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Spokane Fire Department

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City of Spokane

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Citizen Representative

LORI MARKHAM
Executive Director

Response Letter to Mayor Brown

September 9, 2024

Mayor Lisa Brown
City of Spokane
808 W. Spokane Falls Blvd.
Spokane, WA 99201

Dear Mayor Brown,

Spokane Regional Emergency Communications (SREC) received your letter and a copy of your consultant's report by ADCOMM Engineering. SREC's Governing Board and administration have spent time reviewing the position of the City of Spokane ("City") in detail. We appreciate the effort the City has taken to fully understand all the components of the regionalized emergency communications system.

From your letter and our subsequent meetings, we understand that the City will be moving forward with fully incorporating its agencies within SREC—meaning the Spokane Police Department (SPD) will join the regionalized model if the City can resolve key issues noted in your letter and the associated report. The SREC Board convened on August 29, 2024 to discuss the key issues in detail in preparation of this response. The Board concluded that we agree on more than we disagree and that clarifying the intent of the City will be crucial in determining next steps.

Governance Model

The City requests greater representation on SREC's Board and we agree. As ADCOMM states in the report, "Overall, SREC's governance structure includes a diverse Board, structured committees, and specific agreements to ensure effective management and operations, with significant input and support from the City of Spokane." SREC's Board recommends the addition of the City of Spokane Police Chief once the City joins SREC. This is consistent with the original intent of Board composition at the time of inception. This will provide the City with three direct Board seats. Further, the City has additional representation on the Board through the Inland Empire Fire Chief's Association and the EMS Council, giving the City more representation than any other entity (current Washington State Office of Financial Management census data indicates the City holds 42% of the population within Spokane County). Please note that the current governance model prioritizes regional public safety over individual entities and any entity with a majority controlling power would not be consistent with the intent of a regional governance model.

Financial Model

The City expressed concerns over SREC's financial model, specifically the City's belief that user fees are unnecessary and excessive. ADCOMM notes in their analysis that SREC's financial model is a sustainable model, which is an enduring priority the SREC Board has for the agencies and communities we serve. ADCOMM further states in the City's report that SREC is funded through a combination of sales and excise taxes and member agency fees (user fees). The report continues, "[t]hese diverse revenue streams confirm the sustainability and enhancement of emergency communication services in Spokane County." At this time, the Board cannot commit to eliminating



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or reducing user fees. The SREC Board believes that planning for known future capital and operating expenses while minimizing debt is the most cost-effective way of conserving tax payer resources to achieve the economies of scale to which SREC has committed. SREC's Finance Committee and Board continually evaluate sales and excise taxes, user fees, operating expenses and capital based on the needs of member agencies and desired service levels. We hope the City will continue to participate in these discussions and decisions.

Please note that prior to the creation of SREC, when the City managed emergency communication services under the Combined Communications Center (CCC), the City charged user fees for all regional fire agencies; with the exception that the City paid a 50% reduced rate compared to other member agencies, which some member agencies viewed as inequitable.

Reserves & Service Levels

SREC currently holds \$33M in reserves, \$14M of which was transferred to SREC by Spokane County in 2021. The Board unanimously voted to commit the \$14M for identified future facility capital needs, which are currently projected to be more than \$30M.

The other \$19M in reserves was realized over five years and committed by the SREC Board for identified future projects, including maintaining three full months of operating reserves. In the event of an unforeseen economic downturn, this will ensure SREC can continue to operate, providing critical public safety services to the community for up to three months without the need for additional taxes to fund these essential services.

The ADCOMM report recommends that accrual and expenditure of capital reserves be formally adopted in Service Level Agreement(s) (SLA); specifically, allocations for new facility construction. The SREC Board supports establishing an SLA between the City and SREC, including an SLA for Spokane Police Department, to meet the needs of each entity. The Board is willing to discuss including potential allocations for facility needs as part of the SLA and recommends that any proposals be brought in front of the established Operational Groups for Law & Fire and/or the SREC Board for further discussion.

The SREC Board has and will continue to weigh and evaluate viable funding options for public safety priorities. The Board believes that appropriately saving for identified future needs is an integral part of being good stewards of regional tax dollars.

Inaccurate Tax Revenue Numbers

Your letter states that 65% of SREC's annual tax revenue is contributed through sales tax generated within the City, so a user fee for the City would constitute a "second tax" on City residents. According to data directly from the Washington State Department of Revenue for Spokane County, the percentage of taxable retail sales in the City is 48%. Furthermore, a significant portion of the sales tax revenues generated within the City are from non-City residents.

Sales tax revenues alone do not cover the cost of effectively managing and maintaining an emergency communications center at the service level that our communities expect. User fees are an integral part of a regionalized model and are an equitable way to ensure all agencies are proportionally investing in essential emergency services. User fees are funded by our member agencies out of their existing funding, not as a second tax.



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Lack of Context for User Fee Data

The ADCOMM report highlights that SREC user fees have increased 64% over 5 years. This percent is a total overall increase from 2020 to 2024 across all agencies but is misleading given the lack of context. The majority of this increase is due to the City of Spokane Fire Department (SFD) joining SREC in 2022, at the request of the City, which increased the total amount of user fees collected. Outside of the increase caused by SFD joining, SREC user fees increased 19% over five years. This rate is below average inflation rates and due primarily to rising salary and benefits costs for our valued employees.

