

**Before the
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION
DIVISION OF STATEWIDE EMERGENCY TELECOMMUNICATIONS
Middletown, Connecticut 06457**

In the Matter of:)
)
Notice of Proposed Regulatory Change related to)
DESPP regulations regarding the subsidization of) DSET Docket No. 13-01
Regional Emergency Communications Centers, Multi-)
town Public Safety Answering Points and Eligible)
Municipalities)

COMMENTS OF QUINEBAUG VALLEY EMERGENCY COMMUNICATIONS, INC.

1. Quinebaug Valley Emergency Communications, Inc. (QVEC) submits these Comments during the reopened comment period in response to the Notice of Proposed Regulatory Change issued by the so-called Division of Statewide Emergency Telecommunications (DSET) in the above captioned proceeding.¹ During the reopened comment period DSET solicits public input prior to finalizing proposed changes intended to modify the existing regulations codified in Regulations of State Agencies Sec. 28-24-1 through 28-24-14, related to the subsidization of several types of 9-1-1 call receipt centers. The regulations eventually formulated and proposed for adoption are subject to the regulatory review process, including public notice in advance of a hearing before the Legislative Regulations Review Committee as required in C.G.S. Chapter 54. In this Comment Document each paragraph or section is numbered to aid in referencing these comments as part of the Reply Comment process.

2. In these Comments, QVEC uses the Division of Statewide Emergency Telecommunication's self-styled name and abbreviation for the organization, part of the Department of Emergency Services and Public Protection, known in statute and regulation as the Office of Statewide Emergency Telecommunications (OSET).

3. QVEC hereby gives notice to DSET, subject to the provisions of Chapter 54 of the Connecticut General Statutes: (a) that it desires to obtain a written copy of any final Regulations proposed to be adopted as part of this process, (b) that it is one of several small businesses likely to be affected by any change in the cited regulations and believes that prior to submission of any proposed final regulations a small business impact and a regulatory flexibility analysis will be required to be prepared pursuant to Section 4-168a of the Uniform Administrative Procedure Act, and (c) that it believes that the Government Administration and Elections Committee and the Public Safety and Security Committee are standing committees of the Connecticut General Assembly having cognizance of the subject matter of any final proposed regulations in this matter and therefore must be notified of any proposed final regulations pursuant to Chapter 54 of the Connecticut General Statutes.

Quinebaug Valley Emergency Communications, Inc.

4. QVEC is a 501(c)(3) non-profit corporation that has operated a Regional Emergency Telecommunications Center located in Killingly since 1974. A predecessor corporation, the WB Switchboard Group Inc., provided similar services funded by the government of Windham County and based at the Windham County Jail in Brooklyn, later a Connecticut Correctional Center, starting in the early 1950's.

QVEC currently serves thirty-four fire departments and fourteen medical response organizations in sixteen

¹ Notice of Proposed Regulatory Change, DSET Docket No. 13-01, released May 28, 2013

towns, two boroughs and one fire district. The population of this region (2011 data) is 103,395 and its area is approximately 530 mi².

SUMMARY

5. In these comments, we summarize the background and highlight misunderstandings that have led to the DSET proposal to revise 9-1-1 answering point subsidies. Chief among these are the persistence of an excessively large number of such answering points in our state and the lack of effort put forth by DSET over the last two decades to remedy the situation, despite the clear legislative intent that consolidation of PSAPs through either subsidization of regional centers that serve large numbers of municipalities or implementation of sanctions or disincentives against centers that are too small to justify stand-alone facilities is the public policy of the state. A specious misinterpretation of per person equity and per municipality incentivization of regional emergency call centers resulting from a consultant's report that recommended radical consolidation has led DSET to propose subsidy revisions that will strip roughly \$660,000 per year from the three largest regional 9-1-1 centers that serve 30% of Connecticut's municipalities and 326,500 residents in favor of increasing subsidies by around \$561,000 per year to three smaller and less efficient centers that serve less than 15% of the state's municipalities and fewer than 170,000 residents. In addition the Proposal drastically reduces (to less than 20% in some cases) the subsidies that would benefit twenty-three large (> 40,000 population) municipalities should they attempt to regionalize. In proposing these changes DSET wishes to remove subsidies from the poorest towns in the state in order to increase subsidies in some of the wealthiest. For many important reasons, not the least of which is that this Proposal is increasingly out of step with developments at the federal level, we recommend that the Proposal be rejected, that the existing policies remain in force and that effective efforts to reduce the number of emergency call centers in Connecticut be undertaken by the Legislature, through DSET or some other arm of state government.

