

QLife Network

QualityLife Intergovernmental Agency

AGENDA

QLife Regular Board Meeting

**Thursday February 16, 2012 Noon
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 January 17, 2012 QLife Regular Board Meeting Minutes
5. Election of Officers for 2012
6. Financial Reports
 - a. January Financial Reports
 - b. List of Disbursements since Last Meeting
7. Action Items
 - a. Resolution 12-001 Amending Rate Schedule
8. Discussion Items
 - a. Financial Priorities FY 2012-13
9. Reports
 - a. Aristo Operational Management Report – John Amery
10. Next Meeting Dates:

Budget Committee Meeting March 22, 2011 3pm
Regular Board Meeting March 22, 2011 4pm
11. Adjourn

QLife Network

QualityLife Intergovernmental Agency

MINUTES

QLife Regular Board Meeting

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

Call to Order

The meeting was called to order at 4:25pm by Vice President Dan Spatz

Roll Call

In attendance: Scott Hege, Brian Ahier

Staff: Nolan Young Administrator, Izetta Grossman Recording Secretary, Keith Mobley Attorney, John

Amery Tech. Manager

Absent: Erick Larson, Dan Ericksen

Approval of Agenda

Nolan Young asked for the agenda to be amended to include Action Item: LSN Special Condition. It was moved by Hege and seconded by Ahier to approve the Agenda as amended. The motion carried unanimously, two absent.

Approval of December 20, 2011 QLife Regular Board Meeting Minutes

It was moved by Hege and seconded by Ahier to approve the minutes of the December 210, 2011 Board meeting as submitted. The motion carried unanimously, two absent.

Financial Reports

Young reviewed the December Financial Reports. Hege asked about the expenditures being low (24.9%); Young responded that a contractor had not billed for the first 6 months (recently those invoiced had been received and would show up in the January report.); the City bills quarterly. In response to a question, Young explained that Erate is a pass through from USAC to the School District and ESD. Hege asked about the revenue line in capital being 18%; Young explained that line item reflects new customer build outs and it was an estimate. Hege asked why debt expenditures was over 50% expended; Young explained that some of the loans are paid quarterly.

Discussion Item

Alternate rate model for ISP's; Young reviewed the staff report stating that QLife is not in business to become an end user provider, but to create a competitive environment for urban like services and prices in our rural area.

In response to a question, Young explained that the model wouldn't appeal to dark fiber users.

It was the consensus of the board to review a rate chart at the next meeting.

Action Item

LSN Special Condition Young reviewed staff report with Mobley's revisions. QLife had been getting 3-5 year contracts. This special condition would not be a policy revision. QLife would not be forced to provide the service if it was not in the best interest of the agency.

It was moved by Ahier and seconded by Hege to approve the amended Part 5 Special Condition Request. The motion carried unanimously, 2 absent.

Reports

Wi Fi Expansion; Young said the project should be completed within a month. Amery was working on splicing in Safeway/CSB area and Taco Time was next. Mobley reported the leases were completed.

Status of RFP Redundancy project: nothing new to report.

Aristo Report; Amery reported that more cases had been opened and movement was found. They will be keeping an eye on the situation. He had moved the patch panels at City Hall. Aristo had to order a new UPS battery; the battery had lasted 7 years.

Mobley reported working on the NorCor easement.

Hege mentioned a discussion he had with Sherman County regarding their wi fi system. After some discussion about it was the consensus of the Board that we would invite someone from Sherman County to attend a meeting to talk about how their system was constructed for what was reported to be much less than our experience.

Next Meeting Dates:

Regular Board Meeting February 16, 2012 4pm

Adjourn

Being no further business the meeting was adjourned at 5:30pm

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 – **January 2012**

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.

58% 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 January 31, 2011</u>			
	Budget	Actual	Percentage	
Beginning Balance	\$ 120,000	\$ 120,561	100.0%	* see below
Revenues	\$ 583,800	\$ 344,503	59.0%	
Expenditures	\$ 296,174	\$ 129,299	43.7%	
Transfers to Capital/Debt Fund	\$ 407,626	\$ 259,398	63.6%	
Cash at Month End	\$ 29,756.74			

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

	July 1, 2011 through January 31, 2011		
	Budget	Actual	Percentage
Beginning Balance	\$ 249,473	\$ 259,625	104% * see below
Transfers In	\$ 407,626	\$ 259,398	63.3%
Revenues	\$ 81,000	\$ 14,554	18.0%
M&S / Capital Outlay / Other	\$ 593,137	\$ 101,856	17.2%
Debt Expenditures	\$ 144,962	\$ 102,834	70.9%
Cash at Month End	\$ 326,486.31		

