

DSL Status Report

To The UCR Board

03/14/17

UCR System Contingency Plan

Status:

At the last Board meeting in San Diego, DSL was assigned the task of creating a Contingency Plan for replacing the UCR System if the 90-day clause in the Indiana MOU were to be exercised.

If time allows, DSL will present an outline for this plan at the March 14th Board meeting.

While DSL believes that 90 days is an incredibly short period of time to come up with a replacement system, a registration system can be implemented in 90 days provided that the Board is relatively free of procurement constraints.

The Board would not, for instance, have time to issue either an RFI or an RFP. In fact, the Board would not even have time to educate potential vendors. A vendor that could “hit the ground running” would have to be engaged based on 1) previous knowledge of UCR 2) numerous readily-available functional capabilities, 3) resource scalability and, most importantly, 4) a willingness to undertake the project.

Meanwhile, a small set of proactive steps could significantly mitigate the potential crisis posed by the “90-day clause” (as well as the potential cost!) and give the Board significantly more options moving forward. Some of these actions might require Board policy decisions.

DSL believes that the Board should begin work on the following proactive items immediately:

Create a “UCR 2.0” design document that would serve as both a description of next year’s RFP work scope and a roadmap for any interim contingency plan that might be required.

Begin planning for system oversight transition to the new administrator

Move depository data management from INDOR to Jackson-Thornton

Move registration distributions from INDOR to the Depository

Route registration revenues directly to the Bank of North Dakota instead of the current INDOR bank

Focus INDOR resources on the Registration side of the UCR system

Set aside at least \$500,000 in a Systems Reserve Fund

The design document mentioned above would aim to 1) optimize each of the UCR system functions, 2) make the UCR system more efficient, 3) move the Board closer to “one registration system” and 4) save the Board money.

Just to be clear, DSL believes the Board could save a significant amount of money by re-designing the current system prior to the RFP.

Director and Officer (D&O) Insurance

Status:

As indicated in earlier reports, DSL completed the D&O insurance application from the Great American Insurance Group (GAIG) and sent the completed application to the Chairman for review and signature. In keeping with GAIG’s stated requirements, we also secured a financial statement from our accountants.

Follow-up: The Chairman has asked DSL to follow up with GAIG to try and secure a quote. DSL is awaiting signed documents from the Chairman.

Business Plan / Budget – The Business Plan will encompass the overall strategy of the organization, major objectives, budget, timelines, and resources required.

Status:

Last month, DSL prepared and presented a high-level budget document that was adopted by the Board as a “work-in-progress” budget with placeholders for Auditing (States and Depository) and the Administrator RFP.

Follow-Up: No new developments

Become familiar in detail with the functioning of the UCRA Depository, and assist the Chair of the UCR Depository Subcommittee.

Status:

The Depository Chair and DSL continue to work with Indiana to complete various Depository reporting tools and functionality as soon as possible. We met with the Indiana team February 21-23 to test new reports and functionality. Indiana is finally fully-staffed. Progress is steady but slow.

DSL is also working on two Depository issues related to individual states, notably **Virginia** and **Missouri**.

Virginia - During our meeting in Indiana, we arrived at the tentative conclusion that the Virginia problem was a result of incorrect acknowledgement numbers input by Virginia. This conclusion only presented itself when we were finally able to see the States' acknowledgement information, which heretofore was not visible to us. (As a side note, this situation also supports the Board's decision to eliminate state acknowledgements of depository distributions.) We will now figure out the adjustments Virginia needs to make in the Depository system to resolve the issue completely allow the Depository to continue invoicing.

Missouri – Last month, Missouri agreed to send a memorandum to the Board outlining their proposed solution to a long-standing discussion about how much money they owe the Board (approximately \$800,000). Missouri has indicated that they need more time to prepare this memorandum and that the memorandum “may or may not” be ready for the March 14th Board meeting.

