



Agenda

PSERN Operator Board of Directors

Annual Meeting (April 2023)

Location: PSERN Conference Room 19717 62nd Ave S, E102, Kent, WA 98032

Virtual meeting: Microsoft Teams (details below)

Date: Thursday, April 27, 2023

Time: 3:45 p.m. – 5:00 p.m.

Microsoft Teams Meeting: Members of the public are invited to participate in the meeting in person at the location above or virtually by telephone or video by using the following phone number and meeting ID: 1-425-653-6586 Meeting ID: 975 100 443#

Directors: Chief Harold Scoggins (Chair), Dwight Dively, Kurt Triplett, Lora Ueland, Chief Dan Yourkoski

Alternates: Undersheriff Jesse Anderson, Shawn Hayes, Kristin Meitzler, Brad Miyake, Mark Schmidt

Agenda Details:

1. Call to Order – Chief Scoggins 3:45 p.m.
2. Roll Call – Tracey Doss 3:45 p.m.
3. Public Comment – Chief Scoggins 3:45 – 3:46 p.m.

Board Chairperson to open floor for public comment. Members of the public are invited to address the Board of Directors for a period of time not to exceed three minutes.

4. Consent Agenda – Chief Scoggins 3:46 – 3:47 p.m.

Note: Directors can request to have any item removed from the consent agenda.

- a. Approve Minutes
- b. Payment Approvals

(Decision: Approve the Consent Agenda)

5. Action Register Review – Chief Scoggins 3:47 – 3:48 p.m.
6. Executive Director Report – Mike Webb 3:48 – 4:00 p.m.

(Discussion)

7. Operator Staffing Transition and Funding – Mike Webb 4:00 – 4:10 p.m.

(Discussion)

8. Startup Spending Update – Tracy Plouse 4:10 – 4:20 p.m.
(Discussion)
9. 2024 Budget Update – Tracy Plouse 4:20 – 4:30 p.m.
(Discussion)
10. PSERN Board of Directors Officer Report – Board Officers 4:30 – 4:35 p.m.
(Discussion)
11. Review New Action Items – Chief Scoggins 4:35 – 4:40 p.m.
(Discussion)
12. Executive Session (if needed) – Board Officers

Adjourn

Next Meeting: May 25, 2023

PSERN Board of Directors
Agenda Item #4



Title: Consent Agenda
PSERN Operator Board of Directors Meeting Date: April 27, 2023
PSERN Staff Contact: Tracey Doss, Administrator
Action: Decision

Appendix A: Meeting Minutes from February 23, 2023

Appendix B: Payment Approval

Date	Payment Type	Amount
2/15/2023	Warrants	\$49,166.16
2/17/23	Special District Journal Entry	59,734.96
2/22/23	Warrants	84,052.84
3/8/23	Warrants	14,020.46
3/22/23	Warrants	5,763.64
3/23/23	Special District Journal Entry	78,511.00
3/29/23	Warrants	62,324.71
TOTAL		\$353,573.77

MOTION: That the PSERN Operator Board approve the Consent Agenda.

Appendix A: Meeting Minutes from February 23, 2023



PSERN Operator Board of Directors

Meeting Minutes

Location: PSERN Conference Room 19717 62nd Ave S, E102, Kent, WA 98032

Virtual meeting: Microsoft Teams (details below)

Date: Thursday, February 23, 2023

Time: 3:45 p.m. – 5:00 p.m.

Microsoft Teams Meeting: Members of the public are invited to participate in the meeting in person at the location above or virtually by telephone or video by using the following phone number and meeting ID: 1-425-653-6586 Meeting ID: 975 100 443#

Directors Present: Chief Harold Scoggins (Chair), Dwight Dively, Kristin Meitzler in for Lora Ueland, Kurt Triplett, Chief Dan Yourkoski

Attendees: Spencer Bahner, Celeste Bolden, Tracey Doss, Sean Douglas, Hank Krajewski, Kimberly Nuber, Tracy Plouse, Alexander Rampley, Joel Thornton, Mike Webb, Tom Wood

Agenda Details:

1. Call to Order – Chief Scoggins 3:45 p.m.
2. Roll Call – Tracey Doss 3:45 p.m.
3. Public Comment – Chief Scoggins 3:45 – 3:46 p.m.

No public comments.

Board Chairperson to open floor for public comment. Members of the public are invited to address the Board of Directors for a period not to exceed three minutes.

4. Consent Agenda – Chief Scoggins 3:46 – 3:47 p.m.

Note: *Directors can request to have any item removed from the consent agenda.*

- a. Approve January 26 Meeting Minutes
- b. Payment Approvals

MOTION: Dwight Dively made a motion to approve the consent agenda. Kurt Triplett seconded the motion. Members unanimously approved the motion.

5. Action Register Review – Chief Scoggins 3:47 – 3:48 p.m.

One action, for Mike to consult with legal on the wording of the motion for the Board to approve the transfer agreement, was added to the register for the Operator at the January meeting. This item is complete, and the wording has been determined.

6. Executive Director Report – Mike Webb 3:48 – 3:53 p.m.

Work on the 2024 full year budget will begin in the next couple of weeks. The target is to provide the Board with an update at the April meeting, a first draft in May, and seek approval in June.

The draft transfer agreement has been reviewed and is being discussed by the PAO and the Operator's legal Counsel, Pacifica; there are no substantive issues and approval is moved to the March meeting.

The PSERN Operator has 5 staff, 2 requisitions are open and 4 more are planned. 13 additional staff are expected to transition from RCS and the Project. A total of 24 staff, 19 funded by the Operator and 5 funded by RCS, is targeted for July 1.

Work has started to prepare for staff to transition employment from King County to the Operator. The target date for this transition is January 1, 2024. An RFP letter has been sent to firms recommended by Pacifica, for HR labor and legal services. Additional legal services may be needed at some point.

Tracy Plouse is working on the financial system Caselle implementation which is expected to be up and running by the end of March.

Alex Rampley is working on IT systems including setting up the Operator's Microsoft 365 environment and a plan for transitioning email to PSERN.org. The ticketing/service management system has been implemented and the asset management system implementation is underway.

If they are ready, the transfer and operational support agreements will be on the March meeting agenda. The April meeting will include the 2024 budget update and a briefing on the employment transition. The May meeting will include the 2024 budget and service fees.

7. Startup Spending Update – Tracy Plouse 3:53 – 3:58 p.m.

Spending is still tracking under the 2022 baseline. Most expenditures are for staffing and benefits. The 2023 spending plan covers a 6-month period ending June 30, 2023. An anticipated surplus of about \$516K is due to delays in hiring. There will be some sizable technology purchases coming out of the startup funds in the first part of 2023. Most of the startup funds will be spent on staffing, benefits and facilities.

As a reminder, the PSERN Operator is not fully funded to cover staffing and operational expenses after June 30, 2023.

The Operator is asking for approval to expend up to \$85K to purchase two vehicles using a Washington State DES contract with Bud Cleary Ford/Hyundai.

MOTION: Dwight Dively made a motion for the PSERN Board to authorize the Executive Director to expend up to \$85K to acquire two 2023 Ford Ranger 4WD vehicles from Bud Cleary Ford/Hyundai. Kristin Meitzler seconded the motion. Members unanimously approved the motion.

8. Resolutions 23-01 & 23-02 – Tracy Plouse 3:58 – 4:05 p.m.

a. Resolution 23-01 – Establishing a Clearing Fund

Resolution 23-01 authorizes the PSERN Operator to establish a bank clearing fund for the purpose of processing electronic payments. The Operator is not currently able to make electronic payments to vendors and suppliers through King County's cash management system. Due to its short history, some vendors will not begin work for the Operator until payment is received and many vendors prefer electronic payments; the inability of the Operator to generate these payments has resulted

in delayed orders and some late charges. The Operator proposes to establish a commercial bank clearing account through which to make electronic payments. Both the WA State Auditor's Office and King County Treasurer have approved the creation of this fund.

Invoices received would be entered into the accounts payable system and one warrant for the total amount of all the entered invoices would be requested from King County. The warrant would be deposited into the PSERN Operator U.S. Bank clearing account and the vendors paid by ACH from this account. Per accounting guidelines, the clearing account would be reconciled back to zero dollars.

