

Oregon Department of Transportation Response to Senator Johnson Questions

1.) Be prepared to describe the "OReGO" program.

The OReGO program is the name of the SB 810 (2013) implementation effort, which is housed in the Central Services Division of ODOT. OReGO is a voluntary road usage charge program that pilots a new way to fund roads and bridges for all Oregonians. OReGO volunteers will pay for the miles they drive, creating a fair and sustainable way to fund road maintenance, preservation and improvements for all Oregonians.

ODOT's Office of Innovative Partnerships Program is responsible for road usage charge work with other states, which is not development of RUC within Oregon. SB 810 mandated the volunteer program for Oregon and also authorized ODOT to work with other states. Section 29 of SB 810 specifically authorizes work with other states to conduct and share costs for joint research on road usage charges, further development of pilot programs in other states and develop engagement for stakeholder outreach and communications.

This multi-state effort is being addressed by the Western Road Usage Charge Consortium and is represented by Oregon, Washington, California, Montana, Idaho, Nevada, Arizona, Utah, Colorado, North Dakota, Texas and Hawaii. Goals of WRUCC:

- Explore technical and operational feasibility of a multi-jurisdictional system
- Develop methods for remitting road use charges among multiple jurisdictions
- Develop models for regional (and national) interoperability
- Develop concepts for multi-state system
- Engage automakers and tech sector to offer mileage reporting capabilities
- Identify, share public acceptance factors
- Share policy and program experiences among members

2.) What is the status of the VMT computer system development? (I want Jim Whitty in Phase 2)

The system development effort is part of the OReGO project. The OReGO project has external quality assurance and is subject to oversight by the Department of Administrative Services and the Legislative Fiscal Office. The OReGO project has been going through the DAS stage gate process, and has successfully completed several key stage gates.

- a) On time?*** The VMT computer system is called RUCAS, which stands for Road Usage Charge Administration System. The development effort is complete. The system is being used in operational trial. The operational trial is a full test of the systems and processes prior to go live on July 1, 2015. The external quality assurance reports have indicated that there is a potential schedule risk associated with the account managers. The QA vendor monitors all schedule

risks, which are being addressed by the project team. The QA reports are shared with DAS Office of State CIO and Legislative Fiscal Office.

- b) Any scope changes?** No. The external quality assurance reports have confirmed no scope risks.
- c) Under budget? What are the incurred costs to date?** The budget for this project is \$8.1 Million. The project is projected to complete on or under the budget set for it. Incurred costs to date are \$3.1 million as of April 2, 2015.
- d) Would we have found cost savings if we'd used Motor Carrier software and hardware given that they've already implemented an electronic weight-mile tax system? (I think it's called EROAD.)** The business lines are very different – Motor Carrier works with a heavily regulated industry; RUC is a voluntary program with specific limitations on the light-duty vehicles that can enroll. The software and hardware for RUC was defined based on the business rules required by SB810.

A review was done to determine whether RUC could be operationalized in Motor Carrier using its hardware and software; however, there would have been a risk to Motor Carrier systems and services delivered to its stakeholders. The business lines have different business rules, and the IT systems need to support the business lines based on those business rules.

3. If the VMT computer system fails, what's "Plan B?" If the program doesn't engage popular interest, what's "Plan B" (specifically, how many people have subscribed to date)?

The computer system called RUCAS has been fully developed, tested and is currently being used in operational trial. This includes testing the interfaces between RUCAS, DMV, Fuels Tax, and the account managers.

Currently there are no subscribers because the program will not be open for enrollment until July 1, 2015. We are working with account managers to generate interest for the program. One account manager will be marketing the program to its pay as you go insureds; another has plans to market this along with its value-added services. As of now, over 1300 people are on the ODOT-maintained interest list. ODOT will continue to work with its account managers and run a public marketing campaign to expand interest in the program if there is not sufficient enrollment after July 1.

4. Is it true we're marketing this system to other states before we know it works? What's the "capacity" of our July 1st deliverable? 5000 or more? Why would California, for example, consider a computer system with 5000 user capacity limitation?

This program has generated a lot of interest in other states facing similar stagnating revenues. SB 810 Section 29 allows ODOT to participate with other states in evaluating this concept. The Western Road Usage Charge Consortium has been established to evaluate this concept, and ODOT is sharing lessons learned with WRUCC. ODOT will be able to deliver services that support the 5,000 vehicles that can be enrolled in the program on July 1, 2015. The system has been developed to be scalable to accommodate more vehicles should the legislature authorize more vehicles.

California is interested in the lessons Oregon has learned during this implementation, however, it is not determined that California will be interested in using the computer system that ODOT developed. While Oregon is the first to develop this system, California will need to take into consideration its own unique laws when developing its systems. RUCAS may or may not meet its needs; however, RUCAS was designed for reciprocity, scalability and interoperability. Early indications are that California's pilot program will involve collecting mileage data for purposes of preparing an "illustrative billing" that will not require actual collection of money and the computer support necessary to do so.

5. How much has been spent on travel to "market" our system? Who travelled? Where? Any international travel?

Researching answer.

