



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMV Board Meeting

9:00 a.m.

Thursday, April 14, 2022

AGENDA
BOARD MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
WILLIAM B. TRAVIS BUILDING
1701 N. CONGRESS AVENUE, ROOM 1.111, AUSTIN, TEXAS 78701
THURSDAY, APRIL 14, 2022
9:00 A.M.

Link to April 14, 2022, TxDMV Board Meeting Documents:
<https://www.txdmv.gov/about-us/txdmv-board-meetings>

All agenda items are subject to possible discussion, questions, consideration, and action by the Board of the Texas Department of Motor Vehicles (Board). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Board. Presentations may be made by the identified staff, Board member or other personnel as needed. The Board reserves the right to discuss any items in closed session where authorized by the Open Meetings Act.

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1. **Roll Call and Establishment of Quorum**
2. **Pledges of Allegiance - U.S. and Texas**
3. **Chair's Reports - Chairman Bacarisse**
 - A. Chair's Annual Report to Governor on State of Affairs - Fiscal Year 2021
4. **Executive Director's Reports - Daniel Avitia**
 - A. [Motor Vehicle Industry Regulation Advisory Committee \(MVIRAC\) Update](#)
 - B. [Update on Temporary Tags, Fingerprinting and Pre-licensing Rules, and Responding to Law Enforcement Data Requests](#)
 - C. [Introduction of Internal Audit Director Salem Chuah](#)
 - D. [Introduction of Deputy Chief Information Officer Will Hilton](#)
 - E. [Awards, Recognition of Years of Service, and Announcements](#)
 - F. [Performance Quality Recognition Program](#)

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RULE ADOPTION

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5. **Chapter 208, Employment Practices - Matthew Levitt (ACTION ITEM)**
New, §208.13
[\(Relating to HB 2063, New Family Leave Pool Required by Statute\)](#)
(Published 12/17/2021 - 46 TexReg 8585)

RULE PROPOSALS

6. **Chapter 215, Motor Vehicle Distribution - Corrie Thompson (ACTION ITEM)**
Amendments, §215.505 - Rulemaking under Government Code §2001.023 and Emergency Rulemaking under Government Code §2001.034
[\(Relating to HB 3927, Denial of Access to the Temporary Tag Database\)](#)

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- 18 **7. Chapter 215, Motor Vehicle Distribution - Andrew Kang (ACTION ITEM)**
 Amendments, §215.207
 (Relating to HB 3514, Designating a Person to Decide Motions for Rehearing;
 Cleanup)

BRIEFING AND ACTION ITEMS

- 25 **8. Specialty Plate Designs - Roland Luna, Sr. (ACTION ITEMS)**
 A. University of Georgia - Redesign offered by License Plates of Texas
 B. Dallas Stars Hockey - Redesign offered by License Plates of Texas
 C. The University of Texas at Dallas - Redesign; Crossover into License
 Plates of Texas Program
- 30 **9. Projects and Operations Committee Update - Committee Chair John Prewitt**
31 A. [Accounts Receivable Study](#) (BRIEFING ONLY)
34 B. [Headquarters Building Project](#) (BRIEFING ONLY)
 C. [Active Agency Projects Update](#) (BRIEFING ONLY)
 1. Statewide webDEALER Adoption (SWA) Phase II
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 3. Registration and Title System (RTS) Projects
 i. Tax Assessor-Collectors (TAC) T1 Upgrade
 ii. Tax Assessor-Collectors (TAC) Workstation Refresh
 iii. RTS Batch Cycle
 iv. RTS Support (formerly RTS Defects)
 v. RTS Performance Stabilization
 4. Digital License Plates (DLP)
 5. Call Center Upgrade Phase II
 6. Texas International Registration Plan (TxIRP) Upgrade
 7. Texas by Texas (TxT)
 8. Motor Carrier Credentialing System (MCCS) Rewrite
- 40 D. [Replace Balanced Scorecard with Key Performance Indicators for the
Department's Performance Measurement System](#) (ACTION ITEM)
- 41 **10. Finance and Audit**
 A. [FY 2022 Financial Report as of February 28, 2022](#) - Glenna Bowman and
 John Ralston (BRIEFING ONLY)
54 B. [Strategic Plan](#) - Glenna Bowman (BRIEFING ONLY)
55 C. [TxDMV Midland/Odessa Regional Service Center Remodel Contract](#) - Ann
 Pierce (ACTION ITEM)
56 D. [FY 2022 Second Six-Months Internal Audit Plan](#) - Jason Gonzalez
 (ACTION ITEM)

- 69 11. [Renewal of the Contract for the Texas Permitting and Routing Optimization System \(TxPROS\), and Delegation of Authority to the Executive Director to Execute Any Renewal Contract](#) - Jimmy Archer (ACTION ITEM)

CLOSED SESSION

12. **The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code Chapter 551, including briefing, discussion and deliberation regarding temporary tags and the temporary tag system, fingerprinting and pre-licensing rules, and responding to law enforcement data requests:**

Section 551.071 - Consultation with and advice from legal counsel regarding:

- pending or contemplated litigation, or a settlement offer;
- a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code Chapter 551; or
- any item on this agenda.

Section 551.074 - Personnel matters.

- Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.
- Discussion relating to TxDMV dispute resolution process and recent EEOC complaints and internal Civil Rights Office complaints.
- Acting Executive Director's compensation.

Section 551.076 - Deliberation Regarding Security Devices or Security Audits.

- the deployment, or specific occasions for implementation, of security personnel or devices; or
- a security audit.

Section 551.089 - Deliberation Regarding Security Devices or Security Audits.

- security assessments or deployments relating to information resources technology;
- network security information as described by Government Code Section 2059.055(b); or
- the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

13. **Action Items from Closed Session**
Acting Executive Director's Compensation

14. **Public Comment**

15. **Adjournment**

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board members may respond in accordance with Government Code Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

If you would like to comment on any agenda item (including an open comment under the agenda item for Public Comment), you must complete a speaker's form at the registration table prior to the agenda item being taken up by the Board or send an email to GCO_General@TxDMV.gov to register by providing the required information prior to the agenda item being taken up by the Board:

1. a completed [Public Comment Registration Form](#); or
2. the following information:
 - a. the agenda item you wish to comment on;
 - b. your name;
 - c. your address (optional), including your city, state, and zip code; and
 - d. who you are representing.

Public comment will only be accepted in person. Each speaker will be limited to three minutes, and time allotted to one speaker may not be reassigned to another speaker.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact David Richards by telephone at (512) 465-1423.

I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements.

CERTIFYING OFFICIAL: Aline Aucoin, Interim General Counsel, (512) 465-5665.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Acting Executive Director
Agenda Item: 4.A
Subject: **Executive Director's Report** - Motor Vehicle Industry Regulation Advisory Committee (MVIRAC) Update

RECOMMENDATION

Briefing Only

PURPOSE AND EXECUTIVE SUMMARY

To brief the Board on the activities of the Motor Vehicle Industry Regulation Advisory Committee (MVIRAC).

FINANCIAL IMPACT

None

BACKGROUND AND DISCUSSION

The MVIRAC met on March 9, 2022, and discussed TxDMV's proposed enhancements to the pre-licensing process, including applicant verification processes for motor vehicle dealers and location verification. MVIRAC recommended the department identify the dollar amount for TxDMV staff or a third-party entity to complete a site visit.

MVIRAC also recommended the department assess the amount of time it takes to issue an independent dealer's license, including a site visit.

MVIRAC further discussed General Motors Company's petition for rulemaking to amend 43 TAC §215.245(e). The requested amendments would have allowed motor vehicle dealers to advertise used vehicles that may not be in the dealer's physical possession at the time of the advertisement, provided the vehicle and title could be delivered to the dealer from the vehicle manufacturer or distributor, an affiliated financial institution, or a licensed vehicle auction within a reasonable period of time. Based on the comments from MVIRAC members, TxDMV denied the petition for rulemaking.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Deputy Executive Director
Agenda Item: 4.B
Subject: **Executive Director's Report** - Update on Temporary Tags, Fingerprinting and Pre-licensing Rules, and Responding to Law Enforcement Data Requests

RECOMMENDATION

Briefing Only

PURPOSE AND EXECUTIVE SUMMARY

To brief the Board on the activities and initiatives Texas Department of Motor Vehicles staff are undertaking to combat the production and distribution of unauthorized or illegal temporary tags, including improvements to collaboration with law enforcement.

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

Since the beginning of February, Texas Department of Motor Vehicles staff has continued working cross-divisionally to address identified improvements to temporary tag processes and develop ways to streamline cooperation with law enforcement. The actions taken by staff and the board this year continue to result in reduced opportunities for the fraudulent production and use of temporary tags. Tag limits for all dealers were implemented in mid-February and are now automatically tracked within the e-Tag system for easy reference and awareness. Dealers can begin requesting additional tag capacity when they reach 50% of their approved limit; to date three dealers have requested an increase. Requests are reviewed carefully by the Motor Vehicle Division (MVD) before approval, with concerns referred to Enforcement. The department has revoked 26 dealers' access to the e-Tag system since the end of January, following identification of fraudulent or suspicious activities that could not be resolved.

Staff continue to work to develop a final rule package on fingerprinting of dealers for new or renewed licenses. The Board approved staff to publicly post the rules, with a goal of bringing final rules back to the board for adoption in June. Law enforcement representatives have consistently expressed their belief that this action alone will solve more than 90% of the issues with non-dealers gaining access to the system for fraudulent purposes. MVD staff continue to use the information they are learning about fraudulent dealers to improve the pre-licensing process. Staff is also further developing resource and budget requests required for site inspections of dealer applicants to include as a potential exceptional item in the next Legislative Appropriations Request.

Other related initiatives underway include security improvements to licensing and registration systems, continued work with social media organizations to prevent online marketplace sales of temporary tags, researching security options for the physical temporary tag product, and streamlining motor vehicle data access processes used by law enforcement personnel throughout the state.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Acting Executive Director
Agenda Item: 4.C
Subject: **Executive Director's Report** – Introduction of Internal Audit Director Salem Chuah

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Salem Chuah serves as the Internal Audit Director for the Texas Department of Motor Vehicles (TxDMV). He is responsible for leading the division that provides the TxDMV Board and department management with assurance and advisory services to reduce exposure to risks associated with the operations of the department.

Previously, Salem served as Acting Risk Manager for the San Francisco International Airport (SFO), an enterprise department of the City and County of San Francisco (CCSF) where he oversaw SFO's risk management program. Prior to SFO, Salem held positions with the Audits Division at CCSF's Office of the Controller, the Texas State Auditor's Office and Ernst & Young.

Salem earned a Bachelor of Business Administration in Finance and a Bachelor of Arts in Government from the University of Texas at Austin. He is a Certified Public Accountant, a Certified Internal Auditor, and a Certified Fraud Examiner. He also earned an Associate of Risk Management designation.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Acting Executive Director
Agenda Item: 4.D
Subject: **Executive Director's Report** – Introduction of Deputy Chief Information Officer Will Hilton

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Will Hilton will serve as the Deputy Chief Information Officer for the Texas Department of Motor Vehicles (TxDMV). He previously served as the department's Chief Information Security Officer (CISO) and has more than 25 years of information technology experience. He will now help oversee Information Technology Services Division (ITSD) operations providing IT services and support across the agency and the state.

Will has prior state agency experience serving as the information security risk manager at Texas Health and Human Services (HHS). Before HHS, he was the CISO for the State of Texas account for Capgemini, a vendor that directly supported the Texas Department of Information Resources (DIR) Shared Technology Services program and provided Data Center Services for more than 30 state agencies. His experience also includes 20 years serving in multiple, increasingly responsible information technology and leadership roles in the United States Air Force.

Will has a Bachelor of Science in Computer Studies, a Master of Science in Cybersecurity, and a Master of Business Administration, all from the University of Maryland University College.

**Board Meeting Date: 4/14/2022****BRIEFING ITEM**

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Acting Executive Director
Agenda Item: 4.E
Subject: **Executive Director's Report** – Awards, Recognition of Years of Service, and Announcements

RECOMMENDATION

Board Chair and members offer congratulations to employees receiving recognition for an award, reaching a state service milestone, or retirement.

PURPOSE AND EXECUTIVE SUMMARY

The Executive Director announces the name of individuals who retired from the agency and recognizes employees who have reached a state service milestone of 20 years and every five-year increment thereafter. Recognition at the April 14, 2022, Board Meeting for state service awards and retirements include:

- Travis Hercek in Motor Carrier Division reached 20 years of state service
- Andrew Kang – Office of Administrative Hearings reached 20 years of state service
- Tracy Godfrey - Vehicle Titles & Registration Division reached 20 years of state service
- Luis Perez, Jr. in Enforcement Division reached 25 years of state service
- Cassandra Flint in Vehicle Titles and Registration Division reached 25 years of state service
- Linda Ledet - Vehicle Titles & Registration Division reached 25 years of state service
- Yolanda Garcia in Motor Carrier Division reached 30 years of state service
- Tammy Wooten - Vehicle Titles and Registration Division reached 30 years of state service
- Andrew Gonzales - Motor Vehicle Division reached 30 years of state service
- Jimmy Archer - Motor Carrier Division reached 35 years of state service

Finally, the following individuals recently retired from the agency:

- Debbie Wilson – Vehicle Titles and Registration Division
- Joanne Canida - Vehicle Titles and Registration Division
- Tom Shindell - Innovation Strategic Planning
- Dianne Carlson – Motor Carrier Division
- Hector Yanez – Information Technology Services Division
- Pattie Bell – Motor Vehicle Division

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

No additional background and discussion.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, TXDMV Acting Executive Director
Agenda Item: 4.F
Subject: **Executive Director's Report** - Performance Quality Recognition Program

RECOMMENDATION

The Texas Department of Motor Vehicles (TxDMV) seeks to provide the board with this year's Performance Quality Recognition Program award recipients.

PURPOSE AND EXECUTIVE SUMMARY

The Performance Quality Recognition Program recognizes Texas counties for their exemplary customer service and for going above and beyond in providing vehicle title and registration services. Four (4) Texas counties earned Performance Quality Recognition Program awards from the Texas Department of Motor Vehicles (TxDMV) this year.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

This program recognizes county tax assessor-collectors for outstanding performance and efficiency in processing title and registration transactions. The Performance Quality Recognition Program is a voluntary program available for all Texas county tax assessor collectors to apply.

There has been a total of 6 gold, 5 silver, and 16 bronze recipients since the inception of the program in FY 2017.

This recognition focuses on a variety of items based on industry best practices, including:

- Remitting fees on time
- Consistently applying statutes, rules, and policies governing motor vehicle transactions
- Maintaining bonds required by statute or rule
- Performing efficiently and with low error rates
- Processing transactions in a timely fashion
- Having a fraud, waste, and abuse awareness program
- Focusing on customer satisfaction
- Implementing cost-saving measures

Recipients receive a letter and certificate from the Texas Department of Motor Vehicles, as well as an insignia which can be placed on the county's website and shared with the public and other stakeholders to acknowledge this achievement. TxDMV also lists the award recipients on our website.

The award program recognizes tax assessor-collectors at three levels – Gold, Silver, and Bronze.



This year's winners are:

Gold recognition:

- Montgomery County – Tammy J. McCrae, Tax Assessor-Collector
- Galveston County - Cheryl Johnson, Tax Assessor-Collector

Bronze recognition:

- Williamson County – Larry Gaddes, Tax Assessor-Collector
- Bexar County – Albert Uresti, Tax Assessor-Collector

Texans expect and deserve exceptional and efficient customer service. This well-earned achievement is something counties and their residents should be proud of.



Board Meeting Date: 4/14/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Matthew Levitt, Human Resources Division Director
Agenda Item: 5
Subject: **Chapter 208, Employment Practices**
New, §208.13
(Relating to HB 2063, New Family Leave Pool Required by Statute)
(Published 12/17/2021 - 46 TexReg 8585)

RECOMMENDATION

Adopt new §208.13 and approve publication of adoption in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of new §208.13 is to implement House Bill 2063, 87th Legislature, Regular Session (2021), which amended Government Code Chapter 661 by adding new Subchapter A-1, requiring all state agencies to create and administer an employee family leave pool. Under House Bill 2063, all state agencies must adopt rules and prescribe procedures relating to the operation of the agency family leave pool.

FINANCIAL IMPACT

The department has determined that for each year of the first five years the new section is in effect, there will be no significant fiscal impact to the state or local governments because of the enforcement or administration of the new section. There will be no additional costs to the department, and the new section will have no significant impact on revenue collections.

BACKGROUND AND DISCUSSION

The new section will provide eligible Texas Department of Motor Vehicle employees more flexibility in bonding with and caring for their children during a child's first year following birth, adoption, or foster placement, and for caring for a seriously ill family member of the employee. The pool must allow employees to voluntarily transfer sick or vacation leave earned by the employee to the pool while also allowing employees to apply for leave time under the pool.

