

# OFFICE OF THE CITY AUDITOR

City and County of Honolulu  
State of Hawai'i



## Audit of the City's Abandoned and Derelict Vehicle Program

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A Report to the  
Mayor  
and the  
City Council of  
Honolulu

Report No. 07-01  
April 2007

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# **Audit of the City's Abandoned and Derelict Vehicle Program**

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City Council  
of Honolulu

Submitted by

**THE CITY AUDITOR**  
CITY AND COUNTY  
OF HONOLULU  
STATE OF HAWAII

Report No. 07-01  
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## Foreword

This audit was conducted pursuant to Resolution 06-003, *Requesting the City Auditor to Audit the City's Abandoned and Derelict Vehicles Program*, which was adopted by the Honolulu City Council on January 25, 2006. The resolution identified concerns that even after a vehicle is cited as abandoned, it may take several weeks to several months between the time of the citation and the time that the vehicle is actually towed, and that many residents have complained of persons removing parts from abandoned vehicles left in their neighborhoods and leaving the stripped and now derelict vehicle and its hazardous materials behind. This audit examined the effectiveness and efficiency of the city's abandoned and derelict vehicle program, assessed the adequacy of the city's contracts with a private tow contractor, and offers recommendations to improve abandoned and derelict vehicle operations and service to O'ahu's communities and residents.

We wish to express our appreciation for the cooperation and assistance provided to us by the staff of the Customer Services Department, the Honolulu Police Department, and others who we contacted during this audit.

Leslie I. Tanaka, CPA  
City Auditor



# EXECUTIVE SUMMARY

## ***Audit of the City's Abandoned and Derelict Vehicle Program***

Report No. 07-01, April 2007

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This audit was conducted pursuant to Resolution 06-003, *Requesting the City Auditor to Audit the City's Abandoned and Derelict Vehicles Program*, which was adopted by the Honolulu City Council on January 25, 2006. The resolution identified concerns that even after a vehicle is cited as abandoned, it may take several weeks to several months between the time of the citation and the time that the vehicle is actually towed, and that many residents have complained of persons removing parts from abandoned vehicles left in their neighborhoods and leaving the stripped and now derelict vehicle and its hazardous materials behind. This audit examined the effectiveness and efficiency of the city's abandoned and derelict vehicle program, assessed the adequacy of the city's contracts with a private tow contractor, and offers recommendations to improve abandoned and derelict vehicle operations and service to the citizens of Honolulu.

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### **Background**

State law establishes the city's authority to remove and dispose of abandoned and derelict vehicles. City ordinance lays the framework for the processing, storage, and disposing of abandoned and derelict vehicles. An *abandoned vehicle* is defined as any vehicle left unattended for more than 24 hours on a public highway, road, street, or thoroughfare. A *derelict vehicle* is defined as a vehicle where major parts have been removed, material damage has rendered it inoperable, and meets one of five criteria established by state law. The Customer Services Department's Motor Vehicle Control Section is responsible for administering the city's abandoned and derelict vehicle program. In addition, the Honolulu Police Department assists motor vehicle control by investigating abandoned and derelict vehicle complaints and identifying potential tows. During the period of FY2003-04 to FY2005-06, the city received 78,782 complaints about abandoned and derelict vehicles. The city towed 3,876 abandoned vehicles and 17,462 derelict vehicles during this three-year period. Additionally, the city sold 809 abandoned and unclaimed vehicles, and deposited proceeds of \$422,216 into the city's general fund.

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## Summary of Findings

1. The city's Motor Vehicle Control Section does not consistently tow abandoned vehicles from city streets within 14 work days, but is able to tow derelict vehicles within 15 work days. Reliance on paper-based, manual operations, outdated technology, poor coordination with the police department, and other operational deficiencies hamper the city's ability to effectively process abandoned and derelict vehicles. Motor vehicle control and the city's various tow contractors were not prepared for the influx of abandoned vehicles resulting from two recent law amendments. Motor vehicle control and the public could benefit from best practices from other jurisdictions.
2. Although the Honolulu Police Department investigates abandoned and derelict vehicles, motor vehicle control does not use police department investigation data in processing abandoned and derelict vehicles. As a result, these vehicles may remain an additional week longer before removal. Motor vehicle control's duplication of the police department's abandoned vehicle investigations contributes to process inefficiencies, wasting time and resources. The lack of coordination between the police department and motor vehicle control must be resolved if the city is to benefit from the police department's volunteer policing program.
3. The city generally adhered to contracting best practices in its abandoned and derelict vehicle contracts, but lapses in monitoring and evaluation adversely impact their effectiveness. The city's abandoned and derelict vehicle contractor has not fully adhered to contract terms and motor vehicle control failed to enforce key contract provisions. Certain elements lacking in the city's abandoned vehicle contract warrant consideration.

### **Finding 1: Significant Operational Deficiencies Delay the Removal of Abandoned and Derelict Vehicles, Leaving Most for Nearly a Month**

- Abandoned vehicles are not consistently towed from city streets within 14 work days as established by motor vehicle control. We tested a statistically valid, random sample of 96 abandoned vehicle complaint reports filed between FY2003-04 and FY2005-06 and found that abandoned vehicles were towed an average of 23.4 work days from the date the complaint was filed until the vehicle was

towed. Motor vehicle control had abandoned vehicles removed within 14 work days only 37 percent of the time.

- Derelict vehicles are generally towed within 15 work days as established by motor vehicle control, but inspector delays slow down the process. We tested a statistically valid, random sample of 96 derelict vehicle complaint reports filed between FY2003-04 and FY2005-06 and found that derelict vehicles were towed an average of 12.4 work days from the date the complaint was filed until the vehicle was towed. Motor vehicle control had derelict vehicles removed within 15 work days 77 percent of the time. However, our test also revealed that motor vehicle control inspectors failed to investigate a derelict vehicle within five work days 34 times, or 35 percent of the time. In these 34 instances, the average time it took inspectors to investigate a derelict vehicle was nearly 20 work days.
- Motor vehicle control has not accurately tracked abandoned and derelict vehicle complaints for years. We found that motor vehicle control does not log all complaints into its database; rather it logs only those complaints that resulted in an actual tow. We also found that clerks did not input any cases into its database between February and September 2006. Hundreds of unrecorded abandoned and derelict vehicle reports lay in boxes. Motor vehicle control administrators blame inexperienced staff and staff shortages for the backlog. As a result, motor vehicle control had no accurate account of its complaint inventory.
- Not all complaints are handled equally. The speed at which an abandoned and derelict vehicle complaint is addressed, and ultimately the timeframe for towing a vehicle may depend on who the public contacts and files the initial complaint. Complaints filed through the mayor's Document and Record Tracking (DART) system or a councilmember's office receives top priority, sometimes at the expense of complaints filed with motor vehicle control directly. Complaints made directly through the police department are likely to take longer.
- Motor vehicle control relies on paper-based, manual processes and antiquated technology. Nearly all internal and external transactions are recorded manually. Public complaints filed with motor vehicle control are recorded on paper forms and transmitted to inspectors for investigation. Because complaints are not recorded into the

database until after a tow is made, the single, paper complaint is at high risk for loss. Also, motor vehicle control utilizes various, stand-alone information systems and incompatible software. The department is in the process of upgrading to web-based technology to resolve long-standing inefficiencies.

- Inefficient auction practices backlog tow lots, delay towing, and affect potential city revenues. Timely processing of vehicles for public auction is important because unless vehicles can be sold or junked, they must remain on the lot, which may prevent other vehicles from being towed and stored. Because of poor recordkeeping, motor vehicle control has no accurate record of abandoned vehicles and is unable to prepare aging reports to determine how long vehicles have been on the tow contractor's lot awaiting auction. We found that the lack of staff contributed to delays in processing cars for auction and that delays may adversely impact sales of auctioned vehicles.
- Weak internal controls put the tow contractor in charge of vehicle inventory. We found that motor vehicle control does not maintain an accurate, updated list of outstanding vehicles that are eligible for auction, but not yet scheduled. In practice, motor vehicle control will wait for the tow contractor to initiate action on outstanding vehicles, rather than taking its own action. As a result, motor vehicle control does not have full knowledge of and control over the abandoned vehicles under its jurisdiction.
- Extended leaves of absence shifts workload burden to remaining inspectors. We found that four of 15 motor vehicle inspectors were out on sick, industrial, or military leave exceeding 100 work days between July 1, 2003 and June 30, 2006, with one inspector on various leaves for over 700 work days during our three-year review period. During these long-term absences, other inspectors are required to take on added responsibilities and stretch motor vehicle resources.
- Incomplete and inaccurate information provided by external sources wastes motor vehicle control staff time. We found that complaint information provided by the public is oftentimes too vague to conduct a proper investigation. Redundant complaints about the same vehicle wastes inspectors' time. Incomplete information provided by tow contractors also slows down the process.



- Two recent changes in the law adversely impacted the abandoned and derelict vehicle programs. We found that an amendment in state law, which was the result of a lawsuit, increased the volume of abandoned vehicles. We also found that a change in city ordinance designed to address nuisance vehicles has limited effectiveness due to tow contractors' lot capacity and inconsistent enforcement.
- Unsold auctioned vehicles have not been offered to automotive equipment services as required by city ordinance.
- Best practices from other jurisdictions offer efficiency alternatives. We found that some jurisdictions utilize web-based applications to provide vehicle status to the public and enable electronic complaint submissions. Other jurisdictions employ other technology and efficiency measures to streamline towing operations.

**Finding No. 2: Lack of Coordination Between Police Department and Motor Vehicle Control Contributes to Process Inefficiencies**

- Police department investigations can add nearly a week to the towing process. Our review indicated that it takes the Honolulu Police Department 6.6 calendar days from the time an officer initiates an investigation to the time the officer notified motor vehicle control. Mayor's DART requests sent to the police department directly may take longer since they are not reported via 911 or immediately integrated into the officer's daily workload.
- Motor vehicle control's duplication of police investigations contributes to process inefficiencies and wastes city time and resources. Motor vehicle control reinvestigates all police complaints. Motor vehicle control's time-consuming reinvestigation practice may be unnecessary. Incomplete, illegible complaint reports submitted by police officers take time to research.
- Lack of coordination between motor vehicle control and the police department allows inefficiencies to continue. Motor vehicle control and police department lack effective communication, and motor vehicle control's proposed technology upgrade lacks police department linkage. The upcoming volunteer policing program requires coordination to achieve efficiencies.

### **Finding No. 3: City's Contracts to Tow Abandoned and Derelict Vehicles are Generally Adequate, But the Lack of Enforcement Renders Them Ineffective**

- The city's contract terms are generally acceptable, but lapses in monitoring render the contracts ineffective. We found that motor vehicle control did not actively monitor its contracts or consistently evaluate its contractor for compliance.
- We found that the contractor did not always tow abandoned vehicles within specified time limits, adhere to tow operating hours for towing abandoned and derelict vehicles, or consistently post after-hours contact information or fees for the public as required by contract. In addition, the contractor did not post the rate schedule for vehicle claimants and failed to secure abandoned vehicles as required.
- Motor vehicle control failed to enforce key contract provisions. We found that motor vehicle control has assessed liquidated damages for contract violations only twice between July 1, 2003 and June 30, 2006, and failed to enforce towing fee forfeiture provisions. Based on the violations we identified, the city failed to collect an estimated \$654,748 in liquidated damages and fee forfeitures.
- The city's abandoned vehicle contract could be improved with stronger hazardous waste disposal provisions.

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## **Recommendations and Responses**

We made several recommendations to the Customer Services Department to improve its effectiveness and efficiency in removing abandoned and derelict vehicles. We also made recommendations to the Honolulu Police Department for improving its communication and coordination with the city's Motor Vehicle Control Section. Specifically, we recommended that the Customer Services Department ensure that motor vehicle control promptly and accurately document all abandoned and derelict vehicle complaints for tracking and disposition purposes. We also suggested that the department ensure that abandoned and derelict vehicles are towed within 14 work days and 15 work days, respectively. In addition, we recommended that the department continue to work with the information technology department on prioritizing and implementing technology upgrades and upgrading motor vehicle control's website. We also recommended that the department establish formal,

up-to-date policies and procedures for abandoned and derelict vehicle processing, contract monitoring, and enforcement. The department should also consider advanced technologies and best practices of other jurisdictions in streamlining its operations and improving efficiency. We recommended that the department seek temporary hires for inspectors out on long-term leaves of absence. Additionally, the department should offer the city's automotive equipment services division unsold auctioned vehicles as required by city ordinance. We also recommended that the department eliminate duplicative vehicle investigations by coordinating with the police department to use investigation data already captured and working with corporation counsel to help address any legal issues applicable to vehicle reinvestigations. The department should also initiate periodic meetings with the police department and applicable tow contractors to address issues as appropriate. Finally, we suggested that the department consistently enforce all contract terms and provisions contained in abandoned and derelict vehicle contracts, implement regular contract monitoring and evaluation procedures, and include stronger hazardous waste disposal provisions in all future abandoned and derelict vehicle contracts.

We also recommended that the police department work with the customer services and information technology departments to consider implementing electronic and web-based applications to transmit abandoned vehicle complaint investigations to motor vehicle control. The police department should also consult and coordinate with customer services on the upcoming volunteer policing program's abandoned vehicle investigation duties and responsibilities. Finally, the police department should work with customer services department administrators and the city council to improve compliance with Ordinance 06-11, 2006.

In its response to our draft report, the Honolulu Police Department expressed general agreement with the audit findings and noted that the department would comply with audit recommendations. The department further commented that it would work toward increasing community satisfaction in removing abandoned and derelict vehicles from city roadways.

The Department of Customer Services also expressed general agreement with our audit findings and recommendations. The department affirmed prior knowledge of several problems with the abandoned and derelict vehicle program before the audit draft was released, and that it had already begun implementing a corrective action plan. The department

provided a summary of the initiatives it has taken in recent months, many of which address our audit findings. We commend the department for its quick and appropriate action. The department also provided clarifying information on several issues raised in the draft audit report. However, the department took issue with our assertion that abandoned and derelict vehicle complaints generated from the mayor's office or city councilmembers are given priority over others, and that our report overlooked the fact that those complaints were already screened by those offices prior to motor vehicle control's receipt. We disagreed, noting that interviews with motor vehicle control staff revealed that complaints forwarded by the mayor or councilmembers received priority.

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# Chapter 1

## Introduction

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This audit was conducted pursuant to Resolution 06-003, *Requesting the City Auditor to Audit the City's Abandoned and Derelict Vehicles Program*, which was adopted by the Honolulu City Council on January 25, 2006. In adopting this resolution, the council expressed concern that even after a vehicle is cited as abandoned, it may take several weeks to several months between the time of the citation and when the vehicle is actually towed. The council also noted that many residents have complained of persons removing parts from abandoned vehicles left in their neighborhoods, leaving the stripped and now derelict vehicle and its hazardous materials behind. These unsightly vehicles create an unsafe environment and attract criminal activities, which place those living in the neighborhood at risk.

The purpose of the resolution was for the city auditor to objectively review, evaluate, and make recommendations to improve the city's abandoned and derelict vehicles program. Through Resolution 06-003, the council requested the city auditor to address, but not be limited to, the following issues:

1. The overall efficiency of current Customer Services Department (CSD) staffing to log and process complaints, investigate vehicles, monitor, administer, and enforce the abandoned and derelict vehicles program;
2. Determining how long it actually takes and how long it should take for vehicles to be ticketed and removed;
3. Whether the terms of the city tow contracts need to be altered to provide for more timely towing of cited vehicles;
4. Whether the private tow companies contracted by the city are adhering to the terms of their contracts;
5. What can be done to make the city's abandoned and derelict vehicles program more effective and efficient;
6. Whether improvements need to be made in the storage and disposal of abandoned and derelict vehicles;

7. Whether alternatives are available to address the backlog of abandoned and derelict vehicles that are not being promptly removed (i.e. allowing HPD to call the tow company to remove abandoned vehicles);
8. Whether CSD and HPD's process of investigating and citing abandoned and derelict vehicles are duplicative and can be streamlined; and
9. Whether state or county legislation should be introduced to address any problems found in the audit.

This report examined these and other issues related to the efficient processing of abandoned and derelict vehicles. Our analyses and subsequent recommendations are intended to provide the city council and administration with useful information in making future decisions about the city's abandoned and derelict vehicle program.

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## Background

State law establishes the city's authority to remove and dispose of abandoned and derelict vehicles. City ordinance lays the framework for the processing, storage, and disposing of abandoned and derelict vehicles. An *abandoned vehicle* is defined as any vehicle left unattended for more than 24 hours on a public highway, road, street, or thoroughfare. A *derelict vehicle* is defined as a vehicle where major parts have been removed, material damage has rendered it inoperable, and meets one of five criteria established by state law. Recent changes in state law and city ordinance have sought to address problems with the efficient removal of abandoned and derelict vehicles from city streets.

### ***State law governs the processing of abandoned and derelict vehicles***

Chapter 290, Hawai'i Revised Statutes (HRS), "Vehicles Abandoned on Public and Private Property," authorizes county governments to take into custody, and dispose of, abandoned and derelict vehicles. The statute establishes requirements for written notification to legal and registered owners of abandoned vehicles, repossessions, public auction procedures, disposition of auction proceeds, and other related requirements. In addition, Section 286-51, HRS, "Highway Safety", authorizes the county to assess a fee of not more than \$1 for each certificate of registration for a rental motor vehicle and a fee of up to \$5 for each certificate of registration for all other motor vehicles to defray

the additional cost in the disposition and other related activities of abandoned or derelict vehicles.

