

Minutes of the One Hundred Fifteenth Unified Carrier Registration Plan Board of Directors Meeting

December 15th, 2016

Tele-conference

The One Hundred Fifteenth (115th) Unified Carrier Registration (UCR) Plan Board of Directors (Board) meeting was called to order by Avelino Gutierrez, Chairman at 12:00 pm EST.

Attendance - Board of Directors:

Present – Avelino Gutierrez, Adam Anderson, Sandy Bowling, Woody Chambers, Tina Thurman, Daphne Jefferson, Larry Herold, Mike Hoeme, Elizabeth Leaman, Scott Morris, Bob Pitcher and Rick Schweitzer.

Absent – Chris Burroughs and Monte Wiederhold.

Sandy Bowling was present on the call, but unable to speak very well due to illness.

Avelino Gutierrez conducted a roll call of the States with **self-introductions** of government and industry representatives made by those in attendance.

Adam Anderson moved to accept the **meeting agenda**, which was seconded by Rick Schweitzer (Exhibit A) – motion passed.

Woody Chambers moved to accept the **minutes for the November 10th 2016 Board meeting**, seconded by Elizabeth Leaman, (Exhibit B)

Adam Anderson indicated he would be leaving the meeting early. Tina Thurman will be taking minutes in his absence.

Avelino Gutierrez established the **teleconference ground rules**.

UCR Legislative Update – No Update

FMCSA Update – Daphne Jefferson, Deputy Administrator FMCSA. URS implementation is being delayed. FMCSA does not have an implementation date yet but wants to get information out as quickly as possible. FMCSA will provide an update after the first of the year. As of last month we had over 100,000 new applicants through the URS system and that process is going well.

FMCSA has a nomination to fill the UCR Board vacancy. They are working on the vacancy and will be getting back to us soon on the status of the nominee.

Washington D.C. continues to work through the transition process with the new administration coming on board. One of the new members in a former Chief Council for the FMCSA, so they already know some of our needs. This is a good thing. Daphne will be sticking around as a career person and continue to move forward with UCR issues.

Rick Wood also mentioned that Woody Chambers had asked about the 392.2 UCR violation/report on MCMIS during the last meeting. Rick indicated he isn't sure what the issue is and asked Woody to send him a little more information. Woody responded he needed to get with the people in his office to find out where they are no longer able to find the UCR violation information and then he would email Rick.

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Report by DSL Transportation Services, Inc. – Dave Lazarides – Dave provided the monthly status report (Exhibit C). Dave provided an update on the Director and Office (D&O) insurance. An application has been completed to obtain an estimate.

Indiana asked Dave to look into search engine placement of UCR.IN.Gov when people google UCR. Dave has contacted Google, who put him in touch with the Ad folks. In order to do anything meaningful, they need to speak with owner of the 10 digit code of the website. Dave has turned this information over to Indiana and they will follow up with Google. Dave also mentioned the UCR link on FMCSA importance. It seems most people who have fallen victim to the third party services are the new carriers who don't know where to register. Dave stressed the importance of the UCR link to be embedded in to the FMCSA registration process.

UCR Website – Discussion continues with Iteris. They can begin phase one, basic phase after the first of the year. Phase 2 would include individual accounts; log ins, uploading audits, and etc. Phase one doesn't include much maintenance. Indiana believes they can provide many of the phase two services. We may need to revisit the phase two services to determine if we want to pay Iteris to provide these services when Indiana can do it.

Audit Subcommittee – Mike Hoeme – Mike reported he has been working with Dave and Sandy on an audit report. This is reflected within Dave's status report provided in Exhibit C. The Audit Subcommittee hopes to have a presentation ready for San Diego.

Procedures/Best Practices Subcommittee – Adam Anderson – Adam sent out the UCR Agreement updates. Adam also sent out updates to the State with their own system regarding the requirement to update Iteris every 15 minutes and they have three months from November 10th to comply. Iteris having a hard time getting downloads timely from FMCSA. Adam asked Dave to get with him to make a call to Iteris regarding the timing of the FMCSA downloads. Dave responded that Iteris does testing for FMCSA and believes they have good FMCSA contacts. Iteris acknowledged they had some problems, but thought updates were going pretty well.

