



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

March 2, 2015

Ordinance 17993

Proposed No. 2015-0016.2

Sponsors McDermott

1 AN ORDINANCE providing for the submission to the
2 qualified electors of King County at a special election to be
3 held in King County on April 28, 2015, of a proposition
4 authorizing a property tax levy in excess of the levy
5 limitation contained in chapter 84.55 RCW for a
6 consecutive nine-year period at a rate of not more than
7 \$0.07 per one thousand dollars of assessed valuation for the
8 capital, transition, and financing costs for the Puget Sound
9 emergency radio network project.

10 STATEMENT OF FACTS:

- 11 1. King County's current emergency public safety radio network
12 ("KCERCS") is owned by four governmental entities: the city of Seattle;
13 the Eastside Public Safety Communications Agency ("EPSCA"); the
14 Valley Communications Center ("ValleyCom"); and King County. Each
15 co-owner owns and manages separate sites, equipment and software and
16 has its own customers.
- 17 2. KCERCS was substantially completed in 1997. It is aging and is
18 requiring increasing repairs.

19 3. The vendor for KCERCS intends to stop supplying all replacement
20 parts and repairing all used parts by December 31, 2018. King County
21 must replace its emergency public safety radio network or risk
22 performance degradation.

23 4. The King County council previously established a capital improvement
24 project for this purpose.

25 5. King County executive staff has been working with the co-owners and
26 users to plan the replacement of KCERCS with a new network that is
27 known as the Puget Sound emergency radio network ("PSERN").

28 6. The PSERN project would cost approximately \$246 million, not
29 including the cost of financing. King County will need additional tax
30 revenues if it is to go ahead with the project.

31 7. If the funding measure is put on the ballot and approved by the voters,
32 fire districts' levies may be reduced and services diminished.

33 8. The King County council finds that any reduction in fire district staff or
34 services resulting from the PSERN levy would be contrary to the public
35 interest. This funding proposal is intended to address concerns about
36 prorationing of fire district levies during the term of the proposed levy.

37 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

38 SECTION 1. Definitions. The definitions in this section apply throughout this
39 ordinance unless the context clearly requires otherwise.

40 A. "Capital costs" means all costs incurred incident to the planning, design,
41 remodeling, construction and equipping of the project including, but not limited to, the

42 costs of architectural, engineering, legal and other consulting services inspection and
43 testing, project management, relocation, site improvements, demolition and on- and off-
44 site utilities. "Capital costs" also include the costs related to the sale, issuance and
45 delivery of one or more series of bond anticipation notes or bonds. However "capital
46 costs" do not include the costs of maintenance or operations.

47 B. "Fire district" means an organization authorized under RCW 52.02.020 or
48 chapter 52.26 RCW.

49 C. "Fire service protection allocation" means the portion of levy proceeds, the
50 purpose of which is to prevent a reduction in fire district staff or services resulting from
51 prorationing mandated by RCW 84.52.010 and consistent with interlocal agreements
52 between King County and any participating fire districts.

53 D. "Full system acceptance" means the determination issued to the contractor
54 upon satisfactorily completing the final system development phase.

55 E. "Levy" means the levy of regular property taxes, for the specific purposes and
56 term provided in this ordinance and authorized by the electorate in accordance with state
57 law.

58 F. "Levy proceeds" means the principal amount of revenue raised by the levy,
59 any interest earnings on the revenues and the proceeds of any financing following
60 authorization of the levy.

61 G. "Network" means the Puget Sound emergency radio network that is used
62 primarily for dispatching public safety, fire, emergency medical staff and other
63 responders to incidents for coordinating operations at those incidents.

64 H. "Operator" means King County or an entity established by the county, the
65 Eastside Public Safety Communications Agency cities of Bellevue, Issaquah, Kirkland,
66 Mercer Island and Redmond, the Valley Communications Center cities of Auburn,
67 Federal Way, Kent, Renton and Tukwila, and the city of Seattle, through an interlocal
68 agreement as authorized under RCW 39.34.030, which will own, operate, maintain,
69 repair and govern the network after full system acceptance.

70 I. "Project" means all authorized activities relating to a capital project to plan,
71 build, test, operate and transfer ownership of the network.

72 J. "Rate stabilization allocation" means the portion of the levy proceeds, the
73 purpose of which is to reduce and phase in the impact of increased user rates on network
74 users.