***City ordinance authorizes storage and disposal of vehicles***

Through enabling state legislation, city ordinance lays the framework for processing, storing, and disposing of abandoned and derelict vehicles. The city’s Traffic Code, Chapter 15, Revised Ordinances of Honolulu (ROH), establishes the circumstances that Honolulu Police Department officers and Customer Services Department employees are authorized to remove vehicles from streets, highways, and pedestrian malls, and store them in designated areas.

***Abandoned and derelict vehicles defined***

City ordinance defines an “abandoned vehicle” as any vehicle left unattended for more than 24 hours on a public highway, which encompasses the entire width between the property lines of every publicly-owned and maintained way when any part is open to the use of the public for vehicle travel, or any private street, highway, or thoroughfare which has been used continuously by the public for six months. State law requires that the city immediately notify the legal or registered owner, via registered or certified mail, that their vehicle has been towed. If the vehicle is not repossessed within ten days, the vehicle shall be disposed of by public auction, oral tenders, or by sealed bids, after placing an advertisement in a newspaper of general circulation. The vehicle owner may repossess the car prior to the auction upon payment of all towing, handling, storage, appraisal, advertising, and any other expenses incurred in connection with the vehicle.

State statute defines a “derelict vehicle” as a vehicle where major parts have been removed or material damage has rendered it inoperable and one of the following conditions exists:

1. The vehicle is registered for the current registration period and the registered and legal owners no longer reside at the addresses on record with the county director of finance;
2. The vehicle has been registered for the current or previous registration period and the registered and legal owners disclaim ownership;
3. The vehicle identification number and license plates have been removed so as to nullify efforts to locate or identify the current registered and legal owners;

4. The vehicle has not been registered for the current or previous registration periods; or
5. The vehicle registration records of the county director of finance contain no record that the vehicle has been registered in the county.

Unlike abandoned vehicles, derelict vehicles may be immediately disposed of or sold as junk without having to comply with vehicle owner notification, advertisement, and public auction requirements.

***Recent changes to state law and city ordinance enacted to address abandoned and derelict vehicle problems***

Prior to 2006, state law established that one of the criteria used to deem a vehicle as a derelict was that the vehicle was ten model years or older. In 2006, Act 147 deleted this criteria because the legislature found that the law allowing disposal of a derelict vehicle without notice to the owner because the vehicle was ten model years or older was ruled unconstitutional by a Hawai'i U.S. district court judge. While this change was not intended to improve the abandoned and derelict vehicle process, it did have a significant impact, which is discussed later in this report.

Also in 2006, recognizing that the process for removing abandoned vehicles can be a time-consuming and onerous task, the city enacted Ordinance 06-13, which authorized the police and customer services departments to remove abandoned vehicles from public areas more efficiently. Specifically, this ordinance allowed police officers and customer services employees to remove any vehicle left unattended or parked on any public street, road, or highway, when the vehicle met any one or more of the following conditions:

1. No valid vehicle registration emblem or an expired vehicle registration emblem;
2. No valid sticker affixed certifying a certificate of inspection as required by state law or an expired certificate of inspection sticker; or
3. No valid license plates.



## **Customer Services Department's Motor Vehicle Control Section is Responsible for Removing and Processing Abandoned and Derelict Vehicles**

The Customer Services Department's Motor Vehicle Control Section is responsible for the city's abandoned and derelict vehicle program. The Motor Vehicle Control Section is also responsible for managing the city's two contracts with a private tow contractor to remove, store, and dispose of abandoned and derelict vehicles as well as other responsibilities. From FY2003-04 to FY2005-06, motor vehicle control towed an average of 1,292 abandoned vehicles per fiscal year and an average of 5,821 derelict vehicles per fiscal year. Appropriations from the city's general and highway beautification funds support the city's abandoned and derelict vehicle program. In addition, sales of abandoned and unclaimed vehicles from FY2003-04 to FY2005-06 contributed \$422,216 to the city's general fund.

### ***Motor vehicle control responsibilities***

The Motor Vehicle Control Section manages the city's abandoned and derelict vehicle contracts, both of which were awarded to Abe's Auto Recyclers Inc., in 2003 and 2001, respectively. Motor vehicle control also manages the abandoned and derelict vehicle program. In addition to abandoned and derelict vehicle removal, motor vehicle control is responsible for several other duties unrelated to abandoned and derelict vehicles.

#### **Section manages abandoned and derelict vehicle contracts**

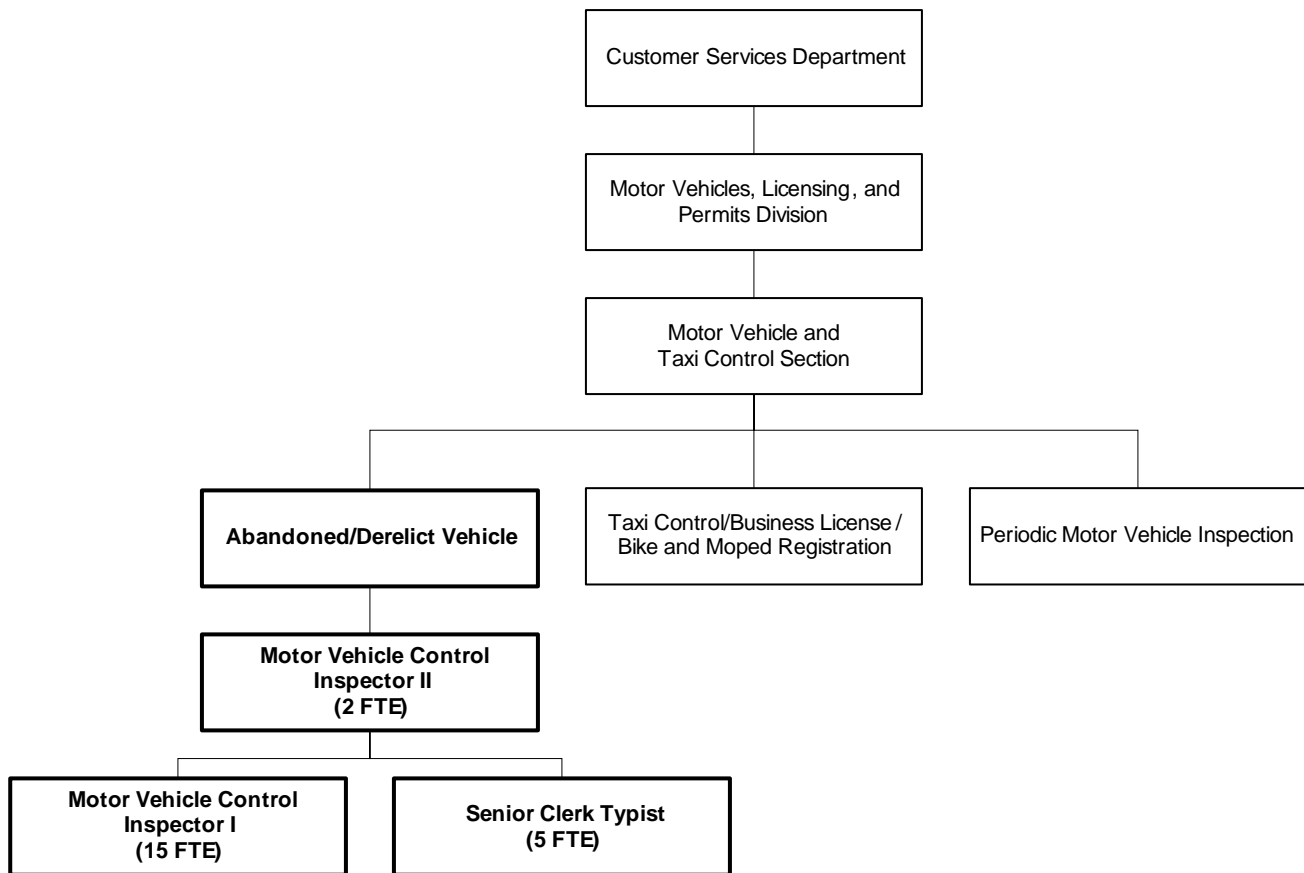
During our review period of FY2003-04 to FY2005-06, the city managed separate contracts for towing abandoned and derelict vehicles. Since February 1, 2003, the city contracted Abe's Auto Recyclers, Inc. (Abe's) to tow abandoned vehicles. Abe's also had the city's contract to dispose of derelict vehicles, which covered the period of December 2001 through December 2004. Since then, Abe's contracts for abandoned and derelict vehicles have been extended on a month-to-month basis through our review period ending June 30, 2006.

#### **Motor vehicle control's abandoned and derelict vehicle program**

The Motor Vehicle Control Section administers the city's abandoned and derelict vehicle program. The abandoned and derelict vehicle program is staffed by 22 employees: two administrative staff positions, five clerks, and 15 motor vehicle control inspectors. Clerks and administrative staff work out of a trailer-type structure in Kapahulu, while the section's inspectors are based at leased commercial office space in City Square, located on Dillingham Boulevard.

Motor vehicle control inspectors conduct field investigations of abandoned and derelict complaints, inventory and conduct auctions of unclaimed vehicles, and investigate violations of city contracts involving towing operations. Inspectors are assigned to geographic sections corresponding to police department beats on the island of O‘ahu. Motor vehicle control clerks receive and process complaints and prepare various reports related to abandoned and derelict vehicle activities. Exhibit 1.1 displays the program’s organizational chart.

**Exhibit 1.1**  
**Customer Services Department, Abandoned and Derelict Vehicle Program Organizational Chart**



Source: Motor Vehicle, Licensing and Permits Division, Customer Services Department

**Section also performs duties unrelated to abandoned and derelict vehicles**

In addition to administering the abandoned and derelict vehicle program, the Motor Vehicle Control Section performs several other duties. Motor vehicle control inspectors also administer the periodic motor vehicle inspection program, enforce window tinting and reconstructed vehicle laws, ensure compliance with the laws relating to the operation of taxicabs and pedicabs, investigate complaints against the city's tow contractors, and inspect tow contractors' equipment and facilities for compliance with contractual provisions. Inspectors we spoke with estimate that they generally spend approximately five to six hours per day investigating abandoned and derelict vehicles. However, due to other duties they need to perform, one inspector estimated that he spends only 15 work days per month investigating abandoned and derelict vehicles.

We interviewed entry-level and experienced inspectors and asked them to profile a typical month of a motor vehicle control inspector, by identifying how much time is spent on the various duties assigned to inspectors. Exhibit 1.2 details a typical monthly workload of a motor vehicle inspector.

## Exhibit 1.2 Motor Vehicle Inspector Workload Profile

Question—On a monthly basis, approximately how many hours/days are spent on:

	<i>Inspector 1 (15 years)</i>	<i>Inspector 2 (4 months)</i>	<i>Inspector 3 (15 years)</i>
<b>Investigating abandoned and derelict vehicles?</b>	5-6 hours per day	15 days per month	6 hours per day
<b>Unclaimed vehicle investigations?</b> These are vehicles towed by HPD that have not been claimed for 24 hours or more.	2-3 days per month	2 days per month	2-4 hours per month
<b>Reclassifications?</b> These are vehicles towed by an HPD tow contractor that have not been claimed for 24 hours or more and is a potential “derelict.”	3 days per month	1 day per month	6 hours per month
<b>Auctions?</b> MVC inspectors conduct public auctions of abandoned and unclaimed vehicles.	2-3 hours per month	1-2 days per month	2-3 hours per month
<b>Taxi-cab investigations and enforcement?</b> MVC inspectors investigate taxicab drivers that fail to comply with business licensing requirements.	8-10 hours per month	Not yet trained	2-3 hours per month
<b>Taxi dome light inspections?</b> MVC assigns one inspector daily to conduct taxi dome light inspections at the Kapahulu site.	8 hours per month	8 hours per month	8 hours per month
<b>Tow wagon complaints?</b> Complaints, filed against all tow operators island-wide are investigated by MVC inspectors.	12 hours per month	Not yet trained, but started three cases	2-3 hours per month
<b>Research?</b> Occasionally, an MVC inspector will conduct research at the Real Property office to identify property ownership and boundaries.	2 hours per month	2 hours per month	4 hours per month
<b>Court appearances?</b> Occasionally, MVC inspectors will appear in court to testify in contested tow cases.	2 appearances per month	4 hours per month	Rarely

Note: HPD – Honolulu Police Department  
MVC – Motor Vehicle Control

Source: Office of the City Auditor, based on interviews with select motor vehicle control inspectors

In addition to the typical duties that a motor vehicle control inspector might encounter on a monthly basis, there are other recurring duties performed throughout the year:

**Tow wagon/tow lot inspections.** Generally, each inspector should conduct a quarterly inspection to ensure that all tow operators are complying with state law and city ordinance in its fleet, equipment, and operations. However, due to staff shortages and work backlog, inspectors have not been making quarterly checks. According to motor vehicle control administrators, the last time inspectors conducted inspections was March 2005.

**Taxi cab inspections.** By law, the city must inspect each of O‘ahu’s estimated 1,200 taxicabs annually in order for taxicab companies to renew or receive a business license. For a period of about six weeks toward the end of each calendar year, motor vehicle control will assign at least two inspectors at motor vehicle control’s Kapahulu site for half-day shifts to conduct these inspections.

**Special sweeps.** These sweeps, usually requested by city administration, involve all motor vehicle control inspectors to investigate abandoned and derelict vehicles in a specific area. A veteran inspector we spoke with stated that during FY2003-04 to FY2005-06, he participated in six special sweeps, each lasting one day.

This workload profile reveals that only a portion of an investigator’s time is spent out in the field investigating abandoned and derelict vehicle complaints. Clearly, investigators are not available to investigate abandoned and derelict vehicle complaints all day, every day, of a typical work week.

***Abandoned vehicles should be towed within 14 work days; derelict vehicles within 15 work days***

According to motor vehicle control’s procedures, an abandoned vehicle should be towed within 14 work days from receipt of complaint and a derelict vehicle should be towed within 15 work days from receipt of complaint. These timeframes include processing time for motor vehicle control to close out the complaint. Given all the duties currently assigned to motor vehicle control inspectors and their various responsibilities, these established timeframes appear to be reasonable.

The process for investigating a suspected abandoned or derelict vehicle starts with a complaint reported to the: 1) Honolulu Police Department, 2) Motor Vehicle Control Section directly, 3) mayor or city council member, or 4) an on-line complaint through the city’s Customer Services Department’s “Have a Problem to Report?” website.



All abandoned vehicle complaints filed with the police department, mayor, and council are ultimately forwarded to motor vehicle control for processing. Based on the location of the vehicle, the complaint is assigned to an inspector for investigation. Motor vehicle control's investigation includes physically locating the suspected vehicle, marking its tires, affixing a notice to the vehicle, and gathering other pertinent information. The inspector will return to check the car after a minimum period of 24 hours, but generally within three days, to determine if the vehicle has been moved. If the vehicle has not been moved, an abandoned vehicle report is completed and the tow contractor is notified to tow the vehicle. Upon notification, the tow contractor has three days to tow an abandoned vehicle and five days to tow a derelict vehicle. Extra time is allotted to tow a derelict vehicle because the vehicles are oftentimes in such poor condition that special equipment may be needed for removal. After the vehicle is towed, motor vehicle control gives the tow contractor an additional three days to report the status of the towed vehicle so that the files can be closed and the auction process initiated. Exhibit 1.3 illustrates the abandoned and derelict vehicle workflow process.



**Abandoned and derelict vehicles processed**

According to motor vehicle control records, during the period of FY2003-04 to FY2005-06, the city received an average of 26,261 complaints each fiscal year about abandoned and derelict vehicles. Of that amount, an average of 9,989 vehicles, or 38 percent, were moved by the owner and subsequently were not towed by the city. During the same three-year period, the city removed an average of 5,821 derelict vehicles. Exhibit 1.4 details the number of abandoned and derelict vehicles towed by the city, by fiscal year, from FY2003-04 to FY2005-06:

**Exhibit 1.4  
Abandoned and Derelict Vehicle Statistics  
FY2003-04 to FY2005-06**

	<i>FY2003-04</i>	<i>FY2004-05</i>	<i>FY2005-06</i>	<i>3-Year Total</i>	<i>3-Year Average</i>
No. of vehicle complaints logged	33,424	28,037	17,321	78,782	26,261
No. of vehicles moved by owner	23,447	5,359	1,162	29,968	9,989
<b>ABANDONED VEHICLES</b>					
No. of abandoned vehicles removed by the city	1,805	948	1,123	3,876	1,292
<b>DERELICT VEHICLES</b>					
No. of derelict vehicles removed by the city	6,126	8,914	2,422*	17,462	5,821
<b>ABANDONED VEHICLES CLAIMED BY OWNER</b>					
Abandoned vehicles claimed	207	116	71	394	131

Note: \*As of 6/30/06, there were 153 derelict vehicles waiting to be removed and 5,992 derelict vehicles waiting to be checked by motor vehicle control.

Source: Department and Agency Reports, FY2003-04 and FY2004-05; and Customer Services Department, Motor Vehicle Control Section

**Budget**

At the time this report was drafted, we were unable to obtain revenue, expenditure, and funding sources specific to the Motor Vehicle Control Section's abandoned and derelict vehicle program.

**Sales of abandoned and unclaimed vehicles generate city revenues**

As noted previously in this report, state law authorizes the city to sell abandoned vehicles and unclaimed vehicles from police department tow contractor lots at public auction. The law also specifies that proceeds from vehicle sales shall be deposited into the county's general fund. Neither motor vehicle control nor the police department receive direct proceeds from the sales of these vehicles.