The new section describes the purpose of the family leave pool, designates the human resources director as the department administrator of the family leave pool, sets out that the pool administrator will establish operating procedures for the pool, requires that the adopted pool procedures will be published in the department's Human Resource Manual, and clarifies that all donations to the family leave pool must be voluntary.

COMMENTS

The proposed section was published for comment in the December 17, 2021, issue of the *Texas Register*. The comment period closed on January 17, 2022, and no comments were received.

TITLE 43. TRANSPORTATION
Part 10. Texas Department of Motor Vehicles
Chapter 208 – Employment Practices

1 New §208.13(3) states that the adopted procedures related to the operation of the family leave
2 pool will be published in the department’s Human Resources Manual.

3 New §208.13(4) requires all donations to the family leave pool be voluntary.

4 **SUMMARY OF COMMENTS.**

5 No comments on the proposed new §208.13 were received.

6 **STATUTORY AUTHORITY.** The department adopts new §208.13 under Transportation §1002.001 and
7 Government Code §661.022(c).

8 Transportation Code §1002.001 authorizes the board to adopt rules that are necessary and
9 appropriate to implement the powers and the duties of the department.

10 Government Code §661.022(c) requires the board to adopt rules related to the operation of the
11 department’s family leave pool.

12 **CROSS REFERENCE TO STATUTE.** Government Code §661.021-661.028.

13 **TEXT.**

14 **Subchapter C. FAMILY LEAVE POOL**

15 **43 TAC §208.13**

16 §208.13. Family Leave Pool. A family leave pool is established to provide eligible employees more
17 flexibility in bonding and caring for children during a child's first year following birth, adoption, or foster
18 placement, or caring for a seriously ill family member or the employee, including pandemic-related
19 illnesses or complications caused by a pandemic.

20 (1) The director of human resources is designated as the pool administrator.

21 (2) The pool administrator, with the advice and consent of the executive director, will
22 establish operating procedures consistent with the Government Code, Chapter 661, Subchapter A-1
23 (relating to State Employee Family Leave Pool).



Board Meeting Date: 4/14/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Edward Sandoval, Chief Hearings Officer and Office of Administrative Hearings Division Director
Agenda Item: 7
Subject: **Chapter 215, Motor Vehicle Distribution - Andrew Kang (ACTION ITEM)**
Amendments, §215.207
(Relating to HB 3514, Designating a Person to Decide Motions for Rehearing;
Cleanup)

RECOMMENDATION

Approval to publish the proposed amended section in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the proposed amendments to §215.207 is to implement House Bill 3514, 87th Legislature, Regular Session (2021), concerning motions for rehearing on contested cases involving vehicle warranties under Occupations Code §2301.713 and to eliminate any potential, inadvertent conflict with Occupations Code §2301.711.

FINANCIAL IMPACT

The department has determined that for each year of the first five years the proposed amendments are in effect, there will be no significant fiscal impact to the state or local governments as a result of the enforcement or administration of the proposal. There will be no additional costs to the department, and the proposed amendments will have no significant impact on revenue collections.

BACKGROUND AND DISCUSSION

House Bill 3514 amended Occupations Code §2301.713, regarding motions for rehearing on contested cases that arise under Occupations Code §2301.204 or Subchapter M of Chapter 2301. The amendments give the chief hearings examiner the authority to designate a person to decide the motions for rehearing. Under Occupations Code §2301.711, any of the department's hearings examiners are authorized to sign final orders in these matters. Existing rule language only authorizes the chief hearing's examiner to respond to motions for rehearing and sign subsequent final orders. The proposed amendments to §215.207 implement this new delegation authority and eliminate any potential, inadvertent conflict between the statute and the department's rule.

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PROPOSAL OF
CHAPTER 215. MOTOR VEHICLE DISTRIBUTION
SUBCHAPTER G. WARRANTY PERFORMANCE OBLIGATIONS
43 TAC §215.207 CONTESTED CASES: FINAL ORDERS

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to Title 43 TAC §215.207 concerning final orders for contested cases. These amendments are necessary to implement amended Occupations Code §2301.713, concerning motions for rehearing on contested cases involving vehicle warranties, and to more closely conform the rule language with Occupations Code §2301.711.

EXPLANATION. House Bill 3514, 87th Legislature, Regular Session (2021) amended Occupations Code §2301.713, regarding motions for rehearing on contested cases that arise under Occupations Code §2301.204 or Subchapter M of Chapter 2301. The amendments authorize the chief hearings examiner to designate a person to decide the motions for rehearing. Under Occupations Code §2301.711, any of the department's hearings examiners are authorized to sign final orders in these matters. Existing rule language only authorizes the chief hearing's examiner to respond to motions for rehearing and sign subsequent final orders. The proposed amendments to §215.207 implement this new delegation authority and eliminate any potential, inadvertent conflict between the statute and the department's rule.

The following paragraphs address the amendments in this proposal.

The amendment to subsection (a) clarifies that the final order that is the subject of the motion for rehearing may be issued by the board or a delegated person, in accordance with Occupations Code §2301.711.

The amendment to subsection (b) clarifies that the final order may be prepared and signed by any of the department's hearings examiners, in accordance with Occupations Code §2301.104 and §2301.711.

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1 The amendment to paragraph (c)(1) implements the amendments to Occupations Code
2 §2301.713 by removing language that only authorizes the chief hearings examiner to decide motions for
3 rehearing.

4 An amendment to subsection (e) implements the amendments to Occupations Code §2301.713
5 by adding language that allows for the chief hearings examiner's designee to rule on a motion for
6 rehearing. Subsection (e) is also amended to remove a limitation that only the chief hearings examiner
7 can sign a new final order granting the relief requested in the motion for rehearing, to avoid any conflict
8 and to more closely conform with the authority under Occupations Code §2301.711.

9 An amendment to subsection (f) removes language that is duplicative of Occupations Code
10 §2301.751 and §2301.752 to avoid any inadvertent conflicts with those sections. Occupations Code
11 §2301.751 addresses the courts in which a party may seek judicial review of an action; Occupations Code
12 §2301.752 addresses the deadline for filing a petition for judicial review. An amendment also clarifies that
13 the petition is a petition for judicial review.

14 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
15 has determined that for each year of the first five years the amendments will be in effect, there will be no
16 fiscal impact to the state or local governments as a result of the enforcement or administration of the
17 proposed amendments.

18 Edward Sandoval, Chief Hearings Examiner of the Office of Administrative Hearings, has
19 determined that there will be no measurable effect on local employment or the local economy as a result
20 of the proposal.

21 **PUBLIC BENEFIT AND COST NOTE.** Mr. Sandoval has also determined that, for each year of the first five
22 years the amendments are in effect, there is a public benefit anticipated as these amendments eliminate

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Proposed Section
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1 any appearance of bias that might have been believed to occur when the chief hearings examiner ruled
2 on motions for rehearing, rather than the hearings examiner who heard the case.

3 Anticipated Public Benefits. The department anticipates the public will benefit as a result of a
4 fairer and more efficient appeals process, as well as rules that are consistent with the statutes.

5 Anticipated Costs To Comply With The Proposal. Mr. Sandoval anticipates that there will be no
6 costs to comply with these amendments. The amendments do not establish any additional requirements
7 on regulated persons as the amendments do not substantially modify a regulated person's filing
8 requirements. The amendments will only affect the department's internal processes after a motion for
9 rehearing has been filed.

10 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
11 Code §2006.002, the department has determined that the proposed amendments will not have an
12 adverse economic effect on small businesses, micro-businesses, and rural communities because the
13 proposal amends §215.207 to comply with statute and imposes no requirements that are not specified in
14 statute. The proposed amendments will not have an effect on small business, micro businesses, or rural
15 communities. Therefore, the department is not required to prepare a regulatory flexibility analysis under
16 Government Code §2006.002.

17 **TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests
18 are affected by this proposal and that this proposal does not restrict or limit an owner's right to property
19 that would otherwise exist in the absence of government action and, therefore, does not constitute a
20 taking or require a takings impact assessment under the Government Code §2007.043.

21 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
22 first five years the proposed amendments are in effect, the proposed rule
23 will not create or eliminate a government program;

TITLE 43. TRANSPORTATION
Part 10. Texas Department of Motor Vehicles
Chapter 215 – Motor Vehicle Distribution

- 1 will not require the creation of new employee positions or the elimination of existing employee
- 2 positions;
- 3 will not require an increase or decrease in future legislative appropriations to the department;
- 4 will not require an increase or decrease in fees paid to the department;
- 5 will not create new regulation;
- 6 will not expand existing regulations;
- 7 will not repeal existing regulations;
- 8 will not increase or decrease the number of individuals subject to the rule's applicability; and
- 9 will not positively or adversely affect the Texas economy.

10 **REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written
11 comments by 5:00 p.m. CST on MM, DD, YYYY. A request for a public hearing must be sent separately from
12 your written comments. Send written comments or hearing requests by email to *Rules@txdmv.gov* or by
13 mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin,
14 Texas 78731. If a hearing is held, the department will consider written comments and public testimony
15 presented at the hearing.

16 **STATUTORY AUTHORITY.** The department proposes amendments to §215.207 under Occupations Code
17 § 2301.713 and Transportation Code §1002.001.

18 Occupations Code §2301.713 authorizes the department to adopt rules to establish procedures
19 for motions for rehearing under Occupations Code §2301.204 or Subchapter M of Chapter 2301.

20 Transportation Code §1002.001 authorizes the board to adopt rules that are necessary and
21 appropriate to implement the powers and the duties of the department.

22 **CROSS REFERENCE TO STATUTE.** Occupations Code §2301.711 and §2301.713.

23 **TEXT.**

1 **Subchapter G Warranty Performance Obligations**

2 **43 TAC §215.207**

3 § 215.207 Contested Cases: Final Orders

4 (a) A motion for rehearing of a final order issued by the board or a person delegated final order
5 authority for a complaint filed under Occupations Code, Chapter 2301, Subchapters E or M shall proceed
6 in accordance with Occupations Code, §2301.713.

7 (b) A ~~The~~ hearings examiner shall prepare a final order as soon as possible, but not later than 60
8 days after the hearing is closed, or as otherwise provided by law. The final order shall include the hearings
9 examiner's findings of fact and conclusions of law. The final order shall be sent by the department to all
10 parties by certified mail.

11 (c) A party who disagrees with the final order may file a motion for rehearing in accordance with
12 Government Code, Chapter 2001, subject to Occupations Code, Chapter 2301, Subchapter O. A motion
13 for rehearing of a final order issued by a hearings examiner must:

- 14 (1) be filed with ~~and decided by~~ the chief hearings examiner;
- 15 (2) include the specific reasons, exceptions, or grounds asserted by a party as the basis of
16 the request for a rehearing; and
- 17 (3) recite, if applicable, the specific findings of fact, conclusions of law, or any other
18 portions of the final order to which the party objects.

19 (d) Replies to a motion for rehearing must be filed with the chief hearings examiner in accordance
20 with Government Code, Chapter 2001, subject to Occupations Code, Chapter 2301, Subchapter O.

21 (e) If the chief hearings examiner or the chief hearings examiner's designee grants a motion for
22 rehearing, the parties will be notified by mail and a rehearing will be scheduled promptly. After rehearing,
23 a final order shall be issued with any additional findings of fact or conclusions of law, if necessary to

TITLE 43. TRANSPORTATION
Part 10. Texas Department of Motor Vehicles
Chapter 215 – Motor Vehicle Distribution

1 support the final order. ~~A [The chief]~~ hearings examiner may issue an order granting the relief requested
2 in a motion for rehearing or requested in a reply to a motion for rehearing without the need for a
3 rehearing. If a motion for rehearing and the relief requested is denied, an order will be issued.

4 (f) A party who has exhausted all administrative remedies and who is aggrieved by a final order in
5 a contested case from which appeal may be taken is entitled to judicial review pursuant to Government
6 Code, Chapter 2001, subject to Occupations Code, Chapter 2301, Subchapter P, under the substantial
7 evidence rule. ~~[A petition for judicial review shall be filed in a district court of Travis County within 30 days
8 after the order is final and appealable.]~~ A copy of the petition for judicial review must be served on the
9 final order authority and any other parties of record. After service of the petition and within the time
10 permitted for filing an answer, the final order authority shall transmit to the reviewing court the original
11 or a certified copy of the entire record of the proceeding. If the court orders that new evidence be
12 presented to the final order authority, the final order authority may modify the findings and decision or
13 order by reason of the new evidence, and shall transmit the additional record to the court.

14 **CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be
15 within the state agency’s legal authority to adopt.

16 Issued at Austin, Texas, on M DD, YYYY.

17
18
19 _____
Aline Aucoin, Acting General Counsel



Board Meeting Date: 4/14/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Roland D. Luna, Sr., Vehicle Titles & Registration Division Director
Agenda Item: 8
Subject: Specialty Plate Designs

RECOMMENDATION

The Vehicle Titles and Registration Division (VTR) seeks board approval or denial for three plate designs submitted for your consideration. Each plate design is from the marketing vendor, My Plates.

PURPOSE AND EXECUTIVE SUMMARY

Dallas Stars Hockey and University of Georgia are both redesigns of existing My Plates (vendor) plates. The University of Texas at Dallas is a crossover plate design.

FINANCIAL IMPACT

Costs incurred by the department related to the My Plates program and an \$8 administrative fee per plate are recouped from the My Plates vendor. Revenue generated from the sale of vendor specialty license plates is split between the state (General Revenue Fund) and My Plates. The details of the revenue splits can be found in Section IV (State/Contractor Revenue Sharing) of the Specialty License Plate Marketing (SLPM) contract.

BACKGROUND AND DISCUSSION

Statutory authority for the board to approve vendor specialty license plates and invite the public's comment on proposed vendor plate designs are in Texas Transportation Code §504.851(g) and (g-1) (1). Statutory authority for a sponsor of a specialty license plate under Texas Transportation Code Chapter 504, Subchapter J, to contract with the private vendor authorized under Texas Transportation Code §504.851 for the marketing and sale of the specialty license plate is in Texas Transportation Code §504.6011. Statutory authority for the board to approve non-profit organization specialty license plates and invite the public's comment on proposed plate designs are in Texas Transportation Code §504.801. The board's approval criteria are clarified in Texas Administrative Code §217.45 Specialty License Plates, Symbols, Tabs, and Other Devices, and §217.52 Marketing of Specialty License Plates through a Private Vendor.

The vendor contract (Statement of Work paragraph #2, Marketing Services) specifies that following the board's contingent approval of a plate, the vendor must get at least 200 commitments within six months of the approval for a plate to be produced (*existing* plates must also maintain 200 registrations to stay in the program). My Plates' procedure is to first offer a plate to the public to register their interest. Following the board's contingent approval, My Plates then offers a plate online for prepaid orders and confirms when 200 prepaid orders are achieved. Since March 2014, the board has contingently approved 57 vendor plates. Of the 57, ten did not achieve the required 200 commitments and were not produced.



TxDMV’s procedure is to invite comments on all proposed plates ahead of the board’s review. The department’s intent is to determine if there are any unforeseen public concerns about a plate design. The department publishes a 10-day “like/dislike/comment-by-email” survey, called an eView, on its website. Although the survey counts the public’s “likes” and “dislikes,” it is unscientific and not used as an indicator of a plate’s popularity.

Dallas Stars Hockey, University of Georgia, and The University of Texas at Dallas were presented to the public in a February 2022 eView. No negative comments were received. The count of the public’s “like/dislikes” are noted below with each design.

<p>Dallas Stars Hockey</p> <p>341 people liked this design and 128 did not</p>	<p>CURRENT</p> 	<p>REDESIGN</p> 
<p>University of Georgia</p> <p>200 people liked this design and 309 did not</p>	<p>CURRENT</p> 	<p>REDESIGN</p> 
<p>The University of Texas at Dallas</p> <p>210 people liked this design and 218 did not</p>	<p>CURRENT</p> 	<p>CROSSOVER</p> 

Dallas Stars Hockey (Redesign)



University of Georgia (Redesign)



The University of Texas at Dallas (Crossover)





Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 9.A
Subject: Accounts Receivable Study Update

RECOMMENDATION

Briefing only.

PURPOSE AND EXECUTIVE SUMMARY

Briefing item only to provide an update on the Accounts Receivable Study.

FINANCIAL IMPACT

Funded with \$3.5 million supplemental appropriation

BACKGROUND AND DISCUSSION

The department received \$3.5 million in supplemental appropriations in HB2 of the 87th legislative session for the deployment of an Accounts Receivable system to ensure revenue collections are tracked accurately and consistently across the department. The system will allow for better tracking of accounts receivable balances and improve the ability to monitor and conduct accounts receivable activities.

