

**MINUTES OF THE JOINT MEETING OF THE
SENATE COMMITTEE ON TRANSPORTATION
AND THE ASSEMBLY COMMITTEE ON TRANSPORTATION**

**Seventy-sixth Session
February 10, 2011**

The joint meeting of the Senate Committee on Transportation and the Assembly Committee on Transportation was called to order by Chair Shirley A. Breeden at 3:39 p.m. on Thursday, February 10, 2011, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4401, 555 East Washington Avenue, Las Vegas, 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 COMMITTEE MEMBERS PRESENT:

Senator Shirley A. Breeden, Chair
Senator Michael A. Schneider, Vice Chair
Senator John J. Lee
Senator Mark A. Manendo
Senator Dean A. Rhoads
Senator Mike McGinness
Senator Elizabeth Halseth

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn Dondero Loop, Chair
Assemblyman Jason Frierson, Vice Chair
Assemblyman Kelvin Atkinson
Assemblywoman Teresa Benitez-Thompson
Assemblyman Steven Brooks
Assemblyman Richard Carrillo
Assemblywoman Olivia Diaz
Assemblyman John Hambrick
Assemblyman Scott Hammond
Assemblyman Randy Kirner
Assemblywoman Dina Neal
Assemblyman Mark Sherwood
Assemblywoman Melissa Woodbury

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 2

COMMITTEE MEMBERS ABSENT:

Assemblyman Joseph M. Hogan (Excused)

STAFF MEMBERS PRESENT:

Kelly Gregory, Policy Analyst
Bruce Daines, Counsel
Patricia Devereux, Committee Secretary

OTHERS PRESENT:

Chris Perry, Acting Director, Department of Public Safety
Andrew MacKay, Chairman, Nevada Transportation Authority, Department of
Business and Industry
Randall H. Walker, Director of Aviation, Clark County Department of Aviation
Bruce Breslow, Director, Department of Motor Vehicles
Troy Dillard, Deputy Director, Department of Motor Vehicles

CHAIR BREEDEN:

We have presentations today from the Department of Public Safety (DPS), the Nevada Transportation Authority (NTA), the Clark County Department of Aviation and the Department of Motor Vehicles (DMV).

CHRIS PERRY (Acting Director, Department of Public Safety):

You have my handout ([Exhibit C](#)) before you. The DPS is a comprehensive law-enforcement agency created in the 71st Session. We were carved out of several agencies, mainly DMV. We provide public safety services in all Nevada counties. We have 1,496 employees, of which 851 are sworn peace officers and 645 are civilians.

Our vision and mission statements are on pages 2 and 3 of my handout. The DPS has nine individual divisions and three offices. The director's office establishes policy and provides general direction to and controls the operation of the divisions and various offices. We provide legal and audit services. Our funding is from the General Fund, state and federal highway funds and cost allocations. The director's office has five full-time employees: myself, a

currently vacant deputy director's position, a chief of staff or assistant to the director, an administrative officer and an administrative aide.

Capitol Police is one of our divisions. The Division of Emergency Management and the Office of Homeland Security will become a combined effort. The Nevada Highway Patrol (NHP) is our largest division, and the Division of Investigations and the Division of Parole and Probation are our second-largest combined effort. The Records and Technology Division provides support for the DPS and most State police agencies. We have a State Fire Marshal Division.

Our offices are Criminal Justice Assistance, Professional Responsibility and Traffic Safety. We provide administrative support for the State Board of Parole Commissioners.

Page 5 is the color-coded DPS organizational chart. The red-box offices are slated for reduction in the current budget cycle. The blue-box offices will be transferred to the director's office. On page 6 are the Administrative Services Division's subdivisions. Human Resources provides recruitment and selection of all DPS employee candidates, monitors workplace safety issues and oversees employee/management resolutions. Fiscal/Administrative supports all of the divisions and provides fiscal oversight, budgeting, timekeeping/payroll and contract-management services. These services are cost-allocated and paid by all DPS divisions. The Administrative Services Division has 25.53 full-time equivalents (FTEs).

Page 7 describes the duties of the Capitol Police, the uniformed officers seen around the Capitol complex. Their primary responsibility is guarding the complex, the Governor's Mansion and various state buildings in Clark County and Carson City. The funding sources are the Buildings and Grounds assessment and General Fund money. The office has 28 FTEs.

Page 8 describes the Division of Emergency Management and the Office of Homeland Security. The functions of the Division of Emergency Management and the Office of Homeland Security were merged in 2008. The new entity provides emergency management and homeland security advice for the Office of the Governor. It coordinates efforts by various entities to reduce the impact of emergencies, oversees and coordinates statewide emergency preparedness, mitigates response planning and assures readiness to respond to and recover

from natural- and human-caused disasters. In concert with the Investigations Division, it developed the Nevada Threat Analysis Center (NTAC) to provide information pertaining to possible threats to the State.

A major responsibility of the Division of Emergency Management and the Office of Homeland Security is to administer federal grants, which may total \$300 million. It issues sub-grants to other government entities and tribal nations. We keep very little of that money within the State system. The division monitors sub-recipient grant performance and expenditures of the U.S. Department of Emergency Management and U.S. Department of Homeland Security funding sources. The division is funded by the federal government and the General Fund, and in many cases receives a percentage of matching funds. The division has 35 FTEs.

Page 10 lists the duties of the NHP. It writes traffic tickets, investigates accidents, assists stranded motorists, enforces and regulates motor carriers' transport of cargo and hazardous materials (hazmat), and provides security to the Governor and first family through the Dignitary Protection Detail. The NHP manages the highway criminal-interdiction program. Its primary funding source is the State Highway Fund, plus some General Fund money for the Dignitary Protection Detail. The NHP has 639 FTEs, 10 working for the Office of Motor Carriers and 5 full-time dignitary-protection officers.

Page 12 outlines the duties of our third-largest division, Investigations. It provides in-depth investigative and polygraph services to all criminal justice agencies and deters and disrupts narcotics trafficking through participation in and coordination of statewide rural task forces. The Investigations Division also collects, analyzes and disseminates criminal intelligence and threat information pertaining to citizens and State infrastructure through NTAC. The division has partnerships with the counterterrorism centers in Clark and Washoe counties. The division locates and apprehends fugitives wanted as child predators, sex criminals and perpetrators of violent or narcotics-related crimes. It investigates motor vehicle theft and fraud. Its primary funding source is the General Fund, plus some State Highway Fund money. There are 71 FTEs.