During FY2003-04 to FY2005-06, motor vehicle control sold 809 abandoned and unclaimed vehicles, and deposited \$422,216 into the city's general fund. Exhibit 1.5 details abandoned and unclaimed vehicle sales revenue for FY2003-04 to FY2005-06:

**Exhibit 1.5**  
**Abandoned and Unclaimed Vehicle Sales**  
**FY2003-04 to FY2005-06**

	<b>FY2003-04</b>	<b>FY2004-05</b>	<b>FY2005-06</b>	<b>3-Year Total</b>
Revenues from abandoned vehicles (Abe's Auto Recyclers)	\$42,540	\$7,700	\$18,150	\$68,390
Revenues from unclaimed vehicles (HPD tow contractors)	\$161,701	\$82,075	\$110,050	\$353,826
Total revenues deposited into the city's general fund	\$204,241	\$89,775	\$128,200	\$422,216

Source: Customer Services Department, Motor Vehicle Control Section

**Honolulu Police Department Investigates Abandoned and Derelict Vehicles**

City ordinance authorizes the police department to remove abandoned vehicles from city streets. Police department policy incorporates this authority, but the department only investigates and reports abandoned vehicles to the Motor Vehicle Control Section. The police department has its own tow contractors remove vehicles that are not deemed abandoned. Prior to 1979, motor vehicle control functions were under the police department's administration, but those duties now rest with the

Customer Services Department. A volunteer policing program within the police department was established in 2003 to help the department with its abandoned vehicle investigations.

***Police department procedures authorize officers to investigate and report abandoned vehicles to motor vehicle control***

City ordinance authorizes the police department to remove, or cause to be removed, abandoned vehicles from streets, highways, or pedestrian malls. This authorization is incorporated into the police department's traffic operations policy. When an abandoned vehicle complaint is received, a beat officer is assigned to conduct an appropriate investigation. If the vehicle appears to be abandoned, the officer will initiate an abandoned vehicle check by marking one of the vehicle's tires with a yellow crayon and noting the date and time of the marking. If the vehicle remains at the same location for more than 24 hours after the initial check, the officer will cite the vehicle, complete an abandoned vehicle worksheet, and fax the worksheet to motor vehicle control in a timely manner. It is important to note that police officers do not order tows of abandoned vehicles. Abandoned vehicles are towed only with the authorization of motor vehicle control and by a specific tow company contracted by the city.

***Police department has its own tow contractors for tows unrelated to abandoned vehicles***

The police department does not tow abandoned vehicles; instead, they investigate, cite, and notify motor vehicle control about potential abandoned vehicles. Additionally, the police can tow vehicles that are violating traffic law (i.e. vehicle parking in a tow away zone or parked in front of a fire hydrant), or pose a risk to public safety (i.e. vehicle parked on a sidewalk and impeding pedestrian traffic, vehicles involved in an accident, or vehicles left on the side of a highway). In order to facilitate these tows, the police department manages contracts with several private tow companies throughout the island.

***Police department had abandoned and derelict vehicle responsibility prior to 1979***

According to motor vehicle control administrators, prior to 1979, the Motor Vehicle Control Section was operated by the police department. In 1979, the section was separated from the police department and placed with the former Department of Finance. From the finance department, motor vehicle control was then moved to the Customer Services Department, where it remains today. The motor vehicle control administrator we spoke with stated that as part of the "deal" that allowed motor vehicle control to separate from the police department, motor vehicle control retained responsibility for some of the functions pertaining to police tows.



Currently, motor vehicle control performs many duties related to police department tows:

- Motor vehicle control is required to mail notices to all registered owners whose vehicles have been towed, including vehicles towed by the police department.
- Police department tow contractors that remove a vehicle, which remains unclaimed for 24 hours, must notify motor vehicle control. If these vehicles go unclaimed, motor vehicle control must reclassify these cars as “abandoned” or “derelict”. For abandoned vehicles, motor vehicle control inspectors must inventory the vehicle and process it for public auction. Derelict vehicles can be disposed of by the tow contractor immediately.
- Motor vehicle control staff must process, advertise, and conduct public auctions of abandoned and unclaimed vehicles, including those on police department tow lots. During FY2003-04 to FY2005-06, motor vehicle control processed and auctioned 8,744 unclaimed vehicles from police department tow contractor lots.

A motor vehicle control administrator we spoke with estimated that approximately 75 percent of the agency’s workload is police department-related.

***Volunteer police force established to assist with abandoned and derelict vehicles***

In response to on-going complaints and interest in focusing police officers on public safety responsibilities, the city enacted Ordinance 03-40 in 2003. This ordinance established a volunteer policing program within the Honolulu Police Department that would recruit citizen volunteers to assist in the enforcement of certain city and state laws related to abandoned and derelict vehicles, parking, including disabled parking, and other related laws. Although the police department has secured positions to manage the program, as of December 2006, the program is not yet operational.

According to human resources department staff, considerable dialogue took place between the police, budget and fiscal services, and human resources departments right after the ordinance was passed, but human resources did not formally receive the request for positions from the police department until October 2006. Program funding was available as early as FY2005-06, but the program lacked final position

classification and approval from the human resources department. In November 2006, human resources authorized the police department to fill three officer positions and one sergeant position to administer the volunteer policing program.

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## Audit Objectives

1. Assess the effectiveness and efficiency of the city's abandoned and derelict vehicle program.
2. Determine if the terms of the city's contract with a private tow company are adequate to ensure maximum efficiency and effectiveness.
3. Make recommendations as appropriate.

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## Scope and Methodology

We focused our review on the city's processing and disposal of abandoned and derelict vehicles between July 1, 2003 and June 30, 2006. We reviewed policies, procedures, and practices to determine compliance with current state law and city ordinances. We reviewed abandoned and derelict vehicle reports, processing procedures, and position descriptions. We requested budget information specific to motor vehicle control, but a customer services administrator explained that it did not maintain budget data specific to motor vehicle control. We tested random, statistically-valid samples of abandoned and derelict vehicle complaints filed with motor vehicle control to determine how long it takes from the time the complaint is made to the date when the vehicle is towed. We also tested a sample of abandoned vehicle complaints investigated by the police department to determine how long it takes from the time the police officer investigates a complaint to the time the officer advises motor vehicle control of the vehicle's status.

We examined policies and procedures established by motor vehicle control and the police department, in part, to determine whether there is any duplication of responsibility and effort. We interviewed motor vehicle control administrators, clerks, and investigators, as well as administrators from the police department's traffic division. We also interviewed a project manager from the Department of Information Technology, staff from the Department of Human Resources, the vice-president of Abe's Auto Recyclers, Inc., and the president of the

Hawai‘i Towing Association. We also examined the city’s current tow contracts to determine contractor compliance and city enforcement.

We assessed the adequacy of the contracts in meeting the city’s abandoned and derelict vehicle needs. In addition, we also reviewed best practices from other jurisdictions’ abandoned and derelict vehicle programs. Finally, we conducted site visits to observe motor vehicle control’s procedure for marking an abandoned vehicle ready for removal by the tow contractor, attended an auction of abandoned vehicles, inspected motor vehicle control offices at City Square and Kapahulu, and visited Honolulu Police Department’s dispatch centers in Honolulu and Kapolei.

This audit was conducted in accordance with generally accepted government auditing standards.

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# Chapter 2

## The City's Abandoned and Derelict Vehicle Program is Adversely Affected By Operational Deficiencies, Inadequate Coordination With the Police Department, and Poor Contract Management and Enforcement

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Abandoned and derelict vehicles that litter O‘ahu’s landscape not only create an eyesore in our communities, but pose a serious health and safety hazard as well. Between FY2003-04 and FY2005-06, the Customer Services Department’s Motor Vehicle Control Section received over 78,000 abandoned and derelict vehicle complaints. During that same period, the city towed 3,876 abandoned vehicles and 17,642 derelict vehicles. While motor vehicle control staff have done their best to rid our streets of these hazards, their efforts are hampered by significant operational deficiencies that leave abandoned vehicles on city streets for nearly one month until they are towed. Motor vehicle control’s duplication of police department investigations and lack of inter-agency coordination have also adversely impacted the abandoned vehicle process. Lastly, we found that due to motor vehicle control’s poor contract monitoring and evaluation, the city’s abandoned vehicle contractor did not fully comply with contract terms, which further contributed to process inefficiencies.

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### Summary of Findings

1. The city’s Motor Vehicle Control Section does not consistently tow abandoned vehicles from city streets within 14 work days, but is able to tow derelict vehicles within 15 work days. Reliance on paper-based, manual operations, outdated technology, poor coordination with the police department, and other operational deficiencies hamper the city’s ability to effectively process abandoned and derelict vehicles. Motor vehicle control and the city’s various tow contractors were not prepared for the influx of abandoned vehicles resulting from two recent law amendments. Motor vehicle control and the public could benefit from best practices from other jurisdictions.

2. Although the Honolulu Police Department investigates abandoned and derelict vehicles, motor vehicle control does not use police department investigation data in processing abandoned and derelict vehicles. As a result, these vehicles may remain an additional week longer before removal. Motor vehicle control's duplication of the police department's abandoned vehicle investigations contributes to process inefficiencies, wasting time and resources. The lack of coordination between the police department and motor vehicle control must be resolved if the city is to benefit from the police department's volunteer policing program.
3. The city generally adhered to contracting best practices in the development of its abandoned and derelict vehicle contracts, but lapses in monitoring and execution adversely impact their effectiveness. The city's abandoned and derelict vehicle contractor has not fully adhered to contract terms and motor vehicle control failed to enforce key contract provisions. Improved environmental waste provisions in the city's abandoned vehicle contract warrant consideration.

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## **Significant Operational Deficiencies Delay the Removal of Abandoned Vehicles, Leaving Most for Nearly a Month**

The city's Motor Vehicle Control Section does not consistently tow abandoned vehicles from city streets within 14 work days, but is able to tow derelict vehicles within 15 work days. Abandoned vehicles often remain on city streets for nearly a month. Reliance on paper-based, manual operations, outdated technology, poor coordination with the police department, and other operational deficiencies hamper the city's ability to effectively process abandoned and derelict vehicles. The city's various tow contractors were not prepared for the influx of abandoned vehicles resulting from two recent law amendments. Motor vehicle control and the public could benefit from best practices from other jurisdictions.

### ***Abandoned vehicles are not consistently towed from city streets within 14 work days***

Motor vehicle control procedures establish a target timeframe of 14 work days from the date an abandoned vehicle complaint is received until the vehicle is towed and the tow contractor notifies motor vehicle control regarding the tow status. We tested a statistically valid, random sample of 96 abandoned vehicle complaint reports filed between FY2003-04 and FY2005-06, to determine the length of time it took motor vehicle control and its tow contractor to remove these vehicles from city streets. We found that abandoned vehicles were towed in an



average of 23.4 work days from the date the complaint was filed until the vehicle was towed, exceeding the 14 work day mark established by motor vehicle control by nearly two work weeks. We found that motor vehicle control towed abandoned vehicles within 14 work days only 37 percent of the time. The amount of time it took motor vehicle control to tow an abandoned vehicle ranged from 3 to 94 work days.

A close analysis revealed that delays were caused by motor vehicle control inspectors' failure to investigate complaints, failure to recheck marked vehicles in a timely manner, and the tow contractor's failure to tow vehicles within the contract-mandated timeframe of 72 hours.

According to motor vehicle control procedures, an investigator should investigate an abandoned vehicle complaint within five work days from the date of complaint. In our test of 96 abandoned vehicle reports, we found 22 instances where the motor vehicle control inspector failed to investigate within five work days. The average time it took for inspectors to conduct the initial investigation in these 22 instances was 19 work days. In one instance, it took the inspector 59 work days, or nearly three months, to initiate an investigation.

Motor vehicle control procedures also establish that an inspector should recheck the vehicle after a minimum of 24 hours, but generally within three work days, from the date the vehicle's tires were first marked. We found 15 instances where motor vehicle control inspectors exceeded three work days to recheck marked vehicles. The average time it took inspectors to recheck these vehicles was 12 work days. In two instances, the inspector took 28 work days to recheck a vehicle.

According to the city's contract, the tow contractor is required to remove an abandoned vehicle within 72 hours after receiving a request from motor vehicle control. In our test of 96 abandoned vehicle reports, we found that the contractor towed a vehicle within 72 hours only 33 times, or 34 percent of the time. In the 63 instances where the tow contractor did not tow a vehicle within 72 hours, the average response time was 24.4 work days, or over four work weeks. In one instance, it took the tow contractor 84 calendar days from the date of notification to remove the vehicle.

As a result of these delays, the public had to contend with the nuisance and hazards of abandoned vehicles for nearly a month before the vehicles were towed. We note that the city timeframe is based on city

work days, and excludes weekends and holidays. Hence, 23.4 work days spans four and one-half calendar weeks.

***Derelict vehicles are generally towed within 15 work days, but inspector delays slow the process***

Motor vehicle control procedures establish that derelict vehicles should be towed within 15 work days from the time a complaint is received until the vehicle is towed and the tow contractor notifies motor vehicle control about the status of the tow. We tested a statistically valid, random sample of 96 derelict vehicle reports, for complaints filed between FY2003-04 and FY2005-06, to determine the length of time it took motor vehicle control and its tow contractor to remove these vehicles from city streets. Through our sample analysis, we found that derelict vehicles were towed an average of 12.4 work days from the complaint, which fell within the 15-work day standard. We also found that 77 percent of the derelict tows in our sample met the 15-work day standard. The amount of time it took motor vehicle control to tow a derelict vehicle ranged from 2 to 50 work days.

Although, on average, motor vehicle control met the 15 work day timeframe to tow derelict vehicles, more timely investigations by inspectors could have sped up the process. According to motor vehicle control procedures, an inspector should investigate and determine if a car meets the qualifications of a derelict vehicle within five work days from the date of complaint. In our test of 96 derelict vehicle reports, we found motor vehicle control inspectors failed to investigate a derelict vehicle within five work days 34 times, or 35 percent of the time. In these 34 instances, the average time it took inspectors to investigate a derelict vehicle was nearly 20 work days, or one calendar month.

On a positive note, we found that the city's derelict vehicle tow contractor met its obligation in towing derelict vehicles. According to the city's contract, the tow contractor is required to tow a derelict vehicle within five calendar days. In our test of 96 derelict vehicle reports, we found that the tow contractor complied with the five-day time period 100 percent of the time. All instances of non-compliant derelict vehicle tows in our sample were motor vehicle inspector delays. Exhibit 2.1 shows motor vehicle control's compliance rate in towing abandoned and derelict vehicles:

**Exhibit 2.1**

**Motor Vehicle Control's Compliance Rates for Towing Abandoned and Derelict Vehicles**

	<i>Abandoned Vehicles</i>	<i>Derelict Vehicles</i>
Average number of <b>work days</b> it took from complaint to tow	23.4	12.4
Average number of <b>calendar days</b> it took from complaint to tow	33.9	17.8
Number of tows that exceeded the standard timeframe <sup>1</sup>	61	22
Percent of tows that exceeded the standard timeframe	63	23
Percent of tows that complied with the standard timeframe	37	77
Longest time period for a tow (work days)	94	50
Shortest time period for a tow (work days)	3	2

<sup>1</sup> Abandoned vehicles – should be towed in 14 work days; Derelict vehicles – should be towed in 15 work days

Note: Based on a statistically valid random sample of 96 motor vehicle reports, FY2003-04 to FY2005-06

Source: Office of the City Auditor

In general, derelict vehicles were removed from city streets in a more timely manner than abandoned vehicles. Yet, the amount of time derelict vehicles remained on city streets could have been reduced further if inspectors investigated these complaints promptly. We emphasize that unlike abandoned vehicles that are subject to owner notification, storage, and public auction requirements, tow contractors can dispose derelict vehicles immediately. Therefore, it is easier for the contractor to respond to derelict vehicle tows.

***Motor vehicle control has not accurately tracked abandoned and derelict vehicle complaints for years***

The city's Motor Vehicle Control Section failed to log all abandoned and derelict vehicle complaints into its computer database. Most complaints were logged after the vehicle was towed, creating a gap in the agency's ability to adequately monitor and track vehicle investigations. Motor vehicle control administrators blame inexperienced staff and staff shortages for the backlog.

**Not all complaints are logged into the computer database**

Motor vehicle clerks are tasked with receiving abandoned and derelict vehicle complaints and recording them in the agency's computer database. Under current practice, abandoned and derelict vehicle investigations are logged into the system after-the-fact. Motor vehicle

clerks log complaints into the system only after the investigator has submitted final paperwork on the vehicle after it has been towed. Thus, there is no accurate complaint information available to motor vehicle control administrators or the public between the time of complaint and the tow. If the vehicle is not towed, there is no status information entered into the system.

**Exhibit 2.2**  
**Photo of Unrecorded Abandoned and Derelict Vehicle Reports**



*Boxes of unrecorded abandoned and derelict vehicle reports are piled on the floor of motor vehicle control's trailer in Kapahulu.*

Source: Office of the City Auditor

We also found that there is a backlog of hundreds, if not thousands, of closed complaints and derelict vehicle reports stored in boxes that have not been properly logged. One clerk advised us that due to staffing shortages and other issues, clerks did not input any cases into the computer system between February and September 2006. As a result, motor vehicle control lacks a critical internal control mechanism to properly document, track, and manage abandoned and derelict vehicle complaints.

The problem of not properly recording and tracking abandoned and derelict vehicle complaints became evident when we requested a list of all abandoned and derelict vehicle complaints received by motor vehicle control between July 1, 2003 and June 30, 2006, and their disposition. Motor vehicle control administrators advised us that they could not generate an accurate list since its computer system only records actual tows. Furthermore, the list would not include hundreds, if not thousands, of vehicle reports that have not been recorded in their computer system. Because motor vehicle control cannot establish a universe for the number of abandoned and derelict vehicle complaints or their disposition, we find their data reporting to the council and public, questionable.

