

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

**Seventy-fourth Session  
February 27, 2007**

The Joint Subcommittee on General Government of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:07 a.m. on Tuesday, February 27, 2007. Chair Bob Beers presided in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

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

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblywoman Kathy McClain, Chair  
Assemblyman Tom Grady  
Assemblyman Joe Hardy  
Assemblyman Joe Hogan  
Assemblywoman Ellen Koivisto  
Assemblyman David R. Parks

**STAFF MEMBERS PRESENT:**

Steven J. Abba, Principal Deputy Fiscal Analyst  
Rex Goodman, Program Analyst  
Larry L. Peri, Principal Deputy Fiscal Analyst  
Sandra K. Small, Committee Secretary

**OTHERS PRESENT:**

Gary Buonacorsi, Deputy Director, Communication and Computing Division,  
Department of Information Technology  
David McTeer, Information Systems Manager, Information Technology  
Improvement Division, Department of Administration  
Chris L. Apple, Administrative Services Officer, Director's Office, Department of  
Information Technology  
Curt L. Flatness, Information Systems Specialist, Technical Operations Division,  
Department of Information Technology  
Dan Goggiano, Deputy Chief, Computing Group, Communication and Computing  
Division, Department of Information Technology  
Ken Adams, Deputy Chief, Communications Group, Communication and  
Computing Division, Department of Information Technology

**CHAIR BEERS:**

The Subcommittee is concerned with the escalation of the Department of Information Technology's (DoIT) assessment rates. There is a net reduction of 11 positions, yet the assessments are rising. It is our hope today to determine why and what we can do to alleviate this concern. There are a number of

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 2

reorganization plans in Budget Account (B/A) 721-1373. How many security positions are transferring out of this budget to create a new security unit?

## FINANCE AND ADMINISTRATION

## INFORMATION TECHNOLOGY

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

GARY BUONACORSI (Deputy Director, Communication and Computing Division, Department of Information Technology):

The Subcommittee has been provided with a copy of the DoIT's Position Transfers Requested ([Exhibit C](#)).

The primary purpose for the transfer of eight personnel to the Security Division is to provide more accountability and visibility for security and the related costs. Previously, the Director's Office included the cost of the security unit.

CHAIR BEERS:

Is the contract administration unit moving?

MR. BUONACORSI:

Yes, it is. There has been duplication of effort by the Department of Administration's (DOA) Purchasing Division and the DoIT's contract administration unit. The intention is to provide the services in one State agency so customers know who to contact. We are retaining one contract position which will be responsible for contract monitoring and preparation for dialogue between Purchasing and the DoIT.

CHAIR BEERS:

Is the DoIT the only department in the State to have a purchasing position within its budget?

MR. BUONACORSI:

We will have a contract position. Several agencies have a dedicated contract position for monitoring purposes. Because of the number of contracts the DoIT administers, it is necessary to have a contract monitoring position.

CHAIR BEERS:

Are the large contracts handled by Purchasing?

MR. BUONACORSI:

Purchasing will execute the contracts. There is activity within each department in preparation for contracts. For instance, the facilities, software, hardware and service contracts related to every platform and application are supported internally. They need to be monitored on an annual basis. The contract administration unit within Purchasing involves the procurement process; the actual execution of requests for proposal (RFP) and dialog with vendors. The remaining position in the DoIT will perform services such as the legwork and paperwork between the DoIT and Purchasing to execute contracts, monitor expiration dates and determine renewed RFP needs.

CHAIR BEERS:

Two Legislative Sessions ago, we commissioned a study which recommended the DoIT positions supporting a single State agency be transferred to that agency. The Department of Personnel (DOP) and the Department of Administration did not support that recommendation. The DOP believes the DoIT has four programming staff who support the DOP on a full-time basis and has requested these positions be decentralized to Personnel. Why is the DoIT adverse to the transfer of the four programming staff?

DAVID McTEER (Information Systems Manager, Information Technology Improvement Division, Department of Administration):

I was the chair of the Information Technology (IT) Optimization Study. I would like to read into the record a few sentences from that study to clarify this matter:

The DoIT's actual costs of operation compare favorably to other State IT operations. Department administrative costs are 4.4% of operating costs, which is lower than the administrative costs rate for most other IT organizations, with rates ranging from 1.5% to 17%.

The overhead costs related to a fulltime employee can be ignored by another Department when justifying an IT position, so the budget will always be lower for directly hiring an FTE than for using DoIT's service which must by State policy recover this overhead. Yet the marginal cost to the State - the salary, benefits and direct office costs - is the same under either scenario.

With specific reference to the statements made in last week's DOP hearing, the recommendations by the Optimization Study team were to retain four programmers and one full-time database administrator (DBA) assigned to the human resources portion of the Integrated Financial System (IFS) in the Application Design and Development (AD&D) section of the DoIT. We did make a recommendation, in general:

If an agency has internal qualified IT management staff and demonstrates acceptable IT management practices to NITOC (Nevada Information Technology Operations Committee) then decentralization is acceptable.

This particular clause was not approved by the IT Optimization Study Oversight Committee which, at that time, consisted of Mr. Mike Hillerby, Governor Guinn's chief of staff, Mr. John P. Comeaux, director of the DOA, Mr. Terry Savage, chief information officer for the DoIT and myself. The study team did not take into account the possibility of agencies either getting approval for IT management positions or upgrading such positions with the intent of then using those positions for justifying decentralization. It was never the intent of the team to provide for that scenario, since it definitely raises the State's cost for IT.

CHAIR BEERS:

It will not increase the cost if we also reduce the administrative costs within the DoIT. I am not compelled by the lower percentage of cost dedicated to administration because you have higher-salaried positions than other agencies; therefore, the administration costs are lower. If we move these positions out of the DoIT and eliminate managers, we can achieve both the goals of decentralization and a reduction in the DoIT assessment which is what we are trying to do.

CHAIR MCCLAIN:

The team membership of two IT people and one administrator appears lopsided and would naturally favor not making the transfers.

CHRIS L. APPLE (Administrative Services Officer, Director's Office, Department of Information Technology):

The question of transferring these positions came up during the preparation of the biennial budget. We determined what the DoIT rates would be with and without the DOP positions. We gave those rates to the DOA which determined there would be a \$97,000 negative impact on the General Fund if the four positions were transferred out of the DoIT.

CHAIR BEERS:

If we reduce the DoIT's managerial costs, the amount allocated would decrease.

MR. BUONACORSI:

If the transfer took place, there still would be one manager overseeing the AD&D and programming staff at the DoIT. The management position would not be eliminated. If the AD&D were disbanded, the management position would be eliminated. We have 43 agencies the DoIT supports with a core staff.

CHAIR BEERS:

The DoIT said it was not feasible to eliminate the project delivery unit two years ago when we discussed that change.

We did not receive justification for the transfer of the management analyst position from the Director's Office budget to the Purchasing Division.

MR. BUONACORSI:

The Communications Division personnel spend a considerable amount of time in the field. This position was going to come from the Director's Office into the Communications Division to become a fiscal liaison to give our customers a single point of contact. We have a position in the Computing Division which serves as the point of contact for all communications. Our customers want that single point of contact. The cost is justifiable in the Communications Division.

CHAIR BEERS:

How much time, in the last two years, has been spent on communications and network engineering?

MR. BUONACORSI:

We did not have anyone performing that function. That created customer service difficulties. The position was intended to serve the director in basic

communication, committee support and presentations. We will provide written justification, within five working days, with more detail to support this transfer.

CHAIR MCCLAIN:

We will discuss decision unit E-279. Are there ongoing costs or is this a onetime expense?

E-279 Maximize Internet and Technology – Page DoIT-7

MR. BUONACORSI:

There will be some ongoing application design and development costs consistent with the fiscal year (FY) 2008-2009 amount. Anytime Web services or development activities occur there will be changes, which will have a minimal impact on the budget. The start-up costs occur in FY 2007-2008. As the site develops, the cost may be reduced.

CHAIR MCCLAIN:

Will it take a full-time position to complete the project?

