



Oregon

Kate Brown, Governor

Construction Contractors Board

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January 17, 2020

The Honorable Representative Nancy Nathanson, Co-Chair
The Honorable Senator Chuck Riley, Co-Chair
Joint Legislative Committee on Information Management and Technology
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Emergency/Request

House Bill 5010 (2019), the Construction Contractors Board (CCB) budget bill, included a budget note requesting an update on the status of CCB's license system replacement.

This letter is submitted in response to the request for an informational status update on the licensing system replacement project.

Agency Action

Provide an informational update on the progress and status of CCB's license system replacement

Action Requested

No action requested – informational update only.

Legislation Affected

None

CCB Licensing System Replacement Update

Since the beginning of the 2019-2021 biennium the CCB has made steady progress on the early stages of identifying a replacement for its existing homegrown licensing system. CCB's strategic priority for the project is to identify a proven commercial solution that meets the needs of our customers and provides the agency with a *modern, secure and supported* system.

Background on current CCB Information Technology (IT) Systems

The agency's current licensing system was developed by agency staff in 1999. It maintains records on approximately 41,000 current licenses as well as historical records on all past licensees and enforcement actions. The agency also administers related systems that provide a variety of online services to its customers:

- Online Renewal (approximately 83% of contractors renew using agency's online portal).
- Update address and other license information
- Sign up for certain continuing education courses
- Sign up to receive updates on license status of sub-contractors
- License look-up tool for consumers, contractors to confirm license status

The services and functionality currently provided by the CCB are comparable to other similar agencies. However, the current licensing system is not nimble and does not allow the agency to make needed enhancements, provide additional services or incorporate additions to the agency's regulatory structure. These limitations have made selection and implementation of a new licensing system a priority.

Projects begun late in the 2017-2019 cycle and completed early in the 2019-2021 cycle have modernized older systems and hardware and solidified CCB's IT infrastructure. This progress contributes to the agency's readiness to select and implement future enhancements, including a new license system.

Status and Progress on Licensing System Replacement

Since the completion of the 2019 legislative session the agency has made steady progress on the preliminary stages of selecting a new licensing system. Key milestones include hiring the Business Systems Analyst authorized by the legislature in 2019, agency-wide documentation of related business processes, preliminary meetings with Enterprise Information Services (EIS) as well as consultations with multiple other licensing boards and agencies that have recently completed or are in the process of selecting a licensing system.

Collaboration with other agencies has contributed a great deal to the information available to the agency in making an informed decision. In addition, CCB participates on an ongoing basis with the Department of Consumer and Business Services' Building Codes Division (BCD) as it works on implementation of its licensing system upgrade.

CCB license system replacement summary

1. **Project Purpose/Scope:** Replace agency's legacy custom-developed licensing system with a proven commercial product; provide enhanced electronic services and functionality to contractors; streamline processes; ensure business continuity and security; maximize opportunities for interoperability with other agencies, including BCD.
2. **Schedule:** All dates noted are initial and subject to change based on final project plan, coordination with EIS, Department of Justice (DOJ), Department of Administrative Services procurement services and chief financial office (CFO):
 - a. Preliminary planning and information gathering: Fall 2019-Spring 2020
 - b. Project Initiation: Spring 2020
 - c. Decision point regarding path forward: Summer 2020
 - d. Begin procurement process: Late 2020
 - e. Solution Selection: TBD

- 3. Procurement Activity:** No formal activity to date. Have held preliminary meetings with appropriate staff at EIS and begun preparing business case and system requirements.
- 4. Major Risks:**
- a. Budget: Currently the agency has available fund balance that should allow the agency to make the type of investment needed while also maintaining ongoing operations. These funds have been reserved over a period of years to meet this and other agency needs. If there is a change in the economy or other actions that effect revenue or reserves it could impact project funding and/or timing.
 - b. Staff Resources: CCB is a relatively small agency (61 FTE) with limited IT resources. A project of this type and scope is a monumental undertaking and will demand the full focus of the IT staff to the exclusion of other projects and priorities. Possible loss of staff due to retirement or resource demands on staff to carry out other projects could impact the timeline.
 - c. New requirements or mandates:
 - i. **Creation of new licenses or requirements:** Creation of new licenses and/or new regulatory requirements could delay the project as it is determined how to incorporate them into the agency's current system and regulatory structure.
 - ii. **New IT mandates:** As noted above, CCB IT staff is relatively small. Mandates and new requirements can have an outsized effect on such a small agency as we rush to implement the new standards. As discussed above the agency has spent the last several years bringing our IT infrastructure to a modern, secure and supported framework.
- 5. Accomplishments:**
- a. **To Date:**
 - i. Hired Business Systems Analyst.
 - ii. Completed business process documentation.
 - iii. Begun process of documenting system requirements.
 - iv. Conducted extensive information gathering:
 - 1. Staff have met with more than 10 licensing agencies/boards to review their processes and products. As a result staff have had the chance to review and assess numerous vendor products.
 - 2. We have already found that CCB has unique processes and requirements that other licensing boards/agencies do not and not all vendor solutions will offer the flexibility that CCB needs.

