

QLife Network

QualityLife Intergovernmental Agency

AGENDA

QLife Regular Board Meeting

Tuesday January 17, 2012 4PM
The Dalles City Hall, 313 Court Street
2nd Floor Conference Room

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of December 20, 2011 QLife Regular Board Meeting Minutes
5. Financial Reports
 - a. December Financial Reports
 - b. List of Disbursements since Last Meeting
6. Discussion Item
 - a. Alternate rate model for ISP's
7. Reports
 - a. Wi Fi Expansion – Nolan Young
 - b. Status of RFP Redundancy project
 - c. Aristo Operational Management Report – John Amery
8. Next Meeting Dates:
 - a. Regular Board Meeting February 21, 2012 4pm
9. Adjourn

QLife Network

QualityLife Intergovernmental Agency

MINUTES

QLife Regular Board Meeting

Tuesday December 20, 2011 4PM
The Dalles City Hall, 313 Court Street
2nd Floor Conference Room

Call to Order

President Ericksen called the meeting to order at 4:11pm

Roll Call

In attendance: Dan Spatz, Erick Larson

Staff in attendance: Nolan Young, Kate Mast, Izetta Grossman, and John Amery

Approval of Agenda

It was moved by Spatz and seconded by Larson to approve the agenda as presented. Motion passed unanimously, 2 absent. It was noted that the Minutes and financial report were for November not October.

Approval of November 15, 2011 QLife Regular Board Meeting Minutes

It was moved by Larson and seconded by Spatz to approve the minutes of the November 15, 2011 meeting as presented. Motion passed unanimously, 2 absent.

Brian Ahier arrived 4:13pm

Kate reported a change in how assets were reported.

Tonya Moffitt of Merina & Co joined the meeting via telephone at 4:14pm.

Financial Reports

Audit Report – Tonya Moffitt of Merina reviewed the Executive Summary and said QLife received a Good Opinion. Hearing no questions, she retired from the meeting at 4:20pm

Ahier moved to accept the CAFR for FY 10-11, Larson seconded the motion. The motion passed unanimously, 2 absent.

Spatz gave credit to the staff for another clean audit.

Ahier asked Mast if the GASB changes that were mentioned at the City Council meeting affect QLife. Mast stated they did not, as QLife's fund are Enterprise Funds.

Mast retired from the meeting at 4:22pm

Reports

Wi Fi Expansion: Young reported that there had been a hold up on acquiring the Fred Meyer antennae space lease, however that had moved forward.

Aristo Operational Management Report: Amery reported that the West Side Audit scheduled for December 10th had been rescheduled to January 7th. The December 17th audit revealed a couple of issues. Amery said that fiber shrinks and expands due to weather, but should not be breaking, the cause still was not determined. Amery recommended doing audits every year to monitor. Larson questioned if a consultant should be brought in. Ahier agreed a third party audit to determine if fiber needs to be replaced. After some discussion, Young asked if it was the consensus of the board to watch this area for another year to determine if the issue had escalated and for Amery to schedule another audit in November 2012. After that audit the board would decide if a third party audit was necessary.

Young asked Amery if Qlife was budgeting adequately for the audit. Amery said yes.

Young reported that the fiber had been ordered for the redundancy project for a May delivery. The intent was to have the RFP out in March.

Amery reported that the "drop fiber" for maintenance had arrived.

Next Meeting Dates:

Regular Board Meeting January 17, 2012 4pm

Adjourn

Being no further business the meeting was adjourned at 4:50pm

Respectfully submitted,
Izetta Grossman, Executive Secretary

Attest: _____
Erick Larson, Secretary-Treasurer

TO: Qlife Board
 Nolan Young, City Manager
 FR: Kate Mast, Finance Director
 RE: Financial Report for QLIFE – **December 2011**

BANKING:

QLife monies are deposited into a separate bank checking account. We opened a Money Market Account in December 2008 that we transfer excess funds into when possible to earn interest.

The information below is a comparison of budget to actual revenues and expenditures for the month just ended by fund. This information is not audited, but is reviewed by the Finance Department for clarity and budget compliance.

50% of the year has passed.

