



SOUTHWEST COLORADO COUNCIL OF GOVERNMENTS

Regular Meeting Agenda – Board Agenda

Thursday, 6 April 2017, 3:15pm-4:00pm

1101 E 2nd Ave., Durango CO

- I. Introductions
- II. Consent Agenda
 - a. 2 March 2017 SWCCOG Meeting Minutes
 - b. February 2017 Financials
- III. Reports (Staff will be available for questions on the written reports)
 - a. Director's Report
 - b. Broadband Report (Verbal)
 - c. Legislation Report
 - d. Transportation Report
 - e. VISTA Report
- IV. Discussion Items
- V. Decision Items
 - a. Executive Committee Meeting Minutes from February 16, 2017
 - b. Broadband Next Steps Meeting Minutes from March 7, 2017
 - c. Resolution 2017-01 Enterprise Zone
- VI. Executive Session for contract negotiation per CRS Section 24-6-402(4)(e)
 - a. RHA Contract Update

Consent Agenda

**Southwest Colorado Council of Governments
March Board Meeting
Thursday, 2 March 2017, 1:30pm
1188 E. 2nd Ave., Carnegie Building, Durango, CO 81301**

In Attendance:

John Egan – Town of Pagosa Springs
Dick White – City of Durango
Michael Whiting – Archuleta County
Gwen Lachelt – La Plata County
Willy Tookey – San Juan County
Larry Gallegos – Town of Silverton
Chis La May – Town of Bayfield
Fred Brooks – Town of Mancos
Karen Sheek – City of Cortez
Jim Ostrem – Town of Rico (via video)
Beth Smith – Town of Rico (via video)

Staff in Attendance:

Miriam Gillow-Wiles – Southwest Colorado Council of Governments
Jessica Laitsch – Southwest Colorado Council of Governments
Dennis Wegienek – Southwest Colorado Council of Governments
Sara Trujillo – Southwest Colorado Council of Governments

Guests in Attendance:

Ann McCoy-Herald – Senator Gardner’s Office

I. Introductions

John Egan called the meeting to order at 1:33pm. Everyone introduced themselves.

II. Consent Agenda

a. 2 February 2017 SWCCOG Meeting Minutes

Dick White said on page 3 of the February meeting minutes he was quoted to have said the council would have “2 new members” and said this needs to clarify “*at least* 2 new members” as there could be 3. Miriam also noted a typo regarding SB152 that was caught and updated.

Dick White motioned to approve the February meeting minutes as amended, Chris La May seconded, unanimously approved.

b. January 2017 Financials

There were no questions on the financials.

Dick White motioned to approve the January 2017 financials, William Tookey seconded, unanimously approved.

III. Reports

Director’s Report

Miriam reported that the Durango Compost Company has requested a letter of support from the COG for a recycling grant through the CDPHE. The City of Durango has given a letter of support. La Plata County is unable to provide a letter of support because they will be the land use permitting authority. Miriam said there is regionalism to the project and asked if the COG board would like to provide a letter of support. Michael asked if there would be any money requested from the COG. Miriam said no, just a letter. Chris asked if any COG members would

be competing for the same grant. Miriam said she is unsure; Durango usually requests funding from the RREO, but since Durango has written a letter of support the assumption is Durango would not be competing for the same grant. Dick said he is not aware of any recycling grant Durango is applying for, but cannot answer with any degree of authority. Gwen asked where the compost site would be. Miriam said at the Phoenix Recycling Facility, centrally located in La Plata County near the airport. Dick said the compost project would be beneficial as it will help keep organics out of landfills and improve the carbon footprint. Miriam stated that this would be the only commercially licensed compost facility in the region and that when doing the COG waste audit, over 1/3 of all waste was found to be organic, which is a sizable amount of material. Miriam added that recycling is one of the COG's main focuses. Chris suggested the COG move forward with a letter of support as long as Durango Compost is in compliance with La Plata County's comprehensive plan and land use codes.

Michael Whiting motioned to approve a letter of support for the Durango Compost Company contingent upon approval by local authorities, Dick White seconded, unanimously approved.

Broadband Report

Miriam reminded the board of the broadband meeting taking place next week on Tuesday at 2pm to discuss next steps, give staff direction, approve a new broadband contract, and move forward in 2017 with broadband development.

Legislation Report

Miriam said the Legislative Committee has been attempting to meet on a weekly basis. Staff has been tracking legislation that the COG may want to take a stance on. HB17-1193 passed out of committee on Tuesday and would allow wireless facilities to use right-of-ways without permitting or communicating with local jurisdictions. Miriam said she is talking to Ken Fellman, broadband attorney, to ensure this item will be minimally problematic for communities and counties and make sure permit requirements and notifications are in place. Dick asked if CML has taken a stance. Gwen asked about CCI. Miriam said she is not sure about CML but CCI is monitoring and trying to figure out how to address the issue. Michael asked if this would be small wireless infrastructure. Miriam confirmed small antennas. Michael asked what companies were running this up. Miriam said companies such as Comcast, AT&T, Verizon, and Century Link. John asked if Miriam had any sense of what direction the bill may go. Miriam said it was a surprise that the bill made it through the house, and staff will continue to monitor and update the board. Miriam said she can get a draft letter of opposition out to the board for review.

Miriam said SB17-040 regarding public access to government files may also affect the COG members. This bill would mandate how electronic records are maintained and how those records may be accessed. CCI and Club 20 are opposing this bill; CML has no position at this time. Michael said having to digitalize everything would be extremely costly and difficult with staff capacity.

Transportation Report

Jessica reported that the last TPR meeting was held February 2. Transit is wrapping up with marketing plans for local agencies. John asked if all transit agency participants have provided all required information to move the marketing efforts forward. Jessica confirmed yes that all agencies have a plan for how they will use the marketing services.

VISTA Report

Dennis asked if there were any questions on the report provided in the meeting packet. There were none. Dennis said a recent development is that the COG was approached by a Fort Lewis

professor regarding the economics of recycling. The professor is requesting the COG put together a paper for his website on economics of rural recycling. Being that there is not much data, Dennis is researching. Michael said the CSU Extension could be a useful resource.

IV. Discussion Items

a. Letter of Support – Durango-La Plata County Airport Passenger Facility Charges

Miriam said Durango and La Plata County are each putting together a letter to congress to remove the cap on the Passenger Facility Charge (PFC). The current fee is capped at \$4.50 per ticket; the request will be to increase the amount to \$9.00 per ticket. The increased fee would help update the airport facility. A letter of support from the COG is requested for this endeavor. Gwen stated that the PFC is collected by the airlines and given back to the originating airport where the trip started. The current amount provides approximately \$800,000 in revenues per year. Increasing the PFC to \$9.00 per ticket would increase this revenue to approximately \$1.5 million per year. As the airport runs off these fees generated from operations, an increase would help update the airport. Miriam said she spoke with City of Cortez's Shane Hale and Karen Sheek who are in favor of writing a letter. A letter would include both Durango-La Plata Airport and Cortez Municipal Airport, which will make the letter more regional. Gwen said they are trying to build momentum at this time. She spoke with Senators Gardner and Bennet both of whom are willing to talk about the need for an increase. Chris said that when the new terminal build and increased property taxes to fund it was brought to the voters, it was suggested that those who use the airport should pay for it versus the tax payers, and this sounds in alignment with those conversations. Dick said the current draft letter has language that could be interpreted to mean if the PFC was increased that this could fund the airport's new terminal build, which it would not. there are limitations as to how the funds can be spent. Dick added that an increase to the PFC would affect every airport in the county as this is a nation-wide fee. Miriam said this letter coincides with the COG letter of support policy.

William Tookey motioned to approve a letter of support for the Durango-La Plata Airport, Karen Sheek seconded, unanimously approved.

b. 2017 Budget Update

Miriam said there have been some significant updates to the 2017 budget that was approved in August 2016. The budget documents presented are simply for informational purposes and not an amendment. Miriam said upcoming decisions that will be made at the Broadband Next Steps meeting next week and the April board retreat will cause additional changes to the 2017 budget.