MR. BUONACORSI:

It depends on the type of material, content and complexity of the process. Every type of automated-delivery process is different. Some content is predefined. Some content changes regularly. With this process, there will be changes regularly. The security unit has ongoing communication directives used to facilitate changes in an environment. It is not a static Web page. The goal with security awareness is to keep the interest of users by changing content. Application and Web development services are not inexpensive.

CHAIR BEERS:

Is the purpose of the decision unit E-280 to post all the DoIT billing detail on the Web? The DoIT requested \$90,000 for the biennium, but the Governor recommends \$30,000. Why is that?

E-280 Maximize Internet and Technology – Page DoIT-7

MR. BUONACORSI:

This project was designed to place the DoIT billing detail on the Web. We were approved last biennium to automate the accounts receivable process. As part of that project, we were able to include some of the billing project which reduced the scope and needs for the next biennium. The goal is to have all of our services in an online Web transaction format so customers will no longer have a need for printed material. The agencies can have electronic documentation. The process will be more accurate and timely.

CHAIR BEERS:

We hear more complaints about the escalating rates than the billing system.

Decision Unit E-722 is a request for new file servers to allow the DoIT to implement its own disaster-recovery strategy. Does this mean you do not want to use the DoIT's own backup server? This is the third backup server requested in this budget.

E-722 New Equipment – Page DoIT-9

MR. BUONACORSI:

Two of the requested servers are replacement equipment. The third is to augment the file server. The DoIT backup and recovery services would still be used.

ASSEMBLYMAN HARDY:

Can the old servers be used by other agencies?

MR. BUONACORSI:

The replaced equipment has reached the end of its life cycle and is no longer supported by the hardware manufacturer. This excess equipment is not reallocated to other agencies by the DoIT.

ASSEMBLYMAN HARDY:

Can other agencies access the memory of the server to backup their information?

MR. BUONACORSI:

I do not know what the disposal process is once the equipment is returned to an agency.

ASSEMBLYMAN HARDY:

While the equipment is used by the DoIT, is it accessible for disaster recovery by another agency?

MR. BUONACORSI:

No; the equipment is used exclusively by the DoIT.

ASSEMBLYMAN HARDY:

Is the equipment on a four-year replacement cycle?

MR. BUONACORSI:

Yes, it is on the standard replacement cycle.

MR. APPLE:

Two of the three servers are replacement servers. One will be a backup server to be placed in Las Vegas for disaster recovery and to mirror some of the data.

CHAIR BEERS:

Is this in addition to the larger disaster-recovery project?

MR. APPLE:

Yes, it is.

CHAIR BEERS:

I understand the two replacements. I do not understand the third backup server in addition to the large disaster-recovery project.

MR. BUONACORSI:

The secondary box in Las Vegas can be used for processing power. The southern Nevada project deals with IFS consolidation and mainframe computing processes. In a server environment, the processing power must be bifurcated. The storage will be addressed in a storage area network project. It is necessary to have processing power in both northern and southern Nevada.

CHAIR BEERS:

The request is for \$11,594 in FY 2007-2008 and \$23,188 in FY 2008-2009. Is this the large unit with allocable processing to accommodate different agencies and peaks?

MR. BUONACORSI:

No, it is not. These are single-point processes to address single points of business continuity.

CHAIR BEERS:

Does the new server provide a new functionality to the Director's Office?

MR. BUONACORSI:

No, it does not. The servers serve all of the DoIT. It delivers continuity of business. In the event there are issues with the boxes in northern Nevada, we will still be able to function.

CHAIR BEERS:

Currently, there are two servers in Carson City. The DoIT will replace one in each year of the biennium. A third will be added in Las Vegas for redundancy.

MR. BUONACORSI:

That is correct.

CHAIR BEERS:

Why would the third be placed in Las Vegas if the concern is in northern Nevada?

MR. BUONACORSI:

The two servers in Carson City are domain controllers. They are not processors. Domain controllers allow access. The network access controllers allow people to log into the DoIT's system. The third server is used for network area storage. The domain controllers will be split: one in the north and one in the south. If we lose a domain controller in the north, there is no access to the file system. The one in the south will be for redundancy to allow access into the network device.

CHAIR BEERS:

Will there be a small improvement in performance for people in the south?

MR. BUONACORSI:

That is correct because they can authenticate both north and south.

CHAIR BEERS:

Decision unit E-250 requests \$10,000 over the biennium to train people transferred to the Purchasing Division.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 8

E-250 Working Environment and Wage – Page DoIT-4

MR. APPLE:

The funds requested in decision unit E-250 will be transferred to the Purchasing Division along with the affected personnel.

CHAIR BEERS:

Is the training related to the transfer in decision unit E-900?

E-900 Transfer from BA 1373 to BA 1389 – Page DoIT-11

MR. APPLE:

No, it is not. Decision unit E-900 is the transfer of personnel to the DoIT Security Division. The training in decision unit E-250 is related to the transfer requested in decision unit E-916. The dollar amounts for the training requested are the same.

E-916 Transfer from BA 1373 to BA 1358 – Page DoIT-17

CHAIR BEERS:

In B/A 721-1370 you request the elimination of the Project Delivery unit.

DOIT - Planning & Research Division – Budget Page DOIT-20 (Volume I)  
Budget Account 721-1370

E-600 Budget Reductions – Page DoIT-23

CURT L. FLATNESS (Information Systems Specialist, Technical Operations Division,  
Department of Information Technology):

The Project Delivery unit was expected to be self-sufficient, but was not able to cover its costs. It is, therefore, being eliminated.

CHAIR MCCLAIN:

Will contractors be used to cover the eliminated unit's responsibilities?

MR. FLATNESS:

Existing projects with delivery needs have been absorbed by the planners in B/A 721-1370. A Master Services Agreement (MSA) will be used. The Planning Unit will be used for project management.

CHAIR MCCLAIN:

Will someone supervise the MSA contractors? How will this affect future projects in the long term?

MR. BUONACORSI:

We looked at the Technology Information Requests (TIR). There were not enough billable hours in the TIRs for project management and oversight. When the director made the decision to eliminate the unit, we wanted to be sure there was money allocated for all future TIRs. We will be using contractors to manage particular projects from the project management perspective. As the Legislature approves or disapproves TIRs, we are not committed to overhead costs in the Planning Unit, which is where we got in trouble before. The State will be able to



Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 9

accommodate the service needs of agencies and projects without committing personnel costs that may or may not be funded for TIRs. It is a better long-term strategy to cover the professional expertise as opposed to having the State bear the burden of a permanent employee.

CHAIR BEERS:

In decision unit E-901, is the enterprise architect a system-wide visionary or limited to the Computing Division?

E-901 Transfer from BA 1370 to BA 1385 – Page DoIT-25

MR. BUONACORSI:

The enterprise architect is system wide. The agencies have not been using the enterprise architect services for which they have been assessed. The primary focus of the enterprise architect is in infrastructure, our capabilities and service delivery models. The DoIT is the primary consumer of the enterprise architect's services as opposed to other agencies. This transfer allocates the cost to all users.

CHAIR BEERS:

Is the DoIT going to use this 6,000 hours of brain power?

MR. BUONACORSI:

The 6,000 hours covers three planning positions performing different functions within the organization.

The enterprise architect's original responsibility was to define an overall long-term strategy and architecture approaches for the State. Projects were to be reviewed to determine if they met the intent of the State. That approach was misguided. We really needed to determine what the service delivery model should be to meet the needs of the agencies. The DoIT was not engaged in the enterprise architecture component. We had agencies building projects using different technologies without a cohesive approach. The DoIT is now helping agencies define a best-practices approach on how they should look at application development and service delivery models. We want to make sure we build our infrastructure and architecture to support the agencies as they move into new technologies. We have many agencies stuck with deployed applications and services.

CHAIR BEERS:

The DoIT may call it stuck, but the agencies say they are getting the job done.

MR. BUONACORSI:

The question is whether or not the agencies, which are all getting the job done, are spending more money because they are each doing things differently. Because agencies are not using the same type of architecture, delivery systems, common portals or economies of scale, costs are higher.

CHAIR BEERS:

The agencies have differing constituents and economies of scale.

