

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 8, 2017

Daniel Alvarez  
Secretary of the Senate  
State Capitol, Room 400  
Sacramento, CA 95814

Mr. E. Dotson Wilson  
Ms. Amy Leach  
Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, CA 95814

Hon. Ben Hueso, Senator  
Energy, Utilities and Communications, Chair  
State Capitol, Room 4035  
Sacramento, CA 95814

Hon. Miguel Santiago, Assembly member  
Communications & Conveyance, Chair  
State Capitol, Room 6027  
Sacramento, CA 95814

**RE: INDEPENDENT CONSULTANT STUDY ON CPUC TRANSPORTATION OVERSIGHT**

Pursuant to Public Utilities Code Section 918.1, enclosed is the independent consultant study on the California Public Utilities Commission (CPUC) transportation oversight originally mandated by SB 541 (Hill, Chapter 718, Statutes of 2015).

This study identifies numerous deficiencies in the CPUC's transportation oversight program that have persisted for decades, in large part due to insufficient attention from CPUC leadership and a lack of resources required to staff a meaningful regulatory program. As Executive Director, I believe the consultant's findings have strong merit.

Transportation oversight is a statutorily set mission of the CPUC that deserves greater attention than it has received in recent years. In my two years as the CPUC's Executive Director, I have sought to raise the profile of transportation oversight by creating the new Consumer Protection and Enforcement Division in 2016, of which transportation is a key component. The CPUC has further elevated transportation's importance by appointing a new Deputy Director for Safety and Consumer Protection whose job it is to focus on all enforcement matters overseen by the CPUC, including transportation enforcement. These reforms have begun to change matters for the better, but they are merely a first step in a multi-year reform process.

I look forward to working collaboratively with the Legislature to effectuate the changes necessary to have a transportation program that all Californians can be proud of, regardless of where this program is ultimately placed within the Administration.

If you have any questions or need further information, please feel free to contact me at **415-703-3808**.

Sincerely,

A handwritten signature in blue ink that reads "Timothy J. Sullivan".

**TIMOTHY J. SULLIVAN**  
Executive Director

cc:

Hon. Mike Morell, Vice Chair, Senate Committee on Energy, Utilities & Communications  
Hon. Steven Bradford, Member, Senate Committee on Energy, Utilities & Communications  
Hon. Anthony Cannella, Member, Senate Committee on Energy, Utilities & Communications  
Hon. Robert Hertzberg, Member, Senate Committee on Energy, Utilities & Communications  
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January 31, 2017

Mr. Nick Zanjani, Director  
Consumer Protection and Enforcement Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

Regarding: **Transportation Enforcement Branch Final Report and Recommendations**

Dear Mr. Zanjani:

On behalf of all the team members who worked on the Transportation Enforcement Branch (TEB) Management and Operations Review, Crowe Horwath LLP (Crowe) is pleased to submit this Final Report. Senate Bill 541, chaptered in 2015, required the CPUC to “hire an independent entity to, in consultation with trade carrier associations for the industries under the jurisdiction of the commission, assess the commission’s [TEB’s] capabilities to carry out the specified activities [e.g., jurisdiction over the transportation of passengers and property by transportation companies, to the extent not preempted by federal law] and report to the Legislature.” Crowe was selected to conduct this evaluation. The Transportation Enforcement Branch Management and Operations Review – Report and Recommendations submitted today provides our final product for this work.

In conducting this evaluation of the CPUC’s regulation of passenger and property transportation, Crowe conducted extensive research on transportation regulations and policies, current TEB practices, and industry best practices. We interviewed over forty individuals representing trade associations, local governments, state agencies, transportation regulators, and transportation providers. In addition, we conducted numerous interviews of staff and management within CPUC.

The findings and recommendations in this report reflect Crowe’s analysis and syntheses of our research. Our goal in conducting this review was to maintain a forward-looking focus in order to identify opportunities for improvement in TEB’s management and operations. This report is intended to provide CPUC with a road map for improvement of transportation regulation, building on current efforts that are already underway.

The Crowe team appreciates the opportunity to conduct this evaluation for the CPUC. We wish to thank CPUC management and staff for their time and support throughout this entire project. If you have any questions concerning this final report, please feel free to contact me at (916) 492-5173, in Sacramento.

Very truly yours,

A handwritten signature in blue ink that reads "Wendy B. Pratt".

Wendy B. Pratt  
Project Manager

# Transportation Enforcement Branch Management and Operations Review – Report and Recommendations

January 31, 2017

**Submitted to:**

Nick Zanjani, Director  
Consumer Protection and Enforcement Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

**Submitted by:**

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# Executive Summary



## Executive Summary

This independent assessment of the Transportation Enforcement Branch (TEB or Branch), located within the California Public Utilities Commission (CPUC's) Consumer Protection and Enforcement Division (CPED), is a result of the widespread awareness that the Branch has been struggling to meet its statutory mandates to protect consumers and ensure public safety on California's roadways. This audit comes two years following the 2014 California State Auditor's report of the Branch, which identified a number of significant deficiencies within TEB; our audit confirms that many of these issues remain, even though the Branch has made improvements.

TEB is responsible for the licensing and enforcement of approximately 11,000 transportation providers in the state and has been constrained by many factors, most notably the lack of resources and staff, lack of effective leadership, and lack of visibility within the CPUC. For various reasons, the CPUC has not prioritized its transportation program, over time leading to TEB's decline in terms of its visibility, importance, and effectiveness, and ultimately hindering its ability to ensure public safety. However, the Branch has a solid foundation in its dedicated staff, new leadership, and commitment to implementing improvements. The recommendations in this audit are designed to help TEB effect positive change and more effectively fulfill CPUC's transportation mandates.

There have been discussions at many levels about possibly moving the Branch's functions to another state agency. These discussions create significant uncertainty for the future of the Branch. At the same time, Transportation Network Companies (TNCs) and the anticipation of driverless cars have disrupted the for-hire transportation industry, further complicating TEB's role in regulating the industry and contributing to the state of flux. Whatever the future may bring, the CPUC's current unmet mandate is to provide effective oversight of household goods and passenger carriers in California. It is in the State's best interest that the CPUC focus attention to improve carrier transportation regulation now, rather than waiting to see where political discourse will take the Branch.

The Branch and CPUC has recently found itself under more intense scrutiny. Tragic accidents such as the San Francisco tour bus crash (2016) and limousine fire accident (2013) have brought focus to the CPUC's regulation of these businesses and resulted in a flurry of new legislation related to regulatory authority over carriers. In 2015, Senate Bill 541 (Chapter 718, Hill) was chaptered, requiring the CPUC to "hire an independent entity to, in consultation with trade carrier associations for the industries under the jurisdiction of the commission, assess the commission's [TEB's] capabilities to carry out the specified activities [e.g., jurisdiction over the transportation of passengers and property by transportation companies, to the extent not preempted by federal law] and report to the Legislature." Crowe Horwath LLP (Crowe) was selected to conduct this evaluation.

The findings and recommendations in this report reflect Crowe's analyses and syntheses of our research activities. Our goal in conducting this review was to maintain a forward-looking focus in order to identify opportunities for improvement in TEB's management and operations. This project provided an opportunity to evaluate the changes that have been implemented, the path that TEB is currently on, and to make recommendations for improvement.

Per SB 541, Crowe assessed TEB's ability to meet the objectives of the following nine areas, listed in **Exhibit ES-1**, for household goods carriers and passenger charter-party carriers. Exhibit ES-1 also depicts the status of these mandated objectives. The results show that for six of its mandates, TEB is not currently meeting its objective, and for three of the mandates, TEB is not yet meeting its objective, but current changes are in progress that will enable it to do so.

**Exhibit ES-1  
Transportation Enforcement Branch Mandated Activities and Status**

California Public Utilities Code Sections 5352 (b) and 5102 (b)	Status for Household Goods Carriers	Status for Passenger Charter-Party Carriers
1. Prioritize the timely processing of applications and hold “application workshops” for potential applicants around the State.	●	●
2. <i>[Provide and maintain a user friendly web portal that facilitates consumer inquiries and]</i> Enable <i>[carrier’s]</i> electronic filing of applications, reports, and fee payments. <sup>1</sup>	●	●
3. Dedicate staff to answering telephone calls, mailings, and electronic inquiries from carriers.	●	●
4. Prioritize timely processing of consumer complaints.	●	●
5. Implement electronic case tracking of complaints and their disposition.	●	●
6. Implement a process for appropriate and timely enforcement against illegally operating carriers, including by performing staff-driven investigations and performing enforcement through sting operations and other forms of presence in the field.	●	●
7. Maintain relationships with, and implement outreach and education programs to, local law enforcement, district attorneys, and airports, and coordinate with local law enforcement agencies.	●	●
8. Meet with carrier trade associations at least annually.	●	●
9. Implement a consolidated case tracking system that integrates each of the transportation program core functions and data collection, administrative compliance details, complaints, and investigations.	●	●

- TEB is not currently completing and has not implemented the task identified, or is completing it in a limited capacity that does not meet the objective of the mandate.
- TEB is currently implementing or is planning to implement some or all of the task identified, but has not yet met the objective of the task.
- (not listed) TEB is currently completing the task identified and is meeting the objective of the task. Crowe found no instances of TEB meeting this requirement.

In the course of our research, we identified fourteen challenge or opportunity areas for the Branch, shown in **Exhibit ES-2**. Most of these challenges are interdependent and intertwined. These challenges and opportunities involve all levels of management, including CPUC leadership, division, Branch, and supervisor management, and cover many topics, including staffing, communication, resources, processes, tools, and technology. The Branch is severely understaffed and lacks the resources and CPUC visibility it needs to perform successfully. Comparing the Branch against leading transportation programs across the country reveals that it is significantly out of alignment with comparable industry benchmarks.

In response to these challenges and opportunities, this report provides 29 recommendations to help address them, as well as performance metrics against which progress can be measured. The overarching goal of all 29 recommendations is to improve TEB’s ability to meet its mandated objectives. Our recommendations address seven areas, identified in **Exhibit ES-3**, with some overlap between areas and recommendations.

<sup>1</sup> The italicized text in parentheses is language added by the Branch in the Statement of Work to expand upon its second mandated activity. As stated in the code, the mandated activity is: “Enable electronic filing of applications, reports, and fee payments” (California Public Utilities Code Sections 5352 [b] and 5102 [b]).

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**Exhibit ES-4** identifies the recommendations, the priority level and phase, and the entities that will need to be involved in implementing the recommendations. The recommendations vary in level of effort and length of time to implement and they will require a significant level of effort from multiple parties. Some recommendations will require authorization from other entities within CPUC and some will require legislation. Implementation of these recommendations could take two to three years, depending on the phase and criticality level.

There is significant work ahead to improve the Branch's ability to successfully fulfill its mandates of consumer protection and public safety. However, the fact that TEB has dedicated and hardworking staff, a new and committed management team, and momentum from progress that is already underway will contribute to its ability to successfully develop and implement a comprehensive improvement strategy.

**Exhibit ES-2**  
**TEB Challenges and Opportunities**

Challenge/Opportunity	
1	Tasked with regulating numerous entities, CPUC has not prioritized its transportation program, over time leading to TEB's decline in terms of its visibility, importance, and effectiveness. The neglect of the Branch has resulted in inadequate resources and low morale and has hindered its ability to ensure public safety.
2	Frequent management changes and lack of effective leadership in the Branch have resulted in an overall lack of direction, low morale, and reactive responses versus the proactive planning that the Branch needs for success.
3	The lack of quality and effective communication from all levels produces uncertainty, inconsistency, and low morale.
4	Chronic understaffing, misalignment of job duties, and high turnover have increased workloads and overwhelmed current staff.
5	CPUC's transportation policy and regulations have not kept pace with new transportation technologies and carrier types, which pose new public safety challenges. CPUC lacks a comprehensive and adaptable approach to regulating transportation now and in the future.
6	TEB's current funding structure and temporary budget fixes have led to an artificial funding deficiency and general confusion and discontent amongst TEB staff.
7	The current job classification structure has low salary ranges and lacks upward mobility and transfer opportunities, making it hard for the Branch to retain and promote current employees as well as attract quality candidates.
8	Disparate and cumbersome database systems are challenging to use, do not adequately support the Branch's licensing and enforcement activities, and contribute to errors and delays.
9	The Licensing section lacks customer service and carrier outreach, creating confusion amongst carriers, other agencies, and the Enforcement section as well as increasing the workload for staff.
10	The lack of meaningful enforcement tools and adequate follow-through hinders TEB's ability to successfully enforce against carriers.
11	Current enforcement tools are tailored for the pursuit of licensed carriers, which hinders TEB Enforcement staff's ability to investigate and cite unlicensed carriers.
12	TEB lacks performance metrics that support effective regulation and provision of public safety.
13	While enforcement policies and procedures exist, they are either not used or not used consistently, leading to inconsistencies in work products, fine amounts, and enforcement practices.
14	High volumes, understaffing, and ineffective paper-based processes create delays and errors in carrier licensing, increasing the workload for all staff and hindering effective regulation.

**Exhibit ES-3  
Recommendation Categories, Counts, and General Goals**

Recommendation Areas	Number of Recommendations	General Goals of Recommendations
Executive (E)	3	<ul style="list-style-type: none"> <li>• Ensure CPUC prioritizes transportation safety and oversight</li> <li>• Develop clear strategic goals that allow TEB to become a proactive instead of reactive organization</li> </ul>
Management and Communication (M)	5	<ul style="list-style-type: none"> <li>• Enhance leadership skills, abilities, and visibility</li> <li>• Implement management style that empowers staff</li> <li>• Increase TEB staff trust in management</li> <li>• Increase quality and consistency of carrier regulation</li> </ul>
Licensing and Processing (L)	5	<ul style="list-style-type: none"> <li>• Improve customer service and carrier relations</li> <li>• Increase internal and external confidence of the Licensing section's ability to handle workload and generate accurate results</li> <li>• Streamline licensing process to cut down on processing time and backlog</li> <li>• Better align carrier regulation with the current transportation landscape</li> </ul>
Enforcement and Investigations (EI)	6	<ul style="list-style-type: none"> <li>• Provide Enforcement staff necessary tools to effectively regulate carriers</li> <li>• Address inconsistencies in carrier enforcement</li> <li>• Increase autonomy of Enforcement staff</li> <li>• Reduce the number of unlicensed carriers operating in the state</li> </ul>
Budget (B)	2	<ul style="list-style-type: none"> <li>• Adjust funding levels to adequately finance TEB operations</li> <li>• Adequately staff TEB to meet its mandated objectives</li> </ul>
Technology (T)	3	<ul style="list-style-type: none"> <li>• Create a fully integrated suite of systems that allow staff to properly license carriers and enforce regulations</li> <li>• Utilize software to accurately track and monitor progress of licensing and enforcement activities</li> </ul>
Staffing, Job Structure, and Work Prioritization (S)	5	<ul style="list-style-type: none"> <li>• Adequately staff TEB to meet its mandated objectives</li> <li>• Align responsibilities of each position with job classifications to limit errors and staff confusion</li> <li>• Invest in TEB staff professional development</li> </ul>
<b>Total</b>	<b>29</b>	

**Exhibit ES-4**

**Recommendations by Number, Priority, Phase, and Implementing Entities**

No.	Priority/Phase	Recommendations	TEB/CPED	CPUC Leadership	Commissioners (Proceeding)	Dept. of Finance	Legislature
1	Quick Win	E-1 Prioritize transportation oversight within CPUC	✓	✓		✓	✓
2	Quick Win	E-2 Provide funding and resources by authorizing funds and BCPs	✓	✓		✓	✓
3	Quick Win	B-1 Obtain authorization to increase funding to appropriate levels	✓	✓		✓	✓
4	Quick Win	E-3 Create a vision, mission, and strategic plan for transportation program	✓	✓			
5	Quick Win	M-1 Increase leadership alignment	✓	✓			
6	Quick Win	M-3 Implement a communication strategy	✓				
7	Quick Win	M-5 Hold an annual all-staff off-site meeting	✓	✓			
8	Quick Win	S-4 Align tasks and responsibilities with appropriate job levels	✓				
9	Critical Phase 1	S-1 Develop a TEB organizational structure that supports more effective operations	✓	✓			
10	Critical Phase 1	S-2 Hire staff to fill vacant positions and add additional staff to support effective operations	✓	✓		✓	✓
11	Critical Phase 1	S-3 Lateral all TEB transportation job classifications to PURA job series at the same time	✓	✓		✓	
12	Critical Phase 1	L-1 Reinstate dedicated phone line for carriers	✓	✓			
13	Critical Phase 1	EI-1 Improve enforcement of unlicensed carriers	✓	✓			
14	Critical Phase 1	EI-3 Enhance current enforcement tools	✓	✓	✓		
15	Critical Phase 1	L-3 Streamline regulations and carrier authority	✓	✓	✓		✓
16	Critical Phase 1	T-1 Continue and prioritize development of TCP portal and eFast project	✓	✓			
17	Critical Phase 1	M-4 Institute organizational change management	✓	✓			
18	Critical Phase 1	S-5 Provide training and knowledge resources to staff	✓	✓			
19	Critical Phase 1	T-3 Procure and implement a complaint and case tracking management system	✓	✓			

**Exhibit ES-4**

**Recommendations by Number, Priority, Phase, and Implementing Entities** *(continued)*

No.	Priority/Phase	Recommendations	TEB/CPED	CPUC Leadership	Commissioners (Proceeding)	Dept. of Finance	Legislature
20	Critical Phase 2	L-2 Improve carrier outreach and education and service	✓	✓			
21	Critical Phase 2	L-4 Improve licensing processes	✓	✓	✓		✓
22	Critical Phase 2	L-5 Create a Licensing section in Los Angeles	✓	✓			
23	Critical Phase 2	EI-2 Introduce more powerful enforcement tools	✓	✓	✓		✓
24	Critical Phase 2	M-2 Provide leadership and management training	✓	✓			
25	Critical Phase 2	EI-4 Update and institute enforcement policies and procedures	✓	✓	✓		
26	Critical Phase 2	EI-5 Implement performance metrics that more effectively promote public safety	✓	✓			
27	Critical Phase 2	EI-6 Improve collaboration with local district attorneys and law enforcement	✓				
28	Critical Phase 2	T-2 Integrate external systems with eFast	✓	✓			
29	High Phase 3	B-2 Create one TEB fund for passenger carriers and household goods carriers	✓	✓	✓	✓	✓

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**Section 1**  
**Introduction and Approach**



# 1. Introduction and Approach

## A. Background

The California Public Utilities Commission (CPUC) is one of the State's oldest agencies and has state constitutional and legal authority to regulate electricity, gas, telecommunications, water, rail transit, passenger transportation carriers, and household goods carriers. The CPUC's primary objectives are ensuring Californians receive safe, reliable utility service at reasonable rates, protecting against fraud, and promoting the health of California's economy. CPUC is led by an executive director and executive officers who manage the CPUC's roughly 1,000 staff members. The executive director is selected by a five-member Commission, appointed by the governor, who preside over the CPUC.

The Transportation Enforcement Branch (TEB) of the Consumer Protection and Enforcement Division (CPED) operates within the broader structure of CPUC. TEB has regulatory oversight over for-hire transportation carriers, including limousines, airport shuttles, charter buses, and household goods carrier companies, in the interest of maintaining public safety. TEB administers licensing, enforces state law, and manages consumer complaints to ensure the reliable and safe transport of passengers and goods within the state. TEB enforces provisions of the California Public Utilities Code (PUC) to provide consumer protection and safety oversight of approximately 9,900 non-rail passenger carriers and 1,000 household goods carriers.

Senate Bill (SB) 541 (Hill, Statutes of 2015) required the CPUC to "hire an independent entity to, in consultation with trade carrier associations for the industries under the jurisdiction of the commission, assess the commission's [TEB's] capabilities to carry out the specified activities [e.g., jurisdiction over the transportation of passengers and property by transportation companies, to the extent not preempted by federal law] and report to the Legislature no later than January 1, 2017." The report is required to contain an analysis of current capabilities and deficiencies and recommendations to overcome any deficiencies identified. CPUC selected Crowe Horwath LLP (Crowe) to conduct this assessment.

In recent years, the TEB has been challenged to implement many of the provisions of the Household Goods Carrier's Act and the Passenger Charter-Party Carrier's Act, the two primary legislative acts guiding TEB regulatory authority. Tragic accidents such as the San Francisco tour bus crash (2016) and limousine fire accident (2013) have brought focus to the CPUC's regulation of these businesses and resulted in a flurry of new legislation related to regulatory authority over carriers, including SB 541. In addition, there have been internal and external discussions over the last several years whether for-hire transportation should continue to be regulated at the CPUC or if the Branch should be moved to another state agency. During this time, Transportation Network Companies<sup>1</sup> (TNCs) and the anticipation of driverless cars have disrupted the for-hire transportation industry, further complicating TEB's role in regulating the industry. In a 2014 audit report,<sup>2</sup> the California State Auditor identified a number of significant deficiencies within TEB and identified thirteen recommendations. TEB has implemented most of the recommendations. Thus, this audit takes place within a dynamic political and regulatory environment. As such, this performance audit evaluates TEB's progress-to-date, effectiveness of current activities, and remaining challenges.

Per SB 541, Crowe assessed TEB's ability to meet the objectives of the following nine areas:

1. Prioritize the timely processing of applications and hold "application workshops" for potential applicants around the state.
2. *[Provide and maintain a user friendly web portal that facilitates consumer inquiries and]*<sup>3</sup> Enable *[carrier's]* electronic filing of applications, reports, and fee payments.

<sup>1</sup> Transportation Network Companies are defined by CPUC as "an organization whether a corporation, partnership, sole proprietor, or other form, operating in California that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using their personal vehicles." (Decision 13-09-045 September 19, 2013)

<sup>2</sup> California State Auditor. *California Public Utilities Commission: It Fails to Adequately Ensure Consumers' Transportation Safety and Does Not Appropriately Collect and Spend Fees From Passenger Carriers. Report 2013-130.* Sacramento, California. June 2014.

<sup>3</sup> The italicized text in parentheses is language added by the Branch in the Statement of Work to expand upon its second mandated activity. As stated in the code, the mandated activity is: "Enable electronic filing of applications, reports, and fee payments" (California Public Utilities Code Sections 5352 [b] and 5102 [b]).

3. Dedicate staff to answering telephone calls, mailings, and electronic inquiries from carriers.
4. Prioritize the timely processing of consumer complaints.
5. Implement electronic case tracking of complaints and their disposition.
6. Implement a process for appropriate and timely enforcement against illegally operating carriers, including by performing staff-driven investigations and performing enforcement through sting operations and other forms of presence in the field.
7. Maintain relationships with, and implement outreach and education programs to, local law enforcement, district attorneys, and airports, and coordinate with law enforcement agencies pursuant to subdivision (d) of Section 1046, subdivision (d) of Section 5317.5, and subdivision (d) of Section 5417.5.
8. Meet with carrier trade associations at least annually.
9. Implement a consolidated case tracking system that integrates each of the transportation program core functions and data collection, administrative compliance details, complaints, and investigations.

In addition, the CPUC requested that Crowe evaluate and provide recommendations for the following five areas:

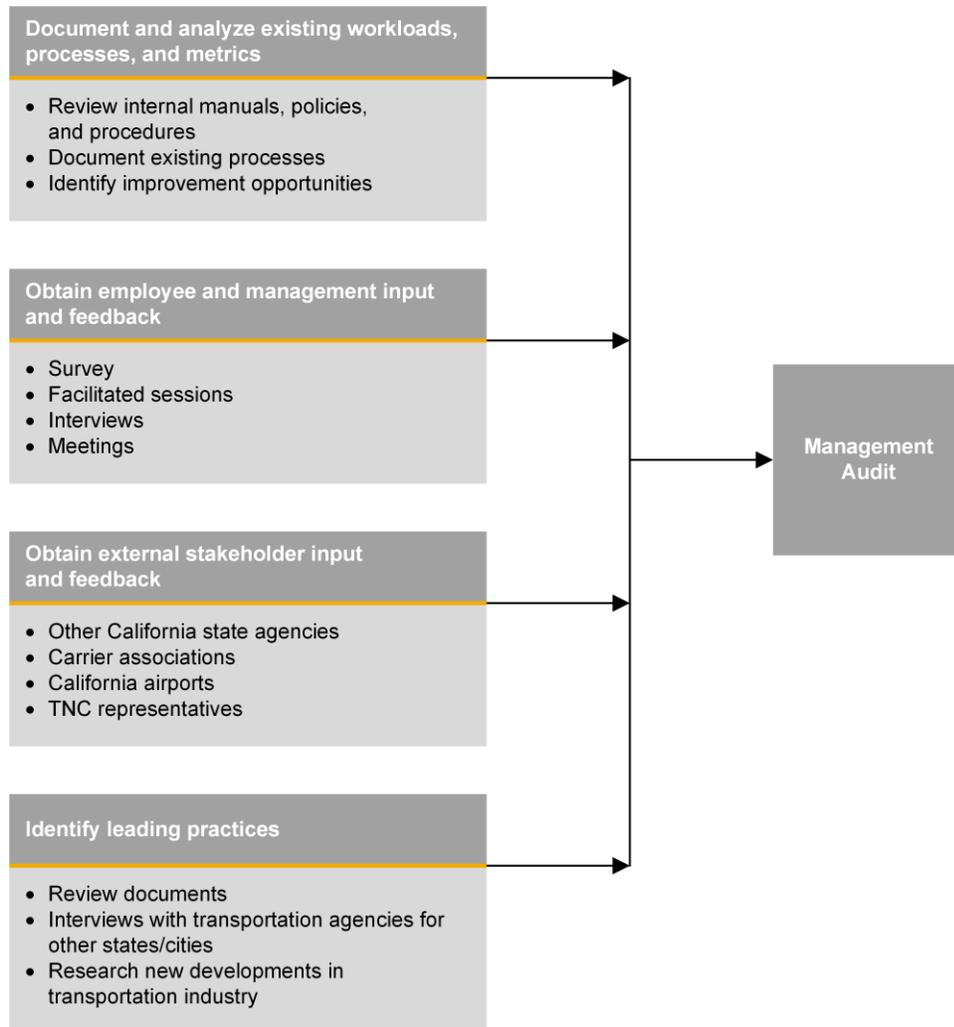
1. Ensure timely and complete compliance with CPUC document filing and fee payment requirements by permitted carriers.
2. Regulations guiding TEB and the overall effectiveness of management and operations of the branch.
3. TEB staffing levels, including recommendations for the appropriate level of staffing needed to meet the objectives of the nine activities listed above.
4. TEB current and historic budget, including a detailed review of budgets, revenue and expenditures.
5. TEB Information Technology current state and future needs.

## B. Study Methodology

CPUC contracted with Crowe to conduct this management audit in August 2016. In conducting this assessment of TEB's organization, activities, and administration, Crowe undertook a wide variety of research tasks. **Exhibit 1-1** illustrates the four major tasks Crowe conducted during the management audit. Key activities included:

- Reviewing CPUC and outside source documents, reports, processes, and procedures related to transportation regulation, including carrier licensing and enforcement.
- Analyzing TEB budgets, staffing, and workload requirements
  - Crowe obtained and reviewed historic budget, revenue, and expenditure data
  - Crowe obtained and reviewed organizational charts from the past 15 years
  - Crowe performed a benchmark analysis of major transportation enforcement entities nationally and within California.
- Conducting an on-line survey of TEB staff and management to obtain staff perspectives on TEB capabilities, communication, challenges, and recommendations.
- Conducting facilitated sessions with TEB staff in San Francisco, Los Angeles, and Sacramento to obtain input and recommendations related to licensing, enforcement, communication, and management support.
- Interviewing CPED and TEB management teams to obtain input and recommendations related to licensing, enforcement, communication, and management support.
- Interviewing numerous external stakeholders, including representatives from California state and local government agencies, industry associations, airport authorities, and TNCs.
- Interviewing representatives from other states and cities to identify transportation regulation best practices and benchmarks.

**Exhibit 1-1  
Crowe Management Audit Methodology**



The findings and recommendations in this report reflect Crowe’s analyses and syntheses of the above research activities. Our goal in conducting this review was to maintain a forward-looking focus in order to identify opportunities for improvement in TEB’s management and operations. This project provided an opportunity to evaluate the changes that have been implemented, the path that TEB is currently on, and to identify recommendations for improvement.

**Exhibit 1-2** provides a high-level summary of Crowe’s findings related to TEB’s nine mandated activities (as identified in SB 541) and identifies the status of the findings for household goods carriers and passenger charter party carriers. Exhibit 1-2 illustrates that TEB is struggling to implement these mandated activities. Section 4 provides detailed descriptions of the recommendations in Exhibit 1-2 that are associated with each of the nine mandated activities.

## Exhibit 1-2 Transportation Enforcement Branch Mandated Activities, Status, and Related Recommendations

California Public Utilities Code Sections 5352 (b) and 5102 (b)	Status for Household Goods Carriers	Status for Passenger Charter Party Carriers	Related Recommendations
1. Prioritize the timely processing of applications and hold “application workshops” for potential applicants around the State.	●	●	L-2, L-4, L-5
2. <i>[Provide and maintain a user friendly web portal that facilitates consumer inquiries and] Enable [carrier’s] electronic filing of applications, reports, and fee payments.</i> <sup>4</sup>	●	●	L-4, T-1
3. Dedicate staff to answering telephone calls, mailings, and electronic inquiries from carriers.	●	●	L-1, S-2
4. Prioritize timely processing of consumer complaints.	●	●	S-1, S-2, S-4, S-5
5. Implement electronic case tracking of complaints and their disposition.	●	●	T-3
6. Implement a process for appropriate and timely enforcement against illegally operating carriers, including by performing staff-driven investigations and performing enforcement through sting operations and other forms of presence in the field.	●	●	EI-1, EI-2, EI-3, EI-4, EI-5, EI-6
7. Maintain relationships with, and implement outreach and education programs to, local law enforcement, district attorneys, and airports, and coordinate with local law enforcement agencies.	●	●	L-1, L-2, EI-6
8. Meet with carrier trade associations at least annually.	●	●	L-2
9. Implement a consolidated case tracking system that integrates each of the transportation program core functions and data collection, administrative compliance details, complaints, and investigations.	●	●	T-3

- TEB is not currently completing and has not implemented the task identified, or is completing it in a limited capacity that does not meet the objective of the mandate.
- TEB is currently implementing or is planning to implement some or all of the task identified, but has not yet met the objective of the task.
- (not listed) TEB is currently completing the task identified and is meeting the objective of the task. Crowe found no instances of TEB meeting this requirement.

<sup>4</sup> The italicized text in parentheses is language added by the Branch in the Statement of Work to expand upon its second mandated activity. As stated in the code, the mandated activity is: “Enable electronic filing of applications, reports, and fee payments” (California Public Utilities Code Sections 5352 [b] and 5102 [b]).

In addition to these nine activities mandated by CPUC code, the Branch requested that Crowe evaluate other activities as part of this management audit and related recommendations; these are depicted in **Exhibit 1-3**.

**Exhibit 1-3  
Additional Topics and Related Recommendations**

Topics	Recommendations
1. Regulation, operations, management	E-1, E-2, E-3, M-1, M-2, M-3, M-4, M-5, L-3
2. Ensure timely and complete compliance with CPUC document filing and fee payment requirements by permitted carriers.	L-3, L-4, L-5
3. TEB staffing levels	S-1, S-2, S-3, S-4, S-5
4. Budgets and finance	B-1, B-2
5. Current TEB Information Technology systems and future needs	T-1, T-2, T-3

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**Section 2**  
**TEB History, Activities,  
and Progress**



## 2. TEB History, Activities, and Progress

The mission of the CPUC's Consumer Protection and Enforcement Division (CPED) is to ensure delivery of regulated services in a safe, reliable manner. Within the Division, the Transportation Enforcement Branch (TEB) has varying levels of regulatory jurisdiction over household goods carriers, passenger stage corporations, charter-party carriers, vessel common carriers, private carriers, and transportation network companies (TNCs). This section introduces the TEB's regulatory authority and provides background on the history of transportation regulation, current regulations, and TEB's roles and responsibilities. The section is organized as follows:

- A. *Regulated Entities*
- B. *History*
- C. *Transportation Regulation*
- D. *Roles and Responsibilities*

### A. Regulated Entities

TEB's primary regulatory roles are the licensing and enforcement of household goods carriers, passenger charter carriers, and TNCs. Interstate operators are not subject to regulation by CPUC, although operators that conduct both interstate and intrastate transportation are within CPUC's authority. TEB also has limited authority over intrastate air carriers, for-hire vessel carriers, interstate passenger and household goods carriers, and intrastate private carriers of passengers. Taxis and public transportation services within a city or county are not under CPUC jurisdiction, but are regulated at the local jurisdiction level. **Exhibit 2-1** illustrates the primary carrier types under CPUC's jurisdiction.

TEB consists of two sections – Licensing and Enforcement. The Licensing Section processes carrier applications for permits, manages changes to carrier operations, communicates with carriers, and issues authorities, certificates, and permits for operation. The Enforcement Section investigates complaints and conducts investigations of carriers (both licensed and unlicensed) and initiates necessary enforcement action through the CPUC, local District Attorneys, and the California courts. Both sections coordinate with other law enforcement and regulatory agencies in ensuring that only safe, legal, and properly inspected carriers transport passengers in California.

In addition to its primary licensing and enforcement duties, TEB's analysis group conducts research and advises the CPUC on transportation policy. Additionally, through the CPUC the TEB provides legal, prosecutorial, and adjudicatory processes to carriers.

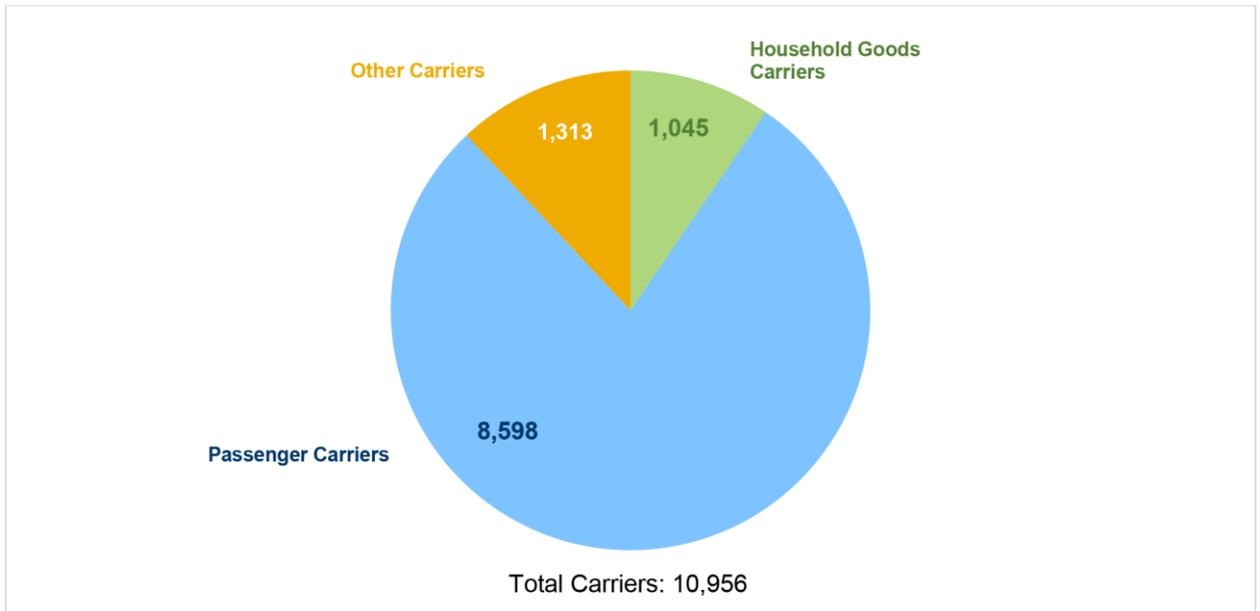
Senate Bill (SB) 541 (Hill, Statutes of 2015) directed this audit to assess the CPUC's capabilities in carrying out their primary activities related to transportation carriers, as defined in the Household Goods Carrier Act and the Passenger Charter-Party Carriers' Act. Throughout this report, Crowe discusses the similarities and differences between household goods carriers and passenger carriers, as appropriate. For the most part, the challenges and recommendations identified apply to both household goods and passenger carriers.

As of January 2017, there were approximately 11,000 total licensed carriers in California. Of these 8,598, or 78 percent, are passenger carriers and 1,045, or 10 percent, are household goods carriers, as depicted in **Exhibit 2-2**. Passenger carriers include passenger stage corporations, charter-party carriers, and transportation. The remaining other carriers include vessel common carriers, private carriers, and for-hire vessel and air carriers.

