



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Tracy Burrows, Intergovernmental Relations Manager

Date: July 27, 2007

Subject: Formation of NORCOM to Provide Regional Emergency Communications Services

Recommendation: Staff recommends that the City Council authorize the City Manager to sign the Interlocal Agreement forming NORCOM as a separate legal entity providing consolidated emergency communications services.

Background

Public safety dispatch in East King County is characterized by extensive replication of administrative and operating structures within a relatively small geographic area. There are six different police dispatch agencies (Bellevue, Bothell, Issaquah, Kirkland, Redmond, and the King County Sheriff's Office) that serve the area. While fire/EMS dispatch is essentially regionalized through contracts with the Bellevue Communications Center, the contract model has proven to have disadvantages over a partnership model of dispatch operations.

In the interest of the enhanced efficiencies and improved service levels that could be realized with a regional partnership approach to dispatch, in 2004 the members of the NORCOM Steering Committee entered into a Joint Powers Agreement to complete a Business and Services Plan for the joint operation of a public safety communication center. Since that time, the Steering Committee has worked cooperatively in the interest of the continuation of high quality public safety communication services in the region.

The Steering Committee crafted a Statement of Operating Values and Principles (SOVP) for the development and operation of a regional dispatch agency. In the spirit of those values and principles, the Committee has completed work on a Business and Services Plan and Technology Strategy that establish:

- The services to be provided by the regional dispatch agency
- The recommended governance model for the agency
- The relationship between subscribers to and owners of the regional agency, including a recommended fee structure,
- The appropriate model for the administration of the regional agency,
- The location of the agency and the principles for a lease agreement,
- Staffing levels and a cost estimate for implementation of the regional agency,
- A technology strategy for CAD, RMS, and mobile technology for the agency,

- The start-up and transition costs associated with implementation,
- The Interlocal Agreement, By-Laws and Articles of Incorporation forming NORCOM, and
- An implementation plan, including next steps and a recommended timeframe.

Goals of Regionalized Dispatch

Level of Service

There are a number of goals that can be achieved through the regionalization of dispatch services. First and foremost are the advances in communications level of service that are made possible through a partnership effort. Improved communications services depend on the collaboration of member agencies. Under NORCOM, the operating services boards will meet regularly to define and refine shared service protocols and to collaborate on level of service improvements. In many instances, response times will be enhanced because of the elimination of the transfer of Fire/EMS calls between dispatch agencies. Both police and fire services will develop their respective integrated records management systems (RMS), so that first responders will have real time access to regional information through a single records system. Member agencies will also realize level of service improvements with the implementation of integrated Computer-Aided Dispatch (CAD), mobile, and RMS.

Efficiency and Cost Avoidance

There are a number of efficiencies associated with regional dispatch. Rather than duplicating administrative structures and facilities at multiple dispatch centers, regionalization allows for the member agencies to realize economies of scale. NORCOM's initial efficiencies are modest because fire dispatch operations are already consolidated under a contract model. Over time, as NORCOM attracts additional partners, it is anticipated that the operations will become more cost-efficient.

Long-term cost avoidance is an important factor in regionalization. Dispatch technology is becoming increasingly complex and expensive to maintain and replace. By sharing the costs of technology among the partner agencies, regionalization eliminates the need to acquire and maintain multiple dispatch systems. Over the long-term, the partners avoid millions of dollars in costs associated with technology replacement.

Higher Degree of Decision-Making and Control

NORCOM offers its partner agencies a higher level of decision-making and control over dispatch functions. Under the NORCOM governance model, all partners have a voice and vote. The voting procedures give both the smaller and the larger jurisdictions the ability to meaningfully shape the operational and policy decisions made by the agency. Elected officials from each of the partner agencies also play an important oversight role for the organization.

Greater Certainty and Ability to Control Costs

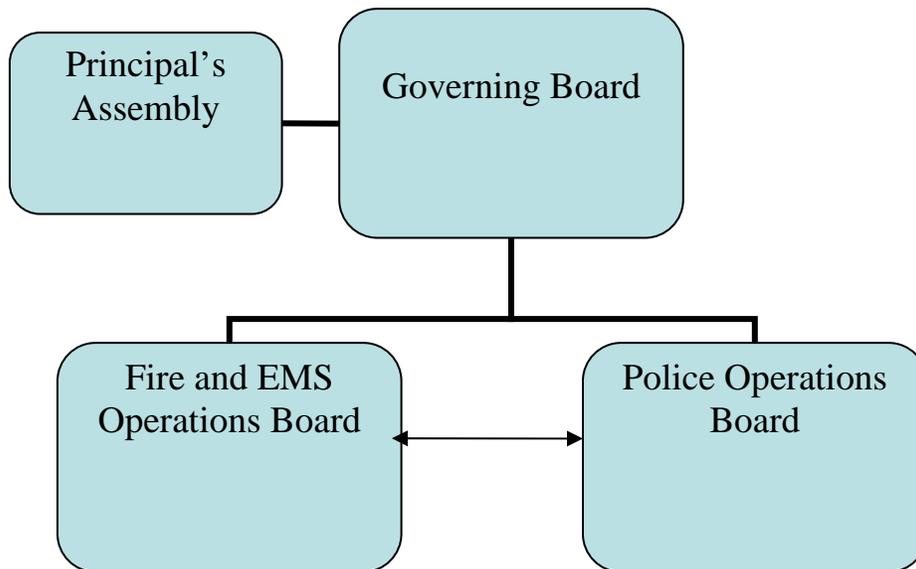
The NORCOM partnership model also offers its member jurisdictions greater certainty to determine the nature and cost of future dispatch operations. Absent NORCOM, the agencies that currently contract with

Bellevue for dispatch services will face higher contract costs without the ability to control the overall dispatch budget. Bellevue has indicated that it will not continue to offer dispatch services for the marginal cost of offering the service. Under a full cost recovery model at the Bellevue Communications Center, each contracting agency would likely face contract fees that equal or exceed the NORCOM user fee costs. This full cost recovery contract approach would have significant disadvantages – most notably higher costs without the decision-making control over operations and budget.

Governance Model

The NORCOM governance model establishes NORCOM as a separate legal entity formed as a non-profit corporation whose members are public agencies and governed by a board on which all principals are represented.

NORCOM Governance Organization



Governance Boards and Principal's Assembly

The basic NORCOM structure is quite similar to many other multi-jurisdictional dispatch operations. Specifically, there is a Governing Board on which all Principals participate, and which oversees the Agency policies and budgets. The Governing Board is composed of the Chief Executive Officer from each Member agency (i.e., City Manager of a city formed as a council-city manager city; the Fire Chief of a Fire District; or in case of a “strong-mayor city,” the Mayor).

To provide oversight, each Principal will designate one member of its legislative body to represent it at the annual Principal's Assembly. The purpose of the Assembly is to review: the agency's annual report; the prospective year's work program; and the proposed budget policy for the next year. Assembly representatives will advise the Governing Board on these issues.

In addition, there are two operational advisory boards—one for fire and EMS agencies, and a second for police agencies. On these Service Boards sit representatives from both “Principal” and “non-owner”

(referred to as “Subscriber”) agencies. The Service Boards provide advice to the Governance Board and to the Executive Director of the agency. The two service boards meet regularly both separately, and together as a united “Joint Operating Board.”