MR. BUONACORSI:

There are many agencies approaching similar types of service. For instance, virtual management can take one large server and make it look like five or six smaller servers. That saves money on hardware and software licensing.

CHAIR BEERS:

Has this been forced on the State by vendors?

MR. BUONACORSI:

The DoIT looked at all the agencies approaching the same process and went to the vendor looking for enterprise technology. The enterprise architect was able to execute an enterprise license agreement as a State rather than individual agencies. When an enterprise architect can represent multiple agencies looking at a common solution, costs are reduced. We are documenting those figures now. This one service contract represents savings of over hundreds of thousands of dollars.

CHAIR BEERS:

There is a cost-benefit analysis model for government decision making. The Nevada Department of Transportation abandoned it twelve years ago. I understand there is a benefit to having centrally-controlled economies. However, the agencies are increasingly aware of the DoIT assessments and question the cost benefit. We should be seeing savings or reduced costs somewhere.

ASSEMBLYMAN HARDY:

Transfers of the DoIT personnel to specific agencies are a common request heard by this Subcommittee. There must be cost- and service-factors involved in these requests.

MR. BUONACORSI:

The enterprise architect looks at the future with an eye to aligning all agencies. Agencies cannot afford to have someone dedicated full time to look at new technologies. The enterprise architect looks not only at the DoIT but at the agencies. The costs keep increasing as a State because we keep doing things independently rather than working together. This position regularly meets with the customer to determine the customer's business needs. Once we know those business needs, we can start aligning technologies. Every time things are done in a vacuum, costs of service are replicated. Someone has to be devoted to looking at technologies and architecture. If the DoIT does not do it centrally, every agency with a technology budget will request an additional employee. The more services are decentralized, costs are replicated. Everything the DoIT does is seen. Other agencies can hide their costs. Overhead costs do not get reflected in the cost of providing a service.

ASSEMBLYMAN HARDY:

If the enterprise architect is approaching agencies to understand statewide processes, is another enterprise architect position needed? Agencies want to decentralize because the DoIT has not been responsive or because the assessments are so high.

MR. BUONACORSI:

The DoIT has an active engagement process with customers. The capacity planner is also involved in the engagement process. We might not have done it as well in the past, but we are doing it now. It is a change in our process and methodology. The director of the DoIT commented that our focus is on customer service. I engage customers one-on-one as do the enterprise architect and the capacity planner. Agencies are doing projects and TIRs. Agencies are building applications and the DoIT has to support them. If the DoIT does not know what is coming, our communication traffic patterns and the service delivery from our computing facility storage are affected. The capacity planner partners with the enterprise architect to visit customers and determine what they are doing and how that affects the State's overall ability to provide services. When multiple applications are simultaneously developed and deployed, the impact on the DoIT's service-delivery model and on the State can be dramatic. For instance, the DoIT is actively engaged with the Department of Motor Vehicles to understand what their business needs are for the Real ID requirements and to determine what the impact will be from a service-delivery model, what data-transfer components are involved and what the storage needs might be. The capacity planner analyzes the business needs and puts them into quantifiable results which can be validated against our business model to determine if the DoIT can provide the needed service.

CHAIR BEERS:

No details have been provided regarding the Real ID needs. The regulations have not been published.

MR. BUONACORSI:

There are other projects the DoIT is working on. The Real ID is a good example due to the impact on the State.

CHAIR BEERS:

When did we add the enterprise architect position?

MR. BUONACORSI:

I will get that information to you within five days.

CHAIR BEERS:

Is an enterprise architect being added in decision unit E-805?

E-805 Classified Position Reclassifications – Page DoIT-25

MR. FLATNESS:

These are upgrades from Grade 41 to Grade 43 for two individuals who received professional certifications.

CHAIR BEERS:

Are the enterprise architect and capacity planner included in this request?

MR. FLATNESS:

Yes, they are.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 12

CHAIR BEERS:

What technical certifications have they received?

MR. BUONACORSI:

We will provide that information.

ASSEMBLYMAN HOGAN:

If a person achieves certification in a specialized field and if the certification is not required for the position, is that person then eligible for an upgrade?

MR. APPLE:

In this particular class series, by achieving certification, personnel do qualify for an upgrade.

CHAIR BEERS:

The request in decision unit E-912 is for a transfer of subscriptions from the Director's Office to the Research Unit.

E-912 Transfer From BA 1373 to BA 1370 – Page DoIT-26

MR. APPLE:

That is correct. The Planning Unit uses these research resources.

MR. BUONACORSI:

The Research Division and the enterprise architect access these resources. We use these tools to look at upcoming technologies, business trends and best practices. Other agencies also use this research tool.

MR. FLATNESS:

The most expensive, Cutter Information LLC, is a research tool.

CHAIR BEERS:

What are the other three research subscriptions?

MR. APPLE:

The three are CIO Collaborative, e.Republic, Inc. and Faulkner Information Services.

CHAIR BEERS:

We will now discuss B/A 721-1365.

DOIT - Application Design & Development Unit – Budget Page DOIT-28  
(Volume I)

Budget Account 721-1365

CHAIR MCCLAIN:

Regarding the elimination of two position, E-250, these positions have been vacant for a long time.

E-250 Working Environment and Wage – Page DOIT-30

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 13

MR. FLATNESS:

Every two years the DoIT meets with the 53 agencies, boards and commissions we support to identify their projections for programming and DBA services. The projections for the biennium do not justify retaining these two positions.

CHAIR MCCLAIN:

How many programming positions does the AD&D have?

MR. FLATNESS:

There will be ten remaining programming positions.

CHAIR MCCLAIN:

Will that reduce billing rates?

MR. FLATNESS:

Yes, it will.

CHAIR MCCLAIN:

Why is the billing rate going up 41 percent in FY 2007-2008 for programmer/developer service and 24 percent for DBA in FY 2008-2009?

MR. APPLE:

In FY 2005-2006 and FY 2006-2007, when the DoIT decentralized the programming positions to the Division of Welfare and Supportive Services and the Division of Child and Family Services, the DoIT had a considerable cash balance in its reserve. We reduced our rates in FY 2005-2006 in the amount of \$511,000 and in FY 2006-2007 by an additional \$197,000 by using the reserve. The rates requested for the 2007-2009 biennium are a true reflection of what the rates should have been in the 2005-2007 biennium. The reserve is based on a 60-day operating expense.

CHAIR MCCLAIN:

Which of the State agencies are going to be impacted by these increases?

MR. FLATNESS:

The 53 boards, commissions and agencies we support will be impacted.

CHAIR MCCLAIN:

How many agencies are involved?

MR. FLATNESS:

I will get that information to you within five days.

CHAIR BEERS:

What is the target number of billable hours for each programmer?

MR. APPLE:

We did an execution study in FY 2005-2006 and FY 2006-2007. Our target hours are now 1,350, down from the 1,450 hours used when we had more programmers dedicated to agencies. With the use of pooled programmers supporting a multitude of legacy systems, the amount of billable time has been reduced to allow programmers time for training.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 14

CHAIR BEERS:

If four people are transferred to the DOP, that leaves six programmers. What will the target billable hours become?

MR. APPLE:

It will be 1,254 hours.

CHAIR BEERS:

What will the employees do with the other 18 hours in a 40-hour week?

MR. APPLE:

Part of that time is spent becoming familiar with the applications the programmer supports. We have looked at outsourcing the programming functions. In many instances, our programmers are the business experts in the applications used by agencies.

MR. BUONACORSI:

The legacy applications used by the agencies are ten to fifteen years old and are not supported platforms. We are meeting with the agencies to develop a transition plan. We can no longer support the applications as they are currently written. Our goal is to increase the billable hours, beginning with the 2009-2011 biennium, as we engage the customers in discussions about their business processes. We need to work with the agencies to be sure their business-continuity plans are sufficient.

CHAIR BEERS:

Microsoft Access makes a nice replacement for Paradox.

MR. BUONACORSI:

Yes, it does, but there is no Crosswalk now or engagement with the customers.

CHAIR BEERS:

Crosswalk is called text files. You export your Paradox into text files and reimport it with the built-in Wizard to Microsoft Access.

CHAIR MCCLAIN:

I want to see a list, broken down by agency, board and commission, of what each is using and what needs to be updated or reviewed in the next two years.

