



Emergency Telephone System Board Of DuPage County Memorandum

TO: Chair Schwarze and ETS Board Members
FROM: Linda Zerwin, Executive Director
DATE: June 30, 2026
SUBJECT: FY27 Budget Executive Summary
CC: Chair Conroy, County Administrator Nick Kottmeyer

Budget Preparation Calendar:

July Meeting

1. Review any changes to the Operating Budget
2. County Board Required Documents
3. Total Obligations Presentation
4. Discuss 911 State Advisory Board Goals and ETSB Goals
5. Update the Calendar based on Discussion

August Meeting

1. **Treasurer's Investment Report**
2. **Cash Projection Discussion**
 - a. **New Chart for review**
 - b. **Policy Discussion**
3. Capital Budget Requests
4. 54199: Capital Contingencies and Capital Management Plan
5. Discuss 911 State Advisory Board Goals
6. Update the Calendar based on Discussion

September Meeting

1. PSAP Distribution for FY27
2. Discussion of the FY26 Budget as shown on the September Agenda
Standard Practice has been to provide the final budget in September for discussion and approval at the October meeting
3. Discuss 911 State Advisory Board Goals
4. Update the Calendar based on Discussion

October Meeting

1. Approve the FY26 Budget if not approved in September
2. Approve FY26 COLA salary adjustments, if finalized by the County Board, and the ETS Board is in agreement

November Meeting – if needed

1. Approve the FY26 Budget if not approved in September.
2. Approve FY26 COLA salary adjustments, if finalized by the County Board, and the ETS Board is in agreement

Additional Tasks:

1. Review the Expenditure policy for ETSB based on discussions
2. Capital Requests Memorandums – make recommendations for ETS Board approval in final budget, cut off October
3. Update Tasks based on Discussion



Emergency Telephone System Board Of DuPage County Memorandum

The current finance reports include: ETSB Revenue and Reimbursement Report, FY26 Equalization Surcharge Revenue Distribution Report, Treasurer’s History Report, Payment of Claims History Monthly Report, the FY26 Expenditure vs Budget Report for March, FY26 Equalization Surcharge Revenue Distribution by Formula, Capital Management Report With CPI, Capital Management Report CPI Data Report, and Capital Management Report 10 Year Forecast. In addition to the above reports that have been provided monthly since January, a Total Obligations Report put together by ETSB staff and a Powerpoint presentation provided by ISP regarding the current financial status of that surcharge and the decline of revenue have been provided.

The Cash Projection Discussion was originally scheduled for the July meeting. This discussion has been moved to the August meeting to coincide with the Treasurer’s Investment Presentation.

The draft budget is prepared by staff in concert with County Finance and according to County budget policy. The draft FY27 budget to date is:

Budget	FY2026 Appropriation	FY2026 Actual	FY2027 Projections	Difference FY26 / FY27	% of Diff FY26 / FY27	% of Operating Budget
Operating						
Personnel	\$1,667,754	\$771,518	\$1,680,111	\$12,357	1%	12%
Commodities	\$597,750	\$53,766	\$617,950	\$20,200	3%	4%
Contractual	\$11,546,450	\$2,968,494	\$11,932,879	\$386,429	3%	84%
Total	\$13,811,954	\$3,793,778	\$14,230,940	\$418,986	3%	100%
New Capital	\$432,940	\$7,243,970*	\$624,672	\$191,732	44%	
54199	\$34,754,075	\$7,145,768	\$27,474,044	\$(7,280,028)	-21%	
Total Budget	\$48,998,966	\$10,939,546	\$42,329,656	\$(6,669,310)	-14%	

*includes transfers from 54199

TOTAL OBLIGATIONS

ETSB Staff has been working on a snapshot of the current contractual obligations utilizing the County ERP reports. That snapshot allows the ETS Board to consider current services. Wireless Communication Services, Repair & Maintenance Other Equipment, Software Licenses, Software Maintenance Agreements, and Other Contractual Expenses make up eighty-nine percent (89%) or \$10,589,271 of the \$11,932,879 contractual budget category. This means that other than continuing to negotiate contracts for bid for lower costs, the current costs are obligated either as support/maintenance of the 911 components or what was originally coined as “Friends of CAD” meaning ancillary systems or software that support, monitor and/or protect the 911 system.

OPERATIONS BUDGET

FY27 \$14,230,940
FY26 \$13,811,954
 Difference / % Difference \$418,986 / 3%

The FY27 Operations Budget shows additional adjustments which amend the overall budget to a three (3%) increase. The specifics will be discussed below.



