

**MINUTES OF THE MEETING
OF THE
SENATE COMMITTEE ON FINANCE
AND THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT**

**Seventy-Third Session
March 3, 2005**

The Senate Committee on Finance and the Assembly Committee on Ways and Means, Joint Subcommittee on General Government, was called to order at 8:07 a.m., on Thursday, March 3, 2005. Senator Bob Beers, Chairman, presided in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Bob Beers, Chairman
Senator Bob Coffin
Senator Dean A. Rhoads

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Ms. Kathy McClain, Chairwoman
Mr. Morse Arberry Jr.
Mr. Lynn Hettrick
Mr. Joseph M. Hogan
Mrs. Ellen Koivisto
Mr. Bob Seale

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Bob Guernsey, Principal Deputy Fiscal Analyst (Senate)
Steve Abba, Principal Deputy Fiscal Analyst (Assembly)
Joyce Garrett, Program Analyst
Leslie Johnstone, Program Analyst
Tracy Raxter, Program Analyst
Carol Thomsen, Committee Attaché
Connie Davis, Committee Attaché

Chairman Beers called the Subcommittee to order and opened the hearing on BA 3922.

B&I, TRANSPORTATION SERVICES AUTHORITY (3922)
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Sandra Avants, Chairman, Transportation Services Authority (TSA), Department of Business and Industry, introduced herself, Kimberly Rushton, Commissioner, and Dave Kimball, Deputy Commissioner, to the Subcommittee. She indicated that also present in the audience were Bruce Breslow, Sparks Commissioner, and Keith Sakelhide, Docket Manager. Ms. Avants said she would provide a short overview regarding BA 3922.

Ms. Avants explained that the TSA had originally been part of the former Public Services Commission, which was now the Public Utilities Commission (PUC), and had been formed in October 1997. The TSA staff consisted of 25 positions:

Unclassified Staff:

- Three commissioners: one located in Sparks and two located in Las Vegas
- One deputy commissioner
- One manager of transportation
- One docket manager
- One financial analyst
- One administrative attorney

Classified Staff:

- Six administrative assistants
- Nine investigators, who were sworn officers with limited police authority
- Two non-sworn auditor positions, which were the result of Assembly Bill 518 of the Seventy-Second Legislative Session

Ms. Avants reported that the TSA currently operated 12 unmarked vehicles and the agency's investigators wore plain clothes rather than uniforms. With regard to the base budget for BA 3922, Ms. Avants stated that the TSA had submitted no bill draft requests (BDRs) for the 2005 Session, and had initiated no new programs for the upcoming biennium. The TSA was not requesting new positions and the budget contained no enhancement units or out-of-state travel funding. Ms. Avants stated travel funding had been requested, however, that request had been denied in The Executive Budget. Ms. Avants reported that the TSA would ask for replacement of a portion of its equipment.

With regard to BA 3923, which was the administrative fine account, Ms. Avants stated that the TSA was precluded from direct influence on that account in accordance with an opinion from the Attorney General's Office.

Ms. Avants said Deputy Commissioner Dave Kimball would present the details of BA 3922.

Mr. Kimball pointed out that since the TSA had submitted a flat budget, with no enhancements except equipment replacement, he would turn the time over to questions.

Chairman Beers referenced the performance indicators included in The Executive Budget and asked whether the figures were accurate. Mr. Kimball replied that the TSA had been audited by the Legislative Counsel Bureau (LCB). He stated that page 3 of Exhibit B, "Nevada Transportation Services Authority, 2005 Legislative Report," showed that the TSA was in the process of addressing a number of problem areas on the enforcement side. According to Mr. Kimball, the TSA believed the numbers were accurate for the performance indicators, but could not produce the records to fully back up those figures.

Mr. Kimball said it had been significant and embarrassing to the TSA that when the auditors looked for the records to verify the performance factors, a full accounting of records could not be located for the enforcement side, even though the numbers had been reported and placed in the budget. In particular, said Mr. Kimball, the numbers that were of most concern were for Performance Indicator Number 2, "Percent of complaints against the industry successfully resolved." According to Mr. Kimball, the TSA had reported a 93 percent success rate for that indicator and the LCB auditors could only verify 71 percent.

Chairman Beers asked Mr. Kimball to explain to the Subcommittee how the figures for the performance indicators had been addressed. Mr. Kimball stated that the TSA had corrected the problem by following the recommendations of the LCB auditors and placing great emphasis on ensuring that the policies regarding written procedures were clear and had been implemented. The TSA now had a very methodical, well-thought-out procedure for all its performance factors regarding where the records were kept and by whom, and who was responsible for those records. Mr. Kimball advised that there had been a final check to ensure that the records were available to support the figures used in the performance indicators.

Mr. Kimball indicated that was where the problem had arisen regarding the numbers to support past performance indicators. The TSA had taken for granted that the manager of transportation, who had since left the agency at the discretion of the Chairman, had been keeping adequate records. Either that had not occurred, or the records had been lost after the manager left, as there had been a 2-month gap before the position was filled. Chairman Beers asked where the new manager of transportation had been located. Mr. Kimball said the new manager had worked for the Internal Revenue Service (IRS) for the past 30 years, and he had made tremendous changes within the TSA over the past 1.5 years. Mr. Kimball indicated that the time line for the data utilized for the LCB audit was depicted in red on page 3 of Exhibit B, and during that time period the TSA did not have full recordation.

The last page of the exhibit contained the recommendations from the LCB audit, and Mr. Kimball pointed out that 13 of those 15 recommendations had been fully implemented. The reason why so many of those recommendations had been fully implemented was that the TSA had addressed those problem areas before the audit commenced because the commissioners had recognized the problems that needed to be addressed. Mr. Kimball advised that new commissioners had been appointed in April 2003. The TSA was well on the way to correcting the problem areas that the auditors had noted in the audit report, but the agency had been unable to present documentation to support the numbers provided for FY2002-03.

Mr. Kimball emphasized that the TSA was very comfortable with the numbers for performance indicators in FY2004 and it had the records to back up those figures. For FY2004, the TSA believed it was functioning at the appropriate level, and it was very comfortable with the figures for the FY2004 actual numbers, along with the numbers projected for FY2005, FY2006, and FY2007.

Chairman Beers noted that the audit had also found that the TSA had neglected the northern Nevada taxi meter duties, and he asked whether the agency had been working to correct that problem. Kimberly Rushton, Commissioner, TSA, indicated she would like to address the questions pertaining to performance indicators. Ms. Rushton said the information contained in the audit report demonstrated a lack of recordation, and was based on a random sampling. The needed information had been piecemeal throughout the office. She reported that the TSA had had a poor database system and poor performance indicators, based on the fact that the information was not housed within one central database or maintained specifically by the manager of transportation, as it should have been.

Ms. Rushton stated that with the hiring of the new manager of transportation, and under the direction of Chairman Avants, the information had been centralized into a database, and hard copies of the files were also maintained, which would ensure that future auditors would be given complete access to the records. According to Ms. Rushton, because the audit time frame had been between 1997 and 2003, the random sampling had not reflected the corrective action. The numbers for the FY2004 actual, and the projected numbers for FY2005-07, were based on more solid indicators, more recordation, and the fact that the information had been housed within one central database where it was easily accessible.

With respect to taxi meters, Ms. Rushton said that had been of concern to the TSA. Monitoring of taxi meters was pursuant to a regulation passed in 2002, and Ms. Avants had been appointed Chairman of the TSA in 2003. Ms. Rushton advised that she and Mr. Breslow had also been appointed as commissioners in 2003. Ms. Rushton indicated that she, Mr. Breslow, and Ms. Avants, had met in 2003 and began looking at records with respect to taxi meters, and noted that nothing had been done. The TSA had worked with the Taxicab Authority and the Nevada Highway Patrol to set up a mile marker in northern Nevada. Ms. Rushton reported that the TSA then sent out notices to all carriers indicating that meter inspections had not been done properly, if at all. Ms. Rushton said the TSA had advised that information was needed regarding vehicles that had been put into service which had not been properly inspected, and schedules had been set up to perform those inspections. Ms. Rushton stated she felt comfortable at the present time in representing to the Subcommittee that the meter inspections had been done, and had been done to 100 percent verification. She emphasized that meter inspections would continue to be conducted, based upon the plan that had been put into place by the commissioners.

Assemblyman Seale stated he had seen many audit reports, but none quite as critical as the report for the TSA, and he was not sure that he was comfortable with Ms. Rushton's explanation. Mr. Seale asked whether proof was available which would demonstrate that the projected figures were accurate, and that there would not be another unfavorable audit report.

Mr. Kimball stated that the regular audit process had taken Mr. Seale's question into account, and the TSA had been instructed to submit its plan by April 4, 2005, for correcting all the findings by the LCB audit team. Mr. Kimball pointed out that the last page of [Exhibit B](#) depicted the status of the audit recommendations and the progress that had been made by the TSA through the end of March 2005 to meet those recommendations. Two recommendations had been partially implemented, and would require a regulation change in order to be fully met. According to Mr. Kimball, the TSA would be re-audited in October 2005 to ensure that it had addressed all the audit findings, had the necessary recordation, and had the necessary policies and procedures in writing, as recommended.

Assemblyman Hettrick congratulated the TSA for addressing the majority of the audit findings, and he also noted that the problem was not simply record keeping. He opined that part of the problem had occurred because some things had not been done at all. Taxicab meters and inspection of vehicles before they went into service were nil in some cases. Mr. Hettrick appreciated the fact that the TSA was tackling the problem areas, but one of the things not addressed by the audit report was enforcement. There was no way to measure enforcement and there was no way to compare what should have been done, ought to be done, or needed to be done, because there was no way for the LCB auditors to determine that.

Mr. Hettrick said that enforcement in northern Nevada was one of the major concerns, and it was also one of the major concerns within Mr. Hettrick's district, which encompassed the Lake Tahoe area. That was an area where California taxicabs quite often crossed the state line and some vehicles had exempt license plates and no one knew why. Mr. Hettrick said he had gone so far as to check with the Department of Motor Vehicles (DMV) to solicit information regarding how a carrier at South Lake Tahoe could have vehicles with Nevada exempt license plates. Mr. Hettrick indicated that he had been unable to solicit information from the DMV because they needed additional information regarding the taxicabs. He stated he could not imagine that DMV did not know how many vehicles were operating with exempt Nevada license plates.

According to Mr. Hettrick, enforcement was a major issue and there were carriers who were paying the fees and playing by the rules in Nevada, but were not being protected from California carriers coming across the state line who were not properly licensed to do business in Nevada.

Mr. Hettrick noted that he was an "anti-regulation" type of person in the Legislature, but if there were regulations, they had to be enforced fairly so that people who had to comply with those regulations would be treated equally. He viewed that as a real problem area, and he did not know how the TSA would create a performance indicator, or some type of proof for the Subcommittee, that enforcement was being conducted appropriately, and in a quantity that would make a difference in determining who was or was not following the regulations. Mr. Hettrick emphasized that he was very worried about enforcement.

