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AGENCY: Division of Procurement Services

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SUBJECT: South Carolina Department of Motor Vehicles (SCDMV) – Approval of Contract Duration

Section 11-35-2030(5), of the SC Consolidated Procurement Code limits the maximum potential duration for any contract to seven years unless the Authority approves a longer maximum potential duration. The South Carolina Department of Motor Vehicles (SCDMV) seeks Authority approval to enter a contract for modernization of its main business application system with a duration of up to fourteen years after implementation.

The current application, Phoenix, was internally developed in 2002. The Phoenix system has two primary components: a Driver Services component, which performs driver licensing-related functions, and a Vehicle Service component, which performs vehicle titling and registration functions. While this system has functioned adequately for a little over two decades, it now requires modernization to meet evolving technological and operational demands. The modernization of the SCDMV system will be a resource intensive multi-year effort, with estimated implementation costs ranging from \$80 to \$100 million and annual maintenance and support costs ranging from \$5 to \$8 million.

Modernization will not only impact SCDMV personnel. This system will need to interface with over 210 partner organizations. Modernization will significantly impact these external entities requiring modifications and potentially upgrades to their IT systems to enable them to perform their mandated functions. These entities include law enforcement agencies at all levels of government, county taxation offices, State Election Commission, and others as well as a wide range of commercial business enterprises, including automobile dealers, vehicle fleet management organizations such as rental car companies, driving schools, and insurance validators.

A major upgrade in SCDMV's system such as this modernization project involves significant investment and disruption costs for SCDMV and partner organizations. Moreover, employees and stakeholders must go through an extensive training effort to learn the new system. SCDMV and its consultant believe a longer contract duration will reduce these investment and disruption costs and will likely result in more favorable contract pricing and terms.

Based on the forgoing and factors set forth in the attached letter from SCDMV, SCDMV believes entering into a contract with a potential duration of fourteen years after implementation will provide the most efficient system for the state, SCDMV partner organizations, and the citizens who depend on SCDMV services.

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SUBJECT: South Carolina Department of Motor Vehicles (SCDMV) – Approval of Contract Duration

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AUTHORITY ACTION REQUESTED:

Under authority of SC Consolidated Procurement Code Section 11-35-2030(5), approve South Carolina Department of Motor Vehicles' request to enter a contract for modernization of its main business application system with a duration of up to fourteen years after implementation, as recommended by the Division of Procurement Services.

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ATTACHMENTS:

Agenda item worksheet and attachment

**STATE FISCAL ACCOUNTABILITY AUTHORITY  
AGENDA ITEM WORKSHEET**

**Meeting Scheduled for: 4/1/2025**

**Regular Agenda**

**1. Submitted by:**

- (a) Agency: SFAA, Division of Procurement Services
- (b) Authorized Official Signature:



John St. C. White  
Materials Management Officer  
Division of Procurement Svcs

**2. Subject:** South Carolina Department of Motor Vehicles (SCDMV) – Approval of Contract Duration.

**3. Summary and Background Information:**

Section 11-35-2030(5), of the SC Consolidated Procurement Code limits the maximum potential duration for any contract to seven years unless the Authority approves a longer maximum potential duration. SCDMV seeks Authority approval to enter a contract for modernization of its main business application system with a duration of up to fourteen years after implementation.

The current application, Phoenix, was internally developed in 2002. The Phoenix system has two primary components: a Driver Services component, which performs driver licensing-related functions, and a Vehicle Service component, which performs vehicle titling and registration functions. While this system has functioned adequately for a little over two decades, it now requires modernization to meet evolving technological and operational demands. The modernization of the SCDMV system will be a resource intensive multi-year effort, with estimated implementation costs ranging from \$80 to \$100 million and annual maintenance and support costs ranging from \$5 to \$8 million.

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Based on the forgoing and factors set forth in the attached letter from SCDMV, SCDMV believes entering into a contract with a potential duration of fourteen years after implementation will provide the most efficient system for the state, SCDMV partner organizations, and the citizens who depend on SCDMV services.

**4. What is the Authority asked to do?** Under authority of SC Consolidated Procurement Code Section 11-35-2030(5), approve SCDMV's request to enter a contract for modernization of its main business application system with a duration of up to fourteen years after implementation.

