JANET NAPOLITANO
Governor

WILLIAM BELL
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR
100 North Fifteenth Avenue, Suite 401
Phoenix, Arizona 85007
(602) 542-1500

RECEIVED
APR 13 2006
OFFICE OF THE PRESIDENT

April 11, 2006

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

Subject: Report Update - Emergency Telecommunication Services Revolving Fund (ETSF) Expenditure Plan

Dear Senator Burns:

On September 1, 2005, as a part of the Joint Legislative Budget Committee's favorable review of the Emergency Telecommunication Services Revolving Fund (ETSF) Expenditure Plan, the Committee required that the Arizona Department of Administration (ADOA) report back by April 1, 2006, on the implementation costs of Phase 1 and Phase II development as well as the ongoing costs and revenue sustainability assuming full deployment.

In fulfillment of this requirement, I am enclosing:

- Wireless Phase I and II Implementation Cost Estimate
- Ongoing Cost and Revenue Sustainability

Revenue sustainability projections show that the fund will not be able to pay for full deployment. Congress and the FCC are actively addressing the challenges in providing 9-1-1 services caused by Voice over IP and Homeland Security. I am including an analysis of how individual states are funding their 9-1-1 services.

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,

William Bell
Director

---

cc: The Honorable Russell Pearce, Appropriations Committee Chairman
The Honorable Tom Boone, Chairman, Joint Committee on Capital Review
The Honorable Ken Bennett, Senate President
The Honorable James Weiers, Speaker of the House
Mr. Richard Stavneak, Staff Director, JLBC

Enclosures

Wireless Phase I and II
Implementation Cost Estimate

9-1-1 System	FY	LEC Network	Equipment & Misc. Products and Services	Wireless Carrier	Totals (Tax Included)
Apache	FY10	$ 178,028	$ 149,706	$ 473,071	$ 800,806
Cochise	FY08	$ 433,688	$ 1,059,320	$ 734,681	$ 2,227,689
Coconino	FY09	$ 456,568	$ 848,758	$ 2,442,126	$ 3,747,452
Gila	FY11	$ 328,966	$ 640,631	$ 132,656	$ 1,102,252
Graham	FY07	$ 115,906	$ 209,368	$ 177,456	$ 502,729
Greenlee	FY11	$ 158,045	$ 401,189	$ 180,097	$ 739,331
La Paz	FY11	$ 416,237	$ 177,908	$ 508,090	$ 1,102,235
Maricopa Implemented	FY06				$ -
Mohave	FY09	$ 422,694	$ 692,945	$ 254,713	$ 1,370,352
Navajo	FY10	$ 628,208	$ 1,071,243	$ 1,223,801	$ 2,923,252
Page	FY08	$ 232,957	$ 326,983	$ 167,706	$ 727,646
Pima - Implemented	FY06				$ -
Pinal	FY07	$ 575,934	$ 680,581	$ 1,089,702	$ 2,346,217
Santa Cruz	FY07	$ 159,223	$ 282,072	$ 171,396	$ 612,691
Winslow	FY07	$ 167,487	$ 326,983	$ 253,868	$ 748,338
Yavapai, No	FY06	$ 92,023	$ 8,802	$ 671,049	$ 771,874
Yavapai, So	FY08	$ 336,976	$ 274,794	$ 190,240	$ 802,010
Yuma	FY09	$ 367,784	$ 730,905	$ 1,190,086	$ 2,288,775
Total		$ 5,070,724	$ 7,882,188	$ 9,860,737	$ 22,813,649

ADOA has supported the political subdivisions compliance with the established requirements for Wireless Phase I and Phase II deployment. The 9-1-1 Program Office has established a 12 month time standard for completion of a Phase I or Phase II project. To speed deployment and save funds, PSAPs which have not implemented Phase I are being encouraged to move directly to Phase II.

The Wireless Phase I and Phase II systems deployment schedule and estimated implementation costs are listed above. Projections are based on figures obtained from the Local Exchange Carriers (LEC), equipment contractors and the wireless carriers.

Three Tribal Nations have not submitted 9-1-1 Service Plans for funding consideration. Consequently, these projections do not include the Navajo Nation, Hopi Tribe or San Carlos Tribe.

Maricopa County finished their Phase II deployment as projected, in October 2005. Maricopa joins Pima County in making 80% of the access lines in Arizona Phase II compliant. Northern Yavapai County will complete its deployment soon.

