



Modernizing the Registry of Motor Vehicles

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With Cooperation From:

The Registry of Motor Vehicles Division

MassDOT – Fiscal

MassDOT – Human Resources

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MassDOT – Facilities

Prior to implementation MassDOT will satisfy any bargaining obligations it may have with collective bargaining representatives pursuant to M.G.L.c.150E

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Executive Summary

Since 1919, the Registry of Motor Vehicles has been one of the Commonwealth’s most important regulators and revenue collectors. The scope of the Registry’s impact is evident as it licenses over 4 million drivers, registers over 5 million vehicles, and in the past year collected over \$1.2 billion in revenue.

It has also been a leader in the motor vehicle industry. In 1995, the RMV became the first agency of its kind to offer online services. Since then, it has expanded its partnerships with AAA branches, has allowed branch customers to make appointments rather than wait in line, and has redesigned its licenses to better protect drivers’ identities.

Unfortunately, the Registry is still beset by a number of problems. Many of its transactions are still conducted through its 30 branch offices, which are scattered around the state and vary in size and performance. At small branches – such as Martha’s Vineyard and Attleboro – over 95% of customers wait less than 30 minutes to complete their business, while at larger ones – such as Worcester and Watertown – over 40% wait more than 30 minutes. In addition, the RMV’s computer infrastructure is over 20 years old and its website – though comprehensive – is difficult to navigate.

The RMV has started to address many of these matters on its own. An ongoing modernization effort is completely replacing its Automated Licensing and Registration System. MassDOT’s One Voice project will upgrade legacy infrastructure and improve customer service. On December 7, Registry officials plan to launch a redesigned website with a simple and appealing layout.

However, the Registry needs a comprehensive set of reforms to ensure that its past progress remains strong. This report outlines a number of paths that policymakers can take to streamline RMV operations. These include:

I) REGIONAL CENTERS

We suggest that the RMV dispense with its traditional tapestry of branches and replace it with a consolidated model. Under our plan, it will keep only 4 old offices (in Greenfield, Nantucket, Martha’s Vineyard, and Boston) while channeling its remaining customers to 12 “regional centers” in:

Barnstable	Braintree	Lowell	Leominster
New Bedford	Burlington	Framingham	Springfield
Raynham	Haverhill	Worcester	Pittsfield

Although our locations are suggestions, we believe that they are ideal. All are positioned near major metropolitan areas, highways, and MBTA/RTA routes. They are also distributed evenly enough to place most Massachusetts residents within 15 – 20 miles of an RMV center.

Many of these new offices will handle between 200,000 and 400,000 customers per year, so will be built with capacity in mind. Regional centers will be located in larger buildings (such as mills or vacant “big box” stores), with more desks and employees than a regular registry office. However, they will enjoy efficiencies and economies of scale that will leave them able to serve more customers at lower wait times.

II) REDUCING TRANSACTION OPTIONS IN BRANCHES

To further lower its wait times, the Registry can phase out some in-person transactions from its offices. In 2011, over 400,000 customers renewed their registrations in branches when they could have done so online, by mail, by phone, or through their AAA and insurance agents. All of these external options render branch registration renewals dispensable, which makes this type of transaction an ideal one to outsource and relieve wait times for customers that must conduct business in a branch.

III) PRIVATE/PUBLIC PARTNERSHIPS

Wait times can also be reduced by entering into public/private partnerships. These could include:

- Expanding our existing links with AAA and offering more Registry services at more of their locations.
- Extending the conveniences of the RMV’s Electronic Vehicle Registration system to small car dealers and lower volume insurance agencies.
- Placing registration or license renewal kiosks in local supermarkets and “big box” stores.

In all cases, these initiatives will relieve the rush on Registry offices and allow consumers a wider choice of times and places to conduct their business.

IV) GOING MOBILE

As part of the ALARS modification, the Registry would like to cater to the growing smartphone market through mobile applications, such as:

- “Road 2 Ur License”, which would allow teenagers to prepare for their licenses by offering practice permit tests and road test checklists.
- Safe Driver App, which would monitor and block incoming texts to reduce the risks of distracted driving.
- My RMV Mobile, which would allow customers to track their records, transactions, and deadlines. It would also allow them to submit important documents remotely by using their camera phone.
- RMV Locations and Reservations App, which would allow customers to check branch wait times remotely and make ‘reservations’ for places in line.
- RMV wallet concept that would provide an electronic version of the universal registration document and temporary licenses and IDs that would give customers access to the credentials immediately upon completion of transactions.

Whatever options – or combination of options – policymakers choose, we are confident that they will have a positive impact on the Registry’s health and reputation.

Overview

The Registry of Motor Vehicles Division of the Massachusetts Department of Transportation (RMV) is responsible for collecting over \$1.2 billion in annual revenue and staffs approximately 782 employees who regulate the Commonwealth's motor vehicles, identification cards, driver's licenses, motor vehicle registrations/titles, and vehicle/bus inspections.

Specifically, the RMV is responsible for:

- Licensing 4.73 million drivers to ensure that only qualified individuals operate motor vehicles in the Commonwealth.
- Registering and titling over 5 million vehicles to protect drivers and provide a database of motor vehicle assets.
- Issuing 700,000 license suspension notices, every year, to operators banned from driving on the Commonwealth's roadways.
- Inspecting 9,000 school buses three times a year to protect students' safety.
- Overseeing more than 1,600 commercial and non-commercial inspection stations.
- Conducting annual safety and emission checks on over 4.4 million vehicles to ensure the safety of vehicles traveling on our roadways.
- Certifying more than 403 driving schools and 1,785 driving instructors to ensure that Massachusetts motorists receive proper education.
- Administering road tests to Massachusetts license applicants.

The Registry has long been a leader in the motor vehicle industry. In 1995, it became the first US motor vehicle agency to offer online transactions. Since then, it has expanded its services to AAA offices, has allowed branch customers to make appointments rather than wait in lines, and has redesigned its licenses to secure drivers' identities.

However, the RMV's pursuit of excellence has been stymied by technological and physical factors. The current mainframe system – ALARS – is outdated and expensive. It is now 27 years old and it must be replaced. The Registry's branch structure is also rooted in an era of government that is fast becoming obsolete.

From August 2011 to August 2012, the RMV served approximately 3,500,000 customers in 30 branch locations throughout the Commonwealth. Wait times across offices varied considerably, even among those with comparable customer traffic. At 21 branches, over 30% of patrons waited at least 30 minutes; at 6 branches, the proportion approached 50%.

As our customers demand more, faster, and mobile service from their government, we must reform the Registry of Motor Vehicles to ensure that its past progress remains strong. The Commonwealth of Massachusetts has acknowledged this much by approving the ALARS modernization project. Now it is time to affect wider changes to the RMV’s business model.

This report suggests that modernization is necessary, feasible, and economical. It suggests that the Registry dispense with its tapestry of local offices and move towards a smaller network of regional centers. These would provide a menu of essential services and pursue such economies of scale that they could accommodate more customers at lower wait times. In addition, the Registry could offer its services through public/private partnerships and a redesigned website.

As all reforms come with *caveats*, this report also covers modernization’s practical problems. However, a regional system can improve the public’s experience and provide the RMV a more robust infrastructure. In spite of its limitations, it is promising.

The Current State

Financial Landscape

The Registry of Motor Vehicles has a total operating budget of \$73.1 million - the majority of which is spent on Employee Payroll and Benefits. Lease payments and administrative costs make up \$10.7 million in FY2013. The other \$18.5 million in the Budget is spent on maintaining the Registry’s legacy mainframe – ALARS and materials, supplies, and services.

Financial State (as of June 2012)

FY’13 Budget	
Employee Payroll & Benefits:	\$43.9 Million
Office & Administrative Services (including lease payments):	\$10.7
ALARS Maintenance (Pro-Forma):	\$ 9.5
<u>Materials Supplies & Services:</u>	<u>\$ 9.0</u>
Total Operating Budget	\$73.1 Million

Other RMV Financial Metrics

Amount Collected Annually:	~\$1.2 Billion
Operating Cost as a Percentage of Amount Collected:	~6.1%
Number of Employees:	~782
Number of Branches:	~ 30

The attached table (Appendix A) provides a succinct overview of the Registry's current financial state. One of the largest non-tax sources of state income, the RMV has collected over \$1 billion of revenue since FY2010. Approximately 50% of inflows come from fees and charges while the rest comes from the Motor Vehicle Sales Tax.

