



SREC ANALYSIS REPORT

Project: City of Spokane SREC Analysis
PN0746

PREPARED FOR:

City of Spokane



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1. EXECUTIVE SUMMARY

The City of Spokane requested ADCOMM perform a Public Safety Communications Analysis to identify the fiscal, organizational, and operational impacts of two potential scenarios:

- Have both Spokane Police and Spokane Fire be fully participating agencies in Spokane Regional Emergency Communications (SREC)

Or

- Have the City create and operate a dedicated primary public safety answering point (PSAP) and dispatch center for Spokane Police and Fire Departments.

Both options were analyzed to provide benefits or roadblocks with respect to altering the services currently provided by SREC to the City's Police and Fire Departments. This study provides information so that the City can make an informed decision about which scenario best meets the needs of the City.

The City's fiscal commitment to SREC:

1. **Emergency Call Handling and Fire Dispatching:** Under a Service Level Agreement (SLA) from 2022, the City pays SREC for 911 call handling, fire/EMS dispatching, and radio network support. Payments are made in two equal installments each year, by May 1 and November 1, based on a User Fee Formula recommended by the Fire Service Communication Advisory Board and approved by the SREC Governing Board. The City currently pays SREC monthly. The SREC's funding comes from county taxes and other revenue sources. The cost allocation for member agencies is based on factors like call volume and dispatch workload, but the exact formula is not numerically defined.
2. **Cost Allocation for Fire Dispatching:** In 2024, the City of Spokane is responsible for 55% of the fire dispatching costs, amounting to \$2,415,323 out of a total cost of \$4,410,730. This is an increase from the 2023 rate due to adjustments in the calculation model.
3. **800 MHz Trunked Radio System:** The City's share of the 2024 radio system costs is based on its 58.05% usage. This includes salaries, maintenance, and operational costs. However, the operating reserve contribution is not detailed in the agreements.
4. **Radio Equipment Costs:** For 2024, the City faces costs of approximately \$1,470,075 for radio equipment replacements and \$103,235 for police dispatch consoles.
5. **Crime Check Costs:** The City is responsible for 61% of the costs related to Crime Check calls based on its share of the call volume.

The estimated cost and cost considerations of transition from SREC to the City:

1. **Facility Costs:** Transitioning requires modifying the current facility to accommodate up to 15 call handling and police/fire consoles. The costs depend on the facility's renovation needs, which vary based on timing and the facility's layout. An architect's input is essential for precise cost estimates.

2. **Technology Costs:** Deciding between using SREC's technology or acquiring new systems affects costs. Continued use of SREC systems necessitates negotiations for system access and maintenance. New systems require negotiations for interoperability with existing technologies. Additionally, the cost of accessing enhanced GIS data from SREC needs to be considered.
3. **Organization and Operation Change Costs:** Transitioning will involve significant costs for planning, staff recruitment, training, and operations. An estimated \$8.6 million is needed for approximately 20 additional staff, including salary, benefits, and associated administrative costs. Actual costs may vary based on how the new services are integrated into existing City departments.

Overall, precise cost projections are challenging due to the need for detailed facility planning and technology negotiations.

Review of SREC911 Services for Spokane Fire Department:

Current Services:

- Call handling
- Dispatch
- Resource coordination countywide
- Situational awareness through centralized dispatch
- New CAD integration with fire records management

Pros of Continuing with SREC911:

- No service disruption
- Continued coordination with fire and law services
- No initial capital or transition costs
- Ongoing staff cross-training

Cons of Separating from SREC911:

- Disruption due to added call handling time
- Need for policy and CAD adjustments
- Capital start-up costs for new technology
- Transition costs and operational interruptions
- Challenges in staff hiring, training, and retention

Review of SREC911 Services for Spokane Police Department:

Current Services:

- Initial call handling and transfers

- CAD entry for multi-agency responses
- Crime Check report-taking

Pros of Transitioning to SREC911:

- Fewer call transfers
- Better resource coordination and situational awareness
- Improved coordination with Spokane Fire
- Cross-trained staff and potential cost efficiencies
- Opportunity to enhance City/PD and SREC relationship

Cons of Transitioning to SREC911:

- Need for policy and protocol changes
- Potential loss of control over dispatch processes
- Risk of non-compliance with service agreements
- Possible service decrease if SREC fails to meet SLAs
- Risk of further straining City/PD and SREC relationship

SREC Funding Model:

1. **Sales and Use Tax:** Approved by Spokane County voters in 2017, a 0.1% sales tax funds emergency communication systems and services through 2028, ensuring financial stability for infrastructure improvements and regionalization.
2. **9-1-1 Excise Tax:** A monthly fee of 95 cents per phone line or device helps fund the maintenance and enhancement of the 9-1-1 system and staffing.
3. **Member Agency Fees:** SREC charges its member agencies based on a Service Fee Formula, which considers call volume and service needs. These fees cover operational costs beyond taxes.
4. **Intergovernmental Revenue:** Includes state grants, like the \$50,000 for 2024.
5. **Miscellaneous Income and Investment Earnings:** Additional funds come from various sources and investments.

The City of Spokane, which makes up 42.46% of the county's population, contributes over 60% of the sales tax revenue. Despite this, SREC has accumulated a significant revenue surplus, exceeding expenses by \$33.2 million from 2020 to 2023, with member fees totaling \$22.7 million. This surplus has been retained to fund a future new facility, raising concerns about potential violations of Service Level Agreements (SLAs) and whether fees are equitably shared.

There are also concerns about the process for determining member user fees, which have increased by 64% over four years, outpacing inflation. This has led to financial strain and strained relationships between SREC and member agencies, particularly the City of Spokane. The intense focus on financial matters may be impacting operational efficiency and employee morale, as

staff become preoccupied with funding issues rather than their core mission of emergency communication.

Overall, the SREC funding model, while sustainable, is facing scrutiny for its management of surpluses and the impact of financial focus on operations and interagency relations.

The Spokane Regional Emergency Communications (SREC) is a Public Development Authority established by Spokane County, Washington. It operates under specific legal statutes and a resolution passed in 2018.

Governance Structure:

- **Governing Board:** Composed of representatives from various public safety and government agencies within Spokane County. Key members include the Chair (Chief Cody Rohrbach), Vice Chair (Chief Brad Richmond), and several other officials from local police and fire departments, as well as a citizen representative.
- **Officers and Elections:** The Board elects a Chair and Vice-Chair for one-year terms. Removal of officers requires a 5/7ths majority vote.

