

## **MEMORANDUM**

**TO:** Donna Barron, City Manager

**FROM:** Brenda Martin, Director of Finance

**DATE:** August 10, 2018

**SUBJECT:** **Approval of a Resolution for the Fiscal Year 2019 Financial Plan of the Denco Area 9-1-1 District**

### **BACKGROUND**

At its July 12, 2018 regular meeting, the Denco Area 9-1-1 District Board of Managers approved the FY 2019 draft financial plan. Pursuant to Section 772.309 of the Texas Health and Safety Code, Denco Area 9-1-1 is required to provide a draft of its annual financial plan to all participating jurisdictions for a review and comment period. Response is requested prior to August 31, 2018. The District Board of Managers at their regular meeting on September 13, 2018 will consider responses on the draft budget and final approval of the 2019 financial plan.

### **ANALYSIS**

Highlights of the Denco 2019 Financial Plan:

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 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.

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

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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.

Additional highlights of the Denco Financial Plan can be found on pages 3-1 through 3-14.

### **RECOMMENDATION**

It is City staff's recommendation that the City Council approve the resolution as set forth in the caption above.