

**REPORT ON SURVEY
OF
COUNTY/CITY
9-1-1 FISCAL ACTIVITIES**

INDEX

TRANSMITTAL LETTER.....	1
EXECUTIVE SUMMARY.....	2
BACKGROUND.....	3
METHODOLOGY.....	4
RESULTS.....	5
OBSERVATIONS AND RECOMMENADCTIONS.....	8

Zelenkofske Axelrod LLC

PA NENA Executive Board
P.O. Box 215
West Milton, PA 17886-0215

March 1, 2010

Dear PA NENA Executive Board,

As part of our engagement to perform services for Pennsylvania NENA, Zelenkofske Axelrod LLC has prepared the attached report which summarized the responses received from PSAPs. The report also includes our observations from our analysis of the data received.

We would like to take this opportunity to thank Michael McGrady and Robert Wentzel, State 9-1-1 Director for their assistance and cooperation in this admirable undertaking; it is pleasing to know that we have such dedicated individuals looking out for the public interest.

If you have any questions concerning any of the data in this report, please do not hesitate to contact us.

Respectfully Submitted

Zelenkofske Axelrod LLC

Zelenkofske Axelrod LLC

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EXECUTIVE SUMMARY

Zelenkofske Axelrod LLC, (ZA) was engaged to survey county /city 9-1-1 agencies to solicit financial data, both revenues and expenses, and summarize responses in an attempt to identify whether 9-1-1 wireline, VOIP, and wireless revenue sources were sufficient to fund the cost of operations. The following is a brief summary of our observations based on our analysis of responses:

- 1) Wireline tariff rates have not been changed since the inception of Act 78; for the 35 PSAPs responding, costs exceed revenues by \$65,520,509. In addition, as wireline substitute, Act 72 of 2008 did not provide for continuity of 9-1-1 revenue. Act 72 established the VOIP 9-1-1 charge at \$1.00 per month, regardless of class of county. In 62 of 67 counties, the wireline contribution rate is either \$1.25 or \$1.50. Thus, as users change from landline (wireline) use to VOIP, revenue from those users decreases.
- 2) Act 78 prohibits counties /cities from recovering the costs to house the 9-1-1 systems from tariff revenue. Counties incur facilities costs (depreciation, maintenance, utilities, etc. to house 9-1-1 systems) and can not recover those costs.
- 3) Act 78 and Act 56 limit county/city reimbursement for administrative costs to 1% of revenue. This restriction limits counties/cities from recovering their actual administrative costs related to 9-1-1 operations.
- 4) With the proliferation and advances in technology, capital needs as well as costs to operate a 9-1-1 system that coordinates emergency response has increased. Many counties have been forced to issue general obligation debt to be paid for with county tax dollars to fund the capital needs of 9-1-1 operations. Wireline, VOIP, and wireless revenues have been insufficient to cover operations, therefore little, if any capital needs and related costs are funded by wireline, VOIP or wireless revenue sources.
- 5) The wireless 9-1-1 fees/revenue is inadequate to offset the reduction in wireline (landline) use and the corresponding decrease in wireline/VOIP revenue. The current system does not address pre-paid phone (cell) usage, phone card usage, multiple phones on a single plan, etc. and the \$1.00 monthly fee is inadequate.
- 6) The current process of applying for Act 56 wireless funding does not provide for the most efficient and effective distribution of wireless revenue and does not provide for a stable revenue source for counties/cities to plan and budget. In addition, wireless revenues and wireline/VOIP revenues have differing eligibility requirements for expenses which creates confusion.

The above items represent only a brief synopsis of the observations and recommendations which are discussed in more detail beginning on page 8 of this report.

BACKGROUND

In 1990, the Pennsylvania General Assembly passed "The Public Safety Emergency Telephone Act of 1990 (Act 78). The legislation provided for a statewide emergency number, 9-1-1, for any individual within PA to gain fast, direct access to emergency aid. Act 78 required counties to prepare and implement the state's landline 9-1-1 system. In order to provide funding for this mandate, counties are permitted to assess a fee, based on class of county, to landline telephone users on a monthly basis. Responsibility for the collection and remittance of fees assessed is placed on landline telephone carriers.