TxDMV contracted with Gartner, Inc. on February 5, 2022, to complete the first phase of the project, which is a study of the current decentralized process and to determine recommendations for available software that will best fit the department's needs. The recommendations will include an integration plan with future process diagrams and estimated costs.

The study will be completed no later than June 30, 2022. The initial phase includes documentation gathering and interviews with each of the program areas throughout the department that have an accounts receivable function. Gartner has completed a first draft of all current process diagrams and has begun peer outreach sessions with similar Texas state agencies and DMV's from California and Florida. These sessions will help Gartner make recommendations to improve current TxDMV processes and recommend future processes, including whether they remain decentralized with the program areas, move to a centralized process within Finance and Administrative Services, or they change to a hybrid process. The recommendations, due by May 1, 2022, will be included in the first of two reports required from Gartner. The second report, due by June 30, 2022, will include software recommendations and an integration plan.

This study will drive implementation efforts to be completed in FY 2023.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 9.B
Subject: Headquarters Building Project Update

PURPOSE AND EXECUTIVE SUMMARY

Briefing only.

BRIEFING

As discussed in the December 1, 2021, Projects and Operations Committee meeting, House Bill 2 (87R) (Supplemental Appropriations bill) appropriated TxDMV \$6.2 million to fund planning and design of a new headquarters facility at the Camp Hubbard Campus. The planning and design, also referred to as “Phase I,” consists of the following components:

1. Site Plan for the Camp Hubbard campus property, including division and analysis;
2. Parking study;
3. Renovation plans for Building 6 to accommodate the relocation of current Building 5 occupants, equipment and the data center, as well as the relocation of Centimeter storage needs to Building 6;
4. Demolition plans for Building 5;
5. Design of a replacement building for Building 5; and
6. Improvements to Building 7, the Central Chiller Plant.

Phase I will include the directives in Texas Government Code §2166.153 to evaluate energy-efficient architectural and engineering design alternatives. There are a multitude of alternative energy design strategies that are applicable to this project.

Recent Activities:

- Meeting with Department of Banking – Part of the plan for the Camp Hubbard campus is to transfer the Building 10 property from TxDOT to the Department of Banking. TxDMV representatives attended an introductory meeting with the Department of Banking in January where both agencies agreed to find synergetic opportunities to work together wherever possible as each department moves forward with design, planning and construction on the Camp Hubbard campus. Both departments are working with the Texas Facilities Commission (TFC) and have the same TFC Project Manager.
- Project Kick-Off with TFC – TxDMV executed an interagency contract with TFC in January, followed by a kick-off meeting to discuss the project at a high level.



- Procurement of Architectural/Engineering Services – On January 12, 2022, TFC sent a Request for Quote (RFQ) to 1,315 vendors for architectural and engineering services, with a submittal deadline of February 15, 2022. TFC hosted two, mandatory vendor conferences in January on the 25th and 26th. A total of forty-one vendors (including fourteen HUBs) attended. TFC received twelve quotes and, with input from TxDMV, narrowed down the list to the top three. TFC and TxDMV staff interviewed each of the three finalists on March 8, 2022, and selected a vendor to provide the requested services.
- Site Services/Subsurface Utility Review – TFC directed their already contracted site services and subsurface utility review contractors from Cobb Fendley to conduct a Camp Hubbard site visit to begin identifying utilities for the project in March.
- Site Visit to Similar Properties – TFC will help facilitate a site visit to one or more properties that have workstations, hoteling spaces, and conference rooms that are similar to what TxDMV will be considering in its design choices for the new building.
- Next Steps – TFC staff will present the final selected architectural and engineering candidate at their next Commission meeting on April 21, 2022, and request approval to commence contract negotiations and move forward with these services. Once the selected candidate is formally approved and a contract is in place, the selected candidate will host a kick-off meeting (anticipated to be in May).

Future meetings have already been scheduled with various trade and technical area subject matter experts (plumbing, electrical, HVAC, fire, safety, technology, etc.) that will help refine the TFC Owner Project Requirements (OPR) document, which outlines the component systems of the new building.

Additional meetings will be held in the near future with each TxDMV division, so they have an opportunity to participate and share their needs and desires for the new building.

- At the end of Phase I, TxDMV will have a fully detailed construction cost estimate, along with design drawings and specifications, for an FY 2024-25 legislative appropriations request for Phase II (Demolition and Construction).

Phase I (Design and Planning) Cost Estimate

Cost Component	FY 2022-23 Appropriations PHASE 1	Additional Information
LAND		
Legal Fees	\$ 7,000	Dividing acreage between TxDMV (11 acres) and Banking Commission (4 acres)
American Land Title Association (ALTA) Survey	\$ 30,000	Boundaries, easements and topography
Environmental Analysis	\$ 20,000	Phase I Environmental Assessment of acreage
<i>Subtotal, Land</i>	<i>\$ 57,000</i>	
TECHNICAL SERVICES		
Architect/Engineer	\$ 3,750,000	Construction planning and design for new Building 5 and parking garage(s), repair and maintenance recommendations for existing Building 6 (built in 1966), and upgrade of Building 7 Chiller Plant (runs campus utilities; last updated in 1997)



Phase I (Design and Planning) Cost Estimate (cont'd)

Cost Component	FY 2022-23 Appropriations PHASE 1	Additional Information
Project Management	\$ 250,000	Texas Facilities Commission (TFC) project management, procurement and construction inspections
Construction Manager	\$ 190,000	Estimating, scheduling and constructability review of design
Site Utility Survey	\$ 50,000	Locate and document all underground utility lines
Geotechnical	\$ 30,000	Verify soil conditions for foundation design
Environmental Engineer	\$ 20,000	Testing in Phase 1 (monitoring and reporting in Phase 2)
3 rd Party Architectural/Engineering (A/E) Review	\$ 25,000	Code compliance review
Commissioning Agent	\$ 50,000	Design in Phase 1 (testing and reporting in Phase 2)
Furniture, Fixtures and Equipment (FFE) Design	\$ 50,000	Design in Phase 1 (construction administration in Phase 2)
<i>Subtotal, Technical Services</i>	<i>\$ 4,415,000</i>	
MISCELLANEOUS		
Moving Costs	\$ 50,000	Moving personnel from Building 5 to Building 6 in Phase 1 (from Building 1 and Building 6 to new building in Phase 2)
<i>Subtotal, Miscellaneous</i>	<i>\$ 50,000</i>	
CONTINGENCY	\$ 1,665,500	
TOTAL ESTIMATED PHASE I COSTS	\$ 6,187,500	

The above budgeted amounts were estimated for FY 22-23 LAR. Actual costs may come in lower than these budgeted amounts.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Wendy Barron, Interim Chief Information Officer
Agenda Item: 9.C
Subject: Active Agency Projects Briefing

RECOMMENDATION

Briefing only.

PURPOSE AND EXECUTIVE SUMMARY

To brief the Projects and Operations Committee on current active information technology projects including project descriptions, status, budget, and end dates.

FINANCIAL IMPACT

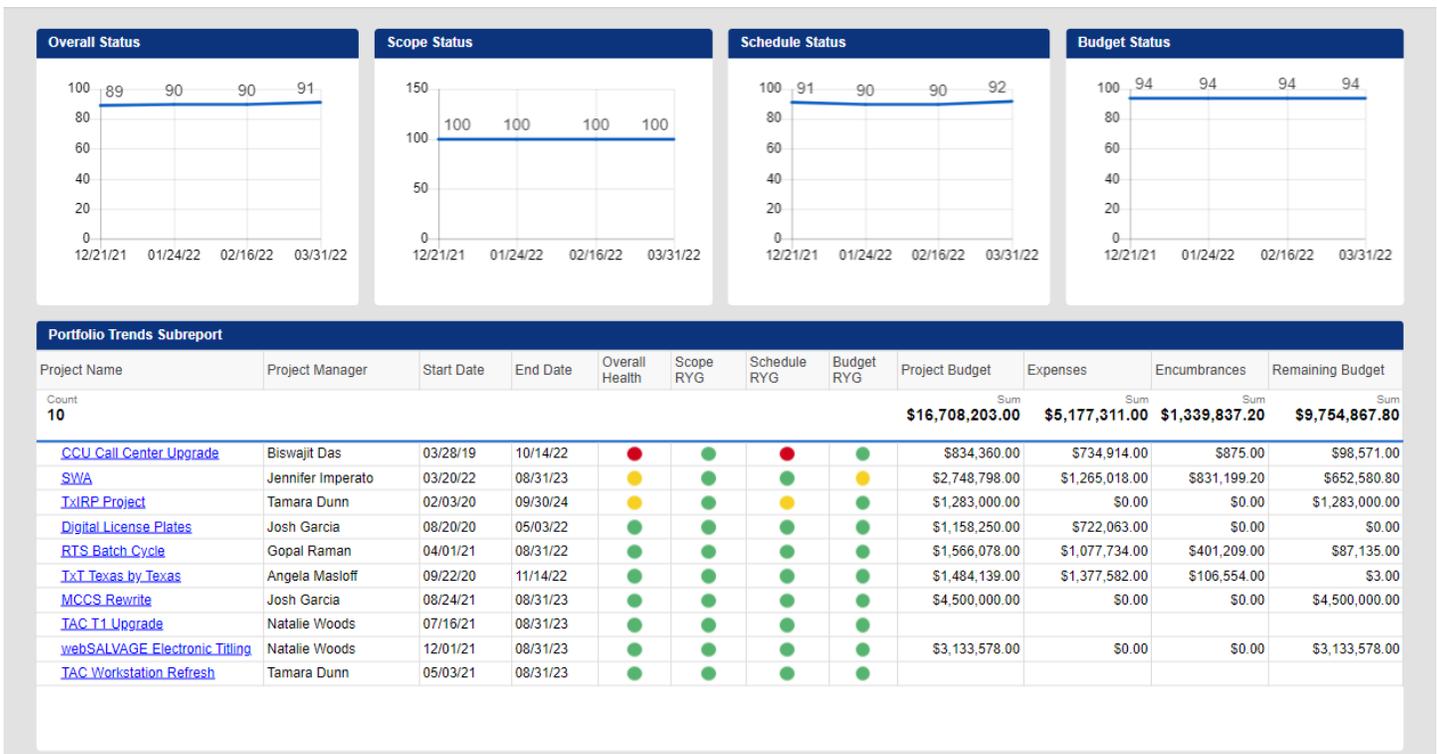
None.

BACKGROUND AND DISCUSSION

The department currently has 10 active projects overseen by the Information Technology Services Division (ITSD) and the Project Management Office (PMO) and two operational initiatives supporting the Registration and Title System (RTS). A briefing of each project, including an updated status, budget, and completion date are included in this executive summary.

The project portfolio dashboard is presented on the following page. Seven of the ten projects have a "green" status and are progressing in alignment with their planned scope, schedule, and budgets. Two of the projects are in "yellow" status and one project is in "red" status due to schedule or budget issues. More details as to why these projects are in yellow and red will be provided in the individual project briefings.

Portfolio Trends Dashboard ★



Statewide webDEALER Adoption (SWA) Phase II

Senate Bill 604, passed during the 86th Texas Legislative Session, required that webDEALER, the department’s web-based system for processing title applications, be made available to all state of Texas motor vehicle dealers. To facilitate an increase in application throughput, maximize workflow, streamline processes, and, most importantly, encourage the participation of new users, the Statewide webDEALER Adoption project was initiated. Phase I of the project was completed in June of 2021 and included the highest priority tickets that provided webDEALER enhancements to Texas motor vehicle dealers. Phase II of the project is currently being executed and will implement the remaining priority tickets to improve the system for Texas motor vehicle dealers.

Project Status:

- Most of the contracting resources have been procured.
- Work has been initiated for the first tickets planned to be delivered in the next release, 13.0, in July.
- Project overall health is yellow because the level of effort estimated to complete all tickets is greater than the current budget allocated to the project

Project End Date: Aug 2023

Budget: \$1.48M

webSALVAGE

The webSALVAGE project will expand throughput of electronic titling processes in webSALVAGE and the issuance/transfer of electronic titles. webSALVAGE will allow the electronic submission of title applications by insurance companies and Texas salvage motor vehicle dealers for hail damaged, unrecovered thefts, and other non-salvage vehicles directly to county tax offices and will facilitate issuance of electronic titles to the submitting entities. The issuance of electronic titles will facilitate subsequent electronic transfer of title and required reporting for Texas salvage

motor vehicle dealers. The project will expedite processing time and title issuance by eliminating manual processes for stakeholders and internal staff, reduce contract costs for the department, expand system integrations, eliminate fraud associated with paper titles, and reduce theft and fraud associated with rebuilt vehicles.

Project Status:

- Project charter is being reviewed and approved.
- Requirements are being gathered and documented.
- Contracting resources are being planned and procurement activities are being initiated.
- The project overall health is green.

Project End Date: Aug 2023

Budget: \$3.1M

REGISTRATION AND TITLE SYSTEM (RTS) PROJECTS

Tax Assessor Collectors (TAC) T1 Upgrade

Current network circuit technology servicing most of the county tax assessor-collector (TAC) offices is outdated, using older T1 technology. This technology is not reliable leading to frequent losses of connectivity for our TAC partners and impacting the department's and the TACs' ability to provide good customer service to our constituents. These types of circuits are being phased out by the major service providers, including TxDMV's vendor AT&T. This project would execute the upgrade of current T1 connections to metro-ethernet. This conversion would increase circuit reliability and increase network speeds for our county TAC partners. In conjunction with the fiber upgrade, the current routing and switching equipment at the county TAC locations would be upgraded to newer equipment with LTE (cellular) capabilities. A second networking route would be established in locations where cellular is available and reliable to act as a failover in the event the fiber route became disabled. This project is anticipated to be a multi-year initiative to be completed in phases. ITSD has initiated discussions with AT&T to develop an initial plan and strategy for implementation.

Project Status:

- Project charter is being reviewed and approved.
- Statement of Work is being reviewed and approved.
- The project overall health is green.

Project End Date: TBD, dependent upon final negotiations with the vendor

Budget: TBD, dependent upon final negotiations with the vendor

Tax Assessor Collectors (TAC) Workstation Refresh

TxDMV provides workstation and printer equipment to the county tax assessor-collector (TAC) offices enabling them to provide vehicle and titling services on the department's behalf. In accordance with industry best practices and Department of Information Resources (DIR) guidelines, this equipment should be replaced every four years. ITSD is moving to an operational deployment strategy by which 25% of the equipment is replaced each year, with 25% of that amount deployed each quarter. The intent of this project is to deploy 50% of the equipment, establishing the operational processes and procedures to transition from a projectized deployment to an operational initiative.

Project Status:

- Project charter is being reviewed and approved.
- Statement of work has been submitted to vendors.
- The project overall health is green.

Project End Date: TBD, dependent upon final negotiations with the vendor

Budget: TBD, dependent upon final negotiations with the vendor

Registration and Title System (RTS) Batch Cycle

The objective of the RTS Batch Refactoring project is to reduce run time of 33 high priority batch jobs. The project will modernize existing batch code, moving from Maxenso to Java. It will optimize the run time of these batch jobs, shortening the run times by as much as 95%.

Project Status:

- The second set of batch updates were released in February.
- The project was extended to August 2022 and a third set of batch updates will be released in July.
- The project overall health is green.

Project End Date: Aug 2022

Budget: \$2.18M

Registration and Title System (RTS) Support

The TxDMV has a dedicated capital budget for RTS Support. This budget has been used to procure staff augmentation contract services in support of ongoing RTS modifications and enhancements. Since the start of the fiscal year, RTS Support contractors have been used to implement legislative changes and make system improvements.

Registration and Title System (RTS) Performance Stabilization

The TxDMV is taking multiple approaches to stabilize and improve performance in the RTS application. The ITSD has established a "tiger team" of staff from key sections of the division that are tasked with researching and implementing possible solutions to ongoing issues. Staff from application development and infrastructure meet daily to discuss and review new findings and solution implementation strategies. There are several solutions that are currently being analyzed, tested, and implemented. Additionally, the TxDMV is contracting with two external vendors to provide additional assistance in reviewing the network and identifying any issues that might be contributing to the RTS slowness. Recent modifications have resulted in a reduction of tickets related to "RTS Slowness" and reports of improved performance in the Tax Assessor Collector offices.

Digital License Plates (DLP)

The Digital License Plate project will implement SB 604, to support statutory requirements to allow digital license plates to be displayed on motor vehicles within the state of Texas. Once complete, the project will allow registered commercial fleet owned or operated by governmental entities to equip a digital license plate on the rear of a vehicle. The project will also enhance awareness of emergency notification and public safety alerts. The new technology will benefit law enforcement through automated display of registration expiration and have a potential for use in identifying stolen vehicles.

