

RESOLUTION 198

RESOLUTION OF THE GOVERNING BOARD OF NORCOM ADOPTING THE 2022 BUDGET

WHEREAS, the legislative bodies of each Principal and Subscriber have approved their respective allocations for NORCOM's 2022 budget; and

WHEREAS, on August 13, 2021 the Governing Board held a public hearing on NORCOM's 2022 budget;

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of NORCOM as follows:

Section 1. 2022 NORCOM Budget. The 2022 NORCOM Budget, attached hereto and incorporated as Exhibit A, is approved for distribution to the Participating Agencies as required in the Interlocal Agreement.

Section 2. Summary of 2022 NORCOM Budget. A summary of the 2022 Budget is as follows:

	Operating	Capital Projects	Equipment Replacement	Operating Exp. Res.	E-911 Escrow	Rate Stabilization	Total All Funds
2022 Beginning Fund Balance	-	297,485	343,323	160,751	83,371	807,041	1,691,971
Total 2022 Revenues	12,876,410	-	-	-	1,166,691	-	14,043,101
Total 2022 Expenditures	13,793,101	482,334	300,000	-	-	-	14,575,435
Transfer Activities	916,691	500,000	50,000	-	(1,166,691)	(300,000)	-
Total Fund Resources	-	315,151	93,323	160,751	83,371	507,041	1,159,637

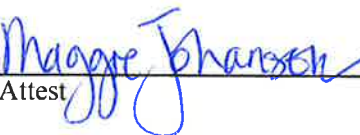
Section 3. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

Passed by a majority vote of the Governing Board in an open public meeting on this 10th day of December, 2021.

Signed in authentication thereof on this 10th day of December, 2021.



Chair



Attest

Resolution 198
Adopting the 2022 Budget

**NORTH EAST KING COUNTY
REGIONAL PUBLIC SAFETY
COMMUNICATIONS AGENCY**



2022 ADOPTED BUDGET

December 10, 2021

PHONE: (425) 577-5700 • www.norcom.org • PO BOX 50911, BELLEVUE, WA 98015-0911

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Message from the Executive Director

December 10, 2021

To: NORCOM Governing Board

The 2022 Budget is the by-product of highly inclusive and transparent collaboration between the agencies we proudly serve, the NORCOM Finance Committee, the NORCOM Governing Board and NORCOM staff.

The 2022 budget continues to build upon the primary goals of increased financial stability, reasonable and defensible financial policies, appropriate and equitable project funding, and fiscal transparency. More specifically, our efforts continue to proactively identify and plan for reductions in 911 surcharge tax revenue, replacement of aging infrastructure, projected increases in radio costs, managing current technology needs and associated costs, and the migration to new Next Generation 911 technologies. Additionally, staff remains watchful of the budgetary impacts of regional projects such as the new 911 PSAP phone system, legislative impacts such as the federally mandated 988 crisis line, and the growing conversation regarding the PSAP role in responding to people in crisis.

The 2022 budget preparation has posed unique challenges and considerations. In addition to fiscal considerations, the ongoing pandemic, shifting societal expectations of traditional service delivery, and staffing challenges impacted the budget process. While such challenges have required increased nimbleness and an adaptive mindset, our core mission to provide our agencies and communities with truly excellent and empathetic service remains unchanged.

We are committed to working collaboratively with the NORCOM Governing Board to further our collective mission of service to our communities.

Thank you for your continued dedication to the NORCOM model and your support, patience, and guidance.

Respectfully,

William Hamilton
Executive Director
NORCOM 911

Our mission is to be a caring and trusted Servant to those who Need Help and those who provide help.

Agency Overview

Mission, Vision and Values Statements

The **Core Mission** of the North East King County Regional Communication Agency (NORCOM) is to be a caring and trusted servant to those who need help and those who provide help.

The **Core Values** include:

- Deliver Excellent Service to the Public.
- Provide a Good Value: effective service while using resources wisely. Be Efficient.
- Customer Service: Provide the best possible service to the public, to agencies, and other public safety service providers. Be Responsive.
- Participatory Governance: We give all participating agencies and agency members a voice in operating decisions of the agency. Work Together.
- Promote Interagency Collaboration and Interoperability: We will be good neighbors. Be Open.
- Consider the future: We will continuously adapt to the needs of the public and customer needs. Be Innovative.

