



STATE OF ARIZONA

# Joint Legislative Budget Committee

STATE  
SENATE

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

HOUSE OF  
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## MINUTES OF THE MEETING

### JOINT LEGISLATIVE BUDGET COMMITTEE

December 19, 2017

The Acting Chairman called the meeting to order at 12:16 p.m., Tuesday, December 19, 2017, in House Hearing Room 1. The following were present:

Members:	Senator Cajero Bedford Senator Farley Senator Hobbs Senator Kavanagh Senator Petersen	Representative Livingston, Acting Chairman Representative Allen Representative Fernandez Representative Leach Representative Ugenti-Rita
Absent:	Senator Farnsworth Senator Lesko, Vice-Chairman Senator Yee	Representative Alston Representative Bowers Representative Shooter

### APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of November 16, 2017, Acting Chairman David Livingston stated that the minutes would stand approved.

### CONSENT AGENDA

The following items were considered without discussion.

#### **ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY - Review of FY 2018 Cyber Security Projects (Automation Projects Fund).**

A.R.S. § 41-714 requires the Joint Legislative Budget Committee (JLBC) to review an ADOA expenditure plan for the Automation Project Fund (APF) prior to the expenditure of monies. ADOA requested that the Committee review \$3,069,300 in proposed FY 2018 expenditures for information technology Cyber

(Continued)

Security projects for the Arizona Strategic Enterprise Technology (ASET) office. The JLBC Staff provided options and a potential provision:

A. *Committee review does not commit the Legislature to additional funding.*

**ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/DEPARTMENT OF REVENUE (DOR) - Review of Data Center Equipment Upgrade (Automation Projects Fund).**

A.R.S. § 41-714 requires JLBC to review an ADOA expenditure plan for the APF prior to the expenditure of monies. ADOA and DOR have requested Committee review of \$5,500,000 in proposed FY 2018 expenditures from the APF for replacing data center infrastructure and relocating that infrastructure to a third party co-located data center vendor. The FY 2018 budget appropriated \$11,000,000 from the APF to replace DOR's data center hardware. At its June 20, 2017 meeting, the Committee gave a favorable review of the first \$5,500,000. The JLBC Staff provided options and a potential provision:

A. *DOR shall continue to contract with a third-party consultant pursuant to A.R.S. § 18-104A1(g) to provide quarterly reviews of the project, and provide those third-party reviews to the JLBC Staff.*

**DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of the Microwave System Upgrade Project (Automation Projects Fund).**

A.R.S. § 41-714 requires JLBC to review a DPS expenditure plan for the APF prior to the expenditure of any monies. DPS requests that the Committee review \$1,500,000 for the Microwave System Upgrade project. The FY 2018 budget appropriated \$2,500,000 from the APF for continued work on the Microwave System Upgrade project. At its September 19, 2017 meeting, the Committee gave a favorable review of the first \$1,000,000. The JLBC Staff provided options.

*Senator Kavanaugh moved that the Committee give a favorable review, including provisions as outlined in the JLBC Staff analysis, to the 3 consent agenda items listed above. The motion carried.*

**EXECUTIVE SESSION**

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

At 12:17 p.m. the Joint Legislative Budget Committee went into Executive Session.

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

At 12:45 p.m. the Committee reconvened into open session.

**A. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.**

*Senator Kavanaugh moved that the Committee approve the recommended settlements proposed by the Attorney General's office in the cases of:*

- *Blackmore v. State of Arizona*
- *Valdovinos v. University of Arizona*

The motion carried.

**B. ARIZONA DEPARTMENT OF ADMINISTRATION - Risk Management Annual Report.**

This item was for information only and no Committee action was required. JLBC Rule 14 requires that the Committee receive the report. The Committee requests that future annual reports continue to include the following information:

- Status of open claims and lawsuits.
- Status of claims and lawsuits reported on the prior year annual report.
- Total number of claims and lawsuits filed with Risk Management during the prior fiscal year.
- Total settlement and judgment costs during the prior fiscal year.
- Number of liability settlements greater than the JLBC level and cost of each settlement.
- Number of liability cases taken to trial by Risk Management categorized by:
  - Number of verdicts for the state with detail of the associated judgment amounts.
  - Number of verdicts against the state with detail of the associated judgment amounts.
- Projected Risk Management Fund balance.
- Proposed changes to state insurance coverage, state statutes, and claim procedures.

Without objection, the meeting adjourned at 12:46 p.m.

Respectfully submitted:



Kristy Paddack, Secretary



Richard Stavneak, Director



Representative David Livingston, Acting Chairman