



Agenda

PSERN Operator Board of Directors

Monthly Meeting (July 2022)

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

Virtual meeting: Microsoft Teams (details below)

Date: Thursday, July 28, 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 – 3:50 p.m.
(Decision: Motion to approve the minutes from the 06-23-22 Monthly Meeting of the PSERN Operator Board of Directors)
4. Approve the Minutes – Lora Ueland 3:50 – 3:51 p.m.
(Decision: Motion to approve the minutes from the 07-11-22 Special Meeting of the PSERN Operator Board of Directors)
5. 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.
6. Action Register Review – Lora Ueland 3:56 – 4:00 p.m.
7. Executive Director Report – Mike Webb 4:01 – 4:08 p.m.
(Discussion)
8. Startup Spending Update – Tracy Plouse 4:09 – 4:15 p.m.
(Discussion)

9. PSERN Project Director Responsibilities – Mike Webb 4:16 – 4:20 p.m.
(Decision)
10. Cash Management/Investment Services – Tracy Plouse 4:36 – 4:45 p.m.
(Decision)
11. 2023 Operating Budget and Rate Setting Update – Tracy Plouse 4:21 – 4:35 p.m.
(Discussion)
12. Board of Directors Workplan Update – Mike Webb 4:46 – 4:54 p.m.
(Discussion)
13. PSERN Board of Directors Officer Report – Board Officers 4:55 – 4:57 p.m.
(Discussion)
14. Review New Action Items – Lora Ueland 4:57 – 5:00 p.m.

Next Meeting: August 25, 2022



Meeting of the PSERN Board of Directors – Meeting Minutes

(Monthly Meeting)

Location: Executive Conference Room, Chinook Building and Microsoft Teams Meeting

Date: Thursday, June 23, 2022

Time: 4:00 p.m. – 4:48 p.m.

Teams Call: Members of the public are invited to participate in the hybrid meeting either in person or 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), Mark Schmidt in for Harold Scoggins, Kurt Triplett, Dwight Dively, Chris Elwell, Dan Yourkoski
- **Alternates:** Kristin Meitzler, (King County does not have an alternate at present.)
- **Other Attendees:** Spencer Bahner, Adrian Englet, Julia Holden, Hank Krajewski, Tony Minor, Kimberly Nuber, Tracy Plouse, Michael Webb, Ellen Whitely, Tom Wood, Ned Worcester

Agenda Details:

1. Call to Order – Lora Ueland 4:00 p.m.
 2. Roll Call – Julia Holden 4:01 – 4:02 p.m.
 3. Approval of the Minutes – Lora Ueland 4:02 – 4:03 p.m.
- MOTION:** Kurt Triplett made a motion to approve the minutes of the meeting held on May 26, 2022. Dwight Dively seconded it. Members unanimously approved the motion.
4. Public Comment – Lora Ueland 4:03 – 4:04 p.m.
 5. Action Register Review – Lora Ueland 4:04 – 4:05 p.m.

In response to an earlier request, an action register was created and sent out separately from the meeting packet. It will be discussed in more depth at the July meeting.

6. Executive Director Report – Mike Webb 4:05 – 4:15 p.m.

An offer was made to a candidate for the Technical Operations Manager role, but it was declined. Working with King County Information Technology Human Resources on the next steps in the recruitment. One additional candidate for the role is in the interview process. Drafting the job specifications for additional

roles with prioritization of key roles.

Working with legal counsel to develop records management policy and procedures which will be brought to the PSERN Operator (Operator) Board of Directors when finalized.

Working with NAI Puget Sound Properties to serve as the realtor for the Operator. The property market is challenging especially for the property size the Operator is seeking.

Plan for July meeting:

- Decision on Project Director responsibilities
- Approval of decisions from the budget workshop.
- Update of the board workplan.
- Update on facility acquisition.
- Update on significant procurements.

Plan for August meeting:

- 2023 budget and service fee estimate for review.
- Update on significant procurements.

7. Startup Spending Update – Tracy Plouse 4:15 – 4:18 p.m.

- Spending continues to track under the 2022 baseline.
- Added a table to track Technical/Operation startup expenses.
- The end of 2022 forecast is tracking to baseline, but changes to the Full System Acceptance (FSA) date have not been incorporated.
- Reporting format will change once an accounting system is implemented.

8. PSERN Project Director Responsibilities – Mike Webb 4:18 – 4:24 p.m.

A proposal was presented at the June 2022 PSERN Joint Board meeting to assign PSERN Project (Project) Director's responsibilities to the Operator Executive Director (ED).

- Benefits include improved alignment and coordination between Project and Operator, a smoother transition of operational responsibilities, and optimization of spending and resources across the two organizations.
- Risks include increased workload for Operator ED, potential delay in Operator startup activities, and conflicts of interest.
- Analysis
 - Need to determine the impact on the Operator startup plan given the changes to FSA.
 - Any conflict of interest can be resolved by designating other King County staff to represent the County in any transactions between the two parties.

The board expressed its support for the recommendation to reassign Project Director duties. This enables the focusing of recruitment and staffing on long-term roles across the organizations, development of a coordinated schedule between Operator and Project, and the determination of when to take on operational responsibility and begin collecting service fees.

9. Financial Startup Update – Tracy Plouse 4:24 – 4:36 p.m.

Three issues for consideration to move forward with establishing Operator financial systems:

- Accounting methodology- Recommendation that the Operator adopts the accrual method of

accounting.

MOTION: Dwight Dively made a motion that the PSERN Operator adopt the accrual basis of accounting. Kurt Triplett seconded it. Members unanimously approved the motion.

- Cash and investment management-
 - It is common practice for local government entities invest their funds in an investment pool provided by either the state or County treasurer.
 - The King County treasurer provides both investment and cash management services.
 - Recommendations and resolutions for both investment and cash management will be brought for approval at the July meeting. The Board of Directors expressed support for using the King County Treasury for cash management services.
- Other work to complete setup of financial management capabilities-
 - Financial software selection is underway. Request for proposal issued and demonstrations of software will occur in June. Additional updates will be presented at the July board meeting.
 - Targeting the end of October 2022 to complete the development of financial policies and procedures.

10. 2023 Operating Budget and Rate Setting Update – Tracy Plouse 4:36 – 4:43 p.m.

To move forward with the 2023 budget and rate setting, analysis and decisions must be made regarding operating costs, cost allocation methodology, rate stabilization funds, and operating and capital reserves.

A budget workshop facilitated by Clark Nuber will be held on July 11, 2022, at the Chinook Building.

A target timeline for the 2023 budget was shared. A review of a draft budget is planned for the August 2022 meeting, presentation of the revised budget is planned for the September 2022 meeting with a goal of budget approval at the October 2022 meeting.

11. PSERN Board of Directors Officer Report – Board Officers 4:43 – 4:46 p.m.

Suggestion to consider a portion of the King County Black River facility as a possible Operator facility.

12. Review New Action Items – Lora Ueland 4:46 – 4:48 p.m.

- Operator staff will send a calendar invite for the July 11, 2022, budget workshop.
- Request for the Board of Directors to review their availability for the August and September meetings.