Legal Organization and Governance

The North East King County Regional Public Safety Communications Agency (NORCOM) officially organized on November 7, 2007 as a Washington not-for-profit corporation created by in Interlocal Agreement among the City of Bellevue, City of Bothell, City of Clyde Hill, City of Kirkland, City of Medina, City of Mercer Island, City of Snoqualmie, King County Fire District #45 (Duvall), Eastside Fire and Rescue, King County Fire District #27 (Fall City), Northshore Fire, Shoreline Fire, King and Kittitas Counties Fire District #51 (Snoqualmie Pass Fire and Rescue) and Woodinville Fire and Life, as authorized by the Interlocal Cooperation Act under Chapters 24.06 and 39.34 of the Revised Code of Washington.

On July 1, 2009, NORCOM answered its first 911 call as a consolidated dispatch agency.

In 2021, NORCOM is comprised of 6 police agencies and 14 fire agencies. The total population served by these agencies is 738,491 residents, which does not include commuters and visitors to the area every day. The service area is approximately 714 square miles, situated primarily in the northern and eastern portions of King County. NORCOM's northern border stretches into parts of Snohomish County, with services provided by Shoreline and Bothell Fire departments. The most southern portion of NORCOM's service area is the City of Normandy Park, located in the southwest part of King County. The most easterly part of NORCOM's service area stretches into parts of Kittitas County.

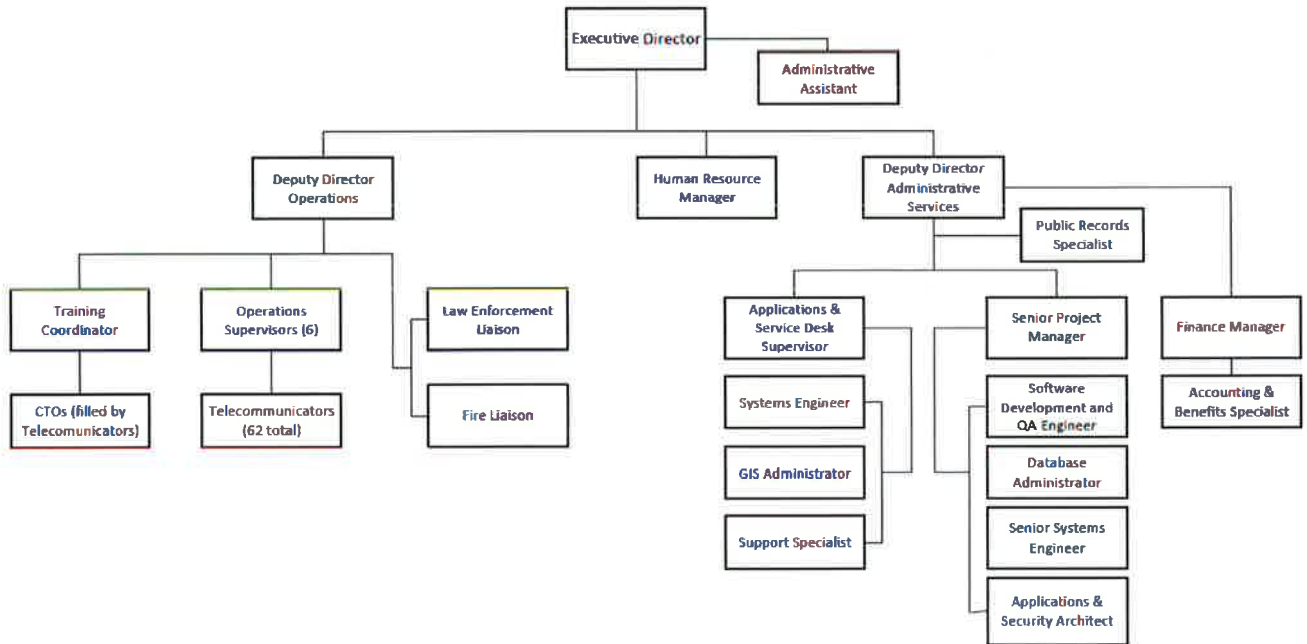
NORCOM is governed by the Governing Board, comprised of the Chief Executive Officer of each Principal Agency or their designee.

