

**MINUTES OF THE MEETING OF THE
INTERIM FINANCE COMMITTEE'S
SUBCOMMITTEE ON PROJECT GENESIS
LEGISLATIVE COUNSEL BUREAU**

Carson City, Nevada

A meeting of the Interim Finance Committee's Subcommittee on Project Genesis was called to order by Chairman Jack D. Close, Sr., on Wednesday, November 18, 1998, at 2 p.m., in Room 4412 of the Grant Sawyer Building, 555 East Washington Avenue, Las Vegas, Nevada. A simultaneous video conference was conducted at the Legislative Building, in Room 4100, in Carson City, Nevada, for the convenience of subcommittee members and people wishing to observe the meeting and provide testimony.

SUBCOMMITTEE MEMBERS PRESENT - LAS VEGAS

Assemblyman Jack D. Close, Sr., Chairman

Senator William R. O'Donnell

Assemblywoman Vonne Chowning

SUBCOMMITTEE MEMBERS PRESENT - CARSON CITY

Senator Lawrence Jacobsen

LEGISLATIVE COUNSEL BUREAU STAFF:

Scott Wasserman, Chief Deputy Legislative Counsel

Debbra J. King, C.P.A., Program Analyst, Fiscal Analysis Division (Las Vegas)

Gary Ghiggeri, Principal Deputy Fiscal Analyst

Jim Rodriguez, Program Analyst

Yhvana Martin, Secretary

I. Opening Remarks and Introductions - Assemblyman Jack D. Close, Chairman.

Chairman Close announced that a quorum was present, with Senator O'Donnell, Mrs. Chowning, and he in Las Vegas and Senator Jacobsen in Carson City.

II. Approval of September 22, 1998, Meeting Minutes.

SENATOR O'DONNELL MOVED TO APPROVE THE SEPTEMBER 22, 1998, MEETING MINUTES. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

III. Project Genesis Infrastructure Design and Development.

Chairman Close noted that he had received the infrastructure design and development document on last Monday, November 16, 1998, and had reviewed same. He also said he had received another document today entitled "DMV/PS Project Genesis Procurement Processing," but had not yet had the opportunity to review that document. Since he had requested at the last meeting that Project Genesis staff provide the subcommittee with a summary of the changes, Chairman Close asked Ms. Donna West to highlight any changes which may have

occurred since the original documentation was submitted to the subcommittee.

Chairman Close recognized Ms. Donna West, Project Manager, Project Genesis, Department of Motor Vehicles and Public Safety (DMV&PS), who told the subcommittee there had been one change to the spreadsheet entitled "Summary of Implementation Costs by Cost Category - Project Genesis" shown on page 54 in the meeting packet. According to Ms. West, two items were raised during a staff meeting which was held last Tuesday, November 10, 1998. The first item was the number of pc work stations being requested and the second item was the number of small group printers being requested by DMV&PS. Based on the discussion with staff, approximately 40 personal computers (PC's), as well as a number of printers that were originally requested for new branch office equipment, have been eliminated. Ms. West noted that funding for those 40 PC's had been removed from the "equipment/software" category (spreadsheet on page 54 in the meeting packet) and placed in the hardware contingency fund until such time as a site review of the Sahara Street office, the Carson City office, and the Reno Express office has been completed.

To reiterate his previous request, Chairman Close asked Project Genesis staff to provide the subcommittee with the changes to the original documentation only; otherwise, the documentation was overwhelming to review.

With the Chairman's permission, Ms. West said she would like to discuss how the equipment numbers were arrived at, the site assessments, the Gap Analysis, and then review each of the numbers on the spreadsheet on page 54, after which she would respond to questions from the subcommittee.

Chairman Close requested Ms. West also address the reason for the delay in forwarding the infrastructure design and development documentation to the subcommittee.

Ms. West told the subcommittee that the planning for implementation of the new system was developed and is contained in DMV&PS' Implementation Plan. This deliverable defines over 500 implementation activities and tasks that are required to successfully roll out the Project Genesis system. It defines the activities that are the responsibility of a variety of organizations, including the Project Genesis team, DMV's Information Management Bureau (IMB), Department of Information and Technology (DoIT), and the state Purchasing Division. The first steps in the implementation plan were the completion of the hardware, software and network architecture designs, which were discussed at the subcommittee's September 22, 1998 meeting, as well as the software distribution strategy, which culminated in the development of the Detailed Hardware and Software Parts List.

