



NEW YORK STATE SENATOR

Timothy M. Kennedy

Kennedy and Ryan Want Answers: New Contract for NY Driver's Licenses Will Cost Taxpayers an Extra \$38 Million

TIMOTHY M. KENNEDY November 14, 2012

| ISSUE: **TRANSPORTATION, GOVERNMENT OPERATIONS, DMV (DEPARTMENT OF MOTOR VEHICLES)**



DMV Tentatively Awards New Contract To Produce NY Driver's Licenses To Highest Bidder – Kennedy and Ryan Urge DMV To Explain Contract Decision

BUFFALO – Today, November 14, 2012, New York State Senator Tim Kennedy and Assemblyman Sean Ryan urged the New York State Department of Motor Vehicles (DMV) to explain why they have awarded a new contract to produce New York State driver's licenses

that will cost taxpayers an extra \$38 million.

The DMV has tentatively awarded a contract to CBN Secure Technology Inc. for \$88.5 million, despite the fact that the current vendor for driver's licenses, De La Rue North America Inc. came in with a bid of \$50.5 million. Both bids met the necessary security requirements, and the new contract awarded to CBN Secure Technology Inc. does not appear to offer additional security features that could account for the higher cost, [according to published reports](#).

“New York taxpayers deserve answers when it comes to decisions over how their hard-earned dollars are spent. That’s why the DMV needs to explain the reasons why they awarded this new contract at such a higher cost,” said Senator Kennedy. “State budgets have been fiscally strained, and our economy has been climbing up the road to recovery. The decision to spend an additional \$38 million on producing driver’s licenses must be clarified and justified to taxpayers, when that money could have been invested in initiatives that would help put New Yorkers to work.”

“At a time when New York State is looking to save money wherever possible, I am shocked that the DMV would award a contract that costs taxpayers an extra \$38 million,” said Assemblyman Ryan. “The company that has been making our licenses for the past 16 years meets all the necessary security requirements, and their bid came in at significantly less cost. The DMV needs to fully explain why they have come to this decision.”

Kennedy and Ryan want answers regarding the \$38 million increase in cost and the allegations made by other companies involved in this bidding process. If the allegations are proven legitimate, they are urging the DMV to rebid the contract.

A copy of Kennedy and Ryan’s letter appears below, or [click here to view the letter as a PDF](#).

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November 14, 2012

Barbara J. Fiala

Commissioner of Motor Vehicles, NYSDMV

Dear Commissioner Fiala:

We are writing today to express our serious concerns over a contract the Department of Motor Vehicles tentatively awarded for the production of driver's licenses. According to published reports, this \$88.5 million contract to CBN Secure Technology of Ottawa comes in at a substantially higher cost than the current contract – about \$38 million more, to be exact.

There is always cause for concern whenever costs for necessary services rise so dramatically during these times of fiscally strained budgets and statewide economic recovery. That is why we request you provide an explanation into your reasons for awarding this new contract at significantly higher cost. New York State taxpayers deserve answers when it comes to your decisions regarding the expenditure of their hard-earned tax dollars.

We understand that this contract may have been awarded based upon best-value determinations. It's important to justify to taxpayers the reasons why this higher-cost contract was determined to be the best value for their money.

Our concerns don't end with cost alone. We are also troubled by the allegations of unfair advantage, lack of RFP clarity and bid mishandling. We are confident the DMV maintained the utmost fairness and propriety in reviewing and awarding this contract. However, if the allegations are proven legitimate, we urge the DMV to rebid the contract.

Finally, it should be a priority for New York State to award contracts to companies and firms located within our state and nation. We feel state contracts make the largest economic impact when they go to companies that employ New Yorkers and call our state and nation home. The location of the bidders – in this contract and in all state contracts – should be a consideration when determining best value. When none of the bidding companies are located in New York State, we encourage you to consider U.S. companies.

Thank you for your ongoing service to the State of New York. We look forward to continuing to work with you to ensure New York State's taxpayers have safe roads to drive on and an efficient and responsive DMV to rely on.

Sincerely,

Timothy M. Kennedy, NYS Senator, 58th District

Sean Ryan, NYS Assemblyman, 144th District