In 2003, Act 56 was passed by the Pennsylvania General Assembly and required PEMA to develop and implement an integrated statewide wireless E9-1-1 plan and system. Act 56 also provided for a monthly fee to be assessed to wireless telephone users to fund the initiative. Again, wireless telephone service providers are required to collect the monthly fee from subscribers and remit such a fee to the Commonwealth of Pennsylvania. The Commonwealth through PEMA, then distributes such funds based on an application and approval process based on the availability of funds.

Pennsylvania NENA & APCO along with support from CCAP, KEMA and PEMA have engaged Zelenkofske Axelrod LLC (ZA) a Pennsylvania based regional CPA firm specializing in providing governmental services to state, county, city and local entities to develop a survey questionnaire, solicit responses from County and City 9-1-1 administrative agencies, tabulate/summarize the fiscal results, review and evaluate the reliability of the data provided, and analyze the results.

The following sections of this report summarize the results of the above process, describes the methodologies employed, and provides a summary of our observations from our analysis of the responses and the summarized data, and provides recommendations. Our analysis, observations and recommendations are based on our extensive experience and knowledge of county fiscal operations as they relate to 9-1-1 systems.

As required by professional standards for public accounting firms, ZA is independent in this engagement and our work product including this report is independent of the parties engaging us to perform these services.

METHODOLOGY

ZA developed a survey questionnaire to attempt to capture all revenue sources as well as total expenses incurred in operating the 69 PSAPs. The survey requested financial revenue and expenditure data in the format summarized in Exhibits A & B included in the results section of this report for the calendar year 2008. Most responses received reflected financial information for the calendar year 2008 however, for those counties where their latest tri-annual audit did not cover calendar year 2008, their latest year (calendar 2007 or 2006) audited data was utilized.

ZA sent questionnaires to all 69 PSAPs and received 35 responses from PSAPs as follows:

<u>Type of PSAP</u>	<u># of PSAPs</u>	<u># Responding</u>	<u>% Responding</u>
Cities	2	1	50%
Counties:			
1st class	1	1	100%
2nd class	4	2	50%
3rd class	11	7	64%
4th class	7	3	43%
5th class	9	5	56%
6th class	24	12	50%
7th class	5	2	40%
8th class	6	2	33%
Total	<u>69</u>	<u>35</u>	<u>51%</u>

ZA summarized the 35 responses received and those summaries are presented in the results section of this report. ZA selected 20 of the 35 responses received ensuring PSAPs were selected from each class to review and evaluate the reliability of the data provided by each PSAP selected. ZA reviewed the data submitted by comparing the data to the respective PSAPs tri-annual 9-1-1 audit. If the tri-annual audit was not submitted, ZA utilized the latest tri-annual audit available and county provided general ledger to review the reasonableness of the data submitted. For the 20 entities reviewed, ZA found the data to be reliable.

ZA then analyzed and evaluated the data using our extensive knowledge of county 9-1-1 fiscal operations. The results of our analysis and evaluation are summarized in the Observations and Recommendations section of this report.

RESULTS

The results of the survey are summarized on the following two pages. Exhibit A summarizes the 35 responses received and breaks down the fiscal activity between wireline/VOIP and wireless. Exhibit B also provides a summary of the 35 responses received but further segregates responses by class of PSAP.

