

TO: OCCDA Policy Board
FROM: Timothy Smith, Director
DATE: August 3, 2015
RE: OCCDA 2016 Budget



The attached budget reflects the recommended 2016 OCCDA budget.

Included are:

1. Projected and actual revenue from 2013 through 2028.
2. Projected and actual operating expenditures from 2013 through 2028.
3. Projected and actual fund balance and cash reserves analysis graphs from 2013 through 2028.
4. A budget worksheet showing the line item distribution for the prior years beginning with the 2012 year end actual data, 2015 adopted budget, 2015 proposed amended budget, and 2015 actual data through July 2015, and the recommended budget for 2016 for board consideration.
5. The 2015 millage worksheet for the 2016 Budget created by Ottawa County.
6. Future millage scenarios projected at with a 4.9% increase in millage revenue for 2016 over 2015 based on information provided by Ottawa County, and 1.5% increases annually in 2017 and beyond.

Capital / O&M Items:

\$2,000,000 has been reserved toward anticipated radio system replacement project.

2016 – Infrastructure - Equipment replacement in the amount of \$465,000.00, which includes normal equipment replacement, potential replacement of telephony at back-up sight, security upgrades, backhaul, and tower maintenance.

Additional staff requested in 2016 - None, current headcount of 41 meets current and project staffing needs for the foreseeable future. Employees that leave OCCDA will be replaced to maintain the current headcount.

Actual and Projected Revenue:

This spreadsheet is written to show the current year anticipated revenue, the proposed budget 2016 revenue and projections of future revenue to 2028. We have taken a conservative viewpoint (a projected 4.9% increase in millage revenue from 2015 to 2016, based on information provided by Ottawa County, and projected 1.5% increases annually for future years). The millage projections have been adjusted to reflect no outstanding refunding bond obligations at this point. Revenue renewals / increases are assumed in future years.

2016 Allegan revenue is projected at \$180,000 based on the approved increase in Local Allegan Surcharge approved by the Allegan County Commissioners and a decrease in the number of telephone landlines.

Actual and Projected Operating:

This spreadsheet shows expenditures anticipated, beginning in 2012 for historical perspective and projections through 2028. Note: future bonds have been delayed in the projections to 2022 to be considered later if the need arises.

Budget Line Item Analysis:

This is the heart of the budget as fund balances, revenues, expenditures and anticipated capital purchases all are shown. This chart provides forward revenue projections to 2028, using the .4400 mills as approved in the August 5, 2008 millage renewal by the Citizens of Ottawa County. No Headlee effect is shown in 2016 based on information from the Ottawa County Treasurer.

Revenues for State Wireless Surcharge for 2016 is shown at \$490,000 even with 2015. While additional revenues are being collected at the retail point of sale statewide, this is offset by more citizens dropping contract phones and using pre-paid devices.

Note: point-of-sale collection of the State 911 surcharge for pre-paid phones began in January of 2013.

As these numbers become clearer throughout the coming fiscal years, recommendations will be brought to the Policy Board for budget amendments if necessary.

Capital projects such as Mobile Data Network, Micro Wave, Telephony upgrades / replacement, Radio upgrades / replacement are expected beginning in 2016. The projects will require the funding at that time. These have been discussed conceptually with the Board, and we will be discussing them in more detail now that needs for OCCDA are becoming clearer.

Budget Worksheet:

The Budget Worksheet provides line item detail on all revenue and expenditure accounts. Below is a brief comment on larger line items.

Revenue:

575.01 State 911 surcharge is anticipated at \$490,000 in 2015, based on past 12 month history. 2014 actual wireless charges received were \$490,970. The 2016 budget also takes into account the increased per-capita distribution increase reflecting the population growth in Ottawa County as based on the 2010 US Census.

582.01 Allegan County Surcharge is flat at \$180,000 in 2016. This is based on approval of an increase from \$2.80 to \$3.00 per device as approved by the Allegan County Commissioners and a continued decrease in landlines.

665.00 Interest & Dividends are projected at \$50,000 in 2016. Longer term investing (no more than two years) improves the return expected.

699.90 Operating Transfer from Ottawa County budgeted at \$4,506,600 reflecting a 4.9% increase in taxable property valuation.

