

RESOLUTION 203

RESOLUTION OF THE GOVERNING BOARD OF NORCOM ADOPTING THE 2023 BUDGET

WHEREAS, the legislative bodies of each Principal and Subscriber have approved their respective allocations for NORCOM's 2023 budget; and

WHEREAS, on August 12, 2022 the Governing Board held a public hearing on NORCOM's 2023 budget;

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

Section 1.2023 NORCOM Budget. The NORCOM 2023 Adopted 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 2023 NORCOM Budget. A summary of the 2023 Budget is as follows:

	Operating	Capital Projects	Equipment Replacement	Operating Exp. Res.	E-911 Escrow	Rate Stabilization	Total All Funds
2023 Beginning Fund Balance	-	402,628	251,404	160,751	85719	507041	1,407,543
Total 2023 Revenues	13,384,126	377,412	-	-	1,470,055	-	15,231,593
Total 2023 Expenditures	14,826,150	807,803	131,500	-	-	-	15,765,453
Transfer Activities	1,442,055	28,000	-	-	(1,470,055)	-	-
Total Fund Resources	31	237	119,904	160,751	85,719	507,041	873,683

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 9th of December, 2022.

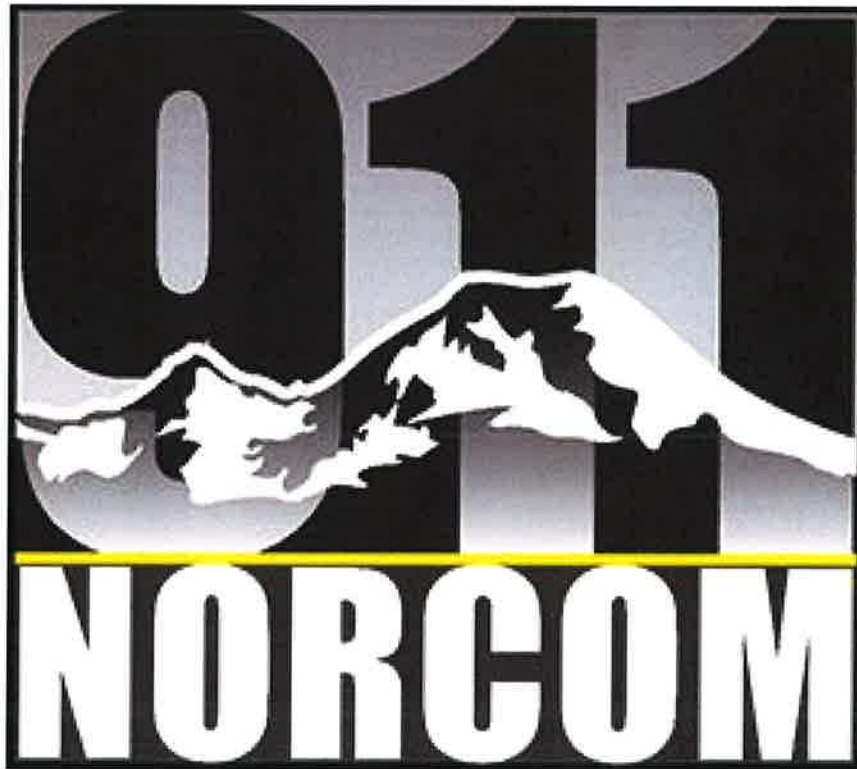
Signed in authentication thereof on this 9th day of December, 2022.


Chair


Attest

Resolution 203
Adopting the 2023 Budget

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



**2023 ADOPTED BUDGET
DECEMBER 9, 2022**

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



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Message from the Executive Director

The 2023 Budget is the product of strong collaboration between the agencies we proudly serve, the NORCOM Finance Committee, the NORCOM Governing Board, and NORCOM staff. The budget continues to build upon the core goals of financial stability, reasonable and defensible fiscal policies, appropriate and equitable project funding, and fiscal transparency.

The budget also recognizes current inflationary concerns and seeks to reduce year-to-year volatility through a multi-year financial vision and increased predictability in customer rates.

Most specifically, the 2023 budget addresses the replacement of aging Fire Agency paging infrastructure, migration to new Police and Fire software solutions, increased labor costs, emergency radio costs, current technology needs, and the continued migration to new Next Generation 911 technologies. Additionally, staff remains watchful of the budgetary impacts of ongoing regional projects such as the new 911 PSAP phone system and the PSERN radio system.

While financial forecasting and related expenditures are problematic in the current economic environment, the NORCOM Governing Board continues to make difficult decisions in support of the shared mission of providing our agencies and collective communities with excellent service.

Thank you for your continued dedication to the NORCOM model and the communities served.

Respectfully,

A handwritten signature in black ink, appearing to read 'William Hamilton', with a long, sweeping horizontal line extending to the right.