Next Meeting: July 28, 2022



Meeting Minutes of the Special Meeting/Workshop

PSERN Operator Board of Directors

Location: Executive Conference Room #115, King County Chinook Building, 401 5th Avenue, Seattle, WA

Virtual meeting: Microsoft Teams (details below)

Date: Monday, July 11, 2022

Time: 1:00 p.m. – 4:00 p.m.

Microsoft Teams Meeting: Members of the public are invited to participate in the meeting in person at the location above or virtually by telephone or video by using the following phone number and meeting ID: 425-653-6586 Meeting ID: 429 879 810#

Attendees:

- **Directors:** Lora Ueland (Chair), Harold Scoggins, Kurt Triplett, Chris Elwell, Dan Yourkoski
- **Alternates:** Mark Schmidt
- **Other Attendees:** Spencer Bahner, Tracy Plouse, Michael Webb

Agenda Details:

1. Call to Order – Lora Ueland 1:00 p.m.

The meeting was called to order at 1:00 p.m. It was established that a quorum was not present. The meeting then proceeded with the workshop and discussion.

2. Workshop and Discussion:

PSERN Operator 2023 Operating Budget, Rate Setting and Cost Allocation 1:03 p.m. – 4:00 p.m.

Topics discussed are as follows. Notes recapping the discussion are attached as Appendix A.

Welcome	Mike Webb
Introductions	All
Expected Outcomes from Workshop	Mike Webb
Review of 2023 Budget Development Timeline	Tracy Plouse
Review of Budget and Rate Setting Issues from Phase I Financial Advisory Work	Clark Nuber PS
Analysis & Discussion of Operating Cost Determination Methodologies	Clark Nuber PS
Analysis & Discussion of Cost Allocation Options	Clark Nuber PS
Analysis & Discussion of Rate Setting And Impacts on Budget	Clark Nuber PS

Analysis & Discussion of Rate Stabilization Funding

Clark Nuber PS

Analysis & Discussion of Operating and Capital Reserves

Clark Nuber PS

Summary of Discussions and Outcomes

Mike Webb

Next Meeting: July 28, 2022

Adjourned 4:05 p.m.



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	7/28/22	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	8/25/22	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	TBD	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 #7



Title: Executive Director Report – July 2022
Meeting Date: July 28, 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 June 2022 meeting.

ANALYSIS:

PSERN Project Director Responsibilities

- A significant amount of the Executive Director’s time is being utilized to fulfil PSERN Project Director responsibilities.
- Costs for the Executive Director position are now being split 50-50 between the PSERN Project and the PSERN Operator.

PSERN Project to Operator Transition

- The PSERN Operator is continuing to participate in monthly operational planning meetings involving the King County and Seattle radio shops and the PSERN Project and Operator, and in weekly Change Advisory Board (CAB) reviews of changes to production systems within the radio network.
- The PSERN Executive Director has held one-on-one meetings with all PSERN Project and King County RCS staff to gather staff’s input regarding operational startup.
- 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 planned for the September timeframe.

Staffing/Hiring

- The recruitment process for the Technical Operations Manager position has concluded without a successful placement.
- The requirements (specific job duties and qualifications) for this position are being reviewed/updated and the position re-will be re-posted in August:
 - KCIT HR will be engaging external recruitment assistance.
 - The target hiring date has been deferred to November 2022 (previously July 2022).
- PSERN Operator startup staffing plans are being reviewed and updated with the goal of delaying hiring to enable administrative and technical/operational startup funds to last until the end of June 2023:
 - The previous plan was based on FSA and commencement of PSERN service fees on April 1st, 2023.
 - The revised spending plan is reflected in updated expenditure forecasts in this month’s Startup

Spending Update (agenda item 8)

- The PSERN Administrator is currently on extended medical leave, which is expected to continue for the foreseeable future:
 - Job duties are currently being covered by a combination of the Executive Director, Finance Manager and staff from the PSERN Project administrative team.
 - To enable backfill, the hiring of an Administrative Specialist, which is currently in the administrative startup staffing plan for January 2023, will be brought forward to a target hiring date of October 2022.
- In addition to the Administrative Specialist position, work is underway on developing job specifications and requisitions for the following additional positions currently included in the startup staffing plans:
 - Financial Specialist – target hiring November 2022 (previously January 2023).
 - Radio Operations Supervisor – target hiring October 2022 (previously December 2022).
 - IT Systems Specialist – target hiring November 2022 (previously October 2022).

Financial Startup

- A separate report is provided (item 10) that seeks approval for the PSERN Operator to enter into agreements with King County for the provision of cash management and investment services.
- The PSERN Operator is planning to move forward in acquiring a cloud-based financial management software application:
 - Two proposals were received in response to the RFP letter issued.
 - Evaluation, including proposal review and demonstrations, was undertaken consistent with the PSERN Operator procurement policy.
 - The selected solution will have a one-time implementation cost of \$10,700, and year one subscription and support costs of \$20,100, which are within the administrative startup budget.
 - Target for completion of implementation is still being discussed with the vendor.

2023 Operating Budget and Service Fee Development

- A Special Board Meeting (workshop) was held on July 11th, facilitated by Clark Nuber PS:
 - Direction on several matters related to operating budget and service fee rate setting was provided.
 - The workshop discussion is captured in the notes accompanying the meeting minutes.
- A separate report (item 11) is being 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

- The Executive Director and Finance Manager toured 3 candidate properties in the Tukwila and Kent areas on July 6th.

- NAI Puget Sound Properties have issued a Request for Proposal on our behalf for one of the three properties:
 - The property is approximately 7500 sq. ft., including 3000 sq. ft. of warehouse space.
 - The RFP is requesting a lease term of 5 years, with 2 options to renew for one year each.
- Further discussions have also taken place with King County Radio Communications Services regarding collocation at their facility in SeaTac; several issues with this alternative need to be further investigated:
 - The duration of a potential collocation (the County's lease expires in 2025).
 - Suitability of the office space layout, including disabled access.
- A report will be prepared for the August meeting that will discuss the recommendation for proceeding forward with acquiring a facility and seek approval for executing a lease or agreement.

BoD Workplan Updates

- The latest full workplan update was provided to the Board at the January 2022 meeting.
- A full update of the workplan has been provided as agenda item 12.
- No workplan items have been completed since the last update in June.
- Work is currently underway on the following items:
 - (9) Determine which services will be contracted out and what will be done in-house.
 - (17) Determine place of employment (office/location).
 - (21) Set classifications, create job descriptions and pay levels for additional PSERN staff.
 - (1) Establish a fund or special fund as authorized by RCW 39.34.030
 - Execute Cash Management Agreement with King County; Open PSERN Operator deposit account(s).
 - Adopt and implement internal financial controls, policies, procedures and processes.
 - (25) Procure business suite software (financial management system).
 - (32, 33) Set & approve operating budget, develop and communicate revised/updated service fees and rates for 2023/2024.

Upcoming Board Meeting Topics

- Topics expected to be brought forward over the next 3 board meetings include the following:
 - August 2022:
 - Approval on facility lease/agreement.
 - Initial presentation of 2023 operating budget and service fees
 - Update and/or approvals of financial management policies.
 - Update and/or approval of significant procurements, as required.
 - 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.

- 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.
- 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 June.