Responsibilities:

- **Chair:** Leads meetings and represents the Board but can delegate responsibilities.
- **Executive Director:** Manages SREC's operations, including budget preparation, contract negotiations, and staff management.

Committees:

- **Financial Subcommittee:** Reviews budgets, funding, and capital debt.
- **Operations Subcommittees:** Focus on law, fire service, and technical operations to improve services and address user needs.

Meetings and Decision-Making:

- **Meetings:** Held at least ten times a year; special and executive sessions can be called as needed.
- **Quorums and Voting:** Requires five members to be present; decisions need a 5/7ths majority.

Supporting Agreements:

- **Service Level Agreements (SLAs):** Define SREC's services, financing, and insurance terms.
- **Budget and Financial Planning:** Reviewed biannually; annual budget adopted by November 1st.

- **Insurance Review:** Conducted annually.

City of Spokane's Role:

- **Fiscal Support:** The City contributes through member fees and local taxes.
- **Governance Support:** The City is represented on the Board and is involved in operational aspects, including dispatch and reporting services.
- **SLAs:** Include specific agreements for dispatching services and crime reporting.

Overall, SREC's governance structure includes a diverse Board, structured committees, and specific agreements to ensure effective management and operations, with significant input and support from the City of Spokane.

Recommendations:

1. **Enhanced Representation:** Increase the City of Spokane's representation on the SREC Governing Board to reflect its significant population and service demand, potentially by adding more seats or giving additional voting weight.
2. **Weighted Voting System:** Implement a weighted voting system to better reflect the needs and usage of the City of Spokane compared to smaller jurisdictions. This system, modeled after King County's approach, would allocate votes based on factors like population size or service volume.
3. **Financial and Operational Subcommittees:**
 1. **Finance Subcommittee:** Ensure regular meetings and full participation by the City of Spokane to review budgets, funding, and capital debt.
 2. **Operations Subcommittees:** Increase City of Spokane's involvement in these subcommittees and ensure proper representation, particularly in areas like law enforcement dispatch services.
4. **Regular Review and Adjustment of SLAs:** Annually review and adjust Service Level Agreements (SLAs) to match the City's needs and service usage, including cost allocation formulas.
5. **Cost-Effective Operations and Transparency:**
 1. Improve financial transparency by providing detailed reports and updates on how SREC utilizes its revenue.
 2. Ensure any new facility costs are clearly outlined in SLA amendments and obtain approval from all member agencies.
6. **Strategic Planning and Collaboration:** Engage in strategic planning with the City of Spokane to address operational, financial, and technological challenges, including exploring a long-term countywide 9-1-1 strategic plan like King County's model.
7. **Consideration of Full Participation or Separation:** Evaluate whether to fully participate in SREC or consider maintaining an independent 9-1-1 system if necessary improvements are not agreed upon. Recognize that separation may involve additional challenges and costs.

2. THE CITY'S CURRENT FISCAL COMMITMENT TO SREC911

2.1 Emergency Call Handling and Fire Dispatching

The City of Spokane's current fiscal commitment to Spokane Regional Emergency Communications (SREC) center is described in the Service Level Agreement (executed in 2022) between the City of Spokane and the Spokane Regional Emergency Communications (SREC). The services are summarized as (1) 911 Emergency Call Taking; (2) Fire/EMS Dispatching; and (3) Radio Network devices and system support. A User Fee for said services is not enumerated, or included as a formula, but described in Section 2 of the SLA as *COMPENSATION. TIME OF PAYMENT.*

*2.1 Compensation. The RECIPIENT shall compensate the PROVIDER for the SERVICES according to the User Fee Formula as recommended by the Fire Service Communication Advisory Board and approved by the SREC Governing Board. 2.2 Time of Payment. RECIPIENT shall pay PROVIDER the total fixed fee set forth in Paragraph 2.1 in no more than two equal installments, the first of which shall be paid to PROVIDER no later than May 1 of each year of the Agreement and the second no later than November 1 of each year of the Agreement.*¹ The City of Spokane submits payment monthly to SREC.

The overall funding of SREC comes from the *Board of County Commissioners approved and designated revenues from the County generated by Enhanced 911 sales, use, and excise taxes as allowed under RCW 82.14B.030 and, the 1/10th of 1% Communication tax as approved by the voters under RCW 82.14.420 as well as other revenue generated from service fees consistent with the charter, and the bylaws and Section No. 2.*²

The funding model and formula for member agencies of SREC is detailed in the following table:

¹ Resolution 18-0772

² Ibid.

TABLE 1: Cost Allocation Rate Model FY 2024 (SREC)

Cost Allocation Rate Model FY 2024										
Tier One-Based on proportion of discipline by positions										
			Positions	Hours	Days	Total	Split	FTE		
Dispatch Salary and Benefit Cost	\$ 5,441,009	Law	3	24	365	26,280				
Portion of General Administration Cost	2,647,193		1	12	365	4,380				
Total Dispatch Cost	\$ 8,088,202		1	12	183	2,196				
						32,856	45%	15.80		
		Fire	2	24	365	17,520				
			1	12	365	4,380				
			2	24	365	17,520				
						39,420	55%	18.95		
Total Hours						72,276	100%	35		
Tier Two-Based on calls for service										
Description	2023 Total Charges			2024 Total Charges			2023-2024 Change			
Member Agency Fee	5,347,317	Spilt		8,088,202	Split					
Law	3,208,390	60%		3,676,822	45%		468,431	15%		
Fire	2,138,927	40%		4,411,381	55%		458,021	12%		
Spokane Fire Dept	1,814,433									
Total Member Agency Fees	7,161,750			8,088,202			926,452	13%		
	2023 Incidents & Charges			2024 Incidents and Charges			2023-2024 Change			
Law Enforcement Agency (60%)	Number	Percent	Charges	Number	Percent	Charges	Number	Percent	Charges	Percent
Spokane County Sheriff's Office	184556	100%	3,208,390	154103	91%	3,353,134	(30,453)	-17%	144,744	5%
Cheney PD	0	0%	-	14876	9%	323,688	14,876		323,688	
Totals	184556	100%	3,208,390	168979	100%	3,676,822	(15,577)	-17%	468,431	15%
Average Price per Law Call	17.38			21.76			4.37			25%
Fire Agency (55%)	Number	Percent	Charges	Number	Percent	Charges	Number	Percent	Charges	Pecent
Airway Heights Fire	2,634	6%	130,545	2,409	3%	110,814	(225)	-9%	(19,732)	-15%
Cheney Fire	1,839	4%	91,144	1,837	2%	84,502	(2)	0%	(6,642)	-7%
FD2	161	0%	7,979	152	0%	6,992	(9)	-6%	(987)	-12%
FD3	2,844	7%	140,953	2,891	3%	132,985	47	2%	(7,968)	-6%
FD4	4,096	9%	203,004	4,100	4%	188,599	4	0%	(14,405)	-7%
FD5	120	0%	5,947	117	0%	5,382	(3)	-3%	(565)	-10%
FD8	2,129	5%	105,516	2,370	2%	109,020	241	11%	3,503	3%
FD9	5,515	13%	273,332	5,529	6%	254,333	14	0%	(18,999)	-7%
FD10	1,010	2%	50,057	1,210	1%	55,660	200	20%	5,603	11%
FD11	126	0%	6,245	116	0%	5,336	(10)	-8%	(909)	-15%
FD12	34	0%	1,685	56	0%	2,576	22	65%	891	53%
FD13	130	0%	6,443	147	0%	6,762	17	13%	319	5%
SVFD	22,519	52%	1,116,076	22,451	23%	1,032,741	(68)	0%	(83,335)	-7%
Spokane Fire Dept	52,903	0%	1,814,433	52,515	55%	2,415,679	(388)	-1%	601,246	33%
Totals	96,060	100%	3,953,360	95,900	100%	4,411,381	(160)	0%	458,021	12%
Average Price per Fire Call	41.16			46.00			4.84			12%