Ms. Rushton stated that since the passage of Assembly Bill 518 of the Seventy-Second Legislative Session, which had increased the enforcement staff specifically within the past year, there had been two impounds of illegal operators in the Lake Tahoe area. [Exhibit B](#) contained information regarding the entities regulated by the TSA and the number of enforcement activities that the

TSA had engaged in during 2004. Ms. Rushton drew the Subcommittee's attention to the exhibit and pointed out the significance of Assembly Bill 518 of the Seventy-Second Legislative Session, which had imposed a \$100 licensing fee on certificated limousines and increased the enforcement staff by two new auditor positions, and also increased administrative staff. Ms. Rushton said passage of the aforementioned legislation was based on the concerns raised over the fact that there were so many illegal operators in Nevada, particularly in the area of household goods movers.

Ms. Rushton emphasized that safety was always at the forefront of action taken by the TSA, and that had to be the standard under which it operated in terms of public transportation and for the safety of the traveling public. Ms. Rushton asked the Subcommittee to imagine how a consumer would feel when their property was transported and held by an illegal operator while the consumer was extorted for additional money. That extortion would include the consumer's personal items, not just furniture and clothing, and Ms. Rushton said that had been the concern. She noted that with the increase in enforcement staff the TSA had been able to single out those illegal household goods movers.

According to Ms. Rushton, that had been just one initiative undertaken by the TSA. Another initiative had been to target the illegal limousine operators. Ms. Rushton said that while people might not like regulations, without them, persons who hired a common carrier would be at risk because of the lack of insurance and the lack of safety inspections, along with the other inherent safety problems.

Ms. Rushton believed that since the passage of Assembly Bill 518 of the Seventy-Second Legislative Session, the increase in the TSA's enforcement initiatives had been substantial. She thought that was due, in large part, to the compliance officers. The TSA had found a balance that used those compliance officers to conduct random checks, and if the officers found problems that rose to the level of endangering safety, then enforcement officers would be sent out to address those problems. According to Ms. Rushton, that balance freed enforcement officers so they could be on the streets during the peak nighttime hours to ensure that illegal operators, who commonly operated during the night, were being stopped.

Ms. Rushton noted that the TSA was in a deficit state at the present time. There were two investigator positions in northern Nevada, and one position was currently vacant. The TSA also had to cover the remainder of the state, along with the taxicabs in areas outside Clark County. Ms. Rushton reiterated that there was a problem and a deficiency. The TSA relied on its certificated carriers to act as its eyes and ears. The TSA also worked in conjunction with the Nevada Highway Patrol (NHP) and other law enforcement entities that assisted by reporting illegal operators and other safety concerns so that the TSA could respond. Ms. Rushton said, truthfully speaking, the problem was that there were only two investigators in northern Nevada.

Mr. Hettrick asked why limousine revenue was going down when the Legislature had imposed a \$100 licensing fee. If limousine services were legal and paying those fees, the revenue should be increasing. Quite frankly, even though Ms. Rushton had said that the TSA was relying on certificated carriers to help, it was his understanding that at least one of the certificated carriers had been told not to help and not to write or communicate with the TSA. Mr. Hettrick said it was hard to believe that the problem could be addressed

with only one investigator and he wondered why the other position remained vacant. There were 25 people sending out notices to collect money, but there was no one conducting enforcement, and Mr. Hettrick emphasized that the situation needed to be addressed in some manner.

Ms. Avants said there were nine enforcement officers for the state of Nevada and two auditors. The TSA was responsible for annual inspection in accordance with the *U.S. Code of Federal Regulations* (CFRs) for over 2,000 vehicles. Ms. Avants stated the TSA had to ensure that the towing industry tariffs were correct, and it also handled all complaints regarding that industry. The TSA also was responsible for the tariffs and complaints regarding household goods movers. The main issue, said Ms. Avants, was insurance, and the absolute focus of the TSA regarding public safety was that insurance was maintained by carriers. Ms. Avants noted that the TSA was responsible for all taxicabs outside the Clark County area, which included meters, tariffs, and complaints.

Ms. Avants reported that the TSA staff was stretched very thin and she was very proud to say that the TSA was an excellent agency, and the staff was working very hard with no wasted time or effort. Staff was stretching themselves and focusing on different areas at different times. Commissioner Rushton had referred to the TSA's initiative regarding household goods movers, which targeted the illegal operators, and Ms. Avants reported that through illegal advertising, the TSA had shut down numerous illegal operators, and had fined and impounded vehicles. The TSA would next move to an initiative regarding operation of illegal limousines during peak periods, when there were events occurring in northern and southern Nevada. Ms. Avants said the TSA was very strongly focused on taxicabs outside Clark County and that was the area where staff was spending most of their time.

Ms. Avants assured the Subcommittee that the TSA had incredible investigators and assistants on the administrative side. She explained that all action taken in enforcement would end up as paperwork, such as hearings, citations, public notices, and requests for continuances, and for the first time the TSA's records were very organized and the staff was working very hard.

Ms. Avants wanted to address the issue brought forth by Mr. Hettrick regarding a carrier who had been told not to contact the TSA, and she emphasized that the TSA staff were public servants and the office was open from 8 a.m. to 5 p.m., and commissioners were available 24 hours a day via personal cellular phones. Ms. Avants emphasized that the TSA was responsive to people. At times, there would be a person who received more attention than the average regulated person, and the TSA had a few such individuals. The TSA showed those persons the greatest amount of respect, and Ms. Avants said she had spoken to the carrier referenced by Mr. Hettrick. The agency's file for that individual carrier was very thick and the TSA had been very responsive to that carrier's concerns.

Ms. Avants said some complaints were given verbally and the TSA would act on those complaints, and some complaints were formally filed, which involved a certain process. Ms. Avants said the TSA was also open to ideas, and had held workshops where carriers had been invited, such as bus workshops and towing workshops. The individual referred to by Mr. Hettrick had brought some good information to the TSA, which had been acted upon and had become part of the proposed regulations that would be adopted before the end of March 2005. Ms. Avants stated there were people who were easy to deal with, and there

were those who were more difficult, but she assured the Subcommittee that all people were treated with the utmost respect at the TSA.

Mr. Hettrick said that he was very familiar with the staff of the TSA, and he also knew that staff was trying to do a good job. The statement that the TSA would use input from people to find other people was somewhat troubling. Mr. Hettrick knew that the TSA was simply trying to get the job done, but clearly between the audit and some of the things that had occurred over the past two years, questions and concerns had arisen and the situation needed to be improved over what it was at the present time. Mr. Hettrick said that was his concern and he wanted to express that to the TSA. He believed that the TSA should consider hiring the second investigator a top priority to enhance the enforcement side.

Ms. Avants said that the TSA had replaced the investigator, and the new person had been hired on March 2, 2005. The classified process of hiring was what had caused the delay, and the TSA had wanted that position filled as soon as possible. Ms. Avants said it took until March 2 to complete the interview process so that the TSA could offer the position. Ms. Avants thanked Mr. Hettrick for his vote of confidence, but wanted to advise that when the new commissioners had assumed their duties, there had been a review process which had taken many meetings over a period of months. The TSA had reorganized its connection with the Director of the Department of Business and Industry, and had moved forward and implemented the plan systematically regarding the changes that had to be made. Ms. Avants said that changes had also been made in personnel to bring in the proper persons. Currently, she believed that the TSA staff was the finest group of people in state government.

Assemblyman Seale noted that the TSA had apparently been a spin-off from the Public Utilities Commission (PUC) in 1997 for some reason, or because of some problem that had to be addressed. Mr. Seale asked what that problem had been and was the TSA moving in the direction of solving the problem.

Bruce Breslow, Commissioner, TSA, explained that there were two reasons why the TSA had been spun-off from the PUC. It was his understanding that there had been two people at the PUC who would not speak to one another, which caused the PUC to come to a total standstill. To address that situation, the TSA had been created and one of those persons was assigned to head the agency. Mr. Breslow stated the other reason was that the owners of the transportation companies didn't feel that transportation was the focus of the PUC, and felt that an agency which was specific to transportation would be more responsive and timely. With those two issues to consider, the Legislature, in its wisdom, had created an agency for transportation, separated the individuals who at that time were members of the PUC, and formed the TSA.

To address Mr. Hettrick's question, Mr. Breslow said when the TSA was created it had been given a certain number of positions, and the commissioners were appointed by the Governor. When the Governor asked that all state agencies maintain a flat budget that was how the TSA presented its budget. Realistically, said Mr. Breslow, with two investigators in northern Nevada to cover Reno, Sparks, Carson City, Douglas County, Lake Tahoe, Fallon, Fernley, Elko, Battle Mountain, and Eureka, et cetera, to cover taxicabs, limousines, buses, tow trucks, and moving vans, those investigators did the best job they could. Mr. Breslow stated there was very little time for patrol, because the investigators responded to complaints. When they responded to complaints and wanted to conduct a "sting" it took at least two people, and there were only

two investigators. It was very difficult, but the TSA had never requested additional funding for personnel because the agency was under a directive to "live" with its budget, and it did so. Mr. Breslow emphasized that two people to cover the entire state outside Clark County made it extremely difficult.

Ms. Avants asked whether that answered Mr. Seale's question. Mr. Seale replied that it had, and thanked Mr. Breslow for his explanation. Ms. Rushton said Mr. Breslow had been truthful, while she might have simply said the reason had been for a better utilization of state resources, but Mr. Breslow had given an honest answer. Ms. Avants said that she had been in charge of the Taxicab Authority for over 8 years, and was very familiar with law enforcement, the needs of law enforcement, utilization of law enforcement activities, time, and resources. Ms. Avants said the TSA was obviously supplementing the northern Nevada office once or twice per month from the southern Nevada office. That would be for special events or special efforts/issues. Ms. Avants said she had seen an advertisement on television today for a shuttle company in Reno, which was serving Fernley and Ely. She checked on that company and found that they were not certificated. According to Ms. Avants, much of the work conducted by the TSA was through people providing information about other companies/carriers.

Ms. Avants indicated that because the TSA had so few people, every single position did more than the designated tasks for that classification. Ms. Avants stated that each commissioner brought their particular expertise to the job. For example, Commissioner Rushton was an attorney, formerly with the Attorney General's Office, and was obviously well spoken. Ms. Avants stated that the TSA utilized all of her abilities and intellect. Commissioner Breslow was very bright and offered many assets, which the TSA utilized. Ms. Avants reiterated that every employee participated fully in answering the needs of the agency. Management and investigator meetings were held frequently, and a "round table" discussion was held once per month where every employee was asked to voice their concerns and/or opinions. The TSA was constantly implementing the abilities of its staff.

Mr. Kimball stated that the TSA had requested bills at each of the past 2 sessions of the Legislature, and the bill for the 2003 Legislature had requested 6.5 FTE positions. He noted that an increase in staff required an increase in fees, and that required a two-thirds majority approval by both Houses of the Legislature, which had proven very difficult. Mr. Kimball said the agency was doing the very best it could with the present staff.

Chairman Beers said it was possible that the Legislature had sensed there were things not right with the TSA's budget presentation during the 2003 Legislature, which had been laid bare by the audit. The efforts to strengthen the agency would be further reviewed once the Subcommittee had a sense that the TSA was being better managed. Mr. Kimball advised that much of the change had occurred based on passage of A.B. 518 of the Seventy-Second Legislative Session, which had given the TSA additional strength to address the enforcement side. The agency had gone from 20 staff members to 22 staff members via the Interim Finance Committee (IFC) approximately 4 years ago by revising the method of funding and more efficiently utilizing the fine account. Mr. Kimball said that had solved the problems on the administrative side. However, he noted that the agency had not developed the manpower to solve the problems to the degree it would like on the enforcement side until passage of the aforementioned bill. Mr. Kimball advised that the

agency still did not have the manpower to take much action regarding proactive intervention.

