

# Emergency Communication System and Facilities Program Advisory Board

## Meeting Minutes

September 2, 2021 at 10:00 am via Teams

### *Members Present:*

Adam Fortney – Chair  
Jason Biermann  
George Hurst

Jon Nehring  
Dan Templeman

Nate Nehring  
Chris Alexander

### *Others:*

Kurt Mills  
James Martin

Brian Haseleu

Terry Peterson

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Sheriff Fortney Call to Order 10:00 am

Meeting Attendance (Fortney)

Meeting Minutes Approval

April 1, 2021 Meeting Minutes

Motion for Approval – Jon Nehring

2<sup>nd</sup> the Motion – Dan Templeman

All Approved

2022 RRP Budget (Peterson)

- The original project budget was \$66,867,303 included a total project contingency of \$10,546,678. This included wrapping up project activities at the end of 2023.
  - The budget development process occurred very quickly, so there was a large contingency put in there because there was a lot of items, we knew would have to happen at some point but there wasn't a lot of time to put in mental effort behind determining how much those items cost.
  - There were many budget line items included as "planned" contingency.
- In May 2020, the SNO911 Board, along with the Program Advisory Board approved Change Order 2 with Motorola.
  - This change order captured many changes in the quantity and type of subscriber radios and most importantly included:
    - Additional radios not contained in the original project scope through years 2019 & 2020
    - Enhancements to radios to include encryption on all Fire radios (to communicate with LE, Wi-Fi programming for all Fire and LE Radios, and to change Fire radios to the ruggedized version
  - These changes resulted in approx. \$3.4M new cost which was at the time funded through project contingency.

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- In November 2020, the SNO911 Board and Program Advisory Board requested to provide radios (non-dispatch) for Tulalip. The original cost estimate for this equipment was \$600K and was included in the 2021 approved RRP budget and earmarked in project contingency.
- In April 2021, SNO911 Board finalized the quantities of radios included in the RRP scope. This included 92 additional radios for SCSO Corrections and a handful of other updates to quantities for other agencies. This change has not been processed through an official project change order, but the estimated budget impact is an increase of approx. \$935K and has been earmarked in project contingency.
- Combined, all of the user requested changes have resulted in an increase in project scope of \$4,741,837.
  - This reduces the available contingency to approx. \$5.8M which increases risk of funding for unknown project needs. Examples include: Warehouse space, PMO support, Sales Taxes, coverage gaps, additional project schedule time, etc.
  - SNO911 requesting a funding increase to cover the additional scope increases to cover the user driven requests.
  - Total funding remains in line with long-term projected revenue and expenditure forecasts.

This is essentially what we're recommending as part of the 2022 Budget Request, that we recapture all of those items that we've paid for out of contingency, that we officially call those scope increases, and that we increase the overall project budget by that amount.

### Snapshot and Forecast of Total Overall Project Budget as of 8/31/2021

	<b>Total Budget</b>	<b>Actual Expenditures and Projection Through Nov 2023</b>	<b>Difference</b>
Project Management	\$5,739,575.51	\$5,421,403.60	\$318,171.91
Motorola Infrastructure	\$33,686,461.03	\$33,686,461.03	\$0.00
Subscribers	\$16,894,588.07	\$16,894,588.07	\$0.00
Contingency	\$10,546,678.00	\$11,509,843.24	-\$963,165.24
Tulalip 2021 Scope Increase (1)	\$600,000.00		
<b>Sub-Total</b>	<b>\$67,467,302.61</b>	<b>\$67,512,295.94</b>	<b>-\$44,993.33</b>
2022 Scope Increases (2)	\$4,741,836.74		
<b>Total</b>	<b>\$72,209,139.35</b>	<b>\$67,512,295.94</b>	<b>-\$4,696,843.41</b>

(1) Already approved as part of 2021 budget request.

(2) \$4M funded from future buildout planned in 2022, remaining revenue from fund balance

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We've forecasted through the end of the current project timeline which is November of 2023 and if we stay on our current trajectory and if we don't increase the total project budget than we are going to end up with the project \$44K short.

### Q & A

Templeman – Is there a formula or a standard practice in terms of how to calculate the contingency amount?

Haseleu – When we had put the original budget together, \$66 MM, we had applied 20% given the uncertainties of the project to contingency. The original bid was 55 MM and we applied 20% which got us to the \$66 MM number. This was meant to reflect the contingencies that we've known about up to this point. We didn't know what the build out in the construction was going to entail, so that was the bigger concern why we went with the higher than standard. Standard would have been within the 10% to 15% contingency range, but we wanted to program 20% to give the flexibility of the unknowns of what was going to occur.