BACKGROUND

6. 9-1-1 calls in Connecticut are received at 104 (2012 data) Public Safety Answering Points (PSAPs). Of these, seven are Regional Emergency Communications Centers (RECCs, centers that serve three or more municipalities), and nine are Multitown PSAPs (centers that serve exactly two municipalities). The remaining eighty-eight centers serve single municipalities, except for six that are located at state police barracks where they receive 9-1-1 calls primarily from high volume highway areas. Of the eighty-two municipal PSAPs, twenty-three serve municipalities of 40,000 or more residents. Only 12% of the state's PSAPs handle an average call volume of more than four 9-1-1 calls per hour; 51% of PSAPs receive less than one 9-1-1 call per hour. Connecticut has perhaps the largest number of PSAPs per capita of any state. DSET acknowledges the excessive number of small, inefficient PSAPs and it has ostensibly been for decades an announced priority of DSET or its predecessor organizations to reduce the number of PSAPs. Despite their awareness that there are far too many PSAPs in Connecticut, including very many PSAPs too small to warrant stand-alone facilities, DSET has taken no prolonged, persistent or continuous efforts to encourage the consolidation of redundant PSAPs. Nor have they sought to implement sanctions or disincentives to the operation of marginal PSAPs that are excessively expensive for both the municipalities they serve and for the state. During the planning for the soon-to-be introduced digital NG911 system, when DSET had the opportunity to encourage consolidation by not providing connections to the new system for small PSAPs, they decided to connect all existing PSAPs, encouraging the continued operation of an excessive number of 9-1-1 answering points. In the current Proposal DSET audaciously suggests that the subsidy program is responsible for failure to create new RECCs! If that is correct the only conclusion that could be drawn is that the subsidies for operating RECCs are too low! Contemporaneously with DSET promulgating its Proposal, which penalizes the largest RECCs, strengthens smaller and less efficient Regionals and Multitowns and very significantly reduces the likelihood that any of the twenty-three funded large municipalities would attempt to consolidate with other PSAPs, the FCC has charged its Task Force on Optimal Public Safety Answering Point Architecture with the task of recommending PSAP reconfiguration, nationwide. While the FCC's initial suggestion of three PSAPs to serve the nation, or a

maximum of one per state may not be optimal, or may be too rapid a change for Connecticut, it serves to highlight how far out-of-touch DSET's current Proposal lies compared to national trends.

6. The excessive number of PSAPs in Connecticut is no secret. Kodrzycki² of the New England Public Policy Center (part of the Federal reserve Bank of Boston) recently examined the highly fragmented nature of this service in Connecticut and other New England states. She points out that PSAP services exhibit true economies of scale and that there is evidence that larger, more efficient centers can also lead to improvements in service quality (reduced response time, improved coordination of resources and reduced need for excess capacity underutilized in non-peak demand circumstances). DSET's Consultant³ points out that such consolidated Centers also provide service level improvements to the communities they serve through, for example, reduction of transfer of calls between 9-1-1 centers, quicker call processing and dispatch times, improved coordination of resources in multi-jurisdictional incidents, standardized training and reduction of fragmented resource control.

Kodrzycki also offers the elementary observation that consolidated operations operate at lower cost per unit population served.

The Regional Entities Working Group of Connecticut's Municipal Opportunities Regional Efficiencies Commission (MORE Commission) has invited Dr. Kodrzycki to two of its meetings to elaborate on her timely and pertinent studies. In August 2014 she pointed out that Connecticut's fragmented structure of providing local government services has resulted in 179 general-purpose municipal governments, 17 stand-alone school districts and 453 special districts, for a grand total of 649 total local governments, or 134 local governments per 1,000 square miles. Nationally there are only 25 local governments per 1,000 square miles. She also reprised her 2013 study in which she estimated that consolidating Connecticut's PSAPs into eight regional call centers would result in higher quality service and would reduce overall operating costs by over one half.⁴ Unfortunately Dr. Kodrzycki and the Commission were given to understand that DSET was pursuing PSAP regionalization when, in fact, its Subsidy Revision Proposal will weaken existing regional efforts and reduce the incentives for further regionalization in the future. The MORE Commission, an arm of the Legislature's majority party, supports the principle of consolidating PSAPs into Regional Answering Centers. Their actions provide additional evidence that DSET's positions are out-of-touch with important efforts of the Legislature to rectify fragmented local government by truly strengthening regionalization.

