

**MINUTES OF THE MEETING OF THE
SENATE COMMITTEE ON FINANCE
AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES AND
TRANSPORTATION**

**Seventy-Eighth Session
May 5, 2015**

The meeting of the Subcommittees on Public Safety, Natural Resources, and Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Pete Goicoechea at 8:04 a.m. on Tuesday, May 5, 2015, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 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 SUBCOMMITTEE MEMBERS PRESENT:

Senator Pete Goicoechea, Chair
Senator David R. Parks

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Chris Edwards, Chair
Assemblyman John Hambrick, Vice Chair
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Michael C. Sprinkle
Assemblywoman Robin L. Titus, M.D.

COMMITTEE MEMBERS ABSENT:

Senator Mark A. Lipparelli (Excused)

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst

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Adam Drost, Program Analyst
Emily Cervi, Committee Assistant
Trish O'Flinn, Committee Secretary

OTHERS PRESENT:

Bill Hoffman, P.E., Deputy Director, Department of Transportation
Leo M. Drozdoff, P.E., Director, State Department of Conservation and Natural Resources
Felicia Denney, Administrative Services Officer, Department of Transportation
Kevin Ranft, American Federation of State, County and Municipal Employees, AFL-CIO, Local 4041

Chair Goicoechea:

We will begin the hearing with the Department of Motor Vehicles (DMV) System Modernization, budget account (B/A) 201-4716.

PUBLIC SAFETY

MOTOR VEHICLES

DMV - System Modernization — Budget Page DMV-17 (Volume III)
Budget Account 201-4716

Adam Drost (Program Analyst):

Referring to the "Public Safety, Natural Resources and Transportation Joint Subcommittee Closing List #5, May 5, 2015" ([Exhibit C](#)), B/A 201-4716 begins on page 2. Governor Brian Sandoval recommends this new budget which would isolate the expenditures associated with the Governor's recommendation to begin replacement of the DMV's computer system. This project is expected to be implemented over the next 5 years at an estimated cost of \$109.4 million. This project would be funded primarily with Highway Fund appropriations and a proposed technology fee.

The current DMV computer system, the Combined Automotive Revenue and Registration System (CARRS) was implemented in 1999. In addition to CARRS, many sections within the DMV have other unintegrated computer systems to

meet their needs. The DMV indicates it conducts about 8.4 million transactions annually, which the Department estimates will increase by 6 percent in each year of the 2015-2017 biennium. According to the DMV, many of these transactions cannot be performed through CARRS. In addition, the DMV cites the following issues and limitations with its existing system:

- Utilization of the Common Business Oriented Language, or COBOL, programming language, which makes it difficult for the Agency to recruit programming staff. The Agency indicates these recruitment difficulties have contributed to its current information technology (IT) workload backlog.
- Inability to integrate and automate the collection and distribution of revenue collected by the DMV, which totaled \$1.1 billion in fiscal year (FY) 2014, and is projected to increase to \$1.2 billion in FY 2015, \$1.3 billion in FY 2016 and \$1.4 billion in FY 2017. Because of this limitation, some revenue collection and distribution activities are handled manually using spreadsheets.
- Inability to integrate account receivable functions, which limits the DMV's ability to track and collect money using alternative methods, such as payment plans for customers.
- Inability to automate the testing of enhancements and modifications to the system, which requires extensive manual testing and delays final deployment.
- Viable security threat due to numerous applications that may not utilize the latest security technology.
- Inability to track and manage customer correspondence and cases.

The DMV estimates that CARRS is unable to accommodate 60 percent of its system requirements, necessitating the use of manual processes or other vendor-provided solutions.

The DMV projects the following benefits to the new computer system:

- Provide for a faster launch of new products and services.
- Increase transaction efficiency by 30 percent.
- Reduce the DMV's IT project backlog.

- Integrate the Department's financial system.
- Provide for business analytics.
- Allow the Department to respond to State and federal mandates in a timely manner.
- Automate the testing of system enhancements.
- Integrate a scanning application.
- Provide for a customer relationship management system with real-time chat support, call routing and integrated help.
- Consolidate project management and application tracking.
- Provide real-time system performance monitoring.
- Provide disaster recovery.
- Provide enhanced data security.
- Secure additional grant funds for the State based on the new system's ability to meet additional federal standards.
- Possibly expand services offered at kiosks and on the Internet.

During the previous system implementation effort, the DMV experienced major difficulties which resulted in the Interim Finance Committee (IFC) approving a Subcommittee to monitor and review issues associated with the implementation. This resulted in a tremendous amount of additional resources and numerous follow-up modifications to the system. The DMV was questioned about what it had learned from that effort and what they could do to avoid repeating their mistakes. The Agency indicated it would enact the following measures to ensure a smooth transition between the two systems:

- Vendor Management: the System Modernization project would be managed by the DMV with project expectations, timelines, milestones and deliverables mutually agreed upon by the Department and the vendor.
- Institution of a project management team consisting of subject matter experts.
- Final payments issued only after the DMV determines the function meets agreed upon standards.
- Service level agreements.
- Independent verification and validation consultants to assess the project time lines, progress, costs, security components and system design.
- Phased implementation approach.

- Project planning.
- Development and testing.
- Training for users.

The projected implementation cost for a new DMV computer system was derived through conversations with vendors, surveys of other states and projected staffing needs. The DMV indicates the cost for the new system would be \$109.4 million over 5 years. The table on page 5 of [Exhibit C](#) outlines how the figures are distributed over the following categories: \$57.8 million for customizable commercial off-the-shelf (COTS) software, \$25.8 million for Master Service Agreement (MSA) contractors, \$12.7 million for Agency infrastructure, \$6.3 million for new Agency staff and \$1.8 million for facility expenditures to house the 75 individuals working on the project.

The Governor recommends Highway Fund appropriations of \$40.5 million and technology fee revenue of \$9.8 million over the 2015-2017 biennium for the new computer system. The Executive Budget includes a new, \$1 technology fee that would be charged for every original, renewal or reissue DMV transaction including transactions performed at DMV field offices, on the Internet or at a kiosk. The Department indicates the collection of this new fee would begin in November 2015 and continue in perpetuity to provide funding for ongoing expenditures associated with maintaining and enhancing the system. Senate Bill (S.B.) 502 would authorize the collection of the technology fee and create the new System Modernization budget.

SENATE BILL 502 (1st Reprint): Makes an appropriation to the Department of Motor Vehicles for the modernization of its current platform of information technology and authorizes the Department to collect a technology fee. (BDR 43-1177)

As proposed in S.B. 502, this budget would be excluded from the calculation of the Department's administration cap and would allow unspent funds in the budget to be retained and not revert to the Highway Fund.

The DMV indicates the next step for the system modernization project would be issuing a request for proposal (RFP). The DMV anticipates releasing the RFP by July 2015.

Fiscal staff notes that the Department of the Administration's Budget Division submitted Budget Amendment No. A150024716 which recommends a reduction in Highway Fund appropriations of \$2.9 million in FY 2016 associated with the costs for the new system's COTS software. The DMV indicates this expenditure would be delayed until FY 2018. This delay allows the recommended 75 new positions in the DMV Field Services budget proposed for the 2015-2017 biennium to begin on July 1, 2015, as opposed to start dates ranging from October 2015 to October 2016. If the Subcommittees approve the system modernization project, Fiscal staff requests authority to enter this budget amendment regardless of the Subcommittee's action in the Field Services budget.

DMV - Field Services — Budget Page DMV-96 (Volume III)
Budget Account 201-4735

Since the DMV indicates these expenditures would be delayed, this budget amendment would allow the Highway Fund appropriations of \$2.9 million in FY 2016 to be utilized for other purposes over the 2015-2017 biennium.

Do the Subcommittees wish to approve the Governor's recommendation for Highway Fund appropriations of \$37.7 million and technology fee revenue of \$9.8 million over the 2015-2017 biennium in the new System Modernization budget, which reflects approval of Budget Amendment No. A150024716, to begin funding the replacement of the DMV computer system?

If the Subcommittees choose to approve the system modernization project, they may wish to consider including one or more of the following provisions:

1. Allow Highway Fund appropriations to be transferred between fiscal years within a biennium for the System Modernization budget only.
2. Due to the timing associated with the release of the RFP, it does not appear that an accurate cost assessment of the customizable COTS software would be available until late 2015. Accordingly, the Subcommittees may wish to approve the addition of Highway Fund appropriations of \$11.2 million in FY 2016 and \$14.1 million in FY 2017 to the IFC Contingency Fund for vendor costs associated with

the customizable COTS software. Any unspent funds would revert to the Highway Fund at the end of FY 2017.

3. Issue a letter of intent (LOI) requiring biannual reports to the IFC, beginning 6 months after the Agency receives approval from the IFC for the vendor costs associated with the customizable COTS software, regarding the system modernization project milestones and progress toward implementation.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE HIGHWAY FUND APPROPRIATIONS OF \$37.7 MILLION AND TECHNOLOGY FEE REVENUE OF \$9.8 MILLION OVER THE 2015-2017 BIENNIUM AS RECOMMENDED BY THE GOVERNOR IN B/A 201-4716 AND TO APPROVE BUDGET AMENDMENT NO. A150024716 AND TO INCLUDE OPTIONS NO. 2 AND NO. 3 AS LISTED BY FISCAL STAFF.

SENATOR PARKS SECONDED THE MOTION.

Assemblywoman Carlton:

My only concern is the \$1 technology fee in perpetuity. I would prefer to see a sunset provision that at least requires it to be reevaluated by some future Legislature.

Chair Goicoechea:

Since this is a 5-year project, there will be time in the next biennium to evaluate the fee.

Assemblywoman Carlton:

If there is no requirement to reexamine revenues, it is unlikely the discussion will occur.

Chair Goicoechea:

I agree. That is why we are considering Option No. 2 that requires \$25 million over the biennium to be tracked through the IFC.

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Assemblywoman Carlton:

That is the Highway Fund appropriation. I am concerned about the technology fee.

Chair Goicoechea:

A piece of the technology fee is going to be tracked as well.

Assemblywoman Carlton:

I will support it, but those are my concerns.

Chair Goicoechea:

Is there a need to include Option No. 1 in the motion?

Stephanie Day (Principal Deputy Fiscal Analyst):

The current motion has appropriations of \$11.2 million in FY 2016 and \$14.1 million in FY 2017. Adding Option No. 1 to the motion would allow those funds to be transferred between fiscal years. If the full \$11.2 million was not required in the first year, the funds would balance forward. If additional money was required in the first year, it could be transferred from the second year. The transfer of funds would require IFC approval.

ASSEMBLYMAN EDWARDS MOVED TO AMEND HIS MOTION AND ADD
OPTION NO. 1.

SENATOR PARKS CONCURRED.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The next budget account starts on page 9 of [Exhibit C](#), the DMV Director's Office, B/A 201-4744.

DMV - Director's Office — Budget Page DMV-19 (Volume III)
Budget Account 201-4744

The first major closing issue is a new internal administrative investigation unit in decision unit E-250.

E-250 Efficient and Responsive State Government — Page DMV-22

The Governor recommends Highway Fund appropriations of \$147,515 in FY 2016 and \$170,532 in FY 2017 for two new compliance/audit investigator positions, one in southern Nevada and one in northern Nevada and a new administrative assistant position to establish a new internal administrative investigation unit. The Executive Budget indicates this unit would investigate allegations against DMV employees to determine if disciplinary action is warranted. These investigations may include policy violations, performance-based issues or leave abuse. The number of investigations increased in recent years as shown in the table on page 10 of [Exhibit C](#).

Previously, these investigations were performed by the employees' supervisors. However, *Nevada Administrative Code* 284.655 requires these investigations to be performed by an impartial party. The DMV has remedied this situation by utilizing supervisors from other areas within the Department to conduct investigations. However, the DMV indicates this diverts resources from other areas in the Department and does not allow for consistent or timely investigations, which must be completed within 90 days per *Nevada Revised Statute* (NRS) 284.387. By providing this dedicated staff, the DMV indicates these individuals would conduct interviews, perform research, maintain files, prepare final reports and train supervisors on the investigation process.

Fiscal staff asked the DMV the average amount of time spent on an investigation over the last 5 years and the Department answered it did not track the time spent during that period. However, it indicated the average amount of time spent on an investigation was 45 days in 2013. The DMV stated that two positions were recommended to provide coverage in both northern Nevada and southern Nevada as its staff is basically evenly split between the two geographic areas. In addition, the DMV indicated that the best practice is to have two investigators present when interviews are being conducted since

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these investigations may result in legal action. The second investigator would be present via video conference or telephone. In addition, these positions would train approximately 200 DMV supervisory staff members on progressive discipline and investigative processes to ensure these processes are applied consistently throughout the Department.

