

**HIGHLIGHTS OF SELECTED STATE OF ARIZONA  
TELECOMMUNICATIONS INITIATIVES (1993 to Present)**

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## **State of AZ Telecommunications Initiatives**

### **Background**

The Arizona Department of Administration (ADOA), Arizona Telecommunications System (ATS) was established by legislation in 1951 to arrange for a telecommunication system to serve all departments, office and agencies of the state located in the State.

In 1988 and 1989, telephone systems (state owned) were installed in Phoenix and Tucson. Project SLIM in 1991/1992 studied telecommunications and concluded that approximately \$4 million could be saved annually through consolidating networks.

### **Telecom\* 100**

In Fall 1993, the Arizona Educational and Informational Telecommunications Cooperative (AEITC) brought together over 100 telecommunication leaders from across AZ, known as the Telecom\* 100. The resulting report “Arizona: The State of Telecommunications for the 21<sup>st</sup> Century”, Findings of Arizona Telecommunications Issues and Policy Symposium” recommend the following:

- Statewide Organization - Support an AZ statewide organization advancing planning/development of telecommunications for education, business, government and public.
- Partnerships - Plan and support public/private partnerships to implement cost effective, technically-sound IT solutions to meet tomorrow’s needs.
- Market - Develop and implement a marketing and education program to, among other things, adopt telecommunications as a vital resource for Arizona.
- Applications - Meet citizen needs with high quality, reasonably priced services (i.e., e-commerce, telemedicine, distance learning) delivered via telecommunications.
- Training - Develop and implement statewide training programs using technology.
- Regulatory/Legal Framework - Establish a regulatory and legal environment that enables the State to balance public and private needs, encourages open competition and accessibility to a statewide “commercial strength” information infrastructure.
- Technology - Develop a plan to coordinate utilization of currently available networks and to provide a ubiquitous infrastructure for universal access.
- Funding - Secure funding from federal, state, local and private sources sufficient to establish an Arizona superhighway.

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### AZTEL 2000

In Spring 1993, Governor Fife Symington asked ADOA to create the AZTEL 2000 taskforce (led by Edward Hatler, CIO for ADOA) which included:

*Private Sector:* AT&T, US Sprint, MCI, Microage, Honeywell, US West, etc.  
*Agencies:* AHCCCS, ADOA, Corrections, DEQ, DES, DHS, Education, ADOT, DPS, Board of Regents, etc.  
*Universities:* ASU (Bill Lewis), NAU, U of A, Maricopa Community Colleges  
*Others:* City of Phoenix, Maricopa County, Courts, League of Cities and Towns, AEITC, GSPED, etc.

The taskforce surveyed State agencies, counties, cities, libraries, universities, community colleges, K-12 schools to determine the State's telecommunication "As-Is" and "To-Be". An RFI was issued and vendor recommendations were incorporated in the report. The taskforce issued a Strategic Plan for Arizona's Information Infrastructure in April 1994.

The State's "As-Is":

- Redundant Systems with duplicative data and information
- Technical, Business and Organizational Inconsistencies
- Limited Telecommunications Integration
- Inability to Maintain Competitive Edge

Obstacles to a Statewide Network:

- Lack of Governmental Commitment and a Single Point of Responsibility
- Lack of an Effective Funding Plan
- Lack of a Policy Board to Develop Required Policies
- Lack of a Robust Infrastructure and a Single Statewide Utility

Missions:

- Implement (at an affordable cost to the State taxpayers) a statewide telecommunications network supporting a wide range of services.
- The network will be a cooperative partnership among government entities, private business and network service providers.

Key Planned Activities:

- Evaluate current and planned telecommunication facilities
- Establish a strategic plan and an implementation plan
- Develop a cost/benefit analysis and recommend funding alternatives

Plan:	1994	Telecommunications Study and Evaluation
	1995	Form Information Infrastructure Policy Board Submit a 5-Year Funding Request to OSPB
	1996	Design and Build the Network
	1997 – 2000	Implement, Expand, Improve and Fine Tune the Network

## **State of AZ Telecommunications Initiatives**

### **Governor's Commission 1994/1995**

In July 1994 – Governor Symington issued Executive Order 94-12 forming the “Governor’s Commission for the Study of the Telecommunications and Information Industry in Arizona”.

The Commission consisted of private sector members, legislative representatives, a representative from the Governor’s Office, ADOA, Commerce, Corporation Commission. [Note: Al Crawford and Bill Lewis were members of this Commission.]

In September 1994, the Commission engaged the consulting firm of Network Resources. The consultant team reviewed earlier research and policy papers and conducted numerous interviews, focus groups, surveys and discussions.

19 focus groups of 5 to 15 people each, were interviewed on the needs of Flagstaff, Tucson, Yuma, Phoenix, rural areas, State government, education, etc.

In January 1995 – the Governor’s Commission issued a 200 page report “Arizona Telecommunications – Leadership through Partnership for Competitive and Innovative Information Industry”.

The Commission reported on uneven uses of telecommunications and urgent needs for basic and advanced applications.

The report included a status report with information about providers, infrastructure investments, educational networks and rural build-out.

