



Montgomery County Emergency Communication District

Public Review Hearing

January 9, 2013

The Montgomery County Emergency Communication District (MCECD) was created by a countywide referendum in April 1986 to facilitate access to 9-1-1 emergency services throughout Montgomery County. MCECD is authorized by and operates under chapter 772, subchapter D of the Texas Health and Safety Code. MCECD is one of 24 emergency communication districts covering 30 counties across the state.

Section 772.319 of the Texas Health and Safety Code requires emergency communication districts to hold a public review hearing on the continuation of the district and the 9-1-1 emergency service fee. A hearing must be held every three years and, at the conclusion of the hearing, the district's board must adopt an order on continuation or dissolution of the district.

This information is provided in preparation for MCECD's public review hearing to be held on January 9, 2013.

Governance and Oversight

MCECD is governed by a five member Board of Managers. The board consists of two members appointed by the Montgomery County Commissioner's Court, two members elected by the cities within the county and one member elected by the volunteer fire departments that operate in the county. The principal provider of telephone service in the county appoints a non-voting member to the board.

MCECD must submit its annual operating budget to the county commissioner's court and to all the cities in the county. The budget must be approved by the commissioner's court and by a majority of the cities before it can go into effect.

Pursuant to the governing statute, the board is charged with controlling and managing the district. It is authorized to adopt any rules necessary for the operation of the district and to contract with any public or private entity. The board is also required to appoint a director to perform all duties required by the board and supervise the operations of the district with any limitations prescribed by the board.

Duties and Activities

MCECD carries out its duties by:

Providing and maintaining the hardware and software along with the voice and data network for a countywide 9-1-1 system

Equipping and supporting all four public safety answering points (PSAPs) in the county and a back-up facility at the county's Emergency Operations Center

Providing financial support to the two primary PSAPs which, between the two of them, initially answer all 9-1-1 calls and route them to the appropriate PSAP depending upon the nature of the emergency

Maintaining a geographic information system (GIS) and a comprehensive database of street names, address ranges, service boundaries and other critical information

Serving as the official addressor for the entire county

Providing an early warning communication service

Conducting public education for when and how to use the 9-1-1 system

Assisting PSAPs in training call-takers and dispatchers in the use of the 9-1-1 system

