



City of Homer

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Office of the City Manager

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Memorandum

TO: Mayor Wythe and Homer City Council
FROM: Katie Koester, City Manager
DATE: August 17, 2016
SUBJECT: City Manager's Report – August 22, 2016

Dispatch

The Kenai Peninsula Borough Mayor's office has engaged City Administration since fall of last year on a proposal to consolidate dispatch services. Concerned about losing their contract with the State for Dispatch, they have reached out to Seward, Kenai and Homer to gauge interest in consolidation. Soldotna Police Department already dispatches through the Borough, though their cost would go up under this proposal. City administration has actively participated, providing stats and attending meetings. This is not the first time consolidation has come up. The proposal to consolidate dispatch has been floated a number of times during Chief Robl's tenure, and the City has always come to the conclusion that although the idea of greater efficiency with consolidated services sounds good, it begins to fall apart in the details. This round is no different, though the stakes are potentially higher with the budget being so tight. I have run the numbers and see no long term cost savings for the City. Administrative staff would have to be retained, and PERS termination study penalties would be incurred. There are also considerable risks including equipment failure, loss of local knowledge, and loss of control over how dispatch services are provided to the City and what we are charged for them. I have attached both the Borough's proposal and my response which provides a more detailed analysis of a complicated topic. Up until now I have refrained from digging into the details publicly as I want to be sensitive to the hard working and dedicated public servants who answer to our 911 calls any time of day or night and make sure they know their jobs are not on the line. Dispatch is a notoriously difficult position to fill and we have a great team there now. I would hate to lose any of them based on the misconception their job is at risk and want to ensure any Dispatcher reading this that is not the case. Nevertheless, this is an important enough topic that Council needs to be in the loop. The Borough would like an opportunity to address you on the topic. Would you like to extend an invitation to Mayor Navarre to present to Council during Committee of the Whole at the next Council meeting (September 12)? Mayor Navarre and Larry Persily are scheduled as visitors for the regular meeting to discuss the KPB ballot propositions that will go before the voters this fall.

Operation Northern Edge

After the passage of Resolution 16-081(A), Opposing Siting and Timing of U.S. Navy Training Exercises that Pose Risks to Fish and Fisheries in the Gulf of Alaska, I was contacted by

Senator Murkowski's office who emphasized Senator Murkowski's involvement in insisting that the Navy and Alaskan Command work with local communities regarding exercise scheduling and activities. Murkowski's staff will be meeting with the Navy this month and will request they reinitiate consultation with the City of Homer. I have extended an open invitation to Senator Murkowski's staff on this topic, and let them know how much the City appreciates that this issue has not dropped off their radar.

Audit Presentation Scheduled for September 26

Auditors across Alaska are waiting for information from the State on PERS to be able to finalize the 2015 audits. The State should release that information next week and the audit firm, BDO, is scheduled to present to you September 26. The date has been delayed by months, however I am glad Council will have information on 2015 before budget talks for 2017 begin.

Assistant Fire Chief Position Funded through SAFER Grant

I am ecstatic to announce that the City of Homer has received a SAFER grant through Homeland Security for an assistant fire chief at the Homer Volunteer Fire Department. This is a two-year grant that fully funds (salary and benefits, \$248,000 over two years) an assistant chief position. As you are aware, an assistant chief position has been on the books but not funded for many years due to budget constraints. In my opinion, this position is the number one staffing need for the City. This position will have a dramatic impact on the department, the volunteers, and our department's responsiveness and readiness. The morale boost to the crew to know they have help cannot be articulated. The timing could not be better. This position will have such a positive impact on our community, and allow the department to play a bigger role in the community. If you were in my office on Wednesday morning you would have seen me doing my best happy dance yet. I should have a grant agreement in September for Council to accept by Ordinance.

Sales Tax and Vacation Rentals by Owner

At the August 8 Council meeting while discussing budget priorities, Council brought up a question about how vacation rentals (Airbnb and VRBO, for example) are taxed. I contacted Larry Persily with the Borough and he confirmed that their lodging transactions are taxable--though compliance can be difficult. The sales tax staff scans the websites (Airbnb and VRBO) on a monthly basis looking for unregistered businesses.

From Mr. Persily, "A couple of points to keep in mind: Under the proposed code revision, anyone taking in less than \$2,500 a year would be exempt from collecting sales tax. So the low-priced room that gets rented out 30 nights a year at \$60 a night would be tax exempt. And, also under the code revision, we clarify and reaffirm that either the property owner pays the tax or Airbnb pays the tax, we don't really care much which one. (We don't say Airbnb by name, but reference out-of-borough businesses with an agent or business link in the borough.) Though, admittedly, it will be easier to collect from the local rental operator. This same provision would apply to Amway, Shaklee and other distributors who use local agents to peddle their goods."

