

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

**Seventy-third Session
March 25, 2005**

The Joint Subcommittee on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:05 a.m. on Friday, March 25, 2005. Chair Bob Beers presided in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

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

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Ms. Kathy A. McClain, Chair
Mr. Morse Arberry Jr.
Mr. Joseph M. Hogan
Ms. Ellen M. Koivisto
Mr. Bob Seale

COMMITTEE MEMBERS ABSENT:

Mr. Lynn C. Hettrick, Excused

STAFF MEMBERS PRESENT:

Bob Guernsey, Principal Deputy Fiscal Analyst
Tracy Raxter, Program Analyst
Mark W. Stevens, Assembly Fiscal Analyst
Jo Greenslate, Committee Secretary

OTHERS PRESENT:

Rick E. Gimlin, Deputy Director Agriculture, Administration Division, Department of Agriculture
David McTeer, Department of Administration, Carson City, Information Technology Division
Mark Blomstrom, Deputy Director, Communication and Computing Division, Department of Information Technology
Grant Reynolds, Information Services Technician, Office of the Director, Department of Business and Industry
Patricia Morse Jarman, Commissioner, Division of Consumer Affairs, Department of Business and Industry
Rex Reed, Administrative Services Officer, State Department of Conservation and Natural Resources
Hugh Ricci, P.E., State Engineer, Water Resources Division, Department of Conservation and Natural Resources

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Gary Bermeosolo, Administrator, Nevada State Veterans' Home
Jeffrey T. Fuhler, Computer Network Technician, Office of Veterans' Services
Ace Tan, Administrative Services Officer, Office of Executive Director for Veterans' Services, Office of Veterans' Services
Dave Emme, Chief, Bureau of Environmental Information and Planning, Division of Environmental Protection, State Department of Conservation and Natural Resources
Troy E. Williams, Data Processing Manager, Division of Mental Health and Developmental Services, Department of Human Resources
Deanna L. Bjork, Chief Assistant, Budget Administrator, Budget and Planning Division, Department of Administration
Terry Savage, Director, Chief Information Officer, Department of Information Technology
Shelly Person, Chief of Administration, Department of Information Technology
Ken Adams, Information Systems Manager, Technical Operations Division, Department of Information Technology

CHAIR BEERS:

I will open the hearing on budget account 101-1325.

ADMINISTRATION

Information Technology Projects – Budget Page Administration-34 (Volume I)
Budget Account 101-1325

Regarding the Department of Agriculture licensing and payment system, our discomfort lies in the fact that you submitted two technology investment requests (TIR) for two projects. It appears the one approved was based on the one not approved.

RICK E. GIMLIN (Deputy Director Agriculture, Administration Division, Department of Agriculture):

The TIRs were codependent; one was not entirely dependent upon the other. The first TIR, the chemistry TIR for budget account 101-4545, a fee-based account, was necessary because we ran out of reserve.

AGRICULTURE

Agriculture, Agriculture Registration/Enforcement – Budget Page AGRI-32
(Volume I)
Budget Account 101-4545

This TIR is being revised to move forward separately. We have reviewed the costs and are working with the Department of Information Technology (DoIT) to revise them.

CHAIR BEERS:

What is your schedule with DoIT to revise those costs?

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MR. GIMLIN:

We have the revised schedule now, and we are going to pass it through DoIT the first part of next week. We are seeking a request for proposal (RFP). That determines the true cost of the project. Even with the amended TIR, there are sufficient funds in the *Executive Budget* for us to go to an RFP.

DAVID McTEER (Department of Administration, Carson City, Information Technology Division):

Did you want to discuss enhancement 280 which is the data redundancy system for DoIT?

E-280 Maximize Internet and Technology - Page Administration-37

CHAIR BEERS:

The proposal does not indicate whether the disaster recovery system is going to be housed in a state-owned or leased facility.

MARK BLOMSTROM (Deputy Director, Communication and Computing Division, Department of Information Technology):

It is our intention to house the disaster recovery system in a government-owned facility if possible. However, we have not signed a specific agreement. We are currently in negotiations with the University and Community College System of Nevada (UCCSN) and Clark County, and potentially looking at the Freeway and Arterial System of Transportation (FAST) building.

CHAIR BEERS:

Where is the FAST building?

MR. BLOMSTROM:

It is the Las Vegas Highway Patrol and FAST building, the new Highway Patrol regional command center on Interstate 15. There is not adequate room there for expansion. However, there is rack space for equipment.

CHAIR BEERS:

Will they have connectivity?

MR. BLOMSTROM:

The FAST building has connectivity, and they are currently installing fiber optics. If we use the FAST building, we may arrange later to bring in alternate communication pipes, such as a microwave linkage. Regardless of where we go, a key consideration is to bring communication pipes into the facility. If we use Clark County facilities, they already have a great deal of communication pipes in place. We would eventually bring a microwave linkage into that facility.

CHAIR BEERS:

Would it be less expensive to lease a commercial facility? Have you investigated that alternative?

MR. BLOMSTROM:

We are looking at this over a long-term period. From the standpoint of storage of government data and a high level of security, we would prefer a

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government-owned facility as opposed to a commercial leased building. However, we would look at a commercial lease if you so advised.

CHAIR BEERS:

I envision the FAST building being at capacity in ten years, without your presence, due to the growth in southern Nevada.

MR. BLOMSTROM:

That is a possibility.

CHAIR BEERS:

What about outsourcing the backup function altogether?

MR. BLOMSTROM:

In that sense, we currently have an outsourced contract for a remote site. We have to staff that, however, whenever it is brought up. If you are suggesting an in-state location, where it would be staffed and available, we have not reviewed that possibility.

CHAIR BEERS:

Do your backup requirements limit you to using IBM if outsourcing?

MR. BLOMSTROM:

Now we are restricted to EMC Corporation from the standpoint of storage area and network, and, yes, IBM Virtual Tape System (VTS). The reason for EMC is we have made a commitment to their particular architecture and it does not make sense to shift it.

CHAIR BEERS:

You could buy that equipment and place it in your facility. Is that the plan?

MR. BLOMSTROM:

That is correct.

CHAIR BEERS:

Do you have definitive plans to terminate the out-of-state backup system?

MR. BLOMSTROM:

No, not at this time. The out-of-state backup disaster contract would have to remain in place until we were into Phase 3 which is down the road.

CHAIR McCLAIN:

Currently, you only back up once a week. Is that correct?

MR. BLOMSTROM:

We back up once a week on certain critical applications. The actual backup time is dependent upon the application and the needs of that particular client.

CHAIR McCLAIN:

I assume you have performed analyses to determine which type of data needs to be backed up more often.

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MR. BLOMSTROM:

We have done that on the high-level critical systems, and we are reaching further down into that realm at the moment with what we call our CB TAB program to identify the critical business applications. From that, we will move into identifying, more specifically, the backup needs for those applications.

CHAIR MCCLAIN:

Have we had any serious problems such as losing data?

MR. BLOMSTROM:

In terms of major data loss, no. However, we have lost data in minor systems which have been inadequately administered and backed up.