With the foundation in place, Ms. West noted that the following site assessment tasks were accomplished:

1. A site survey was completed for each DMV location. The survey teams consisted of Regional Managers, Branch Managers, and members of the Project Genesis Core Team and DMV IMB technical staff.
2. This team used a floor plan for each office and an assessment checklist. The team recorded the type of position by function and the hardware that would be needed for that function. The workstations were looked at as they will be utilized when the service centers are implemented. In addition, the team looked at "behind-the-scene" functions; i.e., titles, license review, correspondence, and supervisors' work space. This also included determining if additional equipment was needed to enable staff to provide more efficient and effective service using the new system when it is rolled out. The team also assessed whether the existing equipment could be reused. At the same time, technical staff made cabling and electrical assessments to identify any site preparation activities required in each office. The telephone closet was surveyed to identify the contents that apply to the network assessment.
3. The floor plans and assessment checklists were then used to develop a PC count and the number of printers required. From that figure, the Pentium II class computers already owned by DMV were subtracted to provide a net number needed. The Pentium II computers in DMV's inventory were reviewed to determine if upgrades would be needed to run the new software, what parts were needed for the upgrades, and the amount of time it would take to install those parts.

4. In the meantime, DoIT provided network information. Lists were prepared showing all of the network hardware and the telephone lines needed.

5. All of this information was entered into a database to produce reports by position and by office. The D-10 purchase orders were then developed by shipping location. The workstations are going to be shipped to each office location while the network equipment is going to be shipped to DoIT for the Phase A hardware rollout. DMV will continue to use the existing Bull programs on the new hardware during this phase. The peripheral equipment; such as, printers, mag stripe and bar code readers, are being shipped to warehouses in the north and south. These printers and readers will be rolled out to the workstations as needed for Phase B pilot, the occupational and business licensing production phase. The remainder of these peripheral devices will be rolled out for Phase C, with the rollout of the remainder of the application.

6. The Gap Analysis and the summary of the D-10's were then submitted to the legislative Fiscal Analysis Division for review. After this analysis, Project Genesis staff and legislative Fiscal Analysis staff were able to work toward a common understanding and agreement of the number of PC's and printers needed. As she previously indicated, Ms. West said that Project Genesis staff has been able to reconcile all but about 40 PC's in the Carson City, Reno Express and Sahara offices and those 40 PC's in question have been removed from the purchase orders. The funding amount for the PC's in question has been added to the hardware contingency fund until a review can be conducted, which may need to include a site visit with legislative Fiscal Analysis Division staff.

Also during the analysis review with staff, Ms. West indicated that a question arose about DMV's ability to reuse small group printers. The parts list from Deloitte called for new Lexmark printers throughout the organization. These printers have a feature called spring-loaded adjustable platen. The platen allows the printer to compensate for variable thicknesses of paper and forms. Based on this question, and the recent completion of the printing requirements study, DMV has determined that users in the back offices; such as, supervisors and analysts, will not need a printer with the variable platen feature. DMV has also determined that 33 Hewlett-Packard (HP) printers are available for reuse. Of these, 11 are already network-ready and the remaining 22 will need to be upgraded before they can be connected to the network at a cost of approximately \$300 each.

Speaking to the progress since the subcommittee's last meeting on September 22, 1998, Ms. West noted that the Project Genesis team had been involved with the review of the software distribution strategy and the parts list had been received and was under review. The Project Genesis team encountered difficulty accomplishing some of the site surveys due to IMB having other work commitments. It was also more difficult than had been expected to arrive at a common understanding of what needs to be accomplished in the field offices. All of this information has been entered into the database and reviewed. Subsequently, a staff meeting was conducted with Debra King from the legislative Fiscal Analysis Division and Carol English from the state Budget Division to review the various reports and determine the best way to present the information so that it could be analyzed.

Chairman Close inquired as to whether the Gap Analysis had been completed on September 25, 1998, as was reported on page 51 in the meeting packet. Ms. West indicated that the Gap Analysis had not been completed on schedule because additional information was needed on existing equipment, but it has been completed at this time. According to Ms. West, September 25, 1998 was not a contractual date, but rather was part of the implementation plan deliverable assigned to DMV.

