

STATE OF ARIZONA

Joint Legislative Budget Committee

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JOINT LEGISLATIVE BUDGET COMMITTEE

Tuesday, December 18, 2012

9:30 A.M.

Senate Appropriations, Room 109

MEETING NOTICE

- Call to Order
- [Approval of Minutes of October 4, 2012.](#)
- DIRECTOR'S REPORT (if necessary).
- EXECUTIVE SESSION
 - A. Arizona Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.
 - B. Arizona Department of Administration - Risk Management Annual Report.
 - C. JLBC Annual Performance Review per Rule 7.
- 1. [SCHOOL FACILITIES BOARD - Consider Approval of Index for School Facilities Board Construction Costs.](#)
- 2. ARIZONA DEPARTMENT OF ADMINISTRATION
 - [A. Review of the Arizona Public Safety Communication Advisory Commission.](#)
 - [B. Review of Emergency Telecommunication Services Revolving Fund Expenditure Plan.](#)
- 3. [ATTORNEY GENERAL - Review of Allocation of Settlement Monies.](#)

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

12/10/12

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

October 4, 2012

The Chairman called the meeting to order at 1:10 p.m., Thursday, October 4, 2012, in Senate Appropriations Room 109. The following were present:

Members:	Senator Shooter, Chairman	Representative Kavanagh, Vice-Chairman
	Senator Biggs	Representative Alston
	Senator Cajero Bedford	Representative Court
	Senator Crandall	Representative Harper
	Senator Lopez	Representative Jones
	Senator Murphy	Representative Tovar
Absent:	Senator Klein	Representative Fillmore
	Senator Yarbrough	Representative Heinz

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of June 26, 2012, Chairman Don Shooter stated that the minutes would stand approved.

ARIZONA DEPARTMENT OF ADMINISTRATION

A. Review of Dental Self-Insurance Plan and Planned Contribution Strategy for State Employee and Retiree Dental Plans.

Ms. Amy Upston, JLBC Staff, stated that this item is a review of the Arizona Department of Administration (ADOA) self-funded dental plan and dental contribution strategy for state employees. The Committee reviewed the health insurance plans at its meeting of June 26, 2012 but the details of the dental plan were not yet available. The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review to the proposed ADOA dental self-funded program and the planned contribution strategy. The motion carried.

(Continued)

B. Review of Automation Projects Fund FY 2013 Expenditure Plan.

Mr. Brett Searle, JLBC Staff, stated that this item is a review of \$830,000 in proposed FY 2013 expenditures from the Automation Projects Fund for an Arizona Health Care Cost Containment System (AHCCCS) security enhancement project. The FY 2013 Government Budget Reconciliation Bill established the Automation Projects Fund which is administered by ADOA. The JLBC Staff presented options to the Committee.

Mr. Scott Smith, Director, ADOA, and Deputy Chief of Staff to Governor Brewer, responded to member questions and statements.

Mr. Aaron Sandeen, Deputy Director, ADOA, and State Chief Information Officer, responded to member questions and statements.

Representative Kavanagh moved that the Committee give a favorable review of the ADOA expenditure plan, with the provision that the AHCCCS project be subject to approval by the Arizona Strategic Enterprise Technology Offices (ASET). The motion carried.

AHCCCS/DEPARTMENT OF ECONOMIC SECURITY - Review of Proposed Capitation Rate Changes.

Ms. Amy Upston, JLBC Staff, stated that this item is a review of Medicaid capitation rates for AHCCCS and the Department of Economic Security (DES). The JLBC Staff presented options to the Committee and answered questions from members.

Ms. Jennifer Carusetta, Chief Legislative Liaison, AHCCCS, responded to member statements and questions.

Representative Kavanagh moved that the Committee give a favorable review to the proposed AHCCCS/DES Acute Care, Long-Term Care for the Elderly and Physically Disabled, Long-Term Care for the Developmentally Disabled, and Children's Rehabilitative Services capitation rate changes, with rates set for the beginning of the contract year. The motion carried.

In addition, the Committee would like AHCCCS to provide the JLBC with information on how many people are expected to be receiving the new treatment for Hepatitis C, and further what the cost of a liver transplant is for one individual.

DEPARTMENT OF HEALTH SERVICES - Review of Behavioral Health Medicaid Capitation Rate Changes.

Mr. Art Smith, JLBC Staff, stated that this item is a review of Medicaid behavioral health capitation rates for the Department of Health Services (DHS). The JLBC Staff presented options to the Committee.

Representative Kavanagh moved that the Committee give a favorable review to the proposed Medicaid Behavioral Health Program Capitation rate changes for DHS, with rates set for the beginning of the contract year. The motion carried.

ATTORNEY GENERAL - Review of Allocation of Settlement Monies.

Mr. Andrew Hartsig, JLBC Staff, stated that this item is a review of the Attorney General's (AG) expenditure plan for a total of \$215,100 from 2 settlements: 1) a \$100,000 allocation to the AG from a consent judgment with QuinStreet, Inc., the former owner of the website *GIBill.com*; and 2) a \$115,100 settlement from a consent judgment with Skechers USA, Inc., a footwear company. The JLBC Staff recommended a favorable review of this item.

(Continued)

Representative Kavanagh moved that the Committee give a favorable review of the AG allocation plans from the \$100,000 consent judgment with QuinStreet, Inc. and the \$115,100 settlement with Skechers USA, Inc. The motion carried.

ARIZONA DEPARTMENT OF CORRECTIONS - Review of FY 2012 Bed Capacity Report.

Mr. Brett Searle, JLBC Staff, stated this item is for a review of the Arizona Department of Corrections (ADC) FY 2012 bed capacity report. The report also explains the reasons for any changes in the level of bed capacity during the past year. The JLBC Staff presented options to the Committee and answered questions from members.

Mr. Chuck Ryan, Director, ADC, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review of the ADC FY 2012 bed capacity report. The motion carried.

In addition, the Committee would like ADC to provide JLBC members with information on building deficiencies at the Cheyenne Unit.

ARIZONA BOARD OF REGENTS - Review of FY 2013 Tuition Revenues.

Ms. Leatta McLaughlin, JLBC Staff, stated this item is for a review of the Arizona Board of Regents (ABOR) tuition collections. The JLBC Staff presented options to the Committee and answered questions from members.

Ms. Christine Thompson, Assistant Vice President for Government Relations, ABOR, responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review of the ABOR expenditure plan for tuition revenue amounts appropriated by the Legislature, and all non-appropriated tuition and fee revenue expenditures for the current fiscal year. The motion carried.

REVIEW OF AGENCY LEGAL SERVICES CHARGES

Ms. Marge Zylla, JLBC Staff, stated this item was for a review of technical changes to agency payments for the legal services charges that go to the AG's office.

Representative Kavanagh moved that the Committee give a favorable review of the of the fund source reports for the AG legal services charges with the provision that the following 4 agencies be exempt from the charge: Office of Tourism, School Facilities Board, Governor's Office of Equal Opportunity, and the State Mine Inspector. The motion carried.

The payment ability of another agency, the Department of Emergency and Military Affairs (DEMA), will be resolved at a later date.

Without objection, the meeting adjourned at 2:10 p.m.

Respectfully submitted:

Alanna Carabott, Secretary

Richard Stavneak, Director

Senator Don Shooter, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams.
A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>.

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DATE: December 11, 2012

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Andrew Hartsig, Fiscal Analyst

SUBJECT: JLBC Staff - Consider Approval of Index for School Facilities Board Construction Costs

Request

A.R.S. § 15-2041D.3c requires that the cost-per-square-foot factors used in the School Facilities Board (SFB) building renewal and new school construction financing “shall be adjusted annually for construction market considerations based on an index identified or developed by the Joint Legislative Budget Committee (JLBC) as necessary but not less than once each year.”

Recommendation

The Committee has at least the following 3 options:

1. Approve a 1.68% adjustment in the cost-per-square-foot factors, based on the average of the latest available 1-year change in the Rider Levett Bucknall (RLB) national construction cost index and the RLB Phoenix construction cost index.
2. Approve the SFB Staff request for a 6.6% increase for K-8 grade levels and 7.26% for 9-12 grade levels. The K-8 adjustment is based on an index which estimates actual construction costs-per-square-foot as opposed to the change in costs from a prior period, while the 9-12 adjustment was calculated by SFB based on the 2 latest high school construction projects.
3. Approve a 0% adjustment in the cost-per-square-foot factors. The adjustment is based on the long-term inflation costs between 2008-2011 in 4 different indices.

Table 1 lists the cost-per-square-foot amounts for all 3 options.

(Continued)

Table 1			
Cost-Per-Square-Foot Amounts for Each Option			
	<u>K-6</u>	<u>7-8</u>	<u>9-12</u>
Option 1 – National/Phoenix Construction Index (1.68%)	\$138.96	\$146.69	\$169.86
Option 2 – SFB Staff Request (6.6%/7.26%)	\$145.68	\$153.79	\$179.18
Option 3 – Current Amount (0%)	\$136.66	\$144.27	\$167.05

Analysis

Background Information

The original Students FIRST legislation (Laws 1998, 5th Special Session, Chapter 1) established funding amounts per-square-foot of space for new construction and building renewal (e.g., \$90 per-square-foot for grades K-6). Current statute requires that SFB use the cost-per-square-foot in effect at the time a new construction project is approved, except that SFB may adjust the formula based on geographic or site conditions as defined in statute.

The Committee has used a variety of different indices to establish the per-square-foot amounts. In November 2008, the Committee approved a 1.98% adjustment in construction costs. In FY 2010 and FY 2011, the Committee approved a 0% adjustment in construction costs.

At the April JLBC meeting, the Committee was presented with 2 options: adjust the rate upward by 2.09%, or by 6.6% for K-8 grade levels and 7.26% for 9-12 grade levels, as recommended by SFB. The Committee did not accept either option.

Three Options

The first option uses a similar approach as the FY 2011 adjustment, in part by using the most recent change in the RLB national construction index (July 2011 compared to July 2012). In addition, this option also incorporates the most recent annual change in the RLB Phoenix cost index (which was only minimally different from the national measure), by using the average of the 2 measures. At the time of the April meeting, the adjustment was 2.09%. Based on updated information, the current value of the adjustment is 1.68%.

The second option is the SFB request of 6.6% for K-8 grade levels and 7.26% for the 9-12 grade levels. SFB Staff has estimated that the current per-square-foot amount is insufficient to build new school facilities using only state funds.

In making this calculation, SFB Staff references data produced by Arcadis, a construction and infrastructure consulting firm, which outlines construction cost estimates for the Phoenix Metropolitan area. These data show that the cost-per-square-foot to build an elementary school is approximately \$145.68, while the current New School Facilities (NSF) formula amount is \$136.66. SFB Staff requested a 6.6% adjustment to align the K-6 formula amount with the Arcadis study. The 6.6% was also requested for the 7-8 grade level NSF formula amount.

For the 9-12 grade level NSF formula adjustment, SFB Staff calculated that a 7.26% adjustment would align the cost-per-square-foot amount to current market conditions, as estimated by SFB Staff based on the 2 latest high school new construction projects.

A third option is to set the inflation adjustment based on a more long term measurement of costs. As noted previously, JLBC approved a 1.98% adjustment in November 2008. Construction costs,

(Continued)

however, subsequently declined during the recession and have only partially recovered. Based on 4 different indices, 2008-2011 prices have increased by 0.34% on the high end and have declined by (8.28)% on the low end. See *Table 2* below for information on these 4 indices. Based on these 4 indices, the inflation adjustment would be set at 0%, rather than reduce the rate as indicated by 3 indices.

Table 2				
Construction Cost Changes				
	Arcadis Index:	Rider Hunt	RLB Index:	RLB Index: High
	<u>K-6 \$/sq ft</u>	<u>Index: K-6 \$/sq ft</u>	<u>Elementary \$/sq ft</u>	<u>School \$/sq ft</u>
2009	2.18%	-0.65%	-2.76%	4.25%
2010	-2.88%	-2.90%	-4.96%	-4.89%
2011	1.10%	1.88%	-0.75%	-2.00%
Total Change	0.34%	-1.72%	-8.28%	-2.83%

RS/AH:ac



STATE OF ARIZONA
SCHOOL FACILITIES BOARD

Governor of Arizona
Janice K. Brewer

Executive Director
Dean T. Gray

February 29, 2012

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

And

The Honorable John Kavanagh, Chairman
Joint Committee on Capital Review



Dear Senator Shooter and Representative Kavanagh:

A.R.S. §15-2041.D.3(c) states in part "...The cost per square foot shall be adjusted annually for construction market considerations based on an index identified or developed by the joint legislative budget committee as necessary but no less than once each year." To assist the JLBC, the School Facilities Board has prepared the following information.

The current new school construction cost index was established in 2008. Current market conditions as noted below would not provide sufficient funds to build a school to the Minimum School Facility Guideline requirements. If, as it appears, the School Facilities Board does not fund construction of another school until FY 2014 at the earliest, then a construction cost index from 2008 certainly could not be used to build a Minimum School Facility Guideline school.

For the past few years, the SFB has used analysis developed by the project management firm Arcadis (formerly known as PinnacleOne) and Rider Levett Bucknall or RLB (formerly Rider-Hunt), an international construction consulting group, in support of the annual requests for inflation adjustments.

The Arcadis analysis shows an increase of 1.1% in K-6 construction costs reflecting an average cost per square foot of \$145.68 for the year ending December 2011, while the RLB analysis shows a current cost of between \$140.00 and \$200.00 per square foot for elementary school construction and between \$170.00 and \$240.00 per square foot for high school construction. (Please note that the RLB analysis accounts for only construction bid costs. Costs for design, permitting, furniture, etc. need to be added to the cost per square foot. These additional costs add approximately 20% to the construction cost). See attachments. Please also note that the current construction cost index for K-6 is \$136.66 (established in 2008).

To become effective in FY 2013, the SFB is requesting the Joint Committee on Capital Review adjust the new school construction cost index by 6.6% for K-8 grade levels (this adjustment will bring the formula into line with the Arcadis study) and by 7.26% for 9-12 grade levels (which will

bring the formula into line with the current cost per square foot based on the two most recent high schools funded by the SFB (average cost includes additional funding by district)).

The current construction market is seeing marked increases in commodities. For example, copper has increased 12%, ductile iron (used in plumbing piping) is up 5%, and scrap steel is at \$230 per ton (an increase of \$130 per ton over last year). When minimal inflation is taken into consideration, any project awarded at the current index would fall well short of adequate funding to build a school that meets the Minimum School Facility Guidelines with actual construction starting twelve or more months from award.

Table One below shows the impact on the cost per square foot of the recommended increases of 6.6% for K-6 and 7-8 grade levels and by 7.26% for 9-12 grade levels.

Table One

Grade Level	Current Amount	Adjusted Amount
K-6	\$136.66	\$145.68
7-8	\$144.27	\$153.79
9-12	\$167.05	\$179.18

The SFB believes that these amounts adequately reflect FY 2012 inflation and market conditions. Excluding local impact fees, the proposed costs per square foot would have covered the construction costs for the most recent SFB new construction projects (excluding projects that required the addition of the Davis-Bacon Act prevailing wage rates or additional site conditions).

Fiscal Impact

The SFB assumes there will be no fiscal impact in FY 2012 due to the new construction moratorium, as well as no fiscal impact in FY 2013.

The estimated fiscal impact on the building renewal formula for FY 2013 is \$8.82 million based on full formula funding. For the last four fiscal years, there has been no building renewal formula funding. If this policy continues, the index increase would have no fiscal impact on building renewal formula funding.

If you or your staff has any questions regarding this information and request, please contact me at 602-542-6143 or dgray@azsfb.gov.

Sincerely,



Dean T. Gray

Attachments//

CC: Eileen Klein, Chief of Staff, Governor's Office
Dale Frost, Policy Advisor on Education, Governor's Office
John Arnold, Director, OSPB
Jack Brown, JLBC staff

Phoenix Elementary School Building Cost (\$) /SF from FY 1998 through 2011

Fiscal Year (FY) July -June	1 Inflation Rate of Increase/Decrease (Arcadis)	2 \$/SF of K through 6 in Greater Phoenix	3 ENR 20 city average Rate of Increase	4 \$/SF of K through 6 in 20 city average	5 Inflation Rate of Increase (Marshall Swift)	6 \$/SF of K through 6 in Greater Phoenix	7 Inflation Rate of Increase (JLBC Adopted)	8 \$/SF of K through 6 in Greater Phoenix	9 \$/SF of K through 6 by Rider Hunt in Greater Phoenix	10 Rate of Increase
1998		\$90.00		\$90.00		\$90.00	0.00%	\$90.00	\$90.00	
1999	1.92%	\$91.73	1.92%	\$91.73	0.00%	\$90.00	3.10%	\$92.79		
2000	2.40%	\$93.93	2.40%	\$93.93	3.10%	\$92.79	5.00%	\$97.43		
2001	0.99%	\$94.86	0.99%	\$94.86	5.00%	\$97.43	0.60%	\$98.01		
2002	1.37%	\$96.16	1.37%	\$96.16	0.60%	\$98.01	0.00%	\$98.01		
2003	1.93%	\$98.01	1.96%	\$98.04	4.80%	\$102.72	4.20%	\$102.13	\$120.00	
2004	7.88%	\$105.74	7.85%	\$105.74	1.70%	\$104.46	1.40%	\$103.56	\$120.00	0%
2005	5.55%	\$111.60	5.55%	\$111.60	8.70%	\$113.55	12.85%	\$116.87	\$120.00	0%
2006	17.30%	\$130.91	3.90%	\$115.96	6.40%	\$120.82	12.20%	\$131.13	\$150.00	25%
2007	2.66%	\$134.39	2.68%	\$119.06	3.00%	\$124.45	2.20%	\$134.01	\$155.00	3%
2008	8.04%	\$145.19	3.70%	\$123.47	Not Available	Not Available			\$160.00	5.39%
2009	2.18%	\$148.36	4.99%	\$129.63	Not Available	Not Available			\$158.95	-0.65%
2010	-2.88%	\$144.09	1.87%	\$132.05	Not Available	Not Available			\$154.34	-2.90%
2011	1.10%	\$145.68	3.77%	\$137.02	Not Available	Not Available			\$157.24	1.88%

Notes:

1 Inflation rate per year was derived using the ENR formula for computing the BCI index, and adjusted to Phoenix market. For FY 2005-2006, the inflation rate was based on the Association of General Contractors Inflation report for the Phoenix market.

