



Regional Wireless Cooperative

Board of Directors

Agenda

November 20, 2014

10:00 a.m. – 11:30 a.m.

	ITEM	PRESENTER
1)	<b>Call to Order, Roll Call, Opening Comments, Staff Recognition</b>	Chair Campbell El Mirage
2)	<b>Call to the Public</b> 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)	<b>Approval of RWC Board Meeting Minutes from September 25, 2014</b> <b>This item is for information, discussion and action.</b>	Chair Campbell El Mirage  Est. 2 min.
4)	<b>RWC Annual Audit Update</b> The purpose of this item is to provide an update to the Board on the RWC's Annual Audit. <b>This item is for information, discussion and possible action.</b>	Mr. Ronald Stearns, CPA – CliftonLarsonAllen, LLP  Est. 15 min.
5)	<b>RWC Financial Update for Fiscal Year 2013/14</b> The purpose of this item is to provide an update to the Board on the RWC's Fiscal Year 2013/14 Financials. <b>This item is for information, discussion and action.</b>	Ms. Kelli Butz – RWC Accountant III  Est. 10 min.
6)	<b>Approval to Adopt the RWC 2015/2016 Budget</b> The purpose of this item is to request approval from the Board to Adopt the RWC 2015/2016 Budget and 5 Year Plan. <b>This item is for information, discussion and action.</b>	Ms. Kelli Butz – RWC Accountant III  Est. 10 min.



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10:00 a.m. – 11:30 a.m.

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

<b>11)</b>	<b>Announcements &amp; Future Agenda Items</b> 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. <b>This item is for information only.</b>	Chair Campbell El Mirage
<b>12)</b>	<b>Adjourn</b>	Chair Campbell El Mirage

**Board of Directors  
MINUTES  
November 20, 2014**

Maricopa Association of Governments  
302 N. 1<sup>st</sup> Avenue  
Phoenix, Arizona 85003

<b>Board Members Present</b>			<b>Board Members Absent</b>
Kevin Artz	Chris DeChant	Danny Johnson	Brent Ackzen
Kevin Bailey	Milton Dohoney	Chris Nadeau*	Susan Daluddung
Brenda Buren	Mike Frazier	Mike Thompson	Paul Luizzi
Steven Campbell	Bob Hansen	Paul Wilson	Tim Van Scoter
Wayne Clement	Brad Hartig		
Mike Cole	John Imig*		
Bob Costello	Lonnie Inskeep		
*Board Alternate	** Telephone Participant		

**Staff and Public Present**

Debora Black	David Felix	Rob Sweeney	
Kelli Butz	John Gardner	Shannon Tolle	
Jim Case	Tom Grebner	Mike Worrell	
David Clarke	Doug Mummert		
Dave Collett	Ron Parks		
Jean Dietrich	Ron Stearns		
Kim Engle	Michael Sumnicht		
**Telephone Participant			

**1. Call to Order, Roll Call and Opening Comments, Staff Recognition**

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

Staff Recognition

Executive Director David Felix announced that RWC Accountant III, Kelli Butz has accepted a promotion within the City of Phoenix so she will be leaving the RWC on Friday, November 21. Mr. Felix congratulated Kelli on 26 years with the City of Phoenix and her promotion to Neighborhood Services. He thanked her for a tremendous job in supporting the RWC and her hard work on preparing the Comprehensive Financial Annual Report (CAFR).

Chief Campbell offered Kelli gratitude and thanks from the RWC Board of Directors.

Executive Director David Felix announced that City of Phoenix employee John Gardner is retiring. John Gardner and Bill Phillips (also retiring but not able to attend to receive his certificate) are the final remaining ground floor participants in the design and deployment of the Phoenix Regional Wireless Network (PRWN) which is now called the RWC. John and Bill oversaw the RFP bid specification, contract award, managed the construction and deployment of the network, and replaced all Phoenix subscriber equipment. They developed staff models, assembled the support team and have managed and maintained the RWC network for the past 18 years.

Executive Director David Felix thanked Mr. Gardner and Mr. Phillips (not able to attend) for his service.

Chief Campbell thanked Mr. Gardner and Mr. Phillips (not able to attend) on behalf of the RWC for their dedication to the RWC and congratulated them on their retirements from the City of Phoenix.

Executive Director David Felix read a message from Mr. Phillips thanking everyone for their support over the years and expressing that he was honored to have been able to work with everyone.

Chief Campbell asked for a round of applause for Mr. Phillips even though he was not present. He expressed gratitude to Mr. Gardner, Mr. Phillips and the entire ITS team.

