



# **Arizona 9-1-1**

## **Budget Standards & Procedures**

**Prepared by Arizona 9-1-1 Office**

# Arizona 9-1-1

## Budget Standards & Procedures

The procedures and standards defined in this document were created to support Arizona's 9-1-1 community in preparing accurate budgets for the products and services reimbursed by AZ's 9-1-1 Excise Tax Fund (a.k.a. referred to as the Fund). Accurate budgeting is critical to the effective management of the Fund, and ensures that 9-1-1 jurisdictions are reimbursed for the qualified services they utilize.

These procedures apply to all 9-1-1 jurisdictions that receive reimbursement from the Fund.

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# Arizona 9-1-1 Budget Standards & Procedures

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## Overview of Budget Process

Arizona's 9-1-1 Excise Tax Fund (a.k.a. the Fund) provides funding to qualified public safety entities for specific products and services utilized to support emergency response.

Following is an overview of the process that must be followed to receive funding.

### 9-1-1 System Administrator (referred to as "Administrator" in this document)

- Although AZ's 9-1-1 Office will play a greater role in the development of the budget, it is ultimately the 9-1-1 System Administrator's responsibility to ensure that the budget is complete, accurate and submitted by deadlines.
- Because of the importance of completing an annual budget, it is strongly recommended that each Administrator assigns and trains a back-up person that can assist or step in if needed.
- Portions of **Arizona's Administrative Code** and **Revolving Fund legislation** govern the handling of the 9-1-1 Fund. Each Administrator is responsible for reviewing and understanding that legislation. That documentation is attached to this document. It is also available on the 9-1-1 Office's web site <http://AZ911.gov>

### Critical Dates

- By **September 15th** of each year, Arizona's 9-1-1 Office will send a Budget Workbook to all 9-1-1 System Administrators.
- Each Administrator will accurately complete the document by itemizing projected expenses for the upcoming fiscal year (July 1<sup>st</sup> through June 30<sup>th</sup>). The Budget Workbook must be returned to the 9-1-1 Office by **December 15<sup>th</sup>** of that year.
- Final budget approvals are contingent, in part, on approvals by the State's Joint Legislative Budget Committee and availability of funds. These approvals generally come in the **October/November timeframe**. Since the fiscal year begins with July 1, the 9-1-1 Office will send a "final" copy of the budget by **July 31<sup>st</sup>** to the Administrator. This version is updated by 9-1-1 Office personnel to include price adjustments that result from annual "true-ups". (More information regarding true-ups is included in this document.) It is also submitted to the Joint Legislative Budget Committee. If after the Committee's review changes are required, the Administrator will be notified. The finalized Budget Workbook that is returned to the Administrator constitutes the approved budget unless notification to the Administrator is made after the Committee's review.

**Failure to submit by the above defined deadlines will result in funds not being made available for the year in question.**

## Overview of Budget Process

### Fiscal Responsibility

- Although the Fund is set up to cover expenses ordered/purchased by the 9-1-1 system, it can only do so given there are sufficient funds. Should the Fund experience a shortfall, the cost of products and services will fall to the 9-1-1 system that incurred the cost and/or ordered the service (as prescribed in R2-1-411, Arizona Administrative Code).

### Fiscal Year

- The fiscal year for the 9-1-1 Excise Tax Fund is July 1<sup>st</sup> through June 30<sup>th</sup>.

### Grants

- Addressing, mapping, and GIS projects will be considered for reimbursement. Funding is provided as part of a grant program offered by AZ's 9-1-1 Office.
- To apply for grant money, a formal proposal is required – separate from the Budget Workbook. This proposal must include:
  - Scope of work
  - Break down of deliverables
  - Timeline
  - Funding being requested
- Before drafting a grant proposal, the Administrator should discuss the request with the State 9-1-1 Administrator.

### Justification / Documentation

- Certain budget requests require justification and/or documentation. They are:
  - Initial turn-up of a primary or secondary PSAP
  - Initial turn-up of a remote print/fax site
  - Addition of new 9-1-1 answering positions
- For the initial turn-up of a primary or secondary PSAP, the agency must provide documentation proving:
  - It receives a minimum of (300) three hundred 9-1-1 calls per month
  - It is staffed to receive 9-1-1 calls 24x7

