



## Agenda

### PSERN Operator Board of Directors

### Monthly Meeting (August 2022)

**Location:** Executive Conference Room, King County Chinook Building, 401 5<sup>th</sup> Avenue, Seattle, WA

**Virtual meeting:** Microsoft Teams (details below)

**Date:** Thursday, August 25, 2022

**Time:** 3:45 p.m. – 5:00 p.m. (note new start time)

**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: 607 105 419#

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

**Alternates:** Kristin Meitzler, Mark Schmidt, Matt Morris, Brad Miyake, Shawn Hayes (King County does not have an alternate at present.)

#### Agenda Details:

1. Call to Order – Lora Ueland 3:45 p.m.
2. Roll Call – Julia Holden 3:46 – 3:48 p.m.
3. Approve the Minutes – Lora Ueland 3:49 – 3:51 p.m.  
***(Decision: Motion to approve the minutes from the 07-28-22 Monthly Meeting of the PSERN Operator Board of Directors)***
4. Public Comment – Lora Ueland 3:52 – 3:55 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.
5. Action Register Review – Lora Ueland 3:56 – 4:00 p.m.
6. Executive Director Report – Mike Webb 4:01 – 4:08 p.m.  
***(Discussion)***
7. Startup Spending Update – Tracy Plouse 4:09 – 4:15 p.m.  
***(Discussion)***
8. Facility Lease Approval – Mike Webb 4:16 – 4:25 p.m.  
***(Decision)***
9. Charge Card Policy Approval – Tracy Plouse 4:26 – 4:30 p.m.

***(Decision)***

10. 2023 Operating Budget and Rate Setting – Tracy Plouse 4:31 – 4:54 p.m.

***(Discussion)***

11. PSERN Board of Directors Officer Report – Board Officers 4:55 – 4:57 p.m.

***(Discussion)***

12. Review New Action Items – Lora Ueland 4:57 – 5:00 p.m.

Next Meeting: September 22, 2022



## PSERN Operator Board of Directors Meeting Minutes

**Location:** Executive Conference Room, King County Chinook Building, 401 5th Avenue, Seattle, WA

**Date:** Thursday, July 28, 2022

**Time:** 3:45 p.m. – 4:30 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: 607 105 419#

### Attendees:

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

**Alternates:** Kristin Meitzler

**Other Attendees:** Spencer Bahner, Erin Clarke, Sean Douglas, Julia Holden, Hank Krajewski, David Mendel, Anthony Minor, Kimberly Nuber, Tracy Plouse, Joel Thornton, Michael Webb, Ellen Whitely

### Agenda Details:

1. Call to Order – Lora Ueland 3:45 p.m.
2. Roll Call – Julia Holden 3:46 – 3:47 p.m.
3. Approve the Minutes – Lora Ueland 3:47 – 3:48 p.m.

**MOTION:** Kurt Triplett made a motion to approve the minutes of the meeting held on June 23, 2022. Dwight Dively seconded the motion. Members unanimously approved the motion.

4. Approve the Minutes – Lora Ueland 3:48 – 3:49 p.m.

**MOTION:** Kurt Triplett made a motion to approve the minutes of the special meeting held on July 11, 2022. Dwight Dively seconded the motion. Members unanimously approved the motion.

5. Public Comment – Lora Ueland 3:49 – 3:50 p.m.
6. Action Register Review – Lora Ueland 3:50 – 3:52 p.m.

- Three action items have been closed. Six action items remain open. Two items will be addressed today.
- The Board of Directors confirmed their availability for the August meeting so the action item will be closed.

7. Executive Director Report – Mike Webb 3:52 – 3:57 p.m.

- The Executive Director, Mike Webb, is splitting his time between the PSERN Project and PSERN Operator. The PSERN Operator is paying half of the Executive Director's salary.
- The Technical Operations Manager recruitment was not successful. The process will be restarted with external recruitment support.
- Staffing plans have been revised to ensure startup funding covers expenses until the current Full System Acceptance (FSA) date of June 2023.
- Job descriptions for the next positions to be hired are in progress.
- A financial management system has been selected. Implementation details are being worked out with the vendor.
- A lease proposal was received for a 7500-square-foot PSERN Operator facility. Also discussing co-location possibilities with the King County Radio Shop. A recommendation will be presented at the August meeting.
- The Board of Directors' workplan has been updated.
- Upcoming topics:
  - August – Initial presentation of 2023 operating budget and service fees, approval of a facility lease, and approval of financial management policies.
  - September – Updates on the 2023 operating budget and service fees, recommendation of timing for operational transition.
  - October – Request for approval of 2023 operating budget and service fees.

8. Startup Spending Update – Tracy Plouse 3:57 – 4:00 p.m.

Spending is tracking under the 2022 baseline.

The 2022 and 2023 forecasts have been revised so that current startup funding will cover expenses thru the June 2023 FSA date. If FSA is delayed, additional funding may be required.

9. PSERN Project Director Responsibilities – Mike Webb 4:00 – 4:02 p.m.

As discussed at the June meeting, there is a proposal under consideration to assign the PSERN Project Director's responsibilities to the Operator Executive Director, Mike Webb. Details of the Director's job duties were included in the July staff report.

**MOTION:** Dwight Dively made a motion that the PSERN Operator Board approve the assignment of Project Director responsibilities to the PSERN Executive Director as discussed at the June 2022 Project Joint Board and PSERN Operator board meetings. Chief Scoggins seconded the motion. Members unanimously approved the motion.

10. Cash Management/Investment Services – Tracy Plouse 4:02 – 4:08 p.m.

Operator staff is recommending that the Operator enters into a cash management services agreement with the King County Treasurer. The Treasurer would function as the Operator bank managing the daily flow of cash and the investment of funds. This arrangement can be modified in the future if needed.

**MOTION:** Dwight Dively made a motion that the PSERN Operator Board authorize the Executive Director to execute the King County Cash Management Services and King County Investment

Pool Agreements as provided in Appendix C and Appendix D of the staff report. Kurt Triplett seconded the motion. Members unanimously approved the motion.

Resolution 22-03 was presented for Board approval. It includes the following actions:

- Appoints the Executive Director and Finance Manager as auditing officers.
  - Auditing officers have the authority to issue warrants before board approval.
  - Any board member may also be designated to issue warrants.
- Authorizes the Executive Director to secure credit cards using King County's system.
  - A draft charge card policy has been provided and will be adopted before any cards are issued.
- Authorizes the Executive Director to open a bank account for payroll
  - This will be done when the Operator begins processing its own payroll

**MOTION:** Lora Ueland made a motion to approve Resolution 22-03. Kurt Triplett seconded the motion. Members unanimously approved the motion.

11. 2023 Operating Budget and Rate Setting Update – Tracy Plouse 4:08 – 4:17 p.m.

A summary of the July 11, 2022, budget development workshop was presented. The direction from this workshop will be used to draft 2023 and 2024 budgets to be reviewed at the August 2022 meeting and then approved at a future meeting. This included guidance for the following questions:

1. What cost allocation method should be used to allocate non-employee-related costs?

The Board of Directors supports the staff recommendation to use the following budget formula for calculating rates:

X = % of the annual budget to be paid with radio user fees

Y = % of the annual budget to be paid with console user fees

$X = [83\% \text{ of employee-related costs} + A\% \text{ of corporate/admin expenses} + B\% \text{ of network operating expenses}] / \text{annual operating budget} * 100$

$Y = [17\% \text{ of employee-related costs} + (1 - A) \% \text{ of corporate/admin expenses} + (1 - B) \% \text{ of network operating expenses}] / \text{annual operating budget} * 100$

Percentages for A and B should be selected to ensure blended cost allocation as close to the 78/22 split in initial budget estimates.

Provision for different variables A and B to support the future addition of new services.

2. How should rate stabilization funds be allocated?

The intent of the \$2.6 million allocation for rate stabilization was to offset large rate increases for users as they transition to the PSERN Operator rates through the first 3 years of operation. Approximately \$6.5 million would be required to offer originally intended subsidies.

