

Denco Area 9-1-1 District

Fiscal Year 2019



Financial Plan

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Denco Area 9-1-1 District

Fiscal Year 2019 Financial Plan

Section 1

Preface

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Denco Area 9-1-1 District

1075 Princeton Street ▪ Lewisville, TX 75067

Phone: 972-221-0911 ▪ Fax: 972-420-0709 ▪ Denco.ORG

To: Denco Area 9-1-1 District Participating Jurisdictions

Date: July 13, 2018

Subject: Denco Area 9-1-1 District Fiscal Year 2019 Financial Plan

The Denco Area 9-1-1 District Board of Managers, at its July 12, 2018, regular meeting, approved the "Draft" Denco Area 9-1-1 District Fiscal Year 2019 Financial Plan and authorized the District's staff to forward it to all participating jurisdictions for review and comment. On behalf of the Board, I request that your governing body review the following budget and provide us with any comments prior to August 31, 2018.

This financial plan reflects Denco's continued commitment to provide a state-of-the-art, high availability, emergency 9-1-1 system to the citizens of the district, while preserving our long term financial viability; a commitment that began 28 years ago on August 18, 1990, when the first 9-1-1 call was made in the district.

As the increasingly mobile and data-centric populace demands more interactivity with the 9-1-1 system, and with the higher cost of providing advanced technology, we are mindful of the need for a sustainable approach and have taken a long-term look at both revenue and expenses. The recommended budget maintains the quality programs our partner agencies rely upon while taking important steps to enhance the level of services we deliver to all stakeholders.

The fiscal year 2019 budget focuses on the expansion and upgrade of existing systems. Additional call-taking positions have been requested by multiple PSAPs, the co-owned and operated microwave network with Denton County will receive its first major upgrade in thirteen years, and additional cybersecurity measures will be implemented to enhance the protection provided to critical 9-1-1 systems and connected networks.

Denco is committed to providing our citizens the most technologically advanced and best managed systems and services available. Please review the attached budget and provide us with any comments, either in support of the plan as proposed, or suggestions for improvement. If you have any questions or need additional information, please do not hesitate to contact Mark Payne, our executive director, at (972) 221-0911 or by email at mark.payne@denco.org. The Denco Area 9-1-1 District Board of Managers will adopt a final 2019 budget during our regular meeting on September 13th.

The Denco Area 9-1-1 District Board of Managers and staff appreciate your support and confidence.

Jack Miller, Chairman
Board of Managers

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Date: July 13, 2018

Subject: Denco Area 9-1-1 District Fiscal Year 2019 Financial Plan

Enclosed is a copy of the "Draft" Denco Area 9-1-1 District Fiscal Year 2019 Financial Plan for your jurisdiction's review and comment. Texas Health and Safety Code requires the District to submit the draft budget to its participating jurisdictions for a 45-day review and comment period. After the review and comment period, the District's board of managers will adopt a budget for 2019 based on the feedback received. A copy of the statute and approval policy is included in Section 5 of the draft budget.

At its July 12, 2018 regular meeting, the Denco Area 9-1-1 District Board of Managers unanimously approved the enclosed "Draft" financial plan to be submitted to its participating jurisdictions for consideration. The District requests that your jurisdiction review the proposed budget and submit comments to the Denco board prior to August 31, 2018. At its regular meeting on September 13, 2018, the Denco board will consider final approval of the 2019 Financial Plan. If the District does not receive a response from individual jurisdictions, it will assume, according to statute, that those jurisdictions support the draft budget.

Please fax responses to Denco at (972) 420-0709, email them to Carla Flowers, Director of Administration, at carla.flowers@denco.org or mail them to 1075 Princeton Street, Lewisville, Texas 75067. A PDF version of the 2019 draft financial plan can be downloaded from Denco's website at www.denco.org.

The enclosed budget includes the following sections that provide an overview of both the operations of the Denco Area 9-1-1 District and its financial position:

Section 1: Preface

This section includes memorandums from Jack Miller, Chair of the Denco Board of Managers, and me. It provides a brief summary of the District's strategic plans for fiscal year 2019 and an overview of the approval process.

Section 2: District Overview

The District overview provides a brief summary about the history of the Denco Area 9-1-1 District and its current operations. It also provides background information about the 9-1-1 system, its terminology and the benefits it provides.

Section 3: Financial Plan Summary

Section 3 includes an executive summary of the budget; providing an overview of the District's plans and their impact on its financial position. Also included is a Summary of Cost Classifications that briefly describes the expenditure categories included in the budget.

Section 4: Anticipated Revenues and Proposed Expenditures

Section 4 includes a spreadsheet that summarizes the overall budget for fiscal year 2019, followed by two worksheets that give more detail about the anticipated revenues and proposed expenditures for the year. The section also includes a five-year projection spreadsheet that depicts both the growth and decline of the District's fund balance and a graph reflecting the actual fund balance for the past five years and that projected for the next five.

Section 5: Reference Materials

The final section includes reference material that provides guidelines under which the District operates. Included are copies of resolutions defining the budget approval process, a copy of House Bill 1984 that provides the statutory requirements for budget approval and a copy of the legislation under which Denco operates.

The District is pleased to provide your jurisdiction with a copy of the "Draft" Denco Area 9-1-1 District Fiscal Year 2019 Financial Plan for consideration. The plan provides the District the financial resources necessary to meet the fiscal year 2019 requirements.

If you have any questions, need additional information or would like for me to meet with your staff or governing body, please do not hesitate to call me at (972) 221-0911 or email me at mark.payne@denco.org. I would welcome the opportunity to meet with you and discuss the enclosed budget and the operations of the Denco Area 9-1-1 District.

Thanks for your continued support of the Denco Area 9-1-1 District.



Mark Payne, Executive Director

Denco Area 9-1-1 District

Fiscal Year 2019 Financial Plan

Section 2

District Overview

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DENCO AREA 9-1-1 DISTRICT

District Overview

Formation of the Denco Area 9-1-1 District

Legislation

During its 1985 session, the 69th Texas Legislature passed Article 1432e (Section 772, Texas Health and Safety Code), Emergency Telephone Number Act, which provided for the creation, administration, expansion, funding and dissolution of emergency communication districts in certain counties in Texas. The Emergency Telephone Number Act is the legislation under which the Denco Area 9-1-1 District operates.

Purpose

Section 772.302, Texas Health and Safety Code, states the purpose of the Act to be the following:

“To establish the number 9-1-1 as the primary emergency telephone number for use by certain local governments in this state and to encourage units of local governments and combinations of those units of local government to develop and improve emergency communication procedures and facilities in a manner that will make possible the quick response to any person calling the telephone number 9-1-1 seeking police, fire, medical, rescue and other emergency services.”

Creation of Denco Area 9-1-1 District

On August 8, 1987, Denton County held a special election to confirm the creation of the Emergency Communication District of Denton County and authorize a 9-1-1 emergency service fee, not to exceed 3.0% of the base rate of the principal service supplier per month, to be charged by the District for the purpose of establishing and maintaining E9-1-1 in Denton County. By a margin of 13,086 to

3,024, the voters favored the creation of the emergency communication district. After the special election, the city and county governing bodies within Denton County passed resolutions of participation. The resolutions stated that the city or county would become a participating jurisdiction in the District pursuant to the provisions of the Emergency Telephone Number Act.

The participating jurisdictions of the District are the following:

<i>Argyle</i>	<i>Hackberry</i>	<i>Northlake</i>
<i>Aubrey</i>	<i>Hebron</i>	<i>Oak Point</i>
<i>Bartonville</i>	<i>Hickory Creek</i>	<i>Pilot Point</i>
<i>Carrollton</i>	<i>Highland Village</i>	<i>Ponder</i>
<i>Copper Canyon</i>	<i>Justin</i>	<i>Providence Village</i>
<i>Corinth</i>	<i>Krugerville</i>	<i>Roanoke</i>
<i>Cross Roads</i>	<i>Krum</i>	<i>Sanger</i>
<i>Denton</i>	<i>Lake Dallas</i>	<i>Shady Shores</i>
<i>DISH</i>	<i>Lakewood Village</i>	<i>The Colony</i>
<i>Double Oak</i>	<i>Lewisville</i>	<i>Trophy Club</i>
<i>Draper</i>	<i>Little Elm</i>	<i>Unincorporated Denton County</i>
<i>Flower Mound</i>		

On December 8, 1987, the District's board of managers ordered the levy and collection of the emergency service fee to commence with the January 1988 billing cycle. The board ordered the service fee, collected by the telephone companies, to be charged at a rate of 3.0% of the current base rate of GTE Southwest (now Frontier). In 1992, the board set the emergency service fee, for basic levels of wireline telephone service charged to customers in the district, at \$0.27 for residential customers, \$0.71 for business customers and \$1.13 for trunks.

On June 28, 1988, the board of managers named the Emergency Communications District of Denton County, Denco Area 9-1-1 District.