It was Chairman Close's understanding that the 1997 Legislature had authorized 162 computers for the current biennium for DMV, with an additional 31 computers being authorized for the Administrative Services Division. In addition, 36 computers from the Deloitte development staff will be available for Project Genesis staff after system development has been completed. Chairman Close asked Ms. West to provide the final total number of computers. In responding to Chairman Close's question, Ms. West noted that 155 of the 162 computers authorized by the 1997 Legislature have been identified as requiring an upgrade. It was also her understanding that not all of the 31 computers authorized for the Administrative Services Division would be used for the Project Genesis application as some would be purchased to accommodate the rollout of the Integrated Financial System (IFS). Regarding the 36 computers located at the Deloitte site, Ms. West said the majority of those

computers were scheduled to be transferred to the IMB staff, with the remainder being used as extra hardware in case a piece of equipment fails in any of the statewide offices. In summary, Ms. West noted that there were 182 PC's currently available and 505 PC's would be purchased.

When the subcommittee last met, Chairman Close recalled that a decision had been reached to purchase Dell computers. He said, however, since that time, it was his understanding that DMV was considering purchasing IBM computers rather than Dell's. Ms. West told the subcommittee that a final decision had not yet been made. The Project Genesis staff intends to continue working with the state Purchasing Division as the D-10's are submitted not only to get the best price on each piece of equipment, but the best piece of technology as well. Ms. West also indicated that a meeting had been scheduled for tomorrow with Dell to discuss Dell's technology versus IBM's. IBM has better software capabilities and software distribution tools than Dell and is also more expensive than Dell. Ms. West said IBM was continuing to work on decreasing its cost estimates.

Chairman Close asked Ms. West to expand on her prior statements with regard to removing the funding for 40 PC's and placing it in the hardware contingency fund. Ms. West said the funding for 40 PC's had been placed in the hardware contingency fund because Project Genesis staff had been unable to reconcile those numbers with legislative Fiscal Analysis staff. Since she was not available to attend the last staff meeting, Ms. West said it was her intention to complete the site review and reconcile those numbers. Once the numbers have been reconciled, Ms. West suggested that the PC numbers could be finalized and the contingency fund adjusted by a corresponding amount.

While acknowledging that he was not an expert on computers, Chairman Close questioned whether reducing the number of computers would have a parallel effect on other equipment. Ms. West acknowledged that reducing the number of PC workstations would reduce the need for peripheral devices; such as, mag stripe readers, bar code readers, and printers. The Project Genesis staff will need to look at each piece of hardware together as a package and determine whether the items need to be procured or eliminated.

It was Chairman Close's belief that this type of analysis had not yet been accomplished because no firm PC number was available at this point in time and Ms. West agreed with Chairman Close.

Chairman Close wanted to know whether the subcommittee could expect this analysis to be accomplished before the next meeting. Ms. West said the Project Genesis staff anticipates being able to reconcile the numbers within the next week and a half. Ms. West also said she wished to clarify, however, that when the funding for the 40 PC's was removed from the new branch equipment category, the funding for the mag card readers, the bar code readers, and the printers was moved under the "leased equipment" category. Although those costs are currently in the hardware contingency fund, Ms. West said she hoped to be able to eliminate those costs within the next two weeks.

Chairman Close urged Ms. West to concentrate on having a firm equipment number and dollar amount when a formal funding request is presented to the next Interim Finance Committee meeting, scheduled for December 14, 1998.

Mrs. Chowning said it would appear to her that some of the information provided to the legislative Fiscal Analysis staff by Project Genesis staff had been prepared in a shabby manner. In citing several examples, Mrs. Chowning noted that a number of the DMV offices were scheduled to receive more computers than they had staff available; more computers were being requested for several of the DMV offices than there was physical space to accommodate those computers; computers for the centralized telephone unit (21 units) were included in both the branch office listing and the central office listing, which resulted in double budgeting for that unit; and there was no clear understanding of how printers were going to be assigned to the various positions and whether a local printer was needed or a group printer could be used. Since there were other problems, Mrs. Chowning expressed her concern that the subcommittee would not be able to trust the final numbers. Mrs. Chowning said she would like to be assured that the information provided by DMV staff in the future would be accurate.

In addressing Mrs. Chowning's concerns, Ms. West said she was fairly confident with the present numbers. Although she acknowledged that there had been a difference of over 200 PC's when staff met last week, Ms.

West indicated that the 200 number had been reduced to about 40 PC's. Ms. West suggested that when several of the sites were revisited, legislative Fiscal Analysis staff would agree with her original space assessments. In some cases, Ms. West conceded that there may be more PC's than available staff for several reasons. In the smaller, two-person offices, for example, the office supervisor works the counter position which requires a workstation, but they also have a behind-the-scene office function where a PC is needed to do reports and other work-related duties. By comparison, there are multiple employees in other offices utilizing one piece of equipment. She said, however, during the last six weeks, the Project Genesis staff had attempted to account for all of the different office arrangements. Ms. West acknowledged that the Project Genesis staff had erred in double counting the equipment for the centralized telephone unit because it should have examined closer how the call center was going to be handled between northern and southern Nevada.