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 Statement

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:

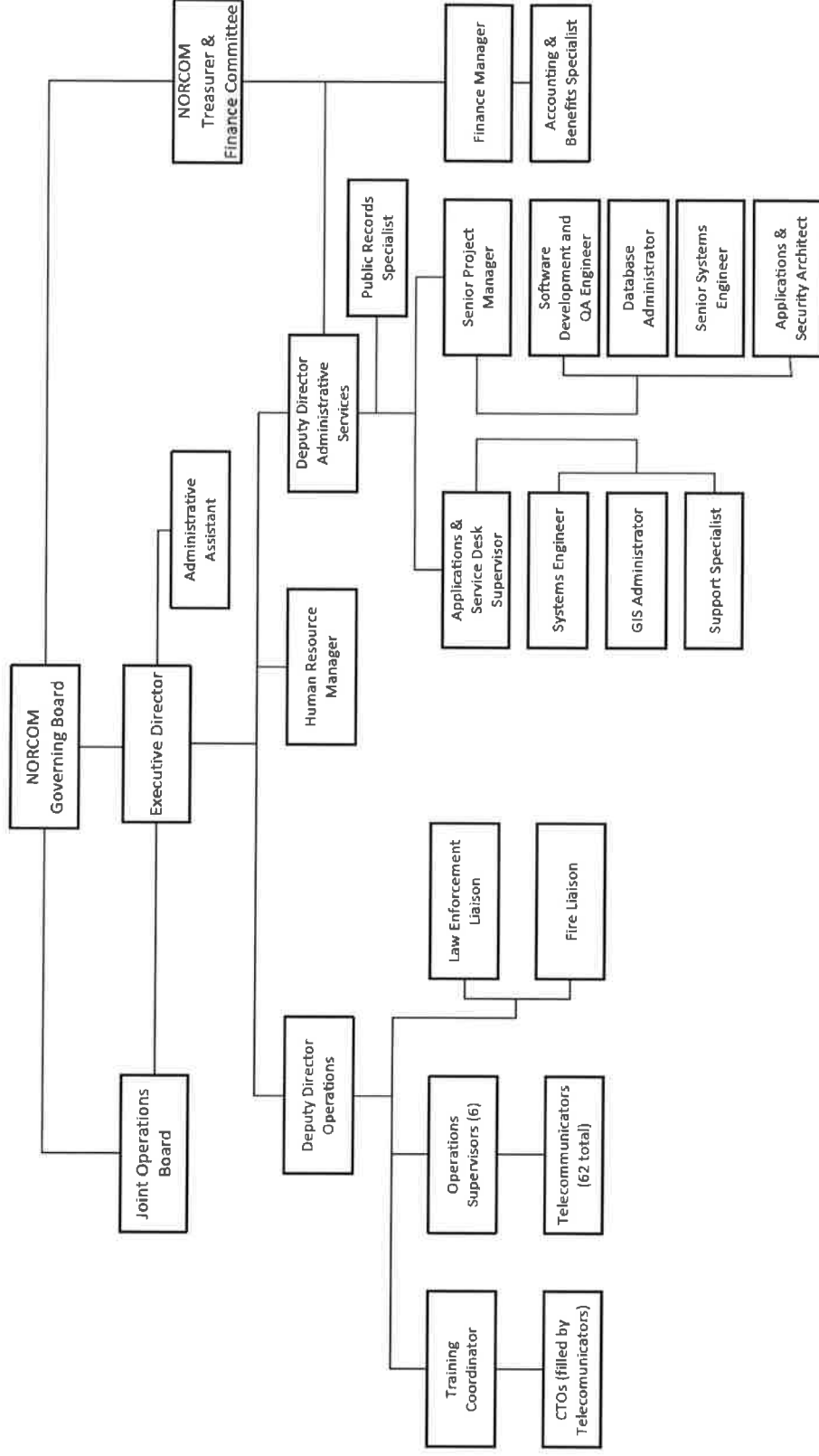
Agency	Principal Member	Title
City of Bellevue	Nathan McCommon	Deputy City Manager
City of Bothell	Bruce Kroon	Fire Chief
City of Clyde Hill	Kyle Kolling	Police Chief
Duvall Fire District #45	Josh Erskine	Fire Chief
Eastside Fire and Rescue	Ben Lane	Fire Chief
Fall City Fire District #27	Brian Culp	Fire Chief
City of Kirkland	Beth Goldberg, Chair	Deputy City Manager
City of Medina	Jeff Sass, Vice-Chair	Police Chief
City of Mercer Island	Ed Holmes	Police Chief
City of Normandy Park	Dan Yourkoski	Police Chief
Northshore Fire District	Matt Cowan	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	Mark Correia	City Administrator
Snoqualmie Pass Fire District	Jay Wiseman	Fire Chief
Woodinville Fire and Life	Ben Lane	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

NORCOM Organizational 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 vital role in that policy framework by allocating financial resources to support the Core Values and Goals set by NORCOM leadership and the Governing Board. NORCOM utilizes an accrual basis of budgeting, identical to its basis of accounting.

Developing the annual budget is an ongoing process that begins as soon as the final budget is approved for the prior year.

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. 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 for a one-year term.

