

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON PUBLIC SAFETY/NATURAL
RESOURCES/TRANSPORTATION**

**Seventy-Fourth Session
February 20, 2007**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Public Safety/Natural Resources/Transportation was called to order by Chairman Rhoads at 8:12 a.m., on Tuesday, February 20, 2007, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

SENATE COMMITTEE MEMBERS PRESENT:

Senator Dean A. Rhoads, Chairman
Senator Bob Beers
Senator Dina Titus

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Mr. David R. Parks, Chairman
Mr. Tom Grady
Mr. Joseph Hogan
Mrs. Ellen Koivisto
Ms. Kathy McClain
Mr. David R. Parks
Ms. Valerie E. Weber

STAFF MEMBERS PRESENT:

Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Robin Hager, Program Analyst
Anne Bowen, Committee Secretary
Patricia Adams, Committee Assistant



PUBLIC SAFETY-DEPARTMENT OF MOTOR VEHICLES
DIRECTOR'S OFFICE (201-4744)
BUDGET PAGE DMV-1

Chairman Rhoads opened the hearing on Budget Account (BA) 201-4744.

Ginny Lewis, Director, Department of Motor Vehicles (DMV), presented a budget overview for the Department.

Ms. Lewis stated that she and the DMV management team would present the budgets for the Department. Ms. Lewis said the issues facing the Department were drastically different from the environment ten years before. In 1997 the Department was working through a restructuring of the DMV and discovering ways to streamline the processes, implementing a one-stop shop concept, focusing on customer service, and attempting to change the public perception of the DMV. In the early 2000s, the Department took on the challenge of the Internet, bringing government closer to its customers. The focus was on implementing alternatives for doing business with the Department. Ms. Lewis commented that customers found they did not have to visit a DMV office for every transaction, and the Department found ways to alleviate the impact of Nevada's growth on the field offices. While the focus of alternative technologies was still strong, current budget requests dealt with a new emphasis and priority for the DMV. Many of the large enhancements, according to Ms. Lewis, focused on security and fraud. She said it was a sign of the times and a reality that could not be ignored. The budget presentations would focus on the major enhancement units.

Ms. Lewis proceeded with BA 4744, the Director's Office. The Director's Office established policy for the Department and directed and controlled the operations of the agency. The program areas in the Director's Office included the Personnel Unit, which was responsible for all recruitment, hiring, training, career development, and discipline issues. The Public Information Office handled internal and external communications and media inquiries. The Operational Review Unit performed audits of the Department's policies and procedures and internal controls. The Administrative Hearings Office ensured the public's right to appeal administrative sanctions imposed by the Department. Ms. Lewis said the primary role of Budget Account 4744 was the ongoing support of 18 authorized Full-time Equivalent (FTE) positions, the kiosk technology, the public information campaign, the employee recognition program, and the certified public manager's training.

Ms. Lewis stated that Enhancement Unit (E251) requested funding for training for the Audit Section. Two new auditors had been hired within the past eight months. The Department was requesting \$8,193 in the first year for training in basic governmental auditing and the fundamentals of the audit process in the public sector. Both training sessions were five-day classes, offered in California. Ms. Lewis said it was important to provide employees with the tools to effectively perform their jobs.

Decision Units E900, E901, E913, E915, and E916, addressed the transfer of 10 training positions, as well as associated costs into the Director's Office. Ms. Lewis pointed out that the DMV had reorganized with, and subsequently separated from, the Department of Public Safety in 1999 and 2001, respectively. Since that time the Department had worked with the organizational structure and had implemented necessary modifications. Moving the Training Unit from Management Services into the Personnel Unit within the

Director's Office represented another fine tuning of the organization. Ms. Lewis commented that perhaps a more appropriate name for the Personnel Unit would be the Human Resources Unit, because it made sense that the responsibilities included the training and development of Department employees.

Ms. Lewis said Budget Account 4744 included a supplemental request in the amount of \$1,147,377 to address the increased usage and expansion of the kiosk. There were currently 29 kiosks in 23 locations statewide. Over the past six months, the DMV had expanded the public and private partnership with American Automobile Association (AAA), Nevada utilities, and Barry-Hinckley Industries, owners of Winner's Corner stores. In calendar year 2006 over 217,000 transactions were completed on the kiosks, compared to 164,000 in calendar year 2005, representing a 35 percent increase.

Chairman Rhoads requested that Ms. Lewis provide more information regarding the kiosks, because while the usage had increased by 35 percent in 2006, the cost had increased by 49 percent.

Ms. Lewis explained when the projections were compiled for the kiosks in the upcoming biennium, the months when the Department had rolled out the eight additional kiosks had been used. The Department had attempted to use a month that accurately represented kiosk usage and from there had extrapolated the projections.

Chairman Rhoads inquired as to what would happen in 2008 if Real ID was implemented, because it was his understanding that kiosks would not be used. Ms. Lewis replied that kiosks would not be used for driver's license renewals, but vehicle registrations, which were the highest usage at the kiosks, would continue.

Assemblyman Parks commented that he had used the kiosk installed at AAA to renew his driver's license and had been very happy with that experience. He asked whether the Department had performed a cost analysis that would demonstrate the added cost and staffing requirements if the kiosks had not been installed. Ms. Lewis replied that the Department had not performed a cost-benefit analysis, but the volume of transactions represented customers that went into a field office, and instead of being queued and assisted by a technician, were routed to the kiosks. In the metropolitan offices, where for the most part there was 100 percent staffing, the wait times would have increased if not for the kiosks.

Chairman Rhoads referred to Enhancement Unit 901 and the requested position transfers, and asked why the Department needed ten positions for training when eight positions had been dedicated to this function in the past. Ms. Lewis explained that the Training Unit contained an Employee Development Manager who oversaw the unit, three trainers in northern Nevada and one clerical support position. In southern Nevada there were four trainers and one trainer dedicated to emissions. Ms. Lewis said the confusion arose because the positions were not specifically called training officers, but were dedicated to the training function.

Assemblywoman Weber asked whether there was a kiosk in most DMV offices. Ms. Lewis replied that there were two kiosks in each metropolitan office, except for the Decatur Avenue office where there was one inside and two with outside access. The kiosks had been expanded to offices where traffic had increased, such as Pahrump, Fallon, Minden, and Elko. Ms. Lewis said the Department had

noticed that customers knew about them, walked into the office, and went straight to the kiosk.

Senator Beers asked which month had been picked to procure information regarding kiosk usage. Ms. Lewis replied that the Department had recently rolled out more kiosks, so the office used a recent month that represented all the functional kiosks statewide in order to get a representative month of usage. That month had been prorated and annualized for the upcoming biennium.

Senator Beers inquired whether the fees DMV was paying to vendors were all per transaction fees. Ms. Lewis explained that the commission paid to the vendor was 5 percent of the monetary value, with a maximum of \$15 and minimum of \$5. Senator Beers asked if usage exceeded projections, would the DMV technically be violating the law. Ms. Lewis said, as she had mentioned, that the Department was appearing for a supplemental request for FY 2007 because usage had exceeded its authority.

Senator Beers asked whether there was a Governmental Accounting Standards Board (GASB) that addressed whether transaction fees and credit card charges could be treated as reduction in revenue rather than an expense. Ms. Lewis said the question had been asked over the years and had begun with the credit card merchant fees. The question had been whether to pass the fee on to the customer, which could not be done for a credit card, or reduce the revenue, thereby eliminating that expenditure from the Highway Fund. After much discussion, it had been agreed that it was best to fund it from the Highway Fund because the Department had avoided building and staffing another office. Ms. Lewis stated the appropriation from the Highway Fund was still cheaper than the alternatives.

Senator Beers stated staff was having difficulty reconciling the 15 percent increase in kiosk usage when the costs of the kiosks were projected to increase by approximately 49 percent in FY 2007-08, and another 24 percent in FY 2008-09. He continued that because the fees were "per transaction" it was not a discretionary expense for the DMV. Ms. Lewis agreed that was correct, and said there was another factor she had failed to mention: as additional payment methods were implemented on the kiosks, such as eCheck, it was hoped that another customer group would be attracted to use the kiosks at the DMV. Before the end of the fiscal year drive records would be available on the kiosks, according to Ms. Lewis. The agreement with the vendor was that there would be no commission on that particular transaction, but there would be a \$7 fee for the customer, and that fee would count as an increase in transactions. The DMV had looked at potential growth due to eCheck. When eCheck was added to the kiosks, they would be capable of accepting eCheck, debit cards, credit cards, and cash.

Senator Beers asked whether there was any way of encouraging people to use the types of payment that cost the DMV the least. Ms. Lewis replied that because of the lower cost of debit cards to the DMV, the Department had been attempting to promote debit card usage as opposed to credit cards. Internet payment for DMV services defaulted to the debit card, and if customers wanted to use a credit card, there was an extra step involved.

Senator Beers requested a report outlining how many payments of each type were used at DMV, and what the fees were for each type. Ms. Lewis stated the Department had reports available and they would be provided to staff.

Senator Beers asked when eCheck would be added to the kiosks, and Ms. Lewis replied eCheck would be added before the end of the fiscal year.

Senator Beers hypothesized that the time could come when the DMV could make the decision to stop accepting credit cards because they were more expensive to process than other payment types. Ms. Lewis agreed, and stated credit cards averaged \$4 per transaction in fees, whereas debit cards and eCheck averaged \$1 per transaction.

Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles, stated that \$4 was an average transaction fee for credit cards, but it varied both higher and lower. The DMV had a statistical breakdown of the types of payment and the costs associated with each. Senator Beers requested a copy of the breakdown, and Mr. Colling said the Department would provide it.

Assemblywoman McClain referred to the request for new trainers in E901, and asked whether more trainers were requested in the Real ID budget, or whether these requested positions could be utilized for Real ID. Ms. Lewis explained that the Department had perused the training requirements, as they understood them under Real ID, which was fraudulent document training for all employees. The current trainer's responsibilities were examined, and two trainers in the north and two trainers in south were dedicated full-time to the new-hire academies, an eight-week class. The new-hire academies would continue, according to Ms. Lewis, because of the turnover in the field offices. It had been decided that two trainers were needed to train the entire staff about Real ID requirements. Currently, the DMV required all new hires to complete fraudulent document training. Ms. Lewis said they were optimistic that their training standards would meet the federal requirements, which would allow them to modify their training request for the Real ID.

