

**SNOCOM – SNOPAC Joint Task Force**  
**Meeting Summary for May 16, 2017/9:00-11:00 am**  
 Location: Fire District 1 Headquarters

Note: *Follow-up action items are noted in italics. Decisions are underlined.*

**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	✓		

**Welcome / Review of Today’s Agenda.** Karen welcomed the group, including guests Jay Reich and Deanna Gregory from Pacifica Law. This is the final meeting before the Joint Board meeting on May 30. The goal today is to finalize as many recommendations as possible.

**Standing Items:**

**a. Communications Updates:**

1. **SNOCOM Board debrief.** Brad reported that everyone attending the SNOCOM Board meeting last week, including those in the audience, was asked to give their opinion on consolidation. Biggest concerns remain cost control and governance, but there was forward movement and agreement to continue with the process.

**b. Schedule Updates:**

1. Snohomish County Mayors – May 18
2. Woodway City Council – May 22
3. Snohomish County Executive – May 23
4. Arlington City Council – June 26

- c. May 30 Joint Board meeting – draft agenda.** Karen reviewed the draft agenda. The JTF has made recommendations on board structure and non-direct service providers. If possible, today we will have recommendations on path to consolidation, rate smoothing, funding transition costs, and cost control. SNOCOM representatives felt it was important to prioritize cost control as it remains a significant hurdle for some SNOCOM cities.

**Approval of May 2 Meeting Summary.** The meeting summary was unanimously approved. *Brenda will forward to the PSAP IT managers for upload to the websites.*

## Governance.

- a. **Shortened recommendation format.** The templates, followed by supporting documentation, will be used as cover sheets for the agenda items on 5/30.
  
- b. **Developing a recommendation: preferred consolidation path.** Karen reminded the group that four options were reviewed, and the JTF had been leaning toward merger / consolidation under the nonprofit corporation statutes. Jay Reich and Deanna Gregory have reviewed and provided input on the meeting materials. Jay referred to the statutes and noted the implications of a merger and consolidation are the same. With a merger, one non-profit is merged into the other—one agency is designated as the “surviving corporation.” Consolidation is two becoming a new entity. Generally, a consolidation is not complicated. For due diligence, contracts would have to be reviewed to make sure there are no conflicts, but Jay did not anticipate problems. Kurt asked for clarification on “non-transferrable” contract language. Deanna said Pacifica Law’s experience is that vendors are happy to go along with continuing to provide service to a stronger client. Jay and Karen suggested a very simple notification approach, such as letting vendors know the organization has a new name. Some additional notes from discussion:
  - Brad asked when SNOPAC might become a non-profit corporation. Kurt said legal is updating the Board later this week. Notice would follow. The change in status would likely be effective in July or August; Karen confirmed that this timeframe would complement the consolidation path.
  - It was noted that 2/3 of the vote would be 8 of 11 rather than 9 of 11.
  - Karen suggested neutral attorneys, like Pacifica Law, draft an ILA that puts into language what has been agreed to. The statute is very clear, and the ILA would be similar to most ILA’s out there. A small group of agency attorneys would then review the draft and confirm we are on the right path.
  - Once the Centers are legally consolidated, the transition plan is implemented and a date for consolidated operations is set. You begin making joint decisions even if there are two labor agreements and two locations.
  - Each jurisdiction makes its own decision whether to join or leave the new ILA, and they would have the option of becoming a subscriber.
  - There was discussion about a risk premium for subscribers; at NORCOM this is 6%. The JTF will reconsider the principle that there is no cost difference between members and subscribers.
  - Bob Colinas proposed the idea of SNOCOM dissolving. While this idea could have merit by simplifying contracts, it would have the effect of multiplying the number of negotiating parties.

- Roy suggested the JTF recommend consolidation, let the Boards digest it and come back to the JTF with questions and/or options. The JTF approved recommending Option 4 - consolidation with one vote in the negative from Bob Colinas who preferred the SNOCOM Board further explore the idea of dissolution.
  - *Kurt and Terry will talk with their labor attorneys* about possible implications, but recognized that labor negotiations would fall under the purview of a consolidated Board.
  - The hypothetical timeline will be shared on May 30; Jay Reich and Deanna Gregory will be in attendance to facilitate discussion.
- c. Developing a recommendation: Supermajority Vote / Weighted Vote.** Karen *will add the list of items* that require a supermajority vote. One of the items is if an annual budget increases by more than 'X'. Karen suggested a few different ways to determine what X should be. There was discussion about whether a weighted vote was off the table, and recognition that further discussions would be necessary. Karen suggested both Boards consider a weighted veto vote option.
- d. Response to SNOCOM Budget Committee proposal for 2 year blended management.** The JTF and the SNOCOM Board (in a work session), asked the Directors to draft a response to the proposal. Terry walked the JTF through their response. The JTF approved the recommendation with Bob Colinas opposed as the SNOCOM Board had not yet considered it.
- e. Contract cities membership – follow up w/Sheriff Trenary.** Kurt noted that the Sheriff has been discussing the issue with his contract cities. The Sheriff wanted the JTF to know that those discussions are going well and he does not anticipate concerns with the JTF's recommendation.

#### **Finance Issues.**

- a. Comparative reserves assessment.** Kurt and Terry are working on this. Steve noted that it is important to SNOPAC agencies that there is an equitable per capita contribution in the event of consolidation.
- b. Rate Smoothing.** Karen walked through the options briefly. The JTF was interested in lowering the 30% threshold as FD1 would be the only agency to receive smoothing at that level. There was discussion about whether to base smoothing off of the pro forma budget or actual numbers post-consolidation. Karen offered that if you base smoothing off of actual numbers, a higher threshold will make it less likely that you will capture or eliminate someone because of other variables, such as a change in

calls for service or AV. *Kurt and Terry will work offline to solidify the definition of calls for service.* The JTF agreed to recommend a threshold of 9% for those receiving and contributing to rate smoothing, based on the 2017 hypothetical assessment run since this has most certainty up front as to the outcome. The smoothing should be applied in the first full year of operations. There would be no minimum loss threshold to receive smoothing, and the smoothing payments should all occur in a single year.

*Karen will rework the document based on today's discussion.*

- c. Funding Transition costs.** There was brief discussion about funding from reserves with a pro rata contribution from both agencies. The JTF unanimously approved the recommendation.
- d. Cost control.** The JTF discussed that cost control is primarily exercised through the supermajority vote requirement. As an alternative, agencies could become subscribers and pay regular assessments with a cost cap plus a risk premium. Kurt noted that Stillaguamish Tribal Police is a unique situation. The JTF unanimously approved recommending membership alternatives and supermajority vote language for cost control, as well as providing options for determining X. In June, the JTF would have a recommendation of what X should be.

**Next Joint Task Force Meeting 6/6.**

**Closing Comments / Adjourn.** The JTF adjourned at 12:00pm