CCB Enhancements to Existing IT Infrastructure

CCB administers numerous IT systems that provide services to both internal staff and external customers. Since passage of the agency budget in 2019, CCB has completed several IT projects that improve the overall stability and security of the organization. These projects are part of a vision, implemented over several years, to place the agency on a *modern, secure and supported* IT infrastructure.

The projects completed include:

- **Server upgrade and replacement:** Over the past several years the agency has retired old unsupported servers and replaced them with more modern servers that receive support and upgrades on a regular basis. **Total Cost for hardware and licenses: \$4,917**
- **Document imaging software upgrade:** The agency recently completed the upgrade of its document imaging software, which was one of the last unsupported systems still used by the agency. The current version runs on a modern and supported version of the software. **Total cost for software and professional services: \$116,585**
- **Agency-wide upgrade of desktop hardware and software:** The agency also replaced hardware and software across the agency, upgrading older versions of software that would have been unsupported shortly. **Total for hardware and software licenses: \$90,751**

The retirement of dated software and hardware and replacement with modern, secure and supported alternatives has had a strong positive impact on the agency's overall security rating. The EIS Cyber Security Services (CSS) issues periodic scans for security vulnerabilities. In September CCB was below targets set by CSS for both critical vulnerabilities and scan quality. By January, the agency had improved both scores significantly and exceeded targets set by CSS. The cumulative result of these projects is to position the agency well for future enhancements, including a new licensing system as well as additional IT enhancements mandated by EIS.

Additional CCB and BCD Cooperative Arrangements -- HB 2843 (2015)

While HB 2843 included the potential for a shared licensing system between BCD and CCB, it also spoke more broadly to cooperation between the agencies. The bill provided a streamlined path to IGAs allowing each agency to carry out the duties of one another in an effort to create a shared approach to areas of common regulation. As of January 2020, BCD and CCB have cooperated on several projects that have enhanced each agency's programs and services. These cooperative arrangements include the following.

- Sharing of license information – License validation for statewide permit system: CCB electronically shares license information with BCD that supports issuance of valid permits through the state's permitting system. The use of this up-to-date data ensures that permits can only be purchased by and issued to contractors that have a valid CCB license. This statewide database serves as the permit issuance system for more than 60 communities throughout the state. It is also used by BCD in the areas where BCD provides services.
- Enforcement agreement: The two agencies also have an IGA allowing for enforcement of BCD requirements by CCB field investigators. As part of the agreement CCB staff check for licenses covered under the authority of BCD when making license checks on construction sites. CCB has approximately 12 field investigators spread throughout each

region of the state and thus has greater coverage than BCD. During the 2109 calendar year CCB investigators performed nearly 700 license checks on behalf of BCD for licenses issued and enforced by BCD.

- Coordination and Communication: The two agencies also communicate and cooperate informally on a number of matters including enforcement and IT development. BCD recently began a upgrade to a new version of their existing licensing system. As part of that contract negotiation BCD created an optional path for CCB to be incorporated into the same product if it was determined that the product also met CCB's needs. Regardless of whether the two agencies select the same system opportunities for inter-coordination in the service of each agency's shared customer base will be a priority.

CCB and BCD continue to work with one another to find ways to better serve the construction community and Oregon consumers.

Thank you for the opportunity to provide this update and please feel free to contact CCB with additional inquiries.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Huntington". The signature is fluid and cursive, with the first name "Chris" written in a larger, more prominent script than the last name "Huntington".

Chris Huntington, Administrator
Construction Contractors Board

CC:

Haylee Morse-Miller, LFO

Sean McSpaden, LFO

Lisa Pearson, DAS CFO