

BUDGET MESSAGE

TO: *The Citizens of Columbia County and Members of the Budget Committee of the Columbia 9-1-1 Communications District*

FROM: Richard L. Whitehead, Administrator

DATE: April 21, 2011

INTRODUCTION:

As the new Administrator I found Columbia 9-1-1 to be supported by a strong professional visionary team of staff, Board Members, and appointed committees and I am honored to be a part of this organization. For the Columbia 9-1-1 Communications District; the staff and I are pleased to present our Budget Proposal for fiscal year 2011-12, the 22nd year in operation.

In preparing this proposal, consideration was given to the expressed wishes of the public, law enforcement, fire and emergency medical, and other public service organizations the District serves, staff recommendations, auditor comments, prior year budgets and governing board members' representation of their individual and collective constituencies.

Since 2008 we have experienced a historic economic crisis and lasting recession that has impacted us all. Columbia 9-1-1 has not been immune to this impact. In these tough economic times, as we watch many of our public safety agencies being forced to reduce their level of service, we were able to increase ours, while voluntarily reducing our budget by over eight percent.

This proposal is prepared for the third year of a five year local option levy renewed by Columbia County voters on November 4, 2008. In compliance with the State of Oregon local budget law, the Annual Budget for the Columbia 9-1-1 Communications District for the fiscal year beginning July 1, 2011 and ending June 30, 2012 is presented for your consideration, approval, and adoption in a public meeting and is balanced between total projected resources and requirements. As prepared and submitted the annual budget is intended to serve as:

1. A financial plan for the fiscal year outlining forecasted expenditure requirements and proposed means for financing these requirements;
2. An operational plan for the use and deployment of personnel, materials, services and other resources;
3. An active financial guide for implementation of District goals and objectives, and as;
4. A communications device.

BUDGETARY ACCOUNTING BASIS:

The budgetary and accounting policies contained in the proposed budget conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board. The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate budgetary and accounting entity.

Within the annual budget, the District funds are grouped as follows:

1. **General Fund:** used to record financial transactions relating to all activities of the District for which specific types of funds are not required;
2. **Facilities Reserve Fund:** purpose is to record financial transactions relating to the building, remodeling or relocating of 9-1-1 operations;
3. **Equipment Reserve Fund:** purpose is to accumulate needed funds for communications equipment system replacement or upgrade, and;
4. **Revenue Loss Reserve Fund:** purpose is to accumulate funds to offset expenses when revenue is lost by property devaluation; due to expiration and non-renewal of local option levy funding; sunset, reduction, deferral or elimination of 9-1-1 excise tax funds; restriction of revenues; appellate decisions or other revenue fluctuation causes.

The proposed budget is prepared with all governmental funds accounted for and budgeted for using the modified accrual basis of accounting. When using this method of accounting, revenues are recorded when measurable and available, and expenditures are recorded when goods and services are received.

BUDGET MANAGEMENT:

The Board of Directors' resolution authorizing appropriations for each fund at the end of the budget process sets the level by which expenditures cannot exceed appropriations. Total personal services, materials & services, capital outlay, fund transfers, and contingency are the levels of control for each fund established by resolution. Appropriations lapse at year-end.

Additional resources not anticipated in the original budget may be expended through the use of a supplemental budget. The District Board of Directors may adopt a supplemental budget, not exceeding 10% of original fund appropriation, at a regular Board meeting. Supplemental budgets in excess of 10% of original fund appropriations require published notices, hearings before the public and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the expenditure categories; such transfers require approval by the Board of Directors.

Budgetary control is maintained at the appropriation levels through monitoring of the expenses for each of the following categories:

1. **Personal Services** - includes the wages and benefits of full-time and part-time employees;
2. **Materials and Services** - includes supplies, maintenance and repair, rents/leases, utilities, staff and board training and contracts for professional services such as legal counsel, audits and insurance;
3. **Capital Outlay** - includes the costs of buildings and improvements, communications equipment at remote sites, equipment and systems at the 9-1-1 center, furniture and fixtures, and;
4. **Other Expenditures** - includes special appropriations not included in the above categories such as fund transfers and contingency funds.

When considering the total budget amount it is important to understand how the total budget figure is calculated. The District transfers money from the General Fund to three special purpose reserve funds - Facility, Equipment and Revenue Loss. The amount of the transfers must be included when calculating the total expenditures and resources for the General Fund. The transferred amounts received by the reserve funds must also be included when calculating total expenditures and revenues for each of the reserve funds. As a result, when all four funds are added together to report the total expenditures and revenues for the fiscal year, the final figure is actually inflated by having to count the transferred amounts twice.

