

SNOCOM & SNOPAC JOINT BOARD of DIRECTORS MEETING

April 20, 2017 - Fire District 1

SNOCOM Board Members & Management in Attendance	Bob Colinas	Brier	Seaun Richards	Mountlake Terrace
	Al Compaan	Edmonds Police	Scott Hugill	Mountlake Terrace
	Tom Mesaros	Edmonds	Greg Wilson	Mountlake Terrace PD
	Don Anderson	Edmonds Police	Chris Alexander	Mukilteo Fire
	Jim Lawless	Edmonds Police	Kent Saltonstall	Town of Woodway
	George Hurst	Lynnwood	Brad Reading	Fire District 1
	Bryan Stanifer	Lynnwood Police	Robert Eastman	Fire District 1
	Gregg Sieloff	Lynnwood Fire	Terry Peterson	SNOCOM
	Pam Pruitt	Mill Creek	Marlin Herolaga	SNOCOM
	Greg Elwin	Mill Creek Police	Karen McKay	SNOCOM
	Jerry Smith	Mountlake Terrace		
SNOPAC Board Members & Management in Attendance	Steve Guptill	Monroe Fire	Ron Brooks	Lake Stevens Police
	James Lever	Everett Police	John Flood	Snohomish Police
	Ty Trenary	SCSO	Roy Waugh	Fire District 7
	Susy Johnson	SCSO	Murray Gordon	Citizen-at-Large
	Eric Hicks	Everett Fire	Kurt Mills	SNOPAC
	Susan Neely	Snohomish County	Angie Baird	SNOPAC
	Rick Smith	Marysville Police	Steve Dittoe	SNOPAC
	Dan Templeman	Everett Police	Steve Lawlor	SNOPAC
Jonathan Ventura	Arlington Police			
Others in Attendance	Bill Anderson, Woodway	Dave Earling, Edmonds	Paul Taylor, FD22	
	Rikki King, Everett Herald	Jon Nehring, Marysville	Darryl Neuhoff, Marysville FD	
	Corbitt Loch, Lynnwood	Brad Cattle, Attorney for SNOPAC	Richard Schrock, FD1	
	Art Ceniza, Lynnwood	Nate Nehring, Snohomish County	Brenda Froland, SNOPAC	
	Glen Koen, Mukilteo	Ralph Krusey, SERS	Sharon Brendle, SNOCOM	

AGENDA ITEMS	REPORTS & COMMENTS	ACTION OR FOLLOW-UP
Call to Order	The meeting was called to order at 8:30 a.m. by SNOCOM President, Jerry Smith. Everyone in attendance was asked to state their name and agency for the record, as well as sign in on the sheets being passed around.	
Project Recap	<p>Karen Reed, the facilitator for the Joint Task Force (JTF) briefly went over the meeting format, then gave a PowerPoint Presentation which summarized the consolidation discussion project.</p> <p>She started off with recapping what both agency's priorities were at the beginning of these discussions: SNOCOM listed theirs in the following order: 1) service level; 2) redundancy; 3) governance; and 4) costs.</p> <p>SNOPAC's priorities were: 1) service levels; 2) costs; 3) redundancy; and 4) governance.</p>	

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	<p>She further explained each of the priority issues and how they have been addressed and worked on within the JTF.</p> <p>Following each of the separate board’s meetings that were held in the previous week, Ms. Reed reported there was preliminary consensus on a governance model for a 15 member board, with 10 seats for police and 5 seats for fire. She explained that population served would be the basis for dividing member agencies into groups to select representatives. She added that both groups also believed in the importance of having Police and Fire TAC continue to provide advice on technical issues, as well as requiring a supermajority vote for the board on important issues.</p> <p>Ms. Reed also went over issues where consensus has not been reached. These include:</p> <ol style="list-style-type: none"> 1) Whether police seats should be allocated based on Option 1 or Option 3 2) Whether or not there should be a mechanism to insure a minimum number of operational staff that are on the board 3) How the interests of contract agencies (jurisdictions under contract to either Fire District 1 or to Snohomish County Sheriff’s Office) should be addressed 4) How supermajority voting or weighted voting should be used and defined 	
<p>Governance</p>	<p><u>Input from Boards on Governance Options and Proposed JTF Compromise.</u></p> <p>Ms. Reed referenced a matrix provided in the board packet that listed various options on police and fire seats for the proposed 15 member board. Both agencies were asked their preference relating to police seats and whether one model was preferable to the other.</p> <ul style="list-style-type: none"> ▪ During their board meeting held last week, SNOCOM’s board made a preference for Option 1. This option is similar to the model that Community Transit uses, and uses a method based on population served. SNOCOM said they were comfortable with this option as long as they didn’t have the requirement to make the seats available to operational staff. ▪ SNOPAC’s preference would be Option 3 that divides everyone into relatively equal population groups without splitting up a jurisdiction. With this model there would be 6 operational staff and 4 elected officials on the police side. ▪ The JTF then made a proposed compromised that included 6 elected representatives and 4 operational staff. <p>Regarding fire seats, the preferences were:</p> <ul style="list-style-type: none"> ▪ SNOCOM preferred an amended version of Option 1, with no requirement of the largest caucus to have any operational staff 	

