



TO: eCityGov Alliance Executive Board

FROM: Tracey Dunlap, Chair, eCityGov Alliance Executive Board

DATE: November 3, 2017

SUBJECT: AMENDED AND RESTATED INTERLOCAL AGREEMENT ESTABLISHING ECITYGOV ALLIANCE

Background

On Monday, January 30, 2017, the Executive Board of the eCityGov Alliance voted to reorganize the Alliance to better support MyBuildingPermit, the primary Alliance program, and to create a more nimble, flexible, streamlined structure to facilitate the Alliance goals and work tasks.

As part of the Alliance reorganization, the Executive Board worked with Pacifica Law Group LLP to revise the current Interlocal Agreement (ILA). Many of the ILA edits were minor and were made to provide improved clarity. More significant revisions were also made to the "terms and conditions of membership" and "principal contributions" sections of the ILA, which require approval by each Principal's City Council per Section 17 of the ILA ("Amendment of Agreement").¹

The fundamental restructuring of the ILA does not lend itself to a strike and edit version, however, a synopsis of the benefits and discussion of substantive changes to the ILA to better support the reorganization is provided below, with language from key sections shown in *italics*. Each Principal's legal counsel and Executive Board Member have had the opportunity to review the revisions and the Executive Board approved the changes by Resolution 2017-06 on October 27, 2017 (a copy is attached).

The primary benefits of the Alliance reorganization fall into three main areas. The amended and restated ILA:

- Simplifies the governance structure to save valuable time and streamline decision making,
- Better supports the MyBuildingPermit program,
- Ensures the cost allocation method is equitable for each program and
- Creates a more flexible structure to enable Principals to collaborate on future initiatives.

¹ Per section 17 of the ILA, the ILA may be amended by Supermajority Vote of the Executive Board except that any amendment affecting the following requires consent of the legislative authorities of all Principals – (a) expansion of the scope and services provided by the Alliance beyond the scope of expansion authorized therein, (b) the terms and conditions of membership of the Executive Board, (c) voting rights of Executive Board Members, (d) powers of the Executive Board, (e) Principal contribution responsibilities inconsistent with the language of the ILA, (f) hold harmless and indemnification provisions, (g) provisions regarding duration, termination or withdrawal, and (h) the provisions of Section 17 regarding amendments to the ILA. Items (a), (c), (d), and (f) through (h) were not substantively revised by the proposed amendments.

ILA Substantive Changes to Simplify the Governance Structure:

The Executive Board determined that the Operations Board is no longer needed as several Alliance programs have been discontinued over the last two years and the MyBuildingPermit Management Team oversees the daily operations of MyBuildingPermit program. The Operations Board has not met since 2016 and Executive Board supports removing the Operations Board from the ILA to reduce complexity, improve decision making, save time, and streamline internal communications.

- All references to the Operations Board were removed from the ILA.

ILA Substantive Changes to Better Support MyBuildingPermit:

The Executive Board recognizes that the primary focus of the Alliance is MyBuildingPermit and that more than half of the MyBuildingPermit members are Subscribers. The Executive Board agreed that the Alliance would benefit from hearing Subscriber viewpoints as strategic decisions are made and supports updating the ILA to enable the addition of non-voting Subscriber seats to the Board.

- ILA, Section 8.c was updated to enable the Executive Board to add by Supermajority Vote one or more non-voting seats to the Executive Board to represent Subscribers.

c. Qualifications to Serve on Executive Board.

i. Voting Executive Board Members. To serve as a voting Board Member of the Executive Board, a person must be the Chief Executive Officer of the appointing Principal (e.g., for a Principal that is a city, the Mayor or City Manager, or equivalent), or its deputy or equivalent.

ii. Non-Voting Subscriber Representative(s) Qualifications for Board. In the event the Board determines (by Supermajority Vote) to add one or more non-voting seat(s) to the Board to represent one or more Subscriber, the Board shall determine the qualifications required for such non-voting Board Member(s).

- ILA, Section 8.e stipulates that the Executive Board will determine the process to select and replace any non-voting Subscriber representatives.

e. Term of Office; Vacancies.

i. Voting Executive Board Members. Executive Board Members shall serve on the Executive Board for so long as they hold a position that qualifies them for the seat, unless the agency they represent elects to appoint another individual. Any vacancies shall be promptly filled by the appointing Principal.

ii. Non-Voting Subscriber Representative(s) on Board. In the event the Board determines (by Supermajority Vote) to add one or more non-voting seat(s) to the Board to represent one or more Subscriber, the Board shall determine the process to select and replace the Subscriber representative.

ILA Substantive Changes to Update Cost Allocation Method to Ensure Equitable Distribution of Costs and to Create Greater Flexibility for Future Initiatives:

The Executive Board recognizes that the primary cost allocation method outlined in the current ILA is Principal population, which does not reflect the existing cost allocation methodology for the largest Alliance program, MyBuildingPermit, which is based on permit revenue. Therefore, the Board supports revising the ILA to enable the Executive Board to determine the most appropriate cost allocation method for each program and to adopt it by a Supermajority vote. Further, the current ILA does not provide the flexibility needed for Principals to invest in new initiatives/programs when all Principals do not want to participate. Therefore, the Executive Board supports revising the ILA to create a more nimble structure that allows two or more Principals to invest in mutual interests together and to make equitable adjustments for those Principals that do not wish to participate.

- ILA, Section 13.g (Section 12.g of the amended and restated ILA due to renumbering) was updated to state that the Board can establish other cost allocation methods by Supermajority Vote that are considered equitable to all other Principals and appropriate for the applicable Programs and Services. This Section was also revised to provide more flexibility for the Executive Board to adjust the cost methodology for non-participating Principals. The ILA now specifies that the Executive Board can make equitable adjustments for Principals who do not use or deploy certain Programs and Services offered by the Alliance.

g. Cost Allocation. The costs of funding the approved Alliance budget, net of all estimated revenue chargeable to Subscribers and all other revenues, shall be generally allocated between all Principals based on their relative Population. The Board can establish other cost allocation methods by Supermajority Vote that are considered equitable to all other Principals and appropriate for the applicable Programs and Services. Nothing in this Agreement shall be construed to prohibit the Executive Board from including factors in addition to Principal Population or making other equitable adjustments in the cost allocation formulas, including but not limited to adjustments for Principals who do not use or deploy certain Programs and Services offered by the Alliance pursuant to Section 6.g.

The proposed changes to the ILA are needed to streamline the governance structure and add flexibility to address the evolving Principal interests. Thank you for considering the revised ILA and we look forward to providing any additional information that you need.