

*Chairman's Report to the Governor on the State of
Affairs of the
Texas Department of Motor Vehicles*



For the Quarter Ending November 30, 2009

House Bill 3097 amended the Transportation Code to create the Texas Department of Motor Vehicles as an agency of the state, effective November 1, 2009. HB 3097 required the board to organize the DMV into divisions to accomplish the department's functions and the duties assigned to it, including divisions for administration, motor carriers, motor vehicle regulation, vehicle titles and registration. Additionally, HB 3097 created the Automobile Burglary and Theft Prevention Authority within the DMV.

The board consists of nine members appointed by the governor consisting of 4 members representing the various sectors of the motor vehicle sales and distribution industry, one member representing the motor carrier industry, a member representing the tax assessor-collectors, a member representing local law enforcement, and two members representing the public.

Governor Rick Perry named Victor Vandergriff of Arlington chair of the TxDMV Board and appointed eight members. The board is charged with administering and enforcing statutes relating to certificates of title and registration of vehicles, identifying markings on commercial motor vehicles, motor carrier registration, single state registration, motor transportation brokers, foreign commercial motor transportation, sale or lease of motor vehicles and salvage vehicle dealers.

Chairman Vandergriff is an attorney and businessman, and past vice president of V.T. Inc. and Automotive Investment Group. He is Chairman of the City of Arlington Planning and Zoning Commission, vice-chairman of the North Texas Toll way Authority, and a member of the American and Texas Bar associations, Arlington Chamber of Commerce Foundation Board of Directors, and Theatre Arlington Board of Directors. He is also past president of the North Texas and Tarrant County Chevrolet Dealers Advertising associations and a past member of the Chevrolet National Dealer Council, River Legacy Foundation Board and Bank of North Texas Board of Directors. Vandergriff received a bachelor's degree from the University of Southern California and a law degree from Southern Methodist University. He is appointed for a term to expire Feb. 1, 2015.

Clifford Butler of Mount Pleasant is owner of Butler Consulting and a part-time real estate agent at Redfearn Real Estate Co. He is a member of the Texas Association of Realtors, Titus County Regional Hospital Foundation Board and Titus County Cares Advisory Board. He is also chair of the Mount Pleasant Chamber of Commerce Legislative Committee, past chair of the National Chicken Council, past president of the Pilgrim's Pride Affordable Housing Corporation, and a volunteer pilot for the Angel Charity Network's medical missions. Butler attended Arkansas Tech University. He is appointed for a term to expire Feb. 1, 2013.

James "Jim" Campbell Jr. of Sachse is president of J. Campbell Corporations Inc., doing business as Big Tex Auto Mart. He is a member of the National Federation of Independent Business, past president of the Texas Independent Automobile Dealers Association and Dallas County Automobile Dealers Association, and past vice president of the National Independent Automobile Dealers Association. He is also vice president

of the Gideons International Organization of Garland, Chairman of the City of Sachse Comprehensive Planning Commission, past president of the Rotary Club of Garland, past legislative chairman of the Garland Chamber of Commerce, and a past board member of the Garland Business Association. Campbell received a bachelor's degree from Southern Methodist University and a Master of Business Administration from Amber University. He is appointed for a term to expire Feb. 1, 2011.

Ramsay Gillman of Houston is owner, Chairman and chief operating officer of Gillman Auto Companies. He is a member of the American International Automobile Dealers and past president of the National, Texas and Houston Automobile Dealer associations. He is also a volunteer for the Fort Bend Women's Center. Gillman attended Southwestern University. He is appointed for a term to expire Feb. 1, 2013

Janet Marzett of Keller is vice president of collections, customer service and remarketing for Daimler Financial Services. She is a member of the University of Texas at Arlington Advisory Board and a past board member of Haven House Organization. She is also a volunteer for the Habitat for Humanity of Tarrant County. Marzett received a bachelor's degree from the University of Texas at Austin. She is appointed for a term to expire Feb. 1, 2015.

