



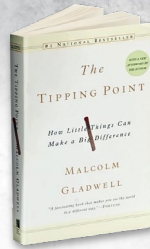
2023



*William E. Metro*  
WILLIAM E. METRO | CHAIRMAN & CEO | IXP CORPORATION

# REVERSING THE MUNICIPAL TIPPING POINT WITH IXP MANAGED SERVICES





'That magic moment when an idea, trend or social behavior crosses a threshold, tips, and spreads like wildfire.'

MALCOLM GLADWELL | AUTHOR



## THE MUNICIPAL TIPPING POINT

Local governments are increasingly challenged with unprecedented financial and operational decisions that ultimately force them to ask, "Do we raise taxes or cut public services?"

Generally, people assume their governments function at the **balancing point**: the correct number of public services with the right balanced budget.

However, many municipalities are experiencing hard times - some operating under state oversight, some already going bankrupt, and others unaware of the seriousness of their mounting fiscal problems.

The annual challenge of balancing many public services against the local taxpayers' ability to pay has reached a **tipping point**. This is especially true in rust-belt states and high property tax states like Connecticut, Massachusetts, New Jersey, and New York.

In Malcolm Gladwell's book, "The Tipping Point: How Little Things Can Make a Big Difference," he defines the phenomena of a tipping point as "that magic moment when an idea, trend, or social behavior crosses a threshold, tips, and spreads like wildfire."

Just as a single sick person can start an epidemic of the flu, so too can a small but precisely targeted push cause a fashion trend, the popularity of a new product, a drop in the crime rate, or a financial disaster.

We've all seen crowd-driven ideas, protests, incidents, and other social behaviors that have tipped the balance of community peace and engulfed towns in chaos.

For dealing with such social epidemics, Gladwell recommends re-imagining things done differently by stopping the process of fixing unsuccessful things repeatedly.

Within municipalities, tipping points can occur quickly; they are rarely good and usually result in community turmoil, political defeat, and declining towns. However, as we'll see later, some tipping points can be a good thing spreading like wildfire for all the right reasons.

While we cannot address all the issues contributing to the tipping point, IXP can assist public safety. IXP has found that six specific public safety problems are common across many cities and towns in the country.

These problems keep town administrators up at night, give police chiefs headaches, and contribute to the municipal tipping point.



# 1. | COST OF PUBLIC SAFETY PERSONNEL

Public safety tends to be the largest single line item in municipal budget appropriations, and taxpayers like to see police officers patrolling their towns and providing public safety. Unfortunately, the pace of public safety costs is growing faster than other budget line items. These costs are under increased scrutiny due to the detrimental effect they are having on funding other infrastructure improvements and community services.

The labor costs associated with police personnel consume over 95% of most public safety budgets, leaving very little for other needs such as equipment and technology.

According to the Bureau of Labor Statistics, the national median salary for police and detectives in 2022 was \$67,999. In comparison, the median pay for the average worker was \$53,924. Typically, after five years, the fully loaded cost for one sworn police officer grows to well over \$100,000/yr.

Embedded within the overall public safety budget is the cost to staff and operate the life-critical 911 emergency communications center.

Communications centers are notorious for their technology-intensive environments, high turnover rates, and seemingly endless recruiting, hiring, and training efforts to fill open positions. Municipalities need help with providing industry-standard training for dispatching and technical support.

Police officers, who are generally not trained or skilled in telecommunicator operations or complex technologies, spend an inordinate amount of time overseeing, managing, staffing communications centers, and training 911 dispatchers. This takes valuable operational policing time away from the department, creating a manpower shortage and taking the Department away from focusing on its primary mission—keeping the peace and enforcing the law.

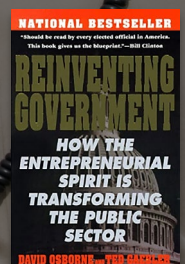
As such, salary and overtime costs have escalated, and more pressure is placed on town administrators to become creative in finding ways to staff police operations and stretch an already tight budget.

However, as many counties, cities, and local communities have shown across this country, the call-taking and dispatch function does not require the tactical training and higher salary costs of police officers.



