



2004

# Statewide 911 Emergency Telephone Service Program Report

December 15, 2004

*Minnesota Statewide  
9-1-1 Program*



## Table of Contents

<i>Table of Contents</i> .....	<i>1</i>
<i>Statewide 911 Emergency Telephone Service Program Report</i> .....	<i>1</i>
<b>I      Executive Summary</b> .....	<b>1</b>
<i>Introduction</i> .....	1
<i>Reporting Requirement</i> .....	1
<i>FY2004 Financial Update – Full funding in 2004</i> .....	1
<i>Financial Projections (through June 30, 2009)</i> .....	2
<i>Status of Enhancements and Improvements to the Minnesota 911 System</i> .....	3
<b>II.     Background</b> .....	<b>4</b>
<b>III.    FY2004 Expenditures and Prior Year 911 Obligations</b> .....	<b>4</b>
<b>IV.     Financial Outlook (through June 30, 2009)</b> .....	<b>6</b>
<b>V.      911 Goals and Status</b> .....	<b>6</b>
<i>Goal: Control Costs and Predictability to the 911 Program</i> .....	6
<i>Goal: Provide Enhanced 911 Benefits to Wireless 911 Callers</i> .....	7
<i>Goal: Incorporate Wireless 911 Calls into Existing Enhanced 911 Systems</i> .....	7
<i>Goal: Route Existing Wireless 911 Calls to Local Public Safety Answering Points</i> .....	8
<i>Goal: Improve the Interoperability Capabilities of Minnesota 911 Systems</i> .....	8
<i>Goal: Contract with Wireless Providers and 911 Service Providers</i> .....	9
<i>Goal: Develop the next generation of 911</i> .....	9
<b>VI.     Added Considerations/Risks</b> .....	<b>9</b>
<i>Costs for maintaining and improving 911 are increasing</i> .....	9
<i>PSAP funding policy issue</i> .....	9
<i>More expenses may be incurred during migration to a new 911 system</i> .....	10
<i>911 revenue decline possible as subscribers abandon traditional wire line telephones</i> .....	10
<b>VII     Conclusion</b> .....	<b>10</b>
<b>Appendix A. –911 Revenue / Expenses Required by Statute</b> .....	<b>11</b>
<b>Appendix B. - Cellular 911 Status in Minnesota</b> .....	<b>13</b>

# **Statewide 911 Emergency Telephone Service Program Report**

## **I      Executive Summary**

### ***Introduction***

Minnesota's 911 emergency telephone service is a vital component of the State's emergency response system. Dialing 911 provides rapid and effective access to public safety services. Citizens of Minnesota expect that dialing 911 will link them directly to the right public safety agency and emergency personnel will have vital location information to help speed the responders to their emergency. From 1977 through 2003, the Minnesota Department of Administration was responsible for helping counties implement 911 service and funding part of the costs of getting 911 calls to a public safety answering point (PSAP), usually at county or city dispatch points. Pursuant to Minnesota Laws 2003, First Special Session, Chapter 1, Article 2, Section 125 the 911 responsibilities of the Commissioner of Administration were transferred to the Commissioner of Public Safety in December of 2004.

### ***Reporting Requirement***

Minnesota Statutes, Section 403.06, Subdivision 1a requires the Commissioner of Public Safety to prepare an annual report to the legislature detailing the expenditures for maintaining the 911 system, the 911 fees collected, the balance of the 911 fund, and the 911-related administrative expenses of the Commissioner. This Statewide 911 Emergency Telephone Service Program (911 Program) Report explains the 911 expense elements (Appendix A) and provides: (1) the required financial information as of November 1, 2004, (2) projections of the 911 program financial position through June 30, 2009, and (3) a brief summary of the status of enhancements and improvements to the Minnesota 911 system.

### ***FY2004 Financial Update – Full funding in 2004***

Fiscal year 2004 began with \$1,628,021 in the 911 Special Revenue Fund. Because the 911 fee cap of 33 cents had been increased to 40 cents by Laws, First Special Session 2003, Chapter 1, Article 2, Section 108, spending on 911 costs was less than the total revenue generated during the year. 911 system costs did, however, exceed the appropriation authority necessitating the increased appropriation authority provided by Laws 2004, Chapter 282 (S.F. 653). With that increased appropriation authority the 2004 911 program costs were fully funded.

The 911 Program collected \$25,838,597 during the year and expended \$23,792,931, which included \$452,155 for the 911-related administrative expenses and \$150,000 to conduct a PSAP consolidation study. On June 30, 2004, the fund balance was \$3,673,687. Of that balance, \$2,237,896 was encumbered in FY2005 to cover outstanding obligations from FY2004. These are obligations from FY2004 that had not been paid prior to the fiscal year closing. Viewed in isolation, fiscal year 2004 seems to indicate there is a healthy 911 fund. The 2003 legislation also increased the spending authority from this fund by over six million dollars (increased funds

directed to public safety radio system), and added another one million dollars to the appropriation authority (increased funding to PSAPs). This signaled a legislative intent to increase spending by seven million dollars in fiscal year 2005 which could not be addressed from available revenues.

