

Indiana Advisory Commission on Intergovernmental Relations
Wednesday September 19, 2012
1:00 P.M. to 4:00 P.M.
Indiana Statehouse, Room 404
Indianapolis, Indiana

MINUTES

CALL TO ORDER/WELCOME

Chair Mike Karickhoff called the meeting to order at approximately 1:00 P.M. He welcomed the group and thanked them for being there. Attendance is shown in Attachment A.

MEETING AGENDA

- Call to Order/Welcome Chair Mike Karickhoff
- Approval of Minutes of August 23, 2012 Chair Mike Karickhoff
- Plan to Study Public Safety Answering Points (PSAPs) Chair Mike Karickhoff
John L. Krauss
- Presentation on PSAPs and Recent Legislation Barry Ritter, Statewide 911 Board
- Testimony on 911 Issues Rhonda Cook, IACT
Andrew Berger, AIC
Stephanie Yager, IACC
John Koppin, Indiana
Telecommunications Association
- Break
- Testimony on Kokomo/Howard County PSAP Consolidation Sheriff Steve Rogers
Nick Capazolli, 911 Director
Commissioner Paul Wyman
Commissioner Tyler Moore
Randy Morris, Kokomo Controller
- Testimony on Lake County PSAP Issues Rick Cockrum, Capitol Assets, LLC
Michael Repay, Lake County Council
Larry Blanchard, Financial Advisor
Brian Miller, Hammond Chief of Police
- Next Meetings Chair Mike Karickhoff
October 9, 2012, 1:00-4:00 pm IGCS, Conference Room A
October 25, 2012, 1:00-4:00 pm, IGCS, Conference Room A
- Adjournment Chair Mike Karickhoff

APPROVAL OF MINUTES OF AUGUST 23, 2012

Representative Karickhoff asked the Commission to review the minutes from the previous meeting. Senator Randy Head made the motion to approve the minutes. Therese Brown seconded the motion. The minutes were approved unanimously.

PLAN TO STUDY PUBLIC SAFETY ANSWERING POINTS

John Krauss explained that PSAP funding had been a topic of much debate in the previous legislative session. One issue that remained unresolved is the relative responsibilities between state government and local governments in providing this service. The IACIR was commissioned to study the issue and offer recommendations. There will be three meetings. The commission will take testimony at the first two meetings and consider its recommendations at the third meeting. In addition to the discussion about responsibilities, it is expected that there also will be discussion about the progress toward consolidation and the newly adopted system of funding.

Representative Terri Austin asked for a copy of Mr. Krauss's remarks.

PRESENTATION ON PSAPs AND RECENT LEGISLATION

Chair Karickhoff recognized Barry Ritter of the Statewide 911 Board.

Mr. Ritter gave an overview of 911 (see Attachment B for presentation). The 911 system was implemented in the 1960s when all phones had dials. Today, Indiana has voice service, the internet, wireless, mapping, texting, and telematics such as Onstar with advance crash data.

Over the last several years, Indiana has been challenged by the changing communications environment. Counties were facing an annual loss of land line revenue of 10-18 percent because of fewer and fewer land lines. Fees on wireless devices were lower than for land lines and fees for pre-paid devices were half of those paid for contract wireless. Other types of revenue have been limited.

At the same time many counties were facing end of life issues on their 911 equipment. Advances in technology and the current expectations of citizens for 911 services often exceed the current level of services in most PSAPs. The telecommunications industry supports another revenue option that does not involve surcharges on customer bills.

There were many policy discussions during the last legislative session. SEA 345 resulted. It creates a single statewide fee and single point of collection at the state level. Counties are "held harmless" (guaranteed minimum revenue) based on a 3 year average. The statewide board gets 10% of the funding. 90% of the fees are distributed back to the counties.

SEA 345 creates a single county 911 fund and a single list of eligible expenses. It calls for accountability and transparency and requires an extensive number of reports and audits over the next three years. The Statewide 911 Board staff is working with the State Board of Accounts on a guidance document for eligible expenses. The bill also changed the role of the statewide board and expanded its membership to include state and local government representatives and technology specific industry members.