Organizational Structure

The board of managers is the governing body for the Denco Area 9-1-1 District. The county, participating cities and the Denton County Fire Chiefs Association appoint the board. Board members serve staggered two-year terms and are eligible for reappointment. The following members currently sit on the board of managers:

Board Member**Represents**

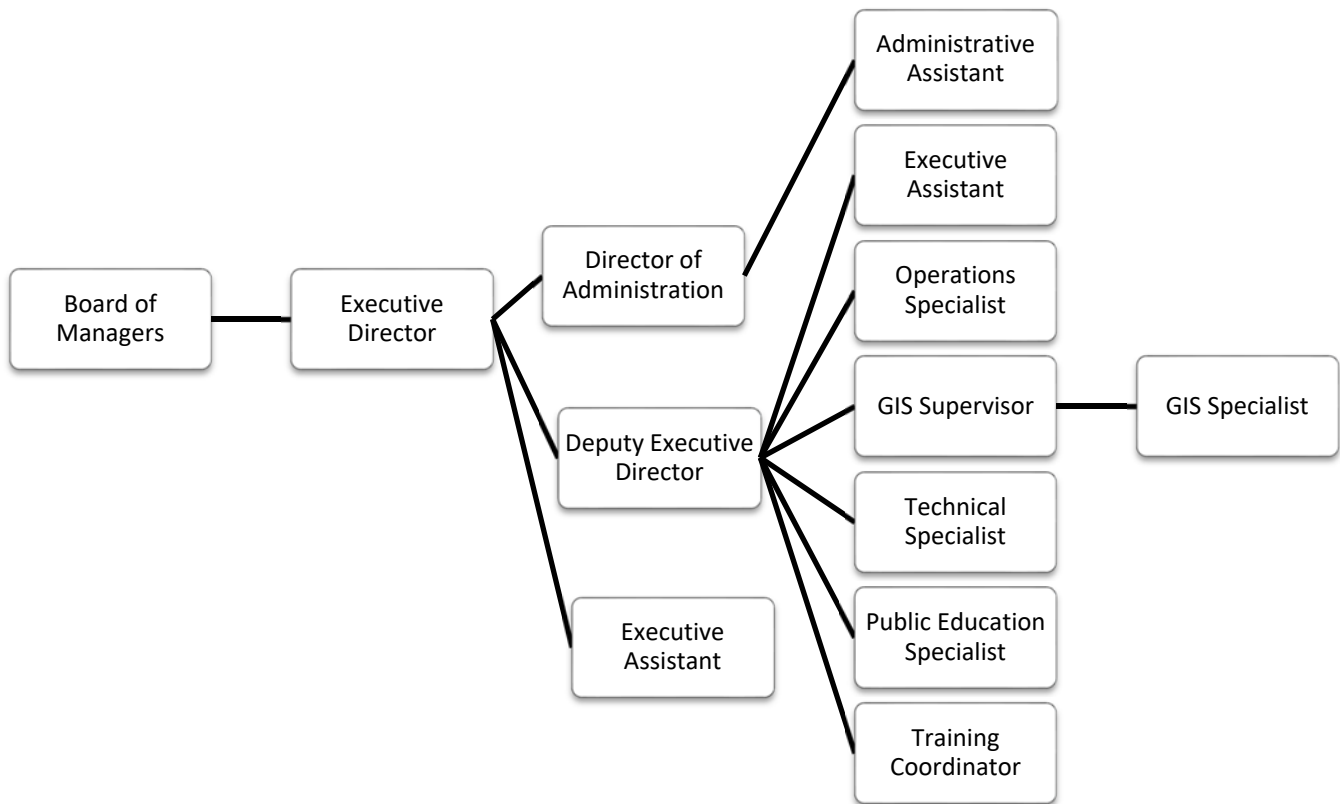
Mr. Jack Miller, Chair	Denton County Commissioners Court
Mayor Sue Tejml, Vice Chair	Participating Municipalities
Asst. Chief Terry McGrath, Secretary	Denton County Fire Chiefs' Association
Mr. Bill Lawrence	Denton County Commissioners Court
Mr. Jim Carter	Participating Municipalities
Mr. Rob McGee	Verizon Business, Advisory

The Emergency Telephone Number Act states, "*...the board shall manage, control and administer the District. The board may adopt rules for the operation of the District.*" The legislation also allows the board to appoint a director of communications for the District who serves as its general manager. The director, with approval from the board, manages the services necessary to carry out the purposes of the Emergency Telephone Number Act.

The Denco Area 9-1-1 District's staff is responsible for performing all the duties that may be required for the District to accomplish its mission within the framework provided by the board. The "Draft" Denco Area 9-1-1 District Fiscal Year 2019 Financial Plan provides for fifteen full-time staff members who provide the planning, operations, and maintenance functions for the District. The organizational structure of the District includes Administration and Operational program areas that serve the 9-1-1 PSAPs and emergency service providers within the district. Operational program areas—sometimes referred to as Direct Services—include: 9-1-1 Systems, Public Education, and Training and Education Development.

Included in the organizational chart on the following page are the titles of staff members in each functional area.

Organizational Chart



Mission, Values and Goals Statement

Mission

The mission of the Denco Area 9-1-1 District is to provide an efficient, effective enhanced 9-1-1 emergency telecommunications system that assists its member jurisdictions in response to police, fire and medical emergency calls.

Values

The Denco Area 9-1-1 District pledges to uphold the following values:

Value 1: The control of District operations is the responsibility of member jurisdictions and the board of managers.

Value 2: The District will provide the most reliable, efficient, cost-effective and proven technologies within available resources.

Goals

The Denco Area 9-1-1 District has the following goals that support its endeavor to carry out its mission.

Goal 1: To represent the interests of member jurisdictions, emergency service providers and end users by establishing and providing the means for the Denco Area 9-1-1 District to accomplish its mission, values, goals and objectives.

Goal 2: To manage the Denco Area 9-1-1 District in an objective, efficient, effective and responsive manner.

Goal 3: To increase public awareness of 9-1-1 issues and promote the proper use of the 9-1-1 system.

Goal 4: To provide training programs which enable Public Safety Answering Point (PSAP) personnel to effectively process 9-1-1 calls.

Goal 5: To provide and maintain advanced, effective 9-1-1 Systems that are compatible with changing communication technologies.

Goal 6: To assure that 9-1-1 calls, from all sources, are routed properly to PSAPs and that PSAPs have the most accurate, reliable, and useable data at all times.

Designated Core Competencies

The Denco Area 9-1-1 District has identified the following core competencies as a means for measuring its efficiency, effectiveness and overall performance.

Integrity/Honesty

Instills mutual trust and confidence; creates a culture that fosters high standards of ethics; behaves in a fair and ethical manner toward others, and demonstrates a sense of corporate responsibility and commitment to public service.

Responsive Customer Service

Balancing interests of a variety of clients; readily readjusts priorities to respond to pressing and changing client demands. Anticipates and meets the needs of clients; achieves quality end products; is committed to continuous improvement of services.

Team Work

Encourages and facilitates cooperation within the organization and with customer groups; fosters commitment, team spirit, pride, and trust. Develops leadership in others through coaching, mentoring, rewarding, and guiding employees. Actively participates in healthy debate and discussion sharing personal points of view and rational for individual thinking; once decision has been made, openly supports and owns the majority decision as if it were his or her own; doesn't undermine or second guess majority decision after the fact.

Flexibility

Open to change and new information; adapts behavior and work methods in response to new information, changing conditions or unexpected obstacles. Adjusts rapidly to new situations warranting attention and resolution.

Decisiveness

Exercises good judgment by making sound and well informed decisions; perceives the impact and implications of decisions; makes effective and timely decisions, even when data is limited or solutions produce unpleasant consequences; is proactive and achievement oriented.

Background Information

What is E9-1-1?

Enhanced Nine-One-One (E9-1-1) is a single, easy-to-remember number used when reporting emergencies to fire, police and emergency medical service providers. The E9-1-1 system, operational in the Denco Area 9-1-1 District, is designed to automatically route any 9-1-1 call, placed from a telephone instrument (including wireless and Internet) within the District's geographical boundaries, to the proper public safety answering point (PSAP) responsible for dispatching emergency services to the caller. (At the current time, there are limitations to both wireless and Internet location technologies.)

Benefits of E9-1-1

The E9-1-1 system has enhanced the ability of emergency service providers to save the lives and property of citizens in the Denco Area 9-1-1 District. Some of the direct benefits of the emergency communication system provided by Denco are the following:

- Only one three-digit number to remember in an emergency situation.
- The 9-1-1 call is routed to the proper agency responsible for dispatching help to the caller.
- Trained telecommunicators answer 9-1-1 calls. (In the Denco Area 9-1-1 District, telecommunicators are trained to provide emergency medical dispatch, thus reducing response time for medical emergencies.)
- Telecommunicators have the equipment and training necessary to communicate with hearing/speech impaired callers using TTY equipment as well as via text messages to 9-1-1.
- The caller's name, address and telephone number, as well as the proper fire, police and emergency medical service designated to respond to the caller's address, is automatically provided to the telecommunicator; thus reducing total response time. In the event the caller is unable to speak, the telecommunicator has the ability to dispatch help to the caller's location that is provided by the E9-1-1 system.
- All PSAPs in the Denco Area 9-1-1 District are part of a common network, allowing each to transfer calls, conference multiple PSAPs and/or share information within a closed system.
- ANI/ALI information provides a means to control and reduce prank calls.

- The public education programs associated with E9-1-1 promote citizen awareness and involvement with emergency service providers.
- The E9-1-1 system enhances local government's ability to address the ever growing public expectation of emergency services created by the technology vendors, the media and popular television programming.
- The E9-1-1 system is designed to allow PSAPs the ability to directly transfer a caller to another public safety agency or poison control center.
- The E9-1-1 system will identify calls from wireless and Internet phones, advising the telecommunicator to ask proper questions to determine the location of the emergency. Phase I provides the caller's telephone number so that the telecommunicator has the ability to reconnect if the call is terminated. Phase II provides additional location information to telecommunicators. Location information for Internet phones (VoIP) is typically entered by the subscriber through a website.
- The system has the ability to identify telephone companies serving 9-1-1 callers, thus streamlining the process.

