STATE OF ARIZONA

Joint Legislative Budget Committee

STATE SENATE

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1716 WEST ADAMS PHOENIX, ARIZONA 85007

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HOUSE OF REPRESENTATIVES

RUSSELL K. PEARCE CHAIRMAN 2005 ANDY BIGGS TOM BOONE MEG BURTON CAHILL PAMELA GORMAN STEVE HUFFMAN LINDA J. LOPEZ STEPHEN TULLY

JOINT LEGISLATIVE BUDGET COMMITTEE Wednesday, May 11, 2005

8:30 a.m.
House Hearing Room 4

MEETING NOTICE

- Call to Order
- Approval of Minutes of March 4, 2005.
- DIRECTOR'S REPORT (if necessary).
- EXECUTIVE SESSION Arizona Department of Administration, Risk Management Services Consideration of Proposed Settlements under Rule 14.
- 1. ATTORNEY GENERAL
 - A. Review of Intended Use of Monies in the Antitrust Enforcement Revolving Fund.
 - B. Review of Allocation of Settlement Monies.
- 2. DEPARTMENT OF HEALTH SERVICES Review of Expenditure Plan from the Vital Records Electronic Systems Fund.
- 3. DEPARTMENT OF PUBLIC SAFETY Quarterly Review of the Arizona Public Safety Communications Advisory Commission.

The Chairman reserves the right to set the order of the agenda. 05/05/05

People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 542-5491.

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

March 4, 2005

The Chairman called the meeting to order at 10:40 a.m., Friday, March 4, 2005, in House Hearing Room 3. The following were present:

Representative Pearce, Chairman Senator Burns, Vice-Chairman Members:

> Representative Boone Senator Arzberger Representative Biggs Senator Garcia Representative Burton Cahill Senator Harper Representative Gorman Senator Martin Senator Waring

Absent: Representative Huffman

Senator Bee Representative Lopez Senator Cannell

Representative Tully

APPROVAL OF MINUTES

<u>Senator Burns moved</u> that the Committee approve the minutes of December 16, 2004. The motion carried.

DIRECTOR'S REPORT

Mr. Richard Stavneak, Director, JLBC Staff mentioned the JLBC statutory responsibilities. The Committee has 137 different responsibilities, down 11 from last year, due to the fact that there were some old JOBS Pilot Program monitoring responsibilities that the Committee no longer has. They are posted on our Web site.

ADOPTION OF COMMITTEE RULES AND REGULATIONS -

<u>Senator Burns moved</u> that the Committee adopt the Rules and Regulations as presented. The motion carried.

EXECUTIVE SESSION

Senator Burns moved that the Committee go into Executive Session. The motion carried.

At 10:45 a.m., the Joint Legislative Budget Committee went into Executive Session.

<u>Senator Burns moved</u> that the Committee reconvene into open session. The motion carried.

At 11:50 a.m. the Committee reconvened into open session.

<u>Senator Burns moved</u> that the Committee approve the recommended settlement proposals by the Attorney General's Office in the cases of:

Panetta/Box v. State of Arizona Mendez v. State of Arizona Dee v. State of Arizona

The motion carried.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS) – Review of Comprehensive Medical and Dental Program Capitation Rate Changes.

Mr. Stefan Shepherd, JLBC Staff, presented the Comprehensive Medical and Dental Program (CMDP) capitation rate changes.

There was no discussion on this item.

<u>Senator Burns moved</u> that the Committee give a favorable review to the Arizona Health Care Cost Containment System, Comprehensive Medical and Dental Program Capitation rate changes, retroactive to January 1, 2005 and effective through December 31, 2005. The proposed rates represent an increase above the current rates of approximately 16%. The motion carried.

DEPARTMENT OF HEALTH SERVICES – Review of Developmental Disabilities Capitation Rate Changes.

Mr. John Malloy, JLBC Staff presented the Department of Health Services request that the Committee review the Developmental Disabilities (DD) Title XIX Behavioral Health capitation rate changes.

There was no discussion on this item.

<u>Senator Burns moved</u> that the Committee give a favorable review to the Department of Health Services change in capitation rates for the Developmentally Disabled Title XIX Behavioral Health population, with the stipulation that the favorable review did not constitute an endorsement of a supplemental request. The rates are retroactive to January 1, 2005 through June 30, 2006. The motion carried.

DEPARTMENT OF ECONOMIC SECURITY (DES) –

A. Review of Long Term Care Capitation Rate Changes

Mr. Stefan Shepherd, JLBC Staff, presented the proposed Developmental Disabilities Long Term Care capitation rate changes of 3.18%.

There was no discussion on this item.

<u>Senator Burns moved</u> that the Committee give a favorable review to the Department of Economic Security Developmental Disabilities Long Term Care Program capitation rate changes of 3.18%. The motion carried.

B. Review of Expenditure Plan for Discretionary Workforce Investment Act Monies.

Mr. John Malloy, JLBC Staff presented the Department of Economic Security expenditure plan for \$2,384,000 in discretionary federal Workforce Investment Act (WIA) monies received by the state for FY 2005. Mr. Malloy referenced the chart on page 4 of the memo showing the programs to be reviewed and the programs that have been favorably reviewed by the Committee.

Senator Harper asked if there are only certain things that the monies could be used for. Mr. Malloy stated that these monies are discretionary monies recommended on the Governor's Council on Workforce Policy on areas where the state can improve workforce development activities in the state.

Representative Gorman asked if we ever find out where the money goes. Mr. Malloy stated that it is part of the recommendation and we are asking for some performance measures to be submitted by the department.

<u>Senator Burns moved</u> that the Committee give a favorable review of the request with the provision that the agency provide performance measures for the approximately \$1.2 million in new discretionary programs included in the agency's expenditure plan. The motion carried.

ATTORNEY GENERAL - Review of Allocation of Settlement Monies.

Ms. Kim Hohman, JLBC Staff presented the review of the Attorney General (AG) settlement monies in which the state will receive more than \$100,000. In the settlement with El Paso Natural Gas Company, the company allegedly violated state anti-trust laws by manipulating the supply of natural gas resulting in increased costs to Arizona consumers. The company agreed to pay a total of \$78.4 million for a variety of purposes specified in the agreement. The JLBC Staff recommends a favorable review of the allocation plan for this settlement and also recommends that the Committee ask the Attorney General why they believe it is the most appropriate agency to distribute the \$250,000 that was received for emergency response training.

Ms. Nancy Bonnell, Antitrust Unit Chief, Attorney General Office said when they represent the state in settlements, the state receives restitutions for settlements. A plan is developed, it is submitted to the court and the court approves the plan for specific purposes. The plan for the Salton case was approved by the court and submitted by the Attorney General's Office to benefit consumers for nutritional and health needs.

Senator Burns asked why the AG would be better qualified to distribute the \$250,000 than the Department of Emergency and Military Affairs (DEMA), for example. Ms. Bonnell stated they will be having conversations with DEMA.