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**5. What is recommendation of the submitting agency involved?** Consider approving the Authority action requested.

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**6. Private Participant Disclosure – Check one:**

- No private participants will be known at the time the Authority considers this agenda item.
  - A Private Participant Disclosure form has been attached for each private participant.  
As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.
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**7. Recommendation of other office (as required)?** Approve the Authority action requested.

- (a) Authorized Signature: \_\_\_\_\_
  - (b) Office Name: \_\_\_\_\_
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**8. List of Supporting Documents:**

- A- Section 11-35-2030(5) of the SC Consolidated Procurement Code
  - B- SCDMV's Request
  - C- Extended terms previously approved by the Authority
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**9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.**

## **SECTION 11-35-2030. Multiterm contracts.**

(1) Specified Period. Unless otherwise provided by law, a contract for supplies, services, or information technology must not be entered into for any a period of more than one year unless approved in a manner prescribed by regulation of the board. The term of the contract and conditions of renewal or extension must be included in the solicitation and funds must be available for the first fiscal period at the time of contracting. Payment and performance obligations for succeeding fiscal periods must be subject to the availability and appropriation of funds for them.

(2) Determination Prior to Use. Before the utilization of a multiterm contract, it must be determined in writing by the appropriate governmental body that:

(a) estimated requirements cover the period of the contract and are reasonably firm and continuing; and

(b) such a contract serves the interest of the State by encouraging effective competition or otherwise promoting economies in state procurement.

(3) Cancellation Due to Unavailability of Funds in Succeeding Fiscal Periods. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the contract must be canceled.

(4) Maximum Duration. The maximum potential duration for a contract is five years. A maximum potential duration of up to seven years may be approved by the appropriate chief procurement officer.

(5) Authority Approval. Every type of contract with a maximum potential duration exceeding seven years must be approved by the board. For competitive procurements, approval of the maximum potential duration must be granted before solicitation.

Henry McMaster  
Governor



Kevin A. Shwedo  
Executive Director

## State of South Carolina Department of Motor Vehicles

February 28<sup>th</sup>, 2025

Delbert Singleton  
Director, Procurement Service Division and Authority Secretary  
Division of Procurement Services  
State Fiscal Accountability Authority  
PO BOX 12444  
Columbia, SC 29211

Subject: Approval of 14-Year post-implementation contract term for SCDMV System Modernization

Dear Mr. Singleton,

The South Carolina Department of Motor Vehicles (SCDMV) is embarking on a critical modernization initiative to replace its primary business application system, Phoenix, which has served as the agency's core IT system for over two decades. This multi-phased initiative encompasses extensive planning, analysis, technical implementation, and a long-term maintenance and support structure to ensure the agency continues to provide efficient and technologically advanced services to the citizens of South Carolina.

Given the complexity and significant investment required for this effort, the SCDMV is seeking a contract term that includes implementation of the modernized system followed by 14 years of support and maintenance which would include an initial seven year period of support and maintenance and a subsequent optional seven year period of support and maintenance. The SCDMV would require four to five years to replace the system procured under this contract and the seven year support and maintenance period lengths ensures sufficient time for evaluation of the support and maintenance performance to support decision-making regarding the future of the system.

The current SCDMV system, developed internally in 2002, served as a transition from a Mainframe COBOL system to a client-server technology platform. It has functioned adequately for more than two decades but now requires modernization to meet evolving technological and operational demands. The agency has engaged Mathtech, a consulting firm with extensive experience in DMV system modernizations across North America, to conduct a thorough analysis. With their assistance, our assessment has determined that a longer contract term will

February 28<sup>th</sup>, 2025

Delbert Singleton

Director, Procurement Service Division and Authority Secretary

provide the best value for the agency and the State of South Carolina by reducing operational disruptions and ensuring continuity of service.

The SCDMV IT system interfaces with more than 210 partner organizations, including law enforcement agencies, county tax offices, the State Election Commission and a variety of State Government Agencies, and numerous commercial enterprises. Frequent system changes can create disruptions for these stakeholders, necessitating additional IT investments and adjustments. Furthermore, transitioning to a new system requires extensive staff training, impacting efficiency and customer service. A longer contract term ensures system stability, allowing employees to build expertise and provide more efficient services to the public.

