



**Board of Directors
MINUTES
November 21, 2013**

Maricopa Association of Governments
302 N. 1st Avenue
Phoenix, Arizona 85003

Board Members Present			Board Members Absent
Brent Ackzen	Mike Frazier	Danny Johnson	Wade Brannon
Steve Campbell	Jim Haner	Paul Luizzi	Mark Gorla
Wayne Clement	Bob Hansen	Marc Walker	Tim Van Scoter
Michael Cole*	Brad Hartig	Paul Wilson	
Bob Costello	Dave Heck*	Ed Zuercher	
Chris DeChant	John Imig*		
*Board Alternate			

Staff and Public Present

Leif Anderson	Michael Douglass	Doug Mummert	Stuart Snow
Michael Britt	Kim Engle	Chris Nadeau	Nick Spino
Kelli Butz	David Felix	Cy Otsuka	Ron Stearns
Dave Clarke	Celicia Fiedler	Ron Pazis	James Teasley
Dave Collett	John Gardner	Bill Phillips	Tim Ulery
Jesse Cooper	Jen Hagen	Todd Rogers	
**Telephone Participant			

1. Call to Order, Roll Call and Opening Comments

Chair Campbell called the meeting to order at 10:00 AM.

Employee Recognition:

David Felix announced recognition recipients for the Wireless Support/Services section: Cheryl Arrellano, Belinda Bell, Gerald Birnbaum, Fran Carena, Robert DeLorey, Michael Douglass, Thomas Grebner, Hector Gutierrez, Keith Klein, Phil Lense, Curtis Nowak, Todd Rogers, John Sater, Stuart Snow, James Teasley, and Angelo Urias. Chief Campbell thanked ITS staff and stated that the lives of public safety depend on them.

2. Approval of RWC Board Meeting Minutes from September 26, 2013

A **MOTION** was made by Paul Wilson and **SECONDED** by Bob Hansen to approve the RWC Board meeting minutes from September 26, 2013. **MOTION CARRIED UNANIMOUSLY (17-0).**

3. Approval of Joint RWC/TRWC Board Meeting Minutes from October 9, 2013

A **MOTION** was made by Ed Zuercher and **SECONDED** by John Imig to approve the RWC/TRWC Board meeting minutes from October 9, 2013. **MOTION CARRIED UNANIMOUSLY (17-0).**

4. RWC 2013 Annual Audit

Mr. Felix introduced Ronald Sterns of CliftonLarsonAllen (CLA).

Mr. Sterns delivered a report on the RWC 2013 Annual Audit.

Mr. Felix noted that hard copies of the Comprehensive Annual Financial Report (CAFR) have been printed and are available for members and is available on the website.

Mr. Sterns noted that the organization has received a Certificate of Excellence for 2012 financial statements and a copy of that page is included in the CAFR.

Mr. Sterns thanked Board of Directors for being able to present at the Board Meeting. He noted that they have completed the 2013 audit and have issued an "Unmodified Opinion" on those financial statements. New standards from the Association of CPAs changed terminology from last year from Unqualified Opinion to Unmodified Opinion. No fraudulent transactions were found and no material weaknesses or significant deficiencies were found in internal controls. Minor past findings have been satisfactorily resolved and congratulated David Felix, Kelli Butz and staff on that.

Mr. Sterns noted that Total Cash and Investments of the organization were in excess of approximately \$2.6M which is up \$900,000 over the prior year. Total Assets of the organization was \$89.7M and of that \$87.1M is capital assets (physical assets) put on the books and depreciated over time. The Accounts Payable approximated to the members at about \$2M. The Revenues were up \$800,000 for the year at about \$9.2M and the Operating expenses were at \$17.1M which was down \$1M from the previous year. Of that, \$10.4M is non-cash and related to depreciation. The organization is financially sound as of June 30, 2013. There was a change in terminology from Net Asset to Net Position and that is reflected in this CAFR.

Mr. Sterns was asked how many years in a row there has been a clean audit and replied, there have been three.

Chair Campbell thanked Mr. Sterns for his work on the audit.

Mr. Felix thanked Chandler's Assistant Fire Chief Marc Walker, Sun City Fire District's Fire Chief Jim Haner, and Goodyear's Fire Chief Paul Luizzi for serving on the audit committee. He thanked Kelly Butz, RWC Accountant III, for providing the audit documentation, creating the internal controls, and establishing a desk procedure.