FY 2010-2011, Commodity prices has risen modestly. Steel manufacturers have notification to their customers of increase in material prices. However the unemployment remains high. Government construction spending has gone up in the but has declined over the last quarter.

Work has remain very competitive. The average number of bidders remains at 8 to 12 on open bid projects. This was factored in the computation of the quarterly indices.

2 The base construction cost for FY1998 is \$90/sf and was used as a base for all indices shown.

3 Column 3 is the 20 City Average BCI Inflation Rate computed by ENR.

4 Column 9 & 10, Rider Hunt Inflation Index.

INDICATIVE CONSTRUCTION COSTS

The data in the chart below represents estimates of current building costs in each respective market. Costs may vary as a consequence of factors such as site conditions, climatic conditions, standards of specification, market conditions, etc. Values represent hard construction costs based on U.S. dollars per square foot of gross floor area.

LOCATION	OFFICES				RETAIL SHOPPING				HOTELS				HOSPITAL		INDUSTRIAL		PARKING				RESIDENTIAL				EDUCATION					
	PRIME		SECONDARY		CENTER		STRIP		5 STAR		3 STAR		GENERAL		WAREHOUSE		GROUND		BASEMENT		MULTIFAMILY		SINGLE FAMILY		ELEMENTARY		HIGH SCHOOL		UNIVERSITY	
	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
Boston	200	280	175	245	120	210	90	145	250	400	160	250	375	550	70	100	60	90	80	110	135	220	165	325	220	300	240	350	275	400
Denver	140	225	100	150	80	130	65	125	185	280	105	165	330	385	65	110	40	70	60	95	70	185	60	350	115	150	140	210	170	285
Honolulu	200	380	170	285	145	355	120	310	370	540	250	390	340	550	100	160	65	100	95	185	135	320	280	550	240	340	290	440	320	520
Las Vegas	140	285	105	190	115	475	65	145	325	460	120	225	285	450	50	100	50	85	60	150	70	400	90	350	180	315	200	450	235	450
Los Angeles	180	280	120	195	110	195	80	140	250	390	170	245	350	550	70	120	60	95	85	130	135	215	120	280	250	350	280	410	295	430
New York	205	350	180	270	140	250	115	160	320	475	185	265	450	600	90	130	65	105	85	125	140	250	175	350	190	340	220	375	275	400
Phoenix	120	230	95	155	105	165	70	125	210	330	100	150	230	220	155	190	40	65	60	100	80	185	100	300	140	200	170	240	210	360
Portland	165	210	115	160	110	195	90	130	175	265	130	170	320	435	75	110	65	85	85	125	110	195	100	250	180	235	190	250	235	340
San Francisco	195	300	140	220	120	220	110	165	265	410	190	260	360	570	80	130	70	100	90	140	145	230	140	300	260	360	290	420	310	440
Seattle	165	205	115	160	115	200	95	135	185	275	140	180	320	435	75	110	65	85	85	125	120	235	100	250	190	250	230	300	265	395
Washington DC	175	240	130	185	95	190	75	135	230	375	150	230	350	500	70	100	55	80	75	100	100	185	120	250	190	250	220	275	250	375

INDICATIVE COST RESEARCH

In the summer of 2011 Rider Levett Bucknall undertook a significant research effort to benchmark and critically test our indicative construction costs against a wide variety of data, including thousands of our own projects, publicly available data and raw data purchased from a variety of data collection sources.

This significant research program was undertaken so that we could be sure that our data was completely current and reflected as wide a set of project quality levels as is possible.

For indicative costs reported within our Quarterly Cost Reports it is important for readers to note that there will be projects that fall outside both our high and low range, usually due to quality levels or unusual bidding practices. However we are confident that the bulk of projects will fall within the ranges provided above. Naturally we caution that these ranges are only indicative and that professional cost advice should be sought on any project before funding is committed.

SPOTLIGHT ON: MATERIALS COSTS

When the global economy was frantically busy (think 2005 through 2007), we heard a lot from industry sources about the effect of China, India or the Middle East on construction prices in the U.S. One factor that received surprisingly little attention was U.S. demand for U.S. produced materials.

A good example of this is gypsum wallboard, which hit a production peak in the second quarter of 2006 (when factories were slightly over 90% production capacity). Prices of shipped wallboard peaked the following quarter. According to information from US Gypsum, the realized price of drywall at the end of 2010 was only about 60% of the realized price in the third quarter 2006. Clearly this reflects the demise of activity in the housing industry and not the impact of foreign trade.

Steel production tracks a similar trend within the U.S. and is a good warning that one cannot overlook the importance of local demand when considering changes in material pricing over time.

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DATE: December 11, 2012

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Brett Searle, Fiscal Analyst

SUBJECT: Arizona Department of Administration - Review of the Arizona Public Safety
Communication Advisory Commission

Request

Pursuant to A.R.S. § 41-3542C, the Arizona Department of Administration (ADOA) has submitted for review its FY 2012 annual report of expenditures and progress for the statewide interoperability design project.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review of the department's FY 2012 annual report.
2. An unfavorable review of the department's submission.

FY 2012 expenditures totaled \$504,000 of the \$529,600 in FY 2012 appropriated funding.

Analysis

Background

The Arizona Public Safety Communication Advisory Commission (PSCC) was established to develop a statewide, standard-based interoperability system that 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 interoperability communication system have been estimated to be as high as \$300 million. Local jurisdictions and emergency response agencies are largely responsible for the construction costs, while PSCC receives state funding for coordination and oversight activities.

(Continued)

Activities

PSCC continued to expand the Arizona Interagency Radio System (AIRS) in FY 2012. AIRS is an intermediate solution, which allows interagency communication, but is limited to a single conversation between users in a geographical area. PSCC describes this functionality as “basic interoperability” for first responders. AIRS transmitters are installed at various tower sites across Arizona and allow transmissions to be received by any radio within the coverage of that tower.

During FY 2012, the final 2 AIRS transmitters were installed, ensuring that all 15 counties in Arizona have some degree of AIRS coverage. However, the percentage of the state’s geographical area with AIRS coverage is not known. In December 2011, the Department of Homeland Security conducted a highway drive to evaluate the extent of AIRS coverage in Arizona. The results have been provided to local jurisdictions as a basis for identifying coverage gaps and planning interoperability.

Developing advanced interoperability, which permits different conversations on multiple channels, requires the development of certain communications technology along with common governance, standard operating procedures, and proper training among users. The development of interoperable communications differs across Arizona, with the Phoenix and Tucson areas achieving a greater level of interoperability than other areas of the state. In September 2010, PSCC approved a recommendation for use of \$2.2 million in Racketeer Influenced and Corrupt Organizations (RICO) funding to increase the level of interoperable communications along the southern Arizona border. At the end of FY 2012, 5 of the 6 sites along the border were activated.

Expenditures

In FY 2012, PSCC expended \$504,000 of the \$529,600 General Fund appropriation to fund 4 FTE Positions.

In addition, PSCC utilized \$270,700 in federal homeland security grants to fund 3 contractors providing project management support to the PSIC Office, and to help advance interoperable communications throughout Arizona. In addition, \$852,900 of the Anti-Racketeering Fund set aside was expended in FY 2012. Of the original \$2.2 million set aside, \$736,000 in non-lapsing Anti-Racketeering funds remain. A footnote in the FY 2008 General Appropriation Act specifies legislative intent to use the Anti-Racketeering funds for the detailed design of a long-term interoperability solution.

Total expenditures from all fund sources was \$1.6 million. *Table 1* displays expenditures for FY 2012.

Table 1	
FY 2012 Budget	
	<u>FY 2012 Expenditures</u>
General Fund	
Personal Services	\$301,900
Employee Related Expenditures	107,300
Professional & Outside Services	32,200
Travel - In State	5,100
Travel - Out of State	4,600
Other Operating Expenditures	50,400
Equipment	<u>2,500</u>
Subtotal	\$504,000
Federal Homeland Security Grant	\$270,700
RICO - Southern Border	<u>\$852,900</u>
Total Budget	\$1,627,600

Janice K. Brewer
Governor



Scott A. Smith
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007
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October 31, 2012

The Honorable Don Shooter, Chair
Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington St.
Phoenix, AZ 85007

The Honorable John Kavanagh, Vice Chair
Joint Legislative Budget Committee
Arizona House of Representatives
1700 West Washington St.
Phoenix, AZ 85007

Dear Senator Shooter and Representative Kavanagh:

Pursuant to A.R.S. § 41-3542C, the Arizona Department of Administration (ADOA¹) is pleased to submit its FY2012 annual report of expenditures and progress of the Public Safety Communications Advisory Commission (PSCC or Commission), including a review of staff operations. This annual report covers the activities of the Public Safety Interoperable Communications Office (PSIC), the PSCC and the Statewide Interoperability Executive Committee (SIEC), which is the operational/technical sub-committee of the PSCC.

The PSCC was established to make recommendations to PSIC on the development of a standard-based system that provides interoperability of public safety agencies' communications statewide. PSIC, PSCC and SIEC help to ensure that Arizona's public safety personnel, at all levels of government and within non-governmental organizations, have access to quality interoperable communication systems, are adequately trained, and utilize such systems effectively in multi-disciplinary, multi-jurisdictional incident response.

¹ Please see Attachment F: Definitions of Acronyms for a complete list of acronyms used in this report.



Arizona's strategic initiatives leading to a statewide interoperability system are focused in five key areas (as defined by the U.S. Department of Homeland Security (DHS) Interoperability Continuum): Governance, Standard Operating Procedures, Technology, Training/Exercise, and Usage/Outreach.

The DHS Interoperability Continuum is a tool designed to aid the emergency response community and policy makers to ensure they address critical elements for success as they plan and implement interoperability solutions.

Strategic initiatives in these five areas are defined in Arizona's strategic plan for interoperability entitled the Statewide Communications Interoperability Plan (SCIP)².

**SCIP Initiatives Alignment with AZ Statutes and
National Emergency Communications Plan (NECP) Requirements**

#	Section #	Continuum Category / Strategic Initiative	PSCC Statute: 41-3542 A							NECP Requirement
			1	2	3	4	5	6	7	
1	5.8.1.1	<u>Governance</u> : Expand and Implement Interoperable Voice and Data Communications Governance Model and Plan	x	x	x	x			x	1.1.2; 1.1.5; 1.3.2 3.1.7; 7.2.5
2	5.8.1.2	<u>Governance</u> : Develop Regional Communications Governance Structures	x	x	x				x	1.3.2
3	5.8.1.3	<u>Governance</u> : Implement a Strategy for Supporting National Level Goals Applicable to Regional, State, Local, and Tribal Interoperable Communications		x		x				1.1.2; 1.1.5; 1.3.2 3.1.6; 3.1.7; 3.2.1; 7.2.4; 7.2.5
4	5.8.2.1	<u>Standard Operating Procedures (SOPs)</u> Establish a Policies, Standards, and Procedures (PSP) Framework, and Implement PSPs, Including SOPs, for Statewide Interoperable Communications Solutions	x	x				x	x	1.3.2; 3.1.6; 3.1.7; 3.2.1
5	5.8.3.1	<u>Technology</u> : Enhance and Promote the Arizona Interagency Radio System (AIRS) Interoperable Communications Solution	x							3.1.6
6	5.8.3.2	<u>Technology</u> : Implement, Enhance and Promote Functional Regional Voice and Data Systems in Support of Interoperable Communications	x							3.1.6

² www.azpsic.gov/SCIP/

7	5.8.3.3	<u>Technology</u> : Upgrade the Statewide Microwave Backbone Infrastructure to Digital Technology	x							
8	5.8.3.4	<u>Technology</u> : Sustain the State Strategic Technology Reserve (STR)	x							7.2.5
9	5.8.3.5	<u>Technology</u> : Upgrade Operable Voice and Data Communication Systems for State Agencies in Support of Interoperable Communications	x					x		
10	5.8.4.1	<u>Training/Exercise</u> : Develop and Implement a Training Plan to Address Interoperable Communications		x		x		x		3.1.7; 3.2.1; 7.2.4
11	5.8.4.2	<u>Training/Exercise</u> : Develop and Implement a Strategy for Exercises Focused on or Incorporating Interoperable Communications		x		x		x		3.1.7; 3.2.1; 7.2.4
12	5.8.5.1	<u>Usage/Outreach</u> : Create and Implement an Education and Outreach Plan in Support of Interoperable Communications		x		x				1.3.2

Key FY2012 accomplishments in each of these areas are outlined below with additional detail included in the attachments to this report.

Governance (SCIP Initiatives #1-3)

Governance is a formalized system that provides a unified approach to decision-making to reflect shared objectives across multiple disciplines and jurisdictions. Strong governance is essential to interoperability because it provides a framework for planning, collaboration and implementation between and among multiple disparate communication systems and stakeholders.

Arizona is a leader in establishing and maintaining interoperable communications governance bodies and plans, which includes:

- A statewide governance body for interoperability (PSCC) established in statute.
- A technical/operational subcommittee (SIEC) operating in support of PSCC.
- A Statewide Interoperability Coordinator (SWIC) in the PSIC Office established in statute.
- A strong group of engaged stakeholders who participate in interoperability workgroups (that support development of policies and programs).
- A statewide plan for interoperability (SCIP) that is aligned with the national plan for interoperability (National Emergency Communications Plan or NECP).
- A plan for the SWIC Office (PSIC Office Plan) in support of SWIC activities.

In FY2012, PSIC made significant progress in:

- Advancement of statewide governance structures and planning advancement.
- Assessment of Arizona counties against national standards.
- Advocacy of governance for interoperability at the regional level.
- Incorporating the upcoming National Public Safety Broadband Network (NPSBN) initiative into our existing governance structures and our SCIP.

Governance Structures: In the area of statewide governance structures and planning advancement, progress included:

- An annual update to Arizona's SCIP (approved by PSCC) to reflect support for development of a public safety broadband strategy, support for regional strategic planning efforts, and progress on Arizona Interagency Radio System (AIRS) and the Strategic Technology Reserve (STR).
- Development of a SCIP Implementation Report for Federal DHS to track Arizona's progress.
- An annual update to the PSIC Office Plan which details how this office will use its resources in alignment with its Arizona State statute and in advancement of Arizona's SCIP.

National Standards: In the area of assessment of Arizona counties against national standards, the PSIC Office completed a major effort to measure Arizona's progress towards meeting the goals outlined in the NECP. The NECP is the nation's strategic plan to improve emergency response communications. It includes national goals for improving interoperability, operability and continuity of communications. Goal One assessments of Phoenix and Tucson Urban Area Security Initiatives (UASIs) were conducted in early 2010.

With the cooperation of County Emergency Managers, the PSIC Office and observations teams from multiple jurisdictions conducted assessments of planned events in all non-UASI counties between February and September 2011. The results of these assessments are documented in After Action Reports (AARs) which include detailed observations and recommendations for improvement. The PSIC Office submitted the results of these assessments against national standards to Federal DHS in Arizona's 2011 SCIP Implementation Report and produced a compendium report that was distributed to Arizona's public safety community.

Regional Governance: In the area of advocacy of governance at the regional level, workshops were held in several counties to assist in the development of Tactical Interoperable Communications Plans (TICP). These plans follow a national framework, align with the NECP and the Arizona SCIP, and assist local jurisdictions to evolve governance structures in support of interoperability on the regional level.

The PSIC Office also coordinated strategic planning workshops to improve interoperability between public safety agencies in Maricopa County that participate in the Regional Wireless Cooperative (RWC) or Topaz Regional Wireless Cooperative (TRWC).

Broadband: In the area of incorporating the upcoming National Public Safety Broadband Network (NPSBN) initiative into our existing governance structures and our SCIP, PSIC continued efforts to research national standards while taking steps to position Arizona to take advantage of the NPSBN.

On February 22, 2012, President Obama signed into law H.R.3630, the Middle Class Tax Relief and Job Creation Act of 2012, which includes provisions to fund and govern the NPSBN. Key Features of the legislation include:

- Allocation of the "D-Block" spectrum to public safety
- Formation of First Responder Network Authority (FirstNet)
 - Responsible for build out and maintenance of a national NPSBN
 - Responsible for working with local jurisdictions to define boundaries, roles and responsibilities
- Authorization of auction of reclaimed radio/TV frequency with funding going toward the NPSBN build-out, related programs and deficit reduction
 - On a national basis there is \$135M available for the State and Local Implementation Grant Planning (SLIGP) and up to \$7B for the actual build out of the NPSBN.
- Giveback of television band (T-band) frequency currently allocated to some jurisdictions
[Note: No impact on Arizona.]