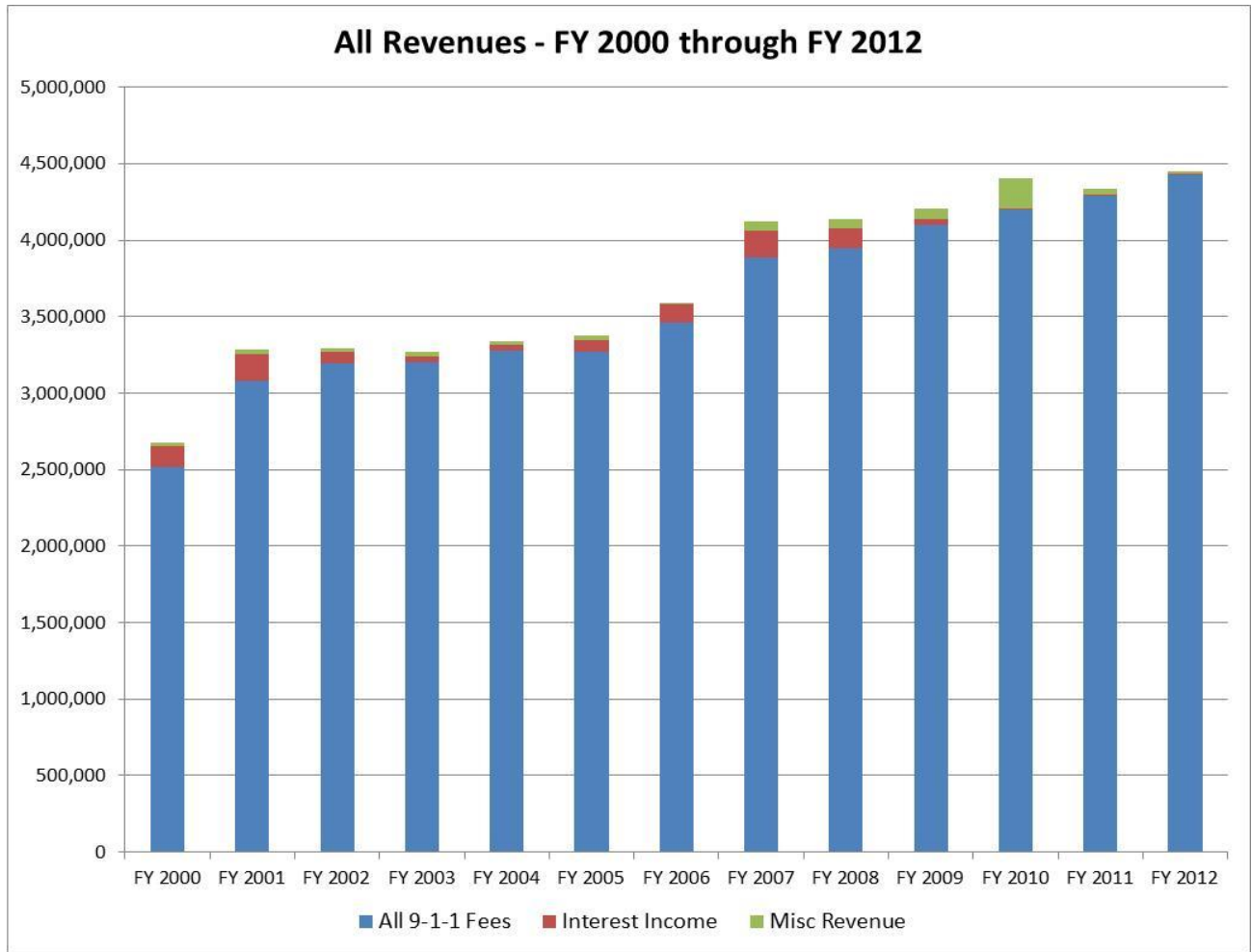
Monitoring and participating in 9-1-1 related regulatory matters at the national and state level

Revenues

MCECD is funded primarily by fees assessed on telephone service. The amount of the fee varies by the type of service. The traditional source of revenue is a fee of 6% charged for local exchange access lines (commonly known as land lines) and for static Voice over Internet Protocol (VoIP) customers. The amount of the fee ranges from \$0.62 to \$1.66 per month for residential service. For business customers, the monthly fee starts at \$1.29 and goes up to \$2.23.

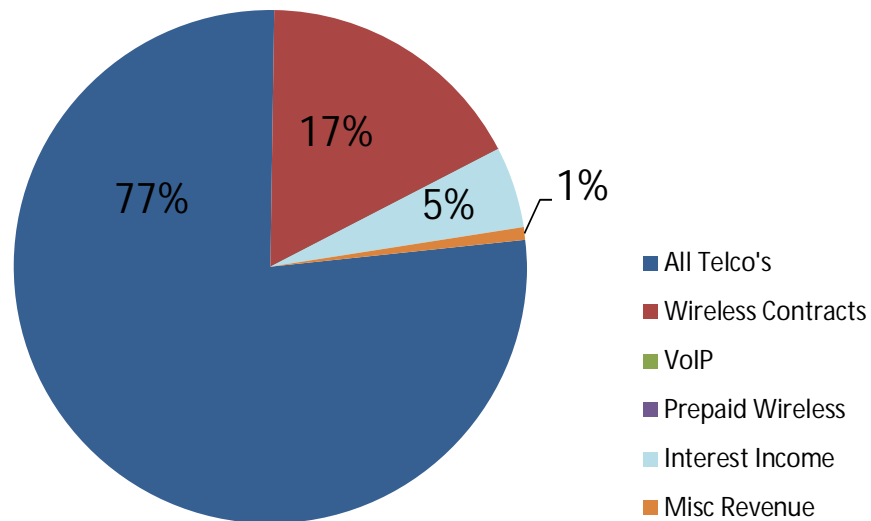
Mobile phone customers that contract for service are assessed a fee of \$0.50 per month, per phone. The fee is collected by the wireless companies and paid directly to the State of Texas. The state then remits \$0.35 of that fee back to local jurisdictions based on a proportional share of population. Beginning in 2010, customers purchasing pre-paid wireless service pay a 9-1-1 fee equal to 2% of the retail price. Nomadic VoIP customers pay \$0.50 per month which is remitted by the providers directly to MCECD.