SUPPORTING DOCUMENTATION:

None

PSERN Operator Board of Directors

Staff Report - Agenda Item #8



Title: Startup Spending Update – July 2022
Meeting Date: July 28, 2022
Staff Contact: Tracy Plouse, Finance Manager
Action: Discussion

SUMMARY:

This report provides an update on PSERN Operator startup expenditures to the end of June 2022, and a revised forecast of expenditures to Full System Acceptance at the end of June 2023.

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 June 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.

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 June 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 FSA (and 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 1st). The Technical Operations Manager has been re-forecast to start November 1st, rather than July 1st as currently budgeted.

- 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 May 2022 and a revised forecast of expenditures to Full System Acceptance at the end of March 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. However, it is recognized that should the FSA date slip further, additional startup funds will be required.

SUPPORTING DOCUMENTATION:

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

A summary of expenditures to end of June 2022 and revised forecasted expenditures during PSERN’s startup phase in 2021, 2022 and 2023 (prior to FSA), 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	\$ 209,187	\$ 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	\$ 13,500	\$ 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		\$ 1,719	\$ 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	\$ 261,581	\$ 904,236	\$ 1,040,800	\$ (136,564)	\$ 888,160	\$ 1,856,463	\$ 1,847,500
TOTAL Startup by Year	\$ 64,067		\$ 904,236			\$ 888,160	\$ 1,856,463	\$ 1,847,500

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 & Utilities</i>		\$ -	\$ 28,000	\$ 39,000	\$ 11,000	\$ 84,000	\$ 112,000	\$ -
<i>Vehicle Lease & Operating</i>		\$ -	\$ 3,275	\$ 3,275	\$ -	\$ 19,650	\$ 22,925	\$ 55,250
<i>Vehicle Acquisition & 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
TOTAL Startup by Year			\$ 348,021			\$ 875,569	\$ 1,223,591	\$ 1,210,295

PSERN Operator Board of Directors

Agenda Item #9



Title: PSERN Project Director Responsibilities
Meeting Date: July 28, 2022
PSERN Staff Contact: Michael Webb, Executive Director
Action: Decision

SUMMARY:

This report presents, for approval, a recommendation that the PSERN Operator Board approve the assignment of PSERN Project Director responsibilities to the PSERN Executive Director as discussed at the June 2022 board meeting.

This recommendation and its approval are contingent on the Project Joint Board supporting the appointment by King County IT of Michael Webb to this role.

BACKGROUND/ANALYSIS:

At the June 2022 PSERN Operator Board meeting, a staff report was presented that discusses the proposed reassignment of PSERN Project Director responsibilities to the PSERN Operator Executive Director. These responsibilities would be in addition to the Executive Director responsibilities defined in the PSERN Operator ILA.

This topic was also the subject of a separate report to the Project Joint Board at the June meeting. Both the PSERN Project Joint Board and the PSERN Operator Board discussed and endorsed this proposed reassignment of responsibilities.

The PSERN Project Director responsibilities are defined in Appendix A. If this reassignment of responsibilities proceeds, costs for the Executive Director position will be split 50-50 between the PSERN Project and the PSERN Operator.

RECOMMENDATION:

As discussed in the June report, I support the proposed reassignment of Project Director responsibilities, in addition to the existing Executive Director responsibilities. I agree with the discussion in the staff report presented to the Joint Board (June 2022 meeting) regarding the feasibility and appropriateness of trying to recruit a new, dedicated Project Director given the experience to date.

At this point, the Operator Board is being requested to approve this proposed reassignment of responsibilities via the following motion:

MOTION: That the PSERN Operator Board approve the assignment of PSERN Project Director responsibilities to the PSERN Executive Director as discussed at the June 2022 Project Joint Board and PSERN Operator board meetings.

SUPPORTING DOCUMENTATION:

1. Appendix A – PSERN Project Director Job Duties.
2. PSERN Operator Board, June 24, 2022: Staff report “PSERN Project Director Responsibilities”.

Item 2 can be found in the respective meeting materials packages on the PSERN Operator website.

Appendix A: PSERN Project Director Job Duties

- Directs the PSERN Project activities, including end user radio programming and deployment, end user transition, completion of radio infrastructure buildout, prepare for and complete a radio system upgrade, and achieve full system acceptance.
- Works directly with C-level executives in cities and agencies throughout King County to ensure their emergency communication needs are being met.
- Provides regular updates and briefs to PSERN Project Joint Board members.
- Ensures compliance with all project governance requirements, including project quality assurance, capital project oversight and IT project governance.
- Leads, supports, mentors and coaches project staff in the execution of their duties.
- Collaborates with and escalates issues to regional jurisdictional partners as needed.
- Attends and participates in regional meetings including the PSERN Operations Board and PSERN Technical Committee meetings.
- Works with the Project's Management and Technical teams to set priorities, goals and objectives while navigating and knocking down barriers.
- Working with the Project's External Affairs team and Governmental Relations Officer, oversees communication and collaboration efforts with regional jurisdictions (end user customer agencies) regarding project initiatives and activities.
- Supervises preparations prior to in-building (Distributed Antenna System) migration and ensure project plans will accommodate private and public building owner efforts to migrate to the new PSERN frequencies.
- Coordinates and collaborates with the PSERN Operator Executive Director on activities including network operations during the project, change management, and the transition of project assets, liabilities, and artifacts to the Operator near the end of the project.
- Ensures that the project is fully staffed in accordance with the approved budget
- Tracks and monitors scope, schedule, budget, risks, change requests, and all project activities.
- Develops, administers, and revises policies and procedures relating to project implementation.
- Directs the day-to-day management of the professional staff directly and through subordinate supervisors, develop and monitor performance measures and conduct performance evaluations, make and/or authorize hiring decisions and authorize and implement disciplinary actions.
- Approves project expenditures consistent with the approved project budget.
- Oversees development of monthly meeting materials for the PSERN Project Joint Board.
- Maintains and manages records in accordance with applicable county, state and federal laws and regulations.
- Directs and monitors project close out activities including the archiving of project records.
- Performs other duties as assigned.

PSERN Board of Directors Staff Report

Agenda Item #10



Title: Cash Management/Investment Services – July 2022
Meeting Date: July 28, 2022
PSERN Staff Contact: Tracy Plouse, Finance Manager
Action: Decision

SUMMARY:

This report presents, for approval, one board resolution and two agreements dealing with the use by the PSERN Operator of cash management and investment services provided by the King County Treasurer.

BACKGROUND/ANALYSIS

At its June 2022 meeting the Board was presented with information regarding options for the PSERN Operator's cash management and investing. The Board directed staff to proceed with bringing forth documents for approval to enter into an agreement with the King County Treasurer to provide these services.

Resolution 22-03 (Appendix A) appoints the Executive Director and Finance Manager as the auditing officers of the PSERN Operator. Auditing officers may present requests for the issuance of warrants to the King County Treasurer before board approval. This allows for the processing of payables in a timely manner, without having to wait for Board approval at the monthly meeting. This resolution also authorizes the Executive Director to secure credit cards using the King County Treasurer's program and to open a bank account for payroll processing. A draft charge card policy is attached (Appendix B). Charge cards will not be issued until that policy has been approved by the Board at a subsequent meeting. The payroll account will not be used until the PSERN Operator begins processing its own payroll, likely in 2024.