Ms. McClain said she thought there were two trainers in the north and two trainers in the south, but wondered what the other four trainers did, and what the two new requested trainers would do. Ms. Lewis stated there were three trainers in the north and four trainers in the south. Of the four trainers in the south, two were dedicated to new-hire academies, and two were dedicated to the mandatory supervisor academy. Ms. McClain asked whether the Department really needed 10 trainers instead of the 8 they had currently and Ms. Lewis replied that the Department already had 10, and they were being transferred to the Director's Office.

Assemblyman Parks asked whether the exemption for Veteran's plates could be automated. Ms. Lewis stated that the challenge would be automating all of the Assessor's Offices in the State so they could interface into the DMV application. She did not see a problem with the DMV being able to accomplish that, but doubted that the various Assessors' offices would have the resources or skills to do so. Ms. Lewis noted the DMV received complaints quite often about the added paperwork needed to secure an exemption.

Mr. Parks asked whether the new flat license plates were well accepted by police agencies. Ms. Lewis replied that every plate designed for the Department was tested by law enforcement before issue, and the Nevada Highway Patrol had signed off on the new flat plates.

In answer to a question from Mr. Parks about the removal of license plate manufacturing from the Department of Corrections (DOC), Ms. Lewis replied that the proposal to remove license plates from DOC had been withdrawn.

Senator Beers asked what Prison Industries did with the license plate and Ms. Lewis replied that DMV staff and inmates still handled digital license plate production at the prison, but the number of inmates being used had been reduced.

Chairman Rhoads closed the hearing on Budget Account 4744 and opened the hearing on Budget Account 4715.

PUBLIC SAFETY-DEPARTMENT OF MOTOR VEHICLES
AUTOMATION (201-4715)
BUDGET PAGE DMV-22

Ginny Lewis, Director, Department of Motor Vehicles (DMV), commented that the DMV had intentionally decided to present the Information Technology (IT) budget before the rest of the division budgets. Budget Account 4715 served as the backbone for the Department, as everything was tied to technology.

Chuck Conner, Chief, Information Technology (IT) Division, DMV, presented Budget Account 4715. He stated the Motor Vehicle Information Technology (MVIT) Division provided data processing services, including application programming, network support, and operation support for the Department.

Mr. Conner referred to E250 which requested one Motor Carrier Programmer for the Carson City Office. The Department began converting the Motor Carrier Affiliated Computer System (ACS) from being a vendor developed and managed system to an in-house system. The original vendor payments totaled \$800,000 per year, according to Mr. Conner. With the Department having partially completed the transfer process, the reduction in vendor payments had been \$262,000. An additional savings of \$319,000 annually was anticipated when the second phase of the three-phase process was completed. As part of the process, the Department had added two additional Full-Time Equivalent (FTE) positions to the MVIT Division during the 2005 Session. One MVIT information systems specialist (ISS) 3 position was being requested in E250 to assist in the process. Mr. Conner indicated that the original request had been for four ISS positions. The initial programmer would be used in the development being done to migrate all current vendor supply functionality to the DMV production application. The position would provide continual application development, maintenance, and support for the ever increasing application functionality required by the Motor Carrier Division.

Chairman Rhoads noted that an ISS 3 position had been vacant since January 2006 and asked why it had been vacant for over one year. Mr. Conner replied that the Division had five ISS positions that had been vacant because there had been problems finding qualified people to hire.

Chairman Rhoads asked whether the Division anticipated any future savings in addition to the \$319,000 estimated to be saved in the second phase. Ms. Lewis expressed confidence by the time the entire conversion project was complete, there would be ongoing savings of approximately \$500,000 each year.

Chairman Rhoads asked what support the ISS positions approved in the 2005 Session provided to the Motor Carrier system. Mr. Conner replied that those positions worked on the current application being developed and on the system that had already been modified.

Assemblyman Parks asked whether it would be possible to upgrade the position that had been vacant for over a year to an ISS III and recruit for that position as opposed to creating another position. Mr. Conner responded that that solution had been discussed, as well as other solutions, but the problem was finding people that met the job qualifications. Increasing the amount of staff in Las Vegas was being considered because the job market there was better for employers than the job market in northern Nevada.

Chairman Rhoads noted that the savings in the amounts of \$260,000 and \$319,000, mentioned by Mr. Conner, did not appear in the Motor Carrier budget. Ms. Lewis said she believed Chairman Rhoads was referring to the two categories in Budget Account 4717 that represented the contract Request for Proposal (RFP) with the Affiliated Computer System (ACS), and agreed he was correct, there was no reduction shown. The timeline suggested that phase 2 would be completed in September 2008, and if that occurred, a savings would appear in FY 2009. Ms. Lewis commented that if events occurred that prevented the completion of phase 2 by September 2008, there was still an ongoing contract with ACS. If phase 2 was completed on time, the Department would serve the contractor with legal notification of termination of that portion of the contract, and the remaining funds for that fiscal year would revert to the Highway Fund. Ms. Lewis reiterated that the main concern was finding qualified programmers.

Mr. Conner continued his presentation with E251, a request for a management analyst 2 position. Mr. Conner stated a lack of control in the profile security environment had been identified during a recent audit. The profile security environment was so complex and ever-changing that the responsibility for it needed to be assigned to a full-time employee. In addition to the statewide hardware and software inventory, profile security needed to be monitored and coordinated at a single point proper for documentation and control.

Chairman Rhoads asked which positions were currently assigned to those functions. Mr. Conner replied that inventory control had been assigned to several different positions at various times, but ultimately it was very difficult for an employee to function at their regular job and keep up with the changes in the profile security environment. Chairman Rhoads asked whether there was enough work to make it a full-time position, and Mr. Conner indicated there was more than enough work.

Ms. Lewis added that an audit had recently been performed by the Department of Administration, and system profiles were one of the areas of concern. The audit recommended that profiles should be driven by the position and not the individual. The turnover and changes with DMV employees was so constant and so fast, one person needed to be responsible to ensure the appropriate access to the different areas of the application.

Mr. Conner referred to E252, which requested a network specialist for the Reno office. All of the major offices in the State had network specialists on-site. New servers, new switches, and new computers, had been added to the northern part of the State without a corresponding increase in the network staff. Mr. Conner stated that the northern area staff was tasked with maintaining most rural areas, which required more time to travel to each location.

Chairman Rhoads asked who currently performed the work, and Mr. Conner responded that Carson City-based personnel handled the workload, but the situation was less than satisfactory. In the Sparks-Reno area alone, there were 160 personal computers (PC).

Chairman Rhoads asked how many of the offices in the Las Vegas had a Computer Network Specialist. Mr. Conner stated that all the major offices in Las Vegas had an in-house computer network specialist.

Mr. Conner continued his presentation and referred to E253, which requested one information systems specialist 3 as recommended in the recent audit: that position would allow the Department to eliminate the programming staff's movement within the production environment. The position would also ensure programming staff followed established standards and procedures. Additionally, the position would be responsible for tracking data concerning innovation, and assisting in the planning process for directing DMV technology. Mr. Conner stated the Department had two problems. The first problem was the need for a neutral person to control movement from programs in the test environment into the production environment. It was undesirable to have programmers accessing the production environment. The other problem, according to Mr. Conner, was because of the heavy workload as the Department had not been able to keep up with technology. The Department had been dependent on the Department of Information Technology (DoIT) to get information on the newest developments in technology, and DMV needed a position in-house to aid in gathering that information.

Chairman Rhoads asked whether the ISS 3 position could also perform the duties of the new Management Analyst position. Mr. Conner replied that those positions had different requirements.

Senator Beers asked what duties the ISS 3 position would be responsible for. Mr. Conner explained that the position would be responsible for moving a program from testing into production.

In response to a question from Senator Beers, Mr. Conner explained that the position was responsible for acquiring information regarding future technology that would be useful to the DMV, as well as formulating a plan to implement that technology.

Chairman Rhoads asked why the Division required an additional position to oversee the completion of a function which management should enforce, and Mr. Conner requested clarification of the question. Chairman Rhoads reiterated that management should be performing the responsibilities of the position already. Mr. Conner replied that programs were currently being moved from testing to production by management.

Mr. Conner continued his presentation and referred to E254, which requested funding for additional computer facility space upon the relocation of the Department of Public Safety Technology Division (PSTD). Additionally, this decision unit requested funding for the reconfiguration of work stations that would be utilized by DMV staff. Ms. McClain asked whether the space was needed for Real ID. Mr. Conner explained that it was not because of Real ID as the PSTD would be moving from their present building. Ms. McClain asked where PSTD would be moving. Ms. Lewis explained the Information Technology (IT) building was at maximum capacity. It housed all of the programmers for both DMV and Public Safety. Network positions were housed

in the DMV warehouse because of lack of space in the IT building. Ms. Lewis stated one of the driving forces was Real ID, and if that program became a reality, the call center would be moved to the warehouse currently occupied by network staff. The implementation team would be moved to the space occupied by systems staff. Ms. Lewis emphasized the DMV was at a point where it was out of space. If Real ID did not happen, because of the sheer volume of growth for DMV, the move would still be necessary.

Mr. Conner continued his presentation and referred to E255, which requested additional staff training. Mr. Conner stated it was imperative for the Division to stay up-to-date with ever changing technology to maintain the high level of service expected from the DMV. Mr. Conner stated training would cover four areas, systems, network, operations, and applications.

Enhancement Unit 256 requested additional Out-of-State Travel funds to cover expenses associated with travel to the regional and international American Association of Motor Vehicle Administrators (AAMVA) conferences. Mr. Conner said the conferences provided education to staff regarding current standards and future changes that would directly affect the Division. The conferences also allowed staff to interact with personnel from other DMVs as well as meet vendors that provided technical knowledge.

Chairman Rhoads noted there was a 70 percent increase requested in E255 over the request in FY 2005-06, and asked for an explanation of what the Department hoped to achieve, and why the increase was so large. Ms. Lewis responded that while there had been a 70 percent increase from FY 2005-06, there were 64 positions involved, which averaged out to approximately \$2,000 per employee for training. In the IT world training was very expensive, according to Ms. Lewis. Chairman Rhoads asked whether any employees had received training in FY 2005-06. Ms. Lewis stated that the Department had brought trainers into Nevada, as opposed to DMV employees leaving the State, which was more costly. The Department had been able to maximize the use of a trainer in-house to save money.

Ms. McClain stated she was concerned about the large increase in requested funds, as well as what areas needed training. She requested that a prioritized list of positions and the training to be provided be given to LCB staff. Mr. Conner agreed to compile the list.