**2. Call to the Public – None**

**3. Approval of RWC Board Meeting Minutes from September 25, 2014.**

A **MOTION** was made by Paul Wilson and **SECONDED** by John Imig to approve the RWC Board meeting minutes from September 25, 2014. **MOTION CARRIED UNANIMOUSLY (17-0).**

**4. RWC Annual Audit Update**

Chief Campbell thanked Fire Chief Paul Luizzi, Assistant Police Chief Brenda Buren, and Deputy Fire Chief Danny Johnson for their work with the auditors to complete the audit.

Executive Director David Felix reminded the Board that an independent audit is required yearly for the RWC and noted that this is the 3<sup>rd</sup> year that CliftonLarsonAllen has performed the RWC audit with assistance from the RWC

staff and the Audit Committee. He commented that each Board Member has been provided a copy of the Comprehensive Annual Financial Report (CAFR).

Mr. Ronald Stearns from CliftonLarsonAllen thanked the RWC Board for allowing him and Jean Dietrich to be at the meeting to present the audit results for the year ending June 30, 2014. He is pleased to report that they have issued an Unmodified Opinion on the financial statements which is commonly referred to as a clean opinion. No fraudulent transactions or irregular payments were identified.

Total Assets of the cooperative exceeded \$88,800,000 as of June 30, 2014 with \$83,280,000 of that being Capital Assets (equipment). The Net Position equals \$87,530,000 which represents the equity of the organization since inception. Mr. Stearns commented that it is a healthy financial statement.

The audit was conducted in accordance with Generally Accepted Auditing Standards (GAAS) and also believes that the financial statements were presented in accordance with the Generally Accepted Accounting Principles (GAAP) that is applicable to a governmental entity. A meeting was held with the RWC Audit Committee to review the draft reports. There was no material weakness or significant deficiencies in internal controls. The organization did not have any new accounting policies adopted and there were no changes to existing accounting policies. There were no adjusting entries or past adjusting entries, no disagreements with management on the application of accounting principles or on auditing standards, no opinion shopping by management on transactions and no difficulties with management in performing the audit. They received great support from the RWC staff.

Chair Campbell thanked Mr. Stearns and his associates at CliftonLarsonAllen for their work, and acknowledged Executive Director David Felix, Accountant, Kelli Butz, and the Audit Committee for the work they have done.

Executive Director David Felix noted that for the past three years the RWC has applied to the Government Finance Officers Association to be recognized through their Certificate of Achievement for Excellence in Financial Reporting and are hopeful that the RWC will continue with its success in receiving this recognition again this year.

The Audit Committee and Executive Committee recommend accepting the findings of this audit.

A **MOTION** was made by Brad Hartig to approve the RWC Annual Audit and it was **SECONDED** by Paul Wilson. **MOTION CARRIED UNANIMOUSLY (18-0)**.

\*Board member Hansen arrived at 10:20 a.m. making the amount of Board Members present 18.

**5. RWC Financial Update for Fiscal Year 2013/14**

Ms. Kelli Butz stated that this is the Fiscal Year 2014 year ending financial update of revenues and expenses. Total revenues billed to Members for Operating and Maintenance (O&M) was \$8.3M; total expenses were \$7.2M which includes interest; making the settlement credit \$1.1M. The variance between revenues and expenses is mainly due to Phoenix ITS unfilled vacancies.

Ms. Butz reminded the Board that at the March 27, 2014 Board of Directors meeting they approved to apply a portion of the settlement funds if sufficient, to achieve the 12.5% Required Minimum Balance (RMB). Based on the 2014/15 O&M budget of \$8.1M, an amount of about \$1M is needed to fully fund the RMB. The RMB as of the end of October 2014 is \$734,000 so there is a deficit of \$288,000.

Each member's portion of the fiscal year 2014 settlement credit will be adjusted to allow for their share of the \$288,000 needed to reach the 12.5% RMB.

A **MOTION** was made by John Imig and **SECONDED** by Milton Dohoney, Jr. to approve the RWC Financial Update for Fiscal Year 2013/14. **MOTION CARRIED UNANIMOUSLY (18-0)**.

**6. Approval to Adopt the RWC 2015/16 Budget**

Ms. Kelli Butz, RWC Accountant, stated this is an overview of the proposed 2015/2016 budget and the Five Year Plan. The staffing levels will remain the same which includes an Executive Director, Accountant III, Management Assistant I, Administrative Aide, and a Police Communications Specialist for Encryption Services.

The four main categories of the RWC budget is Motorola at 74% which includes service, software system upgrade agreements and the narrowbanding lifecycle upgrades, 19% for Phoenix ITS for wireless services, microwave network services, and shared sites, 3% for RWC staffing, and 4% for other miscellaneous items.