'We believe deeply in government. We do not look at government as a necessary evil . . . those who steer the boat have far more power over its destination than those who row it. Governments that focus on steering actively shape their communities, state, and nations. They make more policy decisions. They put more social and economic institutions into motion. Some even do more regulating. Rather than hiring more public employees, they make sure other institutions are delivering services and meeting the community's needs.'

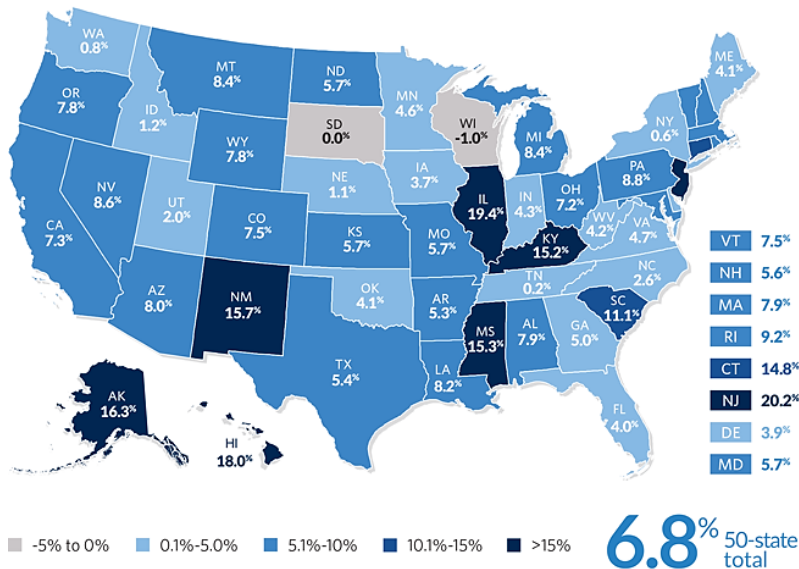
**DAVID OSBORNE | AUTHOR | RE-INVENTING GOVERNMENT**



# UNPREDICTABLE. UNSUSTAINABLE. UNSURTMOUNTABLE.

## Pension Debt Varies Across States

Unfunded pension liabilities as a share of state personal income, 2019

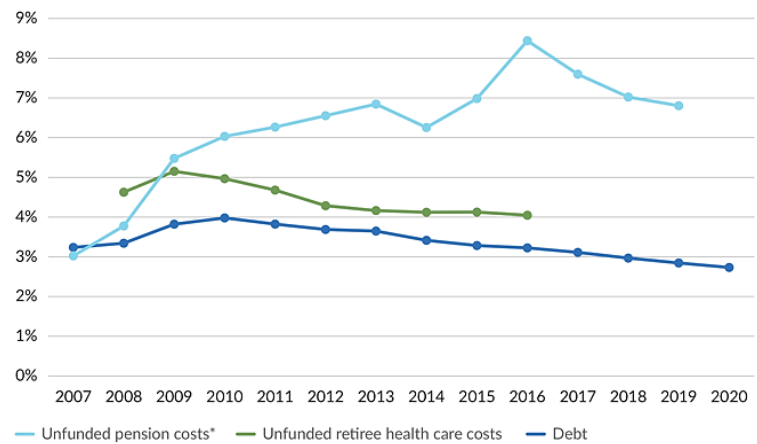


Source: Pew's analysis based on data from the U.S. Bureau of Economic Analysis and pension data collected from state comprehensive annual financial reports.

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## Unfunded Pension Liabilities Grew More Than Debt, Unfunded Retiree Health Care Costs

Obligations as a share of 50-state personal income, 2007-20



\*Standards for reporting unfunded pension liabilities by states changed in fiscal year 2014.

Source: Pew's analysis based on data from the U.S. Bureau of Economic Analysis and pension and retiree health care data collected from state comprehensive annual financial reports and retirement plan actuarial valuations. Debt data is from Moody's Investor Services (© Copyright 2022 Moody's Analytics Inc. and/or its licensors and affiliates. All rights reserved.)

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## 2. | UNFUNDED RETIREMENT COSTS

### Pension and Healthcare

As reported by the Pew Charitable Trusts, although states may balance their budgets, they still face some long-term, future spending commitments such as debt and unfunded retirement costs.

The gap between the total assets reported by state pension systems across the United States and the benefits promised to workers is forecasted to reach \$1.3 trillion in 2022. New Jersey alone accounted for nearly \$135 billion. This does not include the cost of debt services.

