



Regional Wireless Cooperative

Board of Directors

Agenda

November 20, 2014

10:00 a.m. – 11:30 a.m.

	ITEM	PRESENTER
1)	Call to Order, Roll Call, Opening Comments, Staff Recognition	Chair Campbell El Mirage
2)	Call to the Public A member of the public may request to address the Board(s) by submitting a blue card that is available at the entry of the room. Speakers will be considered at the sole discretion of the Board(s) Chairman(s), and will be allotted no more than three (3) minutes to speak.	Chair Campbell El Mirage
3)	Approval of RWC Board Meeting Minutes from September 25, 2014 This item is for information, discussion and action.	Chair Campbell El Mirage Est. 2 min.
4)	RWC Annual Audit Update The purpose of this item is to provide an update to the Board on the RWC's Annual Audit. This item is for information, discussion and possible action.	Mr. Ronald Stearns, CPA – CliftonLarsonAllen, LLP Est. 15 min.
5)	RWC Financial Update for Fiscal Year 2013/14 The purpose of this item is to provide an update to the Board on the RWC's Fiscal Year 2013/14 Financials. This item is for information, discussion and action.	Ms. Kelli Butz – RWC Accountant III Est. 10 min.
6)	Approval to Adopt the RWC 2015/2016 Budget The purpose of this item is to request approval from the Board to Adopt the RWC 2015/2016 Budget and 5 Year Plan. This item is for information, discussion and action.	Ms. Kelli Butz – RWC Accountant III Est. 10 min.



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10:00 a.m. – 11:30 a.m.

7)	<p>Approval to Replace Executive Committee Member The purpose of this item is to request approval from the Board to Replace an Executive Committee Member. This item is for information, discussion and action.</p>	<p>Mr. David Felix – RWC Executive Director</p> <p>Est. 5 min.</p>
8)	<p>700MHz Hardware Phase Cost Distribution and 800 MHz Cash-Out The purpose of this item is to update the Board on the 700MHz Hardware Phase Cost Distribution and 800 MHz Cash-Out. This item is for information, discussion and possible action.</p>	<p>Mr. David Felix - RWC Executive Director and Ms. Kelli Butz – RWC Accountant III</p> <p>Est. 20 min.</p>
9)	<p>Governance Working Group Update A. Financial Working Group B. Outreach Schedule The purpose of this item is to update the Board on the Governance Working Group. This item is for information and discussion.</p>	<p>Mr. David Felix – RWC Executive Director</p> <p>Est. 10 min.</p>
10)	<p>Executive Director Update A. FCC 700 MHz 2017 Narrowbanding Decision/Update B. Gila River Indian Community Grant The purpose of this item is to update the Board. This item is for information and discussion.</p>	<p>Mr. David Felix – RWC Executive Director</p> <p>Est. 5 min.</p>



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10:00 a.m. – 11:30 a.m.

11)	Announcements & Future Agenda Items The purpose of this item is to communicate any Board announcements or future agenda items. The next meeting is on January 22, 2015 from 10:00 – 11:30. This item is for information only.	Chair Campbell El Mirage
12)	Adjourn	Chair Campbell El Mirage



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November 20, 2014

10:00 a.m. – 11:30 a.m.

Board of Directors 2015 Meeting Schedule

<u>Date</u>	<u>Location</u>
Thursday, January 22 10:00 – 11:30	Maricopa Association of Governments (MAG) 302 North 1st Avenue, 2nd Floor Phoenix, AZ 85003
Thursday, March 26 10:00 – 11:30	Maricopa Association of Governments (MAG) 302 North 1st Avenue, 2nd Floor Phoenix, AZ 85003
Thursday, May 28 10:00 – 11:30	Maricopa Association of Governments (MAG) 302 North 1st Avenue, 2nd Floor Phoenix, AZ 85003
Thursday, July 23 10:00 – 11:30	Maricopa Association of Governments (MAG) 302 North 1st Avenue, 2nd Floor Phoenix, AZ 85003
Thursday, September 24 10:00 – 11:30	Maricopa Association of Governments (MAG) 302 North 1st Avenue, 2nd Floor Phoenix, AZ 85003
Thursday, November 19 10:00 – 11:30	Maricopa Association of Governments (MAG) 302 North 1st Avenue, 2nd Floor Phoenix, AZ 85003