Following the passage of H.R. 3630, members of the PSIC Office, Arizona Department of Homeland Security (AZDOHS), the Arizona Department of Public Safety (DPS) and the Arizona Department of Administration (ADOA) met with the Governor's staff to review H.R. 3630. During the meeting, it was determined that PSIC and the Arizona Strategic Enterprise Technology division with ADOA will take the lead in developing a public safety broadband strategy and recommendations for the Governor's Office. PSIC provides monthly briefing documents to the Governor's Office on this important initiative.

PSIC plans to garner input and advice from PSCC, SIEC, Digital Arizona (ADOA-ASET), 9-1-1 Office (ADOA-ASET), DPS, AZDOHS and stakeholders statewide, other states & organizations at the Federal level to research and develop recommendations. In addition, PSIC will serve as central point of contact to ensure that all interested parties get uniform and consistent information about our processes and plans and that we become aware of all interested parties.

On April 17, 2012, PSIC briefed the PSCC on the current state of the NPSBN and authorized the formation of the Arizona Public Safety Broadband (AZPSBN) Workgroup. The AZPSBN Workgroup will provide advice and make recommendations to the PSCC on matters related to the NPSBN and the AZPSBN.

Please also see *Attachment A: Governance Accomplishments* for additional details regarding other Governance efforts.

Standard Operating Procedures (SOP) (SCIP Initiative #4)

A reliable policies, standards and procedures framework enables stakeholders to implement interoperability projects consistently across the state. During the past year, PSIC made solid progress on SCIP Initiative #4, *Establish a Policies, Standards and Procedures (PSP) Framework, and Implement PSPs, Including SOPs, for Statewide Interoperable Communications Solutions*.

Statewide policies, standards and procedures updated this year include:

- Interoperable Channels Plan - establishes requirements for programming of statewide and national interoperable channels into public safety radios and guidance on the use of 16 specific channels in each of the VHF, UHF and 700/800 MHz interoperability spectrum.
- Arizona Interagency Radio System (AIRS) SOP – documents the policies and procedures for the use of AIRS (a suite of cross-banded mutual aid channels) in the VHF, UHF and 800 MHz bands.
- Communication Unit Training Coordination Procedure – a statewide procedure developed by PSIC (with input from Arizona Division of Emergency Management (ADEM) and SIEC), to coordinate All-Hazards Communications Unit Training in Arizona. The procedure defines appropriate instructors for the All-Hazards Communications Unit position courses, how Arizona will develop a cadre of such Instructors, and how communications unit training courses can be requested.
- Arizona Regional All-Hazards Communications Unit Recognition Procedure – documents the process for requesting Arizona regional recognition for communications unit positions that align with associated Federal DHS approved curriculum and task book.
- National Incident Management System (NIMS) Communications Unit Workgroup (NIMS-CU) Policies and Procedures – documents the procedures that will be followed by the workgroup and the PSIC Office to review the qualifications of individuals seeking Arizona regional recognition for All-Hazards Communications Unit positions.

In addition, PSIC has made progress in researching national standards and early adopters with the goal of defining NPSBN related policies and standards for Arizona's public safety community.

PSIC also advanced the Regional Communications Systems Connections (RCSC) project between the key regional systems in Arizona (RWC, TRWC, DPS, Maricopa County and Yuma Regional Communications System (YRCS)) with the goal of enabling effective emergency communications between and among their rapid response teams.

Please also see *Attachment B: SOP Accomplishments* for details regarding SOP related efforts.

Technology (SCIP Initiatives #5-9)

Arizona is currently pursuing a system-of-systems approach to interoperability, coordinating and encouraging interconnection of operability and interoperability communications assets to one another in order to provide communications between state, regional and local systems. Existing interoperability assets include shared systems, shared channels, gateways, radio caches and other communications technologies.

During FY2012, PSIC and its partners continued advancing technology related SCIP Initiative #s 5 to 9 as described below and in more detail in *Attachment C: Technology Accomplishments*:

- Enhance and Promote the AIRS Interoperable Communications Solution, including development of the AIRS Improvement and Sustainability Plan (SCIP Initiative #5)
- Implement, Enhance and Promote Functional Regional Voice and Data Systems in Support of Interoperable Communications (SCIP Initiative #6)
- Upgrade the Statewide Microwave Backbone Infrastructure to Digital Technology (DPS) (SCIP Initiative #7)
- Sustain the State Strategic Technology Reserve (STR) (ADEM) (SCIP Initiative #8)
- Upgrade Operable Voice and Data Communication Systems for State Agencies in Support of Interoperable Communications (SCIP Initiative #9)

Initiative #9 includes the RICO project (approved by JLBC) which utilizes \$2.2 Million in RICO funds for the advancement of communications interoperability along the southern Arizona border. The RICO Project deploys standards-based P25 communications capabilities at six key transmitter sites supported by DPS' upgraded digital microwave system and, supports hardware and software upgrades to the YRCS infrastructure. The Project provides high-level connectivity for existing and developing communication systems thus increasing interoperability capabilities during multi-jurisdictional, multi-agency response and recovery, and mitigating impacts from critical incidents in the border region. As of the end of FY2012, five of the six transmitter sites were activated. Due to road access issues, the remaining tower has not yet been activated but will be installed by December 2012. The equipment is currently programmed and in staging at Wireless Systems Bureau (WSB) of DPS.

Additionally, the RICO Project provides communications equipment to selected law enforcement dispatch centers and Public Safety Answering Points (PSAP) in the region. Through the creation of a Southeastern Arizona Communications Center Talk Group, the dispatch centers will be able to share information and coordinate efforts between participating agencies in the border region. This will alleviate the need for dispatchers to make a phone call or send a teletype every time they need to relay information to, or coordinate with, a neighboring jurisdiction. The talk group may also be used for situations such as requesting resource assistance (i.e., K9, helicopter, officers), broadcasting critical attempts to locate (i.e., missing children, carjacking, pursuit) and immediate notification of PSAP equipment failures/evacuations. A Memorandum of

Understanding (MOU) and a draft Standard Operating Procedure (SOP) for PSAP's to utilize the Southeastern Arizona Communications Center Talk Group were developed by PSIC with stakeholder input this past year and will be implemented next fiscal year.

Additional technology related activities included educating stakeholders on FCC narrowbanding requirements which will impact public safety operability and as a result is important for interoperability.

Training & Exercise (SCIP Initiatives #10-11)

Implementing effective training and exercise programs is essential for ensuring that technology actually works as planned and that responders are able to demonstrate that they can effectively communicate using that technology.

Accomplishments during FY2012 regarding Training and Exercise initiatives and objectives are outlined in *Attachment D: Training & Exercise Accomplishments* and include:

- Continued support for statewide AIRS Training program, including a DVD, lesson plan and other training materials to promote the use of AIRS frequencies statewide.
- Advancement of communications unit training and recognition program consistent with national standards and ADEM requirements.
- Support for offering of All-hazards Communications Unit Leader (COML) training courses as well as All-hazards Communications Technician (COMT) training.
- Developing a COML Field Day to support advancement of COML/COMT skill sets through a day long hands-on training event.
- Participating in exercises and events in support of Arizona communities.

Usage & Outreach (SCIP Initiative #12)

The PSCC and SIEC each met five times in FY2012 and in these meetings approved interoperability projects and policies, heard updates from regional systems, provided guidance to and received technical advice from its workgroups and provided significant feedback to PSIC regarding advancement of SCIP initiatives.

PSIC staff regularly attended and presented at conferences, workshops, expos, taskforces, national, multi-state, state, regional, local and working group meetings. PSIC also conducted in-person meetings, web and telephonic conferences, posted updates to its website and communicated regularly by e-mail to its extensive (850+) interested parties list.

The PSIC Office promoted collaboration among members of public safety and service agencies/organizations by updating the *Statewide Education and Outreach Plan Regarding Public Safety Communications Interoperability*³. The Plan highlights specific targeted interoperability topics of significant importance in 2012:

- FCC Narrowbanding Compliance
- National Public Safety Broadband Network (NPSBN)
- NECP Gap Closure (including Regional Interoperability Planning, Communications Asset Survey and Mapping (CASM), TICPs, Strategic Communication Migration Plans (SCMPs) and other resources)

These and other activities are outlined in *Attachment E: Usage and Outreach Accomplishments*.

Reports

Annual Report to Governor and Legislature – PSIC presented to PSCC at its November 23, 2011 meeting a draft annual PSCC report. The PSCC approved the report for transmission to the Governor and the Legislature. The report was submitted on December 1, 2011 and is available on the PSIC website.

Annual SCIP Implementation Report - On October 31, 2011 PSIC submitted Arizona's annual report to Federal DHS Office of Emergency Communications covering progress in achieving the initiatives and strategic vision identified in Arizona's SCIP. The report is available on the PSIC website.

Budget

For FY2012, \$527,200 was appropriated from the general fund for the public safety communications program. As of June 30, 2012, \$503,951 had been expended or encumbered. A breakdown of expenditures by category is attached as *Attachment G: FY2011 PSIC Expenditures*.

In FY2012, PSIC continued to utilize vacancy savings and maximize federal grants to support its goal of advancing interoperable communications in Arizona in the most fiscally responsible manner. In this regard \$270,738 was also spent by the PSIC Office from Federal Homeland Security grants during FY2012 to support achievement of the results outlined in this report. As a recipient of Federal Homeland Security grants, PSIC submits quarterly grant reports to AZDOHS. PSIC also sought and received federal technical assistance awards for Arizona communities to advance interoperability.

Use of remaining funding consisting of \$2.2M of non-lapsing Anti-Racketeering (RICO) Fund monies is described in the Technology section above. As detailed above, the project is proceeding well. As of June 30, 2012, \$1,464,097.45 of these RICO funds had been expended or encumbered.

³ [http://www.azpsic.gov/plans/Education and Outreach Plan 2012 Approved 07172012.pdf](http://www.azpsic.gov/plans/Education%20and%20Outreach%20Plan%202012%20Approved%2007172012.pdf)

The Honorable Don Shooter
The Honorable John Kavanagh
October 31, 2012
Page 10

Please contact me with any questions regarding the activities of the PSCC, SIEC and PSIC Office.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott A. Smith", with a stylized flourish at the end.

Scott A. Smith
Director

Enclosures

cc: Aaron V. Sandeen, State CIO & ADOA-ASET Deputy Director
Philip D. Manfredi, Chief Strategy Officer, ADOA-ASET
Lisa Dee Meyerson, Statewide Interoperability Coordinator & Manager, PSIC Office,
ADOA-ASET
Brett Searle, Fiscal Analyst, Joint Legislative Budget Committee

Attachment A: Governance Accomplishments

Statewide Governance Advancement (SCIP Initiative #1)

Statewide Communications Interoperability Plan (SCIP) Updated – The Arizona SCIP serves as a reference for public safety officials by describing the status of interoperable communications throughout Arizona and by documenting the specific goals and objectives Arizona has established to improve public safety communications. After a series of meetings and forums, the initial SCIP was approved by the Public Safety Communications Advisory Commission (PSCC) on November 28, 2007. In July 2008, oversight of the PSCC transitioned to the Public Safety Interoperable Communications (PSIC) Office. An updated version of the SCIP was approved by the PSCC on January 19, 2010 and has since been updated annually.

Interviews with key state and local personnel were conducted in February and March 2012 with an open public comment period in April and May. Input on the SCIP was requested during the April 17, 2011 meeting of the PSCC and the May 8, 2012 meeting of the Statewide Interoperability Executive Committee (SIEC). On May 22, 2012 the PSIC Office, in conjunction with the federal Department of Homeland Security (DHS) Office of Emergency Communications (OEC), hosted a SCIP Implementation Workshop to develop a streamlined actionable SCIP. A draft revised SCIP was distributed to the PSCC, SIEC and public for review and comment during June 4 – 21, 2012.

The following changes were made to the 2012 SCIP based on stakeholder input and to reflect the evolution in Arizona's interoperability related programs:

- Updated *Statewide Assessment* section to reflect advancements made in interoperability since 2011 SCIP.
- Revised *Strategy* section to:
 - Reflect Arizona's commitment toward developing a public safety broadband strategy.
 - Update completed initiatives and objectives.
 - Increase support for regional strategic planning efforts.
 - Updates to reflect progress on the Arizona Interagency Radio System (AIRS) and the Strategic Technology Reserve (STR).
- Updated regional and state systems information.
- Updated agency references to reflect PSIC Office move from GITA to ADOA.
- Reviewed all existing content for accuracy, relevance and concise presentation.

The following initiatives and objectives were revised to reflect Arizona's commitment toward developing a public safety broadband strategy:

- Strategic Initiative 3: Implement a Strategy for Supporting National Level Goals Applicable to Regional, State, Local and Tribal Interoperable Communications
 - Added new: Objective 3.4: Promote compliance with evolving national public safety broadband standards and structures
- Strategic Initiative 4: Establish a PSP Framework, and Implement PSPs, Including SOPs, for Statewide Interoperable Communications Solutions
 - Added new: Objective 4.5: Develop a statewide public safety broadband integration/implementation strategy and related standards

- Changed to cover data as well as voice communications: Strategic Initiative 6: Implement, Enhance and Promote Functional Regional Voice and Data Systems in Support of Interoperable Communications
- Changed to cover data as well as voice communications: Strategic Initiative 9: Upgrade Operable Voice and Data Communication Systems for State Agencies in Support of Interoperable Communications
- Strategic Initiative 12: Create and Implement an Education and Outreach Plan in Support of Interoperable Communications
 - Added new: Objective 12.3: Provide outreach to all stakeholders regarding public safety broadband

The revised 2012 SCIP was submitted to the PSCC and was approved on July 17, 2011. The updated SCIP was sent to our stakeholder e-mail list of 850 people, and posted on the PSIC website at <http://www.azpsic.gov/SCIP>.

SCIP Implementation Report Filed with Federal DHS – The PSIC Office is required to submit to OEC an annual SCIP Implementation Report. Submitted October 31, 2011 and posted to the PSIC website⁴, the SCIP Implementation Report covers the activities of PSIC, PSCC, and the SIEC during July 2010 – June 2011.

The SCIP Implementation Report has two key sections:

- SCIP Implementation Update: Provides updates and changes to the status of the SCIP. The updates within the report include milestones identified in the SCIP and statewide progress toward meeting NECP milestones.
- County Interoperability Communications Assessment: This section provides OEC with broader capability data for each of Arizona's counties to determine alignment with National Emergency Communications Plan (NECP) Goal Two.

PSIC Office Plan Development - The PSIC Office Plan is designed to describe how the PSIC Office will perform its duties under statute and in keeping with Arizona's strategic direction for public safety interoperable communications as outlined in Arizona's SCIP. The PSIC Office Plan was updated to incorporate the revised interoperable communications priorities as identified in the SCIP and describes key projects to advance SCIP initiatives that PSIC will execute during FY2013.

Advance Other Statewide Planning Efforts - PSIC engaged in additional statewide planning efforts as follows:

- Participated in the Arizona Division of Emergency Management (ADEM) led review of the State Emergency Response and Recovery Plan (SERRP).
- Provided comments to AZDOHS regarding State Homeland Security Strategy (SHSS). This plan includes extensive focus on communications interoperability.
- Coordinated presentation by Graham County to the PSCC on September 20, 2011, to encourage other jurisdictions to move forward with the use of plain language.
- Coordinated presentation by Mohave County on Strategic and Tactical Communications Planning on July 19, 2011.

⁴ <http://www.azpsic.gov/library/reports/2010/2010 SCIP Implementation Report Arizona FINAL.pdf>

- Briefed the PSCC and stakeholders on progress developing Tactical Interoperable Communications Plans (TICPs) for each county (SCIP Initiative 2.1) on April 17, 2012.
- Arranged for all PSCC & SIEC Meetings to be accessible via web-conference.

Advocacy of Regional Governance (SCIP Initiative #2)

Advancement of Tactical Planning (SCIP Objective 2.1) - During FY2012, PSIC continued planning and outreach activities to support local jurisdictions in development of TICPs and utilization of the Communications Assets Survey and Mapping Tool (CASM) tool.

These tools enable:

- Collection and maintenance of information on public safety communications assets.
- Identification of interoperability gaps between and among agencies and jurisdictions.
- Aggregation of information with which to create investment justifications / funding requests to fill communication gaps.
- Documentation regarding the level of interoperability between agencies/regions.

The TICP/CASM project is funded by grants from Federal DHS. Arizona's NECP Goal Two Performance Assessment Guide (approved by PSCC in November 2010) required submission of CASM asset data and TICP policies and procedures information in pre-planning for each NECP Goal Two event. This requirement resulted in a significant increase in the CASM data collected statewide.