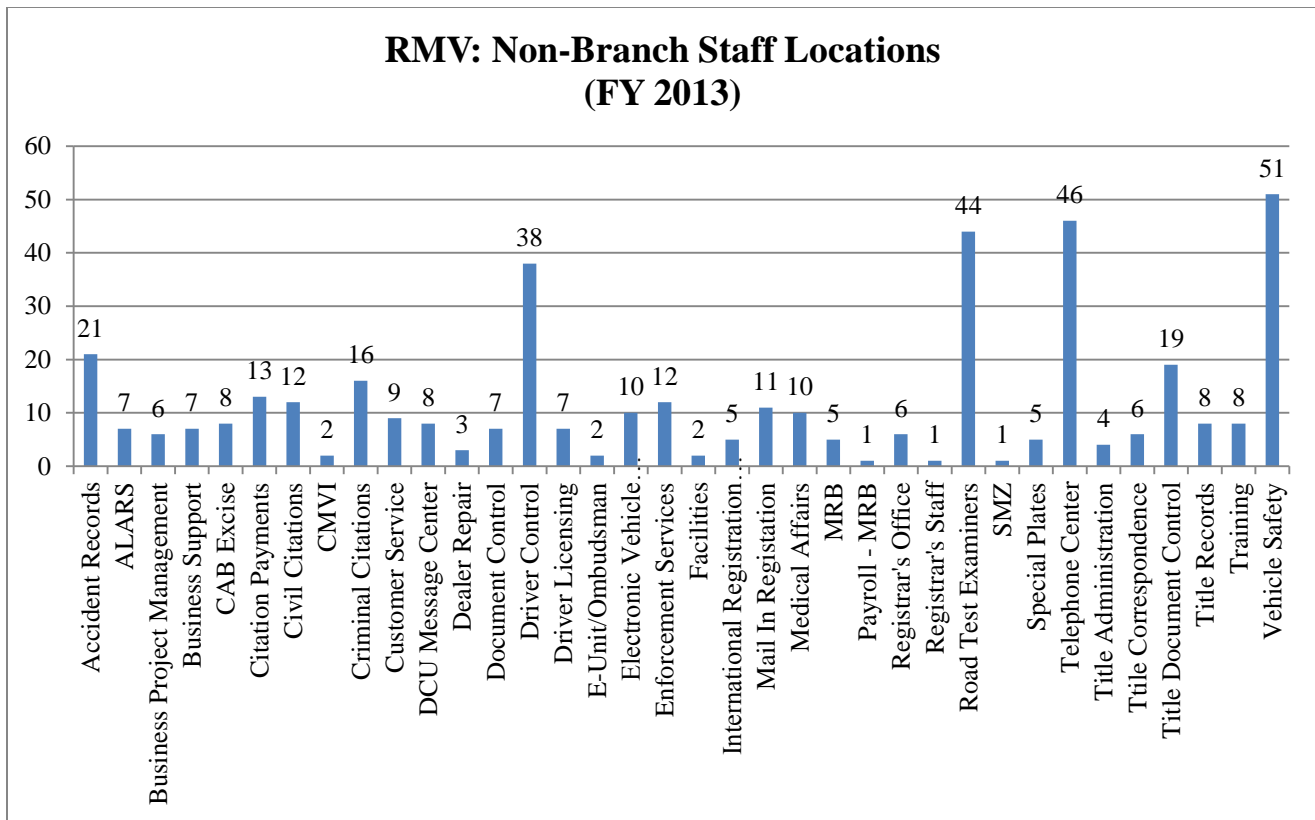
The RMV serves as a fee collection mechanism, both for services it supplies as well as other fees, all of which are deposited into the Commonwealth Transportation Fund (CTF). The total amount collected by the RMV in FY'12 was approximately \$1.22 billion. The RMV's direct expenses in FY'12 were \$72.3 million. Therefore, as a percentage of total fees collected (the "yield"), the RMV spent 6.0% (\$72.3 million/\$1.22 billion) to pay for its expenses associated with collecting these fees.

In FYs'10 and '12, the yield was 5.4%, and 5.7% respectively, due to the growth of expenses outstripping revenue growth. However, based upon a "base case" of projections using conservative assumptions about both revenue growth and the RMV's business expenses going forward, the yield should remain at or below 6%.

Whether 6% as a yield is a "good" number has not been examined. In fact, were a comparison be made to almost any other RMV in the U.S. as to other states' yields, it would be, most likely entirely invalid due to inconsistencies as to collections as well as jurisdictions (e.g., state RMVs vs. those of large cities). As such, the preliminary determination, for the purpose of this report, was made that a sub-6% yield should be a goal and in place for subsequent years.

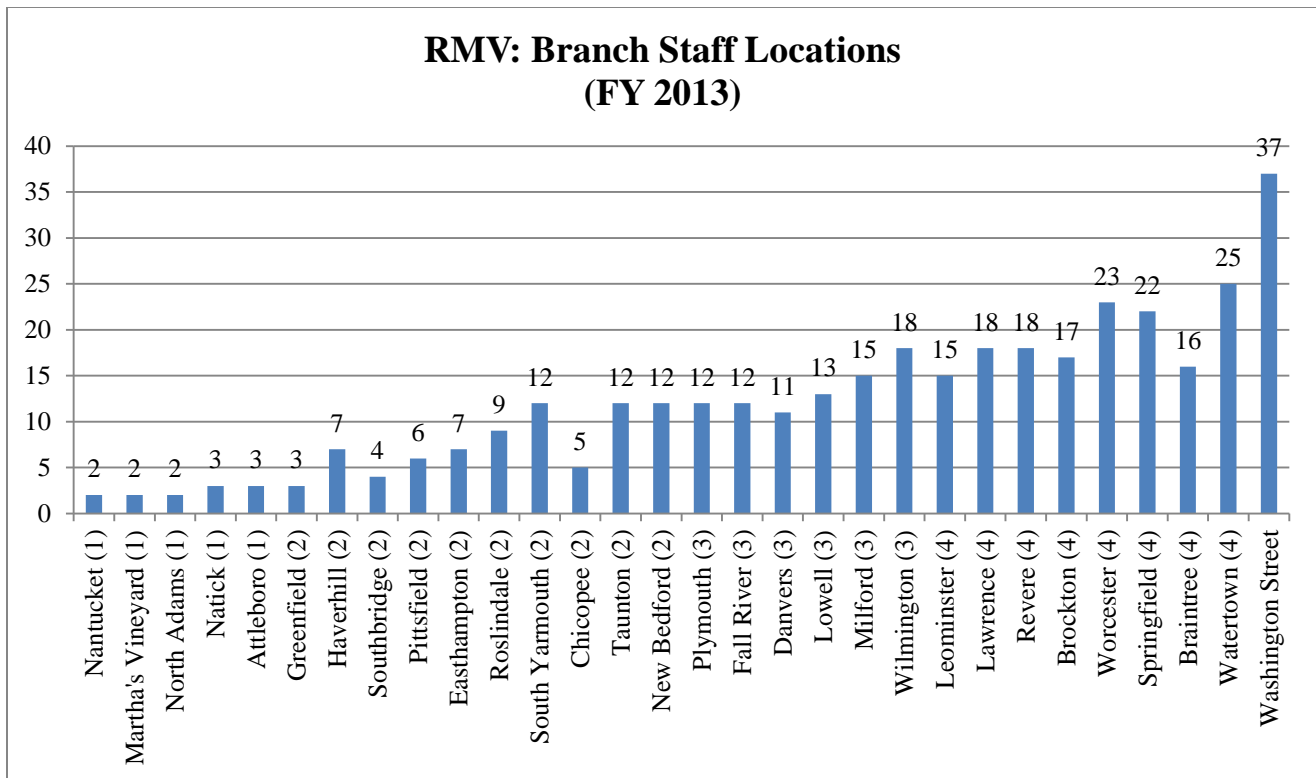
Current Staffing Landscape

As of FY 2013, the RMV employs 782 workers. Approximately 54% are in administration and specialized services and 46% are in branch offices. Most non-branch Registry workers are concentrated in Vehicle Safety/Compliance, the Telephone Center, Road Test Examinations, and Driver Control.

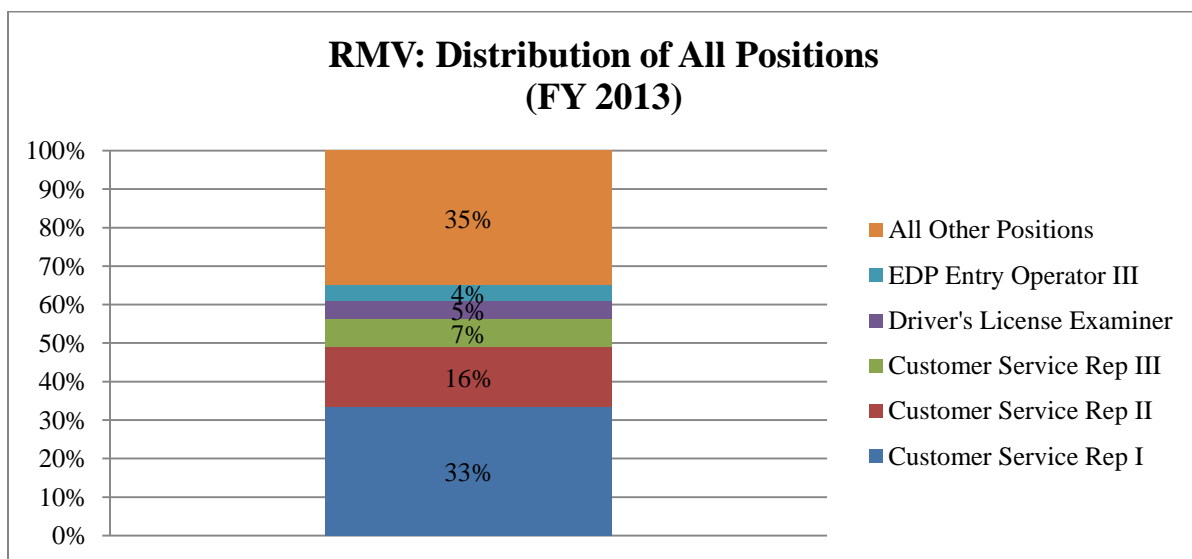


For the purposes of this discussion, Registry branches have been grouped by size in order to make more accurate comparisons. Tier 1 branches are those with fewer than 50,000 annual customers (< 50,000). Tier 2 (50,000 – 100,000), Tier 3 (100,000 – 150,000), Tier 4 (150,000 – 200,000), and Tier 5 (200,000 – 250,000) offices are larger, while Boston’s size (> 250,000) justifies its own category.