EXHIBIT A
SUMMARY OF FISCAL RESPONSES

WIRELINE/VOIP 911 FUND	
	Total
Revenues:	
Telephone / VOIP Fees	58,384,386
Interest	972,472
Other	4,568,112
Total Revenues	63,924,970
Eligible Expenditures:	
Salaries/Wages	32,787,400
Fringe Benefits	6,897,156
Training Costs	807,017
Total	40,301,573
Telephone and Line Charges	8,424,658
Leased equipment	565,862
Capital Outlay	5,066,778
Contracted Maintenance	5,064,514
Material and Supplies	302,088
Tower Rental/Maintenance	2,180,609
County Administrative Fee	189,587
Depr./Amort. of Eligible Non-recurring Costs	4,000,901
Telephone Co. Admin Cost (2%)	417,688
Other Allowable Expenditures	11,788,795
Total Eligible Expenditures	78,283,053
Unallowable Expenditures:	
Salary, Fringe, Training in excess of limit	27,610,177
Annual cost to house 911 system:	-
Bldg. Rent or Depreciation Expense	873,421
Interest Exp on purchase of Bldg.	242,687
Utilities & Maintenance Costs	799,595
County Admin/Indirect Costs	2,039,381
Other	19,597,184
Total Eligible and Unallowable Expenditures	129,446,479
Transfer from General Fund	27,436,929
WIRELESS 911 FUND	
Revenues:	
Wireless Funds	53,344,111
Interest	3,144,844
Other	85,078
Total Revenues	56,574,033
Eligible Expenditures:	
Salaries/Training/Benefits	24,141,535
A11 Database	1,229,417
Connectivity	-
Trunking/Facilities	950,862
CPE	3,472,922
Telephone/MIS	590,082
GIS Base map	242,873
GIS/Mapping	961,090
CAD	2,165,819
Other Eligible Equipment	11,756,804
Misc/Other	10,986,987
Total Eligible Expenditures	56,771,113
Unallowable Expenditures:	
Salary, Training, Benefits in excess of limit	7,058,081
Annual cost to house 911 wireless system	556,888
Bldg. Rent or Depreciation Expense	375,459
Interest Exp on Purchase of Bldg	-
Utilities	504,778
County Admin/Indirect Costs	380,994
Other	2,456,818
Total Eligible and Unallowable Expenditures	68,104,128
Transfer from General Fund	12,938,010
OTHER SOURCES OF FUNDS	
Revenues:	
PSIC Grant	307,800
DCED Grant	-
Federal Appropriation	-
General Funds	5,077,425
Bond Issues (Funded by General Fund)	1,954,151
State Capital Matching Grants	-
USDA Grants/Loans	-
Additional Federal Grants (NTIA/RUS)	-
Other Federal/State/Local Grants	985,247
Foundation Awards/Support	32,418
Total Other Revenue	8,356,842
Expenses:	
Total Other Expenses	2,711,578