BUDGET SUMMARY FOR EXPENDITURES:

All Fund Expenditures, both current and proposed with corresponding differences are:

Expenditures	2011-12 Budget	2010-11 Budget	Increase (Decrease)
Personal Service	\$ 2,209,300	\$ 2,089,900	\$ 119,400
Materials & Services	730,200	790,300	(60,100)
Capital Outlay	1,169,000	1,466,500	(297,500)
Contingency	144,834	191,826	(46,992)
Fund Transfers	0	350,000	(350,000)
Debt Service	0	0	0
Revenue Loss Recovery	1,215,500	1,205,500	10,000
Ending Fund Balance	<u>750,000</u>	<u>700,000</u>	<u>50,000</u>
Total Expenditures	\$ 6,218,834	\$ 6,794,026	(\$ 575,192)

Significant Changes from the Prior Fiscal Year:

The proposed budget expenditures for fiscal year 2011-12 for all funds total \$6,218,834. This represents a reduction of \$575,192 or just over 8% from the current fiscal year fund total of \$6,794,026. The line item increases that are found can be traced to the continuing rises in health insurance and retirement costs.

Personal Services, General Fund

Critical Issues and Budget Development Guidelines approved by the Board of Directors relative to this budget category continue to be:

Assure quality service delivery through effective recruitment, selection, training, goal setting, performance appraisals and compensation of employees.

The fiscal year 2011-2012 total budget amount proposed for this category is \$2,209,300 an increase of \$119,400 or 5.7% from last year. Reasons revolve around continued rises in health care and retirement cost, which are outlined below.

Staffing: As with any entity the cost of personnel takes the lion’s share of the budget and we are no exception. In recent months the District has undergone its first ever Administrator change and the overlap with the retiring Administrator made for a smooth transition. The Information Systems Technician position has also been filled and a transition plan of taking over the maintenance of our GIS data from a vendor is well under way.

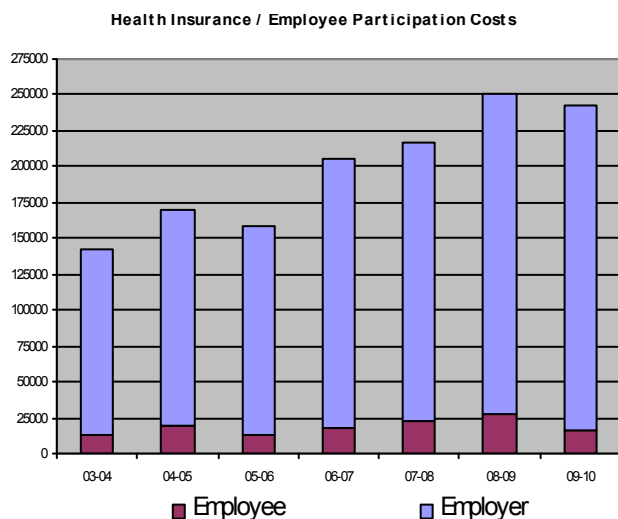
As the new Administrator, my chief concern will always be that of the staff. The amount of overtime we are using to maintain minimum staffing on the operations floor, tolls manifest a higher stress level

in our staff, as well as negatively impacting our budget. The District has failed to successfully graduate a single Communication Specialist Trainee into our permanent ranks since 2008, leaving several open positions, forcing the postponement of filling a supervisor position all in attempts to fill this void. Achieving the goal that was set in fiscal year 2007-8 of bringing the operations to full staff and maintaining 3 to 5 Communications Specialists on shift, is at the forefront of our staffing plan. This level is necessary to properly handle current activity, support ongoing training requirements, providing efficient coverage for vacation and sick leave, while greatly reducing overtime demands. Staffing models indicate between 17 and 21 Communications Specialists to achieve the goal, but our current authorized staffing level is only 14.5. To this end we have added one Communications Specialist position for fiscal year 2011-12. Filling our vacancies, combined with our recently hired trainees, and availability of trainers, mandate a multi-year plan to reach appropriate staffing. My training background affords a unique perspective in this arena and to this end we are currently reorganizing and rewriting our new hire training program along with additional training for our trainers to ensure a consistent phased approach of mastery and retention. Once implemented, I hope to report back that our only open positions are new ones.

One Communications Supervisor position remains open and was planned to be filled in 2011. However, due to current staffing levels; we have delayed filling the position to January of 2012. Once our staffing goals are reached we can relieve our supervisors from day to day console assignments allowing them the flexibility to effectively supervise, provide break relief, promote quality control programs, coordinate and participate in training and public education, respond to special circumstances, and support other operational needs.

Wages & Health Benefits: This budget reflects compensation agreed to by the District and the Columbia 9-1-1 Dispatchers Association in the July 1, 2009 – June 30, 2011 collective bargaining agreement along with Consumer Price Index (CPI) adjustment of 1.8% and benefit increase assumptions. Negotiations are in process for a successor agreement. The budgeted amount for administrative staff reflects current compensation levels with a Consumer Price Index (CPI) adjustment of 1.8%, and anticipated merit steps for those eligible. However ¾ of our staff are at their top step, a retention rate that reflects valuable tenure and an unusual longevity for 9-1-1 centers.

