



Montgomery County Emergency Communication District

July 15, 2025

City of Montgomery
101 Old Plantersville Rd Montgomery, TX 77316-4416

Dear Mayor Sara Countryman,

The Montgomery County Emergency Communication District (MCECD) hereby submits its proposed budget for Fiscal Year 2026 in accordance with the Emergency Telephone Act of the Texas Health and Safety Code, Section 772.309. The budget was approved by the MCECD Board of Managers on June 24, 2025. The fiscal year will begin on October 1, 2025.

To go into effect, the budget must be approved by a majority of the cities in the district and by the Montgomery County Commissioners Court. The law allows sixty (60) days from the date of receipt to take action on this budget. If your governing body does not act within that time, your city's approval is granted automatically.

We would be honored to present MCECD's budget to your governing body in person so we can share information about our current operations and future plans. Please contact Abby Barocio at 936-523-5912 or abarocio@mc911.org with the date and time of the meeting at which the District's budget will be considered. Additional budget details are available upon request.

I appreciate your continued support of the 9-1-1 system and your prompt attention to this matter.

Respectfully,

Chip VanSteenberg
Executive Director

CC: City Secretary
Enclosures



MEMORANDUM

TO: **County and City Officials**

FROM: **Chip VanSteenberg, Executive Director**

DATE: **July 15, 2025**

SUBJECT: **MCECD Proposed Budget for Fiscal Year 2026**

The Board of Managers for the Montgomery County Emergency Communication District (MCECD) proposes the attached budget for Fiscal Year 2026. This budget is submitted in accordance with the Emergency Telephone Act of the Texas Health and Safety Code, Section 772.309. Before it can go into effect, the budget must be approved by a majority of the cities in the district and by the Montgomery County Commissioners Court. The law allows sixty (60) days to act on this budget. If no action is taken by the governing body, approval is granted by default. The new fiscal year will begin on October 1, 2025.

This memo provides information about MCECD and the proposed budget.

MCECD INFORMATION

The Montgomery County Emergency Communication District (MCECD) is a special purpose district authorized and created under Chapter 772 of the State of Texas Health and Safety Code. MCECD is governed by a Board of Managers consisting of five voting members and one non-voting member. The voting members are determined as follows: two appointed by the Montgomery County Commissioner's Court, two elected by the cities within the district, and one elected by the fire departments that operate in the district. The principal provider of telephone service in the county appoints the non-voting member; AT&T is the principal provider.

MCECD coordinates the 9-1-1 telephone service among five public safety answering points (PSAPs) in Montgomery County. Two PSAPS are primary, meaning they answer original 9-1-1 calls and route them to the appropriate agency depending upon location and the nature of the emergency. The other three are secondary PSAPs which receive 9-

1-1 calls via a transfer from a primary. The PSAPs are all individually operated by public safety organizations. MCECD does not operate a PSAP or employ telecommunicators. MCECD undertakes the following activities:

- Operate a Next Generation 9-1-1 IP-network to intake and process 9-1-1 calls and route them to the correct PSAP
- Provide and maintain the hardware, software and data network for a county-wide 9-1-1 call-handling system
- Financially support two primary PSAPs for answering and screening 9-1-1 calls
- Maintain a Geographic Information System (GIS) and a comprehensive database of street center lines, street names, address ranges, service boundaries and other critical information.
- Serve as the official addressor for the entire county
- Provide an early warning communication service
- Conduct public education on when to call 9-1-1 and what information to provide
- Assist PSAPs in training telecommunicators in the use of the 9-1-1 system

PROPOSED BUDGET – Operating Deficit

Revenues are less than expenditures in the proposed budget which creates an operating deficit of \$380,800. This deficit was anticipated and is being covered by reserves set aside for this purpose. Next Generation 9-1-1 (NG911) operating costs account for \$315,800 of the deficit. The other \$65,000 is a planned expenditure to improve the financial outlook of MCECD's retirement plan.

