

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

Seventy-Fifth Session
March 12, 2009

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on General Government and Accountability was called to order by Chair Mo Denis at 8:09 a.m. on Thursday, March 12, 2009, 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/75th2009/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).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman Mo Denis, Chair
Assemblywoman Kathy McClain, Vice Chair
Assemblyman Marcus Conklin
Assemblyman Pete Goicoechea
Assemblyman Joseph M. Hogan

SENATE COMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Chair
Senator Joyce Woodhouse
Senator Warren B. Hardy II
Senator Dean A. Rhoads

COMMITTEE MEMBERS EXCUSED:

Assemblywoman Ellen Koivisto

STAFF MEMBERS PRESENT:

Brian M. Burke, Principal Deputy Fiscal Analyst
Tracy Raxter, Principal Deputy Fiscal Analyst
Rex Goodman, Program Analyst
Linda Blevins, Committee Secretary
Connie Davis, Committee Assistant

Chair Denis opened the hearing for the review of the budget for the Department of Information Technology and recognized Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT). Mr. Stockwell was accompanied by Tom Wolf, Deputy Director, DoIT, and Rossalyn Hoid, Chief of Administration, DoIT.

Mr. Stockwell presented [Exhibit C](#), a PowerPoint presentation, for the Subcommittee. The exhibit included an overview of the budget, the enhancements, program changes, and transfers.

Mr. Stockwell pointed out that page 3 of the exhibit presented an overall budget reduction of 14.65 percent for the 2009-11 biennium, compared to the current biennial budget. Staff positions were reduced by 7.8 percent which translated to 11 full-time equivalent (FTE) positions. Based on the assessment of forecast customer utilizations of DoIT's services and the limited growth projections during the 2009-2011 biennium, Mr. Stockwell believed the level of risk to customers with these reductions was acceptable.

DEPARTMENT OF INFORMATION TECHNOLOGY
DIRECTOR'S OFFICE (721-1373)
BUDGET PAGE DoIT-1

Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT), presented an overview of budget account (BA) 1373.

There were three major enhancements for this budget account, which included staffing efficiencies, replacement equipment, and the realignment of functions. The most important realignment issue, according to Mr. Stockwell, was the Planning and Research Division.

DEPARTMENT OF INFORMATION TECHNOLOGY
PLANNING & RESEARCH DIVISION (721-1370)
BUDGET PAGE DoIT-19

Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT), noted that realignment of the Planning and Research Division would have the following effects:

- Elimination of Planning and Research as a division
- Reassignment of staff and associated responsibilities
- Elimination of seven staff positions at a savings of \$890,000 annually
- Elimination of the planning assessment for state agencies

Mr. Stockwell explained that in fiscal year (FY) 2009, DoIT conducted an outreach survey in which over 500 contacts were made. The essence of the survey was to make agencies aware of services available and to determine the agencies' future information technology needs.

The majority of the agencies surveyed indicated an understanding of DoIT services, but they either had no need of the services or did not have funding for information technology projects.

Based on the results of this outreach survey, DoIT concluded that the planning services were underutilized. Planning services that continue to receive focus were technology investment requests (TIRs), information technology research, planning through operational units, and enterprise information technology architecture. Therefore, DoIT proposed elimination of the Planning and Research Division. According to Mr. Stockwell, the planning assessment billed to agencies totaled \$2.75 million over the 2007-2009 biennium but would be eliminated if the Planning and Research Division were abolished.

Mr. Stockwell noted that if approved by the Legislature, DoIT planned to reassign staff and responsibilities and continue to provide planning support through operational managers coordinated by a position to be transferred from budget account (BA) 1370 to the Director's Office BA 1373. The position would be responsible for coordination of the TIRs. A research staff position would also be transferred to the Director's Office to support the Statewide Information Technology Governance Committees.

The budget request also included the transfer of one management analyst position from BA 1370 to BA 1365 (Application Design and Development Unit) to provide support to the Web services area. According to Mr. Stockwell, the proposal to eliminate the Planning and Research Division could result in the layoff of one full-time equivalent (FTE) position. Bill draft request 19-1204 (later introduced as Senate Bill 414) was submitted to dissolve the Planning and Research Division.