Project Status:

- Final testing results are pending for Toll Gate Plate Readability and Visibility.
- Tentative production readiness date is end of April
- Project overall health is green.

Project End Date: Summer 2022

Budget: \$820K

Call Center Upgrade Phase II

The objective of Phase II of the Call Center Upgrade project is to implement a modern post call survey tool that will improve customer interaction quality with the department. The tool will collect actionable customer feedback, uncover the root cause of good or bad experiences, and track and measure customer satisfaction using industry best practices.

Project Status:

- Statement of work is currently under internal review.
- Project overall health is red because a new statement of work is required to complete the remaining survey work for the project. The schedule has been delayed and a new project end date will be developed pending execution of the procurement.

Project End Date: Summer 2022

Budget: \$834K (Total project \$834K, survey tool portion \$150K)

Texas International Registration Program (TxIRP) Upgrade

The Texas International Registration Program Rewrite project will improve the TxIRP online user experience and reduce Out-of-Service (OOS) fraud. The project will improve user experiences through website responsiveness for mobile devices, add automated financial capabilities, and improved reporting.

Project Benefits:

- The project is currently in the procurement phase.
- Vendor negotiations are in progress.
- Project overall health is yellow because of the delays in funds approval. Now that funds are approved the schedule and task activities are expected to move forward more quickly.

Project End Date: Sept 2024

Budget: \$1.3M

Texas by Texas (TxT)

The Texas by Texas project will provide the constituents of Texas a secure, mobile-friendly platform to do business with multiple state agencies using a single user account (single sign-on). TxT will serve as a personal and portable government assistant for customers. It will allow customers to create an account, link to vehicles, and establish a personalized profile

with stored payment information, transaction history, preferences, and other features. Users will be able to choose to receive text and email renewal reminders which helps Texans renew their vehicle registration more efficiently.

Project Status:

- As of the end of March over one million users have set up a TxT account, almost 320,000 vehicles have been linked by TxT users, and almost 200,000 registration renewals have been completed.
- The native mobile application has been downloaded almost 45,000 times.
- TxDMV continues to partner with the Department of Information Resources to participate in the execution of the statewide marketing campaign.
- Deloitte and TxDMV are completing the Electronic Renewal Notification Opt-In to be executed this fall.
- The project overall health is green.

Project End Date: Fall 2022

Budget: \$1.5M

Motor Carrier Credentialing System (MCCS) Rewrite

The Motor Carrier Credentialing System Rewrite project will replace the existing legacy MCCS system with a modern, reliable application supported by an external vendor. The project will reduce the operational risk to the department using improved technologies and ensure long-term support and operability.

Project Status:

- Requirements are being gathered and documented.
- The statement of work is being drafted.
- The project overall health is green.

Project End Date: Aug 2023

Budget: \$4.5M



Board Meeting Date: 4/14/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Acting Executive Director
Agenda Item: 9.D
Subject: Replace Balanced Scorecard (BSC) with Key Performance Indicators (KPIs) for the Department's Performance Measurement System

RECOMMENDATION

Staff recommend that the full board replace the Balanced Scorecard (BSC) with the Key Performance Indicators (KPIs) as the department's performance measurement system.

PURPOSE AND EXECUTIVE SUMMARY

Department staff worked on the development of the BSC since 2018. The BSC included 26 measures that aligned with the department's mission and vision, strategic goals and objectives, and strategy map.

Strategic Goals and Objectives:

- Performance Driven
 - Effective and efficient services
 - Implement appropriate best practices
- Optimized Services and Innovation
 - Continuous business process improvement and realignment
 - Executive ownership and accountability for results
 - Organizational culture of continuous improvement and creativity
- Customer Centric
 - Focus on the internal customer
 - Increase transparency with external customers
 - Excellent service delivery

BSCs have not proven to be useful in measuring the operational ability of an organization, and more often serve as a distraction from issues and a drain on resources throughout the organization.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

Department staff have been providing monthly and/or quarterly reports of the KPIs since Fiscal Year 2013. The board currently receives quarterly reports via the Board SharePoint Site. At the June 14, 2018, board meeting, the board adopted the BSC as the department's performance measurement system as a replacement for the KPIs with an implementation date of July 1, 2018. Staff recommends that the board adopt the KPIs as the department's performance measurement system, effective April 14, 2022.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 10.A
Subject: FY 2022 Financial Report as of February 28, 2022 (BRIEFING ONLY) – Glenna Bowman and John Ralston

RECOMMENDATION

Briefing only.

PURPOSE AND EXECUTIVE SUMMARY

Attached is the TxDMV fiscal year (FY) 2022 financial report for September 1, 2021, through February 28, 2022. This report contains information on projected and actual revenues, as well as budgeted and actual expenditures for the first six months of this fiscal year. The report includes a stand-alone report for TxDMV Fund 0010 and information on selected statistics that may have an impact on revenues.

TxDMV is self-supporting and funds almost all its expenditures through revenues deposited to TxDMV Fund 0010. The Motor Vehicle Crime Prevention Authority (MVCPA) is fully funded through fees deposited to General Revenue Fund 0001.

Highlights of the department's revenues, expenditures, and fund balances for the first six months of the fiscal year include the following:

- TxDMV collected \$930.6 million in revenue in all funds. This is 8.3% more than collections during the first six months of FY 2021. *(see page 2)*
- TxDMV Fund 0010 revenue collections total \$82.7 million, a 19.3% increase compared to the first six months of FY 2021. *(see page 4)*
- Expenditures and outstanding obligations in all funds total \$127.8 million (\$68.6 million in expenditures and \$59.2 million in encumbrances). The total amount includes \$1.0 million in General Revenue expenditures and \$14.5 million in General Revenue encumbrances; the majority of General Revenue obligations are for MVCPA activities. *(see page 9)*
- The department collected sufficient revenue in the first half of FY 2022 to support its year-to-date expenditures. *(see page 5)*
- The adjusted balance for TxDMV Fund 0010 as of February 28, 2022, is \$119.6 million. *(see page 5)*

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

REVENUES (All Funds) *(see Page 2)*

In FY 2022, the state has shown a steady growth pattern in almost all sectors, resulting in increases in all categories of revenue but one. Decreased motor vehicle business license revenue can be attributed to the motor vehicle industry at large realizing the effects of supply-chain issues and the global chip shortage. This has led to a lack of motor vehicle inventory and increased competition for available inventory. As a result, the department has received fewer applications for motor vehicle industry licensure. TxDMV will continue to monitor the effect of these factors throughout FY 2022.

Title revenue has increased 34.8% from FY 2021 to FY 2022, with most of the increase attributable to restarting collection of the delinquent title transfer penalty formerly waived by the governor. Because waiver of the fee ended in April 2021, the year-over-year percentage change for this revenue category is expected to decrease as FY 2022 progresses.

PROJECTED versus ACTUAL REVENUES (see Page 3)

Overall, revenues in the first six months of FY 2022 exceed projections by 3.9%, mostly attributable to higher-than-expected registration collections. Five categories of revenue are above projections, and two categories are below projections. Although oversized/overweight permit revenue is slightly below projections (2.5%), revenue in this category is higher than the same period of FY 2021.

TxDMV FUND 0010 REVENUES (see Page 4)

FY 2022 year-to-date collections for TxDMV Fund 0010 total \$82.7 million, an increase of 19.3% (\$13.4 million) from the same period in FY 2021. The increase in FY 2022 revenues is mostly attributable to restarting collection of the delinquent title transfer penalty formerly waived by the governor.

EXPENDITURES AND ENCUMBRANCES (see Page 9)

Expenditures and outstanding obligations in all funds for FY 2022 total \$127.8 million (\$68.6 million in expenditures and \$59.2 million in encumbrances). Significant expenditure categories include salaries and related costs, contract services for license plate production, printing costs for vehicle titles and registration forms, postage, and Data Center Services costs. Included in expenditures is \$4.2 million for contract payments to License Plates of Texas LLC, the MyPlates specialty-plates vendor. Contract payments to MyPlates are contingent upon revenues collected. Included within the total obligations amount is \$15.5 million in expenditures in General Revenue appropriations; the majority of General Revenue obligations are for Motor Vehicle Crime Prevention Authority (MVCPA) activities.

CAPITAL BUDGET AND PROJECTS (see Pages 10-11)

The FY 2022 capital project budgets through February 28, 2022, include expenditures of \$7.6 million and encumbrances of \$12.0 million, for a total of \$19.6 million. This includes \$6.4 million for Automation System Projects; \$10.1 million for Data Center Services; \$1.3 million for the International Registration Plan upgrade; and \$851,000 for County Technology. The remaining capital obligations are for other technology projects, Regional Service Centers Maintenance, Replacement Vehicles, and Headquarters Maintenance. The FY 2022 capital project budget includes \$16.9 million in funds carried forward from FY 2021; most of the carry forward is for the TxDMV Automation System capital budget.

During the 87th regular legislative session, the Legislature appropriated a total of \$13.0 million in new funding in FY 2021 which was brought forward to FY 2022. The \$13.0 million provides funding for the planning of a new building that will eventually replace Building 5 at TxDMV Headquarters, the design and acquisition of an Accounts Receivables system, the implementation of the webSALVAGE application, and implementation of requirements related to Senate Bill 1064 for additional county fleet registration requirements.

MYPLATES (see Page 6)

The current (third) specialty-plates marketing contract was executed with License Plates of Texas LLC. The vendor's online storefront runs from November 19, 2019, to December 31, 2025, with an option to renew the contract for an additional six-year term. The contract includes a minimum guarantee of \$25 million into the General Revenue Fund from the sale of personalized and non-personalized new vendor specialty plates, as well as 5% of the revenue from the renewal of these plates, during the term of the contract.

General Revenue Fund 0001 deposits associated with the MyPlates contract from November 19, 2019, to February 28, 2022, total \$43.9 million. Of the \$43.9 million, \$20.3 million counts toward the \$25 million contract guarantee.



Texas Department of Motor Vehicles

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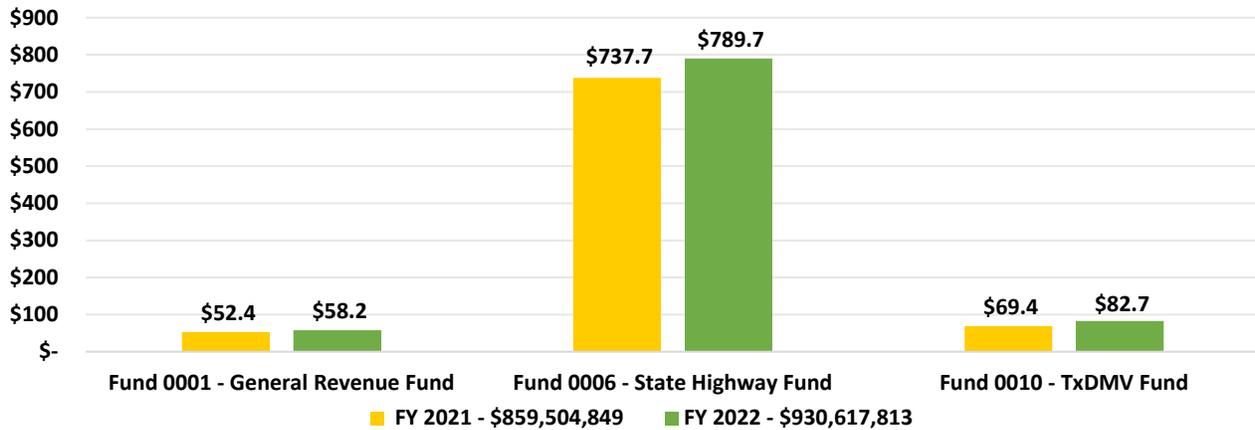


FY 2021 and FY 2022 Revenues - All Funds

September 1 through February 28

FY 2021 and FY 2022 Revenue by Fund

(in millions)



The Texas Department of Motor Vehicles (TxDMV) collected \$930.6 million through February 28, 2022. This is 8.3% more than FY 2021 collections. FY 2021 and FY 2022 revenue deposits for all funds by revenue category are shown in the chart below.

In FY 2022, the state has shown a steady growth pattern in almost all sectors, resulting in increases in all categories of revenue but one. Decreased motor vehicle business license revenue can be attributed to the motor vehicle industry at large realizing the effects of supply-chain issues and the global chip shortage. This has led to a lack of motor vehicle inventory and increased competition for available inventory. As a result, the department has received fewer applications for motor vehicle industry licensure. TxDMV will continue to monitor the effect of these factors throughout FY 2022. The increase in title revenue from FY 2021 to FY 2022 is mostly attributable to restarting collection of the delinquent title transfer penalty formerly waived by the governor. Because waiver of the fee ended in April 2021, the year-over-year percentage change for this revenue category is expected to decrease as FY 2022 progresses.

FY 2021 and FY 2022 Revenue by Category - All Funds

Revenue Category	FY 2021 Actual	FY 2022 Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 32,812,875	\$ 44,244,401	\$ 11,431,525	34.8%
Motor Vehicle Registration	716,173,765	769,420,210	53,246,445	7.4%
Motor Carrier - Oversize/Overweight	72,550,631	77,107,892	4,557,262	6.3%
Motor Carrier Credentialing	4,333,173	4,378,813	45,640	1.1%
Motor Vehicle Business Licenses	4,014,882	3,668,205	(346,677)	(8.6%)
Miscellaneous Revenue	5,415,667	5,845,368	429,701	7.9%
Processing and Handling Fee	24,203,854	25,952,922	1,749,068	7.2%
Total	\$ 859,504,849	\$ 930,617,813	\$ 71,112,964	8.3%

FY 2022 Projected versus Actual Revenues - All Funds

September 1 through February 28

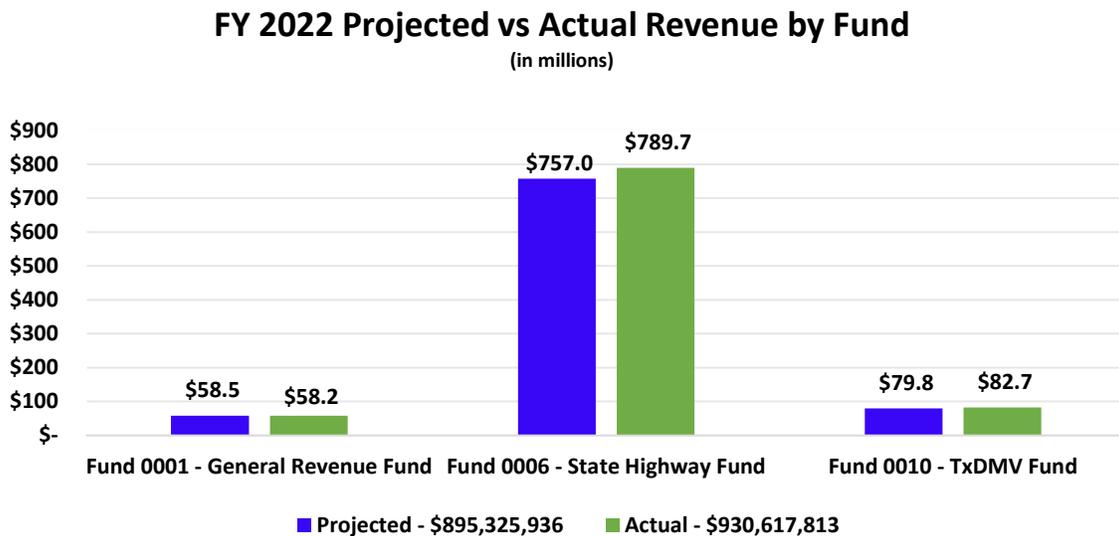
Revenue Category	FY 2022 Projected	FY 2022 Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 41,639,037	\$ 44,244,401	\$ 2,605,364	6.3%
Motor Vehicle Registration	735,592,560	769,420,210	33,827,650	4.6%
Motor Carrier - Oversize/Overweight	79,085,532	77,107,892	(1,977,640)	(2.5%)
Motor Carrier Credentialing	4,210,148	4,378,813	168,665	4.0%
Motor Vehicle Business Licenses	3,749,136	3,668,205	(80,931)	(2.2%)
Miscellaneous Revenue	5,659,000	5,845,368	186,368	3.3%
Processing and Handling Fee	25,390,522	25,952,922	562,401	2.2%
Total	\$ 895,325,936	\$ 930,617,813	\$ 35,291,877	3.9%

TxDMV revenue collections in the first six months of FY 2022 reflect an increase in most categories from the same period in FY 2021. FY 2022 projections were established in the latter part of FY 2021 and include the effect of restarting a full year of collections of certain previously waived fees.

Year-to-date revenue for FY 2022 is 3.9% (\$35.3 million) above projections, with higher-than-expected title, registration, motor carrier credentialing, miscellaneous, and processing and handling fee revenues.

