

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON TECHNOLOGY

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June 11, 2010
Start: 10:08 am
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HELD AT: Council Chambers
City Hall

B E F O R E:
Daniel R. Garodnick
Chairperson

COUNCIL MEMBERS:
Council Member Gale A. Brewer
Council Member G. Oliver Koppell
Council Member Mark S. Weprin

A P P E A R A N C E S [CONTINUED]

Daniel R. Garodnick
Opening Statement
Chairperson
Committee on Technology

Andrew Salkin
Deputy Commissioner
Operations
Department of Finance

Vincent Guerra
Deputy Inspector
Commanding Officer
Communication Section
New York City Police Department

Brett Schimke
911 Program Manager
Department of Information Technology and
Telecommunications

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[Gavel banging]

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CHAIRPERSON GARODNICK: Good

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morning everyone. Welcome to the Committee on

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Technology. Today's date is Friday, June 11th, my

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name is Dan Garodnick. I have the privilege of

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chairing the Technology Committee of the City

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Council. Today we're going to hear testimony on a

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bill that I introduced at the request of Mayor

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Bloomberg that will extend the enhanced 911, or e-

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911 surcharge to Voice Over Internet Protocol

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telephones used within New York City and directs

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providers of Voice Over Internet Protocol services

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to bill their customers for this surcharge.

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The e-911 surcharge is currently

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billed to all New York City land line and cell

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phone customers and is used to offset the City's

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costs of operation and maintenance of the e-911

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system. The e-911 system ultimately routes a

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caller's location to an emergency responder. Thus

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if an individual is unable to provide an address

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or as with a child doesn't know his address, the

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e-911 system ensures that responders can reach an

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individual in an emergency situation.

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Voice over Internet Protocol refers

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2 to the transmission of an audio or voice signal
3 over the internet. With VOIP service, I'm going
4 to start using my, you know, abbreviation here, an
5 individual couples a telephone to an internet
6 connection rather than to a traditional phone
7 network.

8 As stated by the Administration the
9 goal of this legislation is to have all land line,
10 cell phone and VOIP customers contribute to the
11 operation and maintenance of the e-911 system.

12 There are a number of issues that we're going to
13 explore at this hearing including the fairness of
14 today's disparity in charges, precedence for these
15 fees in other jurisdictions, potential revenue to
16 the City, any benefits in service and the number
17 of VOIP customers who would be affected by this
18 change if we were to pass this legislation.

19 We look forward to hearing from the
20 Administration and anybody else who wishes to
21 testify today. And I'm now going to turn it over
22 to them and ask them to introduce themselves and
23 go right ahead.

24 MR. ANDREW SALKIN: Thank you.
25 Good morning Chairman Garodnick and members of the

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2 City Council Committee on Technology. My name is
3 Andrew Salkin and I am the Deputy Commissioner for
4 Operations in the Department of Finance. Thank
5 you for inviting me to speak today in support of
6 Intro 214 sponsored by Chairman Garodnick at the
7 request of the Mayor.

8 This bill extends 911 surcharges on
9 phone services to companies that provide telephone
10 service by Voice Over Internet Protocol or V-O-I-P
11 or VOIP. The proposed \$1 monthly surcharge is
12 consistent with what other phone companies already
13 pay to support the City's enhanced 911 emergency
14 response system. I testify on behalf of Finance
15 Commissioner David M. Frankel and am joined today
16 by representatives of several sister agencies whom
17 I will identify in a few moments.

18 We urge the Committee's support and
19 passage of this bill. Before I give you reasons
20 why, let me first give you some background on 911
21 and the history of the surcharge that phone users,
22 both cellular and land line pay to support 911
23 services.

24 As you know 911 is among the most
25 critical services we as a City government provide.

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2 It is valuable but it is also expensive. The
3 annual cost to operate 911 call centers now
4 exceeds \$114 million. To offset the growing
5 costs, the City began to collect the 911 surcharge
6 in 1992 for land line phone service and in 2002; a
7 surcharge was added to cell phone service.

8 The surcharge for land lines is now
9 \$1 per month and \$1.50 for cell phones, of which
10 the City gets \$.30. The phone companies collect
11 directly from customers and then remit monthly
12 payments to the Department of Finance. In Fiscal
13 Year 2009 121 companies remitted just under \$60
14 million in 911 surcharges to the City.

15 Commissioner Frankel's highest
16 priority at the Department of Finance is to level
17 the playing field by ensuring that everyone is
18 paying their fair share in supporting the critical
19 work of government. All of the City's phone users
20 should contribute to subsidized 911 services.

21 However over recent years the
22 technology surrounding phone service has evolved
23 and now not only includes land lines and cellular
24 phones but also internet phones that utilize Voice
25 Over Internet Protocol. Unlike mobile phones

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2 where people added phone lines, VOIP phones are
3 often replacing land lines and increasingly are
4 replacing cellular phones.

5 Currently a person using VOIP line
6 is able to access 911 during an emergency but they
7 do not pay a surcharge to support the 911 service.
8 Despite this, both the NYPD and the City's
9 Department of Information and Technology and
10 Telecommunications or DOITT have invested
11 considerable resources to ensure that VOIP
12 technology will interact with the 911 system with
13 the same standards as land line and cellular
14 phones, including location identification
15 capabilities necessary to deploy services in
16 certain emergency situations.

17 Until recently we could not ask
18 VOIP companies to collect the 911 surcharge. In
19 2008, Congress passed a law allowing states to
20 start treating VOIP companies more like phone
21 companies. Last summer Governor Paterson signed
22 into the State law a new provision that authorizes
23 localities like New York City to begin collecting
24 surcharges on VOIP services.

25 The bill before you today, Intro

1
2 214, does just that. It requires internet phone
3 companies to collect \$1 surcharge for 911. this
4 bill helps to level the playing field by ensuring
5 that all phone users contribute to 911 service.
6 Upon enactment of the bill before you today
7 Finance will reach out to internet phone companies
8 to inform them of the new law and how to comply
9 with their surcharge collection responsibilities.