Chair Denis questioned whether the cost allocations would be transferred to the Director's office (BA 1373) resulting in less cost savings than anticipated.

Rossalyn Hoid, Chief of Administration, DoIT, responded that the transfer of the two positions into the Director's Office BA 1373 affected the allocation. One position was proposed to be transferred to BA 1365 which would affect the infrastructure assessment. The DoIT would be able to keep rates stable even with the personnel movement. Planning services would continue to be provided to state agencies.

In response to Chair Denis, Mr. Stockwell explained that customer response to the outreach survey indicated a significant decrease in requests for information technology improvements.

If the Planning and Research Division located on King Street in Carson City was eliminated, Chair Denis asked whether a savings of the lease payments would be realized from the reduction of square-foot usage.

Mr. Stockwell indicated he was looking into the possibility but had to wait for legislative approval before proceeding.

Ms. Hoid explained that a change in the lease would require early termination of a lease with Buildings and Grounds (B&G). She did not anticipate a problem with B&G, but the discussion was pending legislative approval.

Chair Denis requested that DoIT proceed with the B&G discussion prior to budget closings in April 2009.

Chair Denis requested discussion of decision unit Enhancement (E) 750 and the request to add research subscriptions which were previously deemed expendable.

Tom Wolf, Deputy Director, DoIT, stated that when DoIT reviewed the area of research, it was determined that it was a key function of the Director's Office and many of DoIT's customers. Part of the responsibility of a research analyst was to draw on research databases by use of such things as subscriptions. He believed these subscriptions should not have been cancelled and were a necessary tool for researchers.

Chair Denis questioned the type of research which was performed with the aid of the subscriptions.

Mr. Stockwell clarified that the researchers covered a broad spectrum of information technology information, including what other states were doing, how the stimulus package affected information technology, and other beneficial uses of information technology for state agencies. The research database was a single source that provided the information to DoIT on a regular basis.

Mr. Wolf added that the research database was similar to Westlaw, one of the primary online legal research services for lawyers and legal professionals.

Chair Denis agreed that with staff reductions and consolidations, it was probably a good tool for the researchers.

Chair Denis moved to decision unit E275, asking why the customer relations management software should be continued considering staff reductions.

Ms. Hoid stated that the software was used as a coordination tool. If staff positions were reduced to one individual doing the TIRs, the software would be beneficial to coordinate with DoIT unit managers regarding other agency communications and requests.

Mr. Wolf clarified that the software would be used throughout DoIT. When working with the customer, all of the DoIT personnel would have access to the database. This would allow DoIT personnel to see what the customers had requested and what was required.

Assemblyman Hogan appreciated the efforts DoIT had put into the outreach survey and methods for reducing costs, but he was concerned the timing of the survey could have reached the respondents at a time when they were desperately looking for savings. He suggested that if there was a financial recovery, DoIT might be able to restructure and restaff.

Mr. Stockwell was hopeful that the economy would soon recover. The outreach survey was completed before the economic downturn. He indicated that DoIT would want to restructure and restaff when the economy recovered.

DEPARTMENT OF INFORMATION TECHNOLOGY
APPLICATION DESIGN AND DEVELOPMENT UNIT (721-1365)
BUDGET PAGE DoIT-10

Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT), noted that funds were requested for server hosting and four virtual private network (VPN) accounts, replacement equipment, the realignment of functions, and the transfer of programmers to support the Nevada Department of Transportation (NDOT) Human Resources (HR) Advantage System.

Mr. Stockwell advised that a budget amendment had been submitted at the request of the Departments of Administration and Personnel. The amendment requested the addition of two programmers to replace two master services agreement (MSA) programmers supporting the Integrated Financial System (IFS).

Chair Denis asked Mr. Stockwell to describe the efficiencies that were envisioned from the requested transfer.

Mr. Stockwell suggested that the transfer of two positions from NDOT to DoIT would be advantageous to DoIT because they could provide system administration support for the IFS. System administration functions would be consolidated in one agency organization. This would ultimately allow DoIT the ability to utilize several people in several areas at one time and to maintain the backup and training requirements.