The cost to operate an NG911 system has emergency communication districts in a financial bind statewide; this is not just a local problem. The Texas 9-1-1 industry forecast these conditions and pressed the Texas legislature to increase 9-1-1 funding. In 2021, they answered by allocating funds from the federal American Rescue Plan Act for an NG911 grant program. MCECD was awarded \$1.7 million which has been drawn down over the last three years. That program ends with the current budget year.

In 2023, the Legislature allocated money for 9-1-1 from the voter-approved Broadband Infrastructure Fund (BIF). MCECD received \$3.6 million from that fund which was put in reserve to cover future NG911 costs. This was a one-time allocation and those funds are being drawn on for the first time.

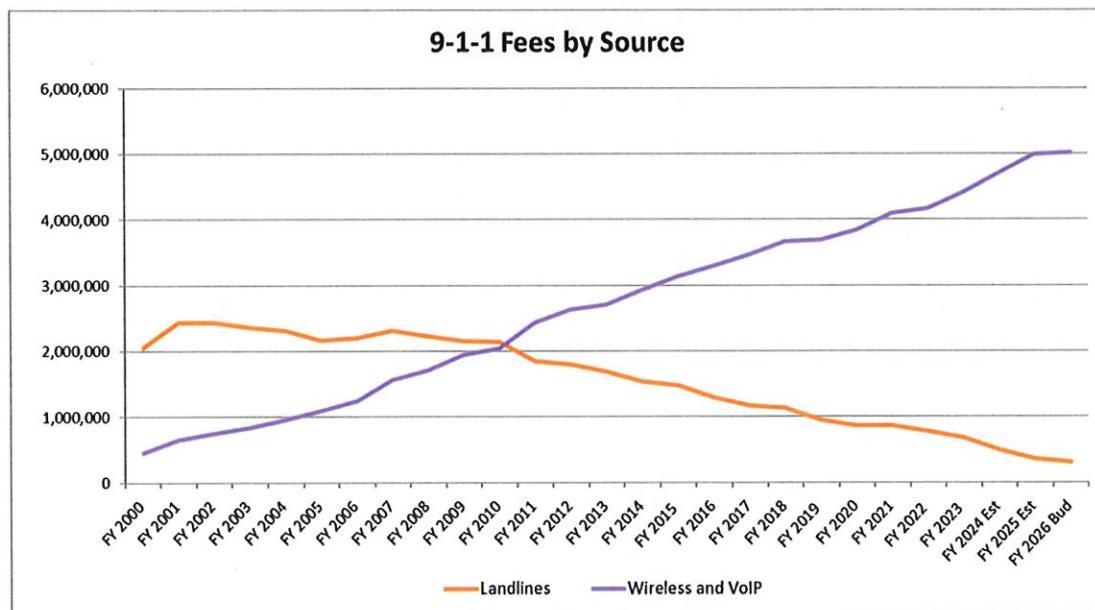
In the legislative session that just concluded, 9-1-1 funding was not addressed at all. Emergency communication districts across the state are now grappling with how to meet budget demands once the BIF money runs out. Given the legislature's reluctance to address 9-1-1 funding with a reliable funding stream, MCECD plans to reduce spending in future years to maximize the use of the BIF reserve.

The \$65,000 contribution to the district's retirement account is an effort to increase the funded ratio of the plan and reduce future liabilities. The money will come for an operating surplus in the current fiscal year (FY 2025).

