

STATE OF ARIZONA

Joint Legislative Budget Committee

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AMANDA AGUIRRE
JAKE FLAKE
JORGE LUIS GARCIA
JACK W. HARPER
THAYER VERSCHOOR
JIM WARING

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 926-5491

FAX (602) 926-5416

<http://www.azleg.gov/jlbc.htm>

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

February 6, 2007

The Chairman called the meeting to order at 8:10 a.m., Tuesday, February 6, 2007, in House Hearing Room 4, and attendance was as follows:

Members: Representative Pearce, Chairman Senator Burns, Vice-Chairman
 Representative Biggs Senator Aboud
 Representative Cajero Bedford Senator Aguirre
 Representative Rios Senator Flake
 Representative Yarbrough Senator Garcia
 Senator Harper
 Senator Verschoor
 Senator Waring

Absent: Representative Adams
 Representative Boone
 Representative Lopez

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of December 18, 2006, Chairman Pearce stated that the minutes would stand approved.

Mr. Stavneak said that the schedule has been arranged so that if the Committee does not finish today, it will reconvene Thursday, February 8 at 8:00 a.m.

ADOPTION OF COMMITTEE RULES AND REGULATIONS

Mr. Stavneak presented the following proposed changes to the existing Committee rules:

Rule 13

Fiscal Notes are currently required to consider implementation costs for only 3 years. The adopted change requires fiscal notes to consider the full cost of implementation, irregardless of any timeframe.

Rule 14

This rule addresses the procedure for the settlement of state liability claims covered by the Risk Management Self-Insurance Fund.

Rule 14 requires the Arizona Department of Administration (ADOA) to submit information regarding risk management cases to the Committee. During the past few years, JLBC Staff has requested additional information items. This change incorporates these changes into the information already required to be submitted (*Attachment 1*).

This change updates the rules to require that an ADOA approved loss prevention plan be included in settlement proposal reports to JLBC Staff. If, for some reason, the information is not available and would hold up the settlement, ADOA can provide that information and explain the contingency. Additionally, this change requires a loss prevention plan when there is a verdict against the state in a trial.

Rule 15

This rule addresses requirements for confidentiality. This change deletes references to information in the public domain like newsletters. Mr. Stavneak said he was not aware of any confidential newsletters.

Mr. Stavneak said these changes would be placed in the JLBC Rules and Regulations for the upcoming 2 years.

Senator Burns moved that the rule changes as presented by the JLBC Director be adopted. The motion carried.

ARIZONA DEPARTMENT OF CORRECTIONS - Consider Approval and Review of Requested Transfer of Appropriations.

Mr. Stavneak stated that the Department of Corrections (ADC) is requesting approval and review of a requested transfer of appropriations which is shown on page 2 of the agenda document. *Table 1* shows the JLBC Staff recommended transfers from Employee Related Expenditures (ERE) employee benefits of \$6 million and County Jail Beds of \$1.5 million. This would indicate a surplus of \$7.5 million in those lines that would be transferred to the Overtime/Compensatory line item. Members who served on the Committee during the past 2 years would recognize this issue; the department has already come before the Committee once this fiscal year. In FY 2008, the Legislature increased correctional officers salaries, which was intended to reduce vacancies and, thereby, reduce overtime. The department has been able to reduce their overtime and fill more vacancies, but not as quickly as they had anticipated in the original budget. At the rate that the department is currently expending overtime, ADC is anticipating running out of overtime funding by April 2007.

Mr. Stavneak said that JLBC Staff is recommending approval of this item. JLBC Staff, however, is uncertain if there is a surplus of \$6 million in the ERE line and this issue may have to be revisited.

The second line item that needs to be taken into account is a transfer from the Private Prison Per Diem line to the Provisional Beds line. The Private Prison Per Diem line includes long-term contracts with private facilities that house prisoners in Arizona. Provisional beds are essentially short-term beds that state is renting. Unlike private beds, which we contract on a long-term basis and include facilities that the state will eventually own, provisional beds are short-term, rented and typically out-of-state. In the middle of FY 2006, a private contractor cancelled the 645 bed contract in Texas. The budget presumed that the ADC would replace the cancelled contract with private beds and, as a result, funding for these beds was placed in the Private Prison line. The department has not contracted for replacement of private beds, but instead prefers to replace the contract with provisional beds. ADC put out an RFP to award new provisional beds and is seeking to transfer about \$12 million out of the Private Prison Per Diem line into the Provisional Beds line.

The JLBC Staff has provided 3 options. Option 1 is a favorable review of this transfer request of \$12 million (this transfer will likely give the department more money than needed for 645 beds in the Provisional line). The department, as part of their supplemental for this year, is seeking a per diem increase in their provisional bed rate to begin to cover the additional cost. The transfer would begin to cover what is essentially part of their supplemental request. Option 2 is to transfer \$3.2 million from the Private to the Provisional line. This would be done at \$55 a day, which is the currently funded rate. The department is in the contractual process and the \$3.2 million transfer makes no assumption other than funding these beds at the current rate. The third option is to defer this issue until ADC actually negotiates a contract and then transfer the money at that time.

Mr. Stavneak summarized by saying that ADC has some surplus monies because the 645 beds from Texas were not replaced this year. He indicated that the Committee can either transfer the whole \$12 million, or transfer \$3.2 million, which is specifically the cost of contracting the 645 beds for about 3 months, or defer this item until the department actually reaches an agreement with a vendor with regard to the cost of provisional beds.

Senator Harper asked if this was ERE money that was set aside for benefits even though the positions were not filled. Mr. Stavneak said that was correct.

Senator Harper asked if the JLBC Staff recommended overtime transfer was a conditional part of budget negotiations with the Governor or if it is being given unconditionally.

Representative Pearce said that in past budget negotiations, money was added and pay increased in an effort to reduce overtime and fill positions, with hopes that the department could live within that overtime allotment. He said the department is doing a fairly good job of filling the vacancies and though we are seeing progress, he would like to see a faster gain.

Mr. Stavneak said that the broader issue regarding ADC's supplemental makes no commitments at this point if option 2 or 3 is taken. He said the department has a supplemental request for \$14 million; the broader issue, in terms of working with the Governor's Office, will be on the supplemental request.

Representative Pearce said that was a good point and that it was absolutely correct. He said that he was more inclined to go with option 3. He is concerned that discussions are being held about per diem rates before ADC is able to negotiate with private vendors and wanted to hear the department's response.