It is the Board’s practice to consider administrative staff compensation adjustments in conjunction with collective bargaining impacts following contract settlement. This line item also reflects the annual lump sum contribution to the Voluntary Employee Beneficiary Association (VEBA) which was established by the Board of Directors for admin staff in 2006 and included in the current collective bargaining contract. The formula for the VEBA contribution for admin staff is 3.5% of the current top step of the Operations Manager. The formula for the VEBA contribution for collective bargaining staff is 3.5% of the top step for a Communications Specialist.



The District’s health insurance provider, City-County Insurance Services (CCIS), projects an increase of 4.5% in rates for Regence BlueCross BlueShield (BCBS) and 12.2% for Kaiser in the coming year. Historically Kaiser has been lower than BCBS however that trend seems to be ending.

The graph illustrates the changes in employee participation in health insurance premium payments, as well as the total increase in health benefit costs to the District over the past eight years.

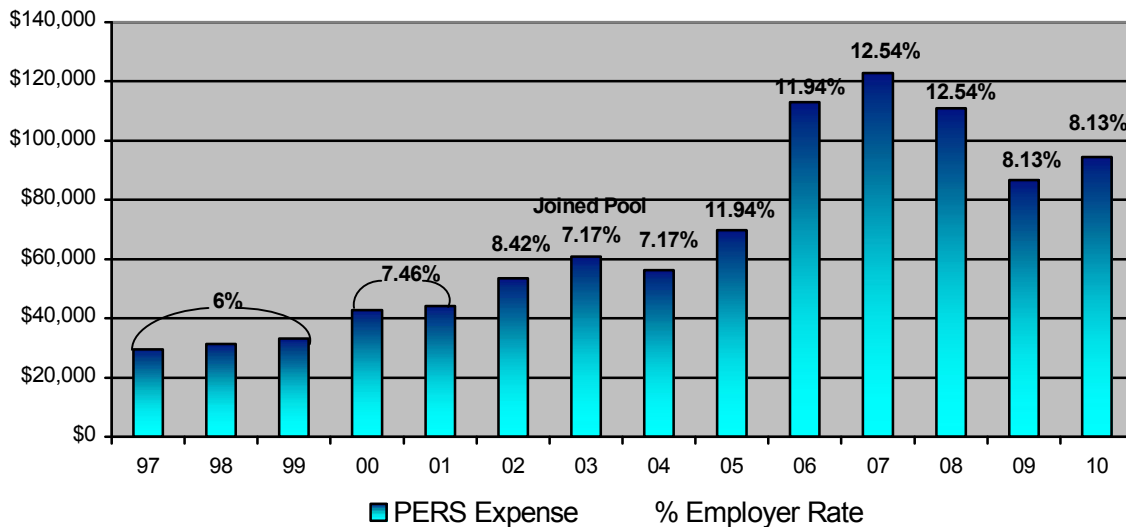
The District has endeavored to keep its employee benefit costs under some measure of control. Through successive bargaining of plan changes and increased employee participation in premium payment, the District has experienced increases, but not to the extent that many local governments have. The graduated percentages of employer/employee paid premiums and cost of living adjustment (COLA) adjusted dependent premium coverage caps have proven successful in keeping health benefits affordable as well significantly rewarding employee longevity.

All District employees are subscribers in the CCIS Healthy Benefits Program. This is a confidential program that identifies specific areas of health concern and works with each employee to increase healthy habits and behaviors. Continued participation in such programs by pool participants will have a positive impact on pool rates over the long term. The District supplements this program by paying 50% membership fees at the 24-hour Fitness Centers located in St. Helens and Clatskanie, for employees who regularly use the facilities.

Retirement Benefits: All District staff participates in the Oregon Public Employee Retirement System (PERS) and Individual Account Program (IAP). Each employee contributes 6% of their wages to the IAP. Additionally the District matches up to 2% of the monthly base wage contributions of employees to approved deferred compensation programs.

In September we received our Actuarial Valuation Report from which we derive our PERS valuations and requisite contributions. Our contribution moves from our current rate of 8.13% to 12.3% for the 2011-13 biennium. This rate ends a decline from the previous four years and projects our rate to be 12 to 18% during the next biennium beginning July 2013.

C911CD PERS Expense & Employer Rate History



Due to changes made by the Oregon legislature in 2003, PERS Tier One and Tier Two accounts no longer receive contributions; however, Tier One fixed accounts are guaranteed to receive the actuarial assumed annual rate of return of 8%, while Tier One variable accounts and Tier Two accounts receive actual investment return. As Tier One and Tier Two employee retirement benefits are exhausted and the majority membership transitions to employees in Oregon Public Service Retirement Plan (OPSRP) this actuarially based liability should lessen.

Service Demand: Columbia County's population has increased 13.8% since 2000, as the Portland urban area expanded. However, due to the current economic times, growth has significantly slowed and unemployment has risen. Directly related to our economy, we have watched staffing levels decline in the agencies we serve translating into a slight decrease in self-generated activity.

