

**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 Tuesday, September 22, 1998, at 1 p.m., in Room 1214 of the Legislative Building, in Carson City, Nevada. A simultaneous video conference was conducted at Grant Sawyer State Office Building, in Room 4401, 555 East Washington Avenue, Las Vegas, Nevada, for the convenience of subcommittee members and people wishing to observe the meeting and provide testimony.

**SUBCOMMITTEE MEMBERS PRESENT - CARSON CITY**

Assemblyman Jack D. Close, Sr., Chairman

Senator Lawrence Jacobsen

Senator William R. O'Donnell

**SUBCOMMITTEE MEMBERS ABSENT**

Assemblywoman Vonne Chowning, Excused

**LEGISLATIVE COUNSEL BUREAU STAFF:**

Scott Wasserman, Chief Deputy Legislative Counsel

Debbra J. King, C.P.A., Program Analyst, Fiscal Analysis Division

Gary Ghiggeri, Principal Deputy Fiscal Analyst

Yhvana Martin, Secretary

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

After he apologized for the delay in starting the meeting, Chairman Close noted that he had learned Mrs. Chowning was out of state attending a seminar and Senator O'Donnell was en route from Las Vegas. While awaiting Senator O'Donnell's arrival, Chairman Close said it was his intent to start with agenda item IV, the Organizational Realignment of Motor Vehicle Branch of DMV&PS Administrators, since this would be handled through the legislative process and does not require the subcommittee's approval.

**II. Approval of June 24, 1998, Meeting Minutes.**

**SENATOR O'DONNELL MOVED TO APPROVE THE JUNE 24, 1998, MEETING MINUTES. SECONDED BY SENATOR JACOBSEN AND MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.**

**III. Follow-Up of June 24, 1998, Meeting Issues:**

A. State Review of Deliverables.

Ms. West recalled that there was a discussion at the June 24, 1998, meeting about the problem the Project Genesis Team was experiencing in getting a document out for review, getting the reviewers to understand the document, determining what the document is based on, the review time, and a compilation of comments. According to Ms. West, this had not only been an issue with the subcommittee and the legislative Fiscal Analysis Division staff, but was also an issue with Deloitte and Touche and the Project Genesis management team as well. It has been suggested that if the reviewers were to be brought together at a pre-specification meeting, about two months before the due date of the deliverable, it would be possible to walk through the contractual contents and get all of the reviewers and the people who have an interest in the deliverable to understand the table of contents. This would provide time to discuss the review process and time frames. At the conclusion of the pre-specification meeting, the Deloitte Track Leader, who would conduct the meeting, would write the specification for the deliverable and document agreements. Ms. West said that the specification would then be brought to her for review and if the specification was correct, she would sign off for the project.

Once the deliverable is complete, Deloitte would take the deliverable through an internal quality assurance process. After making the necessary corrections, Deloitte would deliver the final document to the state for review and comment. A deliverable follow-up meeting would then be held to consolidate the comments and answer any outstanding questions. The contractor would make the necessary changes, the state re-reviews as required, and the state reconciles that the comments and questions have been addressed and rolled into the document. After the document has been approved by the review team members, the document is signed. Ms. West told the subcommittee that this new procedure had started to improve the process involved in very technical deliverables and should lead to a higher quality on the deliverables.

After providing a copy of a four-page handout, which lists the deliverable, vendor, due date, payment, status, date received, and date approved (Exhibit A), Ms. West explained that several of the deliverables had been delivered late and she wished to address those as follows:

Page 1-- "Vendor Evaluation Process"--due from Best on June 5, 1998, but was received on June 22, 1998. As she previously mentioned at the June 24, 1998, meeting, Ms. West said the Project Genesis Team had been working with DoIT on its quality assurance process to determine roles and responsibilities. It was DMV's initial belief that DoIT was going to have a hands-on role. She said, however, in light of DoIT's Y2K Project, the IFMS Project, and other activities, DoIT had advised DMV that because Deloitte has its own quality assurance process, DMV has the capability to redefine quality assurance for Project Genesis. That task has been done and incorporated into this document. The contents of the status report have been expanded to include vendor evaluation and other reports that are being tracked. In order to incorporate those changes, Ms. West said the Project Genesis Team had taken more time in preparing the document; thus, it took Best longer to deliver it. The deliverable was quickly reviewed and approved on June 25, 1998.

Page 1--"Detailed Quarterly Team Work Plan"--due from Best on June 30, 1998. Ms. West said this deliverable was received about two weeks late, on July 13, 1998. Ms. West indicated that part of the delay was due to the Project Genesis Leadership Team having to prepare for subcommittee meetings, plus she was out of the office on vacation at that time. According to Ms. West, the Project Genesis Leadership Team expends a considerable amount of time and effort in responding to questions and providing the necessary information to the legislative staff and the subcommittee. The deliverable was quickly reviewed and approved on July 16, 1998.

Page 1--"Monthly Status Report #3"--due from Deloitte and Touche on July 5, 1998. Ms. West said she wished to clarify for the record that the contract for the Monthly Status Report from Deloitte and Touche was due on the fifth working day of the month. Since July 5, 1998 fell on a holiday weekend, Deloitte and Touche delivered

the report on July 8, 1998. Ms. West said she had asked for more detail in a couple of areas and the deliverable was approved on July 14, 1998.

During the June 24, 1998, meeting, Ms. West recalled that there was a lengthy discussion regarding the review time on deliverables. By contract, the review time on most deliverables is 10 days. She said, however, in several instances, additional review time was necessary. Ms. West told the subcommittee that the Project Genesis Team wants to be able to do an adequate review, return documents for rework if necessary, have the reviewers re-review, and reconcile their comments to the reworked document before authorizing payment to the contractor. Ms. West said she had been consulting with Ms. Rochelle Summers, Contract Administration Unit, DoIT, and a decision had been made to meet the contractual due date unless it was agreed upon and signed off by both the Deloitte Project Manager and herself in the deliverable specification. If a change in the review time is contemplated, Ms. West said it would be documented by the review team, the Deloitte Track Leader, and the Project Genesis Core Team in the pre-specification meeting, and she would sign off on that document. That document will then be forwarded to Ms. Summers at DoIT, to the Project Genesis staff, and to the Budget Division, so everyone involved in the process will be aware that the 10-day review time has been extended.

After discussions with legislative Fiscal Analysis Division staff, Deloitte, Risk Management, and Project Oversight, Ms. West said it had been determined that the timing of several of the deliverables; i.e., the implementation plan, the branch conversion plan, and the data conversion plan, was not tracking as anticipated. The Project Genesis Team has been working on how best to time those deliverables, how to redefine deliverables so they meet the state's need for documentation of the work being accomplished on the project, as well as Deloitte's need for having approval of its work processes before the project can be moved forward. Although the first amendment has been completed, Ms. West apprised the subcommittee that subsequent proposed changes to the Deloitte contract would impact several deliverables in the Best contract because Best, through project management oversight, has an evaluation and review process around some of those Deloitte deliverables. According to Ms. West, this amendment digressed from a one paragraph change in the contract to a rather lengthy, complicated amendment affecting two contracts. After consulting with Ms. Summers at DoIT, Ms. West said it was agreed that since the deliverables were dependent on each other, the best course of action was to convert both of the amendments into one. Ms. West said the process should be completed within the next week to 10 days.

Since the previous informal agreements and verbal communications regarding changes to deliverables were deemed unacceptable by the subcommittee at the June 24, 1998 meeting, Chairman Close said that, from his and the subcommittee's perspective, the Project Genesis Team should view the contract issue as its number one priority. Ms. West indicated that contract management would be the first topic addressed in her next Status Report on Project Genesis Activities.