Mrs. Chowning thanked Ms. West for acknowledging the error. She said, however, since Project Genesis was a very expensive project, she hoped DMV staff would make every attempt in the future to provide accurate information. It was Mrs. Chowning's understanding that the Sahara office information booth was projected to have four computers, but there was not room for four computers in that area. Ms. West apprised the subcommittee that she had personally designed the Sahara office. Ms. West said, however, she did not believe there was space for four Honeywell dumb terminals because DMV did not have enough dumb terminals from the old building to move into the remodeled building. Ms. West said it was imperative to equip all available windows in the branch offices so DMV would be able to maximize the utilization of that area as Service Center A when the service center concept is rolled out. Since it was her belief that space was available for four employee workstations at the information counter, Ms. West said she thought a site review with the legislative Fiscal Analysis staff would be required in order to clear up some of the discrepancies. While she may not be fully aware of the design in some of the offices, Ms. West indicated that she had been involved in the construction in southern Nevada for the last 10 years and had visited most of the offices.

Mrs. Chowning said she wished to encourage Project Genesis staff to continue working closely with legislative Fiscal Analysis staff so that the subcommittee would be able to make informed decisions.

Chairman Close recognized Mr. Bruce Glover, Deputy Director, DMV&PS, in Carson City, who said he wished to state for the record that it was DMV's intention to provide the subcommittee with the best product possible. While he did not wish to make excuses for any errors that DMV staff may have committed, Mr. Glover pointed out that the DMV staff had been very busy responding to questions not only from the legislative Fiscal Analysis staff, but was also providing budgetary information to Carol English in the Budget Division as well. Mr. Glover suggested that when the biennial budget requests were completed, DMV staff would be able to expend quality time in providing information. Although he and Ms. West were currently performing multiple job functions on a daily basis, Mr. Glover said the DMV staff would in the future strive to provide the best information possible.

Mrs. Chowning thanked Mr. Glover for his candid comments and added that she thought DMV had the best workers any state could have. Mrs. Chowning also said she appreciated Mr. Glover's "can do" attitude and the professionalism of the legislative Fiscal Analysis staff. Mrs. Chowning urged staff to continue working together in a professional manner.

Chairman Close suggested that Ms. West address the procurement of the software and the hardware. While he thought the difference between the equipment to be purchased versus the equipment to be leased was due to convenience or timeliness, Chairman Close suggested that the equipment needs to be looked at from a financial standpoint as well. Chairman Close wondered whether the feasibility of purchasing equipment now and having it sit idle for three or four months until other equipment comes on board was being considered. Ms. West said the Project Genesis staff was looking at either leasing or purchasing the equipment in a number of different manners, for example, the printers, bar code readers, and mag stripe readers, which will not be needed until later on, will not be delivered until March. Ms. West also indicated that the Project Genesis staff would continue working with state Purchasing Division in fine tuning the lease/purchase decision. Since state Purchasing Division is currently in the process of finalizing the provider for lease services, the Project Genesis staff expects to be able to obtain actual leasing terms and costs to final that recommendation in the very near future.

In continuing her testimony on agenda item III, Ms. West explained that once the D-10's were prepared and the site preparation costs were calculated, the Project Genesis staff were able to put together a spreadsheet (page 54

in the meeting packet). Based on the findings of the legislative Fiscal Analysis staff, the Project Genesis staff reworked and reduced the costs for the new branch equipment and adjusted the amount of the contingency request. An updated spreadsheet was subsequently prepared and is included under Summary of Implementation Costs in the handout entitled "DMV/PS Project Genesis Procurement Processing," a copy of which is included in the meeting minutes as Exhibit A. Ms. West said she would walk through the items listed on the updated implementation cost summary spreadsheet as follows:

1. All of the items referenced on the D-10 forms are included under the category entitled "Equipment/Software." This information, included in the Summary of D-10 Information on pages 111 through 131 in the meeting packet, has been updated and is included in Exhibit A.
 - a. Mainframe (to be purchased) - \$75,187 includes software for bar code printing support (\$20,000), the U.S. Postal Service's city/state file (\$350), and BMC ARC software, which is a DB2 recovery utility (\$55,000). DoIT will be providing the funding for the maintenance and the support of the software.
 - b. Network (to be purchased) - \$987,222 includes the racks, routers, converters, patch panels, modems, and other hardware in support of the new networking requirements. This will provide all of the network equipment for DMV offices, travel sites, and assessors' offices.
 - c. Middle Tier (to be purchased) - \$115,500 includes two IBM Rs/6000's and the associated software that interfaces between the PC network and the mainframe. The middleware servers will provide traffic flow control.
 - d. Regional File Servers (to be leased) - \$331,859 includes two file authentication servers, two e-mail servers, and two distribution services. One of each type of server will be located in the north and in the south.
 - e. New Branch Equipment (to be leased) - \$2,027,541 includes all of the PC's, printers, bar code and mag stripe readers, cables, and warranties for all locations.
 - f. Branch Software (to be leased) - \$179,468 includes such items as Corel Word Perfect, emulation software and G-link for accessing the Bull system before the new software is installed late next year, and Crystal Reports for ad-hoc reporting. These pieces of software will be installed on individual PC's according to the needs of the individual using that equipment. For example, as a result of the analysis which has taken place over the last six weeks, DMV counter positions will not be equipped with software such as Word Perfect.
 - g. PC Upgrade Hardware (to be purchased) - \$8,215 includes 32-megabyte memory upgrades for 155 PC's already in place at DMV that require additional memory to run the new software. The hardware for the memory upgrades will cost approximately \$52 for each PC.
 - h. Help Desk Services (to be purchased) - \$54,375 includes the Remedy software and installation services. This software records, distributes, tracks, and reports all Help Desk calls and their resolution. The Help Desk operations for Project Genesis will begin when the workstations are rolled out to the offices.
 - i. Tools and Supplies (to be purchased) - total of \$39,664 includes maintenance tools, backup tapes, re-writable CD's, labels, and other tools and supplies required for start up. This equipment will be used by DMV Information Services (IS) staff for software installation, configuration, and system maintenance. These items are neither currently on hand, nor are they in the current Project Genesis operating budget.

The subtotal for Equipment/Software is \$3,819,032.

Ms. West directed the subcommittee's attention to the category entitled "Branch Upgrades, Other Software," which are costs associated with DMV's Carson City office remodel. The expenditure of \$6,367 includes cabling costs specifically associated with the operation of the Project Genesis application and the expenditure of \$300 will provide software for 10 users in the Compliance Enforcement Division so they can access the National Crime Information Center (NCIC) and Nevada's Criminal Justice System.

The category entitled "Network Installation" includes costs associated with labor and peripheral equipment to complete installation of the network. This includes telephone lines and their installation, additional network drops, category 5 wiring for branch and assessors' offices that do not currently have this type of wiring. The subtotal for Network Installation is \$131,000.

The category entitled "Branch Installation" includes costs to pay a vendor on DoIT's Master Service Agreement (MSA) list to install the memory upgrades for the 155 Pentium II PC's. This installation will take about one hour, not including any travel time that might be required by the vendor. Also, since there will be a lack of adequate storage space for the printers and other peripherals when they arrive as a result of the remodel of DMV's Carson City office, DMV will need to lease approximately 12,500 square feet of warehouse space for approximately 5 months to store and prepare these devices for roll out and installation. Based on staff's research, a cost of \$1 per square foot is anticipated. Space adjacent to DMV's existing location with Deloitte, which is secure and climate-controlled, is available.

Ms. West noted that the category entitled "Other Reserves" represents the reserves that are being requested to support implementation. Detailed information has been provided on pages 151 and 152 in the meeting packet. Other Reserves includes hardware, network, and branch installation contingencies to cover potential oversights or unforeseen expenses associated with the Phase A roll out of the hardware for Project Genesis. As she noted earlier, Ms. West indicated that the amount for the hardware contingency has been adjusted until the review with staff has been completed. Ms. West said she wished to specifically address two of the reserve items as follows:

1. DL/VR Link Data Entry - \$60,000 is for data entry services to link the Driver License and Vehicle Registration records that are not directly associated with Phase A. Since this cost is not directly associated with Phase I, but rather is a cost associated with data cleansing and conversion activities, it has been included in this category because it is an additional expense that was not included in the original funding request.
2. R25 Conversion Costs - \$350,000 includes \$100,000 for DoIT to hire one programmer/analyst from the MSA list for about five to six months to work in conjunction with DoIT staff and Project Genesis staff on the conversion to the new R25 hardware and the subsequent system software upgrade associated with this move. The remaining amount is a contingency to cover costs associated with planning, re-testing, and converting Project Genesis to the new hardware and software. These costs may include assistance from IBM or Deloitte, or new pieces of software that Project Genesis may need to purchase.