Lunch with a Councilmember

With fall around the corner (though it seems like it has settled in already), the timing is right to resurrect Lunch with a Councilmember, as long as Councilmembers are still up for it.

The Library Director spoke with the Friends who sponsor this event. Their suggestions are:

- Start in October
- Do it the same day every month through March
- Send out the schedule to all the non-profits and other organizations we can think of in town
- Have councilmembers sign up in advance so the Friends can make one poster (with the election in October we should wait till the second meeting to circulate a signup sheet)

Questions for Council are:

- Is the first Council Monday of the month still the preferred day?
- If so, would someone like to sign up for Oct. 10th?
- Any other suggestions (timing, etc.)? - the Friends are open to ideas.

Enc:

Draft Dispatch Consolidation Proposal from KPB
City of Homer Response



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Memorandum

TO: Mayor Navarre, Kenai Peninsula Borough
FROM: Katie Koester, City Manager, City of Homer
DATE: May 17, 2016
SUBJECT: Dispatch Consolidation

Redundancy/ loss of connectivity

This is a big issue for the City, Homer is the most distant client in this proposal. How would redundancy be provided if connectivity is lost? This happens from time to time now. According to our consultant, ProComm, employing 2 systems, like ALMR and HPD 1&2 or HVFD 1&2 is not redundant, once connectivity to Homer is lost we would be 100% down. I understand that we cannot necessarily plan for 'the big one,' but it is a policy call to decide how much risk we are willing to take on. I am unable to say with confidence that the risk of losing connectivity is limited to a major, regional natural disaster and would like a greater degree of assurance that routine outages can be prevented.

Extra charges/services

Cameras. Like Seward, the City of Homer has a number of security cameras that are monitored by dispatch (airport, port, etc.) From the paperwork you presented at the meeting, this looks like a \$143 charge per month per circuit?

Cost for other departments. Depending on events, there can be a lot of radio work for dispatchers with Public Works and Port and Harbor. KPB dispatch would have to tie into the Harbor radio system and Public works repeaters, which would have an equipment cost and call level cost.

Local alarms. There are several local alarms that ring into dispatch (panic buttons at City Hall, the College, High School, etc.). There are also alarms for the water treatment plant and pump stations. What will that service cost? Can it be provided?

Cost

We have confirmation from the state that by eliminating the classification of employees – dispatchers – it would trigger a termination study.

The HPD does not track call volume with the same software the Borough does. Though we had dispatch go through the call log by hand to try and come up with more comparable statistics, we are certain our call volume – and therefore cost – will increase under the CAD system used by KPB. Under the proposal, Homer would be paying less than Soldotna. HPD is a busier department than Soldotna and our call volume under CAD would reflect that.

Local Knowledge

The importance of local knowledge is more than just knowing the local geography and landmarks. Our local dispatchers know the frequent callers, know when to take a call more seriously and can think quickly to apply local resources in a situation. At least once a year we have a potentially major incident turn out well because of this type of local knowledge.

Capital cost avoidance

This may be an area where municipalities can experience true cost savings. It would be helpful to understand what one time cost saving there are (new radios that cities would have to buy anyway) and what ongoing savings there would be (ongoing dispatch equipment replacement cost?).

The City of Homer is in the process of designing a new police station. There will be a cost avoidance in not housing dispatch that Council will need to consider.

Control and the future/ administration

What is the guarantee to municipalities that this cost will not escalate in the future? How will all the municipalities have a true seat at the management table? I know this question is equally important to the administration as it is to the municipalities. I do not have a solution. A joint operating agreement where each municipality has a seat may be a viable option, but I would worry that efficiencies would be lost in this type of management structure, which could drive up cost. I also worry about a central peninsula bias in such a structure. Figuring out this structure would be a necessity before making any final commitments. I am interested to see proposals from the other municipalities, or a consultant that specializes in 911 services, on how to handle this issue.

City of Homer staffing under a consolidated dispatch

The staffing needs for HPD are one jail officer (dispatch currently monitors cameras when there is no coverage in the jail) and 2.5 administrative support staff. We also would need some increased overtime hours for the officers for the paperwork processing dispatch helps with. A good argument can be made that the City should be replacing a jailer regardless of the location of dispatch. However, this would still not push the needle to an annual cost savings for the City of Homer.