Representative Pearce said he noticed the transfer request involves additional funding for a higher per diem for provisional beds and asked why the Committee shouldn't wait to transfer those funds for this purpose until the department actually has an agreement for the provisional beds. He expressed concern that if the Committee approves a higher rate, clearly the state will pay a higher rate. He asked for a response.

Ms. Dora Schriro, Director, ADC, said they had an opportunity to talk about this at Appropriation hearings several weeks ago. She said that they continue to survey available beds around the country and ascertain their availability and their current per diem rates. Of all of the provisional beds that would be available or have been recently contracted for in other jurisdictions, the department has not found any beds below \$65 per day.

Representative Pearce said that he believed that strategically, it is not a good idea to discuss a higher per diem when the department is still in the process of negotiating those rates. He is aware of cost of living increases, but suspects there is a pretty competitive market competing for beds, and said we want bidders to compete knowing that the State is fiscally constrained. He is aware that ADC needs to have what they need to negotiate a good deal, but as a body, he does not feel the State should market the fact that we are going to pay more.

Ms. Schriro stated that, in part, their request concerns the transfer of money to contract for provisional beds rather than private beds.

Senator Flake asked why there was money in the County Jail Beds item to be transferred and if we are using the county beds funds as planned.

Ms. Schriro said that they are using county beds, but not as many as they have in prior years.

Senator Flake asked if it was at the county's request that we are not using more county jail beds.

Mr. Stavneak said ADC still contracts with Navajo County for 48 beds and that there are no more Coconino County beds available.

Representative Pearce agreed, and stated that Coconino said they could not take any more state inmates for a while, but that Navajo is still willing to take them.

Senator Aguirre asked if the \$65 per diem was an average cost for contracting new beds.

Ms. Schriro said that this is a going rate for provisional beds.

Representative Pearce said that was a good question. He said that does not limit ADC from negotiating and that there are good opportunities out there. He explained that facilities have an excess number of beds that are not contracted for and that ADC can use them as emergency beds. A better than normal rate is obtained once the beds pay for themselves and that, once all the associated costs for that facility are met, there is a profit margin that can be used to negotiate a better deal. Sometimes it is just the art of negotiation, depending on the beds. There is some competition. He does not want to take any of that off the table and he wants the department to be able to negotiate properly.

Senator Burns moved that the Committee approve the department's request to transfer \$6 million from the ERE line item and \$1.5 million from the County Jail Beds SLI to the Overtime/Compensatory Time SLI and to defer action on the Provisional Beds until the department negotiates a contracted rate for all replacement beds. The motion carried.

STATE LAND DEPARTMENT - Consider Approval of Amended Contract for Permanent Central Arizona Project Water Delivery.

Mr. Stavneak said that this involves the State Land Department and its contract with the Central Arizona Water Conservation District (CAWCD) for water from the Central Arizona Project (CAP).

Statute requires the JLBC Staff to approve this contract or any amendments to it. The contract was originally signed in 1986 and is now being amended 20 years later in conformance with some federal statutory changes. This includes the extension of the period of the contract from 50 to 100 years. The price of CAP water is set annually by the CAWCD Board. This makes no financial commitment in terms of how much we will be paying for CAP water for state trust land. The JLBC Staff has recommended an approval of the contract.

Senator Burns moved that the Committee adopt the recommendation as stated in the write-up by JLBC Staff to approve the contract. The motion carried

DEPARTMENT OF PUBLIC SAFETY (DPS)

A. Quarterly Review of the Arizona Public Safety Communications Advisory Commission.

Mr. Stavneak stated that this item addresses the DPS quarterly review of the Arizona Public Safety Communications Advisory Commission. The commission is charged with the oversight of developing the state's interoperability system, which would allow first responders with different communication systems to communicate with one another. The commission spent about \$200,000 in the last quarter. They continue to develop the conceptual design. Currently, there is a contract out on the street. Both the JLBC Baseline and the Governor's budget have \$2.2 million, which would move this contract beyond conceptually designed to a detailed design. The JLBC Staff has recommended a favorable review of this item.

Representative Pearce said that somewhere down the line there will be a good price tag on this item if a plan is developed to move forward on statewide communications. He thinks this is critical. He expressed concern with negotiations that took place last year relating to the microwave communication system upgrade.

Representative Pearce said that he could not think of any project out there that is more critical than a statewide communication system for emergencies and that homeland security dollars should be at the front. He said that homeland security dollars should be prioritized, securing the boarder, obtaining communications and taking care of the infrastructural needs of this state are critical. He stated that communications is the backbone of any disaster and hopes that we continue to focus and spend these dollars wisely. He stated that he was unsure if the numbers are way down this year from what they have been from the federal government, which places a great burden on the state as we move forward.

Senator Burns moved that the Committee adopt the recommendation for a favorable review for the FY 2007 first quarter expenditures and progress for the statewide interoperability design project as stated in the write-up by the JLBC Staff. The motion carried.

DEPARTMENT OF PUBLIC SAFETY (DPS)

B. Review of the Microwave Communication System Upgrade Expenditures and Progress.

Mr. Stavneak said that there are a series of towers throughout the state in 3 loops that utilize microwave communications and allows DPS officers to communicate with one another. In last year's budget \$2.5 million was included from a combination of General Fund and Other fund sources to begin replacing and repairing the southern portion of this loop. There was a legislative intent statement that that money was to be supplemented by \$1.6 million in federal Homeland Security funds. The entire project was about \$4.1 million. Of those monies \$2.5 million was advanced appropriated for 3 years from FY 2007 through FY 2009. We have now learned that the federal Homeland Security monies will not be available for this project. The Committee has 2 options, a favorable or unfavorable review of the request.

In answer to Senator Waring's question, Mr. Stavneak stated that there was miscommunication on the JLBC Staff's part with the State Department of Homeland Security (DHS) which led JLBC Staff to believe that this was not an eligible project. This appears not to be the case. This was not an eligible project when the project was being done as a lease-purchase about 2 years ago, but it is eligible as a straight cash purchase.

Representative Pearce said that this has been a battle. He said the department had an agreement in writing for \$1.6 million to use for this project. Money was allocated for the Arizona Department of Transportation (ADOT) and Homeland Security for this project, because it is a critical priority for the State of Arizona. The Committee had a lengthy discussion with the previous Director on this issue. Afterwards priorities were set elsewhere after a deal had been made and he is very disappointed that it didn't work.

Senator Waring stated that he would like to see the list of projects that were more important than this. Later in the meeting, a list was distributed. See *Attachment 2*.