The cost allocation rate model is based on the Service Fee Formula as defined in Resolution 18-0772 as *The allocation of costs of services determined by the SREC Board for the purposes of calculating the fees assessed to entities for the funding of such services.*³ This Resolution, the SREC Board Charter and Bylaws, do not contain a formula in the sense that there is not a mathematical equation nor a rule expressed in numbers. The above model summary for 2024 shows the calculations used to divide the amount of the SREC budget to be covered after the 9-1-

³ Ibid.

1 excise tax and the 1/10th of 1% sales and use tax revenues are applied. The share by entity is based on use of the system, also known as call volume, cost to dispatch, and other workload descriptors.

The City of Spokane is invoiced for the Spokane Fire Department use of the system as 55% of the Fire call handling and dispatch workload.

Per SREC, the 2023 rate was not increased from the 2022 rate. The rate model was applied when calculating the 2024 rates and described as being based on Spokane Fire determined to represent 55% of the dispatch service usage. As determined by SREC, the cost to dispatch fire countywide is \$4,410,730. The City's percentage of use and responsibility at 55% resulted in an invoice of \$2,415,323. Note that 55% of \$4,410,730 is \$2,425,901, a difference of \$10,578. The reason provided by SREC for the increase from 2023 to 2024 was a low calculation for 2023 and a catch up to the rate model for 2024. There are no protections in the City's agreement with SREC from substantial rate changes or language addressing how the City can address/challenge these rate changes.

2.2 800 MHz Trunked Radio System

The SREC 2024 Projected cost of service estimate for the City of Spokane for the regional radio system is based on measured use by the City's agencies. Per SREC, the statistics generated from the radio system indicate that the City of Spokane usage percentage is 58.05% of the overall airtime utilized by all agencies. The line items are SREC radio shop salary and benefits, maintenance and operation, administrative and technology services, and an operating reserve contribution. Note that the operating reserve contribution is not defined nor called out in the service level agreement nor the intergovernmental agreement between the City and SREC. The following table is a breakdown of the costs of operating the radio system and the associated amounts representing the City's responsibility.

TABLE 2: City of Spokane 800 MHz Trunked Radio System Usage Percentage and Cost

800 MHz TRUNKED RADIO SYSTEM USAGE	TOTAL SYSTEM OPERATING COST	COS %	COS \$	OTHER SYSTEM USERS
Direct Salary & Benefits	\$1,437,420	58.05%	\$834,422	\$602,998
Direct M&O*	\$3,364,198	58.05%	\$1,952,917	\$1,411,281
Admin/IT Services Amount	\$2,336,112	58.05%	\$1,356,113	\$979,999
Operating Reserve Contribution**	\$269,439	58.05%	\$156,409	\$113,029
	\$7,407,168		\$4,299,861	\$3,107,307

*Equipment replacement costs are calculated separately based on recent cost divided by useful life.

***Operating Reserve contributions are calculated based on Board approved amount and apportionment of departmental expenses.*

2.3 Radio Equipment Costs Specific to City of Spokane

In addition to the overall system usage and operating costs, SREC manages the equipment, i.e., consoles, portables, mobiles. The 2024 budgeted amount for radio equipment replacement is based on the number of radios in use and cache for the City, which is 1,153 with an annual replacement cost of \$1,275 per unit for a total of approximately \$1,470,075. The City has 11 police dispatch radio consoles that have an annual replacement cost of \$9,385 per unit for a total of approximately \$103,235.

2.4 Crime Check

SREC uses data provided from the computer aided dispatch (CAD) system to determine that the City of Spokane accounts for 61% of all the Crime Check calls received. The following table is a breakdown of the costs to perform Crime Check and the amounts representing the City's responsibility.

TABLE 3: Crime Check Services

CRIME CHECK SERVICES	TOTAL CRIME CHECK OPERATING COST	COS %	COS \$	OTHER SYSTEM USERS
Direct Salary & Benefits	\$3,389,875	61.00%	\$2,067,824	\$1,322,051
Direct M&O	--	61.00%	--	--
Admin/IT Services Amount	\$1,649,263	61.00%	\$1,006,050	\$643,212
Operating Reserve Contribution*	\$190,220	61.00%	\$116,034	\$74,186
	\$5,229,358		\$3,189,908	\$2,039,450

**Operating Reserve contributions are calculated based on Board approved amount and apportionment of departmental expenses.*

3. TRANSITION COSTS

The cost of transitioning call handling, dispatch, and report writing services from SREC to the City of Spokane cannot be completely projected as there are decisions that must be made regarding the following:

Modifications needed to the repurpose the current facility to best accommodate a new City operation. Associated costs are impacted by the timing of a transition of Spokane Fire services from SREC to the City, and by SREC's timeline for relocating operations.

