

RiverCom 911

Emergency Communication Systems and Facilities Tax

Information Sheet

Updated: May 13, 2019

About RiverCom

RiverCom is a multi-jurisdictional designated Public Safety Answering Point (PSAP) that provides emergency call-taking and dispatch services for law enforcement, fire districts and departments, public and private ambulance services in Chelan and Douglas counties. Dispatch operations are staffed twenty-four (24) hours a day, seven (7) days a week. RiverCom also owns and operates a public safety radio communications system located at various radio site facilities throughout Chelan and Douglas counties. RiverCom is organized as a municipal corporation and as a separate legal entity under the laws of Washington State. The agency is governed by the RiverCom Administrative Board.

RiverCom is one of 69 Public Safety Answering Points operating in Washington state.

RiverCom service area covers about 4,741 square miles.

RiverCom serves a population of about 120,000 fulltime residents (not including visitors).

In 2018, RiverCom responded to a total of nearly 96,917 calls, including 49,730 9-1-1 emergency calls for service.

RiverCom History

In 2004, Chelan County Douglas County, City of Wenatchee, and City of East Wenatchee, and twenty-eight other public safety agencies regionalized emergency call-taking and dispatch services and through an Interlocal Agreement, RiverCom was officially formed. The State E911 program provided the start-up funds for the call-taking portion of the operation. The founding counties and cities entered into a bond agreement to fund the regionalized dispatch portion of the operation. Where possible, equipment and hardware, radio transmission sites and licensing were transferred to the ownership of the newly-formed RiverCom. In many cases, the remote radio site infrastructure and equipment hardware were already obsolete or nearing the end of their life cycles.

The RiverCom Administrative Board acknowledged and recognized an emergent need to address the aging two-county radio system as the most likely single point of failure. The Board authorized a comprehensive engineering study and, based on the results of the study, subsequently implemented a graduated plan to bring radio sites and equipment up to acceptable standards. After first exhausting available supplemental monies, RiverCom was authorized by voters to collect the one-tenth of one percent sales and use tax revenue which was used to further complete the project.

Table 1: RiverCom's Primary Funding Sources:
(not including radio site lease payments or account interest)

Revenue Type	2018 Actual Revenue	% of Total Revenue
Agency Annual Assessment Fees	2,703,019	36.47%
E911 Phone Excise Tax	1,142,820	15.42%
State E911 Grants	253,733	3.42%
Emergency Communication Systems and Facilities Tax (RCW 82.14.420)	3,278,389	44.23%

How is RiverCom primarily funded?

RiverCom is primary funded through a combination of Agency Annual Assessment Fees, E911 a portion of Phone Excise Tax monies, State E911 Grant monies and, to a lesser degree, radio site lease payments and earned interest on account holdings.

- Agency Annual Assessment Fees
The public safety agencies that contract with RiverCom for 9-1-1 services are responsible for paying for all general operating expenses not otherwise covered by the E911 Phone Tax, State E911 grants, account interest, or other encumbered resources. *The monies collected through Agency fees may not be used for any capital costs.*
- E911 Phone Excise Tax
E911 Phone Excise Tax is generated through payment of wireline, wireless, VOIP, and pre-paid phone services. The \$0.95 monthly tax is collected as follows:

\$ 0.25 (25-cents)	State level
\$ 0.70 (70-cents)	County level

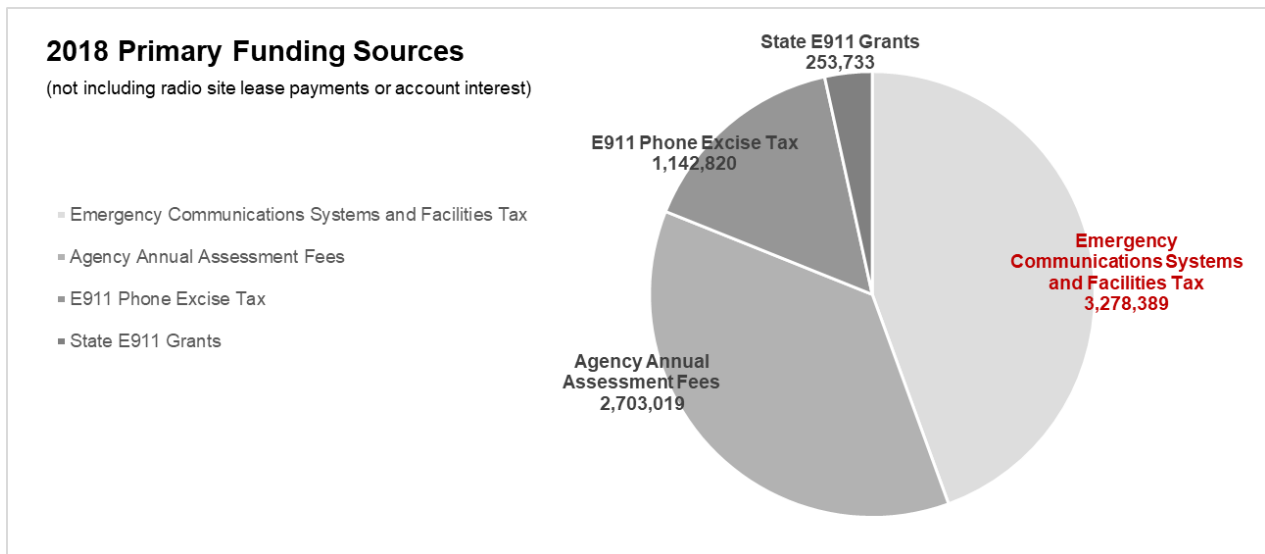
This tax is paid by people in Chelan and Douglas counties through their monthly phone bill or collected through a phone purchase. The tax is collected by the Department of Revenue and, after holding back a 1% administrative fee, DOR sends 25-cents to the State E911 general fund and 70-cents to the county in which it was collected. Each respective county then deposits such monies into RiverCom's account.

E911 Phone Excise Tax revenue can only be used for equipment and tasks directly related to receiving a 911 call. *This revenue may not be used for any hardware, software, or systems related to the dispatch of information obtained from a 911 caller.*

- State E911 Grants
These grant monies come from a grant application and reimbursement process administrated by the Emergency Management division of the Washington State Military Department. A portion of grant monies comes from the E911 Phone Excise Tax allotted to the State. The use of Grant monies is restricted. Monies can only be used for eligible expenses as determined by the State and only for expenses that support the Enhanced 911 (E911) emergency communications network, database, and on-premise equipment that is accessed by dialing 911 and that enables police, fire, medical, or other emergency situations to a designated Public Safety Answering Point.

State E911 funding can be problematic because the revenue is not always stable and is not always a guaranteed source of revenue. Historically, this source of revenue can be impacted by State budget shortfalls, E911 fund sweeps by legislators for non-911 purposes, increased costs for state-wide 911 networks, and restricted expenditure authority by the State's Office of Financial Management in any given year. Over the past few years, the State E911 program has significantly reduced the level of funding it once provided for communications equipment, systems, and other operational costs which has resulted in a greater level of fiscal responsibility placed at the local level.

- Radio Site Lease Payments
RiverCom receives some revenue as compensation for space leased at its radio sites. Lease revenues are received into an Equipment Replacement Account and used for replacing equipment previously purchased with Agency Assessment Fees.



Emergency Communications Systems and Facilities Tax has paid for:

- Capital improvement projects
- Critical 911 and radio system equipment
- Radio site development, infrastructure, equipment, and ongoing maintenance
- Radio console equipment
- IT infrastructure, equipment, and ongoing maintenance
- E911 phone systems, equipment, auxiliary equipment, upgrades, and maintenance
- Radio engineering services and consulting
- Legal, contract development, and other related professional services (related to the radio system)
- Liability Insurance for remote radio sites and radio equipment
- Project management and oversight, technical services and support
- Radio system and equipment repairs and preventive maintenance for user agencies

What is the Tax?

RCW 82.14.420 provides the basis for a sales and use tax for emergency communication systems and facilities. A county legislative authority may submit a proposition to county voters and, if approved by a majority of persons voting, affix a sales and use tax at a rate equal to one-tenth of one percent of sales or use tax.