Comments from the Finance Committee are considered and incorporated into the proposed budget. The updated budget proposal is then presented to the Governing Board. General public has an opportunity to provide input during Governing Board meetings under the public comment agenda items. Feedback is incorporated into a final budget document for their approval.

Below are the Agency's budget action dates for the 2023 budget creation.

Date	Action
March 11	Governing Board approves budget policy for the fiscal year 2023
August 12	Governing Board approves 2023 NORCOM Operating Budget
September 9	Participating Agencies advised of budget and user fees
December 9	Governing Board adopts 2023 NORCOM Budget

Budget Objectives

NORCOM strives to provide a financial base sufficient to sustain high-quality emergency communication services to the public and its customers. This base includes maintaining 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.

Key budget policies that drove the development of the 2023 budget include:

Operating Policies:

- NORCOM defines a balanced budget as current annual revenues (including fund balances) equal to or greater than current annual expenditures.
- The operating budget is NORCOM's comprehensive financial plan which provides for the level of services prescribed by the Participating Agencies, including additional services or new programs as approved in subsequent years. A new budget will be adopted every year as a result of a comprehensive process incorporating any newly approved programs, inflationary increases, and other expenses. New programs will be analyzed by the NORCOM Leadership before being presented to the Governing Board for their analysis and review and, if approved, incorporated into the budget. No "one-time" expenses will be carried forward into subsequent budgets without specific authority.
- All current operating expenditures will be paid from current revenues and cash carried over from the prior year. Current revenues and operating expenditures will be reviewed monthly during the year.

Amendment/Adjustment Policies:

- All supplemental appropriations for programs requested after the original budget is adopted, will only be approved by the Governing Board after consideration of the availability of revenues.

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 seeks to avoid dependence on temporary or unstable revenues to fund ongoing mission-critical services.

Expenditure Policies:

- The NORCOM budget provides a sustainable service level for the employees' well-being and emergency service providers' safety.
- Expenditures approved by the Governing Board in the annual budget define NORCOM's spending limits for the upcoming year. In addition to legal requirements, NORCOM will maintain an operating philosophy of cost control and responsible financial management.
- Emphasis is placed on improving individual and workgroup productivity rather than adding to the workforce. NORCOM invests in technology and other efficiency tools to maximize productivity.

Capital Projects and Equipment Replacement



- NORCOM maintains all its assets at an acceptable level to protect capital investment and minimize future maintenance and replacement costs.
- NORCOM analyses equipment replacement and maintenance need, using a cash flow method. New this year and upon the request of the Finance Committee the Capital Projects and Equipment Repair and Replacement schedules have been extended to a ten-year projection.
- Equipment Replacement is fully funded according to the cash flow schedule to minimize large increases in User Fees from year to year.

Operating Reserves and Contingency:

- 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.
- 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.
- The Rate Stabilization Fund shall not exceed 10% of current Operating Fund Revenues. If it is determined that funds will be used to offset transition to higher rates or fund one-time expenditures the designated amount shall be applied to the overall budget prior to calculating assessments.
- All expenditures drawn from reserve accounts shall require prior Board approval unless previously authorized for expenditure in the annual budget.

Debt Service:

- NORCOM does not have the power to issue obligations or to incur debt. If capital funding is needed for facilities, technology or equipment, one or more Principal Agencies may issue debt to provide NORCOM's needs
To date, no participating agency has issued debt on NORCOM's behalf.

Fee Smoothing, Fund Separation, and Long Term Planning

In collaboration with the Finance Committee, NORCOM has established a smoothing mechanism that gives more predictability in rate increases year over year. The development process is deliberative and, while not yet fully implemented, it has driven a shift in this year's budget approach.

The Board had historically addressed the budget with an annual focus. Long-term projects and costly expected expenditures outside the next budget year were not eloquently integrated into the budget planning, and rates could fluctuate wildly.

The smoothing concept identifies anticipated operating revenues, expenditures, equipment replacement and repair (ER&R), and proposed non-capital and capital expenses for the upcoming ten years. The costs to support the Operating, ER&R and Capital Project funds are now differentiated, and through the budget planning process, the Board may set rate increases against each fund.



