



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMV Board Projects & Operations Committee Meeting

2:00 p.m.

Wednesday, October 11, 2023

AGENDA
PROJECTS AND OPERATIONS COMMITTEE
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR CONFERENCE ROOM
AUSTIN, TEXAS 78731
WEDNESDAY, OCTOBER 11, 2023
2:00 P.M.

The presiding officer of the Committee will be physically present in the Lone Star Conference Room of Building 1, 4000 Jackson Avenue, Austin, Texas 78731. Some committee members may attend via videoconferencing.

Link to October 11, 2023, TxDMV Projects and Operations Committee Documents:
<https://www.txdmv.gov/about-us/txdmv-board-meetings>

All agenda items are subject to possible discussion, questions, consideration, and action by the Projects and Operations Committee of the Board of the Texas Department of Motor Vehicles (Committee). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Committee. The Committee reserves the right to discuss any items in closed session where authorized by the Open Meetings Act. A quorum of the Board of the Texas Department of Motor Vehicles (Board) may be present at this meeting for discussion and gathering information. However, Board members who are not Committee members will not vote on any Committee agenda items, nor will any Board action be taken.

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- 1. Roll Call and Establishment of Quorum**
- 2. Pledges of Allegiance - U.S. and Texas**
- 3. Comments and Announcements from Committee Chair, Committee Members, and Executive Director**

BRIEFING AND ACTION ITEMS

4. Consideration and Possible Recommendation for Action to the Full Board and Briefings:

- A. Enterprise Projects (BRIEFINGS ONLY)
 - i. [Camp Hubbard Renewal Project](#) - Glenna Bowman
 - ii. [HB 718 Implementation](#) - Roland Luna
 - iii. [RSC Expansions, Moves, and Renovations](#) - Annette Quintero
 - San Antonio Move
 - Odessa Remodel
 - RSC Expansions
- B. Technology Projects (BRIEFINGS ONLY)
 - i. [RTS Replacement and Ecosystem Modernization](#) - Wendy Barron
 - ii. [Camp Hubbard Renewal Project](#) - Wendy Barron

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- Network Migration
- Call Center Migration
- iii. **Other Projects** - Wendy Barron
 - Tax Assessor-Collectors (TAC) T1 Upgrade
 - TAC Workstation Refresh
 - Motor Carrier Credentialing System (MCCS) Rewrite
 - Texas International Registration Plan (TxIRP) System Upgrade

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- iv. **Credit Cards in the Regional Service Centers (RSC)** - Eric Horn

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- v. **Accounts Receivables Project** - Eric Horn

CLOSED SESSION

5. **The Committee may enter into closed session under one or more of the provisions of the Texas Open Meetings Act, Government Code Chapter 551, including but not limited to:**

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 551.076 - 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; Closed Meeting.

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

6. **Action Items from Closed Session**

7. **Public Comment**

8. **Adjournment**

The Committee will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Committee. 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, Committee 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 Committee 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 Committee:

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 Carrie Fortner by telephone at (512) 465-3044.

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

CERTIFYING OFFICIAL: Laura Moriaty, General Counsel, (512) 465-5665.

To: Projects & Operations Committee, Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 4.A.i
Subject: Enterprise Projects - Camp Hubbard Renewal Project

PURPOSE AND EXECUTIVE SUMMARY

This item provides an update on the most recent activities related to the Camp Hubbard Renewal Project.

FINANCIAL IMPACT

This 88th Legislature appropriated \$143,000,000 in capital budget authority to TxDMV in FY 2024 and authorized the Texas Public Finance Authority (TPFA) to issue revenue bonds or other obligations on behalf of the TxDMV to secure funding for the Project. The Legislature also appropriated money for lease payments of approximately \$12.5 million for each year of the FY 2024-25 biennium.

BACKGROUND AND DISCUSSION

Construction Documents

In July, TxDMV staff reported to the Board that TxDMV's contracted vendor, Marmon Mok, presented "65% Construction Documents" to TxDMV for review. Staff have reviewed these documents and provided feedback. The department received "95% Construction Documents" on September 29, 2023, with 100% documents to follow in mid-November.