During the DMV's budget hearing, the Department stated this unit would be similar to units in the Department of Public Safety (DPS) and the Nevada Department of Corrections (NDOC) that ensure professional standards are maintained by employees. The DMV indicated it needed a similar unit since it is a large agency with both sworn and civilian employees. However, the DMV has a much smaller law enforcement function compared to DPS or NDOC as evidenced by the number of sworn versus non-sworn full-time equivalent positions, which are currently 30 and 1,141.53 respectively. The DMV indicated it used the DPS and NDOC units as models that provided fair and consistent investigations.

Chair Goicoechea:

Given the request is for two investigators to handle an estimated caseload of approximately 30 per year, I have concerns that it is excessive.

Assemblyman Sprinkle:

I agree. I think this could be handled within the current Department of Administration's Division of Human Resource Management.

ASSEMBLYMAN SPRINKLE MOVED TO RECOMMEND TO THE FULL COMMITTEES TO NOT APPROVE DECISION UNIT E-250 OF B/A 201-4744.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The next major closing issue is the public awareness campaign expansion in decision unit E-226.

E-226 Efficient and Responsive State Government — Page DMV-21

The Governor recommends Highway Fund appropriations of \$150,251 in each year of the 2015-2017 biennium to increase advertising and public awareness of DMV services. This is in addition to the Base Budget amount of \$87,874 in each year of the biennium. This would bring the total public awareness program funding to \$238,125 in each year of the biennium, for an increase of 171 percent. The DMV indicates the budgeted amount for public awareness has remained relatively consistent over the last 5 fiscal years. Increasing its public awareness budget by this amount would allow 75 percent of DMV customers to receive the Department's message five times throughout the year through television, radio and the Internet. Radio and television advertising would cover both the Reno and Las Vegas markets and include bilingual advertising.

The DMV indicated the use of alternative technology by its customers, including kiosks and the MyDMV Web portal increased from 1.45 million transactions in FY 2013 to 1.69 million transactions in FY 2014: a 16.8 percent increase. However, this increase only represents 23 percent of the 7.4 million total transactions conducted by the DMV in FY 2014. The DMV indicates that educating additional members of the public about the use of alternative tools and services would divert individuals from DMV field offices, allowing the Agency to manage its customer growth; however, no documentation was provided indicating the number of individuals that may be diverted. Additionally, the Department indicated that some customers who must perform business in a DMV field office do not have the appropriate documentation during their first visit, causing them to make a subsequent visit. These repeat visits contribute to wait times at the DMV field offices. The expanded public awareness campaign budget would educate customers on the documents required to complete their transactions and help eliminate some of these repeat visits.

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Assemblywoman Titus:

I am not sure I can support this. If people arrive without the correct documentation, a more effective solution could be signage at the entrance explaining the requirements for the various transaction types.

Chair Edwards:

Educating the public ahead of time not only relieves congestion at the DMV field offices, it saves the public both time and money. The amount requested is approximately \$0.50 per Internet visitor. I think it would be money well spent.

Chair Goicoechea:

I agree. The goal is to drive the public to transact more of their DMV business online. If even 1,000 people are diverted from the field offices, it would be a good investment.

Assemblyman Sprinkle:

I received a constituent complaint last week about the DMV wait time in Reno. Part of my response was to direct the constituent to the kiosks and Web portal as a way to cut down on the wait time. I support advertising these options as a service to the public.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR HIGHWAY FUND APPROPRIATION OF \$150,251 IN EACH YEAR OF THE 2015-2017 BIENNIUM TO INCREASE ADVERTISING AND PUBLIC AWARENESS OF DMV SERVICES IN DECISION UNIT E-226 OF B/A 201-4744.

SENATOR PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN DICKMAN AND TITUS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

Other closing items include software training in decision unit E-229, replacement equipment in decision units E-710 and E-715, the transfer of an auditor position in decision unit E-900 and the transfer of a copier machine in decision unit E-901. These items appear reasonable to staff.

E-229 Efficient and Responsive State Government — Page DMV-21

E-710 Equipment Replacement — Page DMV-23

E-715 Equipment Replacement — Page DMV-23

E-900 Transfer From BA 4744 To BA 4745 — Page DMV-24

DMV - Administrative Services — Budget Page DMV-46 (Volume III)
Budget Account 201-4745

E-901 Transfer From BA 4745 To BA 4744 — Page DMV-24

In decision unit E-230, the Governor recommends reimbursement of expenses revenue of \$2,000 in FY 2016 and \$1,000 in FY 2017 for the DPS fingerprinting of new positions in another DMV budget account. Fiscal staff requests authority to enter technical adjustments for this decision unit based on decisions made by the Subcommittees in the Field Services budget.

E-230 Efficient and Responsive State Government — Page DMV-22

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNITS E-229, E-230, E-710, E-715, E-900 AND E-901 IN B/A 201-4744 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT AUTHORITY TO STAFF TO MAKE TECHNICAL ADJUSTMENTS TO UNIT E-230 BASED ON DECISIONS MADE BY THE SUBCOMMITTEES IN THE FIELD SERVICES BUDGET, AND TO GRANT AUTHORITY TO STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS FOR UPDATED REVENUE PROJECTIONS, DEPARTMENTAL TRANSFERS AND COST ALLOCATIONS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

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Assemblywoman Carlton:

Regarding the transfer of the auditor position in E-900, is that moving from a Highway Fund appropriation to a General Fund appropriation, or does it remain in the Highway Fund?

Mr. Drost:

The transfer is between Highway Funded divisions.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The next item is the DMV Hearings budget, B/A 201-4732.

DMV - Hearings — Budget Page DMV-31 (Volume III)
Budget Account 201-4732

The major closing issue is the elimination of an adjudicator position in decision unit E-600 and the purchase of new videoconference equipment in decision unit E-720 as shown on pages 14 and 15 on [Exhibit C](#).

E-600 Budget Reductions — Page DMV-32
E-720 New Equipment — Page DMV-34

The Governor recommends reductions in Highway Fund appropriations of \$65,706 in FY 2016 and \$68,245 in FY 2017 to eliminate a driving under the influence (DUI) adjudicator position that has been vacant for almost 2 years. The DMV indicates the remaining administrative law judge positions could absorb the continuing workload. To assist with the distribution of the workload, the Governor recommends Highway Fund appropriations of \$40,160 in FY 2016 and \$2,781 in FY 2017 for new videoconference equipment and associated maintenance costs. This would enable the Agency to conduct videoconferenced hearings in southern Nevada using northern Nevada administrative law judges. Although the Agency has conducted telephonic

hearings in the past, the use of videoconference equipment would enable the administrative law judges to see individuals as they speak. Fiscal staff asked if existing DMV videoconference equipment could be used for the hearings and the Department replied that the existing equipment is heavily utilized which makes it difficult to schedule and hold hearings with the existing equipment.

ASSEMBLYWOMAN TITUS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE ELIMINATION OF A VACANT DUI ADJUDICATOR POSITION IN DECISION UNIT E-600 AND TO APPROVE THE PURCHASE OF NEW VIDEOCONFERENCE EQUIPMENT AND ASSOCIATED MAINTENANCE COSTS IN DECISION UNIT E-720 IN B/A 201-4732.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The other closing items include replacement equipment in decision units E-710 and E-715 on page 15 of [Exhibit C](#). Decision unit E-710 includes six digital voice recorders, among other items, and the Department indicates that one of the digital voice recorders could be eliminated if the DUI adjudicator position is eliminated. Fiscal staff requests authority to enter a technical adjustment based on the Subcommittees' action for the DUI adjudicator position. These recommendations appear reasonable to staff with the noted technical adjustment.

E-710 Equipment Replacement — Page DMV-33

E-715 Equipment Replacement — Page DMV-34

ASSEMBLYWOMAN DICKMAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNITS E-710 AND E-715 IN B/A 201-4732 AND TO PROVIDE AUTHORITY FOR FISCAL STAFF TO

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MAKE THE TECHNICAL ADJUSTMENT NOTED FOR DECISION UNIT E-710 AND TO GRANT STAFF AUTHORITY TO MAKE OTHER TECHNICAL ADJUSTMENTS FOR UPDATED REVENUE PROJECTIONS, DEPARTMENTAL TRANSFER AND COST ALLOCATIONS AS NECESSARY.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The next item is the DMV Automation budget, B/A 201-4715.

DMV - Automation — Budget Page DMV-36 (Volume III)
Budget Account 201-4715

The major closing issue for this account is two new IT technician positions and new security software in decision units E-225 and E-720 presented on page 17 of [Exhibit C](#).

E-225 Efficient and Responsive State Government — Page DMV-38
E-720 New Equipment — Page DMV-42

The Governor recommends two new IT technician positions to support DMV staff by addressing computer hardware and software issues, providing training for Department staff and installing replacement equipment in decision unit E-225. This is a companion to decision unit E-720, the purchase of Symantec Critical Server Protection software and annual maintenance support. The DMV indicates this software would fortify specific sensitive areas of the Department's IT architecture and would be deployed by the existing network support staff who also currently provides desktop support. The existing network support staff would not be able to meet the demand for desktop support while also deploying the new software. Accordingly, the two new IT technician

positions would provide desktop support, giving network support staff the necessary time to deploy the new software.

Fiscal staff asked the Agency what duties the network support staff would perform once the initial installation of the Symantec Critical Server Protection software is complete. The Department indicates they would continue to monitor and update the servers and network against risks and attacks. If the Subcommittees approve these positions, they may wish to direct the Agency to remove these two positions from the Base Budget in the 2017-2019 biennium due to the limited duration of the software deployment project. If needed, the Agency may seek authority to continue these positions in an enhancement decision unit in the Executive Budget for the 2017-2019 biennium.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR TWO NEW IT TECHNICIAN POSITIONS IN DECISION UNIT E-225 AND THE PURCHASE OF NEW SECURITY SOFTWARE IN DECISION UNIT E-720 IN B/A 201-4715 AND TO DIRECT THE AGENCY TO REMOVE THESE POSITIONS FROM THE BASE BUDGET IN THE 2017-2019 BIENNIUM AND TO GRANT AUTHORITY TO FISCAL STAFF TO ENTER ANY NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

There are several other closing items in B/A 201-4715, including: decision unit E-226, an increase in fund transfers of \$244,478 in FY 2016 and \$251,167 in FY 2017 from the DMV Records Search budget, B/A 201-4711 and corresponding reductions in Highway Fund appropriations; decision units E-502 and E-902 for the transfer of document manager software and cost allocation reimbursement from the REAL ID budget, B/A 201-4746; decision

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unit E-227 for the Electronic Lien Title System Development; decision unit E-710 for replacement equipment; decision unit E-711 for replacement vehicles; decision unit E-715 for replacement technology equipment; decision unit E-716 for replacement network switches; and decision unit E-806, the salary increase for one unclassified division administrator position. These items appear reasonable to staff.

E-226 Efficient and Responsive State Government — Page DMV-39
E-227 Efficient and Responsive State Government — Page DMV-39
E-502 Adjustments To Transfer In E902 — Page DMV-40
E-902 Transfer From BA 4746 To BA 4715 — Page DMV-43
E-710 Equipment Replacement — Page DMV-40
E-711 Equipment Replacement — Page DMV-41
E-715 Equipment Replacement — Page DMV-41
E-716 Equipment Replacement — Page DMV-42
E-806 Unclassified Position Salary Increases — Page DMV-43

DMV – Records Search — Budget Page DMV-91 (Volume III)
Budget Account 201-4711

E-226 Efficient and Responsive State Government — Page DMV-93

DMV – Real ID — Budget Page DMV-27 (Volume III)
Budget Account 201-4746

E-902 Transfer From BA 4746 To BA 4715 — Page DMV-28

There was also a recommendation for replacement microwave equipment in decision unit E-719. However, Fiscal staff has received information that the purchase of this equipment is unnecessary and has entered a technical adjustment to eliminate this decision unit.

E-719 Equipment Replacement — Page DMV-42

The DMV provided updated revenue projections on April 17, 2015, which are reflected on page 16 of [Exhibit C](#). Fiscal staff also entered technical adjustments to the Base Budget reflecting the annual maintenance cost of

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\$19,619 per year for the Department's Web Essentials Security appliances, which were not included in the Executive Budget. The DMV anticipates records search charge revenue will decrease by \$203,929 in each year of the 2015-2017 biennium, when compared to the revenue projection included in the Executive Budget. These technical adjustments appear reasonable to staff.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNITS E-226, E-227, E-502, E-902, E-710, E-711, E-715, E-716 AND E-806 AS RECOMMENDED BY THE GOVERNOR IN B/A 201-4715; TO APPROVE THE TECHNICAL ADJUSTMENT TO ELIMINATE DECISION UNIT E-719 AND THE TECHNICAL ADJUSTMENTS TO THE BASE BUDGET; AND TO GRANT AUTHORITY TO FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS FOR UPDATED REVENUE PROJECTIONS, DEPARTMENTAL TRANSFERS AND COST ALLOCATIONS AS NECESSARY.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

Assemblywoman Carlton:

I cannot support another salary increase for a single unclassified position as recommended in decision unit E-806.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN CARLTON VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The next item is DMV Compliance Enforcement, B/A 201-4740.