Voting

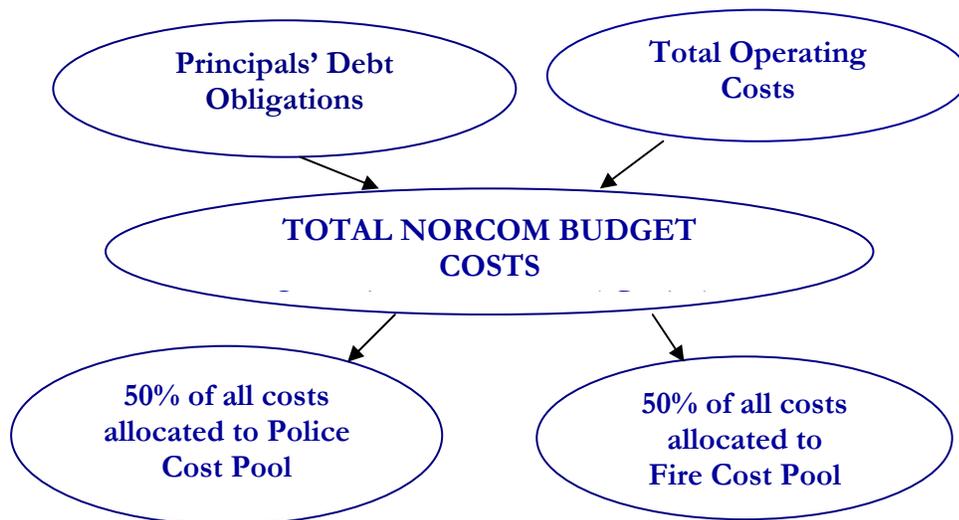
NORCOM’s significant financial and operational decisions require a Supermajority Vote, which means securing affirmative votes of: (1) not less than two-thirds of all Members of the Governing Board in number; **and** (2) not less than two-thirds of the Weighted Vote of all Members of the Governing Board.

Supermajority vote decisions include approval of the annual budget and user fees and the addition of a new principal.

For routine operational decisions, the NORCOM Governing Board strives to operate by consensus. Otherwise (except for decisions that require a supermajority vote) all Board decisions require a simple majority vote for approval; *unless a* Governing Board Member, in advance of a vote, calls for a two prong majority vote, in which case the item shall require a majority vote by number and a majority vote by weight for approval.

User Fees

NORCOM’s budget is allocated into two separate cost pools – 50% of the operating budget is allocated to police and 50% of the operating budget is allocated to fire. The 50/50 split was determined by a rough average of two factors – the staffing allocated to each discipline and the volume of calls attributed to each discipline.



NORCOM user fees are assessed based on each agency’s percentage of the total police or fire call volume.

For Fire:

Kirkland's Fire User Fee =
[(Kirkland's Share of Total Fire Calls) X (Fire's Share of the Operating Budget)] – Cost Smoothing Rebate +
Kirkland Fire's share of the NORCOM Start-Up Costs

For Police:

Kirkland's Police User Fee =
[(Kirkland's Share of Total Police Calls) X (Police's Share of the Operating Budget)] – Cost Smoothing
Rebate + Kirkland Police's Share of the NORCOM Start-Up Costs

For Both Police and Fire:

- In calculating user fees, the operating budget is adjusted to account for any revenues or grants that NORCOM receives.
- Start-Up Costs represent any debt-financed improvements or assets that the NORCOM governing board approves. Kirkland has the option of paying our share of the debt in a lump-sum or financed over time as part of our user fee.
- The Cost Smoothing Rebate goes into effect when NORCOM becomes fully operational. It represents a credit against our user fees that will lower our overall fees for the first 7 years of NORCOM operations.
- Both Principals and Subscribers pay their share of the start-up costs or other debt that NORCOM incurs. The share is based on their share of either police or fire call volume.
- Any agency can elect to pay a premium for special services that are not included in NORCOM's base level of service. This cost would be added to the user fee.
- Call volume is based on a two-year rolling average to even out any unusual spikes in call volume history.

Operating Costs

Staffing

NORCOM's annual operating costs are largely determined by its staffing plan. The staffing plan is designed to provide an outstanding level of service to support public safety services in the region. The following table shows the overall staffing plan for the agency:

| Staff Position | FTE's |
|----------------------------|--------------|
| Executive & Asst. Director | 2 |
| Supervisors | 7 |
| Dispatchers | 37 |
| Call Takers | 29 |
| Informational Technology | 7 |
| Finance | 2 |
| HR/Training | 2 |
| Administrative Support | 3 |

Facility Costs

Another component of the operating cost is the facility lease. NORCOM will be located at Bellevue City Hall in the 911 Communications Center located on the 7th floor. The existing footprint of the center is approximately 11,841 net square feet. Space is available for reconfigurations within this footprint if NORCOM chooses to expand the number of dispatch consoles and/or accept other agencies into the group in the future.

The lease agreement will separate as many of the building functions as operationally practical to allow NORCOM full autonomy and responsibility for the parts of the building under their control. The rent charges to NORCOM are currently proposed at \$27.00/square foot per year. These figures represent estimates including all maintenance and operations costs for the space, utilities, preventive and routine repair and maintenance, parking garage operating costs, site/landscape maintenance, amenities and support systems, an additional charge for 24hour/7 day week services, a share of central building systems and redundant emergency systems and major maintenance costs.

Reserve Funds

NORCOM will have two reserve funds incorporated into the operating budget: an Operating Contingency Reserve Fund and a Capital Equipment Replacement Fund. Initial reserve levels are established in the agency budget and can be adjusted by the Governing Board. To help fund the operating contingency, there is a six percent surcharge for agencies that choose to be subscribers rather than principals. This surcharge on subscriber fees will be allocated to the operating contingency reserve. The initial capital equipment fund level is based on the current replacement rates for the communications assets that will be acquired by NORCOM.

Cost Smoothing

The estimated annual operating costs NORCOM are less than the existing combined costs of the Bellevue and Kirkland dispatch operations, based on the proposed NORCOM staffing plan. However, under NORCOM, there is a shifting of costs from the current providers of dispatch services to the current dispatch customers.

Currently, Bellevue charges its dispatch customers on a rough marginal cost basis. Its dispatch center is a sunk cost—Bellevue must have a dispatch center to serve its own needs. The revenue from the contracts with Fire and EMS customers covers the marginal costs of providing the contracted services and helps

defray a portion (but not all) of the sunk overhead costs. Likewise, Kirkland charges its customers based on the staffing costs of providing dispatch services, but this charge does not capture all of the overhead costs of running a dispatch center.

As a stand-alone operation, NORCOM will be charging principals and customers based on their share of the costs of the overall operation – including dispatch staff and administrative overhead. For Kirkland, this translates into higher costs for fire dispatch as the City transitions from a contract model to a partnership model. Under this model, Bellevue realizes significant savings. To ease the transition from the contract to the partnership model, the NORCOM steering committee developed the Cost Smoothing Rebate.

The purpose of the Smoothing Rebate is to ease into a full cost sharing model for all initial principals and subscribers of NORCOM by having a portion of the savings that Bellevue will receive from transitioning from its current role as a dispatch service provider to its new role as a member of NORCOM contributed to smoothing.

- Initial principal and subscribing members of NORCOM *other than Bellevue* will receive a credit against their NORCOM user fees that will lower their overall NORCOM fees in each of the first seven years of NORCOM's service operation. *Bellevue's NORCOM user fees will be correspondingly higher* in each of the first seven years of NORCOM service operations.
- The Smoothing comes from Bellevue sharing a portion of the savings it expects to receive by joining NORCOM as compared to the costs Bellevue would incur as a dispatch service provider if NORCOM were not formed. The total amount of Smoothing Rebate is \$5.5 million. This is the amount to be paid to participants *other than Bellevue* over 7 years. The \$5.5 million is the total of the seven yearly contributions from Bellevue, where Bellevue contributes 100% of its projected annual savings in Year 1 to Smoothing and then decreases that annual contribution in each of the following six years by roughly equivalent amounts to reach zero by year 8 of NORCOM service operations.
- Because fire agencies are expected to experience greater cost increases than police agencies as a result of joining NORCOM, the total Smoothing Rebate is allocated 70% to fire agencies and 30% to police agencies. Within each group (fire agencies or police agencies), the Smoothing is distributed based on call volume of each individual agency.

