

E911 TELEPHONE AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, AUGUST 11, 2021

1. CALL TO ORDER/ROLL CALL

The meeting was called to order by Rick Reigenborn at 3:03p.m.

Rick Reigenborn, Chairman – Present

Stuart Sunderland, Treasurer - Present

Dave Ramos – Present

Clint Nichols – Present

Jim May – Absent

OTHERS IN ATTENDANCE

Scott Gerhardt, - Adams County Communication Center

Tonia Fuller – Secretary for the Board, Adams County Communications Center

Ryan Tharp – Attorney to the Board

2. APPROVAL OF MINUTES

a. August 11, 2021

Motion: Stuart Sunderland made a motion to approve the August 11, 2021, minutes as published.

Second: Clint Nichols

Approval: Motion Carried

3. TREASURER'S REPORT:

a. 2020 Audit Presentation

Presented by Jim Pauley. Thank you to the board for hiring Feis and Company complete the 2020 audit. The audit went very well. The audit packet was sent out to the board. Jim presented the packet to the board. Behind the first page, the audit letter stating the financials are as per the accounting guidelines. Next year the letter will have wording changes and you will see some changes. Directly behind the auditor's report is the analysis as part of the audit. It is a summary of the financial activities and what is coming in the future. Next is the statement of the assets and liabilities. On page 9 of the PDF, your assets at the end of the year, which includes just over 8.1 mil dollars in cash, and cash equivalents, and also includes the COLO Trust investment account. The Accounts Receivable for \$911,000 is the surcharges received in Jan and February of 2021 that relate back to the November and December surcharges for 2020. Total assets is just over 9.mil dollars. Accounts payable of \$723,000, is balances due to Adcom at the end of 2020 for salaries and other reimbursements. The total net position at the end of the year of just over 8.3 mil dollars, so very strong fund balance at the end of the year. The statement of Revenues, Expenses, and Changes in Net Position. In comparison with 2019, the total revenue for phone surcharges and interest income which is down significantly from prior years due to the pandemic and what that has done to the bank interest rates. You had a total revenue of just over 5.3 mil dollars. And you can see the various categories of expense totaling just over 4 mil dollars for 2020. There was a net increase of 1.3 mil dollars for the year. This was a very strong year for the Authority. Next is the Statement of Cash Flows which begins on page 12. The actual cash received from surcharges and interest income and then the payments made to the various vendors during the year. Adcom is largest vendor. The last page is a comparison is the final with

the approved budget. The state looks at the approved and appropriated budget. Your budget for expenditures for 2020 was just a little under 4.7 mil dollars, and your actual was a little over 4 mil dollars. You were will within your budget. So, you are in compliance from the state auditors perspective. Those were the highlighted areas he wanted to touch on. Are there any questions? Footnotes were skipped over and are the same as prior years.

Motion: Clint Nichols motioned to approve the 2020 Audit

Second: Dave Ramos

Approval: Motion Carried

Ryan Tharp - The line item for Surcharges and Prepaids are listed as one item, Telephone surcharges. Now there is an Emergency Telephone Charge which is your standard 911 fee, we have a Prepaid charge, which is a flat fee \$1.38 and now there is an additional State-wide 911 fee that gets paid to the PUC and then remitted to the Authorities, so the revenue side of things has become, all of those are good things for the Authority, but have become a little more complicated. It would be good to start tracking those so that we could see year to year what the revenue is for regular emergency telephone charges vs, prepaid, vs the state-wide charge. Is that something we can track? Maybe 3 categories? Jim Pauley- It would need to be an internal breakout in the financials. Setup new accounts in the revenue accounts for each of those. Stuart Sunderland – We were supposed to create an additional one and forgot. Ryan Tharp – If we could use the actual names from the statute, it would be better. Stuart Sunderland – He will get with Ryan and figure it out what the actual titles should be. Dave Ramos, It would great if we could do it this year and reallocate the money we have already gotten. Jim Pauley – He will make a mental note to break out the categories out next year. When the draft is done, you can rename them, if needed. We want to present the information the board wants to see. The change will be made for next year. Ryan Tharp – He will work with Stuart to break them out.

b. Authority Financials:

Stuart Sunderland – Budget Comparison Year to Date – It is the monthly report for July 31, 2021. There are audit adjustments for 2020 that Terry still needs to go back and make. These reports are not completely accurate. Down at the very bottom, Adcom’s total says 7,785 mil and it is not correct. It is about 1.3 mil dollars too much.

