

SNOCOM – SNOPAC Joint Task Force
Meeting Summary for June 6, 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 and thanked everyone for their commitment. She reflected on the good progress at the last Joint Board meeting and confirmed the date for the next Joint meeting: June 19th. At that meeting we hope to hear from the Boards on three outstanding issues: cost control, supermajority vote, and rate smoothing.

Standing Items:

Schedule Updates:

1. Snohomish County Executive briefing – May 23
2. Marysville City Council – last night (6/5); went well
3. Snohomish County Council – they are considering a re-brief
4. SERS Board – consolidation is on the Agenda for their July meeting
5. Arlington City Council – June 26

Approval of May 16 Meeting Summary. The meeting summary was unanimously approved. *Brenda will forward to the PSAP IT managers for upload to the websites.*

Review of June 19 Joint Board Agenda. Karen introduced two documents prior to reviewing the 6/19 Agenda: Joint Boards Action Status Re-cap as of May 31, 2017 and SNOCOM-SNOPAC Consolidation Issues TBD. After reviewing, the JTF felt these were helpful documents to be included in the packet of materials for 6/19. There were no suggested changes to the DRAFT Agenda, but it may need adjustment based on today’s progress. Notes from discussion:

- Issues TBD #17-Due Diligence Review: Karen recommended this happen over the summer.
- Issues TBD #12-Withdrawal from ILA: There was discussion about whether there should be a penalty for withdrawing, similar to what SNOPAC has currently. Karen offered that

it is standard in an ILA to give a timeline and clarify that assets remain with the organization; it is not typical to have a penalty, though this would be a policy choice.

Budget for Next Phase of Work – completing ILA package June – Oct. The JTF reviewed the Budget Estimate for Karen Reed Consulting and Pacifica Law Group. Additional briefings will be necessary after the ILA is drafted. The JTF discussed ways to give Karen, Terry and Kurt a break from future briefings. In addition to the idea of getting some assistance from local agency attorneys, JTF members acknowledged their responsibility to regularly communicate with their agencies and other groups within their sphere of influence.

Al thanked Karen for her outstanding work, that it was appreciated and extremely well-priced. Karen offered a recommendation that each PSAP set aside \$5-10K for legal assistance with the due diligence process (reviewing contracts, liabilities, lawsuits, reserves, etc.) that she recommends be completed over the summer and thus before the Boards are asked to act on consolidation. There was a motion to forward the budget estimate to both Boards and recommend budgeting additional funds per the estimate. The JTF approved the recommendation with Bob Colinas abstaining. The names of a few attorneys were suggested: Mark Buchlan; someone from county prosecutor's office— perhaps Mark Roe; Rich Davis; Brad Cattle; and Lynnwood's legal counsel.

Kurt offered that the Directors *are planning to ask their Boards* for an additional \$40K each for Karen, Pacifica Law, and other professional expenses. SNOPAC has depleted the funds set aside for Karen's work and will need Board action this month. If the budget estimate is approved by the Boards, Karen will begin a first draft of the ILA which will be forwarded to Pacifica Law for review, and then to an attorney team from member agencies. Karen recommended hiring a consultant for the employee outreach piece which should begin late summer / early fall.

Operations – Draft Org Chart. The updated draft org chart is similar in structure to what both PSAPs have today; the only notable change is adding a position for an Assistant Director (COO) which neither agency has now, but SNOPAC used to have. SERS is on the margin as no decision has been made, but if they incorporate, there could be a Radio TAC as well. The org chart reflects a non-profit structure with Kurt and Terry's recommendation that Kurt fill the role of CEO and Terry the role of COO. For now, staffing is status quo as the Directors need to get input from staff. A couple of staffing suggestions they've heard so far: we should continue adding positions to address network security and system data reporting—Kurt believes these could be accomplished through the reassignment of existing employees.

Finance Issues:

- a. **Information: Comparative reserves assessment.** Terry reviewed the document. The Directors are recommending that reserves be compared on the basis of their ratio to calls for service; reasons for not using population or budget were given. They made an effort to capture the value of SNOCOM's pre-payment of their facility lease. Another

consideration the Directors made: were there any significant outlays in the past couple of years that wouldn't have happened if consolidated? SNOCOM purchased 6 additional radio consoles in 2016 for a total of approximately \$600K which the Directors propose be factored into the amount of reserves SNOCOM is deemed to bring to a consolidated agency. The value of pre-paid rent on the SNOCOM facility was appreciated from 2001 pricing, but consoles were not depreciated. Rick suggested the consoles should be depreciated; the group agreed a 15-year life span seems appropriate for this. The JTF decided that before this is presented to the Boards on 6/19, *depreciation will be factored in and Mountlake Terrace will be approached about the status of the SNOCOM lease in the event of consolidation*. One-time transition costs are not accounted for in the document, though they will likely be funded out of reserves. Al suggested vetting a comparison of the reserves with a subset of financial staff from member agencies. Kurt and Terry *will coordinate this*. Steve Guptill offered that there are ongoing discussions at SNOPAC Board about reserves policy and equitable contribution to a consolidated agency. Karen suggested adding a table to the document summarizing each agency's current reserve funds and how much is in each fund. *As revised, this document will be presented to the Boards. Kurt and Terry will update the document as discussed.*