Chairman Pearce stated that the distribution of the money is a political process because it is based on the recommendation of the AG and the court.

Ms. Bonnell stated the outside counsel is compensated from the appropriated Antitrust Enforcement Revolving Fund which funds investigations and prosecutions.

<u>Senator Burns moved</u> that the Committee give a favorable review to the allocation plan for monies received from the *El Paso Natural Gas settlement agreement*. The motion carried.

DEPARTMENT OF PUBLIC SAFETY – Quarterly Review of the Arizona Public Safety Communications Advisory Commission.

Mr. Martin Lorenzo, JLBC Staff presented the Department of Public Safety (DPS) request that the Committee review their FY 2005 second quarter expenditures and progress for the Public Safety Communication Advisory Commission (PSCC) statewide interoperability design project. Second quarter expenditures totaled approximately \$47,800 out of \$5,000,000 in available funding.

Senator Waring asked how long they have to spend the \$5 million. Mr. Lorenzo stated the \$2 million was appropriated and \$3 million was non-lapsing.

Senator Waring indicated he understood that the monies were for the study of the design and what they wanted to buy, instead of actually buying things.

Chairman Pearce asked why this Commission needs a vehicle. Mr. Lorenzo stated that the 2 vehicles would be used for PSCC activities.

Chairman Pearce expressed concern with certain positions inheriting the right to have a car to take home.

Chairman Pearce asked for some analysis on these state cars. Mr. Lorenzo stated the purpose of the 2 vehicles is strictly for activities within the PSCC, not for take home vehicles.

Chairman Pearce asked why we furnish cars vs. using the State Motor Pool. <u>Curt Knight, Executive Director of the Public Safety Communications Committee, Department of Public Safety</u> said the vehicles had been envisioned initially in the budget and approved in previous presentations by the Legislature. The Motor Pool is somewhat remote from their offices, which puts some limitations on them. It is expected that we will equip the vehicles similar to a first responder's public safety vehicle.

Chairman Pearce asked why using the Motor Pool would not work. Mr. Knight said that the Motor Pool could possibly work.

In response to Senator Waring, Mr. Knight stated that the design completion based on the initial timeline, which has not been adjusted, would be in mid 2008. At that point, we would be ready to go to bid.

<u>Senator Burns moved</u> that the Committee give a favorable review to the FY 2005 2nd quarter expenditures report with the exception of the purchase of two automobiles. The motion carried.

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS – Report on Homeland Security Funding.

Mr. Brad Regens, JLBC Staff presented the report on Homeland Security Funding. In the current FY 2005 budget there was a requirement that the Governor's Office of Homeland Security (OHS) report to the Committee on the expenditure of 2004 and 2005 Homeland Security monies.

Senator Arzberger expressed concern that there is no money spent for border security.

Senator Harper said he spoke with the Department of Emergency and Military Affairs and the money has been spent to train people to react to possible terrorism, rather than prevent terrorism.

Frank F. Navarrete, Director, Office of Homeland Security said that border security is a federal issue.

Senator Arzberger requested that some funds go to the officers at the border.

Further discussion continued regarding the Office of Homeland Security.

Chairman Pearce requested OHS to submit a quarterly report on FFY 2003, FFY 2004 and FFY 2005 allocations and expenditures for both local and state agency awards. The report should include a narrative description detailing each project awarded funding. This narrative should identify the goals and objectives of each project and indicate what progress has been made on each project since the last report.

Mr. Navarrete said they would provide the quarterly report.

ARIZONA COMMUNITY COLLEGES - Report of Chairmen of Subcommittee on Dual Enrollment.

Mr. Jake Corey, JLBC Staff, presented the Community Colleges dual enrollment programs report. Statute directs the community college districts to report to the Committee on their dual enrollment programs. When the report is received, the Committee is required to convene an ad hoc committee to review the manner in which community college dual enrollment courses are provided. The Chairmen of the ad hoc committee identified 3 issues of concern.

There was no discussion on this item and no Committee action was required.

GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING – Report on Federal Revenue Maximization Initiative.

Mr. Stefan Shepherd, JLBC Staff, said this is a quarterly report from the Office of Strategic Planning and Budgeting (OSPB) on the status of the Federal Revenue Maximization Initiative (RevMax).

There was no discussion on this item and no Committee action was required.

Chairman Burns adjourned the meeting at 1:30 p.	.m.
Respectfully submitted:	
_	Janet Belisle, Secretary
_	Richard Stavneak, Director
_	
	Representative Russell Pearce, Chairman

NOTE: A full tape recording of this meeting is available at the JLBC Staff Office, 1716 West Adams.

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DATE: May 5, 2005

TO: Representative Russell Pearce, Chairman

Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Nick Klingerman, Assistant Fiscal Analyst

SUBJECT: Attorney General – Review of Intended Use of Monies in the Antitrust Enforcement

Revolving Fund

Request

Pursuant to a footnote in the General Appropriation Act, the Office of the Attorney General (AG) has notified the Committee of its intended uses of Antitrust Enforcement Revolving Fund monies in excess of \$183,600.

Recommendation

The JLBC Staff recommends the Committee give a favorable review of the intended expenditures as they are consistent with the statutorily allowed usage of Antitrust Fund monies.

Analysis

The General Appropriation Act contains a footnote that states all revenues received by the Antitrust Fund in excess of \$183,600 are appropriated, but expenditures from the fund are limited to \$750,000 in FY 2005. The footnote further requires that the AG shall not expend monies from the fund in excess of \$183,600 prior to review by the Joint Legislative Budget Committee.

The agency reports that of the available monies in the Antitrust Fund the AG intends to expend \$126,400 in excess of the \$183,600 expenditure limit in FY 2005. This amount will be used for the following purposes:

- \$55,400 for personnel costs. This will fund Personal Services and Employee Related Expenses for 5 staff positions through the remainder of the fiscal year.
- \$46,000 for operating costs. The operating costs are for the support of the Antitrust Unit.
- \$25,000 for multi-state cases. This represents Arizona's share of the investigative and court costs associated with participating in multi-state antitrust cases.

RS/NK:ss



Terry Goddard Attorney General

Office of the Attorney General State of Arizona

March 25, 2005

The Honorable Russell Pearce Chair, Joint Legislative Budget Committee 1700 West Washington Phoenix, AZ 85007

The Honorable Tom Boone Chair, Joint Legislative Budget Committee 1700 West Washington Phoenix, AZ 85007



This letter is written to report the intended use of expenditures from the Antitrust Enforcement Revolving Fund (ATRF). All revenues received by the ATRF are appropriated. However, a footnote to the general appropriations act states, "Before the expenditure of any Antitrust Enforcement Revolving Fund receipts in excess of \$183,600 in FY 2005, the Attorney General shall submit the intended uses of the monies for review by the Joint Legislative Budget Committee."