The Board has provided direction to the staff to develop two or three scenarios applying the existing \$2.6 million allocation as a bottom-line offset to operating expenses rather than an agency-by-agency calculation of subsidies. This would "smooth out" or reduce service rates for

all agencies. At least one scenario will address the anticipated cost increase in the third year when warranty costs will begin.

3. Should operating and capital reserves be established, and if so at what percentage?  
The previous budgets developed in 2014-2020 directed that 5% of the operating costs collected from the users be included in the budget and set aside for operating contingencies/emergencies.

The Board directed staff to not include this reserve in the draft 2023 budget and to provide two scenarios for the 2024 budget, one with the operating reserve and one without.

The Board directed staff to not include a capital replacement reserve in the 2023 or 2024 budget. More information is required for subsequent years' budgets and will be analyzed as it becomes available

4. What period of time should the initial budget cover?  
The 2023 draft budget will assume six months of operation. A draft 2024 budget will also be presented. If the Board chooses to adopt the 2023 and 2024 budgets at the same time, the Operator budget will be in sync with the biennial budgets used by most PSERN users.

12. Board of Directors Workplan Update – Mike Webb 4:17 – 4:19 p.m.

Changes to the work plan include a reorganization of items to indicate completed items, modifications to the definition, date, or other details are marked up in purple, Q3 and Q4 work items are all topics currently in discussion, and some Q3 expenditures have shifted to the future.

13. PSERN Board of Directors Officer Report – Board Officers 4:18 – 4:19 p.m.

No updates.

14. Review New Action Items – Lora Ueland 4:19 – 4:20 p.m.

No new action items.

15. Executive Session – Lora Ueland

No Executive Session was held.

Meeting adjourned at 4:20 p.m.

Next Meeting: August 25, 2022



## Board of Directors Action Log – Open Items

Date Opened	Item	Person Responsible	Deadline for Completion	Notes
3/24/22	Facility recommendation and approval	Mike Webb	8/25/22	Update at July meeting. Recommendation for approval at August/22 meeting.
3/24/22	2023 budget and service fee development	Mike Webb/Tracy Plouse	10/31/22	Target early draft by August board meeting.
3/24/22	Sublease agreement template for radio sites drawn up for further discussion	Mike Webb	TBD	Will revisit in 1Q 2023.
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	Report/recommendation to be provided for approval.
6/23/22	Review availability for the August and September regular Board meetings.	Board Members	7/28/22	Need to confirm quorum





# PSERN Board of Directors Staff Report

## Agenda Item #6



**Title:** Executive Director Report – August 2022  
**Meeting Date:** August 25, 2022  
**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 July 2022 meeting.

### **ANALYSIS:**

#### PSERN Project to Operator Transition

- Work is underway to assess and determine the optimal timing for transfer of PSERN operational responsibility to the PSERN Operator:
  - A report and recommendation to the Operator board is being prepared for the September meeting to coincide with presentation of an updated Project schedule.
  - Legal counsel is investigating the required amendments to the Operator ILA should the transfer date be detached from the Full System Acceptance milestone.

#### Staffing/Hiring

- The requirements for the Technical Operations Manager position have been reviewed/updated and the position re-posted:
  - KCIT HR will be engaging external recruitment assistance.
  - Closing date on the revised posting is mid-September.
  - The target hiring date has been deferred to November 2022 (previously July 2022).
- Requisitions have been prepared and approved for the following additional positions currently included in the startup staffing plans:
  - Administrative Specialist II – target hiring October 2022.
  - Radio Operations Supervisor – target hiring October 2022.

#### Financial Startup

- Agreements with King County for the provision of cash management and investment services have been executed:
  - The County Treasurer has established the required funds/accounts for PSERN.
  - Transfer of startup funds (administrative, technical/operational and initial cash flow) are complete.
  - The Operator will shortly be able to action its own Payables via the County Treasurer.

- A charge card policy/procedure has been drafted and is presented for approval via a separate report (agenda item 9).
- An agreement to acquire a cloud-based financial management software application, along with timing for implementation, are currently being reviewed and discussed with the vendor (Caselle):
- The Washington State Master Contract Usage Agreement, which enables the PSERN Operator to procure goods and services by piggybacking on a variety of state contracts, has been executed with the Department of Enterprise Services (DES).

#### 2023 Operating Budget and Service Fee Development

- A separate report (agenda item 10) has been provided on the 2023 Operating Budget and Service Fee development.

#### Records Management

- No further work has been done on the draft records management policy/procedure for the Operator due to the absence of the PSERN Administrator.
  - The document will be routed to the Board for discussion and/or approval at a future date.

#### Workspace/Facility

- A separate report (agenda item 8) has been prepared that presents a recommendation to proceed forward with acquiring a 7,500 sq. ft. facility in Kent and seeks approval for executing a lease.

#### Upcoming Board Meeting Topics

- Topics expected to be brought forward over the next 3 board meetings include the following:
  - September 2022:
    - Update on 2023 operating budget and service fee development.
    - Update/recommendation on operational transition timing/schedule, including commencement of service fees and ILA updates.
    - Approval of revised/amended Procurement Policy.
    - Update and/or approval of significant procurements, as required.
  - October 2022:
    - Approval of 2023 operating budget and service fees.
    - Update and/or approval of significant procurements, as required.
    - Approval of financial/administrative policies, as required.
  - November 2022:
    - Approval of 2023 Board meeting schedule.
    - 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 July.

**SUPPORTING DOCUMENTATION:**

None

# PSERN Operator Board of Directors

## Staff Report - Agenda Item #7



**Title:** Startup Spending Update – August 2022  
**Meeting Date:** August 25, 2022  
**Staff Contact:** Tracy Plouse, Finance Manager  
**Action:** Discussion

---

### **SUMMARY:**

This report provides an update on PSERN Operator startup expenditures to the end of July 2022, and a revised forecast of expenditures to the end of June 2023, the point at which the PSERN Operator is forecast to assume operational responsibility.

### **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 (for administrative startup).
- Revisions to expenditure forecasts, including cost estimates and timing.

As of July 2022 the Finance Manager has assumed responsibility for this reporting. At the May 2022 meeting, the Board approved additional startup funds for technical and operational expenses. An additional table was added to this report beginning with the June 2022 report.

Currently, all PSERN Operator expenditures are being recorded against specific expense codes within the broader PSERN Project accounts/funds in the King County financial system (Oracle). One project code exists for each of the two budgets, administrative and operational. Reports can be run on demand to show expenditures/transactions coded against the Operator.

The Operator established a fund with the King County Treasurer after the July 2022 board's approval of the King County cash and investment management agreements. The Finance Manager has submitted documents to gain access to the accounts payable system for issuing warrants and the PSERN Project has initiated the transfer of the startup funds. The Operator expects to issue its first warrants by the end of August 2022.

At the point the PSERN Operator has its own financial management system later in the fall of 2022, standardized or pro forma financial reports will be provided on a regular basis to be determined by the Board.

### **ANALYSIS:**

Appendix A provides a summary of the Year-to-Date spending of the PSERN Operator as of the end of July 2022. Spending to date is currently on-track and/or below the estimates provided in the baseline spending plan.

The following notes apply:

- The 2023 forecast has been updated to cover a 6 month period, as it now assumes FSA occurring at the end of June 2023. Spending estimates show that there will be adequate funds available to fund the PSERN Operator until that date. However, if commencement of PSERN service fees is delayed any further than June 2023, it is likely that the Operator will need additional startup funds to operate.

- Staffing spending is shown as tracking under forecast as the Finance Manager started May 16th (budget was based on April 1<sup>st</sup>). The Technical Operations Manager has been re-forecast to start November 1<sup>st</sup>, rather than July 1<sup>st</sup> as currently budgeted. As of June 2022, fifty percent (50%) of the Executive Director’s salary and benefits is now being charged to the PSERN Project.
- Estimated costs for 2022 have been revised to reflect updated staffing plans, revised estimates for consulting services and accounting software and postponement of asset management software implementation. These costs will now be incurred in 2023 rather than 2022, and the “2023 (forecast)” column was updated to reflect those changes.
- The majority of expenditures to date are staffing and benefits, with small expenditures for legal services, King County IT services, financial consulting services and miscellaneous administrative expenses (e.g. business license fees)

**CONCLUSION:**

This report provides an update on administrative and operational startup expenditures to the end of July 2022 and a revised forecast of expenditures to the end of June 2023. Spending to date is currently on-track or below the estimates provided in the baseline spending plan and has been re-profiled to enable startup funds to last until the end of June 2023.

