

**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  
March 10, 2015**

The meeting of the Subcommittees on Public Safety, Natural Resources and Transportation of the Senate Committee on Finance and Assembly Committee on Ways and Means was called to order by Chair Pete Goicoechea at 8:02 a.m. on Tuesday, March 10, 2015, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

Senator Pete Goicoechea, Chair  
Senator David R. Parks  
Senator Mark A. Lipparelli

**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.

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Stephanie Day, Principal Deputy Fiscal Analyst  
Alex Drost, Program Analyst  
Emily Cervi, Committee Assistant  
Trish O'Flinn, Committee Secretary

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**OTHERS PRESENT:**

Troy L. Dillard, Director, Department of Motor Vehicles  
Nancy Wojcik, C.P.M., Administrator, Division of Field Services, Department of Motor Vehicles  
Izzy Hernandez, Project Manager, Department of Motor Vehicles  
Anand Vijayaraghavan, Division of Information Technology, Department of Motor Vehicles  
Amy McKinney, Administrator, Administrative Services Division, Department of Motor Vehicles  
Carla Watson, Team Lead, Budget Division, Department of Administration  
Alys B. Dobel, Human Resources Administrator, Department of Motor Vehicles  
Tom Conner, Chief Administrative Law Judge, Office of Administrative Hearings, Department of Motor Vehicles  
Mark Froese, C.P.M., Administrator, Division of Information Technology, Department of Motor Vehicles  
Donnie Perry, Administrator, Division of Compliance Enforcement, Department of Motor Vehicles  
Janet Murphy, Deputy Chief, Budget Division, Department of the Administration  
Sean McDonald, M.B.A., Administrator, Division of Central Services and Records, Department of Motor Vehicles

**Chair Goicoechea:**

The meeting is open to public comment. Seeing none, we will open the hearing on the Department of Motor Vehicles (DMV).

**Troy L. Dillard (Director, Department of Motor Vehicles):**

I will refer to the document titled "Department of Motor Vehicles NRS 481 Department Budget Hearing" ([Exhibit C](#)) throughout my presentation. The picture on page 3 of [Exhibit C](#) was taken at the Decatur DMV office on February 20, 2015, at 5:20 p.m. The room was filled to capacity.

**Chair Goicoechea:**

The office closes at 5:00 p.m. What is the policy for taking care of those customers?

**Mr. Dillard:**

Customers who are inside the building before 5:00 p.m. are allowed to remain and complete their transactions. Staff is scheduled to work until 6:45 p.m. to ensure all customers can be seen. The graph on page 4 of [Exhibit C](#) highlights the growth of customer volume between calendar year (CY) 2005 and CY 2014 in the five metropolitan offices in Clark and Washoe Counties. The number of customers served in CY 2011 was 1,681,855 and in CY 2013 it was 1,749,473. In CY 2014 the customer count rose to 2,064,241. There are several reasons for this increased demand: driver authorization cards, REAL ID, 8-year driver's license renewals, the economic recovery, commercial driver's license medical requirement changes, and the return to rapid growth in the State population. Many of these factors are exacerbated by the customers' lack of understanding about requirements, leading to repeat visits for a single transaction. Key to alleviating high customer counts is educating the public about these requirements and the alternatives to in-person visits to a DMV office.

One of the factors driving increased customer counts in CY 2014 was demand for driver authorization cards issued to individuals who cannot meet the proof of identity requirements for a driver's license. This option was created by S.B. No. 303 of the 77th Session. The DMV expected higher customer counts, especially for written testing, but also expected the demand to taper off as the year progressed. However, customer volumes are not declining. Demand in the first 2 months of CY 2015 has been greater than the same period in CY 2014 and CY 2013. The driver authorization card is not the only transaction creating higher customer volumes at DMV offices. Many Nevadans are confused about the documents necessary to obtain the REAL ID and do not have them at the first visit. Nor are they aware that unexpired driver's licenses issued before Nevada became compliant with the federal REAL ID requirements will be accepted as REAL ID compliant through 2020. The U.S. Transportation Security Administration will accept these licenses for identification purposes through 2016. Therefore, driver's licenses do not need to be renewed before the expiration date for this purpose. The 8-year driver's license renewal initiative has also increased customer demand in the DMV offices, although it should reduce customer volume over time. Historically, over 80 percent of customers renewed their driver's licenses in person although most were eligible to renew by mail or online. The rebounding economy has also contributed to customer

counts as new residents move into the State and new vehicles are purchased. The use of alternate technologies such as Web sites, kiosks and partner locations has also grown. Between fiscal year (FY) 2013 and FY 2014, there were almost 250,000 more transactions than the previous fiscal year. The DMV needs to educate citizens about alternative services available to them.

During the same time period, the DMV has lost personnel. In CY 2008, the five metro offices were authorized for 475 full time equivalent (FTE) staff; in CY 2014, the authorized FTEs had dropped to 425. Page 12 of [Exhibit C](#) compares the authorized positions in CY 2013 and CY 2014 with staff available to work. In CY 2014, only 399 field techs were available. Staff turnover at the DMV has historically been around 11 percent; in CY 2014, it had risen to 21 percent. The loss of expertise, coupled with the need to regularly train new staff, has impacted the speed and efficiency of DMV staff. The turnover rate is directly related to economic changes and the measures taken by the State to adapt to those changes.

The Executive Budget has specific measures to address these factors from a resource standpoint. The DMV is also working on managing its processes to create more efficiencies. A system modernization would impact the DMV by increasing the efficiency of transactions by 30 percent. This would allow more transactions to be completed due to a smoother, more synchronized system.

**Chair Edwards:**

Why did the turnover rate increase during the Great Recession? That seems counterintuitive.

**Mr. Dillard:**

The imposition of mandatory furloughs and the lack of step increases have been a significant factor in DMV employees looking for positions in other agencies.

**Chair Edwards:**

Why would staff give up the tenure and security of State employment in an economic downturn?

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**Mr. Dillard:**

During the downturn, State employees' salaries decreased and staff left DMV to take other positions for higher pay rather than remaining on a career track within the DMV. Therefore, DMV has had to hire inexperienced workers in increasing numbers and train them.

**Chair Edwards:**

The turnover rate was still higher during the last biennium when some of the furlough requirements were eliminated and some pay was increasing.

**Assemblywoman Carlton:**

Many State employees retired earlier than expected during the Great Recession; it would take 6 months to schedule an appointment with the Public Employees' Retirement System. Because of the high retirement rate, positions opened in many State agencies. The only way a State employee could receive a raise was to accept a new job with a different State agency. Employees did not necessarily leave State service, they transferred for better pay.