During fiscal year 2009-10, we answered 82,398 telephone calls which is an 8.5% decrease from 2008-09 and a five year low but not user activity and this does not include administrative office telephone activity. The average answer speed for 9-1-1 calls has been consistently maintained at 3 seconds, with 50% of those calls coming from wireless/cellular telephones. The 3 second answer time is well within nationally accepted standards and one we are very proud of and seek to improve upon.

Since 2002 activity graphs show consistent levels with slight growth until 2006, a 10% increase in 2008, and then levels with minor fluctuations to-date. A total of 63,291 law enforcement, fire, emergency medical and other agency incidents were dispatched or supported by staff in 2009-10 representing a decrease of 3% from 2008-09.

Between 2008-09 and 2010-11, law enforcement dispatches increased 1%; traffic stops decreased 11%; fire dispatches decreased 19%; emergency medical dispatches increased 2%, and; other agency referrals and dispatches decreased 10%.

Due to the ever increasing demand for coordinated responses to the more complex calls for service we continue to strengthen our Tactical Communications capabilities and training. This is a very popular service with our users and the frequency of requests for its use continues to rise.



Materials and Services, General Fund

The Critical Issues and Budget Development Guidelines approved by the Board of Directors relative to this budget category are:

Ensure appropriate and effective use of services through public awareness, education and the dissemination of public information.

Ensure preparedness for catastrophic events through the development and promulgation of business and operations continuity planning and practice.

Assure effective and intentional service delivery through the development and promulgation of up-to-date Strategic Plans.

The fiscal year 2011-2012 total budget amount proposed for this category is \$730,200 which has decreased \$60,100 or 7.6% from last year.

In conjunction with the above, this line item funds maintenance of buildings and grounds, voice and data radio system infrastructure, the computer aided dispatch system, along with utility costs, maintaining business machine and computer system networks, hardware and software, facility security, public record obligations, and the community outcall notification system. We endeavor to keep these costs as low as possible while maintaining a stable and up to date public safety dispatch system. Through careful spending and budget monitoring we have identified areas in which we were able to reduce funding for this fiscal year.

Community Alerting: The District, in partnership with the Columbia Emergency Planning Association (CEPA), continues the provision of our community outcall notification system, including activation mapping. Since 2003, CEPA and its members have split the cost of the annual subscription

for this important element of our system. We serve as the activation point, manage the software, data bases, cell phone self-registry, and pay the quarterly fee to use current enhanced 9-1-1 data (which includes non-published landline numbers).

Computer-Aided Dispatch system (CAD): CAD is an integral tool for service delivery which creates the computerized record of each call for service. Additionally, it provides tracking of field initiated incidents, unit availability, address histories, dispatch and field action times, mapped locations, and mobile data transmittals to and from field units, access to the National Crime Information Center (NCIC), the Oregon Law Enforcement Data System (LEDS), and Department of Motor Vehicles (DMV) data bases.

CAD is a cost we continually monitor in relation to its efficiency and effectiveness in call handling and activity demands. The Information Systems Technician was one efficiency investment to improve our map data for our staff and our users. The current system is eight years old we are currently in the midst of replacing/updating major system components. The fiscal year 2010-11 budget anticipated most of this cost and a small portion is anticipated in this budget. This much needed upgrade affords us additional time to research other systems, conduct a cost/benefit analysis of other CADs or join as a partner with one of our UASI partners, and/or with Clatsop and/or Cowlitz County.

Enhanced 9-1-1 Phase II: In order to show true costs and contributed revenue, we exhibit in our budget the projected Enhanced 9-1-1 line and equipment maintenance costs for the coming year. These are paid directly on our behalf by the State of Oregon from the 9-1-1 excise tax collected by the telephone companies, and managed by Oregon Emergency Management (OEM) 9-1-1 Program. Enhanced 9-1-1 Phase II provides the location and caller identification from wired and wireless technologies and integrates the information into our CAD mapping system. This solution is more advanced and flexible than other jurisdictions in the state currently use. We continue to share the base map developed for this purpose with other public entities in Columbia County at no fee.

Business Insurance: The District qualified for a \$1,422 credit against our 2010-11 business insurance premiums under the Special Districts Insurance Services (SDIS) Best Practices Program. For each year that the District adds or maintains best practices, credits are given to the District insurance premium. Additionally, in 2009, the District qualified for and entered into a second 3 year term of premium cost guarantee due to longevity with the SDIS insurance program and positive claims record. As we move toward Center Accreditation we hope to see additional credits as well.

Operational Resources

Administrative: We are researching and evaluating various software solutions to automate all aspects of scheduling, payroll, book keeping, and performance appraisals to maximize the effectiveness of administrative and supervisory time.

Operational resources like the Field Unit Communications Manual and the Emergency Medical Dispatch cards are continually updated to current best practice standards, which are important as we move toward seeking center certification.