Page 13 describes the Division of Parole and Probation, DPS's second-largest division. It monitors and enforces offender compliance for probationers, parolees and inmates on residential confinement. The division assists offenders with

reintegration into society while protecting the community. It collects restitution and distributes it to victims. It conducts pardons and presentence investigations. The Governor is recommending the transfer of those duties to counties or district courts. Its primary funding is the General Fund and supervision fees. It has 458.98 FTEs.

Page 14 describes the Records and Technology Division (RTD), the repository for Nevada's criminal-history records. Its funding sources include court assessments and fees for services such as fingerprinting, civil-name checks and civil-applicant checks. The division administers the Nevada Criminal Justice Information System (NCJIS) and the statewide record-checks file. The division is the clearinghouse for criminal history and crime-statistic information. It serves as the FBI's Criminal Justice Information System (CJIS) agency for the State. The RTD is a portal for all Nevada law-enforcement agencies to access criminal-history information.

The RTD maintains the Sex Offender Registry and assigns offenders tier levels, based on the seriousness of their offenses. It provides law-enforcement personnel and the public with registered sex-offender information. The division's link can be accessed on the DPS Website to prevent encounters with sex offenders. The information often includes photographs of offenders. The DPS strives to provide this for the community.

The RTD manages the Brady Point of Sale Program, conducting all name-based background checks for firearm purchasers. It provides permits to carry concealed weapons. The RTD provides information that allows sheriffs to issue fingerprint-based background checks required by statute for occupations such as teachers. The Civil Name Check Program is a criminal-history, background-check service offered to private businesses. Many casinos utilize the service. It administers the Child Background Trust Account and pays nonprofit organizations' costs to do background checks of volunteers who work with children.

Program Development and Compliance (PDC) is administered by the NCJIS in the RTD. It develops and coordinates training for all new DPS applicants. The PDC conducts biennial NCJIS-certification training and audits and manages the Civil Name Check Program. It is primarily funded through court assessments and fees. The PDC has 78 FTEs.

The criminal-history repository's sister agency is the Technology Bureau, which provides technical support 24 hours a day, 365 days a year to NCJIS and DPS. The NCJIS user base has about 14,000 terminals, including 1,500 DPS terminals. There are 169 servers, 69 firewalls, 250 network devices, 121 external agency connections, 101 point-to-point circuits and 134 virtual private-network tunnel connections.

The Technology Bureau provides application-development services for all DPS agencies. Applications more than 15 years old are using the Usoft platform, which does not meet current State or FBI security requirements. Usoft does not operate on Windows' latest operating system, Windows 7. Support for our current operating system, Windows XP, is not expected to be available during the 2014/2015 biennium. The replacement plan for these applications is critical, and we will include it in our budget request this year. The Technology Bureau ensures compliance with the FBI's CJIS security practices. Its funding source is cost allocations paid by all DPS divisions. It has 51 FTEs.

Page 19 lists the State Fire Marshal Division's (SFMD) duties. It develops State fire codes and regulations and provides fire-service training and certification for small, rural fire agencies that cannot do it themselves. The division reviews building plans for nonstructural life-safety issues. The SFMD investigates fire law-enforcement services for fire origin and cause and arson and fire-law violations. It issues licenses and registration for fire-protection companies, commercial fireworks display providers, fire performers and interior designers of commercial buildings.

The division also performs fire- and life-safety inspections, issues permits for hazmat storage, certifies fire-safe cigarette programs and conducts fire-prevention education. Its primary funding sources are the General Fund, licensing and permit fees, and plan-review fees. There are 27 FTEs.

The SFMD provides administrative direction through its sub-office, the State Energy Response Commission (SERC), which maintains the repository for collection of the hazmat database. Funding sources for SERC are federal and state highway funds. It has 3 FTEs.

Page 21 describes the Training Division. It provides initial recruit training for all DPS officer candidates in a Carson City academy. It provides ongoing

recertification training for all DPS sworn staff according to Peace Officer Standards and Training requirements. It provides non-law-enforcement training to our sworn and civilian staff, in such areas as workplace violence and sexual harassment awareness. Its funding source is divided between the General Fund and State funds. It has 9 FTEs.

Page 22 describes the Office of Criminal Justice Assistance (OCJA), which administers U.S. Department of Justice grants that address illegal drug trafficking and violent crimes. It issues sub-grants to governmental agencies to use their services and monitors sub-recipient grant performance and expenditures. The OCJA coordinates the federal Department of Defense (DOD) 1033 Military Excess Property Program and the federal General Services Administration (GSA) 1122 purchasing program. The OCJA administers the prisoner reentry program, as established in the 2009 Session. The office's funding sources are federal grants, the General Fund and the 1122 GSA program assessments. It has 5 FTEs. The OCJA also administers the prisoner reentry program, as established by S.B. No. 236 of the 75th Session.

Page 23 lists the duties of the Office of Professional Responsibility (ORR) in works for the director's office, conducting administrative investigations of DPS employees. It provides training to all DPS divisions on conducting administrative investigations, differentiating between misconduct and routine job performance and misconduct-prevention techniques. The office is cost-allocated and funded by DPS divisions. The ORR has 5 FTEs.

Page 24 describes the Office of Traffic Safety (OTS), which administers the State's Highway Safety Program through the U.S. Department of Transportation and the National Highway Traffic Safety Administration. It is a pass-through office for awarding and administering federal grants to affect driver behavior, with an emphasis on education and enforcement countermeasures. The main users of this service are the Las Vegas Metropolitan Police Department (Metro) and the Washoe County Sheriff's Office.

The OTS issues sub-grants to government, local entities and nonprofits. It monitors sub-recipient grant performance and is a major partner in the implementation of the "Nevada's Strategic Highway Safety Plan." The OTS provides training for new and experienced motorcycle riders under the Nevada Rider Program. It manages the Fatality Analysis Reporting System and collects

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 8

and analyzes statewide crash and citation data for problem-identification and reporting purposes. It provides or facilitates information and programs to educate the public about safe driving, motorcycle riding, bicycling and walking. The funding sources are federal grants, the State Highway Fund, motorcycle registration fees and motorcycle-training class fees. It has 12 FTES.