Motor carrier oversize/overweight revenue is 2.5% (\$1,977,640) below projections. Motor vehicle business license revenue is 2.2% (\$80,931) below projections due to a lower-than-expected number of licenses issued year-to-date, primarily general distinguishing numbers (GDNs).

Total projected and actual revenues by fund are shown in the chart below.

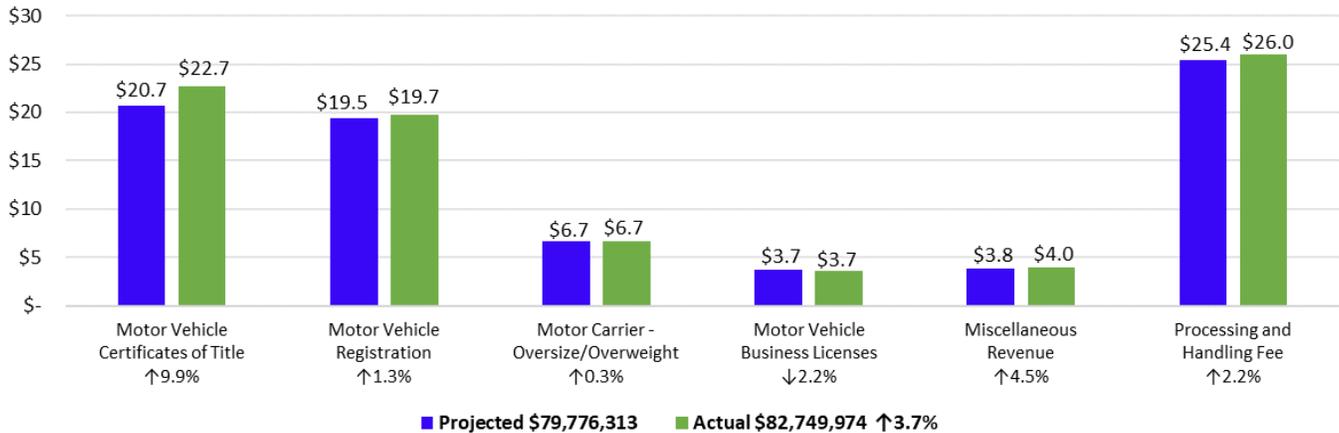


FY 2022 TxDMV Fund 0010 Revenue Highlights

September 1 through February 28

Projected vs Actual Revenue - Fund 0010

(in millions)



- Overall, TxDMV Fund 0010 revenue is 3.7% (\$2,973,661) above projections for the first six months of FY 2022.
- Motor Vehicle Title revenue is 9.9% above projections, reflecting higher-than-expected vehicle sales.
- Motor Vehicle Registration revenue is 1.3% over projections, mostly due to stronger-than-expected vendor-plates sales.
- Motor Vehicle Business License revenue is 2.2% under projections due to fewer-than-expected dealer licenses being issued year-to-date.
- Miscellaneous revenue is 4.5% over projections, mostly attributable to higher-than-expected collections of motor vehicle dealer civil penalties and credit-card service fees.

FY 2021 and FY 2022 Actual Revenue - Fund 0010

Revenue Category	FY 2021 Actual	FY 2022 Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 13,142,455	\$ 22,694,376	\$ 9,551,921	72.7%
Motor Vehicle Registration	17,729,629	19,710,724	1,981,095	11.2%
Motor Carrier Oversize/Overweight	6,638,185	6,723,618	85,433	1.3%
Motor Vehicle Business Licenses	4,014,882	3,668,205	(346,677)	(8.6%)
Miscellaneous Revenue	3,653,923	4,000,128	346,205	9.5%
Processing and Handling Fee	24,203,854	25,952,922	1,749,068	7.2%
Total	\$ 69,382,929	\$ 82,749,974	\$ 13,367,045	19.3%

- Total TxDMV Fund 0010 revenue in the first six months is 19.3% (\$13.4 million) higher than the same period in FY 2021. The increase in Motor Vehicle Title revenue is mostly due to restarting collection of the delinquent title transfer penalty, formerly waived by the governor. The increase in Motor Vehicle Registration revenue is mostly attributable to strong vendor-plates sales. The increase in Miscellaneous revenue is mostly due to higher collections of motor vehicle dealer civil penalties and credit-card service fees.

FY 2022 TxDMV Fund 0010 Revenues, Expenditures and Fund Balance

September 1 through February 28

	FY 2022
Beginning Fund Balance	\$ 149,090,673
Revenue	
Motor Vehicle Certificates of Title	\$ 22,694,376
Motor Vehicle Registration	\$ 19,710,724 ⁽¹⁾
Motor Carrier - Oversize/Overweight	\$ 6,723,618 ⁽²⁾
Motor Vehicle Business Licenses	\$ 3,668,205
Miscellaneous Revenue	\$ 4,000,128
Processing and Handling Fee	\$ 25,952,922 ⁽³⁾
Total Revenue	\$ 82,749,974
Operating Expenditures	
Salaries and Wages	\$ 20,791,219
Other Personnel	\$ 811,288
Professional Fees	\$ 8,199,679
Fuels & Lubricants	\$ 16,880
Consumables	\$ 489,209
Utilities	\$ 1,920,266
Travel	\$ 64,191
Rent - Building	\$ 443,103
Rent - Machine and Other	\$ 91,328
Other Operating	\$ 28,353,416 ⁽¹⁾
Other Capital	\$ -
Total Operating Expenditures	\$ 61,180,578
Fringe Benefits	
Retirement	\$ 1,954,993
Group Insurance	\$ 2,852,448
OASI (Old Age and Survivor's Insurance)	\$ 1,569,597
Unemployment Reimbursement to GR	\$ 325
Benefit Replacement Pay	\$ 35,692
Total Fringe Benefits	\$ 6,413,055
Total Expenditures	\$ 67,593,633
Ending Fund Balance	\$ 164,247,014
Adjustment for Encumbrances	\$ 44,681,646
Adjusted Fund Balance	\$ 119,565,368

FY 2022 Revenues & Expenditures



Footnotes:

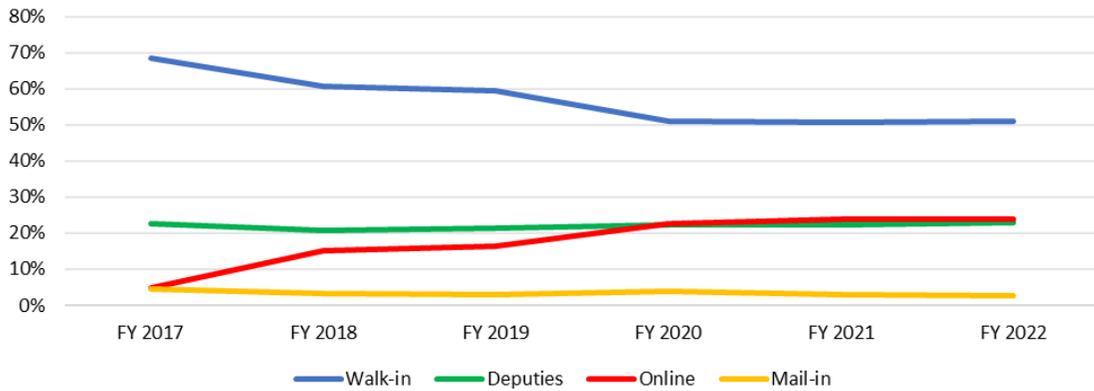
⁽¹⁾ Included in Motor Vehicle Registration fees are MyPlates revenue collections of \$4,429,147; and included in Other Operating expenditures are MyPlates expenditures of \$4,183,870.

⁽²⁾ Motor Carrier - Oversize/Overweight excludes escrow deposits.

⁽³⁾ Processing and Handling fee revenue does not include the portion of the fees retained for administrative expenses by the counties or Texas.gov, per TxDMV board rule.

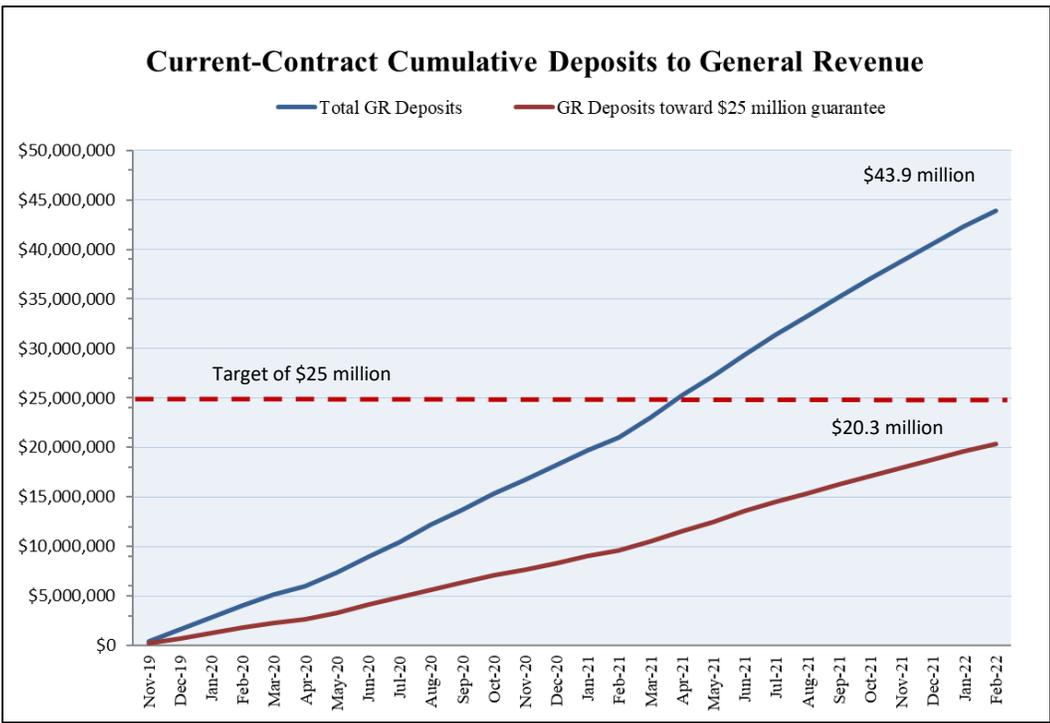
Processing and Handling Fee

Transaction Mix from Annual Registrations



- As of February 28, 2022, a majority (51.0%) of annual-registration transactions were processed at county offices.
- Due to reopening of county offices, the percentage of online registration renewals decreased slightly, accounting for 23.7% (2.7 million) of the 11.2 million total transactions in the first six months of FY 2022 compared to 24.7% for the same period in FY 2021.
- Deputy and mail-in registrations have remained relatively constant since FY 2017, and are at 22.8% and 2.5%, respectively, for the first six months of FY 2022.

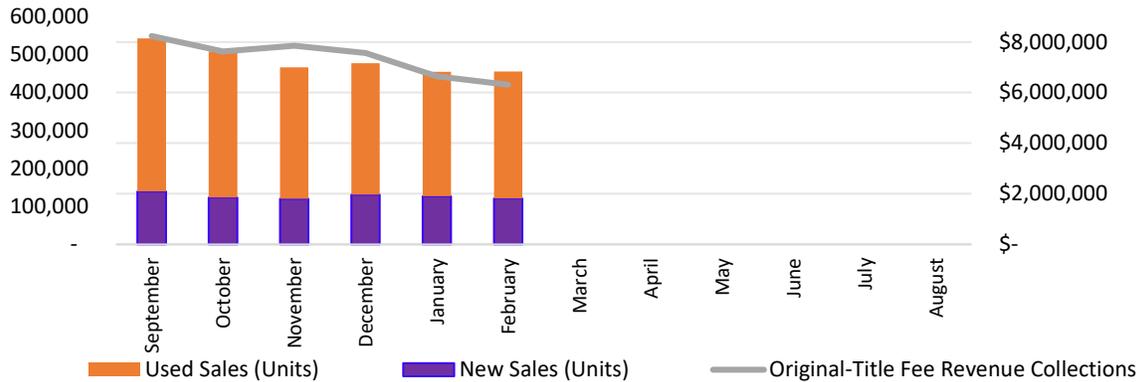
Vendor Plates



- General Revenue Fund 0001 deposits associated with the MyPlates contract from November 19, 2019, to February 28, 2022, total \$43.9 million.
- \$20.3 million of the revenue counts toward the contract's \$25 million guarantee.
- Since the effective date of the current contract, new orders account for 43.4% of the Fund 0001 mix, and renewals account for 56.6%.

Motor Vehicle Certificates of Title

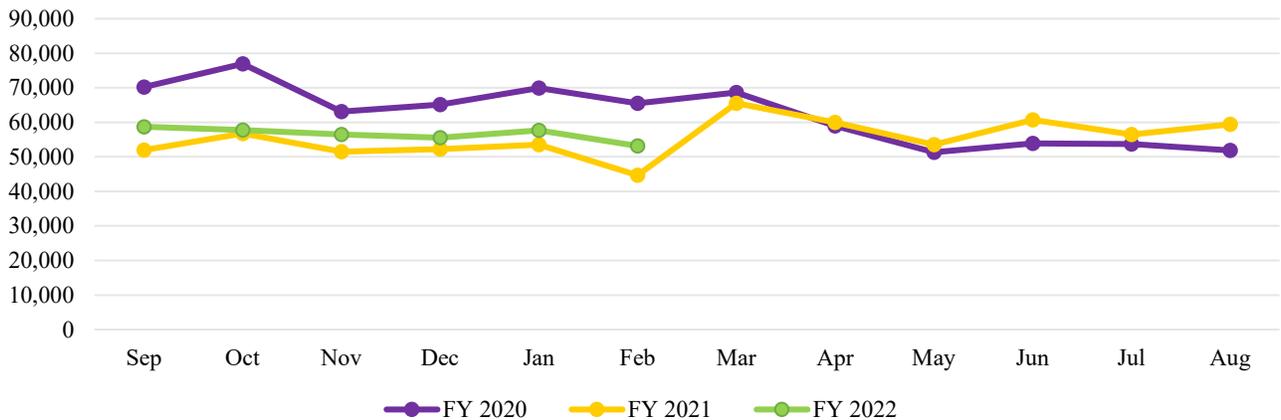
FY 2022 Monthly Auto Sales and Original-Title Fee Revenue Collections



- Original-title fees are the largest component of Certificates of Title revenue. Year-to-date in FY 2022, TxDMV has collected revenue from the issuance of about 3.2 million original titles. Original-title issuance is driven by new- and used-vehicle sales; original-title revenue collections are reflected in the gray trend line above. The first six months of FY 2022 saw a slight increase in overall vehicle sales as compared to the same period in FY 2021.
- Auto sales year-to-date in FY 2022 have increased 2.4% from FY 2021, with used-vehicle sales up 9.5% and new-vehicle sales down 13.4%.

Motor Carrier Oversize/Overweight Permits

FY 2022 Monthly Oversize/Overweight Permit Issuance



- The number of permits issued year-to-date in FY 2022 is 339,287 compared to 310,511 for the same period in FY 2021, an increase of 9.3%. Increased activity in the oil-and-gas and construction sectors has affected the issuance of motor-carrier permits, resulting in a steady increase in oversize/overweight fee deposits since FY 2021.
- As shown in the trend lines in the graph above, the first six months of FY 2022 saw an increase in permit issuance as compared to the same period in FY 2021.
- Revenue in this category is expected to see an overall year-over-year increase in FY 2022.

FY 2022 Financial Summary as of February 28, 2022

FY 2022 Highlights

- The adjusted FY 2022 budget as of February 28, 2022, is \$199.8 million. This amount includes the original baseline total as approved by the Legislature during the 86th legislative session and adjustments as shown in the table below.