Motion: Dave Ramos made a motion to approve the Treasurer’s report.

Second: Clint Nichols

Approval: Motion Carried

c. Preliminary Draft Budget Presentation

Stuart Sunderland – This is a very preliminary draft. We are working backwards with increasing the surcharge fees. He wanted to project out what the actual year to date costs were for 2021 and he plugged in the Adcom budget request for 2022, but in reviewing that further there are some conversations we need to have, and he talked with Dave about it and he has a lot of faith in Dave’s budget opinion. When it is projected out, as is, it doesn’t seem sustainable, long term. With our fund balance, but he knows there is a lot more to it than just projecting out numbers. Some of it is one-time expenditures. As you could see on the screen that Ryan just shared, the biggest thing the pops out comes from the Adcom Board is the Adcom salaries. The 2020 was 2.6 mil. And the 2021 it goes up to 3.8 mil. It is a 2.1 mil. Dollar increase. There is an additional 400,000 for the Adcom

Building that was added on. That increase the overall budget by 2. Mil dollars. We need to have a more in-depth conversation with the Adcom agencies to see if that is sustainable. Tonia Fuller – The wages were increase and pushed to the Authority to keep the overall budget to the agencies flat for 2022. The agencies that do not have additional personnel do not have increases. We also added 2 dispatcher this year and next year we are adding 3 QAs, so if you push those and Call Taker and Dispatchers and the wages increases. And the health care increase that is anticipated to increase at about 14%. Scott Gerhardt - The 400,000.00 is anticipated increase for building cost due to building material cost increases and supply demand shortages. It is not known if this will be used or not. There is a possibility the costs will come down. Stuart Sunderland – So the \$360,000 for the payment is set? Scott Gerhardt – Yes. Stuart Sunderland – The \$400,000 is a one-time expense, not an on-going expense. Scott Gerhardt – No. Stuart Sunderland – the other large expense is the HVAC Air handlers - \$502,000. All added up, it is over 2.5 mil from last year’s request. That is the issue with trying to forecast out. The math does not work even if we increase the surcharge to \$1.72. I am not suggesting I have an answer. I am just pointing out it doesn’t seem that in 3-4 years down the road that something has to give. Dave Ramos – We have a big wage shift. This is close to what the budget is going to be? It’ the timing for the increase. We have some work to do at Adcom before we speak to when we will have a problem with depleted reserves in the E911 if we are to continue to fund at that level. Correct. Yes. We are looking at a big wage shift to the Authority. We have to resolve if that is permanent or if most of it is permanent or one time before we get down to calculating when do we need to be out to the community doing our proactive work on justifying our increase. And voting on it as a board. I think it is another topic on the agenda. We are about there with this budget. Tonia Fuller – The TDMA will also fall off after 2022. The \$500,000. Scott Gerhardt - And the HVAC \$502,000.00 will fall off considerably as well. And hopefully after next year the building amount of \$400,000 will as well. Stuart Sunderland – Of course the HVAC will be back in 5-10 years. Ryan, Dave and I touched base the other day about having a work session at Adcom about budgeting over the next few years. And make a game plan about assessments and E911 funds. Scott Gerhardt – Those discussions are going to have to take place. We had talked about putting together some forecasted budgets and bullet points on why we need to increase the 911 fees and if we were trying to get this fee increase pushed through... Ryan Tharp – There are two times it can be effective, February and June. And you have to give notice sixty days in advance. So, it is 60 days before the first of February and first of June to the carriers. We were trying to work backwards and put together an engagement or summary letter to give our agencies on why we think we need to increase the fees. We are not quite there today. We may need to push this off. Instead of June next year, it would be February of 2023. Ryan Tharp – We would have to have it out by April 2022 for June 2022. It would be possible if we were motivated. And how much outreach the board would want to do. We are not legally required to do this, but it is a good idea. It depends how much time you want to devote to that process. Dave Ramos- We should be considering that if we can project funding issues in the near future, our trend lines don’t show that yet, but they will. I think we need financial statements that are starting to walk the walk before we ask. And then just in time. I now believe that 2023 is the earliest that we will have some financial documents and a story to tell. That demonstrates the need. Ryan Tharp – presented a graph that shows the financial picture, and it starts to show when we will need to increase the surcharge. graph. It continues to decline in a couple of years and takes a while to hit the line. You can see in 2022 and 2023 the fund balance really starts to go down below 4