In the 2003 Special Session, the Minnesota Legislature passed a law (Chapter 1, Laws 1Sp 2003) requiring a study of public safety answering point (PSAP) consolidation and minimum PSAP standards. The study came under the jurisdiction of the Minnesota Department of Public Safety, which asked the Department of Administration's Management Analysis Division to assist in meeting the requirements in the legislation. The study team proposed the creation and use of a fourteen member PSAP Advisory Committee to provide background information, technical expertise, feedback, and recommendations on specific topics.

The study makes recommendations on the feasibility of consolidating public safety answering points, considering a cost-benefit analysis of consolidations, the impact on public safety, interoperability issues, and best practices models, as well as recommendations regarding the development of minimum standards for public safety answering points and possible funding incentives for consolidation. Any Minnesota agency considering consolidation of 911 call taking or dispatch operations should consider the information provided in the study, available on the State 911 website at [http://www.911.state.mn.us/PDF/psap\\_final\\_report.pdf](http://www.911.state.mn.us/PDF/psap_final_report.pdf).

### ***Financial Projections (through June 30, 2009)***

The 2002 projections of expense and revenues in the fiscal year 2004-2005 biennial budget showed the carry forward balance in the 911 Special Revenue Fund approaching zero by the end of fiscal year 2005. Later projections, taking into account early calendar year 2003 data, predicted a deficit situation by the end of fiscal year 2005. This was reported to the legislature in the 2002 911 Annual Report, which was submitted in February of 2003 (that report is available at <http://www.911.state.mn.us/PDF/2002MN911AnnualReport.pdf>).

Legislation was passed in 2003 to increase the fee cap to 40 cents, and the fee was increased to 40 cents effective August 1, 2003. The legislation also provided for additional expenses to be paid from the fund beginning July 1, 2004. Although the additional revenue from the 7 cents fee increase for 11 months of fiscal year 2004 (slightly more than \$4,000,000) was expected to replenish the fund balance, much higher than anticipated costs were encountered, consuming the added revenue. Prior year obligations initially estimated at \$9,211,000 resulting from the reduction in the certification period were much higher than previously anticipated. Additionally, the costs to complete the wireless 911 network and other database improvements were higher than anticipated. This was reported in the 2003 911 Annual Report, submitted in December 2003 (that report is available at <http://www.911.state.mn.us/PDF/2003MN911AnnualReport.pdf>).

Spending increases provided for by the legislature in enhanced 911 grants (1.5 cents) and debt service for revenue bonds (9 cents) could not be covered from existing revenues after providing for the current cost of providing 911 service and prior year obligations.

## 911 Program Budget Projections

(LAST UPDATED NOVEMBER 01, 2004)

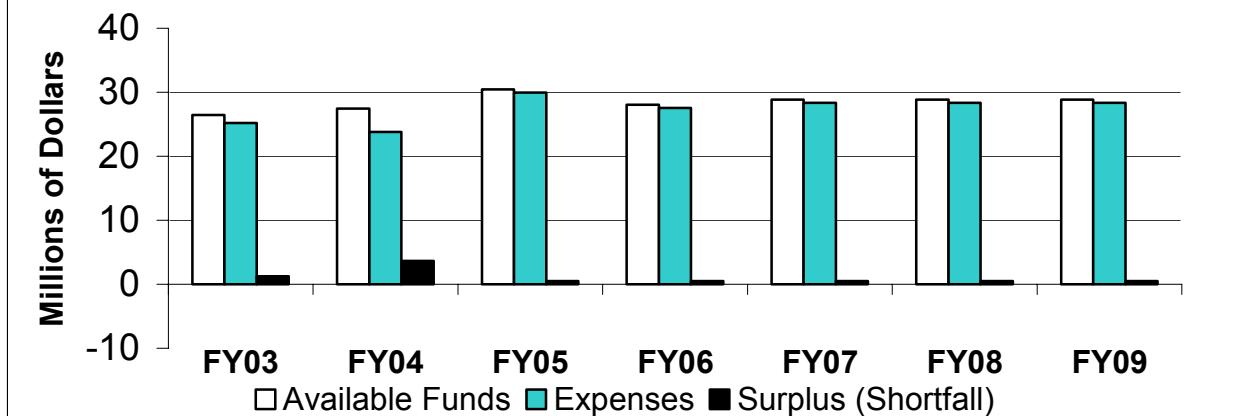


Figure 1. 911 Program Funding

No prior year obligations were paid in FY 2004. An estimated \$1.7 million from the \$8.2 million (reduced from initial estimates of \$9.2 million once previously certified and paid amounts were deducted) of prior year obligations will be paid in FY2005. By fiscal year ending June 30, 2009 the prior year obligation balance will be reduced by an estimated \$7 million.