Adam indicated he will be in contact with his subcommittee members soon to set up a teleconference meeting in January. Adam also indicated he plans to do extensive work on the FAQ's in San Diego. Adam asked states to review the FAQ's and provide feedback to him before the San Diego meeting.

Avelino asked all subcommittee chairs to email him if their subcommittee plans to meet in San Diego and a time estimate so he can create an agenda.

Scott Morris mentioned how we handle states that are behind on payment or reporting obligations moving forward. We have procedures in place to withhold payment from the Indiana registration system. We are in the process of building a methodology to do that on the depository side also. Recently we actually had to release money to states who shouldn't have received payment so other states would receive their payment. During the meeting in Indiana where they were scoping through some of these changes, one of the things determined was that the actual development of a withhold function on the depository side would be pretty extensive. We were looking for a couple of options. One option is for states that typically hit their cap pretty quickly to exclude them from distribution so we aren't sending them money and then they are turning around and sending it right back. We feel that this is a really important tool that

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will prevent a lot of sending money back and forth to each other. This piece is pretty easy to code. The more difficult area to code is when a state is out of compliance and the system needs to hold payment and distribute payment later when that state comes back in to compliance. From a programming stand point this is very difficult. From procedures stand point; we need to discuss how we go about this. We need to look at the policy because of the development resources. Possibly adopting a formal policy that if you are not current with obligations to the plan and a distribution is coming due that you miss that distribution and go to the back of the line and that money will be distributed to other states. Once that state comes back in to compliance, that states comes back in to the lines and partakes in future distributions.

Iteris 15 minutes update requirement – After discussing this requirement with the developers in Indiana we have determined this requirement is not difficult to code. But, the problem with an update of this frequency is that when there are discrepancies, manual intervention is required. With uploads every 15 minutes, which is a possibility of 100 uploads daily. This may be a topic we need to give some thought to in San Diego.

Indiana System Subcommittee – Scott Morris – Dave and Scott went to Indiana last week and met with their key project team and developers. They discussed the process and the template form developed for requests. One of the items discussed was that UCR needs to provide a hefty workload of items in a worklist for the developers. Scott and Dave plan to have weekly conference calls with the developers for the next couple of months to make sure the developers always have at least three weeks of work. They may change the calls to bi-weekly later.

Dave Lazarides reported the Indiana folks use the Agile methodology which is designed to narrow down exactly what everybody is doing in the next few weeks. The Indiana programmers continue to be focused on data exchange with FMCSA right now. It will probably be mid-January before the first results from the depository updates happen.

Indiana Department of Revenue – Sandy Bowling – Scott Morris provided the Indiana Department of Revenue update along with the Indiana System Subcommittee update since Sandy Bowling was ill and unable to speak.

Industry Advisory Subcommittee – Bob Pitcher – The Industry Advisory Subcommittee will be meeting in San Diego. Bob will provide an agenda prior to the meeting date.

Revenue and Fees Subcommittee – Larry Herold – Larry sent out a Revenue and Fee Reduction Spreadsheet (Exhibit E) to be discussed. The 2016 UCR cap has been exceeded through November. Scott also did a great job of projecting numbers two different ways. He took the last three preceding registration years average for each month during the last 13 month period projecting an additional \$2M in revenue. He also took the last three preceding registration years using the minimum for each month during the last 13 month period projecting an additional \$1.7M in revenue (see exhibit E for both average and minimum numbers). We are projected to have somewhere between \$4.5M and \$4.8M revenue over the cap. We are all in agreement that this should be used in the calculation to reduce UCR fees. If we go with the three year average, the fee reduction is 4.28%. If we go with the three year minimum the fee reduction right at 4%. See table below for fee reduction recommendations. Larry opened the floor for discussion.