Glossary of Terms

9-1-1 (Nine-One-One). A designated easy-to-remember, easy-to-call, three-digit emergency telephone number developed to provide citizens with a reliable, fast and convenient way to access fire, police, or medical service in the event of an emergency.

ANI (Automatic Number Identification). ANI is the feature that provides the caller's telephone number on a console at the PSAP.

ALI (Automatic Location Identification). ALI provides the caller's name and address on a computer monitor at the PSAP along with the name of the correct police, fire and emergency medical services designated to respond to the caller's location. Callers should always know their location in the event the ALI information is not available because of limited technology.

Database. The 9-1-1 Database is the information accompanying a 9-1-1 call at the PSAP. The information provided is the caller's name, address and telephone number, as well as the emergency service providers designated to respond to the caller's address. The database information is not always available from wireless and VoIP callers.

E9-1-1 (Enhanced 9-1-1). The system that is operational in Denton County providing SR, ANI and ALI (defined below).

ESInet (Emergency Services IP Network). An ESInet is a managed IP network that is used for emergency services communications, and which can be shared by all public safety agencies. It provides the IP transport infrastructure upon which independent application platforms and core functional processes can be deployed, including, but not restricted to, those necessary for providing NG9-1-1 services. ESInets may be constructed from a mix of dedicated and shared facilities. ESInets may be interconnected at local, regional, state, federal, national and international levels to form an IP-based inter-network (network of networks).

GIS (Geographic Information Systems). The technology used to develop and display the mapped data used to locate 9-1-1 callers.

i3 or i3 PSAP (See also NG9-1-1). NENA's Detailed Functional and Interface Standard for NG9-1-1 (i3), which describes a PSAP that is capable of receiving IP-based signaling for delivery of emergency calls and for originating calls and is conformant to NENA specifications for such PSAPs.

IWS (Integrated Workstation). The computerized 9-1-1 answering equipment provided by Denco that gives telecommunicators, in addition to the 9-1-1 function, additional tools such as computer-aided dispatch, paging, mapping and radio communications. Denco has 77 integrated call-taking workstations at its ten (10) operational and two (2) backup PSAPs.

NG9-1-1 (Next Generation 9-1-1). NG9-1-1 is an Internet Protocol (IP) based system comprised of managed Emergency Services IP networks (ESInets), functional elements (applications), and databases that replicate traditional E9-1-1 features and functions and provides additional capabilities. NG9-1-1 is designed to provide access to emergency services from all connected communications sources, and provide multimedia data capabilities for Public Safety Answering Points (PSAPs) and other emergency service organizations. Denco migrated to NG9-1-1 in April 2014.

Phase I. Wireless Phase I Enhanced 9-1-1 is the Federal Communication Commission (FCC) mandate to the wireless telephone industry and to 9-1-1 requiring the routing of wireless 9-1-1 calls to appropriate PSAPs and the provision of the callers' ANI to the telecommunicators.

Phase II. Phase II provides the approximate geographic location of wireless callers, in addition to the FCC's Phase I enhancements.

PSAP (Public Safety Answering Point). The location of the equipment used to answer 9-1-1 emergency calls. The following are the twelve (12) PSAPs that are currently capable of answering 9-1-1 calls in the Denco Area 9-1-1 District:

- City of Denton Police Department
- Denton County Sheriff's Office
- Town of Flower Mound Police Department
- City of Highland Village Police Department
- City of Lewisville Police Department
- North Texas Emergency Communications Center (Carrollton)
- City of Roanoke Police Department
- City of The Colony Police Department
- University of North Texas Police
- Texas Woman's University Police
- Host A Backup PSAP
- Host B Backup PSAP and Training Center

Public Safety Telecommunicator. The individual answering the 9-1-1 calls; trained to communicate with persons seeking emergency assistance and with agencies and individuals providing such assistance.

SR (Selective Routing). Selective Routing provides automatic routing of 9-1-1 calls, based on the caller's location, to the appropriate PSAP. The caller is not required to determine which public safety agency to call. Callers using wireless or VoIP telephones should know their location because the routing technology is not as accurate for these services.

Denco Area 9-1-1 District

Fiscal Year 2019 Financial Plan

Section 3

Financial Plan Summary

Summary of Cost Classifications

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DENCO AREA 9-1-1 DISTRICT

Fiscal Year 2019 Financial Plan Summary

The 2019 Financial Plan for the Denco Area 9-1-1 District provides funding for the continued delivery of high-quality services that the citizens and PSAPs in the Denco district have come to rely upon for the past 28 years. Those trusted services include: the support of all elements of the 9-1-1 system (e.g. database, routing, network and equipment) throughout the district; addressing and mapping services; public education and training services; participation in standards development; and the continuing legislative and regulatory advocacy services that Denco provides in Austin and Washington D.C. In addition to these ongoing services, the District is continually updating its strategic plans to focus on providing the most efficient and effective services available within its financial resources.

Financial Plan Overview

Section 4 of the Denco Area 9-1-1 District Fiscal Year 2019 Financial Plan provides the following spreadsheets that summarize the budget: “Summary of Anticipated Revenues and Proposed Expenditures”; “Anticipated Revenues, Proposed Expenditures”; and “Five Year Projections”. Also provided, following the spreadsheets is a graph that depicts the Cash Fund Balance (Assigned and Unassigned). It provides a picture of the actual change in fund balance from fiscal year 2011 through estimated 2018, and projections through 2023.

Denco has no means of issuing debt, so it prides itself in being fiscally responsible by planning and saving to meet future funding requirements. Recent planning and service fee adjustments ensure Denco’s financial stability into the future by projecting resources necessary to provide enhanced mission critical services.

Summary of Anticipated Revenues and Proposed Expenditures

The summary spreadsheet provides information about the financial position of the District at the beginning of fiscal year 2019, its projected revenues and expenditures for the year, and the financial position at the end of the year.

The Beginning of Year Fund Balance for fiscal year 2019 represents the total cash and invested funds balance estimated at the end of the current fiscal year. The End of Year Total Fund Balance at the end of fiscal year 2019 is anticipated to be \$946,576. This marks the start of another saving cycle, as Denco rebuilds its operations reserve and capital project fund balance. As a reminder, Denco does not issue debt, so the restoration of a fund balance sufficient to fund future projects is critical to system and service enhancements.

Revenues

As required by statute, the board annually sets the wireline 9-1-1 service fee rate to meet current and future financial needs. The wireline service fees for fiscal year 2019 are set to 3% of the current tariff base rate, as originally established by voters in 1988. That rate results in fees of \$0.93 for residential and \$1.13 for business wireline users (per access line).

Total revenues anticipated for fiscal year 2019 are \$6,303,160 with 98.8% being derived from 9-1-1 service fee revenue. This is roughly \$360,000 more than anticipated for fiscal year 2018, due to the assessment of the 3% service fee and continued growth in Denton County. The wireless service fee growth rate is projected to be 2.0%, which is slightly lower than last year's 2.5%. Estimated interest earned on investments is projected to be significantly less, at \$16,000, as the substantial fund balance needed for the construction of the Annex will be drawn down to less than \$700,000 by the end of fiscal year 2018.

The following summarizes assumptions utilized in forecasting fiscal year 2019 revenues:

Service Fee Revenue Assumptions

- Incumbent Local Exchange Carriers (i.e. Frontier, AT&T, and CenturyLink) access lines will continue to decline, but due to resetting the service fees and continued population and business growth in the county, overall revenue will increase.
- All Voice over IP (VoIP) service providers currently remitting \$0.50 per access line will begin remitting the service fee appropriate for the type of use (i.e. residential or business) for the access line.
- Wireless 9-1-1 service fee revenues will continue to grow at approximately 2.0% at the \$0.50 rate established by the State.

Non-Service Fee Revenue Assumptions

- Denco will continue to charge a nominal fee to training program participants from outside the district. Fiscal year 2019, training program revenue will remain steady at \$25,000.
- The North Texas Emergency Communications Center will continue to fund additional GIS coordination services for their stakeholders at \$15,000.
- Denco and Denton County have a long-standing agreement for Denco staff to coordinate the issuance of addresses in unincorporated Denton County. This agreement will be continued at the previously established rate of \$20,000 per year.

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Expenditures

The total expenditures proposed in the fiscal year 2019 financial plan reflect a \$2,628,859 reduction in spending when compared to the budgeted expenditures for fiscal year 2018.

Note that the FY2018 Estimated Capital Projects amount reflects the use of the previously approved, but unspent, \$829,475 from FY2017 Capital Projects line item for the construction of the Annex facility. Since Denco does not issue debt and therefore does not maintain a separate fund account for capital projects, the timing of construction project progress, and related payments, can shift approved capital funding into subsequent fiscal years.

Personnel

Total personnel expenditures proposed in 2019 is \$1,558,089, or 25.8% of the total budget, representing an increase in this budget section of \$54,470 when compared with the estimated fiscal year 2018 budget.

The Salaries line item reflects a 3.3% increase for market-based adjustments based on the results of a compensation study performed by WINGS HR, Inc. An additional 3.0% is included for potential merit-based pay increases and for the implementation of a skills-based (certification) pay program.

Total benefit expenditures proposed in fiscal year 2019 are \$18,465 less than estimated in the current fiscal budget, representing 27% of the total personnel budget.