A **MOTION** was made by Jim Haner and **SECONDED** by Chirs DeChant to approve the RWC 2013 Annual Audit Update as presented. **MOTION CARRIED UNANIMOUSLY (17-0).**

5. **RWC Fiscal Year 2012/2013 Financial Update**

RWC Accountant III, Kelli Butz, presented on the FY12/13 O&M Revenues and Expenses. Total Revenues billed to members was \$8.5M and Total Expenses was \$6.6M so a settlement is due back to members of \$1.9M. Ms. Butz noted that revenues do include interest earnings. Also, the RWC Executive Committee requests that the RWC Board apply the member's settlement to the 3rd quarter billing or members can request a refund with the next quarterly invoice for O&M.

A question was asked as to how a member would request a refund. Ms. Butz replied members must have a zero account balance and then when they get a credit memo along with their invoice, they can return it along with a memo requesting the refund. Once the memo is approved by Mr. Felix, they would receive a credit. She noted that most members chose to apply their credit to the next quarterly billing cycle.

A **MOTION** was made by Paul Luizzi and **SECONDED** by Mr. Zuercher to approve the Executive Committee's recommendation to distribute fund balances. **MOTION CARRIED UNANIMOUSLY (17-0).**

6. **RWC Fiscal year 2014/2015 Budget and 5-year Plan**

Ms. Kelli Butz reported on the 2014/2015 Budget and 5-year plan. RWC staffing levels are the same. Motorola is 72% of budget, ITS services is 20%, staff is 4%, and the remaining 2% is for various audit, lease, electricity, etc. expenses. The subscriber rate is \$38.63 (\$1 less than this year) and is based on billable members as of September 30, 2013 and anticipated new subscribers coming on for Goodyear Police Department and our two new members. Subscriber rate for O&M and Staffing is \$8.3M, Annual System Upgrade Agreement Special Assessment is \$2.7M, and Narrowbanding TDMA Life Cycle Upgrade Special Assessment (fixed amounts as approved by RWC Board in May 2013 and new members coming on) is \$8.5M, and one member required minimum balance due for next year so a total budget of approximately \$19.6M. The budget for 2015/2016 is \$19.7M, \$17.7M (\$11.6M if Narrowbanding gets pushed out) for

2016/2017, \$11.8M for 2017/2018, and \$12.1M for 2018/2019. The Executive Committee is requesting the RWC Board to approve the 2014/2015 Budget. A note was made that the subscriber rate will be set in the spring of 2014.

In response to a question from Brad Hartig about what escalator is being used for subscriber rates, Ms. Butz answered that the subscriber rate escalator was in personnel services at about 9%. Chair Campbell asked if that accounts for the 17/18 and 18/19 costs where we have already completed the upgrades and updates? Ms. Butz replied that it's the operations and maintenance (O&M) and staffing.

Mr. Zuercher asked what in the O&M staffing fees is for overhead charges for the City of Phoenix. Ms. Butz answered there are no overhead charges for the City of Phoenix. Mr. Zuercher commented that the City of Phoenix has absorbed the overhead costs, as it benefits the RWC not to charge rent. Mr. Zuercher noted that, if the RWC goes to an outside entity, it would have to consider overhead costs that are not currently being incurred by the RWC.

Mr. Wilson asked Ms. Butz to provide the Board with the break out per member based on the O&M vs. Capital. Also, on the budget itself that the Board is being asked to approve, is that the total budget? Ms. Butz answered, yes, the budget included everything.

Chief Campbell confirmed that if all new members don't come on board during this fiscal year that the subscriber costs would be about the same as it is this year. Ms. Butz replied yes that is correct, and if members do not reduce their radio counts, the subscriber rate would not change. Mr. Felix stated that the RWC has asked its members to report any subscriber changes.

A **MOTION** was made by Mr. Hartig and **SECONDED** by Mr. Zuercher to approve the RWC Budget for Fiscal Year 2014/2015. **MOTION CARRIED UNANIMOUSLY (17-0)**.

7. **Discussion of VPM Issue w/Motorola**

Chair Campbell stated that the RWC was concerned that it was not getting timely circuit board replacements and fixes. Motorola has assigned a number of resources. He did not think Motorola would let the RWC down. RWC members stressed that system failures cannot be afforded due to the need to protect police officers and fire fighters.