**Exhibit 2-1  
Carrier Types, Examples, and Descriptions**

Carrier Type	Example	Description
Passenger Stage Corporation (PSC)		Passenger stage corporations provide scheduled service over fixed routes and between fixed points (excluding round-trip sightseeing and publicly owned transit systems) and door-to-door shuttle services. Examples include airport shuttles and scheduled bus operators that charge based on an individual-fare basis.
Charter-party Carriers (TCP – Transportation Charter Party)		Charter-party carriers provide transportation that is chartered by a party, as well as round-trip sightseeing buses. TCPs charge fees based on vehicle mileage or time of use, or a combination thereof. Examples include limousines, charter buses, and round-trip sightseeing services.
Transportation Network Companies (TNC)		Transportation Network Companies (TNCs), such as Uber and Lyft, are considered a category of charter-party carriers (TCPs). The primary distinction between a TNC and other TCPs is that a TNC connects riders via an online-enabled app to drivers who drive their personal vehicle, not a vehicle such as a limousine purchased primarily for a commercial purpose.
Vessel Common Carriers		Vessel common carriers transport passengers or property by vessel between California points. Most vessel carriers operate either in San Francisco Bay or between Catalina Island and Southern California points.
Private Carriers		Private carriers transport passengers on a not-for-hire basis, usually in vehicles defined as a bus (seating more than 10 people), and used by any nonprofit organization or group. Examples include vehicles used by churches and community groups.
Household Goods Carriers (HHG)		Household goods carriers are moving companies that operate within California. There are 1,045 licensed household goods carriers in the carrier database as of January 2017.

**Exhibit 2-2  
Total Passenger and Household Goods Carriers (as of January 5, 2017)**



Source: TMIS

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. A company may have multiple TCP authorities (e.g., a P and an S); multiple authorities for the same company are counted individually.

## B. History

For-hire transportation has evolved dramatically over the last 100 years, as has the transportation industry. Prior to 1910, when the earliest intercity bus operators came into being, public intercity transportation was essentially limited to railroads. The railroad industry recognized early bus transportation as a competitive threat, and petitioned state regulators to bring buses and trucks (similarly a competitive threat to railroads) under strict control.<sup>1</sup> In that era, few citizens had their own vehicles, thus they were reliant on for-hire bus and passenger vehicles for transportation. Non-rail transportation consisted of a mix of buses, sedans or limousines, and taxis. California passed the Auto Stage and Truck Transportation Act in 1917, bringing roadway transportation into the CPUC’s authority. The exception, which has been fairly consistent across the country and over time, is that taxis were regulated at the local level.

State regulation of passenger vehicles and trucks in California and elsewhere was patterned on railroad regulation. A 1925 Supreme Court decision prevented states from regulating interstate transportation and led to federal regulation through an Interstate Commerce Commission. During the Great Depression, competitive pressures in the bus, household moving, and trucking industries stimulated extensive regulation, including the Federal Motor Carrier Act of 1935. California’s regulation of the transportation covered “all motor carriers using the highways and streets for the transportation of property and gain.”<sup>2</sup> For many years, regulation of roadway transportation was one of the key functions of the CPUC.

Many of the regulatory frameworks that exist today are based on market conditions of the early 1900s. An example is the certificate of public convenience and necessity (CPCN), currently issued by the CPUC for passenger stage corporations and vessel common carriers. These certificates came into being in the 1920s

<sup>1</sup> Pinkston, Elizabeth A. *The Rise and Fall of Bus Regulation*. Regulation, September/December 1984.

<sup>2</sup> CPUC Annual Report for 1935-36, p. 3 as cited in Zanjani, Nick, *A Brief History of the California Public Utilities Commission: Examining the Past to Help Shape the Future*. August 15, 2014.

when unemployed workers joined the taxi industry, resulting in an oversupply of drivers and a host of problems. Cities took control of market entry by issuing new taxi licenses only when they were needed in the market.<sup>3</sup>

Starting in the 1970s and 1980s, a number of industry and regulatory trends gradually reduced the importance of transportation regulation within the CPUC. Transportation deregulation at the federal level, first of airlines, then trucks, railroads, and buses, lessened the overall level of regulation and focused efforts on intrastate transportation. An increased attention within the CPUC on consumer protection and energy regulation also shifted agency focus away from transportation regulation. Near this time, California transferred regulation of motor carriers (except for household goods carriers) to the CHP. Furthermore, the role of bus and for-hire transportation was diminishing as more Californians owned their own personal vehicles. The result of these changes has been an erosion of the status and role of transportation regulation within the CPUC, from hundreds of employees and dozens of offices throughout the state to its current level.

## C. Transportation Regulation

### CPUC's Regulatory Authority

CPUC's authority over transportation in California is comprised of a myriad of statutes, regulations, and general orders. Regulation of transportation carriers reflects a prescriptive regulatory approach, with statutes specifying details such as types of carrier authority and particular exemptions. Within this patchwork of detailed requirements, the overarching goals of public safety, consumer protection, reliability, and fair rate structures are sometimes difficult to discern.

**Exhibit 2-3** identifies CPUC's key transportation regulatory authority, including a brief description of each. Exhibit 2-3 first identifies authorities related to overall regulation of transportation, and then identifies specific authorities associated with carrier categories. Current statutory authority for transportation regulation, in some cases, dates back to 1951. The CPUC's General Orders that currently apply to transportation entities date back to 1971, although many are more current. Until the advent of TNCs and an unfortunate series of carrier accidents, there were very few changes in the laws and regulations applying to carrier transportation. Today, transportation regulation reflects a blend of old and new rules applied to a transportation landscape that is very different from the one that existed when the state first passed the laws regulating household goods and passenger carriers.

The transportation statutory authority and regulatory landscape continues to evolve. New business models in the moving industry, proliferation of TNCs, and emerging technology make much of the old regulatory framework irrelevant. Legislative responses to current challenges in the industry continue to add new provisions and requirements, such as California Highway Patrol (CHP) inspections of modified limousines, clarification of vehicle impound authority for local law enforcement, background checks for TNC drivers, and leases or rentals of for-hire vehicles. These new provisions are simply layered onto the old regulatory framework. A significant new challenge is driverless cars (autonomous vehicles) and partnerships between TNCs and manufacturers and promoters of driverless cars. Federal and state regulators anticipate driverless cars in California within the next five years, with significant impacts to for-hire passenger transportation. CPUC is considering a number of legislative proposals to increase consistency and remove outdated or obsolete language from existing code. However, the dynamic nature of today's industry and new technologies in varying stages of development and implementation support a more comprehensive look at transportation regulation and safety.

### Coordinating Entities

TEB is only one stakeholder in the transportation regulatory framework. TEB works with many other entities and stakeholders that share regulatory jurisdiction over household goods carriers, passenger stage corporations, charter-party carriers, vessel common carriers, private carriers, and TNCs. These include local law enforcement agencies, state agencies, trade associations, and district attorneys. **Exhibit 2-4** describes the primary collaborative activities that TEB performs. **Exhibit 2-5** illustrates TEB's coordinating and regulated entities. These exhibits do not show the numerous other transportation regulators at the local and federal level, including the Federal Motor Carrier Safety Administration and local metropolitan transportation agencies.

<sup>3</sup> Schaller, Bruce. *Special Report 319: Between Public and Private Mobility Examining the Rise of Technology-Enabled Transportation Services: Taxi, Sedan, and Limousine Industries and Regulations*. Transportation Research Board. 2015.

**Exhibit 2-3**

**Statutes, Regulations, and CPUC General Orders Applicable to TEB**

Applicable Statutes, Regulations, and CPUC General Orders	Brief Description
<b>General</b>	
California Constitution (Article XII) (Voter approval of Proposition 16 set CPUC’s constitutional status in 1911; additional provisions incorporated in 1974 by Proposition 12)	Authorizes the Commission to establish procedures, hold hearings, establish rules, fix rates, examine records, issue subpoenas, administer oaths, take testimony, punish for contempt, and prescribe a uniform system of accounts for all public utilities subject to its jurisdiction (including household goods carriers, passenger stage corporations, charter-party carriers, and vessel common carriers)
California Public Utilities Code (PUC), Division I, Chapter 3, §§ 452, 453, 454.2, 458, 459, 460.3, 460.7 (enacted by statutes from 1951 to 2000)	Statutory basis of regulation of public utility rates, establishing a zone of rate freedom, setting rates, and worker’s compensation requirements
California Penal Code, Part 2, Title 3, Chapter 4.5, § 830.11	Provides that investigators and investigative supervisors of the CPUC Consumer Services Division and Rail Safety and Carrier Division are not peace officers, but may exercise the powers of arrest of a peace officer and the power to serve warrants if they receive a course in the exercise of those powers
California Penal Code, Part 2, Title 3, Chapter 5C § 853.5	Statutory authority describing requirements related to citations for misdemeanors
Resolution ALJ 187 (September 2005)	Defines procedures to issue and appeal citations for household goods carriers, charter party carriers, and passenger stage corporations; specifies contents of citation and appeal process
<b>Passenger Stage Corporations</b>	
PUC, Division I, Chapter 5, §§ 1031 - 1040 (enacted by statutes from 1951 to 2000)	Statutory basis of regulation of passenger stage corporations (see General Order 158-A)
General Order 101-E (1985)	Insurance requirements for passenger stage corporations (varies by vehicle seating capacity)
General Order 109 (1980)	Filing requirements for requests for tariff changes for common carriers
General Order 147-D (1994)	Rules regarding tariff filings by common carriers (including passenger stage corporations)
General Order 148-A (1994)	Rules regarding handling of overcharge claims against common carriers
General Order 158-A (1996)	Rules governing operations of passenger stage corporations implementing PUC §§ 1031-1040 (includes definitions and requirements related to equipment statements, safety, vehicle dress, drivers, records and inspections, complaints, tariffs and timetables, and drug and alcohol testing)
<b>Charter-Party Carriers</b>	
PUC, Division 2, Chapter 8, §§ 5351-5420 (enacted by statutes from 1961 to 2015)	Passenger Charter-Party Carriers’ Act, statutory basis of regulation of charter-party carriers (see General Order 157-C; definitions, CPUC requirements, exclusions, certificate types, investigations, telephone disconnects, application and renewal fees, reporting, insurance, worker’s compensation, waybills, alcohol consumption in vehicles, modified limousines, peace officer impound authority, hearings, penalties, misdemeanor citations)
General Order 115-G (2016)	Insurance requirements for charter-party carriers (varies by vehicle seating capacity)

**Exhibit 2-3****Statutes, Regulations, and CPUC General Orders Applicable to TEB** *(continued)*

Page 2 of 3

Applicable Statutes, Regulations, and CPUC General Orders	Brief Description
General Order 157-C (2013)	Rules governing operations of charter-party carriers implementing PUC beginning with §5351 (includes definitions and requirements related to waybills, airport operations, sub-carriers, renewals, advertisements, equipment statements, safety, vehicle dress, drivers, records, inspections, complaints, and drug and alcohol testing)
<b>Transportation Network Companies</b>	
PUC, Division 2, Chapter 8, §§ 5430-5444 (enacted by statutes from 2014 to 2015)	Statutory authority for regulation of TNCs (including definitions and requirements related to insurance, passenger disclosure, commission oversight, and pull-notice eligibility)
Decision 13-09-045 (Phase I TNC rulemaking) (September 2013)	Defined transportation network companies TNCs, created a new category of charter-party carriers, required each TNC to obtain a permit from CPUC, required background checks for all drivers, established a driver training program, implemented a zero-tolerance policy on drugs and alcohol, and required specific insurance coverage
Decision 16-04-041 (Phase II TNC rulemaking) (April 2016)	Addresses issues that arose since Phase I; requires TNC vehicles be inspected periodically, record maintenance, distinguishes TNCs that primarily transport minors, and updates trade dress requirements
Phase III TNC rulemaking forthcoming	Under development
<b>Household Goods Carriers</b>	
PUC, Division 2, Chapter 6, §§ 5000-5011 (enacted by statutes from 1951 to 2005)	Creates a special fund to administer and enforce household goods carriers
PUC, Division 2, Chapter 7, §§ 5101-5335 (enacted by statutes from 1951 to 2015)	Household Goods Carriers Act; statutory basis of regulation of household goods carriers (including definitions, CPUC requirements, permits, insurance, rate-setting, records and inspections, estimates, proceedings, suspension and revocation of permits, vehicle safety, fines and penalties, coordination with peace officers, telephone disconnects, and fees)
General Order 100-M (1994)	Insurance requirements for household goods carriers
General Order 124-C (1980)	Annual reporting requirements for household goods carriers with annual gross operating revenues over \$500,000
General Order 130 (1971)	Species minimum leasing requirements related to household goods carriers
General Order 136-C (1992)	Cargo insurance requirements for loss and damage for household goods carriers
General Order 139-B (1994)	Handling of claims for loss or damage of property handled by carriers, including passenger stage corporations
General Order 142 (1977)	Requirements related to equipment, facilities, and “capable help” for household goods carriers
Maximum Rate Tariff 4 (MAX 4)	Contains rates and rules for transportation of used household goods within California by household goods carriers; annual adjustments required in PUC Code §5191 implemented through a CPUC proceeding

**Exhibit 2-3**

**Statutes, Regulations, and CPUC General Orders Applicable to TEB** *(continued)*

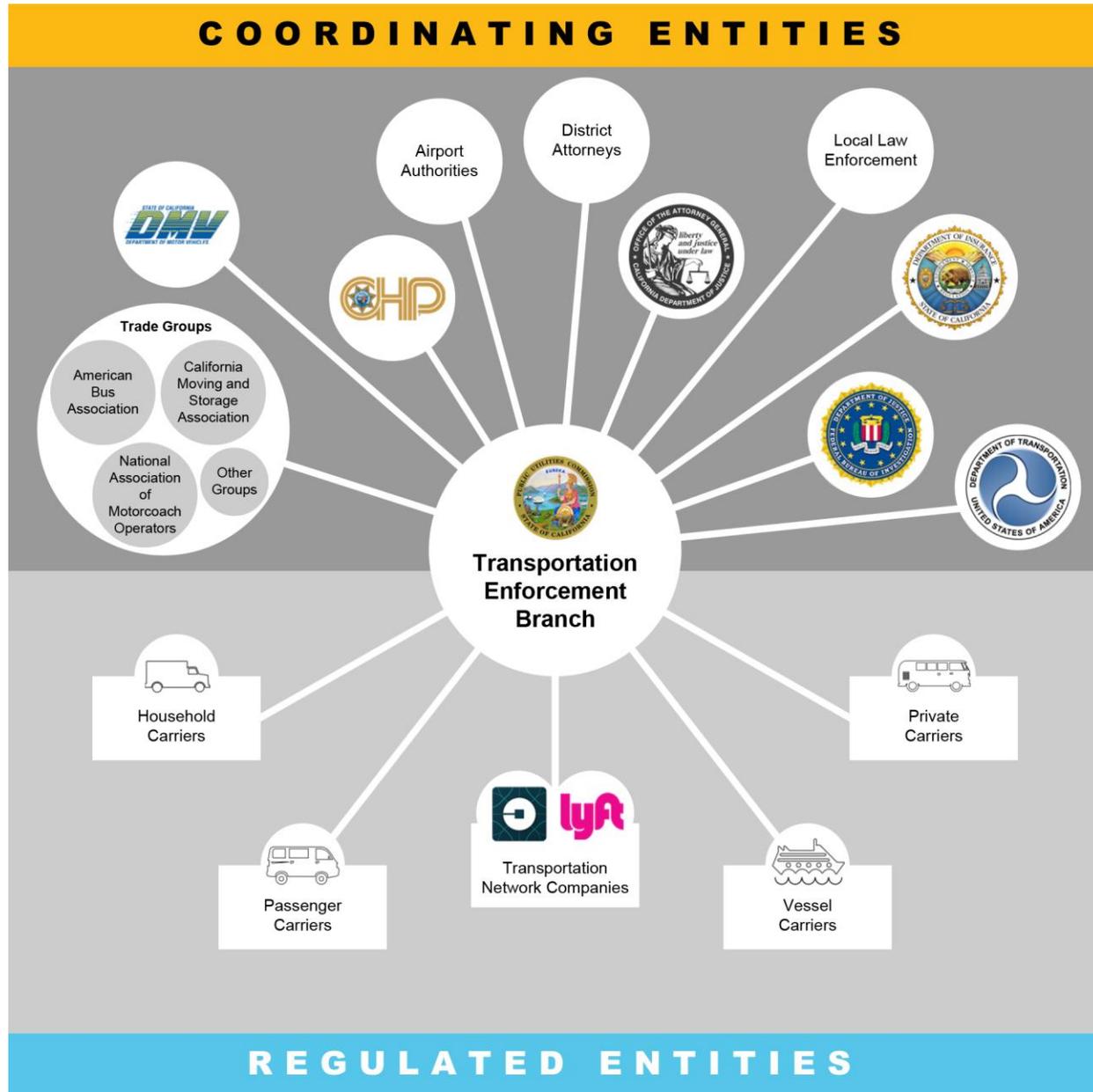
Applicable Statutes, Regulations, and CPUC General Orders	Brief Description
<b>Private Carriers</b>	
PUC, Division 2, Chapter 2.5, §§ 4000-4022 (enacted by statutes from 1951 to 2000)	Statutory basis of regulation of private carriers of passengers (including registration, insurance, and fines)
General Order 160-A (1998)	Insurance requirements for private carriers of passengers (non-profit organizations and youth camps)
<b>Vessel Common Carriers</b>	
PUC, Division 2, Chapter 4.5, §§ 4660-4672 (enacted by statutes from 1951 to 2015)	Statutory basis of regulation of insurance for for-hire vessels
General Order 111-C (1984)	Insurance requirements for vessel common carriers (varies by vessel seating capacity)

**Exhibit 2-4**

**Primary Collaborative Activities**

Coordinating Entity	Activity	Description
California Highway Patrol	Bus Inspections (11+ seats)	If a carrier applies for a permit for a bus that seats over 11 people (including the driver), CHP must inspect the bus. TEB's Licensing section transmits the inspection request to CHP and receives CHP's recommendation before granting the permit.
California Highway Patrol	Modified Limousines	As required by SB 611 (Hill) carriers that operate a modified limousine must be inspected by the CHP as of January 2018. TEB is currently in the process of recording modified limousines through renewal applications and new applications.
California Highway Patrol, Airport Authorities, and Local Law Enforcement	Strike forces (stings)	TEB's Enforcement section participates in multi-agency strike forces (or stings) at airports and other locations. Several agencies may be present at these strike forces.
Department of Motor Vehicles	Pull Notice Program	TEB's Licensing section must verify that applicants are enrolled in the DMV's Employer Pull Notice Program (EPN), a program that allows employers and regulatory agencies to review driver records on an ongoing basis. Enrolled employers are notified if any actions are taken against their employees' driving privileges such as violations or suspensions.
City or County District Attorneys	Prosecution	TEB's Enforcement section recommends cases for prosecution to local district attorneys and collaborates with them on casework.

**Exhibit 2-5  
Transportation Enforcement Branch Coordinating Entities and Regulated Entities**



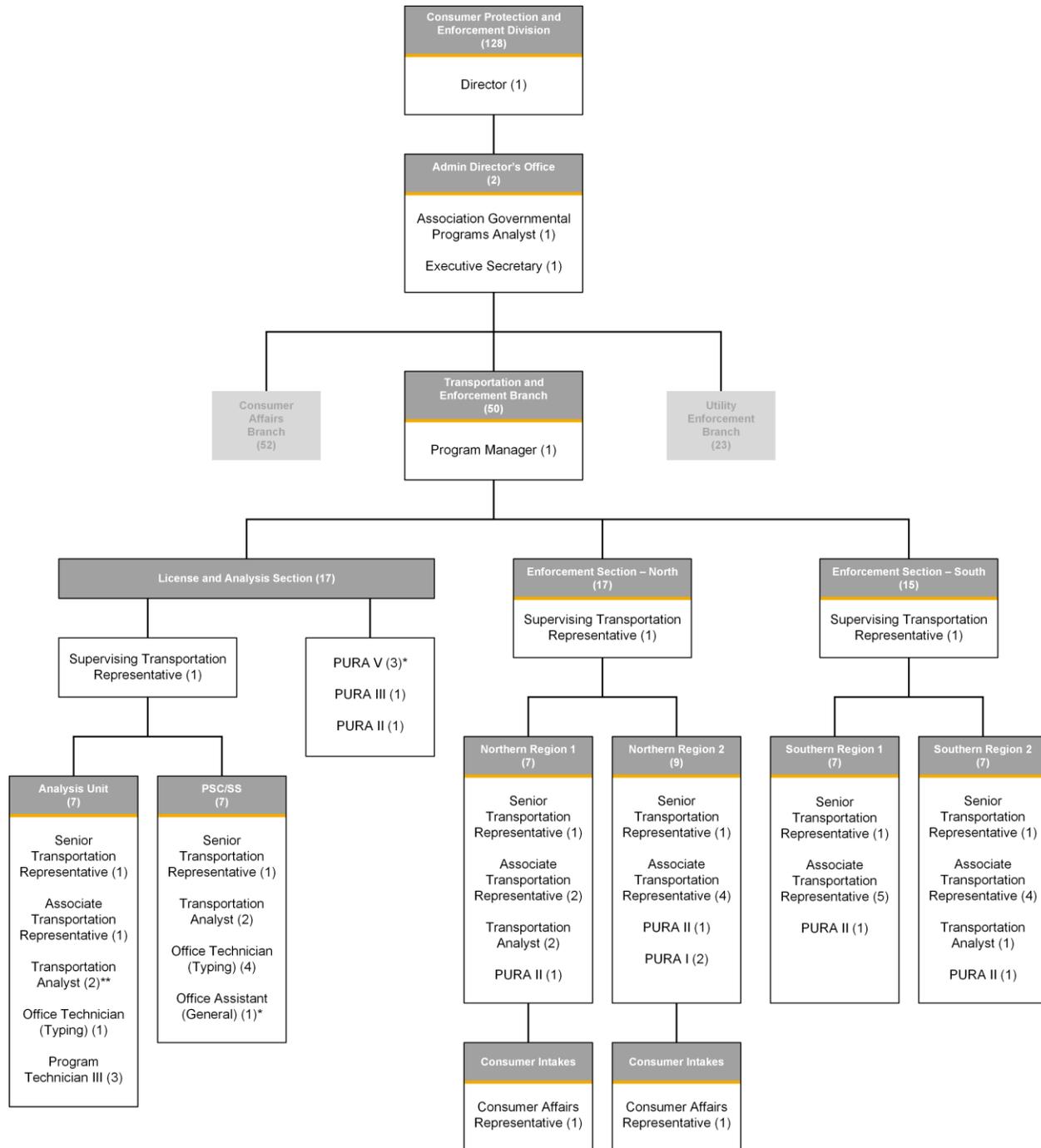
## D. Roles and Responsibilities

TEB is one of three divisions within the Consumer Protection and Enforcement Division (CPED). CPED reports to the Deputy Executive Director and Safety Advocate responsible for all of CPUC's investigation, enforcement, compliance, safety, and audit functions. TEB consists of two sections (1) Licensing, and (2) Enforcement. TEB is also divided geographically between northern California and southern California with offices in San Francisco, Sacramento, and Los Angeles.

As of January 3, 2017, TEB has 50 authorized full-time positions, of which only 37 are filled. This constitutes a 26 percent vacancy rate. TEB staff consists primarily of Transportation Analysts (TAs) and Associate Transportation Representatives (ATRs) in both the Licensing and Enforcement sections. TAs and ATRs report to either a Senior or Supervising Transportation Representative. A Program Manager oversees the entire Branch and reports to the CPED Division Director.

**Exhibit 2-6** provides a high-level organizational chart of TEB within CPUC's Consumer Protection and Enforcement Division.

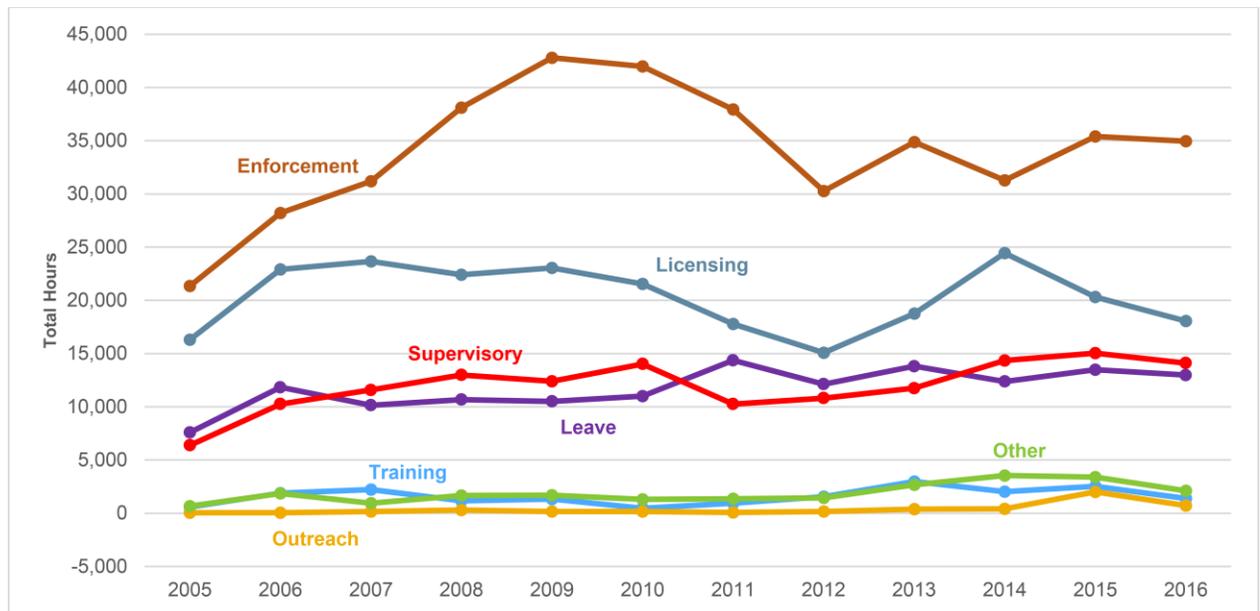
**Exhibit 2-6  
Organizational Chart of the CPUC Transportation Enforcement Branch**



\* Positions do not count towards total authorized positions.

\*\* One of the two positions does not count towards total authorized positions.

**Exhibit 2-7  
Total Hours Spent Annually per Activity**



Source: Employee Timekeeping System

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. Data represents fiscal year totals beginning in 2004-05 and ending in 2015-16.

Crowe obtained data from TEB’s Employee Timekeeping System (ETS) from 2005-2016 and used it to calculate the total number of hours worked for each activity listed above (“Other” includes general meetings, timekeeping, policy, recruiting, and administrative activities). The results of this analysis are depicted in **Exhibit 2-7**.

Crowe identified the following items as particularly important to understanding the challenges that TEB faces regarding its workload and staffing:

- Enforcement activity is down to 34,949 hours from its high of 41,983 hours in 2009.
- Licensing activity is down to 18,071 hours from its high of 24,441 hours in 2014, which is consistent with the recent reduction in the number of new applications and a push in late 2014 to catch up with backlogged applications. The decrease in the number of applications could be caused by numerous factors, including the change in TEB policy to only accept completed applications in 2015. However, Licensing still struggles to remain current on incoming applications. In addition, the peak in 2014 was artificially increased by Enforcement staff helping Licensing staff reduce a significant backlog of work.
- Outreach increased significantly in 2015 primarily as a response to the California State Auditor’s report, but decreased 36 percent to 726 hours in 2016. This highlights TEB’s reactive and not proactive nature.
- Training accounts for nearly 1,600 hours per year. However, TEB could improve key skills such as writing and critical thinking, based on our assessment and the feedback we received from staff sessions and the survey.

## TEB Information Technology (IT) Systems

The Branch uses multiple legacy systems to carry out its daily activities. **Exhibit 2-8** provides an overview of the multiple information technology systems used by TEB to track employee's time, consumer complaints, current and past enforcement cases, and carrier licensing.

### Exhibit 2-8 TEB Information Technology Systems

IT System	Description
<b>Transportation Management Information System (TMIS)</b>	TMIS stores transportation carrier filing information. All completed application forms for operating authority or registration are manually entered into TMIS. TMIS is a large, complex Oracle based application that was custom built for the CPUC. This system was modernized and migrated to Oracle from the mainframe system that was the core for operations of TEB for many years. Most of TEB's business rules for processing and managing transportation carriers are handled in TMIS along with extensive, dedicated reporting and notification processes.
<b>Transportation Informal Complaint Tracking System (TICTS)</b>	TICTS is used to track and process complaints and cases by the Enforcement section. TICTS uses information from TMIS and auto-populates regulated entity information. TICTS has been migrated to Oracle.
<b>Case Tracking System</b>	The case tracking system is a former Access database, now in Java, used to track investigations in the Enforcement Section. The case tracking system stores case related information in a database.
<b>Citation Spreadsheet</b>	Citation spreadsheet (Excel) is used to log citations and other actions. Citation numbers are manually assigned. This spreadsheet acts as an activities log.
<b>Employee Timekeeping System</b>	Used for CPUC employee timekeeping.

## Licensing Activities

The Licensing section is responsible for the permitting activity for non-rail transportation carriers, including issuing, renewing, modifying, and transferring permits to operate. Licensing's role is to ensure that carriers obtain proper permits to operate, maintain safe vehicles, maintain proper limits of insurance, obtain necessary CHP safety inspections, participate in driver safety programs, and remit correct fees to the CPUC. As part of these overall responsibilities, Licensing staff carry out the primary tasks listed in **Exhibit 2-9**.

Carriers submit applications by mail and Licensing staff docket their payments, sends them to the fiscal office, enters basic application data into the system, and creates an application number. The application is then assigned to a Licensing representative based on a numbering system; if a staff member's numbers are "up," they are assigned all new applications. The Licensing representative analyzes the application for completeness, corresponds with the carrier regarding any deficiencies, ensures all requirements are fulfilled, and ultimately issues the authority to operate.

**Exhibit 2-9  
Primary Licensing Tasks for Issuing, Renewing, Modifying, and Transferring Permits**

Licensing Tasks		
All carrier correspondence	Docketing payments	Processing change of address/phone/DBA requests
Adding, updating, or deleting vehicles (Equipment Statement)	Submitting CHP bus inspection requests and receiving results	Carrier outreach and education
Verifying information in other databases (DMV and Department of Justice)	Verifying carrier's insurance requirements (worker's compensation and public liability and property)	Scheduling, proctoring, and grading HHG exams
Verifying fees	Reinstating revoked authority	Verifying participation in DMV Pull Notice Program

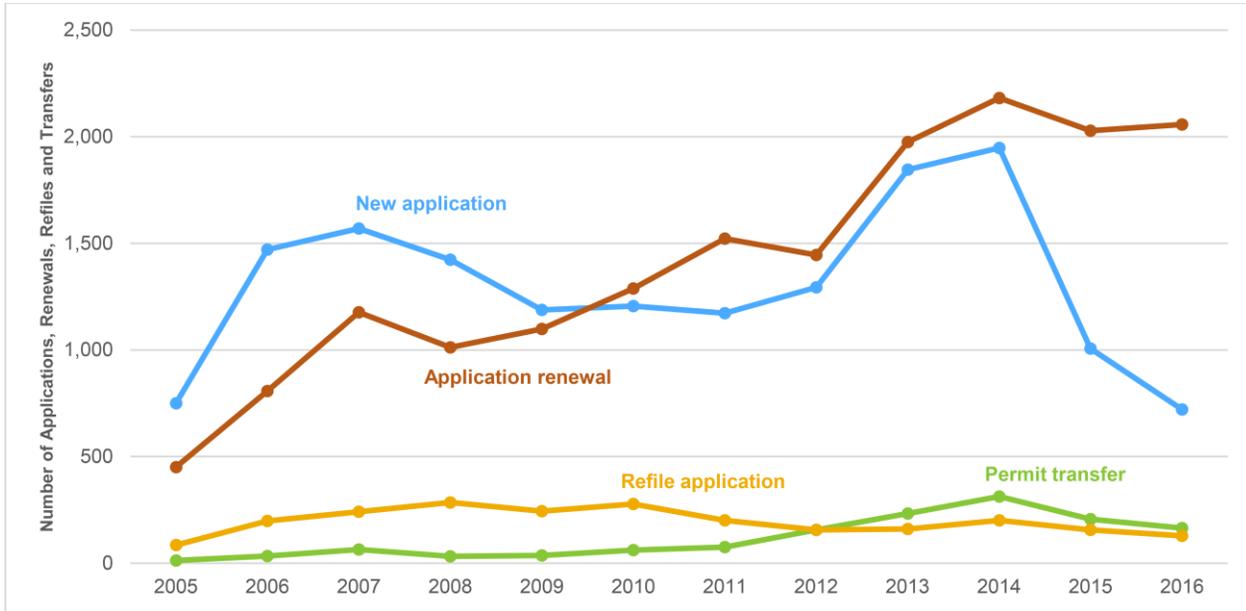
Licensing Volumes

Branch employees reported that it was difficult for Licensing employees to handle the large volumes of paperwork received. In order to evaluate licensing volumes and patterns over time, Crowe obtained and analyzed raw data from TEB's licensing system, Transportation Management Information System (TMIS). Crowe evaluated the number of permits issued for four key licensing processes from 2005-2016: new applications, permit transfer applications, refile applications, and renewal applications. As depicted in **Exhibit 2-10**, 2014 saw a considerable spike in volume, with all application processes except for refiles reaching their highest point since 2005.

In 2014 there were 1,948 new applications, 313 permit transfers, 2,182 renewals, and 201 refiles, for a total of 4,644 applications. This constitutes a 52 percent increase from 2012 to 2014 and 10 percent increase from 2013 to 2014. After the 2014 spike, volumes decreased, with the total number of applications declining by 27 percent from 4,644 in 2014 to 3,397 in 2015. This decrease is primarily due to the reduction in new applications received by the Branch, which was a result of the policy to no longer accept partially completed applications that were ultimately rejected. It is not clear whether the reduction means that some potential applicants simply operate illegally, or wait and submit applications later. Each document that Licensing receives consists of—and generates—numerous pages of information to be entered, scanned, filed, and/or mailed.

In addition to handling these key application processes, Licensing also processes equipment list updates, which carriers submit by mail anytime they need to add, delete, or modify information relating to their vehicles. A single form may contain multiple updates. Processing these equipment updates in a timely manner is a challenge due to the large volume of changes that carriers request. Crowe analyzed the number of equipment list actions, which are defined as adding, deleting, or modifying a vehicle, per carrier per year (for those carriers who requested actions), from 2010-2016. This analysis is depicted in **Exhibit 2-11**. Not all licensed carriers requested an equipment list action in a given year.

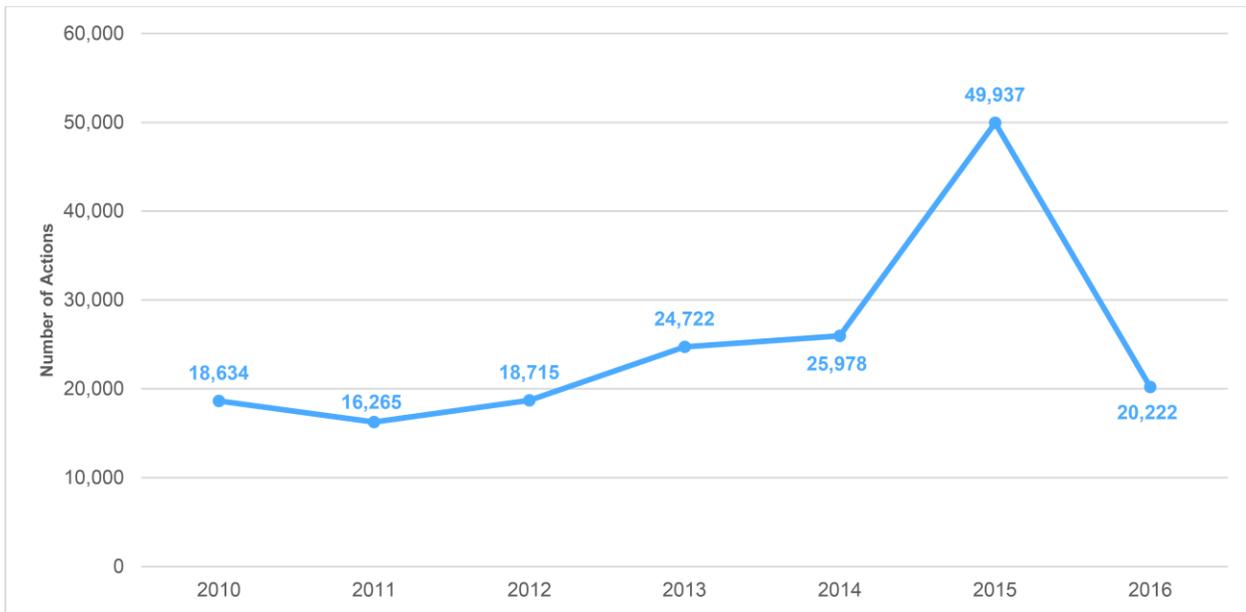
**Exhibit 2-10**  
**Number of New Applications, Permit Transfer Applications, Renewal Applications, and Refile Applications, 2005-2016**



Source: TMIS

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. 2016 data is through 11/14/2016.