## B. Hiring of Information Services Staff.

During the June 24, 1998, meeting, Ms. West said she talked about the goal being to hire the 10 remaining Information Services (IS) staff by September 30, 1998. As she discussed earlier, Ms. West said that the contract calls for DMV to provide on the project three full-time Core Team members, four subject matter experts, a Project Manager, and 13 IS staff. The purpose of having IS staff on the project has always been for knowledge transfer. The IS staff are not given assignments on the Deloitte work schedule, but rather they are there to learn the job. Ms. West said she was pleased to introduce Mr. Glenn Laursen, the new IS Manager on the project, who joined the team on August 10, 1998. Ms. West noted that Mr. Laursen had been employed by IBM for 30 years and has a client-server background. Mr. Laursen has completed orientation and has become actively involved in the review of technical deliverables and with system development. Mr. Laursen's other priority is to hire the remaining 10 IS staff to round out his staff on the project. Ms. West also noted that there were currently five Information System Specialist III positions on the project, two of the

positions were filled before Mr. Laursen was hired. Interviews are scheduled this week for the remaining three positions.

Ms. West noted that last week Mr. Laursen, along with members of Deloitte and Best, conducted interviews for the critical position of Computer Network Specialist III for the project. In addition, interviews were held for four Computer System Programmer III positions. Since the candidate chosen for that particular position was unable to qualify for the background check, Ms. West indicated that a new list had been requested from the Department of Personnel and interviews would be rescheduled.

Ms. West also indicated that a Database Manager IV and a Computer System Technician need to be hired. She said, however, a discrepancy had been discovered in the level of classification for these positions and a meeting had been scheduled with the Department of Personnel during the week of September 21, to discuss and resolve this discrepancy so interviews can be scheduled during the week of September 28. Ms. West apprised the subcommittee that the Project Genesis Leadership Team's revised goal was to hire 10 IS staff by the end of October. Once the staff has been hired, they will go through an orientation of the project and review all deliverables which have been approved to date. The staff will then be placed along side the Deloitte and Touche Track Leaders, working hand in hand through coding and then into implementation. Ms. West said the Project Genesis Leadership Team still believes it will be possible to have the transfer of knowledge that is needed in order to have the staff ready to maintain the system once it becomes operational.

Senator O'Donnell wondered whether a representative from Deloitte and Touche was present to respond to a question of his.

Chairman Close recognized Mr. Jon Lemelin, a consultant with Deloitte and Touche.

Senator O'Donnell expressed concern about having a shared data processing system. Senator O'Donnell said he had said from day one that this project should have been done in house. Senator O'Donnell asked Mr. Lemelin whether Deloitte and Touche has programmers on staff and, if so, how much the programmers were being paid. Mr. Lemelin said that since Deloitte and Touche contracts program analysts through subcontracting organizations, he had no idea what they personally make; however, the programmers contract with Deloitte and Touche for \$8,000 to \$10,000 per month.

Senator O'Donnell wanted to know who was paying Deloitte and Touche and Mr. Lemelin responded the State of Nevada. Senator O'Donnell suggested that a quick analysis would confirm that the State of Nevada was paying between \$80,000 to \$90,000 a year for the programmers.

Senator O'Donnell wondered what grade levels the Department of Personnel had assigned to the 10 IS positions. Ms. West said although there were several different classifications at various grade levels, she thought most of the 10 IS positions had been classified at a grade 39, which has a maximum annual salary of \$53,000. Ms. West reminded the subcommittee that the last legislative session had authorized DMV to hire Project Genesis programming positions at step 15, or maximum salary; thus, programming staff were not being brought in at entry level.

It was Senator O'Donnell's understanding that recent college graduates in San Jose, California, were making \$41,000 per year to start and that those same individuals were now making \$100,000 per year working for Deloitte and Touche on Project Genesis. Senator O'Donnell expressed concern that the state was not in control of this project because Deloitte and Touche has hired the subcontractor who has the programmers, or systems analysts, who were central to the successful completion of this project. Senator O'Donnell said he wished to state once more for the record that the state needs to look seriously at having its own programming staff. Senator O'Donnell also recalled that DMV had agreed to have its own in-house programming staff for Project Genesis. Senator O'Donnell said he also recalls discussing an "A Team." Since this never happened, Senator O'Donnell said he felt this was the main reason why the Project Genesis Leadership Team was

having difficulties recruiting data processing personnel at this time. Also since two key people had already left the project, Senator O'Donnell said he was extremely nervous about the outcome of the project.

After directing attention to three Deloitte and Touche deliverables at the top of page 3 (Exhibit A), entitled "Deliver Security Code and Unit Test Results," "Deliver Occupational Licensing Code and Unit Test Results," and "Deliver System Documentation," Senator O'Donnell wondered whether Project Genesis staff would be hired and ready by March of 1999, to learn, side by side, programming techniques from Deloitte and Touche staff. Mr. Lemelin indicated that the Project Genesis staff would be learning about the project on the day they are hired and would continue to learn through March, through August and "Big Bang," and through three months of maintenance.

Senator O'Donnell wanted to know whether the Project Genesis staff would be performing any of the work. Mr. Lemelin said the Project Genesis staff would do as much work as they were capable of doing.

For the record, Ms. West said she wished to point out that thus far the delay in hiring IS staff had not been the inability to get people to accept positions as the people who have been chosen to fill positions who have passed background checks have joined Project Genesis. Rather, in Ms. West's opinion, the delay in hiring the 10 IS staff was because she felt it was important to have the IS Manager on board before additional staff were hired. Although qualified to handle management staff, Ms. West said she was not qualified to supervise programmers. Ms. West also indicated that she was not aware that salary had been a defining issue in why the IS staff were not yet on board.

Chairman Close wanted to know what had happened to the pool of approximately 140 applicants. Ms. West noted that DoIT had reviewed all of the 140 applications to ensure the applicants were qualified for the various positions. The Project Genesis Leadership Team has been attempting to select the most desirable people with the appropriate background for each slot and scheduling them for interviews. For example, when Mr. Laursen was hired as IS Manager, Ms. West indicated there were five candidates for that position, any of whom would have made a great IS Manager.

In reference to the positions, Chairman Close asked Ms. West if there was any area within the Deloitte and Touche contract that is the state's responsibility with which DMV is not currently in compliance. Ms. West stated:

No sir - we are in compliance with the contract. At this point, Deloitte would say we could not hold them accountable for knowledge transfer because we have not provided the staff for that, but for those areas where we are responsible for project work and project schedule, that staff has been there. We have provided all of the staff, sometimes at great pains to our divisions, for all of the Joint Application Development (JAD) sessions, all of the meetings, all of the reviews. The concern here for us is for our future, not with the contract with Deloitte, the sooner we get the staff on board the sooner we begin the training the more these people will know when November 1999 rolls around and Deloitte's contract ends.

While he did not want to be an adversary, it was Senator O'Donnell's belief that the philosophy from the legislature's standpoint was incorrect because the state was paying twice what it pays state staff to hire people through contract vendors. Once Deloitte and Touche leaves, and the project is, say, 75 percent complete, Senator O'Donnell said he would doubt whether a \$53,000 per year programmer would remain with DMV if Deloitte and Touche, or some other contract vendor, offered a higher salary.

#### C. User Requirements Validation Document Review by LCB Staff.

After directing the subcommittee's attention to Tab IIIb, Ms. West said she wished to walk through the evolution of the documentation of the project depicted in diagram form on page 46 of the

meeting packet. During Phase I of the project, the Project Genesis Team put together the user requirement document in conjunction with Best Consulting. That information was transferred into vendor orientation materials. The second draft of the RFP for the technology vendor required attendance at a mandatory three-day vendor conference to review and discuss the vendor orientation materials. Following that, each vendor was provided with the opportunity to have two days of questions and answers (Q&A) with project staff. The interested vendors made an oral presentation of their proposals. During that same period, vendors, including Deloitte and Touche, were preparing a conceptual design. This process was continued through contract negotiations. About midway through the contract negotiations with Deloitte and Touche, Deloitte and Touche presented its first draft of the conceptual design.

Ms. West thought the subcommittee would recall that she was brought into Project Genesis at the beginning of the contract negotiations. Subsequently, a decision was made to restructure the Core Team and reclassify the positions. At this point in time, the Core Team consisted of two people: herself as Project Manager doing contract negotiations and Carol Falk who handled communications and other project issues. Ms. West said she was provided with a draft copy of the conceptual design and she was walked through it by Deloitte and Touche. Since she was not part of the group that put together the requirements document in Phase I, Ms. West indicated that the members of Best Consulting who had been involved during Phase I; namely, Barbara Meyer, Lora Sheehan, and Suzanne March, were asked to work with Heather Chabot and Jon Lemelin with Deloitte to see if the conceptual design captured the requirements.