MR. BUONACORSI:

We do not have a full analysis yet, but we did complete the critical-business application review. The agencies have identified their critical-business processes and applications. Now that we understand what those are, we can meet with the agencies to determine how to continue to deliver the needed services. We do not know what the agencies' plans are.

MR. FLATNESS:

I can deliver that report. We have identified most of the legacy software the agencies, boards and commissions have and that the DoIT supports.

CHAIR BEERS:

How are the costs of this unit recovered?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 15

MR. APPLE:

The programmers are billed hourly. We also provide a database hosting service. A project manager and an information specialist are being transferred to the Department of Taxation and one position is being eliminated.

CHAIR BEERS:

Does the DoIT own boxes that you host back ends on?

MR. APPLE:

Yes, we own boxes with customer databases which the DoIT supports.

CHAIR BEERS:

Will you get the Committee a list of the 53 agencies?

MR. BUONACORSI:

Yes, we will. We will identify as many services, software and hardware limitations as we can.

CHAIR BEERS:

How many positions will the DoIT have supporting the Unified Tax System?

MR. FLATNESS:

After the two positions are transferred, there will be one position remaining within the AD&D at the Department of Taxation. That person has been at Taxation since November 2005.

CHAIR BEERS:

Why is the one position remaining with the DoIT?

MR. FLATNESS:

This is a programming support position. He is one of two FoxPro programmers who supports legacy.

CHAIR BEERS:

The Unified Tax System is not a FoxPro product.

MR. FLATNESS:

That is correct. The project manager and quality assurance positions being transferred do programming and DBA services and fit better with the Department of Taxation than with AD&D.

CHAIR BEERS:

Why does the AD&D need a FoxPro developer? Can end users be trained to re-index their own corrupt data files?

MR. FLATNESS:

We would like to move into the .Net and Java Web-based applications world, but we have a number of customers using FoxPro systems.

CHAIR BEERS:

Can they be converted to an Access application?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 16

MR. FLATNESS:

Microsoft Access works well when a limited number of desktops, about four, access the network. Access and FoxPro slow down with multiple users.

CHAIR BEERS:

Access does not have the programming costs and overhead of Java.

MR. BUONACORSI:

We are trying to understand why the agencies need FoxPro. There may be some applications the agencies could eliminate and use, for instance, Microsoft Excel. We ask agencies why they need the applications they use. We may find they do not need FoxPro or the database.

CHAIR BEERS:

Do you understand my concern when the DoIT recognizes it has users that could get by using Excel but your chief of AD&D says use Java?

MR. BUONACORSI:

The DoIT is driven by what the customer will do. The DoIT cannot convert an agency unless it is willing to adopt and use the new technology. The upcoming biennium must be a time bridge for the DoIT to determine what can be done with the legacy applications. Some of the legacy applications may be eliminated; some may be merged into a common platform. We know what the agencies are now relying upon, what they have identified as a critical application and what software programs most of them are running. We need to determine what each agency is trying to accomplish from a business perspective with the applications currently in use. The agencies may not need the tools currently in use.

CHAIR BEERS:

Can the DoIT extract from available information a breakdown by platform of the 13,500 hours billed in FY 2005-2006 for the Subcommittee?

MR. BUONACORSI:

We will get as much of that information as possible to the Subcommittee.

CHAIR BEERS:

There will be one full-time person dedicated to the Unified Tax System after the transfer. The remaining person has FoxPro skills used by the DoIT.

MR. BUONACORSI:

The Department of Taxation has not indicated they want the remaining person transferred.

CHAIR BEERS:

Are his hours fully billable?

MR. FLATNESS:

There are a number of agencies using FoxPro.

CHAIR BEERS:

That means the DoIT has two personnel with FoxPro abilities.



Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 17

MR. FLATNESS:

Both FoxPro professionals will receive additional technology training so they can handle agency requests for service.

CHAIR BEERS:

We should not take FoxPro professionals and train them to do object-oriented programming (OOP). We should hire individuals who already have the OOP skills.

MR. FLATNESS:

We have people on the DoIT staff capable of learning OOP.

CHAIR BEERS:

I would go so far as to buy them a book to learn marketable skills. We can hire contract personnel who already know Java. There is a big learning curve for OOP.

MR. FLATNESS:

I agree there is a big learning curve with Java. FoxPro is not alienated from OOP if one is already versed in Visual FoxPro, which some of the agencies use.

CHAIR BEERS:

Billable hours of 1,250 would be an embarrassment to a private-sector contractor. Yet, 1,250 is the DoIT's new goal for the AD&D.

MR. APPLE:

When we reviewed the hours billed, which differ from the hours put into an application, the average was 1,250.

CHAIR BEERS:

Are you going to fix the fact that people failed to correctly attribute their hours to a project by lowering the goal?

MR. APPLE:

I looked at what was billed to determine a realistic number for the future biennium.

CHAIR BEERS:

Can you provide a breakdown of the decision unit E-275 training budget? Is there any training in the Base Budget?

E-275 Maximize Internet and Technology – Page DoIT-31

MR. APPLE:

Yes, there is training in the Base Budget. The decision unit E-275 training breakdown has been provided to the Legislative Counsel Bureau staff which incorporates the base portion.

CHAIR BEERS:

What is the total training budget?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 18

MR. APPLE:

The total training budget for FY 2006-2007 is \$54,500 and for FY 2007-2008 it is \$49,000.

CHAIR BEERS:

Is that \$5,000 for each programmer?

MR. APPLE:

The training budget is used for programmers, DBAs and Web development staff.

CHAIR BEERS:

Would that be \$3,000 for each person?

MR. APPLE:

If submitted budget requests are approved, there will be 19 full-time employees in B/A 721-1365. That is between \$2,500 and \$2,700 for each person.

CHAIR BEERS:

Do the managers receive training?

MR. APPLE:

Yes, they do.

CHAIR BEERS:

The training budget has doubled.

MR. APPLE:

Yes, that is true. The skill sets are needed to help customers get away from legacy systems and move to newer technologies. Some of these AD&D employees are the business experts for the agencies because they understand the business rules imbedded in the legacy applications. In some instances, the AD&D personnel operate in a systems analyst role.

CHAIR BEERS:

There is a request in decision unit E-720 for two new file servers even though the projected programmer billable hours have decreased.

E-720 New Equipment – Page DoIT-32

MR. FLATNESS:

The file servers are used for development and staging. The referenced servers are over five years old. The software and the requirements for the tools that run on these servers advance every year and require more power and storage space. The software we are trying to run on these old servers and the size of the databases ...

CHAIR BEERS:

Are you talking about Microsoft Access and Excel?

MR. FLATNESS:

No, Microsoft SQL Server and IBM DB2.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 19

CHAIR BEERS:

Why are you replacing Paradox with SQL Server?

MR. FLATNESS:

I did not say we are. We are supporting our customers who are running DB2, SQL Server and Oracle databases. Many of our customers are obtaining software from other states or using Web-based technologies. They also buy commercial off-the-shelf (COTS) packages that are using Web-based technologies. It takes more speed, memory and storage to run the software. When we do database conversions with COTS packages from an existing application into a COTS package, we have to have a place to put the information and do the transformation. The servers we are asking for have the required memory and speed needed.

CHAIR BEERS:

Are these two replacement servers?

MR. FLATNESS:

Yes, they are.

MR. APPLE:

There are two replacements and one new server. Right now, they are hosting the database on a server which needs additional capacity.

CHAIR BEERS:

Is this used in a production environment?

MR. APPLE:

Yes, they are.

CHAIR BEERS:

I thought you said the servers are for testing and conversion and not production.

MR. FLATNESS:

We are commingling production information with development which is not a preferred way to go. We want to separate both of the environments.

CHAIR BEERS:

Does the AD&D have two replacement servers in decision unit E-720?

MR. FLATNESS:

We are replacing the equipment.

MR. BUONACORSI:

We will get clarification on whether it is replacement or new equipment in decision unit E-720.

CHAIR BEERS:

What is the one new server license for?

MR. FLATNESS:  
The license is for the SQL Server.