During FY2012, PSIC assisted five counties in developing or updating their TICPs:

- Phoenix UASI TICP Update & TIC-FOG Development – Originally targeting just the Phoenix UASI, this effort evolved into the Arizona Central Region TICP and the corresponding Arizona Central Region - Field Operations Guide (ACR-FOG). During FY2012 the TICP update was complete and the ACR-FOG was finalized and awaiting publication.
- Coconino County TICP – The TICP was drafted and completed this year and adopted by the County Local Emergency Planning Committee (LEPC) on April 25, 2012. It was tested during the Coconino County/PFAC wildland fire full scale exercise on April 28, 2012.
- La Paz County received a TA award to develop a TICP. A kickoff was held on May 9, 2012, and the follow up TICP Development Workshop was held on June 7, 2012.
- Mohave County completed their Strategic Regional Interoperable Communications Plan (RICP) and TICP which was approved by the LEPC in September 2011. The RICP was adopted by individual jurisdictions in October to December 2011.
- Yuma County received a TA award to update their TICP during a workshop on June 6, 2012. The TICP is expected to be finalized in early FY2013.

PSIC engaged in additional CASM/TICP efforts as follows:

- The PSIC Office provided CASM templates and requested data from non-participating agencies (Agencies who did not give us data during the NECP Goal Two process).
- Primary Administrative Manager responsibilities for CASM were transferred from Phoenix UASI Interoperable Communications Subcommittee Chair to the PSIC Office Deputy Statewide Interoperability Coordinator.
- PSIC created protocols for managing users, access requests and data input in CASM. Appropriate users are given Communication Assets Mapping (CAM) access which allows users to access the Google Maps, reporting functions, and ICS-217a worksheet function (to determine how to achieve interoperability with their neighbors).
- An Arizona specific CASM User Account Request / Approval Form (for CAM Only Access) has been posted on the PSIC Website.
- Data collection of information regarding statewide interoperable communications assets and SOPs is underway in order to develop an appendix for each county's TICP. In addition the statewide data will be used to create a statewide TICFOG.
- PSIC developed and issued an RFQ for Tactical and Strategic Planning Facilitation services to offer additional TICP support to counties.

Advance Other Regional Planning Efforts - PSIC coordinated a Strategic Planning workshop on June 5, 2012 to improve interoperability between public safety agencies in Maricopa County that participate in the Regional Wireless Cooperative (RWC) or Topaz Regional Wireless Cooperative (TRWC). The workshop and follow-up consulting to draft a Strategic Communications Plan was the result of a Technical Assistance award from Federal DHS.

Alignment with National Goals (SCIP Initiative #3)

In FY2012, the PSIC Office completed a major effort to measure Arizona's progress towards meeting the goals outlined in the NECP. The NECP is the nation's strategic plan to improve emergency response communications. The Office of Emergency Communications (OEC) at U.S. Department of Homeland Security (DHS) developed the NECP in cooperation with federal, state, local and tribal governments, emergency response providers and the private sector. The NECP sets forth 3 key national goals for improved interoperability, operability, and continuity of communications:

Goal 1 - By 2010, 90 percent of all high risk urban areas designated within the Urban Area Security Initiative (UASI) are able to demonstrate response level emergency communications within one hour for routine events involving multiple jurisdictions and agencies.

Goal 2 - By 2011, 75 percent of non-UASI jurisdictions are able to demonstrate response level emergency communications within one hour for routine events involving multiple jurisdictions and agencies.

Goal 3 - By 2013, 75 percent of all jurisdictions are able to demonstrate response-level emergency communications within three hours, in the event of a significant incident as outlined in national planning scenarios.

Goal One assessments of Phoenix and Tucson Urban Area Security Initiatives (UASIs) were conducted in early 2010. With the cooperation of County Emergency Managers, the PSIC Office and observations teams from multiple jurisdictions conducted

assessments of planned events in all non-UASI counties between February and September 2011. The results of these assessments are documented in After Action Reports (AARs) which include detailed observations and recommendations for improvement.

NECP Goal Two Strategic Planning & Assessment related accomplishments in FY2012 include:

- Completed the assessments of all non-UASI Counties. Six of thirteen events were observed during FY2012 as follows:
 - Yavapai County - July 4th Parade and Fireworks (July 2, 2011)
 - Cochise County - Bisbee Coaster Races (July 4, 2011)
 - Graham County - Pioneer Days (July 23, 2011)
 - Mohave County - Bullhead City Regatta (August 13, 2011)
 - Gila County - World's Oldest Continuous Rodeo (August 20, 2011)
 - Apache County - 65th Annual Navajo Nation Fair (September 10, 2011)
- All thirteen After Action Reports (AARs) were finalized and delivered to the appropriate County Emergency Managers in FY2012.
- The PSIC Office submitted the results of these assessments to Federal DHS in Arizona's 2011 SCIP Implementation Report. Arizona was one of 22 states that submitted complete NECP Goal Two responses by the October 31, 2011 deadline.
- The PSIC Office produced the *Arizona Compendium of Findings and Recommendations from National Emergency Communications Plan (NECP) Goal 2 Observations*. The Compendium documents the key findings from all of the NECP Goal 2 observations and includes the best practices, lessons learned, and recommendations that were developed by the observation teams. The Compendium does not provide the results of the individual County assessments; rather, it is a summary of findings from all of the After Action Reports (AARs). The Compendium was provided to all County Emergency Managers, each agency that participated in the Goal 2 observations, the PSCC, SIEC, and other public safety stakeholders. It aims to improve understanding of the current state of interoperable communications across Arizona.

Updates regarding NECP Goal Two progress were provided at the following FY2012 public meetings with observers and stakeholders from multiple locales presented lessons learned:

- July 19, 2011 – PSCC
- September 20, 2011 – PSCC
- February 14, 2012 – PSCC
- March 13, 2012 – SIEC

Promote compliance with evolving national public safety broadband standards and structures (SCIP Initiative 3.4) - On February 22, 2012, President Obama signed into law H.R.3630, the Middle Class Tax Relief and Job Creation Act of 2012, which includes provisions to fund and govern a Nationwide Public Safety Broadband Network (NPSBN). Key Features of the legislation include:

- Allocates the "D-Block" spectrum to Public Safety.
- Forms First Responder Network Authority (FirstNet).

- Responsible for build out and maintenance of a national NPSBN.
- Responsible for working with local jurisdictions to define boundaries, roles and responsibilities.
- Authorizes auction of reclaimed radio/TV frequency with funding going toward the NPSBN build-out, related programs and deficit reduction.
- Giveback of television band (T-band) frequency currently allocated to some jurisdictions. [Note: No impact on Arizona.]

Following the passage of H.R. 3630, ADOA-ASET, AZDOHS, DPS and PSIC met with the Governor's staff on March 13th, 2012 to review H.R. 3630 and develop a go forward plan. It was determined that:

- PSIC and ADOA-ASET will take the lead in developing a public safety broadband strategy and recommendations for the Governor's Office.
- PSIC will garner input and advice from PSCC, SIEC, Digital Arizona (ADOA-ASET), 9-1-1 Office (ADOA-ASET), DPS, AZDOHS and stakeholders statewide, in other states & at the national level in researching and developing recommendations.
- PSIC will serve as central point of contact to ensure that all interested parties get uniform and consistent information about Arizona's processes and plans and that we become aware of all interested parties.

The PSCC was briefed on the current state of the NPSBN and authorized the formation of the Arizona Public Safety Broadband (AZPSBN) Workgroup at its April 17, 2012 meeting. The AZPSBN Workgroup will provide advice and make recommendations to the PSCC on matters related to the NPSBN and the AZPSBN. The workgroup will develop and implement a plan to provide education and outreach, collect public safety requirements and to be prepared to participate in the grant process.

On a national basis there is \$135M available for State and Local Implementation Grant Planning (SLIGP) and up to \$7B for the actual build out of the NPSBN. The SLIGP will be an 80/20 grant program but there is the possibility that the 20% could be provided through "in-kind" resource effort or infrastructure sharing. The SLIGP process is scheduled to begin during the first quarter of CY2013.

Updates regarding Public Safety Broadband were provided at the following FY2012 public meetings:

- July 19, 2011 – PSCC
- February 14, 2012 – PSCC
- March 13, 2012 – SIEC
- April 17, 2012 – PSCC
- May 8, 2012 – SIEC

PSIC continued to make progress in researching national standards and early adopters with the goal of defining a broadband framework for public safety in Arizona. FY2012 activities included:

- Coordination with the Public Safety Communications Research Program (PSCR) and the National Public Safety Telecommunications Council (NPSTC) on development of public safety broadband standards.

- Participation in Weekly PSST-OAC (Broadband Waiver Recipient) meetings.
- Tracking the status of Arizona's broadband waiver recipients, Mesa and Tucson, to determine how others will be able to interface with these early adopters leading to a statewide approach for governance and standards for broadband technology for public safety.
- Assistance to Mesa's RFP process for the build out of an LTE Broadband system with coverage for Mesa, Apache Junction, Gilbert, Queen Creek and the Apache Junction Fire District.
- Tracking the legislative efforts on a national level and reporting progress to the PSCC.
- Participation in the National Public Safety Telecommunications Council (NPSTC) meetings held in Orlando (Sep 29-30, 2011) and Las Vegas (Feb 24, 2012).
- Participation in the International Wireless Communications Expo (Feb 20-24, 2012)

Federal Technical Assistance Awards

OEC's Interoperable Communications Technical Assistance Program (ICTAP) works to ensure, accelerate, and attain operable and interoperable emergency communications nationwide through the offering of Technical Assistance (TA) grants to the states.

TA requests are submitted annually by PSIC on behalf of the State after solicitation of stakeholder input. Each state can apply for up to five (5) TAs and at least one request must provide direct support to a UASI area. The PSIC Office presented a review of 2011 Technical Assistance and requested input regarding 2012 offerings during the October 18, 2011 SIEC meeting and the November 23, 2011 PSCC meeting. Following a review of stakeholder submissions received during our public comment period, PSIC submitted Arizona's TA requests in December 2011.

Arizona received the following three technical assistance awards in 2011 for CY2012:

- TICP Development Support (TIC-WKSP) – La Paz County - Complete
- Regional Communications Enhancement Support – Strategic Communications Migration Plan (RCES/SCMP) – RWC / TRWC Strategic Communications Plan – In progress
- Training and Exercise Plan Workshop (OP-TEPW) – Statewide – Pending

Arizona also received and offered to its stakeholders a free all day training course in January 2012: SPCL-PRJMGMT: Public Safety Communications Project Management.

Attachment B: SOP Accomplishments

Policies, Standards and Procedures (PSP) Framework Project Progress (SCIP Initiative #4)

PSIC continued the development of a Policies, Standards and Procedures (PSP) Framework for Interoperable Communications in Arizona. PSIC is evolving a reliable PSP framework that enables stakeholders to implement interoperability projects consistently across the state.

Development of this framework includes involvement of technical and operational SIEC workgroups as well as subject matter experts who identify and define specific PSPs for each functional area. Drafts of PSPs are reviewed by workgroups and proposed PSPs are posted online for public comment before being presented to the SIEC and PSCC for approval. As part of the program, PSP maintenance and periodic review guidelines are established. Particular areas of PSP progress are noted below.

Interoperable Channels Plan Development Progress – During FY2012, the SIEC and their workgroups, with PSIC staff support, advanced efforts to revise and implement Interoperable Channels Plan⁵ and companion Priority Programming Guides⁶.

The Arizona Interoperable Channels Plan establishes requirements and recommendations for programming of statewide interoperable channels into subscriber units and operations guidance on the use of the interoperable channels during day-to-day and emergency operations. The plan provides PSCC/SIEC requirements and recommendations for the VHF, UHF and 700 MHz interoperability spectrum.

The Priority Programming Guides are intended to standardize and increase interoperable communications throughout the state. We recommend each agency incorporate these channels into their channel plan the next time their radios are programmed, but no later than the FCC narrowbanding deadline of January 1, 2013.

Both documents were revised in FY2012 following a series of updates to respond to external changes, and incorporate state and local feedback. We encourage their use as follows:

- The FCC narrowbanding requirement, with its required reprogramming of radios, has encouraged jurisdictions to include the channels from Interoperable Channels Plan in agency radios.
- NECP Goal 2 planning, observations and recommendations encouraged use of the Plan. After action reports recommended that 10 counties start to use and 5 counties continue to use the Interoperable Channels.
- In order to encourage state agency adoption of the plan, the following statement has been incorporated as a condition of approval of any Land Mobile Radio (LMR) subscriber gear:
“As part of its final deployment plan, in order to standardize and increase interoperable communications throughout the state, each agency must ensure that new and previously acquired subscriber units are programmed

⁵ [http://www.azpsic.gov/library/standards/AZ Interoperable Channels Plan.pdf](http://www.azpsic.gov/library/standards/AZ%20Interoperable%20Channels%20Plan.pdf)

⁶ [http://www.azpsic.gov/library/standards/Priority Programming Guides.pdf](http://www.azpsic.gov/library/standards/Priority%20Programming%20Guides.pdf)

in accordance with Arizona's Statewide Interoperable Channel Plan – Priority Programming Guides.”

- As TICPs are developed, we encourage use of the Channel Plan. Currently five County TICPs recommend the programming/use of the Interoperable Channel Plan.

Arizona Interagency Radio System (AIRS) SOP Update - The Arizona Interagency Radio System (AIRS) is a suite of full-time, cross-banded mutual aid channels designed to provide interoperable communications capability to first responders of police, fire, and emergency medical service (EMS) agencies, as well as other personnel of municipal, county, state, tribal, federal agencies and approved non-governmental organizations (NGOs) performing public safety or service activities. This system operates on designated interoperability frequencies in the VHF, UHF and 800 MHz bands.

An AIRS SOP was developed by SIEC with support from PSIC and approved by SIEC and PSCC. In FY2012, the AIRS SOP was updated to reflect changes due to the Narrowbanding of AIRS repeaters. The revised AIRS SOP was approved by SIEC at its August 16, 2011 meeting and by PSCC at its September 20, 2011 meeting. The SOP was revised again to match changes made to the Interoperable Channels Plan and Priority Programming Guides during the January 11, 2012 SIEC and February 14, 2012 PSCC meetings.

Policies and Procedures for the Arizona Communications Unit Training & Recognition Program - The Communication Unit Training Coordination Procedure is a statewide procedure developed by PSIC (with input from ADEM and SIEC), to coordinate All-Hazards Communications Unit Training in Arizona. The procedure defines appropriate Instructors for the All-Hazards Communications Unit position courses, how Arizona will develop a cadre of such Instructors, and how Communications Unit training courses can be requested. The procedure was revised by the SIEC on October 18, 2011 to be consistent with DHS terminology and program requirement changes. In addition, the Arizona Department of Homeland Security added the following statement to their Subgrantee Agreement:

“Any grant funds used for Communications Unit training must be in compliance with the Arizona Communications Unit Training Coordination Procedure.”

The Arizona Regional All-Hazards Communications Unit Recognition Procedure is a statewide procedure for requesting Arizona regional recognition for Communications Unit positions that have an associated DHS approved curriculum and All-Hazards Position Taskbook. This procedure applies to those individuals who meet the recommended DHS guidelines for eligibility, training and experience for All-Hazards Communications Unit positions and are requesting Arizona Regional recognition in such positions. The procedure was revised by the PSCC on September 20, 2011 to be consistent with DHS terminology and program requirement changes.

The National Incident Management System (NIMS) Communications Unit Workgroup (NIMS-CU) Policies and Procedures documents the procedures that will be followed by

the workgroup and the PSIC Office to review the qualifications of individuals seeking Arizona regional recognition for All-Hazards Communications Unit positions. The procedure was revised by the SIEC on August 16, 2011 to be consistent with DHS terminology and program requirement changes and to include additional details about the AZ recognition program.

On June 26, 2012, the NIMS-CU Workgroup held an Annual Meeting to review and revise all policies and procedures related to the AZ Regional All-Hazards Communications Unit Recognition Program. The Workgroup presented their recommended revisions of the above documents during the August 14, 2012 SIEC meeting.

Arizona Minimum Equipment Standards - Standards for both VHF and UHF mobile and portable radio equipment were established by the SIEC in January 2007. The standards were established to implement certain radio features, nationally recognized to promote and maintain a higher level of interoperable communications among and between public safety jurisdictions and disciplines.

In January 2012 the SIEC began reviewing the Standards and discussed creating a Standard for 700/800 MHz equipment. In discussions with the SIEC and the Interoperable Channels Plan Workgroup, the general consensus was that the minimum standards for VHF and UHF equipment were still applicable and there was no need to change or strengthen them. At the May 8, 2012 SIEC meeting, a draft of the Minimum Equipment Standards which added 700/800 MHz equipment, referred to narrowband and P25 capabilities and combined VHF, UHF and 700/800 MHz equipment into one document was reviewed. The draft was then made available for public comment. The revised draft will be presented to the SIEC and PSCC for approval during the first quarter of FY2013.

Regional Communication Systems Connections (RCSC) Project - The Regional Communication Systems Connections (RCSC) project, launched during fourth quarter FY2011, is designed to enable direct one-to-one communications across Arizona regional public safety communication systems for select key mutual aid responders such as rapid response teams. Each Arizona regional public safety communications system will be connected through Conventional Channel Gateways (CCGW) and at least 4 talkpaths will be set aside in each system for cross-system communications.

The RCSC project involves the following partners:

- Yuma Regional Communications System (YRCS)
- Regional Wireless Cooperative (RWC)
- Department of Public Safety (DPS)
- Maricopa County
- Topaz Regional Wireless Cooperative (TRWC)

Note: Pima County Wireless Integrated Network (PC-WIN) will be added to the RCSC once their system comes online.