Miriam said the current 2017 budget projections are at a deficit of \$26,000. Miriam explained that the budget initially included a \$1 million broadband infrastructure grant from DoLA; however, between pushback from DoLA on the 2016 administrative grant for funding for existing staff, DoLA's decreasing funding, and stricter regulations, this grant is unlikely to be awarded so it was removed from the budget. Dick asked if there would be funding for administration in this type of grant. Miriam said she is unsure, but assumes DoLA would deny admin funding as it was a 4-month ordeal to get admin funding on the 2016 grant. Dick said he would be concerned about accepting a grant of this size, \$1 million, and not having admin funds as a large grant will be a large load for staff. Miriam said there are other sources of grant funding for broadband development that provide admin funding, such as Rural Health Care, and she will be looking into this and others. It is uncertain at this time if an infrastructure grant will happen in 2017 and most likely would be 2018. In addition to the DoLA grant removal from the 2017 budget, Miriam said there was an EPA grant originally written into the 2017 budget that was also removed due to high uncertainty as the most recent report talked of a 30% funding cut to states from the federal government for EPA.

Michael said a \$26,000 deficit is 4% of the budget, which is not outside of tolerance. He added that when it comes to broadband, the COG needs to be aggressive. Miriam said staff is being conscientious about the budget and cutting spending where possible. The broadband meeting and retreat will help develop a solid plan that will hopefully help reach a \$0 budget deficit. John said the COG needs to figure out where to go from here as broadband is not creating revenues as expected. The board needs to reassess what is working and what will turn into dollars as it is the responsibility of the board to create revenue for the COG. The board needs to help staff with a more finite direction. John said this will be discussed at the April board retreat where the board will determine if they want a COG, what it should look like, and define what impacts there are with broadband development as it is important for both financial success and regional success of the COG.

V. Decision Items

a. Executive Committee Meeting Minutes

There were no questions or comments regarding the Executive Committee meeting minutes.

Chris La May motioned to approve the 19 January, 2017 Executive Committee meeting minutes, John Egan seconded, unanimously approved.

b. Auditor Selection

Miriam said it is best practice to change auditors every 3 years, and being that it is year 3 with the current auditor, COG staff issued an RFP for audit services in January 2017. There were 3 responders all of whom addressed travel and come with local government auditing experience. Per COG purchasing policy, the award should go to the lowest qualified bidder. Staff did reference checks on all bidders. Sara said all reference checks were positive. Miriam said the lowest bidder price is lower than the current auditor and is Haynie and Company; the prices would be \$5,900 for 2017, \$6,100 for 2018, and \$6,300 for 2019. However, Hamblin and Associates has provided audit services for a COG in the past, giving them very good experience with a COG financial structure.

Dick White motioned to accept a contract with Haynie and Company for 2017, 2018, and 2019 audit services, Michael Whiting seconded, unanimously approved.

c. Selection of 2017 Board Treasurer

John said at the last COG board meeting there was not an opportunity to elect a new treasurer for 2017 and asked for a nomination. Gwen asked what the bylaws state the duties of the treasurer are. Miriam said to help with COG financials and to be a line of communication for the Executive Director between board meetings.

William Tookey motioned to nominate Gwen Lachelt as the 2017 COG board treasurer, Chris La May seconded, unanimously approved.

Gwen said was delighted to serve as the 2017 COG board treasurer.

VI. Other Items

a. CIRSA Liability Training for Elected and Appointed Officials

Sara said each year CIRSA performs an audit and gives points that help reduce the premium. Viewing the training video for elected officials will add additional points to the overall audit score. Staff presented a CIRSA training video. The video sound was not working, so Miriam said she would email the video link to all members.

VII. Community Updates

Dick White, City of Durango:

- Dick said the council had been considering a citizen petition about community water fluoridation. The council has subsequently decided to put this issue in the voter's hands and

will be on the next ballot. Karen asked what the opposition entails. Dick said there are two arguments, one being that scientific evidence shows high levels of fluoride to be a neurotoxin that causes health issues and two that the low levels used are found to protect health, especially kids and families that do not have the resources to acquire dental care. There was a public hearing where 15 out of 18 medical professionals were in favor of continued water fluoridation as there is unequivocal evidence of the public health benefit. The issue is public health benefits versus a concern for rights. Karen said if water fluoridation is removed then that will impede on her rights.

- The draft comprehensive plan is complete and will be voted on in April.
- CDOT is going to be resurfacing all of north main from Iron Horse down to the 160/550 interchange and out 160. The project will narrow north main from 2 lanes to 1 and include a center turn lane with separated bike lanes. There has been concern expressed about traffic flow. The project is scheduled to start next week and aims to be complete before Memorial Day.

Gwen Lachelt, La Plata County:

- The county is almost finished with the comprehensive plan update.
- The county hopes to have a new land use code ready by the first of next year; a consultant has been hired to help in the development.
- The county is looking to implement a new building code by the 1st of June.
- Gwen recently hand delivered a letter to Senators Gardner and Bennet about removing the cap to increase the PFC. She passed a copy of the letter around for members to read.
- The board recently took a position against HB-622 regarding law enforcement for federal lands. This would directly impact local governments as it would remove law enforcement duties from the forest service and other federal agencies and put it in the hands of the county. The La Plata County Sheriff has great concerns and has signed onto the opposition letter. Gwen passed a copy of the letter around for members to read.
- With budget issues, the county is looking to increase the property tax mill levy that is currently 8.5. The average across the state of Colorado is 20-22. The county will be talking to residents about an incremental increase. The county is considering impact fees and putting a use tax on the next ballot.

Michael Whiting, Archuleta County:

- The county is updating the land use code in conjunction with Pagosa Springs to ensure alignment.
- The justice center project is underway with the county detailing out costs and possible locations.
- The county and town of Pagosa Springs have had a year or more of unprecedented joint work sessions and are working in higher coordination on projects such as broadband, early childhood education, workforce housing, and downtown revitalization. There are 3 community work groups working through details of these projects. New work groups have formed from the community to develop policy recommendations and finance recommendations to solve problems.

William Tookey, San Juan County:

- San Juan County has had a lot of snow, which is normal, but not snow everyday like was seen in January.
- The county is noticing that technology and weather apps are forecasting worse weather than actual resulting in low attendance at events.

- The county started phase II of the old hospital building restoration project. State historic funds along with DoLA funds are supporting the project.
- From an economic stand point, there is talk about the impacts of the Gallagher Amendment. Recently the county started recovering from property tax values and started to see an increase, but this may start to decrease with the ratio going down under the Gallagher Amendment.
- With the state's mandate for an increase in elected official's salary, the county is seeing an increase in expenses with a decrease in revenues, which is an issue.
- The county is talking with emergency services to assess long-term needs for services and required funding. There has been an increase in back country recreation, which is helpful to the sales tax revenues, but is where emergency responders are called out most often.

Larry Gallegos, Town of Silverton:

- There are a few new initiatives, one) to allow the off highway vehicle (OHV) route to be completely through town, two) to remove the OHV route, or three) to keep the OHV route as is. All 3 options will be on the next voter ballot. Two years ago the town created the route and saw a large increase in tax revenues. This is a contentious issue and work is being done to educate people prior to the vote.

Chris La May, Town of Bayfield:

- A pre-construction meeting will be held March 15 for the two bridge replacement project between 160 and Bayfield Parkway. Full closure of the road will begin mid-April; the closure is projected to be 6-8 months. Completion date of December 1 has been given.
- The town put out an RFP for a land use planner to update the comprehensive plan.
- The town put out an RFP for an IT service contractor.
- Master planning efforts are underway for parks, trails, open space, and recreation; should be complete in August.
- The town is working on a wayfinding project with a consultant as part of the DoLA downtown grant through the COG. This should be complete in June.

Fred Brooks, Town of Mancos:

- Road projects start this year including work on the 160 corridor and the installation of a pedestrian crossing. Work will start in April.
- The main street bridge project will be underway with engineering sometime this year. The town wants to do some walkways on the bridge and open up that corridor. Working with CDOT grants.