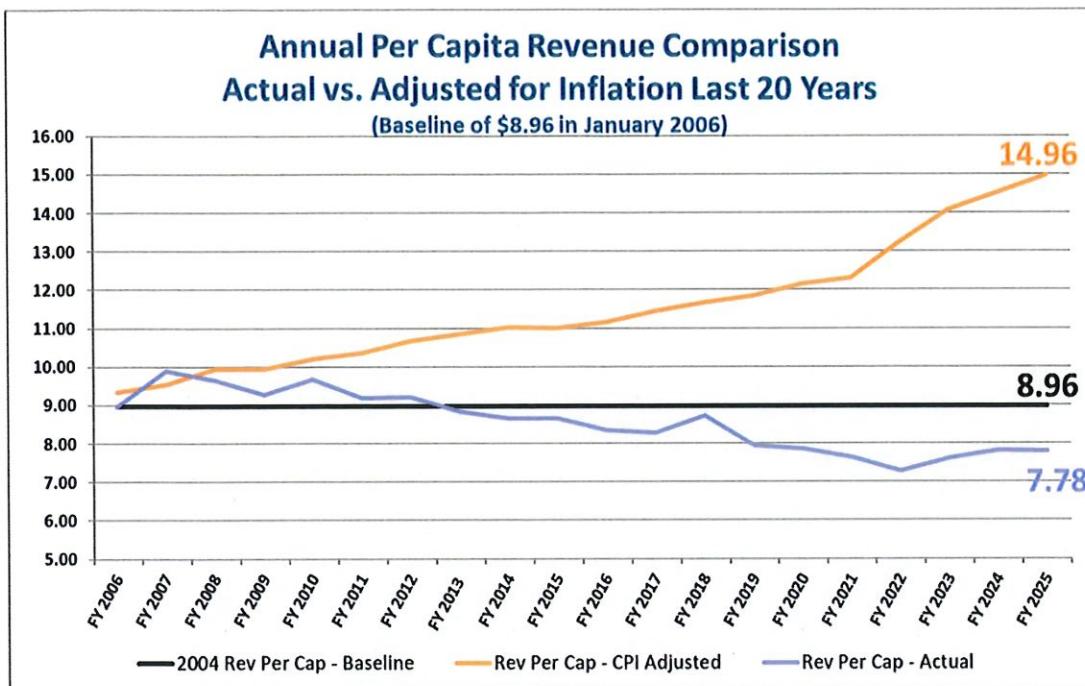
PROPOSED BUDGET - Revenue

MCECD is funded by fees assessed on telephone service. Mobile phone customers with a contract service plan pay \$0.50 per month, per phone. Pre-paid wireless plans are charged a 9-1-1 fee equal to 2% of the retail price for airtime. The fee for a land line and for Voice over Internet Protocol (VoIP) range from \$0.62 to \$1.66 per month for residential service. For business customers, the monthly fee starts at \$1.29 and goes up to \$2.23.

Revenue from wireless service continues to increase while land line revenue rapidly declines. VoIP revenue peaked in FY 2021 has slightly declined since.



The fallout of these long-term trends is that MCECD operates at lower revenue per capita than it did 20 years ago in both real and adjusted terms. MCECD collected \$8.96 per person in 2006. That amount has dropped to \$7.78, a decrease of \$1.18. If adjusted for inflation, the 2006 amount equals \$14.96 in today's dollars. Therefore, MCECD is providing 9-1-1 service for 48% less than it did in 2006.



MCECD expects to collect \$5,671,800 of revenue in FY 2026 which is 6.0% *less* than the budget for the current year. The decrease is due to completing the three-year grant program in FY 2025 from the State of Texas for implementing Next Generation 9-1-1 (NG911), thereby exhausting that source of funds.

PROPOSED BUDGET – Operating Expenditures

The proposed budget for expenses is \$6,052,600 which is 2% *above* the budget for FY 2025. MCECD's operating budget is broken into three major expenditure categories – Cost of Services, Personnel Costs, and General & Administrative Costs.

Cost of Services increased by only \$1,100 in this budget. It is the largest category of costs and accounts for nearly 60% of all expenditures. It includes \$875,600 for 9-1-1 network connections and operating costs. The single largest line item is in this section of the budget - \$2,182,200 to pay contracts with the Montgomery County Sheriff's Office (MCSO) and the Conroe Police Department (CPD) to answer all 9-1-1 calls. MCECD reimburses these two agencies for the salary and benefits of 27 telecommunicators combined.

Other major expenses in the Cost of Services category are:

- \$201,800 for service enhancements such as foreign language translations service, Smart 9-1-1 safety profiles, and an emergency notification system, and
- \$199,400 in certificate pay to incentivize professional development for 9-1-1 telecommunicators.

The second category of operating expenditures is Personnel Costs. The district budgets for 11 full-time staff members who provide technical support, addressing, mapping, public education, database management, training, and administration. There are no changes proposed with staffing in the upcoming fiscal year. There is, however, a plan to increase the contribution to the district's retirement plan to reduce future liabilities. The personnel budget is 7.4% higher than the current year budget due to this contribution.