The PSIC Office is supporting the RCSC project by organizing and facilitating stakeholder meetings and developing the appropriate Intergovernmental Agreements (IGAs) and Standard Operating Procedures (SOPs) for the project. Project Status as of the end of FY2012:

- Executive summary and technical timeline – complete
- Pilot test with DPS and YRCS – in progress
- Multi-agency IGA – complete and out for legal and governing body review/approval
- Multi-agency SOP – draft is complete and is under review
- Deployment Schedule – to be developed

Attachment C: Technology Accomplishments

Enhance and Promote the AIRS Interoperable Communications Solution (SCIP Initiative #5)

The Arizona Interagency Radio System (AIRS) is a suite of full-time, cross-banded mutual aid channels designed to provide interoperable communications capability to first responders of police, fire, and EMS agencies, as well as other personnel of municipal, county, state, tribal, federal agencies and approved non-governmental organizations (NGO's) performing public safety or service activities. This system operates on designated interoperability frequencies in the VHF, UHF and 800 MHz bands.

Governance of AIRS has been formalized with an AIRS Memorandum of Understanding (AIRS MOU), as well as the AIRS Standard Operating Procedure (AIRS SOP). Agencies and organizations wishing to operate on AIRS must sign the MOU with DPS, which holds the licenses for AIRS frequencies and must follow the procedures in the AIRS SOP developed by the SIEC.

In FY2012, the final two AIRS Suites were installed. The Long Mesa Suite was installed in AIRS Region 3 and Jacob Lake Suite was installed in AIRS Region 2. In addition, DPS completed the Narrowband upgrade of the AIRS system in mid-2011.

AIRS Radio Frequency Drive Test – In late 2011, the PSIC Office received an award of Technical Assistance to conduct a radio frequency drive test of all three bands of the AIRS system. The test was conducted December 5 - 15, 2011 covering nearly 4000 miles of Arizona highways. The results of the test were reviewed with the SIEC on March 13, 2012. Overall the findings closely align with the existing computer modeled coverage maps generated by DPS. Detailed results and files for all AIRS Regions were also posted to the PSIC website to allow local jurisdictions to plan for interoperability and identify coverage gaps.

AIRS Improvement and Sustainability Plan – Now that the initial planned AIRS build-out is complete, agencies that desire additional coverage in their region may purchase and install equipment to expand the current AIRS system. PSIC, in collaboration with DPS and SIEC, drafted a procedure to establish requirements for the integration of locally procured AIRS site communications infrastructure into the statewide AIRS system (maintained by DPS) in order to improve the overall coverage. The Plan provides guidance for initial approvals and ongoing maintenance responsibilities.

The initial draft was reviewed by the SIEC on May 8, 2012. Feedback from that meeting was incorporated into the draft procedure which was then posted on the PSIC website for public review. The revised draft will be presented to the SIEC for approval during the first quarter of FY2013.

Implement, Enhance and Promote Functional Regional Voice and Data Systems in Support of Interoperable Communications (SCIP Initiative #6)

PSIC continues to work closely with regional/local partners around the state to further regional interoperability planning through meetings with local stakeholders. In the Governance area we are working on TICPs and other related planning in support of

regional systems. In the SOP area we are advancing the RCSC between key Arizona regional systems.

The PSCC also received regional interoperable communications briefings from the following stakeholders during FY2011:

- Yuma Regional Communication System - PSCC Meeting July 29, 2011
- Graham County: Plain Language - PSCC Meeting September 20, 2011
- Regional Communication Systems Connections Update - SIEC Meeting October 18, 2011
- RWC/TRWC and the 2017 FCC deadline for 700 MHz Narrowbanding - SIEC Meeting October 18, 2011
- RWC/TRWC and the 2017 FCC deadline for 700 MHz Narrowbanding – PSCC Meeting February 14, 2012

Upgrade the Statewide Microwave Backbone Infrastructure to Digital Technology (SCIP Initiative #7)

The current statewide microwave network is owned, operated, engineered, and maintained by the Department of Public Safety Wireless Systems Bureau (DPS/WSB) and provides microwave connectivity for local, state, and federal public safety and/or service agencies throughout Arizona. Although built primarily to support state agency radio systems, many other agencies use some portion of its capacity.

In order for the statewide microwave network to continue providing the infrastructure needed to support its mission, an upgrade of the microwave backbone to digital technology is required. A digital backbone must be in place for Arizona to implement a modern, standards-based, interoperable public safety radio communications system for the State.

The microwave backbone digital upgrade project by DPS/WSB continues to make progress, albeit at a slower pace than planned due to resource and funding constraints. As a result of grant funding and partnerships around the state, DPS/WSB was able to complete 6 digital path upgrades in FY2012. A number of additional paths are also in progress. Due to resource constraints, the end date for the project has been amended to June 30, 2017.

DPS/WSB informs PSIC that it is prepared to brief the JLBC on the status of the microwave project. For additional information, please contact Kevin Rogers of DPS Wireless Systems Bureau.

Sustain the State Strategic Technology Reserve (ADEM) (SCIP Initiative #8)

Key state officials need a reliable redundant communications system among and between themselves and the agencies relying on them for decisions in times of emergency. The State Strategic Technology Reserve (STR) project by ADEM was completed in FY2012 with all remaining equipment purchased and deployed. There are five mobile communications units (MCUs) placed in strategic locations around Arizona to ensure the shortest response times. An MCU, also known as a Mobile

Communications Center (MCC), Mobile Communications Vehicle (MCV), or Mobile Emergency Operations Center (MEOC) refers to a vehicular asset that can be deployed to provide or supplement communications capabilities in an incident area. These MCUs are equipped with a variety of equipment such as subscriber and base station radios of various frequency bands, gateway devices, satellite phones, wireless computer networks, video broadcasting/receiving equipment, etc. Typically these communications devices are permanently stored in the MCUs or accompanying trailers when not in use.

During the 2012 SCIP revision, Strategic Initiative #8 was changed from *Implement the STR* to *Sustain the STR* to reflect the progress made by ADEM. Arizona emergency management officials consider the Continuity of Government (COG) as the prime directive for the STR, with augmentation of the current reserves that are deployed throughout Arizona. Future activities related to the STR need to focus on actively engaging emergency planning and communications groups statewide through briefings on the capabilities and limitations of the STR, including access and deployment procedures, and ensuring that STR equipment and request procedures are consistently documented in all statewide emergency response plans, COG plans, and TICPs.

Upgrade Operable Communication Systems for State Agencies in Support of Interoperable Communications (SCIP Initiative #9)

RICO Project - In 2010, JLBC and PSCC approved a recommendation by PSIC for use of \$2.2 Million in RICO funds for the advancement of communications interoperability along the southern Arizona border. The RICO project deploys standards-based P25 communications capabilities at six key transmitter sites supported by DPS upgraded digital microwave systems and supports hardware and software upgrades to the Yuma Regional Communications System (YRCS) infrastructure. The project provides high-level connectivity for existing and developing communication systems thus increasing interoperability capabilities during multi-jurisdictional, multi-agency response and recovery, and is designed to help mitigate impacts from critical incidents in the border region.

Additionally, the RICO Project provides communications equipment to selected law enforcement dispatch centers and Public Safety Answering Points (PSAP) in the region. Through the creation of a Southeastern Arizona Communications Center Talk Group, the dispatch centers will be able to share information and coordinate efforts between participating agencies in the border region. This will alleviate the need for dispatchers to make a phone call or send a teletype every time they need to relay information to, or coordinate with, a neighboring jurisdiction. The talk group may also be used for situations such as requesting resource assistance (i.e., K9, helicopter, officers), broadcasting critical attempts to locate (i.e., missing children, carjacking, pursuit) and immediate notification of PSAP equipment failures/evacuations. A Memorandum of Understanding (MOU) and a draft Standard Operating Procedure (SOP) for PSAPs to utilize the Southeastern Arizona Communications Center Talk Group were developed by PSIC with stakeholder input this past year and will be implemented next fiscal year. The following project milestones were completed during FY2012:

- Five of the six transmitter sites were activated. Due to road access issues, the remaining tower has not yet been activated but will be installed by December 2012. The equipment is currently programmed and in staging at DPS-WSB.
- The phase two upgrade of the software and hardware for the system was completed.
- The Southeastern Arizona Communications Center Talk Group was created on the system.
- A Memorandum of Understanding (MOU) for participating agencies to receive the subscriber gear and join the system was finalized.
- A Standard Operating Procedure (SOP) for participants to utilize the Talk Group was drafted and reviewed with participants. The SOP will be finalized by December 2012.

Narrowbanding – “Narrowbanding” refers to a requirement by the FCC that all existing licensees on the VHF and UHF Spectrum implement equipment designed to operate on channel bandwidths of 12.5 kHz or less. Public safety licensees will need to convert or replace their existing VHF and UHF wideband (25 kHz) systems on or before January 1, 2013. Further, equipment will ultimately need to operate on bandwidths of 6.25 kHz or less. Currently no dead-line is set for this requirement.

As of the end of FY2012, 84.4% of Arizona transmitter licenses were modified to be Narrowband only or Narrowband & Wideband. Just 15.6% of licenses were licensed for wideband only operation. Modification of the FCC license is a critical step in the narrowbanding process and is indicative of progress being made towards meeting the January 1, 2013 deadline.

While narrowbanding is an operability issue, due to the significant impact on interoperability the PSIC Office continues to provide narrowbanding information and resources to Arizona agencies with wideband transmitter licenses. Activities include direct stakeholder outreach, monthly updates to the PSCC and SIEC, providing online resources, and communications to our e-mail distribution list of over 850 public safety stakeholders. Specific activities in FY 2012 include:

- The PSIC Office continuously updates a web page dedicated to Narrowbanding. This page contains numerous links to assist agencies with narrowbanding, such as FCC updates/mandates; guides to narrowbanding as well as, upcoming and archived webinars.
- The PSIC News webpage provides links on topics including grant opportunities, highlighting specific grant guidance; narrowbanding updates with links to FCC/NPSTC (National Public Safety Telecommunications Council) for guidance; FCC/APCO workshop opportunities, as well as FCC waiver guidance.
- SIEC/PSCC Meeting Updates:
 - PSCC Meeting – April 17, 2012 – Provided an update to the committee on the status of Arizona transmitter licenses (24.4% wideband only) and advised that the PSIC Office continues to reach out to wideband license holders to determine their status and provide resources.

- PSCC Meeting – February 14, 2012 - As part of the SIEC update, attendees were reminded of the narrowbanding deadline in a presentation titled “One Year to Go”.
- SIEC Meeting – January 11, 2012 – Presented on the status of Narrowbanding in Arizona and discussed a variety of options and considerations necessary to meeting the mandate.
- PSCC Meeting – September 20, 2011 –SIEC Co-Chair advised the committee that the AIRS Suites narrowband conversion was completed by DPS, as of September 1, 2011.
- Correspondence:
 - June 1, 2012 - Reminder about the APCO sponsored narrowbanding webinar to be held on June 5, 2012.
 - May 10, 2012 - Provided a link to a free APCO sponsored narrowbanding webinar, as well as a FCC link for guidance on narrowbanding migration, compliance and waiver requests.
 - April 9, 2012 - Reminder to agencies of the FCC narrowband deadline, January 1, 2013, also advising that 24.4% of Arizona Transmitter licenses were still wideband only. Provided links to reference material aimed to assist with the transition to narrowband.
 - January 3, 2012 - Requested participation/feedback in a survey on the individual agency’s current status for narrowbanding, impending plans to narrowband and/or if there was no plan to narrowband.
 - August 25, 2011 - Forwarded an invitation from the Association of Public Safety Officials (APCO) for a webinar titled “Narrowbanding, Are you Ready?” This webinar focused on the FCC requirements to comply with the deadline.
 - August 16, 2011 - DPS provided a status update for the Arizona Interagency Radio System (AIRS) narrowbanding project, which included a reminder of the potential impact to users. This project was approximately two-thirds complete.

Attachment D: Training and Exercise Accomplishments

Develop and Implement a Training Plan to Address Interoperable Communications (SCIP Initiative #10)

Support for Statewide AIRS Training (SCIP Objective #10.3) - The statewide AIRS training program is designed to promote AIRS by informing agencies about its existence and capabilities and ensuring effective use of AIRS as a statewide interoperable communications asset.

The AIRS Training Program was developed with funding from the Interoperable Emergency Communications Grant Program. Program components include a training video produced by the Phoenix Fire Department with support of PSIC; Arizona Peace Officers Standards and Training Board (AZPOST) format lesson plan covering AIRS usage, capabilities, and limitations; a power point presentation to follow the lesson plan; and a sticker showing regional channel assignments to be inserted into the National Interoperability Field Operations Guide or placed on clipboards, dashboards, or consoles.

Throughout the year, the PSIC Office received requests from local and tribal jurisdictions for the AIRS training materials. The training program offers a free copy of the training DVD; online access to the training video and program materials on the PSIC website; and PSIC training and support for local implementation.

Advancement of COML Training and Recognition Program (SCIP Objective #10.4) - The Arizona Regional COML Recognition Program applies to those individuals who meet the recommended Federal DHS All-Hazards COML guidelines for eligibility, training and experience. The recognition procedure describes the process and criteria for being recognized as an Arizona Regional All-Hazards COML.

The NIMS-Communications Unit (NIMS-CU) Workgroup is a standing committee of SIEC. The workgroup reviews the qualifications of each applicant seeking recognition as an Arizona Regional COML and awards recognition or renewal of recognition. The Workgroup may also decline to award recognition, and instead suggest additional training or experience that could enable the applicant to be recognized at a future date. The policies and procedures for the workgroup require workgroup members to have knowledge of the positions, skills and abilities needed by applicants seeking recognition as Communications Unit leaders. All of the 5 appointed members have the requisite qualifications.

The NIMS-CU Workgroup held five meetings during FY2012:

- October 4, 2011: NIMS-CU Application Review Meeting
- December 21, 2011: NIMS-CU Application Review Meeting
- February 28, 2012: NIMS-CU Application Review Meeting
- April 17, 2012: NIMS-CU Application Review Meeting
- June 26, 2012: NIMS-CU Workgroup Annual Meeting

During these meetings, the workgroup reviewed applicants for Arizona COML Regional Recognition and granted recognition to 14 individuals from five counties. In addition, the

workgroup and PSIC staff discussed development of training related policies; reviewed and revised the workgroup's operating policies and procedures to better define the scope of the recognition program; and reviewed the application and taskbook review process. Feedback on proposed changes to the recognition program was solicited from the workgroup during their June 26, 2012 meeting. The workgroup is proposing to expand the training and recognition program to include all Communications Unit positions that have an associated training class and taskbook. The policies and procedures are expected to be revised by the SIEC during the first quarter FY2013.

Communications Unit Leader (COML) Training (SCIP Objective #10.4) - PSIC continues to offer COML trainings utilizing homeland security grant funds to multiple Arizona jurisdictions consistent with SCIP Objective 10.4. During the past year, the PSIC Office collaborated with ADEM and county emergency management offices for 6 additional courses:

- October 17 – 20, 2011: Maricopa (Phoenix)
- Nov 28 – Dec 1, 2011: Mohave (Kingman)
- December 5 – 8, 2011: Pima (Tucson)
- February 7 – 10, 2012: Maricopa (Glendale)
- April 2 – 5, 2012: Cochise (Sierra Vista)
- April 30 – May 3, 2012: Coconino (Flagstaff)

As of the end of FY2012, 181 Arizona students have completed the All-Hazards COML Course.

Communications Technician (COMT) Training (SCIP Objective #10.5) - The All-Hazards COMT course, which is led by two trained and federally recognized COMT Instructors, trains emergency responders on practices and procedures common to COMTs during all hazards emergency operations. Due to the technical nature of the training, course enrollment is limited to 15 students and is offered by invitation only. During FY2012, two All-Hazards COMT courses were held in AZ:

- October 24 – 28, 2011: Pima County (Tucson)
- April 9 - 13, 2012: Maricopa County (Phoenix)

As of the end of FY2012, 30 Arizona students have completed the All-Hazards COML Course.

COML Field Day – A COML Training Field Day will provide attendees with necessary specialized COML training and hands-on experience using homeland security grant funds. The COML field day will be open to individuals who have completed the initial COML or COMT classroom training and wish to get their taskbooks signed off in order to become recognized as a regional COML or COMT consistent with SCIP Initiative #10.4. Planning took place during FY2012, and the Field Day is currently targeted for winter 2013 delivery.

FY2012 Exercises/Events

PSIC participated in the following exercises and events:

- Arizona NECP Goal Two Event Assessments in FY2012:
 - Yavapai County - July 4th Parade and Fireworks (July 2, 2011)
 - Cochise County - Bisbee Coaster Races (July 4, 2011)
 - Graham County - Pioneer Days (July 23, 2011)
 - Mohave County - Bullhead City Regatta (August 13, 2011)
 - Gila County - World's Oldest Continuous Rodeo (August 20, 2011)
 - Apache County - 65th Annual Navajo Nation Fair (September 10, 2011)
- PSIC Staff participated in Operation AZ Vital Connection Communication Exercise (DEMA/ADEM) on September 12 – 16, 2011. ADEM presented an overview of the exercise to PSCC on September 20, 2011.
- Operation Vigilant Guard Statewide Exercise (DEMA/ADEM) was held November 3 – 5, 2011. ADEM presented an overview of the exercise to SIEC on October 18, 2011.
- Utilizing an award of Technical Assistance from OEC, the PSIC Office is planning a day long workshop on incorporating interoperable communications into existing exercises. The workshop will provide exercise planners with resources and information on how to effectively plan, evaluate and improve interoperable communications during an exercise. The workshop is currently targeted for winter 2013 delivery.

