

MOTION NO. 5728

A MOTION relating to implementing King County's Enhanced 911 Emergency Communication System.

WHEREAS, on November 3, 1981, King County voters approved the imposition of a \$0.45 telephone excise tax to pay for the implementation and operation of a Countywide Enhanced 911 (E-911) Emergency Communication System, and

WHEREAS, the King County Council, in placing the telephone excise tax on the ballot by enacting Ordinance 5680, reserved decision-making authority over the "actual rate of tax to be imposed, procedures for administration and collection of the tax, the design of the system, and the requests for proposals issued pursuant to K.C.C. 4.16," and

WHEREAS, on September 9, 1982, the King County Executive proposed an implementation strategy that included preparing detailed performance specifications for the E-911 System; soliciting a design and cost proposal from Pacific Northwest Bell (PNB); and signing a contract with PNB, provided that PNB's proposal met King County's performance specifications at a reasonable and justifiable cost; and

WHEREAS, on October 18, 1982, the King County Council adopted Motion 5588, approving and modifying the Executive's proposed strategy by asking the Executive to work with potential qualified E-911 vendors other than PNB, and

WHEREAS, on February 14, 1983, PNB submitted to King County's E-911 Program Office a cost proposal of approximately \$17.6 million to provide an E-911 System Countywide for a period from 1985 to 1990, based on the projected number of access lines on January 1, 1985, and

1           WHEREAS, aside from various costs that are unique to King  
2 County's proposed E-911 System, the basic costs of the proposed  
3 System's service features, (ANI, ALI, and SR), are allocated  
4 over the total number of access lines within an eight county  
5 market area projected by PNB, and

6           WHEREAS, the implementation strategy adopted by Motion 5588  
7 (except signing a contract with PNB) has been completed by the  
8 Executive, and

9           WHEREAS, THE Executive has stated that only two vendors  
10 other than PNB have indicated an interest in providing the  
11 E-911 System as a prime contractor, and

12           WHEREAS the Executive has stated both vendors indicated  
13 they would have to subcontract with PNB for a substantial  
14 portion of the system thereby minimizing the likelihood of  
15 reducing costs and/or improving the quality of the E-911 system  
16 by issuing a request for proposals (RFP), and

17           WHEREAS, no other company other than a Bell operating  
18 telephone company has provided an E-911 System and the  
19 Executive has stated such experience is critical to timely  
20 implementation and the reliability of the System, and

21           WHEREAS, the Executive has stated that PNB is the most  
22 qualified vendor and is capable of providing King County with a  
23 high quality E-911 System, at a reasonable and justifiable  
24 cost, in a timely manner, and

25           WHEREAS, the Executive has stated that King County  
26 residents will be better served and will receive a superior  
27 product in a more timely manner by contracting with PNB; and

28           WHEREAS, the King County Prosecuting Attorney has  
29 determined that the County may legally dispense with  
30 competitive bidding for its E-911 System assuming the  
31 conditions stipulated in his March 11, 1982 letter opinion are  
32 met, and  
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1           WHEREAS, the E-911 Task Force and the E-911 User Committee  
2 recommend negotiating a contract with PNB, and

3           WHEREAS, the King County Executive concurs with that  
4 recommendation.

5           NOW, THEREFORE, BE IT MOVED by the Council of King County:

6           A. Per Motion 5588 The King County Council accepts the King  
7 County Executive's recommendation to negotiate a sole source  
8 contract with PNB, as the Executive has indicated there are no  
9 other qualified vendors.

10          B. The King County Council authorizes the King County  
11 Executive to sign a letter declaring King County's intent to  
12 negotiate and execute a contract with PNB for the  
13 implementation and operation of a Countywide E-911 Emergency  
14 Communication System, subject to Council approval of the  
15 proposed contract.

16          C. The King County Executive, in negotiating a contract  
17 with PNB shall be guided by the following concerns identified  
18 by the County Council, contained in PNB's cost proposal, which  
19 the Council declares need additional explanation and  
20 justification prior to the execution of the contract:

21           1. Cost Issues.