In addition to recordkeeping and tracking deficiencies, service to the public is also compromised. If a complainant calls motor vehicle control to follow up on a complaint, clerks are unable to provide the caller with any status information. In practice, clerks transfer calls to the inspector out in the field covering the applicable area. The inspector must take the time to personally field the call and respond, thus taking time away from abandoned and derelict vehicle investigations. Sometimes, the caller must wait until the investigator can return the call. If all complaints were entered into the computer database upon receipt, clerks could promptly provide callers with updated status information. In addition, the lack of accurate complaint information can lead to repeated complaints on the same vehicle because motor vehicle control does not have access to updated complaint history and is therefore unable to identify complaints already investigated or in the investigation process.

### **Inexperienced staff and staff shortages are blamed for the backlog**

Motor vehicle control administrators explained that high turnover among clerks in their section adversely impacted abandoned and derelict vehicle operations. Motor vehicle control has five clerk positions. Between February 2004 and May 2006, 11 new clerks were hired and 11 individuals vacated these clerk positions with motor vehicle control—a

100 percent turnover ratio. One of the reasons for the high turnover is the lack of advancement opportunities within the agency. Currently, motor vehicle clerk positions are compensated at an SR10 level. Clerks top-out at this level and there are no other positions within motor vehicle control that clerks can find advancement. Consequently, employees leave for other departments where pay and advancement opportunities are better. Another reason for the high turnover rate is the nature of the job. Clerks field phone calls from the public all day, many of whom are upset that their vehicle has been towed. The volume of calls, belligerence of some callers, and the stress from dealing with the public can impact on staff morale.

One of the consequences of high turnover is the inexperience of motor vehicle staff. Motor vehicle control administrators advised that the lack of properly trained personnel is a problem. Clerks lack experience and, due to the high volume of work, do not have time to really learn their system. They estimate that it can take up to one year to fully train a clerk.

As a result of the high turnover and lack of a fully trained staff, motor vehicle control failed to keep up with its workload and properly log and monitor abandoned and derelict vehicle complaints. If clerks updated the database in a timely manner, inspectors could track the progress of vehicle investigations, which currently does not occur. Lack of trained staff also adversely impacts vehicle auctions, which is discussed later in this report.

***Not all complaints are handled equally***

Generally, the public has three primary options in filing an abandoned or derelict vehicle complaint: 1) contact motor vehicle control directly by phone or email, 2) contact the police department, or 3) contact an elected official (mayor or councilmember) who will generate a Document and Record Tracking (DART) record. However, the speed at which an abandoned and derelict vehicle complaint is addressed, and ultimately, the timeframe for towing a vehicle may depend on whom the public complainant contacts and files the initial complaint. Complaints filed with the mayor or councilmember's office will likely be addressed first, while those filed directly with motor vehicle control or the police department may take longer.



### **Mayor's DART submissions and councilmember requests take top priority**

According to motor vehicle control administrators and inspectors, abandoned and derelict vehicle complaints submitted by the mayor through the city's DART complaint system and councilmember requests are always given a higher priority. Requests to investigate abandoned and derelict vehicles that come from the mayor or city council directly take precedence over any other request, since the mayor's DART request comes with a due date of approximately two weeks. Since motor vehicle control administrators must respond to the mayor and council directly, staff are told to "drop whatever they're working on" to address these complaints. While motor vehicle control's priority response to these complaints is understandable, the result is that complaints that did not get funneled through Honolulu Hale may have investigations pushed back and those vehicles may pose a prolonged risk to the community. Due to incomplete complaint tracking and poor record keeping, motor vehicle control was unable to accurately identify the number of DARTS and councilmember requests it received between July 1, 2003 and June 30, 2006.

### **Complaints made through the police department can take longer**

While filing complaints through the mayor's or councilmember's office may result in a quicker response to an abandoned or derelict vehicle complaint, filing a complaint with the police department is likely to take longer. As noted previously in this report, the police department is authorized to investigate abandoned vehicles. An officer will spend at least two days investigating an abandoned vehicle and, if the vehicle is deemed abandoned, will subsequently notify motor vehicle control for towing. However, motor vehicle control does not immediately dispatch a tow wagon upon receipt of the police officer's investigation report. Rather, motor vehicle control procedures require that an inspector remark the tires and recheck the vehicle after at least 24 hours, before determining that the vehicle is abandoned and requesting a tow. This duplicative process is discussed in detail later in this report. As a result, adding the police department's investigation to the motor vehicle control's reinvestigation may prolong the length of time an abandoned vehicle remains in the community before the city initiates a tow.

We note that while the mayor's DART requests receive priority investigation with motor vehicle control, these requests are not similarly handled at the police department. According to a police department traffic division administrator, complaints from the mayor's office are

routed to the traffic division or directly to the district offices. Because the complaints do not go through police dispatch, the complaints are not prioritized with the officer's daily workload and must be investigated separately. Sometimes, it can take up to one week before officers respond to these complaints, although generally they will address these complaints as soon as they can.

Abandoned and derelict vehicle complainants receive varying levels of city service, depending on whom they contacted in the city system. Some complaints to councilmembers or the mayor may result from motor vehicle control's lack of action, and thus become "priority" responses that add to the agency's workload. Whatever the reason, the council and the public need to be aware that abandoned and derelict vehicle complaints are not investigated consistently and that the removal time of vehicles from city streets may vary as a result.

***Motor vehicle control relies on paper-based, manual processes and antiquated technology***

Motor vehicle control operations are hampered by inefficient processes and equipment. Agency operations are primarily conducted as paper-based transactions rather than managed by efficient electronic database storage, case tracking, and communication. Although motor vehicle control utilizes some information technology, the operations consist of two separate databases and incompatible software programs. However, to the current director of customer services' credit, motor vehicle control has initiated a program to upgrade its technology and address long-standing inefficiencies.

**Nearly all internal and external transactions are paper-based**

Under current practices, when a complainant files an abandoned or derelict vehicle complaint with motor vehicle control by telephone, the clerk will record the information on a paper form, which a supervisor hand-delivers to the appropriate inspector to investigate. As noted previously in this report, complaint information is not recorded into the database upon receipt, rather it is recorded only if an actual tow takes place.

Complaints may also be faxed to motor vehicle control. Nearly all DARTs are received via fax. Like phone calls, these complaints are not recorded into the database right away. The faxed sheets are given directly to inspectors for investigation. Police officers also fax their abandoned vehicle investigations to motor vehicle control.

The paper forms and faxes are collected and a motor vehicle supervisor drives from the Kapahulu office to the City Square office on Dillingham Boulevard to hand-deliver the complaints to inspectors. Depending on the time motor vehicle control received the complaint, an entire day may have elapsed since complaint delivery occurs only once daily. This time-consuming, physical delivery of sheets of paper adds to process inefficiencies.

Based on current practices, inspectors are the only ones with any information about a complaint. The lone paper record, often handwritten by a clerk or faxed to motor vehicle control, is at high risk for misplacement or loss. Because no copies of the complaints are made nor are they recorded into the database, if the piece of paper is lost, the entire complaint is also lost. One inspector we spoke with admitted to losing paperwork while in transit.

We conducted fieldwork at motor vehicle control's trailers located under the H-1 freeway overpass on Kapahulu Avenue and observed stacks of open boxes filled with hundreds of completed vehicle reports that were not yet recorded. These unrecorded reports are also at high risk for loss or misplacement. In that event, there would be no formal record that an investigation or tow took place. Consequently, we question the agency's internal controls over its data management and its ability to establish an accurate count of the complaints received and their disposition.

### **Motor vehicle control utilizes various, stand-alone information systems and incompatible software**

Currently, motor vehicle control's abandoned and derelict vehicle complaint information is recorded into an antiquated, stand-alone DOS system, which cannot be shared and does not interface with other existing computerized databases. Furthermore, the system is split into two separate systems. The first system records abandoned and derelict vehicle complaints located within Honolulu's *city* limits; the second system keeps track of tows made in *country* locations. This data management limits the agency's ability to transfer or combine data, extract statistics, or generate useful reports that newer technologies allow.

One of the clerks' duties is to research and identify the registered owner for each towed vehicle, including abandoned vehicle tows initiated by motor vehicle control or by the police department, and mail notices advising the owner of the tow. To accomplish this task, motor vehicle control clerks must access yet another separate mainframe system in the

office to research ownership information in motor vehicle licensing division's database. Because there is no interface between this mainframe program and other agency computers, once the information is obtained, clerks manually enter the pertinent information into a mail-merge program on a personal computer to generate a notification letter to the vehicle's owner. The lack of interface and redundant entries contribute to the agency's inefficient use of staff time.

Additionally, towed vehicle inventory data are re-entered into Excel databases on office personal computers. Statistical data about abandoned and derelict vehicles we received from motor vehicle control was generated by an Excel spreadsheet, which is not the first point of data entry in the agency's system. Furthermore, one motor vehicle control clerk advised us that even the software installed on personal computers in the office is incompatible. The clerk explained that due to software incompatibility, documents need to be reformatted, depending on the computer being used.

We also found that there are only five personal computers that are shared among the 15 inspectors based at the City Square office. As a result, inspectors out in the field must return to the office to prepare and fax reports. If inspectors had the capability to record and process data out in the field, they could spend more time investigating complaints instead of returning to the office and completing paperwork.

### **Upgrade to web-based technology to resolve longstanding system inefficiencies merits continuing attention**

In 2005, the former director of the Customer Services Department initiated an internal review of the abandoned and derelict vehicle operations, which was prompted by complaints about the slow pace of removing such vehicles from city streets. However, due to departmental priority reshuffling, this initiative was put on hold. In 2006, the current director revisited the initiative and is working to overhaul motor vehicle control's computer systems using Windows-based technology to integrate various processes and improve efficiency.

In August 2006, motor vehicle control formally began its technology and process re-engineering project with the Department of Information Technology. The project is intended to support motor vehicle control's processing of all abandoned vehicle complaints and unclaimed vehicles from police department tow contractors, and comply with city ordinances and state law. The project proposes to develop an electronic process with a single point of entry to help the agency track the progress

and status of a complaint and ensure the successful completion of all tasks required to bring towed vehicles to final disposition. The project will also feature capabilities that allow complainants to report abandoned and derelict vehicles online. Project objectives include decreasing clerical processing time by 40 percent; increasing the number of vehicles processed for auction each month; and decreasing inspector inefficiencies by exploring the use of portable electronic devices in the field. However, at the time of our fieldwork, consideration of the police department's systems and needs was specifically excluded from the re-engineering project.

We believe that this technology upgrade initiative is long overdue and commend the current department administration for pursuing this important project. Motor vehicle control will likely see significant improvement in operational efficiency with the project's implementation. However, we question the decision to leave police department systems out of the project's scope. The police department and motor vehicle control are connected by responsibilities with abandoned and derelict vehicles, owner notification, and auctions. Yet, there is no linkage in their technology. As we discuss later in this report, the disconnect between motor vehicle control and the police department contributes to the program's delays and inefficiencies.

***Inefficient auction practices backlog tow lots, delay towing, and affect potential city revenues***

According to city ordinance, both abandoned vehicles towed by motor vehicle control's tow contractor and unclaimed vehicles on police department contracted tow lots must be disposed by public auction. Motor vehicle control administrators estimate that, at a minimum, an abandoned vehicle can be processed and sold at public auction within 35 days, but vehicles generally remain on a tow operator's lot between 45 to 60 days before they are auctioned. Timely processing of vehicles for public auction is important because unless vehicles can be sold or junked, it must remain on the lot, which may delay or prevent other vehicles from being towed and stored. Auctions are generally held monthly at the city's abandoned vehicle tow contractor's lot and the police department's tow contractors' lots. Because of poor recordkeeping, motor vehicle control has no accurate record of abandoned vehicles and is unable to prepare aging reports to determine how long vehicles have been on the tow contractor's lot awaiting auction. We found that the lack of staff contributed to delays in processing cars for auction. We also found that delays may adversely impact sales of auctioned vehicles.

### **Lack of experienced clerical staff slowed the auction process**

According to the president of the Hawai'i Towing Association, the biggest challenge in removing abandoned vehicles from city streets is the slow vehicle processing by motor vehicle control. The association's president reported that over the last few years, clerks were too slow in sending tow notification letters to registered vehicle owners. As a result, cars remained on tow lots for longer periods of time. The association president recognized that high clerical turnover in motor vehicle control impacted the process. The city's abandoned and derelict vehicle tow contractor also cited clerical inefficiencies as one of the primary reasons for delays in getting more cars to auction. Motor vehicle administrators and inspectors also confirmed that the backlog of clerical tasks adversely impacted the auction process and the tow contractors' ability to subsequently tow and store additional vehicles. At the time of our fieldwork, the lone clerk assigned to process vehicles for auction had only one and one-half years experience with motor vehicle control.

### **Added storage costs are passed on to buyers**

State law establishes fees that tow companies may charge a registered owner who claims their vehicle. The city's abandoned vehicle contract, which incorporates fees allowed by state law, allows the tow contractor to assess a \$55 fee for the tow and mileage charge of \$2 per mile. In addition, the vehicle accrues a storage fee of \$15 per 24-hour period for the first seven days and \$10 per 24-hour period thereafter. For vehicles that are unclaimed and go to auction, the buyer must pay the winning bid price, plus pay the tow contractor for all towing and storage fees. At the auction, prospective bidders assume some risk since they are not allowed to enter the vehicle or start the engine.

If motor vehicle control is unable to process vehicles for auction, they will remain on the lot until the next month's auction, all the while accruing daily storage fees, thereby increasing the total price of the vehicle. Sometimes, the storage fees exceed the car's value. As a result, the city may lose out on potential sales as buyers pass on cars that, while saleable, have excessive fees. Exhibit 2.3 shows a sample of estimated fees for vehicles stored on the abandoned vehicle tow contractor's lot for over six months, with fees accruing as much as \$6,060 for a 1974 Mercedes.



**Exhibit 2.3**

**Status of Vehicles Towed Between May 2005 and June 2006 That Have Not Been Cleared for Auction as of December 2006**

<i>Tow Date</i>	<i>Vehicle Make</i>	<i>Assumed Auction Date</i>	<i>Total Number of Days on Tow Lot</i>	<i>Tow Charge<sup>1</sup></i>	<i>First Seven (7) 24-hour Periods<sup>2</sup></i>	<i>Eighth (8) 24-hour Period and Over<sup>3</sup></i>	<i>Total Tow Charges and Storage Fees</i>	<i>Disposition</i>
05/14/05	1974 Mercedes	01/02/07	597	\$55	\$105	\$5,900	\$6,060	Neither the MVC inspectors nor the contractor's employees could locate the vehicle. If the inspector and contractor cannot locate the vehicle and the contractor does not submit a CLAIMED VEHICLE REPORT, the inspector will be required to submit a recommendation of penalty under liquidated damages.
08/16/05	1990 Ford	01/02/07	503	\$55	\$105	\$4,960	\$5,120	No confirmation of towing in the MVC files until the contractor questioned why the vehicle was not auctioned and contractor resubmitted tow confirmation.
01/04/06	1991 Mazda	01/02/07	362	\$55	\$105	\$3,550	\$3,710	Vehicle not yet cleared by HPD. Records indicate that this vehicle may be stolen.
03/29/06	1995 Chrysler	01/02/07	279	\$55	\$105	\$2,720	\$2,880	No confirmation of towing in the MVC files until the contractor questioned why the vehicle was not auctioned and contractor resubmitted tow confirmation.
03/29/06	1975 Volkswagen	01/02/07	279	\$55	\$105	\$2,720	\$2,880	No confirmation of towing in the MVC files until the contractor questioned why the vehicle was not auctioned and contractor resubmitted tow confirmation.
06/08/06	Unknown Date Nissan	01/02/07	207	\$55	\$105	\$2,000	\$2,160	Vehicle was locked and the inspector was unable to verify the vehicle identification number (VIN). MVC will work with the inspector in charge of the tow to identify alternate VIN location.

<sup>1</sup> Assumes a regular tow fee of \$55 and no overtime

<sup>2</sup> By law, and contract, tow contractor may assess a daily fee of \$15 for the first seven 24-hour periods

<sup>3</sup> By law, and contract, tow contractor may assess a daily fee of \$10 after the seventh 24-hour period

Source: Customer Services Department, Motor Vehicle Control Section and Office of the City Auditor



Although we did not inspect these vehicles or assess their condition, we nevertheless question the city's ability to sell these vehicles when they come up for auction after accruing storage fees for over one year. While these are examples of vehicles processed with significant delays, excessive storage fees may increase the sales price and cause a potential loss in city revenue.

***Weak internal controls put the tow contractor in charge of vehicle inventory***

Lax monitoring and poor recordkeeping practices by motor vehicle control administrators puts the responsibility of managing vehicle inventory on the tow contractor. As part of our fieldwork, we requested a list of all vehicles currently stored on the abandoned vehicle tow contractor's lot. A motor vehicle control administrator was unable to provide us with an accurate list and instead referred us to the newspaper advertisement containing the auctioned vehicle inventory. We also asked two motor vehicle control clerks if, at any given time, they could generate a list of vehicles that have been processed for auction and vehicles that are eligible for auction, but not yet scheduled, both stated that it could not be done. One clerk further explained that neither the computer system nor procedures are set up to report this information.

We found that motor vehicle control has not ensured that it has a complete and accurate list of vehicles stored on tow contractors' lots that are pending auction. Motor vehicle control initiates action when the contractor initiates an inquiry. In our examples of abandoned vehicles that remained on the tow contractor's lot and unsold for over six months (see Exhibit 2.3), motor vehicle control reported that the tow contractor did not provide confirmation that three vehicles were towed and the contractor did not question why the vehicles were not scheduled for auction. As a result, the tow contractor, not motor vehicle control, is controlling auction inventory. Since motor vehicle control does not monitor outstanding vehicles, vehicles could remain in "pending" status indefinitely.