Chair Denis inquired whether DoIT had similar arrangements with other agencies.

Mr. Stockwell gave a brief overview of the history of the IFS, noting that in 2002 there were three people assigned to the IFS: one employee from NDOT, one MSA contractor representing the Department of Personnel, and one employee of the Department of Administration. In reviewing the cost for the MSAs versus the costs for the DoIT programmers, it was determined there was a savings in that area. By training state personnel, DoIT eliminated the risk of institutional knowledge being lost through the use of non-state personnel.

Responding to a question from Chair Denis, Mr. Stockwell stated that the fiscal impact of the previously referenced budget amendment in the area of the Department of Administration would be approximately \$100,000 to \$120,000 for each biennium. He did not have the figures for the Department of Personnel but believed the savings was between \$55,000 and \$85,000 per year. The budget amendment would be submitted by the Governor.

Ms. Hoid added that the amendment had been submitted to the Department of Administration and would be submitted to Fiscal staff by March 15, 2009.

Chair Denis moved to decision units E902 and E501, which recommended the transfer of one management analyst position from the Planning and Research Division (BA 1370) to the Application Design and Development Unit (BA 1365). He inquired whether additional training expenses would be required to allow the position to function in the webpage support group.

Mr. Wolf explained that the web group was under an increasing workload and had been supplemented with administrative support from the Director's Office in the past. Transferring the position would provide the web group with its own administrative support. No additional training should be required.

Chair Denis asked what was driving the increased workload for the web group.

Mr. Stockwell replied that as technology increased, so did the need for support. In 2005, the Brown University website standardization rating system listed Nevada at seventh in the nation. The current rating had dropped Nevada to 45th in the nation because of a lack of website standardization control. The ratings were determined when Brown University pulled up a State of Nevada website for review. The ease of navigation, accuracy, number of language supported, and other areas were rated. He believed the requested changes would allow more time for supporting the websites and making upgrades.

DEPARTMENT OF INFORMATION TECHNOLOGY
COMPUTING DIVISION (721-1385)
BUDGET PAGE DoIT-29

Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT), provided a brief overview of the Computing Division referencing page 7 of [Exhibit C](#).

The DoIT requested approval for the following enhancement decision units:

- E275—Additional Microsoft Exchange licensing for projected growth within the state's email environment
- E287—Licensing for 16 additional ports on two existing switches
- E589—A companion decision unit with Welfare Administration to purchase equipment for the proposed technology investment request that included a new document imaging system and the development of a new website to enable Nevadans to apply for benefits online
- E606—Elimination of one information technology (IT) technician and three IT professional positions
- E713—Replacement of server hardware in the Open Systems Unit

Chair Denis noted that the Director's Office, BA 1373, indicated an IT technician had been providing support, but DoIT was now requesting a vendor provide the support instead.

Tom Wolf, Deputy Director, DoIT, explained that over the past few years all agencies were encouraged to provide their own personal computer technician support. Therefore, less personal computer technician support and more contractor support had been provided. When agencies called DoIT with personal computer problems, a contractor was sent to the agency for support. The same personal computer contractor also provided support to DoIT. There was a cost savings of approximately \$50,000 per year to DoIT by using a contractor instead of a DoIT employee.

Chair Denis pointed out that the fourth position DoIT proposed for elimination was approved by the 2007 Legislature to be added October 1, 2008, to support growth for email, Web, and server hosting services. He asked whether existing position responsibilities had been shifted to support those services.

Mr. Wolf stated that DoIT was constantly polling their customers and doing capacity planning to determine the direction DoIT should take to fill current needs. Because of the changes in direction, DoIT had reorganized and repackaged delivery to the customers. This resulted in the decision to eliminate some of the vacant positions. He further explained that DoIT believed it had adequate staffing to fulfill customer demands for the next two years.

Chair Denis surmised that staff reductions would result in a reduced training budget.

Mr. Wolf stated that staff reductions meant increased responsibilities for each employee and, consequently, increased training requirements.