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

ACCOUNT	DESCRIPTION	***** ESTIMATED	***** CURRENT ACTUAL	***** %REV	***** ESTIMATED	***** YEAR-TO-DATE ACTUAL	***** %REV	***** ANNUAL ESTIMATE	***** UNREALIZED BALANCE
FUND 600	QUALITYLIFE AGENCY FUND								
300	BEGINNING BALANCE								
300 00 00		10,000	.00	70,000	120,561.28	172	120,000	561.28-	
300 **		10,000	.00	70,000	120,561.28	172	120,000	561.28-	
300 ***		10,000	.00	70,000	120,561.28		120,000	561.28-	
340	CHARGES FOR SERVICES								
344	UTILITY SERVICES								
10 00	UTILITY SERVICE CHARGES	42,787	41,775.00	98	299,509	285,375.00	95	513,450	228,075.00
15 00	LSN CREDITS	2,291	.00	16,037	22,000.00	137	27,500	5,500.00	
20 00	CONNECT CHARGES	187	450.00	241	1,350.00	103	2,250	900.00	
344 **	UTILITY SERVICES	45,265	42,225.00	93	316,855	308,725.00	97	543,200	234,475.00
340 ***	CHARGES FOR SERVICES	45,265	42,225.00	316,855	308,725.00		543,200	234,475.00	
360	OTHER REVENUES								
361	INTEREST REVENUES	50	19.38	39	223.34	64	600	376.66	
361 **	INTEREST REVENUES	50	19.38	39	223.34	64	600	376.66	
369	OTHER MISC REVENUES	0	117.00	0	117.00		0	117.00-	
00 00	OTHER MISC REVENUES	3,333	.00	23,331	35,437.68	152	40,000	4,562.32	
20 00	E-RATE REIMBURSEMENT	3,333	117.00	4	23,331	35,554.68	152	40,000	4,445.32
369 **	OTHER MISC REVENUES	3,383	136.38	23,661	35,778.02		40,600	4,821.98	
360 ***	OTHER REVENUES	3,383	136.38	23,661	35,778.02		40,600	4,821.98	
390	OTHER FINANCING SOURCES								
392	SALE OF FIXED ASSETS	0	.00	0	.00		0	.00	
00 00	SALE OF FIXED ASSETS	0	.00	0	.00		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	42,361.38	410,536	465,064.30		703,800	238,735.70	

FUND 600 QUALITYLIFE AGENCY FUND		DEPT/DIV 6000 QLIFE/		*****CURRENT*****		*****YEAR-TO-DATE*****		ANNUAL	UNENCUMB.	%
BA 5LE OBJ	ACCOUNT	BUDGET	ACTUAL	%EXP	BUDGET	ACTUAL	%EXP	BUDGET	BALANCE	BDGT
SUB	DESCRIPTION									
66	EXPENSE-ACCOUNT									
660	FINANCIAL OPERATIONS									
05	OTHER									
	QLIFE	17586	52557.05	299	123102	93860.99	76	211174	117313.01	44

FUND 600 QUALITYLIFE AGENCY FUND		DEPT/DIV 9500 OTHER USES/		*****CURRENT*****		*****YEAR-TO-DATE*****		*****		*****	
BA ELE OBJ	ACCOUNT	BUDGET	ACTUAL	EXP	BUDGET	ACTUAL	%EXP	ENCUMBR.	ANNUAL BUDGET	UNENCUMB. BALANCE	% BDDT
SUB	DESCRIPTION										
81 91	QLIFE CAPITAL FUND	33968	37056.91	109	237776	259398.37	109	.00	407526	148227.63	54
83 10	ESD E-RATE	3333	.00	0	23331	35437.68	152	.00	40000	4562.32	89
05 **	OTHER	37301	37056.91	99	261107	294836.05	113	.00	447526	152789.95	66
06	CONTINGENCY / UAFB										
88 00	CONTINGENCY	3750	.00	0	26250	.00	0	.00	45000	45000.00	0
89 00	UNAPROPRIATED ENDING BAL	0	.00	0	0	.00	0	.00	0	.00	0
06 **	CONTINGENCY / UAFB	3750	.00	0	26250	.00	0	.00	45000	45000.00	0
600 **	FINANCIAL OPERATIONS	41051	37056.91	90	287357	294836.05	103	.00	492626	197789.95	60
60 **	EXPENSE-ACCOUNT	41051	37056.91	90	287357	294836.05	103	.00	492626	197789.95	60
DIV 9500 TOTAL *****		41051	37056.91	90	287357	294836.05	103	.00	492626	197789.95	60
DEPT 95 TOTAL *****		41051	37056.91	90	287357	294836.05	103	.00	492626	197789.95	60
FUND 600 TOTAL *****		58637	89613.96	153	410459	386697.04	95	.00	703800	315102.96	55