Each fund exceptions narrative has four possible paragraphs; 1 - is the beginning balance, 2 - is new revenues, 3 - is expenditures and 4 - if present, is budget changes.

Operations (600):

BUDGET COMPARISONS

	<u>July 1, 2011 through December 31, 2011</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 120,000	\$ 120,561	100.0%	* see below
Revenues	\$ 583,800	\$ 302,142	51.8%	
Expenditures	\$ 296,174	\$ 76,742	25.9%	
Transfers to Capital/Debt Fund	\$ 407,626	\$ 222,341	54.5%	
Cash at Month End	\$ 79,479.32			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here have been audited.*
- 2) Revenues: We have received \$35,438 in E-Rate revenues.

3) Expenditures:

- a. The Advertising line item has been overspent by \$255.90 due to expenses incurred for sponsoring the Connect Oregon Conference.
- b. The \$35,438 received in E-Rate reimbursements was sent to the appropriate public customer.

4) Budget Changes: No budget changes have been made to this fund this fiscal year.

CAPITAL (601):

BUDGET COMPARISONS

	<u>July 1, 2011 through December 31, 2011</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 249,473	\$ 259,625	104%	* see below
Transfers In	\$ 407,626	\$ 222,341	54.5%	
Revenues	\$ 81,000	\$ 14,554	18.0%	
M&S / Capital Outlay / Other	\$ 593,137	\$ 82,647	13.9%	
Debt Expenditures	\$ 144,962	\$ 91,340	63.0%	
Cash at Month End	\$ 315,358,91			

Exceptions:

- 1) Beginning Balance: * *The Beginning Balance figures used here have been audited.*
- 2) Revenues:
- 3) Expenditures: The Buildings line item expenses are for the LSN co-location room. LSN is paying for 50% of those costs.
- 4) Budget Changes: No budget changes have been made to this fund this fiscal year.

City of The Dalles

FUND 600 QUALITYLIFE AGENCY FUND		*****		*****		*****		*****		*****	
ACCOUNT	DESCRIPTION	ESTIMATED	CURRENT ACTUAL	ESTIMATED	YEAR-TO-DATE ACTUAL	ESTIMATED	ANNUAL ESTIMATE	UNREALIZED BALANCE	ESTIMATED	CURRENT ACTUAL	ESTIMATED
ACCOUNT	DESCRIPTION	ESTIMATED	ACTUAL	ESTIMATED	ACTUAL	ESTIMATED	ESTIMATE	BALANCE	ESTIMATED	ACTUAL	ESTIMATED
300	BEGINNING BALANCE	10,000	.00	60,000	120,561.28	201	120,000	561.28-			
300	**	10,000	.00	60,000	120,561.28	201	120,000	561.28-			
300	***	BEGINNING BALANCE	10,000	60,000	120,561.28	201	120,000	561.28-			
340	CHARGES FOR SERVICES										
344	UTILITY SERVICES										
10 00	UTILITY SERVICE CHARGES	42,787	41,525.00	256,722	243,600.00	95	513,450	269,850.00			
15 00	LSN CREDITS	2,291	.00	13,746	22,000.00	160	27,500	5,500.00			
20 00	CONNECT CHARGES	187	.00	1,122	900.00	80	2,250	1,350.00			
344	**	UTILITY SERVICES	45,265	41,525.00	271,590	266,500.00	98	543,200	276,700.00		
340	***	CHARGES FOR SERVICES	45,265	41,525.00	271,590	266,500.00	543,200	276,700.00			
360	OTHER REVENUES										
361	INTEREST REVENUES										
00 00	INTEREST REVENUES	50	19.43	39	203.96	68	600	396.04			
361	**	INTEREST REVENUES	50	19.43	39	203.96	68	600	396.04		
369	OTHER MISC REVENUES										
00 00	OTHER MISC REVENUES	0	.00	0	.00	0	0	.00			
20 00	E-RATE REIMBURSEMENT	3,333	.00	19,998	35,437.68	177	40,000	4,562.32			
369	**	OTHER MISC REVENUES	3,333	.00	19,998	35,437.68	177	40,000	4,562.32		
360	***	OTHER REVENUES	3,383	19.43	20,298	35,641.64	40,600	4,958.36			
390	OTHER FINANCING SOURCES										
392	SALE OF FIXED ASSETS										
00 00	SALE OF FIXED ASSETS	0	.00	0	.00	0	0	.00			
392	**	SALE OF FIXED ASSETS	0	.00	0	.00	0	.00			
390	***	OTHER FINANCING SOURCES	0	.00	0	.00	0	.00			
FUND TOTAL QUALITYLIFE AGENCY FUND		58,648	41,544.43	351,888	422,702.92	703,800	281,097.08				