The project was started with the user requirement JAD's. JAD participants were provided with copies of the conceptual design document, as well as the functional requirement documents and vendor orientation materials. During that process, users validated Deloitte's understanding of the requirements, their organization of the materials, and their approach to putting the system together. The functional requirements document and the Deloitte conceptual design document anticipated moving Motor Carrier registrations from DMV's Honeywell System to Project Genesis during Phase I. It was subsequently determined during the JAD sessions that Motor Carrier wanted to put that piece of its work on the Lockheed Vista System; thus, the Motor Carrier functions were subsequently redefined. In re-reviewing the documents and looking at the conceptual design, and other user requirements, Ms. West said the Project Genesis Team discovered that they had overlooked several functions before; one being, what she called, the "Midnight Special." When a pending revocation or suspension is entered, at midnight on the effective date the system automatically changes the status from valid to revoked or suspended. Since Motor Carrier needs to have the capability of changing status when someone goes into revocation, this function had to be brought back in.

Continuing, Ms. West noted that the people from Phase I and the people who had attended the JAD sessions were placed into groups by function; i.e. Driver's License, Business Licensing, Vehicle Registration, and walked through the evolution of the user requirement validation document. They were given a day to read the document after which time all of their comments were recorded. Deloitte rolled those comments into the document and the user requirement validation document was delivered to the Project Genesis Core Team who reconciled the review comments to the re-worked user requirement document and the document was approved. According to Ms. West, that document became the basis of the work on the DSD which, she said was about 90 percent complete.

In order to assess the cumulative impact of multiple "adds" and "drops," Ms. West said a relative weighting system had to be devised. Ms. West referred to the diagram on page 48 in the meeting packet, which shows the four different types of components in the system; i.e., window, output (on-line and batch), complex logic (on line) and complex logic (batch) and three levels of complexity; i.e., low, medium, and high. The weighting system was applied to a list of "adds" and "drops" by members of the Project Genesis Core Team, Best Consulting, Deloitte and Touche, and the Project Genesis Leadership Team, and the result was determined to be a "wash."

As the project moves into detailed design, Ms. West said it becomes difficult, if not impossible, to drop any components because there was no way of recouping that effort once a component has been placed on screens. It also costs more to add a component. Although the weighted ratings and the evaluation process and reconciliation process that were used in user requirements worked well during that stage of development, Ms. West said they would not have the same impact now. Contractually, Deloitte is required to put into the Project Genesis system those components that exist today. She said, however, since Project Genesis is a re-engineering project, work processes need to be streamlined. Ms. West said that thus far there have been no "adds" and no more "drops" during DSD. Ms. West stated:

We have moved beyond the initial project documents. We have moved beyond our initial documents with Deloitte and we are moving into a much clearer and more defined, detailed definition of what the system is going to do and what it is going to look like.

Since he thought the conceptual design document was actually the driver of the contract at this stage, Chairman Close said he was fearful about the potential for more "adds" in the future. Ms. West told the subcommittee that she would estimate that the DSD was 90 percent completed. In addition, she noted that Vehicle Registration was in the process of being completed and Driver's Licensing, Occupational Licensing and Business Licensing, General Services and revenue have already been completed. Currently, JAD's are being completed around management reports and interfaces. In Ms. West's opinion the time for "adds" had almost reached a zenith. While she would agree with Chairman Close that the conceptual design document was the defining document, Ms. West noted that it would be replaced by the DSD. According to Ms. West, the DSD has been broken down into three components to facilitate the review and quality assurance processes. The JAD's are being conducted around each area. For example, Occupational Licensing, Business Licensing, General Services and Revenue will be Part 1 of the DSD. Part 2 will be Driver's Licensing, and Part 3 will be Vehicle Registration with another component added for management reports and interfaces. This work culminated with an extended team walk through, internal project Q&A review, and ultimate delivery of the DSD document to the state. Ms. West indicated that this document would move the project forward into writing specifications and then into coding the program.

Chairman Close said he would assume from Ms. West's prior comments that she does not expect to have many "adds" and Ms. West responded that Chairman Close's assumption was correct.

#### D. DMV Time Lines for Statewide Network.

Ms. West asked to have her comments on this item combined with her comments under Tab V.

### **IV. Organizational Realignment of Motor Vehicle Branch of DMV&PS Administrators - Bruce Glover.**

Chairman Close recognized Mr. Bruce Glover, Deputy Director, DMV&PS. Mr. Glover told the subcommittee that he would normally testify extemporaneously. He said, however, because of the importance of the organizational realignment he wished to read into the record from his prepared notes so he would not miss any of the details.

#### A. Proposed Time Line.

In 1994, the DMV embarked on a six-week business case study called Project Catalyst. The management of the Department agreed that technology alone would not solve our problems. While newer, faster computers and streamlined work processes will improve service, these improvements can neither be sustained nor additional efficiencies and improvements be realized without an organization to support it. At that time we agreed that to be successful we must re-engineer our Department and that our Department was ripe for re-engineering. This re-engineering must include our work processes, our technology, and our organization.

In 1995, we completed a six-month Business Process Re-engineering (BPR) study in which we were asked to step outside traditional divisional boundaries and analyze cross-divisional working relationships. During the study, we found that our organization was: internally focused, compartmentalized, and aligned by program rather than function. We realized our employees see our customers through either registrations, titles, or driver licenses. Yet our customers see us as one agency, the DMV. During this study, we designed a framework for a new organization which broke down the barriers that prevent our current organization from focusing on all our customer needs. These improvements include: one-stop service, reduction of reporting levels to enable trained, empowered employees to make decisions to expedite service for our customers, and like functions are grouped together to maintain a customer service focus and maximize our resources. The organization designed during this study was validated by management and employees of the organization and our Steering Committee.

Based on information and feedback gathered during the BPR study, we refined the organizational piece and revalidated these changes within the Department. This was the organizational structure presented during the 1997 Legislative Session.

As we prepared for Phase II, the implementation phase of our project, there was a great deal of discussion in the Department on the timing of the organizational change. We considered several options for deploying this change and determined that it is essential to roll out the new organization along with the new technology. The Chiefs, Assistant Chiefs, and Regional Managers agreed that we must know who will be serving in what roles in the new realigned organization before we can schedule and complete the training needed to be prepared for "Big Bang."

We also agreed that organizational change must run parallel to the re-engineering of work processes and the development of our new technology. By preparing to move forward into the new organization, employees and managers will have the opportunity to focus and develop a sense of ownership over their new jobs. They can relate their participation in JAD's and in training directly to their work when we 'go live' with the new system. We will also have the leadership in place to plan and prepare for operating as a new organization. We need staff to be able to think, plan, prepare, and train for the organization from a perspective of responsibility and accountability.

Refinement of the organization is nearing completion as we approach the end of our work with State Personnel to classify the positions within it. We have only two remaining positions to classify (Operations Coordinate and Operational Review staff) and one position to validate (Program Manager - Management Services and Programs Division)

Mr. Glover asked Ms. West to walk through the functions and positions of the four new divisions and highlight the changes made in the proposed organization structure since it was presented during the 1997 Legislative Session. Mr. Glover also asked Ms. West to address the differences between the future organization and the organization at roll out on July 1, 1999.

Ms. Donna West, Project Manager for DMV&PS' Project Genesis, said she would bring the subcommittee up to date starting with the organization as it was presented to the 1997 Legislative Session through the evolution as DMV moves into Phase II. Ms. West provided the subcommittee with a multi-page packet of informational materials. She first directed the subcommittee's attention to a handout entitled "Comparison of DMV Organizational Realignment Recommendations" (Exhibit B). Ms. West pointed out that a significant change had occurred to the overall organization with the reduction of the proposed five divisions to four divisions. The Programs and Management Services units have been combined into one unit, which will be responsible for the development, implementation, and oversight of all DMV programs.