Regarding the components of the increased demand, can you provide a more detailed breakdown about the level of demand the DMV is experiencing?

**Mr. Dillard:**

There are further breakdowns regarding the types of transactions. Each customer has 1.5 to 2 transactions during each visit. Unfortunately, in spite of efforts to expand into alternate technology, the most frequent transaction in DMV offices remains registration renewals. The DMV has successfully moved 80 percent of registration renewals to alternate services. Of the customers in DMV offices, 30 percent are using cash to pay for their transactions. There are limited alternate technologies that accept cash. The kiosks in DMV offices will take cash. We are working to expand cash acceptance by partner entities. One of the barriers is the State's requirement that businesses receiving more than \$10,000 in State business in a day must make daily deposits. It does not take many registration transactions to amount to \$10,000, which limits the DMV's ability to partner with emissions stations to handle vehicle registrations. Fortunately, AAA has just agreed to accept cash at the kiosks in their offices in Nevada. On average, 22,000 registration renewals are transacted in DMV offices each month. By educating the customer, some of these transactions

could be moved to alternate technologies; some of these transactions require the DMV to find more ways to offer alternate technologies to them. In addition to cash customers, there are transactions requiring affidavits. Allowing electronic signatures as part of the transaction is one area to explore. In Clark County, veterans' exemptions for registrations have not been available online due to system upgrades. The programming is nearly complete and this service will be available online by June. The individual pieces are not all large, but the causes in the aggregate have created a significant increase in transactions. The approach is to identify the largest pieces and address the specific issues one at a time.

**Assemblywoman Carlton:**

Can customers use debit cards and prepaid cards?

**Mr. Dillard:**

Yes, they can.

**Chair Goicoechea:**

Will commercial driver licenses (CDL) be REAL ID compliant? What are the changes regarding self-attesting to medical fitness?

**Mr. Dillard:**

That will depend on the customer. If the customer chooses to apply for a REAL ID compliant license, the documentation required is more restrictive: a birth certificate or passport, a social security card, and two documents proving Nevada residency.

**Chair Goicoechea:**

Will the CDL continue to be renewed every 4 years?

**Nancy Wojcik, C.P.M. (Administrator, Division of Field Services, Department of Motor Vehicles):**

The CDL renewal period will also move to 8 years. Regarding the medical exam requirements for the CDL, if the holder of the CDL will drive across State lines, Nevada must have a certified physical on record. If the driver will remain intrastate, a notice of self-certification is sufficient.

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**Assemblywoman Carlton:**

Regarding the documents required for a REAL ID compliant license, it is different for women because a woman must also bring in a copy of her marriage license if she changed her name.

**Mr. Dillard:**

That is correct, especially if the name has changed multiple times. A passport is the preferred document.

**Assemblywoman Dickman:**

Will an expired passport suffice?

**Ms. Wojcik:**

No, it must be a current, valid passport.

**Assemblywoman Titus:**

Is a Concealed Carry Permit acceptable?

**Ms. Wojcik:**

It would only be accepted as a secondary document.

**Chair Goicoechea:**

We will now hear budget account (B/A) 201-4716, System Modernization.

PUBLIC SAFETY

DEPARTMENT OF MOTOR VEHICLES

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

**Mr. Dillard:**

Budget account 201-4716, also known as the DMV System Modernization Project, is a long-term solution for both business and information technology (IT) processes. The DMV's current computer system, the Combined Automotive Revenue and Registration System (CARRS), was implemented in 1999. This system is composed of a Common Business Oriented Language (COBOL)-based

mainframe application with PowerBuilder applications, which run on different platforms. The DMV also utilizes Microsoft.NET for Web applications, which requires an additional step in programming. The .NET programming language is a more modern language that allows Web customers to complete transactions more rapidly with fewer screens than technicians at DMV offices use. In addition to CARRS, many sections within the DMV have other unintegrated computer systems to meet their needs. These systems include the use of Excel spreadsheets for the collection and distribution of revenue that totaled \$1.1 billion in FY 2014 and a Web-based system used by the Motor Carrier Division, which was transferred to the DMV after CARRS was implemented. The system is no longer supported and is archaic in design. The utilization of the COBOL programming language makes it difficult to recruit programming staff. Consequently, the DMV has hired master service agreement (MSA) contractors who are paid approximately \$100 an hour—a much higher rate than comparable staff positions. There is a current IT workload backlog that would take existing staff over 7 years to complete.

The design for the new system is commercial off-the shelf (COTS) based, which allows for a technology system that remains current, flexible and ends the cycles of future system replacements. The core principle in this initiative is to build the system correctly the first time, ensuring adequate controls and testing and providing for future maintenance, upgrades and flexibility of integrations so the system remains current without another costly system replacement. Other benefits include: the ability to automate processes associated with the collection and distribution of revenue; business analytics, including predictive analysis and forecasting capabilities; automation of testing, consolidation of project management and application tracking to automate timelines and work assignments; real-time system performance monitoring; disaster recovery; enhanced data security; reduced average wait times; and the ability to offer expanded services at DMV kiosks and on the Internet. The financial return on investment (ROI) cannot yet be pinpointed, but the ROI measured in efficiency and effectiveness is immediately apparent.

**Chair Goicoechea:**

The last time the DMV transitioned to a new system, Project Genesis, in 1999, the DMV experienced major difficulties implementing the system. The Interim Finance Committee (IFC) approved a subcommittee to monitor and



review issues associated with the implementation effort, which required additional resources and numerous follow-up modifications to the system. What has the DMV learned from that experience and how will you avoid the same mistakes?

**Mr. Dillard:**

The mistakes in Project Genesis generated several doctoral theses about how not to deploy a major initiative system. The DMV has created a plan that incorporates what we learned from those mistakes, including multifaceted process reviews of the project and adequate testing. One of the big issues with Project Genesis was the hard deadline that impacted testing and dictated schedules without reference to the internal workings of the project. The plan for the System Modernization Project is structured to avoid the mistakes of the past. The request for proposal (RFP), that will be issued soon, outlines controls and process monitoring to ensure successful implementation, as did the Technology Investment Request. Implementation will not be a "big bang," but a phased-in approach.

**Chair Goicoechea:**

How will the new system address the DMV's current IT backlog? Will the backlog grow prior to implementation of the new system?