Spokane Fire Department User Fees Explained—Additional Context

SFD user fees increased approximately 30% from 2023 to 2024. This is because SFD's initial move to join SREC in November 2022 was on an emergency basis, at the City's request. At that time, user fees for the upcoming year were already established for existing member agencies. Given the emergency nature and timing of the request, initial fees for SFD were not established until an accurate assessment of workload could be conducted. Once actual workload was assessed and it was understood that SFD was paying at a reduced rate in comparison to other member agencies, rates were adjusted to accurately reflect the costs of service delivery and ensure that rates were equitable across all member agencies. More importantly, SFD still realized a cost savings by joining, as well as reduced call times of approximately 30 seconds per call.

Transparency, Accountability, and Collaboration

SREC will continue to practice transparency, accountability, and collaboration, as it has always done. SREC appreciates the continued participation from the City's representatives in SREC Board and committee meetings. Existing SREC Board policies and practices allow for transparency, accountability, and collaboration. We look forward to continued engagement from the City.

Substantial Costs and Duplication of Services for City Run PSAP

SREC's number one priority is the safety of our citizens—and 911 calls will continue to be answered through this transition, regardless of the path the City chooses. ADCOMM's analysis clearly outlines that if the City were to establish its own PSAP, it would require a significant initial cost investment as well as substantial ongoing costs, while also duplicating services that SREC already provides to 21 of our 22 emergency service agencies across Spokane County. Additionally, ADCOMM's projections show that the City's share of tax revenues would not cover these expenses, far exceeding the cost of participating as a member agency of SREC. We hope the City evaluates the conclusions from the ADCOMM Report in support of a regionalized model that creates efficiency of services and tax dollars for our community.

Moving Forward

Based on the SREC Board's understanding that the City will be moving forward with SPD joining SREC, the SREC Board recommends engaging in a number of planning activities with the City should the following critical items be satisfactorily addressed:

The City agrees to enter into an Interlocal Agreement with Spokane County whereby the City would agree to forego any current and future apportionments of emergency



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- communications sales taxes and 911 excise taxes that the Washington State legislature has or may enact by legislation. This is not a negotiable item from the SREC Board's perspective. If the City is fully committed to joining, neither entity should see any value in taking on the unnecessary administrative burden of creating billing invoices, processing of invoices and payments. We believe this should be accomplished no later than **October 31, 2024**.
- The City agrees with the SREC Board's recommendation to the Spokane Board of County Commissioners of adding one additional board seat for the City of Spokane Police Chief (as part of SPD joining) to finalize Board composition for the City on the SREC Board.

Once the above items are agreed to and completed, the SREC Board recommends the formation of a transition team to begin working on the timing and logistics of SPD dispatch joining SREC. We believe this work could start November 1, 2024 or sooner if the above items are finalized. The transition team would focus on planning activities including but not limited to the following:

- Gather information on call volume for SPD to assist in determining appropriate staffing levels
- Development of a service agreement acceptable to both SREC and SPD
- Establishment of a formal date whereby SREC would take on SPD dispatch services once SREC is appropriately staffed for a successful transition
- Development of a transition plan for all current SPD dispatchers who wish to join SREC—it's important to note that SREC welcomes all current SPD dispatch employees to SREC and stands ready to answer any questions they may have

Once part of SREC, your Board members, who should be fully empowered by you and the City Council to make decisions, can work to advocate items important to the City such as user fee model analysis and other suggestions to improve our system. The SREC board requests your decision on the above by September 16, 2024.

If given SREC's position, particularly on the governance model, user fees, and apportionment of sales and excise taxes, the City decides to change course and stand up its own PSAP, you will need to notify SREC immediately. We are at two critical juncture points that will determine the near-term future of regional emergency communications—the implementation of the Computer Aided Dispatch (CAD) system and facility planning—we simply cannot continue to extend the conversation, but instead need to act to ensure the best possible outcome for our community.

Should the SREC Board not receive clarification on direction from the City by September 16, 2024, we will assume the City will be moving forward with establishing themselves as a Primary PSAP. SREC will then begin the planning efforts for the City to become its own PSAP and set a date for transitioning 911 calls to the City, including SFD dispatch responsibilities. We would also work with Spokane County to appropriately apportion both the Emergency Communications sales taxes and the 911 excise taxes to the City. SREC will endeavor to work on a seamless transition that does not create a detrimental impact to the other 21 public safety agencies we serve.


In closing, the SREC Board strongly believes that we are better together and that leveraging our collective resources and technology will provide the best outcome for the City as well as our 21 members agencies—creating a strong regionalized model that serves our citizens well.




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We hope this letter clarified any questions you may have had of SREC and that you in turn can clarify your decision no later than September 16, 2024.

Respectfully,

Signed by:

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Chief Cody Rohrbach, Chairman
Spokane Regional Emergency Communications

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5218A5D4C35B4A6...
Chief Brad Richmond, Vice Chairman
Spokane Regional Emergency Communications

Cc: Chris Jordan, Spokane County Commissioner
Amber Waldref, Spokane County Commissioner
Josh Kerns, Spokane County Commissioner
Mary Kuney, Spokane County Commissioner
Al French, Spokane County Commissioner
Spokane City Council
City of Spokane Valley City Council
John Hohman, City of Spokane Valley City Manager
Erik Lamb, City of Spokane Valley Deputy City Manager
Cheney City Council
Chris Grover, Cheney Mayor
Albert Tripp, Airway Heights City Manager
Liberty Lake City Council
Mark McAvoy, Liberty Lake City Administrator