**Exhibit 2-11**  
**Number of Equipment List Actions Per Carrier Per Year, 2010-2016**



Source: TMIS

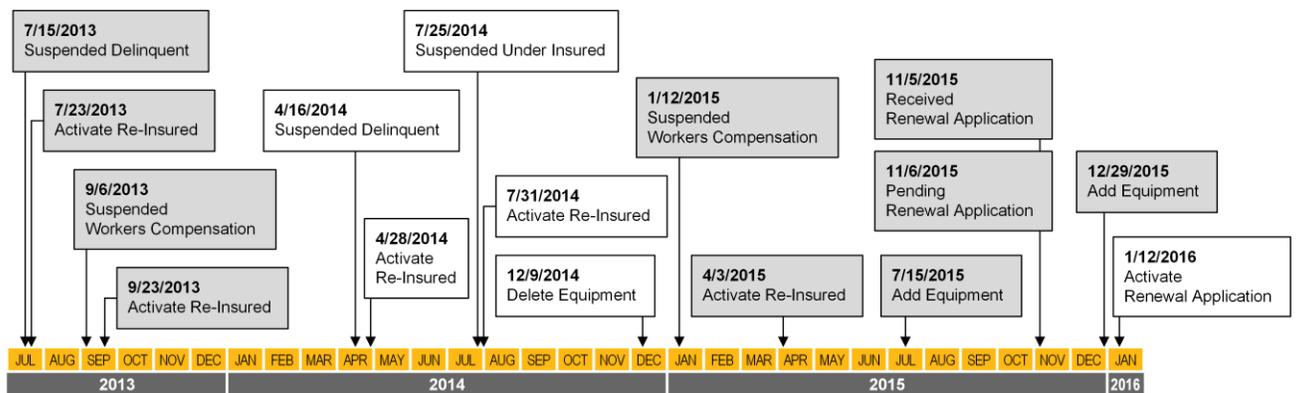
Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. In 2015, Licensing staff provided spreadsheets to IT, who then uploaded the data at one time in order to expedite updates. Crowe removed all instances where IT uploaded batch reports in order to compare actual entries by Licensing staff. 2016 data is through 11/14/2016.

In 2010, 2011, and 2012, the volume of equipment list actions—vehicle additions, deletions, and modifications—was relatively constant, averaging 17,871 for those three years. In 2013 and 2014, numbers began to climb to 24,722 and 25,978 respectively. A significant increase in equipment list actions in 2015 was the result of several factors. In 2015, in response to the deadly limousine fire, there was greater emphasis placed on updating equipment lists, which had been backlogged. In 2015, staff focused on reducing the backlog, and the large number of equipment update actions included the updating of vehicles that belonged to carriers who were no longer operating but were still in the system.

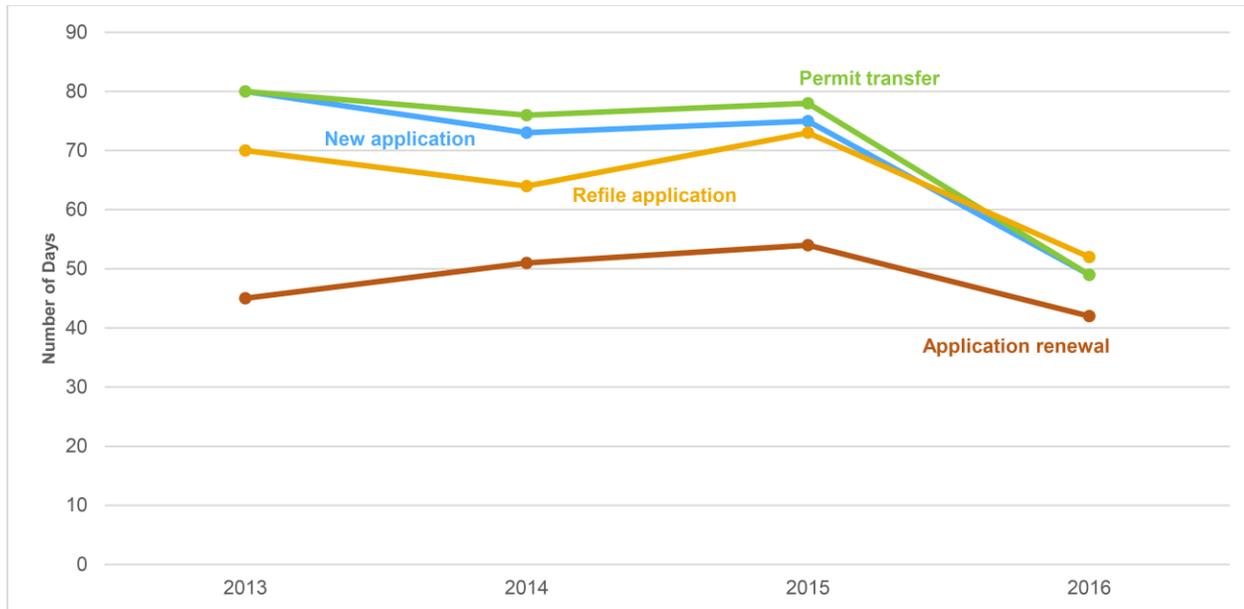
Excluding 2015, Licensing staff process an average of four equipment deletions, additions, or modifications per year per carrier for carriers who request such actions. The average number of equipment list actions per year (excluding 2015) is 20,756—a significant number that is consistent with the volume reported during staff interviews. Equipment list updates contribute significantly to the volume of paperwork that Licensing processes annually.

The timeline in **Exhibit 2-12** depicts three years of licensing activity for a single carrier and highlights the many different ways in which Licensing staff are repeatedly required to interact with a single carrier. The interaction does not begin and end with a new or renewal application. Licensing staff are required to continuously update carrier profiles to ensure that its system of record is accurate. Some examples of events that require updating the system include when a carrier is suspended or has its licensed revoked or when there is an update to a carrier’s address, business name, or equipment list.

**Exhibit 2-12**  
**Example Licensing Activities for One Carrier, 2013-2016**



**Exhibit 2-13**  
**Average Days Elapsed Between Start and End Events for Select Application Processes, 2013-2016**



Source: TMIS

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. 2016 data is through 11/14/2016.

Licensing Timeliness

In staff sessions and external interviews, many respondents identified licensing timeliness as an area in need of improvement. Although processing time is decreasing, it is still too long. To better understand this issue, Crowe used data from TMIS to evaluate the average processing time for four key application processes—new applications, permit transfers, renewals, and refiles—for 2013 through 2016 (data was available starting in 2013). **Exhibit 2-13** depicts the results of this analysis.

For each process type, Crowe determined the average number of days between initiation events and completion events. During 2013, 2014, and 2015, the average processing times for the four licensing processes was relatively stable. However, during 2016 the processing times decreased dramatically, as show in the table below. This decrease reflects the decline in the number of applications received (illustrated in previously in Exhibit 2-10) as well as improvements in efficiency made in the licensing section by the Branch in 2015. Although processing times have decreased, they are still too long, which is a result of a variety of factors including high volumes, understaffing, and cumbersome manual processes.

From 2015 to 2016, average processing declined as follows:

Application Type	2015 Processing	2016 Processing	Decrease in Percent
New applications	75 days	49 days	-35%
Permit transfers	78 days	49 days	-37%
Renewals	54 days	42 days	-21%
Refiles	73 days	52 days	-29%

Source: TMIS

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design and lack of quality controls. 2016 data is through 11/14/2016.

The Licensing section processes will change considerably with the implementation of the eFiling Administration Support (eFASt) Solution, scheduled for completion in late 2018. eFASt is the approved solution for an automated application and licensing platform that will integrate with both the current and future CPUC infrastructure, which will serve as the common, scalable, CPUC enterprise-wide foundation upon which business program applications will be built and deployed. The platform will be configured for the Transportation Carrier Portal (TCP), Informal Submissions Portal (ISP), and Program Claims Management System (PCMS), subordinate projects to create business program specific applications. The platform will serve as a hub for customer interaction with the CPUC, including submitting filings (documents and data), maintaining customer accounts, making payments for fees and programs, and submitting inquiries.

**Enforcement Activities**

The Enforcement section is responsible for the enforcement of non-rail transportation carriers. Enforcement’s role is to ensure that carriers adhere to all licensing requirements and are operating safely. Enforcement responds to and investigates complaints of unsafe, unlicensed, and uninsured passenger carriers, and responds to complaints against licensed carriers concerning carrier fitness, overcharging, discriminating in service, failing to provide service, or failing to respond to customer complaints. The Enforcement section uses their own case management tracking system, Case Tracker, to manage cases. Case Tracker does not interface with TMIS (the licensing system).

As part of these overall responsibilities, Enforcement investigators carry out the primary tasks listed in **Exhibit 2-14**.

Most cases originate via complaints received from consumers. Consumers submit complaints to the consumer intake unit, which enters the complaint into the Transportation Informal Complaint Tracking System (TICTS) and assigns violation types. The top 10 violation types by overall volume between 2000 and 2016 are shown in **Exhibit 2-15**. The complaint intake unit identifies the complaints that should be assigned to investigators as cases; many complaints received do not fall under TEB’s jurisdiction and are thus not assigned. Approximately 65% of complaints become cases. An Enforcement supervisor evaluates the cases and then assigns them to investigators, who work the cases. Documentation related to casework is housed in the case management system, Case Tracker, which is not integrated with TICTS.

**Exhibit 2-14  
Primary Enforcement Tasks for Investigating and Enforcing Against Carriers**

Enforcement Tasks		
Investigates and resolves “hold hostage” situations involving household goods carriers	Issues administrative citations, cease-and-desist notices, and other notices	Receives and processes complaints via the complaint intake unit
Prepares and prosecutes formal cases and hearings before CPUC’s Administrative Law Judges (ALJ)	Conducts sting operations at airports and other venues in collaboration with other agencies (CHP)	Submits civil and criminal cases to local prosecutors
Prepares and prosecute an Order Instituting Investigations (OII)	Collaborates with other agencies to impound vehicles	Participates in ALJ evidentiary hearings
Obtains subpoenas to issue carrier phone disconnects		

**Exhibit 2-15**  
**Top 10 Complaint Violation Types, by Volume (2000 – 2016), by Passenger Carrier and Household Good Carrier Types**

Rank	Passenger Carriers	Household Goods Carriers
1	Other <sup>4</sup>	Loss or damage
2	Service	Overcharge
3	No operating authority	Other
4	General Order 157/158	No important info booklet
5	Advertising without a permit	No agreement for service 3 days prior
6	Failure to insure all equipment	No operating authority
7	No workers compensation insurance	Late pickup
8	Operations while suspended	Overcharge estimated shipment
9	Loss or Damage	Other General Order violations
10	Unlicensed sub-carriers	Not to exceed price

Case Volumes

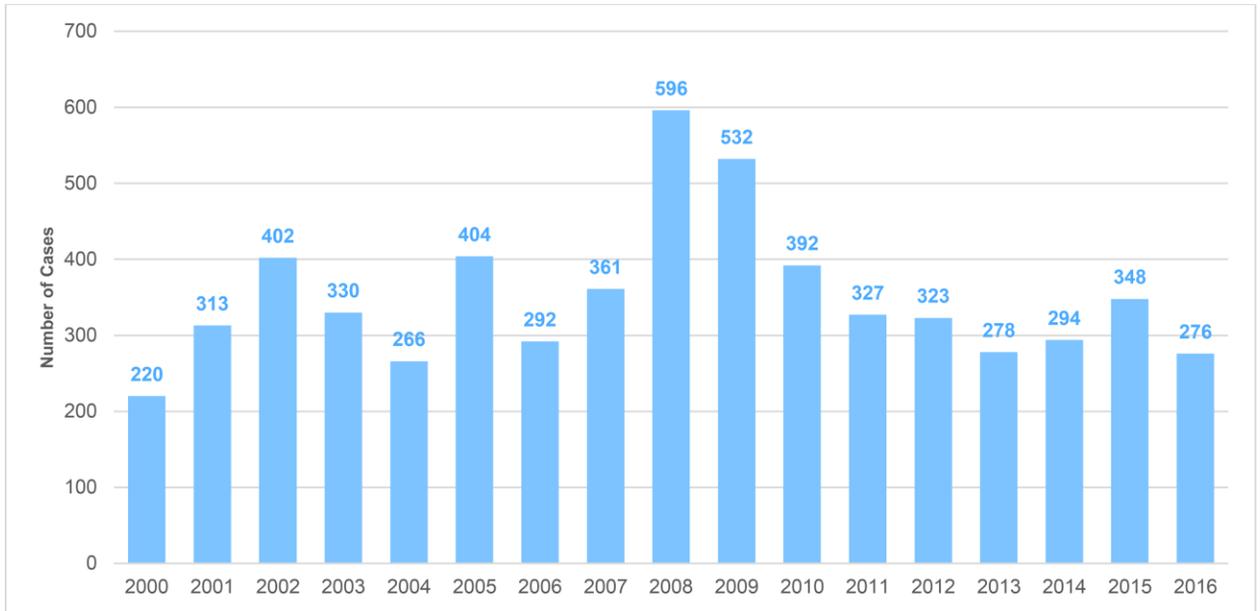
Crowe obtained and analyzed data from Case Tracker in order to evaluate case volumes over time. Crowe evaluated the number of cases per year from 2000 to 2016. This includes cases involving licensed and unlicensed carriers, as there is currently no way to distinguish them in the system. **Exhibit 2-16** depicts the results of this analysis.

Over the 17-year period, the average number of cases per year is 350. During the same period, the number of cases has fluctuated, with peaks of 596 and 532 in 2008 and 2009. However, in more recent years, the numbers have returned to near-average levels (Note: data from 2016 consists of approximately 10 months).

Next Crowe evaluated the average annual number of new cases opened per year by carrier type from 2000-2016 (unlicensed and licensed carriers). These results are depicted in **Exhibit 2-17**.

<sup>4</sup> "Other" category does not denote a specific complaint type. The category is utilized by TEB complaint intake to categorize complaints that do not fit into one of the other listed complaint categories.

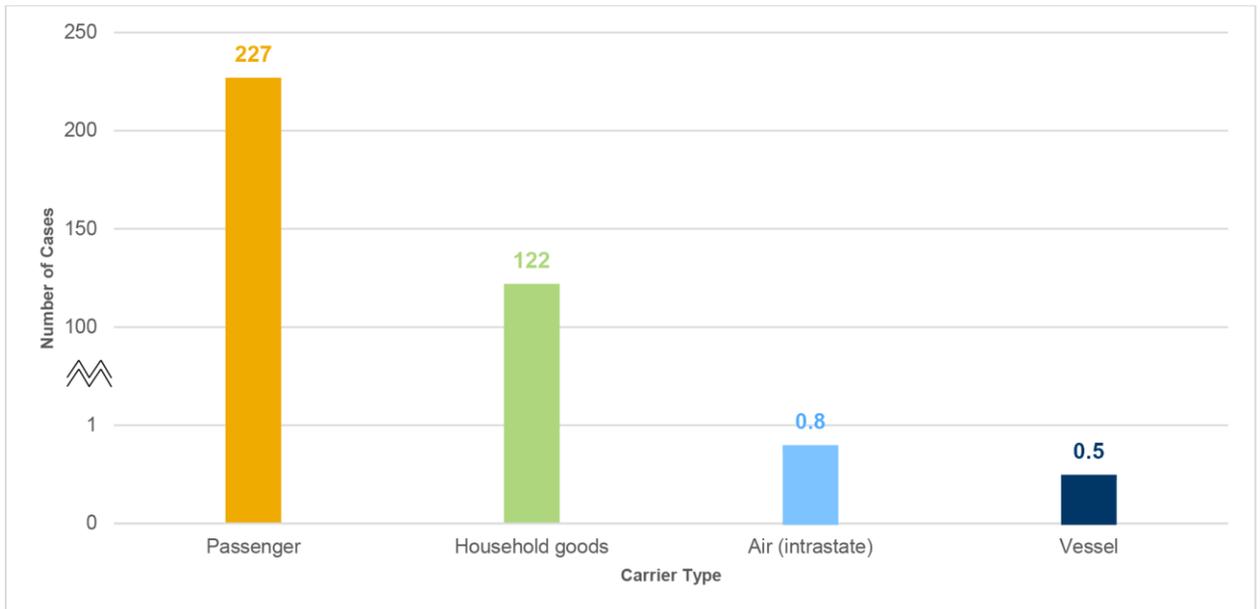
**Exhibit 2-16**  
**Number of Cases Opened per Year, 2000-2016**



Source: Case Tracker

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. 2016 data include events through 11/07/16.

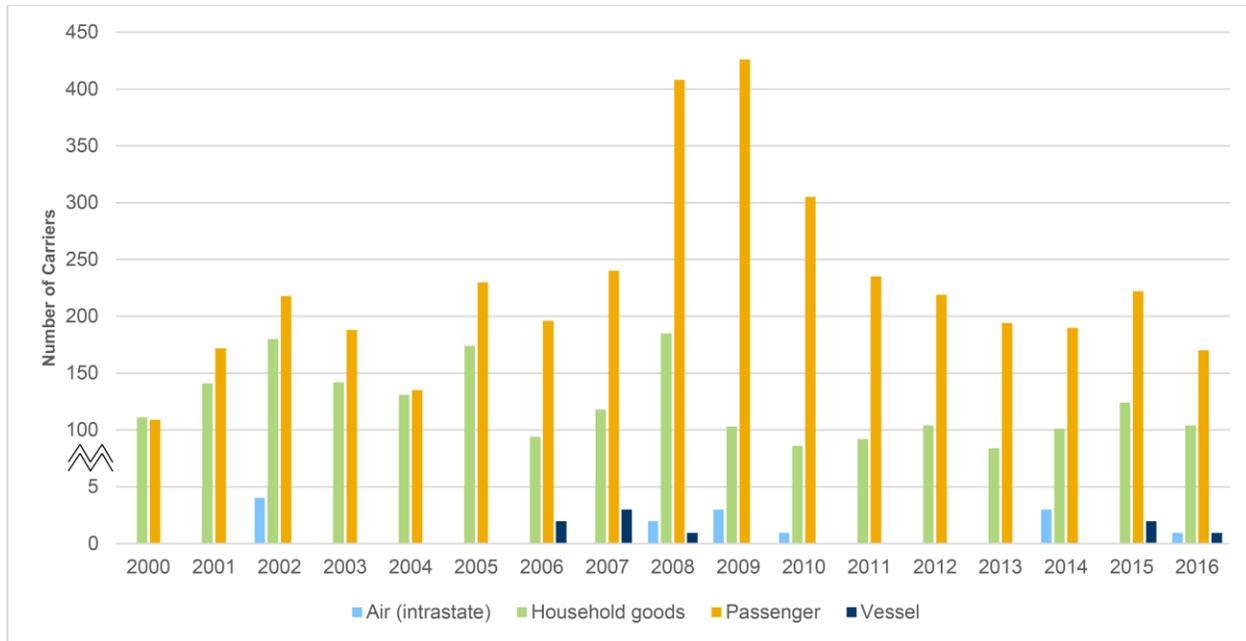
**Exhibit 2-17**  
**Average Annual Number of Cases Opened per Year by Carrier Type, 2000-2016**



Source: Case Tracker

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. 2016 data include events through 11/07/16.

### Exhibit 2-18 Annual Number of Carriers with Cases by Year Case Opened, 2000-2016



Source: Case Tracker

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. 2016 data include events through 11/07/16.

As expected, passenger carrier cases (227) outnumber household goods carrier cases (122), on average, by 86 percent. While total passenger carrier cases are greater, as a percentage of licensed carriers, household goods carriers make up a proportionally larger share of enforcement cases, approximately 12 percent versus 3 percent. The average number of annual air and vessel cases are less than 1 each, aligning with the fact that very few of these carrier types fall under the Branch's jurisdiction.

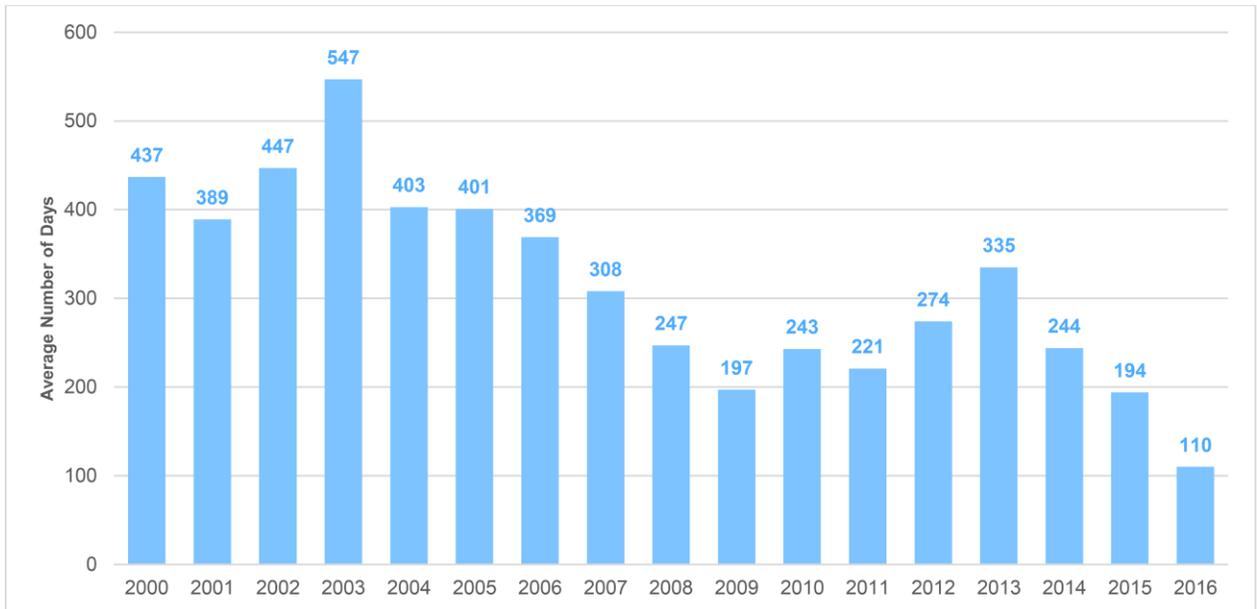
Next, Crowe evaluated the number of cases opened per year, by carrier type, from 2000 to 2017, depicted in **Exhibit 2-18**. The results show that the number of household goods cases has generally decreased over the 17-year period. Since 2006, there has been only one year above the average of 122 cases for household goods (2015). The number of passenger cases has generally increased. Since 2006, the number of cases has been relatively stable at approximately 200.

#### Case Timeliness

As indicated by employees, one of the challenges the Branch faces is the lengthy case investigation process. Although the case investigation length has decreased, it is still too long, particularly considering the administrative nature of most of the cases. Crowe thus conducted several analyses to determine the timeliness of investigations. Crowe obtained and analyzed data from Case Tracker in order to evaluate enforcement activities and trends.

Crowe evaluated the amount of time between case open events and case close events between 2000 and 2016, as depicted in **Exhibit 2-19**. The average amount of time was determined for all cases within a single year (based on the year the case was opened). The results show that while the average time for cases to close has generally decreased over the 17-year period, it is still lengthy. The exhibit illustrates two peaks, one in 2003 (547 days) and one in 2013 (335 days), each followed by decreases in averages over subsequent years. The year with lowest average number of days to close cases was 2016, with 110. However, many 2016 cases remain open.

**Exhibit 2-19**  
**Average of Days from Case Open to Close by Year Case Opened**



Source: Case Tracker

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. A small number of cases were excluded from the analysis that had one or more of the following: cases without an open event, cases with a closed event that was earlier than an open event, cases with a future opened date, and cases with a future closed date. 2016 data include events through 11/07/16.

Next, Crowe analyzed the number of cases that remained open by year, the results of which are depicted in **Exhibit 2-20**.

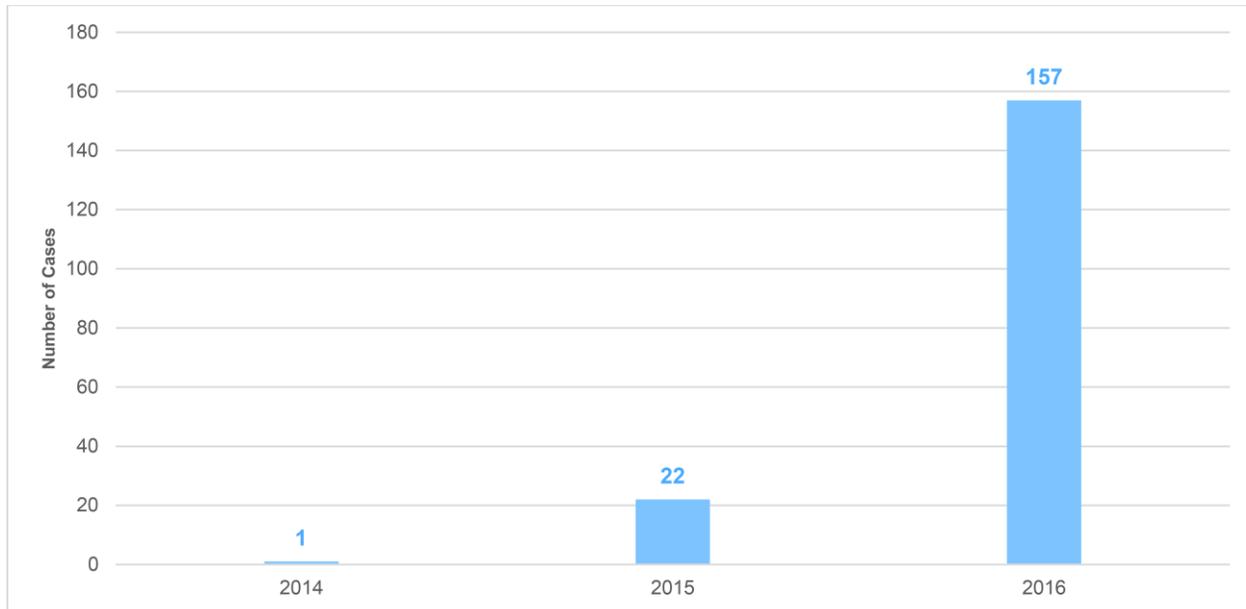
At the time of the analysis, one case that was opened in 2014 remained open while 22 cases opened in 2015 remained open. In total, 23 cases have been open for over 12 months. As one would expect, there are a significant number of cases—157—opened in 2016 that have not been closed.

**Enforcement Tools**

In staff sessions, external interviews, and in the survey many respondents commented on the lack of effective enforcement tools available to investigators. Respondents indicated that the tools are primarily administrative in nature, outdated, and generally not strong enough to enforce against modern carriers. For instance, staff indicated that telephone disconnects, which are accomplished via a lengthy subpoena process, have grown ineffective since it is very easy for carriers to set up a new phone number. The majority of enforcement actions consist of mailing notices and letters to carriers, which carriers may ignore without repercussion.

As the investigation proceeds, the investigator maintains and tracks case information in the Case Tracker system. The information tracked includes carrier information, allegation information, enforcement actions taken, case notes and documents, case results, and case schedules. When cases are closed, investigators complete a case report documenting any actions taken and investigation results. These are reviewed by a supervisor before the case is closed in the system. During staff sessions, many investigators said that writing case reports is a lengthy and time-consuming process that does not correspond with the primarily minor nature of most violations.

### Exhibit 2-20 Number of Cases that Remain Open, by Year Opened



Source: Case Tracker

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. 2016 data include events through 11/07/16.

**Exhibit 2-21** provides an overview of the Branch's main enforcement tools and their primary uses and characteristics.

Some of the most common violations are as follows:

- Operating without a permit or certification
- Operating after suspension, revocation, or expiration of authority
- Operating without personal liability and property damage insurance
- Operator without worker's compensation insurance
- Failure to maintain records and waybills
- Advertising without an active authority
- Operating vehicles not listed on the equipment list
- Failure to enroll drivers in DMV's pull notice and drug programs.

Using the variety of enforcement tools, investigators work and conclude their cases, which may or may not result in a violation. In order to understand trends in case results, Crowe used data from Case Tracker to analyze case results over time. **Exhibit 2-22** provides a historical overview of case results by category from 2000-2016.

Crowe evaluated the types of case results logged in the Case Tracker system from 2000 to 2016 and plotted the results to the year cases were opened. Due to the high number of cases for which no result was logged, Crowe created the "Unknown" result category.

**Exhibit 2-21  
Enforcement Tools Overview**

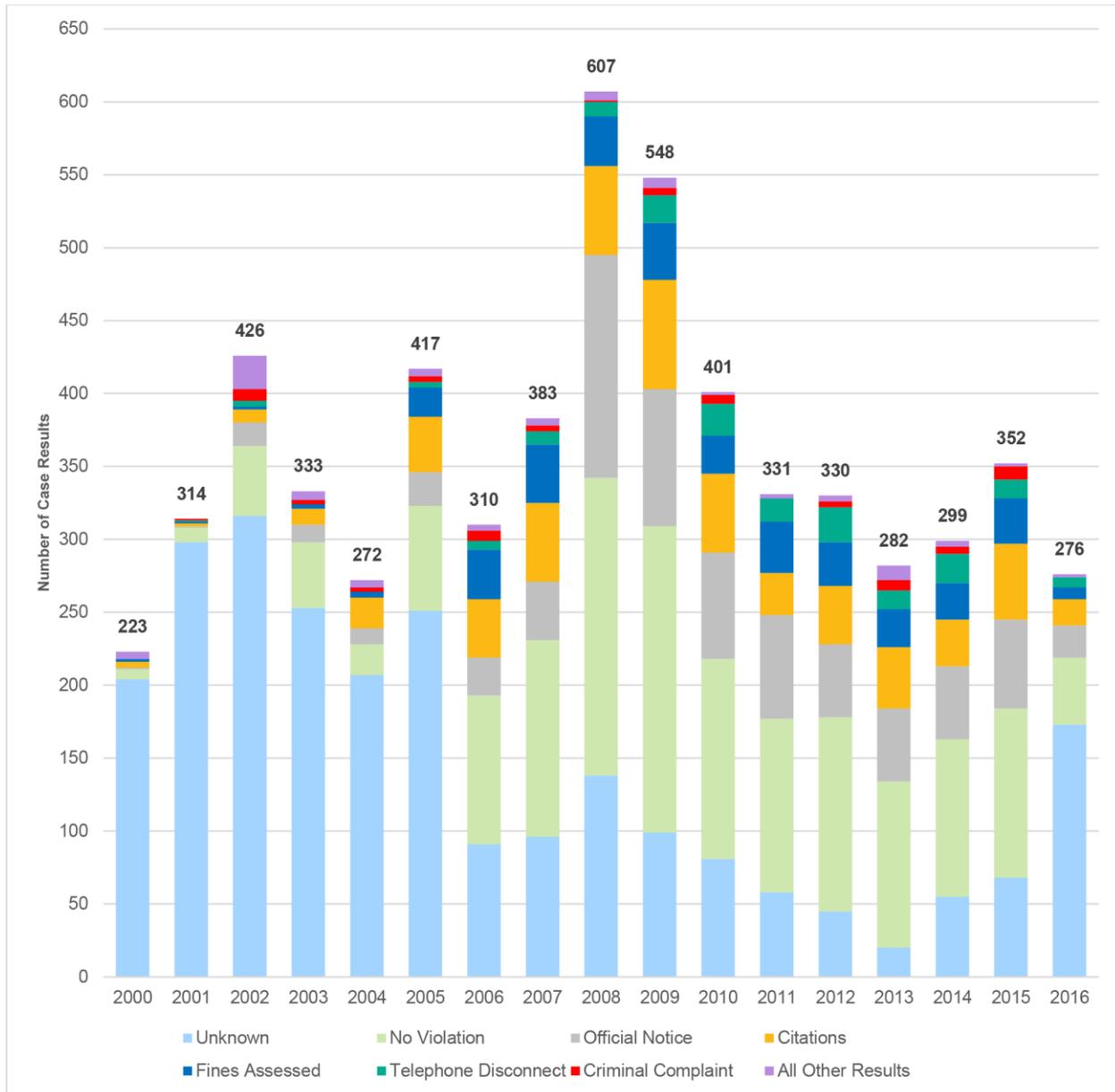
Enforcement Tool	Primary Uses and Characteristics
<b>Cease and Desist Letters</b>	<ul style="list-style-type: none"> <li>• Cease and Desist letters order carriers to stop operating immediately</li> <li>• Usually the first action taken against a carrier</li> <li>• Used to establish a paper trail</li> <li>• Used against any carriers who are operating in violation of state laws</li> <li>• Commonly used</li> </ul>
<b>Field Citation</b>	<ul style="list-style-type: none"> <li>• Issued for less serious violations than citation forfeiture procedures</li> <li>• Used against licensed and unlicensed carriers</li> <li>• For amounts from statutory minimums to \$10,000</li> <li>• Inspector prepares summary report, consistent with ALJ-187 procedures</li> <li>• Carrier has opportunity to appeal</li> </ul>
<b>Citation Forfeiture Procedures</b>	<ul style="list-style-type: none"> <li>• Issued for more egregious violations, including repeat offenses, willful violation, and endangering public safety</li> <li>• Range from \$10,000 to \$20,000</li> <li>• Inspector prepares summary report, consistent with ALJ-187 procedures</li> <li>• Carrier has opportunity to appeal</li> </ul>
<b>Criminal (Misdemeanor) Complaints</b>	<ul style="list-style-type: none"> <li>• Based upon case results, TEB will refer a case for prosecution to local district attorneys who have jurisdiction over where the carrier is located</li> <li>• Investigators collaborate with the local prosecutor throughout the process</li> <li>• Usually used in cases concerning violations of public safety</li> <li>• One-year statute of limitations require timely completion of cases</li> </ul>
<b>Official Notices</b>	<ul style="list-style-type: none"> <li>• Usually used in conjunction with an admonishment conference to explain and correct minor violations</li> <li>• Investigators meet with the carrier, explain the notice, and have the carrier sign the notice</li> <li>• Commonly used</li> </ul>
<b>Telephone Disconnects</b>	<ul style="list-style-type: none"> <li>• Prevents potential customers from contacting the carrier by disconnecting the carrier's telephone service</li> <li>• Often used for unlicensed carriers who post ads online that include their phone numbers with little to no other information</li> </ul>

The results show that the total number of case results varied widely between years. Before 2006, the percentage of uncategorized, “Unknown” results were very high, at 60 percent or greater. The failure to log a case result in the system affects data quality and indicates that staff have not been using the system effectively. However, over the five-year period from 2008-2013 the number of “Unknown” case results followed a general trend of decline, culminating in a 17-year low in 2013 (7 percent). In 2016, Crowe identified a large increase of “Unknown” results (63 percent); however, this is likely due to the fact that cases are still in process and thus do not have a case result.

Overall, the case results confirm reports from Branch staff and external stakeholders that TEB’s enforcement activities are primarily administrative in nature. A significant number of cases result in no violations or administrative actions for minor violations. From 2000-2016,

- An average of 25% of cases results in no violations
- An average of 11% of cases resulted in official notices
- An average of 3% of cases resulted in telephone disconnects

**Exhibit 2-22**  
**Number of Case Results by Category, 2000 to 2016**



Source: Case Tracker

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. 2016 data include events through 11/07/16.

## Carrier Education and Outreach

Per SB 541, Crowe assessed TEB's ability to meet its mandated outreach objective, which requires the Branch to "prioritize the timely processing of applications and hold 'application workshops' for potential applicants around the state" (per Public Utilities Code Sections 5102(b)(1) and 5352(b)(1)). Branch representatives have recently conducted multiple outreach events across the state, including:

- Presenting at the Greater California Livery Association's (GCLA) Regional Meeting in Sacramento in October 2016
- Presenting at GCLA's Livery Operator Event in Los Angeles in August 2016
- Conducting an outreach "road trip" in Northern California to build relationships with local law enforcement and district attorneys, including district attorney's offices in the Central Valley, Sacramento, Shasta and Napa counties.
- Participating in monthly outreach sessions with LAX airport staff
- Presenting at the California Bus Association Annual Convention and Trade Show in Los Angeles in October 2016.
- Presented several statement of case filings for misdemeanor prosecution for some of the more egregious illegal carriers where administrative sanctions have failed to bring about compliance.
- Conducted training for the Northern, Valley, and Central Divisions of the California Highway Patrol, the Stockton and Carmel Valley Police Departments, participated in the Shasta County District Attorney's Consumer Fraud Round Table, and participated in the Shasta County District Attorney's Consumer Protection Fair for Seniors and Veterans.
- Presented to California Municipal Tax Collectors Association meeting in Fremont.
- Participated in the 2015 San Francisco Mayor's Tour Bus Task Force.
- Trained multiple police departments and district attorney's offices regarding transportation statutes (PU Codes) and CPUC regulations, including Los Angeles, Hollywood, Beverly Hills, Santa Barbara, and San Diego in 2015 and 2016.