Mr. Felix reported the following:

- Motorola had high-level representation at the meeting
- Motorola is starting to get a handle on the problems
- Motorola resources have been permanently allocated to fix the problems
- The TRWC has similar problems
- The RWC and TRWC are working collaboratively to ensure this problem is tracked

Chair Campbell gave the following Motorola conference call update:

- Motorola had significant advancement on troubleshooting the problem
- Motorola is now able to recreate failures
- The RWC will continue meeting with Motorola to ensure issues are addressed; the RWC system is performing at an acceptable level
- Mr. Felix will visit the Schaumburg, IL, Motorola facility in mid-December and will give the RWC Board an update after the first of the year

Mr. Zuercher thanked Chair Campbell for following up on this problem, as it is very important to public safety.

8. Discussion of FirstNet / National Public Safety Broadband Network

Michael Britt delivered an Arizona FirstNet presentation. Mr. Zuercher asked Mr. Britt to describe what Arizona FirstNet would add to the RWC network. Mr. Britt replied with the following details:

- It will be used for transmission and data sharing
- It will primarily be used for data streaming and officer situational awareness
- It can provide biometric data (heat signature/heart rate)
- It will not be reliable early on
- It will work off different cell towers
- The system will be completed in 10 years
- The business model might be ready by the third quarter of next year
- Major highways will be used for laying conduit and fiber
- It allows for setting public safety priority over other data streaming (e.g. Netflix video)

Mr. Hartig stated that the density for infrastructure is significantly higher. Cell towers would need to be placed every 3-4 miles and would involve jurisdictions that this body can't govern.

Mr. Britt stated that 3G is currently being built and FirstNet is dealing with more density; however, 4G LTE can be done on taller towers. Public safety is in a different environment with less congestion and higher powered technology. The City of Mesa put together a model and submitted an RFP to use its existing towers.

Mr. Felix stated that FirstNet is not a replacement for land mobile radios. There's a survey which is asking for feedback on what public safety would like to see the network doing. There's much that needs to be answered. Bill Phillips and his staff are tracking this.

9. Locus DiagnostX Tool Overview

Bill Phillips delivered a report on Locus DiagnostX Tool.

Mr. Felix noted that the cost for this very valuable tool is in the budget and there is an upfront cost as well as an ongoing cost which is why it was important to present to the Board.

Mr. Phillips commented that all though this is a very useful tool it does not replace good preventative maintenance (PM) programs. There is \$174,000 in next year's budget for purchasing the units with an annual cost of \$20,000 for maintenance. IT is looking at how to network these units together to avoid trips to the mountain tops to gather data which is being done right now, and to take a look at the return on investment.

In response to a question from Mr. Hartig on how many units are going to be purchased, Mr. Phillips replied three units will be purchased and put on the mountain tops. Right now, each waive form analyzer monitor looks at only one control channel but we think there may be an option to monitor three control channels at a time.

In response to a question about how fast data can be analyzed, Mr. Phillips responded that it depends on how often the reports are needed; once networked it can be checked regularly. Reports can be dumped into an Excel spreadsheet.

Chair Campbell confirmed this tool will help the RWC be proactive in getting faulty radios off the streets. He asked how often a radio should be PM'd. John Gardner commented that the manufacturer suggests annually, but due to the number of subscribers on the network it will only be done every two years.

10. **Executive Director's Report**

a. MA I Hiring Process Complete

Mr. Felix reported that Kim Engle was selected. She is currently at Aviation and has worked six years for the city. She will start December 2, 2013.

b. RWC Membership Discussion with ASU

Mr. Felix reported the following:

- Tempe is working with ASU regarding the operational issues
- Motorola will be brought in to take a look at engineering and what it would cost for a cutover.
- Some infrastructure will not have to be built out and some can be eliminated if the RWC network already covers their needs.

11. **Call to the Public**

None

12. Announcements and Future Agenda Items

Chair Campbell stated that the next Board meeting is January 23, 2014, and the next Joint Board meeting is tentatively scheduled May 22, 2014.

Mr. Felix thanked Celicia Fiedler for her assistance at the Board Meeting. He thanked David Clarke for stepping up to fill the void of the vacant Management Assistant I position. He shared his appreciation for the RWC Board's interest and attendance at meetings.

Mr. Imig noted that Agenda Item 12 showed January 9, 2014, as the next RWC Board meeting, and the 2014 Meeting Schedule showed the next RWC Board meeting as January 23, 2014. Mr. Felix said the correct date is January 23, 2014.

13. Adjournment

Chairman Campbell adjourned the meeting at 11:19 a.m.

Respectfully submitted,
Kim Engle, Management Assistant I