With the recent settlement agreement in the El Paso Natural Gas antitrust litigation, the estimated funds available for FY05 will exceed \$310,000. The Office of the Attorney General estimates that the FY05 expenditures will be \$310,000 for the following purposes:

- Personnel costs \$239,000
- Multi-state cases \$25,000
- Operating costs \$46,000

These expenses represent the costs allowed by § 41-191.02. They include such items as filing fees, court costs, travel, depositions, transcripts, reproduction costs, expert witness fees, and investigations expenses.

If additional information would be helpful, please let me know.

Sincerely,

Terry\Goddard
Attorney General

cc: The Honorable Robert Burns, Vice Chair, Joint Legislative Budget Committee Richard Stavneak, Director, Joint Legislative Budget Committee Gary Yaquinto, Director, Office of Strategic Planning and Budget

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DATE: May 5, 2005

TO: Representative Russell Pearce, Chairman

Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Nick Klingerman, Assistant Fiscal Analyst

SUBJECT: Attorney General - Review of Allocation of Settlement Monies

Request

Pursuant to a footnote in the General Appropriation Act, the Office of the Attorney General (AG) has notified the Committee of the allocation of monies received from the Sempra Energy Company (Sempra) settlement agreement and the Institute for Financial Advantage Inc. consent judgment.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the allocation plans from the Sempra settlement agreement and the Institute for Financial Advantage Inc. consent judgment. The allocation plan for the Sempra settlement is consistent with A.R.S. § 41-191.01, which relates to the distribution of monies recovered as a result of enforcing antitrust statutes; and the allocation plan for the Institute for Financial Advantage Inc. consent judgment is consistent with A.R.S. § 44-1531.01, which relates to the distribution of monies recovered as a result of enforcing consumer protection or consumer fraud statutes.

Analysis

The General Appropriation Act contains a footnote that requires Joint Legislative Budget Committee review of the allocation or expenditure plan for settlement monies over \$100,000 received by the Attorney General or any other person on behalf of the State of Arizona, and it specifies that the Attorney General shall not allocate or expend these monies until the JLBC reviews the allocations or expenditures. Settlements that are deposited in the General Fund pursuant to statute do not require JLBC review. The AG recently settled 2 cases that will result in the receipt of settlement monies over \$100,000.

Sempra Settlement

During the March 4, 2005 JLBC meeting, the Committee reviewed the El Paso Natural Gas Company settlement agreement. The AG had previously settled with Sempra Energy Company, as part of the suit against the El Paso Energy Company, in August 2004 for \$150,000. These settlement monies were used by outside counsel for litigation expenses related to the El Paso case. With the final resolution of the El Paso case, the AG is reporting on the Sempra settlement and will distribute the monies as follows:

- \$90,500 will be deposited into the General Fund
- \$49,400 for outside legal counsel
- \$10,100 will be deposited into the Antitrust Enforcement Revolving Fund

Institute for Financial Advantage Inc. Consent Judgment

In October 2002, the AG filed a complaint against the Institute for Financial Advantage Inc., their aliases, and their principals alleging that the defendants violated the Arizona Consumer Fraud Act and Telephone Solicitations statutes. Consumers were informed that they were pre-qualified to receive a low-interest credit card, and paid between \$249 and \$529 to receive the credit card. Instead of receiving a low interest credit card, consumers received a list of banks that allegedly provided these credit cards. In March 2005, the AG settled the claims against the defendants for \$142,000. The defendants paid \$100,000 shortly after the settlement and agreed to pay the remaining balance in four quarterly payments beginning July 1, 2005 and ending April 1, 2006. The settlement monies will be distributed as follows:

- \$42,700 to pay restitution to 120 consumers who qualified according to the terms of the consent judgment.
- \$99,300 in civil penalties will be deposited into the Consumer Revolving Fund

RS/NK:ss



Terry Goddard Attorney General

Office of the Attorney General State of Arizona

Nancy M. Bonnell Antitrust Unit Chief

March 9, 2005

The Honorable Ken Bennett President of the Senate 1700 West Washington Phoenix, Arizona 85007

The Honorable James P. Weiers Speaker of the House House of Representatives 1700 West Washington Phoenix, Arizona 85007

The Honorable Russell Pearce Chairman, Joint Legislative Budget Committee 1700 West Washington Phoenix, Arizona 85007

Re: State of Arizona v. El Paso Natural Gas Company, et al.



In March 2003, the Attorney General, through outside counsel, filed a complaint against El Paso Corporation ("El Paso"), its affiliates, and Sempra Energy Company ("Sempra") and its affiliates. The lawsuit alleged that El Paso and Sempra manipulated the supply of natural gas shipped over El Paso's pipeline resulting in price increases to Arizona consumers. We settled our claims against Sempra for \$150,000. The court approved our Dismissal of the Sempra claims on August 30, 2004. A copy of the Dismissal is attached.

Outside counsel used the Sempra settlement funds to pay litigation expenses. The funds were deposited into outside counsel's trust account and expenses were paid from those funds. Now that the case against the El Paso defendants has been settled and the entire case has been dismissed, outside counsel has forwarded the remaining Sempra settlement funds, \$100,585.48 to the Attorney General's Office for deposit into the Antitrust Enforcement Revolving Fund. The Antitrust Enforcement Revolving Fund will retain \$10,058.55 and deposit the remaining \$90,526.93 into the State's General Fund.



Hon. Ken Bennett Hon. James P. Weiers Hon. Russell Pearce March 9, 2005 Page 2

Our notification to you of this settlement is made without prejudice to our office's long standing position that it is not under any legal obligation to provide notices of settlements to the Joint Legislative Budget Committee. We are providing this notification to you as a courtesy so that you will be aware of this important settlement.

Please call me at (602) 542-7728 if you have any questions regarding this matter.

Sincerely,

Nancy M. Bonnell Antitrust Unit Chief

Enclosures

cc:

Mr. Richard Stavneak

Ms. Kim Hohman

Mr. Richard Travis

Mr. John Stevens



Terry Goddard Attorney General

Office of the Attorney General State of Arizona

Todd F. Lang Consumer Protection & Advocacy Section

April 13, 2005

The Honorable Ken Bennett President of the Senate 1700 West Washington Phoenix, Arizona 85007

The Honorable James P. Weiers Speaker of the House House of Representatives 1700 West Washington Phoenix, Arizona 85007

The Honorable Russell Pearce Chairman, Joint Legislative Budget Committee 1700 West Washington Phoenix, Arizona 85007

Re: State of Arizona v. Institute for Financial Advantage, Inc.



In October 2002, the Attorney General filed a complaint against Arizona corporations Institute for Financial Advantage, Inc., dba Select Research Institute, dba For Your Information, dba Airtime Communications, FYI Consulting Services, Consumer Protection Publications, Inc. and F.Y.I. Consulting Services, Inc. dba Institute for Financial Advantage, dba Fortune IV, dba Research America and their principals, William R. Crosby, Sr., his son, William R. Crosby, Jr. and his daughter, Paula M. Crosby. The lawsuit alleged that the defendants violated the Arizona Consumer Fraud Act and the Telephone Solicitations Statute by misrepresenting to consumers nationwide that they were pre-qualified to receive a low-interest credit card. Consumers paid defendants between \$249.00 and \$529.00, yet received only a list of banks that allegedly provided such credit cards only to individuals who applied to the individual banks and met their respective criteria. In March 2005, we settled our claims against the defendants for \$142,000.00, and the court approved our Consent Judgment. A copy of the Consent Judgment is attached.