Ms. West referred to a handout of an organizational chart for the Compliance Enforcement Division (Exhibit C), which she said was tasked with the investigation and the audit functions for DMV. Based on recent meetings with staff and discussions with industry and state Department of Personnel, Ms. West indicated that the Motor Carrier Tax and Licensing Administrator and team had been added to the Audit/ Operational Review Unit. This will place both the audit, tax and licensing functions of the Motor Carrier Division together so staff



will be able to focus on the Motor Carrier issues. The organizational chart (Exhibit C) also depicts the existing Bureau of Enforcement (Compliance Enforcement Division) grouped with the Chief Investigator North and the Chief Investigator South and shows DMV's current focus on Emission Control programs. The Audit/Operational Review Unit, which is new, along with the other work units, will conduct internal review audits throughout DMV to ensure compliance with policies and procedures. Since one of the difficulties experienced in the current organization has been its inability to deliver consistent service to customers, Ms. West said this unit would identify the need for new procedures and new regulations to keep DMV current and work closely with the program managers in the Management Services and Programs Unit.

Directing attention to a handout of a chart entitled "Future Estimated Staffing Levels - Compliance Enforcement" (Exhibit D), Ms. West explained that the staffing matches the organizational chart in Exhibit C. According to Ms. West, a total of 109 staff was being proposed for the future organization of the Compliance Enforcement Division. Ms. West said the Project Genesis Leadership Team proposes to keep within current full time equivalent (FTE) positions and to rely on efficiencies gained through the new organizational structure and through implementation of the new system to complete the realignment of the organization. After directing the subcommittee's attention to a chart entitled "Estimated Staffing Levels - Rollout - Compliance Enforcement" (Exhibit E), Ms. West indicated that there would be a total of 105 staff in the Compliance Enforcement Division at rollout on July 1, 1999, versus a total of 109 staff in the future organization (Exhibit D).

Ms. West called the subcommittee's attention to a four-page handout entitled "Analysis of Organizational Staffing Levels - Compliance Enforcement" (Exhibit F), which compares future staffing with roll-out staffing. She also provided a copy of a handout entitled "Comparison of DMV Organizational Realignment Recommendations By Division" (Exhibit G). In explaining the difference in staffing between the future organization and the roll-out organization, Ms. West noted that although two Program Assistant II positions were placed in this Division based on descriptions of duties and estimated workload, the Project Genesis Leadership Team now believes it will be possible to roll out this Division on July 1, 1999, with one Program Assistant II position (Page 2 of Exhibit F). Although the Project Genesis Leadership Team believes the organization can be started with one Program Assistant II position, Ms. West said the remaining position would be filled if the workload reaches the anticipated level. Page 3 of the handout (Exhibit F) shows that the future organization calls for four Operational Review Analysts in order to perform the necessary duties and evaluate four divisions statewide. She said, however, since the new system will begin with well trained staff, the Project Genesis Leadership Team believes only two Operational Review Analysts will be needed to help measure compliance.

After referring the subcommittee to Tab IV-a in the meeting packet, Ms. West indicated that the High Level Realignment Transition Task Plan documents, starting on pages 107 through 112 in the meeting packet, represent a first draft and the documents would need to be reviewed and fine tuned by the administrators being appointed to the organization, as well as by the realignment team. Ms. West told the subcommittee there were a number of similarities in each transition plan as some of the activities would include: recruitment, interview and selection of operational managers within each division, identifying which employees in the organization are going to be in which division, recruiting for vacant positions within each division, looking at work space needs within the division, comparing future needs of the division with what is currently in existence, and assessing training needs unique to that division. The Project Genesis Leadership Teams plans on conducting orientation on roles and responsibilities so the organization will be ready to move forward when everyone has been appointed to their new positions on July 1, 1999, based on approval by the executive branch and the legislative branch of government.

Mr. Close wanted to know whether the Operational Audit Manager (page 110 in the meeting packet) was a new reclassification. Ms. West said this particular position had not yet been classified and a decision had not been made whether to use an existing classification within state service or create a new classification. In any event, Ms. West said the position would be a promotional opportunity available to employees within DMV.

Mr. Close reminded Ms. West that if the Operational Audit Manager were to be reclassified, it would need to be approved by the Interim Finance Committee. Also Mr. Close wondered how new positions not currently included in DMV's biennial budget would be hired. Ms. West told the subcommittee that "no one will move until the budgets and the positions are approved."

Chairman Close noted that Senator O'Donnell had arrived and the subcommittee now has a quorum.

Ms. West directed the subcommittee's attention to the transitional plan for Central Services and Records on pages 111-112 of the meeting packet, which she said was similar to the transitional plans for Compliance Enforcement (page 110) and Field Services (pages 107-108). In order to identify the new managers, Ms. West said it was the Project Genesis Leadership Team's intention to assign employees into teams to designate work space and also to bring Records Research into the Motor Vehicle Branch on July 1, 1999, based upon approval of the organization.

Continuing her testimony, Ms. West referred to a handout of an organizational chart for the Field Services Division (Exhibit H), which she said was identical to the one included in the meeting packet on page 77. Ms. West also noted that a description of this Division could be found on page 79. The Field Services Division is comprised of the branch offices, provides direct delivery of services for driver licensing, vehicle registration, vehicle ownership, as well as business services to emission control stations, vehicle dealers, smog stations, and all driving and DUI-related schools. DMV proposes to provide one-stop customer service in service centers and Ms. West provided a handout which describes the four Service Centers (Exhibit I). Each branch office will offer some form of Service Center A whose essential function is to provide customers with appropriate and timely information. DMV's web site will also serve as a Service Center A. Ms. West noted that Service Center A was not included in the organizational chart.

Ms. West directed attention to two handouts one entitled "Future Estimated Staffing Levels - Field Services" (Exhibit J) and the second entitled "Estimated Staffing Levels - Rollout - Field Services" (Exhibit K). Ms. West noted that a total of 526 employees was being proposed for future staffing levels compared to a total of 518 employees being proposed at roll out for the Field Services Division. In addition, she called attention to a two-page handout entitled "Analysis of Organizational Staffing Levels - Field Services" (Exhibit L). Although the chart shows one Program Assistant II assigned to each of the six Field Services Managers in the future organization, Ms. West said the Project Genesis Leadership Team does not believe that any of those six positions would be needed at roll out because their duties could be assumed by the Operations Coordinators.

Ms. West provided a copy of a handout entitled "Comparison of DMV Organizational Realignment Recommendations By Division (Exhibit M). In noting changes that had been made since the 1997 Legislature, Ms. West indicated that the Field Services Division had originally been designed with seven Field Services Managers, who were responsible for providing focus on service and delivery of strategic planning, budgeting, and personnel issues for a branch office. After a review was made of the reporting structure and equity issues, the Project Genesis Leadership Team decided to have six equal Field Services Managers rather than seven. In addition, the Operations Coordinators, which formerly reported directly to the Administrator, have been removed. The organizational chart in Exhibit H depicts an Operational Coordinator reporting directly to five of the six Field Services Managers. The Operational Coordinators will be available to deal with facility issues, timekeeping issues, first level personnel issues, and be a support and an assistant to the Field Services Manager in the branch offices.

Mr. Close wanted to know how many of the Operations Coordinators were going to be assigned to branch offices in rural versus urban areas. Ms. West noted that the original plan had called for an Operations Coordinator reporting to each of the Field Services Managers. Although the number of Operations Coordinators has been reduced from seven to four, Ms. West said it was the Project Genesis Leadership Team's belief that eventually each of the six Field Services Managers would need an Operations Coordinator. In the meantime, since the Henderson branch office is new and does not have the same staffing level as West Flamingo or Sahara, the Operations Coordinator will be a shared resource among the branch offices for now. She also noted that northern Nevada would share an Operations Coordinator.

Mr. Close expressed concern that the Project Genesis Leadership Team was planning to add additional staff later on even though the system was supposed to become more efficient at roll out. Ms. West said that the Project Genesis Leadership Team do not believe the Field Services Managers should be involved in such day-to-day activities as landscaping, safety in the parking lot, security guards, and other activities, because they need to be tracking budgets, doing strategic planning, and keeping an overall focus on service; thus, the Operations Coordinator would be responsible for picking up the day-to-day "nuts and bolts" functions of the facility.

