BUDGET MESSAGE AND ANNUAL OPERATING & CAPITAL OUTLAY BUDGET

2024

December 2023

Prepared for the Board of Commissioners & the Citizens of Caddo Parish

Reliable – Effective – Secure

CADDO PARISH COMMUNICATIONS DISTRICT NUMBER ONE
1144 TEXAS AVENUE
SHREVEPORT, LOUISIANA 71101

This annual
Operating and Capital Outlay Budget Product
is published by the
Caddo Parish Communications District Number One

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Executive Director's Budget Message – 2024

To the Citizens of Caddo Parish,

This product provides a short *history* the Caddo Parish Communications District Number One (District), and outlines the District's *priorities*, *goals*, and its annual *revenue projections* and *known expenditures*. Attached is a copy of the 2024 Operating & Capital Outlay Budget.

HISTORY:

The Caddo Parish Communications District was established on September 25, 1985 through Parish Ordinance 2291. The District was created to establish a uniform emergency telephone notification system, using the primary emergency telephone number "9-1-1", to shorten the time required for a citizen to request and receive emergency aid. This ordinance, and subsequent amendments, allowed for the formation of an appointed, seven-member, citizen Board of Commissioners to establish policies and to provide oversight of the staff and technology supporting this new concept.

On April 5, 1986, the citizens of Caddo Parish approved the assessment of a telephone surcharge to fund the development, implementation and operation of an enhanced emergency telephone reporting system, commonly known as "9-1-1". The proceeds from these telephone surcharge fees are used to fund the emergency telephone system/network; the emergency communications equipment and equipment maintenance; employee training; eight (8) systems support and administrative staff positions; a facility housing the communications officers from the Caddo Parish Sheriff's Office, Shreveport Fire Department and Shreveport Police Department, who answer 9-1-1 calls and dispatch emergency services personnel; and the building/grounds maintenance.

In 1988, construction was completed on the first Emergency Communications Center (ECC), which is still used today, located at 1144 Texas Avenue in Shreveport, Louisiana. The facility's original footprint was approximately 9,900 square feet. In 1991, the District negotiated intergovernmental agreements with public safety agencies to centralize the receipt of all 9-1-1 calls in the parish. These calls were routed to the ECC, with the Shreveport Fire Department serving as the initial call taker and providing caller interrogation and station alerting functions for the parish's rural fire districts. In June 1992, the Caddo Parish Sheriff's Office re-located its communications operations into the ECC. The operations area has since grown to 33 console positions with 120 communications personnel.

In November 1996, construction began on a $2.5 million facility expansion project adding approximately 9,000 square feet. The addition consisted of a new communications operations area (and administrative offices) for the public safety agencies, and a new equipment support room. On February 26, 1998, the communications divisions for each of the public safety agencies moved into this new operations center. The facility expansion project included remodeling the old communications center, and incorporating a training center and a stress mitigation room. The ECC also serves as the Caddo Parish Emergency Operations Center, which is activated during a natural disaster or major emergency. *The District's operating reserve funds were used to fund this capital outlay project.*

On September 17, 1989, Caddo Parish's "9-1-1" system was implemented, with the first call received at 2:02:02 a.m. The average monthly call volume was ~9,000 calls. Today, the District's system averages ***24,000 calls per month***.

PRIORITIES:

The District continues to evolve its technological advantage, striving to ensure Caddo Parish citizens receive the quickest response possible during emergencies. We will foster a positive organizational culture that values the experience and input of all staff, in an effort to achieve "pride in ownership", systems expertise and process continuity. We will sustain and bolster our relationships with public safety agencies, local government organizations and vendor partners, to ensure all First Responders have the most modern equipment we can offer. We will be fiscally responsible when maintaining legacy systems, and proposing new services and equipment to support advanced technology.

GOALS:

We will aspire to build ***reliable***, ***effective*** and ***secure*** communications systems with interoperability and safety at the forefront. The District must maintain its position as the provider of emergency communications technology and infrastructure, allowing the public safety agencies to manage their personnel and operational matters. We will continue to preserve legacy systems, equipment and facilities alongside advanced technology, while planning for their replacement using sensible forecasting and smart fiscal decision making. Administrators will refine annual budget planning and utilize a future years spending plan to assist with committing funds toward near-term and long-term objectives.

BUDGET:

The budget for 2024 is developed with the intent of meeting the District's priorities. It was created using historical data, common sense, and with an understanding that some things are simply out of our control. This budget has been verified by the District's external accounting firm, Cook & Morehart, CPAs. Funds for some projects not completed in 2023 will be rolled over to 2024, when we predict final acceptance for a Next Generation 9-1-1 call handling system, a major upgrade to the Computer Aided Dispatch (CAD) system, a new administrative phone system, and a facility refresh/security enhancement project. The amounts used are anticipated based on prior years' revenue and spending, terms of previously executed contracts and taking current local, state and federal economic conditions into consideration. The budget has two (2) categories: ***Revenue*** and ***Expenditures***.