Defendants paid \$100,000.00 shortly after signing the Consent Judgment. Defendants agreed to pay the remaining balance in four quarterly payments, beginning July 1, 2005. The monies were deposited into a trust account maintained by the Office of the Attorney General and



Hon. Ken Bennett Hon. James P. Weiers Hon. Russell Pearce April 13, 2005 Page 2

will be used to pay restitution totaling \$42,711.90 to the 120 consumers who qualified pursuant to the terms of the Consent Judgment. The remaining funds constitute civil penalties and attorney fees and will be placed in the Consumer Revolving Fund when it is received.

Our notification to you of this settlement is made without prejudice to this office's long standing position that it is not under any legal obligation to provide notices of settlements to the Joint Legislative Budget Committee. We are providing this notification to you as a courtesy so that you will be aware of this important settlement.

Please call me at (602) 542-7733 if you have any questions regarding this matter.

Sincerely,

Todd F. Lang

Consumer Litigation Unit Chief

Enclosure: Consent Judgment

cc: The Honorable Martha Garcia

The Honorable Steve Gallardo

Mr. Richard Stavneak

Mr. Nick Klingerman

Mr. Timothy Nelson

Mr. Richard Travis

Mr. John Stevens

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DATE: May 5, 2005

TO: Representative Russell Pearce, Chairman

Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: John Malloy, Fiscal Analyst

SUBJECT: Department of Health Services – Review of Expenditure Plan from the Vital Records

Electronic Systems Fund

Request

Pursuant to Laws 2002, Chapter 160, the Department of Health Services (DHS) requests review of a \$1.4 million plan to spend monies from the Vital Records Electronic Systems Fund to digitize birth and death certificates. Statute requires that a detailed expenditure plan be submitted to JLBC for review prior to the expenditure of monies from this fund for the purchase of new information technology (IT).

At its March 2004 meeting, the Committee favorably reviewed Phase I of the project, which included the expenditure of \$1.4 million for new hardware and software as well as the related costs of automating the state's birth and death certificates. DHS is returning for a review of Phase II of the plan, which is estimated to cost \$1,358,800 from the Vital Records Electronic Systems Fund.

Recommendation

JLBC Staff recommends a favorable review of the expenditure plan. The Committee favorably reviewed Phase I of the department's Digital Record System (DRS) project which is currently underway. Phase II will allow DHS to digitize all birth and death certificates as well as enable the agency to archive vital records in a more efficient manner.

Analysis

Laws 2002, Chapter 160 authorized the creation of a non-appropriated Vital Records Electronic Systems Fund for the purpose of funding a new vital records information system. The fund receives revenues from a fee increase of \$4 on requests for birth and death records. The chapter specifies that DHS must submit a detailed expenditure plan to the Committee for its review after it receives approval from the Government Information Technology Agency (GITA). The department received

approval for this phase of the project from both GITA and the Information Technology Authorization Committee (ITAC) in April 2005.

DHS is proposing to spend \$1,358,800 in FY 2006 from the Vital Records Electronic Systems Fund for the purchase of digital imaging equipment as well as associated IT support to digitize sealed, archived and historical records of birth and death certificates. (*Please see the table on the following page for further detail*). In addition to the expenditures from the Vital Records Electronic Systems Fund, the department will also use \$46,700 in base information technology funding, for total FY 2006 spending of \$1,402,500. Ongoing annual costs for this project starting in FY 2007 are estimated to be \$106,900. Of this amount, \$71,900 would be funded from the Vital Records Electronic Systems Fund and \$35,000 would be from base funds.

Phase II of the project will involve the scanning and indexing of 5.2 million paper birth and death certificates currently in the vault of vital records. The digital images will be used by state and county offices to create certified documents for citizens, to verify information and to provide secure access to records when a court order to unseal is received. Creating digital images of historical records will allow the department to provide faster services to citizens, as it currently can take up to 10 days to locate a physical record. Digitization will also help to preserve original documents and allow citizens to get certified copies of records directly from their county registrar. Birth certificates from 1997 are currently in digitized form while the quality and completeness varies for birth certificates from 1950 to 1996. There are no digitized birth records prior to 1949. Digitized death records are incomplete prior to 2000.

The proposed expenditure plan would also microfilm all new vital records as well as sealed records that need to be properly archived. DHS reports that there are 130,000 vital records and 96,000 sealed records that need to be archived each year. This process will enable DHS to reduce the need for vault space and to preserve the records. The department reports that the Office of Vital Records is out of space to store sealed records.

Phase I of the project related to vital records registration, customer service, and digital document imaging and archiving. The new system included a standard application for certificates to enhance data collection and monitoring and improve the application process for hospitals and other users. Automation of the customer service system will reduce delays and improve information tracking.

Phase II is the final phase in the department's DRS project. The ongoing annual costs for both Phase I and Phase II are expected to be \$443,000, of which \$183,400 will be funded from the Vital Records Electronic Systems Fund and \$259,600 from base funds. The Vital Records Electronic Systems Fund is expected to receive \$850,000 in revenues in FY 2005. Beginning July 1, 2006, A.R.S. § 36-341 requires that the fees that are deposited to the Vital Records Electronic Systems Fund will instead go to the General Fund. JLBC Staff estimates that there will be enough monies in the fund to support the ongoing costs of Phase I and Phase II through FY 2008.

Phase II Expenditure Plan – Vital Records Electronic Systems Fund

Description	FY 2006	FY 2007	FY 2008
IT Services 1/	\$1,115,200	\$ 1,500	\$ 1,500
Hardware ² /	123,600		
Software ^{3/}	44,000		
Licensing and Maintenance Fees	72,000	70,400	70,400
Training 4/	4,000		
Subtotal (Phase II)	\$1,358,800	<i>\$ 71,900</i>	\$ 71,900
Phase I Costs (Already Reviewed)	111,500	111,500	111,500
Total (Phase I and Phase II)	\$1,470,300	\$183,400	\$183,400

^{1/} Digitization of historical birth and death certificates as well as the installation and training of digital imaging equipment 2/ Digital Imaging Equipment and Database Storage 3/ Digital Imaging, Archiving and Database Storage 4/ Training provided to UNIX Administrators of DHS' Technical Services Division

RS/JM:ck

Arizona Department of Health Services

APR 8 2005

Office of the Director

150 N. 18th Avenue, Suite 500 Phoenix, Arizona 85007-3249 (602) 542-1025 (602) 542-1062 FAX JANET NAPOLITANO, GOVERNOR CATHERINE R. EDEN, DIRECTOR



The Honorable Russell Pearce Chairman, Joint Legislative Budget Committee 1700 West Washington Street, Suite H Phoenix, Arizona 85007

Dear Representative Pearce:

I am writing to request placement on your next Joint Legislative Budget Committee (JLBC) meeting agenda in regard to the Vital Records Electronic Systems Fund established by Laws 2002, Chapter 160. The law requires JLBC review of a detailed expenditure plan before the Department can spend monies for new technology purchases from the Vital Records Electronic Systems Fund. I have attached the expenditure plan. In addition, the Government Information Technology Agency (GITA) must approve any purchase request in the plan prior to the Department's submission of the plan to JLBC.

