



CITY OF JOHN DAY

EMERGENCY COMMUNICATIONS CENTER (911 TAX) FUNDING

TO: JOHN DAY CITY COUNCIL
FROM: NICHOLAS GREEN, CITY MANAGER
SUBJECT: FUNDING OPTIONS TO RETAIN THE GRANT COUNTY EMERGENCY COMMUNICATIONS CENTER
DATE: OCTOBER 20, 2016
CC: GRANT COUNTY COURT

EXECUTIVE SUMMARY

The City of John Day is seeking funding appropriations from the State Legislature to help offset the operations and maintenance costs of the Grant County Emergency Communications Center (ECC). Without an appropriation, the County risks losing essential 911 services for its constituents.

BACKGROUND

The City of John Day manages the Emergency Communications Center (ECC) for Grant County, home to nine incorporated cities, 18 unincorporated communities, and 1.7 million acres of public lands. The complex terrain and low population density make it essential to retain local dispatch operators with tactic knowledge of the County, its local landmarks and its terrain. Local dispatch is also important for law enforcement response times during on-call periods when police officers are dispatched from their homes.

The ECC receives \$255K in annual tax revenue from the State's Tax for Emergency Communications. The Tax covers 52% of the ECC's total operating costs. The balance must be recovered in dispatch services and transfers from the General Fund of the City of John Day. This fiscal deficit is compounded by the fact that Grant County currently has the highest unemployment rate in the State and is projected to remain in population decline for the foreseeable future, making it highly unlikely the County will be able to generate additional revenue through dispatch services or from population growth.

The cost to cover the ECC Fund imbalance has led to a loss of more than \$1.6M over the past decade that could have been invested in economic development and capital improvement projects for the County. This imbalance is projected to increase to nearly \$2M over the coming decade, creating an unsustainable fiscal forecast for this essential service. The City is actively exploring options to offset these costs in order to retain local dispatch services and invest in our struggling economy.

COMMUNITY OVERVIEW

The City of John Day (*pop. 1,745*) is the largest of the nine incorporate cities that make up Grant County (*pop. 7,445*). More than half of the county population resides in a 25 mile corridor centered on the intersection of US395 and US26. Of the 36 Counties in Oregon, Grant County has the seventh largest land area with 4,529 square miles and is the fifth smallest in population density with 1.6 residents per square mile.

Grant County's total population has declined since 2000, losing an average of about 50 persons per year between 2000 and 2010. Based on the Portland State University 50-year population forecast for 2016 – 2066, Grant County is expected to continue in population decline over the 50-year forecast period. The County currently has the highest unemployment rate in the State at 8.0%. Additionally, the population within the County that is 65 and older is increasing at four times the rate observed statewide, leading to an increased need for senior services, particularly in outlying communities.

EMERGENCY COMMUNICATIONS TAX REVENUE

The State Tax for Emergency Communications (911 Tax) imposes a flat rate of 75 cents per month on each consumer or paying retail subscriber who has telecommunications service or interconnected Voice over Internet Protocol service, and 75 cents per retail transaction for prepaid wireless telecommunications service (ORS 403.200).

The 911 Tax is remitted on a quarterly basis to the Oregon Department of Revenue (DOR). The DOR collects 0.75% of the tax. The balance goes to the Office of Emergency Management (OEM), which collects 4% for Administrative expenses, and puts 35% into the Enhanced 911 subaccount. This is followed by a 1% deduction for each of the 36 counties in Oregon. The remainder is dispersed on a per capita basis by city and remitted to each ECC.

Grant County is projected to receive \$255,133.45 for FY17 (Exhibit 1). As the 911 Tax distribution is made on a per capita basis, the declining population for the County will result in a net decrease in 911 Tax revenue for the coming decade. Meanwhile, the cost for PERS, health insurance, and cost of living allowances for staff continue to rise, creating a budget deficit that will continue to increase in the coming years. Based on the current tax structure, Grant County would need 64,667 residents to break even in FY17.

FISCAL IMPACTS FOR JOHN DAY AND GRANT COUNTY

At present, the 911 Tax revenue covers 52% of the operating cost of the Grant County ECC. The balance must be recovered in dispatch services and transfers from the General Fund of the City of John Day.

From 2010-2015, the City of John Day incurred an average of \$65,419 in annual expenditures for the ECC (Figure 1, supporting data in Exhibit 2). In addition to these transfers, the City also incurred indirect expenses related to management and general administration in the amount of \$32,000 annually.

Given the need for 24/7 staffing, the City cannot decrease staff beyond the present FTE count. However, the City has increased rates on additional users by 15%. The anticipated revenue for services in FY17 is as follows:

- \$79,198 – Grant County
- \$14,628 – Ambulance (Blue Mountain Hospital District)
- \$4,809 – Umatilla National Forest (USDA Forest Service)

- \$2,027 – Malheur National Forest (USDA Forest Service)
 - \$2,500 – City and Rural Fire Departments
- \$103,162 – Total Service Revenue**