Chair Denis requested further discussion on the support for the Division of Welfare and Supportive Services (DWSS) and the technology investment request (TIR), decision unit E589. He was unclear of the advantages of the

DWSS TIR's inclusion of data storage purchased from DoIT rather than the purchase of separate storage hardware.

Mr. Wolf stated that when the DWSS presented the TIR to DoIT, they reviewed the specifications for the hardware for storage capacity and for central processing unit (CPU) engine capacity. The DoIT believed this was an opportunity for the state because of the Integrated Financial System (IFS) consolidation project. There were surplus CPU engines and horsepower to run the application at the DWSS. There was surplus storage capacity because of some reconfigurations within DoIT that saved storage costs.

When DoIT reviewed incorporating the DWSS' TIR into the DoIT current infrastructure, there was a cost savings because the storage needs could be achieved with the DoIT existing platform. Instead of the DWSS investing capital expenditures in servers and storage, it could provide operating expenses to DoIT, and DoIT could provide the DWSS with the storage and horsepower needed.

According to Mr. Wolf, to effectively provide for the DWSS' needs, DoIT needed to "shore up" the infrastructure. This was accomplished by adding more engines to the DoIT complex, more memory to handle capabilities, and additional linkages to get the systems into the storage subsystem. The request for \$325,159 in FY 2009-2010 and \$8,660 in FY 2010-2011 was to "shore up" the DoIT infrastructure to handle those needs. The hardware would be available on July 1, 2009.

Responding to Chair Denis, Mr. Wolf advised that the cost for the DWSS would be slightly higher because the operating costs were spread across the state. Storage rates to other DoIT customers were lowered by about 80 percent with the addition of a new customer, the DWSS. The cost was slightly higher for the DWSS to rent from DoIT than if the DWSS bought the equipment. However, there were no capital expenditures paid by any agency because DoIT had storage available for the DWSS.

Chair Denis asked whether any hardware would be installed as part of the agreement.

Mr. Wolf answered that from a storage standpoint, there was no new hardware. There were two elements to the DWSS TIR; one was the CPU engines, and the second was the storage capacity to store all of the images. The storage was handled by DoIT, and about half of the engines were available at DoIT. Four additional engines were purchased to "shore up" the infrastructure to ensure there was sufficient horsepower. The equipment was located in the state computing facility. The Document Imaging System (FileNet) used by the DWSS would be enhanced to provide desktop imaging. The DWSS would scan all records into the system allowing for portability.

Assemblywoman McClain inquired whether the imaging system was new.

Mr. Wolf replied that the system had been in-house for approximately seven years, but it had been used for an alternate purpose. The FileNet would be enhanced to be workflow (a process model) for paper and storage of electronic paper.

Assemblywoman McClain commented that Clark County Social Services had converted all paper to an electronic format. In her opinion it was an efficient system and provided a cost savings to the county.

Chair Denis requested additional information on the funding. He had concerns regarding the use of federal funding.

Mr. Wolf explained that for DoIT, distribution was an important aspect. The ideal model was for DoIT to purchase hardware and then rent the hardware back to customers so federal funding could be correctly allocated. There was no profit for DoIT.

To follow-up on 2007 Legislative Session approvals, Chair Denis asked for information regarding the Mainframe Enterprise Server for southern Nevada which was stored in Carson City.

Mr. Wolf advised the Subcommittee that the Mainframe Enterprise Server was recently moved to the Switch Communications building (switchNAP) in Las Vegas, Nevada. The process of moving the equipment was delayed because of interruptions in the facility construction. The DoIT selected switchNAP because of fiber connectivity and because the buildings were located on fiberhubs. Previously the Las Vegas DoIT communication systems were located in the Sawyer Building. Using switchNAP provided two communication hubs in Las Vegas.

Chair Denis requested an outline of the impact of the mainframe server replacement on the utilization of mainframe services and the agency's method for adjusting rates.

Mr. Wolf stated that mainframes were purchased for both Las Vegas and Carson City. The rates were maintained at a consistent but slightly lower rate. The purchase was financed over four years. The technology was becoming more efficient and the software costs were getting lower. Although customers were paying twice the cost per minute with the new equipment, the equipment processed information faster. Therefore, the cost had not increased.