We have previously been before JLBC to obtain spending approval for the Birth and Death Electronic Systems. The work on these systems is underway. An equally important component of this project is the digitizing of historical records so that electronic retrieval of records can be done for requests of birth and death certificates created prior to 1997. We have submitted a justification plan to GITA and are working with them to obtain approval at this time. In addition, we are on the agenda of the Information Technology Authorization Committee (ITAC) on April 27th to present this plan and request approval. We are requesting placement on your agenda as soon, following this date, as possible. The JLBC spending approval for this plan will allow us to expend the remaining dollars that will be collected in the Vital Records Electronic System fund through June 2006. With the approval, we should have sufficient funding to digitize all records in our vault created after 1950. This makes up the vast majority of our requests for certified documents.

Please feel free to contact Theresa Garcia at 542-1266 if you have any questions.

Sincerely,

Catherine R. Eden

Director

CRE/tsg

Office of Vital Records (OVR)

Improving Service with Integrated Technology – Digital Record System Plan for FY 2006 – Vital Records Electronic Systems Fund Only

IT Services (Professional and Vendors) - \$1,115,228

• Sealed Records, Archive Records - \$15,500

This includes the estimated costs associated with the installation and training of digital imaging equipment. The Office of Vital Records staff will be imaging the existing sealed record documents and create archival records from electronic images.

Historical Records - \$1,099,728

Digital images will be created of historical birth, death, and fetal death records using the services of a contractor that specializes in this type of service. The digital images will be indexed so they can be stored in the Vital Records Registry database and accessed using exiting applications.

Hardware - \$123,579

- Digital Imaging Equipment \$68,271
- Database Storage \$55,308

Software - \$43,955

- Digital Imaging and Archiving, \$27,436
- Database Storage \$16,519

Licensing/Maintenance Fees - \$72,006

The licensing and maintenance fees are \$72,006 for the first year. The annual licensing and maintenance fees beginning in year two are \$70,389.

Other (Training) - \$4,000

Training will be provided to the UNIX Administrators of Technical Services Division.

Grand Total – FY 2006 - \$1,358,768

Prepared by: Office of Vital Records

Date Prepared: April 7, 2005

Office of Vital Records (OVR)

Improving Service with Integrated Technology - Breakout by Funding Source

Digital Record System

	Digital Re	cord System			
Description	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Vital Records Electronic Systems Fund					
IT Services (Professional and Vendors)	\$1,115,228	\$1,500	\$1,500	\$1,500	\$1,500
Hardware	\$123,579	\$0	\$0	\$0	\$0
Software	\$43,955	\$0	\$0	\$0	\$0
Licensing and Maintenance Fees	\$72,006	\$70,389	\$70,389	\$70,389	\$70,389
Other - Training	\$4,000	\$0	\$0	\$0	\$0
Vital Records Fund Total	\$1,358,768	\$71,889	\$71,889	\$71,889	\$71,889
Base Funding (Other Funds)					
IT FTE Position					
Programer Analyst	0.12	0.00	0.00	0.00	0.00
IT FTE Subtotal	0.12	0.00	0.00	0.00	0.00
OVR FTE Positions					
Vault Staff	1.00	1.00	1.00	1.00	1.00
OVR Technology Staff	0.10	0.10	0.10	0.10	0.10
OVR FTE Subtotal	1.10	1.10	1.10	1.10	1.10
Total FTE Positions	1.22	1.10	1.10	1.10	1.10

Grand Total - All Funds	\$1,402,468	\$106,889	\$106,889	\$106.889	\$106,889

\$0

\$35,000

\$35,000

\$0

\$35,000

\$35,000

\$0

\$35,000

\$35,000

\$8,700

\$35,000

\$43,700

\$0

\$35,000

\$35,000

Prepared by: Office of Vital Records

Date Prepared: April 7, 2005

IT FTE (PS/ ERE)

OVR FTE (PS/ ERE)

Other Funds Total



JANET NAPOLITANO GOVERNOR CHRIS CUMMISKEY
DIRECTOR

STATE OF ARIZONA GOVERNMENT INFORMATION TECHNOLOGY AGENCY

100 North 15th Avenue, Suite 440 Phoenix, AZ 85007

April 19, 2005

Dr. Catherine R. Eden, Director Arizona Department of Health Services 150 North 18th Avenue Phoenix AZ 85007

Dear Cathy:

My staff and I have reviewed your Project Investment Justification (PIJ) for the "Digital Record System," proposing to implement document imaging processes to improve service to the public.

The PIJ implies funding is available from Birth and Death Certificate Fees in the amount of \$1.517 million, and from available Base Budget funds in the amount of \$175 thousand for the total five-year life cycle cost of the project of \$1.692 million.

This letter is Government Information Technology Agency's recommendation to the Information Technology Authorization Committee (ITAC) for **Approval** of the technology project.

The ITAC will meet on April 27, 2005 to review the project. Should the ITAC approve the project you may then proceed to secure additional approvals as needed from the Joint Legislative Budget Committee, the Office of Strategic Planning and Budgeting and the State Procurement Office.

Rest wishes

Chris Cummiskey Director, State CIO

FS: mm

cc:

Eric Hedlund, ADHS Jim Haklik, ADHS Gary Yaquinto, OSPB Shelli Carol, JLBC James Scarboro, SPO GladysAnn Wells, SLAPR Frank Somers, GITA

GITA Project HS05005



Analyst: Frank Somers PIJ Summary - GITA Project Number: HS05005

Thaif St. Train Someth	3	
Agency Name & Address	Contact Name & Phone	
Arizona Department of Health Services	Jim Haklik	
Office of Vital Records	602-542-2740	
1740 W. Adams, Phoenix, Arizona, 85007	602-542-1235 FAX	
Project and Investment Justification Name	Date Submitted	
Digital Record System	April 2005	

Project Overview

The ADHS Office of Vital Records (OVR) proposes to implement document imaging processes for Birth, Death and Fetal Death records. OVR must maintain three types of vital records: Sealed Records such as original birth and evidentiary documents; Historical Records held in paper and microfilm form; and Archive Records for which microfilm copies must be made for the State Library, Archive and Public Records department.