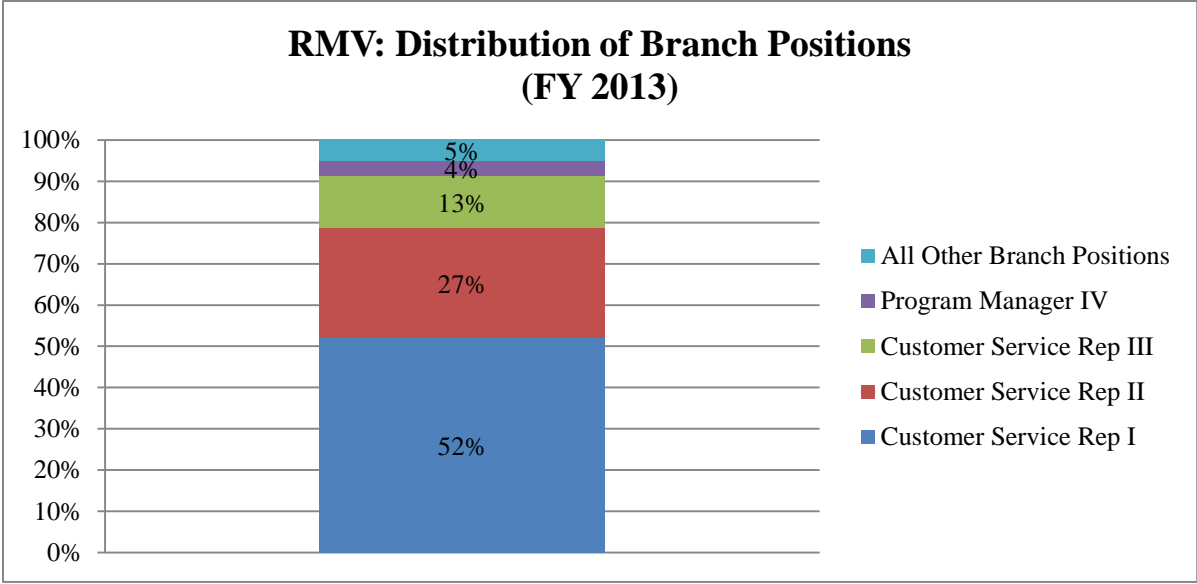
Within the branches, staffing levels roughly correlate with customer traffic. Quieter Tier 1 locations (Nantucket, Martha’s Vineyard, North Adams) have only 2 workers, while Tier 4 branches and Washington Street have over 15.



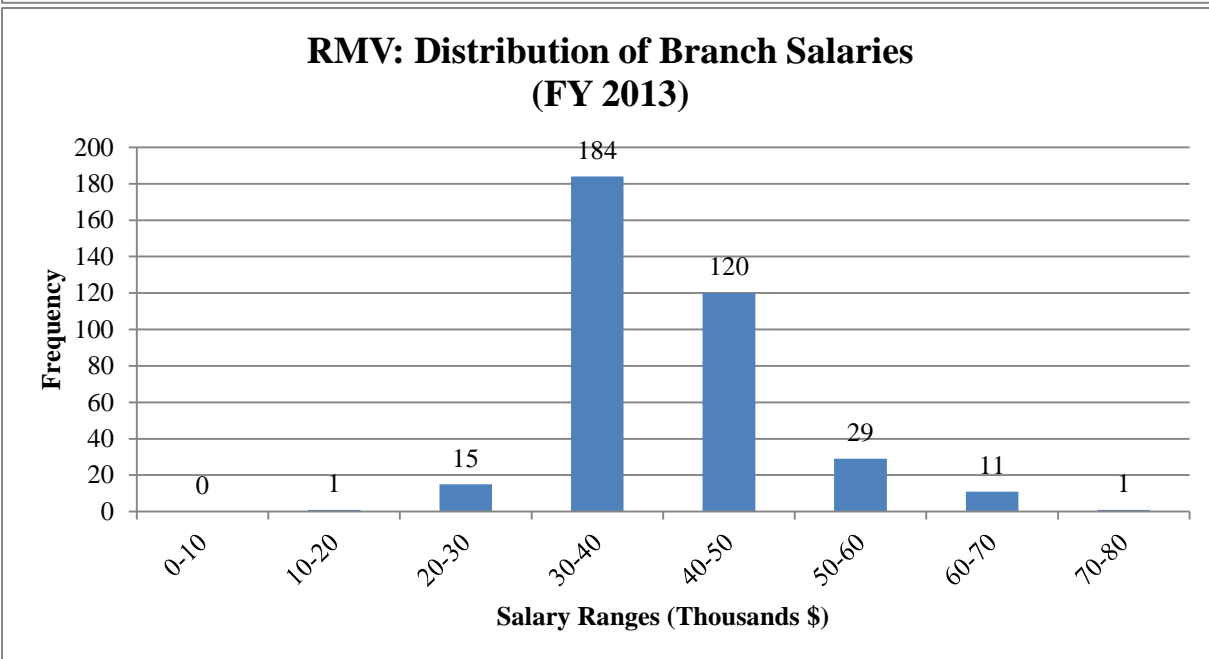
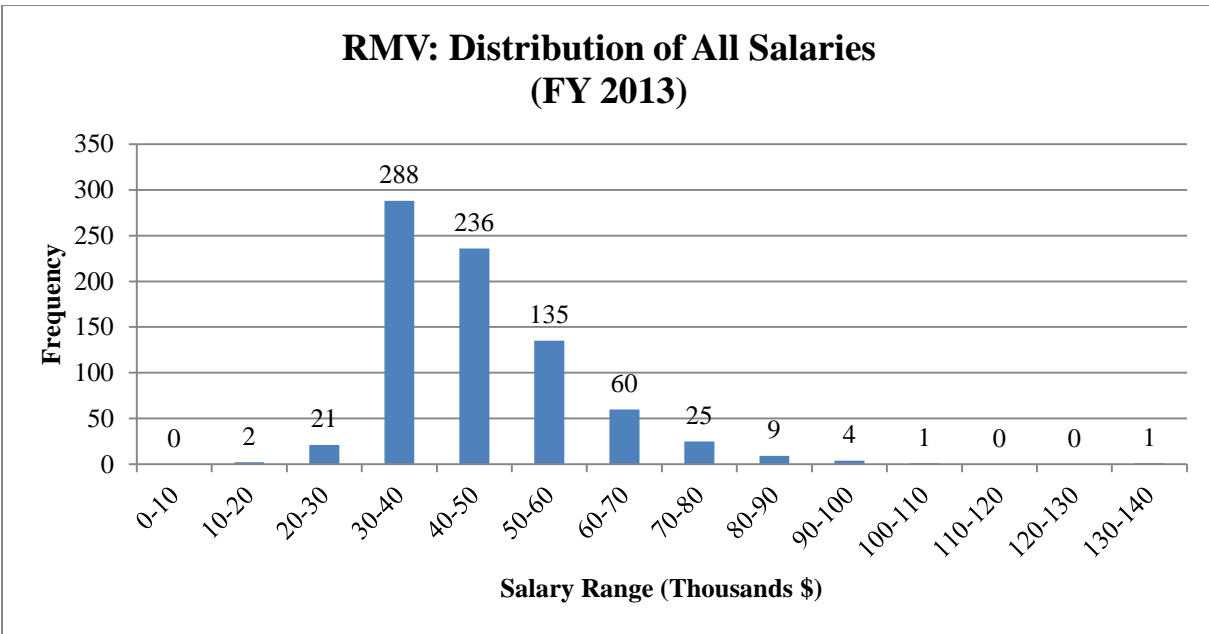
Customer Service Representatives dominate the RMV's payroll and constitute a majority (56%) of its positions. Of these, many are 'Level I' workers, who make up the largest single category of Registry employees



Within the branches, this concentration is more pronounced. The vast majority of workers (91%) are made up of Customer Service Representatives, and Level I employees represent 52% of all positions.



The dominance of customer service jobs – both overall and at branch locations – skews incomes toward a \$30,000 - \$40,000 range.

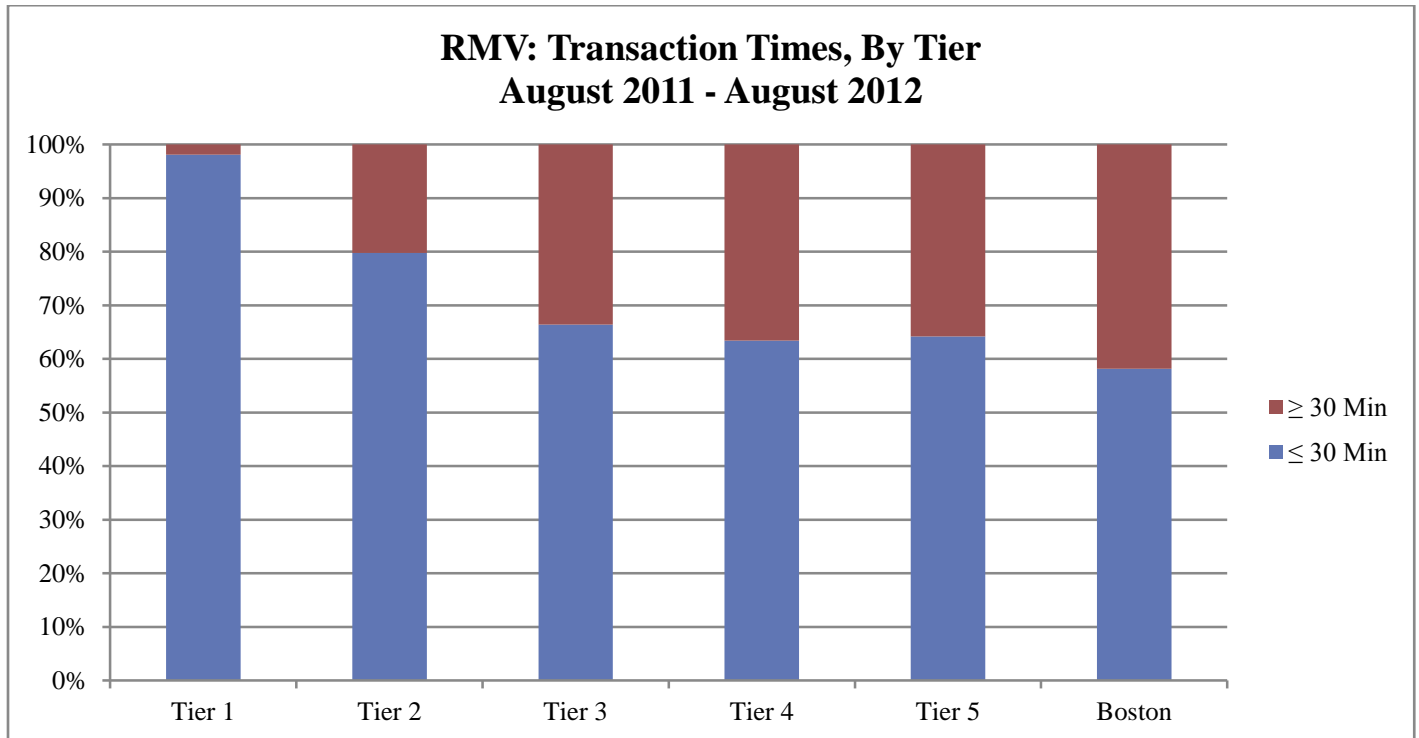


The mean agency-wide salary is \$45,495.30, while the mean branch-wide salary is lower, at \$39,926.41. In all, the Registry will pay \$35,577,327 in total wages for FY2013.