Karen Sheek, City of Cortez:

- Staff moved into the new City Hall building. A VIP open house will be held March 16 and a community open house and dedication on March 17. Miriam said she will send out the open house information to all members.

John Egan, Town of Pagosa Springs:

- The town is currently looking at lot splits; what is allowable and not allowable with the lot. Staff is currently researching to better define.
- Mountain Express Transit is taking delivery of a new transit vehicle.
- The downtown beautification project is in the planning stages.

End 3:24 pm

February 2017 Financials

To: SWCCOG Board of Directors
From: Sara Trujillo
Date: 6 April 2017

Comments: The following attachments include:

- February 2017 Balance Sheet
- January – February 2017 Profit & Loss Budget vs. Actual

Items to Note:

Balance Sheet: Miriam's credit card balance, with the exception of \$5.00, is equipment purchases made for the 2016 All Hazards grant and will be reimbursed by that grant. Sara's credit card balance is mostly invoice payments for Lucky Services marketing consultant work that will be reimbursed by the DoLA 9038 shared services grant.

Profit and Loss Budget vs. Actual:

- COG dues include the administration position dues because they were combined when invoicing. When dues payments are received from the Town of Bayfield and La Plata County an entry will be made to move \$12,200 from COG dues to admin dues making the actuals agree with the budget.
- Internet and Transport for quarter 1 was not invoiced on January 1 because staff knew broadband decisions would be made in the next few months that would most likely change the invoice amounts. Invoices for quarter 1 and quarter 2 will be emailed out after the April board retreat. Please note quarter 1 fees may differ from quarter 2 depending on contract negotiations with FastTrack and board decisions.
- The Fiber Equipment Repair Fund was moved into its own fund; once Bayfield's dues are received, I will make an entry to move these funds, zeroing them out in the general fund making the actual agree with the budget.
- The membership expense currently shows \$3,600 for the 2017 CUA and Club 20 memberships that were fully reimbursed by the DoLA 9038 shared services grant.
- The interest earned pertains to the restricted Fiber Equipment Repair Fund bank account as interest is not allowed to be earned in the general fund bank account.

Fiscal Impact: High, Budget changes throughout the year

February 2017 Financials

Staff Recommendation: Approve the February 2017 Financials allowing staff to move forward with the 2017 budget.

Legal Review: Not Applicable

Southwest Colorado Council of Governments

Balance Sheet

As of February 28, 2017

	Feb 28, 17
ASSETS	
Current Assets	
Checking/Savings	
Alpine Bank	
Alpine Bank Account (UR)	94,248.74
Fiber Equip Fund - Restricted	0.07
Total Alpine Bank	94,248.81
Petty Cash	
AmeriCorps VISTA	348.58
Jessica Laitsch	306.13
Petty Cash - Other	29.07
Total Petty Cash	683.78
Total Checking/Savings	94,932.59
Accounts Receivable	
Accounts Receivable	76,613.12
Total Accounts Receivable	76,613.12
Total Current Assets	171,545.71
TOTAL ASSETS	171,545.71
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Credit Cards	
Miriam	3,508.62
Sara	897.15
Total Credit Cards	4,405.77
Total Credit Cards	4,405.77
Total Current Liabilities	4,405.77
Total Liabilities	4,405.77
Equity	
Retained Earnings	85,788.33
Net Income	81,351.61
Total Equity	167,139.94
TOTAL LIABILITIES & EQUITY	171,545.71

Southwest Colorado Council of Governments
Profit & Loss Budget vs. Actual
 January through February 2017

Ordinary Income/Expense	Jan - Feb 17	Budget
Income		
All Hazards		
2015 SHSP	12,656.00	75,000.00
2016 SHSP	43,821.61	134,283.00
2017 SHSP	0.00	100,000.00
Total All Hazards	56,477.61	309,283.00
Broadband Infrastructure Grant	0.00	1,100,000.00
CDOT Grants		
SWTPR Grant	0.00	22,100.00
Transit Coord Grant	0.00	24,239.00
Transit LCC Grant	0.00	0.00
Total CDOT Grants	0.00	46,339.00
DoLA Grants		
DoLA 8011	6,406.85	100,000.00
DoLA 8330	0.00	50,000.00
DoLA 9038	-13,075.25	25,000.00
Total DoLA Grants	-6,668.40	175,000.00
Dues Revenue		
Admin Position	0.00	12,200.00
COG Dues	126,200.00	114,000.00
SWTPR Contributions	7,607.00	7,679.00
Total Dues Revenue	133,807.00	133,879.00
EPA Grant - 2017	0.00	50,000.00
Grant Match		
COG Member Match	15,000.00	10,000.00
Total Grant Match	15,000.00	10,000.00
Misc. Income	2,500.00	
RREO Grant		
RREO 2016-2017	-176.81	17,459.00
Total RREO Grant	-176.81	17,459.00
SCAN Services		
Dark Fiber Leasing	9,969.00	36,276.00
e-TICS	0.00	8,400.00
Fiber Equipment Repair Fund	9,740.00	
Internet & Transport	0.00	10,000.00
Total SCAN Services	19,709.00	54,676.00
Total Income	220,648.40	1,896,636.00
Gross Profit	220,648.40	1,896,636.00

Southwest Colorado Council of Governments
Profit & Loss Budget vs. Actual
 January through February 2017

Expense	Jan - Feb 17	Budget
Advertising and Promotion	78.72	600.00
All Hazards Projects		
All Hazards 2015 SHSP		
Grant 2015 Project 1	-339.89	
Grant 2015 Project 3	12,656.00	
All Hazards 2015 SHSP - Other	0.00	75,000.00
Total All Hazards 2015 SHSP	12,316.11	75,000.00
All Hazards 2016 SHSP		
Grant 2016 Project 2	19,942.50	
Grant 2016 Project 3	4,639.62	
Grant 2016 Project 4	14,375.00	
Grant 2016 Project 5	2,828.28	
Grant 2016 Project 6	23,879.11	
All Hazards 2016 SHSP - Other	0.00	127,569.00
Total All Hazards 2016 SHSP	65,664.51	127,569.00
All Hazards 2017 SHSP	0.00	92,320.00
Total All Hazards Projects	77,980.62	294,889.00
AmeriCorp VISTA	0.00	8,000.00
Bank Service Charge	0.00	225.00
Broadband Expenses		
SCAN Dark Fiber Lease	0.00	9,069.00
Total Broadband Expenses	0.00	9,069.00
Consulting	9,026.38	1,248,035.00
Employee/Board Appreciation	24.92	200.00
Information Technology (IT)		
Internal IT Consulting	50.00	
Software	10.00	2,300.00
Total Information Technology (IT)	60.00	2,300.00
Insurance Expense		
General Liability	2,203.75	2,274.00
Health	4,369.00	35,649.00
HSA	0.00	6,000.00
Worker's Compensation	1,668.00	1,808.00
Total Insurance Expense	8,240.75	45,731.00
Internet Connectivity		
Fast Track	1,800.00	10,000.00
Internet Connection (AT&T)	64.81	
Total Internet Connectivity	1,864.81	10,000.00

Southwest Colorado Council of Governments
Profit & Loss Budget vs. Actual
 January through February 2017

	Jan - Feb 17	Budget
Meetings	10.93	7,000.00
Memberships	3,600.00	3,200.00
Office Equipment	14.02	4,050.00
Office Supplies	142.35	1,500.00
Postage and Delivery	15.15	100.00
Professional Development	0.00	4,000.00
Professional Fees		
Accounting Software	0.00	14,000.00
Audit	500.00	15,000.00
Legal	576.00	3,000.00
Misc.	31.41	1,000.00
Total Professional Fees	1,107.41	33,000.00
Rent	0.00	81.00
Salary and Wages		
457 Retirement	903.34	8,161.00
Car Allowance	600.00	3,600.00
Cell Phone Allowance	845.00	3,120.00
Housing Allowance	0.00	3,250.00
Payroll Processing Fee	373.99	1,600.00
Payroll Tax	1,795.12	13,955.00
Salary and Wages - Other	16,308.87	163,219.00
Total Salary and Wages	20,826.32	196,905.00
Software Maintenance e-TICS	15,162.00	8,400.00
Team Building	0.00	800.00
Travel	1,142.57	16,620.00
Total Expense	139,296.95	1,894,705.00
Net Ordinary Income	81,351.45	1,931.00
Other Income/Expense		
Other Income		
Interest Earned	0.16	
Total Other Income	0.16	
Net Other Income	0.16	0.00
Net Income	81,351.61	1,931.00

Reports

Director's Report

To: SWCCOG Board of Directors
From: Miriam Gillow-Wiles
Date: 6 April 2017

Comments: This month has been busy with Retreat planning, laying the foundations for broadband development, and lots of legislative work. The report is somewhat truncated this month due to the retreat planning.

