

Arizona Department of Transportation

Five-Year Strategic Plan

Fiscal Years 2004 – 2008



Arizona Department of Transportation

TRANSMITTAL STATEMENT

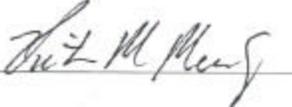
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Joint Legislative Budget Committee

This constitutes the Five Year Strategic Plan of this Agency for Fiscal Years 2004-2008 in accordance with Laws 2002, Chapter 210 (SB 1436).
The ADOT Strategic Plan will be available by January 1, 2003 on the ADOT Internet Site at <http://www.dot.state.az.us/ABOUT/fms/adotplan.htm>

Agency Head: Victor Mendez

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Signature 

Date: 12/19/02

The Arizona Department of Transportation
Five-Year Strategic Plan

FY 2004 to FY 2008

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List of Acronyms

AAMVA	American Association of Motor Vehicle Administrators
AASHTO	American Association of State Highway and Transportation Officials
ADOT	Arizona Department of Transportation
ADVANTAGE	ADOT's Accounting System
AFIS	Arizona Financial Information System
ALJ	Administrative Law Judge
ARMANI	Automated Revenue Management Inventory System
ARRA	Arizona Radiation Regulatory Agency
ASPEN	Database system containing information on commercial vehicles in regards to safety inspections
AVI	Automated Vehicle Identifier
AZ POST	Arizona Peace Officer Standards and Training Board
BAC	Blood Alcohol Level
BAMTRAC	Bank of America Money Tracking
CDL	Commercial Driver License
CVISN	Commercial Vehicle Information System Network
DL	Driver License
EHO	Executive Hearing Office
ELT	Electronic Lien and Title
EPIC	Expedited Processing at International Crossings
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
HAZMAT	Hazardous Materials
HURF	Highway User Revenue Fund
IFTA	International Fuel Tax Agreement
IRP	International Registration Plan
ITD	Intermodal Transportation Division

MCTS	Motor Carrier and Tax Services
MVCSR	Motor Vehicle Customer Service Representative
MVCSS	Motor Vehicle Customer Service Supervisor
MVD	Motor Vehicle Division
MVES	Motor Vehicle Enforcement Services
MVFO	Motor Vehicle Field Officer
MVFOIC	Motor Vehicle Field Officer-In-Charge
NAFTA	North American Free Trade Agreement
NHTSA	National Highway Traffic Safety Administration
NMVTIS	National Motor Vehicle Title Information System
OSI	Office of Special Investigations
PFTO	Plate and Fee to Owner
PRISM	Performance and Registration Information Systems Management
RICO	Racketeer Influenced and Corrupt Organizations
SAFER	Safety and Fitness Electronic Record
T&R	Title and Registration
TARGATS	Tax and Revenue Group Automated Tracking System (used prior to TransPort)
TIAMS	Transportation Infrastructure Asset Management System
TransPort	Current system used by ports for permit issuance and revenue
TSS	Traffic Survival Schools
VLТ	Vehicle License Tax
WIM	Weigh-in-Motion
WIPP	Waste Isolation Plant Project

ADOT Vision

The standard of excellence for transportation systems and services.



ADOT Supporting Vision

- ◆ Pay reflects performance and contribution and is competitive with industry.
- ◆ Employees enjoy their work and are valued, trusted, appreciated and supported.
 - ◆ Training, education and workforce development are among our top priorities.
 - ◆ Leadership provides clear direction for the agency and an opportunity for all to participate in the decision-making process.
 - ◆ We will consistently provide our customers with quality products and services.

ADOT Mission

*To provide a safe and efficient transportation system,
together with the means of revenue collection and licensing for Arizona.*

Agency Description

The Arizona Department of Transportation was established in July 1974. It is the state agency charged with planning, developing, maintaining, and operating facilities for the efficient movement of people and products by surface and air throughout Arizona. The Department is also the statewide agency that registers motor vehicles and aircraft, licenses drivers, collects revenues, and investigates new transportation systems. It serves its customer base through geographically dispersed facilities. Most administrative activities are housed in the headquarters facilities in Phoenix. Field activities include ten district offices that oversee roadway construction and maintenance, twenty-two ports of entry that check commercial vehicles for compliance with size and weight laws, and fifty-eight Motor Vehicle Division field offices that provide title and registration and driver license services.

ADOT Core Business Functions

- ◆ Develop and operate the transportation infrastructure.
- ◆ License and register.
- ◆ Manage revenue.

ADOT Breakthrough Strategies

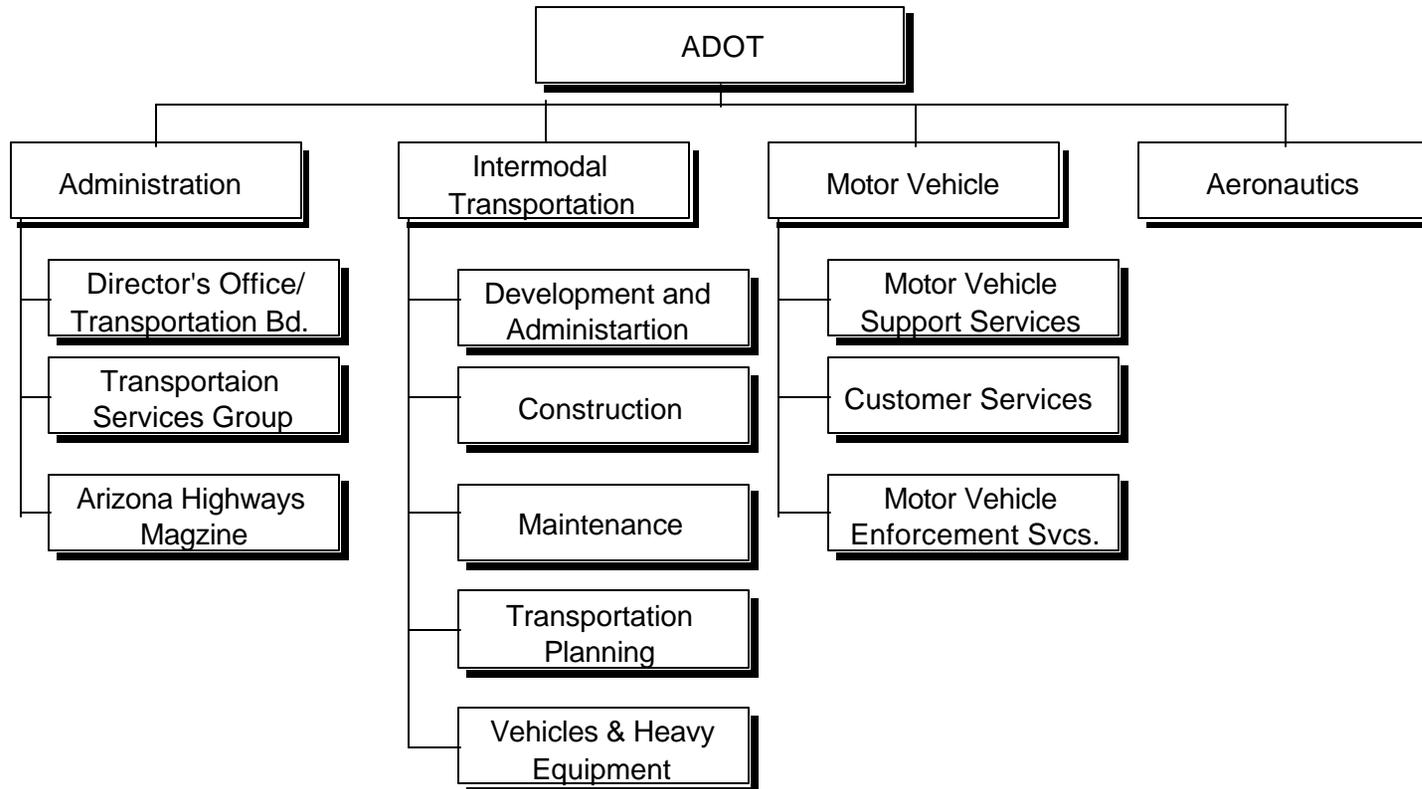
- ◆ MEASUREMENTS
Develop and employ a measurement system that provides information for securing and allocating resources and improving performance.
- ◆ RESOURCES
Allocate resources according to materials, planned priorities, customer requirements and return on investment.
- ◆ WORKFORCE DEVELOPMENT
Align workforce development with priorities and business needs; design and implement the necessary training programs and delivery systems.

ADOT Goals

- Goal 1: To improve the movement of people and products throughout Arizona.
- Goal 2: To increase the quality, timeliness, and cost effectiveness of our products and services.
- Goal 3: To develop and retain a high performing and successful workforce.
- Goal 4: To optimize the use of all resources.
- Goal 5: To improve the public and political support necessary to meet Arizona's transportation needs.

Funding and FTE Summary	
FY 2003	
Estimate (\$ in thousands)	
General Funds	63.5
Other Appropriated Funds	317,697.2
Non-Appropriated Funds	1,132,781.9
Federal Funds	487,790.8
TOTAL FUNDS	\$1,938,333.
	4
FTE Positions	4,465

ADOT Program and Subprogram Structure



Program 1: ADMINISTRATION

Mission:

To provide leadership, operational and financial support to help achieve the agency mission.

Description:

The Administration Program provides overall coordination, management and support functions for the Department. As described in A.R.S. 28-104, the exclusive control and jurisdiction over state highways, state routes, state airports and all state-owned transportation systems or modes is vested in the Department of Transportation. The Department is charged with registering motor vehicles and aircraft, licensing drivers, collecting revenue, conducting multi-modal transportation planning, design and constructing transportation facilities, investigating new transportation systems, and administering transportation safety programs.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	52,017.5
Non-Appropriated Funds	14,768.3
Federal Funds	0.0
TOTAL FUNDS	\$66,785.8
FTE Positions	467.0

Subprogram 1.1: Director's Office/Transportation Board

Mission:

To serve the employees, suppliers and customers of the Arizona Department of Transportation by exemplifying leadership and a commitment to achieve the agency guiding vision. The Transportation Board's mission is to administer the functions outlined in A.R.S. 28-106 with respect to development or modification of the five-year transportation facilities construction program, the awarding of all construction contracts for transportation facilities, and monitoring the status of such projects.

Description:

The Director and staff exist to provide strategic direction and guidance to agency personnel in achieving the organizational mission in an atmosphere of continuous improvement.

The Transportation Board distributes monies from the aviation fund for public airport planning, design and construction; establishes a complete set of state highway routes; determines which routes shall be accepted into the system and which shall be improved; establishes or otherwise alters the status of any portion of a state route or highway or other transportation facility; and determines priority programming with respect to transportation facilities.

Goals:

- Goal 1: To increase the quality, timeliness and cost effectiveness of our products and services.
- Goal 2: To develop a high performing and successful workforce.
- Goal 3: To optimize the use of all resources.
- Goal 4: To improve public and political support necessary to meet Arizona's transportation needs.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	2,718.4
Non-Appropriated Funds	0.0
Federal Funds	0.0
TOTAL FUNDS	<u>2,718.4</u>
FTE Positions	6.0

Subprogram 1.2: Transportation Services Group

Mission:

To provide effective and efficient support services to those who serve our customers and stakeholders.

Description:

Transportation Support Services (TSS) provides many of the essential business services necessary for the Department to carry out its mission. It delivers these services to diverse customers located throughout the state. Service areas include: human resources, financial management, civil rights, audit, community relations, employee development, safety and health, procurement, information technology, facilities maintenance, and planning and budgeting.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	49,299.1
Non-Appropriated Funds	3,618.0
Federal Funds	0.0
TOTAL FUNDS	\$52,917.1
FTE Positions	389.0

Goals:

Goal 1: To achieve optimum service delivery.

Goal 2: To maintain information technology and facilities infrastructure at targeted service levels.

Goal 3: To promote safety in the workplace.

Subprogram 1.3: Arizona Highways Magazine

Mission:

To encourage travel within Arizona by publishing magazines and products about the state and its people while achieving the highest level of quality in production and customer service.

Description:

The first issue of Arizona Highways was published in 1925. The current monthly circulation averages 326,000 and includes subscribers from every state and 120 foreign countries. Seventy-six percent of the magazines' subscribers live outside Arizona, many of them receiving gift subscriptions from Arizonans. A one-year subscription is \$19. Arizona Highways is an Enterprise Fund and generates revenue from two major sources: subscription and newsstand sales of the magazine, and product sales. The magazine employs approximately 80 people. The magazine is 56 full-color pages per issue. All of the writing and photography included is provided by freelance professionals who are paid fees for one-time rights to publish their material. Arizona Highways operates its own computerized fulfillment system for receiving, processing, and shipping orders, and two retail gift shops in Phoenix.

Goals:

Goal 1: To remain financially self-sufficient.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	0.0
Non-Appropriated Funds	11,396.3
Federal Funds	0.0
TOTAL FUNDS	\$11,396.3
FTE Positions	72.0

Program 2: INTERMODAL TRANSPORTATION

Mission:

To continually improve the safety, efficiency and quality of Arizona's highway system and its intermodal connectors.

Description:

The Intermodal Transportation Division (ITD) serves as the state's public entity to construct and maintain a quality highway system.

To deliver its Program the Division's resources are focused on achieving outcomes associated with its two Core Business Delivery Subprograms. These are the Construction Delivery Subprogram and the Maintenance Delivery Subprogram.

- The Division is charged to deliver a 5 Year Construction Subprogram.
- The Division is charged to deliver a Quality Maintenance Subprogram.

These two Delivery Subprograms are divided into three Budget Subprograms (Development and Administration, Maintenance, and Construction).

Subprograms:

Per direction from the Governor's Office of Strategic Planning and Budgeting, the ITD Program is divided into the following five Subprograms:

- ◆ ITD – Development and Administration Budget Subprogram includes all Full Time Equivalent Positions located statewide, which are appropriated/budgeted under the Administrative Operating Fund/Budget.
- ◆ ITD – Maintenance Budget Subprogram includes Full Time Equivalent Positions located statewide, which are appropriated/budgeted under the Maintenance Fund/Budget.
- ◆ ITD – Construction Budget Subprogram includes all Full Time Equivalent Positions located statewide, which are appropriated/budgeted under the Construction Fund/Budget.
- ◆ Equipment Services (Vehicles and Heavy Equipment): operationally under Transportation Services Group.

- ◆ Intermodal Transportation Planning (a separate Division and functionally reports to the ADOT Director).

Funding and FTE Summary	
FY 2003	
Estimate (\$ in thousands)	
General Funds	63.5
Other Appropriated Funds	177,254.2
Non-Appropriated Funds	1,103,074.6
Federal Funds	479,079.5
TOTAL FUNDS	\$1,759,471.8
FTE Positions	2,444.0

Subprogram 2.1: Development and Administration

Mission:

To provide the leadership and support to all entities of ITD to improve the safety, efficiency and quality of the state highway system and its intermodal connectors.

Description:

The ITD – Development and Administration Budget Subprogram includes all Full Time Equivalent Positions located statewide, which are appropriated/budgeted under the Administrative Operating Fund/Budget.

The ITD Core Team provides the key leadership for ITD. This Team consists of the State Engineer, Deputy State Engineers, Chief Administrative Officer, and the Partnering Office Administrator. They encourage all employees to exceed customer expectations through emphasis on delivering quality products and services on time and within budget. Their responsibilities include daily liaison with customers, partners and other stakeholders. Open communication exists with the leaders and project teams in the various Engineering Districts and Development Groups to identify and resolve the short term needs and plan for the long-term needs/accomplishments of the Division. This team is responsible for the project development and operations of the state highway infrastructure.

Goals:

- Goal 1: To increase the quality, timeliness and cost effectiveness of our products and services.
- Goal 2: To develop a high performing and successful workforce.
- Goal 3: To optimize the use of all resources.

Funding and FTE Summary FY 2003 Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	42,910.3
Non-Appropriated Funds	0.0
Federal Funds	72.0
TOTAL FUNDS	\$42,980.5
FTE Positions	680.0

Subprogram 2.2: Maintenance

Mission:

To maximize life expectancy, operational efficiency, the appearance, and the safety of the state highway system.

Description:

The ITD – Maintenance Budget Subprogram includes all Full Time Equivalent Positions located statewide, which are appropriated/budgeted under the Maintenance Fund/Budget.

This Budget Subprogram is a multi-million dollar operation involving over seventy organizational units distributed throughout the state, working in nine maintenance-engineering districts and a central maintenance office. Funding is provided for asset management on and along approximately 26,000 maintenance travel lane miles of highway. This subprogram includes the highway system's operation components.

Goals:

- Goal 1: To improve the movement of people and products throughout Arizona.
- Goal 2: To increase the quality, timeliness and cost effectiveness of our products and services.
- Goal 3: To optimize the use of all resources.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	97,962.0
Non-Appropriated Funds	0.0
Federal Funds	0.0
TOTAL FUNDS	\$97,962.0
FTE Positions	912.0

Subprogram 2.3: Construction

Mission:

To provide the leadership and support in the construction administration to continually improve the safety, efficiency, and quality of Arizona's highway system.

Description:

The ITD – Construction Budget Subprogram includes all Full Time Equivalent Positions located statewide, which are appropriated/budgeted under the Construction Fund/Budget.

This subprogram is responsible for the administration of a statewide annual Construction Program of over \$950 million dollars.

Goals:

- Goal 1: To improve the movement of people and products throughout Arizona.
- Goal 2: To increase the quality, timeliness and cost effectiveness of our products and services.
- Goal 3: To optimize the use of all resources.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	0.0
Non-Appropriated Funds	1,103,074.6
Federal Funds	471,702.9
TOTAL FUNDS	\$1,574,777.
	5
FTE Positions	555.0

Subprogram 2.4: Intermodal Transportation Planning

Mission:

To provide the highest quality multimodal transportation research, plans, and programs for Arizona.

Description:

The Transportation Planning Division (TPD) works with its customers and stakeholders in a collaborative effort to develop and implement a statewide transportation policy, facilitate integrated and multi-modal performance-based transportation planning and programming activities, support a robust and advanced geo-referenced infrastructure and initiate common processes for the collection, analysis and distribution of fundamental transportation data. The Division helps to identify the important transportation issues facing Arizona, both present and future, and assists through research and planning in the development of the supporting strategies needed to optimize investment to preserve and expand the state's transportation system.

The Division staff is organized into the following organizational units: Administration and the Arizona Transportation Research Center (ATRC), Air Quality Policy, Data Collection, Priority Programming, Public Transportation, Geographic Information System (GIS) Section, and State and Regional Planning. Responsibilities include the development of a long-range multi-modal state transportation system plan, development of asset infrastructure investment strategies, preparation of multi-modal corridor profile studies, administration of state and federal air quality mandates, management of state and federal transit assistance programs, collection, analysis and dissemination of transportation data and the delivery of research services. Stakeholders include individuals, public and private entities, local and tribal governments, regional planning organizations and other interest groups.

There are four issues critical to the future success of the Division that need to be addressed from a strategic perspective. They are:

1. Development of a long-range multi-modal transportation plan and programming process

One of the Division's primary responsibilities is the development of the Arizona Long-Range Multi-modal Transportation Plan (AzTP). The purpose of the plan is to develop a system that allows for the efficient use of transportation resources, facilities and services over the next 20 years. It provides the framework by which state, regional and local plans are coordinated in order to provide strategic direction for sound transportation investment decisions and to ensure that all transportation facilities and services operate as an integrated system. It will serve as the blueprint for investing in the state's transportation system and will assist the agency and other planning entities in setting priorities for the funding of projects and programs over the life cycle of the plan.

2. Creation of a Data Bureau

Data represent a critical strategic resource that is the fuel for a wide range of important activities that sustain and support the Department's activities. TPD is responsible for collecting, processing, analyzing and disseminating a variety of transportation related data pertaining to all public roadways with emphasis on the Arizona state highway system. Data items include pavement condition, traffic volume, system capacity, geo-spatial information and asset inventories. Transportation data are used to support federal funding apportionments, facilitate the design and construction of transportation projects, promote public safety and mitigate air quality issues. It is published and made available to the Federal Highway Administration (FHWA), local and planning organizations and the traveling public.

In order to be useful the data must be credible, verifiable, current, and should be accessible and easy to integrate. Also, to provide more current and complete information, improve reliability and validity to address Federal funding, and to meet state and federal data requirements, the Division needs to create a data bureau where a wide range of consistent and well-managed data can be captured, cataloged and made readily available.

3. Asset Management

As a result of the recently issued Government Accounting Standards Board Statement 34, ADOT is now responsible to account for all of its infrastructure assets. A part of this responsibility includes the development and operation of a Transportation Infrastructure Asset Management System. The Transportation Infrastructure Asset Management System (TIAMS) will provide ADOT decision makers with the tools to maintain, operate, and upgrade the Arizona transportation infrastructure while maximizing transportation system performance through appropriate investments. The TIAMS will provide ADOT with the tools and information to enable public accountability of ADOT decisions and investments. It will also provide ADOT with the necessary information to evaluate and enhance the decision-making process and inputs based on system performance.

4. Workforce Development

TPD must have an adequate workforce if it is to meet the requirements involved with the planning, programming and supporting a high-quality, multi-modal transportation system. The Division's inability to attract and retain qualified staff is negatively impacting planning and programming productivity. The Division workforce is multi-disciplined and includes a high concentration of planners, engineers and IT professionals. Increased demand for transportation planning professionals in the private sector has raised the stakes with respect to the Division's ability to recruit planning professionals into state service. The situation is further exacerbated by the fact while already disproportionate in most cases, state compensation requirements place some TPD employee salaries at 40%-50% below the salaries of their counterparts in the private sector and other planning organizations.

Goals:

- Goal 1: To develop and implement the 20-Year long-range plan and programming process.
- Goal 2: To develop reliable, accurate and current transportation data.
- Goal 3: To develop and implement a Transportation Infrastructure Asset Management System.
- Goal 4: To maintain optimum staffing levels.

Funding and FTE Summary	
FY 2003	
Estimate (\$ in thousands)	
General Funds	63.5
Other Appropriated Funds	2,733.6
Non-Appropriated Funds	0.0
Federal Funds	7306.4
TOTAL FUNDS	\$10,103.5
FTE Positions	50.0

Subprogram 2.5: Vehicles and Heavy Equipment

Mission:

To purchase, maintain, repair and dispose of light and heavy duty vehicle and fleet equipment for ADOT and performs contract services for selected state agencies and county/municipal governments.

Description:

It is the responsibility of Equipment Services to:

- Provide and maintain the equipment fleet for ADOT users;
- Maintain equipment fleets for other agencies and county/municipalities governments under contract;
- Collect revenue to finance capital replacement and operational expenses;
- Provide management and financial information through an equipment management system;
- Provide fuel resources statewide in compliance with Federal/State EPA regulations;
- Maintain State Port of Entry scales.

Goals:

- Goal 1: To organize Equipment Services to achieve effectiveness and efficiency from each core process.
- Goal 2: To maintain a safe and supportive working environment at Equipment Services where all team members are encouraged to achieve their maximum potential.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	33,648.3
Non-Appropriated Funds	0.0
Federal Funds	0.0
TOTAL FUNDS	\$33,648.3
FTE Positions	247.0

Program 3:**MOTOR VEHICLE****Mission:**

MVD supports Arizona through licensing, vehicle credentialing, revenue collection, safety programs, and by promoting compliance with transportation laws.

Description:

The Motor Vehicle Division (MVD) is responsible for transportation-related activities, including:

- ◆ Issuance of Licenses and Vehicle Credentials
- ◆ Revenue Collection and Management
- ◆ Records Management
- ◆ Transportation Law Compliance
- ◆ Legislative Support

MVD operates field offices and ports of entry statewide. MVD also oversees the Competitive Government Partnership program for MVD functions and maintains collaborative partnerships with federal, state, and local agencies. MVD is the primary source of motor vehicle information to law enforcement agencies, other governmental entities, motor carrier and vehicle dealer industries, the news media, and the general public.

Goals:

- Goal 1: To promote public safety and protection through regulation, licensing, and the administration of transportation laws.
- Goal 2: To improve customer service.
- Goal 3: To promote safety and security in the workplace.
- Goal 4: To develop and retain a high-performing, successful workforce.
- Goal 5: To increase the use of electronic service delivery.
- Goal 6: To promote the efficient generation, collection, and management of revenues to meet public needs.

**Funding and FTE Summary
FY 2003**

Estimate (\$ in thousands)

General Funds	0.0
Other Appropriated Funds	86,527.5
Non-Appropriated Funds	1,287.0
Federal Funds	8,711.3
TOTAL FUNDS	\$96,525.8
FTE Positions	1,524.0

Subprogram 3.1: Motor Vehicle Support Services

Mission:

To lead and support the Motor Vehicle Division in its provision of services.

Description:

The Motor Vehicle Support Services (MVSS) subprogram is comprised of four major components, including:

- ◆ Director's Office
- ◆ Executive Hearing Office
- ◆ Office of Special Investigations
- ◆ Executive Services Group

The Director's Office (DO) provides leadership and assistance in legislative, government, public information and community relations; constituent services; information systems support, and organizational development.

The Executive Hearing Office (EHO) conducts administrative hearings on behalf of petitioners on matters, including DUI-related offenses, driver licenses, vehicle titles, dealer licenses, and motor carrier safety or tax issues.

The Office of Special Investigations (OSI) provides investigative support services to ADOT to resolve issues of employee misconduct and assumes original jurisdiction in violations of criminal statutes ranging from computer fraud to embezzlement, as well as title and driver license fraud, and any other offense related to employee misconduct. OSI is the point of contact for all law enforcement Teletype traffic coming into the agency and is the central point of contact for issues related to stolen vehicles. A major responsibility of OSI is the investigation of complaints against licensed and unlicensed car dealers, including odometer and title fraud. OSI is the agency point of contact for local, county, state, and federal law enforcement agencies with regard to special credentials and vehicle registrations. OSI also provides background investigation services for peace officer applicants coming into the agency as well as civilian applicants in other selected programs.

The Executive Services Group (ESG) provides management support throughout the Division in the areas of strategic planning and budgeting, human resources, procurement, facility planning and management, purchasing, warehouse supply and distribution, dishonored check handling, and contracts. In addition, the Division, other governmental entities, businesses, and the general public are served through the provision of statistical information and reports.

Goals:

Goal 1: To promote public safety and protection through regulation, licensing, and the administration of transportation laws.

Goal 3: To promote safety and security in the workplace.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	20,140.3
Non-Appropriated Funds	150.0
Federal Funds	0.0
TOTAL FUNDS	\$20,290.3
FTE Positions	129.0

Subprogram 3.2: Customer Services

Mission:

To provide exemplary motor vehicle and driver license customer services and improve motor vehicle related products, services, and revenue collection through effective application of private and public sector resources.