- b. Recommendation: Funding Transition Costs – cost share between agencies.** The JTF has made a recommendation to fund transition costs out of reserves, but the Boards have not taken action yet. Regarding the cost share of transition costs, Kurt offered that there are existing cost shares to consider, including the E911 distribution which is 70/30 and a CAD cost share that is similar. Terry offered the option of using the pro forma hypothetical of 64/36. There will be a few transition costs before consolidation, but the bulk of them will be incurred afterwards. There was discussion about whether a cost share would be necessary post-consolidation. Karen suggested *moving forward with an RFP for the remodel of SNOPAC's facility* as there would be no cost to draft it. Kurt offered that the City of Everett has suggested they might be able to handle the remodel. It was noted that defining a cost share is part of a transition plan. The SNOPAC Board will *add clarity to their reserve policy* at their next Board meeting.

The group discussed the allocation of transition costs. Some of these will be incurred before consolidation – Karen's costs, legal costs which have been shared equally, and then other costs, such as employee on-boarding with the proposal. Most costs will be incurred after consolidation. It was agreed that once the agency is consolidated, the reserves will be consolidated as well, so there is no need to address the question of how those transition costs will be allocated between agencies. The group agreed that legal and facilitation costs should continue to be shared equally but other costs may more appropriately be allocated in different ways. This will be forwarded for consideration by the Boards.

- c. **Rate smoothing – re-cap of Board discussion; any changes to recommendation?** The JTF is waiting to see what comes out of the SNOCOM Board discussion this Thursday.
- d. **Recommendation: Assessment Formula in transition period (March – December 2018).** The JTF unanimously approved the recommendation that agencies pay current assessment formulas through 2018. How to deal with any carry-over or shortfall would be a decision for the consolidated Board.
- e. **Recommendation: Timeline for Transition.** Karen referred the JTF to the Timeline for Consolidation document and asked them to consider a recommendation to the Boards. There was a motion and a second to recommend 3/1/2018 with significant discussion following about whether the target date for consolidation could be moved up to 1/1/2018. Notes from discussion:

- Beginning the transition on January 1st would prove much easier administratively.
- Brad noted that a 3/1/18 date would necessitate educating any newly elected officials.
- An earlier date allows more time to facilitate the transition.
- Roy noted there hasn't been a major roadblock thrown up about why consolidation shouldn't happen. We're asking people to pull the trigger and find out if it's going to happen. There's still details being worked out, but it shouldn't hold up the process. Most importantly, we still have call transfers.
- The initial motion was withdrawn.
- Karen suggested a consolidation vote by the Boards no later than October 15th. This would give legislative bodies two and a half months for review with a decision no later than December 31st.
- Rick asked for clarification on what needs to change to facilitate an earlier date. Bryan offered that he's meeting with the Lynnwood City Council as early as possible and as many times as necessary. Karen reminded the JTF that the project timeline has always placed final documents in the hands of the Boards in September. The two extra months were added to make sure everything got done. Steve suggested getting early reviews of all documents to minimize last minute changes. Rick noted the importance of the JTF being thorough and clear in its recommendations.

The JTF approved the recommendation of a 1/1/2018 date for consolidation with Bob Colinas opposed because he believes March 2018 is more achievable.

- f. **Recommendation: Cost control.**
- i. **Threshold for supermajority vote on budget.** – Karen reviewed the document. At SNOCOM's May Board meeting they discussed using CPI June – June. CPI is a

reality-based index. Karen offered that if you used CPI + 4% over the last several years, the average would have been just over 6%. She noted that in the last several years, the budget increases at SNOPAC and SNOCOM would not have triggered the need for a supermajority vote. The JTF unanimously approved the motion to use CPIU June – June for the previous year. *Karen will prepare a briefing document* for the Joint Board meeting.

- ii. **Threshold for supermajority vote on capital expenditures.** Not discussed.
- iii. **Option to be a subscriber.** The JTF does not need to decide on what the risk premium is, but the ILA should reflect that there will be one. The premium would apply to agencies that want cost control.

Governance.

- a. **Developing a recommendation – Supermajority Vote / Weighted Vote.** This was not discussed due to time constraints.

Next Joint Task Force Meeting 7/11. Kurt asked Karen if she would attend the next SNOPAC Board meeting; *Karen will check her schedule.*

Closing Comments / Adjourn. The JTF adjourned at 11:15am