

**MINUTES OF THE MEETING OF THE
INTERIM FINANCE COMMITTEE'S
SUBCOMMITTEE ON PROJECT GENESIS/DOIT
LEGISLATIVE COUNSEL BUREAU
Carson City, Nevada**

A meeting of the Interim Finance Committee's Subcommittee on Project Genesis/DoIt was called to order by Chairman Bob Beers, on Wednesday, April 12, 2000, at 1:30 p.m., in Room 3138 of the Legislative Building, 401 South Carson City, Carson City, Nevada. For members of the public who wished to observe the meeting and provide testimony, a simultaneous video conference was conducted in Room 4412 of the Grant Sawyer Office Building, 555 E. Washington, Las Vegas, Nevada.

SUBCOMMITTEE MEMBERS PRESENT – CARSON CITY:

Assemblyman Bob Beers, Chairman
Assemblywoman Vonne Chowning
Senator Joseph M. Neal, Jr.

SUBCOMMITTEE MEMBERS PRESENT – LAS VEGAS:

Senator William O'Donnell

LEGISLATIVE COUNSEL BUREAU STAFF:

Scott Wasserman, Chief Deputy Legislative Counsel
Gary Ghiggeri, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Mark Krmpotic, Program Analyst, Fiscal Analysis Division
Jim Rodriguez, Program Analyst, Fiscal Analysis Division
Yhvona Martin, Secretary

I. Opening Remarks and Introductions – Assemblyman Bob Beers, Chairman.

After the secretary called the roll, Chairman Beers announced that a quorum was present and that Senator O'Donnell would be arriving shortly at the Grant Sawyer's Office Building in Las Vegas.

II. Approval of February 1, 2000, Meeting Minutes:

**MRS. CHOWNING MOVED TO APPROVE THE FEBRUARY 1, 2000, MEETING
MINUTES. SECONDED BY SENATOR NEAL AND MOTION CARRIED
UNANIMOUSLY BY VOICE VOTE.**

III. Status of Field Office (Wait Times) – Department of Motor Vehicles and Public Safety (DMV&PS).

Chairman Beers recognized Ginny Lewis, Deputy Director, DMV&PS, who indicated that DMV&PS administrators as well as other key staff were available both in Carson City and in Las Vegas to respond to any questions the subcommittee might have relative to their areas of expertise. Ms. Lewis added that the information included under Tab III provides the latest information on wait times in the field offices.

After directing attention to the charts included in the meeting packet on pages 42 – 46, Mrs. Chowning observed that there was quite a variance in the information. For instance, the chart for the branch office in Henderson (page 45) indicates that on Monday, March 6, 2000, the average waiting time was only 42 minutes; whereas, the

average waiting time was 1 hour and 22 minutes on February 28, 2000. The number of customers at opening was 150 on February 28, 2000, and 165 on March 6, 2000 and 26 windows were staffed with all shifts on both dates. Mrs. Chowning said she was confused because there were fewer windows and more customers on March 6, 2000, yet the waiting time was less than on February 28, 2000. Ms. Lewis introduced Pete English, Administrator, Field Services, who she said was available in Las Vegas to respond to Mrs. Chowning's question.

Mr. English explained that on February 28, 2000, the branch office at Henderson was opened with 13 windows and that there were 150 customers waiting at the time of opening. Mr. English indicated that when all windows were staffed during the day, there were 26 windows available to serve the customers. On March 6, 2000, the branch office at Henderson was opened with 8 windows and that there were 165 customers waiting at the time of opening. Mr. English indicated that when all windows were staffed during the day, there were 26 windows available to serve the customers. Mr. English suggested that some of the variances in wait times were related to the types of transactions being accomplished. As Ms. Lewis pointed out earlier, Mr. English indicated that approximately 35 to 40 percent of the customers waiting in line do not need to be there, which adds to the impact of the customer loading.

Mrs. Chowning recalled that the average waiting time a few months ago was about 6 hours and she thought the picture was getting better since the longest waiting time listed in the charts in the meeting packet was 3 hours on Saturday, at the branch office on Carey, with fewer windows open than during the week. Mrs. Chowning said she was also hopeful that once the new employees have been trained and are available to man the windows, the waiting time in the branch offices would return to the previous 30-minute turnaround time for all of the customers.

Ms. Lewis offered a cautionary warning. Ms. Lewis pointed out that the new positions were funded in February 2000, and the first group of new employees had rolled out of training onto the windows throughout the Las Vegas branch offices last Monday. Although she had been anxiously reviewing Q-Matic reports to determine whether any changes had occurred in the waiting times, Ms. Lewis said she did not believe any significant changes would be noticed until the second group of new employees rolls out of training on April 24, 2000. Ms. Lewis indicated that the branch office in Henderson would be opened for the first time on Saturday, April 15, 2000, and the majority of the first group of new employees had been stationed at Henderson in preparation of that office being open on Saturday. Ms. Lewis suggested that the Q-Matic reports for May of 2000, should provide quantifiable data to look at. She also pointed out that the Carey office would be back on line after the remodel as well.

IV. Status of Back-Office Functions (titles, mail-in renewals, verification of insurance) by DMV&PS.

In providing an update on back-office functions, Ms. Lewis apprised the subcommittee that as of yesterday, DMV&PS staff was processing registration mail renewals received on April 10, 2000; drivers license mail renewals received on April 10, 2000, and Carson City title requests received on January 27, 2000. The Q-Matic systems for measuring customer wait times have been installed in the Flamingo office and are expected to become operational at the Galletti office on April 26, 2000. The Carey system will go on line when that office reopens in May 2000, after the remodel. Ms. Lewis indicated that Deloitte and Touche's role on the project was now limited to their contractual obligation for the enabling technologies. Deloitte and Touche has satisfied their responsibility for the warranty "bugs" identified by the December 3, 1999, cutoff date. Additionally, the 4,000 hours of extended maintenance have been used up. During that time, state staff was able to continue to assist Deloitte and Touche in fixing problems identified in the system, while gaining knowledge from Deloitte and Touche programmers on the intricacies of the Genesis application. The state has now assumed full ownership of the Genesis application.

Ms. Lewis told the subcommittee that DMV&PS' Information Services (IS) staff was becoming more knowledgeable of the application and programs on a daily basis and they continue to demonstrate that DMV&PS has a team capable of maintaining the system. Since staff is still in a steep learning curve, Ms. Lewis said a certain level of tolerance and understanding for the staff was necessary. Since DMV&PS recognizes that there

are many issues to work through, Ms. Lewis indicated that the workload was being prioritized while balancing the need to be responsive each day with the existing resources as important issues arise from the field. Ms. Lewis said that she did not mean to imply that DMV&PS does not intend to request additional staff for the upcoming biennium to better meet user demands for fixes and enhancements to the system as well as for network support.

Since the subcommittee last met on February 1, 2000, Ms. Lewis noted that DMV&PS had elected to terminate its contract with Best Consulting, effective on March 9, 2000. In January of 2000, DMV&PS began to evaluate Best Consulting contract for the remainder of the current fiscal year. It became clear that the Motor Vehicle Branch offices had skill sets and expertise to go forward without the assistance of a consultant. According to Ms. Lewis, Best Consulting had been a part of Project Genesis for a number of years and during that time played an integral role in the reengineering effort of the Motor Vehicle Branch. Ms. Lewis said she wished to stress that the premature termination of Best's contract does not reflect negatively on the services Best Consulting provided as DMV&PS was reinvented, but rather it was DMV&PS' belief that the tasks remaining on Best's contract could be completed with expertise within the Motor Vehicle Branch, as well as resources available within other state agencies.

To ensure that DMV&PS remains committed to those activities that are crucial for its success, Ms. Lewis indicated that other alternatives had been pursued. For example, Ms. Lewis noted that DMV&PS had entered into an agreement with Community College of Southern Nevada (CCSN) for the change management training. In addition, DMV&PS had signed a Service Level Agreement (SLA) with the Department of Information Technology (DoIT) on the Quality Assurance (Q/A) role for the Electronic Service Delivery (ESD) project. According to Ms. Lewis, DoIT has dedicated resources to objectively evaluate issues and monitor resolution of the ESD project.

Lastly, Ms. Lewis stated that DMV&PS was pursuing a Master Service Agreement (MSA) to bring a neutral, objective entity to perform the post-implementation review of Project Genesis. Ms. Lewis indicated that the Governor's Office and DMV&PS were committed to evaluate activities during Phase II so that DMV&PS might learn from its experiences and share those lessons with other agencies embarking on a comparable project. Ms. Lewis stated that DMV&PS had been working with DoIT to finalize the MSA request for services and to clearly define the statement of work for this review. Ms. Lewis said she was hopeful that it would be possible to bring back together all parties involved in Phase II; namely: Deloitte and Touche, Best Consulting, DMV&PS employees, DoIT staff, DMV&PS management, and the Project Genesis Team, to revisit major activities such as training, employee readiness, implementation, testing, and resource commitment. Ms. Lewis said she would look forward to sharing this report with the subcommittee when it has been completed.

Ms. Lewis indicated that DMV&PS' short-term goal was to bring on line enabling technologies for its customers and to rebuild the trust in the delivery of its services. Changing the public's perception, according to Ms. Lewis, was the number one priority of the Governor, the Director of DMV&PS, and the Motor Vehicle Branch. While DMV&PS believes that its employees have been doing a good job in servicing the customers, DMV&PS has been unable to qualify this perception. Recently, DMV&PS conducted a survey over a seven-day period to gain a baseline of the customers' perception and an overwhelming number of customer responses have been received. When the results of the survey have been tabulated, Ms. Lewis said she would forward a copy of the report to the subcommittee. While she thought there would always be some unhappy customers or wait times that exceed what DMV&PS believes to be reasonable, Ms. Lewis said it was important for DMV&PS to routinely measure the service delivery. Ms. Lewis indicated that DMV&PS' next budget request would include funding for an outside resource to formally conduct such surveys, which she thought was a critical management tool to continue to move the Motor Vehicle Branch forward.

Since title processing continues to be a problematical area, Chairman Beers asked Ms. Lewis to provide additional information on this issue. Ms. Lewis introduced Owen Ritchie, Administrator, Central Services, who she said would respond to Chairman Beers' request.

Mr. Ritchie indicated that during the last part of February of 2000, a trainer had been sent to DMV&PS branch

offices statewide to train the supervisors and “wizards” on processing titles. Since the “wizards” would be providing this training to staff, Mr. Ritchie thought it was too soon to ascertain the impact of the training. Mr. Ritchie acknowledged that there was a current backlog of 50 days in title processing; however, he projected that the 14-day turnaround goal would be reached by May 17, 2000.

