FINAL

NORTH EAST KING COUNTY REGIONAL PUBLIC SAFETY COMMUNICATIONS AGENCY INTERLOCAL AGREEMENT

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NORTH EAST KING COUNTY REGIONAL PUBLIC SAFETY COMMUNICATIONS AGENCY INTERLOCAL AGREEMENT

THIS AGREEMENT, incorporating all exhibits hereto, is entered into by and between the City of Bellevue, City of Bothell, City of Clyde Hill, City of Kirkland, City of Medina, City of Mercer Island, City of Snoqualmie, Eastside Fire & Rescue, King County Fire Protection District 27, King County Fire Protection District 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department, and Woodinville Fire & Life Safety District, (collectively, the "Principals").

RECITALS

WHEREAS, the undersigned municipal corporations, or "Principals" wish to establish and maintain a consolidated emergency service communications center, to be known as the "North East King County Regional Public Safety Communications Agency" or "NORCOM;" and

WHEREAS, this agreement is authorized by the Interlocal Cooperation Act set forth in chapters 39.34 and 24.06 of the Revised Code of Washington; 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, investigation of alternative locations for the initial operations of NORCOM has resulted in the Principals agreeing to locate the initial NORCOM operation in Bellevue City Hall, subject to reaching final agreement between NORCOM and the City of Bellevue on a lease of space for this purpose; 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, in consideration of the promises and agreements contained in this agreement and subject to the terms and conditions set forth, it is mutually understood and agreed by the parties as follows:

SECTION 1. CREATION OF NORTH EAST KING COUNTY REGIONAL PUBLIC SAFETY COMMUNICATIONS AGENCY. There is hereby created a consolidated public safety communications agency, hereinafter called "North East King County Regional Public Safety Communications Agency" ("NORCOM"). The parties hereto each hereby assign to NORCOM the responsibility for developing, owning, operating and managing a regional emergency service communications operation as authorized by the Interlocal Cooperation Act (Chapter 39.34 RCW). NORCOM shall be formed pursuant to RCW 39.34.030 and shall be organized as a nonprofit corporation under chapter 24.06 RCW.

SECTION 2. TERM OF AGREEMENT. This Agreement shall have an initial term of six (6) years (the "Initial Term"), and shall thereafter be of infinite duration, subject to termination provisions contained herein. During the Initial Term no Principal may withdraw from the Agreement, provided that a Principal may convert or be converted to Subscriber status as provided in Sections 12, 13 and 15, may annex to or join with another Principal as described in Section 6.p, or may upon action of the Governing Board be terminated from participation in the Agreement as provided in Section 12.

SECTION 3. DEFINITIONS.

a. Agreement. The "Agreement" is this interlocal agreement, as it may hereafter be amended or modified, together with all exhibits and appendices hereto, as they may hereafter be amended or modified.

b. Directly Served. The term "directly served" refers to those public safety service departments or agencies receiving Emergency Service Communications and other services from NORCOM and paying User Fees to NORCOM for such services, and which have executed either this Agreement or an approved Subscriber contract. A Principal or Subscriber may operate both Fire/EMS service and Police services but elect to have only one or the other service directly served by NORCOM.

c. EMS. "EMS" means Emergency Medical Services as described in RCW 84.52.069(5), as now or later amended, including the provision by the Participating Agencies of emergency medical care or emergency medical services, including related personnel costs, training for such personnel, and related equipment, supplies, vehicles and structures needed for the provision of emergency medical care or emergency medical services.

d. Executive Director. The "Executive Director" is the chief operating officer for NORCOM appointed by and serving at the pleasure of the Governing Board.

e. Emergency Service Communications. "Emergency Service Communications" mean those services described in Section 4.

f. Fire/EMS Service Board. The "Fire/EMS Service Board" is the advisory board composed of Representatives from Principal and Subscriber fire and emergency medical services departments or agencies as described in Section 7.

g. Governing Board. The "Governing Board" is the body described in Section 6 and shall be the governing body of NORCOM.

h. Initial Term. The "Initial Term" refers to the first six (6) years in which this Agreement shall be in effect.

i. Joint Operating Board. The "Joint Operating Board" is the advisory body described in Section 7, which consists of the combined membership of the Fire/EMS Service Board and Police Service Board.

j. Member. A "Member" or "Governing Board Member" is the individual representing a Principal on the Governing Board, whether the Chief Executive Officer of such Principal or his/her designated alternate

k. NORCOM refers to the "North East King County Regional Public Safety Communications Agency."

l. Participating Agencies. All Principals, and all Subscribers, as they may be so constituted from time to time, are collectively referred to as the "Participating Agencies" or "Participants," and individually referred to as a "Participating Agency" or "Participant."

m. Police Service Board. The "Police Service Board" is the advisory board composed of representatives from Principal and Subscriber police, sheriff or similar departments or agencies as described in Section 7.

n. Principal. A "Principal" is a general purpose municipal corporation or government agency, a fire district, a Public Safety Interlocal Operation, or a state agency created under the laws of Washington, which has accepted the terms of and is a party to this Agreement. A Principal may cease to be a Principal upon annexing to or joining another Principal as described in Section 6.p.

o. Principals Assembly. The "Principals Assembly" is the annual meeting of representatives from the legislative bodies of each Principal as described in Section 8.

p. Public Safety Interlocal Operation. A public safety interlocal operation includes a joint operation of fire districts and cities for provision of public fire and EMS services entered into and operating pursuant to Chapter 39.34 RCW, and may also include a public development authority created pursuant to RCW 35.21.730 et. seq. or a regional fire protection service authority created pursuant to Chapter 52.26 RCW, or a nonprofit corporation created for the purpose of facilitating a joint operation between fire districts and cities pursuant to RCW 39.34.030(3).

q. Representative. The term "Representative" refers to the individual representing a Principal or a Subscriber on the Police Service Board, Fire/EMS Service Board or Joint Operating Board, or his/her designated alternate.

r. Service Boards. The "Service Boards" are the Police Services Board and the Fire/EMS Service Board established by Section 7.

s. Simple-Majority Vote. A "Simple-Majority Vote" of the Governing Board means a majority of the votes of the Members present constituting a quorum and voting, with each Member present and voting having one vote.

t. Subscriber. A "Subscriber" is a general purpose municipal corporation or government agency, or a fire district, a Public Safety Interlocal Operation, or a state agency created under the laws of Washington which has agreed to pay NORCOM for emergency communications services or other services as offered at a rate or rates according to such terms and conditions as may be established by NORCOM as evidenced by separate contract between NORCOM and such entity. A "Subscriber" may also be a Principal that is converted to Subscriber status as provided in Sections 12, 13 and 15.

u. Supermajority Vote. A "Supermajority Vote" means Governing Board approval of an item accomplished by securing affirmative votes of both: (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.

v. "Two-Prong Simple Majority Vote." A Two-Prong Simple Majority Vote means Governing Board approval of an item accomplished by securing affirmative votes of both: (1) a majority of all Members of the Governing Board present constituting a quorum and voting, with each Member present and voting having one vote; and (2) a majority by Weighted Vote of all Members of the Governing Board present constituting a quorum and voting.

w. User Fees. User Fees are those fees charged to Participating Agencies for services provided by NORCOM.

x. Weighted Vote. A "Weighted Vote" means a vote in which each Member's vote is counted according to the proportion its respective Principal's User Fees due and payable for the then current budget year bears to the total User Fees payable for such year by all Principals. A Weighted Vote may not be split.

y. 800 MHz System. The 800 MHz System is the eastside public safety communication system developed in common by the Eastside Public Safety Agency (EPSCA) and other governmental agencies, including base stations and towers for an 800 MHz system and microwave backbone.

z. 9-1-1-Calls. 9-1-1- calls are those calls received or dispatched via the statewide emergency communication network of telephone or telecommunications service as described in Chapter 38.52 RCW.

SECTION 4. NORCOM SERVICES. NORCOM has the responsibility and authority for providing emergency service communications and all related incidental functions for communicating and dispatching services between the public and the Participating Agencies' directly served public safety departments in the furtherance of improved public safety and emergency response, including but not limited to the following more specifically described services:

a. Receiving 9-1-1 Calls and routine calls for police, fire and medical services;

b. Directing a response to said calls by either dispatching the appropriate emergency police, fire or medical unit or forwarding the call to the appropriate agency for response;

c. Providing on-going communication support to personnel in the field;

d. Updating, maintaining and managing the radio communications systems (excluding, unless specifically approved by Governing Board, the 800 MHz system), computer systems, support files and resource materials necessary to accomplish the above;

e. Initiating public safety records for all dispatched calls and providing such records services, including the updating, maintaining and managing of records systems as may be determined by the Governing Board; and

f. Establishing and updating from time to time standard protocols for communications to and from personnel in the field.

SECTION 5. NORCOM POWERS. NORCOM, through its Governing Board, shall have all powers allowed by law for interlocal agencies created under RCW 39.34.030, as

authorized, amended, or removed by the Governing Board, including but not limited to the following:

a. Recommend action to the legislative bodies of the Participating Agencies;

b. Review and approve budget expenditures for NORCOM;

c. Establish policies for expenditures of budget items for NORCOM;

d. Review and adopt a personnel policy for NORCOM;

e. Review and approve operating policy for NORCOM;

f. Establish a fund or special fund or funds as authorized by RCW 39.34.030 for the operation of the NORCOM;

g. Conduct regular and special meetings as may be designated by the Governing Board consistent with the state Open Public Meetings Act (Ch. 42.30 RCW);

h. Maintain and manage records in accordance with the state Public Records Act (Ch. 42.56 RCW) and other applicable state applicable federal records laws and regulations;

i. Determine what services shall be offered and under what terms they shall be offered;

j. Retain and terminate the Executive Director;

k. Create committees to review and make recommendations;

l. Approve strategic plans;

m. Approve the addition of new Principals and new Subscribers and the terms of their participating in NORCOM and receipt of, NORCOM services.

n. Enter into agreements with third parties for goods and services necessary to fully implement the purposes of this Agreement;

o. Establish User Fees and other charges for services provided to Participating Agencies;

p. Direct and supervise the activities of the Joint Operations Board, the Fire/EMS Services Board, the Police Services Board and the Executive Director;

q. Make purchases or contract for services necessary to fully implement the purposes of this agreement;

r. Enter into agreements with, and receive and distribute funds, from any federal, state or local agencies;

s. Receive all funds allocated to NORCOM by Participating Agencies;

t. Purchase, take, receive, lease, take by gift, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property, or any interest therein, in the name of NORCOM;

u. Sell, convey, lease, exchange, transfer, and otherwise dispose of all of its property and assets;

v. Sue and be sued, complain and defend, in all courts of competent jurisdiction in NORCOM's name;

w. Make and alter bylaws for the administration and regulation of its affairs;

x. Hold radio frequency licenses to enable NORCOM to operate radio communications and dispatch systems to meet its public safety responsibilities;

y. Request the issuance of debt by Principals on behalf of NORCOM, provided that NORCOM itself shall not be authorized to issue debt; and

z. Any and all other acts necessary to further NORCOM's goals and purposes.