Chairman Beers asked about the limousine industry, which the TSA believed had stabilized. He noted that the budget projection was for a 2 percent growth rate over the biennium. Chairman Beers also noted that the revenue from limousines appeared to be flat or reduced in the budget, and he asked for clarification. Mr. Kimball stated he had been very conservative in his projections of limousine revenue. In FY2004, which had been the first year of receiving limousine fees, the projection had been for approximately \$120,000 and the actual had been approximately \$128,000. Mr. Kimball said the projection had actually been very accurate, but a number of temporary licenses had been issued for short duration events, and each time such a license was issued, the company had to pay the \$100 fee. He noted that companies were restricted by the *Nevada Revised Statutes* (NRS) regarding how many times a company could be issued a temporary license, depending on the size of the fleet, et cetera.

Mr. Kimball stated he had subtracted the temporary license fees from the overall amount and the estimate used for FY2006 was computed from the base year, and included a 2 percent growth rate. Along with that, as the TSA scrutinized the industry more thoroughly regarding financial requirements and insurance, a number of companies had been put out of business because they had not followed the regulations. Mr. Kimball said he had estimated a 2 percent growth factor, and the lower figures incorporated that growth rate and the decline in the number of businesses. He stated that he hoped the TSA exceeded the projection every year, and he pointed out that the revenues for the agency were totally dependent upon what was occurring within the tourist industry, the vast majority of which was in Clark County. Mr. Kimball explained that some occurrences upset the tourism industry, such as the events of September 11, 2001, or other such downturns, and there was no reserve in BA 3822. Monies not used were returned to the Highway Fund, and Mr. Kimball reported that the agency had returned funds every year.

Chairman Beers pointed out that other revenue items for the TSA had actually remained flat, despite the expected growth, and he asked for clarification. Mr. Kimball said that he was very conservative in his projections, and approximately 90 percent of the revenue for the agency came from the Highway Fund. He acknowledged that a dip in application fees, which the agency was experiencing this year in the amount of approximately \$7,000, was a huge amount because most of the agency's expenses were fixed.

Chairman Beers noted that personnel expenses were increasing. Mr. Kimball stated that was part of the reason why the agency did not have money for other things. According to Mr. Kimball, when the agency was operating with a flat budget, as personnel expenses rose, other areas had to be cut. Chairman Beers asked how the Highway Fund authorization amount was determined and was a formula utilized. Mr. Kimball replied that the TSA's budget included numerous other statewide allocations, such as Attorney General costs, et cetera, so the agency was not aware of the amount of the actual Highway Fund allocation. Mr. Kimball said those monies were used to balance the account after user fees were added. Chairman Beers asked whether the amount needed to run the agency was taken out of the Highway Fund, minus other fees, rather than a set amount being allocated. Mr. Kimball replied that was correct. He reiterated that the agency did return money to the Highway Fund every year, and at times it was a substantial amount.

Chairman Beers closed the hearing on BA 3922 and opened the hearing on BA 3923.

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Mr. Kimball explained that BA 3923 funding was only used for enforcement support pursuant to an Attorney General's opinion. The money could only be used for certain things, and Mr. Kimball stated that the TSA had attempted to maintain a reserve in that account of between \$75,000 and \$100,000. Since the commissioners were also hearing officers who determined whether or not a company should be fined, the money in BA 3923 could not influence their decision in any way.

Chairman Beers said that the issue was how the expenses within the account compared to the allowable use approved by the Attorney General (AG) in 1999. Chairman Beers asked whether rent was included in the account. Mr. Kimball replied in the affirmative. Chairman Beers said that expense struck LCB as more administrative than enforcement-oriented. Mr. Kimball explained that approximately 4 years ago the TSA had reviewed the previous AG's opinion. A public meeting had been held where commissioners reviewed the authority and received advice from the AG regarding use of the funds. Mr. Kimball stated that the TSA currently used funds from BA 3923 to support the enforcement staff at a much higher level. At the time the meeting was held, the funds in the account were only being used for travel in the amount of approximately \$3,200 a year. Mr. Kimball said the reserve in BA 3923 continued to grow and had become a bone of contention with the Legislature because the reserve had grown so large. The TSA appeared before the IFC and received approval to use the funds as delineated in The Executive Budget. Mr. Kimball said the office rent was the square footage at the lease rate for the enforcement staff. The other expenses within the account were also for the enforcement staff. Mr. Kimball reported that the AG's opinion had stipulated the money had to be used for enforcement.

Ms. Rushton said the amounts were in proportion to the actual space utilized exclusively by enforcement, and did not include the entire rent amount for the agency. She reiterated that the rent figures had specifically been broken down to address only enforcement needs. As indicated by Mr. Kimball, those figures had been included at the request of the AG's Office, but the matter had also been reviewed by the IFC. The TSA had sought approval from the IFC to ensure that legislative oversight was provided regarding the agency's ability to use those funds in that manner. Ms. Rushton opined that paying rent exclusively for enforcement would not appear to commingle the funding. According to Ms. Rushton, a complaint had been filed against the TSA for the utilization of the fine account for administrative purposes. It was a very well-known case and had been relied on by the TSA on multiple occasions when illegal operators claimed that they had been fined an extraordinary amount in order to support the agency's budget. Fortunately, that case law, along with the AG's opinion and the decision by the IFC, demonstrated the fact that the money was simply and strictly used for enforcement purposes only and not for administrative purposes.

Chairman Beers asked for a copy of the aforementioned court decision. He then asked whether the TSA had always been on the 800 MHz radio system. Mr. Kimball said that the TSA had been on the 150 system and it had been converted to the 800 MHz system. The agency had been part of the

changeover that occurred from funding allocated by the 2003 Legislature. Chairman Beers asked whether the agency was satisfied with the radios. Mr. Kimball believed that his enforcement officers would categorically say "no," particularly in northern Nevada. Mr. Kimball said the problem with the old radio system was that when officers left their vehicle, they had no radio to take with them, so they could not respond to a call or be called. The TSA had gone to use of the Nextel radio cellular phone for part of the answer to that problem, and when the 800 MHz radio was considered, the officers requested the mobile unit with a docking station. Mr. Kimball said that solved the problem of an officer leaving his vehicle, but it opened up another problem because the mobile radio was not nearly as strong. Mr. Kimball reported that NHP officers had received both a portable and base radio in their vehicles, and the TSA was looking for methods to solve the radio problem, which had come up after the budget had been submitted. Chairman Beers noted that it would be better in the urban areas because investigators would remain in the urban core, but in the rural areas, it had been problematic. Mr. Kimball said that was correct.

Ms. Avants stated that currently, enforcement officers were using the Nextel phones if they could not use the handheld radio to call the NHP. She pointed out that the situation was not good because neither the radio nor the telephone always worked. Ms. Avants said that was an issue the TSA was currently dealing with. Chairman Beers asked whether it was additional conservative forecasting that the revenue in BA 3923 was projected at \$144,000 per year, while the actual FY2004 figure was \$202,000 per year.

Mr. Kimball said that the amount of fine account money was never the same from year to year. It had not been deemed appropriate to average the last 5-year period because of the growth and industry changes. Mr. Kimball advised that the TSA had estimated the amount for FY2004 at \$185,000 and the actual had been \$141,000, which was under the projected amount, however, the agency had kept its expenses down so it had not been necessary to access the reserve. Mr. Kimball indicated that the figures were estimated, and with the new enforcement authority for household goods movers and the authority to disconnect telephones, it had been believed that the agency would generate an extra \$60,000 in fines. The enforcement staff had not fined many household goods movers, but other fines had been levied, and the final amount had been \$141,000. Mr. Kimball said for the current year, the number would be close to the projected amount, so he would add money to the reserve in FY2005. The figures had been calculated from the base year figures, and Mr. Kimball explained how he had arrived at the figures for the current budget.

Ms. Avants said fines were generated from citation hearings and order to show cause hearings held with the three commissioners acting as hearing officers. The TSA found that there were offenders who were fined, but would not pay the fine, and then would become repeat offenders. According to Ms. Avants, the TSA was referring that type of case to the criminal courts, which would result in no fine being generated by the TSA when hours of investigation time had been spent on the case.

Chairman Beers asked whether the TSA recorded fines on a cash basis. Ms. Avants replied in the affirmative. Chairman Beers asked whether sending cases to the criminal court was costing the agency money. Ms. Avants replied there were no costs involved. She said the courts were working very closely with the TSA.

Ms. Rushton commented that it had been a wonderful tool provided to the TSA pursuant to Assembly Bill 518 of the Seventy-Second Legislative Session, and through the utilization of the AG's Office and the DA's Office, the TSA sent cases to the courts. Ms. Rushton said there had been an illegal household goods mover and repeat offender who owed the TSA \$50,000 in fines and, based on passage of the aforementioned Assembly bill, the failure to follow a TSA order was considered a misdemeanor offense. That case had been bundled along with other active cases and sent to the AG's Office. Through the process of a settlement agreement, the \$50,000 had been paid directly to the TSA pursuant to that settlement agreement. Ms. Rushton said that had been the hammer needed by the TSA because if that illegal household goods mover had not paid the fine, he would face four misdemeanor counts with 6 months jail per count, along with the threat of his sentences being run consecutively. She believed it was a useful tool specifically for that type of offender. Ms. Rushton stated that other offenses, such as driver infractions or other causes, were more properly handled by the TSA, as that tribunal would provide a better adjudication of those offenses, but for the repeat offenders and particularly the illegal movers, the criminal system had been a useful tool.

Assemblyman Seale referenced Enhancement Unit E-710, which requested replacement of three personal computers (PCs) and a network printer in each year of the biennium. He asked whether that request was based on the schedule from the Department of Information Technology (DoIT). Mr. Kimball replied that the TSA had actually held their PCs and printers in service longer than recommended by DoIT, and the TSA had been encouraged to replace its equipment.

Chairman Beers asked whether there were additional questions from the Subcommittee, and hearing none, declared the hearing on BA 3923 closed. The Chair opened the hearing on BA 4130.

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Chairman Beers asked how many records were kept by the Taxicab Authority. Yvette Moore, Administrator, Taxicab Authority, stated that driving records were in the range of 29,000 records, and there were currently approximately 5,000 active vehicles per inspection records; she explained that a record was kept for each vehicle. Ms. Moore stated that the Taxicab Authority enforcement issued between 4,000 and 5,000 citations per year, and for each citation there was also a dispatch record, a duplicated court record, and any payment schedule or money received via the fine payment process. The total number of transactions was estimated at approximately 40,000 per year, and Ms. Moore reiterated that the Authority was paperwork and record intensive.

Chairman Beers asked that Ms. Moore continue her budget presentation. Ms. Moore explained that the Taxicab Authority regulated the taxicab industry in Clark County under regulation 706 of the *Nevada Administrative Code*. The authority was in place for counties with a current population of over 400,000, which at the present time encompassed only Clark County. Ms. Moore stated that the taxicab industry in Clark County was a fully-regulated oligopoly because it was a transportation commodity. She explained that when passengers got off the planes at the airport in Las Vegas and there were taxicabs available to transport those passengers, that constituted a commodity of transportation.