Ms. West called attention to a handout of an organizational chart for the Central Services and Records Division (Exhibit N). Ms. West noted that Motor Carrier, Tax and Licensing had originally been placed under the Processing Services Manager before being moved to the Compliance Enforcement Division. The description for this Division can be found on pages 99 - 100 in the meeting packet. The Central Services and Records Division is a production unit consisting of a Records Research Section. The Records Research Section is currently funded in budget account 4711, but will be moved to Administrative Services under the new organization. A Technical Team has been added, which includes first level maintenance staff for all of the equipment. A Data Integrity Team will be the next evolution of DMV's current Document Section that will be maintaining and tracking records. Also included in the Data Integrity Team is the Help Desk, which will be the second level of help in the organization. The first level of help will be the "wizards" and team leaders in the field who can answer most of the questions as a result of their training and preparation for roll out. If additional assistance is needed, the "wizards" and team leaders can call the Help Desk. The Processing Services Unit includes: Insurance Verification, License Review and Title Processing. Alternate Services Delivery will be expanded in Phase III and, at roll out, will include the Renew By Mail Program, Driver's License and Registration, as well as special plates, with Internet and telephone transactions to be added later. This is the unit that will expand or change its focus in order to accommodate those changes. Lastly, the Central Services and Records Division houses the Prison Industries Supervisor for the license plate program.

Ms. West provided three handouts; namely: "Future Estimated Staffing Levels - Central Services and Records" (Exhibit O), "Estimated Staffing Levels - Rollout - Central Services and Records" (Exhibit P) and "Analysis of Organizational Staffing Levels - Central Services and Records Division (Exhibit Q). The future organization lists a total of 179 employees (Exhibit O) and the rollout organization lists a total of 176 employees (Exhibit P). Ms. West provided a handout entitled "Comparison of DMV Organizational Realignment Recommendations By Division" (Exhibit R). In citing the major changes made since the proposal was presented to the 1997 Legislature, Ms. West said the Motor Carrier Unit had recently been moved to the Compliance Enforcement Division and the Inventory Control Unit had been moved to Management Services and Programs.

Ms. West pointed out that the rollout organization calls for 176 employees (Exhibit P), or a difference of three from the future organization (Exhibit O), because only three people will be placed on the Equipment Maintenance Team. Since the Project Genesis Leadership Team intends to either purchase and/or lease new equipment for the system with a three-year warranty, Ms. West said a decision had been made to do first level maintenance in-house; thus, hiring the entire team was not necessary (Exhibit Q). She also noted that the Mail Room Clerk was a support function for the Alternate Services Delivery Unit and the Processing Center. The Project Genesis Leadership Team believes it will be possible for one Mail Room Clerk to handle the work initially; however, there will be a need for the future organization to have shift work and Mail Clerks to take care of increased mail volume as services are expanded in Phase III (Exhibit Q).

Ms. West provided a handout of an organizational chart for Management Services and Programs Division (Exhibit S). A description of the Management Services and Programs Division can be found on page 85 of the meeting packet. The Management Services and Programs Division is a new unit responsible for the development, implementation, and oversight of all DMV programs. According to Ms. West, the Management Services and Programs Division would provide DMV with the ability to focus on program areas; an ability it does not have in the current organization. This unit focuses on vehicle programs, driver programs, business programs, and emission control programs, as well as working with employee development, personnel issues and fiscal matters concerning the Motor Vehicle branch offices. The Program Managers will be focusing on delivering turn-key programs to Field Services, Central Services and Records, and Compliance Enforcement.

Ms. West provided a handout of a chart depicting the "Future Estimated Staffing Levels - Management Services and Programs Division" (Exhibit T), the "Estimated Staffing Levels- Rollout - Management Services and Programs Division" (Exhibit U) and "Analysis of Organizational Staffing Levels - Management Services and Programs" (Exhibit V). The future estimated staffing of the Management Services and Programs Division will have a total of 34 employees (Exhibit T). A handout entitled "Comparison of DMV Organization Realignment Recommendations by Division - Management Services and Programs" (Exhibit W) indicates that the Purchasing and Inventory Units originally located under Central Services have been moved to Management Services and Programs, reporting directly to the Fiscal Manager, based on a recommendation from the

Continuous Improvement Team.

When Program Administration and Management Services was combined into Management Services and Programs, Ms. West said it resulted in a reduction from nine managers to six managers. In addition, a Communications Manager, a Customer Services Liaison Manager, as well as the Strategic Planning Manager, were eliminated. Since the functions of the Communications Manager and the Customer Services Liaison Manager are currently handled at the departmental level with the Public Information Officers (PIO) and the Assistant to the Director, Ms. West said it would be repetitive to have those positions isolated in a Motor Vehicle branch office. The estimated staffing at rollout for the Management Services and Programs Division will total 28 employees (Exhibit U).

Since the Management Services and Programs Division is new, Ms. West said Project Genesis Leadership Team intends to move slowly so that it will be able to evaluate the efficiencies gained in the organization versus the need to fill these positions. After referring to Exhibit V, Ms. West noted that the two Program Assistant III positions will not be hired at roll out as the Program Analysts will be providing the necessary research, tracking and support to the Motor Vehicle program. Although the Education Program Analyst was added to the organization under the Driver Programs Manager, this position will not be filled at roll out. She said, however, the Project Genesis Leadership Team believes there will be a future need of this position, particularly with implementation of Assembly Bill 404 on October 1. In addition, the Occupational Licensing Program Analyst will not be filled at roll out since these duties will be assumed by the Business License Program Analyst during this biennium. This position was added to the organization because the Project Genesis Leadership Team believes it will eventually need to be filled as all of the business and occupational licensing functions will be combined. The number of Program Assistant III positions in the Personnel Unit have been reduced from three to two at roll out. Based on completion of a recent realignment study, which indicated there would be limited activity for classification studies during the first biennium, a decision has been made to delay the hiring of a Personnel Analyst III position in the Employee Development area.

Ms. West directed attention to a handout entitled "Organizational Realignment Staffing Level Summary" (Exhibit X), which provides a breakdown of future staffing levels and roll out staffing levels in each of the four divisions. The current total roll out staffing level is 827 employees and the future staffing level calls for a total of 848, or a difference of +21. Ms. West said she had also prepared a chart for the subcommittee's information entitled "Estimated Costs for Organizational Rollout" (Exhibit Y). This document will need to be continuously fine tuned as the Project Genesis Leadership Team works with the state Department of Personnel in determining actual classifications. The chart also indicates those positions that will no longer exist when the new organization is rolled out. The chart shows an annual salary difference of \$596,542 in the first year of the biennium and \$614,438 in the second year of the biennium. In concluding her testimony, Ms. West advised the subcommittee that the projected costs of realignment were included in DMV's budget package that was delivered to the Department of Administration. Ms. West said she wished to thank Mrs. Sharon Murphy, Director, Department of Personnel, and Mr. Harlan Ashby, DMV, Personnel, for their assistance.

Chairman Close recognized Mr. Glover, who stated that the Project Genesis Leadership Team's time line was to appoint administrators in August, select the managers in September, identify the team leaders in October and know where all the employees of the organization will be assigned by November. Mr. Glover advised the subcommittee that the process of classifying the new positions by the Department of Personnel was off-schedule due to the time needed to create a new classification for DMV Program Manager for the Management Services Division and the difficulty in meeting every week during August. The Project Genesis Leadership Team will begin recruiting for managers in October and still believes it will be able to have all employees identified by division and service area by the end of November to enable the application training to be scheduled. Although administrators and manager positions in the organization are promotional opportunities for DMV staff, Mr. Glover indicated that most employees will not be impacted by the realignment other than their reporting structure when the new organization rolls out. The only remaining positions that may require departmental recruitment are the new analyst positions in the agency.

Continuing his testimony, Mr. Glover noted that the new administrators currently holding management positions in the existing organization would continue to perform their regular duties. In addition, they will participate in the planning for the new organization, including the designation and alignment of staff, assessing

staff training needs, and providing leadership for the transition. By knowing their future assignment, Mr. Glover said the administrators would have a sense of ownership over their new division and could use their vision to develop specific plans for implementation. According to Mr. Glover, the administrators would work with him to complete the steps for transition. The effective date of these appointments is set for July 1, 1999, and will be based upon legislative approval of DMV's budget for the new organization and the accompanying legislation.