CHAIR BEERS:  
Are you able to run an unlimited number of databases on that one license?

MR. FLATNESS:  
It is for 100 seats.

CHAIR BEERS:  
But as many tables as you want?

MR. FLATNESS:  
Yes.

CHAIR BEERS:  
Are the 100 seats for production?

MR. APPLE:  
I need to get a better definition for Client Access Licenses (CAL), but I believe it is the number of users.

CHAIR BEERS:  
Is it for production?

MR. FLATNESS:  
For 100 seats, I would say yes, but I will confirm that.

MR. BUONACORSI:  
It depends where the price points are for the CALs. They are sometimes 10 or 2,500. We will get you a breakdown for all the servers; what the form and function is; what will run on them; and what the environment is for each.

CHAIR BEERS:  
To deal with the decreased number of billable hours and the decrease in staff, you have requested an upgrade for the AD&D's manager III, a Grade 43, to a chief IT manager, a Grade 44.

MR. FLATNESS:  
The reorganization results in B/A 721-1370, Planning & Research Division, and B/A 721-1365, AD&D, reporting to the same manager. The budgets for these two units are over \$8 million.

CHAIR BEERS:  
Is there a corresponding decrease in the Director's Office or the Planning Unit?

MR. APPLE:  
We are eliminating the chief IT manager in B/A 721-1370. The position control number remains with the position in B/A 721-1365.

CHAIR BEERS:

We will now discuss B/A 721-1385. Is it true that in April 2006 IBM issued a notification it will no longer support capacity increases for the mainframe enterprise server in Carson City?

DOIT - Computing Division – Budget Page DOIT-36 (Volume I)  
Budget Account 721-1385

DAN GOGGIANO (Deputy Chief, Computing Group, Communication and Computing Division, Department of Information Technology):

The Computing Division has received a notice that IBM will no longer provide upgrades for that platform. The platform itself is still supported. There is a termination date in the notice.

CHAIR BEERS:

What is the termination date?

MR. GOGGIANO:

As of this date, we are unable to purchase additional capacity upgrades or expansion for that processor.

CHAIR BEERS:

Is this the machine where the capacity upgrade is not a hardware issue but is a license issue?

MR. GOGGIANO:

That is essentially correct. All the hardware is included in the platform. We do not insert additional hardware. IBM is no longer making available the software portion of the upgrade which is the microcode that turns on the processor.

CHAIR BEERS:

Is IBM concerned about generating bad faith with the State of Nevada?

MR. GOGGIANO:

IBM is concerned this action may create bad faith with many of its customers. IBM has priced the newly released platforms competitively from both the hardware and software perspective. The long-term operation of the newer platform will be equal to or lower than the existing operational requirement. IBM has made a number of improvements in their architecture in relation to capacity and price. Those improvements make the new architecture cost less, as an overall cost of ownership to operate, than the existing z900 platform we currently own.

We have several options. There are two decision units which affect the mainframe environment. The first one is a capacity increase. The capacity increase is related to additional customer demand. There are currently 40 customers on the mainframe, including 5 large customer agencies. The second request is to place a mainframe in southern Nevada to build out a disaster-recovery and disaster-tolerant environment, as depicted during the last Session, for mainframe computing. These two items can be dealt with in a number of ways.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 22

CHAIR BEERS:

Do decision units E-722 or E-723 include funds to activate an additional processor on this box? Is this what IBM is not going to let us do? Will there be a budget amendment?

E-722 New Equipment – Page DoIT-43

E-723 New Equipment – Page DoIT-44

MR. GOGGIANO:

You are correct; we will not be able to go forward with the requests represented in the biennial budget. We have three alternatives.

CHAIR BEERS:

The requests in the budget are no longer feasible.

MR. GOGGIANO:

From the text perspective, that is correct. From a budgetary standpoint, we have three alternatives.

CHAIR BEERS:

Bring those alternatives, including costs, to the next hearing with your recommended course of action.

MR. GOGGIANO:

I will provide detailed information for the three alternatives. I do not expect a substantial shift in the cost.

CHAIR McCLAIN:

Please provide annualized and total funding. Total funding should include future on-going funding.

CHAIR BEERS:

At the next hearing, Mr. Goggiano, Mr. McTeer and the Controller should be prepared to present concepts on the data center in southern Nevada and the backup for the storage area network (SAN).

MR. GOGGIANO:

During the last Session, the replication project was funded. The SAN project will be implemented before the end of FY 2006-2007. The fault-tolerant disk storage environment will be available across platforms. That includes mainframe platforms and the e-mail systems.

CHAIR BEERS:

Will that be in Carson City?

MR. GOGGIANO:

There are two components. One exists in Carson City and the secondary component is located in the Las Vegas metropolitan area.

CHAIR BEERS:

Why has it taken so long?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 23

MR. GOGGIANO:

The project is on schedule. The funding for the major acquisition was provided during this biennium with implementation this fiscal year. There has been a network communication bandwidth problem between Carson City and Reno. The contract is under way and should be completed in early June.

CHAIR BEERS:

Did the Interim Finance Committee approve the funds for the bandwidth between Carson City and Reno?

MR. GOGGIANO:

Yes, it did.

CHAIR BEERS:

Have road construction funds been used to recreate a high-end colocation facility at the Public Safety Building?

MR. GOGGIANO:

We looked at a number of locations in southern Nevada, including the Freeway Arterial System Transportation (FAST) location. There are some space considerations and issues with the bandwidth going into that building. They do have enough space for today, but not the long-term goals of the DoIT. We have a number of customer agencies that colocate their equipment in the data center in Carson City. Those agencies have a desire and have, to some extent, architected their infrastructure to have the equipment in two separate geographic locations.

CHAIR BEERS;

Does the new mainframe allow us to take one physical box and divide it to accommodate everyone's peak use?

MR. GOGGIANO:

Yes, it does. The mainframe is divided and accommodates 40 customers. It is broken into five major pieces among several development and two production environments. The colocation facility will serve agency equipment, which is the largest growing business the DoIT has in the computing area. We had 72-percent growth in colocation business from FY 2004-2005 through FY 2006-2007. Agencies place their servers in the DoIT's data center using our racks and the benefit of the DoIT's security, air-conditioning and power supplies. This is the growth we want to accommodate in expanding the southern Nevada data center environment.

CHAIR BEERS;

Please bring more information on the bandwidth limitations to the next hearing, including long- and short-term costs and bandwidth comparisons for the buildings you are considering. It is my understanding it is less expensive using the FAST building.

MR. GOGGIANO:

Yes, I will. We are looking at contracting services out of a data center in southern Nevada. Those costs are easily identifiable. The current State costs to

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 24

operate the server rooms located in the FAST building are buried in other budget areas and are difficult to allocate.

CHAIR BEERS:

The impact on the General Fund may be less with the FAST building.

MR. GOGGIANO:

I understand. We will look at that and attempt to identify the costs.

CHAIR BEERS:

The State should not have duplicated what it could have contracted out.

MR. GOGGIANO:

We have a major initiative under way to collaborate with local governments in southern Nevada and are now introducing some collaboration with local governments in northern Nevada. This will allow the DoIT to receive revenue over the long term from those entities by bringing in their equipment and accommodating some of their disaster-recovery requirements. These are areas we are looking at to satisfy economies of scale.

CHAIR BEERS:

Can the DoIT sublease space it contracts?

MR. GOGGIANO:

I do not expect to do that in southern Nevada. Most of the agencies already have a contract with the entity the DoIT is looking at. They are already located in that space and doing business with that private sector offering. In northern Nevada, we would sublease space to accommodate business continuity requirements. They would come into our data center or we would do an exchange of services.

CHAIR BEERS:

What will the programmer responsibilities be as requested in decision unit E-275?

E-275 Maximize Internet and Technology – Page DoIT-39

MR. GOGGIANO:

This is a computer systems programmer II performing as a journey-level systems administrator. The position is responsible for operating system maintenance and maintaining applications such as e-mail and the Web-server environments we host for customers. The need is generated by the growth in the colocation business.

CHAIR BEERS:

Are you taking on other agencies' equipment? How many people are devoted to e-mail, Web and server projects?

