TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD WORKSHOP MEETING

9:05 a.m.
Thursday,
September 9, 2010

200 East Riverside
Building 150, Room 1.B.1
Austin, Texas

BOARD MEMBERS:

Victor Vandergriff, Chair
Cheryl E. Johnson, Vice Chair
Cliff Butler
Jim Campbell
Ramsay Gillman
Victor Rodriguez
Marvin Rush
Laura Ryan
Johnny Walker

STAFF MEMBERS:

Ed Serna, Executive Director
Brett Bray, General Counsel

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1 P R O C E E D I N G S

2 MR. VANDERGRIFF: Good morning. My name is
3 Victor Vandergriff, and I'm pleased to welcome you here
4 today to the meeting of the Board of the Department of
5 Motor Vehicles. I'm now calling the workshop for
6 September 9, 2010 of the Board of the Texas Department of
7 Motor Vehicles to order, and I would note for the record
8 that the public notice of this meeting, containing all
9 items on the agenda, was filed with the Office of
10 Secretary of State on August 31, 2010.
11 Before we begin today's meeting, please place
12 all cell phones and other communication devices in silent
13 mode. And if you wish to address the board during today's
14 meeting, please complete a speaker's card at the
15 registration table in the back of the room. To comment on
16 an agenda item, please complete a yellow card and identify
17 that agenda item. If it is not an agenda item, we will
18 take your comments during the public portion of the
19 meeting.
20 And now I'd like to have roll call, please, of
21 the board members. I will note for the board that we have
22 to share a few mikes, and also, according to our technical
23 support, we need to speak into the mike in order to be
24 heard adequately for the court reporter.
25 Board Member Butler is absent.

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1 Board Member Campbell?
2 MR. CAMPBELL: Here.
3 MR. VANDERGRIFF: Board Member Gillman?
4 MR. GILLMAN: Here.
5 MR. VANDERGRIFF: Vice Chair Johnson?
6 MS. JOHNSON: Here.
7 MR. VANDERGRIFF: Board Member Rodriguez?
8 MR. RODRIGUEZ: Present.
9 MR. VANDERGRIFF: Board Member Rush?
10 MR. RUSH: Here.
11 MR. VANDERGRIFF: Board Member Ryan?
12 MS. RYAN: Here.
13 MR. VANDERGRIFF: Board Member Walker?
14 MR. WALKER: Here.
15 MR. VANDERGRIFF: And let the record reflect
16 that I, Victor Vandergriff, am here too. We do have a
17 quorum.
18 At this point I would invite anyone -- I don't
19 know if we have any cards, anyone from the public wishing
20 to speak? We have none? Do we have anyone that is going
21 to want to speak at this point during the other portion of
22 our agenda? Do you have any other cards? All right.
23 Appreciate that.
24 Members, we're going to go a little out of
25 order in the interest of making sure that we cover

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1 important items that we as a board need to. We have a
2 couple of people who have some schedules in the afternoon
3 they need to meet. And I apologize to the members of the
4 audience for this. We're going to move immediately into
5 executive session. I would anticipate we could be in
6 executive session for as long as an hour. And I apologize
7 for that change.
8 Then when we come out, we have two action
9 items, the approval of our 2011 budget and the
10 organizational assessment survey, consideration and
11 approval of that, potential approval. We'll take those up
12 and then go into our discussion items.
13 This is a little bit different board meeting
14 than normal in that we have really a called purpose here
15 to discuss, after our first fiscal year, just kind of
16 where we need to go with goals and objectives, et cetera
17 during the next fiscal year that we've just started.
18 So with that, we are going to move immediately
19 into closed session. It is now 9:05 a.m. on September 9,
20 2010. We will go into closed session at approximately
21 9:10 under the following sections of the Texas Government
22 Code: Section 551.071, to obtain the advice of legal
23 counsel regarding agenda items 2.A and all the items under
24 that, and 4.B, and to consult regarding pending or
25 contemplated litigation or a settlement offer; and Section

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551.074, to discuss personnel matters under agenda items 2.A, all the bullets underneath that, and 4.B.

And for those of you in the audience, again, I do anticipate being in executive session for approximately one hour. We will reconvene in open session after that.