The subtotal for Other Reserves is \$771,546.

Ms. West apprised the subcommittee that the total of all expected expenditures plus contingencies is \$4,750,745.

After directing the subcommittee's attention to "Funding Sources for Project Genesis Hardware/Software and Installation Costs," on pages 155 and 156 in the meeting packet, Ms. West indicated that this information provides a recap of the potential funding sources within DMV for these expenditures. This funding represents the funding that Project Genesis has reserved as a result of analysis of budgeted activities that were anticipated for the current biennium but will not be accomplished due to preparation for "Big Bang." The difference between the funding listed on pages 155 and 156 in the meeting packet and the actual cost of hardware and installation needs to be financed. She reiterated that state Purchasing has been working to finalize the selection of the vendor.

Speaking to the schedule in Exhibit A entitled "Shortfall Accommodation," Ms. West explained that the Project Genesis staff had outlined a leasing option to enable procurement of all needed items within the funding available. The Project Genesis staff has identified items that may be leased reasonably; such as, regional file servers, new branch equipment, and branch software, and the total purchase price of the leased equipment is \$2,538,868. These items were selected to accommodate the funding for Project Genesis because of their ability to be leased with relative ease and because they can be leased within Project Genesis' delivery and implementation schedule. The estimated cost of finance charges projected over a three-year period is \$231,851.

Ms. West noted that the \$3,135,450 estimate represents the up-front funding required for all purchased items, plus one year of the payment on the leased items.

With the current costs and lease projections, Ms. West said the Project Genesis staff was projecting a shortfall of approximately \$24,277. She said, however, this shortfall should be eliminated when current and, hopefully, lower costs for hardware and actual leasing costs were obtained. If this amount cannot be recouped by reduced costs, Ms. West said that the contingency funding would be reduced accordingly.

Ms. West indicated that the updated spreadsheet in Exhibit A shows that approximately \$52,639 would be paid from the self-funded Emission Control budget. This funding will provide equipment needed for the Emission Control Program's employees to use the Project Genesis application and the equipment will be ordered with the D-10's for all Project Genesis-related items.

In concluding her testimony, Ms. West requested the subcommittee's approval to prepare a work program to move the identified funding into one category for the aforementioned expenditure items, to forward the D-10's to the state Purchasing Division for processing, and to order the telephone lines and cabling installations.

Chairman Close asked Ms. West if it would create a problem to place the reserve funding for DL/VR Link Data Entry and the R25 Conversion Costs in separate categories for monitoring purposes and Ms. West responded that it would not.

Chairman Close said he would instruct staff to ensure that the funding was expended in the areas previously described.

Chairman Close wanted to know the status of the service level agreement (SLA) between DoIT and DMV. Ms. West indicated that DMV had received a draft of DoIT's SLA. A new employee who was hired for Project Genesis at the beginning of November has been assigned to work on the SLA. The Project Genesis staff has had preliminary discussions with DoIT on the SLA and anticipates setting up a meeting in the near future to review the draft document.

Chairman Close wanted to know when the SLA was going to be accomplished. Although she was unable to provide a definitive date, Ms. West said she would be happy to provide the subcommittee with that information next week.

After directing the subcommittee's attention to pages 155 and 156 in the meeting packet, Chairman Close asked Ms. West to address each of the postponed projects.

Human Resources Consultant - \$100,000: Ms. West noted that the Project Genesis staff does not believe the Human Resources Consultant is needed for the Rewards and Recognition Program since it was developed by the Continuous Improvement Team. In fact, as a result of working with the Budget Division during the review of DMV's biennial budget requests, the cost for the HR Consultant has been eliminated.

Management Communications System - \$205,000: Ms. West said the Project Genesis staff does not believe the software would be necessary. The Project Genesis staff had originally anticipated having a product called Lotus Notes that would enable staff to share documents. Since staff now believes it will be able to accomplish this activity with the software packages that will be rolled out, Ms. West said this cost has been eliminated from the current biennium and has not been requested for the next biennium.