Resolution 23-02 – Signing Authority

Resolution 23-02 authorizes the Executive Director to delegate certain matters including signing authority. The current procurement policy allows department heads to approve purchases up to \$50K, however, purchases over \$50K must be approved by the Executive Director or designee, which the Operator does not have. A designee can also sign leases, permits, license and SLAs in the absence of the Executive Director. This resolution authorizes the Finance & Services Manager to sign such documents in the absence of the Executive Director. If the Finance & Services Manager is also absent, the Executive Director may designate any Department Head to sign such documents.

MOTION: Dwight Dively made a motion to move Resolution 23-01 for approval. Kurt Triplett seconded the motion. Members unanimously approved the motion.

MOTION: Dwight Dively made a motion to move Resolution 23-02 for approval. Kurt Triplett seconded the motion. Members unanimously approved the motion.

The Chair asked who would be considered a department head in the absence of Mike Webb, the Executive Director and Tracy Plouse, the Finance & Services Manager? Mike Webb responded that Alexander Rampley is currently the only other department head.

9. Operational Support Agreement – Mike Webb

4:05 – 4:12 p.m.

The PSERN Operator has a funding requirement to sustain itself after July 1, 2023. If it is fully staffed, the Operator will have a monthly burn rate of approximately \$354K. The anticipated surplus of \$516K in startup funding will carry the Operator about 6 weeks. The funding gap will need to be filled as part of the operations support agreement.

The PSERN operational support requirements provided to the dispatch centers and end users is defined in the SLAs, that scope of service will be used to define the services provided under this agreement. The service provider in the SLA is King County PSERN Project before FSA, and the Operator after FSA. As part of the operational support agreement, the Operator is proposing to move the date of the service provider obligation from FSA to July.

It is Important to note that the Project will be significantly reducing its headcount after the Wave 4 user transition, which will create a challenge on the Project side.

The preferred approach [to cover the funding and staffing gaps] is for the Project to subcontract the Operator to provide the operation support and the Project funds the Operator through FSA.

The scope of the operational support agreement is that the Operator will be assuming responsibility for the operational and user agency support requirements defined in the SLAs including, user equipment administration and user agency support, incident response, network operations and maintenance not in Motorola's scope, and system upgrade support. The Operator will continue working with the Project staff to manage vendors and contractors under contract with the County.

The estimated costs of \$354K per month, \$2.13M over 6 months, will be charged back as actuals based on accrued costs every month. This amount was based on 19 FTE staff and 5 RCS staff funded by KCERCS fees, which reduced the earlier estimate of \$560K per month. The Project will continue to pay network operating costs such as vendors, utilities and leases.

The drafting of the agreement is in process and still must go through legal review by both parties. The draft is expected to be brought to the Board by April.

10. PSERN Board of Directors Officer Report – Board Officers 4:12 p.m.
No Officer Reports.
11. Review New Action Items – Chief Scoggins 4:12 – 4:13 p.m.
No new action items.

Adjourn 4:13 p.m.

Next Meeting: March 23, 2023

Appendix B: Payment Approval

Payment Date	Payee	Description	Invoice #	Invoice Date	Warrant #	Total Warrant Amount
2/15/23	Aramark	Floor Mats for Kent Facility	5120183133	2/9/23	10022962	\$16.52
2/15/23	Aramark	Floor Mats for Kent Facility	5120178982	2/2/23	10022963	\$16.51
2/15/23	Coastal Custodian	Janitorial Service Kent Facility	381013123	1/31/23	10022964	\$847.99
2/15/23	Johnson Controls Security Solutions	Security Kent Facility	38380740	1/30/23	10022965	\$42,479.44
2/15/23	Johnson Controls Security Solutions	Security Kent Facility	387377252	1/26/23	10022966	\$387.37
2/15/23	Johnson Controls Security Solutions	Security Kent Facility	38377253	1/26/23	10022967	\$777.83
2/15/23	Pacifica Law Group LLP	Legal Services	80397	2/8/23	10022968	\$4,490.50
2/15/23	Tracy Plouse	Petty Cash Fund	Petty Cash Fund Custodian	2/9/23	10022969	\$150.00
Subtotal						\$49,166.16
2/17/23	King County PSERN Project	King County Contracted Services	January 2023 01312023	2/13/23	Journal Entry	\$59,734.96
Subtotal						\$59,734.96
2/22/23	Aramark	Floor Mats for Kent Facility	5120174494	1/26/23	10023469	\$16.51
2/22/23	Aramark	Floor Mats for Kent Facility	5120187506	2/16/23	10023470	\$16.52
2/22/23	Aramark	Floor Mats for Kent Facility	5120169418	1/19/23	10023471	\$16.51
2/22/23	CDW Government	Tech Startup Equipment & Supplies	GP85459	2/6/23	10023472	\$11,522.52
2/22/23	Cutter	Tech Startup Equipment & Supplies	2043	2/9/23	10023473	\$6,964.93
2/22/23	Johnson Controls Security Solutions	Security Kent Facility	38473617	2/11/23	10023474	\$452.77
2/22/23	MCM Technology LLC	Tech Startup Equipment & Supplies	59477	2/16/23	10023475	\$52,842.50
2/22/23	WFT Company Two LLC	Kent Facility Lease	MARCH 2023 PSEMERG	2/10/23	10023476	\$12,220.58
Subtotal						\$84,052.84
3/8/23	CDW Government	Tech Startup Equipment & Supplies	GP93547	2/7/23	10025814	\$213.67
3/8/23	Cowan Miller Lederman	Legal Services for Webb VISA	T. PSERN.WEBB.2.15.2023	2/15/23	10025815	\$1,010.00

Payment Date	Payee	Description	Invoice #	Invoice Date	Warrant #	Total Warrant Amount
3/8/23	U.S. BANK CORPORATE PAYMENT SY	Office and Tech Supplies	*****3644 FEB 2023	2/27/23	10025816	\$12,796.79
Subtotal						\$14,020.46
3/22/23	Pacifica Law Group LLP	Legal Services	82089	3/9/23	15612283	\$4,590.50
3/22/23	WFT Company Two LLC	Kent Facility Lease	APRIL 2023 E-102	3/10/23	15612284	\$1,173.14
Subtotal						\$5,763.64
3/23/23	King County PSERN Project	King County Contracted Services	February 2023 02282023	3/14/23	Journal Entry	\$78,511.00
Subtotal						\$78,511.00
3/29/23	Aramark	Floor Mats for Kent Facility	5120196733	3/2/23	10028959	\$16.51
3/29/23	CDW Government	Tech Startup Equipment & Supplies	GX94755	2/23/23	10028960	\$9,100.40
3/29/23	CDW Government	Tech Startup Equipment & Supplies	GZ19112	2/23/23	10028961	\$23,245.85
3/29/23	Cochran	Network Cabling	520695001 WARRANT REISSUE	10/31/23	10028963	\$29,113.96
3/29/23	Coastal Custodian	Janitorial Service Kent Facility	381022823	2/23/23	10028962	\$847.99
Subtotal						\$62,324.71
GRAND TOTAL						\$353,573.77



PSERN Operator Board of Directors Action Log - Open Items

Date Opened	Item	Responsible	Due Date	Notes
3/24/22	2023 budget and service fee development.	Mike Webb/Tracy Plouse	6/22/23	Target early draft by June board meeting
3/24/22	Report on proposed plan for development of sublease agreement templates to be drawn up for discussion.	Mike Webb	5/25/23	
10/27/22	Operator staff will prepare a draft operational support agreement between the County and the Operator.	Mike Webb	5/25/23	An update is provided in the Agenda Item #6 in the April 27, 2023 meeting.
10/27/22	The Operator will add the decision regarding collection of service fees from agencies beginning in 2024 to a future Board meeting.	Mike Webb/Tracy Plouse	—	FSA will not occur until December and there is no ability for the Operator to collect fees until after FSA. Recommend this item be closed.



PSERN Operator Board of Directors Action Log - Closed Items and Archive

Date Opened	Item	Responsible	Due Date	Notes
4/28/22	Summary of portfolio of PSERN leases	Project Staff	6/1/22	Operator
4/28/22	Budget workshop to discuss 2023 budget and rate setting	Mike Webb/Tracy Plouse	7/15/22	Workshop held July 11th. Update at July board meeting.
6/23/22	Operator staff will send a calendar invite for the July 11, 2022 budget workshop.	Tracy Plouse	6/24/22	
3/24/22	Facility recommendation and approval	Mike Webb	8/25/22	Leased approved at 8/25 meeting.
6/23/22	Review availability for the August and September regular Board meetings.	Board Members	7/28/22	Need to confirm quorum
4/28/22	Provide a report on possible changes to the Operator ILA associated with a change to the milestone at which the Operator takes over operational responsibility. Assess the Motorola contract for any concerns.	Mike Webb	9/22/22	This pertains to the proposal to set the date for operational transition and PSERN service fee commencement to something other than FSA.
5/26/22	Review existing procurement policy to consider issues identified in Clark Nuber phase 1 report.	Mike Webb/Tracy Plouse	9/22/22	Procurement policy amendments approved.