10 I would also like to discuss an
11 amendment to the bill that attorneys at the Law
12 Department feel is necessary. The current
13 language of the bill requires any surplus in funds
14 collected through this law be held in reserve.
15 However a reserve is not compliant with the City's
16 obligations under the State's Financial Emergency
17 Act. While it is unlikely that this program will
18 result in excess funds the bill should be amended
19 to allow the City to handle surplus funds in
20 conformance with applicable law. The
21 Administration has provided an amended version to
22 the bill to the Speaker's Office.

23 While Finance is charged with
24 successfully collecting the surcharge, other
25 agencies are tasked with operating and running the

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2 complex e-911 system. I'm joined today by Deputy
3 Inspector Vincent Guerra, the Commanding Officer
4 of NYPD's Communication Section; and Brett
5 Schimke, DOITT's 911 Program Manager. Again we
6 would urge your support of the bill and thank you
7 for having us. And we're happy to answer your
8 questions.

9 CHAIRPERSON GARODNICK: Great.
10 Thank you very much for your testimony. I want to
11 let you all know that we've been joined by Council
12 Member Mark Weprin from Queens, a member of the
13 Committee. Thank you.

14 I'm going to run through a number
15 of questions. So I suspect we can do these
16 relatively quickly with your cooperation. So let
17 me get right into it. First of all we've noted
18 some terminology of 911 and e-911. Can you help
19 us understand what exactly is the difference
20 between those two systems?

21 MR. SALKIN: If I get anything
22 incorrect I'll ask my colleagues that support
23 this. So basically at this point we have 911
24 services which was initially put in place by the
25 City and then Federal law required that we enhance

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2 the system to include the capability of tracking
3 location information and phone number information
4 that comes directly over the phone system. So I
5 believe in 2005 there was a requirement that we
6 begin to implement what's known as enhanced, e-
7 911. So essentially 911 system today is e-911 and
8 there really isn't a difference between the two,
9 our 911 system is all enhanced and capable of
10 doing all these services that are required by the
11 Federal--

12 CHAIRPERSON GARODNICK:

13 [Interposing] Okay good. So there is no reason
14 for us to refer to them in any differential. For
15 all intents and purposes, 911 for New York is e-
16 911 and e-911 is 911.

17 MR. SALKIN: That's correct.

18 CHAIRPERSON GARODNICK: Okay. And
19 is there any further work that we need to do for
20 e-911, the rules that were set by the Federal
21 government to be fully operational?

22 MR. SALKIN: I believe we are
23 compliant with the Federal standards.

24 CHAIRPERSON GARODNICK: Okay.
25 Great. You noted that the VOIP customers have not

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2 been assessed the 911 surcharge in the past. Is
3 that because prior to September 2008 it was not
4 allowed by law?

5 MR. SALKIN: I would say after the
6 law passed in 2008 it was clear that we could pass
7 legislation that would allow us to make that
8 charge. And I think we've been working to ensure
9 that since the law passed we are keeping up with
10 that. So I think some states may have charged a
11 surcharge before that law was passed. I do not
12 know the legality or how they did that.

13 CHAIRPERSON GARODNICK: If we were
14 to pass this legislation would we need any
15 additional approval from the State in order to
16 implement the surcharge or are we within our
17 jurisdictional rights?

18 MR. SALKIN: We're conforming to
19 the State law that allows counties to charge this.

20 CHAIRPERSON GARODNICK: Okay. So
21 we don't need any additional State approval.

22 MR. SALKIN: No Sir.

23 CHAIRPERSON GARODNICK: Today, we
24 have land line and cellular customers who are
25 paying the surcharge.

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MR. SALKIN: That's correct.

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CHAIRPERSON GARODNICK: And in your testimony you noted that it was a buck for one, a buck for the land lines and a buck-50 for the cell phones, is that right?

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MR. SALKIN: That's right.

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CHAIRPERSON GARODNICK: First of all, help us understand why we have the differential in charge between the land line and the cell phone.

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MR. SALKIN: My understanding is there's two different legislations that cover both of them. The first was put in place as I suggested I think in 1992 to cover land lines. And the later the State passed, in 2002, the law covering the cellular systems. And in that law it created, I believe, something more akin to a trust fund in which everyone would pay into the State system and then the State will remit back a grant back to the localities. So there's two different laws that govern those services. So essentially they're paying something, I guess, each user is paying a service that goes back to 911 services but they're paying for it based on different legal

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statutes.

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CHAIRPERSON GARODNICK: Right. But the law does--the law prescribes specifically what the fee must be?

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MR. SALKIN: Good question. I imagine in the law there is the fee. And I think for the cellular piece, my understanding is that we get a grant remitted back to us. I'm handed a chart here. And I think the laws actually state what the amount is that you have to charge but I don't know who has the jurisdiction to change how much you could charge if that's what your question is--

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CHAIRPERSON GARODNICK:
[Interposing] Well I'm just trying to understand, you know, we're charging a buck-50 for the cells and a dollar for the land lines, what the rationale is for that and how that came to be in our history. I understand there were two different authorizing laws that allowed it to happen but presumably they set maximums on what you could charge and then the City decided to implement \$1 for the land lines and \$1.50 for the cells. So that's the question. The question is

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2 why is there a disparity today between cellular
3 and land lines?

4 MR. SALKIN: So in terms of the
5 City's requirement for the land lines, they're
6 charged \$1, for the State, the surcharge is \$1.20
7 and then the City's added an additional \$.30. So
8 without knowing exactly what the thinking was, I
9 could imagine a situation where the City is
10 thinking it needs some additional funding. But
11 since they're already paying \$1.20 to the State,
12 charging an additional \$1 to ensure the City gets
13 that money was probably--

14 CHAIRPERSON GARODNICK:

15 [Interposing] I see. So today, the cellular
16 surcharge is a buck-20 from the State, we add \$.30
17 as the City.

18 MR. SALKIN: That's correct.

19 CHAIRPERSON GARODNICK: And for the
20 land line there is no State surcharge but we
21 implement \$1 on our own?

22 MR. SALKIN: That's correct.

23 CHAIRPERSON GARODNICK: And of the
24 \$1.20 that is required by the State, how much of
25 that buck-20 comes back to the City of New York?