### ***Status of Enhancements and Improvements to the Minnesota 911 System***

Maintaining, enhancing, and expanding 911 services for both wired and wireless technologies are required under Minnesota Statutes, Section 403.025, Subdivision 7. Significant progress has been made to integrate wireless 911 into the enhanced 911 systems, increase the interoperability of separate 911 systems, and position the state to be able to take advantage of enhanced 911 services for wireless. Appendix B shows the status of wireless enhanced 911 as of November 23, 2004. Status updates are regularly posted on the Minnesota 911 website, <http://www.911.state.mn.us/>.

### ***Conclusion***

The success of the 911 Program is a product of extensive cooperation among legislators, regulators, state and local government administrators and the telecommunications industry. Continued success will require appropriate funding and further cooperation to solve the current and worsening problems caused by the growth of wireless telephone service and emerging new technology.

## **II. Background**

The 911 emergency number provides rapid access to emergency services, which saves time for the caller in dialing and reduces overall response time for emergency service providers. The 911 system is currently evolving into an enhanced 911 system that will allow caller location to be displayed even if the caller does not or cannot provide their address, or, in some wireless calls, has no address. Statewide 911 coverage is provided by 87 county systems plus 19 city systems and 13 public safety answering points (PSAPs) operated by state and other government agencies.

The universal emergency 911 number is available throughout the state of Minnesota on wired and wireless phone lines. For wireless telephones, Federal Communication Commission (FCC) rules (Title 47, CFR 20.18) require the wireless carriers to put all 911 calls through to a PSAP, even if the caller is a non-subscriber.

The 911 Program at the Department of Public Safety provides technical assistance to the cities and counties implementing, maintaining, and improving 911 systems, and oversees system standards. It also pays from money collected through a monthly statewide wired and wireless telephone fee the state's share of wired and wireless 911 costs authorized by Minnesota Statutes, Section 403.11 and contracted for with carriers; administers grant funds for 911 agencies in accordance with Minnesota Statutes, Section 403.113; and distributes funds to the Metropolitan Council for revenue bonds used to supporting the regional public safety radio system in accordance with Minnesota Statutes, Section 403.30.

The 911 fee is set by the Commissioner with the consent of the Commissioner of Finance. Effective August 1, 2003, the Commissioner of Administration (prior to turning over the program to the Commissioner of Public Safety) increased the fee from 33 cents to the cap of 40 cents in order to fund statutory costs. The fee collections are deposited in the 911 Special Revenue Fund, and these funds are appropriated by the Legislature to the Commissioner of Public Safety to cover the expenses authorized by statute.

## **III. FY2004 Expenditures and Prior Year 911 Obligations**

Fiscal Year 2004 expenditures and prior year obligations required a spending rate of 48.8¢, an amount far in excess of available fee revenue.

- M.S. 403.11: Network and database charges for 911 (15.6¢)

Reimbursements were made to local exchange carriers and 911 service providers (Qwest and Independent Emergency Services (IES)) for costs incurred connecting telephone central offices with 911 networks. According to statute, contracted and certified costs *must* be reimbursed by the State.

- M.S. 403.113: Enhanced 911 Grants (PSAP payments) (10.0¢)

PSAPs in 87 counties, 3 other governmental entities, and State Patrol Communications centers receive grants from the State to help defray their 911 costs. Historically, 10 cents of the 911 fee has been distributed to the PSAPs.

- Laws, 2003, 1<sup>st</sup> Special Session, Ch. 1: PSAP Consolidation Study (0.2¢)

An appropriation of \$150,000 was made from the 911 Special Revenue Account for the costs associated with the PSAP Consolidation and Minimum Standards study. The study was coordinated by the Department of Administration, Management Analysis Division.

- M.S. 403.11: Wireless 911 Transfers (0.9¢)

2-cents of the wireless customer 911 fee was directly transferred to the Minnesota State Patrol to offset the costs, including administrative and staffing costs, incurred in handling 911 emergency calls made from cellular phones.

- M.S. 403.11: Enhanced Wireless 911 Implementation (4.9¢)

Wireless carriers sign agreements with the State to implement enhanced 911 wireless services. The implementation costs incurred by these carriers and by the 911 service providers were reimbursed by the State and after implementation, ongoing operations costs were reimbursed. *The reimbursement amounts increased as more carriers implemented the service and ongoing operations expenses increase.*

- M.S. 403.30: Public Safety Radio System Grants (4.0¢)

The Metropolitan Council approved an annual budget for the Metropolitan Radio Board. The Commissioner of Public Safety was required to distribute one twelfth of the approved appropriation to the Metropolitan Council each month as long as it did not exceed the equivalent of 4 cents on every customer line.