EXHIBIT B
SUMMARY OF FISCAL RESPONSES BY CLASS OF COUNTY/CITY

WIRELINE/VOIP 911 FUND	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	Class 8	Cities	Total
Revenues:										
Telephone / VOIP Fees	8,422,158	15,270,150	17,381,757	3,948,542	4,301,991	6,452,663	329,850	290,766	1,008,370	58,384,386
Interest	465,493	180,820	284,847	3,083	8,263	48,192	1,053	3,023	17,917	972,472
Other	-	1,937,401	526,815	13,362	2,028,125	62,610	-	-	-	4,588,112
Total Revenues	9,887,652	17,388,170	18,193,219	3,964,967	6,338,378	6,563,466	331,013	293,819	1,024,287	63,924,970
Eligible Expenditures:										
Salaries/Wages	6,595,511	9,512,348	7,782,051	1,901,296	2,573,272	3,559,394	230,972	165,130	477,427	32,787,400
Fringe Benefits	-	1,232,488	3,430,191	918,371	568,412	537,458	-	-	214,257	6,887,158
Training Costs	-	19,439	139,372	12,644	9,351	407,150	-	18,560	502	607,017
Total	6,595,511	10,764,251	11,351,614	2,830,311	3,149,036	4,504,002	230,972	183,690	692,186	40,301,573
Telephone and Line Charges	-	2,535,557	3,033,566	666,483	733,392	1,239,182	103,952	20,421	92,124	8,424,658
Leased equipment	-	90,039	128,287	-	-	347,537	-	-	-	565,862
Capital Outlay	2,112,212	46,172	1,671,562	76,840	294,868	865,125	-	-	-	5,068,778
Contracted Maintenance	-	2,431,056	849,915	706,631	368,658	594,864	-	113,390	-	5,064,514
Material and Supplies	-	61,342	62,392	9,470	36,458	131,211	-	56	1,160	302,088
Tower Rental/Maintenance	-	164,680	1,482,921	180,083	41,780	311,134	-	-	-	2,160,608
County Administrative Fee	-	13,820	107,062	-	8,478	50,339	-	-	-	189,587
Depr./Amort. of Eligible Non-recurring Costs	-	-	1,011,697	729,288	213,180	2,046,736	-	-	-	4,000,901
Telephone Co. Admin Cost (2%)	-	75,404	166,069	48,024	43,492	67,166	-	-	17,533	417,688
Other Allowable Expenditures	-	8,794,573	237,590	852,227	370,537	1,082,992	-	450,876	-	11,788,795
Total Eligible Expenditures	8,707,723	24,976,895	20,082,675	6,099,338	5,259,886	11,240,289	334,924	768,432	812,891	78,283,053
Unallowable Expenditures:										
Salary, Fringe, Training in excess of limit	-	11,677,729	9,199,448	1,889,873	1,411,331	1,783,873	407,753	-	1,280,171	27,810,177
Annual cost to house 911 system:	-	-	-	-	-	-	-	-	-	-
Bldg. Rent or Depreciation Expense	-	444,458	375,459	6,600	46,904	-	-	-	-	873,421
Interest Exp on purchase of Bldg.	-	-	-	96,349	-	148,338	-	-	-	242,587
Utilities & Maintenance Costs	-	59,100	596,130	5,876	32,803	105,686	-	-	-	799,598
County Admin/Indirect Costs	-	394,259	1,218,238	-	311,461	94,946	-	-	22,479	2,039,381
Other	-	16,873,110	836,142	127,387	950,074	810,450	-	-	-	19,597,164
Total Eligible and Unallowable Expenditure	8,707,723	54,425,551	32,308,090	8,205,423	8,012,459	14,181,583	742,677	768,432	2,115,541	129,445,479
Transfer from General Fund	5,853,298	5,702,283	10,924,353	150,000	2,413,770	2,593,228	-	-	-	27,438,929
WIRELESS 911 FUND										
Revenues:										