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	Fee (current)	\$76.00	\$227.00	\$452.00	\$1,576.00	\$7,511.00	\$73,346.00
Reduction (3avg) = -4.2808%	Fee (3avg)	\$72.75	\$217.28	\$432.65	\$1,508.53	\$7,189.47	\$70,206.22
Reduction (3min) = -3.9836% rounded to 4%	Fee (3min)	\$72.96	\$217.92	\$433.92	\$1,512.96	\$7,210.56	\$70,412.16

The Revenue and Fees Subcommittee recommends that we reduce 2018 fees, that we make the recommendation to FMCSA, for the numbers highlighted in blue. Scott Morris indicated he has done the math behind the numbers and that he would replace the projected numbers with actual numbers as they come in. He expects the decrease may become larger as the actual number come in. Scott indicated UCR would need a final ruling from FMCSA no later than August 31, 2017 to allow for programming of UCR system to be ready for the 2018 registration year to be ready to go by October 1. Laurie O'Flaherty in California commented that the August 31 cutoff is too close of a turnaround time for California to prepare UCR mailing materials and have everything out by October 1. Scott commented that the UCR Board has used this date in the past and it has been sufficient time for the Board the other State with their own systems to prepare. Laurie O'Flaherty commented that California needs at least six weeks to allow for printing of post cards and to prepare mailings. Avelino commented that some state do not print the actual UCR fees on the post card and that possibly that would be an option or a workaround. Laurie O'Flaherty indicated she would like to see an August 1 response date from FMCSA. Rick Wood responded that it is already December and we still need to resolve when we are going to get a recommendation and what is going to be in it. And then if we have to do notice and comment before FMCSA could have a decision on a recommended fee decrease. If time is taken away at the other end, there will be some heavy lifting to do. FMCSA doesn't want to be committed in that short period of time. If notice and comment is required it will be very difficult to get this accomplished. Laurie O'Flaherty questioned how long it takes to get it approved for reduction? Rick responded that if it has to go out for public notice and comment it's a minimum of 60 days, that's assuming you can get the OST to approve it timely, and this is during a transition period. Any comments submitted would also have to be evaluated and then a final rule would have to be made. Rick simply stated that he didn't want to commit FMCSA to having anything prior to August 31, 2017 until he knows a fee reduction doesn't require notice and comment – and even then it won't be an easy process. Avelino mentioned that CA does have one of the largest mailings for UCR. Avelino also commented that in the past FMCSA actions have taken longer than expected simply because of all the hoops they go through. Laurie agreed and understood, but unfortunately California notices will most likely be go out late and there is little she can do about it with such a short turn-around time.

Sandy would prefer to have the whole dollars and remove the cents on the fee recommendations. Scott indicated that no one pays in cash anymore so he didn't believe it made much of a difference but would round to the nearest dollar Laurie O'Flaherty in California commented that she understood why Sandy wanted the cents rounded. Scott asked if California takes cash and Laurie said yes in their field offices. When dealing with customers and when you are working with cents, , a large amount of time can be vested in searching for the discrepancies caused by a customer's keying error or just looking for one cent and identifying the customer. Then you have over/under discrepancies in amount of cents, what would you do? The Board would have to come up with a policy to deal with those overages and underpayments, in cents. Suzanne Stillwell from Washington also commented that they receive walk-in customers who pay by cash and the cents would be an inconvenience. Scott asked Woody what his opinion is since his group is probably the group most likely to be paying in cash. Woody indicated that he had no problem rounding to the nearest dollar and it would probably be easiest for his guys too. Woody also mentioned that we should take the excessive

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fees that will be in the administrative fees account in to consideration. Bob Pitcher indicated that if we consider those fees right now, there will be no fee decrease recommendation until the next meeting at the very latest and there will be absolutely no chance at any decrease for 2018. Woody agreed for now and to round to the nearest dollar. Larry responded to Woody and indicated that the Board needs to get an overall budget set that includes reserves, contracts, etc. so we can start really having those numbers in the future. This is our best opportunity to get something for 2018. Larry Herold made a motion that the UCR Chairman write a letter to FMCSA recommending FMCSA reduce fees in the fee brackets for 2018 to \$73 for the first bracket, \$218 for the second bracket, \$434 for the third bracket, \$1,513 for the fourth bracket, \$7,211 for the fifth bracket, and \$70,412 for the sixth bracket provided the fees for 2018 are published by FMCSA on or before August 31, 2017. If these fees are not published on or before August 31, 2017, these fees would not go into effect for 2018 but will be rolled over for the 2019 fee calculation. Bob Pitcher seconded the motion. Rick Wood commented that the more justification and explanation that can be provided that supports the amount of the adjustment that can be incorporated into a rule making document would be greatly appreciated. Avelino commented that he will provide as much justification as he can with the letter within one week and will follow up with whatever other documentation is needed. Scott commented that he would follow up and provide actual numbers as they come in. Larry responded that the motion does not allow for adjustment as it stands. Rick indicated we don't need to worry about it for now. The motion passed without objection.