The final and smallest category of operating expenditures is General & Administrative Costs. The proposed budget for this category is 5.5% *below* the budget for the current year. The decrease is mainly due to reductions in general consulting fees and public service advertisements.

PROPOSED BUDGET – Capital Expenses

Besides operating expenditures, MCECD also budgets for capital and other non-operating outlays. The capital budget includes \$715,000 to replace the servers and switches for the call-handling equipment. Another \$150,000 is set aside for grants to emergency call centers and projects that improve interoperability among the call centers.

The district purchased 15 acres to develop a new regional emergency communication center and a multi-agency data center. The budget includes \$800,000 to cover pre-development and/or design expenses for the property. The total budget for capital expenses is \$1,911,000.

ADDITIONAL DATA AVAILABLE UPON REQUEST

Additional data on the budget is available upon request. MCECD can supply audited financial statements, historical budget information, and details of line-item expenditures. Contact Abby Barocio to make your request: abarocio@mc911.org or 936 523-5912.



**Montgomery County Emergency
Communication District
Proposed Budget for Fiscal Year 2026**

OPERATING REVENUES & EXPENSES	FY 2025 Budget	FY 2026 Budget
REVENUES		
9-1-1 Fees	\$ 5,149,700	\$ 5,327,800
Interest Earned	244,000	242,000
Other Income	2,000	2,000
NG911 Grant Program	641,200	100,000
Total Revenues	\$ 6,036,900	\$ 5,671,800
OPERATING EXPENSES		
Cost of Services	\$ 3,568,800	\$ 3,569,900
Personnel Costs	1,897,200	2,037,900
General & Administrative Costs	470,600	444,800
Total Expenditures	\$ 5,936,600	\$ 6,052,600
Operating Surplus (Deficit) of Revenues over Expenditures	\$ 100,300	\$ (380,800)
Use of Reserves - NG 9-1-1 Allocation from Broadband Infrastructure Fund	-	315,800
Use of Reserves - FY 2025 Operating Surplus for TCDRS Funding Policy	-	65,000
Net Surplus (Deficit)	\$ 100,300	\$ -
Emergency Allocation for Repairs and Replacements	\$ 350,000	\$ 350,000
CAPITAL OUTLAY & PSAP IMPROVEMENT GRANTS	FY 2025 Budget	FY 2026 Budget
Estimated Project Costs		
Technology	\$ 250,000	\$ 957,000
PSAP Improvement Grants	300,000	150,000
Facilities	1,300,000	800,000
Vehicles	-	-
Total Estimated Project Costs	\$ 1,850,000	\$ 1,907,000



Montgomery County Emergency Communication District Proposed Budget for Fiscal Year 2026

Cash Flow Estimate

Operating Funds

Estimated Cash Balance on 10/1/2025	\$ 9,508,100
<u>Surplus of Revenues over Expenditures (FY25)</u>	(380,800)
Net Funds Available	9,127,300

Restricted Reserves	Operating Reserve (2 months of expenses)	1,010,800
	Emergency Allocation for Repairs and Replacements	350,000
	Allocation from Texas Broadband Infrastructure Fund*	3,313,900
	Pension and OPEB Deferrals	278,000
	<u>Capital Reserve</u>	4,100,000
	Total for Restricted Reserves	9,052,700
	Unencumbered Reserves (est. on 9/30/2025)	\$ 74,600

Capital Outlay & PSAP Improvement Grants

Capital Reserve	4,100,000
Capital Outlay & PSAP Improvement Grant Budget	1,907,000
Estimated Capital Reserve on 9/30/2025	\$ 2,193,000

*Allocation from Texas Broadband Infrastructure Fund for NG 9-1-1

FY 2024 - Original Allocation	3,629,700
FY 2025 - Estimated Drawdown	-
FY 2026 - Budgeted Drawdown	315,800
Remaining Allocation	3,313,900



Montgomery County Emergency Communications District Proposed Budget for FY 2026

(Line item details are included for reference only)