It was Chairman Beers’ belief that the processing of titles represents the largest departure from the way things used to be handled since titles were previously entered centrally prior to Project Genesis. Chairman Beers wanted to know whether the titles were still being entered in the field and printed in Carson City and Mr. Ritchie responded affirmatively. Mr. Ritchie also pointed out that processing titles was a new function for the technicians in the field offices and although he thought the technicians in the field offices were improving, the error rate was still high.

Since no report was provided by DMV&PS on the error rate in entering the title transactions, Chairman Beers requested a status report on the review process. Mr. Ritchie apprised the subcommittee that the quality control staff in the Carson City office was still manually checking each title document for errors because DMV&PS does not want to mail out incorrect titles. Mr. Ritchie estimated that the current error rate was approximately 40 percent.

V. Report on the Implementation of Project Genesis by DMV&PS.

a. Transaction Processing Report – Processing Times.

Chairman Beers directed attention to the Transaction Status Tracking Matrix on page 62 in the meeting packet, which shows a big spike of 5.7 hours average time on February 2, 2000, for Driver Withdrawal Transactions. Chairman Beers said he would be interested in learning what caused the spike. Ms. Lewis said she would have to check the data for that particular date and report her findings to the subcommittee at a later date.

b. Status of Warranty vs. Non-Warranty Bugs.

Chairman Beers requested a status report on the “bugs.” Ms. Lewis apprised the subcommittee that DMV&PS was currently in a maintenance mode as it previously was under the Legacy system. She said she wished to clarify once again the difference between “bugs” and tickets. DMV&PS tracks every call that comes into the “Help Desk.” The call can represent a problem, a suggestion, or a cosmetic change. DMV&PS does not extrapolate “bugs” from the tickets. As of March 29, 2000, the total “open” ticket count (assigned, work in progress, and pending) was 1,746. Ms. Lewis indicated that a total of 8,000 tickets had been closed since the system went live in September of 1999. It was Ms. Lewis’ belief that DMV&PS was beginning to see a trend in the right direction because fewer tickets were coming in for resolution. While she would admit that a significant number of issues remain, Ms. Lewis indicated that DMV&PS had agreed to manage those issues by bringing the user groups together, which includes the administrators from all of the program areas and the program managers, to look at the problems and determine which ones need to be prioritized.

Chairman Beers asked Ms. Lewis if she had brought an accountant with her because he would be curious to hear whether there had been an impact on DMV&PS’ revenue recognition and collection systems by the implementation of Project Genesis. Although she did not believe that DMV&PS’ accountant had done such an analysis, Ms. Lewis introduced Dennis Colling, Chief, Administrative Services, who told the subcommittee that DMV&PS’ collection rate this year was ahead of last year’s, that at this time collection was being done on almost all of the revenue and, from a revenue point of view, he thought it was a pretty good system.

It was Chairman Beers’ understanding that DMV&PS has a two-step accounting process; i.e., recognizing revenue and distributing revenue, and he wanted to know whether both of those were on target. In order to provide an accurate statement, Mr. Colling said he would like to provide a written report to the subcommittee at a later date.

Chairman Beers asked Mr. Colling if any of the school districts had complained about not receiving as much

revenue as they were expecting and Mr. Colling stated that none of the school districts had complained to him about a loss of revenue.

Chairman Beers recognized Senator O'Donnell in Las Vegas, who wanted to know what impact the hiring freeze had on DMV&PS when Project Genesis "went live." Ms. Lewis said it was her recollection that DMV&PS' position vacancies were higher than normal when Project Genesis "went live" in September of 1999. Also, DMV&PS had to deal with the Employers Insurance Company of Nevada (EICON) layoff as well as the hiring freeze. To address this dilemma, DMV&PS approached the Governor's Office and was successful in getting a waiver to the hiring freeze as well as the EICON layoff; thus, it was a short-term obstacle.

Senator O'Donnell asked Ms. Lewis if she thought DMV&PS was still under staffed at this time. In other words, Senator O'Donnell wanted to know whether DMV&PS has sufficient staff at the windows in order to serve the public adequately. It was Senator O'Donnell's belief that the time people spend waiting in line at DMV&PS branch offices represents a significant loss in time and money. Senator O'Donnell recalled that the 1995 Legislature had fixed DMV&PS by allocating 96 new positions and opening up a new office to accommodate the workload. In addition, Senator O'Donnell pointed out that 5,000 to 6,000 people were moving into the Las Vegas area each month. Senator O'Donnell asked Ms. Lewis if it were true that DMV&PS currently has a per capita staffing level lower than what it was in 1995 and Ms. Lewis said it was true. Ms. Lewis also pointed out that she had addressed this issue when she appeared before the Interim Finance Committee in February 2000. Since it was DMV&PS' belief that staffing formulas over the years had omitted the issue of when employees were required to be away from their duty stations, Ms. Lewis indicated that the work programs presented to the Interim Finance Committee in February 2000, represented a new approach to the staffing formula and approval of the work programs provided DMV&PS with the staffing it needed. Ms. Lewis thought it was premature, however, to evaluate whether the new staff had been successful in helping DMV&PS to achieve its goal of no more than a 1-hour wait.

Senator O'Donnell suggested that DMV&PS' goal was different than the subcommittee's goal because each member on the subcommittee believes that a 15-minute wait was too long. Senator O'Donnell recalled that it used to take 15 minutes to renew a drivers' license or register a car and he contended that an hour out of a person's life in today's world was far too much time. Since he was interested in helping rather than criticizing DMV&PS, Senator O'Donnell asked Ms. Lewis to tell him whether DMV&PS needs additional staff. If additional staff was not needed, Senator O'Donnell said he intends to search for other areas that might be causing problems. Ms. Lewis said she did not believe Senator O'Donnell had taken into consideration what the enabling technologies would do for DMV&PS. Ms. Lewis said she did not believe that throwing "bodies" at a problem was necessarily the solution when there was another way to address the problem through technology, the approach DMV&PS has taken.

Senator O'Donnell contended that DMV&PS' staff could not wait to see whether the enabling technologies were going to reduce the long waiting lines because the attrition rate for staff at the windows was already high. Senator O'Donnell said he receives telephone calls from constituents on a daily basis complaining about windows being open at the branch offices but that staff was not available to serve the public at the windows. Although he has been a staunch supporter of DMV&PS from the beginning, Senator O'Donnell said that he and the subcommittee needs to know what was needed to fix the problem of the long waiting times. Since she thought it was important to follow through with DMV&PS' current approach of providing additional staff to provide additional coverage on the windows, Ms. Lewis suggested waiting for 2 weeks to allow the remaining new employees to roll out of training on April 24, 2000, to man the windows before making a determination whether the staffing on the windows was adequate. If it turns out that DMV&PS has missed the mark, Ms. Lewis said she would return to the subcommittee and admit that another approach needs to be taken because the last one had not fixed the problem.

Chairman Beers pointed out that the information provided under Tab III in the meeting packet indicates that all of the windows were staffed on a majority of weekdays in the branch offices in southern Nevada. He also noted that a group of new employees who have been in training were about to be released onto the windows. Chairman Beers said it would appear to him that there had been a vast improvement in the number of vacant

windows since he visited the Flamingo branch office shortly after implementation of Project Genesis and observed the frustration of many people who were having to stand in line anywhere from 3 to 6 hours after the morning shift had gone home, leaving half of the windows unmanned. Chairman Beers said that between the recent improvement in the number of windows being open and the roll out of the new employees, he was optimistic there would be some permanent improvement. He also thought the recent roll out of registration renewals at emission stations would reduce the customer traffic in the branch offices as well.

Since she had observed that the only time a window was available was when an employee was on break, Mrs. Chowning expressed concern about whether there would be enough windows for the new employees. Mrs. Chowning was also concerned that if DMV&PS continues to hire additional staff, they would soon be sitting on top of each other because working conditions were already very crowded. Since the statistics under Tab III in the meeting packet show that there were 319 customers waiting when the Carey branch office opened on Saturday, March 4, 2000, and at least 100 customers were waiting when the other branch offices opened each day, Mrs. Chowning thought the long wait times would continue. Mrs. Chowning said the only solution to this problem she could see was to build another DMV&PS building. Although DMV&PS has no control over the number of people waiting at the door when the office opens at 8 a.m., Ms. Lewis said it could ensure that there was adequate staff to handle that "push" at 8 a.m.; otherwise, it was not possible for staff to catch up for the duration of the day. DMV&PS has attempted to keep Mondays and Fridays staffed as much as possible because they are typically the busiest days. Since the additional staff would provide better coverage to accommodate regular days off, Ms. Lewis said she did not believe there would be a space problem for the new employees. With the additional staff, Ms. Lewis indicated that DMV&PS would be able to provide increased coverage, handle the 8 a.m. "push," and have better control and flexibility over the staffing scheduling all of the time.

Although he recalled that the office hours had been reduced in December, Chairman Beers wondered if it would be possible to open at 7 a.m. Ms. Lewis said that once the new employees were proficient, other alternatives would be examined such as opening selective offices at 7 a.m. Ms. Lewis said her greatest concern was getting employees out of the office at a reasonable hour in the evening. Ms. Lewis indicated that staff at the West Flamingo branch office was still not able to close at a reasonable hour because there were usually 100 customers waiting to be served at 5 p.m. She also thought it might be possible to institute appointments for certain types of transactions.

Senator O'Donnell wanted to know what impact the 22 percent hiring cap has had on DMV&PS' staffing. Ms. Lewis indicated that her last analysis was done prior to DMV&PS requesting the additional positions during the Interim Finance Committee meeting in February of 2000, and at that time the staffing level was within the 22 percent cap. Ms. Lewis thought that DMV&PS was currently pushing the limit and that the 22 percent cap would probably be an issue in future budget requests.

In the 16 years that he has served in the Legislature, Senator O'Donnell thought that the Legislature had placed more and more demands and requests for services on DMV&PS while requiring DMV&PS to maintain a 22 percent cap on hiring. Since DMV&PS cannot hire additional staff that would exceed the 22 percent cap, Senator O'Donnell said the public would have to continue waiting in line for long periods of time to transact business at the DMV&PS. It was Senator O'Donnell's belief that a majority of the windows were manned at certain parts of the day, but some of the windows were not manned all day. Ms. Lewis said Senator O'Donnell's statement was correct. Ms. Lewis suggested that if DMV&PS were to request staff to man 100 percent of the windows 100 percent of the time it would result in a 22 percent cap issue.