8/25/22	Update the draft budget and service fee estimates to reflect revised CPI rates.	Tracy Plouse	9/22/22	Updated budget report provided at September meeting.
9/22/22	Approval of warrant vouchers (checks) needs to be added to future board meetings as a standing item. This could be done as part of a consent agenda that would also include approval of previous meeting minutes.	Mike Webb/Tracy Plouse	10/27/22	Will be incorporated as part of consent agenda starting with October meeting
9/22/22	Operator staff will bring additional information on the alternatives to modifying or setting the Operator Transfer date and the associated funding requirements and approaches	Mike Webb	10/27/22	Closed, follow up item added to action log.
1/26/23	Mike Webb will consult with legal counsel on the wording of the motion for the Board to approve the transfer agreement prior to sending for Council approval.	Mike Webb	2/23/23	This is complete. Wording for the agreement has been provided. Pacifica advised the wording to be "it is also recommended that the Board plan to approve the Agreement, in substantially final form."

PSERN Board of Directors Staff Report

Agenda Item #6



Title: Executive Director Report – April 2023
Meeting Date: April 27, 2023
PSERN Staff Contact: Michael Webb, Executive Director
Action: Discussion

SUMMARY:

This report provides a summary of the activities of the PSERN Operator (PSERN) since the last report to the Board at the February 2023 meeting.

DISCUSSION:

PSERN Operator Staffing Transition & Funding

- It has been determined that an operational support agreement is no longer needed between King County and the Operator to address operational support responsibilities and funding requirements in the latter half of 2023, prior to FSA.
- Instead, a separate report (agenda item 7) discusses a recommended approach in which the PSERN Operator freezes its staffing at current levels until FSA, which will enable Operator startup funds to last until January 1, 2024.
- As part of this revised approach, the PSERN Technical Operations Manager and Radio Operations Supervisor would assume certain operational and supervisory responsibilities on behalf of the PSERN Project, similar to the dual responsibility held by the Executive Director.

2023/2024 Operating Budget and Service Fee Development

- Work on developing a full-year operating budget for 2024 is underway, with a budget update report for discussion planned in April, and a draft budget and service fee rates to be presented in May.
- Target for budget and service fee approval is the June meeting.

Transfer Agreement

- A draft version of the asset Transfer Agreement between the County and the Operator has been discussed and reviewed by the Operator's legal counsel (Pacifica) and the King County PAO.
- The agreement needs to be reviewed and finalized within King County before it can be brought forward to the Joint Board for its approval.
- Therefore, approval of the agreement by the PSERN Operator Board has been deferred to the May meeting.

Staffing/Hiring

- Staffing for the PSERN Operator currently sits at 6:
 - Executive Director
 - Finance and Administration Manager
 - Technical Operations Manager
 - Radio Operations Supervisor
 - Administrator III
 - Administrative Specialist
- Tracey Doss has been selected as the successful candidate for the PSERN Administrator III position. Tracey's first day in that role was March 20th.
- Interviews for the Accountant position concluded in March and did not result in an accepted job offer. The position is being re-posted by KCIT HR and discussions are underway with several firms to supply temporary financial analysis and accounting staff.
- Recruitment for PSERN Operator technical positions (Electronic Communication Specialists) has completed.
 - 7 positions were posted and have been filled by incumbent staff from the PSERN Project and King County RCS.
 - With the 5 staff from King County RCS previously designated to transition the PSERN Operator, a total of 12 technical staff have now been secured.
 - Changes to reporting lines are planned, to bring the organizational structure in line with that proposed in the report on Staffing Transition and Funding (agenda item 7).

Employment Transition to Operator

- Summit Law Group has been selected to provide labor and HR-related legal services for the PSERN Operator.
 - Two meetings have been held to familiarize Summit with the organization and define the scope of work to be undertaken.
 - One of the first deliverables will be the development of an HR manual for the PSERN Operator that will define policy and practice for hiring, employment contracts, job descriptions, leave, benefits and compensation.
 - A report to the Board outlining recommendations will be prepared for the July meeting.
 - Target for commencement of Operator employment remains at January 1, 2024, contingent on funding and an FSA date of December, 2023.
- Operator staff are in the process of sourcing alternatives and proposals for employment benefits (health, dental, etc.). Three providers have been contacted to provide pricing and plan options and a recommendation will be made at the July board meeting.
 - As part of this, PSERN is preparing to join the Association of Washington Cities (AWC)

in order to be eligible to participate in its employee benefit plan if it is the selected option.

- As a quasi-municipal entity, PSERN's membership will need to be sponsored by a City member. The City of Kirkland has agreed to provide its support.
- Washington State Department of Retirement Systems has provided documents for completion to make PSERN Operator a member effective January 2, 2024. A resolution will be presented to the board for approval at the May 2023 meeting.

Financial Startup

- The PSERN Operator's financial management system (Caselle) has been implemented (general ledger and accounts payable) and user training completed.
- Work on 2022 year-end reporting is underway, with the report to the State Auditor due on May 30, 2023.
- The PSERN Operator's year-end 2022 results will be presented at the May meeting.

IT Systems

- Implementation of Microsoft 365 and supply administrative IT equipment for the PSERN Operator is planned to be sourced CDW using cooperative purchasing arrangements. Approval to spend up to \$115,000 on this work is requested in the Startup Spending update (agenda item 8). Implementation will occur in May and June.
- An operational ticketing (service management) system has been implemented and is being used to capture, track and report on requests for DAS system related activities, incidents and service requests related to the radio network and transitioned (i.e., Wave 1, 2) user agencies.
- The PSERN Operator's asset management system (Commshop) has been implemented and user training completed. The system is being used to track inventory and repair records of deployed and in-service radio equipment. Radio deployment information from the Project is being populated into Commshop.

Workspace/Facility

- The PSERN facility in Kent is operational 8 AM to 5 PM Monday – Friday and being used to support Project codeplug development/testing and radio deployment activities, in addition to housing PSERN Operator staff.

Radio Site Subleasing

- PSERN is continuing to have discussions with commercial wireless service providers and other organizations regarding sub-leasing of antenna space on PSERN towers.
- A report will be prepared for the May meeting that will propose a timeline and plan to secure additional sub-lease revenue for the Operator.

Upcoming Board Meeting Topics

- Topics expected to be brought forward over the next 3 board meetings include the following:
 - May 2024:
 - Approval of Transfer Agreement.

- Update on Radio Site Subleasing.
- 2022 Financial Statements (as submitted to the State Auditor).
- Draft 2024 Budget and Service Fees.
- Update and/or approval of significant procurements, as required.
- Approval of financial/administrative policies, as required.
- June 2024:
 - Approval of 2024 Budget and Service Fee rates.
 - Update and/or approval of significant procurements, as required.
 - Approval of financial/administrative policies, as required.
- July 2024:
 - Report on Plan and Recommendations for PSERN Operator Employment Startup.
 - Update and/or approval of significant procurements, as required.
 - Approval of financial/administrative policies, as required.
- These topics are in addition to the regular standing items, including the Action Item Log, Executive Director’s report and Startup Spending Update.

CONCLUSION:

This report has provided a summary of the work undertaken by the PSERN Operator since the previous report in February 2023.

SUPPORTING DOCUMENTATION:

None

PSERN Operator Staff Report

Agenda Item #7



Title: Operator Staffing Transition & Funding
Meeting Date: April 27, 2023
PSERN Staff Contact: Michael Webb, Executive Director
Action: Discussion

SUMMARY:

This report provides a revised proposal for funding the PSERN Operator and resourcing operational and user support requirements in the period leading up to FSA. It is proposed that technical and supervisory staff that will transfer to the Operator after FSA would be funded by the Project prior to FSA. Two additional Operator supervisory and management staff would assume Project responsibilities in addition to their Operator responsibilities. This will eliminate the need for an Operational Support Agreement between the County and Operator.