75 K. "Transition costs" means the operational costs to transition from the current
76 emergency radio systems to the network, including , but not limited to, costs to operate
77 the network during the transitional period and until it is transferred to the operator; pay
78 for equipment warranties, updates and upgrades included in the vendor contract; establish
79 an entity that would own and operate the network; and pay for election costs. "Transition
80 costs" also includes payments for rate stabilization allocation and a fire service protection
81 allocation.

82 **SECTION 2. Levy submittal.** To provide necessary revenues for the capital
83 costs and transition costs for the network, the county council shall submit to the qualified
84 electors of the county a proposition authorizing a regular property tax levy in excess of
85 the levy limitation contained in chapter 84.55 RCW for nine consecutive years,
86 commencing in 2015, with collection beginning in 2016, at a rate in the first year not to

87 exceed \$0.07 per one thousand dollars of assessed value. In accordance with RCW
88 84.55.050, the levy shall be a regular property tax levy, subject to the statutory rate limit
89 of RCW 84.52.043.

90 **SECTION 3. Project description.**

91 A. The project will replace King County's aging emergency radio network with a
92 new emergency radio network, the Puget Sound emergency radio network, having
93 improved coverage, capacity and reliability. King County will provide support while the
94 new system is being planned, contracted for, deployed, tested and operated. Once the
95 network has achieved full system acceptance, the network shall be managed and operated
96 by an operator.

97 B. The county estimates that the capital costs and the transition costs for the
98 project will be \$246 million.

99 **SECTION 4. Deposit of levy proceeds.** If approved by the voters, the levy
100 proceeds shall be deposited in a special revenue fund created by ordinance.

101 **SECTION 5. Eligible expenditures.** If approved by the qualified electors of the
102 county, the levy proceeds shall be used only for the capital costs and transition costs of
103 the project. The maximum amount of levy proceeds for the rate stabilization allocation
104 shall be \$2,619,406. Up to a maximum of \$1 million annually may be used for the fire
105 protection services allocation. Consistent with RCW 84.55.050, levy proceeds may not
106 supplant existing funding. If the actual costs for financing and for fire protection services
107 are less than the amounts estimated, any savings shall be used first for capital
108 contingency costs, and if any savings remain after all capital costs have been paid, the
109 savings then may be used for transition costs.

110 **SECTION 6. Call for special election.** In accordance with RCW 29A.04.321,
111 the King County council hereby calls for a special election to be held in conjunction with
112 the special election on April 28, 2015. The director of elections shall cause notice to be
113 given of this ordinance in accordance with the state constitution and general law and to
114 submit to the qualified electors of the county, at the said special county election, the
115 proposition hereinafter set forth. The clerk of the council shall certify that proposition to
116 the director of elections, in substantially the following form, with such additions,
117 deletions or modifications as may be required for the proposition listed below by the
118 prosecuting attorney:

119 PROPOSITION ____: The King County council passed Ordinance
120 _____ concerning funding for a new, upgraded regional emergency
121 radio network. This proposition would provide funding to replace the
122 current emergency radio network used for dispatching and communicating
123 with police, fire and other responders. The proposition would fund capital
124 and transition costs as defined in Ordinance _____ and would
125 authorize King County to levy an additional regular property tax of \$0.07
126 per \$1,000 of assessed valuation for nine years with collection beginning
127 in 2016. The 2015 levy amount would be used to compute limitations
128 under Chapter 84.55 RCW for the eight succeeding years. Should this
129 proposition be:

130 Approved? _____

131 Rejected? _____

132 SECTION 7. Severability. If any one or more of the provisions of this ordinance
 133 shall be declared unconstitutional or invalid for any reason, such decision shall not affect
 134 the validity of the remaining provisions of this ordinance, the bonds or any short-term
 135 obligations issued in anticipation thereof, and this ordinance, the bonds and any short-
 136 term obligations issued in anticipation thereof shall be construed and enforced as if the
 137 unconstitutional or invalid provisions had not been contained in this ordinance.
 138

Ordinance 17993 was introduced on 1/12/2015 and passed by the Metropolitan King
 County Council on 3/2/2015, by the following vote:

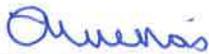
Yes: 8 - Mr. Phillips, Mr. Gossett, Ms. Hague, Ms. Lambert, Mr.
 Dunn, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove
 No: 1 - Mr. von Reichbauer
 Excused: 0