Principal members of the Governing Board are:

Agency	Principal Member	Title
City of Bellevue	Nathan McCommon	Deputy City Manager
City of Bothell	Bruce Kroon	Fire Chief
City of Clyde Hill	Dawn Hanson	Police Lieuteant
Duvall Fire District #45	Josh Erskine	Fire Chief
Eastside Fire and Rescue	Jeff Clark, Chair	Fire Chief
Fall City Fire District #27	Brian Culp	Fire Chief
City of Kirkland	Beth Goldberg, Vice Chair	Deputy City Manager
City of Medina	Steve Burns	Police Chief
City of Mercer Island	Ed Holmes	Police Chief
City of Normandy Park	Dan Yourkoski	Police Chief
Northshore Fire District	Doug McDonald	Interim Fire Chief
City of Redmond	Adrian Sheppard	Fire Chief
Shoreline Fire Department	Matt Cowan	Fire Chief
Skykomish Fire District #50	James Knisley	Fire Chief
City of Snoqualmie	Rick Rudometkin	City Administrator
Snoqualmie Pass Fire District	Jay Wiseman	Fire Chief
Woodinville Fire and Life	Jeff Clark	Fire Chief

To assist the board with fiscal duties and responsibilities, the Board created a Finance Committee. The finance committee is an advisory committee, comprising of employees of NORCOM's principals and subscribers. Chief Officers or designees of principals and subscribers may appoint an employee to the Committee for participation.

Organization Chart



Budget Overview

The NORCOM budget process is part of an overall policy framework that guides the services and functions of NORCOM. The budget serves a key role in that policy framework by allocating financial resources to support the Core Values and Goals set by NORCOM leadership and the Governing Board. Developing the annual budget is an ongoing process that begins as soon as the Final Budget for the prior year is approved.

Budget Planning

Budget planning begins with the creation of a budget schedule presented to the NORCOM leadership team. Once finalized, the schedule is presented to the Board for approval. Budget templates are sent to the leadership team to capture budget requests for the upcoming fiscal year. The requests are reviewed and compiled into a comprehensive budget document reviewed by the NORCOM leadership team.

After the proposed budget has been reviewed and balanced by the leadership team, it is presented to the Finance Committee for feedback and approval.

Comments from the Finance Committee are considered and incorporated into the proposed budget. The updated budget proposal is then presented to the Governing Board. Feedback is incorporated into a final budget document for their approval.

Below are the Agency's budget action dates for the 2022 budget creation:

Date	Action
March 12	Governing Board approves budget policy for fiscal year 2022
August 13	Governing Board approves 2022 NORCOM Operating Budget
September 10	Governing Board approves 2022 NORCOM Budget
December 10	Governing Board adopts 2022 NORCOM Budget

Budget Goals and Policies

NORCOM strives to provide a financial base sufficient to sustain high-quality emergency communication services to the public and its customers. This base includes the ability to withstand local and regional economic hardships sustained by our participating agencies.

As fiscal conditions and circumstances continually shift and change in response to operating needs, it may not be practical or always desirable to continually achieve these policies. Therefore, these policies are intended to guide, not govern, financial decision-making and may not be fully achieved within any budget period.

Primary budget goals for 2022 are:

- To provide a financial base sufficient to sustain reliable, high-quality, resilient emergency service communications for police, fire, and emergency medical services.
- To withstand any local and regional economic hardships sustained by our participating and subscribing agencies and adjust to changes in their service level requirements.

- To begin preparation to support anticipated required capital projects.

Key budget policies that drove the development of the 2022 budget include:

Operating Budget Policies

- NORCOM defines a balanced budget as current annual revenues (including fund balances) equal to or greater than current annual expenditures.

Revenue Policies

- “Other” Revenues shall be realistically estimated and based upon the most recent information available.
- NORCOM follows a vigorous policy of collecting revenues.
- NORCOM avoids dependence on temporary or unstable revenues to fund ongoing mission-critical services.

Expenditure Policies:

- The NORCOM budget provides a sustainable level of service for the well-being of employees and the safety of the emergency service providers.
- Emphasis is on improving individual and workgroup productivity through policy, procedure, training, and technology before adding to the workforce. NORCOM will invest in technology and other efficiency tools to maximize productivity.

