



## THE HARVARD PROJECT ON AMERICAN INDIAN ECONOMIC DEVELOPMENT

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John F. Kennedy School of Government • Harvard University

### HONORING NATIONS: 2003 HONOREE

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*In 1988, the Gila River Indian Community decided that it could no longer tolerate inadequate telecommunications services. Because the regional provider was unable to offer services at a reasonable cost or within an acceptable time frame, the Community developed and launched its own company, Gila River Telecommunications, Incorporated. Now a recognized leader in Indian Country telecommunications, this tribal company has more than doubled telephone access among Community residents and facilitated the Community's dramatic economic growth by providing state-of-the-art telecommunications services to businesses on reservation lands.*

In the late 1980s, less than one of four homes in the Gila River Indian Community had telephone service. Regrettably, this dearth of service did not distinguish the Community from many other Indian tribes. At the time, federal reports suggested that although telephone service had an overall penetration rate of 94.9 percent nationally, the rate was as low as 47 percent on tribal lands. The Gila River Indian Community, like many other Indian nations, was convinced that something had to be done to bring telecommunications to its citizens. Conversations with the regional telecommunications provider were discouraging: the tribal government was told that installing basic telephone service for a single customer within the reservation's boundaries could cost as much as \$20,000. Repeated attempts to obtain services at reasonable rates were met only with frustration.

These telecommunications deficits raised two serious concerns at Gila River. First, many reservation residents lacked the basic services necessary for handling emergency situations. Without telephones, Community residents confronted long delays in gaining assistance in critical circumstances. Second, the Community recognized that the vibrancy of its economy depended upon improved telecommunications services. Although rurally located, the Gila River Indian Community occupies prime lands bordering metropolitan Phoenix, Arizona, and contains approximately fifteen miles of Interstate 10, the primary corridor between Phoenix and Tucson. The economic development that the Community intended to pursue was possible only if it could supply sophisticated telecommunications services to both tribal and non-tribal businesses seeking to locate on the reservation.

Frustrated by the costly alternatives, the Gila River Indian Community decided to tackle the problem itself. In 1988, the Community's tribal government established Gila River Telecommunications, Incorporated (GRTI) with the goal of providing reasonably priced telephone service to over fifteen thousand reservation residents.

The challenges GRTI confronted were significant. A joint venture with a rural telephone holding company allowed the Community to obtain loans from a federal entity, the Rural Utilities Service,

and from the private sector to purchase facilities previously held by the regional provider. However, most of this equipment and technology was antiquated. Non-digital switches and decaying copper cable primary causes of poor existing service led to frequent outages during heavy storms. Using a \$17.2 million Rural Utilities Service loan, GRTI improved and expanded the network's capacity. It installed eight digital switches, replaced 342 miles of copper cable, ran 117 miles of fiber-optic cable, added two wireless transmission towers, and ran wires to previously underserved locations.

Today, GRTI offers service to thousands of customers across the reservation. It has successfully borne the costs of constructing and modernizing its facilities in order to realize its mission to provide quality state-of-the-art service with affordable and profitable pricing to ensure customer and employee satisfaction, as it continues to seek opportunities to meet the growing needs of the Gila River Indian Community. Having served 650 customers in 1989, it now serves 3,717. Although the Community does not yet meet the national average for residential telephone service penetration, GRTI works tirelessly to increase availability for its customer base. GRTI has also achieved impressive non-residential service penetration, providing telecommunication services to most tribal government offices and to the vast majority of businesses located within the reservation boundaries. As hoped, GRTI's telecommunications infrastructure has helped these ventures thrive. The tribal government's recently developed justice complex and Hohokam Heritage Center, tribal businesses such as the 500-room Wild Horse Pass Resort and Spa and the Firebird International Raceway, and non-tribal businesses such as the Bondurant School of High Performance Driving and the tenants of the Community's three industrial parks all rely on GRTI services. Overall, GRTI's growth rate in residential and business line access averages 10-12 percent annually, while the telecommunication industry's national average is only 4 percent.