Recommendations from the Governor’s Commission Report:

1. Create a Telecommunications Policy Office (TPO)
2. Empower the TPO to make Arizona government telecommunications proactive
3. Transition to competitive local telecommunications
4. Recognize special needs of rural Arizona
5. Create an expanded universal service support mechanism
6. Ensure parity among providers
7. Establish a “green light for innovation” program
8. Include telecommunications in State Enterprise Zones

## **State of AZ Telecommunications Initiatives**

### **Project Connect**

In September 1995, an inter-agency task force studied the feasibility of consolidating the multiple telecommunications data and voice lines in Arizona state government.

Project Connect (Consolidation of Networks to Enhance Community Telecommunications) was driven by ADOA and the Governor's Telecommunication Planning Office (TPO) and included managers/analysts from 9 state agencies, 10 vendors, 1 University and OEG and OSPB.

The intent of the project was to consolidate multiple networks to improve communication among the state agencies and with end users while saving dollars.

In March 1996, the Project Connect report verified Project SLIM's estimated dollar savings, but recommended that the savings be utilized to upgrade the State's networks to a single, digital, higher bandwidth infrastructure.

The project team concluded that if no action were taken within ten years, the State would have numerous expensive, digital high bandwidth networks with the same fragmentation, redundancy, management and cost problems as the current older networks.

In the fall of 1996, the team concluded that savings from consolidation would not be sufficient for the cost of network upgrades. The State evaluated 3 possible approaches:

1. the State would put up matching funds (i.e., Utah put up \$30 million)
2. the State would assume the cost of the upgrades (i.e., Iowa paid over \$40 million)
3. the State would offer a consortium of telecommunication vendors a long term (5 to 7 year) contract in return for assuming the financial responsibility for the network upgrade.

The third alternative was selected. This alternative was reviewed with the vendor community who requested an income stream guaranteed by statute to support the requested infrastructure investment.

Some changes were made to the ATS legislation to enable consolidation of income streams through statewide contract(s) but such changes fell short of an income stream guarantee.

## **State of AZ Telecommunications Initiatives**

### **Project EAGLE**

In the Fall of 1996, Project EAGLE (Education and Government Linking Electronically) integrated two initiatives designed to enhance Arizona telecommunications:

- Project Connect aimed at consolidating the networks of major state agencies.
- Arizona Learning System (ALS) striving to create a statewide distance learning network championed by the State universities and community colleges

The 11 person EAGLE steering committee included agencies, universities and consultants. The judicial branch also joined EAGLE.

The goal of EAGLE was to leverage the combined telecommunications buying power of Arizona state agencies, universities and community colleges to facilitate the creation of an integrated statewide telecommunications network.

EAGLE recommended the universities, community colleges, and major State agencies:

- consolidate and upgrade their data and voice networks, creating an integrated statewide telecommunications infrastructure
- manage the infrastructure through a federated model, allowing local autonomy
- design, implement and manage the network through a private/ public partnership.
- open the network to other private or public sector users (i.e., K-12 schools, public libraries, rural Arizona communities).

The network, capable of supporting the transmission of voice, data, graphical and video images, was to be privately owned and operated, with the State of Arizona serving as a contract manager and anchor tenant.

EAGLE also recommended that the State (as anchor tenant and contract manager) issue an RFP and award a long-term contract under which:

- the awarded vendor would be responsible to orchestrate an alliance of telecommunication companies to implement the network.
- private sector companies would be responsible for external network upgrades.

The EAGLE RFP was issued in mid 1997, two responses were received, SPO determined the responses were not susceptible of award and the Solicitation was cancelled.

The EAGLE Advisory team met with 5 vendors who had submitted RFP responses or RFI (but not RFP) responses to understand why the RFP did not yield the desired results.

The vendors discussed (among a number of other major concerns) the lack of mandate on State agency, judicial and legislative entities to buy under the contract with attendant obligation on the vendors to build and manage networks for all.

## **State of AZ Telecommunications Initiatives**

### **Statewide Contracts**

Once the Project Eagle RFP proved unsuccessful, the State worked on statewide telecommunications contracts from 1998 to the present.

These contracts did not require any build-out, but enable the agencies and all political subdivisions of the State to pool their buying power for telecommunications related products and services.

A half dozen to a dozen contracts exist for telecommunications related equipment (including, carrier services, small telephone systems, communication cabling, etc.)

A report on these contracts will be prepared for the Committee for the next meeting, including, the types of technology covered, the pricing models used, etc.

### **Topaz**

The goal of GITA's Telecommunications Open Partnership for Arizona (TOPAZ) was to leverage the State buying power to connect rural and urban areas of the state.

Topaz tried to aggregate the State's telecommunication purchasing power of \$100 million over the next five years.

The State hoped that in exchange for a portion of its Carrier Service business, telecommunication providers would build-out a public high speed network.

Purchasing under the carrier services contract was facilitated by TelcoControl, a system developed for GITA that enables state customers (from agencies and political subdivisions) to get competitive quotes from the 9 carriers on the statewide contract.

In 2000, broadband offerings were available in 50 of 167 communities targeted. By 2001, broadband was available in 144 of these 167 communities.

The State then re-thought its list of targeted communities and increased it to 209. In 2000, only 60 of these 209 communities had broadband access and in 2001, 186 did.

Most agencies were paying \$3,000/month for frame relay T1s as of October 15, 2000. Contrast this with pricing for many locations of \$500/month as of September 1, 2001.

TOPAZ also involved community telecommunication assessments and extensive community outreach.

### **Present**

A summary of the report to JLBC on ATS will be presented to the Committee at its next meeting.