SECTION 6. GOVERNING BOARD: COMPOSITION AND OPERATION.

a. Composition. NORCOM shall be governed by a Governing Board composed of one (1) representative from each Principal, which representative shall be the Chief Executive Officer of each such Principal or his/her alternate as provided in Section 6.f. Such representatives are referred to as Members or Members of the Governing Board.

b. Election to Receive Service From Agency; Impact on Governing Board Representation. Each Principal shall determine which of its respective public service departments, or operations ("agencies") will be directly served by NORCOM. The initial election by each Principal as to which of their respective agencies will receive Agency service will be recorded by the submittal by each Principal of a completed service election form, a blank version of which is set forth at Exhibit A. Regardless of how many of Principal's operations are directly served, a Principal shall have only one seat on the Governing Board, however, the number of that Principal's agencies or operations served by NORCOM will affect the Weighted Vote of the Principal.

c. Ex Officio Representative. The Chair (or the Vice Chair in his or her absence) of the Joint Operating Board shall serve as an ex officio, non-voting member of the Governing Board.

d. Conditions for Serving on Governing Board. All Members and their alternates shall serve without compensation from NORCOM. Members may only serve for such time as they are the duly appointed, acting or elected Chief Executive Officer of their respective Principal agency.

e. Powers. The Governing Board shall have final decision making authority upon all policy issues and shall exercise the powers described in Section 5. The Governing Board may delegate responsibility for execution of Governing Board policies and directives and for day-to-day operational decision-making to the Executive Director, including the hiring and supervision of additional staff positions authorized by the Governing Board.

f. Alternates. Each Member of the Governing Board may designate one alternate to serve on the Governing Board when such Member is absent or unable to serve, provided that each such alternate must be previously designated and must have operational responsibilities within his or her respective agency.

g. Quorum. A simple majority of the Members (or their alternates) in number (excluding any Member which per Section 19 has given notice of withdrawal or has which been terminated by vote of the Governing Board) shall constitute a quorum of the Governing Board for purposes of doing business on any issue.

h. Voting. The Board shall strive to operate by consensus. All Board decisions on items not listed in Section 6.i require a Simple Majority Vote for approval; *provided* that any Governing Board Member present and voting has the right, in advance of a vote, to require a Two-Prong Simple Majority Vote on any item that would otherwise require a Simple Majority Vote.

a. A Member representing a Principal that has given notice of withdrawal or which has been terminated by vote of the Governing Board shall be authorized to cast votes at the Governing Board only on those matters defined in Section 19.g.

i. Items Requiring Supermajority Vote for Approval. A Supermajority Vote of the Governing Board shall be required in order to approve the following items or actions:

i. Approval or amendment of NORCOM budget, including the User Fee formula;

ii. A decision to request Principals issue debt for or on behalf of NORCOM;

iii. A decision to acquire assets, equipment, real or personal property valued at over $500,000 per Section 14;

iv. Admission of a new Principal;

v. Appointing the Executive Director (a Simple Majority Vote is required for removal of the Executive Director).;

vi. Amendment of this Agreement (except for those amendments requiring unanimous consent of Principals under section 20 of this Agreement).

vii. Expansion of the scope of services provided by NORCOM; and

viii. Adoption or amendment of the NORCOM Bylaws, or amendment of the NORCOM Articles of Incorporation subject to other applicable requirements of Chapter 24.06 RCW.

j. Officers. The Governing Board shall have two officers, a Chair and Vice-Chair. It will be the function of the Chair to preside at the meetings of the Governing Board. The Vice-Chair shall assume this role in absence of the Chair. At the first meeting of the Governing Board, the officers shall be elected by Simple Majority Vote of the Members, and shall serve until the date of the first Principals Assembly. Annually thereafter, at the Principals Assembly the Vice Chair shall assume the role of Chair and the Governing Board shall elect a new Vice-Chair by Simple Majority Vote. In the event of a vacancy in the Chair position, the Vice-Chair shall assume the Chair for the balance of the term of the departed Chair. In the event of a vacancy in the Vice-Chair position, the Governing Board shall by Simple Majority Vote elect a new Vice-Chair to serve to the balance of the term of the departed Vice-Chair. An officer elected to fill the unexpired term of his or her predecessor shall not be precluded from serving a full annual term of office following the end of such unexpired term. Any officer appointed by the Board may be removed by Simple Majority Vote of the Board upon 30 days' written notice, with or without cause, in which event the Board shall promptly elect a new officer who shall serve until the next Principals Assembly. The Board may appoint persons to serve as Secretary and Treasurer of NORCOM, provided that such persons shall not be Members of the Governing Board.

k. Staffing. The Executive Director shall assign agency staff to support the Governing Board as he or she deems appropriate.

l. Meetings. The Governing Board shall meet not less than four (4) times per year, at least once each calendar quarter, at a time and place designated by the Chair of the Governing Board or by a majority of its Members. Not less than fourteen (14) days advance notice of regular meetings shall be given. Special meetings may be called by the Chair or any two (2) Members upon giving all other Members not less than seven (7) days prior notice. In an emergency, the Governing Board may dispense with written

notice requirements for special meetings, but must, in good faith, implement best efforts to provide fair and reasonable notice to all Governing Board Members. Members (or alternates) may participate in meetings by telephone conference or other comparable means.

m. Articles and Bylaws. Unless otherwise approved by Supermajority Vote of the Governing Board, upon the request of any Member of the Governing Board, Robert's Revised Rules of Order shall govern any proceeding of the Governing Board.

n. Consultation with Joint Operating Board. It is the intent of this Agreement to seek the active participation and advice of Participating Agencies in the determination of NORCOM policies and management. To the extent practicable, all items to come before the Governing Board shall have been previously subject to the review, comment and recommendation of the Joint Operating Board and the Governing Board shall consider such input from the Joint Operating Board in its deliberations.

o. Boundary Changes or Service Territory Changes. It is the responsibility of each Participating Agency to provide reasonable advance notice to NORCOM of any boundary changes, or service territory changes that may occur due to annexation, merger, or other reason, so that NORCOM may accurately dispatch calls, accurately track calls for service data and accurately assess User Fees to the Principal and may accurately determine the weighting of votes of all Principals.

p. Merger of a Principal with another Principal Directly Served by NORCOM. In the event a Principal annexes to another Principal, or becomes a member agency of a Public Safety Interlocal Operation that is a Principal, and as a result of such annexation or contractual action (collectively herein, "merger"), a public safety operation (e.g. fire/EMS operation or police operation) of the "merged" Principal is no longer Directly Served by NORCOM, then the "merged" Principal's rights and obligations under this Agreement (including its seat and voting rights on the Governing Board) with respect to the merged public safety operation shall be assumed in full by the Principal into which it has merged, including without limitation any amounts owed NORCOM for services rendered or with respect to any borrowing program per Section 13. *Provided, however*, that if a "merged" Principal retains a separate public safety operation that is Directly Served by NORCOM, that Principal shall remain a Principal and shall retain all its rights and obligations under this Agreement with respect to its Directly Served public safety operation.

SECTION 7. JOINT OPERATING BOARD AND SERVICE BOARDS.

a. Creation and Membership. A Joint Operating Board is created to serve in an advisory capacity to the Governing Board. The Joint Operating Board shall be composed of the combined membership of the Police Service Board and Fire/EMS Service Board.

i. Police Service Board. The Police Service Board shall consist of the chief or his/her designee from each Principal and Subscriber police department or equivalent agency or operation directly receiving services from NORCOM

ii. Fire/EMS Service Board. The Fire/EMS Service Board shall consist of the chief or his/her designee from each Principal and

Subscriber with a Fire/EMS department or equivalent agency or operation directly receiving services from NORCOM. .

iii. Directly Served Agencies. To be eligible to have a Representative on either the Police Service Board or Fire/EMS Service Board, a Principal or Subscriber must be directly served by NORCOM. For example, if a city directly operates a police department but maintains a separate police dispatch operation, it would not have a seat on the Police Service Board; however, if such city's fire department were dispatched by NORCOM, the fire department would have a seat on the Fire/EMS Service Board. A city receiving police service under contract with another entity would not have seat on the Police Service Board. A city or fire district receiving fire service under contract with another entity would not have a seat on the Fire/EMS Service Board. If a city or fire district is part of a Public Safety Interlocal Operation providing fire/EMS service to its member agencies and said Operation is a Principal, then the city or district would not have a seat on the Fire/EMS Service Board as a result of such arrangement but the Public Safety Interlocal Operation would have a seat on the Fire/EMS Service Board, provided, however, that if such city's police department is directly served by NORCOM, the city would have a representative on the Police Service Board.

b. Board Representatives. Persons serving on either Service Board and as a result also serving on the Joint Operating Board are referred to as Representatives and shall serve without compensation from NORCOM.

c. Alternates. Representatives to the Boards may designate one alternate to serve when such Representative is absent or unable to serve provided that such alternates must have operational responsibilities within their respective agencies.

d. Powers. The Service Boards and the Joint Operating Board shall meet individually and together for the purpose of promoting interagency collaboration and cooperation, information sharing, development of proposed Agency operating policy and such other matters as the Governing Board may direct. The Joint Operating Board shall provide advice, information, and recommendations to either the Governing Board or the Executive Director.

e. Quorum. A majority of the members of each Service Board and the Joint Operating Board (or their alternates) shall constitute a quorum. Representatives may participate in meetings by telephone conference or other comparable means.

f. Voting. All actions and recommendations of the Service Boards and Joint Operating Board shall by approved by majority vote of those present and voting. Each person serving on such Boards shall have one vote. There will be no Weighted Voting.

g. Officers. The Joint Operating Board shall have two officers, a Chair and Vice-Chair. At all times one of these two officers must be a Fire/EMS Service Board Representative and the other must be a Police Service Board Representative. It will be the function of the Chair to preside at the meetings of the Joint Operating Board, and the Vice-Chair shall assume this role in absence of the Chair. The officers shall be initially elected at the first meeting of the Joint Operating Board by majority vote of the

Representatives on the Joint Operating Board and shall serve for a one-year term. Annually thereafter the Vice Chair shall assume the role of Chair and the Joint Operating Board shall elect a new Vice-Chair. In the event of a vacancy in the Chair position, the Vice-Chair shall assume the Chair for the balance of the term of the departed Chair. In the event of a vacancy in the Vice-Chair position, the Joint Operating Board shall elect a new Vice-Chair to serve to the balance of the term of the departed Vice-Chair. An officer of the Joint Operating Board elected to fill the unexpired term of his or her predecessor shall not be precluded from serving a full annual term of office following the end of such unexpired term The Service Boards shall each annually elect a chair who may or may not be an officer of the Joint Operating Board.

h. Staffing. The Joint Operating Board and Service Boards shall be staffed by the Executive Director and such additional agency staffing as the Executive Director may deem appropriate.

i. Meetings. The Joint Operating Board and each Service Board shall meet not less than six (6) times per year, once every two (2) months, at a time and place designated by the Chair of the Joint Operating Board or by a majority of its Representatives. It is the intent of this provision that on each such meeting date the two Service Boards shall each meet separately and then shall combine to meet as the Joint Operating Board. Not less than fourteen (14) days advance notice of regular meetings shall be given. Special meetings may be called by the Chair of the Joint Operating Board or Representatives representing at least ten percent (10%) in number of the total seats on the Joint Operating Board and upon giving all other Representatives not less than seven (7) days prior notice of such meeting. In an emergency, the Joint Operating Board may dispense written notice requirements for special meetings, but must, in good faith, implement best efforts to provide fair and reasonable notice to all Representatives.

SECTION 8. PRINCIPALS ASSEMBLY. The legislative body of each Principal shall annually appoint one of its members to represent the legislative body at the Principals Assembly. The Principals Assembly shall be convened by the Governing Board for one meeting each April. At the joint meeting of the Assembly and the Governing Board the Executive Director shall present an annual report which report shall: (1) review the activities of NORCOM for the previous calendar year; (2) present the work program and significant events for the upcoming calendar year; (3) present a financial management report for NORCOM; and (4) report on performance benchmarks of NORCOM activities. Also at the Assembly, the Chair and Vice Chair of the Joint Operating Board shall present the Joint Operating Board proposed budget policy for the upcoming budget. The Principals' legislative representatives at the Assembly may vote to recommend changes to the proposed budget policy, work program and performance measures program, and may provide additional comment and question to the Governing Board. Voting by Principals' legislative representatives shall be based on one-vote per Principal with a simple majority vote of Principals represented at the meeting required to approve any recommendation to be forwarded to the Governing Board. At the joint meeting of the Principals Assembly and the Governing Board, the Governing Board shall conduct the annual meeting for NORCOM as required by the bylaws and shall elect the Vice-Chair of the Governing Board for the next year as provided in Section 6.j. The action and deliberations of the Assembly shall be reported to the Governing Board no later than May

1 by written report prepared by or at the direction of the Executive Director. The actions and recommendations of the Principals Assembly shall be advisory to the Governing Board.