Ms. Moore said the agency regulated the issuance of certificates regarding the ability to operate a taxicab company, and currently there were 16 taxicab companies in Clark County, comprised of 9 owner groups. That meant there were essentially 9 sets of certificate holders. Ms. Moore indicated that the drivers were issued permits by the Taxicab Authority, which allowed them to become taxicab drivers and to become an employee of a taxicab company. That process involved a full Federal Bureau of Investigation (FBI) records check and a Nevada SCOPE (Shared Computer Operations for Protection and Enforcement System) records check. The process also involved the person's ability to pass a test, converse in English with the riding public, read and complete an application and test form and then, prior to the issuance of a permit, the Taxicab Authority provided an 8-hour driver awareness class to each and every permitted driver. Ms. Moore said that the class taught drivers about the law, safety concerns, how they should handle an attempted robbery, and what records a driver was required to keep. Ms. Moore indicated that the permitting transaction included several different areas.

According to Ms. Moore, the Taxicab Authority's enforcement team responded to approximately 4,500 complaints per year, and investigated lost property complaints, long haul complaints, abusive treatment to or by a taxicab driver, and any crime connected with the taxicab industry, from defrauding a taxicab driver to robbery, assault, and homicide. Also included, stated Ms. Moore, was any crime perpetuated by the taxicab industry by not adhering to the regulations, traffic laws, or the laws of the land. She explained that the Taxicab Authority included a court function, which was managed through an administrative law judge, and court was held every two weeks to hear citations issued by the Taxicab Authority. Ms. Moore pointed out that there was also a fine collection mechanism attached to the court for persons who were posting bail on a citation or using the administrative court process to plead their case.

Assemblyman Seale asked why there was a Transportation Services Authority (TSA) that handled the taxicab industry throughout the remainder of Nevada, and a separate Taxicab Authority for Clark County. Ms. Moore explained that they were two very separate entities. The taxicab industry in Clark County was a completely regulated industry, and was a protected oligopoly.

Ms. Moore said she could not speak for the TSA, but she believed that taxicabs throughout the remainder of the state numbered approximately 400 to 500 vehicles, while taxicabs in Clark County numbered over 4,000. Ms. Moore said that the Clark County economy was driven by tourism, which was a major component to the health of the economy. As the Legislature considered the budget for the Taxicab Authority, a major dynamic of the agency was the tremendous compounding growth in Clark County. Ms. Moore indicated that the taxicab industry in Clark County was regulated by a different set of regulations written for counties with a population of over 400,000. She pointed out that for the current year, the population of Washoe County might go over 400,000. The Legislature should take action to reconsider that number, or the Taxicab Authority might be regulating taxicabs in two counties. Ms. Moore said it was not a competition, but rather was based on a different set of regulations.

Mr. Seale said he understood that the environment was different, and he appreciated that difference, but between the two agencies, what was actually done differently. Both agencies licensed taxicabs and regulated the industry, et cetera, and Mr. Seale wondered what was different.

Ms. Moore explained there were requirements under the Taxicab Authority's section of the *Nevada Administrative Code*, regulation 706, numbers 881 to 885 inclusive, that were much different from the requirements placed on the TSA. She said that one different requirement was the ongoing and continuous physical inspection of the vehicles, so along with an enforcement team the Taxicab Authority also had a dedicated inspection team. Ms. Moore said the Taxicab Authority was required to conduct complete fingerprint and background checks on every driver, which was not a requirement for taxicab drivers under the TSA regulations. Ms. Moore explained that it would be unfeasible for the TSA to offer training in every locale around the state where there might be only one taxicab, whereas in Clark County, every driver went through the initial 8-hour training class, and completed an additional 1-hour training class each year as they renewed their permit. Ms. Moore reiterated that the requirements under the regulation to become a certificate holder or a taxicab driver with each agency were very different.

Mr. Seale asked Ms. Moore to address the audit outcome. Ms. Moore advised that an audit had been performed in February 2003 prior to her joining the agency in June 2003, at which time she had put together a completely new team. Ms. Moore indicated that after she joined the agency in June 2003, the administrative services officer had retired within 8 weeks, and Kenneth Mangum had taken the position as Administrative Services Officer I. She also noted that the chief of enforcement investigations had been a vacant position when she joined the agency, so the team had not existed at the time the audit was performed. Ms. Moore said the audit report she had been presented was quite bleak and there had been significant deficiencies in the agency in the areas of control of revenues, the court fine system, how that revenue was tracked, along with other problem areas. She stated that the list had been quite extensive and the performance quite poor.

Ms. Moore stated that the legislative audit had helped her tremendously because she had used it as a road map of significant problems when she joined the agency. In every identified area, the agency had taken apart, process by process, system by system, and reorganized, reviewed procedures, trained, and cross-trained. Ms. Moore emphasized that the Taxicab Authority had satisfied every aspect of the audit before the LCB Audit Committee, and had been cleared and finalized through that process. The LCB had reviewed the changes that had been made and had given the Taxicab Authority its blessing, so the agency had completed the audit process at the present time.

Mr. Seale pointed out that there had been 12 recommendations from the audit, all of which had been accepted by the agency, and he asked whether the agency had implemented the recommendations to the satisfaction of the LCB Audit Committee. Ms. Moore said that was absolutely correct.

Chairman Beers pointed out that the agency had a reasonably well-constructed information technology planning document, however, the figures appeared to be at least 2 years old. He stated that one concern was that costs had decreased for hardware, and possibly for some of the services, and it did not appear there had been any adjustments to the plan.

Ms. Moore said that Mr. Mangum would present the financial aspects of the Technical Information Release (TIR) to the Subcommittee, but she asked the Subcommittee to keep in mind, as it considered the technology request and options for technology within the agency, that there had been phenomenal growth in the industry. Ms. Moore said the growth for the past year had been

9 percent, and the average had been between 7 percent to 9 percent growth, and that was the projected growth over the upcoming biennium. As the Subcommittee considered implementation of technology for the agency, it should keep in mind that the industry might double within 5 years. Ms. Moore believed that, barring any major "hiccup" in tourism, the Taxicab Authority and the industry would definitely double its size within the next 7 years. The agency had not asked for additional administrative staff, even with two years of an approximately 16 percent growth rate. Ms. Moore said that was because the agency had been taken apart process by process and checked for efficiency. The processes had then been streamlined and quality control checks had been built-in. Those control checks allowed the agency to go forward without asking the Legislature for an increase in staff. The next step to deter huge staff increases in the future based on industry growth, would be in the technological area. Ms. Moore indicated that Mr. Mangum would also like to address the issue. She advised that the Subcommittee had been provided with copies of [Exhibit C](#), "Enhancement E275 Maximize Internet and Technology, Nevada Taxicab Authority."

Kenneth Mangum, Administrative Services Officer I, Taxicab Authority, indicated that after the Technical Information Release (TIR) had been compiled for the upcoming biennium, it had been reviewed by DoIT, at which time some of the costs had been lowered. The agency had received actual costs for two different "canned programs" and the cost included in the budget was probably the highest of the two. Mr. Mangum said the agency could not be sure of the costs until it delved more deeply into the system and determined what would be needed.

Chairman Beers asked how much of a hardship would it be for Mr. Mangum to review the cost figures with DoIT staff. The Subcommittee was concerned that the costs were too high. He said the Subcommittee reviewed many projects and in comparison, there appeared to be line items in the Taxicab Authority's budget that caused concern. Mr. Mangum said it would not be a problem, and he said that some things had come to light within the past two or three months that had not been considered when the budget had first been constructed. Mr. Mangum said that Financial Institutions was using one of the programs that the Taxicab Authority was considering, and there might be the potential to piggyback from that existing program. He reiterated that it would not be an issue to review the cost figures.

Chairman Beers said that he kept a list of 700,000 Clark County voters on an Access database on his laptop computer. That data was indexed in approximately 10 different fields so he could look up voters by street or by name. Chairman Beers said he was generally unimpressed with stories that started, "Well, we have 40,000 records and all we have is Access...." Mr. Mangum said he understood, and having worked in private industry, he had a very good background in Microsoft Office rather than Access. Mr. Mangum stated that his work in private industry had not provided a background in Access, and he was very ignorant regarding the Access program. According to Mr. Mangum, the person who had developed the programs currently in use by the Taxicab Authority was no longer an employee, so he was troubleshooting and repairing the system. Mr. Mangum stated he had recently learned the abilities of the system.

Ms. Moore stated that some of the agency's programs were written in Access, but there was no one with the technological ability within the agency to take the programming to the next level where those Access programs would

communicate with one another. The agency had some programs that it could no longer utilize, and none of the patched together systems could communicate. Ms. Moore explained that if a person came to the front office and applied to become a taxicab driver, a record would be created for the driver and a separate record would be created for the vehicle. If that driver drove recklessly and incurred a traffic stop, when the enforcement investigator called in, dispatch would create another record on both the taxicab and the driver. Ms. Moore said when the investigator issued a citation that went to the court system another record would be created for the driver. She emphasized that the agency duplicated and tripled data entry continuously without the ability to use the data system for the check and balance that it should provide.

According to Ms. Moore, the Taxicab Authority had approached DoIT and asked for recommendations regarding what the agency needed to do its job and to address its growth needs. Ms. Moore emphasized that the agency was open to any alternatives and would not mind refiguring the costs. The core objective would be a technological answer to help run the agency more efficiently and with a higher level of quality control.

Chairman Beers questioned whether the commercial off-the-shelf systems (COTS) that the agency had identified were specifically written for agencies that regulated taxicab oligopolies. Ms. Moore said it was her understanding that during DoIT's exploration, different components of software had been identified that could communicate with one another. Unlike many state agencies, the Taxicab Authority was open 24 hours a day and there were investigators on duty 24 hours a day, 365 days a year. Ms. Moore advised that the DoIT had identified a dispatch system and a communication system that would interact with the fine collection system. The DoIT had identified a solution that it had put into place for another Business and Industry agency.

Chairman Beers suggested that Mr. Mangum and a representative from the DoIT meet with him at some point within the next 7 days. Mr. Mangum said that would be possible and he would contact the DoIT to ascertain whether a representative could attend the meeting. Chairman Beers advised Subcommittee members that they were welcome to join the meeting. Chairman Beers asked Mr. Mangum to set the meeting up through his and Mr. Hettrick's secretary, as they would use Mr. Hettrick's conference room for the meeting.

Chairman Beers referenced E-805, and noted that the Budget Division had submitted an amendment to eliminate the decision unit from The Executive Budget. Also, E-902 recommended transferring one vacant position to the Business and Industry director's office, and Chairman Beers asked for comments from the agency. Ms. Moore stated that the initiative had been dropped. Chairman Beers asked what had been the original plan. Ms. Moore said the plan had been to change the organization. She explained that the agency had an interesting situation because applications for compliance investigators and airport control officers both contained the same position requirements, such as peace officer certification by the Peace Officers' Standards and Training (P.O.S.T.) Academy.

Ms. Moore noted that having two separate classifications at disparate wage levels had created significant inefficiency because the officers could not relieve one another for sick or vacation pay, even though they possessed the same skills and qualifications. The goal of the reorganization had been to enhance efficiency by eliminating the job title of Airport Control Officer III, and making all

officers Compliance/Enforcement Investigator III positions. Ms. Moore stated that through the enhanced efficiency, the agency could reduce staff by two positions because the agency could then place its officers where needed on a situation-by-situation basis. She explained there had been some complications that required further thought, and while the spirit of the initiative was solid, it would not be part of the current budget.