SEA 345 is the starting point. There was not enough time during the last legislative session or good information to answer fully all the key questions.

The first monthly distribution to the counties was less than \$16 million. Counties report some increases in revenue. It appears that we have been successful at the "hold harmless" clause thus far. We'll have to wait until the fourth quarter to see the trends in collections.

Costs vary by PSAP due to salaries, the size of the PSAP, number of lines to PSAP, the software answering 911, database upkeep, the provider, the population of the county, etc. The fee does not cover the cost of all aspects of operating PSAP.

It is still unclear how responsibilities should be split between state and local governments for dispatch, PSAP or 911. He suggested that the state should be responsible for network operations, fee collection and distribution, audit and compliance, data collection, and grant administration.

Indiana has the largest IP enabled ESInet in the country today. It now has interconnectivity outside Indiana to allow for the transfer of calls to bordering communities. A number of agencies also use the network for public safety related data transmission such as when police officers access the BMV for license and registration information.

Mr. Ritter provided the list of organizations represented on the new Statewide 911 Board.

2008 HEA 1204 required generally that counties consolidate to no more than 2 PSAPs by December 31, 2014 with some exceptions for state educational institutions, the Indianapolis Airport Authority, excluded cities within Marion County, and the largest municipalities in each county. It appears that 6 counties are not yet consolidated per the statute. The distribution of 911 funding is tied to compliance.

Mr. Ritter also provided the guaranteed funding numbers for FY 2013 (Attachment C) and the third quarter report from Indigital Telecom to the Indiana 911 Board (Attachment D).

Representative Karickhoff asked about how implementation of the new funding system is going.

Mr. Ritter indicated that they started communicating with all voice and video providers on the IURC list in May. Some providers are still sending their fees to counties, but counties have been diligent about forwarding if they are for the period on or after July 1, 2012. The state board also forwards payments back to counties for collections prior to July.

Senator Smith asked what the range of costs might be.

Mr. Ritter said that there is some preliminary information that shows the cost is greater in rural areas than in urban areas. There is no formal data.

Mr. Hesson asked if there would be a savings if the state were to take over PSAPs and operate a limit number at the regional level.

Mr. Ritter said there would be some savings in some areas. Savings would depend a lot on the cost of equipment and trunk lines in different parts of the state.

Therese Brown asked what unit is the largest user of the 911 system.

Mr. Ritter said that would be Marion County.

Mr. Krauss asked if there were best practices that could be learned from other states.

Mr. Ritter responded that there are a variety of treatments across states. Some states have phone fees similar to Indiana, some states buy all the equipment and trunk lines, some state governments have no role. There are places in the U.S. that do not have 911 services.

Representative Saunders asked if we can be sure the state is getting the proper amount of funds from telecommunications companies.

Mr. Ritter said that the state does not have the legal authority to audit telecommunications providers. He suggested that those companies may balk at such a proposal.

Representative Saunders asked about the Bureau of Motor Vehicles and whether those users pay to use the network.

Mr. Ritter said the Bureau of Motor Vehicles does not use the service directly, but being connected allows law enforcement to access BMV records. He indicated that those users pay to use the network.

Mark Lawrance asked if it would be helpful to have a more uniform structure for PSAPs across the state.

Representative Austin asked if the 911 fee is designed to be the sole support of all PSAPs. She suggested that some users of the 911, who are not captured with telecommunications fees, may be paying via other types of revenue.

Representative Karickhoff said that property taxes and other sources are subsidizing the program. Approximately 50 percent is covered from fees.

Mr. Hesson asked if fees can be recovered from multiple line entities.

Mr. Ritter said that Indiana does not have legislation that compels a certain treatment. The industry typically sets their own standard for prorating trunk systems with multiple phone lines.

TESTIMONY ON 911 ISSUES

Representative Karickhoff recognized Rhonda Cook of Indiana Association of Cities and Towns (IACT).