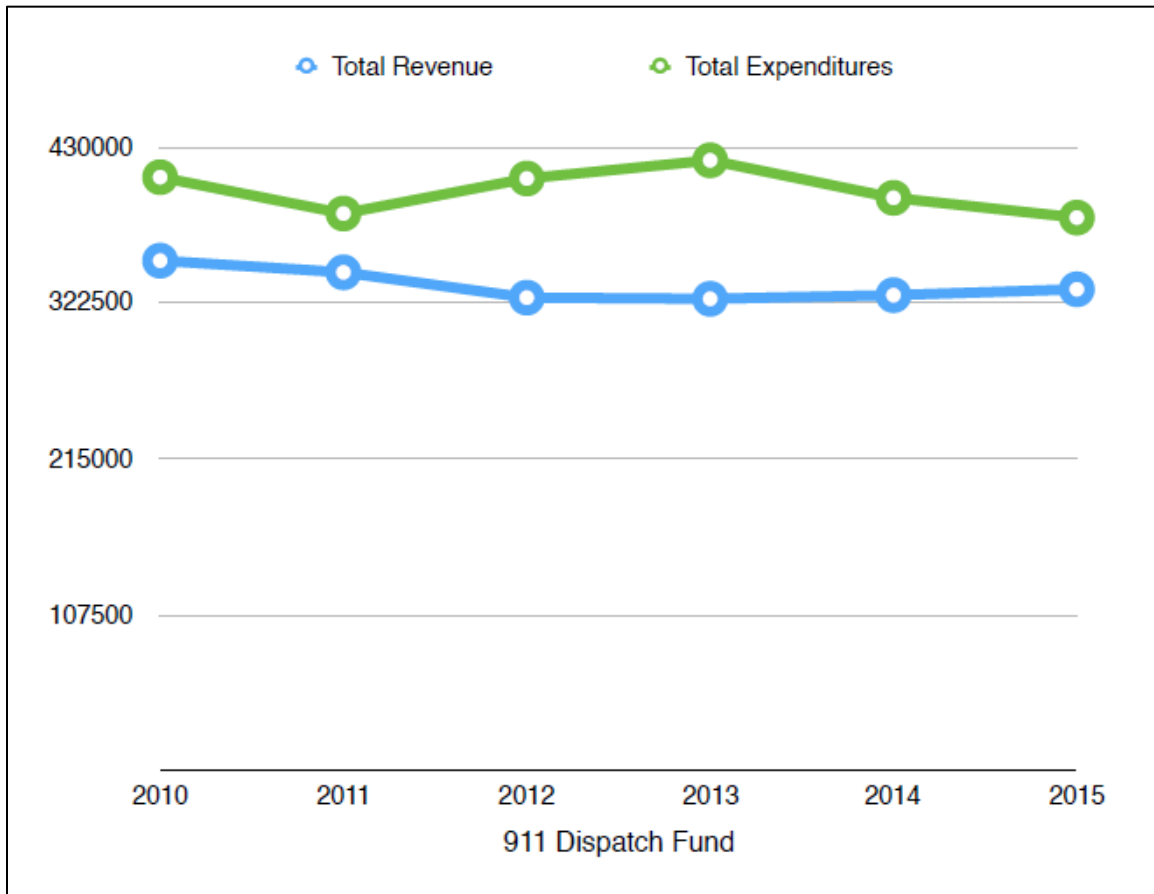


Figure 1. Revenue and Expenses for ECC Department, 2010-2015

THE CALL FOR SUPPORT

The City and the County believe that local dispatch operations are an essential service. Timely responses from highly trained dispatchers are critical when directing law enforcement, fire and rescue personnel through the varied and complex mountainous terrain in Grant County. Additionally, many long-time residents who report incidents to the 911 describe their locations using historical landmarks and locations that are known to the dispatchers but are not indicated on modern maps.

These factors, coupled with low population density and increased need for services in outlying communities, have made it imperative for the City and County to seek additional financial support from the State Legislature in order to retain these essential services.

EXHIBIT 1. Distribution of 911 Tax for Grant County

\$0.75	Tax per device
13,126,683	Multiply by the number of devices
\$9,845,012	Equals new amount of tax submitted/collected
0.75%	OR Dept. of Revenue percent for collection expense
\$73,838	Deduction from the collected amount
4.00%	Office of Emergency Management (OEM) Administrative Expense
\$393,800	Amount OEM can receive for Admin, another deduction
35.00%	35% for Enhanced 911 Subaccount
\$3,445,754	Deduction
\$5,931,620	Amount (after deductions) for Distribution
1.00%	Percent for each county
\$59,316	Per county, per quarter
36	Number of counties
\$2,135,383.10	Total of 1% per county for all counties (deduction)
\$3,796,236.63	Amount to Distributed based on "per capita"
3,909,120	Population of Oregon
\$0.97	Amount to Distribute divided by Population is now "per capita" amount
Population	City
705	<i>Canyon City</i>
150	<i>Dayville</i>
40	<i>Granite</i>
1,745	<i>John Day</i>
195	<i>Long Creek</i>
130	<i>Monument</i>
525	<i>Mt. Vernon</i>
910	<i>Prairie City</i>
200	<i>Seneca</i>
4,600	<i>Total population of all Cities</i>
\$4,467	Amount of all cities populations multiplied by "per capita" amount of \$0.97
\$59,316	Grant County 1% amount
\$63,783	Total Per Quarter Amount
4	Quarters
\$255,133.45	Per year amount

EXHIBIT 2. 2010-15 BUDGET INFORMATION FOR ECC DEPARTMENT, JOHN DAY

	2010	2011	2012	2013	2014	2015
Intergovernmental Revenues	347088	339727	322539	322089	324838	329086
Interest earned	1845	1218	936	624	217	203
Misc income	2550	2483	2497	2450	2633	2450
Total Revenue	351483	343428	325972	325163	327688	331739
Operating Expenditures						
Personnel services	237500	335954	351561	227532	354981	342700
Employee benefits	99092			109379		
Materials and services	30285	48051	49371	34571	39849	34880
Capital outlay	42202		7242	589		3602
Contingency / Motor Pool				450		
Total Operating	409079	384005	408174	372521	394830	381182
Administrative Expenditures						
Personnel services				22984		
Employee benefits				8599		
Materials and services				16612		
Total Administrative				48195		
Total Expenditures	409079	384005	408174	420716	394830	381182
Excess of revenues over (under) expenditures	-57596	-40577	-82202	-95553	-67142	-49443
						-65418.8333