FUND	BA ELEM OBJ	SUB	AGENCY	FUND	ACCOUNT	DESCRIPTION	DEPT/DIV 6000 OIPE/		*****CURRENT*****		YEAR-TO-DATE*****		ENCUMBR.	ANNUAL BUDGET	UNENCUMBR. BALANCE	%
							BUDGET	ACTUAL	ACTUAL	EXP	BUDGET	ACTUAL				
66				66	02	EXPENSE-ACCOUNT	1666	.00	0	9996	3589.52	36	.00	20000	16410.48	18
				66	02	FINANCIAL OPERATIONS	416	.00	0	2496	.00	0	.00	5000	5000.00	0
				66	02	MATERIALS & SERVICES	2333	.00	0	13998	11306.46	81	.00	28000	16693.54	40
				66	02	ADMINISTRATIVE	0	.00	0	0	.00	0	.00	0	.00	0
				66	02	OUTSIDE PLANT MAINTENANCE	0	.00	0	0	.00	0	.00	0	.00	0
				66	02	OTHER SERVICES	416	.00	0	2496	2150.00	86	.00	5000	2850.00	43
				66	02	AUDIT	500	.00	0	3000	5520.00	184	.00	6000	480.00	92
				66	02	LEGAL SERVICES	1000	.00	0	6000	4503.75	75	.00	12000	7496.25	38
				66	02	ENGINEERING SERVICES	4833	.00	0	28998	690.00	2	.00	58000	57310.00	1
				66	02	NETWORK SYSTEM MANAGEMENT	833	.00	0	4998	.00	0	.00	10000.00	10000.00	0
				66	02	SPECIAL STUDIES & REPORTS	166	.00	0	996	371.50	37	.00	2000	1628.50	19
				66	02	BUILDINGS AND GROUNDS	383	.00	0	2298	2469.35	108	.00	4600	2130.65	54
				66	02	NETWORK EQUIPMENT	83	.00	0	498	.00	0	.00	1000	1000.00	0
				66	02	UTILITIES LOCATES	437	.00	0	2622	1311.00	50	.00	5244	3933.00	25
				66	02	OFFICE SPACE RENTAL	458	.00	0	2748	.00	0	.00	5500	5500.00	0
				66	02	LIABILITY	25	.00	0	150	.00	0	.00	300	300.00	0
				66	02	PROPERTY	16	.00	0	96	51.21	53	.00	200	148.79	26
				66	02	POSTAGE	30	.00	100	180	180.00	100	.00	360	180.00	50
				66	02	TELEPHONE	33	.00	0	198	.00	0	.00	400	400.00	0
				66	02	LEGAL NOTICES	33	.00	0	198	1255.90	252	.00	1000	255.90-126	0
				66	02	ADVERTISING	83	.00	0	498	.00	0	.00	400	400.00	0
				66	02	PERMIT	33	.00	0	198	45.51	23	.00	400	354.49	11
				66	02	TRAVEL, FOOD & LODGING	16	.00	0	96	.00	0	.00	200	200.00	0
				66	02	TRAINING AND CONFERENCES	16	.00	0	96	25.00	26	.00	200	175.00	13
				66	02	MEMBERSHIPS/DUES/SUBSCRIP	166	.00	0	996	.00	0	.00	2000	2000.00	0
				66	02	SCHOLARSHIPS	16	.00	0	96	9.57	10	.00	200	190.43	5
				66	02	OFFICE SUPPLIES	41	.00	0	246	245.12	100	.00	500	254.88	49
				66	02	MISCELLANEOUS EXPENSES	666	.00	0	3996	1750.00	44	.00	8000	6250.00	22
				66	02	POLE CONNECTION FEES	1222	.00	82	7332	5830.05	80	.00	14670	8839.95	40
				66	02	RIGHT OF WAY FEES	0	.00	0	0	.00	0	.00	0	.00	0
				66	02	ASSETS <\$5000	0	.00	0	0	.00	0	.00	0	.00	0
				66	02	MATERIALS & SERVICES	15920	.00	10	95520	41303.94	43	.00	191174	149870.06	22
				66	03	CAPITAL OUTLAY	1666	.00	0	9996	.00	0	.00	20000	20000.00	0
				66	03	TELECOMMUNICATIONS EQUIP	0	.00	0	0	.00	0	.00	0	.00	0
				66	03	FIXED ASSET RECLASS ACCT	0	.00	0	0	.00	0	.00	0	.00	0
				66	03	CAPITAL OUTLAY	1666	.00	0	9996	.00	0	.00	20000	20000.00	0
				66	05	OTHER	0	.00	0	0	.00	0	.00	0	.00	0
				66	05	DEPRECIATION EXPENSE	0	.00	0	0	.00	0	.00	0	.00	0
				66	05	OTHER	0	.00	0	0	.00	0	.00	0	.00	0
				660	**	FINANCIAL OPERATIONS	17586	.00	9	105516	41303.94	39	.00	211174	169870.06	20
				66	**	EXPENSE-ACCOUNT	17586	.00	9	105516	41303.94	39	.00	211174	169870.06	20
				DIV	6000	TOTAL *****	17586	.00	9	105516	41303.94	39	.00	211174	169870.06	20
				DEPT	60	TOTAL *****	17586	.00	9	105516	41303.94	39	.00	211174	169870.06	20