Attachment E: Usage and Outreach Accomplishments

Stakeholder Engagement and Interaction

In an effort to advance interoperable communications through shared information and strengthened partnerships among agencies, the PSIC Office promoted collaboration among members of public safety and service agencies/organizations at all levels of government throughout Arizona. See Exhibit 1 for a list of key public safety stakeholders.

Outreach activities were conducted throughout the year in the form of in-person meetings and regular e-mail communications to members of its extensive interested parties list. The PSIC Office encouraged consultation with policy makers and practitioners in support of statewide interoperability initiatives, including education regarding applicable federal and state initiatives, mandates, requirements, guidelines and efforts related to interoperable communications.

PSIC planned and facilitated ten monthly PSCC and SIEC meetings in FY 2012. See Exhibit 2 for a list of topics discussed during these meetings. PSIC staff regularly attended and presented at numerous functions, including conferences, workshops, expos, taskforces, national, multi-state (within and outside of the state), state, regional, local and working group meetings. Stakeholder outreach and interaction activities during FY2012 are too numerous to list.

When appropriate and advantageous, PSIC staff used electronic means, such as web and telephonic conference tools in support of stakeholder engagement. Additionally, the PSIC website was updated with enhanced information regarding pertinent subjects, including narrowbanding, NECP Goals, Communications Unit programs, CASM/TICPs, PSP/SOP revisions and updates, etc.

The PSIC Office provides a monthly update to the PSCC and SIEC on the status of all interoperable communications projects and a calendar of events. The updates are also posted on our website⁷.

Development of Statewide Education & Outreach Plan (SCIP Initiative #12)

In FY2012, the PSIC Office revised the Statewide Education and Outreach Plan Regarding Public Safety Communications Interoperability⁸. The plan, which suggests strategies, defines roles and provides resources, was developed to support stakeholder education and outreach activities to advance interoperable communications initiatives which impact Arizona. Since the state consists of several distinct jurisdictions at varying stages of interoperability, no single approach would be appropriate for all jurisdictions, so the plan was designed to be tailored to meet the needs of each community. The plan also highlights specific targeted interoperability topics of high priority in 2012:

- FCC Narrowbanding Compliance
- National Public Safety Broadband Network (NPSBN)
- NECP Gap Closure (I.e. Regional Interoperability Planning, CASM, TICPs, SCMPs and other Resources)

⁷ http://www.azpsic.gov/about/monthly_project_updates.html

⁸ [http://www.azpsic.gov/plans/Education and Outreach Plan 2011 Approved 04192011.pdf](http://www.azpsic.gov/plans/Education_and_Outreach_Plan_2011_Approved_04192011.pdf)

Exhibit 1: Key PSIC Office Stakeholders

Federal

Bureau of Indian Affairs
Bureau of Land Management
Congressional Leaders
Federal Communications
Commission (FCC)
Federal Department of Homeland
Security
(DHS)
Federal Emergency Management
Agency
(FEMA)
Federal Law Enforcement
Agencies (ATF,
FBI, USMS, USPS, etc.)
National Guard Association
National Park Service
National Telecommunications and
Information Administration
Office of Emergency
Communications
U.S. Forest Service

State

Arizona Department of Corrections
Arizona Department of Health
Services
Arizona Department of Homeland
Security
Arizona Department of Public
Safety
Arizona Department of
Transportation
Arizona Division of Emergency
Management
Arizona Legislature
Governor's Office
Grant Offices
Public Safety Communications
Advisory
Commission and Committees
State Land Department
State Agency Directors
Statewide Interoperability
Executive
Committee and Working Groups

Local/Tribal

City Council Members
City Council Staff
City Managers
County Board of Supervisors
County Emergency Managers
County Managers
Fire Boards
Fire Chiefs and Marshalls
General Service Departments
Grant Offices
Mayors
Municipal Department Heads
School Boards
School Districts
Transportation Departments
Tribal Councils

Regional

Phoenix UASI
Regional Emergency
Communications
Coordination Working Group
Regional Advisory Councils:
Central,
East, North, South, West
Regional Emergency Medical
Services
Councils (AEMS, NAEMS, SAEMS,
WACEMS)
Regional System Administrators
(PCWIN,
RWC, TOPAZ, YRCS)
Southwest Border Working Group
Tucson UASI

Technical/Communication Staff

Communications Unit Leaders
Communications Center Managers
Communications Center Staff
Communications Equipment
Vendors
Dispatchers
Engineering Staff
Local Communication Agencies
Public Safety Answering Point
Supervisors and Staff
Radio Communication
Departments
Radio Technical Support
Departments and
Technicians
Technical Communications
Personnel

Responders

Bus Drivers – School and Other
Citizen Fire Academy Graduates
Citizen Police Academy Associates
Emergency Medical Services
Fire Departments
Fire Districts
Hospitals
Incident Management Teams
K-9 Teams
Police/Law Enforcement
Private Ambulance Companies
Public Service Agencies
Public Works
Utilities (APS, SRP, Water)

Associations

Arizona Ambulance Association
Arizona Life Safety Council
Fire Chiefs' Associations
Fire District Associations
League of AZ Cities and Towns
Local Emergency Planning
Committees
National Council of Statewide
Interoperability Coordinators
National Public Safety
Telecommunications
Council
Police Chiefs' Associations
State Association of Public-Safety
Communications Officials
State National Emergency Number
Association

Media

City PIOs
City Website Administrators
County PIOs
Governor's Office PIO
Local Television Media
Local Radio Stations
State Agency PIOs
Tribal PIOs

Other

Civic Groups
(Rotary/Kiwanis/Chambers of
Commerce)
Critical Infrastructure Providers
Grant Writers
Military
NGOs focused on public safety or
public
service (CAP, RACES, Red Cross)
Public Schools
Transportation Companies

Exhibit 2: FY2012 Public Meetings

PSCC Meeting – July 19, 2011 – Agenda Items: Microwave Project Update, Expand Public Safety Operability/Interoperability, Yuma Regional Communication System Updates, Mohave County Strategic and Tactical Communications Planning, NECP Goal Two Updates, SIEC Updates, PSIC Annual Office Plan Update, Post-Workshops Analysis - Integrating Communications Units into NIMS/ICS, Broadband Update, PSIC Office Updates.

SIEC Meeting – August 16, 2011 – Agenda Items: AIRS Narrowbanding Status and Impact on AIRS AZ, Arizona Interoperable Channels Plan Update and Impact on AIRS SOP, Communications Unit Program Documentation, Communications Unit Training Program Update, Approved Policies and Procedures - Update to Reflect the PSIC Office Transition to ADOA, Interoperable Communications & the College World Series, PSIC Office Updates.

PSCC Meeting – September 20, 2011 – Agenda items: AZ Regional Communications Unit Program Update, Approval of AZ Regional All-Hazards COML Recognition Procedure Update, Arizona Interoperable Channels Plan Update and Related Changes to the AIRS SOP, Approved Policies and Procedures - Update to Reflect the PSIC Office Transition to ADOA, Graham County: Plain Language and NECP Goal Two, Cochise County NECP Goal Two Reflections, US Department of Homeland Security (DHS) Office of Emergency Communications (OEC) Update, ADEM: 2011 Vital Connection Exercise, SIEC Updates, PSIC Office Updates.

SIEC Meeting – October 18, 2011 – Agenda Items: Revised Communications Unit Training Coordination Procedure, NIMS-CU Workgroup Update on AZ Regional All-Hazards COML Applications, CASM Project Update, Regional Communication Systems Connections Update, RWC/TRWC and the 2017 FCC deadline for 700 MHz Narrowbanding, 2011 Arizona Statewide/Vigilant Guard Exercise, ICTAP Technical Assistance: 2011 Review and Request for Input Regarding 2012 Offerings, PSIC Office Updates.

PSCC Meeting – November 23, 2011 – Agenda Items: Approval of 2012 Annual Report to the Governor and Legislature, ICTAP Technical Assistance: 2011 Review and Request for Input Regarding 2012 Offerings, PSIC Office Updates.

SIEC Meeting – January 11, 2012 – Agenda Items: Revisions to the Arizona Interoperable Channels Plan, Review of SIEC Minimum Equipment Standards, NIMS-CU Workgroup Update on AZ Regional All-Hazards COML Applications, Communications Unit Training Program Update, Narrowbanding: One Year to Go, PSIC Office Updates.

PSCC Meeting – February 14, 2012 – Agenda Items: Revisions to the Arizona Interoperable Channels Plan, RWC/TRWC and the 2017 FCC deadline for 700 MHz Narrowbanding, Arizona Department of Homeland Security Update, SIEC Updates, Narrowbanding: One Year to Go, National Public Safety Broadband Network – State's Role in Network Identifier Administration, Presentation of NECP Goal Two Compendium of Findings, PSIC Office Updates.

SIEC Meeting – March 13, 2012 – Agenda Items: Update on National Public Safety Broadband Network, Presentation of NECP Goal Two Compendium of Findings, AIRS Drive Test Results, NIMS-CU Workgroup Update on AZ Regional All-Hazards COML Applications, Update on Communications Unit Training Program, PSIC Office Updates.

PSCC Meeting – April 17, 2012 – Agenda Items: Public Safety Broadband - H.R. 3630 and the National Public Safety Broadband Network & Formation of the AZPSBN Workgroup, Annual SCIP Review and Update, 2012 Statewide Education and Outreach Plan, Update on SCIP Initiative 2.1: Developing TICPs, SIEC Updates, PSIC Office Updates.

SIEC Meeting – May 8, 2012 – Agenda Items: Arizona Minimum Equipment Standards, Annual SCIP Update Input Request, Statewide Education and Outreach Plan, National Public Safety Broadband Network (NPSBN) Update, Next Generation AIRS Plan, NIMS-CU Workgroup Update: AZ Regional All-Hazards Communications Unit Recognition Program, PSIC Office Updates.

Attachment F: Definitions of Acronyms

Acronym	Definition
AAR	After Action Report
ADEM	Arizona Division of Emergency Management
ADOA	Arizona Department of Administration
ADOT	Arizona Department of Transportation
AESA	Arizona Emergency Services Association
AIRS	Arizona Interagency Radio System
APCO	Association of Public-Safety Communications Officials
AZDOHS	Arizona Department of Homeland Security
AZPOST	Arizona Peace Officers Standards and Training Board
BTOP	Broadband Technology Opportunities Program
CASM	Communication Assets Survey and Mapping
CCGW	Conventional Channel Gateways
CIO	Chief Information Officer
COG	Continuity Of Government
COML	Communications Unit Leader
COMT	Communications Unit Technician
CU	Communications Unit
CY	Calendar Year
DHS	Federal Department Of Homeland Security
DPS	Arizona Department of Public Safety
ECP	Emergency Communication Plan
EMI	Emergency Management Institute
EMS	Emergency Medical Services
EOC	Emergency Operations Center
ERIC	Emergency Response Interoperability Center
FCC	Federal Communications Commission
FEMA	Federal Emergency Management Agency
FPIC	Federal Partnership for Interoperable Communications
FY	Fiscal Year
IAP	Incident Action Plan
ICS	Incident Command System
ICTAP	Interoperable Communications Technical Assistance Program
IECGP	Interoperable Emergency Communications Grant Program
IGA	Intergovernmental Agreement
ITAC	Information Technology Authorization Committee
IWCE	International Wireless Communications Expo
JLBC	Joint Legislative Budget Committee
LEPC	Local Emergency Planning Committee
LMR	Land Mobile Radio
MHz	Megahertz
MOU	Memorandum Of Understanding
NCSWIC EC	National Council of Statewide Interoperability Coordinators Executive Committee
NCSWIC	National Council of Statewide Interoperability Coordinators
NECP	National Emergency Communications Plan
NEPA	National Environmental Policy Act
NGO	Non-Governmental Organization
NIFOG	National Interoperability Field Operations Guide
NIMS	National Incident Management System
NIMS-CU	National Incident Management System Communications Unit Workgroup

Acronym	Definition
NPSPAC	National Public Safety Planning Advisory Committee
NPSTC	National Public Safety Telecommunications Council
NTIA	National Telecommunications and Information Administration
OEC	Office of Emergency Communications (DHS)
P25	Project 25 Public Safety Communications Standard
PC-WIN	Pima County Wireless Integrated Network
PIJ	Project Investment Justification
POC	Point Of Contact
PSAP	Public Safety Answering Point
PSCC	Public Safety Communications Advisory Commission
PSCR	Public Safety Communications Research
PSIC	Public Safety Interoperable Communications Office
PSP	Policies, Standards and Procedures
RCSC	Regional Communication Systems Connections
RECCWG	Regional Emergency Communications Coordinators Working Group
RICO	Racketeer Influenced and Corrupt Organizations Funding
RICP	Regional Interoperable Communications Plan
RWC	Regional Wireless Cooperative
SCIP	Statewide Communications Interoperability Plan
SCMP	Strategic Communications Migration Plan
SERRP	State Emergency Response and Recovery Plan
SHSS	State Homeland Security Strategy
SIEC	Statewide Interoperability Executive Committee
SME	Subject Matter Expert
SOP	Standard Operating Procedure
STR	Strategic Technology Reserve
TA	Technical Assistance
TCA	Target Capabilities Assessment
TIC-FOG	Tactical Interoperable Communications Field Operations Guide
TICP	Tactical Interoperable Communications Plan
TRWC	Topaz Regional Wireless Cooperative
UASI	Urban Area Security Initiative
UHF	Ultra High Frequency
VHF	Very High Frequency
WSB	Wireless Systems Bureau (DPS)
YRCS	Yuma Regional Communications System

Attachment G: FY2012 Expenditures

PUBLIC SAFETY COMMUNICATIONS COMMISSION BUDGET FY 2012

FY 2012 Quarterly Expenditures Allocated Funds

	ALLOCATED AMOUNT	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	REMAINING BALANCE
PERSONAL SERVICES	\$ 335,000	\$ 87,543	\$ 89,218	\$ 61,064	\$ 64,082	\$ 33,094
ERE	\$ 110,000	\$ 33,753	\$ 32,084	\$ 18,609	\$ 22,894	\$ 2,660
PROFESSIONAL/OUTSIDE SVCS	\$ 5,900	\$ 808	\$ 2,127	\$ (1,698)	\$ 30,925	\$ (26,262)
TRAVEL (IN STATE)	\$ 4,000	\$ 1,988	\$ 3,699	\$ (239)	\$ (362)	\$ (1,086)
TRAVEL (OUT OF STATE)	\$ 4,000	\$ 499	\$ 3,692	\$ 2,621	\$ (2,168)	\$ (644)
OTHER OPERATING EXPENDITURES	\$ 68,300	\$ 4,517	\$ 3,553	\$ 38,705	\$ 3,546	\$ 17,979
EQUIPMENT	\$ 0	\$ -	\$ -	\$ -	\$ 2,492	\$ (2,492)
	\$ 527,200					\$ 23,249
QUARTERLY EXPENDITURES TOTALS		\$ 129,108	\$ 134,373	\$ 119,061	\$ 121,409	
FY 2012 TOTAL EXPENDITURES					\$ 503,951	

In FY2012, the PSIC Office continued to utilize vacancy savings and maximize federal grants to support its goal of advancing interoperable communications in Arizona in the most fiscally responsible manner. In addition to General Fund expenditures, \$270,738 was spent from Federal Homeland Security grants by the PSIC Office during FY2012 to support achievement of the results outlined in this report.

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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CHAIRMAN 2012
ANDY BIGGS
OLIVIA CAJERO BEDFORD
RICH CRANDALL
LORI KLEIN
LINDA LOPEZ
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HOUSE OF
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ANNA TOVAR

DATE: December 11, 2012

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Brett Searle, Fiscal Analyst

SUBJECT: Arizona Department of Administration - Review of Emergency Telecommunication Services
Revolving Fund Expenditure Plan

Request

Laws 1998, 4th Special Session, Chapter 6 requires the Arizona Department of Administration (ADOA) to submit the wireless services portion of its Emergency Telecommunications Services Revolving Fund (ETSF) expenditure plan to the Committee for review. ADOA oversees and provides support to the communities of the state as they enhance their 911 emergency telecommunications systems. In practice, the department submits its complete expenditure plan annually, although expenditures on wire services are not subject to Committee review.

Recommendation

The Committee has at least the following options:

1. A favorable review of the \$5.5 million wireless portion of the ETSF expenditure plan.
2. An unfavorable review of the wireless services expenditure plan.

In FY 2013, ADOA expects to distribute \$18.5 million from the ETSF. Of the \$18.5 million, \$12.2 million is for wire services, \$5.5 million is for wireless services, and \$0.8 million is for administrative and management costs. Over the past 4 years, expenditures averaged \$20.9 million.