MR. GOGGIANO:

We have three individuals working on the Windows platforms which include all the environments you just mentioned. We also have a manager of that organization who also supervises the UNIX environment.



CHAIR BEERS:

Do you know of any other customers wanting these services?

MR. GOGGIANO:

We are constantly getting new customers. We are looking at a major transition for the Division of Welfare. Welfare is moving from the DoIT's basic level of service to the second-tier and full-tier services in our hosting equipment. We have a consistent stream of new customers.

CHAIR BEERS:

Is that in the budget?

MR. GOGGIANO:

The transition is funded now.

CHAIR BEERS:

Can an agency make that decision during the interim?

MR. GOGGIANO:

They have brought their equipment to us and hosted at a level below what they originally expected to get the entire operation up and running and deployed. Once they move into the production life cycle of the application, they typically move those things into a higher tier of service so they get the benefits of the DoIT's backup and recovery centralized system. We have benefits of monitoring and other aspects involved ...

CHAIR BEERS:

Do they pay for their bandwidth?

MR. GOGGIANO:

Yes, they do.

CHAIR BEERS:

Network switches to improve local area network (LAN) reliability in Carson City are requested in decision unit E-276.

#### E-276 Maximize Internet and Technology – Page DoIT-39

MR. GOGGIANO:

This is an expansion of the capacity in our room. We have five rows dedicated to customer colocation. Three of the rows are populated with switch gear purchased in the current biennium. We want to purchase switches for the additional two rows to accommodate growth. It will also allow us to build a fully switched fabric so, in the event one switch goes down, we will not lose an entire row of customers.

CHAIR BEERS:

Would you need this if you did not have the new fiber? Would you need more with the new fiber?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 26

MR. GOGGIANO:

Absolutely, and we do not need more. These items are not linked. This request is related to locating additional equipment in the facility.

CHAIR BEERS:

Could we use an inexpensive or free alternative in decision unit E-278?

E-278 - Maximize Internet and Technology – Page DoIT-40

MR. GOGGIANO:

There are many free alternatives: Google, Yahoo, AOL and Instant Messenger. Using a free service brings all messaging traffic outside our internal network which presents security concerns and risks. It also prevents us from controlling the type of files passed between entities. From a security perspective, we have maintained internal instant messaging to keep us segregated from outside environments.

CHAIR MCCLAIN:

Is there a large demand from agencies for instant messaging?

MR. GOGGIANO:

Some agencies are heavy users.

MR. BUONACORSI:

Many agencies use instant messaging, especially in the customer-service environment. The Welfare Division uses it to run most of its office environments. When a client comes into their facility, an instant message is sent to the employee who needs to see the client. It is a powerful tool outside of e-mail and allows immediate contact.

CHAIR MCCLAIN:

Welfare must be careful, for confidentiality reasons, when using instant messaging.

MR. BUONACORSI:

The agencies define the use of instant messaging and incorporate it into their business process. It has become a core business tool used to manage daily operations.

CHAIR BEERS:

In decision unit E-710, the DoIT is financing an upgrade to the e-mail license, which we have not done for five years, in the amount of \$545,892 for 8,000 chairs. The Governor recommends financing this purchase over four years. Is this really a financed purchase or is it an internal paper transaction?

E-710 - Replacement Equipment – Page DoIT-42

MR. APPLE:

Yes, we are financing this purchase. We looked at the capital expenditures plus the licenses and compared them to the depreciated amount from a rate-model perspective. We then identified the enhancements we need to finance. The replacement license for e-mail needs to be upgraded. It has a four-year life

expectancy and everyone will be on the same platform. We will then finance and depreciate it over four years.

CHAIR BEERS:  
Is the vendor financing it?

MR. GOGGIANO:  
The Purchasing Division has Master Service Agreements with financing vendors. We procure through Microsoft and finance through another vendor.

CHAIR BEERS:  
Is this a cash flow or stable rates issue? If the issue is not cash flow, we can decide to do this over four years using the rate model without paying interest charges.

MR. APPLE:  
The issue is a matter of cash flow. We can purchase the software and license at one time during the first year of the biennium. We spread the cost. If we purchase outright, it increases the e-mail rates.

CHAIR BEERS:  
We can legislate recognition of this expense over four years.

MR. GOGGIANO:  
We would have to determine how that would impact our federal payback environment. The federal government allows us to recognize a certain amount of expense.

CHAIR BEERS:  
Do you know what the interest rate is?

MR. APPLE:  
We used a mid-4-percent rate. Purchasing provided us with vendors and we used their interest rates.

CHAIR BEERS:  
Are there 8,000 chairs now?

MR. GOGGIANO:  
We have just under 8,000 chairs in use.

CHAIR BEERS:  
More people are being added in this budget. How do you accommodate growth?

MR. GOGGIANO:  
We build our budgets based on what is in the Nevada Executive Budget System. When customer agencies insert funding for e-mail, we use that information to develop licensing demand.

CHAIR BEERS:  
The new user charge will cover the license. What are they using now?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 28

MR. GOGGIANO:

The new user charge will cover the license. We are using Outlook 2003.

CHAIR BEERS:

How many instances of callback pay occurred in the last fiscal year?

MR. GOGGIANO:

I will get the number of callbacks to the Subcommittee.

DOIT - Communications & Network Engineering – Budget Page

DOIT-49 (Volume I)

Budget Account 721-1386

E-805 Classified Position Reclassifications – Page DoIT-56

E-900 Transfer from BA 1386 to BA 1385 – Page DoIT-57

E-901 Transfer from BA 1386 to BA 4681 – Page DoIT-57

E-902 Transfer from BA 1386 to BA 1363 – Page DoIT-58

E-903 Transfer from BA 1386 to BA 1340 – Page DoIT-58

CHAIR BEERS:

There are several enhancement units dealing with decentralization. Three IT positions providing LAN support will transfer to a user agency. The LAN support will no longer be provided as a billable service. What will happen to the small agencies?

MR. BUONACORSI:

We have worked with Purchasing to establish, through a temporary agency, a personal computer (PC) technology pool which can be contracted on an as-needed basis. That will be in place by July 1 to accommodate the smaller agencies.

CHAIR BEERS:

What happens to the overhead managerial costs of your Division if you no longer have LAN service hours? There is a fixed cost within the unit. Part of that has been billed in the LAN service charges. Will other services increase?

MR. APPLE:

The overhead costs will be allocated across, primarily, Silvernet. There was not much overhead cost allocated to the PC technology area.

CHAIR BEERS:

Is Silvernet increasing 22 percent in the first year and 5.5 percent in the second year?

MR. APPLE:

There have been increases in cost and usage. Several pieces of equipment must be replaced.

CHAIR BEERS:

What is the depreciation life of the new equipment?

MR. APPLE:

Most of it has an expected life of four years.

MR. BUONACORSI:

The network equipment refresh was not part of the last the DoIT budget. As a consequence, depreciation expense was not in the rates, making the rates artificially low. Every four years we need to do an equipment refresh to keep the core infrastructure environment in tact and supportable.

CHAIR BEERS:

Can you provide the Subcommittee with the rates for the last three budgets for dial up, Silvernet and virtual private network (VPN) Secure Link?

MR. APPLE:

Yes, we can do that.

CHAIR BEERS:

Which agencies will be most affected? Do conservation camps use dial ups?

KEN ADAMS (Deputy Chief, Communications Group, Communication and Computing Division, Department of Information Technology):

The dial-up service has slowly decreased, as has the PC technology utilization. It is a cost pool which is utilized less and less every year. As the utilization of the cost pool decreases, the cost of maintaining the equipment and the circuits that provide that service is spread over fewer users.

CHAIR BEERS:

How many users of dial up do you have?

MR. ADAMS:

I will get that information to you.

CHAIR BEERS:

Are you purchasing replacement equipment for the dial-up service?

MR. ADAMS:

It would not be our intention to purchase additional equipment. There is a committed base of dial-up users. If the equipment reaches its end of life, we will have to make that decision. We would attempt to find a different technology for the customer.

CHAIR BEERS:

How much communication do you have with dial-up customers?