**Mr. Dillard:**

When proposed legislation requires DMV programming changes, unless they are minor in nature, the fiscal notes provide for the hiring of MSA contractors. The DMV proposal includes enabling language in the legislation for the System Modernization Project so that, as the new system rolls out, changes can be incorporated without the significant investment required by the current system. Currently, all program changes require hard coding into the system. In the new system, changes would be based on a business-rule-driven process that is configurable.

**Chair Goicoechea:**

Will the new system allow additional functionality to meet the needs of the customers who use cash for their transactions?

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**Mr. Dillard:**

The system design will not address cash transactions. The solution for cash transactions is to expand the number of partners who will take cash at their locations.

**Izzy Hernandez (Project Manager, Department of Motor Vehicles):**

A new budget has been created for the System Modernization Project summarized in enhancement unit E-550.

E-550 Technology Investment Request — Page DMV-17

One of the components is the system's integrator, the vendor selected through the RFP process who will assist in the development and implementation of the new DMV application. The estimated cost for the integrator in FY 2016 and FY 2017 is \$14,870,580 each year. The second component is the MSA contractors who will be used in the DMV project management office, IT Division, and to backfill subject matter experts who are pulled into the Project. The estimated cost for this component is \$2,021,920 for FY 2016 and \$5,747,680 for FY 2017. System hardware costs are estimated at \$10,339,556 in FY2016 and \$1,804,996 in FY 2017. The DMV requests 16 FTE staff for the continued support of the new system; they will be subject-matter experts once the system is implemented. The estimated costs for this component of E-550 are \$181,459 for FY 2016 and \$808,845 for FY 2017. The final component, miscellaneous and facilities operations, covers the cost of housing the State and the project integrator's resources. The estimated cost for FY 2016 is \$856,864 and for FY 2017 is \$360,188. The total request for the System Modernization Project in FY 2016 is \$27,486,984 and \$22,849,629 in FY 2017. The estimated cost over the duration of the project is \$109,369,121.

**Chair Goicoechea:**

Why is the projected cost for the DMV system greater than similar projects in other states?

**Mr. Hernandez:**

The DMVs in other states do not provide as many services to their citizens as does the Nevada DMV. Nevada DMV handles more than 40 types of

transactions. For example, vehicle registrations are handled by the department of taxation in some states.

**Chair Goicoechea:**

During the planning process, the 5-year cost of the project was estimated to be \$99.5 million. Why is it now \$109.4 million?

**Mr. Hernandez:**

Vendors estimated the cost of the project based on receiving payment in full at the beginning of the project. With payments made incrementally as the system was designed and implemented, \$10 million was added to the cost. That cost reflects the vendor risk associated with the project over its 5 year period.

**Mr. Dillard:**

The DMV used a conservative approach in estimating costs for this project. We focused on the highest estimated bids. Regarding the \$10 million increase, the DMV wants to be completely transparent. This is a major investment for the State. We do not want to return to the IFC, or future Legislative sessions, to request more funding. Once the RFP is issued and the DMV has specific responses to the needs identified, I expect the cost to be less. I do not expect the Legislature to approve a \$109 million expenditure without performance measures and controls in place with progress reports throughout the process.

**Chair Edwards:**

If the DMV is using a COTS-based system that already exists, why is the cost so high? The development costs should be minimal.

**Anand Vijayaraghavan (Division of Information Technology, Department of Motor Vehicles)**

Commercial off-the-shelf software can be compared to a recipe. It has all the features and facilities to make the dish, but it is not the completed dish. The most common features and functions required for any application development are already present, but it does not have DMV-specific functions. The COTS software must be configured to meet DMV's requirements.

**Chair Edwards:**

Why is the Agency request for funding for MSA contractors \$29.5 million compared to the Governor's recommended \$25.8 million? If the DMV is hiring a contractor to create the system, why are you asking for 22 new FTEs? If the RFP is written correctly, DMV should not need so many new positions. The vendor should be responsible for staffing the project.

**Mr. Dillard:**

The deployment of Project Genesis in 1999 was done just as you suggest. The vendor created the system and turned it over to the DMV on completion. The DMV staff was not involved in the creation and did not know how it worked or how to use it. The plan for this Project is to hire the MSA contractors to handle existing departmental responsibilities and requirements. This plan will free the employees who are subject matter experts to work on the creation and implementation of the new project in coordination with the vendor.

**Chair Edwards:**

In RFPs I have done in the past, the contracting vendor is supposed to understand the systems well enough that subject matter experts are not necessary on their team. I am concerned that the DMV's subject matter experts will be on the vendor's team, thereby requiring 22 new hires. The cost appears excessive. Either the right contractor is not being hired, or the RFP is not written well enough for the vendor to understand the workload. There should be industry days and other features in the RFP to clearly explain the DMV's needs so the vendor fulfills the contract with minimal participation from quality assurance personnel.

**Mr. Dillard:**

The DMV has taken what has been learned across the Country and in the Project Genesis development in Nevada. The RFP contains highly detailed business requirements and functions. The model you describe has not been successful for DMVs in the past. Many states have spent many millions of dollars for systems that did not function upon delivery, or were not completed due to the intricacies of the systems. Designs where staff is integrated with the selected vendors are the systems being successfully deployed across the Country. The FTEs requested in the budget today should reduce the need for many of the existing workforce in areas that will be automated. The DMV will

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shift from manual workforce operations that are currently funded into more technologically advanced operations in the future.

**Chair Goicoechea:**

Of the 75 FTEs in this budget, 55 or 57 will be State employees who will be integrated into the new system and thus understand the system when it is deployed, is that correct?

**Mr. Dillard:**

The 75 FTE positions you refer to are in a different budget account. The positions for B/A 201-4716 are related only to the implementation of the System Modernization Project.

**Mr. Hernandez:**

The DMV anticipates 20 FTEs from the vendor available on site. The DMV will hire 35 MSA contractors and 22 new State employees. The DMV anticipates housing 75 individuals who will work on the project.

**Assemblyman Sprinkle:**

Performance standards are always important, but, after a \$40 million initial outlay, it is unlikely the State will cancel the Project.

**Senator Lipparelli:**

How much money does the DMV collect each year?

**Mr. Dillard:**

The DMV projects revenues of \$1.1 billion in FY 2015, \$1.2 billion in FY 2016 and \$1.3 billion in FY 2017.

**Senator Lipparelli:**

What is the annual budget for the DMV?

**Mr. Dillard:**

The total operating budget is approximately \$150 million for all functions of the DMV.

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**Senator Lipparelli:**

Based on that information, costs reflect approximately 15 percent of revenue generated. How will the \$100 million investment being considered by the Legislature affect that ratio in the future?