FY 2022 Budget	Amount
Original Baseline Appropriations	\$ 156,209,975
Unexpended Balances from FY 2021	30,063,599
Benefit Costs	13,492,325
Adjusted Appropriations	\$ 199,765,898

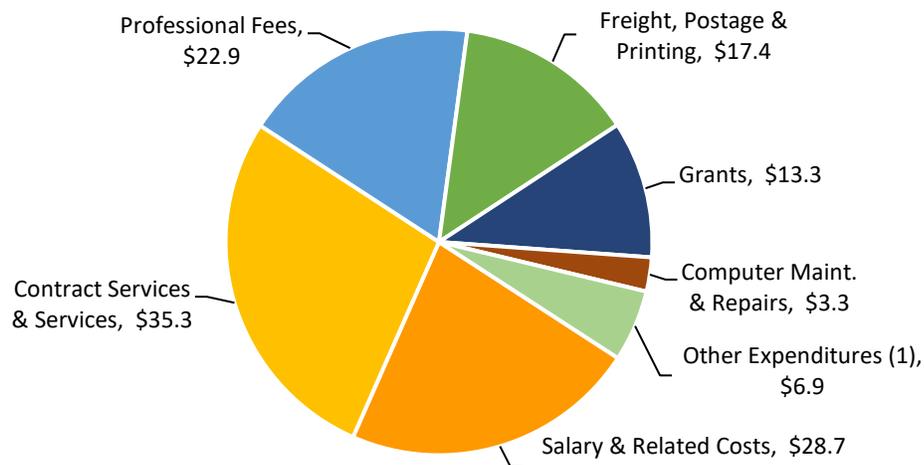
- The baseline total of \$156.2 million provides funding for 808.0 full-time equivalents (FTEs), ongoing operating costs, and FY 2022 funding for capital projects.
- The \$30.1 million in unexpended balances as of February 28, 2022, is a combination of the continuation of capital projects funded in FY 2021 and brought forward to FY 2022 and the carryforward of supplemental appropriations funded in late FY 2021. The largest portion of the carry forward is \$13.0 million for the supplemental appropriations originally approved by the 87th Legislature in House Bill 2 in July 2021.
- The House Bill 2 amount of \$13.0 million provides for planning of a new Building 5 at TxDMV headquarters (\$6.2 million); implementation of an accounts-receivable system (\$3.5 million); development of the webSALVAGE application (\$3.2 million); and one-time programming costs to implement the provisions of Senate Bill 1064 relating to the extended registration of certain county fleet vehicles (\$250,000).
- Capital project carryforwards as of February 28, 2022, total approximately \$16.9 million and is for Automation projects (\$12.7 million), Headquarters Maintenance (\$2.9 million), and International Registration Plan (IRP) Upgrade (\$1.3 million)

FY 2022 Financial Summary as of February 28, 2022

September 1 through February 28

- Expenditures and outstanding obligations for the first six months of FY 2022 total \$127.8 million (\$68.6 million in expenditures and \$59.2 million in encumbrances).

FY 2022 Expenditures and Encumbrances by Category - All Funds
(in millions)



⁽¹⁾ Other Expenditures includes: Online Service Fees (\$2.6 million), Rents/Utilities (\$3.4 million), Other Expenses (\$616,000), Travel/Training (\$288,000), and Capital Equipment (\$32,000)

Full-Time Equivalents

- In FY 2022, the department's authorized FTE cap increased from 802.0 to 808.0. The new FTEs are allocated as follows by division: Finance & Administrative Services (2.0) and Vehicle Titles and Registration (4.0).
- Overall, vacancies have increased over the most recent twelve months. The increase in authorized FTEs beginning in September contributed to the increase in vacancies.

Monthly Vacancies - Most Recent 12 Months



FY 2022 Financial Summary as of February 28, 2022

Capital Budget and Projects

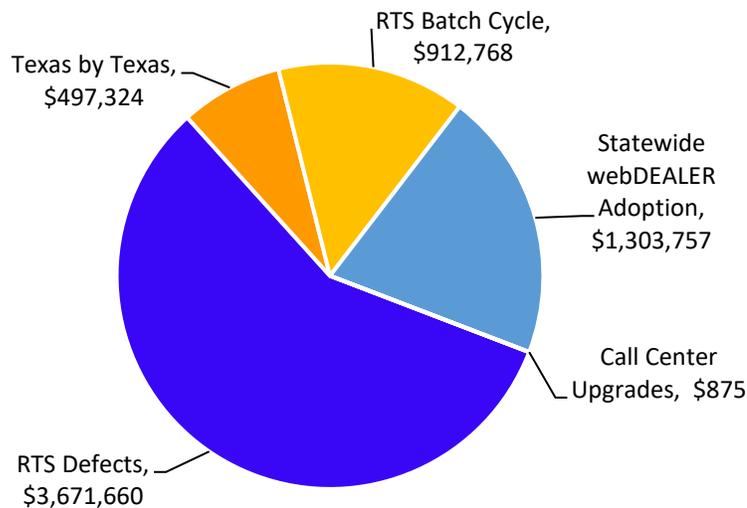
Capital Budget Financial Status

	Revised Budget	Expenditures	Encumbrances	Available Budget
TxDMV Automation System	\$ 17,755,741	(\$2,129,688)	(\$4,256,696)	\$ 11,369,357
Other Info Resources Projects	\$ 17,941,427	(\$5,494,180)	(\$7,207,858)	\$ 5,239,389
Other Capital Projects	\$ 3,135,567	(\$26,003)	(\$517,366)	\$ 2,592,198
Grand Total, Capital Budget	\$ 38,832,735	(\$7,649,871)	(\$11,981,920)	\$ 19,200,945

- The Revised Capital Budget for FY 2022 includes \$16.9 million carried forward from FY 2021 for Automation, Headquarters Maintenance, and IRP Upgrade projects and \$21.9 million in new appropriations.

TxDMV Automation System Projects

Automation Expenditures & Encumbrances



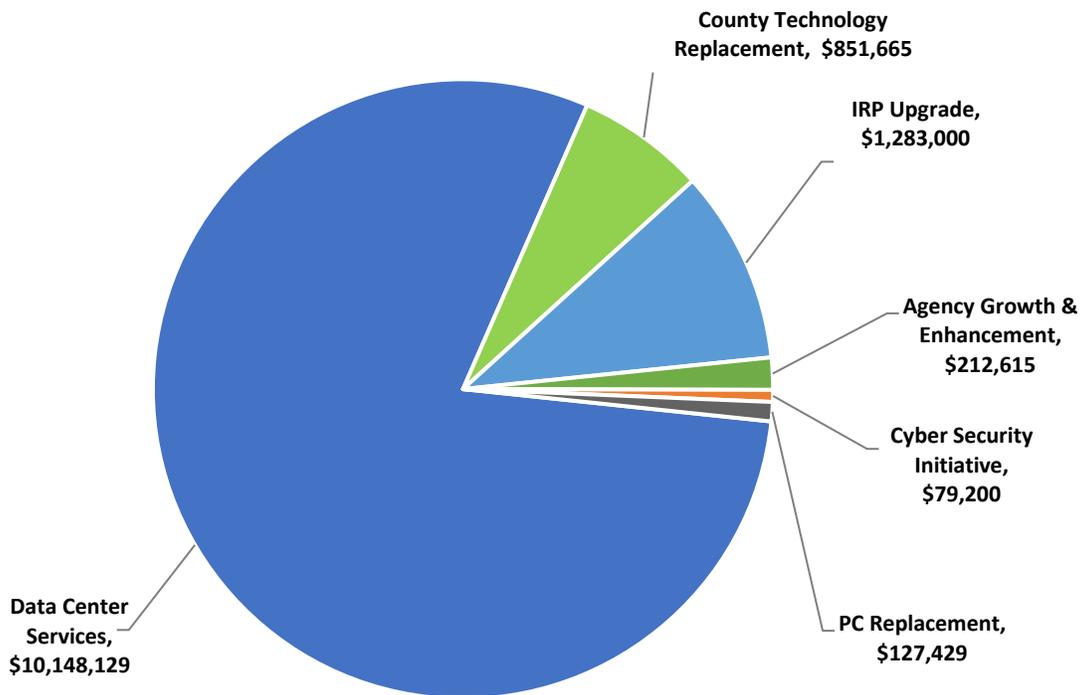
- The total budget for the TxDMV Automation System Projects as of February 28, 2022, is \$17.8 million.
- Expenditures and encumbrances total \$6.4 million. The majority of these costs are for Registration and Title System (RTS) defects (\$3.7 million); the Statewide webDEALER Adoption project (\$1.3 million); and the RTS Batch Cycle project (\$913,000).
- The Texas by Texas project has a total obligation of \$497,000 and is currently in its implementation phase. Initial go-live was October 2021.

FY 2022 Financial Summary as of February 28, 2022

Other Information Resources Projects

- Data Center Services (DCS) provides management of applications, hardware, and technology services for TxDMV and is the largest single component of Other Information Resources Projects (\$10.1 million).
- Obligations in County Technology Replacement includes routine replacement of laptops and desktops for the technology refresh program.
- The upgrade of the IRP application is a new project for FY 2022.

Technology Capital Projects



Other Capital Projects

- The budgets for Other Capital Projects as of February 28, 2022, total \$3,135,567 and include funding for Regional Service Centers Maintenance, Replacement Vehicles, and Headquarters Maintenance.
- The Headquarters Maintenance capital budget is a carry forward from FY 2021. This project will address facilities as part of the transition of Camp Hubbard from TxDOT to TxDMV.



Board Meeting Date: 4/14/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 10.B
Subject: Strategic Plan

RECOMMENDATION

Briefing only.

PURPOSE AND EXECUTIVE SUMMARY

Briefing item to provide information on the department's activities related to the Strategic Plan.

FINANCIAL IMPACT

N/A.

BACKGROUND AND DISCUSSION

In accordance with the *Instructions for Preparing and Submitting Agency Strategic Plans* issued by the Legislative Budget Board and the Governor's Office, the department is in the process of developing its Strategic Plan for FY 2023- 2027. This plan includes several required elements, including our mission and vision statement, budget structure (goals, objectives and strategies), performance measures, redundancies and impediments, workforce plan, and customer satisfaction report. The complete Strategic Plan is due to the Legislative Budget Board and the Governor's Office on June 1, 2022.

Requested changes to the budget structure and performance measures were submitted on April 1, 2022, as outlined below.

Budget Structure – We are proposing NO CHANGE to the budget structure. We are requesting a minor strategy title change for the Motor Carrier Division from "Motor Carrier Permits & Credentials" to "Motor Carrier Services." This change is similar to one that was requested and approved last session related to the Motor Vehicle Division strategy. We are also updating all goal and strategy descriptions with minor wording changes.

Performance Measures – In coordination with Bryan Wilson, Director of the MVCPA, we are proposing changes to the MVCPA measures. These changes include deleting two performance measures (*Number of Stolen Vehicles per 100,000 Registered Vehicles* and *Stolen Vehicle Recovery Rate*) because we are reliant on outside data that we are not able to get in time to prepare our annual performance measures report. A new measure, *Number of Grants Awarded*, is being proposed. Data for this measure is more readily available and is an indicator of the MVCPA's compliance with its statutory responsibility to issue grants. MVCPA will retain its current output measure, *Number of Stolen Vehicles Recovered*, but is requesting changes to the methodology for compiling the measure.

We are making minor grammatical, conformity and syntax updates to other TxDMV measures, but none of these changes are substantive.



Board Meeting Date: 4/14/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 10.C
Subject: TxDMV Midland/Odessa Regional Service Center Remodel Contract

RECOMMENDATION

Authorize the Department's Executive Director to negotiate and execute a contract for Phase II of the Midland/Odessa Regional Service Center Remodel Project.

PURPOSE AND EXECUTIVE SUMMARY

In accordance with this previously presented project, staff requests the Board to grant authority to the Executive Director to approve the Phase II turnkey demolition and construction services contract for the Midland/Odessa Regional Service Center. The services will be bid out, and the cost is expected to exceed the department's internal \$200,000 authorization limit.

The project is being implemented in partnership with the Texas Department of Transportation (TxDOT) which owns the property. Phase I included identifying portable building swing space and utility needs. Authorization for the TxDMV-led Phase II component is necessary to obtain a demolition and construction services vendor to perform the actual remodeling and oversee the project.

FINANCIAL IMPACT

Neither a purchase order nor a contract is in place, but the bid process has begun. Based on historical information for similar needs provided by TxDOT's Odessa District Office, it is anticipated that bids will come back somewhere between \$250,000 – \$300,000 for these turnkey services.

BACKGROUND AND DISCUSSION

This joint project with TxDOT was previously presented to the Board in January 2021. The goal of this project is to temporarily relocate the Midland/Odessa Regional Service Center to a nearby temporary location where staff can continue to provide services while remodeling and renovating the existing office. The proposed modifications will help the regional service center better serve the public and create a safer and more inviting environment at this location. Staff and equipment will be returned to the renovated office space at project conclusion.

Overall project requirements include renting a temporary portable building (swing space) to ensure uninterrupted TxDMV services; temporary security services, utilities, internet and other required services for the portable building; moving/relocation of staff and equipment; demolition, design and construction to meet project remodeling requirements (to include an improved customer service layout and the addition of more convenient and secured employee restrooms); updated modular furniture, hard-case furniture, appliances and information technology; and relocation and set up of staff and equipment in the completed area.



Board Meeting Date: 4/14/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Jason Gonzalez, Sr. Internal Auditor
Agenda Item: 10.D
Subject: Fiscal Year (FY) 2022 Second Six-Month Internal Audit Plan

RECOMMENDATION

To approve the FY 2022 Second Six Month Internal Audit Plan.

PURPOSE AND EXECUTIVE SUMMARY

The Texas Department of Motor Vehicles Board approves the Internal Audit plan each year to be in compliance with the Texas Internal Audit Act (Texas Government Code 2102.008). The FY 2022 Second Six Month Internal Audit plan provides information for engagements in the second half of the fiscal year, including an hour analysis and engagements. The plan also outlines divisional initiatives and added-value services for the second six months.

The Second Six Month Internal Audit Plan was developed based on the results of the second half risk assessment.

FINANCIAL IMPACT

No Financial Impact.

BACKGROUND AND DISCUSSION

IAD assessed 425 risks during the second half risk assessment. The risk assessment identified 31 High and Very High Risks. IAD used the risk assessment to identify high risk areas and engagements for the second six-month Internal Audit plan.

IAD identified five engagements that it will conduct during the second six months of the fiscal year. Out of the five engagements, three engagements are required, and two engagements are risk-based. The two risk-based engagements are tied to the following themes: Information Technology and Operational.

Additionally, IAD conducts value-added services and works on divisional initiatives. Divisional initiatives improve the effectiveness and efficiency of the division while value-added services include items that provide the Department inputs for strategic decision making and fraud, waste, and abuse risk management.



**Texas Department
of Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

**Fiscal Year (FY) 2022 Second Six Month
Internal Audit Plan**

Internal Audit Division

March 2022

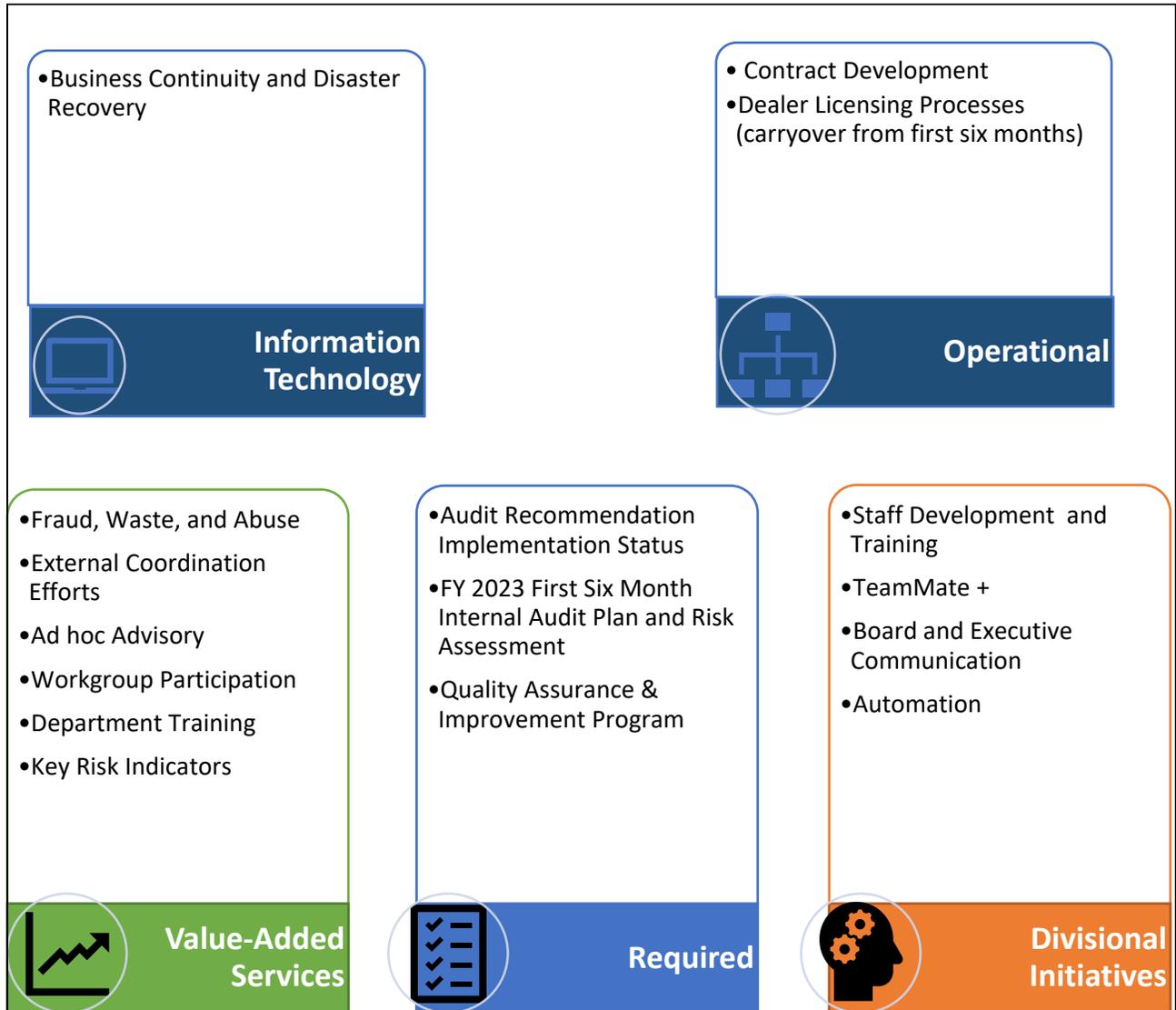
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FY 2022 Second Half Summary

The Internal Audit Division (IAD) audit plan for fiscal year (FY) 2022 is divided into two six-month plans. IAD moved to a six-month audit plan to allow for flexibility as Texas Department of Motor Vehicles' (TxDMV) risks change rapidly. The audit plan for the second half of the fiscal year includes two risk-based engagements tied to two themes and three required engagements. In addition, the plan includes division initiatives, and added-value services. The second half summary is illustrated in figure 1.