## Overview of Budget Process

- For the initial turn-up of a remote print/fax site, the agency must provide documentation proving:
  - It receives a minimum of (100) one hundred 9-1-1 calls per month
  - It is staffed to receive 9-1-1 calls 24x7
- For the addition of new 9-1-1 answering positions, the agency must provide justification and documentation. What is provided can vary, but it must prove a need. Things that might be relevant, and therefore provided, are:
  - Evidence of an increase in the number of emergency calls – 2 years of data is requested, and MIS reports are the preferred means of data collection
  - Documentation showing an agency approved increase in call-taker personnel
  - Documentation regarding the agency's expansion of responsibilities (i.e., assuming dispatching responsibilities for new areas/jurisdictions)
  - Population growth in the area will be considered, but will not solely prove the need

### Non-Recurring Costs

- Non-recurring charges (a.k.a. one-time charges) associated with the purchase of equipment and software should include the cost of the product, as well as the installation and training associated with that product. **These costs need to be quoted by an approved vendor.**
- New and/or modified networks also carry Non-Recurring charges. **These costs need to be quoted by an approved vendor.**

### Preliminary Approval

- Some projects require extensive work on behalf of the agency and their associated partners prior to being approved for funding. If your 9-1-1 system is considering bringing a new PSAP on line or deploying enhanced wireless service (Phase II), you need to contact the 9-1-1 Office to discuss requirements prior to including these projects in your Budget Workbook.

### Projects Not Reimbursed

- The Fund does not reimburse costs associated with a PSAP relocation, equipment moved within an existing facility, or back-up sites.

## Overview of Budget Process

### Purchasing Criteria

- Equipment is most frequently purchased from the State of Arizona Contract.
- The 9-1-1 System can elect to forego the State Contract and put out a Request for Proposal (RFP), or purchase from a qualifying RFP put out by a different entity. However, in order to receiving funding these options **MUST** be approved by the State's 9-1-1 Administrator in advance of including them in the Budget Workbook.
  - If the Fund is requested to reimburse costs, the "terms and conditions" of an RFP, or existing contract, must mirror those of the State Contract.
  - Expenditures can not exceed pricing on the state of Arizona Contract.

### Quotes

- Budget requests for the purchase or implementation of new products and/or services must be accompanied by a quote from a qualified vendor. Examples:
  - Replacement of 9-1-1 equipment
  - Additional answering positions
  - New and/or modified wire line networks
  - Implementation of Phase II wireless service (network & CPE quotes)
  - Mapping equipment and software

### Service Plan Revision

Arizona's Administrative Code (R2-1-406 C) reads:

"The PSAP Manager shall review PSAP and network modifications annually and submit any proposed modifications by December 15<sup>th</sup> of the year preceding the fiscal year in which modifications are proposed to be made."

- To qualify for funding, service plans must be reviewed and updated annually and are to be submitted along with the Budget Workbook. Should no changes be required, a letter or email to that effect should be sent along with submittal of the Budget Workbook.

### Submittals

- All Budget Workbooks must be submitted electronically. (If your agency takes exception, it must be discussed in advance of requesting reimbursement.)
- Quotes associated with the expenses included in the Budget Workbook should also be submitted electronically when possible. If the quote is not available in soft copy, it must be received within a week of the Budget Workbook being sent.

## Overview of Budget Process

### Taxes – Increase in Expenses

- Taxes, as well as increases in expenses, must be considered when developing a budget. To ensure that sufficient funds are allocated:
  - **Services/Products In-Place and Being Billed:**  
The recurring costs that are used to populate the budget worksheet should include all associated fees (taxes included). In other words, the expense should be the total amount of the invoice, rounded up.
  - **Services/Products Not In-Place:**  
Budgetary expenses covering future projects/enhancements should be recorded. This applies to both one-time and recurring costs.
  - **Additional 8% Added:**  
With the exception of the “network” category, the formulas built into the Budget Worksheet add 8% to all expenses populated. This is automatic. This 8% is designed to A) cover inflation related to the services and products already being billed, and B) add tax to expenses associated with products and services not already in place (generally vendor quotes do not include tax).

### True-Ups

- A few of the Local Telco’s products are priced based on the number of access lines or subscribers utilizing the service. Those products are:
  - Wire Line – ANI, ALI, and/or Selective Routing (Both Frontier and CenturyLink)
  - Wireless – Selective Routing component of Phase II (For CenturyLink).
- True-Up Process
  - Frontier, CenturyLink and the wireless carriers provide access line/subscriber counts in the spring of each year.
  - Frontier and CenturyLink then issues record orders to reflect the new quantities, which in turn, changes the costs for the respective services.
  - For Frontier and CenturyLink wire line service the costs change is retroactive back to January 1<sup>st</sup> of that fiscal year.
  - For CenturyLink wireless service the costs change is effective July 1st of the current fiscal year.
- Since the revised quantities are not available until after your budget deadline date in December, 9-1-1 Office personnel will modify your budgets to reflect the new costs. When you are sent a final/approved budget, those modifications will be reflected.