Emergency Telephone System Board Of DuPage County Memorandum

Personnel Expense	FY27	\$1,680,111
	FY26	\$1,667,754
	Difference / % Difference \$12,357 / 1%	

The authorized head count remains nine (9) for FY27. As of this report there is still one open position. The Board approved a classification change from Data Analyst to System Administrator. The System Administrator position has been posted. The COLA is still calculated at three percent (3%). The County Board has not yet made approved or discussed COLA.

Commodities	FY27	\$617,950
	FY26	\$597,750
	Difference / % Difference \$20,200 / 3%	

This category shows a slight increase. In FY27, ETSB will purchase one (1) replacement fire radio battery per portable radio. This rotation of moving off replacing batteries at one time provides balance. The increase is the result of the fire radio batteries being more expensive than the police radio batteries. In FY28, the UPS batteries are scheduled to be replaced. This resulted in an anticipated decrease in this line item based on volume and cost. The rotation will then be: police, fire, UPS. The offsetting decrease is the result of a decrease in the furniture line item as ETSB anticipates completing its office realignment project.

Contracts	FY27	\$11,932,879
	FY26	\$11,546,450
	Difference / % Difference \$386,428 / 3%	

In June, this category showed zero (0) growth with a decrease of \$154,431. However, this month, staff working with County Financing, adjusted this category to reflect pre-aid contractual obligations. The result is a 3% increase or \$386,428 to date. Keep in mind that this amortization has already been paid (cash) but is now reflected in the accrual based budget.

The pre-paid services include the following: Change Order #8 to the Motorola PO 5522-1 radio contract extended and aligned the Smart Services and ASTRO Technical Assistance service expiration dates for the APXNext and APXNext XN radios in the DEDIR System through December 31, 2031. The return of APX8500 mobile radios (including deployed units), along with undeployed APX4000 radios and vehicle chargers, generated a contract credit of \$3,943,950.20. This credit was applied to prepay the service extension, resulting in a subscription amortization expense beginning in April 2027. As a result, this amortization must be included in this and future budgets. At the direction of the Finance Department, eight (8) months of amortization totaling \$553,536.87 has been budgeted in 53807: Software Maintenance. While this expense is partially offset by a depreciation credit, the depreciation is not reflected as a budgeted line item. The remaining amortization has been incorporated into FY2028–FY2031 and will conclude when the contract expires on December 31, 2031.



Emergency Telephone System Board Of DuPage County Memorandum

New Capital	FY27	\$624,672
	FY26	\$432,940
	Difference / % Difference \$191,732 / 44%	

Since the June meeting, a carryover for the DFSI project has been added to this category in the amount of \$90,292. This amount will show in line item 54110 that is included in the FY27 and the difference between FY26/27 amounts. If we leave that carryover in this budget, we will need a blurb.

REVENUE	Monthly Surcharge Estimated FY27	\$ 13,698,084
	Monthly Surcharge Estimated FY26	\$ 13,000,000
	Difference / % Difference \$ 698,084 / 5%	

	Monthly Surcharge YTD Actual FY26	\$7,863,828
	Monthly Surcharge end of Year FY26 Forecast	\$13,480,848

FY25 was the first time in seventeen (17) years that ETSB did not make its monthly surcharge revenue projection. The projection was \$14M. Consequently, the FY26 monthly surcharge revenue projection was reduced to \$13M.

The ETSB has received 7 monthly payments in FY26 as of June 30. The average amount of these seven payments is \$1,123,404. Using the amount of \$1,123,404 for the remaining five months projects a forecast of \$13,480,848.

The ISP has been researching the cause of declining surcharge and whether this is because of the decline in pre-paid cellphones point of sale (POS) purchases, NG911 costs, legacy network costs, and added service: Text-to-911. At the last State Advisory Board meeting, an 11 slide Powerpoint was presented to provide an update on the surcharge and other financial topics. It has been posted with this month's budget information. The summary below provides support to the previous discussions the ETS Board has had regarding the decline in surcharge and the need to be cautious because of the variability surrounding the State collection and current expenditures with respect to the NG911 network and legacy systems still in transition.

In summary:

- February Remit / May Distribution and General Surcharge Information
 - Current month distribution is 6% below the SFY26 monthly average, per ETSB.
 - 8 carriers account for 90% of the State monthly receipts.
 - March's distribution exceeded the annual average due to increased receipts from two of the top eight carriers.
 - After normalizing the spike from these two carriers (approximately \$1M), distributions show an approximate 7% month-over-month decrease and a 2.2% year-over-year decrease (SFY26 YTD vs. SFY25).
 - Two of the "Big 4" carriers reported a combined **\$1.2M decrease in May receipts**, making them the primary drivers of the month's surcharge decline (**6% and 4% below their quarterly averages, respectively**).
 - Follow-up inquiries have been submitted to both carriers to understand the decline.
 - ZIP-code-level subscriber file analysis is being conducted to identify potential variances.