Fee Smoothing Projections

NORCOM 10-year Financial Planning Projections

Overall Fee Increase	7.0%	6.5%	6.0%	3.5%	4.0%	3.5%	3.0%	4.0%	3.5%	3.0%
Total Agency Fees	13,461,026	14,336,006	15,196,167	15,728,032	16,357,154	16,929,654	17,437,544	18,135,045	18,769,772	19,332,865
Beginning Fund Balance	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating Fund	-	0	1,780	924	1,124	4,797	3,919	643	4,469	1,307
Equipment & Replacement Reserves	251,404	119,904	66,859	134,156	139,434	18,692	27,548	285,097	121,281	18,797
Capital Project Fund	402,628	225	13,514	64,434	83,435	29,257	81,400	75,697	70,072	6,422
Escrow	85,719	85,719	85,719	85,719	85,719	85,719	85,719	85,719	85,719	85,719
Operating Expense Reserve	160,751	160,751	160,751	185,751	185,751	185,751	265,751	350,751	430,751	520,751
Rate Stabilization Reserve Fund	507,041	507,041	272,041	272,041	272,041	272,041	272,041	272,041	272,041	272,041
Operating Fund										
Operating Revenues	4.0%	1.5%	3.0%	0.5%	0.5%	0.5%	0.5%	2.5%	1.5%	1.5%
Operating Increase for Agency Fees	13,083,626	13,662,954	14,766,086	15,272,147	15,806,673	16,438,939	17,014,302	17,873,482	18,407,071	19,051,319
Agency Fees for Operations	1,470,055	1,470,055	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,100,000	1,100,000	1,100,000
E911 Revenues	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000
KCEMS	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
IT Billing	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500	44,500
Miscellaneous	-	235,000	-	-	-	-	-	-	-	-
Transfers in from Reserves	14,854,181	15,668,509	16,466,586	16,972,647	17,507,173	18,139,439	18,714,802	19,273,982	19,807,571	20,451,819
Total Operating Revenues	14,854,181	15,668,509	16,466,586	16,972,647	17,507,173	18,139,439	18,714,802	19,273,982	19,807,571	20,451,819
Operating Expenditures	14,826,181	15,666,730	16,442,442	16,902,448	17,500,999	18,040,318	18,513,078	19,120,156	19,715,733	20,328,511
Operating Expenditures	-	-	-	35,000	2,500	-	50,000	-	-	-
Transfer to ERR	28,000	-	-	35,000	-	20,000	70,000	70,000	5,000	-
Transfer to Capital	-	-	25,000	-	-	80,000	85,000	80,000	90,000	120,000
Transfer to Reserves	14,854,181	15,666,730	16,442,442	16,972,448	17,503,499	18,140,318	18,718,078	19,270,156	19,810,733	20,448,511
Total Operating Fund Expenses	14,854,181	15,666,730	16,442,442	16,972,448	17,503,499	18,140,318	18,718,078	19,270,156	19,810,733	20,448,511
Equipment Replacement Reserve Fund										
Equipment & Replacement Reserves	0.0%	0.5%	1.0%	1.5%	2.5%	1.0%	1.5%	0.5%	1.0%	1.0%
Equipment Increase for Agency Fees	-	67,305	143,360	227,942	393,201	163,572	253,945	87,188	181,350	187,698
Agency Fee Distribution	-	-	-	35,000	2,500	-	50,000	-	-	-
Transfers from Operations	131,500	120,350	76,063	257,665	516,443	154,715	46,396	251,004	283,834	70,700
Equipment Expenses	(131,500)	(53,045)	67,297	5,277	(120,742)	8,857	257,549	(163,816)	(102,484)	116,998
Net impact to ERR Fund Balance	(131,500)	(53,045)	67,297	5,277	(120,742)	8,857	257,549	(163,816)	(102,484)	116,998
Capital Projects Fund										
Capital Projects Fund	3.0%	4.5%	2.0%	1.5%	1.0%	2.0%	1.0%	1.0%	1.0%	0.5%
Capital Increase for Agency Fees	377,400	605,747	286,720	227,942	157,280	327,143	169,297	174,375	181,350	93,849
Agency Fee Distribution	28,000	-	-	35,000	-	20,000	70,000	70,000	5,000	-
Transfers from Operations	807,803	592,458	235,800	243,942	211,458	295,000	245,000	250,000	250,000	50,000
Capital Expenses	(402,403)	13,289	50,920	19,000	(54,178)	52,143	(5,703)	(5,625)	(63,650)	43,849
Net impact to Cap Proj. Fund Balance	(402,403)	13,289	50,920	19,000	(54,178)	52,143	(5,703)	(5,625)	(63,650)	43,849
Reserve Funds										
Op Ex Reserve- Transfers In	-	-	25,000	-	-	80,000	85,000	80,000	90,000	120,000
Op, Ex Reserve - Transfer Out	-	-	-	-	-	-	-	-	-	-
Rate Stabilization Reserve Transfer In	-	-	-	-	-	-	-	-	-	-
Rate Stabilization Reserve Transfer Out	-	(235,000)	-	-	-	-	-	-	-	-
Net impact to Reserves Fund Balance	-	(235,000)	25,000	-	-	80,000	85,000	80,000	90,000	120,000
Overall NORCOM										
Ending Fund Balance	0	1,780	924	1,124	4,797	3,919	643	4,469	1,307	4,615
Operating Fund	119,904	66,859	134,156	139,434	18,692	27,548	285,097	121,281	18,797	135,795
Equipment & Replacement Reserves	225	13,514	64,434	83,435	29,257	81,400	75,697	70,072	6,422	50,271
Capital Project Fund	85,719	85,719	85,719	85,719	85,719	85,719	85,719	85,719	85,719	85,719
Escrow	160,751	160,751	185,751	185,751	185,751	265,751	350,751	430,751	520,751	640,751
Operating Expense Reserve	1.1%	1.0%	1.1%	1.1%	1.1%	1.5%	1.9%	2.3%	2.6%	3.2%
% of operating expenses (5-10% policy goal)	507,041	272,041	272,041	272,041	272,041	272,041	272,041	272,041	272,041	272,041
Rate Stabilization Reserve Fund	3.9%	2.0%	1.8%	1.8%	1.7%	1.7%	1.6%	1.5%	1.5%	1.4%
% of operating revenues (policy limit 10%)	3.9%	2.0%	1.8%	1.8%	1.7%	1.7%	1.6%	1.5%	1.5%	1.4%