The table below shows each of the agencies operating costs in Year 1 of NORCOM operation compared to the current contract costs. In Year 1, Kirkland's operating costs go up by \$171,073. In future years, Kirkland's costs increase at a rate that is slightly higher than inflation until Year 8 when the City will have assumed its full share of the dispatch center costs and user fees will rise at the rate of inflation. It should be noted that NORCOM will become more cost-efficient if and when additional principals or subscribers join the agency. This could lower each agencies share of the operating costs below what is anticipated in the current financial model.

NORCOM Operating Costs

| Summary of All Agencies | Net Costs per 2006 Contract | Year 1 | Inc/(Dec) vs. Current Cost |
|----------------------------|-----------------------------|--------------------|----------------------------|
| Bellevue Fire | \$652,398 | 1,706,717 | \$1,054,319 |
| Bellevue Police | 3,203,586 | 2,149,267 | (\$1,054,319) |
| Bellevue Total | 3,855,984 | 3,855,984 | (\$0) |
| Bothell Fire | 122,003 | 169,078 | \$47,075 |
| Clyde Hill Police | 65,000 | 54,900 | (\$10,100) |
| Duvall Fire | 32,191 | 36,282 | \$4,091 |
| Eastside Fire and Rescue | 339,234 | 340,685 | \$1,451 |
| Fall City Fire | 24,383 | 27,231 | \$2,848 |
| Kirkland Fire | 215,888 | 270,098 | \$54,210 |
| Kirkland Police | 905,553 | 1,022,416 | \$116,863 |
| Kirkland Total | 1,121,441 | 1,292,514 | \$171,073 |
| Medina Police | 56,870 | 61,772 | \$4,902 |
| Mercer Island Fire | 105,326 | 86,436 | (\$18,890) |
| Mercer Island Police | 215,366 | 407,022 | \$191,656 |
| Mercer Island Total | 320,692 | 493,458 | \$172,766 |
| Northshore Fire | 99,927 | 130,938 | \$31,011 |
| Redmond Fire | 350,899 | 381,907 | \$31,008 |
| Shoreline Fire District | 243,587 | 338,511 | \$94,924 |
| Skykomish Fire | 8,221 | 12,212 | \$3,991 |
| Snoqualmie Fire | 16,702 | 27,784 | \$11,082 |
| Snoqualmie Pass Fire | 6,749 | 9,446 | \$2,697 |
| Woodinville FLSD | 126,966 | 158,051 | \$31,085 |
| Total | \$6,790,849 | \$7,390,754 | \$599,905 |

% Increase over prior year

8.83%

Retained Costs

The current costs in the table above reflect the marginal costs of dispatch services at the City of Kirkland. The NORCOM costs reflect similar dispatch services. There are also City of Kirkland costs that are retained after NORCOM goes into operation, primarily fixed supervision and overhead costs and the costs to perform non-dispatch activities currently done by the City's dispatch staff that will not be provided by NORCOM, as discussed below. These costs are currently funded by the City and will continue after NORCOM forms. When these costs are added to the projected NORCOM costs, the overall cost is slightly higher than the current budget. Approximately half of Kirkland's retained costs are attributable to the providing off hours

police records and jail monitoring. If the dispatch staff were to move to NORCOM, these functions would have to be covered by other staff – either records staff or corrections officers. Other retained costs, such as supervision, that are currently funded by the City provide an opportunity for the reallocation of resources to increase effectiveness and efficiency of the department.

As part of the 2007-2008 budget process, the City Council approved the addition of 5 correction officer FTEs, bringing the total corrections FTEs to 11 (10 corrections officers and 1 supervisor), to make progress on staffing the City's jail 24/7. The recently completed jail staffing analysis identifies that a total of 14.5 FTEs is needed to provide 24/7 jail coverage, with the half FTE provided using overtime, resulting in a net need for 3 additional corrections officers. As part of the earlier analysis of the retained costs associated with records functions that would remain with the City once NORCOM forms, two staffing options were identified:

- 6 records staff (5 records technicians and 1 supervisor) with a total cost of \$376,000, or
- 4 corrections officers with a total cost of \$258,000.

The recommended approach is to add 4 corrections officers to meet those needs and to complete the transition to a minimum of 2 officers on duty 24/7 at the jail and will provide capacity to absorb some of the records functions currently performed by dispatch staff (an eliminate the overtime element which presents an operational challenge). The peak demands for these records functions occur between 6 am and 10 pm, which are met during business hours by existing staff. Using corrections staff to meet needs results in less than ideal coverage during the 5 pm to 10 pm period, which could result in the need for additional records staff, if the workload volume cannot be handled by corrections staff and NORCOM does not provide selected records services. However, this need is dependent on the final outcome of contract negotiations and further definition of NORCOM services.

Since the original projections were presented, refinements have been made to the Police staffing projections associated with annexation which have a bearing on this discussion. The revised Police staffing needs include the addition of 4 records technicians and 3 corrections officers. If the 4 corrections officers described earlier are added to meet the NORCOM needs, these FTEs would also be sufficient to meet the City's needs with annexation (given the current jail configuration). However, it is expected that the 4 records technicians will be required to meet the peak workload generated by annexation and provide coverage during the 5 pm to 10 pm period (coverage from 10 pm to 6 am would continue to be provided by corrections staff). If annexation does not occur, there may still be a need to add records technicians during the peak period, depending on what records-related services NORCOM will provide. Once the final NORCOM service configuration is set and the annexation decision is known, further analysis of records staffing needs will be conducted, including an evaluation of whether Kirkland could contract to provide selected services to other NORCOM agencies with similar needs (such as Mercer Island and Medina).

Start-Up and Transition Costs

In addition to the annual operating costs, there are start-up and transition costs associated with NORCOM. The one-time start-up costs include the costs of technology, asset transfer and establishing a back-up facility.

Start-Up Technology

The Steering Committee has completed a technology strategy for NORCOM that includes the following requirements:

- One Computer Aided Dispatch (CAD) system for both Fire and Police to perform tasks such as call receipt, incident entry, dispatching, unit and incident status monitoring, messaging, address verification and other functions.
- One Records Management System for each of Fire or Police to function as the primary data management system for the public safety agencies. The separate RMS systems are tailored to meet each discipline's specific needs. For Fire agencies, this system typically helps agencies track incident history, manage assets, perform inspections, track building occupancy and satisfy state and federal reporting requirements. Both RMS systems must integrate with the selected CAD system
- A public safety mobile data system consisting of three components: 1) software to prepare call/mapping data and field personnel messages for wireless transmission, 2) wireless connectivity to facilitate the data transmission, and 3) hardware, primarily in the form of Mobile Data Computers (MDCs) and servers, to support this functionality.
- Other peripheral technologies that require integration with CAD, RMS, and/or mobile must be considered for each affected agency.

The estimated cost of this technology is \$5.1 million. NORCOM has received \$750,000 in state funding for the technology and has significant technology grant requests pending. These pending grant requests include a \$2.7 million COPS Grant, a \$1.0 million UASI Grant, and a \$0.4 million Federal appropriation. The following table shows the allocation of the technology costs by agency – the first column shows the allocation without any additional grant funds and the second column shows the allocation if all outstanding grant applications are approved. NORCOM should receive grant notifications by the end of September.