RHA Update

Karen Iverson (RHA Executive Director) and I have been negotiation the RHA-SWCCOG Contract, which is not quite ready to come to the SWCCOG Board. We will have a discussion about this later on the Agenda.

All Hazards

The All Hazards is a Homeland Security block grant to the State, which is then a competitive grant process for funding in the various regions. The state has told the All Hazards group that there may not be any funding for the regions this grant cycle, but that the group needs to do all the work and submit a grant application anyways. Further it has become apparent that the majority of the funding has been going to the Front Range, while the SW is the least connected in terms of communications (not just broadband!). As a result, I have asked the All Hazards committee what kind of help they need to ensure funding for communications and other important tools for our first responders. They have asked the SWCCOG to work with the Federal and State delegations to ensure we receive appropriate funding.

Digital Southwest

I will be attending a conference in Phoenix April 17-19. There are several sessions regarding broadband funding, and one specifically with the NTIA on broadband infrastructure funding. The conference is free for government officials/employees.

2016 Audit

The current auditors, HintonBurdick will be in the SWCCOG offices the week of April 10th. Staff is looking forward to working with them this year.

Legislative Update

To: SWCCOG Board of Directors

From: Jessica Laitsch

Date: 2 April 2017

Comments: Attached is a summary of bills that have been introduced in the Colorado General Assembly and the US Congress.

SWCCOG 2017 Legislative Summary - State

Bill No	Short Title	Subject	Summary	Sponsors	Recent Action	Action Date	Position	Staff Comments
HB 17-1031	Hearings On Transportation Commission Districts	Transportation	Requirement that the transportation legislation review committee conduct hearings throughout the state	Carver, Bush, Todd, Cooke	Refer unamended to Committee on Appropriations	25-Jan-2017	Monitor	RE: study required by HB 16-1031, CCI supports
HB 17-1174	Exempt Rural Telecommunications Local Improvement District Requirements	Broadband	Exception for rural counties from the requirement that a county must first contract with a telecommunications service provider before establishing a local improvement district to fund the construction of a telecommunications service improvement	Wilson	House concur with Senate amendments	30-Mar-2017	Monitor	CCI and Club 20 support

SWCCOG 2017 Legislative Summary - State

HB 17-1193	Small Cell Facilities Permitting And Installation	Broadband	Concerning the installation of small wireless service infrastructure within a local government's jurisdiction, and clarifying that an expedited permitting process applies to small cell facilities and small cell networks and that the rights-of-way access afforded telecommunications providers extends to broadband providers and to small cell facilities and small cell networks	Kraft-Tharp, Becker, Kerr, Tate	House concur with Senate amendments	31-Mar-2017	Oppose	
HB 17-1203	Local Government Special Sales Tax On Retail Marijuana	Government Finance	Concerning the authority of certain local governments to levy a special sales tax on retail marijuana in certain circumstances subject to voter approval by the eligible electors of the local government	Lebsock	Scheduled Hearing Senate Local Government Committee	4-Apr-2017	Monitor	Leg committee recommends support if all COG members agree

SWCCOG 2017 Legislative Summary - State

HB 17-1237	State Employee Group Benefit Plans For Local Government	Government Administration	Concerning the state personnel director's authority to allow a local government to provide health benefits to its employees through the state employee group benefit plans	Hamner, Coram, Crowder	Scheduled hearing House Health, Insurance, & Environment	30-Mar-2017	Monitor	
HB 17-1242	New Transportation Infrastructure Funding Revenue	Transportation, Government Finance	A ballot question that seeks approval for the state to temporarily increase the rate of the state sales and use tax for 20 years	Duran, Bush, Baumgardner, Grantham	Assigned to Senate Transportation Committee	31-Mar-2017	Support	Sent letter of support, CML and Club 20 support, CCI seeking amendments and supports
SB 17-027	Increase Penalty Texting While Driving	Transportation	Increase in the penalty for text messaging while operating a motor vehicle	Court, Melton	Scheduled Hearing Finance	3-Apr-2017	Monitor	
SB 17-040	Public Access to Gov't Files	Government	Concerning public access to files maintained by governmental bodies	Kefalas, Pabon	Assigned to House Finance Committee	23-Mar-2017	Oppose	Sent letter of opposition, CCI and Club 20 oppose

SWCCOG 2017 Legislative Summary - State

SB 17-205	Multimodal Transportation Infrastructure Funding	Transportation	<p>Concerning multimodal transportation infrastructure funding, a ballot question which would authorize the state to increase the rate of the state sales and use taxes from two and nine-tenths percent to three and fifteen one-hundredths percent and to issue additional transportation revenue anticipation notes for the purpose of addressing critical priority multimodal transportation needs in the state by financing transportation projects</p>	Kefalas, Rosenthal	Scheduled Hearing Transportation	4-Apr-2017	Monitor	
SB 17-213	Automated Driving Motor Vehicles	Transportation	<p>Concerning authorization for automated driving systems to control motor vehicles throughout Colorado</p>	Moreno, Hill, Bridges, Winter	House second reading	31-Mar-2017	Monitor	CML and CCI opposed prior to amendments

SWCCOG 2017 Legislative Summary - Federal

Bill No	Short Title	Summary	Sponsors	Recent Action	Action Date	Position	Staff Comments
HR 622	Terminate law enforcement functions of FS and BLM	To terminate the law enforcement functions of the Forest Service and the Bureau of Land Management and to provide block grants to States for the enforcement of Federal law on Federal land under the jurisdiction of these agencies	Chaffetz, Stewart, Love, LaMalfa, Amodei, McClintock, Gosar	Referred to Subcommittees, Referred to the Committee on Natural Resources and the Committee on Agriculture	13-Feb-2017	Oppose	Sent letter of opposition
HR 861	Eliminate the EPA	To terminate the Environmental Protection Agency	Massie, Palazzo, Loudermilk	Referred to the Committee on Energy and Commerce, and in addition to the Committees on Agriculture, Transportation and Infrastructure, and Science, Space, and Technology	3-Feb-2017	Monitor	
HR 1265	Rebuilding America's Airport Infrastructure	Make modifications to the passenger facility charge program administered by the Federal Aviation Administration	DeFazio, Massie	Referred to the House Committee on Transportation and Infrastructure	1-Mar-2017	Support	Sent letter of support
HJ Res 46	Congressional disapproval of National Park Service rule relating to Non-Federal Oil and Gas Rights	Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the final rule of the National Park Service relating to "General Provisions and Non-Federal Oil and Gas Rights".	Gosar, Biggs, Black, Radewagen, Newhouse, Gohmert, Cramer	Referred to the House Committee on Natural Resources	30-Jan-2017	Oppose	Sent letter of opposition

SWCCOG 2017 Legislative Summary - Federal

HR 825	Public Land Renewable Energy Development Act	To promote the development of renewable energy on public land	Gosar, Polis, Franks, Thompson, Amodei, Biggs, Cartwright, Comstock, Cook, Costa, DeFazio, DelBene, Grijalva, Huffman, Labrador, LaMalfa, Lowenthal, Perlmutter, Schrader, Schweikert, Sinema, Tipton, Pearce, Cardenas, Lujan, Hice	Referred to House Committee on Natural Resources, Referred to House Committee on Agriculture	24-Feb-2017	Support	Sent letter of support, Letter of support written on similar bill in 2015
S. 282	Public Land Renewable Energy Development Act	To promote the development of renewable energy on public land	Heller, Heinrich, Gardner, Tester, Risch, Daines, Bennet, Udall	Referred to the Committee on Energy and Natural Resources	24-Feb-2017	Support	Sent letter of support, Letter of support written on similar bill in 2015

Transportation Report

To: SWCCOG Board of Directors
From: Jessica Laitsch
Date: 2 April, 2017

Comments: Transportation:

The next SWTPR meeting will be held at 9:00 a.m. Thursday, 6 April, 2017 at the Carnegie Building, 1188 E 2nd Ave., Durango.