Chairman Beers asked why the initiative had been withdrawn. Ms. Moore believed that it would be presented again in a finalized and perfect form, and it would be heard again.

Assemblyman Hogan said he was appreciative of the agency's approach to holding the staffing level even while stepping up considerably to a very fast growing workload. The two-stage approach was also very commendable, first by taking apart each function and reassigning duties, so it would be as efficient as possible, and secondly, to see to what extent information technology could help the same number of staff "bite off" the ever growing larger chunk of work.

Mr. Hogan said he expected some ideas regarding performance indicators would have surfaced. The performance indicators in the budget were quantitative and he asked whether there were indicators that could be subdivided, or others added, that would be somewhat more qualitative, particularly in the enforcement area. Mr. Hogan said that even though the number of violations might be flatlined at 4,000, some indication could be given regarding the effectiveness of the violation notices in achieving actual penalties or the validity of the notices. Also, in the area of inspections, Mr. Hogan believed there could be some indication regarding whether there had been repeat offenses in the same vehicle or by the same company, where the agency would begin to accumulate a record and attack the problem not so much vehicle by vehicle, driver by driver, but in a more systematic way.

Ms. Moore explained that she had not reviewed the possibility of recommending a change in performance indicators, but the agency did track a significant amount of information, specifically in enforcement activities. The agency maintained a monthly report that showed all the activities of the enforcement team, and she said she would be glad to provide that information to the Subcommittee. Ms. Moore said that would allow the Subcommittee to view the method used by the agency to track information. According to Ms. Moore, the agency was not yet capable of providing the type of tracking she would be comfortable with for vehicle and vehicle inspections because that system was so rudimentary.

Ms. Moore said statistics regarding vehicles and vehicle accidents would have to be figured manually. She would provide information regarding the internal information pertaining to the agency's performance and actions. Citation numbers were not necessarily a good performance indicator, because the agency did not task the investigation team with writing more citations, but rather tasked those teams with efficient enforcement. Ms. Moore stated if there was a traffic stop or a lost property investigation, the job of the investigation team was to teach, not just write a citation. She said she would be happy to see fewer citations as long as real performance was going forward.

Senator Coffin asked about tracking traffic citations and noted that there was a significant amount of traffic within his district in Clark County. Ms. Moore said the agency did track all citation levels and the agency's very rudimentary dispatch system would provide the number of reckless driving or speeding

citations, and the number of pedestrian injuries and/or fatalities. Sadly, stated Ms. Moore, there was no such thing as enough traffic enforcement and the goal was to keep operators cognizant that someone was watching. As a private citizen, Ms. Moore stated that the reason she did not drive as fast as she might like to drive was because she did not want an expensive citation, and did not want her insurance to increase. The spirit of the traffic stop was to remind operators that the agency was keeping track of them. Ms. Moore said she could provide the exact number of citations that had been written, and the number of warnings.

Senator Coffin asked whether information was gathered from the Las Vegas Metropolitan Police Department (LVMPD) and the North Las Vegas and Henderson law enforcement agencies. Ms. Moore said the information was regarding citations issued by the Taxicab Authority's officers. Senator Coffin said he hoped that as data collection was improved for the agency, that such information would be available. He believed that the Taxicab Authority should have that information because drivers were under pressure and the police would frequently give the drivers a break because driving a cab was the means by which they made their living. Senator Coffin said that at times, the drivers would step over the line and the agency should be aware of the citations issued by law enforcement entities. It was becoming somewhat unsafe in the area of the Las Vegas "strip."

Ms. Moore said when each driver came into the agency to renew his license the Taxicab Authority would run his name through SCOPE to ascertain whether he had been issued citations by the NHP or other law enforcement entities. The agency could also track its own citations. Quite frankly, said Ms. Moore, there was a very active attorney in Las Vegas who handled traffic court through the NHP and the LVMPD regarding traffic violations, and if the person was found not guilty, the Taxicab Authority could not consider those citations.

Senator Coffin said the agency should still know about the citations, even if the person had been found not guilty. He believed the Taxicab Authority should have access to the citation data.

Assemblyman Seale referred to E-804, which referenced radio dispatch services for the agency, and he asked for clarification regarding the training aspect. Mr. Mangum explained that E-804 contained information regarding the fee charged to the Taxicab Authority by the NHP for radio dispatch services. He explained that the Taxicab Authority was a fee-funded agency, and the NHP was funded by Highway Fund dollars, which was why the NHP had to charge for dispatch services. Mr. Seale asked why the charges had started only recently. Mr. Mangum said that the NHP had been dispatching for the agency and it had recently come to light that the NHP had to charge for that service. The NHP had gone back over its records and arrived at an average for the past 3 years for each agency that used its services and which was not funded via the Highway Fund. Mr. Mangum said the costs in E-804 were fees based on past dispatch services.

Mr. Seale asked for clarification regarding the dispatch services provided by the NHP. Mr. Mangum said as of January 1, 2005, the Taxicab Authority had its own dispatchers and had the ability to go online with the NHP and the LVMPD if additional backup services were needed. Prior to January 2005, the NHP had provided all dispatching services for the agency. Mr. Seale asked whether "dispatching" meant dispatching the Taxicab Authority's investigators to the

scene of an incident. Mr. Mangum stated that was correct, and it could be an accident or any situation that involved a taxicab.

Chairman Beers noted that the agency now had its own dispatchers. Mr. Mangum replied that was correct. Chairman Beers asked whether the agency was no longer using NHP dispatchers. Mr. Mangum stated that NHP dispatch was used only in cases of emergency, but even when it was an emergency, the NHP had to charge the agency for that service. If the situation involved a robbery or injury to driver and the Taxicab Authority needed backup, it would contact the NHP to dispatch officers for backup.

Chairman Beers asked whether the NHP had provided an itemized list of the charges for dispatch services. Mr. Mangum stated that the agency had not reached that point yet because payment of fees would begin with the new budget cycle for the upcoming biennium. Chairman Beers asked whether the amount depicted in E-804 was based on the situation prior to the agency acquiring its own dispatchers. Mr. Mangum replied in the affirmative. He indicated that the fees were schedule-driven and the NHP had constructed the program and the costs without much input from the agency.

Assemblyman Hogan noted that the Taxicab Authority funded the Senior Ride Program from its budget, and he asked for information pertaining to that program, and whether it would continue. Mr. Mangum explained that funding for the Senior Ride Program would remain at approximately \$378,000. The Taxicab Authority funded the program, but it was actually administered through the Department of Human Resources, Aging Services Division. Mr. Mangum said that the Division had not requested additional funding for the program, but he believed that all budgeted funds were used for the program. The Taxicab Authority would continue to fund the Senior Ride Program at the current level.

Senator Coffin asked for information regarding the program that would place video cameras in taxicabs for driver safety. Ms. Moore explained that the regulation to mandate digital cameras that would capture a minimum number of images in taxicabs had been adopted by the Taxicab Authority Board to become effective April 1, 2005. The American Civil Liberties Union (ACLU) had sent a letter requesting a legislative review of that regulation, and Ms. Moore said the main concern of the ACLU surrounded the privacy of the passenger public. Having photographic images and potential audio recorded images would infringe on the privacy of the passenger public.

Ms. Moore stated that the regulation passed by the Taxicab Authority requested a minimum capability for photographing within taxicabs, and would not prohibit digital, even though it only required a number of still images. She said the regulation also did not prohibit audio recording. Ms. Moore emphasized that type of surveillance monitoring was not illegal in Nevada. The concerns of the ACLU regarding audio monitoring and surveillance had been expressed in a letter, and a hearing had been held by the Legislative Commission's Committee to Review Regulations on January 10, 2005, at which time it had been determined that the ACLU had objections to the Taxicab Authority's regulation. Ms. Moore said the agency had not received notification defining what those objections entailed, but during the hearing, objections had been voiced regarding the potential for taxicab companies to add an audio monitoring capability to their cabs. One company was reviewing a system that recorded the first 10 seconds of a ride, which indicated where the passenger wanted to go, and the last 10 seconds of a ride, which was when the money transaction took

place. Ms. Moore said there had been no other equipment proposed for use by the industry that would monitor a complete ride.

Senator Coffin said he understood the concerns voiced by the ACLU, and he asked whether the regulation adopted by the Taxicab Authority was for “all or nothing” at the present time, or was there a way to give drivers some control over the camera. The driver could then profile any passenger who made him somewhat nervous. Ms. Moore said that one requirement of the regulation was that the camera capture a certain number of initial images because a passenger who entered the cab could appear friendly and then point a gun at the driver’s head 10 minutes later. The regulation demanded that there be a certain number of initial photographs taken and it also required that the taxicab driver, who was very vulnerable, would be able to trigger the photographic equipment at any time.

Senator Coffin said he would hate to see the current session end with the Taxicab Authority “buffaloed” by the ACLU, and another 2 years go by and other drivers killed. He stated he simply did not want to see that happen. Ms. Moore thanked Senator Coffin for his concerns and indicated that she shared his concerns for taxicab drivers.

Chairman Beers asked that the budget analyst from the Budget Division come forward to clarify the dispatch fees paid to the NHP, which appeared to have been added onto the agency’s budget during the Governor’s review, as it was a recommendation from the Governor rather than an agency request.

Carla Watson, Budget Analyst IV, Budget Division, introduced herself to the Subcommittee and said she was the analyst for the accounts within the Department of Business and Industry. Ms. Watson indicated that she did not have the information and detail with her regarding the NHP dispatch fees. A schedule had been agreed upon between the Public Safety budget analyst and the Department of Public Safety regarding the allocations for dispatch use. Ms. Watson said she would be more than happy to provide the details used to formulate the amounts to LCB staff. Chairman Beers stated that the detail currently available to the Subcommittee indicated that the charges would be incurred until all four of the Taxicab Authority’s dispatchers were fully trained, which was quite different from the information provided to the Subcommittee by the agency. At the present time, Ms. Watson stated she would rather not comment and she would provide factual information to the LCB staff. Chairman Beers said the Subcommittee would be anxiously awaiting that information, and Ms. Watson emphasized that the information would be provided as soon as possible.

There being no further questions from the Subcommittee, Chairman Beers closed the hearing on BA 4130, and indicated that the Subcommittee would recess until 10:00 a.m.

Chairwoman McClain called the meeting back to order at 10:03 a.m., and opened the hearing regarding the Information Technology Division of the Department of Administration.

Dave McTeer, Division Chief, Department of Administration, Information Technology (IT) Division, introduced Dr. Emmanuel Ebo, Pharmacist III, Department of Human Resources, Division of Mental Health and Developmental Services, to the Subcommittee. Mr. McTeer indicated that he would provide a brief mission statement regarding the Division as depicted in [Exhibit D](#), "Department of Administration Information Technology Division." The information contained in the exhibit would help the Subcommittee understand why the IT Division was involved in the various improvement projects.