Figure 1. Second Half Audit Plan Summary



Engagement and Services Information



Risk-Based Engagements

- Business Continuity and Disaster Recovery:** Business Continuity and Disaster Recovery are key processes to minimize the effect of outages and disruptions (e.g. from natural disasters or cyberattacks) on TxDMV operations. This audit will examine whether controls to ensure operational resiliency have been developed, implemented, and updated to account for the expansion of telework.
- Contract Development:** Contracts are the primary control to ensure that TxDMV receives deliverables from vendors that are timely and meet specifications. This audit will examine the contract development process, including collaboration between Purchasing and other divisions, to determine if the processes and controls currently in place support the Department's objectives.
- Dealer Licensing Processes (continued from first six months):** The Motor Vehicle Division is responsible for issuing dealer licenses. This audit engagement would evaluate processes designed to ensure verification of dealer identity, including systems used to review and document criminal history information.



Required Engagements

- Audit Recommendation Implementation Status Follow-Up:** Verification of the implementation status for internal and external audit recommendation.
- FY 2023 Risk Assessment and Internal Audit Plan:** An enterprise-wide risk assessment to identify the high – risk engagement areas for the upcoming fiscal year.



Value-Added Services

- **Fraud, Waste, and Abuse (FWA) Items:** IAD works on detecting, tracking, and reviewing any internal FWA allegations or State Auditor's Office Hotline complaints. IAD investigates internal FWA allegations.
- **External Coordination Efforts:** IAD coordinates and facilitates any external audits. External coordination efforts include providing audit status update and coordinating responses.
- **Ad hoc Advisory:** IAD sets aside 250 hours to address any short-term assessment or information requests by TxDMV staff during the second half of the fiscal year.
- **Workgroup Participation:** IAD participates in TxDMV work groups to help identify any unforeseen risk in enterprise projects or activities.
- **Department Training:** IAD provides training to help TxDMV staff understand their responsibilities for audits, recommendation implementation, and preventing fraud, waste, and abuse.
- **Key Risk Indicators:** IAD will be monitoring the Fraud, Regional Service Centers, and Procurement & Contract Management risk indicators on a quarterly basis to help with risk mitigation.



Divisional Initiatives

- **TeamMate +:** IAD continues to enhance and support its audit software.
- **Staff Development Plans and Training:** IAD staff take training and create development plans to obtain required knowledge, skills, and abilities.
- **Communication Plans:** IAD continues refining dashboards, communication sites, and other items to provide a snapshot of the Department's risk management, governance, and engagement information to the Department.
- **Automation & Technology Improvement:** IAD will continue to work on automating routing processes and leverage technology to be more efficient.

Detailed Engagement Information

Engagements

Tables 1 and 2 provide information on the risk-based and required engagements that will be conducted in the second half of the FY 2022. The information includes engagement name, engagement hours, TxDMV strategic goal alignment, impacted division(s), and background. The background includes information on how the engagement ties to Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Information on COSO can be found in Scope and Methodology section, under the [Committee of Sponsoring Organizations of the Treadway Commission \(COSO\) Methodology](#).

Table 1 provides information on the risk-based engagement and table 2 provides information on the required engagements.

Table 1. Risk-Based Engagements

Engagement Area	Hours	Strategic Goal(s)	Impacted Division(s)	Background
Business Continuity and Disaster Recovery	600	Performance Driven	Information Technology Services Division	As natural disasters and cybersecurity events become more common, having business continuity and disaster recovery plans that are effective is key. This engagement would look at the Department's current plans as well as any changes currently in progress. This engagement ties to COSO elements of Control Environment, Risk Assessment, and Information and Communication.
Contract Development	700	Performance Driven	Finance & Administrative Services Division Office of the General Counsel	The state continues to evolve its procurement and contract rules and regulations and has begun focusing more on the development of contracts. Questions about contract development and its effect on deliverables were raised by division leadership during the risk assessment. This engagement would review processes that exist to develop contracts and amend contracts. This engagement ties to COSO elements of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

Engagement Area	Hours	Strategic Goal(s)	Impacted Division(s)	Background
Dealer Licensing Processes (carryover from first six months)	200	Customer Centric Optimized Services and Innovation	Motor Vehicle Division	The Department is responsible for determining license eligibility for a multitude of dealer licenses. The engagement will evaluate the Department's processes designed to ensure the verification of dealer applicant's identities and applicant's criminal history through the dealer licensing process. This engagement ties to COSO elements of Control Environment, Risk Assessment, Control Activities, and Monitoring.

Table 2. Required Engagements

Engagement Area	Hours	Strategic Goal(s)	Impacted Division(s)	Background
Audit Recommendation Implementation Status Follow-Up	75	Optimized Services and Innovation Customer Centric Performance Driven	Department-wide	An engagement to verify if outstanding audit recommendations have been fully implemented. Quarterly reporting for internal audit recommendations will be done.
FY 2023 Risk Assessment and First Half Internal Audit Plan	200	Optimized Services and Innovation Customer Centric Performance Driven	Department-wide	An engagement to identify high – risks areas where engagement may be warranted in the upcoming year.

Contingency Engagements

Table 3 denotes the potential engagements that could be performed during the second half of the fiscal year if one of the risk-based engagements cannot be done.

Table 3. Contingency

Engagement Area	Strategic Goal(s)	Impacted Division(s)	Preliminary Engagement Information
Facilities	Optimized Services and Innovation	Finance & Administrative Services Division	With the approval from the Legislature, the Department will begin evaluation of building consolidation and facilities construction planning for headquarters. Additionally, the Department maintains Regional Services Facilities. This engagement would look at the Department's capacity to maintain headquarter buildings and evaluate the Department's capabilities to meet Departmental needs at Regional facilities. This engagement ties to COSO elements of Control Environment, Risk Assessment, and Control Activities.
Payment Card Industry Compliance	Performance Driven	Information Technology Services Division	The Department accepts credit cards and is required to meet PCI standards. At the time of this plan's development, ITSD intends to contract with a third-party certified assessor to examine PCI compliance. If this does not occur, IAD would evaluate PCI compliance with one of the 12 PCI requirements. This audit was identified as an area of review in the Cybersecurity roadmap.

Scope and Methodology

Scope

The Internal Audit Plan covers activities and engagements for the second half of the fiscal year, March 2022 to August 2022, and identifies potential engagements for the second half of the fiscal year.

Risk Assessment

Risk Methodology

The audit plan was developed using a risk-based methodology, which incorporated input from TxDMV board members, executive management, division management, and risks identified by audit staff through previous fiscal year engagements and observations. IAD also analyzed TxDMV information and reviewed internal audit and industry publications to identify and rank potential audit topics by risk. In addition, IAD collected information on the potential controls that were in place to mitigate the identified risks.

Each risk was reviewed using approved Department risk guidance that included the following factors:

- Revenue or expense impact
- Asset or liability impact
- Operational effectiveness and efficiency impact
- Legal or regulatory impact
- Brand or reputational impact
- Degree of change in the program, function, or process
- Degree of complexity
- Degree of centralization
- Control design strength

420 Department risks have been identified through the risk assessment. Each risk identified was scored using the above factors to determine the engagements for the second half of fiscal year 2022 and contingency engagements.

The risk scores ranged from zero, which is the lowest risk score, to five, which is the highest risk score. Table 4 provides information on the risk scores for each item.

Table 4. Risk Scores

Very Low Risk	Low Risk	Medium Risk	High Risk	Very High Risk
0 - 1.49	1.5 – 2.49	2.5 – 3.49	3.5 – 4.49	4.5 +

Committee of Sponsoring Organizations of the Treadway Commission (COSO) Methodology

Once all risks were reviewed and ranked, the audit team evaluated each risk using the COSO *Internal Control – Integrated Framework*. The framework integrates three broad objectives (Operations, Reporting, and Compliance) and ties those objectives to risks and controls through five internal control components and four structural levels as depicted in Figure 2, COSO cube. The COSO cube depicts how the internal controls framework has a direct relationship between objectives, the components needed to achieve objectives, and a typical organizational structure.

Figure 2. COSO Cube



The definition for the COSO Internal Control Components are as follows:

- Control Environment:** The foundation for an internal control system. The Control Environment is a set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. It provides the discipline and structure to help an entity achieve its objectives. The TxDMV Board and executive management establish the tone at the top regarding the importance of internal control including expected standards of conduct.

- **Risk Assessment:** The processes used to determine how risk is to be managed. TxDMV management assesses the risks facing the entity as it seeks to achieve its objectives.
- **Control Activities:** The actions TxDMV management established through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes information systems.
- **Information and Communication:** The quality of information TxDMV management and staff generate and use to communicate and support the internal control system on an ongoing and iterative basis.
- **Monitoring:** The activities TxDMV management established to assess the quality of performance over time. The activities include ongoing evaluations, separate evaluations, or some combination of the two. The activities are used to ascertain whether each of the five components of internal control, are present and functioning.

Fraud, Waste, and Abuse Consideration

During the risk assessment, the IAD also conducted an update to the fraud, waste, and abuse risk assessment. Those risks were reviewed as part of this risk assessment.

Themes

For the FY 2022, three themes were developed to help provide an overall perspective on internal audit's focus for the first six months:

- **Legislative Implementation Readiness:** Areas and functions significantly impacted by legislation changes.
- **Operational effectiveness:** Areas and functions where processes and overall operations had significant change in management or processes are expected to be changed.
- **Information Technology:** Areas where the spread of new technologies, data collection methodologies, and automation increases risks to our organization and customers.

Hour Analysis

Engagement hours were calculated using historical data and auditor's judgement. Hours are an estimate and could be adjusted at the beginning of an engagement.



Board Meeting Date: 4/14/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Jimmy Archer, Motor Carrier Division Director
Agenda Item: 11
Subject: Renewal of the Contract for Software Maintenance, Support and Hosting for the Texas Permitting and Routing Optimization System (TxPROS)

RECOMMENDATION

The department recommends that the board approve the renewal of the software maintenance, support, and hosting contract with ProMiles Software Developments Corporation (ProMiles) for TxPROS and its components. The department also recommends that the board delegate authority to the Executive Director to execute any renewal contract.

PURPOSE AND EXECUTIVE SUMMARY

The renewal should be exercised so the vendor, ProMiles, can continue to offer software maintenance, and hosting for TxPROS. The initial contract was for two years with three two-year options to renew. This renewal will be the third, and last, of those renewals.

FINANCIAL IMPACT

The contract supports the online TxPROS system and related components. The annual cost is \$333,780 for hosting and \$269,400 for software maintenance and support, for a total yearly cost of \$603,180.

BACKGROUND AND DISCUSSION

TxPROS is a web-based system that allows Texas motor carriers to apply for size and weight permits online 24/7 and is an award-winning, "first of its kind" online routing and permitting system.

TxPROS went live in August 2011, streamlining oversize/overweight (OS/OW) permitting and routing in Texas. Since then, motor carriers have self-issued more than half of all permits using this system.

TxPROS maps a GIS-based route customized for each permitted load, with road restrictions, all in real time. TxPROS provides beginning-to-end permit processing, tracking, financials, and workflow/performance management capabilities for both customers and the state. Since its launch, ProMiles has hosted the TxPROS on its servers and provided annual maintenance and support on an ongoing basis, per the direction of TxDMV. This includes software/technical support, bug fixes, documentation, GIS data updates, and enhancements.

ProMiles has met all requirements of the contract and has gone beyond the requirements to assist TxDMV in making TxPROS the premier system it is. Since the beginning of the contract in Fiscal Year 2016, the average return on investment has been \$281.54 for every \$1 invested.

Board Policy Documents

Governance Process (10/13/11)

Strategic Planning (10/13/11)

Board Vision (4/7/16)

Agency Boundaries (9/13/12)

Texas Department of Motor Vehicles TxDMV Board Governance Policy

1. PURPOSE

The directives presented in this policy address board governance of the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. The TxDMV Board Governance Policy shall be one that is comprehensive and pioneering in its scope.

3. POLICY

3.1. TxDMV Board Governing Style

The Board shall govern according to the following general principles: (a) a vision for the agency, (b) diversity in points of view, (c) strategic leadership, providing day-to-day detail as necessary to achieve the agency vision, (d) clear distinction of Board and Executive Director roles, (e) collective decision making, (f) react proactively rather than reactively and with a strategic approach. Accordingly:

- 3.1.1. The Board shall provide strategic leadership to TxDMV. In order to do this, the Board shall:
 - 3.1.1.1. Be proactive and visionary in its thinking.
 - 3.1.1.2. Encourage thoughtful deliberation, incorporating a diversity of viewpoints.
 - 3.1.1.3. Work together as colleagues, encouraging mutual support and good humor.
 - 3.1.1.4. Have the courage to lead and make difficult decisions.
 - 3.1.1.5. Listen to the customers and stakeholders needs and objectives.
 - 3.1.1.6. Anticipate the future, keeping informed of issues and trends that may affect the mission and organizational health of the TxDMV.
 - 3.1.1.7. Make decisions based on an understanding that is developed by appropriate and complete stakeholder participation in the process of identifying the needs of the motoring public, motor vehicle industries,

and best practices in accordance with the mission and vision of the agency.

- 3.1.1.8. Commit to excellence in governance, including periodic monitoring, assessing and improving its own performance.
- 3.1.2. The Board shall create the linkage between the Board and the operations of the agency, via the Executive Director when policy or a directive is in order.
- 3.1.3. The Board shall cultivate a sense of group responsibility, accepting responsibility for excellence in governance. The Board shall be the initiator of policy, not merely respond to staff initiatives. The Board shall not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.
- 3.1.4. The Board shall govern the agency through the careful establishment of policies reflecting the board's values and perspectives, always focusing on the goals to be achieved and not the day-to-day administrative functions.
- 3.1.5. Continual Board development shall include orientation of new Board members in the board's governance process and periodic board discussion of how to improve its governance process.
- 3.1.6. The Board members shall fulfill group obligations, encouraging member involvement.
- 3.1.7. The Board shall evaluate its processes and performances periodically and make improvements as necessary to achieve premier governance standards.
- 3.1.8. Members shall respect confidentiality as is appropriate to issues of a sensitive nature.

3.2. TxDMV Board Primary Functions/Characteristics

TxDMV Board Governance can be seen as evolving over time. The system must be flexible and evolutionary. The functions and characteristics of the TxDMV governance system are:

- 3.2.1. Outreach
 - 3.2.1.1. Monitoring emerging trends, needs, expectations, and problems from the motoring public and the motor vehicle industries.
 - 3.2.1.2. Soliciting input from a broad base of stakeholders.

3.2.2. Stewardship

3.2.2.1. Challenging the framework and vision of the agency.

3.2.2.2. Maintaining a forward looking perspective.

3.2.2.3. Ensuring the evolution, capacity and robustness of the agency so it remains flexible and nimble.

3.2.3. Oversight of Operational Structure and Operations

3.2.3.1. Accountability functions.

3.2.3.2. Fiduciary responsibility.

3.2.3.3. Checks and balances on operations from a policy perspective.

3.2.3.4. Protecting the integrity of the agency.

3.2.4. Ambassadorial and Legitimizing

3.2.4.1. Promotion of the organization to the external stakeholders, including the Texas Legislature, based on the vision of the agency.