Analysis

ADOA works with county/city 911 administrators to distribute monies from ETSF for Federal Communications Commission (FCC) compliant telecommunications equipment, software, carrier services, and maintenance. The counties and cities are responsible for implementing the improvements to their 911 system. ADOA is responsible for providing centralized oversight in developing project schedules to consider

(Continued)

the greatest needs, especially in rural areas, and for maximizing regional efficiencies and local readiness. While ADOA prefers that each county complete implementation phases as a whole, the department does make allowances for cities or areas that are behind or ahead of the county schedule. Localities must provide and fully fund their own personnel, utilities, and facilities. ADOA also requires communities to submit Wireless 911 Service Plans to the agency for its approval.

Emergency 911 Wireless Service Status

The FCC Report and Order 96-204, issued in 1996, ordered the development and implementation of 911 services for wireless telecommunications systems in 2 phases. Phase I requires local public safety answering facilities to be able to identify the phone number of, and nearest cellular tower to, the caller as well as to relay calls to the nearest emergency response center. Phase II necessitates answering facilities to be able to identify the location of the caller. Geographic Information System (GIS) Standards must be met before a 911 system deploys wireless Phase II. Mobile service carriers were required to upgrade their systems for Phase II capability by December 2005. *Table 1* highlights the status of Arizona's wireless 911 availability as of August 20, 2012.

Table 1		
Arizona Emergency 911 Wireless Capability as of August 20, 2012		
<u>Phase 0/.5</u> ^{1/}		
Apache	La Paz	Navajo
<u>Phase I</u>		
City of Winslow		
<u>Transition</u>		
Coconino	Gila	Greenlee
<u>Phase II</u>		
Cochise	City of Page	
Colorado City	Pima	
Gila River Tribal Community	Pinal	
Graham	Santa Cruz	
Maricopa	Yavapai	
Mohave	Yuma	
^{1/} Phase 0/.5 describes the level of service for 911 calls in which the call is directed to a public safety answering point (PSAP), but is delivered without location or call back information.		

Wireless Phase II services are now available on the major thoroughfares from Nogales through Yavapai County. Gila and Greenlee Counties are scheduled for completion in FY 2013. Areas that have not yet completed Phase I are being encouraged to move directly to Phase II. Currently, 85% of the state's population lives in areas where the location of a 911 caller can be identified.

Funding Mechanism

A.R.S. § 42-5252 authorizes a \$0.20 per month tax on each wire and wireless telecommunication service account. In addition to the tax on wire and wireless phone accounts, Laws 2012, Chapter 198 established the prepaid wireless telecommunications 911 excise tax. The tax is equal to 0.8% of the gross income

(Continued)

derived from the retail sale of prepaid wireless telecommunications services. The tax becomes effective after December 31, 2013. Although Arizona statute now requires a tax on prepaid wireless accounts, there is still no requirement that recent technology such as internet-based phones and OnStar pay 911 taxes.

The revenue generated from these taxes is deposited in the Emergency Telecommunications Services Revolving Fund. ADOA estimates that revenues will increase from \$16.5 million in FY 2012 to \$19.3 million by FY 2015 and remain near that level until FY 2017.

FY 2013 ETSF Expenditure Plan

ADOA distributes funds to the localities upon receiving copies of their invoices for emergency telecommunications services and equipment. In FY 2013, ADOA expects to distribute \$18.5 million from ETSF. Of the \$18.5 million, \$5.5 million is for Phase I and Phase II wireless services. Of the \$12.2 million in proposed wire services expenditures, \$12 million is for existing network technology and \$200,000 is for a proposed transition to an IP enabled network. The remaining \$800,000 is for administration costs.

Table 2 summarizes the actual ETSF distribution during the past 2 fiscal years and projected distribution during the current fiscal year.

	<u>Actual</u> <u>FY 2011</u>	<u>Actual</u> <u>FY 2012</u>	<u>Projected</u> <u>FY 2013</u>
<u>Revenues</u>			
Balance Forward	\$4,303,500	\$3,980,400	\$2,129,600
Tax Revenue	16,606,100	16,481,700	16,617,700
Interest Income	26,500	30,200	30,500
Funds Available	\$20,936,200 ^{1/}	\$20,492,300	\$18,777,800
<u>Expenditures</u>			
Wireless Services			
Phase I Wireless	47,000	30,100	34,200
Phase II Wireless	4,546,200	4,129,600	5,421,400
Wireless Services Subtotal	\$ 4,593,300 ^{1/}	\$ 4,159,700	\$ 5,455,600
Wire Services	\$9,035,700	\$11,193,500	\$11,967,600
Proposed transition to IP enabled network	\$115,200	\$0	\$200,000
Administration	\$747,400	\$795,900	\$832,400
ETSF Expenditure Plan Total	\$14,491,600	\$16,149,000 ^{1/}	\$18,455,600
Transfer to General Fund	\$2,464,100	\$2,213,700	\$0
Fund Balance	\$3,980,400	\$2,129,600	\$322,300

^{1/} Numbers do not add due to rounding.

(Continued)

Table 3 includes further detail on planned wireless services expenditure in FY 2013.

Table 3	
FY 2013 Wireless Services Expenditure Plan	
	<u>Total</u>
Cochise County	\$ 308,400
Coconino County	74,500
Colorado City	1,600
Gila County	28,000
Gila River Tribal	10,100
Graham County	40,400
Greenlee County	10,300
La Paz County	81,000
Maricopa County	2,448,700
Mohave County	187,900
Navajo/Apache Counties	1,800
Page	50,800
Pima County	1,279,500
Pinal County	416,700
Santa Cruz County	92,800
Winslow	31,200
Northern Yavapai County	281,600
Yuma County	<u>120,000</u>
TOTAL	\$5,465,200 ^{1/}
^{1/} Numbers do not add due to rounding.	

RS/BS:tls

Janice K. Brewer
Governor



Scott A. Smith
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
PHOENIX, ARIZONA 85007

(602) 542-1500

October 25, 2012

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007



Dear Senator Shooter:

As stipulated in Laws 1998, 4th Special Session, Chapter 6, Section 5 – Emergency telecommunications fund: report of expenditure plans, the Department of Administration shall report its expenditure plans to the Joint Legislative Budget Committee for review. In fulfillment of this requirement, I am enclosing:

- The Wireless Program Report for fiscal year 2012
- The 9-1-1 financial forecast for fiscal years 2012 through 2016 incorporating the Fund Balance transfers to the General Fund during FY2003, FY2004, FY2009, FY2010, FY2011 and FY2012
- The Status of Arizona 9-1-1 and the Estimated Costs and Deployment Schedule to Implement Wireless Phase II
- Arizona Deployment Map
- State Fee Comparison and Organization Structure
- The 9-1-1 Phase II Wireless Implementation Plan
- State of Arizona 9-1-1 Plan

Please note that the financial forecast shows a program deficit in fiscal year 2014 even with anticipated additional revenues generated through HB2094, Prepaid Wireless Telecommunications E911 Excise Tax which will be implemented after December 31, 2013. With additional Wireless Phase II deployments and a transition to an IP Enabled Network, costs will continue to increase. This anticipated deficit will prevent the full implementation of the critical wireless program, the transition to an IP Enabled Network and will require some costs to be shifted to the 9-1-1 Systems throughout the State.

Should you have any questions, please contact me at 602-542-1500 or Barbara Jaeger, the State 9-1-1 Administrator at 602-542-0911.

Sincerely,

A handwritten signature in dark ink, appearing to read "Scott A. Smith".

Scott A. Smith
Director

c: The Honorable John Kavanagh, Chairman, Joint Committee on Capital Review
Richard Stavneak, Staff Director, JLBC
Jennifer Uharriet, Capital Budget Analyst, OSPB

Enclosures (7)

Arizona Department of Administration
State 9-1-1 Office
Wireless Program Report
Fiscal Year 2012

The State 9-1-1 program was established, through legislation in 1985, to provide a funding mechanism for the deployment and on-going costs of providing 9-1-1 services in Arizona.

Under A.R.S. Title 43, Article 6, Telecommunications Services Excise Tax, a tax is levied for each activated wire line, including Voice Over Internet Protocol (VoIP) access and wireless service account for the purpose of financing emergency telecommunications services. Current law reduced the tax from thirty-seven cents per month to twenty-eight cents per month in July 1, 2006. The tax was further reduced to twenty cents per month as of July 1, 2007.

During the Fiftieth Legislature, second regular session, HB 2094 – Prepaid Wireless Telecommunications E911 Excise Tax was passed and signed into law on April 5, 2012. The tax is not scheduled to be implemented until after December 31, 2013.

The funds collected are administered by the Arizona Department of Administration under A.R.S. § 41-704 and rules have been established that govern the allowable expenditures and funding eligibility requirements by communities and political subdivisions in the State.

Components eligible for funding include necessary and/or appropriate network, equipment and maintenance to handle the processing of 9-1-1 emergency calls. Of the revenue generated, the program statutorily distributes 95% of the fund for 9-1-1 call service delivery of wire line, wireless and voice over IP services. An amount not to exceed 3% of the annual revenue is used by the Arizona Department of Administration for program oversight expenditures. An additional amount of 2% is distributed to the 9-1-1 System Coordinators for the Local Network Management of Contracts.

Accounting methodology is in place to track all expenditures by community and/or 9-1-1 system. In July 2007, the Department of Revenue transitioned their processes to collecting the tax as one entity, with the identity code of 911, no longer breaking out the wire line and wireless revenue.

All Public Safety Answering Point (PSAP) equipment used to answer and handle 9-1-1 calls are budgeted under wire-line expenditures, although it should be understood that the equipment is used to answer all wire-line, wireless and VoIP 9-1-1 calls. Mapping equipment for Wireless Phase II is broken out and budgeted under Wireless Phase II equipment. During FY10, FY11 and FY12, several equipment upgrades were not approved due to insufficient funding.

The Arizona 9-1-1 Wireless Phase II Implementation Plan has been updated to expand the program moving specified sites toward deployment of Phase II Wireless. Costs associated with legislative cost recovery and a copy of the plan is enclosed. The Statewide System Project plan covering each 9-1-1 System for FY12 has been updated and is also attached.

Federal Communications Commission 9-1-1 Wireless Phase I rules indicate that when a call is placed for emergency services, the address information for the cellular tower is provided along with the call to the Public Safety Answering Point (9-1-1 Center). The delivery of 9-1-1 Wireless Phase II calls are delivered with the longitude and latitude of the caller being delivered to the PSAP, providing more defined location information.

The wireless program criteria established for rollouts, stipulate that Enhanced 9-1-1 (voice, telephone number and address) has been completed for either an entire county or significant portions of a county. Each county or system must complete a Wireless 9-1-1 Service Plan, utilizing the format specified in the State guidelines and appoint a single point of contact for each county or area. The Geographic Information System (GIS) data must be completed and meet the same 95% accuracy rate as established for Enhanced Wire-line 9-1-1. Equipment mapping components will be installed prior to request for service letters being sent to the wireless carriers for Wireless Phase II service.

Wireless Deployment

Significant progress continues to be made in the deployment of Wireless Phase II. The two major regions in the state, Maricopa and Pima completed their Phase II deployments constituting approximately 80% of the state's population. Wireless Phase II has also been completed in Cochise County, Graham County, Mohave County, Pinal County, Santa Cruz County, Yavapai County, the Gila River Tribal Community and the City of Page.

During FY12, additional funds were expended from the \$1 million dollar Public Safety Answering Point (PSAP) Readiness Fund grant to complete the Geographic Information Systems (GIS) work necessary for Greenlee County. To date, those funds have furthered the deployment of Phase II for seven counties and one municipality.

With the completion of these projects, Wireless Phase II service is available on the major thoroughfares from Nogales through Yavapai County. Request for Wireless Phase II service letters have been distributed to the wireless carriers, not seeking cost recovery, for Gila and Greenlee Counties and the projects should be completed prior to the end of fiscal year 2013. It is anticipated that following the completion of those projects, Coconino County will be ready to move to Phase II in FY13. Any special grant funds remaining with the completion of Greenlee County will be used to complete GIS work in the remaining counties of Apache, La Paz and Navajo Counties.

Wireless Phase II deployment for Mohave County was completed in FY11. Due to a difference in delivery platforms, wireless Phase II calls with data cannot be transferred from Mohave County to the Department of Public Safety (DPS) Communications Center in Flagstaff without a significant budgetary increase. During FY12, deployment of Wireless Phase II in Yuma County was completed without those carriers that seek cost recovery.

Wireless Expenditures

During FY12, the majority of one time charges were expended for completed Wireless Phase II projects.

The FY12 expenditures for Wireless Phase I & II are outlined in the table below.

System	FY12 Expenditures	PI/PII
Cochise County	\$ 237,349	PII
Colorado City	\$ 1,392	PII
Flagstaff	\$ 1,510	GIS
Gila County	\$ -	transition
Gila River Tribal	\$ 7,603	PII
Graham County	\$ 31,850	PII
Grand Canyon	\$ -	GIS
Greenlee County	\$ -	GIS
Maricopa Region	\$ 2,093,047	PII
Mohave County	\$ 107,820	PII
Pima County	\$ 981,317	PII
Pinal County	\$ 286,879	PII
Santa Cruz County	\$ 84,863	PII
Yavapai County	\$ 255,167	PII
Yuma County	\$ -	PII
City of Page	\$ 48,957	PII
City of Winslow	\$ 28,814	PI
	\$ 4,166,569	

The FY13 budget includes the following expenditures for systems currently Wireless Phase I and/or Phase II, those adding in new systems, and those that are close to or have completed their GIS requirements.

Expenditures include network components, wireless carrier costs, selective router costs and necessary additional equipment for receiving Phase II data.

System	FY13 Expenditures	PI/PII
Cochise County	\$ 308,400	PII
Coconino County	\$ 74,520	GIS
Colorado City	\$ 1,560	PII
Gila County	\$ 28,038	to PII
Gila River Tribal	\$ 10,080	PII
Graham County	\$ 40,380	PII
Greenlee County	\$ 10,260	to PII
La Paz	\$ 81,000	GIS
Maricopa Region	\$ 2,448,720	PII
Mohave County	\$ 187,920	PII
Navajo Co/Apache Co	\$ 1,815	GIS
Page	\$ 50,760	PII
Pima County	\$ 1,279,500	PII
Pinal County	\$ 416,700	PII
Santa Cruz County	\$ 92,760	PII
Winslow	\$ 31,200	PI
Yavapai County	\$ 281,580	PII
Yuma County	\$ 120,000	to PII
	\$ 5,465,193	

Additional expenditures budgeted for fiscal year 2013 includes existing costs associated with the frame relay network for the Enterprise Mapping System. With significant county boundary issues recognized, this system allows GIS data to be distributed to the 9-1-1 centers within their county or share the data with other counties. These costs are already being expended in the Cochise County, Maricopa Region, Mohave County, Pima County, Pinal County and Yavapai County. When new map data is available, that data can be distributed via the frame relay network and updated information can be published more efficiently.

Due to insufficient revenue, there are no longer funds available for the deployment and support of enterprise mapping systems. Therefore, with the Phase II implementation in Yuma County, this service is not available for Yuma County and subsequent deployments.

Two additional changes to the program have been implemented due to limited funds. With the deployment of Phase II in Yuma County and subsequent deployments for the remainder of the State, a single trunk group will be installed instead of separate wire-line and wireless trunk groups. Additionally, request for Phase II will only be sent to those wireless carriers that do not seek cost recovery.

Prior to fiscal year 2012, we had been able to install separate network trunk groups in order to be assured that 9-1-1 calls from wireless devices would not adversely affect the delivery of wire-line calls. The cost for wire-line trunks falls under a separate network tariff and therefore has minimal additional costs. The network trunks used specifically for wireless calls are significantly higher. Therefore, any future deployments will have only one network trunk group that will carry both wire-line and wireless calls to the Public Safety Answering Point (PSAP).

Also, as defined in State statute, the wireless carriers are entitled to seek full cost recovery for all components associated with the delivery of Wireless Phase II service. Based on the projected revenue stream, it is evident that the program can no longer support full cost recovery. Several of the wireless carriers do not seek cost recovery and in fact, one large carrier recently made the business decision to no longer seek cost recovery. They have instead opted to seek self-recovery from their customers.

Each 9-1-1 system will be given the option to go to a full deployment, but will be financially responsible for the added costs.

With an emphasis toward Homeland Security, the 9-1-1 program continues to fund the Telecommunications Service Priority (TSP) provisioning which was added in FY07. This federal program is designed to ensure elevated network restoration to anyone who registers and pays for the service. In the event of a national disaster requiring federal intervention for network continuity, the service will ensure that Arizona's 9-1-1 systems will be restored in a timely manner.

All network components including 9-1-1 circuits, Automatic Location Identification circuits, emergency back circuits and circuits that run to all selective routers have been included in the service package.

The State 9-1-1 Office strives to reduce costs for network and equipment components. During FY07, negotiations with Qwest changed the billing structure for the wireless selective router charges, which has proven to reduce costs for call delivery.

Revenue – FY13 Projections

Since 2006, there has been almost a 45% reduction in revenue annually. This can be attributed to the reduction in the tax from \$.37 in FY06, to \$.28 in FY07 and \$.20 in FY08. In FY06, the annual revenue collected was \$30,186,088 and in FY12, the annual revenue collected was \$16,511,888.