KING COUNTY COUNCIL
 KING COUNTY, WASHINGTON



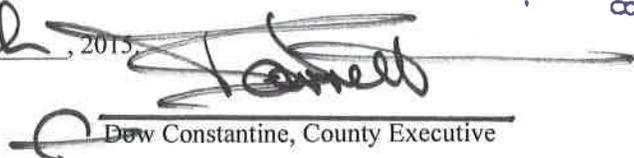
Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 2 day of March, 2015



Dow Constantine, County Executive

Attachments: A. Puget Sound Emergency Radio Network (PSERN) Finance Plan

RECEIVED
 2015 MAR -2 PM 3:38
 CLERK
 KING COUNTY COUNCIL

Puget Sound Emergency Radio Network (PSERN) Finance Plan

Updated 12/16/2014

Cash flow financing for the PSERN project anticipates the use of short and long term debt, backed by a 9 year levy lid lift.

Cash Flow Model	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue											
BAN/Interfund Loan/Bond Proceeds ¹	\$28,140,000	\$140,700,000			\$43,215,000						
Levy Collections ²		\$27,832,992	\$28,448,608	\$29,059,946	\$29,669,461	\$30,283,789	\$30,907,052	\$31,542,183	\$32,191,954	\$32,856,742	
Total	\$28,140,000	\$168,532,992	\$28,448,608	\$29,059,946	\$72,884,461	\$30,283,789	\$30,907,052	\$31,542,183	\$32,191,954	\$32,856,742	\$0
Expenditures											
PSERN Project Costs ³	\$11,611,917	\$24,728,020	\$46,178,395	\$34,364,643	\$56,023,557	\$16,631,010	\$5,027,968				
20% Contingency	\$2,322,383	\$4,945,604	\$9,235,679	\$6,872,929	\$11,204,711	\$3,326,202	\$1,005,594				
Reserves ⁴		\$1,000,000	\$1,000,000	\$1,000,000	\$1,750,000	\$2,237,176	\$1,824,826	\$1,557,404	\$1,000,000	\$1,000,000	
BAN Payoff		\$28,351,050									
Debt Service Payments ⁵			\$20,255,543	\$20,255,543	\$20,255,543	\$28,299,149	\$28,299,149	\$28,299,149	\$28,299,149	\$28,299,149	\$8,043,607
Total	\$13,934,300	\$59,024,674	\$76,669,617	\$62,493,115	\$89,233,811	\$50,493,537	\$36,157,537	\$29,856,553	\$29,299,149	\$29,299,149	\$8,043,607
Fund Balance ⁶	\$14,205,700	\$123,714,018	\$75,493,009	\$42,059,840	\$25,710,491	\$5,500,742	\$250,257	\$1,935,887	\$4,828,692	\$8,386,285	\$342,678
Financial Summary⁷											
BAN Proceeds	\$28,140,000										
Bond Proceeds	\$183,915,000										
Levy Collections	\$272,792,726										
Project & Contingency Costs	\$233,478,612										
Reserves	\$12,369,406										
Cost of Financing	\$26,602,030										

Notes:

¹ 2015 Bond Anticipation Note (BAN) issued when levy is approved by voters. Bonds are assumed to be tax exempt. Issuance costs are included in proceeds and debt service.

² Levy collections are based on a 9 year levy lid lift with a starting rate of **\$0.07**. Collections assume 1% limit and are calculated based on August 2014 OEFA forecast.

³ PSERN project costs exclude the cost of borrowing or issuance. Issuance costs will be rolled into debt issuance. Cost that are already incurred and the cost of an election are included in the 2015 costs. Project costs include **20%** contingency. Contingency covers both project and financing cost.

⁴ Reserves include contingencies for 1) transition costs to the new radio network, 2) rate stabilization to mitigate the operating costs of the new system, and 3) funds to offset the impact of levy suppression on fire districts as a result of the PSERN Levy.

⁵ Debt Service payments assume \$140.7M for 8 years at 3.25% and \$43.2M for 6 years at 3.25%. Bond proceeds are expected to be spent within three years of sale.

⁶ Fund balance will be managed to not go below \$0. If it appears that fund balance will go below \$0, the fund manager will request a temporary loan from the King County pool.

⁷ Actual timing and size of bond and BAN issuances will be based on the cash needs of the project and optimized to reduce the overall cost of financing while minimizing interest rate risk. This base scenario includes one BAN and two bonds. The number of BANs and bonds issued could vary. The County may choose to utilize interfund borrowing to minimize costs.