SECTION 9. EXECUTIVE DIRECTOR. The Governing Board shall be responsible for the appointment and termination of the Executive Director, and shall request a recommendation from the Joint Operating Board regarding any proposed hiring. The Executive Director shall be responsible to the Governing Board and shall advise it from time to time on a proposed budget and other appropriate matters in order to fully implement the purposes of this Agreement. The Executive Director shall administer NORCOM in its day-to-day operations consistent with the policies adopted by the Governing Board. The Executive Director shall appoint persons to fill other staff positions, subject to confirmation by the Governing Board as the Board may require. Only the Governing Board shall be authorized to hire or retain legal counsel and independent accountants and auditors. Other consultants may be designated in such manner as the Governing Board may determine subject to Sections 5 and 6.

The Executive Director shall have experience in technical, financial and administrative fields and his or her appointment shall be on the basis of merit only. The Executive Director is an "at will" employee and may be terminated upon the Simple Majority Vote of the Governing Board.

SECTION 10. PERSONNEL POLICY. The Joint Operating Board or the Executive Director shall, as necessary from time to time, submit to the Governing Board a proposed Agency personnel policy for the Governing Board's approval, rejection or modification; provided that the Executive Director shall first submit any such proposed policies to the Joint Operating Board for its review and comment. All modifications or revisions to personnel policies must have the final approval of the Governing Board.

SECTION 11. OPERATIONAL POLICY AND SYSTEM EVALUATION. The Executive Director shall actively and continuously consider and evaluate all means and opportunities toward the enhancement of operational effectiveness of emergency services so as to provide maximum and ultimate benefits to the members of the general public. The Executive Director shall present his or her recommendations to the Joint Operating Board and Governing Board from time to time.

SECTION 12. BUDGET; USER FEE FORMULA; PAYMENT OF USER FEES; DELINQUENCIES; RESERVE FUNDS.

a. Budget Fiscal Year. NORCOM budget fiscal year shall be either the calendar year, or two calendar years as the Governing Board may determine.

b. Budget Policy Direction. The Executive Director shall present a proposed outline of the policy approach to the budget for the upcoming budget to the Joint Operating Board by February 1 for its review and recommendation. By March 15, the Joint Operating Board shall transmit its proposed budget policy to all Principals. As provided in Section 8, the representatives at the Principals Assembly shall provide review and comment on the Joint Operating Board proposed budget policy, and the Assembly's

input shall be reported to the Governing Board by May 1. The Governing Board shall adopt a budget policy for the upcoming budget by June 1.

c. Budget Approval. The Executive Director shall develop the proposed operating budget based on the Governing Board's approved budget policy direction. The Executive Director shall present a proposed budget to the Joint Operating Board on or before July 1 for its review and recommendation. The proposed budget, together with all comments from the Joint Operating Board regarding the budget, shall be transmitted to the Governing Board by the Executive Director on or before August 1 and approved by the Governing Board no later than August 30. Thereafter and in no event later than September 5, Participating Agencies shall be advised on the programs and objectives as contained in the proposed budget, of any changes in the User Fee formula, and of the required financial participation for each Principal and Subscriber for the following year. Upon approval by the legislative authorities of each Principal and Subscriber of their respective allocation for NORCOM's budget and upon verification of such approval to NORCOM, the Governing Board shall, after a public hearing, adopt its final budget for the following year. Any Principal not approving its full budget allocation shall be automatically converted to Subscriber status effective the first day of the next budget year (whether biennial or annual) and subject to penalty as described in Section 15.

d. User Fee Formula. As part of the budget deliberations the Joint Operating Board shall make recommendations regarding User Fee formula(e) to the Governing Board , and the Governing Board shall either continue the existing User Fee formula(e) or adopt new User Fee formula(e). Although initially set forth as an Appendix to this Agreement, it is anticipated that the User Fee formula(e) may be changed from time to time as part of the budget process, and that any such changes must be approved by Supermajority Vote of the Governing Board in accordance with Section 6.i. The User Fee formula(e) for Principals may be different from that for Subscribers. Unless otherwise provided in the final adopted budget, any revenue attributable to a premium paid by Subscribers as compared to Principal as a result of the use of different User Fee Formulas for Subscribers shall be deposited upon receipt to NORCOM reserve funds, with the specific allocation to each reserve fund designated by the Board as part of the budget process. It is expressly contemplated that Participants may become subject to differential user fees over time based upon the benefit conferred to such agencies.

e. Payment of User Fees. User Fees shall be payable by Principals quarterly no later than January 15, April 15, July 15 and October 15 of each year. Contracts with Subscribers for services will provide for quarterly payment of User Fees on the same dates each year.

f. Delinquencies. Interest on User Fees not paid when due shall begin accruing interest immediately at the Federal Prime Rate as of the date the payment was originally due, plus 3% per year. NORCOM shall, within seven (7) days of the due date, send notice to any delinquent Principal and provide a 60-day cure period from the original due date of the payment. If such User Fees and interest penalties are not paid in full within 60 days of the original due date, then the Principal delinquent in payment of User Fees shall upon such 60th day be deemed immediately converted to the status of a Subscriber and subject to penalty as described in Section 15. In the event a Principal converted to Subscriber status by non-payment of fees shall not have paid in full all User Fees and interest owing by six (6) months after the original due date, then the Governing

Board may terminate provision of NORCOM services to said former Principal, but the termination of services shall not absolve the Subscriber of its obligation to pay all User Fees past due, together with interest.

g. Terms of Subscriber Contracts. Subscriber contracts shall include terms consistent with these delinquency provisions, that is, interest shall accrue on delinquent payments at the same rate as provided herein, and service may be terminated if fees and interest are not paid in full within six months.

h. Reserve Funds. The Governing Board shall establish both an Operating Contingency Reserve Fund and a Capital Equipment Replacement Fund and shall call for funding of such reserves in each budget at a level the Governing Board determines appropriate. The goal of the Operating Contingency Reserve Fund is to ensure operating funds are on hand to reasonably address unforeseen operating contingencies. The purpose of the Capital Equipment Replacement Fund is to minimize large increases in User Fees from year to year resulting from acquisition or replacement of capital, and to fund the timely replacement of aging technology, equipment and systems.

i. NORCOM 2007 and 2008 Budgets and User Fees. Notwithstanding the requirements in this Agreement regarding approval of Budgets and User Fees to the contrary, the following terms and conditions will apply with respect to the budgets and User Fees for NORCOM in 2007 and 2008:

i. 2007 Budget and User Fees. The budget for NORCOM for calendar year 2007 shall be adopted substantially as set forth in **Exhibit B**, subject to amendment as a result of any grants or other funding awarded to NORCOM. The Governing Board shall calculate the User Fees for 2007 based on this Exhibit B and applying the User Fee Formula Set forth in **Appendix A-1** (User Fees during the Transition Period). The Governing Board shall issue notice to all Participants on or before November 15, 2007, of the User Fees payable in 2007 by Participants. Such User Fees shall be payable on or before December 1, 2007, and shall be subject to such delinquency and other penalties as otherwise provided in Sections 12 and 15.

ii. 2008 Budget and User Fees. The budget for NORCOM for calendar year 2008 shall be adopted substantially as set forth in **Exhibit C**, subject to amendment as a result of any grants or other funding awards to NORCOM. The Governing Board shall calculate the User Fees for 2008 based on this **Exhibit C** and applying the User Fee Formula Set forth in **Appendix A-1** (User Fees during the Transition Period), shall issue notice to all Participants on or before November 15, 2007, of the User Fees payable in 2008 by Participants. Such User Fees shall be payable quarterly and subject to such delinquency and other penalties as otherwise provided in Sections 12 and 15.

j. The City of Kirkland shall serve as fiscal agent for NORCOM until such time as the Governing Board appoints a successor fiscal agent. The City

shall be entitled to reasonable compensation from NORCOM for provision of this service.

SECTION 13. ISSUANCE OF OBLIGATIONS IN SUPPORT OF NORCOM.

a. NORCOM shall not have the power to issue obligations or to incur debt. However, it is anticipated that NORCOM may require capital funding from time to time to support facilities, technology and equipment needs. One or more Principals may issue obligations to provide for NORCOM's capital funding needs and all Principals shall be required to participate equitably in providing for the repayment of those obligations when requested to do so by a Supermajority Vote of the Governing Board in accordance with Section 6.i. It is expressly contemplated that Participants may become subject to differential user fees over time based upon the benefit conferred to such agencies. Such requests for participation in a borrowing program shall be conveyed in writing to each Principal, together with the proposal allocation of responsibility as between Principals. If a Principal elects not to participate as requested by the Governing Board, it may within 45 days of receiving the request propose in writing to the Governing Board an alternative means of supporting the proposed debt program. The Board may accept, reject or modify the proposal and shall re-issue notice to all Principals of its decision. If a Principal does not participate as requested by the Governing Board in the borrowing program (either through the initial proposed participation or through an alternative means of support that is accepted by the Governing Board), then such Principal shall be converted to the status of a Subscriber effective as of the last date on which all other participating Principals have taken final action to approve their participation in the borrowing program, and subject to penalty as described in Section 14, or such later date as the Board may determine.

b. Each Principal's participation in a borrowing program shall be integrated into User Fees consistent with Section 12.(d) and Appendix A to ensure that amounts are collected each year from Principals and Subscribers sufficient to repay each Principal's obligations in support of a NORCOM borrowing program on a timely basis.

c. For as long as any obligations issued by a Participant or other entity pursuant to an approved NORCOM borrowing program are payable from NORCOM's pledge of the debt service portion of User Fees, NORCOM irrevocably pledges to impose and take all reasonable action to collect all Participants' User Fees and amounts due from former Participants in amounts sufficient to make timely payments to the issuer of those obligations, together with coverage and other amounts pledged to be collected with respect to the obligations.

d. Each Principal irrevocably covenants that it shall establish, maintain and collect taxes, rates, fees or other charges at levels adequate to provide revenues sufficient to enable the Principal to make the payments of User Fees required to be made under this Agreement, and that if the Principal converts to a Subscriber status under Section 15 or withdraws its membership or is terminated under Section 19, that Principal shall nevertheless continue to be obligated to pay its allocable share of the debt service portion of User Fees with respect to the NORCOM Obligations issued prior to the date that the Principal so converts or withdraws or is terminated from the Agreement. Each Principal hereby acknowledges that this covenant may be relied upon by owners of obligations issued for on or behalf of NORCOM, and that these covenants represent an irrevocable pledge to pay such User Fees as NORCOM may impose in amounts sufficient to pay its share of the debt service on those obligations.

e. To meet the requirements of United States Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) (the "Rule") as applicable to a participating underwriter for obligations issued for or on behalf of NORCOM, each Principal that may be deemed to be an "Obligated Person" under the Rule shall make a written disclosure undertaking for the benefit of holders of the obligations and provide certificates or verifications all as may be reasonably requested by an issuer of obligations for or on behalf of NORCOM.

f. Each Principal further covenants that it will take all actions necessary to prevent interest on obligations issued for or on behalf of NORCOM from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of those obligations or other funds treated as proceeds of those obligations at any time during the term of those obligations that will cause interest on those obligations to be included in gross income for federal income tax purposes.

g. NORCOM shall ensure that Subscriber service contracts include covenants substantially equivalent to those contained in subparagraphs (d) through (f), as applicable, provided that a Subscriber's obligation to pay through User Fees its allocable share of debt service on NORCOM Obligations shall not extend past the termination or expiration of its applicable service contracts.

h. The provisions of this section shall survive the expiration or termination of this Agreement.

SECTION 14. TRANSFER OF ASSETS TO NORCOM; FUTURE ASSET ACQUISITIONS.

a. In order to reduce the cost of starting up a new consolidated emergency communications services dispatch operation, NORCOM will acquire from Bellevue and Kirkland certain assets currently used by these cities in their respective dispatch operations. These assets will be acquired by NORCOM 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. Bellevue and Kirkland shall be repaid for their contribution of assets by NORCOM over a period of not to exceed seven (7) years. Bellevue and Kirkland through payment of NORCOM User Fees shall be subject to payment of their respective portions of these contributed asset costs as are all other Participants under the then applicable User Fee Formula. The Governing Board may approve such other asset transfer or acquisitions, to be repaid by NORCOM over time, with such terms of repayment as the Board may determine.

b. Acquisition of assets, equipment, real or personal property valued at over $500,000 shall require approval of a Supermajority Vote of the Governing Board.

c. It is expressly contemplated that Participants may pay differential User Fees depending upon the benefit conferred to such agencies from the assets to be acquired.