Mr. Glover noted that Ms. West had walked through the future organization and the July 1, 1999, roll out plan of the organization that begins the official realignment process. Mr. Glover said the subcommittee must realize that in order to move from the initial organization to the fully realigned organization, DMV must realize efficiencies from new work processes, technology and organization. It is DMV's belief that, by streamlining work processes, eliminating repetitive steps, and automating previously manual processes, customer transactions will be processed more efficiently. DMV will be using enhanced performance indicators and measures to determine efficiencies gained with the new system. DMV staff will be better trained during Phase II and have updated, consistent policies and procedures in place to make better customer service decisions.

During Phase III, Mr. Glover indicated that enabling technologies such as telephone and Internet transactions and registration renewals at Emission Control stations would be implemented; thus, decreasing customer volume in field offices. By measuring the usage of these alternate service methods and tracking the impact on lobby traffic, Mr. Glover said he hoped to be able to identify positions that may need to be reclassified. Mr. Glover emphasized that positions would not be transferred from Field Services or Central Services without first clearly determining customer service would not be adversely impacted by those changes.

Mr. Glover pointed out that DMV's new organizational structure would lend efficiency to how it conducts business, particularly when implementing new programs. Currently, when DMV has to implement a new program, an ad hoc work group is formed consisting of all of the managers and analysts working with that program. Since staff works individually on various pieces of the program, Mr. Glover said there was very little coordination between the staff members. According to Mr. Glover, at the present time program changes were implemented with little training. In the new organization, DMV will have a planned, systematic approach to implementation of new programs and program changes, which will reduce the impact on DMV staff's time and resources.

Chairman Close suggested that the implementation plan would be heavily scrutinized through the legislative process and that it was his understanding Bill Draft Requests (BDR's) would originate from the Governor's Office. Mr. Glover said he had recently checked with Ms. Ann Nelson, Legal Counsel, Governor's Office, who told him that the BDR's submitted by DMV pertaining to the new organization would be incorporated into the Executive Budget.

Senator Jacobsen said he had recently talked to personnel at DMV and several of the staff questioned whether the new system would work. Senator Jacobsen asked Mr. Glover if he was satisfied with the progress thus far. Mr. Glover told Senator Jacobsen that it was difficult for him to respond to his question. Mr. Glover said he was aware that a number of DMV personnel were not willing to take, what he termed, the "leap of faith" that was necessary to move the project forward. Mr. Glover also acknowledged that the Chief of Registration and the Chief of Drivers License had vacated their positions. Mr. Glover said he had recently filled the Chief of Registration with Mr. Pete English, who totally supports the project. Although he acknowledged that the last few weeks had been a very trying time for him, Mr. Glover said he had recently received a card with 37 signatures on it from middle management telling him to stay the course. Mr. Glover said he was confident he had the necessary staff within the organization to complete the project and he, as well as the other Project Genesis members, have made a commitment to completing this project within four years. Mr. Glover thought he had a good vendor to develop the technology and the greatest staff anyone could ever ask for.

One of the issues that has caused him a "lot of heartburn" was the training that was going to be necessary to get people on line. Mr. Glover pointed out that the Reno office currently has long lines. Since the long lines have been addressed in southern Nevada, Mr. Glover suggested that it was time to address the long lines in northern Nevada. Mr. Glover indicated that 70 people from the realignment teams in southern Nevada had signed up to do a 12-week stint in northern Nevada to provide relief help at the windows. The realignment teams, through the district managers, are working very diligently to design a program that will allow training with the least

amount of impact possible. Mr. Glover said, however, he could not deny that an impact was going to occur because it was not possible to shut the facility doors for two months to train staff. It was Mr. Glover's recollection that when the first study was done, it indicated DMV was doing 600 points of business wrong. It was Mr. Glover's belief that the technology must support the system and the people have to support the technology. Mr. Glover said it was his hope that at the end of his 30-year career he would be able to walk away saying it was a good project.

Senator Jacobsen asked Mr. Glover whether he had considered the possibility of having the Western Nevada Community College (WNCC) offer special courses for new DMV employees or whether he planned to provide the training in house. Mr. Glover noted that DMV had never provided in-house training for staff, but instead had always relied on state Personnel to provide training. Since Deloitte and Touche and Best are currently in the process of developing new training programs, Mr. Glover thought it would be possible to handle the training in house.

Chairman Close said he realized that Mr. Glover, as well as all of the Project Genesis staff, were under a great deal of stress. While it was the subcommittee's responsibility to report back to the Interim Finance Committee on the progress of Project Genesis, Chairman Close told Mr. Glover that no project was worth sacrificing staff for to get it completed. Chairman Close said he would agree with Mr. Glover that it was important to place the right people in the right slots to support his vision. While he thought change was inevitable, Chairman Close said he wanted to hear today from Mr. Glover as to whether the time line for implementation of Project Genesis would be met. Mr. Glover pointed out that the State Personnel Department had been very cooperative and all of the positions, except one, have been classified. Mr. Glover said he intends to assist temporarily, on a day-to-day basis, in Driver's Licensing, but that he expects to hire within one week the Administrators for Compliance Enforcement, Field Services, and Management Services and Programs. Mr. Glover told the subcommittee that although it was going to be a very difficult task, the time line would be met. Mr. Glover stressed, however, that he would never jeopardize the health of DMV staff to complete the project and that if he did not believe the project could be completed within the time line, he would say so.

Chairman Close said he wanted to make sure that the subcommittee provides the necessary support to DMV staff so that the project can be successfully completed and that it was his hope Project Genesis would some day be recognized as a model for the state.

Chairman Close recognized Ms. West, who said that her role as the Project Genesis Manager had been extremely stressful because there were a number of different people who need direction from her. Ms. West said she looked forward to moving the organizational piece forward and getting her colleagues in place with other administrators. Ms. West said it was her hope that there will be three other people, besides herself and Mr. Glover, who share the vision and the passion for changing this organization. Although she has received great support from state Personnel, DoIT, Purchasing, and from many others within the organization, Ms. West said there had been times when the doubting or negative voices appeared to prevail. Once the organization is in place, Ms. West said she believes both she and Mr. Glover would be in a better position to provide the leadership that the employees need to overcome their doubts and feel comfortable moving forward.

Chairman Close asked Mr. Glover to keep him informed of any changes that might occur in the process. Mr. Glover said he would not hesitate to call him if that were to be the case.

## **V. Project Genesis Infrastructure Design and Development.**

As she discussed at the June 24, 1998, meeting, Ms. West said the time had arrived to start the procurement process. Ms. West said she wished to walk through the document under Tab IIId on page 67 of the meeting packet, which displays a parts list for hardware and software. The Project Genesis Team has been developing and documenting the architecture for the project, defining hardware components needed at each level of the client/server environment, defining software components needed at each level, and the type of network that will be required to support the volume of transactions anticipated with the new system. Staff has been externally validating the architectural design for the system through a review session with staff from two other states and the American Association of Motor Vehicle Administrators (AAMVA). In addition, a review was made by DMV's Information Management Bureau (IMB), DoIT, and Best Consulting. A list has been developed for the

hardware and software parts that need to be procured, including a description of associated features of each item. An implementation plan has also been developed for all the tasks associated with rolling out the new equipment and Project Genesis application. The implementation plan has been approved by all state departments having a role in executing the plan.

It was Ms. West's belief that these four steps provide a strong foundation for developing the procurement plan. Through a combined effort of the Project Genesis Core Team, the Realignment Team, and DMV IMB, a site survey of each the branch offices has recently been completed. The survey accomplished two functions: (1) identified equipment already owned by DMV that may be used with the new system and (2) identified any site modifications that will be required before the new equipment can be installed. During site assessment, the Project Genesis Core Team considered how the implementation of service centers would occur in each branch to identify any additional equipment or network connections that might be required. The Core Team is currently engaged in analyzing the information that was obtained during the site survey. Any equipment that is currently owned that can be used with the new system will be subtracted before the orders are prepared. When given the approval of the subcommittee to proceed, Ms. West indicated that orders for network and office equipment would be prepared and submitted to the State Purchasing Division by mid-October.