MR. BUONACORSI:

The outreach to dial-up customers is limited. We are not attempting to determine their business intents. They may not be using the accounts.

MR. ADAMS:

The Department of Taxation uses dial up for their agents in other states.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 30

CHAIR BEERS:

Can a user VPN to your network with a regular Internet connection?

MR. ADAMS:

Yes, that is a VPN account. That is what most of the dial ups go into.

CHAIR BEERS:

The transfer to this B/A of a management analyst as requested in decision unit E-911 has already been discussed. In decision unit E-276 there are concerns that the recent vendor quotes do not match the budget amounts. We will need an adjustment before closing this budget.

E-911 Transfer from BA 1373 to BA 1386 – Page DoIT-59

E-276 Maximize Internet and Technology – Page DoIT-52

MR. ADAMS:

We need to review that circumstance.

CHAIR BEERS:

What happened with the fiber-optic vault?

E-277 Maximize Internet and Technology – Page DoIT-53

MR. ADAMS:

The fiber-optic system runs on the Carson City campus. It covers fiber services to about 24 buildings and needs maintenance. The system was installed in 2000 with no maintenance performed since then. The vaults become a road hazard and need to be repaired due to the damage caused by traffic running over them. Most of the vaults with subterranean entrances have seals. These are rubber gaskets mounted around the conduit where the fibers come from the street into the building. One concern is the leakage involved with the vault which goes into the Department of Public Safety computer room. Water got into the vault during the flood last year. There was so much surface pressure, water seeped into the computer room. We are asking for maintenance funds to have a contractor perform pressure-static tests on the seals and replace them. We also want to remove the silt and debris from the vaults and ensure good caps and seals are on all of the existing structure. We do not want the seals to be voided during another flood. If the conduits fill with silt, mud and debris, the expense of having the conduits rodded out, where a rod is pushed through the conduit and high-pressure water is used to clean out the conduits, would be required before they can be put back into service.

CHAIR BEERS:

Is there an annual maintenance requirement?

MR. ADAMS:

This is an ongoing process. The first expense will be getting a contractor in to look at the vaults after six years with no maintenance. Once that is done, we will need annual inspections and pumpings of the large subterranean vaults that fill with water when the water tables rise. They must be pumped out every year. The one person on staff is not able to get the job done to the appropriate level. There is also a problem with a person working alone in a subterranean

vault. These vaults can possess poison gas. If we have a contractor perform the work, we can avoid problems like flooding a basement.

CHAIR BEERS:

Is there a correlation between the utilization of the fiber-optic network and how this budget is billed?

MR. APPLE:

The majority of this budget is billed out through the Silvernet rates; some is billed out through the dial-up and VPN rates. There also may be some billed through the infrastructure assessment.

CHAIR BEERS:

Does the Silvernet include the microwave as well as ...

MR. APPLE:

No, it does not.

CHAIR BEERS:

Is it just fiber?

MR. APPLE:

Yes, it is just the fiber. It is the wide-area network (WAN) portion.

CHAIR BEERS:

What else will this position do?

MR. ADAMS:

The telecommunications coordination position is engaged in wiring installations. He works with the State Public Works Board and the Buildings and Grounds Division to be sure all cable projects for customer agencies are completed precisely and to code. In the past, agencies would get cable pulled and buildings would be fouled, such as the Kincaid Building. It becomes a fire hazard because people do not follow the codes. They do not put in cable that is plenum rated in plenum air spaces which causes a potential fire hazard as well as a health hazard. This employee spends most of his time managing projects to make sure the contractors are doing the job correctly. He is versed in infrastructure such as relay racks, termination racks and patch panels.

CHAIR BEERS:

Was the last biennium unusually busy? Would he have more time this biennium to work on the vaults?

MR. ADAMS:

This person is busy full time. He also works on access to the campus cable system. He is installing the television system into the Richard H. Bryan Building, which is a three- to four-month dedicated project.

CHAIR BEERS:

Will he be billed to the tenants of the Bryan Building?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 32

MR. ADAMS:

No, not directly. He will continue to monitor the cable installations. He was instrumental in the completion of the emergency operation center. He did all the design work. Without his efforts and work, we would end up with shoddy infrastructure causing communication problems down the line with problems with phone systems or the data communication network. He is an asset to multiple agencies.

CHAIR BEERS:

Decision unit E-600 recommends that two IT technicians be eliminated. Those positions have been vacant for one year.

E-600 Budget Reductions – Page DoIT-54

MR. ADAMS:

To keep the rates down and because of the new core infrastructure purchases, we decided to eliminate these positions.

CHAIR BEERS:

You are requesting replacement core routers and maintenance for those core routers in decision units E-710 and E-711. Will you provide a budget amendment to remove the maintenance charges in FY 2007-2008 for the new equipment since it will be under warranty?

E-710 Replacement Equipment – Page DoIT-54

E-711 Replacement Equipment – Page DoIT-54

MR. APPLE:

The budget amendment to reduce the maintenance by \$48,000 has been sent to the Budget Division.

CHAIR BEERS:

Who will receive the BlackBerrys requested in decision unit E-720?

E-720 New Equipment – Page DoIT-55

MR. APPLE:

Those will go to the network engineering staff who are called at anytime and anywhere to address network infrastructure problems.

CHAIR BEERS:

What happens with the cell phones they now have?

MR. ADAMS:

There is one unit cell phone. I will confirm that the network engineers use their personal cell phones.

CHAIR BEERS:

Are there cell-phone expenses that should be removed from the budget?

MR. ADAMS:

There is one cell phone.



Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 33

CHAIR BEERS:

If this request is approved, will there be six cell phones?

MR. ADAMS:

That is correct.

CHAIR BEERS:

There appears to be duplicate funding requested in decision unit E-722. Will there be a budget amendment?

E-722 New Equipment – Page DoIT-56

MR. APPLE:

The budget amendment for the correct amount of \$32,400 each year has been forwarded to the Budget Division.

CHAIR BEERS:

Budget Account 721-1387 requests a new administrative aide in decision unit E-251.

DOIT - Telecommunications – Budget Page DOIT-61 (Volume I)

Budget Account 721-1387

E-251 Working Environment and Wage -- Page DoIT-64

MR. ADAMS:

This is a telephone operator for Las Vegas.

CHAIR BEERS:

Have you been tracking the percentage of abandoned calls? In FY 2005-2006, 23 percent of calls were abandoned. Is more recent information available?

MR. ADAMS:

I will see if the information is available.

CHAIR BEERS:

Has the Telecommunications Unit been using contract staff for telephone operator services to cover sick leave and vacations?

MR. ADAMS:

That is correct. We continue to maintain that contract.

CHAIR BEERS:

Will the use of contract staff decrease?

MR. ADAMS:

That is correct.

CHAIR BEERS:

Can the budget be reduced to reflect a decrease in contract staff?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 34

MR. APPLE:

The original request was for two operators for Las Vegas which would have eliminated the use of contract personnel. With the addition of only one permanent staff, we cannot reduce the contract staff.

CHAIR BEERS:

The Voice over Internet Protocol (VoIP) technology requested in decision units E-275 and E-276 will eliminate small switch costs for wide-flung small offices.

E-275 Maximize Internet and Technology – Page DoIT-64

E-276 Maximize Internet and Technology – Page DoIT-65

MR. ADAMS:

The core switches in Las Vegas and Carson City are now VoIP compatible. With the VoIP services, we will be able to meet the needs of agencies we have not been able to service with State telephone system equipment because they did not meet the break-even point of 150 staff per switch. We will be able to serve the smaller branch offices who want to use the State telephone system to utilize the five-digit dialing and voice mail commonalities of the system.

CHAIR BEERS:

What mechanisms exist to encourage a small agency looking for a telephone system to approach the Telecommunications Unit?

MR. ADAMS:

That is part of the outreach program. Most agencies call the Telecommunications Unit asking for directions when researching telephone switches.

CHAIR BEERS:

After the new equipment is installed, will the service be less expensive for a small agency? Will they be able to use the existing router?

MR. ADAMS:

The cost is within the existing rate structure. The use of the existing router depends upon the utilization of the circuit. If the circuit is running in the high 50- to 60-percent range, with spikes that fill the pipe, an evaluation would be performed.