Description:

This subprogram is comprised of four major components, including:

- Customer Service
- Motor Carrier and Tax Services
- Competitive Government Partnerships
- Division Operational Support Services

Customer Service (CS) provides services to the motoring public at 58 field offices statewide. Services include vehicle inspection, titling and registration, driver license skill testing, driver license issuance, commercial driver license and identification card issuance, temporary permits, driver license and vehicle registration reinstatements, commercial title and registration processing, provision of motor vehicle records, title production, processing abandoned vehicle requests, and voter registration assistance.

Motor Carrier and Tax Services (MCTS) is responsible for the oversight of activities related to motor carriers, commercial driver licensing and skill testing, fleet and multi-state registrations, use fuel refunds and International Fuel Tax Agreement (IFTA) licensing, and collections. Important aspects of MCTS include motor carrier safety policies, tax collection, the issuance of motor carrier registration credentials, and overseeing the medical review function to process medical eligibility for commercial and noncommercial drivers.

Competitive Government Partnerships (CGP) is responsible for the oversight of activities related to competitive government, renew-by-mail, motor vehicle dealer licensing, and motor vehicle record sales. Important aspects of CGP include promoting private sector involvement utilizing third party providers of MVD services to minimize the effects of population growth on the quality of products and services provided at MVD field offices, while also increasing state revenues with little or no additional cost to the taxpayer. In addition, CGP licenses professional driving schools. Approximately 700 third parties located throughout Arizona conduct title and registration transactions, driver license testing and application processing, motorcycle safety courses, vehicle inspections, and Traffic Survival Schools. CGP also oversees electronic service delivery by third parties via the Internet and by interactive voice response.

Division Operational Support Services (DOSS) assists division-wide initiatives by developing and writing policies and rules, operating five public information call centers and one non-public call center, and providing technical phone support to field offices. Records management is handled through eight distinct units which include data entry of citations and court abstracts; DUI, criminal and fraudulent records; certification of records, including the photo lab; film research; mandatory insurance verification; title maintenance and title vault; customer service counter for records request; and microfilming. Division technical training required for employee competency is identified, coordinated, and provided; external training is provided to third parties, including courts, private companies, and other government entities. DOSS also investigates and processes DUI-related license reinstatements, and provides expert testimony in court proceedings. Finally, DOSS coordinates federal interaction and handling of commercial driver licenses, supports help desk activities related to the Problem Driver Pointer System (PDPS), the National Motor Vehicle Title Information System (NMVITIS), and the mandatory insurance functions on behalf of the Division.

Goals:

- Goal 1: To promote public safety and protection through regulation, licensing, and the administration of transportation laws.
- Goal 2: To improve customer service.
- Goal 5: To increase the use of electronic service delivery.
- Goal 6: To promote the efficient generation, collection, and management of revenues to meet public needs.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	53,616.6
Non-Appropriated Funds	0.0
Federal Funds	566.8
TOTAL FUNDS	\$54,183.4
FTE Positions	1,176.0

Subprogram 3.3: Motor Vehicle Enforcement Services

Mission:

To accomplish mandated enforcement and regulatory responsibilities and provide a system that ensures public safety.

Description:

The Motor Vehicle Enforcement Services (MVES) subprogram utilizes certified Peace Officers in the enforcement of transportation-related laws and regulations. Through the fixed port of entry system and mobile enforcement, commercial vehicles are checked for compliance with size, weight, and safety laws, including laws relating to the transportation of hazardous materials. In addition, MVES inspects vehicles for authorized ownership, monitors and recovers stolen vehicles and vehicle components.

Goals:

- Goal 1: To promote public safety and protection through regulation, licensing, and the administration of transportation laws.
- Goal 6: To promote the efficient generation, collection, and management of revenues to meet public needs.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	12,770.6
Non-Appropriated Funds	1,137.0
Federal Funds	8,144.5
TOTAL FUNDS	\$22,052.1
FTE Positions	219.0

Program 4: AERONAUTICS

Mission:

To encourage and advance the safe and orderly development of aviation within the state.

Description:

The Aeronautics Division is responsible for the development of a balanced, integrated and effective aviation system designed to meet both the present and future needs of the citizens of Arizona. It fulfills this responsibility by registering aircraft, licensing airplane dealers, developing and administering the five year airport development program, promoting aviation services through community outreach and education, and making recommendations with respect to legislative and policy issues.

Goals:

- Goal 1: To increase the quality, timeliness and cost effectiveness of our aviation services.

- Goal 2: To maintain airport infrastructure leading to improvement movement of people and products throughout Arizona.

- Goal 3: To improve public and political support by further development and expansion of the aviation outreach program.

Funding and FTE Summary FY 2003	
Estimate (\$ in thousands)	
General Funds	0.0
Other Appropriated Funds	1,898.0
Non-Appropriated Funds	13,652.0
Federal Funds	0.0
TOTAL FUNDS	\$15,550.0
FTE Positions	30.0

Agency Strategic Issues

One result of ADOT's Internal/External Assessment has been the articulation and reaffirmation of the agency's strategic issues. Each of these issues involve virtually the entire agency, though two programs primarily approach them: Intermodal Transportation Division (ITD) and Motor Vehicle Division (MVD). Goals and accompanying objectives supporting each strategic issue are found in almost every subprogram. They are:

1. Construction Program Delivery (ITD).
2. Maintain the Accelerated Construction Schedule for Funded Portion of the Regional Freeway System and Plan for Completion of the Unfunded South Mountain Segment (ITD).
3. Customer Service (MVD). This issue consists of six, interrelated and overlapping sub-issues.

Discussion of these issues follows.

Resource Assumptions for all Agency Strategic Issues

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs	79	116	75	77	56
Highway Fund	\$21,275,600	\$55,469,200	\$32,157,700	\$12,532,700	\$9,054,500
Other Appropriated Fund	\$138,000	\$147,700			
Non-Appropriated Fund		\$1,009,000			
Federal Funds/Grants	\$900,000	\$738,000			
General Fund					
TOTAL FUNDS	\$22,313,600	\$57,363,900	\$32,157,700	\$12,532,700	\$9,054,500

ITD Executive Summary

Two key strategic issues have been identified for ITD to address within the scope of the FY 2004-2008 Strategic Plan and both issues fall within the broad category of Program Delivery. The first issue is Program Delivery as applied to the overall Statewide Construction Delivery Process. The second issue is Program Delivery as applied to the Accelerated Construction of the Regional Freeway System. The Regional Freeway System is considered by ITD to be a subset of the overall ADOT Construction Delivery Process.

*Both issues follow similar processes. That is, each year the State Transportation Board adopts a Five-Year Construction Program after consultation with ADOT staff. This Program results from an assessment of transportation needs that have to be met in order for the agency to attain its goal of improving the movement of people and products throughout Arizona. However, the planned projects in that Five-Year Construction Program serve no purpose unless they are completed – delivered to the public – **on time, on budget, and in quality condition.***

Both programs are dealing with a revenue shortfall that show revenue resources will be insufficient to meet projected population growth and increasing transportation demands over the next twenty years.

MVD Executive Summary

Motor Vehicle Division Executive Management identified six strategic issues impacting the Division as a whole. For each issue, one to seven overarching and interrelated strategies (a "family of strategies") were also identified as meaningful approaches to resolving each strategic issue. The table below outlines the priority listing of both issues and associated strategies. Following the table is a brief summary describing each strategic issue, which is subsequently followed by the full text and a summary of associated costs.

		STRATEGIES IDENTIFIED TO HELP RESOLVE STRATEGIC ISSUES						
		(In Priority Order for Each Issue)						
STRATEGIC ISSUES FYs 2004-08		Automated Business Systems	Resolve Salary Inequities	Increase Staffing	Training	Outsourcing	Marketing	Facilities
STRATEGIC ISSUES (In Priority Order)	1	2	1	3	4	5	6	7
	2	1	Does not apply	Does not apply	Does not apply	Does not apply	Does not apply	Does not apply
	3	1	2	3	4	5	6	7
	4	1	Does not apply	2	3	Does not apply	Does not apply	4
	5	1	Does not apply	Does not apply	2	3	Does not apply	Does not apply
	6	1	2	3	4	5	6	Does not apply

MVD Strategic Issue #3.1 Staff Retention and Recruitment

The Motor Vehicle Division (MVD) faces considerable obstacles in both recruiting and retaining a quality workforce. These obstacles can be directly linked to a number of factors including: a competitive job market, low state salary structure, lack of career progression, little opportunity for employee development, and unpredictable work schedules in some areas. The net effect is that MVD has become a "revolving door employer"--a "training ground" for other private and public employers: MVD pays for the training; others hire the trained staff. Staff is just passing through as the statistics indicate.

Action must be taken to resolve this problem. Some solutions require funding. Others do not. The funding required is not just a one-time shot. If that is the approach taken, any funding solution will be short-lived. What is required are structural changes affecting staffing, compensation, and employee development. This tri-fold approach will be necessary to ensure that employees are given opportunities for a competitive starting wage and future advancement possibilities.

A package already submitted and approved has resulted in the implementation of a new Special Recruitment Rate (SRR) for the Motor Vehicle Customer Service Associate, the Motor Vehicle Customer Service Representative, the Motor Vehicle Customer Service Supervisor and the Motor Vehicle Regional Manager classifications. The Division received funding in FY 2002 and FY 2003 to pursue these changes.

Additional efforts have been expended to incorporate a newly developed classification, a generic Customer Service Representative II (a grade 16 lead/technical expert). However, additional funding will be necessary before this classification, as well as an existing Customer Service Section Supervisor classification, can be utilized. The addition of these two classes will provide the career progression that is currently not available. Without the necessary follow-through, MVD can certainly expect that problems currently experienced in terms of recruitment and retention will continue and possibly worsen.

MVD Strategic Issue #3.2 Automated Business Systems

The core business functions of the Arizona Department of Transportation (ADOT) are to develop and operate the transportation infrastructure, to license qualified applicants and register vehicles, and to manage revenue. The licensing and registration core functions for MVD are handled through the Agency's "legacy systems" which, in some cases, are over 25 years old. This seriously outdated technology supplies the mission-critical business functions of the agency. These systems are among the most critical in the state of Arizona, touching more citizens than any other systems. MVD collects in excess of \$1.5 billion a year in taxes and fees, making it the state's second largest tax collection agency.

The current legacy system has 440 screens, 471 transactions, and over 2,990 programs to maintain. The systems are hard for new employees (users) to learn, which contributes to high turnover in MVD offices. A new employee has to literally learn all 440

screens and become proficient in their use in a short amount of time. A system built in the 1970s is definitely not intuitive to a new employee who has been exposed to modern technology (Internet technology, graphical user interfaces, etc.).

A new system will allow MVD to improve business practices, collect additional tax and fee revenues, increase security and privacy, and save millions of dollars a year in maintenance and training costs. It will build in the proper controls, edits, and security to ensure that the system is reliable and accurate, as well as prevent mistakes, fraud, and outages. Accuracy in the accounting functions is also critical. It is recommended that MVD's legacy systems be replaced to allow the Division to grow and expand in keeping with current demands and expectations.

MVD Strategic Issue #3.3 Visit Times

For the past several years, significant legislative attention has been given to customer visit times in MVD field offices. MVD has focused on solutions to decrease the number of transactions completed in the field offices in an effort to decrease visit times. Alternative methods of renewing registrations and obtaining driver licenses have been the primary focus of this endeavor, including promoting customer use of the Internet, mail, phone, and drop-off methods to obtain needed services as well as the use of third party contractors. However, despite the increase of certain transactions completed via methods other than coming into a field office, and despite tremendous growth in Internet usage, the overall influx of additional transactions in field offices is growing at a significant rate. While customer volume has remained relatively steady over the years (a 1.5 percent increase between FY 1999 and FY 2002), transactions have virtually soared comparatively, increasing 15.5 percent over the same period. Thus, field offices have an ever-difficult time keeping up with service demands.

While it is important to focus on visit times, it is critical to recognize impacts on other areas. For example, increased workload in field offices equates to increased workloads in other program areas that support the field offices. As a result, employee stress and morale issues occur in both field offices and other program areas, which also lead to turnover and decreased productivity. Additional impacts include an inability to ensure quality field office transactions (focus is quantity over quality) and a decreased ability to give attention to critical issues such as Legal Presence, fraud, security, and revenue collection and administration.

Antiquated databases and other technology play an immeasurable role in dramatically impacting visit times. Examples of this impact include the ability of training staff to consistently train MV Customer Service Representatives (MVCSRs); the standardization of data input and, thereby, the ability to retrieve valid and reliable statistics; the complexities of programming antiquated database systems as well as the cumbersome operation of these systems by MVCSRs on a daily basis; and more.

MVD Strategic Issue #3.4 Security Concerns (Fraud)

Identity fraud is the fastest growing crime in the United States. It is estimated that the nationwide costs associated with identity fraud is \$2.5 billion and is projected to grow by 30 percent each year, reaching \$8 billion by 2005. The average loss to the financial industry is approximately \$17,000 per compromised identity. The financial impact to welfare and health care programs is equally appalling.

An individual's driver license or identification card have become the standard means for providing proof of identity and are the principal targets for fraud. Amongst other things, with these credentials perpetrators can open fraudulent credit card accounts, secure deposits on houses and cars, create insurance benefits, deplete personal financial accounts, and initiate false welfare and health care claims.

Identity theft and other fraudulent schemes are adversely affecting public confidence, compromising the integrity of MVD-produced credentials, and eroding MVD revenues. MVD's response must be deliberate and include a diverse blend of tactics that will work in concert to improve security and help identify and curtail fraud before it begins. While these measures will not completely eliminate fraud, MVD's ability to address the problem depends substantially on the use and application of electronic oversight and improved technologies.

MVD Strategic Issue #3.5 Staff Training and Effectiveness

Over the course of the last few years especially—with an increased emphasis on improving customer service in field offices and offering alternate methods for service, especially via E-government and third parties—training challenges have increased to the point of threatening MVD's ability to effectively and efficiently meet Division goals.

The following are primary, undesired results of these training challenges:

1. A significant gap exists between training demands/needs and what is actually provided.
2. Training of students located throughout the state is logistically difficult, inefficient, and costly (especially for areas other than Phoenix-metro, Tucson, Flagstaff, and Prescott).
3. Training database simulations do not always reflect real-world practices.

Issues giving rise to these undesired results include:

1. An antiquated and complicated database system, which requires a consistent stream of patches and enhancements.
2. The domino effect of MVCSR turnover.
3. Current training methods that tend to be costly and inefficient.

MVD Strategic Issue #3.6 State and Federal Regulations; Partnering and Relationships

MVD is required to comply with various state and federal mandates resulting from legislation or regulatory directives. These mandates must be incorporated into the Division's operating procedures, which often result in the need for development of new systems, additional employees, and employee training. Sometimes grant money is available, but even with grants, the Division can expect to incur costs that must be covered by state funding. MVD programs most heavily impacted by federal mandates are Motor Vehicle Enforcement Services and Motor Carrier and Tax Services, which are charged with various duties related to regulating motor carrier traffic through Arizona's 22 ports of entry and across the state's roadways. Other directives relate to such issues as administrative hearings on driver/vehicle infractions, assignments to Traffic Survival School, issuing commercial driver licenses, stolen vehicle recovery, medical standards for drivers, enforcement of vehicle registration requirements, and personal privacy.

In addition to legislative and regulatory requirements, MVD participates in multi-state or national partnerships and cooperative efforts with other state agencies to enhance the Division's operations, create efficiencies, and improve customer services. These programs, such as Commercial Vehicle Information System Network (CVISN), Performance and Registration Information Systems Management (PRISM), and National Motor Vehicle Title Information System (NMVTIS), are often in line with mandated activities related to safety, proper credentialing, and prevention of fraud. They put the Division at the forefront in implementing leading edge applications. Along with regulations and partnering projects, MVD must anticipate additional requirements over the long term in the form of proposed legislation or regulations. These proposals might not become effective for several years or they might come in phases, but the Division has to anticipate the effect and be prepared to respond to any new requirements that result.

The general focus of regulations and partnerships is to improve roadway safety, enforce statutes, reduce criminal activity, and enhance overall MVD operating efficiency.

SUMMARY OF ALL COSTS OF MVD STRATEGIC ISSUES

Summary of Costs

Continuing Costs	25,151,700
One-Time Costs	<u>100,721,500</u>
Total Cost of Addressing Strategic Issues =	125,873,200

Source of Funding

Highway Fund (appropriated)	123,078,500
Vehicle Inspection & Title Fund	142,900
Safety Enforcement & Title Insurance Fund	4,800
Construction - Highway Fund	1,009,000
Federal Grants	<u>1,638,000</u>
Total Cost of Addressing Strategic Issues =	125,873,200

Summary of Types of Costs

Land Buildings & Improvement	53,351,400
Building Renewal	3,661,800
Replacement of Automated Business System	40,000,000
Operating Budget Increases	<u>28,860,000</u>
Total Cost of Addressing Strategic Issues =	125,873,200

Summary of Costs by Year

FY 2004	21,314,400
FY 2005	55,678,900
FY 2006	30,247,700
FY 2007	9,577,700
FY 2008	<u>9,054,500</u>
Total Cost of Addressing Strategic Issues =	125,873,200

Construction Program Delivery

DESCRIPTION OF THE PROBLEM AND HOW IT RELATES TO THE AGENCY'S MISSION OR GOALS:

The issue is how to continue to improve the Construction Program Delivery System. What actions can be taken to best preserve and enhance the infrastructure of Arizona's highways?

The mission of the Intermodal Transportation Division (ITD) is:

To continually improve the safety, efficiency and quality of Arizona's highway system and its intermodal connectors.

Intermodal Transportation Division (ITD) serves as the state's public entity to construct and maintain a quality highway system. To accomplish its mission, the Division's resources are focused on achieving outcomes associated with its two core business delivery subprograms. These are the Construction Delivery subprogram and the Maintenance Delivery subprogram.

- The Division is charged to deliver a 5-Year Construction subprogram. The Construction Delivery subprogram includes all functions of the development processes through construction completion. This subprogram includes delivery of both the Statewide and Regional Freeway Systems.
- The Division is also charged to deliver a Quality Maintenance subprogram. The Maintenance Delivery subprogram includes all functions relating to the maintenance and operation processes.

As part of our mission, the following are the primary goals of ITD, which are also Agency goals:

1. To improve the movement of people and products throughout Arizona.
2. To increase the quality, timeliness and cost effectiveness of our products and services.
3. To develop and retain a high performing workforce.
4. To optimize the use of all resources.
5. To improve public and political support necessary to meet Arizona's transportation needs.

Each year the State Transportation Board adopts a Five-Year Construction program after consultation with ADOT Staff. This program results from an assessment of transportation needs that have to be met in order for the agency to attain its goal of improving the movement of people and products throughout Arizona. However, the planned projects in that Five-Year program serves no purpose unless they are completed – delivered to the public – on time, on budget, and in quality condition.

Construction Program Delivery – Program Aspects:

- ◆ This issue focuses on delivering what is promised – when promised, thus keeping the Agency's commitment to the public. The results focus on improving mobility and accessibility, which will provide congestion relief and will improve travel time.
- ◆ The internal process to carry out this program is linear and requires a collaboration of the staffs of the Transportation Planning Division, the Transportation Support Group, the Federal Highway Administration, and the Intermodal Transportation Division. ARS Title 28 specifies the program delivery process, which includes an extensive public involvement process.
- ◆ Program Delivery is expressed as one of the key goals in the Governor's Themes and Goals for State Agencies. It is listed under Theme 4 Quality of Life – Goal 15, which is to improve the state's transportation infrastructure. The performance measure is total freeway miles completed.
- ◆ Governor Jane Dee Hull, by Executive Order, established the Transportation Vision 21 Task Force in February 1999. Executive Order 99-2, as amended by Executive Order 2000-16, identified a well-developed, reliable transportation system as crucial to the growth and economic vitality of the State of Arizona and as essential to the enhancement of intrastate and interstate commerce. After an evaluation period, the Task Force was to recommend and prioritize the goals, funding, and specific plans that would establish a vision for transportation in Arizona in the 21st Century.

ALTERNATIVE SOLUTIONS TO HELP MEET CHALLENGES PRESENTED BY THIS STRATEGIC ISSUE

- 1. Complete the current construction projects per schedule.**
 - ◆ Continue our commitment to the public to deliver the program as planned.
- 2. Award the new construction projects per schedule.**
 - ◆ Focus on scope, schedule, and budget process improvements.
- 3. Provide input and assistance in preparation of 20-Year Transportation Plan and the Five-Year Transportation Facilities Construction Program.**
 - ◆ Develop and implement the Arizona Long-Range Multi-modal Transportation Plan (AzTP). The purpose of the plan is to develop a system that allows for the efficient use of transportation resources, facilities, and services over the next 20 years.
 - ◆ Improve data collection and validity of data. Data represents a critical strategic resource that is the fuel for a wide range of important activities that sustain and support the Agency's activities. Transportation data are used to support federal-funding apportionments, facilitate the design and construction of transportation projects, promote safety, and mitigate air quality issues.
 - ◆ Develop and implement the Transportation Infrastructure Asset Management System (TIAMS). The system will provide ADOT decision makers with the tools to maintain, operate, and upgrade the Arizona transportation infrastructure by maximizing transportation system performance through appropriate investments.
- 4. Implement Appropriate Transportation Vision 21 Task Force Recommendations to ensure that Arizona will have an efficient, multimode transportation system that contributes to the overall quality of life of its citizens and meets the future transportation needs of our entire state.**
 - ◆ Continue to Improve Transportation Planning and Programming Processes.
 - ◆ Enhance Transportation System Accountability and Responsiveness.
 - ◆ Establish 20-Year Statewide Transportation System "Budget."
 - ◆ Identify and Establish Transportation System Funding Priorities.
- 5. Include a maintenance and operation cost component in the total program cost for adding new features to the transportation system.**
 - ◆ Life Cycle Costing needs to include the cost of maintaining and operating our new freeways and new construction features. We are shortsighted if freeway maintenance is left unfunded or under funded.
- 6. Provide for the recruiting and retaining of a quality workforce to deliver the program and maintain new features.**
 - ◆ Slow down the loss of experienced and dedicated professional and technical staff and improve efforts to recruit and retain a new generation of engineering and technical employees.

<p>1. Complete Current Construction Projects</p>	<ul style="list-style-type: none"> • Achieves ADOT's commitment with the taxpayers to deliver a program on time and on budget. The current priorities are met. The open to traffic dates are met. • Provides continued investment in the transportation system. Provides an economic stimulus as it provides jobs. Encourages investments in new developments such as businesses and homes. • Provides for safer roads. • Optimizes available funding. • Improves the public's access to activities, goods, and services. • Improves travel time. • Increases the public, political and customer satisfaction and support. • Provides continued investment in the transportation system. 	<ul style="list-style-type: none"> • Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. • Willingness of local governments to share costs. 	<ul style="list-style-type: none"> • New roadway travel lanes must be maintained. • Locals asked to share in more costs. • Costs of materials may increase. • DPS resources for patrolling new roads 	<ul style="list-style-type: none"> • High - dedicated funds for on going projects. • Spending on construction projects has positive impact on the economy.
<p>2. Award New Construction Projects</p>	<ul style="list-style-type: none"> • Provides a process for allocation of resources according to mandates, planned priorities, customer requirements and return on investment. • Provides continued investment in the transportation system. • Provides construction work around the state. • Maximizes available funding. • Encourages enhancements to various internal processes such as: streamlining environmental clearances, early acquisition of right of way, congestion mitigation, and the Congestion Spot Improvement program. 	<ul style="list-style-type: none"> • Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. • Willingness of local governments to share in the costs. • Revenue short falls may cause 	<ul style="list-style-type: none"> • Efficient program delivering requires management to determine best mix of available project staffing – internal, consultant, and contractor. • There is a future impact on maintenance program costs. • Potential increase 	<ul style="list-style-type: none"> • High – ADOT has established a good track record for delivering approved projects on schedule.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<ul style="list-style-type: none"> • Focuses on the relationship of designing and building new roads and the related increased in maintenance costs. • Focuses on considering new types of contracts/incentives to bid out. • Improves the public's access to activities, goods, and services. Improves travel time. • Increases customer satisfaction, public and political support. 	<ul style="list-style-type: none"> • shifting of established schedules. • Insufficient funding to maintain a professional and skilled in-house workforce to meet schedules. Additional work will have to be outsourced. 	<ul style="list-style-type: none"> • in program costs through change orders. 	
<p>3. Provide input and assistance with the 20-Year Plan and the Five-Year Construction Program.</p>	<ul style="list-style-type: none"> • Developing a 20-year plan will serve as the blueprint for investing in the state's transportation system and will assist the agency and other planning entities in setting priorities for the funding of projects and programs over the cycle of the plan. • Ensures that limited resources (funding) are focused on the most critical and cost-effective components. • Provides a focus point for advancing 21st Century Technology. Identifies opportunities to develop, implement, and expand the incident management programs and freeway management systems. • Focuses on actively identifying and sharing effective management systems that address congestion, safety, incident management, work zone traffic control, other operational issues, and good data collection tools. 	<ul style="list-style-type: none"> • Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. • Willingness of local governments to share in enhancement costs. 	<ul style="list-style-type: none"> • Efficient program delivering requires management to determine best mix of available project staffing – internal, consultant, and contractor. Need options to increase the number of in-house staff. • Approved program will be designed to fit within available resources. 	<ul style="list-style-type: none"> • High –Provides formal process to allocate limited resources according to mandates, planned priorities, customer requirements and return on investment

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<ul style="list-style-type: none"> Allows additional lead-time so that projects are scheduled in accordance with workforce availability, either in-house, outsourced or a mix thereof. Provides for operational and technical enhancements to the existing roadway. Program delivery means more than just new surface area; it also includes the use of technologies. The agency will strive to ensure integration and deployment of ITS technologies to dramatically increase the vehicle capacity of the current highway system. Provides for improved communication and customer service. Links maintenance needs to new construction. 	<ul style="list-style-type: none"> Discussions could lead to new formulas being developed for mandated funding distribution. 	<ul style="list-style-type: none"> There will be a future impact on maintenance program costs that need to be calculated in. 	
4. Implement Various Vision 21 Recommendations	<ul style="list-style-type: none"> Focus is on ways to improve transportation planning and programming processes. Focus is on ways to enhance transportation system accountability and responsiveness. Focus is on ways to establish 20-year statewide transportation system budget. Focus is on ways to identify and establish transportation funding priorities. Focus is on reviewing and implementing the best technologies for safety, design, construction, maintenance, and operation of highways and for safe operation of commercial vehicles. Explores options to continually improve the public's access to activities, goods, and services through preservation, improvement, and expansion of the highway transportation system 	<ul style="list-style-type: none"> Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. Willingness of local governments to share in enhancement costs. 	<ul style="list-style-type: none"> Per the Vision 21 report there is the need for new funding resources if we are to expand the program. Currently we lack the funds to expand the level of the program – thus projects will continue to be spread out. 	<ul style="list-style-type: none"> High –Provides a formal process to allocate limited resources according to mandates, planned priorities, customer requirements and return on investment.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>and enhancement of its operations, efficiency, and intermodal connections.</p> <ul style="list-style-type: none"> Encourages integration and deployment of ITS technologies to dramatically increase the capacity of the current highway system for passenger cars and commercial vehicles. Encourages strategies on how to better utilize technologies, such as GIS, data warehouse, online bidding, aerial and road photo logs, etc. Encourages new ways to enhance public confidence in the effective delivery of transportation system improvements and efficient use of public monies. Provides for consideration on how to compete for scarce maintenance dollars. Provides improved improve communication and customer service. Refer to Vision 21 final report for other suggestions and support data. 	<ul style="list-style-type: none"> New formulas or criteria for project selection and funding may be mandated. 	<ul style="list-style-type: none"> Approved Program will be designed to fit within available resources. Efficient program delivering requires management to determine best mix of available project staffing – internal, consultant, and contractor. Need options to increase the number of in-house staff. There is a future impact on maintenance program costs associated with new features. 	
<p>5. Future Maintenance and Operational needs are linked to new construction projects.</p>	<ul style="list-style-type: none"> Recognizes the importance of a quality maintenance and operational system. Program delivery is more than just building new roads; it is improving capacity with operational improvements. Safer roads improve capacity; well-maintained roads improve capacity. Addresses increased maintenance costs for new features. Currently the new features have to be maintained out of the existing dollars for maintenance – which dilutes the quality of the current maintenance program. There are no maintenance dollars programmed 	<ul style="list-style-type: none"> Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. Failure to have an aggressive maintenance 	<ul style="list-style-type: none"> Budget adjusted to accommodate new features. An increase in the budget would improve the level of service. A decrease in the budget would decrease the level of service – as the current 	<ul style="list-style-type: none"> Moderate – An ongoing educational process emphasizing the cost benefits of providing adequate funding to cover new features and preserving existing features.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>for the new regional freeway system. Even new miles require ongoing maintenance.</p> <ul style="list-style-type: none"> • Providing for an aggressive pavement preservation program can extend the life of highways and avoid costly roadway reconstruction. • Potential for DPS to request increased resources for patrolling new roadway and providing the roadside assistance program. • Provides the resources to attract and retain a quality work force. • Provides additional funding for labor, equipment, materials, utilities, and other operating costs. • Resources are provided to meet the maintenance demands placed on our system from an increasing population and more vehicle miles driven. 	<p>program will cause our investment in new features to have a reduced operational life.</p> <ul style="list-style-type: none"> • If we are unable to secure dependable funding sources for building and maintaining the transportation system – attracting and retaining a quality staff will continue to be a challenge. 	<p>maintenance budget is then spread over more features.</p>	
6. Provide Quality Workforce	<ul style="list-style-type: none"> • Offering competitive salaries (pay plan) will reduce turnover as well as vacancy rates that currently cause ADOT to be training ground for other public and private sector employers. • Improves morale and productivity. • Maintenance has appropriate manpower, equipment, and facilities to handle increases in feature inventory. • Saves dollars by reducing outsourcing. • The public knows we are able to be responsive to their needs. Increases customer satisfaction. • Retain employees and thus have a more stable and technically skilled workforce. • Maintains program expertise – corporate 	<ul style="list-style-type: none"> • If we are unable to secure dependable funding sources for building and maintaining the transportation system – then attracting and retaining a quality staff will continue to be a challenge. • Loss of corporate knowledge. • Increased turnover. • More outsourcing. 	<ul style="list-style-type: none"> • Budget adjusted to provide for appropriate staff levels or an increase in budget to outsource the work. 	<ul style="list-style-type: none"> • Moderate – Either internal staff or contract need to be available to respond to increased program needs. • If staffing is not available then some activities will not be performed.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>knowledge on the conditions of our road system. The brain drain/loss of system knowledge is slowed.</p> <ul style="list-style-type: none"> Various pay and incentive plans are continued. 			