Phase 0 Construction

TxDMV is currently working on projects in Camp Hubbard Building 6 (CH-6) that must be completed before the larger construction project begins in the spring of 2024. Activities include demolition and interior finish out work to relocate the Camp Hubbard data center from CH-5 to CH-6. This involves removing raised flooring previously used by TxDOT for its data center, removing and replacing cabling, and installing updated information technology components.

Financing Activities

At its September 14, 2023, meeting, the Texas Public Finance Authority (TPFA) took action to approve the appointment of outside consultants relating to financing the Camp Hubbard Renewal Project on behalf of the Texas Department of Motor Vehicles. As a result, TPFA is working on retaining bond counsel for the CH Renewal financing. Once the bond counsel is in place, TPFA will begin work on the transaction documents necessary for approval of the debt issuance by the Office of the Attorney General (OAG). Once this is complete, TxDMV will be able to draw down funds based on project needs.

TxDMV Facilities Project Manager

To ensure the Camp Hubbard Renewal Project is managed as efficiently and effectively as possible, the department has hired Dorothy Spearman to provide dedicated project management for the duration of the project. Dorothy brings construction expertise and a single focus to the Camp Hubbard Renewal Project. She will coordinate with the Texas Facilities Commission, the contracted architectural and engineering firm, the Construction Manager at Risk, TPFA, TxDMV staff, and other parties involved in the project to make sure the various components are aligned, and deliverables are completed on time and as expected.

Committee Meeting Date: 10/11/2023
BRIEFING ITEM

To: Projects & Operations Committee, Texas Department of Motor Vehicles Board
From: Roland Luna, Deputy Executive Director
Agenda Item: 4.A.ii
Subject: Enterprise Projects – HB 718 Implementation

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

The TxDMV developed an implementation plan for HB 718, which eliminates various temporary tags and timed permits. Staff will provide an overview of the statutory changes, operational impacts, operational considerations, and coordination with stakeholders.

FINANCIAL IMPACT

For the implementation of HB 718, The TxDMV was appropriated \$35,000,000 for 2024-2025 biennium with 2.0 FTEs in 2024 and 44.0 FTEs in 2025. For the last three years in the fiscal note published by the Legislative Budget Board (LBB), the cost to the Texas Department of Motor Vehicles Fund (0010), is \$26,408,666 and a total of 46.0 FTEs. The TxDMV will have the opportunity to request the funds for 2026-2028 in future Legislative Appropriations Requests (LAR).

BACKGROUND AND DISCUSSION

TxDMV began working on the implementation of HB718 by creating various committees to assist with different components of the legislation. Five (5) committees were formed to structure and manage the implementation of HB 718. Each committee is tasked with clearly defined goals to make the implementation of HB 718 seamless and efficient across the TxDMV Departments. A chair was appointed to each committee to organize the committee's goals, tasks, and coordinate cross-committee efforts. Committees include the Technology Committee, License Plate Design & Manufacturing Committee, Compliance Committee, Regulatory Affairs Committee, and Executive Advisory Committee.

The Technology Committee is responsible for the acquisition of a new Inventory Management System (LMS) and is chaired by ITSD Application Services Director, Jeffrey Armstrong and VTR Registration Services Manager, Romeo McCain. The License Plate Design & Manufacturing Committee is responsible for designing the new plates, determining security, distribution, and manufacturing of inventory needed. This committee is chaired by VTR's Registration Services Section Director, Stefan Krisch. The Regulatory Affairs Committee's responsibilities are centered around rule development, rule proposal, and adoption. The Regulatory Affairs Committee is chaired by Deputy General Counsel, Ashley Healy. The Compliance Committee is responsible for developing compliance policies and procedures around system requirements, manufacturing, TACs, and security. Enforcement Division, Field Services Manager, Charlie Escobedo is the committee chair. Lastly, an Executive Advisory Committee was formed consisting of senior executive management to advise and guide the committee chairs in decision-making and address items elevated for their review.