Motor vehicle control does not have a full accounting of and control over the abandoned vehicles under its jurisdiction. The agency should know the status of every car that it has requested for tow, initiate action on outstanding vehicles, and manage the timely flow of vehicles into, and out of, the system. Motor vehicle control's passive approach, deficient recordkeeping, and poor inventory control essentially shifted some of these responsibilities to the tow contractor. As a result, the city has no assurance about motor vehicle control's proper management of the abandoned and derelict vehicle program.

**Extended leaves of absence shifts workload burden to remaining inspectors**

Timely complaint investigations are key to the removal of abandoned vehicles. As of December 2006, motor vehicle control has assigned 12 inspectors to cover specific areas around O‘ahu, allocated one position as a “Resource Inspector” whose specific duty is to fill in when there is an absence or assist another inspector, and one “Derelict Inspector”. One inspector remains on long-term industrial leave. In cases where inspectors are on extended leave, other inspectors have to cover their area and take on the absent inspector’s responsibilities. One motor vehicle control administrator commented that at any given time, nearly half of the motor vehicle inspectors are on sick, industrial, vacation, or other leaves.

We found that four of 15 motor vehicle inspectors were out on sick, industrial, or military leave exceeding 100 work days between July 1, 2003 and June 30, 2006. One inspector was on full-time industrial leave from May 1999 to August 2003; worked only 19.5 days in FY2003-04; and was on full-time industrial leave for all of FY2004-05 and FY2005-06. Three other inspectors were on industrial leaves for periods of October 2004 to January 2005; November 2005 to March 2006; and January 2006 to June 2006, respectively, in addition to other leaves of absence taken throughout the year. Exhibit 2.4 reveals the number of leave days taken by four motor vehicle control inspectors.

**Exhibit 2.4  
Extended Leaves of Absence, Motor Vehicle Control Inspectors  
FY2003-04 to FY2005-06**

<b>Motor Vehicle Control Inspector</b>	<b>FY2003-04</b>			<b>FY2004-05</b>			<b>FY2005-06</b>			<b>Total</b>
	<b>Sick Days</b>	<b>Industrial Days</b>	<b>Military Days</b>	<b>Sick Days</b>	<b>Industrial Days</b>	<b>Military Days</b>	<b>Sick Days</b>	<b>Industrial Days</b>	<b>Military Days</b>	
Inspector 1	14.44	190.38	0	0	248.00	0	0	248.00	0	<b>700.82</b>
Inspector 2	.38	55.50	0	18.13	0	0	1.25	117.00	0	<b>192.26</b>
Inspector 3	0	0	0	11.00	2.38	0	4.38	100.53	0	<b>118.29</b>
Inspector 4	23.00	0	19.00	19.00	58.22	4.00	16.25	0	20.00	<b>159.47</b>
<b>Total</b>	<b>37.82</b>	<b>245.88</b>	<b>19.00</b>	<b>48.13</b>	<b>308.60</b>	<b>4.00</b>	<b>21.88</b>	<b>465.53</b>	<b>20.00</b>	<b>1170.84</b>

Source: Customer Services Department, Motor Vehicle Control Section

We asked a motor vehicle control administrator if the agency considered filling some of the permanent, civil service inspector positions with temporary hires. The administrator advised us that inspector positions are difficult to fill on a temporary basis because it requires advanced automotive knowledge and skills; and believes that individuals meeting the position qualifications are already gainfully employed and can make more money in the private sector.

We did not assess the validity of the absences noted in our review nor question their legitimacy. Nevertheless, we point out that even legitimate, long-term absences impair motor vehicle control operations by reducing the number of inspectors available to investigate, cite and, begin the process of towing abandoned and derelict vehicles, and cause other inspectors to pick up the additional workload. Ensuring adequate inspector labor force, to the extent that long-term absences are known or anticipated, should be addressed to minimize delays in removing abandoned and derelict vehicles.

***Incomplete and inaccurate information provided by external sources wastes motor vehicle control staff time***

In addition to inefficiencies within motor vehicle control, inadequate complaint information provided by the public and incomplete tow contractor reporting can delay the investigation process. We found that complaint information provided to motor vehicle control is often too vague to conduct a valid investigation. Repeat complaints submitted by the public cause inspectors to spend time investigating the same vehicle over-and-over. We note that from FY2003-04 to FY2005-06, motor vehicle control investigated over 78,000 abandoned and derelict vehicle complaints. Incomplete information contained in tow contractor reports sent to motor vehicle control causes additional delays in processing abandoned vehicles.

**Complaint information provided to motor vehicle control is often too vague to conduct a valid investigation**

One of the biggest hindrances to timely investigations motor vehicle control faces with its abandoned vehicle program is lack of detailed complaint information it receives. To ensure the most efficient investigation, inspectors need specific, descriptive information, including the make, model, and car color; license number or vehicle identification number (VIN); and vehicle location, including cross streets to better define the vehicle's location. For example, an anonymous caller may request that someone check on a "black sedan parked on Sheridan Street," without providing any additional information. An inspector might go to Sheridan Street and find five "black sedans," but does not mark

any vehicles because the inspector does not know which vehicle to cite. As a result, not only was investigator time wasted on this investigation, but the complainant may perceive that motor vehicle control was not responsive. Public complaints are not the only ones that are incomplete. In one example, a DART request submitted by the mayor's office reported, "15-20 derelict vehicles along Leonui, Leokane, and Pupuole Streets in Waipahu." The inspectors went to the location, even though the complaint lacked any descriptive information. In this instance, inspectors had no way of knowing which vehicles parked on these multiple streets were the subject of the complaint. Because motor vehicle control's practice is to investigate all complaints it receives, frivolous, repetitive, or complaints lacking descriptive information can waste the inspectors' valuable time.

### **Inspectors investigate redundant complaints**

Another problem motor vehicle control staff contends with are complaints filed by the same person against the same vehicles. In some instances, feuding neighbors lodge complaints with motor vehicle control, using citations and towing to "harass" or cause trouble for another neighbor. A motor vehicle clerk provided an example where an individual claimed that a used car business was allegedly parking cars illegally on city streets and requested that motor vehicle control have them moved. According to agency records, in each instance, the car was moved within 24 hours every time it was cited. Therefore, in accordance with city ordinance, the city cannot tow the vehicle.

Motor vehicle control provided an example where an individual filed five complaints against the same vehicle on September 8, 19, 21, 25 and October 2, 2006. We found another three instances where complaints were filed against the same vehicle more than once within a one-month period. In each instance, motor vehicle control policy requires an inspector to investigate the complaint, even though there was some certainty that the vehicle would be moved by the owner and a tow could not be made. While we found anecdotal evidence of potentially frivolous complaints, motor vehicle control does not gather enough descriptive information to assess the magnitude of the problem.

### **Incomplete information provided by tow contractors slows the process**

An additional challenge for motor vehicle control is incomplete or inaccurate information provided by tow contractors, particularly police department tow contractors. Police department tow contractors must

advise motor vehicle control of any vehicle in its possession that is not claimed within 24 hours from the time the vehicle is towed. Motor vehicle control uses this information to research the vehicle's owner and mail the notification letter. However, if the tow contractor does not provide complete or accurate information, motor vehicle control clerks must spend time searching for the missing information to mail notices to registered owners. Subsequently, motor vehicle control and the tow contractor go back-and-forth over the phone and fax to get the proper information. As noted previously in this report, failure to identify registered owners and promptly mail notices is one of the reasons the auction process is delayed. In turn, a backlog of abandoned vehicles can limit the tow contractors' ability to tow and store additional abandoned vehicles. Delay problems, in part, can be attributed to the tow contractors themselves.

We identified numerous inefficiencies within motor vehicle control that delay abandoned and derelict vehicle processing. However, we also note that external challenges beyond the agency's immediate control compound those inefficiencies. In order to ensure that the abandoned and derelict vehicle process proceeds expeditiously, all stakeholders—motor vehicle control, the general public, city administrators, and tow contractors—need to do their part in this collective effort.

At this time, we find that implementing the technology upgrades and resolving the significant operational deficiencies are likely to have a more significant impact on removing abandoned and derelict vehicles than other actions, such as amending existing ordinances or state statutes.

***Two recent changes in the law have adversely impacted the abandoned and derelict vehicle program***

Recent changes in state law and city ordinance adversely impacted the abandoned and derelict vehicle removal process. A state law enacted in 2006 to address constitutional concerns had the unintended effect of increasing the number of abandoned vehicles, while decreasing the number of derelict vehicles. Also in 2006, the city enacted an ordinance aimed at improving the abandoned and derelict vehicle removal process, but that effort proved to have limited effectiveness due to lack of resources and enforcement.

**Amendment in state law reduced the number of derelict vehicles, but increased the volume of abandoned vehicles**

Act 147, Session Laws of Hawai'i 2006, sought to address a constitutionality problem with the statutory definition of a derelict vehicle. The legislature found that the law at the time that permitted disposal of a

derelict vehicle without notice to the owner because the vehicle was “ten model years old or older” was held unconstitutional by a Hawai‘i U.S. District Court judge. As a result, the legislature amended the law by deleting the reference to vehicles that are “ten model years old or older” from the list of conditions that defined a derelict vehicle.

While the court deemed an amendment to the law as necessary, the net effect of that change resulted in an increase in the number of abandoned vehicles and a decrease in the number derelict vehicles. An abandoned vehicle that was ten model years or older that could have been deemed a “derelict” and disposed of immediately must now be processed as an “abandoned” vehicle subject to lengthy notification and processing. As noted previously in this report, derelict vehicles can be disposed of immediately without notification to the owner. However, for an abandoned vehicle, motor vehicle control must mail a certified letter to the vehicle owner, store the vehicle on the tow contractor’s lot, advertise and hold public auctions, and junk unsold vehicles. The process to dispose of an abandoned vehicle takes much longer and requires more city resources. This change in the law adversely affected motor vehicle control operations. However, motor vehicle control cannot readily substantiate the increase in abandoned vehicles due to its deficient recordkeeping practices.

### **City ordinance to address nuisance vehicles has limited effectiveness due to tow contractors’ lot capacity and inconsistent enforcement**

Ordinance 06-13, enacted in 2006, sought to remedy city council concerns over the many vehicles parked on city streets, highways, and residential areas for extended periods of time. The council noted that many of these vehicles were not registered with the city, or had expired registration emblems or safety inspection stickers, or did not have current license plates as required by state law. The council also recognized that unless these vehicles could be deemed abandoned, which can be a time-consuming and onerous task, the city was unable to remove these vehicles. Consequently, the ordinance authorized the police department and customer services department to remove such vehicles immediately. We note the ordinance amended Section 15-13.9, Revised Ordinances of Honolulu (ROH), which authorizes both motor vehicle control and the police department to tow vehicles meeting certain criteria. However, in practice, the police department will tow vehicles violating the city’s traffic code, while motor vehicle control will generally tow abandoned and derelict vehicles as defined by state statute.



We found that the ordinance expedited the removal of vehicles which remained on city streets for extended periods of time, but with unanticipated consequences. According to police department administrators, when police officers began enforcing this provision, on the first day, it towed so many cars (they could not estimate the number) that police department tow contractors complained that their lots were filled by the influx of vehicles and that they did not have enough storage capacity to handle all of these vehicles. As a result, under “verbal agreement” with its tow contractors, and after only one day, the police department has not consistently enforced the ordinance’s provisions.

Motor vehicle control inspectors we spoke with acknowledge that Ordinance 06-13 provided the agency and police department with an additional tool, but has limited effectiveness. An inspector noted that police tow contractor yards do not have enough space to store the influx of vehicles. The tow contractors contend that when they bid for the contract, it was based on past volume of tows. The change in the ordinance increased the number of tows, and was not accounted for during the bidding process. Another inspector commented that the ordinance did not really change anything for motor vehicle control, but had a greater impact for the police department and its tow contractors since all vehicles towed under Ordinance 06-13 are towed by police department tow contractors. An inspector advised us that the ordinance is useful during special “sweeps” where investigations are conducted on numerous vehicles in specific areas, but is not always enforced on a daily basis. The effect these two changes in state and city law have increased the number of vehicles that motor vehicle control, the police department, and their tow contractors must manage. In the case of the change in city ordinance, the intended efficiencies in towing nuisance vehicles have fallen short. Lack of planning and coordination between motor vehicle control, the police department, and their respective tow contractors, has not helped to make the laws more effective.

***Unsold auctioned vehicles have not been offered to automotive equipment services as required by city ordinance***

In the event no bid is received for an abandoned or unclaimed vehicle public auction, Section 15-13.10, ROH directs the budget and fiscal services director to offer the vehicle to the city’s division of automotive equipment services for its use or for salvage. We note that although city ordinance empowers the budget director to sell abandoned and unclaimed vehicles, in practice, motor vehicle control is responsible for administering public auctions. Presumably, the right-of-first-refusal is offered to automotive equipment services to ensure that the city reaps the maximum benefit from vehicles it tows, either by sale or direct use. We



found, however, that motor vehicle control simply signs over the title of unsold vehicles to the tow contractor for sale or disposal, instead of offering them to automotive equipment services as directed by city ordinance.

We interviewed the city's automotive equipment services chief to determine if the division is utilizing any abandoned or unclaimed vehicles unsold through public auction. The chief, who has been with the department for over six years, stated that automotive equipment services has not been offered such vehicles. In fact, the chief was unaware of the law until we brought it to his attention, noting that the prior chief was probably unaware of the law, too. Regardless, the chief further indicated that the division would be interested in these vehicles. A motor vehicle control administrator, who has been with the department for over 20 years, also reported that unsold auctioned cars have never been offered to any city agency, including automotive equipment services. In the past, motor vehicle control has offered derelict vehicles to the fire department for use in training exercises.

By contract, all unsold abandoned and unclaimed vehicles are turned over to the tow contractor for disposal. Generally, the contractor will junk the vehicle and sell the scrap metal. In some instances, the tow contractor will attempt to re-sell the vehicle or parts on its own to recoup a portion of the storage fees. In other words, the tow contractors are realizing gains on the residual value of unsold abandoned and unclaimed vehicles instead of the automotive equipment services division as intended by city lawmakers. As a result, the city has foregone an untold number of vehicles, their usable parts, and potential cost savings for the city's motor vehicle fleet, over the past twenty or more years. Motor vehicle control and automotive equipment services should coordinate and develop a plan to have automotive equipment services review unsold abandoned and unclaimed vehicles as directed by city ordinance.

### **Best practices from other jurisdictions offer efficiency alternatives**

Jurisdictions from around the country that administer abandoned and derelict vehicle programs have adopted practices to make their programs more efficient, both for the agencies involved and the general public. For example, the state of Michigan passed comprehensive legislation that streamlined the removal and processing of abandoned vehicles. The law first requires the state to maintain a web site that provides information and resources about abandoned vehicles for the public's use. The Michigan "Auto Lost & Found" web site is a database of abandoned

vehicles that the public can search by entering the vehicle identification or license plate number. The site also provides the current status of an abandoned vehicle as sold at auction or relegated to scrap or salvage. The law also authorized the police department to designate an agent, such as a towing company, to handle any tagging, removal, processing, and auctioning of abandoned vehicles, freeing officers for other important public-safety matters. State officials found that the new abandoned vehicle law sped up the process of getting a vehicle either back into the owner's hands or out to auction.

The states of Arizona and Florida also maintain websites that are helpful at enhancing their respective abandoned vehicle programs. In July 2006, the state of Arizona unveiled a new internet service that enables the public to search their database by a license plate number or VIN to find out immediately if a car has been reported as stolen. Arizona is only the second state in the country, behind Florida, to offer this innovative program. Arizona's website is designed to allow citizens to check unfamiliar vehicles. From the website, the search is initiated by entering the license plate or VIN. If the vehicle has been reported stolen, the complainant is provided with contact information for the police agency that has jurisdiction. While this program is aimed at reducing auto thefts, it can be very useful for abandoned vehicles as well. Individuals reporting suspicious vehicles in their neighborhoods can determine the vehicle's status prior to contacting a city agency and, more importantly, be immediately directed to an online complaint form or to the proper source to file the complaint.

The state of Indiana adopted federal legislation to improve its abandoned vehicle process by disclosing certain personal information contained in motor vehicle records to select individuals. In 1996, the state of Indiana implemented the federal Driver's Privacy Protection Act of 1994 (18 U.S.C. 2721) to protect the privacy interests of individuals by prohibiting the disclosure and use of personal information contained in motor vehicle records, except as authorized by an affected individual or law. Through this law, the state's bureau of motor vehicles may disclose personal information if the person requesting the information provides proof of identity and represents that the use of the personal information will be strictly limited. One of the authorized criteria for the limited disclosure of personal information is in providing notice to the owners of towed or impounded vehicles. According to the Hawai'i Towing Association's president, the state of Indiana uses this law to allow qualified tow contractors to access vehicle information online and authorizes the contractor to mail notices to registered owners. As noted previously in

this report, one of the city's challenges in the abandoned vehicle process is the inordinate time it takes for motor vehicle control to mail tow notices to registered owners.

Web-based communication is also an effective tool for educating the public. We found a model webpage on the city's Department of Environmental Services webpage, "Pollution Solution Fact Sheet 3 - Motor Oil." This user-friendly webpage provides useful information, tips, relevant laws, and agency contact numbers. It also informs the public that all junk autos are recycled; that the public can arrange for free auto junking services; and lists the phone number to report abandoned vehicles.