Develop further the existing audit programs of UCR Plan; in particular, monitor and analyze the phenomenon of motor carrier “retreat”

Status:

DSL has been working with the Audit Committee to evaluate the **FAR (Focused Anomaly Review)** program. This program analyzes completed 2017 UCR registrations and identifies carriers whose IRP “registration tier” appears to be higher than the UCR registration tier for which the carrier actually paid. This Audit Committee report has identified over 6,000 carriers - representing approximately \$3.9 million - that need to be vetted for potential under-reporting and refinement of the criteria used for inclusion in the report.

Throughout February and early March, DSL sent the **Daily Additions List** to the Committee each day. DSL has also been sending the Committee various situations that appear to be under-payments but which require further interpretation.

Kansas has sent letters to several of their own FAR carriers requesting additional fees. At least one carrier has paid the additional fees. Kansas and the Audit Committee are now looking at “next steps” for carriers who don't respond to these letters.

Work with the states participating in UCR Plan to improve state data flow and reporting.

Status:

Data flow among the states, FMCSA and Iteris appears to be seriously flawed. DSL will continue to work with all parties to resolve individual data issues as they are presented to DSL.

DSL is also working closely with the Indiana Department of Revenue to assist in the data exchange with FMCSA. Next moves will apparently need to come from FMCSA. As late

as 3/7/17, Indiana was missing downloads from 1/31, 2/25, 2/26 and 3/3.

Design, organize, and populate a UCR Plan internet website.

Status:

During the last Board meeting, the Board decided that since the web site is now part of the Administrator RFP, this matter will be left to the new Administrator to complete.

Support the work of the UCR Plan subcommittees, and provide UCR Plan with recommendations for expanded subcommittee functions

Status:

DSL has worked closely with several committees, participating via phone calls, emails, document preparation and personal visits.

Participate in discussions that will lead to a reduction in UCRA fees, as required by statute

Status:

See Business Plan / Budget narrative above.

Work with the Federal Motor Carrier Safety Administration, to ensure that entities registering with the agency receive a UCRA prompt.

Status:

Tentative Implementation by FMCSA has been delayed from September 2016 to January 2017 and now to a date to be determined.

FMCSA has recently implemented a link to the UCR registration site on their site. This link is a great first step. The implementation of this link or prompt will preclude some of the confusion for first-time UCR registrants over where and how to register for UCR.

Ultimately, DSL would like to see FMCSA analyze the answers that motor carriers provide during the DOT number registration process and, based on those answers, inform the carriers that they must register under the UCR program. An ideal solution would involve FMCSA actively transferring carriers to the UCR registration site upon completion of new or modified USR registrations that qualify.

As described in Paragraph 4.2 of the current Memorandum of Understanding (“MOU”) between the UCR Plan and the Indiana Department of Revenue, DSL is designated by the Chairman of the UCR Board as the UCR Board’s key personnel for purposes of work done pursuant to the MOU.

Status:

DSL and the Acting Indiana System chair routinely participate in conference calls with the INDOR team.

This past month, we also had the opportunity to meet in person with the Indiana team February 21-23. We watched demonstrations of the changes the team is making and laid out plans for next month’s activity.

As we indicated in last month’s report, the most important work to be done is finishing reports and access critical to greater Depository information visibility, which will help to resolve many current Depository issues.

We also had the opportunity to meet separately with the new INDOR Director of Motor Carrier Services, Rex Steffey. In that meeting, Rex told us that INDOR is fully committed to the current MOU.

Rex also indicated that 1) he intends to run the INDOR Motor Carrier Unit as a business, 2) he intends to review the costs INDOR submitted to the Board as the original basis for the \$1.325 MM vendor payments, 3) that he intends to add a profit margin over-and-above INDOR’s recalculated cost, and 4) that INDOR’s bid could very well be higher if they decide to respond to next year’s RFP.

Meanwhile, the current UCR system still operates under the shadow of the “90-day clause” in the MOU. This situation is addressed in the opening section of the report. If nothing else, the Board can use this “wake-up call” to begin preparations for next year’s RFP.

Additional services may be added by the parties hereto by mutual agreement in writing

Status:

No additional services added