- M.S. 403.11: Administrative Expenses Including Salaries (0.7¢)

Total cost is based upon administrative expense allocations, bargaining unit contracts, travel, and other miscellaneous expenses.

- M.S. 403.11: Other Obligations (12.5¢)

A total of \$8.2 in prior year obligations was carried forward from fiscal year 2003. As part of a telephone industry initiative to revise the 911 law, the 2002 Legislature changed Minn. Stat. Section 403.11 (Minnesota Laws 2002, Chapter 237, Section 15) to encourage those companies that had not certified their prior and future charges to do so. Effective ninety days after January 1, 2003, the 911 Program was only allowed to reimburse telephone companies for old charges going back for two years, eliminating a bookkeeping headache caused by ever mounting uncertified obligations. This change led to hundreds of certifications being submitted in fiscal year 2003 where the costs were actually incurred in previous fiscal years. After years of estimating charges based on estimates and billings, intensive efforts by program staff in reviewing and reconciling the certifications resulted in firm estimates only after the close of Fiscal Year 2003, leaving much of the newly certified back payment obligations to be paid in subsequent fiscal years.

## **IV. Financial Outlook (through June 30, 2009)**

Current projections of subscriber volumes are based on an assumption that subscriber growth will flatten as more people choose unregulated alternatives to wire line telephone service. Accordingly, no increase is projected in the annual collections from one cent for fiscal years 2008 and 2009. See Appendix A. Concern is noted over the impact of the recent FCC's Vonage decision dealing with state regulation of emerging telecommunication technologies, in particular broadband-based Voice over Internet Protocol (VoIP), (Declaratory Ruling concerning an Order of the Minnesota Public Utility Commission, FCC Docket No. 03-211, released November 12, 2004).

There is no cap on 911 system costs under Minn. Stat. Section 403.11. However, the spending authority is capped in session law by direct appropriations from the 911 Fund and 911 Fund revenues are capped at 40 cents a month on all wireless and wire line customers.

## **V. 911 Goals and Status**

### ***Goal: Control Costs and Predictability to the 911 Program***

When the statewide 911 program was originally established the process of implementing 911 was reasonably clear. There were a finite number of incumbent local exchange carriers (ILEC) with telephone service discretely associated with fixed sites within each county. Deregulation of the telecommunication industry with the proliferation of competitive local exchange carriers (CLEC) and the wireless telephone industry changed the situation dramatically. In 1997, the legislature provided for reimbursement of the cost to implement and maintain enhanced 911 service for wireless carriers and in 2001 the legislature provided for the reimbursement of the recurring costs of CLECs as they implement service within Minnesota. As a result of these changes the complexity of the statewide 911 system has become overwhelming and the process of administering changes and the costs have been difficult to control.

*Status: Ongoing.* During the last year, procedures have been changed to provide that service level changes will not be reimbursed unless specifically authorized in a contract. Additionally, contracts and certifications no longer provide for retroactive payment of service. These changes are designed to eliminate the implementation and change of service levels unbeknownst to the state, allow for an evaluation of the most effective way to implement a change in service and allow for the encumbrance of funds to pay for changes in service levels. In addition to these procedural changes, the Department of Public Safety and the Department of Administration are currently implementing a master contract and competitive bidding process for qualified vendors to competitively bid upon providing enhanced 911 service on a county-by-county basis throughout the state. A similar competitive bidding process will be implemented for the provisioning of wireless enhanced 911 service throughout the state. The Department of Public

Safety will also oversee a more thorough evaluation of changes in system wide service level features and attributes and the state's share of the cost of those changes in the future.

Note: The following comment is relevant to the implementation of wireless enhanced 911 service throughout the state. Minn. Stat. Section 403.11, Subdivision 1(f) provides that the state will reimburse wireless carriers for installation costs and for their recurring costs for integrating wireless calls into the enhanced 911 system. This provision was enacted by Minnesota Laws 1997, Chapter 202, Article 3, Section 21. In 1999, the FCC ruled that wireless carriers were required to integrate into the 911 system irrespective of whether a state reimbursement provision was in place; Second Memorandum and Order, FCC Docket No. 99-352 revising FCC Docket No. 94-102, released December 8, 1999. Similarly, it is noted that reimbursement of competitive local exchange carriers (CLEC) did not begin until July 1, 2001. This provision was enacted by Minnesota Laws 2002, Chapter 372, Section 14. Prior to July 1, 2001, competitive local exchange carriers were required to and did provide 911 service without reimbursement of their expenses by the state.

***Goal: Provide Enhanced 911 Benefits to Wireless 911 Callers***

Although the present enhanced 911 systems routinely provide public safety responders an accurate location of each wired emergency caller when 911 is dialed from traditional landline telephones, it is more difficult to determine caller location from wireless telephones. The increasing use of cellular telephones by the public means that cellular 911 calls are becoming as likely to be placed from dwellings, sidewalks, boats or snowmobiles as from cars on highways. Wireless enhanced 911 implementation requires network, database, and PSAP equipment changes.