DMV - Compliance Enforcement — Budget Page DMV-54 (Volume III)
Budget Account 201-4740

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There is one major closing issue in this account: the revised funding for the Off-Highway Vehicle (OHV) registration program in the Base Budget and decision units E-235 and E-600 on pages 21 and 22 of [Exhibit C](#).

E-235 Efficient and Responsive State Government — Page DMV-56
E-600 Budget Reductions — Page DMV-57

Currently, annual registration fee revenue is distributed 85 percent to the Fund for Off-Highway Vehicles and 15 percent to the Revolving Account for the Administration of Off-Highway Vehicle Titling and Registration. The Commission on Off-Highway Vehicles uses the Account for Off-Highway Vehicles for OHV trail development, law enforcement, public education, and commission administration. The Revolving Account for the Administration of Off-Highway Vehicle Titling and Registration is used by the DMV for its operating expenses in support of the OHV registration program, which currently includes three full-time DMV services technician positions in the Central Services budget, B/A 201-4741.

DMV - Central Services — Budget Page DMV-71 (Volume III)
Budget Account 201-4741

A compliance investigator position was created in FY 2012; however, due to uncertainty in OHV registration compliance and revenue, the DMV has kept this position vacant since its establishment. The Executive Budget reflects the continuation of the vacant compliance investigator in the Base Budget, however, the Governor recommends modifying the distribution of OHV registration revenue whereby DMV is funded for all its OHV-related expenses prior to funds being transferred to the Commission on Off-Highway Vehicles. If the revised OHV revenue distribution recommendation is approved, the Governor recommends total OHV reimbursement revenue of \$82,084 in FY 2016 and \$79,883 in FY 2017 for the continuation of the vacant compliance investigator position. If the revised OHV revenue redistribution is not approved, the Governor recommends the elimination of the vacant compliance investigator position.

Senate Bill 492 would implement the Governor's recommended modification for the distribution of OHV revenue and would allow the Revolving Account for the Administration of Off-Highway Vehicle Titling and Registration to transfer any

balance in excess of \$150,000 to the Account for Off-Highway Vehicles for use by the Commission at least once a quarter. The chairman of the Commission testified in support of S.B. 492 and indicated the legislation would implement recommendations contained in the December 2014 audit prepared by the Department of Administration's Division of Internal Audits. Fiscal staff projects fund transfers over the 2015-2017 biennium to the Commission would total \$1.9 million as noted in the table on page 22 of [Exhibit C](#).

SENATE BILL 492: Revises provisions governing the financial administration of off-highway vehicle titling and registration. (BDR 43-1175)

Assemblywoman Titus:

I am not in favor of adding more funds and a compliance officer to the OHV program. The program has had difficulties from inception. I will not be supporting this.

Assemblywoman Carlton:

The DMV should not have to pay the costs for this program. Although the program is not working as well as it should be, this is a next best step. Without compliance enforcement, the program will never be successful.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION TO REVISE THE OHV REVENUE DISTRIBUTION AND CONTINUE FUNDING THE OHV COMPLIANCE INVESTIGATOR POSITION CONTINGENT UPON PASSAGE AND APPROVAL OF S.B. 492; AND TO GRANT AUTHORITY TO FISCAL STAFF TO ENTER ANY NECESSARY TECHNICAL ADJUSTMENTS BASED UPON THE SUBCOMMITTEES' ACTIONS.

SENATOR PARKS SECONDED THE MOTION.

Chair Edwards:

There are benefits to the program even though it has not had a smooth start. I hope it will work better in the future and will support it.

Chair Goicoechea:

I agree the program needs to be fixed.

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ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN DICKMAN
AND TITUS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

There are several other closing items in B/A 201-4740 including: transferring annual technical support expenditures for document manager software of \$2,854 in FY 2017 from the REAL ID budget, B/A 201-4746, to the Compliance Enforcement budget and funding the revised expenditure amount associated with this annual support with a Highway Fund appropriation of \$2,362 in FY 2017 in decision units E-505 and E-905; replacement equipment in decision unit E-710, replacement vehicles in decision unit E-711 and replacement technology equipment in decision unit E-715, as shown on page 22 of [Exhibit C](#). These items appear reasonable to staff.

E-505 Adjustments To Transfer In E905 — Page DMV-56
E-905 Transfer From BA 4746 To BA 4740 — Page DMV-59
E-905 Transfer From BA 4746 To BA 4740 — Page DMV-29
E-710 Equipment Replacement — Page DMV-58
E-711 Equipment Replacement — Page DMV-58
E-715 Equipment Replacement — Page DMV-58

The Governor recommended appropriations for a new active shooter program in E-720. However, Budget Amendment No. A150574740 was subsequently submitted to eliminate these expenditures. This budget amendment appears reasonable to staff.

E-720 New Equipment — Page DMV-59

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL
COMMITTEES TO APPROVE DECISION UNITS E-505, E-905, E-710,
E-711, AND E-715 AS RECOMMENDED BY THE GOVERNOR IN
B/A 201-4740, TO APPROVE BUDGET AMENDMENT NO. A150574740
ELIMINATING EXPENDITURES FOR DECISION UNIT E-720, AND TO

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GRANT AUTHORITY TO FISCAL STAFF TO MAKE OTHER TECHNICAL
ADJUSTMENTS FOR UPDATED REVENUE PROJECTIONS,
DEPARTMENTAL TRANSFERS AND COST ALLOCATIONS AS
NECESSARY.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

The next item is the Motor Vehicle Pollution Control account, B/A 101-4722 on page 25 of [Exhibit C](#).

DMV - Motor Vehicle Pollution Control — Budget Page DMV-62 (Volume III)
Budget Account 101-4722

In decision unit E-250, the Governor recommends a reserve reduction of \$66,020 in FY 2017 for the Motor Vehicle Pollution Control budget's share, 12.5 percent, of the cost to move to the new DMV field office on Sahara Avenue in Las Vegas. Budget Amendment No. A150724722 aligns the projected moving costs in this budget with the projected moving costs in the Capital Improvement Program (CIP). In addition, the amendment recommends reserve reductions of \$65,327 in FY 2016 and \$130,653 in FY 2017 for this budget's share of the debt service costs for the new Sahara field office. The Amendment further recommends the new Sahara DMV field office be funded with 20-year general obligation bonds with debt service payments utilizing the Highway Fund, 87.5 percent, and the Motor Vehicle Pollution Control budget, 12.5 percent. The recommended distribution is based upon the square footage assigned to the Motor Vehicle Pollution Control program in the new building.

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The decision regarding the Governor's recommendation for a new Sahara DMV field office is scheduled to be made in a joint meeting of the Subcommittees on K-12/Higher Education/CIPs on May 18, 2015. Fiscal staff has inquired with the Legislative Counsel Bureau's Legal Division whether Motor Vehicle Pollution Control funds may be used for this purpose in NRS, and will report back when this budget is closed by the money committees.

ASSEMBLYWOMAN CARLTON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION IN E-250 OF B/A 101-4722, AS AMENDED BY BUDGET AMENDMENT NO. A150724722, OF RESERVE REDUCTIONS OF \$65,327 IN FY 2016 AND \$198,338 IN FY 2017 FOR MOVING COSTS AND BOND SERVICE PAYMENTS ASSOCIATED WITH THE MOTOR VEHICLE POLLUTION CONTROL BUDGET'S SHARE OF THE NEW SAHARA FIELD OFFICE, CONTINGENT UPON APPROVAL OF THE NEW BUILDING BY THE K-12/HIGHER EDUCATION/CIPS JOINT SUBCOMMITTEES.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

The other closing items in this budget, on pages 25 and 26 of [Exhibit C](#), include: transferring annual technical support expenditures for document manager software of \$856 in FY 2017 from the REAL ID budget, B/A 201-4746 to the Motor Pollution Control budget, decision unit E-903, and funding the revised expenditure amount associated with this annual support with a reserve reduction of \$709 in FY 2017, decision unit E-503; replacement equipment in decision unit E-710; replacement vehicles in decision unit E-711; replacement technology equipment in decision unit E-715 and dispatch services cost allocation in decision units M-800 and E-800. These items appear reasonable to staff.

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E-903 Transfer From BA 4746 To BA 4722 — Page DMV-68
E-903 Transfer From BA 4746 To BA 4722 — Page DMV-28
E-503 Adjustments To Transfer In E903 — Page DMV-65
E-710 Equipment Replacement — Page DMV-66
E-711 Equipment Replacement — Page DMV-66
E-715 Equipment Replacement — Page DMV-67
M-800 Cost Allocation — Page DMV-64
E-800 Cost Allocation — Page DMV-68

The Governor recommended appropriations for a new active shooter program in E-720. However, Budget Amendment No. A150564722 was subsequently submitted to eliminate these expenditures. This budget amendment appears reasonable to staff. In addition, Fiscal staff entered Base Budget technical adjustments to reflect updates in the cost allocations based on updated revenue. The Base Budget, as adjusted, appears reasonable to staff.

E-720 New Equipment — Page DMV-67

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR IN B/A 201-4722, INCLUDING BUDGET AMENDMENT NO. A150564722 AND THE BASE BUDGET TECHNICAL ADJUSTMENTS, AND TO GRANT AUTHORITY TO FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS FOR UPDATED REVENUE PROJECTIONS, DEPARTMENTAL TRANSFERS AND COST ALLOCATIONS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The next item is the License Plate Factory, B/A 201-4712, pages 28 to 31 of [Exhibit C](#).

DMV - License Plate Factory — Budget Page DMV-78 (Volume III)
Budget Account 201-4712

The first major closing issue in this account is the license plate fee increase and the modification of the budget structure. The 2013 Legislature also approved a Highway Fund appropriation of \$3.8 million to construct a new license plate factory, to be paid back over the course of 5 years from the License Plate Factory budget. The first payback amount of \$764,922 was approved to take place in FY 2015.

To allow the manufacturing of license plates to be a self-supporting activity that did not rely on Highway Fund appropriations, the 2013 Legislature also approved a new license plate fee. The Executive Budget recommends an increase to this fee from \$3 per plate to \$4 per plate effective October 1, 2015. It appears a fee greater than \$3 is necessary to support operating expenditures for the new license plate factory, as well as the cost of the leased license plate production equipment. During the 2013 Session, the DMV indicated it would purchase this equipment and the legislatively approved budget included expenditures of \$544,776 in FY 2014 and \$517,310 in FY 2015 for new equipment and upgrades to existing equipment, which the Department indicated would be funded over a 5-year period. The DMV subsequently determined it would lease this equipment over a 10-year period, with annual lease payments of \$497,273. The Department indicates that leasing this equipment requires the vendor to be responsible for upgrading the technology used with the equipment. In addition, the vendor is responsible for equipment failures that may cause disruptions to license plate production, which the Department indicates is vital since redundant equipment is not available. Fiscal staff would note that, along with the annual lease cost, the equipment vendor also charges a fee based on the number of license plates manufactured and packaged by the equipment. The Department anticipates these fees will be \$471,029 in FY 2016 and \$476,734 in FY 2017, based on the projected number of license plates that would be produced with funding in the Base Budget.

Fiscal staff would note the 2013 Legislature approved expenditures of \$2.7 million in FY 2014 and \$2.9 million in FY 2015 for the license plate factory. The \$3 per-plate fee was derived from the projected revenue the Agency would generate to meet these expenditures. In comparison, expenditures are now projected to be \$3.8 million in each year of the 2015-2017 biennium, excluding expenditures associated with the 8-year rolling reissuance period for license plates. The DMV calculates the cost to produce a standard license plate would be \$3.32 in FY 2016 and \$3.24 in FY 2017. A \$4 fee would provide the Department with additional resources to assist with fluctuations in the cost of commodities, particularly aluminum, and sales of license plates. In addition, the DMV has not yet started production at its new license plate factory and the actual cost to operate this facility has been projected, but is not yet certain.

In addition to the increase in the license plate fee, the Governor recommends other changes to the funding and repayment to the Highway Fund in this budget for the 2015-2017 biennium, in decision unit E-228:

- Terminating the legislatively approved annual Highway Fund reimbursement payments for the construction of the new license plate factory beginning in FY 2016, totaling \$3.1 million. Fiscal staff does not support this recommendation.
- Modifying B/A 201-4712 from a self-funded enterprise fund that retains all unexpended funds from 1 fiscal year to the next, to a self-funded enterprise fund that retains a maximum reserve balance of \$1 million each fiscal year. Unexpended funds greater than \$1 million would revert to the Highway Fund at the end of a fiscal year. The DMV recommends this budget maintain a minimum \$1 million reserve due to the expense of bulk ordering of commodities by the factory. Fiscal staff would note that a bill has not been introduced to enact this recommendation.