Page 26 is a chart showing the staffing breakdown for fiscal year (FY) 2010 and FY 2011 and predictions for FY 2012 and FY 2013 with projected budget reductions.

CHAIR BREEDEN:

What are the GSA purchasing program and the DOD Military Excess Property Program?

MR. PERRY:

The DOD Military Excess Property Program has primarily military-grade equipment, such as special-use vehicles, we can obtain at low or reduced cost for our fleet. The GSA purchasing program provides increased buying power by reducing the number of regional purchasing programs. Three or four states will negotiate a lesser price for a piece of equipment they will then share.

SENATOR MANENDO:

Would the proposed State budget affect public safety in places like Pahrump, which had a fire yesterday?

MR. PERRY:

Some of the budget reductions we expect will affect our abilities in certain areas. However, we have kept our line-level staff strong while reducing our administrative staff. The person in charge of Nye County fire investigations will still be there after the proposed reductions.

SENATOR MANENDO:

I am worried about public safety reductions in outlying areas.

MR. PERRY:

We understand that. We have done what we can and believe safety will not be affected in those areas. Nye County investigates fire incidents after the fact.

SENATOR MCGINNESS:

Pahrump has a paid fire staff, so I am sure they responded quickly to yesterday's incident.

ANDREW MACKAY (Chairman, Nevada Transportation Authority, Department of Business and Industry):

The Nevada Transportation Authority (NTA) is tasked by the Legislature to regulate passenger motor carriers primarily within the State. The NTA also regulates the household-goods-moving industry and the storage of these goods by fully regulated carriers.

The NTA is authorized to fund 26 FTEs, including 3 commissioners appointed by the Governor for 4 years plus 1 deputy commissioner. Twenty-four positions are filled. The program officer position is vacant for budgetary purposes, as it is slated to be eliminated under the Governor's proposed budget.

Page 2 of my handout ([Exhibit D](#)) delineates the structure of the NTA. The Administration Division does not need explanation. The Applications Division manages entities seeking to obtain authority to operate within the State as motor carriers or for existing motor carriers that want to expand geographically or increase the number of their vehicles. The division also processes applications for tariff modifications. The Compliance/Audit Division helps carriers achieve and maintain compliance with existing federal and State regulations.

The Compliance/Enforcement Division consists of eight sworn peace officers. We are a Category II agency, and all of our investigators are Category I-trained. One of the Compliance/Enforcement positions is slated for elimination. The Judicial Division is an administrative agency for which one of the three DPS commissioners is a hearing officer adjudicating cases. We also serve as hearing officers in other divisions within the Department of Business and Industry.

The NTA's overall mission can be summarized in one word: safety. We exist to protect the safety of the traveling and shipping public. How does the application process relate to safety? An unqualified will not be a safe operator. The NTA conducts a comprehensive criminal and financial background investigation on all applicants seeking to become fully regulated carriers.

Pursuant to the 1998 Transportation Equity Act for the 21st Century, the federal government preempted the states' regulatory authority in certain areas of passenger and motor-carrier transportation. Specifically affected were the charter-bus and tow-car industries. States' oversight of those industries is limited to safety and insurance issues. As it relates to nonconsensual tows, the State also has the authority to regulate rates.

Regarding applicants' financial backgrounds, the states' authority is preempted for tow cars and charter buses. If someone applies to become one of those operators, a criminal-background check is done to ensure operational fitness and suitability. A financial check is not done. Fully regulated carriers are charter limousine operators, household goods movers and taxicabs outside of Clark County. Cabs are regulated in Clark County by the Taxicab Authority, a sister agency to the NTA.

As the safety issue relates to enforcement, the number one threat to the safety of the traveling and shipping public is illegal operators who have not gone through the application process. The primary mission of our enforcement staff is to look for illegal operators. Page 4 of my handout discusses how the State population influx from the mid-1990s to about 2006 created a gigantic workload of applications. This led to a precipitous increase in the number of illegal operators.

Illegal operators often have vehicles with no or insufficient insurance. The vehicles are unsafe, and drivers have not been tested for drugs and alcohol. A few years ago, an NTA enforcement operator caught an illegal limousine operator at McCarran International Airport with an old jalopy Hyundai Elantra with a door bungee-corded closed. That is whom the NTA is hoping to catch.

Page 7 describes the NTA's budget accounts. Account 3922 is the overall NTA budget. It consists of about 91 percent State Highway Fund and 9 percent fees. The NTA is currently authorized for a \$2.6 million budget. The proposed FY 2012 budget is \$2.46 million, and for FY 2013, it will be \$2.34 million. The 3923 budget account is an enforcement account entirely funded by fines levied for violations of chapters 706 in the *Nevada Revised Statutes* (NRS) and 706 in the *Nevada Administrative Code*. The 3923 account can only be used for enforcement. Both budget accounts are overseen by the NTA's deputy commissioner.

SENATOR LEE:

Are you honoring petitions of leave to intervene? Are you holding back new applications for companies entering the southern Nevada market?

MR. MACKAY:

The number of petitions of leave to intervene filed have mostly been limited to limousine operators. Applications are being accepted for entities wanting to go into business and carriers seeking to expand their authority. Petitions of leave to intervene make the application process longer. Some applications intervened upon have been unsuccessful. Those that succeeded are in the Eighth Judicial District Court of Clark County because most of the interveners are challenging the propriety of NTA's decisions. A recent intervener's procedural matter was ultimately remanded and then approved. Ultimately that company was granted an expansion of authority.

The key to petitions of leave to intervene is that companies are specifically prohibited by statute to intervene based on competition. Charter limousine interventions have been filed and argued before NTA based on operational fitness and the ability of the market to sustain additional growth. Recently, one intervention on charter buses has been filed, none on tow cars and none on household goods applications. Petitions have been limited to the charter limousine industry.

SENATOR LEE:

Do you have a medallion program? Are you limiting certain classes of vehicles such as excessive stretch and eight- or six-pack limousines?