Throughout this remarkable expansion, GRTI has been able not only to offer affordable rates, but also to expand service offerings to meet the needs of customers who require state-of-the-art telecommunications technology. In addition to basic telephone services, GRTI offers business phone systems, public pay phones, enhanced 911 service, and dial-up and DSL internet service. When the Federal Communications Commission (FCC) opened a lottery accepting bids for cellular service along the Interstate 10 corridor, GRTI submitted a bid and won. GRTI then partnered with AllTel, a company subsequently purchased by Verizon. This partnership continues to generate substantial revenue for the tribally owned company. GRTI hopes to offer web design and web hosting services in the near future.

Moreover, GRTI is competitive in the marketplace. The company has been profitable for years, and has survived and flourished in the face of competition. The company's 2002 Annual Report shows revenues of \$7.1 million, expenses of \$6.1 million for a \$975,000 operating budget, and a non-operating income of \$4 million for a net profit of \$4.1 million. As a company, GRTI is valued at \$32.8 million. All of this has been achieved in spite of the fact that GRTI is not the reservation's sole telecommunications provider. Indeed, GRTI's managers tend to view competition as an advantage that builds the company's potential for strong future growth. GRTI's competition for Community business with non-Indian companies has increased its technological sophistication, promoted excellence in operations and services, and positioned GRTI to begin offering services off the reservation.

GRTI's accomplishments are all the more impressive for having been realized within a socially responsible company. GRTI is committed to the well-being of the Gila River Indian Community and demonstrates this commitment through a variety of programs and services. For example, GRTI's Fresh Start Program serves Community members whose telephone service has been disconnected because of unpaid bills. Through the program, GRTI has reestablished service for over two hundred customers who have agreed to make modest monthly payments on unpaid balances. GRTI also promotes the federal Enhanced Lifeline and Link-Up Programs among Community customers. With over nine hundred enrolled Community members, the Lifeline

Program provides low-income customers with various monthly service discounts while the Link-Up Program offers such customers a discount of one half their initial installation fees. Rural Telecommunications celebrated GRTI for its promotion of these federal programs within the Community. Finally, GRTI publishes a monthly newsletter announcing new programs, products, services, and sales, and sponsors events such as Diabetes Awareness Day that not only promote the health of the Community but offer residents the opportunity to meet company staff and ask questions about GRTI services.

GRTI is similarly committed to its employees. Sixty-six percent of GRTI employees, including key staff members and managers, are American Indians. GRTI considers them to be its strongest asset, and invests substantially in their training. To this end, GRTI has developed a relationship with nearby South Mountain Community College to provide employees with training as they earn credits toward a degree. The company also provides internal cross-training to every employee, thus ensuring employees' continuing professional development through the acquisition of new skills while guaranteeing that the company's diverse skill needs can be met by more than one individual. Recognizing the importance of attracting future employees from within the Community, GRTI offers scholarships to qualified eighth graders and high school graduates and sponsors two high school juniors for the Foundation for Rural Service Youth Tour. During this four-day program, Community students travel to Washington, DC to learn firsthand about the telecommunications industry and relevant legislative processes.

Gila River Telecommunications, Inc. is a socially minded, strategically managed company that succeeds in offering its customers sophisticated telecommunications services at reasonable rates. A leader in the tribal telecommunications industry, GRTI is recognized and respected for its trailblazing efforts. GRTI has consulted with many tribes, was praised by the American Indian Report as one of the most successful tribally owned telecommunications companies in the nation, and, at the invitation of the Senate Committee on Indian Affairs in 2003, presented valuable testimony on the status of telecommunications in Indian Country. GRTI has not recommended that every tribe follow its lead. Much has changed since 1988. FCC policies and incentives have shifted, allowing other tribes to take advantage of existing telecommunications infrastructures more easily. But the remarkable successes of the GRTI, born of a bold vision, endure. Confronted with a serious challenge, the Gila River Indian Community organized a cutting edge company that remains an industry leader.

#### Lessons:

- One of the fundamental purposes of government is to help ensure that citizens' basic needs are met. GRTI fulfills this service-oriented purpose, making sure that reservation residents have reasonably priced, life-saving, and critical telecommunications access.
- Tribal companies that address a community need can also be financially profitable. GRTI demonstrates it is possible to provide a service at competitive rates and, with savvy business decisions, bring in profits.
- Tribal ventures, both large and small, can reap benefits from investing in staff training. GRTI's commitment to staff skills training and cross-training are important factors in making certain that its operations function smoothly and without interruption.

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