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	<ul style="list-style-type: none"> ▪ SNOPAC approved Option 1 as presented, which did include a requirement that one of the seats going to the large caucus be filled by an operational staff person. ▪ JTF’s proposed compromise was to go with the SNOCOM proposal. <p>Ms. Reed stated that she was not looking for a decision today regarding board structure. She added that the information presented today was only for the purposes of letting the boards hear from each other on the proposed compromise. In recapping the proposal, four of the 15 seats would be held by operational staff. For caucuses, every jurisdiction within a caucus would send a representative to decide who would represent that caucus on the board.</p> <p>Numerous comments were made on the subject of the governance model options. Following those comments, <i>Councilmember Mesaros, of Edmonds, made a motion that the SNOCOM board take the JTF proposed governance compromise back to their board meeting for a discussion, then come back to the May Joint Board Meeting with their board’s decision on the matter. The motion was seconded by Chief Compaan.</i></p> <p><i>Sheriff Trenary made a motion that the SNOPAC board take the JTF proposed governance compromise back to their board meeting for a discussion, then come back to the May Joint Board Meeting with their board’s decision on the matter. The motion was seconded by Murray Gordon.</i></p> <p><i>Ms. Reed called for a separate vote, and the motion passed unanimously with both boards.</i></p> <p>There was a decision by the SNOCOM board that they will hold a separate work session meeting on May 11th, before their regularly scheduled board meeting on May 18th.</p> <p>It was also requested that more time be given in order to review material in depth prior to any future meeting. This request followed a comment about not having enough time to review the material that was distributed on the afternoon of April 18th for the April 20th meeting.</p> <p><u>Non-service provider cities issues and JTF recommendation.</u></p> <p>Ms. Reed reported that she and the directors recently met with city managers and administrators from four non-service provider cities. They had been approached by Snohomish, Stanwood, Sultan and Granite Falls and told that those cities were interested in supporting consolidation, but that they wished to make sure they become members of the agency and would be dully represented with regards to a future board. During the meeting it was learned that in the event those cities ever become direct service providers again, they would want some assurance that they wouldn’t become subject to any latecomer fee.</p> <p>The Sheriff said he thought there would be a possibility of modifying or restructuring current ILAs to address some of these issues. He</p>	<p>The JTF’s compromised structure of the governance model will be a topic of discussion at the May Joint Board Meeting.</p> <p>SNOCOM work session scheduled for 5/11.</p> <p>More time requested for document review</p>