Generally, more outreach is conducted in the Los Angeles area. TEB is making a concerted effort to conduct more outreach events and educate carriers, associations, and other stakeholders about the Branch and its role. However, despite these efforts, more frequent, coordinated, and structured outreach efforts are necessary, as the objective of the mandate to hold application workshops is not currently being met.

## Analysis Section

TEB operates within the broader structure of CPUC. In addition to its primary licensing and enforcement duties, TEB also helps shape the direction of transportation policy within CPUC by way of its Analysis section. The transportation industry is undergoing major technological shifts, including the growth of TNCs, the contraction of the taxi industry, the proliferation of electronic vehicles and the need for supporting infrastructure, and the development of new technologies, including the first tests of autonomous vehicles. In this rapidly changing landscape, TEB's policy and analysis role within CPUC is critical.

The Branch's Analysis section performs the following tasks:

- Analyzes emerging transportation issues, consumer protection issues, and safety risks associated with new business models and technologies
- Makes recommendations to CPUC regarding policy and rules development
- Prepares resolutions that update General Orders
- Participates in the rulemaking process (current rulemaking regarding TNCs is in progress)
- Prepares reports to advise CPUC on legislation
- Researches and advises CPUC on industry trends
- Updates forms and maintains the Branch's website.

In addition to these duties, TEB also participates in CPUC proceedings. The five-member Commission that governs CPUC is the decision-making body for transportation actions that affects rates, complaints alleging a violation of CPUC rules, and policymaking proceedings. Commission decision-making is conducted through proceedings, each managed by an Administrative Law Judge (ALJ) and a Commissioner. Through proceedings, the Commission acts in a judicial, legislative, quasi-judicial, and/or quasi-legislative manner.

Commission proceedings fall into three major types—those related to rate-setting, complaints of violations of CPUC rules, and policymaking. TEB may be involved in all three types of proceedings, specific to the transportation industry:

- **Order Instituting Investigations (OII):** TEB may prepare an Order Instituting Investigation (OII) against a carrier, who has repeatedly, willfully, flagrantly and without any regard to rules and regulations violated the Public Utilities Code (PUC) and other laws and statutes. The investigative team gathers all evidence collected during an investigation and works with a CPUC attorney to present the OII to the Commission. The OII hearing is placed on the Commission calendar and is assigned to a Commissioner and also an Administrative Law Judge (ALJ). Once a hearing has been held and testimony and evidence entered into the record, the ALJ then issues a proposed decision. That proposed decision then goes before the five Commissioners, who can accept it as is, modify it, or issue a totally new decision, which they vote on. TEB staff are involved throughout this process, including preparing evidence, attending hearings, and working with the CPUC attorney.
- **Rulemaking or Policymaking:** The Commission establishes a policy or rulemaking proceeding in order to set state policy affecting a regulated industry. Policy or rulemaking proceedings can be initiated by the Commission, or in response to new legislation. In 2012, the Commission initiated the rulemaking proceeding 12-12-011, which has resulted in two decisions that defined transportation network companies (TNCs), created a new category of charter-party carriers, and established requirements for their oversight. The third phase of the rulemaking is under development. TEB staff participated in the rulemaking process by submitting a Staff Report outlining TEB's recommendations.
- **Application for Certificate of Public Convenience and Necessity (CPCN):** As part of CPUC's rate-setting function, TEB oversees passenger stage corporations (PSC) and vessel common carriers (VCCs), which are defined as public utilities regulated under Sections 225, 226 and 1031 through 1043 of the PUC Code. PSCs and VCCs transport passengers between fixed points in the state and, unlike other carrier types regulated by TEB, must obtain approved Certificates of Public Convenience and Necessity from the Commission in order to operate. The CPUC delegates to TEB the authority to approve or deny Certificates of Public Convenience and Necessity (CPCN) authority to passenger stage corporations (PSCs), which complements TEB's authority to grant CPCNs to Vessel Common Carriers. TEB writes CPNC decisions and coordinates decision-preparation with the assigned Administrative Law Judge (ALJ) prior to Commissioner approval or denial. TEB representatives can be assigned as Examiners to the proceeding.

**Section 3**  
**TEB Challenges  
and Opportunities**



### 3. TEB Challenges and Opportunities

Our research identified fourteen challenges that TEB currently faces. Identifying these challenges is the first step in identifying opportunities for improvement. With its committed staff and improvement initiatives that are currently underway, TEB has a solid foundation for addressing the fourteen challenges and the resulting opportunities:

#### Challenges and Opportunities

1. Tasked with regulating numerous entities, CPUC has not prioritized its transportation program, over time leading to TEB's decline in terms of its visibility, importance, and effectiveness. The neglect of the Branch has resulted in inadequate resources and low morale and has hindered its ability to ensure public safety.
2. Frequent management changes and lack of effective leadership in the Branch have resulted in an overall lack of direction, low morale, and reactive responses versus the proactive planning that the Branch needs for success.
3. The lack of quality and effective communication from all levels produces uncertainty, inconsistency, and low morale.
4. Chronic understaffing, misalignment of job duties, and high turnover have increased workloads and overwhelmed current staff.
5. CPUC's transportation policy and regulations have not kept pace with new transportation technologies and carrier types, which pose new public safety challenges. CPUC lacks a comprehensive and adaptable approach to regulating transportation now and in the future.
6. TEB's current funding structure and temporary budget fixes have led to an artificial funding deficiency and general confusion and discontent amongst TEB staff.
7. The current job classification structure has low salary ranges and lacks upward mobility and transfer opportunities, making it hard for the Branch to retain and promote current employees as well as attract quality candidates.
8. Disparate and cumbersome database systems are challenging to use, do not adequately support the Branch's licensing or enforcement activities, and contribute to errors and delays.
9. The Licensing section lacks customer service and carrier outreach, creating confusion amongst carriers, other agencies, and the Enforcement section as well as increasing the workload for staff.
10. The lack of meaningful enforcement tools and adequate follow-through hinders TEB's ability to successfully enforce against carriers.
11. Current enforcement tools are tailored for the pursuit of licensed carriers, which hinders TEB Enforcement staff's ability to investigate and cite unlicensed carriers.
12. TEB lacks performance metrics that support effective regulation and provision of public safety.
13. While enforcement policies and procedures exist, they are either not used or not used consistently, leading to inconsistencies in work products, fine amounts, and enforcement practices.
14. High volumes, understaffing, and ineffective paper-based processes create delays and errors in carrier licensing, increasing the workload for all staff and hindering effective regulation.

We briefly describe each of these areas in the rest of this section. This section also provides an overview of the improvements TEB has implemented to date as well as the Branch's strengths.

**1. Tasked with regulating numerous entities, CPUC has not prioritized its transportation program, over time leading to TEB's decline in terms of its visibility, importance, and effectiveness. The neglect of the Branch has resulted in inadequate resources and low morale and has hindered its ability to ensure public safety.**

Historically the Transportation Enforcement Branch was a large program within CPUC with broad oversight over a number of complex transportation entities, including trucking. Since the deregulation of trucking in the 1980s and the transfer of authority over most motor carriers to the California Highway Patrol in 1996, the focus of the Branch has narrowed in scope to certain non-rail modes of transportation. Transportation staffing within the CPUC once numbered over 100. From October 2014 to December 2016, the number of filled TEB positions has shrunk from 45 to 37, a decline of 18 percent. As the significance of transportation has waned, so has the Branch's visibility to Commissioners.

CPUC regulates a number of complex, diverse entities: electricity, natural gas, telecommunications, water, rail transit, household goods movers, and non-rail for-hire transportation. These programs are not homogenous and often have very little in common, compounding oversight complexity. For many years, the CPUC focused efforts on energy and policy issues, rather than safety regulation. Since the San Bruno gas explosion in 2010, CPUC's safety focus has dramatically increased, but primarily for gas safety. This has further shifted attention away from CPUC's transportation authority. Transportation regulation was unable to compete with the high profile and high impact of gas and electric safety regulation. As a result, the Branch languished – without adequate staff, budget, or management attention. Ultimately, without adequate attention and leadership from CPUC, the Branch's ability to ensure public safety of transportation carriers on California roadways has suffered.

The shift of TEB out of the Safety Enforcement Division to the new Consumer Protection and Enforcement Division in April 2016 was one step to help elevate transportation regulation within CPUC. CPED management are currently making strides to improve the Branch and there has been progress since the June 2014 California State Auditor report. However, there are still many challenges and opportunities for improvement.

There have been discussions at many levels about possibly moving the Branch's functions to another state agency. These discussions create significant uncertainty for the future of the Branch. Whatever the future may bring, the CPUC's current unmet mandate is to provide effective oversight of household goods and passenger carriers in California. It is within the State's best interest that the CPUC focus attention to improve carrier transportation regulation now, rather than waiting to see where political discourse will take the Branch.

**2. Frequent management changes and lack of effective leadership in the Branch have resulted in an overall lack of direction, low morale, and reactive responses versus the proactive planning that the Branch needs for success.**

Lack of effective leadership, frequent management changes, and a lack of management alignment have created a general sense of malaise in the Branch. Since 2012, TEB has been in three different divisions with six different division Directors. Also since 2012, TEB has had three different Program Managers, and many months with no Program Manager at all. When surveyed, 65 percent of overall employees feel very undervalued or undervalued by CPUC for the work they do, with 100 percent of one section indicating that they felt very undervalued or undervalued. Despite this low morale, when asked about the strengths of the Branch, respondents almost unanimously indicated that it was its staff, one of few highlights for the Branch.

Since the release of the California State Auditor's 2014 report, TEB has undertaken and undergone a number of organizational restructurings, leadership and management changes, and staff turnover. Many changes have been in reaction to the audit and have occurred without a clear vision or direction. Rather than addressing underlying issues, TEB has focused on meeting target metrics and "checking off" audit responses. When asked, several employees could not identify the goals or vision of the Branch.

Furthermore, management across all levels is not aligned on the Branch's purpose, priorities, and vision, leading to a lack of unity and purpose. This is complicated by the geographic dispersion of the Branch across three locations. In 2016, the Branch's annual off-site meeting was canceled, disappointing employees and foregoing a valuable team-building opportunity. In general, management is not visible or accessible enough to employees, especially for those in Sacramento and Los Angeles. The lack of consistent and effective leadership has led to staff distrust of management at all levels.

### **3. The lack of quality and effective communication from all levels produces uncertainty, inconsistency, and low morale.**

In survey comments and staff sessions, employees indicated that communication from CPUC, division management, Branch management, and supervisors is inconsistent and poor, leading to the isolation of the Branch within CPUC and isolation of employees from each other. For all survey questions involving communication from the various levels of management, a significant percentage of respondents (between 31 percent and 46 percent) reported that communication was either ineffective or very ineffective. TEB's goals, vision, and focus are not made clear to staff and indirect communication "through the grapevine" is common. Branch staff want to be heard and to learn about developments that directly affect them, but there are few regular forums for open discussion. Staff reported that communication from Branch management is rare and that some communication from supervisors is adversarial. However, staff appreciate the new weekly emails from Division management.

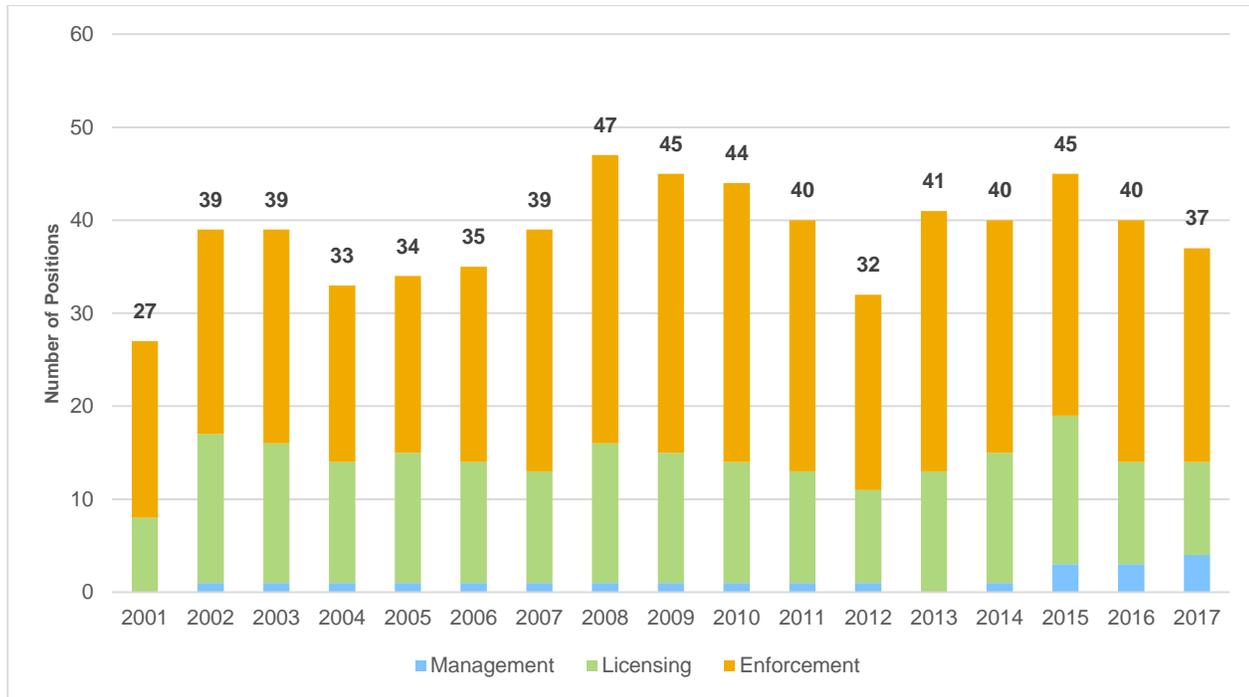
In addition to wanting better communication from management, staff also want to be more connected to each other. TEB is headquartered in San Francisco but also has offices in Los Angeles and Sacramento, and this geographic dispersion has also contributed to a lack of communication within the Branch itself. Staff reported that communication between North and South, and Licensing and Enforcement, is irregular and has led to work siloes, inconsistencies, and duplicative processes (at one point, two investigators worked the same case without each other's knowledge). As the Branch makes program improvements, it will be especially critical to improve the quality and consistency of communication regarding goals, visions, expectations, and developments. Strong organizational communication supports increased productivity, improved probability of meeting organizational goals, ability to react to problems more proactively, higher employee engagement, smarter decision-making, reduced day-to-day conflict, and higher employee retention rates.

### **4. Chronic understaffing, misalignment of job duties, and high turnover have increased workloads and overwhelmed current staff.**

As compared to historical staff levels, workload requirements, and other similar program benchmarks, TEB staff levels are insufficient to meet the Branch's regulatory mandates. As of January 3, 2017, TEB has 50 authorized full-time positions, of which only 37 are filled. This constitutes a 26 percent vacancy rate. As illustrated in **Exhibit 3-1**, following increases from 2012 to 2015, the number of filled positions has shrunk from 45 in 2015 to 37 in 2017, representing a decline of 18 percent over two years, and decline of 21 percent from the 2008 peak of 47 filled positions. Currently, the Branch's staffing levels are the lowest they have been in 5 years since 2012, and are generally closer to the low staffing levels of the early 2000s. While staff numbers are extremely low, their individual workload is high. Current staff are getting more licensing and enforcement work done than their predecessors. Turnover is also high, with the Branch losing five employees within a seven-month span from April 2016 to December 2016. In the past four years the Licensing section has had three different supervisors, and the position has now been vacant for over a year. The high turnover leads to a loss of institutional knowledge, regulatory expertise, and an environment of constant instability and flux. The uncertainty regarding TEB's future makes it even more difficult to attract and retain qualified staff. Over the last sixteen years, the number of TEB staff has shifted up and down dramatically, ranging from an increase of 44 percent between 2001 and 2002, to a decrease of 27 percent between 2011 and 2012 followed by an increase of 28 percent the next year, and finally a decline of eight percent between 2016 and 2017.

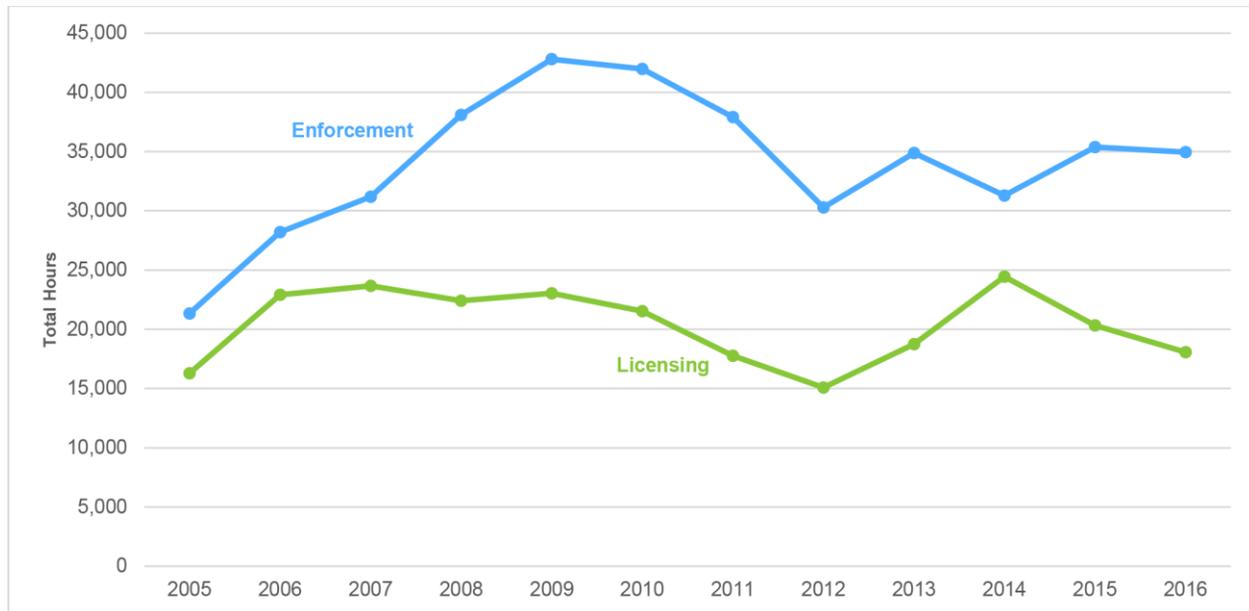
While the challenges resulting from high vacancy and turnover rates are easily recognized, the misalignment of job duties is both a symptom and cause of staffing problems. Staff are generally not doing the appropriate work for their level and job class. Lower-level staff are performing analytical duties, higher-level staff are performing administrative tasks, and Enforcement staff are performing Licensing functions. This is represented in **Exhibit 3-2**, which in 2014 indicates the decline in enforcement hours and increase in licensing hours as a result of Enforcement staff assisting with Licensing. Such misalignment does not capitalize on employees' strengths and instead leads to inefficiency and errors. While filling vacant positions is important to making improvements, merely increasing the number of staff without addressing this misalignment of job duties would be misguided.

**Exhibit 3-1**  
**Total Number of Positions Filled, 2001-2016**



Source: Historical Branch organization charts (typically from January of each year, or earlier possible month in the year).  
 Note: The management category includes PURA positions, thus accounting for the increase in management beginning in 2015.  
 In 2001, there was no Licensing section, but there was a Consumer Intake section.

**Exhibit 3-2**  
**Annual Hours Spent on Licensing and Enforcement Activities, 2005-2016**



Source: Employee Timekeeping System  
 Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. Data represents fiscal year totals beginning in 2004-05 and ending in 2015-16.

**5. CPUC's transportation policy and regulations have not kept pace with new transportation technologies and carrier types, which pose new public safety challenges. CPUC lacks a comprehensive and adaptable approach to regulating transportation now and in the future.**

The transportation industry and the composition of the regulated community has shifted over the years and the CPUC's transportation policies and regulations have not kept pace with new carrier types. There are many new trends in the industry, including a shift from taxis towards TNCs and driverless cars that are raising new concerns about consumer protection and public safety. However, CPUC's policies and regulations are based on early twentieth-century transportation models, putting the Commission in the reactive position of applying restrictive legacy rules to new technologies. There are currently eight permit types for passenger carriers, and while these distinctions may have been meaningful historically, today they appear arbitrary. CPUC has not yet taken advantage of the paradigm shift to take a step back, consider transportation from a holistic perspective, and design regulations that will be adaptable and flexible to future developments. There is a void in California's long-term transportation policy and strategy that could ultimately challenge the CPUC's transportation-related public safety mandate. Given CPUC's expertise in statewide utility and energy policy, the Commission is in a natural position to lead an overall look at market trends, develop strategies, and establish appropriate policies for regulating transportation entities in the future.

**6. TEB's current funding structure and temporary budget fixes have led to an artificial funding deficiency and general confusion and discontent amongst TEB staff.**

TEB is funded through two different sources: Public Utilities Commission Transportation Reimbursement Account (PUCTRA) fees and the Transportation Rate Fund (TRF). PUCTRA includes revenues generated from passenger and rail carriers that are allocated to all transportation, including railroads, whereas TRF funds are paid by and intended for use for regulation of household goods carriers. PUCTRA has a current fund balance of approximately \$13 million. However, these funds are unauthorized and TEB cannot use them. In contrast, the TRF has consistently maintained a very low fund balance, approximately \$228 thousand for fiscal year 2015-16. Household goods carriers represent approximately 10 percent of the carriers regulated by TEB, yet make up a larger proportion of enforcement cases, on average 36 percent since 2000 (**Exhibit 2-17**).

TEB's costs are allocated between the two accounts based on a split of 70 percent from PUCTRA and 30 percent from TRF. There is no rational basis for this percentage allocation and no logical way for TEB to split its activities at this level. In most years, PUCTRA funds subsidize work allocated to household goods carriers because the TRF does not generate enough revenue to cover even the arbitrary 30 percent.

Furthermore, TEB's budget is arbitrarily constrained by insufficient appropriations. For example, TEB's original FY16-17 funding request for operating expenses was cut to less than 25 percent of its initial request, prompting it to cut back on licensing and enforcement activities, especially enforcement fieldwork. Many interviewees indicated that they did not understand why TEB does not have enough resources despite its large PUCTRA fund balance. There is general confusion and a lack of knowledge regarding TEB's budget and funding process. Communication between the Branch and CPUC's fiscal office regarding these topics is ineffective.

Over the last several years CPUC has implemented a myriad of temporary budget solutions for TEB that are now causing even larger budget problems. For example, TEB was required to freeze positions in order to gain salary savings to fund an increase in its overhead allocation. Several years ago, TEB reclassified positions, yet CPUC never obtained an increase to its budget authority. This eroded TEB's budget and required TEB to decrease spending on enforcement fieldwork, limiting its ability to meet program objectives.

## **7. The current job classification structure has low salary ranges and lacks upward mobility and transfer opportunities, making it hard for the Branch to retain and promote current employees as well as attract quality candidates.**

TEB's job classification structure is outdated and out of sync with CPUC and other comparable state agencies. Most TEB staff are Transportation Analysts (TAs) and Associate Transportation Representatives (ATRs) and belong to a specialized, small job class, in contrast to the more flexible and progressive Public Utilities Regulatory Analyst (PURA) job class. In survey comments and in staff sessions, many employees indicated that their transportation-specific positions are narrow in scope and do not provide advancement opportunities within the Branch, the Commission, and other state agencies. The Branch has a few Senior Transportation Representative and Supervising Transportation Representative positions, but advancement into these roles from the staff level is rare. Staff commented that the only way to promote into these levels is to leave the Branch and then possibly return if there is a vacancy.

In contrast, the PURA job class is a broad five-level series that spans CPUC divisions and provides a clear path for advancement. Because the series is Commission-wide, PURAs can lateral to different divisions, such as energy or water. Unlike the PURA job structure, TEB's obsolete job structure is transportation-specific and only has two levels, limiting upward or lateral mobility. Currently, CPUC has 1,113 authorized positions, 293.5 (26 percent) of which are PURAs. In contrast, in September 2016 only eight percent of TEB's 50 authorized positions were PURAs. This disparity highlights the degree to which TEB is out of step with the rest of CPUC. TEB's job classification structure contributes to the Branch's difficulty attracting and retaining employees.

The Branch recognizes these challenges and is in the process of adding PURA positions, converting vacant positions to PURAs, and has future plans to convert existing roles. TEB management made significant progress in this effort over the course of this audit, adding six PURA positions through conversion of vacant positions. This has brought the total authorized PURA positions to 10, or 20 percent of the Branch.

However, there is still work to be done. The changes are being made incrementally, instead of retiring the entire transportation job classification at once and lateraling all employees into PURA positions. This creates uncertainty among employees, many of whom do not understand the potential benefits of becoming a PURA and are reluctant to apply for the new PURA roles.

## **8. Disparate and cumbersome database systems are challenging to use, do not adequately support the Branch's licensing or enforcement activities, and contribute to errors and delays.**

TEB is currently utilizing three disparate legacy systems to manage transportation information, track permit details, document consumer complaints, and track investigations. In addition, the Licensing section also utilizes two external systems (Department of Motor Vehicle and Department of Justice systems). None of the internal or external systems are integrated nor do they adequately enable the Branch to perform its work. Supervisors cannot readily monitor progress, track performance, or analyze and compare problem areas in the licensing or enforcement processes. Key data points are not being entered consistently and data validation and quality control are lacking. Several supervisors and staff have each created their own manual workarounds, typically as Excel spreadsheets kept on their own computers. Each workaround, while helpful to the individual, introduces its own set of data validation and quality control concerns.

CPUC is currently moving ahead with its Commission-wide eFast technology implementation, which will update agency systems and create a new online Transportation Carrier Portal (TCP) to accept license application and payments. However, TCP does not include a case tracking management system and implementation will take time. Initially the project completion date for the TCP was May 2018, but during the course of this audit it was delayed at least six months. Meanwhile, TEB will, by necessity, continue to operate with ineffective, disconnected, and archaic databases and workarounds.

**9. The Licensing section lacks customer service and carrier outreach, creating confusion amongst carriers, other agencies, and the Enforcement section as well as increasing the workload for staff.**

The licensing process is complex and carriers have many valid questions about how to fill out applications correctly, most of which are routine and administrative. There is no online self-service function and carriers have no easy way to reach Licensing staff to get help, since TEB discontinued the dedicated carrier phone line in 2015 due to budgetary and staffing reasons. Furthermore, while the Branch is mandated by PUC Code 5102(b) and 5352(b)(1) to conduct carrier outreach by holding application workshops, this requirement is not being met since these sessions do not occur regularly. The Licensing section's lack of customer service has a severe ripple effect. Frustrated carriers call the Enforcement section, other agencies, repeatedly email individual TEB staff, and show up in person at the San Francisco or Los Angeles offices. Staff and/or supervisors end up responding directly to these situations. Ultimately, the lack of customer service at the outset increases the Branch's workload and delays licensing and enforcement activities.

**10. The lack of meaningful enforcement tools and adequate follow-through hinders TEB's ability to successfully enforce against carriers.**

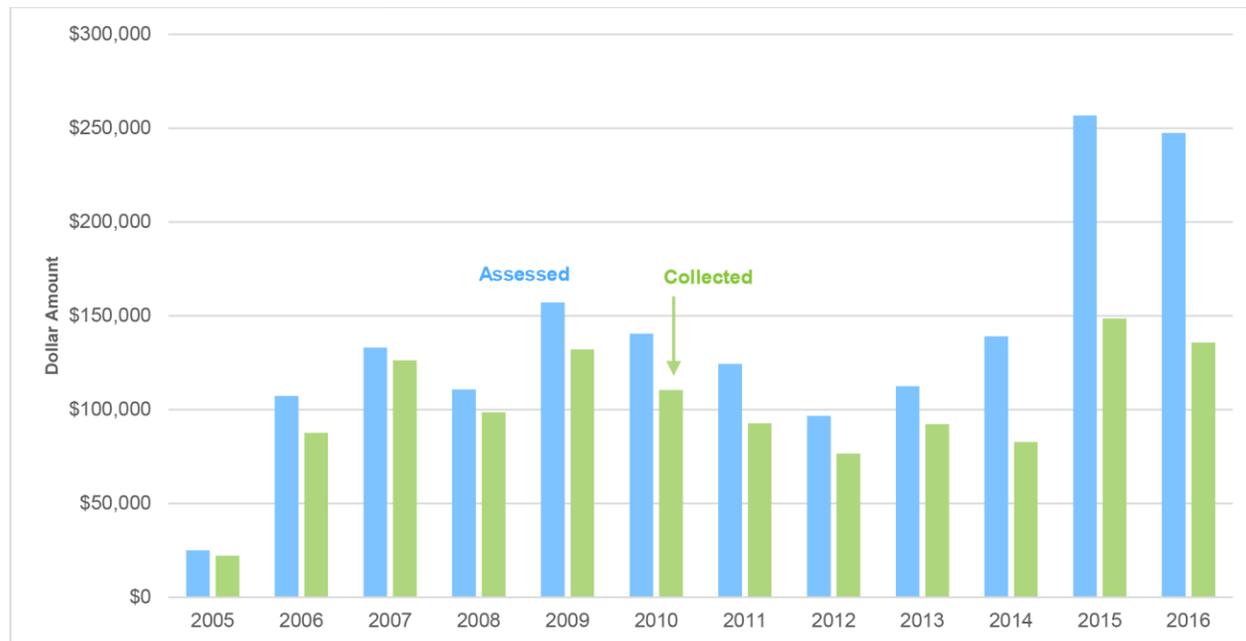
The Enforcement section is responsible for the enforcement of household goods and passenger carriers. Enforcement's role is to ensure that carriers are operating safely and appropriately, adhere to licensing requirements, charge customers fairly, and pay applicable fees. Enforcement staff respond to and investigate many types of complaints against both licensed and unlicensed carriers, including complaints relating to operating authority, public safety, and overpayment.

Enforcement staff need greater enforcement authority and stronger, targeted tools to keep up with technology and tactics used by both licensed and unlicensed carriers. The tools available to TEB are mainly administrative in nature and ineffective in today's environment. The most frequently used tool in 2015 was a Cease and Desist letter, accounting for 49 percent of enforcement actions. Other common tools included administrative citations, overcharge letters, official notices, and telephone disconnects. Carriers frequently ignore these administrative actions without consequences. Telephone disconnects, once a powerful enforcement tool, are relatively meaningless in today's world. Enforcement staff go through a lengthy subpoena process to disconnect a telephone line, yet the carrier can quickly and easily set up a new line.

The focus on using and tracking administrative tools promotes the pursuit of licensed carriers and the issuance of minor citations. As a surveyed employee stated, "We regulate carriers who are willing to provide their documents and then nitpick them to death." Meanwhile, the pursuit of unlicensed carriers is lacking. Further compounding the lack of tools, enforcement staff feel that their supervisors do not entrust them with enough authority, independence, and flexibility to do their job effectively.

A lack of follow-up further diminishes the incentive for carriers to comply. There is no mechanism to collect fines that are issued by Enforcement staff, as evidence by **Exhibit 3-3**. Once a fine is issued, Enforcement staff do not follow up to see if the fine has been collected. Currently, the Fiscal Office has control over fine collection, but is not in a position to actively seek collection.

### Exhibit 3-3 Fines Collected Versus Fines Issued



Source: Enforcement Citation Log

Note: Crowe could not ascertain the reliability of the data due to inconsistent data entry, poor system design, and lack of quality controls. Data represents calendar year totals through November 2016.

#### 11. Current enforcement tools are tailored for the pursuit of licensed carriers, which hinders TEB Enforcement staff's ability to investigate and cite unlicensed carriers.

Unlicensed "rogue" carriers, who usually are a greater threat to public safety than licensed carriers, are not enforced against as effectively given the lack of targeted tools and the longer investigation time per case. TEB does not have impound authority or the ability to follow up on fines issued to unlicensed carriers. Carriers cited for operating without a license can easily close the business and re-open under another name, unbeknownst to TEB Enforcement or Licensing staff. The current tracking systems do not have the ability to identify repeat violators.

A survey respondent stated that "when it comes to unlicensed carriers, we do not have much power." Enforcement staff do occasionally participate in sting operations at airports with other agencies, but do not regularly conduct stings at other events (such as major award programs or sporting events) that attract unlicensed carriers. TEB does not track the number of unlicensed carriers that are cited during sting operations and there is no concerted effort to bring unlicensed carriers into compliance with current laws and regulations.

#### 12. TEB lacks performance metrics that support effective regulation and provision of public safety.

Currently TEB is evaluated against very few performance metrics and the metrics that are used do not meaningfully support effective regulation. The lack of accurate performance metrics makes it difficult for TEB management to identify progress and to identify areas that need improvement. In both Licensing and Enforcement, there are few accurate measures of performance; of the metrics that are available, most are either not used or are not reliable. For instance, the source data for system-generated Licensing reports are unclear and not understood by staff, raising data reliability concerns. In Enforcement, the case tracking system has 27 individual case status measures, only a handful of which are being used. The "aging status"

of cases is also not always reliable; in staff sessions, investigators reported that they are often assigned cases that are weeks old and have been sitting on supervisors' desks. One employee reported being assigned a case that was over a year old.

While the Enforcement section is concerned with measuring performance, it focuses on meeting arbitrary metrics, especially the number of closed cases. These metrics are not necessarily aligned with the larger goal of maintaining public safety. The supervisory focus on closing a high number of cases encourages investigators to concentrate on "low-hanging fruit," issuing minor administrative citations to carriers that are easy to locate instead of pursuing unlicensed carriers that take longer to find, investigate, and enforce against. Staff are also encouraged to cite carriers for multiple infractions, even if they are minor violations, to increase statistics. This issue is more widespread in the Southern enforcement section.

### **13. While enforcement policies and procedures exist, they are either not used or not used consistently, leading to inconsistencies in work products, fine amounts, and enforcement practices.**

The 2014 State Auditor's report found that TEB lacked enforcement guidelines and TEB created them in response. However, TEB is not using the guidelines consistently and some staff have not received them. Enforcement practices differ widely, especially between the North and South. The fine amounts issued to carriers are inconsistent and can be arbitrary. Many staff expressed that the citation amounts in the CPUC code are too high given the minor nature of many violations by small operators. As a result, staff often determine fine amounts at their and their supervisor's discretion. Enforcement staff have created an Excel-based fines matrix that they use to determine fines and they use this matrix in conjunction with past case results to come up with fine amounts. When interviewed, one enforcement employee stated that in their opinion the method of determining fines is not defensible. In general, investigations in the South produce a higher number of violations than the North because there is a greater focus in the South on meeting metrics.

Another consequence of the lack of policies and procedures is case delays. Enforcement employees indicated that delays in closing cases are often due to micromanaging by supervisors. According to staff interviews and surveys, case report summaries are unnecessarily long given the types of violations and often go through multiple unnecessary edits, adding to delays.

### **14. High volumes, understaffing, and ineffective paper-based processes create delays and errors in carrier licensing, increasing the workload for all staff and hindering effective regulation.**

In the Licensing section, high vacancy rates and inefficient processes have been compounded by high processing volumes. The fact that licensing is not automated and carriers cannot perform routine account maintenance themselves exacerbates these challenges. Carriers receive and submit all TEB documents by mail and staff enter data manually, leading to errors that are not caught due to the lack of quality control.

It can take up to four months for carriers to receive their permits. Since carriers cannot check their application status online or contact staff by telephone, they email Licensing repeatedly, adding to the delay. The delays in licensing leads carriers to operate without authority. In staff sessions and surveys, Enforcement staff said that they have pursued unlicensed carriers only to find that delays or mistakes in Licensing have prevented the carriers from obtaining their licenses. As one survey participant responded, "I find it hard to fine a carrier or enforce the regulations when our Licensing department is the cause of some of the violations." Local law enforcement and the CHP are also hesitant to cite carriers when they cannot be certain whether the lack of a license is the carrier's fault or TEB's fault.

Due to the heavy paperwork load, there is also a chronic document scanning backlog in Licensing. This also makes it difficult for Enforcement to locate important carrier information during investigations. While TEB participated in the CPUC-wide effort to scan historical paper files several years ago, not all historical files were scanned and they remain stacked in boxes. Given staffing constraints, scanning is one of the lowest priorities of the Licensing section and the scanning backlog continues to grow.

Licensing has been making process improvements and TEB is making progress. For instance, preliminary results show that from 2015 to 2016 the average processing time for new applications decreased by 35 percent, from an average of 75 days to an average of 49 days. However, there are still numerous opportunities for improvement.