In contrast, the city's motor vehicle website allows inquiry about a vehicle's title, but lacks any detailed information abandoned and derelict vehicle processing or access to data on vehicle status. Information on abandoned or derelict vehicles is provided on the city's "Have a Problem to Report," which advises people to provide the vehicle's description and location, and phone numbers to call. With an improved website, motor vehicle control could better educate the public about the legal requirements of the process, emphasize the importance of complete and accurate information to expedite towing, provide access to vehicle status such as *Abandoned*, *Derelict*, *Investigation Underway*, *Towed* and as a result, reduce the volume of complaint calls motor vehicle control receives during the week. Additionally, the city could inform the public of legal tow rates and fees, and notify the public about the city's periodic vehicle auctions of unclaimed abandoned vehicles.

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**Lack of Coordination Between Police Department and Motor Vehicle Control Contributes to Process Inefficiencies**

Although the Honolulu Police Department investigates abandoned and derelict vehicles, motor vehicle control does not use the police department's investigation data to process abandoned and derelict vehicles. Instead, motor vehicle control begins the process anew, keeping these vehicles in place for as long as an additional week before removal. Motor vehicle control's duplication of the police department's abandoned vehicle investigations contributes to process inefficiencies and wastes city time and resources. This lack of coordination between the police department and motor vehicle control must be resolved if the city is to benefit from the police department's volunteer policing program.

***Police department investigations can add nearly a week to the towing process***

As noted previously in this report, city ordinance authorizes the police department to investigate and cite abandoned vehicles. In practice, the department conducts investigations, but forwards data from its investigations to motor vehicle control for actual towing. The police department does not order tows of abandoned vehicles.

In order to assess the police department's impact on the abandoned vehicle process, we analyzed a statistically valid, random sample of 96 abandoned vehicle investigations conducted by the police department and transmitted via fax to motor vehicle control for further investigation between FY2003-04 to FY2005-06. Using this sample, we calculated the number of calendar days from the date the officer first investigated the complaint by marking the vehicle's tires, until the department notified motor vehicle control with results of its investigation. Based on our sample, we found that it took an average of 6.6 calendar days from the time an officer initiated an investigation, until the officer notified motor vehicle control. The number of days between investigation and notification ranged between 1 and 61 calendar days. While we make no judgment as to whether 6.6 days is adequate or appropriate, we note that police department policies and procedures do not specify a time frame in which an abandoned vehicle investigation must be conducted or when motor vehicle control should be notified.

As a result, the public or city officials who contact the police department to file an abandoned vehicle complaint are likely to experience a longer wait time before a tow is made. As we reported earlier in this report, we found that motor vehicle control towed abandoned vehicles, on average, in 23.4 work days. Adding 6.6 calendar days that the police department took to investigate and report the abandoned vehicle to motor vehicle control, on average a vehicle reported to the police department is likely to remain on a city street for well over a month before it is towed.

Although complaints to the police department that result in actual tows may take longer, police officer investigations provide needed support to motor vehicle control. When a police officer responds to an abandoned vehicle complaint, marks the car, and the car is moved by the owner, it is one less vehicle that motor vehicle control inspectors have to investigate. Motor vehicle control administrators advised us that the police department's assistance is needed and is more of a help than a hindrance.

***Motor vehicle control's duplication of police investigations contributes to process inefficiencies***

The primary reason that abandoned vehicle investigations initiated by a police officer takes longer is due to the motor vehicle control's practice of requiring its inspectors to repeat the abandoned vehicle investigation process and disregard all police investigation data. Motor vehicle control cited legal concerns as the reason for duplicating the investigations already completed. However, motor vehicle's practice may be unnecessary. We also found that motor vehicle control could not rely on sometimes illegible and inconsistent reporting by police officers.

**Motor vehicle control reinvestigates all police complaints**

According to a motor vehicle control administrator, the agency does not immediately dispatch a tow wagon upon police notification that an abandoned vehicle has been investigated and cited. Rather, motor vehicle control's policy is to dispatch an inspector to initiate a complete abandoned vehicle investigation process from the beginning (see Exhibit 1.3). This duplication of effort has been ongoing since abandoned vehicle investigation duties were separated from the police department in 1979. Motor vehicle control does not use the police department's investigation or data as evidence to initiate a tow. These duplicate investigations are apparent on abandoned vehicles, which have two sets of markings—one set by the police officer and another set by the motor vehicle control inspector as shown in Exhibit 2.5.



**Exhibit 2.5**  
**Photo of Duplicate Tire Markings**



*This abandoned vehicle parked on Makiki Street in Honolulu has two sets of yellow crayon markings. The photo on the left shows that the police department investigated and marked this vehicle's front, left tire on 1/25/07. The photo on the right reveals similar markings made to the vehicle's left rear tire on 1/30/07 by motor vehicle control.*

Source: Office of the City Auditor

**Motor vehicle control's time-consuming practice may be unnecessary**

A motor vehicle administrator explained that motor vehicle control reinvestigates police department cases because it, and not the police department, is ultimately responsible for towing abandoned vehicles. The administrator further noted that by having motor vehicle inspectors conduct and document investigations, they can go to court and defend contested cases, thus freeing officers from having to appear in court. This same administrator acknowledged that inspectors rarely appear in court for contested tows, averaging one appearance per month. The inspectors we spoke with also confirmed that court appearances are

rare, ranging from one to two appearances per month between FY2003-04 and FY2005-06.

We discussed this practice with the city's corporation counsel assigned to motor vehicle control to determine the legal basis of motor vehicle control's practice of reinvestigating abandoned vehicle complaints submitted by the police department. Corporation counsel confirmed that there is no legal reason for the practice. Counsel acknowledged that the practice of completely reinvestigating the police department's abandoned vehicle investigation appears duplicative and could be resolved. The only problem that might occur is if police officers have public safety priorities to address, which might be compromised if they are called for numerous court appearances for abandoned vehicle complaints. Motor vehicle control indicated that they have not met with corporation counsel or the police department to determine the need and value of this time-consuming practice.

#### **Incomplete, illegible complaint reports submitted by police officers take time to research**

In addition to legal concerns, a motor vehicle control administrator we spoke with also stated that some abandoned vehicle notification forms submitted by the police department are incomplete and, because the forms are faxed, are sometimes illegible. We reviewed a sample of abandoned vehicle notification forms, HPD Form 220, between FY2003-04 and FY2005-06 and found instances where forms filled out manually by police officers were incomplete or difficult to decipher. One of the form's data requirements is titled, "Tires Marked." We found that officers answered this query inconsistently. In one instance, the officer noted the location of the mark and submitted a response, "right front." Another officer interpreted the query differently and wrote in the response, "yes," presumably to affirm that the tire was marked. Most officers interpreted the query to mean the date the tires were marked and wrote in the date. In another instance, we found that an officer submitted an unofficial form that he or she apparently created. We also found several instances where the police officer did not clearly write, or omitted, the date and time the vehicle was first marked, or the date and time the vehicle was rechecked. Incomplete and illegible investigation reports make it difficult for motor vehicle control inspectors to verify the data.

Given the infrequent need for inspectors to attend contested court cases, the potentially unnecessary practice of disregarding police abandoned vehicle reports, and the reinvestigation of complaints, it appears this



practice warrants formal review in the interests of removing these vehicles as much as one week sooner. While we found illegible and incomplete police department investigation reports can be problematic for motor vehicle control, they are not insurmountable and the two agencies can resolve these concerns. In our view, the potential efficiencies gained by using the police investigation data as a basis for a tow appear to outweigh the reasons and concerns cited by the agency's administrator. If motor vehicle control collaborated with the police department, officers' time spent on abandoned vehicle investigations would not be wasted, and these hazardous vehicles could be removed from communities as soon as possible.

***Lack of coordination between motor vehicle control and the police department allows inefficiencies to continue***

Motor vehicle control and the police department are closely linked by their ordinance-mandated responsibilities and work processes to remove abandoned and derelict vehicles from public places. Both agencies investigate abandoned vehicles and motor vehicle control provides the following services to the police department: motor vehicle control clerks notify vehicle owners whose cars are towed by police department tow contractors, and motor vehicle control inspectors conduct public auctions of unclaimed vehicles removed by police department tow contractors. Despite their corresponding responsibilities and support services, there is a surprising disassociation between the two agencies. Motor vehicle control and the police department do not routinely communicate with each other to expedite vehicle tows or resolve problems. Of particular concern is the specific exclusion of the police department and its abandoned vehicle role and responsibilities from the proposed motor vehicle control technology upgrade and automation project. Moreover, the police department's volunteer policing program that will deploy citizen volunteers to patrol for abandoned vehicles has not been coordinated with motor vehicle control, the lead agency for the city's abandoned and derelict vehicle program.

**Motor vehicle control and the police department lack effective communication**

We asked a motor vehicle control administrator to describe their communication and coordination with the police department. The administrator stated that the agencies do not formally meet, but do so only as needed. Usually, the police department will contact motor vehicle control for information. The police department's traffic division administrator also confirmed that the two agencies do not meet regularly. Despite problems and concerns the agency raised with police department reports, the motor vehicle control administrator was unsure

what motor vehicle control would gain by meeting on a periodic basis. We agree that meeting for the sake of meeting is a waste of valuable time and resources. However, we identified several longstanding and costly inefficiencies that could be resolved with simple coordination and communication.

By the motor vehicle control administrator's own acknowledgement, the agency does not use data provided by the police officers investigating abandoned vehicles and reinvestigates police complaints, a practice dating back to 1979. Some motor vehicle control inspectors we spoke with identified communication and coordination problems with the police department, but motor vehicle control administration has not resolved their concerns.

One of the effects that the lack of communication and coordination has created is shifting the responsibilities between the two agencies in enforcing Ordinance 06-13, 2006, which authorizes the customer services and police departments to tow vehicles with expired or no vehicle registration emblem, no valid safety inspection sticker, or no valid license plates. In addition to the police department's inconsistent enforcement of Ordinance 06-13, we found that some police officers have referred those vehicles to motor vehicle control for towing rather than calling their own tow contractors to remove and store these vehicles. An inspector we spoke with questioned this practice because if the police department refers a complaint to motor vehicle control under Ordinance 06-13, motor vehicle control will cite the vehicle and contact the police tow contractor to remove it, even though the police officer could have contacted the same tow contractor immediately to initiate the tow. Although this increases motor vehicle control's workload, the ordinance nevertheless authorizes that agency to tow qualifying vehicles. The ordinance requirements notwithstanding, the police department's practices may be shifting a disproportionate number of vehicle investigations to motor vehicle control. During our fieldwork, however, we found that motor vehicle control and the police department have not formally met to address this issue.

### **Proposed technology upgrade lacks police department linkage**

The disconnect between motor vehicle control and the police department is further evidenced by motor vehicle control's technology upgrade and automation project's omission of any linkage to the police department. The information technology department's project manager explained that the project's objectives are internal to motor vehicle control's operations, and do not address linkages from outside the agency. In

fact, motor vehicle control's project charter with the information technology department specifically excludes consideration of police department systems and needs. For example, creating an electronic version of HPD Form 220 (abandoned vehicles reports) could be designed to obtain consistent responses and be electronically transmitted to motor vehicle control, thereby eliminating the current practice of handwritten reports that are manually faxed to motor vehicle control. While we recognize the need to implement technology upgrades and automation initiatives in phases, this is an excellent opportunity to resolve coordination problems and expedite abandoned vehicle removal. We urge motor vehicle control to consider police department linkages in the next phase, which would include allowing police officers to submit electronic abandoned vehicle reports in a manner compatible with their new system.

#### **Upcoming volunteer policing program requires coordination to achieve efficiencies**

As noted previously, the police department received final approval in October 2006 to fill four newly created positions to implement the volunteer policing program, which was created by Ordinance 03-04, in 2003. The volunteers recruited under this program will be trained and authorized to issue citations on public and private property to persons violating certain city and state laws relating to abandoned and derelict vehicles. Since motor vehicle control inspectors' assigned geographic area corresponds with police department beats, the volunteers could be deployed to areas with the greatest need. Until then, the new program is likely to add yet another layer to the abandoned and derelict vehicle process, which the police department and motor vehicle control have yet to address.

The volunteer policing program will send additional "eyes and ears" into the community and has the potential to positively impact the abandoned and derelict vehicle process. We are concerned, however, based on the lack of communication and coordination between motor vehicle control and the police department on abandoned vehicles, that the volunteer policing program efforts may be wasted and further complicate the process. We urge both agencies to properly coordinate and plan for the use of volunteer police officers to ensure maximum benefit and utilization.

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## **City's Contracts to Tow Abandoned and Derelict Vehicles are Generally Adequate, But the Lack of Enforcement Renders Them Ineffective**

The city generally adhered to contracting best practices in its abandoned and derelict vehicle contracts, but lapses in monitoring, evaluation, and enforcement adversely impacted their effectiveness. We found that the city's abandoned and derelict vehicle contractor did not fully adhere to contract terms, an outcome that occurred primarily because motor vehicle control did not properly enforce key contract provisions. Certain elements lacking in the city's abandoned vehicle contract warrant consideration.

### ***The city's contract terms are generally acceptable, but lapses in monitoring render them ineffective***

We found that the city's contracts for towing abandoned vehicles generally comply with contracting best practices, except for two critical components. Contracting best practices recommend that an agency develop performance requirements that will hold vendors accountable for delivery of quality service. Best practices also include contract monitoring to ensure that contractors comply with contract terms, performance expectations are achieved, and any problems are identified and resolved. In fact, the city's abandoned vehicle contract included adequate monitoring and review provisions. However, motor vehicle control's failure to adhere to these best practices resulted in an ineffective contract.

### **Motor vehicle control did not actively monitor its contracts**

After contract completion the agency should evaluate the contractor's performance on the contract against a set of pre-established, standard criteria and retain this record of contract performance for future reference. According to a motor vehicle control administrator, the last time an inspection was conducted on its tow contractor was in 2005. However, there was no documented inspection or evaluation on file. The only inspection we found in the contract file was one conducted in November 2001, prior to executing the current contract.

The abandoned vehicle contract covered an initial term from February 2003 to January 2005. Motor vehicle control administrators reported that the contract was extended for an additional twelve months, for the period of February 2005 to January 2006, and then subject to monthly extensions thereafter. However, during our fieldwork we were unable to examine the month-to-month contract extensions reported to us because copies were not on file with Motor Vehicle Control Section, nor the Customer Services Department. Instead, the department referred us to Department of Budget and Fiscal Services staff for official copies of the

contract extensions, but we did not receive a response to our multiple requests for copies of contract extensions. Motor vehicle control had several opportunities to evaluate the contractor and take corrective action before the contract was extended. Even if the contractor was the only qualified vendor at the time, its performance should have been documented for use in future bid evaluations. As we discuss later in this report, the contractor did not fully comply with contract requirements, which compromised the city's ability to meet its responsibilities to tow abandoned vehicles in a timely manner and keep city streets safe for the public. The lack of contract monitoring played a significant role in the contractor's non-compliance.

### **Motor vehicle control did not consistently evaluate its contractors for compliance**

While the abandoned vehicle contract clearly states the services expected of the tow contractor, clearly defines performance standards, and includes both positive and negative performance incentives as suggested best practices, motor vehicle control's contract file did not identify specific, qualified staff responsibilities for monitoring vendor performance in meeting the established standards. We found that motor vehicle control's understanding of its responsibility to evaluate contractor performance to be unclear.

The position description for the supervising motor vehicle control inspector states that the incumbent interprets and recommends changes to law, policies, contracts, rules, and regulations, and interprets the city's tow contractors for abandoned and derelict vehicles. In practice, motor vehicle control inspectors are responsible for investigating and notifying the supervising motor vehicle control inspector of any problems or contract compliance issues. However, an inspector we spoke with stated that he has never seen a copy of the abandoned vehicle contract, so it would be difficult to investigate and evaluate the contractor. The supervising motor vehicle control inspector, who is ultimately responsible for the contract and contractor compliance, confirmed that inspectors do not have individual copies of the contract, but a copy is available at the inspectors' work site. We note that during our site visit, there was no copy of the abandoned vehicle contract terms available at the inspector's office. An inspector advised us that a single copy is available, but another inspector may have been using it at the time of our visit.

Motor vehicle control administrators have overall responsibility for properly managing the city's abandoned and derelict vehicle program and ensuring that its staff are trained and knowledgeable of their job

responsibilities. We found that motor vehicle control administration has no formal, written procedures governing its abandoned and derelict vehicle responsibilities to guide its staff. Additionally, an effective evaluation requires staff that possesses adequate skills and training to properly oversee the contractor's performance. Because motor vehicle control delegated the evaluation to inspectors without ensuring copies of the contract terms and performance standards or proper training, motor vehicle control administration has not fulfilled its responsibilities. As a result, motor vehicle control did not properly manage the abandoned vehicle contract, allowed the contractor to miss the mark in complying with certain contract requirements, and more importantly, did not take any corrective action.

***Contractor did not fully adhere to contract terms***

The failure to properly monitor and evaluate the contractor's compliance resulted in the tow contractor not fully adhering to contract terms and performance standards. We found that the tow contractor did not tow abandoned vehicles within specified time limits or within designated hours of the day. The tow contractor also failed to consistently post for the public, its after-hours contact information or towing fees established by law. Vehicles on the tow contractor's lot were not properly secured. As a result, motor vehicle control allowed the tow contractor to forego many of its responsibilities to the city and public.

**Contractor did not always tow abandoned vehicles within specified time limits**

According to the abandoned vehicle contract, the tow contractor is required to remove an abandoned vehicle from a city street within 72 hours, or three days, from notification by motor vehicle control. In our test of 96 abandoned vehicle reports, we found that the contractor towed abandoned vehicles within the three-day time frame only 33 times, or 34 percent of the time. In the 63 instances where the contractor did not tow an abandoned vehicle within three days, the average length of time was 24.4 work days, or over eight times the allowable timeframe. Motor vehicle control administrators and inspectors acknowledge that the tow contractor did not fully comply with vehicle tow timeframes, but very little was done to penalize or correct the tow contractor.