CHAIR MCCLAIN:

How long do you intend to maintain two separate backup and recovery systems; the new one and the one in Colorado?

MR. BLOMSTROM:

The new system will locate backup storage. It will be online storage for both our storage area network and the VTS. That is essentially just storage; it is not processing. This is included in Phase 2. During Phase 3, which is one or two biennia into the future, we will establish a remote processing center within the state. At that point, we would dissolve the out-of-state contract.

CHAIR MCCLAIN:

In the future we are looking at approximately \$2 million at least. Is that correct?

MR. BLOMSTROM:

To the extent we implement processing, that would determine the cost.

CHAIR BEERS:

Do you anticipate if the Highway Patrol fills the building in four or five years and you are required to leave, it would be a major project? At that point, you would already have made a significant investment and you would have to move the equipment to a new location.

MR. BLOMSTROM:

At this point, we do not see the FAST building as a high potential to house the data recovery system because of exactly that. It does not have much space. The only potential for a physical expansion would be in terms of another building at that location. It is more attractive to us to colocate with a similar 24 hours a day, 7 days a week data operator such as UCCSN or Clark County. Our efforts are focused on finding a remote facility in Las Vegas.

CHAIR BEERS:

The FAST building does not make sense to me.

MR. BLOMSTROM:

It only makes sense in terms of communication links.

ADMINISTRATION

Information Technology Projects – Budget Page ADMINISTRATION-34
(Volume I)
Budget Account 101-1325

E-281 Maximize Internet and Technology – Page ADMINISTRATION-38

CHAIR BEERS:

We will now discuss decision unit E-281. Our concern is that the Information Technology projects do not have huge data requirements, and the request seems to be for a more sophisticated system than needed. Perhaps they could expand their Access utilization. Our staff indicates they have 6,000 consumer complaint cases each year.

GRANT REYNOLDS (Information Services Technician, Office of the Director, Department of Business and Industry):

We performed a requirements study and decided the best approach would be a commercial off-the-shelf (COTS) solution. Before we purchase and implement the system, we will perform a detailed requirements study. If we find a better and less expensive solution, we will purchase that one.

CHAIR BEERS:

There is a line item for DoIT to perform Legacy data conversion for \$60,000, and a line item for \$52,500 for the vendor to perform data conversion.

MR. REYNOLDS:

Typically, on cost implementations, both the customer and vendor must perform a portion of the conversion. The actual contract detailing who does what will vary. The vendor cost was submitted to us by the vendor based on high-level specifications. We found that some vendors do not want to assume full responsibility because they are unsure of what they are getting into. With the Legacy system, it is usually high risk, and typically an area that we negotiate with the vendor.

CHAIR BEERS:

Have you considered expanding your Access utilization?

MR. REYNOLDS:

That system is part of a FoxPro application.

CHAIR BEERS:

According to staff, you have three FoxPro applications, Excel spreadsheets and Word documents.

MR. REYNOLDS:

That is correct. This would be consolidated into one system. We did not perform a cost analysis to determine if we could salvage the existing system or move it into Access.

CHAIR BEERS:

You do not believe the \$60,000 and the \$52,500 are redundant?

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MR. REYNOLDS:

When we actually get into the system, we could probably reduce the amount. The aggregate number seems high to me. We can do much of the work internally.

CHAIR BEERS:

We received a memorandum from the Division indicating a reduction in funding for this project of approximately \$30,000. However, we were not told why the funding was being reduced.

MR. REYNOLDS:

We reviewed our proposal and cut out some things, a little for SQL server and a few other small items.

CHAIR BEERS:

Did you recalculate some of your component costs?

MR. McTEER:

From the time the TIR had been written last spring until the budget was built in the fall, there was a discrepancy of \$33,045. The Division realized the budget was incorrect, but the TIR was correct. The Division requested a reduction in an effort to reconcile the two figures.

CHAIR BEERS:

You have \$13,000 for laptops and \$6,000 for scanners. Usually that appears in a different decision unit. Is that consolidated because of the new budget account 101-1325 umbrella?

MR. McTEER:

No, sir. The laptops have nothing to do with where the projects appear in a budget account.

MR. REYNOLDS:

The laptops were requested by the agency to enable their employees to go into the field to perform audits and follow up on complaints.

CHAIR BEERS:

The TIR seems to have those hardware costs contained within it. Now that the TIR matches the budget, it would indicate this decision unit contains hardware. Typically, we see hardware separate from software projects.

MR. REYNOLDS:

You are correct. That could be moved into another account outside the project.

CHAIR BEERS:

How many scanners are you requesting?

MR. REYNOLDS:

We put in the scanners as a placeholder. Scanning capability would enable us to streamline document management and reduce the number of hard copies. The actual scanners we will be using may or may not cost less. We have requested several higher-end scanners.

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CHAIR BEERS:

We may direct you, for 6,000 cases, to expand parts of your existing system instead. We will make that decision when we start closing budgets.

We will move on to the decision unit relative to the Labor Commissioner system that will replace several existing core business applications including the Wage Claim System.

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This TIR does not indicate whether you are considering COTS or building your own; it is vague.

MR. REYNOLDS:

We prepared this TIR in the November time frame as we were conducting budget discussions and compiling the Governor's *Executive Budget*. We made an underlying assumption this would be a COTS solution. Before we actually start this project, we will reassess and perform a needs requirement survey, but the basic assumptions are based on a COTS solution.

CHAIR BEERS:

Mr. McTeer, can you educate us on how these projects were prioritized. I assumed that agencies would be developing TIRs, relatively completely, and they would be stacked up and ordered by a group of people. We are seeing a couple of TIRs that do not yet have that level of development.

MR. McTEER:

The Information Technology Strategic Planning Committee, consisting primarily of the directors of the departments and Governor's cabinet members, prioritized all TIRs of \$500,000 or greater. The reason TIRs less than \$500,000 were not prioritized at that level was a matter of time and required effort on the part of the cabinet members. This was the first time TIRs at the \$500,000 and greater level were prioritized by the cabinet. Those less than \$500,000 were not prioritized, but the agencies brought them forth if they seemed reasonable to the Budget Division, and they were sent to the Governor's Office as part of the agency request.

CHAIR McCLAIN:

Does that mean some of these TIRs were not reviewed by DoIT or you?

MR. McTEER:

No, all TIRs were reviewed by DoIT regardless of the dollar amount. The larger TIRs were then examined by the Strategic Planning Committee for prioritization.

CHAIR McCLAIN:

My concern is that this is the second one I have heard, "if we do this, or if we do that," but there is a number attached. To which "if" is the number attached? For example, \$241,089 is being requested in the TIR for the Wage Claim System, as indicated on page 10 of 13 of the Department of Administration Information Technology Division document dated March 25, 2005, [Exhibit C](#). However, nobody seems to know what it will pay for.

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MR. REYNOLDS:

We prepared that particular TIR for the Labor Commission during a tight time frame to plan for the budget cycle. I agree it is unclear as to exactly on what we are going to spend it. First, we need a budget for a solution for this organization. We are not going to spend any money until we scrutinize the requirements and reassess our needs. The end solution may be slightly different; it may be rebuilding the current Access system.