	FY 2023	FY 2024	FY 2025 Budget	FY 2025 Estimate	Variance (est.)	FY 2026 Budget	Increase (Decrease)	Inc (Dec)
REVENUES								
911 Fees - Landline/Primary	538,355	389,326	344,100	284,700	(59,400)	237,900	(106,200)	-30.9%
911 Fees - Landline/Resellers	145,263	111,130	118,200	74,800	(43,400)	66,900	(51,300)	-43.4%
911 Fees - Wireless/Contract	3,176,896	3,505,314	3,432,000	3,869,600	437,600	3,930,000	498,000	14.5%
911 Fee - Wireless/Prepaid	299,090	275,903	286,400	233,300	(53,100)	223,000	(63,400)	-22.1%
911 Fees - VoIP	976,784	943,404	969,000	891,600	(77,400)	870,000	(99,000)	-10.2%
Interest Earned	158,358	198,792	244,000	311,100	67,100	242,000	(2,000)	-0.8%
Misc. Income	623	299	2,000	2,900	900	2,000	-	0.0%
NG911 Grant Program	500,359	638,559	641,200	568,800	(72,400)	100,000	(541,200)	-84.4%
State Funding	-	3,629,734	-	-	-	-	-	-
Total Revenues	5,795,729	9,692,462	6,036,900	6,236,800	199,900	5,671,800	(365,100)	-6.0%

	Cost of Services	Personnel Costs	General & Administrative Costs	Total Expenditures
2,977,071	3,365,775	3,568,800	3,568,100	(700)
1,698,939	1,777,848	1,897,200	1,780,300	(116,900)
433,816	398,423	470,600	443,300	(27,300)
5,109,826	5,542,047	5,936,600	5,791,700	(144,900)
				6,052,600
				116,000
				2.0%

OPERATING EXPENSES

	Revenues	Operating Expenses	Surplus/(Deficit)
5,795,729	9,692,462	6,036,900	5,671,800
5,109,826	5,542,047	5,936,600	6,052,600
685,903	4,150,415	100,300	(380,800)
			(481,100)

SUMMARY

	Revenues	Operating Expenses	Surplus/(Deficit)
5,795,729	9,692,462	6,036,900	5,671,800
5,109,826	5,542,047	5,936,600	6,052,600



Montgomery County Emergency Communications District Proposed Budget for FY 2026

	FY 2023	FY 2024	FY 2025 Budget	FY 2025 Estimate	Variance (est.)	FY 2026 Budget	Increase (Decrease)	Inc (Dec)
COST OF SERVICES								
Communication								
9-1-1 Trunks & Exchanges	236,829	402,505	785,700	753,700	(32,000)	747,600	(38,100)	-4.8%
9-1-1 Fiber & Data Connections	67,313	70,510	75,600	55,600	(20,000)	61,600	(14,000)	-18.5%
Operational Telephone & Data	52,313	55,346	51,600	61,100	9,500	66,400	14,800	28.7%
Communications Subtotal	356,455	528,361	912,900	870,400	(42,500)	875,600	(37,300)	-4.1%
Education								
Conferences and Seminars	8,990	5,709	11,400	16,500	5,100	13,500	2,100	18.4%
Travel Expenses	26,002	25,138	34,800	32,500	(2,300)	34,800	-	0.0%
Tuition Reimbursement	-	-	600	-	(600)	600	-	0.0%
Education Subtotal	34,992	30,848	46,800	49,000	2,200	48,900	2,100	4.5%
Service Delivery								
Call-taking Contracts	2,070,912	2,253,131	2,132,400	2,115,300	(17,100)	2,182,200	49,800	2.3%
Certificate Pay Reimbursements	195,757	186,933	199,400	193,600	(5,800)	199,400	-	0.0%
Service Enhancements	305,959	303,502	201,800	279,900	78,100	201,800	-	0.0%
Network and System Monitoring	12,996	63,000	75,500	59,900	(15,600)	62,000	(13,500)	-17.9%
Other Services	-	-	-	-	-	-	-	0.0%
Service Delivery Subtotal	2,585,624	2,806,567	2,609,100	2,648,700	39,600	2,645,400	36,300	1.4%
TOTAL - COST OF SERVICES	2,977,071	3,365,775	3,568,800	3,568,100	(700)	3,569,900	1,100	0.0%