*Status: Nearly complete.* During calendar year 2004, Phase I carriers increased to 18 of the 19 carriers, and Phase II is now being provided in all 87 counties among 13 of the 19 carriers. Appendix B contains details. As of November 23, 2004, all the PSAPs have converted PSAP equipment to accept the Phase II information, which most wireless carriers are now providing. Status updates are regularly posted on the Minnesota 911 website, <http://www.911.state.mn.us/>.

***Goal: Incorporate Wireless 911 Calls into Existing Enhanced 911 Systems***

Minnesota Statutes, Section 403.08, Subdivision 7 requires cooperation among wireless carriers and 911 service providers to plan for and implement enhanced wireless 911. It also requires the Department of Public Safety to coordinate planning and Subdivision 10 requires us to contract with wireless carriers and 911 service providers to integrate wireless 911 calls into enhanced 911 systems.

*Status: Completed.* As required by Minnesota Statutes, Section 403.08, the 911 Program developed plans for integrating cellular service into the enhanced 911 systems. These plans have been updated periodically as new information is learned and changes occur in both the cellular and 911 systems. The latest planning information is contained in the Minnesota Wireless E-911 Criteria with Appendix A, a description of the current 911 systems. The document is updated periodically, and posted at <http://www.911.state.mn.us/PDF/mnwirelesscriteria.pdf>.

### ***Goal: Route Existing Wireless 911 Calls to Local Public Safety Answering Points***

In the early 1980's, as the first wireless systems were deployed in Minnesota, the Minnesota State Patrol was designated as the default answering point for basic 911 calls. In that era, up to 85% of wireless 911 calls were from cars on highways, and the technology was not readily available to reliably send calls to local PSAPs. As wireless communications developed, a larger number of 911 calls were placed from portable phones that were not on highways. The 911 law was changed in 1997 to provide for calls to be answered by local PSAPs pending implementation of enhanced wireless 911 service.

*Status: Completed.* Largely overtaken by events due to extensive implementation of Phase I and II, the goal is considered accomplished. A few cell sites, where carriers have not yet implemented Phase I or II have calls routed directly to a local PSAP rather than a district State Patrol communications center. This Phase 0 service is a temporary measure, pending implementation of Phase I, and then Phase II enhanced 911 service.

### ***Goal: Improve the Interoperability Capabilities of Minnesota 911 Systems***

Minnesota is in the forefront of enhanced 911 implementation and in a good position to implement wireless enhanced 911 statewide because over 99 percent of the state's wired telephones are served by selective router based enhanced 911 systems. Delivering emergency calls to 911 PSAPs through selective routers allows calls to be sent to the correct PSAP regardless of caller location, and facilitates transfers to neighboring PSAPs. This generally holds true only if the correct 911 PSAP is connected to the same 911 system as the caller's telephone exchange or cellular mobile switching center. The purpose of interoperability improvements is to allow 911 calls to be selectively routed and transferred between different systems. This applies both to different 911 service providers Qwest and IES in Minnesota, and to state border issues, such as between Washington and Goodhue served by Qwest 911 systems and Saint Croix and Pierce served by the SBC Ameritech 911 system.

*Status: Implementation on hold for lack of funding.* The enhanced 911 selective router contract with Qwest has been modified to have the five Lucent Model 5E 911 selective routers provided by Qwest connected together so that any 911 call on a Qwest selective router can be transferred to any PSAP served by another Qwest selective router. Likewise, IES has made similar interconnections among their seven CML Model ECS-1000 selective routers. The eventual goal is for these two different types of selective routers to be able to selectively route or allow transfers to each other too. Qwest and IES jointly developed plans and conducted tests during 2003 and 2004 to explore interoperability issues between their two different 911 network and database systems. Transfers between Qwest and IES selective router based 911 systems have been performed in tests. Current emphasis is on the borders between Carver and Scott on a Qwest 911 system and McLeod and Sibley on an IES 911 system. Technical testing has been successfully completed, and a preliminary budget estimate has been produced. The current restructuring of the wired network that may occur with competitive bidding and the potential restructuring of the wireless network may change the dynamics of accomplishing this goal.

### ***Goal: Contract with Wireless Providers and 911 Service Providers***

Implementation of Phase I wireless enhanced 911 involves extensive coordination with local PSAPs in order to help determine where calls should be answered and develop plain language cell sector descriptions for display at the PSAP.

*Status: Ongoing.* Fifteen of the nineteen wireless carriers are covered by eleven contracts for Phase I. These carriers provide wireless service to approximately 95 percent of all Minnesota customers. Several wireless carriers and 911 service providers are in various stages of the contracting or contract renewal process.