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	November 20, 2014
FROM:	David Felix, RWC Executive Director		Item 4
SUBJECT:	RWC ANNUAL AUDIT FOR FISCAL YEAR 2013/2014		

BACKGROUND

The RWC financial audit has been completed by the audit firm of CliftonLarsonAllen, LLP. The RWC Audit Committee met with the auditors and RWC staff to review the audit findings and will present their findings to the RWC Board of Directors.

THE ISSUE

On November 10, 2014 the Audit Committee met with representatives from CliftonLarsonAllen, LLP to review relevant documents and recommendations. The following are key highlights from the meeting and the Fiscal Year 2013/2014 RWC financial statements audit:

- On November 10, 2014, CliftonLarsonAllen, LLP issued an unmodified or “clean” opinion.
- The appointed RWC Audit Committee, acting on behalf of the Board of Directors, reviewed the audited financial statements and agreed with the audit opinion.
- The RWC audited financial statements include \$87 million in net position and approximately \$18 million in annual operating revenues.
- The significance of the “clean” audit is that all financial responsibilities were properly managed and accounted by RWC staff.
- There were no additional administrative recommendations to management for this audit period.
- CliftonLarsonAllen, LLP will formally brief the RWC Board of Directors on the audit process and its findings at the November 20, 2014 RWC Board meeting.

RECOMMENDATION

The Audit Committee and Executive Committee recommend Board approval of the audit findings.



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	November 20, 2014
FROM:	Kelli Butz, RWC Accountant III		Item 5
SUBJECT:	FINANCIAL UPDATE FOR FISCAL YEAR 2013/14		

BACKGROUND

The purpose of this report is to present Fiscal Year 2013/14 financial updates to the Board.

THE ISSUE

The RWC governing documents state that year end expenditure reporting should be provided to the RWC Board. This report is a summary of total revenues and expenses for fiscal 2013/14. Total revenues collected for the fiscal year ended June 30, 2014 were \$8,314,786 and total actual operations and maintenance (O&M) expenditures were \$7,200,846. Total revenues exceeded total expenses by \$1,113,941.

The main variances from budget to actuals occurred in the following areas contributing revenues to exceed expenses:

- Unfilled Information Technology Services (ITS) positions
- Reduction in facility and preventive maintenance

On March 27, 2014, the Board of Directors approved to apply the annual year-end settlement to achieve a Required Minimum Balance (RMB) of 12.5% of the Operations and Maintenance Budget.

RECOMMENDATION

The RWC Executive Committee recommends Board approval of the proposal to apply each Member's fiscal year 2013/14 settlement towards their share of the RMB and issue remaining credits, if applicable, in January 2015.



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	November 20, 2014
FROM:	Kelli Butz, RWC Accountant III		Item 6
SUBJECT:	RWC 2015/16 BUDGET OVERVIEW & FIVE YEAR PLAN		

BACKGROUND

The purpose of this report is to present the proposed 2015/16 RWC Budget and Five Year Plan to the Board. The Executive Committee's input and recommendations have been incorporated into the budget proposal.

THE ISSUE

The RWC Budget is made up of the following categories:

- Motorola Contracts
 - Service Agreement and System Upgrade Agreement (SUA II), Narrow Banding, Lifecycle Upgrades, and TDMA
- Phoenix Information Technology and Services (ITS)
 - Wireless Services, Microwave, Network Services, and Share Sites.
- RWC Staffing
 - The cost of five staff positions
- Other budget items
 - Including maintenance cost for City of Scottsdale, site leases, electricity, auditing services, and legal services

For planning purposes, a summary of the RWC's estimated five year budget is shown below.