6. Are the devices placed in the "test vehicles" secure from hacking? Progressive auto insurance (Flo) has gotten some bad press for security risks associated with the use of a "dongle" in automobile OBD2 ports. Does the OReGO system use such a dongle? Are there any security risks I should be concerned about before I put one in my car?

The three account managers currently contracted to offer mileage collection solutions for the ODOT Road Usage Charge Program offer physical devices (dongles) that connect to vehicles' OBD-II diagnostic port. These mileage reporting devices are subject to the certification process. As such, the security of the devices, as well as the communication methods used to report to the account management systems, are validated through the RUCP certification process. All of our vendors are using industry best practices to ensure security of the device.

7. How many consultants are hired on the VMT project? List all with name, value of contract (duration and deliverables), and where the contract documents can be examined. How many ODOT employees will be required to run the backroom operation and maintain the program? What will operation of the system cost going forward?

All contracts can be examined by contacting the procurement office.

Vendor Name	Services	Paid to Date	Duration	Add. Forecasted*
Public Knowledge	Quality Assurance	43,100	August 2014- August 2015	121,900
CH2M Hill	Consulting during project development, contract development, contract negotiations	942,392	Price Agreement Expiration Date: 04/01/2016 Work Order Contract Expiration Date: 03/31/2015	0
Meridian Technology	IT professional services	71,788	Expiration Date: 12/31/15	199,856
PRR, Inc.	Public Relations and marketing services	141,975	Price Agreement Expiration Date: 04/30/2019 Work Order Contract Expiration Date: 11/25/2016	94,946
Covendis	IT professional services	62,162	Expiration Date: 4/19/15	16,000
Azuga	Account management	32,500	Price Agreement Expiration Date:	1.1M

			11/30/2020 Work Order Contract Expiration Date: 6/30/2017	
Verizon Telematics	Account management	12,840	Price Agreement Expiration Date: 11/30/2020 Work Order Contract Expiration Date: 6/30/2017	1.2M
Sanef	Account management	74,750	Price Agreement Expiration Date: 11/30/2020 Work Order Contract Expiration Date: 6/30/2017	2.8M

**Additional forecasted numbers are rounded and include potential expenditures for next biennium.*

Account managers are not technically consultants; however, they are under contract and perform services

Going forward, the program will have seven employees to operate and maintain the program. This includes a manager and staff to do compliance reviews, assist volunteers, ensure new devices and account managers get certified, maintain records of which device configurations are certified, perform contract management, respond to questions, update rules, maintain the website by updating FAQs and other content, and perform other functions on both the business and technical side. The budget for next biennium is \$7.9 million, which includes the costs associated with contract payments for the account managers.

8. What level of audit or “stress test” analysis will occur before the system “goes live?” Has the Oregon Road User Charge program for light vehicles been audited like the heavy trucks similar program has been audited by Secretary of State? If not, will it?

As previously mentioned, the system is currently being tested in an operational trial that will engage each of the three account managers. One account manager has already started the operational trial; the remaining two are expected to begin this month.

The RUC program has not been audited by Secretary of State. Typically the Secretary of State audits ODOT’s financial records annually, and therefore, we anticipate that the Secretary of State will review records from the RUC program during its annual audit.

ODOT will conduct certification and testing of vendor processes, procedures and systems to determine their eligibility to participate in the RUC Program. The RUCP has 277 requirements that the Account Managers must prove compliance with to complete RUCP Certification. All RUCP requirements will be validated during the certification process for each account manager prior to them starting the operational trial. The RUC account managers have contractual requirements to stress test systems before go-live. ODOT’s contractual security requirements apply to all subsystems and functions. Vendors, which include account managers, their sub-contractors, and equipment providers, must prove that their solutions meet all the security requirements prior to implementation. This is done through a certification process where vendors must prove compliance using a combination of test results, policy and procedure documents, and external compliance certificates. These requirements do not change regardless of whether mileage is collected with a device inserted into the on-board diagnostic port or with embedded telematics.

Contractually, account managers are required to protect personally identifiable information and are responsible for all costs associated with any losses due to a breach. Specifically, the contract requires:

Contractor at all times shall comply with Agency's security policies. Security Policies include but are not limited to: The federal Automobile Information Disclosure Act, ORS 319.915, ORS 802.179, and security requirements in the System Requirement Specifications document in the performance of this PA (Price Agreement).

Account managers are required to be certified to the payment card industry’s data security standards (PCI-DSS). The payment card industry data security standards are designed to ensure that entities accepting payment cards protect personal information.

The contract also has provisions to ensure that the contractors are following best practices. This includes a provision requiring the contractors to provide audit reports annually. These audit reports include both a financial audit and an SSAE-16 audit

report. SSAE-16, entitled "Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization," is a standard adopted by the AICPA. Because account managers are collecting road usage charges on ODOT's behalf and the revenues affect ODOT's financial statement, these audits are required. These audit reports provide information about the information technology general controls related to information security, access, environmental controls, physical security, system development and change management, and system monitoring and maintenance. These audit reports provide information about processing controls such as data receipt, data processes, data transmission, and data reporting. Moreover, to accept payment cards, the account managers must comply with the payment card industry's data security standards.