

# **INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY**

## **Minutes of the 1st Meeting of the 2019 Interim**

**June 6, 2019**

### **Call to Order and Roll Call**

The 1st meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, June 6, 2019, at 3:00 PM, in Room 154 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Tommy Turner, Co-Chair; Senators Denise Harper Angel, Ernie Harris, Alice Forgy Kerr, Wil Schroder, Reginald Thomas, and Max Wise; Representatives Lynn Bechler, Terri Branham Clark, George Brown Jr, Jeffery Donohue, Deanna Frazier, Chris Freeland, Chris Fugate, Jim Glenn, Robert Goforth, Jim Gooch Jr., David Hale, Kim King, Bobby McCool, Michael Meredith, Ruth Ann Palumbo, Brandon Reed, Steve Sheldon, Maria Sorolis, Cherlynn Stevenson, Ashley Tackett Lafferty, Nancy Tate, Rob Wiederstein, and Les Yates.

Guests: Don Parkinson, Secretary, Tourism, Arts, and Heritage Cabinet; Regina Stivers, Deputy Secretary, Tourism, Arts, and Heritage Cabinet; Donnie Holland, Commissioner, Department of Parks; John Cox, Director of Communications, Tourism, Arts, and Heritage Cabinet; Dr. Chuck Grindle, Chief Information Officer, Commonwealth Office of Technology.

LRC Staff: Carla Montgomery, Andrew Manno, Chip Smith, Candice Messer, and Sasche Allen.

### **Kentucky State Parks Update**

Secretary Parkinson stated that the cabinet has asked for \$150 million to fix the problems within the parks. The first \$80 million will just be for infrastructure improvements. The next \$70 million would help with increased sales.

Deputy Secretary Stivers said the cabinet completed 133 projects with the funding that had already been allotted. This \$18 million had been spent on new roofs and exterior repairs, and electrical and safety repairs. It upgraded swimming pools, campgrounds, and hospitality. Customer feedback scores have improved significantly since the implementation of these upgrades.

Commissioner Holland said during the 2018-2019 fiscal year the department received \$20 million, which is divided in half for each year of the biennium, for safety and aesthetics upgrades. Of that amount, \$7.3 million will be used for new roofs and exterior repairs, \$5.2 million will be allocated to a maintenance pool, \$3.8 million will be for infrastructure and utility upgrades, \$2.4 will be for campground updating, and \$1.3 million will be used for hospitality upgrading. Sixty-five percent of the funded projects are underway.

The department has planned for many more projects to restore and renovate the Commonwealth's state parks which has been broken up into two phases. During the 2019 regular session, the department received \$50 million for phase one as part of a bond pool from the General Assembly. Of that amount, \$20.1 million will be used for wastewater treatment facilities, \$11.6 million will be used to replace roofs at all 17 state resort parks, \$7.4 million will fund various infrastructure needs, \$4.1 million will be utilized for life safety systems and ensuring ADA compliance, \$3.4 million will update guest lodging at all resort parks, and \$3.4 million will be used to update outdated communications systems. Phase two requires \$100 million, which will be requested from the General Assembly in the 2020 regular session. These extensive repairs will include \$25 million for campground upgrades, \$11.2 million for new cottages and accommodations, \$10 million for a deferred maintenance pool, \$6.6 million for outdated communications systems, \$4.9 million for golf courses, \$4.6 for various infrastructure needs, \$3.8 for new roofs, \$2.2 for life safety systems and ADA compliance updating, and \$2.1 million for wastewater treatment facilities.

In response to Co-Chair Carroll, Secretary Parkinson said that Kentucky Dam Village State Resort Park has seen an increase in business and guests due to its recent renovations but other state parks have seen a decline, some as much as 14 percent, due to the Asian carp issue among other reasons. Answering a follow up question, he stated that improving and expanding campgrounds is a top priority to capitalize on because of the large number of campers that are currently being manufactured and sold.

Addressing Representative Lynn Bechler, Commissioner Holland explained that after flooding in recent months, several parks have had extensive damage. Kentucky Dam Village State Resort Park had the worst damage and 70 percent of its campgrounds are still unusable. Nolan Lake and Green River State Resort Parks also had damage that has since been fixed. Replying to a follow up question, he said the occupancy rate of state lodges is 38 percent, taking into account the winter months, which is comparable to other states. During the summer months most lodges are almost at capacity. Representative Bechler inquired about improving and installing broadband at state parks as mentioned in the presentation, and Secretary Parkinson said that Kentucky Wired will be used to complete this project. Seven of the parks are projected to be completed by the end of 2019.

Replying to Representative Robert Goforth, the secretary said that the two phases of the restoration are needed for the best possible return on investment.

Responding to Representative Deanna Frazier, Deputy Secretary Stivers stated that the cabinet is working with various partners including the Department of Local Government to increase the recreational trails funding for trails in mostly the eastern part of the state.