Larry commented that the Revenue and Fees Subcommittee will have a follow up meeting in San Diego.

Dispute Resolution Subcommittee – Tina Thurman – No Report.

Administrative Fee's Subcommittee – Elizabeth Leaman – Liz reported that she and Dave have been meeting with Iteris weekly on the UCR website. The initial goal is to develop a static website. Liz will be contacting everybody to begin data collection to determine what kind of data will be on the website. So Liz will be contacting Subcommittee chairs to determine what the needs of each subcommittee are. Liz will also be reaching out to each chair for a bio to board member info can be placed on the web. Dave and Liz plan on continuing to work with Iteris and hope to have a rough draft to present to the Board in San Diego.

Depository Subcommittee – Scott Morris – The November numbers are not in from the accountants yet. Scott indicated that he has made a 2016 distribution for the month of July. That distribution should have made all states whole for 2016. Scott would like to without making anymore 2016 distributions to States until the depository changes are made at this point to avoid states having to send fees right back to the depository. Avelino made a motion that Scott Morris be allowed to withhold additional 2016 distribution money to any state that has already capped for 2016. Mike Hoeme seconded the motion. Scott commented that all states have capped for 2016. The motion passed without objections.

Scott Morris made a motion to authorize a continuing resolution to allow all subcommittees to be funded at 25 percent of their Board approved 2016 budgets. Elizabeth Leaman seconded the motion. Liz asked if there is a document that lists the approved budgets of all subcommittees. Avelino responded that no document exists right now. Scott Morris asked for Dave Lazarides to create a list of all the approved subcommittee budgets. The motion passed without objection.

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Scott Morris provided an update on the RFP process for a provider to support the administration of the UCR agreement. Scott indicated the consultant decided to begin with a RFI to solicit some more input from the folks that may be doing this that would help us create the final RFP. A draft RFI (Exhibit E) was shared with the UCR Board that will be published on December 20. Responses due by January 17, with responses by February 3. The goal is to have a draft RFP ready for review at the San Diego Board meeting with the goal of releasing the RFP in March. Scott made a motion that the RFI be released on December 20, 2016 subject to the approval of the UCR plan board Chair. Elizabeth Leaman seconded the motion. The motion passed without objection.

Old/New Matters:

Woody Chambers asked Rick Wood if the 392.2 UCR violations are on the MCMIS database. Rick responded that he gets a monthly report with the data. But, there may be issues with who has access to the data. Rick asked Woody to send him an email outlining the nature of this inquiry.

Kathy from Nebraska questioned an issue that was brought up to Sandy regarding school buses. The state of Nebraska audited a carrier and the carrier is disputing the audit. The issue is being delayed until the San Diego meeting. Mike asked Kathy to forward any information they have on the audit to him.

Future Board Meetings:

February 5th thru 7th, 2017, Board meeting on February 7th (San Diego, CA)

March 16th, 2017 12:00 PM EDT

April 20, 2017

June 3rd thru 7th, 2017, Board Meeting on June 7th, 2017 9:00 AM EDT (Santa Fe, NM)

Minutes approved by the UCR Board on February 7th, 2017..

Adam Anderson,
UCR Board Member/Secretary

Exhibit A – Meeting Agenda

Exhibit B – Board Meeting Minutes

Exhibit C – DSL Services report

Exhibit D – Revenue and Fee Reduction Spreadsheet

Exhibit E – Draft RFI