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2 MR. SALKIN: The City gets a
3 wireless e-911 grant from the State from that
4 fund. And it varies from year to year. But it
5 looks like it ranges between \$5 million and \$6
6 million a year. And what is the total amount that
7 is collected by the State from that surcharge?

8 MR. SALKIN: I don't know the
9 number to that.

10 CHAIRPERSON GARODNICK: Okay, we'll
11 ask you just to provide that to us. And you noted
12 that the total revenue that is collected by the--
13 and I'm going to ask counsel of our staff just to
14 keep track of any questions that we need to follow
15 up on. You noted that the total amount of revenue
16 was \$60 million, is that correct?

17 MR. SALKIN: That's correct.

18 CHAIRPERSON GARODNICK: And that's
19 what we get either directly from the operators who
20 are collecting this surcharge for us and the
21 amount that we get from the State?

22 MR. SALKIN: That's correct, all
23 in.

24 CHAIRPERSON GARODNICK: Okay. The
25 current cost to operate the system is \$114

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2 million?

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MR. SALKIN: It exceeds \$114

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million.

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CHAIRPERSON GARODNICK: By how much

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does it exceed \$114--?

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MR. SALKIN: [Interposing] Well I

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think the number \$114 million is from FY '09. So

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I don't think we have the final operating costs

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for this year but that's--

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CHAIRPERSON GARODNICK:

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[Interposing] Okay so that's the Fiscal Year '09--

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MR. SALKIN: --fiscal--operating--

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CHAIRPERSON GARODNICK: --

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operating.

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MR. SALKIN: Right.

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CHAIRPERSON GARODNICK: Expense for

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911. Okay. The surcharges are collected by the

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providers in all situations, is that right? And

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in some cases they're paid by the provider to the

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State and in some cases they're provided to the

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City?

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MR. SALKIN: I don't know. It's a

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good question. So I know the City is in charge of

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getting the money from the providers. We provide

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2 a tax return, they fill it out, our surcharge
3 return, and they fill it out and then they remit
4 the payments to us. I'm to sure if they're
5 remitting the State grant to us or they're doing
6 that separately as part of a State program. I can
7 get back to you--

8 CHAIRPERSON GARODNICK:

9 [Interposing] Well if we're going to get--please.
10 I mean if we're getting a grant from the State of
11 \$5 million to \$6 million, presumably it's going to
12 the State first and then back to us--

13 MR. SALKIN: [Interposing] I would
14 presume but I'm not going to assume--

15 CHAIRPERSON GARODNICK:

16 [Interposing] Okay. Please, if you could let us
17 know that too that would be very useful. Now when
18 the \$60 million comes in to the City, where is it
19 going in the City budget?

20 MR. SALKIN: It goes into the
21 general fund. And then through the budget process
22 that you're aware of, funds get allocated--I
23 think--

24 CHAIRPERSON GARODNICK:

25 [Interposing] Is it allocated as a revenue item in

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a particular agency or is it?

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MR. SALKIN: I believe it shows up
in the Police Department's budget.

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CHAIRPERSON GARODNICK: Can
somebody confirm that?

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MR. VINCENT GUERRA: We've have to
get back to you--

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CHAIRPERSON GARODNICK:
[Interposing] Identify yourself.

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MR. GUERRA: Vincent Guerra
[phonetic], I'm the Commanding Officer of
Communications Section, Deputy Inspector. That
would be handled by our Office of Management and
Budget within the Police Department and their
budget codes on how the money comes in and then
how it's allocated within the budget.

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CHAIRPERSON GARODNICK: So you
think it appears within the Police Department and
somewhere in one of the budgetary codes in the
Police Department?

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MR. SALKIN: And probably within
the budgetary codes of the Office of Management
and Budget--

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CHAIRPERSON GARODNICK:

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2 [Interposing] Oh okay--

3 MR. SALKIN: --so we'll get you--

4 CHAIRPERSON GARODNICK:

5 [Interposing] Please, you know, that's--

6 MR. SALKIN: --the information.

7 CHAIRPERSON GARODNICK: --obviously
8 that's an issue that we continually deal with
9 between Council and Administration trying to
10 figure out where exactly these things appear in
11 the budget. So if you could report back on that
12 as well, we'd appreciate it.

13 MR. SALKIN: Sure.

14 CHAIRPERSON GARODNICK: Do we get
15 any direct funds either from the State or Federal
16 government to offset our approximately \$114
17 million in cost for the operation and maintenance
18 of the system?

19 MR. SALKIN: Do we get additional
20 funds beyond the grant?

21 CHAIRPERSON GARODNICK: Right. You
22 were clear that the City gets a piece of whatever
23 it is City residents are paying for the 911
24 surcharge but my question is is there anything
25 additional that the State or Federal government is

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offering the City for the operations of 911?

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MR. SALKIN: I believe that there is some additional funding that came through some stimulus money. But I think I'd rather give you exactly if there is additional funding that could be used for that.

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CHAIRPERSON GARODNICK: Okay please.

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MR. SALKIN: I mean I'd be happy to get you that information.

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CHAIRPERSON GARODNICK: Also is there any situation in which 911 surcharges are not paid by any of these providers or you said it was done through tax returns? Explain exactly how the City gets when T-Mobile or Verizon or whoever else puts these charges on the bill. How we ultimately collect that. What is the mechanics of doing that?

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MR. SALKIN: So the mechanics is handled by the Department of Finance. And each one of these companies has a responsibility to remit this excise, kind of put in our excise tax portion, and they have a form that they have to fill out that indicates how many lines they have

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2 and how much money they're remitting to the City.
3 In the form it includes both land line and
4 cellular capability and what we'll do to this new
5 form is add the VOIP so if one provider provides
6 all three types of services they'll have to
7 provide kind of a level of that. And then we
8 collect the funds.

9 Now as it stands now I don't
10 believe that there is strong auditing capabilities
11 or enforcement capabilities to ensure that it's
12 been collected properly but we have no reason to
13 think that it hasn't. So if that's your question,
14 that's...

15 CHAIRPERSON GARODNICK: Yeah.
16 Explain to me why there is no ability to audit or
17 determine whether the dollars have been collected.