The committee meetings are underway and have developed initial goals, tasks, and activities, along with timelines for implementation. The committees engage in cross-committee collaboration to identify dependencies, streamline deadlines and significant dates, and to accomplish their tasks and overall successful implementation of all HB 718 requirements.

To: Projects & Operations Committee, Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 4.A.iii
Subject: Enterprise Projects - RSC Expansions, Moves, and Renovations

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

The Vehicle Titles and Registration Division (VTR) is undertaking multiple renovation and expansion projects in the FY 2024-2025 biennium. During the 88th Legislative Session, the department was awarded \$3.4 million to identify the best location for two (2) new Regional Service Centers (RSCs) in Dallas and Houston. In addition to the expansion priority set by the legislature, VTR is also moving and renovating two additional RSCs. The San Antonio RSC has outgrown its current location and needs a location better suited to conduct 68-A inspections, support staff, and accommodate increasing customer traffic. In addition, the Odessa RSC needs renovations to allow for better flow of customer traffic and an improved workspace for staff.

FINANCIAL IMPACT

The RSC Expansions the 88th Legislative Session approved \$3.4 million to expand our footprint in the Dallas and Houston regions.

The San Antonio RSC move costs are not finalized.

The Odessa RSC renovation costs for Phase I currently stand at approximately \$382,000.

BACKGROUND AND DISCUSSION

San Antonio RSC Move: The San Antonio RSC relocation will provide customers and employees with many additional benefits, including larger office space and parking and adequate space to perform 68-A inspections.

Odessa RSC Renovation: The Odessa RSC is located on Texas Department of Transportation (TxDOT) property. We expect this collaborative renovation project to be completed in two phases. This renovation will provide a U-shaped customer lobby to better maximize the space and allow for better flow of customer traffic. It will also expand the space currently occupied by our staff.

The RSC Expansions in the Dallas and Houston regions:

Both the expansions in Dallas and Houston will adhere to the following phases. Currently, we are in the process of finalizing service mapping and have initiated collaboration with the Texas Facilities Commission (TFC) to initiate property search.

- Phase 1: Service Mapping, Acquiring Property, and Execution of Lease
- Phase 2: Staffing

- Phase 3: Property Buildout
- Phase 4: Financial Considerations
- Phase 5: Open New Locations by January 1, 2025

To: Projects & Operations Committee, Texas Department of Motor Vehicles Board
From: Wendy Barron, Chief Information Officer
Agenda Item: 4.B.i
Subject: Technology Projects – RTS Replacement and Ecosystem Modernization

RECOMMENDATION

Briefing only – No recommendation.

PURPOSE AND EXECUTIVE SUMMARY

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

FINANCIAL IMPACT

None

BACKGROUND AND DISCUSSION

RTS Replacement and Modernization

RTS was originally designed and built by the Texas Department of Transportation in the mid-1990s to process vehicle registration and title transactions. RTS has undergone continuous rebuilding, upgrades, and process improvements over time to maintain primary system functionality. While the system is stabilized for continued near-term use, advancements in technology and application development, as well as the workload demands of a growing state, are rendering this system obsolete. In the years since RTS was placed in service, the cost of maintaining the system has increased while the department's ability to adapt and change its use to better serve the evolving needs of the motoring public and state regulatory structures has decreased. For these reasons, the department must begin the process of replacing RTS and its associated applications.

Phase One will include the following major deliverables and be completed by the end of the 2024-2025 fiscal biennium:

- Updates to existing systems.
- Assessment of the existing RTS ecosystem and development of a transition plan.
- Assessment and evaluation of available technology solutions.
- Documentation for Quality Assurance Team (QAT) review and approval.
- Development of procurement documents.

Phase Two is expected to begin in fiscal year 2026 and will include implementation and buildout of the replacement ecosystem following the plans developed in Phase One.