To implement the proposed Digital Record System (DRS), ADHS/OVR will purchase document imaging hardware and software to convert approximately 1 million Sealed Records; and contract for scanning and indexing of approximately 4.2 million historical and archive records. When the DRS is fully implemented the public will be able to purchase vital records documents from county registrars or OVR offices in a fraction of the time now required.

Measurements and Deliverables

ADHS will eliminate the need for additional storage space for Sealed Records, amounting to a cost avoidance of approximately \$75 thousand for a new vault. Sealed records will be imaged and made available to authorized OVR personnel, when ordered by the court, from a secure database. Physical records and microfilm images will no longer be photocopied to produce certificates and thus will be protected from deterioration and loss. Turnaround time for providing certificates will be reduced. Labor required for production of vital records documents will be reduced. All certificates will be available as digital images. All images will be associated with their digital records. All existing records will have been microfilmed. Capacity for future growth will be in place. All Death records will be immediately available to create certificates for customers. All records will be archived on a timelier basis.

Benefits

ADHS anticipates improved efficiency by reducing the labor required for manual document processing. Customer service will be improved since retrieval and copying of digital images will require a fraction of the time. Loss and/or damage to documents will be reduced or eliminated. State archives will be more up-to-date since documents will be quickly captured and converted to microfilm faster.

Roles & Responsibilities

ADHS IT staff, State Lab management and staff and the selected vendor will implement the system.

Enterprise Architecture

Compliant.

Summary of Proposed Costs

	All Figures in	n Thousands			第二次,需要 等的。	
Cost Description	2006	2007	2008	2009	2010	Total
Development Costs	1,332.1	0.0	0.0	0.0	0.0	1,332.1
Operational Costs	71.9	71.9	71.9	71.9	71.9	359.5
Total Project Costs	1,404.0	71.9	71.9	71.9	71.9	1,691.6

Recommendation Approval

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE SENATE

ROBERT L. BURNS
CHAIRMAN 2006
MARSHA ARZBERGER
TIMOTHY S. BEE
ROBERT CANNELL
JORGE LUIS GARCIA
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1716 WEST ADAMS PHOENIX, ARIZONA 85007

> PHONE (602) 542-5491 FAX (602) 542-1616

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HOUSE OF REPRESENTATIVES

RUSSELL K. PEARCE CHAIRMAN 2005 ANDY BIGGS TOM BOONE MEG BURTON CAHILL PAMELA GORMAN STEVE HUFFMAN LINDA J. LOPEZ STEPHEN TULLY

DATE: May 6, 2005

TO: Representative Russell Pearce, Chairman

Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Martin Lorenzo, Assistant Fiscal Analyst

SUBJECT: Department of Public Safety – Quarterly Review of the Arizona Public Safety

Communication Advisory Commission

Request

Pursuant to Laws 2004, Chapter 281 the Department of Public Safety (DPS) has submitted for review, their FY 2005 third quarter expenditures and progress for the statewide interoperability design project.

Recommendation

This project appears to have fallen behind schedule according to DPS' original timeline submitted to the Committee in June 2004. As a result, the JLBC Staff recommends that the Committee request that next DPS quarterly report include an updated design timeline with specific goals and objectives for completion during FY 2006.

Analysis

Background

Laws 2004, Chapter 275 appropriated \$5 million (of which \$2 million is lapsing) to DPS for design costs of a statewide radio interoperability communication system. Radio interoperability allows public safety personnel from one agency to communicate, via mobile radio, with personnel from other agencies. An interoperable system enhances the ability of various public safety agencies to coordinate their actions in the event of a large-scale emergency as well as daily emergencies. Construction costs of a statewide radio interoperability communication system are estimated to be as high as \$300 million.

Progress through Third Ouarter

To date, the commission has focused most of its work on hiring staff and not on developing specific interoperability standards or project standards. Through the third quarter, the PSCC has hired 3 of 9 positions and expended \$358,500 of their \$5 million appropriation. Based on advice from the Government Information and Technology Agency (GITA), the Commission has also entered into a

\$150,000 agreement with an information technology consulting firm to development a document identifying the mission and objectives of a statewide interoperable communications system. Meanwhile, the PSCC has endorsed the Department of Emergency and Military Affairs' (DEMA) "Statewide Interoperability Project." The PSCC quarterly report does not identify the distinct mission of DEMA's project versus the PSCC mission, however, the Commission believes DEMA's project to be "a critical first step in resolving interoperability in Arizona."

As mentioned earlier, the PSCC has only expended \$358,500 of their \$5 million appropriation. Of the \$5 million, \$2 million reverts to the General Fund if unexpended by June 30, 2005. As a result, the PSCC is considering giving an unspecified amount of its lapsing \$2 million for DEMA's "Statewide Interoperability Project." The bill creating the PSCC allows the commission to "enter into contracts to assess, design, construct and use public safety communications systems."

Pursuant to Chapter 281, part of the PSCC mission is "the promotion of the development and use of standard based systems." In pursuit of achieving this, the Executive Director has attended various meetings with stakeholders. In the third quarter these meetings included groups such as the Arizona Public Service Company, Arizona Telecommunications and Information Council, Arizona Office of Homeland Security, National Park Service and officials from the Navajo Nation and Pinal County.

In review of the Commissions second quarter expenditures, the Committee gave an unfavorable review to the purchase of two vehicles and the planned purchase of one additional vehicle. As a result, DPS and the PSCC have determined they will continue to utilize the two sedans that have already been purchased. However, they have decided to utilize existing DPS vehicles in place of the third vehicle they planned to purchase.

RS/ML:jb

ARIZONA DEPARTMENT OF PUBLIC SAFETY

2102 WEST ENCANTO BLVD. P.O. BOX 6638 PHOENIX, ARIZONA 85005-6638 (602) 223-200



JANET NAPOLITANO
GOVERNOR

RECEIVED

ROGER VANDERPOOL DIRECTOR

April 26, 2005

Mr. Richard Stavneak, Director Joint Legislative Budget Committee 1716 West Adams Phoenix, AZ 85007

Dear Mr. Stavneak:

The Arizona Public Safety Communications Advisory Commission (PSCC) is pleased to enclose our 3rd quarter report due to JLBC by April 30, 2005.

Attached is a narrative of our activities, along with the expenditure report for the reporting period of January 1, 2005 through March 31, 2005.

If we can answer any questions or assist you or your staff in any manner, please contact Mr. Curt Knight, Executive Director, PSCC at (602) 271-7400.

Sincerely,

Roger Vanderpool

Director

ej

Attachments

Staffing:

The PSCC Support Office with the assistance of the Department of Public Safety (DPS) Human Resources Bureau placed an advertisement for the Telecommunications Project Manager position in the Sunday, January 30, 2005 edition of the Arizona Republic newspaper and on the internet site of Jobing.com. The PSCC Support Office also paid for the advertisement to be listed on the website of APCO International. APCO International is the Association of Public-Safety Communications Officials and the oldest and largest not-for-profit professional organization dedicated to the enhancement of public safety communications.