18 MR. SALKIN: Well I think probably
19 a better answer might be, let me get back to you
20 on what auditing we've done and what we can
21 capably do given the current legislation and what
22 Finance's capabilities are, statutory and
23 staffing-wise and I'll let you know what we get
24 and what we've found.

25 CHAIRPERSON GARODNICK: Okay.

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2 Please. Let me also note that we've been joined
3 by Council Member Oliver Koppell of the Bronx,
4 thank you for being here. In New York City we
5 have obviously users of all different types of
6 telephone service. How many use the VOIP type
7 systems? The Voice over Internet Protocol?

8 MR. SALKIN: I think this is a
9 question that we don't know the answer to right
10 now. I think the nature of the service is such
11 that it's on the internet so it's kind of--it can
12 happen anywhere, any time that there's internet
13 service. What we hope to begin to figure out
14 through this process is just exactly how many
15 people are using the service in the New York City
16 area. And we'll have to try to kind of work with
17 the companies to make sure we're getting the
18 proper reporting.

19 CHAIRPERSON GARODNICK: What's the
20 estimate on the additional revenue that we will
21 see as a result of an additional \$1 surcharge on
22 VOIP customers?

23 MR. SALKIN: I wouldn't, I hesitate
24 to even guess what the revenue could be on an
25 unknown population.

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2 CHAIRPERSON GARODNICK: So we have
3 not yet projected anything in the--

4 MR. SALKIN: [Interposing] There's
5 no projection on the rev--

6 CHAIRPERSON GARODNICK:
7 [Interposing] The budget?

8 MR. SALKIN: That's right. And
9 again one thing I would point out is, which I kind
10 of stated in my testimony, is what's interesting
11 about VOIP service is when mobile phones came out,
12 people were adding mobile phone along with land
13 lines. And what's interesting about the VOIP
14 service is it's not necessarily a new type of way
15 to communicate. It mimics land line service
16 and/or mobile service. So what we're seeing is
17 people are choosing to get rid of their land line
18 and get VOIP or choose to get rid of their
19 cellular service and go for a VOIP service. And
20 it's not like the mobile where all of a sudden
21 people now have three or four lines. And, you
22 know, you can reach them in the car, you can reach
23 them in their pocket, you can reach them at home.
24 So what we would anticipate happening in terms of
25 overall revenue to the City is potentially more of

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2 a wash where as people move from land lines to
3 VOIP service it would be equal. AS people move
4 from cellular service to VOIP service it would be
5 somewhat equal. Unless I'm wrong about people
6 wanting to have an internet phone along next to a
7 land line phone but that's what we've been seeing
8 and that's what seems to be the trend.

9 CHAIRPERSON GARODNICK: Let's just
10 make sure that we all understand exactly what
11 we're talking about here when we say VOIP. There
12 are increasing numbers of providers who are
13 offering this service. Can you help us understand
14 who we're talking about or who the biggest players
15 are that people should be aware of?

16 MR. SALKIN: Sure. I think you
17 discussed it a little bit in your introduction to
18 this hearing. I will give you my best
19 understanding of it. And certainly welcome others
20 or if you have more questions we can work on
21 getting that. But essentially if you're a VOIP
22 customer and you're using the phone and it would
23 be a phone or it could be something plugged into
24 your computer, a headset. You're using a phone
25 service and you're essentially getting phone

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2 service. So from an end user perspective it's
3 exactly the same. What came out initially is
4 internet to internet phone service, something like
5 Skype where it's probably one of the more popular
6 services where you can do video or you could do
7 internet chat, much like a phone, from one
8 computer to another that's on the internet.

9 What VOIP services that we're
10 talking about today is when you take something off
11 of the internet and being to interchange or
12 interconnect with the regular phone system. And
13 you begin to use the local switches, whether it's
14 a wireless system or the local switches. So you
15 can make a phone call from an internet phone to a
16 local land line, from an internet phone to a
17 mobile phone, from a cellular phone to an internet
18 phone.

19 So what we're talking about today
20 is systems that have gone from just internet to
21 internet and now it's really become akin or
22 essentially the same thing as what land lines are
23 and cellular systems are. So that's what we're
24 talking about today is really true telephone
25 service that initiates or ends with an internet

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2 connection but throughout it's utilizing and
3 leveraging the regular telephone network to get
4 you to your end party or from your end party to
5 you.

6 So that's the first one.

7 CHAIRPERSON GARODNICK: So who are
8 the providers of these services?

9 MR. SALKIN: Well there's a lot of
10 different providers.

11 CHAIRPERSON GARODNICK: Give us
12 some of the biggest--

13 MR. SALKIN: [Interposing] Well--

14 CHAIRPERSON GARODNICK: --so that
15 we know who we're talking about.

16 MR. SALKIN: --Skype is one who's
17 moving into the market who is interested in
18 providing your regular phone service. [off mic]
19 Skype doesn't do 911 though I am told.

20 CHAIRPERSON GARODNICK: Okay.

21 MR. SALKIN: You have the Triple
22 Play services that your cable companies offer
23 whether it's Comcast or Time Warner or
24 Cablevision. They're capable of offering services
25 that, you know, not just the internet but they

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2 also offer phone service. Then you have Vonage
3 and other companies that you can just hook up,
4 AT&T, [off mic] Intrada. I think part of what
5 we're going to do initially is find out who all
6 these companies are and send them letters and
7 hopefully based on their responses we'll work with
8 them. Either they'll pay or they'll call with
9 questions and we can work out the details.

10 But it's a kind of service that is
11 predicted to grow. It's the kind of service that
12 I think there's a lot of opportunity or perceived
13 opportunity in the entrepreneur world. So one of
14 the things that we're going to have to do at the
15 Department of Finance is stay on top of these
16 companies as they come on and come off. And I
17 think as the system matures, it'll be interesting
18 to see who the big players are when it's all said
19 and done.

20 And hopefully as this matures over
21 the next several years we'll be right there with
22 them collecting the surcharges.