Operating Expenses Line Item Detail



Montgomery County Emergency Communications District Proposed Budget for FY 2026

	FY 2023	FY 2024	FY 2025 Budget	FY 2025 Estimate (est.)	Variance (est.)	FY 2026 Budget	Increase (Decrease)	Inc (Dec)
PERSONNEL COSTS								
Wages & Salary								
Regular	937,473	979,253	1,099,800	996,500	(103,300)	1,116,600	16,800	1.5%
Leave Time	143,094	165,263	149,400	159,800	10,400	144,200	(5,200)	-3.5%
Allowances	22,794	22,866	27,600	22,800	(4,800)	25,200	(2,400)	-8.7%
Longevity	4,644	5,076	5,500	5,600	100	3,900	(1,600)	-29.1%
Overtime	6,477	17,436	11,800	15,300	3,500	15,000	3,200	27.1%
Wages and Salary Subtotal	1,114,482	1,189,894	1,294,100	1,200,000	(94,100)	1,304,900	10,800	0.8%
Employment Taxes								
Social Security	62,841	68,823	80,700	68,500	(12,200)	71,900	(8,800)	-10.9%
Medicare	15,082	16,558	19,500	16,600	(2,900)	17,500	(2,000)	-10.3%
Unemployment Insurance	93	-	1,800	200	(1,600)	200	(1,600)	-88.9%
Employment Taxes Subtotal	78,016	85,381	102,000	85,300	(16,700)	89,600	(12,400)	-12.2%
Benefits								
Retirement	301,980	232,347	234,000	233,700	(300)	367,800	133,800	57.2%
Group Insurance	193,487	255,732	249,600	247,100	(2,500)	259,500	9,900	4.0%
Supplemental Insurance	7,220	9,571	13,500	9,900	(3,600)	11,600	(1,900)	-14.1%
Workers Compensation	3,753	4,922	4,000	4,300	300	4,500	500	12.5%
Benefits Subtotal	506,441	502,573	501,100	495,000	(6,100)	643,400	142,300	28.4%
TOTAL - PERSONNEL COSTS	1,698,939	1,777,848	1,897,200	1,780,300	(116,900)	2,037,900	140,700	7.4%



Montgomery County Emergency Communications District Proposed Budget for FY 2026

	FY 2023	FY 2024	FY 2025 Budget	FY 2025 Estimate	Variance (est.)	FY 2026 Budget	Increase (Decrease)	Inc (Dec)
GENERAL & ADMINISTRATIVE COSTS								
Supplies								
Office Supplies	2,575	1,677	3,000	2,800	(200)	3,000	-	0.0%
Computers & Electronics	2,024	877	-	3,800	3,800	3,500	3,500	0.0%
Small Equipment	2,098	16	10,800	10,100	(700)	15,000	4,200	38.9%
Operating Supplies	39,674	46,884	37,800	35,500	(2,300)	37,800	-	0.0%
Business Meetings	15,566	16,574	17,600	16,900	(700)	17,600	-	0.0%
Supplies Subtotal	61,937	66,028	69,200	69,100	(100)	76,900	7,700	11.1%
Contract Services								
Professional Fees	48,169	50,113	56,300	51,600	(4,700)	54,300	(2,000)	-3.6%
Maintenance	48,386	47,973	55,800	44,100	(11,700)	49,800	(6,000)	-10.8%
General Consulting	44,807	4,809	30,000	30,000	-	12,000	(18,000)	-60.0%
Bank Fees	884	443	-	100	100	-	-	0.0%
Property Insurance	41,137	45,168	49,500	50,500	1,000	49,500	-	0.0%
Software & Licensing	94,261	94,657	101,600	98,200	(3,400)	99,300	(2,300)	-2.3%
Printing	1,229	2,266	1,800	1,600	(200)	1,800	-	0.0%
Equipment Leasing	5,857	5,717	5,900	5,600	(300)	5,900	-	0.0%
Postage	666	893	900	800	(100)	900	-	0.0%
Advertisements	19,425	16,950	30,000	21,800	(8,200)	21,000	(9,000)	-30.0%
Legal Notices	1,201	1,718	-	500	500	-	-	0.0%
Dues & Subscriptions	4,335	4,054	4,600	4,200	(400)	4,200	(400)	-8.7%
Waste Disposal	5,173	5,860	5,700	8,300	2,600	9,600	3,900	68.4%
Misc Fees	20	50	200	200	-	200	-	0.0%
Contract Services Subtotal	315,550	280,671	342,300	317,500	(24,800)	308,500	(33,800)	-9.9%