The projected annual revenue for FY13, would not under normal circumstances meet the annual expenditures for continued service of the 9-1-1 program in Arizona. The projected revenue for FY13 of \$18,777,824 million, which includes interest income from the prior funds available is less than originally anticipated due to the State Legislature's fund transfer of \$25.1 million dollars in FY09, \$8.6 million dollars in FY10, \$2.5 million dollars in FY11 and \$2.2 million dollars for FY12 from the 9-1-1 Program Fund to the State's general fund. Since FY02, \$53 million dollars of 9-1-1 Program funds have been transferred to the State's general fund. Since 2008, the State has been required to report those transfers to the Federal Communications Commission (FCC) to be included in their report to Congress. These transfers have also affected the ability for the State 9-1-1 program to be eligible to receive federal grant monies.

The budget for FY13 does not include a proposed fund transfer, but equipment upgrades are still hampered and NG 911 projects cannot be initiated.

The 9-1-1 Excise Tax revenue for FY12 closed at \$16.5 million dollars, a .75% reduction in revenue over FY11 when coupled with the reduced interest. The actual revenue was down in FY12 by .726%, which includes wire line, wireless and VoIP providers.

The fiscal end report for FY12 indicated that the total amount of customers for both wire-line, wireless and VoIP brought in \$16,481,681. Estimates for FY13 show a minimal increase.

One area of collections that was addressed during FY12 is the wireless prepaid accounts. The Department of Revenue interpreted that the existing legislation included prepaid wireless, leaving the collection methodology to the carrier. Due to some confusion with the collection methodology, some carriers have opted not to collect and remit taxes on prepaid wireless. It is estimated nationwide that approximately 30% of the wireless phones in service can be attributed to prepaid services.

	FY11 Actual	FY12 Actual	FY13 Projected
	@\$.20	@\$.20	@\$.20
Excise Tax	\$ 16,606,135	\$ 16,481,681	\$ 16,617,728
Interest	\$ 26,522	\$ 30,207	\$ 30,512
	16,632,657	16,511,888	16,648,240

In preparing the 911 Project Plan through FY13, the minimal tax decrease, customer base, reduced fees and limited service capabilities have been taken into consideration indicating that the program will reach a deficit in FY14.

The major change is that the program can only support the legacy network and maintenance components for the 9-1-1 Systems throughout the State. If equipment upgrades and acquisitions are taken into consideration the program would have reached a projected deficit in FY10. The aging of 9-1-1 PSAP equipment has become a reality and the costs have to be undertaken by the PSAPs in the future.

The current administrative distribution is a total of 5%, which includes 3% for State Administrative costs and 2% for Local Management of Contracts. The two percent for Local Management of Contracts is distributed to the 9-1-1 System Coordinators, with rules in place to define authorized expenditures.

The State 9-1-1 Office has five full time staff members allocated to the program, but currently only has sufficient funds to cover four FTE's. There are currently four staff members. One additional FTE would allow the office to better serve the communities. These individuals not only have fiscal oversight, but work closely with the communities to deploy and support 9-1-1. The impact of having insufficient personnel may delay the deployment of Wireless PII.

The Future of 9-1-1

The 911 Project Plan addresses the need to transition to a more robust and versatile network in coming years. The IP enabled network or Next Generation 9-1-1 designs are on the drawing board today. Industry standards are in the development phase, therefore, costs cannot be determined. The move toward a data network that provides ubiquitous service will ensure that calls can be routed anywhere without current boundary restrictions. New networks will provide the ability to utilize text messaging, as well as video streaming in future years.

During FY09, a collaborative effort between the State, Qwest, Intrado and Positron 911 systems was developed to design and implement a Next Generation (NG) trial in Arizona. It was determined that Gila County would be an ideal test bed for this project. Gila County has some unique geographic and telecommunications boundaries which create call delivery challenges. The installation of this Next Generation network included installation of soft switches which would have allowed for reliable and time sensitive transfer of calls. The four PSAPs in Gila County were changed out to a Positron Viper system designed specifically to transition to NG technology. During the trial, testing included digital network features for text messaging, video streaming, IP ALI(Automatic Location Identification), interconnection with the legacy networks, feature functionality, meshing and redundancy. This project was successfully completed by the end of FY10 at a cost of \$2.7 million and should be noted that throughout this transition, all legacy network components will require continued support.

It should be noted that even though testing components included text messaging and video streaming, it would not have been in production following the trial.

It is unfortunate, that due to insufficient funding, the project was suspended immediately following a very successful trial.

In an effort to explore alternatives, the State 9-1-1 Office has asked CenturyLink, the primary 9-1-1 network provider in Arizona, to provide a design and quotes for hosted 9-1-1 as a managed service offering. The requirements put forth to the Local Exchange Carrier stipulated that the State no longer desired huge capital outlays for equipment and to include transitioning the network for NG9-1-1. This would allow a uniform annual expense including equipment, network and maintenance.

More than \$17 million dollars in unfunded projects have been identified through FY14. Of that amount, \$8 million dollars would be allocated to PSAPs in Maricopa Region for critical equipment upgrades necessary at eleven of their 26 sites, \$5.7 million dollars would be dedicated for sites in Pima County and \$1.5 million dollars for sites in Pinal County.

The burden of equipment upgrades are already being shifted to the local political subdivisions and future fund transfers to the General Fund will affect the program's ability to support the maintenance on the 9-1-1 PSAP equipment.

The 9-1-1 system was designed to ensure that in an emergency, citizens have one reliable number to call for public safety assistance. The State 9-1-1 program strives to ensure that this goal is met in the most efficient and cost effective manner possible.

9-1-1 PROJECT PLAN (w/ \$53,000,000+ Fund Transfers, \$ 12m FY03, \$ 3m FY04, \$25m FY09, \$ 8.7 m FY10, \$ 2.4m FY11, \$ 2.2m FY12)

Includes Capital Cost Recovery for Wireless Phase I and Phase II

Assumes No Change in Tax Rates. Does include change for Admin and PSAP Network Mgmt increase from 3% to 5% per SB1048 in FY10

As of August 23, 2012

Includes Wireless & Excise Taxes at a Flat Rate of \$.37 through FY 2006, a Flat Rate of \$.28 for FY 2007 and a Flat Rate of \$.20 for FY 2008-2017

					ANNUAL INCREASE ASSUMPTIONS: 5% Operations Cost from FY13 budget; 911 Excise Tax based on tax rate. Funds not available for equipment upgrades. Any funds available will be used to upgrade equipment that is manufacturer discontinued.				
	Actual FY09	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Administration	\$ 371,046	\$ 407,407	\$ 400,244	\$ 465,156	\$ 499,400	\$ 524,453	\$ 579,208	\$ 573,416	\$ 567,682
PSAP Network Management	\$ 185,466	\$ 304,268	\$ 347,166	\$ 330,723	\$ 333,012	\$ 349,635	\$ 386,139	\$ 382,277	\$ 378,455
Sub-Total	\$ 556,512	\$ 711,675	\$ 747,410	\$ 795,879	\$ 832,412	\$ 874,088	\$ 965,347	\$ 955,694	\$ 946,137
Wireline - (Existing Network Technology) (PCA33200)	\$ 16,329,038	\$22,589,210	\$9,035,733	\$11,193,469	\$11,967,555	\$12,565,933	\$13,194,229	\$13,853,941	\$14,546,638
Wireline - (Proposed transition to IP enabled network)**	\$ -	\$ 1,631,982	\$115,217	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Phase I Wireless - (Includes Cost Recovery) (PCA 33310)	\$ 180,443	\$ 134,272	\$ 47,048	\$ 30,072	\$ 34,215	\$ 35,926	\$ 37,722	\$ 39,608	\$ 41,589
Phase II Wireless - (Includes Cost Recovery) (PCA 33320)	\$ 4,709,330	\$ 6,235,342	\$ 4,546,205	\$ 4,129,626	\$ 5,421,368	\$ 5,692,436	\$ 5,977,058	\$ 6,275,911	\$ 6,589,707
Mapping & Address Support	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PROGRAM COSTS	\$ 21,775,323	\$ 31,302,481	\$ 14,491,613	\$ 16,149,046	\$ 18,455,550	\$ 19,368,383	\$ 20,374,357	\$ 21,325,154	\$ 22,324,070
FUNDS FROM PRIOR	\$ 55,886,505	\$ 27,553,184	\$ 4,303,498	\$ 3,980,442	\$ 2,129,584	\$ 322,274	\$ -	\$ -	\$ -
WIRELESS TAX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXCISE TAX	\$ 17,774,128	\$ 16,453,500	\$ 16,606,135	\$ 16,481,681	\$ 16,617,728	\$ 17,451,550	\$ 19,277,035	\$ 19,084,265	\$ 18,893,422
INTEREST INCOME	\$ 772,473	\$ 286,395	\$ 26,522	\$ 30,207	\$ 30,512	\$ 30,207	\$ 29,905	\$ 29,606	\$ 29,310
Total Collections	\$ 18,546,602	\$ 16,739,896	\$ 16,632,657	\$ 16,511,888	\$ 16,648,240	\$ 17,481,758	\$ 19,306,940	\$ 19,113,871	\$ 18,922,732
TOTAL FUNDS	\$ 74,433,107	\$ 44,293,079	\$ 20,936,155	\$ 20,492,330	\$ 18,777,824	\$ 17,804,031	\$ 19,306,940	\$ 19,113,871	\$ 18,922,732
PRIOR PERIOD ADJ OR PROJECT CARRY-FORWARD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFER TO GENERAL FUND	\$ 25,104,600	\$ 8,687,100	\$ 2,464,100	\$ 2,213,700					
EXPENDITURES	\$ 21,775,323	\$ 31,302,481	\$ 14,491,613	\$ 16,149,046	\$ 18,455,550	\$ 19,368,383	\$ 20,374,357	\$ 21,325,154	\$ 22,324,070
FUNDS FORWARD	\$ 27,553,184	\$ 4,303,498	\$ 3,980,442	\$ 2,129,584	\$ 322,274	\$ (1,564,351)	\$ (1,067,417)	\$ (2,211,283)	\$ (3,401,338)

Wireless Tax Rate \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20

* Wireless combined with Excise tax as one revenue category per Department of Revenue FY08 and forward.

** Transition to robust IP enabled network in FY08 is pending approved standards development.

STATE OF ARIZONA

Joint Legislative Budget Committee

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ANNA TOVAR

DATE: December 11, 2012

TO: Senator Don Shooter, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Andrew Hartsig, Fiscal Analyst

SUBJECT: Attorney General - Review of Allocation of Settlement Monies

Request

The General Appropriation Act (Laws 2012, Chapter 294) contains a footnote that requires Joint Legislative Budget Committee (JLBC) review of the expenditure plan for settlement monies over \$100,000 received by the Office of the Attorney General (AG), or any other person on behalf of the State of Arizona, prior to expenditure of the monies. Settlements that are deposited in the General Fund pursuant to statute do not require JLBC review.

This request is for review of the expenditure plan for a total of \$2,000,000 from a consent judgment with Janssen Pharmaceuticals, Inc.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review of the allocation plans from the \$2,000,000 consent judgment with Janssen. The allocation plan 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

Janssen Pharmaceuticals, Inc.

In August 2012, the AG and 36 other states entered into a consent judgment with Janssen Pharmaceuticals, Inc. as a result of their investigation that alleged that Janssen engaged in violations to the Consumer Fraud Act. These violations included deceptive practices in marketing and promoting Risperdal®, an antipsychotic drug. The investigation alleged that Janssen withheld negative information from physicians, failed to adequately disclose side effects, and claimed the drug treated non-approved conditions.

(Continued)

The settlement requires Janssen to pay \$6,094,400 to the AG. Of that amount, \$2,000,000 will be deposited into the Consumer Fraud Revolving Fund for attorney fees, investigation costs, and to support consumer fraud investigations, consumer education, and enforcement of the Consumer Fraud Act and AG operating expenses. The Consumer Fraud Revolving Fund is appropriated and the AG's ability to expend up to the fund's appropriation level of \$3.5 million depends on the amount of settlement revenues into the fund.

The remaining \$4,094,400 will be used for research, studies, grants, or programs that provide alternatives to antipsychotic drugs in managing the effects of Alzheimer's diseases, dementia, developmental and learning disorders, as well as for the treatment of mental illnesses and disorders. These monies will be allocated to organizations within Arizona through a competitive grant process overseen by the AG.

The settlement also requires Janssen to avoid misleading claims about Risperdal[®], to avoid promoting off-label uses, and to clearly disclose the risks and side effects associated with their products.

RS/AH:ac



TOM HORNE
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL
PUBLIC ADVOCACY DIVISION
CONSUMER PROTECTION & ADVOCACY SECTION



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October 24, 2012

The Honorable Steve Pierce
President of the Senate
1700 West Washington Street
Phoenix, AZ 85007

The Honorable Andy Tobin
Speaker of the House
1700 West Washington Street
Phoenix, AZ 85007

The Honorable Don Shooter
Chairman, Joint Legislative Budget Committee
1700 West Washington Street
Phoenix, AZ 85007

Re: *State of Arizona v. Janssen Pharmaceuticals, Inc. – Pima County, C20125362*

Gentlemen:

The State of Arizona recently settled a case against Janssen Pharmaceuticals, Inc. ("Janssen"), resolving allegations that the company deceptively marketed atypical antipsychotics, by, among other things, promoting their drugs for uses not approved by the U.S. Food and Drug Administration ("FDA").

The settlement, in the form of a Consent Judgment, was joined by 36 other Attorneys General. The State's Complaint, filed concurrently with the Consent Judgment, alleged that Janssen engaged in deceptive practices in connection with its marketing and promotion of Risperdal®, an atypical anti-psychotic drug approved for certain types of schizophrenia, bipolar disorder, and irritability associated with autism. It is approved for adults with schizophrenia and as a combination therapy for adults with short-term acute manic/mixed episodes of Bipolar Disorder. Risperdal is approved for children and adolescents for irritability associated with autism; schizophrenia in adolescents, ages 13-17; and short term treatment of manic/mixed episodes of Bipolar Disorder, ages 10-17 that was originally approved for "the management of manifestations of psychotic disorders" in adults.

The Complaint alleges that Janssen engaged in deceptive practices when it marketed Risperdal to physicians for uses unapproved by the Food and Drug Administration ("off-label

uses”), failed to adequately disclose the drug’s potential adverse side effects to physicians, and withheld negative information from physicians contained in scientific studies concerning the safety and efficacy of Risperdal. Janssen unlawfully marketed Risperdal to geriatric populations, according to the Complaint, by targeting nursing home patients with Alzheimer’s disease, dementia, depression, sleep disorders and anxiety. The Complaint also alleges Janssen targeted the pediatric population for many unapproved uses, including for ADD (attention deficit disorder); ADHD (attention deficit hyperactivity disorder); conduct disorder and mood disorders. Janssen allegedly promoted Risperdal for other non-approved conditions, including depression, anxiety; sleep disorders; anger management; PTSD (post traumatic stress disorder); mood enhancement and for mood stabilization in adults and children.

The Consent Judgment prohibits Janssen from illegally promoting its atypical antipsychotics and requires the company to significantly change its business practices. Under the Consent Judgment:

- Janssen shall not make, or cause to be made, any written or oral claim that is false, misleading or deceptive regarding an Atypical Antipsychotic,
- Janssen shall not Promote an Atypical Antipsychotic for Off-Label uses,
- In Promotional Materials for Atypical Antipsychotics, Janssen shall clearly and conspicuously disclose the risks associated with the Atypical Antipsychotic as set forth in the product’s boxed warning and shall present information about effectiveness and risk in a balanced manner,
- Janssen shall not compensate a health care provider for merely attending a Promotional activity,
- Janssen shall require that all Promotional Speakers’ Promotional Materials and Promotional Media for Atypical Antipsychotics comply with Janssen’s obligations,
- Janssen shall ensure that financial incentives do not motivate Janssen Sales and/or Marketing to engage in improper promotion, sales, and marketing of Atypical Antipsychotics.

As a result of this consumer protection enforcement action, Janssen agreed to pay a total of \$181 million to the states to resolve the multistate investigation and avoid litigation. Arizona’s share is \$6,094,396. Under the court-approved Consent Judgment, \$2,000,000 is to be deposited into the Consumer Fraud Revolving Fund, for investigative costs, expenses and attorney’s fees and for the costs of investigation and prosecution of future consumer protection pharmaceutical, health fraud or health-related cases pursuant to A.R.S. §44-1531.01, The remaining amount – just over \$4,000,000 - is intended to benefit consumers by funding research and programs to provide alternatives to the use of atypical antipsychotics for managing the effects of Alzheimer’s disease and/or dementia for elderly patients in long term care facilities; for managing childhood and adolescent developmental and learning disorders, and by funding education and outreach programs directed at treatments for mental illness and/or for mental disorders. Those funds will be distributed through a competitive grant process.

Our notification 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.

If you have any questions, please feel free to contact me at (602) 542-7717 or by e-mail at dena.benjamin@azag.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Dena R. Benjamin".

Dena R. Benjamin
Section Chief Counsel
Consumer Protection and Advocacy Section

cc: The Honorable John Kavanaugh
The Honorable Chad Campbell
The Honorable David Schapira
Mr. Richard S. Stavneak
Ms. Andrew Hartsig (Consent Judgment enclosed)
Mr. Joe Sciarotta
Mr. Art Harding
Mr. Michael Vargas
Ms. Vicki Salazar

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