Templeman – Would this restore that contingency back to the \$10.5 MM, is that standard? Is that going to be a huge contingency with what we have anticipated left with another 1.5 years to go?

Peterson – Yes, if we do this action than it essentially restores the contingency back to the original project levels and then minus what we've spent out of contingency so far. The largest area of risk are FCC licenses and site construction.

Alexander – If we don't spend the money, it just returns back to the program, correct?

Peterson – Yes, at the end of the day if there's \$4 MM at the end of the project in contingency then the SNO911 Board and the Program Advisory Board will figure out what to do with that.

Hurst – Are we concerned about FCC licensing?

Peterson – We are concerned about FCC licensing. Some of the licenses on our system, Canada has to approve and so there are rules between USA and Canada that says you can use these licenses as long as you don't put too much energy into Canada. There is risk associated with that because in order for the system to be designed to not interfere with Canada you have to turn down power and do things with antennas and all those things effect coverage.

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<b>ECSF Fund 170</b>		
	2022 Request	2022 Comments
<b>Revenue</b>		
Fund Balance	\$ 5,871,812	
ECSF sales tax revenue	\$ 21,933,994	estimates 15% 2021, + 8% 2022
Interest	\$ 10,000	
<b>Total Revenue</b>	<b>\$ 27,815,807</b>	
<b>Expense</b>		
Project Mgmt	\$ 1,535,803	Planned 2022 spend
Motorola Infrastructure	\$ 10,943,894	
Subscriber Units		
Contingency	\$ 9,141,310	Provides flexibility for remaining contingency
sub-total Radio Replacement Project (RRP)	\$ 21,621,007	
Support Operating Costs	\$ 3,250,000	
Non-RRP Equipment and services	\$ 150,000	
Debt Service	\$ 2,794,800	
<b>Total Expense</b>	<b>\$ 27,815,807</b>	2022 Actual Spend + Contingency
<b>RRP Project Scope Increases (included above)</b>		
2019 & 2020 Additional Radios	\$ 1,419,084	
2020 Fire Configuration Changes (XE Model, Encryption, Green)	\$ 1,937,753	
2021 Corrections to Final RRP Agency Subscriber Counts	\$ 275,000	
2021 Sheriff/Corrections Additional Radios	\$ 500,000	
2021 Additional Tulalip Radios	\$ 450,000	
2021 Additional/Lost/Broken Radios	\$ 160,000	
<b>Total Scope increase</b>	<b>\$ 4,741,837</b>	Policy Decision for Policy Advisory Board
Professional Services Dac to SNO911	\$ 25,021,007	

Has the County seen a rebound on the sales tax, are where we were pre-COVID?

Haseleu – We saw a sharp reduction at the beginning of the 1<sup>st</sup> and 2<sup>nd</sup> quarter of 2020 but then we were actually surprised by the increase. We got back up to historical levels, so we did see a recovery. The bulk of that was from the stimulus spending. We are anticipating a 12% year over year, this year we are anticipating an 8% growth in 2022.

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Sheriff Fortney Calls for a Vote for 2022 Budget as shown

Motion for Approval Jon Nehring

2<sup>nd</sup> Chris Alexander

All Approved

### SNO911 Future Long-Term Forecast (Peterson)

SNO911 has been exploring how to fund a future facility project. In December of 2020, the SNO911 board gave staff the direction to figure out how much to build a new building. What we've developed is the very first top line item here is, what is going to happen with the tax revenue over time and we put in a nominal rate increase .5% in 2026 going forward. This is far less than I think we've actually seen but we wanted to be really conservative.

We planned consistent with the County Ordinance for the priorities for the use of this fund. We planned out the long-term costs for the existing radio project, the long-term costs for saving for the next radio project, replacements for subscribers, and all ongoing radio costs.

- We plan to look for significant improvements in coverage
- Ongoing system maintenance
- \$75 MM in fifteen years to pay for the next generation radio system

Our goal is to make sure we have adequate funding in fifteen years to buy this next radio system, so that we do not have a funding issue.

The SNO911 Board adopted a policy that said, \$150 K per year goes into a special fund and is capped at \$600 K, to deal with broken radios, stolen or lost, as well as additional growth.