CAN ACTION BE TAKEN TO IMPLEMENT STRATEGY?

STRATEGY (in priority order)	Is legislative authorization needed?	Is the strategy legal?	Is the strategy practical?	Are legislative policy changes needed?
1. Complete Construction Underway Projects	NO	YES	YES	NO
2. Award New Construction Projects	NO	YES	YES	NO
3. Provide input and assistance with the 20 Plan and Five-Year Construction Program	YES* *On new funding	YES	YES	NO
4. Implement Various Vision 21 Recommendations	YES* *On new funding	YES	YES	NO
5. Include Maintenance and Operating Cost Component for new features	YES	YES	YES	NO
6. Provide Quality Workforce	YES	YES	YES	NO

IMPACTS TO STATEWIDE GOALS OR BENCHMARKS

STRATEGY (In priority order)	State Goal 8	State Goal 9	State Goal 10	State Goal 11	State Goal 12	State Goal 13	State Goal 15	State Goal 16	State Goal 17
	Increase worker incomes	Reduce Unem- ployment in rural and urban counties	Promote a healthy business climate in Arizona	Increase areas dedicated to parkland and open space	Remediate and return contaminat- ed sites to beneficial use	Strive for safe and healthy air for Arizonans	Improve the state's transport- ation infrastruct- ure	Deliver courteous, efficient, responsive, and cost- effective service...	Attract and retain high- quality employees in state government
1. Complete Current Construction Projects	X	X	X	X	X	X	X	X	
2. Award New Construction Projects	X	X	X	X	X	X	X	X	
3. 20 Year Plan & Five Year Program	X	X	X	X	X	X	X	X	
4. Vision 21 Recommendations	X	X	X	X	X	X	X	X	X
5. Include Maintenance Component	X	X	X				X	X	X
6. Provide Quality Workforce	X	X	X				X	X	X

Clarification of ADOT's Impact on Statewide Goals or Benchmarks

Goal 8: Increase worker incomes

Response: ADOT provides state employment and construction jobs statewide; thus improving the opportunities for individuals to increase their yearly incomes. Contractors must pay prevailing market rate for their employees. Often the completion of construction projects provides opportunities for new businesses to be established, thus providing other opportunities for employment. ITD supports the incentive program, implementing a pay for skills program, implementing a program to better track employee turnover, and the implementation of legislation to allow all employees to be within 5% of market rate.

Goal 9: Reduce unemployment in rural and urban counties:

Response: ITD has positions open statewide – providing a higher pay scale would allow us to attract and retain qualified applicants and employees. Our Construction program provides jobs throughout the state. The more funds available for this program the more workers contractors can hire. ITD, through its Local Technical Assistance Program, is attempting to make educational programs available for people to learn new skills.

Goal 10: Promote a healthy business climate in Arizona.

Response: As we build out our freeway system, new home subdivisions and businesses locate along the route. We are providing an approximately \$1.0 billion dollar new construction program and have an approximately \$1.0 billion dollar underway construction program.

Goal 11: Increase areas dedicated to parkland and open space.

Response: One approach is that freeways can be used to buffer or create open spaces. One open space that was created is the Margaret Hance Deck Park. Also, SR51 serves as a buffer to Dreamy Draw Park. ADOT provides access to new parks and recreation areas.

Goal 12: Remediate and return contaminated sites to beneficial use.

Response: Properties acquired by ADOT are cleared environmentally through remediation effort before resale.

Goal 13: Strive for safe and healthy air for Arizonans.

Response: New roads are meant to keep traffic flowing and reduce emissions. New roads are being built to bypass urban areas. The Freeway Management System continues to be expanded. ADOT provides alternative work schedules for its employees.

Goal 15: Improve the state's transportation infrastructure.

Response: New improved roadways continue to be opened in accordance with funding availability and statewide priorities.

Goal 16: Deliver courteous, efficient, and cost-effective service to the citizen owners and employees of state government.

Response: ADOT continues to improve on its extensive information network. ADOT announces its proposed projects ahead of time in order to receive input from various community, business and neighborhood groups. Major projects have a public information person assigned to make sure those impacted are properly notified on the project status.

Goal 17: Attract and retain high-quality employees in state government.

Response: ADOT continues to work with the Governor's Office, the Legislature, and state personnel to offer attractive salaries and training programs.

DETAIL: RESOURCE ASSUMPTIONS FOR THIS ISSUE

Incremental costs to Prior Years Base – FY04 to FY 08

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs	0	43	20	24	0
Highway Fund	\$0	\$2,685,000	\$1, 910,000	\$2,955,000	\$TBD
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$0	\$2, 685,000	\$1, 910,000	\$2,955,000	\$TBD

NOTES:

ADOT’s Construction Program Delivery will be structured to fit within current resources.

The table shows an estimated cost for new maintenance lane miles and a one-time adjustment to the base in FY 05 of \$1.3 million for the Engineering/Technical Pay Plan. The table also includes projected FTEs needed for maintenance.

New miles of urban freeways are coming into the system at an increasing rate. With these new miles of roadway come built-in maintenance costs just to operate and maintain the system at a minimal level. Also, the ability to maintain our rural routes is being affected by service increases in our rural connector routes. Routes continue to be reconstructed to a rural 4-lane divided section. This upgrade from 2-lane, 2-way roads is more expensive to maintain but much safer for the traveling public.

The increased construction program has caused the maintenance funding scenario to become a critical issue. Providing billions of dollars of new infrastructure without a corresponding increase in maintenance dollars will eventually result in the failure of many miles of critical roadway and transportation system infrastructure. When this happens, it will be more difficult to make up for the tremendously increased cost of deferred maintenance.

Maintain the Accelerated Construction Schedule for Funded Portion of the Regional Freeway System and Plan for Completion of the Unfunded South Mountain Segment

DESCRIPTION OF THE PROBLEM AND HOW IT RELATES TO THE AGENCY'S MISSION OR GOALS:

The issue is two-fold. The first part deals with maintaining the construction schedule for the funded portion of the Regional Freeway System. The second part deals with planning for the completion of the unfunded South Mountain Freeway Segment.

The mission of the Intermodal Transportation Division (ITD) is:

To continually improve the safety, efficiency and quality of Arizona's highway system and its intermodal connectors.

ITD serves as the state's public entity to construct and maintain a quality highway system. To accomplish its mission, the Division's resources are focused on achieving outcomes associated with its two core business delivery subprograms. These are the Construction Delivery subprogram and the Maintenance Delivery subprogram.

- The Division is charged to deliver a 5-Year Construction subprogram. The Construction Delivery subprogram includes all functions of the development processes through construction completion. This subprogram includes delivery of both the Statewide and Regional Freeway Systems.
- The Division is also charged to deliver a Quality Maintenance subprogram. The Maintenance Delivery subprogram includes all functions relating to the maintenance and operation processes.

As part of our mission, the following are the primary goals of ITD, which are also the Agency goals:

1. To improve the movement of people and products throughout Arizona.
2. To increase the quality, timeliness and cost effectiveness of our products and services.
3. To develop and retain a high performing workforce.
4. To optimize the use of all resources.
5. To improve public and political support necessary to meet Arizona's transportation needs.

Each year the State Transportation Board adopts a Five-Year Construction program after consultation with ADOT staff. This program results from an assessment of transportation needs that have to be met in order for the agency to attain its goal of improving the movement of people and products throughout Arizona. However, the planned projects in that Five-Year program serve no purpose unless they are completed – delivered to the public – on time, on budget, and in quality condition.

Accelerated Construction Program Delivery RARF System - Program Aspects:

- ◆ Originally planned for completion in 2014, ADOT initiated an ambitious program of accelerated construction of the Maricopa Regional Freeway System such that its new completion date is now planned for December 2007. To maintain this accelerated construction schedule requires the full utilization of innovative financing tools that have been put at the Agency's disposal, keeping key staff, and a true partnering with contractors.
- ◆ On October 8, 1985, the voters in Maricopa County approved Proposition 300 to establish a one-half cent sales tax for construction of controlled-access highways. These funds are called Regional Area Road Funds (RARF). These controlled-access facilities must be on the MAG Regional Transportation Plan and the State Highway System. These facilities are constructed and maintained by ADOT. In April 1999 the State Legislature passed SB1201, which provided innovative financing alternatives through the Highway Expansion and Extension Loan Program (HELP) to assist in funding the acceleration of the Regional Freeway Program to be completed by the end of 2007. The Governor, ADOT and MAG developed a strategy to complete the Regional Freeway System by the end of 2007 using these innovative financing alternatives. However, portions of the proposed South Mountain Freeway remain designated as unfunded and will not be completed until new funding sources are established.
- ◆ The funding for the Regional Freeway System did not include the cost for maintenance. The recent state budget shortfall has negatively impacted ADOT Maintenance funding. ADOT Maintenance has been forced to prioritize work activities to ensure that critical safety and maintenance activities, such as cable barrier replacement, are not jeopardized by tightened budgets.
- ◆ This issue focuses on delivering what is promised - when promised, thus keeping the Agency's commitment to the public. The results focus on improving mobility and accessibility, which will provide congestion relief and will improve travel time.
- ◆ The internal process to carry out this program is linear and requires a collaboration of the staffs of the Transportation Planning Division, the Transportation Support Group, the Federal Highway Administration, and the Intermodal Transportation Division. ARS Title 28 specifies the program delivery process, which includes an extensive public involvement process.
- ◆ Program Delivery is expressed as one of the key goals in the Governor's Themes and Goals for State Agencies. It is listed under Theme 4 –Quality of Life – Goal 15, which is to improve the state's transportation infrastructure. The performance measure is total freeway miles completed.
- ◆ Governor Jane Dee Hull, by Executive Order, established the Transportation Vision 21 Task Force in February 1999. Executive Order 99-2, as amended by Executive Order 2000-16, identified a well-developed, reliable transportation system as crucial to the growth and economic vitality of the State of Arizona and as essential to the enhancement of intrastate and interstate commerce. After an evaluation period, the Task Force was to recommend and prioritize the goals, funding, and specific plans that would establish a vision for transportation in Arizona in the 21st Century.

ALTERNATIVE SOLUTIONS TO HELP MEET CHALLENGES PRESENTED BY THIS STRATEGIC ISSUE

1. Complete the current construction projects per schedule.

- ◆ Continue our commitment to the public to deliver the program as planned.

2. Award the new construction projects per schedule.

- ◆ Focus on scope, schedule, and budget process improvements.

3. Provide input and assistance in preparation of 20 Year Transportation Plan and the Five Year Transportation Facilities Construction Program.

- ◆ Develop and implement the Arizona Long-Range Multi-modal Transportation Plan (AzTP). The purpose of the plan is to develop a system that allows for the efficient use of transportation resources, facilities, and services over the next 20 years.
- ◆ Improve data collection and validity of data. Data represents a critical strategic resource that is the fuel for a wide range of important activities that sustain and support the Agency's activities. Transportation data are used to support federal funding apportionments, facilitate the design and construction of transportation projects, promote safety, and mitigate air quality issues.
- ◆ Develop and implement the Transportation Infrastructure Asset Management System (TIAMS). The system will provide ADOT decision makers with the tools to maintain, operate, and upgrade the Arizona transportation infrastructure by maximizing transportation system performance through appropriate investments.

4. Implement Appropriate Transportation Vision 21 Task Force Recommendations to ensure that Arizona will have an efficient, multimode transportation system that contributes to the overall quality of life of its citizens and meets the future transportation needs of our entire state.

- ◆ Continue to Improve Transportation Planning and Programming Processes.
- ◆ Enhance Transportation System Accountability and Responsiveness.
- ◆ Establish 20-Year Statewide Transportation System "Budget."
- ◆ Identify and Establish Transportation System Funding Priorities.

5. Include a maintenance and operation cost component in the total program cost for adding new features to the transportation system.

- ◆ Life Cycle Costing needs to include the cost of maintaining and operating our new freeways and new construction features. We are shortsighted if freeway maintenance is left unfunded or under funded.

6. Provide for the recruiting and retaining of a quality workforce to deliver the program and maintain new features.

- ◆ Slow down the loss of experienced and dedicated professional and technical staff and improve efforts to recruit and retain a new generation of engineering and technical employees.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
1. Complete Current Regional Freeway Construction Projects	<ul style="list-style-type: none"> • Achieves ADOT's commitment with the taxpayers to deliver a program on time and on budget. Current priorities are met – open to traffic dates met. • Provides continued investment in the transportation system. Provides an economic stimulus – provides jobs. Encourages investments in new developments (business and homes). • Provides for safer roads. • Optimizes available funding. • Improves the public's access to activities, goods, and services. • Improves travel time. • Increases the public, political and customer satisfaction and support. • Provides continued investment in the transportation system. 	<ul style="list-style-type: none"> • Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. • Willingness of local governments to share costs. 	<ul style="list-style-type: none"> • New roadway travel lanes must be maintained. • Locals asked to share in more costs. • Costs of materials may increase. • DPS resources for patrolling new roads and providing driver assistance program. • Project administration is outsourced due to shortage of in-house experts. • Schedules impacted by weather. 	<ul style="list-style-type: none"> • High – dedicated funds for existing projects. • Spending on construction projects has positive impact on the economy. • The public expects us to complete the accelerated program per schedule.
2. Award New Construction Projects per accelerated schedule	<ul style="list-style-type: none"> • Provides a process for allocation of resources according to mandates planned priorities, customer requirements and return on investment. • Provides continued investment in the transportation system. • Provides construction work around the state. • Demonstrates that priorities are being maintained. • Maximizes available funding. • Encourages enhancements to various internal 	<ul style="list-style-type: none"> • Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. • Willingness of 	<ul style="list-style-type: none"> • Efficient program delivering requires management to determine best mix of available project staffing – internal, consultant, and contractor. • There is a future 	<ul style="list-style-type: none"> • High – ADOT has established a good track record for delivering approved projects on schedule.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>processes - streamlining environmental clearances – early acquisition of right of way – congestion mitigation - congestion Spot Improvement Program.</p> <ul style="list-style-type: none"> • Focuses on the relationship of designing and building new roads and the related increase in maintenance dollars. • Focuses on considering new types of contracts/incentives to bid out. • Improves the public's access to activities, goods, and services. Improves travel time. • Increases customer satisfaction, public and political support. 	<p>local governments to share costs.</p> <ul style="list-style-type: none"> • Revenue short falls may cause shifting of schedules. • Insufficient funding to maintain a professional and skilled in-house workforce to meet schedules. Additional work will have to be outsourced. 	<p>impact on maintenance program costs.</p> <ul style="list-style-type: none"> • Potential increase in program costs through change orders. 	
<p>3. Provide input and assistance with the 20-Year Plan and the Five-Year Construction Program as applicable to the Regional Freeway System.</p>	<ul style="list-style-type: none"> • Developing a 20-year plan will serve as the blueprint for investing in the state's transportation system and will assist the agency and other planning entities in setting priorities for the funding of projects and programs over the cycle of the plan. • Ensures that limited resources (funding) are focused on the most critical and cost effective components. • Provides a focus point for advancing 21st Century Technology. Identifies opportunities to develop, implement and expand the incident management programs and freeway management systems. • Focuses on actively identifying and sharing effective management systems that address congestion, safety, incident management, work zone traffic control, other operational issues, 	<ul style="list-style-type: none"> • Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. • Willingness of local governments to share in enhancement costs. • Discussions could lead to new 	<ul style="list-style-type: none"> • Efficient program delivering requires management to determine best mix of available project staffing – internal, consultant, and contractor. Need options to increase the number of in-house staff. • Approved 	<ul style="list-style-type: none"> • High –Provides formal process to allocate limited resources according to mandates, planned priorities, customer requirements and return on investment.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>and good data collection tools.</p> <ul style="list-style-type: none"> Allows additional lead-time so that projects are scheduled in accordance with workforce availability – in-house or outsourced. Provide Operational/Technical enhancements to the existing roadway. Program delivery means more than just new surface area. It also includes the use of technologies. The agency will strive to ensure integration and deployment of ITS technologies to dramatically increase the capacity of the current highway for passenger cars and commercial vehicles. Provides for improved communication and customer service. Links maintenance needs to new construction. 	<p>formulas being developed for mandated funding distribution.</p>	<p>program will be designed to fit available resources.</p> <ul style="list-style-type: none"> There will be a future impact on maintenance program costs that need to be calculated in. 	
<p>4. Implement Various Vision 21 Recommendations as applicable to the Regional Freeway System</p>	<ul style="list-style-type: none"> Focus is on ways to improve transportation planning and programming processes. Focus is on ways to enhance transportation system accountability and responsiveness. Focus is on ways to establish 20-year statewide transportation system budget. Focus is on ways to identify and establish transportation funding priorities. Focus is on reviewing and implementing the best technologies for safety, design, construction, maintenance, and operation of highways and for safe operation of commercial vehicles. Explores options to continually improve the public's access to activities, goods, and services 	<ul style="list-style-type: none"> Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. Willingness of local governments to share in enhancement costs. New formulas or criteria for project 	<ul style="list-style-type: none"> Per the Vision 21 report there is the need for new funding resources if we are to expand the program. Currently we lack the funds to expand the level of the program – thus projects will continue to be spread out. Approved program will be designed to fit within available resources. Efficient program 	<ul style="list-style-type: none"> High – Provides formal process to allocate limited resources according to mandates, planned priorities, customer requirements and return on investment.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>through preservation, improvement, and expansion of the highway transportation system and enhancement of its operations, efficiency, and intermodal connections.</p> <ul style="list-style-type: none"> Encourages integration and deployment of ITS technologies to dramatically increase the capacity of the current highway system for passenger cars and commercial vehicles. Encourages strategies on how to better utilize technologies, such as GIS, data warehouse, online bidding, aerial and road photo logs, etc. Encourages new ways to enhance public confidence in the effective delivery of transportation system improvements and efficient use of public monies. Provides for consideration on how to compete for scarce maintenance dollars. Provides improved improve communication and customer service. Refer to Vision 21 Final Report for Other Suggestions and Support Data. 	<p>selection and funding may be mandated.</p>	<p>delivering requires management to determine best mix of available project staffing – internal, consultant, and contractor. Need options to increase the number of in-house staff.</p> <ul style="list-style-type: none"> There is a future impact on maintenance program costs associated with new features. 	
<p>5. Future Maintenance and Operational needs are linked to new construction projects.</p>	<ul style="list-style-type: none"> Recognizes the importance of a quality maintenance and operational system. Program delivery is more than just building new roads – it is improving capacity with operational improvements. Safer roads improve capacity – well maintain roads improve capacity. Addresses increased maintenance costs for new features. Currently, the new features have to be maintained out of the existing dollars for maintenance, which dilutes the quality of the current maintenance program. There are no maintenance dollars programmed for the new regional freeway system. Even 	<ul style="list-style-type: none"> Securing dependable funding sources for building and maintaining the transportation system will continue to be a challenge. Failure to have an aggressive maintenance 	<ul style="list-style-type: none"> Budget adjusted to accommodate new features. An increase in the budget would improve the level of service. A decrease in the budget would decrease the level of service – as the current maintenance 	<ul style="list-style-type: none"> Moderate – An ongoing educational process emphasizing the cost benefits of providing adequate funding to cover new features and preserving existing features.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>new miles require ongoing maintenance.</p> <ul style="list-style-type: none"> • Providing for an aggressive pavement preservation program can extend the life of highways and avoid costly roadway reconstruction. • Potential for DPS to request increased resources for patrolling new roadway and providing the roadside assistance program. • Provides the resources to attract and retain a quality work force. • Provides additional funding for labor, equipment, materials, utilities and other operating costs. • Resources are provided to meet the maintenance demands placed on our system from an increasing population and more vehicle miles driven. 	<p>program will cause our investment in new features to have a reduced operational life.</p> <ul style="list-style-type: none"> • If we are unable to secure dependable funding sources for building and maintaining the transportation system – attracting and retaining a quality staff will continue to be a challenge. 	<p>budget is then spread over more features.</p>	
6. Provide Quality Workforce	<ul style="list-style-type: none"> • Offering competitive salaries (pay plan) will reduce turnover as well as vacancy rates that currently cause ADOT to be training ground for other public and private sector employers. • Improves morale and productivity. • Maintenance has appropriate manpower, equipment and facilities to handle increases in feature inventory. • Saves dollars by reducing outsourcing. • The public knows we are able to be responsive to their needs. Increases customer satisfaction. • Retain employees and thus have a more stable and technically skilled workforce. • Maintains program expertise – corporate 	<ul style="list-style-type: none"> • If we are unable to secure dependable funding sources for building and maintaining the transportation system – then attracting and retaining a quality staff will continue to be a challenge. • Loss of corporate knowledge. • Increased turnover. • Additional 	<ul style="list-style-type: none"> • Budget adjusted to provide for appropriate staff levels or an increase in budget to outsource the work. 	<ul style="list-style-type: none"> • Moderate – Either internal staff or contract need to be available to respond to increased program needs. • If staffing is not available then some activities will not be performed.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>knowledge on the conditions of our road system. The brain drain/loss of system knowledge is slowed.</p> <ul style="list-style-type: none"> Various pay and incentive plans are continued. 	outsourcing.		

CAN ACTION BE TAKEN TO IMPLEMENT STRATEGY?

STRATEGY (in priority order)	Is legislative authorization needed?	Is the strategy legal?	Is the strategy practical?	Are legislative policy changes needed?
1. Complete Construction Underway Projects	NO	YES	YES	NO
2. Award New Construction Projects	NO	YES	YES	NO
3. Provide input and assistance with the 20 Plan and Five-Year Construction Program	YES* *On new funding	YES	YES	NO
4. Implement Various Vision 21 Recommendations	YES* *On new funding	YES	YES	NO
5. Include Maintenance and Operating Cost Component for new features	YES	YES	YES	NO
6. Provide Quality Workforce	YES	YES	YES	NO

IMPACTS TO STATEWIDE GOALS OR BENCHMARKS

STRATEGY (In priority order)	State Goal 8	State Goal 9	State Goal 10	State Goal 11	State Goal 12	State Goal 13	State Goal 15	State Goal 16	State Goal 17
	Increase worker incomes	Reduce Unemployment in rural and urban counties	Promote a healthy business climate in Arizona	Increase areas dedicated to parkland and open space	Remediate and return contaminated sites to beneficial use	Strive for safe and healthy air for Arizonans	Improve the state's transportation infrastructure	Deliver courteous, efficient, responsive, and cost-effective service...	Attract and retain high-quality employees in state government
1. Complete Construction Projects Underway	X	X	X	X	X	X	X	X	
2. Award New Construction Projects	X	X	X	X	X	X	X	X	
3. 20 Year Plan & Five Year Program	X	X	X	X	X	X	X	X	
4. Vision 21 Recommendations	X	X	X	X	X	X	X	X	X
5. Include Maintenance Component	X	X	X				X	X	X
6. Provide Quality Workforce	X	X	X				X	X	X

Clarification of ADOT's Impact on Statewide Goals or Benchmarks

Goal 8: Increase worker incomes

Response: ADOT provides state employment and construction jobs statewide; thus improving the opportunities for individuals to increase their yearly incomes. Contractors must pay prevailing market rate for their employees. Often the completion of construction projects provides opportunities for new businesses to be established, thus providing other opportunities for employment. ITD supports the incentive program, implementing a pay for skills program, implementing a program to better track employee turnover, and the implementation of legislation to allow all employees to be within 5% of market rate.