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	<p>recommended that an opportunity should be made to meet with the cities in the upcoming weeks and bring back options to consider at the May meeting.</p> <p>Ms. Reed read over the 3 options that the JTF presented to the joint boards. Specifics on these options are included in the meeting packet. The JTF recommends Option 1 because it provides assurances that contract agencies can become full members if they provide direct services. This option is closest to replicating the current situation with the SNOPAC ILA.</p> <p>The Joint Boards plan on addressing this topic, with possible action, at their next meeting on May 30th.</p> <p><u>Introduction: Paths to Consolidation.</u></p> <p>Ms. Reed introduced a document that showed alternate paths to consolidation of both PSAPs. This listed what legal structures would be available. She explained that this document had been reviewed by legal counsel, Jay Reich, with the Pacifica Law Group. She encouraged the board members to read through the different paths and discuss these structures within their separate board groups. Some possibilities include:</p> <ul style="list-style-type: none"> ▪ Option 1 - Create a new Interlocal Agreement (ILA). This would allow everyone to opt into this. Once a minimum threshold of participation has been reached, the previous ILA would be dissolved or maintained, depending on whether agencies move on or stay where they are. Agency assets would need to be transferred over to the new agency. ▪ Options 2 or 3 - Build a new ILA off the current SNOCOM or SNOPAC ILA. This would allow agencies to opt into a proposed and re-stated agreement. Whoever the host agency is would not need to dissolve or transfer any assets. The merging agency would need to dissolve and transfer their assets. ▪ Option 4 - Create a consolidation of SNOCOM and SNOPAC into a newly merged agency. Neither agency would need to dissolve or transfer assets. She added that nonprofit statutes state a 2/3 vote is required. <p>Ms. Reed mentioned some issues to take into consideration when discussing this within each board: 1) what level of certainty, with regard to service levels, does the option provide to the public; 2) how long would it take to implement the option 3) what level of certainty is provided to employees; and 4) what are the costs associated with the transition. She added that she would be happy to take this back to the JTF and get their recommendation.</p>	<p>Non-Service Cities options to be voted on at next Joint Board Meeting</p>
Break	The meeting adjourned for a break at 9:43 a.m.	
Reconvene	The meeting reconvened at 9:55 a.m.	

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<p>Cost Scenarios and Assessments</p>	<p><u>Update - meetings with finance staff in March and April.</u> Ms. Reed explained that in the past 2 months Directors Mills and Peterson met twice with finance and operational staff, along with some elected officials.</p> <p>Director Mills explained that in addition to those two meetings, Director Peterson also met separately with some finance people that couldn't attend the scheduled meetings. He explained that they did a deep analysis into the methodology of how the 10 year pro-forma budgets were constructed. They talked about the assumptions that went into those budgets, and during the 2nd meeting, they went over the specifics of each of those assumptions. He talked about how both directors approached this task with wanting to provide a conservative or worst case scenario. They didn't want inflated results to reflect back negatively. He did explain that a few errors were identified by some of the finance staff, but none of these were of any consequence to the outcome of the budget. He and Director Peterson felt by the conclusion of the second meeting that the group understood the methodology; that it was sound, and they also understood how the savings figures were reached. In addition to the budget they also talked about how the revised assessment formula will allocate costs more appropriately based on the work and services provided. He had heard that the City Manager from Mill Creek had some questions, so she has been invited to the next Joint Task Force meeting. Anyone else who has questions are free to contact either of the directors. Questions will be answered individually or they will take them up at the next JTF meeting.</p> <p>Director Peterson added that between the two meetings, they developed a couple of other documents that have been distributed. He explained that every question posed at those meetings has been answered, and he doesn't feel there's any outstanding issue remaining.</p> <p>There was a request for an additional meeting for finance staff to attend in order to cover any remaining issues they might have. Karen will follow up on this.</p> <p><u>Recap: Controlling Costs and Other Issues of Joining a Larger Agency.</u></p> <p>Ms. Reed referred to the two page document in the meeting packet that summarizes where the two boards are in these issues. The focus will be in determining how decisions will be made within the board, such as what constitutes a supermajority vote, and if votes will be weighted. The document lists various situations that would require a supermajority vote, such as adding a new member, terminating a member, amending the ILA, or making amendments to the bylaws, along with others.</p> <p>Ms. Reed, in response to a question, said that the JTF is prepared to come back to the boards with recommendations on what a supermajority vote would look like, when it should be used, and if weighted voting should be added. Discussions on the weighted vote</p>	<p>Additional meetings with finance staff?</p>