Transit:

Staff is working with the marketing consultant to assist local transit agencies in develop marketing strategies. Marketing work will be completed early in 2017.

Staff is working with CDOT and other partner organizations on the Four Corners Coordinated Transit Plan funded through FTA section 5304 funds.

VISTA's Report

To: SWCCOG Board of Directors
From: VISTA
Date: 30 March 2017

Comments: **Recycling**

I have sent all of the content for our recycling brochures over to our marketing consultant, and they should be ready for review shortly. I am still working to develop the elementary school recycling education curriculum. I am also in communication with various recycling haulers and facilities in the region to gather relevant data for an economic analysis of recycling in the region.

Discussion Items

Decision Items

SWCCOG Executive Committee Minutes

To: SWCCOG Board of Directors

From: Sara Trujillo

Date: 6 April 2017

Comments: Executive Committee Minutes from Feb 16, 2017 for approval.

Legal Review: None

Fiscal Impact: None

Staff Recommendation: Executive Committee approve the attached minutes from February 16, 2017

**Southwest Colorado Council of Governments
Executive Committee Meeting
Thursday, 16 February 2017, 1:30 p.m.**

In attendance:

Gwen Lachelt – La Plata County (via phone)

John Egan – Town of Pagosa Springs (via phone)

Chris La May – Town of Bayfield (via phone)

Miriam Gillow-Wiles – Southwest Colorado Council of Governments

Sara Trujillo - Southwest Colorado Council of Governments

The meeting began at 1:31 p.m.

Miriam said she would like to move the community reports to the bottom of the agenda under section VII, attendees agreed.

The Broadband Next Steps meeting summary will be removed from the agenda because the meeting date ended up being scheduled after the COG board meeting, so there will be no summary to provide.

The letter of support item will be moved from decision to discussion. John asked what the letter supports. Miriam said it is to support the Durango-La Plata County Airport efforts to increase the passenger fee. Gwen added that the current fee is \$4.50 per ticket; the funds are used for maintenance and upgrades to the airport. Durango and La Plata County would like to urge Congress to consider increasing this fee to \$9.00 per ticket as the fee is essential to upgrade facilities and being able to accommodate current passenger levels until the new terminal on the east side is built. Chris asked if \$4.50 is the national standard. Gwen confirmed yes. Miriam asked when the fee was last increased. Gwen said she was not sure but would find out. Miriam said increasing the fee would benefit the entire region. She will confirm the letter conforms with the COG support letter policy and then will, with direction from the board, create a letter.

Miriam said an update to the 2017 budget will be given as a discussion item. Sara sent out the 2017 budget update packet to the Executive Committee for review. Miriam said operating costs have increased due to professional development, new computers, and other items. The assumed broadband infrastructure grant was removed from the budget because staff is unsure what direction broadband will go and DoLA funding is uncertain. The assumed EPA grant was also removed because the grant is no longer showing on the EPA website. Gwen said 4CORE has been looking into an EPA grant that has appeared on and disappeared from the website. Miriam said she will continue monitoring to see if the grant opportunity is put back on the website. Miriam continued that with the COG being 80% grant funded it is no surprise that the 2017 budget is in a deficit, a sustainable financial model needs to be developed. There will be more discussion regarding a sustainable financial model at the April retreat. There is enough fund balance to operate the 2017 budget in a deficit, but the COG is in noncompliance with reserve requirements. Chris asked about the fiber funds. Miriam said that those funds are separate from the general fund. John said he is scheduled to talk with Greg Schulte about dues and suspects he will hear more about this subject, which may come up at the March or April meeting. Miriam said there are no plans to increase dues and that dues are high for some jurisdictions. She pointed out the discussions need to happen so the COG does not lose members. Chris asked if the COG is an umbrella agency for the All Hazards. Miriam said no, that was the SWIMT (Southwest Incident Management Team). The state wanted one agency to do the SWIMT reimbursements, so that task was moved to a

non-profit organization. Miriam said the All Hazards grants have been reduced and funds for the 2017 grant are uncertain. Sara confirmed that between the 2015 and 2016 grants, funds were cut by approximately \$50,000 and although 2017 funds are uncertain, meetings are being held to determine projects.

Miriam said she has been talking to Fast Track about VOIP lines for smaller communities as well as increasing the connectivity to 10 gigs. NEO Fiber has recommended selling lit services, but this would put the COG into a service provider role. Miriam said she would recommend aggregating demand to create a stable revenue source. This item may need to wait until after the broadband next steps meeting.

Miriam said the NEO Connect contract to work on the continuation of the broadband plan will be received and ready for board review. Chris asked what the contract would be for. Miriam said the COG received a DoLA grant to continue the broadband planning to include grant writing and contract negotiations. Chris asked if this was a separate grant. Miriam said it is part of the DoLA Technical Assistance grant that was awarded in the amount of \$60,346, of which \$55,000 will be for broadband planning while the remaining \$4,346 will go towards transit planning. The board voted to give \$15,000 towards the broadband match providing a total of \$70,000 for the NEO Connect contract.

Miriam reported that the board will choose an auditor for the years 2017, 2018 and 2019, the proposals are due next week.

Gwen asked if the agenda planning meetings are monthly. Miriam confirmed yes, that the meetings are typically held 2 weeks prior to the board meeting and a new meeting for the Legislative Committee has been scheduled for every Thursday at 3:30pm. Miriam said she did give remote testimony regarding the broadband bill to repeal the requirement of a vote for SB152. The bill did not pass. Gwen asked if the COG has a lobbyist on staff. Miriam said no, although some COGs do, but the SWCCOG does not have the necessary C6 designation. Miriam will be asking the Legislative Committee about how much involvement is warranted with federal legislation as a current bill to sell off public lands in nine western states will impact the region. Gwen said La Plata County is planning to take a position opposing this bill; the county sheriff is very concerned. Chris suggested COG participation on federal matters that impact the region.

The meeting ended at 2:04 p.m.

Broadband Planning – Next Steps Minutes

To: SWCCOG Board of Directors
From: Miriam Gillow-Wiles
Date: 6 April 2017

Comments: The Broadband Planning Next Steps meeting minutes from March 7, 2017 are attached.

Legal Review: None

Fiscal Impact: None

Staff Recommendation: Approve the meeting minutes from March 7, 2017

**Southwest Colorado Council of Governments
March Regional Broadband Planning Meeting
Tuesday, March 07, 2017, 2:00pm
1188 E. 2nd Ave., Carnegie Building, Durango, CO 81301**

In Attendance:

William Tookey – San Juan County
Chris Tookey – Town of Silverton
Dick White – City of Durango
Karen Sheek – City of Cortez
Gwen Lachelt – La Plata County
Fred Brooks – Town of Mancos (video)
Jim Ostrem – Town of Rico (video)
John Egan – Town of Pagosa Springs (video)
Chris La May – Town of Bayfield (video)
Beth Smith – Town of Rico (phone)
Lana Hancock – Town of Dolores (phone)
Mark Garcia – Town of Ignacio (phone)

Staff in Attendance:

Miriam Gillow-Wiles – Southwest Colorado Council of Governments
Jessica Laitsch – Southwest Colorado Council of Governments
Dennis Wegienek – Southwest Colorado Council of Governments
Sara Trujillo – Southwest Colorado Council of Governments

Guests in Attendance:

Laura Lewis – Region 9 EDD
James Torres – La Plata County IT
Ann McCoy-Harold – Senator Gardner’s Office
Ken Charles – Department of Local Affairs
Roger Zalneraitis – La Plata Economic Development Alliance
Rick Smith – City of Cortez IT
Julie Westendorff – La Plata County
Heather Alvarez – Town of Mancos
Andrea Phillips – Town of Mancos (video)
Phillip Pappas – Town of Bayfield (video)
Diane Kruse – NeoConnect (video)

Introductions:

Meeting started at 2:02

Miriam welcomed everyone to the meeting, and mentioned the objectives for this meeting. She briefly explained the components of the board packet. John Egan wanted to highlight that this project is not only beneficial for the communities, but also beneficial for the SWCCOG. Miriam then transitioned into asking the board to make decisions this meeting.