3.1 Facility Costs

The following table estimates potential renovation and upgrade costs that may be associated with repurposing the current facility to house an expanded City of Spokane Police and Fire operation. This is based on an approximation of renovating a 3,000 square foot (SF) area of the building to accommodate up to 15 call handling/police/fire consoles and associated administrative and support services. These figures should only be used for discussion purposes as facility programming by an architect or facility planner is necessary to determine actual space needs once decisions are made about what will be housed in this facility. The figures are based on the non-residential range of construction costs for secure purpose-built critical facilities.

TABLE 4: Renovation Cost Estimates

	COSTS/SF	APPROX. COSTS
Renovation/Expansion	\$96	\$288,000
Interiors	\$125	\$375,000
Mechanical*	\$90	\$90,000
Electrical*	\$60	\$60,000
Subtotal		\$813,000
Contingency	20%	\$162,600
Total		\$975,600
Soft Costs (if needed)		
A/E Fees	10%	\$97,560
Total		\$1,073,160

**Improvements if needed.*

3.2 Technology Costs

Technology replacement and interoperability costs vs. costs to continue to use SREC technology. This decision should be made system by system. Service to citizens and responders is best preserved through continued shared technologies. The continued use of SREC maintained systems will require negotiating costs for initiation and for ongoing use and maintenance of system components, connectivity, equipment and data. Should the City desire to acquire new

systems, voice and data interoperability must be negotiated and memorialized in a system access and data-sharing agreement(s).

The costs associated with voice and data interoperability are not quantifiable without finalizing what the level of use and access will be to the radio, telephony, and logging recorder systems.

The City also maintains and shares City-specific Geographical Information System (GIS) data countywide, and SREC uses this data to provide enhancements to mapping tools to all member agencies. There may or may not be a cost associated with access and use of this enhanced data, such as recent fire evacuation data. If the City chooses to transition out of SREC, then planning must include an assessment of what GIS data is available at no cost and what costs may be associated with replicating the enhancements SREC has produced.

The following table contains estimated costs associated with new systems and connectivity. These are a sampling of potential costs and the items noted as existing must be considered if impacted by a separation from SREC. Items requiring negotiations with SREC for access and use are specified as the radio system components, though all technologies and systems access and use can be negotiated.

TABLE 5: Technology Cost Estimates

SYSTEM	QUANTITY	INDIVIDUAL COST	TOTAL ESTIMATED COST	ESTIMATED MAINTENANCE
Software Licensing	1	\$250,000	\$250,000	\$45,000
CAD Servers/Storage	2	\$50,000	\$100,000	\$18,000
Personal Computers	24	\$2,250	\$54,000	\$10,000
Computer Monitors	30	\$500	\$15,000	\$5,760
Remote PC Installation	1	\$75,488	\$75,488	\$0
Mobile Data	Existing	\$0	\$0	\$0
LERMS	Existing	\$0	\$0	\$0
FRMS	Existing	\$0	\$0	\$0
ePCR	Existing	\$0	\$0	\$0
9-1-1 Answering Equipment	Existing	\$0	\$0	\$0
Telephony	1	\$80,000	\$80,000	\$14,400
Fiber Connection (PSDN)	1	\$50,000	\$50,000	\$0
Radio Dispatch Consoles	15	\$100,000	\$1,500,000	\$144,000
Radio System	To be negotiated	\$0	\$0	\$0
Radio System Connectivity	To be negotiated	\$0	\$0	\$0

SYSTEM	QUANTITY	INDIVIDUAL COST	TOTAL ESTIMATED COST	ESTIMATED MAINTENANCE
Logging Recorder	1	\$115,000	\$115,000	\$20,700
Dispatch Protocol Software	1	\$93,609	\$93,609	\$16,850
Fire Station Alerting	Existing	\$0	\$0	\$0
System Furniture	15	\$19,000	\$285,000	\$5,000
Dispatch Chairs (24x7)	15	\$1,500	\$22,500	\$3,000
Electrical/Cabling	Existing	\$0	\$0	\$0
UPS	Existing	\$0	\$0	\$0
Generator	Existing	\$0	\$0	\$0
Master Clock	1	\$30,000	\$30,000	\$0
Security/Access Control	Existing	\$0	\$0	\$0
Flat Panel Wall Displays	4	\$1,500	\$6,000	\$2,000
Cable TV	1	\$500	\$500	\$500
Audio Video Switching	1	\$50,000	\$50,000	\$9,000
Total			\$2,727,097	\$294,210

3.3 Organization and Operation Change Management Cost Considerations

Costs associated with organization and operation changes may be manageable in support of the Spokane Police but will be significant for the Spokane Fire, call handling, and report writing (Crime Check). The transition to a newly created City department or the addition of the services under an existing department will require significant planning, application of existing and new personnel, administrative support transition, operations staff recruitment, hiring, training, and supervision. A cost consideration that cannot be accurately quantified is the time investment necessary to address the response coordination between Spokane Fire and other fire districts that will continue to be dispatched by SREC.

Costs that the City should expect include salary and benefits for approximately 20 additional staff to handle the fire dispatching and associated call handling. From the SREC operations budget, the City can expect this cost to be around \$8,600,000 or more based on the requirements of the current collective bargaining agreement for dispatch staff. The employee pay table in the current agreement shows position pay ranges from Report Technicians annual pay of \$44,579.05 through Supervisor 3 Three Disciplines annual pay of \$87,803.26. The estimated \$8.6mil figure is inclusive of administrative staff, and support staff and programs for training and quality assurance. Actual costs may be higher or lower depending on decisions

regarding City support for a new department or incorporating these functions within an existing department(s).

4. PROS AND CONS OF CONTINUING FIRE SERVICES WITH SREC

Current fire services from SREC include call handling, dispatch, coordination of resources for response countywide, situational awareness via centralized dispatch, new CAD planned with continued and enhanced integration to/with fire records management.

Pros for continuing service with SREC:

- a. No disruption to current service
- b. Continued coordinated response with other fire and law services
- c. No capital start-up costs
- d. No transition costs and operations interruption
- e. Continued efforts to cross-train all SREC staff to address staffing, back fill, and surge staffing needs

Cons to separating service from SREC:

- a. Disruption of current service by adding call handling time via transfers
- b. Reframing policy and CAD responses to allow coordinated response with other fire and law services
- c. Capital start-up costs for purchasing or adapting technologies
- d. Costs and operations interruption for transitioning space, organization, operations, and technology
- e. Creation within new organization of hiring, training, and retaining staff, and cross-training potentially within fire and police dispatch staff.