2023 Fund Summary ¹

NORCOM Budget 2023 Financial Summary

NORCOM Budget Description	Operating	Capital Projects	Equipment Replacement	Operating Exp. Res.	E-911 Escrow	Rate Stabilization	Total All Funds
Estimated Beginning Balance	\$ -	\$ 402,628	\$ 251,404	\$ 160,751	\$ 85,719	\$ 507,041	\$ 1,407,543
Revenue:							
From Participating Agencies	13,083,626	377,412	-	-	-	-	\$ 13,461,038
E-911 Revenue	-	-	-	-	1,470,055	-	\$ 1,470,055
Miscellaneous Revenues	300,500	-	-	-	-	-	\$ 300,500
Interest Earnings	-	-	-	-	-	-	\$ -
Total Revenue	13,384,126	377,412	-	-	1,470,055	-	15,231,593
Total 2020 Resources	\$ 13,384,126	\$ 780,040	\$ 251,404	\$ 160,751	\$ 1,555,774	\$ 507,041	\$ 16,639,136
Expenditures							
Salaries & Wages	8,583,565	-	-	-	-	-	8,583,565
Personnel Benefits	3,131,820	-	-	-	-	-	3,131,820
Operating Services & Supplies	3,110,765	-	-	-	-	-	3,110,765
Equipment Expense	-	-	131,500	-	-	-	131,500
Capital Outlays	-	807,803	-	-	-	-	807,803
Total Expenditures	\$ 14,826,150	\$ 807,803	\$ 131,500	\$ -	\$ -	\$ -	\$ 15,765,453
Transfers:							
Transfers In	1,470,055	28,000	-	-	-	-	1,498,055
Transfer Out:							
To Operating	-	-	-	-	1,470,055	-	1,470,055
To Capital Projects	28,000	-	-	-	-	-	28,000
To ER & R	-	-	-	-	-	-	-
Transfers In less Transfers out	\$ 1,442,055	\$ 28,000	\$ -	\$ -	\$ (1,470,055)	\$ -	\$ -
2022 Ending Fund Balance	\$ 31	\$ 237	\$ 119,904	\$ 160,751	\$ 85,719	\$ 507,041	\$ 873,683
Change in Fund Balance	\$ 31	\$ (402,391)	\$ (131,500)	\$ -	\$ -	\$ -	\$ (533,860)

¹ The 2023 estimated beginning and ending fund balance may change after carry forward impacts of the 2022 budget activities

2023 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.

- **Fees from Participating Agencies:** the primary source of NORCOM's revenue is assessments issued to participating agencies. Fees are calculated using a Functional Distribution Model implemented in 2017. The model uses calls for service as a basis for allocating fees to agencies by function. An annual average of billable calls for services is determined based on a number of calls for service over a two-ear historical call calculation period.



The calculation is as follows:

1. **Calculate NORCOM's FTE Percentage based on the following functions:**
 - a. Call Receiver FTE
 - b. Police Dispatch FTE
 - c. Police Radio FTE
 - d. Fire Dispatch FTE
2. **Calculate Agency Call receiver Cost:** $\text{Unfunded budget} \times \text{Call Receiver FTE \%} \times (\text{Agency CFS} / \text{Total CFS})$
3. **Calculate Police Dispatch Contribution:** $\text{Unfunded budget} \times \text{FD Dispatch FTE \%} \times (\text{Agency CFS} / \text{Total Police CFS})$
4. **Calculate Police Data Radio Contribution:** $\text{Unfunded budget} \times \text{Police Data FTE \%} \times (\text{Agency CFS} / \text{Total Police CFS})$
5. **Calculate Fire/EMS Dispatch Contribution:** $\text{Unfunded budget} \times \text{FD Dispatch FTE \%} \times (\text{Agency CFS} / \text{Total Fire CFS})$

Percentages are applied to the current approved budget, less revenues from other sources.

The following table provides the 2019 user fees paid by NORCOM agencies.

- **E-911 Revenue:** excise tax revenues collected by King County and distributed to NORCOM. NORCOM receives these revenues in its E-911 Escrow fund and transfers funds to its operating fund.
- **King County EMS Levy Grant:** King County Emergency Medical Services grants NORCOM funds through its Emergency Medical Dispatch program. Funds are used to pay for employee training, and costs incurred to improve medical dispatch.
- **Miscellaneous revenues:** NORCOM collects funds for reimbursements of software purchased and hosted for several agencies. NORCOM also has service contracts in which IT employees perform services to various principal agencies and charges hourly rates for the time worked on the contracts.