MR. MACKAY:

The medallion system is exclusive to the taxicab industry in Clark County, which is not regulated by NTA. As for the classifications of vehicles, the limitations are outlined in statute. The NRS establishes that a "taxicab" is a vehicle designed to carry six passengers, including the driver, with a mechanism for charging fares. Under NRS, a traditional "limousine" is a vehicle designed to carry nine passengers, including the driver, which is used for a prescribed period of charter service. A second NRS definition establishes it is a vehicle originally manufactured to carry up to 16 passengers, including the driver. If it carries more than 16 passengers, the vehicle is defined as a "charter bus." The State's regulatory authority is then preempted.

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 12

SENATOR LEE:

Are you preventing companies from operating certain vehicles because there is a glut of companies, or are you letting companies decide which vehicles they put into new or existing fleets? Are you considering a medallion system?

MR. MACKAY:

It is ultimately a business decision as to which vehicles a company wants to put into service. The NTA does not say, "The market is closed for six-passenger vehicles." We do not plan to enact a medallion system.

ASSEMBLYMAN BROOKS:

Does NTA obtain money from citations for towing offenses? Is that part of the Compliance/Enforcement Division's duties? Does the State get a percentage of those fines?

MR. MACKAY:

The State does collect fines for tow-car operators' violations. As for what percentage of fines goes to the State, every case stands on its own merit. If the State meets its burden, an NTA hearing officer weighs the circumstances and then may levy a fine. Pursuant to statute, every violation can be fined up to \$10,000, but violations at that level are egregious. The fines are credited to the Compliance/Enforcement Division budget account 3923.

ASSEMBLYMAN BROOKS:

Do the fines go straight to NTA, not to the General Fund?

MR. MACKAY:

Yes.

CHAIR BREEDEN:

How much do you collect in fines annually?

MR. MACKAY:

Year to date, we have collected about \$100,000 in fines. A vast majority of fines are unpaid. Pursuant to statute, offenders' bills are ultimately transmitted to the Office of the State Controller, which attempts to collect the fines on behalf of NTA. It is problematic because unless the offender is a certificated

carrier, over whose head you can hold license revocation as a hammer, the State has no teeth to collect fines. We collect less than 50 percent of fines levied by NTA.

RANDALL H. WALKER (Director of Aviation, Clark County Department of Aviation): McCarran International Airport (the Airport) is the Department of Aviation's (the Department) largest operation. You have my PowerPoint presentation handout ([Exhibit E](#)). On page 2 are fast facts about the Airport. About 1,300 people work for the Department and almost 15,000 people work for the Airport's airlines, tenants and concessions. We are a significant employer in Clark County. In 2009, just over 40 million passengers came through the Airport, an 8.2 percent decrease from 2008. In 2010, the Airport handled just under 40 million passengers, a 1.8 percent decline. An average day sees more than 111,000 passengers through the Airport. Thursdays and Sundays are the busiest days, and Wednesdays and Saturdays are the slowest days.

In 2009, the Airport was the seventh-busiest U.S. airport based on passenger levels. We probably slipped to eight or ninth place in 2010. The most important fact on this page is that the Airport is the second-busiest origin-and-destination airport worldwide. That is defined as passengers who begin or end their trips in a certain airport. Connecting passengers only use part of an airport, while the entire facility is used by origin-and-destination passengers: ticketing counters, security checkpoints, baggage claim and roadways. The Airport handled more people between its front and back doors than any other U.S. airport except Los Angeles International Airport. This volume creates many of our challenges.

Page 3 is a chart of passenger activity levels for 2006 to 2010. The Airport's historic peak year was 2007, with almost 48 million passengers. The first decline in 2008 was the result of high jet fuel prices of \$145 per barrel. Airlines began cutting back flights as it was uneconomical for them to fly at those fuel price levels. When the economic recession hit, fuel prices dropped, but fewer people could afford to fly. The total number of passengers for 2010 was down about 16 percent from our 2007 peak.

Page 4 outlines the Department's funding. The Department consists of the Airport, the North Las Vegas and Henderson executive airports, the Jean Sport Aviation Facility and the Overton General Aviation Airport. The Department is a Clark County business enterprise fund that does not receive county, local

government or State tax revenues. The Airport is funded by user fees charged to airlines and tenants. Our projects are funded through passenger facility charges, a federally authorized per-passenger charge of \$4.50; Airport Improvement Program capital-improvement grants, part of the Airport and Airway Trust Fund and a federal tax imbedded in ticket prices; airport revenues; and revenue bonds used to pay for large improvement projects.

Page 5 lists the Department's funding sources for FY 2010. The Airport generated more than \$487 million in total revenue. The number one source of revenue is building rents collected from tenants. The second-largest source is passenger facility charge proceeds collected by the airlines and then remitted to us. Landing fees are exclusively paid by the airlines, and terminal concession fees are paid by food, beverage and advertising outlets.

Page 6 lists how the airport used its funds in FY 2010. Debt service is our largest payment at \$214 million, or 44 percent of expenditures. This is payment for bonds we have issued to build facilities. The second-largest expenditure is salaries and benefits at \$19 million. That is misleading because we also pay the salaries of the Metro officers and Clark County firefighters working at the Airport. The combined salaries are 27.5 percent of the total operating budget. These two expenditures are more than 70 percent of the total.

Page 7 lists the Airport's outstanding debt as of June 30, 2010, almost \$5 million. One of the debts is for Jet A fuel tax revenue bonds. By federal law, any fuel tax levied after 1991 must be used for aviation. Clark County has a 3-cent Jet A fuel tax, 1 cent of which is dedicated to the Regional Transportation Commission of Southern Nevada for its projects. That 1 cent was grandfathered into the tax so does not have to be used for aviation. Under statute, Clark County may levy up to 4 cents in Jet A fuel tax; currently, it has only levied 2 cents.

Those taxes are collected by the State when Jet A fuel is purchased and then remitted to airports. The revenue is pledged to a roadway project. The section of Interstate Highway 215 between Interstate 15 and the Airport connector road was built with Jet A fuel taxes.

The Airport's annual mortgage is \$17.9 million. Over the last ten years, we have had many lawsuits settled or adjudicated. We borrowed the money to pay

settlements, about \$15 million annually, or 7 percent of the debt service payments. That is passed through to the carriers, and represents 75 cents per passenger, or 10 percent of what we charge carriers.