<u>Salary & Wages</u>	<u>Benefits Total</u>	<u>Total Labor Costs</u>
65,000	34,130	99,130
60,000	32,612	92,612
28,000	22,899	50,899
46,000	28,363	74,363

2.5 dispatchers retained as staff = \$317,000/ year Total Labor Costs

+ 1 jailer added

350 hours additional OT officers = \$14,000/ year

PERS Termination Study estimate = \$130,000/ initial year

= \$85,000 / every year after

First year = Costs City \$461,000 (Labor Costs/ OT/ PERS Termination estimate)

Every year after = \$416,000 (Labor Costs/ OT/ PERS Termination estimate)

In Summary

Thank you for taking on this incredibly complex issue. As this concept progresses, the City would like to see a radio systems engineer to design the connectivity needed for a joint dispatch center. The engineer can design the center and the satellites as a unified system connected with multiple redundant links for reliability. An emergency communications consultant with experience in 911 systems and radio systems should be employed in system design and to ensure all users are treated equally. A radio systems consultant, the City of Homer uses ProComm, could provide a feasibility assessment before investing significant dollars in design. Radio communications is a very complicated topic. With these assurances from professionals, I think removed locations like the City of Homer would feel much more secure that we are not taking on an untenable amount risk.

The City of Homer is willing to see this process through until we can get more reliable information and assurances on some of the larger unknowns. Given the preliminary numbers I am skeptical this will be financially feasible for Homer. Nevertheless, there are many moving pieces and it is important to explore all the options and present Council with the risks and benefits of consolidation.

Kenai Peninsula Borough Consolidated Dispatch Center
Fee Methodology Proposal
DRAFT

1. SUMMARY

The Soldotna Public Safety Communications Center (SPSCC) provides dispatch services to a number of borough service areas and the city of Soldotna. The borough is examining the possibility of offering these services to the cities in the borough that currently operate independent dispatch centers (Kenai, Homer, and Seward). This document proposes a fee structure for all agencies that a consolidated SPSCC would dispatch for. This fee structure is calculated based on the actual cost to run dispatch with the addition of Seward, Kenai and Homer dispatch centers. This structure may be changed slightly – based on the number of additional dispatchers needed – if all three cities do not decide to consolidate. The maximum borough-wide savings will be achieved with consolidation of all centers. *This document is a DRAFT PROPOSAL only and is intended to outline a potential structure and important points of consideration moving forward.*

Total direct cost for borough¹ operated consolidated center: \$3,001,057

The cost of running this consolidated center will be split amongst all agencies that the SPSCC dispatches for, after the deduction of the E911 surcharge, State Park Service contributions, individual city specialized services, and borough general fund contribution. The borough general fund will cover small agencies that are not within cities or service areas (Moose Pass, Hope, Cooper Landing, and Ninilchik), 911 addressing, and the purchase of 6 new radio consoles.

This cost breakdown is based on the cost of running a center (FY2017 budget) with **6 additional dispatchers and .5 additional administrative assistants** (Totaling 13 public safety dispatchers, 3 shift supervisors, 1 communications center manager, 1 IT specialist, 1 administrative assistant) There are also 8 state dispatchers and 1 state office assistant in the SPSCC.

This number also includes the estimated cost of annual training for airport response (\$8,000 annually), maintaining radio/IP linkage with Seward and Homer (\$232/month), and door buzz-in circuit charges (\$100/month for Homer and Seward, \$300/month for Kenai). However, city specific costs are billed separately and deducted from the overall budget before calculating cost/call. These fees are discussed in the specialized services below.

2. GENERAL COST BREAKDOWN

Event call volume, rather than 911 call volume, is the best way to measure cost allocation. The current borough CAD system will be able to track these numbers, and these numbers represent the proportional workload for each agency at the center. To account for year-to-year fluctuation, fees for call volume ranges have been established.

Police calls are generally more frequent and have a shorter duration, and are thus weighted at half of the cost per call (\$24/call). Fire and EMS calls tend to be longer duration and are thus weighted at \$48/call. This reflects

¹ The state pays for a portion of personnel and equipment, these costs are not included In this discussion

**Kenai Peninsula Borough Consolidated Dispatch Center
Fee Methodology Proposal
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the average workload for each call, and is similar to the structure used by Fairbanks Emergency Communications Center. This ratio should be reassessed and adjusted at a future date to reflect relative average workload of the two types of calls. However, as there is not data collected at a standardized center at this time, a 2:1 ratio will be used.