BACKGROUND

At the February 2023 Operator Board meeting, staff brought forward a report that described a proposed Operational Support Agreement (OSA) between King County and the PSERN Operator. The proposed OSA would have the Operator assume responsibility for management of the PSERN system and support of its users prior to Full System Acceptance (FSA), currently forecast for December 2023.

The primary rationale for such an agreement was to provide additional funding for the PSERN Operator during the period leading up to FSA. Additional funding was assumed to be needed on the basis that the Operator would be fully staffed at the beginning of July 2023, including the transition of significant number of Project staff at that point.

The February report described the services to be provided by the PSERN Operator and included in the proposed agreement. The cost of the OSA for the period of July-December 2023 was estimated as \$2.1 million. This amount includes personnel, administrative and certain operating costs to be incurred by the PSERN Operator.

The February report also indicated that drafting of the proposed OSA was underway but legal counsel on both sides have not yet reviewed a draft agreement or agreed on the final form of agreement.

ANALYSIS/DISCUSSION

Since the February meeting, significant discussions about the scope and implications of the proposed OSA for both the County and the Operator have occurred. The following issues have been raised and discussed:

- King County will require the PSERN Operator to provide liability insurance to protect the County against damages arising from any action by PSERN Operator staff during the period of the OSA.
- King County will require the PSERN Operator to take out Cyber insurance to offset its self-insurance costs in the case of a cyber-attack on the PSERN system.

The PSERN Operator is able to provide up to \$20 million in liability insurance through its participation in the Enduris risk pool, although it has not been confirmed whether that amount is sufficient to meet the County's needs.

Because the Operator doesn't own the radio network, it is not certain that it can acquire Cyber insurance for the radio network, or how long that process will take. The Operator is currently intending to acquire Cyber insurance that would commence after FSA. However, the OSA would require this coverage to be obtained much sooner and likely prior to or coincident with agreement execution.

The staffing situation with the PSERN Operator organization has also evolved since the February meeting. All but one of the technical positions in the Operator organization are now planned to be filled by incumbent KCIT staff from the PSERN Project or the King County radio shop. As a result, there will be no overlap in technical staffing between the Project and the Operator. This has the effect of reducing staffing costs for the Operator during its operational startup period. Hiring of other administrative roles in the Operator organization has also been slower than previously planned, which has reduced the Operator's startup expenses.

As a result of these changes, the PSERN Operator's existing startup funding (total of \$3.05M) is now forecasted to be sufficient to cover its expenses, including costs of the 7 staff¹ already funded by the PSERN Operator, to the end of December 2023. This assumes that the PSERN Operator does not pay for any of the technical staff that will transfer from KCIT prior to FSA. A revised startup spending plan for the Operator reflecting this change is provided in agenda item 8 at the April 2023 board meeting.

Given these issues and changes in the expenditure forecast, staff have reassessed the need for an agreement to be drafted and executed between the County and the PSERN Operator. The current view is that a more effective and efficient approach is to have the Project and KCERCS continue to fund technical staff until FSA. This approach is also more consistent and aligned with the County's responsibility to operate the system and support its users prior to FSA.

All assets and agreements associated with the PSERN Project would continue to transfer to the Operator at FSA. PSERN service fee collection would commence shortly after FSA, and all PSERN Operator staff currently employed by King County (24 FTE) would transition to employment with the Operator, at that point or shortly thereafter (i.e. January 1, 2024).

Assignment of Roles and Responsibilities

The proposed staffing plan and organization chart in Appendix 1 assumes specific assignment of responsibilities between the PSERN Project and PSERN Operator for the period leading up to FSA.

As specified in the PSERN Implementation and PSERN Operator ILA's, the County is responsible for operation of the network and user support prior to FSA, in addition to being responsible for network implementation, radio deployment and user transition through its contract with Motorola.

During this period, staff in the PSERN Operator organization will primarily be responsible for the administration of the Operator organization and other activities in support of its operational and business startup. Staff in the Operator organization will, from time to time, perform duties to support the Project's mandate. Three specific individuals will have explicit management and supervisory responsibilities associated with both the Project and Operator:

¹ The PSERN Operator Executive Director is currently being funded 50% by the PSERN Project.

- PSERN Project Director and PSERN Operator Executive Director
- PSERN Technical Operations Manager
- Radio Operations Supervisor

All staff will be King County employees during the period in which this structure is in place (prior to FSA) and the three listed above will spend roughly 50% of their time working for the Project and 50% for the Operator. Funding of the positions will be split 50/50 between the Project and the Operator, as is the case already with the Project Director/PSERN Operator Executive Director. This funding arrangement likely needs to be memorialized in a written agreement. This agreement is expected to be much simpler than the proposed OSA agreement as responsibility for operation of the network and user support will remain with the Project until FSA.

Funding and Reporting

Details of this proposed staffing and funding plan are shown visually in Appendix 1. The diagram shows 5 different categories of staff, each designated by a different color:

- 3 staff funded 50% Operator and 50% Project (Purple)
- 5 staff funded by Operator startup funds, transitioning to Operator at FSA (Blue)
- 12 staff funded by Project, transitioning to Operator at FSA (Orange)
- 7 staff funded by Project, not transitioning to Operator (Red)
- 5 staff funded by KCERCS, transition to Operator at FSA (Green)

The previously forecasted cost of \$2.1M for the OSA would be replaced by additional Project staffing costs within the Project of \$1.75M for the period July - December. This includes staff shown in Orange in Appendix 1 and 50% of the costs for the Technical Operations Manager and Radio Operations Supervisor. Personnel costs for the transitioning King County RCS radio technicians (shown in Green) will be funded from KCERCS service fees (estimated \$560K) until the end of 2023 as previously agreed with KCIT Finance.

Appendix 2 shows PSERN Project and Operator organizations after FSA. Staff shown in the PSERN Operator organization will be transitioning employment to the PSERN Operator shortly after FSA, with the PSERN Operator becoming responsible for those costs at that time.

RECOMMENDATION

The recommended approach to addressing the PSERN operational support and PSERN Operator funding requirements in the period leading up to FSA is as follows:

- An Operational Support Agreement between the County and Operation should not be pursued.
- Use of PSERN Operator startup funds should only be used for existing PSERN Operator staff and administrative expenses so that startup funds will last until FSA.
- Project staff that are planned to transition to the PSERN Operator after FSA should be funded by the Project until FSA.
- Change the Operator's Technical Operations Manager and Radio Operations Supervisor responsibilities and costs to be split 50-50 between the Project and Operator prior to FSA.

- The PSERN Operator and King County/PSERN Project should memorialize the funding arrangement in a written agreement.

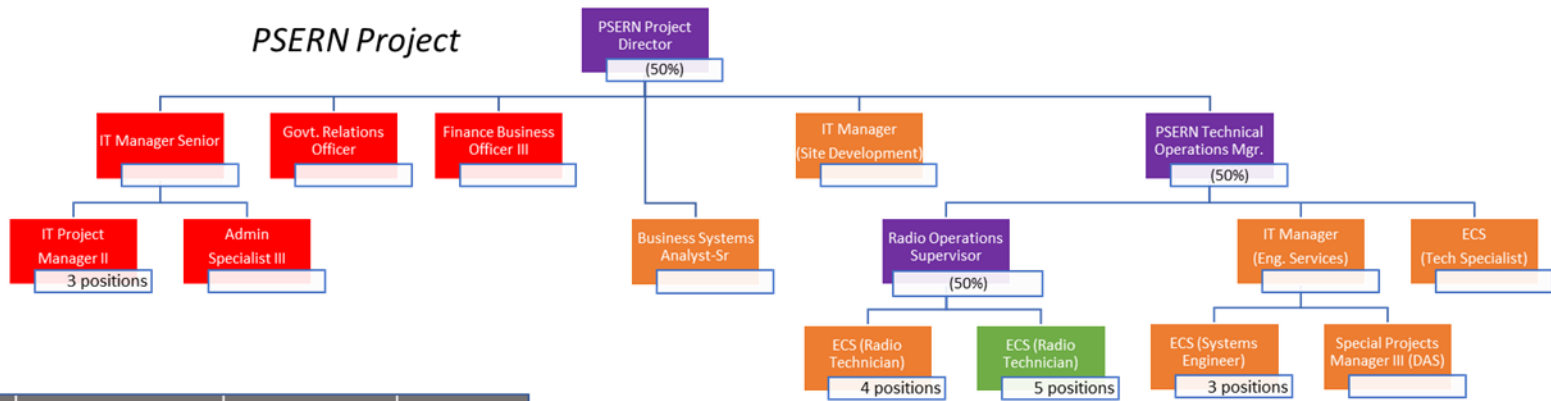
CONCLUSION:

This report has outlined a revised proposal for funding the PSERN Operator and resourcing operational and user support requirements in the period leading up to FSA. It is proposed that technical and supervisory staff that will transfer to the Operator after FSA would be funded by the Project fund prior to FSA. Two additional Operator supervisory and management staff would assume Project responsibilities in addition to their Operator responsibilities. This will eliminate the need for an Operational Support Agreement between the County and Operator.