Enhancement Unit 276 requested Highway Fund appropriations of \$54,118 in FY 2007-08 and \$33,313 in FY 2008-09 for phone switch upgrades for the Reno office and several rural offices. Mr. Conner informed the Subcommittee that some of the Department phone switches needed to be upgraded because support was no longer available.

Mr. Conner stated the agency was requesting appropriations to fund a Storage Area Network (SAN) to be installed in Las Vegas. The installation would provide complete SAN data redundancy between the north and south DMV offices for disaster recovery, and would enable the use of store and forward transactions. The SAN would also allow DMV offices in southern Nevada to continue normal operations if network connectivity to Carson City were lost for any reason.

Senator Beers asked whether the DMV had investigated placing the SAN at the Freeway and Arterial System of Transportation (FAST) Traffic Management Center in Las Vegas. Mr. Conner replied that the DMV had not talked to anyone

at the FAST Center. Senator Beers commented that a great deal of funding had been invested in an environmentally protected facility, and he knew of state agencies that were investigating using it for housing their back-up solution. Mr. Conner replied he would be happy to talk to them and report to the Subcommittee.

Chairman Rhoads closed the hearing on Budget Account 4715 and opened the hearing on Budget Account 4745.

PUBLIC SAFETY-DEPARTMENT OF MOTOR VEHICLES
ADMINISTRATIVE SERVICES (201-4745)
BUDGET PAGE DMV-32

Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles, introduced himself, and referred to [Exhibit C](#), a handout entitled Statistical Data, February, 2007. Mr. Colling stated [Exhibit C](#) contained charts which outlined what fees were charged by credit card vendors.

Mr. Colling stated the Administrative Services Division was comprised of four sections: fiscal services, revenue, budget analysis, and facilities management. The fiscal services section was comprised of purchasing, warehouse and mail service, accounts payable, and payroll. The revenue section was responsible for the deposit and distribution of approximately \$1.1 billion that the Department handled each fiscal year. Included with the revenue section was the bad debt collection unit. The budget analysis section developed cost estimates, assisted in preparing and presenting the Department's biennial budgets, and provided financial analysis. The facilities management section provided statewide coordination for all Department facilities, oversaw capital improvement projects, and coordinated all telecommunication for the Department. Mr. Colling said, additionally, the Administrative Services Division provided travel services and arrangements for the Department. The Division was funded with Highway Funds, with certain fees collected by the Department, with the cost allocation, and with two pass-through funding sources for driver's license and dealer placards.

Chairman Rhoads referred to E278, which addressed the central issuance of driver's licenses, and asked why Highway Fund appropriations were being used, when the law clearly required the Department to increase the fee charged. Mr. Colling replied that E278 would augment the \$2.25 driver's license fee currently charged to cover the production of the State's driver's license or identification card. The Department planned to modify its process for the over-the-counter issuance to a central-issuance process and the cost would increase to \$2.55 per license. Mr. Colling continued and stated there would be a budget bill submitted to address the request for a Highway Fund authorization to augment the current \$2.25 charge. Nevada Revised Statutes (NRS) 483.347 stated that the Department shall increase the fees as necessary to cover the cost of production of photographs or driver's license and identification cards. The change being submitted would replace the word "shall" with "may", and enable the Department to use Highway Funds for that process.

Assemblywoman McClain requested an explanation of the central issuance of driver's licenses. Ms. Lewis explained that central issuance was a change in how driver's licenses were processed. Currently, a customer came into the field office, went through the process, had a photo taken, and DMV issued the card in the office. With central issuance the card production was off-site, in a secured environment, maintained by the vendor. Ms. Lewis said central

issuance allowed the Department to authenticate the individual's identity through the use of a reader to authenticate the documents submitted by the customer, whether a passport or a driver's license from another state. Ms. Lewis maintained having document production in the offices was risky. All 21 DMV offices had the components for criminals to steal the materials to produce fraudulent driver's licenses. Central issuance eliminated that risk from the environment. Ms. Lewis continued and said central issuance would allow the Department to implement facial recognition, a key component of identity fraud. Ms. Lewis explained the procedure: when a customer went in for a driver's license their image would be captured and every night that day's transactions would be run against the Department's database to determine whether someone had already been issued a card under a different name.

Ms. McClain asked how long it would take an applicant to get the actual driver's license. Ms. Lewis said the goal was to have the license in the customer's hands within two days. Ms. McClain asked whether the customer could retain their old license until the new one arrived. Ms. Lewis said the customer would be issued a paper receipt with a digital image, along with information from the old driver's license, which would be the temporary driver's license until the permanent card arrived. Ms. Lewis noted that most states had the central issuance process in place or were considering implementing it.

Ms. McClain asked whether any public awareness or market research had been done to gauge the public's response to central issuance of driver's licenses. Ms. Lewis replied that staff had just participated in a summit in Colorado regarding central issuance and discovered that it was not an issue with the public.

Ms. McClain referred to the proposed bill to change the language in NRS 483.347 from "shall" to "may," and asked whether the increase would be passed on to the customer if the bill did not pass, and how much the increase would be. Ms. Lewis stated the position of the administration was that no increase would be passed along to the public.

Chairman Rhoads asked whether the new central issuance for driver's licenses would generate any staff savings. Ms. Lewis replied that printers would no longer be in the field offices, but because that was the only change, there would be no reduction of staff.

Assemblyman Parks asked whether the proposed bill had been submitted, and Mr. Colling replied the Budget Division had indicated it would be submitted by the end of the week.

Mr. Colling continued his presentation of Budget Account 4745 and stated the Division was not requesting new positions within the budget. However, the Director had previously spoken to the Subcommittee regarding Real ID. Contained within that budget was a request for six additional revenue positions that were tied to the increase in field services hours and were Real ID specific.

Maintenance Unit 150 (M150) referred to an adjusted base request for category 12, electronic payments. Mr. Colling stated this was a large expenditure, and as there was generally legislative interest in that area, he said he would spend some time discussing electronic payments. Contained within category 12 was the projected increase need, and funding for payments on all transactions going through the payment platform, as well as for payments for all alternative service processes offered by the Department.

Mr. Colling continued with M150 and described what had occurred and what was occurring with electronic payments. In an attempt to control the increasing payment costs for alternative services, yet still promote the increased usage of those services, he noted the Department and the State had undertaken a number of initiatives. Since the last legislative session the State had entered into a new third-party contract with a different vendor for Visa and MasterCard services, at a lower rate than the previous contract. Through negotiations, the Department had entered into a reduced rate contract for services at 1.98 percent with American Express (AMEX), down from the 2.35 percent previously charged on every transaction. The Discover contract continued at 1.65 percent. The State had procured a payment platform contract to allow all state agencies to participate in the electronic payment process, including the use of debit cards and electronic checks. The Department had begun to accept pinless debit cards and eChecks over the Internet. Mr. Colling said the Department had also finished programming to accept debit cards for mail-in processing and was awaiting certification from STAR, the debit card processing vendor, in order to initiate the program.

Mr. Colling stated the November Interim Finance Committee (IFC) meeting had approved the use of excess electronic payment funding for the purchase of pin pads to allow the acceptance of debit cards over the counter. The initial delivery of pin pads had been received for testing, and the Department was awaiting the results prior to ordering and installing pin pads at the field office counters. Mr. Colling reiterated that cost savings to the State were substantial when customers used debit cards or eChecks in lieu of credit cards. The average credit card fee was \$4 per transaction, while the average debit card or eCheck charge was less than \$1 per transaction.

The growth rate for merchant services fees prior to the last legislative session was between 30 percent and 35 percent per year, according to Mr. Colling. The original projections for the current biennium were based upon that growth rate. The growth rate was not increasing as rapidly as it had in the past, and the projections for the current biennial budget were based upon the actual growth rate of 16 percent, between FY 2005 and FY 2006. With the new payments methods being introduced now and in the upcoming biennium, Mr. Colling predicted the growth rate would be even lower. The budget request was for an additional \$1.492 million in FY 2008, and \$2.426 million in FY 2009.

Mr. Colling stated the Department had conferred with the Budget Division and LCB staff regarding the request, and the agency budget request might need to be adjusted as more historical data was developed about other payment methods. Although there continued to be substantial growth in the expenses associated with alternative methods of service and payment, not utilizing those methods would certainly be more costly, according to Mr. Colling. The Department had not added any additional facilities in the past ten years, which was a direct result of alternative processes for services being available to customers. A new full-service office in Las Vegas would cost approximately \$10 million for the land, \$12 million to build, and between \$6 and \$8 million to operate. The alternative processes that the Department had implemented were equivalent to approximately 1.5 to 2 new full-service DMV facilities.

In response to a question from Chairman Rhoads, Mr. Colling said without alternative services, at least one, and perhaps two, offices would have been built in the Las Vegas area.

Ms. McClain asked whether Real ID would impact registrations as well as driver's licenses, and Mr. Colling replied it would not.

Senator Beers requested a report on the revenue generated from Visa and MasterCard transactions as compared to the fees. He commented that [Exhibit C](#) indicated over \$4 million per year in highway construction funds was being spent on credit card fees. Mr. Colling agreed, and said the Department had considered ideas to change the process. One possibility would have allowed a third-party processor to hold the collected funds for a period of time, perhaps two days, and then pay all the fees associated with credit cards and debit cards; however, the State would not earn interest while the third-party held those transactions.

Senator Beers commented that government agencies were probably the highest volume, lowest risk customers that credit card companies dealt with, but the companies did not seem to understand that. He said he could not think of a better way to demonstrate that to vendors, than for the State to stop accepting credit cards as payment for services. Mr. Colling pointed out that the State was not the highest volume, but it was certainly the lowest risk. Senator Beers stated that the reason for the high fees was because the credit card companies had to have humans to process the return charges and they would not have that concern with the State. He believed the fee structure for a commercial entity was not applicable in any way to a government agency. Mr. Colling stated that in the last Request for Proposal (RFP) for the third-party processor the Department specifically asked the credit card companies to provide information regarding the fraud rate for the DMV, and they all refused. Senator Beers asked whether the Department could calculate the percentages, and Mr. Colling said he could calculate the credit card fraud the Department had, which was negligible. Senator Beers said he would like to see the "net discount, total fees divided by total receipts, by payment type."

Mr. Colling explained that the Department had considered not accepting credit cards, but that would have a serious effect on the use of the Internet, as one-third of DMV transactions were paid by credit card. Senator Beers maintained that, initially, the State had no alternative, but now it did because of the various electronic payment types available.