MCECD collected \$4,441,784 in 9-1-1 service fees in the fiscal year that ended September 30, 2012. An additional \$13,167 was also received from interest earnings and other miscellaneous sources for a total of \$4,454,951 total revenue. The following graph shows the total revenue received by year and by type since fiscal year 2000.

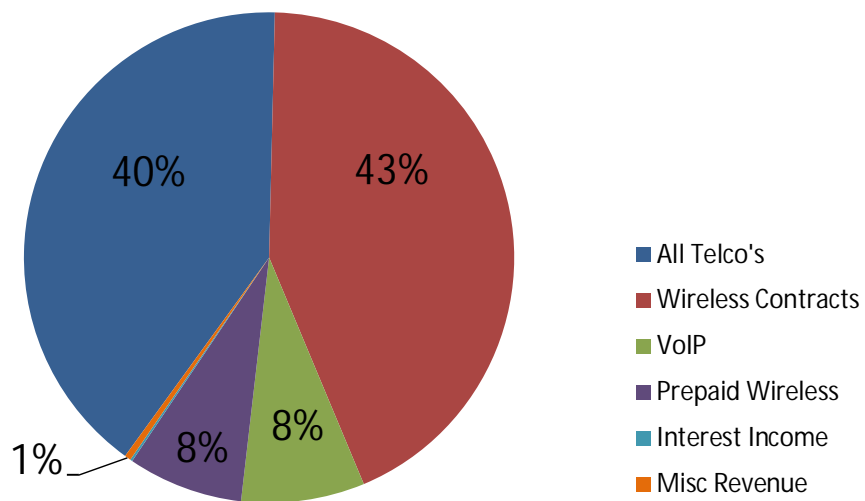


The telephone choices of Texans are changing to adapt to the latest technology available. Traditional landlines are being replaced by cell phones and VoIP providers. The components of MCECD's service revenue have also shifted accordingly. Revenue from the big wireline companies has decreased steadily over the years but that decline has been offset by a surge in revenue from wireless providers and VoIP companies. The two pie charts compare the revenue streams for MCECD in 2000 and 2012.

Revenue Stream - FY 2000



Revenue Stream - FY 2012




Even with the additional sources of revenue, the inflation adjusted amount received per capita has actually declined over the past decade. In fiscal year 2000, MCECD received \$9.11 per person in 9-1-1 service revenue annually. If adjusted for inflation, that would equate to \$12.08 today. The amount collected, however, has increased only \$0.09 per person to \$9.20, nearly 24% less.

Expenditures

Half of the MCECD expenditures in the current budget are found in two line items. The largest is \$1,246,100 for call taking service contracts. MCECD contracts with two agencies to answer all incoming 9-1-1 calls. Conroe Police Department (CPD) answers all the calls that originate from within the city limits of the City of Conroe. Montgomery County Sheriff's Office (MCSO) answers all 9-1-1 calls from within the county except those within the City of Conroe. The other major expenditure, budgeted at \$876,900, is for the data and phone connections needed to keep the system operating.

