



Legislation Text

File #: ORD 17-0005, **Version:** 1

ITEM TITLE:

#17-05 - AMENDING CHAPTER 3.20 ENHANCED 911 SERVICES OF THE VALDEZ MUNICIPAL CODE (**Reconsideration Requested by Mayor Knight and Council Member Smith**)

SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: [Click here to enter text.](#)

Funding Source: [Click here to enter text.](#)

RECOMMENDATION:

Approve first reading of Ordinance 17-05, amending Chapter 3.20 of the municipal code, by establishing a \$2 monthly 911 surcharge for all wireless and wireline telephone accounts.

SUMMARY:

- The City currently receives less than \$20,000 annually from the telephone surcharge, which is currently \$.75 per month for land-lines (“wirelines”) only (unchanged since 2005).
- Annual costs for status-quo service infrastructure, excluding personnel, are \$95,000 (see attachment). The imbalance is funded with general revenues.
- City Administration is proposing an increase in the surcharge to the maximum amount permitted (\$2 per month) for all wireline and wireless accounts. Surcharge revenues, estimated at \$80,000 to \$100,000, would be isolated in a dedicated reserve account.
- Staff is preparing for future service enhancements compliant with FCC standards, as well as improvements that fall outside FCC regulations, which will entail increased operational costs.

BACKGROUND AND ANALYSIS:

The City’s 911 services are primarily funded by general revenues, though there is approximately

\$19,000 received annually from the existing 911 surcharge. The cost of maintaining services includes not only personnel costs and training, but also annual software and licensing contracts and annual reserve funding of eventual hardware replacement.

The current surcharge is \$.75 per month, applicable only to wireline service. This surcharge has been unchanged since 2005. Using BLS-Anchorage inflation calculations, the equivalent inflation-adjusted fee in 2017 is \$.95.

The single largest non-personnel cost of 911 services is the radio dispatch console. As with all major equipment purchases, the eventual replacement of this hardware is funded annually via reserve, based on inflation-adjusted replacement cost and useful life. This replacement is fully-funded (\$400,000) as of 2016. A twelve-year estimated useful life at 2% annual inflation necessitates annual funding of \$42,275.

911 Services include additional costs for dispatch and CAD servers, which have a three-year estimated useful life, and annual software licensing and support. Staff also recommends Phase I service enhancements, which entail additional one-time setup costs and ongoing annual costs. Annual reserve-funding requirements for all non-personnel costs are illustrated in the attached

Estimated non-Personnel 911 Costs.

FCC Phase I standards includes caller-ID functionality, and limited locating ability. Staff estimates the cost of Phase I compliance to be \$20,000 first-year setup costs, plus \$20,000 annually. Staff is also considering additional functionality, including FCC Phase II standards (i.e. precise caller coordinates), and features that fall outside FCC compliance standards (i.e. text-to-911).

Staff will be able to improve and refine revenue estimates after full implementation of the \$2 monthly surcharge, if approved. Staff will provide follow-up analysis to Council during preparation of subsequent years' operating budget requests, and will strive to match the surcharge to anticipated costs. However, note that initial cost estimates exceed revenue estimates without inclusion of personnel costs. Therefore, the General Fund will continue to subsidize 911 services for the foreseeable future.

Police Chief Hinkle will be present to field Council questions.

ATTACHMENTS:

Estimated non-Personnel 911 Costs