SECTION 15. CONVERSION OF STATUS OF PARTICIPATING AGENCIES, ADDITION OF NEW PRINCIPALS OR SUBSCRIBERS; PROVISION OF ADDITIONAL SERVICE TO PRINCIPALS.

a. As described in Sections 12.c, 12.f and 13 hereof, a Principal may be converted to Subscriber for: failure to approve its share of the budget; for nonpayment or

delinquency in payment of User Fees; or for failure to participate in a manner approved by the Governing Board in an approved borrowing obligation program. On the date of such conversion, said former Principal shall:

i. lose its representation on the Governing Board;
ii. lose its right to receive a share of NORCOM assets upon dissolution of NORCOM;
iii. become subject to payment of User Fees in accordance with the then applicable User Fee formula for Subscribers; and
iv. be bound by the terms of the then current Subscriber service contract.

The conversion of a Principal to Subscriber shall not discharge or relieve any Principal of its obligations to NORCOM.

b. A Principal may alternately elect to convert to Subscriber status effective the first day of the next budget year (whether NORCOM is operating under an annual or biennial budget) by giving notice of its intent to the Governing Board not less than nine (9) months in advance of such effective date. Such conversion shall be effective as proposed without further action of the Governing Board, barring any basis for terminating the Principal and action thereon by the Governing Board.

c. A governmental entity otherwise meeting the qualifications of a Principal in Section 3.n hereof may be admitted to NORCOM upon Supermajority Vote of the Governing Board as required under Section 6.i. Similarly, a Subscriber may apply to the Governing Board to be converted to Principal status. As a condition of becoming a Principal, whether by conversion or new admission, the Governing Board may require payment or other contributions or actions by the new Principal as the Governing Board may deem appropriate, and may set such start date for service as it deems appropriate, it being the intention of this provision that the addition of new Principals shall not cause pre-existing Participants to incur additional cost.

d. The determination of whether to accept new Subscribers shall be made by the Governing Board in a manner similar, and subject to such terms and conditions, as that for accepting new Principals, it being the intention that the addition of new Subscribers shall not cause pre-existing Participants to incur additional cost.

e. A Principal wishing to receive service from NORCOM for an operating department in addition to a department already served by NORCOM may make application to the Governing Board in the same manner as, and be subject to such conditions and approvals as the Governing Board may deem appropriate for, an entity seeking admission as a new Principal.

SECTION 16. CONTRACTS AND SUPPORT SERVICES. The Governing Board or the Executive Director with advice of the Joint Operating Board shall as necessary contract with appropriate local governments or other third parties for the use of space for its operations, and for staff and auxiliary services including, but not limited to, records, payroll, accounting, purchasing and data processing.

SECTION 17. RETAINED POWERS OF PARTICIPATING AGENCIES. Each Participating Agency shall retain the responsibility and authority for its operational departments and for such equipment and services as are required at its place of operation to interconnect to NORCOM's operations. Interconnecting equipment and services

necessary to the provision of authorized NORCOM services may be funded through NORCOM's budget and operational programs.

SECTION 18. INVENTORY AND PROPERTY. Equipment and furnishings for NORCOM's operation shall be acquired as provided by law. If any Participating Agency provides equipment or furnishings for NORCOM's use, title to the same shall rest with the respective local entity unless that equipment or furnishing is acquired by NORCOM. The Executive Director shall maintain and annually update an inventory of equipment and furnishings owned by, leased or temporarily assigned to NORCOM, and the values thereof. In event of dissolution or termination of NORCOM, assigned or loaned items shall be returned to the lending entity and all other items or funds derived from the sale thereof shall be distributed to Principals as described in Section 20.

SECTION 19. WITHDRAWAL BY OR TERMINATION OF PRINCIPAL.

a. Any Principal may withdraw its membership and terminate its participation in this Agreement after the Initial Term by providing written notice and serving that notice on the NORCOM Governing Board on or before December 31 in any year. After providing appropriate notice as provided in this section, that Principal's membership withdrawal shall become effective on the last day of the calendar year following delivery and service of appropriate notice to all other Principals.

b. Notwithstanding the foregoing, a Principal may be terminated at any time by action of the Governing Board for delinquencies of at least six (6) months in payment of User Fees and interest per Section 12.f.

c. Time is of the essence in giving notice of termination and/or withdrawal.

d. A terminating and/or withdrawing Principal is deemed to forfeit any and all rights it may have to NORCOM's personal or real property, or any other ownership in NORCOM, unless otherwise provided by the Governing Board; provided further that this forfeit of rights shall not apply to personal property on loan to NORCOM from the terminating or withdrawing Principal.

e. The termination and/or withdrawal of a Principal shall not discharge or relieve any Principal of its obligations to NORCOM.

f. Subscriber service contracts entered into by NORCOM shall provide for similar notice and conditions for termination and withdrawal as for Principals.

g. A Governing Board Member representing a Principal that (1) has given notice of withdrawal, or (2) has been terminated by vote of the Governing Board which termination is effective at a future date, shall be authorized to cast votes at the Governing Board only on budgets items to be implemented prior to the withdrawal or termination date. A withdrawing or terminating Principal will be excused from participating in a borrowing program approved per Section 13 where the debt instruments in support of that program will not be issued until after the Principal is withdrawn or terminated, provided that the withdrawing or terminating Principal is not authorized to vote on such borrowing program.

SECTION20. AMENDMENT OF AGREEMENT. This Agreement may be amended upon approval of a Supermajority Vote of the Governing Board in accordance with Section 6.i, except that any amendment affecting the terms and conditions of membership

on the Governing Board or voting rights of Governing Board members shall require consent of the legislative authorities of all Principals. This section shall not be construed to require unanimous consent for the addition of a new Principal or agreement to serve an additional agency or department of a Principal.

SECTION 21. TERMINATION OF AGREEMENT; DISSOLUTION OF AGENCY.

a. After the Initial Term and upon the Simple Majority Vote of a majority of the then remaining Principals, this Agreement may be terminated by direction of the Governing Board to wind up business by a specified date which date shall be at least one (1) year from the date of the vote to terminate. Upon the final termination date, this Agreement shall be fully terminated.

b. Upon termination of this Agreement, all property acquired during the life of the Agreement remaining in ownership of NORCOM shall be disposed of in the following manner:

i. All real and personal property purchased pursuant to this agreement and all unexpended funds or reserve funds, net of all outstanding Agency liabilities, shall be distributed to those Principals still participating in NORCOM on the day prior to the termination date and shall be apportioned between Principals based on the ratio that the average of each Principals' paid User Fees over the preceding five years bears to the total of all then remaining Principals' user fees paid during such five-year period.

ii. In the event outstanding liabilities of NORCOM exceed the value of personal and real property and funds on hand, all Principals shall contribute to such liabilities in the same manner as which they would share in the distribution of properties and funds.

c. Notwithstanding the foregoing, in the event of withdrawal or termination of Principals such that not more than three (3) Principals remain party to this Agreement, then the Agreement shall terminate one (1) year from the first date that only three (3) Principals remain.

SECTION 22. DISPUTE RESOLUTION

a. Whenever any dispute arises between the Principals or between the Principals and NORCOM (referred to collectively in this section as the "parties") under this Agreement which is not resolved by routine meetings or communications, the parties agree to seek resolution of such dispute by the process described in this section, which shall also be binding on Subscribers.

b. The parties shall seek in good faith to resolve any such dispute or concern by meeting, as soon as feasible. The meeting shall include the Chair of the Governing Board, the Executive Director, and the representative(s) of the Principal(s), if a Principal(s) is involved in the dispute, and/or a person designated by the Subscriber(s), if a Subscriber(s) is involved in the dispute.

c. If the parties do not come to an agreement on the dispute or concern, any party may demand mediation through a process to be mutually agreed to in good faith

between the parties within 30 days, which may include binding or nonbinding decisions or recommendations. The mediator(s) shall be individuals skilled in the legal and business aspects of the subject matter of this Agreement. The parties shall share equally the costs of mediation and assume their own costs.

d. If the mediation process cannot be agreed upon with 30 days, or if all parties subject to the dispute agree within 30 days to proceed immediately to arbitration, then the dispute or concern shall be settled by binding arbitration in accordance with Rules of the American Arbitration Association and Mediation Service, or other agreed upon arbitration rules. The location of the arbitration shall be mutually agreed, and its proceedings will be governed by the laws of Washington. The arbitrator(s) shall be individual(s) skilled in the legal and business aspects of the subject matter of this Agreement. The cost of the arbitration shall be in the discretion of the arbitrator(s), provided, however, that no party shall be obliged to pay more than its own costs and the cost of the arbitrator, if there is one arbitrator, or the costs of its own appointed arbitrator and the third arbitrator, if there are three arbitrators. Judgment upon award rendered by the arbitrator(s) shall be entered in King County Superior Court.

SECTION 23. INTERGOVERNMENTAL COOPERATION. NORCOM shall cooperate with local, state and federal governmental agencies in order to maximize the utilization of grant funds for equipment and operations and to enhance the effectiveness of public safety dispatch and public safety records operations and to minimize costs of said public service delivery.

SECTION 24. INDEMNIFICATION AND HOLD HARMLESS.

a. Each Principal shall defend, indemnify and hold other Principals, their officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of that Principal's acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries or damages are caused by another Principal,

b. Each Principal shall defend, indemnify and hold NORCOM and its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of that Principal's acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries and damages are caused by NORCOM.

c. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of a party hereto and NORCOM, its officers, officials, employees, and volunteers, the party's liability hereunder shall be only to the extent of the party's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the party's waiver of immunity under Industrial Insurance Title 51 RCW, solely for the purpose of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

d. Each party shall give the other parties proper notice of any claim or suit coming within the purview of these indemnities. The indemnitor will assume the defense

of any claim, demand or action against such indemnitees and will, upon the request of the indemnitees, allow the indemnitees to participate in the defense thereof, such participation to be at the expense of the indemnitees. The indemnitees will in any case cooperate fully with the indemnitor in the defense and will, at their expense, provide all relevant documents, witnesses and other assistance within their possession or control upon the reasonable request of the indemnitor. Settlement by the indemnitees without the indemnitor's prior written consent shall release the indemnitor from the indemnity as to the claim, demand or action so settled. Termination of this Agreement, a Principal's withdrawal from NORCOM, or a Principal's conversion to Subscriber status, shall not affect the continuing obligations of each of the parties as indemnitors hereunder with respect to those indemnities and which shall have occurred prior to such termination.

SECTION 25. INSURANCE. NORCOM shall obtain and provide insurance, to the extent practicable, against loss or liability for the actions of NORCOM's Governing Board, Joint Operating Board, Police Service Board, Fire/EMS Service Board, Executive Director and staff. To the extent practicable, all Participating Agencies shall be named as additional insureds on any policy, including pool insurance.

SECTION 26. NOTICE. Notices required to be given to NORCOM under the terms of this Agreement shall be directed to the following unless all parties are otherwise notified in writing:

Chair, NORCOM Governing Board
c/o his/her Principal agency's address

Notices to Principals or Subscribers, Members or Representatives required hereunder may be given by mail, overnight delivery, facsimile, telegram, email (with confirmation of transmission) or personal delivery. Any Principal wishing to change its mail or email address shall promptly notify the Chair of the Governing Board. Notice or other written communication shall be deemed to be delivered at the time when the same is postmarked in the mail or overnight delivery services, sent by facsimile with confirmation of transmission, sent by telegram, or received by personal delivery.

SECTION 27. VENUE. The venue for any action related to this Agreement shall be in the Superior Court in and for King County, Washington at Seattle.

SECTION 28. FILING: As provided by RCW 39.34.040, this Agreement shall be filed prior to its entry in force with the clerks of each Principal, the King County Department of Records and Elections, the Secretary of State, and such other governmental agencies as may be provided by law.