Total Revenue for 2016 is anticipated at \$5,301,990 up 4.2% from 2015 recommended amended budgeted revenues.

Expenditures – Anticipated for 2015:

702.00 Full time wages show a 2% increase. Certain other employee costs will roll up by the same 2% (workers compensation, 401 (a) retirement, and Social Security).

703.00 Part time wages remain at \$60,000 to meet anticipated 2016 performance. No further increase over 2015 budget based on current staffing model.

704.00 Overtime is set at \$120,000 in 2016 which is even with the level budgeted in 2015.

711.00 Health insurance has been budgeted at \$495,200 (inclusive of potential employer H.S.A contributions) in 2016 reflecting an increase over anticipated costs of approximately \$458,600 in 2015. This is based on estimates provided by our benefits coordinator and the fact that we must change our plan coverage based on mandates included in the Affordable Care Act of 2012. An increase of 10% to 15% over 2015 is anticipated based on the Affordable Health Care Act of 2010 components implementation beginning in January of 2016. Additionally OCCDA medical plans costs will continue to be coordinated with Michigan Public Act 152 to determine 2016 employee contribution levels, and ensure compliance.

711.03 Health Care Savings Plan may or may not be funded based on Health Plan option which will not be available for consideration until 4th quarter 2015. Consideration of moving to a “self-funded plan” is being explored which would require approximately a \$500,000 reserve fund set aside. This budget assumes the set aside will be put into place.

716.00

MERS retirement plan will increase to \$63,250 from \$52,000 due to changes in the funding percentage required to be paid by MERS. As of 12/31/2014 our funding ratio was 91% down 1% from year-end 2013.

730.90 Admin Charges are budgeted at \$94,600 and remains at 3.5% of actual benefits and wages per the contract with the City of Grand Haven. The charge is finalized as 3.5% of actual wage and benefit costs annually. As staffing changes during the year usually cause reductions in total staffing costs, we have reduced the calculated amount to an estimated (reduced) level.

735.01 Service Contracts are budgeted at \$774,900 reflecting a 4.8% increase over the 2015 amended budget. Staff continues negotiating all individual service contracts. This includes the additional support for implementing the CAD / Records / Mobile client upgrade. Staff will study whether re-aligning service contracts to reflect our calendar budget year moving forward is feasible.

*Please note that this estimate is based on auditing rules and is complicated because we look at the major contracts and expense in the current year as a monthly cost. Then we reserve for the future year those “prepaid” costs. We have built in an additional amount to make sure we cover this recalculation accurately to meet auditing requirements.

750.00 Operating Materials and Supplies are budgeted at \$40,000, down from \$55,000 in 2015 based on historical usage.

756.00 Building Repairs and Maintenance are budgeted at \$10,000 reflecting normal repairs and also include funds for parking lot repairs and recoating.

780.00 Advertising & Public Relations are budgeted at \$10,000, even with 2015 funding.

811.00 Telephone expenses are budgeted at \$300,000 even with 2015 amended budget. These expenses include air card charges for MCT's that OCCDA provides, and data line / service costs for backhaul.

812.00, 813.00 and 814.00 Gas: electricity, water and sewer are budgeted at \$94,295 in total, based on actual usage history. This includes utilities for all OCCDA locations including tower locations.

870.00 and 870.01: Professional Development and Employee Training (including training from the MCOLES grant) are budgeted at \$45,000 combined in 2016 even with 2015 which includes funds for non-reimbursed training, and professional development.

970.04 Infrastructure for miscellaneous computer equipment replacement in the amount of \$465,000 which includes normal equipment replace, potential replacement of telephony at the back-up sight, security upgrades, backhaul, and tower maintenance.

Total Operating Expenses for 2016 are anticipated at \$4,575,265 reflecting a 3.12% increase over the proposed amended 2015 budget.

Capital expenditures are proposed at \$465,000 for 2016. See the capital plan worksheet for greater detail.

Total expenditures, operating and capital combined, are proposed at \$5,040,265 for 2016.

Future Capital Projects:

OCCDA staff have identified that we need to assess our Mobile Data system and back-haul infrastructure moving forward. Additionally we may need to add new radio towers to increase coverage in the Northeast and Southeast areas of Ottawa County. With changes in technology and the changes in data that will be processed with NG 9-1-1, we will complete replacement of the existing CAD / Records / Mobile Client systems in 2016.