**SUPPORTING DOCUMENTATION:**

**Appendix A: PSERN Operator Spending (Year-to-Date and Forecast) – July 2022**

A summary of expenditures to end of July 2022 and revised forecasted expenditures during PSERN’s startup phase in 2021, 2022 and 2023 (prior to operational transition), are provided in the table below.

This covers the administrative staffing and initiatives discussed in the January 2022 report as well as staffing and spending plan discussed in the May 2022 report for Technical startup funding. Both plans have been re-profiled, with hiring and spending delayed to enable startup funds to last until end of June, 2023. The table will be updated every month once transactions post to that the applicable account.

Admin Startup Funding								
Item	2021 (actual)	2022 (YTD)	2022 (forecast)	2022 (baseline)	2022 (variance)	2023 (forecast)	Total Startup (forecast)	TOTAL Startup Budget
Salary & Benefits	\$ 46,308	\$ 246,593	\$ 645,604	\$ 667,800	\$ (22,196)	\$ 567,893	\$ 1,259,804	\$ 1,049,500
Insurance	\$ 3,488	\$ -	\$ 3,500	\$ 5,000	\$ (1,500)	\$ 2,000	\$ 8,988	\$ 10,000
King County Services		\$ -			\$ -		\$ -	
<i>HR, IT Support, Office Lease</i>	\$ 7,506	\$ 14,031	\$ 51,394	\$ 54,200	\$ (2,807)	\$ 30,556	\$ 89,455	\$ 91,500
Consulting Services		\$ -			\$ -		\$ -	
<i>Legal Services</i>	\$ 6,766	\$ 12,175	\$ 32,000	\$ 86,400	\$ (54,400)	\$ 55,000	\$ 93,766	\$ 122,000
<i>Financial Advisory</i>		\$ 25,000	\$ 60,000	\$ 60,000	\$ -	\$ 30,000	\$ 90,000	\$ 90,000
<i>Security/ Other Consulting</i>		\$ -	\$ 25,000	\$ 50,000	\$ (25,000)	\$ 50,000	\$ 75,000	\$ 80,000
Office/Administrative Expenses		\$ 1,872	\$ 18,700	\$ 12,900	\$ 5,800	\$ 37,100	\$ 55,800	\$ 21,000
Transportation Expenses		\$ -	\$ 2,310	\$ 6,500	\$ (4,190)	\$ 1,155	\$ 3,465	\$ 9,800
PSERN-Specific IT Systems		\$ -			\$ -		\$ -	
<i>Financial/Accounting</i>		\$ -	\$ 20,728	\$ 37,700	\$ (16,972)	\$ 10,056	\$ 30,784	\$ 54,200
<i>Asset Management</i>		\$ -	\$ 45,000	\$ 54,300	\$ (9,300)	\$ 16,000	\$ 61,000	\$ 70,300
<i>Service Management</i>		\$ -	\$ -	\$ 6,000	\$ (6,000)	\$ 18,000	\$ 18,000	\$ 15,000
IT Equipment (all staff)		\$ -			\$ -	\$ 70,400	\$ 70,400	\$ 79,400
Vehicle Fit-Out		\$ -			\$ -	\$ -	\$ -	\$ 142,000
Technician Tools/Equipment		\$ -			\$ -	\$ -	\$ -	\$ 12,800
TOTAL	\$ 64,067	\$ 299,670	\$ 904,236	\$ 1,040,800	\$ (136,564)	\$ 888,160	\$ 1,856,463	\$ 1,847,500
<b>TOTAL Startup by Year</b>	<b>\$ 64,067</b>		<b>\$ 904,236</b>			<b>\$ 888,160</b>	<b>\$ 1,856,463</b>	<b>\$ 1,847,500</b>

Tech Startup Funding								
Item	2021 (actual)	2022 (YTD)	2022 (forecast)	2022 (baseline)	2022 (variance)	2023 (forecast)	Total Startup (forecast)	TOTAL Startup Budget
Salary & Benefits		\$ -	\$ 103,156	\$ 267,285	\$ 164,129	\$ 691,478	\$ 794,634	\$ 815,895
Insurance		\$ -	\$ 600	\$ 600	\$ -	\$ 2,400	\$ 3,000	\$ 2,400
King County Services		\$ -			\$ -		\$ -	\$ -
<i>Services/non-labor costs</i>		\$ -	\$ 4,903	\$ 13,075	\$ 8,172	\$ 33,092	\$ 37,995	\$ 41,075
Other Office Costs		\$ -			\$ -			
<i>Tenant Improvements</i>		\$ -	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ 278,000
<i>Office Lease &amp; Utilities</i>		\$ -	\$ 28,000	\$ 39,000	\$ 11,000	\$ 84,000	\$ 112,000	\$ -
<i>Vehicle Lease &amp; Operating</i>		\$ -	\$ 3,275	\$ 3,275	\$ -	\$ 19,650	\$ 22,925	\$ 55,250
<i>Vehicle Acquisition &amp; Fuel</i>		\$ -	\$ 3,638	\$ 5,288	\$ 1,651	\$ 32,025	\$ 35,663	\$ -
<i>Travel, Training, Misc Supplies</i>		\$ -	\$ 4,000	\$ 4,000	\$ -	\$ 10,000	\$ 14,000	\$ 14,000
<i>Cell Phones</i>			\$ 450	\$ 1,200	\$ 750	\$ 2,925	\$ 3,375	\$ 3,675
TOTAL		\$ -	\$ 348,021	\$ 533,723	\$ 185,702	\$ 875,569	\$ 1,223,591	\$ 1,210,295
<b>TOTAL Startup by Year</b>			<b>\$ 348,021</b>			<b>\$ 875,569</b>	<b>\$ 1,223,591</b>	<b>\$ 1,210,295</b>

# PSERN Board of Directors Staff Report

## Agenda Item #8



**Title:** Facility Lease Approval  
**Meeting Date:** August 25, 2022  
**PSERN Staff Contact:** Michael Webb, Executive Director  
**Action:** Decision

---

### SUMMARY:

This report presents, for approval, a lease agreement for a combined administrative and operational support facility for the PSERN Operator. The proposed/recommended lease is for a property in Kent, WA, for a term of 88 months.

### BACKGROUND

The Board's workplan includes an item for the determination of place of employment (office/location), item 17, with the Board to be consulted as part of the acquisition process. The purpose and use of the facility includes the following functions:

- House PSERN Operator staff and host a variety of stakeholder meetings on an ongoing basis
- Receive, store and ship network infrastructure equipment and user radios
- Provide space for network support functions, including system monitoring/surveillance and equipment testing and repair
- Conference/meeting room, staff kitchen and washrooms

Starting in the spring of 2022, staff defined the space requirements, engaged a commercial real estate broker and toured approximately 8 available properties in the Tukwila/Kent area that generally meet the following requirements:

- Approximately 7600 square feet, mixed office/warehouse (light industrial)
- Space for up to 24 administrative and technical staff (offices and cubicles)
- At least 2800 square feet of warehouse/storage and technical space
- On-site parking with nearby transit services
- Ease of access to regional transportation routes

As a result of this work, staff have identified a suitable facility in the Walker Business Park (WBP) known as 19717 62<sup>nd</sup> Ave S, Suite E-102, Kent, WA 98032. This is a single-story facility of 7,489 square feet, including 3,000 square feet of warehouse space. General information on this facility is provided in Appendix A and a draft lease is provided in Appendix B.

Staff have also held discussions with King County Facility Management Division (FMD) and King County Radio Communications Services (RCS) to investigate the possibility of sub-leasing an existing County facility. This identified two potential options:

- Execute a new lease for the King County facility at 925 Hiawatha in Seattle, currently being

used for PSERN radio deployment.