Fiscal year 2011-12 goals include initiation and implementation of Accreditation through the Oregon Accreditation Alliance. This process will ensure we have current and valid policy, procedure, and practice based on national best practices including in-house peer reviews. During this process we also plan to work on a Succession Plan through mentoring of staff interested in administrative positions. This is a critical need and partially driven by the retirement eligibility of two senior administrative staff members.

Training: Our new-hire training program is in the midst of a rewrite to incorporate phases of mastery which builds on individual blocks of success before moving to the next category. I strongly feel this will benefit our trainee retention and allow us to reach our staffing goals. Training resources are continually updated to reflect new operational guidelines and procedures and our training room maintains a video library and provides access to on-line training classes.

Emergency Planning: We continually participate in planning, training, and exercises relevant to various hazards and threats. Staff and board members participate in various exercises to maintain compliance with National Incident Management System (NIMS) federal requirements.

The Homeland Security and Emergency Management Commission (HSEMC) continue to meet and provide oversight on county emergency management preparedness initiatives. A shared cost program, which funds one of their personnel, was initiated in 2007, and this budget continues that contractual obligation. However, budget woes within the County have jeopardized the future of the position and we may see changes in HSEMC during this budget cycle.

The Department of Homeland Security (DHS) Tactical Interoperable Communications Plan (TIC Plan) for the Portland urban area is incorporated into the statewide TIC Plan developed regionally under the coordination of the State Interoperable Executive Council (SIEC) and the plan for Columbia County is included in the regional. All plans are continually updated to incorporate changes in resources and procedures.

A Continuity of Operations Plan (COOP) for all the 9-1-1 centers in the Portland UASI, of which we are a part, are completed and we are finalizing ours which will include our back up system/center plans as they evolve.

Elections: The Board of Directors Zone 1 position (Clatskanie) currently held by Dee Wooley, the Zone 2 position (Rainier) currently held by Wes McMahan, and the Zone 4 position (Vernonia-Mist) currently held by Kathy Denckla, have terms expiring June 30, 2011. There is an election in May to fill these 4 year terms and all three members are seeking reelection. No other elections are anticipated in this budget.

Public Education and Information: Our newsletter, which is mailed to all postal patrons within Columbia County, has been a popular public education tool promoting the appropriate use of 9-1-1 and to spread public safety messages on behalf of our partners. We just completed and mailed our first of two newsletters, with a positive response, for 2011 and plan limited use of public safety print ads and radio spots in local media.

Legal / Professional Services: The funds in this category are for legal oversight of radio site agreements, public purchasing rules, intergovernmental agreements, collective bargaining, unforeseen labor issue advice, and our annual audit. Additional consideration was given to professional services to assist with strategic planning, accreditation, and other professional development.

Capital Outlay, All Funds

The Critical Issue and Budget Development Guideline approved by the Board of Directors relative to this budget category are:

Maximize Homeland Security goals through participation in Urban Area Security Initiative (UASI) interoperability projects and through partnerships with other neighboring jurisdictions.

Ensure preparedness for catastrophic events through the development and promulgation of a business and operations continuity planning and practice.

Capital outlay planning this year continues to focus on enhancements of existing systems and replacing dysfunctional equipment. The following is a summary of potential capital outlay projects for the coming year:

- Raise the McNulty facility backup generator
- Relocation of the Goose Hill radio site to Green Mountain
- Replace/upgrade electrical transfer switch at McNulty site
- Replace aging office equipment and/or dispatch chairs
- Ongoing enhancements to mobile data, automatic vehicle location, CAD and CAD-to-CAD message switch
- Establishing a long term backup facility and system equipment

Facility: Phase III of our building is complete, operational, and within budget. Columbia County is still weighing their options on a move of the Office of Emergency Management and Emergency Operations Center (EOC). Discussion regarding developing a facility on Columbia River Fire & Rescue (CRFR) grounds across the parking lot from the District facility is their hope pending budget outcomes.

Voice and Data Radio System: Our Goose Hill radio site is essential in our current radio/data system and it is leased through Clark Regional Emergency Services Agency (CRESA). The rate we are charged is that which private carriers would expect to pay and for public safety is comparatively an exorbitant rate. If things remain status quo we will spend over \$135,000 in lease costs over the seven-year life of this contract. To mitigate this expense we are exploring options to occupy a site on Green Mountain that include an option to partnership with the Oregon Wireless Interoperability Network (OWIN) in exchange for their use our Clatskanie Mountain site. A pivotal component of being able to use Green Mountain was an upgrade of our Bald Hill site to include microwave and mobile data. That upgrade should be completed by the end of April 2011. While the long term future of OWIN is unknown, other partnerships could develop with them on our other tower sites in years to come.

Vehicles: Both are in great condition and should last several more years. We recently installed an auxiliary diesel fuel tank to the utility truck for short term or emergency fueling for our back-up generators at our tower sites. We contract with the CRFR joint vehicle maintenance facility to provide vehicle maintenance.