Besides payroll expenses for MCECD staff, there are two other significant individual expenses. The first is \$138,000 to reimburse wireless service providers technology that provides location and subscriber data for cell phone customers. The other is \$132,000 for an early warning system that sends recorded messages to land lines and (pre-registered) wireless phones when emergency conditions are present in the area.

The budget summary for all expenditures is as follows:

 Montgomery County Emergency Communications District Budget for Fiscal Year 2013				
Operating Expenses				
	FY 2011 Actual	FY 2012 Budget	FY 2012 Estimated	FY 2013 Budget
9-1-1 System				
Interlocal Agreements - Call Taking	1,134,547	1,149,947	1,255,102	1,246,100
Phone & Data Connections	826,313	997,375	709,418	876,900
Early Warning System	120,000	132,000	123,750	132,000
Wireless Provider Reimbursements	67,831	73,000	67,227	138,000
GIS/Database Management	32,314	47,000	29,123	40,800
Public Education	15,953	38,300	12,840	29,500
Subtotal - 9-1-1 System	2,196,958	2,437,622	2,197,460	2,463,300
Facility Maintenance & Operations				
Machinery and Equipment	29,302	45,500	38,173	49,700
Furniture and Fixtures	5,250	22,010	14,657	18,710
Utilities	52,948	72,000	54,642	68,200
Subtotal - Facility Maint.& Ops.	87,500	139,510	107,471	136,610

Personnel				
Salaries and Benefits	944,525	1,044,680	1,037,443	1,207,500
Professional Development	5,590	23,900	9,500	19,850
Travel Expenses	23,979	27,980	8,697	22,600
Mileage Reimbursement	1,472	3,250	351	2,400
Subtotal - Personnel	975,566	1,099,810	1,055,991	1,252,350
General Operating Expenses				
Contract Services	81,407	97,000	78,683	116,350
Equipment Leases	2,885	3,000	2,597	4,500
Equipment Repair & Replacement	8,979	10,000	730	7,300
Supplies	9,404	17,200	11,266	19,250
Vehicles	1,098	7,580	3,258	5,500
Phone and Data	48,998	81,150	47,783	49,100
Insurance	22,604	26,900	23,252	28,500
Subtotal - Gen. Operating Expenses	175,375	242,830	167,568	230,500
Total of All Operating Expenses	3,435,399	3,919,772	3,528,489	4,082,760
Additional Allocation for Emergency Repairs and Replacements				150,000

Assets, Cash Reserves and Capital Funds

MCECD began the current year with nearly \$7.7 million in net assets. Over \$2.1 million of that is the value of fixed assets including the MCECD facility at 150 Hilbig Street in Conroe and the 9-1-1 technology systems in various locations around the county. MCECD has over \$5.6 million in cash. Of that amount, \$3.5 million is dedicated for capital purchases, specifically to replace existing 9-1-1 equipment or expand the system's reliability or capability. Another, \$1,170,690 is designated for emergency repairs and an operating reserve. That leaves \$822,050 in unencumbered reserves.