### ***Goal: Develop the next generation of 911***

The commissioner of Public Safety has directed the formulation of a 911 advisory committee composed of stakeholders in the 911 system to determine the present and future needs of the statewide 911 system. The 911 advisory committee will consider current status of the statewide 911 network and its funding levels but will also consider the need to determine a migration path from a traditional telecommunication system to the telecommunication systems of the 21<sup>st</sup> century.

*Status: Ongoing.* Initial meetings with 25 stakeholders from the public safety and telecommunications industry have been held. Discussions involve today's system, the vision for a new system, and funding issues.

## **VI. Added Considerations/Risks**

While good progress to date has been made in the conversion to enhanced 911, the following challenges jeopardize the future effectiveness of the 911 Program:

### ***Costs for maintaining and improving 911 are increasing***

The 911 Program is making progress to integrate wireless 911 into the enhanced 911 systems and increase the interoperability of separate 911 systems in order to take advantage of future fully enhanced Wireless 911 services. Improving the enhanced 911 networks and connecting wireless carriers will continue to increase the required expenditures for the 911 Program. Appendix A contains a table showing the different expense elements for 911, where it is paid, and cent fee equivalents for each cost element in each fiscal year.

### ***PSAP funding policy issue***

Public Safety Communications Associations and local government agencies recognize that additional expensive upgrades are needed at PSAPs to deal with wireless issues. Specifically, mapping systems and 911 answering equipment will need to be upgraded to provide more complex information to 911 call takers and to interface with map coordinate based instead of address based location readouts. Minnesota local units of government pay for their 911 costs from a mix of property tax revenue and telephone 911 fee grant funds. Whether more of local

911 costs should be funded out of local taxes or telephone fees is a public policy issue the Legislature may be asked to decide.

***More expenses may be incurred during migration to a new 911 system***

The telecommunication industry is currently undergoing a significant change. The question concerning a transition to Voice over Internet Protocol (VoIP) technologies throughout the telecommunication industry is not considered a question of “if” but instead a question of “when it will occur.” There is a need to prepare for this transition, offer interim solutions and ultimately prepare to transition to a new packet switched system. It is also likely that it will be necessary to maintain the current system while providing a similar network for a substantial period of time causing increased costs to maintain the 911 systems.

***911 revenue decline possible as subscribers abandon traditional wire line telephones***

Revenue projections shown in this report are based on continued modest growth in wireless subscribers and a slight decline in wire line subscribers that are paying the 911 fee. A much greater decline in wire line and a decline in wireless subscribers paying the 911 fee is currently considered possible. A recent FCC Vonage decision prohibits the state from regulating telecommunication providers like Vonage that use the internet or similar broadband networks to provide voice communications service (VoIP). Depending on the growth of this new method of voice service, and whether fees are submitted voluntarily or through further FCC action, the revenue from 911 fees could fall drastically short of projections.

## VII Conclusion

Even if wired and wireless customer volumes prove to be higher than projected, the resultant increase in income would not be enough to realistically cover the expenses, much of which do not change with customer volume.

The success of the 911 Program is a product of extensive cooperation among legislators, regulators, state and local government administrators and the telecommunications industry. Continued success will require appropriate funding and further cooperation to solve the current and worsening problems caused by the growth of wireless telephone service and emerging new technology.