Challenges

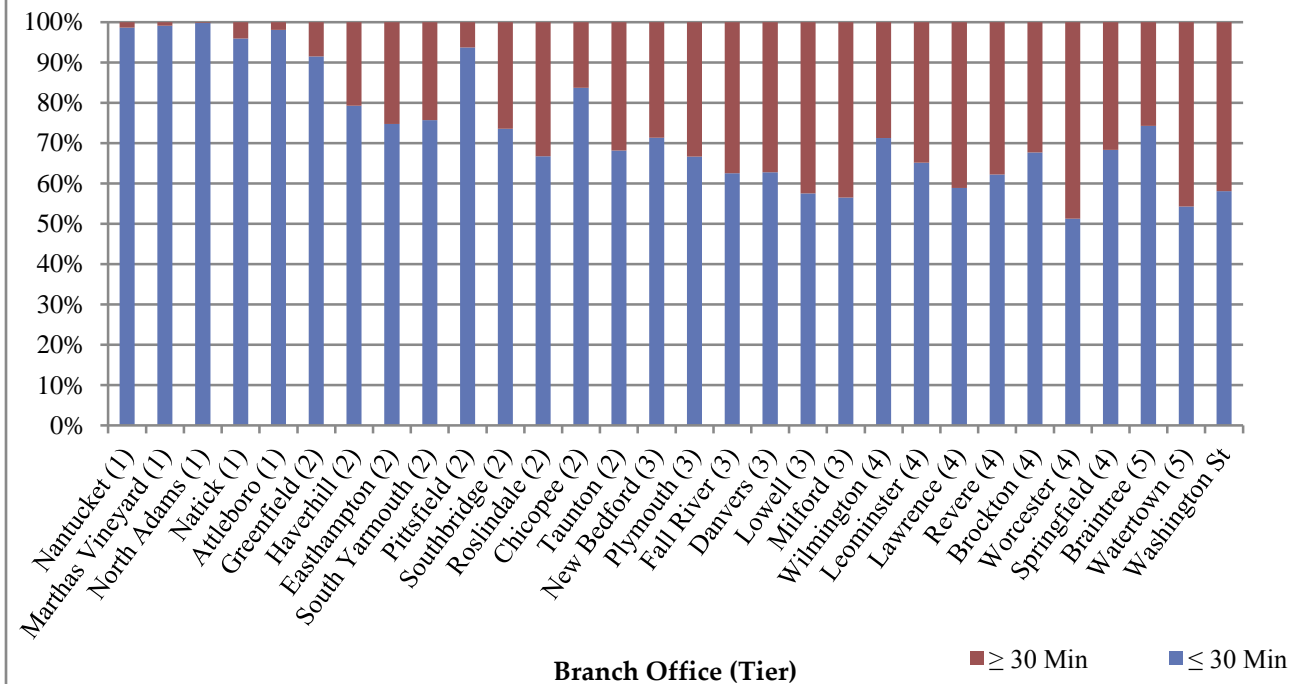
Wait Times

One of the RMV's most pervasive current problems is branch wait times. The chart below shows a general overview of the *status quo*, based on monthly data aggregated over August 2011 – August 2012.



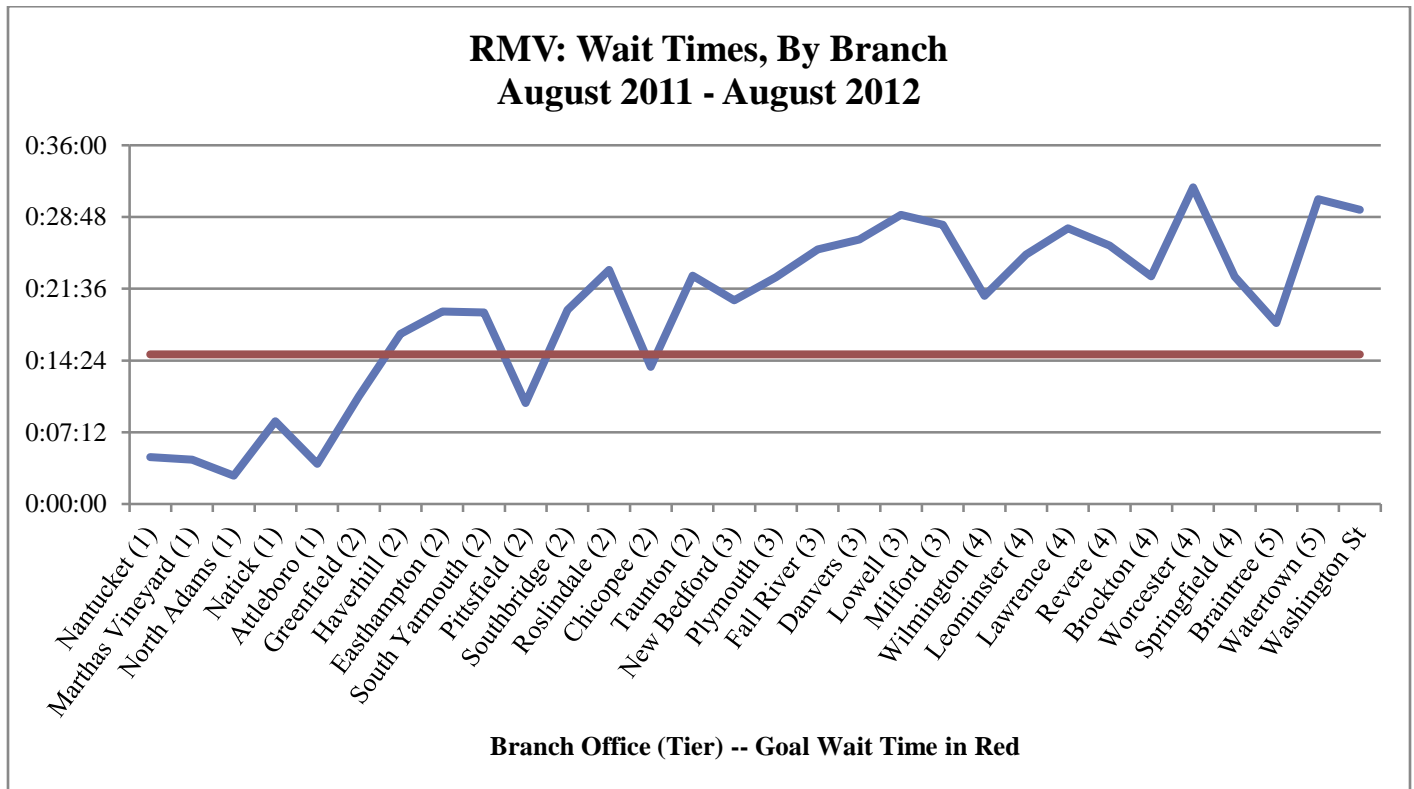
It is clear that wait times are positively correlated with visitation. Overall, Tier 1 and 2 offices perform well – at least 78% of their customers wait less than 30 minutes. However, in Tiers 3 through 5, that proportion falls to just over 60%; while in Boston, over 1/3 of patrons wait at least a half-hour.

RMV: Transaction Times, By Branch August 2011 - August 2012



The above chart disaggregates each tier’s wait times by branch and suggests that intra-tier performance is far from uniform. Roslindale (Tier 2), Lowell (Tier 3), and Worcester (Tier 4) perform poorly for their categories, while Pittsfield (Tier 2), Wilmington (Tier 3), and Braintree (Tier 5) perform well. At 22 branch offices, approximately 20% of customers are waiting at least 30 minutes to finish their transactions; at 15 of those locations, over 30% of customers are waiting that long.

This leads to branch average wait times that are above a reasonable threshold. Given that the RMV wishes to maintain 15 minute waits at all office branches, various locations are falling short. These include many Tier 2 locations, all Tier 3 through Tier 5 offices, and Boston. In larger sites – such as Lowell, Lawrence, and Worcester – the situation is especially dire; Worcester’s wait time (31 minutes) even exceeds Boston’s.



Any serious RMV modernization effort must address this problem. Unusually high wait times are an inconvenience for customers and a sign that resources can be better allocated. Reducing them will leave the Registry with an even healthier image.

Leases

Another current challenge is the prevailing lease landscape. Currently, the Registry operates 30 branches around the state, which are divided among three classes of landlords. Five of these are located in state-owned buildings, 6 are leased from municipalities, and 19 are rented from private owners. The largest offices are in Boston, Lawrence, Wilmington and Braintree (all private), while the most expensive branches (per square foot) are Revere, Watertown, Wilmington, and Boston (all private).

