

SNOCOM – SNOPAC Joint Task Force Finance Debrief #2

Meeting Summary for April 11, 2017/ 1:00 pm

Location: Offices of Fire District 1: 12425 Meridian Ave. S, Everett, WA

Meeting Attendance:

Joint Task Force Members					
Bob Colinas		Jon Nehring		Rick Smith	
Al Compaan	✓	Brad Reading	✓	Roy Waugh	
Steve Guptill		Bryan Stanifer		Ralph Krusey	✓
Staff Support Team					
Kurt Mills	✓	Karen Reed			
Terry Peterson	✓	Brenda Froland	✓		
Guests					
Angie Baird - SNOPAC		Dan Templeman - Everett		Rae Weighter - Everett	
Kent Saltonstall - Woodway		Steven Hellyer - Everett		Sandy Langdon - Marysville	
Jennifer Gregerson–Mtlk Terr		Sonja Springer - Lynnwood		Kathleen Junglov - FD1	
Scott James - Edmonds		James Lever - Everett		Crystil Wooldridge - Mtlk Terr	
Dan Summers - SNOPAC		Bob Eastman – FD1		Shaun Greenmun - Mukilteo	
Dave Turley - Edmonds					

Welcome. SNOPAC Director, Kurt Mills, welcomed the attendees, and asked everyone to introduce themselves. Based on feedback from the initial meeting with finance personnel, a few handouts were distributed to help explain the methodology / approach used to develop the pro forma budget models.

Terry referred to the pro forma on the screen for 4B – Consolidated Agency and noted that it had been updated to reflect the two minor errors that were discovered at the last finance review:

- 1) The special member assessment has now been factored in through 2025
- 2) The formula in 2025 now accounts for the addition of one FTE at SNOCOM

In response to questions at the previous meeting about reserves accounts, Terry and Kurt reviewed the handouts that detailed SNOCOM’s Administrative Policy for Reserve Funds and an overview of SNOPAC’s Capital and Reserve Funds.

There was a question about the difference between fund balances and year-end carryover funds at SNOPAC which Kurt explained. It was also clarified that the fund balances are cash basis and do not include assets.

Terry and Kurt reviewed each of the Pro Forma Budget Assumptions; it was emphasized that during the process, the Directors made every effort to avoid overinflating numbers and used historical data when available.

Notes from discussion about individual assumptions:

#3 – 4% M&O Change per year – this was based on historical data; the pro forma does show a 14% decrease in M&O that can be attributed to eliminating duplicative costs such as service agreements.

#4 – E911 Board includes SNOPAC and SNOCOM representatives, so there is some influence in decisions about revenue.

#5 – Standards were used in an effort to make an apples-to-apples comparison in service levels.

#6 – This was an extra step taken by the Directors. The Matrix Study did not account for this.

#8 – There was a question about not addressing the opportunity to right-size the Admin/Tech staff. It was noted that these positions were intentionally not reviewed at this time as no standards exist. The idea of holding admin/tech costs to a given percentage of total budget was suggested as an industry standard. It was mentioned that Matrix identified already lean front office staff at both organizations. Terry offered that if SERS consolidates into the organization, there would be some economies of scale as IT staff would support all systems.

#9 – The higher wages that cross-trained staff would earn were factored in when costing the models.

#16 – The funding of transition costs has not been addressed as it would be a board decision.

#18 – There was a question about the 80% application of available funding from E911 and whether this was historical. This has been historical for SNOPAC; SNOCOM has at times applied a greater percentage to offset agency assessments.

#19 – The rationale for assuming rent for the SNOCOM facility was to avoid inflating potential cost savings.

It was mentioned that there is uncertainty about the future of the E911 distribution formula which determines how funds are divvied between SNOCOM and SNOPAC. Kurt replied that in addition to the Directors' financial analysis, there was also an in-depth analysis of the impact of call transfers in Snohomish County. While the greatest impact is to the citizens and first responders in the Jointly Served Area (150,000 of the 750,000 who live in Snohomish County), call transfers impact every agency in Snohomish County to some degree.

There was a question about the correlation between E911 funds and workload. Terry noted that the E911 formula is based on population served and call volume. The Joint Task Force costed two modelling options that routed calls from the Jointly Served Area to one PSAP or the other (to avoid transfers) and both resulted in significant shifts in the disbursement of E911 funds. It was

noted that even if calls were rerouted and E911 funding shifted, there would likely be no corresponding decrease in staff levels.

Closing Comments. Terry summarized that the Directors hoped the two financial reviews would give finance staff confidence to support the process that was used in cost modelling. It is important as this is one of the pieces that future decisions will be based on. Terry asked if there was general consensus that questions were addressed and process was valid. There were four comments:

- The results are much more reasonable than the Matrix Study which overinflated cost savings.
- The funding of one-time transition costs has not been addressed. Kurt offered that this would be a decision for a consolidated Board, but opportunities such as the reserve funds do exist. An option was suggested to roll-back existing equity to SNOCOM and SNOPAC agencies and use a fee structure to assess the one-time transition costs out of those balances. Terry noted that Pacific Law Firm will be helping with some of those high-level items like what is the most equitable way of dealing with existing reserves.
- There was a clarifying question about combining M&O and Capital in one line item on the 4B – Consolidated Agency spreadsheet. Kurt noted that in the consolidated approach, the JTF used SNOPAC’s methodology for budgeting capital expenses: use carryover funds rather than budgeting a line item. Terry confirmed that there was a capital line item in all the other options as this is SNOCOM’s current practice.
- Steven Hellyer stated that the City of Everett is very supportive of the assumptions and models, aside from the lack of a staffing model assumption for the Admin/Tech staff.

Attendees were encouraged to send an email to Kurt and/or Terry if additional questions were raised. Evening briefings continue throughout the county. Governance is the primary topic right now.

Meeting adjourned at 1:50 pm.