## Appendix A. –911 Revenue / Expenses Required by Statute

ITEM	SOURCE	ACTUAL FOR FY 2003	FY 2003 FEE EQUIV.	ACTUAL FOR FY 2004	FY 2004 FEE EQUIV.	PROJECTED FOR 2005	FY 2005 FEE EQUIV.	PROJECTED FOR 2006	FY 2006 FEE EQUIV.	PROJECTED FOR 2007	FY 2007 FEE EQUIV.	PROJECTED FOR 2008	FY 2008 FEE EQUIV.	PROJECTED FOR 2009	FY 2009 FEE EQUIV.
<b>INCOME</b>	911 FEE SUBMISSION	\$ 20,792,730	33.0	\$ 25,838,597	39.4	\$ 26,783,800	40.0	\$ 27,534,480	40.0	\$ 28,348,960	40.0	\$ 28,348,960	40.0	\$ 28,348,960	40.0
<b>EXPENSES</b>															
911 System Costs, Network and Database charges	911 service providers (Qwest and Independent Emergency Services, Inc) and Incumbent local and interexchange carriers	\$ 7,997,006	12.7	\$ 10,208,399	15.6	\$ 11,161,026	16.7	\$ 11,161,026	16.2	\$ 11,161,026	15.7	\$ 11,161,026	15.7	\$ 11,161,026	15.7
Enhanced 9-1-1 Grants	Counties, Cities, UofM PD, Airport PD, and Red Lake Nation PD	\$ 5,986,202	9.5	\$ 6,228,015	9.5	\$ 6,361,153	9.5	\$ 6,539,439	9.5	\$ 6,732,878	9.5	\$ 6,732,878	9.5	\$ 6,732,878	9.5
	Transfer to Minnesota State Patrol	\$ 315,063	0.5	\$ 327,790	0.5	\$ 334,798	0.5	\$ 344,181	0.5	\$ 354,362	0.5	\$ 354,362	0.5	\$ 354,362	0.5
Wireless 9-1-1 Transfers	Transfer to Minnesota State Patrol	\$ 544,130	0.9	\$ 609,694	0.9	\$ 642,811	1.0	\$ 674,595	1.0	\$ 722,898	1.0	\$ 722,898	1.0	\$ 722,898	1.0
Implement Wireless Enhanced 9-1-1	9-1-1 service providers (Qwest and Independent Emergency Services, Inc) and wireless carriers	\$ 2,345,464	3.7	\$ 3,194,558	4.9	\$ 4,375,755	6.5	\$ 4,507,028	6.5	\$ 4,642,239	6.6	\$ 4,642,239	6.6	\$ 4,642,239	6.6
Debt Service and Reserves for Bonds	Metropolitan Council	\$ 2,494,368	4.0	\$ 2,622,321	4.0	\$ 2,678,380	4.0	\$ 2,753,448	4.0	\$ 2,834,896	4.0	\$ 2,834,896	4.0	\$ 2,834,896	4.0
Prior Year Obligations	9-1-1 service providers (Qwest and Independent Emergency Services, Inc) and Incumbent local, interexchange, and wireless carriers	\$ 5,064,282	8.0	\$ -	-	\$ 1,699,414	2.5	\$ 1,081,127	1.6	\$ 1,421,633	2.0	\$ 1,421,633	2.0	\$ 1,421,633	2.0
Fiscal Year 2004 Obligations						\$ 2,237,846	3.3								
Consolidation and Minimum Standards Study	Management Analysis Division of the Department of Administration.			\$ 150,000	0.2	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Administrative Expenses	Varies. Includes salaries and indirect allocations	\$ 428,944	0.7	\$ 452,155	0.7	\$ 468,459	0.7	\$ 468,459	0.7	\$ 468,459	0.7	\$ 468,459	0.7	\$ 468,459	0.7
<b>TOTAL CURRENT EXPENSES</b>		\$ 25,175,459	40.0	\$ 23,792,932	36.3	\$ 29,959,642	44.7	\$ 27,529,303	40.0	\$ 28,338,391	40.0	\$ 28,338,391	40.0	\$ 28,338,391	40.0
<b>CONTRIBUTION TO CARRYOVER/(DEFICIT)</b>		\$ (4,382,729)	(7.0)	\$ 2,045,665	3.1	\$ (3,175,842)	(4.7)	\$ 5,177	0.0	\$ 10,569	0.0	\$ 10,569	0.0	\$ 10,569	0.0

**Fiscal Year 2003 Through 2009**

## **Appendix A. – Notes regarding 911 Expenses Required by Statute (Continued from previous page)**

### **Notes**

This 911 Funding Matrix shows projections of the different expense elements for 911 expenses in each fiscal year from 2003 and 2004 (actual revenues and expenses) through 2009 (projected figures).

Fee Equivalents are indicated to provide a general idea of funding needs. Fee amounts shown for each expense element are rounded to the nearest 0.1 penny and somewhat skewed by the wireless 911 transfer expense, which is assessed only on wireless customers rather than all fee payers.

Assumed annual fee collection from one cent based on wired and wireless customer growth						
FY 2003 Actual collections	FY 2004 Actual collections	FY 2005 projected	FY 2006 projected	FY 2007 projected	FY 2008 projected	FY 2009 projected
\$ 630,083	\$ 655,427	\$ 669,595	\$ 688,362	\$ 708,724	\$ 708,724	\$ 708,724