<i>RMV: Branch Leases (Current State)</i>					
<i>Branch</i>	<i>Owner</i>	<i>Annual Rent</i>	<i>End Date</i>	<i>Area (sq ft)</i>	<i>Rent per Sq Ft</i>
Attleborough	Municipal	1.00	10/29/2012	1,000	0.00
Braintree	Private	135,616.70	7/13/2018	7,400	18.33
Brockton	Private	109,474.20	11/30/2012	6,402	17.10
Boston	Private	1,277,943.42	4/20/2013	40,000	31.95
Chicopee	Municipal	1.00	4/17/2007	1,170	0.00
Danvers	Private	N/A	RFP Issued	N/A	N/A
Easthampton	Private	1.00	5/31/2013	2,165	0.00
Fall River	Private	71,566.80	6/27/2014	4,982	14.37
Greenfield	MassDOT	0.00	N/A	N/A	N/A
Haverhill	Municipal	0.00	N/A	N/A	N/A
Lawrence	Private	236,411.10	2/22/2013	10,410	22.71
Leominster	Private	123,900.00	12/31/2011	6,195	20.00
Lowell	Municipal	67,572.18	5/19/2020	6,348	10.64
Marthas Vineyard	N/A	26,400.00	5/31/2014	1,496	17.65
Milford	Private	178,024.22	3/13/2008	5,695	31.26
Nantucket	Private	9,223.56	9/30/2012	473	19.50
Natick	MassDOT	0.00	N/A	N/A	N/A
New Bedford	Private	60,000.00	8/3/2014	4,000	15.00
North Adams	Private	42,120.00	11/23/2018	2,340	18.00
Pittsfield	DCAM	0.00	N/A	N/A	N/A
Plymouth	Private	88,500.00	6/30/2013	4,500	19.67
Quincy	Private	2,171,492.37	7/30/2016	72,010	30.16
Revere	Private	331,798.40	1/25/2019	6,317	52.52
Roslindale	Municipal	0.00	N/A	N/A	N/A
South Yarmouth	Private	99,648.00	5/16/2014	5,536	18.00
Southbridge	Municipal	10,571.16	9/14/2020	2,781	3.80
Springfield	DCAM	0.00	N/A	N/A	N/A
Taunton	Private	72,471.00	3/20/2015	4,283	16.92
Watertown	Private	337,452.48	3/20/2015	6,599	51.14
Wilmington	Private	300,330.25	4/30/2013	9,543	31.47
Worcester	MassDOT	0.00	N/A	N/A	N/A

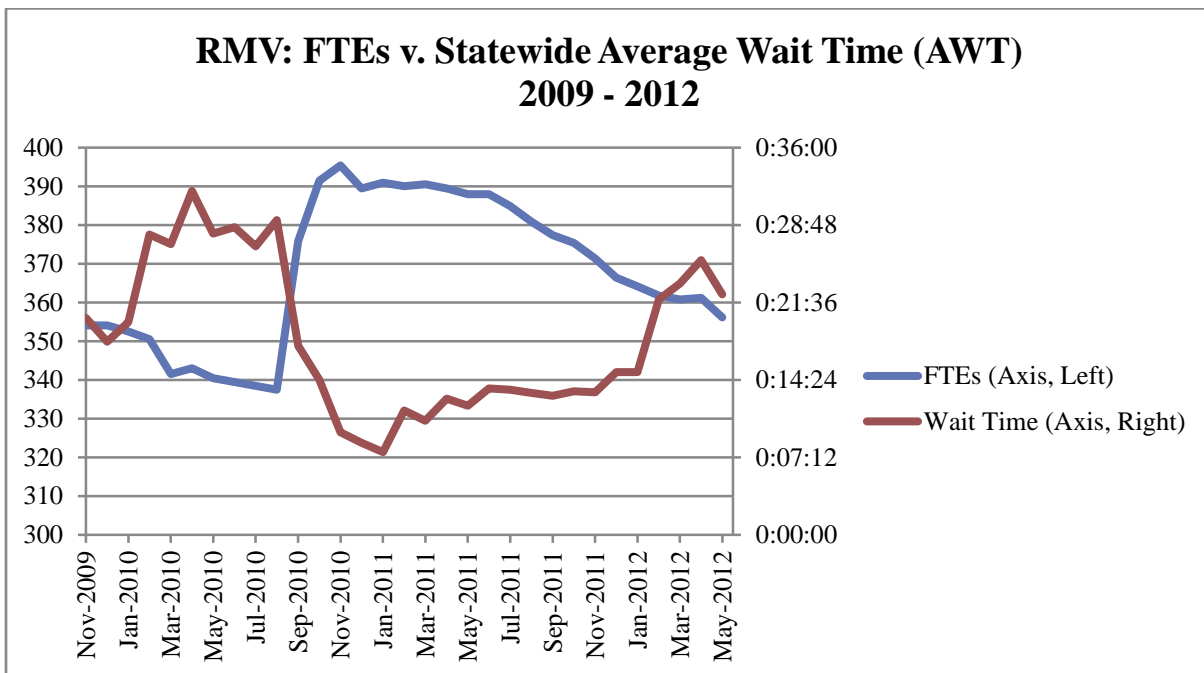
In total, annual rents cost the Registry approximately \$5.7 million, although this is likely to change as leases start to expire. Currently, officials are issuing an RFP to continue business in the Danvers branch. Nantucket, Attleboro, and Brockton expire in late 2012 and 12 more contracts will end within the next 5 years. Only Southbridge, Lowell, Revere, North Adams, and Braintree have leases stretching beyond 2017.

This makes timely decision-making imperative; given that future reforms push the Registry towards centralization, modifying leases as they come due will be easier than breaking them later. Rent costs may also rise in the short-run if the state moves its facilities to newer, larger buildings.

Solving the Short-term Problem

Staffing

If a 15-minute statewide average wait time remains the Registry’s customer service goal, then current staffing levels are inadequate and any reforms will require commensurate adjustments in staffing levels. Trends of FTEs and headcounts since 2009 support this point:



The number of FTE’s is strongly negatively correlated to statewide wait times. As workloads rose through 2010 and into 2011, customers wait times fell to 7 minutes. Since 2011, layoffs and cutbacks have forced customers to wait as long as 25 minutes.

For this reason, the Registry believes a total of 370 branch workers will be needed to maintain 15-minute wait times at the current level of service. If policymakers choose to redistribute Registry services to third-party providers – a possibility that this report will cover – then staff levels or workloads can be reduced in the future.

ALARS Modernization

Already, the RMV is streamlining its operations, beginning with its digital infrastructure: the Automated License and Registration System (ALARS). Now over 20 years old, ALARS processes 6 million transactions per day and generates \$1 billion in annual revenue, more than any other non-tax source. However, the system is aging, its operating costs are rising, and the risks of failures are growing. As of this report, the RMV is working to update it.

The modification project is archiving the past 25 years of computer data, removing the old software, and building a modern ALARS that provides the Registry new streams of information. In its procurement plans, the RMV stresses ease of access; it is planning for a framework that is resilient, adaptable, and that minimizes the barriers between clerks and their transactions. It is also designing more sophisticated security provisions to protect its customers' information.

In the end, the ALARS mod should go far to improve the RMV's current state. When it is completed, officials will be able to easily access data for reports, economic analyses, and other intra-agency projects. Customers will enjoy more efficient service as transactions times fall, ALARS maintenance simplifies, and new media (i.e. social networking and apps) are included in the RMV's menu of offerings. There will even be positive spillovers into other agencies and partners, such as the Merit Rating Board, who use the system for their own business.

One-Voice

Another ongoing project is "OneVoice", which streamlines MassDOT's telephony systems. Phase I was completed to upgrade the Registry's legacy infrastructure, expand self-service options, and streamline the number of messaging prompts offered to customers. Phase II of One Voice unites the MassPike, MassHighway, Executive Office of Transportation, and RMV networks by replacing them with a common directory. Customers will use one phone number to access the Department (857-DOT-INFO, or appropriate extension) and conduct their business. Inside the offices, workers will receive new telephones, numbers, and procedures.

As of this report's writing, the project was well underway. Core infrastructure has been installed, the Telephone Number Plan Strategy was approved, and worker training programs were underway. OneVoice Phase II is drawing to a close with new telephone equipment deployed at MassDOT Headquarters and a marketing campaign scheduled to launch on November 1st. The reforms are poised to have many positive impacts on MassDOT agencies, especially the RMV. At Registry call centers, customers will enjoy a simplified phone structure, lower wait times, fewer dropped calls, and more "self-service" opportunities.

Phase III of OneVoice, now rebranded "RMV Modernization: Call Center," will take improvement in customer service even further with elements such as "virtual hold" for the RMV Call Center, speech enabled self-serve menu options, and online "chat" capabilities. These new features should be implemented within 9-12 months of signing the contract for Phase 3. As of September 2012, the contract was close to being executed. OneVoice is expected to save the Commonwealth almost \$500,000 annually and realize a 3.25 year return on investment.

Other Customer Service Improvements

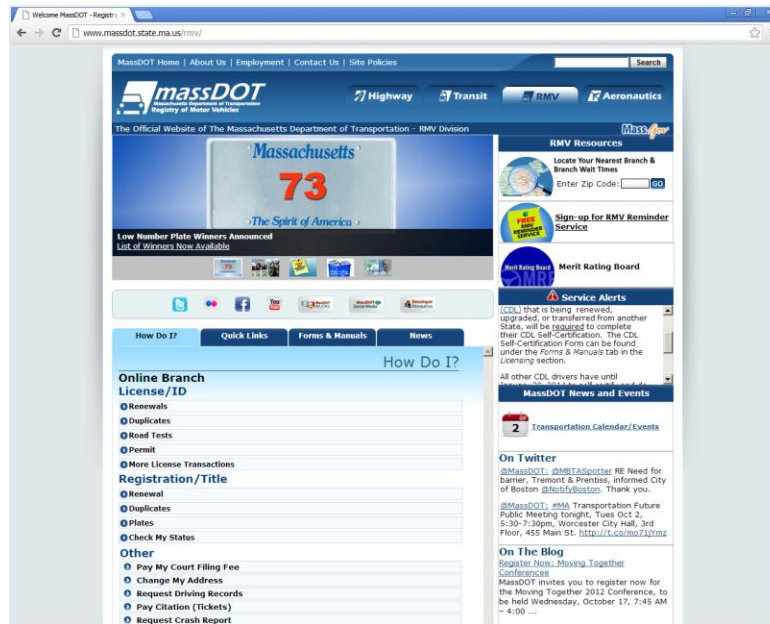
In November 2012, MassDOT officials met with representatives at JetBlue's Customer Support Center to study the airline's renowned customer service policies. There, they hoped to glean best practices that could be adopted by our organization.