The last line item related to the radio project are continued improvements and repairs and replacements for all the site and infrastructure. So, this is things like major generator repairs, site shelters that will need to get replaced and those sorts of things.

This is constant with what the Board just adopted for the 2022 budget. Which says, of that \$3.25 MM that's coming to SNO911, we allocated \$2 MM to offset agency assessments. And then the balance we're planning to set aside for the future facility project.

We think the future facility project will cost around a \$55 MM project. We think we can apply some revenues in the short term to help pay for that but eventually we'll need to bond. If we bond in 2023 then we'll need to start paying that debt back over a fifteen-year period.

The amount coming to SNO911 to offset operational cost has always been planned for and the plan has it leveling off at 6.5 and stays at that rate through the life of this forecast.

This is all just informational; we are just trying to share with all the stakeholders of what the long-term vision is.

### Q & A

J. Nehring – We were really fortunate to get the Tax Measure past and I believe it's incumbent upon us to make sure that we never have to go back to the voters for something more on this. The Tax Measure was an enormous amount of money especially when we are looking at a new facility. If we do that, we need to make sure it will never impact the ability to build a quality of system that we need. My main thing is as long as we can get all of this stuff done and have a healthy enough reserve that everyone is

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comfortable with in the most conservative of stances. I just wanted to get on the record with that and you all can weigh in that this is exactly where we are headed here.

Mills – It's hard to imagine that we are going to be spending \$1.5 to 2 MM a per year on site improvements but to your point mayor, if there is a slide or something, we can't be in a position where we are going to be, how are we going to pay for this. So, we did error on the side of worst-case scenario, that's why the revenue increases are .5% which is really conservative. First, we'll fund the radio system because that's what the public wanted. Skagit County went through a similar exercise and what they did was immediately applied all the revenue to offset assessments for their agencies. Which made everybody happy at the time but ended up in a spot where when they needed something, they didn't have the money for it. So, I believe they've gone back to the voters for another 10<sup>th</sup> of a percent and has asked for more money so that they can actually fund the things that they need. We can learn from lessons like that and not overusing those funds and digging ourselves in a hole.

Biermann – Well said Kurt, I'm a Skagit resident so, I'm part of that fund. I also want to thank Brian, Terry, and Kurt for being conservative because that is important that we didn't overestimate or exaggerate anything.

Alexander – I like to see the different buckets under the radio project to know that we're planning for those different things. We've acknowledged that those are needs out there and not putting them on one budget line. Just for clarity, the future facility would not result in any increased assessment cost for the subscriber agencies, correct, it's all covered in the existing sales tax dollars?

Mills – We are not trying to fund a new facility off agency assessments, that's exactly right.

Alexander – That's a great sale to say you authorized the sales tax and this is what it's being used for, we are not coming back to you to increase the assessments just to build the facility. The assessments are strictly going to the operations of the dispatch center.

Mills – If you look back at the other tab, the good news is I think we spent close to \$30 MM of costs that were historically a cost of the agency to replace mobiles and portables which is a benefit to not have to worry about.

Templeman – I just wanted to echo Mayor Nehring's comments and share with this group my concern about using this sales tax to fund a new facility. I understand it's allowed under the ordinance, but I also don't advocate for it in meetings with my elected officials in Everett. It wasn't part of the plan at the time nor was it even being discussed as a potential. I also want to go on record with my concern over utilizing this fund in that manner. I'm glad to hear that money is being set aside to offset assessment, but as we seen even this year, we're still seeing a 4% increase even with that. I do appreciate the transparency and the information being shared but did want to express my concern.

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### Roundtable

J. Nehring – Kurt, you touched on Brad's departure and Michael left shortly before that, what are the plans on replacing those?

Mills – Our new Project Manager started yesterday. The agencies will start to see his face here after a few weeks of onboarding and emersion into the project. He will be a partial face to the project. We're not replacing Brad with another Deputy Director, instead we're hiring a wireless supervisor. What we need is folks that are focused on getting the work done and the tasks of this giant body of work. That is really where our focus is right now. The SNO911 Board approved that position and we're moving forward with getting it posted. Prior to Brad's departure we did add a Business Unit Manager that has been critical in helping with things like managing inventory and being more disciplined in how we do those things.

We have also merged the wireless Tac and our Tac teams together under one umbrella and that is another efficiency change.

### Meeting adjourned at 10:46 am

Meeting minutes by:

Jill Iversen

Sheriff's Administrative Assistant