**Fire and EMS calls: \$48/call
Police calls: \$24/call**

Minimum fees for fire agencies will be based on 200 calls/ year and police agencies will be based on 1000 calls/year. Fire agency rates will increase every 200 calls until reaching 1000 calls. At this point the rate will increase every 1000 calls. Rates for police agencies will increase every 1000 calls. This system is used by Fairbanks Emergency Communications Center.

This fee system is structured simply so that agencies participating in the SPSCC have a realistic idea of what they will be charged. These ranges should be reassessed when this structure is reviewed. If agencies in the borough frequently fluctuate between two blocks - for instance if the call volume of Anchor Point fluctuates regularly between 190 and 210 - this structure should be adjusted to maximize year-to-year stability and ease of agency budgeting.

Fire Agency		
0	200	\$9,600
201	400	\$19,200
401	600	\$28,800
601	800	\$38,400
801	1000	\$48,000
1001	1200	\$57,600
1201	1400	\$67,200
1401	1600	\$76,800
1601	1800	\$86,400
1801	2000	\$96,000
2001	3000	\$144,000
3001	4000	\$192,000
4001	5000	\$240,000
5001	6000	\$288,000

Police Agency		
0	1000	\$24,000
1001	2000	\$48,000
2001	3000	\$72,000
3001	4000	\$96,000
4001	5000	\$120,000
5001	6000	\$144,000
6001	7000	\$168,000
7001	8000	\$192,000
8001	9000	\$216,000
9001	10000	\$240,000
10001	11000	\$264,000
11001	12000	\$288,000
12001	13000	\$312,000
13001	14000	\$336,000

These rates are calculated by dividing operating budget (after deduction of E911 surcharge, State Park contributions, borough general fund contributions, and specialized services) by total weighted call volume to calculate a cost/call value. This will be recalculated after the first year of operating a consolidated center, and every three years beyond that. There will be a 2% annual increase in these rates to account for inflation.

All call volume charges after year one will be based on borough tracked call volumes for the previous calendar year, this will be standardized across all agencies. The borough will submit a notice by March 1st of each year,

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and an invoice by July 1st, which will be paid in full by September 30th each year. If this becomes effective in the middle of a fiscal year, the agency will pay a prorated amount for the first year. Rates for FY2017 will be based on CY2015 call volumes.

3. ANNUAL SPECIALIZED SERVICES

Fees will also include a cost for any specialized service outside of normal dispatch responsibilities. The below list includes fees for services that dispatch currently offers. Additionally services may be offered per agreement between the agency and the SPSCC, the fees for these services should be actual additional cost of providing these services at the center. Specialized costs are deducted from the operating budget prior to the calculation of the general cost/call discussed above.

Service		Rate	Measurement
Police Administrative Call Taking*	Upon request	\$1.50	Per call
Airport Preparedness Staff Training	Kenai required	\$8,000	Estimated annual training cost at 8 hours/dispatcher
TLS Circuit Charge	Homer Seward	\$232/month	Per month, if cities move to ALMR this charge will be eliminated
Buzz-in circuit charge	Homer Seward	\$100/month	Per month
Airport circuit charges	Kenai	\$300/month	Estimated – will be based on actual cost
Camera Access†	Upon request	TBD	Charge will include TLS circuit charge plus an additional \$143/month to increase TLS circuit speed, other charges will be agreed upon based on specific needs

*For administrative calls, each city is responsible for coordinating with DPS to add a circuit to utilize the current administrative phone system, for configuring scheduled forwarding of administrative calls to the DPS line, for the cost of circuit tying their phone system to the DPS administrative system, and for any long distance charges incurred. Any call that does not result in a CAD Call for Service (CFS) will be billed at the administrative call rate. Any administrative call requiring CFS and associated records management data entry will be billed at standard rates.

†Camera systems must integrate with the current borough system and charges will be determined on an individual basis. Agencies are responsible for any set up cost. Passive access only, active monitoring not available.

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4. ONE TIME CITY INTEGRATION FEES

These costs reflect one time fees associated with the transition and integration of the dispatch centers. There will be a one-time integration fee of **\$10,000** per city to cover general transition costs. Other costs are estimated in the table below, but will be charged to the cities at actual cost.

Service		Estimate	Measurement
One time integration fee	All cities	\$10,000	Flat fee
Radio/IP linkage*	Homer/Seward	\$6,000	Actual cost
Buzz-in capabilities	Homer/Seward	\$5,000	Actual cost
Airport transition	Kenai	\$15,000	Actual cost

* Homer and Seward will be responsible for maintaining their own legacy radio system, and will be required to maintain the remote end of the radio-IP bridge.