## **Titles, Categories & Products**

### **Functions & Categories**

To comply with Arizona's Department of Administration budget guidelines, each expense reimbursed by Arizona's 9-1-1 Excise Tax Fund is identified by two criteria – Functions and **Categories**.

#### **Function**

The first distinction made is referred to as the "Function". Each expense falls under 1 of 3 Functions:

- Wire Line
- Wireless Phase II
- Next Generation 9-1-1

#### **Categories**

Under each Title, there are further delineations called "Categories". The categories are:

- Network
- Network OTC
- Equipment (a.k.a. CPE)
- Addressing/Mapping/GIS
- Maintenance

Each product/service that your agency requests to be reimbursed by the Fund will fall under a Function, as well as a **Category**. To facilitate budget preparation, the budget spreadsheet has listed the most common products/services. They are listed under the respective **Category**.

#### **Products**

Following is information regarding the individual products that you may request be reimbursed.

#### **Maintenance**

- At this time, all maintenance agreements fall under the Title "Wire Line", Category "Maintenance".
- Maintenance agreements go into effect at the expiration of the 1 year warranty on new equipment.

## **Titles, Categories & Products**

### **Network**

This category includes network services, and related items, used to deliver wire line and wireless 9-1-1 service.

- The Fund covers Network Exchange Services necessary to provide the acceptable grade of service defined in the Order of Adoption.
- Some product costs adjust annually based on true-ups. Specifically, the ANI, ALI & Selective Router features associated with wire line 9-1-1, and the selective router feature for Phase II wireless service. These true-ups, and related cost adjustments, are scheduled to complete by May 1<sup>st</sup> of each year, at which point the Administrator has already submitted the Budget Workbook. Therefore, when true-up information is finalized, the 9-1-1 Office will apply the adjustments to the Budget Worksheet.
- New or modified 9-1-1 network applications should be discussed with the 9-1-1 Office prior to including their cost in the Budget Workbook. This refers to:
  - Implementation of a new 9-1-1 network (wire line and wireless) and
  - Modification of an existing 9-1-1 networks (wire line and wireless)Examples:
  - Implementation of Phase II wireless service
  - Implementation of wire line Enhanced service
  - Addition of selective routing and/or ALI to an existing wire line Enhanced system

### **Network One-Time Charges (OTC)**

This category includes the one-time charges associated with the turn up of:

- Wire line 9-1-1 networks - LEC (local exchange carrier) costs
- Phase II service – wireless carriers and LEC (local exchange carrier) costs

### **Agreements/Contracts**

- Be aware of expiration dates and re-negotiate agreements as necessary. Quotes from the vendors should be approved by the State 9-1-1 Administrator PRIOR to signing a renewal. If this is not done, the 9-1-1 Office can not guarantee that the expenditures will be covered.

### **Equipment (a.k.a. CPE, Customer Provided Equipment)**

- Selected CPE, and related software, is reimbursed by the Fund. This includes:
  - ANI/ALI Displays
  - CAD Interface
  - Computer Telephone Integration (CTI) equipment
  - Controllers – used for 9-1-1 call processing
  - Handset Interface
  - Integrated TDDs

## **Titles, Categories & Products**

- Management Information Systems (MIS) – used to report 9-1-1 call processing
  - Mapping Software – used in conjunction with Phase II wireless service
  - Monitors - used for mapping
  - Telephone Instant Playback Recorders
- Any additional equipment must receive preliminary approval from the State 9-1-1 Administrator BEFORE it is added to the Budget Workbook.

### **Logging Recorder**

- The Fund reimburses a portion of logging records. **The formula used for reimbursement is the number of 9-1-1 trunks divided by the number of channels on the recorder.**
- In order to qualify for reimbursement, recorders must be purchased through an open bid process, or off the state of Arizona Contract.
- Recorder must be paid in full and proof submitted before reimbursement will occur.
- If leasing, must wait until the lease has expired to request reimbursement.
- The Fund will pay for 31 days of recording medium.
- The Fund will not pay for any peripheral equipment such as bulk erasers, cabinets, and re-recorders.
- This expense must be included in your budget.

### **Mapping Equipment/Software**

- With the 9-1-1 Office's approval to request Phase II service, mapping equipment and software, provisioned as a component of the agency's 9-1-1 equipment, will be covered by the Fund. Mapping equipment and software associated with the agency's CAD is not reimbursed.

### **Remote Diagnostic Lines**

- The Fund reimburses 1 line per site.

### **Remote Print/Fax Equipment & Software**

- To qualify for remote print/fax capabilities, the answering location must be a transfer point in a rural setting. Additionally, it must receive a minimum of (100) one hundred 9-1-1 calls per month and provide 24x7 answering by a call-taker.