And with that, we are adjourned from the public meeting and we are into executive session in five minutes.

(Whereupon, at 9:08 a.m., the meeting was recessed, to reconvene following conclusion of the executive session.)

MR. VANDERGRIFF: It is approximately 1:15 p.m. on September 9, 2010, and the Board of the Texas Department of Motor Vehicles is now in open session. We do want to note that no action was taken in closed session.

I apologize sincerely for the extended length of our executive session, but with that, we have done a few things with respect to the order of business here. We are, as I noted earlier, going to take up our action items which are the approval of the 2011 Operating Budget and the approval of an organizational assessment survey, so with that, I would open it for presentation on the 2011 Operating Budget.

MS. FLORES: Good afternoon. For the record, my name is Linda Flores. I'm the chief financial officer

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1 for the Texas Department of Motor Vehicles.
2 And either in your blue folder or on top of
3 your nameplate you should have a 2011 Recommended
4 Operating Budget. If you'll turn to page 1 of the
5 document, you will see a budget summary of the agency's
6 available funds. Because we were not appropriated during
7 the normal legislative process, we are taking transfers
8 from TxDOT's appropriation.
9 Our budget for FY 2011 is $200.8 million. It's
10 comprised of a couple of things: our base is $142.7
11 million; in addition, we also receive $7.2 million for
12 central administration. Other adjustments include carry-
13 forwards from FY '10 to FY '11 and they're noted on page 1
14 for your review. It includes unspent balances from House
15 Bill 3097 which created the new agency, approximately
16 $24.7 million. It also includes carryforward for our
17 Vision 21 project, approximately $30 million.
18 We also have some enhancements for the
19 registration and titling system, $4.4 million; a
20 carryforward of $6.5 million for the TexSure, that is the
21 Texas insurance verification program; a carryforward of
22 approximately $366,000 for the Automobile Burglary Theft
23 and Prevention grants and a small portion for capital
24 associated with that program. We also are anticipating to
25 lapse some dollars in the Vision 21 project of

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approximately $15 million.

So with all those adjustments, we're going to start FY 2011 with $200.8 million.

On page 2 is the method of finance for the agency, and as you can see, we are primarily funded by the State Highway Fund, Fund 6. We have a small piece of General Revenue, approximately $16 million, and very small federal funds of $665,000.

Page 3, 4 and 5 is a budget comparison of our FTEs by division and section. There's no change between the Fiscal Years 2010 and 2011. Our FTE cap, as we commonly refer to our staffing, is set at 645 FTEs.

Page 6 is a budget comparison by division, and what's of interest in this particular page, page 6, is that FY '10 reflects the old budgeting structure, accounting structure, organizational structure. FY '11 reflects the organizational structure that was implemented this past summer, so we go from approximately five divisions to a total of eight divisions.

We also have an agency-wide reserve. I should probably point out that the agency-wide reserve is a reserve of dollars that have not been allocated to the programs at this point. That is the placeholder for the carryforward for House Bill 3097 of approximately $24 million, so if you'd like to make a note of that.

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We do have some plans for those funds, and at this point I know of a few things that Mr. Serna has indicated that he would like to use some of this money for. It includes a parity study for the agency, a cultural awareness study, an employee survey, some board planning sessions, merits for the agency that have not been developed at this time, unforeseen events, and additional non-capital funding requests by divisions. We will probably do a midyear review and at that point probably pass out some of these dollars.

At the August 11 Finance Committee meeting, I was asked to provide some detail on a couple of line items that are shown on page 8, and I've included that on page 9, 10, 11 and 12. Those categories consisted of professional services, other operating, and other capital.

Page 13 is the agency's capital budget comparison between '10 and '11. We have a very small number of items that are considered capital. It includes the project Vision 21, we have technology replacements and upgrades.

Pages 14 and 15 is just a short description of that capital information technology project; 16, 17 and 18 are some pie charts that compare different items.