E-228 Efficient and Responsive State Government — Page DMV-82

The table on page 30 of [Exhibit C](#) details the reserve balance that would be generated from a \$3 per-plate fee, a \$3.50 per-plate fee and a \$4 per-plate fee. Based on the Governor's recommendation for a license plate fee of \$4, it appears the budget would have a reserve balance of \$2.3 million at the end of

the 2015-2017 biennium, an increase of \$1.1 million. If the Governor's recommendation that this budget revert balances greater than \$1 million to the Highway Fund and terminate the legislatively approved annual Highway Fund reimbursement payments of \$764,922 for the construction of the new license plate factory, it appears the \$4 fee would allow for a \$3.1 million transfer to the Highway Fund over the biennium, which is \$6,479 more than the amount the DMV would owe to the Highway Fund for the construction of the license plate factory after it makes the FY 2015 payment. Based on this, it appears the increase of the license plate fee to \$4 is recommended to increase transfers to the Highway Fund and to partially address increased expenses of operating the license plate factory. If the DMV were to increase the license plate fee to \$3.50 and continue the annual Highway Fund repayments, it appears the DMV would maintain sufficient reserves to operate the license plate factory.

The Subcommittees have two options to consider:

1. Approve the Governor's recommendation to terminate the license plate factory budget's repayment to the Highway Fund for the construction of the license plate factory and modify this budget from a self-funded enterprise fund that retains all unexpended funds from one fiscal year to the next, to a self-funded enterprise fund that reverts reserve balances greater than \$1 million to the Highway Fund. If this recommendation is approved, legislation would be required to suspend the Highway Fund repayments and establish the minimum reserve level in this budget.
2. To not approve the Governor's recommendation to terminate the License Plate Factory budget's repayment to the Highway Fund for the construction of the license plate factory and to modify this budget from a self-funded enterprise fund that retains all unexpended funds from one fiscal year to the next, to a self-funded enterprise fund that reverts reserve balances greater than \$1 million to the Highway Fund.

If the Subcommittees recommend approval of Option No. 1, Fiscal staff requests authority to make technical adjustments to the Special Plates cost allocation revenue to reflect its share of the Highway Fund repayment for the license plate factory.

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Assemblywoman Carlton:

Last Session, money was appropriated to purchase this equipment, and now the plan is to lease equipment. Where is the money that was allocated for the purchase?

Mr. Drost:

The 2013 Legislature appropriated \$500,000 from the Highway Fund as startup capital. That was repaid at the end of FY 2014.

Assemblywoman Carlton:

Is the question to consider whether the DMV should repay the Highway Fund?

Chair Goicoechea:

That is the first question we need to answer.

Mr. Drost:

The first option is to allow funds in excess of \$1 million to revert to the Highway Fund but to suspend repayment. The second option is to not approve the Governor's recommendation to suspend repayment of the Highway Fund.

Assemblywoman Carlton:

How much does the DMV owe?

Chair Goicoechea:

I believe the annual payment amount is \$764,922.

Mr. Drost:

The 2013 Legislature approved Highway Fund appropriations of \$3.8 million for the construction of the license plate factory, to be repaid over a 5-year period. The first payment is due this fiscal year.

Chair Goicoechea:

The Governor's recommendation in the Executive Budget is those funds are not repaid, it becomes an expenditure. When it was originally approved in 2013, the expectation was the Highway Fund would be repaid.

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Assemblyman Sprinkle:

Why does Fiscal staff not recommend approval of Option No. 1?

Mr. Drost:

Looking at the table on page 30 of [Exhibit C](#), the projected transfers resulting from a \$4 plate fee would be somewhat equivalent to the \$3.1 million owed to the Highway Fund. However, if that \$4 fee is not approved and if the DMV's projections are not accurate, they may not generate the funds to repay the Highway Fund with only the reversion of funds in excess of \$1 million each fiscal year.

Chair Goicoechea:

We return to the basic question: Is the Highway Fund to be repaid? We need to decide on a plate fee that will allow for repayment. We continue to erode the Highway Fund; it should be repaid.

Assemblyman Sprinkle:

I agree.

Mr. Drost:

If the current structure of the budget is not changed, the Highway Fund will receive annual payments until it is repaid.

Assemblywoman Carlton:

Where did the \$1 million amount for reserves come from? Should it be in excess of \$750,000? I understand wanting to repay the Highway Fund, but we have used Highway Fund dollars to plug more than a few holes over the last few biennia without discussing repayment. It is the little things that send constituents off the cliff. Increasing the cost of license plates, particularly when the 8-year renewal is mandated, will be difficult for many people to understand. Reducing the reserve amount would prolong repayment of the Highway Fund, but it would also lessen the impact on the citizens of Nevada.

Mr. Drost:

The \$1 million is the reserve recommended by the Agency due to the large amount of commodities ordered at a time and the cash flow projections. The

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\$764,922 would be repaid from this budget account, while the budget maintains a \$1 million reserve.

Chair Goicoechea:

The reserves above \$1 million would also revert to the Highway Fund.

ASSEMBLYWOMAN DICKMAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO. 2 FOR E-228 IN B/A 201-4712.

Chair Goicoechea:

Would Option No. 2 allow whatever fees are generated through license plates to become a self-funded enterprise account, all unexpended funds would be retained from 1 fiscal year to the next, except for balances greater than \$1 million which would revert to the Highway Fund?

Mr. Drost:

Option No. 2 is to not approve the Governor's recommendation, so this budget would retain all of its earnings and continue the Highway Fund repayments.

Chair Goicoechea:

Would reserves in excess of \$1 million go to the Highway Fund?

Mr. Drost:

No. This option would retain all earnings.

Assemblywoman Dickman:

I meant to choose the option that continues the repayments to the Highway Fund.

Mr. Drost:

Option No. 2 leaves this account as it is now and allows the Highway Fund repayments to continue.

ASSEMBLYWOMAN DICKMAN WITHDREW THE MOTION TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO. 2.

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Chair Goicoechea:

Is your intention to repay the Highway Fund?

Assemblywoman Dickman:

Yes.

ASSEMBLYWOMAN DICKMAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO.1 FOR E-228 IN B/A 201-4716.

Mr. Drost:

The Governor's recommendation would allow this fund to revert any excess funds. Option No. 2 would leave the account as it is currently structured. The \$764,922 payments approved in 2013 would continue until the Highway Fund is repaid.

Chair Goicoechea:

So, Option No. 2 would also allow funds in excess of \$1 million to revert to the Highway Fund.

Mr. Drost:

Option No. 2 does not allow that reversion.

Chair Goicoechea:

Assemblywoman Dickman, do you want your motion to include repayment of the Highway Fund and the reserves in excess of \$1 million to revert to the Highway Fund? It is not really either option. Depending on what amount is decided for the plate fee, there might not be a reserve over \$1 million to revert. But, we want to make sure there is an adequate amount to make the annual repayments. If the fees are not high enough, the DMV would not have a reserve.

ASSEMBLYWOMAN DICKMAN WITHDREW THE MOTION TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO. 1.

Assemblyman Sprinkle:

When the money was initially appropriated, was it specifically for the license plate factory with no intent to repay the money?

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Chair Goicoechea:

The money was appropriated with the intent it would be repaid.

Mr. Drost:

The \$3.8 million was appropriated specifically for the construction of the license plate factory. The appropriation was legislatively approved with the understanding the money would be repaid over a 5-year period.

Assemblywoman Carlton:

The process was going to be different also. I questioned the appropriateness of using Highway Funds for this purpose. Originally, the equipment was going to be purchased and belong to the State; now the equipment is going to be leased. This is not the same agreement we reached last Session. It is an appropriate use of Highway Funds to support this new agreement. I am not convinced the Highway Fund needs to be repaid. It is not the State that will repay it; it is the citizens of Nevada who will repay it. If it is an appropriate use of Highway Funds, if this is one of the ways Highway Funds are used to support the people in my district, it is a benefit to my constituents. Increasing fees to provide required services is not always the best choice.

Assemblywoman Dickman:

If we are not going to repay the Highway Fund, we should not raise the plate fee.

SENATOR PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEES
TO REPAY THE HIGHWAY FUND.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

Chair Edwards:

If the use of the Highway Fund was appropriate initially, why was it a loan rather than an expenditure?

Mr. Drost:

The Highway Fund appropriation was made for the construction of the license plate factory. It was approved by the 2013 Legislature based on the repayment.

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Chair Edwards:

If a road was being built, it would be simple. It is appropriate to use the Highway Fund to build a road without repayment. If it is appropriate to build a license plate factory with Highway Fund money, why would it need to be repaid?

Chair Goicoechea:

That was the decision of the 2013 Legislature.

Assemblywoman Carlton:

Under the original deal, the Legislature planned to pay back the Highway Fund. This is a different deal and it will have an impact on our constituents. I am not opposed to repaying the Highway Fund. My no vote will be based on the fact it is a new deal that will cost more money.

Senator Parks:

Whether it is the old deal or a new deal, money was taken from the Highway Fund. We have an obligation to repay it.

Assemblywoman Dickman:

How is this different than what was originally intended?

Ms. Day:

The 2013 Legislature made a one-shot appropriation from the Highway Fund with a repayment schedule. The license plate factory was made an enterprise fund, which is the reason for the repayment. An enterprise fund is not a Highway Fund budget account, it is a self-supporting account. A loan was made from the Highway Fund to the new enterprise fund.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN TITUS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

To confirm, was the motion and the vote to keep this budget as an enterprise fund and to continue the legislatively approved repayments?

Chair Goicoechea:

That is correct.

Mr. Drost:

The next item for the Subcommittees to consider centers on the amount of the license plate fee. It appears that a fee greater than \$3 is required to sustain this account. The Subcommittees may wish to consider the following options:

1. Approve license plate fee revenue of \$2.9 million in each year of the 2015-2017 biennium, which reflects no change in the current \$3 license plate fee. If this option were approved, the DMV could not sustain the impact on its reserve beyond the 2017-2019 biennium and may have cash flow issues in the 2015-2017 biennium due to reduced reserve levels.
2. Approve license plate fee revenue of \$3.2 million in FY 2016 and \$3.4 million in FY 2017, which reflects a \$0.50 increase in the license plate fee from \$3 to \$3.50 per plate, effective October 1, 2015. If this option were approved, the DMV could continue the annual repayments to the Highway Fund.
3. Approve license plate fee revenue of \$3.6 million in FY 2016 and \$3.9 million in FY 2017, which reflects a \$1 increase in the license plate fee from \$3 to \$4 per plate, effective October 1, 2015. If this option were approved, the reserve level would increase from \$1.2 million in FY 2015 to \$2.3 million in FY 2017.

SENATOR PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO. 3.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

Assemblywoman Dickman:

If the 8-year reissuance of license plates is not approved, would that affect the cost per plate?

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Mr. Drost:

The table at the top of page 30 of [Exhibit C](#) does not include the 8-year rolling reissuance. The 8-year reissuance would increase the reserves.

Senator Parks:

There are a number of variables and I think the most prudent choice is Option No. 3.

Chair Edwards:

I was initially inclined to support the increase to \$3.50, but, projected revenues are not actual revenues. I would rather support the \$4 plate fee to allow DMV flexibility rather than requiring them to return to the IFC. If the reserves increase, they will be used for the many other needs of the DMV. It is a more prudent approach.

Assemblyman Sprinkle:

If these fees were not raised, what options would DMV have for obtaining more funding for the license plate factory?

Mr. Drost:

The DMV indicates a \$3 plate fee would drive the reserves down and may cause cash flow problems when purchasing commodities.

Assemblyman Sprinkle:

I do not understand what that means. Is it possible the reserves could be sustained by a \$3 fee?

Mr. Drost:

Based on Fiscal staff's projections at the end of FY 2016, a \$3 plate fee would result in a reserve level of \$871,362; at the end of FY 2017, the reserve level would be down to \$635,196.

Chair Goicoechea:

The current motion is for a \$4 fee. If that increased the reserves significantly, the DMV could accelerate repayments to the Highway Fund.

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Assemblyman Sprinkle:

I do appreciate that. The question is whether we ask the taxpayers to pay for this, or if we accept our responsibility from the 2013 Legislature and repay the loan without increasing fees.

Chair Goicoechea:

I would hate to have them come to IFC to ask for \$200,000 or \$300,000 to keep them afloat out of the IFC Contingency Fund.

Mr. Drost:

This is an enterprise budget; it does not have access to the IFC Contingency Fund.