7. The clear and unmistakable intent of the Connecticut General Assembly in 1996, 2004 and in 2010 was to provide subsidies for the operation of Regional Emergency Communications Centers (RECCs) with larger subsidies for RECCs that served larger numbers of municipalities.⁵ In 2010 the Legislature offered a blueprint (Public Act 10-125) for reducing costs to municipalities and the state and to simplify and cost-reduce the digital network that will be called NG911. Had it not been vetoed this Act would have required, by 2016, all PSAPs serving less than 40,000 residents to have combined with two other municipalities or to join an existing RECC so as to create additional RECCs, expand existing regional operations, and reduce or eliminate smaller, inefficient PSAPs. The actions of the Legislature in '96 and '04 to provide a rationale for subsidization combined with its proposal in '10 to significantly reduce the number of PSAPs indicate clearly that incentivizing the creation of or enlarging larger and more efficient PSAPs is in the public interest and that

² Dr. Yolanda Kodrzycki *The Quest for Cost-Efficient Local Government in New England: What role for Regional Consolidation?* New England Public Policy Center Research Report 13-1, Federal Reserve Bank of Boston, February 2013

³ L.R. Kimball, *Connecticut PSAP Consolidation Feasibility Study*, December 2011

⁴ Minutes August 15, 2014 Meeting, Connecticut MORE Commission, Regional Entities Working Group

⁵ See Public Act 95-318, Public Act 05-181 and Public Act 10-125

providing funding for such operations is the most effective approach the state can take to achieve these objectives.

SUBSIDY REVISION PROPOSAL

8. In 2011 DSET (then OSET) engaged L.R. Kimball, a nationwide Communications Technology consulting firm, to conduct a “Consolidation Feasibility Study.” The expensive study was supposed to provide a rationale and plan for increasing PSAP consolidations. The consultant recommended consideration of establishing one, three or five consolidated PSAPs to serve Connecticut. The study made no effort to investigate the extremely high and possibly impractical capital cost of implementing its recommendations, but clearly pointed out the operational value of consolidation in terms of both quality and cost of service. In fact the consultant’s recommendations focused on the service improvements resulting from consolidation as being the most important reason for providing additional subsidies for consolidation and for imposing sanctions against municipalities that continued to operate PSAPs with call volumes too low to justify a stand-alone PSAP. DSET’s Director has commented that the consultant “did not send their “A” team.” However, after more than two years of deliberation, during which DSET has decided that they could not implement the consultant’s main recommendations, DSET has responded with a Proposal that will eventually eliminate around \$660,000 a year of state subsidy of the three largest RECCs, will eventually provide about \$560,000 a year of additional subsidy to three smaller RECCs (that serve about half the population of the three larger centers) and eliminates additional beneficial funding to the twenty-three large municipalities, should they decide to consolidate with other cities or towns, as was envisioned in PA 10-125. This Proposal was made by DSET staff despite the consultant’s main recommendations, in opposition to the previously clearly expressed intent of the legislature, outside the charge given to DSET staff by the E-911 Commission which suggested that a number of factors be considered in any revision, **including the number of municipalities served**, without regard to PSAP reconfiguration efforts underway at the FCC, and contrary to the recommendations of the New England Public Policy Center, which have been highly regarded by Connecticut’s MORE Commission. It offers a myopic view of an objective that the agency itself says is a high priority task. Further, it serves as a diversion from the original objectives of the study for both the agency, preoccupied with its adoption of a new mission, for which it is apparently under-resourced, and for municipalities saddled with high costs or inefficient, uneconomical PSAPs.