CHAIR McCLAIN:

Theoretically, it could be a lot more than slightly different.

MR. REYNOLDS:

That is correct.

CHAIR McCLAIN:

That is my concern. We have seen many of these without solid numbers. You want to build a budget with \$30 million worth of computer equipment, but the TIR does not reflect the true cost.

CHAIR BEERS:

How are you going to perform the actual requirements study? Are you going to take a week off from your day job or is it contracted?

MR. REYNOLDS:

Typically, for these types of projects, we put money aside for outside assistance. I have found, working within this agency, I can usually interview everyone involved and compile a questionnaire participants can use to gather information and structure the study.

CHAIR BEERS:

What will you do with that requirements study?

MR. REYNOLDS:

I would reassess all alternatives and make a decision as to whether we can rebuild the existing system or if it would make more sense to procure a new system.

CHAIR BEERS:

The Department of Information Technology has identified this project as being a significant risk for exceeding project budget. They were even more explicit and said the projected funding for the COTS system may be inadequate. We are nervous with that level of vagueness. We do not put in placeholders; we fund projects. I would feel better if you had requests for information (RFIs) from a couple of different vendors to compare. Will that happen at some point in this progression?

MR. REYNOLDS:

Yes, we could go out for RFIs. In this particular one, we did not have time to go through the RFI process. We talked to a vendor and gave him specifications to get an idea from his perspective of a COTS solution which may or may not be the best fit.

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CHAIR BEERS:

Would you anticipate locating your servers at the DoIT server farm? Are you familiar with the term "gap analysis?"

MR. REYNOLDS:

Yes.

CHAIR BEERS:

Would you compile a revised budget for a considerably scaled-back project for this biennium and obtain a couple of definitive bids? We might be willing to fund a gap analysis for each of them up front so we can pin down your cost for customizing the COTS platform.

MR. REYNOLDS:

Could you clarify what you are asking for?

CHAIR BEERS:

I am asking for, in case it is the decision of the Subcommittee not to fund something this vague, an estimate of dollars you would need to provide a good estimate that we could fund to the next biennium.

MR. REYNOLDS:

Yes, I can do that.

CHAIR BEERS:

If you can show the need is critical and that you have something concrete, you can try coming back to the Interim Finance Committee.

PATRICIA MORSE JARMAN (Commissioner, Division of Consumer Affairs, Department of Business and Industry):

I heard your comments earlier about possibly reducing our program to an Access database, and that would be fine if the Access database would allow our two offices to communicate. Currently, we have to manually send reports and data to the Las Vegas office from the Carson City office and manually input data into a system in order to obtain a statewide picture. We need one system that enables the offices to communicate continuously. Additionally, we have 11 industries we are regulating with approximately \$17 million in sureties. We need a system that can perform all of our data functions and be online so consumers can access up-to-date information. Our current system does not meet our needs and I am not sure Access will. I am willing to accept any system as long as it meets our needs.

CHAIR BEERS:

We instructed staff to comb the budget, and they came up with the Public Employees Benefits (PEBP) videoconference system that is not part of the group of videoconferencing systems under your umbrella.

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MR. McTEER:

Yes, that is correct. The PEBP and the Business and Industry (B and I) Director's Office are the two videoconferencing systems not currently in this budget account.

CHAIR BEERS:

Why are they not in this budget account?

MR. McTEER:

The B and I Director's Office videoconferencing system fell through the cracks. It probably belongs in this budget account. The reason for the PEBP not being in this budget account is because it was for a PEBP dedicated room and was not funded through General Funds.

CHAIR BEERS:

I can see occasion for PEBP to have a videoconference with the group of people in the conference room at the Department of Conservation and Natural Resources (DCNR) building. We might want to pull that into your umbrella, because as you explained, part of your goal is to ensure we have compatible equipment across all agencies from this point forward.

MR. McTEER:

Yes, that is correct for two reasons. One is to make a large buy and obtain a discount from the vendor. Also for compatibility, not only between equipment, but also to enable agency staff to operate the equipment in every videoconference room.

CHAIR BEERS:

I looked at a quotation yesterday that was about 40 percent installation and set up. Is it possible to have a skills transfer from our vendor to a DoIT employee and be able to install and configure the system on the third or fourth go-around ourselves?

MR. McTEER:

That is possible, and I would be happy to look at that as part of the umbrella of these videoconferencing projects.

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CHAIR BEERS:

Did we just receive a TIR for decision unit E-283?

REX REED (Administrative Services Officer, State Department of Conservation and Natural Resources):

This project started around Christmas. Because of the late start, we just finished the TIR.

CHAIR BEERS:

Conceptually, the project makes sense. Where are we in mechanical reviews that need to take place?

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MR. REED:

The process is that the Division of Water Resources' technical staff contact people and obtain estimates. We put together a list of equipment and sent it to the Budget Division, DoIT and Mr. McTeer has a copy.

CHAIR BEERS:

Are there ongoing costs to operate this videoconferencing system?

MR. REED:

We expect minimal operating costs. We designed the system as a fixed-camera system. There will be two cameras; one focused on the dais, the other focused on the testimony table. For that reason, we expect minimal operator costs. Additionally, we have investigated the cost of running our signal to the Division of Water Resources' southern office and found the cost to be zero. The new building will be directly tied into DoIT's backbone. Therefore, we will incur no line charges for this system.

CHAIR BEERS:

Is this basically Transmission Control Protocol/Internet Protocol (TCP/IP) point-to-point?

MR. McTEER:

That is correct. The ongoing charges would be any additional Silvernet charges for the data transfer, in this case video transfer, and those would be picked up as part of the agency's budget in the next biennium when the transmission rate has been analyzed by DoIT. We run approximately a biennium behind. Those would be ongoing charges, and that would be true of any agency using the backbone.

CHAIR BEERS:

Is that billed by the actual gigabytes used of bandwidth, or is that a fixed fee for a fixed amount of bandwidth into which this will fit?

MR. McTEER:

That is a tiered rate and depends upon the usage. It is charged by the amount of data pumped down the pipe.

MR. REED:

If I remember correctly, we are at tier level six, and have been assured by DoIT that would carry our signal to the southern office. That will be in place by next biennium.

ASSEMBLYMAN SEALE:

We seem to have videoconferencing everywhere. I am getting the feeling this is becoming similar to having telephones. There must be cost savings that go along with this, and I am assuming that is for eliminated travel costs. Is that the thrust of what we are doing here?

MR. McTEER:

Some of the TIRs I have read for videoconferencing contained specific statements by the requesting agency that they expected travel reductions. That

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would be the assumption I would make. It would not only save travel costs, but more importantly, save travel time for employees traveling back and forth.

CHAIR BEERS:

We noticed that several of the TIRs stated that, but none had actual reductions in their travel costs.

MR. REED:

We believe we will save travel costs, but another reason we prefer this technology is it allows us to get out to the public. There are many people who want access to the Division of Water Resources. Currently, they must travel to Carson City. When we set up the system, they will have the option of going to different venues. If we get into the University of Nevada, Reno's (UNR) backbone, they have 200 sites, and this would benefit those who wish to travel to our activities as well.