Answering a question from Senator Wil Schroder, Secretary Parkinson explained that the cabinet's files on the projections for the room occupancy needed to get the best return on investment are complex, but if the projects can be completed by 2022, then a foundation can be set to get more revenue, particularly in the area of camping.

Senator Reginald Thomas commented on the Kentucky Wired program and pointed out that Dr. Chuck Grindle, Chief Information Officer for the Commonwealth Office of Technology, would be a great resource to consult.

Addressing Representative Steve Sheldon, Secretary Parkinson said that there was more revenue generated from lodging than from cottage rentals. Answering a follow up question, Secretary Parkinson said that he would share with the Representative and members of the committee the cabinet's revenue projections.

Responding to Senator Max Wise, the secretary indicated that the cabinet has recently shutdown two golf courses and turned ownership over to the county of several others. Deputy Secretary Stivers added that with any transfer of ownership to the county of the golf course, a preservation easement is done so that if it ceases to be a public park, the ownership transfers back to the state. Mr. Cox pointed out that there is a portion of requested funding dedicated to improving golf courses.

Replying to Co-Chair Carroll, Secretary Parkinson confirmed that there is a public private partnership project in the works, but current litigation is creating a delay. There need to be amendments to public private partnership legislation. Answering a follow up question, the secretary explained that decisions regarding special events held at state parks are made by each state park's management but permits do have to be obtained through the department. Mr. Cox added that there has recently been a push for a partnership with the Department of Tourism to hold the Kentucky State Parks Culinary Trail.

### **Commonwealth Office of Technology Update**

Dr. Grindle explained that the Commonwealth Office of Technology (COT) operates on a charge back model. Every dollar spent has to go back to an agency. He described the enacted budget, actual spend, and outstanding CHASE balance. The CHASE balance is down to \$2.8 million. COT works under four lines of effort: security, enterprise

services, contract administration, and training/education. Each line of effort has a desired condition that COT wants to meet.

Dr. Grindle explained in depth the recent improvements that COT has made. COT has made multiple staffing changes. COT hired a Contracting Officer, Chief Compliance Officer, Enterprise Project Management Office, Chief Data Officer, Digital Transformation Office, and Kentucky Business One Stop. COT made changes to its infrastructure in the following areas: VBlock, Dynatrace, KIH3 Contract, Datacom, upgraded the central network, Bluejeans and Skype, OnBase, upgraded the Geographic Information System (GIS), implemented the Citrix, eliminated underused consulting agreements, and moved the mainframe to the Cloud.

COT has improved its security by implementing Multi-Factor Authentication, Incident Response Evaluation, adoption of advanced threat protection, upgraded enterprise firewalls, filled vacant security positions, enhanced security programming controls, and implemented Exabeam and endgame. COT improved its applications as well.

Dr. Grindle stated that COT has provided direct support to SB 77 (2019 session), HB 74, and HB 400 (2018 session). It have also been collaborating with other KY entities. KY is one of the first states that has a management control agreement (MCA) with the Kentucky State Police. COT has been able to get five cabinets to sign a data sharing agreement.

The budget has changed since Dr. Grindle has taken over. Nine percent of COT's budget is specifically for security. COT has centralized Amazon purchasing, reduced the price of Enterprise Contracts and Debt Service, and focused more on GIS. COT has had to contract people for Windows 10 upgrades and networking resulting in short term investments. In long term investments, COT has made data center improvements, is moving to a different building, and is working hard on all of the applications mentioned above.

In the next 12 months, COT would like to upgrade to Windows 10, move to a new LinuxOne processor, integrate the Enterprise services desk, work on digital transformation initiatives, decide on whether COT is going with Microsoft or Google, and figure out what to do with SAP.

Replying to Co-Chair Carroll, Dr. Grindle stated that from a Medicaid perspective, there is a specific contract that is completely separate from what he does. What COT has been finding is that there could be two individuals using the same email address with different businesses and COT has to respond to each individual to determine a solution. Responding to another question from Co-Chair Carroll, Dr. Grindle said he likes for his staff to walk him through where they have been. He referred to a floor of the data center as the used car lot because there were multiple contractors and different issues and one cannot

exactly map out where one is. He stated that now 85 percent of the service infrastructure has been revamped. COT has replaced 60 percent of its desktops and by the end of the year will replace the remainder.

Responding to Representative Goforth, Dr. Grindle said the KY Wired Project is a tremendous opportunity. Replying to a follow-up question, Dr. Grindle stated the cost is already taken care of by what was agreed to previously. The bandwidth will be coming to our infrastructure and we have already paid for the internet. Dr. Grindle does not have the total cost.

Answering a question from Representative Sorolis, Dr. Grindle explained that the positions he talked about were vacant in the organization and based on HB 244 were restructured. COT moved these individuals from other positions into this office.

Co-Chair Carroll announced that the next meeting will be on July 11 at 3 p.m., and there will be a sub-committee meeting at the CVG Airport on July 19 at 1 p.m. With there being no further business, the meeting was adjourned at 4:48 p.m.