Senator Waring asked if this project is just replacing equipment that is worn out now. He said that interoperability is a long term plan.

Mr. Stavneak said he thinks that they are distinct projects but they do both operate under the DPS. He believes that the department is taking into account the requirements of eventual interoperability in the way they repair and replace the current microwave system. Mr. Stavneak added that he believes there is some high level coordination going on there from the DPS.

Representative Pearce said there is a relationship but they are 2 separate projects. This is fixing what is worn out, but the project is in 3 phases. This is Phase I of the project, and as we move through this there will be Phase II through Phase III. This is separate from the inoperability and must be replaced keeping where we are going with the other projects in mind, which is by far the bigger project.

Senator Waring said that he realizes that this is the first phase, and asked if he could just take off our dollar total and multiply it by 3, for central and northern. He asked what the total cost would be of the entire project and where would we look for cost savings since they are working together.

Mr. Stavneak said that the project was initially thought to cost about \$60 million. As you get more involved in the project and begin to see what is entailed, this is actually an example of where they would bring the price down. They are currently estimating the cost of the project for the entire state to be about \$47-\$48 million. Mr. Stavneak suggested allowing DPS to address the question of where costs savings could be found as they further refine their estimates.

Representative Pearce said that part of that is technology has gotten better and cheaper.

Mr. Stavneak said that under either option, JLBC Staff recommend 3 provisions: 1) having DPS submit an updated cost estimate on the southern loop of the project and of the entire project in its next report; 2) submit an expenditure plan for this project if it does not receive the Homeland Security monies because clearly the scope is going to change somewhat if we do not receive the monies and 3) should be revised because it would not so much be the issue of why it is an ineligible project, because we believe it is, but it would be more the question of making allocation decisions; why did they decide to allocate to projects and not just microwave communications. Mr. Stavneak further stated that a list of projects that were chosen for funding is now available and will be distributed.

Representative Pearce asked if anyone was present from Homeland Security. No one responded.

Senators Burns asked why the department didn't believe that this project was higher on the priority list than it apparently is. When the Committee receives the list, he would like to follow-up with the department on this issue.

Senator Burns asked if the \$17.7 million that was taken out of RICO (Racketeer Influenced and Corrupt Organizations Act) for the purposes of building a crime lab in Tucson could have been used for the microwave tower project and would those funds have been eligible for that project.

Mr. Curt Knight, Executive Director, Department of Public Safety, said as far as what monies are needed he could give an answer from a pure technology standpoint, but he said he didn't have a policy decision as far as where the money is going to come from. Mr. Knight thought it appropriate if Phil Case, Comptroller of DPS, answer the question.

Mr. Phil Case, Comptroller of DPS, said he believed it would have been an appropriate use of those monies. So, the answer to that question would be yes.

Mr. Stavneak said that the Governor's Office has just given JLBC Staff a budget amendment on Friday with regard to the DPS budget. As he mentioned in his presentation, along with the JLBC Baseline \$2.2 million has been added from the

General Fund for the interoperability project in terms of detailed design. The Governor's Office is now recommending \$2.2 million for the interoperability design from RICO settlement monies.

Representative Pearce asked Mr. Case if he knew how much DPS and AG has for the current RICO accounts.

Mr. Case said that there are several different RICO accounts and that it is somewhat a complicated answer. He said that Representative Pearce may be aware that from the single case of \$17.7 million, there is about \$26 million awarded the state. He said he couldn't speak about the AG's RICO accounts in general, but that with respect to DPS, they currently have about \$1 million available in their RICO accounts.

Representative Biggs said in a recent hearing, the AG's office said that there was \$1.7 or \$1.5 million in their RICO account and asked Mr. Case what RICO accounts he was referring to.

Mr. Case said that he couldn't speak to the AG's account, but he was present at that hearing and did hear that figure, but can't attest to the accuracy of those figures. With respect to DPS they have about \$1 million in their account right now, not including any monies that are obligated or encumbered for various projects.

Representative Biggs asked Mr. Case what RICO accounts he was referring to.

Mr. Case said the accounts authorized by the statutes that were discussed at yesterday's DPS hearings.

Representative Pearce said it is complicated due to the fact that there are many accounts out there. Some agencies choose to have their own; others use the county attorney or the Attorney General. This has to be recognized (and they can provide a breakdown of that, and the Committee may request a breakdown) if there is an interest of what dollars are available. He said the Committee has opened the door for a lot of projects; some we may deem appropriate; others we may question.

Senator Garcia asked Mr. Case to explain how the funds are obtained from the RICO accounts.

Mr. Case said in the course of criminal investigation the department may seize under the civil forfeiture statute proceeds, (or ill-gotten gains) from criminal enterprises. The courts may then award them to DPS through either the AG's office or through county attorneys. Once those proceeds are awarded to the department they can be spent for department operations, usually for things such as overtime or equipment to further investigations or in support of other criminal justice purposes.

Senator Garcia said he wants to make sure that the money is funneled through the AG's office and then disbursed to DPS or the county attorneys.

Mr. Case said the money either goes through the AG's office if the AG's office is prosecuting the case or a county attorney's office if the county attorney is prosecuting the case. In many cases both of the law enforcement agencies work on a single case and it is up to the relevant attorney's office to disburse the proceeds to the extent that each agency participated in the case. In the case we have been discussing there are 2 criminal justice agencies involved; DPS and the AG's office. But they did some of the investigative work themselves and the money is to be divided up. Since DPS did the largest share of the work, it may get the largest percent of the proceeds of that case. The AG's office is getting the smaller share.

Senator Garcia asked whether the funds are generally targeted to a specific project, with regard to the awards.

Mr. Case said specific projects, have to be consistent with statute and the relevant attorney must approve the utilization of the funds. In the case of the southern regional crime lab, we would indicate to the AG's office that we have a desire to use the money for the southern regional crime lab. His office would have to indicate whether that use is consistent with statute or not. In this case, they obviously said that they thought it was an appropriate use of those funds.

Senator Garcia said that there are many projects that may be available, including gang prevention, but those who had the authority, made the decision that the southern Arizona crime lab was a top priority. The reality of this situation is choices were made; though the designation of money for the southern Arizona crime lab was not inappropriate, contrary to the statute. He asked if that statement was correct.

Mr. Case agreed that Senator Garcia was correct, in that there are choices to be made. An important point to make in this case is that it is an unusually large case. Typically the DPS utilizes and receives about \$3.5 million in RICO funds per year. Last year was unusually high as well; DPS expended about \$6 million. This year, with this tremendous award, DPS is

looking to spend or encumber \$20+ million. DPS would receive about \$3.5 million in a typical year. This single case represents an award of 5 or 6 times their normal annual amount from these kinds of projects. It is an usual windfall situation.