Some of their best findings came from the airline's call center. JetBlue offers 24-hour customer support by employing 2,500 crewmembers. Through their "at-home reservations model", 1,500 call center crew members work 100% remotely from home. Their Witness platform allows them to record and monitor calls and transactions to ensure peak performance by their call center crew members. The company is also experimenting with new software and technologies, including: virtual hold, online chat, speech analytics, interactive voice response tools and additional performance management tools.

The MassDOT team agreed that, through its One-Voice project, which includes a Witness platform deliverable and potentially additional cloud software, the RMV could offer its customers many of these same conveniences – in fact, as previously stated, the Registry is already planning its own virtual hold and online chat systems as a part of One-Voice III. The MassDOT team also recommends further exploration and analysis of a pilot at-home work program, which may allow the RMV to offer more call-center services while decreasing wait times. The initial at home model could begin with part time employees to cover the break and lunch periods of the full time employees and another late evening shift could be introduced to expand the call-center services. In addition, the RMV could engage the disabled community to explore additional alternative work schedule options.

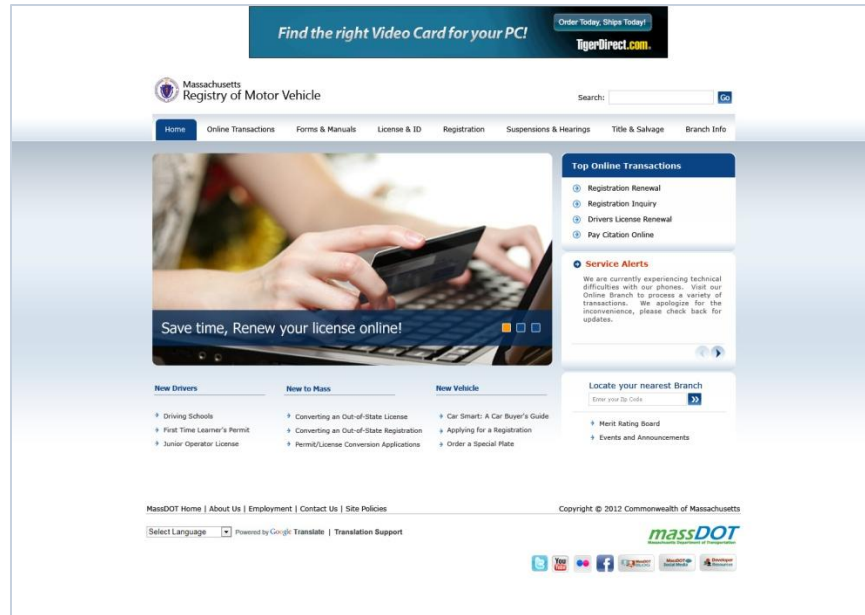
Website Modification

The Registry's third current project is a website redesign that is aiming to simplify its online transaction portals. Registry website transactions continue to grow, particularly in web registration renewals – currently the most popular channel for customers to renew their registration. The RMV's official page is a subsidiary of MassDOT's main site:



Although it offers customers a wide array of services, it is cluttered, confusing, and difficult to navigate. It also leaves no room for outside advertisements, which could afford the RMV an extra source of revenue.

To replace it, the Registry is assembling a new commercial page:



The site will have a simplified layout, with direct links to the site’s most popular transactions on its front page. The rest will be distributed among a condensed ribbon of “mega-menu”, which are far more organized (and less intimidating) than the current setup. The main page will also feature space for service alerts, special alerts, and advertisements. It will be positioned horizontally, rather than vertically, so that customers can navigate it without scrolling their mouse. Users will be able to access anything that they need with 2 clicks and will not be distracted by chaotic interfaces.

By making its website an organized and inviting alternative to its branches, the Registry hopes to encourage more users to move their business online. Usability testing is complete and the tentative “go live” date is now December 7, 2012.

The Future State

Regional Centers

The Registry’s future state needs to be more modern, with a heavier reliance on on-line services and fewer brick and mortar branches, while delivering a high level of customer service. In order to cultivate future efficiencies, we encourage the Registry to consolidate its network of community offices into a cluster of regional centers. Map 1 presents a possible service plan, where the prevailing 30 offices reduce to 16.¹

Western Massachusetts: Greenfield, Springfield, Pittsfield

¹ Of these, three (Nantucket, Martha’s Vineyard, and Greenfield) would keep their current size and location.

Central Massachusetts: Leominster, Worcester, Framingham

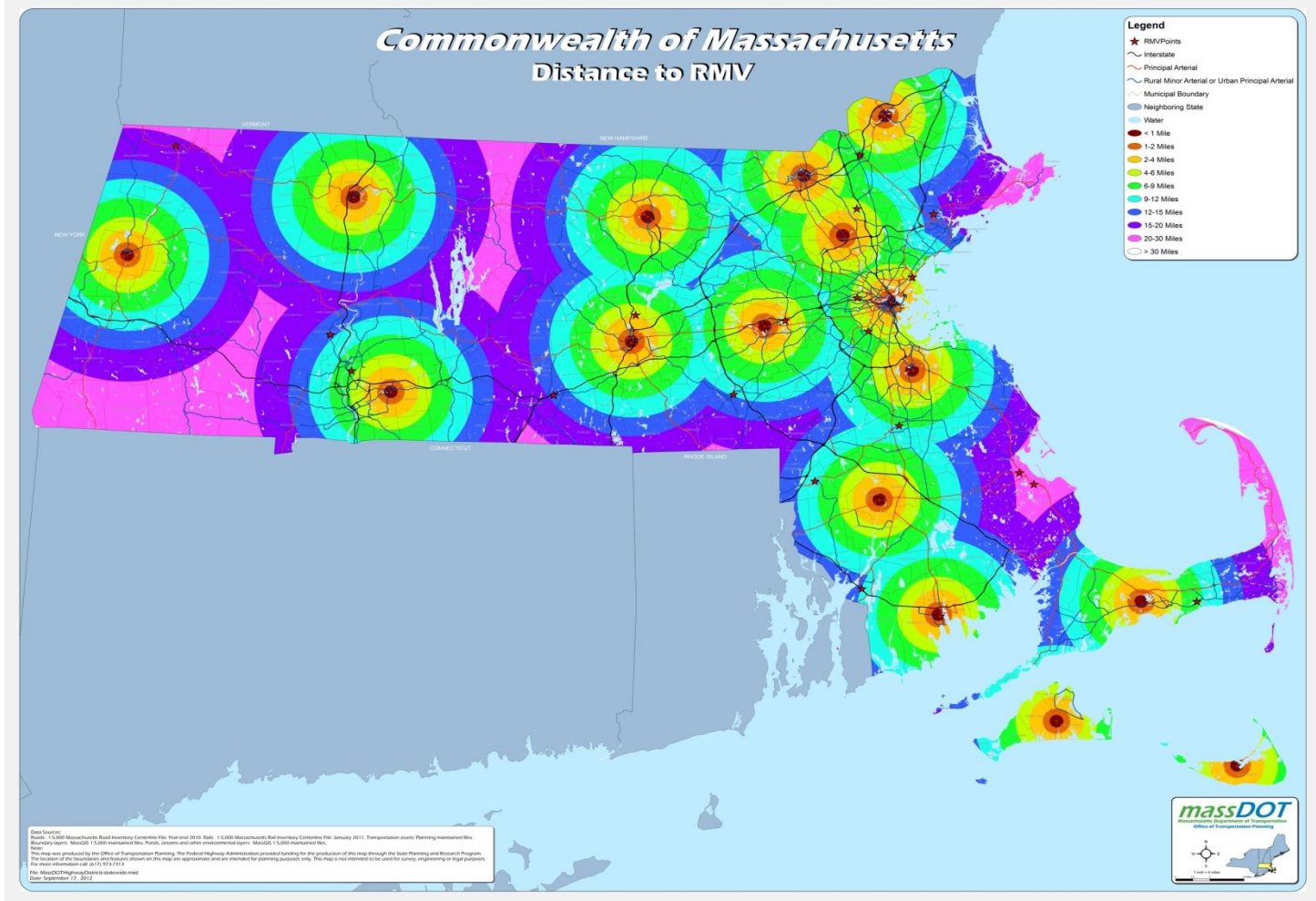
Northeastern Massachusetts: Burlington, Haverhill, Lowell