- Collocate with KC RCS at its facility in SeaTac (sub-lease a portion of the space).

The County's lease at the Hiawatha facility terminates at the end of 2022 and will not be renewed. PSERN requested a lease proposal from the property manager, but they have declined to provide one. In addition, the location of this facility is not preferred, and it does not fully meet the space requirements. As a result, this alternative has been ruled out.

The alternative of collocating with KC RCS is discussed further below.

Funding of \$278,000 for the acquisition, fit-out and operation of such a facility was included in the PSERN Operator technical/operational start-up budget, approved in May 2022. This budget allocation has been updated (to \$304,000) in the revised startup spending plan discussed in the July meeting to assume lease start in October 2022 and commencement of PSERN service fees (end of start-up) in July 2023. This budget does not assume any rent abatement to be provided by the landlord.

**ISSUES:**

To enable the acquisition of a such facility, the Board should consider the following issues:

**Issue #1: Which facility and which lease term option should be selected?**

**Issue #2: Should the Executive Director be authorized to execute a lease for the facility?**

**ANALYSIS/DISCUSSION:**

The following analysis and discussion address the issues identified in the previous section.

**Issue #1: Which facility and which lease term option should be selected?**

Two potential facilities have been identified and considered – the Walker Business Park facility in Kent and the KC RCS facility in SeaTac. There are two lease term alternatives available for the Kent facility – 5 years and 7 years. These three alternatives are summarized in Table 1 below:



Table 1 - Lease Option Comparison

ITEM	WBP - 62 Months	WBP - 88 Months	RCS Seatac
Sq. Footage - Office & Technical	4489	4489	3500
Sq. Footage - Warehouse	3000	3000	4660
Total Sq. Footage	7489	7489	8160
Term - Start	1-Oct-22	1-Oct-22	1-Oct-22
Term - End	30-Nov-27	30-Jan-30	31-Mar-25
TOTAL Term	62 months	88 months	30 months
Rent Abatement	2 months	4 months	N/A
Average rent - 2023	\$ 10,034	\$ 8,836	\$ 9,229
NNN - 2023	\$ 3,220	\$ 3,220	\$ 3,557
Total Monthly - 2023	\$ 13,254	\$ 12,056	\$ 12,786
Rent/Sq. Ft.	\$ 1.34	\$ 1.18	\$ 1.13
Total Cost/Sq. Ft.	\$ 1.77	\$ 1.61	\$ 1.57
Rent escalation	3% per year	3% per year	3% per year
Staff accomodation (offices and cubes)	24	24	20
<b>Other Considerations</b>			
Secured, dedicated space	Yes	Yes	No
Disabled access	Yes	Yes	Upstairs office not ADA accessible
Existing network (WAN) connection	No	No	Yes - INET/KC
Parking stalls	23	23	8
Tenant improvements	Paint, carpet, minor partition changes included	Paint, carpet, minor partition changes included	None, use as-is
Clearing of space required	No	No	Yes
<b>Lease Cost to end June 2023</b>	<b>\$ 79,526</b>	<b>\$ 48,225</b>	<b>\$ 102,287</b>

Several constraints exist with subletting of the KC RCS space:

- PSERN would not have its own secured space, unless further tenant improvements were made
- The upstairs office area, which would house the majority of staff, is not disabled accessible
- Clearing of existing office and warehouse space would be required, which could delay occupancy
- The County's lease expires in March 2025, and there is no certainty that the lease will be extended

In comparison, the Kent facility is disabled accessible (single story) and would be dedicated for the PSERN Operator's use. The landlord will make certain tenant improvements (carpeting, painting, lighting, partition wall changes) to accommodate PSERN's needs. These improvements are included in the lease cost shown above.

The two lease term alternatives for the Kent facility – 5 years or 7 years - involve rent abatement for 2 months and 4 months respectively, providing a total lease term of 62 or 88 months.

As a result of the constraints with the KC RCS space and based on the rent incentive, it is recommended that PSERN pursue the 88-month lease alternative on the Kent facility. Although this commits PSERN to that facility for two additional years and raises the probability that PSERN could require additional space in that time, additional space will most likely be needed for equipment storage purposes. If this situation occurs, PSERN can rent additional storage space at a separate location or make use of space at some of its radio sites.

The emergence of remote/hybrid work arrangements, in addition to a significant number of staff working in the field, means that the office space will be used flexibly with “hotel” arrangements being predominant.

**Issue #2: Should the Executive Director be authorized to execute a lease for the facility?**

The proposed lease for the Kent facility is provided as Appendix B. The landlord is WFT Company Two LLC, an Arizona limited liability company.

PSERN’s legal counsel (Pacifica Law Group) have reviewed the proposed lease and provided an opinion memo, which is attached as Appendix C. Pacifica noted that the draft Lease Agreement does not contain a tenant right to terminate if WFT fails to deliver exclusive possession of the Premises to PSERN in a timely manner. This issue has been fed back to the landlord, along with several other minor requested changes, in a revised draft (red-lined) version. A clean version of the revised draft is attached to this report as Appendix B.

Overall, Pacifica has indicated that PSERN may consider the draft Lease Agreement as containing market terms and conditions as it considers whether to proceed with execution.

Given there are no significant legal issues or concerns with the proposed lease, the remaining question is whether execute the lease at this time. The timing is driven by the need for PSERN to establish its base of operations, including housing administrative and technical/operational staff in the near term. There are two factors driving the urgency to proceed:

- Termination of the Hiawatha lease at the end of 2022, which will leave the PSERN Project without a facility to support radio deployment as of mid-December 2022
- The hiring of additional PSERN Operator staff in the fall of 2022, driven by technical/operational and administrative startup

This lease is being brought forward to the PSERN Operator Board for approval based on previous direction from the Board that the Executive Director should seek explicit approval for individual startup expenditures in excess of \$50,000. As outlined above, the 7-year lease alternative corresponds to rent payments of \$48,225 to end June 2023, on top of \$14,087 in required security deposit.

Once the lease is approved and executed, PSERN Operator staff will proceed with acquiring the required goods and services to make the facility operational. This includes furniture, storage equipment for the warehouse, utility accounts, insurance, network connections and related IT equipment/services. These one-time and ongoing costs are also budgeted in the technical/operational startup budget previously approved.

**RECOMMENDATION:**

In order to move forward with acquiring a facility for the PSERN Operator, it is requested that the Board of Directors approve the following motion:

**MOTION:** That the PSERN Operator Board authorize the Executive Director to execute a Lease Agreement with WFT Company Two LLC for the property known as 19717 62<sup>nd</sup> Ave S, Suite E-102, Kent, WA 98032 for a term of 88-months in a form substantially equivalent to that provided in Appendix B.

**SUPPORTING DOCUMENTATION:**

**Appendix A: Property Overview**

**Appendix B: Draft Lease Agreement**

**Appendix C: Opinion Memo – Pacifica Law Group**

# PSERN Staff Report Agenda Item #9

**Title:** Charge Card Policy

**Meeting Date:** August 25, 2022

**Staff Contact:** Tracy Plouse, Finance Manager

**Action:** Decision



## SUMMARY AND BACKGROUND:

This report presents a charge card policy for Board approval. At the July 28, 2022 PSERN Operator Board meeting, Resolution 2022-01 was passed, authorizing the PSERN Operator to enter into an agreement with King County for cash management and investment services. The resolution also gives the Executive Director the authority to open charge card accounts. Prior to issuing charge cards for the PSERN Operator a charge card policy needs to be adopted and implemented.

## ANALYSIS/DISCUSSION:

Charge cards will be used for purchasing a variety of supplies, materials and services for operational and administrative purposes, such as paying utility bills and making other online and retail purchases (office supplies, etc.). Staff travel, including conference registrations, lodging, and airfare will also be purchased using charge cards.

In addition to needing charge cards for general purchasing purposes, the PSERN Operator will have staff (radio technicians and supervisors) working in field locations, primarily at radio and dispatch sites. They will need charge cards for fuel and possibly materials and supplies while in the field.

