



Transcript of Advisory Board of Automotive Affairs

Held on November 6, 2017 at 10:00am

By Videoconference

From the Department of Motor Vehicles
Director's Conference Room
555 Wright Way
Carson City, NV 89711

Department of Motor Vehicles
Small Conference Room
2621 E. Sahara Avenue
Las Vegas, NV 89104

1. Call to Order by Chairman "for possible action"

Steve Yarborough 10:09 AM

2. Roll Call

In attendance:

Steve Yarborough, Chairman
Gordon Rogers
Dick Mills
Gilbert Grieve
Michael Lee

Garage Owners
DMV Compliance Enforcement Division (CED)
Auto Wrecking
Body Shops
Leasing

By Videoconference

Glenn Smith
Louis Gardella
Bonnie Schmidt

DMV CED/Emissions/Reno
Emissions
DMV CED

Also in Attendance

Nikki Dabe
Bonnie Cates
Melvin Lewis
Leah Cartwright

DMV CED
DMV CED
Visitor from Tennessee
Property Casualty Insurance Association

3. Public Comments

None

4. Approval of Agenda Order "for possible action"

Steve made motion to approve the agenda, the motion was seconded and passed unanimously.

5. Approval of the March 2017 Meeting Minutes

Approved with the exception of a correction to Attendance; Michael Lee was actually in attendance but was listed as attending by videoconference, this was corrected.

6. Conclusion of SB172

Dick: In the last meeting we had discussion and voting on SB172. I am just going to bring the board up to the conclusion of that. Robert Compan and I went to meet Senator Denis and had a

discussion about the bill. It was meaningful that we had a vote, and we could represent our board at that meeting as opposed to SB172. Also, Robert brought that up in public testimony at the Senate, again we appreciated having the support of this board on that bill. The bill went to hearing in the Senate and it never went any farther. It just kind of died in session, it was defeated. Did anyone in the other industries have anything at the legislature that happened to them?

Steve: There was some adjustment and changes to the I&M Bills themselves, how we do smog checks, etc. It was more procedural and some language cleanup. Nothing that was impactful to us.

Gilbert: We had a bill on the floor for Total Losses that lost traction, it never saw the light of day.

Leah Cartwright then entered and joined the meeting representing the Property Casualty Insurance Association.

Steve: Welcome Leah, we have a very light agenda and we are about halfway through it. We did discuss two bills that came out of the last session that both died rightful and timely deaths.

Informational Items Round Table, we are on Agenda Item 8.

Steve: Is there anything coming up or to bring to the forefront for discussions? None.

Statistical reports were then discussed.

Susie: All the reports are stapled together, there was no data for Salvage Pools and Emissions.

Michael: I would like to make a comment in the dealers section. Some of this could be rumor - but according to our DMV the process of titles may change and we may not be receiving actual titles any more, or something to that effect.

Susie: Are we talking about the security fields?

Michael: No, this applies to used vehicles. They are saying the titles are going to go into the DMV site, and if you so choose, or need to look it up, you go into the site and pick out the title.

Susie, The electronic title?

Michael: Right.

Susie: Yes, they are starting to do an electronic lienholder process, so that titles will not be printed.

Michael: Electronic titles are not going to work, I will tell you why. The whole loan industry when it comes to loaning money on vehicles is based on the piece of ownership they acquire. Well that piece of ownership is a title. If you lease or sell a car, you get the title, you put their name on it, they send it in, a year later lets day they go to secure a loan at a credit union. They take the vehicle to the Credit Union for appraisal, and the Credit Union requests a title, the problem is the electronic title is floating in never never land. That actual title we have in our lease holders, and I have one for every lease that I have, I cannot loan or borrow money against that unless when I write the DRS I write down the Lienholder Square that it Mutual of Omaha bank or any of the banks. That is what they require in order to securitize their loan.