RWC ANNUAL BUDGET	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Subscriber Rate	\$36.40	\$37.41	\$37.93	\$38.61	\$39.32
Estimated Subscriber Count	18,228	18,228	18,228	18,228	18,228
O & M, Staffing	\$7,961,407	\$8,182,886	\$8,296,773	\$8,445,366	\$8,600,168
Required Minimum Balance	-	-	-	-	-
700 MHz, TDMA & Life Cycle	\$8,588,364	\$17,737,600	-	-	-
System Upgrade Agreement	\$2,804,000	\$2,841,000	\$2,841,000	\$2,841,000	\$2,841,000
Total Budget	\$19,353,771	\$28,761,486	\$11,137,773	\$11,286,366	\$11,441,168

The budget allocation for each Member is presented below.

Member	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Avondale	\$ 307,528	\$ 440,493	\$ 193,383	\$ 195,959	\$ 198,643
Buckeye	268,845	366,760	187,263	189,758	192,357
Chandler	984,299	1,466,188	563,014	570,514	578,327
Daisy Mountain	13,515	16,208	11,627	11,782	11,944
El Mirage	94,106	135,225	58,749	59,532	60,347
Glendale	1,475,092	2,248,838	792,503	803,060	814,058
Goodyear	276,800	330,832	239,281	242,468	245,789
Guadalupe	10,921	16,397	6,120	6,201	6,286
Maricopa	155,675	224,810	96,080	97,359	98,693
Maricopa County Community College District	240,739	355,503	140,754	142,628	144,582
Paradise Valley	65,942	97,377	38,554	39,068	39,603
Peoria	931,009	1,378,920	540,371	547,569	555,068
Phoenix	10,621,036	16,016,864	5,880,436	5,958,767	6,040,374
Rural Metro	48,044	49,381	50,068	50,965	51,899
Scottsdale	1,528,953	2,225,796	925,913	938,247	951,096
Sun City Fire	45,734	66,735	27,539	27,906	28,288
Sun City West	39,772	58,735	23,255	23,565	23,887
Sun Lakes	31,399	46,370	18,359	18,604	18,858
Surprise	425,026	625,263	250,908	254,251	257,733
Tempe	1,757,800	2,548,756	1,074,622	1,088,937	1,103,850
Tolleson	31,535	46,036	18,971	19,224	19,487
Total	\$19,353,771	\$28,761,486	\$11,137,773	\$11,286,366	\$11,441,168

RECOMMENDATION

The RWC Executive Committee recommends Board approval of the proposed 2015/2016 Budget.



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	November 20, 2014
FROM:	David Felix, Executive Director		Item 7
SUBJECT:	REPLACE EXECUTIVE COMMITTEE MEMBER		

BACKGROUND

The RWC governance requires that the RWC Board of Directors appoint five Representatives to the Executive Committee. The Executive Committee consists of representation for Police, Fire and Municipal users, Chief Information Officer and Network Managing Member. The City of Phoenix is the current RWC Network Managing Member.

THE ISSUE

Phoenix Information Technology Enterprise Manager Bill Phillips recently retired employment with the City of Phoenix. Mr. Phillips served as the Network Managing Member to the RWC Executive Committee and now necessitates the Board to approve a replacement. The RWC Executive Director consulted with Mr. Rob Sweeney, City of Phoenix Deputy Chief Information Officer, regarding a replacement for Mr. Phillips. Mr. Sweeney has recommended that Mr. Tom Grebner, Wireless Services Manager, be considered for this position.

RECOMMENDATION

On Thursday, November 13, 2014, the RWC Executive Committee met and discussed Mr. Grebner and other individuals that may be suitable to represent the City of Phoenix as the Network Managing Member.

The Executive Committee recommends Board of Directors approval of Mr. Grebner as the interim Network Managing Member position on the Executive Committee.



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	November 20, 2014
FROM:	David Felix, Executive Director & Kelli Butz, Accountant III		Item 8
SUBJECT:	700MHz HARDWARE PHASE & 800 MHz CASH-OUT MEMBER COST SAVINGS & DISTRIBUTION		

PURPOSE

Purpose of this report is to summarize the 700 MHz Hardware Project and 800 MHz Cash-out Member costs savings and distribution.