Mr. Parks commented that while he shared Senator Beers' concerns regarding credit cards, he believed that limiting the types of credit cards used could become a major issue. Mr. Parks asked whether the DMV had been considering any sites in Las Vegas for a new field office.

Mr. Colling replied that property had actually been purchased in northern Nevada for future expansion. Statistics showed that the Flamingo office was the busiest facility in Las Vegas, and Sahara continued to be a very busy office as well. The Department had determined that sometime in the future an office would be needed in southwest Las Vegas. While the DMV was not ready to request additional funding for new facilities, it was only a matter of time, according to Mr. Colling.

Assemblyman Grady asked, if credit cards were eliminated as a method of payment, would the Department see an increase in non-sufficient funds checks that the Department would have to collect. Mr. Colling replied that was likely, although he pointed out that the Department's bad check unit continued to operate without losing money. By the time the fees and penalties associated

with bad debt were figured, and employees salaries were deducted, the unit was still in the black.

Assemblyman Hogan stated he agreed with Assemblyman Parks that it would be a major inconvenience if the State discontinued the acceptance of credit cards. He said a more appropriate approach would be to selectively increase the fees on the use of credit cards so customers could make a decision, and over time, the use of credit cards would diminish in favor of other methods. Mr. Hogan wondered whether there was any reason that the fees could not be passed on to the customer. Mr. Colling explained there were contractual issues that prevented the DMV from charging for the use of a credit card. MasterCard and Visa had explored the possibility of allowing the charges associated with credit cards to be passed on to the customer. One of the problems was there were so many different Visa and MasterCard cards, and so many types of programs, that the actual rate was difficult to compute at the time of purchase.

Mr. Colling continued his presentation and referred to E250, an enhancement requesting training funds for one employee to attend two National Automated Clearing House Association (NACHA) meetings per year. Electronic payment was a relatively new method of payment for taxes and fees for most government agencies. Mr. Colling noted the DMV was at the forefront of the state's efforts in the area, but there was a lack of knowledge about the intricacies of electronic payments in general.

Chairman Rhoads asked whether someone from DMV normally went to two national meetings. Mr. Colling responded that no one from the Department had ever gone to the NACHA meetings, but the Department needed to have contact with a group that understood electronic payments.

Mr. Colling referred to E325, which was a result of Assembly Bill No. 52 of the 73rd Legislative Session, and now included in NRS 483.2521. The law mandated that the DMV provide a log for teen drivers to maintain a record of their driving time prior to receiving a license. The Department had been receiving funding for the printing of the log and teen driving manual through a grant from the Office of Traffic Safety and Budget Account 4744. Mr. Colling said the funding source would not continue, and if the Department were to continue providing the material, the State would have to provide funding.

In response to a question by Chairman Rhoads, Ms. Lewis explained that the log was a part of the graduated driver's license plan that had been ongoing for many years in Nevada. The law passed in the 73rd Legislative Session had required a teen driver to submit a log to DMV documenting the number of hours in the classroom, behind the wheel, and nighttime hours. Chairman Rhoads asked how the DMV verified the accuracy and veracity of the log. Ms. Lewis replied that the teen's parent was required to sign the log and attest to its truth, but admitted the DMV would never be able to verify it completely.

Ms. McClain asked if the DMV was required by law to provide the log, and Ms. Lewis replied they were.

Mr. Colling referred to E730 which was a request for \$12,000 to replace carpeting and paint the mezzanine office area in the Carson City warehouse. The space was used for offices and badly needed refurbishing. Enhancement Unit 731 was a request for \$33,000 to separate the heating, ventilating, and air conditioning (HVAC) zone currently used in the large training area and meeting room from a small office area occupied by five employees. The training area

was occupied by 20 individuals with 20 computers, 4 printers, a projector, and a television. Mr. Colling said the heat load was extreme and dominated the other offices.

Enhancement Unit 732 requested \$6,570 for each year of biennium to purchase a yearly maintenance agreement for the security system at the Carson City headquarters office. Mr. Colling stated the current warranty expired in February 2007.

The last request referred to E800, which requested moving funds from Budget Account 4745 to Budget Account 4741, the Central Services Account. Mr. Colling said the request was to address the funding need for the Department's electronic Dealer's Report of Sale (DRS) pilot program. The Department had originally wanted to use a portion of the funds collected in Budget Account 4745, from the issuance of dealer reported sales, to fund the new program. There was a natural tie between the \$8.25 collected from each dealer report of sale and the Department's desire to enable new vehicle purchasers to use the Internet to register their vehicle. The pilot program would have new car dealers transmit each dealer report of sale to the Department electronically. The customer would then be able to access the Internet and register their new vehicle. Mr. Colling said the requested funds would be used to offset the Department's costs in contract services and in mailing the plates, registration certificate, and decal to the vehicle owner. The Department had been unable to adequately delineate the proper methodology in their budget request. The end result, according to Mr. Colling, was the Department was requesting E800 in Budget Account 4745 be withdrawn and the pilot program be funded through a different source.

The Department had identified two errors within the field services budget. The duplicate expenditures were in the amount of \$258,793. The Department had been instructed by the Budget Division to submit an amendment to fund a scaled back pilot program with the same amount as contained within the duplicate expenditures. Mr. Colling said the funding would be reflected in the testimony for Budget Account 4741, which was where the pilot program would reside.

Chairman Rhoads asked when the pilot program would begin and end. Ms. Lewis stated the goal was to work with the vendor who acted as liaison between the dealers and the Department. Once the software was in place, the pilot program would begin, and would run through both years of the biennium.

Mr. Colling stated car dealers were one of the last groups of customers to receive service on the Internet.

In response to a question from Mr. Parks, Ms. Lewis indicated there were two possible software packages, provided by Reynolds and Reynolds and ADP, which could be utilized by dealers. However, only one contractor owned both software packages distributed by two companies.

Ms. McClain commented that the pilot program appeared to be on hold until the budget amendment was submitted, and asked when the amendment would be submitted. Ms. Lewis stated the Department would have the information to the Budget Division as soon as possible.

Chairman Rhoads closed the hearing on Budget Account 4745 and opened the hearing on Budget Account 4740.

PUBLIC SAFETY-DEPARTMENT OF MOTOR VEHICLES
COMPLIANCE ENFORCEMENT (201-4740)
BUDGET PAGE DMV-42

Troy Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles, introduced himself and read the following statement into the record, [Exhibit D](#).

The Compliance Enforcement Division presently consists of three budget accounts. Each of the accounts services a different portion of the motor vehicle world. Each of the accounts requires the Division to regulate an industry and each have criminal penalties associated with illegal activities. The Division, however, is one entity and does not function independently for each account. Processes are shared and workload is distributed by priority across each account, with all accounts receiving the level of services for which they are funded, barring the exception you will hear about in testimony today.

In testimony last week regarding the Real ID Act, you were informed about additional staffing necessary for fraud prevention and investigation. Those staff would be under the umbrella of the Compliance Enforcement Division. In today's testimony, I will tie together the responsibilities of the investigators assigned to these programs and explain the philosophy of our staffing request. It is important to understand that the requested positions within the Real ID budget and the 4740 budget, as well as the existing fraud positions, encompass an umbrella approach to appropriate staffing for coverage of the Division's responsibilities, as a whole, within these programs.

In addition, several items contained within the budget cross budget account lines and appear in two or all three of the budgets. I will address these issues within the budget account they affect the greatest, and not waste time reiterating information in each account.

Budget account 4740 is the primary budget for the Compliance Enforcement Division. It is a highway-funded budget. Budget accounts 4690 and 4722 are also managed by the Division. Administrative and operational oversight of these accounts is funded through Budget 4740.

The primary function of budget 4740 is regulation of the automobile industry as it relates to the sale or transfer of ownership in motor vehicles. In addition, the account supports the licensing and registration of automotive businesses, Driver Training, Traffic Safety and DUI Schools and instructors. A major component of the 4740 budget is protecting consumers and businesses from fraud and fraudulent uses of the Department's processes. The highest profile and most noteworthy being identity fraud.

At this time the Department is aware of two bills that will potentially affect the account.

BDR 400 from the Legislative Committee on Public Lands proposes legislation governing off-highway vehicles. We anticipate the bill to regulate the sale of off-highway vehicles as well as require enforcement of its provisions. Depending on how the bill is worded will determine the impact, if any, to this account.

BDR 109, sponsored by Senator Nolan, proposes the abolishment of the Transportation Services Authority (TSA), and reassigns its duties to other agencies. No specific information regarding the intent of this bill has been released to the Department. However, since similar legislation last session proposed transferring some of the TSA's duties to the Department, we are making an assumption that this legislation may have similar provisions. This is provided strictly for edification purposes as we have no specific information that there will be a direct impact to this account.

The Division has submitted a request for supplemental funding for FY 2007 to cover the cost of fuel. This request brings the FY 2007 budget in line with FY 2006 expenditures.

I will now address the significant enhancements recommended within the budget.

E-250 - the Stolen Vehicle Program

This decision unit recommends funding to address a serious problem within the state of Nevada. The National Crime Information Center (NCIC) shows Las Vegas' national per capita ranking for auto thefts rising each year since the millennium. Las Vegas now ranks as number 2 in the nation for auto thefts, with Modesto, California the only city in America with a higher theft percentage. The National Insurance Crime Bureau (NICB) reports, on average, a vehicle is stolen in Carson City, every 2.8 days; in Washoe County, every 4 hours; and in Clark County, every 22 minutes. Many of these vehicles are sold one or more times and thousands of them per year are presented to the Department of Motor Vehicles for registration.

In FY 2006, the Department began utilizing a new national database called the National Motor Vehicle Information and Titling System (NMVITS). Selected transactions comprised of all title transactions and all initial registration or transfer of ownership transactions, are queried within the database, with one of the checks performed being for stolen vehicles. The specific database this inquiry is made through is maintained by NICB and is a mirrored database to the FBI's NCIC database.

The Department receives one of three results from the inquiries:

1. The vehicle returns with no record; meaning the vehicle has not been reported as stolen.
2. The vehicle returns with a stolen hit; meaning the vehicle has been reported as stolen and is still considered to be an active record with NCIC.
3. The vehicle returns as a purged record hit; meaning the vehicle was reported as stolen; however, the time frame

has exceeded that which the FBI allows a record to remain active.

The Department receives, on average, 400 responses on active or purged stolen vehicles, per month. In a one-year time frame, that equates to 4,800 positive responses.