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	<p>followed. After Director Mills said that SNOPAC hadn't used it in over 7 years, there were additional comments made about not getting stuck in debating an issue that is rarely, if ever, used.</p> <p><u>Rate Smoothing.</u> Ms. Reed explained that this is what happens when assessment increases are significant following a transition. Smoothing is a way to help mitigate the rate shock during a specific transition period. For this project, and with the new formula, Fire District 1 would see the largest rate increase of over 38% in the first year. The Fire District Board of Commissioners said they would be interested in this option. If the combined boards are interested in moving forward with this idea, the JTF will come back in May with a recommendation about how to address smoothing.</p> <p>She went on to list the following questions:</p> <ol style="list-style-type: none"> 1. Who gets a smoothing payment? Should a threshold of pain be applied, or should agencies receiving this be limited to member agencies only and not contracted ones? 2. How long do they get it? How many years should this last? 3. How much money will it be? Will it be in a form of a fixed price break, or will the benefit decline over a number of years? 4. Where will the money come from? Existing reserve funds? It's been determined that using E911 funds would not work since those funds are only to be used for call taking purposes. <p>Another possibility would be to ask those agencies receiving substantial savings to contribute some portion of those savings to fund rate smoothing. Ms. Reed explained that there are 14 agencies that will receive more than a 10% reduction; with 9 agencies receiving more than a 20% reduction. She further explained that if those agencies that receive a savings of greater than 20% gave up 25% of their savings in the first year, there would be enough money to pay the agencies that would be seeing a substantial price hike.</p> <p>She asked if there were strong feelings about any of the possibilities shown in the document to please let her or the directors know. If the joint boards are amenable to this concept, the JTF will bring back a more formal consideration to the May meeting.</p> <p>Ms. Reed responded to a question about Bellevue's rate smoothing funding when NORCOM was created. She explained Bellevue's motivation about wanting fire and police dispatch under one roof, as well as their city management's philosophy on regionalization.</p>	
<p>Direction on Next Steps</p>	<p><u>Is the JTF authorized to continue to work?</u></p> <p>Ms. Reed briefly recapped what will likely occur at the next Joint Board Meeting of May 30th, if the JTF is authorized to proceed:</p> <ol style="list-style-type: none"> 1. Based upon the compromised proposal, each board will need to come back with an answer on the governance question. 	

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	<p>2. Each board will need to take a position on the non-service provider cities issue.</p> <p>3. Legal counsel will be present to explain the pros and cons on the legal structures of recommended paths to consolidation.</p> <p>4. More feedback on the financial models will be provided from agency finance staff.</p> <p>5. The JTF will be providing options for recommendations on supermajority voting and weighted voting for consideration.</p> <p>6. A recommendation on rate smoothing will also be provided.</p> <p>Chief Brad Reading moved that the SNOCOM board authorize the Joint Task Force to move forward with the tasks that were described. The motion was seconded by Councilmember Tom Mesaros.</p> <p>Ms. Reed will provide this list to both boards so they will be able to discuss these at their individual board meetings.</p> <p>The request for more time to be provided was repeated. Ms. Reed recognized the short turnaround before this meeting, and assured that board members will have more time to thoroughly review the material beforehand.</p> <p>Following the discussion, SNOCOM board approved the motion unanimously.</p> <p>Member at Large, Mr. Murray Gordon moved that the SNOPAC board authorize the Joint Task Force to move forward with tasks that were described. The motion was seconded by Chief Rick Smith, and approved unanimously.</p> <p>In response to a question about a possible vote for consolidation at the next meeting, Ms. Reed said that rather than that vote, the next motion would be to proceed with drafting of the Interlocal Agreement.</p>	
<p>Additional Items</p>	<p>Director Mills spoke on questions he's received surrounding the existing SNOPAC facility. He explained that prior to him coming on at the PSAP there were funds set aside to renovate the current building, which is owned by the City of Everett. The funds set aside amounted to around \$2.8 million. Since that time, the renovation project had been postponed in favor of the New World Project. The director went on to explain that the board decided to re-evaluate the renovation project with the thoughts on whether funding a new building might be better in the long run rather than renovate a rented space. He added that SNOPAC has recently commissioned a study, with a Request for Proposal, to help the agency figure out what the cost projections might be for a new facility. SNOPAC recognizes that both PSAPs are renters, and from a business perspective, that might not be the best model. He went on to say that both PSAPs probably also recognize some deficiencies, along with location, aren't as optimum as they could be. He stressed that there have been no decisions about building a new facility at this time. This study will only provide some</p>	

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	<p>preliminary information, which he plans to share with both boards when the study becomes available.</p> <p>Sheriff Trenary expressed his appreciation for the approach that Director Mills is taking on this subject.</p> <p>Chair Guptill added that the study will provide needed information that will provide additional options to consider. He added that the idea of financing a new facility through agency assessment will not be on the table, and is likely unsustainable.</p> <p>Assistant Chief Lever also brought up the upcoming renewal of the SERS radio system which could run in the excess of \$75 million.</p> <p>Chief Templeman commented that in the event of a consolidation, SNOPAC's facility could serve the needs of a consolidated entity for up to 10 years. He added that nothing needs to happen in the near future.</p>	
Adjourn	The meeting was adjourned at 10:38 a.m. The next meeting will be held on May 30 th at Fire District 1 at 8:30 a.m.	