SECTION 29. NO THIRD PARTY BENEFICIARIES. There are no third-party beneficiaries to this agreement. No person or entity other than a party to this agreement shall have any rights hereunder or any authority to enforce its provisions, and any such rights or enforcement must be consistent with and subject to the terms of this agreement.

SECTION 30. SEVERABILITY. The invalidity or any clause, sentence, paragraph, subdivision, section or portion of this agreement shall not affect the validity of the remainder of the Agreement.

SECTION 31. REPEALER AND RATIFICATION. All prior acts taken by the Principals consistent with this Agreement are hereby ratified and confirmed.

SECTION 32. EXECUTION, COUNTERPARTS, AND EFFECTIVE DATE. This Agreement and any amendments thereto, shall be executed on behalf of each Principal by its duly authorized representative and pursuant to an appropriate motion, resolution or ordinance. The Agreement may be executed in any number of counterparts, each of which shall be an original, but those counterparts will constitute one and the same instrument. The agreement shall be deemed adopted and effective on November 1, 2007, subject to prior filing of same as required by Section 27 hereof, and further subject to the agreement having been executed on or prior to such date by: (1) Principals with fire/EMS operations which operations cumulatively received not less than eighty five percent (85%) of the total calls for fire/EMS service in King County Emergency Management Zone 1 in 2006, with such Principals having also executed an Initial Election to Receive Emergency Service Communications in the form of Exhibit A for their respective Fire/Emergency medical services operations; and (2) the Cities of Bellevue, Kirkland and Mercer Island with such cities having also executed an Initial Election to Receive Emergency Service Communications in the form of Exhibit A for their respective police operations.

IN WITNESS WHEREOF, this Agreement has been executed by each Principal on the date set forth below:

CITY OF BELLEVUE

City Manager — Date: 10/18/2007

CITY OF KIRKLAND

City Manager — Date: 10/19/07

CITY OF MERCER ISLAND

City Manager — Date: 10-19-2007

CITY OF MEDINA

City Manager _____ Date _____

CITY OF CLYDE HILL

City Manager _____ Date _____

WOODINVILLE FIRE & LIFE SAFETY

Fire Chief _____ Date _____

SHORELINE FIRE

Fire Chief _____ Date 10/19/2007

NORTHSHORE FIRE

Fire Chief _____ Date 10-19-07

KING COUNTY FIRE DIST 27

Board Chair _____ Date _____

CITY OF BOTHELL

City Manager _____ Date _____

EASTSIDE FIRE AND RESCUE

Fire Chief _____ Date 10/19/07

KING AND KITTITAS COUNTIES
FIRE DISTRICT 51

Fire Chief _____ Date _____

KING COUNTY FIRE DIST 45

~~Board Chair~~ Fire Chief _____ Date 10/19/07

City of Snoqualmie

Mayor _____ Date _____

City Manager _____ Date _____

CITY OF MEDINA

City Manager _____ Date _____

CITY OF CLYDE HILL

City Manager _____ Date _____

WOODINVILLE FIRE & LIFE SAFETY

Fire Chief _____ Date _____

SHORELINE FIRE

Fire Chief _____ Date _____

NORTHSHORE FIRE

Fire Chief _____ Date _____

KING COUNTY FIRE DIST 27

Chris J Connor
Fire Chief

10/23/2007
Date

City Manager _____ Date _____

CITY OF MEDINA

City Manager _____ Date 10/23/07

CITY OF CLYDE HILL

City Manager _____ Date _____

WOODINVILLE FIRE & LIFE SAFETY

Fire Chief _____ Date _____

SHORELINE FIRE

Fire Chief _____ Date _____

NORTHSHORE FIRE

Fire Chief _____ Date _____

KING COUNTY FIRE DIST 27

Board Chair _____ Date _____

CITY OF MERCER ISLAND

_____ _____

City Manager Date

CITY OF MEDINA

_____ _____

City Manager Date

CITY OF CLYDE HILL

_____ 10/23/07

Mayor, George S. Martin Date

WOODINVILLE FIRE & LIFE SAFETY

_____ _____

Fire Chief Date

SHORELINE FIRE

_____ _____

Fire Chief Date

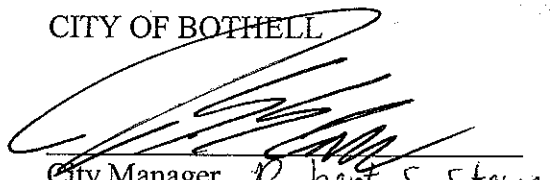
NORTHSHORE FIRE

_____ _____

Fire Chief Date

KING COUNTY FIRE DIST 27

CITY OF BOTHELL



City Manager Robert S. Stowe — Date Oct. 25, 2007

EASTSIDE FIRE AND RESCUE

Fire Chief — Date

KING AND KITTITAS COUNTIES
FIRE DISTRICT 51

Fire Chief — Date

KING COUNTY FIRE DIST 45

Board Chair — Date

City of Snoqualmie

Mayor — Date

City Manager _____ Date _____

CITY OF MEDINA

City Manager _____ Date _____

CITY OF CLYDE HILL

City Manager _____ Date _____

WOODINVILLE FIRE & LIFE SAFETY

Fire Chief _____ Date 10-25-2007

SHORELINE FIRE

Fire Chief _____ Date _____

NORTHSHORE FIRE

Fire Chief _____ Date _____

KING COUNTY FIRE DIST 27

Board Chair _____ Date _____

CITY OF BOTHELL

City Manager	Date

EASTSIDE FIRE AND RESCUE

Fire Chief	Date

KING AND KITTITAS COUNTIES
FIRE DISTRICT 51

Fire Chief	Date

KING COUNTY FIRE DIST 45

Board Chair	Date

City of Snoqualmie

Mayor	Date 10/25/07

CITY OF BOTHELL

City Manager _____ Date _____

EASTSIDE FIRE AND RESCUE

Fire Chief _____ Date _____

KING AND KITTITAS COUNTIES
FIRE DISTRICT 51

Fire Chief Matt Cowan Date 10-23-07

KING COUNTY FIRE DIST 45

Board Chair _____ Date _____

City of Snoqualmie

Mayor _____ Date _____

EXHIBIT A

Initial Election to Receive Emergency Service Communications from NORCOM

All Principals shall complete and submit this document to NORCOM upon execution of the Agreement.

The undersigned, as party to the NORTH EAST KING COUNTY REGIONAL PUBLIC SAFETY COMMUNICATIONS AGENCY INTERLOCAL AGREEMENT DATED AS OF NOVEMBER 1, 2007, (the "Agreement") and a Principal in NORCOM hereby confirms that it elects to receive from NORCOM emergency service communications as defined in the Agreement, for its

✓ Police department/operation

✓ Fire/Emergency Medical Services department/operation

as and when such service becomes available in accordance with the Agreement.

Contact information for the elected department/operation(s) is set forth below

Signed this 18th day of October, 2007.

Principal: City of Bellevue

By: _____

Its: City Manager

Contact Information for Served department/operation(s) (Name, Title, Address, Phone and e-mail):

Steve Sarkozy, City Manager
City of Bellevue
PO Box 90012
Bellevue WA 98009-9012
Ph: (425)452-4225
e-mail: ssarkozy@bellevuewa.gov

EXHIBIT B

2007 NORCOM BUDGET

NORCOM Transition Budget

2007	
Labor Negotiations	$50,000
Executive Director Search	$20,000
Executive Director	$40,000
Technology RFP and contract negotiations	$100,000
TOTAL	$210,000

EXHIBIT C

NORCOM 2008 BUDGET

2008	
Executive Director Salary	$160,000
Technology Project Manager	$115,000
CAD, RMS, and Mobile System Administration 3.0 FTE (assumes 6 mos)	$150,000
Back-Up System Administrator (assumes 6 mos)	$50,000
Capital Reserve	$250,000
Facility Modifications	$100,000
Total 2008	**$825,000**

EXHIBIT D

North East King County
Regional Public Safety Communication Center Initiative

Statement of Operating Value and Principles

As approved by Steering Committee 9-16-05

The **Core Mission** of the *North East King County Public Safety Communication Agency* is to provide high quality emergency service communications to the public for emergency medical services, fire and police. We will carry out this mission by receiving calls for service; dispatching resources in response to such calls; tracking and coordinating information flow and resources to assist responders; initiating records for all emergency events; and enhancing effectiveness, efficiency, coordination and interoperability of emergency service providers.

The **Core Values** of the Agency are:

1. **Deliver Excellent Service to the Public:** We shall meet all regional and national standards in the delivery of public safety communications services. *Be outstanding.*

2. **Provide a Good Value:** We will provide effective service while using resources wisely. *Be efficient.*

3. **Customer Service**: We shall provide the best possible service to the public, to member and subscriber agencies, and to other public safety service providers. The Agency shall actively listen to customers, anticipate their needs, and exceed their expectations. *Be responsive.*

4. **Participatory Governance**: We will give all participating agencies, whether principals or subscribers, a meaningful voice in the operating decisions of the Agency. Agency employees shall be treated with respect and empowered to contribute to the success of the Agency. We will make decisions by consensus whenever possible, involving all parties. *Work together.*

5. **Promote Interagency Collaboration, Communication and Interoperability:** We will operate in ways to enhance and promote these values by working for the good of everyone, not just those served by our Agency. We will be good neighbors. *Be open.*

6. **Consider the Future:** We will continuously identify public and customer needs and changes in the public safety environment. We will be willing to

bring in new partners or assume new responsibilities over time, if doing so is consistent with the Core Mission. *Be innovative.*

Initial **Operating Principles** shall be to:

A. Operate in a way that is accountable and transparent to the public and participating agencies.

B. Govern the Agency through a board on which all principals have a voice and a vote.

C. Make operational decisions primarily through the use of two operational boards, one for Police, one for Fire / Emergency Medical Services. Both boards shall meet regularly, together and separately.

D. Seek to understand and address the unique needs of Police, Fire and EMS agencies as well as the disparate needs of small and large agencies. We will strive to address these needs equitably in all operating and financial decisions.

E. Work to attract and retain a high quality workforce. Our workers will be empowered and trusted to make decisions, trained to have a superb understanding of the jurisdictions and territories they serve, and highly trained to understand the needs of the public and all public safety agencies served by the Agency.

F. Manage peaks in demand and maintain service standards.

G. Employ rigorous quality control and reporting practices.

H. Manage Agency budgets to control or reduce costs.

I. Provide fee stability by minimizing large changes in capital expenditures and user operating fees from year to year.

J. Adopt fees and charges that encourage effective and efficient use of agency resources; recognizes both the benefits of access to system capacity as well as actual system usage; addresses the need for continuous investment through capital reserves and contingency funds; and recognizes the different system usage characteristics of police and fire/EMS agencies.

Appendix A to Interlocal Agreement

User Fee Formulas

User Fees are to be paid quarterly per Section 12.e of the Agreement, each January 15, April 15, July 15 and October 15. The attached fee formulas derive the total User Fees due in any "Fee Period."

User Fees are calculated and charged separately for each emergency communications service provided; that is, a Principal or Subscriber that has elected to receive Emergency Communications Services from NORCOM for both Police and Fire/EMS agencies will pay one User Fee for service to its Police agency and one User Fee for service to its Fire/EMS agency. A Principal that has elected to receive only police **or** Fire/EMS Emergency Communications Service from NORCOM only pays a User Fee for the service so received.

The **Transition Period** is the time period beginning on the date which NORCOM has been legally formed until such time as NORCOM begins delivering Emergency Communications Services. User Fee formulas applicable during the Transition Period are defined at **Appendix A-1.**

Once NORCOM begins delivering Emergency Communications Services to Principals and Subscribers (the "**Full Operations Period**") the User Fee formulas shall be as set forth in **Appendix A-2**. *(Note that this means that NORCOM will not start operations for one service in advance of the other: that is, both police and fire agencies will be served by NORCOM beginning on the same date).*

Capitalized terms used in Appendices A-1 and A-2 not otherwise defined have the meaning set forth in the body of the Agreement.

Appendix A-1

User Fees During Transition Period

User Fees for each **Principal** and **Subscriber** are charged on the *same* basis during the Transition Period.