In the present system, since the implementation of the NMVITS check, if the vehicle returns as an active stolen record, the registration and/or title transaction is blocked. Once a verification of the stolen vehicle record is conducted, a Compliance Enforcement Division (CED) investigator, if available, will respond to the counter and begin an investigative inquiry. In most cases, due to a lack of manpower, a CED investigator is not available and a call is placed to the local law enforcement agency. In many of those cases, the local entity is not immediately available to respond and the customer is informed of the stolen vehicle result and referred to their local law enforcement agency to resolve the issue.

It is fair to say that many, if not most, of the customers who are present at the DMV to register a vehicle, do not have knowledge that the vehicle is stolen. Unfortunately, on occasion, when a law enforcement agency responds to the Department to handle one of these cases, the felony criminal enforcement mentality associated with traffic stops of stolen vehicles may apply.

The Department feels we are the most knowledgeable body to handle these types of cases. We also feel that the DMV is the most logical location for such a program, as the vehicles are being presented to the Department, and the parties involved are typically present at the transaction.

It would also be erroneous not to point out that many vehicles that NCIC and NICB databases are showing as stolen should not be reflected as being stolen. In many cases, the necessary reports and/or paperwork did not get filed with, or by, the originating agency, although the vehicle had been recovered. Imagine driving a vehicle you had recently purchased, you are stopped by law-enforcement, and the next thing you know, you are being ordered to get out of the vehicle and lay face down on the hot pavement in Las Vegas, or frozen concrete in Reno. Ultimately, to discover that the vehicle had been previously reported as stolen and although it was recovered, the paperwork to remove it from the database was not completed. The proposed program would go a long way to avoid having many of our citizen's days ruined by an experience like this. In addition, the investigative intelligence that would be gained, would allow for the Department to target illegal vehicle sales activity and to provide intelligence information to stolen vehicle task forces, and intelligence units operating within the State.

The positions associated with this decision unit include six compliance enforcement investigators, one for each major metropolitan office in the State, one supervising compliance investigator, needed for span of control, and one administrative assistant to handle the administrative support duties.

The vision of this staffing request combines the duties of these investigators, investigators requested within the Real ID budget, and the existing fraud unit staff to allow coverage capabilities at all metropolitan DMV offices, six days a week during office hours. The intent is to have investigators assigned to each office and able to respond to every fraud or stolen vehicle situation that occurs at those offices. This staffing model is a significant change from the existing structure. Today's staffing level has three fraud investigators assigned to southern Nevada and two fraud investigators assigned to northern Nevada. The new structure would have a total of three fraud investigators primarily assigned to each major metropolitan office. Their duties would include, following up on all active stolen vehicle hits, determining ownership interests in those vehicles, arresting suspected vehicle thieves, gathering intelligence information regarding the purchase of the vehicle, intelligence sharing, and prioritizing purged record hits from all DMV offices for investigation. In addition, all fraudulent submissions of documents to the Department, and all attempts to secure false identification credentials, as well as the validation of questionable documents would fall within their purview. The fraud investigators deal with many victims of identity theft and simply determining who the true victim of the theft is can be a monumental task. Once it has been determined, another difficult task of trying to verify and unwind inaccurate sanctions against the victim's license begins. These investigators help victims through the cumbersome process of trying to clear their records once they have become the victim of identity theft.

The workload of these investigators will be significant with several anti-fraud measures forthcoming. The Governor's budget includes a decision unit that provides for facial recognition software. The effect of this tool for fraud prevention is enormous. Effectively, each night, every photograph taken during the daily operations would be compared to all other existing photographs within the DMV database. The software then determines if a like image already exists. If the information regarding the identity of the individual does not match on all records, the production of the ID is stopped and a report will be generated, listing all transactions that are questionable. CED staff will then go through each record and determine if an application was made for a fraudulent identity document. Investigations will be conducted on all identified fraudulent records. The potential size of the fraudulent records within the existing database is also enormous. The states of Colorado and Massachusetts conducted tests run against a sampling of their data and found a 10 percent result of existing fraudulent records. In Nevada the existing database contains over 1.6 million digital images. If Nevada has the same problem of existing fraudulent records as Colorado and Massachusetts, the workload will be overwhelming, and that is before you add the Real ID act requirements to the mix.

With Real ID, individuals who have obtained fraudulent identity documents from the Department, and are not discovered initially by the facial recognition software, will be discovered at the time they enter the re-enrollment process. In addition, individuals who used

fraudulent documents to obtain their existing IDs, that went undetected, will be caught in the document verification process if they again try to use fraudulent documents. These measures go a long way in protecting our citizens, but the workload that they create needs to have the appropriate staffing level to handle the greatly enhanced demands on the Department.

Although the investigator's duties require investigation activity that occurs outside of the office, staffing has been designed in such a manner that coverage would be available upon notification of an incident arising at any of the offices. In addition, this staffing concept would allocate manpower in a geographically balanced manner; meaning each metropolitan office would have the same staffing formula. This would place the bulk of the investigative staff in the Las Vegas area where the demand is the greatest. The Division's current staffing formula has only a slight increase in manpower in the southern Nevada area, despite it being the largest population center and containing the bulk of the state's automotive related businesses.

With approximately 4,800 stolen hits per year, and tens if not hundreds of thousands of fraudulent records already in the system, there will be no shortage of workload. The challenge will be determining the priorities of the investigations.

The key to attacking the increasing stolen vehicle problem in Nevada is a unified effort between local, state, and federal enforcement agencies as well as the insurance industry. This is a costly crime to the citizens of Nevada, and its impact can be felt by every citizen in this State who pays for mandatory vehicle insurance.

I have included letters of support for this program from individuals and companies who have a vested interest in the stolen vehicle problem within the State. This program is supported by law enforcement and insurance entities alike.

It is our hope that you, too, will see the importance of this program and approve this decision unit.

Chairman Rhoads asked how the Department had determined it needed eight new positions. Mr. Dillard replied the Department had examined the responsibilities and duties of the Division as a whole and it had been decided that one supervisory investigator, six compliance enforcement investigators, and one administrative assistant, were needed. Within the Real ID budget there were an additional eight compliance enforcement investigators requested, plus the makeup of existing Fraud Unit, would make a total of three investigators to cover each major metropolitan office within the state. Mr. Dillard stated those positions were the absolute minimum needed to cover each office six days per week.

Chairman Rhoads asked why stolen vehicles were a state problem when the stolen vehicle problem was primarily in the Las Vegas area. Mr. Dillard responded that the Department considered it to be a Nevada problem. Las Vegas currently expended considerable resources toward dealing with the problem. Stolen vehicles had been coming to the DMV for years for

registration, according to Mr. Dillard, but it was only recently that the database and the technology had given the Department the ability to attend to the problem, not only in Las Vegas, but in the entire state.

Chairman Rhoads commented that two years before, statistics indicated a car was stolen in Las Vegas every 26 minutes, and currently, it was every 22 minutes. Mr. Dillard said last session Las Vegas had been ranked number five in the nation for stolen cars, and as of 2007 ranked number two, but the reality was that Las Vegas was probably number one. Modesto, California, which was currently ranked number one, had targeted enforcement in the area of stolen vehicles, which had a great impact on the rankings.

Ms. McClain wondered why this was a DMV problem, and not a Las Vegas Metro problem. She said she understood that DMV had the database, and it was probably a good point of contact to catch stolen vehicles, but the DMV did not have the authority to arrest someone as far as she was aware. Mr. Dillard stated that was not correct, compliance enforcement investigators were law enforcement officers and had the authority to enforce any law within the state of Nevada as long as it was within the exercise of their duties. In the past, it had been luck if a vehicle was identified as stolen; today, with the database, the number of stolen vehicles found was enormous. Mr. Dillard said someone had to do something about the problem of stolen vehicles, and the DMV was the most appropriate agency to handle that function.

Ms. McClain asked whether local law enforcement was supportive of the program, and Mr. Dillard replied they were. Ms. McClain further questioned whether local law enforcement was being cooperative, or merely wanted the DMV to shoulder the burden of the program so they did not have to deal with it. Mr. Dillard explained the DMV would be supplying information on the stolen vehicles coming to the Department to local law enforcement, enabling those agencies to work on the investigative portion. The DMV focus would be recovering the vehicles already reported as stolen, to return them to their rightful owners, or to the insurance companies which already paid off those vehicles.

Senator Titus remarked that one of the most common complaints she received from her constituents was that a neighbor had a license plate from another state, and the neighbor had moved to Nevada over a year before, had not purchased Nevada plates, and law enforcement did nothing about it. She asked whether there was anything that could be done about that problem. Ms. Lewis replied that the DMV had dealt with the problem for five sessions, and people would call the Department and complain about their neighbor or acquaintance that did not get Nevada license plates. The Department had to rely on local law enforcement, whose workload was such that the law was never enforced.

Assemblywoman Koivisto commented that she had read an article, years before, about a state that passed legislation to offer a reward to people who reported violators. Ms. Koivisto wondered if that were done in Nevada, would it raise enough money to alleviate the problem. Ms. Lewis acknowledged there was revenue that was not being collected in a timely manner because of registration violations, but she did not know how the program would work or what it would cost to enforce.

Mr. Parks commented that his concern was businesses that had delivery vehicles that did not carry apportioned plates.

Mr. Dillard continued to read his testimony into the record ([Exhibit D](#)) as follows:

E-251 Workload Management

This unit recommends funding two compliance enforcement investigators to handle existing workload. Historically, Budget Account 4722 was used to fund a multitude of positions within the DMV and Public Safety. The reality of cleaning up the allocation of resources has been an ongoing process, and we believe it has come down to these last two positions. Budget Account 4740 has utilized two 4722 FTE positions to maintain its workload demands. That is not saying to keep up with increasing demands but rather to maintain the existing resources that have been historically allocated to the account. As such, activities within the 4722 budget that should be occurring, have not.

Budget 4740 is in dire need of these positions to maintain its historical level of service, barring any new demands or generalized growth. If this decision unit is not approved, the Division will have to cease investigations within the account at a level commensurate with the cut in positions. That would equate to an average of 220.5 cases per investigator or an additional 441 cases per year that would not be able to be investigated. The Division is already not able to investigate all issues referred with the current manpower allotments. In FY 2006, this account had 694 investigations placed in a tracking status. That means that we did not have the ability to investigate the issues associated with those cases. We are forced to prioritize the cases we investigate, and track other issues until they rise or accumulate to a point that lifts their priority to the level an investigation is initiated. This decision unit will benefit both budget accounts and bring the funding source issues of the past to a close.