5. PROS AND CONS OF TRANSITIONING POLICE DISPATCH SERVICES TO SREC911

Current services include initial call handling to determine response. If only Spokane PD, then transfer. If multi-agency/discipline response, then enter in CAD for PD while continuing to process complete call, then may transfer. Crime Check report-taking which is a countywide service and is assumed to remain at SREC.

Pros of transitioning dispatch services to SREC:

- a. Reduction in transfer of emergency calls
- b. Enhanced coordination of resources within SREC and in the field
- c. Enhanced situational awareness within SREC and in the field
- d. Enhanced coordination between Spokane Police and Fire
- e. Cross-trained staff for staffing, back fill, and surge staffing needs
- f. Overall cost efficiencies through negotiated user fees vs capital and ongoing costs associated with creating and maintaining a City PSAP
- g. Opportunity to improve relationship between City/PD and SREC

Cons of transitioning dispatch services to SREC:

- a. Required policy, procedure, and protocol change/creation and coordination via agreement(s) between City and SREC
- b. Process changes and potential indirect control of call handling and dispatch processes
- c. Either side of City and/or SREC not adhering to negotiated service agreement(s) and governance arrangements
- d. Potential decrease in service if SREC does not or is not able to meet SLA due to staffing, funding, or other unknown issue
- e. Further straining relationship between City/PD and SREC

6. FUNDING MODEL OF SREC

The funding mechanism supporting Spokane Regional Emergency Communications (SREC) involves the following revenue sources.

1. **Sales and Use Tax:** A significant portion of SREC's funding comes from a local sales and use tax. In 2017, Spokane County voters approved Proposition 1, continuing a 1/10th of 1% sales tax to fund emergency communication systems and services. This tax provides financial sustainability through 2028 for improvements and maintenance of the emergency communications infrastructure, including regionalization efforts.
2. **9-1-1 Excise Tax:** Spokane County residents pay a monthly fee of 95 cents on their cell phone, landline, or pre-paid mobile phone bill. This excise tax funds both current and future enhancements and maintenance of the 9-1-1 phone system, as well as staffing for managing initial emergency communications.
3. **Member Agency Fees:** SREC charges its member agencies for the services they provide. These charges contribute to staffing and support services, ensuring operational funding beyond the sales and excise taxes.

The allocation of member agency fees to each agency within SREC is guided by a cost allocation formula, known as the Service Fee Formula or Cost Allocation Matrix, which is **determined by the SREC Governing Board**. The SREC Governing Board designs this formula to equitably distribute the costs of services among the member agencies, considering their specific usage and requirements.

a. Key Points on Member Agency Fee Allocations:

- i. **Service Fee Formula:** The Service Fee Formula considers various factors, including the volume of calls handled, the specific services provided to each agency, and any additional resources or support required by the agencies. This ensures that the costs are proportionally shared among the agencies based on their actual use of SREC services.
- ii. **Annual Budget Review and Recommendations:** The SREC Financial Subcommittee reviews the previous year's revenues and expenses to make certain the cost allocation meets the established principles and concepts. This review occurs twice a year: once in the first quarter to assess the previous year and again in the third quarter to prepare the budget for the following year.
- iii. **Service Level Agreements (SLAs):** Each member agency has a Service Level Agreement (SLA) with SREC, which outlines the scope of services provided, the financing terms based on the cost allocation formula, and provisions for termination, insurance, and indemnification. These SLAs are

integral to defining the financial obligations and service expectations for each agency.

- iv. **Transparency and Accountability:** SREC emphasizes financial responsibility and transparency. Regular audits and financial reviews ensure that funds are managed effectively, maintaining trust and accountability among member agencies and stakeholders.

In summary, the cost allocation formula within SREC allocates the member agency fees, considering the unique needs and usage of each agency. This approach is intended to ensure an equitable distribution of costs, supporting the sustainability and efficiency of emergency communication services across the region.

4. **Intergovernmental Revenue:** The 2024 budget includes additional intergovernmental funding from a state grant of (\$50,000).
5. **Miscellaneous Income and Investment Earnings:** SREC also earns income from miscellaneous sources and investment income.

The City of Spokane represents 42.46% of the population of Spokane County per the 2020 U.S. Census, however, the City of Spokane's residents and visitors consistently contribute over 60% of all Sales tax. Data from the Washington Department of Revenue shows the City Sales tax contributions for 2021 as 65.90%, 2022 as 64.25%, 2023 as 64.22%, and first quarter of 2024 as 66.26%.

In summary, SREC is primarily funded through a combination of sales and excise taxes, and member agency fees. A lesser amount of funding is derived from intergovernmental revenue and miscellaneous income. SREC also benefits from strategic use of reserve balances. These diverse revenue streams confirm the sustainability and enhancement of emergency communication services in Spokane County.

6.1 Concerns About Revenue Exceeding Expenses

SREC has consistently received revenue in excess of expenses since 2020, even after accounting for capital improvement and replacement costs. While revenue exceeding expenses is not normally a cause for concern, especially within the private sector. The amount of the surplus is significant. As a governmental organization, these surplus raises concern.

From 2020 through 2023 SREC revenue exceeded expenses by **\$33,182,210** (SREC Annual Reports from 2020, 2021, 2022, 2023). The Member Agency Fees charged during this period total **\$22,701,424** (SREC Annual Reports from 2020, 2021, 2022, 2023).

During the four-year period noted, SREC could have returned 100% of member agency fees and would have maintained an overage of **\$10,480,786**.

