



DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
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To	Jean Shimoto	From	Johene Lee
Co.	DMV Budgets	Co.	Finance
Dept.		Phone #	445-1777, X3221
Fax #	657-6851	Fax #	327-0220

Ms. Joan Borucki, Director
Department of Motor Vehicles
2415 First Avenue
Sacramento, CA 95818

Dear Ms. Borucki:

Feasibility Study Report for Department of Motor Vehicles International Registration Plan System Replacement, Project Number 2740-176

The Department of Finance (Finance) has completed its review of the Department of Motor Vehicles' (DMV) Feasibility Study Report (FSR) for the International Registration Plan (IRP) System Replacement project. Finance supports the expenditure of resources for this project subject to the conditions specified in this letter.

Approved Project Cost, Schedule, and Criticality Rating			
Project Cost	One-time	Continuing	Total
	\$5,884,000	\$2,498,000	\$8,382,000
	Annual M&O	M&O Begin Year	Funding Source
	\$1,306,000	First full year of M&O in 2008-09	Special Funds*, Redirection
Project Schedule	Start Date	Implementation Date	PIER Date
	July 1, 2005	August 1, 2007	March 31, 2009
Oversight Criticality Rating		Medium	

* Special Funds: State Highway Account, Motor Vehicle Account, Motor Vehicle License Fee Account

This project is to replace the DMV's existing obsolete computer system for processing IRP registrations with a commercial off-the-shelf (COTS) IRP software package. This COTS software is widely used by other states and Canadian IRP jurisdictions to help meet federal commercial vehicle mandates. It facilitates commercial vehicle registration, and electronic payment and distribution of commercial vehicle registration fees among the IRP member jurisdictions. The department will conduct a competitive procurement to secure contract services to modify the COTS software package to meet California's specific IRP business needs, and to provide ongoing system maintenance and operational support.

The new IRP system will enhance automated support for IRP program activities, resulting in more effective and efficient operations and enhanced customer service and convenience. Customer service improvements will include reduced turnaround time for processing IRP applications (from 30-35 days to 10 days) and alternative service delivery options via the Internet to conduct IRP transactions electronically instead of the current hard copy submission method.

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As a result of operational efficiencies with the new IRP system, beginning in fiscal year 2008-09, the DMV anticipates realizing savings of 9.2 personnel years and \$480,000. Finance expects the DMV to submit the appropriate budget documents to recognize achievement of these benefits. In addition, the DMV identifies increased revenue collection for the State Highway Account, the Motor Vehicle Account, and the Motor Vehicle License Fee Account of \$3.7 million in 2007-08 and \$7.4 million annually beginning in 2008-09 with improved data and audit tools to be made available with the new system.

The total estimated project cost is \$8,382,000 over four fiscal years (2005-06 through 2008-09), consisting of \$5,884,000 in one-time system development costs and \$2,498,000 in ongoing maintenance and operations costs. Maintenance and operations costs will be \$1,192,000 in 2007-08, the first year of system operations. Beginning in 2008-09, ongoing annual maintenance and operations costs will be \$1,306,000.

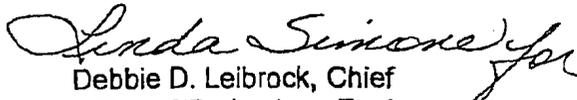
Funding of \$1,345,000 for system development costs in 2005-06 has been proposed through the Finance Letter process. The FSR identifies planned budget augmentations of (1) \$1,325,000 in 2006-07 to continue development of the IRP system, (2) \$1,123,000 in 2007-08 to complete development and fund partial year operations of the IRP system, and (3) \$1,036,000 in 2008-09 and subsequent years to fund ongoing system operations. All other project costs will be funded from a redirection of existing resources.

Please note that this approval does not in itself guarantee that funds or expenditure authority for the project will be available. The initiation and continuation of any information technology project remains subject to the availability of funding and legislative concurrence for funding and expenditure authority in accordance with the normal state budget process.

This project is subject to the project reporting and oversight requirements of Finance. Should the project costs, benefits, or schedule change by 10 percent or more, or should the project scope or methodology change, a Special Project Report will be required. Refer to the Information Technology Project Oversight Framework to determine the minimum level of project management and oversight activities required for this project. After completion of the project, the DMV must submit a Post Implementation Evaluation Report within 18 months.

If you have any questions, please contact Joliene Lee at 445-1777, extension 3227 or by e-mail at joliene.lee@dof.ca.gov. Please refer to Project Number 2740-176 in any future correspondence regarding this project.

Sincerely,


Debbie D. Leibrock, Chief
Office of Technology Review,
Oversight, and Security


Mark Hill, Program Budget Manager
Business, Transportation, and Housing Unit

JML: sl
Project No. 2740-176
Log No. 2005-264

cc: On following page

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cc: Honorable Sunne Wright McPeak, Secretary, Business, Transportation and Housing Agency
Mr. Michael Liang, Deputy Secretary for Information Technology, Business, Transportation and Housing Agency
Mr. Bernard Soriano, Chief Information Officer, Department of Motor Vehicles
Ms. Jean Shiomoto, Budget Officer, Department of Motor Vehicles
Ms. Crystal Cooper, Manager, Strategic Planning and Control Section, Department of Motor Vehicles
Ms. Wendy Justinich, Manager, Strategic and Tactical Planning Group, Department of Motor Vehicles
Ms. Rita Hamilton, Deputy Director, Procurement Division, Department of General Services
Ms. Michelle Ogata, Acquisitions Branch Manager, Department of General Services
Ms. Anna Brannen, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
Ms. Kathryn Gaither, Principal Program Budget Analyst, Department of Finance
Mr. Jeff Carosone, Budget Analyst, Department of Finance
Ms. Debra Reiger, State Information Security Officer, Department of Finance