Mr. McTeer stated that the IT Division of the Department of Administration provided oversight for the Integrated Financial System (IFS), the Nevada Executive Budget System (NEBS), and the Enterprise Electronic Payment (E-Payment) System. The Division also provided budgetary oversight for designated information technology improvement projects for multiple State agencies, and provided direct project management of designated information technology projects. Mr. McTeer further stated that the Division provided budgetary perspective to enterprise information technology issues, and provided advise, counsel, and guidance for information technology-related issues to agencies within the Department of Administration.

Mr. McTeer advised the Subcommittee that he would postpone his presentation on BA 1320 for another hearing, and he asked members to go directly to page 12 of [Exhibit D](#), which addressed BA 1325. Mr. McTeer stated that the Division had requested 19 decision units within BA 1325 regarding technology improvement projects. The budget account contained funding for various IT improvement projects that had a significant General Fund component or were otherwise deemed desirable for inclusion in the account.

Mr. McTeer explained there were two types of projects in The Executive Budget for BA 1325. The first was major IT projects with costs of \$100,000 or greater, and which included a General Fund component. According to Mr. McTeer, the benefit of pooling major IT projects into one budget account was to provide a larger total contingency amount than could be justified in an individual project budget, based on the probability that a few IT projects might overrun their budgets, but it was extremely unlikely that all IT projects in the account would overrun their budgets. By providing such flexibility, said Mr. McTeer, the fiscal success of the projects was more likely assured. Providing sufficient contingency funds for IT projects had been an expressed desire of the Nevada Legislature during previous sessions.

The second type of projects within BA 1325 were videoconferencing projects, and Mr. McTeer stated those projects had been included in the current budget because the Division wanted to ensure system and equipment compatibility, and also wanted to maximize its purchasing power by going out to bid with a master purchase agreement for the videoconferencing equipment for the State.

Mr. McTeer referenced page 17 of [Exhibit D](#), which depicted Decision Units E-426 and E-427, the pharmacy automation project on behalf of the Department of Human Resources, Division of Mental Health and Developmental Services. According to Mr. McTeer, E-426 described a project that would provide pharmacy automation equipment in conjunction with the new psychiatric hospital that would open in May 2006. Automated dispensing would help pharmacists focus more on patient care by spending less time on medication distribution, inventorying, and re-supplying. Mr. McTeer stated that Decision Unit E-427 would provide a pharmacy automation system in

conjunction with Southern Nevada Adult Mental Health Services (SNAMHS), in order to increase efficiency in pharmacy operations and improve patient safety.

Mr. McTeer introduced Jennifer Kizer, Administrative Services Officer IV, Division of Mental Health and Developmental Services, and Dr. Ebo, who would be available for questions from the Subcommittee.

Chairman Beers said the Subcommittee was short on details regarding the benefits that would be provided to the State by the system and what overall efficiency would be gained. He pointed out that prescriptions were filled, sorted, and delivered manually at the present time to four facilities, and the proposal in E-426 and E-427 would only serve the SNAMHS and Northern Nevada Adult Mental Health Services (NNAMHS) inpatient hospital facilities.

Dr. Ebo indicated that he was the Statewide Pharmacy Director, SNAMHS, Division of Mental Health and Developmental Services (MHDS). He explained that the proposed automated system would only serve inpatient pharmacies and, therefore, would serve only the two hospital facilities at NNAMHS and SNAMHS. The automated system would not address the outpatient system of prescriptions. Dr. Ebo indicated that the automated system would address pharmaceutical needs for patients in the hospitals for whom chart orders were written.

Presently, stated Dr. Ebo, inpatient pharmacies manually filled cassettes and delivered those cassettes to the units. The nurses would then access the medications and provide the dosage to patients. That system lent itself to several steps where errors could occur, and Dr. Ebo explained that with the federal focus on medical errors, including medication errors, automation was the way to go. He explained that the automated system would interface between the main pharmacy medication model and the nursing unit models, and those units would have medication models that would also dispense medication. Dr. Ebo stated that no one would be able to access those medications unless it was pursuant to a doctor's order, which would then be verified by the pharmacy. He said that once the information had been verified by the pharmacy it would then be accessible to the nurse, who could input the order and dispense the medication.

Dr. Ebo said the proposal would be a seamless process whereby there would be computer interface between the pharmacy and the nursing units for the actual medication to reach the patient at the right time.

Chairman Beers indicated there had been discussion between LCB Fiscal Division staff and IT Division staff that the two projects could be combined into one. Fiscal Division staff had the impression that the two decision units could be consolidated, which would result in a substantial savings. Ms. Kizer advised that the Technology Investment Request (TIR) had originally been one decision unit, but because the decision unit for the new hospital at SNAMHS was separate, the automated pharmacy costs had been placed in the hospital Decision Unit, E-426, within BA 3161. The costs had since been moved into BA 1325. Ms. Kizer explained that the NNAMHS's portion of the TIR had been included in Decision Unit E-720 under new equipment, and those costs had been moved to BA 1325 in a separate decision unit. Ms. Kizer emphasized that costs in E-426 and E-427 pertained to one project, and the total TIR was approved for \$471,412 for the biennium, which was \$55,000 less than the amount requested in The Executive Budget. She stated that the Division would

respectfully request that the decision units be combined and reduced by \$55,000 to match the TIR amount, which was the correct amount.

Chairman Beers stated the Subcommittee would accept that request. He said the proposal appeared to be a hybrid hardware/software issue, and he asked whether the machine would actually count out and dispense pills. Dr. Ebo said that dispensing medications in that manner was done by the outpatient system that utilized prescriptions and drugs. According to Dr. Ebo, the machine for the inpatient hospitals would actually reside in the units with a stock of medications that could only be accessed after the physician order entry had been verified by the pharmacy. One other advantage of the automated system was that currently there was pharmaceutical coverage at the two hospitals on Monday through Friday, 8 a.m. to 5 p.m. Dr. Ebo pointed out that after those hours there was no pharmacy coverage at the hospitals, and there was also no coverage on weekends and holidays. If prescriptions had to be filled, a pharmacist had to come into the pharmacy from home to verify the orders.

The proposed system, said Dr. Ebo, interfaced through a wireless connection so the pharmacist could release an order for medication to be given to the patient from his home, or any other location. Dr. Ebo stated that would guarantee 24-hour coverage for patient care. He indicated that the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standard requirement for inpatients was that the first dose administration of any medication had to be verified by a pharmacy. Dr. Ebo said the Division of MHDS was in violation of that standard in both NNAMHS and SNAMHS because there was no pharmacist available after 5 p.m. The proposed system would allow the pharmacist to verify the prescription, which would be in compliance with JCAHO requirements, before the first dose was given to the patient.

Chairman Beers asked whether the proposed system would be compatible with Phase III of the Avatar project. Dr. Ebo replied that it would be compatible, and Phase II and implementation of Phase III would allow an option for CPOE, or computerized physician order entry, which would interface seamlessly with the proposed MHDS program.

Assemblyman Hogan asked whether the proposed system would assist the pharmacist at home after normal working hours to have access to patient records prior to verifying the proposed dosage. He assumed there was an incredible turnover in patients and it would be difficult for the pharmacist to remember dosage amounts for a patient. Mr. Hogan asked whether the system incorporated an ability, through the wireless connection, to check records. Dr. Ebo replied in the affirmative.

Chairman Beers noted that Phase I of Avatar had been implemented for the Division of Child and Family Services (DCFS) during the 2003-05 biennium and it appeared that implementation of the clinician workstation was recommended during the first half of the upcoming biennium. Mr. McTeer stated that during the current biennium, Phase I of Avatar had been implemented by both the DCFS and MHDS. The budget request for both agencies included decision units for ongoing development of that system.

Chairman Beers asked whether the piece for the next biennium was the clinician workstation component for Southern Nevada Child and Adolescent Services. Mr. McTeer replied that Decision Unit E-279 was for the MHDS portion of the Avatar system for the clinician workstation module for SNAMHS and

Rural Clinics, and the order entry module would support nursing and other unit staff in completion of their daily activities at the inpatient hospital.

Chairman Beers noted that a large amount of money would be allocated to interface the system with the Unified Nevada Information Technology for Youth (UNITY) system. Mr. McTeer said that the pharmacy piece was being done during the current biennium, and the UNITY decision unit was primarily for licensing for the software that would be implemented over the next biennium. Chairman Beers asked whether 45 percent of the UNITY system was used for child welfare. Mr. McTeer said that he could not answer that question. Chairman Beers said the Subcommittee was interested in whether some of the funding could come from federal money.

Madilyn Zike, Information Systems Manager II, DCFS, advised that the Division's budget request contained funding for the continuation of licenses for clinician workstations in southern Nevada. Ms. Zike said there was a piece in the Division's budget that discussed an interface between UNITY, which was the child welfare system, and the Avatar system, which was the children's mental health piece. The costs in the budget were for the Avatar to UNITY piece, and that was not eligible for federal reimbursement. Ms. Zike indicated that children's mental health services were not eligible for federal IV-E Child Welfare funds.

Continuing his presentation, Mr. McTeer referenced Decision Unit E-225, which was project accounting on behalf of the Department of Administration. The decision unit recommended funding for development and implementation of a web-based application to track financial information for multi-year projects, primarily related to the Capital Improvement Program (CIP), for use by the Administrative Services Division and the State Public Works Board. Mr. McTeer asked Ms. Keating and Evan Dale, Deputy Manager, Administration and Finance, State Public Works Board, to come forward to answer possible questions from the Subcommittee.

Mary Keating, Administrator, Administrative Services Division, explained that Decision Unit E-255 requested funding in the amount of \$711,300 in FY2006 to have the vendor perform a service that would add two layers to the Advantage Financial System. Advantage was the State's accounting system, and was an Oracle-based system used by the Executive Branch, the Legislature, and the Supreme Court. Ms. Keating said Advantage was a traditional state accounting package in that it closed the books every year. The Public Works Board (PWB) projects, and any multi-year projects, were carried on for multiple years and the Division had to track multiple items, such as contract availability and authority, retentions, and so forth.

According to Ms. Keating, what the Division had envisioned and requested, and what it believed would perform the necessary service, was to add two layers to the Advantage Financial System, which would allow for pending and pay documents and multi-year tracking. Ultimately, that would eliminate two additional sets of books, one in the Administrative Services Division and one in the PWB, and would allow all parties to have access to the same information. Ms. Keating stated that would help the Division and the PWB make good management decisions and have access to multi-year tracking.

Ms. Keating said the Division had gone through the Technology Investment Request (TIR) process, and both she and Mr. Dale from the PWB had years of experience in that process. They were very confident that the project would be

successful and they could make it work. Ms. Keating said the ultimate goal was to hopefully eliminate future employees as the PWB projects and the scope of the work expanded.

Chairman Beers said it struck him that the proposal might also be a fine tool to track all the projects within BA 1325. Ms. Keating noted that the Division saw the project as having scope beyond multi-year projects. The primary concern was PWB projects, which contained the largest volume of the multi-year projects, but once the system had been established, it could be used by any entity for multi-year tracking.