23 CHAIRPERSON GARODNICK: Okay. A
24 couple more from me, then we're going to go to
25 Council Member Weprin and then I will finish up

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2 with some final ones after him. But if you are a
3 subscriber to one of these services that you
4 described, these are portable services, so if you
5 subscribe to Vonage or whoever and you get a local
6 212 telephone number attributed to your service
7 and you take a month-long vacation out to San
8 Francisco and you hook up your telephone out there
9 and people call you at your 212 number it will
10 ring wherever you are, is that right?

11 MR. SALKIN: That's correct.

12 CHAIRPERSON GARODNICK: And if you
13 were to experience an emergency in San Francisco
14 and call 911, who would respond?

15 MR. SALKIN: Right. So you're
16 hitting upon one of the unique challenges to the
17 VOIP service. And one of the things that the FCC
18 has done is begin to set standards on how can VOIP
19 services be able to engage in the 911 systems in a
20 way that effectively gets to the local 911 and
21 then delivers the services as appropriate.

22 So part of the standards and
23 protocols for all e-911 systems is working on how
24 to get VOIP customers to interact with the 911
25 service and provide the emergency services

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necessary. What's happening mostly is on the user side, your VOIP service is required to prompt you to ask you where you are and what location you are. And in theory the way it would work is if you go to San Francisco for your month-long sabbatical, you will log in and establish that you are in a different location and that the system will now know while your number is 212, the actual phone calls that you are receiving are going to be at your location which is now in a different environment.

One of the things the FCC has done and VOIP customers are required to do is let their customers know some of the limitations of VOIP and what it can't do. And that's one of the strategies it looks like they've taken, it's an education campaign to help folks understand, you know, how is this different from 911 and what are you going to get when you call 911 and what you need to be prepared to do.

CHAIRPERSON GARODNICK: So did you say that actually is implemented today so that when you hook in your system in a new jurisdiction that it prompts you to identify your present

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MR. SALKIN: I would--my

understanding is when the system is compliant with the 911 system that that's what it's required to do. I think they're capable of not maybe being compliant with the 911 system and there's, you know, depending on how your system's charged, if you're required to be and you're not, there's a lot of penalties. I don't know, I'm just responding kind of to the issue of how Skype might not be part of 911 and why it isn't and why it's allowed to be that, I don't know the answer to that.

CHAIRPERSON GARODNICK: But there's no situation in which somebody will ring 911 from San Francisco and it will go to our emergency systems or is there?

MR. SALKIN: I think the intent is to make sure that never happens. I, obviously the reason that the rules were put in place is 'case it did happen. So to say that it never happens, I would hesitate to say that--

CHAIRPERSON GARODNICK:

[Interposing] Right. And that's presumably a

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question of Federal law.

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MR. SALKIN: It's something that the FCC has taken positions on and has a voice on. I think initially they didn't and then eventually they did as the systems became more widespread--

CHAIRPERSON GARODNICK:

[Interposing] Okay if you could let us know where the status of that is in, that would be very useful just for our--

MR. SALKIN: [Interposing] Okay.

CHAIRPERSON GARODNICK: --

understanding. And the last question before I got to Council Member Weprin is the Administration has asked us to take a look at this legislation to add the dollar surcharge for the VOIP customers who are currently paying zero. Is this more a question of fairness or it is more a question of revenue generation or what is the philosophical angle? What's the best argument for why we should be doing this right now?

MR. SALKIN: As I stated in the testimony, and as I've kind of highlighted in the Q & A, this is really a fairness issue more so than a revenue issue. And in fairness, providing

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2 911 services is critical. And the way you get to
3 911, interactive 911 services is via the phone.
4 And as the phone technology has changed, it's
5 important that all those phone users contribute to
6 that service. The VOIP technology has matured
7 enough that it's becoming more popular and people
8 are using it. The people are moving away from
9 their mobile or their land lines to a VOIP format.
10 It's critical that these users continue to
11 contribute their surcharge and their fair share.

12 I think time will tell if it's a
13 revenue positive piece. I think right now we're
14 anticipating it being more of a neutral piece that
15 allows us to capture all of the phone users in the
16 City who...

17 CHAIRPERSON GARODNICK: Sorry, when
18 you say revenue neutral as opposed to revenue
19 positive, how could it be anything but revenue
20 positive--

21 MR. SALKIN: [Interposing]
22 Positive.

23 CHAIRPERSON GARODNICK: --we're
24 getting revenue from users who are paying zero and
25 they would suddenly be paying a buck a month--

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2 MR. SALKIN: [Interposing] Right.

3 So in the short term absolutely. I was thinking
4 more in terms of what we're looking at in terms of
5 the last several years. So if you have a
6 situation where someone has a land line, today,
7 and they've moved, and they were paying two years
8 ago and they were paying money, and now they leave
9 and now they're going to come back under the VOIP
10 system, that person would be in my mind a revenue
11 neutral. They were paying \$1, then they weren't
12 paying \$1, now they're paying \$1. So you might
13 recognize it as a plus \$1 for this year but if you
14 looked at that person as a user over time, it
15 would have been we missed them for 3 years and we
16 should have added them in.

17 So really what I view is that we're
18 going to get to a number that we should have been
19 getting for the surcharge, if we view this
20 surcharge as a user fee, to all phone users as
21 opposed to specific types of phones.

22 CHAIRPERSON GARODNICK: Okay.

23 Thank you. I'm now going to go to Council Member
24 Weprin.

25 COUNCIL MEMBER WEPRIN: Thank you

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2 Mr. Chairman. So I'm a little confused here too.
3 We're going to ask these users to pay this
4 surcharge. Just when someone logs in, using the
5 VOIP and uses that to call 911 now, let's say, you
6 know, you're on a laptop. What does the 911
7 service--where do they think you are?

8 MR. SALKIN: Right. So that's one
9 way the VOIP can work--

10 COUNCIL MEMBER WEPRIN:

11 [Interposing] Right.

12 MR. SALKIN: --the reason the VOIP
13 service, I just want to get this clear, are
14 becoming more and more popular, is 'cause they
15 work with regular phones or what appears to be a
16 regular phone. You could walk to a local store
17 down here across the street from City Hall and go
18 to J & R and buy an internet enabled phone that
19 essentially will use a VOIP service as opposed to
20 using a cellular network or using--

21 COUNCIL MEMBER WEPRIN:

22 [Interposing] Okay.