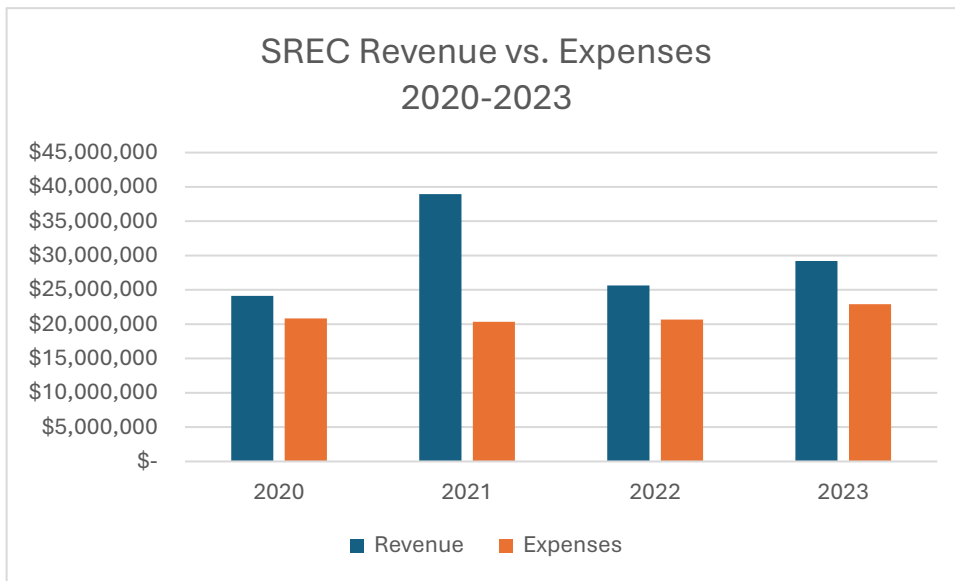


FIGURE 1: SREC Revenue vs. Expenses

During interviews with the SREC Executive Director, we learned that the SREC Governing Board decided to retain the revenue surplus each year to fund a future new facility. However, each of the annual reports evaluated (2020, 2021, 2022, 2023) had a revenue category for Capital Outlay. SREC budgeted for capital improvements however, these overages were also intended for capital improvements, specifically a new facility.

This funding mechanism for a new facility was not negotiated between the two organizations (SREC and the City of Spokane) and might violate the existing Service Level Agreement (SLA) between SREC and the City of Spokane. The existing SLA does not have a specific provision that allows SREC to bill the City of Spokane for costs associated with building a new facility. In addition, since user fees are based on the current percentage of use of SREC's operations, the City of Spokane may be unintentionally funding a new facility at a rate that exceeds its percentage of future use.

This type of funding should be clearly defined and negotiated between the organizations. If there is an intention to use member fees to fund a new facility, it is essential that such a decision is transparently communicated and formally agreed upon by all member agencies, including the City of Spokane.

At the very least, this type of surplus retention does not foster trust between the two organizations and suggests that the City of Spokane's financial constraints and concerns are not being adequately addressed.

There is an appearance that SREC is operating with a private sector mindset of *making money*. Acquiring a \$30M surplus without clear understanding of the intention of that surplus by its

member agencies may not be in-line with the mindset a government agency should have when it is responsible for the financial stewardship of public funds.

6.2 Concerns Regarding How Member User Fees are Determined

Currently, SREC determines its expenses for the year and determines the amount that will not be covered by tax revenue. The amount not covered by tax revenue is made up of user fees. This approach has some limitations as the need projected routinely is more than the actual need, contributing to the overages as described.

Additionally, the process does not provide member agencies with price stability nor predictability. Over the four-year review period, from 2020-2023, member user fees **increased 64%**. This increase outpaced the rate of inflation over the same period which was 21.39% per the US Department of Labor.

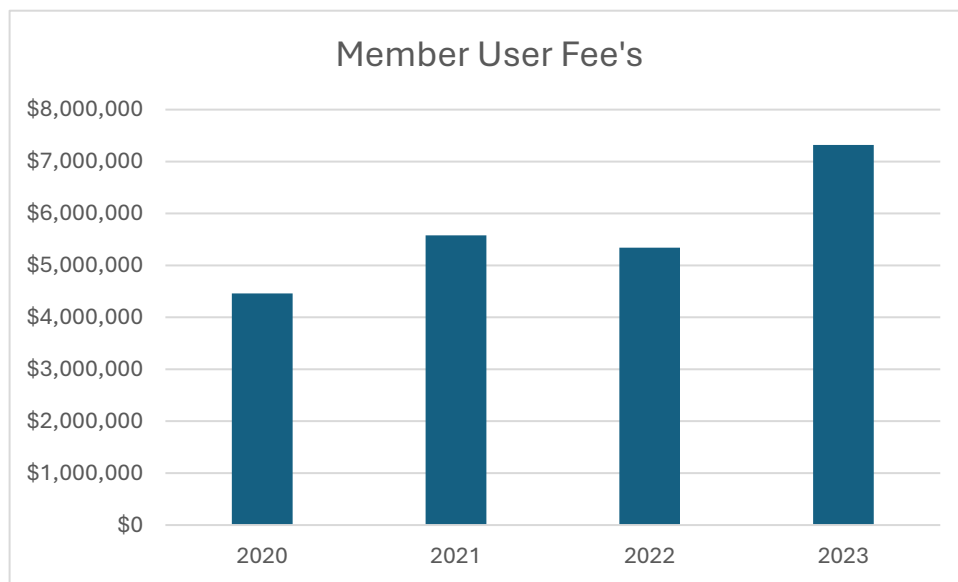


FIGURE 2: SREC Member User Fees

6.3 Focus on Funding at SREC and the City of Spokane, an Observation

During observations at the City of Spokane and SREC, it was noted there is a significant and pervasive focus on financial matters at all levels of each of the organizations. This concern is particularly evident in how staff are preoccupied with either SREC receiving its fair share of funding from its member agencies and/or the member agencies concerned that they are being overcharged for services. This intense focus on financial aspects appears overly emphasized, especially at the operational level, potentially detracting from the core mission of providing efficient and effective emergency communications.

6.3.1 Context and Implications

1. **Operational Impact:** The preoccupation with funding and cost allocation may lead to an environment where financial considerations overshadow operational efficiency and service quality. Staff members at various levels may feel pressured to justify expenditure and ensure adequate funding, which could divert attention from their primary responsibilities.
2. **Interagency Relations:** This focus on funding has strained the relationship between SREC and the City of Spokane. Member agencies and SREC might perceive financial negotiations as contentious rather than collaborative, potentially impacting the overall effectiveness of the regional emergency communication system.
3. **Employee Morale and Culture:** An environment that is heavily focused on financial matters can have an impact on employee morale. Employees may perceive a greater emphasis on financial metrics in evaluating their performance, rather than their contributions to public safety and service quality. This could undermine the supportive and cohesive culture that SREC aims to build.

Employee morale at both SREC and the Spokane Police Dispatch operations are negatively impacted by the current discourse between the two organizations. For instance, while SREC operations staff shared physical space with the Spokane Police Dispatchers, a physical wall was built to separate the employees of the two organizations. Politics, relationships, and finances are noted reasons for the building of the wall. The current environment is fractured and in need of repair.

Ensuring that funding mechanisms are fair and equitable is important in maintaining a strong and healthy organization. However, in this case, concerns about funding have penetrated so deeply that even front-line employees appear preoccupied.