9. DSET proposes to replace the current subsidy calculation for RECCs with one in which 75% of a Regional PSAP’s 911 call count and 25% of the population it serves are multiplied by factors derived from 112.5% of the current RECC subsidy pool. (The 112.5% figure results from combining an existing capital equipment grant with the current operating subsidy to create a new combined subsidy.) Multi-town PSAPs and Municipalities over 40,000 population will continue to use the existing subsidy formula with the exception that Boroughs will no longer be included in their municipal counts. (This reclassifies one RECC and five Multitown PSAPs.) An additional part of the Proposal prevents such large municipalities from adding their population and 9-1-1 call count to the state’s proposed funding formula should a large municipality elect to join an existing or form a new RECC. In such an event the municipality would bring 112.5% of its single municipality subsidy to the consolidated RECC and would not enter into the state’s proposed new calculation of the regional subsidy. This rationale limits the incentive proposed by the legislature to encourage consolidation and further reduces (to as low as 20% in some cases) the subsidy to any RECC in which a municipality of over 40,000 population might participate. This element of the Proposal practically assures that the twenty-three large municipalities of the state will not consider further consolidation. The Proposal makes clear, their own assertions to the contrary, that DSET does not wish to encourage further PSAP consolidation.

10. DSET’s logic for this Subsidy Revision Proposal springs from the fact that existing legislative intent embodied in the two-decade-old funding formula rewards municipalities that regionalize by including the number of municipalities served as a factor (along with population served and number of services dispatched) in the subsidy formula. That is to say, at the same population, the more municipalities that an RECC serves, the

larger its subsidy, which is exactly the purpose of incentivizing regionalization. DSET and their consultant, encouraged by some smaller PSAPs whose served municipalities, under fiscal pressure in the wake of the 2008 Recession, will not provide additional funding, take the subsidy thus calculated and divide by the population served to prove that the subsidy per person is not equal among all subsidized entities. Such a conclusion is an elementary, unavoidable and obvious result of the intent of the legislative policy to incentivize municipalities (not individuals) to regionalize! Any mechanism that attempts to create incentives for more municipalities to regionalize cannot provide the same level of subsidy per person over all subsidized entities. DSET calls the difference a “bias.” The Subsidy Revision Proposal speciously confuses the objective of increased consolidation with a desire to provide equivalent subsidy per person. DSET’s Proposal to disallow municipalities of over 40,000 population, should they elect to consolidate with other municipalities, to benefit from the subsidy allowed under the existing formula or from a drastically reduced subsidy that would result from application of DSET’s proposed revision, without special exception related to the size of the municipality, makes it clear that DSET’s intent is not to encourage consolidation. It is difficult to imagine that DSET and its consultant could have overlooked or misunderstood the history and obvious legislative intentions in this matter. However it is generally correct that consultants produce the results desired by their clients and DSET’s Introduction to the Notice of Proposed Regulatory Change makes clear that the decline in 9-1-1 Fund revenue (from which DSET is funded) is a primary factor in the proposed regulatory change.

11. Connecticut is a state whose measures of wealth, ability to pay additional taxes and value of taxable property vary very widely. For example there is approximately a 6:1 range of average family income and per capita income among Connecticut municipalities, with concentrations of “poor” towns in the northern tier and bands of “wealthy” towns along the shoreline, especially from mid-state to the west. The range of equalized grand list per capita, an indication of ability to support additional property taxes, varies over a greater range (13.2:1). In dispersing the state’s largest and longest-running municipal subsidy funds (Educational Cost Sharing) the AENGLC (Adjusted Equalized Net Grand List per Capita) is used to attempt to equalize the subsidies to reflect these differences in wealth and ability to support municipal expenditures. If AENGLC data were applied, the larger RECCs, from whom DSET proposes to reduce subsidies by \$659,250 annually, would receive a 17% upward adjustment, while the smaller RECCs, to whom DSET proposes to disperse an additional \$561,165 a year, would receive a 10% reduction based on their per capita income and local tax burden.