SUPPORTING DOCUMENTATION:

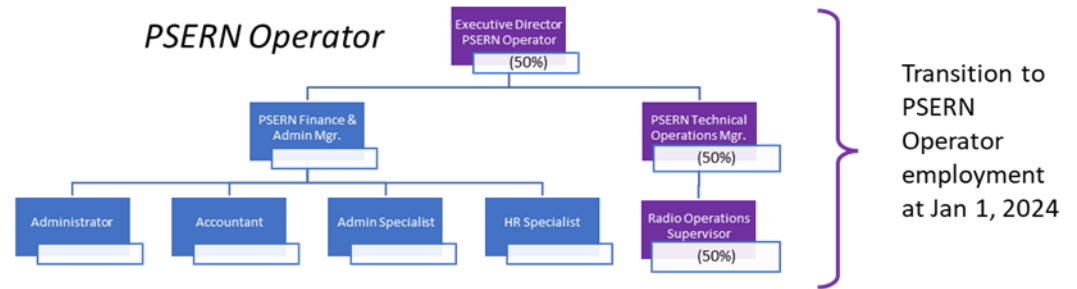
- Appendix 1 – PSERN Staffing and Reporting: July – December 2023
- Appendix 2 – PSERN Staffing after FSA

Appendix 1 – PSERN Staffing and Reporting: July – December 2023

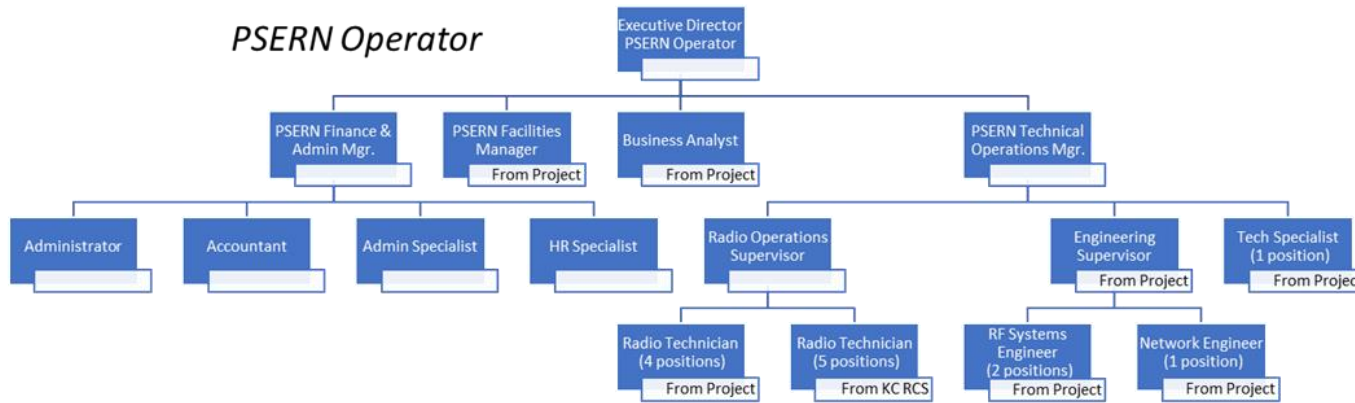


Color	Funding July-Dec	Transition to Operator	FTEs
Blue	Operator startup	Yes	5.0
Purple	50% Operator 50% Project	Yes	3.0
Orange	Project	Yes	12.0
Red	Project	No	7.0
Green	KCERCS	Yes	5.0

Total Headcount – 32.0

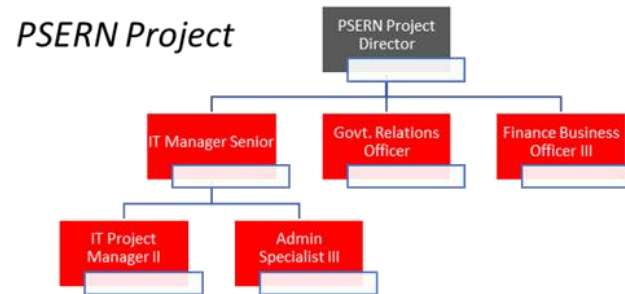


Appendix 2 – PSERN Staffing after FSA



Transition to PSERN Operator employment at Jan 1, 2024

Color	Funding	Transition to Operator	FTEs
Blue	Operator	Yes	24.0
Red	Project	No	5.0



Stay with King County & phased roll-off from PSERN Project

PSERN Operator Board of Directors

Staff Report - Agenda Item #8



Title: Startup Spending Update – April 2023
Meeting Date: April 27, 2023
Staff Contact: Tracy Plouse, Finance & Admin Services Manager
Action: Discussion/Decision

SUMMARY:

This report provides an update on PSERN Operator startup expenditures to the end of March 2023, an updated spending plan/forecast the end of June 2023, and a further forecast of expenditures to the end of 2023, after which the PSERN Operator is assumed to be operational and collecting service fees. A request for board authorization to acquire IT services, hardware and software is also included in this report.

BACKGROUND:

As discussed in the January 2022 report to the Board (Startup Staffing and Spending Plan), in the absence of a financial management system and supporting policy and processes for PSERN, the Executive Director will provide monthly status reports/updates at each Board meeting that describe:

- Year-To-Date spending against the baseline spending plan.
- Revisions to expenditure forecasts, including cost estimates and timing.

At the May 2022 meeting, the Board approved additional startup funds for technical and operational expenses. A total of \$3.05M has been approved and transferred from Project funds to the Operator.

The PSERN Operator currently reimburses the PSERN Project (King County) for any service provided (i.e. staffing/benefits) directly from the startup funds on deposit in the Operator's account. KCIT Finance submits an invoice to the Operator after month end closing, and the Operator authorizes transfer of funds from its account to reimburse the County. For the months of February and March 2023, the invoice included wages, benefits, and internal KCIT administrative services.

DISCUSSION/ANALYSIS:

Appendix A provides a summary of the spending of the PSERN Operator as of March 31, 2023. Spending to date is significantly below the estimates provided in the baseline spending plan. This is due to delays in hiring staff and the associated wages and benefits.

A further review of technical and operational staffing has been undertaken. A revised staffing plan, including a proposed organizational structure involving transition of staff from the PSERN Project and King County RCS to the PSERN Operator prior to FSA, is provided a separate report at the April meeting.

This report is proposing that the PSERN Operator does not acquire any additional staff to be funded from startup funds. By doing this, the PSERN Operator can stay funded through to the point at which service fees

can be collected in January 2024 (after FSA). An additional spending forecast for the second half of 2023 has been added to this report to reflect that.

Assuming no further hiring by the Operator, it will have unspent startup funds of approximately \$930K at the end of June 2023. This is primarily as a result of planned delays in hiring staff. These funds will be exhausted at the end of December, 2023.

The following notes apply:

- The forecast is currently assuming that the majority of one-time startup expenses (facility setup, IT hardware and software, tools, etc.) will occur in the first half of 2023.
- The timing of the purchase of two vehicles is currently shown in the second half of 2023. To date, no confirmation on delivery date for the order has been received from the supplier.

The Board has previously directed that significant expenditures in excess of \$50,000 require further, explicit Board approval. Within the startup spending plan there is a budget of \$273,413 for “PSERN-Specific IT Systems”.

As part of setting up the PSERN Operator to operate independently of King County, it is planning to expend up to \$115,000 of startup funds for Microsoft 365 implementation, network setup and workstation equipment.

In order to move forward on the acquisition of the hardware, software and services discussed above, it is requested that the Board of Directors approve the following motion:

- **MOTION:** That the PSERN Operator Board authorize the Executive Director to expend up to \$115,000 for Microsoft 365 implementation, network setup and workstation equipment from CDW.