Assemblywoman Dickman:

If we approve the 8-year rolling plates, more plates would be sold, and more money would be added to their reserves.

Mr. Drost:

The 8-year rolling reissuance would drive the reserve down because the costs are not covered with a \$3 fee.

Assemblywoman Dickman:

What about a \$3.50 fee?

Mr. Drost:

A \$3.50 fee would increase the reserves by an additional \$212,628 by the end of FY 2017.

Assemblywoman Dickman:

Does that include the 8-year rolling reissuance fees?

Mr. Drost:

The 8-year rolling reissuance would account for an additional \$212,628 based on a \$3.50 fee.

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ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN DICKMAN, HAMBRICK, SPRINKLE, AND TITUS VOTED NO.)

SENATE: THE MOTION FAILED. (SENATOR GOICOECHEA VOTED NO.)

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ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO. 2.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

Assemblywoman Carlton:

I will support the motion, but I still have concerns we are nickel and diming our constituents to death. Hopefully, the fee can be rolled back in the future.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN SPRINKLE AND TITUS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The second major closing item for this account is the 8-year reissuance of license plates in decision unit E-226.

E-226 Efficient and Responsive State Government — Page DMV-81

The Governor recommends implementing a new 8-year rolling reissuance of license plates that will address a public safety issue when some license plates become difficult for law enforcement to read as they age. The DMV projects this change would require the production of approximately 700,000 license plates per year. To implement this change, the Governor recommends a second production shift which would require three new positions including a program officer, a driver warehouse worker and a maintenance repair aid.

The DMV indicates six other states have a reissuance schedule for license plates similar to the Governor's recommendation. The reflectivity life expectancy of a license plate is approximately 5 to 10 years, and the recommendation for an 8-year reissuance period reflects the midpoint for this anticipated useful life. Loss of reflectivity can impair the legibility of the digits on the license plate as well as the background design, making it difficult to determine the state that issued the plate. Vintage, circa, standard blue and State anniversary license plates would be exempt from the reissuance requirement. However, other specialty plates would be reissued.

Assembly Bill (A.B.) 484 provides for the rolling reissuance of license plates. During that bill's hearing, the DMV was asked what impact it would have on the wait times at DMV field offices. The DMV testified it would not have an effect on wait times since the new license plate transaction would occur at the same time customers renew their vehicle registration.

ASSEMBLY BILL 484: Provides for the rolling reissuance of license plates by the Department of Motor Vehicles. (BDR 43-1179)

After paying for the vehicle registration and the new plates, the plates would be mailed to the customer. The reflectivity requirements established in NRS 482.270 require license plates to be readable from a distance of 100 feet during daylight and from a distance not less than 110 feet at night when viewed by standard headlights.

Fiscal staff made a technical adjustment to reflect the DMV's updated projection for license plate package costs associated with this decision unit. Additionally, in consultation with the DMV, Fiscal staff made a technical adjustment to special plates cost allocation revenue to reflect the costs attributed with the production of specialty plates. These technical adjustments are reflected on pages 27 and 28 of Exhibit C. Fiscal staff would also note that the \$3.50 license plate fee just approved would cause \$212,628 to be retained in the budget's reserve by the end of FY 2017.

SENATOR PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEES
TO APPROVE THE GOVERNOR'S RECOMMENDATION TO IMPLEMENT A
NEW 8-YEAR ROLLING REISSUANCE OF LICENSE PLATES, CONTINGENT

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UPON PASSAGE AND APPROVAL OF A.B. 484, AND TO PROVIDE AUTHORITY TO FISCAL STAFF TO ENTER TECHNICAL ADJUSTMENTS INCLUDING THE NOTED TECHNICAL ADJUSTMENTS FOR UPDATED PACKAGING COSTS AND SPECIAL PLATES COST ALLOCATION REVENUE.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

Assemblywoman Carlton:

Would they start with the oldest plates first?

Mr. Drost:

Yes.

Assemblywoman Titus:

I do not support mandatory plate reissuance. I am the owner of a 1969 truck with original, readable plates.

Chair Goicoechea:

Some plates are exempt from the requirement.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN DICKMAN, EDWARDS AND TITUS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

The next major closing item is the new maintenance repair aid position in decision unit E-225 on page 33 of [Exhibit C](#).

E-225 Efficient and Responsive State Government — Page DMV-80

The Governor recommends a combination of reserve reductions and special plates cost allocation revenue totaling \$36,647 in FY 2016 and \$48,860 in FY 2017 for a new maintenance repair aid position to maintain the license plate

equipment that the DMV will utilize once it begins operations at the new license plate factory. The DMV indicates the new equipment will require staff with additional skill sets. This position would maintain mechanical equipment used in the production of license plates, troubleshoot production problems, ensure all safety protocols are followed and oversee the production line and inmate crews actively engaged in the manufacturing process. Each shift utilizes 20 minimum-security inmates from the Stewart Conservation Camp. The DMV anticipates a high turnover among these inmates since most of these individuals are close to the end of their sentences. This position would assist with the training of new inmates working in the factory. When asked if inmate staff could perform these duties, the DMV testified these are not skill sets typical of inmate staff.

ASSEMBLYWOMAN TITUS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION IN DECISION UNIT E-225 OF B/A 201-4712.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

There are several other closing items for this budget, found on pages 33 to 34 of [Exhibit C](#), including: protective equipment in decision unit E-227, replacement computer equipment in decision unit E-715, replacement equipment in unit E-716, new equipment in decision unit E-720 and the reclassification of a prison industries supervisor II to a DMV services manager II in decision unit E-805.

E-227 Efficient and Responsive State Government — Page DMV-81

E-715 Equipment Replacement — Page DMV-83

E-716 Equipment Replacement — Page DMV-83

E-720 New Equipment — Page DMV-83

E-805 Classified Position Reclassifications — Page DMV-84

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Fiscal staff has made a technical adjustment to decision unit M-101, agency specific inflation, to reflect updated commodity costs associated with the aluminum and sheeting used by the factory, as well as the projected number of standard and specialty plates to be produced.

M-101 Agency Specific Inflation — Page DMV-79

In addition, staff made technical adjustments to the Base Budget including updated license plate fee revenue, an adjustment to include the repayment of the Highway Fund for the construction of the license plate factory in the special plates cost allocation and expenditure increases of \$19,136 in each year of the biennium for operating expenses at the license plate factory. These technical adjustments can be found on pages 27 and 28 of [Exhibit C](#). These decision units and technical adjustments appear reasonable to staff.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR INCLUDING THE TECHNICAL ADJUSTMENT NOTED IN DECISION UNIT M-101 AND THE BASE BUDGET AND TO GRANT AUTHORITY TO FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS FOR UPDATED REVENUE PROJECTIONS, DEPARTMENTAL TRANSFERS AND COST ALLOCATIONS AS NECESSARY.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The next item is B/A 201-4735, the Field Services account which starts on page 36 of [Exhibit C](#).

DMV - Field Services — Budget Page DMV-96 (Volume III)
Budget Account 201-4735

The first major closing issue is the redirection of the Governmental Services Tax (GST) commissions and penalties in decision unit E-226.

E-226 Efficient and Responsive State Government — Page DMV-98

The Governor recommends continuing the redirection of GST commissions and penalties revenue of \$27.2 million in FY 2016 and \$28.7 million in FY 2017 to the General Fund. Similarly to previous biennia, the Governor recommends increasing the DMV administrative cap from 22 percent to 31 percent in each year of the 2015-2017 biennium and replacing the GST commissions and penalties revenue with Highway Fund appropriations. Fiscal staff would note that a bill has not yet been introduced to enact this recommendation. At this time, Fiscal staff recommends the Subcommittees delay making a decision on whether to redirect GST commissions and penalties to the General Fund and replace them with Highway Fund appropriations, until the money committees have reviewed the policy issue and fiscal impact. Fiscal staff requests authority to adjust this decision unit based on the final decision by the money committees and the updated revenue projections provided by the DMV.

The second major closing issue in this account is new field services positions in decision unit E-225.

E-225 Efficient and Responsive State Government — Page DMV-98

The Governor recommends Highway Fund appropriations of \$4.7 million over the 2015-2017 biennium for 68 new DMV services technician and 7 new DMV services supervisor positions who would provide direct customer service including driver's licensing and vehicle registration functions. These positions would be assigned to the five major metropolitan DMV field offices, which include the Decatur, Flamingo, Henderson and Sahara offices in southern Nevada and the Reno-Galletti office in northern Nevada. No additional equipment is needed for these positions.

There are currently 427 DMV services technicians assigned to these five major metropolitan field offices and projects 68 new positions are needed to provide 100 percent coverage at these five offices. The DMV made several assumptions to determine its additional staffing needs. First, the DMV estimates each position, on average, is able to staff a service window or staff a customer support function 1,547 hours each year, which takes into account employees' breaks, leave time, and training, as well as new hires, who would be able to provide fewer customer service hours due to initial training. Next, the DMV took into consideration the maximum number of service windows available at each of the five DMV field office locations and projected the positions necessary to staff these windows 3,000 hours per year. The Department indicates these five offices are serving customers, on average, 10 hours each day and are open approximately 300 days each year.

The Department also projected the number of customer support positions needed at each of the five DMV locations. The DMV indicates these customer support positions perform various functions including operating cameras, staffing the information counter, administering written tests, assisting customers with kiosk transactions, scheduling driving tests and verifying the accuracy of the counter positions' work. The Department determined the number of customer support positions that would be needed in each of the five major metropolitan field offices by calculating the average number of positions performing these tasks in each office in FY 2014. Based on the DMV's calculation, 54 additional positions would be needed to fully staff the windows and customer support positions at these five field office locations.

The Department also assumes additional positions would be needed to cover vacant positions. The Department estimates it will experience a vacancy rate of 3 percent in the 2015-2017 biennium based on its actual vacancy rate in FY 2014 and FY 2015 year-to-date. Based on the DMV's projection that approximately 481 positions would be needed to fully staff the windows and customer support positions, an additional 14 additional positions would be needed to provide additional coverage for vacant positions, based on the projected 3 percent vacancy rate. Fiscal staff would note this is not a standard staffing practice for State agencies. The table on the top of page 38 of [Exhibit C](#) outlines the calculation and distribution of the positions needed. The DMV maintains a supervisory ratio of one DMV services supervisor to ten DMV

services technician positions, which was the basis for the recommendation for seven new supervisor positions.

According to the DMV, this recommendation would restore 78 positions in these five metropolitan field offices eliminated by the 2009 Legislature. In addition, the IFC approved 20 DMV services technician positions for southern Nevada metropolitan field offices over the 2011-2013 biennium. Fiscal staff notes that the 2013 Legislature approved 18 new DMV services technicians for these five field offices due to the issuance of driver authorization cards.

During the budget hearing, the DMV indicated numerous factors that have led to its increased customer count. This includes an increased written test failure rate for driver authorization cards, the issuance of 8-year driver's licenses which require individuals to apply in person at the DMV office, the issuance of REAL ID-compliant cards, medical marijuana cards as well as the improving economy which brings new vehicles to be registered and new residents seeking driver's licenses. The table at the bottom of page 39 of [Exhibit C](#) lists the customer counts at these five DMV field offices by month from FY 2013 to March of FY 2015. In the first 9 months of FY 2014, 1.4 million customers were served; in the first 9 months of FY 2015, 1.61 million customers were served which amounts to an increase of 14.6 percent.

The table on page 40 of [Exhibit C](#) lists the average customer wait times by month from FY 2013 through March FY 2015. The 54 minute average wait time in the first 9 months of FY 2014 nearly doubled to 105 minute average wait time in the first 9 months of FY 2015. The DMV has a long-standing wait time goal of 60 minutes. Based on the addition of staff, the Executive Budget projects wait times will be 69 minutes in FY 2016 and decrease to 50 minutes in FY 2017. The DMV indicates this is based on the number of additional customers who can be serviced at the DMV field offices with the additional staff.

The DMV currently reports 29 vacant DMV services technician positions, 24 of which are at the five metropolitan field offices. The Department also reports that job offers have been made for nine of these vacancies, with anticipated hire dates of May 11, 2015. During the budget hearing, the Subcommittees expressed concerns about approving more positions while the Department had

vacancies. The DMV testified that it experiences constant turnover and vacancies are a routine part of the Agency's operation. Fiscal staff requested an update on the DMV's recruitment plans if the new positions were approved. The Department stated it has obtained a pool of 775 southern Nevada candidates and approximately 150 northern Nevada candidates who applied for a DMV services technician position. The Department plans to interview these candidates over a 3-week period in May and June and issue job offers shortly thereafter.