Southeastern Massachusetts: New Bedford, Raynham, Braintree

Cape Cod: Barnstable

Islands: Nantucket, Martha's Vineyard

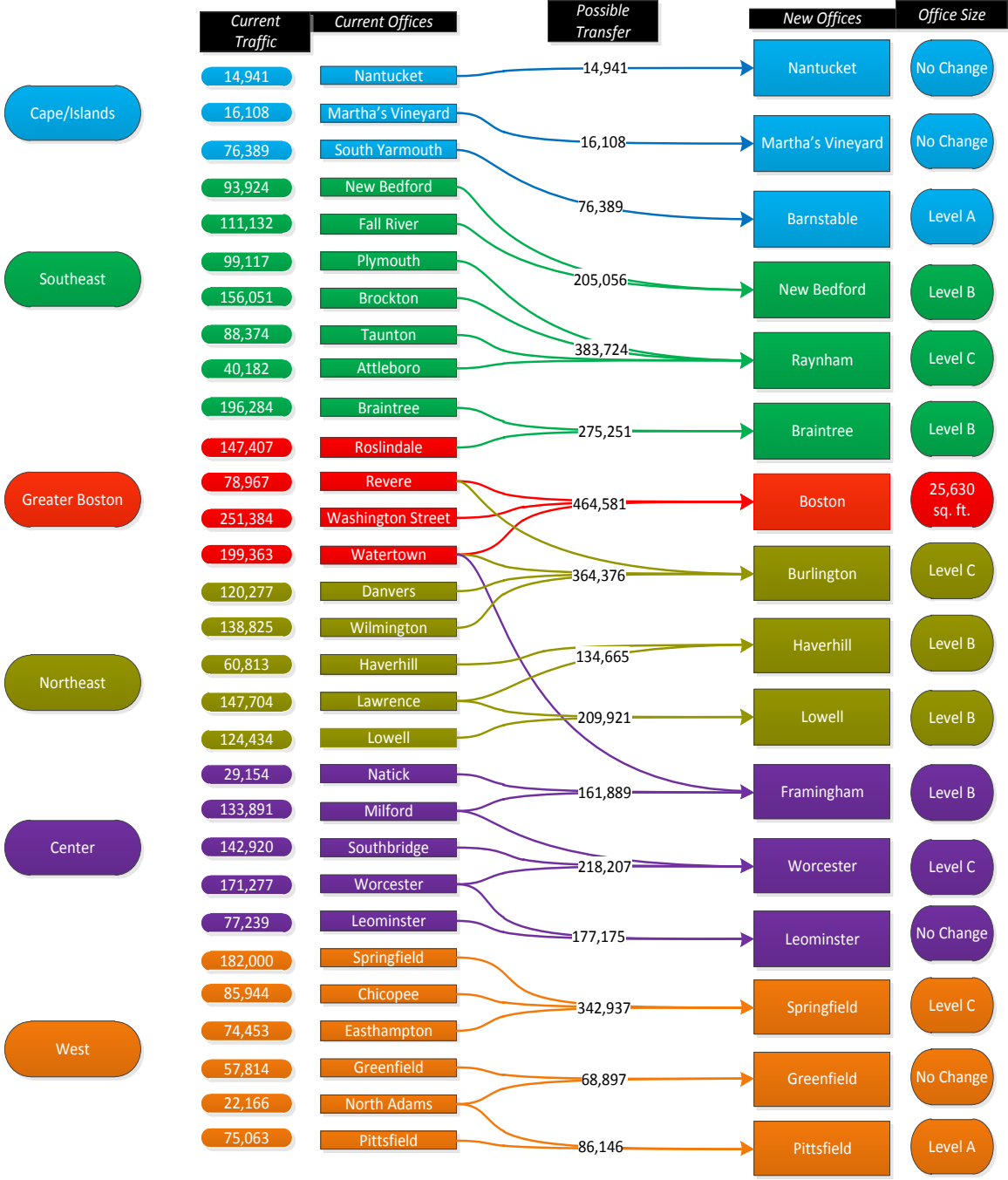
Boston



These locations are only suggestions, but we believe that they are ideal. All are positioned near major metropolitan areas, along key highways, and within RTA or MBTA service areas. They are also distributed evenly enough to place most Massachusetts’ residents within 15 - 20 miles of an RMV branch.

In the chart below, we present possible customer traffic flows. Users in some branches redirect to more than one regional location. This is a realistic assumption for offices, such as Watertown, that lie nearby many new centers. In this case, Boston remains the busiest branch. Raynham, Springfield, Burlington, and Worcester are also very popular locations, handling over 300,000 annual customers each. The sizes of the new regional offices are more difficult to project, as they will depend on available space in each town. However, given the customer projections, and given that existing Registry branches handle (on average) 25 customers/foot², we estimate a minimum area that would allow regional centers to maintain that ratio. Nantucket, Martha’s Vineyard, and Greenfield need no change in area. Boston will be the largest branch, followed by Raynham, Springfield, Worcester, and Burlington.

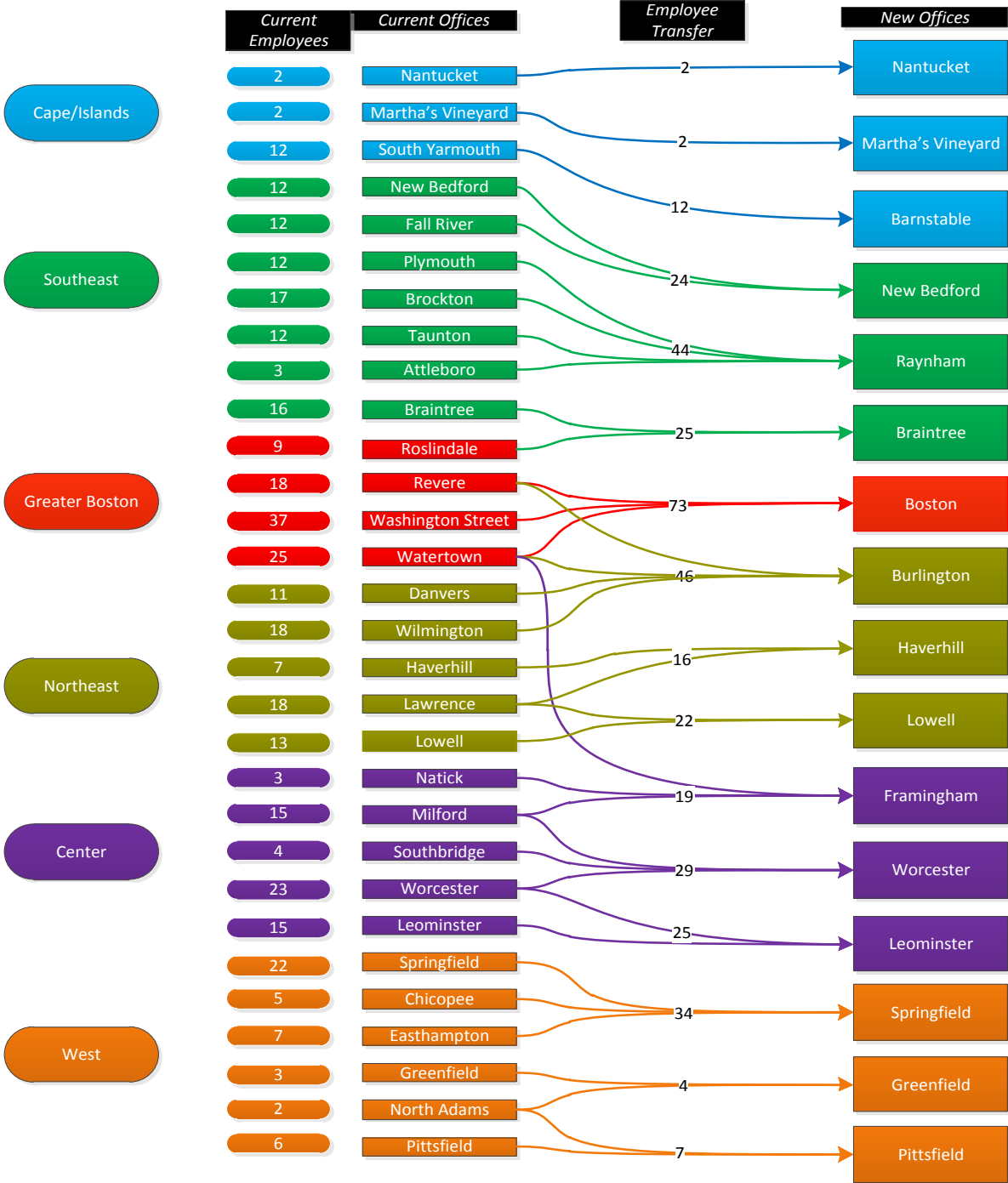
RMV Regional Center Projections: Square Footage



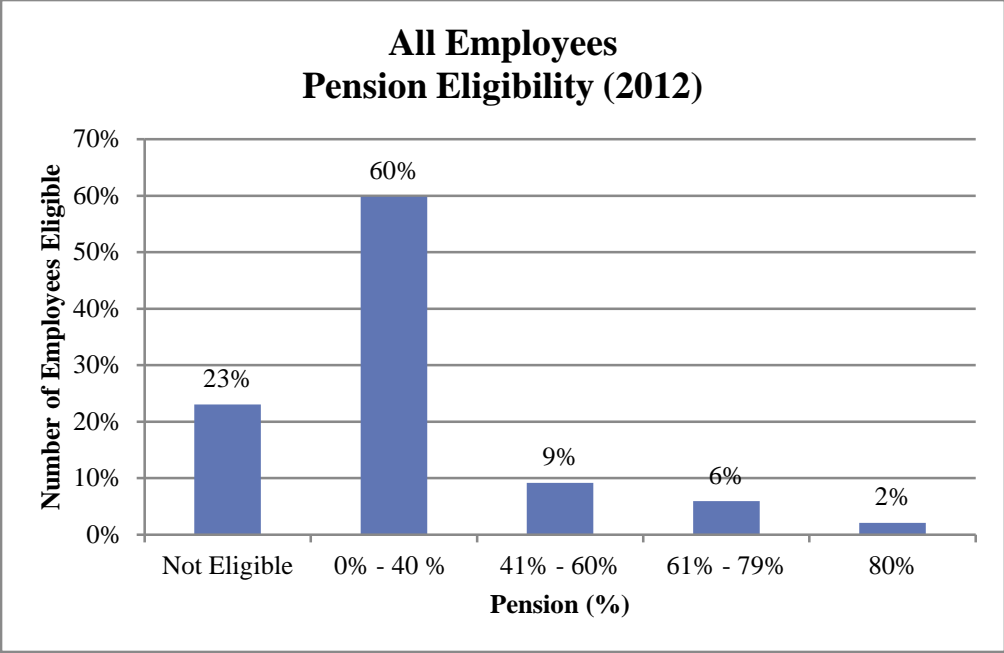
NOTE
Level A = approx. 5,000 sq. ft.
Level B = approx. 9,000 sq. ft.
Level C = approx. 13,000 sq. ft.
*Parcel 7 = This space cannot be altered

The regional centers' staffing levels rely on expected traffic flows. In the chart below, existing branch workers follow customers to the new regional offices. Overall, the branches that attract the most visitors receive the most staff.