Capital Projects and Equipment Repair & Replacement (ER&R)

- NORCOM maintains its assets at an acceptable level to protect capital investment and minimize future maintenance and replacement costs.
- NORCOM conducts equipment maintenance, repair, and replacement needs analysis, using a cash flow method, for the next several years and updates this projection every two years. From this projection, a maintenance and replacement schedule will be developed and followed.
- Equipment Replacement will be fully funded according to the cash flow schedule to minimize significant increases in user fees from year to year resulting from acquisition or replacement of capital and to fund the timely replacement of aging technology, equipment, and systems.
- NORCOM will identify the estimated initial and ongoing costs and potential funding sources for each capital project proposal before submitting it for approval.
- NORCOM will coordinate the development of the Capital Projects budget with the development of the operating budget. Future operating costs associated with new capital projects will be projected and included in operating budget forecasts.

Operating Reserves and Contingencies:

- NORCOM Leadership analyzes future needs or plans for reserve funds by developing a minimum of 2-year forecasting of Operating, Capital, and ER&R activities to the Finance Committee.
- Per section 12h of the ILA, each budget year, the Governing Board shall set the Operating Expense Reserve at a level that ensures funds are on hand to reasonably address unforeseen operating

contingencies. NORCOM's goal is to maintain the Operating Expense Reserve at a level equal to 5-10% of the total Operating Budget.

Financial Summary

**NORCOM Budget
2022 Financial Summary¹**

NORCOM Budget Description	Operating	Capital Projects	Equipment Replacement	Operating Exp. Res.	E-911 Escrow	Rate Stabilization	Total All Funds
Estimated Beginning Balance	\$ -	\$ 297,485	\$ 343,323	\$ 160,751	\$ 83,371	\$ 807,041	\$ 1,691,971
Revenue:							
From Participating Agencies	12,580,410	-	-	-	-	-	\$ 12,580,410
E-911 Revenue	-	-	-	-	1,166,691	-	\$ 1,166,691
Miscellaneous Revenues	296,000	-	-	-	-	-	\$ 296,000
Interest Earnings	-	-	-	-	-	-	\$ -
Total Revenue	12,876,410	-	-	-	1,166,691	-	14,043,101
Total 2020 Resources	\$ 12,876,410	\$ 297,485	\$ 343,323	\$ 160,751	\$ 1,250,062	\$ 807,041	\$ 15,735,072
Expenditures							
Salaries & Wages	8,088,573	-	-	-	-	-	8,088,573
Personnel Benefits	2,926,544	-	-	-	-	-	2,926,544
Operating Services & Supplies	2,777,984	-	-	-	-	-	2,777,984
Capital Outlays	-	482,334	300,000	-	-	-	782,334
Total Expenditures	\$ 13,793,101	\$ 482,334	\$ 300,000	\$ -	\$ -	\$ -	\$ 14,575,435
Transfers:							
Transfers In	1,166,691	500,000	50,000	-	-	-	1,716,691
Transfer Out:							
To Operating	-	-	-	-	1,166,691	-	1,166,691
To Capital Projects	200,000	-	-	-	-	300,000	500,000
To ER & R	50,000	-	-	-	-	-	50,000
Transfers In less Transfers out	\$ 916,691	\$ 500,000	\$ 50,000	\$ -	\$ (1,166,691)	\$ (300,000)	\$ -
2022 Ending Fund Balance	\$ -	\$ 315,151	\$ 93,323	\$ 160,751	\$ 83,371	\$ 507,041	\$ 1,159,637
Change in Fund Balance	\$ -	\$ 17,666	\$ (250,000)	\$ -	\$ -	\$ (300,000)	\$ (532,334)

¹ The 2022 Estimated beginning and ending fund balance may change after carry forward impacts of 2021 budget activities.

2022 Resources

Resources are comprised of estimated beginning fund balances and revenues. Revenues include fees collected from Participating Agencies, E-911 Revenue, Miscellaneous Revenues, and Interest Earnings.

Total revenue for the fiscal year 2022 budget is estimated to be \$14,043,101. This includes \$1,116,691 in E-911 Revenue, \$12,580,410 in Participating Agency Fees, and \$269,000 in miscellaneous revenues.