CHAIR BEERS:

At the lower end, would they have to pay more each month for a larger pipe? For a light Internet user, VoIP is demanding.

MR. ADAMS:

It will not cost more than a regular Private Branch eXchange (PBX) which still requires the use of an additional T-1 line.

CHAIR BEERS:

Would the office require special phones?

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 35

MR. ADAMS:

The phones are the same as the systems we are deploying today.

CHAIR BEERS:

The request in decision unit E-277 is for 500 PBX licenses in FY 2007-2008. Do you anticipate all the new users in the first year, or could some licenses be purchased in the second year?

E-277 Maximize Internet and Technology – Page DoIT-65

MR. ADAMS:

We cannot add a significant number of users without the licenses.

MR. BUONACORSI:

We attempted to keep expenditures flat through the biennium to stabilize rates.

CHAIR BEERS:

What is the recovery period for these licenses?

MR. APPLE:

The unit cost is recovered in the first year.

CHAIR BEERS:

Did the Legislature approve \$12,000 in FY 2006-2007 to expand current capacity?

E-721 New Equipment – Page DoIT-68

MR. ADAMS:

Yes, that is correct. We are seeing an increase in the utilization of this service.

CHAIR BEERS:

Will the hardware you are requesting be obsolete in two years? My experience is contracting with a vendor for conference calls can be less expensive.

MR. ADAMS:

We currently subcontract a portion and do a portion internally. It is easier to set up a conference call internally than externally. There is a lot of administration with the outside piece. The billing system will pick up the expenses internally. When we use a subcontractor, there is a third-party bill which must be passed through.

MR. APPLE:

We looked at an outside vendor. Our customers save approximately \$30,000 by providing the conference call service internally.

CHAIR MCCLAIN:

Are agencies required to go through the DoIT for conference calls?

MR. ADAMS:

An agency calls a State operator to set up a conference call. A PIN number is given to the agency and the call is scheduled within the system. I do not believe

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 36

there is a requirement to use this system. Most agencies use it because the service is readily available.

CHAIR MCCLAIN:  
Do any agencies use outside vendors?

MR. ADAMS:  
I do not have that information.

CHAIR MCCLAIN:  
What will the \$68,000 each year buy if we have agencies ...

MR. ADAMS:  
It purchases the equipment to add the conferences. We have run out of conference bridge space which is the hardware that links the connections. When we fill the bridge space, we use an outside vendor. We would like to have the equipment in-house to satisfy agency needs.

MR. BUONACORSI:  
This is for capacity augmentation due to increased demand. The use of a third party increases the expense to an agency.

CHAIR BEERS:  
A backup PBX switch in Las Vegas for disaster recovery is requested in decision unit E-720. Was a similar request approved in the last biennium?

E-720 New Equipment – Page DoIT-67

MR. ADAMS:  
A switch for Carson City was approved in the last biennium.

CHAIR BEERS:  
Were the funds intended for Carson City and Las Vegas in the last biennium?

MR. ADAMS:  
No, just for Carson City.

CHAIR BEERS:  
That answer appears to contradict the testimony of two years ago. Will this give you a backup of two switches, two PBX locations in Carson City and one in Las Vegas?

MR. ADAMS:  
There is one main trunk PBX in Las Vegas and one in Carson City. The new equipment will allow us to have survivability for the Sawyer switch in the event it is disabled.

CHAIR BEERS:  
Is there survivability in Carson City?

MR. ADAMS:  
Yes, there is.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 37

CHAIR BEERS:

Was the one in Carson City funded last Session?

MR. BUONACORSI:

I cannot confirm what was said in testimony last Session. We are doing our best to clarify today's needs.

CHAIR BEERS:

Now we will discuss B/A 721-1388. Inclement weather and delays in the permitting process have prevented completion of Phase 4 of the digital microwave upgrade project. Is there a bill draft request in to carry those funds to the next budget? Will that be enough money?

DOIT - Network Transport Services – Budget Page DOIT-70 (Volume I)  
Budget Account 721-1388

MR. ADAMS:

We have requested the funds be carried forward and believe the amount is sufficient.

CHAIR BEERS:

How much money is left for this project and how is it progressing?

MR. ADAMS:

The funds are in B/A 721-1325.

MR. BUONACORSI:

We know the construction progress, but we will have to get back to you with the amount of remaining funds.

MR. ADAMS:

We have completed seven of the 28 sites. We have purchased the equipment. The next phase is construction. We are waiting for two permits. Once the permits are received, we will complete the civil phase. The majority of this project revolves around removing the old analog system and replacing it with digital equipment.

CHAIR McCLAIN:

Will the project be completed? Is there an estimated date of completion? Do you have the funds to complete it?

MR. ADAMS:

We have completed Phases I, II and III. Completion is expected by the end of the next biennium with the funds available.

CHAIR BEERS:

There is a substantial increase in training for field people requested in decision unit E-253. Is there new training involved or are you training more people?

E-253 Working Environment and Wage – Page DoIT-73

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 38

MR. ADAMS:

We have a large shift in technology. We are going from a 30-year-old analog system, which is not complex, to a digital system.

CHAIR BEERS:

Is some of this technical training?

MR. ADAMS:

Yes, there is technical training included in the request.

CHAIR BEERS:

Spare parts are requested in decision units E-276, E-277 and E-279. Is this due to the move to digital technology?

E-276 Maximize Internet and Technology – Page DoIT-73

E-277 Maximize Internet and Technology – Page DoIT-74

E-279 Maximize Internet and Technology – Page DoIT-74

MR. ADAMS:

The parts in decision unit E-276 are to support the Constellation radios. We are requesting two packages in that system. Two sites were struck, simultaneously, by lightning last year. We had to mobilize all the crews, go to the University of Nevada, Reno where we were building a Phase III site, extract parts from that radio and take them to Minden to bring up a site. We want to be certain we have enough parts to keep the traffic on the microwave working statewide in support of the public safety system.

CHAIR BEERS:

Can you route temporarily?

MR. ADAMS:

For the fiber project from Reno to Wendover, we are looking at routing some traffic as an alternate path. There is a lot of engineering to be done before then.

CHAIR BEERS:

Will you sell the old analog system?

MR. ADAMS:

The Purchasing Division will excess the system and spare parts.

CHAIR BEERS:

What will you do with ten copies of AutoCAD?

MR. ADAMS:

All of our field engineers operate AutoCAD. Most of our circuit diagram drawings and facilities are done in AutoCAD. When we go to a physical site, like a mountaintop, and are redirecting circuits from one system to another, the engineers need to make AutoCAD updates on their laptops as they move the circuits. If we do not manage the circuit movement real-time, things become complicated and get lost quickly.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 39

CHAIR BEERS:  
Do you need a central repository for drawings?

MR. ADAMS:  
Yes, we do. The access to the central repository at the main engineer's office is not accessible from the sites.

CHAIR BEERS:  
Who does document management on that task?

MR. ADAMS:  
The senior engineer completes that task.

CHAIR BEERS:  
Does one person coordinate checking out and checking in?

MR. ADAMS:  
That is correct.

CHAIR BEERS:  
Does Network Transport Services have AutoCAD licenses now?

MR. ADAMS:  
Yes.

CHAIR BEERS:  
Are you using one computer?

MR. ADAMS:  
Yes, we are.

CHAIR BEERS:  
Can you explain the purchase of 15 radios for 13 personnel?

MR. ADAMS:  
We have two Sno-Cats that require radios.

CHAIR BEERS:  
Do you use Handy Talkies?

MR. ADAMS:  
Some of them are Handy Talkies; most of them are truck units.

Joint Subcommittee on General Government  
Senate Committee on Finance  
Assembly Committee on Ways and Means  
February 27, 2007  
Page 40

CHAIR BEERS:  
We will discuss B/A 721-1389 at our next meeting with the DoIT. There being no further business to come before the Subcommittee, the meeting is adjourned at 11 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Sandra K. Small,  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Senator Bob Beers, Chair

DATE: \_\_\_\_\_

\_\_\_\_\_  
Assemblywoman Kathy McClain, Chair

DATE: \_\_\_\_\_