The estimated rate for 2015/2016 is \$36.40 which is \$1.89 lower than the current rate (includes O&M and staffing only). Subscriber count was based on the October 2014 active subscribers on the system. O&M is estimated at \$7.9M, SUAll at \$2.8M, the narrowbanding lifecycle upgrades at \$8.6M plus any new members coming on for a total of \$19.3M. Members were given a spreadsheet showing their portion of costs for all categories combined.

Charts were shown for the Five Year Plan budget amounts.

Executive Director David Felix noted that the TDMA narrowbanding cost of \$17.7M for FY2016/2017 was the estimate for the second phase of the project

which is the software application which enables the narrowbanding to provide more capacity in the future. The RWC believes that this number should be adjusted so Motorola has been asked for an updated estimate. The amount has not been reduced at this time in the budget until a discussion with technical staff about the timing of narrowbanding can take place and the updated report from Motorola has been received.

Updated subscriber numbers are needed by February 2015 so the rate can be set in March.

A **MOTION** was made by Mike Thompson and **SECONDED** by Brenda Buren to approve to Adopt the RWC 2015/16 Budget. **MOTION CARRIED UNANIMOUSLY (18-0).**

**7. Approval to Replace Executive Committee Member**

Executive Director David Felix announced that with the retirement of committee member Bill Phillips, there is a need to select a new Executive Committee Member. A recommendation was made by Assistant Chief Information Officer Rob Sweeney, from the City of Phoenix, and the RWC Executive Committee to appoint Tom Grebner from City of Phoenix ITS, to be the new interim member.

A **MOTION** was made by Milton Dohoney, Jr. and **SECONDED** by Chris DeChant to approve Tom Grebner as the interim Executive Committee member. **MOTION CARRIED UNANIMOUSLY (18-0).**

**8. 700 MHz Hardware Phase Cost Distribution and 800 MHz Cash-Out**

Executive Director David Felix reminded the Board about a request from the September 25, 2014 Board meeting for a simplified spreadsheet of the 700 MHz hardware phase amount collected, projected project cost and 800 MHz re-banding cash-out distribution by Member. Spreadsheets were presented and discussed.

Another question from September 25, 2014 Board meeting was asked about if there is any liability to the City of Phoenix (RWC) to retain the Member's revenue in a CIP reserve; and it was reported that there is no liability.

Members were asked to explore financial restrictions (if any) which may influence their decision to authorize the RWC to hold their portion in a CIP reserve.

A question was asked about if an agency was not able to have their portion held in a CIP account; how it would affect that agency in the future. Executive Director Felix replied that Members would then need to be assessed for future projects if the reserves were returned to Members now.



It was determined to table this decision so Members have an opportunity to address this topic with their agency officials.

A **MOTION** was made by Brenda Buren to table this item to future meetings and **SECONDED** by Chris DeChant. **MOTION CARRIED UNANIMOUSLY (18-0)**.

## 9. **Governance Working Group Update**

Executive Director David Felix presented an update on the Governance Working Group's progress since the joint RWC/TRWC September 25, 2014 Board meeting.

### Phoenix Risk Management

Staff met with representatives from the City of Phoenix Risk Management group. The City of Phoenix provides insurance coverage to the RWC via a self-insured insurance program and due to no claims being made the cost has remained low. The City of Phoenix can continue its coverage for the new Arizona Central Region Communications Authority (ACRCA) as long as it continues in its current Administrative Management role. Insurance as a total separate entity could be very expensive.

### Arizona Revised Statute 11-952.02

Determined as applicable to incorporation, Attorney Bill Anger provided Arizona Revised Statute 11-952.02, Joint Exercise of Powers, to the group. Per the statute, the ACRCA would not be required to seek legal authority or recognition as a sub governmental entity through legislation as it already exists under this statute and the authority can be formed under this statute.

### Outreach Plan

Discussions have been completed with the Executive Committees of the RWC and TRWC, Fire Chiefs and Labor organizations, and Police Chiefs and Labor organizations. Participation was good across the board and useful feedback was received. A general feeling was that the system is reliable and easy to operate. The groups were glad to have a voice and input.

Chair Campbell commented that the Police Labor organizations were very interested in the system being reliable and that the coverage would be expanded. The questions were good and support was good.

A meeting has been scheduled with the Joint Operations Working Group (JOWG) on December 16, 2014 to get their input.

City Managers are key to this process so the group intends to schedule a briefing at City Manager organization meetings if possible. The City of Phoenix also has a Criminal Justice/Public Safety Coordination Committee and a request has been made to be on the agenda for one of the upcoming committee meetings.