Project Status:

- Software updates of existing systems have been started and are in progress.
- Statement of Work (SOW) drafts are being reviewed for both the internal and external assessments of the RTS environment.
- Contract Project Manager procurement is being processed.

Project End Date: Phase One end date August 2025.

RTS Replacement and Ecosystem Modernization Phase One

Overview and Projected Milestones

09/21/2023



Texas Department *of* Motor Vehicles

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Agenda

- Overview
- In Progress
- Next Steps
- Projected Timeline



Overview

- Registration Title System (RTS) Replacement and Ecosystem Modernization Planning and Initiation (Phase One) was submitted as an Exceptional Item in the department's Legislative Appropriations Request (LAR) for Fiscal Years 2024-25.
- Primary components of Phase One include:
 - Upgrade current systems
 - Internal assessment of RTS ecosystem
 - External assessment/market research of options
 - Develop Quality Assurance Team (QAT) documents
 - Procurement development



In Progress

- Upgrade current systems
 - Server upgrades/decommissions
 - DB2 upgrade
 - Other systems upgrades in planning
- Statement of Work (SOW) review for external assessment
- Demand review for internal assessment
- Hiring contract Project Manager with QAT development



Next Steps

- Continue system upgrades and maintenance
- Submit demand ticket for internal assessment in Department of Information Resources (DIR) Shared Technology Services Portal (STS)
- Submit SOW to DIR and solicit vendors upon approval
- Extend offer to contract Project Manager



Projected Timeline

- August 2023
 - Finalize SOW and Demand ticket language for both external and internal assessments
- September 2023
 - Review external assessment SOW internally and externally with DIR
 - Review internal assessment demand internally
 - Hire contract project manager with QAT experience
- October 2023
 - Execute external assessment solicitation
 - Submit internal assessment demand ticket
- November 2023
 - Initiate external assessment
 - Initiate internal assessment
 - Initiate QAT documentation development
- April 2024
 - Internal assessment ends
 - External assessment ends



Projected Timeline, Continued

- March 2024
 - Initiate development of procurement assistance SOW
- May 2024
 - Draft LAR for Phase II Modernization effort
 - Finalize QAT documentation required to be submitted as part of the LAR
- August 2024
 - Submit LAR and initial QAT documentation
- September 2024
 - Execute procurement assistance solicitation
 - Initiate planning QAT documentation development
- October 2024
 - Initiate Phase II procurement documentation development
- August 2025
 - Finalize Phase II procurement documentation
- September 2025
 - Pending approval of Phase II funding, execute Phase II procurement solicitation





To: Projects & Operations Committee, Texas Department of Motor Vehicles Board
From: Wendy Barron, Chief Information Officer
Agenda Item: 4.B.ii
Subject: Technology Projects – Camp Hubbard Renewal Project

RECOMMENDATION

Briefing only – No recommendation.

PURPOSE AND EXECUTIVE SUMMARY

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

FINANCIAL IMPACT

None

BACKGROUND AND DISCUSSION**Camp Hubbard Renewal IT Projects**

Information technology activities related to the Camp Hubbard Renewal project are being managed as separate projects. These projects involve the migration and set up of the network and telecommunications infrastructure for the agency.

Network Migration and Core Network Build Out

The core network infrastructure will be migrated from Camp Hubbard Building Five (CH-5) and rearchitected in the newly constructed data center in Camp Hubbard Building Six (CH-6). Demolition of CH-5 is scheduled to begin in the spring of 2024. Network migration will be completed by this time.

Additionally, the new building network infrastructure will limit the number of hard-wired connections at Camp Hubbard. The new campus buildings and outdoor space will be designed for WiFi connectivity. Staff are currently assessing WiFi networking equipment to determine the best product for future deployment in the new buildings.

Project Status:

- The Information Technology Services Division and their telecommunications vendor partners have developed a migration plan and build out strategy for the core network infrastructure.
- The SOW is currently being developed and negotiated.
- WiFi equipment is being assessed to determine the best product for future deployment.