Ms. Cook indicated that the recent legislation has stopped the bleeding that had been occurring as a result of changing technology, from land lines to cell phones. The previous funding woes are likely to be exacerbated by new mandates for equipment and complicated by the tax caps. IACT, the Indiana Association of Indiana Counties (AIC), and the Indiana Association of County Commissioners (IACC) submitted a joint letter to the General Assembly supporting SEA 345. During those discussions, IACT raised questions about which units are responsible for providing 911 services.

Right now, in some cases, the funding of PSAPs is inequitable. IACT believes that, absent an interlocal agreement establishing another arrangement, counties should fund PSAPs because they receive the funding. When municipalities have a separate PSAP, city taxpayers do not get benefit for the fees they pay.

She indicated that there are a lot of unique arrangements around the state. In Hamilton County, several municipalities are contributing to the cost of the shared PSAP. The commissioners decide formally what gets done with the monies. They do have an advisory board with representatives from the participating municipalities but it does not have formal decision making authority. In Perry County, Tell City operates the PSAP. The county passes the 911 monies through to the city. Batesville is located near the county

borders of Franklin and Ripley counties. They provide fire and EMS service to parts of unincorporated Franklin and Ripley counties. They dispatch for this service area. Franklin County makes a payment to Ripley County to cover the cost of the dispatch provided by Batesville, but the county does not give Batesville the monies.

She indicated that in some cases counties cannot fund shared PSAPs adequately and are asking for help from the cities. In the event that additional funds are required, IACT believes that all participating units should help cover the additional funds.

She also indicated that municipalities are concerned about losing the levy associated with PSAPs if the method of funding PSAPs should change.

Senator Smith asked what she thought the solution would be.

Ms. Cook suggested that without a local agreement PSAPs should be the county's responsibility.

Therese Brown asked about why it would be unfair for the county to assume a municipality's previous PSAP levy.

Ms. Cook said that municipalities are leery of pitching in funds in a crisis for one or a few years and forgoing some other need temporarily because they fear that the Department of Local Government Finance will lower their levy by that amount.

Mayor Craig said that some counties draw a line between PSAP and dispatch.

Ms. Cook said that the efficiencies gained by consolidation would likely come from dispatch.

Representative Karickhoff recognized Andrew Berger with the Association of Indiana Counties.

Mr. Berger explained that counties are required to provide the PSAP, but not dispatch (See Attachment E). Additional revenues will be needed to support dispatch, including new local option income taxes (LOITs) and contributions from other participating units.

He shared the concern that counties cannot force municipalities to consolidate. He also indicated concern that wireless data only plans do not pay 911 fees. Many PSAPs/dispatch center can or will soon be able to deal with data only transmissions. Also, services such as Skype do not currently pay a fee.

He suggested that the Statewide 911 Board should be given the authority to audit telecommunications providers. He also mentioned that the administrative fee that the telecoms are allowed to retain increased.

He explained how the fee revenue is prioritized. It is allocated to the administrative fee for the telecommunications companies, then the expenses of the Statewide 911 Board, then the 92 counties "hold harmless" provision, then to the 92-county growth-factor, and then to the excess distribution formula.

Senator Smith asked what Mr. Berger would recommend.

Mr. Berger said to support 911 funding for the 92 counties and let the local agencies play it out.

Representative Sheila Klinker asked how Mr. Berger suggested raising additional funding.

Mr. Berger indicated that AIC would support a higher phone surcharge added to telephone bills.

Representative Karickhoff recognized Stephanie Yager of the Indiana Association of County Commissioners.

Ms. Yager indicated that the goal of SB 345 was to find a sustainable funding solution to recover the \$5 million revenue loss of land line fees. Two of three wireless purchasers are going to a pre-paid device. She is encouraged by revenues, but the Statewide 911 Board did not get what they expected. Representative Austin asked whether the monies that go to Statewide 911 Board revert at the end of the fiscal year and if so, why that was the case.

Mr. Ritter indicated that it was non-reverting.

Representative Karickhoff said he believed it was because it is collected for a specific purpose.