### Finance Committee

The finance committee will be losing two of its members as Bill Phillips has retired and Kelli Butz has accepted another position outside of the RWC. A request has been made to the City of Phoenix Audit Department to conduct a review of the IT/Radio Services for the City of Phoenix and the RWC. Motorola and IT services are two of the largest portions of the budget. After this audit is complete the committee plans to “map” the services and costs to the TRWC. A meeting has been scheduled with Motorola to discuss hardware/software services.

Chair Campbell commented that this analysis will be important to show the differences between the two systems and will be valuable to the Members with regard to the outcome for costs.

Chief Wilson asked if there is an opportunity to share costs with the TRWC and look at both systems.

Executive Director David Felix said the decision to take the initiative to start the audit with the RWC is due to it being the largest system. Mr. Bill Greene from the City of Phoenix Audit department stated that there may be some budget that can be used for this audit. If Mr. Greene’s department does have to consult an outside vendor and there is a cost for that, the TRWC would share in that cost.

Motorola has been asked for an updated cost proposal for hardware/software services for the SUAll when the two systems are combined. The updated proposal has been received and a follow-up meeting has been scheduled to discuss the costs and to determine where cost savings might be realized.

### Draft Governance Document

Edits were received from City of Phoenix Risk Management, and Chief Wilson, from Sun Lakes Fire District. Edits are pending from the Joint Operations Working group and once the edits are made to the document if there is anything substantive it will be brought to the Joint Board or Directors for review.

Executive Director David Felix asked Members to have subject matter experts, if they exist in their organizations, to review the document and get the edits back to the RWC.

Chair Campbell thanked the Members for their patience with the length of this process and emphasized the importance of solid communications across the Valley for police, fire, and government operations which ultimately ends up serving the public.

**10. Executive Director Report**

FCC 700 MHz 2017 Narrowbanding Decision/Update

Executive Director Felix reminded the Board that a petition was filed on behalf of the RWC and the state along with other petitions across the country, for the FCC to eliminate this mandate. Effective October 14 the mandate was eliminated.

He reiterated however, that the need for narrowbanding has not been eliminated as the RWC infrastructure will still need to be replaced at some point; but it is now in our control with no deadline at the end of 2016. At the end of the project the RWC will have all new infrastructures in place which will serve for many years to come. Any subscriber equipment (consoles, mobiles and portable radios) would have had to be changed to be narrowband capable with the mandate, but now the pressure has been relieved to not have to do this by the end of 2016. The RWC would like to get a better understanding of timing and need for narrowbanding for budgetary purposes and will bring that information back to the Board.

Vice Chair Hartig asked if a trending analysis could be done to get an idea when the narrowbanding changes need to be made.

Gila River Indian Community Grant

Executive Director David Felix notified the Board that the RWC has applied for a state shared revenue program grant from the Gila River Indian Community for the second year. On October 13, the City of Phoenix and RWC were notified that they would receive a grant in the amount of \$242,760 which will be dispersed over a two year period at \$121,380 each year. The funds will be used to directly fund the RWC.

**11. Announcements and Future Agenda Items**

Chair Campbell noted that the next RWC Board of Directors meeting is on January 22, 2015 from 10:00 a.m. to 11:30 a.m.

**12. Adjournment**

Chair Campbell adjourned the meeting at 11:18 a.m.

Respectfully submitted,

Kim Engle, Management Assistant I



## 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:	<b>RWC ANNUAL AUDIT FOR FISCAL YEAR 2013/2014</b>		

### 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:	<b>FINANCIAL UPDATE FOR FISCAL YEAR 2013/14</b>		

### 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:	<b>RWC 2015/16 BUDGET OVERVIEW &amp; FIVE YEAR PLAN</b>		

### 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
<b>Total Budget</b>	<b>\$19,353,771</b>	<b>\$28,761,486</b>	<b>\$11,137,773</b>	<b>\$11,286,366</b>	<b>\$11,441,168</b>

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
<b>Total</b>	<b>\$19,353,771</b>	<b>\$28,761,486</b>	<b>\$11,137,773</b>	<b>\$11,286,366</b>	<b>\$11,441,168</b>

**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:	<b>REPLACE EXECUTIVE COMMITTEE MEMBER</b>		

### 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:	<b>700MHz HARDWARE PHASE &amp; 800 MHz CASH-OUT MEMBER COST SAVINGS &amp; DISTRIBUTION</b>		

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

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:	<b>RWC/TRWC GOVERNANCE WORKING GROUP UPDATE</b>		

### 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:	<b>EXECUTIVE DIRECTOR'S REPORT</b>		

### 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.