Chairman Rhoads asked whether any highway funding would be used for the positions. Mr. Dillard replied there would be highway funding provided from Budget Account 4740.

Chairman Rhoads referred to E251 and asked whether the pollution control program needed the two requested positions. Mr. Dillard replied that the two positions the pollution control account had funded had been in Budget Account 4720 for years. The issue was that there were "proactive" items in Budget Account 4722 that had not been performed over that period of time. The Department was requesting that the two positions be allowed to return Budget Account 4722 in order to address those issues.

Chairman Rhoads closed the hearing on BA 4740 and opened the hearing on BA 4690.

PUBLIC SAFETY-DEPARTMENT OF MOTOR VEHICLES **SALVAGE WRECKERS/BODY SHOPS (101-4690)** **BUDGET PAGE DMV-52**

Troy L. Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles, presented Budget Account 4690 and read the following statement into the record:

Budget Account 4690 is the account for regulation of salvage pools, automobile wreckers, body shops and garages. It is a self-funded account. Funding stems from business licensing fees and fines, as well as salvage title fees. The Compliance Enforcement Division has four positions funded through this account to regulate the 1,917 businesses currently licensed or registered in this account. The account also supports positions in Budget Account 4741 through a cost allocation. In addition, the account supports the Advisory Board on Automotive Affairs, which is comprised of representatives from the regulated businesses, members of the public, and the Department.

The Department is aware of two bill draft requests that will affect operations with this budget account.

Bill Draft Request 456 by Assemblyman Manendo proposed to transfer duties currently with the Department of Business and Industry, Division of Insurance (DOI) to the DMV. These duties include the annual survey and preparation of a report of rates and fees charged by body shops. Their desire is to mandate the completion of the survey as part of the annual licensing requirements, and to have the survey administered electronically. The report the DOI prepares is quite extensive and appears to utilize a significant amount of staff time to prepare. This account funds only four investigative staff with no direct administrative support. As such, there will be a fiscal impact, which has yet to be determined, pending additional details from the bill's sponsor.

Bill Draft Request 821 by Speaker Buckley proposes to give DMV primary authority for enforcing and regulating repair facilities. It also adds the authority for the Department to be the primary enforcer of Chapter 598, Deceptive Trade Practices, for these businesses. The concept is similar to A.B. 249 that was passed last session, making one governmental agency the primary entity for consumers to file complaints and seek assistance for certain industries. It is probable that this legislation will require additional staffing. Initial discussions with the Speaker resulted in a staff assignment to determine the feasibility of transferring existing positions from the Consumer Affairs Division to handle the additional workload. It is unknown to the Department at this time, the result of any determinations that may have been made by the Speaker regarding this research.

I will now address the significant enhancements contained within the budget, Enhancement Unit 903 (E903), E913, E914 and E915, and the transfer of positions and program to Budget Account 4740.

Last session, the Department testified that the future of Budget Account 4690 was uncertain due to differences in expenditures and revenues. The Department stated that it would evaluate the fiscal issue and return this session with a recommendation to address the inequity. The projected expenses of the account will exceed the revenues and the reserve balance in FY 2009 by approximately \$84,000. The determination of the Department was

that the responsibility for regulating this portion of the industry is very similar to the responsibility for regulating other sections of the automotive industry, for which the Department is charged, within Budget Account 4740. Both sections of the industry are responsible for significant impact and contributions to the State Highway Fund, and as such, both should be regulated and funded consistent with each other.

As an example, the Department regulates driver training schools, traffic safety, and DUI schools, and the purchase and sales of motor vehicles through dealerships, brokers, manufacturers, rebuilders, transporters, distributors, lessors, and salesmen, through Budget Account 4740. The industries represented with Budget Account 4690, body shops, wreckers, salvage pools, and garages, also directly affect and impact motor vehicles, and as such, the Highway Fund. Therefore, precedent exists to merge similar businesses into the same regulatory structure.

The Department, hence, recommends that Budget Account 4690 be abolished. A bill has been submitted that proposes redirecting the revenue sources funding the 4690 budget to the two separate areas of the current accounts responsibilities. First, licensing fees and fines would be directed to the Highway Fund, consistent with those revenues currently received from automotive dealerships and drive schools. Second, the bill redirects salvage title fees to the Highway Fund with a requirement that the costs associated with the production of salvage titles be allocated to the Department for that purpose.

The Department is recommending a funding allocation within Budget Account 4740 to regulate the garages, body shops, salvage pools, and wreckers consistent with existing automotive related industries within that account.

The alternatives to this approach were to raise garage registration fees from the current \$25 per year assessment to \$250 per year, and/or, significant increases in both licensing and registration fees. The other alternative was to cut expenditures, which would have left the account without the ability to carry out the responsibilities associated with it. The concept of merging the current account into Budget Account 4740 was discussed at the Automotive Affairs Advisory Board in May of 2006. The Advisory Board consists of businesses currently regulated within Budget Account 4690, the Department, and members of the public. The Board unanimously voted to support the Department's request to incorporate the budgets.

In further support of this concept, this session brings proposed legislation that would further impact the responsibilities of the account and have a relational impact on the fiscal disparity. These proposals further solidify the Department's position that the account's responsibilities, and fiscal issues be under the same funding source as the Division's primary budget, Budget Account 4740.

Chairman Rhoads stated that in the Minutes of March 30, 2005, page 18, the Department of Motor Vehicles had testified and projected that the reserve would remain healthy for another five years. He asked what had occurred to change that projection.

Mr. Dillard responded that in 2005 when the projections had been made, they were correct. He believed the projections would still be correct, except for the increased funding for additional steps for Cost of Living Adjustments (COLA) in the 2005 session, and increased funding in the present budget for additional COLAs, as well as a 15 percent increase in one of the modification units to increase salaries within the law enforcement series contained in Budget Account 4690. Mr. Dillard said additional costs were what had reduced the amount of time the budget would remain healthy.

In response to a question from Chairman Rhoads about the two new investigator positions approved in the 2005 Session, Mr. Dillard replied those positions were non-sworn investigators added to handle the increased workload. The account was properly funded to handle the demands and responsibilities associated with it, and the number of cases had increased significantly.

Chairman Rhoads asked why there had been no attempt to increase fees to support Budget Account 4690 during the 2005 Session. Mr. Dillard replied that the Administration's position in 2005 had been against the implementation of any new fees.

Ms. McClain and Mr. Dillard had a brief discussion concerning whether the Department had the authority to increase fees. Mr. Dillard explained that the Nevada Revised Statutes would have to be changed in order for the Department to increase fees.

Chairman Rhoads inquired whether the Department had completed its review of funding and licensing issues of businesses associated with the Compliance Enforcement Division. Mr. Dillard indicated that the Department had reviewed fees across the accounts. There were three different budgets, the businesses within the Highway Fund, the businesses within Budget Account 4722, Motor Vehicle Pollution Control Account, and the businesses contained in Budget Account 4690, Salvage Wreckers/Body Shops.

Mr. Dillard said there were resources available in Budget Account 4722, and no adjustments were needed other than to examine an equity issue for all businesses across the board. The businesses within the Highway Fund were also examined; however, the Administration's position was against any fee increases. Mr. Dillard stated Budget Account 4690 was the only account that had incurred revenue and expenditure problems.

Ms. McClain wondered how there could have been such a shortage if the fiscal note had been presented at the time the bill was being discussed. She observed that well-intentioned legislation was passed to be funded by fees, but the fees were not enough to support the program, so the Highway Fund or the General Fund was tapped to augment the program.

Chairman Rhoads closed the hearing on Budget Account 4690 and opened the hearing on Budget Account 4722.

PUBLIC SAFETY-DEPARTMENT OF MOTOR VEHICLES
MOTOR VEHICLE POLLUTION CONTROL (101-4722)
BUDGET PAGE DMV-61

Troy L. Dillard, Administrator, Compliance Enforcement Division, DMV, read the following statement into the record ([Exhibit E](#)):

Budget Account 4722 is the state's vehicle emissions program budget. It is a fee-funded budget, with the fees coming from a \$6 assessment from smog checks conducted in Clark and Washoe counties. Additional revenues are derived from licensing and regulating smog inspection businesses and inspectors. The Compliance Enforcement Division is designated as the implementation and enforcement component of the state's air quality program, as it relates to vehicle emissions.

Additional agencies that receive funding realized through this budget account include: the Nevada Division of Environmental Protection; the Nevada Department of Agriculture; the Tahoe Regional Planning Agency; and, Clark and Washoe counties.

There are currently three Bill Draft Requests that could impact the funding sources of this account.

Bill Draft Request (BDR) 252 proposed by Senator Coffin. The concept of this BDR provides for a third year exemption from smog testing. The current exemption is two years. Until the bill has been printed the exact impact is unknown. However, if the bill simply adds a third year to the exemption period, the projected annual reductions to pollution control account revenues would be \$744,000. One sixth of that amount is a direct loss to Washoe and Clark counties. In addition to the state and local government impact, approximately 124,000 vehicles, or roughly 9 percent of vehicles currently tested, would be annually exempted from the testing process, resulting in a reduction of business income to the licensed emission stations.

Bill Draft Request 1022 proposed by Assemblyman Ohrenschall makes certain changes concerning motor vehicle emissions. No specific information regarding the intent of this bill has been released to the Department. Therefore, we do not know to what extent, if any, this bill will impact this account.

Bill Draft Request 1072 proposed by Assemblyman Claborn makes various changes concerning emissions testing. No specific information regarding the intent of this bill has been released to the Department. Therefore, any budgetary impacts are unknown at this time.

I would now like to address the significant enhancements recommended within the budget.

Enhancement Unit (E250), E500, E50I, E902, and E903 represent the transfer of existing staff currently contained in Budget Account 4742 to Budget Account 4722. These four positions and related costs are currently funded by Budget Account 4722

through a cost allocation to Budget Account 4742. This change moves the staff under the supervision of the Compliance Enforcement Division, where the emissions program is located. This reorganization of existing staff is being made to reduce administrative processes and place the staff within the program that makes the determinations regarding the emissions program. In other words, this is a house cleaning issue.

Assemblyman Parks asked whether he was correct in assuming the positions would be performing the same duties as before and those decision units were addressing accounting matters. Mr. Dillard stated that was correct.

Mr. Dillard continued with his statement:

Enhancement Unit 710 includes routine replacement of standard equipment of various natures; however, I would like to highlight a few areas that are unique to this budget account.