12. For decades the announced legislative policy of the state, supported by its subsidy methodology, has been to create large regional PSAPs into which many small operations could consolidate encouraging increased efficiency and lower cost per person served. (DSET claims this is a policy that the state did not deliberately make, despite the fact that the 1996 Task Force said, “*Consolidated, regional public safety communications centers provide an efficient and cost effective means of delivering emergency public safety telecommunications services. Existing centers should be supported. Towns and cities operating standalone public safety answering points should be encouraged to regionalize or form joint ventures with neighboring communities.*”⁶) Since the state subsidy does not cover 100% of the operating cost of any PSAP, altering the formula as proposed by DSET essentially asks the municipalities that have achieved economies by creating large regions to give up their savings so that other municipalities, that had the same opportunity but failed to form large regional PSAPs, may receive a larger subsidy. If this isn’t unfair enough, the Proposal asks the poorest towns in the state to accept lower subsidies so that more wealthy towns can reduce their annual local costs rather than generating similar savings by joining or creating larger regional services. This “Reverse Robin Hood Proposal” (take from the poor to give to the wealthy) seems to have a top-down viewpoint focused on DSET’s shrinking funding stream with no consideration given to the savings to municipalities that have been most successful in doing what the state asked them to do. This important policy and economic issue ought to be looked at from the point of view of total savings to taxpayers, not from the point of view of preserving a state agency’s budget.

⁶ Task Force to Study Enhanced 9-1-1 Telecommunications Services (Task Force). The task force was established pursuant to Public Act No. 95-318

13. Should the Subsidy Revision Proposal be adopted, the use of both population and 9-1-1 call count as factors in the subsidy calculation for RECCs assures that a new inconsistency will be included. 9-1-1 call counts per person vary over a 1.75:1 range among RECCs in Connecticut and therefore can not be used on an equitable call per unit population basis (supposedly this is DSET's objective) to determine subsidies. Use of this approach alone would nonsensically result in a 22.5% lower subsidy for the three RECC's that serve more towns and a larger population (0.311 9-1-1 calls per capita) than for the three that serve fewer towns and people (0.401 calls per capita). If a change must be made, population alone should be used in this part of the formula. Notwithstanding this aspect of the analysis, the fundamental legislative intent, unchanged over two decades, is to increase the subsidy payments as the number of municipalities served increases. In support of the will of the Legislature, the existing funding formula ought not be revised.

14. It is clear from examination of the DSET/DESPP funding proposal that the main objective of the Proposal is the preservation of 911 Fund revenues for activities other than subsidy of large regional PSAPs or large municipalities and promotion of consolidation of PSAPs as intended by the legislature. Municipalities and regional PSAPs that have complied with the intent of the legislature and who operate large municipal or regional PSAPs in the way the legislature intended should not pay a penalty because of technology-driven threats to a state agency's budget. It is inconsistent and without merit to continue to use the time-tested subsidy formula for Multitown and funded municipal PSAPs but also to propose a new formula for use only by Regional PSAPs. It is also unfair and inconsistent with legislative intent to have the subsidy funds diverted to smaller and less efficient agencies thus further reducing the likelihood of further consolidation. If a large municipality were to decide to consolidate with other municipalities to form a regional PSAP, why should DSET propose that its subsidy be calculated differently from other participants? Why should DSET make such a proposal if they really desire to reduce the excessive number of PSAPs in Connecticut? This Proposal should be rejected in favor of retaining the traditional subsidy mechanism.

15. It is possible that, in transforming itself from a largely regulatory agency to one that will operate the NG911 fiber network as a carrier would, an activity for which it never sought a legislative mandate or approval, DSET underestimated the cost or effort required and needs additional funding to preserve or increase its budget. The mechanism that exists to obtain such additional funds is to request from PURA a justifiable surcharge increase to bring Connecticut's surcharge in line with surrounding states. This is not an uncommon occurrence. Pennsylvania, for example, is in the process of increasing its monthly surcharge, in effect since 1990, from the current \$1.50 per month for landlines and \$1.00 per month for wireless users. Connecticut's surcharge is \$0.75 per line.

16. Communications businesses are capital-intensive operations. In addition to upcoming federal pressure to reduce the number of PSAPs in the nation, there are other activities underway at the FCC to, for example, improve location accuracy for 9-1-1 calls and to implement a z-axis component of caller location. Sweeping and expensive technological changes in this critical system cannot be implemented economically at dozens of PSAPs. The work of streamlining Connecticut's 911 system, which once lead the nation, cannot begin to demonstrate progress until the number of small, inefficient and under-capitalized PSAPs is significantly reduced. An effective effort toward this end, not a reduction in funding of the most successful regional PSAPs, ought to be the focus of DSET's activity.

Submitted by:

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