Start-Up Technology Costs

| Summary of All Agencies | Technology less \$750k Grant | Technology less \$4.85m Grant |
|----------------------------|------------------------------|-------------------------------|
| Bellevue Fire | 526,490 | 26,334 |
| Bellevue Police | 1,053,580 | 52,698 |
| Bellevue Total | 1,580,070 | 79,032 |
| Bothell Fire | 138,707 | 6,938 |
| Clyde Hill Police | 39,214 | 1,961 |
| Duvall Fire | 29,765 | 1,489 |
| Eastside Fire and Rescue | 279,489 | 13,979 |
| Fall City Fire | 22,340 | 1,117 |
| Kirkland Fire | 221,581 | 11,083 |
| Kirkland Police | 730,291 | 36,527 |
| Kirkland Total | 951,872 | 47,610 |
| Medina Police | 44,122 | 2,207 |
| Mercer Island Fire | 70,910 | 3,547 |
| Mercer Island Police | 290,728 | 14,542 |
| Mercer Island Total | 361,638 | 18,088 |
| Northshore Fire | 107,419 | 5,373 |
| Redmond Fire | 313,307 | 15,671 |
| Shoreline Fire District | 277,706 | 13,890 |
| Skykomish Fire | 10,019 | 501 |
| Snoqualmie Fire | 22,794 | 1,140 |
| Snoqualmie Pass Fire | 7,749 | 388 |
| Woodinville FLSD | 129,661 | 6,485 |
| | \$4,315,870 | \$215,870 |

Asset Acquisition

In order to reduce the cost of starting up a new consolidated emergency communications services dispatch operation, NORCOM will acquire from Bellevue and Kirkland communications center assets that are currently used by these cities in their respective dispatch operations. These assets include dispatch consoles, radio equipment, computers and other hardware. NORCOM will acquire the assets at prices based on a straight-line depreciation of the value of the assets at the time of acquisition. The timing of acquisition of the equipment will be such as will facilitate both the timely start-up of NORCOM services and transition of dispatch service provision from these city dispatch operations to NORCOM. Principals will have the option to pay for the assets up front or over a period of not to exceed seven (7) years.

Back-Up Facility

National standards require that NORCOM has a backup facility located in a facility separate from the primary facility at Bellevue City Hall. There are a wide-range of options for the provision of back-up services. The Steering Committee recommends that NORCOM establish and implement an initial back-up operations plan that provides for back-up dispatch at a basic level of service for a limited duration of time. This back-up level of service could be enhanced over time as funding becomes available. The initial back-up operations plan could be accomplished through (1) a partnership relationship with an existing communications center; or (2) the use of Bellevue's Fire Station #3 with some limited investments in technology upgrades. The success of option (1) depends on identifying an existing communications center with the capacity and resources to implement the back-up relationship.

A recent Bellevue back-up study estimated the start-up costs for implementing a functional stand-alone back-up at Fire Station 3 at between \$500,000 and \$700,000. The costs of a partnership back-up relationship with an existing center are likely to be significantly less. These costs would include the cost of establishing the 911 switch, which would likely qualify for King County E-911 funding. There may be additional costs of a back-up partnership that could include the purchase of additional radio equipment and consoles if needed. Because the final determination on a back-up configuration has not been made, the back-up start-up costs have been determined not to exceed \$500,000 for budgetary planning purposes.

Summary of Start-Up Costs

| Summary of All Agencies | Technology less \$750k Grant | Asset Transfer | Backup Facility | Total |
|--------------------------------|-------------------------------------|-----------------------|------------------------|--------------------|
| Bellevue Fire | 526,490 | \$173,753 | \$60,995 | 761,238 |
| Bellevue Police | 1,053,580 | 347,704 | 122,059 | 1,523,343 |
| Bellevue Total | 1,580,070 | 521,456 | 183,054 | 2,284,580 |
| Bothell Fire | 138,707 | 45,776 | 16,069 | 200,553 |
| Clyde Hill Police | 39,214 | 12,941 | 4,543 | 56,699 |
| Duvall Fire | 29,765 | 9,823 | 3,448 | 43,036 |
| Eastside Fire and Rescue | 279,489 | 92,237 | 32,379 | 404,106 |
| Fall City Fire | 22,340 | 7,373 | 2,588 | 32,300 |
| Kirkland Fire | 221,581 | 73,126 | 25,670 | 320,378 |
| Kirkland Police | 730,291 | 241,011 | 84,605 | 1,055,908 |
| Kirkland Total | 951,872 | 314,138 | 110,276 | 1,376,286 |
| Medina Police | 44,122 | 14,561 | 5,112 | 63,795 |
| Mercer Island Fire | 70,910 | 23,402 | 8,215 | 102,527 |
| Mercer Island Police | 290,728 | 95,946 | 33,681 | 420,355 |
| Mercer Island Total | 361,638 | 119,348 | 41,896 | 522,882 |
| Northshore Fire | 107,419 | 35,450 | 12,445 | 155,313 |
| Redmond Fire | 313,307 | 103,398 | 36,297 | 453,002 |
| Shoreline Fire District | 277,706 | 91,649 | 32,173 | 401,527 |
| Skykomish Fire | 10,019 | 3,306 | 1,161 | 14,486 |
| Snoqualmie Fire | 22,794 | 7,522 | 2,641 | 32,957 |
| Snoqualmie Pass Fire | 7,749 | 2,557 | 898 | 11,204 |
| Woodinville FLSD | 129,661 | 42,791 | 15,021 | 187,473 |
| | \$4,315,870 | \$1,424,328 | \$500,000 | \$6,240,198 |

Depending on the success of NORCOM's technology grant applications and the cost of the selected back-up option, Kirkland's one-time start-up costs could be significantly lower than depicted in the above table. Because these are one-time start up costs associated with establishing a new agency, they are suitable to be funded through reserves.

Transition Costs

In addition to start-up costs, there are one-time transition costs that will fund NORCOM's work between the time that the agency is formed and the time that it goes into full operation with newly integrated technology in mid-2009. The largest portion of these costs can be attributed to the Executive Director and the technology staff associated with the major technology system implementation. There are also costs associated with labor negotiations and facility modifications. The following table summarizes the allocation of transition costs by agency.

| Summary of All Agencies | 2007 Transition Estimates | 2008 Transition Estimates | 2009 Transition Estimates | Total |
|----------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------|
| Bellevue Fire | 25,618 | 100,641 | 41,171 | 167,430 |
| Bellevue Police | 51,265 | 201,397 | 82,390 | 335,052 |
| Bellevue Total | 76,882 | 302,038 | 123,561 | 502,482 |
| Bothell Fire | 6,749 | 26,515 | 10,847 | 44,111 |
| Clyde Hill Police | 1,908 | 7,496 | 3,067 | 12,471 |
| Duvall Fire | 1,448 | 5,690 | 2,328 | 9,466 |
| Eastside Fire and Rescue | 13,599 | 53,426 | 21,856 | 88,881 |
| Fall City Fire | 1,087 | 4,270 | 1,747 | 7,104 |
| Kirkland Fire | 10,782 | 42,356 | 17,328 | 70,466 |
| Kirkland Police | 35,534 | 139,599 | 57,109 | 232,242 |
| Kirkland Total | 46,316 | 181,955 | 74,436 | 302,707 |
| Medina Police | 2,147 | 8,434 | 3,450 | 14,031 |
| Mercer Island Fire | 3,450 | 13,555 | 5,545 | 22,550 |
| Mercer Island Police | 14,146 | 55,574 | 22,735 | 92,455 |
| Mercer Island Total | 17,596 | 69,129 | 28,280 | 115,005 |
| Northshore Fire | 5,227 | 20,534 | 8,400 | 34,160 |
| Redmond Fire | 15,245 | 59,890 | 24,501 | 99,635 |
| Shoreline Fire District | 13,513 | 53,085 | 21,717 | 88,314 |
| Skykomish Fire | 487 | 1,915 | 783 | 3,186 |
| Snoqualmie Fire | 1,109 | 4,357 | 1,782 | 7,249 |
| Snoqualmie Pass Fire | 377 | 1,481 | 606 | 2,464 |
| Woodinville FLSD | 6,309 | 24,785 | 10,139 | 41,234 |
| | \$210,000 | \$825,000 | \$337,500 | \$1,372,500 |

The 2007 transition costs have already been incorporated into Kirkland's budget. The 2008 and 2009 one-time transition costs will be funded out of one-time revenues.

Conclusion

NORCOM represents a fundamental shift from a contract model of dispatch services to a partnership model where all principles have a voice and a vote in the governance of the agency. This transition to a partnership mode does have costs associated with it. However, the benefits associated with immediate operational improvements and long-term cost avoidance outweigh the initial start-up costs.