It was Senator O'Donnell's contention that DMV&PS needs to do an analysis to find out exactly how many additional staff would be needed at this point in time to reduce the customer wait time to an average of 15 minutes and whether that additional staff would affect the 22 percent cap. In addition, Senator O'Donnell wanted to know whether it would be possible for DMV&PS to provide adequate service to customers if adequate staff were available; whether the 22 percent cap needs to be increased 2 percentage points, or whether the Legislature needs to appropriate funds to build a new building. Senator O'Donnell maintained that it would take time before people felt comfortable registering their car over the Internet, renewing their drivers' license over the Internet, and using the other enabling technologies. Senator O'Donnell pointed out that DMV&PS had a

grandiose idea of processing titles in the field offices and printing them in the Carson City office. It was supposed to take 4 days to process a title. Senator O'Donnell said the subcommittee had heard testimony today that indicates that titles were backlogged 50 days.

Chairman Beers asked Ms. Lewis if it would be possible to have a report prepared for the subcommittee's next meeting to respond to Senator O'Donnell's concerns. Ms. Lewis said she would be happy to prepare the report, but she wished to clarify what she believes Senator O'Donnell was asking for:

Go back to the formula that we prepared for the February committee and we will change the 80 percent and factor in 100 percent coverage and see what that does to the number of staff that we need and then equate that to dollars and then bring that in line with the 22 percent.

Ms. Lewis asked Senator O'Donnell if her understanding was correct and Senator O'Donnell responded affirmatively. Ms. Lewis said she would prepare a report for the next meeting.

In responding to a question from Chairman Beers, Ms. Lewis indicated that DMV&PS has a total of 22,000 programmer hours available internally per year.

In reviewing the lists of tickets on pages 76 – 87 in the meeting packet, Chairman Beers said he had observed that a number of the tickets had been assigned estimated hours. If no more tickets were to be generated, Chairman Beers wanted to know how long would it take to get through the tickets that had been assigned estimated hours. While he realized that not all of the tickets were problems, Chairman Beers said he was trying to get a sense for the programming workload versus available staff. Ms. Lewis apprised the subcommittee that the projections were done by DMV&PS staff. Since staff was in a learning curve at that time, Ms. Lewis said she would suspect that the estimates might be high. Ms. Lewis said she had not totaled how many programming hours it would take to fix the tickets, but she thought it would be astronomical. Ms. Lewis indicated that the upcoming biennial budget requests would contain additional programming staff because DMV&PS must be responsive to users in the field. Ms. Lewis thought it was going to be difficult to make enhancements as well as maintain the system.

To respond to a question from Chairman Beers, Ms. Lewis said she does anticipate submitting budget requests to increase the size of the internal programming staff.

Senator O'Donnell recalled that a number of years ago when the Legislature first provided funding for Project Genesis, DMV&PS had decided to hire an outside contractor (Deloitte and Touche) so that DMV&PS staff would be able to work side by side with Deloitte and Touche staff, learning the program and learning the software, so that when Deloitte and Touche left the project DMV&PS staff would be able to operate the system. Senator O'Donnell said he had advised against hiring an outside contractor and had recommended instead that Project Genesis be done in-house. He said, however, it had been difficult for DMV&PS to find good programmers who would work for a salary of \$35,000 per year when the contractor, Deloitte and Touche, was paying their programmers \$80,000 per year. Senator O'Donnell said the state's pay scale for programmers was so woefully low that it was impossible to attract good talent. Senator O'Donnell said that DMV&PS has a piece of software written in COBOL that has now been given to somebody else to learn for the first time. It was Senator O'Donnell's belief that if the state does not do something about increasing the salaries for programmers, this problem would never be resolved. Senator O'Donnell asked Ms. Lewis if his previous statements were accurate. Ms. Lewis said that Senator O'Donnell's previous statements were accurate with one exception; that being, there has been no turnover in DMV&PS' programming staff. Ms. Lewis said she wished to commend the programming staff for their dedication. Ms. Lewis agreed with Senator O'Donnell that salary was an issue.

Senator O'Donnell said he did not understand what Ms. Lewis meant when she said staff was learning the software for the first time. Ms. Lewis apologized for not being clear and said she had intended to state that DMV&PS was on its own as far as maintaining the system and staff was fixing tickets without the assistance of Deloitte and Touche.

- c. Total Bug Resolution – Deloitte and Touche.

There were no comments or questions from the subcommittee on this item.

VI. Status Report – New Positions Approved by February 2, 2000, IFC.

- a. Training Positions (2).
- b. Central Services Positions (7).
- c. Field Services Positions (48).

There were no comments or questions from the subcommittee on the above items.

VII. Status Report on Alternative Service Technology Implementation by DMV&PS.

- a. Reviewing Drivers License and Registration via Internet.
- b. Reviewing Drivers License and Registration via Interactive Voice Response.
- c. Reviewing Registrations at Emission Stations.
- d. Review of Fax on Demand.

Speaking to the above items, Ms. Lewis stated that DMV&PS' greatest focus over the past eight weeks was the ESD work. It was Ms. Lewis' belief that DMV&PS had made significant progress in this area since the last meeting. Ms. Lewis recounted that there were four basic technologies involved in this initiative; namely: (1) registration renewal at emission stations, (2) license and registration renewals on the Internet, (3) license and registration renewals on the telephone, and (4) Fax forms available by telephone. According to Ms. Lewis, each of these avenues open up new options to the public to conduct business with DMV&PS without having to come into one of the branch offices. As she has testified in the past, these new options were the reason that DMV&PS began the Project Genesis in the first place. She indicated that additional features; i.e., changing an address, requesting a driving record, or ordering a special plate over the Internet, are currently being discussed. There are also interesting opportunities in integrating DMV&PS' Internet offerings with the Governor's Silver Source initiative to begin to provide a truly integrated online face of government.

Ms. Lewis said she wished to take a moment to focus on what the public could expect when the alternative methods of service delivery come on line. DMV&PS is anxiously awaiting the implementation of the enabling technologies so that customer responsiveness could be evaluated. Ms. Lewis said she had spent considerable time reviewing the renewal activity in the major offices in Las Vegas. According to Ms. Lewis, the volume of customers coming into those offices to renew a registration or a driver's license was absolutely staggering. On a daily average, renewals represent 35 percent, or about 350 customers, at Sahara. In addition, renewals represent 44 percent, or about 430 customers, at Flamingo and 35 percent, or about 300 customers, at Henderson. While she could not validate her suspicions, Ms. Lewis said she would be willing to bet that most of those people did not need to be standing in the lines.

Ms. Lewis pointed out that several DMV's in other states had implemented similar enabling technology systems, but have gotten relatively low participation. For example, the state of Arizona's DMV has achieved only an 11-percent participation rate between their Internet and telephone offerings after 2-1/2 years in production. The state of Massachusetts' DMV, whose system has been online for 3-1/2 years, and the state of Arkansas' DMV, whose system has been online for 6 months, have only achieved a 6-percent participation rate. The state of California's DMV, who implemented its Web offerings on April 3, 2000, had 79 transactions the first day. It was Ms. Lewis' understanding that these lower-than-expected participation rates were due to a variety of reasons, including lack of personal computers (PC's) for Internet access, lack of credit cards, or a general issue of comfort and confidentiality of transactions over the Web. While the participation rates seem low, Ms. Lewis indicated that DMV&PS must not lose sight of the significant value to offering enabling technologies. To relate these facts to Nevada, with a total of about 1.8 million eligible renewals each year, even a 5 percent participation rate represents 90,000 customers who may take advantage of these alternatives. According to Ms. Lewis, this represents a significant and obvious convenience to the customers. She noted that the state of Massachusetts' DMV Web Site had gone "live" in July of 1996. Massachusetts' Internet transactions, which account for about 6

percent of the total yearly volume, offer registration renewals, payment of citations, purchasing of a duplicate registration, and purchasing special license plates. Ms. Lewis apprised the subcommittee that Massachusetts' DMV had stated:

- (1) If we build it, they will come.
- (2) But they will come very slowly.
- (3) Do not expect a miracle; just expect happy customers, one at a time.

Ms. Lewis said her reason for sharing information from other states was to portray as realistically as possible what Nevada could expect from enabling technologies. Ms. Lewis said she did not believe enabling technologies were going to shorten lines over night. As she has stated in other hearings, DMV can only provide alternatives for the customers, but it cannot control human behavior. Ms. Lewis said she still believes that DMV&PS' greatest opportunity would occur with the registration renewals at emission stations because this alternative would target those customers attempting to renew a registration with cash. In concluding her testimony, Ms. Lewis told the subcommittee that DMV&PS must be realistic with its expectations, be diligent with its marketing campaign, and rebuild its credibility by being successful with this service alternative. Ms. Lewis introduced James Parsons, Project Manager, for the enabling technologies, who she said would provide a status report.

Mr. Parsons apprised the subcommittee that system testing for registration renewals at the emission stations had been completed and that equipment was currently being installed at the two pilot stations. According to Mr. Parsons, controlled production was scheduled to begin in Reno on April 19, 2000, and in Las Vegas on April 20, 2000. The emission stations have completed all requirements and are ready to begin transactions. The regulations adopted by DMV&PS were filed with the Legislative Counsel Bureau on March 6, 2000. Public workshops were held on February 2, 2000, in Reno, and February 8, 2000, in Las Vegas. Public hearings were conducted on March 1, 2000, in Reno and on March 2, 2000, in Las Vegas. The regulations were completed and filed with the Office of the Secretary of State on April 10, 2000. The training classes for the emission stations that were scheduled for April 11, 2000, in Reno have been completed. The training classes for the emission stations in Las Vegas have been scheduled for April 13, 2000. According to Mr. Parsons, this initial pilot program, which would include two emission stations; one in Washoe County and one in Clark County, would enable DMV&PS to evaluate how well the system works and explore the feasibility of expanding this program to all emission stations. If this initial pilot program completes a 30-day period without problems, Mr. Parsons said the program would be expanded to a total of four stations in Las Vegas and two stations in Reno.

Continuing his report, Mr. Parsons noted that system integration testing and user acceptance testing have been completed for Internet renewals. The first volume and stress testing begins on April 4, 2000, with 20 testers for a 1-hour period; the second phase of the volume and stress testing would be conducted with 40 testers for a 1-hour period; and the third phase of the volume and stress testing would be conducted with at least 80 testers. Development and initial testing has been completed for renewals for drivers' licenses and registrations using the Interactive Voice Response (IVR) system. Formal testing by Gold Systems and integration testing were completed on March 30, 2000, with user acceptance testing and volume and stress testing scheduled to start today. Since Fax on demand would be part of the IVR system, it would be tested at the same time.

Training for DMV&PS staff as well as emission station employees began this week. Mr. Parsons indicated that the training would include three classes for the IS staff that was designed to train staff to support the new systems. The classes include: Internet architecture and design concepts, IVR architecture, and emission station design. Mr. Parsons said it should be noted that DMV&PS staff had been involved with the development of the systems and weekly status meetings. In addition, he said training would be provided for phone room staff to assist customers that are experiencing difficulties with the system. This training would assist the staff in identifying problems, assisting the customer, and providing input that might improve system operation. Also, the "Help Desk" staff would receive training tailored to enable them to respond to questions from the emission station staff. Mr. Parsons said he would be happy to respond to questions from the subcommittee.