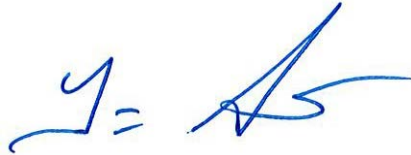
Ottawa County 2015 Millage Worksheet

This worksheet shows how Ottawa County anticipated the millage for OCCDA at the maximum allowable millage levy of 0.4400 mills. The total tax revenue estimate is shown as \$4,506,600 including unpaid personal property taxes and delinquent taxes, a 5.22% increase over 2015 levels.

Recommendation

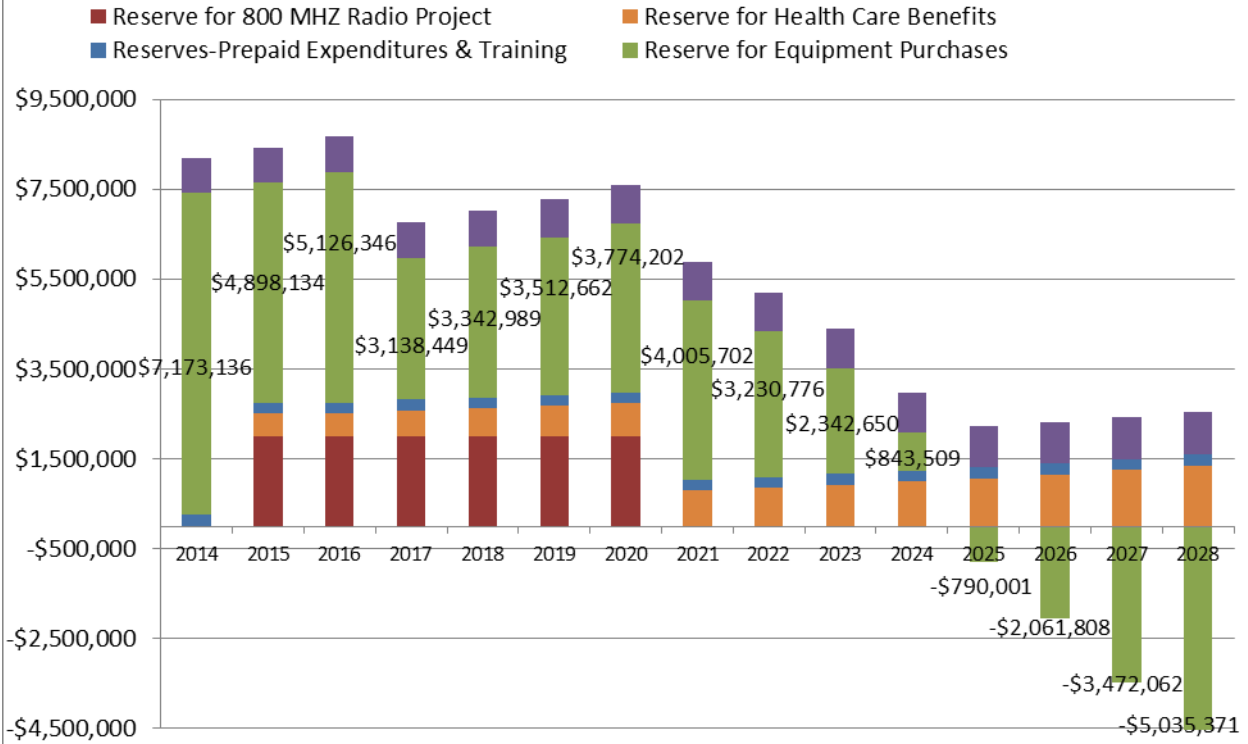
My recommendation is that the OCCDA Policy Board adopts the attached 2016 budget and the amended 2015 budget as presented.

Thank you,
Tim Smith

A handwritten signature in blue ink, appearing to read 'T. Smith', with a stylized flourish extending to the right.

Executive Director
Ottawa County Central Dispatch Authority

OCCDA - Reserves Forecast - to 2028



Projected Cash / Reserves for Equip. - to 2028