Wireless Funds	7,082,655	14,022,789	14,921,538	5,587,798	3,090,057	6,837,650	319,549	628,635	863,480	53,344,111
Interest	852,098	317,970	1,227,820	3,063	532,841	139,872	21,282	50,000	-	3,144,844
Other	-	-	47,082	-	11,836	-	-	8,044	18,115	88,078
Total Revenues	7,944,751	14,340,739	16,198,441	5,570,861	3,634,834	6,977,323	340,831	686,679	881,576	56,574,033
Eligible Expenditures:										
Salaries/Training/Benefits	-	8,780,588	10,169,456	1,875,784	395,195	2,172,198	-	110,262	638,052	24,141,535
A11 Database	-	707,009	300,828	-	51,860	169,720	-	-	-	1,229,417
Connectivity	-	38,863	-	60,929	11,555	119,375	-	42,000	-	-
Trunking/Facilities	-	91,054	792,120	-	21,910	45,778	-	-	-	850,862
CPE	-	1,957,958	1,151,404	355	96,839	103,684	147,817	14,865	-	3,472,922
Telephone/MIS	-	410,080	8,954	97,451	10,010	41,992	-	-	21,596	590,082
GIS Base map	-	-	129,708	-	-	113,165	-	-	-	242,873
GIS/Mapping	-	10,842	122,914	10,810	54,622	747,202	-	14,700	-	961,090
CAD	-	31,875	1,211,509	35,106	645,507	156,741	72,481	12,600	-	2,165,819
Other Eligible Equipment	5,118,470	340,470	2,898,930	23,086	2,908,121	170,502	145,864	151,362	-	11,756,804
Misc/Other	5,820,159	1,149,593	824,060	1,340,189	1,015,264	460,748	-	147,408	229,566	10,986,987
Total Eligible Expenditures	10,938,629	13,518,332	17,606,883	3,443,710	5,210,882	4,301,104	368,162	493,197	889,213	56,771,113
Unallowable Expenditures:										
Salary, Training, Benefits in excess of limit	-	1,182,498	4,802,639	-	393,316	37,572	-	-	642,056	7,058,081
Annual cost to house 911 wireless system	-	-	494,788	-	-	62,100	-	-	-	556,888
Bldg. Rent or Depreciation Expense	-	-	375,459	-	-	-	-	-	-	375,459
Interest Exp on Purchase of Bldg	-	-	-	-	-	-	-	-	-	-
Utilities	-	18,507	486,269	-	-	-	-	-	-	504,776
County Admin/Indirect Costs	-	-	378,709	-	-	2,285	-	-	-	380,994
Other	-	40,437	1,615,897	113,588	874,218	12,898	-	-	-	2,456,818
Total Eligible and Unallowable Expenditure	-	14,759,774	25,783,444	3,557,278	6,278,416	4,415,958	368,162	493,197	1,531,269	68,104,128
Transfer from General Fund	-	780,098	11,918,480	-	-	161,432	-	-	-	12,838,010
OTHER SOURCES OF FUNDS										
Revenues:										
PSIC Grant	-	-	-	-	-	125,000	-	182,600	-	307,600
DCED Grant	-	-	-	-	-	-	-	-	-	-
Federal Appropriation	-	-	-	-	-	-	-	-	-	-
General Funds	-	-	3,951,635	715,530	23,761	136,498	-	-	250,000	5,077,425
Bond Issues (Funded by General Fund)	-	-	1,115,710	40,800	797,641	-	-	-	-	1,954,151
State Capital Matching Grants	-	-	-	-	-	-	-	-	-	-
USDA Grants/Loans	-	-	-	-	-	-	-	-	-	-
Additional Federal Grants (NTIA/RUS)	-	-	-	-	-	-	-	-	-	-
Other Federal/State/Local Grants	-	-	145,980	314,922	-	516,430	7,935	-	-	985,247
Foundation Awards/Support	-	-	-	-	32,418	-	-	-	-	32,418
Total Other Revenue	-	-	5,213,305	1,071,253	853,821	777,928	7,935	182,600	250,000	8,356,842
Expenses:										
Total Other Expenses	-	-	1,260,908	-	1,095,328	115,342	-	250,000	-	2,711,578