**Mr. Dillard:**

Ultimately, it will be better. The current system will not continue to support the functions that the DMV performs. The 30 percent efficiency increase that results from the Modernization Project would translate to staffing levels at least 30 percent higher to maintain current functionality if not implemented. The primary focus of this Project is to create a system that is scalable and flexible enough that the need to debate a new infrastructure system does not occur again.

**Senator Lipparelli:**

I am concerned that the plan is only focused on creating new infrastructure. If the DMV was not responsible for over 40 functions, would the problem with the current system still exist? Is there anything these Subcommittees can do to alleviate the demand?

**Assemblywoman Dickman:**

Will the 22 new positions be eliminated once the Project is completed?

**Mr. Dillard:**

The State positions will not be eliminated. They will maintain the new system. We do anticipate a paradigm shift in the workforce; more staff will be responsible for sustaining the system and responding to future requirements and fewer staff will be necessary for manual processes.

**Assemblywoman Dickman:**

Will the people who are currently performing those manual processes lose their jobs?

**Mr. Dillard:**

The positions will be reallocated, but current employees will not lose their jobs.

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**Chair Edwards:**

What type of contract vehicle will be used? Is it a firm, fixed price or is it a cost reimbursement?

**Mr. Hernandez:**

The Department of Administration's Purchasing Division will be responsible for executing the contract. I do not know what the contract vehicle will be. I will get that information to the Subcommittees.

**Chair Edwards:**

That is important. A firm, fixed price contract protects the taxpayer.

**Mr. Hernandez:**

One of the items to be included in the RFP is that vendors will be required to provide a cost for function breakdown. Another issue will be the management of the contract. Monthly budget forecasting and progress reports will be built into the contract.

**Chair Edwards:**

Has the RFP date changed from March 2015?

**Mr. Hernandez:**

Yes, the date has changed so we can ensure the RFP includes all necessary components to protect the State.

**Chair Edwards:**

What increased capacity will be included so the State does not have to constantly expand the program? What is the expected life-cycle for the new system?

**Mr. Vijayaraghavan:**

The current technology we are considering will evolve and incorporate new features and standards as changes occur.

**Chair Edwards:**

How long is that supposed to last the State? There is a difference between paying \$110 million for a system that lasts 5 years and one that lasts 20 years.

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**Mr. Dillard:**

Part of the System Modernization effort, as outlined in BDR 43-1177, proposes a \$1 technology fee on all transactions to offset the cost of the system, ongoing maintenance, upgrades and interfaces with other State and federal agencies and other entities. The DMV currently spends considerable time changing the system interfaces to keep up with federal requirements. Most of our resources become dedicated for a year or longer to adapt to a change required by the federal government so the State does not lose a portion of federal highway funds. We envision a system that remains current, is able to integrate with future technologies and ensures the security of data.

**BILL DRAFT REQUEST 43-1177:** Makes an appropriation to the Department of Motor Vehicles for the modernization of its current information technology platform and provides additional authority to collect technology fees. (Later introduced as [Senate Bill 502](#).)

**Chair Edwards:**

The \$110 million does not even address staff required ongoing. I still have questions.

**Chair Goicoechea:**

Will the technology fee be in statute or regulation? Will it be of limited duration or permanent?

**Mr. Dillard:**

I believe it will be in statute and will remain at \$1 per transaction.

**Chair Goicoechea:**

The Governor recommends that any unspent authority in this budget be transferred from FY 2016 to FY 2017. Will additional revenue collected from the technology fee revert to the State's Highway Fund?

**Mr. Dillard:**

Yes.



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**Chair Goicoechea:**

Why has a budget amendment been submitted recommending a reduction in Highway Fund appropriations of \$2.8 million in FY 2016?

**Mr. Dillard:**

The budget amendment affects this budget account and B/A 201-4735, Field Services. The budget originally submitted contained 75 FTEs allocated over the biennium. The amendment moves all 75 positions to a July 1, 2015, start date to give DMV the ability to fully staff the field offices and reach operational efficiency with physical resources. To offset the increased costs, expenditures have been removed from the vendor services portion of B/A 201-4716. That has resulted in the time line for the Project being pushed further into the future.

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

**Senator Parks:**

Will the new system run parallel to the current system or will the change take place all at once?

**Mr. Vijayaraghavan:**

We have not determined the roll-out procedures. We have discussed being able to bring in enough capacity to double up for development and testing. There are parts of the system that can be moved in phases, but we will have to do an analysis with the vendor to determine the best practices.

**Chair Goicoechea:**

The next item will be B/A 201-4744, the Director's Office.

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

**Mr. Dillard:**

Enhancement unit E-226 is expansion of a campaign to increase advertising and public awareness of DMV's services and options at a cost of \$150,251 in each year of the biennium. The focus of the campaign will be to inform Nevadans of the alternatives to an in-person visit to a DMV field office.

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

**Chair Goicoechea:**

Do you have any data about the effectiveness of the public awareness campaigns over the last 5 years? This decision unit almost doubles the DMV's advertising budget.

**Mr. Dillard:**

The DMV has done an assessment regarding the funding necessary to reach various percentages of customers and we chose a middle ground of 75 percent. This funding would significantly increase our ability to ensure the public is aware of their options and what documents are required to complete a given transaction at the DMV. The focus will be on determining how and where to reach our customers; by the time they reach the DMV, it is too late.

**Chair Goicoechea:**

The Executive Budget recommends increasing the DMV administration cap from 22 percent to 31 percent in each year of the biennium. How was this cap determined?

**Amy McKinney (Administrator, Administrative Services Division, Department of Motor Vehicles):**

During the budget building process, a decision was made to continue to redirect the Governmental Services Tax (GST) commissions and penalties revenue to the General Fund. As a result, the DMV requires Highway Fund backfill to make our budget accounts whole. We did an analysis of the accounts without the Highway Fund monies to determine an equivalent dollar amount below the cap.

**Chair Edwards:**

When will the DMV return to the 22 percent cap?

**Ms. McKinney:**

We will return when the diversion to the General Fund ends.

**Mr. Dillard:**

If the GST funds were not being diverted to help address the General Fund shortfall, the DMV would currently be under the 22 percent cap.

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**Chair Goicoechea:**

If the Legislature approves the recommended lease-purchase financing of the Sahara field office, how would the lease payments be reflected in future budgets?

**Mr. Dillard:**

The lease payment of approximately \$1 million a year will be incorporated into future biennia budgets.