Ongoing Costs and Revenue Sustainability
9-1-1 PROJECT PLAN
Includes Capital and Operational Costs for Phase I and Phase II

	Actual FY03	Actual FY04	Actual FY05	Budgeted FY06	Projected FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11
Administration	$ 253,532	$ 296,513	$ 435,382	$ 570,838	$ 437,744	$ 315,550	$ 315,863	$ 315,863	$ 316,182
PSAP Network Management	$ 237,059	$ 258,625	$ 277,529	$ 285,419	$ 218,872	$ 157,775	$ 157,932	$ 157,932	$ 158,091
Sub-Total	$ 490,591	$ 555,138	$ 712,911	$ 856,257	$ 656,616	$ 473,326	$ 473,795	$ 473,795	$ 474,273
Wireline moving toward IP enabled network	$ 13,001,668	$ 11,087,417	$ 9,941,718	$20,463,565	$21,486,743	$ 22,561,080	$ 23,689,134	$ 24,873,591	$ 26,117,271
Phase I Wireless	$ 1,566,822	$ 1,948,627	$ 2,512,964	$ 1,508,553	$ 791,471	$ 120,000	$ 120,000	$ 120,000	$ 120,000
Phase II Wireless	$ -	$ 3,338,435	$ 7,134,137	$ 11,853,220	$ 10,145,680	$ 13,209,688	$ 20,349,048	$ 19,991,761	$ 21,907,259
TOTAL PROGRAM COSTS	$ 15,059,080	$ 16,929,617	$ 20,301,729	$ 34,681,595	$ 33,080,511	$ 36,364,094	$ 44,631,977	$45,459,147	$48,618,803
FUNDS FROM PRIOR	$ 22,503,370	$ 19,497,150	$ 25,736,153	$ 33,416,673	$ 27,276,972	$ 16,083,671	$ -	$ -	$ -
WIRELESS TAX	$ 9,596,186	$ 11,972,954	$ 12,927,897	$ 13,186,455	$ 10,021,706	$ 7,115,411	$ 7,115,411	$ 7,115,411	$ 7,115,411
EXCISE TAX	$ 13,914,520	$ 13,748,484	$ 14,317,661	$ 14,604,015	$ 11,099,051	$ 7,880,326	$ 7,880,326	$ 7,880,326	$ 7,880,326
INTEREST INCOME	$ 539,577	$ 447,181	$ 736,690	$ 751,424	$ 766,452	$ 781,781	$ 797,417	$ 797,417	$ 813,365
Total Collections	$ 24,050,284	$ 26,168,620	$ 27,982,249	$ 28,541,894	$ 21,887,210	$ 15,777,519	$ 15,793,155	$ 15,793,155	$ 15,809,103
TOTAL FUNDS	$ 46,553,654	$ 45,665,770	$ 53,718,402	$ 61,958,566	$ 49,164,181	$ 31,861,190	$ 15,793,155	$ 15,793,155	$ 15,809,103
PRIOR PERIOD ADJ OR PROJECT CARRY-FORWARD	$ 2,576	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TRANSFER TO GENERAL FUND	$ 12,000,000	$ 3,000,000	$ -						
EXPENDITURES	$ 15,059,080	$ 16,929,617	$ 20,301,729	$ 34,681,595	$ 33,080,511	$ 36,364,094	$ 44,631,977	$ 45,459,147	$ 48,618,803
FUNDS FORWARD	$ 19,497,150	$ 25,736,153	$ 33,416,673	$ 27,276,972	$ 16,083,671	$ (4,502,904)	$ (28,838,822)	$ (29,665,992)	$ (32,809,700)
Wireless Tax Rate	$ 0.37	$ 0.37	$ 0.37	$ 0.37	$ 0.28	$ 0.20	$ 0.20	$ 0.20	$ 0.20

*Includes: Wireless & Excise Taxes at a Flat Rate of $.37 through FY2006, a Flat Rate of $.28 for FY2007 and a Flat Rate of $.20 for FY2008-2011
5% Annual Operations Cost