The User Fee formula during each year in the Transition Period (or portion of a year, in the event the Transition Period starts or ends in the middle of a calendar/budget year) shall be as set forth below. *See* ***Example 1.***

For fire agencies (whether a Principal or a Subscriber):

U = (C(i) ÷ C(f)) x (50% x B) + D

For police agencies (whether a Principal or a Subscriber):

U = (C(i) ÷ C(p)) x (50% x B) + D

Where:

U is the User Fee payable by an individual Principal or Subscriber during the **Fee Period.**

C(i) is the number of **Calls for Service** as reported by the dispatching agency for that **individual** Principal or Subscriber's **Charged Operation** for the most recent year for which such data is reported.

C(f) is the number of **Calls for Service** as reported by the dispatching agencies for **all Charged Fire/EMS Operations** for the most recent year for which such data is reported.

C(p) is the number of **Calls for Service** as reported by the dispatching agencies for **all Charged Police Operations** for the most recent year for which such data is reported.

B is the **Net Adopted Budget for the Fee Period.** In cases where the **Fee Period** is less than the **Adopted Budget Term**, unless otherwise specified by the Governing Board in its budget legislation, budgeted costs and revenues for the entire term of the **Adopted Budget Term** shall be pro-rated equally per day in order to determine the size of the **Net Adopted Budget for the Fee Period.**

"D" is the amount, if any, owed by each individual Participant in the **Fee Period** for payment of its allocated share of all approved **Borrowing Program Obligation Repayments** and **Acquired Assets Charges.**

Upon issuance by a Principal(s) or other entities of any obligations pursuant to an approved Borrowing Program per Section 13 of the Agreement, or approving the acquisition of assets per Section 14 of the Agreement, the Governing Board shall publish the ***estimated charges*** to be paid either (a) over time, or (b) up front, by each Participant as a component of User Fees. Estimated charges will be allocated to each Participant **Charged Operation** based on the relative **Calls for Service** of that Operation in the current **Fee Period** as compared to the total **Calls for Service** for all similarly **Charged Operations**. The Governing Board may determine to allocate a greater percentage of total costs to either police or fire/EMS **Charged Operations** group based on the benefit received to those agencies from the investment/asset. The Governing Board will also publish any terms related to paying estimated charges up front or over time (e.g., discounts or interest rates applicable).

The actual amount of **"D"** in any **Fee Period** will be determined by adding the total **Borrowing Obligation Repayment Program** amounts due in the **Fee Period** together with any amounts due in the **Fee Period** for repayment of **Acquired Assets Charges,** and allocating these costs between **Charged Operations** (police and fire/EMS) as approved by the Governing Board. Each Participant's share of **"D"** shall be based upon the relative **Calls for Service** for the **Fee Period** of a Participant's **Charged Operation** as compared to the total **Calls for Service** of other similar **Charged Operations**.

A Participant may elect to pay down all or a portion of its total estimated **"D"** obligation rather than pay over time. A Participant electing to pay down its estimated "**D**" obligation, however, may owe additional amounts in the future (or be entitled to credit against User Fees otherwise payable) associated with a **Borrowing Obligation Repayment Program** or **Acquired Asset Charges** depending on changes over time in: (1) the number of NORCOM Participants participating in repayment of the Borrowing Program or Acquired Asset Charges; (2) offsetting contributions toward **"D"** paid by Subscribers; and (3) changes in the relative number of **Calls for Service** of Participants. The Governing Board shall determine when to impose or credit such under or overpayments to Participants who have paid down their obligation.

Net Adopted Budget means the budget approved by the Governing Board after action by individual Principals and Subscribers, and applicable in the time period for which the **User Fee** is calculated, less (1) **Outside Revenues**, (2) the **Borrowing Program Obligation Repayment,** and (3) **Acquired Assets Charges** repayable in the **Adopted Budget Term.**

Adopted Budget Term means the period of time for which the **Net Adopted Budget** is applicable, typically one or two calendar years depending on whether NORCOM has an annual or biennial budget.

Fee Period means the period of time for which a **User Fee** is calculated, typically for a complete **Adopted Budget Term**. However, different **User Fee** formulas apply during the Transition Period, and Full Operations Period. Therefore, the **Fee Period** will be the time in which a specific **User Fee** formula is applicable within an **Adopted Budget Term**. *For example*, if NORCOM has an annual calendar year budget, and goes from the Transitional Period to the Full Operations Period on May 1 of that year, the Fee Period for the Transitional Period is 4 months, and the Fee Period for the Full Operations Period is 8 months (the balance of the budget period).

Call for Service means any request for service or unit initiated activity resulting in creation of a Computer Aided Dispatch (CAD) incident report and interaction with dispatch agency personnel. *Provided*, that if a Participant annexes territory (or otherwise assumes fire/EMS or police service responsibilities for a larger geographic area) resulting in at least a 10% increase in its service population for a **Charged Operation**, then for each complete calendar quarter from and after the effective date of the annexation **C(i)** (and, correspondingly as appropriate **C(f)** and **C(p)**) shall be increased to include the **Calls for Service** in the annexed area as reported by the former service provider to the area during the most recent year for which such data is available.

Charged Operation refers to an individual Principal's or Subscriber's fire or police agency/operation being charged under a **User Fee** formula. **Charged Fire/EMS Operations** or **Charged Police Operations** refers to the combined total of *all fire/EMS* ***or*** *police agencies, respectively,* that have elected to receive service from NORCOM.

Borrowing Program Obligation Repayment is the amount, if any, of principal and interest due and owing by NORCOM for the timely repayment during the period of borrowing obligations entered into by any and all Principals or other entities for or on behalf of NORCOM pursuant to Section 13 of the Agreement. A Participant may elect to pay down some or all of its current and future year **Borrowing Program Obligation Repayment** charges rather than pay over time.

Acquired Assets Charges means the amount, if any, owing by NORCOM for the repayment of NORCOM's acquisition of any assets per Section 14 of the Agreement. A Participant may elect to pay down some or all of its current and future year **Acquired Assets Charges** rather than pay over time.

Outside Revenues means revenues received by NORCOM from sources other than **User Fees** that may be available from time to time to offset the operating and capital costs of NORCOM in an **Adopted Budget Term**. **Outside Revenues** include by way of example and without limitation monies allocated to NORCOM from a countywide "medic one" levy and grants.

The Governing Board will determine at the end of each budget term how to apply any under- or over-expenditure of budgeted revenues received.

Appendix A-2

User Fee Formula: From and After Point of Initiating Service Delivery to All Principals and Subscribers (Full Operations Period)

User Fees for each **Principal** and **Subscriber** are based on *different formulas* during the Full Operations Period; additionally, there is a distinction between User Fees paid by those *initial Principals and Subscribers* (see definition of "S" below) and other Principals and Subscribers.

Subscribers User Fees are calculated at 106% of the User Fee that an agency (Police or Fire/EMS) would pay if it were a Principal.

The User Fee formula during each year of the Full Operations Period (or portion of a year, in the event the Full Operations Period starts during a calendar year) shall be as set forth below (*See **Example 4***):

For Fire/EMS agencies that are **Principals**:

U = [(C(i) ÷ C(f)) x (50% x B)] + S + E + D

For Fire/EMS agencies that are **Subscribers**:

U = {[(C(i) ÷ C(f)) x (50% x B)] x 106%} + S + E + D

For Police agencies that are **Principals**:

U = [(C(i) ÷ C(p)) x (50% x B)] + S + E + D

For Police agencies that are **Subscribers**:

U = {[(C(i) ÷ C(p)) x (50% x B)] x 106%} + S + E + D

Where:

U is the **User Fee** payable by an individual Principal's or Subscriber's (as applicable) Police or Fire/EMS agency for Emergency Communications Services provided during the **Fee Period**.

C(i) is the **annual average** number of **Calls for Service** of the individual Principal's or Subscriber's **Charged Operation** (Fire/EMS or Police), determined based on the number of **Calls for Service** by the Principal's **Charged Operation** (Fire/EMS or Police) over the two-year historical **Call Calculation Period.** *See **Example 3.***

C(f) is the **annual average** of the total number of **Calls for Service** of all **Charged Fire/EMS Operations** for all Principals and Subscribers over the two-year **Call Calculation Period.**

C(p) is the **annual average** of the total number of **Calls for Service** of all **Charged Police Operations** for all Principals and Subscribers over the two-year **Call Calculation Period.**

B is the **Net Adopted Budget for the Fee Period.** In cases where the **Fee Period** is less than the **Adopted Budget Term**, unless otherwise specified by the Governing Board in its adopted budget legislation, budgeted costs and revenues for the entire term of the **Net Adopted Budget** shall be pro-rated equally per day in order to determine the size of the **Adopted Budget for the Fee Period.**

S is the "**Smoothing Rebate**" as calculated in **Exhibit 2** and is a **fixed sum** allocated between **Initial Participants** based on their relative Calls for Service over the first seven years of the Full Operations Period (the "**Smoothing Term**"). **Initial Participants** include: (1) all Principals who are initial signatories of the Agreement; and (2) any Subscriber entering into a service contract with NORCOM within 4 (four) months of the effective date of the Agreement. A Principal or Subscriber who is **not** an Initial Principal or Subscriber shall have a **Smoothing Rebate** of $0. An Initial Principal or Subscriber whose status is converted (i.e., a Principal that becomes a Subscriber or vice versa) during the **Smoothing Term** shall retain its right/obligation to receive/pay the remaining **Smoothing Rebate** amounts as originally scheduled. An **Initial Principal** or a Subscriber which receives a *reduction* in its User Fees from the Smoothing Rebate calculation (i.e., any **Initial Participant** other than the City of Bellevue) and which withdraws from the Agreement (or has its receipt of NORCOM services terminated by action of the Governing Board) during the **Smoothing Term** is responsible for the repayment to NORCOM of the sum of all **Smoothing Rebate** amounts credited to that Participant under the User Fee formula through the date of termination or withdrawal, such repayment to be made in full within sixty days of the date of termination or withdrawal. *See **Examples 2** and **4.***

E is the charge applicable to a Principal or Subscriber which has requested (and for which the Governing Board has agreed to provide) dedicated staffing and / or equipment exceeding the standard operating policy allocation. "**E**" shall be calculated to include the costs (including all direct costs and an appropriate percentage of reasonably attributable indirect costs incurred by NORCOM) of such extra staffing and/or equipment, together with a surcharge of 20% on such costs. **"E"** shall be calculated to ensure that all other Participants are held harmless from any impact on their **User Fees** as a result of such additional staffing and/or equipment. The Governing Board shall determine the application of revenues from the 20% surcharge.

"D" is the amount, if any, owed by each individual Participant in the **Fee Period** for payment of its allocated share of all approved **Borrowing Program Obligation Repayments** and **Acquired Assets Charges.**

Upon issuance by a Principal(s) or other entities of any obligations pursuant to an approved Borrowing Program per Section 13 of the Agreement, or approving the acquisition of assets per Section 14 of the Agreement, the Governing Board shall publish the ***estimated charges*** to be paid either (a) over time, or (b) up front, by each Participant as a component of User Fees. Estimated charges will be allocated to each Participant **Charged Operation** based on the relative **Calls for Service** of that Operation in the current **Fee Period** as compared to the total **Calls for Service** for all similarly **Charged Operations**. The Governing Board may determine to allocate a greater percentage of total costs to either police or fire/EMS **Charged Operations** group based on the benefit received to those agencies from the investment/asset. The Governing Board will also publish any terms related to paying estimated charges up front or over time (e.g., discounts or interest rates applicable).

The actual amount of **"D"** in any **Fee Period** will be determined by adding the total **Borrowing Obligation Repayment Program** amounts due in the **Fee Period** together with any amounts due in the **Fee Period** for repayment of **Acquired Assets Charges,** and allocating these costs between **Charged Operations** (police and fire/EMS) as approved by the Governing Board. Each Participant's share of **"D"** shall be based upon the relative **Calls for Service** for the **Fee Period** of a Participant's **Charged Operation** as compared to the total **Calls for Service** of other similar **Charged Operations**.