mil dollars. And a few years later it goes below zero. We haven't discussed the need to have a reserve fund balance. When you look at this document, it is trending down, there comes a point when you need set a limit. Ramos stated the fund balance should be anywhere from 25% to 30% of the operating budget. It would be nice if it was 1/3, a low end. A target of 25 to 50%, but that is at least 2 mil dollars. It doesn't last long. Tonia Fuller – There was an adoption in the past of a 2.5 mil dollar fund balance in 2019. Didn't they do a resolution? We were still meeting at the Adams County Sheriff's Office. Stuart Sunderland – Looking at the budget back then, 5.6 mil, it would have be close to that 50% you were talking about Dave. These numbers are very preliminary. The numbers do not take into consideration any of the items that may drop off. This is why we need more discussion with Adcom and the Adcom board. Dave Ramos – We need to do more work at Adcom before we ask for the increase. Ryan Tharp - Next year at this time we need to be having the meetings and adopting the increase at the August meeting to give notice and be effective February 1, 2023. Stuart Sunderland – If you say effective February 1, does that mean you start automatically collecting the fee? Ryan Tharp - The vendors begin to collect in February and there may be a 2–3-month lag. 45–90-day process to stabilize the amount. Realistically 6 months to see the amounts that will be collected. Stuart Sunderland - this is why we think we are not ready to push the increase through. There is more work to do
 Ryan Tharp - The PUC issued a new rule making to change the amount every year due to inflation. 1.81 is proposed for 2022. Then will go up on January 1 of 2023. It could be at 1.90 by the time we get to 2023. Stuart Sunderland – if we go back and work with Adcom, will our spending ever go down and reflect we don't need to increase this? No. Then why are we delaying the increase? Dave Ramos – We can use projections, but we should be showing that we are burning revenue or trending showing expenses exceeding revenues and burning reserves. Ryan Tharp - If we are adding 3.1 or more, then we need to wait. We need to are free to do that, the decision is how much involvement we want from the public.
 Stuart Sunderland - October 15, 2021, we have to present the draft budget. We are ahead of this.

4. UNFINISHED BUSINESS

- a. Update on Changing Banks - Stuart Sunderland – We will be staying at Wells Fargo. They changed some fees. And trips are being reduced.
- b. 911 Fee Increase - Spoke about this above.
- c. 911 Task Force Update – PUC fees being increase. Surcharge to \$1.72, Prepaid Transaction \$1.63 and decreasing State-Wide 911 fee from \$.10 to \$.09. They read the statute and then adopt. We can make comments. No policy decisions. It follows the statute. Would the board like to submit comments?

State-wide fee is distributed by concurrent sessions. Jefferson County added 4 concurrent sessions. Adcom will be adding 8 sessions and we should be recovering it by the grant. The agency realizing benefit will receive the funds. It will take some time and will be submitted to the PUC. The funds will be received by the E911 most likely in 2023.

- d. Adcom Update Scott Gerhardt

Joel – out – his mother passed. He is in Connecticut. Then he will be in APCO. The new ADCOM Building update – Discussed with the budget. Waiting for information from CC planning. Joel and Scott met with the Arch. They went to OfficeScapes for furniture. Still getting usage for member agencies. Weld County Backup Site – Additional 8 sessions, 48,000. This will be covered by grant. Will take a couple of weeks, then test, then use the CAD Administrator – in position for a month and is doing well. He and Travis Young attended the Central Square CAD Training. Network Engineer – She was planning to leave us. And that may not be the case. She is trying to work some things out and stay with Adcom – She will keep us informed. CAD to CAD – Testing continued. FAT testing was successful but there are still issues and the agency products are working with EDC and CAD vendor to correct and fix. It is two steps forward one back.

- e. Legal Update: Fee Diversions
Ryan Tharp – No new information.

5. **NEW BUSINESS**

- a. Continue with Zoom meetings?

Rick thinks we should stay with Zoom at this time. Clint and Stuart agree.

6. **PUBLIC COMMENT AND OTHER BUSINESS**

7. **ADJOURNMENT**

Motion: Stuart Sunderland made a motion to adjourn the meeting at 4:02 P.M.
Second: Clint Nichols
Approval: Motion Carried