Nikki: I would think the person to talk to would be Ann Liao, the Manager over Central Services or Cori Brennan, the supervisor over titles. They are here in Carson City.

Susie: When does that take effect?

Nikki: I believe sometime last year for electronic lienholders, however, not all lienholders are part of the electronic process.

Michael: That's true, most of our people are using Credit Unions because the money is 3% or 4% less than the bank. They will join a Credit Union and the Credit Union looks at the vehicle and use a source for blue book; they book the vehicle out, they put its worth at \$10,000.00 and they will lend your \$7,000.00 or whatever their number is. Without that piece of paper, most of the banks, and I talked to the President of Mutual of Omaha Bank, here in Reno. If I want to set up a lease, or a customer has paid off a vehicle 3 or 4 years ago and now they want to borrow some money against it to buy some furniture or whatever, an electronic title won't work because I don't have that piece of paper to hold.

So your kind of, I know the thought is good and I understand why DMV would love to do that, but the problem is everything has been negotiated and the functionality of that title has been established since the Model A, I'm assuming. In talking to a couple of the other dealerships in Reno, Reno GMC thought I was out of my mind. They said, "They can't do that". They floor vehicles with their manufacturer and they floor their used vehicles. The manufacturers are not going to loan money on their used car inventory unless they receive a title.

Dick: Can I ask a procedural question? If he doesn't get an answer to what he is doing can we agendize this item for the next meeting and have the proper people come in and discuss that with us.

Steve: I think that is an appropriate thing.

Michael: Something needs to be done because we are heading for a crash. I was afraid it was an electronic title you are looking for, unless you have a real sharp 12 year old you are not going to find it.,

Steve: We can make contact and try to get answer to these questions or get them in contact with you.

Michael: I would like to have contact with them, there is a couple more things that address that also and this may hurt a little bit, but the truth of the matter is, people are not addressing the people of DMV and Reno to understand what is occurring. I sat and talked to the DMV in Reno trying to bring them up to speed and have you heard that "stars in the eyes look", they really do not know what you are talking about.

Steve: I think it is good suggestion we put it on the agenda for the next meeting. If between now and then it gets resolved, we can always pull it off the agenda.

Michael: I literally had to go in with my agenda to talk with them to show them, this is why I need this information and I need your attention.

Susie: Okay.

Michael: So that was fine. The last thing, the personnel at DMV had no idea what is occurring in Reno. As I said, I had to take my Agenda as proof. When you are acknowledging a change, they should be the arms to the public to say this is how and why it is occurring.

Steve: We will get that on the agenda for next meeting and hopefully between now and then we can get some clarity.

Michael: Anyone who wants to contact me from the DMV I would love to talk with them, we process 30-40 titles a month, maybe more.

Steve: Gordon could you get him the direct contact information?

Gordon: Yes.

Steve: Great, thank you.

Lou: I have a question – are you concerned of the having physical possession of a title if someone has a loan?

Michael: Yes.

Lou: The obvious thing would be if a person took a loan say, with TitleMax, etc., and you have possession of the title as collateral, if the DMV has electronic access to the title it could allow the person on the title, a third party or whoever, access to that title and make changes. The only way it seems to be able to do electronic access is the person holding the paper title would be the only person who could access it.

Michael: Right now if someone pays off a title, I sign off on the title, I give it to them, in order for them to relicense it, and they need to produce that title to the DMV showing I released the title so they can request a new title.

Lou: So, I am trying to understand your concern. Is it physical possession of the title?

Michael: That's part of it.

Lou: Is there something more, other than physical possession of the title that would cause a problem?

Michael: I'd have to review that but I don't think so, it's having possession of the title.

Steve: Okay, we will try to get some answer to that for the next meeting. Coming back to the reports here, I am looking at two reports per industry, Are they run from the last fiscal year to the start of the next fiscal year?

Nikki: No, this is current fiscal year to date, I ran these yesterday so it they are fiscal year, July 2017 to November 5, 2017.