Victor Rodriguez of McAllen is chief of police in the City of McAllen Police Department. He is a member of the Lower Rio Grande Valley Development Council Criminal Justice Advisory Committee and McAllen Crime Stoppers, past director of the South Texas Inter-Governmental Drug Task Force. He is also a past member of the Cameron County Drug Enforcement Task Force Board of Governors, Texas Interstate Compact Committee, Brownsville Crime Stoppers and Association of Paroling Authorities International. He was Chairman of the Texas Board of Pardons and Paroles and Texas Automobile Theft Prevention Authority. Rodriguez received a bachelor's degree from the University of Texas Pan American and a master's degree in public administration from the University of Texas at San Antonio. He is also a graduate of the FBI National Academy and Harvard University John F. Kennedy School of Government Senior Executives in State and Local Government Program. He is appointed for a term to expire Feb. 1, 2015.

Marvin Rush of Seguin is founder and Chairman of Rush Enterprises Inc. He is a member of the American Truck Dealers Board of Directors, National Automobile Dealers Association, and Texas Automobile Dealers Association Truck Division. He is also a past member of the Associates Gold Wheel Dealer Council, GMC Truck Dealer Council, Pac lease Truck Sales Executive Committee, Peterbilt Motors Company, and Rockwell Advisory Board. Rush is appointed for a term to expire Feb. 1, 2011.

John Walker III of Houston is owner and president of J.H. Walker Trucking. He is a member of the American Trucking Association, a member and past Chairman of the Texas Motor Transportation Association. He is also a committee member of the Houston Livestock Show and Rodeo, and assistant scoutmaster for Boy Scout Troop 641. Walker

received a bachelor's degree from Texas A&M University. He is appointed for a term to expire Feb. 1, 2011.

Cheryl Johnson of Friendswood is the county tax assessor/collector for Galveston County. She is a state certified Texas Assessor Collector, and a member of the Texas Association of Assessing Officers, Tax Collectors Association of Texas, Galveston Association of Realtors, and American Business Women's Association. She is also a member of the Lighthouse Charity Team, various chambers of commerce in the Galveston area, and Galveston Kiwanis Club, a past Clear Creek Independent School District trustee and a certified mediator. Johnson received an associate degree from San Jacinto College. She is appointed for a term to expire Feb. 1, 2013.

As required by Section 9.01(a) of HB 3097, TxDOT formed the Department of Motor Vehicles Transition Team to plan and make recommendations regarding the transfer of obligations, property, full-time equivalent positions, rights, powers, and duties from the TxDOT to the TxDMV. The team consists of the four division directors from Vehicle Titles and Registration (VTR), Motor Vehicles Division (MVD), Motor Carrier Division (MCD), and Automobile Burglary & Theft Prevention Authority (ABTPA), and the Assistant Executive Director for Support Operations.

In July 2009, a Project Manager was hired to assist the TxDMV Transition Team in managing tasks, open issues, coordinating overall transition of the agency as well as the Transition Report. TxDOT hired Mark Paxton, an outside consultant, who has previous state-level Department of Transportation and DMV experience as the Project Manager.

The Transition Team, along with the appointed Chairman worked to develop a Memorandum of Understanding (MOU) as required by HB 3097. The MOU established the roles and responsibilities of TxDOT and the DMV as the agency transitions to independence. The MOU provides TxDOT support to the transferring divisions until such time as the DMV hires staff to take over these responsibilities; funding to support the new agency as no legislative appropriations were made to the DMV for the FY 2010-2011 biennium; and vacant full-time-equivalent (FTE) positions to the DMV to staff the agency's indirect program activities. This support includes facilities, security, technology infrastructure support, processing of financial transactions, purchasing, and other general support functions necessary to operate the DMV.

The MOU was adopted by the DMV Board at the Board's first meeting on November 4, 2009. In addition to executing the MOU, the Board focused on a process for selecting an Executive Director, interim appointments for key positions, naming an interim division director for the Motor Carrier division and establishing signature authority with the Comptroller of Public Accounts to ensure the DMV meet its financial obligations and authorize payments. Additionally, the Board elected to participate in the State Office of Risk Management insurance program to secure liability insurance for DMV property and vehicles.

Key interim positions included the naming of Linda Secord, Assistant Attorney General, Office of the Attorney General as Interim General Counsel; George Ebert, Human Resource Director of the Texas Department of Transportation as Interim Human Resources Manager; and Brian Ragland, Director of Finance of the Texas Department of Transportation as Chief Financial Officer.