Representative Karickhoff recognized John Koppin with the Indiana Telecommunications Association.

Mr. Koppin indicated that his association includes 41 telecommunications companies. He commended the new state board for their work.

He expressed concern about funding 911 through fees on telecommunications with its rapidly changing technology. For example, Skype International does not charge their customers a 911 fee. The ITA thinks it would be more appropriate to fund 911 through a LOIT. The changing environment will present a continuing crisis. A long-term solution must be found.

Representative Klinker clarified that he was suggesting that each county should pass a LOIT.

Mr. Koppin said that movement in other states was in that direction.

Senator Randolph asked about the advantages of using a LOIT.

Mr. Koppin said that LOITs are predetermined and likely to be more stable over time. LOIT funding does not change with the market, like pre-pay phones. There also is concern within the telecomm industry that a tax fee on bills may create competitiveness issues with options that do not have taxes.

Representative Saunders suggested that LOITs do not necessarily capture all users.

TESTIMONY ON KOKOMO/HOWARD COUNTY PSAP CONSOLIDATION

Representative Karickhoff recognized Sheriff Steve Rogers, Nick Capazolli (911 Director), Commissioner Paul Wyman, Commissioner Tyler Moore, and Randy Morris (Kokomo Controller).

Each of these gentlemen gave their perspectives on the Kokomo/Howard County PSAP Consolidation.

Previously, the two dispatch centers were located in the same building. The consolidation effort began in 2010 and was led by a citizen committee. The committee worked to develop a set of standard operating procedures from the two centers. The new PSAP is run by the Howard County sheriff with advice from the Kokomo chief of police and the Kokomo fire chief.

One of the tough issues was the reduction in the combined staff. Thus far, the consolidation has saved money. There are 25 employees in the center. There is no separation between 911 and Dispatch. Everyone is cross-trained, which is highly recommended.

Senator Randolph asked about the size of Howard County.

Sheriff Rogers indicated that the county population is 85,000. There is one major city of about 58,000 (Kokomo) and two towns.

Senator Smith asked about the cost savings.

Commissioner Wyman added that they are proud of our accomplishment with a 30 percent savings. 911 fees are spent on allowable purchases. Then the city and county pay the rest of the funds based on the number of calls, Kokomo at 70 percent and the county at 30 percent. Having the sheriff manage the operation has worked well. The initial budget was aggressive, but the citizen committee was able to find a way to meet it.

Mr. Capazolli said the costs went from \$2 million dollars to \$1.297 million in the first year. They received about 118,000 police/fire calls this year.

Mr. Krauss asked about "lessons learned."

Sheriff Rogers said that it is difficult to determine costs per call because of the differences between urban and rural calls.

Mr. Morris said that Kokomo remains concerned about funding. Kokomo residents pay double the amount that residents are charged in the small towns and in the unincorporated areas.

Senator Young asked about where the savings came from.

Mr. Cappazolli said that they reduced the combined staffing by 7. Some costs also were moved to the Sheriff's budget.

Representative Karickhoff said it was courageous to pursue reduction in force.

Mr. Morris indicated that the consolidation benefitted from the two dispatch centers already being co-located.

Representative Karickhoff indicated that the co-location made it a little easier to see the opportunities for savings.

Senator Randolph asked about whether the two towns in the county contribute to the funding.

Representative Karickhoff indicated that the two towns do not provide funding.

TESTIMONY ON LAKE COUNTY PSAP ISSUES

Representative Karickhoff recognized Rick Cockrum with Capitol Assets, LLC, Michael Repay with the Lake County Council, Larry Blanchard, Lake County Financial Advisor, and Brian Miller, the Hammond Chief of Police.

Each of these gentlemen presented their perspectives on the ongoing efforts in Lake County to consolidate dispatch services.

Mr. Cochran began with his belief that the collection-side questions should be part of the debate. Right now there is no assessment on multiple lines within an establishment. It is a big policy change that the state collects, controls the funding, and that there is a statewide 911 Board. He did not agree that the counties are held harmless as the taxpayers in some counties are paying more while the additional revenues are distributed across the state. Lake County had 18 dispatch centers until recently.