Customer Service and Change Management Training - \$240,000: Ms. West said that although the Project

Genesis staff had hoped to be rolling out a Customer Service and Change Management Training Program, it currently anticipates being able to do some Change Management training within the Project Genesis application, but it will not be sufficient when the service centers are rolled out and the organization continues to change. This activity will not be accomplished during the current biennium, but it will be included in the one-shot appropriation request that has been submitted to the Budget Division to be considered for the next biennium.

Since it was his understanding that only \$11,438 had been expended of the \$539,766 budgeted for training in FY 1998, Chairman Close asked Ms. West if she thought this area was overbudgeted. Ms. West responded that the Project Genesis staff does not believe all of the funding budgeted for training in FY 1998 would be needed and the numbers for training included in the one-shot appropriation request were currently being reworked.

Chairman Close asked Ms. West to provide the finalized amount that would be required for training as soon as it was available to the legislative Fiscal Analysis staff and Ms. West said she would.

It was Chairman Close's understanding that \$1,174,008 had been budgeted for training in FY 1999, and of that amount \$90,000 was budgeted for programmer technical training, \$99,029 for Stakeholder training, and \$126,018 for management training. Given the vacancies in the management team and technical training staff, combined with the vacancies in the IS staff, Chairman Close wanted to know whether it would be possible to reduce the Project Genesis training costs for FY 1999 even further. While she did not believe the Project Genesis staff was in a position to make such a decision at this point in time, Ms. West said that Mr. Glover anticipates having a management team on board and hopes to accomplish a portion of that training. Also, with regard to the training for technical staff and new staff, the Project Genesis staff not only is considering sending people to training, but is considering purchasing training products as well to avoid the expenditure of out-of-state travel funds.

Although he was not trying to take away training dollars, Chairman Close suggested that Ms. West re-review the training budget to ensure that a realistic amount of money was available to accomplish this task. Ms. West responded that she would take a look at the training budget.

Senator O'Donnell wanted to know how the hiring of IS staff was progressing. Ms. West indicated that five new IS staff had been hired. Also, a new list for programmers had been requested and interviews were currently being scheduled. Ms. West said she was still working with the Department of Personnel on trying to determine the grade level for the Data Base Administrator (DBA). Ms. West also indicated that as a result of the recent hiring freeze imposed by Governor Miller, all of the new positions need to be rejustified.

Senator O'Donnell thought it was incredulous that the positions already allocated by the 1997 Legislature would be included in the hiring freeze. According to Ms. West, the Department of Personnel requires that all existing new positions be rejustified before they can be filled. She said, however, within two days of the hiring freeze the Project Genesis staff had completed the necessary paperwork and forwarded it to the Department of Personnel. Although she has not yet received approval to hire the new positions, Ms. West said she had requested a new list for programmers preparatory to the approval to avoid losing valuable interviewing time.

Senator O'Donnell directed attention to page 29 of the September 22, 1998, meeting minutes, which indicates that he requested Mr. Lemelin, of the Deloitte and Touche Consulting firm, to provide specific program names to DMV who, in turn, would submit the names to him. Senator O'Donnell said he had not yet seen the program names. Ms. West apologized for not following up on Senator O'Donnell's previous request. Ms. West said she expects to see Mr. Lemelin tomorrow and she would remind him of his promise to provide the program names.

After directing attention to "Other Reserves" in the updated schedule entitled "Summary of Implementation Costs by Cost Category" in Exhibit A, Senator O'Donnell wanted to know how 10 percent had been arrived at for the Installation Contingency. Although most of the installation costs have been identified, Ms. West pointed out that the Project Genesis staff had added a 10 percent installation contingency because it was concerned about the amount of work required to install new wiring in several of the older facilities, the West Carey Avenue office in particular, which are located in Clark County.

Senator O'Donnell asked Ms. West if she thought 10 percent would be adequate and Ms. West responded affirmatively.

Regarding the reserve of \$350,000 for the R25 Conversion Costs shown in the updated schedule in Exhibit A, Senator O'Donnell said it was his understanding that Marlene Lockard, Director, DoIT, plans to bring a request for \$500,000 for the same purpose to the next Interim Finance Committee meeting. Ms. West said she was not sure of the dollar amount of Ms. Lockard's request; however, staff hopes to move Project Genesis to the R25 as expeditiously as possible. Ms. West reminded the subcommittee that the Project Genesis staff has received the first half of the specifications and review had started this week. In addition, people are coding at the present time and testing is expected to begin within six weeks. Since she strongly believes that moving Project Genesis to the R25 as expeditiously as possible would reduce the inherent risks, Ms. West suggested that providing \$350,000 to assist DoIT with the move and to assist Project Genesis staff with any re-testing that might be required to accomplish the move was justifiable.