Senator Burns said he thought he heard the implication that maybe the crime lab was not an important use for the particular money. He said that is not the issue in his mind. The issue in his mind is where the money comes from to pay for the lab. In this case he thinks there is room for debate about whether or not RICO money should be used and there may be other funding sources that would be more appropriate, and he believes we ought to have that debate.

Representative Pearce asked Mr. Stavneak for clarification about the third bullet needing to be modified.

Mr. Stavneak said that rather than addressing why it is not an eligible use or what the eligible uses are, because we believe it is, the Committee if it so desires, could require a written statement from the department as to why they chose not to fund this project relative to this item.

Senator Burns moved that the Committee give a favorable review of the expenditures and upgrade to its Microwave Communications System with the caveat of including the 3 bullet points listed in the write-up with the modification to the third bullet point as presented by the Director. The motion carried.

The bullet points include:

- DPS submit an updated cost estimate on the southern loop of the project and of the entire project in its June 30, 2007 statutory report;
- DPS submit an updated expenditure plan and project timeline for the entire project, addressing the lack of Homeland Security monies with its June 30, 2007 report;
- Requesting from the Arizona Department of Homeland Security an explanation to the Committee regarding why the project has not received federal homeland security so far in FY 2007 and the prospect for federal homeland security funding for this project in the future.

DEPARTMENT OF REVENUE (DOR) - Review of Business Reengineering/Integrated Tax System (BRITS) Contract Amendment.

Mr. Stavneak said that at its October 2006 meeting, the Committee unfavorably reviewed DOR's \$14.8 million contract amendment with a vendor to finish converting individual income tax collections to BRITS. Delays that occurred in the process of pulling BRITS together were the reason for this unfavorable review. DOR is now requesting review of a new contract amendment for about \$2.2 million to extend the vendor's operation of the BRITS data center. When we contracted out with Accenture to develop BRITS software, they also had responsibility through a subsidiary named Accenture Technical Infrastructure Services (ATIS) to operate the BRITS data center. This would continue that operation from October 2007 through September 2008.

Mr. Stavneak said that JLBC Staff has provided at least 2 options: 1) a favorable review for the \$2.2 million; and 2) an unfavorable review, although DOR proceeded with the contract after receiving an unfavorable review last October. Mr. Stavneak stated that one of the concerns of the Committee in October was where was the Information Technology Authorization Committee's (ITAC) review of big ticket automation projects. Since the JLBC meeting, ITAC has reviewed the project and concurred with many of the suggestions that the Committee had made. Much of what the Committee recommended in October has been incorporated into ITAC's review of this project, including an independent party to begin reviewing the project. One of the items that ITAC recommended is that DOR come back and seek the Committee's input on the data center portion of the project.

Senator Burns asked if there was a cost estimate that will be incurred by DOR in order to run and operate the data center after this contract expires in 2008.

Ms. Kristine Ward, Deputy Director, DOR, said that is actually a part of the department's budget request. They requested that the Legislature provide authorization for them to go through the RFP process in FY 2008, and then DOR would come back to the Legislature and request an appropriation for the cost of the contract in the 2008 session.

Senator Burns said that the operation would not necessarily be by DOR personnel and asked if an RFP would be placed for a private company.

Ms. Ward answered, yes.

Senator Burns asked if work has begun with GITA to obtain their input as to how all of this fits together and how this contract situation would work.

Ms. Ward said they have not started working with GITA, though a budget issue was provided to GITA. She said that it is essential to run the BRITS system and the BRITS system is essential to running the department. She said that though DOR had been given an unfavorable review in the past, this is an opportunity to transition and she is asking for a favorable review.

Senator Burns moved that the Committee give a favorable review to the \$2.2 million contract amendment to continue operation of the BRITS data center, as recommended by the JLBC Staff. The motion carried.

DEPARTMENT OF EDUCATION - Review of Kinder Morgan Settlement.

Mr. Stavneak said that this item was dealt with in the June and September 2006 meetings. When there is a tax court ruling which reduces a company's property taxes, we end up adjusting the amount of Basic State Aid that it receives for a past year in order to provide what should have gone to that school district under the lower assessed value. This portion of the settlement deals with Pinal County in the amount of \$306,000. Yuma, Cochise and Maricopa Counties were given a favorable review for a corresponding issue at the June and September 2006 Committee meeting. The JLBC Staff recommends a favorable review.

Senator Burns moved that the Committee give a favorable review to provide \$306,400 in additional Basic State Aid funding to school districts in Pinal County due to assessment evaluation changes pertaining to the recent Kinder Morgan settlement as recommended by the JLBC Staff. The motion carried.

ATTORNEY GENERAL (AG)

A. Review of Uncollectible Debts.

Mr. Stavneak said this item comes before the Committee annually. After a period of time, the Attorney General determines that if a debt is not collectible, it can be removed from the state's accounting books. Removing the debt from the accounting books does not eliminate any liens that are placed on some of these properties, nor does it eliminate the need for an income tax audit or to find the person. From an accounting standpoint, the debt would no longer show up on the state's books. The JLBC Staff recommends a favorable review of the request pending information on 2 outstanding debts totaling \$6.8 million. There were 2 very large items within the amount of uncollectible debts. Typically, when one goes through the detail, one will find uncollectible debts for small dollar amounts. The JLBC Staff requested more information on these 2 debts given the large dollar amounts. Mr. Stavneak noted that this information was received yesterday from the Attorney General.

The first loan was made for \$3.4 million to create software for an Arizona Stock Exchange to facilitate the sale of stock. Mr. Stavneak understood that there was no collateral involved. The company defaulted on the loan. There is no one to pursue to repay the debt and the state was unable to sell the software.

In answer to Representative Biggs' question, Mr. Stavneak stated that the Department of Commerce lent the company money.

Representative Biggs asked if the loan was made with taxpayers' money.

Mr. Stavneak stated that there are loans made by the Commerce and Economic Development Commission (CEDC). Mr. Stavneak said he didn't know if this was the particular program under which the loan was made, but that it has been described to JLBC Staff as a loan.

Representative Biggs asked if money is lent to private businesses.

Mr. Stavneak said under the CEDC, for example, there are lottery proceeds that go to a fund that is then used in part for loans to private businesses.