Goal 9: Reduce unemployment in rural and urban counties:

Response: ITD has positions open statewide – providing a higher pay scale would allow us to attract and retain qualified applicants and employees. Our Construction program provides jobs throughout the state. The more funds available for this program the more workers contractors can hire. ITD, through its Local Technical Assistance Program, is attempting to make educational programs available for people to learn new skills.

Goal 10: Promote a healthy business climate in Arizona.

Response: As we build out our freeway system, new home subdivisions and businesses locate along the route. We are providing an approximately \$1.0 billion dollar new construction program and have an approximately \$1.0 billion dollar underway construction program.

Goal 11: Increase areas dedicated to parkland and open space.

Response: One approach is that freeways can be used to buffer or create open spaces. One open space that was created is the Margaret Hance Deck Park. Also, SR51 serves as a buffer to Dreamy Draw Park. ADOT provides access to new parks and recreation areas.

Goal 12: Remediate and return contaminated sites to beneficial use.

Response: Properties acquired by ADOT are cleared environmentally through remediation effort before resale.

Goal 13: Strive for safe and healthy air for Arizonans.

Response: New roads are meant to keep traffic flowing and reduce emissions. New roads are being built to bypass urban areas. The Freeway Management System continues to be expanded. ADOT provides alternative work schedules for its employees.

Goal 15: Improve the state's transportation infrastructure.

Response: New improved roadways continue to be opened in accordance with funding availability and statewide priorities.

Goal 16: Deliver courteous, efficient, and cost-effective service to the citizen owners and employees of state government.

Response: ADOT continues to improve on its extensive information network. ADOT announces its proposed projects ahead of time in order to receive input from various community, business and neighborhood groups. Major projects have a public information person assigned to make sure those impacted are properly notified on the project status.

Goal 17: Attract and retain high-quality employees in state government.

Response: ADOT continues to work with the Governor's Office, the Legislature, and state personnel to offer attractive salaries and training programs.

DETAIL: RESOURCE ASSUMPTIONS FOR THIS ISSUE

Incremental costs to Prior Years Base – FY04 to FY 08

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs	0	0	0	0	0
Highway Fund / RARF	0	0	\$0	\$0	\$0
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	0	0	\$0	\$0	\$0

NOTES:

ADOT's Accelerated Regional Program Delivery will be structured to fit within current resources. New funding sources beyond 2004 are in the discussion stage.

The incremental costs for maintenance due to new regional freeway miles are reflected as part of ITD Issue #1 as the RARF program currently funds only new construction and provides no maintenance costs. Please refer to ITD Issue # 1 for additional resource costs.

Staff Retention & Recruitment

DESCRIPTION OF THE PROBLEM AND HOW IT RELATES TO THE AGENCY'S MISSION OR GOALS:

The mission of the Motor Vehicle Division (MVD) is:

MVD supports Arizona through licensing, vehicle credentialing, revenue collection, safety programs, and by promoting compliance with transportation laws.

As part of that mission, one of the Motor Vehicle Division's primary goals is *"To develop and retain a high-performing, successful workforce."*

As of August 29, 2002 the Motor Vehicle Division had a total of 1,724 filled positions. The Division faces considerable obstacles in both recruiting and retaining a quality workforce. Some program areas experience their greatest difficulties with recruitment; others with retaining competent staff; others with both. Of the 1,724 positions, 1,368 or 80 percent of the total number of positions fall under eight personnel classifications. These eight classifications include: Administrative Assistant II; Customer Service Representative I, Customer Service Representative II, Examiner Tech II, Motor Vehicle Customer Service Representative (MVCSR); Motor Vehicle Customer Service Supervisor (MVCSS), Motor Vehicle Field Officer (MVFO), and Motor Vehicle Field Officer-In-Charge (MVFOIC).

The following three tables provide statistical information about MVD staffing.

Table A indicates some specific statistical information regarding length of state service and salaries relative to staff working within these specific classifications. This table shows that the average years of state service for a MV Customer Service Representative (MVCSR) is 4.6 years. However, the median indicates that the exact middle (50 percent above, 50 percent below) is 1.9 years. The mode indicates that 43, or five percent, of the MVCSR staff has been with the state for 30 percent of a year.

Salary information correlates to length of state service. Average and median salaries are not significantly higher than entry salary in all classifications shown.

TABLE A

Classifications	Grade	# Employed By MVD	YEARS OF STATE SERVICE				SALARY			
			Average	Median	Mode	Mode (Count)	Entry	Average	Median	Mode
Admin Assistant II	15	52	9.7	8.4	3.2	4	24,494	27,101	26,050	24,778
Customer Service Representative I	13	107	4.7	3.2	0.2	6	19,516	21,199	20,636	20,037
Customer Service Representative II	15	33	10.0	7.5	4.0	3	21,728	24,926	24,527	25,720
Examiner Tech II	13	65	7.0	3.8	4.0	4	22,378	24,034	23,282	22,762
MV Customer Service Representative	15	866	4.6	1.9	0.3	43	23,654	26,621	25,631	25,631
MV Customer Service Supervisor	18	66	13.1	12.5	17.8	2	27,077	30,492	29,663	27,237
MV Field Officer	16 equiv	147	8.1	5.7	0.5	7	24,935	27,495	26,657	25,198
MV Field Officer-In-Charge	19 equiv	32	14.3	12.4	#N/A		30,454	33,594	33,297	30,454
Total		1,368								

NOTE: If years of service at MVD could be extracted, the average, median and mode figures would be lower.

TABLE B

MV Customer Service Representatives - Years of State Service			
	Count	% of Total	
0 - 6 months	178	21%	} = 55%
7 months - 1 year	99	11%	
1.1 years - 1.5 years	100	12%	}
1.6 - 2 years	92	11%	
2.1 - 3 years	44	5%	
3.1 - 5 years	110	13%	
5.1 - 10 years	110	13%	
10 years and over	133	15%	
	866	100%	

Table B provides length of state service information specific to the MV Customer Service Representative classification. This data shows that 55 percent (469 of 866) of our MVCSR staff have been with state service for 2 years or less. Of that 469, 38 percent, or 178 have been with state service for six months or less.

NOTE: If years of service at MVD could be extracted the average, median and mode figures would be lower.

Table C provides some turnover statistics on two of MVD's major classifications: MV Customer Service Representative (MVCSR) and MV Field Officer (MVFO). The MVCSR classification, which covers MVD field office operations, experiences the greatest amount of turnover, exceeding 26 percent on an annual basis.

Of concern is our experience with the MVFO classification. While turnover is not nearly as significant with the MVCSR, the actually filling of vacancies and retaining new hires is problematic. MVD is competing with other law enforcement agencies over a limited pool of candidates. Other law enforcement agencies offer a more lucrative salary package along with regular salary increases.

In total, the Motor Vehicle Division uses 100 different personnel classifications. The problems presented by the information in Tables A, B, and C are not just specific to these classifications but are experienced to varying degrees throughout the Division.

In summary, MVD is experiencing tremendous difficulties filling its positions, and retaining competent staff. These difficulties are directly related to a competitive job market, low state salary structure, lack of career progressions, little opportunity for employee development, and unpredictable work schedules in some areas.

TABLE C

MVCSR	DEC-99	JUN-00	DEC-00	JUN-01	DEC-01	JUN-02
# Of Positions	761	803	803	803	906	919
# Of Vacancies	125	185	109	100	121	108
Vacancy Percentage	16.4%	23.0%	13.6%	12.5%	13.4%	11.8%
12/31/99-12/31/01						
Number of Terminations	434					
Turnover Percentage	53.2%					
Annualized						
Number of Terminations	217					
Turnover Percentage	26.6%					

MVFO	DEC-99	JUN-00	DEC-00	JUN-01	DEC-01	JUN-02
# Of Positions	180	180	180	180	184	200
# Of Vacancies	32	40	45	47	44	64
Vacancy Percentage	17.8%	22.2%	25.0%	26.1%	23.9%	32.0%
12/31/99-12/31/01						
Number of Terminations	36					
Turnover Percentage	19.9%					
Annualized						
Number of Terminations	18					
Turnover Percentage	10.0%					

Improving customer service, as well as continuing to provide an acceptable level of service to an increasing number of public seeking our services, requires that the Motor Vehicle Division look for ways to improve the quantity and the quality of our workforce. Toward that end we must:

**IMPROVE RECRUITMENT EFFORTS;
IMPROVE EMPLOYEE RETENTION EFFORTS; AND
CONTINUE TO OBTAIN ADDITIONAL STAFFING AS REQUIRED**

ALTERNATIVE SOLUTIONS TO HELP MEET CHALLENGES PRESENTED BY THIS STRATEGIC ISSUE

Similar to the interrelated nature of the scope of the strategic issue as presented above, meaningful solutions are likewise interrelated and include:

1. Resolving salary inequities and developing career paths.
2. Implementing Automated Business Systems, which includes new technology and equipment, especially replacement of antiquated databases, and enhancement of existing technology through programming changes and automation.
3. Increasing staff levels to fulfill current performance expectations and potentially meet future needs, including MVCSRs, proper MVD support staff for current third parties and future expansion, Technical Support, Medical Review, Office of Special Investigations to address issues of security and fraud, and provision of all other necessary support to field office operations.
4. Streamlining training, and increasing the availability and timeliness of training.
5. Outsourcing, including third parties and Internet usage.
6. Increased marketing of alternative services and increased general public awareness of rules, policies, and procedures.
7. Building new field office buildings or improving existing facilities, as needed, to improve both the flow of customers and staff morale.

The information provided below provides an expansion on solutions specific to numbers 1 and 3 as listed above. In order to increase staffing levels, recruitment and retention efforts need to be improved. In order to successfully recruit and retain, salary inequities need to be resolved and career paths need to be developed. Solutions for each of these topics will be addressed separately. Some of these solutions can be addressed with available resources. Others will require legislative appropriations.

Resolve Salary Inequities

- 1) Improve internal equity through the review and comparison of MVD customer service jobs against similar jobs within state service. This process will assist in determining the relative worth of our jobs and weigh them against those selected for comparison. This process will help to identify differences in skill, effort and responsibility that set our jobs apart. We must work hard on educating others on the different nature of our positions and avoid potential integration with other classes that would have an impact on our future ability to update agency-specific classifications.
- 2) Review and update job descriptions to identify and correct inappropriate job classification and/or pay issues. Job descriptions must be accurate and verifiable and specific to the position being described. The appropriate level of compensation must be attached to the job as described.

Development of Career Paths

- 1) Establish career progression plans that create incentive, encourage individual development and offer potential for upward mobility. It is the hope of this Division to introduce the concept of career progression designed to provide a more personalized approach to the development and retention of qualified employees. We must create a career ladder progression that will allow employees to obtain the background necessary to qualify for advancement opportunities. Each step in the planned progression must be validated by the increase of responsibility and authority in order to ensure its effectiveness in meeting the needs of this Division and the needs of our employees. In combination with that effort we must design a method of capturing length-of-service data that will indicate the long-term benefit of such changes.
- 2) Implement compensation packages designed to reward employees for achievement of established goals. The use of underfills in areas other than our Customer Service Program, which already employs this practice, will aid in providing an incentive to employees who complete the process of certification as well as enable us to retain employees who move beyond potential to value. For example, MVD has nothing to offer an employee within the Motor Vehicle Enforcement Services (MVES) Program upon completion of the training and certification program. A review of Motor Vehicle Field Officer (MVFO) resignations from January 1, 2000 to June 30, 2001 reveals that 80 percent of our losses in this classification occur after completion of original probation, i.e., after MVD has invested time and money putting the employee through Arizona Peace Officer Standards and Training (Az POST) training and certification. A recruit represents potential. A trained and certified officer represents value. We do not currently have a mechanism in place to adequately address this difference.

Improve Recruitment Efforts

- 1) Offer compensation packages that are competitive with the current job market, are fair and adequate, and are designed to improve the quality of potential applicants. We must work on providing incentives that will attract competent and self-motivated individuals. We must continue to work through the Legislature to reinstitute flexible benefit packages that allow employees to make choices based on their particular needs.

- 2) Maintain staffing levels through a direct hire process that allows us to fill vacancies without delay. We can work to maintain and update a resource file that provides an ongoing source of qualified candidates which supervisors can readily access to fill positions when and where openings occur.
- 3) Partner with outreach programs designed to provide job training and intern programs that will benefit the Division. Organizations that focus on adult training programs can, with our assistance, develop training curriculum that will develop skills specific to our needs. We can work to establish intern programs so that students can attend school for a half-day and spend the remainder of their day in our field offices receiving on-the-job training. The benefits of this kind of program include the ability to utilize the additional labor as “students” are paid by the training organization as part of the curriculum. Additional benefits include our ability to assess potential applicants, hire personnel that are trained and qualified in advance of employment. We also recognize that the retention rate associated with such programs is far greater than we currently experience.
- 4) Develop improved recruitment screening processes designed to properly evaluate applicant skills in an effort to help management select candidates who are most likely to be successful. A careful selection process that includes a testing element designed to evaluate individual competence will provide us with an objective and standardized method of evaluation and will serve MVD in validating that all hires have been based on merit as required by rule.
- 5) Recognize that the Division is facing an aging workforce approaching retirement. Attention needs to be paid to creating a work environment that will attract and retain a stable workforce for the future.
- 6) Improve our human resource planning efforts in order to capitalize on the investment the agency has already made in recruiting, selecting, training and developing its current employees. Identify plans that are most effective in motivating our employees.
- 7) Improve physical plant features in order to provide a safe and attractive work environment.

Improve Employee Retention Efforts

- 1) Offer competitive salaries that will reduce turnover as well as vacancy rates that currently cause us to be a “training ground” for public and private sector employers. Improved rates of pay will attract greater numbers of applicants and enable us to hire better-qualified employees. Our current rates of pay tend to have the opposite effect. We must often employ unskilled workers who require extensive training. Those unable to transition in our fast paced work environment further increase our already high turnover.
- 2) Address internal equity issues. Inequities create tension and affect motivation. Employees who believe they provide equal or more effort and discover that they are paid less will inevitably respond to such treatment in a negative manner. The action they choose to take to resolve the perceived inequity will vary. However, all negatively impact the organization.

Identifying and eliminating inequities will serve us in the long run. If management does not provide resolution to issues such as these, employees will resolve them in less constructive ways. They may opt to reduce the amount of effort they put into their work and/or persuade other employees to reduce their effort. We may be faced with increased absenteeism or the replacement of a qualified individual already knowledgeable of the workings of our organization.

- 3) Work through the Legislature to reinstate automatic step increases, and regular cost-of-living and merit increases, recognizing that these issues remain out of our sphere of control.
- 4) Relieve the stress and pressure on existing staff of "doing more with less" that causes dissatisfied overworked staff. Work policies and practices need to continue to be reviewed and changed or eliminated if not necessary. Additional staff needs to be obtained to meet increasing or new demands. These increased and/or new demands come from a growing population base (40 percent increase in population from 1990 to 2000) as well as new and expanded state and federal requirements.
- 5) Resolve inequities that occur when new staff is hired in at higher salaries than existing staff performing the same work. These inequities cause severe morale issues with existing staff.
- 6) Pursue additional funding to increase the uniform allowance paid to MVES staff. Currently, these employees receive \$30 per month and are required to wear their uniforms daily. Other uniformed state employees receive a larger benefit.
- 7) Offer flexible work schedules designed to give the employee a certain amount of latitude within a structure that requires coverage during a "core period" that sometimes includes extended hours. We must work to change the current perception that an 8 to 5 schedule is the only workable solution. Our workforce is changing. Employees are more intent on developing a balance between job and family and require the additional flexibility obtainable through flexible or reduced work hours. Our managers and supervisors are reluctant to consider telecommuting as an option. However, with continuing budget constraints the potential for the use of telecommuting as an option will benefit MVD through decreased production costs and increased employee productivity. Thus, it cannot be overlooked.
- 8) Obtain funding to develop improved incentive plans that focus on pay-for-performance. A variety of studies on this subject tell us that by linking compensation to employee effort, employees are encouraged to improve and maintain high levels of productivity. However, we now recognize that the success of an incentive plan requires an initial effort in the form of attention to its design. The development of clear, objective standards will help employees to make a clear connection between their job performance and the incentive payments they receive. Incentive pay must never be seen as a guarantee. It should be clearly differentiated as a reward for superior effort.
- 9) Encourage ADOT management staff and Governor's Office staff to oppose proposed legislation that has a workload impact on the Division without the necessary funding to address the workload.

- 10) Establish and implement an internship/mentoring program for direct-line supervisors. The creation of a “Supervisor-in-Training” classification will enable us to provide newly hired supervisors the hands-on training necessary to ensure their success. Employees who are provided sufficient time to acquire appropriate supervisory skills and who receive instruction and assistance from capable mentors will develop into qualified, competent supervisors better able to build stronger supervisor/subordinate relationships that will, in turn, create a more productive work environment. As important as adequate compensation is to our workforce, equally important concerns lie in the improvement of the internal relationships that will serve to strengthen the organization.
- 11) MVD currently fills the vast majority of our supervisory positions internally. Line employees that are recognized for their technical expertise are often promoted into supervisory positions without the benefit of a training process designed to develop supervisory skills. Our on-the-job training approach is hindered further by the fact that new supervisors are immediately faced with a variety of competing priorities. Within MVD, mandated wait times have resulted in a production-oriented work environment that creates a perceived need for strict management control. We must teach our supervisors to respect employee dignity and recognize their merit. We must place an emphasis on consistent and equitable treatment. Employees who are increasingly more vocal and less tolerant of tight controls with little or no latitude or flexibility no longer accept an “I am the boss” approach that an untrained supervisor generally gravitates toward. The resulting effect of discord among the rank and file greatly impacts both progress and productivity.
- 12) Improve training opportunities that will develop employee skills and improve competence levels. Once individuals are hired we must provide training that will assist employees to develop knowledge, skills and abilities that will enable them to handle new and demanding assignments. We must also offer training opportunities that go beyond immediate job requirements. We must focus more efforts in the design of training with career development in mind in order to make better use of our employees’ knowledge and skills and to increase retention of employees who have grown in value to the organization.
- 13) Improve physical plant features in order to provide a safe and attractive work environment.
- 14) Focus efforts toward creating a challenging work environment that includes interesting job assignments, equitable compensation, competent leadership and ultimately, rewarding careers for our employees. Follow-up in the form of the establishment of measurements will indicate the extent of our success in these planning efforts.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
1. Automated Business Systems	<ul style="list-style-type: none"> Less complex system to learn and operate Decreased turnover 	<ul style="list-style-type: none"> Stress on staff of implementing new system 	<ul style="list-style-type: none"> See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE to HIGH, when implemented as a stand-alone strategy</p>
2. Resolving salary inequities and developing career paths	<ul style="list-style-type: none"> Retain more stable staff Maintain program expertise Improved employee morale and productivity Decreased turnover Establish a more professional work group Increase diversity of workforce Develop MVD's future workforce 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE, when implemented as a stand-alone strategy</p>
3. Increase staffing levels	<ul style="list-style-type: none"> Decreased turnover Improved employee morale and productivity Adequate time is available to train staff 	<ul style="list-style-type: none"> Increased workload for Human Resources in initial hiring stages 	<ul style="list-style-type: none"> See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE to HIGH, when implemented as a stand-alone strategy</p>
4. Streamlining training, and increasing the availability and timeliness of training	<ul style="list-style-type: none"> Increased staff expertise Improved employee morale and productivity Decreased turnover 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> See cost detail sheets 	<p>MODERATE to HIGH, when combined with family of strategies</p> <p>MINIMAL, when implemented as a stand-alone strategy</p>
5. Outsourcing (e.g., Third Party and Internet)	<ul style="list-style-type: none"> Improved employee morale and productivity Decreased turnover 	<ul style="list-style-type: none"> Trained staff is hired by Third Parties 	<ul style="list-style-type: none"> See cost detail sheets 	<p>MODERATE to HIGH, when combined with family of strategies</p> <p>MINIMAL, when implemented as a stand-alone strategy</p>
6. Marketing of alternative	<ul style="list-style-type: none"> Improved employee morale and productivity Decreased turnover 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> See cost detail 	<p>MODERATE to HIGH, when combined with</p>

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
services and general public awareness			sheets	family of strategies MINIMAL, when implemented as a stand-alone strategy
7. Facilities – new or improved	<ul style="list-style-type: none"> Improved employee morale and productivity Decreased turnover 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> See cost detail sheets 	MODERATE to HIGH, when combined with family of strategies MINIMAL, when implemented as a stand-alone strategy

CAN ACTION BE TAKEN TO IMPLEMENT STRATEGY?

STRATEGY (in priority order)	Is legislative authorization needed?	Is the strategy legal?	Is the strategy practical?	Are legislative policy changes needed?
1. Automated Business Systems	Yes	Yes	Yes	No
2. Resolving salary inequities and developing career paths	Yes	Yes	Yes	No
3. Increase staffing levels	Yes	Yes	Yes	No
4. Streamlining training, and increasing the availability and timeliness of training	No	Yes	Yes	No
5. Outsourcing	Could be	Yes	Yes	No
6. Marketing of alternative services and general public awareness	No	Yes	Yes	No
7. Facilities – new or improved	Yes	Yes	Yes	No

IMPACTS TO STATEWIDE GOALS OR BENCHMARKS

STRATEGY (in priority order)	State Goal 8 Increase worker incomes.	State Goal 9 Reduce unemployment in rural and urban counties.	State Goal 10 Promote a healthy business climate in Arizona.	State Goal 15 Improve the state's transportation infrastructure.	State Goal 16 Deliver courteous, efficient, responsive, and cost-effective service to the citizen-owners and employees of state government.	State Goal 17 Attract and retain high- quality employees in state government.
1. Automated Business Systems		X	X	X	X	X
2. Resolving salary inequities and developing career paths	X	X	X	X	X	X
3. Increase staffing levels		X	X	X	X	X
4. Streamlining training, and increasing the availability and timeliness of training	X	X	X	X	X	X
5. Outsourcing		X	X	X	X	X
6. Marketing of alternative services and general public awareness			X	X	X	X
7. Facilities – new or improved		X	X	X	X	X

DETAIL: RESOURCE ASSUMPTIONS FOR THIS ISSUE

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs	24	21	17	15	18
Highway Fund	\$2,173,800	\$2,202,000	\$1,625,000	\$1,555,000	\$1,730,000
Other Appropriated Fund	\$138,000	\$147,700			
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$2,311,800	\$2,349,700	\$1,625,000	\$1,555,000	\$1,730,000

DETAIL: BREAKOUT OF COSTS

Strategic Issue #1: STAFF RETENTION AND RECRUITMENT

LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	ADDED STAFF (Above Base Funding Expectations)					ESTIMATED COSTS of STRATEGIES (Above Base Funding Expectations)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
DIVISION-WIDE										
Review / Reclass / Career Progression						\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
LB&I projects (See SI #3)										
Building Renewal (See SI #3)										
Janitorial staff at specific offices (See SI #3)										
Security Officers at specific offices (See SI #3)										
EXECUTIVE HEARING OFFICE										
Receptionist & Hearing Officer staff (See SI #6)										
Legal Secretary & Hearing Officer staff (See SI #6)										
OFFICE OF SPECIAL INVESTIGATIONS										
Dealer Site Investigations, Fraud Investigations, and Dealer Investigations	4					\$304,800				
Law Enforcement Coordination Unit		1					\$40,000			
Firearms and ballistic vests for peace officers (OTC)							\$250,000			
Clerical staff to facilitate the administrative portions of investigations			2					\$70,000		
Staffing for Criminal Information Research Unit, Dealer Investigations, and Internal Affairs					3					\$175,000
MOTOR CARRIER & TAX SERVICES										
Revenue Administration - accounting staff (See SI #3)										
MOTOR VEHICLE ENFORCEMENT SERVICES										
Port staffing	18	18	15	15	15	\$869,000	\$869,000	\$555,000	\$555,000	\$555,000
Vehicle Inspection and Title Enforcement Staff	2	2				\$138,800	\$138,800			
Uniform Allowance							\$51,900			
CUSTOMER SERVICE										
Customer Service staffing (47) / Abandoned Vehicle staffing (3) (See SI #3)										
Customer Service staffing (See SI #3)										
COMPETITIVE GOVERNMENT PARTNERSHIPS										
Quality Assurance / Third Party support staffing (See SI #3)										
Office space for new E-government employees / program (See SI #3)										
TOTALS	24	21	17	15	18	\$2,312,600	\$2,349,700	\$1,625,000	\$1,555,000	\$1,730,000
TOTAL FTEs NEEDED						TOTAL COST OF ADDRESSING STRATEGIC ISSUE				
95						\$9,572,300				

NOTES:

- 1) (OTC) = One time cost. These monies would only be needed in the year indicated and would not be added to the Division operating base.
- 2) All other costs indicated reflect additions to the operating base.