The King County Cash Management Services Agreement (Appendix C) specifies that King County provide cash management services for all of the Operator funds that are invested in the King County Investment Pool. The services that are provided by King County as part of this agreement include conducting daily sweeps of the Operator's cash balances and automatically investing such balances in the King County Investment Pool, issuing and paying warrants, and executing Automated Clearing House (ACH) and wire payments.

The King County Investment Pool Agreement (Appendix D) specifies that King County accept, for investment, a specific amount of funds the Operator has determined is not necessary for immediate expenditure. King County will combine those designated funds and pool them with other special districts for investment in the King County Investment Pool.

RECOMMENDATION:

In order to establish accounts with the King County Treasurer, it is requested that the Board of Directors approve the resolution and two agreements attached to this report.

- Resolution 22-03 – Resolution Appointing Auditing Officers and Authorizing Bank Account and Securing Credit Cards.
- King County Cash Management Services Agreement, via the motion below.
- King County Investment Pool Agreement, via the motion below.

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

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.

SUPPORTING DOCUMENTATION:

Appendix A: Board Resolution 22-03

Appendix B: Draft Charge Card Policy

Appendix C: King County Cash Management Services Agreement

Appendix D: King County Investment Pool Agreement



RESOLUTION NO. 22-03

RESOLUTION APPOINTING AUDITING OFFICERS AND AUTHORIZING BANK ACCOUNT AND SECURING CREDIT CARDS

A **RESOLUTION** of the Board of Directors of the PSERN Operator appointing the Executive Director and Finance Manager as Auditing Officers of the PSERN Operator and authorizing the Executive Director to open a bank account for PSERN Operator payroll and secure business credit cards for PSERN Operator purposes.

WHEREAS, pursuant to the provisions of the Puget Sound Emergency Radio Network Operator Interlocal Cooperation Agreement (the "Interlocal Agreement") and chapters 39.34 and 24.06 RCW, as amended, the Puget Sound Emergency Radio Network Operator ("PSERN Operator") has been created and possesses all the powers under the Interlocal Agreement; and

WHEREAS, the PSERN Operator makes periodic payments to its employees, contractors, vendors, service providers, and others consistent with the Board of Directors ("Board") approved annual budget; and

WHEREAS, there may be circumstances when the Board does not meet prior to a day in which it would need to approve vouchers for payment of the PSERN Operator's warrants and claims; and

WHEREAS, there is a need by the PSERN Operator to process warrants, make electronic payments, pay its employees, and make purchases that facilitate the normal operations of the PSERN Operator offices, all in a timely and consistent manner; and

WHEREAS, Resolution No. 21-10 ratified the hiring of Michael Webb as the PSERN Operator Executive Director and delegated to them all powers of the office, including the power to direct, administer and manage the affairs and general operations of the PSERN Operator; and

WHEREAS, it would be of financial benefit and in the best interests of the PSERN Operator to: i) appoint the Executive Director and Finance Manager as Auditing Officers to certify voucher approval documents for the correct and certified submission of vouchers to the King County Finance Office without awaiting a Board meeting to authorize specific payments; ii) authorize the Executive Director to open a bank account for the purpose of processing payroll for PSERN Operator employees; iii) secure business credit cards in order to efficiently carry out the business of the PSERN Operator; and

WHEREAS, RCW 42.24.180 authorizes the issuance of warrants before approval of the vouchers by the Board in order to expedite the payment of claims.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PSERN Operator AS FOLLOWS:

Section 1. The Executive Director and Finance Manager are hereby appointed as the Auditing Officers of the PSERN Operator, including for the purpose of authorizing the issuance of warrants and electronic transactions prior to Board approval.

Section 2. The Executive Director and Finance Manager are hereby authorized to submit vouchers for payment and disbursement in accordance with Board resolutions prior to the Board taking action to approve said claim.

Section 3. The Executive Director is hereby authorized to open two bank accounts: (1) for the purpose of processing payroll for PSERN Operator employees and (2) for the purpose of establishing a petty cash fund in the amount of \$200.

Section 4. The Executive Director is hereby authorized to secure business credit cards with a credit limit of \$50,000 in the name of the PSERN Operator and use said credit cards to make purchases necessary for the execution of PSERN Operator duties. The Executive Director may not exceed \$50,000 of expenditures in a 30-day period unless specifically authorized in writing by the Board Chair.

Section 5. The Executive Director is hereby authorized to take such administrative or other actions as necessary to implement the provisions of this resolution and the terms approved herein.

ADOPTED at the regular meeting of the PSERN Operator Board of Directors, this 28th day of July 2022.

**PSERN OPERATOR
KING COUNTY, WASHINGTON**

Lora Ueland, Chair

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

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- 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) establishes this policy to set guidelines for proper use of PSERN 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 or individual employee.

2.0 POLICY

- 2.1 The PSERN Executive Director is authorized to contract for issuance and use of PSERN 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 charge cards. Charge cards issued in the name of PSERN shall not bind PSERN to payment of sums resulting from the improper use of such cards by PSERN employees or others.
 - 2.2.1 **Type of Use** - Charge cards must be used for official PSERN business only, and may include the purchase of goods and services and travel expenses. Use of charge cards shall comply with applicable PSERN resolutions, policies, and procedures.
 - 2.2.2 **Personal/non-PSERN charges** – Any personal charges on PSERN charge cards by PSERN employees constitute a lending of PSERN’s credit, and thus are strictly prohibited. Any personal/non-PSERN charges will establish a lien against the employee’s salary for the disallowed charges. 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. PSERN 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.

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. Charge cards will be returned to the Finance Manager immediately upon leaving PSERN employment.

4.1.2 The **Finance Manager** is responsible for charge card administration to include, but no limited to, selection of card provider, payment of charge card bills, managing the issuance of cards and establishing procedures for proper use. Charge card bills will be paid even if the charge card user has not submitted acceptable documentation since a lien against the employee’s salary can be made. The Executive Director will be informed of untimely submission of documentation by the card user.

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.

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
DRAFT CHARGE CARD USER AGREEMENT

I, _____, as an employee of PSERN, accept personal responsibility for the safeguard and proper use of the PSERN 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 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 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 also certify that I will be held personally liable for any inappropriate charges I incur to the PSERN charge card and payment for any such inappropriate charge is hereby authorized to be withheld from my paycheck. When a department card is used, the employee personally liable for the card is the employee incurring the expenditure.

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

Employee Name (Print)

Employee Signature

Date

Approved Limit of Card

\$

Finance Manager Approval

Date

Executive Director Approval

Date

KING COUNTY CASH MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this day by and between King County, a home rule charter county in the State of Washington and the PSERN Operator, a governmental agency formed under the Puget Sound Emergency Radio Network Operator Interlocal Cooperation Agreement and chapter 39.34 RCW (hereinafter referred to as the "Operator").

WHEREAS, the King County Treasurer has authority to manage funds that are in his or her possession in accordance with Chapter 36.29 RCW; and

WHEREAS, the Operator has authority to manage funds that are in its possession in accordance with its applicable statutory authority; and

WHEREAS, the Operator participates in the King County Investment Pool pursuant to a separate Investment Pool Agreement; and

WHEREAS, the Operator has requested King County to provide cash management services to the Operator, as set forth in this Agreement.