Through the functional distribution methodology, 2023 participation fees are:

2023 Budget Functional Distribution by Agency

Personnel Expenditures	11,715,384
Operational Expenditures	3,110,797
Total Operating Expenses	14,826,181
Plus:	
Capital Approved Transfer- 3%	377,400
ERR Approved transfer %	-
Operating Fund Transfers Out	28,000
Minus:	
Prior Year Fund Balance	-
Miscellaneous Revenues	300,500
E-911 Revenue Transfer In	1,470,055
Reserves Transfer In	-
Distribution to Agencies	13,461,026

2023 User Fees - Budget Cost	Dispatch Law	Data Radio	Dispatch Fire	Call Receiver	2022 Total	2023 Total	Increase/ (Decrease)	Percent Change
Bellevue Police	1,323,972	781,767		1,861,502	3,795,492	3,967,241	171,749	4.5%
Clyde Hill Police	36,293	5,716		51,028	96,100	93,036	(3,064)	-3.2%
Kirkland Police	955,624	435,338		1,343,606	2,534,878	2,734,568	199,690	7.9%
Medina Police	32,780	2,699		46,088	65,533	81,567	16,034	24.5%
Mercer Island Police	212,832	48,265		299,241	542,419	560,338	17,919	3.3%
Normandy Park Police	43,859	28,896		61,666	135,053	134,421	(632)	-0.5%
Total Police	2,605,360	1,302,680	-	3,663,131	7,169,475	7,571,170	401,695	5.6%
Bellevue Fire			995,386	593,017	1,425,466	1,588,404	162,937	11.4%
Bothell Fire			311,808	185,764	460,976	497,572	36,596	7.9%
Duvall Fire			48,692	29,009	73,324	77,700	4,376	6.0%
Eastside Fire and Rescue			518,442	308,870	745,659	827,312	81,653	11.0%
<i>Woodinville Fire</i>			138,217	82,345	204,528	220,562	16,034	7.8%
Fall City Fire			25,999	15,489	34,379	41,488	7,109	20.7%
Kirkland Fire			385,116	229,439	568,596	614,555	45,959	8.1%
Mercer Island Fire			116,621	69,479	180,135	186,100	5,966	3.3%
Northshore Fire			142,769	85,057	212,583	227,826	15,243	7.2%
Redmond Fire			434,945	259,126	652,508	694,071	41,563	6.4%
Shoreline Fire			501,724	298,910	752,966	800,634	47,668	6.3%
Skykomish Fire			14,849	8,846	20,594	23,695	3,101	15.1%
Snoqualmie Pass Fire			16,827	10,025	23,791	26,851	3,060	12.9%
Snoqualmie Fire			39,533	23,552	55,429	63,086	7,656	13.8%
Total Fire	-	-	3,690,926	2,198,929	5,410,935	5,889,856	478,921	8.9%
Agency Total	2,605,360	1,302,680	3,690,926	5,862,060	12,580,410	13,461,026	880,616	7.0%



Transfers

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

Transfers include the full amount of anticipated E-911 Revenue from the Escrow Fund into the Operating Fund, leaving an E911 Escrow balance of \$85,719.

Operating Fund

Fund Overview and Drivers

The Operating Fund supports operating costs. All current operating expenditures are paid by collecting 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 2023 budget are:

Personnel

- The contract between NORCOM and the Telecommunicator Guild is effective through December 31, 2025, and established a 5% salary increase for represented employees.
- The contract between NORCOM and the Supervisor Guild is effective through December 31, 2024 and established a 5% salary increase for represented employees.
- Recruiting and retaining qualified and highly skilled employees is a strategic priority. To support increased recruitment efforts the HR budget expenses has grown to cover the costs associated with increased applicants, testing and onboarding costs. Salary rate increases are included in the 2023 budget to ensure NORCOM stays competitive.
- 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. Based on the new rates published by the AWC, NORCOM budgeted a 6% increase in medical plans.

Facility Leases

- NORCOM's lease for its main operating facility located in Bellevue City Hall increases 8.1% in 2023.

Technology

- PSERN is scheduled to go online in 2023. The budget reflects anticipated charges for eight months of year totaling nearly \$340,000.
- Adoption and implementation of a single CAD system has improved long term finances for NORCOM. Through decreased ER&R and software maintenance costs of \$260,000 annually, NORCOM has been able to lessen the new rate charges associated to the PSERN radio project.