In responding to an inquiry from Senator O'Donnell, Ms. West reiterated that the testing would begin on some of Project Genesis' programs within the next six weeks. The Project Genesis staff had originally been told that the move to the R25 would be accomplished before the end of the year. She said, however, due to staffing problems at DoIT, the Project Genesis staff was advised this week that Project Genesis would probably be moved over to the R25 some time between the middle and the end of January of 1999.

While realizing DoIT has staffing problems, Senator O'Donnell questioned the propriety of DMV reserving one-third of a million dollars for the R25 conversion. Since DoIT is projecting to spend \$500,000 for the same kinds of people to be hired to convert from the ES 9000 to the R25, Senator O'Donnell said he was a bit nervous about the large amount of money involved. Ms. West apprised the subcommittee that it was the Project Genesis staff's intention to either return to the subcommittee or to the 1999 Legislature to address the expenditure of these funds. Currently, the Project Genesis staff anticipates bringing one MSA on board. The Project Genesis staff is not only concerned about the hardware move, but they are concerned about the operating change that will affect the system software as well. Ms. West said it was the Project Genesis staff's hope that the R25 conversion reserve would provide an adequate amount of funding for the planning and re-testing that will need to be done during the conversion to the R25. Ms. West also noted that Mr. Guy Duensing, Deputy Director, DoIT, who was sitting in the audience, could provide additional information on the R25 conversion issue.

Chairman Close recognized Mr. Duensing.

Senator O'Donnell asked Mr. Duensing to explain DoIT's funding request to the Interim Finance Committee in terms of hiring staff for the conversion from the ES 900 to the R25 for the purposes of Project Genesis. Mr. Duensing explained that DoIT was requesting three MSA's at a cost of approximately \$366,000. It was his understanding that Project Genesis had earmarked approximately \$100,00 for an MSA to help Project Genesis staff and DoIT staff convert to the R25.

Senator O'Donnell wanted to know whether all of the \$350,000 reserved for the R25 Conversion Costs would be expended on three MSA's for DoIT. In responding to a direct question from Senator O'Donnell, Ms. West and Mr. Duensing denied that the funding for the R25 conversion was being hidden in this budget for DoIT. Ms. West emphasized that \$100,000 had been set aside to fund an MSA to work with DoIT on the R25 conversion project. According to Ms. West, \$250,000 of the \$350,000 contingency amount being reserved for the R25 Conversion Costs was to cover any associated costs that might occur with planning and re-testing relating both to the hardware and the software conversion. In addition, a contract amendment with Deloitte and Touche may be needed in hiring staff from IBM for their expertise for the R25 conversion, or if other software is identified to accommodate the move to the R25. As Mr. Duensing previously stated, Ms. West noted that DoIT plans to hire three MSA's for DoIT's portion of the R25 conversion work.

Senator O'Donnell inquired as to the length of the MSA contract. It was Ms. West's understanding that \$100,000 would provide the services of an MSA for about five to six months.

Senator O'Donnell said he would make the motion to approve the implementation costs conditioned on the

Project Genesis staff being able to justify the contingency funding for the R25 Conversion Costs set forth in the updated schedule of implementation costs, dated November 18, 1998.

Chairman Close said he would accept Senator O'Donnell's motion.

SENATOR O'DONNELL MOVED TO APPROVE THE IMPLEMENTATION COSTS DATED NOVEMBER 18, 1998, FOR PROJECT GENESIS WITH THE PROVISIO THAT THE CONTINGENCY FUNDS FOR THE R25 CONVERSION BE JUSTIFIED AND THAT STAFF BE DIRECTED TO DEVELOP THE NECESSARY WORK PROGRAM FOR SUBMISSION TO THE OVERSIGHT SUBCOMMITTEE ON PROJECT GENESIS AND THE INTERIM FINANCE COMMITTEE AS WELL. SECONDED BY MRS. CHOWNING AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

IV. Public Testimony.

There was no public testimony.

Chairman Close announced that the subcommittee would meet in Carson City on Sunday, December 13, 1998, at 3 p.m., the day before the Interim Finance Committee meeting on Monday, December 14, 1998.

There being no further business to come before the subcommittee, Chairman Close adjourned the meeting at 3:05 p.m.

Assemblyman Jack D. Close, Sr.

Chairman, Subcommittee on Project Genesis