Through the functional distribution methodology, 2022 participation fees are:

					2021	2022	Increase/ (Decrease)	Percent Change
2021 User Fees - Budget Cost	Dispatch Law	Data Radio	Dispatch Fire	Call Receiver	Total	Total		
Bellevue Police	1,236,423	773,127		1,785,942	3,599,869	3,795,492	195,623	5.4%
Clyde Hill Police	37,356	4,786		53,958	85,025	96,100	11,075	13.0%
Kirkland Police	889,001	361,768		1,284,110	2,327,825	2,534,878	207,054	8.9%
Medina Police	25,612	2,925		36,995	58,902	65,533	6,631	11.3%
Mercer Island Police	203,950	43,875		294,594	539,114	542,419	3,305	0.6%
Normandy Park Police	42,576	30,978		61,499	123,831	135,053	11,222	9.1%
Total Police	2,434,918	1,217,459	-	3,517,098	6,734,565	7,169,475	434,910	6.5%
Bellevue Fire			908,734	516,733	1,309,412	1,425,466	116,054	8.9%
Bothell Fire			293,872	167,104	414,726	460,976	46,250	11.2%
Duvall Fire			46,744	26,580	66,309	73,324	7,016	10.6%
Eastside Fire and Rescue			475,357	270,302	684,986	745,659	60,672	8.9%
Eastside on behalf of Woodinville Fire			130,386	74,141	192,807	204,528	11,721	6.1%
Fall City Fire			21,916	12,462	33,859	34,379	520	1.5%
Kirkland Fire			362,480	206,117	532,343	568,596	36,254	6.8%
Mercer Island Fire			114,836	65,299	165,920	180,135	14,215	8.6%
Northshore Fire			135,521	77,061	196,608	212,583	15,974	8.1%
Redmond Fire			415,974	236,535	625,724	652,508	26,785	4.3%
Shoreline Fire			480,015	272,951	696,075	752,966	56,891	8.2%
Skykomish Fire			13,129	7,465	19,136	20,594	1,458	7.6%
Snoqualmie Pass Fire			15,167	8,624	29,409	23,791	(5,618)	-19.1%
Snoqualmie Fire			35,336	20,093	52,235	55,429	3,194	6.1%
Total Fire	-	-	3,449,467	1,961,467	5,019,550	5,410,935	391,385	7.8%
Agency Total	2,434,918	1,217,459	3,449,467	5,478,566	11,754,115	12,580,410	826,295	7.0%

2022 Expenditures

Expenditures are identified in each fund as Salaries & Wages, Personnel Benefits, Operating Services & Supplies and Capital Outlays.

Expenditures for the fiscal year 2022 budget is estimated to be \$14,575,435, making a balanced budget.

- \$260,878 (2.4%) increase in Salaries, Wages and Benefits has been included.
- \$87,870 (3.3%) increase in Operating Services & Supplies
- Capital project funding increased by \$78,834 (20%) due to two approved projects for 2022.
- Overall expenditures are up by \$725,211 (5.2%) due to the increase in approved capital projects.

2022 Transfers

Transfers are accounted for in each fund to accurately reflect resources and expenditures of each fund while considering transfer activity between funds.

The Finance Committee recommended a transfer of \$50,000 from the Operating Fund into the Equipment Repair and Replacement Fund to help support future anticipated expenses in that fund. A \$200,000 transfer from the Operating Fund into the Capital Project fund was approved for the funding of two capital projects- Single CAD Migration and Shield Force Implementation. A \$300,000 transfer from the Rate Stabilization fund into Capital Projects was approved to support the Alpha Numeric Paging system replacement or upgrade.

Transfers include the full amount of anticipated E-911 Revenue from the Escrow Fund into the Operating Fund, leaving an E911 Escrow balance of \$83,371.

Operating Fund

Fund Overview and Drivers

The Operating Fund is the major fund that supports operating costs. All current operating expenditures are paid through the collection of participant fees, agency reimbursements, and regular grants- such as the King County EMS Performance program.

Significant operating expenditures include personnel costs, facility leases, and technology costs. Key drivers impacting the 2022 budget are:

Revenues outside of Subscriber revenues

Outside of its subscriber fees, NORCOM receives grant funds, IT services fees, and software reimbursements. These revenues are used to offset operating expenditures in the fee distribution calculation to NORCOM's member agencies. NORCOM anticipates a decrease in outside revenues of \$250,000 (45%) from 2021:

- The Next Generation 911 grant program is scheduled to end in February 2022. NORCOM was awarded \$550,000 in federal awards to help develop its RAADAR system. No reimbursements are budgeted in 2022.
- After review of IT staff availability to perform IT services to subscribing agencies on a reimbursement basis, it was determined staff would have more responsibilities associated with NORCOM's capital projects. Estimated revenue reduction is \$20,000.
- NORCOM receives funding from the King County EMS levy, which renewed in 2021. As part of the renewal, the contract was revised and NORCOM's allocation was reduced. Revenue reduction has been estimated to be \$65,000 annually.