In 2009, voters in both Chelan and Douglas counties approved RiverCom to receive the one-tenth of one percent sales and use tax from 2010 through 2019. Collection of this revenue is scheduled to sunset December 31, 2019.

This is not a new tax or tax increase.

RiverCom is asking for re-newal of the one-tenth of one percent sales and use tax allowed under RCW 82.14.420.

The tax rate equals:	\$ 0.01 for every	\$ 10.00 selling price/value
	\$ 0.10 for every	\$ 100.00 selling price/value
	\$ 1.00 for every	\$1,000.00 selling price/value

The tax is collected from all persons, residents and visitors, who pay sales and use tax in Chelan and Douglas counties. This method of tax collection allows for the cost to fund emergency communications to be shared by all who use such services in RiverCom's service area.

What can these monies be used for?

Following RCW 82.14.420, monies received from this tax will be used solely for the purpose of providing funds for costs associated with financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, and improvement of emergency communications systems and facilities.

Why reauthorization?

RiverCom utilizes this tax revenue to supplement funding for critical emergency communications in Chelan and Douglas counties and to bridge restrictions placed on other revenue sources. The revenue received through the one-tenth of one percent sales and use tax provides a source of permanent, stable, and sustainable revenue for emergency communications systems and facilities in Chelan and Douglas counties.

**When RiverCom was first organized,
no funding mechanism was established
to pay for future radio systems, technologies, or equipment.
The one-tenth of one percent sales and use tax is the only permanent
funding solution available to RiverCom to pay for many of the
expenses related to its communication systems and facilities.**

Projected Revenue?

Based on past trends, RiverCom estimates that it would receive about \$2.5 – 4 million dollars per year (for the next 5 years) if this tax is reauthorized.

The amount collected and received by RiverCom would fluctuate relative to the amount of sales and use tax paid by consumers. If at any time consumer sales decreased, RiverCom would realize a lesser tax amount.

How is this tax different from taxes collected under the Emergency Communications Act?

The Emergency Communications Act applies only to law enforcement organizations and does not include emergency communications infrastructure. RiverCom 911 is not a law enforcement agency and is not eligible to collect such tax.

What is different this time?

- This proposition does not have an ending or sunset clause.
- Previous one-tenth of one percent tax revenue was primarily used for a Capital Improvement Project, specifically a regional public safety 911 radio system upgrade and expansion project. Moving forward, RiverCom would use the one-tenth of one percent tax revenue as fully allowed under RCW 82.14.420.
- Since 2009, several other counties in the State of Washington have successfully received voter approval for the same tax, and without a sunset clause, including the counties of Clallam, Cowlitz, Grant, Grays Harbor, Jefferson, Kitsap, Lincoln, Mason, Pacific, Skagit, Thurston, and Whitman.

Alternative Funding Sources?

RiverCom could possibly secure a commercial loan or government bond to pay for needed 911 communication systems and facilities, although the cost to pay the principle and interest would have to be supported and realized by RiverCom's founding principle organizations: Chelan County, Douglas County, City of Wenatchee, and City of East Wenatchee. Securing a loan or bond as a source of long-term funding for 911 communications systems is not fiscally sustainable. Radio and 911 communications technology, systems, and equipment are likely to become obsolete, outdated, or reach the end of a life cycle prior to a loan or bond being paid off.

The one-tenth of one percent tax provides RiverCom with a consistent, stable source of revenue as an alternative to having to continually rely on commercial loans and/or government bonds to fund critical infrastructure, systems, and components to maintain the 911 communications system.

How have previous monies been utilized?

The one-tenth of one percent tax revenue has provided RiverCom the means to upgrade and expand the regional public safety 911 radio system throughout Chelan and Douglas counties.