To respond to a question from Chairman Beers, Mr. Parsons explained that the emission stations could accept

cash, credit cards, or checks.

Since there was discussion at the last meeting relative to the level of response that DMV&PS might receive from potential emission control stations, Chairman Beers said he was curious as to the number of stations that had responded. Mr. Parsons indicated that DMV&PS received approximately 17 applications; however, only 6 or 7 stations actually qualified. Mr. Parsons noted that the criteria in the Nevada Revised Statutes (NRS) was fairly stringent. For instance, stations are not allowed to have any violations of DMV&PS regulations. Mr. Parsons acknowledged that the criteria might have to be revisited when the program was expanded.

To respond to a question from Chairman Beers, Mr. Parsons indicated that two stress tests had been conducted on the Internet and that the tests had gone very well.

VIII. Update on Insurance Verification Interface with the Insurance Industry by DMV&PS.

Ms. Lewis apprised the subcommittee that DMV&PS had originally anticipated a programming timeframe of about 160 hours to modify the IVP; however, only 32 hours of programming has been done so far. Since it was not possible to dedicate the programmer 100 percent to the IVP, Ms. Lewis estimated that the work would be completed within the next month.

Mrs. Chowning thought it might be helpful if representatives of the insurance industry were to testify on the status of the IVP. Mrs. Chowning said she had asked for a legal opinion at the subcommittee's last meeting and staff from the Office of the Attorney General staff and the Legislative Counsel Bureau had subsequently met to discuss the matter. Since it was her understanding that a policy had been developed that would comply with the law that was passed in 1997, Mrs. Chowning wanted to know the DMV&PS' current interpretation, when the new policy would be implemented, and what effect would the new policy have on the backlog. Ms. Lewis indicated that the implementation of the policy change, where DMV&PS would use the eight digits of the Vehicle Identification Number (VIN) as a matching criteria, would go into effect when the programming changes have been completed. Ms. Lewis estimated that it would take another month before the programming change was completed. Since the last meeting, Ms. Lewis indicated that DMV&PS had been in a holding pattern until the change was in place; however, 250 verification notices were being mailed each day.

Chairman Beers recognized Kathleen Bissell in Las Vegas. Ms. Bissell said she was representing the Western Regional Office of the American Insurance Association (AIA), in Sacramento, California. According to Ms. Bissell, AIA has 300 commercial property and casualty members, many of which write automobile insurance in Nevada. Ms. Bissell said she had testified before the subcommittee before as to the difficulties being experienced by several of the AIA members in complying with the requirements that DMV&PS has established for the IVP. Some of the problems relate to DMV&PS' insistence on using the name verification requirement as its primary criteria for selecting information. According to Ms. Bissell, one of the members reported a 100 percent rejection of information for the last eight months and DMV&PS had not responded either to their phone calls and E-mail for the last two months.

To respond to Ms. Bissell's concerns, Mr. Ritchie told Ms. Bissell that many of the problems would go away as soon as DMV&PS was able to use eight digits of the VIN. As Ms. Lewis stated earlier, Mr. Ritchie said the programming effort should be completed within the next month. Under the current system, Mr. Ritchie maintained that DMV&PS must verify by name as well as the eight digits of the VIN or run the risk of getting the wrong person. Also, Mr. Ritchie said that he wants the 250 verification notices that were being mailed each day to be correct.

After directing the subcommittee's attention to page 83 in the meeting packet, Chairman Beers thought it was interesting to note that the largest hour estimate for any of the ticket summaries was 600 hours for correcting data errors by data integrity section (Driver's License). Also, 122 hours was estimated to correct a space problem with names. Chairman Beers said he had speculated at the last meeting that this problem was a fairly wide-spread corruption of the data in the name fields upon conversion from the Legacy system. Chairman Beers said he was not aware of an easy "fix" to this problem other than people slowly correcting their records with

DMV&PS as time goes by. Chairman Beers said he wished to emphasize the importance of correcting this issue not only for the rate payers who have to shoulder the burden of the expense that the insurance industry must endure to make this work, but also to the rest of the citizens who have to deal with the potential uninsured drivers on the highways. It was Chairman Beers' belief that these two tickets should be categorized as "High Level."

Mrs. Chowning expressed concern that the insurance companies were having to hire extra staff to take care of the rejects from DMV&PS. According to Ms. Bissell's testimony, one insurance company has had 100 percent rejects for eight months. It was Mrs. Chowning's recollection that at the last two subcommittee meetings DMV&PS had expressed its commitment to improve communications with the insurance companies. Mrs. Chowning said she wanted to know what DMV&PS had been doing to alleviate this problem. Mr. Ritchie explained that Charlotte Randall, a programmer with DMV&PS, had been working with the insurance companies on a regular basis and continues to work with them. Also, an E-mail system has been instituted so if a problem occurs, insurance companies can E-mail records to DMV&PS. He added that a number of problems had been cleared up in that manner.

To respond to Mr. Ritchie's previous comments, Ms. Bissell noted that one of her members had indicated that they had not heard from Ms. Randall for two months via either telephone or E-mail. Ms. Bissell stated that the insurance companies continue to have difficulty with DMV&PS' response time in addressing some of their questions. When this issue was discussed 2 months ago, Ms. Bissell recalled that DMV&PS had indicated that Ms. Randall would be helpful on a case-by-case basis to solve issues such as when an insurer was about to cancel their policy because of their frustration with the insurance company.

Ms. Lewis asked Ms. Bissell to either call her or have the insurance companies who were experiencing these problems call her and she would assign some one to assist them. Ms. Lewis said it would appear to her that the company that was experiencing 100 percent rejects had a formatting problem in the submission of the tapes. Ms. Bissell said she would have the insurance companies contact Ms. Lewis.

Senator O'Donnell said it was his understanding that DMV&PS had encountered a problem with the VIN conversion and approximately 50 percent of the VIN's on file were incorrect. Ms. Lewis said she was not aware that DMV&PS had a problem with the VIN conversion and that 50 percent of the VIN's on file were incorrect.

It was Senator O'Donnell's recollection that when DMV&PS first decided to convert the VIN's using the Honeywell-Bull, it discovered that approximately 20 percent of the VIN's were incorrect. According to Senator O'Donnell, in order to verify a VIN the insurance agent physically checks the VIN on the vehicle, inputs that VIN into their computer, and sends that VIN to the DMV&PS. He said, however, the VIN in DMV&PS' record for that individual was sometimes different and therein lays the problem of trying to match VIN for VIN. Several years ago, Senator O'Donnell recalled that DMV&PS had mailed thousands of letters to people who already had insurance and the "human cry from the public was akin to a hanging for the legislators." To respond to that outcry, the 1997 Legislature decided that instead of using the VIN to verify insurance to use the VIN plus the first four characters of the last name of the insured. After legislation was passed to accomplish this change, DMV&PS was able to correct a number of VIN's for which letters had been mailed erroneously. Senator O'Donnell asked Ms. Lewis if she recalled the events that he had previously described and Ms. Lewis said she did. Senator O'Donnell suggested that DMV&PS was going to get into a big mess once again if it continues the practice of trying to match VIN's because the VIN's in DMV&PS' records were incorrect. Senator O'Donnell said he was beginning to think that the time had come to privatize the IVP because it had been an ongoing problem for DMV&PS for a number of years. He also added that several other states had been quite successful in privatizing their IVP.

In responding to Senator O'Donnell's comments, Ms. Lewis said it was her recollection that when DMV&PS agreed to change the matching criteria, it recognized that the change would come with risks because DMV&PS would not be able to ensure 100 percent that it had matched the right individual. She said, however, since DMV&PS believes the insurance companies want this change, DMV&PS plans to do everything possible to make the new system work.

Senator Neal expressed concern about Senator O'Donnell's previous comment about privatizing the IVP given the fact that private industry had been involved from the beginning in terms of formulating the IVP.

Although he thought the issue being discussed by Senator O'Donnell warrants further review, Chairman Beers said that such review was outside the scope of the hearing today, but he would consider placing it on a future agenda.

IX. Carey Office Close Plan by DMV&PS.

There were no comments or questions from the subcommittee on this item.

X. Status of Database Optimization Effort by DMV&PS.

Chairman Beers indicated that this agenda item essentially discusses the fact that Project Genesis was taking up about 2-1/2 times the projected computer utilization over at the DoIT facility. Chairman Beers said that it would be helpful to the subcommittee to hear testimony on what measures were being taken to run the program more efficiently.

Chairman Beers recognized Tom Tatro, Fiscal Manager, Motor Vehicle Branch, DMV&PS, who apprised the subcommittee that the Motor Vehicle Branch was taking a decidedly fiscal approach in looking at why Project Genesis' utilization was so high. Mr. Tatro said there was no final resolution at this point in time. Through a Master Service Agreement (MSA) coordinated by DoIT, Mr. Tatro indicated that DMV&PS had hired a Data Base Administrator, who previously worked on Project Genesis as a subcontractor to Deloitte and Touche, to develop a system that would tune the database and review the programs to determine which programs were using CPU at high rates. The contractor has been on site since February of 2000, and has coordinated with DoIT in the installation of a "governor" to prevent programs in the development region from "looping" and causing increased consumption of CPU.

Chairman Beers suggested that fixing the program typically would prevent "looping" permanently unless "looping" was desirable. Mr. Tatro explained that a "looping governor" was installed in the development region to prevent programmers from starting a program and then leaving for the day or starting another program, allowing that program to continue to execute and continue to occupy CPU time until the programmer realizes that the program needs to be addressed. Mr. Tatro added that "looping" was not occurring in the production programming.

Chairman Beers thought this was a development anomaly and once development has been completed, say for the ticket work, then he would assume the problem would go away. Chairman Beers wondered if an estimate had been made as to how much of the big "spikes" that were seen in December and January were attributable to program "looping" in the development side. Chairman Beers said he was aware that a couple of areas were well above DoIT's projections and if that higher-than-projected utilization continues, then it would impact DoIT's future estimates. He said, however, if the "looping" was indeed an anomaly it would need to be factored out of the future projections for Project Genesis' utilization. Mr. Tatro said DMV&PS staff had been working closely with DoIT staff to analyze the utilization. While he could not specifically address the spikes that occurred in December and January, Mr. Tatro said that he could state that progress was being made, that DMV&PS anticipates exceeding the estimates as measured in dollars this fiscal year, but it does not anticipate exceeding the estimates next fiscal year. Mr. Tatro said it was difficult to determine how much of the increase was due to a different rate structure or actual utilization.