Strategic Issue #1: STAFF RETENTION AND RECRUITMENT	Appropriated Funds					Non-Appropriated Funds			Gen. Funds
	Highway	Vehicle Insp.	Safety Enf.	Aband. Vehicle	Liability Insur. Enf.	Const. Ports of Entry Statwide	Federal Grants	Other Grants	General Fund
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY									
DIVISION-WIDE									
Review / Reclass / Career Progression	X								
LB&I projects (See SI #3)									
Building Renewal (See SI #3)									
Janitorial staff at specific offices (See SI #3)									
Security Officers at specific offices (See SI #3)									
EXECUTIVE HEARING OFFICE									
Receptionist & Hearing Officer staff (See SI #6)									
Legal Secretary & Hearing Officer staff (See SI #6)									
OFFICE OF SPECIAL INVESTIGATIONS									
Dealer Site Investigations, Fraud Investigations, and Dealer Investigations	X								
Law Enforcement Coordination Unit	X								
Firearms and ballistic vests for peace officers (OTC)	X								
Clerical staff to facilitate the administrative portions of investigations	X								
Staffing for Criminal Information Research Unit, Dealer Investigations, and Internal Affairs	X								
MOTOR CARRIER & TAX SERVICES									
Revenue Administration - accounting staff (See SI #3)									
MOTOR VEHICLE ENFORCEMENT SERVICES									
Port staffing	X								
Vehicle Inspection and Title Enforcement Staff		X							
Uniform Allowance	\$43,000	\$4,100	\$4,800						
CUSTOMER SERVICE									
Customer Service staffing (47) / Abandoned Vehicle staffing (3) (See SI #3)									
Customer Service staffing (See SI #3)									
COMPETITIVE GOVERNMENT PARTNERSHIPS									
Quality Assurance / Third Party support staffing (See SI #3)									
Office space for new E-government employees / program (See SI #3)									

Strategic Issue #1: STAFF RETENTION AND RECRUITMENT	1	2	3	4	5	6	7
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	Resolve Salary Inequities	Automated Business Systems	Increase Staffing	Training	Outsourcing	Marketing	Facilities
DIVISION-WIDE							
Review / Reclass / Career Progression	X						
LB&I projects (See SI #3)							X
Building Renewal (See SI #3)							X
Janitorial staff at specific offices (See SI #3)							X
Security Officers at specific offices (See SI #3)							X
EXECUTIVE HEARING OFFICE							
Receptionist & Hearing Officer staff (See SI #6)			X				
Legal Secretary & Hearing Officer staff (See SI #6)			X				
OFFICE OF SPECIAL INVESTIGATIONS							
Dealer Site Investigations, Fraud Investigations, and Dealer Investigations			X				
Law Enforcement Coordination Unit			X				
Firearms and ballistic vests for peace officers (OTC)			X				
Clerical staff to facilitate the administrative portions of investigations			X				
Staffing for Criminal Information Research Unit, Dealer Investigations, and Internal Affairs			X				
MOTOR CARRIER & TAX SERVICES							
Revenue Administration - accounting staff (See SI #3)			X				
MOTOR VEHICLE ENFORCEMENT SERVICES							
Port staffing			X				
Vehicle Inspection and Title Enforcement Staff			X				
Uniform Allowance	X						
CUSTOMER SERVICE							
Customer Service staffing (47) / Abandoned Vehicle staffing (3) (See SI #3)			X				
Customer Service staffing (See SI #3)			X				
COMPETITIVE GOVERNMENT PARTNERSHIPS							
Quality Assurance / Third Party support staffing (See SI #3)			X				
Office space for new E-government employees / program (See SI #3)							X

Automated Business Systems

DESCRIPTION OF THE PROBLEM AND HOW IT RELATES TO THE AGENCY'S MISSION OR GOALS:

The mission of the Motor Vehicle Division (MVD) is:

MVD supports Arizona through licensing, vehicle credentialing, revenue collection, safety programs, and by promoting compliance with transportation laws.

As part of our mission, the primary goals of MVD include:

- *To promote public safety and protection through regulation, licensing, and the administration of transportation laws;*
- *To improve customer service;*
- *To promote safety and security in the workplace;*
- *To develop and retain a high-performing, successful workforce;*
- *To increase the use of electronic service delivery; and*
- *To promote the efficient generation, collection, and management of revenues to meet public needs.*

Summary

The core business functions of the Arizona Department of Transportation (ADOT) are to develop and operate the transportation infrastructure; to license qualified applicants and register vehicles; and to manage revenue. The licensing and registration core functions for MVD are handled through the agency's "legacy systems" which, in some cases, are over 25 years old. MVD has the oldest legacy systems of any major Arizona agency – well beyond the expected life of software applications.

The Motor Vehicle automated systems are easily the most accessed and used of any state automated systems. They are used internationally, nationally, by other state agencies, and by county and local governments. Thousands of governmental and authorized private entities access or update the data within the MVD systems. The information contained in them is necessary for proper functioning of the Motor Vehicle Division and their responsibilities along with other governmental functions such as public safety, identity verification for social services and other government transactions, transportation, education, revenue collection, distribution of taxes to counties and local governments, fraud protection and security, and many other vital functions. Critical

information systems such as these should not be utilizing technology that was current decades before the personal computer or the introduction of the Internet. A proactive approach must be taken with respect to the long-term use and reliance on these systems.

It is important to realize that this seriously outdated technology supplies the mission-critical business functions of the agency. These systems are among the most critical in the state of Arizona, touching more citizens than any other systems. ADOT/MVD collects in excess of 1.5 billion dollars a year in taxes and fees, making it the state's second largest tax collection agency. The Revenue Administration unit within MVD's Motor Carrier & Tax Services program handles these funds, which come into the Division through the cash receipts area and the Revenue Accounting unit. Revenues come from the Treasurer's Office through the Bank of America Money Tracking (BAMTRAC) system and must be translated into MVD's legacy Tax and Revenue Group Automated Tracking System (TARGATS), which accounts for revenue by type. The data must then be translated again into ADOT's financial accounting system called ADVANTAGE, which passes it on to the Arizona Financial Information System (AFIS). The safeguards and internal controls to check the work is a labor-intensive manual process. Distribution of Vehicle License Tax (VLT) revenues and Highway User Revenue Fund revenues to the various recipients – not to mention all of the special funds – is typically a manual process using Excel spreadsheets. This creates a manual environment with the associated likelihood of human error. Illness, vacancies and training of employees directly impact the timeliness and accuracy of the most basic functions.

The current legacy system has 440 screens, 471 transactions, and over 2,990 programs to maintain. The systems are hard for new employees (users) to learn, which contributes to the high turnover rate in the MVD offices. A new employee has to literally learn all 440 screens and become proficient in their use in a short amount of time. A system built in the 1970s is definitely not intuitive to a new employee who has been exposed to modern technology (Internet technology, graphical user interfaces, etc.).

The MVD legacy systems were originally designed to support internal rather than external customers, and their underlying technology is obsolete. The system has been patched and held together over time by a limited number of qualified programmers. It is becoming increasingly more difficult to find programmers qualified to work on these outdated systems, and they come with a higher cost for their expertise. This increases the risk of relying on existing systems for our critical operations. Additionally, these systems are very hard to adapt to new business requirements and have serious problems resulting from missing data or poor quality data.

MVD receives approximately 85,000 documents each day from Customer Service offices, third party offices, the Executive Hearing Office and the Abandoned Vehicle Unit that must be retained for research and archival purposes. Currently the documents are microfilmed and stored for 10 years. The microfilm machines are old and frequently out of service for maintenance and repairs. The maintenance contract alone exceeds \$100,000 per year. Retrieval of documents on the current system is labor-intensive, averaging 30 minutes per request but may take up to 4 hours per document. Digital imaging would reduce retrieval to seconds, allowing anyone with access to the ADOT network/intranet to retrieve needed records at their fingertips. An imaging system would also have fax capabilities to quickly transmit records to locations where computer access may not be available.

Over the past several years, MVD has implemented enhancements to the legacy systems. Changing processes and implementing these enhancements have reaped many benefits for the state, but there is still considerable room for improvement. Following is a list of enhancements that have been made since 1996:

- Expansion of Third Party Program
- Plate and Fee to Owner
- "ServiceArizona" Internet Transactions
- Biennial Registration
- Permanent Trailer Registration
- Title Holding/Electronic Lien Filing
- ARMANI

There are many other technological solutions that MVD requires in order to ensure security and provide expected levels of quality customer service (for example, digitally stored records, widespread use of portable computer equipment and communication devices, or enhanced ServiceArizona/Internet customer service opportunities), but these possibilities are limited – if, in fact, workable – with the current system.

The solution of whether to replace the legacy systems or keep them must be determined based on the needs of our organization. There is no "one-size-fits-all" answer. Insight can be gained by reviewing **Lehman's Laws**, the five software evolution theories based on the studies of Professor Manny Lehman of the UK's Imperial College:

- Systems operate in a dynamic environment, so change is inevitable.
- As a system is changed, it becomes more complex and its structure is degraded.
- In large systems, evolution is not controlled by management decisions, but by organizational factors.
- Evolution is fairly constant, and generally unrelated to changes in resources.
- There is a limit to the rate at which new functionality can be introduced.

To put this in context with regard to legacy systems, due to the numerous changes these systems have already undergone, the saturation point is near. Investing additional resources may keep the current system functioning somewhat, but there are limits on the ability to grow in order to maintain the requirements of the business units.

One primary example is MVD's obligation to incorporate the Commercial Vehicle Information System Network (CVISN) program. Government has a responsibility to regulate mandated criteria set down by state and federal law, and implementation of CVISN is necessary to fulfill that responsibility. CVISN is a nationwide program dedicated to the initiation of data sharing and the automation of commercial vehicle operations. It allows data/information sharing between federal government and state agencies, state-to-state, between state and county/city local authorities, or with selected private organizations. Examples of processes and programs that will be critical to the CVISN project:

- Electronic pre-clearance processes and the electronic screening of vehicles equipped with transponders/bar codes at weigh stations or internal inspection sites. This includes the electronic clearance of foreign vehicles that operate in interstate commercial operations requiring the use of Arizona roadways. The primary objectives are interoperability between all pre-clearance systems operating within the United States. These pre-clearance systems are the backbone for electronic clearance that will be possible in interstate commercial vehicle ventures as these systems come online.
- The International Border Ports of Entry are engaged in the implementation of the EPIC II project. Nogales is the first site for this project, which will address the pre-clearance and/or tracking of commercial vehicles in the process of clearing Customs and other federal agency requirements along with Arizona mandates. Automatic Vehicle Identifier (AVI) technology and closed circuit cameras will track the vehicle through different processes, insuring proper clearance. This process will eventually be applied to all international crossing facilities with Mexico.
- Mainline weigh-in-motion (WIM) and compliance strips have been installed at the ports of entry on both ends of I-10 and I-40. These systems are commonly referred to as "SORTER Systems". They use a combination of WIM, AVI and freeze-frame cameras to identify and screen commercial traffic for size and weight, tax and safety issues. CVISN enhancements will make a significant improvement in those tasks performed at our ports of entry.
- The TransPort System, which debuted at MVD in August 1998, handles 100 percent of MVD's motor carrier permitting requirements, with over 32,000 permits currently issued each month. Core capabilities of the system include motor carrier permits (issuing, printing, and tracking), overweight citations, envelope permit violations, bridge formula calculations and accounting reports. As of year-end 2000, TransPort had 175 network and stand-alone users in 26 locations – an additional 25 laptops will begin utilization by fall 2002. The system provides for a more comprehensive permitting program, resulting in increased revenues to the state of Arizona, and is designed to extract data from a number of automated reports in multiple time sequences (shift, daily, monthly, etc.). Enhancements to TransPort are necessary to the continued success of the agency. These enhancements include the upgrade of oversize/overweight permitting to provide integration with federal systems for immediate review or screening of eligibility of that carrier for permit issuance.
- The ASPEN program is a software system that allows MVD officers to produce a federal Motor Carrier Safety Inspection Report (DVER) in the field and transmit the information electronically to the federal SAFER data collection system. The SAFER Program is a nationwide information and rating system for companies involved in interstate transportation. All agencies certified to access the system use the data to establish safety ratings for commercial vehicle companies nationwide. This rating effects all aspects of the company's safety profile and can have an impact on their insurance rates, the frequency of inspections and other sanctions including suspension of rights to operate their commercial enterprise. Deployment to international border facilities is currently being implemented.

Also, e-government is on the rise and is the future trend. MVD has been a leader in e-government across the country through innovations such as Motor Voter, Arizona Portal, and the ability to renew vehicle registrations or apply for personalized license plates on the Internet. The Division plans to enhance electronic transactions – improving user friendliness and internal process streamlining as well as assisting to reduce field office visit times. Some critical enhancements include on-line photo image retrieval for law enforcement and courts, digital retrieval of driver and vehicle histories (currently on microfiche) and other crucial record information, self-serve ServiceArizona workstations in MVD field offices, capabilities for new Arizona residents to transfer out-of-state titles and/or driver licenses over the Internet, and other enhanced electronic/Internet transactions. To accomplish this, the database must be flexible, scalable, adaptable, relational, and robust.

Legacy systems were not designed with the Internet in mind. A new system will allow MVD to improve its business practices, collect additional tax and fee revenue, increase security and privacy, and save millions of dollars a year in maintenance and training costs. It will build in the proper controls, edits, and security to ensure that the system is reliable and accurate, and to prevent mistakes, fraud, and outages. Accuracy in the accounting functions is critical, as the MVD business systems handle over \$1.5 billion dollars a year. It is recommended that MVD's legacy systems be replaced to allow the Division to grow and expand in keeping with current demands and expectations.

ALTERNATIVE SOLUTIONS TO HELP MEET CHALLENGES PRESENTED BY THIS STRATEGIC ISSUE

Similar to the interrelated nature of the scope of the strategic issue as presented above, meaningful solutions are likewise interrelated and include:

1. Implementing Automated Business Systems, which includes new technology and equipment, especially replacement of antiquated databases, and enhancement of existing technology through programming changes and automation.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
1. Automated Business Systems	<ul style="list-style-type: none"> • Increased transaction processing efficiency • Consistency in data input and decrease in data entry errors • Decreased training inconsistencies by reducing data input possibilities • Decreased training costs • Decreased turnover • Increase state to state communication • Increase Internet and electronic transactions • Allow various MVD database appendages to link together with main databases, providing critical, one-source customer information • Improved ability to analyze revenue data • Improved data integrity • Ensure proper collection of fuel tax and other revenues • Increased ability to identify vehicles not currently registered, thereby improving meaningful compliance activities and associated collection of registration revenues (\$22.8 million in increases by some estimates) • Reduce possibility of internal and external fraud by increasing internal controls • Increased validity and reliability of statistics derived from data and reduce difficulty and costs of extracting needed data • Higher quality and easier access to management information • Reduce costs of system application changes (including those that are legislatively-driven) • Significant reductions in maintenance and enhancement costs (potentially 40 percent), which currently average approximately \$4.5 million a year • Increased ability to find IT staff familiar with 	<ul style="list-style-type: none"> • Incorrectly picking a new database system • Implementing a system that is outdated within a short time-frame 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE to HIGH, when implemented as a stand-alone strategy</p>

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<p>newer technology</p> <ul style="list-style-type: none"> • Decreased system downtime • Ability to interface with other government and private entity database systems • Increased ability to grow and change with industry standards (e.g., E-government, Interactive Voice Recognition, and kiosks) • Decreased customer visit times • Increased customer satisfaction • Increased public and political support 			

CAN ACTION BE TAKEN TO IMPLEMENT STRATEGY?

STRATEGY (in priority order)	Is legislative authorization needed?	Is the strategy legal?	Is the strategy practical?	Are legislative policy changes needed?
1. Automated Business Systems	Yes	Yes	Yes	No

IMPACTS TO STATEWIDE GOALS OR BENCHMARKS

STRATEGY (in priority order)	State Goal 8 Increase worker incomes.	State Goal 9 Reduce unemployment in rural and urban counties.	State Goal 10 Promote a healthy business climate in Arizona.	State Goal 15 Improve the state's transportation infrastructure.	State Goal 16 Deliver courteous, efficient, responsive, and cost-effective service to the citizen-owners and employees of state government.	State Goal 17 Attract and retain high-quality employees in state government.
1. Automated Business Systems			X	X	X	X

DETAIL: RESOURCE ASSUMPTIONS FOR THIS ISSUE

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs					
Highway Fund		\$20,540,000	\$20,000,000		
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS		\$20,540,000	\$20,000,000		

* Annual IFTA Maintenance - \$61,000 with Regional Processing Center

* Other development costs - \$5,500,000

DETAIL: BREAKOUT OF COSTS

Strategic Issue #2: AUTOMATED BUSINESS SYSTEMS

LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	ADDED STAFF (Above Base Funding Expectations)					ESTIMATED COSTS of STRATEGIES (Above Base Funding Expectations)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
DIVISION-WIDE										
Automated Business Systems - 2004/5 Construction of System (OTC)							\$20,000,000	\$20,000,000		
COMPETITIVE GOVERNMENT PARTNERSHIPS										
E-Government Enhancements (See SI #3)										
MOTOR CARRIER & TAX SERVICES										
CVISN (See SI #6)										
OFFICE OF SPECIAL INVESTIGATIONS										
Laptop Computers and related software for OSI investigators							\$25,000			
Portable Radios							\$15,000			
DIVISION OPERATIONAL SUPPORT SERVICES										
Digital Imaging (OTC)							\$500,000			
TOTALS	0	0	0	0	0	\$0	\$20,540,000	\$20,000,000	\$0	\$0

TOTAL FTEs NEEDED	TOTAL COST OF ADDRESSING STRATEGIC ISSUE
0	\$40,540,000

NOTES:

- 1) (OTC) = One time cost. These monies would only be needed in the year indicated and would not be added to the Division operating base.
- 2) All other costs indicated reflect additions to the operating base.

										STRATEGIES LINKED WITH ASSOCIATED COSTS
Strategic Issue #2: AUTOMATED BUSINESS SYSTEMS	Appropriated Funds					Non-Appropriated Funds			Gen. Funds	1
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	Highway	Vehicle Insp.	Safety Enf.	Aband. Vehicle	Liability Insur. Enf.	Const. Ports of Entry Statwide	Federal Grants	Other Grants	General Fund	Automated Business Systems
DIVISION-WIDE										
Automated Business Systems - 2004/5 Construction of System (OTC)	X									X
COMPETITIVE GOVERNMENT PARTNERSHIPS										
E-Government Enhancements (See SI #3)										X
MOTOR CARRIER & TAX SERVICES										
CVISN (See SI #6)										X
OFFICE OF SPECIAL INVESTIGATIONS										
Laptop Computers and related software for OSI investigators	X									X
Portable Radios	X									X
DIVISION OPERATIONAL SUPPORT SERVICES										
Digital Imaging (OTC)	X									X

Customer Visit Times In MVD Field Offices

DESCRIPTION OF THE PROBLEM AND HOW IT RELATES TO THE AGENCY’S MISSION OR GOALS:

The mission of the Motor Vehicle Division (MVD) is:

MVD supports Arizona through licensing, vehicle credentialing, revenue collection, safety programs, and by promoting compliance with transportation laws.

As part of that mission, one of the primary goals of MVD is *“To improve customer service.”*

For the past several years, significant legislative attention has been given to customer visit times in MVD field offices. MVD has focused on solutions to decrease the number of transactions completed in field offices in an effort to decrease visit times. Alternative methods of renewing registrations and obtaining driver licenses have been the primary focus of this endeavor, including promoting customer use of the Internet, mail, phone, and drop-off methods to obtain needed services as well as the use of third party contractors.

Based solely on registration renewals, an upward trend for use of alternate methods of service is shown in Figure 1 below.

Figure 1.

Type	PERFORMANCE MEASURES	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimated	FY 2004 Estimated
OP	Number of all vehicle registration renewals completed by field offices	1,003,817	832,772	937,467	909,012	913,600	900,550
OP	Number of all vehicle registration renewals completed through alternate methods	1,760,693	1,613,688	1,819,138	1,896,424	1,941,400	2,004,450
OC	Percent of all vehicle registrations completed through alternate methods	63.7%	66.0%	66.5%	67.6%	68.0%	69.0%

Figure 2.

Numerous services made available to customers through the Internet have also led to dramatic results, demonstrating 1,289 percent growth between FY 1999 and FY 2002. Expectations for future years show much promise as well (see Figure 2).

Internet services currently include registration renewals, duplicate driver licenses and identification cards, special plates and personalized plates, 3-day restricted use permits, address changes, sold notices, and voter registrations (the most recently added service).

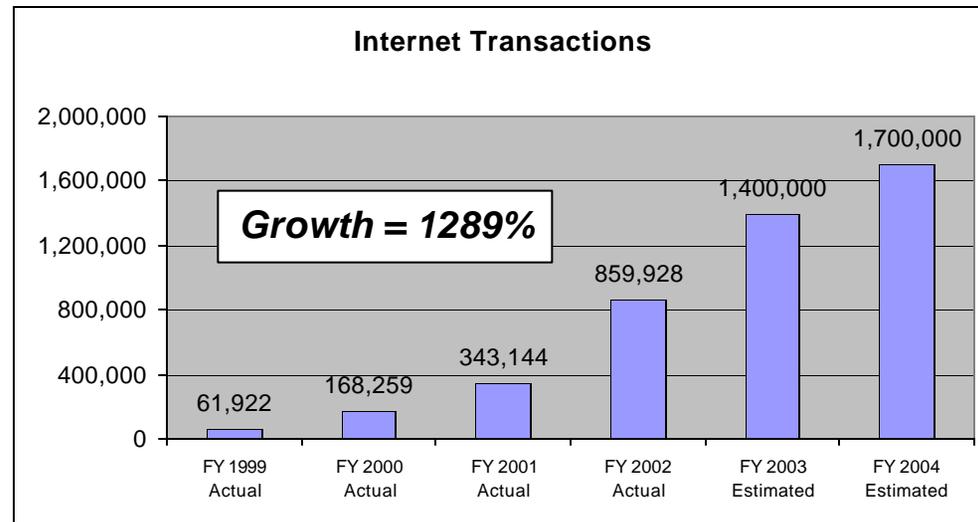
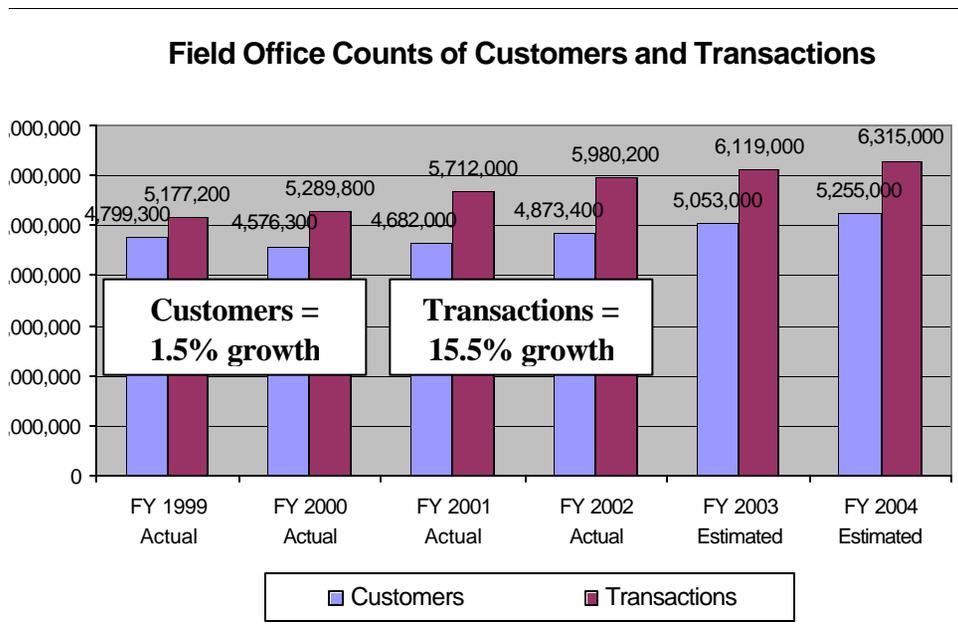


Figure 3.



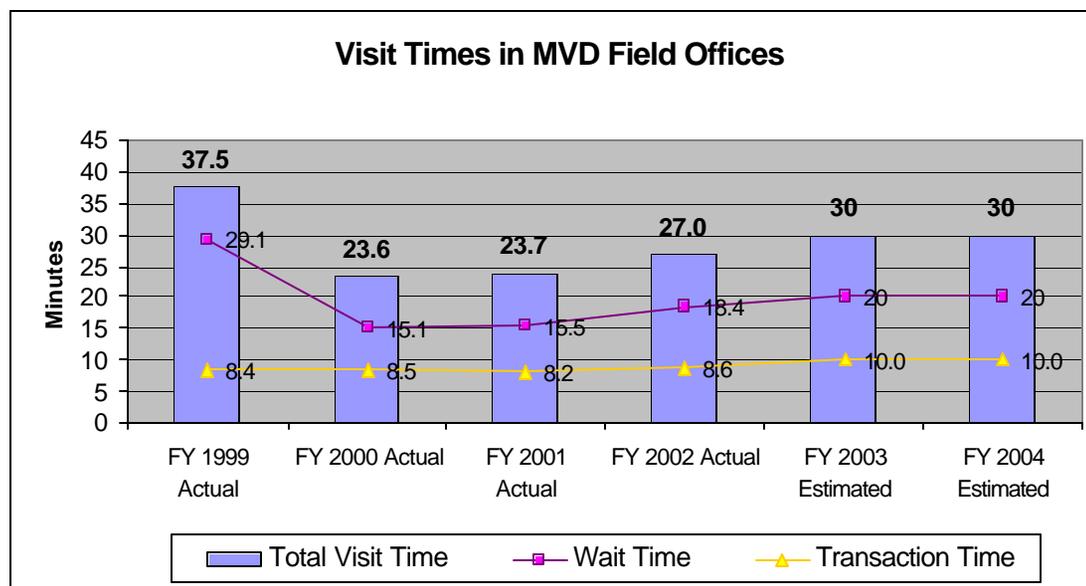
However, despite the increase in certain transactions completed via methods other than coming into a field office (as evidenced by Figure 1, which describes registration renewals), and despite tremendous growth in Internet usage, the overall influx of additional transactions in field offices is growing at a significant rate.

Figure 3 shows counts of customers and transactions. While customer volume has remained relatively steady over the years (a 1.5 percent increase between FY 1999 and FY 2002), transactions have virtually soared comparatively, increasing 15.5 percent over the same period. Thus, field offices have an ever-difficult time keeping up with service demands.

Figure 4.

The Legislature has authorized additional staff in past years to help MVD meet customer demands while also sending forth the charge that MVD maintain low visit times in field offices (an average of 20 minutes, preferably). Unfortunately, MVD has never been able to maintain a statewide average of 20 minutes; 23.6 minutes proved its best performance in FY 2000.

During FY 2002, two major events funded by the Legislature impacted MVD field office performance levels: Plate and Fee to Owner (PFTO) in January 2002; and the Automated Revenue Management Inventory system (ARMANI) in May 2002. A number of issues surrounding the implementation of these two new programs (i.e., training, employee familiarity with changes, and educating the public), coupled with a hiring freeze, contributed to increased wait times across the state. FY 2002 finished the year with a 27.0-minute average visit time (see Figure 4). Additional new programs have been identified for implementation in the coming year that will follow this same course, and future legislative changes will similarly impact performance. Given all the factors noted above, as well as other impacts to MVD caused by primarily focusing on visit times, it seems reasonable to adjust visit time estimates to 30 minutes in MVD offices.



During FY 2002, two major events funded by the Legislature impacted MVD field office performance levels: Plate and Fee to Owner (PFTO) in January 2002; and the Automated Revenue Management Inventory system (ARMANI) in May 2002. A number of issues surrounding the implementation of these two new programs (i.e., training, employee familiarity with changes, and educating the public), coupled with a hiring freeze, contributed to increased wait times across the state. FY 2002 finished the year with a 27.0-minute average visit time (see Figure 4). Additional new programs have been identified for implementation in the coming year that will follow this same course, and future legislative changes will similarly impact performance. Given all the factors noted above, as well as other impacts to MVD caused by primarily focusing on visit times, it seems reasonable to adjust visit time estimates to 30 minutes in MVD offices.

Other impacts caused by primarily focusing on visit times

While it is important to focus on visit times, it is critical to recognize the impacts on other areas within the agency. There is an interrelating, domino effect of issues caused by primarily focusing on visit times, including:

- Inability to ensure quality field office transactions (current focus is quantity over quality)
- Increased phone calls from internal and external customers
- Increased MVD Training Academy service requirements for all MV Customer Service Representatives (MVCSRs)
- Decreased ability to give attention to critical issues such as Legal Presence, fraud, security, and revenue collection and administration

- Employee stress and morale issues, which lead to turnover and decreased productivity
 - The MVCSR classification alone experienced 26.6 percent turnover in FY 2002; comparatively, the statewide turnover rate was 15.8 percent)
 - Increased workload for Human Resources
- Accelerated research requirements by MVD Technical Support and Medical Review Unit staff who need to respond to MVCSR service demands
- Increased workload for Facilities and IT staff in supporting changes and growth in the Customer Service program

Further impacts that may increase transaction counts and/or related visit times

Population increases play a crucial role in future challenges. The U.S. Census reported 40 percent growth in Arizona between 1990 and 2000, increasing from 3,665,339 to 5,130,632 persons. What is even more significant, though, and what is more difficult to ascertain, are the results demonstrated in transaction counts that often reflect complicated interrelationships between such things as:

- Age-related issues (i.e., 16-18 year-olds obtaining first-time licenses, or older licensees with medical issues affecting driving abilities)
- Increases in state and federal regulations (e.g., red light running laws, DUI 0.08 percent levels, mandatory insurance, etc.) that necessarily materialize in additional transactions
- Police and court actions that affect driver and registration statuses
- MVD's enforcement efforts to increase compliance with registration laws
- Changes in business practices (e.g., Plate and Fee to Owner, implemented in January 2002)
- Database changes/enhancements, along with all associated training periods and learning curves, including: Electronic Lien and Title, Customer Database Phase IV, and NMVITIS

Antiquated databases and other technology play an immeasurable role in dramatically impacting visit times. Examples of this impact include the ability of training staff to consistently train MVCSRs; the standardization of data input and, thereby, the ability to retrieve valid and reliable statistics; the complexities of programming antiquated database systems as well as the cumbersome operation of these systems by MVCSRs on a daily basis; and more. (See Strategic Issue #2: "Automated Business Systems.")

ALTERNATIVE SOLUTIONS TO HELP MEET CHALLENGES PRESENTED BY THIS STRATEGIC ISSUE

Similar to the interrelated nature of the scope of the strategic issue as presented above, meaningful solutions are likewise interrelated and include:

1. Implementing Automated Business Systems, which includes new technology and equipment, especially replacement of antiquated databases, and enhancement of existing technology through programming changes and automation.
2. Resolving salary inequities and developing career paths.
3. Increasing staff levels to fulfill current performance expectations and potentially meet future needs, including MVCSRs, proper MVD support staff for current third parties and future expansion, Technical Support, Medical Review, Office of Special Investigations, and Revenue Administration to address issues of security and fraud, and provision of all other necessary support to field office operations.
4. Streamlining training, and increasing the availability and timeliness of training.
5. Outsourcing, including third parties and Internet usage.
6. Increased marketing of alternative services and increased general public awareness of rules, policies, and procedures.
7. Building new field office buildings or improving existing facilities, as needed, to improve the flow of customers and improve staff morale.

Other secondary, supporting solutions include:

1. Allowing more flexibility in both wait and transaction times.
2. Allowing for electronic processing of out-of-state credentials, dealer renewals, and dealer vehicle inspection reconciliations.
3. Implementing digital imaging equipment to help free staff time in other interrelated areas and work more efficiently with various court systems and federal and state investigative agencies that deal consistently with Arizona motor vehicle records.
4. Adding 10 additional self-service ServiceArizona workstations to MVD field offices each year to allow customers to conduct transactions through ServiceArizona rather than wait in line, with the benefit of being able to leave with credentials in-hand.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
1. Automated Business Systems	<ul style="list-style-type: none"> • Increased transaction processing efficiency • Consistency in data input and decrease in data entry errors • Decreased training inconsistencies by reducing data input possibilities • Decreased training costs • Decreased turnover • Allow various MVD database appendages to link together with main databases, providing critical, one-source customer information • Decreased issues in revenue administration-related matters • Improved ability to analyze revenue data • Increased ability to ensure proper collection of fuel tax and other revenues • Increased ability to identify vehicles not currently registered, thereby improving meaningful compliance activities and associated collection of registration revenues (\$22.8 million in increases by some estimates) • Reduce possibility of internal and external fraud by increasing internal controls • Increased validity and reliability of statistics derived from data and reduced difficulty and costs of extracting needed data • Higher quality and easier access to management information • Reduce costs of system application changes (including those that are legislatively-driven) • Dramatic reductions in maintenance and enhancement costs (potentially saving 40 percent or \$1.8 million a year) • Increased ability to find IT staff familiar with newer technology • Decreased system downtime 	<ul style="list-style-type: none"> • Incorrectly picking a new database system • Implementing a system that is outdated within a short time-frame 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE to HIGH, when implemented as a stand-alone strategy</p>

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<ul style="list-style-type: none"> • Ability to interface with other government and private entity database systems • Increased ability to grow and change with industry standards (e.g., E-government, Interactive Voice Recognition, and kiosks) • Ability to address other Division critical issues • Decreased customer visit times • Increased customer satisfaction • Increased public and political support 			
2. Resolving salary inequities and developing career paths	<ul style="list-style-type: none"> • Retain more permanent staff • Maintain program expertise • Improved employee morale and productivity • Decreased turnover • Establish a more professional work group 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE, when implemented as a stand-alone strategy</p>
3. Increase staffing levels	<ul style="list-style-type: none"> • Decreased turnover • Improved employee morale and productivity • Ability to handle ever-increasing transactions • Ability to focus on the quality of field office transactions, rather than just on timeliness • Ability to address other Division critical issues • Decreased customer visit times • Increased customer satisfaction 	<ul style="list-style-type: none"> • Increased workload for Human Resources in initial hiring stages 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE to HIGH, when implemented as a stand-alone strategy</p>
4. Streamlining training, and increasing the availability and timeliness of training	<ul style="list-style-type: none"> • Increased staff expertise • Increased transaction processing efficiency • Consistency in data input and decrease in data entry errors • Ability to address other Division critical issues • Decreased issues in revenue administration-related matters • Improved ability to analyze revenue data • Increased ability to ensure proper collection of fuel tax and other revenues 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>MODERATE to HIGH, when combined with family of strategies</p> <p>MINIMAL, when implemented as a stand-alone strategy</p>

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	<ul style="list-style-type: none"> • Improved employee morale and productivity • Decreased turnover • Decreased customer visit times • Increased customer satisfaction 			
5. Outsourcing (e.g., Third Party and Internet)	<ul style="list-style-type: none"> • Decreased transactions in field offices • Ability to address other Division critical issues • Improved employee morale and productivity • Decreased turnover • Decreased customer visit times • Increased customer satisfaction • Increased public and political support 	<ul style="list-style-type: none"> • Payments made to third parties and Internet providers are higher in some cases than the cost of completing transactions in-house 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>MODERATE to HIGH, when combined with family of strategies</p> <p>MINIMAL, when implemented as a stand-alone strategy</p>
6. Marketing of alternative services and general public awareness	<ul style="list-style-type: none"> • Increased transaction processing efficiency • Ability to address other Division critical issues • Improved employee morale and productivity • Decreased turnover • Decreased customer visit times • Increased customer satisfaction • Increased public and political support 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>MODERATE to HIGH, when combined with family of strategies</p> <p>MINIMAL, when implemented as a stand-alone strategy</p>
7. Facilities – new or improved	<ul style="list-style-type: none"> • Improved employee morale and productivity • Decreased turnover • Better-working and functional environments • Decreased visit times • Increased customer satisfaction 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>MODERATE to HIGH, when combined with family of strategies</p> <p>MINIMAL, when implemented as a stand-alone strategy</p>

CAN ACTION BE TAKEN TO IMPLEMENT STRATEGY?

STRATEGY (in priority order)	Is legislative authorization needed?	Is the strategy legal?	Is the strategy practical?	Are legislative policy changes needed?
1. Automated Business Systems	Yes	Yes	Yes	No
2. Resolving salary inequities and developing career paths	Yes	Yes	Yes	No
3. Increase staffing levels	Yes	Yes	Yes	No
4. Streamlining training, and increasing the availability and timeliness of training	No	Yes	Yes	No
5. Outsourcing	No	Yes	Yes	No
6. Marketing of alternative services and general public awareness	No	Yes	Yes	No
7. Facilities – new or improved	Yes	Yes	Yes	No

IMPACTS TO STATEWIDE GOALS OR BENCHMARKS

STRATEGY (in priority order)	State Goal 8 Increase worker incomes.	State Goal 9 Reduce unemployment in rural and urban counties.	State Goal 10 Promote a healthy business climate in Arizona.	State Goal 15 Improve the state's transportation infrastructure.	State Goal 16 Deliver courteous, efficient, responsive, and cost-effective service to the citizen-owners and employees of state government.	State Goal 17 Attract and retain high- quality employees in state government.
1. Automated Business Systems		X	X	X	X	X
2. Resolving salary inequities and developing career paths	X	X	X	X	X	X
3. Increase staffing levels		X	X	X	X	X
4. Streamlining training, and increasing the availability and timeliness of training	X	X	X	X	X	X
5. Outsourcing		X	X	X	X	X
6. Marketing of alternative services and general public awareness			X	X	X	X
7. Facilities – new or improved		X	X	X	X	X

DETAIL: RESOURCE ASSUMPTIONS FOR THIS ISSUE

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs	55	52	38	38	38
Highway Fund	\$18,549,600	\$26,808,500	\$7,224,500	\$7,324,500	\$7,324,500
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$18,549,600	\$26,808,500	\$7,224,500	\$7,324,500	\$7,324,500

DETAIL: BREAKOUT OF COSTS

Strategic Issue #3: VISIT TIMES

LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	ADDED STAFF (Above Base Funding Expectations)					ESTIMATED COSTS of STRATEGIES (Above Base Funding Expectations)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
DIVISION-WIDE										
Review / Reclass / Career Progression (See SI #1)										
LB&I Projects (OTC)						\$15,241,400	\$23,100,000	\$5,000,000	\$5,000,000	\$5,000,000
Automated Business Systems - 2004/5 Construction of System (See SI #2)										
Marketing of Alternative Methods							\$100,000			
Building Renewal (OTC)						\$661,800	\$700,000	\$700,000	\$800,000	\$800,000
Janitorial staff at specific offices							\$150,000			
Security Officers at specific offices (See SI #4)										
CUSTOMER SERVICE										
Customer Service staffing (47) / Abandoned Vehicle staffing (3)	50					\$1,948,400				
Customer Service staffing		47	35	35	35		\$1,899,500	\$1,414,500	\$1,414,500	\$1,414,500
COMPETITIVE GOVERNMENT PARTNERSHIPS										
Quality Assurance / Third Party support staffing	4	4	3	3	3	\$160,800	\$148,000	\$110,000	\$110,000	\$110,000
E-Government Enhancements						\$476,200	\$250,000			
Office space for new e-government employees / program							\$200,000			
Self-serve stations in field offices							\$200,000			
MOTOR CARRIER & TAX SERVICES										
Revenue Administration - accounting staff	1	1				\$61,000	\$61,000			
TOTALS	55	52	38	38	38	\$18,549,600	\$26,808,500	\$7,224,500	\$7,324,500	\$7,324,500

TOTAL FTEs NEEDED	TOTAL COST OF ADDRESSING STRATEGIC ISSUE
221	\$67,231,600

NOTES:

- 1) (OTC) = One time cost. These monies would only be needed in the year indicated and would not be added to the Division operating base.
- 2) All other costs indicated reflect additions to the operating base.

Strategic Issue #3: VISIT TIMES	Appropriated Funds					Non-Appropriated Funds			Gen. Funds
	Highway	Vehicle Insp.	Safety Enf.	Aband. Vehicle	Liability Insur. Enf.	Const. Ports of Entry Statwide	Federal Grants	Other Grants	General Fund
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY									
DIVISION-WIDE									
Review / Reclass / Career Progression (See SI #1)									
LB&I Projects (OTC)	X								
Automated Business Systems - 2004/5 Construction of System (See SI #2)									
Marketing of Alternative Methods	X								
Building Renewal (OTC)	X								
Janitorial staff at specific offices	X								
Security Officers at specific offices (See SI #4)									
CUSTOMER SERVICE									
Customer Service staffing (47) / Abandoned Vehicle staffing (3)	X			X					
Customer Service staffing	X								
COMPETITIVE GOVERNMENT PARTNERSHIPS									
Quality Assurance / Third Party support staffing	X								
E-Government Enhancements	X								
Office space for new e-government employees / program	X								
Self-serve stations in field offices	X								
MOTOR CARRIER & TAX SERVICES									
Revenue Administration - accounting staff	X								

Strategic Issue #3: VISIT TIMES	STRATEGIES LINKED WITH ASSOCIATED COSTS						
	1	2	3	4	5	6	7
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	Remove Salary Inequities	Automated Business Systems	Increase Staffing	Training	Outsourcing	Marketing	Facilities
DIVISION-WIDE							
Review / Reclass / Career Progression (See SI #1)	X						
LB&I Projects (OTC)							X
Automated Business Systems - 2004/5 Construction of System (See SI #2)		X					
Marketing of Alternative Methods							
Building Renewal (OTC)							X
Janitorial staff at specific offices							X
Security Officers at specific offices (See SI #4)							X
CUSTOMER SERVICE							
Customer Service staffing (47) / Abandoned Vehicle staffing (3)			X				
Customer Service staffing			X				
COMPETITIVE GOVERNMENT PARTNERSHIPS							
Quality Assurance / Third Party support staffing			X				
E-Government Enhancements		X			X	X	
Office space for new e-government employees / program							X
Self-serve stations in field offices		X					
MOTOR CARRIER & TAX SERVICES							
Revenue Administration - accounting staff			X				

Security Concerns (Fraud)

DESCRIPTION OF THE PROBLEM AND HOW IT RELATES TO THE AGENCY'S MISSION OR GOALS:

The mission of the Motor Vehicle Division (MVD) is:

MVD supports Arizona through licensing, vehicle credentialing, revenue collection, safety programs, and by promoting compliance with transportation laws.

As part of our mission, some of the primary goals of MVD are:

- *To promote public safety and protection through regulation, licensing, and the administration of transportation laws;*
- *To improve customer service;*
- *To promote safety and security in the workplace; and*
- *To promote the efficient generation, collection, and management of revenues to meet public needs.*

Summary

Identity fraud is the fastest growing crime in the United States. It is estimated that the nationwide costs associated with identity fraud are \$2.5 billion and are projected to grow by 30 percent each year, reaching \$8 billion by 2005. The average loss to the financial industry is approximately \$17,000 per compromised identity. The financial impact to welfare and health care programs is equally appalling.

Identity fraud presents enormous public safety concerns as well. If law enforcement is unclear as to the true identity of the person with whom they are dealing, identity thieves can successfully mask their true identity and criminal history. Identity thieves can endanger public safety in a number of ways, including representing themselves as possessing certain driving qualifications (i.e., commercial driver license endorsements) when in fact they are not qualified.

An individual's driver license or identification card have become the standard means for providing proof of identity and are the principal targets for fraud. Amongst other things, with these credentials perpetrators can open fraudulent credit card accounts, secure deposits on houses and cars, create insurance benefits, deplete personal financial accounts and initiate false welfare and health care claims.

Identity fraud has long been recognized as a social problem. As part of the Identity Theft and Assumption Deterrence Act of 1998, Section 1028(a)(7) was enacted which prohibits anyone from knowingly transferring or using someone else's means of identification with the intent to commit, aid, or abet any unlawful activity that constitutes a violation of federal law or a felony under state or local law [18 USC § 1028(a)(7)]. State and federal laws have been established to prosecute perpetrators. The question now is how to prevent occurrences before they happen. Although great strides have been made, additional security measures are necessary to ensure the integrity of credentials issued by MVD. While programs such as whistle blowing, hotlines, and fraud awareness are beneficial, they are only a few elements of a larger campaign comprised of diverse yet complementing elements.

In September 2000, the MVD Director appointed a committee to look at options to enhance data security and systems, especially, though not exclusively, as it pertained to customer service transactions (predominantly, driver and identification credentials and vehicle title/registration documents) in the field. The Security Oversight Committee developed a list of potential improvements, many of which have been completed or are currently being pursued. The committee recommendations for future implementation include:

- **Enhanced Audit Trail and Fraud Investigation** – This will simplify MVD's ability to extract and correlate information to produce a complete audit trail. Enhanced logging and audit trail information are required to improve supervisory controls and transaction accountability.
- **Sensitive Transaction Reporting** – Limitations in supervisory oversight and monitoring can be addressed by providing improved reporting capabilities. Custom reports that identify the use of certain driver license (DL) and title/registration (T&R) transactions will help supervisory personnel better ensure their employees are not abusing system and transaction privileges.
- **Title Control Numbers** – System-generated title numbers appear on printed titles and on the T&R database after a title has been issued. However, there is currently no way to record the title control numbers on the system; thus, no way to record missing titles on the database. Expanding the database to include control numbers would enable the Division to place blocks of blank titles on the system to ensure they are not used on stolen vehicles or for other fraudulent purposes.
- **History on DL/T&R Database** – The DL database system logs the user's ID and system date whenever a record is created or deleted. It also maintains prior driver license, instruction permit and identification card history for a 10-year period. However, no other history is maintained. With this enhancement, any data item changed on the Title/Registration or Driver License databases would be written to the history database. It would also provide an inquiry system to view history for a customer for a specific point in time. This would provide clear evidence in any fraud situation for both administrative and criminal action.

Other recommendations include system changes – for example, Digital Driver License enhancements, additional firewall hardware and software, additional security for the TransPort system, quality assurance enhancements for the Third Party DataLink system, Q-Matic integration, improved server security, and implementation of biometrics – and proposals such as more widespread use of security cameras in field offices, changes in hiring practices and supervisory functions, and training.

Benefits would include:

- Significant reduction in investigation and audit time.
- Improved quality of investigations due to “fresh leads.”
- Increased revenue attributable to the offset in fraud activity.
- More immediate reaction to suspect activity.
- Higher confidence and greater reliance on automated evidentiary materials.
- Increased prosecution and greater restitution.
- Reductions in welfare and health care fraud, as well as other collateral offenses.
- Enhanced public trust.
- Increased confidence in the integrity of MVD credentials.
- Improved data reliability for law enforcement.
- Complete and accurate audit trail information.
- Enhanced accountability for transaction processing.

Overall, these issues must be addressed from a technology perspective. Identity theft and other fraudulent schemes are adversely affecting public confidence and eroding MVD revenues. Our response must be deliberate and include a diverse blend of tactics that will work in concert to improve security and help identify and curtail fraud before it begins. While these measures will not completely eliminate fraud, our ability to address the problem depends substantially on the use and application of electronic oversight and improved technologies.

ALTERNATIVE SOLUTIONS TO HELP MEET CHALLENGES PRESENTED BY THIS STRATEGIC ISSUE

Similar to the interrelated nature of the scope of the strategic issue as presented above, meaningful solutions are likewise interrelated and include:

1. Implementing Automated Business Systems, which includes new technology and equipment, especially replacement of antiquated databases, and enhancement of existing technology through programming changes and automation.
2. Increasing staff levels to fulfill current performance expectations and potentially meet future needs, including MVCSRs, proper MVD support staff for current third parties and future expansion, Technical Support, Medical Review, Office of Special Investigations to address issues of security and fraud, and provision of all other necessary support to field office operations.
3. Streamlining training, and increasing the availability and timeliness of training.
4. Building new field office buildings or improving existing facilities, as needed, to help with the flow of customers as well as improve staff morale.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
1. Automated Business Systems	<ul style="list-style-type: none"> • Increased transaction processing efficiency • Consistency in data input and decrease in data entry errors • Decreased training inconsistencies by reducing data input possibilities • Decreased training costs • Decreased turnover • Allow various MVD database appendages to link together with main databases, providing critical, one-source customer information • Improved ability to analyze revenue data • Ensure proper collection of fuel tax and other revenues • Increased ability to identify vehicles not currently registered, thereby improving meaningful compliance activities and associated collection of registration revenues (\$22.8 million in increases by some estimates) • Reduce possibility of internal and external fraud by increasing internal controls • Increased validity and reliability of statistics derived from data and reduce difficulty and costs of extracting needed data • Higher quality and easier access to management information • Reduce costs of system application changes (including those that are legislatively-driven) • Significant reductions in maintenance and enhancement costs (potentially 40 percent), which currently average approximately \$4.5 million a year • Increased ability to find IT staff familiar with newer technology • Decreased system downtime • Ability to interface with other government and 	<ul style="list-style-type: none"> • Incorrectly picking a new database system • Implementing a system that is outdated within a short time-frame 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE to HIGH, when implemented as a stand-alone strategy</p>

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	private entity database systems <ul style="list-style-type: none"> • Increased ability to grow and change with industry standards (e.g., E-government, Interactive Voice Recognition, and kiosks) • Decreased customer visit times • Increased customer satisfaction • Increased public and political support • Significant reduction in investigation and audit time • Improved quality of investigations due to “fresh leads” • Increased revenue attributable to the offset in fraud activity • More immediate reaction to suspect activity. • Higher confidence and greater reliance on automated evidentiary materials • Increased prosecution and greater restitution • Reductions in welfare and health care fraud, as well as other collateral offenses • Enhanced public trust • Increased confidence in the integrity of MVD credentials • Improved data reliability for law enforcement • Complete and accurate audit trail information • Enhanced accountability for transaction processing 			
2. Increase staffing levels	<ul style="list-style-type: none"> • Decreased turnover • Improved employee morale and productivity • Ability to handle ever-increasing transactions • Ability to focus on the quality of field office transactions, rather than just on timeliness • Ability to address other Division critical issues • Decreased customer visit times • Increased customer satisfaction 	<ul style="list-style-type: none"> • Increased workload for Human Resources in initial hiring stages 	<ul style="list-style-type: none"> • See cost detail sheets 	HIGH, when combined with family of strategies MODERATE to HIGH, when implemented as a stand-alone strategy
3. Streamlining training, and	<ul style="list-style-type: none"> • Increased staff expertise • Increased transaction processing efficiency 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail 	MODERATE to HIGH, when combined with

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
increasing the availability and timeliness of training	<ul style="list-style-type: none"> Consistency in data input and decrease in data entry errors Improved employee morale and productivity Decreased turnover Decreased customer visit times Increased customer satisfaction 		sheets	family of strategies MINIMAL, when implemented as a stand-alone strategy
4. Facilities – new or improved	<ul style="list-style-type: none"> Improved employee morale and productivity Decreased turnover Better-working and functional environments Decreased visit times Increased customer satisfaction 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> See cost detail sheets 	MODERATE to HIGH, when combined with family of strategies MINIMAL, when implemented as a stand-alone strategy

CAN ACTION BE TAKEN TO IMPLEMENT STRATEGY?

STRATEGY (in priority order)	Is legislative authorization needed?	Is the strategy legal?	Is the strategy practical?	Are legislative policy changes needed?
1. Automated Business Systems	Yes	Yes	Yes	No
2. Increase staffing levels	Yes	Yes	Yes	No
3. Streamlining training, and increasing the availability and timeliness of training	No	Yes	Yes	No
4. Facilities – new or improved	Yes	Yes	Yes	No

IMPACTS TO STATEWIDE GOALS OR BENCHMARKS

STRATEGY (in priority order)	State Goal 8 Increase worker incomes.	State Goal 9 Reduce unemployment in rural and urban counties.	State Goal 10 Promote a healthy business climate in Arizona.	State Goal 15 Improve the state's transportation infrastructure.	State Goal 16 Deliver courteous, efficient, responsive, and cost-effective service to the citizen-owners and employees of state government.	State Goal 17 Attract and retain high-quality employees in state government.
1. Automated Business Systems		X	X	X	X	X
2. Increase staffing levels		X	X	X	X	X
3. Streamlining training, and increasing the availability and timeliness of training	X	X	X	X	X	X
4. Facilities – new or improved		X	X	X	X	X

DETAIL: RESOURCE ASSUMPTIONS FOR THIS ISSUE

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs		14	14	14	
Highway Fund	\$273,400	\$1,903,200	\$1,248,200	\$648,200	
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$273,400	\$1,903,200	\$1,248,200	\$648,200	

DETAIL: BREAKOUT OF COSTS

Strategic Issue #4: SECURITY CONCERNS (Fraud)

LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	ADDED STAFF (Above Base Funding Expectations)					ESTIMATED COSTS of STRATEGIES (Above Base Funding Expectations)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
DIVISION-WIDE										
Security Enhancements - Continued							500,000	500,000		
Relational Database - Annual Maintenance							380,000			
Enhancements to Building Security / Building Modifications							100,000			
Security Officers at specific offices							200,000	100,000		
CUSTOMER SERVICE										
Credit Card Machines / Check Validation Equipment						273,400	75,000			
Changing CSS to CSR Ratio from 1:13 to 1:8		14	14	14			648,200	648,200	648,200	
OFFICE OF SPECIAL INVESTIGATIONS										
Dealer Site Investigations, Fraud Investigations, and Dealer Investigations (See SI #1)										
Law Enforcement Coordination Unit (See SI #1)										
Clerical staff to facilitate the administrative portions of investigations (See SI #1)										
Firearms and ballistic vests for peace officers (See SI #1)										
Staffing for Criminal Information Research Unit (CIRU), Dealer Investigations, and Internal Affairs (See SI #1)										
TOTALS	0	14	14	14	0	273,400	1,903,200	1,248,200	648,200	-

TOTAL FTEs NEEDED	TOTAL COST OF ADDRESSING STRATEGIC ISSUE
42	\$4,073,000

NOTES:

- 1) (OTC) = One time cost. These monies would only be needed in the year indicated and would not be added to the Division operating base.
- 2) All other costs indicated reflect additions to the operating base.

Strategic Issue #4: SECURITY CONCERNS (Fraud)	Appropriated Funds					Non-Appropriated Funds			Gen. Funds
	Highway	Vehicle Insp.	Safety Enf.	Aband. Vehicle	Liability Insur. Enf.	Const. Ports of Entry Statwide	Federal Grants	Other Grants	General Fund
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY									
DIVISION-WIDE									
Security Enhancements - Continued	X								
Relational Database - Annual Maintenance	X								
Enhancements to Building Security / Building Modifications	X								
Security Officers at specific offices	X								
CUSTOMER SERVICE									
Credit Card Machines / Check Validation Equipment	X								
Changing CSS to CSR Ratio from 1:13 to 1:8	X								
OFFICE OF SPECIAL INVESTIGATIONS									
Dealer Site Investigations, Fraud Investigations, and Dealer Investigations (See SI #1)									
Law Enforcement Coordination Unit (See SI #1)									
Clerical staff to facilitate the administrative portions of investigations (See SI #1)									
Firearms and ballistic vests for peace officers (See SI #1)									
Staffing for Criminal Information Research Unit (CIRU), Dealer Investigations, and Internal Affairs (See SI #1)									

Strategic Issue #4: SECURITY CONCERNS (Fraud)	STRATEGIES LINKED WITH ASSOCIATED COSTS			
	1	2	3	4
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	Automated Business Systems	Increase Staffing	Training	Facilities
DIVISION-WIDE				
Security Enhancements - Continued	X			
Relational Database - Annual Maintenance	X			
Enhancements to Building Security / Building Modifications				X
Security Officers at specific offices				X
CUSTOMER SERVICE				
Credit Card Machines / Check Validation Equipment	X			
Changing CSS to CSR Ratio from 1:13 to 1:8		X		
OFFICE OF SPECIAL INVESTIGATIONS				
Dealer Site Investigations, Fraud Investigations, and Dealer Investigations (See SI #1)		X		
Law Enforcement Coordination Unit (See SI #1)		X		
Clerical staff to facilitate the administrative portions of investigations (See SI #1)		X		
Firearms and ballistic vests for peace officers (See SI #1)		X		
Staffing for Criminal Information Research Unit (CIRU), Dealer Investigations, and Internal Affairs (See SI #1)		X		

Effective Staff Training and Development

DESCRIPTION OF THE PROBLEM AND HOW IT RELATES TO THE AGENCY'S MISSION OR GOALS:

The mission of the Motor Vehicle Division (MVD) is:

MVD supports Arizona through licensing, vehicle credentialing, revenue collection, safety programs, and by promoting compliance with transportation laws.

As part of that mission, two of the primary goals of MVD are:

*"To improve customer service" and
"To develop and retain a high performing, successful workforce."*

In support of these goals, the MVD Training Unit conducts technical training for MVD employees and organizations that function as a partner of the Division or conduct business using MVD resources. Over the course of the last few years especially—with an increased emphasis on improving customer service in field offices and offering alternate methods for service, especially via E-government and third parties—training challenges have increased to the point of threatening MVD's ability to effectively and efficiently meet these stated goals.

The following are primary, undesired results of these training challenges:

1. A significant gap exists between training demands/needs and what is actually provided.
2. Training of students located throughout the state is logistically difficult, inefficient, and costly (especially for areas other than Phoenix-metro, Tucson, Flagstaff, and Prescott).
3. Training database simulations do not always reflect real-world practices.

Issues giving rise to these undesired results include:

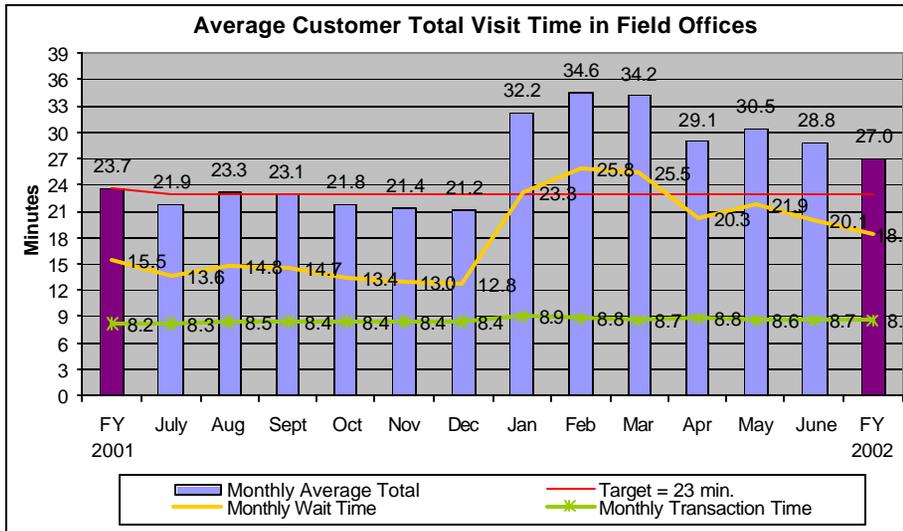
1. An antiquated and complicated database system, which requires a consistent stream of patches and enhancements—

- Increases complexity of training due to database system changes, including significant changes in curriculum, added classes, and policy/procedures (estimated that database system is responsible for approximately 70 percent of training complexity).
- Contributes to increasing overall training demands (See Figure 1). Time needed to fulfill demands leaves offices short-staffed while training is being completed, subsequently leading to increased customer visit times and decreased customer satisfaction.

Figure 1.

FISCAL YEAR	MVD & THIRD PARTY CLASSES TAUGHT	PERCENT INCREASE IN CLASSES TAUGHT
2000	519	--
2001	539	3.9%
2002	611	13.4%

Figure 2.



- Increases transaction and wait times with the implementation of some database changes. As an example, Figure 2 demonstrates spikes in customer visit time occurring during the implementation of two, separate, legislatively-driven database changes, which included associated periods of training. The first spike (between January and March 2002) was due to “Plate and Fee to Owner” changes; the second spike (between April and June 2002) was due to “Automated Revenue Management Inventory” changes. Six months prior to the implementation of these database changes, the average wait time was 13.7 minutes and the average transaction time was 8.4 minutes. During

the next six months, however, the average wait and transaction times dramatically increased to approximately 22.8 and 8.8 minutes, respectively (about a 66% increase in wait times).

- Increases the scope and complexity of what the Motor Vehicle Customer Service Representatives (MVCSRs) are required to learn (currently, there are over 400 database screens that MVCSRs must have a working knowledge of to be effective in their responsibilities).
- Contributes to incorrect and incomplete training when updates to system are slow in coming.
- Requires trainers to focus almost exclusively on training demands of MVCSRs, significantly limiting time spent in specialty training for staff other than MVCSRs (some programs have simply stopped asking for needed training due to repeatedly unfulfilled requests for training).
- Impacts the Training Unit's ability to complete MVCSR certification training, further decreasing staff effectiveness and efficiency, and contributing to MVCSR turnover.

2. The domino effect of MVCSR turnover—

- The MVCSR turnover rate in FY 2002 was 26.6 percent, which is much higher than the statewide turnover rate of 15.8 percent.
- External forces such as increasing populations and hiring freezes, that ultimately place higher demands on an already stressed workforce, exacerbate MVCSR turnover rates.
- When conditions warrant, those who should be trained are kept at workstations to help maintain acceptable customer visit time performance levels; some partially-trained MVCSRs quit, due to frustration caused by a lack of working knowledge. Subsequently, customer visit times increase and training opportunities are further reduced.
- With the removal of hiring freezes, new hires are brought into the workforce and training backlogs increase. The addition of new classes also significantly increases training backlogs since all MVCSRs are required to be trained. (The basic training structure is changed approximately every six months due to database system changes, new legislation, and resulting policy changes). Scheduling logistics for training impact the Training Unit's ability to quickly reduce backlogs.
- The training focus is placed on new hires so as to help improve their ability to make meaningful contributions to the field offices; seasoned employees who have not completed training are often required to delay the completion of their training/certification, resulting in additional frustration and employee morale issues.

3. Current training methods that tend to be costly and inefficient—

- Direct costs to fully certify students from outlying areas are approximately \$2,000 per student for travel and per diem (or approximately \$80 per day for any portion of that training). At this writing, 218 staff are located in outlying areas. Thus, the total travel and per diem costs of training these individuals is over \$17,400 per training day.

- As a result of emphasizing certification among MVCSRs and third party counterparts—typically a one-year process—and because MVCSR turnover has remained high for a number of years, other program areas (e.g., Technical Support, the Communication Unit, and the Office of Special Investigations) have not been afforded a similar level and intensity of specialty training, though they are responsible for addressing concerns from the field and the general public.
- The training database must mirror the most current programming of the production (or working) database to be effective. However, changes are often not rolled into the training database until weeks or months after the initial implementation into the production database, which creates disparities between simulated training scenarios and real-world practices.
- While training rooms can accommodate more students, efficiencies are lost because of a lack of computers.
- Computer connectivity issues exists: there is no set standard for hardware and software applications, making training more difficult and time-consuming.

Figure 3.

- To reflect legislative and policy changes, new classes are added and others are upgraded each year. Subsequently, new and upgraded classes are merged into the basic training curriculum, or core. For each new class offered, three different approaches are also developed: single use, ongoing for MVD staff, and ongoing for third parties. Development of each of these classes takes time away from actual training.

* FY 2003 new classes not yet completed.

FISCAL YEAR	NEW CLASSES	UPGRADED CLASSES (ONGOING)	(CLASSES INTEGRATED INTO BASIC CORE)	TOTAL NEW AND UPGRADED CLASSES
2000	12	22	(7)	34
2001	8	26	(5)	34
2002	13	24	(6)	37
2003	12 *			12 *

- The current, traditional, face-to-face classroom teaching method limits the ability of training staff to train students en masse. Trainers are not skilled in the latest training techniques (i.e., web-based training) to help increase the student-to-instructor ratio, which would lead to multiple efficiencies.

ALTERNATIVE SOLUTIONS TO HELP MEET CHALLENGES PRESENTED BY THIS STRATEGIC ISSUE

Similar to the interrelated nature of the scope of the strategic issue as presented, meaningful solutions are likewise interrelated and include:

1. Implementing Automated Business Systems, which includes new technology and equipment and the addition of a simplified, interconnected training database that exactly mirrors the live system without extensive manual manipulation. As stated earlier, it is estimated that the current database system is responsible for approximately 70 percent of training complexity. (See Strategic Issue 3.2 for additional details.)

Problems experienced by training with the current system include: (1) a structural inconsistency between the Title and Registration database and the Driver License database; (2) navigation inefficiencies, such as the need to manually switch between databases; (3) the need to refresh training records on a daily basis—a highly time-consuming process that decreases trainer productivity; (4) an overabundance of security codes needed to access the training database; (5) the random loss of security clearances on individuals using computers during classes; and (6) system downtime.

2. Streamlining training, and increasing the availability and timeliness of training. Solutions in the form of philosophy, changes about the role of trainers and training, new equipment and delivery channels, increased trainer capability, and continued standardization of training unit activities and roles must be defined and implemented.
3. Outsourcing, including the hosting of online and distance education classes for MVD and third party employees by specialty vendors, which will allow the Training Unit to deliver increased numbers of classes while lowering costs and improving individual trainer productivity to meet increasing program needs.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
1. Automated Business Systems	<ul style="list-style-type: none"> • New user-friendly interface can ease training requirements • Reduced training time • Decreased training inconsistencies by reducing data input possibilities • Decreased training costs • Decreased system downtime • Simplified change process for training programs that use the new database 	<ul style="list-style-type: none"> • Usage of the new system requires training period for training staff and current users • The new system may not have a training database, which would require alternative training methods • Loss of productive training hours during initial system transition • Lack of adequate training time between development and implementation of new computer based programs. 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>VERY HIGH, when combined with family of strategies</p> <p>MODERATE to HIGH, when implemented as a stand-alone strategy</p>
2. Streamlining training, and increasing the availability and timeliness of training	<ul style="list-style-type: none"> • Increased staff expertise and productivity at a quicker pace • Increased transaction processing efficiency • Consistency in data input and decreased data entry errors • Improved employee morale and productivity • Decreased turnover • Decreased customer visit times • Increased customer satisfaction • Increased trainer productivity 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE, when implemented as a stand-alone strategy</p>

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
3. Outsourcing (i.e., online training by vendors)	<ul style="list-style-type: none"> Technology and expertise available immediately System is immediately available for use by students No internal technology support staff and equipment needed No concerns about systems that are untested 	<ul style="list-style-type: none"> Possible inability to use system because of ADOT firewall 	<ul style="list-style-type: none"> See cost detail sheets 	VERY HIGH in any circumstance

CAN ACTION BE TAKEN TO IMPLEMENT STRATEGY?

STRATEGY (in priority order)	Is legislative authorization needed?	Is the strategy legal?	Is the strategy practical?	Are legislative policy changes needed?
1. Automated Business Systems	Yes	Yes	Yes	No
2. Streamlining training, and increasing the availability and timeliness of training	No	Yes	Yes	No
3. Outsourcing	No	Yes	Yes	No

IMPACTS TO STATEWIDE GOALS OR BENCHMARKS

STRATEGY (in priority order)	State Goal 8 Increase worker incomes.	State Goal 9 Reduce unemployment in rural and urban counties.	State Goal 10 Promote a healthy business climate in Arizona.	State Goal 15 Improve the state's transportation infrastructure.	State Goal 16 Deliver courteous, efficient, responsive, and cost-effective service to the citizen-owners and employees of state government.	State Goal 17 Attract and retain high-quality employees in state government.
1. Automated Business Systems			X		X	X
2. Streamlining training, and increasing the availability and timeliness of training			X		X	X
3. Outsourcing of needed services			X		X	X

DETAIL: RESOURCE ASSUMPTIONS FOR THIS ISSUE

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs					
Highway Fund		\$204,700			
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS		\$204,700			

DETAIL: BREAKOUT OF COSTS

Strategic Issue #5: STAFF TRAINING AND EFFECTIVENESS

LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	ADDED STAFF (Above Base Funding Expectations)					ESTIMATED COSTS of STRATEGIES (Above Base Funding Expectations)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
DIVISION-WIDE										
Automated Business Systems - 2004/5 Construction of System (See SI #2)										
DIVISION OPERATIONAL SUPPORT SERVICES										
Hosted Web Site for E-Learning							\$50,000			
MOTOR VEHICLE ENFORCEMENT SERVICES										
Academy (2 per year)							\$97,700			
AZ POST Proficiency Project							\$57,000			
TOTALS	0	0	0	0	0	\$0	\$204,700	\$0	\$0	\$0

TOTAL FTEs NEEDED	TOTAL COST OF ADDRESSING STRATEGIC ISSUE
0	\$204,700

NOTES:

- 1) (OTC) = One time cost. These monies would only be needed in the year indicated and would not be added to the Division operating base.
- 2) All other costs indicated reflect additions to the operating base.

Strategic Issue #5: STAFF TRAINING AND EFFECTIVENESS										STRATEGIES LINKED WITH ASSOCIATED COSTS		
										Appropriated Funds		
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	Highway	Vehicle Insp.	Safety Enf.	Aband. Vehicle	Liability Insur. Enf.	Const. Ports of Entry Statwide	Federal Grants	Other Grants	General Fund	Automated Business Systems	Training	Outsourcing
DIVISION-WIDE												
Automated Business Systems - 2004/5 Construction of System (See SI #2)										X		
DIVISION OPERATIONAL SUPPORT SERVICES												
Hosted Web Site for E-Learning	X											X
MOTOR VEHICLE ENFORCEMENT SERVICES												
Academy (2 per year)	X										X	
AZ POST Proficiency Project	X										X	

State and Federal Regulations; Partnering and Relationships

DESCRIPTION OF THE PROBLEM AND HOW IT RELATES TO THE AGENCY'S MISSION OR GOALS:

The mission of the Motor Vehicle Division (MVD) is:

MVD supports Arizona through licensing, vehicle credentialing, revenue collection, safety programs, and by promoting compliance with transportation laws.

As part of that mission, primary goals of MVD include:

- *"To promote public safety and protection through regulation, licensing, and the administration of transportation laws" and*
- *"To develop and retain a high-performing, successful workforce."*

The Motor Vehicle Division does not operate in a vacuum. Many of the Division's activities are dictated by state and federal legislative mandates or directives from state and federal regulatory agencies. Other activities are shaped by partnering and cooperative relationships with other states and government agencies for mutual benefit or with industry organizations such as the American Association of Motor Vehicle Administrators (AAMVA) that develop best practices to improve motor vehicle processes. Events and issues such as the September 11, 2001, terrorist acts, the high incidence of auto thefts, increasing identity theft, driver license and vehicle title fraud, and the growth of commercial ground transportation crossing international borders further affect motor vehicle operations. Continuous advances in technology necessitate adoption of new and changing systems to improve efficiency and maintain pace with public safety and service needs.

Arizona MVD has been a leading participant in multi-state system and process improvement projects coordinated by such organizations as AAMVA and the Federal Motor Carrier Safety Administration. The value of the state's involvement in these projects lies in the opportunities for early implementation of leading edge applications that improve government operations and bring benefits to citizens in the form of more efficient government. In addition, federal grant money is often available for start-up costs.

A constant unknown in the motor vehicle arena is the impact of future state and federal legislation or regulations that impose compliance requirements on the agency. MVD must be prepared to react within the effective timelines prescribed by the legislation, and to find the resources to meet the requirements that are imposed.

Legislative and Regulatory Actions Affecting MVD Operations

MOTOR VEHICLE ENFORCEMENT SERVICES (MVES)

MVD is accountable for mandatory and regulatory responsibilities relating to motor carrier enforcement, registration compliance, and other tasks associated with state and federal regulations. Duties include the collection of motor carrier use fuel taxes, fees and assessments from state highway system users (currently \$20 million per year), and the enforcement of commercial vehicle size/weight laws to control and reduce highway repair costs (currently \$105+ million per year). The Federal Highway Administration (FHWA) appointed MVD as lead agency to enforce these mandated duties. The fixed ports of entry are the primary regulatory resource to ensure compliance by the ever-increasing volume of commercial vehicle traffic.

The North American Free Trade Agreement (NAFTA) will increase the amount of commercial truck traffic from Mexico significantly. Significant increases in the transport of hazardous materials are also expected, both nuclear and chemical, over the next few years. These issues, coupled with the prediction by the American Association of State Highway and Transportation Officials (AASHTO) of an annual increase in commercial vehicle traffic of seven percent, make it obvious that the use of technology, including the expanded usage and development of systems such as, but not limited to, weigh-in-motion and PrePass™ systems is necessary if we are to have an impact on port traffic.

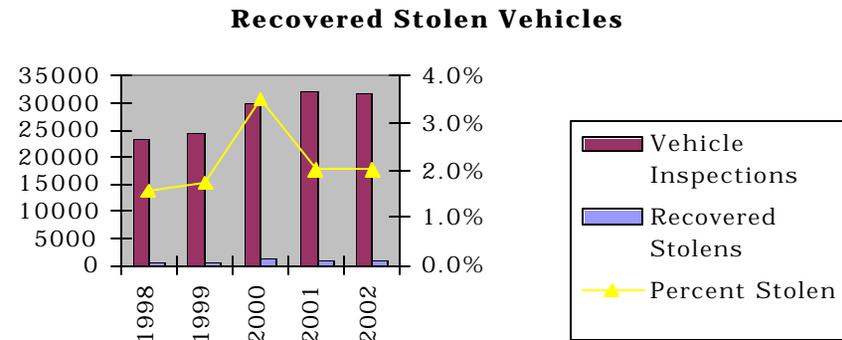
Adequate staffing at the fixed ports of entry is essential for MVD (and ADOT) to receive federal highway monies, meet commercial vehicle industry needs, promote highway safety, and collect required revenues in accordance with state laws. However, since 1998, attracting and retaining qualified personnel to adequately staff Arizona's twenty-two ports of entry has consistently challenged MVD. Staffing shortages force the temporary closure of shifts at various ports of entry, resulting in a decreased ability to (1) provide acceptable regulatory intervention of commercial vehicles, and (2) collect associated revenues. During the past five years, the number of commercial vehicles being weighed at our ports has gradually continued to decline.

Additionally, staffing shortages impact MVD's ability to partner with those agencies that benefit the state of Arizona, including the Arizona Department of Public Safety, federal authorities such as U.S. Customs and the Border Patrol, county sheriff offices, local police departments, auto theft task forces and the Arizona Auto Theft Authority. Personnel issues limit the amount of time spent assisting with interdiction programs on local, county, and federal levels, even when requested. An element of this partnering effort asks MVD personnel to focus further on commercial vehicle safety inspections. To accomplish this goal, personnel must be available for this time-consuming endeavor. MVES' goal of improving the safety of commercial vehicles, and thus the safety of the general motoring public, depends a great deal on the ability of MVD to obtain, train, and retain qualified employees.

A variety of federal and state laws require inspections of vehicles prior to registering them in Arizona. Additionally, laws prohibit the destruction or salvaging of vehicles without adequate inspection by appropriate authorities. MVD enforcement officers are responsible for conducting these inspections statewide. Currently, customer wait times for vehicle inspections often exceed 60 days statewide, as officers struggle to keep pace with ever-increasing demands. Population growth of nearly 1.5 million people between 1990 and

2000 has severely impacted the ability of MVD enforcement officers to keep pace. During the same time period, there has been no increase in the number of employees in this area; in fact, a reduction-in-force occurred during this same time frame.

Auto theft is at epidemic proportions in Arizona with “chop shops” proliferating, due in large part to significant profits associated with reclaimed auto parts and the lack of oversight by agencies charged with that responsibility. MVD has attempted to keep pace, but due to personnel limitations, the Division has not been able to do so. Subsequently, vehicle inspection wait times have increased dramatically, impacting MVD’s ability to properly address auto theft operations.



As these same large numbers of people move to Arizona, they often fail to properly register their vehicles in accordance with state law. This is usually the result of a lack of knowledge on the part of those moving into the state, but is also attributed to the intentional disregard of state registration laws. Failure to register vehicles, whether intentional or not, carries with it not only the potential for long-term harm to the environment, due to the operation of substandard motor vehicles, but also a significant loss of revenue--an estimated \$11.7 million dollars annually--from uncollected vehicle emission and registration fees. The Arizona Legislature recently authorized additional positions for the function of registration compliance enforcement, which are in the process of being filled. However, these fees have gone uncollected for some time now, and an increasing population will continue to impact MVD’s ability to respond to this issue in the foreseeable future.

SAFE TRANSPORTATION OF RADIOACTIVE SHIPMENTS THROUGH ARIZONA

Beginning in 2002, and continuing for the next 35 years, low and high level radioactive shipments will be passing through our Ports of Entry and traveling through Arizona via commercial vehicles. The number of shipments each year will increase.

The Waste Isolation Plant Project (WIPP) is the nation’s first operating underground repository for defense-generated transuranic waste. Transuranic waste (low level radiation) consists of clothing, tools, rags, debris, residues and other disposable items contaminated with radioactive elements, mostly plutonium, left from the production of nuclear weapons. The WIPP is the world’s first underground repository licensed to safely and permanently dispose of this radioactive waste.

Through the support of the United States Department of Energy, the Arizona Radiation Regulatory Agency (ARRA) has partnered with ADOT/MVD by providing training and education to our agency on future plans for nuclear waste shipments through Arizona. Over the next 35 years, the WIPP facility is expected to receive about 37,000 shipments.

In addition to the low level radiation shipments, ARRA advised MVD that there are plans for future shipments of high level spent nuclear fuel that will be transported through Arizona via commercial vehicles. These high level shipments will also increase in number over the next eight years. Current plans are to have two high level shipments in 2002, with up to 600 annual shipments by 2010.

The first points of contact for these shipments are the Arizona ports of entry. Training and safety equipment will be required for the officers assigned at or near the affected ports. The benefits to the training will provide our officers with the necessary information in the recognition of hazardous waste and radioactive materials and to ensure the waste is safely transported through Arizona.

MOTOR CARRIER & TAX SERVICES (MCTS)

With the tragedy and impacts of September 11, 2001, Homeland Security has become a focal point in motor carrier regulation. Basic safety and credentialing issues were at the forefront even prior to September 11. However, with passage of the Federal Patriot's Act, motor carrier credentialing has risen in terms of major federal and state significance.

The electronic age is upon us. More and more retailing occurs either through the Internet or by mail order. Whether purchasing items from a traditional retailer or over the Internet, it is a truck that traditionally delivers the goods. In an effort to maintain a safe flow of traffic and to collect state revenues in a timely and fair manner, both federal and state regulations impact the MCTS program within ADOT. MCTS focuses on carrier credentialing and tax reporting as well as proper licensing of carriers covering commercial driver license, medical review and safety/registration issues. The program's focus is on the interstate carrier, although a number of issues also impact the intrastate carrier.

In dealing with an interstate environment, and now with the potential opening of the southern border to motor carriers based in Mexico, there are a variety of federal and state regulations that must be followed. Additionally, there are various federal and state programs that Arizona participates in to make it safer to travel on our highways. With these programs comes responsibility to establish proper implementation of interstate and international criteria.

Another major motor carrier program is the Fuel Tax Evasion program, which is currently funded through federal highway construction funding. This program is voluntary, but once approved is subject to federal oversight. The main focus of this program is to enhance state fuel tax revenues through the discovery and curtailing of fuel tax evasion, a major problem in the U.S. The potential for loss of federal funding in the future, or in the need to augment federal funding, is critical to the collection of fuel tax revenues in Arizona. Arizona's fuel tax evasion has been estimated at between \$20 and \$35 million.

The following existing regulations and issues affect MVD operations:

- Motor Carrier Safety Improvement Act of 1999: Established federal regulations regarding motor carrier safety and credentialing issues. The Act requires that states monitor commercial drivers more closely in an effort to curtail accidents and fatalities. Included in the impacts to Arizona are creation of disqualification actions including emergency disqualification due to imminent hazard, new serious traffic violations, requirements to check other state data, requirements that states transmit conviction data, preclusion of the issuance of a hardship license, no conviction masking, serious offenses in a non-commercial vehicle and medical certificate data. Some of these items were also reflected in a recent FMCSA audit of the MVD Motor Carrier program. The majority of these items require computer programming. A federal grant will be funding part of the costs, but not all. In the short term, the agency will need to expend approximately \$250,000, which does not include ongoing maintenance or upgrades needed.
- Commercial Vehicle Information Systems Networks (CVISN) and Performance and Registration Information Systems Management (PRISM): Motor Carrier safety and credentialing interstate electronic network. The initial set up of these programs are funded with federal funds. In order to make our ports safer, to be able to move more trucks and to be able to get the “bad guys” off the road, the CVISN/PRISM project creates an environment where states and the federal government share data regarding the accident record, inspection record and findings as well as the credential status of carriers. This will enable selective review of motor carriers. The safe carriers will be able to by-pass ports enabling port personnel to concentrate on those carriers with bad safety records. Level 1 of this program is to be accomplished by September 30, 2003 under federal guidelines. Currently all 48 contiguous states are participating in the program.
- Federal Patriot’s Act – Hazardous Materials (HAZMAT): Addresses motor carrier background checks when applying for license to carry hazardous materials. As a result of the September 11th tragedy, the Federal Patriot’s Act was enacted to address potential terrorist activities. One area of concern is the transportation of hazardous materials by motor carrier. Gasoline, diesel, waste products and other hazardous chemicals are transported by truck. In the hands of the wrong individual, these vehicles can become weapons. As a result, the federal government now requires background checks through the FBI, including fingerprinting. While it is expected that federal funding will aid in the implementation of these provisions, it is currently difficult to determine the extent of that funding and what the state responsibility may be.
- Medical Review Issues – State mandated requirements regarding medical testing/follow-up. The Medical Review Unit oversees medical requirements for the Commercial Driver License under federal and state requirements. Additionally, approximately 20 percent of the work the unit does involves issues related to non-commercial, class D drivers. This work is much more time-consuming and less routine. Workload is difficult to plan for due to the manner in which issues come to the attention of the unit. A family member, physician or enforcement officer may send a request for medical review to the unit. Recent events have brought this issue to the forefront. Legislation, although not passed as of yet, has been brought forward to expand requirements. This will require manpower and systems enhancement.

- National Highway Traffic Safety Administration (NHTSA) – findings of a recent audit require review of Arizona’s medical vision standards for driving. A recent audit found that Arizona does not allow individuals who wear biopic lenses to test for a driver license. This is an issue involving the Americans with Disabilities Act. Once again, there is potential for increased workload in the testing of these individuals. Testing for individuals with disabilities can take as long as 2 hours and therefore requires more manpower.
- North American Free Trade Agreement (NAFTA) – the opening of the southern border of the U.S. to interstate motor carrier traffic and its impacts on credentialing and tax reporting for Mexican carriers. Motor Carriers are required to register their vehicles for travel in or through every state or if not registered, to purchase trip permits. In addition, motor carriers must pay fuel taxes for miles traveled in the various states. Hence, the formation of the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA) to alleviate reporting burdens on the carriers and yet maintain the proper revenue for interstate travel. With the opening of the Mexican border under NAFTA, it is possible that Mexican motor carriers will be basing in one of the 4 Border States. With this eventuality comes the potential for increased administrative costs including registration, fuel tax reporting and audit. Since the system is very different in Mexico, there is a strong likelihood that this will occur.
- Tax Evasion program – federally funded program to stop fuel tax evasion. Potential to enhance and expand the concept with state funding. There is a strong likelihood that this federal program may not have continued funding. Additionally, the federal program is focused on fuel tax evasion. There are other types of evasion in Arizona. An example of just one issue is the two levels of state tax on diesel fuel, and the refund process associated with it, there is a strong indication that the state is losing revenue. However, without proper funding and manpower there is no way to curtail or even discover such evasion.

This list only reflects currently existing programs. Every year there are new programs and additional requirements that are not currently known or are only being considered. Without adequate funding for programming, facilities and manpower state revenues are threatened and customer service suffers as new requirements are levied on already stretched state resources.

COMMERCIAL DRIVER LICENSES

ADOT and MVD provide oversight and authorization for third parties to conduct Commercial Driver License (CDL) instruction, skill tests and road tests for license applicants. Currently, there are 148 authorized third party CDL contractors, over 340 testers and 11 CDL driving schools in the state. Approximately 7,000 CDL tests are conducted annually by third party testers. In addition to procedures established by MVD, this program is subject to federal regulations, including the requirement for annual audits and/or site inspections of third parties by ADOT. The MVD Third Party CDL Program itself is subject to federal audits at a minimum of once every three years.

With the events of September 11, federal standards for CDL licensing are tightening. A May 2002 report from the Office of the Inspector General to the Federal Motor Carrier Safety Administration (FMCSA) calls for closer monitoring of third party contractors. The recently enacted Patriot's Act tightens restrictions on issuance of credentials for transporting hazardous materials, including background checks on applicants, and increased vigilance of CDL schools.

MVD EXECUTIVE HEARING OFFICE (EHO)

As stated above, the Motor Vehicle Division does not operate in a vacuum. This is particularly true for the EHO. Division activities are dictated by state and federal legislative statutes or rules, and changes to those statutes and rules can have significant consequences, both intended and not, on the EHO. Moreover, there is never a guarantee that implementation or operating funding will accompany any changes to federal or state law or rules. Accordingly, the EHO must proactively anticipate its staffing requirements.

The EHO is charged with holding hearings on all administrative law issues resulting from actions taken by the department. In FY 2001, the EHO held 11,000 hearings. Hearings are held on the following types of issues: Admin Per Se, Implied Consent, Denial, Medical, Interlock; Mandatory Insurance, Title, Cancellation, Tax, Points, Motor Carrier, Sign hearings.

Hearings must be conducted within 45 days pursuant to A.R.S. § 41-1061, et seq. Hearing requests have steadily increased over the years by approximately six percent per year. The EHO has been successful in holding the line on hearing turnaround time (the time between the date the hearing is requested and the decision is mailed).

Recent legislation (including the 0.08 percent Blood Alcohol Concentration (BAC) level and red light) has dramatically increased the EHO caseload without funding for additional resources. The changes to the red light statute demonstrate how such changes can have both intended and unintended consequences. The requirement to attend Traffic Survival School (TSS) upon the receipt of one red light violation, with the resultant hearing requests, was anticipated. The unintended consequence was an increase in the number of three-month suspensions. This is because a person who previously accumulated eight points in twelve months could attend TSS if they had not already attended in the previous two years. Now, if a person accumulates eight points but has already attended TSS because of the red light violation, they must have their license suspended for three months. This has resulted in an increase in hearing requests for TSS assignments and three-month suspensions.

Recent and proposed changes to federal law, including, but not limited to, NAFTA; Electronic Lien Transfer (ELT) provisions; the Federal Patriot's Act and HAZMAT; the Federal Motor Carrier Safety Administration (FMCSA) Act of 1999; the Commercial Vehicle Information Systems Networks (CVISN) and Performance and Registration Information Systems Management (PRISM); changes to federal and state medical and vision requirements; and the Tax Evasion program will all result in a substantial amount of hearing requests to consider and resolve issues that are novel and both foreseen and unforeseen.

TRAFFIC SURVIVAL SCHOOL (TSS)

The recent “red light” state legislation requiring drivers cited for running red lights to attend TSS has produced a dramatic increase in assignments to TSS. This in turn has placed a greater responsibility and workload on MVD for oversight of the schools and processing of TSS certificates of completion to update driver records, although no additional funding was provided to manage the heavier volume of work. Of the 31,090 drivers assigned to TSS from February through July 2002, 9,731 or 31 percent were for red light violations. In addition, the number of schools licensed by MVD to teach traffic survival has increased by a third over the last year to satisfy the demand created by the legislation.

Intergovernmental Partnering and Cooperative Relationships

NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM (NMVTIS)

Arizona is a pilot state in the development of NMVTIS. AAMVA is coordinating development among the states in conjunction with requirements of federal legislation. The Anti-Car Theft Act of 1992 requires the U.S. Department of Transportation to implement NMVTIS in order to reduce motor vehicle title fraud and other crimes related to vehicle theft. The legislation specifies that information within NMVTIS will be available to jurisdictions’ federal, state and local law enforcement officials, insurance carriers and other prospective purchasers (e.g., individuals, auction companies and used car dealers).

NMVTIS allows jurisdictions to verify the validity of titles prior to issuing new titles. This inhibits fraud and auto theft by making it harder to title stolen vehicles. NMVTIS checks to see if the vehicle is reported stolen so the states don’t issue the new titles. Brands are not lost when the vehicle travels from state to state because NMVTIS keeps a history of all brands ever applied by any state to a vehicle. Law enforcement officials can get information on any particular vehicle or title, and also are provided access to junkyard and salvage yard information, allowing them to identify illegal activities. In the future, the consumer will have access to the latest odometer reading and any current or former title brands related to the value and condition of a particular vehicle. This will allow consumers to make more informed decisions on whether to buy a vehicle and at what purchase price. Businesses that are prospective purchasers (e.g., dealers or auctions) and insurance carriers also will be able to get information on a vehicle. This information will include title history, odometer and brand data, allowing them to make informed decisions on whether to buy or insure the vehicle.

Because MVD has been involved with NMVTIS since its earliest development stages, Arizona has already reaped benefits from the system. MVD created a NMVTIS Help Desk to assist field offices with verifying title validity in cases where questions arise. The Help Desk enters vehicle information into the NMVTIS central files to determine whether the title is valid. In the first six months of 2002 over 8,000 title and registration transactions in Arizona were queried through NMVTIS, as shown in the table below:

2002	Jan	Feb	Mar	Apr	May	Jun	Totals
Total Transactions	166,922	139,536	177,300	176,661	174,469	159,230	994,118
NMVTIS Hits	1,361	1,187	1,404	1,439	1,492	1,203	8,086
Percent Hits	0.81%	0.85%	0.79%	0.81%	0.85%	0.75%	0.81%

The success in detecting questionable title transactions will increase as more states enter the system. At present, 12 states are participating in NMVTIS. The objective is to have all states participate. The lessons learned in the pilot development phases are being incorporated into the next phase as system improvements.

Federal funds have been provided for development of NMVTIS, but future funding is uncertain. Arizona has received \$25,000 in federal funds this fiscal year to continue the state's part in developing the system, and it's likely the state will receive an additional \$125,000 later in the year. However, no federal funds are yet earmarked beyond this year for NMVTIS.

INTRASTATE/INTERAGENCY PARTNERSHIPS

In addition to MVD's partnership with AAMVA and other state motor vehicle agencies to improve citizen services, the Division is developing partnerships and business relationships with other Arizona government organizations, taking advantage of information available in MVD's records database.

Over the last year, MVD worked in conjunction with the Arizona Secretary of State's Office to develop the nation's first voter registration system over the Internet. The system was implemented in July 2002 in time for voters to register for the September primary election. This system utilizes the digital signatures in MVD's driver license database to verify prospective voter's application. The signature is transmitted electronically along with the filled-out online application to the Secretary of State's Office, which transmits the registrant's information to the appropriate County Recorder. The system, which was approved by the Department of Justice, provides around the clock convenience for citizens to register initially or to update their registration information without having to leave home. Nearly 15,000 citizens registered online from the time it was introduced through the first week of September. Feedback from those who registered online is highly positive and complimentary of state government.

Last year, MVD and the Department of Public Safety (DPS) introduced a photo retrieval process allowing law enforcement officers and court officials to access digital photos and driver information electronically from MVD's driver database to assist in investigations and identity authentication. Agencies linked to the system have instant access to information that previously would have to be obtained manually, which could take days or even weeks.

Another partnering effort is taking place between MVD and the Arizona Administrative Office of the Courts (AOC) to streamline the process for drivers with suspended licenses to reinstate their driving privileges upon completing terms of the suspension. MVD

recently introduced a driver license reinstatement option on the Internet, which saves time for drivers by eliminating the need to visit an MVD office. At present, an online reinstatement depends on the MVD record being updated after receiving validation from the courts that the fines have been paid and other terms of the suspension have been met. The next step is for MVD and AOC to develop real-time electronic reporting from the courts to MVD of the lifting of the suspension. That will allow the driver to reinstate immediately on the Internet in addition to streamlining the transfer of information between the courts and MVD.

A potential partnership exists between MVD and the Arizona Department of Health Services (DHS) to allow citizens to request vital records. DHS currently partners with a web-based provider called Vital Check that puts the application form for vital records, such as birth certificates, on its Internet site. The form requires a signature, so an interim mailing or over-the-counter delivery of the form is still required. This process could potentially link with MVD, similar to voter registration, to capture the applicant's digital signature and submit the form directly to DHS electronically. This project is in the conceptual phase at present.

These existing and potential projects are examples of the way MVD's database can be the electronic hub for any number of government-citizen activities that require a signature or photo for validation. With the ever-increasing use of electronic systems to serve the public in business and government, the ongoing advances in technology, and the growing popularity among customers, priority funding for e-government projects is prudent. This is particularly true where agencies can work together for mutual benefits and can utilize existing resources, such as MVD's database, to create value-added services.

Pending Legislation and Issues with Potential for Future Mandates

PENDING LEGISLATION

Several bills are pending in Congress, some growing out of the September 11 acts, that will place requirements on MVD if passed. There is no guarantee that implementation or operating funding will accompany the mandates, but the Division will have to comply regardless. A sample of the pending bills follows:

Driver License Modernization Act. This bill strengthens the issuing process for driver licenses and ID cards. Among its provisions are:

- Requires AAMVA to work with various federal agencies to develop uniform minimum standards for issuing driver licenses and ID cards.
- Increases penalties for forgery or false use of such documents.
- Requires security features to prevent tampering and assist in verification of validity of licenses and ID cards.
- Establishes the license/ID card as a smart card, requiring states to obtain biometric data to be placed in a computer chip embedded in the license/card.
- Provides grants to implement the legislation but requires a state to repay grant money if it does not meet the bill's requirements within five years of enactment.

Link Driver License/ID Card Expiration Dates to Visa. This bill bars federal agencies from accepting a non-migrant alien's state-issued driver license or ID as identification unless the state ties the expiration date of the credential to the expiration date of the alien's visa. The bill provides grants to assist states in satisfying the requirement.

Motor Donor Act. This bill establishes a national organ and tissue donor registry in conjunction with state registries. It provides grants to participating states to establish registries linked to the national registry through the driver license application process.

Stricter License Requirements for Foreign Nationals. A bill is being prepared in the House of Representatives to require foreign nationals to show proof of a valid, non-expired visa before being granted a state driver license or ID card.

MODEL LEGISLATION

AAMVA, with input from state motor vehicle agencies, often proposes national legislation designed to establish uniformity to issues that have a multi-state or nationwide effect. The following are in the draft stage.

Model Digital Signature Act. Sets standards for the use and acceptable format for digital signatures.

Electronic Records. Sets standards for storing, preserving, authenticating and transmitting public records electronically.

Additional state and federal legislation is expected to focus on privacy, prohibitions on use of Social Security Numbers, identity theft, exchanging information with other agencies and standardization of information exchange across states. Use of biometrics— retina scans, fingerprints, facial recognition—could be implemented to address these issues but would come at a price, as much as \$500,000 a year starting in 2005 for development and implementation.

ALTERNATIVE SOLUTIONS TO HELP MEET CHALLENGES PRESENTED BY THIS STRATEGIC ISSUE

Similar to the interrelated nature of the scope of the strategic issue as presented above, meaningful solutions are likewise interrelated and include:

1. **Implementing Automated Business Systems**, which includes new technology and equipment, especially replacement of antiquated databases, and enhancement of existing technology through programming changes and automation.
2. Resolving salary inequities and developing career paths.
3. Increasing staff levels to fulfill current performance expectations and potentially meet future needs, including proper MVD support staff for current third parties and future expansion, Technical Support, Office of Special Investigations to address issues of security and fraud, and provision of all other necessary support to field office operations.
4. Streamlining training, and increasing the availability and timeliness of training.
5. Outsourcing, including third parties and Internet usage.
6. Increased marketing of alternative services and increased general public awareness of rules, policies, and procedures.

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
1. Automated Business Systems	<ul style="list-style-type: none"> • Increased transaction processing efficiency • Consistency in data input and decrease in data entry errors • Decreased training inconsistencies by reducing data input possibilities • Decreased training costs • Decreased turnover • Allow various MVD database appendages to link together with main databases, providing critical, one-source customer information • Improved ability to analyze revenue data • Ensure proper collection of fuel tax and other revenues • Increased ability to identify vehicles not currently registered, thereby improving meaningful compliance activities and associated collection of registration revenues (\$22.8 million in increases by some estimates) • Reduce possibility of internal and external fraud by increasing internal controls • Increased validity and reliability of statistics derived from data and reduce difficulty and costs of extracting needed data • Higher quality and easier access to management information • Reduce costs of system application changes (including those that are legislatively-driven) • Significant reductions in maintenance and enhancement costs (potentially 40 percent), which currently average approximately \$4.5 million a year • Increased ability to find IT staff familiar with newer technology • Decreased system downtime • Ability to interface with other government and 	<ul style="list-style-type: none"> • Incorrectly picking a new database system • Implementing a system that is outdated within a short time-frame 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>HIGH, when combined with family of strategies</p> <p>MODERATE to HIGH, when implemented as a stand-alone strategy</p>

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
	private entity database systems <ul style="list-style-type: none"> • Increased ability to grow and change with industry standards (e.g., E-government, Interactive Voice Recognition, and kiosks) • Decreased customer visit times • Increased customer satisfaction • Increased public and political support 			
2. Resolving salary inequities and developing career paths	<ul style="list-style-type: none"> • Retain more permanent staff • Maintain program expertise • Improved employee morale and productivity • Decreased turnover • Establish a more professional work group 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	HIGH, when combined with family of strategies MODERATE, when implemented as a stand-alone strategy
3. Increase staffing levels	<ul style="list-style-type: none"> • Decreased turnover • Improved employee morale and productivity • Ability to handle ever-increasing transactions • Ability to focus on the quality of field office transactions, rather than just on timeliness • Ability to address other Division critical issues • Decreased customer visit times • Increased customer satisfaction 	<ul style="list-style-type: none"> • Increased workload for Human Resources in initial hiring stages 	<ul style="list-style-type: none"> • See cost detail sheets 	HIGH, when combined with family of strategies MODERATE to HIGH, when implemented as a stand-alone strategy
4. Streamlining training, and increasing the availability and timeliness of training	<ul style="list-style-type: none"> • Increased staff expertise • Increased transaction processing efficiency • Consistency in data input and decrease in data entry errors • Improved employee morale and productivity • Decreased turnover • Decreased customer visit times • Increased customer satisfaction 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	MODERATE to HIGH, when combined with family of strategies MINIMAL, when implemented as a stand-alone strategy

STRATEGY (in priority order)	UPSIDE POTENTIAL	DOWNSIDE RISKS	RESOURCE CONSUMPTION	PROBABILITY FOR SUCCESS
5. Outsourcing	<ul style="list-style-type: none"> • MVD involvement limited to general oversight and curriculum approval, resulting in lower administration costs • Ability to address other Division critical issues • Increased political support 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>MINIMAL to MODERATE, when combined with family of strategies</p> <p>MINIMAL, when implemented as a stand-alone strategy</p>
6. Marketing of alternative services and general public awareness	<ul style="list-style-type: none"> • Increased transaction processing efficiency • Improved employee morale and productivity • Decreased turnover • Decreased customer visit times • Increased customer satisfaction • Increased public and political support 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • See cost detail sheets 	<p>MODERATE to HIGH, when combined with family of strategies</p> <p>MINIMAL, when implemented as a stand-alone strategy</p>

CAN ACTION BE TAKEN TO IMPLEMENT STRATEGY?

STRATEGY (in priority order)	Is legislative authorization needed?	Is the strategy legal?	Is the strategy practical?	Are legislative policy changes needed?
1. Automated Business Systems	Yes	Yes	Yes	No
2. Resolving salary inequities and developing career paths	Yes	Yes	Yes	No
3. Increase staffing levels	Yes	Yes	Yes	No
4. Streamlining training, and increasing the availability and timeliness of training	No	Yes	Yes	No
5. Outsourcing	No	Yes	Yes	No
6. Marketing of alternative services and general public awareness	No	Yes	Yes	No

IMPACTS TO STATEWIDE GOALS OR BENCHMARKS

STRATEGY (in priority order)	State Goal 8 Increase worker incomes.	State Goal 9 Reduce unemployment in rural and urban counties.	State Goal 10 Promote a healthy business climate in Arizona.	State Goal 15 Improve the state's transportation infrastructure.	State Goal 16 Deliver courteous, efficient, responsive, and cost-effective service to the citizen-owners and employees of state government.	State Goal 17 Attract and retain high-quality employees in state government.
1. Automated Business Systems		X	X	X	X	X
2. Resolving salary inequities and developing career paths	X	X	X	X	X	X
3. Increase staffing levels		X	X	X	X	X
4. Streamlining training, and increasing the availability and timeliness of training	X	X	X	X	X	X
5. Outsourcing		X	X	X	X	X
6. Marketing of alternative services and general public awareness			X	X	X	X

DETAIL: RESOURCE ASSUMPTIONS FOR THIS ISSUE

DESCRIPTION	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FTEs	2	11	4	2	
Highway Fund	\$278,800	\$1,125,800	\$150,000	\$50,000	
Other Appropriated Fund					
Non-Appropriated Fund		\$1,009,000			
Federal Fund / Grants (USDOE, MCSAP)	\$900,000	\$738,000			
General Fund					
TOTAL FUNDS	\$1,178,800	\$2,872,800	\$150,000	\$50,000	

DETAIL: BREAKOUT OF COSTS

Strategic Issue #6: STATE and FEDERAL REGULATIONS; PARTNERING and RELATIONSHIPS

LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	ADDED STAFF (Above Base Funding Expectations)					ESTIMATED COSTS of STRATEGIES (Above Base Funding Expectations)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
EXECUTIVE HEARING OFFICE										
Receptionist & Hearing Officer staff	2					\$78,800				
Legal Secretary & Hearing Officer staff			2					\$100,000		
MOTOR VEHICLE ENFORCEMENT SERVICES										
Additional port staffing (See SI #1)										
CVISN (OTC)							\$465,000			
EPIC II (CPOES and Construction) (OTC)							\$1,009,000			
ASPEN (OTC)							\$4,000			
COMPETITIVE GOVERNMENT PARTNERSHIPS										
Social Security Number protection; comply with legislation/regulations to protect use of SSNs and prevent identity theft						\$50,000				
NMVITS -- National database of motor vehicle title records allowing states to track titles and brands to prevent fraud and help identify stolen vehicles						\$50,000				
Traffic Survival Schools (TSS) -- electronic reporting and scheduling							\$15,000			
Photo Image Retrieval - expand sharing of information with other entities							\$50,000			
MOTOR CARRIER & TAX SERVICES										
FMCSA Act of 1999 - CDL Grant (80% of total) Approximation of fed funding in '04 (OTC)						\$1,000,000				
CVISN/PRISM ongoing maintenance costs							\$103,500			
CVISN/PRISM Intrastate project (OTC)		1					\$187,300			
CVISN/PRISM Web-enable TransPort (OTC)							\$273,000			
Federal Patriot's Act - HAZMAT Credential for Motor Carrier (CDL); admin staff		1					\$35,000			
Background checks; fingerprinting, information not currently available from feds as to requirements							\$250,000			
Medical Review Unit - staff to process Class D reviews timely		1					\$40,000			
NHTSA Vision Standards - increased testing		1					\$35,000			
NAFTA - credentialing and tax issues for Mexican carriers traveling in interstate commerce		2	2	2			\$50,000	\$50,000	\$50,000	
Tax Evasion program federally funded through FY04		2					\$76,000			
Tax evasion surveillance equipment (OTC)							\$30,000			
Tax evasion operating expenses, travel, training							\$100,000			
Tax evasion staff currently paid for with federal funds		3					\$150,000			
TOTALS	2	11	4	2	0	\$1,178,800	\$2,872,800	\$150,000	\$50,000	\$0
TOTAL FTEs NEEDED						TOTAL COST OF ADDRESSING STRATEGIC ISSUE				
19						\$4,251,600				

NOTES:

- 1) (OTC) = One time cost. These monies would only be needed in the year indicated and would not be added to the Division operating base.
- 2) All other costs indicated reflect additions to the operating base.

Strategic Issue #6: STATE and FEDERAL REGULATIONS; PARTNERING and RELATIONSHIPS	Appropriated Funds					Non-Appropriated Funds			Gen. Funds
	Highway	Vehicle Insp.	Safety Enf.	Aband. Vehicle	Liability Insur. Enf.	Const. Ports of Entry Statwide	Federal Grants	Other Grants	General Fund
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY									
EXECUTIVE HEARING OFFICE									
Receptionist & Hearing Officer staff	X								
Legal Secretary & Hearing Officer staff	X								
MOTOR VEHICLE ENFORCEMENT SERVICES									
Additional port staffing (See SI #1)									
CVISN (OTC)							X		
EPIC II (CPOES and Construction) (OTC)						X			
ASPEN (OTC)	X								
COMPETITIVE GOVERNMENT PARTNERSHIPS									
Social Security Number protection; comply with legislation/regulations to protect use of SSNs and prevent identity theft							X		
NMVITS -- National database of motor vehicle title records allowing states to track titles and brands to prevent fraud and help identify stolen vehicles							X		
Traffic Survival Schools (TSS) -- electronic reporting and scheduling	X								
Photo Image Retrieval - expand sharing of information with other entities	X								
MOTOR CARRIER & TAX SERVICES									
FMCSA Act of 1999 - CDL Grant (80% of total) Approximation of fed funding in '04 (OTC)	X						X		
CVISN/PRISM ongoing maintenance costs	X								
CVISN/PRISM Intrastate project (OTC)	X								
CVISN/PRISM Web-enable TransPort (OTC)							X		
Federal Patriot's Act - HAZMAT Credential for Motor Carrier (CDL); admin staff	X								
Background checks; fingerprinting, information not currently available from feds as to requirements	X								
Medical Review Unit - staff to process Class D reviews timely	X								
NHTSA Vision Standards - increased testing	X								
NAFTA - credentialing and tax issues for Mexican carriers traveling in interstate commerce	X								
Tax Evasion program federally funded through FY04	X								
Tax evasion surveillance equipment (OTC)	X								
Tax evasion operating expenses, travel, training	X								
Tax evasion staff currently paid for with federal funds	X								

Strategic Issue #6: STATE and FEDERAL REGULATIONS; PARTNERING and RELATIONSHIPS	STRATEGIES LINKED WITH ASSOCIATED COSTS					
	1	2	3	4	5	6
LINE ITEM DESCRIPTION SUPPORTS SELECTED STRATEGY	Automated Business Systems	Remove Salary Inequities	Increase Staffing	Training	Out-sourcing	Marketing
EXECUTIVE HEARING OFFICE						
Receptionist & Hearing Officer staff			X			
Legal Secretary & Hearing Officer staff			X			
MOTOR VEHICLE ENFORCEMENT SERVICES						
Additional port staffing (See SI #1)			X			
CVISN (OTC)						
EPIC II (CPOES and Construction) (OTC)						
ASPEN (OTC)						
COMPETITIVE GOVERNMENT PARTNERSHIPS						
Social Security Number protection; comply with legislation/regulations to protect use of SSNs and prevent identity theft	X					
NMVITS -- National database of motor vehicle title records allowing states to track titles and brands to prevent fraud and help identify stolen vehicles	X			X		
Traffic Survival Schools (TSS) -- electronic reporting and scheduling					X	
Photo Image Retrieval - expand sharing of information with other entities	X					
MOTOR CARRIER & TAX SERVICES						
FMCSA Act of 1999 - CDL Grant (80% of total) Approximation of fed funding in '04 (OTC)	X					
CVISN/PRISM ongoing maintenance costs	X					
CVISN/PRISM Intrastate project (OTC)	X		X			
CVISN/PRISM Web-enable TransPort (OTC)	X					
Federal Patriot's Act - HAZMAT Credential for Motor Carrier (CDL); admin staff	X	X	X			
Background checks; fingerprinting, information not currently available from feds as to requirements	X	X	X	X		
Medical Review Unit - staff to process Class D reviews timely	X	X	X	X		
NHTSA Vision Standards - increased testing		X	X	X		
NAFTA - credentialling and tax issues for Mexican carriers traveling in interstate commerce	X	X	X	X		
Tax Evasion program federally funded through FY04	X		X	X		
Tax evasion surveillance equipment (OTC)			X	X		
Tax evasion operating expenses, travel, training	X		X	X		
Tax evasion staff currently paid for with federal funds			X			