## Strengths and Progress

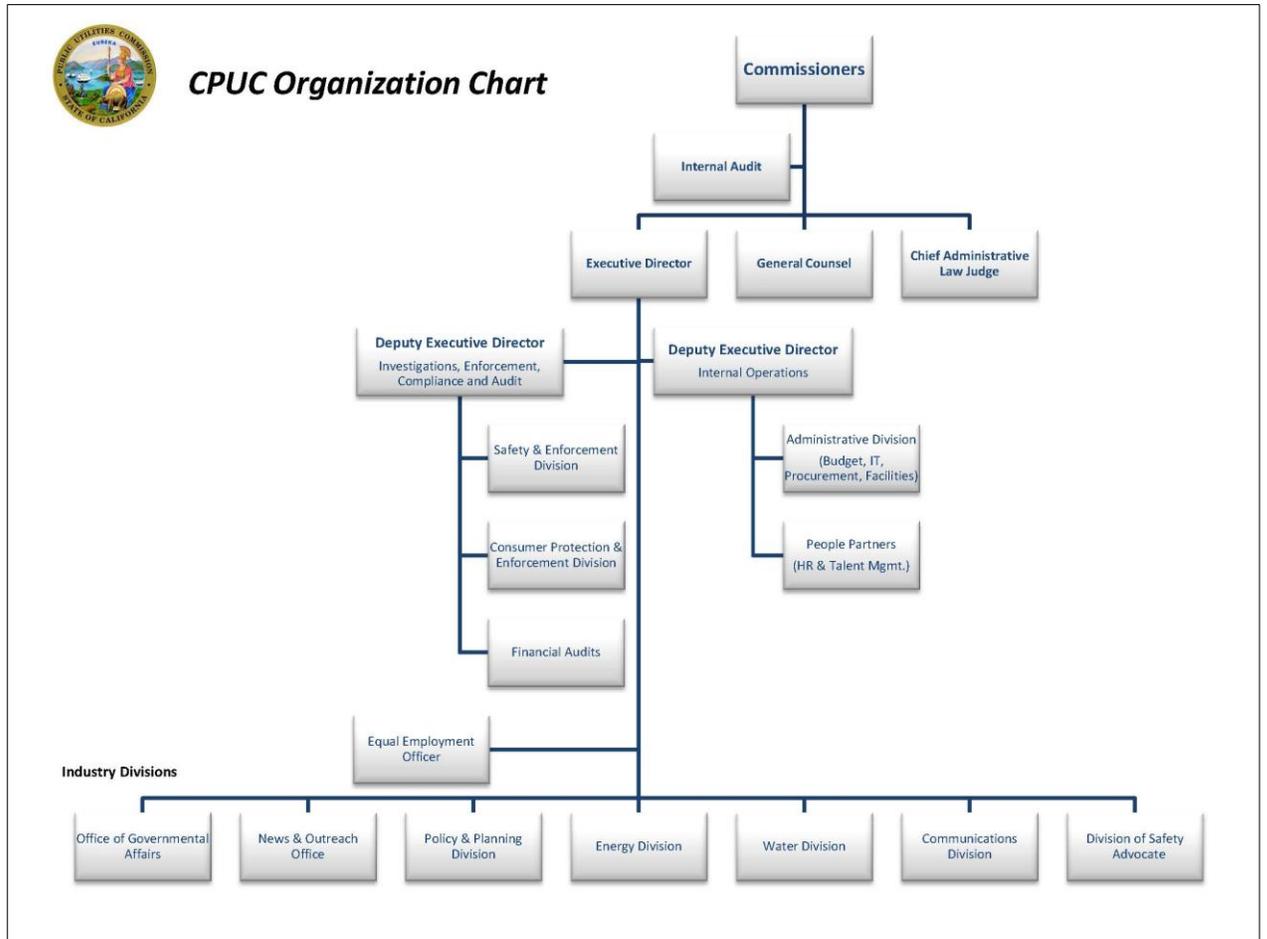
TEB is aware of many of the challenges it faces and has been making improvements in the past several years. There are many changes underway, ranging from small improvements such as the purchase of scanners to larger shifts such as the movement of the Branch into a new division. Since the release of the 2014 California State Auditor's report, the following changes, listed in **Exhibit 3-4**, have been made or are currently in progress.

### Exhibit 3-4 Improvement Initiatives and Status since 2014

Status	Improvement Initiatives
✓	Moved Transportation Enforcement Branch from the Safety Enforcement Division (SED) to the Consumer Protection Enforcement Division (CPED) in April 2016 (see <b>Exhibit 3-5</b> )
✓	Hired new Director of CPED in June 2016
✓	Hired new Program Manager of TEB in July 2014
✓	Hired Crowe Horwath in July 2016 to complete independent management audit
✓	Initiated CPED Director's weekly e-mails to staff to improve communication
✓	Began requiring carriers to provide all application documentation prior to Licensing processing
✓	Developed electronic insurance filing for Licensing in 2012
✓	Eliminated new application backlog in Licensing since 2014
✓	Purchased five new scanners for Licensing to improve scanning efficiency in November 2016
✓	Approved FSRs for eFAST and TCP Projects in 2015.
✓	Currently developing electronic application submission and fee payment processes (Transportation Carrier Portal) as part of the agency-wide technology upgrade (expected completion: end of 2018)
✓	In the process of adding Public Utilities Regulatory Analyst (PURA) positions and converting current vacant positions to PURA positions, with plans to convert current positions to PURAs
✓	Currently developing procedures to obtain credit cards for sting operations
✓	Currently working on collaborating with the Franchise Tax Board to intercept unpaid fines via the Interagency Intercept Collection Program

✓ = Initiative has been accomplished      ✓ = Initiative is in progress

**Exhibit 3-5**  
**Current CPUC Organization Chart**



The Branch has a solid foundation of devoted employees to build on and is making a concerted effort to improve. In staff sessions and surveys, employees clearly identified the Branch's people as its main strength.

In response to the survey question "What do you consider to be TEB's strengths," almost 90% of respondents indicated that TEB's strength was its people, who were described as hard-working, committed, and passionate. Some of the representative comments include the following statements:

#### Representative Comments

"It's people. We have a lot of knowledgeable investigators who are passionate about serving the State's consumers and keeping them safe. They are fountains of good ideas and they think outside the box."

"Hard working and dedicated employees."

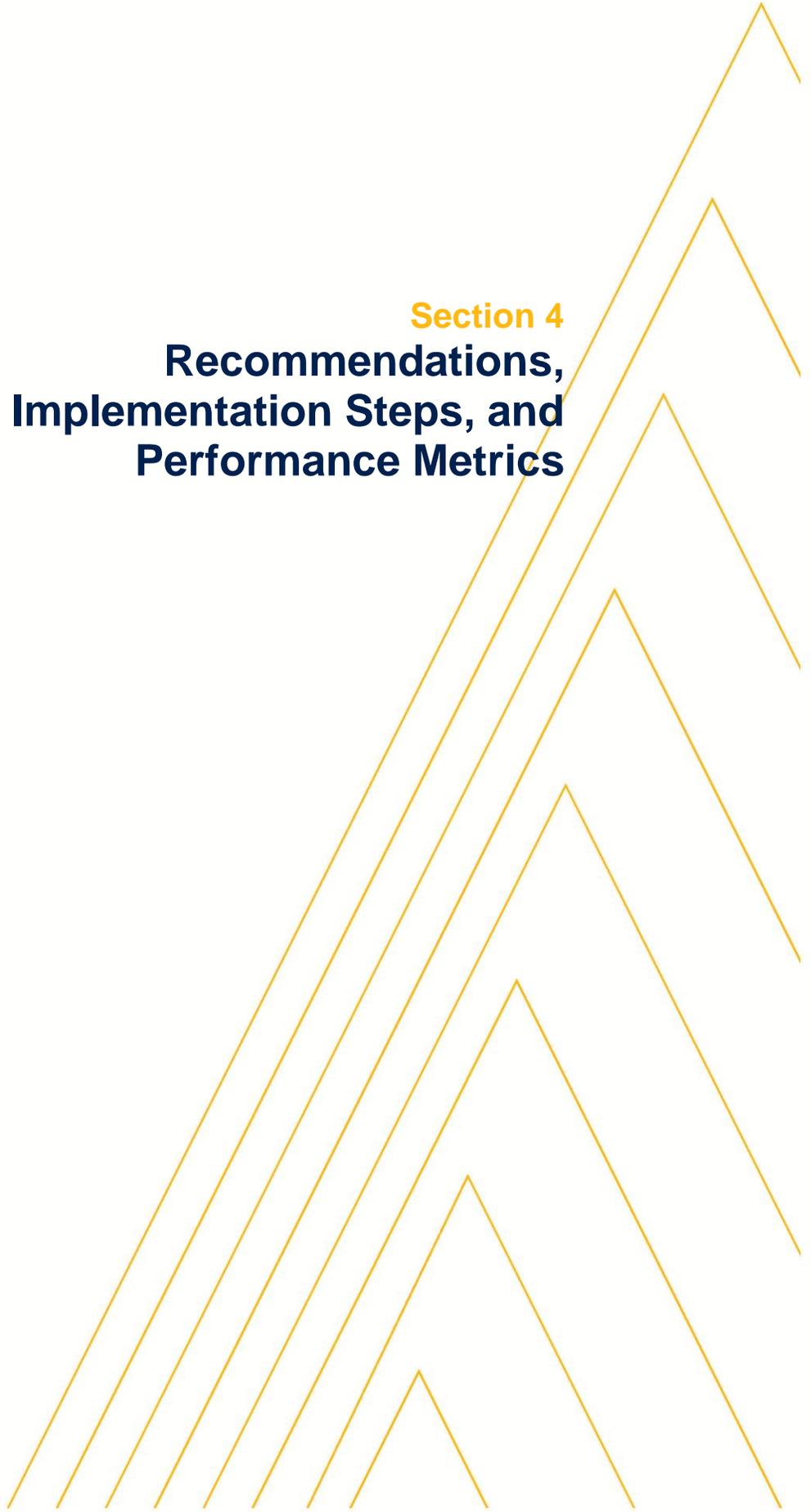
"Staff commitment to consumer protection and safety."

"The people/individuals working in TEB - considering all that has been thrown at us we are persevering and working together as a unit."

"We have some good hard working people who in spite of everything, are still trying to do their best."

"We have very dedicated people doing the best they can without the needed tools to properly do the job"

**Section 4**  
**Recommendations,  
Implementation Steps, and  
Performance Metrics**



## 4. Recommendations, Implementation Steps, and Performance Metrics

In response to the challenges and opportunities Crowe identified throughout the course of our audit, Crowe developed recommendations, implementation steps, prioritization, and performance metrics to help TEB make improvements. The remainder of this section provides 29 recommendations to address the 14 challenges/opportunities identified in Section 3. The overarching goal of all 29 recommendations is to improve transportation safety in California. Our recommendations fall into two groups: broader recommendations regarding CPUC leadership and TEB's division and Branch management and technology/tools, and more specific recommendations focused on transportation licensing and enforcement.

Our recommendations address seven areas, identified in **Exhibit 4-1**, with some overlap between areas and recommendations. Exhibit 4-1 also presents the general goals and objectives of the recommendation. **Exhibit 4-2** reiterates the 14 challenges/opportunities and links these with each of the 29 recommendations. The left side of Exhibit 4-2 identifies each of the 14 challenges/opportunities, along with an associated number. The right side of Exhibit 4-2 lists each of the 29 recommendations with an identifying number (i.e. E-1, E-2). For each recommendation, Exhibit 4-2 identifies the challenges/ opportunities that the recommendation is intended to address, using the blue circle coding. Most of the recommendations address multiple challenges/opportunities. **Exhibit 4-3** provides our prioritization and timing scheme for the recommendations. We provide a more detailed list of quick wins at the end of this section.

**Exhibit 4-1  
Recommendation Categories, Counts, and General Goals**

Recommendation Areas	Number of Recommendations	General Goals of Recommendations
Executive (E)	3	<ul style="list-style-type: none"> <li>• Ensure CPUC prioritizes transportation safety and oversight</li> <li>• Develop clear strategic goals that allow TEB to become a proactive instead of reactive organization</li> </ul>
Management and Communication (M)	5	<ul style="list-style-type: none"> <li>• Enhance leadership skills, abilities, and visibility</li> <li>• Implement management style that empowers staff</li> <li>• Increase TEB staff trust in management</li> <li>• Increase quality and consistency of carrier regulation</li> </ul>
Licensing and Processing (L)	5	<ul style="list-style-type: none"> <li>• Improve customer service and carrier relations</li> <li>• Increase internal and external confidence of the Licensing section’s ability to handle workload and generate accurate results</li> <li>• Streamline licensing process to cut down on processing time and backlog</li> <li>• Better align carrier regulation with the current transportation landscape</li> </ul>
Enforcement and Investigations (EI)	6	<ul style="list-style-type: none"> <li>• Provide Enforcement staff necessary tools to effectively regulate carriers</li> <li>• Address inconsistencies in carrier enforcement</li> <li>• Increase autonomy of Enforcement staff</li> <li>• Reduce the number of unlicensed carriers operating in the state</li> </ul>
Budget (B)	2	<ul style="list-style-type: none"> <li>• Adjust funding levels to adequately finance TEB operations</li> <li>• Adequately staff TEB to meet its mandated objectives</li> </ul>
Technology (T)	3	<ul style="list-style-type: none"> <li>• Create a fully integrated suite of systems that allow staff to properly license carriers and enforce regulations</li> <li>• Utilize software to accurately track and monitor progress of licensing and enforcement activities</li> </ul>
Staffing, Job Structure, and Work Prioritization (S)	5	<ul style="list-style-type: none"> <li>• Adequately staff TEB to meet its mandated objectives</li> <li>• Align responsibilities of each position with job classifications to limit errors and staff confusion</li> <li>• Invest in TEB staff professional development</li> </ul>
<b>Total</b>	<b>29</b>	

## Exhibit 4-2 TEB Challenges/Opportunities and Associated Recommendations

Page 1 of 2

Challenge/Opportunity	
1	Tasked with regulating numerous entities, CPUC has not prioritized its transportation program, over time leading to TEB's decline in terms of its visibility, importance, and effectiveness. The neglect of the Branch has resulted in inadequate resources and low morale and has hindered its ability to ensure public safety.
2	Frequent management changes and lack of effective leadership in the Branch have resulted in an overall lack of direction, low morale, and reactive responses versus the proactive planning that the Branch needs for success.
3	The lack of quality and effective communication from all levels produces uncertainty, inconsistency, and low morale.
4	Chronic understaffing, misalignment of job duties, and high turnover have increased workloads and overwhelmed current staff.
5	CPUC's transportation policy and regulations have not kept pace with new transportation technologies and carrier types, which pose new public safety challenges. CPUC lacks a comprehensive and adaptable approach to regulating transportation now and in the future.
6	TEB's current funding structure and temporary budget fixes have led to an artificial funding deficiency and general confusion and discontent amongst TEB staff.
7	The current job classification structure has low salary ranges and lacks upward mobility and transfer opportunities, making it hard for the Branch to retain and promote current employees as well as attract quality candidates.
8	Disparate and cumbersome database systems are challenging to use, do not adequately support the Branch's licensing or enforcement activities, and contribute to errors and delays.
9	The Licensing section lacks customer service and carrier outreach, creating confusion amongst carriers, other agencies, and the Enforcement section as well as increasing the workload for staff.
10	The lack of meaningful enforcement tools and adequate follow-through hinders TEB's ability to successfully enforce against carriers.
11	Current enforcement tools are tailored for the pursuit of licensed carriers, which hinders TEB Enforcement staff's ability to investigate and cite unlicensed carriers.
12	TEB lacks performance metrics that support effective regulation and provision of public safety.
13	While enforcement policies and procedures exist, they are either not used or not used consistently, leading to inconsistencies in work products, fine amounts, and enforcement practices.
14	High volumes, understaffing, and ineffective paper-based processes create delays and errors in carrier licensing, increasing the workload for all staff and hindering effective regulation.

**Exhibit 4-2**  
**TEB Challenges/Opportunities and Associated Recommendations** *(continued)* Page 2 of 2

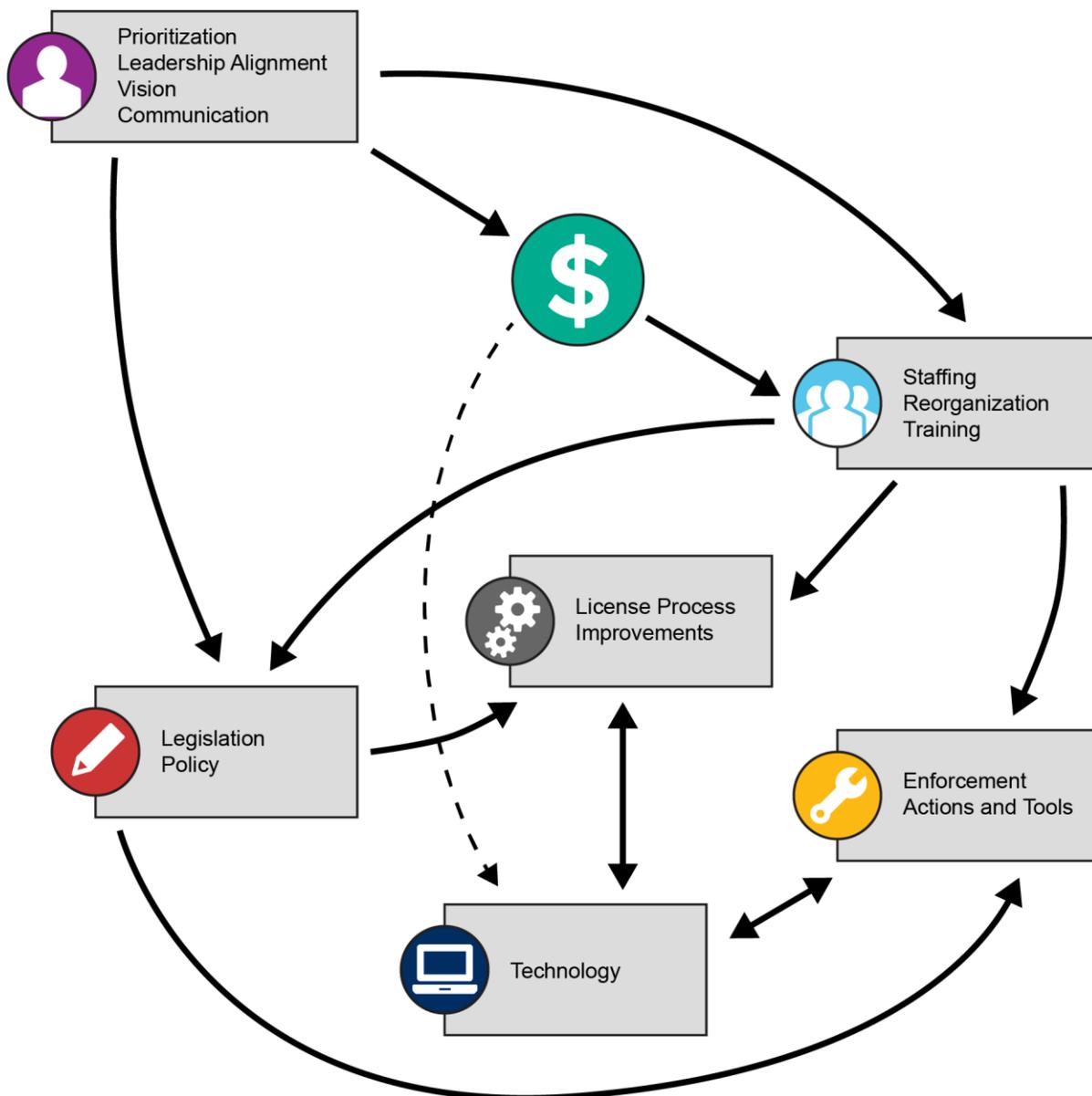
Challenge/ Opportunity	Recommendations	Challenge/ Opportunity	Recommendations
1 2 3 4 5 6 7	E-1 Prioritize transportation oversight within CPUC	10 11	EI-3 Enhance current enforcement tools
1 6	E-2 Provide funding and resources by authorizing funds and BCPs	13	EI-4 Update and institute enforcement policies and procedures
1 2 3 5	E-3 Create a vision, mission, and strategic plan for transportation program	12	EI-5 Implement performance metrics that more effectively promote public safety
1 2 3	M-1 Increase leadership alignment	10 11	EI-6 Improve collaboration with local district attorneys and law enforcement
2 3 4 13	M-2 Provide leadership and management training	1 4 6	B-1 Obtain authorization to increase funding to appropriate levels
1 2 3	M-3 Implement a communication strategy	1 6	B-2 Create one TEB fund for passenger carriers and household goods carriers
1 2 3 4 7 8 14	M-4 Institute organizational change management	8 9 12 14	T-1 Continue and prioritize development of TCP portal as part of eFast project
3 4 13	M-5 Hold an annual all-staff off-site meeting	8 12	T-2 Integrate external systems with eFast
9	L-1 Reinstate dedicated phone line for carriers	8 12	T-3 Procure and implement a complaint and case tracking management system
9	L-2 Improve carrier outreach and education and service	1 2 4 7 9 14	S-1 Develop a TEB organizational structure that supports more effective operations
5 9 14	L-3 Streamline regulations and carrier authority	1 2 4 7 9 14	S-2 Hire staff to fill vacant positions and add additional staff to support effective operations
9 14	L-4 Improve licensing processes	4 7 14	S-3 Lateral all TEB transportation job classifications to PURA job series at the same time
9 14	L-5 Create a Licensing section in Los Angeles	4	S-4 Align tasks and responsibilities with appropriate job levels
11	EI-1 Improve enforcement of unlicensed carriers	1 4 7 14	S-5 Provide training and knowledge resources to staff
10 11	EI-2 Introduce more powerful enforcement tools		

**Exhibit 4-3  
Recommendations by Priority and Phase**

No.	Priority/Phase	Recommendations	No.	Priority/Phase	Recommendations
1	Quick Win	E-1 Prioritize transportation oversight within CPUC	16	Critical Phase 1	T-1 Continue and prioritize development of TCP portal as part of eFast project
2	Quick Win	E-2 Provide funding and resources by authorizing funds and BCPs	17	Critical Phase 1	M-4 Institute organizational change management
3	Quick Win	B-1 Obtain authorization to increase funding to appropriate levels	18	Critical Phase 1	S-5 Provide training and knowledge resources to staff
4	Quick Win	E-3 Create a vision, mission, and strategic plan for transportation program	19	Critical Phase 1	T-3 Procure and implement a complaint and case tracking management system
5	Quick Win	M-1 Increase leadership alignment	20	Critical Phase 2	L-2 Improve carrier outreach and education and service
6	Quick Win	M-3 Implement a communication strategy	21	Critical Phase 2	L-4 Improve licensing processes
7	Quick Win	M-5 Hold an annual all-staff off-site meeting	22	Critical Phase 2	L-5 Create a Licensing section in Los Angeles
8	Quick Win	S-4 Align tasks and responsibilities with appropriate job levels	23	Critical Phase 2	EI-2 Introduce more powerful enforcement tools
9	Critical Phase 1	S-1 Develop a TEB organizational structure that supports more effective operations	24	Critical Phase 2	M-2 Provide leadership and management training
10	Critical Phase 1	S-2 Hire staff to fill vacant positions and add additional staff to support effective operations	25	Critical Phase 2	EI-4 Update and institute enforcement policies and procedures
11	Critical Phase 1	S-3 Lateral all TEB transportation job classifications to PURA job series at the same time	26	Critical Phase 2	EI-5 Implement performance metrics that more effectively promote public safety
12	Critical Phase 1	L-1 Reinstate dedicated phone line for carriers	27	Critical Phase 2	EI-6 Improve collaboration with local district attorneys and law enforcement
13	Critical Phase 1	EI-1 Improve enforcement of unlicensed carriers	28	Critical Phase 2	T-2 Integrate external systems with eFast
14	Critical Phase 1	EI-3 Enhance current enforcement tools	29	High Phase 3	B-2 Create one TEB fund for passenger carriers and household goods carriers
15	Critical Phase 1	L-3 Streamline regulations and carrier authority			

The 29 recommendations identified in this report vary in level of effort and length of time to implement. Overall, they will require a significant level of effort from CPUC leaders and managers to plan, develop, and implement. While Crowe believes that all of the recommendations are important and should be implemented as soon as possible, we recognize that is not feasible. A few of the recommendations can be implemented independently of other actions taken by TEB or the CPUC. However, most of the recommendations are dependent on other recommendations or actions taken beyond TEB. **Exhibit 4-4** provides a schematic of the general dependencies among recommendations. Recommendations related to prioritization, vision, and leadership are foundational to future success. Higher prioritization of transportation will in turn enable the Branch to obtain funding and hire additional staff. With more staff, TEB will have improved capability to implement process and policy changes. Similarly, with funding and staff support, TEB will be better positioned to implement technology improvements.

**Exhibit 4-4  
Recommendation Dependencies**



**Exhibit 4-31**, at the very end of this section, provides a potential implementation schedule for the 29 recommendations. The three priority levels are: 1) Quick Win – recommendations (or portions of larger recommendations) that are immediately needed to implement additional recommendations and/or are relatively simple improvements, 2) Critical – recommendations that are essential for TEB success; and 3) High – recommendations that are slightly less critical, but still important.

The implementation phases are:

- Quick Win: February to June 2017
- Critical Phase 1: July to December 2017
- Critical Phase 2: January to December 2018
- High Phase 3: January to June 2019
- Phase 4: July to December 2019

Phase 4 indicates the phase of continuous effort and improvement that TEB should be in once all other phases are complete.

## A. Recommendations

This section describes the recommendations in more detail in a series of exhibits, example graphics, performance metrics, and an implementation strategy. The recommendations are presented in a four-column table. The first column defines the recommendation, and when applicable notes whether it is in-progress. The second column identifies which of the 14 challenges/opportunities the recommendation addresses and lists specific objectives and/or issues that the recommendation is intended to improve. The third column provides general implementation steps for the recommendation. The fourth column identifies priority and implementation phase, as defined in Exhibit 4-3.

### Executive Recommendations

In **Exhibit 4-5**, we provide three recommendations related to CPUC leadership and management at the executive level. These three recommendations will be important to the success of the other 26 recommendations in this report. In addition to promoting public and carrier safety, the general goals of these recommendations are to:

- Ensure CPUC prioritizes transportation safety and oversight
- Develop clear strategic goals that allow TEB to become a proactive instead of reactive organization.

**Exhibit 4-5  
Executive Recommendations**

Executive			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
E-1 Prioritize transportation oversight within CPUC	<p>1 2 3 4 5 6 7</p> <ul style="list-style-type: none"> <li>Ensure CPUC prioritizes transportation safety and oversight</li> </ul>	<ul style="list-style-type: none"> <li>Establish clear Commission-level commitment to improving transportation oversight in the near term                             <ul style="list-style-type: none"> <li>Commit to supporting TEB's future funding needs</li> <li>Support a Spring Finance letter to add positions and resources to TEB</li> <li>Meet regularly with CPED and TEB management to discuss transportation oversight priorities and issues</li> </ul> </li> <li>Clearly address the uncertainty regarding the future location of TEB                             <ul style="list-style-type: none"> <li>Work to provide strong transportation oversight and support TEB staff and management through a transition period, should one occur</li> <li>Maintain transparency regarding decision-making whether or not TEB moves out of CPUC</li> </ul> </li> <li>Communicate to the Legislature, TEB, carriers, and the public regarding CPUC's increased commitment to transportation oversight and progress in implementing recommendations</li> <li>Create a stronger Transportation Enforcement Branch within CPED to elevate regulation of transportation services (See Exhibits 4-13 to 4-20 for a discussion of staffing and a proposed organization structure)</li> <li>Provide Commission support to TEB in implementing Management and Operations Review recommendations</li> </ul>	<p>Quick Win</p> <p>#1</p>
E-2 Provide funding and resources by authorizing funds and BCPs	<p>1 6</p> <ul style="list-style-type: none"> <li>Ensure CPUC prioritizes transportation safety and oversight</li> </ul>	<ul style="list-style-type: none"> <li>Prioritize submission of a Spring Finance letter and future Budget Change Proposals (BCPs) to the Department of Finance to support TEB resources, IT needs and OE&amp;E expenditures</li> <li>Request Department of Finance authorize expenditure of PUCTRA funds commensurate with what is needed for improved transportation oversight</li> <li>Ensure that transportation funds are spent on transportation activities</li> <li>Cultivate Legal and ALJ representatives who are knowledgeable about the transportation industry</li> <li>Include allocation for 1 PY Legal staff and 0.5 PY Administrative Law Judge in budget</li> </ul>	<p>Quick Win</p> <p>#2</p>
E-3 Create a vision, mission, and strategic plan for transportation program	<p>1 2 3 5</p> <ul style="list-style-type: none"> <li>Develop clear strategic goals that allow TEB to become a proactive instead of reactive organization</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a series of strategic planning sessions for TEB                             <ul style="list-style-type: none"> <li>Participants could include: Commissioners, CPUC Executive Director and Deputy Executive Director, CPED Director, TEB Program Manager, TEB Supervisors, and selected TEB staff</li> <li>Focus on developing vision and mission statements that prioritize public safety, as well as areas such as customer service, CPUC and carrier accountability, and enforcement of unlicensed carriers</li> <li>Utilize TEB's Annual Planning process to formalize a strategic plan to support the vision and mission</li> </ul> </li> <li>Communicate the vision, mission, and strategic plan to all TEB staff                             <ul style="list-style-type: none"> <li>Emphasize each person's role in realizing the plan</li> </ul> </li> </ul>	<p>Quick Win</p> <p>#4</p>

### Management and Communication Recommendations

In **Exhibit 4-6**, we provide five recommendations related to TEB management at the division, Branch, and section supervisory level. These five recommendations will be important to the success of the other 24 recommendations in this report. In addition to promoting public and carrier safety, the general goals of these recommendations are to:

- Enhance leadership skills and abilities
- Implement management style that empowers staff
- Increase TEB staff trust in management
- Increase quality and consistency of carrier regulation.

The recommendations are presented in a four-column table. The first column defines the recommendation, and when applicable notes whether it is in-progress. The second column identifies which of the 14 challenges/opportunities the recommendation addresses and lists specific objectives and/or issues that the recommendation is intended to improve. The third column provides implementation steps for the recommendation. The fourth column identifies priority and implementation phase, as defined in Exhibit 4-3.

**Exhibit 4-6  
Management and Communication**

Management and Communication			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
M-1 Increase leadership alignment	<p>1 2 3</p> <ul style="list-style-type: none"> <li>• Develop clear strategic goals that allow TEB to become a proactive instead of reactive organization</li> <li>• Enhance leadership skills and abilities</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct regular meetings with CPUC Deputy Executive Director, CPED Director, and TEB Program Manager to clarify TEB purpose, priorities, vision, mission, and actions</li> <li>• Utilize these initial meetings to transition to the strategic planning effort identified in Recommendation E-3</li> <li>• Develop and implement a flexible but consistent management strategy for the Branch, considering:                             <ul style="list-style-type: none"> <li>○ Staff expectations and accountability</li> <li>○ Mutual respect and trust</li> <li>○ Appropriate levels of supervision based on each individual and situation</li> </ul> </li> </ul>	<p>Quick Win</p> <p>#5</p>
M-2 Provide leadership and management training	<p>2 3 4 13</p> <ul style="list-style-type: none"> <li>• Enhance leadership skills and abilities</li> <li>• Implement management style that empowers staff</li> <li>• Increase TEB staff trust in management</li> <li>• Increase quality and consistency of carrier regulation</li> </ul>	<ul style="list-style-type: none"> <li>• Implement a leadership and management training program that provides direction on approaches and leadership styles for varying situations (see <b>Exhibit 4-21</b> for an example of a leadership model)</li> <li>• Strategize and implement integrated leadership roles across the organization:                             <ul style="list-style-type: none"> <li>○ Consider how leaders within the Branch and CPUC collectively address the five leadership behaviors illustrated in <b>Exhibit 4-22</b> <ul style="list-style-type: none"> <li>■ Studies show that implementation of integrated leadership in the public sector is positively correlated with improved organizational performance (Fernandez et al., 2010)</li> </ul> </li> <li>○ Recognize the importance of leadership at all levels of the organization</li> <li>○ Train and support leaders at each level</li> </ul> </li> </ul>	<p>Critical Phase 2</p> <p>#24</p>

**Exhibit 4-6**  
**Management and Communication** *(continued)*

Management and Communication			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
M-3 Implement a communication strategy	<p><b>1 2 3</b></p> <ul style="list-style-type: none"> <li>• Increase leadership visibility</li> <li>• Increased employee engagement and morale</li> <li>• Improved decision-making</li> <li>• Increased productivity</li> <li>• Reduced uncertainty and stress</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct Program Manager open office hours</li> <li>• Conduct Director open office hours</li> <li>• Conduct regular visits by Program Manager to Sacramento and Los Angeles offices</li> <li>• Conduct training on communicating openly and productively</li> <li>• Conduct an annual off-site meeting, to include:                             <ul style="list-style-type: none"> <li>○ Reflection on prior year activities and achievements</li> <li>○ Discussion of future of TEB</li> <li>○ Look ahead to new year activities and goals</li> <li>○ Outside speaker/training session(s)</li> <li>○ Staff presentations/lessons-learned</li> <li>○ Roundtable sessions on regulations, industry trends, etc.</li> </ul> </li> <li>• Conduct quarterly all-staff meetings                             <ul style="list-style-type: none"> <li>○ Update on quarter's activities, including performance metrics, challenges, initiatives</li> <li>○ Presentation(s) on industry trends, techniques, regulations</li> </ul> </li> <li>• Hold informal monthly brown-bag lunches to discuss key topics and recent work activities</li> <li>• Conduct weekly management meetings</li> <li>• Conduct monthly Section meetings</li> <li>• Implement a weekly email newsletter for the Branch                             <ul style="list-style-type: none"> <li>○ Use as a tool to provide information on enforcement actions, licensing status, new program developments/updates, etc.</li> </ul> </li> <li>• Implement an electronic suggestion box                             <ul style="list-style-type: none"> <li>○ Provide a mechanism for staff to offer suggestions and feedback</li> <li>○ Electronic suggestion boxes are available for free but can also be purchased with more features for a monthly subscription fee</li> </ul> </li> </ul>	<p>Quick Win</p> <p>#6</p>

**Exhibit 4-6**  
**Management and Communication** (continued)

Management and Communication			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
M-4 Institute organizational change management	<p>① ② ③ ④ ⑦ ⑧ ⑭</p> <ul style="list-style-type: none"> <li>Increased employee engagement and morale</li> <li>Increase likelihood of successful implementation of new TEB initiatives</li> <li>Increase learning and understanding among staff and between staff and management</li> <li>Increase integration and understanding of TEB's day-to-day activities at the Commission level</li> </ul>	<ul style="list-style-type: none"> <li>Develop a change management program to support implementation of program recommendations:                             <ul style="list-style-type: none"> <li>Implementing the recommendations in this report will require cultural change within CPUC and TEB. Staff need to see that leadership is backing them up, to have clear goals, and be empowered to reach for higher goals to more effectively oversee the safety of California's extensive transportation program</li> <li>Increase Commission involvement in TEB through Commission approval of TEB annual plans and goals</li> <li>Promote consistency between Commission leadership and upper management</li> <li>Change management is the people side of change – activities that are required to prepare an organization for the delivered change (i.e. the implemented recommendations)</li> <li>"Likelihood of successful implementation and adoption increases when the organizational structure, processes, and people are continually aligned to a common vision." (Association of Change Management Professionals (ACMP), Standard for Change Management©, 2014)</li> </ul> </li> <li>Ensure all components of change are in place: vision, skills, incentive, resources, action plan</li> <li>Manage change over multi-year time frame</li> <li>Implement a structured change management process; for example, high level processes from ACMP include:                             <ul style="list-style-type: none"> <li>Evaluate change impact and organizational readiness</li> <li>Formulate the change management strategy, which lays out the size, scope and complexity of the change management program.</li> <li>Develop the change management plan, which will identify specific actions, timelines and resources needed to accomplish goals of the change management strategy.</li> <li>Execute the change management plan using the strategy and change management plans as guidelines.</li> <li>Complete the change management effort</li> </ul> </li> </ul>	<p>Critical Phase 1</p> <p>#17</p>
M-5 Hold an annual all-staff off-site meeting	<p>③ ④ ⑬</p> <ul style="list-style-type: none"> <li>Increase leadership visibility</li> <li>Increased employee engagement and morale</li> <li>Increase learning and understanding among staff and between staff and management</li> <li>Provide training opportunities</li> <li>Support consistency between geographic locations</li> </ul>	<ul style="list-style-type: none"> <li>Immediately at the start of FY 2017/2018, and each year thereafter, conduct an annual off-site meeting, to include:                             <ul style="list-style-type: none"> <li>Reflection on prior year activities and achievements</li> <li>Look ahead to new year activities and goals</li> <li>Discussion of future of TEB</li> <li>Outside speaker/training session(s)</li> <li>Staff presentations/lessons-learned</li> <li>Roundtable sessions on regulations, industry trends, etc.</li> </ul> </li> <li>Note: this recommendation is also included within recommendation M-3 to implement a communication strategy; we include it separately here to reinforce the importance of holding an off-site meeting as soon as possible</li> </ul>	<p>Quick Win</p> <p>#7</p>

## Licensing and Processing Recommendations

In **Exhibit 4-7**, we provide five recommendations to improve licensing and processing of passenger carriers and household goods carriers. In addition to promoting public and carrier safety, the general goals of these recommendations are to:

- Improve customer service and carrier relations
- Increase internal and external confidence of the Licensing section's ability to handle workload and generate accurate results
- Streamline licensing process to cut down on processing time and backlog
- Better align carrier regulations with the current transportation landscape.