Fund Detail

The following is a breakdown of budgeted personnel expenses in 2023:

	2021 Actual	2022 Adopted	2023 Proposed
Salaries & Wages - Regular	\$7,276,286	\$7,850,368	\$8,240,859
Salaries & Wages - Overtime	\$439,290	\$242,405	\$298,876
Medical	\$1,094,738	\$1,169,166	\$1,264,210
HSA Contributions	-	-	\$22,249
Dental	\$93,071	\$98,425	\$104,340
Vision	\$12,327	\$13,080	\$13,604
Long-Term Care	\$5,670	\$6,600	\$6,600
Medicare	\$103,681	\$117,345	\$126,711
MEBT	\$453,791	\$474,832	\$499,131
Life	\$6,723	\$7,128	\$7,133
LTD	\$11,965	\$12,604	\$12,614
PERS	\$878,096	\$881,324	\$921,506
Washington FMLA	\$11,248	\$16,478	\$17,369
Unemployment	\$58,438	\$90,200	\$92,394
Workers Comp	\$16,080	\$35,162	\$43,959
Total Personnel	\$10,461,404	\$11,015,117	\$11,671,555



Operating expenses are budgeted as follows:

	2021 Actual	2022 Adopted	2023 Adopted
Advertising	1,803	5,000	5,000
Bank Fees	155	250	500
Cellular, Pager & Radio Service	38,686	51,816	35,525
Computer Hardware-Non-Capital	1,806	10,000	7,500
Consumable Goods	6,146	9,950	14,310
Dues & Memberships	11,435	11,685	12,635
Equipment Leases	21,528	18,600	19,865
Facility Lease	678,721	696,951	763,797
Financial Audit	62,154	23,230	23,836
Hosted Services	106,659	166,788	168,388
HR Services	90,276	63,000	99,915
Insurance	77,185	75,000	85,000
Legal Services	340,292	125,000	200,000
Local Travel/Training/ Mileage	2,112	8,300	14,150
Network Service	27,657	29,091	45,549
Office Furniture	567	7,750	8,250
Office Supplies	2,766	8,000	6,400
Operating Supplies	3,365	4,000	4,250
Parking Lease	56,769	61,524	29,200
Payroll Services	21,685	25,000	19,010
Postage	591	750	750
Printing	79	1,100	300
Professional Services	10,849	22,650	28,550
Publications	381	-	-
R&M - Network Equipment	42,170	136,863	397,684
R&M - Office Equipment	612	5,000	2,500
R&M - Software Maintenance	973,223	1,005,692	883,986
Radio Site Lease	9,984	52,177	62,685
Recruitment Supplies	551	2,000	2,000
Small Tools & Minor Equipment	7,065	14,750	10,300
Software/Licensing	54,683	100,261	78,342
Telephone Services	44,520	46,100	33,565
Training/Conf. Registrations/ Travel	4,652	12,050	47,023
Total Operating	\$2,701,127	\$2,800,327	\$3,110,765



Capital Projects Fund

Fund Overview and Drivers

The purpose of the Capital Projects Fund is to track projects typically lasting more than one year. Proposed projects are forecasted by agency leadership based on industry trends, national, state, regional and community focuses, participating agency requests and other driving forces. The Board must approve projects before the commitment of any funds. Project approval can be during annual budget planning or as an independent presentation and approval process.

Fund Detail

- Console Replacement Project

In January of 2022 the Board was briefed on the need to replace the telecommunicator consoles. At this time, the project cost is estimated at \$611K. NORCOM staff is gathering information related to console replacements and will come back to the Board with a full project budget and request formal approval at that time. However, in the interest of smoothing costs $\frac{1}{4}$ of the total cost estimate is included in the 2023 Capital Project fund. The other portion of the final costs will be incorporated into the 2024 budget process, but we have included a placeholder amount in the proposed project costs workbook.

- Alpha-Numeric Paging System Upgrade

The Board approved NORCOM to work with Sno911 to accomplish a decreased scope of work tied to the paging system. Instead of full replacement of all parts of the system the project now consists of upgrade and installation of equipment at each radio site necessary to keep the system operational for up to ten more years. The project team consists of NORCOM and Sno911 staff. The estimated cost for the project is \$600K. Funding includes a \$300K transfer from the Rate Stabilization account in 2022 and the rest of the costs paid in 2023.

- CAD Server Expansion and Upgrade

With the single CAD system, a fully redundant and resilient system must be put into place to limit any downtime. This project supports moving the Tyler system to recently purchased hardware that will be decommissioned because of the single CAD Project. The project is a step closer to full redundancy and improved continuity of operations.



Capital Projects Fund Forecast

The projects listed are included for planning purposes. Each project requires Board approval before any funds are committed. These projects may or may not be brought to the Board in future years.