Chair Denis moved to a discussion of the Integrated Financial System (IFS) Consolidation project. He requested an explanation of the delay in the IFS Consolidation project and whether there might be any adverse budgetary effects.

Mr. Wolf explained that the IFS Consolidation project was intended to be a long-term project to consolidate 12 servers spread across Carson City into two servers. One of the obstacles in the consolidation was the introduction of new hardware and software which was incompatible with the older operating systems. The project was running about six months behind schedule because of complications with the virtualization environment and personnel issues.

Chair Denis commented that there was a discussion in the 2007 Legislative Session regarding the IFS Consolidation project. He understood the project was complicated but was concerned the project was running behind schedule.

Mr. Wolf pointed out that one team of programmers in the Controller's Office did not get the software moved into the new environment, which meant their conversion work would be simpler because they had stayed on current technology and had chosen not to go into the virtual world.

Chair Denis asked whether the delay had budgetary effects.

Mr. Wolf indicated the delay created no additional costs.

Chair Denis addressed the issue of disk storage capacity and inquired how much DoIT had available and whether there was a savings identified related to the changes in this project.

Mr. Wolf responded that there were 90 terabytes free. The DWSS project would use approximately 60 terabytes. The Department of Taxation had requested a storage area network (SAN) unit and would be using the DoIT storage that was in surplus. Internally, DoIT was virtualizing many servers which created a cost savings. The original budget request included \$600,000 for storage upgrades; however, the request had been removed after the 90 terabytes were freed up. By reconfiguring the storage unit, DoIT realized about \$2 million in savings.

Moving to decision unit E275, Chair Denis noted 100 software licenses per year for Microsoft Exchange was recommended to maintain licenses for each user of the state email system.

Mr. Wolf pointed out that one of the ongoing consolidation efforts was in the email systems. Several new agencies had been brought into the email server. It was a DoIT goal to have the entire State of Nevada on one email system. In the future, when using e-discovery to research emails, DoIT would be able to provide specific information in an expedient and efficient manner. Typically, agencies were asked to pay the license cost when they requested to become a part of the DoIT state email system.

Chair Denis recalled an issue of the state email system being unavailable for a few days during a critical time. He requested Mr. Wolf explain what had occurred to cause the downtime.

Mr. Wolf stated that when consolidating a system, components were often combined and sometimes errors occurred. He pointed out that the performance indicators showed email uptime was excellent. One of the problems with email performance was that "pockets" of email could be lost, which meant that although one department could lose email operation, the state system would be functional. Equipment was constantly upgraded and servers were moved regularly to reduce downtime.

According to Mr. Wolf, DoIT had instituted a "criticality on-call list" for notification purposes in the case of network or email failure. Informational messages would be posted on the telephone helpdesk in the case of computer network problems.

DEPARTMENT OF INFORMATION TECHNOLOGY
COMMUNICATIONS AND NETWORK ENGINEERING (721-1386)
BUDGET PAGE DoIT-39

Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT), directed the Subcommittee's attention to page 8 of [Exhibit C](#), budget account (BA) 1386, Communications and Network Engineering. The DoIT had requested enhancements for the following:

- E606—Staff realignments
- E710—Equipment replacements for unsupported security devices
- E711—Replacement computer hardware and software
- E720—New equipment for the wireless ring in Carson City to allow agencies to connect to the SilverNet

Chair Denis noted that one information technology (IT) professional and one IT technician were slated for elimination in this budget account. He questioned whether training expenses would be reduced accordingly.

Tom Wolf, Deputy Director, Department of Information Technology (DoIT), stated that the communication area was one of the fastest growing environments. There was a large amount of niche technologies involved in the security devices and the Cisco PIX Firewall, and the push into wireless microwave technology created a new generation of products. The technicians had to have training for all of the updated technology.

In response to Chair Denis' question regarding whether the eliminated positions were vacant positions, Mr. Wolf explained one position was approved by the 2007 Legislature but was never filled. The other position was a potential layoff.

Moving to decision unit E710, Chair Denis requested information on the new firewall system.