- 2008 Hyundai Santa Fe Staff use on District business
- 2000 Ford utility truck Tower site visits and maintenance

Business and Operations Continuity: Mission critical systems are connected to uninterruptable power supply (UPS) batteries which are charged by a diesel generator. In the event we need to evacuate our main facility we have the capability to transfer 9-1-1 lines to the backup site where we can continue operations. Currently, we have radio capability at the backup site, but no CAD access. We are in the process of negotiating space with CRFR to share their Deer Island station. Once this is accomplished we plan to have a fully functional back up center including 9-1-1, radio, and CAD. We have identified some significant cost savings that are possible once our backup center is fully operational. There are also redundancies in place for our CAD data and other mission critical information.

Capital Outlay Impact on Operating Budgets: The capital project that will have the most significant impact on the operating budget is the savings of the annual lease charged by CRESA for the use of the Goose Hill site when we move to Green Mountain. Operating costs should not be significantly affected by any of the other capital projects listed.

Fund Transfers, General Fund to Reserve Funds

The amounts proposed for transfer from the General Fund to the Reserve Funds are for capital outlay and ongoing expenses related to the purpose of the reserve funds.

Transfers to the Equipment Reserve Fund and the Facilities Reserve Fund are to support the District five-year capital plan as detailed further in their respective sections of this document. In fiscal year 2003-4, the Revenue Loss Reserve Fund was established in anticipation of continuing revenue loss impacts due to Measure 5 and Measures 47/50, from revenue loss due to Urban Renewal District and Enterprise Zone tax deferments to cities and the county, to help offset expenses when revenue is lost due to the expiration of the local option tax levy, further devaluation of property within the District's taxing authority, the loss or reduction of 9-1-1 excise tax revenues or any other revenue fluctuation. Since that time the District has not had to draw from this fund due to careful management and we have been able to maintain sufficient working capital, plus the revenue set aside in this fund, sufficient to maintain operations for one year beyond the expiration of the current local option operations levy. However, we do foresee having to begin budgeting resources from this fund to offset the various revenue losses we have experienced.

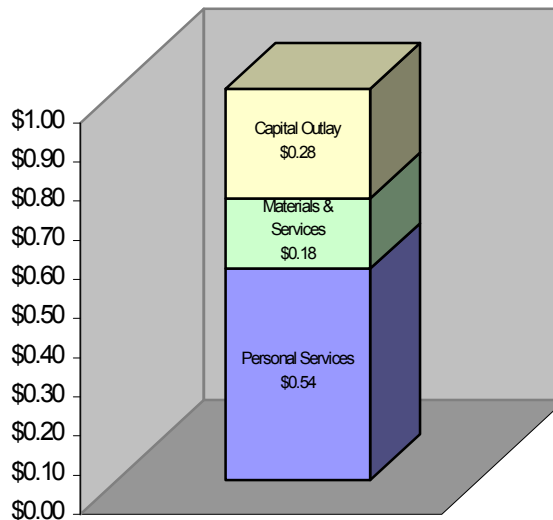
Contingency, General Fund

Oregon Budget Law allows a maximum operating contingency of 15% of the appropriated budget to be spent in case of unforeseen situations. This proposal utilizes a contingency for the General Fund of 4.63% that is expected to be sufficient to meet any unanticipated requirements.

Ending Fund Balance, All Funds

These funds are not appropriated to be spent in this budget cycle; rather they are intended to carry over into the next cycle to help avoid interruption in services until tax turnovers are received in November. The amount proposed is projected to cover operational costs until taxes are received.

How Your Tax Dollar is Spent



Fiscal Year 2011-2012

REVENUES SUMMARY

Significant Changes from the Prior Fiscal Year:

Proposed budget revenue for funds totals \$6,218,834. This represents a decrease of \$575,192 from the current fiscal year total of \$6,794,026, due primarily to a decrease in property tax collections based on devaluations, projected increase in the uncollectible rate, projected decrease in 9-1-1 excise tax revenues due to legislated deferrals to the state general fund, decreased net working capital in the reserve funds from the previous year due to projects completion and decreased interest earnings.