Under NORCOM, the operating services boards will meet regularly to define and refine shared service protocols and to collaborate on level of service improvements. In many instances, response times will be enhanced because of the elimination of the transfer of Fire/EMS calls between dispatch agencies. Both police and fire services will develop their respective integrated records management systems (RMS), so that first responders will have real time access to regional information through a single records system. Member agencies will also realize level of service improvements with the implementation of integrated Computer-Aided Dispatch (CAD), mobile, and RMS.

Kirkland will also benefit from the long-term cost avoidance, particularly as it relates to technology replacement. Dispatch technology is becoming increasingly complex and expensive to maintain and replace. By sharing the costs of this technology among the partner agencies, Kirkland will avoid the full impact associated with technology replacement. Finally, the NORCOM partnership model offers its member jurisdictions greater certainty to determine the nature and cost of future dispatch operations. Absent NORCOM, the agencies that currently contract with Bellevue for dispatch services will face higher contract costs without the ability to control the overall dispatch budget.

SECTION BY SECTION SUMMARY OF KEY NORCOM DOCUMENTS

NORCOM INTERLOCAL AGREEMENT

| # | Section Name | Brief Summary |
|---|---|--|
| | RECITALS | Describes goals of NORCOM |
| 1 | CREATION OF KING COUNTY NORTH EAST REGIONAL PUBLIC SAFETY COMMUNICATIONS AGENCY | NORCOM named and created per joint cooperation statute (RCW 39.34.030) and nonprofit corporation act (Ch. 24.06 RCW) |
| 2 | TERM OF AGREEMENT | Initial term of 7 years, during which a Principal may not withdraw from the Agreement. Thereafter infinite direction subject to termination. |
| 3 | DEFINITIONS | <p>Defines capitalized terms used in agreement—among them:</p> <p>Agreement—the ILA.</p> <p>Governing Board—the governing body of NORCOM</p> <p>Fire/EMS Services Board--advisory board composed of representatives from Principal and Subscriber Fire/EMS agencies.</p> <p>Joint Operating Board – combined membership of the Fire/EMS Service Board and Police Service Board</p> <p>Member –person serving on the Governing Board representing a Principal</p> <p>Principal – a general purpose municipal corporation, fire district, state agency, or entity such as Eastside Fire and Rescue, which is a party to the Agreement.</p> <p>Police Service Board—advisory board composed of representatives from Principal and Subscriber police agencies.</p> <p>Representative—person representing a Principal or Subscriber on a Service Board.</p> <p>Subscriber—an entity of the same type as a Principal which has chosen to receive services by separate contract and is not party to the Agreement.</p> |

| # | Section Name | Brief Summary |
|---|---|---|
| | | <p>Supermajority Vote -- A vote of the Governing Board for which approval of an item requires affirmative votes of <i>both</i>: (1) not less than two-thirds of all Members of the Governing Board in number; and (2) not less than two-thirds of the Weighted Vote of all Members of the Governing Board.</p> <p>Two-Prong Simple Majority Vote-- A vote of the Governing Board for which approval of an item requires affirmative votes of <i>both</i>: (1) not less than a majority of all Members of the Governing Board in number; and (2) not less than a majority of the Weighted Vote of all Members of the Governing Board. A weighted vote means a Member's vote is based on its respective Principal's User Fees due in the current budget year as compared to the User Fees paid by all Principals.</p> |
| 4 | NORCOM SERVICES | <p>The services to be provided by NORCOM include:</p> <ul style="list-style-type: none"> • Taking 911 calls for police, fire and medical services and dispatching those calls to agencies and units; • Providing ongoing communications support to police, fire and EMS unites in the field • Maintaining radio communications systems (specifically excluding the 800 MHz system operated and maintained by ESPCA) • Initiating public records dispatch and providing other records functions as the Governing Board may determine • Establishing and updating communications protocols for personnel in the field |
| 5 | NORCOM POWERS | <p>NORCOM has all powers allowed by law for similar agencies – excluding the power to issue debt.</p> |
| 6 | GOVERING BOARD; COMPOSITION AND OPERATION | <p>Governing Board created. Each Principal has one representative on Governing Board, who is the Chief Executive Officer of his/her jurisdiction (i.e., city manager, strong mayor, fire district chief). Board is overseen by Chair and Vice Chair, each serving one-year terms with Vice-Chair automatically assuming position of Chair at end of his/her term. Officers</p> |

| # | Section Name | Brief Summary |
|---|--|---|
| | | <p>elected annually at the Principals Assembly. A secretary and treasurer may be appointed by the Board and these persons need not be Members. Officers may be removed by vote of the Governing Board, with or without cause, on 30 days' notice. The Chair of the Joint Operating Board serves in <i>ex officio</i> capacity on Governing Board. Governing Board meets at least 4 times per year. Members on the Governing Board each have one vote, provided that a Two-Prong Simple Majority Vote may be called for in advance of any vote. The following items require Supermajority Vote approval:</p> <ul style="list-style-type: none"> • Approval or amendment of budget • Decision to request Principals issue debt on behalf of NORCOM • Admission of a new Principal • Appointing the Executive Director • Major acquisition of assets (>\$500,000) • Expanding scope of service to be provided • Adopting or amending bylaws. <p>Governing Board shall actively seek advice, comment and recommendation of the Joint Operating Board.</p> |
| 7 | JOINT OPERATING BOARD AND SERVICE BOARDS | <p>Joint Operating Board and Service Boards (Police Service Board, Fire/EMS Service Board) created. Police Service Boards members are chiefs (or their designee) from each Principal and Subscriber police agency. Fire/EMS Board members are chiefs (or their designees) from each Principal and Subscriber fire agency. The two Service Boards meet separately and together as the Joint Operating Board, at least 6 times each year. Joint Operating Board chair and vice chair serve one year terms. Vice Chair automatically assumes Chair position at end of term. The two positions must be split between Police and Fire/EMS agencies and are the chairs of their respective Service Boards. Purpose of boards is to promote interagency cooperation and information sharing and assist in development of NORCOM policies and budgets.</p> |

| # | Section Name | Brief Summary |
|----|--|---|
| 8 | PRINCIPALS ASSEMBLY | <p>In order to increase the involvement of Principal’s legislative bodies (city councils or board of commissioners) in NORCOM while retaining the basic structure in which NORCOM is governed by the Governing Board, an annual Principals Assembly will be held each April. Each Principal will designate one member of its legislative body to represent it at the Assembly. The purpose of the Assembly is to:</p> <ul style="list-style-type: none"> • Hear the annual report of the Executive Director (addressing significant activities of the prior year, the prospective year’s work plan; financial management report; benchmark performance report) • Hear presentation of the Joint Operating Board on the proposed budget policy for the next year. <p>Assembly representatives will comment on these items and their comments will be forwarded to the Governing Board. Comments from the Assembly are advisory to the Governing Board.</p> <ul style="list-style-type: none"> • Also at the Assembly, the Governing Board will conduct its annual election of officers and the required annual meeting of NORCOM. |
| 9 | EXECUTIVE DIRECTOR | <p>The chief administrative officer of the agency is the Executive Director. He or she is an “at will” employee, hired and fired by Governing Board, with recommendation from Joint Operating Board. Responsible for administering day-to-day operations of NORCOM. Board retains responsibility for hiring legal counsel, independent accountants and auditors.</p> |
| 10 | PERSONNEL POLICY | <p>Personnel policies can be proposed by either the Joint Operating Board or the Executive Director (who must submit proposals to the Joint Operating Board for comment before they are sent to the Governing Board). Personnel Policies must be approved by the Governing Board.</p> |
| 11 | OPERATIONAL POLICY AND SYSTEM EVALUATION | <p>Executive Director actively and continuously considers means to enhance operations and make recommendations regarding same to Joint Operating Board and Governing Board.</p> |
| 12 | BUDGET, USER FEE FORMULA, | <p>Budgets may be adopted on either annual or biennial basis, as Governing</p> |