Health insurance premiums will remain relatively flat for fiscal year 2019. The TCDRS required contribution rate will be 5.7% of salary for the first three months of fiscal year 2019 and will increase in January 2019 to 5.88%; however, this represents a decrease of \$21,649 when compared to fiscal year 2018, where the elected contribution rate was 16% of the salary item for the first three months of the fiscal year. Denco's retirement pension through TCDRS is over 100% funded. For that reason, the elected higher contribution rate is no longer warranted at this time.

Administration

The total administration expenditures proposed for fiscal year 2019 is \$326,393 or 5.4% of the total budgeted expenditures. Proposed spending is \$34,394 less than estimated fiscal year 2018 spending.

Direct Services

Direct Services expenditures are the core mission of the District and include 9-1-1 technical and operational elements, Geographic Information Systems and database, the training program, public education, and supporting capital projects. These services account for 68.8% of the fiscal year 2019 budget.

Technical Services

Technical services is Denco's most mission critical activity; simply defined, as keeping the 9-1-1 system operational. Technical services monitors and maintains network reliability and performance; software functionality, hardware preventive maintenance, repair, and a number of other activities such as facility, user, and dial plan maintenance. The major project priority in fiscal year 2019 will be completion of transitional activities to bring the Denco Annex to fully operational status to enhance system survivability. The proposed budget includes the first full-year operational costs of the new Annex.

The proposed budget includes Denco's share of a major technology upgrade of the Denco/Denton County microwave system. The outdated equipment supporting the decade old system will place increased risk on system operational reliability unless proactive investments are funded. The technology enhancement is necessary to ensure the continued reliability of this important public safety infrastructure. The budgetary estimate totals \$1,904,638 resulting in a contribution of \$952,319 from Denco Area 9-1-1 District and Denton County. Denton County has indicated intent to authorize its share in the fiscal year 2019 County budget, which begins October 1, 2018.

Cybersecurity continues to be a high priority for Denco's technical team. The security and reliability of the 9-1-1 system and related networks are crucial to public safety in the district. There are both financial and terroristic motives to disrupting essential public safety services and with this growing threat, Denco staff must remain vigilant by constantly monitoring changing threats and vulnerabilities. The proposed budget includes expenditures to enhance security of Denco's 9-1-1 and administrative networks.

The fiscal year 2019 budget includes equipment and software to expand the number of workstations at several PSAPs. The Denton County Sheriff's Office requests the addition of three workstations to coincide with the renovation of the PSAP. The Flower Mound Police Department and Denton Police Department are considering expansion plans and the Roanoke Police Department is considering integration of its administrative phone system with the Vesta 9-1-1 system, an

approach taken by most of the PSAPs in the district. The budget proposal includes the cost of supporting these partner agency requests.

Denco has completed connection of its Lab PSAP to the IP selective router as a stand-alone 9-1-1 system. This significant enhancement permits troubleshooting and testing in a duplicate 9-1-1 system that is not connected to the live public safety system. Denco can fully test new software and configurations “end-to-end” without affecting the live system, in addition to performing competitive testing of NENA i3 (NG9-1-1) core and ancillary elements. The fiscal year 2019 budget includes ongoing costs of operating the Denco Lab.

The Fiscal Year 2019 budget includes two consulting engagements to analyze opportunities to leverage the Denco Annex to support partner jurisdictions. The Annex includes space for a fully functional Network and Security Operations Center (NSOC). The next phase of the implementation process is to engage technical consulting expertise to assist identification of resources, management plans and costs associated with the Denco vision for the NSOC. The NSOC is expected to provide the services defined by industry best practice for the network, systems and applications. These services include:

- Fault Management (includes Help Desk)—Detect, isolate, notify and correct faults.
- Configuration Management—Configuration of network devices, servers and applications such as configuration file management, inventory management, and software management.
- Performance Management—Monitor and measure various aspects of performance. Available bandwidth, server utilization, database performance and application performance may be included. The goal is to maintain performance at an agreed to level (e.g., via a Service Level Agreement).
- Security Management—Provide access to those authorized. Establish preventative measures, monitor and react to threats.
- Accounting—Gather usage statistics, which may be used for billing or reporting.

The Tarrant County 9-1-1 District, North Central Texas Council of Governments 9-1-1 Program and select members of the Municipal Emergency Communications Districts Association have expressed interest in participating in a

regional NSOC operated from Denco's Annex facility. The consulting engagement will provide the details necessary for intergovernmental discussions relative to operation and cost-sharing.

The second consulting engagement would obtain technical information from each of the PSAP jurisdictions relative to Computer Aided Dispatching (CAD) and public safety radio in order to further continuity of operations plans. The acquired technical information will be analyzed to determine the most operationally and cost efficient methods of integrating CAD and radio with the 9-1-1 back-up PSAP at the Annex.

The fiscal year 2019 budget includes replacement of the server used for storing all call detail records and generating analytic reports on the 9-1-1 network. The current server was purchased in 2010 and is obsolete. Denco is unable to implement software upgrades until the server is replaced.

Geographic Information System Services

The Denco Geographic Information Systems (GIS) staff creates highly accurate location data for the visual display of emergency caller location in the 9-1-1 centers and, in some agencies, for use in routing emergency responders to the scene of an incident.

Extensive work continues to enhance GIS data to an accuracy level that will support spatial routing of 9-1-1 calls. As the industry moves closer toward full implementation of NG9-1-1 and the eventual routing of 9-1-1 calls based on the location coordinates, GIS data shifts from an ancillary to primary role. Each month, Denco analyzes the accuracy of GIS data to identify all discrepancies and determine an overall accuracy score. As none of the datasets is static in nature, they will never yield a combined 100% synchronization or accuracy rate. Denco's goal is to maintain the datasets as close to 100% synchronization as possible. The National Emergency Number Association recommends a minimum accuracy of 98% prior to using GIS data for NG9-1-1 routing.

During fiscal year 2018, Denco implemented GIS Data Hub® to provide a quicker and easier process for local jurisdictions to submit GIS updates. All submitted GIS data undergoes automated quality checks and is then aggregated with Denco GIS data. The proposed budget includes the cost for Denco and all participating entities to use GIS Data Hub® for exchange of GIS information.

The above datasets are combined with aerial photography and Pictometry data from independent sources to provide a full complement of tools to the 9-1-1

telecommunicator. The proposed budget includes continued software maintenance, consulting assistance, Pictometry/orthophotography and professional staff development.

Denco has 2,149 wireless carrier sectors in the district. As growth continues and new wireless towers are added, initial routing decisions can become obsolete. GIS staff recently implemented an audit process to validate routing accuracy of each sector. Enhanced analytical reporting and staff analysis will be required to further streamline the routing audit process. The proposed budget includes funds for custom report development through Vesta Solutions to support the wireless routing audit function.

Denco continues its rural addressing function for unincorporated Denton County. In early 2018, Denco obtained an unmanned aerial system (UAS) or drone for use in GIS activities. The UAS is used when an aerial overview of property is needed to accurately assess addressing. The device is especially helpful when property changes have been made since the last aerial imagery or more detail is needed to complete the addressing analysis. The proposed budget includes funds to support the maintenance and operation of the UAS.

PSAP Support Services

The Operations Support program area consists of services to partner jurisdictions that enhance the ability to respond to calls for emergency assistance including support of the Emergency Medical Dispatching activities, recruitment and pre-employment testing, licensure testing, and analytics support.

Denco continues to provide support for training and maintenance of the emergency medical dispatch (EMD) program. The proposed budget includes continuation of EMD training programs and expansion of the quality assurance support provided to each agency.

Denco retains its status as a designated testing facility for the Texas Commission on Law Enforcement. As a testing facility, Denco administers licensing examinations for police officers, telecommunicators and jailers.

The proposed budget includes costs associated with continued staff development in the use of the Vesta analytics product along with custom report development. PSAPs in the district request statistical reports from Denco on a regular basis.

Several years ago, Denco began assisting agencies with recruiting activities to supplement the long-standing pre-employment testing support. Response to the program has been very positive and the proposed budget includes continuation of all recruiting and testing programs.

Training Services

The proposed fiscal year 2019 budget continues a very robust, state sanctioned and nationally accredited 9-1-1 training program utilizing resources of both staff and contract instructors. The training academy offers high quality basic, intermediate and advanced training programs to public safety personnel along with specialized training for Fire, EMD and supervisor/managers. Training contact hours have continued to increase each year, surpassing 15,000 contact hours in 2018.

In 2018, Denco offered 141 courses, including the Basic Telecommunicator course six times. EMD certification courses scheduled bi-monthly and Life on the Line, an orientation course required of all new telecommunicators, is offered monthly.

In 2018, based on the comprehensive training needs analysis, new training topics include:

- Addressing for NG911
- Lessons in Leadership
- Dealing with Suicidal Callers
- Handling Hazardous Materials Incidents
- Mass Casualty Incidents
- Advanced Communications Training Officer
- Verbal Judo
- Front Desk Safety and Security
- Preventing Telecommunicator Tunnel Vision

The proposed budget continues the practice of an annual training needs analysis.

Annually, Denco conducts a competitive scholarship process in the name of former board member, Dr. Alan Groff. The Groff Scholarship provides resources for two telcommunicators to attend the Priority Dispatch Navigator conference to

enhance their EMD training. Denco also provides support for telecommunicators to attend the Texas Public Safety (APCO/NENA) conference.

The fiscal year 2019 budget includes replacement of overhead data projectors in each of the training/meeting rooms. Each of the current projectors have reached the anticipated life expectancy and no longer perform well.