Total revenues for all funds for the current budgeted year and the ensuing fiscal year are:

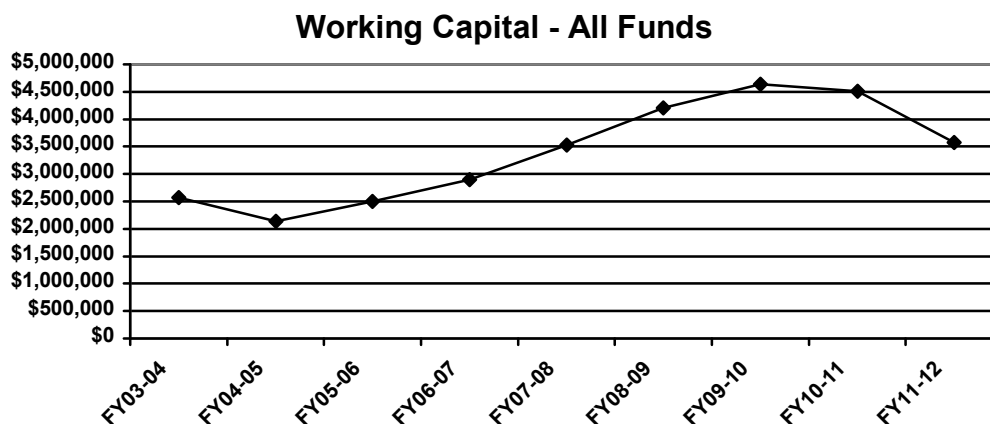
Revenues	2011-12 Budget	2010-11 Budget	Increase (Decrease)
Net Working Capital	\$ 3,574,800	\$ 3,797,500	\$ (222,700)
Current Year Taxes	2,014,634	2,010,926	3,708
Previously Levied Taxes	75,000	60,000	15,000
Interest on Investments	18,500	22,000	(3,500)
9-1-1 Excise Tax	360,000	360,000	0
Communications Fees	11,100	10,900	200
Rents/Royalties	9,000	7,000	2,000
OEM Reimbursements	134,800	156,700	(21,900)
Transfers from Other Funds	0	350,000	(350,000)
Data System Access/Cowlitz Co.	18,000	18,000	0
Tower Site Lease Revenue	2,000	0	2,000
Miscellaneous	1,000	1,000	0
Total Revenues	\$ 6,218,834	\$ 6,794,026	\$ (575,192)

Net Working Capital

The working capital budgeted is the projected beginning fund balances for all funds.

The District's net working capital has gradually increased over the years due to an increase in fund balances and the creation of the Revenue Loss Reserve Fund, which has grown steadily in anticipation of potential future revenue losses. This year we anticipate a loss in revenue for the first time in over five years.

The graph depicts fiscal year 2010-11 projected working capital in comparison to historical working capital.

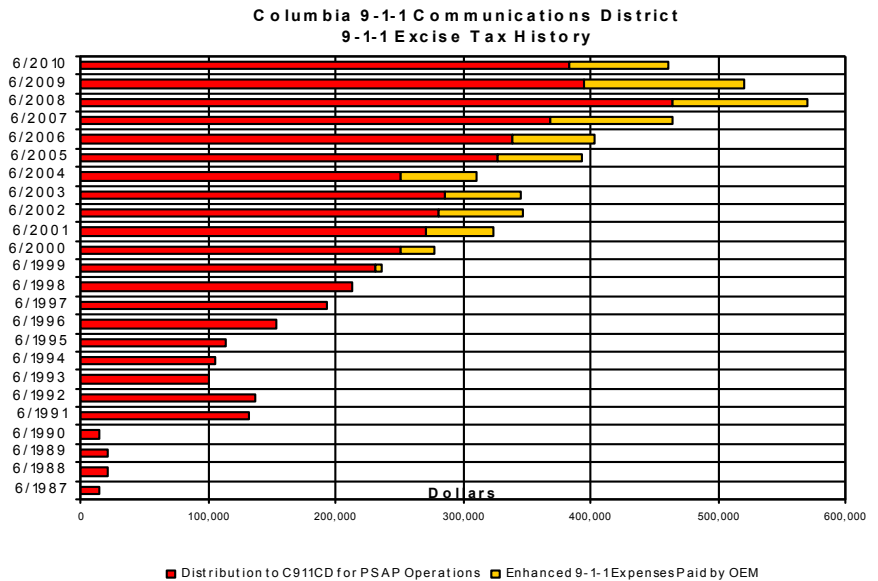


Current Year Property Taxes

This proposal utilizes the full taxing authority of the District’s permanent tax rate of .0002554 applied against the assessed value of property within Columbia County, and the third year of the District’s third 5 year Local Option Levy. The permanent tax rate is projected to generate \$943,413. The Local Option Levy tax rate is .0002900 and is projected to generate \$1,071,221. The combined collection estimate is used. In each of the past several years the District has levied approximately \$70,000 less than our authorized taxing authority, due to tax limitations and compression. Since the fiscal year 1998-99 we have noticed a steady increase in the county’s rate of uncollectible taxes. The tax assessor recommends using an uncollectible rate of 10% this fiscal year. This rate is applied to the District taxing authority to reach an estimate of \$2,014,634 in tax revenues.

