



April 22, 2019

Representative Nathanson, Chair
House Committee on Revenue
900 Court St. NE
Salem, Oregon 97301

RE: City of Eugene support for HB 2449A

HB2449 seeks to increase the tax and helps ensure the continued safe operation of our 9-1-1 network and all of the 9-1-1 Centers in the State of Oregon, including the Central Lane Communication Center (CLCC) which is responsible for approximately 90% of Lane County and handles nearly 12,000 9-1-1 calls each month. The City of Eugene supports HB 2449A and an increase to the 9-1-1 tax.

The current 9-1-1 tax rate of .75 cents per device has not changed since 1995 and state revenue has remained stagnant during this period, yet the cost of operating a 9-1-1 Communications Center continues to rise based on fixed operational and personnel expenses and does not provide sufficient funds to pay for system needs across the state.

The City of Eugene's need, as that of other PSAPs, are well documented and critical to this discussion.

- Every budget year, CLCC's expenses are out pacing the revenue provided by the current 9-1-1 tax, despite the adoption of cost saving measures, including leaving positions open instead of filling them with staff. For example, each year the CLCC receives over 5,500 new calls a 4% increase annually.
- The amount of funds distributed to our PSAP derived from the 9-1-1 tax covers less than 17% of our operational budget.
- As expenses continue to outpace revenue, the CLCC has experienced a budget deficit of \$200,000 to \$300,000 per year in the last seven years. This gap is filled by a transfer from the City of Eugene's General Fund. And, not only is the General Fund providing a 'backstop' for the service, we have moved some PSAP related costs out of the 9-1-1 fund and into the General Fund as a cost saving measure.
- The deficit is projected to be just over \$500K in FY21 which will grow over time, reaching over \$7M deficit by 2030. This assumes current staffing levels which we know are not adequate to address not only our current service needs but also future needs.
- 75 cent increase beginning in FY20: Under the City's projection, this funding rate would allow us to fully fund the current resource requirement, but also allow us to move PSAP related expenses back into the dedicated fund and out of the General Fund, and provide adequate resources to support increased staffing and training to meet projected community needs, and finally- establish a reserve for replacement of equipment and capital expenditures that are allowed under statute.

- Our forecast show that during the proposed increase period, our 9-1-1 fund is stable, yet after the proposed sunset of 2030, we will have a drastic financial impact. As can be seen, without an increase in the fee and a removal of the sunset, local governments will continue to subsidize the operation, maintenance, and replacement of critical infrastructure and services at the PSAPs across the state.

As is shown above, the service and fiscal need are well documented and real. We have heard concerns for raising the fee that are related to Transparency, Use, and Comparison.

- **Transparency:** The city of Eugene and most public agencies provide annual reports on the expenditure of funds, specifically within their publicly evaluated and adopted budgets. As an example, attached to this letter is the 9-1-1 Fund (Fund 130) statement from the City of Eugene's Proposed FY20 Budget Document.
- **Use:** The City of Eugene utilizes the 9-1-1 fee for the operation of the CLCC, as do most PSAPs. For opposition to state that 'allowable costs' for 9-1-1 funds to not include salaries and benefits is unrealistic. As with all municipal operations, the largest cost category for operating the PSAP is salary and benefits. By removing this cost center from 9-1-1 fund 'allowable costs', would show a much smaller 'need' by PSAPs.
- **Comparison:** It is not appropriate for industry to provide an 'apples to apples' comparison across states related to 9-1-1 fees without also evaluating the services provided, system coverage, and if there are other funds that subsidize the 9-1-1 fee. 9-1-1 fees are a pass through to the industry. They collect and remit the fees to the state, they are not paying it directly. While they have some say in this topic, their concerns seem to be over stated as to the impact the fee has on their operations and industry.

Technology requirements and costs have significantly shifted in the last 20 years yet there has been essentially no change in revenue from the 9-1-1 tax for this lifesaving infrastructure. Each individual 9-1-1 Center needs recurrent technology updates in order to be compliant with industry standards. Because of the lack of funding available at the state and local levels, all available funding has been dedicated to personnel and operations, creating a backlog for equipment and system upgrades. An increase in funding should be shared with local Centers and also support infrastructure funding to assist in the build out of the Next Generation 9-1-1.

In closing, HB2449A would ensure a more sustainable model for our emergency communications needs throughout the State of Oregon. The proposed increase will not provide 100% funding to all of our 9-1-1 centers in Oregon, but it will help to improve the ability for public safety agencies to respond to our citizens when they experience the worst days of their lives and they need to call for help.

Sincerely,

submitted electronically

Ethan Nelson
Intergovernmental Relations Manager

Public Safety Communications Fund (130)

Special Revenue Funds

	FY17 Actual	FY18 Actual	FY19 Adopted Budget	FY19 Budget 12/31/2018	FY19 Projections	FY20 Proposed Budget
Revenues						
Intergovernmental	2,329,823	1,680,289	1,600,000	1,600,000	1,700,000	1,650,000
Charges for Services	220,000	111,742	107,595	107,595	107,595	121,611
Miscellaneous	17,343	27,444	13,500	13,500	35,000	55,000
Interfund Transfers	0	5,000	306,000	306,000	6,000	0
Total Revenues	2,567,166	1,824,475	2,027,095	2,027,095	1,848,595	1,826,611
Expenditures						
Police	1,797,694	1,654,517	2,219,619	2,219,619	1,757,795	2,378,521
Interfund Transfers	160,000	131,000	180,000	180,000	180,000	225,000
Total Expenditures	1,957,694	1,785,517	2,399,619	2,399,619	1,937,795	2,603,521
Excess (deficiency) of revenues over expenditures	609,472	38,958	(372,524)	(372,524)	(89,200)	(776,910)
Beginning Working Capital (Fund Balance), July 1	1,734,347	2,343,819	1,877,214	2,382,777	2,382,777	2,293,577
Ending Working Capital (Fund Balance), June 30	2,343,819	2,382,777	1,504,690	2,010,253	2,293,577	1,516,667

Reconciliation of Total Resources and Requirements

Resources						
Beginning Working Capital (Fund Balance)	1,734,347	2,343,819	1,877,214	2,382,777	2,382,777	2,293,577
Total Revenues	2,567,166	1,824,475	2,027,095	2,027,095	1,848,595	1,826,611
Total Resources	4,301,513	4,168,294	3,904,309	4,409,872	4,231,372	4,120,188
Requirements						
Total Expenditures	1,957,694	1,785,517	2,399,619	2,399,619	1,937,795	2,603,521
Ending Working Capital (Fund Balance)	2,343,819	2,382,777	1,504,690	2,010,253	2,293,577	1,516,667
Total Requirements	4,301,513	4,168,294	3,904,309	4,409,872	4,231,372	4,120,188

Reserves (Budgeted amounts only)

Reserve	908,520	0	0	0	0	0
Balance Available	585,827	1,781,214	1,504,690	2,010,253	2,010,253	1,516,667
Total Reserves	1,494,347	1,781,214	1,504,690	2,010,253	2,010,253	1,516,667