**Chair Goicoechea:**

Our notes indicate the lease payment will be \$1.9 million. Which is correct?

**Carla Watson (Team Lead, Budget Division, Department of Administration):**

The future payments would be \$1.9 million from the Highway Fund. That is sustainable. The \$1.9 million would not be included in the operating budgets, but the lease payment would be reflected in the operating budgets.

**Assemblywoman Carlton:**

Will the lease-purchase option be heard before the Capital Improvement Program (CIP) Subcommittees?

**Ms. Watson:**

Yes.

**Chair Edwards:**

Why does the East Sahara office need to be replaced? It seems functional to me.

**Ms. Wojcik:**

The East Sahara office was built in 1975. It has been remodeled twice to accommodate the increasing volume of customers. Changes to the electrical system were required for an additional counter to be installed during the last remodel in 2004. More Divisions are working in that office and the DMV has determined it needs an additional 10,000 square feet. Another remodel would not increase capacity.

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**Chair Edwards:**

If it has already been remodeled, I do not understand why the DMV needs a new building.

**Chair Goicoechea:**

This issue will be debated at a CIP hearing.

Regarding the new Internal Investigative Unit recommended in E-250, how did you determine the number of staff required?

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

**Alys B. Dobel (Human Resources Administrator, Department of Motor Vehicles):**

Approximately 50 percent of DMV staff members are in the north and 50 percent are in the south. We determined one compliance investigator was needed in each location, with an administrative assistant for both.

**Chair Goicoechea:**

How would this work with the Department of Administration's Division of Human Resource Management (DHRM)?

**Ms. Dobel:**

The team would work in conjunction with the DHRM. The DMV's Unit would investigate employees who have allegedly violated a policy or procedure, have abused leave privileges or who are not performing at expected standards.

**Chair Goicoechea:**

Why is the DMV requesting staff for these functions? Other departments do not have this type of unit.

**Ms. Dobel:**

Some departments do have their own investigations units: the Department of Corrections has the Office of Inspector General, the Department of Public Safety has the Office of Professional Responsibility, and the DHRM has a Sexual Harassment and Discrimination Investigation Unit. Other departments have a supervisor or manager working in conjunction with human resources to perform

these investigations. The DMV does not have the staff to dedicate to these investigations within the 90-day time frame required by law.

**Senator Lipparelli:**

The DMV has an estimated caseload of 20. Are three staff members necessary to handle that caseload?

**Ms. Dobel:**

There were 25 investigations in FY 2014. So far, in FY 2015 there have been 22 cases.

**Assemblyman Sprinkle:**

Even with 22 or more cases each year, and a 90-day time frame for completion, what will the staff members do?

**Ms. Dobel:**

These investigations take time. The investigator must develop questions, research the allegations, schedule and interview staff, write the report and present it to the supervisor. The supervisor then determines whether the violation requires action and what that action should be. If consequences are determined to be necessary, the supervisor writes a Specificity of Charges detailing the violations and recommending actions to help the employee become successful. The DMV has had to ask for extensions on the 90-day limit to complete these investigations.

**Mr. Dillard:**

Currently, resources are being diverted from other tasks to handle these investigations. There is a negative impact on the primary function of the DMV, which is to respond to the public as quickly as possible. This request will reduce that negative impact and create a more consistent, fair system for our employees.

**Chair Edwards:**

How many hours does each investigation require?

**Ms. Dobel:**

I do not have that information. I will get that to the Subcommittees.

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**Chair Goicoechea:**

We will now hear B/A 201-4732, Hearings.

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

**Tom Conner (Chief Administrative Law Judge, Office of Administrative Hearings, Department of Motor Vehicles):**

The mission of the Office of Administrative Hearings is to conduct hearings in all matters where the public has a statutory or due process right to a hearing. Although the Hearings Office has jurisdiction in all such cases, the majority of our cases concern Driving Under the Influence (DUI) related driver's license revocations. The Hearings Office maintains offices in Carson City, Reno, Elko and Las Vegas and is currently funded for 12 FTEs. Enhancement unit E-600 requests the elimination of the adjudicator position in the Las Vegas office and E-720 requests video conference equipment and associated maintenance costs.

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

The elimination of this position would result in salary savings of approximately \$134,000 over this biennium compared to a cost for the new equipment of approximately \$43,000, a savings of \$90,000 this biennium. Before proposing the elimination of this position, we determined the caseload could be heard by existing judges if some of the cases were distributed to judges in Reno or Carson City and if videoconferencing equipment is installed in the Las Vegas, Reno and Carson City offices.

**Chair Goicoechea:**

Since the existing staff has been able to absorb the workload of the vacant DUI adjudicator position since December 2013 without videoconference equipment, why do you need it now?

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**Judge Conner:**

We have been using teleconferencing to conduct these hearings remotely, but it is not a satisfactory solution. The ability to see the petitioner is a valuable part of the process. Videoconferencing equipment will make that possible.

**Chair Goicoechea:**

Let us move to B/A 201-4715, Automation.

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

**Mark Froese, C.P.M. (Administrator, Division of Information Technology, Department of Motor Vehicles):**

The DMV Division of Information Technology (MVIT) provides the data processing services to the DMV, including support and maintenance of IT hardware and software; analysis, design and development of IT projects; installation, upgrade and testing of new software and much more. The MVIT has 68 FTEs in five sections: applications programming, systems, framework and control, networks and production control.

Enhancement unit E-720 requests funds to purchase security software for the DMV's servers along with the addition of two new IT technician positions in E-225. The duties of the network team have increased over the last 6 years without a commensurate staffing increase. The addition of duties related to the server security package would render the network team unable to meet existing demand for desktop support. The new IT technicians would provide desktop support while existing network support staff deploys the new software. This will allow networking staff to maintain, upgrade and expand DMV infrastructure and complete legislatively mandated projects. If these two positions are not approved, critical equipment replacement, infrastructure maintenance and rural office support will continue to be delayed.

E-720 New Equipment — Page DMV-42

E-225 Efficient and Responsive State Government — Page DMV-38

Decision unit E-716 requests funds for the replacement of the network switches that control all network traffic into and out of the Carson City DMV office.

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These switches will no longer be supported by the manufacturer after January 2018. If these switches fail after that date, all Internet, Web portal, kiosk, credit card and other computer-based programs will be inaccessible for an extended period of time.

**Chair Goicoechea:**

Regarding E-225, will the two new IT positions be able to support field services?

**Mr. Froese:**

Yes.

**Chair Goicoechea:**

Will the new software also be installed on the desktops?

**Mr. Froese:**

No. This software is specifically for servers.