5. ESTIMATED FEES PER AGENCY

General Cost

Agency	Fire and EMS	Police	Contribution
City of Soldotna	0	11,322	\$288,000
City of Kenai	1,378	7,840	\$259,200
City of Homer	637	8,819	\$254,400
City of Seward*	694	3,728	\$134,400
KESA	174	-	\$9,600
Central Emergency Services	2,802	-	\$144,000
BCFSA	130	-	\$9,600
Nikiski Fire Service Area	884	-	\$48,000
Anchor Point	213	-	\$19,200
State Park Service	Pays for 1 dispatcher		\$105,000
Total			\$1,271,400

**Seward call-volume CY2015: SVAC 523, SVFD EMS 205, SVFD Fire/Other 144. To avoid charging Seward twice for EMS calls, SVFD EMS calls are not included in total Fire/EMS call volume*

Specialized Cost

Will be determined based on additional services selected by agencies and actual cost.

Agency	Type	Fee
City of Kenai	Airport training, airport circuits	\$11,600
City of Homer	TLS Circuit, buzz-in circuit	\$3,984
City of Seward	TLS Circuit, buzz-in circuit	\$3,984
Total		\$19,568

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Integration Cost

Estimated one time cost of integrating new centers. This is not included in overall operating budget overview below, as these fees are specifically to cover transition costs, not annual operating budget.

Agency	Type	Fee
City of Kenai	Integration, airport	\$25,000
City of Kenai	Integration, radio/IP, buzz-in	\$21,000
City of Homer	Integration, radio/IP, buzz-in	\$21,000

Total Charges

Estimated total cost of consolidated center per agency.

Agency	First Year	Annual
City of Soldotna	\$288,000	\$288,000
City of Kenai	\$295,800	\$270,800
City of Homer	\$279,384	\$258,384
City of Seward	\$159,384	\$138,384
KESA	\$9,600	\$9,600
CES	\$144,000	\$144,000
BCFSA	\$9,600	\$9,600
Nikiski Fire Service Area	\$48,000	\$48,000
Anchor Point	\$19,200	\$19,200

Borough Charges

The borough general fund will cover the following costs

Item	Measurement	Cost
Radio replacement*	Annual budget	\$98,963
911 Addressing	Annual budget	\$122,115
Small agency call†	433 calls (401-600 block)	\$28,800
Total		\$249,878

*The equipment replacement fund will be used to cover the cost of 6 new dispatch radio consoles
 †Hope (19), Ninilchick (229), Cooper Landing (123), Moose Pass (62)

This document provides an estimate of consolidation costs. If additional services and integration costs specific to each city are identified, these costs will be billed to the integrating agency. General unexpected transition costs for the SPSCC itself (such as project management) will be covered by the borough. Estimated costs include:

Item	Measurement	Cost
ProQA software licensing	One time	\$11,000
New equipment	One time	\$20,000
Total		\$31,000

Kenai Peninsula Borough Consolidated Dispatch Center
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6. CONSOLIDATED CENTER BUDGET OVERVIEW

Consolidated dispatch budget summary	
Revenue from agencies	1,290,968
E911 revenue	1,544,348
Borough general fund	249,878
Total revenue	3,085,194
FY 2017 budget	2,431,295
- E911 Payments	(158,400)
+ 6 dispatchers, .5 admin	708,594
+ Airport and radio/IP costs	19,568
Total consolidated annual budget	3,001,057
Fund Balance	84,137

7. AGENCY INPUT

Cities will be charged based on their actual call volume collected by the CAD system at the SPSCC. Actual costs after year one may vary from estimated costs in this document, as there is not currently a unified way of collecting call volume data. Fees will be determined based on calendar year call volume and charged to cities on an annual basis during fiscal year budget preparation. The base rate (fee/call) will be recalculated every three years based on overall center call volume and operating budget.

In order to account for advances in technology and other changes in dispatch center operations, the entire fee structure will need to be reassessed periodically. The group for this fee structure reassessment will include representatives from each of the agencies participating in the call center. In addition, there will need to be an avenue created for input on fee methodology and other aspects of dispatch operations.

This proposal does not go in to detail on the structure of this group, which will be worked out with the agreement of all agencies.

8. E911 SURCHARGE

The borough will continue collect all E911 surcharges and this charge will be deducted from overall operating cost before rate per call for Fire, EMS, and Police are determined.