Fiscal staff would note that Budget Amendment No. A150044735 was submitted which recommends the modification of the start date for all 75 recommended positions to July 1, 2015. The DMV has streamlined its recruitment processes and training plans to facilitate its ability to quickly hire and train these 75 new positions as well as the 20 remaining vacancies. The proposed training schedule is outlined on page 41 of [Exhibit C](#). Approximately 2 months after being hired, a new employee is able to staff a field service office window, and it is 3 months before a new employee has the knowledge and comfort to begin handling transactions efficiently and independently.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE ADDITION OF 54 NEW DMV SERVICES TECHNICIAN POSITIONS AND 5 DMV SERVICES SUPERVISOR POSITIONS IN E-225 OF B/A 201-4735.

SENATOR PARKS SECONDED THE MOTION.

Assemblywoman Carlton:

The turnover rate at DMV is approximately 25 percent and the number of employees who have been there for 5 or 6 years or longer is very low. The DMV has become the training ground for State government employment and the institutional knowledge is diminishing. Over the last 16 years, we have been through boom and bust cycles with the DMV, but it has become a systemic problem due to the cuts necessitated by the Great Recession. Hopefully, we will be able to turn that cycle around.

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ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION IN BUDGET AMENDMENT NO. A150044735 THAT THE START DATES FOR THE RECOMMENDED NEW POSITIONS BE MODIFIED TO JULY 1, 2015.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE 14 NEW DMV SERVICES TECHNICIAN POSITIONS AND 2 DMV SERVICES SUPERVISOR POSITIONS FOR THE FIVE DMV FIELD OFFICES TO COVER VACANCIES AS RECOMMENDED BY THE GOVERNOR IN E-225 OF B/A 201-4735.

SENATOR PARKS SECONDED THE MOTION.

Assemblywoman Titus:

The necessity to "over-hire" as a strategy for dealing with the high turnover rate is not an efficient way to run a business. Is any remediation being done to address this problem?

Chair Goicoechea:

I agree. I do not like to have these additional positions on the books. Putting new positions in place that also may not be filled is not the course I would normally pursue.

Chair Edwards:

Ordinarily, I would not have made a motion in favor of this. However, having seen what DMV is going through and the efforts they are making to hire and retain staff, they need every opportunity to get the situation under control. I am willing to give the DMV some leeway for the sake of our constituents who are suffering the long lines and delays.

Assemblywoman Titus:

I do not understand how the opportunity to over-fill positions solves the problem when the existing positions cannot be filled.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN DICKMAN AND TITUS VOTED NO.)

SENATE: THE MOTION FAILED. (SENATOR GOICOECHEA VOTED NO.)

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Mr. Drost:

The next major closing issue is customer queuing system enhancements in decision unit E-230.

E-230 Efficient and Responsive State Government — Page DMV-99

The 2013 Legislature approved Highway Fund appropriations to implement the new Dash Pass system, which allows customers to get in line for DMV services by checking in using the Internet, cellular phone or other mobile device. The Field Services budget includes \$51,810 in its Base Budget in each year of the 2015-2017 biennium for annual maintenance of the software and hardware for its Dash Pass system. The Governor recommends additional Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017 for software and equipment enhancements for the Dash Pass system. The DMV indicates the recommended enhancements would increase the functionality of the system and provide additional statistical reports. In addition, this may provide for appointment scheduling to allow an even flow of customers throughout the day. Further, it would provide access to the system's configuration tool, which would allow DMV staff to customize text messages to customers, manage

when text messages are sent and provide access to the system's knowledge bank. The projected cost for these enhancements was derived based on discussions and negotiations with the vendor regarding the DMV's system and hardware needs.

If approved, this funding would be allocated to the DMV's operating category. Since the Department was not able to provide Fiscal staff with a formal estimate from a vendor regarding the cost of the system upgrade, the Subcommittees may wish to consider placing this funding in a reserve category within this budget over the 2015-2017 biennium, and directing the DMV to seek authority from the IFC to utilize these funds once the DMV can fully justify the cost of the system upgrade.

There are three options for consideration:

1. Approve the Governor's recommendation for Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017 for software and equipment enhancements for the Dash Pass system.
2. Approve the Governor's recommendation for Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017, but place the funding in reserve and direct the DMV to seek authority from the IFC to utilize these funds once the DMV can fully justify the costs of the Dash Pass system upgrade.
3. Do not approve the Governor's recommendation for Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017 for software and equipment enhancements for the Dash Pass system.

ASSEMBLYWOMAN DICKMAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO. 2.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The fourth major closing issue in this account is the Sahara field office moving costs. Budget Amendment No. A150714735 creates decision unit E-250 which recommends Highway Fund appropriations of \$473,795 in FY 2017 for the Field Services budget's share, 87.5 percent, of the cost to move to the new DMV field office on Sahara Avenue in Las Vegas. The decision regarding the Governor's recommendation for a new Sahara DMV field office is scheduled to be made by the K-12/Higher Education/CIPs Subcommittees hearing on May 18.

SENATOR PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE BUDGET AMENDMENT NO. A150714735 WHICH RECOMMENDS HIGHWAY FUND APPROPRIATIONS OF \$473,795 IN FY 2017 TO SUPPORT THE FIELD SERVICES BUDGET'S SHARE OF EXPENDITURES ASSOCIATED WITH MOVING TO THE NEW SAHARA FIELD OFFICE, CONTINGENT UPON APPROVAL OF THE NEW BUILDING BY THE K-12/HIGHER EDUCATION/CIPS SUBCOMMITTEES.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

There are several other closing items on page 43 of [Exhibit C](#), including: the transfer of document manager software in decision units E-504 and E-904, replacement equipment in decision units E-710, E-715 and E-716. These items appear reasonable to staff.

E-504 Adjustments To Transfer In E904 — Page DMV-99
E-904 Transfer From BA 4746 To BA 4735 — Page DMV-101
E-904 Transfer From BA 4746 To BA 4735 — Page DMV-28
E-710 Equipment Replacement — Page DMV-100
E-715 Equipment Replacement — Page DMV-100
E-716 Equipment Replacement — Page DMV-101

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In addition, Fiscal staff recommends technical adjustments to the Base Budget and decision units M-100 and M-300. These technical adjustments can be found on pages 35 and 36 of [Exhibit C](#).

M-100 Statewide Inflation — Page DMV-97
M-300 Fringe Benefits Rate Adjustment — Page DMV-97

ASSEMBLYWOMAN DICKMAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNITS E-504, E-904, E-710, E-715 AND E-716 IN B/A 201-4735 AND E-904 IN B/A 201-4746 AS RECOMMENDED BY THE GOVERNOR, AND TO APPROVE THE TECHNICAL ADJUSTMENTS TO THE BASE BUDGET AND DECISION UNITS M-100 AND M-300, AND TO GRANT AUTHORITY TO FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS FOR UPDATED REVENUE PROJECTIONS, DEPARTMENTAL TRANSFERS AND COST ALLOCATIONS AS NECESSARY.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The next item is B/A 201-4742.

DMV - Management Services — Budget Page DMV-109 (Volume III)
Budget Account 201-4742

There is one major closing issue in this account, a new management analyst (MA) position in decision unit E-225.

E-225 Efficient and Responsive State Government — Page DMV-111

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The Governor recommends Highway Fund appropriations of \$59,131 in FY 2016 and \$71,254 in FY 2017 for a new MA position. This Division is currently divided into two groups: the driver program team with two MAs, and the business program team with three MAs. The DMV indicates the new position will be assigned to the driver program team to balance the workload of the two teams.

This position would perform research and monitor legislation to ensure the DMV complies with all State and federal mandates associated with the REAL ID Act, driver authorization cards and commercial driver's licenses. The MA position would also manage projects, administer federal grants and develop solutions associated with the issuance of driver's licenses and identification cards. Currently, the DMV services manager position in the driver program team performs some of these duties and this would allow that position to spend more time mentoring and training Division staff.

In addition, this new position would allow the DMV to be more proactive in researching and analyzing Department business processes for possible improvement. This would include reviews of forms, policies, procedures and manuals for possible revision.

SENATOR PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEES
TO APPROVE DECISION UNIT E-225 IN B/A 201-4742 AS
RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

There are three other closing items for consideration listed on pages 46 and 47 of [Exhibit C](#), including: Electronic Lien Title system development in decision

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unit E-227 and replacement equipment in decision units E-710 and E-715.
These items appear reasonable to staff.

E-227 Efficient and Responsive State Government — Page DMV-111
E-710 Equipment Replacement — Page DMV-112
E-715 Equipment Replacement — Page DMV-112

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNITS E-227, E-710 AND E-715 OF B/A 201-4742 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT AUTHORITY TO FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS FOR UPDATED REVENUE PROJECTIONS, DEPARTMENTAL TRANSFERS AND COST ALLOCATIONS AS NECESSARY.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Ms. Day:

The next item is B/A 296-4490.

INFRASTRUCTURE

COLORADO RIVER COMMISSION

CRC - Colorado River Commission — Budget Page COLORADO RIVER COMM-4
(Volume III)
Budget Account 296-4490

The Colorado River Commission of Nevada (CRC) was created in 1935 and is responsible for acquiring, managing and protecting Nevada's allocation of

hydropower and water resources from the Colorado River, allocated to Nevada by the federal government for the residents of Nevada.

The first major closing issue in this account is three new positions in decision unit E-225.

E-225 Efficient and Responsive State Government — Page COLORADO RIVER
COMM-6

The Executive Budget includes power administration charges of \$398,917 and cost allocation reimbursement of \$202,396 over the 2015-2017 biennium to add three new unclassified natural resource specialist positions with associated operating and travel costs. The first position is recommended to support the energy services group effective December 2015 to provide for increased workload related to the electric resource marketing activities for water customers. The other two positions are recommended to support the hydropower group effective October 2015 and July 2016, respectively. These positions would support the increase in customer base pursuant to reallocation of newly available Hoover Dam power. The Hoover power contracts with State, municipal and utility contractors mandated by Congress under the Hoover Power Plant Act of 1984 expire in 2017. The Hoover Power Allocation Act (HPAA) of 2011 ensures the continued availability and reliability of Hoover power to the citizens of Arizona, California and Nevada. The HPAA authorizes the Western Area Power Administration to offer 50-year contracts, from 2017-2067, to existing Hoover power contractors at 95 percent of their current allocations. The remaining 5 percent is to be allocated to eligible entities and federally recognized Indian tribes located in the Boulder City marketing area who do not currently have allocations of Hoover power. The CRC's Hoover hydropower customer base will increase between 91 and 118 percent.

SENATOR PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE ADDITION OF THREE NEW UNCLASSIFIED NATURAL RESOURCE SPECIALIST POSITIONS WITH ASSOCIATED OPERATING AND TRAVEL COSTS TO SUPPORT THE INCREASED WORKLOADS RELATED TO ELECTRIC RESOURCE MARKETING ACTIVITIES FOR WATER CUSTOMERS AND AN INCREASE IN THE HYDROPOWER CUSTOMER BASE PURSUANT TO THE HOOVER POWER ALLOCATION

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ACT AS RECOMMENDED BY THE GOVERNOR IN E-225 OF
B/A 296-4490.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN DICKMAN
AND TITUS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Day:

The second major closing issue in this account is two new executive group positions in decision unit E-226.

E-226 Efficient and Responsive State Government — Page COLORADO RIVER
COMM-7

The Governor recommends water administration charges of \$122,898 in FY 2016 and \$338,614 in FY 2017 to add one unclassified deputy director position in FY 2016 and one unclassified natural resource specialist position in FY 2017 to the executive group to support the increasing activity related to the water resources of the Colorado River. The Governor's recommendation includes \$50,000 in FY 2017 to produce a water conference in cooperation with the Southern Nevada Water Authority.

The recommended deputy director position would provide support in the areas of water resource activity. The Agency has an existing deputy director assigned to the areas related to electric power resources. The natural resource specialist position would provide additional project oversight and support due to the anticipated increase in overall workload with the addition of new customers.

SENATOR PARKS MOVED TO RECOMMEND TO THE FULL COMMITTEES
TO APPROVE THE ADDITION OF TWO UNCLASSIFIED POSITIONS,
ONE DEPUTY DIRECTOR AND ONE NATURAL RESOURCE SPECIALIST,
WITH ASSOCIATED OPERATING COSTS INCLUDING \$50,000 TO

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PRODUCE A WATER CONFERENCE TO SUPPORT INCREASING ACTIVITY
RELATED TO THE WATER RESOURCES OF THE COLORADO RIVER AS
RECOMMENDED BY THE GOVERNOR IN E-226 OF B/A 296-4490.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

Chair Edwards:

The CRC will be doing a lot of work negotiating new contracts for the next 50 years. It is important they have enough staff to handle the workload.

Assemblywoman Titus:

Contract negotiation is the task the new deputy attorney general the Agency is requesting is expected to handle. I will not support this motion.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN DICKMAN,
HAMBRICK AND TITUS VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Ms. Day:

There are several other closing items in this account as shown on page 50 of [Exhibit C](#). The first is replacement equipment in decision unit E-710. The second is an unclassified position reclassification in decision unit E-806. The approval of this decision unit would provide funding, however, the salary change will be considered in conjunction with the Unclassified Pay Bill at a later date.