The second case involves an individual who was fined by the Arizona Corporation Commission (ACC) and owed the state over \$3 million. ACC attempted to find this individual for about the last 7 years. They believed he moved to California and an investigator in California was hired. A number of proceeds have been used over the years and ACC attempted to find the

individual again in 2006 using skip tracing procedures, but still have not been able to find him. Mr. Stavneak explained that the AG's office can provide more details on their efforts and attempts to find this individual. The information the AG's office provided outlines a number of steps taken over the years in terms of their efforts to try to locate this individual.

Representative Pearce said he doesn't understand why this loan would be removed from the books. He said that just because the individual cannot be found is no reason to remove this loan and forgive the debt.

Mr. Stavneak said that this may be a question to pursue with the Attorney General. He said that taking this action removes the debt from the state's accounting books, but is not sure if this means that the Attorney General will never pursue payment action on the case again.

Representative Pearce said that we are using taxpayers' dollars to fund people that we should not be funding in most cases. He said he thinks it is a poor use of taxpayers' dollars. He believes there should be some oversight for the Department of Commerce.

Mr. Anthony Vitagliano, Section Chief Counsel from the Attorney General's Office stated that they can still pursue this person. This does not in any way forgive or eradicate his debt. It is basically a way that the client agency can keep track in showing this debt. If the individual were to ever attempt to obtain financing, it would come to the department's attention and his debt would have to be cleared before pursuing financing. This individual is currently 70+ years old and may be deceased. There have been rumors that he moved to California and outside counsel was hired to pursue him in California. The department was unable to find any records of any ownership or assets. To respond to the Committee's question, Mr. Vitagliano said the debt does not go away; it remains collectible. At this point in time, they won't skip trace it every 6 months, it will be on the longer term.

Representative Pearce said that part of his concern was that if the debt is removed from the books it would not get the attention or regular reminders to be resolved. Representative Pearce said that he could not imagine this person was in California and could not be located. He said that this is a lot of money. (He said he would think somebody would be able to locate this person, and that if he is dead there should be a record of that, for example, a death certificate.) He added that if this person was dead, the money must have been left to someone. This would be an ill-gotten gain for his heirs because it was not his money. Representative Pearce said that somewhere the taxpayers deserve the department to remain diligent on the recovery of these dollars.

Mr. Vitagliano said that he agreed. He clarified that the debt of \$3.3 million consisted of \$60,000 in costs, \$220,000 in restitution, and \$3 million in penalties and interest. He said that the individual did not receive \$3.5 million; he has been penalized \$3 million by the state.

Mr. Vitagliano said the second loan was made by the Department of Commerce to a business for \$3 million to create software for an Arizona Stock Exchange. He noted that no guarantee of repayment was taken by the Department of Commerce and therefore, the Attorney General investigation was focused on determining whether there was grounds.

Mr. Vitagliano said this debt was referred to their office several years after the Department of Commerce could not collect the money and the software could not be sold. He said that the debt was sent to the AG's office in 2001 and the attempts to collect the money did not begin until around 2005. He said he could provide additional information at the Committee's request.

Representative Yarbrough said that he would be interested in more detail on the transaction and would also be interested in knowing whether the AG attempted to pierce the corporate veil and pursue the individual. He said that if the Committee voted to approve the item, he would like to make an exception to this debt until further information is obtained.

Mr. Vitagliano said that they did get information and they looked at ways to pierce the corporate veil, but unfortunately found nothing.

Senator Burns said that he would assume that when the AG's office looks at these issues, especially these 2, there are obviously costs involved in trying to locate the involved people and at some point he would guess that the decision has apparently been made that you're throwing good money after bad. He asked how this determination comes about and how much has been spent in these particular cases.

Mr. Vitagliano said the key in collection is obviously the closest in time one is, the more likely chances there are of collecting the debt. He said that as these accounts get older, there is less likelihood of finding the money.

Senator Burns asked if Mr. Vitagliano had an estimate of the costs that have been incurred on these particular cases at this point.

Mr. Vitagliano said that number would have to be developed because they don't have collectors that determine how much money has been paid toward a debt. He said that before an item is ever determined uncollectible, they keep it out there from 3 to 15 years, and it must be approved by the collection supervisor and the state court collection chief. He said that he could obtain that information if the Committee wants it.

Representative Pearce said that he appreciated Mr. Vitagliano's response to some of the questions and it appears that he has the same concerns that the Committee has. He said that the Committee does not take lightly those who do not respect their responsibility to the taxpayer, and he questioned the Department of Commerce making loans of this nature. Representative Pearce said that he is going to make a motion that the Committee not approve removing items over \$100,000. He also said he has a hard time removing items that are over \$100,000 from the list.

There was discussion on what to put in the motion.

Mr. Stavneak said he thought the Committee would like JLBC Staff to communicate with the Department of Commerce to find out what their current loan procedures are in the context of what kind of guarantees they require. JLBC Staff would follow-up with them having them present before the Committee.

Representative Pearce said he thinks that is an excellent idea and would like to do that.

Senator Burns moved that the Committee give a favorable review of the AG's FY 2005 listing of \$16.8 million in uncollectible debt, with 2 exceptions: 1) \$3.4 million in uncollectible debt from Wunsch Auction Systems, Inc. and 2) \$3.4 million in uncollectible debt from Earl Serap, and further, to instruct the JLBC Staff to communicate with the Department of Commerce and find out what we can relative to their loan operations and procedures and with the possibility of the Department of Commerce appearing before the Committee at a later date to explain that. The motion carried.

ATTORNEY GENERAL (AG)

B. Review of Allocation of Settlement Monies.

Mr. Stavneak said that the AG provides information on the review of settlements. There are 2 settlements.

The first settlement is with Sony BMG, a company that placed anti-copying software on certain music CDs. The XCP software caused damage to some consumers' computers. As part of a nationwide settlement, \$313,000 will be deposited into the Arizona's Consumer Fraud Revolving Fund for attorney costs and fees. Refunds up to \$175 will be provided to consumers whose computers were harmed.

The second settlement is with Deed and Note Traders (DNT), a company that implemented a HomeSavers program for consumers who were facing foreclosure. The consumer would sell their home to this company and then rent it until they were able to buy it back. A number of problems were created in these circumstances. The consent decree provides restitution to 14 individuals who lost their homes in an amount exceeding \$234,000. In addition to that, \$200,000 was deposited into the Consumer Fraud Revolving Fund.

Representative Biggs asked if the AG's office has been reimbursing funds to their customers who were victims of these settlements.

Mr. Stavneak said yes.

