


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

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

Date: July 30, 2012
Bill Status: Signed into Law
Fiscal Analyst: Alex Schatz (303-866-4375)

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

| Fiscal Impact Summary | FY 2012-2013 | FY 2013-2014 |
|--|---|--------------|
| State Revenue Cash Funds | Conditional revenue increase. See State Revenue section. | |
| State Expenditures | See State Expenditures section. | |
| FTE Position Change | | |
| Effective Date: The bill was signed into law by the Governor and took effect May 9, 2012. | | |
| Appropriation Summary for FY 2012-2013: None required. | | |
| Local Government Impact: None. | | |

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 20-member board, with 12 board members from various local government interests, two board members selected by tribal nations in the state, and six board members that are the chief executive or designee from 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 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. Members of the CCSA retain all assets unless transferred by agreement. The CCSA is not authorized to assess fees on its members or to levy taxes.

The CCSA is scheduled to expire July 1, 2018, subject to prior sunset review and legislative recommendations by the Department of Regulatory Agencies.

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 \$300 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 in the form of 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 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, 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. Sunset review prior to July 1, 2018, will generate costs in the Department of Regulatory Agencies.

The fiscal note assumes that DTRS assets will remain in current ownership. It is also assumed that workload in 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.

Departments Contacted

All Departments

Joint Budget Committee Staff