One surprising component of these costs is that they include the benefit costs for thousands of personnel that have not just retired but also moved out of their respective states draining the state's ability to recover any additional revenues from these people.

As estimated life expectancy increases, the duration of benefit obligations paid to relatively young retirees continues to approach nearly 50 years into the future.



A snowball effect occurs for municipalities because they're paying more for retiree benefits (and, in some cases, their surviving spouses) than their current employees.

Expected increases in the nationwide funding a gap of more than \$400 billion over the next two years will require policymakers in many municipalities and state governments to choose from two options: paying more into the state pension plans and potentially crowding out other critical items in their budgets or letting funding levels drop and continue to grow pension liabilities further out into the future.

According to the Manhattan Institute's senior fellows Steven Malanga and Josh McGee, the cost of fixing New Jersey's pension system, the worst-funded in the nation according to Pew Charitable Trusts, could consume virtually any new tax revenues created by new administrations and leaves little budget flexibility for another spending.

Malanga and McGee report that New Jersey's pension system may have already reached an unfixable tipping point. The system is now missing so much money that even when it achieves its investment goals, it falls far short of the money it needs to remain solvent over time.



### 3. | TECHNOLOGY MODERNIZATION

As consumers, we are all familiar with the benefits of technological advancements and improvements.

Today's products are not only better than last year's models, but they are also often cheaper. In addition, we see product lifecycles descend from 10, to 5, to 2-year end-of-life replacement cycles.

Acknowledging this pace of product lifecycles, CIOs, CTOs, and other technology leaders are moving away from recommending large-scale, multi-year capital expenditure technology projects.

This reluctance is due to their shrinking budgets and the risks associated with implementing new technologies—especially life-critical technologies (911 dispatch, real-time crime centers, etc.) that could fail and be highlighted in the media.

A 911 emergency communications center modernization initiative, including facilities, computing hardware, software applications, radios, and networks, would take many years to encumber funding, plan, design, and implement using government employees and procurement processes.

Compounding this situation is that these lifesaving modernization initiatives are frequently the last activities to be explicitly addressed because of their life-critical nature.

Fear sets in with government officials, election cycles are pondered, and eventually, a “not on my watch” attitude further stifles change, frustrates the first responder community, and increases the risk to the public.

There never seems to be a good time, or enough money, to modernize or improve emergency dispatch environments.

Gradually, the facility, technology, and overall operations deteriorate, providing less and less effectiveness and requiring even more time, effort, and costs to repair, replace, and renovate.

‘911 call-taking and dispatch is the logical starting point for building a partnership with IXP because these functions do not require the skills and costs of sworn personnel . . . and, we do it in YOUR facility.’

**LARRY CONSALVOS | PRESIDENT & COO, IXP CORPORATION**



HELP IS ON THE WAY.





## 4. | EVOLVING INDUSTRY STANDARDS

Another problem is the complexity of the evolving industry standards associated with achieving an integrated national public safety technology vision.

This vision encompasses the NENA i3 architecture for the national implementation and integration of IP-based connectivity for 911; advanced NG9-1-1 data integration to support multimedia for photos and streaming videos; and FirstNet – the migration towards nationwide interoperable public safety broadband networks.

These modifications and refinements to public safety infrastructures have taken decades. They tend to be implemented very slowly by municipalities because of their complexity, costs, and lack of expertise.

Further compounding these technical challenges is the fact that there are fewer and less experienced municipal personnel available to devote to multi-year technology improvement projects. Highly experienced personnel are rapidly retiring due to their unique pension benefit stipulations.