Public Education Services

The Denco Public Education and Outreach program educates the public and public officials about the district's 9-1-1 system. Denco has long believed that "an informed caller leads to a more successful 9-1-1 call." The public education and outreach staff engage citizens through a number of strategic approaches, which together constitute the integrated education and outreach program.

Denco has developed a variety of educational materials to educate the public on specific 9-1-1 related topics and materials directed to specific audiences. Materials are distributed to citizens at public events, fairs and festivals and are provided to local partner agencies for distribution. Educational materials are placed in governmental lobby brochure racks and many other public facilities. The annual budget includes the cost of continually updating and revising materials to reflect the most recent, relevant information to citizens in the district, in addition to production/printing costs.

Over the past several years, Denco has expanded the number and scope of its participation in public events. During calendar year 2017, Denco staff attended 66 events to interact with the public, distributed educational and promotional information and answered citizen's question about the 9-1-1 system. A highlight is Denco's annual participation in the Denton County Fair and Rodeo spanning a total of 60 hours over 9 days each August.

Last year, Denco secured two public education kiosks in the district enabling a continuous presence at Golden Triangle Mall in Denton and Music City Mall in Lewisville. These carts include signage, flyers and photographs to promote 9-1-1 and educate the public. Denco's public education specialist splits time between the two locations to interact with citizens.

For more than 25 years, Denco has coordinated an end of school year safety campaign to provide a specific safety message to elementary school students. The number of students participating in the program has grown to more than 60,000 students in 137 different schools.

Denco continues its partnership with the Lewisville Fire Department “Life and Fire Safety” clown program. Each year, Denco contributes educational messaging incorporated into school presentations. Fire clowns visit schools and perform safety skits to reinforce the message. A leave behind promotional item further strengthens the lesson.

As a hybrid activity with Denco’s telecommunicator recruiting efforts, the public education specialist delivers multiple career day presentations throughout the school year to educate students on the career opportunities in the public safety communications arena.

Recently, Denco achieved “licensed training provider” status with the American Red Cross and offers several babysitter certification training courses with the philosophy of educating young caregivers to not only understand how to report emergencies – but to prevent emergencies from occurring.

Denco conducts both paid and earned media campaigns to educate the public. Media campaigns are conducted locally on jurisdiction specific information such as texting and with regional partners in metropolitan-wide broadcast media activities. During fiscal year 2018, Denco conducted several campaigns in various formats including cable television, newspapers, theaters, billboards and through a feature article in the “Living” magazine. Earned media strategy includes periodic recognition of 9-1-1 heroes.

For many years, Denco has participated with the other 9-1-1 agencies in the Dallas/Ft. Worth media market to share resources messages that cross-jurisdictional boundaries. The campaigns use television, radio and outdoor or billboard advertising. The proposed fiscal year 2019 budget continues participation in the regional program.

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Five-Year Projections

The Five Year Projections spreadsheet in “Section 4,” along with the graph that follows it, depicts the long-term financial position and stability of the Denco Area 9-1-1 District.

Summary of Significant Projections

The multi-year projections identify the cost associated with ongoing operations and significant one-time investments in the near future. Expenses included, continue existing programs and activities and do not include an inflationary factor. The specific, one-time costs are projected for the next four fiscal years, as follows:

Fiscal Year 2020

- Expansion of NG9-1-1 network bandwidth to support additional data needs for new mapping and third party information clearinghouses
- Transition of PSAP mapping platform to ESRI based format
- 9-1-1 equipment refresh for NG9-1-1 call processing equipment
- Renewal of Airbus software support for PSAP workstation software and transition of managed services to annualized expense

Fiscal Year 2021

- Implementation of Location Validation Function (LVF) services for enhanced NG9-1-1 location validation of consumer-provided location information.
- Implementation of Emergency Call Routing Function (ECRF) for enhanced NG9-1-1 call routing based on location data for all types of devices

Fiscal Year 2023

- Purchase of a customized public education vehicle to support citizen engagement.

Explanation of Fund Balance Movement

When looking at the *Cash Fund Balance (Assigned and Unassigned)* graph at the end of Section 4, the following will be helpful in its interpretation:

Beginning in fiscal year 2011, through 2014, the District drew upon its fund balance to upgrade all software, hardware, and procure NG9-1-1 related services.

In fiscal year 2016, the Denco 9-1-1 Annex project began with building programming and architectural design services, continuing into construction through fiscal year 2018, utilizing assigned funds over both fiscal 2017 and 2018 budgets. Estimated fund balance for fiscal year 2018 is \$718,347.

Fiscal year 2018 through projected fiscal year 2023, reflects another saving cycle for the fund balance. This time for the anticipated, but yet to be fully determined, costs of implementing NG9-1-1 Core Services and enhanced location data services under the NENA i3 standards specifications. Vendors and service providers are just now forming pricing models and testing the market for pricing acceptance.

Additional reserve funding will be needed in the future for the establishment of Network and Security Operations Center (NSOC) services. Recognizing that cybersecurity is a growing concern for both private and public networks and information systems, Denco understands its crucial role as the 9-1-1 system authority, to secure and protect the critical communications link between the public and public safety response services. Subsequent fiscal years will have an impact on the capital fund balance as the strategic plan to operate part or all of a Network Security Operations Center (NSOC) is implemented.

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Denco Area 9-1-1 District

Fiscal Year 2019 Financial Plan

Section 4

Anticipated Revenues

Proposed Expenditures

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DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Summary of Anticipated Revenues and Proposed Expenditures Fiscal Year 2019

	Proposed	Percent of Budget
Beginning of Year Estimated Fund Balance	\$ 718,347	
Anticipated Revenues		
9-1-1 Service Fee Revenue	\$ 6,227,160	98.8%
Interest Revenue	\$ 16,000	0.3%
Contract Services Revenue	\$ 20,000	0.3%
Miscellaneous Revenue (Expense)	<u>\$ 40,000</u>	0.6%
Total Anticipated Revenues	\$ 6,303,160	100.0%
Proposed Expenditures		
Personnel	\$ 1,558,089	25.6%
Administration	\$ 326,393	5.4%
Direct Services	\$ 4,190,450	69.0%
Capital Projects	<u>\$ -</u>	0.0%
Total Proposed Expenditures	\$ 6,074,932	100.0%
Increase (Decrease) in Fund Balance	\$ 228,228	
End of Year Estimated Fund Balance	<u>\$ 946,575</u>	

DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Anticipated Revenues

Fiscal Year 2019

	Percent of Proposed Total Revenue
Wireline Service Fee Revenue	
Frontier	\$ 675,000 10.7%
AT&T	\$ 209,500 3.3%
CenturyLink	\$ 76,000 1.2%
Other Local Exchange Carriers (CLECs)	<u>\$ 1,382,500</u> 21.9%
Net Wireline Service Fee Revenue	\$ 2,343,000 37.2%
Wireless Service Fee Revenue	<u>\$ 3,884,160</u> 61.6%
Total Service Fee Revenue	\$ 6,227,160 98.8%
Non-Service Fee Revenue	
Interest Revenue	\$ 16,000 0.3%
Contract Service Revenue	\$ 20,000 0.3%
Miscellaneous Revenue (Expenses)	<u>\$ 40,000</u> 0.6%
Total Non-Service Fee Revenue	\$ 76,000 1.2%
Total Anticipated Revenues	<u>\$ 6,303,160</u> 100.0%

DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Proposed Expenditures Fiscal Year 2019

	Proposed	Percent of Budget
Personnel		
Salaries	\$ 1,134,594	18.7%
Benefits	\$ 423,495	7.0%
Total Personnel	\$ 1,558,089	25.6%
Administration		
Office Expenses	\$ 48,100	0.8%
Contract Services	\$ 123,218	2.0%
Facilities	\$ 104,500	1.7%
Memberships/Subscriptions	\$ 7,950	0.1%
Professional Development	\$ 14,900	0.2%
Travel	\$ 27,725	0.5%
Total Administration	\$ 326,393	5.4%
Direct Services		
Operations	\$ 923,750	15.2%
Network Services	\$ 1,976,500	32.5%
Equipment	\$ 1,218,000	20.0%
Facilities — Annex	\$ 72,200	1.2%
Total Direct Services	\$ 4,190,450	69.0%
Capital Projects Expenditures	\$ -	0.0%
Total Proposed Expenditures	<u>\$ 6,074,932</u>	100.0%