7. GOVERNANCE STRUCTURE SREC

7.1 Composition and Authority

1. Establishment and Legal Basis:

SREC, a Public Development Authority, was established by Spokane County, Washington, under RCW 35.21.730 through 35.21.757 and Resolution/Ordinance No. 2018-0245.

2. Governing Board Composition:

The Board consists of individuals established in Article VII of the Charter. Members serve without compensation and must be duly appointed and acting in their official capacities.

The Board of Directors for Spokane Regional Emergency Communications (SREC) is composed of various representatives from different public safety and government agencies within Spokane County. The specific composition includes:

- a. **Chair:** Chief Cody Rohrbach, Spokane County Fire District 3, representing the EMS & Trauma
- b. **Vice Chair:** Chief Brad Richmond, Airway Heights Police Department, representing NW Leadership Small Cities/Towns.
- c. **Members:**
 - Sheriff John Nowels, Spokane County Sheriff's Office.
 - Chief Frank Soto, Jr., Spokane Valley Fire Department.
 - Assistant Chief Tom Williams, City of Spokane Fire Department.
 - Scott Simmons, CEO Spokane County.
 - Chief Dave Ellis, Spokane Valley Police Department.
 - Assistant Chief Howard Johnson, Spokane County Fire District 4.
 - Maggie Yates, Deputy City Administrator, City of Spokane.
 - Gayne Sears, Citizen Representative.

3. Officers and Elections:

The Board elects a Chair and Vice-Chair from among its members. The term of office for both is one year. Officers can be removed by a 5/7ths vote of the Board.

7.2 Responsibilities and Functions

1. Duties of the Chair:

The Chair presides over all Board meetings, acts as the spokesperson, and represents the Board in various capacities. The Chair may delegate these duties to other Board members, as necessary.

2. Executive Director:

The Executive Director administers SREC's programs and policies as adopted by the Board. This includes preparing budgets and strategic plans, negotiating contracts, hiring and managing staff, and ensuring the effectiveness of operational subcommittees.

7.3 Committees and Subcommittees

1. Financial Subcommittee:

Reviews and provides recommendations on operating budgets, funding, cost share distributions, and long-term capital debt. The Subcommittee includes members from the Executive Committee, the Finance Director of Spokane County, SREC's Finance Manager, and the Executive Director.

2. Operations Subcommittees:

Three Operations Subcommittees (Law, Fire Service, and Technical Operations) provide subject matter expertise, clarify user expectations, and formulate continual improvements based on strategic planning initiatives.

7.4 Meetings and Decision-Making

1. Meetings:

The Board meets at least ten times a year. Special meetings can be called by the Chair or a 5/7ths majority of the Board. Executive sessions and closed meetings can be convened as needed.

2. Quorums and Voting:

A quorum consists of five members. All votes require a 5/7ths majority to pass. The Board aims to reach consensus but will vote if necessary.

3. Parliamentary Procedure:

Board meetings follow Roberts Rules of Parliamentary Procedure unless otherwise specified by the Bylaws or state laws.

7.5 Supporting Agreements

1. Service Level Agreements (SLAs):

SLAs define the scope of SREC's services, financing terms, termination provisions, insurance, and indemnification. These agreements are necessary for the provision of consolidated 9-1-1 communications and regional radio system services to member agencies.

2. Budgeting and Financial Planning:

The Financial Subcommittee meets biannually to review the previous year's finances and prepare the budget for the following year. The Board adopts the final budget annually by November 1st of each year.

3. Insurance Review:

The Board annually reviews SREC's liability and other insurance coverage to ensure adequacy and compliance with relevant laws.

4. Amendments and Dissolution:

Bylaws can be revised or amended by a majority vote of the Board. The provisions for dissolution are established in the founding resolution and subsequent amendments.

7.6 City of Spokane's Role in Fiscal and Governance Support of SREC

1. Fiscal Support

a. Member Agency Fees:

The City of Spokane contributes to the funding of SREC through member agency fees, which are a significant part of SREC's revenue. These fees are used to support staffing, operational support, and other essential services provided by SREC.

b. Revenue from Sales and Excise Taxes:

SREC is also funded by 1/10th of 1% local sales tax and a 9-1-1 excise tax. These taxes help fund the public safety communication system and other related services. The City of Spokane, as part of Spokane County, contributes to this revenue through its residents and businesses. The City of Spokane represents 42.46% of the population of Spokane County per the 2020 U.S. Census.

2. Governance Support

a. Board Representation:

The City of Spokane is represented on the SREC Board by the Deputy City Administrator and the Assistant Chief of the Spokane Fire Department.

Should the City decide to re-engage the Spokane Police to SREC membership, the SREC Charter and Bylaws will require Board action to modify representation. This re-entry to the SREC Board by Spokane Police will require a new Service Level Agreement and modification to the SREC Charter and Bylaws as detailed in the Recommendations outlined in slides 24-30.

The Board of Directors is composed of various representatives from member agencies, ensuring that the City of Spokane has a voice in the governance and strategic direction of SREC.

b. Operational Integration:

The City of Spokane's integration into SREC's operations, particularly through the Crime Check reporting system and the 9-1-1 call receiving and dispatching services, reflects its active role in supporting regional emergency communications.

3. Service Level Agreements (SLAs):

The City of Spokane has specific SLAs with SREC. For example, SREC provides all call receiving and dispatching for the City of Spokane Fire Department and handles all Crime Check reporting for the Spokane Police Department. These agreements define the scope of services and the financial contributions from the City.

8. RECOMMENDATIONS

8.1 Enhanced Representation

The City of Spokane represents 42.46% of the population of Spokane County per the 2020 U.S. Census.

Given the City of Spokane's significant population and service demand, it would be beneficial to enhance its representation on the SREC Governing Board. This could involve increasing the number of seats allocated to the city or providing additional voting weight to its representatives.

8.2 Weighted Voting System

Implementing a weighted voting system on the SREC Governing Board could ensure that decisions more accurately reflect the proportional use and needs of the City of Spokane compared to smaller jurisdictions. This system could allocate votes based on population size or the volume of services used.

Example of weighted voting systems:

The King County Washington 10-year strategic plan includes weighted voting to ensure stakeholders of the 9-1-1 system are fairly represented. A weighted voting system such as the one developed by King County may be beneficial for decision making for the Spokane 9-1-1 system.