Page 8 shows how we have reduced our budget about 10 percent since FY 2008. We reduced our services by 20 percent, office supplies by 22 percent and operating capital by 40 percent. Even though the number of unfilled positions has gone from 5 percent to 15 percent, our salaries have increased by more than 10 percent. The main reason is an increase in our benefits. With that kind of salary increase over the last two years—notwithstanding the significant cuts we have had in every other area—we have only seen a 10 percent reduction. Without additional layoffs, we cannot control that cost with these types of increases. We are down about 15.5 percent in our total authorized staffing level, and our passengers are down about 16 percent, so we have about the same ratio of staff to 1 million passengers as we had in the past. The increases make it difficult to reduce further our budget while maintaining our customer-service level.

Page 10 provides an overview of the Terminal 3 project. Russell Road was rerouted to the north to build the facility. The complex will cost \$2.4 billion, and consists of the terminal, a parking garage, roadways, a central utility plant, a rear ramp where planes operate and other smaller projects. The project is about 85 percent complete, based on expenditures, and is on budget and on schedule to open in June 2012.

The terminal will be the largest single project constructed at the Airport, in terms of facility size and budget. It will have 14 gates, 6 of which will have the capability to handle international flights. We will close Terminal 2, which now handles international flights with two gates. Because of constraints in the customs and border protection processing area, we can only accept three international arrivals per hour. We will expand our customs hall from processing 800 passengers per hour to processing 2,000 passengers. Potentially, this will allow us to handle all six arrivals in the new terminal. International traffic has increased in the last couple of years, particularly since October 2009, when British Airways began daily service from Heathrow Airport.

An underground train will connect Terminal C to the Terminal D gates. This will allow us to ship traffic from Terminal 1 and reduce some of the choke points,

particularly at curbs, which were never designed to handle the amount of traffic seen today, let alone at the 2007 level. Terminal C has a stacked-roadway system, so going from baggage claim to the arrivals curb then negotiating the crosswalk filled with taxis will be eliminated. Eliminating that challenge will also ease the flow around Terminal 1.

Page 10 shows the Airport's capital-improvement plan for the next several years. The total is just under \$3 billion, with the lion's share slated for Terminal 3. Seven of our eastside C gates will be closed as we renovate the ramps. A lot of flights will be going out of the B gates during the two-year project.

In Phase 2 of the renovation project, the interior of Terminal 1 will get a \$10 million face lift to provide more lighting for the C gates. The tunnel access project will tie into the Terminal 3 roadways. We will implement an energy master plan, including 1-megawatt solar panels on the roof of the Terminal 3 garage.

Page 11 explains why we have postponed the Ivanpah Airport project. The Airport is handling 8 million passengers less than at its peak level. Airspace management has improved due to the next generation of air-traffic control implemented by the Federal Aviation Administration. These factors will improve the Airport's capacity, so we could not justify spending money on the Ivanpah project. We will complete studies on the project, and if it is needed in the future, we will begin the process where we left off.

SENATOR LEE:

Is there any way you can get rid of that "cattle gate" after passengers retrieve their luggage? The taxi line has to be advanced while everyone waits until security guards open the gate.

MR. WALKER:

That problem will be solved when Terminal 3 opens. We have looked at everything to mitigate the problem, including bridges over the roadways. The problem is the slope of the wheelchair ramp we would have to add would push so far into the baggage-claim area it would eliminate some service. The only solution is to reduce the number of passengers using the crosswalk. We will reduce 23 percent of that traffic when carriers move to Terminal 3. That will be

the traffic level we had before we started staffing the yellow gate Senator Lee described.

ASSEMBLYMAN ATKINSON:

You said Terminal 2 will be closed once its gates are moved to Terminal 3. What will become of Terminal 2?

MR. WALKER:

I hope to eliminate it because it is our least effective and most expensive facility to operate.

ASSEMBLYMAN ATKINSON:

How many gates does Terminal 2 have?

MR. WALKER:

Terminal 2 has eight gates.

ASSEMBLYMAN ATKINSON:

Are they all international gates?

MR. WALKER:

Four are international-capable gates. Air Canada operates from Terminal 2, but as most of its flights are pre-cleared, disembarking passengers do not have to go through customs. Air Canada can then use some of the other four gates. We have one charter operator in Terminal 2.

ASSEMBLYMAN ATKINSON:

Will the number of gates increase to six?

MR. WALKER:

Correct, five of which will accommodate wide-body jets. We will have a lot more capacity.

ASSEMBLYMAN SHERWOOD:

Will another carrier besides Southwest Airlines—maybe Allegiant Air—offer flights to Reno?

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 18

MR. WALKER:

No, I do not think so. A flight to Reno has never been mentioned in any of my conversations with our carriers. The last carrier besides Southwest Airlines we had serving that market was America West Airlines. When America West bought out U.S. Air, the latter adopted the old U.S. Air model. The kind of service like the Reno route was not what they were looking for. Most of our reduction at the Airport has been the result of U.S. Air pulling 70 percent of its service.

ASSEMBLYMAN SHERWOOD:

Could Allegiant Air establish a Reno route?

MR. WALKER:

Any U.S. carrier is free to fly to any airport it would like. We have an unregulated air service market within the United States. Route establishment is about market profitability. I know Allegiant Air's model very well, and that is a market it would not pursue. It flies to different second-tier cities two or three times a week. Its model is based on leisure traffic, so, a flight from Reno to Las Vegas would not be in Allegiant Air's current model.

ASSEMBLYMAN SHERWOOD:

Could any other carrier fly the Reno route from the Airport?

MR. WALKER:

Any other carrier could operate that route.

ASSEMBLYMAN SHERWOOD:

Are you familiar with the presentation Clark County Assistant Manager Ed Finger made about firefighters' abuse of sick leave? He reported that more than 230 Clark County firefighters took excessive sick leave in 2009, with some missing one out of every 6 shifts.

MR. WALKER:

I am aware he made a presentation, but I was not present for it.

ASSEMBLYMAN SHERWOOD:

Clark County Commissioner Steven Sisolak is taking care of the problem, and you will have questions to answer about it the next time you meet with him.