CONCLUSION

This report provides an update on startup expenditures to the end of March 2023, a forecast of expenditures to the end of June 2023 and a further forecast to the end of December 2023. Spending to date is currently below the estimates provided in previous spending plans. Assuming the PSERN Operator does not acquire and fund additional staff, existing startup funds will be sufficient to fund the organization through the remainder of 2023.

PSERN Operator Board of Directors

Staff Report - Agenda Item #9



Title: 2024 PSERN Operating Budget and Rate Setting
Meeting Date: April 27, 2023
Staff Contact: Tracy Plouse, Finance & Admin Services Manager
Action: Discussion/Decision

SUMMARY AND BACKGROUND:

This report recaps the 2023 operating budget information presented to the board at its September 2022 meeting and discusses plans and scenarios to be used in bringing forward a proposed 2024 operating budget at the next meeting.

At last September's meeting, several scenarios were presented, and proposed operating budget and rates were developed based on those scenarios. It was subsequently determined that Full System Acceptance (FSA) would be delayed until December of 2023 and so operating budgets for 2023 and 2024 were not adopted. At the October board meeting, a spending plan was presented for the period July 1, 2023 to December 31, 2023 which has formed the basis of the PSERN Operator's activities to date in 2023.

ANALYSIS AND DISCUSSION:

The September 2022 board report titled "2023 PSERN Operating Budget and Rate Setting" is included in this report, Appendix A, for review.

The budget scenarios that were developed and presented in September 2022 were based on direction provided by the Board after its July 11, 2022 budget workshop. These budget scenarios will be updated and a 2024 budget will be presented at the May 2023 meeting using the same assumptions and scenarios, unless other direction is provided by the board.

Because of the change in FSA date to December 2023, the periods that each budget scenario cover will be updated. The first budget year will be changed to calendar year 2024 rather than the previous July-December 2023 timeframe.

A summary of the scenarios developed is as follows. The scenarios all involve allocation of \$2.6M of rate stabilization funds, using two different methodologies. Two scenarios include the collection of a 5% operating reserve while two do not:

- Scenario 1 – Allocation of rate stabilization funds decreases by 1/3 in each of years 2 and 3. This scenario includes the collection of a 5% operating reserve in each year.
- Scenario 2 – Allocation of rate stabilization funds is the same as Scenario 1, but no operating reserve funds are collected in the first year.
- Scenario 3 – Rate stabilization funds are allocated over the first 3 budget years in a manner that results in uniform increase in rates over those years. This scenario includes the collection of a 5% operating reserve.
- Scenario 4 – Allocation of rate stabilization funds is the same as Scenario 3, but no operating reserve funds are collected in the first year.

In the coming weeks, PSERN Operator staff will be reviewing and updating the expense forecasts for 2024, 2025, 2026 and 2027. Actual network operating expenses (equipment maintenance, lease payments,

utility costs, etc.) incurred by the Project in 2022 will be used to project future operating costs. The quantities of radios used to determine service fee rates will also be updated based on the experience to date with radio deployment by the Project.

All other assumptions, as defined in the September 2022 report, will remain the same, unless otherwise directed by Board. This includes the assumption that the Motorola warranty ends, and network maintenance costs commence, two years after FSA (at beginning of 2026).

RECOMMENDATION:

If no additional scenarios or assumptions are requested by the board, it is recommended that the Board direct staff to update the September 2022 information for presentation at its May 2023 meeting. If other scenarios are requested by the Board, staff will revise the report and scenarios accordingly for presentation at the May 2023 meeting.

SUPPORTING DOCUMENTATION:

Appendix A: September 22, 2022 board report “2023 PSERN Operating Budget and Rate Setting”

PSERN Operator Board of Directors Staff Report - Agenda Item #10



Title: 2023 PSERN Operating Budget and Rate Setting
Meeting Date: September 22, 2022
Staff Contact: Tracy Plouse, Finance & Admin Services Manager
Action: Discussion/Decision

SUMMARY:

This report presents a draft 2023 operating budget and service fee rates for the Board’s consideration and discussion. At the August 2022 meeting a draft budget and service fee rates were presented. The Board directed staff to revise the drafts by increasing the budget from 2022 to 2023 by the Consumer Price Index for Urban Wage Earners (Seattle CPI-W) rate rather than the Implicit Price Deflator (IPD) rate. The revised scenarios using the CPIW rate are presented for discussion and potential adoption by the Board of Directors.

ANALYSIS AND DISCUSSION:

At the July 11th budget workshop, the Board provided direction to develop and present up to three scenarios for use of the currently allocated rate stabilization funds (\$2.6M). The Board further directed that the methodology used should result in the rate stabilization funds reducing service fees for all users of the PSERN system, not just those agencies that currently have KCERCS rates below the projected rates for PSERN. The Board also approved a revised cost allocation methodology and directed that no operating reserve should be collected in 2023.

The following changes and assumptions have been made, in comparison to an initial draft budget that was presented for discussion in April 2022:

- The 2023 budget assumes commencement of operation and PSERN service fees on July 1st 2023
- No operating reserve is to be collected in 2023; two sets of scenarios have been presented for subsequent years - one with operating reserved collected in 2024 and one without; subsequent years reflect an operating reserve set at 5% of total operating expense
- Headcount is projected to be 23 FTE in 2023, growing to 26 in 2026; this change is intended to reflect a realistic view of the ability to recruit for new positions in the PSERN Operator
- Staffing and benefits costs are estimated based on King County supplying staff per the existing staffing and agreement through 2027
- “King County Services” includes the cost associated with the County providing HR and staffing function, per the staffing and hiring agreement
- Timing for transition to the Operator employing its own staff has not yet been determined, but when the transition occurs, both HR and benefits costs are expected to increase
- Quantity of radios has increased in comparison to the April estimate:
 - Public Safety – increased to 13,937 from 12,945
 - Non-Public Safety – increased to 4,506 from 4,287
- Console quantities increased to 144 from 143

- Network operating expenses have been reviewed and revised; however, expenses are still estimates and based on limited operational history and experience and will need to be adjusted as more information is obtained from the Project
- Cost escalation is assumed to be 5% in 2023, based on the CPIW. In subsequent years the escalation is assumed to be 4% for salaries/benefits and 3% for most other categories.
- Costs for Motorola post-warranty support (approximately \$1.4M annual) are assumed to start 2 years after commencement of operation, which equates to July 1, 2025

Service Fee Rates and Application of Rate Stabilization Funds

For reference, current KCERCS service fees (2022) are as follows:

Current KCERCS Service Fees	
	Rate per Public Safety Radio per month
King County	\$39.00
EPSCA	\$25.25
Seattle	\$26.06
VCC (average)	\$6.63

Note that dispatch agencies are not currently charged for consoles on a per-console basis.

The new method of calculating service fees¹ as directed by the Board at the July 2022 workshop has been used, with costs being allocated into employee-related, corporate/administrative and network/operations categories. Using this method of cost allocation results in the following service fee rates for radios and consoles.

Operating Budget

Four scenarios for use of application of rate stabilization fund have been developed, incorporating the assumptions described below.

Scenario 1:

The rates in this scenario are calculated by allocating \$2.6M of rate stabilization funds in a gradually decreasing fashion, with 1/3 of the subsidy being removed in each of years 2 and 3. This equates to the expenditure of rate stabilization funds as follows: 50% of the total for the first year; 33% for the second year and 17% for the third year. Note that the budget and rates are based on a June 30, 2023 commencement of operations date.

Therefore, the first year is 7/1/2023 to 6/30/2024, the second year is 7/1/2024 to 6/30/2025 and so on. As with the baseline scenario, the increase in rates from year to year is due to increased operating expenses based on estimated CPIW (5% in year 2023, 4% for salaries/benefits and 3% for most other categories in years 2024-2027), a 5% operating reserve that will be collected beginning January 1, 2024, increased headcount and Motorola contracted services of approximately \$1.4M beginning July 1, 2025 (two years post transition date). Rates from 2027 onwards will be stable, i.e. will escalate at the rate of inflation.

¹ Expenditures were allocated to determine rates as follows: Employee-related 83% radios/17% consoles | Corporate Administrative 75% radios/25% consoles | Technical Operations 70% radios/30% consoles

Scenario 2

The rates in this scenario are calculated by allocating \$2.6M of rate stabilization funds in the manner as scenario 1. This scenario excludes the collection of the 5% operating reserve in 2024.