Emergency Telephone System Board Of DuPage County Memorandum

- Prepaid Surcharge Revenue decline
 - Reviewing specific ETSBs by month.
 - Prepaid revenue is collected and reported by the Illinois Department of Revenue.
 - Transparency is limited.
 - Some states are reporting that they are also experiencing a decline in prepaid revenue (surcharge receipts as well) Nebraska, Idaho, North Dakota, South Dakota, Colorado. The SAB discussed legislation at the state and federal level which will be researched.
- Network Costs
 - The Bureau pays approximately 45 carrier vendors each month for legacy, NG911, Text-to-911, and diversity-related projects.
 - The State of Illinois maintains the contract with the primary ESInet provider for the state, **AT&T**.
 - All other contracts and service agreements were established by the 9-1-1 Authorities, complicating billing adjustments and research efforts.
 - The Statewide 9-1-1 Bureau is currently managing three active billing disputes.
 - Legacy network costs will remain difficult to predict until these disputes are resolved, and Phase 2 FCC Enhanced E9-1-1 requirement is complete
- Special Distribution
 - NG 9-1-1 Grant Funding Not Awarded (Obligated).
 - Funds allowed to be withheld but not utilized by the ISP for the upgrade and maintenance to the NG 9-1-1 system.
 - Funds allowed to be withheld but not utilized by the ISP for Administrative costs, including ISP call handling equipment upgrades for NG 9-1-1.
 - Special and regular monthly distributions scheduled for the week of June 22.
 - SFY2026 payment is in line with last year's special distribution payment.

Not discussed in the slides, but worthy of consideration, is the increased use of Microsoft Teams and similar systems by businesses including college campuses to replace traditional and VoIP telephone systems. This will also impact surcharge as the end of life for last mile copper reaches in final stages with a projected timeline in 2027 forcing users to seek other alternatives. Newer communication systems are being leveraged successfully as viable options to replace telephony and VoIP. These systems are not subject to surcharge. Several 911 Systems have noted this trend and impact to their monthly surcharge receipts; however, specific data is not yet available.

Additionally, there has also been a steady decline in the amount of the NG911 Withholding disbursement. The first disbursement was \$2,348,343.23 in FY22 and in FY25 the amount was \$1,614,314.27.

PSAP ALLOCATION	FY26	\$1,000,000
	FY26 NG911 Withholding paid in FY26	\$830,783
	FY27	\$1,000,000
	FY26 NG911 Withholding paid in FY27	\$TBD

Per Policy 911-010: Expenditure Policy, last fiscal year, the Board approved \$830,783 of the \$1,614,314.27 NG911 Withholding Distribution to be allocated to the PSAPs in FY26. The remaining amount was used to meet the \$14M monthly revenue projection.



Emergency Telephone System Board Of DuPage County Memorandum

ACDC	\$350,000 (IGA) + \$190,774.11 (NG911) = \$	640,774.11
DU-COMM	\$650,000 (IGA) + \$540,009.06 (NG911) =	<u>\$1,190,009.06</u>
Total Allocation 53830: Other Contractual Expenses		\$1,830,783.17

When the FY26 withholding is received, the Board can discuss appropriate distribution of these funds based on the monthly revenue projection as well as any funds over the monthly surcharge revenue projection.

CAPITAL MANAGEMENT PLAN

FY27 \$14,013,330

FY26 \$799,999

Total Asset (Original Purchase Price) \$27,474,004

The ETS Board has been discussing the 54199: Capital Contingencies line item which funds existing capital infrastructure for the 911 System. This discussion resulted in the updating of Policy 911-010: Expenditure Policy and the creation of several reports:

The Capital Management Plan Report: This report is a snapshot of the items included for replacement with 54199 funds. The ETS Board asked that an escalator be applied for comparison and consideration. The County uses Historic CPI. ETSB Staff also utilized Historic IT CPI for a broader picture since this is the majority of the components in the 911 System.

As supporting data for this report, there are the following reports: Capital Management Plan CPI, Capital Management Plan Charts, Capital Management Plan Forecast.

The major discussion here is how much to allocate vs how much cash and whether there should be a reserve. This is why the discussion is currently scheduled for the August meeting.

For August/September the Board will have the following decisions to make. It is recommended that the Board decide and provide direction in August and September when it will have the most current information.

Discussion/Decisions:

- Capital Contingencies Line Item Amount:
 - Baseline amount
 - FY26 did not include complete radio replacement
 - FY27: include complete radio replacement or not
- 911 Withholding: When the FY26 withholding is received, the Board can discuss appropriate distribution of these funds based on the monthly revenue projection per policy.
- Monthly Surcharge Revenue: At the current projection, the ETSB should meet its \$13M revenue estimate. The Board can discuss as well as any funds over the monthly surcharge revenue projection.