City of The Dalles

FUND 601 QLIFE CAPITAL FUND

ACCOUNT	DESCRIPTION	***** ESTIMATED	CURRENT ACTUAL	***** ESTIMATED	YEAR-TO-DATE ACTUAL	***** %REV	***** ESTIMATE	***** %REV	ANNUAL ESTIMATE	UNREALIZED BALANCE
300	BEGINNING BALANCE									
300 00 00		20,789	.00	145,523	259,624.85	178	249,473	178	249,473	10,151.85-
300 **		20,789	.00	145,523	259,624.85	178	249,473	178	249,473	10,151.85-
300 ***	BEGINNING BALANCE	20,789	.00	145,523	259,624.85		249,473		249,473	10,151.85-
330	INTERGOVERNMENTAL REVENUE									
331 90 00	FEDERAL REVENUES	0	.00	0	.00		0		0	.00
	FEDERAL GRANTS-MISC									
331 **	FEDERAL REVENUES	0	.00	0	.00		0		0	.00
330 ***	INTERGOVERNMENTAL REVENUE	0	.00	0	.00		0		0	.00
340	CHARGES FOR SERVICES									
344 20 00	UTILITY SERVICES	2,583	.00	18,081	14,553.80	81	31,000	81	31,000	16,446.20
	CONNECT CHARGES									
344 **	UTILITY SERVICES	2,583	.00	18,081	14,553.80	81	31,000	81	31,000	16,446.20
340 ***	CHARGES FOR SERVICES	2,583	.00	18,081	14,553.80		31,000		31,000	16,446.20
360	OTHER REVENUES									
369 00 00	OTHER MISC REVENUES	0	.00	0	.00		0		0	.00
10 00	ENTERPRISE ZONE PAYMENT	4,166	.00	29,162	.00		50,000		50,000	50,000.00
369 **	OTHER MISC REVENUES	4,166	.00	29,162	.00		50,000		50,000	50,000.00
360 ***	OTHER REVENUES	4,166	.00	29,162	.00		50,000		50,000	50,000.00
390	OTHER FINANCING SOURCES									
391 40 00	OPERATING TRANSFERS IN	0	.00	0	.00		0		0	.00
90 01	IF PMT FROM OTHER FUNDS	33,968	37,056.91	237,776	259,398.37	109	407,626	109	407,626	148,227.63
391 **	OPERATING TRANSFERS IN	33,968	37,056.91	237,776	259,398.37	109	407,626	109	407,626	148,227.63
393 10 00	PROCEEDS- LT LIABILITIES	0	.00	0	.00		0		0	.00
	LOAN/BOND PROCEEDS									
393 **	PROCEEDS- LT LIABILITIES	0	.00	0	.00		0		0	.00
390 ***	OTHER FINANCING SOURCES	33,968	37,056.91	237,776	259,398.37		407,626		407,626	148,227.63
	FUND TOTAL QLIFE CAPITAL FUND	61,506	37,056.91	430,542	533,577.02		738,099		738,099	204,521.98