NOW, THEREFORE, in consideration of the terms and provisions set forth herein, it is agreed by and between the Operator and King County as follows:

I. SCOPE OF WORK

1. By entering into this Agreement, the Operator requests that King County provide cash management services for all of the Operator funds that are invested in the King County Investment Pool. Cash management services shall be separate from the services provided by King County pursuant to the Operator's Investment Pool Agreement. Cash management services shall also be separate from the services provided under King County's banking agreement in which the Operator pays for its portion of separately invoiced banking services. Cash management services that shall be provided by King County include, but are not limited to: (a) conducting daily sweeps of the Operator's cash balances using Zero Balance Accounts and automatically investing such balances in the King County Investment Pool, as specified in Section I(2) below; (b) crediting Operator bank deposits on date of deposit without regard to check float; (c) for entities that issue their own warrants, charging Operator funds when warrants clear rather than when issued; (d) paying Operator warrants despite inadvertent negative balances of the Operator; (e) executing wire and ACH payment requests by the Operator; and (f) distributing property taxes in a manner that ensures the Operator receives its statutory share of the taxes on the same day the taxes are recorded as paid in King County's property based system records.

2. All Operator funds designated for cash management services following the effective date of this Agreement, including but not limited to interest earnings on Operator funds invested in the King County Investment Pool, shall be automatically and fully invested in the King County Investment Pool. The Operator warrants that consistent with RCW 36.29.020, any such funds which the Operator will automatically invest in the Investment Pool pursuant to this Agreement are not required for the Operator's immediate expenditure.

3. The Operator agrees to pay to King County a variable fee for providing cash management services based on the average cash balance of the funds designated for cash management services and the overall

performance of the King County Investment Pool. The fee shall be paid and collected in arrears in monthly deductions from the Operator's interest earnings or paid directly from the Operator funds held in the King County Investment Pool, as specified by King County. King County shall determine the Operator's Monthly Fee Rate using the following formula: **1.5%** multiplied by the investment pool rate of return for the month. The resulting figure is converted to basis points. The Monthly Fee Rate shall not exceed 8 basis points, regardless of the investment pool rate.

4. King County shall calculate the amount of the Operator's Monthly Fee in accordance with the following formula: the Monthly Fee Rate multiplied by the Operator's monthly average fund balance designated for cash management services, multiplied by the number of days in the month divided by the number of days in the year. For example, if the investment pool rate of return for the month is 2%, the Monthly Fee Rate will be .03% (.015 x .02). A fund with a \$1,000,000 monthly average balance would pay \$25.48 in a 31-day month ($\$1,000,000 \times .0003 \times 31/365$). The dollar amount of the preceding calculation is capped at the equivalent of 8 basis points.

II. KING COUNTY IS INDEPENDENT CONTRACTOR

In providing services under this Contract, King County is an independent contractor, and neither it nor its officers, agents or employees are employees of the Operator for any purpose.

III. ADMINISTRATION

This Agreement shall be administered on behalf of King County by the King County Treasury Manager or his or her designee. This Agreement shall be administered on behalf of the Operator by **Michael Webb** or their designee.

IV. TERM OF AGREEMENT

This Agreement shall be effective on the date it is executed. This Agreement is ongoing until either party terminates per Section VI below.

V. AMENDMENTS

No amendment to this Agreement shall be binding unless agreed to in writing by each party.

VI. TERMINATION

Either party may terminate this Agreement upon at least 90 days written notice. Termination is effective on the first business day of a month that falls at least 90 days after written notification.

VII. ENTIRE AGREEMENT

This Agreement is the complete expression of the terms hereto and any oral representation or understandings not incorporated herein are excluded. Any modifications to this Agreement shall be in writing and signed by both parties. Waiver of any default shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of this Agreement unless stated to be such through written approval by the County, which shall be attached to the original Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this ____ day of _____, 2022.

KING COUNTY

Ken Guy, Finance Director

Dated

OPERATOR

PSERN Operator

Michael Webb, Executive Director

Dated

KING COUNTY INVESTMENT POOL AGREEMENT

THIS AGREEMENT is made and entered into this day by and between King County, a political subdivision of the state of Washington and home rule charter county and the PSERN Operator, a governmental agency formed under the Puget Sound Emergency Radio Network Operator Interlocal Cooperation Agreement and chapter 39.34 RCW (hereinafter referred to as the "Operator").

WHEREAS the King County Treasury Operations is authorized, but not required to offer investment pooling opportunities to districts located in the County; and

WHEREAS the Washington State Legislature has amended RCW 36.29.024 and modified the allowable fees that may be deducted by King County for investment pool expenses; and

WHEREAS King County has carefully considered the benefits and risks of continuing pooling funds for investments; and

WHEREAS King County has determined that continuing to offer pooled investments is a benefit to King County and a benefit to various special districts; and

WHEREAS the Operator would like to have its funds pooled for investment by King County; and

WHEREAS this agreement is authorized by RCW 36.29.020, 36.29.022, and 36.29.024;

NOW, THEREFORE, in consideration of the terms and provisions herein, it is agreed by and between the Operator and King County as follows:

I. SCOPE OF WORK

A. King County

1. King County agrees to accept for investment a specific amount of funds the Operator has determined is not necessary for the Operator's immediate expenditure. King County agrees to combine the designated Operator funds, King County funds and the funds of other special districts that have agreed to pool funds for investment in the King County Investment Pool (hereinafter "Pool"). The King County Investment Officer, or other individual duly authorized by King County, with oversight by the King County Treasury Manager and Finance and Business Operations Director, shall have sole authority and responsibility for determining and executing the specific investments for the Pool, consistent with state law and the investment policies adopted by the King County Executive Finance Committee. King County has also established an Investment Pool Advisory Committee (Ordinance 16280) which shall provide input and advice to the Executive Finance Committee on agenda items that relate to investment policies, practices and fees.

2. King County will be responsible for management of the Pool, including establishing the policies for the Pool, calculating interest earnings, allocating earnings and any realized losses among the Operator and other participants in the Pool, and determining and collecting Pool fees.

a. Pool Policies

The King County Executive Finance Committee, or its successor, shall adopt and may periodically amend the policies governing the Pool. For reference, the enclosed "Exhibit A" provides a copy of the current adopted policies as of February 2010.. Except in an emergency, the Executive Finance Committee, or its successor, will consult with the Investment Pool Advisory Committee at least 60 days prior to adopting or implementing changes to any policies governing the Pool.

b. Interest Earnings

(i) King County shall distribute interest earnings to the Operator based on the Operator's average daily cash balance maintained in the Pool as determined by King County. King County shall calculate interest earnings by the 15th day of the following month; however, the actual distribution will be effective as of the first of the month.

(ii) King County shall calculate the monthly interest earnings rate used for Pool distributions using earnings of the Pool on an accrual basis. Earnings will be paid on an actual/actual day basis. For example, a fund maintaining an average balance of \$1,000,000 in a 31 day month for which a 3.00% earnings rate is paid will receive \$2,547.95 in interest for that month. ($\$1,000,000 \times .03 \times 31/365$).

c. Pool Fees

(i) King County shall deduct from the Operator's funds an estimate for the actual expenses incurred for the Pool for the coming year. An estimated annual fee for Pool participation shall be set initially at three and one-half (3.5) basis points (.035%). In accordance with RCW 36.29.024, this fee is intended to reflect King County's estimated direct expense and out-of-pocket cost of administering the Pool, plus a safety margin for unanticipated expenses. This fee shall be applied monthly against the average cash balance of the Operator and collected monthly by King County, determined as follows: .00035 multiplied by the average cash balance of the Operator during the month multiplied by the number of days in the month divided by 365. For example, the monthly fee collected from the example above would be \$29.73 ($1,000,000 \times .00035 \times 31/365$). King County shall reevaluate the annual fee each year based on the rebate provided for the prior year and an estimate of actual expenses for the coming year.