In King County, the stakeholders involved in decision making are mainly Public Safety Answering Points (PSAP's) operated or governed by local municipalities or governmental agencies. Each municipal agency is unique in how they operate and the populations they serve. For instance, the City of Seattle operates two PSAP's within the county in a heavily populated urban area. Conversely, the City of Enumclaw operates a PSAP serving a mostly rural area with needs that are different than a highly populated urban center. Additionally, there are several non-traditional PSAP's such as the Port of Seattle and the University of Washington. These agencies each have unique needs and prior to the 2017 strategic plan struggled with a decision-making process where each agency felt their needs were heard.

Through a collaborative process, the municipalities of King County developed a decision-making process which balanced the needs of larger communities with heavy use of the 9-1-1 system with smaller and non-traditional users of the 9-1-1 system.

King County implemented a weighted voting system as part of their governance structure. The governing board operates with one voting position for each PSAP and operates by consensus as much as possible. If voting is required, a two-part test must be met. For a vote to pass, it must be approved by (1) 40% of the PSAP's present and voting and (2) PSAP's representing 60% of the call volume of the King County regional 9-1-1 system. The plan also lays out a specific process for decisions and appeals as a conflict resolution process.

The rules and structure of the weighted voting system provide clarity in how decisions are made and the process for a vote to be moved forward and passed. Additionally, providing a roadmap for decision making fostered additional collaboration amongst the participating municipalities. Municipal players worked together to obtain consensus prior to voting in many instances and the relationships between stakeholders improved.

8.3 Financial and Operational Subcommittees

The Finance Committee membership is the Finance Director of Spokane County, Finance Director of the City of Spokane, the SREC Finance Manager, the SREC Executive Director, and a Representative from the SREC Executive Committee. The SREC Executive Committee is comprised of the Chair of the SREC Board, the Vice-Chair of the SREC Board, and the Past Chair of the SREC Board.

The Financial Subcommittee reviews and provides recommendations on operating budgets, funding, cost share distributions, and long-term capital debt. It is recommended that the Finance Subcommittee consistently meet and reschedule any canceled meetings. It is also recommended that the City of Spokane continue to participate fully in this subcommittee.

Three Operations Subcommittees (Law, Fire Service, and Technical Operations) provide subject matter expertise, clarify user expectations, and formulate continual improvements based on strategic planning initiatives. During ADCOMM's interviews with stakeholders in the City of Spokane, many of the stakeholders were unaware these subcommittees existed.

The Operations Subcommittees are open to all Police Chiefs, Sheriff, and Operations Designees, all Fire Chiefs or Operations Designees. These meetings are also attended by the SREC Executive Director or Designee. These Committees operate by consensus with each attendee having a vote in resolving issues brought to the subcommittee.

It is recommended that the City of Spokane participate fully in these subcommittees. Attendees from the City should be hand-selected to represent the operational interests within the Spokane Fire Department beyond the SREC Board representative of the Fire Chief's designee.

8.1 Regular Review and Adjustment of SLAs

Annually reviewing and adjusting the Service Level Agreements to ensure they reflect the current and projected needs of the City of Spokane can help maintain a fair and effective partnership. This includes updating cost allocation formulas to match service usage.

8.2 SREC must operate the 911 system in a more cost-effective manner

The strategy of how SREC utilizes its revenue should be more transparent among its communities and member agencies.

Enhancing financial transparency through detailed reports and regular updates can help the City of Spokane better understand and manage its contributions and the benefits received from SREC.

Formal Amendment to SLA:

Any decision to allocate member fees for a new facility should be formally incorporated into the SLA through an amendment. This amendment should clearly outline the purpose, scope, and financial implications of such an allocation.

Member Agency Approval:

Seek explicit approval from all member agencies, ensuring that they agree to the use of their fees for this purpose. This can involve a vote or a formal agreement to ensure consensus.

Transparent Communication:

Maintain transparent communication with all member agencies regarding the need for a new facility, the benefits it will bring, and the specific financial contributions expected from each agency.

Equitable Cost Distribution:

Ensure that the cost distribution for the new facility is equitable and reflects the usage and benefits each member agency will receive. This might involve a proportional fee structure based on agency size or service usage.

Transparent Fee Calculation Methodology:

SREC and the City of Spokane should clearly document and communicate the methodology used to calculate user fees, including the rationale behind each component. Provide detailed breakdowns in each financial report.

Review and Oversight:

Establish a review and oversight mechanism to monitor the use of funds and the progress of the facility project. Regular updates and financial reports should be shared with all member agencies to maintain trust and accountability.

8.3 Strategic Planning and Collaboration

Continuing to involve the City of Spokane in strategic planning and collaborative initiatives can strengthen the overall governance and operational effectiveness of SREC. This could include joint planning sessions, regular feedback mechanisms, and shared initiatives to address emerging challenges in emergency communications.

We recommend SREC, and the City of Spokane jointly explore developing a detailed 10-year countywide 9-1-1 strategic plan to resolve the operational, financial, and technological challenges.

In 2017, King County published a comprehensive regional E-911 strategic plan which provides:

A system to integrate with the state's E-911 system and local jurisdictions.

A ten-year technology investment strategy.

A ten-year sustainable financial plan; and

An ongoing decision-making governance structure.

The King County E-911 Strategic plan produced a governance structure that balanced the needs of multiple jurisdictions of various sizes and needs. The new

governance structure improved many of the intergovernmental relationships and laid a foundation for continued collaboration.

Additionally, developing a 10-year financial plan provided municipalities with financial stability and predictability while ensuring the 9-1-1 system would be on solid financial footing for the next decade.

Finally, a ten-year technology investment strategy ensured the residents and visitors of King County would interact with a 9-1-1 system powered by a secure and resilient 9-1-1 network.

By implementing these recommendations, SREC can ensure that the City of Spokane's role in fiscal and governance support is fair, transparent, and reflective of its contribution to and reliance on regional emergency communications services.

8.4 Recommendation to fully participate in SREC or initiate the process to separate

Regionalization of 9-1-1 services makes sense academically and can achieve cost and operational efficiencies over time. However, the current structure of SREC is not one we currently recommend the City of Spokane join. There are some integral changes required of SREC and the City to resolve the issues mentioned in this report prior to full participation by the City of Spokane. If improvements are not agreeable to both parties, it may be beneficial for the City of Spokane to maintain an independent 9-1-1 system. The City must understand that separating from SREC is not a cost effective or operationally efficient path and there may be additional hurdles for the City to overcome with regards to its integration in the County's 9-1-1 system and the State of Washington's emergency services IP network and funding mechanisms.