RMDSENATE 08/28/2006 0000000092

State Fees and Organizational Structure

STATE	Wireline Fee	Structure	Wireless Fee	Structure
Alabama	5% of basic tariff rate, not to exceed $2.00.	Local	$0.70	State fee/Oversight&Local
Alaska	$.50 to $.75	Local	$.50 to $.75	Local
Arizona	$0.37	StateFee/Oversight&Local	$0.37	State Fee/Overisght&Local
Arkansas	5% or 12% of tariff rate	Local	$0.50	State Fee/Oversight&Local
California	.65% to .75 of intrastate toll	StateFee/Oversight&Local	.65% to .75 of intrastate toll	State Fee/Oversight&Local
Colorado	Up to $.70	Local	Up to $.70	Local
Connecticut	$.07 to $.50 ($.27 average)	StateFee/Oversight&Local	$.07 to $.50 ($.27 average)	State Fee/Oversight&Local
Delaware	$0.60	StateFee/Oversight&Local	$0.60	State Fee/Oversight&Local
District of Columbia	$.62 to $.76	Local	$.62 to $.76	Local
Florida	$0.50	Local	$0.50	State Fee/Oversight&Local
Georgia	Up to $1.50	Local	Up to $1.50	Local
Hawaii	$0.27	Local	$0.66	State Fee/Oversight&Local
Idaho	Up to $1.00	Local	Up to $1.00	Local
Illinois	Up to $1.25	Local	Up to $.75	State Fee/Oversight&Local
Indiana	3% to 5% of monthly access charge ($1.25 average)	Local	Up to $.65	State Fee/Oversight&Local
Iowa	$.25 to $2.50 ($1.00 average)	State Fee/Oversight&Local	$0.65	State Fee/Oversight&Local
Kansas	Up to $.75	Local	$0.50	State Fee/Oversight&Local
Kentucky	$.36 - $4.00	Local	$0.70	State Fee/Oversight&Local
Louisiana	5% of tariff rates ($1.00 resid./$2.00 business)	Local	$0.85	Local
Maine	$0.50	State Program	$0.30	State Program
Maryland	$1.00	State Fee/Oversight&Local	Up to $1.00	State Fee/Oversight&Local
Massachusetts	Directory Assist. Charge	State Program	$0.30	State Program
Michigan	$0 to $4.00	Local	$0.52	State Fee/Oversight&Local
Minnesota	$0.65	State Fee/Oversight&Local	$0.65	State Fee/Oversight&Local
Misissippi	$1.00 to $2.00	Local	$1.00	Local
Missouri	15% of tariff rate or $.75	Local	none	NA
Montana	$0.50	State Fee/Oversight&Local	$0.50	State Fee/Oversight&Local
Nebraska	$.25 to $1.00	Local	$0.50	State Fee/Oversight&Local
Nevada	$.25 or tax base	Local	$.25 or tax base to $.75	Local
New Hampshire	$0.42	State Program	$0.42	State Program
New Jersey	$0.90	State Program	$0.90	State Program
New Mexico	$.25 plus $.26	State Fee/Oversight&Local	$0.51	State Fee/Oversight&Local
New York	$.35 or $1.00	Local	$1.20	State Fee/Overisght&Local
North Carolina	$.30 to $1.50 ($1.00 average)	Local	$0.70	State Fee/Oversight&Local
North Dakota	$1.00	Local	$1.00	Local
Ohio	Property tax and/or fee up to $.50	Local	$0.32	Local
Oklahoma	Varies up to 15% of tariff rates	Local	$0.50	Local
Oregon	$0.75	State Fee/Oversight&Local	$0.75	State Fee/Oversight&Local
Pennsylvania	$1.00 to $1.50	Local	$1.00	State Fee/Oversight&Local
Rhode Island	$1.00	State Program	$1.00	State Program
South Carolina	$.50 to $1.50	Local	$0.60	State Fee/Oversight&Local
South Dakota	$0.75	Local	$0.75	Local
Tennessee	Up to $.65 on resid. & Up to $2.00 for bus.	Local	Up to $2.00 but set at $1.00	State Fee/Oversight&Local
Texas	$.50 plus it varies by HRC &ECD	Combination	$0.50	Combination
Utah	$.65 local fee plus $.13 state fee	Local	$.65 local fee plus $.113 state fee	State Fee/Oversight&Local
Vermont	Universal Service Fund (USF)	State Program	none	State Program
Virginia	Up to $3.00	Local	$0.75	State Fee/Oversight&Local
Washington	$.20 & $.50	State Fee/Oversight&Local	$.20 & $.50	State Fee/Oversight&Local
West Virginia	$.55 to $3.75	Local	$1.48	Local
Wisconsin	$0.83	State Fee/Oversight&Local	$0.14 to $0.92	State Fee/Oversight&Local
Wyoming	$0.75	Local	$0.75	Local

Key to Classifications:

Local - This is a local program from fee imposition, collections, 911 service implementation, contracting, etc.

State Program - This is a state program from the fee imposition, collections, 911 service implementation, contracting, etc.

State Fee/Oversight&Local - This is a program where the state law authorizes the fees, and remittance is to the state who has oversight authority via plan approval, standard/rule setting, and fund authorizations. Local government are resonsible for the implementation, contract, etc. In wireless, this means there is a wireless board or the state agency has funding oversight.

updated: 3/25/06

RMDSENATE 08/28/2006 00000093