PREPARED 01/09/2012, 9:51:19
 PROGRAM: GM267C
 City of The Dalles

DETAIL BUDGET REPORT BY CATEGORY
 50% OF YEAR LAPSED

PAGE 3
 ACCOUNTING PERIOD 06/2012

FUND	EA	SUB	ACCOUNT DESCRIPTION	DEPT/DIV	CURRENT ACTUAL	6000 QLIIFE/	YEAR-TO-DATE ACTUAL	YEAR-TO-DATE EXP	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% BDT		
66			EXPENSE ACCOUNT											
660			FINANCIAL OPERATIONS											
05			OTHER QLIIFE		17586	1600.05	9	105516	41303.94	39	.00	211174	169870.06	20

FUND	BA	SUB	DESCRIPTION	DEPT/DIV	9500	OTHER	USES/	YEAR-TO-DATE	ACTUAL	%EXP	ENCUMBR.	ANNUAL	UNENCUMB.	%
600	QUALITYLIFE	AGENCY	FUND	BUDGET	ACTUAL	BUDGET	ACTUAL	%EXP	ENCUMBR.	BUDGET	BALANCE	BUDGET	BALANCE	BUDGET
81	91	OLIFE CAPITAL FUND	33968	37056.91	109	203808	223341.46	109	.00	407625	185284.54	55		
83	10	ESD E-RATE	3333	.00	0	19998	35437.68	177	.00	40000	4562.32	89		
05	**	OTHER	37301	37056.91	99	223806	257779.14	115	.00	447628	189846.86	58		
06		CONTINGENCY / UAFB												
88	00	CONTINGENCY	3750	.00	0	22500	.00	0	.00	45000	45000.00	0		
89	00	UNAPPORTIONED ENDING BAL.	0	.00	0	0	.00	0	.00	0	.00	0		
06	**	CONTINGENCY / UAFB	3750	.00	0	22500	.00	0	.00	45000	45000.00	0		
600	**	FINANCIAL OPERATIONS	41051	37056.91	90	246306	257779.14	105	.00	492626	234846.86	52		
60	**	EXPENSE-ACCOUNT	41051	37056.91	90	246306	257779.14	105	.00	492626	234846.86	52		
DIV	9500	TOTAL *****	41051	37056.91	90	246306	257779.14	105	.00	492626	234846.86	52		
DEPT	95	TOTAL *****	41051	37056.91	90	246306	257779.14	105	.00	492626	234846.86	52		
FUND	600	TOTAL *****	58637	38656.95	66	351822	299083.08	85	.00	703800	404716.92	43		