CHAIR BEERS:

We note there are parts and pieces of your Division that are not funded with General Funds, and this is funded with General Funds.

MR. REED:

I would ask that Mr. Hugh Ricci, State Engineer, come to the table to answer questions about his budgets.

HUGH RICCI, P.E. (State Engineer, Water Resources Division, Department of Conservation and Natural Resources):
This TIR is under budget account 101-4171.

CONSERVATION AND NATURAL RESOURCES

Water Resources – Budget Page DCNR-55 (Volume III)
Budget Account 101-4171

MR. RICCI:

You asked if we had other budget accounts.

CHAIR BEERS:

I asked if there was a possibility of funding this system with partial, non-General Fund revenue.

MR. RICCI:

In part, possibly we could. This particular part was only to satisfy the needs in northern Nevada. We will take care of the needs of southern Nevada with funds out of budget account 4211, Las Vegas Basin Water District.

CHAIR BEERS:

Could you identify what you have in the other budget account and how much is allocated for this videoconferencing system and give it to staff by 5 p.m.? Is it in a different enhancement unit or across multiple enhancement units?

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MR. REED:

I would like to ask a follow-up question. Do you want to know if there are additional funds from non-General Fund sources for this specific project in budget account 101-1325?

CHAIR BEERS:

I would like to know what the videoconferencing equipment is that Mr. Ricci has in his other account and how much he has budgeted for it. You would still have operational control, but we want to have set-up, purchase and creation under one oversight position.

MR. REED:

Yes, sir.

MR. RICCI:

This particular TIR was for the new DCNR building in Carson City. I was talking about some of the new equipment that would be housed in the Las Vegas office.

CHAIR BEERS:

Do you have that in another budget account?

MR. RICCI:

We do not have it in a budget account yet, because we were unsure of exactly what we were going to receive.

CHAIR BEERS:

Is it in the budget to buy a Las Vegas end of this system?

MR. RICCI:

It can be put into the budget.

CHAIR BEERS:

It needs to be here as we draw to the end of the session and close the budget.

MR. RICCI:

I will supply that information to you this afternoon.

CHAIR BEERS:

Mr. Reed, will you help?

MR. REED:

Yes, we will definitely have it here by 5 p.m.

CHAIR BEERS:

We will now discuss the Veteran Services videoconferencing system.

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GARY BERMEOSOLO (Administrator, Nevada State Veterans' Home):

Before you today is the Nevada State Veterans' Home request for videoconferencing equipment. We are located somewhat off the main track in

Boulder City, and you can see how this equipment would be beneficial to us. There are no other state agencies within 20 miles that have videoconferencing capabilities. Currently, we travel to a state building, approximately 20 miles away, or to the University of Nevada, Las Vegas.

There are a number of areas we have identified thus far that would realize benefits from the installation of videoconferencing equipment, and you have covered most of those. One area we have not spent much time on is training and education. We have an opportunity to connect to free Department of Veterans Affairs (VA) training programs. We have to figure out a way to pick them off the satellite feed, but the VA has agreed to give us their code and ability to videoconference those programs to train some of our team members on the VA's regulatory rules. These free training programs would assist staff in keeping their certifications and licenses current. More importantly, they should empower them to provide the highest quality of care available, from the VA's perspective, to our residents.

Another benefit is that videoconferencing capability will enable us to communicate more effectively with surrounding health care facilities with similar capabilities. For instance, there are currently 22 area clinics and hospitals, including our primary care hospital, Boulder City Hospital, which uses videoconferencing for their own training and collaboration needs. We would be able to go online with them to talk about residents and their current conditions. The Boulder City Hospital is one of twenty-two examples. It is ironic that a small hospital has videoconferencing capability and we do not. We are getting there, and I appreciate the Subcommittee's willingness to look at the entire spectrum of statewide needs.

Enhancing communications is another benefit. The current meetings for which we could utilize videoconferencing include the quarterly Nevada Veterans' Services Commission which draws attendees from all over Nevada. That is where we have parking problems. We have quarterly Division Executive Leadership teams for which people travel to either Las Vegas or Reno. We have periodic discussions with the Governor's Office, particularly on collection revenue issues. We have quarterly Veterans Integrated Service Network meetings which we could tie into and participate. We have been unable to participate in those meetings in the past. We could also utilize videoconferencing for the quarterly Congressional Veterans Forums, currently taking place in both Las Vegas and Reno.

Other state agencies in the immediate area could benefit by utilizing our videoconferencing capabilities in the Boulder City area. In addition to the above-mentioned benefits, videoconferencing should be cost effective and enhance the way in which we do business both internally and externally.

CHAIR MCCLAIN:

Are you planning to have the capability to videoconference to the Reno office where Mr. Chuck Fulkerson is located?

MR. BERMEOSOLO:

Yes, that would be the plan.

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CHAIR McCLAIN:

Is there money in the budget to provide Reno what they need on their end?

MR. BERMEO SOLO:

Mr. Fulkerson decided to wait until the next biennium to request equipment because he thought he was asking for more than he could obtain. When this Subcommittee decided to look at the entire state and roll it into one package, it made sense to include Reno videoconferencing capability.

CHAIR McCLAIN:

The \$43,853 would cover the Reno office also? This TIR is for \$23,000.

JEFFREY T. FUHLER (Computer Network Technician, Office of Veterans' Services):
The Reno office had an additional \$23,000 for their system which we just sent to Mr. Bob Guernsey yesterday.

CHAIR McCLAIN:

Is this \$23,000 in addition to the \$43,853 shown on page ADMINISTRATION-39 of the *Executive Budget*?

MR. FUHLER:

Yes, it is.

CHAIR McCLAIN:

Are we going to receive a budget amendment?

MR. FUHLER:

I will defer to Mr. Ace Tan.

MR. McTEER:

I am not aware of a budget amendment in process. I was aware there was a TIR originally; however, Mr. Fulkerson decided it was more important to hire more veteran service officers this session, and that TIR did not make it through the budget process. I am not aware of an amendment being requested through the Budget Division.

CHAIR McCLAIN:

At the moment, we are going to outfit the Veterans' Home and consider the other two offices during the next biennium.

ACE TAN (Administrative Services Officer, Office of Executive Director for Veterans' Services, Office of Veterans' Services):

We originally had this equipment in our budget. In light of the fact that we are requesting 15 additional positions in our agency, and those have a higher priority, we decided to postpone this request until the next biennium. We are planning to move our office in the coming biennium which is another reason we decided to postpone this request.

CHAIR BEERS:

Mr. Bermeosolo, would you provide us a list from the VA in Washington, D.C. of videoconference courses that would be compatible with the requested equipment?

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MR. BERMEOSOLO:

Yes, we will be able to do that. We are still going to need additional equipment which we are trying to find. We will need a satellite receiver to take the feed and put into the videoconferencing. That is not part of this budget request. We are hoping to be able to scavenge that equipment. I would like the VA to help us with that if they have old, unused equipment suitable to our needs.