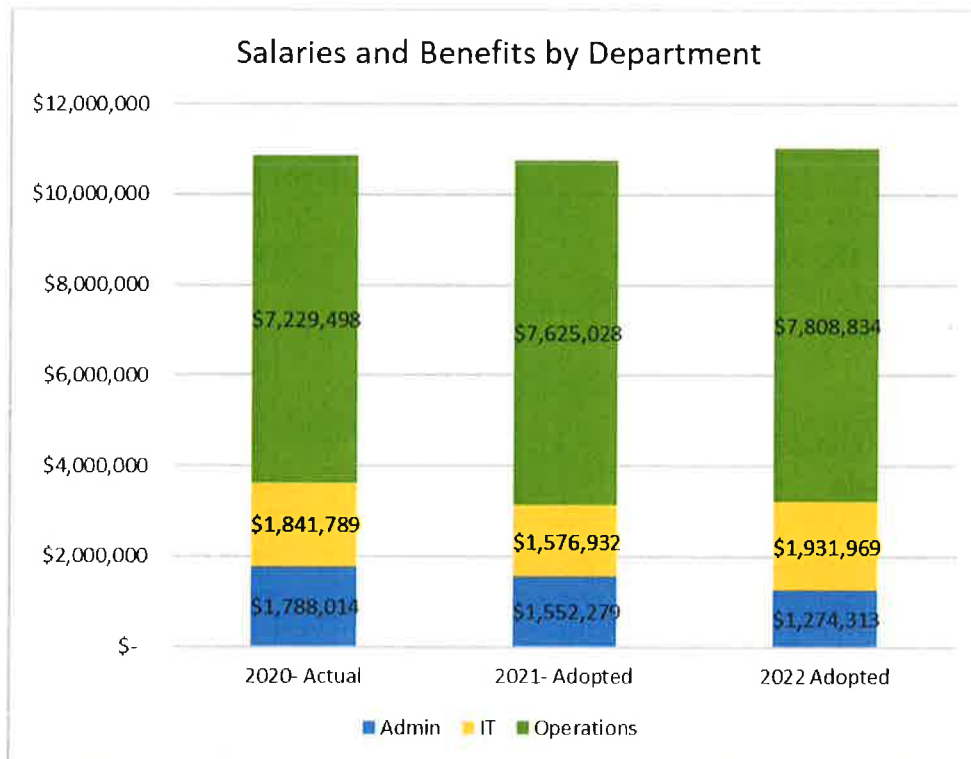
Personnel

Salaries and benefits are the largest portion of NORCOM's operating budget at 80% operating expenditures:

- Staff levels remain the same at 9 Admin FTE, 7 Supervisors, 62 Telecommunicators and 10 IT FTE.

- As a member of the Associated Cities of Washington (AWC) Employee Benefit Trust, NORCOM provides employees with medical, dental and vision insurance plan options. NORCOM pays 100% of employee coverage, and 80% of employee dependents.
- NORCOM employees are provided the following additional benefits: PERS, Municipal Employee's Benefits Trust (social security alternative program), Long Term Care Insurance, Individual Life Insurance packages, Long Term Disability insurance.
- Budgeted overtime increased by 45% compared to the prior year. NORCOM anticipates continued vacancies due to the impacts of COVID-19 to the regions labor market, and NORCOM's hiring & recruiting practices, resulting in higher overtime costs.

Salaries and benefits by department are as follows:



Facility Leases

NORCOM leases its main operating location, radio sites and some equipment representing 6% of operating budget:

- NORCOM anticipates a 3% increase in its lease for its main operating facility located in Bellevue City Hall.
- King County conducted an inventory of radio sites, and reviewed leasing amounts it charges for these sites. NORCOM has 14 radio sites leased from King County with an average annual lease of \$5,000 per site.

Technology

A significant portion of non-personnel operating expenditures, NORCOM incurs annual maintenance fees or annual support services for most software licenses used, representing 9.1% of operating expenditures.

- Although a capital project is planned to migrate NORCOM’s fire agencies to the Tyler Computer Aided Dispatch (CAD) System, the operating budget plans for continued maintenance for two CAD systems. Estimated annual fees for both systems total \$788,340, or 28% of the Operating Services and Supplies budget. Inclusion of both costs was approved to ensure implementation of the migrate will be thorough and adequate time has been allowed to properly implement.
- NORCOM continuously assesses the technology software and services used throughout the year to verify usefulness and efficiency. There are no significant changes planned in the services and software used in 2022 from the prior year.