City of The Dalles

FUND 601 OLIFE CAPITAL FUND		*****		*****		*****		*****		*****		*****	
ACCOUNT	DESCRIPTION	ESTIMATED	CURRENT ACTUAL	REV	ESTIMATED	YEAR-TO-DATE ACTUAL	REV	ANNUAL ESTIMATE	UNREALIZED BALANCE				
300	BEGINNING BALANCE	20,789	0		124,734	259,624.85	208	249,473	10,151.85-				
300	**	20,789	0		124,734	259,624.85	208	249,473	10,151.85-				
300	***	20,789	0		124,734	259,624.85		249,473	10,151.85-				
330	INTERGOVERNMENTAL REVENUE												
331	FEDERAL REVENUES	0	0		0	0		0	0				
331	**	0	0		0	0		0	0				
331	***	0	0		0	0		0	0				
340	CHARGES FOR SERVICES	2,583	3,867.46	150	15,498	14,553.80	94	31,000	16,446.20				
344	UTILITY SERVICES	2,583	3,867.46	150	15,498	14,553.80	94	31,000	16,446.20				
344	**	2,583	3,867.46	150	15,498	14,553.80		31,000	16,446.20				
344	***	2,583	3,867.46		15,498	14,553.80		31,000	16,446.20				
360	OTHER REVENUES	0	0		0	0		0	0				
369	OTHER MISC REVENUES	4,166	0		24,996	0		50,000	50,000.00				
369	**	4,166	0		24,996	0		50,000	50,000.00				
369	***	4,166	0		24,996	0		50,000	50,000.00				
390	OTHER FINANCING SOURCES												
391	OPERATING TRANSFERS IN	33,968	37,056.91	109	203,808	222,341.46	109	407,626	185,284.54				
391	**	33,968	37,056.91	109	203,808	222,341.46	109	407,626	185,284.54				
391	***	33,968	37,056.91		203,808	222,341.46		407,626	185,284.54				
393	PROCEEDS- LT LIABILITIES	0	0		0	0		0	0				
393	**	0	0		0	0		0	0				
393	***	0	0		0	0		0	0				
390	OTHER FINANCING SOURCES	33,968	37,056.91		203,808	222,341.46		407,626	185,284.54				
390	***	33,968	37,056.91		203,808	222,341.46		407,626	185,284.54				
	FUND TOTAL OLIFE CAPITAL FUND	61,506	40,924.37		369,036	496,520.11		738,099	241,578.89				

QLIFE - LISTING OF FINANCIAL TRANSACTIONS

FUND:	<u>OPERATING 600</u>		
FISCAL YEAR:	2011-12		
PERIOD DETAIL	FROM:	12/15/2012 TO:	1/11/2012
Revenue:	Billed as of	Dec 20th	41,975.00
		NRC	4,773.77
	QLife Monthly Billings	BILLING DONE ON THE 20TH	
TOTAL:			46,748.77
Expenditures:			
Aristo	General oversight July - Dec		20,200.44
Aristo	Retainer Jul - Dec		12,000.00
Gorge.net	Phone		30.00
Keith Mobley	Legal		450.00
Merina & Company	Audit		2,700.00
City of The Dalles	Rent/Services		4,431.10
City of The Dalles	ROW fees		1,477.95
SDAO	Insurance		5,285.00
TOTAL:			46,574.49

FUND:	<u>CAPITAL 601</u>		
FISCAL YEAR:	2011-12		
PERIOD DETAIL	FROM:	12/15/2012 TO:	1/11/2012
Revenue:			
TOTAL:			
Expenditures:			
Columbia River Bank	Commercial Loan/Interest		11,494.11
Mt. Hood Econ Alliance	Loan Payment		3,683.30
Aristo	Wi Fi Jul-Dec		6,511.32
Aristo	Projects Jul-Dec		8,582.81
Platt	Patch Panel		227.42
Commstructures	MCCOG		1,192.50
Commstructures	Bisector/redundancy		2,090.00
MCEED	Loan		3,514.88
Hage Electric	MCCOG		1,260.54
TOTAL:			38,556.88