9-1-1 Excise Tax

Through the 9-1-1 excise tax funding mechanism each telephone subscriber pays a monthly 75-cents for the purpose of providing 9-1-1. The funds are used by the OEM 9-1-1 Program to pay for the purchase, installation, and maintenance for Oregon’s enhanced 9-1-1 (E911) call reporting system. The program also funds the training and certification program for emergency medical dispatchers and emergency tele-communicators under the DPSST. These funds are not currently captured by “prepaid”



wireless consumers while our wireless and VoIP calls continue to rise. There is current legislation being discussed to address this loss of revenue. The remaining funds are distributed to counties by unincorporated population and to cities by incorporated population for the purpose of 9-1-1 call taking and certain dispatch costs. In our jurisdiction, all cities and the county automatically forward their distribution to our PSAP by automatic deposit to our account in the Local Government Investment Pool. Columbia County qualifies for a 1% minimum distribution and these dollars represent approximately 35% of our annual operating revenue.

The next challenge, known as “next generation 9-1-1, or NG911”, is the ability to receive emergency response requests by email, text, instant messaging, streaming video, cell phone pictures and other digital communications while still being able to identify the location of the requestor. The process is being brain stormed across the nation to produce acceptable standards and technologies that PSAPs will incorporate to process this communication medium.

OEM Reimbursements and Direct Payments

The state assumes all 9-1-1 line and equipment maintenance, repair, upgrade and data base maintenance costs for all Public Safety Answering Points (PSAPs) in Oregon. The amount budgeted for this fiscal year reimbursement reflects an estimate of next fiscal year network, premises equipment and data base management costs incurred by our District. The line and equipment maintenance costs are paid directly

by OEM and are recorded here to reflect revenues contributed toward the cost of the system and are paid in full prior to disbursing operating revenues to the PSAP jurisdictions.

Grant Funds and Potential Cost Offsets

The Critical Issues and Budget Development Guidelines approved by the Board of Directors relative to this budget category are:

Maximize Homeland Security goals through participation in Urban Area Security Initiative (UASI) interoperability projects and through partnerships with other neighboring jurisdictions.

Ensure financial stability and maximize cost efficiency by seeking new sources of revenue and/or cost offsets.

UASI projects are funded in over sixty-four US urban regions by the Federal Department of Homeland Security for the purpose of enhancing urban area readiness to respond to major incidents or threats involving Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) Weapons of Mass Destruction (WMD) and were expanded to include natural disasters in 2005-6. The Portland UASI region encompasses the City of Portland, Clark, Clackamas, Multnomah, Washington, and Columbia Counties. There are two UASI projects that the District is currently involved in.

- In 2003, grant funds were approved to establish a CAD-to-CAD message switch between PSAPs in the UASI region. This plan is almost complete and being tested currently. Additional phases of this system are planned to further maximize data interoperability.
- In late 2006, the District finalized a partnership with Cowlitz County for the use and maintenance of our mobile data controller on both sides of the Columbia River. The District realizes maintenance cost offset and the ability to build a replacement fund with the revenues from this partnership. Cowlitz County has realized significant savings in wireless backbone lease costs over their previous provider.
- In 2008, a region wide COOP project for four PSAPs and the Port of Portland was initiated. The project was completed last year. The individual counties now continue to develop these plans. Beginning later this year we hope to begin a partnership with OWIN for interoperability and greater capacity at District microwave backbone and supplemental radio sites. This partnership will allow us to strengthen and/or expand our system to accommodate future needs as well as reduce current site lease costs. We have been approached by a couple of other entities in regards to leasing space on our sites but discussions are in the early stages and the savings or revenue is undeterminable at this point.

Transfers from General Fund

The primary funding resource for the Reserve Funds is by transfer from the General Fund. Transfer amounts are used to make debt service payments, to complete upgrade projects, set aside match funds for grant partnership projects and to reserve funds for future needs.

CONCLUSION

The fiscal year 2011-12 budget as proposed continues to afford our community and user agencies a high level of service provided by a professional workforce, while effectively reducing our expenditures by

over 8%. We will continue to make adjustments to maximize efficiencies, make effective use of technology, continue the partnerships we have established and seek out new ones.

During this past year we have completed items: the Clatskanie Mountain tower site, upgrade of our Bald Hill site to include microwave and Mobile Data, Phase III building addition, dispatch console and room upgrades, and the recruitment and hiring of a new Administrator. Our biggest challenges in the coming fiscal year will be: seeing progress on our staffing goal, negotiating a successor collective bargaining agreement, Accreditation, and relocation of the Goose Hill radio site to Green Mountain.

We are pleased to inform you that the District received the Government Finance Officers Association Distinguished Budget Presentation Award for the ninth year in a row for its fiscal year 2010-11 submission. The award is the highest form of recognition in governmental budgeting and represents a significant achievement by our District and one we will continue to seek to obtain.

Sincere appreciation and recognition is extended to all staff, Board, Budget Committee, and Advisory Committee members who have devoted their time and energy toward the development of this budget proposal. Rest assured that the same degree of diligence will be devoted to the effective administration of it.

The budget proposal before you is balanced and reflects our highest endeavor to keep expenses within our current and projected resources, while maintaining service levels where they need to be to accomplish our mission. It is presented for your consideration, approval, and adoption.