Speaking to the Network Architecture deliverable, Ms. West noted that Deloitte had outlined three options: (1) a private network; (2) a public switched network; and (3) a combination of the two. A private network is one in which all access equipment and devices are owned and managed by DMV. If a public environment were to be chosen, DMV would pay a carrier to provide the network services. For this project, DoIT is considered a public network since it provides services to many state agencies, including DMV. Conversations with DMV's IMB and DoIT staff culminated in a decision to use DoIT for long-haul communications and for network management.

Included in the scope of DoIT's services will be installation assistance, interface with local phone companies, network diagnostics, and network support. DMV will be responsible for dispatching technical resources to the branch offices when a problem requires human intervention. DMV and DoIT are currently developing a Service Level Agreement to define tasks, responsibilities, and expected response times. Based on the Implementation Plan that was recently signed, Ms. West noted that the milestone dates for installing the network include: submission of the D-10's to State Purchasing Division by October 8, 1998; installation of regional servers by November 24, 1998, and completion of the Local Area Network (LAN) and Wide Area Network (WAN) installations by January 25, 1999, which is the beginning of Phase A, the rollout of the hardware for the system.

During preparation of DMV's budget for the next biennium, Ms. West noted that the Project Genesis Leadership Team prepared an estimate of the total cost of the hardware, software, and network equipment. The estimate was based on the best information available at the time from draft copies of the architecture documents, general pricing information available on Internet web sites, and estimates of the number of PC's and printers required. The estimate was approximately \$5.5 million, including an estimate for the cost of leasing a portion of the equipment. In addition to the \$5.5 million, the Project Genesis Leadership Team estimated site preparation costs to be between \$500,000 to \$700,000, for a total of \$6 million to \$6.2 million. This information was provided to the State Purchasing Division for consideration in planning for the financing of hardware and software purchases.

Once the hardware/software parts list was made available, both DoIT and State Purchasing Division began communicating with the vendors involved to obtain preliminary price quotations. Ms. West indicated that as of today's meeting, equipment costs totaling \$3,713,574 have been identified. Not included in this figure are actual counts on devices, subtractions for PC's that can be used with the new system, the costs associated with the various software products, and the cost of site preparation. Based on the previous estimates for these items, the final costs should be under the \$6 million estimate. According to Ms. West, the actual costs will not be known until after the D-10's have been processed by State Purchasing Division.

When DMV's budget was submitted for this biennium, Ms. West noted that implementation of the project's hardware was expected to begin in FY 1999, with a substantial portion deferred into FY 2000 using a branch-by-branch implementation. As a result of this plan, the Project Genesis budget currently contains \$1.7 million in category 86 reserve earmarked for hardware and software costs. The Project Genesis Team has been aware

since the contract with Deloitte was signed that the implementation was going to occur in a "Big Bang" fashion and monies have been identified in the appropriation and within DMV's budget that could be reserved to assist in covering the hardware acquisition.

Ms. West advised the subcommittee that a re-review of all funding sources had confirmed additional funding was available within DMV's budget, increasing total available funds for hardware/software purchase to \$2.870 million. Those funding sources are as follows:

HR Consultant/category 04 \$100,000

IVR/category 26 \$ 175,000

Management Communication System/category 26 \$205,000

DoIT Facility Charges \$250,000

Customer Service/Change Management

Training/category 30 \$240,000

Savings in Bull Maintenance/category 25

(Automation Budget) \$200,000

As the actual costs of hardware, software, network, and site preparation are known, Ms. West said it would be possible to better assess the lease versus purchase options. DMV's goal, however, will be to purchase as much as possible with the funding that has been identified. State Purchasing Division has been working on obtaining financing through leasing arrangements in anticipation of the needs of Project Genesis. Ms. West directed the subcommittee's attention to page 185 in the meeting packet, which is a September 10, 1998, memorandum to her from William Moell, Administrator, Purchasing Division. Although he was unable to attend the meeting today, Ms. West thought Mr. Moell, in his memorandum, had best expressed the approach that the Project Genesis Leadership Team needs to take, as well as the steps it needs to follow, toward procurement, when he stated "the best interests of the state necessitate the direct purchase of as much equipment as possible."

Chairman Close asked Ms. West whether she thought the modified architectural plan would need to be changed again. Ms. West indicated that a change was made to the hardware architecture when a coexisting deliverable, the software distribution strategy, was being reviewed. The parts list has been brought up to date to reflect that change. Since the parts list calls for specific parts by a specific vendor, Ms. West said she does not expect any significant changes to occur other than some fine tuning that may be required as a result of State Purchasing Division attempting to find the best price available for a comparable piece.

Chairman Close said he did not believe the Project Genesis Leadership Team had a firm estimate on the cost of the parts. Ms. West countered that the Project Genesis Leadership Team has an estimate on the cost of the parts that have been identified thus far; however, the site survey will determine the equipment already on hand in the branch offices that will not need to be purchased. In working with State Purchasing Division, Ms. West said it had been her experience that vendors were reluctant to provide an estimate without having a detailed purchase order. Ms. West said it was her understanding that a firm price list would not be available until the D-10's were submitted to State Purchasing Division and State Purchasing Division determines what can be purchased and what has to be leased.

Senator O'Donnell said he wished to point out that regardless of what the price is today it would be less a year from now for the same type of equipment.

In order to determine whether the expenditures are within budget, Chairman Close said the subcommittee would need to review an updated price list as soon as it is available. Ms. West said the Project Genesis Leadership Team would facilitate this process by working with Mr. Moell in State Purchasing Division in the preparation and submittal of the D-10's. Chairman Close asked Ms. West to provide the updated price list to the legislative



## **VI. Status Report on Project Genesis Activities:**

### **A. Project Management.**

Ms. West advised the subcommittee that the top priority had been the contract amendment she covered earlier. Ms. West said she also wished to bring the subcommittee up to date on the Other State Review process. On August 4 and August 5, 1998, Ms. West noted that representatives of the states of Washington and Indiana, as well as the AAMVANet, came to Carson City to review the Project Genesis' hardware, software, and network design and strategy. The consensus was a general approval of Project Genesis' direction and implementation plan and the level of support received by the Project Genesis staff from the rest of DMV, the Governor's Office, and the Legislature. Ms. West pointed out that the outcome of this session had been documented in a Best deliverable called "Review of Hardware, Software and Network Architecture Plan" shown on page 1 of Exhibit A.

### **B. Communication.**

Ms. West noted that the August issue of the "Innovations" newsletter was distributed late on September 15, 1998, because other project activities took precedence; such as, organizational realignment activities, site surveys and system validation walk-throughs, of which the entire team participated. The newsletter contains an explanation of data conversion, an update on Realignment Team activities, and a description of a system walk-through.

The Genesis Hotline was updated on August 10, 1998. The technology section included information on the walk-throughs for Occupational and Business Licensing and general services, which includes such elements as customer search, individual record, security and administration, system maintenance, and process revenue. Information on the organizational stream included an update on the establishment of new class specifications for the Field Service Managers. The Change Management section spoke of the selection of a subject matter training vendor, Service Center B training, and the instructor development course held during the week of August 10, 1998.

In looking ahead to the long life span of the new organization and system, Ms. West noted that the Project Genesis Team was keeping track of the direction the AAMVA is taking the Motor Vehicle industry. Members of the Project Genesis Team and DMV staff have attended workshops where such projects as on-line access to the Social Security Administration and Electronic Lien and Title were presented. At these workshops, staff were able to learn about project plans and time tables so they can plan ahead for implementation of these services in Nevada. Members of the Project Genesis Team and DMV staff have also had the opportunity to provide information to AAMVA about Nevada's issues or interests in these projects. As a result of participation in these workshops, Ms. West said the members of the Project Genesis Team have been encouraged to share information about the project. Project Genesis has been recognized for "best practices," the manner in which it has handled the technology RFP's, and its Other State Review process, which has sparked an interest in other jurisdictions.

### **C. Training.**

Ms. West apprised the subcommittee that the subject matter training vendor, Industrial Training Solutions from Phoenix, Arizona, had been selected and the contract approved by the Board of Examiners. The Project Genesis Team has been working with the vendor to bring them up to speed on the project.