23 MR. SALKIN: And it won't look like
24 a computer, it looks like a phone. So this idea
25 of logging on and being--

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COUNCIL MEMBER WEPRIN:

[Interposing] Right.

MR. SALKIN: --a part of that is one way to do it but what's becoming more and more popular are phones that look like regular phones. So you're not necessarily logging on. you're just using your phone. Your phone happens to start off by using an internet connection and then goes to the regular switchboard and shows up.

So your question was what do you see as a user or what is the 911--

COUNCIL MEMBER WEPRIN:

[Interposing] What is the 911 seeing. Where do they think you are?

MR. SALKIN: So. What you have to do, and again I'm not the best person who's the pure expert here so--

COUNCIL MEMBER WEPRIN:

[Interposing] I understand.

MR. SALKIN: My understanding is you log on and you establish when you establish your account where you are and where your account exists. And this is done through the tracking of the IP and the initial way that your phone gets

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2 kind of transmitted, your phone number gets
3 transmitted all the way back to PD.

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COUNCIL MEMBER WEPRIN: Um-hum.

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6 MR. SALKIN: So as it goes through
7 the e-911 system, a kind of marker comes, and
8 they're able to look up on a system to see where
9 you are based on what you've told the system.

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10 COUNCIL MEMBER WEPRIN: Where you
11 signed up--

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MR. SALKIN: [Interposing] Right.

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13 COUNCIL MEMBER WEPRIN: --so if I
14 said I was in Queens and they would just assume
15 I'm in Queens at all times. So if you do make
16 that call from San Francisco, I missed the
17 sabbatical part but I guess you're on sabbatical,
18 who do you get when you push 911?

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19 MR. SALKIN: Well the way it has to
20 work is you have to get San Francisco 911.

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21 COUNCIL MEMBER WEPRIN: You'd get
22 both of the 911's--

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23 MR. SALKIN: [Interposing] And
24 that's the challenges of the whole VOIP service
25 from the Federal perspective.

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COUNCIL MEMBER WEPRIN: Well

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currently what would happen, do you know?

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MR. SALKIN: Well what you would be done is as you change locations and you're being pronged, so again, if you're moving to San Francisco, you're not taking your phone out of your system per se, you're taking your computer with you.

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COUNCIL MEMBER WEPRIN: Right.

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MR. SALKIN: So you're talking on a computer situation and they're going to prong you 'case you're now changing internet connections. So it's going to know that you actually are in a different place. And it will ask you to re-log in to make clear where you are and where you're making your computer is--

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COUNCIL MEMBER WEPRIN:

[Interposing] What currently happens with a cell phone, regular cell phone when I go to San Francisco on that sabbatical.

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MR. SALKIN: Sure. The cell phone works on a different system. It's the e-911 system and again this is my understanding of it. I'm sure there's people in the room that know more than I, is reflecting off the cell towers. So

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2 when you make a hone call, the first place it goes
3 is to the local cell tower and that's the
4 information that's getting transmitted to the
5 local 911 system. So they're able to identify you
6 by your cell tower and then they're enhancing that
7 technology--

8 COUNCIL MEMBER WEPRIN:

9 [Interposing] Right.

10 MR. SALKIN: --to get more and more
11 exact to figure out where you are.

12 COUNCIL MEMBER WEPRIN: Okay, just
13 back up once again, so if I currently use the VOIP
14 and I'm in San Francisco and nobody prompts me and
15 I don't tell them where I am, who do I get?

16 MR. SALKIN: You could be in a
17 scenario where you're going to get--

18 COUNCIL MEMBER WEPRIN:

19 [Interposing] New York--

20 MR. SALKIN: --New York City 911.

21 COUNCIL MEMBER WEPRIN: New York
22 911.

23 MR. SALKIN: Right.

24 COUNCIL MEMBER WEPRIN: From San
25 Francisco. Okay. Have any other localities done

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this yet?

MR. SALKIN: Which piece?

COUNCIL MEMBER WEPRIN: The \$1 surcharge.

MR. SALKIN: Yes. In terms of my understanding, several states in the tri-state area have done so. Pennsylvania, New Jersey and Connecticut--

COUNCIL MEMBER WEPRIN:

[Interposing] Or there are many options, there are several states in the tri-state area.

MR. SALKIN: All the states in the tri-state area.

COUNCIL MEMBER WEPRIN: Yeah. So you're saying New Jersey has done it.

MR. SALKIN: That's my understanding, yes.

COUNCIL MEMBER WEPRIN: Pennsylvania.

MR. SALKIN: And Connecticut.

COUNCIL MEMBER WEPRIN: And Connecticut. Okay.

[Off mic]

COUNCIL MEMBER WEPRIN: All right.

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I'm just curious. And they've done this as a statewide surcharge or individual localities have done that?

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MR. SALKIN: My understanding is that it's the statewide level, they've instituted that. I can get you more details on what exactly their programs are and how they've worked.

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COUNCIL MEMBER WEPRIN: And has the State of New York done anything statewide yet?

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MR. SALKIN: Well we're reacting to Congress passed a law in 2008 and then last year the Governor signed a law that basically took the Congressional law and allows local counties to enact a law. And I--

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COUNCIL MEMBER WEPRIN:

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[Interposing] So the State only just said, individual localities, you can charge?

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MR. SALKIN: Right.

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COUNCIL MEMBER WEPRIN: But they didn't try to charge themselves? But they want to tax my soda? Okay, I just want to get this correct, you know. What, you think you would have jumped on that, I mean, you know, we've looked to tax everything else in this State, why wouldn't

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they tack on a statewide surcharge?

MR. SALKIN: That is a question perhaps for the State but maybe it has something to do with the local nature of the 911 service.

COUNCIL MEMBER WEPRIN: Okay. All right. Just curious. Thank you.

CHAIRPERSON GARODNICK: Thank you Mr. Weprin. Now we're going to Council Member Koppell.