## 5. | DRACONIAN PROCUREMENT PROCESS

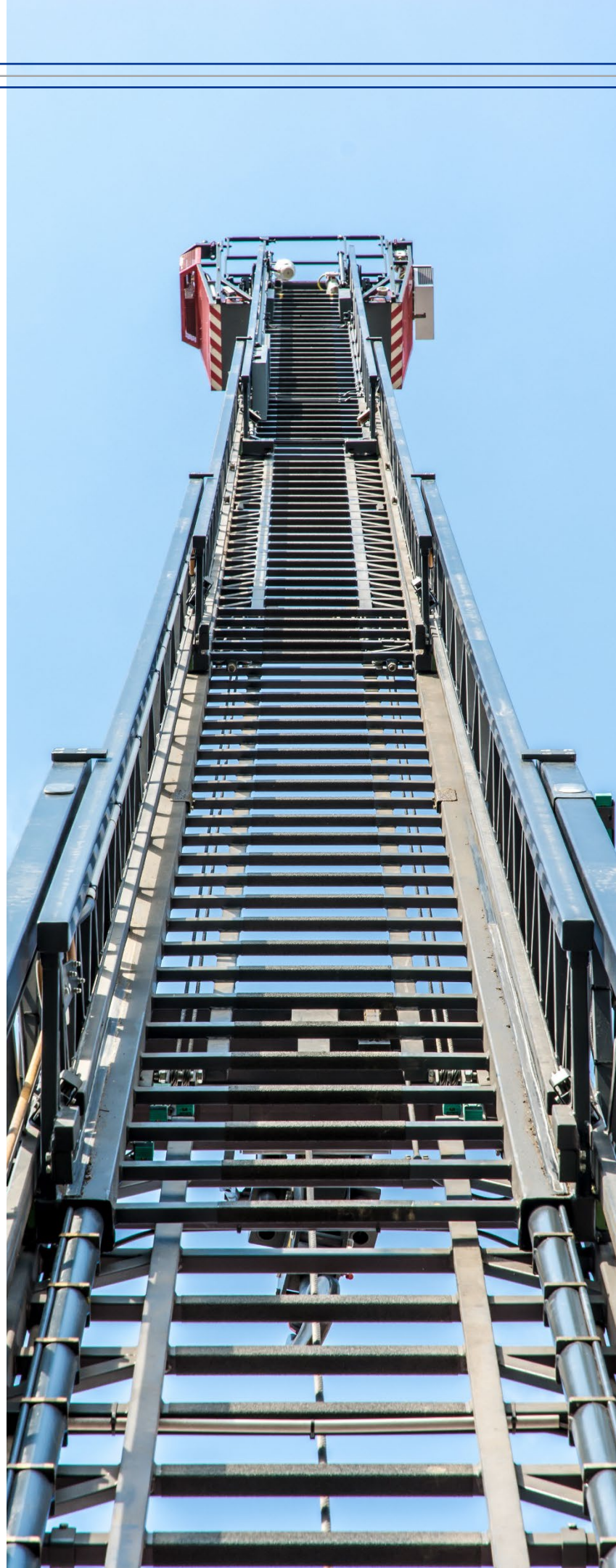
As if these staffing, technology, and industry standards problems weren't enough, the traditional government procurement process has become oppressive.

While its original mission was to ensure the integrity of a fair and unbiased procurement process for goods and services, it has become out of touch with today's rapidly changing technology and business solution landscape.

For example, the need for governments to separate the procurement of goods/products from consulting/technical services has become an antiquated roadblock that doesn't support the business requirements of their constituent departments.

However, some changes are occurring in this realm. Cloud-based email services are one specific example where a combination of goods (hardware, software, networks) and services are combined to deliver an overall operational solution that is cost-effective and curtails the growth of costly technology personnel.

While there is a growing acceptance of this type of "bundling" of goods and services, major roadblocks still exist to procuring creative bundled operational and technical solutions. The biggest benefit of IXP's managed services is that it combines cost-effective public safety services with customer-selected technology to deliver a comprehensive bundled solution.





## 6. | COLLECTIVE BARGAINING AGREEMENTS

An interesting problem occurs when the overall cost and quality of 911 dispatch operations are driven by Union-supported collective bargaining agreements.

Almost immediately, the targeted problems associated with the cost of personnel and quality of public service are attenuated due to political cycles, agendas, local nepotism, and the locally fueled outcry of fear, uncertainty, and doubt.

A common local response that IXP hears is: “How could a for-profit corporation know our streets and our unique first responder procedures?” Another common outcry is: “They’ll never stick around. Where will they be in 5-years?”

Many states allow Unions to compete with private companies for initial services contracts and renewals. However, in this situation, the procurement process never seems to follow the mandated RFP process.

The Union bid response is typically given preference, is afforded schedule delays and missteps, and allowed to negotiate contracts privately.

Isn’t this the type of bidder preference and procedural modification that the procurement process was intended to prevent?