Chairman Beers asked why the Division had requested to sole-source the contract for the project. Ms. Keating stated that throughout the Department of Administration, the DoIT, and the Controller's Office, AERIS Enterprises, Inc. had been used, and that vendor had created the Nevada Employee Action and Timekeeping System (NEATS) and the Nevada Executive Budget System (NEBS). Ms. Keating said that AERIS was knowledgeable about the system already in use, and would be able to access many of its developed systems and expand the current system to include multi-year tracking. Ms. Keating believed if another vendor was brought in, that vendor would not have the knowledge to add to the system because it had not been the vendor who developed the modules that would be expanded. Ms. Keating said the Division and the PWB saw the project as the next layer of expansion of the Advantage System. The goal was to make that system totally integrated and Ms. Keating believed that the same vendor should continue with the system. She pointed out that AERIS Enterprises, Inc. had done an excellent job and had a good track record with the State.

Mr. McTeer agreed that AERIS Enterprises, Inc. had an excellent track record with the State, and he stated he had personally worked with a representative from AERIS on a number of projects. One of the primary reasons AERIS was the vendor of choice for the project depicted in E-225, was that the vendor would take the tools it had developed for the NEBS and the NEATS and apply those tools, the user security pieces, and development tools in the new project. Mr. McTeer pointed out that was how the Division had been able to lower the costs of the project, plus the vendor was already working with the State. The vendor had given the State a reduced rate in return for the right to sell the module in the commercial marketplace if it chose to, and the State would receive free upgrades in the future. Mr. McTeer said the Division would like to continue the partnership with the vendor, which he believed was a win-win situation.

Chairman Beers indicated that the TIR included post-implementation support, administration of the database and the server, and machine systems level integration work, but those costs were not included in the cost estimate. Mr. McTeer said those costs were not included because the proposed project would reside in the same server as the NEBS, so there would be no additional licensing costs or software costs. In addition, the Division would use the same State staff who had worked with the Division and vendor on NEATS and NEBS. Mr. McTeer indicated that was another reason why he believed it was an excellent proposal.

Assemblyman Seale asked how the system would integrate with the accounting systems within the State, such as the State Treasurer's Office, the Controller's Office, the payroll system at State Personnel, and the Purchasing Division. Ms. Keating explained that Advantage was a governmental accounting system

and was the official record of the State financial results and the Capital Report, et cetera. The system tracked expenditures and budgetary authority. Ms. Keating explained that at the current time, the system closed its books at the end of the year. The Division processed transactions called "work programs" that moved authority and money forward from one year to the next. In a CIP project, there were things outside Advantage, and what the Division envisioned was that Advantage would be the bottom layer, and at the end of every transaction, the figures would be posted to Advantage as were all other transactions. However, said Ms. Keating, there would be an interface level that would be able to see that for a certain vendor there was a \$1 million contract and \$800,000 had been spent, with \$200,000 remaining. That was currently not accessible with the Advantage System at the present time. As payments were made to vendors, Ms. Keating said the Division was required to keep retention amounts as a way to ensure that the vendor did a proper job, and the vendor was paid interest. That interacted through the State Treasurer's Office to result in quarterly interest payments.

Other agencies that used the Advantage System would not be impacted by the proposal, but the Division's passwords, as staff interacted within the system, would allow entry into the interface. Many of the edits that the Division was required to track were currently tracked in Excel, which required tracking two sets of books and a weekly reconciliation of every transaction. Those edits would then be available via the interface. Ms. Keating said it would allow the PWB, as it started to make management decisions, to see what had been paid and also what was pending, which would provide a true up-to-the-minute picture of the total project.

Mr. Seale asked whether the proposed project would allow for the preparation of multiple reports. Ms. Keating said there would be some "canned" reports, but the current Advantage System could be downloaded to Excel to generate reports.

Mr. Seale asked whether the project would integrate with the Treasurer's Office in terms of investments, interest distribution reports, et cetera. Ms. Keating said there would be no enhancements to what was available through the current Advantage system for the Treasurer's Office. She emphasized that an enhancement was not necessary for that office, because the funds on deposit were already integrated through the Treasurer's Office to earn interest, which would not be changed. Ms. Keating reported that certain projects earned interest and others did not, depending on the statute and the funding requirements. Ms. Keating did not envision an enhancement for the Treasurer's Office.

Mr. Seale asked whether the interest distribution was already being dealt with through the current system. Ms. Keating said that was correct, and there was already a vehicle in place to distribute interest from the Treasurer's Office to a certain project. The interest she had referenced was the interest the State paid to vendors when it withheld 10 percent of the project funding as retention.

Typically, said Chairman Beers, entering information regarding a vendor invoice after you had specified the job, and frequently a phase or maybe a cost code within that phase, would create a tremendous granularity in most systems with which he was familiar. Ms. Keating said that was true in the Advantage system as well, and that was already in place. Chairman Beers asked if that type of data entry was currently being done, and Ms. Keating replied in the affirmative. Chairman Beers said the data was not retained beyond the end of the year, and

Ms. Keating said that was correct, and that was where the problems with edits occurred.

Chairman Beers asked whether everyone who did CIP accounting work was already entering information. Ms. Keating said it would be the staff of the Administrative Services Division. Chairman Beers asked about an agency that was going to undergo a technology project on its own, such as the TSA and the Taxicab Authority. Ms. Keating said there were systems in Advantage that would allow agencies to track individual information, and those agencies would work through the Budget Office and the Controller's Office to set up the edits. Ms. Keating said the Division did the accounting for BA 1325 and could sort detail in any way.

Chairman Beers asked whether money had been included to set up classes for agencies that were outside the Division's immediate domain that would benefit from having a multi-year project tracking ability. Ms. Keating said that once the system was up and operational, she would be happy to set up classes.

Mr. McTeer said the proposal would take advantage of the security structure that had been put into place for NEATS and NEBS, which helped track employees when they left or transferred to another agency. It would help automate the process of terminating an account, which would be another benefit of the proposed project. Mr. McTeer indicated that it would be a web-enabled application so there should be minimal training required. He explained that the Division was attempting to make the project as user-friendly as possible.

Chairman Beers asked for clarification regarding the benefits of placing all projects under BA 1325. Mr. McTeer said the benefits would be that it provided a larger total contingency amount than could be justified for any single project, which gave the Division flexibility. If one or more projects became problematic and there was a change in scope or if additional money was available, the Division would have flexibility by having the funds pooled in BA 1325. Having said that, Mr. McTeer advised that he had six projects in the current biennium within BA 1325 and to date he had not taken, nor did he plan to take advantage of that flexibility. He indicated that one of his performance measurers was ensuring that the projects were brought in within budget. Mr. McTeer stated that combining the funding for the projects was a tool that the Division felt should be available so that a major IT project would not fail from a financial standpoint.

Chairman Beers said the slight dissidence had occurred because there were separate project contingency accounts currently set up. He asked why there could not be just one project contingency account that could be used for multiple projects. Mr. McTeer said that certainly could be done.

Ms. Keating believed that the projects would all be pooled in one category, which would allow for use of the funds for multiple projects. She noted that it had not been a necessity up to this point. After budgets had been closed, Ms. Keating said the projects were booked into the State accounting system within "Category 10," which would be within one category. One of the disadvantages with multiple categories was that money and authority had to be moved in order to follow each project. Ms. Keating stated that putting the projects into one account with codes to track each project separately and building internal budgets for each project, would allow comparisons to be made regarding internal budgets and what had actually been done. She indicated that

would allow tracking of all projects, and she reiterated that she believed the projects would all end up in one pool.

Chairman Beers asked whether the Division had plans to regularly inform the Legislature regarding accessing contingency funds. Mr. McTeer stated he had not specifically planned such reports, but he would certainly do so at the request of the Legislature. He said the Division was currently three-fourths of the way through the current biennium, and he had not had to tap that "well" of funding to move money for projects. Mr. McTeer indicated that, to the best of his knowledge, the projects currently in BA 1325 were coming in within budget in terms of the work that could be done during the current biennium. He reiterated that he would be more than happy to provide such reports at the request of the Legislature. Chairman Beers said the Subcommittee would like to have such a report.

Assemblyman Hogan asked, with regard to consolidating the contingency funds that were as much as 15 percent of the project cost, whether it would be possible to reduce the consolidated total on the insurance principle of spreading the risk among a number of projects, most of which would not require use of those contingency funds. Mr. McTeer said that certainly would be possible, however, he would request that the Subcommittee review that aspect very, very carefully and not short funding for any projects.

Chairman Beers asked what happened to unused contingency funds. Mr. McTeer explained that the unused contingency funds reverted back to the funding source, either General Fund or Highway Fund. Chairman Beers said he was not certain he could see any savings associated with either option. He asked whether the contingency for a project "lived" beyond the biennium. Ms. Keating replied that the funding did not go beyond what was legislatively authorized for the biennium, and to go beyond that time frame would require a request to extend the funding. Mr. McTeer further explained that the Division typically rolled unexpended money forward from the first year into the second year of the biennium, but as stated by Ms. Keating, at the end of the biennium, those funds would revert.

Assemblyman Seale asked where the Division left off with accounting activities and where the Controller's Office picked up. Ms. Keating said the Advantage system was a decentralized accounting system and ultimately all transactions would go through the State Controller's Office. The State Controller was the official bookkeeper and all transactions were processed through that office. Ms. Keating said the information and transactions were input into the system by field people from the various agencies, but all transactions would end up in Advantage, which was the Controller's accounting system.

Chairman Beers opened discussion regarding Decision Unit E-275. Mr. McTeer indicated that E-275 recommended funding phase 4 of the digital microwave and fiber optic system on behalf of the Department of Information Technology (DoIT). Phase 4 would complete the reconstruction and upgrade of the State communications infrastructure system, replacing the 35-year-old analog microwave system. Mr. McTeer advised that the system was used to transport telephone and teleconferencing services, Internet, email and data services, and Department of Public Safety radio service. The request was for \$692,542 in the first year of the biennium in General Fund money, and \$2,455,378 of Highway Fund money. Mr. McTeer said in year two of the biennium, the request was for \$918,021 in General Fund money and \$3,254,802 of

Highway Fund money. Mr. McTeer advised that Mr. Blomstrom, Deputy Director, DoIT, would be available to answer questions from the Subcommittee.

Chairman Beers said one of the concerns was that 2 years ago, construction of the phases had been funded via 67 percent Highway Fund money, and the current request dropped that percentage down to 55 percent.

Howard M. Blomstrom, Deputy Director, DoIT, stated Chairman Beers was correct. The overall intent, over the life of the 10-year, 4-phase project, was to reach the approximation of 52 percent Highway Fund and 48 percent non-Highway Fund money. Mr. Blomstrom said phases 1 and 2 had been funded completely through General Fund dollars, phase 3 had been funded, for the most part, through the Highway Fund, and phase 4 was a split which was aimed at bringing the overall cost of the 4-phase project to nearly half and half funding between General Fund and Highway Fund dollars. The requested 52/48 percent funding split reflected the breakdown of the use of the dedicated channels on the system. Mr. Blomstrom said when phase 4 was completed the funding ratio would be approximately half and half for the total funding.

Chairman Beers asked whether the federal government was satisfied with the State playing "catch up" in that fashion. Mr. Blomstrom said he could not answer that question directly, but he believed everything was satisfactory because there had been no questions asked. Chairman Beers said it was his understanding that it was a long-term project, which had not been paid proportional to federal and non-federal users for the first 3 phases and, in fact, phase 4 would also not be paid proportional to users regarding Highway Fund dollars and General Fund dollars, but instead a percentage would apply that was calculated to pull the entire 4 phases into the targeted split. Mr. Blomstrom stated that was correct. Chairman Beers asked whether phase 4 would include the adjustment, and Mr. Blomstrom replied in the affirmative.