CHAIR BEERS:

In looking at the video equipment for the office in Carson City, why are there two screens per location?

MR. FUHLER:

The vendor recommends two screens; one for face-to-face viewing and one for PowerPoint presentations or data. You would see people on one screen and data being presented on the other.

CHAIR BEERS:

When the Legislature conducts videoconferenced meetings, the camera switches, on one screen, from the people to the data. I assume that is a human intervention.

MR. McTEER:

Yes, that is one of the things considered in the case of the DCNR central conferencing just discussed by Mr. Reed. They had requested a more expensive system for that reason, because it performed automated switching and required less human intervention. Without purchasing the more expensive equipment, I understand the rationale of the two screens. There will not always be a technician available for the entire videoconferencing session.

CHAIR BEERS:

We will now discuss the request for videoconferencing capabilities from the State Public Works Board.

E-285 Maximize Internet and Technology – Page ADMINISTRATION-39

MR. McTEER:

The State Public Works Board requested this particular decision unit so they would have videoconferencing capability in both Carson City and Las Vegas to allow the Public Works Board greater flexibility in scheduling meetings. In addition, this technology will increase efficiency and effectiveness of staff by allowing interaction between the two offices without traveling. This request is one that reduces travel costs.

CHAIR BEERS:

Are you making a request now to reduce travel?

MR. McTEER:

No, sir, not on their behalf. I am just the messenger.

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CHAIR BEERS:

Would you tell the Public Works Board we would like their budget revision for the reduction in travel costs and overtime? They mentioned this would result in a reduction in overtime as well.

MR. McTEER:

Yes, I will.

CHAIR BEERS:

Next, we will address the DCNR portable videoconferencing center request. Please provide the Subcommittee a chart containing all the videoconferencing projects we have identified so far. The chart should be broken out by agency and include the proposed cost, the number of fixed locations, portable locations and travel costs from the budget including work programs for FY 2004, FY 2006, FY 2007 and overtime costs. Columns on the right side of the page should contain the proposed reduction for the same categories. What do you anticipate the life of these videoconferencing systems will be?

MR. McTEER:

I do not have a definite feel for that, but I certainly suspect that the life would be multiple years. I would not anticipate videoconferencing systems being similar to personal computers (PC) which must be replaced every two, three or four years.

CHAIR BEERS:

The Division of Environmental Protection wants its own portable videoconferencing system in decision unit E-287.

E-287 Maximize Internet and Technology – Page ADMINISTRATION-40

DAVE EMME (Chief, Bureau of Environmental Information and Planning, Division of Environmental Protection, State Department of Conservation and Natural Resources):

We prepared a TIR for portable equipment primarily to accommodate conferences or meetings between our Carson City and Las Vegas offices. Unlike the Division of Water Resources, we hold many meetings but relatively few hearings. We have a hearing board, the State Environmental Commission, which would be able to use fixed facility equipment to accommodate those kinds of events. Smaller, portable equipment would be beneficial for smaller groups of people and would be able to be moved to different conference rooms within our building.

CHAIR BEERS:

Does your request for \$55,000 cover two locations?

MR. EMME:

No, our TIR is for \$17,000. The fixed facility was \$55,000. The \$17,000 is for two portable set-ups, one in Carson City and one in Las Vegas.

CHAIR McCLAIN:

I am assuming there will be one videoconferencing system set up on one floor and another set up on another floor. Is that correct?

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MR. McTEER:
That is correct.

CHAIR McCLAIN:
Each group that is moving into the new DCNR building believes the videoconferencing system will not function well for them and wants their own system. Is that correct?

MR. McTEER:
I know the request for one is because they have their own room in which they conduct many meetings. The one requested for the central office for DCNR and another for the B and I Director's Office is a portable system that can be taken into different offices for smaller groups when the larger rooms have been reserved.

CHAIR McCLAIN:
How many floors does the new DCNR building have?

MR. EMME:
It has five floors.

CHAIR McCLAIN:
What is going to be on the other three floors?

MR. EMME:
Two floors will be occupied by the Division of Environmental Protection, one by Water Resources, one by the DCNR Director's Office and the Division of State Parks, and there are various other tenants on the first floor.

CHAIR BEERS:
Please bring the Subcommittee the quotation upon which this TIR is based. We are interested in comparing the equipment requirements on the portable versus the fixed systems.

MR. EMME:
Yes, there was a quotation based on our Internet search included with the TIR, but I can provide that.

E-279 Maximize Internet and Technology – Page ADMINISTRATION-37

CHAIR BEERS:
The request for the Mental Health and Developmental Services Division (MHDS) rural clinics videoconferencing has ongoing costs. Is that because they do not currently have connectivity at these locations?

TROY E. WILLIAMS (Data Processing Manager, Division of Mental Health and Developmental Services, Department of Human Resources):
Regarding the tele-medicine projects, the primary cost is for the required T1 lines. This is not the conventional teleconferencing system; the system consists of PC cameras on the computers.

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CHAIR BEERS:

We are trying to ensure, if we are going to invest in videoconferencing equipment in different agencies, the equipment is compatible between the agencies.

MR. WILLIAMS:

I understand that, Mr. Chair. The primary purpose here, however, is for confidential communications with a psychiatrist and a client in a remote location.

MR. McTEER:

The MHDS has one of the videoconferencing units in the next decision unit we will be discussing which would fall into the category you are describing where everyone can talk to each other. The one we are discussing now is different from all the other videoconferencing requests I reviewed during this budget cycle. This one is unique because the agency is reaching out to individuals with tele-mental health.

CHAIR BEERS:

Are there existing frame relay circuits we would be upgrading to T1s?

MR. McTEER:

Yes, that is correct. We could eliminate the cost of the frame relay.

CHAIR BEERS:

How many people will be served each day? We have not seen caseload information justifying the need for this.

MR. WILLIAMS:

Let me go through the pilot project initiated in February 2004. This is the fourteenth month of the pilot implementation at the Silver Springs Mental Health Center. It is a psychiatric medication management service. The contract psychiatrist is now serving 120 unduplicated individuals each month. Approximately 80 individuals are being treated through the tele-medicine approach. Initial and quarterly surveys have been conducted to survey the clients and determine how well remote tele-medicine has been received. Ninety percent of the clients were satisfied. Only two clients preferred to see the psychiatrist in person. In January 2005, there were 338 people on the wait list in rural clinics. Now, in Silver Springs in particular, there are only five people waiting for services. It has been a successful project so far.

CHAIR McCLAIN:

I understand you have surveyed the clients, and they say it is successful. What do the psychiatrists think?

MR. WILLIAMS:

The psychiatrist we have used likes the arrangement because it gives him the ability to be at his residence or his place of business. It is an attraction for potential contract psychiatrists to give them the option of performing services from various community sites.

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CHAIR McCLAIN:

Do clients believe their therapy is just as successful videoconferenced as it is in person.

MR. WILLIAMS:

I am not a clinician and cannot answer that, but from the feedback I have received, clients are quite satisfied with their treatment.

CHAIR BEERS:

You are asking for 16 laptop computers and 16 workstation printers for this project. Is that correct?