Fund Detail

The following is a breakdown of budgeted personnel expenses in 2022:

	2020	2021	2022
	Actual	Adopted	Adopted
Salaries & Wages - Regular	\$ 7,793,727	\$ 7,642,742	\$ 7,846,168
Salaries & Wages - Overtime	240,536	167,586	242,405
Professional Reimbursements	4,545	-	4,200
Medical	1,114,230	1,119,908	1,169,166
Dental	90,356	96,868	98,425
Vision	11,923	12,850	13,080
Long-Term Care	6,570	6,600	6,600
Medicare	108,772	113,434	117,345
MEBT	511,198	461,061	474,832
Life	7,693	7,142	7,128
LTD	12,424	12,040	12,604
PERS	969,250	1,005,972	881,324
Washington FMLA	11,824	16,302	16,478
Unemployment	51,906	79,288	90,200
Workers Comp	16,760	12,447	35,162
Total Personnel	\$ 10,951,713	\$ 10,754,239	\$ 11,015,117

Operating expenses are budgeted as follows:

	2020 Actual	2021 Adopted	2022 Proposed
Advertising	7,999	10,000	5,000
Bank Fees	124	50	250
Cellular,Pager & Radio Svcs	47,104	50,588	51,816
Computer Hardware-Non Capital	27,709	10,100	10,000
Consumable Goods	6,556	5,830	9,950
Dues & Memberships	5,121	9,450	11,685
Equipment Leases	19,118	19,500	20,520
Facility Lease	602,982	670,456	696,952
Financial Audit	-	23,000	23,230
Hosted Services	159,575	118,123	116,721
HR Services	7,909	65,500	63,000
Insurance	82,911	80,000	75,000
Legal Services	324,268	140,000	125,000
Local Travel/Training/ Mileage	2,436	6,450	9,000
Network Service	23,855	21,142	29,091
Office Furniture	6,025	7,750	7,750
Office Supplies	9,019	7,600	8,000
Operating Supplies	10,620	2,350	4,000
Parking Lease	64,272	82,800	61,524
Payroll Services	12,861	29,700	25,000
Postage	966	1,000	750
Printing	2,149	1,100	1,100
Professional Services	216,322	31,440	33,650
Publications	295	800 -	
R&M - Network Equipment	93,194	143,390	138,137
R&M - Office Equipment	554	5,000	5,000
R&M - Software Maintenance	985,228	907,445	1,014,392
Radio Site Lease	7,827	52,317	52,177
Recruitment Supplies	-	2,000	2,000
Small Tools & Minor Equipment	3,148	14,750	14,750
Software/Licensing	60,805	93,004	102,440
Telephone Services	56,258	46,100	46,100
Training/Conf Registrations	5,639	3,000	3,500
Training/Conf Registrations/ Travel		5,750	10,500
Total Operating	\$ 2,898,318	\$ 2,667,485	\$ 2,777,984

Capital Projects Fund

Fund Overview and Drivers

The purpose of the Capital Projects Fund is to track projects typically lasting more than one year. This fund supports projects approved by the Board as identified by agency leadership and the Fire and Police Stakeholder groups.

Fund Detail

2022 capital projects and the approved project costs are as follows:

- **Single CAD Migration:** The Single CAD Migration project was approved by the Fire Chiefs and the NORCOM Board. Planned implementation costs for the project are \$282,000. Costs include services and license fees, vendor costs for additional interfaces and connections, and staff overtime.
- **Shield Force:** Shield Force allows an officer to use their phone or tablet to perform many of the complex functions they currently utilize via Tyler Mobile in their vehicles. Shield Force also provides an enterprise licensing arrangement that would negate any significant cost for future individual mobile licensing accounting.

Planned implementation costs for Shield Force are \$200,600.

- **Alpha Numeric Paging System Replacement:** NORCOM currently uses SNO911's backbone (SERS) system for fire numeric paging. The system is approximately 10 years old and no longer supported. The system has experienced failures with unprecedented frequency. The project is still in early stages and NORCOM is exploring all options to determine the best plan for replacement. To ensure the project is adequately funded, a transfer of \$300,000 to the Capital Project Fund was adopted, earmarked for future required spending for this project.