Scenario 3

The rates in this scenario are calculated by allocating the \$2.6M rate stabilization funds over the first three years (2023, 2024, 2025) in a manner that result in a uniform increase from year to year (20%, 20% and 21%). As with scenario 1, rates from 2027 onwards will be stable, i.e. will escalate at the rate of inflation.

Scenario 4

The rates in this scenario are calculated the same as in Scenario 2 but do not include the collection of a 5% operating reserve in 2024.

A summary of the PSERN Operator's proposed operating budget for 2023 (partial year) and projected budgets for 2024-2027 is shown in the table below. A more detailed budget report can be found in Appendix A.

PSERN Operator Budget Draft

Presented to PSERN Operator Board of Directors September 22, 2022

Assumes 5.0% increase over 2022 based on CPIW rate of 4.99% Assumes 4% increase over previous year for salary/benefits and 3% increase for other categories Assumes 4% increase over previous year for salary/benefits and 3% increase for other categories Assumes 4% increase over previous year for salary/benefits and 3% increase for other categories Assumes 4% increase over previous year for salary/benefits and 3% increase for other categories

Annual Cost to Operate

Budget Item	2023 6 months	2024 24 FTE	2025 25 FTE	2026 26 FTE	2027	
SALARY AND BENEFITS:	\$2,422,142	\$5,238,922	\$5,592,377	\$5,965,735	\$6,144,707	
INSURANCE:	\$250,000	\$520,000	\$540,800	\$548,912	\$565,379	
CONSULTING SERVICES (outsourced):	161,000	300,705	305,216	309,794	319,088	
KING COUNTY SERVICES	\$17,159	\$35,641	\$36,679	\$37,749	\$38,881	
OTHER OFFICE COSTS:	\$274,168	\$568,678	\$585,738	\$603,310	\$621,410	
OTHER ONE-TIME COSTS:	\$15,538	\$32,318	\$33,288	\$34,286	\$35,315	
NETWORK OPERATING COSTS:	\$1,016,289	\$2,133,881	\$2,197,898	\$2,263,835	\$2,331,750	
Cost Offset Due to Leases	(\$250,000)	(\$500,000)	(\$515,000)	(\$530,450)	(\$546,364)	
MSI SERVICES:		\$0	\$720,798	\$1,451,514	\$1,495,060	
Baseline - No Operating Reserve or Rate Stabilization Funds	Total Operating Expenses	\$ 4,156,295	\$ 8,830,145	\$ 10,012,794	\$ 11,215,136	\$ 11,551,590
Scenario 1: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024	Operating Reserve		\$441,507	\$500,640	\$560,757	\$577,579
	Rate Stabilization Funds	(\$654,852)	(\$1,090,983)	(\$654,852)	(\$218,720)	
	Total Operating Expenses	\$ 3,501,444	\$ 8,180,669	\$ 9,858,582	\$ 11,557,172	\$ 12,129,169
Scenario 2: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025	Operating Reserve		\$0	\$500,640	\$560,757	\$577,579
	Rate Stabilization Funds	(\$654,852)	(\$1,090,983)	(\$654,852)	(\$218,720)	\$0
	Total Operating Expenses	\$ 3,501,444	\$ 7,739,162	\$ 9,858,582	\$ 11,557,172	\$ 12,129,169
Scenario 3: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024	Operating Reserve		\$441,507	\$500,640	\$560,757	\$577,579
	Rate Stabilization Funds	(\$758,396)	(\$1,117,874)	(\$743,135)	-	\$0
	Total Operating Expenses	\$ 3,397,899	\$ 8,153,778	\$ 9,770,298	\$ 11,775,893	\$ 12,129,169
Scenario 4: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025	Operating Reserve		\$0	\$500,640	\$560,757	\$577,579
	Rate Stabilization Funds	(\$758,396)	(\$1,117,874)	(\$743,135)	-	\$0
	Total Operating Expenses	\$ 3,397,899	\$ 7,712,271	\$ 9,770,298	\$ 11,775,893	\$ 12,129,169

	PSERN Draft Rates														
	Presented to PSERN Operator Board of Directors September 22, 2022														
	Public Safety Radios					Non-Public Safety Radios					Consoles				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Baseline - No Operating Reserve or Rate Stabilization Funds	\$30.96	\$34.53	\$39.16	\$43.86	\$45.18	\$24.15	\$26.94	\$30.54	\$34.21	\$35.24	\$1,058.32	\$1,180.42	\$1,338.52	\$1,499.25	\$1,544.22
Scenario 1: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024	\$26.08	\$30.47	\$36.72	\$43.05	\$45.18	\$20.34	\$23.77	\$28.64	\$33.58	\$35.24	\$891.57	\$1,041.52	\$1,255.14	\$1,471.40	\$1,544.22
Scenario 2: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025	\$26.08	\$28.83	\$36.72	\$43.05	\$45.18	\$20.34	\$22.48	\$28.64	\$33.58	\$35.24	\$891.57	\$985.31	\$1,255.14	\$1,471.40	\$1,544.22
Scenario 3: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024	\$25.31	\$30.37	\$36.39	\$43.86	\$45.18	\$19.74	\$23.69	\$28.38	\$34.21	\$35.24	\$865.21	\$1,038.10	\$1,243.90	\$1,499.25	\$1,544.22
Scenario 4: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025	\$25.31	\$28.72	\$36.39	\$43.86	\$45.18	\$19.74	\$22.41	\$28.38	\$34.21	\$35.24	\$865.21	\$981.89	\$1,243.90	\$1,499.25	\$1,544.22

RECOMMENDATION:

If no additional scenarios are requested by the board, it is recommended that the Board vote to approve the adoption of one of the four budget scenarios presented. The board could vote to approve one scenario for 2023 or for the biennium 2023/2024. However, if other scenarios are requested, staff will revise the report and bring the revisions for the Board’s approval at the October 2022 meeting.

It should be noted that, by adopting the 2023 budget, the Board authorizes PSERN Operator to begin collecting service fees on July 1, 2023.

If the Board wishes to adopt the budget and set user service fee rates, then a motion similar to the following will need to be passed:

MOTION: That the PSERN Operator Board adopt scenario __ for the [2023] or [2023/2024] fiscal year as presented in this report by approving Resolution 22-04 as provided in Appendix B.

SUPPORTING DOCUMENTATION:

Appendix A: Draft budget detail

Appendix B: Draft Resolution 22-04

SUPPORTING DOCUMENTATION:

Appendix A: Draft Budget Detail

PSERN Operator Budget Draft

Presented to PSERN Operator Board of Directors September 22, 2022

	<i>Assumes 5.0% increase over 2022 based on CPIW rate of 4.99%</i>	<i>Assumes 4% increase over previous year for salary/benefits and 3% increase for other categories</i>	<i>Assumes 4% increase over previous year for salary/benefits and 3% increase for other categories</i>	<i>Assumes 4% increase over previous year for salary/benefits and 3% increase for other categories</i>	<i>Assumes 4% increase over previous year for salary/benefits and 3% increase for other categories</i>
	Annual Cost to Operate				
Budget Item	2023 6 months	2024 24 FTE	2025 25 FTE	2026 26 FTE	2027
SALARY AND BENEFITS:	\$2,422,142	\$5,238,922	\$5,592,377	\$5,965,735	\$6,144,707
Labor	\$1,521,822	\$3,308,865	\$3,539,662	\$3,783,628	\$3,897,137
Overtime	\$138,858	\$288,825	\$300,378	\$312,394	\$321,765
After Hours Support	\$84,183	\$175,100	\$182,104	\$189,389	\$195,070
Benefits	\$638,279	\$1,385,011	\$1,486,679	\$1,594,265	\$1,642,093
Recruiting Expense	\$0	\$0	\$0	\$0	\$0
Employee Development	\$39,000	\$81,120	\$83,554	\$86,060	\$88,642
INSURANCE:	\$250,000	\$520,000	\$540,800	\$548,912	\$565,379
Insurance	\$250,000	\$520,000	\$540,800	\$548,912	\$565,379
CONSULTING SERVICES (outsourced):	161,000	300,705	305,216	309,794	319,088