MR. WILLIAMS:

Yes, at this point in time. When we get into the project, we will look at resources, and if we do not need the computers and printers, we will not order them.

CHAIR BEERS:

We authorized 110 computers and 20 network printers for you in FY 2003. In decision unit E-279 in this budget, we authorized 55 computers and workstation printers. In the rural clinics, decision unit E-710, we authorized 16 computers and workstation printers.

MENTAL HEALTH AND DEVELOPMENTAL SERVICES

Human Resources, Mental Health and Development Services Administration
Budget Page MHDS-1 (Volume II)
Budget Account 101-3168

E-710 Replacement Equipment – Page MHDS-4

MR. WILLIAMS:

That is correct. Those were computers and resources needed for our large statewide information system for employees who did not have PCs. This tele-medicine approach is providing a room where a client can go, without moving someone out, to communicate with the psychiatrist.

CHAIR BEERS:

Do you anticipate having 16 rooms from which psychiatrists would work?

MR. WILLIAMS:

I do not have the exact site configurations, but the intent was to have a private room for these psychiatrists.

CHAIR BEERS:

At each of the rural locations?

MR. WILLIAMS:

Yes, that is correct.

CHAIR BEERS:

Where are the psychiatrists going to be?

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MR. WILLIAMS:

The contract psychiatrist we used was in Carson City. I cannot tell you where the new ones would come from, but they could perform their services from any location.

CHAIR BEERS:

Do you anticipate building 16 rooms for 16 contract psychiatrists?

MR. WILLIAMS:

No, sir. At the site where the client would be, Silver Springs for example, we would prefer to have a private room.

CHAIR BEERS:

I understand the rural clinic side. I do not understand the contract psychiatrist side.

MR. WILLIAMS:

The contract psychiatrist would be in his home or place of business with communications to the site. I cannot tell you right now if that one contract psychiatrist would handle more than one site.

CHAIR BEERS:

Will you be providing technical support in people's homes? If we own the equipment and the camera, have you considered a requirement of the contract being that the psychiatrist provides his or her own equipment?

MR. WILLIAMS:

That is correct. The equipment we are looking at in the TIR is on our side, not the psychiatrists' side.

CHAIR BEERS:

Do you understand there are 16 dedicated computers and workstation printers for clinicians in this TIR?

MR. WILLIAMS:

That is not my understanding. Those dedicated computers and workstation printers are those that will be located in sites with Web cameras.

CHAIR BEERS:

What is the rural clinics decision unit E-710 on page MHDS-37 of the *Executive Budget* that has 16 computers and workstation printers? It sounds as though we may have a duplication.

HR, Rural Clinics – Budget Page MHDS-28 (Volume II)
Budget Account 101-3648

MR. WILLIAMS:

I will look into that.

CHAIR BEERS:

For what are the printers to be used?

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MR. WILLIAMS:

Some of the records need to be printed for signature. I can look into that as well.

CHAIR BEERS:

Are you using the printer in the pilot project?

MR. WILLIAMS:

Yes, we are.

CHAIR BEERS:

Please look into the 16 computers in decision unit E-710 to make sure we do not have a duplication.

MR. WILLIAMS:

Yes, sir, I will.

CHAIR BEERS:

Next, we will discuss Lake's Crossing videoconferencing system. The TIR indicates this is a good idea because we can reduce travel costs.

E-289 Maximize Internet and Technology – Page ADMINISTRATION-41

MR. WILLIAMS:

The travel costs that are reduced are costs for the county. However, when we have individuals who have to travel, they are on state time and salary.

CHAIR BEERS:

Are there other agencies that would benefit from this proposed system?

MR. WILLIAMS:

Yes, training is conducted by the Lake's Crossing personnel for some of the rural counties' law enforcement. I do not know the details, but there is training in how to handle the specialized patients housed at Lake's Crossing.

CHAIR BEERS:

Do you anticipate training would be deliverable over the videoconferencing system?

MR. WILLIAMS:

Yes, we do.

CHAIR BEERS:

Do recipients of this training have videoconferencing systems?

MR. WILLIAMS:

I would have to check with Dr. Elizabeth Neighbors, Agency Director of the Lake's Crossing Center. In Elko, for example, they have videoconferencing available where they could bring in law enforcement personnel for training.

CHAIR BEERS:

What about Eureka?

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MR. WILLIAMS:
They would have to do some traveling.

CHAIR McCLAIN:
If we are saving money for other agencies, such as counties and rural areas, is there some way they can help support these projects financially such as charging a fee?

MR. WILLIAMS:
In a sense they are, because at the Clark County end, they have to have videoconferencing available. There are other benefits of videoconferencing besides reducing travel. Citizens have a right to be present at legal competency and medication hearings. If we could conduct hearings in Carson City and videoconference them to Las Vegas, it would fulfill that legal responsibility.

CHAIR BEERS:
I have not heard anyone ask if people at the other end have compatible equipment.

MR. WILLIAMS:
Dr. Neighbors has been in touch with the district court in Clark County and has confirmed they will have compatible equipment.

CHAIR McCLAIN:
Where is Lake's Crossing?

MR. WILLIAMS:
I believe Lake's Crossing is situated on the campus of the Northern Nevada Developmental Health Services Center in Sparks.

CHAIR McCLAIN:
If you do not have videoconferencing capability in southern Nevada, does someone from here have to fly to Clark County?

MR. WILLIAMS:
That is correct.

CHAIR BEERS:
Would we be paying for that?

MR. WILLIAMS:
There are occasions where staff would have to go to Clark County to provide expert testimony for trials. That is paid for by the county.

CHAIR McCLAIN:
How often does that happen? Videoconferencing is the way to go, but I am concerned that there are too many of them now that we do not know about.

MR. WILLIAMS:
A rough estimate of hours per month is approximately 39 hours for competency hearings and 5 hours for involuntary medication hearings. Additionally, the inmate has a right to meet with family and attorneys; there are approximately

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ten hours of family and attorney visit time available. Those hours add up to approximately 54 hours each month for legal purposes.

CHAIR BEERS:

Is that information from the time budget for the new videoconferencing system?
Is this from the schedule of what you anticipate will be done with this system?

MR. WILLIAMS:

The hours are estimates of what is currently ongoing.

CHAIR BEERS:

How is that accomplished currently?

MR. WILLIAMS:

Currently, people are traveling to Clark County for hearings, but some individuals are unable to travel and are not being represented.

CHAIR BEERS:

One monitor is to display the face of the speaker. One monitor is for the presentation of collateral material, PowerPoint presentations, displays, charts and graphs. This one has, in addition, a white board.

MR. WILLIAMS:

That is correct.

CHAIR BEERS:

What does the white board do that the second monitor does not do?

MR. WILLIAMS:

If you are in a hearing and have to diagram something without any prepared information, that would be one use.

CHAIR BEERS:

You could hold a piece of paper up to the monitor you are currently showing on the second screen and draw on it.

MR. WILLIAMS:

Possibly that could be done.

CHAIR BEERS:

I am getting the impression these are independently developed TIRs now gathered under this umbrella rather than requests for videoconferencing developed by a central location.