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 19

CHAIR BREEDEN:

Instead of getting into specific questions, we are just having a presentation today. That is not part of Mr. Walker's presentation.

ASSEMBLYMAN SHERWOOD:

On page 6, under "Salaries and Benefits," Mr. Walker mentioned that the \$109,214 figure is inaccurate because it lacks the salaries of senior Clark County firefighters employed by the Airport.

ASSEMBLYMAN ATKINSON:

Because the Airport does not receive State General Fund money, this conversation is inappropriate for this Committee.

ASSEMBLYMAN SHERWOOD:

Mr. Walker mentioned that the Airport pays Clark County firefighters, and there may be some money coming back to the County after the resolution of the sick-leave allegations. Would the Airport be entitled to any of that?

MR. WALKER:

I have had no conversations with Clark County regarding that. It would depend on what the investigation shows and the recourse. We certainly employ and pay County firefighters. The Airport is a closed unit because personnel must be specifically trained to be airport firefighters. Our overtime issues are much different from those of the rest of the Clark County Fire Department.

ASSEMBLYMAN SHERWOOD:

Do you pay salaries directly to that firefighting unit?

MR. WALKER:

We pay 100 percent of the salaries and operating costs for that fire unit at the Airport.

ASSEMBLYMAN ATKINSON:

Would there be any type of savings or management changes if the Airport adopted an airport authority model, such as at Reno-Tahoe International Airport?

MR. WALKER:

There are many different models of operating an airport throughout the United States, and each has pros and cons. The Airport operates as efficiently and as effectively as any airport in the country. The management structure itself is not important as to operational efficiency. That depends on decisions made by an airport's governing board.

BRUCE BRESLOW (Director, Nevada Department of Motor Vehicles):

The Nevada Department of Motor Vehicles (DMV) has 1,142 full-time employees after we lost 87 positions in the 75th Session. The positions were lost at the windows of the 18 statewide DMV windows. Between those lost positions, furloughs and our Saturday office hours, it has been difficult for us to maintain staffing. The Governor's proposed budget was kind to the DMV. Although we will lose 2 more positions and downgrade a couple more, the Governor recommended we create 30 new field positions in the hardest-hit offices in the Las Vegas metropolitan area.

On the organizational chart on page 2 of my handout ([Exhibit F](#)), the director's office handles administrative hearings, all administration and fiscal issues, budgeting, personnel issues, facilities issues, training and internal audits. An administrator of the Field Services Division, Nancy Wojcik, manages all window employees. They handle registrations, licenses, titles, etc. The Central Services and Records Division, run by Rhonda Baravo, handles title processing, insurance verification, license review, phone processing centers, license plate production, records management, special plates, etc.

The Compliance Enforcement Division, run by Burel Schulz, enforces compliance, regulates the automotive industry and operates the emissions-control program and the fraud unit. The latter has been very active since we now have photo-recognition software to catch people posing as others in DMV offices. Last week in the Galletti Way office in Reno, agents busted a large counterfeit-documents ring that had been operating for about 10 years. The Motor Carrier Division, run by Wayne Seidel, handles motor carrier credentials and audits, commercial fleets, motor and special fuels, collection of fuel taxes and auditing. Under the Governor's proposed budget, we will move gas pollution standards fuel testing and the Division of Weights and Measures from the State Department of Agriculture into the DMV's Motor Carrier Division.

The Research and Development Division is run by Mark Froese. It does long-term planning, prepares fiscal notes for the Legislative Counsel Bureau and formulates regulations, policies and procedures. The Motor Vehicle Information Technology Division is run by Prashanth Vankalapati. His 64 full-time employees do not do basic information technology work. They do computer programming for things like instantly relaying smog check data to the DMV data banks so the vehicle can immediately be registered.

The DMV has just instituted live wait-time postings at its offices and Website. This week, it is updated approximately every 30 minutes, but starting next week it will be updated every 15 seconds. As an example, in the Las Vegas area, if there is a 1.5-hour wait at the Sahara Avenue office but only 16 minutes at the Decatur Avenue office, you can go to the latter. Reducing wait times is important to the Office of the Governor and the DMV. Our job is to get people out of lines by encouraging them to use alternative services.

Page 3 of [Exhibit F](#) is about the future of the DMV: technology. I am proposing bringing up to 80 new DMV offices online at no cost to the State. I am referring to “DMV in a box”—our 27 kiosks. We have 17 kiosks in DMV offices, but the public does not really know about them. People find out about them when they are standing in line, and someone says, “Hey, if you just want to reregister your car, you can go use the kiosk. It takes less than two minutes.”

I would like to move the kiosks away from the DMV offices into neighborhoods. Currently, people drive on connector streets to freeways, go through an urban corridor, arrive at the DMV parking lot, search for a space, get in line for up to 1.5 hours, go to the window to do their transactions, return to their cars and navigate their ways home. By moving kiosks into neighborhood retail regional centers, universities and libraries where people live, work and play, we can reduce that commute and make it easier for people to avoid driving to a DMV office.

The kiosks are provided by a third-party contractor. The user fee is based on the transaction, from \$1 to more than \$4. That fee is reimbursed by the DMV to the vendor through the State Highway Fund. Because the DMV operates under a cap, under which we can never receive more than 22 percent of the State Highway Fund, the number of kiosks we can place is limited.

We would like to go to a self-funded kiosk program and pass through the fee we are paying to vendors out of the State Highway Fund. If kiosk users paid at the transaction time, we could place 40 to 80 kiosks in neighborhoods. Given the high cost of gas, if a person saves 2 gallons of gas, 3 hours of travel and wait times and \$1 to \$3 in transaction fees, many people would choose to use kiosks. We have a proposed bill—the “Kiosk Bill”—concerning installation of neighborhood kiosks coming to the budget or finance committees of the Legislature.

TROY DILLARD (Deputy Director, Department of Motor Vehicles):

Page 5 of [Exhibit F](#) shows S.B. No. 394 of the 75th Session was passed. The bill created the OHV Title and Registration Program for registering and titling off-highway vehicles (OHVs). The program is not funded by the State Highway Fund, although that is the DMV’s revenue source. The OHV program’s funding source had to be independent funds, which took a long time to procure. The funds were eventually deposited into an account to begin the programming phase. The bill allowed one year to become live from the time the funds were deposited for the program. The aforementioned bill expires at the end of FY 2010-2011. The Legislative Committee on Public Lands is sponsoring a bill to extend that date to allow the DMV to complete programming to begin the OHV Title and Registration Program.