LSN CREDITS

5500

QLife Network

QualityLife Intergovernmental Agency

TO: QualityLife Intergovernmental Agency Board

CC: Keith Mobley, Legal Counsel

FROM: Nolan Young, Administrator *ny*

DATE: January 12, 2012

RE: Alternate Pricing Schedule for Wholesaler Service offerings

BACKGROUND: QLife's rates were last updated in July of 2007. Currently we either lease fiber in specific situations or provide Ethernet service. Our current monthly Ethernet rates for customers are as follows:

10 mbps	\$250
100 mbps	\$450
1 gig	\$950

We have been approached by a local ISP who has proposed an alternate pricing model that they feel would accomplish the following:

1. Increase the QLife market penetration
2. Provide substantial additional revenue for QLife without undercutting the current service offerings.
3. Allow a much broader demographic of businesses in The Dalles to benefit from the significant technological investments that QLife has made.
4. Allow partner providers to reach businesses in The Dalles with new progressive products at a competitive price point.

The ISP felt that QLife's first current price model which works in some situations does not scale down to allow competitive service offerings to some of the smaller businesses. They were able to site examples of 10 mbps of DSL for around \$100/month and 16 mbps for \$110/month and 25 mbps for \$150/month.

It was felt that in order to provide a product that would appeal to businesses typically served by these type of service offering through the QLife network, it would be

necessary for QLife to offer a product that could scale down to the budgets of smaller businesses.

PROPOSED WHOLESALE PRICING SERVICE DELIVERY MECHANISM

The purpose of the following proposed wholesale model is not to change our current offering for Ethernet or dark fiber, but to allow ISP's to take advantage of the this new wholesale pricing approach.

The wholesale model would involve the sale of two complementary products: an uplink port and access loop. The uplink model would have a higher cost while the loop ports would have a lower or commodity pricing. The lower commodity pricing of the loop ports would allow an ISP to participate in this wholesale model and bring a product forward at a price point that allows smaller businesses to take advantage of the opportunities provided by the QLife infrastructure.

This pricing model would generally appeal to ISP's that would have 20 to 50 business customers turned up to the service quickly after they purchased their uplink port.

PROPOSED WHOLESALE PRICING MODEL

Uplink Port:	100 mbps	\$1700
	500 mbps	\$2900
	1000 mbps	\$3800
Loop Pricing:	12 mbps	\$ 80
	30 mbps	\$ 150
	100 mbps	\$ 200

We could also consider bulk discounts of 10% at 25 loops and 20% at 50. The intent of this pricing model is to lower the upfront costs of being able to provide service to multiple customers by an ISP.

We ran into two challenges under this approach. One is that under this approach there would be the QLife switch to limit the service purchased right next to the switch provided by the ISP for their customer. In this model, we would propose a policy statement that the QLife switch could be eliminated if the provider could propose a solution agreeable to QLife for limiting the size of service to the amount purchased (i.e. 10 mbps).

The second issue is the \$450 turn up fee. We would propose under this model that we would continue to charge \$450 turn up fee for the initial uplink, which would include any customers brought on at that time. The rate would be lowered to \$100 for each additional loop customer after the initial hook up.

REVENUE IMPACT

This new pricing model will not be available to everyone and because of the higher uplink cost, it would still provide a similar revenue stream for QLife.

Aristo
Technical Management Report
By
John Amery
1/11/2012

1. Issues with fiber on West side of loop

- While auditing the second portion of problem area (Jan 7th maintenance) , it was discovered that considerable extrusion is still taking place (up to 30” in one case).

2. Easement for access to fiber by Norcor

3. Damaged fiber found in audit

- Damaged buffer tube was successfully fixed during scheduled maintenance.

4. Move internal patch panels in City Hall to new rack

- First phase for moving patch panels occurred successfully. We now have room available in our racks to fulfill our current needs. We plan to schedule and move additional patch panels throughout the year of 2012.

5. UPS Battery at City Hall needs to be replaced.