(ii) If the amount of estimated fees collected within King County's fiscal year exceeds the actual expense of administering the Pool for that fiscal year, King County shall rebate such excess amount to the Operator based on the Operator's percentage of the total average Pool cash balance for that year. The rebate shall be made within three months of the close of King County's fiscal year. If the estimated Pool fee does not cover all of the actual expenses for the Pool, the County may collect from the Operator an additional amount that reflects the Operator's portion of deficiency, in the same manner that it would rebate any excess fees collected.

(iii) At the time King County rebates to the Operator any excess amount or collects from the Operator any deficiency amount of fees for administering the Pool for the prior year, King County shall provide an accounting of its actual expenses incurred for the Pool, as actual expenses are defined in RCW 36.29.024.

d. Reporting

King County will provide to the Operator a monthly statement showing the average cash balance maintained by the Operator, the Pool earnings rate, the Operator's earnings, the Operator's realized losses (if any), and the fee incurred. King County shall also provide a written explanation of the reason(s) for any realized loss.

B. The Operator

1. Deposits and Investment Instructions

a. If the Operator does not have a cash management agreement with the County, the Operator shall determine and provide notice to King County of the specific amount of funds it intends to invest in the Pool. Unless King County adopts a contrary policy, deposit requests must be received before 8:30 am on the day of deposit for same day credit.

b. If the Operator has a treasurer other than King County, the Operator shall provide notice of its intent to invest specific funds. Unless King County adopts a contrary policy, the minimum notice shall be at least one (1) working day in advance of wiring funds fewer than five (5) million dollars for investing. This notification will occur by 12 p.m. Pacific Time. Unless King County adopts a contrary policy, two (2) working days notice is required for deposits of five (5) million dollars or more into the Pool.

c. The Operator shall designate a regular representative and at least one alternate representative who are authorized to direct the Operator's deposits and withdrawals from the Pool. King County can rely upon the representations of these authorized Operator representatives concerning the Operator's investment transactions with King County.

d. If the Operator does not have a cash management agreement with the County, then any fund that has a negative balance will be assessed an overdraft interest charge for each day that the fund was overdrawn, provided the negative balance was not due to investment losses or an accounting error made by King County. The overdraft interest charge shall be equal to the prime rate charged by King County's banking services provider in effect on the first day of the month in which the overdraft occurred. For example, if a fund had a negative balance of \$1 million on December 12 and the prime rate on December 1 was 3.25%, the fund would be charged \$89.04 ($\$1,000,000 \times .0325 \times 1/365$). The overdraft interest charge shall be effective on the day any Operator fund has a negative balance according to King County's accounting system records.

2. Withdrawals

a. The Operator understands and agrees that its investment of funds in the Pool is a long term investment. The Operator shall not withdraw its funds from the Pool unless they are needed for immediate expenditure.

b. If the Operator has executed a cash management agreement with King County, the Operator may withdraw funds from the Pool for immediate expenditure by submitting a warrant or electronic payment request, which will reduce the principal balance in the fund.

c. If the Operator does not have a cash management agreement with King County, the Operator shall notify King County in writing when invested funds are needed for immediate expenditure and shall specify the amounts and date the funds are needed. The Operator shall provide King County prior written

notice for withdrawals. Unless King County formally adopts a contrary policy, the minimum notice to be provided for withdrawals is:

- i. One (1) working day in advance for amounts up to five (5) million dollars,
 - ii. Two (2) working days for amounts between five (5) and fifty (50) million dollars,
- and
- iii. Ten (10) working days notice for amounts over fifty (50) million dollars.

This notice shall occur by 12 p.m. Pacific Time on the appropriate day.

II. OPERATOR COVENANTS

The Operator warrants and covenants that its governing body has duly authorized the Operator's participation in the Pool. At the time the Operator authorizes King County to invest its funds in the Pool, the Operator warrants that those funds are not required for the Operator's immediate expenditure, consistent with RCW 36.29.020.

III. KING COUNTY IS INDEPENDENT CONTRACTOR

In providing services under this Agreement, King County is an independent contractor, and neither it nor its officers, agents or employees are employees of the Operator for any purpose.

IV. DISCLAIMER

King County makes no promises, either written or oral, regarding performance of the Pool investments. King County will attempt to obtain the highest yields available within investment policy; however, at times there may be higher yields available in other investment vehicles. The Operator understands that the Pool will be operated in accordance with Pool policies that focus on preservation of capital, liquidity and a predictable market rate of return, but that no investment is perfectly safe and losses of interest or principal invested may occur through no fault of King County or its representatives.

V. ADMINISTRATION

This agreement shall be administered by the King County Treasury Manager or his or her designee.

VI. TERM OF AGREEMENT

This Agreement shall be effective on the date it is executed. This Agreement shall renew automatically each year on the Operator's Anniversary Date (as defined below) until either party terminates per Section VIII below.

VII. AMENDMENTS

No amendment to this Agreement shall be binding unless agreed to in writing by each party.

VIII. TERMINATION

King County may terminate this agreement upon 90 days written notice. The Operator may terminate this Agreement upon at least 45 days written notice prior to the Operator's anniversary date. For purposes of this section, the Operator's Anniversary Date shall be _____. Notwithstanding this requirement, the County in its sole discretion may consider a request for expedited termination under extraordinary circumstances.

VIII. FUND PARTICIPATION EXCEPTIONS

The Operator may, by written request, exclude certain Operator funds from the Pool.

IX. ENTIRE AGREEMENT

This Agreement is the complete expression of the terms hereto and any oral representation or understandings not incorporated herein are excluded. Any modifications to this Agreement shall be in writing and signed by both parties. Waiver of any default shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of this Agreement unless stated to be such through written approval by the County, which shall be attached to the original Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this ____ day of _____, 2020.

KING COUNTY

Ken Guy, Finance Director

Dated

OPERATOR

PSERN Operator

Michael Webb, Executive Director

Dated

PSERN Operator Board of Directors

Staff Report - Agenda Item #11



Title: 2023 Operating Budget and Rate Setting Update
Meeting Date: July 28, 2022
Staff Contact: Tracy Plouse, Finance Manager
Action: Discussion

SUMMARY:

This report discusses and summarizes the direction received from the Board at the July 11, 2022 budget development workshop, which will be used to develop a draft 2023 operating budget and service fee rate proposal. This follows from the April 2022 report to the board, which identifies the need for further work and analysis to investigate and validate operating costs and address outstanding issues related to cost allocation methodology, rate stabilization fund requirements and establishment of operating and capital reserves.

BACKGROUND:

The April 2022 report titled 2023 PSERN Operating Budget and Rate Setting discussed a number of issues and considerations related to establishing the 2023 PSERN Operator operating budget and service fee rates.