Chairman Beers wondered whether earlier on in the planning stages consideration had been given to running Project Genesis on a more modern platform than DB2, Oracle, or Sequel database. Since she was not a part of that process, Ms. Lewis suggested having Donna West, Administrator, Management Services and Programs Division, who was in Las Vegas, to respond to Chairman Beers' question.

It was Ms. West's recollection that Oracle was considered during the planning stages, but it was not selected because of the cost and also because Oracle was not being widely used within the state to run programs at that time. Ms. West said she did not recall that Sequel was discussed. Although many of these decisions were made when she was first assigned to Project Genesis, Ms. West recalled that DMV&PS staff worked with DoIT and Deloitte and Touche to determine the best architecture.

Senator Neal directed attention to the statement at the bottom of page 112 in the meeting packet, which indicates that Deloitte's original contractual obligations have been fulfilled, and he questioned who was responsible for making that conclusion. Ms. Lewis said the conclusion was drawn by DMV&PS because its contractual obligation with Deloitte ended when the warranty "bugs" were fixed and in production.

Senator Neal wondered why DMV&PS was still having problems with the system. Ms. Lewis contended that DMV&PS would continue to have issues that need to be addressed because the application was in a maintenance mode and needs to be fine tuned.

It was Senator Neal's belief that DMV&PS had set a level for the vendor to reach and after reaching that level the vendor was terminated. He said, however, DMV&PS does not yet have a functional system in terms of the services that were supposed to be rendered to the public. Ms. Lewis contended that DMV&PS was maintaining the system and trying to fix the problems.

Chairman Beers wanted to know if DMV&PS had estimated how much over budget it was going to be as a result of the increased utilization. Mr. Tatro explained that DMV&PS had been working with the Budget Division and DoIT to prepare an estimate, but it has not yet been finalized. Mr. Tatro pointed out that the January utilization bill was \$397,000 and the February bill, which included a number of credits, was only \$68,000. Although he does not expect to have another \$68,000 bill in March, Mr. Tatro said that after the February bill had been paid there would be a balance of about \$19,000 for the remainder of this fiscal year. Mr. Tatro also indicated that there was \$200,000 in the Project Genesis budget for mainframe startup costs for FY 2001. It was Mr. Tatro's understanding that DMV&PS was under no obligation to hold that funding until FY 2001 because it was part of a one-shot appropriation; thus, there was a balance of \$219,000 for the remainder of this fiscal year. When the estimate has been completed, Mr. Tatro said it was DMV&PS' intent to notify the Interim Finance Committee of the financial condition of Project Genesis.

Chairman Beers asked Mr. Tatro from what source did he expect to get additional funding for Project Genesis. Once a firm estimate is available, Mr. Tatro said DMV&PS would search out different avenues of funding. Mr. Tatro indicated that he did not expect the February bill to be \$68,000. Chairman Beers asked Mr. Tatro if he thought the bill was high or low and Mr. Tatro said he thought the bill was very low. Mr. Tatro also said that he was not sure whether the adjustments that were made to the rate structure for the second half of this fiscal year would impact future charges because only one bill, for the month of February, had included credits. Chairman Beers suggested that if the bill were itemized, it might be possible for Mr. Tatro to back out those credits to determine the actual utilization charges. Mr. Tatro said he would try to get the information for Chairman Beers at a later date.

XI. Responses to February 2, 2000, Subcommittee Inquiries – DMV&PS and Department of Information Technology (DoIT).

Senator Neal said he had asked a number of questions pertaining to the process that was followed in selecting Deloitte and Touché as the vendor for Project Genesis. Senator Neal said he had requested the legislative Research Division staff to conduct a survey of the members of the Project Genesis Evaluation Team to specifically determine: (1) who appointed the members to the evaluation team; (2) how many contractors were evaluated and who they were, and why they were on the list to be evaluated; and (3) did the evaluation team members submit anything in writing and, if so, to whom was it sent.

In addressing Senator Neal's questions, Marlene Lockard, Director, DoIT, apprised the subcommittee that DoIT had assisted DMV&PS in developing its Request for Proposals (RFP) for the contracting process for Project

Genesis. Ms. Lockard indicated that DoIT follows a formalized process when assisting state agencies in developing an RFP process. Ms. Lockard said the RFP was issued to a number of vendors. At that time, a Steering Committee was created for Project Genesis. Evaluation Teams are historically made up of several technical advisers, a contract facilitator from DoIT, and different individuals from the program side of the agency, plus any outside technical people or other people that might have special expertise to lend to the evaluation. Ms. Lockard noted that there were six members of the Evaluation Team and one team facilitator; namely:

- (1) Pete Bellis, DMV&PS, was appointed by Larry Stout, Project Manager, DMV&PS.
- (2) Guy Duensing, DoIT, was appointed by Marlene Lockard, Director, DoIT.
- (3) Liz Enenback, DMV&PS, was appointed by Frank Adams, Chief, Administrative Services, DMV&PS.
- (4) Paul Hewen, DoIT, was appointed by Bruce Glover, Deputy Director, DMV&PS, and Marlene Lockard, Director, DoIT.
- (5) Larry Stout, Project Manager, DMV&PS, was appointed by Jim Weller, Director, DMV&PS.
- (6) Nancy Wojcik, DMV&PS, was appointed by Donna West, Assistant Chief, Drivers Services, DMV&PS, and Larry Stout, Project Manager, DMV&PS.
- (7) Rochelle Summers, Facilitator, DoIT, was appointed by Marlene Lockard, Director, DoIT.

Subsequent to the responses to the first RFP, Ms. Lockard said it was the Evaluation Team's consensus that none of the respondents had the capabilities to deal with the magnitude and complexity of the automated project that was proposed by DMV&PS. The Evaluation Team reported to the Steering Committee, which consisted of: DMV&PS Director, DMV&PS Chiefs, DoIT Director, Perry Comeaux, Director, Department of Administration, Sharon Murphy, Director, Department of Personnel, and Larry Spitler. The Steering Committee unanimously voted to issue a non-award for that particular RFP process.

It was Senator Neal's understanding that four vendors responded to the first RFP; i.e.: Bull Information Systems, CACI, MCI and Unisys. Senator Neal wanted to know whether Deloitte and Touche had responded to the first RFP. Ms. Lockard said Deloitte and Touche had not responded to the first RFP; however, she wished to clarify that the first RFP was issued on a limited basis.

Subsequent to the first RFP, Ms. Lockard indicated that DoIT had assisted DMV&PS in issuing a second RFP with more specific information and more detailed analysis included. The Evaluation Team reviewed the second set of respondents.

Senator Neal wanted to know whether the Evaluation Team was comprised of the same members that evaluated the first RFP. Ms. Lockard said she thought membership was the same; however, it was possible that one of the individuals may have left state service in that time period and a substitute had to be selected. Ms. Lockard said she would be glad to check out the composition of the Evaluation Team for Senator Neal. Ms. Lockard indicated that the Evaluation Team recommended Deloitte and Touche to the Steering Committee and the Steering Committee accepted the evaluation and selected Deloitte and Touche to be the vendor for Project Genesis.

Senator Neal wanted to know whether Ms. Lockard had used any other consulting service to help make that decision. Ms. Lockard noted that Best Consulting had assisted initially with developing the first RFP, but not in the evaluation process. Best Consulting also assisted in shortening DoIT's normal RFP process.

Senator Neal asked Ms. Lockard if Best Consulting had assisted DoIT with the second RFP. Ms. Lockard said she had no recollection of Best Consulting assisting with the second RFP.

Senator Neal asked Ms. Lockard if the second RFP had been advertised in the same newspapers as the first RFP. Ms. Lockard indicated that the second RFP was a slightly different process. In an attempt to expedite the turnaround time, DoIT used a modified process for the first RFP; whereby, the RFP's were sent to known

vendors on DMV-related projects. Ms. Lockard noted that DoIT followed its normal process for the second RFP. The RFP was published in newspapers across the nation; it was posted on the Internet; and it was sent to the list of vendors available to DoIT, as well as the state Purchasing Division.

Senator Neal said he was trying to determine whether the first RFP was sent to the newspapers listed on page 115 in the meeting packet.

Chairman Beers recognized Suzanne March, Best Consulting.

Senator Neal wanted to know when Ms. March was hired by DMV&PS and Ms. March said she had been with Project Genesis since 1995. According to Ms. March, the Project Team, which included DMV staff, Contract Administrator Rochelle Summers, DoIT staff, and Best Consulting staff, was trying to expand the number of potential vendors available within the state; thus, a decision was made to broadly advertise DMV&PS' proposed computer application. The Project Team tried to select newspapers that were in high-tech areas and in state capitals where vendors were more likely to pick up a government contract. Normal bid conferences last about 2 hours, allowing for only superficial questions to be asked about the RFP. She said, however, because of the magnitude and complexity of the computer application (Project Genesis), the Project Team wanted to spend additional time with the prospective vendors and approval was given to create a plan that would allow the vendors to be brought in for a 3-day orientation period so that they would have 3 full days with DMV&PS and the Project Genesis Team to ask the questions they needed to ask from a technical perspective in order to get a realistic bid and a good price. In addition, the Project Team wanted to give the prospective vendors time to talk privately with DMV&PS about Project Genesis.

Since the Project Team was concerned that it might not be possible to accommodate all of the prospective vendors within the timeframe if there was a huge response to the RFP, a decision was made to use a two-stage approach; i.e., a Request for Information (RFI), rather than an RFP, would be sent out to pre-qualify vendors, not necessarily on the specifics of Project Genesis but generally the ability of the company to handle projects of that size, their references, and other pertinent information, and then a short list would be compiled of the vendors who would actually bid on the building of Project Genesis. After advertising the project, Ms. March indicated that only four responses were received when the Project Team had expected to receive at least 50 responses. The Project Team wanted to know why its efforts had not been successful and, through the Internet, the Project Team obtained several associations of major developers in the country. After proceeding with a marketing campaign, the Project Team was able to add an additional 15 names to the list of people who wanted to receive the RFP.

Senator Neal wanted to know the names of the companies that were contacted. Ms. March said she could not readily recall the names, but it was a computer list obtained from the Internet.

Senator Neal wanted to know whether Deloitte and Touche was contacted. Ms. March said that Deloitte and Touche was not called because the company was already on the state's bidders' list. Ms. March pointed out that many of the companies that the Project Team called were very vested in Y2K activities and they did not have the wherewithal to take on a project of Project Genesis' magnitude. As a result of getting only a limited number of responses, Ms. March said the Project Team felt it owed it to the people to send out the full RFP, which this time included all of the technical specifications pertaining to Project Genesis. A 3-day vendor conference was held and she recalled that approximately 15 to 18 vendors attended the conference, which was mandatory. Ms. March said, however, she could not remember the exact number of responses.