Interviews were scheduled for March 31, 2005 with five (5) qualified candidates. Two (2) of the Telecommunications Project Manager applicants resided out of state so it was necessary to schedule the interviews far enough in advance to allow for travel arrangements to be made. After the scheduling of interviews was completed, both of our out of state applicants notified DPS Human Resources that they wished to withdraw from the process.

An interview panel was selected and consisted of:

Ms. Georgene Ramming, Chief of Staff, Criminal Justice Support Division, DPS Mr. Joe Noce, 800 MHz Project Manager, Mesa Police Department Captain Mike Worrell, Phoenix Fire Department (PSCC Commissioner)

Mr. Knight selected Mr. Kevin Rogers to fill the position of Telecommunications Project Manager. Mr. Rogers will come to DPS from Northern Arizona University (NAU) Police Department and brings a wealth of knowledge with him regarding radios and telecommunications. Mr. Rogers has worked with and contributed to the interoperability committees here in Arizona for many years. The effective start date for Mr. Rogers is currently set for May 7, 2005.

Mr. Knight and Mr. Rogers will immediately start the task of advertising and hiring qualified applicants for the Telecommunications Engineer positions. DPS Human Resources Bureau already has a current classification for the position of Telecommunications Engineer, so the process is not expected to take as long as the creation and hiring of the Telecommunications Project Manager.

DPS Commander Terry Conner has been transferred to the Public Safety Communications Commission to assist with educating other agencies about who we are and what our mission is. Commander Conner will assist Mr. Knight in encouraging other agencies to become involved with the Commission and help in solving Arizona's interoperability issues. He will also be working with various Homeland Security groups to better define and bring to market the important issues surrounding interoperability and homeland security.

PSCC Activities:

Mr. Knight, Lt. Colonel David Felix and Mr. Jim Ryan, Homeland Security Technology Manager with the Government Information Technology Agency (GITA) met on October 28, 2004 to discuss statewide interoperability and how the PSCC was going to manage a project this size. At the meeting, Mr. Ryan suggested the IEEE Concept of Operations (ConOps) plan be considered. The IEEE ConOps document is used to communicate overall quantitative and qualitative system characteristics to the user, buyer, developer and other organizational elements. It is used to describe the user organization, mission and organizational objectives from an integrated systems point of view. GITA used the IEEE ConOps document at the Arizona Department of Revenue for the BRITS (Business Re-engineering Information Technology System) project with success. As reported in our 2nd quarter JLBC report, Mr. Ryan conducted a PowerPoint presentation on the ConOps document to our commissioners at the January 11 commission meeting which explained the benefits of utilizing this document.

Mr. Knight and Mr. Ryan continued to work together on a "rough draft" ConOps document and met at the PSCC Support Office on March 2, 2005 to review their efforts. Both parties agreed in order to keep our mission from stalling while a document is prepared, we must move forward and hire a consultant to complete a ConOps document in a shorter period of time. Delaying this process will only hinder the Commission and the work that still must be done. The state of Arizona has one vendor on contract for *Information Technology Research and Advisory Services*.

Mr. Knight and Mr. Ryan contacted the Gartner Group and asked if a meeting could be set up. Gartner representatives Mr. Steven Buckley and Mr. Ed Fraga came to Arizona on March 7, 2005 to discuss the proposal and their qualifications. The proposal includes the initiation of the project, conducting data gathering, summarizing business case, conducting visioning workshops for the commissioners, development of the Concept of Operations (ConOps) documentation and a presentation of the Concept of Operations (ConOps) document to all stakeholders for \$150,000.00. All parties involved, including commissioners, believe the best way to move forward is to prepare the ConOps document. Mr. Knight advised the Commission at the March 22, 2005 commission meeting that Gartner Group has been retained to prepare our ConOps document.

Assistant Attorney General Lisa Maxie-Mullins has been assigned as the legal representative to the PSCC Support Office and the Commission Board. Ms. Maxie-Mullins has worked with the support office staff and Commission members regarding Open Meeting Law (OML) policies and procedures, statute legalities and is working with all parties to answer the various legal questions as they are presented.

The Governor's Office of Boards and Commissions has advised our office the paperwork for all commissioners has been received. Several commissioners attended hearings with the Government Committee regarding their applications, but a full Senate vote has not been scheduled to our knowledge.

Mr. Knight attended meetings on January 21, 2005 and April 15, 2005 put on by ADOT Homeland Security Communications Team Support. This team is comprised of ADOT

officials working on the interoperability requirements for and between the transportation agencies and other first responders in Arizona.

Mr. Knight, GITA representatives and Arizona Telecommunications and Information Council (ATIC) representatives met on February 18, 2005 to review the "CANAMEX" wireless data pilot deployment along the Interstate I-19 corridor. Mr. Knight, DPS Telecommunications Bureau representatives and Department of Public Safety CIO, Mr. Jeff Resler, agreed to supply a group of DPS commercial vehicle inspection units to participate in the pilot.

Mr. Knight and representatives from Arizona Public Service Company (APS) met on February 22, 2005 to review the existing agreements between APS and DPS on shared radio communications infrastructure and systems. It was agreed all parties would remain in regular contact to ensure opportunities are not overlooked to save money on developing shared infrastructures for communications systems.

Mr. Knight participated in a two-day meeting on March 9-10, 2005 with Navajo Nation telecommunications and education officials. This meeting was set up to review opportunities for the development of a shared infrastructure that supported both the public safety and educational needs of the Navajo reservation. DPS currently shares infrastructure and remote communications sites with the Navajo Nation and both parties plan to expand upon the formal sharing agreement.

Mr. Knight met with the National Park Service (NPS) on March 25, 2005 to review the early-stage planning for the new NPS radio system in the Grand Canyon. Currently, DPS and NPS share infrastructure and remote communications sites. Future plans will expand upon the formal sharing agreement which will offer opportunities for improved interoperability by sharing additional remote sites and communication infrastructures. These plans could also allow for leveraged federal and state funding for development and construction.

On March 30, 2005, Mr. Knight attended the Ponderosa Fire Advisory Committee (PFAC) meeting. The PFAC is a consortium of fire agencies within Coconino County. Mr. Knight made a presentation to attendees on the PSCC history and current mission and invited their membership to attend and contribute to future PSCC meetings. Additionally, DEMA reviewed their "Statewide Interoperability Project" in detail, as it pertains to the interoperability between fire and law enforcement throughout Arizona.

On April 12, 2005, Mr. Knight met with the Deputy Director of the Arizona Office of Homeland Security and the five regional coordinators. This was an informal meeting to discuss and conduct a final review of the requests received for "communications" and "interoperable communications" projects using Homeland Security funding.

Mr. Knight attended a meeting held by Pinal County officials from law enforcement, fire and emergency management on April 13, 2005 regarding state, county and city efforts to build a joint communications facility to improve radio communications services for all public safety agencies within Pinal County. Funding plans for this venture involve

leveraging of federal and state Homeland Security grant money as well as state and county general funds as necessary.