FUND 601 OLIFE CAPITAL FUND		DEPT/DIV 9500 OTHER USES/		*****CURRENT*****		*****YEAR-TO-DATE*****		*****		ANNUAL		UNENCUMB.		%		
BA	ELE	OBJ	ACCOUNT	BUDGET	ACTUAL	\$EXP	BUDGET	ACTUAL	\$EXP	ENCUMBR.	BUDGET	BALANCE		BDDT		
SUB	SUB	SUB	DESCRIPTION													
60			OLIFE FUND													
600			OTHER USES													
	05		OTHER													
		84	15 RSRV FOR SYS IMPROVEMENTS	11123	.00	0	77861	.00	0	.00	133479	133479.00	0			
		20	RSRV FOR CO EXPANSION	3333	.00	0	23331	.00	0	.00	40000	40000.00	0			
	05	**	OTHER	14456	.00	0	101192	.00	0	.00	173479	173479.00	0			
600	**	**	OTHER USES	14456	.00	0	101192	.00	0	.00	173479	173479.00	0			
60	**	**	OLIFE FUND	14456	.00	0	101192	.00	0	.00	173479	173479.00	0			
66			EXPENSE-ACCOUNT													
660			FINANCIAL OPERATIONS													
	05		OTHER													
		84	30 FOR DEBT RETIREMENT	11500	.00	0	80500	.00	0	.00	138000	138000.00	0			
	05	**	OTHER	11500	.00	0	80500	.00	0	.00	138000	138000.00	0			
	06		CONTINGENCY / UAFB													
		88	00 CONTINGENCY	2608	.00	0	18256	.00	0	.00	31305	31305.00	0			
		89	00 UNAPPROPRIATED ENDING BAL	0	.00	0	0	.00	0	.00	0	.00	0			
	06	**	CONTINGENCY / UAFB	2608	.00	0	18256	.00	0	.00	31305	31305.00	0			
660	**	**	FINANCIAL OPERATIONS	14108	.00	0	98756	.00	0	.00	169305	169305.00	0			
66	**	**	EXPENSE-ACCOUNT	14108	.00	0	98756	.00	0	.00	169305	169305.00	0			
DIV	9500	TOTAL	*****	28564	.00	0	199948	.00	0	.00	342784	342784.00	0			
DEPT	95	TOTAL	*****	28564	.00	0	199948	.00	0	.00	342784	342784.00	0			
FUND	601	TOTAL	*****	61502	30703.28	50	430514	204690.71	48	27824.20	738099	505584.09	32			

QLIFE - LISTING OF FINANCIAL TRANSACTIONS

FUND:	<u>OPERATING 600</u>		
FISCAL YEAR:	2011-12		
PERIOD DETAIL	FROM:	1/12/2012 TO:	2/9/2012
Revenue:	Billed as of	1/25/2012	41,775.00
		NRC	450.00
	QLife Monthly Billings	BILLING DONE ON THE 20TH	
TOTAL:			42,225.00
Expenditures:			
Gorge.net	Phone		30.00
PUD	Pole Contacts		5,982.56
Keith Mobley	Legal		915.00
City of The Dalles	ROW Fees		1,253.25
TOTAL:			8,180.81

FUND:	<u>CAPITAL 601</u>		
FISCAL YEAR:	2011-12		
PERIOD DETAIL	FROM:	1/12/2012 TO:	2/9/2012
Revenue:			
TOTAL:			
Expenditures:			
Columbia River Bank	Commercial Loan/Interest		11,494.11
Mt. Hood Econ Alliance	Loan Payment		3,683.30
RAL	MCCOG		1,127.00
Commustructures	Bisector/Redundancy		1,100.00
Commustructures	MCCOG		627.50
RAL	Bisector/Redundancy		2,844.00
TOTAL:			20,875.91

LSN CREDITS


5500

QLife Network

QualityLife Intergovernmental Agency

TO: QualityLife Intergovernmental Agency Board

CC: Keith Mobley, Attorney

FROM: Nolan Young, Administrator 

DATE: February 8, 2012

SUBJECT: Resolution 11-002 Amending Service Rates and Fees for QualityLife Intergovernmental Agency (QLife)

At the January QLife meeting the Board directed staff to amend the fee schedule to include an alternative pricing schedule for wholesale service offerings. Attached is a copy of the memo sent to the Board for that meeting. Also attached is the amended resolution for the proposed fee schedule.

Some of the changes were made to reflect the changes in service since the time the rates were originally adopted. Below is a summary of the significant changes:

1. We clarified any existing rates from prior service orders including any service orders that are now on a month-to-month service basis will remain at the same rate.
2. Section 2A; 1a a new 10 Mbps connection for participants was added.
3. Participants 1000 Mbps was changed from \$900 to \$850 per month to reflect current practice.
4. A new alternative wholesale pricing model has been included based on the proposal outlined in the attached memo from the last meeting,
5. Section 2C Dark Fiber was amended to reflect a new single fiber with no backup available for participants or LSN new connections.
6. Section 2C recommended price increase from \$850/month to \$900/month for 1 pair of dark fiber one direction, and for a one pair loop from \$1120 to \$1200/month.

BUDGET IMPLICATIONS: It is anticipated that the new service offering will bring in additional customers and revenue.

BOARD ALTERNATIVES:

1. **Staff Recommendation:** Adopt Resolution 11-002 Amending Resolution 07-004 Establishing Service Rates and Fees for the QualityLife Intergovernmental Agency as presented.