‘Our dispatchers know the area, if not better than existing dispatch personnel. Also, considering the frequency of retirements and departing local officials, IXP has proven over our nearly 24 years that we consistently outlast our client’s representatives in the long run.’

**BILL METRO | CHAIRMAN & CEO, IXP CORPORATION**







## REVERSE THE TIPPING POINT WITH IXP MANAGED SERVICES

The irony of this quote can be seen every day, watching one municipality after another struggle to do the same things repeatedly.

Now is the time for municipalities to do the right thing. **To see things differently through the IXP lens.**

The Tipping Point for local government services can be reversed by having a broad array of public safety services delivered more cost-effectively, efficiently, and professionally by IXP.

As public safety services evolve and technical complexities increase, many municipalities have turned toward managed services contracts to quickly implement change and stretch their precious budgets.

The benefits of this approach are clear. As we have all seen in the business world, those businesses operating with a managed services model can focus on their core mission more effectively and grow their bottom lines more quickly.

Their managed service partners provide an outsourced service that includes expert services and proactive planning, design, implementation, technology refreshment, staffing, and human resources personnel management, often for multi-year fixed prices.

In the local government world, managed services can allow the first responder communities to focus more effectively on their core missions, which include: enforcing local ordinances, providing law and order, responding faster to emergencies, saving lives, and establishing stronger ties with their community.

**'You Can Always Count on Americans to Do the Right Thing  
-- After They've Tried Everything Else.'**

**WINSTON CHURCHILL | FMR. U.K. PRIME MINISTER**





## A SIGNIFICANT SAVINGS



Within public safety, 911 call taking and dispatch is the logical starting point for building a partnership with IXP because these functions do not require the skills and cost of sworn personnel . . . And we do it in **YOUR** facility.

With the 911 emergency communications center becoming the critical nexus for complex technological advances and operational efficiency, a managed service solution is becoming increasingly attractive.

The IXP services and solution agreement contractually bind us with the customer in a solid partnership that will deliver **better, faster, and less costly** public safety services.

IXP's managed services solution for 911 emergency communications centers has been honed over the past two decades. It typically includes 24x7x365 staffing training, operations management, technology maintenance, support services, and defined service level metrics.

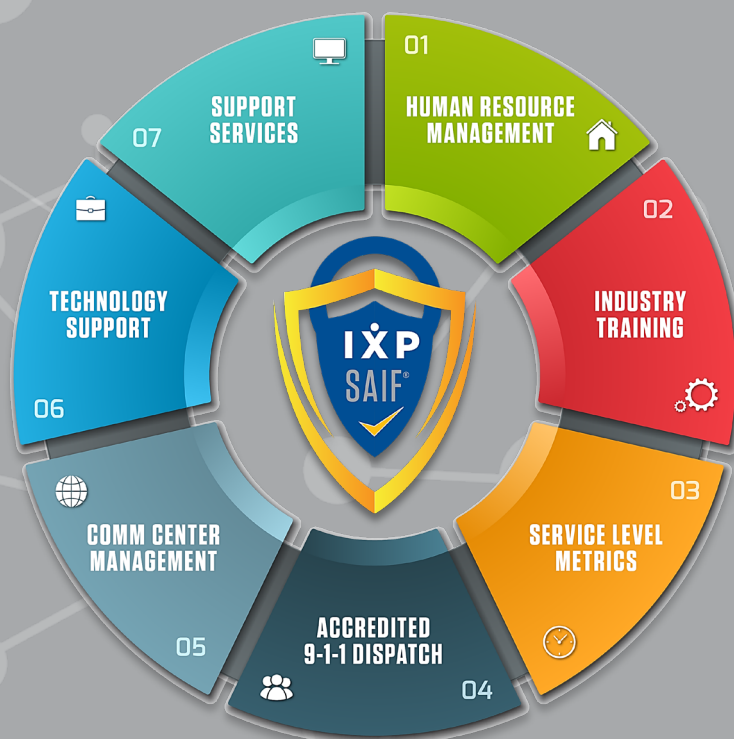
Most importantly, IXP-managed services offer means to reduce the total cost of operation over an extended period. By allowing IXP to focus on providing the complete 911 public safety service, the public's experience can be improved, accreditations such as CALEA® and IAED® can be achieved, and both immediate and long-term costs can be reduced.