Representative Pearce asked how you could replace a destroyed computer for \$175.

Mr. Stavneak agreed that \$175 would be a low price to purchase a new computer. He did not know if anyone lost the entire use of their computer and suggested that the AG's office address how they decided on the specific dollar amount.

Ms. Rene Rebillot, Section Chief Counsel, Consumer Protection and Advocacy Section, AG's Office, clarified they do not have a total dollar amount for the restitution right now. She said that this is a nationwide settlement in a number of states and at this point it is probably not remediable. She said that the software crashed the CD-ROM drive of some consumers. The

refund up to \$175 was for the CD-ROM, not for the computer. The restitution will be administered probably for the next 6 to 8 months nationwide.

Representative Pearce asked what the purpose was for depositing it into the Consumer Fraud Revolving Fund to pay for attorneys' costs and fees.

Ms. Rebillot said attorneys were not contracted out. This case was handled by the assistant attorney general in Tucson. The funds placed back into the Consumer Fraud Revolving Fund supports the enforcement efforts, costs, fees and investigative expenses. In these kinds of cases typically there are documents that are reviewed. In computer and software cases, there might be CDs or DVDs; there is quite a bit of work that goes into determining what kind of deceptive practices there were and negotiations to obtain an appropriate settlement.

Senator Burns moved that the Committee give a favorable review of the allocation plans from the Sony BMG settlement agreement and the DNT consent decree as recommended by the JLBC Staff. The motion carried.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) – Review of Water Quality Permit Processing Times.

Mr. Stavneak said that DEQ was provided \$400,000 last year to hire outside contractors to reduce the backlog of permits waiting for processing. A footnote was added to the budget requiring a report on how quickly the department's processing their permits.

Mr. Stavneak said the department issues 48 different types of permits. The Licensing Timeframe (LTF) for processing was met for all but 1 permit type in FY 2006. The department is currently exceeding 4 of the 48 permit deadlines in FY 2007, but they anticipate only exceeding 2 of the deadlines by the end of the year.

Mr. Stavneak said that the JLBC Staff is recommending 2 options, a favorable or unfavorable review.

Representative Pearce asked why DEQ chose not to use FY 2007 appropriations to contract out staff to process permits, knowing that there was an increase of permits.

Ms. Joan Cart, Director of the Water Quality Division, DEQ, said that the Water Quality Division issues 3 general categories of permits that are subject to Licensing Time Frame laws, including surface water and drinking water permits. DEQ processes about 3,000 permits a year.

The subject of the DEQ report, as stated by Mr. Stavneak, is the \$200,000 in General Funds and \$200,000 in water quality fee funds for contracting permits in order to attempt to reduce the timeframe. Regarding surface water permits, DEQ has been able to issue 4 permits, expending \$182,000 from the General Fund.

Senator Burns moved that the Committee give a favorable review of the report documenting water quality permit processing times for FY 2006 and 2007 as recommended by JLBC Staff, which includes the recommendation that DEQ report to the Committee on its rationale for not using the FY 2007 \$200,000 allocation from the Water Quality Fee Fund for additional contract permitting staff. The motion carried.

ARIZONA STATE UNIVERSITY (ASU) - Review of Walter Cronkite School of Journalism.

Mr. Stavneak said an extensive discussion concerning this item was held at the November 2006 Committee meeting. At that time, ASU had not released its construction plans of the Cronkite School of Journalism for the Committee's review, so subsequently the item has been brought back so the Committee can get a full picture of what is happening.

The school will be financed with a City of Phoenix bond issuance and would cost about \$71 million for a 217,000 square foot building. The cost of construction is being paid for by the City of Phoenix. ASU's charge will be \$2 per square foot for building renewal over the next 4 or 5 years, with an approximate cost of \$435,000.

The JLBC Staff has recommended 2 options, a favorable or unfavorable review.

Mr. Stavneak said that the Joint Committee on Capital Review (JCCR) just reviewed a broader issue on Downtown Campus housing at its January meeting. At that point the Committee, at Senator Burns' suggestion, gave the campus housing project an unfavorable review because he thought the creation of the campus should have undergone more legislative oversight.

Since that point, Senator Burns has had some conversations with ASU officials with regard to how we might better improve the process of the Legislature being involved in campus sighting, as well as issues about indirect debt financing and the Committee's review of those items.

Representative Biggs asked if the building renewal costs are about \$435,000. Mr. Stavneak said that was correct.

Representative Biggs asked who will be obligated to pay for the building renewal costs.

Mr. Stavneak said the fund source has not been specified to date. He said some type of local fund money may be used; not General Fund monies. One of the items that has been typically attached to items like this, which is on page 2 of the memo, is that a favorable review by the Committee does not mean that there is a commitment to provide General Fund money for any costs associated with it.

Senator Burns said in regard to the discussion he had with ASU, there is a possibility of coming up with some legislation that would expand legislative oversight for these projects; this project would fall under that oversight.

Senator Burns said that it is his understanding that the equipment costs are about 10% of this particular project and that this is higher than normal. The assumption is that some of that has to do with the expensive Channel 8 TV equipment costs. He asked if there were plans to move the equipment or if new equipment would be purchased to replace that equipment.

Mr. Richard Stanley, Senior Vice-President and University Planner for AGU, said that an equipment budget has not been established, but they are working to establish one now. The current cost estimate is \$30 a square foot for furniture, fixtures and equipment, which is not highly out of line. Specifically, the costs are driven by a combination of technical equipment associated with KAET and the journalism program. The building would include 2 studios which will be used by students and will be equipped for regular student news broadcasts, as well as other ongoing student needs. Those facilities are new and will be substantially better than those available to the school on the Tempe Campus. Many of those equipment costs will be new to the University. For KAET, we will be moving much of the equipment that exists today at the Tempe Campus into the new studio in this building. There will be some costs associated with moving the satellite equipment necessary for receiving and transmitting the Public Broadcast System broadcasts. They attempt to re-use every bit of equipment that is movable and re-usable for the project.

Senator Burns moved that the Committee give a favorable review of the design and construction of the Walter Cronkite School of Journalism/KAET Channel 8 project as recommended by the JLBC Staff, including the standard provision that a favorable does not constitute an endorsement of General Fund appropriations to offset any operations and maintenance costs when the project is complete. The motion carried.

EXECUTIVE SESSION

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

At 10:00 a.m. the Joint Legislative Budget Committee went into Executive Session.

Senator Burns moved that the Committee reconvene into open session. The motion carried.

At 10:55 a.m. the Committee reconvened into open session.