The recommendations are presented in a four-column table. The first column defines the recommendation, and when applicable notes whether it is in-progress. The second column identifies which of the 14 challenges/opportunities the recommendation addresses and lists specific objectives and/or issues that the recommendation is intended to improve. The third column provides implementation steps for the recommendation. The fourth column identifies priority and implementation phase, as defined in Exhibit 4-3.

**Exhibit 4-7  
Licensing and Processing**

Licensing and Processing			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
L-1 Reinstated dedicated phone line for carriers	<p>9</p> <ul style="list-style-type: none"> <li>• Improve customer service and carrier relations</li> <li>• Increase internal and external confidence of the Licensing section's ability to handle workload and generate accurate results</li> </ul>	<ul style="list-style-type: none"> <li>• Reopen the phone line, starting on a limited basis and adding hours as staffing increases, to provide customer service to carriers</li> <li>• Determine a starting schedule for phone line, such as:                             <ul style="list-style-type: none"> <li>○ 8 hours per week</li> <li>○ 1 morning per week: 8am-12pm</li> <li>○ 1 afternoon per week: 1pm-5pm</li> </ul> </li> <li>• Develop staffing plan for the phone line                             <ul style="list-style-type: none"> <li>○ Weekly rotations</li> </ul> </li> <li>• Reevaluate and extend the phone line hours as staff vacancies are filled</li> <li>• Advertise phone number and hours on website</li> <li>• Remove messages on staff emails that indicate that phone calls will not be returned</li> </ul>	<p>Critical Phase 1</p> <p>#12</p>
L-2 Improve carrier outreach and education and service	<p>9</p> <ul style="list-style-type: none"> <li>• Improve customer service and carrier relations</li> <li>• Increase internal and external confidence of the Licensing section's ability to handle workload and generate accurate results</li> </ul>	<ul style="list-style-type: none"> <li>• Hold in-person office hours to provide customer service to carriers</li> <li>• Establish schedule for in-person office hours, such as:                             <ul style="list-style-type: none"> <li>○ One afternoon per week: 1 pm-5pm</li> <li>○ Does not overlap with open phone line hours</li> <li>○ Advertise the in-person office hours on website</li> <li>○ Develop staffing plan for office hours                                     <ul style="list-style-type: none"> <li>▪ Weekly rotations</li> </ul> </li> </ul> </li> <li>• Reduce response time to initial emails received in general licensing email inbox                             <ul style="list-style-type: none"> <li>○ Reduce from 7-10 business days to 3-5 business days</li> </ul> </li> <li>• Consider removing staffs' individual email addresses from mail correspondence with carriers to encourage carriers to email general inbox</li> <li>• If carriers call or email specific licensing staff, respond in a more timely manner                             <ul style="list-style-type: none"> <li>○ Respond to calls or emails within 24 hours</li> <li>○ If more time is needed, within 24 hours provide a response acknowledging receipt of the message and indicating how long it will take to provide a more detailed response</li> </ul> </li> <li>• Ensure that staff voicemail boxes are able to accept messages</li> <li>• Hold regular outreach application workshops for carriers                             <ul style="list-style-type: none"> <li>○ PUC Code Sections 5102 (b)(1) and 5352(b)(1): "Prioritize the timely processing of applications and hold 'application workshops' for potential applicants around the state."</li> <li>○ Develop target number of annual workshops                                     <ul style="list-style-type: none"> <li>▪ 6 per year</li> </ul> </li> <li>○ Develop workshop schedule and locations                                     <ul style="list-style-type: none"> <li>▪ Every other month</li> <li>▪ Alternative Northern &amp; Southern regions</li> </ul> </li> <li>○ Develop standard presentation materials</li> </ul> </li> <li>• Offer online trainings or video recordings for carriers                             <ul style="list-style-type: none"> <li>○ Develop a more user-friendly FAQ page</li> <li>○ Create short (&lt;5 minute) video recordings based on FAQ</li> <li>○ Post videos on TEB website</li> </ul> </li> </ul>	<p>Critical Phase 2</p> <p>#20</p>

**Exhibit 4-7**  
**Licensing and Processing** (continued)

Licensing and Processing			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
L-3 Streamline regulations and carrier authority	<p>5 9 14</p> <ul style="list-style-type: none"> <li>Better align carrier regulation with the current transportation landscape</li> </ul>	<ul style="list-style-type: none"> <li>Review relevant CPUC regulations and codes for passenger stage corporations, charter-party carriers, household goods carriers, and TNCs to identify inconsistencies in language and requirements. <b>Exhibit 4-24</b> illustrates the current complex and convoluted system of passenger carriers, with two types of passenger state corporation authorities and seven different charter-party carrier permits/certificates. There is significant opportunity to reduce regulatory complexity in this arena. <b>Exhibit 4-25</b> provides an example of a simplified licensing scheme.</li> <li>Evaluate existing statutes in light of four primary objectives: ensuring public safety, consumer protection, reliability, and fair rate structures; changes could include:               <ul style="list-style-type: none"> <li>Increase consistency and reduce the number of exemptions and exceptions</li> <li>Update insurance requirements and penalties to reflect current economic conditions</li> </ul> </li> <li>Develop a permitting/authority system that reduces the number of permit categories               <ul style="list-style-type: none"> <li>Combine classifications where there is no significant or meaningful distinction</li> </ul> </li> <li>Update General Orders to reflect statutory changes</li> <li>Streamline regulations and carrier authority prior to TCP/eFast implementation, otherwise the business rules for the new system will have to be based on the old carrier authority framework</li> </ul>	<p>Critical Phase 1</p> <p>#15</p>

**Exhibit 4-7**  
**Licensing and Processing** *(continued)*

Licensing and Processing			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
L-4 Improve licensing processes <i>(in process)</i>	<p>9 14</p> <ul style="list-style-type: none"> <li>Improve customer service and carrier relations</li> <li>Streamline licensing process to cut down on processing time and backlog</li> </ul>	<ul style="list-style-type: none"> <li>Simplify license applications                             <ul style="list-style-type: none"> <li>Evaluate license application forms with a focus on eliminating confusion                                     <ul style="list-style-type: none"> <li>Reduce length of forms</li> <li>Only require carriers to submit forms that are necessary for staff to process the application</li> <li>Eliminate redundancies and repetitiveness on forms</li> <li>Reword and rewrite to make form language clearer and easier to understand</li> </ul> </li> <li>Research other state/city application forms for best models. See <b>Exhibit 4-26</b> for a prototype carrier application                                     <ul style="list-style-type: none"> <li>For example: Massachusetts (6 pages; same form for all carrier types)</li> </ul> </li> </ul> </li> <li>Improve application/paperwork intake process                             <ul style="list-style-type: none"> <li>Organize carrier submissions by type, such as:                                     <ul style="list-style-type: none"> <li>Account maintenance</li> <li>Request type</li> <li>Complexity</li> </ul> </li> <li>Create system to ensure timely assignment of tasks</li> </ul> </li> <li>Improve equipment list update process; consider the following:                             <ul style="list-style-type: none"> <li>Establish a cap on carriers' submission of carrier-initiated equipment updates to discourage unlimited updates</li> <li>Allow carriers to submit 4 free equipment update forms annually</li> <li>Charge carriers \$25 fee per equipment update after they have reached the limit</li> <li>Limit the number of forms submitted for processing, not the number of vehicles on the forms</li> </ul> </li> <li>Implement the annual equipment list update for a more strategic approach to updates                             <ul style="list-style-type: none"> <li>Establish a schedule, staggered by month, for equipment list mailings</li> <li>Group carriers into "update months" by their license numbers</li> <li>Assign specific staff to be accountable for tracking schedule and organizing mailings to carriers, and processing returned equipment list updates</li> </ul> </li> <li>Shift responsibility for equipment update processing from office technicians to licensing analysts</li> <li>Include equipment updates on the licensing work unit assignment chart</li> </ul>	<p>Critical Phase 2</p> <p>#21</p>

**Exhibit 4-7**  
**Licensing and Processing** *(continued)*

Licensing and Processing			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
L-4 Improve licensing processes <i>(in process)</i> <i>(continued)</i>	<p>9 14</p> <ul style="list-style-type: none"> <li>Improve customer service and carrier relations</li> <li>Streamline licensing process to cut down on processing time and backlog</li> </ul>	<ul style="list-style-type: none"> <li>Improve the new application assignment process                             <ul style="list-style-type: none"> <li>Reevaluate work unit assignment process</li> <li>Currently based on a numbering schematic; staff are assigned number ranges (e.g., 1-9) and receive all new applications when those ranges are “up”</li> <li>Consider different approaches to prevent staff being inundated at once, potentially based on:                                     <ul style="list-style-type: none"> <li>Staff schedule and workload</li> <li>Application complexity</li> <li>Carrier type</li> </ul> </li> </ul> </li> <li>Implement quality control for data entry into TMIS                             <ul style="list-style-type: none"> <li>Institute a random quality control “spot check” of data that is entered manually, including:                                     <ul style="list-style-type: none"> <li>Basic carrier information</li> <li>VIN numbers</li> <li>License plate numbers</li> </ul> </li> <li>Determine frequency and extent of spot checks</li> </ul> </li> <li>Initiate Branch-wide scanning effort to get all files scanned and categorized                             <ul style="list-style-type: none"> <li>In February 2017, conduct an “All hands on deck approach” to scanning in order to get caught up                                     <ul style="list-style-type: none"> <li>Both Licensing and Enforcement staff prioritize scanning effort until backlog is eliminated</li> </ul> </li> </ul> </li> <li>Establish quality control process for scanning to ensure files are attached to proper carrier records</li> <li>Establish timely scanning practices                             <ul style="list-style-type: none"> <li>3 days to ensure complete carrier files are scanned after operating authority has been issued</li> <li>Daily scanning for all processed paper, including:                                     <ul style="list-style-type: none"> <li>Equipment updates (PL-664s)</li> <li>Administrative updates (change of address, etc.)</li> <li>CHP inspection results</li> </ul> </li> </ul> </li> <li>Purchase high-quality, high-volume scanners                             <ul style="list-style-type: none"> <li>Five were purchased in mid-November 2016</li> <li>Purchase additional scanners for all qualified staff</li> </ul> </li> </ul>	<p>Critical Phase 2</p> <p>#21</p>

**Exhibit 4-7**  
**Licensing and Processing** *(continued)*

Licensing and Processing			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
L-5 Create a Licensing section in Los Angeles	<p>9 14</p> <ul style="list-style-type: none"> <li>Improve customer service and carrier relations</li> <li>Increase internal and external confidence of the Licensing section's ability to handle workload and generate accurate results</li> </ul>	<ul style="list-style-type: none"> <li>Plan for and establish a new Licensing section in the Southern region to serve carriers in the greater L.A. area</li> <li>Identify potential Licensing staff who would be interested in relocating to L.A.</li> <li>Identify potential L.A. Enforcement staff who would be interested in transferring to Licensing section</li> <li>Prepare BCP to add staff and necessary resources for Los Angeles Licensing section</li> <li>Once established, conduct weekly telephone meetings between San Francisco and Los Angeles Licensing staff to promote coordination and consistency</li> </ul>	<p>Critical Phase 2</p> <p>#22</p>

## Enforcement and Investigations Recommendations

In **Exhibit 4-8**, we provide six recommendations related to passenger carrier enforcement and investigations. These recommendations will be important to the success of the other 23 recommendations in this report. In addition to promoting public and carrier safety, the general goals of these recommendations are to:

- Provide Enforcement staff necessary tools to effectively regulate carriers
- Address inconsistencies in carrier enforcement
- Increase autonomy of Enforcement staff
- Reduce the number of unlicensed carriers operating in the state.

The recommendations are presented in a four-column table. The first column defines the recommendation, and when applicable notes whether it is in-progress. The second column identifies which of the 14 challenges/opportunities the recommendation addresses and lists specific objectives and/or issues that the recommendation is intended to improve. The third column provides implementation steps for the recommendation. The fourth column identifies priority and implementation phase, as defined in Exhibit 4-3.

**Exhibit 4-8  
Enforcement and Investigations**

Enforcement and Investigations			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
EI-1 Improve enforcement of unlicensed carriers	11 <ul style="list-style-type: none"> <li>Provide Enforcement staff necessary tools to effectively regulate carriers</li> <li>Reduce the number of unlicensed carriers operating in the state</li> </ul>	<ul style="list-style-type: none"> <li>Allocate specific amounts of time for investigations of unlicensed carriers, such as:                             <ul style="list-style-type: none"> <li>Hours per week or per month</li> <li>Annual percentages</li> <li>Use performance metrics to ensure time is being met</li> </ul> </li> <li>Increase number of stings/strike forces                             <ul style="list-style-type: none"> <li>Develop specific, scheduled, and measurable plans to regularly conduct stings, including:                                     <ul style="list-style-type: none"> <li>Number of stings per year</li> <li>Events and locations (concerts, conventions, etc.)</li> <li>Collaboration with other agencies</li> </ul> </li> <li>Authorize overtime and/or comp time to conduct sting events outside of normal business hours</li> </ul> </li> <li>Increase staff autonomy in conducting investigations                             <ul style="list-style-type: none"> <li>Discontinue dependence on "daily locator" email</li> <li>Reduce layers of supervisory oversight/approval</li> <li>Increase fieldwork time, particularly for unlicensed carrier enforcement</li> </ul> </li> <li>Focus on repeat violators                             <ul style="list-style-type: none"> <li>Publish list of frequent offenders on CPUC website</li> </ul> </li> <li>Evaluate use of tablets for fieldwork</li> <li>Enable investigators to access system information in the field instead of calling the office to request carrier information</li> </ul>	Critical Phase 1  #13

**Exhibit 4-8**  
**Enforcement and Investigations** *(continued)*

Enforcement and Investigations			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
EI-2 Introduce more powerful enforcement tools <i>(in process)</i>	10 11 <ul style="list-style-type: none"> <li>Provide Enforcement staff necessary tools to effectively regulate carriers</li> <li>Address inconsistencies in carrier enforcement</li> <li>Increase autonomy of Enforcement staff</li> <li>Reduce the number of unlicensed carriers operating in the state</li> </ul>	<ul style="list-style-type: none"> <li>Assess and introduce greater enforcement authority and better enforcement tools based on                             <ul style="list-style-type: none"> <li>Urgency</li> <li>Implementation difficulty</li> <li>Cost</li> </ul> </li> <li>The following authorities and tools would significantly improve TEB's ability to regulate carriers:                             <ul style="list-style-type: none"> <li>Impound authority                                     <ul style="list-style-type: none"> <li>Provide ability to impound without a CHP officer</li> <li>This could be achieved by adding "Investigators of the CPED" to PUC 5411.5, 1045, and Vehicle code 14602.9, or upgrading Investigator peace officer status from Penal code 830.11 to 830.3</li> </ul> </li> <li>DMV registration holds                                     <ul style="list-style-type: none"> <li>Ability to block a carrier's DMV vehicle registration</li> </ul> </li> <li>On-the-spot citations                                     <ul style="list-style-type: none"> <li>Ability to issue a citation similar to a traffic ticket, with a similar traffic-court level hearing option (See <b>Exhibit 4-27</b> for a prototype citation form)</li> </ul> </li> <li>Credit card                                     <ul style="list-style-type: none"> <li>Needed to set up sting operations, as most unlicensed carriers require bookings to be made online</li> <li>Appropriate limits should be established</li> </ul> </li> </ul> </li> <li>Consider reinstating more specific carrier identification requirements                             <ul style="list-style-type: none"> <li>Special livery plate, decal, or logo</li> </ul> </li> </ul>	Critical Phase 2  #23

**Exhibit 4-8**  
**Enforcement and Investigations** (continued)

Enforcement and Investigations			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
EI-3 Enhance current enforcement tools	10 11 <ul style="list-style-type: none"> <li>Provide Enforcement staff necessary tools to effectively regulate carriers</li> <li>Address inconsistencies in carrier enforcement</li> <li>Increase autonomy of Enforcement staff</li> <li>Reduce the number of unlicensed carriers operating in the state</li> </ul>	<ul style="list-style-type: none"> <li>Simplify and streamline citation process and programs                             <ul style="list-style-type: none"> <li>Reevaluate field citation program and citation forfeiture program and develop processes that are more reflective of the degree of violation and level of fines assessed</li> <li>Establish different types of citation processes for unlicensed carriers and licensed carriers                                     <ul style="list-style-type: none"> <li>Based on number of prior violations, severity, and intent</li> <li>At least one citation process should exist that does not require lengthy case reports to be written</li> </ul> </li> </ul> </li> <li>Simplify phone disconnect process                             <ul style="list-style-type: none"> <li>Consider eliminating the telephone disconnect once more effective tools have been implemented (see EI-2)</li> <li>Discontinue requiring subpoenas for phone subscriber info to be signed by Executive Director                                     <ul style="list-style-type: none"> <li>Consider granting authority for Supervisors or Program Manager to authorize subpoenas</li> </ul> </li> <li>Discontinue and/or simplify the court order process in order to disconnect phone                                     <ul style="list-style-type: none"> <li>Consider granting authority for Executive Director or Deputy Executive Director to authorize phone disconnects</li> </ul> </li> </ul> </li> <li>Create a simplified Order Instituting Investigations (OII) process specific for transportation carriers, reflecting the fact that most carriers are small "mom and pop" operations, not large companies.</li> <li>Increase timeliness of misdemeanor complaint filings                             <ul style="list-style-type: none"> <li>Prioritize completion of misdemeanor case filings to stay within the one-year statute of limitations</li> </ul> </li> </ul>	Critical Phase 1  #14

**Exhibit 4-8**  
**Enforcement and Investigations** (continued)

Enforcement and Investigations			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
EI-4 Update and institute enforcement policies and procedures	<p>13</p> <ul style="list-style-type: none"> <li>• Provide Enforcement staff necessary tools to effectively regulate carriers</li> <li>• Address inconsistencies in carrier enforcement</li> <li>• Increase autonomy of Enforcement staff</li> <li>• Reduce the number of unlicensed carriers operating in the state</li> </ul>	<ul style="list-style-type: none"> <li>• Review, update, and institute policies and procedures, addressing:                             <ul style="list-style-type: none"> <li>○ Complaints, intake process, and case assignments</li> <li>○ Investigations practices and guidelines</li> <li>○ Approaches to unlicensed and licensed carriers</li> <li>○ How and when to use different enforcement tools</li> <li>○ Enforcement performance metrics</li> <li>○ Correspondence and sample letters/templates</li> </ul> </li> <li>• Formally adopt policies and procedures and communicate expectations</li> <li>• Provide staff training on policies and procedures</li> <li>• Conduct regular meetings with North and South to promote enforcement consistency</li> <li>• Improve case reporting process                             <ul style="list-style-type: none"> <li>○ Reduce length of case reports to increase timeliness                                     <ul style="list-style-type: none"> <li>▪ Decrease amount of narrative and unnecessary detail</li> </ul> </li> </ul> </li> <li>• Reduce lengthy report editing process to increase timeliness of case closures                             <ul style="list-style-type: none"> <li>○ Limit immediate supervisory editing to 1 round (unless major errors are discovered in later reviews)</li> <li>○ Shift editing focus away from wording and grammar and towards content, accuracy, and case information</li> </ul> </li> <li>• Develop a more consistent fine structure                             <ul style="list-style-type: none"> <li>○ Establish consistent fine amounts between North and South                                     <ul style="list-style-type: none"> <li>▪ Research and establish an official “fine matrix” that adheres to CPUC code</li> <li>▪ Avoid referring back to similar cases to derive fine amounts</li> <li>▪ Consider an escalating fine structure based on number of prior violations, severity, and intent</li> <li>▪ Consider field citations that can be issued with lower fines</li> </ul> </li> </ul> </li> <li>• Institute financial audits of carrier fees as part of investigations</li> <li>• Improve follow up on notices/letters sent                             <ul style="list-style-type: none"> <li>○ Institute follow-up schedule for carriers who have not responded to notices/letters sent</li> <li>○ Consider different follow-up schedules depending on number of prior violations, severity, and intent</li> </ul> </li> <li>• Enhance TNC enforcement practices – implement random audits of TNC records to monitor compliance with driver requirements</li> </ul>	<p>Critical Phase 2</p> <p>#25</p>

**Exhibit 4-8**  
**Enforcement and Investigations** (continued)

Enforcement and Investigations			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
<p>EI-5 Implement performance metrics that more effectively promote public safety</p>	<p>12</p> <ul style="list-style-type: none"> <li>• Provide Enforcement staff necessary tools to effectively regulate carriers</li> <li>• Address inconsistencies in carrier enforcement</li> <li>• Increase autonomy of Enforcement staff</li> <li>• Reduce the number of unlicensed carriers operating in the state</li> </ul>	<ul style="list-style-type: none"> <li>• Implement Enforcement and Investigations Performance Metrics identified in <b>Exhibit 4-12</b></li> <li>• Support and follow through with new metrics, which are designed to:                             <ul style="list-style-type: none"> <li>○ Shift enforcement focus away from issuing minor administrative fines</li> <li>○ Shift enforcement focus towards pursuit of illegal and unlicensed carriers, who pose a greater threat to public safety</li> <li>○ Decrease emphasis on issuing multiple violations to the same carrier for the purpose of inflating statistics</li> </ul> </li> <li>• Improve reliability and quality of data underlying performance metrics                             <ul style="list-style-type: none"> <li>○ Keep accurate records in Case Tracker</li> <li>○ Better understand the data sources that drive system reporting functions</li> </ul> </li> </ul>	<p>Critical Phase 2</p> <p>#26</p>
<p>EI-6 Improve collaboration with local district attorneys and law enforcement <b>(in process)</b></p>	<p>10 11</p> <ul style="list-style-type: none"> <li>• Provide Enforcement staff necessary tools to effectively regulate carriers</li> <li>• Address inconsistencies in carrier enforcement</li> <li>• Increase autonomy of Enforcement staff</li> <li>• Reduce the number of unlicensed carriers operating in the state</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a clear strategy, roles, and responsibilities for building relationships with local district attorneys and prosecutors, CHP, DMV, and other relevant agencies                             <ul style="list-style-type: none"> <li>○ Empower staff, not just supervisors, to build these relationships</li> <li>○ Identify key contacts and assign staff to reach out to them, as applicable</li> <li>○ Create and adhere to a schedule for communicating/meeting with contacts on a regular basis</li> <li>○ Educate contacts on TEB’s goals, role, and activities</li> <li>○ Clearly define and articulate strategic goals to improve collaboration</li> </ul> </li> </ul>	<p>Critical Phase 2</p> <p>#27</p>

## Budget Recommendations

In **Exhibit 4-9**, we provide two recommendations related to the budget. The first recommendation will be critically important to the success of the other 28 recommendations in this report. In addition to promoting public and carrier safety, the general goals of these recommendations are to:

- Adjust funding levels to adequately finance TEB operations
- Adequately staff TEB to meet its mandated objectives.

The recommendations are presented in a four-column table. The first column defines the recommendation, and when applicable notes whether it is in-progress. The second column identifies which of the 14 challenges/opportunities the recommendation addresses and lists specific objectives and/or issues that the recommendation is intended to improve. The third column provides implementation steps for the recommendation. The fourth column identifies priority and implementation phase, as defined in Exhibit 4-3.

### Exhibit 4-9 Budget

Budget			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
B-1 Obtain authorization to increase funding to appropriate levels	<p>① ④ ⑥</p> <ul style="list-style-type: none"> <li>• Adjust funding levels to adequately finance TEB operations</li> <li>• Adequately staff TEB to meet its mandated objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a Spring Finance Letter for 2017 to increase expenditure and workload authority based on the workload analysis and organizational change recommendations made in this report                             <ul style="list-style-type: none"> <li>○ Support funding needs for Branch operations and additional staff, including OE&amp;E</li> </ul> </li> <li>• Re-evaluate funding needs based on the change in Commission level overhead allocation</li> <li>• Increase budget authority to fully fund all authorized positions and any increase to overhead allocation within CPUC</li> </ul>	<p>Quick Win</p> <p>#3</p>
B-2 Create one TEB fund for passenger carriers and household goods	<p>① ⑥</p> <ul style="list-style-type: none"> <li>• Adjust funding levels to adequately finance TEB operations</li> <li>• Adequately staff TEB to meet its mandated objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Work with the legislature to change statutes related to the TRF and PUCTRA funds                             <ul style="list-style-type: none"> <li>○ Separate rail funding and passenger carrier funding currently in PUCTRA</li> <li>○ Combine PUCTRA passenger carrier funding and TRF household goods carrier funding into a single fund</li> </ul> </li> <li>• Identify the regulations affected by the fund changes and develop appropriate regulatory language, including identification of intent of the code change</li> <li>• Clarify definition of “class” in PUC Section 424 to include household goods carriers</li> <li>• Define PUCTRA subprogram classes and carrier types to avoid cross-subsidization of carrier types</li> </ul>	<p>High Phase 3</p> <p>#29</p>

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## Technology Recommendations

In **Exhibit 4-10**, we provide three recommendations related to use of technology. These recommendations range from one that is in progress, to those that may take some time to evaluate and implement. Technology improvements are an important component of TEB improvements. In addition to promoting public and carrier safety, the general goals of these recommendations are to:

- Create a fully integrated suite of systems that allow staff to properly license carriers and enforce regulations
- Utilize software to accurately track and monitor progress of licensing and enforcement activities.

The recommendations are presented in a four-column table. The first column defines the recommendation, and when applicable notes whether it is in-progress. The second column identifies which of the 14 challenges/opportunities the recommendation addresses and lists specific objectives and/or issues that the recommendation is intended to improve. The third column provides implementation steps for the recommendation. The fourth column identifies priority and implementation phase, as defined in Exhibit 4-3.

**Exhibit 4-10  
Technology**

Technology			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
T-1 Continue and prioritize development of TCP portal and eFast project <i>(in process)</i>	<p>8 9 12 14</p> <ul style="list-style-type: none"> <li>• Create a fully integrated suite of systems that allow staff to properly license carriers and enforce regulations</li> <li>• Utilize software to accurately track and monitor progress of licensing and enforcement activities</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare for CPUC’s implementation of TCP, which will enable electronic licensing</li> <li>• Conduct an evaluation of licensing improvements and ensure that the new TCP will support and enhance these actions</li> <li>• Based on process changes considered in L-4 and potential legislative changes implemented through L-3, conduct business analysis to develop future “To Be” licensing processes and accompanying documentation to guide development and implementation of eFast/TCP</li> <li>• Identify staff level champions to involve when developing business needs</li> <li>• Areas of future process improvements:                             <ul style="list-style-type: none"> <li>○ Online applications, renewals, and closures</li> <li>○ Online fee and fine payment</li> <li>○ General carrier account self-service                                     <ul style="list-style-type: none"> <li>▪ Change contact information</li> <li>▪ Check application status</li> <li>▪ Add/delete/update vehicle</li> </ul> </li> </ul> </li> <li>• Refer to <b>Exhibit 4-28</b> for example screenshots of New York City’s Taxi and Limousine Commission online application system</li> </ul>	<p>Critical Phase 1</p> <p>#16</p>
T-2 Integrate external systems with eFast	<p>8 12</p> <ul style="list-style-type: none"> <li>• Create a fully integrated suite of systems that allow staff to properly license carriers and enforce regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Engage with external agencies (e.g., CHP, DOJ, and DMV systems) during the development of the TCP portal to determine the feasibility of and need for system integration.</li> </ul>	<p>Critical Phase 2</p> <p>#28</p>
T-3 Procure and implement a complaint and case tracking management system	<p>8 12</p> <ul style="list-style-type: none"> <li>• Utilize software to accurately track and monitor progress of licensing and enforcement activities</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct current “As Is” and “To Be” business process analysis and documentation for Enforcement</li> <li>• Procure and implement an Oracle-based case management system, for instance Oracle’s Siebel Case Management for Justice and Public Safety (see <b>Exhibit 4-29</b> for a screenshot of the system [modified to reflect TEB activities])                             <ul style="list-style-type: none"> <li>○ Determine if project is subject to the Department of Technology’s new Project Approval Lifecycle (Stage/Gate), if so, conduct necessary PAL activities as required, including some of the following key activities:                                     <ul style="list-style-type: none"> <li>○ Conduct market research</li> <li>○ Develop and release Request for Proposal for system</li> <li>○ Evaluate vendors and award contract</li> <li>○ Procure systems integrator and consultants, as needed (project management, independent verification and oversight, etc.)</li> <li>○ Implement system</li> <li>○ Conduct change management activities</li> </ul> </li> </ul> </li> <li>• Integrate system with TCP portal of eFast</li> <li>• Obtain one-time authorization to utilize a portion of the current fund balance to procure case tracking system</li> </ul>	<p>Critical Phase 1</p> <p>#19</p>

### Staffing, Job Structure, and Work Prioritization Recommendations

In **Exhibit 4-11**, we provide five recommendations related to staffing, job structure, and work prioritization. These staffing recommendations are foundational to TEB’s future success. In addition to promoting public and carrier safety, the general goals of these recommendations are to:

- Adequately staff TEB to meet its mandated objectives
- Align responsibilities of each position with job classifications to limit errors and staff confusion
- Invest in TEB staff professional development.

The recommendations are presented in a four-column table. The first column defines the recommendation, and when applicable notes whether it is in-progress. The second column identifies which of the 14 challenges/opportunities the recommendation addresses and lists specific objectives and/or issues that the recommendation is intended to improve. The third column provides implementation steps for the recommendation. The fourth column identifies priority and implementation phase, as defined in Exhibit 4-3.

#### Exhibit 4-11 Staffing, Job Structure, and Work Prioritization

Staffing, Job Structure, and Work Prioritization			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
S-1 Develop a TEB organizational structure that supports more effective operations	<p>① ② ④ ⑦ ⑨ ⑭</p> <ul style="list-style-type: none"> <li>• Adequately staff TEB to meet its mandated objectives</li> <li>• Align responsibilities of each position with job classifications to limit errors and staff confusion</li> <li>• Invest in TEB staff professional development</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and implement a new recommended organization structure, enabling the Branch to:                             <ul style="list-style-type: none"> <li>○ Reach a total of 73 authorized positions</li> <li>○ Add another layer of management/supervisory professionals to improve management</li> <li>○ Add a Licensing Section in Los Angeles</li> <li>○ Add Enforcement staff to increase enforcement effectiveness and the ability to focus on unlicensed carriers</li> </ul> </li> <li>• See <b>Exhibits 4-13 to 4-21</b> for further details</li> </ul>	<p>Critical Phase 1</p> <p>#9</p>
S-2 Hire staff to fill vacant positions and add additional staff to support effective operations ( <i>in process</i> )	<p>① ② ④ ⑦ ⑨ ⑭</p> <ul style="list-style-type: none"> <li>• Adequately staff TEB to meet its mandated objectives</li> <li>• Align responsibilities of each position with job classifications to limit errors and staff confusion</li> <li>• Invest in TEB staff professional development</li> </ul>	<ul style="list-style-type: none"> <li>• Continue the ongoing effort to fill vacant positions with a focus on:                             <ul style="list-style-type: none"> <li>○ Licensing Supervisor (Supervising Transportation Representative)                                     <ul style="list-style-type: none"> <li>■ This supervisory position is a high priority as it has been vacant for over one year</li> </ul> </li> <li>○ Enforcement staff                                     <ul style="list-style-type: none"> <li>■ Prioritize candidates with financial audit capabilities</li> </ul> </li> <li>○ Licensing staff                                     <ul style="list-style-type: none"> <li>■ Focus on analytical staff</li> </ul> </li> </ul> </li> <li>• Add additional administrative/clerical staff</li> <li>• Unfreeze currently frozen positions to continue hiring</li> <li>• Retain current positions</li> <li>• See <b>Exhibits 4-13 to 4-21</b> for further details</li> </ul>	<p>Critical Phase 1</p> <p>#10</p>

**Exhibit 4-11**  
**Staffing, Job Structure, and Work Prioritization** (continued)

Staffing, Job Structure, and Work Prioritization			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
S-3 Lateral all TEB transportation job classifications to PURA job series at the same time	<p>4 7 14</p> <ul style="list-style-type: none"> <li>Adequately staff TEB to meet its mandated objectives</li> <li>Align responsibilities of each position with job classifications to limit errors and staff confusion</li> <li>Invest in TEB staff professional development</li> </ul>	<ul style="list-style-type: none"> <li>Work with CPUC Human Resources and California Department of Human Resources, Statewide Workforce Planning and Recruitment Unit to develop and obtain approval to retire TEB job classifications and laterally move employees into the PURA job series</li> <li>Develop case to support the lateral move                             <ul style="list-style-type: none"> <li>Alignment with other CPUC divisions                                     <ul style="list-style-type: none"> <li>26% of CPUC authorized positions are PURAs</li> <li>8% of TEB authorized positions are PURAs</li> </ul> </li> <li>Increased opportunities for advancement                                     <ul style="list-style-type: none"> <li>PURA I-PURA V: 5 levels</li> <li>TA and ATR: 2 levels</li> </ul> </li> <li>Increased staff mobility within CPUC                                     <ul style="list-style-type: none"> <li>Possibility to lateral into TEB and out to other divisions</li> </ul> </li> <li>Increased ability to transfer to other agencies</li> <li>Increased salary scale</li> <li>Increased ability to attract quality job candidates</li> <li>Increased emphasis on analytical work</li> <li>Increased ability to retain existing staff</li> <li>Decrease in state HR cost to administer and maintain an obsolete classification</li> </ul> </li> <li>Evaluate current employees on an individual basis to determine equivalent PURA level</li> <li>Retire obsolete transportation classifications and laterally move TEB employees to PURAs simultaneously                             <ul style="list-style-type: none"> <li>Avoid converting vacancies and existing positions incrementally</li> </ul> </li> <li>Communicate with staff regarding the changes                             <ul style="list-style-type: none"> <li>Reason(s) for change</li> <li>Impact to employees</li> <li>Timing</li> </ul> </li> </ul>	<p>Critical Phase 1</p> <p>#11</p>
S-4 Align tasks and responsibilities with appropriate job levels	<p>4</p> <ul style="list-style-type: none"> <li>Adequately staff TEB to meet its mandated objectives</li> <li>Align responsibilities of each position with job classifications to limit errors and staff confusion</li> </ul>	<ul style="list-style-type: none"> <li>Better align responsibilities and tasks with job level for all employees</li> <li>For supervisors and seniors                             <ul style="list-style-type: none"> <li>Focus on higher-level supervisory and leadership tasks</li> <li>Focus on providing support to staff</li> <li>Avoid daily involvement in staff responsibilities, including                                     <ul style="list-style-type: none"> <li>In-depth editing of case reports</li> <li>Reworking cases</li> <li>Clerical work</li> </ul> </li> </ul> </li> <li>For investigative/analytical staff                             <ul style="list-style-type: none"> <li>Focus on investigative and analytical responsibilities</li> <li>For PURAs and Enforcement staff, avoid Licensing activities</li> <li>Licensing analytical staff should handle equipment list updates</li> </ul> </li> <li>For processing/office technician staff                             <ul style="list-style-type: none"> <li>Focus on processing and technical work</li> <li>Discontinue handling of equipment list updates</li> </ul> </li> </ul>	<p>Quick Win</p> <p>#8</p>

**Exhibit 4-11  
Staffing, Job Structure, and Work Prioritization**

Staffing, Job Structure, and Work Prioritization			
Description	Challenges, Opportunities, and Objectives/Issues Addressed	Implementation Steps	Timing
S-5 Provide training and knowledge resources to staff	<p>① ④ ⑦ ⑭</p> <ul style="list-style-type: none"> <li>Invest in TEB staff professional development</li> <li>Provide training and support to enable staff to succeed</li> </ul>	<ul style="list-style-type: none"> <li>Identify and prioritize training topics, including:                             <ul style="list-style-type: none"> <li>Management/supervisory skills (manager/supervisors/seniors)</li> <li>Writing skills (all staff)</li> <li>Investigative skills (Enforcement staff)</li> <li>Financial audit skills (Enforcement staff)</li> <li>Effective communication (all staff)</li> <li>Specific training for required skills for carrier regulation</li> </ul> </li> <li>Budget for and organize training schedule</li> <li>Identify supplemental training appropriate for selected staff to improve specialized capabilities</li> <li>Budget for and select staff for supplemental training                             <ul style="list-style-type: none"> <li>Create an internal knowledge management site (see <b>Exhibit 4-30</b> for an example screenshot of the Utility Enforcement Branch's repository)</li> </ul> </li> <li>Identify all TEB documents that could potentially be stored and managed within Content Server, including:                             <ul style="list-style-type: none"> <li>Internal forms</li> <li>Report templates</li> <li>Checklists and guidelines</li> <li>Procedure manuals and guidelines</li> <li>Training documents</li> <li>Various forms and applications</li> </ul> </li> <li>Develop a document hierarchy and folder structure</li> <li>Develop naming and notification systems for folders and documents associated with specific enforcement activities</li> <li>Store all appropriate Licensing and Enforcement documents in the SharePoint site in appropriate folders and libraries</li> <li>Utilize the SharePoint calendar for Enforcement and Licensing schedule, meetings, training, etc.</li> <li>Implement automatic email reminders through SharePoint work flow or alert functions</li> <li>Evaluate and update the SharePoint site on an annual basis, adding and integrating functionality as appropriate</li> <li>Utilize SharePoint to track progress in implementing the 29 recommendations in this report</li> </ul>	<p>Critical Phase 1</p> <p>#18</p>

## B. Performance Metrics

Performance metrics are crucial to the success of any organization. This section discusses the performance metrics necessary to monitor and track progress against the recommended implementation steps. Many of TEB's existing metrics cannot be gathered, tracked, or monitored due to the limitations of its current information technology systems. It is vital to ensure that the forthcoming Transportation Carrier Portal (TCP) and the eventual case management system will have the ability to gather and report on program metrics identified in **Exhibit 4-12**.