The Board authorized DMV employee, Dawn Heikkila, to be the individual to obtain a signature card to enable her to approve payments, the standardized payroll/personnel reporting system, and the uniform statewide payroll/personnel system. Additionally, the Board appointed Brett Bray, Director of the DMV Motor Vehicle Division as the Interim DMV Motor Carrier Division Director.

Immediately after the first board meeting, the Chairman and DMV staff began working to execute interagency contract with the Texas Department of Transportation for the preparation, process and release of payments and payroll documents in the Uniform Statewide Accounting System (USAU) and the Uniform Statewide Payroll System (USPS). An interagency contract for post-payment audit of DMV payments was executed with the Comptroller of Public Accounts as required by statute. Steps necessary to register the DMV as a Texas employer were taken, including securing a Federal Employer Identification Number, establishing accounts with the Texas Workforce Commission, the Social Security Administration and the Internal Revenue Service.

DMV staff working in conjunction with TxDOT staff, the Legislative Budget Board and the Comptroller's office set up a budget structure, established appropriation numbers and corresponding accounts in the State Treasury for the processing of DMV expenditures and revenue collections.

HB 3097 required the transfer of personnel, furniture, computers, other property and equipment, files and related materials used by the transferring divisions as well as the unobligated and unexpended balance of any appropriations made to TxDOT in connection with or relating to the transferring divisions and the Automobile Burglary and Theft Prevention Authority (ABTPA) from the state fiscal biennium ending August 31, 2009. A contingency rider in the General Appropriations Act, Article IX, Section 17.30 transferred all funds and FTE positions appropriated to TxDOT for fiscal years 2010 and 2011 that are directly associated with the programs and responsibilities required to be transferred under the provisions of HB 3097 plus any additional FTE positions and associated funding for personnel that primarily support the programs to be transferred to the DMV. These transfers were effective November 1, 2009.

During this reporting period, TxDOT transferred 85% of the FY 2010 funding due the DMV as provided for in the MOU. Additionally, the DMV paid its first payroll on December 1, 2009 for wages earned in November, 2009.

During this reporting period, TxDOT paid \$20,200,816.17 on behalf of the DMV, to the Meyers Settlement Fund. The Meyers lawsuit is a class action suit filed against TxDOT regarding the fee paid for a blue parking placard for persons with permanent disabilities.

The lawsuit claimed the State of Texas \$5.00 fee for a blue parking placard utilized by persons with a permanent disability violates federal law. On July 7, 2008 a Federal Judge decided the fee was illegal and directed the parties to meet to discuss reimbursement to Class Members. The parties met and developed a plan that provided a settlement fund of \$20,200,816.17 to reimburse persons charged the \$5.00 fee between August 11, 1995 and July 7, 2008. TxDOT paid \$20,200,816.17 to the Settlement Fund on November 20, 2009. An email from TxDOT Finance Division Director, Brian Ragland (dated 11/20/09) instructed TxDOT Finance Staff to transfer funds to the DMV to cover the cost of the Meyers settlement.

As of the end of the first quarter, the following fund transfers are outstanding:

- Reimbursement for payment of the Meyers Settlement (per MOU); and
- Unobligated and unexpended balances from state fiscal biennium ending August 31, 2009 (per HB 3097).

HB 3097 requires the State Auditor's Office to conduct an audit of the DMV to establish financial benchmarks for the DMV on its overall status and condition in relation to funds on hand, equipment and other assets, pending matters and other issues considered appropriate by the State Auditor's Office. This audit is pending scheduling by the State Auditor's Office.

DMV Goals for the next reporting period include acquisition of an Executive Director, hiring of Central Administration staff, development and submission of the DMV Operating Budget, create subcommittees of the DMV Board, election of Vice Chair, issuance of W-2's and an update of the DMV budget.

During the first quarter of fiscal year 2009, the DMV made significant progress toward becoming an independent state agency. Having held only one Board meeting, under the direction of the Chairman and with no executive director, the agency has already begun taking shape. First quarter operational reports have been filed with the State Auditor's Office, the Comptroller of Public Accounts and the Legislative Budget Board. Employees received their 1st DMV paycheck, media events were held to inform stakeholders and the public of the DMV, a department logo was established and building signage was put in place to facilitate agency identification. Achievements anticipated for the next reporting period should be even greater.

Respectfully Submitted,

Victor Vandergriff
Chairman
Texas Department of Motor Vehicles