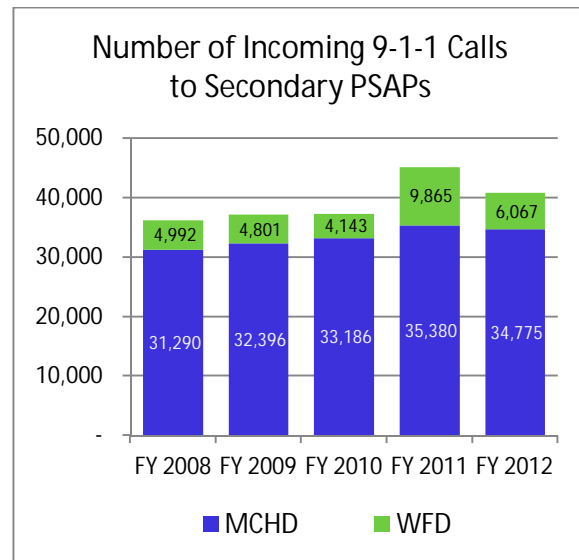
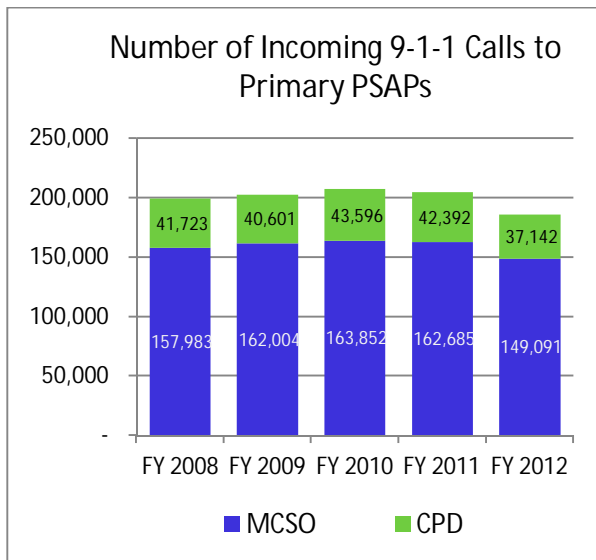
MCECD does not currently have any outstanding indebtedness.

Call Statistics

MCECD supports two primary PSAPs that answer all 9-1-1 calls that originate from within Montgomery County – the Montgomery County Sheriff's Communication Center and the Conroe Police Department Dispatch Center. These two entities also dispatch for almost all of the law enforcement agencies in the county. If the caller needs fire, rescue or emergency medical assistance, the call is transferred to one of two secondary PSAPs. The Montgomery County Hospital District (MCHD) dispatches all emergency medical calls in the county as well as

fire and rescue calls within the City of Conroe. The Woodlands Fire Department (WFD) dispatches for all fire and rescue calls that are not within the City of Conroe.

During the fiscal year that ended September 30, 2012, MCECD's two primary PSAPs answered 186,233 calls to the 9-1-1 system; an average of 510 calls per day or 21 calls per hour. The two secondary PSAP's received 40,842 calls during the same time period. Almost all of the calls to the secondary PSAPs were transferred from one of the primary PSAPs. (A small number of calls were transferred from PSAPs outside of Montgomery County.) The charts below provide a breakdown of calls to all four PSAPs.



Next Generation 9-1-1

MCECD has traditionally been a leader in deploying new technology to improve its 9-1-1 system. It was an early adopter of Enhanced 9-1-1 which provides the caller's name and address information to the call-taker. MCECD's PSAPs were the first in the state to install "digital 9-1-1" equipment with an ISDN network.

Even with these advances, the basic architecture of the nation's 9-1-1 system has not changed since its initial development. It is still designed around telephone technology. The industry is in the process of changing that basic architecture to a digital, Internet Protocol (IP) foundation. The resulting new system is referred to as Next Generation 9-1-1 or NG9-1-1.

Transitioning to NG9-1-1 is slow and cumbersome. Planning for the new system began in 2000 and all the key players are now close to finalizing the full definitions and standards for NG9-1-1. Provisions must be made to keep legacy systems operating while PSAPs, telephone companies, cellular service companies, hardware providers and software developers adapt their products to the new standards. Some states have better funding provisions in place than others so the ability to afford new equipment will hamper the roll-out in parts of the country.

MCECD is once again among the leaders in embracing new technology. In 2011, MCECD purchased new hardware and software from AT&T and Cassidian Communications. The new system is IP-based and is interconnected through a county-wide ring of fiber optic cable. Back-up facilities, multiple pathways and other redundancy features are included in the system. The system complies with all NG9-1-1 standards adopted to date.

MCECD is working closely with other regional 9-1-1 agencies to implement other NG9-1-1 features. This includes developing and hosting databases that are NG9-1-1 compliant and building an emergency services IP network (ESInet) that will allow voice, data and images to be transferred across jurisdictional lines.