**Exhibit 4-12**  
**Recommended Performance Metrics**

Performance Metric Number	Brief Description	Applicable Recommendation Category
PM-1	Track staffing and budget authorization to intended goal	General Prioritization
PM-2	Survey staff annually to understand the effectiveness of the communication/change management plan	Communication and Change Management
PM-3	Response to online survey questions on effectiveness of communication	Communication and Change Management
PM-4	Participation at meetings, brown-bag lunches, office hours, and electronic suggestion box	Communication and Change Management
PM-5	Measurable progress in implementing eFast and case tracking system	Technology
PM-6	Training hours achieved	Communication and Change Management
PM-7	Number of cases, ongoing cases, and age of case per staff/location	Enforcement and Investigations
PM-8	Timeliness of case assignments	Enforcement and Investigations
PM-9	Different completion timelines for different levels of violations	Enforcement and Investigations
PM-10	Number and type of actions taken for different levels of violations (impound, etc.)	Enforcement and Investigations
PM-11	Major case activities: case intake, case assignment, report submission, report review, report editing (will help identify backlog points)	Enforcement and Investigations
PM-12	Amount of time devoted to unlicensed carrier enforcement	Enforcement and Investigations
PM-13	Number of unlicensed carriers brought into compliance (vehicles impounded, licenses issued, etc.)	Enforcement and Investigations
PM-14	Number of days to respond to carrier emails	Licensing and Processing
PM-15	Number of days to issue licenses without CHP inspection	Licensing and Processing
PM-16	Number of days to add/delete/modify vehicles	Licensing and Processing
PM-17	Number of days to issue licensed following CHP inspection	Licensing and Processing
PM-18	Number of applicants attending workshops or training sessions	Licensing and Processing
PM-19	Number of carrier phone calls per day/month/location	Licensing and Processing
PM-20	Number of in-person office hour visits	Licensing and Processing
PM-21	Number of in-process applications per staff/location	Licensing and Processing

## C. Example Exhibits and Graphics

The Exhibits in this section provide examples for specific recommendations and/or metrics, as described.

### Branch Structure and Staffing Recommendations

As part of our assessment, Crowe conducted a staffing and organizational analysis in order to assess what changes would be necessary to enable TEB to implement the 29 recommendations. Our analyses illustrate that there is a need—and sufficient funding—for a significant increase in TEB staffing. The following series of Exhibits present Crowe’s recommended staffing increases and Branch organizational structure, as well as the supporting analyses.

Our recommended TEB organizational chart is based on a number of factors, which are discussed in the exhibit series:

- Benchmarking with comparable states/cities
- Results and recommendations contained in this report
- Budget analysis
- Revenue analysis

#### Benchmarks

Crowe conducted research on other U.S. states and cities with robust transportation programs and interviewed their representatives in order to develop industry benchmarks. We spoke to a total of 13 representatives from the following transportation authorities:

- Nevada’s Transportation Authority
- Pennsylvania’s PUC Motor Carrier Division
- Massachusetts’ Transportation Oversight Division
- New York City’s Taxi and Limousine Commission
- Washington D.C.’s Department of For-Hire Vehicles
- San Francisco MTA

As part of the interview process, Crowe gathered data related to staffing and the number of regulated carriers. Crowe used the ratio of carriers to licensing and enforcement staff at each of the transportation authorities to estimate the appropriate staffing levels for TEB. Crowe identified two states/cities as outliers and did not include them in the calculation. The results are depicted in **Exhibit 4-13**.

**Exhibit 4-13**  
**Benchmarks for Staffing Numbers and Regulated Carriers Based on Other Comparable States and Cities**

Region	Number of Licensing Staff	Number of Enforcement Staff	Number of Licensed Carriers	Ratio of Carriers to Licensing Staff	Ratio of Carriers to Enforcement Staff
State/City 1	8	11	406	51	37
State/City 2	7	36	7,603	1,086	211
State/City 3	6	9	1,555	259	173
State/City 4	7	29	8,172	1,167	282
<b>Average</b>	<b>7</b>	<b>21</b>	<b>4,434</b>	<b>641</b>	<b>176</b>

#### Exhibit 4-14 Comparison of Benchmark Averages to TEB

Region	Number of Licensing Staff	Number of Enforcement Staff	Number of Licensed Carriers	Ratio of Carriers to Licensing Staff	Ratio of Carriers to Enforcement Staff
Average	7	21	4,434	641	176
<b>TEB Current</b>	<b>9</b>	<b>23</b>	<b>10,956</b>	<b>1,217</b>	<b>476</b>
TEB Ideal Average	17	62	10,956	641	176

On average, the transportation authorities had approximately 641 licensed carriers for each licensing staff member and 176 licensed carriers to enforcement staff members. Crowe then compared these benchmark averages to TEB's current staffing levels. The results are presented in **Exhibit 4-14**.

Currently, TEB employs one licensing staff person per 1,217 licensed carriers and one enforcement staff person for approximately 476 licensed carriers. The carrier to licensing staff ratio was similar to two of the jurisdictions, and significantly higher than the other two jurisdictions. The carrier to enforcement staff was higher than any of the four jurisdictions. TEB's ratios are significantly more than the benchmarking average of one licensing staff person per 641 licensed carriers and one enforcement staff per 176 licensed carriers. In order to bring the ratios in line with the benchmark authorities TEB will need to add more staff for both licensing and enforcement. Our initial staffing recommendations reflect a significant step towards these benchmark ratios. Once TEB is staffed and operating at our initial recommended level, the Branch should evaluate the need for additional staffing. As mentioned previously, of the six transportation authorities, Crowe identified two states/cities as outliers and did not include them in the benchmark calculation. These outliers are depicted in **Exhibit 4-15**.

#### Exhibit 4-15 Benchmarks for Staffing Numbers and Regulated Carriers Based on Other Comparable States and Cities

Region	Number of Licensing Staff	Number of Enforcement Staff	Number of Licensed Carriers	Ratio of Carriers to Licensing Staff	Ratio of Carriers to Enforcement Staff
<b>City/State 5</b>	100	200	1,265	13	6
<b>City/State 6</b>	5	10	24	5	2

Exhibit 4-15 indicates that the ratio of carriers to licensing and enforcement staff is extremely low and depicts the atypical nature of their transportation programs. Crowe did not include these ratios, as they are anomalies that are not aligned with the other benchmarks. Had we included these ratios, the average ratios would have been even lower.

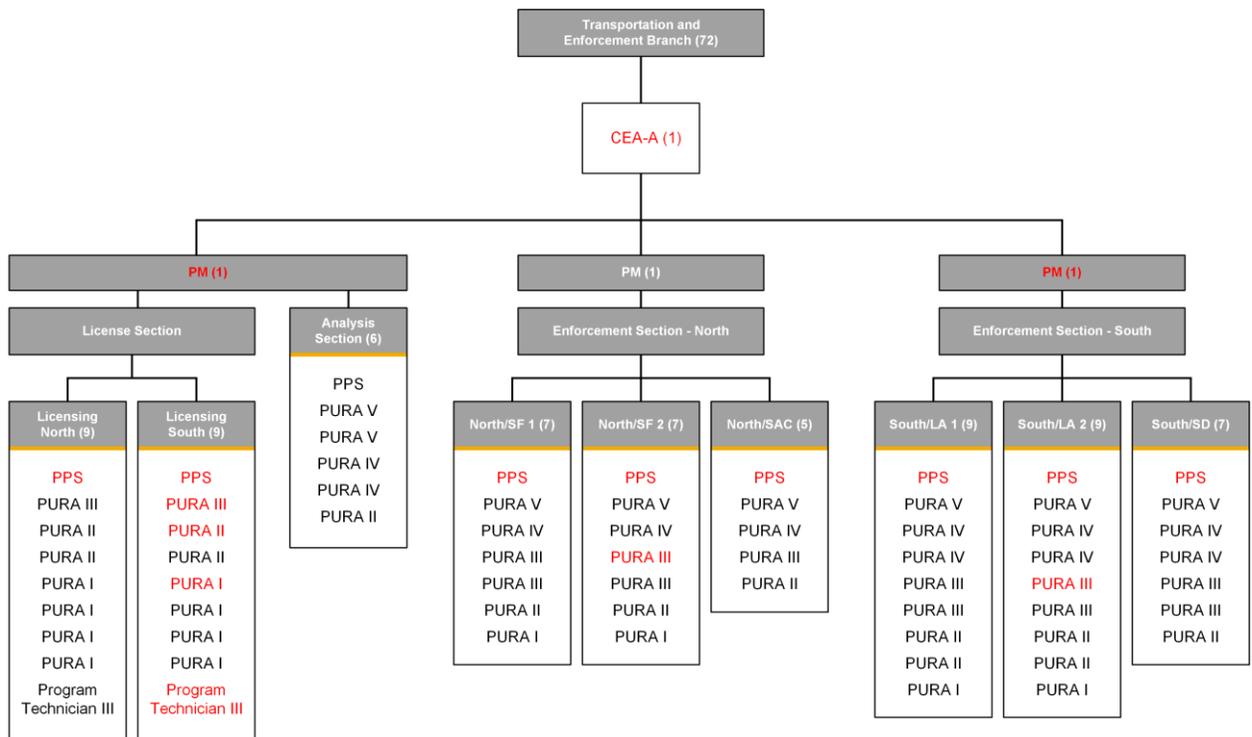
There were several other notable characteristics of the six transportation authorities that the Branch may want to consider in the future.

- Of the six jurisdictions that we interviewed, we were able to determine that five had at least one attorney assigned to transportation.
- At least four jurisdictions had a hearing officer assigned to transportation. Securing funding for Legal Division and ALJ Division support of TEB is consistent with these other jurisdictions.
- Most transportation authorities had robust sting operations involving undercover plainclothes enforcement officers, more night and weekend work, and access to police dispatchers

### Recommended Organizational Chart

Exhibit 4-16 depicts Crowe’s recommended organizational chart for the TEB. Based on our analysis this structure represents a good first step for the Branch. This model will eventually require increasing carrier fees. However, we recommend drawing down the PUCTRA fund balance first, utilizing the fees that have already been paid by carriers. Once the fund is drawn down to a reasonable reserve, CPUC should implement a gradual fee increase to cover the full costs of carrier regulation. CPED is currently considering and evaluating a more robust staffing model and potential fees increases.

**Exhibit 4-16**  
**Recommended TEB Organizational Chart**



\*Positions in red are critical needs.

### Changes and Effects

The new organizational and staffing structure introduces many changes that will have large impacts on the Branch. The significant increase in staffing will require new and better processes around employee training and onboarding. Furthermore, organizational change management activities will be necessary to help get employees “on board” with the changes. The major changes and their anticipated effects are depicted in Exhibit 4-17.

**Exhibit 4-17  
Major Changes, Goals, and Anticipated Effects**

Key Organizational and Staffing Changes	Goals and Anticipated Effects
<p><b>Increase of total Branch authorized positions from 50 to 72</b></p>	<ul style="list-style-type: none"> <li>• Enable TEB to effectively license and enforce carriers</li> <li>• Large staffing increase will require training, onboarding, and organizational change management activities</li> <li>• Processes and tools must be improved in order to successfully integrate new staff into the Branch</li> </ul>
<p><b>Addition of CEA-A</b></p>	<ul style="list-style-type: none"> <li>• Set direction for TEB and advocate for resources, policy directives, and prioritization of transportation</li> <li>• Increase visibility of the Branch within CPUC</li> <li>• Coordinate with Legal and with ALJs</li> </ul>
<p><b>Increase of PMs from 1 to 3</b></p>	<ul style="list-style-type: none"> <li>• Enable management of new PPSs across all sections</li> <li>• Each PM manages 3 PPSs</li> <li>• Increase of managerial professionals will better support Branch staff and will be responsible for management, communication, and leadership</li> <li>• Increase visibility of the Branch within CPUC</li> <li>• Coordinate with Legal representatives and with ALJs</li> </ul>
<p><b>Addition of another management layer with 9 PPS positions</b></p>	<ul style="list-style-type: none"> <li>• Increase of managerial and supervisory professionals will better support Branch staff and will be responsible for management, communication, and leadership</li> <li>• Lead outreach efforts to agencies, associations, and other external stakeholders</li> <li>• Each PPS manages 4-8 staff</li> </ul>
<p><b>Secure funding for 1 Legal staff and 0.5 ALJ</b></p>	<ul style="list-style-type: none"> <li>• Increase visibility of transportation cases/proceedings to Legal and ALJ divisions and increase collaboration with these divisions</li> <li>• Cultivate Legal and ALJ representatives who are knowledgeable about the transportation industry</li> <li>• Include allocation for 1 PY Legal staff and 0.5 PY Administrative Law Judge in budget</li> </ul>
<p><b>Increase of Licensing staff authorized positions from 12 to 16, with 8 positions in a new Southern Licensing section</b>                       *(does not include Senior ATRS, Supervisors, or PPSs)</p>	<ul style="list-style-type: none"> <li>• Establish new Licensing Section in the South to support the large number of carriers in the greater Los Angeles Area</li> <li>• Devote staff (in the North and South) full-time to outreach efforts, including developing outreach presentations and application workshops</li> <li>• Establish two phone lines and hold office hours (in the North and South) with a staffing rotation comprised of PURAs</li> <li>• Devote analytical staff specifically to equipment lists (additions, deletions, and updates)</li> <li>• Reduce the number of average carriers per staff</li> </ul>
<p><b>Increase of Enforcement staff authorized positions from 30 to 38</b>                       *(does not include Senior ATRS, Supervisors, or PPSs)</p>	<ul style="list-style-type: none"> <li>• Enable more extensive enforcement efforts, emphasizing increased sting operations, increased enforcement of unlicensed carriers, an increased airport presence, and increase of night/weekend shifts</li> <li>• Focus increased staff on:                             <ul style="list-style-type: none"> <li>○ Unlicensed carriers and repeat violators</li> <li>○ Airport enforcement (SFO/San Jose/Oakland, LAX, other LA-area airports)</li> <li>○ Sting operations/strike forces, with a focus on non-airport after-hours events (award ceremonies, sporting events, concerts, etc.)</li> <li>○ Financial audits of carrier tax returns and records</li> <li>○ Record reviews of TNCs</li> </ul> </li> </ul>

**Exhibit 4-17**

**Major Changes, Goals, and Anticipated Effects** *(continued)*

Key Organizational and Staffing Changes	Goals and Anticipated Effects
<p><b>Increase of Analysis authorized positions from 2 to 5</b></p>	<ul style="list-style-type: none"> <li>• Enable more comprehensive analysis and policy research to better support objectives</li> <li>• Assign analysts to specific topics:                             <ul style="list-style-type: none"> <li>○ 1 PURA V for rulemaking, policy, and TNC data analysis</li> <li>○ 1 PURA V for Legislative, Commission, and other reporting</li> <li>○ 1 PURA IV for Certificates of Public Necessity and general transportation policy research</li> <li>○ 1 PURA IV for general transportation policy research with a focus on new technologies</li> <li>○ 1 PURA II to support all research and analysis</li> </ul> </li> </ul>
<p><b>Addition of SSA to CPED</b></p>	<ul style="list-style-type: none"> <li>• Provide administrative support for the division and Branch (human resources, budgets, fleet management, analytical support, etc.)</li> </ul>
<p><b>Conversion of transportation job classes to PURAs</b></p>	<ul style="list-style-type: none"> <li>• Improve career mobility and flexibility, attract and retain employees, and retire obsolete job classifications</li> <li>• Roles and Responsibilities:                             <ul style="list-style-type: none"> <li>○ <b>PURA V:</b> develops and implements major studies or programs involving the coordination of a number of regulatory disciplines with federal, statewide or industry-wide policy implications; provides expert consultation to Commissioners and top management in the area of policy development on a wide range of issues relating to public utilities and transportation regulation and makes policy recommendations affecting program direction; may lead several professional subordinates and conduct workshops on the most difficult issues or direct large major studies or regulatory programs of the broadest scope and complexity; and does other job related work as required.</li> <li>○ <b>PURA IV:</b> provides original research and advisory services on highly complex and technical problems which require a great degree of knowledge, skill, and ability; assignments require major synthesis of information and perspective utilizing data of various types and sources; may have lead responsibility in directing and implementing major complex research studies or programs and may lead workshops on regulatory issues of moderate scope and complexity; and does other job related work as required.</li> <li>○ <b>PURA III:</b> under supervision, perform technical and analytical research work as well as consultative and advisory services in the areas of economics, finance, and policy. Incumbents analyze, evaluate, develop, and recommend sophisticated research methodologies and innovative alternatives on a wide range of regulatory issues; review and evaluate proposed legislation and advise the Commission on the potential impact of legislation; provide expert advice and present testimony in support of results of completed studies before the Commission, public interest groups, the regulated industries, various governmental agencies as well as the Legislature; and does other job related work as required.</li> <li>○ <b>PURA II:</b> under supervision, performs technical and analytical research work as well as consultative and advisory services. Incumbents analyze, evaluate, develop, and recommend sophisticated research methodologies and innovative alternatives on a wide range of regulatory issues; review and evaluate proposed legislation and advise the Commission on the potential impact of legislation; provide expert advice and present testimony in support of results of completed studies before the Commission, public interest groups, the regulated industries, various governmental agencies as well as the Legislature; and does other job related work as required.</li> <li>○ <b>PURA I:</b> under supervision, performs technical research and analysis in public utilities or transportation regulation. Incumbents analyze, evaluate, develop, and recommend alternatives on a wide range of regulatory issues in the areas of economics, finance, and policy; provide testimony on the results of completed studies; consult with and advise Commission management, staff, and other interested parties; and do other job-related work as required.</li> </ul> </li> </ul>

## Critical Needs

The positions in red identified in Exhibit 4-16 (Recommended TEB Organizational Chart) represent TEB's immediate and critical staffing needs that are required for it to meet its mandated activities. The majority of the 17 critical positions are management positions, specifically 8 PPSs, 2 PMs, and 1 CEA-A. Adding additional management is critical and will allow the Branch to make process improvements and hire the additional staff that will be necessary within the next fiscal year. It is important to note that simply hiring these critical staff must be accompanied by the recommended process improvements, which management will be primarily responsible for implementing. In addition to hiring these new positions, it will be important for CPUC to immediately transition to PURA classifications, as described in recommendation S-3.

Additional critical staffing needs include 4 staff for the establishment of a Southern Licensing section and 2 enforcement officers (1 North and 1 South) to be devoted solely to the investigation of unlicensed carriers. Once TEB completes the hiring of these 17 critical positions, it can continue to hire as per the recommended organization chart in Exhibit 4-16.

## Budget and Revenue Analysis

Drawing on the benchmarking, our analysis of current staffing needs, and identification of current TEB deficiencies, Crowe developed the recommended organizational chart for the Branch. Crowe then developed an expected cost for TEB based on the proposed organizational chart using the midpoint salary range of each position and a 41.32 percent markup for benefits, CPUC's standard complement, the state pro rata, and CPUC cost allocation. **Exhibit 4-18** includes fully loaded salaries for each position and total expected cost of the proposed organizational chart.

Crowe then compared the total estimated budget requirement of \$14.5 million to annual revenue generated from the PUCTRA and TRF funds. **Exhibit 4-19** includes revenue generated from both funds between 2011 and 2015. On average, the funds generated \$10 million in revenue with a high of \$11.5 million in 2015. This level of revenue is not adequate to support the proposed organizational chart. TEB should re-evaluate the current fee/revenue structure based on the proposed organizational chart. However, Crowe recommends that TEB first spend down the PUCTRA fund balance to a reasonable reserve level prior to any rate increase. In addition, Crowe recommends that TEB phase in any needed rate increase over multiple years to reduce potential impact to carriers.

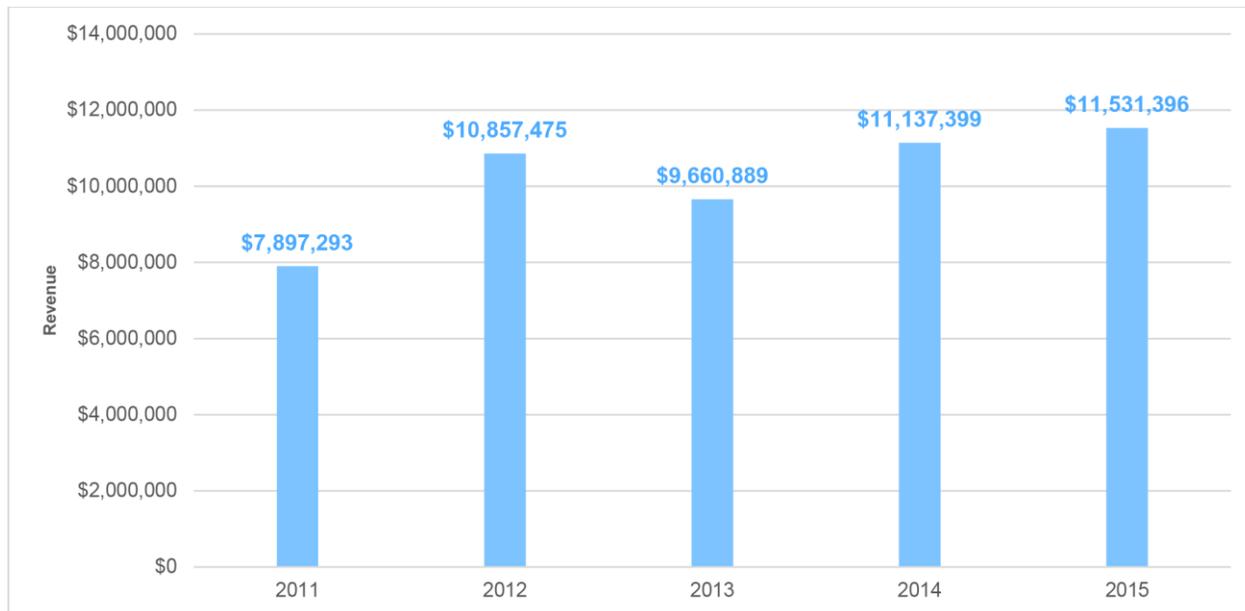
Note that a rate increase would likely be inevitable even based on the current TEB organizational chart, without the proposed staffing increases. If all current positions are filled, Crowe calculates that the total budget requirement would be approximately \$10 million. Over the last five years, the average combined revenue of the PUCTRA and TRF funds was roughly \$10 million. At that rate, and with salaries and benefits continuously rising, TEB would be required to re-evaluate its rate structure to continue to support its current state operations.

**Exhibit 4-18  
Proposed Organization Chart's Estimated Budget Requirement**

Position	Fully Loaded Salary	Count	Total
CEA	\$221,789	1.0	\$221,789
Program Manager	\$221,789	3.0	\$665,366
Program and Project Supervisor	\$194,960	9.0	\$1,754,643
Attorney III	\$174,492	1.0	\$174,492
Administrative Law Judge	\$168,997	0.5	\$84,499
PURA V	\$140,965	8.0	\$1,127,718
PURA IV	\$130,027	11.0	\$1,430,293
PURA III	\$120,106	13.0	\$1,561,378
PURA II	\$111,033	13.0	\$1,443,432
PURA I	\$87,546	12.0	\$1,050,550
Program Technician III	\$77,913	2.0	\$155,827
<b>Position Count</b>		<b>73.5</b>	
	<b>Total Compensation (w/OE&amp;E)</b>		<b>\$9,669,987</b>
	<b>Pro-Rata 0412</b>		<b>\$129,000</b>
	<b>Pro-Rata 0416</b>		<b>\$719,000</b>
	<b>Indirect Overhead 0412</b>		<b>\$856,480</b>
	<b>Indirect Overhead 0461</b>		<b>\$3,126,844</b>
	<b>Estimated Budget Requirement*</b>		<b>\$14,501,311</b>

\* The budget requirement estimate will need to be refined and updated to reflect actual direct and indirect costs for the program once positions are approved and the hiring process is complete.

**Exhibit 4-19**  
**Total Household Goods Carriers Related Revenue from the Transportation Rate Fund (Fund 0412) and Passenger Carrier Related Revenue from the Public Utilities Commission Transportation Reimbursement Account (Fund 0461)**

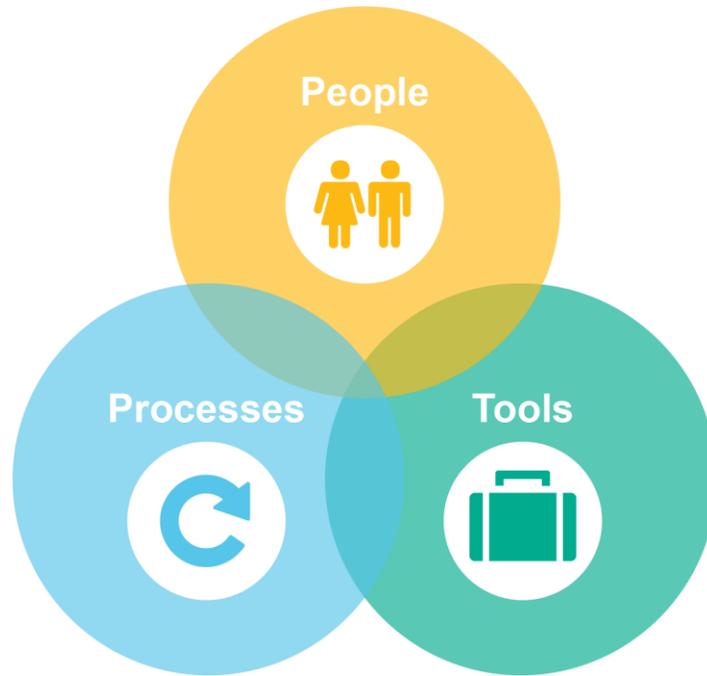


**Key Success Factors**

The recommended staffing increases are considerable; however, it is critical to recognize that simply increasing the number of TEB staff will not successfully address the Branch’s current challenges (and could potentially exacerbate them). The recommended organizational chart is based on three key success factors: people, processes, and tools. As it adds staff, TEB should focus on improving its structural processes as well as enforcement and licensing tools, which will enable the growing number of staff to do their jobs more effectively. By addressing its underlying process issues and adding more effective tools, TEB will be creating a supportive infrastructure to empower current and new staff. The diagram depicted in **Exhibit 4-20** represents this interdependent nature of people, processes, and tools, which are all equally important to the Branch’s success.

Of our 29 recommendations, Crowe has identified eight recommendations that are applicable to the proposed staffing increase and the Branch reorganization. In order to staff the Branch as depicted in our recommended organizational chart, CPUC will need to implement these eight recommendations (which are documented, along with their implementation steps, earlier in this section). Here, we purposefully group them in **Exhibit 4-21** to clearly identify those recommendations that are needed to support the staffing increase and Branch reorganization.

**Exhibit 4-20**  
**Key Factors for Organizational Success**



**Exhibit 4-21**  
**Applicable Recommendations for Increased Staffing and Branch Reorganization**

Number	Recommendation
E-2	Provide funding and resources by authorizing funds and BCPs
B-1	Obtain authorization to increase funding to appropriate levels
M-5	Hold an annual all-staff off-site meeting
S-1	Develop a TEB organizational structure that supports more effective operations
S-2	Hire staff to fill vacant positions and add additional staff to support effective operations
S-3	Lateral all TEB transportation job classifications to PURA job series at the same time
S-5	Provide training and knowledge resources to staff
L-5	Create a Licensing section in Los Angeles

**Exhibits 4-22 and 4-23** provide information from management literature on leadership styles and behaviors. Exhibit 4-22 illustrates the importance of flexible leadership, listing appropriate leadership behaviors for nine different workplace situations. Exhibit 4-23 lists five different leadership styles, the objectives of each style, and leadership behaviors associated with these leadership styles.

**Exhibit 4-22**  
**Situational Guidelines for Flexible and Adaptive Leadership**

Situation	Leadership Behaviors
Staff have high role ambiguity.	Clarify objectives, priorities, standards, and policies, monitor work relatively closely, provide helpful feedback and coaching.
Staff lack strong commitment for a task.	Explain why it is important, appeal to their values and emotions, provide value incentives for successful execution of the task.
Staff have relevant information and ideas about a decision and share the leader's task objectives.	Involve staff in analyzing the problem, suggesting solutions, and making a decision.
Staff are highly competent and reliable.	Delegate more responsibility and encourage more initiative in resolving work-related problems.
Staff have interdependent tasks that require a high level of cooperation and teamwork.	Emphasize common interests and values, provide incentives for overall group performance, use team-build activities that build identification within the group.
Staff lack adequate resources to perform assigned tasks.	Try to obtain additional resources and allocate them to support accomplishing task objectives.
Unusual events disrupt the workplace or create an immediate problem.	Keep people informed about the nature of the major problem and what is being done to resolve it; direct the response in a confident and decisive way but remain open to ideas; keep responses consistent with core values of the organization.
Pursuit of multiple objectives involves competing values.	Find an appropriate mix of behaviors that appear to be the opposite (e.g., forceful vs. enabling, support short-term performance vs. long-term performance, concern for task vs. concern for people).
Changing conditions require a change in strategies or behavior.	Understand the situation, select an appropriate response, vary behavior in response to changing conditions.

Source: Yukl, Gary and Rubina Mahsud. Why flexible and adaptive leadership is essential. *Consulting Psychology Journal: Practice and Research*. Volume 2, No. 2, pp. 81-93 (2010).

**Exhibit 4-23  
Leadership Styles and Associated Behaviors**

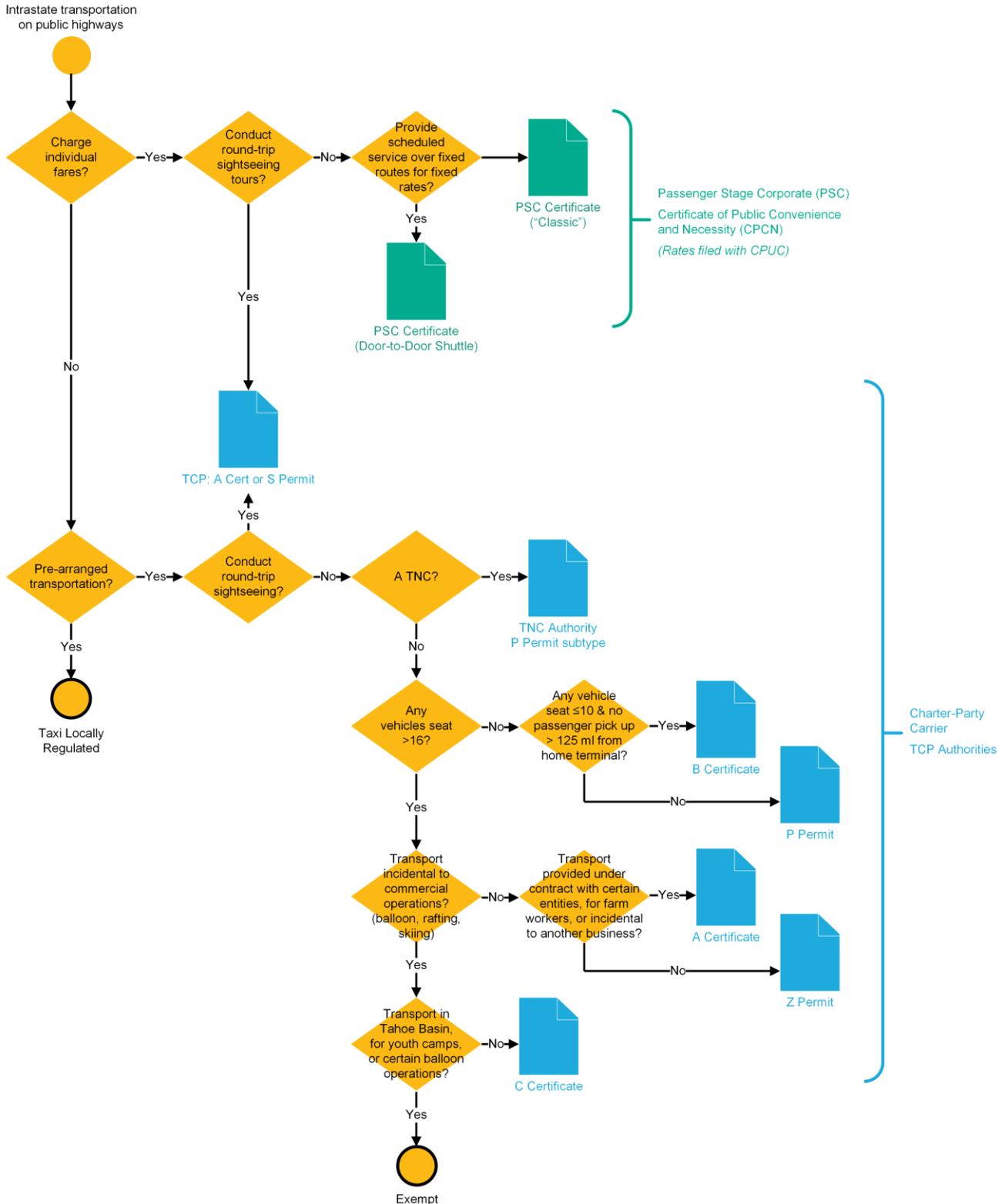
Leadership Style and Objective	Associated Behaviors	
<p><b>Task-oriented</b></p> <ul style="list-style-type: none"> <li>Accomplish work in an efficient and reliable manner</li> </ul>	<ul style="list-style-type: none"> <li>Goal-setting</li> <li>Clarifying</li> <li>Planning</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring operations</li> <li>Solving problems</li> </ul>
<p><b>Relations-oriented</b></p> <ul style="list-style-type: none"> <li>Increase the quality of human resources and relations</li> </ul>	<ul style="list-style-type: none"> <li>Supporting</li> <li>Developing</li> </ul>	<ul style="list-style-type: none"> <li>Recognizing</li> <li>Empowering</li> </ul>
<p><b>Change-oriented</b></p> <ul style="list-style-type: none"> <li>Increase innovation, collective learning, adaptation to the external environment</li> </ul>	<ul style="list-style-type: none"> <li>Advocating change</li> <li>Envisioning change</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging innovation</li> <li>Facilitating collective learning</li> </ul>
<p><b>Integrity-oriented</b></p> <ul style="list-style-type: none"> <li>Focus on ethics and promote equitable and fair treatment</li> </ul>	<ul style="list-style-type: none"> <li>Focusing on legality</li> <li>Directing equitable treatment of employees</li> </ul>	<ul style="list-style-type: none"> <li>Advocating fairness</li> <li>Promoting equitable treatment of customers</li> </ul>
<p><b>External</b></p> <ul style="list-style-type: none"> <li>Acquire necessary information and resources and promote and defend the interests of the organization</li> </ul>	<ul style="list-style-type: none"> <li>Networking</li> <li>External Monitoring</li> <li>Representing</li> </ul>	

Sources: Fernandez, Sergio, Yoon Jik Cho, and James L. Perry. Exploring the link between integrated leadership and public sector performance. *The Leadership Quarterly*. Volume 21, pp. 308-323 (2010); Yukl, Gary. Effective leadership behavior: what we know and what questions need more attention. *Academy of Management Perspectives*. Pp 66-85 (November 2012).