Clark Nuber was engaged to perform Phase 2 Financial Advisory work and facilitated a board workshop around these issues on July 11, 2022.

ISSUES:

To develop a 2023 budget for the Board to adopt, the following issues needed to be discussed and direction given to PSERN Operator staff.

- **What cost allocation method should be used to allocate non-employee-related costs?**
- **How should rate stabilization funds be allocated?**
- **Should operating and capital reserves be established, and if so at what percentage?**
- **What period of time should the initial budget cover?**

ANALYSIS:

The following addresses the issues identified in the previous section and summarizes the direction given by the Board.

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

The **current** formula for calculating rates, as outlined in the PSERN Operator Interlocal Agreement (ILA) is as follows:

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

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

$X = [83\% \text{ of employee-related costs} + \text{annual vendor costs for radio related equipment}] / \text{annual operating budget} * 100$

$Y = [17\% \text{ of employee-related costs} + \text{annual vendor costs for radio related equipment}] / \text{annual operating budget} * 100$

It is very difficult to allocate costs to radio-related equipment and console-related equipment for the majority of expenditures. For example, when services for financial consulting are utilized, what portion of that is radio equipment related and what portion is console equipment related?

Using information from previous Operator budget development that was performed in the 2014 and 2019/2020 timeframes, the board supported staff's recommendation to develop a budget using the following cost allocation, which uses a combination of corporate/administrative and network operating expenses in place of vendor-related costs.

The **2023 budget** formula for calculating rates, is as follows:

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

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

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

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

The percentages for variables A and B should be selected to ensure blended cost allocation as close to the 78/22 split that was previously used in the original budget estimates. A draft budget incorporating this methodology will be presented to the Board at the August 2022 meeting.

It was discussed and agreed that provision for different variables A and B will be made to support the future addition of new services that should also attract an allocation of some portion of corporate/administrative expenses.

Issue 2: How should rate stabilization funds be allocated?

The original amount of funds set aside (in 2014) for rate stabilization was \$2.6 million. The intent of these funds was to offset large increases in rates for users as they transition to PSERN Operator rates. The plan was to use these funds to subsidize rates through the first 3 years of operation. It has been determined that this funding would need to now be approximately \$6.5 million to offer the originally intended subsidies using the previous methodology.

The direction provided by the board was for staff to develop 2 or 3 scenarios of how to apply the \$2.6 million as a bottom-line offset to operating expenses. Rather than providing an agency-by-agency calculation of subsidies, we would use the funds to "smooth out" or reduce service rates for all agencies, consoles and radios. These scenarios will be provided with the draft budget to be presented to the Board at the August 2022 meeting.

Issue 3: Should operating and capital reserves be established, and if so at what percentage?

The previous budgets developed in the 2014-2020 timeframe directs that 5% of total operating costs should be included in the budget and reserved for operating contingencies/emergencies. The Board directed staff

during the workshop to not include this reserve in the draft 2023 budget to be presented at the August 2022 meeting. Staff will provide the board with two scenarios - one including the reserve and without the reserve for the 2024 budget.

Regarding the development of a capital replacement reserve, the board directed that the 2023 budget should not contain any capital reserves. This will be analyzed and decided upon for future years' budgets. More information is required, such as a capital replacement schedule, valuation of capital assets and an assessment of the effect a capital replacement fund would have on user rates.

Issue 4: What period of time should the initial budget cover?

The majority of the PSERN Operator users have adopted biennial budgets. The 2023 draft budget that will be presented to the Board for approval will assume ~6 months of operation (FSA occurring in June 2023). If the Board were to adopt the 2024 budget at the same time as the 2023 budget, the PSERN Operator's budget would be in sync with most users' budgets. The Operator could then go forward and adopt biennial budgets for 2025/26, 2027/28, etc.

CONCLUSION:

The direction of the Board concerning the issues presented has been outlined in this report. A draft 2023 budget based on this input will be presented at the August 2022 Board of Directors meeting. The draft will reflect the revised cost allocation formula to calculate rates and two scenarios for the 5% operating reserve. The draft budget will not contain a provision for capital replacement. Two or three scenarios will be provided regarding the allocation of rate stabilization funds.

After Board discussion and review of the draft budget, a revision will be presented at the September 2022 meeting for review and a final version will be presented for approval at the October 2022 meeting.

PSERN Operator Board of Directors Staff Report - Agenda Item #12



Title: PSERN Operator (BoD) Workplan Update
Meeting Date: July 28, 2022
PSERN Staff Contact: Michael Webb, Executive Director
Action: Discussion

SUMMARY:

This report provides an update to the PSERN Operator's workplan to capture developments and changes since the last version was distributed to the Board at the January 27, 2022 meeting.

BACKGROUND/ANALYSIS:

The first version of this workplan was presented to the Board at its May 27, 2021 meeting and it was subsequently updated for the January 27, 2022 meeting. This version captures necessary changes since that time and reflects the Executive Director's current views of required additions, deletions and changes.

The updated workplan is provided as Appendix A of this report.

Updated items are identified in **Purple** text. **Black** text is unchanged from the May 2021 version. Reference numbers refer back to the original version of the workplan from May 2021 and have not been updated.

This version of the workplan captures startup activities to the end of 2023 and is intended to reflect transition of operational responsibility to the PSERN Operator at the end of Q2 2023.

Changes of note in the updated workplan are as follows:

CONCLUSION:

This report has provided several updates to the PSERN Operator workplan.

SUPPORTING DOCUMENTATION:

Appendix A: Updated (Q3 2022) PSERN Operator (Board of Directors) Work Plan

Responsible, Accountable, Consulted, Informed (RACI) Matrix

Definitions:

Responsible: People or stakeholders who do the work. They must complete the task or objective or make the decision. Several people can be jointly Responsible.

Accountable: Person or stakeholder who is the "owner" of the work. He or she must sign off or approve when the task, objective or decision is complete. This person must make sure that responsibilities are assigned in the matrix for all related activities. Success requires that there is only one person Accountable, which means that "the buck stops there."

Consulted: People or stakeholders who need to give input before the work can be done and signed-off on. These people are "in the loop" and active participants.

Informed: People or stakeholders who need to be kept "in the picture." They need updates on progress or decisions, but they do not need to be formally consulted, nor do they contribute directly to the task or decision.