Senator Neal asked Ms. March to summarize for the subcommittee the role Best Consulting had played in the RFP process. Ms. March apprised the subcommittee that Best Consulting's role in the RFP process was to develop the functional requirements and to define the project DMV&PS wanted the programmers to program. Best Consulting staff developed the technical specifications document and worked with the Contract Administrator, Rochelle Summers, and DoIT, to help draft the scope of the language of the actual RFP document. Once this was done and distributed, Best Consulting's involvement ceased. According to Ms. March, the Evaluation Team made all of the decisions. Best Consulting staff did not sit in on the meetings and

had no interaction with the vendors during their private sessions. Best Consulting had no role in the selection process and did not return to Project Genesis until after the vendor had been selected. Ms. March noted that Best Consulting had been a Contract Team participant, along with DMV&PS and Deloitte and Touche, in Phase III of Project Genesis.

Senator Neal wanted to know specifically what Best Consulting had been contracted to do. Ms. March said that Best Consulting had been contracted by DMV&PS to help put the project together and to transfer skills to DMV&PS' core team since its staff had never worked on a computer project like this one.

Senator Neal asked Ms. March if Best Consulting had been hired to put the project together after Deloitte and Touché had been hired. Ms. March noted that Deloitte and Touche's role was to build the technology. Ms. March indicated that Best Consulting was involved in the organizational component, change management component, procedural component, and training component.

Senator Neal wanted to know whether any of the individuals who had participated in the evaluation process for the RFP had gone to work for Best Consulting. Ms. March noted that Guy Duensing, who retired from DoIT in June of 1999, had recently been employed by Best Consulting.

To respond to a question from Senator Neal, Ms. March said she did not know whether it was a policy of the state or not, but vendors were not allowed to be involved in the selection of other vendors. Ms. March said it was made very clear to Best Consulting that it was not to have a role on the Evaluation Team or influence the decision in any manner; thus, Best Consulting was not part of that process from the point where the responses were received to the point the selection was made.

Senator Neal asked Ms. March if Best Consulting was involved in developing the questions the Evaluation Team asked the prospective vendors. Ms. March indicated that Best Consulting had not been involved in developing the questions, but rather had provided a written assessment to the Evaluation Team as to whether each of the proposals submitted by the four or five prospective vendors were technically workable.

To clarify several issues, Ms. Lockard apprised the subcommittee that she had instituted an internal regulation shortly after her appointment with DoIT in 1996; whereby, former employees in the top-tier management of DoIT are prohibited from going to work for a company in the technology industry and then contracting back with the state for a 1-year period of time after their departure from state government. Although the regulation has no statutory authority, Ms. Lockard indicated that DoIT had adopted a "cooling off" policy similar to the one that currently exists within the Nevada Gaming Control Board (GCB) and the Public Utilities Commission of Nevada (PUCN).

Senator Neal wanted to know when Mr. Duensing had gone to work for Best Consulting. Ms. Lockard said she did not know when Mr. Duensing went to work for Best Consulting, but he retired from DoIT on June 30, 1999, after over 20 years with the state. Ms. Lockard reiterated that Mr. Duensing was prohibited from doing work for the state on a technology project for 1 year. Ms. Lockard said she also wished to clarify that DoIT has a policy that one vendor cannot be involved in the selection of another vendor in the RFP process.

To respond to a question from Senator Neal, Ms. March noted that Guy Duensing was employed by Best Consulting on January 3, 2000, 6 months after his retirement with DoIT. According to Ms. March, Mr. Duensing's role with Best Consulting was marketing representative for government practices and his time was spent answering RFP's in other states. Ms. March pointed out that Mr. Duensing was not currently working on any billable contracts and has not worked on any projects for the State of Nevada since his retirement from DoIT.

Senator Neal asked for an explanation of billable contracts. Ms. March stated that Mr. Duensing was an overhead employee who finds the work and she was the person who does the work.

Chairman Beers asked Ms. Lockard to explain how Project Genesis had become bifurcated. When she was

appointed to DoIT in 1996, Ms. Lockard recalled that a Business Process Reengineering (BPR) study had just been completed of the project for DMV&PS and a business case had been submitted for an automated project. It was Ms. Lockard's recollection that Best Consulting had assisted on the business case. Ms. Lockard recalled that the next step was the development of the RFP for the project.

It was Chairman Beers' belief that as a result of the RFP, Best Consulting was hired to provide project management assistance and quality assurance (Q/A) and Ms. Lockard said Chairman Beers' assumption was correct. Since Best Consulting had developed the business case, Ms. Lockard pointed out that DoIT has a policy that precludes a vendor that has developed a feasibility study and builds a case for a project from being the developer of that particular project for obvious reasons. Ms. Lockard noted that Best Consulting was not allowed to bid on the development of the project, but Best Consulting continued to assist DMV&PS in different roles as project manager and Q/A for the project when it was awarded to Deloitte and Touché.

Senator Neal wanted to know whether Ms. Lockard was telling the subcommittee that Best Consulting was responsible for the mess DMV&PS now finds itself in. Ms. Lockard said she was telling the subcommittee about the contractual arrangements that existed with the vendors.

Senator Neal maintained that the subcommittee should not be dealing with the problems since Best Consulting was hired to do the Q/A and should be responsible for correcting the problems.

In addressing Senator Neal's concerns, Ms. Lewis indicated that Best Consulting had served as Project Manager and provided oversight for DMV&PS. As Ms. March previously indicated, Ms. Lewis stressed that the scope of the project was broader than a technology piece and that it was not possible for a vendor to Q/A themselves.

Senator Neal said that point had been made very clear, but it was his understanding that Best Consulting had been hired to perform Q/A and to correct some of the problems with which DMV&PS was currently being confronted. Senator Neal wanted to know the amount of the first and the second contract with Best Consulting. Ms. Lockard said she did not have that information readily available and she would have to check the records. To respond to Senator Neal's question, Ms. Lewis indicated that Best Consulting had been on the Project Genesis site for approximately 5 years (beginning with the case study that was done in 1995) and she thought the cost was reaching the \$3-million threshold.

It was Senator Neal's belief that DMV&PS had hired Best Consulting to do the Q/A, but it was not providing the Q/A. Ms. Lewis countered that Best Consulting was not hired to perform the Q/A role on Project Genesis.

Since he was under the impression that Best Consulting had been hired to do the Q/A, Senator Neal wanted to know the purpose for which Best Consulting was hired. Ms. Lewis suggested that Donna West, Project Manager during Phase II, might be able to shed some light on the issue.

Chairman Beers thought it was pretty apparent to the subcommittee that when Project Genesis went "live" on September 7, 1999, and there were zero high and critical "bugs," but 6 weeks later there were 600 high and critical "bugs," that very little effective "debugging" was done prior to implementation. While the implementation of an incredibly "buggy" system had caused the citizens a great deal of grief, Chairman Beers thought the system itself appears to be very sound despite the large number of tickets. Chairman Beers said the tickets were being resolved relatively quickly and many of the remaining tickets appear to be enhancements. Since no stress testing was done, Chairman Beers recalled that the system collapsed on the first day once it was placed under load. After reviewing the contracts, Chairman Beers said he was of the opinion that Best Consulting was the entity that should be providing an explanation, not to lay blame, but to prevent a recurrence on the next computer application project.

Ms. Lewis apprised the subcommittee that DMV&PS hopes to be able to bring some lessons learned to the table through the post-implementation review. When the decision was made to go "live," Ms. Lewis said there were more considerations than just the application at stake; i.e., a conversion that was supposed to take 55 hours, readiness of the employees from training, and a number of other obstacles; thus, to delay implementation posed a

number of problems for DMV&PS, including having to go to the Interim Finance Committee to seek additional funds. During the Labor Day weekend, when the conversion was completed and the final decision was made to go “live,” Ms. Lewis said it was DMV&PS’ belief at that time that there were no critical “bugs.”

Chairman Beers asked Ms. Lewis if there were any critical “bugs” when Project Genesis went “live” and Ms. Lewis said there were no critical “bugs” and there were reasonable workarounds. Chairman Beers said there were no critical “bugs” because the system did not run on the first day.

Senator Neal wanted to know whether Best Consulting was still under contract to provide Q/A. As she previously stated, Ms. Lewis noted that DMV&PS had reevaluated the remaining tasks in the Best Consulting contract for this fiscal year and a decision was made to terminate that contract in February and the termination became effective on March 9, 2000. According to Ms. Lewis, there were several tasks remaining in the Best Consulting contract that were not associated in any manner with a Q/A role; such as, training and participation in an after-action report. It was DMV&PS’ belief that these tasks could be assumed by internal staff or through assistance from DoIT. Ms. Lewis pointed out that the Q/A role for the enabling technologies was being done by a unit within DoIT.

Senator Neal asked Ms. Lewis if DMV&PS currently has a contract with Deloitte and Touche. Ms. Lewis said that the only contract DMV&PS currently has with Deloitte and Touche at this point was for the enabling technologies and that contract would expire 90 days after the enabling technologies have been brought on line.

After Project Genesis went “live” on September 7, 1999, it was Chairman Beers’ recollection that on September 21, 1999, Best Consulting delivered its status report for August and page 3 of the status report stated:

At the end of August there were 23 critical and 240 high “bugs.” In addition, there were 76 “bugs” in system tests that leaves a significant amount of progress to be made before September 7, 1999, the “go live” date.

Ms. Lewis indicated that an amazing amount of work had occurred before the Labor Day weekend to resolve those issues that Best Consulting had brought to DMV&PS’ attention.

Chairman Beers wondered whether all of the “bugs” had been resolved in the seven days between the end of the month and September 7, 1999. Speaking from Las Vegas, Donna West said that she had not brought her implementation file with her; however, it was her recollection that there were no critical “bugs” remaining in the system at “go live.” Although she acknowledged that there were a number of high “bugs” remaining at “go live,” Ms. West said the employees were aware of those high “bugs” and had worked with the “wizards” in developing workarounds for those “bugs.”

Chairman Beers wanted to know who was responsible for finding and documenting the “bugs.” Ms. West responded that it was the responsibility of the DMV&PS’ employees and testers.

Ms. Lewis thought it was important for the subcommittee to understand how the programs were tested before they went into production. DMV&PS had a massive undertaking of employees who served as testers. Ms. Lewis pointed out that employees were taken from windows and different areas of DMV&PS’ operation to be committed to Project Genesis and for anyone to say that these employees did anything less than a good job, in her opinion does not give them fair credit. Along with DoIT and Deloitte and Touche, Ms. Lewis said that DMV&PS had undertaken a huge project and, as she had stated before, had been successful. Ms. Lewis said she realized that there had been a number of problems with the system at “go live” and it was an incredible inconvenience to many citizens of Nevada, but she maintained that DMV&PS was very responsive at that time and continues to be responsive.