Mr. Repay said that geography is an issue. Lake County did not develop with only one primary city center. Rather, it has seven to eight city centers. He stressed that 911 includes answering and then delivering service. He expressed concern that locals are no longer able to set the fees. The early concern with consolidation was the unknown budget.

Mr. Blanchard explained that Lake County had taken pride in having the lowest 911 rates in Indiana. Even so, they were able to supplement the other dispatch centers in the county. They expect that a new consolidated dispatch function will cost \$10.6 million and will take 1 million calls per year.

Mr. Miller said that they have 18 PSAPs, 40 police, fire and EMS entities. It is daunting for call and dispatch. There is a need for interoperability. Most entities cannot speak to each other because of different equipment. They are focused on controlling spending.

Representative Karickhoff asked if they know how much all the dispatch centers cost collectively.

Mr. Blanchard said \$7.5 to \$8 million. The information available is incomplete. There is a lot of variation across the various centers. Some take less than 10 calls per day. Gary takes 400 calls per day.

Mr. Cockrum added that the call cost is less significant than the equipment charge. Mr. Cockrum reminded the group that prior to the merging of rates with state collection; the statute prohibited Lake County from raising their rates until they consolidated. They currently have 18 interlocal agreements in place. They are working on updating these agreements.

Representative Klinker asked if Lake County residents would accept a higher rate.

Mr. Repay indicated that they would because they know what it is buying.

Representative Austin asked if consolidation would bring savings or create forced expenditures.

Mr. Repay said the savings would be in the long-term. It would require some significant investments in the short-term. He indicated that the county has a single PSAP that are connected to the various dispatch centers. The new fee structure will generate \$4.5 million from Lake County ratepayers. Lake County, however, will get only \$2.6 million through the "hold-harmless" provisions.

Mr. Cicillian indicated that the fees only cover the network. Between $\frac{2}{3}$ and $\frac{3}{4}$ of the cost must be picked up at the local level.

Mr. Krauss asked what they would change if they did it again.

Mr. Repay indicated that 2 dispatch centers have consolidated into the county center already. They now have 16 centers rather than 18. He suggested that they might want to consider a smaller committee next time, but representation is often necessary to get participation.

His recommendation would be that the General Assembly continues to allow Lake County to have funding from telecommunications fees as long as they continue to make progress toward consolidation. He also suggested that counties should be able to set their own rates.

Senator Smith asked about structure.

Mr. Miller said they will have a board that includes the police and fire chiefs in the county. It probably will not be located directly under the sheriff but somewhere in the county government.

Senator Smith asked about a savings moving forward from \$8 per call.

Mr. Miller indicated that there are 35 dispatchers currently across the dispatch centers. They could probably staff the consolidated center with fewer.

Representative Austin asked about how well consolidated centers work.

Jean Lushin also asked about whether a consolidated system created high stress for people handling the 911 calls.

Mr. Hesson said that the cost of PSAPs and dispatch should be seamless. He suggested that in-kind contributions like providing the facility be considered.

Representative Karickhoff indicated that the commission staff is administering a survey of PSAPs across the state.

Ms. Brown suggested asking about efforts around the state to regionalize.

Mr. Lawrance said that it would be helpful to know that a world class system would look like.

Representative Karickhoff indicated that he has been talking with Barry Ritter about funding systems. Michigan had tried to establish a statewide system that did not work well.

Les Miller indicated that there are new technologies emerging all the time. He suggested that that funding system should allow state and local government the funding to update technologies.

NEXT MEETINGS

October 9, 2012, 1:00-4:00 pm IGCS, Conference Room A

October 25, 2012, 1:00-4:00 pm, IGCS, Conference Room A.

ADJOURNMENT

Chair Karickhoff adjourned the meeting at 3:30 P.M.

APPROVAL

These minutes were approved unanimously by the commission on October 9, 2012.