Montgomery County Emergency Communications District Proposed Budget for FY 2026

	FY 2023	FY 2024	FY 2025 Budget	FY 2025 Estimate	Variance (est.)	FY 2026 Budget	Increase (Decrease)	Inc (Dec)
Transportation								
Fuel	1,269	1,346	2,000	1,500	(500)	1,800	(200)	-10.0%
Vehicle Maint. & Inspections	3,450	1,653	1,800	1,200	(600)	1,500	(300)	-16.7%
Mileage Reimbursement	460	580	900	1,300	400	1,300	400	44.4%
Insurance (auto)	1,891	2,230	2,500	2,400	(100)	2,700	200	8.0%
Transportation Subtotal	7,070	5,809	7,200	6,400	(800)	7,300	100	1.4%
Utilities								
Water & Sewer	4,102	3,884	4,600	4,200	(400)	4,500	(100)	-2.2%
Natural Gas	454	1,227	700	900	200	1,000	300	42.9%
Electricity	44,704	40,804	46,600	45,200	(1,400)	46,600	-	0.0%
Utilities Subtotal	49,260	45,916	51,900	50,300	(1,600)	52,100	200	0.4%
TOTAL - GENERAL & ADMIN COSTS	433,816	398,423	470,600	443,300	(27,300)	444,800	(25,800)	-5.5%
TOTAL - OPERATING EXPENSES	5,109,826	5,542,047	5,936,600	5,791,700	(144,900)	6,052,600	116,000	2.0%
CAPITAL OUTLAY & PSAP IMPROVEMENT GRANTS								
Technology	195,825	121,224	250,000	198,300	(51,700)	957,000	707,000	282.8%
Interoperability Projects	150,227	126,320	300,000	125,000	(175,000)	150,000	(150,000)	-50.0%
Facilities	-	45,644	1,300,000	1,250,000	(50,000)	800,000	(500,000)	-
Vehicles	-	-	-	-	-	-	-	-
TOTAL - CAPITAL OUTLAY & PSAP IMP. GRANTS	346,052	293,188	1,850,000	1,573,300	(276,700)	1,907,000	57,000	3.1%

RESOLUTION APPROVING THE MONTGOMERY COUNTY
EMERGENCY COMMUNCIATION DISTRICT BUDGET FOR
FISCAL YEAR 2026

WHEREAS, on June 24, 2025, the Board of Managers of the Montgomery County Emergency Communication District (MCECD) adopted a proposed budget for the fiscal year that begins on October 1, 2025; and

WHEREAS, the MCECD Board of Managers has submitted the proposed budget to _____ (Name of Participating Jurisdiction) for approval in accordance with the Emergency Telephone Act of the Texas Health and Safety Code, Section 772.309; and

WHEREAS, to go into effect the budget must be approved by the Montgomery County Commissioners Court and by a majority of the governing bodies of the participating jurisdictions; and

WHEREAS, if the governing body of a participating jurisdiction does not approve or disapprove of MCECD's budget before the sixty first (61st) day after the date receipt, the budget is approved by that participating jurisdiction by operation of law; and

WHEREAS, the budget is satisfactory as submitted;

NOW, THEREFORE, BE IT RESOLVED BY THE _____
(Governing Body of the Participating Jurisdiction) that the Montgomery County Emergency Communication District's Budget for Fiscal Year 2026 is approved.

Passed and approved this _____ day of _____, 2025.

Title: _____

ATTEST: _____

Name: _____

Title: _____