

TO: MAYOR BEUTLER
FROM: PUBLIC SAFETY PROJECT REVIEW COMMITTEE
SUBJECT: RECOMMENDATIONS
DATE: NOVEMBER 26, 2014

Mayor Beutler:

The Public Safety Project Review Committee you appointed to study financing options for the City's 911 radio system update and fire station optimization plan has completed its work.

We recommend that both the radio system update and fire station optimization projects be funded, that they move forward together, that they be funded with a 1/4 cent sales tax for 3 years from the implementation of the tax, and that any excess funds collected be set aside for future radio system needs.

This recommendation is made by a unanimous vote of the committee, 13 ayes and 0 nays. The committee met over the course of five weeks, from October 15 through November 19, 2014. We began our work by determining whether we believed that these two projects should be undertaken in the first place. We were provided with a number of written documents and reports, and briefings by staff.

During the first meeting on October 15, 2014, we considered the proposed update to the City's 911 radio system. After discussion, we voted to recommend the City acquire an updated radio system. The vote on this recommendation was unanimous by those members in attendance, 11 ayes and 0 nays.

During the second meeting on October 23, 2014, the committee considered the fire station optimization plan. After discussion, we voted to recommend Option A from the plan be adopted, which consists of building three fire stations and one joint police/fire station. The vote on this recommendation was unanimous by those members in attendance, 10 ayes and 0 nays.

At our third meeting on November 5, 2014, we examined seven options for financing these projects: a general obligation bond election, a sales tax election for pay-as-you-go financing, a sales tax election with the revenue servicing bond debt, vendor financing, third party financing, lease-purchase financing funded by certificates of participation, and bonds issued by a public safety communications joint public agency.

At our fourth meeting on November 12, 2014, the committee continued our discussion of the financing options, and framed a preliminary recommendation for a 1/4 cent sales tax through a motion that was tabled for further deliberation. We also considered the question of whether these two projects should move forward together or separately. We voted to recommend that both projects proceed together with the same funding mechanism. The vote on this recommendation was unanimous by those members in attendance, 10 ayes and 0 nays.

During our fifth meeting on November 19, we took up the motion from the table. Our continued deliberation revolved around two issues: the duration of a sales tax, and the use of any funds generated by that tax that might exceed the costs of the two projects. This discussion led to amendment of the motion to the form of our final recommendation, and the vote on that recommendation was unanimous by the members in attendance, 9 ayes and 0 nays. We agreed to accept votes from the four members who were unable to attend this final meeting, and all four of those members voted aye.

Although the votes were all unanimous, we want to assure you that these recommendations were preceded by thorough discussion and spirited exchange among the committee members. In reaching our recommendations, we used a decision matrix to frame our discussion. A copy of one member's notes from this matrix is attached, so you can see how we used this tool to assess the options.

Several of the funding options would have led to property tax increases, which we felt was one of the least palatable funding mechanisms to the public. We felt that a small short-term sales tax would be more favorably received. We also believe this recommendation can result in pay-as-you-go financing of these projects, avoiding interest on debt and most administrative fees and costs, thus representing the least expensive means of completing these projects.

We have appointed a group of five of our members to meet with you during the first week of December, to discuss these recommendations with you and answer any questions.

We sincerely appreciate the opportunity to serve and to provide our input on these important issues.