A. Department of Environmental Quality – Review of Request for Proposals for the Vehicle Emissions Inspection Program Contract.

Senator Burns moved that the Committee give a favorable review of the Vehicle Emission Inspection Program Contract as recommended by JLBC Staff.

Representative Pearce said that the motion would include an emphasis to move toward the model that was discussed in the Executive Session. The motion carried.

B. Arizona Department of Transportation – Review of Proposed Assessment Plan for New Motor Vehicle Division Computer System.

Senator Burns moved that Item B (ADOT's proposed MVD Computer System Assessment Plan) of the Executive Session be given a favorable review as recommended by the JLBC Staff. The motion carried.

Without objection the Committee meeting adjourned at 11:10 a.m.

Respectfully submitted:

Tanya Smith, Secretary

Richard Stavneak, Director

Representative Russell Pearce, Chairman

JOINT LEGISLATIVE BUDGET COMMITTEE OF ARIZONA

RULES AND REGULATIONS

RULE 14 CONTINUEDSTATE LIABILITY CLAIMS (CONTD)

- O. Whether the State has any claim or right of recovery against other parties, e.g., subrogation or indemnification.
- P. An agency AND AN ARIZONA DEPARTMENT OF ADMINISTRATION response that shall contain the following information:
1. Actions taken to eliminate or limit the future risk of liability to the state.
 2. Statement as to any disciplinary action(s) taken against any employee(s) that were negligent in carrying out their duties.
 - ~~3. THE ARIZONA DEPARTMENT OF ADMINISTRATION'S APPROVED LOSS PREVENTION PLAN.~~
 3. *AN AGENCY LOSS PREVENTION PLAN APPROVED BY THE ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA). IF AN APPROVED PLAN IS NOT AVAILABLE, ADOA WILL PROVIDE AN EXPLANATION OF WHY IT IS NOT APPROVED AT THAT TIME, AND A TIMETABLE FOR SUBMITTING AN APPROVED PLAN.*
4. In conjunction with the settlement procedures prescribed pursuant to this rule, the Risk Management Division shall:
- A. Annually report to the Committee on 1) the operations of the Division, 2) the status of pending claims and lawsuits, 3) information on actual judgements and settlements, 4) STATUS OF CLAIMS AND LAWSUITS REPORTED ON THE PRIOR YEAR ANNUAL REPORT, 5) NUMBER OF CLAIMS AND LAWSUITS FILED SINCE THE LAST REPORT, 6) NUMBER OF LIABILITY CASES TAKEN TO TRIAL WITH INFORMATION ON THE VERDICTS AND JUDGEMENT AMOUNTS, and 7) projected fund balances.
 - B. With the assistance of the Attorney General, propose to the Committee any changes in State insurance coverage, State statutes, State liability principles or claims procedures which may help to limit future State liability.
 - ~~C. PROVIDE THE COMMITTEE WITH A DEPARTMENT APPROVED LOSS PREVENTION PLAN FROM ANY TRIAL THAT RESULTS IN A JUDGEMENT AGAINST THE STATE IN AN AMOUNT EQUAL TO OR GREATER THAN THAT WHICH REQUIRES JLBC SETTLEMENT AUTHORITY.~~
 - C. *PROVIDE THE COMMITTEE WITH AN AGENCY LOSS PREVENTION PLAN THAT RESULTS FROM A JUDGMENT AGAINST THE STATE IN AN AMOUNT EQUAL TO OR GREATER THAN THAT WHICH REQUIRES JLBC SETTLEMENT AUTHORITY. WITHIN SIXTY DAYS AFTER PAYMENT OF THE JUDGEMENT, ADOA WILL EITHER INDICATE APPROVAL OF THE PLAN, PROVIDE AN EXPLANATION OF WHY IT IS NOT APPROVED, OR PROVIDE AN EXPLANATION AS TO WHY A PLAN IS NO LONGER APPLICABLE.*

2006 Homeland Security Grant Program SHSGP

<i>Jurisdiction</i>	<i>Project Name</i>	<i>Allocated</i>	<i>Sub-allocation</i>
State Agencies			
ADOHS	Operating Budget	1,031,080.00	
ASU	Emergency Operations Center	159,435.00	
ADEM	Total	541,485.00	
	Planning		223,007.00
	Exercise		77,044.00
	Training		241,434.00
Subtotal		1,732,000.00	
Central Region			
Arizona Department of Public Safety (DPS)	EOD Quick Response Vehicles and Render-Safe Equipment	\$103,666.00	
Gila River Indian Community	GRIC Critical Infrastructure Protection Team	\$60,000.00	
Glendale Police Department	EOD Quick Response Vehicles and Render-Safe Equipment	\$103,667.00	
Maricopa County Emergency Management	Arizona Red Cross Shelter Facility Training	\$35,000.00	
Maricopa County Emergency Management	CERT Training G-317	\$267,750.00	
Maricopa County Emergency Management	Region Citizen Corps Planner	\$127,580.00	
Maricopa County Emergency Management	Regional Training & Exercise	\$127,402.00	
Maricopa County Human Svcs	Special Transportation Services Communications Equipment	\$97,208.00	
Maricopa County Sheriff's Office (MCSO)	EOD Quick Response Vehicles and Render-Safe Equipment	\$103,667.00	
Maricopa County Sheriff's Office (MCSO)	MCSO Jails Mobile Commander Center	\$58,220.00	
Mesa Police Department	EOD Quick Response Vehicles and Render-Safe Equipment	\$103,667.00	
Paradise Valley Police Department	Law Enforcement Minimum Level PPE	\$30,000.00	
Phoenix Fire Department	IST and RRT Logistical Support Vehicles	\$480,000.00	
Phoenix Fire Department	IST Instructors and IST Training	\$390,000.00	
Phoenix Police Department	EOD Quick Response Vehicles and Render-Safe Equipment	\$103,667.00	
Phoenix Police Department	Unified Data Sharing Project	\$249,000.00	
Tempe Police Department	EOD Quick Response Vehicles and Render-Safe Equipment	\$103,667.00	
Subtotal		2,544,161.00	
East Region			
Gila County Sheriff's Office	Training Initiative	\$51,307.00	
Gila County Sheriff's Office	Exercise Initiative	\$51,306.00	
Graham County	VHF Radio System Multi-Cast Points	\$345,000.00	
Graham County	Radio Communication Cache	\$75,000.00	
Greenlee County Emergency Management	Fire/EMS VHF Repeater on Guthrie Mountain	\$48,860.00	
Queen Valley	Repeater Tower	\$12,947.00	
Subtotal		584,420.00	
North Region			
Apache County	Power generator, IT equip, printers, fax, internet connectivity, EOC workstations, etc...	\$39,627.00	
Coconino County Sheriff's Office	Satellite Equip for Command Trailers	\$7,927.50	