Everyone introduced themselves.

Discussion Items:

I. Regional Broadband Planning Discussion – Next Steps

Miriam started the discussion by giving a brief overview of the SCAN Network. The SWCCOG consulted with NeoConnect to come up with a strategy to ensure the successful development for the SCAN Network. The meeting proceeded to discuss each strategy that NeoConnect has come up with. The first strategy was to have the member communities opt out of SB 152. Rico is the only remaining community that has yet to do so, but they will have it on their next ballot. She added that Cortez did not have to opt out of SB 152.

Miriam continued to describe the next recommendation to increase the price of new dark fiber leases from \$60 per strand per mile to \$110 per strand per mile. This policy was adopted by the SWCCOG in June 2016, and this was only for new leases. Prices of existing leases remained the same due to being established in the contracts. The SWCCOG also only accepted lease agreements for leases of one mile or more. This is to avoid “orphan segments”, which are strands of unused fiber less than a mile long. Roger clarified that the aforementioned prices are a monthly rate. Miriam added that \$110 per strand per month is close to market rate.

Miriam continued that the next recommendation was to ratify a dark fiber lease agreement between the SWCCOG and member jurisdictions. This was set up as a 75-25% SWCCOG to member revenue share, and was approved in August 2016. There are three jurisdictions that have not approved this agreement, but otherwise it has been completed. Miriam added that this step is not a permanent solution to financing the SCAN Network. John asked which three members still have to approve of the agreement. Miriam answered that it is City of Durango, Town of Dolores, and Dolores County. Dick added on that Durango City Council approved of the lease a couple of weeks ago. John asked what the process is from here. Miriam answered that the SWCCOG will work with Durango, Cortez, and local Internet Service Providers (ISPs) in the smaller communities to streamline this leasing and billing system.

Miriam described that the fourth recommendation is to establish an Indefeasible Right of Use (IRU) between Cortez and Durango. This IRU will also increase connectivity from 10 megabytes to 10 gigabytes. She added that Durango and Cortez were initially skeptical of this recommendation. Cortez already provides lit services to its community anchor institutions. Miriam added that she does not want the SWCCOG infringing on existing business models. She then recommended aggregating services instead of establishing an IRU. If the SWCCOG purchases broadband in bulk, and divides the services up for each community, then each community will save money. Jim then asked if she could explain “aggregating services” a little more. Miriam explained that the aggregation of services is one of the core goals of the SCAN Network. Instead of each community buying broadband individually, if the SWCCOG purchases all of the members’ broadband together in bulk, it will come at a reduced price per gigabyte, and therefore be cheaper for each community. Jim clarified that it was an aggregation in contract and just pooling the demand. Miriam confirmed and suggested that this is the best strategy at the time. By buying 10 gigabytes at

\$0.75 a megabyte per month and dividing that up for each community, it will save the jurisdictions money, and the SWCCOG will be able to generate some revenue by adding a small markup to the megabyte per month cost.

Dick asked if there was enough demand by the member communities to purchase 10 gigabytes. Miriam answered that just the governments easily use 4 gigabytes. Miriam is still in the process of working with individual anchor institutions to see how much connectivity they use. Miriam is also asking to get a 5 gigabyte per month quote. Andrea asked how much connectivity Mancos would get, and Miriam answered that the whole region would get 10 gigabytes, and that would be divided up between each community. Andrea asked how each community would purchase that. Miriam answered that it would be the same that it is now, except the SWCCOG, rather than the ISP, would invoice Mancos. John asked how this would work with Fast Track. Miriam first clarified that this would not impact Pagosa Springs or Archuleta County because Fast Track does not provide internet services in those areas. Miriam added that the SWCCOG would add up all of the connectivity that the participating communities use, and then the SWCCOG would buy all of that in bulk at once. Then the communities would pay the SWCCOG, and Fast Track would then provide the services for each community.

Ken asked how Miriam knows this will save the communities money. Miriam answered that she found out how much data and at what rate the communities are currently paying, and compared that to potential rates if they were to buy in bulk. Aggregating the service would save each community significant amounts of money. La Plata County is paying \$6.33 per megabyte compared to a potential \$0.75 per megabyte after aggregating services. Chris asked how much the markup might be. Miriam answered that it depends on whether the SWCCOG buys 10 or 5 gigabytes, and how much the SWCCOG board wants her to charge. With that being said, they will ensure the communities save money. Ken asked how long this contract with Fast Track would be. Miriam answered that this price was for a 3 year contract. Ken asked what Fast Track's benefit was, and Miriam answered that Fast Track still retains these customers and only has to deal with one customer, the SWCCOG. John asked how this would impact middle mile development strategies. Miriam answered that she will get to middle mile development, but for the sake of this discussion and explanations, she is keeping SCAN Network strategies and middle mile development strategies separate. Jim asked if there was any possibility of Rico being included in the SCAN system. Miriam answered that Rico could be added in the future, but that depends on middle mile development to Rico and other communities, which she will come back to later in this discussion.

Miriam moved onto the fifth SCAN Network development strategy. This strategy was to have the SWCCOG provide lit services to the community. However, Miriam does not want the SWCCOG to be involved in selling the services because they are not an ISP. Miriam then asked the board if this is something they would want to reconsider. John agreed with Miriam, and asked if any other board members had any questions. Dick asked Miriam to clarify the difference between aggregating the services, and being an ISP. Miriam clarified

that the SWCCOG would simply be an intermediary between the communities and Fast Track for contract and billing purposes. Fast Track would still provide the services to each community. Dick asked if adding the community anchor institutions (CAIs) would lead to another contract or different services. Miriam answered that the CAIs would still fit in with the SWCCOG's one contract with Fast Track, and Fast Track would still provide the services and support. The SWCCOG's role would only be for contract and billing purposes. Heather asked if Fast Track was the chosen provider or if they won a bid. Miriam explained that the SWCCOG hasn't signed a contract with Fast Track, but she has been consulting them for quotes because they are the only ISP that works in Montezuma County and La Plata County. Miriam acknowledged that she will still have to talk and negotiate with other service providers down the road. Chris added that he doesn't want the SWCCOG to be involved in providing lit services, and clarified that the 10 gigabytes was for a total of \$90,000 a year for 3 years. Miriam added that because the communities are subject to TABOR, she would not recommend signing any contracts that haven't been properly appropriated for. She added that she is currently in discussions with several CAIs to gauge their interest and connectivity usage. Chris stated that Miriam is essentially responsible for marketing this project, and Miriam agreed. John commented on the amount of time communicating with the individual CAIs must be taking, and Miriam answered that it varies from week to week, but added that working with the various IT experts at the CAIs is pretty straightforward. Karen asked how this would affect Cortez's current business plan. Miriam answered that the SWCCOG would simply charge Cortez for the connectivity Cortez wants, and Cortez can continue their existing practice of dispersing connectivity to its CAIs. Dick then clarified that all of the participating governments use a total of about 4 gigabytes per month and Miriam confirmed this and added that by reaching out to CAIs, like schools and libraries, she will be able to gauge how much connectivity the SWCCOG should purchase from Fast Track.