RMV Regional Center Projections: *Ceteris Paribus* Employee Transfers

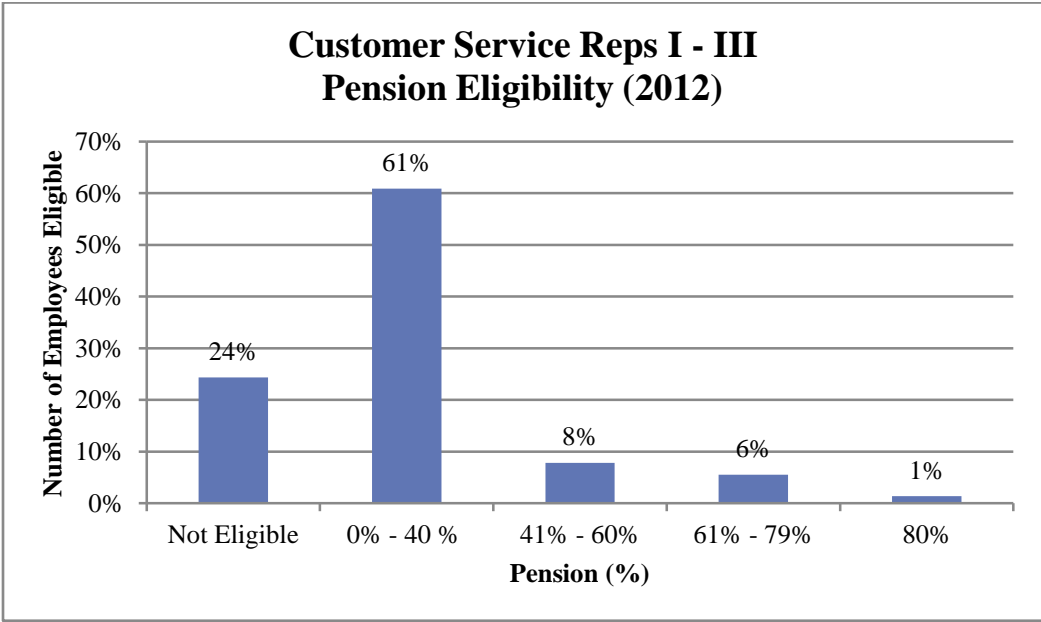


These estimates are *ceteris paribus*, meaning that they are holding *all other influences equal*. If the RMV offers more services outside of its branches, then staffing levels may fall. They may also decrease due to natural attrition, which the RMV's pension data suggests is an important factor.



Among all eligible employees, only 18% of workers qualify for pensions larger than 40%.

In the case of Customer Service Representatives – the Registry’s largest employee categories – a similar trend holds.



Only 15% of eligible Customer Service agents qualify for a pension larger than 40%.

Given that pensions are commensurate with experience, these trends imply that most workers are not holding their positions long enough to earn better retirement packages and, therefore, that turnover

may be high. This may make it easier to reassign or reduce employees, depending on how many services the Registry offers outside of its offices.

Reducing Transaction Options in Branches

One way that the Registry can reduce branch wait times is to eliminate time-consuming in-person transactions. For instance, registration renewal is one of the top two transactions done in-person at a branch – in 2011 over 400,000 customers visited a branch to do a registration renewal. There are currently four other ways to renew your registration: online, by mail, by phone, AAA, or insurance agent. Given all of these external options, registration renewal could be a transaction we eliminate from the branch and thereby reduce customer volume, which will in turn reduce wait times.

Another transaction that could be modified to reduce in-branch visits is suspension hearings. Suspension hearings are one of the Registry’s most time consuming in-branch transactions. They take anywhere from 5 – 45 minutes to process and, because their officers are 30 – 50% understaffed, require customers to wait in line for at least 30 minutes.

In order to prevent unnecessary branch visits for people who are ineligible to receive resolution, the Registry recommends setting up an online transaction similar to the Online Pre-stage model. This first step will relieve the pressure on branches by reducing the number of in-person transactions and the number of unnecessary repeat meetings.

Public/Private Partnerships

Regional center volumes can also likely be reduced by entering into public/private partnerships. The RMV has already had some success with a select number of AAA locations by giving them the ability to process popular transactions such as registration renewals. A first step would be to expand its program to include all of the Commonwealth’s AAA branch locations. The next step is to add available services to AAA such as plate returns or even permit testing.

Other alternative business partner solutions include the expansion of the Electronic Vehicle Registration program (EVR). Large insurance agencies and car dealers are able to take advantage of EVR to allow them to register customers’ vehicles remotely. The Registry would like to extend this convenience to companies too small to qualify for the EVR program by creating an alternative web-based solution for smaller volume sites that would have a potential revenue source by levying a cost-per-transaction or monthly licensing fee. This would benefit smaller volume independent insurance agents, Class 2 automobile dealers, and companies with vehicle fleets, and would be a step towards mandating electronic-only registrations throughout the state.

The Registry should also consider partnerships with big box retailers that are willing to devote floor space to an “express” branch. It can begin by testing small, unmanned, kiosks that can process

essential transactions in local supermarket chains or drugstores. If successful, the Commonwealth can consider partnering with big box retail like Wal-Mart or Target. Other DMVs in Nevada, California, and Mississippi have successfully introduced similar programs, which makes the option a promising one.

Currently, kiosks are able to handle either license or registration renewals. Vendors are continuing to work for combination solutions as well as cash options in newer models of their equipment. Mississippi's Department of Public Safety (DPS) is using the nation's first sophisticated license-based machines, which have cameras that automatically capture and match a customer's identity to DPS records. The kiosks accept credit or debit cards and issue temporary licenses that stand until the DPS mails permanent replacements. L-1 (the manufacturer) ensures users that its kiosks support almost every card type, and are "...ideal for any State and any card".² Their machines also transmit data only over secure data lines and erase all photos after a transaction is complete.



(Mississippi's DMV Kiosk)³

Nevada's DMV maintains a network of registration renewal kiosks at AAA branches and supermarkets around the state. To use them, customers must enter a renewal notice access code, license plate number, or part of their Vehicle Identification Number; pay a small processing fee; and be ready to scan identifying documentation. Renewals cost \$3 and can be processed between 35 days before and 18 months after a registration's expiration. Other transactions – including a driver history printout and insurance suspension reinstatement – cost only \$1. Some customers can renew driver licenses, or order

² "L-1 Identity Solutions Introduces Self-Service Kiosks for Driver's License Renewals and Replacements" (L-1 Official Publication), can be found on: ir.l1id.com/releasedetail.cfm?releaseid=429318

³ Can be found on official Mississippi Department of Public Safety Website: www.dps.state.ms.us/driver-services/new-drivers-licenses/license-renewal-kiosk-locations/

duplicates; however the kiosks are not equipped with cameras, so use whatever picture is already in the system. Customers receive a new license in the mail within 7 to 10 days.



(Nevada's DMV Kiosk)⁴

Whether through AAA or private firms, any opportunity to decrease RMV branch traffic will minimize wait times for customers who are still required to visit an office. Expanding Registry services into other areas also gives our patrons the opportunity to get their business done on a more flexible time table.

Any of the expansion options that rely upon the use of third party services would require labor negotiations in accordance with the MLIA.

Going Mobile

Finally, the Registry is embracing the modern age by designing a suite of mobile apps. Most US residents own smartphones and appreciate faster alternatives to time-consuming or inconvenient transactions. This has led the RMV to suggest a number of special applications:

- "Road 2 Ur License": would allow teenagers to prepare for their licenses by offering practice permit tests and road test checklists.
- Safe Driver App: would monitor and block incoming texts to reduce the risks of distracted driving
- My RMV Mobile: would allow customers to track their records, transactions, and deadlines. Would also allow them to submit important documents remotely by using their phone camera.

⁴ Can be found on official Nevada DMV website: www.dmvnv.com/kiosk.htm#program

- RMV Locations and Reservations App: would allow customers to check branch wait times remotely and make ‘reservations’ for places in line.
- RMV Wallet: would provide digital versions of universal registration documents and temporary licenses or IDs. These would be recognized by all law enforcement agencies and would be more secure than the current e-mailed identifications.
- RMV Drive Simulation App: would help students prepare for permit and road tests through a driving simulator.

In all, these apps will reduce in-branch transactions, wait times, and operating costs while meeting the public’s demand for mobility and convenience.

Financial Picture

For the purpose of an RMV “make-over,” in which certain financial assumptions were changed from the “base case,” a “projected” version was constructed, which takes into consideration the consolidation of almost ½ of the existing branches in supercenters, a significant reduction in personnel, as well as RMV services being supplied by 3rd parties.

As such, were these alterations to the RMV’s business model to take place, with the goal of keeping the yield at or below 6% all the while dramatically improving customer service, the RMV, in fact, has the ability to spend an incremental \$13.5 million (\$42.7 million over 10-years as the base case vs. \$56.2 million on the “projected”) on top of the rents that it currently pays.

Given that \$13.5 or \$1.3 million per year is expected to be generated on average in each of the next 10-years, this conceivably could be the basis for partially debt funding the capital improvement program that will be required by the RMV when its facilities across the state are consolidated. In fact, if the RMV were to issue \$100 million of 25-years bonds at a weighted average capital cost (WACC) of approximately 4%, the annual debt service payment of \$6.4 million could be met by the RMV and still remain within or very close to the 6% yield threshold.

Conclusion

The Commonwealth’s Registry of Motor Vehicles has always been an innovator among its equals. The tradition can continue with the changes covered in this policy paper. One option alone will not alleviate the current challenges facing the Registry. A regional model will create efficiencies but only if done hand in hand with policies that will take common transactions out of the branches. It will take a measured approach which pushes an increase in our online transactions, a firmer relationship with

private partners and a commitment to mobile applications. Taken together, this mix will translate into a more efficient Registry and happier customers.

This policy paper just begins to scratch the surface of what is possible. All of the options discussed will need a much more in depth analysis of collective bargaining implications, procurement issues, and a true financial cost-benefit analysis. Our current leases are all on different timelines, if regional centers are an avenue we decide to pursue, MassDOT will need to make some policy decisions soon about how to negotiate current leases to make the least financial impact as we phase in regional centers. Finally, in order to get a sense of the interest in the private market for Registry kiosks, we can start conversations now with the Retailers Association and discuss the implementation of a pilot.

All elements of the proposed future state will need to have a phased approach to implementation. The next steps will be to get feedback on the elements of this proposal that we should move forward on and plan an implementation strategy.