Mr. Wolf described the network firewall systems for the Subcommittee, stating there were several layers of firewalls throughout the network. There was a tight firewall where the administration of the system took place. There was a larger system for the internal firewall. There was an outside firewall for people coming into the intranet from outside the state system. All of the firewalls were older and needed to be replaced to maintain maximum security for the system.

Chair Denis asked for additional information for decision unit E720 which recommended the installation of a microwave radio link system to provide wireless connectivity to the state SilverNet and the Internet for state agencies in Carson City.

Mr. Wolf pointed out that SilverNet was the state's communication backbone. By consolidating communication systems and running all of the traffic through common pipes, the state saved a significant amount of money. An area where customers experienced high cost was in the "last mile circuits" which were leased from the telephone company. To get onto the SilverNet backbone, the connection was attached with T-1 lines.

Mr. Wolf noted that seven wireless microwave radios, which were antenna-based and line-of-sight, were installed in the last few years. If an antenna was installed on top of a building, the traffic could be sent directly at 10 to 100 times faster and for a one-time charge. If the agencies purchased the antenna, DoIT would maintain it. The DoIT goal was to link around Carson City and to link around Las Vegas to create a mini-grid for the "last mile circuits."

Chair Denis asked the status of the Las Vegas microwave radio link system.

Mr. Wolf said DoIT had been waiting for the Switch Communications hub to go live, which had just recently occurred. The plan was to link the switchNet to

several state office buildings. Site analysis had to be performed at each location. It was estimated the strategy would take five years. This was line-of-sight technology which presented a problem in low-lying areas.

In response to a question from Chair Denis, Mr. Wolf explained that when an agency contacted DoIT regarding increasing bandwidth, the options were presented to the agency. If a customer requested the technology, an analysis of the location was performed and the technology installed, if appropriate. If there was no customer request, DoIT would perform the analysis when time permitted.

Chair Denis asked how many T-1 lines could be replaced with the wireless technology.

Mr. Wolf stated that a T-1 line was typically 1 1/2 to 3 megabytes, and the new links were 100 to 300 megabytes at less cost. The links were shared by all agencies located in the building where the microwave radios and antennas were installed, unlike the point-to-point leased lines.

Chair Denis was curious to learn the amount of money saved by upgrading the technology.

Mr. Wolf had not performed a cost analysis to determine the savings for each agency. The return on investment was done for each customer when the systems were installed.

Chair Denis inquired whether agencies other than the Department of Health and Human Services had confirmed utilization of the recommended wireless connectivity equipment and elimination of expenses for T-1 lines.

Mr. Wolf did not have the schedule available but stated there were studies underway for four requested links. Seven installations had been performed in Carson City and four were planned with the requested funding. He would provide the Carson City and Las Vegas schedule information to the Subcommittee.

It appeared to Chair Denis that the funding for the purchase of the equipment was allocated to all agencies. He wondered whether the funding should be directed to only those agencies participating in the project.

Mr. Wolf responded that DoIT was assuming the cost in the SilverNet infrastructure where multiple agencies would benefit from the single-point equipment installation. This made only a minor impact on the SilverNet rates.

DEPARTMENT OF INFORMATION TECHNOLOGY
TELECOMMUNICATIONS (721-1387)
BUDGET PAGE DoIT-48

Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT), addressed the Telecommunications budget account (BA) 1387 on page 9 of [Exhibit C](#). The DoIT requested the replacement of a survivable processor located at the Department of Motor Vehicles (DMV) facility and the replacement of computer hardware and associated software. As recommended by the Interim Finance Committee (IFC), a budget amendment for the call-management system had been submitted.

Chair Denis requested detail regarding the increase in the cost of the replacement of the call-management system. He believed a discount had been lost because DoIT was unable to move forward in a timely manner.

Tom Wolf, Deputy Director, DoIT, explained that when the system was originally quoted, the state was two software versions behind the current update. At that time, the state was quoted a reduced price if the software was brought up-to-date. By the time the bid was put together, the state was three updates behind; therefore, the price was increased by \$10,000 to bring the state current.

Chair Denis asked whether the state was limited to using only this type of call-management system.