COUNCIL MEMBER KOPPELL: I apologize. I came late so this may have been answered but it's confusing to me. You say the surcharge for land lines is now \$1 per month and \$1.50 for cell phones. That's \$1 per month per customer is that it?

MR. SALKIN: Per line.

COUNCIL MEMBER KOPPELL: Per line. And then you say of which the City gets \$.30. They get \$.30 from both sources?

MR. SALKIN: No. For the land line it's \$1 surcharge and the City gets \$1.

COUNCIL MEMBER KOPPELL: Yeah.

MR. SALKIN: For the cellular service it's \$1.50 of which the City gets \$.30.

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2 COUNCIL MEMBER KOPPELL: Why is
3 that?

4 MR. SALKIN: The City's surcharge
5 is \$.30, the State surcharge is \$1.20. So when
6 you add them together there is a 911 surcharge--

7 COUNCIL MEMBER KOPPELL:
8 [Interposing] But who collects the cell phone
9 charge?

10 MR. SALKIN: The cell phone charge
11 is collected by the Department of Finance. One of
12 the questions that Council Member Garodnick asked
13 was how is the State portion of the grant
14 collected. And what I, without knowing the exact
15 answer I said that I would get back to you on how
16 that money's collected directly.

17 COUNCIL MEMBER KOPPELL: But the
18 City collects the money for the State, is that
19 what you're saying?

20 MR. SALKIN: No I'm saying I will
21 get you that information without guessing.

22 COUNCIL MEMBER KOPPELL: And why is
23 it we only get \$.30 from the State, from the cell
24 phone people?

25 MR. SALKIN: Again, without knowing

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2 the exact history of that, it seems to be that the
3 State set a standard of \$1.20 and then the City
4 probably, my guess is, wanted to get some money
5 but figured adding \$1 charge on top of the \$1.20
6 would have been excessive. So felt comfortable
7 adding the \$.30.

8 Now the State out of the \$1.20 the
9 State gets, they do give some money back to the
10 City in the form of an e-911 grant which has
11 averaged between \$5 million and \$6 million per
12 year.

13 COUNCIL MEMBER KOPPELL: And the
14 State doesn't want to get anything out from the
15 regular phones, just the cell phones, is that--?

16 MR. SALKIN: [Interposing] That's
17 how the current legislation structure--

18 COUNCIL MEMBER KOPPELL:
19 [Interposing] It's very confusing to me as to why
20 that should be. And the City collects the money
21 from people who have a cell phone that's
22 registered in the City, where the bill comes to
23 the City, is that it?

24 MR. SALKIN: Right. We collect it
25 from the phone companies who are charging it to

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2 entities that are--where the charge is located in
3 the City.

4 COUNCIL MEMBER KOPPELL: So when
5 the bill comes to the City, then that is supposed
6 to be remitted by the phone companies.

7 MR. SALKIN: That's correct.

8 COUNCIL MEMBER KOPPELL: And you
9 say you're not sure how well it's audited at this
10 point.

11 MR. SALKIN: I said that I will get
12 you the details on how it's audited.

13 COUNCIL MEMBER KOPPELL: All right.
14 I would suggest maybe we should look into that in
15 terms of a revenue source. It may not be huge but
16 if it's not well audited, there might be some
17 money there to be had.

18 MR. SALKIN: It may be well
19 audited.

20 COUNCIL MEMBER KOPPELL: Pardon me?

21 MR. SALKIN: It may be well
22 audited.

23 COUNCIL MEMBER KOPPELL: Oh you
24 just don't know. I see.

25 MR. SALKIN: That's correct.

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2 COUNCIL MEMBER KOPPELL: I see.

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3 Okay. Thank you.

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CHAIRPERSON GARODNICK: Thank you

5 Council Member Koppell. One thing I will note is

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6 that I'm advised by counsel that the \$.30

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7 surcharge is the maximum that the City was allowed

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8 to add on top of the State cellular surcharge.

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9 And so the City, I think in 2002, went and did

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10 that.

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Let me just go back to a question

12 from Council Member Weprin. He asked you if there

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13 were other jurisdictions that had added a

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14 surcharge for 911 service for VOIP customers. You

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15 said there were other states in the tri-state

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16 area. And including of course New York which

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17 allows us as a locality in the State to do this.

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18 Were there other cities that have implemented this

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19 either in New York or in any of those other

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20 jurisdictions?

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MR. SALKIN: Let me make sure and

22 I'll give you an answer if I can find out. I

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23 think one question which you're asking which is a

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24 good one is has anyone else in New York enacted--

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25 taken action on the State's recent law that's been

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2 passed and what is the result of their efforts
3 been. I don't have an answer for that one.

4 CHAIRPERSON GARODNICK: And also
5 how much they--

6 MR. SALKIN: [Interposing] Well
7 that--it involves how many companies--

8 CHAIRPERSON GARODNICK:
9 [Interposing] Correct.

10 MR. SALKIN: --as to the percentage
11 of what they're... if we can get that, we'll be
12 happy to report that.

13 CHAIRPERSON GARODNICK: Good.
14 Thank you. Now obviously when you are a customer,
15 you see a lot of taxes and a lot of fess on your
16 bill. Some of them are Federal taxes, some of
17 them are State, some of them are City. Let's just
18 talk about the City charges for a second that you
19 see on cellular versus land line versus VOIP,
20 today.

21 What are they?

22 MR. SALKIN: All right. I don't
23 have the exact worksheet with me today. If you
24 want to go over them in more detail...

25 CHAIRPERSON GARODNICK: Well we may

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2 need to have a second hearing on the issue. We
3 have lot of follow-up questions so we'll reserve
4 our right to do that, of course, but, you know, I
5 just want to--

6 MR. SALKIN: [Interposing] Right--

7 CHAIRPERSON GARODNICK: --point out
8 there's a lot of questions--

9 MR. SALKIN: [Interposing] So--

10 CHAIRPERSON GARODNICK: --we don't
11 have answers to today so--

12 MR. SALKIN: [Interposing] That's
13 understood. And if your question is what are the
14 different taxes that get charged to--

15 CHAIRPERSON GARODNICK:
16 [Interposing] Yeah what are the charges today--

17 MR. SALKIN: --land lines, what
18 different taxes--right.

19 CHAIRPERSON GARODNICK: I mean I
20 was going to ask the more broad question about
21 what are all of the fees that the Federal, State
22 and City level that the various customers are
23 providing, how does that compare from VOIP to
24 cellular to land line. I figured I would be
25 merciful and ask just about the City taxes--

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2 MR. SALKIN: [Interposing] Fair
3 enough.