## **Titles, Categories & Products**

### **TDD (Telecommunication Device for the Deaf)**

- Stand alone or integrated TDDs are reimbursed; however, integrated TDDs are only covered when a position is retrofitted or installed new.

### **Traffic (Busy) Studies**

- The Fund reimburses for 1 traffic study per wire line and wireless trunk group per year (a total of 4 studies). Traffic studies on trunk groups used solely for VoIP are not reimbursed at this time.

## Budget Workbook Instructions

The Budget Workbook that you will be provided was developed to assist you in accurately and more easily preparing your agency's or system's annual 9-1-1 budget. It is an Excel software application. The formulas have already been populated to derive totals and to apply 8% to cover tax and inflation. If for some reason you feel the formula needs modification, please call the 9-1-1 Office to discuss. **DO NOT ALTER THE FORMULAS.**

### Budget Workbook Sections

Each Budget Workbook has 5 different types of worksheets. Following is what they are called and how they are managed:

- Function, Category, Product, Code
  - This worksheet is informational only.
- Budget Worksheet
  - This worksheet needs to be completed by the 9-1-1 System Administrator and should include all PSAPs requesting reimbursement.
  - If there are multiple PSAPs in the budget, the name of the PSAPs should be used when recording expenses. The PSAP name can be entered in Column C, following the name of the product, and/or in the "Relevant Information" column (last column).
- Project List
  - This worksheet needs to be completed by the 9-1-1 System Administrator. Each PSAP requesting reimbursement for products/services considered a "project" should be listed. The product/service they are requesting should be identified along with a short description. Examples of projects are:
    - Provision a new network
    - Modify an existing network
    - Install new equipment/software
    - Modify existing equipment/software
  - This worksheet will also be used by the 9-1-1 Office to indicate whether a project is A) Approved, B) Denied or C) Conditional
- Denied Expenditures
  - This worksheet will be completed by the 9-1-1 Office to list requests that are either denied or accepted conditionally.
- Pertinent, Misc. Information
  - This worksheet can be used by either the 9-1-1 System Administrator or the 9-1-1 Office to capture pertinent information.

## Budget Workbook Instructions

### Worksheet Process/Flow

#### **Step #1 – Excel Budget Workbook Sent to the 9-1-1 System Administrator**

- The Excel Budget Workbook will be sent to the Administrator by the 9-1-1 Office. This initial version will be partially completed. Specifically, on the Budget Worksheet:
  - The products/services that are in place today will be highlighted in yellow, along with the associated cells where costs are to be populated.
  - If the 9-1-1 Office knows the associated costs, they will be populated.
- Ultimately it is the Administrator's responsibility to provide pricing for all products/services they are currently using.
  - If the 9-1-1 Office has indicated via highlighting that the agency is using a particular product, but has not populated the costs associated with it, the Administrator must populate those costs.
  - If the 9-1-1 Office has failed to identify a product/service the agency is using, it is then the Administrator's responsibility to list it along with its costs.
- The Project List tab must be completed if there is a project planned.

#### **Step #2 – Excel Budget Workbook Reviewed by 9-1-1 Office**

- When the Administrator has completed the Budget Workbook, it should be electronically returned to the 9-1-1 Office Project Manager that sent it.
- Within 4 weeks of receipt, it will be reviewed and a response (indicating PRELIMINARY approval or denial) will be provided to the Administrator.
- If there are items that have been denied or need additional documentation, that will be stated and the Administrator has 4 weeks to contest and/or provide the additional documentation required.

#### **Step #3 – Close of the Budget Process**

- By mid February, the budget process will close.
  - **Budgets not yet submitted, will NOT be considered for reimbursement.**
  - **Items that are incomplete will NOT be considered for reimbursement.**

**If there are extenuating circumstances that were unknown at the time of budget filing (December 15<sup>th</sup>) they must be discussed with the 9-1-1 Office Project Manager who may be able to amend the budget if it has not been submitted for final approval to the Joint Legislative Budget committee.**

## **Budget Workbook Instructions**

### **Step #4 – Finalized Budget**

- When the various entities within the state of AZ have completed reviewing the 9-1-1 Budget, the 9-1-1 Office will return the Budget Workbook to the Administrator. The “Project List” tab will show whether a project has been “Approved”, “Denied”, or classified as “Conditional”. An explanation of denied and/or conditional expenses will be provided on the “Denied Expenditures” tab.
- At this point the budget is closed until the next fiscal year.
- Under rare circumstances, it may be necessary to amend the budget – either to change, add or delete expenses/projects. When this occurs there will be discussions between the 9-1-1 Office and the Administrator regarding what needs to occur.

