

## ANALYSIS

### Department of Transportation Commercial Vehicle Database and Financial Transaction System

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**Analyst:** Michelle Deister

**Request:** Approve the submission of a federal grant application to the Federal Motor Carrier Safety Administration for a High Priority Innovative Technology Deployment grant in the amount of \$2,000,000 for the Department of Transportation's Commercial Vehicle Database and Financial Transaction System Replacement Project.

**Analysis:** The Department of Transportation's existing system for commercial vehicle registration involves a mainframe platform with limiting functionality and reporting capability. Replacement of the system is considered critical to registering commercial motor vehicles, as well as gathering registration, fuel use and payment data amongst multiple jurisdictions in the U.S. and Canada. An integrated system with updated data collection and reporting capabilities is expected to improve customer service and decrease staff time through work arounds and manual processes.

The grant application is due April 3 2023, and while no matching funds are required, ODOT will contribute \$3 million in operating resources from the Commerce and Compliance division to complete the first phase of project, which includes project initiation, design, planning, and requirements gathering. If the grant is awarded, ODOT will seek additional Federal Funds expenditure limitation.

ODOT also anticipates applying for a grant for subsequent phases of the project, which, if successful, would defray agency costs associated with procurement, execution, testing, closeout and monitoring. The total project cost is estimated to be about \$7 million.

**Legislative Fiscal Office Recommendation:** The Legislative Fiscal Office recommends approval.

## Oregon Department of Transportation Lisper

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**Request:** Authorization to apply for a \$2.0 million Federal Motor Carrier Safety Assistance Program, High Priority Innovation Deployment grant that would allow the Oregon Department of Transportation to address the planning phase for replacing their mainframe Commercial Vehicle Database and Financial Transaction System Replacement project.

**Discussion:** The Infrastructure Investment Jobs Act (IIJA) is providing long-term granting opportunities through the Federal Motor Carrier Safety Assistance Program. This federal grant is designed to advance the technological capability and promote deployment of intelligent transportation system applications for commercial vehicle operations. The Oregon Department of Transportation (ODOT) is a member of the International Registration Plan (IRP) and the International Fuel Tax agreement (IFTA). As a member of IRP and as a part of the IFTA, ODOT agrees to provide a means to simplify their reporting of fuel taxes paid by motor carriers operating in the contiguous United States, the District of Columbia and within 10 Canadian provinces.

ODOT's current commercial vehicle database and financial transaction system is an antiquated system that is not dynamic enough to interface well with other modern technology systems among their IFTA partners. The current system is a customized module within the Carrier Information Computer System, that operates on an IBM Mainframe. Not applying for this grant could potentially jeopardize the estimated loss of \$18 million in IRP registration fees.

This IIJA grant opportunity became available on January 31, 2023, applications are due April 3, 2023, and awards are expected by August 2023. The grant does not require a state match and funding must be expended by September 30, 2027. If awarded, ODOT will return to the Legislature to request a Federal Fund expenditure limitation increase.

The \$2.0 million Federal Funds would be utilized to initiate the project, identify system gathering requirements, and develop a project plan and design. ODOT has been communicating and working with the Department of Administration, Enterprise Information Services (EIS) to define project development needs for replacing the Commercial Vehicle Database and Financial Transaction System. The total estimated project costs for this phase of the project is \$5.0 million total funds, as indicated in the table below:

Funding Type	Amount
Federal Funds	\$2,000,000
Operating costs- State Highway Fund	\$3,000,000
<b>Total project costs</b>	<b>\$5,000,000</b>

Ultimately, ODOT plans to replace the existing system, to expand its capabilities by providing an audit and compliance function to interface with other state agencies, such as the Department of State Police, Department of Environmental Quality, other local law enforcement agencies, Oregon cities and counties. ODOT recognizes that this system replacement project will encompass multiple phases and this federal grant is offered annually. ODOT plans to apply again in 2024 to capture as much federal funding as possible to support the system replacement and offset as much State Highway Fund operating expenses as possible.



# Oregon

Tina Kotek, Governor

Department of Transportation

Director's Office

355 Capitol St. NE, MS 11

Salem, OR 97301

February 23, 2023

Senator Elizabeth Steiner, Co-Chair  
Representative Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

## **NATURE OF THE REQUEST**

The Oregon Department of Transportation (ODOT) Commerce and Compliance Division (CCD) requests permission to apply for the Motor Carrier Safety Assistance Program (MCSAP) High Priority Innovative Technology Deployment (HP-ITD) Grant for \$2 million from the Federal Motor Carrier Safety Administration (FMCSA).