The communication systems upgrades and expansion have replaced outdated systems, technology, and equipment. When the one-tenth of one percent tax revenue was first approved by voters in 2009, a large portion of RiverCom's radio-control hardware was already out-dated, and after running nearly non-stop for twelve years, the equipment was in imminent danger of failing. Much of the radio hardware at remote radio sites that RiverCom inherited upon consolidation had been purchased from 1979 to 1984, the equipment was more than 25 years old and compromised public safety communications with law enforcement, fire services, and emergency medical services and placed the failure of such communications at high risk, creating serious safety issues for first responders in the field as well as for 911 callers in our community. Some of the older "radio sites" were just sheds or shipping containers that were too small and often inadequate for current requirements.

For the past several years, RiverCom has been in the process of upgrading and expanding the radio system that first responders use to communicate. Existing and new radio sites have been installed, upgraded, built-out, and "hardened" to public safety grade specifications. Hardened sites, for example, include back-up power sources, and grounding to reduce potential damage from lightning strikes and wildfire protections.

The one-tenth of one percent tax revenue provides an allowance to fund facilities, equipment, and services that RiverCom needs to provide essential and critical emergency communications for first responders and for people in Chelan and Douglas counties.

The one-tenth of one percent tax funding has also financially benefited nearly all public safety agencies in the two-county system including law enforcement, fire agencies, and emergency medical services. Starting in 2013, these agencies have received a total of ten percent of the total revenue for the previous year to fund projects and equipment purchases related to RiverCom's 911 radio system.

Additionally, RiverCom has used surplus revenue to pay-down an existing bond for the regionalization that created RiverCom. The bond is scheduled to be paid off in 2022.

How will the monies be used in the future?

Future revenue will be utilized according to a Funding Agreement approved by the RiverCom Administrative Board. The Board is made-up of representatives from Chelan County, Douglas County, City of Wenatchee, and City of East Wenatchee as well as other law enforcement, fire, and EMS representatives. The Board will maintain the right to set an Annual Budget for the tax revenue. All tax revenue will be maintained in a designated account.

The tax revenue will be used in accordance with RCW 82.14.420.

- Ongoing and scheduled replacement, repair, maintenance, and service of emergency communications systems, technology, equipment, and facilities
- Installation and implementation of mandated technologies and new technologies
- Capital Improvement Projects
- Provide a long-term stable critical infrastructure communication sites and facilities
- Continue to build-out and develop new and existing systems and technologies to improve emergency communications

What will be the impact to RiverCom if the Communications Tax is not renewed?

If this proposition is rejected by voters, RiverCom anticipates the following consequences and outcomes:

- RiverCom will lose about \$3 million + per year of its overall annual budget.
- With the loss of funding, RiverCom would have to regularly re-submit for the authorization of the tax at a cost of \$40,000 to \$115,000 per ballot measure.
- A greater and immediate financial burden will inevitably be placed on county and city law enforcement agencies, fire service agencies, and emergency medical agencies throughout Chelan and Douglas counties.
- There would be no upgrades or improvements to the 9-11 radio system unless public safety agencies agreed to pay for it.
- Local law enforcement, fire agencies, and emergency medical agencies would no longer receive a portion of tax monies to help pay for communication system radio equipment, mobile pagers, or radio preventive maintenance at their agencies.
- The services RiverCom provides are not self-supporting. RiverCom would have difficulty funding extensive and new technological upgrades to its systems and equipment. In some cases, it would not be able to meet technological expectations of end users.
- The potential loss of two fulltime specialized positions dedicated to radio system implementation, management, technical support and service who respond on an everyday and emergency basis to ensure RiverCom's radio system is operating on an optimal basis.

When will the proposition be placed for election and what are the voting requirements?

- RiverCom has requested to place the proposition on the ballot for the **Primary Election on August 6, 2019**. The proposition will be simultaneously run in both Chelan and Douglas counties.
- In order to pass, the ballot measure will need to be approved by a majority of persons voting.
- The measure will fail if it is not passed in both Chelan and Douglas counties.
- The 2009 “RiverCom 911 Sales Tax Measure” provided the following election results (as reported in the Wenatchee World, August 19, 2009):

Chelan County	Yes	8,330	65.40%
	No	4,401	34.60%
Douglas County	Yes	3,742	62.00%
	No	2,292	38.00%