Since this document was distributed back in August for the August 25 meeting, I would like to point

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1 out a couple of changes that have occurred. If you'll
2 turn to page 3 which is the FTE comparison by division and
3 section, I would like to point out that within the
4 executive director's office we have a couple of changes.
5 Within the ED's office itself, there are seven
6 FTEs noted on that page; it should actually reflect nine.
7 One FTE was not counted in the Communications area and we
8 also did receive another FTE for the Governmental
9 Relations Division, so those are an additional two FTEs,
10 and they're going to be coming from that agency reserve
11 allocation. I had like 15 floaters that had not been
12 allocated, so those two are coming from that 15.
13 There was also another additional FTE approved
14 for Administrative Services, and that person will be doing
15 some scanning and imaging.
16 So the bottom line FTEs does not change, it's
17 just that we've allocated some of those floaters out, and
18 that will probably continue throughout the year as we
19 receive additional requests from the divisions.
20 And with that, I conclude the FY 2011 Operating
21 Budget, and I'm available to answer any questions.
22 MR. VANDERGRIFF: Does anybody have any
23 questions?
24 (No response.)
25 MR. VANDERGRIFF: All right. Linda, I want to

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1 note this is, I think, a very good, very easy to
2 understand report, and I know you worked very hard on
3 this, you and your staff, so thank you very much for doing
4 that.
5 MR. CAMPBELL: Mr. Chairman, I'd make a motion
6 for approval.
7 MR. WALKER: Second.
8 MR. VANDERGRIFF: A motion and a second. Any
9 discussion?
10 (No response.)
11 MR. VANDERGRIFF: I'd call for a vote for
12 approval signifying by raising your right hand, please.
13 (A show of hands.)
14 MR. VANDERGRIFF: The motion carries
15 unanimously of those board members present. Thank you
16 very much.
17 I do want to note our next item is going to be
18 the approval of an organizational assessment survey, and
19 in the presentation we had on the budget, there are
20 several surveys that are being done. I think our board is
21 interested in kind of a broader comprehensive survey than
22 the specific rifle-shooting of those particular surveys,
23 cultural assessment structure, et cetera, and would be
24 pleased. And this is also in response, by the way, to
25 looking at what the Grant Thornton report was with respect

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1 to TxDOT and listening and reading about that, this board
2 has heard that, has copies of that, and I believe is
3 interested in making sure that we look at this agency,
4 since we were formerly a part of TxDOT just not too long
5 ago, and see how we line up and where our structure and
6 culture should be going forward.
7 So it's a complementary survey to what's being
8 done. It would be done by the executive director and
9 reported on to this board. And I guess what I'd be
10 looking for is a motion to approve such a survey or a
11 motion to approve the executive director developing the
12 process to be followed in the survey based on our
13 direction, and report back to us at the next board meeting
14 so that we have something formal to approve. So we're
15 authorizing him to go forward in doing that.
16 MR. GILLMAN: So moved.
17 MR. VANDERGRIFF: We have a motion by Director
18 Gillman. Do I have a second to that?
19 MR. RUSH: Second.
20 MR. VANDERGRIFF: Second by Director Rush. So
21 a motion and a second. Any discussion on it?
22 (No response.)
23 MR. VANDERGRIFF: All right. Please raise your
24 right hand in support of the motion.
25 (A show of hands.)

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1 MR. VANDERGRIFF: The motion carries
2 unanimously. Thank you very much.
3 For the members of the audience, I want to note
4 that, obviously, the extreme length of the executive
5 session, coupled with the fact that the board needs to
6 look at some things, we certainly will provide copies to
7 the public if you want to, but we're going to table some
8 of the items that are on this agenda for discussion at our
9 October meeting. We will have a work session, a public
10 work session on the afternoon of October 13 which most of
11 these items will be taken up, if not all of them then, and
12 then certainly our action items for the October 14 board
13 meeting.
14 The items that we're going to be tabling would
15 be items 2.A.1 which is the board operating policies and
16 procedures; the second is 2.A.3 which is the internal-
17 external communications; and third is the presentation of
18 the Texas DMV administrative decisions and rules, that
19 2.A.4; 2.A.5 which is agency goals and performance
20 objectives -- we'll come back to legislative priorities
21 here in a second; and then 2.A.6 which is the
22 benchmarking. So all but discussion on 2.A.2 and 2.A.5,
23 legislative priorities, is being tabled to the next
24 meeting.
25 With respect to the role of the board and