Funding

Funding for the Capital Projects Fund has been funded with transfers of ending balances from other funds, or from project approvals through the budget process:

2022 NORCOM Budget			
Capital Projects Fund Financial Summary			
	2020 Actual	2021 Amended	2022 Adopted
Beg Fund Balance	\$ 999,491	\$ 638,154	\$ 297,485
Transfers In	\$ -	-	
From Operating Fund	\$ -	-	200,000
From Rate Stabilization Fund	\$ -	-	300,000
Total Resources	\$ 999,491	638,154	\$ 797,485
Expenditures:			
2020: Disaster Recovery	\$ 342,080	-	
2021: Backup Center		340,669	
Single CAD	\$ -	-	278,651
Shield Force	\$ -	-	200,600
Alpha Numeric Paging	\$ -	-	-
Transfers Out	\$ 19,257	-	-
Total Expenditures	\$ 361,337	340,669	479,251
Ending Fund Balance	\$ 638,154	\$ 297,485	\$ 318,234

Equipment Replacement & Reserve Fund

Fund Overview and Drivers

NORCOM strives to ensure that the Equipment Replacement Reserve is fully funded while minimizing large increases in User Fees from year to year due to the acquisition or replacement of capital and/or equipment items.

Biggest Drivers for ER&R costs in 2022:

- \$52,000 in replacements for computers and computer equipment, including Location computers located in fire stations served by NORCOM. Half of our laptops and desktops are over five years old. NORCOM has budgeted to replace a portion of the full fleet over the course of the next three years.
- \$112,536 of network equipment replacement.

Funding

Funding for the Equipment Replacement and Reserve Fund has utilized transfers of ending balances from other funds, or from project approvals through the budget process:

2022 NORCOM Budget			
Equipment Replacement Fund Financial Summary			
	2020 Actual	2021 Amended	2022 Adopted
Beg Fund Balance	\$ 716,361	\$ 696,823	\$ 343,323
Transfers In	\$ -	50,000	50,000
From Operating Fund	\$ -	-	-
Total Resources	\$ 716,361	746,823	\$ 393,323
Expenditures:			
Capital Outlays	\$ 19,538		
Network Costs		355,500	246,151
Radio Site Maintenance		5,000	
Desktops/Laptops/Monitors		43,000	53,849
Total Expenditures	\$ 19,538	403,500	300,000
Ending Fund Balance	\$ 696,823	\$ 343,323	\$ 93,323

Operating Expense Reserve

Fund Overview and Drivers

Per section 12h of the ILA, each budget year the Governing Board shall set the Operating Expense Reserve at a level that ensures funds are on hand to reasonably address unforeseen operating contingencies. NORCOM's policy is to maintain an Operating Expense Reserve at a level equal to 5% of the total

Operating Budget. For the purpose of determining Operating Expense Reserve funding, the Governing Board defines the Operating Budget as the operating fund expenses less salaries, benefits, and one-time expenses.

There are no transfers planned in 2022.

E-911 Escrow

Fund Overview and Drivers

The King County E-911 office collects excise taxes for wireline, wireless, and VoIP services. All Public Safety Answering Points (PSAPs) in King County receive distributions from the King County E-911 office upon request.

These funds are used to offset the cost of operations and are transferred to the operating fund as necessary.

In 2018, through an extensive review process, the E-911 office adjusted the formula from which PSAP distributions are calculated. In 2020, NORCOM's E-911 funding was reduced by 8.5%. Funding will be unchanged from 2021 to 2022 however additional reductions are planned in 2023 and beyond. When compared to the revenues levels made before the formula adjustment, NORCOM will receive nearly \$3.5M less between 2020 and 2026.

Fund Forecasts

2020 Actual	2021 Adopted	2020 Adopted	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
\$ 1,393,239	\$ 1,166,691	\$ 1,166,691	\$ 1,033,897	\$ 803,613	\$ 761,793	\$ 722,523

Rate Stabilization

Fund Overview and Drivers

The Rate Stabilization fund was created in 2012 and is funded through one-time revenues, new agency assessments/fees, ending fund balance or other sources deemed appropriate by the Governing Board. In 2017, the Board determined that a portion of these funds could be used to offset the changes in agency rates due to the new functional distribution formula.

A transfer of \$300,000 to the Capital Project Fund has been adopted to ensure adequate funding for the Alpha Numeric Paging System Replacement project.