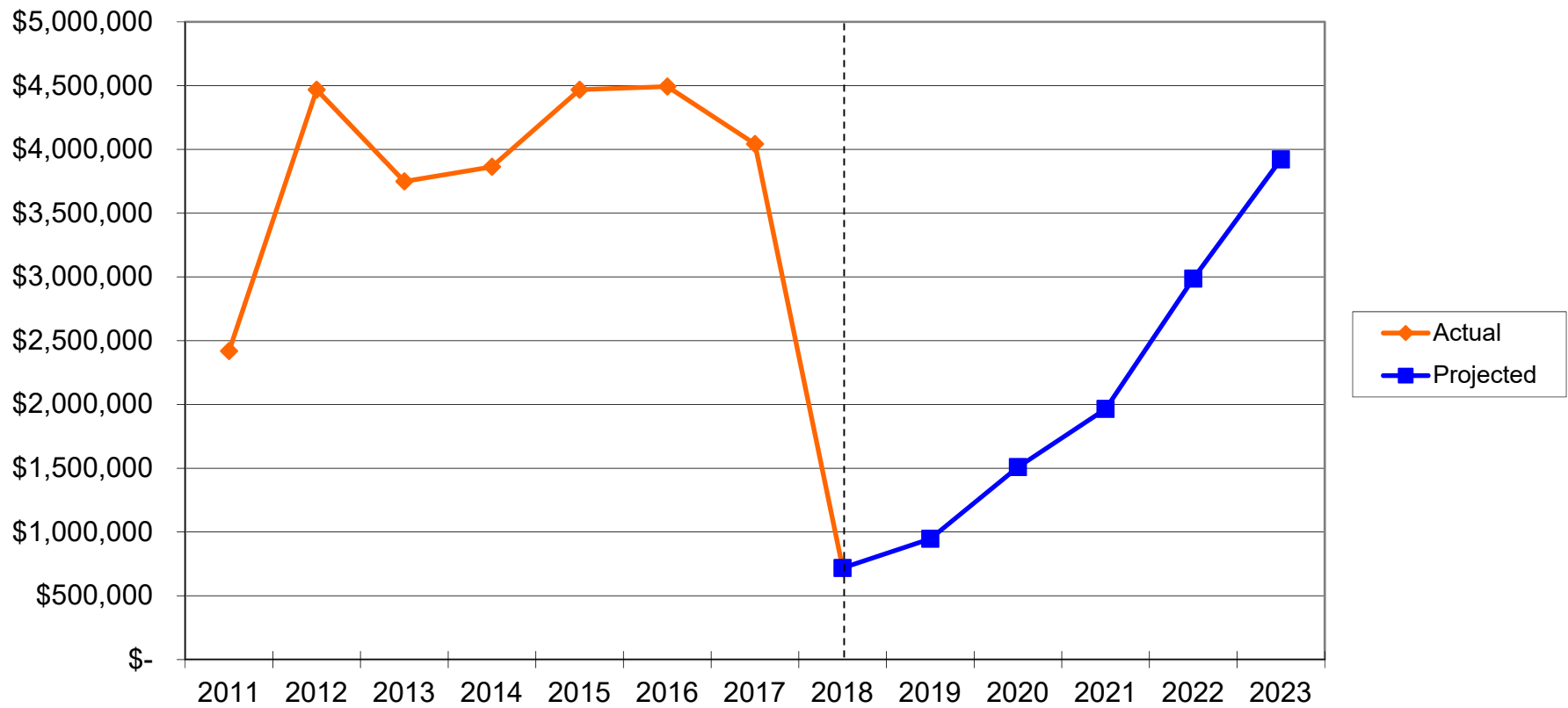
DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Five Year Projections

Fiscal Year 2019

	FY 2018 Estimated	FY 2019 Proposed	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Beginning of Year Fund Balance	\$ 4,042,592	\$ 718,347	\$ 946,575	\$ 1,508,925	\$ 1,965,131	\$ 2,986,557
Revenue						
Net Service Fee Revenue (1.0% Growth)	\$ 6,115,000	\$ 6,227,160	\$ 6,289,432	\$ 6,352,326	\$ 6,415,849	\$ 6,480,008
Interest Revenue	\$ 36,450	\$ 16,000	\$ 26,000	\$ 12,000	\$ 12,000	\$ 12,000
Contract Services Revenue	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Miscellaneous Revenue (Expense)	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Total Revenue	\$ 6,211,450	\$ 6,303,160	\$ 6,375,432	\$ 6,424,326	\$ 6,487,849	\$ 6,552,008
Expenditures						
Personnel	\$ 1,503,618	\$ 1,558,089	\$ 1,614,739	\$ 1,673,457	\$ 1,734,318	\$ 1,797,401
Administration	\$ 360,787	\$ 326,393	\$ 338,014	\$ 350,067	\$ 362,569	\$ 375,538
Direct Services	\$ 2,836,815	\$ 4,190,450	\$ 3,860,329	\$ 3,944,596	\$ 3,369,535	\$ 3,444,702
Capital Projects	\$ 4,834,475	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 9,535,695	\$ 6,074,932	\$ 5,813,082	\$ 5,968,120	\$ 5,466,423	\$ 5,617,641
Increase (Decrease) In Fund Balance	\$ (3,324,245)	\$ 228,228	\$ 562,350	\$ 456,206	\$ 1,021,426	\$ 934,366
End of Year Total Fund Balance	<u>\$ 718,347</u>	<u>\$ 946,575</u>	<u>\$ 1,508,925</u>	<u>\$ 1,965,131</u>	<u>\$ 2,986,557</u>	<u>\$ 3,920,923</u>

Cash Fund Balance (Assigned and Unassigned)



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Denco Area 9-1-1 District

Fiscal Year 2019 Financial Plan

Section 5

Budget Resolutions

House Bill 1984

District Legislation

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AN ACT

relating to the consolidation of emergency communication districts and to the approval of proposed budgets of certain emergency communication districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 771.001(3), Health and Safety Code, is amended to read as follows:

(3) Emergency communication district" means:

(A) a public agency or group of public agencies acting jointly that provided 9-1-1 service before September 1, 1987, or that had voted or contracted before that date to provide that service; or

(B) a district created under Subchapter B, C, ~~[or]~~ D, or F, Chapter 772.

SECTION 2. Sections 772.309(b), (c), and (d), Health and Safety Code, are amended to read as follows:

(b) the board shall submit a draft of the proposed budget to the governing bodies of the participating jurisdictions not later than the 45th day before the date the board adopts the budget. The participating jurisdictions shall review the proposed budget and submit any comments regarding the budget to the board.

(c) if the governing body of a county, municipality, or other participating jurisdiction does not approve or disapprove the budget before the 61st day after the date the body received the proposed budget for review, the budget is approved by operation of law.

(d) A revision of the budget must be approved in the same manner as the budget.

(e) ~~[(e)]~~ As soon as practicable after the end of each district fiscal year, the director shall prepare and present to the board and to each participating jurisdiction in writing a sworn statement of all money received by the district and how the money was used during the preceding fiscal year. The report must show in detail the operations of the district for the fiscal year covered by the report.

(f) ~~[(d)]~~ The board shall have an independent financial audit of the district performed annually.

SUBCHAPTER D. EMERGENCY COMMUNICATION DISTRICTS: COUNTIES WITH POPULATION OVER 20,000

§ 772.301. Short Title

This subchapter may be cited as the Emergency Telephone Number Act.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.302. Purpose

It is the purpose of this subchapter to establish the number 9–1–1 as the primary emergency telephone number for use by certain local governments in this state and to encourage units of local government and combinations of those units to develop and improve emergency communication procedures and facilities in a manner that will make possible the quick response to any person calling the telephone number 9–1–1 seeking police, fire, medical, rescue, and other emergency services. To this purpose the legislature finds that:

- (1) it is in the public interest to shorten the time required for a citizen to request and receive emergency aid;
- (2) there exist thousands of different emergency telephone numbers throughout the state, and telephone exchange boundaries and central office service areas do not necessarily correspond to public safety and political boundaries;
- (3) a dominant part of the state's population is located in rapidly expanding metropolitan areas that generally cross the boundary lines of local jurisdictions and often extend into two or more counties; and
- (4) provision of a single, primary three-digit emergency number through which emergency services can be quickly and efficiently obtained would provide a significant contribution to law enforcement and other public safety efforts by making it less difficult to notify public safety personnel quickly.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.303. Definitions

In this subchapter:

- (1) "Board" means the board of managers of a district.
- (2) "Director" means the director of communication for a district.

(3) "District" means an emergency communication district created under this subchapter.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.304. Application of Subchapter

(a) This subchapter applies only to a county with a population of more than 20,000 or to a group of two or more contiguous counties each with a population of 20,000 or more in which an emergency communication district was created under Chapter 288, Acts of the 69th Legislature, Regular Session, 1985, before January 1, 1988, or to a public agency or group of public agencies that withdraws from participation in a regional plan under Section 771.058(d).

(b) This subchapter does not affect the authority of a public agency to operate under another law authorizing the creation of a district in which 9–1–1 service is provided.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1999, 76th Leg., ch. 1405, § 32, eff. Sept. 1, 1999.

§ 772.305. Additional Territory

(a) If a municipality that is part of a district annexes territory that is not part of the district, the annexed territory becomes part of the district.

(b) A public agency located in whole or part in a county adjoining the district, by resolution adopted by its governing body and approved by the board of the district, may become part of the district and subject to its benefits and requirements.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.306. Board of Managers

(a) A district is governed by a board of managers.

(b) If the most populous municipality in the district has a population of more than 140,000, the board consists of:

(1) one member for each county in the district appointed by the commissioners court of each county;

(2) two members appointed by the governing body of the most populous municipality in the district;

(3) one member appointed by the governing body of the second most populous municipality in the district;

(4) one member appointed as provided by this section to represent the other municipalities located in whole or part in the district; and

(5) one member appointed by the principal service supplier.

(c) If Subsection (b) does not apply to a district, the board consists of:

(1) the following members representing the county or counties in the district:

(A) if the district contains only one county, two members appointed by the commissioners court of the county;

(B) if the district originally contained only one county but contains more than one county when the appointment is made, two members appointed by the commissioners court of the county in which the district was originally located, and one member appointed by the commissioners court of each other county in the district; or

(C) if the district originally contained more than one county and the district contains more than one county when the appointment is made, one member appointed by the commissioners court of each county in the district;

(2) two members appointed jointly by all the participating municipalities located in whole or part in the district;

(3) one member appointed jointly by the volunteer fire departments operating wholly or partly in the district, with the appointment process coordinated by the county fire marshal or marshals of the county or counties in the district; and

(4) one member appointed by the principal service supplier.