### **Completing the Budget Worksheet**

Here are a few tips/guidelines that will aid you in working with the Budget Worksheet:

#### **Budget Worksheet – Formulas**

- The budget worksheet includes formulas. Some formulas add 8% to expenses in order to cover tax and inflation, while other formulas add categories and create totals.
- **Under no circumstances should the formulas be touched. If you feel that they are incorrect or need modification, contact the 9-1-1 Office Project Manager you’re working with to discuss.**

#### **Budget Worksheet – Adding Rows**

- It may be necessary to add a product under a particular category. If so, Excel allows you to “insert a row” under the appropriate Title and Category and then enter pricing information.

#### **Budgeting for Services Already Being Billed**

- When populating the recurring costs of services already in place and being billed, please calculate in the following manner:
  - Take the monthly total of the invoice (fees and taxes included) and round up based on the formula that follows:
  - An average of the last 12 month’s invoices might be necessary to ascertain the monthly expense.

## **Budget Workbook Instructions**

### **Costs Populated by the 9-1-1 Office**

- To ensure monies are allocated for unforeseen expenses, where appropriate the 9-1-1 Office has added the following to the budget:
  - Wire Line/Wireless Network Traffic Busy Studies  
\$300.00 annually – Non-Recurring Charge

### **Excel Support**

- If you are not already versed in using Excel software, the 9-1-1 Office strongly urges you to take a class or seek resources within your organization that can provide you the basics. Completing the Excel worksheets will not require a high level of expertise.
- You can call the Project Manager at the 9-1-1 Office for assistance as well.

### **Highlighting & Cell Comments**

- In order to better understand the data and its source, highlighting and comments will be utilized on the Budget Worksheet.
  - Information that is populated by the 9-1-1 Office is **highlighted in yellow**.
  - Information that the Administrator adds should be **highlighted in green**.
  - Costs populated by the 9-1-1 office or the Administrator are **noted in black** with the appropriate highlight color.
  - Changes made after the initial worksheet has been submitted are in red. Example: 9-1-1 office updates network costs due to “trueup” changes... Highlight will remain yellow (change made by 9-1-1 office) but font changes to **red**.
  - Comments associated with the cells should provide relevant information concerning the data in the cell; example, how the charges were derived/calculated, billing telephone or invoice numbers.

### **Detailing Costs**

- Although multiple costs may fall under a single category, they should NOT be lumped together; rather each should be their own line item.
  - Example: Your project list includes a new wire line EM trunk, thus a new Interface card. It also includes a new call taker position. Both the interface card and call taker position are itemized under “Wire Line”/ “Equipment”. In order to understand the expenses populated, these two costs should be on separate lines, with a description provided in the “Relevant Information” section of the Budget Worksheet.

## Budget Workbook Instructions

### Printing

- The Budget Worksheet is sized to print on legal-size paper, at 60% its normal size.

### Relevant Information

- The last column on the Budget Worksheet allows input of relevant information. If available, populate the billing number for the product in question. If there are multiple PSAPs in the budget, identify the PSAP utilizing service. You can also add brief comments.

### Rounding Up

- Rounding Up – Costs that have been rounded up do not need cents added.
  - If the expense is \$0 to \$99  
Round up to the next 5 or 0  
Example:     \$81.45 rounds to \$85  
               \$85.75 rounds to \$90
  - If the expense is \$100 or higher  
Round up to the next 50, or 00  
Example:     \$102.25 rounds to \$150  
               \$330.10 rounds to \$350  
               \$864.40 rounds to \$900  
               \$283.50 rounds to \$300  
               \$1,202.25 rounds to \$1,250  
               \$7,657.50 rounds to \$7,700

**Note: The above are guidelines only. There may be instances when rounding should be done differently.**

## **Budget Workbook Instructions**

### **IMPORTANT:**

**Help with the preparation of your budget is just a phone call away.**

**Although we can't do it for you, we can provide information that will assist your efforts. However, **you MUST call early**. 9-1-1 Office personnel can not guarantee that last minute requests can be met by deadlines. The holidays may often mean that those that can help will not be available.**

### **Contacts:**

**Each 9-1-1 System Administrator has been assigned an AZ 9-1-1 Office Project Manager to work with. That Project Manager has been identified below. Call your assigned Project Manager for assistance.**

**Maria Hall                      602-771-4911**

**As defined in this document, there are times when it is appropriate to discuss budgeting issues with the State's 9-1-1 Administrator. In those instances, call:**

**Barbara Jaeger                602-542-0911**