BACKGROUND

At the September 25, 2014 RWC Board of Directors meeting, Mr. Bill Phillips and RWC staff updated the Board on the 700 MHz Narrow-banding Lifecycle Conversion Project (Project); and 800 MHz Rebanding Cash-out negotiations with Sprint-Nextel. It is estimated there will be a range of \$9.5 million to \$14.2 million in excess funds derived from a reduction in Project costs and the negotiated Cash-out. At that time, the Board was provided with three options for action which are itemized under "Recommendations."

DISCUSSION

This agenda item was tabled and RWC staff was directed to summarize the presentation to include the following:

- 1) 700 MHz project costs collected to date
- 2) 700 MHz project costs remaining to collect
- 3) Projected project cost savings
- 4) Projected 800 MHz cash-out amount
- 5) Total projected cost savings/surplus by Member

The attached tables will be presented and discussed with the Board.

Additionally, RWC staff was requested to determine if there was any liability for the City of Phoenix to retain savings/surplus funds on behalf of the RWC Members and what additional rules might impact a Members' decision. On October 15, 2014, Board members were advised the following:

- There is no liability for the City of Phoenix, as the RWC Administrative Managing Member, to retain the savings/surplus Project revenue or Cash-out funds on behalf of the RWC Members

- Since each Member's governing body may have allocated different types of funding for their portion of the Project costs, each Member will have to make inquiries with their finance departments regarding whether they are allowed to authorize the City of Phoenix to hold their portion of the funds for future Project implementation. Members who used bonds to fund the Project will need to investigate their "bond disclosure" rules to determine if these types of funds may be held.

RECOMMENDATION

- 1) Retain the revenue in a CIP fund for all Members, for future TDMA narrowband conversion or other approved projects such as Integrated Voice and Data (IVD);
- 2) Distribute the savings/surplus funds to all Members as a credit/refund;
- 3) Allow Members to individually choose whether to retain their share of the savings/surplus fund in a CIP account, or receive their share as a credit/refund;
- 4) Defer action on this agenda item if Board Members require additional time to contact and discuss this issue with their finance departments

700 MHz Hardware Cost Distribution, 800 MHz Cash-Out, and Savings by Member

Member	Amount Collected to Date	Amount Remaining to Collect	Total Special Assessment	Projected Project Cost	Projected Project Savings	Projected 800 MHz Cash-Out	Total Projected Savings
	\$16,910,000	\$8,455,000	\$25,365,000	\$23,653,679	\$1,711,321	\$9,316,420	\$11,027,741
Avondale	\$241,207	\$120,604	\$361,811	\$337,400	\$24,411	\$132,891	\$157,302
Buckeye	\$175,672	\$87,836	\$263,508	\$245,729	\$17,778	\$96,785	\$114,563
Chandler	\$880,179	\$440,090	\$1,320,269	\$1,231,193	\$89,076	\$484,927	\$574,003
Daisy Mountain	\$4,551	\$2,276	\$6,827	\$6,366	\$461	\$2,507	\$2,968
El Mirage	\$74,638	\$37,319	\$111,957	\$104,403	\$7,553	\$41,121	\$48,674
Glendale	\$1,418,117	\$709,059	\$2,127,176	\$1,983,660	\$143,516	\$781,300	\$924,815
Goodyear	\$91,022	\$45,511	\$136,532	\$127,321	\$9,212	\$50,148	\$59,359
Guadalupe	\$10,012	\$5,006	\$15,019	\$14,005	\$1,013	\$5,516	\$6,530
Maricopa	\$125,610	\$62,805	\$188,415	\$175,703	\$12,712	\$69,204	\$81,916
Paradise Valley	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Peoria	\$817,374	\$408,687	\$1,226,061	\$1,143,342	\$82,720	\$450,325	\$533,045
Phoenix	\$9,874,027	\$4,937,014	\$14,811,041	\$13,811,773	\$999,269	\$5,440,011	\$6,439,279
Scottsdale	\$1,267,931	\$633,966	\$1,901,897	\$1,773,580	\$128,317	\$698,556	\$826,873
Sun City	\$38,229	\$19,115	\$57,344	\$53,475	\$3,869	\$21,062	\$24,931
Sun City West	\$34,588	\$17,294	\$51,882	\$48,382	\$3,500	\$19,056	\$22,556
Sun Lakes	\$27,306	\$13,653	\$40,960	\$38,196	\$2,763	\$15,044	\$17,808
Surprise	\$364,997	\$182,498	\$547,495	\$510,557	\$36,938	\$201,092	\$238,030
Tempe	\$1,438,142	\$719,071	\$2,157,213	\$2,011,670	\$145,542	\$792,332	\$937,874
Tolleson	\$26,396	\$13,198	\$39,594	\$36,923	\$2,671	\$14,543	\$17,214
Total Distributed Costs	\$16,910,000	\$8,455,000	\$25,365,000	\$23,653,679	\$1,711,321	\$9,316,420	\$11,027,741