Miriam continued onto recommendation number 6, which is partnering with resellers of Century Link. She added that this starts getting back to middle mile development to Rico, Silverton etc. By partnering with resellers of Century Link, the SWCCOG could start to aggregate services for communities not supported by Fast Track. Miriam is going to start working with these smaller ISPs to start incorporating other communities in this project. John asked about the SWCCOG's relationship with Century Link. Miriam answered that Century Link doesn't permit open access, and the only way to make an arrangement would be through a third party reseller. John asked who the third party reseller would be, and Miriam answered that it would be a small ISP like Mammoth Networks. Karen asked if these arrangements would have another additional cost. Miriam responded that there would be additional cost, partly because Century Link is expensive and partly because the third party reseller would charge an additional amount as well. Karen asked why we would have to partner with a reseller, and Miriam answered that Century Link is very expensive and they don't partner with governments. She added that there is no guarantee that this would be an affordable option. Dick clarified that we would essentially be "piggybacking" on the smaller ISPs that are already aggregating their own services from larger broadband ISPs. Miriam confirmed Dick's statement and she added that by unifying all of these governments and CAIs, we may be able to strengthen our negotiating position.

Miriam then concluded the recommendations by summarizing her next steps and the conclusions from this discussion so far. Miriam stated that she will work on strategies to reduce cost and generate revenue. She mentioned that the SWCCOG has agreed to not attempt to provide lit services, and she said that she will move forward with getting all of the communities to sign the dark fiber lease agreement.

Mark asked if there is any infrastructure needed to extend the network to Ignacio. Miriam answered that Fast Track already has infrastructure connecting to Ignacio due to the tribe and the school. She added that she is talking with the school district to determine their connectivity demand and how much they are paying as a CAI. Mark asked another question about what middle mile infrastructure Ignacio still needs, and Miriam answered that Ignacio needs to connect to the fiber in Bayfield which will then create a redundant system.

Miriam continued onto the middle mile recommendations. The first recommendation is to connect the CAIs that are not already connected to the SCAN infrastructure. This would be achieved by aggregating their services and working with local ISPs. Ken asked what the cost for this fiber build would be. Miriam answered that there are a number of CAIs not connected to the SCAN Network infrastructure, but by partnering with ISPs they can join the existing SCAN Network. Ken asked what their incentive would be to join the SCAN Network, and Miriam answered that it would reduce costs.

Miriam continued onto the other recommendations. The second recommendation was to connect communities with middle mile access fiber. This would not only connect new communities to fiber, but it would create redundancies in the system. Miriam stated that the SWCCOG would need to partner with Region 9, CDOT, and economic development organizations and many more to accomplish this next step. After the construction of this infrastructure, the SWCCOG would own the infrastructure, and the SWCCOG would be able to lease out the infrastructure to ISPs. Miriam asked if this is something the board would like her to continue to work on. Jim expressed his desire for the SWCCOG to keep working on this. Dick expressed his feelings that this project would benefit the communities and the region as a whole. Ken asked if there is an existing plan to partner and share costs. Miriam answered that she is in contact with CDOT to ensure that there is consistent communication between the two as the project develops. Ken then asked who coordinates this project. Miriam stated that the SWCCOG would need to contract out with someone to help develop this project. Karen asked who the SWCCOG would contract with. Miriam answered that she would contract with CDOT and others as needed to help with negotiations and other parts of this project. Karen asked about how the communities would be involved with the development of the middle mile infrastructure. Miriam assured her that there would be several mechanisms in place to make sure the communities are involved, informed but not solely responsible for the middle mile construction. Chris asked if there are differences in price between middle mile and last mile leases. Miriam answered that it is a little too early to be determining the specifics of middle mile development strategies like that, but there are options when that time comes. She hopes to work on cost models throughout this year.

Miriam continued to work through NeoConnect's recommendations for middle mile development. The next strategy was to increase the number of CAIs that are connected to the SCAN Network. She clarified that this is not referring to the aggregation of services, but rather the construction of new infrastructure. She clarified that this is how they would start getting middle mile infrastructure up to Rico. John asked what would happen if the SWCCOG owned the middle mile infrastructure, but it gets damaged. Miriam answered that the SWCCOG part of the contract with the ISPs would be to ensure the management of the infrastructure. Karen asked if communities would need to be working on partnerships for last mile development while we develop middle mile infrastructure. Miriam answered that it would be important to start thinking of this before the middle mile infrastructure is built. She added that it is also important to know of the demand for the community in advance. Miriam continued to say that the ISPs she has talked to are very excited by the possibilities of this project. Karen asked what ISPs are interested in partnering with the SWCCOG. Miriam answered that the SWCCOG released a Request for Information (RFI) and heard back from 10 or 11 ISPs that were interested in partnering with the SWCCOG in some capacity. Gwen asked what Century Link's plans were, and Miriam answered we do not know what their plans are, Century Link receives about \$26 million a year to provide services to underserved and/or rural areas, yet refuse to share any maps, or information or spend any money with us.

Miriam described recommendations to adopt broadband friendly policies across the region. When the jurisdictions start partnering with ISPs, the ISPs will know what to expect and there are some local control issues that each community will need to consider and address. Another recommendation is to establish a shadow conduit policy and a revolving collaborative fund. A shadow conduit policy will require the installation of conduit along public right of ways whenever the right of ways are open. This mechanism will enable CDOT to install fiber infrastructure whenever they are working on roads. This would reduce the costs of construction significantly. Dick asked who is responsible for these costs. Miriam answered that this still needs to be officially determined, but ISPs have recommended creating a regional revolving fund. This is a collaborative funding process, where several partners aggregate the cost of this project, and the SWCCOG would still own the infrastructure.

Roger added that they are looking at an open trench installation model. This would be significantly less expensive, but there are several other elements that need to be considered in this mode. The idea is that by establishing this revolving loan fund, there will be a permanent source of capital for future investments. James asked if the ISP interest will have any impact on what infrastructure is built. Miriam answered that there are several areas in the region that are underserved or unserved, but even if there is more demand from ISPs to be involved down the road, there is still adequate data availability in the standard conduit infrastructure. Roger added even if several ISPs want to come into the market, it is still virtually impossible for these fibers to not be able to support the region. Ken asked if La Plata County uses a standard fiber. James answered that they don't and they base their fiber off of the project they are working on. Dick asked about the difference between initially

installing empty conduit and leaving space for additional fiber versus installing more fiber down the road. James answered that the cost of installing fiber is low compared to the cost of installing the actual conduit. Miriam added that the main cost of this project is the trenching. Ken asked what material they use for the conduit. Miriam described the material. Jim asked where the funding will come from. Miriam answered that the ISPs would provide a lot of it, and she described it as a private equity. Mark asked a question how many ISPs were initially interested in this part of the project. Miriam answered that this came up at a previous broadband planning meeting, and there were six ISPs that were interested in working together on this project. Mark asked if they were existing local ISPs, and Miriam confirmed they were. Jim asked if this is essentially a fund that several ISPs would contribute to for this infrastructure, and Miriam confirmed that that was a good summary. John asked if the ISPs know how much they would have to contribute or if we know. Miriam answered that Roger is working on the financial models for this project. Laura asked who would administer this fund, and Miriam answered that it would be the SWCCOG or the Alliance or someone with fund administration knowledge. Karen asked how we will decide which community gets the funding first, and Miriam answered that we would work with the ISP funders to see where they prioritize the development, and work where there is the highest need. Rick asked how the SWCCOG will establish priorities with this revolving loan fund. Miriam answered that there are some details that still need to be ironed out, but she added that priorities may be dependent on how easy a project is to complete, or how many people live in an area. This decision does not need to be made at this phase of the project, but there will be numerous factors to consider when deciding on priority. Jim asked what the public contribution to this project is going to be. Miriam answered that the SWCCOG will be managing this project, and that if everything works out as it should, then there may not be a public financial contribution necessary to complete it. Roger added on that there are additional ways the public could incentivize the ISPs financial investment. The local governments will be involved in the long term ownership and management of the assets. Laura added that the ISPs may also receive a tax benefit from contributing to the revolving loan fund. Miriam added on that the public is involved due to the public's ownership and management of the infrastructure. Karen asked if the public's involvement in this project will be beneficial because it can dictate the affordability of the service, unlike Century Link. Miriam answered that price control due to public ownership of the infrastructure would be a benefit for the region. Dick reiterated the benefits of this public-private partnership, and emphasized that this is a win for the SWCCOG, the ISPs and the internet subscribers. Roger added that by involving more partners we can open up more funding sources. Jim clarified that there are several potential funding sources, like ISP investment and grants. Miriam concluded the recommendations discussion.