| # | Section Name | Brief Summary | | | | | | | | | | | | | | | | | | | | |
|-----------------------|--|--|----------------------|--|--------------------|--|--------------|---|-----------------|---|------------------|--|------------------|---|--------------------|---|------------------|--|----------------|--|-----------------------|---|
| | PAYMENT OF USER FEES, DELINQUENCIES, RESERVE FUNDS | <p>Board may determine. Budget timeline is summarized below:</p> <table border="1" data-bbox="898 354 1892 935"> <tr> <td data-bbox="898 354 1125 418"><i>By February 1</i></td> <td data-bbox="1125 354 1892 418"><i>Joint Operating Board (JOB) receives proposed budget policy from Executive Director (ED).</i></td> </tr> <tr> <td data-bbox="898 418 1125 456"><i>By March 15</i></td> <td data-bbox="1125 418 1892 456"><i>JOB transmits its proposed budget policy to all Principals.</i></td> </tr> <tr> <td data-bbox="898 456 1125 521"><i>April</i></td> <td data-bbox="1125 456 1892 521"><i>Principals Assembly, where representatives comment on the proposed budget policy</i></td> </tr> <tr> <td data-bbox="898 521 1125 586"><i>By May 1</i></td> <td data-bbox="1125 521 1892 586"><i>Governing Board receives write-up of Principals Assembly feedback.</i></td> </tr> <tr> <td data-bbox="898 586 1125 623"><i>By June 1</i></td> <td data-bbox="1125 586 1892 623"><i>Governing Board adopts budget policy.</i></td> </tr> <tr> <td data-bbox="898 623 1125 660"><i>By July 1</i></td> <td data-bbox="1125 623 1892 660"><i>ED issues proposed budget to JOB review.</i></td> </tr> <tr> <td data-bbox="898 660 1125 698"><i>By August 1</i></td> <td data-bbox="1125 660 1892 698"><i>JOB forwards proposed budget to Governing Board.</i></td> </tr> <tr> <td data-bbox="898 698 1125 735"><i>August 30</i></td> <td data-bbox="1125 698 1892 735"><i>Last day for Governing Board to approve budget.</i></td> </tr> <tr> <td data-bbox="898 735 1125 833"><i>Sept. 5</i></td> <td data-bbox="1125 735 1892 833"><i>Last day for NORCOM to send budget and user fees to all Participants for their consideration/approval—including any proposed changes in user fee formulas</i></td> </tr> <tr> <td data-bbox="898 833 1125 935"><i>By End of year</i></td> <td data-bbox="1125 833 1892 935"><i>Governing Board approves final budget after all Participants act on their respective allocations to that budget.</i></td> </tr> </table> <p>Each agency (Principal and Subscriber) must independently approve their share of the budget, after which Governing Board confirms final budget. Principals not approving their share of budget are converted to Subscriber status.</p> <p>User fee formula may be changed periodically by supermajority vote of Governing Board. User fees are paid quarterly (Jan. 15, April 15, July 15, Oct. 15). Delinquent fees incur interest at federal prime rate plus 3% from date of delinquency. 60 day opportunity to cure delinquency. Failure to pay within cure period converts Principal to Subscriber. Service may be terminated after 6 months delinquency. Subscriber premiums (e.g., 106%</p> | <i>By February 1</i> | <i>Joint Operating Board (JOB) receives proposed budget policy from Executive Director (ED).</i> | <i>By March 15</i> | <i>JOB transmits its proposed budget policy to all Principals.</i> | <i>April</i> | <i>Principals Assembly, where representatives comment on the proposed budget policy</i> | <i>By May 1</i> | <i>Governing Board receives write-up of Principals Assembly feedback.</i> | <i>By June 1</i> | <i>Governing Board adopts budget policy.</i> | <i>By July 1</i> | <i>ED issues proposed budget to JOB review.</i> | <i>By August 1</i> | <i>JOB forwards proposed budget to Governing Board.</i> | <i>August 30</i> | <i>Last day for Governing Board to approve budget.</i> | <i>Sept. 5</i> | <i>Last day for NORCOM to send budget and user fees to all Participants for their consideration/approval—including any proposed changes in user fee formulas</i> | <i>By End of year</i> | <i>Governing Board approves final budget after all Participants act on their respective allocations to that budget.</i> |
| <i>By February 1</i> | <i>Joint Operating Board (JOB) receives proposed budget policy from Executive Director (ED).</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>By March 15</i> | <i>JOB transmits its proposed budget policy to all Principals.</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>April</i> | <i>Principals Assembly, where representatives comment on the proposed budget policy</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>By May 1</i> | <i>Governing Board receives write-up of Principals Assembly feedback.</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>By June 1</i> | <i>Governing Board adopts budget policy.</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>By July 1</i> | <i>ED issues proposed budget to JOB review.</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>By August 1</i> | <i>JOB forwards proposed budget to Governing Board.</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>August 30</i> | <i>Last day for Governing Board to approve budget.</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>Sept. 5</i> | <i>Last day for NORCOM to send budget and user fees to all Participants for their consideration/approval—including any proposed changes in user fee formulas</i> | | | | | | | | | | | | | | | | | | | | | |
| <i>By End of year</i> | <i>Governing Board approves final budget after all Participants act on their respective allocations to that budget.</i> | | | | | | | | | | | | | | | | | | | | | |

| # | Section Name | Brief Summary |
|----|---|---|
| | | <p>premium charge in proposed User Fee Formula) will be applied to NORCOM's reserve funds. There may be differential user fees based on the relative benefits conferred to the agencies.</p> <p>NORCOM will have two reserve funds: Operating Contingency Reserve Fund and Capital Equipment Replacement Fund. Reserve levels shall be set by the Governing Board.</p> <p>The 2007 and 2008 transition budgets are incorporated as Exhibits B and C to the ILA. The transition user fee formula is included as Exhibit 1-A. Kirkland is established as the initial fiscal agent.</p> |
| 13 | ISSUANCE OF DEBT IN SUPPORT OF NORCOM | <p>NORCOM is not authorized to issue debt, but may by Supermajority Vote of Governing Board request Principals to issue debt <i>on behalf of NORCOM</i>. Failure to act as requested shall convert a Principal to Subscriber status. If a Principal or other entity issues debt <i>on behalf of NORCOM</i>, the principal and interest on that debt will be repaid to the debt instrument owners through User Fees. Owners of those debt instruments may rely on NORCOM and the Principals to repay their share of the debt obligations. Responsibility for debt repayment is allocated based on the User Fee formulas.</p> <p>Regardless of whether NORCOM is terminated or a Principal's participation in NORCOM is terminated, a Principals' obligation to repay debt issued while that Principal was a NORCOM Principal survives until the debt is fully repaid. Principals will be similarly obligated to repay their share of the value of any assets transferred to NORCOM by a Principal. In contrast, a Subscriber's obligation to repay debt does not survive the term of its service contract with NORCOM.</p> |
| 14 | TRANSFER OF ASSETS TO NORCOM, FUTURE ASSET ACQUISITIONS | <p>NORCOM will acquire start-up assets from Bellevue and Kirkland according to a straight line depreciation methodology for the valuation of the assets.</p> |