Two Realignment Team meetings were held during the month of August. During these meetings, the team focused on developing the plan for cross-functional training, which outlines the strategy, schedule, and costs for employee training across all branch offices. This training will begin in early October 1998, with completion scheduled for April 10, 1999.

The Realignment Team is developing cross-utilization plans that will enable employees to maintain knowledge and skills learned after Service Center B Driver's License and Vehicle Registration cross-functional training has been completed. These plans are scheduled for completion by October 2, 1998, and will be implemented as training gets underway. The lesson plans developed by in-house instructors were presented to the Realignment Team late last week and are currently under review so they can be approved for the October training.

Training tracking software was ordered on September 14, 1998. ATRAIN, which contains most of the features required by the project for training, was selected. This selection followed the review of five different software packages available. The software company will provide the necessary training and support so the software can be used as quickly as possible.

A study of computer-based training affirms that this type of training does not satisfy the requirements for subject matter training either from a budgetary or development effort perspective. Most of DMV's subject matter training courses contain dynamic content due to regulatory and legislative changes. Computer-based training is more suitable for courses containing static content and might be appropriate for some courses in later training phases. In addition, the study revealed that 150 hours of development and data is required for every hour of computer-based material. DMV does not have available staff to develop this type of training. Also, it would cost \$150 per hour to have computer-based training developed by a vendor.

#### D. Continuous Improvement, and

#### E. System Development.

As she previously reported, Ms. West noted that the DSD was about 90 percent complete. In addition, the Progress Genesis Team has been working on database deliverables and progress was made during the month of July on the initial local data model. It was determined that it would be best to break this lengthy, complex, technical deliverable into the same three parts that were discussed earlier for the DSD. Significant progress has been made in conversion and implementation activities. The file and attributes have been defined for all relevant Legacy databases. A detailed map of data between the existing business licensing databases and the new Genesis database for Phase B implementation is almost complete.

Since DoIT has a role in providing quality assurance, Chairman Close wondered whether DoIT was reviewing and commenting on the deliverables as it was supposed to. Ms. West indicated that a copy of every Deloitte and Touche deliverable was submitted to DoIT. According to Ms. West, the Project Genesis Team has been receiving substantial comments from DoIT on those Deloitte and Touche deliverables in which DoIT has a vested interest, for example, the Network Architecture. She also noted that Dave Mortensen, from DoIT, who has been heavily involved in reviewing the database deliverables, was providing his comments as well.

Chairman Close asked Ms. West if she felt comfortable that there was clear understanding of DoIT's quality assurance responsibility to Project Genesis. Ms. West said she was beginning to get a clear understanding of which deliverables were going to impact DoIT. Although she acknowledged that a critical comment had been made in one of the previous status reports about DoIT's attendance at meetings and comments on deliverables, Ms. West said she now realizes that it was not always possible for DoIT staff to attend Project Genesis meetings because of DoIT's involvement in the strategic planning process and the budgetary process during the months of July and August. Ms. West also told the subcommittee that DoIT had been extremely responsive on critical issues and that Mr. Guy Duensing, Deputy Director, Communication and Computing Division, DoIT, had played a key role in reviewing the implementation plan and was one of the signatories in accepting that plan.

Chairman Close asked Mr. Duensing if DoIT was comfortable with its quality assurance responsibility for Project Genesis. Mr. Duensing responded that DoIT was comfortable at this point

in time; however, DoIT intends to make several improvements internally regarding the manner in which comments are logged.

## **VII. Proposed Project Genesis Activities for Next Quarter - Donna West.**

In describing several activities that are planned for the next quarter, Ms. West said the completion of contract amendments for Deloitte and Touche and Best regarding defining deliverables was the number one priority. The Project Genesis Team will also work on completing the hiring of the IS positions, implementing the knowledge transfer and technical training plans, and finalizing the 1998 Fiscal Year End Summary Report. In communications, Ms. West indicated that public service announcements (PSA's) about the subject matter training would begin. Meetings will be conducted for DMV employees at which time new screens will be demonstrated and continue on-going forms of communication; such as, Newsletter, Infogram, Hotline and Web Site.

In training, Ms. West noted that the deployment would start on subject matter training for Service Center B and implementation of cross-utilization plan; oversee development of training courses by subject matter training vendor; begin drafting new policies and procedures to support the new work processes; determine application of training vendor; develop training schedule for PC training; continue with Core Team Training (next course is Conflict Management); and implement training tracking system.

Regarding technology/system development, Ms. West said the Project Genesis Team expects to complete DSD; complete logical and physical data model; make significant progress on program specifications; begin program coding; complete system test plan; complete system security plan; complete technical training plan; complete hardware procurement plan; complete hardware and software D-10's; complete site preparation work plan; and implement regional file servers.

As he mentioned earlier, Chairman Close said he was finding it difficult to keep up with the changes and the progression from the original documentation. In the past, when a changeover occurs and the new document is submitted to him, Chairman Close said it was sometimes rather like "looking for a needle in a haystack" to locate the changes. With this in mind, Chairman Close told Ms. West he would like to have each member of the subcommittee, plus legislative Fiscal Analysis Division staff, receive a full dossier, which would then become the reference document for this subcommittee. Then when changes occur to any of those documents, a separate piece of paper, or addendum, would refer back to the specific document. Since the subcommittee may not always be able to meet on the date when the status reports are being prepared, Chairman Close also suggested it would be helpful if Ms. West were to prepare a summary of the activities that have been accomplished since the subcommittee last met. Chairman Close reminded the Project Genesis staff that the major emphasis of the subcommittee was to deal with the financial aspect of Project Genesis. He said he hoped his suggestions would deflect the stress level on behalf of the Project Genesis staff while helping the subcommittee to keep current with any changes.

Chairman Close also reminded the Project Genesis staff that it was not the subcommittee's responsibility to authorize the expenditure of funds for the equipment, but rather to determine the manner in which those expenditures were going to be made relative to purchase or lease. Chairman Close said he did not believe the Project Genesis Leadership Team should decide whether to lease or purchase the equipment this biennium versus the next biennium without first bringing back such a proposal to the subcommittee.

Ms. West wanted to know if it would be possible for Chairman Close to call a special meeting so State Purchasing Division could be in attendance. Chairman Close said he did not want to stop the procurement process, but he did not want the Project Genesis Leadership Team to move forward in procuring equipment without the Interim Finance Committee being made aware of the current situation.

Senator Jacobsen wanted to know if it would be appropriate to provide the other members of the legislature with a progress report on Project Genesis. Ms. West said she was in the process of preparing a document, entitled the 1998 Fiscal Year End Summary Report, that she thought might be the level of information to which Senator Jacobsen was referring. In addition, the monthly status reports, in particular the summary, provide a high-level look at the activities accomplished during the previous month. Also, based on the comments made at the

subcommittee's June 24, 1998, meeting, Ms. West said the Project Genesis Leadership Team was already working on a method to provide orientation on the organization and technology pieces of Project Genesis for incoming legislators.

Senator O'Donnell wanted to know whether specific names had been assigned to the programs. Mr. Lemelin indicated that while Deloitte and Touche had defined the programs, names had not yet been assigned to the programs.

Senator O'Donnell requested that Mr. Lemelin submit the program names to DMV when they are available and then DMV can submit to him. Mr. Lemelin stated that Deloitte and Touche was aware of state naming conventions and he would be happy to provide the names to DMV.

Chairman Close asked the Project Genesis staff to please remember the concerns expressed today and to keep the subcommittee informed of any change in the project's status. Chairman Close wished staff well in selecting the right personnel for the right position, because he thought it was a very important decision. Although it was not his intention to schedule another meeting of the subcommittee until after the General Election on November 3, 1998, Chairman Close said he would schedule a meeting if necessary to address any contingencies that might occur in the meantime.

#### **VIII. Public Testimony.**

There was no public testimony.

There being no further business to come before the subcommittee, Chairman Close adjourned the meeting at 4:10 p.m.

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Assemblyman Jack D. Close, Sr.

Chairman, Subcommittee on Project Genesis