The Washington State Auditor's Office Center for Government Innovation publication titled *Best Practices for Credit Card Programs* [Credit-Card-Best-Practices.pdf \(wa.gov\)](#) highlights the following best practices, which the proposed policy addresses:

- Regular review and update of policy to ensure it provides clear guidance
  - The policy should be specific about what is allowed and what is not
  - The policy should address consequences of not following the policy
- Require a detailed cardholder agreement
  - Agreement should be signed by authorizing official as well as employee
- Establish appropriate credit limits
  - Charge card limits should align with the cardholder's actual spending
- Require the cardholder to reconcile their spending activity

## RECOMMENDATION:

If no additional revisions are requested by the board, it is recommended that the Board vote to approve the adoption of the PSERN Procurement policy as shared in the meeting material packet. However, if revisions are needed the board could vote to approve the policy contingent on the needed revisions being made.

The Operator Board is being requested to approve the following motion:

**MOTION:** That the PSERN Operator Board adopt the PSERN Operator Charge Card Policy provided in Appendix A.

# PSERN Staff Report Agenda Item #9

**Title:** Charge Card Policy

**Meeting Date:** August 25, 2022

**Staff Contact:** Tracy Plouse, Finance Manager

**Action:** Decision

---



## REFERENCE DOCUMENTS:

- Appendix A - PSERN Operator Charge Card Policy and Procedure (Draft)

## **APPENDIX A**

# **PUGET SOUND EMERGENCY RADIO NETWORK (PSERN) OPERATOR CHARGE CARD POLICY & PROCEDURE**

### **TABLE OF CONTENTS**

**1.0 PURPOSE**

**2.0 POLICY**

**3.0 PROCEDURE**

**4.0 CONTROL**

**ATTACHMENT A – CHARGE CARD USER AGREEMENT**

## 1.0 PURPOSE

The Puget Sound Emergency Radio Network Operator (hereinafter, PSERN OPERATOR) establishes this policy to set guidelines for proper use of PSERN OPERATOR charge cards, to comply with various RCWs for payment of claims for expenses (RCW 42.24), and to comply with RCW 43.09.2855 which requires the legislative body to adopt a system of rules for charge cards.

Charge cards include credit cards, purchase cards, procurement cards, fuel cards and other account cards issued in the name of PSERN OPERATOR or individual employee.

## 2.0 POLICY

**2.1** The PSERN OPERATOR Executive Director is authorized to contract for issuance and use of PSERN OPERATOR charge cards, including establishing policies and procedures, pursuant to RCW 43.09.2855 as presently codified or hereafter amended.

**2.2** Employees are expected to exercise prudent judgment when incurring expenses on PSERN OPERATOR charge cards.

**2.2.1 Type of Use** - Charge cards must be used for official PSERN OPERATOR business only, and may include the purchase of goods and services and travel expenses. Use of charge cards shall comply with applicable PSERN OPERATOR resolutions, policies, and procedures.

**2.2.2 Personal/non-PSERN OPERATOR charges** – Any personal charges on PSERN OPERATOR charge cards by PSERN OPERATOR employees constitute a lending of PSERN OPERATOR’s credit, and thus are strictly prohibited. Any misuse that results in a suspected or actual loss will be reported to the State Auditor’s Office and could include revocation of the charge card and other progressive measures as deemed appropriate.

**2.2.3 Documentation** – A fully itemized expense claim shall be submitted within 30 days of the billing date. If the charge card is used for travel, then a travel expense claim form shall be submitted.

**2.2.4 Administration** – The Executive Director or their designee shall adopt such procedures as may be necessary or desirable to implement the provisions of this policy.

## 3.0 PROCEDURE

**3.1 Authorization** – All charge card transactions must be approved by the card user, and depending on the purchasing authority, the user’s supervisor, or the Executive Director. If the expenditure is deemed inappropriate, the card user will reimburse PSERN OPERATOR. PSERN OPERATOR may revoke charge card privileges for inappropriate use or for any reason.

**3.2 Issuance** -The Finance Manager, with approval by the Executive Director, will issue charge cards to individuals or departments based on the needs of PSERN OPERATOR.

## **4.0 CONTROL**

### **4.1 Responsibilities**

4.1.1 The **card user** is responsible for contacting vendors when purchased supplies are not acceptable, e.g., incorrect order, damaged goods, etc. and for arranging a return for credit or exchange. The card user is also responsible for returning charge cards to the Finance Manager immediately upon leaving PSERN OPERATOR employment.

4.1.2 The **Finance Manager** is responsible for charge card administration to include, but not limited to, selection of card provider, payment of charge card bills, managing the issuance of cards and establishing procedures for proper use, including potential disciplinary action for misuse of cards.

4.1.3 The **Executive Director** may disallow use of the assigned charge card for violation or misuse of the charge card in accordance with this policy, or for any reason deemed in the best interest of PSERN OPERATOR.

**4.2 Exceptions** – Any exceptions to the policy and procedures must be approved in advance by the Executive Director.

**4.3 Cardholder User Agreement** – Authorized individuals shall sign a Charge Card User Agreement (Attachment A) before being eligible to use the charge card.



**ATTACHMENT A  
CHARGE CARD USER AGREEMENT**

I, \_\_\_\_\_, as an employee of King County assigned to work for the PSERN OPERATOR, accept personal responsibility for the safeguard and proper use of the PSERN OPERATOR charge card issued by \_\_\_\_\_, charge card number \_\_\_\_\_, which has been assigned to me (or my department) for use in the performance of my job, in accordance with the terms outlined below.

- Charge cards are to be used for:
  - Travel-related business expenses and conference/training registrations
  - Purchasing departmental goods, supplies and materials not to exceed my authorized limit

I have read and understand the charge card policies and procedures. I will keep the charge card in a safe place to prevent unauthorized usage.

I understand that the Executive Director may disallow my use of a PSERN OPERATOR charge card for violation or misuse of the charge card and/or charge card policies and procedures.

I understand that each time I use a PSERN OPERATOR charge card I am adhering to the following statement:

“I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenses incurred by me.”

I further certify and understand that I may be subject to disciplinary action should I use the PSERN OPERATOR charge card in violation of charge card policies and procedures.

I further certify and understand that I will reimburse and otherwise be personally liable for all charges I incur (or cause to be incurred) on the PSERN OPERATOR charge card in violation of charge card policies and procedures.

The undersigned individual has read and agrees to the above statements:

\_\_\_\_\_  
Employee Name (Print)

\_\_\_\_\_  
Employee Signature  
\$

\_\_\_\_\_  
Approved Limit of Card

\_\_\_\_\_  
Finance Manager Approval

\_\_\_\_\_  
Executive Director Approval

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

# PSERN Operator Board of Directors

## Staff Report - Agenda Item #10



**Title:** 2023 PSERN Operating Budget and Rate Setting  
**Meeting Date:** August 25, 2022  
**Staff Contact:** Tracy Plouse, Finance Manager  
**Action:** Discussion

---

### **SUMMARY AND BACKGROUND:**

This report presents a draft 2023 operating budget and service fee rates for the Board's consideration and discussion. On July 11, 2022, a budget and rate setting workshop was held by the board of directors. Issues surrounding rate setting, reserves and budgeting were discussed and direction was given to staff to develop up to three scenarios for presentation at the August 2022 meeting. These scenarios are presented for discussion, along with a draft operating budget.

### **ANALYSIS AND DISCUSSION:**

The Board, at the July 11<sup>th</sup> workshop, 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.