## **AGENCY ACTION**

The Infrastructure Investment and Jobs Act (IIJA) provides long-term funding opportunities through FMCSA's MCSAP and HP-ITD Grant Programs. As stated in MCSAP's Motor Carrier Grant Comprehensive Policy document, the HP-ITD Program purpose is to "advance the technological capability and promote the deployment of intelligent transportation system applications for commercial vehicle operations." ODOT became eligible for grant funds after certifying Performance and Registration Information System Management (PRISM) compliance in 2020 and was successful in obtaining its first grant in 2022. The HP-ITD 2023 Notice of Funding Opportunity was published on January 31, 2023, and grant applications are due April 3, 2023. Award recipients will likely be notified by August 2023. Grant funds will be obligated when the grant agreement with FMCSA is signed, and funds must be expended by September 30, 2027. ODOT has identified the CCD Commercial Vehicle Database and Financial Transaction System Replacement Project (CVDFTS) as an excellent candidate that aligns with program criteria.

## **CCD CVDFTS Replacement Project**

ODOT is a member of the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA). IRP is a vehicle registration reciprocity agreement among the contiguous United States, the District of Columbia, and ten Canadian provinces for payment of apportioned registration fees based on total distance a motor carrier operates in all jurisdictions. IFTA is a reciprocity agreement among the contiguous United States and ten Canadian provinces to simplify the reporting of fuel tax paid by motor carriers that operate in more than one jurisdiction.

Currently, ODOT uses a customized module within Carrier Information Computer System (CICS) for IRP registration processing and reporting. CICS is an aging system that operates on the IBM Mainframe. The goal of this project is to replace CICS with a more versatile and modern enterprise-level platform that will encompass IRP, IFTA, and commercial registration functions. There is also intent to provide audit and compliance functionality and interface with other state agencies such as Oregon State Police, Department of Environmental Quality, and other local law enforcement agencies, Oregon cities, and Oregon counties that utilize the same data sets and functionality of the

new CVDFTS. The functionality of the system will be achieved through multiple phases with a goal to enhance operational efficiencies, eliminating manual application and transaction processing, all while providing more robust data protection and presentation. The new system would also ensure that CCD receives accurate registration and fuel use data and revenues from carriers and helps streamline customer experience for interstate travel. This data will also be used to help shape and influence policies in CCD and across the Agency including the Climate Office with focuses on mitigation and sustainability of the infrastructure.

Federal Grant Request: \$ 2,000,000

State Highway Funds: \$ 3,000,000

Total Project Cost: \$ 5,000,000

No matching funds are required for this grant, but ODOT would contribute resources from the CCD budget to complete the project. ODOT's goal is to apply for \$2 million toward the first phase of the CVDFTS replacement project which includes initiation, design, planning and requirements gathering. This will include project management and consultant costs. The HP-ITD grant opportunity will reduce the need to contribute State Highway Fund resources for the project. ODOT is applying for a subsequent grant in 2024 for phase two which will help cover the cost of procurement, implementation, execution, testing, closeout, and monitoring. This is expected to reduce the State Highway Fund portion by an additional \$2 million. With this grant award, CCD will modernize data sharing and integration processes with affiliated work groups, provide carriers more round the clock self-service capabilities, and reduce the biennial operating budget by an estimated \$2.4 million.

If CCD is not awarded federal funding, CCD will have to continue working with systems that are rigid, inflexible, unable to handle complex processes, and increasingly difficult to interface with modern technologies. Additionally, the instability of CCD's current system places ODOT at risk of not being compliant with the IRP reciprocity agreement. This jeopardizes the agency's ability to collect IRP registration fees (approximately \$18 million) from other US and Canadian jurisdictions.

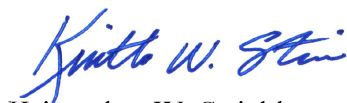
#### **ACTION REQUESTED**

ODOT requests approval to submit a grant application to FMCSA for \$2 million in MCSAP HP-ITD incentive funds.

#### **LEGISLATION AFFECTED**

If awarded, CCD will need to request an increase in federal budget limitation.

Sincerely,



Kristopher W. Strickler  
Director