**Chair Edwards:**

Each section contains requests for new computers. Will they also be part of the \$110 million system contemplated in the System Modernization Project?

**Mr. Dillard:**

There will be a 4- to 5-year period between approval of the System Modernization Project and its full implementation. In the meantime, standard Enterprise IT Services (EITS) equipment replacement schedules must be maintained to ensure functionality of existing equipment. Once a system design has been approved through the RFP process, the DMV will be able to ascertain what of its current equipment can be melded into the new system and what must be fully replaced. The desktop computers will be used in the future, but the backbone architecture may require new equipment.

**Chair Edwards:**

I am concerned that equipment is being replaced before we replace equipment. Life cycles can be extended. Why do hundreds of monitors and power strips need to be replaced now, when they will be replaced as part of the System Modernization?



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**Mr. Dillard:**

The monitors and other hardware required for desktop utilization of the system will not change. This equipment is on a 5-year replacement schedule per EITS guidelines.

**Assemblyman Sprinkle:**

The electronic lien title (ELT) system was approved by A.B. No. 309 of the 77th Session. Why does E-227 indicate the ELT system is still not active?

E-227 Efficient and Responsive State Government — Page DMV-39

**Mr. Froese:**

Work on the ELT system has begun and we anticipate it will be completed by January 2016.

**Mr. Hernandez:**

The project was approved last Session. The DMV then issued an RFP to select a vendor and it is expected to be completed by December 2015.

**Chair Goicoechea:**

With the System Modernization Project, will future fiscal notes be a lesser dollar amount?

**Mr. Dillard:**

That is what we expect. Once the system is configured, the DMV will be much more responsive to the policy changes of the Legislature.

**Chair Goicoechea:**

We will now hear B/A 201-4740, Compliance Enforcement.

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

**Donnie Perry (Administrator, Division of Compliance Enforcement, Department of Motor Vehicles):**

The Division of Compliance Enforcement has 93 FTE in three service areas: emission control, automotive industry regulation and fraud investigation. The

focus of the Division of Compliance Enforcement is consumer protection. The Division seeks to preserve marketplace integrity in which consumers and businesses can thrive. We regulate the motor vehicle industry with a balanced emphasis on education, enforcement and compliance with applicable laws and regulations. Budget account 201-4740 is funded through direct appropriations from the Highway Fund and fingerprint fees for occupational and business licensing.

I will outline some of the highlights of the Compliance Enforcement Division's accomplishments over the past biennium. The 2013 Legislative Session passed a mandate requiring all Nevada businesses engaged in selling or leasing vehicles to submit electronic daily reports of sales to the DMV. The DMV has approved a new print-on-demand temporary tag system to allow car dealerships to print temporary tags as needed for their customers. This Web-based system will streamline the issuance of temporary registrations. Live scan fingerprinting technology has been implemented to replace the traditional method of ink and paper. The submission and return of fingerprints can now be accomplished within 72 hours. In 2013, we secured funding to purchase a new case management system called I-Sight. This is Web-based investigative software that facilitates employee collaboration on investigations, manages case workflow and allows fast, statistical compilation of mandatory reporting requirements.

The proposed Executive Budget for the 2015-2017 biennium contains several decision units. Enhancement unit E-600 is a request to eliminate one compliance investigator position for the Off-Highway Vehicle (OHV) program. The DMV cannot financially support this position based on the current funding level.

#### E-600 Budget Reductions — Page DMV-57

Enhancement unit E-235 is a companion to E-600; it requests funding to reinstate a compliance investigator position for the OHV program. A BDR has been submitted to support this request. If this BDR is not approved, the program will not be able to financially support this position. If the Division of Compliance Enforcement does not have the OHV investigator, the workload will be covered by investigators with other assignments and caseloads. The requested investigators would only respond to specific complaints related to OHV dealers.

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E-235 Efficient and Responsive State Government — Page DMV-56

**BILL DRAFT REQUEST 43-1175**: Revises provisions governing the financial administration of off-highway vehicle titling and registration. (Later introduced as [Senate Bill 492](#).)

**Assemblywoman Titus:**

The Executive Budget proposes a change in the OHV registration revenue sharing. Can you explain how that will work?

**Mr. Dillard:**

The DMV is proposing a change in the funding mechanism for the OHV compliance investigator position. Currently, the OHV Commission receives 85 percent of the revenue generated from OHV registrations and 15 percent is directed to the DMV to offset the costs associated with the program. Registration numbers have not reached the levels expected when the program was created. The cost to the DMV exceeds the 15 percent allocation. However, if the education and enforcement of the OHV registration program is successful and results in higher levels of registration, the 15 percent would be adequate. To address the issue in the near term, the DMV has requested funding for the compliance investigator be appropriated to the DMV before any funds are allocated to the OHV Commission.

**Assemblywoman Titus:**

Will the compliance investigator go to the dealerships and not the owners of the vehicles?

**Mr. Dillard:**

The Division of Compliance Enforcement regulates the sales of OHVs. The compliance investigator ensures dealers comply with the law. In addition, the investigator responds to complaints related to OHV dealers. The Division does not, however, directly enforce OHV registration compliance.

**Chair Goicoechea:**

The program is broken. Only about 10 percent of OHVs are registered. Until there is a mechanism for enforcement, it will not get any better. How many of those who initially registered have reregistered?

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**Mr. Dillard:**

The reregistration rate is approximately 68 percent.

**Assemblywoman Titus:**

I have been told by constituents that requirements to register vehicles they have owned for the last 15 or 20 years are onerous.

**Mr. Dillard:**

The bill required new vehicle sales to be registered and titled. Existing owners could obtain title and registration. The requirements for title and registration of existing vehicles included a vehicle identification number inspection to prove ownership documents. There was a backlog at the beginning of the program. That backlog no longer exists. Dealers submit OHV sales reports to DMV for the creation of title and they perform the registration. The newly sold vehicles are being registered. The noncompliance that exists today is those vehicles purchased before the law went into effect. A recent audit of the OHV program found the top two problems were education and enforcement.

**Chair Goicoechea:**

Does the purchaser of the OHV have to register the vehicle?

**Mr. Dillard:**

When vehicles are sold by a dealer, both title and registration are captured at the same time through a cooperative program with the DMV.

**Chair Edwards:**

Has any trail clearing and expansion been undertaken with the revenue that has been received by this program?

**Mr. Dillard:**

There are two entities responsible for the execution of the program; the DMV is responsible for the registration and titling of vehicles and the OHV Commission is responsible for the trail clearing and expansion. There are statutory requirements regarding use of those funds through a grant system. To my knowledge, no grants have been issued.