#### Operating Budget

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 August 25, 2022**

*Assumes 4.0% increase over 2023 for most categories based on IPD rate of 3.860*

*Assumes 3% increase over 2024 for most categories*

*Assumes 3% increase over 2025 for most categories*

*Assumes 3% increase over 2026 for most categories*

**Annual Cost to Operate**

Budget Item	2023 6 months 23 FTE	2024 24 FTE	2025 25 FTE	2026 26 FTE	2027 26 FTE
SALARY AND BENEFITS:	\$2,399,446	\$5,189,800	\$5,539,912	\$5,909,738	\$6,087,031
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
<b>Cost Offset Due to Leases</b>	(\$250,000)	(\$500,000)	(\$515,000)	(\$530,450)	(\$546,364)
MSI SERVICES:		\$0	\$720,798	\$1,451,514	\$1,495,060
<b>Sub-Total before Operating Reserve</b>	<b>\$ 4,133,599</b>	<b>\$ 8,781,023</b>	<b>\$ 9,960,329</b>	<b>\$ 11,159,139</b>	<b>\$ 11,493,913</b>
Operating Reserve		\$439,051	\$498,016	\$557,957	\$574,696
<b>Total with Operating Reserve</b>	<b>\$ 4,133,599</b>	<b>\$ 9,220,074</b>	<b>\$ 10,458,345</b>	<b>\$ 11,717,096</b>	<b>\$ 12,068,609</b>

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

- The 2023 budget assumes commencement of operation and PSERN service fees on July 1<sup>st</sup> 2023
- No operating reserve is to be collected in 2023; 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 4% in 2023 and 3% in subsequent years; this is based on the Washington State Department of Revenue’s implicit price deflator (IPD) for 2022
- 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

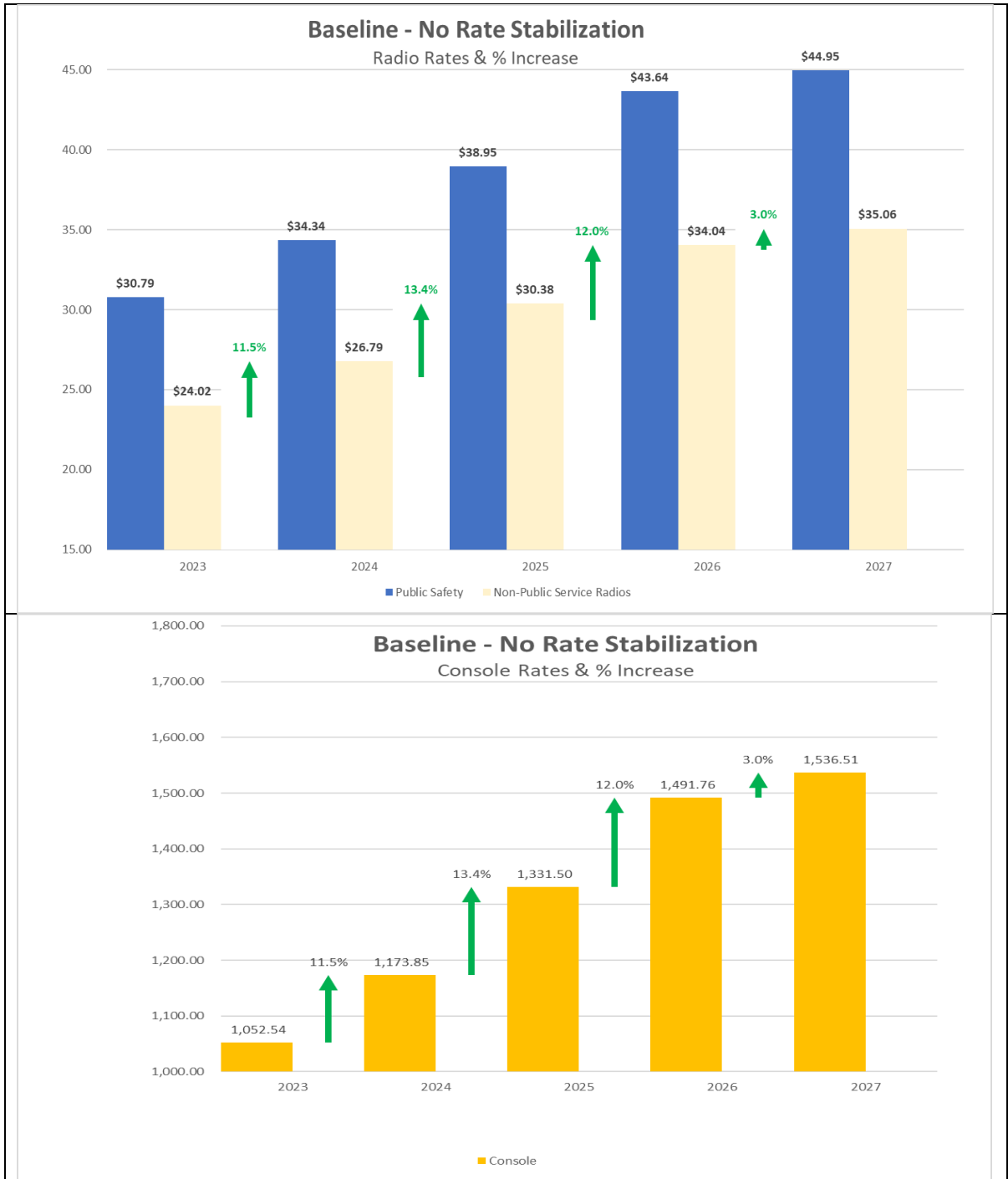
Service Fee Rates and Application of Rate Stabilization Funds

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

<b>Current KCERCS Service Fees</b>	
	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 fees<sup>1</sup> 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.