| # | Section Name | Brief Summary |
|----|--|---|
| | | Principals with have the option to pay for the assets up front or over a 7-year period. Major asset acquisitions require a supermajority vote. Agencies may pay differential user fees based on the relative benefit conferred by the asset acquisition. |
| 15 | CONVERSION OF EXISTING PARTICIPATING AGENCIES, ADDITION OF NEW PRINCIPALS OR SUBSCRIBERS, PROVISION OF ADDITIONAL SERVICES TO PRINCIPALS | <p>If a Principal is converted to subscriber status (for reasons noted above), it loses its seat on Governing Board; loses its right to receive share of NORCOM assets on dissolution of NORCOM; and is subject to paying User Fees at rate than applicable to Subscribers.</p> <p>Principals may elect to be converted to Subscriber status upon notice given at least 9 months prior to end of budget year.</p> <p>New Principals and Subscribers may be admitted by vote of Governing Board (Supermajority Vote required for new Principals). Entry may require payment designed to ensure current Principals and Subscribers do not incur additional cost as a result of the additional membership.</p> |
| 16 | CONTRACTS AND SUPPORT SERVICES | Governing Board may contract out for services. |
| 17 | RETAINED POWERS OF PARTICIPATING AGENCIES | Principals and Subscribers remain responsible for their own operations and equipment. |
| 18 | INVENTORY AND PROPERTY | NORCOM property shall be inventoried and valued annually. |
| 19 | WITHDRAWAL BY OR TERMINATION OF PRINCIPAL | Principal may withdraw from NORCOM upon not less than 1 years' notice prior to December 31 of any year. Termination does not discharge Principal of its obligations or debts to NORCOM. A terminating or withdrawing Principal does not forfeit its rights to personal property on loan to NORCOM. |
| 20 | AMENDMENT OF AGREEMENT | Agreement may be amended by Supermajority Vote, provided that amendments affecting the terms and conditions of membership on the Governing Board or voting rights of Governing Board members shall require unanimous consent of the legislative authorities of all Principals. Unanimous |

| # | Section Name | Brief Summary |
|----|--|---|
| | | vote not required for addition of a Principal or to serve an additional operation of an existing Principal. |
| 21 | TERMINATION OF AGREEMENT; DISSOLUTION OF NORCOM | Upon vote of majority of Governing Board, agreement may be terminated in 1 year. Assets distributed to then current Principals based on each agency's average contribution of user fees over the preceding five years as compared to the contributions of other Principals. NORCOM will terminate 1 year from the point at which there are only 3 Principals. |
| 22 | DISPUTE RESOLUTION | Parties agree to first seek to resolve disputes through meetings of officers, then mediation (binding or not), then binding arbitration. Applies to disputes between NORCOM and Principals, or between Principals under the ILA. |
| 23 | INTERGOVERNMENTAL COOPERATION | NORCOM shall cooperate with others to maximize grant opportunities and enhance effectiveness and efficiency of operations. |
| 24 | INDEMNIFICATION AND HOLD HARMLESS | <ul style="list-style-type: none"> • Everyone indemnifies everyone else (NORCOM, all Principals, all Subscribers). The ILA provides for the indemnification by Principals of each other and of NORCOM; the Articles and Bylaws address indemnification by NORCOM, and indemnification of/by Subscribers. • Given that most lawsuits involve simple negligence, the standard for indemnification is simple negligence, not gross negligence (resulting in broader indemnification for all parties). • The indemnification reflects state law on comparative negligence (i.e., blame/responsibility is apportioned between responsible parties based on their respective "contribution" to the bad event; no one will be indemnified for damages caused by their sole negligence) • Indemnification of Principals extends to their officers, officials, employees, agents and volunteers. • Language is added to clarify obligations regarding notice of lawsuits, defense of same, participating in defense, cooperation in defense preparations, and settlement of claims. |

| # | Section Name | Brief Summary |
|-------------------|---|---|
| | | <ul style="list-style-type: none"> This section survives termination of the ILA. |
| 25 | INSURANCE | NORCOM shall obtain insurance to extent practicable, with Principals and Subscribers, employees, and individual members of all boards protected as additional insureds. |
| 26 | NOTICE | Unless otherwise specified, notice to NORCOM shall be sent to the Chair of the Governing Board at his or her agency's principal address. |
| 27 | VENUE | Legal disputes shall be filed with Superior Court, King County, Washington |
| 28 | FILING | State and local agencies sent copies of this Agreement as required by law. |
| 29 | NO THIRD PARTY BENEFICIARIES | No person or entity not a party to this Agreement has any rights under the Agreement. |
| 30 | SEVERABILITY | If any part of this Agreement is determined invalid, the remainder of the Agreement shall be unaffected. |
| 31 | REPEALER AND RATIFICATION | Prior acts of parties consistent with the Agreement are ratified. |
| 32 | EXECUTION, COUNTERPARTS, AND EFFECTIVE DATE | The Agreement may be signed in multiple originals. Effective date of November 1, 2007, assuming that prior to that date, the following has occurred: (1) approval of ILA by Bellevue, Kirkland and Mercer Island and election by these agencies to have NORCOM dispatch police calls; and (2) approval of ILA by agencies representing at least 85% of the 2006 fire call volume (and election by these agencies for NORCOM to dispatch their Fire/EMS calls) |
| EXHIBITS | | |
| A | Initial Election to Receive NORCOM Service | Principals must complete this form to communicate their desire to receive services from NORCOM and to specify which public service agencies operated by a Principal is/are to be served. |
| B | 2007 Transition Budget | Transition budget for 2007. |
| C | 2008 Transition Budget | Transition budget for 2008. |
| D | Statement of Values and Principles | NORCOM Values and Operating Principles |
| APPENDICES | | |

| # | Section Name | Brief Summary |
|---|-------------------|-------------------|
| A | User Fee Formulas | <i>See below.</i> |

**Summary of User Fee Formulas
(Appendix A to the Interlocal Agreement)**

There are two distinct periods of time for NORCOM: before operations start (the “**Transition Period**”) and after (the “**Full Operations Period**”). Different fee formulas apply in each period. NORCOM will start providing both police and fire dispatch at the same time. Fee Formulas may be changed upon Supermajority Vote of the Governing Board.

In the Transition Period the fee formula is the same for Principals and Subscribers, and budgeted costs are divided 50-50 between police and fire agencies.

In the Full Operations Period budgeted costs are still divided 50-50 between police and fire agencies. **Subscribers will pay a 6% premium.**

In both periods, individual Participants pay based on their relative **Calls for Service** as compared to the combined calls for service of all other similarly served agencies (police or fire/EMS).

- In the Transition Period, Calls for Service are based on the most recent calendar year information from the agency currently dispatching that Participant.
- In the Full Operations Period, Calls for Service are based on an annual average from a two-year historical period, using a simplified version of the ValleyCom definitions.
- A principal **annexing** an area resulting in at least a 10% increase in population served will have its Calls for Service immediately adjusted on a rolling basis using information on Calls for Service from the previous service provider in the annexed area.

In both periods, there will be a separate **debt repayment component** to the user fees *if a Borrowing Program is approved by the Governing Board*. Given the variability of possible debt instruments, a formula is not prescribed for this, however, it is required that:

- Debt service owed on such obligations in each fee period are allocated to individual Participants based on their relative Calls for Service as compared to the combined Calls for Service of all other similarly served agencies (like the rest of the fee formula).

- Debt may be prepaid by a Principal, but a Principal may end up owing more or less over time depending on the number of Participants and Subscribers and their relative calls for service over time.

There will be a **Smoothing Rebate** equal to a total fixed amount of **\$5,500,000** applied to User Fees over the first seven years of full operations of NORCOM. This rebate will be a *reduction* to the User Fees of **Initial Participants** (those initially party to the ILA or Subscribers signing up within 4 months of the effective date of the ILA) other than Bellevue. Correspondingly, Bellevue's total user fees will be *increased* in each of these seven years by the total annual Smoothing Rebate amount. 70% of the Smoothing Rebates will be allocated to fire/EMS agencies, based on relative Calls for Service each year; 30% will be allocated to police agencies on the same relative Calls for Service basis. If an Initial Participant (other than Bellevue) is terminated or withdraws before the 7 years of the Full Operations Period have expired, that Participant must rebate to NORCOM all amounts credited for the smoothing charge within 2 months of leaving.

A Participant requesting **extra services** will pay for all direct and indirect costs associated with that extra service as well as a 20% premium. The specific formula for this is not included but will be calculated at the time of such request.

ARTICLES OF INCORPORATION

This document is required by the state nonprofit corporation laws. It outlines the basic corporate form for NORCOM consistent with the ILA. It has been drafted to put a minimum amount of detail in the Articles and therefore minimize the need for the Articles to be amended in the future.