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1 committees, one of the things that I think the board has
2 made a decision on is we're not eliminating committees by
3 any means, but at least for these next couple of meetings
4 that we're going to have through the end of the year,
5 we're going to look to have a meeting of the board as a
6 whole on the afternoon before the board meeting where we
7 can discuss some of the bigger ticket items, these that
8 you see before us, and just the policies and procedures
9 going forward into our second and first full fiscal year
10 operations. So look for that. We've just, in effect,
11 kind of postponed committee meetings for a couple of
12 months so that we can focus on the board as a whole.
13 And then the last is the legislative
14 priorities. I do want to note that we have not formally
15 passed any agenda item that indicates that we have any
16 sort of legislative specific issue that we have, but we do
17 have, I think, really three things to bring before the
18 public and the board.
19 The first is we have discussed or are aware,
20 because they were made aware, that I gave testimony before
21 the House Committee on Transportation, speaking as the
22 chairman. I was requested to come before that committee,
23 as I do quarterly, and made several statements with
24 respect to where I personally thought the agency should
25 head, and I'll very briefly synopsize those. Those

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1 written comments are here and you can have those.
2 First and foremost, I mean no disrespect to
3 TxDOT and certainly I mean no disrespect to the existing
4 DMV staff by my following comments, but that I think it's
5 very important for us, from an organization, structural,
6 cultural, every which way you want to look at it, to be
7 separated from TxDOT as quickly and as expeditiously as
8 possible. As long as we're in our father's house, we can
9 never truly get our own identity, in my personal opinion,
10 and we need to be able to do that. There are so many ties
11 to us, realistically it will not be something that happens
12 overnight or even in the next year, but we need to keep
13 that focus on it, and focus that with the legislature and
14 the executive branch.
15 And then second for me is that we need to have
16 a retail orientation to what we do. We're a state agency,
17 we have regulatory functions, so be sure, we can never be
18 a retail organization in the truest sense of that, but
19 that's what we oversee. We oversee businesses that are
20 out there doing business today, and we need to have that
21 kind of focus in our priorities.
22 Some of the ways to do that are to focus on
23 different ways of funding this agency, not through the
24 traditional appropriations process, but perhaps if we can
25 present a credible enough case as a self-directed, semi-

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1 independent agency which forces us to live off of what we
2 can collect and have been allowed to keep to operate the
3 agency.
4 And third, and almost, I think, the most
5 important, is to have an economic development focus of
6 what we can do, not to coddle or protect the industries we
7 regulate, but to promote them and to provide them the
8 opportunity to succeed. This industry as a whole, in the
9 good days of not too long ago, just a couple of years ago,
10 generated nearly $5 billion a year in revenue for the
11 state on an investment of about $150 million.
12 What we get out of Fund 6 actually continues to
13 go up because registrations go up. The difference, now
14 closer to $4 billion, is based upon the fact that sales in
15 the industry, economic development slowed in this
16 collective industry. We need to be on the front lines of
17 helping that industry develop that business back to the
18 extent we can have influence on it, and that, of course,
19 generates business for Texas and revenue for Texas.
20 So that's kind of a general bent of at least
21 this chairman, and the board members have seen that, I've
22 passed that to them, and I certainly would defer now to
23 any comments that any of them would like to make.
24 MR. RUSH: I'd like to make a comment that I
25 thought it was a very good document and I'm sure your

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speech was just as good.

MR. VANDERGRIFF: Thank you, Mr. Rush.

Does anybody else have anything to say?

MS. RYAN: I think from what I've seen gives us a clear roadmap for direction with regard to filters and kind of where we need to go moving forward, so I think it's very clear and well done.

MR. WALKER: Hear ye.

MR. VANDERGRIFF: Hear ye?

MR. WALKER: Hear ye.

(General laughter.)

MS. JOHNSON: And I too would concur. I do believe that you made the statement that you weren't representing the whole board with this, but I would like to say at least you have the full support of this board member in what you presented today, and I thank you for it.

MR. WALKER: Aye, aye. Excellent report.

MR. VANDERGRIFF: Thank you. I appreciate that. And kind of with that, I think that that will certainly help guide the staff as we move forward with these policies and board operating procedures, as well as looking forward with legislative priorities.