3.2.4.2. Ensuring the interests of a broad network of stakeholders are represented.

3.2.4.3. Board members lend their positional, professional and personal credibility to the organization through their position on the board.

3.2.5. Self-reflection and Assessment

3.2.5.1. Regular reviews of the functions and effectiveness of the Board itself.

3.2.5.2. Assessing the level of trust within the Board and the effectiveness of the group processes.

3.3. Board Governance Investment

Because poor governance costs more than learning to govern well, the Board shall invest in its governance capacity. Accordingly:

3.3.1. Board skills, methods, and supports shall be sufficient to ensure governing with excellence.

- 3.3.1.1. Training and retraining shall be used liberally to orient new members, as well as maintain and increase existing member skills and understanding.
 - 3.3.1.2. Outside monitoring assistance shall be arranged so that the board can exercise confident control over agency performance. This includes, but is not limited to, financial audits.
 - 3.3.1.3. Outreach mechanisms shall be used as needed to ensure the Board's ability to listen to stakeholder viewpoints and values.
 - 3.3.1.4. Other activities as needed to ensure the Board's ability to fulfill its ethical and legal obligations and to represent and link to the motoring public and the various motor vehicle industries.
- 3.3.2. The Board shall establish its cost of governance and it will be integrated into strategic planning and the agency's annual budgeting process.

3.4. Practice Discipline and Assess Performance

The Board shall ensure the integrity of the board's process by practicing discipline in Board behavior and continuously working to improve its performance. Accordingly:

- 3.4.1. The assigned result is that the Board operates consistently with its own rules and those legitimately imposed on it from outside the organization.
 - 3.4.1.1. Meeting discussion content shall consist solely of issues that clearly belong to the Board to decide or to monitor according to policy, rule and law. Meeting discussion shall be focused on performance targets, performance boundaries, action on items of Board authority such as conduct of administrative hearings, proposal, discussion and approval of administrative rule-making and discussion and approval of all strategic planning and fiscal matters of the agency.
 - 3.4.1.2. Board discussion during meetings shall be limited to topics posted on the agenda.
 - 3.4.1.3. Adequate time shall be given for deliberation which shall be respectful, brief, and to the point.
- 3.4.2. The Board shall strengthen its governing capacity by periodically assessing its own performance with respect to its governance model. Possible areas of assessment include, but are not limited to, the following:
 - 3.4.2.1. Are we clear and in agreement about mission and purpose?

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- 3.4.2.2. Are values shared?
 - 3.4.2.3. Do we have a strong orientation for our new members?
 - 3.4.2.4. What goals have we set and how well are we accomplishing them?
 - 3.4.2.5. What can we do as a board to improve our performance in these areas?
 - 3.4.2.6. Are we providing clear and relevant direction to the Executive Director, stakeholders and partners of the TxDMV?
- 3.4.3. The Board Chair shall periodically promote regular evaluation and feedback to the whole Board on the level of its effectiveness.

Texas Department of Motor Vehicles Strategic Planning Policy

1. PURPOSE

The directives presented in this policy address the annual Strategic Planning process at the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. TxDMV Strategic Planning Policy attempts to develop, document and expand its policy that is comprehensive in its scope in regards to the strategic planning process of the Board and the Department beyond that of the state strategic planning process.

3. POLICY

3.1. TxDMV Board Strategic Planning

This policy describes the context for strategic planning at TxDMV and the way in which the strategic plan shall be developed and communicated.

- 3.1.1. The Board is responsible for the strategic direction of the organization, which includes the vision, mission, values, strategic goals, and strategic objectives.
- 3.1.2. TxDMV shall use a 5-year strategic planning cycle, which shall be reviewed and updated annually, or as needed.
- 3.1.3. The 5-year strategic plan shall be informed by but not confined by requirements and directions of state and other funding bodies.
- 3.1.4. In developing strategic directions, the Board shall seek input from stakeholders, the industries served, and the public.
- 3.1.5. The Board shall:
 - 3.1.5.1. Ensure that it reviews the identification of and communication with its stakeholders at least annually.
 - 3.1.5.2. Discuss with agency staff, representatives of the industries served, and the public before determining or substantially changing strategic directions.

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- 3.1.5.3. Ensure it receives continuous input about strategic directions and agency performance through periodic reporting processes.
 - 3.1.6. The Board is responsible for a 5-year strategic plan that shall identify the key priorities and objectives of the organization, including but not limited to:
 - 3.1.6.1. The creation of meaningful vision, mission, and values statements.
 - 3.1.6.2. The establishment of a Customer Value Proposition that clearly articulates essential customer expectations.
 - 3.1.6.3. A Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis, to be updated annually.
 - 3.1.6.4. An assessment of external factors or trends (i.e., customer needs, political factors, economic factors, industry trends, technology factors, uncertainties, etc.)
 - 3.1.6.5. Development of the specific goals and objectives the Department must achieve and a timeline for action.
 - 3.1.6.6. Identification of the key performance indicators to measure success and the initiatives that shall drive results.
 - 3.1.6.7. Engage staff at all levels of the organization, through the executive director, in the development of the strategic plan through surveys, interviews, focus groups, and regular communication.
 - 3.1.6.8. Ensure the strategic planning process produces the data necessary for LBB/GOBPP state required compliance while expanding and enhancing the strategic plan to support the needs of the TxDMV. The overall strategic plan shall be used as a tool for strategic management.
 - 3.1.7. The Board delegates to the Executive Director the responsibility for **implementing** the agency's strategic direction through the development of agency wide and divisional operational plans.
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Texas Department of Motor Vehicles TxDMV Goals and Objectives

1. PURPOSE

The information presented in this policy addresses the goals and key objectives of the Board of the Texas Department of Motor Vehicles (TxDMV) as they relate to the mission, vision, and values of the TxDMV.

2. SCOPE

The scope of this policy is to define the desired state the TxDMV Board is working to achieve. This policy is designed to be inspirational in outlining the desired state of the agency that supports the TxDMV Board vision and meeting agency goals.

3. TxDMV MISSION

To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.

4. TxDMV VISION

The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

5. TxDMV VALUES

To earn the trust and faith of all citizens of Texas with transparency, efficiency, excellence, accountability, and putting stakeholders first.

- 5.1. **Transparency** – Being open and inclusive in all we do.
- 5.2. **Efficiency** – Being good stewards of state resources by providing products and services in the most cost-effective manner possible.
- 5.3. **Excellence** – Working diligently to achieve the highest standards.
- 5.4. **Accountability** – Accepting responsibility for all we do, collectively and as individuals.
- 5.5. **Stakeholders** – Putting customers and stakeholders first, always.

6. TxDMV GOALS

6.1. GOAL 1 – Performance Driven

The TxDMV shall be a performance driven agency in its operations whether it is in customer service, licensing, permitting, enforcement or rule-making. At all times the TxDMV shall mirror in its performance the expectations of its customers and stakeholder by effective, efficient, customer-focused, on-time, fair, predictable and thorough service or decisions.

6.1.1. Key Objective 1

The TxDMV shall be an agency that is retail-oriented in its approach. To accomplish this orientation TxDMV shall concentrate the focus of the agency on:

- 6.1.1.1. Delivering its products and services to all of its customers and stakeholders in a manner that recognizes that their needs come first. These needs must be positively and proactively met. TxDMV works for and with its customers and stakeholders, not the other way around.
- 6.1.1.2. Operating the agency's licensing and registration functions in a manner akin to how a private, for-profit business. As a private, for-profit business, TxDMV would have to listen to its customers and stakeholders and implement best practices to meet their needs or its services would no longer be profitable or necessary. Act and react in a manner that understands how to perform without a government safety net and going out of business.
- 6.1.1.3. Simplify the production and distribution processes and ease of doing business with the TxDMV. Adapting and maintaining a business value of continuous improvement is central to TxDMV operations and processes.
- 6.1.1.4. All operations of the TxDMV shall stand on their own merits operationally and financially. If a current process does not make sense then TxDMV shall work within legislative and legal constraints to redesign or discard it. If a current process does not make or save money for the state and/or its customers or stakeholders then TxDMV shall work within legislative and legal constraints to redesign or discard it. TxDMV shall operate as efficiently and effective as possible in terms of financial and personnel needs. Divisions should focus on cost savings without sacrificing performance. Division directors are accountable for meeting these needs and applicable measures. All division directors are collectively responsible for the performance of TxDMV as a whole.
- 6.1.1.5. Focus on revenue generation for transportation needs as well as the needs of its customers.
- 6.1.1.6. Decisions regarding the TxDMV divisions should be based on the overriding business need of each division to meet or provide a specific service demand, with the understanding and coordination of overarching agency-wide needs.

- 6.1.1.7. Developing and regularly updating a long-range Statewide Plan describing total system needs, establishing overarching statewide goals, and ensuring progress toward those goals.
- 6.1.1.8. The TxDMV shall establish a transparent, well-defined, and understandable system of project management within the TxDMV that integrates project milestones, forecasts, and priorities.
- 6.1.1.9. The TxDMV shall develop detailed work programs driven by milestones for major projects and other statewide goals for all TxDMV divisions.
- 6.1.1.10. The TxDMV, with input from stakeholders and policymakers, shall measure and report on progress in meeting goals and milestones for major projects and other statewide goals.

6.2. GOAL 2 – Optimized Services and Innovation

The TxDMV shall be an innovative, forward thinking agency that looks for ways to promote the economic well-being and development of the industries it serves as well as the State of Texas within the legislative boundaries that have been established for the agency.

6.2.1. Key Objective 1

The TxDMV shall achieve operational, cultural, structural and financial independence from other state agencies.

- 6.2.1.1. Build the TxDMV identity. This means that TxDMV shall make customers aware of what services we offer and how they can take advantage of those services.
- 6.2.1.2. Build the TxDMV brand. This means that TxDMV shall reach out to the stakeholders, industries we serve and the public, being proactive in addressing and anticipating their needs.
- 6.2.1.3. Determine immediate, future, and long term facility and capital needs. TxDMV needs its own stand-alone facility and IT system as soon as possible. In connection with these needs, TxDMV shall identify efficient and effective ways to pay for them without unduly burdening either the state, its customers or stakeholders.
- 6.2.1.4. All regulations, enforcement actions and decision at TxDMV shall be made in a timely, fair and predictable manner.

6.2.2. Key Objective 2

Provide continuous education training on business trends in the industry with a particular emphasis on activities in Texas.

6.2.3. Key Objective 3

Provide continuous outreach services to all customers and stakeholders to access their respective needs and wants. This includes helping frame legislative or regulatory issues for consideration by other bodies including the legislature.

6.2.4. Key Objective 4

Examine all fees to determine their individual worth and reasonableness of amount. No fee shall be charged that cannot be defended financially and operationally.

6.3. GOAL 3 – Customer-centric

The TxDMV shall be a customer-centric agency that delivers today's services and decisions in a positive, solution-seeking manner while ensuring continuous, consistent and meaningful public and stakeholder involvement in shaping the TxDMV of tomorrow.

6.3.1. Key Objective 1

The TxDMV shall seek to serve its customer base through a creative and retail oriented approach to support the needs of its industries and customers.

6.3.2. Key Objective 2

The TxDMV shall develop and implement a public involvement policy that guides and encourages meaningful public involvement efforts agency-wide.

6.3.3. Key Objective 3

The TxDMV shall develop standard procedures for documenting, tracking, and analyzing customer complaint data. Successful problem resolution metrics should be monitored to support continuous improvement activities that shall permanently improve customer facing processes.

6.3.4. Key Objective 4

The TxDMV shall provide a formal process for staff with similar responsibilities to share best practices information.

6.3.5. Key Objective 5

The TxDMV shall provide central coordination of the Department's outreach campaigns.

6.3.6. Key Objective 6

The TxDMV shall develop and expand user friendly, convenient, and efficient website applications.

6.3.7. Key Objective 7

TxDMV shall timely meet all legislative requests and mandates.

Agency Operational Boundaries as Defined by Department Policies of the TxDMV Board (Board)

The Board is responsible for the policy direction of the agency. The Board's official connection to the day-to-day operation of the Texas Department of Motor Vehicles (TxDMV) and the conduct of its business is through the Executive Director of the TxDMV (ED) who is appointed by the Board and serves at its pleasure. The authority and accountability for the day-to-day operations of the agency and all members of the staff, except those members who report directly to the Board, is the sole responsibility of the ED.

In accordance with its policy-making authority the Board has established the following policy boundaries for the agency. The intent of the boundaries is not to limit the ability of the ED and agency staff to manage the day-to-day operations of the agency. To the contrary, the intent of the boundaries is to more clearly define the roles and responsibilities of the Board and the ED so as to liberate the staff from any uncertainty as to limitations on their authority to act in the best interest of the agency. The ED and staff should have certainty that they can operate on a daily basis as they see fit without having to worry about prior Board consultation or subsequent Board reversal of their acts.

The ED and all agency employees shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in their positions. The ED and all agency employees shall act in a manner consistent with Board policies as well as with those practices, activities, decisions, and organizational circumstances that are legal, prudent, and ethical. It is the responsibility of the ED to ensure that all agency employees adhere to these boundaries.

Accordingly, the TxDMV boundaries are as follows:

1. The day-to-day operations of the agency should be conducted in a manner consistent with the vision, mission, values, strategic framework, and performance metrics as established by the Board. These elements must not be disregarded or jeopardized in any way.
2. A team-oriented approach must be followed on all enterprise-wide decisions to ensure openness and transparency both internally and externally.
3. The agency must guard against allowing any financial conditions and decision which risk adverse fiscal consequences, compromise Board financial priorities, or fail to

show an acceptable level of foresight as related to the needs and benefits of agency initiatives.

4. The agency must provide timely, accurate, and honest information that will afford the Board, public, stakeholders, executive branch and the legislature the best ability to evaluate all sides of an issue or opportunity before forming an opinion or taking action on it. Any information provided that is intentionally untimely, inaccurate, misleading or one-sided will not be tolerated.
5. The agency must take all reasonable care to avoid or identify in a timely manner all conflicts of interest or even the appearance of impropriety in awarding purchases, negotiating contracts or in hiring employees.
6. The agency must maintain adequate administrative policies and procedures that are understandable and aid in staff recruitment, development and retention.
7. The agency must maintain an organizational structure that develops and promotes the program areas from an enterprise-wide perspective. No organizational silos or sub-agencies will be allowed. We are the TxDMV.
8. The agency must empower its entire staff to deliver a positive customer experience to every TxDMV customer, stakeholder or vendor to reduce their effort and make it easier for them to do business with the TxDMV.
9. The agency must at all times look to flattening its organizational structure to reduce cost as technology advances allow.
10. Agency staff shall anticipate and resolve all issues timely.
11. The agency must maximize the deployment and utilization of all of its assets – people, processes and capital equipment – in order to fully succeed.
12. The agency must not waste the goodwill and respect of our customers, stakeholders, executive branch and legislature. All communication shall be proper, honest, and transparent with timely follow-up when appropriate.
13. The agency should focus its work efforts to create value, make sure that processes, programs, or projects are properly designed, budgeted and vetted as appropriate with outside stakeholders to ensure our assumptions are correct so positive value continues to be created by the actions of the TxDMV.
14. The ED through his or her staff is responsible for the ongoing monitoring of all program and fiscal authorities and providing information to the Board to keep it apprised of all program progress and fiscal activities. This self-assessment must result in a product that adequately describes the accomplishment of all program

goals, objectives and outcomes as well as proposals to correct any identified problems.

15. In advance of all policy decisions that the Board is expected to make, the ED will provide pertinent information and ensure board members understand issues/matters related to the pending policy decision. Additionally, the ED or designee will develop a process for planning activities to be performed leading up to that particular policy decision and the timeframe for conducting these planning activities. It is imperative that the planning process describes not only when Board consideration will be expected but also when prior Board consultation and involvement in each planning activity will occur.
16. In seeking clarification on informational items Board members may directly approach the ED or his or her designee to obtain information to supplement, upgrade or enhance their knowledge and improve the Board's decision-making. Any Board member requests that require substantive work should come to the Board or Committee Chairs for direction.
17. The agency must seek stakeholder input as appropriate on matters that might affect them prior to public presentation of same to the Board.
18. The agency must measure results, track progress, and report out timely and consistently.
19. The ED and staff shall have the courage to admit a mistake or failure.
20. The ED and staff shall celebrate successes!

The Board expects the ED to work with agency staff to develop their written interpretation of each of the boundaries. The ED will then present this written interpretation to the Board prior to discussion between the Board and ED on the interpretation. The Board reserves the right to accept, reject or modify any interpretation. The intent is that the Board and the ED will come to a mutually agreeable interpretation of agency boundaries that will then form the basis of additional written thought on the part of the ED and staff as to how these boundaries will influence the actions of the agency.