Mr. Wolf said that the state had been using the call-management system for five years and it was imbedded into all agencies. The system was customized to the operations of each agency. For agencies such as DMV, there would be a huge impact. The conversion costs would be expensive.

Responding to Chair Denis' question regarding flexibility of a new system, Mr. Wolf stated that newer, more flexible technology was available. The goal of a telephone environment was to get to more voice-over internet protocol (VOIP) which was more of a server computer-based system. Modules of the system could be put out for bid. Mr. Wolf anticipated this type of system would become a part of the state system within the next three years.

There would be a significant cost savings with an updated system; however, DoIT believed that an incremental replacement system was more advantageous. As systems aged and required replacement, the new call-management system would be installed.

DEPARTMENT OF INFORMATION TECHNOLOGY
NETWORK TRANSPORT SERVICES (721-1388)
BUDGET PAGE DoIT-57

Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT), called attention to page 10 of [Exhibit C](#), Network Transport Services, budget account (BA) 1388. The BA enhancement decision units were as follows:

- E712 and E713—Replacement of older vehicles
- E715—Replacement of old batteries and charger at Highland Peak
- E717—Replacement of computer hardware and associated software
- E723—Installation of remote fuel gauges for emergency generators at remote communication sites
- E725—Purchase of test equipment

Referencing decision unit E723, Chair Denis questioned whether the mountaintop sites were functional.

Tom Wolf, Deputy Director, DoIT, commented that the final phase of the microwave project was scheduled to be completed by July 31, 2009. He did not anticipate overruns to the budget.

Decision unit E723 included funds to purchase a monitoring system to monitor propane levels at the mountaintop communication sites. Chair Denis inquired whether the travel expenses would decrease since personnel would not be required to travel to the sites to perform the propane monitoring.

Mr. Wolf believed the expenses would decrease. The monitoring system would show when the mountaintop site propane levels were low and required filling. This would avoid unnecessary trips to the sites.

Chair Denis asked what other work was required to complete the final phase of the operation.

Mr. Wolf believed there were 17 sites which required cleanup and covers, but all licensing had been completed.

Senator Rhoads inquired whether the rural areas of the state were covered for communication purposes.

Mr. Wolf noted there were still "pockets" of mountain ranges which were inaccessible; however, most of the rural communities were receiving radio coverage for emergency services. Because of the terrain in Nevada, it was difficult to achieve line-of-sight coverage throughout the state.

Moving to decision unit E725, Chair Denis questioned who performed the microwave transmission tests in the past if DoIT did not own the equipment.

Mr. Wolf responded that much of the testing equipment needed was for the new microwave radios and microwave expansions. The "last mile" was a government frequency and had unique requirements. Some of the DoIT test sets were old and required replacement.

DEPARTMENT OF INFORMATION TECHNOLOGY
SECURITY DIVISION (721-1389)
BUDGET PAGE DoIT-67

Daniel H. Stockwell, Director, Chief Information Officer, Department of Information Technology (DoIT), moved to page 11 of [Exhibit C](#), the Security Division, budget account (BA) 1389. One maintenance decision unit and two enhancement decision units were requested as follows:

- M160—Elimination of one vacant position
- E710—Replacement equipment and associated software
- E900—Transfer of debt service from BA 1373 to BA 1389

The DoIT was also proposing the addition of a cost pool for the management of card-reader access to accommodate the consolidation of other agencies onto one system. Working with state agencies that used card access to control entry rights to their facilities, Mr. Stockwell noted that DoIT would perform the administration of the enterprise system. The initiative would result in enterprise server savings and a reduction in multiple licensing costs. This new cost pool allowed DoIT to recoup the cost while saving user agencies the expense of equipment, software, and staff to administer the system.

Chair Denis asked whether the proposed customer agencies would have offsetting reductions to other costs related to building secure access, such as vendor contracts, if this new service rate was approved.