Revenue categories are divided into two (2) subcategories: **Telephone Surcharges** (monies from wireline and wireless surcharge fees), and **Additional Revenue**, which includes income received from tower lease rental fees, land lease income, fees from radio system users, reimbursement of radio equipment costs, reimbursement of surcharge fees from Bossier Parish and interest income.

The District projects that the **2024 Beginning Fund Balance** will be approximately **$5,655,403.95.**

Telephone surcharge revenues are estimated to be $4,091,811.50 (wireline: $1,041,921.55 and wireless: $3,049,889.95, including $458,179.22 from the Louisiana Department of Revenue for pre-paid wireless services). These projections are based on actual revenue received through September 2023, and do not account for any increase or decline in wireline/wireless customers. Telephone communications companies remit their payments monthly or quarterly; which means the District may not receive all 2023 income until well in the first quarter of 2024. Further, the surcharge fees for pre-paid wireless are assessed at the point of sale by retailers, and under the provisions of the law, the assessment rate shall be per transaction at 4% of the amount of the purchased prepaid service. The reimbursement distribution formula is based upon the population in each parish, which is adjusted based upon the results of the recent Census.

Additional revenue will be derived from existing tower rental agreements with Cingular ($78,820.73), Verizon ($42,068.17) and Bluebird Wireless ($8055.63) for equipment placed on two (2) of the District's towers. The District will also receive a reimbursement from the Bossier Parish Communications District based upon a longstanding agreement whereby the Bossier Parish District remits one half of the total surcharge fees collected on residential and business wireline subscribers, who are located within a geographic area where calls are answered by the Bossier Parish District and responded to by the City of Shreveport public safety agencies. The reimbursement amount in the 2024 budget ($5500.00) is based upon the 2023 line count, and historical data which indicates a decrease in wireline subscribers.

In 2023, the District recouped all remaining funds from several local government agencies which accepted an agreement to take control of brand new portable/mobile radio inventory while reimbursing the District for the initial capital outlay. As such, the District has moved into the sustainment/maintenance phase, which has all agencies using the P25-compliant digital radio system, remitting a fee of $5.00 per radio, per month. We began invoicing for this agreed-upon fee in October 2023, and expect an estimated $20,000.00 per month, which will be used to pay for the annual maintenance service agreement and system refresh fees of the radio system, as well as radio repairs.

The projected interest earnings ($21,720.50) are based upon the premise that the District will maintain the current monthly balance in the money market checking account, and the monthly income and operating expenditures will be maintained as budgeted. Idle funds will continue to be invested in government-approved investment instruments.

In 2024, the District anticipates that total revenues *including the beginning fund balance*, will be approximately **$10,130,934.64**. It should be noted that this total takes into account the District's annual debt service payment and project costs rolled over from 2023.

The District's holding of fixed assets as of September 30, 2023, totaled $32,870,335.65 (Land: $498,307.00; Buildings: $9,297,416.88; and Equipment: $23,074,611.77). The amount for equipment includes all of the communications equipment located within the ECC, the parish-wide mobile data infrastructure and all of the equipment/tower sites associated with the infrastructure of the parish-wide P25-compliant digital radio system. *The District's financial portfolio, including cash-on-hand, investments and fixed assets as of September 30, 2023 totals* **$45,740,703.87**.

Expenditures categories are divided into four (4) subcategories: **Personnel Services** (staff salaries, benefits and training), **Materials/Supplies** (office supplies/equipment, postage and banking fees), **Contractual Services** (telephone network, 9-1-1 database maintenance, 9-1-1 equipment maintenance, professional services, insurance, and facility upkeep), and **Capital Outlay** (debt service, systems enhancements and the ECC facility refresh).

Within the Personnel Services category, salaries for the District's staff ($703,201.92) reflect a cost-of-living adjustment increase of 4%. This increase is based upon information received from the Bureau of Labor Statistics, which uses the Consumer Price Index for Wages, the Employment Cost Index and other indices to calculate the national average cost of living. The Social Security Administration will increase its payments to recipients by 3.2%. Additionally, several other governmental entities were surveyed to determine similar increases (if any), and the range was from 2% to 5%. There is also a salary adjustment for the Information Technology/Phone Systems Support Manager and Technician (5.52% and 3% respectively). As the District advances its technology and capacity to provide secure communications, there is an increasing expectation of connecting to the "Internet of Things", which requires an extremely high level of expertise of the operation and maintenance of these fragile and disparate systems. The recommended adjustments put the District's experts on a similar scale to their counterparts in the City of Shreveport and Caddo Parish.

The retirement costs of $59,115.68 are based upon the District contributing 7.5% of employees' salaries into the District's Defined Contribution/Deferred Compensation Retirement Plan. Since 1989, and in keeping with the priority of a positive organizational culture, the District has provided health care insurance to its employees and families as a paid benefit. Health care costs have steadily increased, impacted by factors such as national trends, employee age and medical history. The total estimated premium for 2024 will be $285,574.68 for the existing eight (8) employees, which reflects only a 1.9% increase from 2023.