Discussion of reports and how to read them was done so all board members were on the same page.

Steve: It doesn't look like there were a lot of changes.

Michael: What is tracking?

Glenn: Tracking are cases that have almost no value say, someone reports his neighbor 'who is working on a car for money. If we get a bunch of those then we generate a case and put investigative time in to it. Normally we would drive by a one person place like that and we can't

make contact with them, we never see them or can identify what they are doing, and if they are getting compensation for whatever they are doing. So that is what tracking cases are; we wait until we establish a few of the same complaint, it's left to the supervisor how many tracking instances occur until an investigator is assigned to go out and knock on the door. It comes down to a staffing issue, like a lot of places.

Steve: The wreckers sure keep the DMV busy, and the salvage pools are overwhelming. (Joke)

Dick: It is interesting to see how much DMV CED does do when you see these things, there is a lot of work that gets done by that staff. How many people are in CED in the Reno Offices?

Glenn: About 10-11.

Dick: But the numbers we are looking at though are statewide.

Michael: Who falls under the category "Other" licensees?

Nikki: I am not sure, I think it is used by Las Vegas. Bonnie would you know?

Bonnie Schmidt. Not entirely certain, I think it may be for a complaint for an industry that we don't regulate.

Glenn Smith: I know sometimes we get a tow company complaint and we don't regulate the tow companies, the NTA regulates the tow companies. We may generate a case and then realize it is not something we can do and we may pass it on. I am not saying that is what this is, but we will have to go back in and take a look and see.

Steve: I am curious, just because it is 22 cases, if it's one industry that is a lot, or if its 22 cases throughout the businesses that doesn't appear to be something we should be concerned about looking at future legislation.

Glenn: It could also be a coding error? We would have to look into it.

Steve: That would be good information.

I don't see any trending or anything in the other licensee fields that is calling for us to take a look at or standing out as needing addressed, which is our role as the board.

At the inception of this Board and the Board's predecessors, we are to keep an eye on this industry to identify issues needing to be addressed by legislative action and further compliance issues for the DMV or anyone else. That was a statement I made early, early on, when the first bills were being introduced to regulate the Automotive Repair Industry; "Let's take a look at the real issues and see what we can do from regulation, what can we do to create a Bureau of Auto Repair like California has and the size of that bureaucracy". The 236 cases we have do not warrant a similar bureau when half of the cases are unsubstantiated or is even an issue that would require further legislation. DMV does a pretty good job at keeping us in line with the tools they have already on the books, with the consumer bill of rights, and those areas and issues. The Emissions stations total for the number of cases, 75% are instigated through covert inspections, so we are doing a pretty good job I'd say at regulating that industry just through that. When you look at only 25% of 114 complaints by how many thousands of smogs are done a day are brought in by complaints from consumers, which is a pretty low number, wouldn't you agree Lou?

Lou: I would agree, from what I see over the last few months I believe the DMV has stepped up enforcement and more stations are being inspected. I thought these number would be a lot higher than what they are.

Steve: I think we are going to see less and less challenges in the industry with the OBD testing, as there are less moving pieces to check, less arbitrary decisions to be made, it is pretty straight forward, you pass or fail as long as you follow procedure. I think even in the coverts. The sad part is the coverts are still using the pre - ODB vehicles and that is becoming kind of a dinosaur. To actually have a young technician versed well enough to follow the process; do a tail pipe inspection and the physical inspection that is required. I think that will continue to diminish. To the point, there was conversation of moving the whole I&M program strictly to OBD, that didn't get any traction last year, that whole recommendation from the Health Board pretty much died.

Lou: I think the air quality people were reluctant to do that because of the failure rate for older vehicles. I think both Washoe and Clark County were reluctant to give up the older vehicles just for the greater percentage of failures.

Steve: That still occur in that era. That whole recommendation really didn't go anywhere in the last session.

Lou: No it did not.