Process: The Articles must be approved by each Principal at the time the ILA is approved and then will be filed with the State in order for NORCOM to become a separate legal entity. When approving the Articles, Principals should also identify the individual who will serve as their representative on the Governing Board at its initial meeting in 2007 (i.e., Mayor, City Manager or Fire Chief, as required by the ILA). After that, the Governing Board can meet and adopt the Bylaws (see below).

| # | Article Name | Summary |
|------|--------------------------------|--|
| I | Name | Legal name of the entity is “North East King County Regional Public Safety Communications Agency.” |
| II | Duration | The entity is perpetual: it does not cease to exist until terminated by its members. |
| III | Purposes | NORCOM’s purposes are restated as per the ILA; changes to this will be presumed in the event the ILA’s purposes are changed without the need to also amend the Articles. Declaring that NORCOM will exercise an essential governmental function. |
| IV | Prohibited Activity | Limiting text to ensure NORCOM is a nonprofit corporation under state and federal laws (no income to directors; no political activities; no issuance of stock, etc.) |
| V | Powers | Except as may be limited in the Bylaws, Articles and ILA, NORCOM has all powers allowed under nonprofit corporations act and interlocal cooperation act (Chapters 242.06 and 39.34 RCW). |
| VI | Members | Members of NORCOM are Principals as defined in the ILA, and their rights are defined in the ILA. |
| VII | Distributions Upon Dissolution | Required by statute; individual persons cannot receive distribution of assets upon dissolution of NORCOM; dissolution of assets as described by ILA. |
| VIII | Dissenting Members | Required by statute: ILA defines rights of those objecting to the dissolution (termination) of NORCOM. |
| IX | Bylaws | Bylaws establish internal governing rules for NORCOM. |

| # | Article Name | Summary |
|------|----------------------------------|---|
| X | Registered Agent | A registered agent (to receive notices from the state) must be established. Document recommends the inexpensive and simple option of using the firm “National Registered Agents,” located in Tumwater, for this purpose. |
| XI | Directors | The “directors” are the initial Governing Board Members. In approving the Articles, each Principal should also identify/approve its representative on the Governing Board (mayor, city manager, fire chief, as per the ILA). The names of these individuals will be inserted into the Articles when filed with the state. |
| XII | Incorporators | The initial “incorporators” are the Principals initially approving the ILA. They are to be listed in the Articles when filed with the state. |
| XIII | Limitation of Director Liability | Directors may not be personally liable to NORCOM except for damages resulting from: intentional misconduct; transactions in which the Director personally benefits; or acts prior to the Articles becoming effective. NORCOM will eliminate or limit liability of directors to the full extent of state law as it may be amended. |
| XIV | Indemnification | <ul style="list-style-type: none"> • NORCOM agrees to indemnify its officers and directors. • NORCOM may choose to indemnify its employees or agents, if the Board approves. • The Governing Board selects its legal counsel, accountants and auditors. • NORCOM shall indemnify its Members/Principals and their officers, directors, employees and agents. NORCOM may choose to extend this same indemnification to Subscribers. • Indemnification of officers and directors shall be consistent with the ILA. |

BYLAWS

The Bylaws govern the detail of operations of the Board. They are consistent with the ILA and restate many of its terms. The Bylaws were drafted by Will Patton of Foster Pepper and have been reviewed by the attorneys group.

Process: The Bylaws will be adopted by the initial Governing Board at its first meeting after the creation of NORCOM.

| # | Article Name | Summary |
|-----|--------------|---|
| I | Purposes | Purposes of NORCOM are as described in the ILA, consistent with interlocal cooperation at and nonprofit corporations act (Ch. 39.34 RCW and Ch. 23.06 RCW) |
| II | Definitions | Definitions of terms are as set forth in the ILA, unless otherwise defined in the Bylaws. |
| III | Offices | Office of NORCOM is at Bellevue City Hall. |
| IV | Board | <p>This section largely restates the terms of the ILA, and fills in some operational details.</p> <ul style="list-style-type: none"> • General powers of NORCOM managed by the Governing Board, which has power to transfer, acquire and dispose of property and carry out the purposes of NORCOM. • Board composition is as per ILA, one representative per Principal, etc. • Governing Board members stay in office until they no longer are so qualified (i.e., no longer Mayor or City Manager or Fire Chief, as applicable). • There is an Annual Meeting of NORCOM each April. The Board shall also meet at least quarterly. • Special meetings may be called, consistent with requirements of the ILA. A Member may waive notice of Special meetings. • Quorum is a majority by number of Boardmembers. • Work by consensus where possible; Votes on items as per ILA. Roberts Rules otherwise applies. • Governing Board may create committees advisory to the Board. • NORCOM is subject to the Open Public Meetings Act • Boardmembers may resign at any time or be removed at any time by their Principal, upon notice. • Vacancies filled by the appropriate Principal. • Members serve without compensation. |
| V | Officers | <ul style="list-style-type: none"> • As per ILA, there will be a Chair and Vice-Chair, serving one year terms with the Vice-Chair |

| # | Article Name | Summary |
|------|---|--|
| | | <p>succeeding the Chair.</p> <ul style="list-style-type: none"> • A secretary and treasurer may be appointed by the Board and these persons need not be members of the Board. • Removal as per ILA (with or without cause on vote of Governing Board and 30 days' notice). • Roles of Officers described. • Indemnification of officers as per ILA. |
| VI | Staff and Consultants | The Board authorizes staff positions; the Executive Director fills them (except for legal counsel, accountants and auditors). |
| VII | Execution of Agreements and Other Instruments | The Executive Director may sign documents/checks valued at \$50,000 or less, after advising the Joint Operating Board. Items for greater amount must be signed by Governing Board Chair or another officer. |
| VIII | Finances | <ul style="list-style-type: none"> • NORCOM may not issue debt. (<i>Note that this means NORCOM may not execute purchase contracts, for example, to buy office furniture with a multiple year payback.</i>) • Details on check signing, setting up of accounts addressed. • Annual Budget must be submitted to the Governing Board by August 1 (consistent with ILA). |
| IX | Seal | NORCOM will not have a corporate seal. |
| X | Books and Records | Books and records will be maintained and are subject to public disclosure laws. |
| XI | Fiscal Year | Fiscal year will be determined by the Governing Board. |
| XII | Copies of Resolutions | Any person can rely on certified copies of NORCOM resolutions, etc., as being accurate records of NORCOM actions. |
| XIII | Amendments to Bylaws | Amendments by Supermajority Vote of Governing Board. |

RESOLUTION R-4660

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE INTERLOCAL AGREEMENT FORMING NORCOM AS A SEPARATE LEGAL ENTITY PROVIDING CONSOLIDATED EMERGENCY COMMUNICATIONS SERVICES.

WHEREAS, Kirkland wishes to participate as a Principal in the consolidated emergency service communications center, to be known as the "North East King County Regional Public Safety Communications Agency" or "NORCOM;" and

WHEREAS, the Principals have investigated the means by which consolidation of some or all existing emergency service communications operations in North and East King County may be accomplished for the purpose and benefit of enhancing public safety; and

WHEREAS, the Principals, through creation of the NORCOM seek to deliver excellent emergency service communications in a highly efficient manner; to access potential economies of scale through consolidation of activities; to promote interagency collaboration, communication and interoperability; and to continuously identify means to enhance service delivery; and

WHEREAS, the consolidation of emergency service communications will be of substantial benefit to the citizens of the Principals and the residents of North and East King County; and

WHEREAS, substantial investigation of alternative approaches to calculation of user fees has resulted in a fee formula which the parties agree is fair and equitable;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KIRKLAND THAT:

Section 1. The City Council authorizes the City Manager to sign the Interlocal Agreement and any supplemental documents necessary or appropriate for incorporation including the Articles of Incorporation forming NORCOM as a separate legal entity providing consolidated emergency communications services.

Resolved by the City Council of the City of Kirkland the ____ day of _____, 2007,

City of Kirkland

James L. Lauinger, Mayor

Attest:

City Clerk