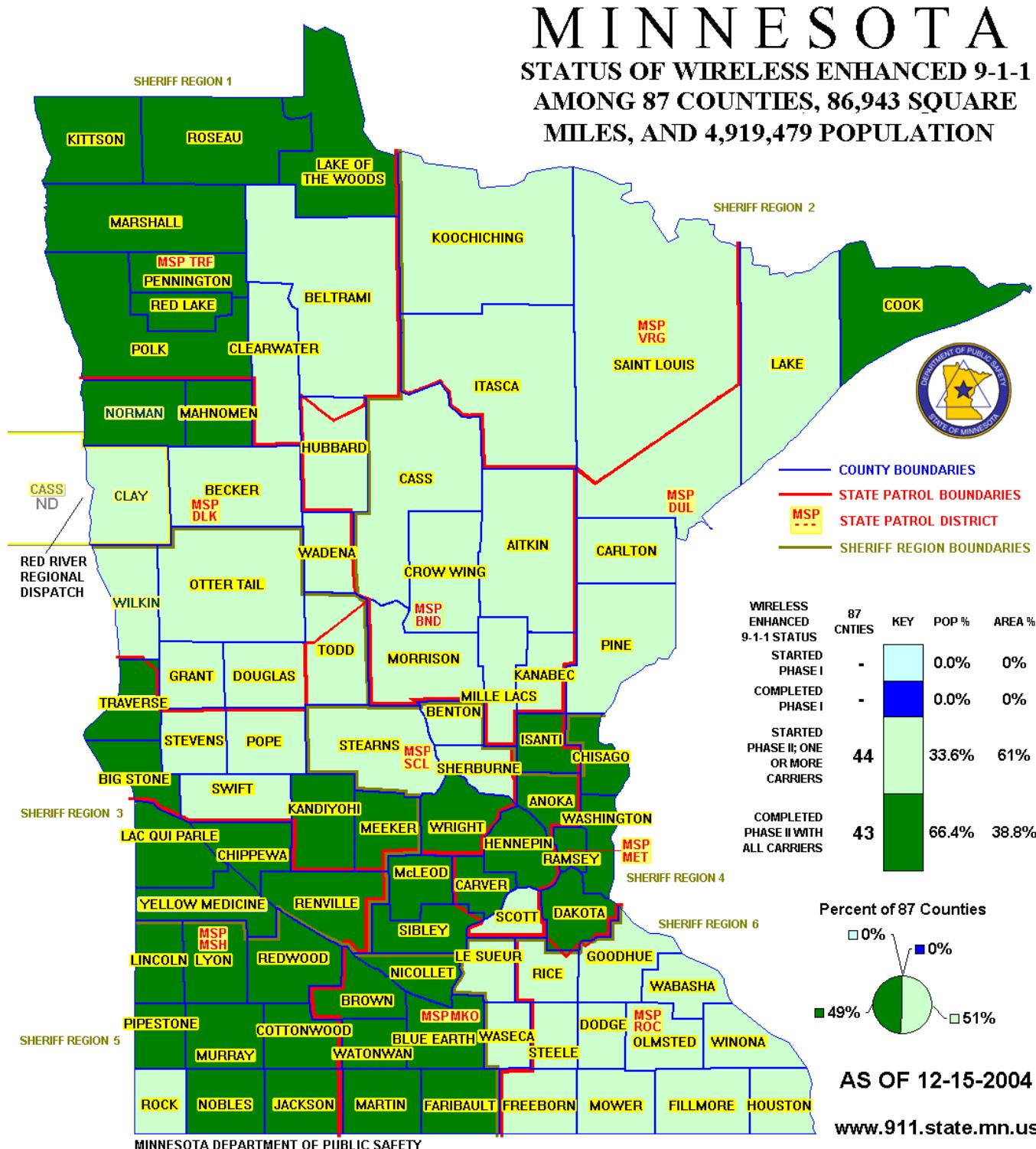
The major cause of unanticipated obligations in 2004 is the estimated \$8,200,000 of prior year obligations (reduced from initial estimates of \$9.2 million once previously certified and paid amounts were deducted). In 2001, a 911 Law change set a deadline of March 31, 2003 for all carriers to certify their 911 charges in order to be reimbursed back to the in-service date of a 911 system modification. Over the past 5 years, 65 counties modified their 911 systems, but most carriers (multiple carriers per county) had not certified their charges. The new deadline caused a one-time bow wave of certifications at the end of March. A firm estimate of the obligation was not available until these certifications were reviewed and reconciled against prior certifications.

Comparing fiscal year 2003 and projected future years shows 911 system costs increase from 12.7 cents of the 911 fee to 15.7 cents and wireless enhanced 911 costs increase from 3.7 cents of the 911 fee to 6.6 cents related to implementing wireless enhanced 911.

Expense element increases for enhanced 911 grants and wireless 911 transfers are directly caused by increases in the number of wire line and wireless customers paying the fee because they are based on a fixed number of cents of the fee. Although an additional cost increase was scheduled in fiscal year 2005 due to a scheduled grant increase from 10 cents to 11.5 cents, there was insufficient fee revenue after 911 system costs were paid to fund the increase.

The metropolitan region and state radio system grant amounts for debt service and reserves for bonds are limited by statute not to exceed 13 cents (a 9 cent increase, effective July 1, 2004), but there is insufficient fee revenue after 911 system costs are paid to fund the increase.

## Appendix B. - Cellular 911 Status in Minnesota



Eighteen of the nineteen wireless carriers have converted to Phase I wireless enhanced 911 with cell sector location and callback number. At least one carrier in each of the 87 counties is providing Phase I. In addition to Phase I, thirteen wireless carriers are providing Phase II wireless enhanced 911 that sends the latitude and longitude of the 911 caller. At least one of these carriers are providing the location service in each of the 87 counties, and 43 counties are 100% Phase II, receiving Phase II 911 calls from all wireless carriers in the individual county.