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**Chair Edwards:**

Does the Commission have money in an account?

**Mr. Dillard:**

Yes, they have in excess of \$1 million.

**Assemblywoman Titus:**

Does the \$1.9 million slated to be swept into the General Fund include these OHV fees? Or, are these separate funds that could also be moved into the General Fund?

**Janet Murphy (Deputy Chief, Budget Division, Department of Administration):**

We are currently meeting with staff of the Legal Division of the Legislative Counsel Bureau (LCB) about that sweep. It is under review.

**Assemblywoman Carlton:**

Clark County contributed \$500,000 to the creation of this program. If there is \$1 million sitting in a reserve account, the money should be returned to Clark County.

**Mr. Perry:**

Enhancement unit E-720 is a request for rifles, sights and magnifiers to implement a new active shooter program. Budget account 101-4722 contains a companion E-720 decision unit.

E-720 New Equipment — Page DMV-59

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

E-720 New Equipment — Page DMV-67

A well-trained and -equipped police force is the cornerstone of any society, as well as in high occupancy facilities such as government buildings. An active shooter is an individual attempting to kill people in a confined, populated area. In most cases, active shooters use firearms and there is no pattern or method to their selection of victims. These situations are unpredictable and evolve quickly.

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In the majority of active shooter episodes, the emergency response time greatly exceeds the incident duration. As an agency, the DMV's goal is to respond and stop the aggressive act as quickly as possible. The DMV would like approval to purchase equipment to address potential active shooter situations.

**Assemblyman Hambrick:**

I have concerns about the use of rifles within a confined space filled with panicked people. What kind of rifles will they be? What kind of training will staff receive? Where will they be trained?

**Mr. Perry:**

The officers selected will attend the Federal Bureau of Investigation's Active Shooter Training. The training emphasizes the safe use of a rifle in a confined space. A rifle is more accurate than a handgun. The potential distance in some offices is up to 60 yards—a handgun is only accurate up to 25 yards. With a scope, the rifle is even more accurate. A .40-caliber handgun is not sufficient to respond to the threat of an active shooter armed with a rifle.

**Chair Goicoechea:**

Will the on-site security officers be trained to respond to an active shooter?

**Mr. Perry:**

No. Often, security guards are the first target of an active shooter. The rifles will be in lockers in nonpublic areas of the building accessible to staff who have been trained in their use.

**Assemblywoman Titus:**

I am concerned that individuals who are not POST certified and have minimal firearms training provide security at the DMV offices. If they are not trained to respond to these situations, but they are carrying sidearms, they are even more at risk.

**Mr. Perry:**

The security guards are not law enforcement officers. They are contract staff and we do not provide their training.

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**Assemblywoman Carlton:**

Having non-POST certified staff at the doors has always concerned me. If the goal is to decrease response time, the guards at the doors should be POST certified and receive the Active Shooter Training.

**Chair Goicoechea:**

Will the POST-certified officers who will receive the Active Shooter Training always be in the building?

**Mr. Perry:**

Two staff at each location will be designated for the Active Shooter Training. The request is to have the equipment necessary to respond to an active shooter at each of the offices. Although the enforcement officers have field duties, at least one will be in the office at all times and be able to take action.

**Chair Edwards:**

The emphasis on the possibility of an active shooter is the fad of the day. The security guards at the door should be trained and competent. The use of a high-powered rifle in crowded, confined spaces is overkill and a waste of money.

**Assemblyman Sprinkle:**

How will the rifles be secured?

**Mr. Perry:**

The rifles will be stored in a safety vault secured with biometric locks.

**Chair Goicoechea:**

What is the ongoing cost of the programs?

**Mr. Perry:**

The \$33,000 requested includes the training. Future training will be in the training budgets.

**Chair Goicoechea:**

We will return to the Pollution Control budget, B/A 101-4722.

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**Mr. Perry:**

The purpose of the Emissions Control Program is to ensure that vehicles in Clark and Washoe Counties comply with Nevada's laws and regulations regarding emission standards. The Division implements and enforces the on-road vehicle emissions portion of the State's Air Quality Program. We carry out this role by providing training and certification of applicants seeking employment as emission inspectors. We conduct audits and inspections at licensed emission stations, investigate potential program evaders and apply appropriate sanctions against program violators. Additionally, the Division cooperates with federal, State and local planning agencies to evaluate air quality standards and identify strategies to improve them. The Heavy Duty Diesel program is designed to identify vehicles that emit pollutants that exceed acceptable standards and to require them to be repaired.

**Chair Goicoechea:**

The Subcommittees' primary concern is the diversion of excess funds to the General Fund in FY 2015 rather than to Clark and Washoe Counties as required by *Nevada Revised Statute* (NRS) 445B.830. What effect would this diversion have on the air quality programs in Clark and Washoe Counties?

**Ms. Watson:**

As with the OHV funds, we are meeting with LCB Legal Division staff to review this item. This would be a one-time diversion to address the FY 2015 General Fund shortfall.

**Mr. Dillard:**

Clark and Washoe Counties do not lose the dedicated funding from receipts. The reserve account is in excess of the operating costs of the fund.

**Senator Parks:**

As addressed in S.B. No. 148 of the 77th Session, I prefer these excess funds returned to the county of origin.

**Assemblywoman Carlton:**

I have voted for a number of things that contain the word "sunset" or have been represented as "one-time" events and have not had those promises fulfilled because the economy did not improve. Combined with



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Assembly Bill 146 which changes the frequency and cost of smog certifications, I have concerns that the counties' funding will continue to be affected.

**ASSEMBLY BILL 146**: Revises provisions governing motor vehicle licensing.  
(BDR 40-15)

**Chair Goicoechea:**

The next budget account is the License Plate Factory, B/A 201-4712.

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

**Sean McDonald, M.B.A. (Administrator, Division of Central Services and Records, Department of Motor Vehicles):**

The License Plate Factory is charged with designing, manufacturing and distributing Nevada's license plates to DMV offices, State Assessors offices and customers of the DMV. The Factory currently has 4 FTEs and maintains a limited-custody workforce averaging 12 inmates. During FY 2015, the Factory will produce over 1.1 million license plates. The Factory is forecasting production of 1.126 million license plates in FY 2016, and 1.14 million in FY 2017. This figure does not include an additional 700,000 license plates included in a license plate reissuance. Approximately 85 percent of the license plates are standard issue, and the remaining 15 percent are various specialty plates available to Nevadans. Construction of a new 11,780-square-foot facility has recently been completed on the grounds, but outside the fence, of the Northern Nevada Correctional Center (NNCC). The DMV anticipates taking possession of the new facility in early April. Relocation of the Factory from Nevada State Prison to NNCC will commence shortly thereafter and the transition of operations is scheduled to conclude at the end of April. Funding for the \$3.8 million CIP construction costs was provided by the Highway Fund and will be reimbursed from revenues generated by the sale of license plates.