**Contractor did not adhere to operating hours for towing abandoned and derelict vehicles**

The city's abandoned vehicle contract states that all tow trucks and qualified drivers shall be assigned and made available for duty at all



times, twenty-four hours a day, seven days a week, including state holidays. The tow contractor's vice president, however, advised us that tow truck drivers will only tow abandoned vehicles Monday through Saturday, between 8:00 a.m. and 4:00 p.m. Our sample review of 96 abandoned vehicle reports generated between FY2003-04 to FY2005-06 confirmed the tow contractor's operating hours, and showed that only 13 of 96 abandoned vehicles, or 14 percent, were towed on a Saturday; none of the 96 abandoned vehicles were towed after 4:00 p.m.; and none of the 96 abandoned vehicles were towed on a Sunday. When we brought this to the attention of a motor vehicle control administrator, the administrator was unaware of the tow contractor's non-compliance and further explained that motor vehicle control does not have the resources to monitor the dates and times of pick ups.

According to the derelict vehicle contract, the tow contractor is supposed to tow derelict vehicles Monday through Friday during normal working hours of 8:00 a.m. to 3:00 p.m., excluding city holidays. The contractor may perform work between the hours of 3:00 p.m. to 8:00 a.m., on city holidays, or weekends, with prior approval from motor vehicle control. The reason for the restriction is to limit noise during evening hours since derelict vehicles sometimes require special equipment and may take longer to tow. In our review of a sample of 96 derelict vehicles towed between FY2003-04 and FY2005-06, we found that the tow contractor towed 25 derelict vehicles, or 26 percent of our sample, on a weekend or holiday. Again, the motor vehicle control administrator was unaware of this practice until we brought it to the agency's attention.

The motor vehicle control administrator later explained that although the contracts specify a time for vehicle pick ups, the agency does not normally abide by those restrictions in order to facilitate speedy and adequate removal. These time limitations may, in fact, be removed from future contracts. While we commend motor vehicle control for expediting tows, particularly derelict vehicles, they nevertheless violate contract terms. If motor vehicle control adequately monitored its contract and the contractor's compliance, it would have been aware that abandoned vehicles were not being towed around-the-clock as required and taken corrective action. As a result, vehicles remained on city streets longer and posed a continuous hazard to the community.



### **Contractor failed to consistently post after-hours contact information or fees for the public**

The abandoned vehicle contract requires the contractor maintain operating hours of Monday through Friday, 6:00 a.m. to 6:00 p.m., excluding state holidays, to receive calls from customer services and to release vehicles being claimed by their owners. During non-business hours, the contractor is required to post and display in a conspicuous place of each storage lot area, a notice indicating the name, address, and telephone number of the person to contact on Saturdays, Sundays, state holidays, and other days between 6:00 p.m. and 6:00 a.m. Upon inspection of the tow contractor's lot, we found no such posting. Rather, the tow contractor has an employee living on the premises to respond to inquiries or contact company staff as necessary. However, during our site visits, we found no sign to indicate this person's name, telephone number, or location on the premises. When we advised a motor vehicle control administrator of this non-compliance issue, the administrator was not aware that there was no signage, but gave us the after-hours number on file that motor vehicle control would give a claimant who contacted that office for information. We note that the telephone number on file with motor vehicle control is not the number that the tow contractor gave us as the after-hours contact number. If the live-in staff person leaves the lot between 6:00 p.m. and 6:00 a.m. there may be times when a vehicle owner travels to the tow contractor's lot after hours only to find no staff person on duty, nor contact information available. Because storage fees continue to accrue each day the vehicle is left on the lot, claimants should be able to speak with a tow contractor's representative anytime, as provided in the city's contract. Moreover, we also note that none of the contact information, applicable fees, or operating hours are disclosed on the city's website.

### **Contractor did not post rate schedule for vehicle claimants**

The abandoned vehicle contract requires the contractor to post the rate schedule and the method of payment for tow services in a conspicuous place at each storage lot area. This requirement is important to consumers so that they can be assured that the fee charged by the tow contractor is fair, consistent, and allowable by law. We found no such posting on the tow contractor's premises. The tow contractor's vice president explained that there used to be a printed sign taped to the dispatch window, but because people kept removing the sign, the company stopped posting the information. We were puzzled by this response. First, the tow contractor had the option of posting the information on more permanent material other than paper. Second,

because the dispatch window is made of clear material, tow contractor staff could post the sign on the inside of the window, making it both conspicuous and nearly impossible to remove from the outside. While we found no evidence that the tow contractor was over-charging vehicle claimants, the fact that the tow contractor failed to disclose such information did not assure the public that they were being charged fairly and in accordance with the law. The motor vehicle control administrator we spoke to about this matter stated that a sign was posted when the agency conducted an inspection in 2005. However, as noted previously in this report, no inspection documentation was available.

The city has an obligation to the public that the tow contractor posts fees, hours, and contact information. Motor vehicle control did not have any record of public complaints. However, having one's car deemed "abandoned" and towed could pose a burden on vehicle owners. As a service to the public, motor vehicle control should also post on its website, operating hours, applicable fees, and tow contractor contact information.

### **Contractor did not secure abandoned vehicles as required**

As directed, the contractor is required to provide the necessary safeguards to prevent the loss of, damage to, or theft of any stored vehicle and all contents until such time that it is claimed by its owner or is otherwise disposed of in accordance with the law. In an effort to comply with this directive, the abandoned vehicle contract requires the contractor close and lock all vehicle windows and doors, except when they are broken or impossible to close and lock. Our inspection found that the city's abandoned vehicle tow contractor did not comply with this security directive. The tow contractor's vice president stated that the company had experiences in the past where the vehicle owner became upset that someone went into their car. In other instances, owners claimed that they had valuables in the car and filed a claim with the company. As such, tow contractor staff do not tamper with the vehicle, including locking doors and windows as required by contract.

The contract also requires the contractor to make an inventory of the contents of the vehicle, including personal property in unlocked storage compartments, and any existing damage to the vehicle. However, the tow contractor complies only partially because staff will note only items in plain sight, as viewed from the outside, since the company's policy prohibits staff from entering vehicles. Although the contractor, not the city, is responsible for any theft or damage to abandoned vehicles towed onto the contractor's lot, from the public's perspective, the city cannot

assure that property it seizes is kept safe and secure until the vehicle's owner has had a chance to recover that property.

The tow contractor's non-compliance with contract requirements compromised the abandoned vehicle process. Through the contract terms and conditions, the city and the tow contractor formally agreed to a set of requirements and expectations to assure an efficient system of removing, processing, and disposing of abandoned vehicles, and to protect the public's interests. The tow contractor does not have authority to pick and choose which contract requirements to follow and which ones to ignore. Ultimately, however, motor vehicle control is responsible for ensuring that its abandoned vehicle tow contractor complies with contract requirements and takes corrective measures when warranted. If the agency determines some of the contract requirements may be onerous or out of step with actual needs, the agency is responsible for negotiating needed changes with the contractor during contract extensions or before the next contract is advertised for bids.

***Motor vehicle control failed to enforce key contract provisions***

The city's abandoned vehicle contract contains a liquidated damages provision designed as a disincentive to the contractor for contract non-compliance and recognizes that the city's interest is damaged when a contractor fails to comply. Specifically, the contract assesses the contractor damages in the amount of \$100 for each infraction of contract non-compliance. We found, however, that between FY2003-04 and FY2005-06, motor vehicle control assessed liquidated damages against its abandoned vehicle tow contractor only twice and failed to enforce towing fee forfeiture provisions.

**Motor vehicle control has assessed liquidated damages for contract violations only twice between July 1, 2003 and June 30, 2006**

We reviewed motor vehicle control's liquidated damages logs for FY2003-04 to FY2005-06, and found that liquidated damage assessments were only assessed against the abandoned vehicle tow contractor twice during that three-year period, with both assessments made in FY2004-05. As we have noted throughout this report, there were numerous instances where the city's abandoned vehicle contractor failed to comply with contract requirements and subject to liquidated damages.

A motor vehicle control administrator commented that in the past, the agency has not actively sought damages for contract non-compliance, but that changed in late 2006. The reason that damages were not routinely assessed was because of “give-and-take” between motor vehicle control and the tow contractor. For example, the tow contractor is only obligated to tow vehicles weighing less than 10,000 lbs. gross vehicle weight. However, the abandoned vehicle tow contractor has towed vehicles exceeding 10,000 lbs. gross vehicle weight as a “courtesy.” From the agency’s perspective, the tow contractor was not obligated to tow overweight vehicles and if it declined, large vehicles would likely remain on city streets until another tow contractor could be secured. In return, motor vehicle control was more lenient in enforcing contract requirements and assessing liquidated damages. The tow contractor acknowledged towing vehicles exceeding 10,000 lbs. gross vehicle weight for the city as a courtesy, but denied that there was any formal agreement with motor vehicle control to tow overweight vehicles in exchange for avoiding liquidated damages. The tow contractor could not provide the number of overweight vehicles towed, but noted that the number was very small. During our observation of the tow contractor’s lot, we observed one mini-bus that had a gross vehicle weight of 10,700 lbs. A motor vehicle control inspector we spoke with commented that he used to write up the tow contractor for late tows, but management never penalized the tow contractor. Since the contract was not being enforced, he stopped citing the tow contractor.

### **Motor vehicle control did not enforce towing fee forfeiture**

In addition to liquidated damages, the abandoned vehicle contract also contains a fee forfeiture provision. The provision states that in the event the contractor fails to remove an abandoned vehicle within the time specified, the contractor shall forfeit the towing fees paid by the city to the contractor. As we noted previously in this report, our sample analysis showed that the tow contractor towed abandoned vehicles within three days from notification only 34 percent of the time between FY2003-04 to FY2005-06. However, a motor vehicle control administrator acknowledged that the agency has never enforced the fee forfeiture provision because liquidated damages were “punitive enough.” This statement might have been plausible if motor vehicle control had actually assessed liquidated damages.

Based on our sample review of 96 abandoned vehicle reports between FY2003-04 and FY2005-06, we estimate that the city was eligible for, and should have collected, at least \$16,428 in liquidated damages and fee forfeitures from its abandoned vehicle contractor. Exhibit 2.6

identifies the infractions and eligible charges. However, motor vehicle control assessed liquidated damages only twice during that time period.

According to motor vehicle control records, the city towed 3,876 abandoned vehicles in FY2003-04 to FY2005-06. Based on our statistically valid sample of 96 abandoned vehicle reports, the tow contractor towed an abandoned vehicle within 72 hours only 34 percent of the time. If we project our sample statistics to the abandoned vehicles towed between FY2003-04 to FY2005-06, we estimate that the contractor towed 1,318 abandoned vehicles within 72 hours, and failed to meet that standard in 2,558 tows. If the contractor was assessed a fee forfeiture of the \$156 tow rate and the \$100 liquidated damages fee assessed for each late tow, we estimate that the city failed to collect \$654,748 in forfeitures and fees for FY2003-04 and FY2005-06. The intent of liquidated damages is to ensure that the tow contractor removes abandoned vehicles promptly, rather than generate revenue for the city. Motor vehicle control was aware that the contractor did not always pick up abandoned vehicles in a timely manner. However, had motor vehicle control evaluated its records, they would have been able to determine the extent to which the tow contractor failed to comply with contract requirements and could have taken corrective action to ensure that abandoned vehicles were consistently towed within the 72 hour notification period.

**Exhibit 2.6**

**Estimated Liquidated Damages and Fee Forfeiture Collectible**

**Sample of Abandoned Vehicle Contract Violations, FY2003-04 to FY2005-06**

<i><b>Contract Provision</b></i>	<i><b>No. of Violations</b></i>	<i><b>Damage Amount per Violation</b></i>	<i><b>Total Eligible Damages</b></i>
Failure to remove an abandoned vehicle (AV) within 72 hours	63	\$100	\$6,300
Towing fee forfeiture for failing to remove an AV within 72 hours	63	\$156 <sup>1</sup>	\$9,828
Sub-contracting of work <sup>2</sup>	1	\$100	\$100
Failure to post contact information during off-peak hours <sup>2</sup>	1	\$100	\$100
Failure to post rate schedule and method of payment in a conspicuous place <sup>2</sup>	1	\$100	\$100
All tow trucks and drivers shall be available for duty 24 hours per day, seven days per week <sup>2</sup>	Unknown	\$100	Undeterminable
Tow trucks used in the performance of the contract shall be owned or leased by the contractor <sup>2</sup>	Unknown	\$100	Undeterminable
The contractor shall close and lock all vehicle windows and doors, whenever possible <sup>3</sup>	Unknown	\$100	Undeterminable
<b>Total</b>			<b>\$16,428</b>

<sup>1</sup> We used the \$156 tow rate (lowest charge) since we were unable to determine the rate actually charged.

<sup>2</sup> We assume that once liquidated damages are assessed for the violation that the contractor will comply with contract provisions.

<sup>3</sup> We cannot determine how many vehicles were unlocked when it arrived on the lot.

Source: Office of the City Auditor

Both liquidated damages and fee forfeiture provisions were put into the contract to provide the city with an effective “hammer” to ensure contractor compliance with contract terms. They are not meant to raise revenues. However, motor vehicle control’s lax contract monitoring and enforcement rendered these provisions ineffective. As a result, the contractor had little incentive to comply and, as we have noted in this report, in fact failed to comply in many instances. Had motor vehicle

control worked more closely with the contractor and properly enforced these provisions, a higher percentage of abandoned vehicles might have been removed from city streets within the contract's established timeframe.

***Abandoned vehicle contract could be improved with stronger hazardous waste disposal provisions***

The current abandoned vehicle contract has adequate, but minimal language to cover hazardous waste disposal. The contract requires the contractor to maintain a valid permit issued by the state's Department of Health, Environmental Management Division Solid and Hazardous Waste Branch and comply with contract language that states, "The Contractor will observe, perform, and comply with all laws, statutes, ordinances, rules and regulations of the Federal Government, State of Hawai'i, City and County of Honolulu, or any department or agency of the above... The Contractor shall handle and dispose of all vehicles in accordance with all applicable statutes, ordinances, rules and regulations and any amendments thereto which may be enacted hereafter..." We note that the term "hazardous waste" is not included in the contract language.

We found that in addition to the hazardous materials contained in motor vehicles (i.e. gasoline, motor oil, battery acid, etc.), many of the abandoned and derelict vehicles have containers and boxes containing other hazardous waste such as paint, extra car batteries, refrigerators, etc. The tow contractor is responsible to dispose of these items, too. Exhibit 2.7 is a photo of an abandoned truck towed onto the tow contractor's lot containing a refrigerator, which may have *freon* or other hazards stored inside.



**Exhibit 2.7**  
**Photo of Derelict Vehicle with Refrigerator**



*This abandoned vehicle was towed onto the tow contractor's lot with a refrigerator in the back. The tow contractor is responsible for disposing of any chemicals associated with the refrigerator and any other waste that might be inside.*

Source: Office of the City Auditor

According to a geologist with a private environmental service company hired by the city's current abandoned vehicle tow contractor, the contractor's solid waste permit allows the contractor to tow a vehicle onto its lot that has only one battery and five tires (four, plus a spare). If there are additional batteries or tires in the car, technically, the contractor should not be bringing the car onto the lot because it is a potential permit violation. Also, the contractor should not be towing cars onto its lot with rubbish in the vehicle or containers with unknown substances since it is not authorized to store chemicals. The current contract language merely requires the tow contractor to obtain a solid waste management permit and to comply with applicable law, but it is silent on directives for ensuring that hazardous materials are properly disposed.

We recognize that solid waste and hazardous material disposal are under the jurisdiction of the state and federal governments. However, the city could do its part to strengthen contract language to specifically prohibit illegal dumping. Inclusion of stronger environmental protection language

would be consistent with the city's recent campaign targeting the automotive industry's impact on our environment. In December 2006, the city embarked on a campaign targeting the auto repair industry to raise awareness about best management practices for preventing water pollution. The city's press release noted that service stations, auto repair shops, and similar establishments are significant sources of pollutants including oil, grease, detergents, engine and brake residue that contain antifreeze, copper, and even asbestos. The press release also stated that the city's Storm Water Branch performs inspections of industrial or commercial sites, and is developing a manual on applicable best management practices for the industry. We urge motor vehicle control to incorporate applicable portions of this manual into its future contracts and other pertinent waste disposal directives.

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## Conclusion

The city's abandoned and derelict vehicle program has fallen short in its efforts to effectively and efficiently tow these vehicles from city streets. Motor vehicle control lacks effectiveness because it failed to consistently tow abandoned vehicles within 14 work days, and left vehicles on city streets for over a month. The agency's efficiency was diminished by its reliance on outdated and manual processes, duplicative investigations, and poor contract monitoring and oversight, among others.

We found that motor vehicle control did not consistently tow abandoned vehicles from city streets within 14 work days according to the benchmark established by the agency. Instead, abandoned vehicles are towed in an average of 23.4 work days. Derelict vehicles, however, fared better as motor vehicle control was generally able to have those vehicles towed from city streets within the prescribed 15 work day benchmark.

We also found that motor vehicle control's ability to accurately track towed vehicles through the process is sorely inadequate. Not all vehicle complaints are logged into the agency database, with hundreds of records stored in boxes for months before they are entered into the system. The agency cites inexperienced staff and staff shortages for the backlog. Complaints are also handled differently, with complaints to the mayor and council taking top priority, and complaints filed with the police department taking the longest. We also found that motor vehicle control relies on paper-based, manual processes, outdated technology, and incompatible software often requiring separate data entry, which adversely impacted the agency's efficiency. We note that motor vehicle

control has begun planning to upgrade to Windows-based technology to efficiently process all abandoned and derelict vehicle complaints, auctions, and vehicle disposal, and eliminate inefficient manual, paper records.

