



*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL  
 FISCAL IMPACT**

**Drafting Number:** LLS 12-0695  
**Prime Sponsor(s):** Rep. Becker  
 Sen. Lambert

**Date:** February 22, 2012  
**Bill Status:** House Transportation  
**Fiscal Analyst:** Alex Schatz (303-866-4375)

**TITLE:** CONCERNING THE CREATION OF A CONSOLIDATED COMMUNICATIONS SYSTEM AUTHORITY.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b> Cash Funds Consolidated Communications Fund	Conditional revenue increase. See State Revenue section.	
<b>State Expenditures</b>	See State Expenditures section.	
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2012-2013:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

This bill, *as recommended by the Joint Budget Committee*, establishes the Consolidated Communications Systems Authority (CCSA), a statutory public entity representing the interests of various members that use the statewide digital trunked radio system (DTRS) as a primary means of public safety communication.

Members of the CCSA include local governments, law enforcement agencies, school districts, state and federal agencies, and other entities authorized to use public safety radio communications. The CCSA is governed by a 13-member board, with five board members from local governments in various regions of the state, one at-large local government board member, one board member selected by tribal nations in the state, and six board members appointed by the governor to represent the following six state agencies:

- the Governor's Office of Information Technology (OIT);
- the Colorado State Patrol (CSP);
- the Department of Corrections (DOC);
- the Department of Transportation (CDOT);
- the Department of Natural Resources (DNR); and
- the Department of Local Affairs (DOLA).

The bill creates the Consolidated Communications Fund and provides for the deposit of member dues and subscriptions, grants, and moneys made available from the state or any other source. The CCSA is authorized to invest moneys in the fund and to expend moneys in the fund for operation and maintenance of the DTRS, improvements to the DTRS, and for the CCSA's administrative costs.

The CCSA solicits funding for the DTRS, represents its membership in strategic, technical, and regulatory matters; and advises the Governor and General Assembly regarding the present status and future needs of the DTRS. On an annual basis, the CCSA must present a written report to the Joint Budget Committee concerning the DTRS's operational and capital needs and funding options to meet those needs.

The CCSA is a successor organization to the current governance of the DTRS, and the bill provides for the transfer of each qualified current member to membership in the CCSA.

## **Background**

Interoperable radio communications are a critical technology for search and rescue, emergency response, disaster management, and other public safety functions, allowing personnel from multiple agencies to rapidly share information and coordinate efforts. The current interoperable radio technology in Colorado is DTRS, with statewide network infrastructure including radio towers and radio sites, master switches, transport links, communications centers, communications software, and individual radios.

Consolidation of state and local emergency communications began with the efforts of the OIT's predecessor agency, the Division of Information Technology, and county governments in the Denver metropolitan area. The primary ownership of the DTRS is shared between OIT and certain local government partners who have built key regional pieces of the network since the establishment of the state's Public Communications Trust Fund in 1998, with an appropriation of \$50 million to implement DTRS. Funding for DTRS network improvements has also included various federal grants, local funding, and state capital construction moneys, with a total public investment of over \$160 million to date.

The DTRS presently covers 95 percent of state roadways, with approximately 200 towers and other radio sites in 61 counties. Within the DTRS, there are over 50,000 subscriber radios and 1,000 participating agencies. The present cost to support DTRS operations is approximately \$5.1 million per fiscal year. This does not include capital costs, including specific needs related to microwave relay equipment, power systems, dispatch consoles, tower structures, obsolete software, and transmitter upgrades.

According to a consultant study, over \$206 million is required over the next five years to fund DTRS operational and capital needs. Presently, to cover DTRS operational costs for state agencies, OIT collects fees from its client agencies amounting to approximately \$4.6 million annually. Total DTRS revenue from all sources over the next five years is estimated at \$93 million, resulting in a DTRS funding shortfall of \$113 million relative to overall operational and capital funding needs.

The Office of the State Auditor issued a 2007 report on public safety radio communications, in which it recommended that DTRS be organized around "a strategic approach for planning and implementing statewide interoperable communications, and for targeting funds to strength interoperable communications capabilities." In a FY 2011-12 briefing issue, the Joint Budget Committee Staff reviewed DTRS funding needs and the consequences of not funding DTRS capital needs (e.g., loss of new capacity, deterioration of network equipment and loss of system reliability). The briefing issue recommended creating a legislatively-recognized, formalized governance structure to address the long-term fiscal planning needs of the DTRS.

### **State Revenue**

State revenue will conditionally increase if the CCSA accepts revenue to the Consolidated Communications Fund in the form of dues from non-state agency members, federal grants, or moneys from other non-state sources. The CCSA is intended, for example, to serve as a unified grant-seeking authority for Colorado public safety radio users. However, as of this writing, no specific dues, grants, or other sources of funding have been identified.

### **State Expenditures**

The bill formalizes DTRS governance but it does not alter the decentralized budgeting of DTRS-related expenses by individual owners or groups of owners. Assuming that the CCSA does not collect or redistribute funds, establish dues, take ownership of DTRS assets, hire staff, or incur other costs to fulfill its mission (e.g., to hold meetings, seek legal advice, apply for grants, report to the JBC, etc.) there is no state expenditure required to implement the bill.

Should the CCSA accept moneys into the Consolidated Communications Fund, the CCSA board may elect to expend moneys from the fund for administrative costs, DTRS operations, or DTRS capital projects. The bill indicates that expenditures from the fund may occur without appropriation through the annual budget process.

The fiscal note assumes that DTRS assets will remain in current ownership. The note also assumes that workload of the Office of the State Controller in the Department of Personnel and Administration relative to the CCSA (e.g., accounting for the Consolidated Communications Fund, assessing the CCSA for state financial reporting) will be minimal. The State Controller will absorb these minimal costs associated with the bill within existing appropriations.

If the CCSA acts to establish dues above and beyond current DTRS fees, the effective change in rates paid for network service will increase costs for state agencies. It is assumed that such dues increase costs more in agencies with law enforcement or other mobile personnel, such as CSP, in rough proportion to the number of radio units in the agency. Agencies may have additional costs to manage cash funds, adjust agency fees, or perform other work to recover these increased costs for DTRS service within budget limitations. This cost increase is strictly conditional upon the imposition of dues by an act of the CCSA board and cannot be quantified for this analysis.

**Local Government Impact**

Local governments—including school districts, law enforcement, public works, and highway departments—constitute a large number of DTRS users. If the CCSA elects to charge dues or a subscription fee above and beyond current fees, this will increase the cost of DTRS access for local government. Implementation of the bill does not require an increase in local government costs. Participation in the coordinated efforts of CCSA, consistent with existing levels of participation in DTRS governance, may improve DTRS access by improving the competitiveness of Colorado governments for grants.

**Departments Contacted**

All Departments

Joint Budget Committee Staff