Chairman Beers asked about the possibility of not being able to access the mountaintop sites until after the snow melted. Mr. Blomstrom said DoIT had planned on winter weather based on a typical season, and part of the variables was the access. The Department did not know when it would be able to access certain mountaintop sites, but there were lower level sites that could be accessed earlier, while the higher sites could be accessed later in the year. Mr. Blomstrom stated the project implementation plan was generally adjusted to address those areas that could be accessed first, and leave the higher elevation sites for later in the year.

Chairman Beers said that earlier testimony from the Taxicab Authority indicated that the preponderance of radio usage for that agency was in Las Vegas within the urban core, so it had requested handheld units with docking stations rather than fixed vehicle units for that location. However, in northern Nevada, with the longer distances covered, the higher power of the fixed vehicle unit would probably make better sense for the Transportation Services Authority (TSA) than the lower power of the handheld unit, which was what the TSA officers currently used. Mr. Blomstrom said that was correct and he, Mr. McTeer, and Robert Chisel, Administrative Officer IV, Nevada Department of Transportation (NDOT), had worked on that problem. The Taxicab Authority was the only entity which had requested the docking station approach that used portable handheld units in a vehicle. Mr. Blomstrom said that approach had not been used by any other agency, and it would not provide the higher power in a vehicle. He recommended, from an engineering standpoint, the use of the

higher powered mobile units in vehicles for the northern Nevada area, accompanied by the lower powered portable units.

Chairman Beers asked whether there was money in the budget to swap the units in the two TSA vehicles. Mr. Blomstrom said that DoIT did not have money in its budget. Mr. McTeer stated that the TSA was primarily a Highway Fund agency and that question could be answered by Mr. Chisel from NDOT. He explained that funding for infrastructure and radios for Highway Fund agencies would be included in the NDOT budget. Mr. McTeer said there was still money in BA 1325 but, at the express wish of the Legislature, that money was to be used only for General Fund agencies. He believed that the money could be found to make such a swap.

Chairman Beers asked Mr. McTeer to continue his budget presentation.

Mr. McTeer stated that Decision Unit E-276 recommended funding for the Nevada Executive Budget System (NEBS) data mart, or data warehouse, for the Department of Administration's Budget Division. The data mart would expand reporting and analysis possibilities, including multi-biennium inquiries, for all users of the budget system. Mr. McTeer said the application would allow users to research such inquiries independently and produce more accurate and relevant results in a shorter period of time. He indicated that the technique of separating the reporting database, data warehouse, or data mart, from the operational system had proven invaluable with other components of the Integrated Financial System.

Mr. McTeer believed that the application would address the Chair's question during the Legislative Commission's Budget Subcommittee hearings about ad hoc inquiries. E-276 included the mechanism proposed by the Division that would allow agencies to conduct their own ad hoc inquiries during the upcoming biennium.

Chairman Beers said the Subcommittee should note that Decision Unit E-276 in BA 1325 was somewhat dependent upon Decision Unit E-275 in BA 1320, which recommended funding for an Information Systems Manager II position. That budget would be reviewed at a later date because of time constraints.

Mr. McTeer said there was a NEATS project for the Department of Personnel as well as the project accounting system contained in E-276, and he was the designated project manager on all projects. He concurred that there was some dependency between the two budget accounts.

Chairman Beers asked whether the Division had brought the NEBS server up to 100 percent utilization. Mr. McTeer said that had not been done. Chairman Beers asked about current utilization. Mr. McTeer stated that the utilization was between 50 percent and 60 percent. Chairman Beers asked whether the Division was alleviating parallelization on the NEBS server with the proposed data warehouse. Mr. McTeer said that he, the developer, and the DoIT technical staff, had addressed that issue to ensure there was plenty of "horsepower" left on that machine so the NEBS operational system would not be at risk by adding the data warehouse. Chairman Beers asked whether the proposed data warehouse would go on the same machine. Mr. McTeer said that was correct.

Chairman Beers opened the hearing on Decision Unit E-277.

Mr. McTeer said Decision Unit E-277 recommended funding the Offender Tracking Information System for the Nevada Department of Corrections (NDOC). That system would replace the Nevada Correctional Information System (NCIS), which had been supported by a single individual and had limitations on its functionality, based upon its use of obsolete technology. Mr. McTeer said the system was critical to the NDOC's mission and was relied on to execute the orders of Nevada courts that placed offenders under the Department's jurisdiction. Mr. McTeer said that representatives from the NDOC were present to answer questions from the Subcommittee.

Chairman Beers advised that it had been brought to the Subcommittee's attention that a consortium of western states had jointly developed a system, and he asked whether anyone was familiar with that group. Richard Stewart, Data Processing Manager, NDOC, replied that he was aware of the consortium and the vendor for that system had responded to the Department's Request for Information (RFI). Chairman Beers said it appeared that it would be a desirable system for the NDOC, and he asked Mr. Stewart to describe the potential synergies of that alternative. Mr. Stewart stated there were several western states that currently operated the system, Alaska, Idaho, Utah, and New Mexico. The consortium pooled money between each of the states to offset development costs for new modules and other potential enhancements to the system. Mr. Stewart believed the system had originally been developed by the vendor in coordination with the state of Utah.

Chairman Beers said that, because those programs were written once and sold many times, it was probably the only commercial off-the-shelf (COTS) system in existence for prison management. Mr. Stewart reported that there had been two responses to the RFI and both vendors had COTS systems that were actually running in other states. He believed there might be two other vendors who had similar systems.

Chairman Beers asked whether there had been a difference in costs from the vendors who replied to the RFI. Mr. Stewart said the vendors had responded with costs, which was how the budget had been developed. The NDOC had gleaned the information from both responses and had finally selected the higher of the two vendors.

Chairman Beers asked whether Mr. Stewart was the project manager. Mr. Stewart replied that the NDOC had placed an earmark for an outside consultant for project manager. Chairman Beers asked whether the NDOC had identified the members of the team who would be assimilated from its functional areas. Mr. Stewart said the NDOC was in the process of assimilating its team at the present time, and a Request for Proposal (RFP) would be released, contingent upon funding from the Legislature. The Department would like to get started with the project and an 18-month implementation plan had been provided by both vendors. Mr. Stewart indicated that the NDOC assumed that the project could be finalized within the biennium.

Chairman Beers asked whether every employee would receive a new computer. Mr. Stewart replied that the NDOC had approximately 1,100 PCs in the field at the present time, and approximately 70 percent, or 700 of those PCs were Pentium II or below. Mr. Stewart explained that the PCs that needed to be replaced would be replaced. Chairman Beers asked whether there were areas in the NDOC's network where the connectivity was not fast enough. Mr. Stewart said there might be some upgrades to the connectivity, and currently the

Department was working on satellite connectivity to its camps, but had realized there would be a slight delay with the satellite connection.

Assemblyman Hettrick said one of the concerns was that replacement of 700 PCs, per the DoIT schedule, would cause that same number to need replacement once again after the allotted number of years. Since the proposed project would have an 18-month implementation period, he asked whether it would be possible to spread the replacement of PCs over that time frame. Mr. Hettrick believed that would alleviate the "hit" on the budget, and it would also alleviate the necessity of NDOC being asked to justify, once again, the request for replacement of 700 PCs. It would be better to spread the replacement of PCs over a period of time rather than all at once.

Darrel Rexwinkel, Assistant Director, Support Services, NDOC, stated that in order to implement the new system, the PCs would have to be a Pentium II at minimum, and perhaps a Pentium III or higher. He explained that at the present time, of the 1,135 PCs in service, 448 were Pentium I and under. Mr. Rexwinkel indicated if the NDOC replaced those PCs, along with a 25 percent replacement of the remaining PCs, that would bring the total to 731 PCs needed on that basis, and the request was to replace 720. Mr. Rexwinkel noted that the NDOC had developed those numbers close to 2 years ago, but that was close to the actual number needed of 731 PCs. The PCs were needed to run the system and they would be installed and implemented throughout the biennium.

Mr. Hettrick said there was no argument about the total number of PCs that needed replacement, but he was asking that the NDOC not purchase all the replacement PCs during the first year of the biennium and spread the purchase over the 18-month implementation of the program.

Mr. Rexwinkel added that in addition to the request contained in Decision Unit E-277 for the system, there was also a request for six ongoing positions within BA 3710.

Chairman Beers asked what level of risk the State would run during the transition of the systems. Mr. Stewart said the NDOC would run an average risk, and he had applied three resources to assist with the current application at the present time. The problem was that it was an antiquated system written in Revelation basic, using a Revelation database, which had been "de-supported" approximately 10 years ago. Mr. Stewart indicated that his staff had been working with the individual who operated the system, but it was quite difficult. There was some risk, but he was attempting to mitigate the risk by initiating the RFP process at the present time in order to meet the 18-month implementation period.

Chairman Beers asked whether the retired computer "guru" would be available for assistance over the 18-month implementation period. Mr. Stewart said he had approached the individual, who stated that he would not be interested in coming back as a consultant, or in any other capacity. The individual was moving out of state and would not be available.

Assemblyman Hettrick asked for explanation of project travel, project site and facilities, and the training budget costs. Mr. Stewart explained that there was training overtime for the correctional officers in the amount of approximately \$798,000. All correctional officers would need to be trained in order to utilize the new system, because it was mission-critical to their duties. Mr. Stewart

indicated that 2 days of training had been estimated per individual officer at \$31.57 per hour. He emphasized that the NDOC could not pull a correctional officer away from a post for training without backup.

Mr. Hettrick asked whether there were no scheduled training days for officers at the present time. Mr. Rexwinkel said that officers did have scheduled training days and the NDOC did have a relief factor, but the training for the new system would be in addition to scheduled training days. The training had not been accommodated in any other section of funding, so the NDOC would be required to pull the correctional staff for 2 days of training and backfill those positions at overtime pay. As far as the travel costs were concerned, the NDOC was not sure where the training facility might be established and whether the Department could conduct training in southern Nevada, or whether it had to be done in northern Nevada. Mr. Rexwinkel said much would depend on the selected vendor and, if necessary, the southern institutional staff would be brought to northern Nevada for training, which would account for the travel dollars.

Mr. Hettrick asked about the expenses for the project site and facilities. Mr. Rexwinkel indicated there had to be a location or site for the vendor and NDOC staff during the project development and necessary space would have to be obtained. Mr. Rexwinkel said the NDOC did not have available space for that function. The cost for project site and facilities was \$195,964 throughout the term of the project.

Mr. McTeer asked whether further information would be required regarding the decision units pertaining to the Avatar project. Chairman Beers did not believe further information would be required.

With no further business to come before the Subcommittee, Chairman Beers adjourned the hearing at 11:01 a.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Attaché

APPROVED BY:

Senator Bob Beers, Chairman

DATE: _____

Assemblywoman Kathy McClain, Chairwoman

DATE: _____

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Joint Subcommittee on General Government
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EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance, Joint Subcommittee on General Government

Date: March 3, 2005

Time of Meeting: 8:00 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B	Dave Kimball, TSA	TSA 2005 Leg. Report
	C	Yvette Moore, Taxicab Authority	E-275 Internet/Tech.
	D	Dave McTeer, Info. Tech./Admin.	IT Division