Reference: <https://www.cio.com/article/2395825/project-management-how-to-design-a-successful-raci-project-plan.html>

Table 1 – PSERN Operator/BoD Workplan – Completed Items

#	Task	BoD	ED	Date Due or Complete	Status or Update
1	Conclude training for OPMA (for all directors and alternates)	Accountable/ Responsible	Informed	Q2/2021	Complete
2	Acquire initial insurance	Accountable	Responsible	Q2/2021	Complete
3	Hire Executive Director (see adopted Staff Hiring Methodology)	Accountable/ Responsible	Informed	Q3/2021	Complete
5	Adopt purchasing and contracting policies consistent with State Law	Accountable	Responsible	Q3/2021	Complete
6	Hire legal services	Accountable	Responsible	Q3/2021	Complete
7a	Set classifications, create job descriptions and pay levels for initial PSERN staff – ED and Administrator	Accountable	Responsible	Q3/2021	Complete
11	Acquire the Operator’s IRS EIN / Tax ID Number.	Consulted	Accountable/ Responsible	Q4/2021	Complete
13	Hire initial Operator staff – ED and Administrator	Accountable	Responsible	Q4/2021	Complete
14	Submit the New Government Intake Form to the State Auditor.	Accountable	Responsible	Q4/2021	Complete
15	Acquire business licenses for the City of Seattle and Washington State	Accountable	Responsible	Q4/2021	Complete

#	Task	BoD	ED	Date Due or Complete	Status or Update
	Engage/hire financial advisory services	Consulted	Accountable/ Responsible	Q1 2022	Complete
12	Set and adopt a PSERN staffing plan that includes the Operator's supervisory structure	Accountable	Responsible	Q1/2022	Complete
7b	Set classifications, create job descriptions and pay levels for <u>additional</u> PSERN staff – Finance Manager and Technical Operations Manager	Consulted	Accountable/ Responsible	Q1/2022	Complete
	Submit year-end report to the State Auditor (2021)	Accountable	Responsible	Q2/2022	Complete

Table 2 – Updated PSERN Operator/BoD Workplan (In-Progress & Future Items)

#	Task	BoD	ED	Date Due	Status or Update
9	Determine which services will be contracted out and what will be done in-house	Accountable	Responsible	Q3/2022	Note 1
17	Determine place of employment (office/location)	Consulted	Accountable/ Responsible	Q3/2022	Note 1
21	Set classifications, create job descriptions and pay levels for additional PSERN staff	Consulted	Accountable/ Responsible	Q3/2022	Note 2
10	Establish a fund or special fund as authorized by RCW 39.34.030	Accountable	Responsible	Q3/2022	Note 3
	Execute Cash Management Agreement with King County; Open PSERN Operator deposit account(s)	Consulted	Accountable/ Responsible	Q3/2022	Note 3
	Adopt and implement internal financial controls, policies, procedures and processes	Accountable	Responsible	Q3-4/2022	Note 3
25	Procure business suite software (financial management system)	Consulted	Accountable/ Responsible	Q3/2022 Note 2, 5	Note 3
32, 33	Set & approve operating budget, develop and communicate revised/updated service fees and rates for 2023/2024	Accountable	Responsible	Q4/2022	Note 3
22	Perform annual performance appraisals of Executive Director	Accountable/ Responsible	Consulted	Q3 Annually	Q3/Q4 2022 Note 4
23	Perform annual performance appraisals of PSERN Operator staff	Consulted	Accountable/ Responsible	Q4 Annually	Q3/Q4 2022 Note 4

#	Task	BoD	ED	Date Due	Status or Update
	Develop coordinated (Project/Operator) stakeholder communications plan.	Consulted	Accountable/Responsible	Q4/2022	
27	Determine any legislative priorities and/or work plans (2023)	Consulted	Accountable/Responsible	Q4/2022	
16	Submit year-end tax information to the City of Seattle	Accountable	Responsible	Q4 Annually	Q4 2022
31	Hire additional operator staff	Consulted	Accountable/Responsible	Q4/2022	Note 2
24	Procure an asset management and service management (ticketing) system	Consulted	Accountable/Responsible	Q1/2023	
26	Create policies for central management of encryption keys and archiving of radio templates	Accountable	Responsible	Q1/2023	
	Engage/hire security consulting services (Cyber/technical, physical, personnel) and update Security Assessment Report for PSERN Operator	Consulted	Accountable/Responsible	Q1/2023	Note 5
20	Adopt and implement information assurance controls, policies, procedures and processes	Accountable	Responsible	Q1/2023	Note 5
30	Establish a cyber security incident response plan	Consulted	Accountable/Responsible	Q1/2023	Note 5
40	Adopt policies governing the change management program (also see SLA section 5.5)	Consulted	Accountable/Responsible	Q1/2023	
28	Set after hours service (Duty Tech) policies	Accountable	Responsible	Q1/2023	
29	Develop take home vehicle policies	Consulted	Accountable/Responsible	Q1/2023	
41	Procure vehicles	Consulted	Accountable/Responsible	Q1/2023	
34	Purchase equipment: <ul style="list-style-type: none"> 1. Tools 2. Test equipment 3. Avalanche materials 4. Wildfire tools 	Informed	Accountable/Responsible	Q1/2023	
8	Determine any other services the Operator may offer to end user agencies	Consulted	Accountable/Responsible	Q2/2023	
19	Establish policies related to co-location tenants at radio sites	Accountable	Responsible	Q2/2023	
35	Develop an emergency preparedness and COOP plans	Consulted	Accountable/Responsible	Q2/2023	

#	Task	BoD	ED	Date Due	Status or Update
36	Adopt policies defining the approved equipment and subscriber radios authorized for use in PSERN	Accountable	Responsible	Q2/2023	
37	Adopt policies defining mandatory configuration settings that must be set into each authorized subscriber radio	Accountable	Responsible	Q2/2023	
38	Develop policies governing the replacement, removal, and addition of equipment under BoD control	Accountable	Responsible	Q2/2023	
39	Adopt policies related to the access of PSERN for mutual aid and/or interoperability purposes	Accountable	Responsible	Q2/2023	
42	Acquire long term insurance to support operational transition.	Accountable	Responsible	Q2/2023	
43	Establish Operating Board (ILA section 5.0) and any other committees or advisory groups as needed	Accountable	Responsible	Q2/2023	
44	Work in partnership with the end user agencies to develop and regularly report on performance and operating metrics indicating system performance as well as the PSERN Operator's ability to meet the end user agencies service requirements	Consulted	Accountable/ Responsible	Q2/2023	
45	Receive transitioned property and documents (including operational and legal documents)	Consulted	Accountable/ Responsible	Operational Transfer Date	Note 6
31	Hire remaining operator staff	Consulted	Accountable/ Responsible	Q3/2023	Note 6

* Note: Budgetary and end user rate issues may have to be set well in advance if the Operator wants to be sensitive to agencies that have biennial budget processes.

Notes:

1. During the startup phase, the PSERN Operator will acquire the following services from King County (KCIT):
 - i. Hiring/staffing and related HR services (pursuant to the Staffing Agreement)
 - ii. Information Technology (workstation, network and enterprise application) support
 - iii. Office space for administrative staff.

Use of KCIT office space will end at the point the Operator acquires its own facility in Q4 2022 (target lease execution in Q3).

2. Additional positions to be classified and/or hired in Q3/Q4 2022:

- i. Technical Operations Manager
- ii. Fiscal/Finance Specialist
- iii. Administrative Specialist
- iv. Radio Operations Supervisor
- v. IT System Specialist

Hiring will be delayed relative to January 2022 Administrative Startup and May 2022 Technical/Operational Startup plans to compensate for Project schedule delays.

- 3. Further information and updates on budget and financial startup are provided in July 2022 Board meeting package.
- 4. King County does performance appraisals for all staff in Q4 (due 10/15), however the Board can elect to do this earlier.
- 5. Further consulting work related to privacy and security has been delayed due to project schedule delays and other priorities. A report to the Board will be targeted for February 2023.
- 6. PSERN Operator staffing is targeted to be complete shortly after the date of transfer of operational responsibility (and commencement of PSERN service fees), currently assumed to be the end of Q2/2023.