OBSERVATIONS AND RECOMMENDATIONS

- 1) Wireline/VOIP tariff revenue is inadequate to cover PSAP operating and capital needs. As can be seen from Exhibit A in the results section of our report; wireline/VOIP revenues for the 35 PSAP responding totaled \$63,924,970 while eligible expenses totaled \$ 78,283,053. In addition, the 35 PSAPs incurred \$27,610,177 in salary fringes and training costs that were eligible expenses but could not be recovered due to the limitation in Act 78 that restricts such cost recoveries to 70% of Telephone/VOIP fees. Furthermore, counties incurred other 9-1-1 operating costs such as costs to house the 9-1-1 system, County admin costs (both direct and indirect), capital costs funded by the County and other costs which could not be recovered either due to cost limitations or restrictions in Act 78. Total costs reported by the 35 PSAPs responding were \$129,445,479 or 202% of revenue.

ZA further noted in addition to the reported amounts by the 35 PSAPs, many PSAPs do not track the actual total costs to operate the 9-1-1 centers. Since most counties have to subsidize line rate revenue with county tax revenues to adequately fund 9-1-1 operations, many of the costs in excess of line rate revenue paid for with county general fund tax dollars are accounted for in the county's general fund and are not separately tracked and were not reported as part of PSAPs responses. Such costs are:

- County paid 9-1-1 center salaries, fringes and training;
- County direct and indirect administrative costs such as Treasurer/Cash Receipt function, Controller/Accounting function, MIS/IT function, budgeting, internal & external audit, mail, commissioners/chief clerk, purchasing, contracting, human resources, payroll, benefits, solicitor, etc.;
- Capital costs funded with county/city General Obligation debt where debt service is paid by the general fund;
- Cost to house the 9-1-1 system which are unallowable per Act 78 and are therefore paid by the County general fund;
- Any other costs in excess of line rate revenue for which the county accounts for and pays from the County general fund;

While not all responses provided these costs; these costs if reported would serve to increase costs and thus increase the deficit of revenues versus expenses.

ZA further analyzed why this is occurring and concluded there are several factors contributing to the revenue shortfall:

- a) Act 78 was passed in 1990 and established wireline rates which counties/cities could assess to fund wireline 9-1-1 operations. Those rates have been capped and not been adjusted since 1990. However, PSAP costs have continued to rise over the past 20 years and now far exceed the revenue which can be generated from a capped rate to fund 9-1-1 operations. In fact, PSAP costs including health care, pension and technology costs are rising at a rate in excess of general inflation.
- b) The proliferation of cell phone usage and VOIP, as well as its replacement of landlines phones as the primary phone in many residences, has caused a decline in the number of landlines in use and correspondingly has caused static or declining wireline revenues. Act 72 of 2008 established VOIP fees at \$1.00 per month regardless of class of county. Because of the transition from landline use (\$1.25 or \$1.50 per month based on class of County) to VOIP or wireless (\$1.00 per month regardless of class of county) revenues have been static or on the decline.
- c) Technological and operational expectations and demands on the PSAP have expanded greatly since 1990. PSAPs are now expected to do more than ever envisioned 20 years ago in a significantly more demanding technological environment. The cost of these increased expectations are substantial and fall far behind the current revenues. Still the citizens of the State demand the services.

Therefore there is a need to legislatively address the capped rates in Act 78. Looking solely at wireline rates versus expenses would on the surface require a 200% to 250 % increase in rates. However, because of the demographics of our population in the state which still uses landlines as their primary telecommunication, care needs to be exercised not to place an undue burden on the elderly or less affluent socio-economic groups of our society. A more holistic approach needs to be taken to balance wireline, VOIP, and wireless rates so that all residents of PA, regardless of how they access telecommunication networks (ie. landline, VOIP, or cell phone) share equally in the cost of providing and operating our 9-1-1 system. This approach not only needs to address wireline rates, but needs to consider the issues described in our observations which follow.

- 2) Presently, counties are prohibited by Act 78 from recovering the costs to house a 9-1-1 system. Based on the 35 responses received, counties/cities are spending 4-5% of line rate revenue and 2-3% of total costs to house 9-1-1 systems. In addition, for the same reasons as cited in observation #1 above, these costs as reported do not adequately capture all costs to house 9-1-1 systems since these costs are paid for and borne by the County general fund. Therefore, total costs for the 35 entities are even greater than 4-5% of line rate revenue. Costs to house the system are clearly a cost to operate the system and should be an eligible cost.

Therefore, there should be legislative amendments to Act 78 to permit recovery of costs to house 9-1-1 systems. Again, care needs to be exercised to restrict the extravagance of the structures leased, acquired or built to house the system, but some basic formulas can be applied based on number of staff and geographic region to come up with a basis to equitably permit the costs of housing 9-1-1 systems to be charged to line rate revenue as an eligible expense.

