Program in May of 2006. One of the elements considered during the peer review was the efficacy of establishing a TAB. The results of the APTA Peer Review were reported to the Board in September 2006, with comments encouraging the establishment of an internal TAB.

NEXT STEPS

Staff is currently engaged in discussions with administrators of the court system in Los Angeles regarding a smooth transition to a TAB operation in an effort to minimize any negative impact on the courts. Once staff has received the guidance and concurrence of the court system, we will report back to the Board with a definitive recommendation on establishing a TAB.

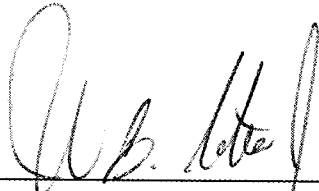
Should the final recommendation be to establish an internal TAB, then staff will also present, for Board approval, the policy issues and required Metro ordinance to support this new program. This would include the following actions:

1. Board authorization to recruit, select and hire staff to direct and administer the TAB.
2. Development of an ordinance for Board adoption to operate the TAB pursuant to recently enacted state law.
3. A staff recommendation regarding qualifications for TAB Hearing Officers.
4. A staff recommendation regarding the establishment of comprehensive, fair and efficient administrative procedures for operation of the TAB.
5. A staff recommendation regarding service contracts with private vendors to support TAB operations.
6. A report to the Board on projected budgets for the first three years of TAB operations.

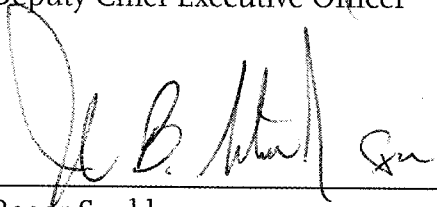
ATTACHMENT:

- A. May 2006 Transit Adjudication Bureau board report
- B. Metro TAB Cost and Revenue Analysis Spreadsheet
- C. February 2006 Board Motion

Prepared by: Daniel R. Cowden, Transit Security Manager
Carolyn Flowers, Executive Officer, Operations Administration



John B Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer