



Florida's Private Rebuilt Vehicle Inspection Program

Pilot Program Report

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Introduction

While there are slight variations from state to state, rebuilt vehicles are vehicles that have been repaired or rebuilt after incurring damage to major component parts through crash or other means. In most cases, rebuilt vehicles are comprised of many vital parts, both mechanical and non-mechanical that have been repaired, salvaged from other vehicles, or purchased new. In Florida, after a vehicle has been damaged but is considered rebuildable, it is given a salvage rebuildable title. Once it has been restored and a physical examination performed by the Florida Department of Highway Safety and Motor Vehicles (the Department), it is given a rebuilt title.

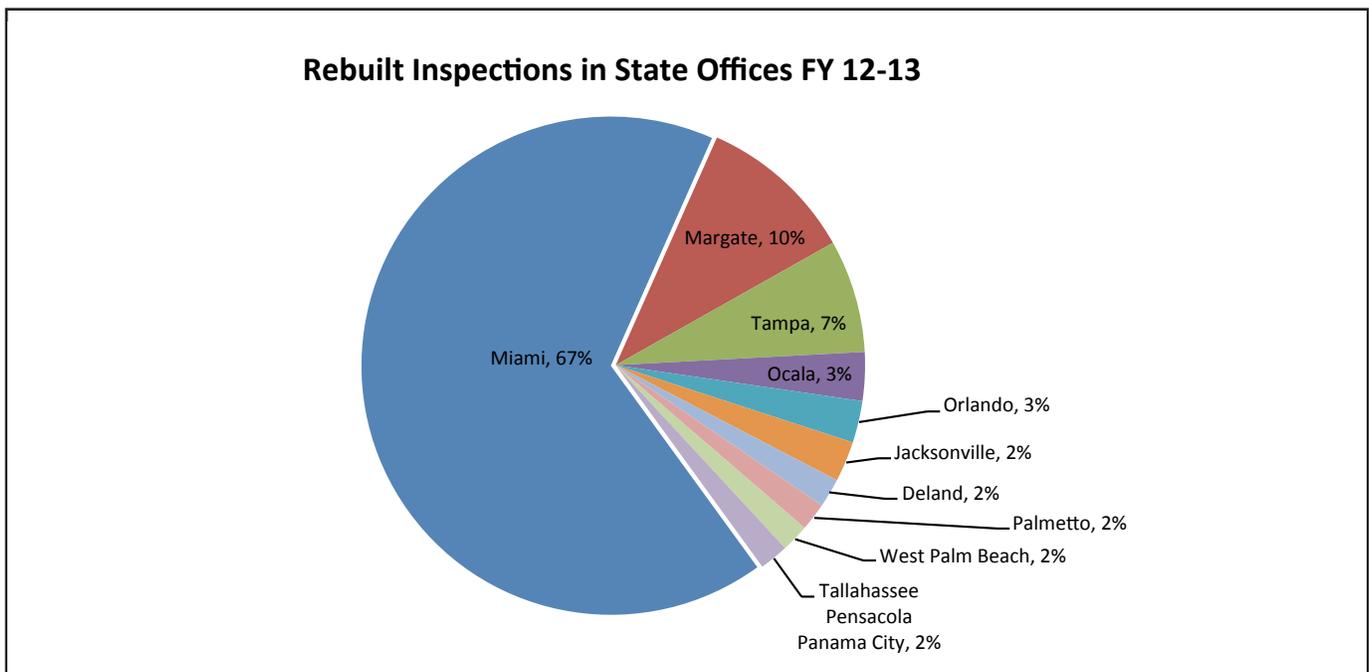
Florida's motor vehicle rebuilt inspection process is authorized pursuant to Section 319.14(1)(b), Florida Statutes, to prevent the use of stolen parts and stolen vehicles in the rebuilding process and to assist law enforcement with the investigation of vehicle theft and related fraud. Florida's rebuilt inspection process does not include a safety inspection of the rebuilt vehicle.

Section 319.141, Florida Statutes, directs the Department to implement a pilot program to evaluate alternatives for rebuilt inspection services to be offered by the private sector, and to submit a report to the President of the Senate and the Speaker of the House of Representatives providing the results of the pilot program by February 1, 2015. This report details the results of the Department's recent efforts to implement a Pilot Rebuilt Vehicle Inspection Program (PRVIP).

Background

The Department currently maintains 10 Regional Offices statewide that are responsible for performing approximately 50,000 rebuilt vehicle inspections each year. These offices also provide a wide array of consumer protection services, such as dealer record inspections, consumer complaint investigations, and the enforcement of "curbstoning" laws (i.e., the improper sale of vehicles). As shown in Figure 1, the Department's Miami Regional Office performed approximately 67% of all rebuilt inspections during the 2012-13 fiscal year (prior to the implementation of the PRVIP). As a result of the significant demand for rebuilt vehicle inspection services in this area, there is increasing competition for available resources - including those related to our existing consumer protection programs in the Miami-Dade region.

Figure 1



Due to the high demand for rebuilt inspection services, the Miami Regional Office has traditionally conducted rebuilt vehicle inspections both at the Regional Office location and at off-site locations (e.g., rebuilt dealers and rebuilt courier locations). Conducting these inspections at off-site locations has helped prevent an unmanageable volume of vehicles being presented at the Regional Office location.

Pilot Program

The PRVIP authorized pilot programs in both Miami-Dade and Hillsborough counties, and required the Department to set standards and certify private sector inspection facilities by October 1, 2013. Accordingly, the Department established certification and program standards and certified eight private businesses in the Miami area that submitted applications and met program requirements. Each of the eight PRVIP operators entered into a Memorandum of Understanding with the Department, effective October 1, 2013 through June 30, 2015. Notwithstanding the Department's public announcements, no entities from Hillsborough County pursued establishing a private facility.

Today, Department employees in Miami are still responsible for conducting rebuilt vehicle inspections at the Regional Office and at various off-site locations, while inspections at PRVIP facilities are conducted by private sector employees. As a part of our monitoring efforts, Department employees oversee PRVIP participants in order to ensure inspections are conducted in accordance with program standards. Such oversight includes regular site visits to observe rebuilt inspections as well as a review of program documentation. In addition, constant correspondence and ongoing training have been provided to help support facility operators and ensure consistency and compliance with established procedures.

As a part of the PRVIP, the Department developed and implemented a web-based interface that now allows each private sector participant to submit the required rebuilt information directly to the Department. This system became available in August 2014, resulting in an increased availability of resources for the Department's consumer protection activities.

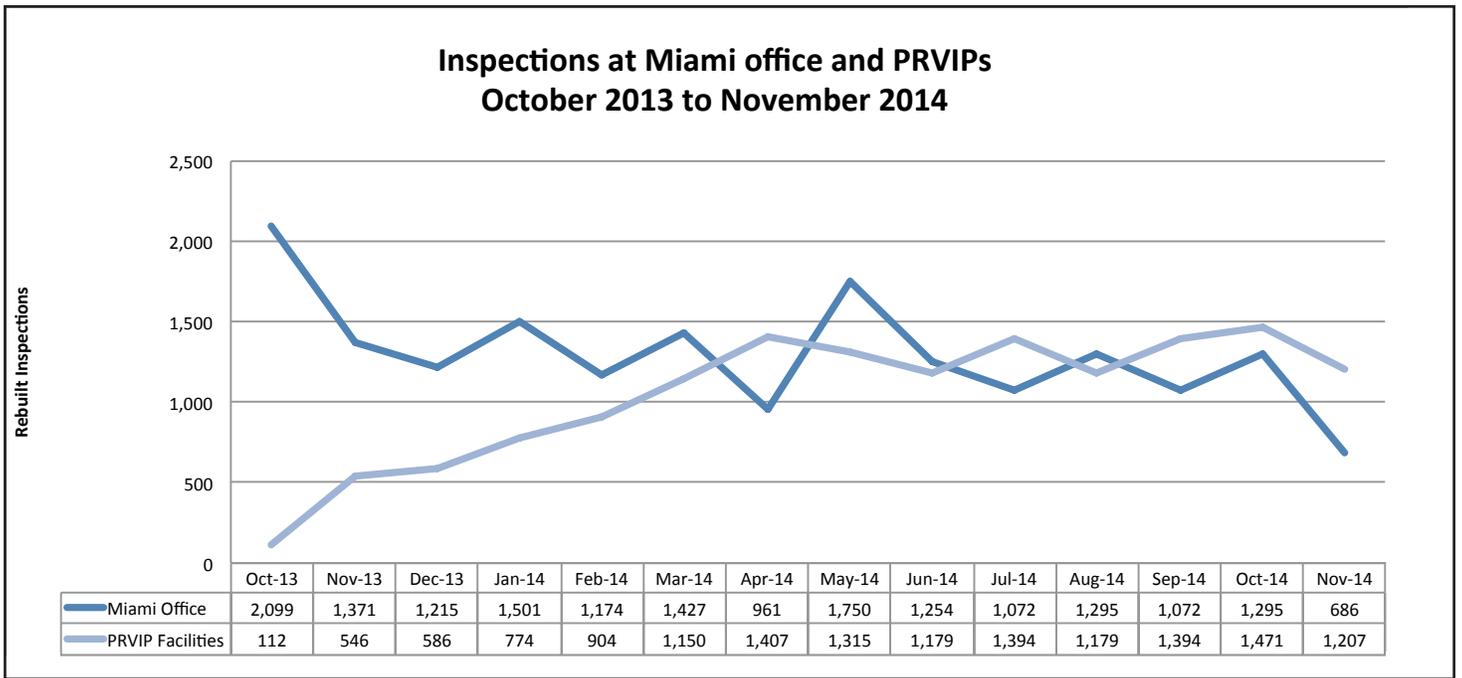
Pilot Program Results

Each of the eight PRVIP participants have met (and continue to meet) all of the requirements established in law and the Memorandums of Understanding executed with the Department. All owners, operators, and inspectors have successfully completed background checks, bonding and insurance requirements, confidentiality and protection of information agreements, facility security requirements and adherence to established inspection procedures. To date, we are unaware of any instances of fraud or significant noncompliance or consumer complaints regarding the PRVIP participants.

Statutorily authorized state rebuilt inspection fees (\$40) and re-inspection fees (\$20) have been collected and remitted to the State. In addition, each PRVIP participant is allowed to assess customers a service fee for each inspection performed. Fees for such services range from \$50 to \$85 and are not regulated in any manner by the Department.

Since inception of the pilot program, there has been a significant reduction in the number of rebuilt inspections conducted by Department staff in Miami. As shown below in Figure 2, the number of inspections conducted at PRVIP facilities now exceeds the number conducted at the Miami office.

Figure 2



As shown in Figures 3 and 4 below, the shift in rebuilt inspections to the PRVIP participants has allowed the Miami Regional Office to reallocate resources to other consumer protection program activities and to reduce the average time to resolve consumer complaints by more than 15 percent.

Figure 3

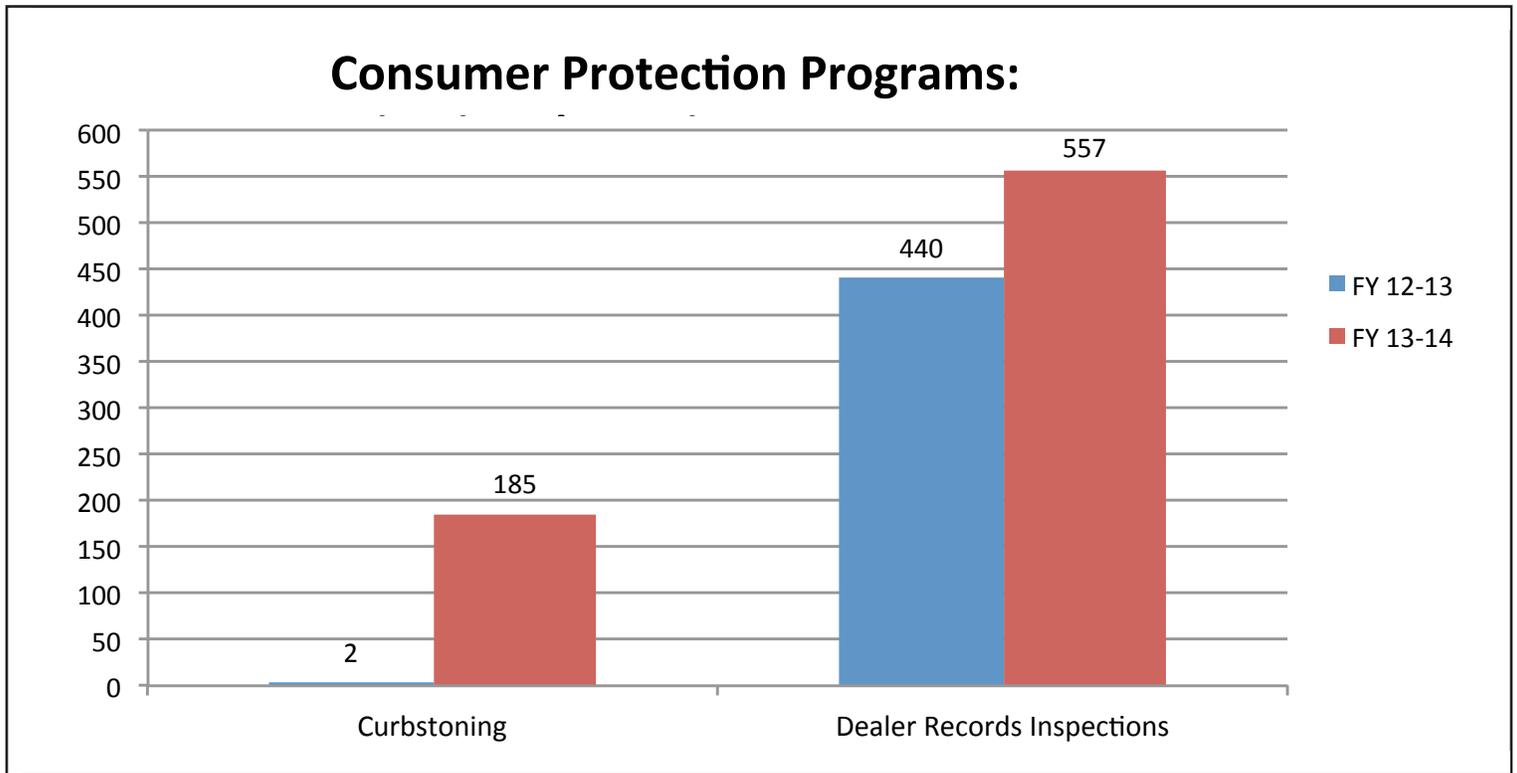
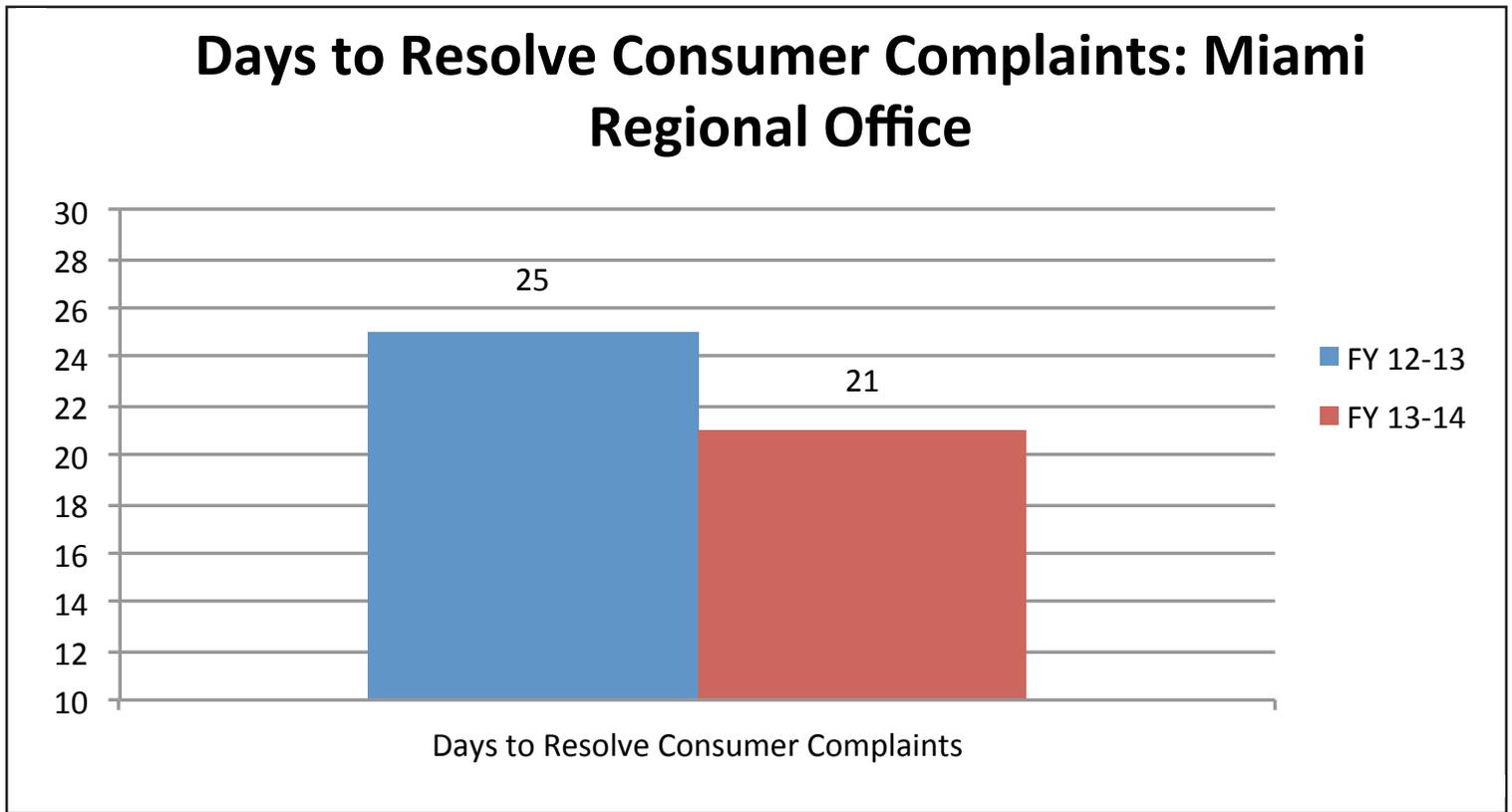


Figure 4



Conclusion

The PRVIP has resulted in new private sector business opportunities and successfully provided the public with a valuable service delivery option to meet their rebuilt vehicle inspection needs. The Department’s oversight of the PRVIP indicates that participants are performing the rebuilt inspections in accordance with applicable legal requirements and established procedures.

During the initial phase of the PRVIP the Department has provided significant oversight, training and assistance to program participants. However, as the PRVIP progressed, the shift in services to the private sector has allowed the Department to reallocate available resources within the Miami Regional Office in order to provide a greater level of motor vehicle dealer licensing and consumer protection activities.

An integral part of the PRVIP was the development and implementation of a web-based data entry system that allows program participants to submit rebuilt inspection results and related information directly to the Department.

Recommendation

Preliminary results of the PRVIP appear to be positive for the Department, our private-sector industry partners, and the public. As a result, we recommend that the PRVIP be extended for a two-year period in order to collect additional data necessary to complete a comprehensive assessment of the effectiveness of the program. Such an assessment would include a more accurate measurement and evaluation of the impact of reallocating resources within the Miami Regional Office and the consumer benefits to Floridians.