Project End Date: Mar 2024

Core Telephone and Call Center Migration to the Cloud

Like the network infrastructure, the telecommunications infrastructure will also be migrated out of CH-5. Rather than migrate the telecommunications infrastructure to another building on premises, the telecommunications infrastructure will be migrated into newer cloud-based technologies. Staff currently leverage Teams and Cisco physical and soft phone technology for basic telephone calling. The core telephone technology will be migrated to Teams, eliminating the need for two different types of calling technologies.

The Call Center migration will be broken out into two phases. The first phase will be completed by spring of 2024 and will implement current minimum functionality for continuity of operations. The second phase will wrap up no later than August of 2025 and will include additional refinements and enhancements to optimize call center functionality at the department.

Project Status:

- The SOW is being developed and negotiated.
- Telecommunications and Data Center Services (DCS) vendors have been engaged to initiate project activities.

Project End Date: Mar 2024

To: Projects & Operations Committee, Texas Department of Motor Vehicles Board
From: Wendy Barron, Chief Information Officer
Agenda Item: 4.B.iii
Subject: Technology Projects - Other Projects

RECOMMENDATION

Briefing only – No recommendation.

PURPOSE AND EXECUTIVE SUMMARY

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

FINANCIAL IMPACT

None

BACKGROUND AND DISCUSSION

Other Projects

Tax Assessor Collector (TAC) T1 Upgrade Project

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 will execute the upgrade of current T1 connections to metro-ethernet. This conversion will 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 will be upgraded to newer equipment with LTE (cellular) capabilities. A second networking route will be established in locations where cellular is available and reliable to act as a failover in the event the fiber route became disabled. The TAC T1 Upgrade Project is a multi-phased effort. The project is in its first phase with an objective to upgrade county offices from T1 circuits to AT&T Metro Ethernet for 286 AT&T in-region sites. Network routers and switches will also be upgraded for these offices as part of phase one. Subsequent phases will transition the remaining county offices.

Project Status:

- Phase I: 244/244 circuit orders complete or cancelled (100%).
- Phase II: Equipment installation has started. 42 of 229 are complete (18%). Three of the five contract resources have been hired and started on 9/19/2023.
- Phase III: 251 locations have been identified. 123 locations will be part of batch one. 30 additional locations have been added to the first site that were identified as chronic problem sites. Tickets are being submitted to determine costs of metro-ethernet. Alternative solutions continue to be evaluated.
- The project overall health is green. The project is on time and within scope, schedule, and budget.

Project End Date: Phase One is completed, Phase Two end data January 2024

TAC Workstation Refresh Project

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 five years. ITSD is moving to an operational deployment strategy by which 20% 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. Specifically, we will deliver new workstations and printers initially to Austin, San Antonio, Pharr, Corpus Christi, and some of Houston.

Project Status:

- Project is complete
- Project installations: 650 printers, 750 workstations, and 585 monitors. A total of 170 of the TAC offices were refreshed.
- Break fix installations (concurrent to project activities): 1310 workstations, 116 printers, and 927 monitors. An additional 50 offices were refreshed through break fix efforts.

Project End Date: August 2023

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:

- The project is currently in the procurement phase.
- The SOW was completed and distributed to potential respondents.
- Responses did not meet expectations.
- An Open Market Exemption request was requested and granted.
- Solicitation will be posted this fall on the open market.
- Project overall health is yellow because of delays in the solicitation process that have impacted the schedule. The project is within scope and within budget.

Project End Date: Aug 2023 (schedule will be re-baselined when a vendor is selected on provides their schedule)

Texas International Registration Program (TxIRP) Upgrade

The Texas International Registration Program Upgrade 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 improve reporting.

Project status:

- Project is in execution phase and application is 56% complete.
- The project overall health is green. The project is on time and within scope, schedule, and budget.

Project End Date: September 2024

To: Projects & Operations Committee, Texas Department of Motor Vehicles Board
From: Eric Horn, Director of Accounting Operations
Agenda Item: 4.B.iv
Subject: Technology Projects - Credit Cards in the Regional Service Centers (RSC)

RECOMMENDATION

Briefing item with no recommendation.