Page 7 of [Exhibit F](#) describes a pilot program for automotive dealers who have computer systems that can communicate electronically with the DMV. The Electronic Dealers Report of Sale Program (EDRSP) transfers data from new- or used-vehicle dealers in Nevada to DMV’s computers. Customers of those dealerships can then register vehicles online without coming into DMV offices. This year, we intend to expand this program to all dealers in the State. This will be convenient for customers who can avoid DMV lines while shortening the lines for everyone. A minimum of 130,000 vehicles are purchased annually in the State. During a more-prosperous period of 3 or 4 years, 230,000 to 240,000 vehicles were purchased. As the economy recovers, more people will have to come into the DMV offices, so we hope the EDRSP will reduce the number.

MR. BRESLOW:

If our proposed Kiosk Bill passes, the kiosks available in 2012 will be able to process driver’s license renewals and other services instead of just registration

renewals, driving-record copies, license plate registration stickers and insurance verification.

Page 8 in the handout, "Real ID Act?," starts with a big question mark. The Real ID Act was created by the U.S. Department of Homeland Security after the tragedy of September 11, 2001. The deadline is May 11, 2011, for all states to comply with the Real ID Act. Nevada issued Real ID-compliant drivers' licenses from January 2010 to May 2010. The Legislative Commission chose not to hear regulations the DMV brought forward that would have given us the authority to issue more Real ID licenses. We were operating under temporary emergency regulations established by the Governor.

The policy decision of Real ID compliance is in the hands of the Legislature's transportation committees. We need regulations to go forward with the authority to issue the licenses. If Nevadans do not have Real ID-compliant licenses, according to the U.S. Department of Homeland Security, eventually using State licenses will disqualify our residents from boarding commercial airplanes. Nevadans could still use a passport as proof of identity for planes. They could probably talk their way onto planes, but the Homeland Security hassles involved would be a nightmare for the State aviation industry. There are 39 Real ID benchmarks that must be met, 16 of which Nevada already meets. The DMV cannot restart the program without authority granted by this Committee and its counterpart.

If we do restart the Real ID program, we will have learned a lot of lessons from our first attempt. I have investigated what happened in 2010. The federal government has made a lot of changes to the program. There are ways to implement it in a phased approach that would have less impact on customers than the total chaos that ensued in 2010.

Page 10 of [Exhibit F](#) describes the Nevada Liability Insurance Validated Electronically Program (NV LIVE) created at the request of the insurance industry. The DMV is asking the State to become the pioneer state for Web-based insurance verification. Under the system, when a person registers a vehicle, the DMV can instantly connect to the insurance companies' online database and verify the validity of the person's insurance then recheck it monthly. The system was turned on in February 2010—before more than half of the insurance companies were Web-based. Now, 60 percent to 65 percent of

registered Nevada drivers have Web-based insurance that the DMV can instantly verify. Other drivers' insurance verification is presented to the DMV in various forms. Some small insurance companies give us Excel spreadsheets for just ten cars. Some companies give us their business books weekly to every four months. It has been a very difficult transition.

The NV LIVE program should not have begun until at least 90 percent of insurers were Web-based. This means that by July 2011—the deadline for all companies to be Web-based—95 percent of insurers should be compliant. The Nevada Commissioner of Insurance and I issued a joint letter last week reminding all insurers of that deadline. The DMV is constantly calling the companies and has dedicated staff to assist them to become Web-based. Until they are, NV LIVE will not be as effective as it was designed to be.

The State has not sent out the insurance-verification postcards that made many of your constituents angry. People assumed that the DMV thought they were uninsured. Rather than fix or bridge the problem, the previous DMV administration chose to not send the postcards again so many uninsured drivers were not caught. The postcards will be sent again starting February 14, with the first batch targeting multiple-offender uninsured drivers. The next target will be Group A Web-based companies whose insured drivers we can verify instantly.

The language of the new postcards is much kinder and gentler; they do not accuse people of anything. They state, "Perhaps your insurance company has not provided the State with current data. Please have your insurance company or agent call this number ... " The postcards offer a link to the DMV Website, which has a box stating, "If you received a postcard, check here." Drivers can enter information from the postcard, their vehicle identification number and which company has their insurance. Then our insurance-verification staff can close the gap and help drivers. The postcard system will not be efficient until July 2011. As a result, much-needed revenue did not come in because the postcards were not sent.

The DMV offices no longer have information lines. Customers do not have to stand in line just to get a number. Staff hands each customer a number and a paper listing which forms to fill out for specific issues. In two weeks, there will be a Spanish version of that paper.

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 25

ASSEMBLYMAN HAMMOND:

Can you get everything except registration plate stickers from kiosks that you can get from going to the DMV windows? Why can people not access that on home computers and then receive the stickers by mail?

MR. BRESLOW:

Yes, people can go online and perform any of DMV's Web-based functions just like using kiosks. Many more functions are on our Website than on kiosks. Only 30 percent to 33 percent of DMV customers use its free online services. Many people lack or are afraid of computers and view kiosks as less of a threat. We have designed new units using the team colors of the University of Nevada, Las Vegas in the south and the University of Nevada, Reno in the north. Kiosks offer very limited services, whereas all services are available online except issuance of first-time drivers' licenses.

ASSEMBLYMAN HAMMOND:

What data support your claim that people who do not like computers would use kiosks? The units are expensive, and I do not want to install them if they are not used.

MR. BRESLOW:

There were 1.4 million transactions on kiosks without anyone really knowing they existed. That clearly tells me people are using them. The DMV pays transaction fees to the vendor out of the State Highway Fund. We are asking that we be allowed to self-fund the program as fee-based so funding is collected at the time of the transaction. This would free the DMV from the 20 percent cap on using State Highway Fund revenue and allow us to deploy more kiosks. Thirty percent to thirty-eight percent of drivers access our Website through i-Phones and other technology. The future of DMV is technology, and kiosks are just one way to get people out of our offices and into a more comfortable position to deal with us.