Continuing, Ms. Lewis emphasized that DMV&PS had fixed the issue on “day 1” and the system was back up on “day 2.” She realized that there were long lines, but DMV&PS had expected to have long lines. Ms. Lewis pointed out that DMV&PS had advertised in the media to warn citizens that DMV&PS was implementing a new

computer application and to be prepared for long lines. DMV&PS also encouraged the citizens to renew by mail. Ms. Lewis said she would not say that DMV&PS had failed, because it had not failed and when the enabling technologies have been brought on line, DMV&PS intends to demonstrate that there was a good reason for Project Genesis. Ms. Lewis said she did not believe it was possible for DMV&PS to move forward without taking a risk. Ms. Lewis stated:

I am not trying to minimize what happened, but I am just saying that we cannot sit here and try to point fingers or beat somebody up, we have got to remain committed to moving forward.

Senator Neal said it was not his purpose to “beat somebody up,” but rather he was trying to understand the process. Since it had been demonstrated to him that DMV&PS had hired a contractor for about \$8 million to install a computer system, when it had actually paid the contractor \$11 or \$12 million, and then it hired a consultant over the contractor for about \$3 million, Senator Neal said he was trying to understand that relationship and to understand how the taxpayers’ money had been spent. Ms. Lewis suggested that Ms. West respond to Senator Neal’s concerns since she was Project Manager at that time. Ms. West stated:

The only way I know to address the situation to make it clear to everyone what the roles of contractors were is to go back to the beginning of Genesis with the business case study in 1994. We found money within the department to bring a company called DMR in. DMR worked with our department’s staff; we had a small project team, executive management involved, DoIT involved. We looked at for six weeks was the department a candidate for business process reengineering (BPR) and that is what Genesis is and I think we often lose sight of that. The decision was yes and we defined scope at that point; what was in scope and what was out of scope. We took that business case to the 1995 Session of the Legislature and we were funded to do the BPR study phase and produce a full report.

Best Consulting was awarded the contract. I wasn’t a part of the process and I don’t know how they got there, but we got Best Consulting as our project partner to put together a business case study that looked at the department. What did the customers expect? What did the employees need? Look at the mission, vision, goals and objectives and come up with what was needed. Technology was a piece of that, reorganization of the department was a piece of that, and training of our employees was a piece of that. It was a three-legged stool. We took that forward. We got the funding to go out for a technology contract. Best’s contract was extended, redefined, their role was to help us with the technology requirements, as Ms. March stated, to help us put a good RFP on the street because we had gone out to other states and found out that other states, many, many other states, Oregon, Washington, Arizona, had failed the technology projects because they did not have clearly defined scope and requirements. So we needed help and we knew that. That is what Best Consulting did.

We went out to bid and in the process that Ms. Lockard explained Deloitte was selected by the selection committee, confirmed by the department steering committee. At that point I came on the project. We negotiated the Deloitte contract. We renegotiated and extended the Best contract. At that point, Best’s role once again evolved with the project. They were here to provide project management support. I was the Project Manager. I have to state very clearly I could not have done my job without the support provided by Best Consulting. I helped remodel buildings and open new buildings, hire staff, and extend hours, but I had never done anything like this with technology and no one in our department had. We needed their expertise in how to manage the project; how to work with the vendor; how to identify issues; how to resolve issues.

At that same time, I can let Marlene answer this, but DoIT had started a very small, lean,

mean quality assurance (Q/A) unit within DoIT. We sat down with them to find out whether they could do anything for us because Nevada Operations Multi Automated Data Systems (NOMADS) was going; Y2K was going; Integrated Financial System (IFS) was going. They felt that because we already had a contracting firm of Best in there working with us on project management and that Q/A and vendor management is a part of that process that we could redefine the contract that we already had with Best Consulting to expand their work a little bit more in the Q/A role and that that would be part of our monthly status report that Best was already providing.

The other areas, we had been working on continuous improvement. We needed to stay focused on improving our processes through development, not just building a new system that looked like the old system, except now we are on windows instead of green screens. We had a lot of training to do. We needed to work on bringing in the right training and delivering it to the employees. We needed to look at how to develop change. Those were all the things that Best did. Best was not brought in to do Q/A. Their role got redefined and expanded to help provide that as one of the components of what they did in this last phase of Project Genesis.

Senator O'Donnell said he thought he knew what Senator Neal was trying to find out and he was in agreement with him. Directing his question at Ms. Lockard, Senator O'Donnell said it was his recollection that Best Consulting had already been sued or was in the process of being sued by the State of Nevada for a fiasco that had occurred with a new computer application for the Department of Taxation known as Automated Collection Enforcement System (ACES) at the same time that the contract for DMV&PS was let to Best Consulting. Ms. Lockard said that Senator O'Donnell's recollection was correct. Ms. Lockard indicated that she had provided during past testimony a very clear chronology of events and that she had also stated DoIT's position in a number of different public venues concerning the issues that had been raised by Senator O'Donnell and Senator Neal. She said, however, because there had been a settlement in the litigation with Best Consulting she was prohibited from commenting further.

Senator O'Donnell said he had a tape of a meeting when Ms. Lockard testified before a review committee during the 1999 Legislative Session that her Deputy, Guy Duensing, had been approached to go to work for a private company, but she had pleaded with him to remain with DoIT. Senator O'Donnell said he found out several months after the 1999 Legislature had adjourned that Mr. Duensing had left state service to go to work for Best Consulting. Ms. Lockard denied that she stated that Guy Duensing had been approached by a private sector company. It was Ms. Lockard's recollection that Mr. Duensing had been approached to work for the University of Nevada at a substantial increase in salary.

It was Senator O'Donnell's contention that the entire Best Consulting issue "smells." Although he appreciates the fact that Mr. Lockard could not discuss the Best contract at this time, Senator O'Donnell said he had brought up the fact years ago that Best Consulting was being sued by the State of Nevada, and yet it was awarded a contract by DMV&PS anyway. Ms. Lockard said she wished to respond very carefully to the issues raised by Senator O'Donnell. As the Director of DoIT, Ms. Lockard said she thought she was probably the most unpopular person in the vendor world in the State of Nevada. While she would agree with Senator Neal and Senator O'Donnell that the state must be very aggressive and hold vendors accountable in order to get a fair return on the funding expended, Ms. Lockard indicated that as the Director of DoIT she had taken a number of steps to do just that. Within weeks of being appointed Director of DoIT, Ms. Lockard said that one of the first steps she had taken was to request an Attorney General's opinion relative to the conflict of interest issues that are being discussed today. Subsequent to receiving an opinion, Ms. Lockard noted that she had implemented several internal policies such as a "cooling off" period, vendors selecting other vendors, and several other initiatives, to avoid a recurrence of some of the issues that have been described today. In addition, DoIT has been very aggressive in working with legal counsel to pursue the options available to the state when a determination has been made that vendors had not met contractual obligations. If those particular vendors were involved in other projects in the state, Ms. Lockard said she notified the proper individuals and decision makers of the status of the issues that were taking place. Ms. Lockard said she resented the previous inferences by Senator O'Donnell and

Senator Neal that she had been less than diligent in protecting the state's best interests because she had been trying very hard to protect the taxpayers of Nevada and she suggested that those vendors sitting in the meeting room today would attest to the fact that she was not the most popular director of DoIT.

Senator Neal wanted to know who were the signatories on the contract with Best Consulting to oversee the computer work at DMV&PS. Senator Neal also wanted to know whether Ms. Lockard was aware of the state's pending lawsuit with Best Consulting when the contract was signed. Since state procedures require that DoIT sign on technology contracts, Ms. Lockard indicated that she had raised the issue of the state's pending lawsuit with the appropriate individuals in the State of Nevada and the Office of the Attorney General had informed her that she had no recourse other than to sign the contract; therefore, she signed the contract. The contract was also signed by DMV&PS representatives as well as others who are statutorily required to sign such contracts.

To respond to a question from Senator Neal, Ms. Lockard indicated that the Best Consulting contract had been developed by DMV&PS, with review by DoIT.

In responding to Senator Neal's inquiries, Ms. Lewis said she was not involved with Project Genesis when DMV&PS was negotiating the contract with Best Consulting. Ms. Lewis said she did not know whether DMV&PS was aware of the state's pending lawsuit with Best Consulting when they were negotiating the contract with Best Consulting and she was not sure who would have this information because there had been a substantial turnover in positions since that time.

Although he had not always agreed with her, Senator O'Donnell said it was not his intention to personally attack Ms. Lockard. Senator O'Donnell said he had a great deal of respect for Ms. Lockard and the policies and procedures that she had implemented at DoIT.

To bring this issue to a close, Chairman Beers opined that the implementation of Project Genesis had been badly mismanaged. Chairman Beers also thought the decision to implement the system had been made without any significant fallback plans and that previous testimony had confirmed that the system was not ready to go "live" because it failed on day 1. He said he was not sure who should be held accountable for that decision because the positions and staff had changed several times over the course of the project. Chairman Beers said the subcommittee looked forward to reviewing the post-implementation study so that the lessons learned could be applied to future projects. He said, however it would be his hope that the 47th largest state in the nation would never have another similar project since he thought Nevada should have bought another state's DMV's system and modified it to fit Nevada's DMV&PS.

Senator O'Donnell interjected that the state had followed Chairman Beers' suggestion when it purchased NOMADS. Chairman Beers said it was his understanding that the federal government had changed the rules, requiring the state to start over from scratch.

Since he did not think this issue would probably be revisited, Senator Neal said he wished to point out that he had been concerned about the evaluation and the selection process for Project Genesis. Senator Neal said he had spent a considerable amount of time looking at all of the proposals and the vendor responses to the proposals and it was his belief that a group called MCI was head and shoulders above the other vendors because it had a background in developing DMV systems in other states. It was also Senator Neal's opinion that any reasonable person who looked at the proposals would have selected MCI over Deloitte and Touche because in his judgment Deloitte and Touche did not meet the criteria for engaging in a project of this magnitude. Senator Neal expressed concern about the lack of necessary training prior to implementation of the system that would have allowed DMV&PS staff to determine exactly what was needed. Since DMV&PS entered into a contract with a consultant who was supposed to tell DMV&PS what should be done, Senator Neal thought a lot of money had been spent, and was still being spent, on this system. Senator Neal said he hoped the subcommittee would be able to formulate recommendations that could be presented to the 2001 Legislature to prevent such a recurrence in the future.