Amount Collected to Date includes FY 13/14 and FY 14/15 special Assessments; e.g. two of three years



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	November 20, 2014
FROM:	David Felix, RWC Executive Director Brad Hartig, Scottsdale CIO and RWC Vice-chairman Steve Campbell, El Mirage Chief of Police and RWC Chair		Item 9
SUBJECT:	RWC/TRWC GOVERNANCE WORKING GROUP UPDATE		

BACKGROUND

On October 4, 2012 during the second meeting of the Joint RWC/TRWC Strategic Planning session, the participants formed a Joint RWC/TRWC Governance Working Group (GWG) comprised of members representing the two regional communications systems. The vision of the GWG is: *“To assure seamless radio and data communications to meet the operational needs of the users in a cost effective and sustainable manner.”*

The GWG has met approximately every two weeks since its formation. It established a vision, mission and guiding principles to focus its efforts on meeting the stated vision. The GWG has engaged in a detailed evaluation of the various governance options in use by a number of systems across the country. The GWG utilized a “decision-making matrix” to structure the evaluation process and build consensus.

THE ISSUE

RWC Executive Director David Felix, Vice-chair Brad Hartig and Chair Steve Campbell will brief the Board on the activities of the GWG since the Joint RWC/TRWC Board meeting on September 25, 2014. Activities include:

- Meeting with Phoenix Risk Management
- Joint Exercise of Powers statute
- Outreach Plan:
 - Fire Chiefs/Fire Labor Groups
 - Police Chiefs/Police Labor Groups
 - Joint Operations Working Group
 - City of Phoenix Criminal Justice and Public Safety Coordination Committee
 - Finance Committee Activities
 - RWC Accountant Kelli Butz briefed GWG on Thursday, March 13, 2014
- Review GWG timeline

RECOMMENDATION

This agenda item is for information, discussion and possible action.



BOARD OF DIRECTORS REPORT

TO:	Regional Wireless Cooperative (RWC) Board Members	Agenda Date:	November 20, 2014
FROM:	David Felix, RWC Executive Director		Item 10
SUBJECT:	EXECUTIVE DIRECTOR'S REPORT		

BACKGROUND

The Executive Director will provide an update to the Board of Directors regarding the following issues:

A. FCC 700 MHz 2017 Narrowbanding Deadline Decision

On October 24, 2014, the Federal Communications Commission (FCC) released a decision to eliminate the 2017 mandate to narrowband 700 MHz frequencies. This long awaited decision will be discussed and the Board updated on the impact on the current infrastructure replacement project and future TDMA narrowbanding requirements.

B. Gila River Indian Community Grant

The RWC applied for a second round of grant funding from the Gila River Indian Community (GRIC) State Shared Revenue Grant Program to support the current 700 MHz, TDMA & Lifecycle Infrastructure Replacement Project. The GRIC is an Interoperability Participant on the RWC network.

On October 13, 2014, the City of Phoenix and RWC were notified by GRIC of the approved award of \$242,760.00 to the RWC. The RWC will receive this in two payments of \$121,380.00 over the next two years. These grant funds will be used to offset costs associated with the 700 MHz Infrastructure Replacement Project.