Tom Wolf, Deputy Director, DoIT, responded affirmatively. For the Nevada Department of Transportation (NDOT), as an example, when they had their own badge-reader security access system, they had to pay for server hosting and environmental costs for the servers, as well as software licensing and administrative overhead. When DoIT combined to one system within the state, it was only necessary to buy one software license for the entire state. The Department of Public Safety, NDOT, Buildings and Grounds, and the capitol complex were combined into one system instead of multiple systems. That was the same system that went out to the mountaintops providing one security access system for all state agencies throughout the state. The costs and operational responsibilities were consolidated.

Regarding the elimination of the position in decision unit M160, Chair Denis inquired about the duties of the position.

Mr. Wolf stated that the position was involved in disaster recovery and awareness. The position was originally approved by the 2007 Legislature but was never filled. The duties were assigned to other staff at DoIT.

Chair Denis requested public comments on the DoIT budget accounts.

Wanda Cox, private citizen and employee of the DoIT Planning and Research Division spoke to the Subcommittee in opposition to the elimination of the Planning and Research Division. She did not believe it was in the best interest of the state to eliminate the Division. Agencies would have a difficult time determining their needs in the area of updated technology or how it affected their agencies in the long-term. It was the responsibility of the Planning and Research Division to develop solutions to agency technology problems and assist with long-term strategic planning.

Although Mr. Stockwell indicated the Planning Division was underutilized, Ms. Cox believed there was confusion on the parts of the constituents and Mr. Stockwell regarding the services the Division provided. The Customer Research Management System was put into place by the Planning and Research Division to track contacts with the agencies and to provide a service catalog to the agencies to make them aware of the DoIT services available.

She further explained that the enterprise architect position had been vacant for quite some time and the Enterprise Architecture Committee was not functioning. From an information technology (IT) governance perspective, she believed there was a shortfall in the services provided to the agencies.

In the opinion of Ms. Cox, although the costs for DoIT were decreasing, the costs to the agencies were increasing. An example was the elimination of the technician services position. It was difficult for agencies to keep their local area networks running when they were required to contract with outside services. Often it was necessary for the agency to identify whether the problem was a vendor problem or a DoIT problem. Determination of who should be contacted created additional costs and frustrations for the agencies.

Assemblywoman McClain inquired how many employees would be retained if the Planning Division was not eliminated.

Ms. Cox believed that four positions would be lost by eliminating the Planning Division.

Chair Denis noted that the recommendation of DoIT was to move positions and functions into the DoIT Director's Office.

Ms. Cox commented that the research analyst and the planner doing the technology investment requests (TIRs) would continue in that capacity under the Director's Office budget account. It was her understanding that the director wanted to eliminate the Planning Division and thus eliminate the assessment to the agencies. The two positions would still be assessed, but under the Director's Office rather than the Planning Division.

She did not believe one individual would be able to do the TIRs completely. All agencies were required to do TIRs for any project over \$50,000 as part of the budget planning process. If agencies were not able to use a sole source, a request for proposal (RFP) was required, which involved the planners.

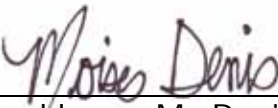
In closing, Ms. Cox commented that with respect to continuity of operations, it was widely understood within the industry that for any organization to be able to provide complete continuity of operations, it was necessary to be prepared for a major disaster. The DoIT did not currently have a teleworking policy or program in place, which, she believed, was a weakness in long-term plans for disaster recovery for the state.

There being no further comments or questions, Chair Denis adjourned the meeting at 10:03 a.m.

RESPECTFULLY SUBMITTED:

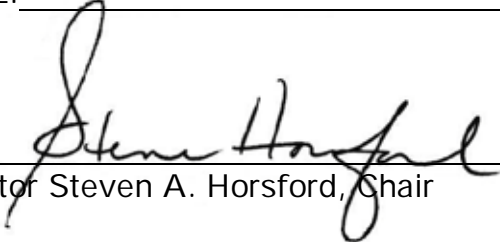
Linda Blevins
Committee Secretary

APPROVED BY:



Assemblyman Mo Denis, Chair

DATE: _____



Senator Steven A. Horsford, Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on General Government and Accountability</u>			
Date: <u>March 12, 2009</u>		Time of Meeting: <u>8:09 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance roster
	C	Daniel Stockwell, Director, DoIT	Budget presentation