22           a. Cost of money - is comprised of PNB's cost of debt  
23 service and return on stockholders' equity. PNB incurs this  
24 cost as a result of capitalizing the System prior to being  
25 reimbursed from revenues generated by the E-911 excise tax.  
26 PNB has generally identified its cost of money at a rate of  
27 16.5%, or approximately \$2.354 million over the proposed life  
28 of the contract. The Council questions this cost, and the  
29 assumption that such cost may be financed only through long  
30 term debt acquired by PNB.  
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1           b. Inflation assumptions - employed by PNB for various  
2 elements of the System. These are forecasts of future costs of  
3 the System. PNB has identified labor inflationary assumptions  
4 at an annual rate of 11.5% throughout the proposed period of  
5 the contract, 1985-1990. The Council questions the assumptions  
6 leading to the predicted rate.

7           c. Administrative overhead - are PNB's costs to  
8 provide a contribution toward the common corporate costs of the  
9 business. These costs are in addition to the direct costs of  
10 the System, as contained in PNB's cost proposal. PNB has  
11 identified these costs as constituting 15% of the direct costs  
12 of providing the system, approximately \$2.01 million. The  
13 Council questions these costs, given the lack of detailed  
14 information regarding their derivation.

15           d. Profit, or return on stockholders' equity - is  
16 included in PNB's proposed cost of money. The Council  
17 questions that PNB's cost proposal does not identify their  
18 projected profit.

19           e. Cost estimates of independent telephone companies -  
20 the charge displayed in PNB's cost proposal constitutes their  
21 formal proposal. Two other independent telephone companies  
22 will participate in the program, (General Telephone, Telephone  
23 Utilities). Their proposed costs at this time, are estimates.  
24 The Council questions that their costs have not been  
25 formalized. Further, the Council is concerned that these  
26 estimates do not disclose:

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28           (1) Cost of money,  
29           (2) Inflation assumptions,  
30           (3) Administrative overhead,  
31           (4) Profit (return on stockholders' equity).  
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1 PNB's cost proposal identifies the total costs as \$2.197 million.

2 f. Lease versus outright purchase of capital equipment -  
3 PNB proposes only a lease for the use of all E-911 capitalized  
4 equipment owned by PNB. The Council questions whether specific  
5 equipment would be less costly if purchased outright from PNB, the  
6 ATT Divestiture Agreement legally allowing the same.

7 2. Contractual Policy Issues. Issues to be addressed in the  
8 terms of the executed contract should include, but are not limited  
9 to:

10 a. Liability for maintenance of the System - the executed  
11 contract should contain provisions stating the responsibilities of  
12 all parties for the maintenance of the System, once it becomes  
13 operational. Such provisions should not be limited to stating  
14 which party is responsible solely for responding to incidents of  
15 System malfunctions, but also include the party or parties  
16 responsible for the establishment of a program to monitor the  
17 System's performance, on a continuing basis. The intent of such a  
18 maintenance program should be to reduce incidents of System  
19 malfunctions.

20 b. Procedures for collection of the revenue generated by  
21 excise tax - the executed contract should contain provisions  
22 defining policy relating to the collection and remittance of the  
23 revenue to King County.

24 c. Responsibilities defined - the executed contract  
25 should contain provisions specifying the respective contractual  
26 obligations, limitations of liability, of King County and PNB at  
27 the time the System becomes operational.  
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1 d. Commonality of contractual terms throughout the  
 2 eight county E-911 market - the executed contract should  
 3 contain provisions assuring King County that no other  
 4 jurisdiction has or will receive more favored consideration in  
 5 the terms of an E-911 contract with PNB.

6 If advantages are provided to other jurisdictions, like  
 7 advantages shall be extended to King County. As an example, if  
 8 lower recurring rates and charges are assessed in any other  
 9 jurisdiction's contract with PNB, such reduced charges or  
 10 recurring rates shall be likewise extended to King County under  
 11 this contract.

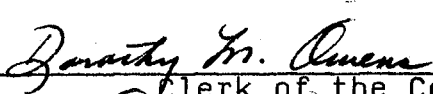
12 e. Option to extend E-911 service - The executed  
 13 contract should stipulate that PNB will continue to provide  
 14 E-911 services for a minimum of two additional five-year  
 15 contract periods. The renewal provisions should define the  
 16 specific elements of the System which shall be renewable upon  
 17 the County's exercise of its option.

18 PASSED this 25th day of April, 19 83.

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 20 KING COUNTY COUNCIL  
 KING COUNTY, WASHINGTON

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 22   
 23 Chairman

24 ATTEST:

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 Clerk of the Council