Steve: So we still have the issues of the Classic vehicles.

Lou: I personally don't think that is ever really going to be addressed because of the strength of SEMA , and I know Senator Hammond and there were also conversations with SEMA over this period before the next legislative session, SEMA was open to if a party had a second primary vehicle. I believe Senator Hammond, to my knowledge, has dropped this effort on Classic Vehicles and I would be, at this point I'm surprised to see there's nothing I know that anyone would want to put forward, any kind of bill, I mean everyone is still upset when they see the old Toyota work truck with a classic vehicle plate and the fellow meetings I've had don't think anyone is going to address that, I think they want to. The strength of SEMA is not going to change. Something to ask the DMV is how much those numbers from the past when we first started the program have increased. It is a problem, I personally don't see a winning a battle there unless someone of strength moves forward and gets it done.

Steve: Thank you Lou, I agree with you. It's going to be one of those things that every time we see a car with Classic Plates on it, we know what the truth is - which ones are circumventing the Emissions Program.

Again, I can't emphasize how important these numbers are to us. I thank you again for having these reports available to us. I think it takes a lot of speculation out of things when we have hard number to look at, to able to determine if there is an issue or not, and these numbers have been, since we started, pretty consistent. We haven't seen any big fluctuation in the numbers. The only one that has shown fluctuation is the reduction of cases in the IM program. That's the only one I can identify. For that we are grateful. Are there any other questions?

Dick Mills: Are the reports hard to run, can we get these for every meeting.

Nikki: Yes. These are pre-formatted.

Dick: I agree this is one of the better things that came from this, it is a nice easy way to see what is going on. I like getting last year's number to compare to this year's.

Steve: We really are following trends in the industries.

At this time under comments I would like to acknowledge the service that Joni Eastley has provided to this Board. I don't know if anyone else has received the email that she has been put on another board so she has to drop this board. I don't know how the process works to bring another citizen member into this board, her role was to represent the general public.

Susie: I was trying to look into that because of the amount of vacancies the board has, I believe it is something that is if we know someone in one of the industries that we want to invite to be on the board we would have them contact the Governor's office.

Nikki: That was my understanding.

Susie: We are still trying to get information from the Governor's office on how we go about filling those vacancies.

Steve: I think on the industry side the only one we are missing is the Salvage Pool representative, Joni was general public and that is an assignment from the Governor. So we would ask for another general public member. She was a commissioner from another city or county the Governor tapped for this roll. So we would be looking for another public member.

Susie: So actually, I believe there is two general public vacancies and the Salvage Pool,

Steve: Yes, and the Salvage Pool is what, only one industry?

Dick: There are three in there.

Steve: Okay, so I guess we would reach out to the three of them and see if they wanted to have a place at the table, but based on their cases in compliance they may not be too interested. So two public members is what we would need and really are probably the most critical rolls so that it is not the fox watching the hen house, and that we have some consumers involved to make sure they are keeping us straight, right! Joni was fabulous, I want to acknowledge her on record that we do appreciate her time served and we will miss her dearly at these meetings. We also look forward to new people coming in.

If there is no other information or general comments we will move to Public Comments, our one member of the public, do you have any comments?

Leah Cartwright: No I don't.

Steve: That brings us to Item 10, Next Meeting and Adjournment.

We are in the off year of legislature, so we have nothing burning coming up. The bylaws require we meet twice a year, this would be our second meeting this year, so we would be looking at the first half of next year. Does anybody have a date in mind, or time that works so at least we get it on the books, we can always change once we get closer.

The last meeting was on March 6, 2017, do we want to do a year from that date.

Board had general discussion of personal calendars and availability. A tentative schedule of next meeting to be on March 8, 2018 at 10:00am was agreed upon.

Steve: Then March 8, 2018 tentatively. Seeing no other business I call a motion to adjourn?

Motion was seconded, all in favor, Aye. Meeting adjourned.