PURPOSE AND EXECUTIVE SUMMARY

This item provides an update on the Credit Cards in the Regional Service Centers (RSC) project.

FINANCIAL IMPACT

This project is sourced with available funding in the Automation System capital budget for Fiscal Year (FY) 2023 and 2024.

BACKGROUND AND DISCUSSION

This project is a collaborative effort among the Finance and Operations (FAO) Division, Information Technology Services Division (ITSD), Motor Carrier Division (MCD) and the Vehicle Titles and Registration (VTR) Division to implement an over-the-counter credit card payment process at each of the 16 Regional Service Centers (RSC).

Highlights:

- TxDMV began the Texas.gov payment portal services onboarding process in FY23 through the Department of Information Resources (DIR) and its vendor, Tyler Technologies.
- Payment Card Industry (PCI) compliance and attestation has been completed.
- Credit card swipe devices and stands have been procured and received for each RSC location.
- Programming updates to the Registration and Title System (RTS) were completed by ITSD staff and moved into production in September 2023.
- Programming updates to the Texas International Registration Plan (TxIRP) system, which is utilized for apportioned registration transactions, were completed by third-party vendor Explore Data and moved into production in September 2023.
- Testing of programmatic changes to both RTS and TxIRP has been successful and has earned approval from DIR.
- Final certification testing with the Comptroller's office is underway and is required prior to moving into production.

TxDmv staff plan to deploy credit card capabilities at the Austin RSC at the beginning of October, pending final certification from the Comptroller's office. The remaining locations will be deployed throughout FY24.

To: Projects & Operations Committee, Texas Department of Motor Vehicles Board
From: Eric Horn, Director of Accounting Operations
Agenda Item: 4.B.v
Subject: Technology Projects - Accounts Receivable Update

RECOMMENDATION

Briefing item with no recommendation.

PURPOSE AND EXECUTIVE SUMMARY

This item provides an update on the Accounts Receivable system funded by the 87th Legislature.

FINANCIAL IMPACT

This project is funded with \$3.5 million in supplemental appropriations (House Bill 2, 87th Legislature, Regular Session).

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 (A/R) system to ensure revenue collections are tracked accurately and consistently across the department. TxDMV contracted with Gartner, Inc. in February 2022, to complete the first phase of the project, which was a study of the current decentralized process and to determine recommendations for available software that will best fit the department's needs. Additionally, Gartner recommended TxDMV pursue a Request for Information (RFI) with the vendor community to convey TxDMV's unique system requirements and to obtain more precise cost information for each solution. TxDMV completed the RFI process in September 2022 and elected to pursue an A/R system using the Microsoft Dynamics 365 Business Central platform.

Following the selection of the system platform, staff from the Finance and Operations (FAO) Division and Information Technology Services Division (ITSD) collaborated with the Department of Information Resources (DIR) to initiate the procurement process. The procurement process was divided into two steps:

Step 1: Microsoft Dynamics Business Central Licenses

- TxDMV staff met with representatives from DIR and Microsoft in November 2022 to discuss the scope of the project. DIR and Microsoft approved the procurement of the licenses in January 2023.
- A request for quote was sent to interested DIR-approved bidders.
- TxDMV staff are in the process of issuing a purchase order to the vendor to complete the procurement process.

Step 2: Deliverables-Based Information Technology Services (DBITS) Contract for Implementation

- TxDMV staff began drafting a Statement of Work (SOW) for implementation of an A/R system in accordance with DIR's process in November 2022.
- DIR approved the draft SOW in March 2023 and provided a list of approved vendors to solicit bids.
- Bids were received in May 2023 and a vendor was selected to move forward.
- Contract negotiations are ongoing with the selected vendor and will be sent to DIR for final approval prior to award.

Upon final approval by DIR, the project is expected to begin in the first quarter of FY24 and be completed in the first half of FY 2025.

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?

- 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.

- 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.

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.