As cities and town approach their financial tipping point, the more important it is for them to critically explore their true costs of services, which should include calculating the much less obvious components of their operational costs, such as long-term pension and healthcare obligations, human resource management, training, and surge capacity staffing. When these costs are factored into the mix with recurring operational staffing costs, **the Total IXP Managed Service Solution Can Save Municipalities Millions of Dollars.**

Managed services bring with them a fundamental change in purchasing philosophy. Instead of using multiple RFPs to acquire technology products and professional services individually, IXP's driven approach focuses on delivering an entire public safety service, which can include advisory services, recruiting, hiring, training, staffing, management, backfill, and over time, technology implementation and upgrades, support services, and facility services.

Acquiring this bundle of professional services and solutions under a single contract can be challenging for some cities and procurement departments. But there are contractual vehicles that exist, such as the Competitive Procurement Contract, that can be used to facilitate the desired long-term engagement.

**Below are some towns that reached their tipping point and hired IXP for 911-managed services.**



**\$2,150,000**

**Annual Savings with IXP**

Population Served: 325,000

911 Calls: 166,037

Admin Calls: 219,000 P/Y

Incidents: 378,598

**\$1,350,000**

**Annual Savings with IXP**

Population Served: 85,000

911 Calls: 57,732

Admin Calls: 13,000 P/Y

Incidents: 83,195

**\$220,000**

**Annual Savings with IXP**

Population Served: 33,000

911 Calls: 13,689

Admin Calls: 30,000 P/Y

Incidents: 34,916



# OUR SAIF® METHODOLOGY

We understand how important our municipal customers view their life-critical dispatch operations. We've brought together several hundred years of public safety operational and technical experience by subject matter experts, including their valuable lessons learned, under one service delivery methodology called SAIF®.

At IXP, we follow our proven SAIF® methodology to define and control everything we do to deliver exemplary managed services to our customers.

SAIF® has been refined over many years of public safety project experience. Most importantly, it has been simplified to three cost-effective phases: Assessment, Business Case, and Managed Services.

Our public safety experience and SAIF® project roadmap allows our subject matter experts to quickly perform and assessment of the customer's public safety environment. Then, a more detailed business case analysis follows that helps the customer determine such things as: "Who's involved?" "What will it include?" "When will it be completed?" "Where will it be performed?" "How much will it cost?" and "Why are there so many options?"

The detailed business case is what the municipalities need to define their vision, achieve political and operational consensus, establish a master plan for execution, and finally implement the changes that they are seeking.

Within each phase of our methodology, we focus on achieving the right balance of our four critical building blocks crucial for delivering high-quality, cost-effective public safety services to communities: Governance, Operations, Technology, and Facilities.

Evaluating these areas is crucial for developing a client-specific overarching master plan. Not only are these areas important for meeting service level metrics and budgetary goals, but they are also important for coordinating and integrating technology and operations amongst multiple public safety agencies and jurisdictions.

While each customer may not need all four areas to be thoroughly assessed, IXP always keeps these four areas in mind because these may need to be addressed sometime in the future.



## The Four Critical Building Blocks Of Emergency Communications Services

### GOVERNANCE

- Financial Predictability
- Public-Private Partnership
- Reporting to Stakeholders
- National Perspective



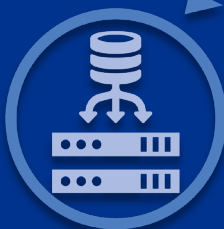
### OPERATIONS

- Workload-Based Staffing
- Policy & Procedures
- Performance Metrics
- Industry Standards



### TECHNOLOGY

- CAD/RMS/Radio
- 9-1-1 Systems
- Recording & Logging
- Network Architecture



### FACILITIES

- Site Selection
- Architecture & Engineering
- Space Planning
- Project Management







If IXP's public safety managed services solutions sound right, please contact us to schedule an initial assessment with one of our subject matter experts.

## START YOUR TRANSFORMATION WITH US TODAY!

**William E. Metro | Chairman & CEO**

bmetro@ixpcorp.com | 609-759-5101

IXP Corporation  
150 College Road West, Suite 200  
Princeton, NJ 08540

[WWW.IXPCORP.COM](http://WWW.IXPCORP.COM)