**Exhibit 4-24** provides a decision tree schematic of the nine different permit/authority/certificate types. This exhibit, which is somewhat simplified from actual requirements, illustrates the complex and archaic structure of current passenger carrier permitting.

**Exhibit 4-25** provides a possible licensing decision tree schematic that would reduce the complexity of the permitting process. For purposes of simplification, the Branch should consider reducing the nine different permit/authority/certificate types, which would streamline application processes and mitigate carrier confusion.

**Exhibit 4-24**  
**Current “As Is” Passenger Stage Corporation and Charter-Party Carrier Authorities**



**Exhibit 4-25**  
**Future “To Be” Passenger Stage Corporation and Charter-Party Carrier Authorities**

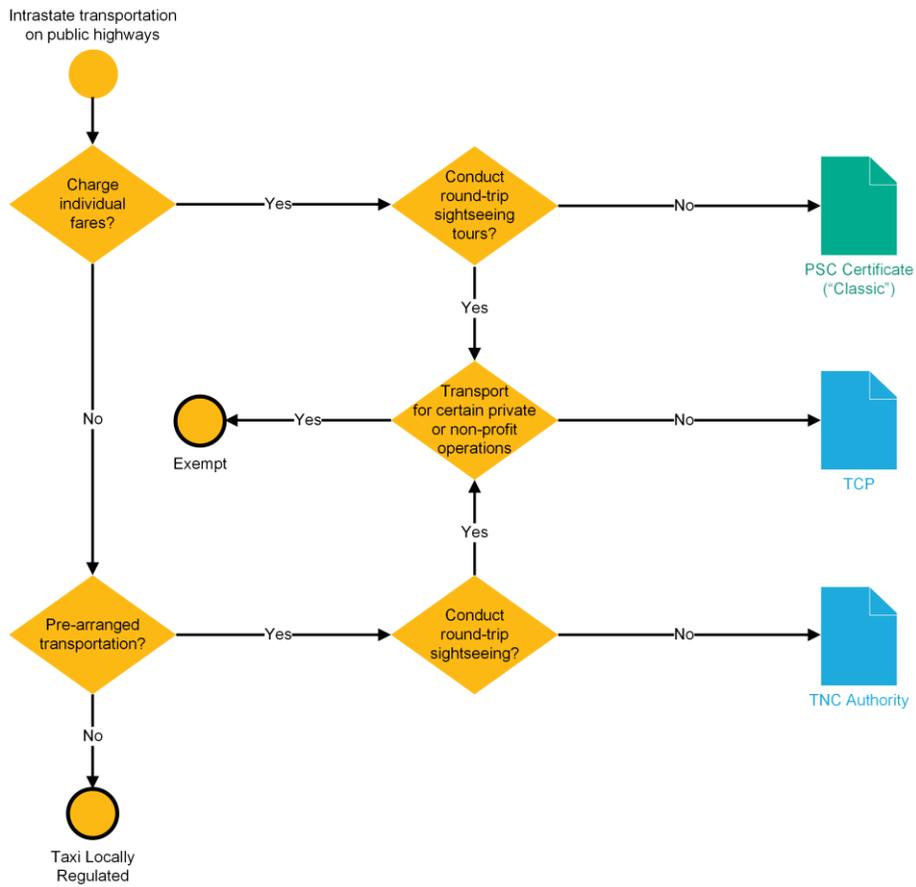


Exhibit 4-26 depicts a prototype of a simplified carrier application that the Branch can leverage to simplify its licensing applications and reduce carrier confusion.

**Exhibit 4-26  
Prototype Simplified Carrier Application**

Page 1 of 2

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
APPLICATION FOR CHARTER-PARTY CARRIER AUTHORITY**

\_\_\_\_\_ For CPUC Use Only:  
PSG \_\_\_\_\_

**IMPORTANT**

Please do not begin to complete this application until you have read and understand the document entitled "[BASIC INFORMATION FOR PASSENGER CARRIERS AND APPLICANTS](#)". Filing this application does not give you the authority to engage in for-hire operations. Any for-hire operations conducted prior to Commission authorization are unlawful and may result in a fine and/or imprisonment for the applicant. A filing fee must accompany this application and is not refundable. Payment should be made by check or money order. Payable to: "CALIFORNIA PUBLIC UTILITIES COMMISSION" or "CPUC". \*\*Payment must be made out by the applicant

Check below the type(s) of certificate(s) or permit(s) for which you are applying and enclose the filing fee required for each authority.

Type of Authority	New Filing Fee	Refile Filing Fee	For CPUC Use Only
<input type="checkbox"/> Class "A" Certificate	\$1,500	\$1,500	(512)
<input type="checkbox"/> Class "B" Certificate	\$1,000	\$1,000	(530)
<input type="checkbox"/> Class "C" Certificate	\$1,000	\$1,000	(530)
Charter-Party Permit(s) <input type="checkbox"/> P <input type="checkbox"/> S <input type="checkbox"/> Z	\$1,000	\$1,000	(530)

**PART I - Background and Statement of Ownership**  
**PLEASE TYPE OR PRINT CLEARLY**

**Background Information:**

1. \_\_\_\_\_  
(Full Name (s) of Applicant, Partner(s), or Corporation)

2. If doing business under a DBA, state the DBA below:  
\_\_\_\_\_

3. Principal Place of Business (P.O. Box is not acceptable)  
\_\_\_\_\_  
(Street)  
\_\_\_\_\_  
(City/Town, State, Zip Code)

This simplified matrix presents the different types of authority and makes it clear that carriers need to check the appropriate authority for which they are applying.

Refer to recommendation L-4 in Section 4, "Improve licensing processes."

**Exhibit 4-26**  
**Prototype Simplified Carrier Application** *(continued)*

**4. Terminal Address** (P.O. Box is not acceptable)

\_\_\_\_\_

(Street)

\_\_\_\_\_

(City/Town, State, Zip Code)

**5. Mailing Address** (If different from Principal Place)

\_\_\_\_\_

(Street)

\_\_\_\_\_

(City/Town, State, Zip Code)

**6. Contact Person(s)** who can answer inquiries regarding this application:

Name: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

**Statement of Ownership**

1. Applicant  HAS  HAS NOT been previously licensed by this Commission. If so, list PSC or TCP Number(s): \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

2. Indicate the type of business enterprise and submit one copy of the required document with this application.

Type of Business	Documents to be Submitted
<input type="checkbox"/> Individual Proprietorship	None
<input type="checkbox"/> General Partnership	A copy of your partnership agreement or Form TL706-B
<input type="checkbox"/> Corporation	Articles of Incorporation and Statement of Information filed with the Secretary of State
<input type="checkbox"/> LLC	Articles of Organization and Statement of Information filed with the Secretary of State
<input type="checkbox"/> LP	Partnership Agreement and Certificate of Limited Partnership filed with the Secretary of State
<input type="checkbox"/> Other	If a corporation, LLC, LP organized and existing under the laws of a state other than California include the Certificate of Qualification from the California Secretary of State, and Articles of Incorporation, Articles of Organization, or Partnership Agreement

This simplified matrix lays out clearly which documents carriers need to submit depending on their type of business structure.

Refer to recommendation L-4 in Section 4, "Improve licensing processes."

Exhibit 4-27 depicts a sample field citation form that is simplified, streamlined, and easy for investigators to issue to carriers in the field.

**Exhibit 4-27  
Prototype Simplified Field Citation Form**

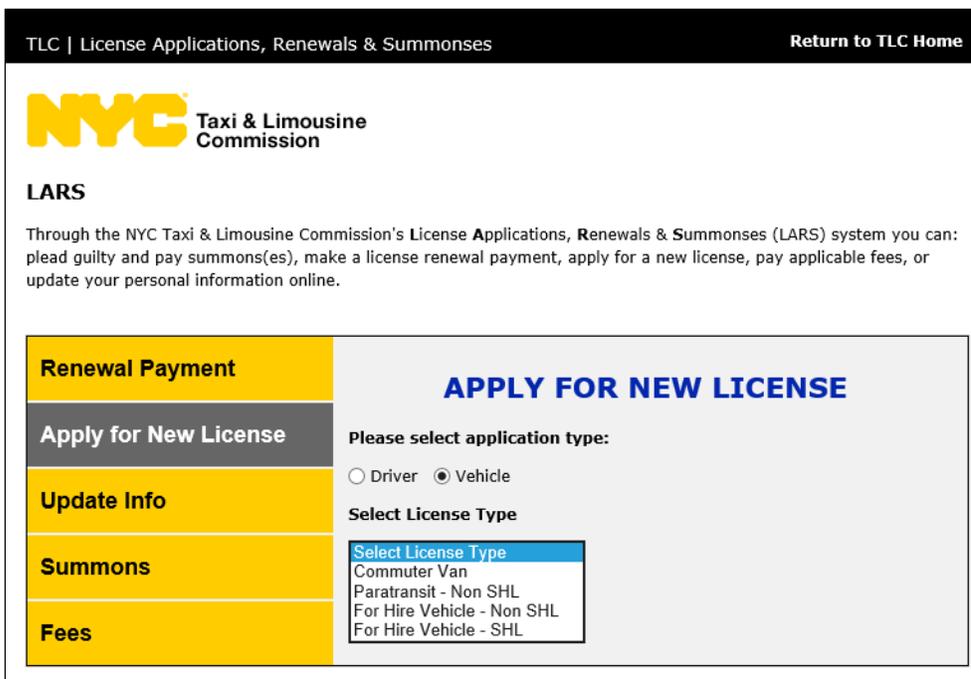
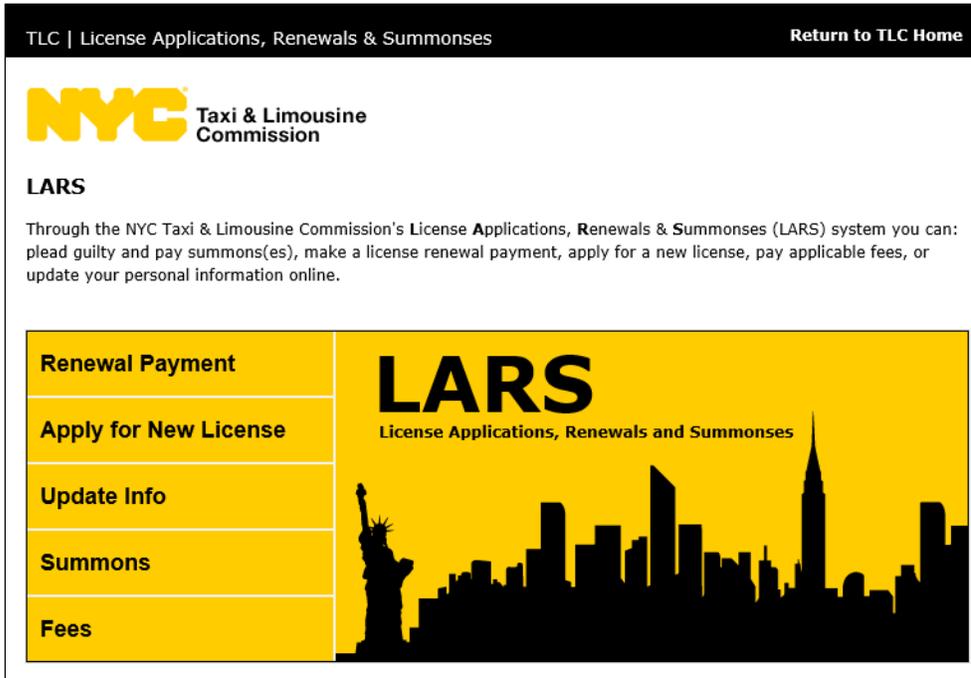
SAMPLE NONCRIMINAL MUNICIPAL CITATION FORM  
FOR USE PURSUANT TO G.L. C. 40, § 21D  
APPROVED BY THE CHIEF JUSTICE OF THE DISTRICT COURT DEPARTMENT  
EFFECTIVE MARCH 21, 1991

<b>CITY [or TOWN] OF [Name] NOTICE OF VIOLATION OF CITY ORDINANCE [or TOWN BY-LAW], RULE OR REGULATION</b>	
DATE OF NOTICE	NOTICE NO.
NAME OF OFFENDER	
ADDRESS OF OFFENDER	
CITY, STATE, ZIP CODE	DOB OF OFFENDER
MV OPERATOR LICENSE NO.	MV/MB REGISTRATION NO.
OFFENSE (s)	
DATE & TIME OF VIOLATION	
LOCATION OF VIOLATION	
SIGNATURE OF ENFORCING PERSON	ENFORCING DEPT.
I HEREBY ACKNOWLEDGE RECEIPT OF THE FOREGOING CITATION	
X	
<input type="checkbox"/> Unable to obtain signature of offender. Date Mailed _____	
<p>THE NONCRIMINAL FINE FOR THIS OFFENSE IS \$ _____.</p> <p><b>YOU HAVE THE FOLLOWING ALTERNATIVES IN THIS MATTER:</b></p> <p><i>Either option (1) or option (2) will operate as a final disposition, with no resulting criminal record.</i></p> <p>(1) You may <b>pay</b> the above noncriminal fine, either by appearing in person or through an authorized agent, or by mailing a check, money order or postal note WITHIN 21 DAYS OF THE DATE OF THIS NOTICE to:</p> <p style="padding-left: 40px;">[City or Town Clerk] [Address].</p> <p>(2) You may <b>contest</b> this matter by making a written request for a noncriminal hearing before a court magistrate WITHIN 21 DAYS OF THE DATE OF THIS NOTICE to:</p> <p style="padding-left: 40px;">Clerk-Magistrate, [Name] District Court [Address] Attn: 21D Noncriminal hearings.</p> <p>(3) If you do not pay the noncriminal fine or request a hearing within 21 days, or if you do not appear for the hearing or pay any fine determined to be due, a criminal complaint may be issued against you.</p>	
<input type="checkbox"/> I elect <b>Option (1)</b> above, confess the violation charged, and enclose payment by check, money order or postal note in the amount of \$ _____. <i>I have written the number of this notice on my check, money order or postal note, or enclosed a copy of this notice.</i>	
<input type="checkbox"/> I elect <b>Option (2)</b> above and request a noncriminal hearing on this matter. <i>I have enclosed a copy of this notice and my name and current address.</i>	
Signature _____	

Exhibit 4-28 depicts samples screenshots from New York City’s Taxi and Limousine Commission (TLC) online licensing, application, renewals, and summonses (LARS) system. TEB may want to evaluate the TLC’s system, which provides examples of key functionalities (including licensing, applications, renewals, payments, and summonses) that could be incorporated into TCP.

**Exhibit 4-28**  
**Example Screenshots from New York City Taxi and Limousine Commission**

Page 1 of 4



**Exhibit 4-28**  
**Example Screenshots from New York City Taxi**  
**and Limousine Commission** *(continued)*

TLC | License Applications, Renewals & Summonses
[Return to TLC Home](#)

**NYC** Taxi & Limousine  
Commission

**Getting Started**

[Print this page](#)

This application will take about **60 minutes** to complete.  
 You must scan and attach, email, mail or fax documents to complete this application.

**You may not bring documents to the TLC**

<p><b><u>Basic Requirements:</u></b></p> <ul style="list-style-type: none"> <li>▪ a vehicle</li> <li>▪ your base's TLC license number</li> <li>▪ no money owed for TLC, parking, or DMV tickets</li> <li>▪ an address that is not a P.O. Box</li> <li>▪ a valid email address</li> <li>▪ a debit card, credit card or checking account</li> <li>▪ a social security number or employer ID number</li> </ul> <p><b><u>Application Fees:</u></b></p> <ul style="list-style-type: none"> <li>▪ \$550 for a two year license (<b><u>- Paid Online ONLY</u></b>)</li> <li>▪ \$75 DMV Inspection fee for vehicles with 500 or more miles (<b><u>- Paid Online if applicable</u></b>)</li> <li>▪ \$800 CMVT tax for vehicles registered outside of New York</li> </ul>	<p><b><u>Required Documents:</u></b></p> <p>You will need to <b><u>scan and attach, email, mail, or fax</u></b> the following documents:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b><u>Individuals, Corporations and Partnerships:</u></b></p> <ul style="list-style-type: none"> <li>▪ government-issued photo ID of applicant, all corporate principals, shareholders or partners</li> <li>▪ For-Hire Insurance Certificate (FH-1)</li> <li>▪ Excess Insurance Policy – if applicable</li> <li>▪ One of the following in applicant's name:                             <ul style="list-style-type: none"> <li>• Vehicle Certificate of title or</li> <li>• Vehicle Certificate of Origin or</li> <li>• Bill of Sale or</li> <li>• Vehicle Leasing Agreement or</li> <li>• DMV registration (must submit for vehicles registered outside of NY)</li> </ul> </li> </ul> <p style="text-align: center;">Your name must be identical on all documents.</p> <p style="text-align: center;">The address on each document you provide must match one of the addresses you list on your application.</p> </div> <div style="width: 45%;"> <p><b><u>Corporation applicants ONLY:</u></b></p> <ul style="list-style-type: none"> <li>▪ Certificate of incorporation</li> <li>▪ Corporate minutes listing the names and shares of officers or members</li> <li>▪ an IRS issued CP-575 Notice or a 147-C letter</li> </ul> <p><b><u>Partnership applicants ONLY:</u></b></p> <ul style="list-style-type: none"> <li>▪ Certificate of partnership</li> </ul> <p><b><u>LLC applicants ONLY:</u></b></p> <ul style="list-style-type: none"> <li>▪ Articles of Organization</li> <li>▪ Operation Agreement</li> <li>▪ List of Members</li> </ul> </div> </div>
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Continue
Cancel

**Exhibit 4-28**  
**Example Screenshots from New York City Taxi**  
**and Limousine Commission** *(continued)*

Page 3 of 4

TLC | License Applications, Renewals & Summonses
[Return to TLC Home](#)



**LARS**

**Renewal Payment**

Through the following screens of the NYC Taxi & Limousine Commission's License Applications, Renewals & Summonses (LARS) system, you can make a license renewal payment online.

**Convenience Fee:** The City of New York offers multiple payment options. As a convenience to you, the City of New York accepts credit and debit cards. If you choose to pay with a credit or debit card, you will be charged a fee of 2.49% of the payment amount. This fee is nonrefundable. You will see this amount before you check out. The fee will be shown as a separate charge on your credit or debit card statement, and the New York City Department of Finance will be the merchant. If you pay by E-Check, you will not be charged a fee.

Please have the following information available before you begin:

- Your current TLC issued license
- The last 5 digits of your EIN or SSN

Once you are ready, enter the required information below. Be sure to review the information you have entered **BEFORE** you select the "Search" button below. The information must match the details in our system or you will not be able to proceed. If you incorrectly enter the information three times, you will be locked out for an hour.

**Business Search**

**TLC Business License Number**

**Expiration Date of TLC Business License**

**Last 5 Digits of your EIN or SSN**  
 No dashes or spaces

Please check the box

I'm not a robot
 

  
reCAPTCHA  
Privacy · Terms

Search
Cancel

**Exhibit 4-28**  
**Example Screenshots from New York City Taxi**  
**and Limousine Commission** *(continued)*

TLC | License Applications, Renewals & Summonses Return to TLC Home

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### LARS

**Update Information**

Through the following screens of the NYC Taxi & Limousine Commission's License Applications, Renewals & Summonses (LARS) system, you can update your personal information online.

Please have the following information available before you begin:

- Your current TLC issued license
- The last 5 digits of your EIN or SSN

Once you are ready, enter the required information below. Be sure to review the information you have entered **BEFORE** you select the "Search" button below. The information must match the details in our system or you will not be able to proceed. If you incorrectly enter the information three times, you will be locked out for an hour.

#### Street Hail Livery Search

**TLC Street Hail Livery Permit Number**

**Expiration Date of TLC Street Hail Livery Permit**

**Last 5 Digits of your EIN or SSN**  
 No dashes or spaces

Please check the box

I'm not a robot   
reCAPTCHA  
Privacy - Terms

SearchCancel

Exhibit 4-29 depicts a screen shot from an Oracle-based case management system designed specifically for federal, state, and local enforcement agencies responsible for protecting public safety. As CPUC systems are Oracle-based, TEB can consider this “commercial off the shelf” (COTS) system as a potential guide for the functionalities it will need to replace its current antiquated system. Note: Crowe modified several of the categories in the original screenshot to reflect transportation enforcement activities.

**Exhibit 4-29**  
**Example Screenshot from Oracle Siebel Case Management System for Justice and Public Safety**

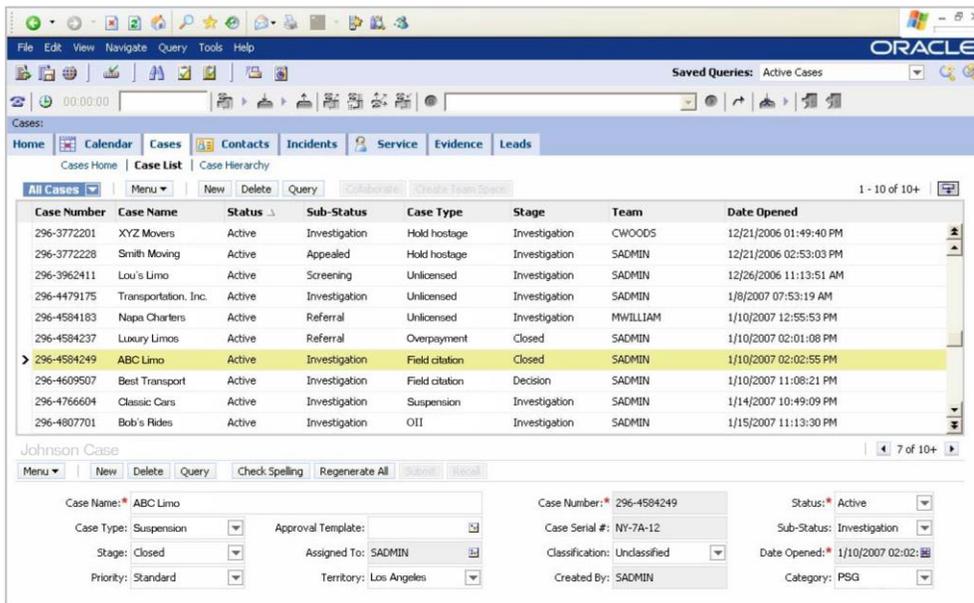
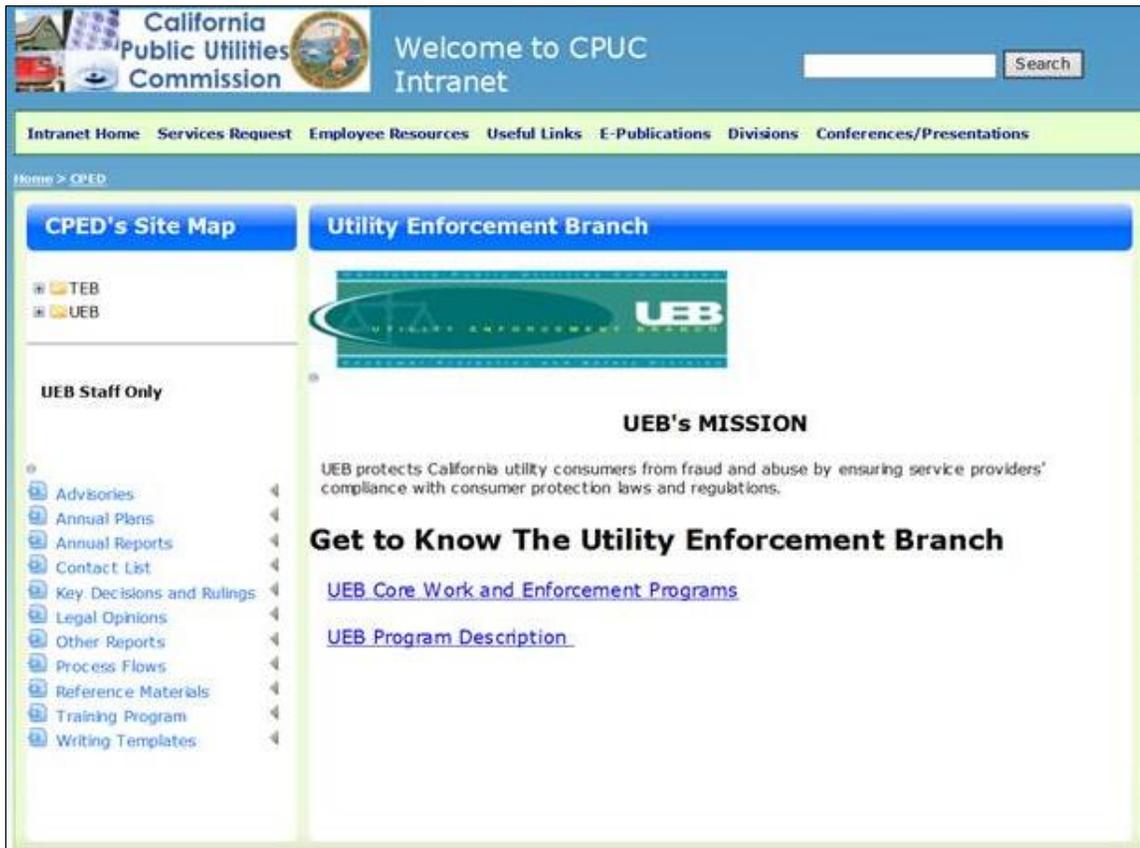


Exhibit 4-30 depicts a screenshot from the knowledge management site currently used by CPUC's Utility Enforcement Branch, which TEB can use as reference point when developing its own internal knowledge repository.

**Exhibit 4-30**  
**Screenshot from CPUC Utility Enforcement Branch Knowledge Management Site**



## D. Implementation Strategy

The 29 recommendations in this report vary in level of effort and length of time to implement. TEB has already begun implementing several of the recommendations. In addition, TEB and CPED management will begin implementing additional recommendations prior to finalization of the report. Some recommendations will primarily require management and staff time for planning and development. Other recommendations will require CPUC proceedings and/or legislation and will require additional time for planning, development, and approval.

Our general approach in this implementation strategy was to focus first on recommendations necessary to increase TEB staffing and revise its organizational structure. As we note previously, it is critical to recognize that simply increasing the number of TEB staff will not successfully address the Branch's current challenges. TEB should also focus on improving its structural processes and tools, which will enable the growing number of staff to do their jobs more effectively. We also recognize that the approval and hiring process will take some time. Thus, we have staggered the recommendations such that the process and tool improvements will begin as the hiring is taking place. This strategy timeline attempts to take into account staffing and supervisor time limitations that could slow the implementation of recommendations. It will be more effective for TEB to implement a few recommendations at a time, and gradually add new recommendations. Full implementation of these recommendations could take three years. As TEB moves ahead on specific recommendations, it might be necessary to reevaluate this timeline and make adjustments to reflect current program and/or implementation constraints.

### Quick Wins

Crowe identified the following 17 actions as "quick wins." These are actions that CPED/TEB can take within the next four months. These 17 actions consist of eight stand-alone recommendations from the 29 recommendations, and nine components of recommendations – for example, one or more of the steps within a larger recommendation can be taken as a quick win.

### Executive/Budget

1. E-1: Prioritize transportation oversight within CPUC
2. E-2: Provide funding and resources by authorizing funds and BCPs
3. B-1: Obtain authorization to increase funding to appropriate levels
4. E-3: Create a vision, mission, and strategic plan for the transportation program

### Management/Communication

5. M-1: Increase leadership alignment
6. Strategize and implement integrated leadership roles across the organization (within M-2)
7. M-3: Implement a communication strategy
8. M-5: Hold an annual all-staff off-site meeting
9. Communicate with staff regarding the classification shift from TA/ATR to PURA (within S-3)

### Staffing

10. S-4 Align tasks and responsibilities with appropriate job levels
11. Continue the ongoing effort to fill vacant positions (within S-2)

### Licensing and Processing

12. Reopen the phone line, starting on a limited basis and adding hours as staffing increases, to provide customer service to carriers (within L-1)
13. Hold in-person office hours to provide customer service to carriers; establish schedule for in-person office hours, such as one afternoon per week: 1 pm-5pm (within L-2)

14. Implement selected licensing processes improvements (within L-4)
  - Improve application/paperwork intake process
  - Improve equipment list update process
  - Shift responsibility for equipment update processing from office technicians to licensing analysts
  - Include equipment updates on the licensing work unit assignment chart
  - Implement quality control for data entry into TMIS
  - Initiate Branch-wide scanning effort to get all files scanned and categorized
  - Establish quality control process for scanning to ensure files are attached to proper carrier records
  - Establish timely scanning practices
  - Purchase high-quality, high-volume scanners
  - Purchase mail metering system for Los Angeles

#### **Enforcement**

15. Implement selected improvements to enforcement of unlicensed carriers (within EI-1)
  - Increase number of stings/strike forces
  - Increase staff autonomy in conducting investigations
16. Provide enforcement staff with credit cards to conduct stings (within EI-2)
17. Improve follow up on enforcement notices/letters sent (within EI-4)

**Exhibit 4-31** provides a potential implementation schedule for the 29 recommendations. The exhibit also identifies key objectives and dependencies between the implementation phases. For example, key objectives in the Quick Win – Immediate period include obtaining funding, prioritizing transportation within CPUC, aligning vision and leadership, and improving communication. These key actions are necessary in order to implement later recommendations such as hiring staff. Additional staff are necessary in order to implement many of the other recommendations such as improving processes, revising General Orders, and enhancing outreach.

It is important to note that many of the recommendations include multiple components that will require varying levels of implementation effort. In addition, the implementation timeline should be flexible and evolving to reflect actions external to TEB that will affect TEB's ability to implement. As illustrated in the exhibit, the licensing and enforcement recommendations should be implemented along the full timeline spectrum – starting immediately, and continuing through 2019. As TEB adds staff (management, analytical, and technical), laws and general orders are updated, and budgets are expanded, the Branch can gradually increase additional recommendations. Within the exhibit, we have listed the recommendations during the timeframe in which we feel the majority of implementation steps should be taken. We also identify specific steps that should be taken earlier (or later).

**Exhibit 4-31  
Recommendation Timeline**

Priority/Phase	Quick Win – Immediate	Critical Phase 1	Critical Phase 2	High Phase 3	Phase 4
<b>Time Period</b>	<b>February to June 2017</b>	<b>July to December 2017</b>	<b>January to December 2018</b>	<b>January to June 2019</b>	<b>July to December 2019</b>
<b>Key Objectives</b>	<ul style="list-style-type: none"> <li>Obtain funding (SFL)</li> <li>Prioritize transportation</li> <li>Align vision/leadership</li> <li>Communicate</li> <li>Improve licensing processes</li> <li>Improve enforcement processes/tools</li> </ul>	<ul style="list-style-type: none"> <li>Increase staff</li> <li>Restructure</li> <li>Change management</li> <li>Obtain funding (BCP)</li> <li>Update laws</li> <li>Improve licensing processes</li> <li>Improve enforcement processes/tools</li> </ul>	<ul style="list-style-type: none"> <li>Implement necessary policy changes (including GOs, decisions)</li> <li>Develop technologies and tools</li> <li>Expand internal and external training, outreach, and education</li> <li>Improve licensing processes</li> <li>Improve enforcement processes/tools</li> </ul>	<ul style="list-style-type: none"> <li>Improve licensing processes</li> <li>Improve enforcement processes/tools</li> </ul>	<ul style="list-style-type: none"> <li>Reevaluate staffing and funding needs</li> <li>Implement fund changes</li> <li>Improve licensing processes</li> <li>Improve enforcement processes/tools</li> </ul>
<b>Executive (E)</b>	<ul style="list-style-type: none"> <li><b>E-1</b> Prioritize transportation oversight within CPUC</li> <li><b>E-2</b> Provide funding and resources by authorizing funds and BCPs</li> <li><b>E-3</b> Create a vision, mission, and strategic plan for transportation program</li> </ul>	<ul style="list-style-type: none"> <li><b>E-2</b> Provide funding and resources by authorizing funds and BCPs</li> </ul>			
<b>Budget (B)</b>	<ul style="list-style-type: none"> <li><b>B-I</b> Obtain authorization to increase funding to appropriate levels</li> </ul>	<ul style="list-style-type: none"> <li><b>B-I</b> Obtain authorization to increase funding to appropriate levels</li> </ul>		<ul style="list-style-type: none"> <li><b>B-2</b> Create one TEB fund for passenger carriers and household goods carriers</li> </ul>	

**Exhibit 4-31**  
**Recommendation Timeline** *(continued)*

Priority/Phase	Quick Win – Immediate	Critical Phase 1	Critical Phase 2	High Phase 3	Phase 4
Time Period	February to June 2017	July to December 2017	January to December 2018	January to June 2019	July to December 2019
<b>Staffing, Job Structure and Work Prioritization (S)</b>	<ul style="list-style-type: none"> <li>• <b>S-4</b> Align tasks and responsibilities with appropriate job levels</li> <li>• Continue filling vacant positions</li> </ul>	<ul style="list-style-type: none"> <li>• <b>S-1</b> Develop a TEB organizational structure that supports more effective operations</li> <li>• <b>S-2</b> Hire staff to fill vacant positions and add additional staff to support effective operations</li> <li>• <b>S-3</b> Lateral all TEB transportation job classifications to PURA job series at the same time</li> <li>• <b>S-5</b> Provide training and knowledge resources to staff</li> </ul>	<ul style="list-style-type: none"> <li>• <b>S-2</b> Hire staff to fill vacant positions and add additional staff to support effective operations</li> </ul>		
<b>Management and Communication (M)</b>	<ul style="list-style-type: none"> <li>• <b>M-1</b> Increase leadership alignment</li> <li>• <b>M-3</b> Implement a communication strategy</li> <li>• <b>M-5</b> Hold an annual all-staff off-site meeting</li> <li>• Strategize and implemented integrated leadership roles</li> <li>• Communicate with regarding classification change to PURAs</li> </ul>	<ul style="list-style-type: none"> <li>• <b>M-2</b> Provide leadership and management training</li> <li>• <b>M-4</b> Institute organizational change management</li> </ul>	<ul style="list-style-type: none"> <li>• <b>M-5</b> Hold an annual all-staff off-site meeting</li> </ul>		<ul style="list-style-type: none"> <li>• <b>M-5</b> Hold an annual all-staff off-site meeting</li> </ul>

**Exhibit 4-31**  
**Recommendation Timeline** *(continued)*

Priority/Phase	Quick Win – Immediate	Critical Phase 1	Critical Phase 2	High Phase 3	Phase 4
Time Period	February to June 2017	July to December 2017	January to December 2018	January to June 2019	July to December 2019
<b>Licensing and Processing (L)</b>	Begin implementing quick win licensing and processing actions immediately; over time, and as staff and managers are hired, continue to implement additional aspects of recommendations. Licensing recommendations are listed in the time period where most of the activity should occur.				
	<ul style="list-style-type: none"> <li>• Reopen the phone line</li> <li>• Hold in-person office hours</li> <li>• Implement selected process improvements</li> </ul>	<ul style="list-style-type: none"> <li>• <b>L-1</b> Reinstate dedicated phone line for carriers</li> <li>• <b>L-3</b> Streamline regulations and carrier authority</li> </ul>	<ul style="list-style-type: none"> <li>• <b>L-2</b> Improve carrier outreach and education and service</li> <li>• <b>L-4</b> Improve licensing processes</li> <li>• <b>L-5</b> Create a licensing section in Los Angeles</li> </ul>		
<b>Enforcement and Investigation (EI)</b>	Begin implementing quick win enforcement and investigation actions immediately; over time, and as staff and managers are hired, continue to implement additional aspects of recommendations. Enforcement recommendations are listed in the time period where most of the activity should occur.				
	<ul style="list-style-type: none"> <li>• Implement selected improvements to enforcement of unlicensed carriers</li> <li>• Obtain credit cards for stings</li> <li>• Improve follow-up</li> </ul>	<ul style="list-style-type: none"> <li>• <b>EI-1</b> Improve enforcement of unlicensed carriers</li> <li>• <b>EI-3</b> Enhance current enforcement tools</li> </ul>	<ul style="list-style-type: none"> <li>• <b>EI-2</b> Introduce more powerful enforcement tools</li> <li>• <b>EI-4</b> Update and institute enforcement policies and procedures</li> <li>• <b>EI-5</b> Implement performance metrics that more effectively promote public safety</li> <li>• <b>EI-6</b> Improve collaboration with local district attorneys and law enforcement</li> </ul>		
<b>Technology (T)</b>		<ul style="list-style-type: none"> <li>• <b>T-1</b> Continue and prioritize development of TCP portal as part of eFast project</li> <li>• <b>T-3</b> Procure and implement a complaint and case tracking management system</li> </ul>	<ul style="list-style-type: none"> <li>• <b>T-2</b> Integrate external systems with eFast</li> </ul>		

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