Modernizing DMV systems is a resource-intensive endeavor, with estimated costs ranging between \$80 to \$100 million and ongoing support costs averaging \$5 to \$8 million annually. A shorter contract term may limit vendor participation and increase costs for our procurement, whereas a longer term enhances competition, likely results in contract pricing and terms more favorable to the State and allows the agency to lock in future support and maintenance costs at current rates. This is evidenced by the State of New York's recent 24-year, \$277 million DMV system modernization contract.

In light of these considerations, the SCDMV firmly believes an extended contract term is in the best interest of the agency, state government, and the citizens of South Carolina. The stability offered by a longer-term contract will mitigate disruptions, optimize service delivery, and support a seamless modernization effort that benefits all stakeholders.

We respectfully request your support of this extended contract term to facilitate the successful modernization of the SCDMV's IT system. Should you require further information or wish to discuss this request in more detail, please do not hesitate to contact me.

Thank you for your consideration.



Kevin Shwedo  
Executive Director, South Carolina Department of Motor Vehicles

CC: John White, Materials Management Officer and State Engineer  
Kimber Craig, Deputy Chief Procurement Officer  
Kristen Rabon, Procurement Director  
La Tasha Terry, Procurement Chief

# Exhibit C

<b>State Fiscal Accountability Authority Approved Contract Durations Greater Than Seven Years Since 2015</b>			
<b>Date of Approval</b>	<b>Agency</b>	<b>Item</b>	<b>Maximum Potential Duration</b>
4/28/2015	University of South Carolina	Sports Marketing & Media Rights	10 years
3/8/2016	SC Educational Lottery	Central Gaming System	10 year performance term
9/20/2016	University of South Carolina	Food Service	15 years
9/20/2016	Department of Mental Health	Operation of Sexually Violent Predator Treatment Program	40 years
12/13/2016	University of South Carolina	Concessions, catering, and non-athletic event merchandise sales for all athletic venues	10 years
8/31/2017	SC Forestry Commission	Operation of Neiderhof Forestry Center	10 Years
9/1/2017	SC Forestry Commission	Operation of Taylor Nursery	10 Years
12/12/2017	Winthrop University	Food Service	10 Years
12/12/2017	SFAA Division of Procurement Svcs	Electronic Procurement System	10 year performance term
12/11/2018	Medical University of South Carolina	Enterprise Resource Planning System	11 year performance term
5/14/2019	University of South Carolina	Trademark and Licensing including apparel	10 years
6/18/2019	Department of Transportation	Enterprise Asset Management System	17 years
12/17/2020	University of South Carolina	Rental Management, premium catering, and operation of dining facility at Williams Brice Stadium	10 years
5/18/2021	Trident Technical College	Enterprise Resource Planning System	11 year performance term
10/12/2021	Medical University of South Carolina	Student Information System	11 years
5/31/2022	Clemson University	Enterprise Resource Planning System	11 year performance term
1/31/2023	Department of Mental Health	Psychiatric Residential Treatment Facility for juveniles	7 years after substantial completion of construction
3/28/2023	Clemson University	Licensing Agent contract	10 years
3/28/2023	Clemson University	Licensing and Campus Apparel Retail contract	10 years
3/28/2023	Department of Social Services	Economic Services System Application Modernization (ESSAM) System	12 years
10/17/2023	Department of Administration	SCEIS Modernization	10 year performance term
3/26/2024	University of South Carolina	Health Sciences Campus Operations and Maintenance	10 years
6/18/2024	University of South Carolina	River District Development	Greater than 7 years with final duration to be approved with submittal of proposed contract to SFAA
8/27/2024	Department of Transportation	Specific Service (Logo) Signing Program	12 years
10/15/2024	Department of Corrections	Bio Waste Gasification	20 years after substantial completion of construction
10/15/2024	USC Aiken	Food Service	10 years
10/15/2024	USC Upstate	Food Service	10 years
12/10/2024	University of South Carolina	Carolina Gardens Development	Greater than 7 years but not more than 50
12/10/2024	University of South Carolina	College & Henderson St. Houses Renovation	Greater than 7 years but not more than 40
12/10/2024	University of South Carolina	Rutledge Building Redevelopment	Greater than 7 years but not more than 50