A Participant may elect to pay down all or a portion of its total estimated "D" obligation rather than pay over time. A Participant electing to pay down its estimated "**D**" obligation, however, may owe additional amounts in the future (or be entitled to credit against User Fees otherwise payable) associated with a **Borrowing Obligation Repayment Program** or **Acquired Asset Charges** depending on changes over time in: (1) the number of NORCOM Participants participating in repayment of the Borrowing Program or Acquired Asset Charges; (2) offsetting contributions toward **"D"** paid by Subscribers; and (3) changes in the relative number of **Calls for Service** of Participants. The Governing Board shall determine when to impose or credit such under or overpayments to Participants who have paid down their obligation.

Net Adopted Budget means the budget approved by the Governing Board after action by all individual Principals and Subscribers, and applicable in the time period for which the **User Fee** is calculated, less (1) **Outside Revenues,** (2) the **Borrowing Repayment Obligation,** and (3) **Acquired Assets Charges** repayable in the **Adopted Budget Term.**

Adopted Budget Term means the period of time for which the **Net Adopted Budget** is applicable, typically one or two calendar years depending on whether NORCOM has an annual or biennial budget.

Fee Period means the period of time for which a **User Fee** is calculated, typically for a complete **Adopted Budget Term** of one or two years. However, different **User Fee** formulas apply during the Transition Period and Full Operations Period. Therefore, the **Fee Period** will be the time in which a specific **User Fee** formula is applicable within an Adopted Budget Term. *For example*, if NORCOM has an annual calendar year budget and goes from the Transitional Period to the Full Operations Period on May 1 of that year, the **Fee Period** for the Transitional Period is 4 months, and the **Fee Period** for the Full Operations Period is 8 months (the balance of the budget period).

Charged Operation refers to an individual Principal's or Subscriber's fire/EMS agency/operation, being charged under a **User Fee** formula. **Charged Fire/EMS Operations** or **Charged Police Operations** refers to the combined total of *all fire/EMS or all police agencies, respectively*, that have elected to receive service from NORCOM.

The **Call Calculation Period** is defined as the first calendar quarter of the preceding budget year, and the 7 calendar quarters preceding that. (For example, in 2007, the calls for service would be based on calls from the first quarter of 2006, plus the preceding 7 calendar quarters—all of 2005, and the last three quarters of 2004).

Calls for Service shall be defined as per **Exhibit 1**, *provided* that until NORCOM has been in operation for more than three years, the calculation of the number of **Calls for Service** shall be determined in whole or in part (to the extent necessary to determine the two-year average number of calls for service) based on the number of **Calls for Service** by each **Charged Operation** as reported by the records of the dispatch agency previously serving each **Charged Operation** consistent with the definition of **Calls for Service** in Appendix A-1. *Provided further*, that if a Participant annexes territory (or otherwise assumes fire/EMS or police service responsibilities for a larger geographic area) resulting in at least a 10% increase in its service population for a **Charged Operation**, then for each complete calendar quarter from and after the effective date of the annexation **C(i)** (and, correspondingly as appropriate **C(f)** and **C(p)**) shall be increased to include the **Calls for Service** in the annexed area as reported by the former service provider to the area during the **Call Calculation Period**. **Calls for Service** experienced by the Participant in the annexed area shall be incorporated in the **User Fee** calculation as that information becomes available; that is, **C(i)** (and **C(f)** and **C(p)** as appropriate) for the annexed area will at first be based entirely on the former service provider's experience, but as the Participant provides service within the **Call Calculation Period**, the Participant's **Calls for Service** in

the annexed area will be used (in part and eventually in whole) for calculating **C(i)** (and correspondingly as appropriate **C(f)** and **C(p)**).

Borrowing Program Obligation Repayment is the amount, if any, of principal and interest due and owing by NORCOM for the repayment of borrowing obligations entered into by any and all Principals for or on behalf of NORCOM pursuant to Section 13 of the Agreement. A Participant may elect to pay down some or all of its allocation of current and future year **Borrowing Program Obligation Repayments** charges rather than pay over time

Acquired Assets Charges means the amount, if any, owing by NORCOM for the repayment of NORCOM's acquisition of any assets per Section 14 of the Agreement. A Participant may elect to pay down some or all of its current and future year **Acquired Assets Charges** rather than pay over time.

Outside Revenues means revenues received by NORCOM from sources other than User Fees that may be available from time to time to offset the operating and capital costs of NORCOM. **Outside Revenues** include by way of example and without limitation monies allocated to NORCOM from a countywide "medic one" levy and grants.

The Governing Board will determine at the end of each budget term how to apply any under- or over-expenditure of budgeted revenues received.

Exhibit 1

Definition of "Calls for Service"

The purpose of this Exhibit 1 is to define Calls for Service for purposes of billing/funding calculations and to provide statistical data to user agencies. Per Appendix A-2, NORCOM will bill each Principal and Subscriber based on the User Fee formula, which incorporates consideration of Calls for Service as defined in this Exhibit 1.

NORCOM defines a Call for Service for workload analysis and user fee calculation as any request for service or unit initiated activity resulting in creation of a Computer Aided Dispatch System (CAD) incident and interaction with NORCOM personnel, with the exception of the following:

a. Any mutual aid incident where another NORCOM Participant within the same classification (police/fire/medic) is dispatched as the primary responding agency. For example, a police department that responds into another police department's jurisdiction to provide assistance does not constitute a Call for Service. However, an incident involving police, fire and medic units would result in a Call for Service for all three classifications. In addition, any mutual aid request dispatched to a location outside the NORCOM service area constitutes a Call for Service unless the agency has a contractual agreement with the communications center making the request.

b. Any incident that is a duplicate of another Call for Service.

c. Any incident that is cancelled by NORCOM personnel due to an error or similar internal reasons. This does not include incidents that are cancelled when the requesting party calls back to cancel the response after the incident has been entered into CAD.

d. Routine traffic stops initiated by officers using a mobile data device will not result in any portion of a Call for Service, unless the circumstances change requiring dispatcher involvement (ie. warrant arrest, criminal activity, pursuit, etc.), which would then be categorized as officer initiated police activity and counted as a full Call for Service.

e. Any informational broadcast such as an Attempt To Locate (ATL) or Be On The Look Out (BOLO).

f. Any informational incident created solely for the purpose of assisting the dispatcher in tracking unit activity.

If there are significant anomalies in the manner calls have been measured by different dispatch agencies, those anomalies shall be adjusted in a manner determined reasonable by the Governing Board in order to develop a fair means for determining the number of calls across all agencies

User Fee Examples
Transition Budget Cost Allocation
Example 1

Assumptions:

a. The **Fee Period** is calendar Year X
b. No Debt (D = 0)
c. Principals and Subscribers and Calls for Service per Table 1 below
d. Adopted Transition Budget for calendar Year X of $1,210,000
e. Outside revenues from Capital Federal Grant for purchasing equipment included in budget in amount of $1.0

Calculation:

B = $210,000 **Net Adopted Budget** to be allocated once Grant is subtracted

For Fire agencies whether Principals or subscriber

U = (C(i) ÷ C(f)) x (50% x B) + D

Jurisdiction D: U = (7,800 ÷ 33,500) x (50% x $210,000)
U = .23 x 105,000
U = $24,448

For Police agencies whether Principals or subscriber

U = (C(i) ÷ C(p)) x (50% x B) + D

Jurisdiction A: U = (16,000 ÷ 32,000) x (50% x $210,000)
U = .50 x 105,000
U = $52,500

	C(i)	C(i) ÷ C (f) C(i) ÷ C(p)	U	
Principals	*Calls for Service*	*Percentage of Calls for Service*	*Annual User Fee*	*Quarterly User Fee*
Fire:				
Jurisdiction D	7,800	23.3%	24,448	6,112
Jurisdiction E	6,300	18.8%	19,746	4,937
Jurisdiction F	4,800	14.3%	15,045	3,761
Jurisdiction G	12,400	37.0%	38,866	9,716
Jurisdiction H*	2,200	6.6%	6,896	1,724
C(f)	33,500	100.0%	105,000	26,250
Police:				
Jurisdiction A	16,000	50.0%	$52,500	$13,125
Jurisdiction B	4,000	12.5%	13,125	3,281
Jurisdiction C	12,000	37.5%	39,375	9,844
C(p)	32,000	100.0%	105,000	26,250
Total Fire and Police	65,500	100.0%	$210,000	$26,250

* Subscriber

User Fee Examples
Smoothing Rebate Calculation
Example 2

Assumptions:

a. All Jurisdictions are **Initial Particpants**
b. Full Operations Period - Year 1
c. **Fee Period** starting March 1, 10 Months ending December 31 (10 months)
d. Jurisdiction A & D = Bellevue
e. Smoothing Rebate is a reduction to the User Fees for each agency other than Bellevue - Calculation below.

S(Ya) = ((1,150,000 ÷ 12) x 10) = $958,333	
Fire = 70%	670,833
Police = 30%	287,500
Total Smoothing	**$958,333**

For Initial Participants who are Fire/EMS agencies: example Jurisdiction E

S(i) = (70% x S(Ya)) x (C(i) ÷ C(sf))

S(i) = ((.70 x 958,333) x (6,375 ÷ 26,025))
S(i) = (670,833) x .245
S(i) = ($164,325)

For Initial Participants who are Police agencies: example Jurisdiction B

S(i) = (30% x S(Ya)) x (C(i) ÷ C (sp))

S(i) = ((.30 x 958,333) x (4,015 ÷ 16,165))
S(i) = (28,500) x .248
S(i) = ($71,408)

For Initial Participants who are Fire/EMS agencies: example Bellevue Fire

S(i) = .70 x 958,333
S(i) = $670,833

For Initial Participants who are Police agencies: example Bellevue Police

S(i) = .30 x 958,333
S(i) = $287,500

		C(i)		C(sf) & C(sp)	C(i) ÷ C (f) C(i) ÷ C(p)	S(i)	
Principals		*Calls for Service*		*Smoothing Calls for Service (Less Jurisdiction A & D)*	*Smoothing Percentage of Calls for Service (Less Jurisdiction A & D)*	*Fee Period Smoothing Charge/(Rebate)*	*Quarterly***
Fire:							
Jurisdiction D		7,835				670,833	223,611
Jurisdiction E		6,375		6,375	24.5%	(164,325)	(54,775)
Jurisdiction F		4,850		4,850	18.6%	(125,016)	(41,672)
Jurisdiction G		12,500		12,500	48.0%	(322,206)	(107,402)
Jurisdiction H*		2,300		2,300	8.8%	(59,286)	(19,762)
Total Fire Calls	C(f)	33,860	C(sf)	26,025	100.0%	-	0
Police:							
Jurisdiction A		16,250		-	-	287,500	$95,833
Jurisdiction B		4,015		4,015	24.8%	(71,408)	($23,803)
Jurisdiction C		12,150		12,150	75.2%	(216,092)	($72,031)
Total Police Calls	C(p)	32,415	C(sp)	16,165	100.0%	0	0

* Subscriber

** In this example, User Fees will be payable only 3 times in the 10 month Fee Period (4/15, 7/15, and 10/15), so the total User Fee above would be divided into thirds

User Fee Examples
Calculation of Annual Average Calls for Service in the Call Calculation Period For Year 4
Example 3

C(f) = 33,753
C(p) = 33,643

Principals	Year 1				Year 2				Year 3		Total Calls over 8 Calendar Qtrs
	Qtr 1 (not used as part of Call Calculation Period)	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2 thru Qtr 4 Not Part of Calculation	
Fire:											
Jurisdiction D		1,950	2,000	1,900	1,950	1,925	1,975	1,965	1,850		15,515
Jurisdiction E		1,575	1,525	1,625	1,575	1,550	1,500	1,575	1,600		12,525
Jurisdiction F		1,200	1,100	1,300	1,200	1,225	1,250	1,275	1,300		9,850
Jurisdiction G		3,100	3,000	3,300	3,000	3,110	3,200	3,175	3,210		25,095
Jurisdiction H		550	575	525	550	525	580	600	615		4,520
Total Fire		*8,375*	*8,200*	*8,650*	*8,275*	*8,335*	*8,505*	*8,590*	*8,575*		67,505
Police:											
Jurisdiction A		4,000	4,100	3,900	4,000	4,250	4,175	4,200	4,350		32,975
Jurisdiction B		1,000	900	1,100	1,000	1,250	1,110	1,200	1,150		8,710
Jurisdiction C		3,000	3,500	2,500	3,000	3,300	3,525	3,275	3,500		25,600
Total Police		*8,000*	*8,500*	*7,500*	*8,000*	*8,800*	*8,810*	*8,675*	*9,000*		67,285
Total Fire & Police		**16,375**	**16,700**	**16,150**	**16,275**	**17,135**	**17,315**	**17,265**	**17,575**		**134,790**