Agency delays in processing abandoned and unclaimed vehicles for auction make it difficult for police department tow contractors to store additional abandoned vehicles. Slow processing may increase daily storage fees that could discourage vehicle sales and reduce revenues to the city. We also found that motor vehicle control's poor recordkeeping and weak internal controls essentially put the tow contractor in charge of managing vehicle inventory. Extended leaves of absence taken by vehicle inspectors stretched the agency's resources, but administrators did not seek temporary hires to assist with the workload. Additionally, incomplete and inaccurate reporting by tow contractors adversely affected motor vehicle control operations.

A recent change in state law affected motor vehicle control by increasing the number of abandoned vehicles. A change to city ordinance designed to improve efficiency in removing abandoned vehicles created an influx of vehicles that overwhelmed tow contractors. We also found that motor vehicle control does not offer unsold vehicles to the city's automotive equipment services as directed by city ordinance. At this time, we find that implementing the technology upgrades and resolving the significant operational deficiencies are likely to have a more significant impact on removing abandoned and derelict vehicles than other actions, such as amending existing ordinances or state statutes.

We note that best practices from around the country offer efficiency alternatives. Internet access to information about the abandoned and derelict vehicle process timeframes, instructions for disposing of vehicle without charge, and the ability to search by license plate or vehicle identification number could reduce the volume of complaints to the Motor Vehicle Control Section, city administration and council, and better serve the public.

The lack of coordination between the police department and motor vehicle control contributed to abandoned and derelict vehicle process inefficiencies. We found that police department investigations can add nearly a week to the towing process, which is compounded by motor vehicle's duplication of all police department investigations. Motor vehicle control's practice of reinvestigating police investigations is time-consuming, and may be unnecessary according to corporation counsel.

We also found a lack of communication and coordination between motor vehicle control and the police department to resolve longstanding concerns. The two agencies do not meet on a periodic basis, despite the coordination of work between them. Motor vehicle control's proposed technology upgrade program does not include any linkage with the police department, despite the related responsibilities, interagency services and the volume of abandoned vehicles they investigate. The upcoming volunteer policing program will add another layer of investigators to the abandoned and derelict vehicle process, yet the two agencies have not met to coordinate the most efficient use of this new resource.

We found that the city's abandoned and derelict vehicle contracts are generally well-constructed, but the lack of enforcement renders them ineffective. Motor vehicle control's failure to adequately monitor, evaluate and correct its contractor resulted in the tow contractor towing abandoned vehicles from city streets in a timely manner only 34 percent of the time and allowed the contractor to pick and choose the contract terms to follow or ignore. Additionally, motor vehicle control did not enforce contract provisions of assessing liquidated damages only twice and failed to enforce towing fee forfeitures for the contract non-compliance from FY2003-04 to FY2005-06. Finally, we found that the current abandoned vehicle contract could be improve by including stronger solid waste disposal requirements.

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## Recommendations

1. The director of the Customer Services Department should:
  - a. ensure that the Motor Vehicle Control Section promptly and accurately documents all complaints of abandoned and derelict vehicles for tracking and disposition purposes;
  - b. ensure that abandoned and derelict vehicles are towed within 14 and 15 work days, respectively;
  - c. continue to prioritize the work with the information technology department to:
    - 1) automate abandoned and derelict vehicle processing and reduce paper-based, inefficient, duplicative, manual processes;

- 2) continue process mapping and redesign;
  - 3) program, test, and train for the new application;
  - 4) implement a web-based program for abandoned and derelict vehicle complaint processing, auctions, and vehicle disposal; and
  - 5) implement a web-based program for the public to obtain the status of suspicious or potential abandoned or derelict vehicles in their neighborhood;
- d. initiate efforts to upgrade the city's motor vehicle control website with specific information about the abandoned and derelict vehicle process, legal requirements, current contact information, and other educational information;
  - e. require motor vehicle control to establish formal and up-to-date policies and procedures for abandoned and derelict vehicle processing, contract monitoring, and enforcement;
  - f. consider advanced technology solutions to make efficient use of investigators' time and resources;
  - g. seek temporary hires for inspectors out on long-term leave or offer permanent alternative work opportunities within the city;
  - h. work with the automotive equipment services chief by offering un-sold vehicles for the city's potential benefit;
  - i. consider best practices of other jurisdictions including the use of web-based vehicle status search by license plate and vehicle identification numbers, portable or hand-held electronic devices enabling inspectors to search and input investigation data in the field, and legislation allowing tow contractors to mail notices to registered owners whose vehicle has been towed;
  - j. eliminate duplication of vehicle investigations by coordinating with the police department to utilize investigations already completed;
  - k. initiate periodic meetings with police department and tow contractors to address issues, needs, and anticipated changes

such as technology upgrades and coordination, and the upcoming volunteer policing program;

- l. request assistance from the corporation counsel to assess motor vehicle control's current practices pertaining to police abandoned vehicle investigations and eliminate unnecessary duplication of work and make better use of motor vehicle control and police department resources;
  - m. consistently enforce all contract term and provisions contained in abandoned and derelict vehicle contracts;
  - n. implement regular contract monitoring, contractor evaluation and feedback with the city's abandoned and derelict vehicle tow contractor; and
  - o. include stronger hazardous waste disposal provisions in future abandoned and derelict vehicle contracts.
2. The Chief of Police of the Honolulu Police Department should:
- a. work with the customer services and information technology departments and consider implementing an electronic abandoned vehicle report on officers' laptop computers that are compatible with motor vehicle control's new system, and can be electronically transmitted to motor vehicle control to expedite the removal of abandoned vehicles;
  - b. coordinate with customer services on work tasks and standards for the impending volunteer policing program's abandoned vehicle investigations; and
  - c. work with customer services administrators and the council to improve compliance with Ordinance 06-11, 2006.

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## Responses of the Affected Agencies

### Comments on Agency Responses

We transmitted drafts of this report to the Department of Customer Services and Honolulu Police Department on March 16, 2007. A copy of the transmittal letter to the Department of Customer Services is included as Attachment 1. At our exit conference with the respective agencies, we advised the director of customer services and the police chief that they would have ten workdays to prepare its written response to the draft report. The police department submitted its response on March 27, 2007, which is included as Attachment 2. On March 29, 2007, the director of customer services requested an extension to submit its written response. The city auditor granted the department an extension to April 16, 2007 to submit a response. The customer services department submitted its written response to the draft report on April 13, 2007, which is included as Attachment 3.

In its response, the Honolulu Police Department expressed general agreement with the audit findings and noted that the department would comply with the audit's recommendations. The department further commented that it would work toward increasing community satisfaction in removing abandoned and derelict vehicles from city roadways.

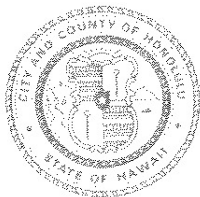
The Department of Customer Services also expressed general agreement with our audit findings and recommendations. The department affirmed prior knowledge of several problems with the abandoned and derelict vehicles program before the audit draft was released, and that it had already begun implementing a corrective action plan. The department provided a summary of the initiatives it has taken in recent months, many of which address our audit findings. We commend the department for its quick and appropriate action. The department also provided clarifying information on several issues raised in the draft audit report.

However, the customer services department took exception to our draft audit report's assertion that abandoned and derelict vehicle complaints generated from the mayor's office or city councilmembers are given priority over others. The department further commented that the audit draft overlooked the fact that such complaints and requests for action had been screened by those offices prior to motor vehicle control receipt. We disagree. Through interviews with motor vehicle control staff, we found that complaints from the mayor and city council member

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offices receive higher priority. Also, as we note in our audit report, some complaints forwarded from the mayor and councilmember offices lacked adequate information to conduct an investigation—despite having “screened” the complaint. Our point in raising the disparity in investigation priority was to explain why some abandoned vehicle investigations may be done in a timelier manner, and why some are not.

Finally, we made non-substantive amendments to the audit draft for purposes of clarity and style.



**OFFICE OF THE CITY AUDITOR**  
**CITY AND COUNTY OF HONOLULU**  
1000 ULUOHIA STREET, SUITE 120, KAPOLEI, HAWAII 96707 / PHONE: (808) 692-5134 / FAX: (808) 692-5135

LESLIE I. TANAKA, CPA  
CITY AUDITOR

March 16, 2007

*COPY*

Mr. Jeffrey J. Coelho, Director  
Customer Services Department  
530 South King Street, Room 302A  
Honolulu, Hawai'i 96813

Dear Mr. Coelho:

Enclosed for your review are two copies (numbers 12 and 13) of our confidential draft audit report, *Audit of the City's Abandoned and Derelict Vehicle Program*. If you choose to submit a written response to our draft report, your comments will generally be included in the final report. However, we ask that you submit your response to us no later than 12:00 noon on Monday, April 2, 2007.

For your information, the mayor, managing director, chief of police, and each councilmember have also been provided copies of this **confidential** draft report.

Finally, since this report is still in draft form and changes may be made to it, access to this draft report should be restricted to those assisting you in preparing your response. Public release of the final report will be made by my office after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leslie I. Tanaka".

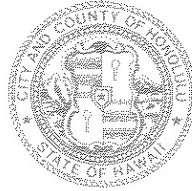
Leslie I. Tanaka, CPA  
City Auditor

Enclosures

POLICE DEPARTMENT  
CITY AND COUNTY OF HONOLULU  
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TELEPHONE: (808) 529-3111 · INTERNET: www.honolulu-pd.org

07 MAR 30 110 :00

MUFF HANNEMANN  
MAYOR



C & C OF HONOLULU  
CITY AUDITOR

BOISSE P. CORREA  
CHIEF

GLEN R. KAJIYAMA  
PAUL O. POTEULU  
DEPUTY CHIEFS

OUR REFERENCE BS-KP

March 27, 2007

TO: LESLIE I. TANAKA, CPA, CITY AUDITOR  
OFFICE OF THE CITY AUDITOR

FROM: BOISSE P. CORREA, CHIEF OF POLICE  
HONOLULU POLICE DEPARTMENT

SUBJECT: DRAFT AUDIT REPORT, AUDIT OF THE CITY'S ABANDONED AND  
DERELICT VEHICLE PROGRAM

Thank you for the opportunity to review and comment on the subject project.

The Honolulu Police Department will gladly comply with the three recommendations (2a, 2b, and 2c, on p. 67) pertaining to its collaboration with the Department of Customer Services and the Department of Information Technology.

We look forward to increased community satisfaction as abandoned and derelict vehicles are removed as efficiently as possible from our roadways.

Sincerely,

BOISSE P. CORREA  
Chief of Police

DEPARTMENT OF CUSTOMER SERVICES  
**CITY AND COUNTY OF HONOLULU**  
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<http://www.honolulu.gov>

MUFI HANNEMANN  
 MAYOR



JEFF J. COELHO  
 DIRECTOR

HUBERT P. MINN  
 SENIOR ADVISOR

April 13, 2007

'07 APR 13 AIO :31

Mr. Leslie I. Tanaka, CPA  
 City Auditor  
 Office of City Auditor  
 1000 Uluohia Street, Suite 120  
 Kapolei, Hawaii 96707

C & C OF HONOLULU  
 CITY AUDITOR

Dear Mr. Tanaka:

The purpose of this memo is to transmit to you the Customer Services Department's response to the audit of the City's Abandoned and Derelict Vehicle Program. I appreciate your work on the audit and the opportunity to respond to its findings and recommendations. Please do not hesitate to contact us if you require any further clarification.

We concur with the audit's three findings concerning the Customer Services Department (CSD).

In fact, even before the auditors began their work, we designed and began implementing a "Corrective Action Plan" that, when completed and fully implemented, will greatly improve the department's efficiency in handling abandoned and derelict vehicles. The cornerstone of the plan is the complete computerization of the City's abandoned and derelict vehicle removal programs, including a move to a web-based system.

Here is a brief list of what has been accomplished in just the past three months.

1/1/2007 – Operational use of intranet system (used by back-office Motor Vehicle Control staff) that allows data capture and reporting.

We began operational trials with two types of field laptops (Panasonic Tough Book). When deployed, these units will be assigned to field inspectors. They will be able to enter all required data on an abandoned vehicle on the spot. The electronic capture of this data will stay with the vehicle through every step of the process, including auction and disposal.

2/27/2007 – Internet problem report application. The Internet application went live and replaces the e-forms problem report, which is e-mailed and then manually entered into the City DART system. Now the information is automatically stored in a database.

3/20/2007 – Implemented one-step close and Bill 91 checkbox.

1) One-step close –The mass-close function facilitates closing complaints by inspectors. This update captures close date, reason, and comments.

2) We have included a Bill 91 checkbox on the New Complaints screen for Honolulu Police Department (HPD) hazardous vehicle reports.

3/24/2007 – Implemented reporting improvements.

1) We established the AV Report Status Inquiry System, which allows for status query by AV reference number, a way to speed up handling of staff queries.

2) We are testing the Monthly Inspector Activity Report, a daily computerized report. When fully operational, it will provide a computerized database that will enable the department to cross-check closed cases.

3) We have made minor changes to the printed Worksheet.

Next tasks include:

- 1) Setting up a new .net 2.0 framework.
- 2) Compiling comprehensive statistical reports.
- 3) Gathering requirements for next-phase implementation; consisting of
  - a. Automated mainframe data retrieval;
  - b. Inspector investigation information update with new Abandoned Vehicle Report format screen, which will be used with the field laptops; and
  - c. Generate extract file from database for import to Excel database for auction.

While the department does concur with the auditor's three findings, we point out again that even with a system that is paper-based and over 40 years old, and despite high employee turnover, the department has met its goal for the timely removal of derelict vehicles. With derelict vehicles accounting for 85 percent of the abandoned and derelict vehicle caseload, one can conclude that the department meets its goal 85 percent of the time.

### ***High turnover rates***

The high turnover rate of clerks is created by three primary conditions, the low classification and resulting low pay for clerks, less-than-ideal working environment, and the prospects of higher-paying positions elsewhere in the City.



The department included in its proposed FY 2008 budget an appropriation to replace the aging bus-trailer where the clerks work, as a way to improve working conditions.

We have recommended that the Department of Human Resources consider reclassifying some of the clerk positions to the higher-paying SR-12 level. This would allow for employee advancement within the department and encourage clerks to stay in the department rather than look for a higher pay elsewhere in the City.

### ***Inspector work force monitoring***

The department concurs that the shortage of clerical staff, the extended industrial leave of one Motor Vehicle Control (MVC) Inspector II, and the paper-based system have reduced the oversight of the MVC inspectors in the field. Daily morning meetings are held by the remaining MVC Inspector II to provide field assignments and follow-up of outstanding investigations. Planned enhancement of the computerized system will allow for electronic assignment, closure, and tracking of cases.

All requests for scheduled vacation during the upcoming calendar year are submitted by each inspector for approval during December. The approval of unscheduled vacation depends upon overall availability of the remaining inspectors.

### ***Incorporation of recommendations into an updated procedures manual***

The Motor Vehicle Control Section will be amending its procedures manuals upon completion of our transition from a paper-based to a computer-based system. Additionally, we will recommend that all prospective bidders for HPD zone tow, CSD abandoned vehicle tow, and CSD derelict vehicle tow contracts have Internet capability for sending and receiving required electronic documents.

### ***New vendor contract monitor guidelines***

The new computer program will provide daily time-phased alerts to the MVC field inspectors and management reports to the MVC supervisory staff regarding vehicles that have been marked as abandoned or derelict. Additionally, the new computer program will provide a listing of vehicles that have not been reported as claimed by the contractor and must be inventoried for auction. The electronic interface between the contractor and MVC will eliminate many of the manual inefficiencies that are present with the current paper-based system.

### ***Offering unsold cars to Automotive Equipment Service (AES)***

The department informed the previous AES Chief and Deputy of Section 290-3, HRS, and Section 15-13.10, ROH, and inquired as to whether they were interested. After visiting several auctions and noting the condition of the vehicles that were NOT sold, they declined to be considered, indicating that it was inefficient and costly to tow the vehicle, strip the vehicles for parts that may or may not be operational, and be responsible for the subsequent disposal. We will notify the current AES Chief to see if there is any interest in attending future auctions and acquiring unsold vehicles.



Mr. Leslie I. Tanaka, CPA  
April 13, 2007  
Page 4

### ***Police interaction steps and meetings***

The HPD Traffic Division is currently writing procedures that police officers will follow for the electronic reporting of abandoned, derelict, and school zone vehicles. The adoption of this electronic reporting system will eliminate the current duplication of effort between HPD and MVC inspectors. Once these written procedures are adopted by HPD and the system is fully tested using the mobile laptops, a more efficient electronic system will be in operation.

### ***Summary***

The City Council resolution that requested this audit was adopted in January 2006, a month before I took office as director of the Customer Services Department. I immediately took steps to identify issues and problems with the abandoned and derelict vehicle program, and to correct them. The auditor's findings identified the same problems I found, and the audit report confirms we are taking the right steps to resolve those issues.

It should be noted that many of those corrective actions were begun or implemented after the period covered by the audit, which ended in June 2006.

We do take issue with the audit report's assertion that complaints about abandoned/derelict vehicles from the mayor's office or City Council members are given priority over others. This overlooks the fact that those complaints and requests for action have already been screened once (by the mayor's or Council staff) by the time they reach the Motor Vehicle Control Section.

In summary, we agree the abandoned and derelict vehicle program had been allowed to languish in the past, to the point where it was a source of frustration for many, including the staff of the Motor Vehicle Control Section. We are undoing that neglect and myriad changes are underway to address these issues, with the resources available.

The Customer Services Department has always had the City and its citizen's interests in mind while trying to deliver the best service possible.

Yours truly,



Jeff J. Coelho  
Director