4 CHAIRPERSON GARODNICK: --but we,
5 you know, so we do need to know the answer to that
6 one.

7 MR. SALKIN: Okay.

8 CHAIRPERSON GARODNICK: Also and
9 this is going to be my last question. We have the
10 Citywide mobile wireless network and we have NICE-
11 WIN [phonetic]. Help us understand how this 911
12 system fits into all of that. Is that--?

13 MR. SALKIN: [Interposing] Sure.
14 Well my understanding is that NICE-WIN is a system
15 that's available to the City to help the City
16 deploy resources and help the City provide
17 services. The 911 system is a system that's
18 available to the public. And it's a system that's
19 developed to deliver services or at least link the
20 public to an operator during emergency situations.
21 So the two systems are completely separate and
22 function for different purposes. Although one
23 might say they're both, one's on a cellular
24 network or wireless network and the other is just
25 really working with customers to get them into the

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emergency services personnel. Does that make sense?

CHAIRPERSON GARODNICK: No. I'm not sure I totally understood that--

MR. SALKIN: [Interposing] All right. So let me try again--

CHAIRPERSON GARODNICK: --do that one more time so I can follow you--

MR. SALKIN: --so first is when I call 911--

CHAIRPERSON GARODNICK:
[Interposing] Yep.

MR. SALKIN: --I'm using publicly available networks to get to a person--

CHAIRPERSON GARODNICK:
[Interposing] Right.

MR. SALKIN: --who's going to talk to me and help me deal with the emergency and the reason I called. All right. So that's happened, you know, regardless of where I start my phone call, it's coming to the City's 911 center.

CHAIRPERSON GARODNICK: Right.

MR. SALKIN: So we're taking all these different phone calls from all these

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2 different places and we're translating that and
3 we're working on that. In terms of NICE-WIN,
4 that's a close resource that the City has
5 available to it for the City purposes. So it's
6 not available per se to the public and it's
7 something that the City can leverage to do City
8 business. So it doesn't really have anything to
9 do with 911.

10 CHAIRPERSON GARODNICK: Right. So
11 911 does not really... there's no real interaction
12 between NICE-WIN and 911.

13 MR. SALKIN: When you make a hone
14 call right, no.

15 CHAIRPERSON GARODNICK: Right.
16 Okay.

17 [Pause]

18 CHAIRPERSON GARODNICK: The request
19 for this legislation, we're having this hearing
20 now in early June. The anticipated revenue is
21 unknown from this potential new surcharge and
22 therefore it is not included in the Mayor's
23 Preliminary or Executive Budget as an anticipated
24 source of revenue for Fiscal Year 2011, is that
25 right?

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MR. SALKIN: That's correct.

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CHAIRPERSON GARODNICK: So the timing for this legislation is only the sooner we get to it the sooner we have the ability to start charging the buck for VOIP customers, is that right? That's our only time pressure on this, is that correct?

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MR. SALKIN: Well, right. However, you know, again, as people move away from mobile service and land line service to VOIP service, the ability to collect surcharges goes down. So in theory the money that's coming in to support the 911 system over time if it goes on for too long could be significantly compromised.

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CHAIRPERSON GARODNICK: I'm sorry, why does that number go down?

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MR. SALKIN: If you, today, from learning all about--I've had a lot of people say to me, oh wow, VOIP is interesting and it might actually be cheaper than my land line--

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CHAIRPERSON GARODNICK:

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[Interposing] Right.

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MR. SALKIN: --I'm going to switch to VOIP.

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CHAIRPERSON GARODNICK: Right.

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MR. SALKIN: If you did that today-

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CHAIRPERSON GARODNICK:

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[Interposing] Right.

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MR. SALKIN: --the City is not going to collect \$12.

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CHAIRPERSON GARODNICK: Correct.

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MR. SALKIN: And if everyone in this room did that, it might be thousands of dollars.

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CHAIRPERSON GARODNICK: Correct.

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MR. SALKIN: So that will no longer be coming to the City--

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CHAIRPERSON GARODNICK:

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[Interposing] Correct.

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MR. SALKIN: --until the legislation is passed. So--

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CHAIRPERSON GARODNICK:

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[Interposing] So the point is, it's just a matter of as soon as we get to it, the sooner the City is either protected from loss of revenue or we'll have the increased revenue from the people who are currently customers who are paying zero but will

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2 suddenly be paying \$12 a year.

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MR. SALKIN: Correct.

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CHAIRPERSON GARODNICK: Okay.

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[Pause]

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CHAIRPERSON GARODNICK: Well, is
7 there...? Seeing no other members of the public
8 wishing to testify today, we thank you very much
9 for your testimony. We ask you to provide us a
10 follow-up on the various issues that we discussed
11 today. We will discuss internally whether we
12 would like to invite you back to a second hearing
13 or whether those responses will do the trick. But
14 we appreciate the interest of all the members of
15 the public and with that this Committee on
16 Technology is adjourned.

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[Gavel banging]

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MR. SALKIN: Thank you.

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[Background conversation]

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[END Technology_in-Govt_6-11-

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2010_part_2.mp3]

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[START Technology_in-Govt_6-11-

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CHAIRPERSON GARODNICK: Thank you.

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And before we officially adjourn, I just wanted, I

1
2 forgot to note that we've been joined by Council
3 Member Gale Brewer. Thank you Council Member
4 Brewer for your joining us and your participation.
5 Thanks Gale.

6 [Background conversation]

7 [END Technology_in-Govt_6-11-
8 2010_part_3.mp3]

9
10

C E R T I F I C A T E

I, Laura L. Springate certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

A handwritten signature in cursive script that reads "Laura L. Springate". The signature is written in black ink on a light-colored background.

Signature _____Laura L. Springate_____

Date _____June 23, 2010_____