The DMV has successfully completed the RFP process seeking a new vendor to equip the new license plate factory at NNCC. The new vendor will provide equipment for each stage of the plate manufacturing process. We are moving forward with a hybrid license plate production solution integrating the latest digital technologies with the ability to emboss. The resultant license plate will

exceed industry standards for visibility and reflectivity, while retaining a traditional look and feel for Nevada plates. The new equipment will have the capacity to produce 1.250 million license plates per year on a single shift. The new equipment contract was approved October 14, 2014, by the Board of Examiners.

During the 2013 Legislative Session, the DMV was granted authority to charge a fee as a means of recovering costs associated with producing license plates. In recovering costs from plate production, the Factory became a self-funded program and is no longer subsidized by Highway Fund appropriations. On October 3, 2013, regulations were approved to allow the DMV to begin assessing a \$3 fee on all standard-issue license plates sold. These funds are now being used to offset the factory's operational costs, while also serving to pay back costs encumbered in building the new factory.

Decision unit E-225 requests funding for a maintenance repair aid (MRA) 4 at costs of \$36,647 in FY 2016 and \$48,860 in FY 2017. This position will be charged with maintaining the highly technical equipment used in the license plate manufacturing process. Additionally, this position will be responsible for ensuring DMV staff and inmate workers are adequately trained to operate each piece of equipment in a safe and efficient manner, meeting both State and federal safety requirements. Existing staff do not have the expertise to maintain these diverse and complex pieces of equipment. The MRA 4 will also be charged with calibration, die changes and troubleshooting while also assisting in the supervision of inmate workers at the facility.

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

Decision unit E-226 requests authority to implement a rolling reissuance of license plates every 8 years to address a public safety issue as some license plates become difficult for law enforcement to read as they age. The average life expectancy of license plates is 5 to 10 years. A second shift would be necessary to produce the projected 700,000 additional plates each year. Enhancement unit E-226 requests three new positions: a program officer, a driver warehouse worker and an additional MRA 4 to staff the second shift. Additionally, the second shift would require 20 additional minimum-security inmates from the Stewart Conservation Camp.

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

**Chair Goicoechea:**

According to the notes I have, there are several additional fees associated with acquiring new license plates every 8 years. Will the cost be \$10 to replace the plates every 8 years, including the prison industries fee and the proposed technology fee?

**Mr. McDonald:**

That is essentially correct.

**Chair Goicoechea:**

When will production begin at the new license plate factory?

**Mr. McDonald:**

The new factory at NNCC will begin production of the new embossed plates on May 1.

**Chair Goicoechea:**

Why is the equipment being leased rather than purchased?

**Mr. McDonald:**

The medium changes. As new industry standards are attained in reflectivity and endurance, leasing is more cost-effective.

**Chair Goicoechea:**

Because the new factory is an enterprise fund, will you be retaining funds in a reserve account?

**Mr. McDonald:**

Yes. The \$1 million reserve provides funds for up-front material costs at the beginning of each fiscal year.

**Chair Goicoechea:**

How will you repay the Highway Fund loan?

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**Mr. McDonald:**

There are revenues from license plate fees dedicated to repaying the Highway Fund. The loan will be repaid.

**Chair Goicoechea:**

Are license plate budget reserves proposed to be shifted to General Fund support to assist with the FY 2015 ending balance?

**Mr. Dillard:**

That is an accurate observation. Until the License Plate Factory was changed to an enterprise account, the Highway Fund supported its operation.

**Assemblywoman Carlton:**

When the license plate fee was debated last Session, it was indicated this would not be a recurring tax, but would only be charged if a new plate was needed. Now, the Executive Budget indicates this will be an ongoing fee paid by the citizens of Nevada. There are no long-term solutions being offered. The \$1 technology fee to support DMV operations seems like a good idea. But, the requirement to replace license plates every 8 years seems burdensome. I have plates that are 12 and 15 years old, and I will have to replace them regardless of their condition.

**Chair Goicoechea:**

It seems counterintuitive to create a system to decrease wait times while adding a requirement for additional DMV transactions by requiring the reissuance of license plates.

**Mr. Dillard:**

Replacement plates will not require an office visit; they can be replaced by mail as part of a registration renewal. This initiative is not simply a way to make money; it is a public safety issue. New, more reflective materials and embossed plates will be easier to identify on the roads of Nevada.

**Chair Goicoechea:**

Have the materials used to produce the plates been changed?

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**Mr. McDonald:**

They have, but they have a limited life span with sun fade and environmental elements.

**Chair Edwards:**

Regarding E-225 and the request for an MRA 4, does the vendor contract include maintenance for the leased equipment?

**Mr. McDonald:**

There will be maintenance agreements, but we are concerned that day-to-day operations, such as changing of dies and fluids, are overseen by someone trained to use the machines.

**Chair Edwards:**

Could an inmate perform those functions?

**Mr. McDonald:**

The NNCC inmates are not long-term employees for the plate factory. It is in the best interests of the State to ensure ongoing technical expertise due to the complexity of the equipment.

**Chair Edwards:**

Rather than hire a second program officer for the second shift, could the existing position work a split shift?

**Mr. McDonald:**

Including the program officer, there will only be three DMV employees to supervise 20 inmates.

**Chair Goicoechea:**

Does NNCC supply guards?

**Mr. McDonald:**

The new factory is on the grounds of NNCC and correctional officers are available for the license plate factory. However, no correctional officers will be tasked with inmate supervision at the factory.

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**Chair Goicoechea:**

The final two budget accounts will be added to the hearing scheduled for March 19. I will open the hearing to public comments. Seeing none, this meeting is adjourned at 11:05 a.m.

RESPECTFULLY SUBMITTED:

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Trish O'Flinn,  
Committee Secretary

APPROVED BY:

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Senator Pete Goicoechea, Chair

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

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Assemblyman Chris Edwards, Chair

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

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EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	2		Agenda
	B	2		Attendance Roster
	C	16	Department of Motor Vehicles	Department of Motor Vehicles NRS 481 Department Budget Hearing