1
2

User Fee Examples
Calculation of User Fees in Full Operation Period
Example 4

Assumptions:

a. **Fee Period** = Year 4
b. Annual Average Calls for service same as Example 3
c. Smoothing Rebate carried forward two years from Example 2 (two months of $S(y_3)$ plus 10 months of $S(y_4)$)
d. No Debt (D = 0)
e. No Extras (E = 0)
f. B = $5,400,000
g. Jurisdictions A&D = Bellevue Police and Fire
h. All jurisdictions are initial participants

Part 1: Smooting Rebate Calculation:

Smoothing Rebate/Charge

S(Ya) = ((907,000 ÷ 12) x 2) + ((757,000 ÷ 12) x 10) = $958,333
S(Ya) = 755,833 + 126,167 = $882,000

For Initial Participants who are Fire/EMS agencies: example Jurisdiction E

S(i) = (70% x S(Ya)) x (C(i) ÷ C(sf))

S(i) = (.70 x 882,000) x (6,263 ÷ 25,995)
S(i) = (617,400) x .241
S(i) = ($148,739)

For Initial Participants who are Police agencies: example Jurisdiction B

S(i) = (30% x S(Ya)) x (C(i) ÷ C (sp))

S(i) = (.30 x 882,000) x (4,355 ÷ 17,155))
S(i) = (264,600) x .254
S(i) = ($67,172)

For Initial Participants who are Fire/EMS agencies: example Bellevue Fire

S(i) = .70 x 882,000
S(i) = $617,400

For Initial Participants who are Police agencies: example Bellevue Police

S(i) = .30 x 882,000
S(i) = $264,600

SMOOTHING CALCULATION:

	C(i)	C(sf) & C(sp)	C(i) ÷ C (sf) C(i) ÷ C(sp)	S(i)	
Principals	*Calls for Service*	*Smoothing Calls for Service (Less Jurisdiction A & D)*	*Smoothing Percentage of Calls for Service (Less Jurisdiction A & D)*	*Fee Period Smoothing Charge / (Rebate)*	*Quarterly*
Fire: 70%					
Jurisdiction D	15,515	-	-	617,400	154,350
Jurisdiction E	12,525	12,525	24.1%	(148,739)	(37,185)
Jurisdiction F	9,850	9,850	18.9%	(116,972)	(29,243)
Jurisdiction G	25,095	25,095	48.3%	(298,012)	(74,503)
Jurisdiction H*	4,520	4,520	8.7%	(53,677)	(13,419)
	C(f) = 67505	C(sf) = 51990	100.0%	-	0
Police: 30%					
Jurisdiction A	32,975	-	-	264,600	$66,150
Jurisdiction B	8,710	8,710	25.4%	(67,172)	(16,793)
Jurisdiction C	25,600	25,600	74.6%	(197,428)	(49,357)
	C(p) = 67285	C(sp) = 34310	100.0%	0	0

* Subscriber

Example 4
Part 2: USER FEE CALCULATION

For Fire/EMS agencies that are **Principals**: example Jurisdiction E
U = ((C(i) ÷ C(f)) x (50% x B) + S
U = (6,263 ÷ 33,753) x (50% x 5,400,000) + (148,739)
U = (.186 x 2,700,000) + (148,739)
U = 502,200 + (148,739)
U = 353,461

For Fire/EMS agencies that are **Subscribers**: example Jurisdiction H
U = [((C(i) ÷ C(f)) x (50% x B) x 106%) + S]
U = ((2,260 ÷ 33,753) x (50% x 5,400,000) x 106%) + (53,677)
U = (.067 x 2,700,000) x 106% + (53,677)
U = 180900 x 106% + (53,677)
U = 191,754 + (53,677)
U = 138,077

For Police agencies that are **Principals**: Jurisdiction B
U = (C(i) ÷ C(p)) x (50% x B) + S
U = (4,355 ÷ 33,643) x (50% x 5,400,000) + (67,172)
U = (.129 x 2,700,000) + (67,172)
U = 348300 + (67,172)
U = 281,128

	C(i)	C(i) ÷ C (f) C(i) ÷ C(p)	Base Fee (C(i) ÷ C(f)) x(50% x B)	+ 6%		S(i)	(U)	
Principals	*Calls for Service*	*Percentage of Calls for Service*	*Year 4 Net Adopted Budget*	*Subscriber Premium*	*Total Allocated Budget (Plus Subscriber Cost)*	*Allocable Smoothing Charge / (Rebate)*	*Total User Fee*	*Quarterly User Fee*
Fire:								
Jurisdiction D	7,758	23.0%	620,554		620,554	617,400	1,237,954	309,489
Jurisdiction E	6,263	18.6%	500,963		500,963	(148,739)	352,224	88,056
Jurisdiction F	4,925	14.6%	393,971		393,971	(116,972)	276,999	69,250
Jurisdiction G	12,548	37.2%	1,003,726		1,003,726	(298,012)	705,713	176,428
Jurisdiction H*	2,260	6.7%	180,787	10,847	191,634	(53,677)	137,957	34,489
Total Fire	33,753	100%	2,700,000	10,847	2,710,847	0	2,710,847	677,712
Police:								
Jurisdiction A	16,488	49.0%	1,323,215		1,323,215	264,600	1,587,815	396,954
Jurisdiction B	4,355	12.9%	349,513		349,513	(67,172)	282,341	70,585
Jurisdiction C	12,800	38.0%	1,027,272		1,027,272	(197,428)	829,844	207,461
Total Police	33,643	100%	2,700,000	0	2,700,000	0	2,700,000	675,000

* Subscriber

Exhibit 2

Smoothing Rebate Calculation

Bellevue will provide a **Smoothing Rebate** equal to a total fixed amount of **$5,500,000** over the first seven full years of operations of NORCOM. This rebate will be a *reduction* to the **User Fees** of **Initial Participants** 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.

For each of the first seven years of the Full Operations Period, the fixed total **Smoothing** amount is set forth in **Table 1**. The Year 1 **Smoothing Rebate (S (Y1))** is fixed at $1,150,000. The **Smoothing Rebate** in Years 2 through 7 is reduced by the percentages shown in Table 1 below in order to allocate the $5.5 million on a roughly equal declining basis over seven years.

In **Table 1**, Y1 through Y7 correspond generally to the initial, and then six succeeding 12-month periods of the Full Operations Period. **Smoothing Rebate** amounts applied in any **Fee Period** shall be adjusted to account for any partial year **Fee Periods** (for example, if the Full Operation Period begins in the middle of an Adopted Budget Term) to ensure that each annual Smoothing Rebate amount is allocated over 12 months (thus, a **Fee Period** may include a portion of the rebate from each of two successive years). *See **Example 2.***

TABLE 1: FIXED ANNUAL SMOOTHING REBATE AMOUNTS

S(Y1) =	$1,150,000
S (Y2) =Y1 Smoothing x .943	= $1,085,000
S (Y3) =Y2 Smoothing x .835	= $907,000
S (Y4) =Y3 Smoothing x .835	= $757,000
S (Y5) =Y4 Smoothing x .835	= $632,000
S (Y6) =Y5 Smoothing x .835	= $528,000
S (Y7) =Y6 Smoothing x .835	= $441,000
Total Smooth Rebates to be allocated	**= $5,500,000**

Allocation of Smooth Rebates to Initial Participants

A. **Initial Participants *other than the City of Bellevue*:** In each of the first seven years of the Full Operations Period, 70% of the fixed **Smoothing Rebate** amounts in Table 1 will be allocated to Fire/EMS agencies who are **Initial Participants**, and 30% of the fixed **Smoothing Rebate** amounts will be allocated to Police Agencies who are **Initial Participants.**

Each **Initial Participant's Smoothing Rebate** on will be based on its **Calls for Service** as a percentage of all **Calls for Service** for all **Initial Participants** other than Bellevue with similarly **Charged Operations** (i,e., all Police or Fire/EMS agencies other than Bellevue Police or Fire/EMS). The **Smoothing Rebate** will be an amount subtracted from the User Fee otherwise payable by the Initial Participant.

Thus:

For Initial Participants who are Fire/EMS agencies:

S(i) = (70% x S(Ya)) x (C(i) ÷ C(sp))

For Initial Participants who are Police agencies:

S(i) = (30% x S(Ya)) x (C(i) ÷ C (sf))

Where:

S(i) is the amount of **Allocable Smoothing Rebate** to be applied as a reduction to the User Fee of the individual agency in the **Fee Period.**

S(Ya) is the fixed total annual amount of **Allocable Smoothing Rebate** to be allocated to Initial Participants other than Bellevue in the **Fee Period.**

C(i) is the **Calls for Service** of the individual Initial Participant agency's **Charged Operation** (Fire/EMS or Police), determined based on the number of **Calls for Service** by the Principal's **Charged Operation** (Fire/EMS or Police) over the two-year historical **Call Calculation Period.**

C(sf) is the **annual average** of the total number of **Calls for Service** of all **Charged Fire/EMS Operations** for all Principals and Subscribers over the two- year **Call Calculation Period** *less* **Calls for Service** of the City of Bellevue Fire/EMS

C(sp) is the **annual average** of the total number of **Calls for Service** of all **Charged Police Operations** for all Principals and Subscribers over the two-year **Call Calculation Period** *less* the **Calls for Service** of the City of Bellevue Police.

Allocable Smoothing Rebate means that amount of the **Smoothing Rebate** identified in **Table 1** to be applied over the **Fee Period**, in order to ensure that each annual rebate amount identified for Years 1 through 7 of the Full Operations Period is applied over a full 12 month period. Thus, if the Full Operations Period begins in the middle of an **Adopted Budget Term**, the **Allocable Smoothing Rebate** would include a portion of the

amount identified for Y1 in **Table 1** for the partial year **Fee Period**, and the next **Fee Period** would include a calculation of **Allocable Smoothing Rebate** from the balance of Y1 and a portion of Y2. *See **Example 2**.*

B. Allocation of Smoothing Rebate (Charge) to Bellevue: For **Bellevue,** the amount of the **Allocable Smoothing Rebate** will be applied as an *increase* to Bellevue's User Fees in each of the first seven years of the Full Operations Period, calculated as follows:

For Bellevue Fire/EMS: **S(i) = 70% x S(Ya)**

For Bellevue Police: **S(i) = 30% x S(Ya)**

Where:

S(i) is the amount of the user fee *increase* to Bellevue Fire/EMS or Police in the **Fee Period** attributable to the **Allocable Smoothing Rebate**,

S(Ya) is the fixed total annual amount of **Allocable Smoothing Rebate** to be allocated to **Initial Participants** other than Bellevue in the **Fee Period.**

Allocable Smoothing Rebate is defined above.

Remittance of Smoothing Rebates Upon Termination/Withdrawal.

If an Initial Participant other than Bellevue is terminated or withdraws from the Agreement before the end of the Smoothing Period (7 years after beginning of the Full Operations Period), that Participant must remit to NORCOM an amount equal to all Smoothing Rebates received (in the form of User Fee reductions) through the effective date of termination/withdrawal. The remittance must be paid within 60 days of the effective date of termination/withdrawal.

If Bellevue is terminated or withdraws from the Agreement before the end of the Smoothing Period, it must remit to NORCOM an amount equal to the remaining Smoothing Rebate amounts identified in Table 1 that Bellevue has not contributed in the form of higher user fees through the effective date of termination/withdrawal. The remittance must be paid within 60 days of the effective date of termination/withdrawal.