2006 Homeland Security Grant Program SHSGP

<i>Jurisdiction</i>	<i>Project Name</i>	<i>Allocated</i>	<i>Sub-allocation</i>
Eagar Police Department/ Town of Eagar/ Apache County	Software, hardware, computers, printers and data input for the GIS system	\$65,500.00	
Flagstaff Fire Department	Regional Deployment/Local Exercise	\$11,698.50	
Flagstaff Police Department/CCS	CBRN Incident Response Vehicle	\$101,531.00	
Flagstaff Police Department	Explosive Device Mitigation Training	\$5,970.00	
Flagstaff Police Department	Logos Imaging Radiographic Processor system	\$24,000.00	
Holbrook Police Department	Radio Interoperability System/ PD door entry/exit security system/ O-T for Northern Region Exercise/ Digital in-car system	\$25,000.00	
Hopi Tribe	Enhancement and upgrade of dispatch consoles for both local LE agencies	\$75,000.00	
Navajo County Emergency Management	Purchase an 18' equipment/EOC trailer with onboard electrical system	\$15,000.00	
Navajo County Emergency Management	Purchase of two 16' equipment trailers and needed response equipment on behave of Navajo County Citizens Corp Council	\$18,000.00	
Navajo County Sheriff's Office	Upgrade to it's 32kbps UHF mobile radio system to 64 kbps UHF Mobile Data System with integrated GPS	\$92,018.00	
Navajo Nation	Assessment to identify and assess communication systems with agencies within Navajo, external data sources, such as NCIC, ACJIS...	\$100,127.00	
Page Fire Department	Radio & SCBA's	\$24,000.00	
Show Low Fire District	Purchase ACU-T communications component	\$13,335.00	
Show Low Fire District	Purchase the portable Drager MultiIMS ion mobility spectrometer to detect chemical warfare agents	\$11,774.00	
Springerville Fire Department	Personal protective equipment (structural fire fighting ensembles RKB 1.8) that are certified as PPE.	\$34,000.00	
Springerville Police Department	Install amplifiers and indoor antennas to boost cell phone reception in the police department and EOC area.	\$8,000.00	
Springerville Police Department	Establishing a visual means of notification for the community. Includes a digital sign that will be placed in a location visible to the public on an everyday basis	\$28,000.00	
Subtotal		700,508.00	
South Region			
Bisbee Police Dept.	Incident command vehicle, generator, mobile telephone system, non p25 mobile radios, computer system/database, 1 tone dually truck, 2 ATVs	\$11,122.00	
Cochise County Emergency Services	Bi-National Plan	\$10,000.00	
Cochise County Emergency Services	Haz Mat Training	\$10,000.00	
Cochise County Emergency Services	Haz Mat Exercise	\$10,000.00	
Cochise County- Sierra Vista, Fry and Douglas Fire Department	Emergency response for hazmat and terrorism	\$15,000.00	
Cocopah Tribe	Public safety radios	\$55,000.00	

2006 Homeland Security Grant Program SHSGP

<i>Jurisdiction</i>	<i>Project Name</i>	<i>Allocated</i>	<i>Sub-allocation</i>
Douglas Police Department	p25 vhf simulcast repeaters, tower, p25 dispatch console radio integration, freq agile station, Arizona Emergency Radio System suite	\$102,013.00	
Golder Ranch Fire District	Technical rescue equipment	\$15,000.00	
Green Valley Fire District	Mobile data terminal and CMO/WMD software	\$10,000.00	
Northwest Fire District	Standardize and interoperable equipment	\$18,000.00	
Pascua Yaqui Nation	project 25 radios	\$50,000.00	
Pima County OEMHS	SHSS Project Planning	\$276,000.00	
San Luis Police Department	P25 conventional/trunking handhelds, mobile radios, 800 mhz repeater site	\$20,748.00	
Santa Cruz County Emergency Management	Implement standard operating procedures and consistent response plans; develop comprehensive training plan	\$31,000.00	
Santa Cruz County Emergency Management	hazardous response mats	\$62,135.00	
Santa Cruz County Emergency Management	p25 integrated narrowband vhf trunked radio system (p25 trunking capabilities, 250 project 25 trunked portables, 250 project 25 trunked mobiles)	\$110,000.00	
Santa Cruz County Emergency Management	Implement HSEEP Exercise Project	\$15,000.00	
Santa Cruz County Emergency Management	Implement Regional Training to Expand Regional Collaboration	\$15,000.00	
Tohono O'odham Nation	Support Pima County wireless integration network	\$73,000.00	
Tohono O'odham Nation	Planning	\$55,000.00	
Tucson Fire Department	Advanced Nazmat life support training	\$10,000.00	
Tucson Fire Department	RRT Equip for heavy rescue trucks	\$40,000.00	
Tucson Police Department	Special operations personnel raining and exercise	\$70,000.00	
Wellton Police Department	P25 conventional/trunking handhelds, mobile radios	\$9,486.00	
Willcox Police Department	2 position cad dispatch, p25 vhf radio system, freq agile station, aers suite	\$75,000.00	
Yuma County Sheriff's Office	Enhanced Law Enforcement Response - Sheriff	\$10,000.00	
Yuma County Sheriff's Office	Training & Exercise - Sheriff	\$40,000.00	
Yuma Police Department	Repeaters & Radios - Yuma PD	\$152,882.00	
Subtotal		1,371,386.00	
West Region			
Chloride Fire District	Upgrade comms system-radio repeater, portable radio & mobile radios	\$22,802.73	
La Paz County	Upgrade Regional Dispatch Center Equipment	\$75,274.00	
La Paz County Emergency Management	Peer to peer wireless access software	\$28,000.00	
Lake Mohave Ranchos Fire District	Upgrade comms system-radio repeater, portable radio & mobile radios	\$16,644.82	
Mohave County	Back-up power generators to ensure Emergency Alert System coverage	\$53,000.00	
Mohave Sheriff's Office	Expansion of Arizona Emergency Radio System	\$54,500.00	
Mohave, La Paz & Yavapai	210 portable narrow band radios & software for SAR volunteer	\$112,000.00	
Quartzsite Fire District	Radio Repeater	\$31,299.98	