SENATOR MANENDO:

Why did the DMV not begin using kiosks 10 or 12 years ago?

MR. BRESLOW:

I do not know why. The time has come to offer kiosks as a self-funded program so they will be available where people actually are. Instead of driving a long way

to use kiosks in DMV offices, people would be more apt to use them at their neighborhood Safeway or Smith's stores. We have a pilot program to put a 24-hour kiosk in the Gardnerville Scolari's store. They can be used not just during DMV office hours; it will be at customers' convenience. The kiosk vendor's contract is expiring, so the State will send out bids for a new-generation kiosk that can perform more functions. Bringing kiosks online with a longer contract of ten years will significantly reduce transaction fees. The more people we can steer to our Website, the better.

We also hope to replace DMV office kiosks with deadhead computers and monitors. Customers can perform transactions right there instead of on a library computer. There would be no transaction fee.

SENATOR MANENDO:

Have you considered a contractor who would put advertising on kiosks from which the State could generate revenue? With our budget crisis, we need to develop an entrepreneurial spirit and change our thinking habits.

MR. BRESLOW:

The DMV may propose another bill, the "Advertising Bill," that addresses advertising in DMV offices by third parties trying to raise funds. We are researching statutes to see if we can put advertising on kiosk screens. If the kiosk is technically an "office," State offices cannot post advertisements.

SENATOR MANENDO:

If we move in that direction, will the DMV be prepared? Is there something we need to do legislatively to facilitate advertising?

ASSEMBLYMAN HAMMOND:

Could we not ask the retail outlets with kiosks to pay for something that brings traffic into their stores?

MR. BRESLOW:

I hope the stores do not want to charge the DMV for the right to install kiosks. Retailers are excited because the kiosks will bring people into their stores. They are concerned a line at a kiosk will block people leaving checkout lines. Until the program proves itself a success, it would be hard to charge a retailer for having a kiosk. We hope to have partner locations willing to let us use their properties.

Universities would be perfect locations for kiosks with 20,000 students, most of whom drive. But a university seeking funding may want to charge the DMV for installing kiosks.

ASSEMBLYWOMAN DIAZ:

If the kiosks are self-funded, what will be the transaction fees? Will there still be kiosks in DMV offices without transaction fees?

MR. BRESLOW:

We do not plan to move the kiosks already in DMV offices. There are no transaction fees for the customers; there is a fee for the State. Fees are between \$1 for a driving-record copy and \$4.50 or \$4.95 for registration renewal. The DMV is paying the fees on behalf of residents through the State Highway Fund. We are asking for permission to levy fees directly at the time of transaction. We would rather not charge anyone who has taken the trouble to come to a DMV office.

Depending on the bids and new kiosk contract, we need to decide if we can offer direct fees. We would like to replace kiosks with deadhead computers so there are no fees at DMV offices. But someone has to pay the vendor since each machine costs approximately \$30,000 to manufacture, service, clean and replenish the plate stickers and paper. Customers have a choice. If they go online for free, that is a convenience fee for not having to stand in line. Kiosks would have a pass-through fee to pay the vendor what the DMV is now paying.

CHAIR BREEDEN:

If the hope is to pass the vendor's fees on to consumers, will users get a notification of the fees?

MR. BRESLOW:

We have not gotten that far in our planning. Consumers now pay the fee every time they pay gas taxes because the DMV is using State Highway Fund money to cover the kiosk cost. It is just moving money from one area to another. The words "transaction fee" would certainly appear on the screen listing vehicle taxes, registration fees, etc.

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 28

SENATOR MANENDO:

A constituent contacted me in regard to smog-check stations. When he went for his smog test, he did not ask the price beforehand. The price was \$39.50, the maximum a station can charge. One of the man's friends went to the same station and was told the price was \$23.99. Are smog-check stations allowed to alter prices?

MR. DILLARD:

That would be a violation of State law. Smog-check stations are required to post their fees. We would like to have something like that reported so we could investigate.

SENATOR MANENDO:

If a cost is posted, but you are quoted another one verbally, is that a violation?

MR. DILLARD:

A sign with the smog-check price must be posted, and that is the price the station is supposed to charge everyone.

SENATOR MANENDO:

With whom does one file a complaint?

MR. DILLARD:

Complaints are filed with any full-service DMV office or on its Website. There is an online link to the Compliance Enforcement Division and the proper complaint form.

ASSEMBLYWOMAN DIAZ:

The deadline to register OHVs keeps being extended. How is the DMV educating the public about the deadline, and what are the ramifications for not registering OHVs?

MR. DILLARD:

In S.B. No. 394 of the 75th Session, no specific funding was approved for educating the public about when OHVs must be registered. I do not think there is an education component in a bill proposed for this Session. The DMV would issue public service announcements and advertise it within its capabilities. The implementation time frame would depend on the progress of this Session's bill.

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 29

The enforcement component of S.B. No. 394 of the 75th Session states that if the OHV is not registered by the deadline, a violation has occurred. The enforcement component is performed by State law-enforcement agencies, not by the DMV. The DMV only acts as the broker for registration and titling of OHVs.

ASSEMBLYWOMAN DIAZ:

If OHVs are required to be registered, must they also be insured?

MR. DILLARD:

I am not aware of any insurance requirements for OHVs.

Senate Committee on Transportation
Assembly Committee on Transportation
February 10, 2011
Page 30

CHAIR BREEDEN:

Seeing no other business before the joint meeting of the Senate Committee on Transportation and the Assembly Committee on Transportation, I adjourn this meeting at 5:32 p.m.

RESPECTFULLY SUBMITTED:

Patricia Devereux,
Committee Secretary

APPROVED BY:

Senator Shirley A. Breeden, Chair

DATE: _____

Assemblywoman Marilyn Dondero Loop, Chair

DATE: _____

EXHIBITS

Committee Name: Senate Committee on Transportation/Assembly Committee on Transportation

Date: February 10, 2011

Time of Meeting: 3:30 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Chris Perry	"Department Overview"
	D	Andrew J. MacKay	"Information Package for Assembly & Senate Transportation Committee Members"
	E	Randall H. Walker	Printout of PowerPoint presentation: "An Overview of the Department of Aviation"
	F	Bruce Breslow and Troy Dillard	"Department Overview"