MR. WILLIAMS:

That is correct.

CHAIR BEERS:

I will close the hearing on budget account 101-1325 and open the hearing on budget account 101-1320.

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Information Technology Division – Page ADMINISTRATION-26 (Volume I)
Budget Account 101-1320

You are requesting a new information systems manager. Two years ago we anticipated recovery of the cost of budget account 101-1320 through the Statewide Cost Allocation Plan. Is that what happened here?

MR. McTEER:

To the best of my knowledge, that is the way that budget account is funded.

CHAIR BEERS:

It is looking like General Fund on the revenue side.

DEANNA L. BJORK (Chief Assistant, Budget Administrator, Budget and Planning Division, Department of Administration):

This budget account is funded by General Fund appropriation.

CHAIR BEERS:

It is not funded by cost allocation?

MS. BJORK:

No, it is not.

CHAIR BEERS:

Are you going to prepare a budget revision?

MS. BJORK:

I was not aware that in previous years this budget account was to be funded from statewide cost allocations. I will look into that and get back to your staff.

CHAIR BEERS:

I see there is a big increase in database administration hours from DoIT.

E-278 Maximize Internet and Technology – Page ADMINISTRATION-29

MR. McTEER:

Yes, I am requesting in decision unit E-278, 270 additional hours for database tuning and cleanup on both the disaster recovery servers as well as the overall Integrated Financial System (IFS) development server. In looking at the needs of ongoing IFS, I determined this was a reasonable amount to ensure those databases are running as efficiently as possible.

CHAIR BEERS:

You have 600 hours in the Nevada Executive Budget System (NEBS) in budget account 101-1340.

Budget and Planning – Page ADMINISTRATION-1 (Volume I)
Budget Account 101-1340

MR. McTEER:

That is correct.

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CHAIR BEERS:
Should any of these hours be in NEBS?

MR. McTEER:
I do not believe so, because these hours are primarily for the disaster recovery system, which is not only for NEBS, but also all of IFS, as well as one dedicated development server to be used by any of the IFS teams. It would not be feasible for me to determine which costs are allocated to each individual IFS unit.

CHAIR BEERS:
Are you planning to replace the computers in the training center next biennium?

MR. McTEER:
Yes, that is my intent. That would be consistent with the schedule.

CHAIR BEERS:
We will now address budget accounts for the Department of Information Technology (DoIT).

TERRY SAVAGE (Director, Chief Information Officer, Department of Information Technology):
I have with me today Mr. Mark Blomstrom, Deputy Director and Mr. Ken Adams who operates our communications unit.

CHAIR BEERS:
Due to time constraints, I ask that you hold your presentation and let us go directly to our questions which revolve around increasing the staff that promotes the cost allocation from two to four. You have two fiscal positions in your budget, and we are adding a management analyst here. In E-279 of budget account 101-1386, we are adding one more in the Director's Office. Does that sound right?

INFORMATION TECHNOLOGY

DoIT Data Communications & Technical Services – Budget Page DOIT-45
(Volume I)
Budget Account 721-1386

E-279 Maximize Internet and Technology – Page DOIT-48

MR. BLOMSTROM:
There is one management analyst III position that is split between budget accounts 721-1385 and 721-1386, and a second management analyst in budget account 721-1373.

DoIT Computing Division – Page DOIT-30 (Volume I)
Budget Account 721-1385

DoIT Director's Office – Page DOIT-1 (Volume I)
Budget Account 721-1373

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CHAIR BEERS:

You are to be commended for reaching a point where your cost allocations are understandable. Four years ago it became apparent that the individual performing the cost allocations was the problem, so we authorized an assistant for you. Two years ago, you purchased new software designed to manage complex, multi-pool, multiuser, multi-allocation method systems.

MR. SAVAGE:

We recently updated from the old DOS version to the current Windows version.

CHAIR BEERS:

Most importantly, we have replaced the individual who was unable to perform the cost allocations.

MR. SAVAGE:

That is correct.

CHAIR BEERS:

Why are we not taking a position away rather than adding two? We now have a competent person and software to do the job.

MR. SAVAGE:

There are multiple fiscal requirements within the Department. The rate model and all other normal operations, budgeting, accounts receivable, billing and so forth, was under one responsibility previously.

CHAIR BEERS:

Do you not have an administrative services officer (ASO)?

MR. SAVAGE:

We do now, yes. The ASO is responsible for the rate model, and the chief accountant is responsible for the normal accounting operations of the Department.

CHAIR BEERS:

We have concluded that the source of the rates you charge, which are many multiples of what the private sector charges, is in some part due to increases in the costs we are allocating. Those are administrative costs.

MR. SAVAGE:

That is inconsistent with the results of the optimization study which concluded that our overhead costs are comparatively low relative to other operations of our kind.

CHAIR BEERS:

I assume other operations of your kind have more users across which to spread the cost.

MR. SAVAGE:

Sometimes that is true. We have discussed briefly offline and have provided you and your staff some information on the apples-to-apples comparison on e-mail. Those numbers reveal that we do not have an excessive allocation or cost

relative to the other available options. If you were thinking of a different cost pool, I would have to look into it to determine what the issue was. If there are specific cost pools in which you think our costs are out of line, I would be happy to take a look at that and get back to you with a preliminary estimate by the end of today or Monday, March 28, 2005.

CHAIR BEERS:

You have a 26- or 27-percent increase in Digital Subscriber Line (DSL) costs.

MR. SAVAGE:

I am not familiar with that. I will check into it.

CHAIR BEERS:

Are your cost allocations now understandable because you have a competent person performing them or because you have more people working on them and need even more people?

MR. SAVAGE:

It is a combination of things. We have someone who knows what he is doing with software that works, and we have people who have been trained in the use of the software. The combination of those things makes a difference. We have historically had a narrow bench in our fiscal group. If someone was hit by a bus or left their job, we were in serious trouble. We want to be able to maintain the integrity and ongoing operation of the fiscal unit even if there are hits occasionally.

MR. BLOMSTROM:

In terms of the additional staff, in budget accounts 721-1385 and 721-1386, one of the specific reasons we have requested this management analyst position is not to do what we have already done, in terms of cost and rate modeling, but rather to put in place and maintain service level agreements with our customers and clients. Some are currently in place, but not nearly the numbers that should be in place.

CHAIR BEERS:

How long would that take? We were given information that the duties would also include development of cost pools for the rate model.

MR. BLOMSTROM:

Not this particular position. Although there will be a great deal of fine-grained allocation of expenses, as incurred, to ensure they are put into the correct cost pool. This would be an ongoing task of the proposed position. The position would be more on the operational side, working with the operating crew and the customers. One way to view it is as a customer advocate. I am speaking specifically of the position to be split between budget accounts 721-1385 and 721-1386.

CHAIR BEERS:

Would the customer advocate report to you?

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MR. BLOMSTROM:

When I say a customer advocate, we currently have questions which come to us as technologists such as "is something feasible, can we do something, can we get this kind of service from you?" and so forth. That type of query is currently handled, to the extent it is handled, by our operational crew. We would like to do a better job, and we envision this, combined with our service level agreement effort, putting service level agreements in place and maintaining them.