Dynamometers in both northern and southern Nevada are in need of replacement. Dynamometers are used to determine emissions output and are also used to determine the effectiveness of emissions repairs and equipment. They are the only approved way to test light-duty diesel vehicles. They consist of a computer control head and motorized rollers placed in the floor, that vary the speed and resistance of motion against vehicle tires, thereby impacting emissions. The existing dynamometers are sixteen years old.

Replacement opacity meters are also being requested. Opacity meters are used in both the light and heavy-duty diesel programs. They measure the amount of pollutants contained in diesel emissions. We have two different styles of meters currently. One meter is used in conjunction with the dynamometer to measure emissions output. The other meter is used specifically in the roadside, heavy-duty diesel program. The existing meters are worn to the point of being unreliable and are having to be repaired regularly.

Enhancement Unit 720, new equipment. Mechanics tools and storage chests are requested within this decision unit. As vehicles continue to evolve in their technology, so do the tools necessary to work on them. This unit requests tools necessary for the emission technicians to perform their functions.

A digital voice recorder is also requested to facilitate the recording of minutes for regulation hearings and committee meetings and hearings.

Lastly, a Xerox copier contract is included in the 4722 budget. This item was intended to be split between Budget Account 4722 and Budget Account 4740; however, when budget priorities were determined the request in Budget Account 4740 was removed from consideration. We would like to work with fiscal staff to make any adjustments necessary to this request.

Mr. Parks asked whether the Department anticipated awarding excess reserve grants for programs to improve air quality. Mr. Dillard replied that the projection for the reserve at the end of 2007 was \$2.2 million, and there was a \$1 million "carry forward." Both Clark and Washoe counties had been sent letters identifying a \$1.2 million projection for excess grant applications. Also, according to Mr. Dillard, the projection of the account continued to be healthy into the future.

Chairman Rhoads closed the hearing on Budget Account 4722 and opened the hearing on Budget Account 4741.

PUBLIC SAFETY-DEPARTMENT OF MOTOR VEHICLES
CENTRAL SERVICES (201-4741)
BUDGET PAGE DMV-72

Martha Barnes, Administrator, Central Services and Records Division, DMV, read the following statement into the record ([Exhibit F](#)):

Budget Account 4741 supports back office functions in the Central Services Division. These functions are the research and processing of regular and salvage titles, processing of renewals for driver's license and vehicle registrations, processing driver's license sanctions, ensuring the integrity of our data, processing customer special plate requests, resolving customer issues by telephone, the imaging of documents to comply with statutory retention requirements, the production and delivery of license plates, as well as all employees' equipment, supplies, and postage to meet our responsibilities.

Maintenance Unit 101 is the supplemental request for a cost increase for raw materials based on supplier notification. Aluminum is utilized in the production of license plates, and costs will increase in FY 2008 and FY 2009.

Because aluminum is a commodity and the cost fluctuates, we rely on the vendor to inform us of expected cost increases. There are currently only two vendors available to supply DMV with the aluminum needed to manufacture license plates.

Enhancement Unit 250 is a request for five full-time employees.

During the FY 2004-05 budget process a request was approved to address the growing number of documents waiting to be microfilmed per NRS 239.051 and NRS 239.080. Central Services received funding to purchase equipment and implement document imaging. The imaging project allowed vehicle and driver's license documents to be scanned, edited, burned to film, and the information accessed from all DMV employee workstations.

Our request for five full-time employees ensures the scanning backlog will be eliminated by expanding and maximizing the current equipment. The requested employees will work a night shift, and a supervisor was not requested because the existing nighttime supervisor can oversee these workers.

Eliminating the backlog of documents will assist the Department by clearing needed storage space in the warehouse and eliminating the added expense of a trailer to store documents prior to scanning.

The imaging project has been a pioneering effort on the part of the vendor and the DMV. We have worked through some title security issues in order to perfect the images being utilized by staff and our customers. We are now producing a good product and are the first jurisdiction to attempt this change in venue from cameras to document imaging for title certificates. The scanned information is readily available to all DMV technicians on their computer screens and they no longer have to leave their workstation to conduct research.

We also investigated the cost to outsource scanning the backlog of documents to our current vendor utilizing the same equipment and software package.

The cost would be approximately \$100,000 per million documents scanned. With a backlog count of 9.4 million, the cost would be high. The quote covers only the scanning of documents, while the additional processes such as editing and burning to film, would still be completed by existing DMV staff. This option did not appear to be a cost-effective solution to eliminating the backlog, as it only addressed a portion of the process.

Our projection, with your approval of the five Full-Time Equivalents (FTE), is to reduce the backlog to approximately 36,000 documents by the end of FY 2009. If the five positions are not approved, our projection, utilizing existing staff and equipment, is to reduce the backlog to 5.3 million by the end of FY 2009. This option may also require us to maintain additional storage space to secure the documentation until it can be properly processed and destroyed pursuant to the retention schedule.

Adding employees also requires us to purchase three new scanners. Currently, three of the existing scanners are occupied for 12 hours, after 5:30 p.m., with automated programs running images produced by the day-shift staff. Because of this, three of the existing scanners will be unavailable for use by the nighttime staff. Included in the cost of the scanners are the maintenance, an additional number of scans for each machine, and film. These scanners are tied directly to the E250 request for FTEs.

When we submit our budget request for FY 2010 and FY 2011, we will address whether or not we need to continue these positions.

Assemblyman Parks asked whether the Division had considered temporary staffing as a potential option, and why the backlog continued to exist. Ms. Barnes stated the Department had considered many different options throughout the project. She said research had indicated that many states did not process title certificates with imaging. Processes had been streamlined as much as possible, and Ms. Barnes said temporary staff would be difficult to integrate into the project, mainly because the equipment was complicated.

Chairman Rhoads noted that the 2001 Legislature approved eight Microfilm Operator positions and one Program Assistant, as well as \$315,933 to outsource filming, and the 2003 Legislature approved \$470,000 to purchase a document imaging system for archiving documents. He wondered why the document backlog continued to exist for the past four years, and would for the immediate future. Ms. Barnes maintained the population growth was a large contributor to the problem. There were so many people moving to Nevada and the DMV processed and imaged all the documents having to do with every vehicle registration and every driver's license.

Chairman Rhoads asked how many staff members were currently assigned to deal with the backlog. Ms. Barnes said there were approximately 16 positions assigned to that unit, but she would verify the correct number and report to LCB staff.

Senator Beers noted that Ms. Barnes had said most states did not process title documents the way Nevada DMV did and asked what process other states used. Ms. Barnes replied other states used cameras, while Nevada used digital imaging. It had been discovered that the security features on the titles caused problems with making the image readable, but those issues had been resolved, according to Ms. Barnes, and the Department had determined a way to produce a clear document. In answer to Senator Beers inquiry as to whether Nevada should consider what other states did, Ms. Barnes responded that cameras were old technology. Ms. Barnes explained that when the DMV had researched using digital imaging on the titles, and had conferred with DMVs in other states, it had been discovered that other states were somewhat afraid of tackling the project.

Ms. McClain said she agreed document imaging was the wave of the future, but was somewhat concerned because she thought the Department was still microfilming the same documents that were being imaged. Ms. Barnes replied there was a statutory requirement to create microfilm so all images were burned to film, and the State Library and Archives made a duplicate copy for historical purposes.

Ms. McClain asked why the Department would hire five permanent employees with full benefits, put them on staff for two years, and then let them go when the backlog was gone. She wondered why temporary state employees, who knew the contract would not be renewed in two years, could not be utilized. Ms. Barnes responded that the Department could investigate Ms. McClain's suggestion; however, when the budget was compiled it had been decided permanent employees would work out better.

Chairman Rhoads asked whether the positions could be eliminated at the end of 2009, when the backlog was reduced. Ms. Barnes replied that with the number of documents being imaged, it was not guaranteed that the backlog would be eliminated; therefore, the Department had not requested sunset positions.

Ms. McClain wondered whether there was any technology available that would allow the Department to image the documents and then transfer those images to State Archives without the microfilming process.

Chairman Rhoads asked whether a Bill Draft Request was being submitted to redirect salvage title fees. Ms. Lewis informed the Subcommittee that a budget bill had been submitted to the Administration to redirect salvage title fees to the Highway Fund.

Chairman Rhoads closed the hearing on Budget Account 4741 and opened the hearing on Budget Account 4735.

PUBLIC SAFETY-DEPARTMENT OF MOTOR VEHICLES
FIELD SERVICES (101-4735)
BUDGET PAGE DMV-94

Thomas J. Fronapfel, Administrator, Field Services Division, DMV, read the following statement into the record ([Exhibit G](#)):

The Field Services Division is responsible for the direct customer service activities for driver licensing and vehicle registration. These activities include ensuring only safe and knowledgeable drivers receive and maintain the privilege to drive on Nevada's streets and highways; registration of vehicles; issuing certificates of ownership; collecting required fees and taxes; registration of voters through the Motor Voter Program; and providing Insurance Verification Program services. These activities are conducted in 21 offices statewide.

The Division currently has 727.5 full-time equivalent positions, of which approximately 539 perform direct customer service functions at customer windows. Of the 539 statewide, 494 are dedicated to the six office locations that are equipped with Q-Matic customer management systems. These systems allow us to track the number of customers served daily as well as enabling us to monitor the wait times on a real-time basis. Over the past biennium, the Division has been able to maintain 100 percent staffing at its Henderson, West Flamingo, and Galletti offices. Prior to completion of the counter remodel at the Sahara office and opening of the new North Decatur office, both of which occurred about a year ago, we had 100 percent staffing at these two locations. Both offices now have customer service windows over and above the number identified in 2003 in our staffing formula. As such, we no longer have 100 percent window coverage in these offices. For the current fiscal year through January 31st, the average wait time in the Sahara office is 60 minutes and the average wait time in the North Decatur office is 47 minutes. This budget includes a request for 100 percent staffing for these two locations, contingent on the average wait time continuously exceeding 60 minutes. When this occurs, we will approach the Interim Finance Committee to request the additional staff.