Commission Meetings:

A quarterly PSCC meeting was held on March 22, 2005 at the Pueblo Grande Museum, Phoenix. Assistant AG Ms. Maxie-Mullins conducted a PowerPoint presentation to the commissioners regarding Open Meetings and Ethics. Assistant AG Ms. Maxie-Mullins provided handouts to the commissioners on Arizona's Open Meeting Laws and reminded the commissioners they are required to attend an Ethics class as part of their appointment. Ethics classes have been scheduled for all commissioners.

Mr. Knight with the assistance of National Law Enforcement Corrections Technology Center (NLECTC) made travel arrangements for Mr. Steve Devine, Patrol Frequency Coordinator, Missouri State Highway Patrol, to attend our meeting and make a presentation on "why the FCC requested states form their own Statewide Interoperability Executive Committee (SIEC)" and answered the question "what is the SIEC's purpose and function."

SIEC volunteer members posed a legal question to the Commission on whether the SIEC was part of the PSCC or did it work in conjunction with the PSCC in what amounts to an advisory role on technical issues. Assistant AG Lisa Maxie-Mullins advised commissioners she would have to research the question by reviewing statute and previous meeting minutes and she would advise the commissioners of her findings at its next meeting. Assistant AG Lisa Maxie-Mullins has since researched this issue and feels the SIEC is a subcommittee of the PSCC and has issued a memo explaining her justification.

Mr. Knight informed the Commission on the status of our ConOps document and the subsequent hiring of Gartner Group to complete it.

Mr. Knight received a letter from Major General David P. Rataczak, Director of the Department of Emergency and Military Affairs (DEMA) requesting an endorsement of the report they commissioned from RCC Consultants titled "Statewide Interoperability Project – RCC Interoperability Report 2005." All commissioners were provided a copy of the request letter and a discussion was held regarding the contents of the report with members who had reviewed the report in its entirety. The Commission voted to endorse the report and its implementation plan, and a letter from Mr. Knight has been sent to DEMA as requested. The PSCC Support Office will continue to participate, review and support DEMA in its mission and it recognizes the DEMA project as a critical first step in resolving interoperability in Arizona.

The next PSCC meeting is scheduled for May 24, 2005 at the Arizona Peace Officer Standards and Training building located at 2643 E. University, Phoenix.

Commission members were asked for suggestions for the next meetings proposed agenda. Commissioner Lou Trammell, Deputy Director, Department of Emergency and Military Affairs (DEMA) had already contacted Mr. Knight to request the Bureau of Indian

Affairs (BIA) office be allowed to make a presentation regarding tribal communications plans. Commissioner Dan Wills, Battalion Chief, Sedona Fire District, requested some type of presentation be made to the Commission on the Macro report findings. As some commissioners were not part of the original "committee," he feels there is a need to bring the newer members up to speed.

Meetings have been scheduled for April 27-29, 2005 for Gartner Group representatives to meet with and interview the commissioners. These interviews are for commissioners to state their desires, vision and expectations of the final interoperability product. The information gathered in these interviews will assist Gartner with the preparation of the ConOps document. At the May 24, 2005 commission meeting, Gartner will make a presentation on their progress, present the Mission/Vision document and Communications plan.

Budget:

Discussions were held with Ms. Christy Kramer, DPS Comptroller's Office, regarding the indirect cost charges listed in our expenditure plan that must be paid to DPS. Ms. Kramer advised approximately \$77,700 in charges for Human Resources services, Telecommunications services, Information Technology support, Fleet services and attorney fees will be charged to our budget for this fiscal year.

The PSCC Support Office worked with the DPS Information Technology (IT) Bureau to purchase the network server listed within our approved budget. Our office has been temporarily connected to the DPS network through a server owned by another bureau. The PSCC server is expected to be delivered by fiscal year end.

The PSCC expenditure plan submitted to JLBC in June 2004 was given a favorable review by the Committee and clearly listed the purchase of three vehicles (2 sedans and 1 SUV) in our equipment budget. At the March 4, 2005 meeting before JLBC on our 2nd quarter expenditures review, JLBC members questioned the purchase of the two sedans and then voted to favorably review our expenditures with the exception of the purchase of the two automobiles. DPS/PSCC has decided to utilize existing four-wheel drive DPS vehicles as needed from other units and not purchase the third vehicle listed in the budget. We will continue to review this issue as well as our use of the two vehicles already purchased and in service.

Our office has continued to look for cost-saving measures like purchasing surplus furniture instead of purchasing new. We purchased seven bookshelves, seven mobile meeting tables for the offices and the breakroom, and one locking (2 door) cabinet for a total cost of \$270.00. Our office also located two side chairs and a small wood table for our lobby in the DPS surplus storage and we are having those stripped, stained and reupholstered at a cost of \$254.54, which is much lower than the cost of new furniture. We have ordered the desks from Arizona Correctional Industries (ACI) for the engineers/technical staff offices, and the desk chairs have also been ordered from a state of Arizona contracted vendor.

Our office received a copy of the fully executed lease agreement between DPS and the building owner. Rental payments for the months of February 1, 2005 through June 30, 2005 have been paid to the owner in the amount of \$12,975.85.

As discussed previously in this report, our office has contracted with the Gartner Group to prepare a ConOps document for the Commission. The amount of \$150,000.00 has been encumbered to cover the "fixed cost" for this service.

PUBLIC SAFETY COMMUNICATIONS COMMISSION BUDGET FY2005 $FY\ 05\ Quarterly\ Expenditure$

	ALLOCATED AMOUNT	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	REMAINING BALANCE	
PERSONAL SERVICES	\$ 382,800.00	\$ -	\$ 25,162.13	\$ 37,191.46		\$ 320,446.41	
ERE	104,200.00	-	3,608.35	5,615.51		94,976.14	
PROFESSIONAL/OUTSIDE SVCS *	4,040,500.00	-	_	150,379.98		3,890,120.02	
TRAVEL (IN STATE)	20,700.00	-	-	351.19		20,348.81	
TRAVEL (OUT OF STATE)	15,900.00	-	_	-		15,900.00	
AID TO OTHER ORGANIZATIONS	55,000.00	-	-	-		55,000.00	
OTHER OPERATING	203,300.00	249.00	11,227.21	27,812.99		164,010.80	
BUILDINGS/BUILD IMPROVEMENT	_	-	_	-		-	
NON CAPITAL EQUIPMENT	-	-	46,938.28	-		(46,938.28)	
CAPITAL EQUIPMENT	97,200.00	-	36,686.40	13,249.08		47,264.52	
INDIRECT COSTS	80,400.00	-	-			80,400.00	
M. D. M. D. C.	\$ 5,000,000.00	s 249.00	\$ 123,622.37	\$ 234,600.21		\$ 4,641,528.42	

FY 05 TOTAL EXPENDITURES	s	358,471.58
FY 05 TOTAL EXPENDITURES	\$	358,4

^{*} The Allocated Amount includes \$3,000,000.00 in non-lapsing funds