E-900 Transfer to BA 3143 – Positions – Page DOIT-51

CHAIR BEERS:

In E-900 we are transferring out ten positions from the Unified Nevada Information Technology for Youth (UNITY) help desk to the user agency.

MR. SAVAGE:

Yes, that is correct.

CHAIR BEERS:

Ten positions is approximately one-half the personnel assigned to that PC local area network technician cost pool. The rate has gone from \$46 in FY 2004 to \$78 in FY 2006 and \$93 in FY 2007.

MR. SAVAGE:

Yes, that is correct.

CHAIR BEERS:

Were the UNITY technicians doing more than the UNITY tasks required?

MR. SAVAGE:

No, they were dedicated to UNITY. The conclusion of the optimization study was that, in most cases, if an hourly, billable person was dedicated full time to a particular agency, those hourly, billable people were decentralized to the agency. That was the result with the Division of Child and Family Services and Nevada Operations Multi-Automated Data System.

CHAIR BEERS:

Therefore, the increase in rate is because we have fewer users across which to allocate overhead expenses.

MR. SAVAGE:

That is correct.

CHAIR BEERS:

However, it will require more administration to administer.

MR. SAVAGE:

More administration is not necessarily required.

CHAIR BEERS:

There is the management analyst in your office and the full-time position split between budget accounts 721-1385 and 721-1386.

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MR. SAVAGE:

There is not an immediate correlation between the particular workload in that one group and the task loading of those two individuals. They are related on the edges, but there is not a 1:1 correlation.

CHAIR BEERS:

Should more of your administration cost be allocated statewide through this new enterprise assessment?

MR. SAVAGE:

Actually, that would make sense. We will look at that for the 2008-2009 biennium. If we are going to maintain a pool, and it makes sense to do that as opposed to outsourcing some of those activities, we should use an enterprise cost method.

CHAIR BEERS:

How much of your office, thinking up of the policies, strategies and security planning, is allocated to the statewide versus these service pools?

SHELLY PERSON (Chief of Administration, Department of Information Technology):
I do not have a specific percent or breakout, but we have split up the assessments for the 2006-2007 biennium to incorporate more of the chief information officer functions into that applicable assessment, the security functions within the security assessment and so forth. The administrative costs for DoIT that are just to support DoIT, are split among the six other accounts within DoIT.

MR. SAVAGE:

We can get you the exact figures, but to estimate based on headcount, I would guess approximately one-third is allocated statewide between security and planning, and two-thirds is allocated to individual services. I will get the actual figures to you by the end of the day.

CHAIR BEERS:

You are down to 14 agencies utilizing DSL service, paying for 41 connections. We calculated the increase from \$80 to \$103 per month is likely due to a shrinking user base, except the cost pool has increased the full-time equivalency (FTE) assigned therein from 0.15 FTE to 0.45 FTE. Why does someone have to do more work to accomplish less utilization?

MR. SAVAGE:

We will have a detailed answer to you by the end of the day.

CHAIR BEERS:

The next topic is telecommunications.

DoIT Telecommunications – Page DOIT-53 (Volume I)
Budget Account 721-1387

Reserve levels are becoming high. If we reduced your reserve to the U.S. Government, Office of Management and Budget (OMB) Circular A-87 level of 60 days, it would probably trim approximately 4 percent from the rates.

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MS. PERSON:

We will do whatever we need to do, at the close of the Legislature-approved budget, to keep our reserve at 60 days. If that requires reducing the rates, we will do so.

CHAIR MCCLAIN:

Regarding decision unit E-724, explain the enhancement to the telephone system for videoconferencing. How is this going to affect all of the other videoconferencing budget requests?

E-724 New Equipment – Page DOIT-57

MR. BLOMSTROM:

Decision unit E-724 requests the software which will be used with an upgraded technology refresh on the private branch exchange (PBX) system. This software will allow the telephone system to carry videoconferencing in the same fashion as with data. Someone could elect to carry video teleconferencing by connecting through the telephone system.

CHAIR MCCLAIN:

What do you have to hook up to the telephone?

MR. BLOMSTROM:

We would hook up the same form of video teleconferencing equipment which is being discussed and which we are now focusing on using as a standard within the state. That same kind of video teleconferencing, end-user equipment, would operate through the telephone system. This software allows the telephone system to do that, in lieu of and in addition to, should it be necessary.

E-720 New Equipment – Page DOIT-56

CHAIR BEERS:

In decision unit E-720, you are adding an additional 240 users on the telephone system each year which is slightly more than your average over the last three years. Do you have a list of the agencies and employees not on the state telephone system?

MR. BLOMSTROM:

Yes, we do.

KEN ADAMS (Information Systems Manager, Technical Operations Division, Department of Information Technology):

The state currently has 131 Avaya switches. Out of that, DoIT currently manages and networks 36 switches statewide. Currently, the statewide telephone system has 6,124 lines attached to it. I do not have the specific names with me, but can tell you that 21 of the 131 switches are in the Welfare Division, and 19 are in the Department of Corrections. Those are the two largest groups outside of DoIT.

CHAIR BEERS:

We heard from the Real Estate Division last week that there have been inadequate throughput lines outside their office. We are proposing to amend the

budget to increase their throughput. Apparently they talked to DoIT and afterward eliminated a switch from their budget which was a significant cost of their expansion. I was surprised to hear there is no up-front cost to join the state's telephone system. I would think there would be an initial investment that would need to be recuperated at the time of hookup.

MR. ADAMS:

Right now, we lease the switches, and the lease package includes the installation, test, turn up of the system and integrates it into the state network. We recover those costs through regular charges.

CHAIR BEERS:

Do you buy switches for ten users at a time?

MR. ADAMS:

No, there is a break point at around 100 users.

CHAIR BEERS:

You buy switches for new users at the rate of 100 at a time?

MR. ADAMS:

If someone is interested in putting a switch in an office building, if there are 100 users there, that makes the whole exchange less expensive; that is a break point.

CHAIR BEERS:

For a small agency, you would put in a small switch?

MR. ADAMS:

That is correct. Generally, with the smaller agencies, we look for a cluster of agencies in which we enter into an interlocal agreement.

CHAIR BEERS:

As an example, the Real Estate Division might have 23 lines. Would they come on with 23 or 30 lines?

MR. ADAMS:

They would come on with the exact number.

CHAIR BEERS:

If they were in a stand-alone building and needed 23 switches, would they have to buy 30?

MR. ADAMS:

No. Chances are we would have to evaluate whether there was a cost benefit for adding to others or putting them onto a local switch.

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CHAIR BEERS:
We will discuss budget account 721-1388 on another day. There being no further business to come before the Subcommittee, the meeting is adjourned at 10:01 a.m.

RESPECTFULLY SUBMITTED:

Jo Greenslate,
Committee Secretary

APPROVED BY:

Senator Bob Beers, Chair

DATE: _____

Assemblywoman Kathy A. McClain, Chair

DATE: _____