Miriam then moved onto the tax status of the SWCCOG discussion. She stated that SB 152 applies to the SWCCOG because we are a division of local government and as a result the SWCCOG would need to hold an election to opt out of SB 152 in order to participate in public-private partnerships. Because the SWCCOG doesn't have a voter base, there are a couple of solutions to this. The SWCCOG can continue working on broadband as is and take legal risk. The SWCCOG could create a 501c status that will own the infrastructure and

pay revenues to the SWCCOG for the management and accounting. For example, the SWCCOG could partner with Region 9 which is a 501c6, and Region 9 would be the owners of the infrastructure. Karen asked if the board was the voting base. Miriam answered that legally, this is a gray area and there is a likelihood that there would have to be a region-wide election. This election process would be incredibly expensive, and is not the preferred option.

Miriam continued to explain the non-profit tax status and ownership situation. She advocates creating a 501c status for the SWCCOG. This has been done before around the state. Miriam went on to explain 501c4 status and she believes this would be a perfect fit for this project. Laura recommended creating a 501c3 because it opens up unique funding sources. Miriam mentioned that picking the type of 501c could be discussed more down the road. Gwen asked if there was a nonprofit worth partnering with. Miriam answered the La Plata Economic Alliance would be good. Roger added on that even though the Alliance is not a 501c3 organization, it is possible. However, their tax status and how it would impact their taxes is something that needs to be considered.

Miriam continued to explain the non-profit tax status discussion. She acknowledged that there are several existing 501c organizations in the region and if the SWCCOG created a new one, it would be a bit redundant, however, this would be the only way the SWCCOG could own the infrastructure. Chris asked if there was a way for separate parts of the infrastructure to be owned by separate 501cs, who would then contract the SWCCOG to manage the infrastructure. Miriam responded that she will look into it. There was a brief discussion flushing out this idea. Miriam added that it is normal for COGs to have additional tax status designations.

Miriam continued the discussion about tax status. She mentioned that she will look into the benefits of being a 501c3 versus a 501c4. Roger added that 501c3s can be complicated to manage and navigate the legal complexities. Miriam added that this is something the SWCCOG will need to fully consider in the near future. Willy asked how this would affect tax audits etc. Miriam answered that ideally the non-profit would be paying the SWCCOG for managing the infrastructure. John interjected that we were starting to run low on time.

Miriam moved onto the next discussion item. She mentioned how Region 10 has donated their right-of-ways for a tax credit to be used on infrastructure development. This is something the region could replicate with Region 9. Laura then continued this discussion and referenced a handout she brought to the meeting. Laura continued to explain how the state supports economic development in “distressed” areas by giving tax credits to certain businesses. The state can also provide tax credits to donors in approved “enterprise zone” areas. Essentially 80-90% of the region could receive the Contribution Tax Credit. This could be applied to landowners that donate the right away on their property. ISPs could also utilize these tax credits. Laura explained the process of applying for this tax credit for the project.

Karen then mentioned that this could be a way to incentivize permitting access to the right-of-ways. Chris then asked a clarifying question about the tax credit. Miriam and Laura explained some more details of how the tax credit works.

Chris asked to differentiate the enterprise zone tax credits and the normal contribution tax credits. Miriam answered that they can't be used on the same projects, but there are ways to differentiate parts of the project to utilize the existing tax credit opportunities to the fullest. Laura added that oil and gas projects utilize a lot of these same tax credits on projects. Miriam asked if she could move forward on this and ensure that the SWCCOG can make a decision during the April board meeting. John asked if Miriam could clarify everything she wants to work on before the next meeting.

Miriam continued to complete the agenda by seeking contract approval with the existing contractor. She explained that the contract is for \$68,000 for the scope of work listed in the contract. Miriam proceeded to read through the scope of work, and explained that most of the \$68,000 came from DOLA, and some came from member contributions and \$10,000 from in-kind staff contributions. Jim asked if we could include asking NeoConnect to provide monthly updates in the contract. Miriam answered that she believes that is already included, but she will make sure that it is.

Decision Items:

- II. Consideration of contract with NeoConnect
 - a. Chris made a motion to approve the contract with NeoConnect and SWCCOG
 - i. Willy seconded, and it was unanimously approved.

Miriam proceeded to summarize and clarify all of the staff's next steps. The next steps are working on a 5 gigabyte aggregation of costs analysis, and she clarified that the SWCCOG is not going to be an ISP. Miriam added that we are going to work on connecting communities with middle mile access fiber. Other next steps include working on a shadow conduit policy and establishing the specifics of a revolving loan fund. The SWCCOG is also going to do some research on a 501c3 vs. 501c4 vs. other infrastructure ownership possibilities and finding more information on the enterprise zones and other tax credits.

Willy asked Miriam about aggregating services to the other jurisdictions outside of La Plata County and Montezuma County. Miriam added this to her list of next steps.

- III. Motion to adjourn

Dick motioned to adjourn the meeting. Willy seconded, and it was unanimously approved.

Meeting ended at 4:02

Resolution 2017-01

To: SWCCOG Board of Directors
From: Miriam Gillow-Wiles
Date: 6 April 2017

Comments: At the 7 March 2017 Broadband Meeting the board gave SWCCOG staff direction to pursue an Enterprise Zone designation to create a tax credit for landowners donating an easement for SWCCOG Broadband development. Staff has completed the paperwork, and with Region 9's Board approval at the end of April, we will submit the application. One of the requirements of the EZ application is a letter of support or resolution for the application from the jurisdiction. Since the project crosses 5 counties, we chose the simplest route – a resolution. Attached is the Resolution 2017-01 for creation of an Enterprise Zone.

Legal Review: n/a

Fiscal Impact: Creation of an EZ will not impact the SWCCOG or Region 9. This will make broadband development less expensive for the SWCCOG and partners in the future.

Staff Recommendation: Approve the Enterprise Zone creation by Resolution 2017-01.



SOUTHWEST COLORADO COUNCIL OF GOVERNMENTS

Resolution 2017-01

Resolution to create an Enterprise Zone for SWCCOG Broadband Development

WHEREAS, the Southwest Colorado Council of Governments (SWCCOG) includes 13 governmental jurisdictions and serves as a forum for local governments to identify regional issues and opportunities; and,

WHEREAS, broadband development is an ongoing project of the SWCCOG intended to enhance the region's telecommunications infrastructure; and,

WHEREAS, the SWCCOG Board requires formal policy decisions to continue the design and engineering of regional broadband; and,

WHEREAS, the SWCCOG's goal for broadband development is to complete connections and create redundancies internal and external to the project service area, connect communities, and community anchor institutions; and,

WHEREAS, the cost of right-of-way acquisition can dramatically increase the cost of telecommunications infrastructure development; and,

WHEREAS, the creation of an Enterprise Zone (EZ) allows for taxpayers to make a contribution to a qualifying project and in turn receive a Contribution Tax Credit pursuant to C.R.S. 39-30-103.5(1)(e); and,

WHEREAS, allowing landowners to donate the value of their commercial telecommunication easement to the SWCCOG and in turn receive a Contribution Tax Credit could reduce the overall cost of telecommunications infrastructure development in the project service area;

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Southwest Colorado Council of Governments wishes to submit a proposal for the development of an Enterprise Zone covering the Southwest Colorado Council of Governments service area to further the goal of broadband development in southwest Colorado.

Adopted this 6th day of April, 2017 by the Board of Directors of the Southwest Colorado Council of Governments

John Egan, Chair