Other Consulting/Prof. Svcs	\$37,500	\$50,000	\$50,750	\$51,511	\$53,057
Auditor	\$12,500	\$25,375	\$25,756	\$26,142	\$26,926
Legal	\$36,000	\$73,080	\$74,176	\$75,289	\$77,548
Security consulting	\$37,500	\$76,125	\$77,267	\$78,426	\$80,779
HR and labor relations	\$12,500	\$25,375	\$25,756	\$26,142	\$26,926
Accounting and financial management	\$25,000	\$50,750	\$51,511	\$52,284	\$53,852
Procurement services	\$0	-	-	-	\$0
	\$0				\$0
KING COUNTY SERVICES	\$17,159	\$35,641	\$36,679	\$37,749	\$38,881
Admin & finance	\$1,000	\$2,030	\$2,060	\$2,091	\$2,154
Human Resources	\$16,159	\$33,611	\$34,619	\$35,658	\$36,727
Office space					\$0
IT					\$0
					\$0
OTHER OFFICE COSTS:	\$274,168	\$568,678	\$585,738	\$603,310	\$621,410
Office lease (including furniture & space for files)	\$79,524	\$163,819	\$168,734	\$173,796	\$179,010
Utilities (Office(s))	\$6,000	\$12,480	\$12,854	\$13,240	\$13,637
Vehicle Lease & Operating	\$72,050	\$149,864	\$154,360	\$158,991	\$163,760
Vehicle Acquisitions	\$0	\$0	\$0	\$0	\$0
Fuel & Parking	\$50,325	\$104,676	\$107,816	\$111,051	\$114,382
Financial Management System	\$10,056	\$20,916	\$21,544	\$22,190	\$22,856
Asset Management System	\$9,113	\$18,954	\$19,523	\$20,108	\$20,712
ITSM System	\$18,000	\$37,440	\$38,563	\$39,720	\$40,912
Records Management	\$0	\$0	\$0	\$0	\$0
MS365	\$3,900	\$8,112	\$8,355	\$8,606	\$8,864

Training & Other Travel	\$10,000	\$20,800	\$21,424	\$22,067	\$22,729
Telephone	\$0	\$0	\$0	\$0	\$0
Cell Phones	\$10,200	\$21,216	\$21,852	\$22,508	\$23,183
Miscellaneous	\$5,000	\$10,400	\$10,712	\$11,033	\$11,364
OTHER ONE-TIME COSTS:	\$15,538	\$32,318	\$33,288	\$34,286	\$35,315
Network		\$12,480	\$12,854	\$13,240	\$13,637
6,000					
Workstations		\$16,718	\$17,220	\$17,736	\$18,268
8,038					
Tools		\$3,120	\$3,214	\$3,310	\$3,409
1,500					
Vehicle Fit Out					\$0
					\$0
					\$0
NETWORK OPERATING COSTS:	\$1,016,289	\$2,133,881	\$2,197,898	\$2,263,835	\$2,331,750
Storage units (for spare parts)	\$1,200	\$2,496	\$2,571	\$2,648	\$2,727
Fiber Maintenance	\$10,500	\$21,840	\$22,495	\$23,170	\$23,865
Leased Ethernet (fr. PSERN)	\$9,000	\$18,720	\$19,282	\$19,860	\$20,456
Leased Ethernet (fr. MSI)	\$199,097	\$414,122	\$426,546	\$439,343	\$452,523
Supplies/Miscellaneous	\$10,000	\$20,800	\$21,424	\$22,067	\$22,729
Freight	\$7,500	\$15,600	\$16,068	\$16,550	\$17,047
Parts	\$5,000	\$10,400	\$10,712	\$11,033	\$11,364
Rentals	\$2,500	\$5,200	\$5,356	\$5,517	\$5,682
Radio Site Leases	\$686,523	\$1,427,967	\$1,470,806	\$1,514,930	\$1,560,378
Site Fuel & Fuel Maint	\$82,764	\$172,149	\$177,314	\$182,633	\$188,112
Utilities (Sites)	\$108,307	\$225,279	\$232,037	\$238,998	\$246,168

	Site Fire Alarm Monitoring/Teleco	\$10,000	\$20,800	\$21,424	\$22,067	\$22,729
	Roads Maintenance	\$10,500	\$21,840	\$22,495	\$23,170	\$23,865
	Site Maintenance	\$105,000	\$218,400	\$224,952	\$231,701	\$238,652
	Transportation/Winter Site access	\$18,398	\$38,268	\$39,416	\$40,599	\$41,817
						\$0
	Cost Offset Due to Leases	(\$250,000)	(\$500,000)	(\$515,000)	(\$530,450)	(\$546,364)
	MSI SERVICES:		\$0	\$720,798	\$1,451,514	\$1,495,060
	System Vendor Services	-	-	\$331,998	\$669,960	\$690,059
	System Updates & Upgrades	-	-	\$388,800	\$781,555	\$805,001
Baseline - No Operating Reserve or Rate Stabilization Funds	Total Operating Expenses	\$ 4,156,295	\$ 8,830,145	\$ 10,012,794	\$ 11,215,136	\$ 11,551,590
Scenario 1: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024	Operating Reserve		\$441,507	\$500,640	\$560,757	\$577,579
	Rate Stabilization Funds	(\$654,852)	(\$1,090,983)	(\$654,852)	(\$218,720)	
	Total Operating Expenses	\$ 3,501,444	\$ 8,180,669	\$ 9,858,582	\$ 11,557,172	\$ 12,129,169
Scenario 2: Original Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025	Operating Reserve		\$0	\$500,640	\$560,757	\$577,579
	Rate Stabilization Funds	(\$654,852)	(\$1,090,983)	(\$654,852)	(\$218,720)	\$0
	Total Operating Expenses	\$ 3,501,444	\$ 7,739,162	\$ 9,858,582	\$ 11,557,172	\$ 12,129,169
Scenario 3: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2024	Operating Reserve		\$441,507	\$500,640	\$560,757	\$577,579
	Rate Stabilization Funds	(\$758,396)	(\$1,117,874)	(\$743,135)	-	\$0
	Total Operating Expenses	\$ 3,397,899	\$ 8,153,778	\$ 9,770,298	\$ 11,775,893	\$ 12,129,169
	Operating Reserve		\$0	\$500,640	\$560,757	\$577,579

Scenario 4: "Smoothing" Rate Stabilization Allocation, 5% Operating Reserve Beginning 2025	Rate Stabilization Funds	(\$758,396)	(\$1,117,874)	(\$743,135)	-	\$0
	Total Operating Expenses	\$ 3,397,899	\$ 7,712,271	\$ 9,770,298	\$ 11,775,893	\$ 12,129,169

PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR

RESOLUTION NO. 22-04

A RESOLUTION of the Puget Sound Emergency Radio Network Operator Board of Directors adopting the 2023-2024 Budget.

RECITALS

WHEREAS, in accordance with Section 4.4 of the Puget Sound Emergency Radio Network Operator Interlocal Cooperation Agreement (the “Interlocal Agreement”), by and among King County and the cities of Auburn, Bellevue, Federal Way, Issaquah, Kent, Kirkland, Mercer Island, Redmond, Renton, Seattle, and Tukwila, the Board of Directors (the “Board”) of the Puget Sound Emergency Radio Network Operator (“PSERN Operator”) is responsible for approving a budget for PSERN Operator; and

WHEREAS, a biennial budget for the 2023-2024 period has been prepared by PSERN Operator staff and presented to this Board for consideration; and

WHEREAS, after due consideration the Board now desires to adopt the 2023-2024 budget as set forth herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR AS FOLLOWS:

Section 1. Adoption of 2023-2024 Budget. The Board hereby approves and adopts the 2023-2024 budget in the total amount of \$[] (the “2023-2024 Budget”). The 2023-2024 Budget represents operating and capital costs that would be due and payable in fiscal years 2023 and 2024. A summary budget for 2023-2024 is attached hereto as Exhibit A and is incorporated herein by reference.

Section 2. Mid-Annual Review. The Board shall provide for a mid-annual budget review of the 2023-2024 Budget, and shall make modifications to such budget as determined to be necessary and in the best interest of PSERN Operator.

Section 3. Further Authority; Prior Acts. All PSERN Operator officials, agents, and representatives are hereby authorized and directed to undertake all action necessary or desirable from time to time to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 4. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this resolution is declared unconstitutional or invalid for any reason, such decision shall not affect the viability of the remaining portions of this resolution.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

PASSED at a regular meeting of the Puget Sound Emergency Radio Network Operator Board of Directors on this 22nd day of September, 2022.

CONCURRED by the Chairperson of the Puget Sound Emergency Radio Network Operator Board of Directors on this 22nd day of September, 2022.

Lora Ueland, Chairperson, Board of
Directors, Puget Sound Emergency
Radio Network Operator

ATTEST:

Secretary