E-710 Equipment Replacement — Page COLORADO RIVER COMM-8

E-806 Unclassified Position Salary Increases — Page COLORADO RIVER
COMM-8

The dedicated deputy attorney general position was approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means during the Office of the Attorney General's budget.

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ASSEMBLYWOMAN TITUS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNITS E-710 AND E-806 IN B/A 296-4460 AS RECOMMENDED BY THE GOVERNOR AND TO GRANT AUTHORITY TO FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY; AND TO APPROVE THE DEDICATED DEPUTY ATTORNEY GENERAL POSITION CONSISTENT WITH THE CLOSING ACTIONS OF THE MONEY COMMITTEES IN THE ATTORNEY GENERAL'S BUDGET.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

The next item is B/A 201-4663, bond construction in the Nevada Department of Transportation (NDOT).

TRANSPORTATION

NDOT - Bond Construction — Budget Page NDOT-15 (Volume III)
Budget Account 201-4663

The major closing issue for this account is bond funding for Project Neon construction in decision unit E-225 as outlined on page 52 of [Exhibit C](#).

E-225 Efficient and Responsive State Government — Page NDOT-15

The Executive Budget recommends the sale of highway revenue bonds of \$100 million in FY 2016 and \$150 million in FY 2017 for the construction of Project Neon in Las Vegas which would improve traffic flow in the Spaghetti Bowl area by connecting the high occupancy vehicle lanes on Highway 95 with the express lanes on Interstate 15, adding general purpose lanes on Interstate 15 and reconstructing various interchanges along Interstate 15 in the

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3.7 mile corridor south of Highway 95. The Governor has identified the proposed Project Neon bond funding as a major budget initiative.

The NDOT projects an additional \$500 million would be needed to construct Project Neon, which NDOT indicated would be generated through bond sales of \$250 million in the 2015-2017 biennium and \$250 million in the 2017-2019 biennium. At the NDOT Board of Directors meeting on March 9, 2015, NDOT provided an updated construction cost for Project Neon of \$570 million. The additional \$70 million would come from capital construction funding in the NDOT operating budget. The NDOT testified that 95 percent of the costs of Project Neon should be eligible for federal reimbursement.

Fiscal staff would also note that the NDOT has historically maintained an informal policy restricting its annual bond debt service payments to no more than \$100 million. The Board revised the bond policy to allow the pledged motor vehicle taxes to be at least three times the combined annual debt service for both existing and proposed bonds. The NDOT projects bond payments will remain within these limits with the recommendation by the Governor.

ASSEMBLYWOMAN DICKMAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION IN E-225 OF B/A 201-4663 FOR THE SALE OF HIGHWAY REVENUE BONDS OF \$100 MILLION IN FY 2016 AND \$150 MILLION IN FY 2017 FOR THE CONSTRUCTION OF PROJECT NEON IN LAS VEGAS.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

The next item is B/A 201-4660, Transportation Administration.

NDOT - Transportation Administration — Budget Page NDOT-17 (Volume III)
Budget Account 201-4660

The first major closing issue in this budget is the Highway Fund balance and capital expenditures. The first table on page 55 of [Exhibit C](#) shows actual Highway Fund revenue in FY 2014 and projected revenues in FY 2015 through FY 2017. The DMV projects Highway Fund revenue increasing by 1.8 percent in FY 2016 and 1.6 percent in FY 2017. The second table on page 55 of [Exhibit C](#) shows Governor recommended Highway Fund appropriations and authorizations. The 2011 Legislature approved the redirection of GST commissions and penalties to the General Fund for the 2011-2013 biennium; the 2013 Legislature approved the redirection of the GST penalties revenue in FY 2015 only. The Governor recommends transferring the GST commissions and penalties revenue in both years of the 2015-2017 biennium. To account for this, the Governor recommends increasing the Highway Fund appropriations for the DMV in an amount equal to the GST commissions and penalties revenue which is projected to be \$29.6 million in FY 2016 and \$31.2 million in FY 2017.

In recent biennia, NDOT identified an unrestricted Highway Fund balance of \$90 million as the minimum level necessary to maintain cash flow for operating and capital construction purposes. This minimum amount was based on the projected cash flow necessary to sustain 1 month of operating and 1 1/2 months of capital construction program expenditures. Due to the recommended increase in expenditure activity from the Highway Fund, NDOT recommends increasing the unrestricted minimum balance for the biennium to \$115.6 million. The NDOT projects the remaining unrestricted Highway Fund balance at the end of the 2015-2017 biennium will be \$124.4 million. This assumes all budget amendments submitted by the Department of Administration's Budget Office are approved. These estimated fund balance calculations appear reasonable to staff.

The Governor recommends funding for highway construction totaling \$418.4 million in each year of the 2015-2017 biennium with a combination of federal funds and State Highway Fund authorizations. By comparison, NDOT expended \$291 million in FY 2014 for highway construction.

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Some of the major projects NDOT will be working on during the biennium include: the Boulder City Bypass, the USA Parkway, the Carson City Bypass and Project Neon.

The Executive Budget projects federal fund receipts of \$320 million in each year of the 2015-2017 biennium through the federal Moving Ahead for Progress in the 21st Century (MAP-21) Act. Fiscal staff would note that MAP-21 was recently extended through May 2015. It is unclear whether future federal transportation legislation would adversely affect NDOT's ability to secure federal funding. However, during the budget hearing, the Director of NDOT testified that a short-term federal solution would likely be implemented in May 2015, which would provide for continued federal transportation funding.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE CAPITAL EXPENDITURES IN B/A 201-4660 FOR EACH YEAR OF THE BIENNIUM AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

The second major closing issue in this budget is a new environmental division, shown on page 57 of [Exhibit C](#). Budget Amendment No. A150744660, later revised by Budget Amendment No. A150814660, recommends Highway Fund authorizations of \$9.3 million in FY 2016 and \$6.4 million in FY 2017 for 59 new positions and various equipment to establish a new NDOT Environmental Division. The NDOT indicates this budget amendment was submitted after negotiating with the U.S. Environmental Protection Agency (EPA) and developing a consent decree which would allow the State to avoid potential multimillion fines from the EPA.

The NDOT indicates the federal Clean Water Act of 1972 requires state departments of transportation, as well as other governmental agencies, to obtain a National Pollutant Discharge Elimination System and Municipal Separate Storm Sewer System (MS4) discharge permit. The NDOT's current MS4 permit expires in July 2015. In 2011, the EPA conducted an audit of the NDOT stormwater management program to assess NDOT's compliance with the permitting requirements. The audit report recommended increasing the number of NDOT employees receiving stormwater training, updating existing stormwater manuals, developing new stormwater manuals and developing an illicit discharge detection and elimination program. In response to this audit, NDOT reclassified six vacant positions as stormwater staff positions over the 2013-2015 biennium. Fiscal staff notes the Executive Budget recommends funding of \$3 million over the 2015-2017 biennium to provide stormwater upgrades at approximately 15 highway maintenance facilities, stormwater training for NDOT staff and a consultant to assist with developing new stormwater manuals and training materials for NDOT staff.

The EPA reviewed NDOT's stormwater efforts again in late 2014. Based on the EPA review, a draft consent decree was provided to NDOT on February 25, 2015. The Nevada Division of Environmental Protection negotiated the terms of this decree with the EPA. These negotiations included organizational changes which are reflected in the proposed budget amendment.

The NDOT's new Environmental Division would be managed by a new deputy director position that would provide environmental and water quality program administration. Senate Bill 324 would provide authority for this third deputy director. In addition, S.B. 324 would authorize NDOT to impose certain civil penalties and compliance orders against any person who is responsible for illicit discharge of any substance onto a State highway, other than stormwater, in NDOT's right-of-way that could result in the pollution of the State's waterbodies.

SENATE BILL 324 (1st Reprint): Revises provisions concerning the Department of Transportation. (BDR 35-23)

The NDOT's Environmental Division would consist of 68 positions, including the 6 positions reclassified as stormwater staff positions over the

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2013-2015 biennium. Three positions, including a deputy director, division chief and administrative assistant, would provide executive management and support, with the remaining 65 positions assigned to the following sections within the Division:

- Nine administrative services positions to implement the stormwater training program for NDOT employees, develop and implement social media campaigns to inform the public about actions that affect water quality and provide updates for NDOT's Planning and Design Guide, which provides regulatory, policy and technical requirements to incorporate permanent stormwater best management practices into the planning and design of applicable NDOT projects.
- Ten program development positions to prepare an annual report indicating if NDOT's discharges are contributing to water quality impairments, report on updates to the Planning and Design Guide, provide post-construction control measures and technical specification for contractors and perform water quality monitoring activities.
- Thirty field support positions to inspect, maintain and record conditions of NDOT's storm sewer system infrastructure, including roadways used for stormwater conveyance, catch basins, storm drain inlets, open channels, washes, culverts and retention/detention basins. Develop a Storm Sewer System Operations and Maintenance Manual as required by NDOT's MS4 permit.
- Ten enforcement positions to ensure compliance with NDOT's illicit discharge and elimination program and ensure contractors and third parties granted encroachment permits are following the best management practices associated with stormwater. When necessary, enforcement staff will notify contractors and third parties of noncompliance, issue cease and desist orders, issue citations and pursue legal action if necessary.
- Six IT management positions to track and report all required data associated with NDOT's MS4 permit, including stormwater related infrastructure, maintenance of that infrastructure, construction site inspections, illicit discharge of contaminants and right-of-way permit inspections. Design, implement, and administer a geographic information system for NDOT's stormwater program. Provide IT support for the members of the Environmental Division.

During NDOT's budget hearing on April 28, the Subcommittees expressed interest in contracting out some of the services that are recommended to be performed by the new positions. The NDOT indicated that it currently contracts for some sweeper and vector truck services and the recommended positions and equipment would supplement that activity; however, NDOT indicates its staff must monitor the work performed by contractors. In addition, NDOT indicates these contract services are not available throughout the State. The EPA holds NDOT responsible for the maintenance performed at the various stormwater facilities, as well as the collection of data regarding the condition and frequency of maintenance at those facilities. Since the Department is held responsible by the EPA for the maintenance and collection of data associated with these facilities, NDOT requests permission to utilize the recommended staff and equipment to perform the required activities rather than contractors.

The Department indicates these positions would continue in perpetuity to remain in compliance with the requirements of the federal Clean Water Act. Fiscal staff would note that only nine existing positions are proposed to be reassigned to the Environmental Division, while the remaining 59 positions will be new to NDOT. As of April 10, 2015, NDOT has 35 positions vacant for a period of longer than 6 months, 17 of which have been vacant for longer than 1 year. When asked by Fiscal staff if any of these positions could be reclassified or transferred to the new Division, NDOT answered that none of its vacant positions could be reclassified as they were all necessary in fulfilling NDOT's mission and goals. With respect to many of these vacant positions, NDOT noted the positions were critical; however, the Department indicated there have been no qualified applicants to fill these positions.

All 59 new positions are recommended to have a July 1, 2015, start date rather than an October 1, 2015, start date which is typically used by agencies when budgeting for new positions. The NDOT indicates the aggressive start date would convey to the EPA NDOT's commitment to these efforts and assist with the renewal of its MS4 permit in July 2015.

In addition to the 59 new positions, the budget amendments also recommend the equipment and travel costs detailed in the table on page 59 of [Exhibit C](#). The Department indicates the recommended equipment would provide the tools necessary to perform the activities required by the consent decree.

The options for consideration by the Subcommittees include:

1. Approve Budget Amendment Nos. A150744660 and A150814660, which recommend Highway Fund authorizations of \$9.3 million in FY 2016 and \$6.4 million in FY 2017 for 59 new positions and various equipment to establish a new NDOT Environmental Division.
2. Approve Budget Amendment Nos. A150744660 and A150814660 to establish a new NDOT Environmental Division and provide the recommended equipment; however, only approve 42 new positions and direct NDOT to reclassify or reassign 17 existing, vacant positions to the new Division. Fiscal staff estimates this option would reduce Highway Fund authorizations by approximately \$1.2 million in each year of the 2015-2017 biennium.
3. Do not approve Budget Amendment Nos. A150744660 and A150814660, which recommend Highway Fund authorizations of \$9.3 million in FY 2016 and \$6.4 million in FY 2017 for 59 new positions and various equipment to establish the new NDOT Environmental Division.

If the Subcommittees approve the new Division, Fiscal staff requests authority to enter any necessary technical adjustments. The Subcommittees may also wish to issue a LOI requiring biannual reports be submitted to the IFC regarding NDOT's activities in compliance with the EPA consent decree.