(d) The board member appointed by the principal service supplier is a nonvoting member. If the board is appointed under Subsection (c), the principal service supplier may waive its right to appoint the board member and designate another service supplier serving all or part of the district to make the appointment.

(e) The board member appointed under Subsection (b)(4) is appointed by the mayor's council established to administer urban development block grant funds, if one exists in the district. Otherwise, the member is appointed by the other members of the board on the advice and recommendation of the governing bodies of all the municipalities represented by the member.

(f) The initial board members appointed by municipalities under Subsection (c)(2) are appointed by all the municipalities located in whole or part in the district.

(g) Board members are appointed for staggered terms of two years, with as near as possible to one-half of the members' terms expiring each year.

(h) A board member may be removed from office at will by the entity that appointed the member.

(i) A vacancy on the board shall be filled for the remainder of the term in the manner provided for the original appointment to that position.

(j) Board members serve without compensation. The district shall pay all expenses necessarily incurred by the board in performing its functions under this subchapter.

(k) The board may appoint from among its membership a presiding officer and any other officers it considers necessary.

(l) The director or a board member may be appointed as secretary of the board. The board shall require the secretary to keep suitable records of all proceedings of each board meeting. After each meeting the presiding officer at the meeting shall read and sign the record and the secretary shall attest the record.

(m) Voting members of the board may meet in executive session in accordance with Chapter 551, Government Code.

(n) A majority of the voting members of the board constitutes a quorum.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1995, 74th Leg., ch. 76, § 5.95(82), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 638, § 15, eff. Sept. 1, 1995.

§ 772.307. Powers and Duties of Board

(a) The board shall control and manage the district.

(b) The board may adopt rules for the operation of the district.

(c) The board may contract with any public or private entity to carry out the purposes of this subchapter, including the operation of a 9–1–1 system.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.308. Director of District

(a) The board shall appoint a director of communication for the district and shall establish the director's compensation. The director must be qualified by training and experience for the position.

(b) The board may remove the director at any time.

(c) With the board's approval, the director may employ any experts, employees, or consultants that the director considers necessary to carry out the purposes of this subchapter.

(d) The director shall perform all duties that the board requires and shall supervise as general manager the operations of the district subject to any limitations prescribed by the board.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.309. Budget; Annual Report; Audit

(a) The director shall prepare under the direction of the board an annual budget for the district. To be effective, the budget must:

(1) be approved by the board;

(2) be presented to and approved by the commissioners court of each county in the district;

(3) be presented to and approved by the governing body of the most populous municipality in the district, if that municipality has a population of more than 140,000; and

(4) be presented to the governing body of each other participating jurisdiction and approved by a majority of those jurisdictions.

(b) The board shall submit a draft of the proposed budget to the governing bodies of the participating jurisdictions not later than the 45th day before the date the board adopts the budget. The participating jurisdictions shall review the proposed budget and submit any comments regarding the budget to the board.

(c) If the governing body of a county, municipality, or other participating jurisdiction does not approve or disapprove the budget before the 61st day after the date the body received the proposed budget for review, the budget is approved by operation of law.

(d) A revision of the budget must be approved in the same manner as the budget.

(e) As soon as practicable after the end of each district fiscal year, the director shall prepare and present to the board and to each participating jurisdiction in writing a sworn statement of all money received by the district and how the money was used during the preceding fiscal year. The report must show in detail the operations of the district for the fiscal year covered by the report.

(f) The board shall have an independent financial audit of the district performed annually.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1999, 76th Leg., ch. 1406, § 2, eff. Aug. 30, 1999.

§ 772.310. Establishment of 9–1–1 Service

(a) A district shall provide 9–1–1 service to each participating jurisdiction through one or a combination of the following methods and features:

- (1) the transfer method;
- (2) the relay method;
- (3) the dispatch method;
- (4) automatic number identification;
- (5) automatic location identification;
- (6) selective routing; or
- (7) any equivalent method.

(b) A district shall provide 9–1–1 service using one or both of the following plans:

- (1) the district may design, implement, and operate a 9–1–1 system for each participating jurisdiction with the consent of the jurisdiction; or
- (2) the district may design, implement, and operate a 9–1–1 system for two or more participating jurisdictions with the consent of each of those jurisdictions if a joint operation would be more economically feasible than separate systems for each jurisdiction.

(c) Under either plan authorized by Subsection (b), the final plans for the particular system must have the approval of each participating jurisdiction covered by the system.

(d) The district shall recommend minimum standards for a 9–1–1 system.

(e) A service supplier involved in providing 9–1–1 service, a manufacturer of equipment used in providing 9–1–1 service, or an officer or employee of a service supplier involved in providing 9–1–1 service is not liable for any claim, damage, or loss arising from the provision of 9–1–1 service unless the act or omission proximately causing the claim, damage, or loss constitutes gross negligence, recklessness, or intentional misconduct.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1995, 74th Leg., ch. 638, § 16, eff. Sept. 1, 1995.

§ 772.311. Primary Emergency Telephone Number

The digits 9–1–1 are the primary emergency telephone number in a district. A public safety agency whose services are available through a 9–1–1 system may maintain a separate number or numbers for emergencies and shall maintain a separate number or numbers for nonemergency telephone calls.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.312. Transmitting Requests For Emergency Aid

(a) A 9–1–1 system established under this subchapter must be capable of transmitting requests for fire-fighting, law enforcement, ambulance, and medical services to a public safety agency or agencies that provide the requested service at the place from which the call originates. A 9–1–1 system may also provide for transmitting requests for other emergency services such as poison control, suicide prevention, and civil defense.

(b) A public safety answering point may transmit emergency response requests to private safety entities.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.313. Powers of District

(a) The district is a body corporate and politic, exercising public and essential governmental functions and having all the powers necessary or convenient to carry out the purposes and provisions of this subchapter, including the capacity to sue or be sued.

(b) To fund the district, the district may apply for, accept, and receive federal, state, county, or municipal funds and private funds and may spend those funds for the purposes of this subchapter. The board shall determine the method and sources of funding for the district.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.314. 9–1–1 Emergency Service Fee

(a) The board may impose a 9–1–1 emergency service fee on service users in the district.

(b) The fee may be imposed only on the base rate charge or its equivalent, excluding charges for coin-operated telephone equipment. The fee may not be imposed on more than 100 local exchange access lines or their equivalent for a single business entity at a single location, unless the lines are used by residents of the location. The fee may also not be imposed on any line that the Advisory Commission on State Emergency Communications excluded from the definition of a local exchange access line or an equivalent local exchange access line pursuant to Section 771.063. If a business service user provides residential facilities, each line that terminates at a residential unit and that is a communication link equivalent to a residential local exchange access line shall be charged the 9–1–1 emergency service fee. The fee must have uniform application and must be imposed in each participating jurisdiction.

(c) The rate of the fee may not exceed six% of the monthly base rate in a service year charged a service user by the principal service supplier in the participating jurisdiction. For purposes of this subsection, the jurisdiction of the county is the unincorporated area of the county.

(d) The board shall set the amount of the fee each year as part of the annual budget. The board shall notify each service supplier of a change in the amount of the fee not later than the 91st day before the date the change takes effect.

(e) In imposing the fee, the board shall attempt to match the district's revenues to its operating expenditures and to provide reasonable reserves for contingencies and for the purchase and installation of 9–1–1 emergency service equipment. If the revenue generated by the fee exceeds the amount of money needed to fund the district, the board by resolution shall reduce the rate of the fee to an amount adequate to fund the district or suspend the imposition of the fee. If the board suspends the imposition of the fee, the board by resolution may reinstitute the fee if money generated by the district is not adequate to fund the district.

(f) In a public agency whose governing body at a later date votes to receive 9–1–1 service from the district, the fee is imposed beginning on the date specified by the board. The board may charge the incoming agency an additional amount of money to cover the initial cost of providing 9–1–1 service to that agency. The fee authorized to be charged in a district applies to new territory added to the district when the territory becomes part of the district.

(g) For the purposes of this section, the jurisdiction of the county is the unincorporated area of the county.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 14, eff. Aug. 30, 1993; Acts 1999, 76th Leg., ch. 1203, § 5, eff. June 18, 1999.

§ 772.315. Collection of Fee

(a) Each billed service user is liable for the fee imposed under Section 772.314 until the fee is paid to the service supplier. The fee must be added to and stated separately in the service user's bill from the service supplier. The service supplier shall collect the fee at the same time as the service charge to the service user in accordance with the regular billing practice of the service supplier. A business service user that provides residential facilities and owns or leases a publicly or privately owned telephone switch used to provide telephone service to facility residents shall collect the 9–1–1 emergency service fee and transmit the fees monthly to the district.

(b) The amount collected by a service supplier from the fee is due monthly. The service supplier shall remit the amount collected in a calendar month to the district not later than the 60th day after the last day of the calendar month. With each payment the service supplier shall file a return in a form prescribed by the board.

(c) Both a service supplier and a business service user under Subsection (a) shall maintain records of the amount of fees it collects for at least two years after the date of collection. The board may require at the board's expense an annual audit of a service supplier's books and records or the books and records of a business service user described by Subsection (a) with respect to the collection and remittance of the fees.