Through Cooperation of the City of The Dalles and Wasco County
313 Court Street, The Dalles, Oregon 97058 541/ 296-5481

2. Amend and then approve Resolution 11-002 Amending Resolution 07-004 Establishing Service Rates and Fees for the QualityLife Intergovernmental Agency.
3. Postpone this issue to allow for additional research.

**QUALITYLIFE INTERGOVERNMENTAL AGENCY
doing business as**

"QLife Network"

RESOLUTION No. 11-002

**A RESOLUTION AMENDING RESOLUTION No. 07-004
ESTABLISHING SERVICE RATES AND FEES FOR THE QUALITYLIFE
INTERGOVERNMENTAL AGENCY.**

WHEREAS, the QualityLife Intergovernmental Agency (QLife) is a new open access provider of broadband services to The Dalles area, and;

WHEREAS, QLife has customers desiring service, and;

WHEREAS, QLife is willing and able to provide certain service to its customers, and;

WHEREAS, the QLife Board wishes to adopt charges and fees for services it provides

NOW, THEREFORE, BE IT RESOLVED BY THE QUALITYLIFE
INTERGOVERNMENTAL AGENCY BOARD AS FOLLOW:

SECTION 1: Customer Classes. For the purpose of this resolution, QLife shall have two classes of customers.

A. Participant Customers (Participants). The following specific customers who played an essential role and assumed some risk in helping the QLife system become operational:

- 1) Wasco County
- 2) City of The Dalles
- 3) Mid-Columbia Medical Center
- 4) Northern Wasco County School District 21
- 5) Region 9 Education Service District
- 6) Columbia Gorge Community College

B. Other Customers including Wholesalers

SECTION 2: Rates and Fees. Effective the date of this resolution the following fees and charges for the QLife system shall be as follows:

A. Broadband Transport Service.

- 1) Participants. Either the amount established in an existing service order previously signed between the participant and QLife and any continuation of those service orders or, for new service requested after the adoption of this resolution:
 - a. For 10 Mbps; \$200/ month,
 - b. For 100 Mbps; \$400/ month
 - c. For 1,000 Mbps. service \$850 /month
- 2) Other Customers.
 - a. 10 Mbps. \$250/ month
 - b. 100 Mbps. \$450 /month
 - c. 1,000 Mbps. \$950/month

B. Alternative Wholesale Pricing:

Internet Service Providers (ISP) may use this uplink port pricing model for all customers not under the terms of an existing service order.

- 1) Uplink Port:

100Mbps	\$1,700/month
500 Mbps	\$2,900/month
1000 Mbps	\$3,000/month
- 2) Looping Price:

12 Mbps	\$ 80/month
30 Mbps	\$150/month
100Mbps	\$200/month

QLife will eliminate the requirement for a switch at a loop customer demark if the ISP can provide a solution agreeable to QLife for limiting the size of service to the amount purchased.

The Turn Up Fee for loop customers shall be \$100.

C. Lease of Dark Fiber

- 1) Participants: Either the amount established in an existing service order agreement previously signed between the participants and QLife and any extension of those services, or
- 2) Others:

*Single Fiber; one direction no backup fiber	\$ 450/month
1 pair fiber one direction	\$ 900/month
1 pair fiber loop	\$1200/month

*Available only for new connections of participants or connections of LSN.

D. Other Service. The costs for all customers (both participants and wholesalers) shall be as follows:

- 1) Collocation in QLife City Hall Equipment room includes 10 Amp AC Power with generator back up.

Full rack: \$400 per month;

Single Deck or our Rack \$100 per month
- 2) Antenna/Dish on City Hall:

First: \$150 per month;

Each Additional: \$50 per month
- 3) Turn up fee for new network connection:

10 Mbps. \$450 non-recurring charge (NRC)

100 Mbps. \$450 NRC

1,000 Mbps. \$450 NRC

Loop connects
- 4) Additional Service channels for a single connection:

NRC set up fee \$25.00

NRC per change fee \$25.00

Monthly O & M fee \$10.00

- 5) NRC for charges for equipment and service installation will be actual costs unless a cost share of service installation is agreed to under QLife policy of three-year contracts.
- 6) Delinquent accounts: 18% (1.5% per month) late charges.
- 7) Termination Fee: Cost of placing a customer on termination list \$5 (Third Notice).
- 8) Reconnection Fee: Cost of reconnecting a customer whose service has been terminated \$20.
- 9) Non-Sufficient Funds Check Fee: \$25.
- 10) U \$20.00

SECTION 3: Term of Fees. These fees shall remain in effect until which time the QLife Board, by a majority vote, amends all or portions of these fees.