Assemblywoman Titus:

I appreciate that NDOT responded to the Subcommittees' and Fiscal staff's request for more information about what these new positions would be responsible for doing. However, NDOT appears to be an insatiable monster needing continual feeding. They have 35 positions vacant for longer than 6 months, 17 of which have been vacant for longer than 1 year. But, these positions are so valuable they cannot be moved to another division even though they cannot find qualified personnel. The request for an additional 59 positions to start on July 1, 2015, conveys a rigidity that makes NDOT difficult to work with.

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Assemblyman Sprinkle:

Transferring some of the vacant positions would be a good faith effort by NDOT. I understand this is an emergent situation that needs to be rectified. I understand that EPA requirements have changed and it is difficult to keep up with those changes. I am frustrated that this is being presented as an emergency situation. However, I am glad NDOT was able to bring it to the Legislature rather than the IFC. Environmental protection is important and we need to budget for it.

ASSEMBLYMAN SPRINKLE MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE OPTION NO. 2 IN B/A 201-4660.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

Chair Edwards:

I was surprised when this was presented "out of the blue." However, it does appear to be necessary. I agree NDOT should use currently vacant positions. I will support the motion.

Assemblyman Hambrick:

I will support this. If we approve this, will that give some relief from potential EPA fines?

Chair Goicoechea:

I support Option No. 2. I completely support the need for equipment and the high level IT expertise and program development positions. However, the field support positions can be back-filled with maintenance crew positions that already exist.

Bill Hoffman, P.E. (Deputy Director, Department of Transportation):

As the economy improves, NDOT struggles to hire and retain staff due to insufficient salaries. The 17 positions identified for transfer are positions NDOT has tried to fill several times. Those are needed positions. The fact that they have been vacant does not mean they are not necessary. Some of the positions on the transfer list oversee other federal programs.

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Chair Goicoechea:

My information is that NDOT has a total of 148 vacant positions. Just adding additional positions is not going to help; it expands the budget.

Assemblywoman Titus:

I support Option No. 2. If NDOT were to come to the IFC in the interim because the vacancies have all been filled and they need more staff, that would be better than adding vacancies on top of vacancies.

Assemblywoman Carlton:

How is this going to be paid for? Is a portion to be paid from the fuel tax?

Mr. Hoffman:

The Highway Fund is in good shape. Gas tax revenues exceeded projections by approximately \$14.5 million. That essentially pays for the full request.

Assemblywoman Carlton:

Those gas tax dollars should be used for building roads and highways. There are significant projects that require funding. We have told our constituents that fuel taxes are to be used for road building and maintenance. Option No. 2 stretches the purpose of those funds.

Chair Goicoechea:

Option No. 2 is an effort to save some of those dollars.

Leo M. Drozdoff, P.E. (Director, State Department of Conservation and Natural Resources):

I cannot speak to the impact of the 17 positions that would be reassigned by NDOT. However, the funding that would be included in Option No. 2 and directed to this effort should be fine.

ASSEMBLYMAN SPRINKLE MOVED TO AMEND HIS MOTION TO INCLUDE A LOI REQUIRING BIENNIAL REPORTS TO BE SUBMITTED TO THE IFC REGARDING NDOT'S ACTIVITIES IN COMPLIANCE WITH THE EPA CONSENT DECREE AND TO GRANT AUTHORITY TO FISCAL STAFF TO MAKE ANY TECHNICAL ADJUSTMENTS.

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ASSEMBLYWOMAN DICKMAN CONCURRED WITH THE AMENDED MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

The third major closing issue for this account is the fueling system upgrade in decision unit E-225.

E-225 Efficient and Responsive State Government — Page NDOT-19

The Governor recommends Highway Fund authorizations of \$1.6 million in FY 2016 and \$4.9 million in FY 2017 to upgrade the Department's fueling system. The system upgrade would consist of replacing most underground fuel tanks with above-ground tanks, incorporating modern fire safety enhancements to prevent fuel leakage and fires and updating current key-based systems with more secure card-based systems. The NDOT estimates this project will take 4 years to complete, and NDOT will request approximately \$9.7 million in additional Highway Fund authorizations from the 2017 Legislature to complete this project for a combined total of \$16.2 million. The table on page 60 of [Exhibit C](#) lists the expenditures expected.

There are 53 fueling sites throughout the State, which are used by 86 State and local governmental agencies. Most of these fuel dispensing sites were constructed in the 1990s with underground fuel tanks; the average age of the fuel tanks is between 25 and 30 years old.

The Department cites the following issues in its existing fuel systems:

- Aging tanks that present environmental concerns since the underground fuel tanks could leak into the soil.
- Older pumps and monitoring systems that are difficult to maintain and pose a fire hazard.

- Frequent failure of electronic card readers used to obtain fuel.
- Dated technology used by the monitoring system, with limited staff available to make repairs.
- Antiquated key-lock mechanisms, which are failing and requiring replacement by modern card readers.
- Routine vapor lock by fuel systems during hot weather, which requires maintenance staff to visit the fueling station and make necessary repairs.

The Department indicates it would upgrade the fuel sites using a phased approach, replacing 10 percent in FY 2016, 30 percent in FY 2017, 40 percent in FY 2018 and 20 percent in FY 2019. The NDOT would prioritize the replacement of its fueling systems by identifying sites with older fuel tanks, inoperable pumps, numerous false alarms and operational problems in warm or cold weather.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR HIGHWAY FUND AUTHORIZATIONS OF \$1.6 MILLION IN FY 2016 AND \$4.9 MILLION IN FY 2017 IN DECISION UNIT E-225 OF B/A 201-4460 TO UPGRADE NDOT'S FUELING SYSTEM.

SENATOR PARKS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Drost:

The fourth major closing issue in this budget is a new welcome station, new rest stops and stormwater program enhancements in decision unit E-730.

E-730 Maintenance of Buildings and Grounds — Page NDOT-22

The Governor recommends Highway Fund authorizations of \$11.5 million in FY 2016 and \$11.4 million in FY 2017 to fund routine maintenance and

alterations of Department-owned facilities as well as one-time expenditures associated with stormwater management program and new construction.

Fiscal staff does not have any issues with the routine items listed in the table on page 61 of [Exhibit C](#) as NDOT traditionally includes similar expenditures in its budget. However, the Governor's recommendation also includes one-time expenditures of \$3 million for the NDOT stormwater management program and \$9 million for the construction of two new rest stops and a welcome station over the biennium.

The NDOT stormwater management program would provide stormwater upgrades at approximately 15 highway maintenance facilities, provide for additional stormwater training for NDOT staff and fund a consultant to assist with developing new stormwater manuals and training materials for NDOT staff. The NDOT indicates this funding would supplement the stormwater efforts of the new Environmental Division that was previously approved.

Currently, NDOT has 36 rest facilities across the State and the Governor recommends \$4.5 million for the construction of two new limited service rest stops to replace two existing rest stops near Beowawe and \$4.5 million for a new full-service welcome station at Trinity. The NDOT indicates additional staff would not be needed to operate the rest stops, however, the Trinity welcome station would be staffed by Department of Tourism and Cultural Affairs (DTCA) positions during regularly scheduled hours. The Governor does not recommend new DTCA positions to staff the Trinity welcome station in the upcoming biennium, however, the DTCA indicates that it will request positions in the future.

ASSEMBLYMAN EDWARDS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION IN B/A 201-4660 FOR HIGHWAY FUND AUTHORIZATIONS OF \$11.5 MILLION IN FY 2016 AND \$11.4 MILLION IN FY 2017 TO FUND ROUTINE MAINTENANCE, NEW CONSTRUCTION AND ALTERATIONS OF DEPARTMENT-OWNED FACILITIES, INCLUDING THE STORMWATER MANAGEMENT PROGRAM ENHANCEMENTS AND THREE ADDITIONAL REST FACILITIES.

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ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

Assemblyman Sprinkle:

The request for funding for stormwater management was submitted before the budget amendment, but this brings the total for stormwater management up to \$19 million. I hesitate to support more allocations for stormwater management. But, more importantly, I am opposed to new rest stops.

Chair Goicoechea:

Regarding the stormwater management, these are existing State facilities the State is responsible for maintaining. I do understand your concern about the rest stops. The Beowawe stops are functional.

Assemblyman Sprinkle:

As the motion stands, I will vote no. If the rest stops could be eliminated, I would be able to support it.

Felicia Denney (Administrative Services Officer, Department of Transportation):

The rest areas are only a fraction of the E-730 decision unit. The Trinity rest area requests \$2.25 million each year of the biennium and the two Beowawe stops are also \$2.25 million each year of the biennium.

Chair Goicoechea:

Is it \$4.5 million each year for these?

Ms. Denney:

Yes.

Chair Goicoechea:

How critical is it that the Beowawe rest stops are fixed this year?

Mr. Hoffman:

Both the Trinity and Beowawe rest stops are functional, but they require upgrades. They are safety rest areas for motorists. If they are in poor condition, drivers will not stop, forcing them to drive further distances when they are drowsy.

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Chair Goicoechea:

There is a big difference between the facilities at Beowawe and Trinity. It is noticeable that the eastbound Beowawe stop is heavily used by the trucks before they climb Emigrant Pass, but it is functional. Westbound there is much less usage.

Assemblywoman Carlton:

There are other rest stops that are far from functional and they are not on this list. I would rather see those dollars spent on rest areas that are not currently functional.

Assemblywoman Dickman:

It appears we are discussing amenities, not safety issues.

ASSEMBLYMAN EDWARDS MOVED TO AMEND HIS MOTION TO REMOVE THE \$9 MILLION FOR THE NEW REST STOPS AND WELCOME STATION.

ASSEMBLYWOMAN TITUS CONCURRED WITH THE AMENDMENT.

Assemblywoman Carlton:

I would prefer the money not just be taken out, but directed to other rest stops in greater need.

Chair Goicoechea:

Typically, if the rest stops are placed in the short- and long-range plans between NDOT and the local jurisdiction, construction can be facilitated. The county may step up with the property or the water.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN CARLTON VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Drost:

The other closing items for this account include a new risk management information system in decision unit E-230, Nevada shared radio system enhancements in decision unit E-375, the transfer of positions in decision units E-504 and E-904, equipment replacement in decision unit E-710 and new equipment in decision unit E-720. These items appear reasonable to staff.

E-230 Efficient and Responsive State Government — Page NDOT-20
E-375 Safe and Livable Communities — Page NDOT-20
E-504 Adjustments To Transfers In E904 — Page NDOT-20
E-904 Transfers - EITS 1365 To NDOT 4660 — Page NDOT-23
E-710 Equipment Replacement — Page NDOT-21
E-720 New Equipment — Page NDOT-22

Additionally, Budget Amendment No. A150654660 transfers funds to the Office of the Attorney General creating a Project Neon legal team. Fiscal staff notes the Project Neon legal team was approved by the Senate Committee on Finance and the Assembly Committee on Ways and Means. This recommendation appears reasonable to staff.

Fiscal staff entered technical adjustments for the position reclassifications in decision unit M-100 and position reclassifications in decision unit E-806, as well as Base Budget technical adjustments. These technical adjustments appear reasonable.

M-100 Statewide Inflation — Page NDOT-18
E-806 Unclassified Position Salary Increases — Page NDOT-22

ASSEMBLYWOMAN DICKMAN MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE DECISION UNITS E-230, E-375, E-504, E-904, E-710 AND E-720; TO APPROVE DECISION UNITS M-100 AND E-806 AS RECOMMENDED BY THE GOVERNOR IN B/A 201-4460 WITH TECHNICAL ADJUSTMENTS AND TECHNICAL ADJUSTMENTS TO THE BASE BUDGET; TO APPROVE BUDGET AMENDMENT NO. A150654660 AND TO GRANT AUTHORITY TO FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

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ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Chair Goicoechea:

The hearing is now open for public comment.

Kevin Ranft (American Federation of State, County and Municipal Employees, AFL-CIO, Local 4041):

Regarding the DMV budget, the major concern is the safety of DMV employees and the public. There have been incidents of bricks and rocks thrown through windows, people being forcibly removed and shouting inside the buildings because of the long lines and wait times. We appreciate the new positions for the DMV offices.

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Chair Goicoechea:

Is there any further public comment? Seeing none, this hearing is adjourned at 11:00 a.m.

RESPECTFULLY SUBMITTED:

Trish O'Flinn,
Committee Secretary

APPROVED BY:

Senator Pete Goicoechea, Chair

DATE: _____

Assemblyman Chris Edwards, Chair

DATE: _____

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EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	3		Attendance Roster
	C	64	Adam Drost, et. al. Legislative Counsel Bureau Fiscal Analysis Division	Public Safety, Natural Resources and Transportation Joint Subcommittee Closing List #5, May 5, 2015