The last -- and it's an informational item for the audience -- is with respect to legislative priorities,

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1 we do have two major items that are in development, again,
2 not something that the board is passing today, but that
3 is, first, what we call House Bill 3097 cleanup which is
4 cleaning up the various language, and I don't think any of
5 it anyone is going to find of any concern.
6 The second is that we hope to bring back the
7 Vision 21 bill which is what was in the session last time
8 and unfortunately, just the clock ran out on it, as it did
9 a lot of other bills there at the end, but it was
10 something that we felt had -- not felt, I know had
11 universal support from all the industries that we
12 regulate.
13 And then third certainly, and separate and
14 apart from the SDSI approach, is of course our Legislative
15 Appropriations Request which that was formally adopted and
16 approved by this board at last month's session, and that's
17 obviously a priority for us. You have that, that's out
18 there in the public, so you know what our request is
19 there, and we certainly urge any feedback and support that
20 you'd have of that.
21 And we're going to be reaching out on that and
22 the first two items that I mentioned, the House Bill 3097,
23 the cleanup bill, and the Vision 21 bill to the
24 industries. We're going to be coming out to you. Our vice
25 chairman and member in charge of Legislative Affairs,

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1 Cheryl Johnson, will lead that effort, and with the
2 individual board members and staff, we'll get out to the
3 various industries, make sure you have a copy of what
4 transpired before, what we view as cleanup items, and get
5 your input and support or direction from any comments that
6 you may care to have on that. So that will be coming out
7 to your shortly.
8 And I'd like to ask the board, I'd look for
9 your approval of that approach so that Ms. Johnson and the
10 staff can feel comfortable going out to do that, again,
11 have those discussions. So with that, I will ask if
12 anybody would like to make a motion in that regard and any
13 discussion after that.
14 MR. RUSH: I make a motion.
15 MR. VANDERGRIFF: Mr. Rush has motioned.
16 MR. WALKER: I'll second the motion.
17 MR. VANDERGRIFF: We have a motion and a
18 second. Any discussion?
19 MR. WALKER: The motion is to give them the
20 latitude to go and to address the three legislative
21 issues?
22 MR. VANDERGRIFF: Yes. They're kind of broad-
23 based, I wouldn't say just one issue, but it's just making
24 sure that they get out and visit.
25 MR. WALKER: And the My Plates private vendor

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contract is a cleanup in that also. Right?

MR. VANDERGRIFF: Yes. That's a good question. Yes, it is. The My Plates folks, actually in the previous Vision 21 bill, there was a provision to allowed the department to continue those operations in the event that they discontinued, and that would be included again in there.

MR. WALKER: We need to make sure that is in there.

MR. VANDERGRIFF: It will be. So noted with that amendment.

Any other discussion?

(No response.)

MR. VANDERGRIFF: With that, I'd call for your approval by raising your right hand.

(A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously. Thank you very much.

And with that, I sincerely apologize again for underestimating the time that would be taken in executive session, but I would ask if there's anyone in the audience that would like to make any public comments. We asked at the beginning but want to note it.

(No response.)

MR. VANDERGRIFF: I'd ask if any board members

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1 have any other business items they want to bring before
2 us, or the staff. Mr. Serna?
3 MR. SERNA: No, sir. Thank you.
4 MR. VANDERGRIFF: Okay. With that, I would be
5 pleased to entertain a motion to adjourn.
6 MR. GILLMAN: So moved.
7 MR. WALKER: Second.
8 MR. VANDERGRIFF: Member Gillman, motion, and a
9 second. All those in favor, right hand please.
10 (A show of hands.)
11 MR. VANDERGRIFF: The motion carries
12 unanimously. We are adjourned. Thank you very much.
13 (Whereupon, at 1:38 p.m., the meeting was
14 concluded.)

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1 C E R T I F I C A T E

2

3 MEETING OF: Texas Dept. of Motor Vehicles Board

4 LOCATION: Austin, Texas

5 DATE: September 9, 2010

6 I do hereby certify that the foregoing pages,

7 numbers 1 through 22, inclusive, are the true, accurate,

8 and complete transcript prepared from the verbal recording

9 made by electronic recording by Nancy H. King.

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15 09/13/2010
16 (Transcriber) (Date)
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19 3307 Northland, Suite 315
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