Project Name	Capital Fund Project Costs										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Facility / Workspace Updates	\$152,753	\$458,258	\$ -	\$ 16,667	\$ 33,333	\$ -	\$ -	\$ -	\$ -	\$ -	
Console Replacement (ROM)	\$611,011	\$611,011									
Admin Workplace Reconfiguration				\$ 16,667	\$ 33,333						
COOP Project	\$ -	\$105,400	\$110,800	\$ 55,400	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	
Hardware Upgrade		\$ 50,000									
Back Up/Recovery System		\$ 55,400	\$110,800	\$ 55,400							
Remote Call Taking / Dispatching						\$ 75,000	\$ 75,000				
911 Operations	\$ -	\$ -	\$125,000	\$125,000	\$100,000	\$200,000	\$100,000	\$ -	\$ -	\$ -	
Call Taking / Dispatching Guides			\$ 75,000	\$ 75,000							
Mental Health Responses (consultant)			\$ 50,000	\$ 50,000							
Receive/Share Incoming Digital Data					\$100,000	\$200,000	\$100,000				
911 Systems	\$655,050	\$ 28,800	\$ -	\$ 46,875	\$ 78,125	\$ 20,000	\$ 70,000	\$100,000	\$ 50,000	\$ -	
Crew Force		\$ 28,800									
AlphaNumeric Paging	\$600,000										
CAD Server Expansion and Upgrades	\$ 55,050										
Enterprise RMS				\$ 46,875	\$ 78,125						
CAD System Functionality							\$ 50,000	\$100,000	\$ 50,000		
Recording System Updates						\$ 20,000	\$ 20,000				
Long Term Project Planning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$150,000	\$200,000	\$ 50,000	
Project 1								\$100,000	\$100,000		
Project 2								\$ 50,000	\$100,000	\$ 50,000	
Total Expenses by year	\$ 807,803	\$ 592,458	\$ 235,800	\$ 243,942	\$ 211,458	\$ 295,000	\$ 245,000	\$ 250,000	\$ 250,000	\$ 50,000	



Funding

The Capital Projects Fund has historically been funded with transfers of ending balances from other funds or project approvals during the budget process. With the smoothing process participating agencies will be levied a Capital Projects fee.

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 equipment items.

2023 Fund Expenses

A summary of the budgeted expenditures in 2023 are:

2023 ER&R Scheduled Costs

Network Costs	\$	100,900
Radio Sites Maintenance	\$	5,000
Desktops/Laptops/Phones	\$	30,600
	\$	131,500

Projected ER&R Fund Forecast

In the development of the smoothing mechanism, NORCOM developed the following 10-year forecast for anticipated Equipment Replacement activities:

Equipment Type	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Daily Operating Equipment:										
Workstations	15,000	15,000	15,500	15,500	16,250	16,250	16,750	16,750	17,000	17,000
Locution Computers	10,000	10,250	10,250	10,500	10,500	10,750	10,750	10,750	10,750	10,750
Radio Site Expenses	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cell Phones	600	600	675	675	725	725	750	750	800	800
Tyler Desktop Replacements										
				80,000					80,000	
Network Total	60,900	75,000	10,200	28,585	226,468	55,302	13,146	77,316	170,284	22,650
Routers Totals	-	12,000	-	-	-	18,033	-	12,500	-	-
Server Totals	40,000	-	34,438	114,905	115,500	46,155	-	74,438	-	12,000
Switch Totals		2,500	-	2,500	142,000	2,500	-	2,500	-	2,500
Radio Totals								51,000		
Total Fund Expenses	131,500	120,350	76,063	257,665	516,443	154,715	46,396	251,004	283,834	70,700



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 2023.

E-911 Escrow Fund

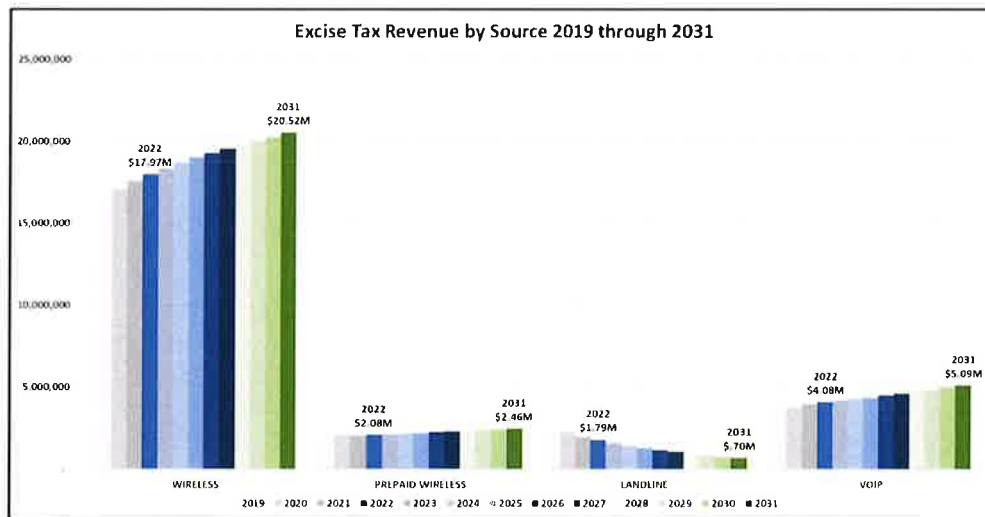
Fund Overview and Drivers

The King County E-911 office collects excise taxes for wireline, wireless, and VoIP services. Tax proceeds are distributed among the twelve Public Safety Answering Point located in the county. Distributions to PSAPs are made quarterly into an escrow account until NORCOM makes a request to draw out a specific amount for authorized operations support.

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

Fund Forecasts

The E-911 office forecasts increases in the total Excise Tax revenue collected through 2031:



With the increase in amounts collected, the office has budgeted to increase its distributions to PSAPs. NORCOM's budgeted distribution in 2023 and 2024 are \$1,470,055.



Rate Stabilization Fund

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.