Ms. Lockard apprised the subcommittee that she had taken a number of steps over the last several years to implement mechanisms to avoid in the future the kinds of issues that Senator Neal had spoken about today. In particular, Ms. Lockard noted that she had requested approval at the last legislative session for a concept of a project management competency center. It was Ms. Lockard's belief that the lack of a trained, qualified state project manager was the common denominator throughout all of the state projects. Since DMV&PS has admitted that it did not have the expertise and knowledge to accomplish a huge technology project, Ms. Lockard thought DMV&PS had done the only thing it could do, it contracted and relied upon a vendor to assist in the implementation of Project Genesis.

Because she thought it was absolutely necessary that the state have a pool of skilled individuals that know and understand these kinds of issues, Ms. Lockard said DoIT was making great progress with its project management competency center, with each member of DoIT's planning staff having a master's degree and other qualifications and skill sets. Staff has completed project management training and they have been enrolled in a project management certification training program to become certified as project managers. While it was not her intent for DoIT staff to be in an adversarial role with a state agency, Ms. Lockard thought it was important that DoIT staff understand the issues, understand instructions from the user agency, and be able to make independent decisions for the state from time to time. Ms. Lockard also pointed out that DoIT has been encouraging individuals on the program side that are going to be involved in future projects to go through project management training so everyone would be working on the same page and also to provide a project management template to follow so none of the procedures get skipped or waived. If a decision should be made to skip or waive a procedure, documentation and a full analysis will be necessary to explain why that deviation was made. Ms. Lockard suggested that the Gardner Group, or any other independent technology group, would advise that it takes 2 to 3 years to see the results of these types of institutional changes. Ms. Lockard also pointed out that DoIT had totally changed its contract procedures since the beginning of NOMADS and she thought the subcommittee would see an entirely different approach to technology initiatives in the future.

Speaking to Senator Neal's previous concerns about the training that was deployed to DMV&PS' employees, Ms. Lewis said she would agree with Senator Neal that DMV&PS could have done a better job. She said, however, it had been a challenge trying to keep the offices operating while training the employees on a new computer application that was constantly evolving. In a perfect world, Ms. Lewis said she would have asked to shut down DMV&PS' operations for one week and put all of the employees through training on the last version of the application; however, this option was not available.

XII. Status of New Billing System – Report by DoIT.

a. Issues Related to DoIT's Budget Projection Methodologies.

This item was deferred to the next meeting.

b. Budgeted vs. Actual – Billings FY 2000.

This item was deferred to the next meeting.

During the 1999 Legislature, Ms. Lockard reminded the subcommittee that DoIT had provided the results of a funding study and had asked approval to change the way DoIT bills state agencies. Since this request was presented very late in the budget process, Ms. Lockard said she had indicated at that time that it was going to be a difficult task to spread the corrected numbers throughout the state agency budgets. Ms. Lockard said she pledged to the money committees that the rates and the results of the funding study would be monitored carefully and adjustments would be made as necessary. Ms. Lockard indicated that a major review of the funding study had been conducted and the results of that study were available at this time. Ms. Lockard also apprised the subcommittee of a federal regulation that requires each billing to have a zero balance at the end of each fiscal year; thus, DoIT must bill for actual costs. Depending upon utilization from different areas, Ms. Lockard said it had required DoIT to review the billings and the revenues in order to project a zero balance at the end of the fiscal year.

According to Ms. Lockard, the actual utilization had skyrocketed in a number of areas; consequently, the billing rates in some areas and in some state agencies had been dramatically affected. Ms. Lockard indicated that the first billing rate had been adjusted in July of 1999, and then again in January of 2000, when there was 6 months of revenue coming into the state. Ms. Lockard said she would be happy to provide additional information on those adjustments. Ms. Lockard also noted that the second adjustment was the credit that Mr. Tatro had previously referenced in his testimony. Although DoIT was able to make some adjustments in DMV&PS's favor, Ms. Lockard indicated that DMV&PS was still going to have a revenue shortfall for its facility charges for this fiscal year. Ms. Lockard stated that monitoring these billings in order to have a zero balance on June 30th was an ongoing process. Ms. Lockard said that if there were to be more than a zero balance on June 30th, DoIT would be able to apply that amount toward a rate reduction for the next fiscal year.

XIII. Status of R-36 Acquisition/Upgrade – Report from DoIT.

It was Chairman Beers' understanding that the R-36 had been installed on March 5, 2000, and he wondered whether there had been a latent demand. Chairman Beers noted that the graph on page 150 in the meeting packet indicates the CPU utilization has almost reached capacity. In responding to Chairman Beers' comments, David Stewart, Deputy Director, DoIT, indicated that the R-36 was averaging about 70 percent of capacity during prime time. He said, however, since there had been a leveling off trend in both the R-36 and the R-25 over the last several days, it was possible that the utilization had reached its peak.

Chairman Beers wanted to know whether there was still development work going on with NOMADS and Ms. Lockard responded affirmatively.

Since it was his understanding that DMV&PS had installed a "governor" on Genesis to prevent endless looping, Chairman Beers wondered whether this would have accounted for some of the leveling off. Mr. Stewart thought the application was starting to settle down and DoIT was starting to get a good feel for the size of Genesis.

It was Chairman Beers' understanding that the Nevada Executive Budget System (NEBS) was going to be starting up again shortly and Mr. Stewart said Chairman Beers' understanding was correct.

Senator Neal recalled that DoIT had originally proposed a higher capacity. Ms. Lockard stated that DoIT had requested last legislative session to upgrade to an R-36 capacity. She said, however, after several meetings and with assistance from the subcommittee, a decision was made to phase in an upgrade. Ms. Lockard noted that the R-36 upgrade, which was DoIT's original request, was implemented on March 5, 2000.

It was Senator Neal's understanding that the R-36 was already at 70 percent capacity and Ms. Lockard said Senator Neal's understanding was correct. To further clarify, Ms. Lockard pointed out that DoIT had installed the R-36 as a just-in-time upgrade, but the utilization was already at a critical 70 percent capacity.

Senator Neal asked Ms. Lockard to relate her future plans to address the utilization problem. Ms. Lockard said that it was important for the subcommittee to understand that a number of major projects were not in a maintenance mode. For example, the Unified Nevada Information Technology for You (UNITY) is in pilot or the development stage, NOMADS is in development and conversion, and Genesis is involved in testing activities, fixes to issues, and enhancements to the emerging technologies.

Senator Neal wondered whether data was being run two and three times. Ms. Lockard indicated that data was not being run two and three times, but rather changes were still being made to the applications.

Senator Neal said the situation suggests to him that if utilization was already at 70 percent capacity while in a development mode, it could skyrocket once the projects were in production. Ms. Lockard agreed with Senator Neal, adding that DoIT was very concerned about where the numbers were going.

Chairman Beers wanted to know about a new application for Education that was scheduled for January 2000.

Mr. Stewart indicated that Education was not a new application, but rather it was ported to DB2 in January 2000.

Chairman Beers recalled previous discussions about taking applications off of the mainframe and running them on other platforms to alleviate the hardware crunch. Mr. Stewart noted that Education was an application that had been running on the state's system for a long period of time and he thought that it may have been broken out and reported separately in January of 2000.

Chairman Beers suggested that one of the ways to deal with the upcoming capacity crunch was by taking applications off of the IBM mainframes and running them on other platforms. Mr. Stewart indicated that the Education platform was a client-server application, using DB2 solely as its database. Mr. Stewart also noted that the usage was a very insignificant amount.

Chairman Beers requested that the DoIT staff work with the legislative Fiscal Analysis Division staff to revise the projections since the projections were at least 12 months old. Also, it would appear that NOMADS and Genesis were much smaller than current actual trends. While he understands the difficulties involved in making projections when a number of applications are still in the development stage, Chairman Beers said it would be helpful to the subcommittee to have recent projections in the event that it needs to apprise the Interim Finance Committee that additional equipment might be needed prior to the 2001 Legislature.

Senator Neal did not believe up-to-date projections would be that helpful because of Nevada's growing population. Senator Neal thought it would be best to give DoIT the capacity it needs to process data from the various entities.

Chairman Beers said it would appear to him that the March utilization was as high as what DoIT had projected would be reached in December of 2000. Since DoIT was currently running 9 months ahead of its earlier projections, Chairman Beers said he wanted updated projections so that Interim Finance Committee could be apprised of the situation.

Senator Neal wanted to know if it was the subcommittee's intent to micromanage the state's computing system. Chairman Beers said that he did not view requesting updated projections as micromanaging the system, but rather he thought it was important to warn the Interim Finance Committee that the utilization of the state's computing system was expanding much faster than had been planned and that funding to upgrade the system might be needed sooner than anticipated.

After directing attention to the graph entitled "Forecasted CPU Utilization by CPU with Actuals (to date) in Exhibit A, Mrs. Chowning said it would appear to her that CPU utilization would reach total capacity by April of 2002.

Chairman Beers said that he had requested the updated projections because if capacity were to increase at the same rate for the rest of this year as it had during the first three months of this year, total capacity could be reached before the end of this calendar year. Chairman Beers asked Mr. Stewart if he would agree with his analysis and Mr. Stewart responded affirmatively.

Mrs. Chowning thought the record should reflect that the graph (Exhibit A) prepared by DoIT had not been very helpful.

XIV. CPU Usage – Report from DoIT.

DoIT provided a handout containing six graphs, dated 4/12/20, the titles of which are as follows: "CPU Usage by Customer By Month," "Forecasted CPU Utilization by User by Month with Actuals Overlay," "NOMADS CPU Utilization," "Genesis CPU Utilization," "Forecasted CPU Utilization by CPU with Actuals (to date)," and "Total MIPS at the Nevada State Computer Facility." A copy of the handout is included in the meeting minutes as Exhibit A.

Chairman Beers wanted to know what had happened to NOMADS CPU utilization during the month of March 2000. Since there had been a “mad push” by the Nevada State Welfare Division (NSWD) to get the cases converted into NOMADS to meet the fall deadline for certification by the federal government, Ms. Lockard noted that NSWD had hired additional staff to assist the counties and the state to input the data, resulting in massive conversion activity. Ms. Lockard reminded the subcommittee that she discussed some of the projections last summer and indicated at that time that it was going to be difficult for DoIT to project a maintenance model to support these systems until they stabilized. Since both NOMADS and Project Genesis have been in various stages of development and conversion for a long period of time, Ms. Lockard said it had been difficult to predict whether the CPU utilization would eventually stabilize.

XV. Public Testimony.

Chairman Beers opened the meeting to public testimony. There was no public testimony.

Chairman Beers introduced Richard Kirkland, former Washoe County Sheriff and newly appointed Director of DMV&PS, and he thanked Mr. Kirkland for attending the subcommittee’s hearing.

There being no further business to come before the subcommittee, Chairman Beers adjourned the meeting at 4:40 p.m. He announced that the next meeting would be at the call of the chair.

Assemblyman Bob Beers
Chairman, Subcommittee on Project Genesis/DoIT