With regard to average customer wait times, the southern metropolitan offices (Henderson, Sahara, West Flamingo, and North Decatur) are averaging 57 minutes and the Galletti office in Reno is averaging 28 minutes for the current fiscal year. The Galletti office, however, serves an average of 5,000 less customers per month than the southern metropolitan offices. This is in part due to the existence of the two express offices and the CDL office in Sparks, which serve to take care of the simpler transactions and keep those customers out of the Galletti office. In FY 2006, the average wait time at the Galletti office was 64 minutes. On average, the customer volume in the southern offices has decreased by 3 percent over the previous fiscal year, compared to a 6 percent increase at the Galletti office. The decrease in

customer volume in the south is likely due to the use of kiosks and other alternative services. It should also be noted that over the past 12 months, field services technicians in the six metropolitan offices have served almost 1.6 million customers.

Implementation of the kiosk program has allowed us the opportunity to reduce the number of customers that must meet one-on-one with a technician. Since the inception of the kiosk program, approximately 500,000 customers successfully used a kiosk to renew either their vehicle registration or their driver's license. Kiosks are located in 13 of our 21 offices and there are an additional 10 kiosks in partnership locations in Las Vegas, Henderson, and Reno. The average transaction time at a kiosk is less than two minutes.

We continue to work diligently to provide quality customer service through well-trained staff and an aggressive use of alternate technologies to meet the registration and licensing needs of Nevada's citizens.

Unless there are specific questions related to base or maintenance items in this budget, I would now like to briefly outline the major enhancements being requested for the next biennium.

Enhancement Unit 251—Window Technicians in Pahrump

This decision unit requests funding for two additional window technicians for the Pahrump office. Over the past year, the five window technicians in Pahrump have each processed an average of 1,376 transactions per month. The existing work performance standards for a window technician set the average number of transactions per month at a maximum of 700. In the southern metropolitan offices, the average number of transactions processed per month by a technician is approximately 600. The technicians in Pahrump are exceeding this average by 676. Since 1996, the population in Pahrump has increased by 37.5 percent. Based on estimates from the Nevada State Demographer, this growth rate is expected to continue. In order to meet the continued demands resulting from this growth and to bring the technicians' workloads in line with established work performance standards, this decision unit requests two additional technicians for this office, one in each fiscal year of the upcoming biennium. As a point to note, we moved into a new location in Pahrump on November 1, 2006. As part of advance planning for expected growth, the new office has four more customer service windows than the previous office, so the additional technicians will be able to occupy two of them. This office also has a kiosk for driver's license and registration renewal transactions.

Chairman Rhoads asked whether most of the transactions in Pahrump were original transactions. Mr. Fronapfel replied the Pahrump office was a full-service office with the exception of the commercial driver licensing. In answer to a question by Chairman Rhoads, Mr. Fronapfel stated 1300 transactions per month was very high.

Chairman Rhoads wondered whether one technician would suffice, and Mr. Fronapfel said the Department was requesting one new technician in each year of the biennium, which would bring the Pahrump office in line with the other offices. The Pahrump office would still handle in excess of 1000 transactions per month, per technician. Chairman Rhoads asked how many positions were in the Pahrump office and Mr. Fronapfel replied there were five window technicians, an appraiser, a drive examiner, and a supervisor.

Chairman Rhoads asked whether there was room for two more positions, and Mr. Fronapfel replied that with the new location, there was additional office space available.

Ms. McClain inquired about a kiosk in the Pahrump office, and Mr. Fronapfel replied there was a kiosk for driver's license and registration renewal transactions.

Mr. Fronapfel continued his presentation by reading the following testimony into the record:

Enhancement Unit 252—Window Technician in Minden

This decision unit requests funding for an additional window technician for the Minden office. Over the past year, each of the four window technicians in Minden processed an average of 1,360 transactions per month. As with the previous decision unit for the Pahrump technicians, this exceeds the average maximum level established in the work performance standards for a window technician. In addition, growth in Douglas County has exceeded the estimates prepared by the Nevada State Demographer, and that growth is expected to continue. The actual population of Douglas County increased by 8.3 percent from July 1, 2004, to July 1, 2006. The additional technician will help bring the technicians' workloads more in line with established standards as well as assist with continued growth. As with the Pahrump office, we are expecting to move to a new Minden location sometime after the start of the next fiscal year. Again, we planned in advance for the continued growth in the area, so the new office configuration will provide for additional customer service windows. This position will occupy one of the new customer service windows. The Minden office also has a kiosk for driver's license and registration renewal transactions.

Assemblyman Hogan commented that in both the Pahrump and Minden offices, window technicians were performing above average production under the present conditions, and he wondered why those conditions should be changed at considerable expense, to reduce the production level. Mr. Fronapfel replied that the production level in both offices exceeded the average production level in the metropolitan offices throughout the State. Mr. Hogan suggested that perhaps the standard should be examined and increased somewhat if so many offices were able to produce 80 percent or 90 percent above the standard. Mr. Fronapfel explained that performance standards were examined regularly for modifications to account for new activities in the office. In the rural offices, the work environment and employee morale were substantially different from the metropolitan offices. Currently, the rural offices were at a maximum operating capacity, and the standard did not account for vacations or sick leave.

Mr. Fronapfel addressed E253, the West Flamingo office remodels, and the Information Counter staff. Enhancement Unit 253 requested funding to remodel the information counters, the dispatch area, and the testing area. Mr. Fronapfel said the remodels would serve to maximize the use of existing space at the facility and streamline customer flow in the office. The remodel of the existing counter areas would result in four additional information counter windows in the office, bringing the total to eight.

Chairman Rhoads asked why the new positions were needed, and Mr. Fronapfel responded that the information counter area was currently the bottleneck in the West Flamingo office. The intent was to maximize the information counter and attempt to get customers into chairs in order to track the wait time.

Chairman Rhoads inquired as to how long a customer currently had to wait, and Mr. Fronapfel replied approximately 11 minutes, but once they passed the information counter area and moved to chairs, the wait time could be tracked.

In response to a question by Chairman Rhoads about when the remodel would be completed, Mr. Fronapfel said the estimate for completion was the end of 2007, assuming E253 was approved. At the time of the remodel completion, staff would be trained and available to occupy those windows.

Mr. Fronapfel explained the decision unit also requested funding for eight new window technicians. The eight additional technicians corresponded to the average 2 to 1 technician to window ratio established by the staffing formula and would also maintain the 100 percent staffing at the West Flamingo office. For the current fiscal year, and on average, the West Flamingo office had experienced the largest customer volume of the four metropolitan offices in the Las Vegas area. The average customer volume in the office exceeded 27,000 customers per month. Mr. Fronapfel emphasized it was critical to maximize available space and maintain 100 percent staffing.

Mr. Parks noted that the Department was requesting two additional supervisors, and had a ratio of one supervisor to ten technicians. He asked why the Department was requesting two new supervisor positions. Mr. Fronapfel explained that the request was for eight window technicians, and the Department was not requesting any new supervisor positions.

Mr. Fronapfel addressed Enhancement Unit 254, which requested funding for a Motor Vehicle Inspector III position at the Galletti Way office, in Reno. There were currently two Motor Vehicle II positions in the Galletti Way office, and the workload was such that they could not meet the demands of a six-day per week operation. Mr. Fronapfel said in comparing the workload at the Galletti Way office to that of the Henderson office, it had been determined that the two inspectors in Reno served approximately the same number of customers as did the three inspectors at the Henderson office. The Galletti Way inspection station served 48,402 customers from January 1, 2005, through April 30, 2006, while the 3 inspectors in Henderson served approximately the same number of customers. Mr. Fronapfel explained that to meet the customer demands at the Galletti Way office, an appraiser and/or a window technician were routinely taken from the office to assist.

Chairman Rhoads asked whether the window technician or the appraiser had the experience and skills to perform the work of an inspector. Mr. Fronapfel stated the motor vehicle inspector positions required additional training over and above that required for an appraiser or window technician.

Mr. Fronapfel further stated that motor vehicle inspectors frequently inspected undercarriages of vehicles and engine compartments, and those positions wore uniforms to avoid contaminating personal clothing. Approval of E254 would bring the Galletti Way office in line with the other metropolitan offices in the State.

Enhancement Unit 257 requested that funding be placed in reserve for FY 2009 for additional staff at the North Decatur and Sahara offices. As previously mentioned, Mr. Fronapfel said the office remodel completed in 2006 at the Sahara office resulted in additional customer service windows, as did the move from the Carey office to the new North Decatur office in March 2006. The reserve funding request would support five window technicians and a supervisor at the Sahara office and seven window technicians and a supervisor at the North Decatur office, which would bring each office to the 100 percent staffing level. Mr. Fronapfel stated reserve funding was requested to allow continued monitoring of the customer wait times. When the wait times in each office reached and exceeded the 60 minute threshold on a continuous basis, the Department intended to appear before the Interim Finance Committee to request approval to hire additional staff. A decrease in overall wait times occurred as a result of the 100 percent staffing approved in 2003; however, wait times were beginning to increase throughout the Las Vegas Valley. Mr. Fronapfel opined that wait times would again reach and exceed 60 minutes. Based upon the most recent statistics, the average wait time for the four southern metropolitan offices currently stood at 57 minutes, up from 55 minutes in FY 2006, and 49 minutes in FY 2005.

Enhancement Unit 330 requested funding to establish, operate, and maintain a full-service office in Fernley, Nevada. Mr. Fronapfel said the decision unit was a result of a request from the Mayor of Fernley to establish a DMV office at the Fernley Civic Center. The city of Fernley incorporated in 2001, and since 2006 had been the fastest-growing city in Nevada. Fernley's population in 2000 was 8,543 and as of July 1, 2006 the population was 18,850. Mr. Fronapfel stated that represented a growth of approximately 121 percent over the six-year period. The decision unit represented a request for six full-time employees, the standard costs associated with those employees, tenant improvements, building maintenance, and utilities. The six employees included a supervisor, a drive examiner, three window technicians, and a motor vehicle inspector.

Chairman Rhoads adjourned the meeting at 10:54 a.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Senator Dean Rhoads, Chairman

DATE: _____

Assemblyman David Parks, Chairman

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Public Safety/Natural Resources/Transportation</u>			
Date: <u>February 20, 2007</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Guest Sign-in Sheet
	C	Dennis Colling, Department of Motor Vehicles	Administrative Services Division, BA 4745, Statistical Data
	D	Troy Dillard, Department of Motor Vehicles	Prepared testimony— Compliance Enforcement Division— Budget Overview
	E	Troy Dillard, Department of Motor Vehicles	Prepared testimony— Budget Account 4722
	F	Martha Barnes, Department of Motor Vehicles	Prepared testimony— Budget Account 4741
	G	Thomas J. Fronapfel, Department of Motor Vehicles	Prepared testimony—Field Services Division