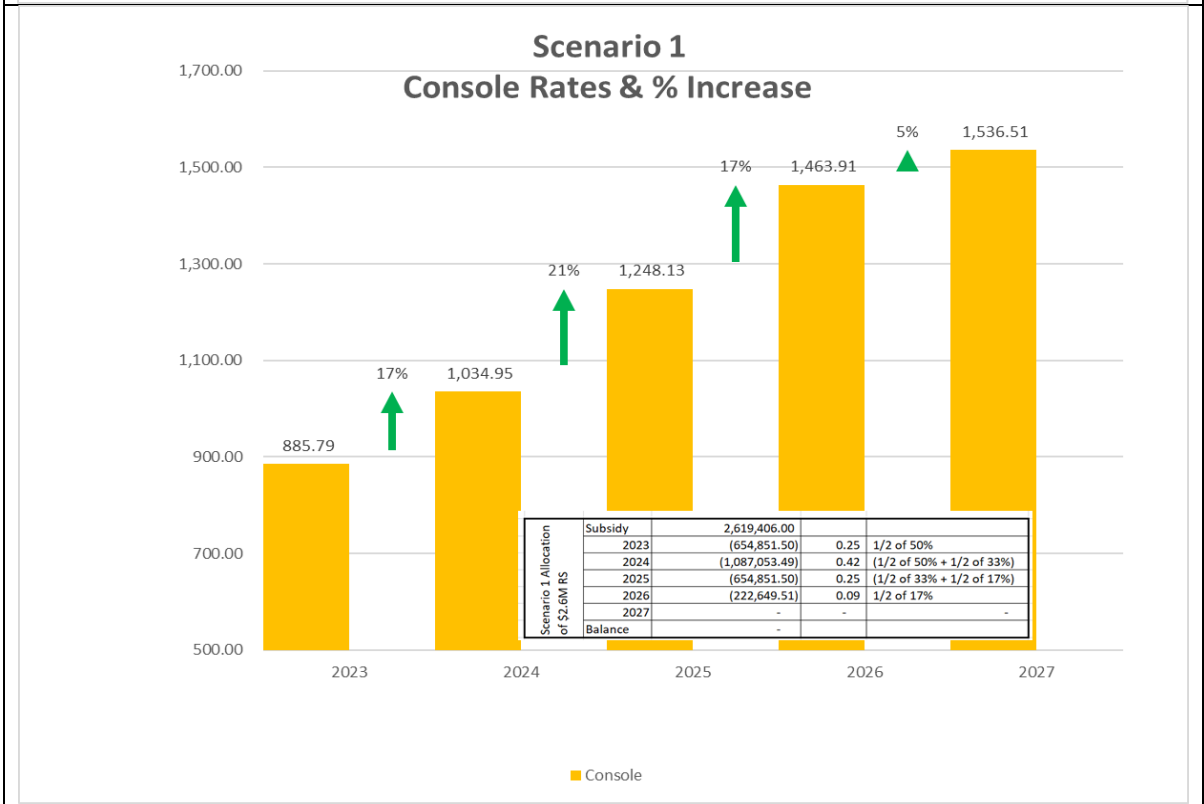
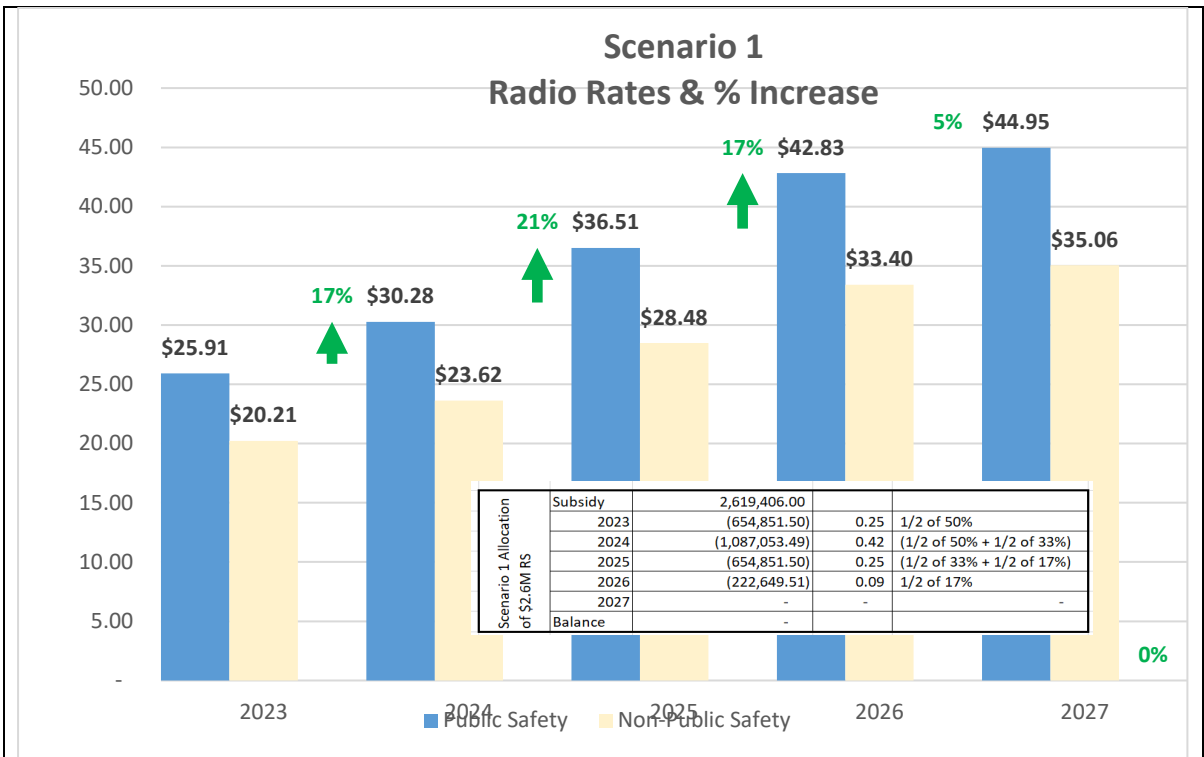
<sup>1</sup> Expenditures were allocated to determine rates as follows: Employee-related 83% radios/17% consoles | Corporate Administrative 75% radios/25% consoles | Technical Operations 70% radios/30% consoles

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

Scenario 1:

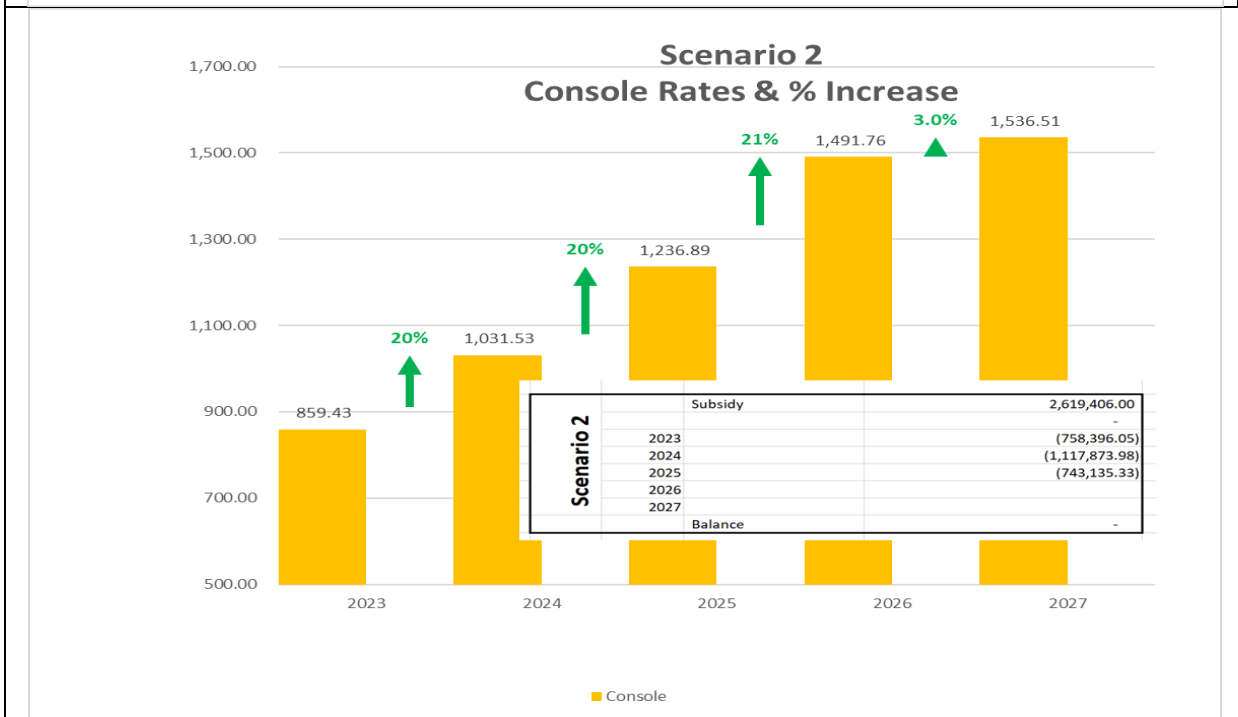
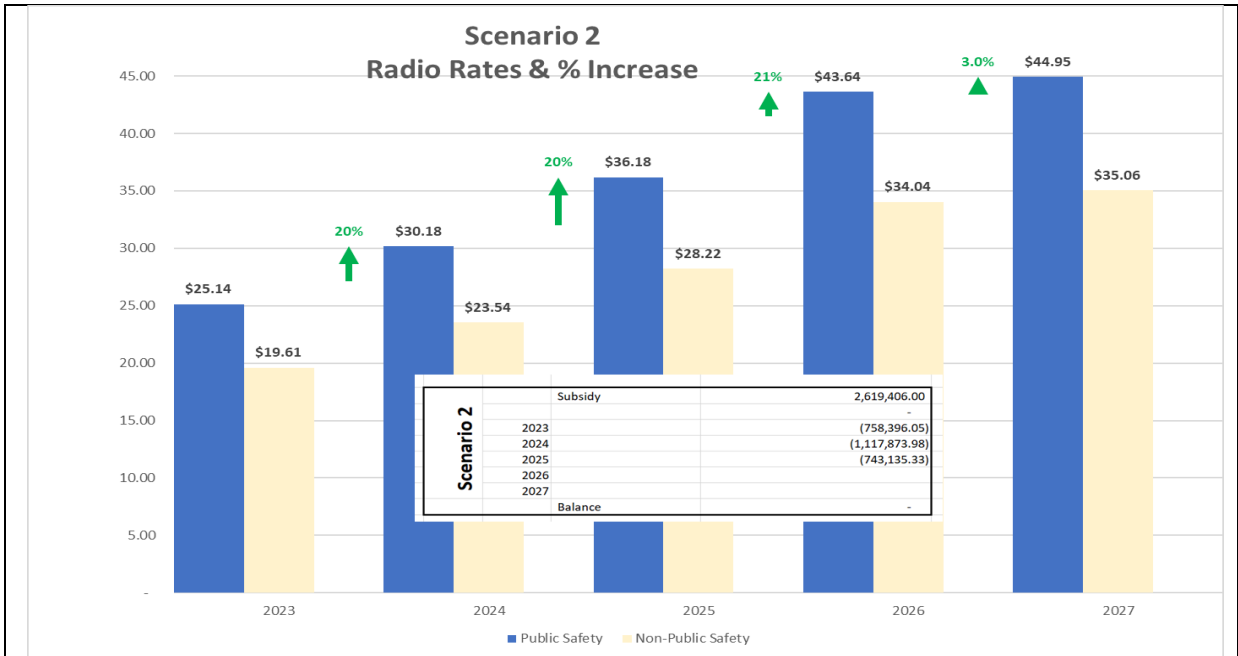
The rates in this scenario are calculated by allocating \$2.6M of rate stabilization funds in a gradually decreasing fashion, with 1/3 of the subsidy being removed in each of years 2 and 3. This equates to the expenditure of rate stabilization funds as follows: 50% of the total for the first year; 33% 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 6/30/2023, 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 IPD (4% in year 2024, 3% in year 2025 and 3% in 2026), 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.