The Overtime/Accrued Leave Benefits line item ($65,000.00) includes projected overtime pay to employees, who work in excess of 86.66 hours per pay period in response to system or equipment trouble reports after normal working hours. These projections were based upon averages per employee per month. It also includes accrued vacation time benefits if employees were to depart prior to taking any vacation earned. By law, the District has to budget funds in anticipation of employee separation. This ensures there is sufficient monies available to pay the employee for any accrued leave.

The District has an agreement with our public safety agencies to pay for recertification training conducted for communications officers, such as CPR, emergency medical dispatch, and the Department of Justice-mandated training on Telecommunications Device for the Deaf. We have budgeted $35,000.00 for this line item.

Our expenses as they relate to Materials and Supplies ($59,700.00) have steadily increased in the post COVID-19 environment; also due to recent economic inflation and rising vendor costs and fees. In 2024, we will look to find efficient processes and possibly seek materials/supplies from new sources.

There are several, heavily-funded accounts within the Contractual Services subcategory; the bulk of the District's annual expenditures stem from this area. Because of the technology involved in operating and maintaining a parish-wide emergency number/communications network, the perceived (and realistic) liability concerns and the need for involvement by external experts, this subcategory will continue to be an expensive area for the District. Below are some highlights:

The Telephone Network Facilities/Telephones line item ($630,000.00) comprises all monthly expenses associated with the maintenance of the telephone/virtual networks for the ECC and District-supported public safety agencies. Professional Services ($175,000.00) includes: accounting, state-mandated external audit fees, and legal fees. Other services include: property maintenance, interpreter services, and the District's contribution for the maintenance of the Regional Geographical Information Systems. The District also continues to budget professional engineering and consulting fees associated with the transition from the existing enhanced 9-1-1 system to a new internet protocol-based Next Generation 9-1-1 call handling system. The 9-1-1 Equipment Maintenance line item ($412,342.56) includes the following: CAD and mobile data systems software maintenance costs, SQL server software licenses, cyber security monitoring, facility security software subscription and maintenance, remote tower site maintenance, safety light replacement, and associated tower climbs.

As the District leases tower space to telecommunications companies for revenue, it also rents space from tower companies to enhance the capacity of the parish-wide 800 MHz trunked radio system. The tower fees are calculated using a rate structure, based upon the height of the District's equipment on the tower, the amount of cables, total cable feet and the number of antennas on each tower. In 2024, the tower rental fees will be $195,449.88.

The 2023/2024 general liability and premise insurance costs are projected to be $118,000.00. The assets covered include the towers, shelters, generators, the radio infrastructure, microwave system, all computer equipment located off-premise and all equipment located at the ECC, as well as the facility itself. The policy also covers boiler and machinery, and flood damage.

Through an intergovernmental agreement with the City of Shreveport, the District reimburses the Shreveport Fire Department for the responsibility of 9-1-1 call receipt, and dispatching/station-alerting functions for the parish fire districts. The reimbursement is based upon personnel costs to staff one (1) console position 24-hours-a-day, seven-days-a-week. A personnel equivalency factor formula of 5.6 employees is used to calculate the staffing requirement. Within the existing agreement, provisions were made so the City of Shreveport could request increases in the reimbursement for the 2% state-mandated longevity pay increases and reasonable health care costs. The $378,909.60 reflects only the aforementioned 2%, as the District has not received any official requests or correspondence requesting additional funds.

The Capital Outlay subcategory includes two (2) debt service payments totaling $1,015,365.00 for the District's 2021 series of certificates of indebtedness. There are several projects (which began in past years) that have been "rolled over" into succeeding years to ensure priority needs were appropriately met. The District will make every effort to complete these system enhancements in 2024: CAD software upgrade ($299,000.00); next generation 9-1-1 call handling system ($860,791.96); scheduled upgrade for the P-25 digital radio system ($250,000.00). As the District prepares for a facility refresh, $1,800,477.00 is set aside for architectural fees and construction costs. This is strictly an estimate and until a formal construction bid process is completed, it is hard to know the true cost of this project. Should the received bids exceed the budgeted amount, the Board will make the decision to budget additional funds or reduce the project's scope.

Total expenditures for 2024 will be approximately **$8,196,216.36.** If the District expends all monies as budgeted, it will have an **Ending Fund Balance** of approximately **$1,934,718.28**.

Bottom Line: As we enter 2024, the District is in a healthy position, but *not as strong* as it could be. After completing the aforementioned major technology and facility upgrades (and unless necessary to meeting its priorities) over the next several years, the District *will concentrate on rebuilding it operating reserves, while finding process efficiencies and areas to cut costs*. This will ensure the District is prepared to meet the challenges associated with our industry, and be ready to implement the next phase of our vision.

Should there be any questions concerning this product, please contact me at (318) 675-2222.

Tommy Mazzone
Executive Director