3) Act 78 as implemented limits county/city reimbursement of administrative costs to 1% of revenue. This limitation provides for inadequate funding of administrative costs and needs to be increased. PSAPs are only recovering a fraction of direct administrative costs, therefore, little if any of the County Central Service (overhead) costs attributable to 9-1-1 center operations are able to be recovered. Examples of such county/city administrative department costs which support 9-1-1 operations include:

- Treasurer/Cash receipts function
- Controller/Accounting (cash, revenue, expense) function
- MIS/IT function
- Budgeting
- Internal/External audit
- Mail
- Commissioners/Chief clerk
- Purchasing for county central services departments
- Contracting for county central services departments
- Human resource
- Payroll processing for county central services department employees & 9-1-1 employees
- Benefits for county central services department employees
- Solicitor
- Administrative support service overhead (ie. indirect costs)
- Building maintenance for county central services departments
- Building janitorial for county central services department employees
- Utilities of county central services departments
- Insurance for county central services departments
- Central Telephone
- Print Shop
- Archives
- Risk management
- Fleet management

A portion of all the above listed costs are incurred in support of effectively and efficiently operating a 9-1-1 system and therefore are eligible costs and should be recoverable from wireline, VOIP and wireless revenues.

- 4) PSAP 9-1-1 revenue sources are inadequate to cover capital needs. With the proliferation and advances in technology, capital costs continue to rise. Many counties have been forced to issue general obligation debt, to be paid from county general fund tax dollars, to comply with federal/state technology mandates. As stated in observation #1 above, most counties do not track these costs as 9-1-1 costs since they have not been funded with line rate or wireless revenue, therefore, they have not been reported as 9-1-1 expenses in the survey. However, to put this issue in perspective, one small 8th class county in response to the survey indicated they need to complete a microwave project and improvements to their antiquated county 9-1-1 system at an estimated cost in excess of \$3.8 million. This particular county's 9-1-1 revenues are \$120,000-\$140,000 annually thus depicting the shortage of funding to cover capital needs.

This is certainly a more complex issue than merely trying to adjust rates to generate sufficient revenue to cover the costs. Small rural counties with lower population density pay a disproportionate share of the cost of a state-wide unified 9-1-1 emergency response system. Because County tax dollars have had to fund 9-1-1 system capital needs, these small county residents pay a higher price in the form of additional county taxes. Therefore, there are those proponents who believe a state provided funding solution to the 9-1-1 system capital needs is the answer. There are also those proponents advocating for consolidation amongst some of the rural counties.

Whatever the answer, it is clear that consideration must be given to providing sufficient funding for the capital needs of PSAPs.

- 5) Wireless fees/revenues are inadequate and should be on parity with wireline/VOIP fees. Decreases in wireline use and corresponding decrease in revenue have not been adequately offset by wireless fee income. Act 56 and its implementation assessed a \$1.00 per month fee on cellular phone users but failed to address the many issues inherent in the use of cell phone technology or the subsequent rapid advances. For example, no fees are assessed to pre-paid cell phone users; only one monthly fee is assessed to each family plan with multiple phones.

These discrepancies as well as creating equality between fees assessed to wireline/VOIP and wireless users needs to be addressed in amendments to Act 78, 56, and 72.

- 6) Act 56 wireless revenues are collected centrally by the Commonwealth of Pennsylvania and are distributed by applications and PEMA approval of those application. The amounts of applications have been in excess of the revenues collected by the Commonwealth thus indicating revenues are insufficient to meet the needs of PSAPs.

This current process of applying for and receiving PEMA approval, as well as the fact not all approved applications are funded due to the insufficiency of Act 56 revenue, does not

provide for a stable revenue source for counties/cities to plan and budget. In fact, it makes it difficult, at best, to budget and plan for 9-1-1 operations. Few, if any, public services related to public health and safety are funded or budgeted in this manner. Therefore, the current methodology used to distribute wireless revenue needs to be revised to some form of allocation or formula basis to create a stable revenue stream to allow PSAPs to plan and budget more efficiently and effectively. As part of this process of change, consideration should also be given to the differing eligibility requirements for expenses paid from wireless revenue versus wireline/VOIP revenue. We believe a single eligibility list covering both wireline/VOIP and wireless revenue would provide the best solution to all PSAPs to operate an emergency response system (whether wireline/VOIP or wireless) in the most efficient and effective manner.