SECTION 4: Effective. This resolution shall be effective February 16, 2012.

PASSED AND ADOPTED THIS 16 DAY OF FEBRUARY 2012.

Voting Yes, Board Members: _____

Voting No, Board Members: _____

Absent, Board Members: _____

Abstaining, Board Members: _____

APPROVED:

Dan Ericksen, President

ATTEST:

Erik Larson, Secretary-Treasurer

QLife Network

QualityLife Intergovernmental Agency

TO: QualityLife Intergovernmental Agency Board

CC: Keith Mobley, Legal Counsel

FROM: Nolan Young, Administrator

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. 12 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 appeal to everyone and because of the higher uplink cost, it would still provide a similar revenue stream for QLife.

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QUALITYLIFE NETWORK INTERGOVERNMENTAL AGENCY POLICY
Financial Priorities for Fiscal Year ~~2011-12~~ 2012-13

Purpose:

The purpose of this policy is to establish a prioritization of expenditure of funds for the QualityLife Network Intergovernmental Agency prior to each Fiscal Year's budget preparation.

Primary objective

The primary objective is to provide general direction for the QLIFE Budget Committee in establishing the annual budget and to make public the general intentions of QLIFE in regard to potential monetary reserves of the Agency.

Section I.

Policy

It is the policy of the QLIFE Board that expenditures of revenue not *specifically* committed to another purpose through grant or loan agreements or other contractual obligations shall be budgeted in the following priority:

A. Routine Costs:

1. Normal maintenance and operating costs of the QLIFE Agency as determined appropriate through the budgeting process.
2. Amounts needed for annual debt retirement responsibilities of the Agency incurred through formation of the Agency or by the construction of the original plant, or any expansions of that plant.
3. Up to \$20,000 for upgrading and replacement of the electronics of the system to always maintain agreed-upon capacity for QLife customers.
4. A cash reserve or contingency equal to one month's customer billing to maintain a minimum cash balance in the operating fund.
5. Up to \$15,000 for unexpected system plant repairs or alterations in addition to contingency. Budgeted in Capital Fund: Outside Plant Primary

B. Discretionary Costs:

6. Up to \$20,000 to assist new customers with build out of connection. Budgeted in Capital Fund: Outside Plant Secondary.
7. Immediately use the loan payment reserve of \$138,000 to retire early additional debt of the agency not yet due.
8. Create/Maintain a reserve for of \$100,000 future expansion, modernization, or replacement of system

89. ~~The creation of~~Maintain a \$40,000 reserve to engineer and extend ~~fiber~~optiebroadband services to other parts of Wasco County.
9. ~~Develop a reserve equal to 1 year's loan payment (\$138,000)~~
10. ~~Pay early an amount to retire additional debt of the Agency not yet due. As~~available use additional surplus funds to retire additional debt of the agency not yet due.
11. ~~The creation~~ After all long term agency debt is retired of aestablish local Technology grant programs for public and non-profit organizations. The rules for expenditures from this fund will be established by the Board, subject to the approval of all partners to the agreement.

Section II.

Amendment of this policy

This policy may be amended at any time by action of the Board.

Section III.

Conflict with annual budget process

If anything in this policy conflicts with the annual budget process as outlined in the Intergovernmental Agreement (IGA), the IGA will take precedence. The partners to this agreement may approve an initial budget and work scope or an amended budget and work scope that varies from this policy by an affirmative majority vote of the Boards of all partners.

Amended and approved by QLife Board March ~~22, 2011~~ , 2012

Dan Ericksen, President

Aristo
Technical Management Report
By
John Amery
02/08/2012

1. Maintenance Projects Aristo Networks llc. is currently working on:

- Space / allocation of equipment on racks at City Hall. Rotation of fiber panels/equipment locations for more efficient use of available space. Should allow Qlife to survive in currently allocated space for some time (not taking into consideration colo space rented to customers in this analysis).
- Currently out of ports on core equipment / Switch over to new vendor/equipment with 10gig uplink ports, better monitoring capabilities, and more functionality.
- System Monitoring – new equipment (and space) allows for additional monitoring. Currently implementing extended monitoring functionality and history.

2. Easement for access to fiber by Norcor

3. UPS Battery at City Hall scheduled to be replaced Saturday morning Feb. 11th.