(d) A business service user that does not collect and remit the 9–1–1 emergency service fee as required is subject to a civil cause of action under Subsection (g). A sworn affidavit by the district specifying the unremitted fees is prima facie evidence that the fees were not remitted and of the amount of the unremitted fees.

(e) A service supplier is entitled to retain an administrative fee from the amount of fees it collects. The amount of the administrative fee is two% of the amount of fees it collects under this section.

(f) A service supplier is not required to take any legal action to enforce the collection of the 9–1–1 emergency service fee. However, the service supplier shall provide the district with an annual certificate of delinquency that includes the amount of all delinquent fees and the name and address of each nonpaying service user. The certificate of delinquency is prima facie evidence that a fee included in the certificate is delinquent. A service user account is considered delinquent if the fee is not paid to the service supplier before the 31st day after the payment due date stated on the user's bill from the service supplier.

(g) The district may institute legal proceedings to collect fees not paid and may establish internal collection procedures and recover the cost of collection from the nonpaying service user. If the district prevails in legal proceedings instituted to collect a fee, the court may award the district court costs, attorney's fees, and interest in addition to other amounts recovered. A delinquent fee accrues interest at an annual rate of 12% beginning on the date the payment becomes due.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 15, eff. Aug. 30, 1993; Acts 1995, 74th Leg., ch. 638, § 17, eff. Sept. 1, 1995.

§ 772.316. District Depository

(a) The board shall select a depository for the district in the manner provided by law for the selection of a county depository.

(b) A depository selected by the board is the district's depository for two years after the date of its selection and until a successor depository is selected and qualified.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.317. Allowable Expenses

Allowable operating expenses of a district include all costs attributable to designing a 9–1–1 system and to all equipment and personnel necessary to establish and operate a public safety answering point and other related answering points that the board considers necessary.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.318. Number and Location Identification

(a) As part of computerized 9–1–1 service, a service supplier shall furnish current telephone numbers of subscribers and the addresses associated with the numbers on a call-by-call basis.

(b) A business service user that provides residential facilities and owns or leases a publicly or privately owned telephone switch used to provide telephone service to facility residents shall provide to those residential end users the same level of 9–1–1 service that a service supplier is required to provide under Subsection (a) to other residential end users in the district.

(c) Information furnished under this section is confidential and is not available for public inspection.

(d) A service supplier or business service user under Subsection (b) is not liable to a person who uses a 9–1–1 system created under this subchapter for the release to the district of the information specified in Subsections (a) and (b).

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 16, eff. Aug. 30, 1993; Acts 1995, 74th Leg., ch. 638, § 18, eff. Sept. 1, 1995.

§ 772.319. Public Review

(a) Periodically, the board shall solicit public comments and hold a public review hearing on the continuation of the district and the 9–1–1 emergency service fee. The first hearing shall be held three years after the date the order certifying the creation of the district is filed with the county clerks. Subsequent hearings shall be held three years after the date each order required by Subsection (d) is adopted.

(b) The board shall publish notice of the time and place of the hearing once a week for two consecutive weeks in a daily newspaper of general circulation published in the district. The first notice must be published not later than the 16th day before the date set for the hearing.

(c) At the hearing, the board shall also solicit comments on the participation of the district in the applicable regional plan for 9–1–1 service under Chapter 771. After the hearing, the board may choose to participate in the regional plan as provided by that chapter.

(d) After the hearing, the board shall adopt an order on the continuation or dissolution of the district and the 9–1–1 emergency service fee.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.320. Dissolution Procedures

(a) If a district is dissolved, 9–1–1 service must be discontinued on the date of the dissolution. The commissioners court of the county in which the district was located or, if the district contains more than one county, the commissioners courts of those counties acting jointly, shall assume the assets of the district and pay the district's debts. If the district's assets are insufficient to retire all existing debts of the district on the date of dissolution, the commissioners court or courts acting jointly shall continue to impose the 9–1–1 service fee, and each service supplier shall continue to collect the fee for the commissioners court or courts. Proceeds from the imposition of the fee after dissolution of the district may be used only to retire the outstanding debts of the district.

(b) The commissioners court or courts shall retire the district's debts to the extent practicable according to the terms of the instruments creating the debts and the terms of the orders and resolutions authorizing creation of the debts.

(c) The commissioners court or courts by order may adopt the rules necessary to administer this section.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.321. Issuance of Bonds

The board may issue and sell bonds in the name of the district to finance:

(1) the acquisition by any method of facilities, equipment, or supplies necessary for the district to begin providing 9–1–1 service to all participating jurisdictions; and

(2) the installation of equipment necessary for the district to begin providing 9–1–1 service to all participating jurisdictions.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.322. Repayment of Bonds

The board may provide for the payment of the principal of and interest on the bonds by pledging all or any part of the district's revenues from the 9–1–1 emergency service fee or from other sources.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.323. Additional Security for Bonds

(a) The bonds may be additionally secured by a deed of trust or mortgage lien on part or all of the physical properties of the district and the rights appurtenant to those properties, vesting in the trustee power to sell the properties for payment of the indebtedness, power to operate the properties, and all other powers necessary for the further security of the bonds.

(b) The trust indenture, regardless of the existence of the deed of trust or mortgage lien on the properties, may include provisions prescribed by the board for the security of the bonds and the preservation of the trust estate and may make provisions for investment of funds of the district.

(c) A purchaser under a sale under the deed of trust or mortgage lien is the absolute owner of the properties and rights purchased and may maintain and operate them.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.324. Form of Bonds

(a) A district may issue its bonds in various series or issues.

(b) Bonds may mature serially or otherwise not more than 25 years after their date of issue and shall bear interest at any rate permitted by state law.

(c) A district's bonds and interest coupons, if any, are investment securities under the terms of Chapter 8, Business & Commerce Code, may be issued registrable as to principal or as to both principal and interest, and may be made redeemable before maturity, at the option of the district, or contain a mandatory redemption provision.

(d) A district may issue its bonds in the form, denominations, and manner and under the terms, and the bonds shall be signed and executed, as provided by the board in the resolution or order authorizing their issuance.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.325. Provisions of Bonds

(a) In the orders or resolutions authorizing the issuance of bonds, including refunding bonds, the board may provide for the flow of funds and the establishment and maintenance of the interest and sinking fund, the reserve fund, and other funds and may make additional covenants with respect to the bonds, the pledge revenues, and the operation and maintenance of any facilities the revenue of which is pledged.

(b) The orders or resolutions of the board authorizing the issuance of bonds may also prohibit the further issuance of bonds or other obligations payable from the pledged revenue or may reserve the right to issue additional bonds to be secured by a pledge of and payable from the revenue on a parity with or subordinate to the lien and pledge in support of the bonds being issued.

(c) The orders or resolutions of the board issuing bonds may contain other provisions and covenants as the board may determine.

(d) The board may adopt and have executed any other proceedings or instruments necessary and convenient in the issuance of bonds.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.326. Approval and Registration of Bonds

(a) Bonds issued by a district must be submitted to the attorney general for examination.

(b) If the attorney general finds that the bonds have been authorized in accordance with law, the attorney general shall approve them. On approval by the attorney general, the comptroller shall register the bonds.

(c) After the approval and registration of bonds, the bonds are incontestable in any court or other forum for any reason and are valid and binding obligations according to their terms for all purposes.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.327. Refunding Bonds

(a) A district may issue bonds to refund all or any part of its outstanding bonds, including matured but unpaid interest coupons.

(b) Refunding bonds shall mature serially or otherwise not more than 25 years after their date of issue and shall bear interest at any rate or rates permitted by state law.

(c) Refunding bonds may be payable from the same source as the bonds being refunded or from other sources.

(d) The refunding bonds must be approved by the attorney general as provided by Section 772.326 and shall be registered by the comptroller on the surrender and cancellation of the bonds refunded.

(e) The orders or resolutions authorizing the issuance of the refunding bonds may provide that they be sold and the proceeds deposited in the place or places at which the bonds being refunded are payable, in which case the refunding bonds may be issued before the cancellation of the bonds being refunded. If refunding bonds are issued before cancellation of the other bonds, an amount sufficient to pay the principal of the bonds being refunded and interest on those bonds accruing to their maturity dates or to their option dates if the bonds have been duly called for payment before maturity according to their terms shall be deposited in the place or places at which the bonds being refunded are payable. The comptroller shall register the refunding bonds without the surrender and cancellation of bonds being refunded.

(f) A refunding may be accomplished in one or in several installment deliveries. Refunding bonds and their interest coupons are investment securities under Chapter 8, Business & Commerce Code.

(g) In lieu of the method set forth in Subsections (a)–(f), a district may refund bonds, notes, or other obligations as provided by the general laws of this state.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.328. Bonds as Investments and Security for Deposits

(a) District bonds are legal and authorized investments for:

(1) a bank;

(2) a savings bank;

(3) a trust company;

(4) a savings and loan association;

(5) an insurance company;

(6) a fiduciary;

(7) a trustee;

(8) a guardian; and

(9) a sinking fund of a municipality, county, school district, and other political subdivision of the state and other public funds of the state and its agencies, including the permanent school fund.

(b) District bonds are eligible to secure deposits of public funds of the state and municipalities, counties, school districts, and other political subdivisions of the state. The bonds are lawful and sufficient security for deposits to the extent of their value when accompanied by all unmatured coupons.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.329. Tax Status of Bonds

Because a district created under this subchapter is a public entity performing an essential public function, bonds issued by the district, any transaction relating to the bonds, and profits made in the sale of the bonds are exempt from taxation by the state or by any municipality, county, special district, or other political subdivision of the state.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.