Scenario 2

The rates in this scenario are calculated by allocating the \$2.6M rate stabilization funds over the first three years (2024, 2025, 2026) 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.





Other rate stabilization scenarios are possible. For example, more rate stabilization funds could be directed towards the first two years, which would result in a higher level of escalation in 2025 and 2026. Input from the board is requested to guide development of additional scenarios.

**CONCLUSION:**

This report presented a draft 2023 operating budget and service fee rates for the Board's consideration and discussion. An estimated operating budget for 6 months in 2023 has been provided, along with corresponding service fee rates based on the revised cost allocation methodology approved by the Board. Two scenarios for the application of previously-allocated rate stabilization funds (\$2.6M) have been provided for the board's consideration and feedback.

SUPPORTING DOCUMENTATION:

**Appendix A: Draft Budget Detail**

<b>PSERN Operator Budget Draft</b> <b>Presented to PSERN Operator Board of Directors August 25, 2022</b>								
	<i>Assumes 4.0% increase over 2023 for most categories based on IPD rate of 3.860</i>		<i>Assumes 3% increase over 2024 for most categories</i>		<i>Assumes 3% increase over 2025 for most categories</i>		<i>Assumes 3% increase over 2026 for most categories</i>	
	<b>Annual Cost to Operate</b>							
Budget Item	2023 6 months 23 FTE	2024 24 FTE	2025 25 FTE	2026 26 FTE	2027 26 FTE			
<b>SALARY AND BENEFITS:</b>	<b>\$2,399,446</b>	<b>\$5,189,800</b>	<b>\$5,539,912</b>	<b>\$5,909,738</b>	<b>\$6,087,031</b>			
Labor	\$1,507,328	\$3,277,352	\$3,505,951	\$3,747,594	\$3,860,021			
Overtime	\$137,536	\$286,075	\$297,518	\$309,418	\$318,701			
After Hours Support	\$83,381	\$173,433	\$180,370	\$187,585	\$193,212			
Benefits	\$632,200	\$1,371,820	\$1,472,520	\$1,579,081	\$1,626,454			
Recruiting Expense	\$0	\$0	\$0	\$0	\$0			
Employee Development	\$39,000	\$81,120	\$83,554	\$86,060	\$88,642			
<b>INSURANCE:</b>	<b>\$250,000</b>	<b>\$520,000</b>	<b>\$540,800</b>	<b>\$548,912</b>	<b>\$565,379</b>			
Insurance	\$250,000	\$520,000	\$540,800	\$548,912	\$565,379			
<b>CONSULTING SERVICES (outsourced):</b>	<b>161,000</b>	<b>300,705</b>	<b>305,216</b>	<b>309,794</b>	<b>319,088</b>			
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			

**PSERN Operator Budget Draft**  
**Presented to PSERN Operator Board of Directors August 25, 2022**

*Assumes 4.0% increase over 2023 for most categories based on IPD rate of 3.860*      *Assumes 3% increase over 2024 for most categories*      *Assumes 3% increase over 2025 for most categories*      *Assumes 3% increase over 2026 for most categories*

Budget Item	Annual Cost to Operate				
	2023 6 months 23 FTE	2024 24 FTE	2025 25 FTE	2026 26 FTE	2027 26 FTE
Accounting and financial management	\$25,000	\$50,750	\$51,511	\$52,284	\$53,852
Procurement services	\$0	-	-	-	\$0
<b>KING COUNTY SERVICES</b>	<b>\$17,159</b>	<b>\$35,641</b>	<b>\$36,679</b>	<b>\$37,749</b>	<b>\$38,881</b>
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
<b>OTHER OFFICE COSTS:</b>	<b>\$274,168</b>	<b>\$568,678</b>	<b>\$585,738</b>	<b>\$603,310</b>	<b>\$621,410</b>
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

**PSERN Operator Budget Draft**  
**Presented to PSERN Operator Board of Directors August 25, 2022**

*Assumes 4.0% increase over 2023 for most categories based on IPD rate of 3.860*      *Assumes 3% increase over 2024 for most categories*      *Assumes 3% increase over 2025 for most categories*      *Assumes 3% increase over 2026 for most categories*

	Annual Cost to Operate				
Budget Item	2023 6 months 23 FTE	2024 24 FTE	2025 25 FTE	2026 26 FTE	2027 26 FTE
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
<b>OTHER ONE-TIME COSTS:</b>	<b>\$15,538</b>	<b>\$32,318</b>	<b>\$33,288</b>	<b>\$34,286</b>	<b>\$35,315</b>
Network	\$6,000	\$12,480	\$12,854	\$13,240	\$13,637
Workstations	\$8,038	\$16,718	\$17,220	\$17,736	\$18,268
Tools	\$1,500	\$3,120	\$3,214	\$3,310	\$3,409
Vehicle Fit Out					\$0
<b>NETWORK OPERATING COSTS:</b>	<b>\$1,016,289</b>	<b>\$2,133,881</b>	<b>\$2,197,898</b>	<b>\$2,263,835</b>	<b>\$2,331,750</b>
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

**PSERN Operator Budget Draft**  
**Presented to PSERN Operator Board of Directors August 25, 2022**

*Assumes 4.0% increase over 2023 for most categories based on IPD rate of 3.860*      *Assumes 3% increase over 2024 for most categories*      *Assumes 3% increase over 2025 for most categories*      *Assumes 3% increase over 2026 for most categories*

Budget Item	Annual Cost to Operate				
	2023 6 months 23 FTE	2024 24 FTE	2025 25 FTE	2026 26 FTE	2027 26 FTE
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
<b>Cost Offset Due to Leases</b>	(\$250,000)	(\$500,000)	(\$515,000)	(\$530,450)	(\$546,364)
<b>MSI SERVICES:</b>		<b>\$0</b>	<b>\$720,798</b>	<b>\$1,451,514</b>	<b>\$1,495,060</b>
System Vendor Services	-	-	\$331,998	\$669,960	\$690,059
System Updates & Upgrades	-	-	\$388,800	\$781,555	\$805,001
<b>Sub-Total before Operating Reserve</b>	<b>\$ 4,133,599</b>	<b>\$ 8,781,023</b>	<b>\$ 9,960,329</b>	<b>\$ 11,159,139</b>	<b>\$ 11,493,913</b>
Operating Reserve		\$439,051	\$498,016	\$557,957	\$574,696
<b>Total with Operating Reserve</b>	<b>\$ 4,133,599</b>	<b>\$ 9,220,074</b>	<b>\$ 10,458,345</b>	<b>\$ 11,717,096</b>	<b>\$ 12,068,609</b>