



# SOUTHWEST COLORADO COUNCIL OF GOVERNMENTS

## Regular Meeting Agenda

Thursday, 5 October 2017, 1:30pm-4:00pm

1188 E 2<sup>nd</sup> Ave., Durango CO

- I. Introductions
- II. Consent Agenda
  - a. 7 September 2017 SWCCOG Meeting Minutes
  - b. August 2017 Financials
- III. Reports (Staff will be available for questions on the written reports)
  - a. Director's Report
  - b. Broadband Report
  - c. Transportation Report
  - d. VISTA Report
- IV. Presentation by State Demographer: Elizabeth Garner
- V. Discussion Items
  - a. 2018 Preliminary Budget
- VI. Decision Items
  - a. Enterprise Zone Contract
  - b. Contract with Haynie and Company
- VII. Other Items
- VIII. Community Updates

## Consent Agenda

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**Southwest Colorado Council of Governments**  
**September Board Meeting**  
**Thursday, 07 September 2017, 1:30pm**  
**La Plata County Administration Building Board Room**  
**1101 E 2nd Ave., Durango CO**

**In Attendance:**

John Egan – Town of Pagosa Springs  
Michael Whiting – Archuleta County  
Mark Garcia – Town of Ignacio  
Fred Brooks – Town of Mancos  
Ron LeBlanc – City of Durango  
Karen Sheek – City of Cortez  
Gwen Lachelt – La Plata County  
Shane Hale – City of Cortez  
Chris La May – Town of Bayfield  
Kari Distefano – Town of Rico (via phone)

**Staff in Attendance:**

Miriam Gillow-Wiles – Southwest Colorado Council of Governments  
Jessica Laitisch – Southwest Colorado Council of Governments  
Sara Trujillo – Southwest Colorado Council of Governments

**Guests in Attendance:**

James Torres – La Plata County IT Manager  
Michelle Haynes – Region 10  
Brad Blake – La Plata County Commissioner  
Julie Westendorff – La Plata County Commissioner  
Roger Zalneraitis – La Plata Economic Alliance  
Bonnie Brennan – La Plata County resident  
Mark Catlin – State Representative  
Jack Llewellyn – Chamber of Commerce  
Lynn Black – San Miguel County  
Mary Shinn – Durango Herald  
Mike Gardner – CenturyLink  
Freddy Hight – CenturyLink  
Dennis Collinge – CenturyLink  
Tim Kunkleman – CenturyLink  
Abel Chavez – CenturyLink  
Pattie Adler – La Plata County resident (via phone)  
Erin Bergman – Colorado Counties Inc. (CCI) (via phone)  
Heather Alvarez – Town of Mancos (via phone)  
John Whitney – Senator Bennet's Office (via phone)  
Jim Olstrem – Town of Rico (via phone)  
Barbara McLachlan – State Representative (via phone)

**I. Introductions**

The meeting was called to order at 1:31pm. Everyone introduced themselves.

## **II. CenturyLink Presentation and Discussion**

Abel began the CenturyLink presentation with federal program highlights to include:

- In 2015, CenturyLink accepted \$159 million over 6 years
- The program is funded and overseen by the FCC who determined the locations for the project
- The FCC identified 80,000 locations but only funded 50,000 that would be 10 down 1 up minimum.

Abel said after 2 years of working on the project, CenturyLink has enabled 14,374 of the 50,000 locations and are on track to finish the 2017 milestones required by the FCC. CenturyLink is required to file progress reports to the FCC that will be made electronic where anyone can view the reports and find information on the FCC website sometime in September 2017. Abel said after the 2017 build is complete and 2018 plans finalized, CenturyLink will share the results and information. Abel presented a map that depicted locations enabled in the first 2 years of the project. Some locations will see 10 by 1 and some will see less. Speeds must be improved over time but right now the focus is getting the infrastructure in place to be able to provide higher speeds in the future.

Abel said the FCC defines customer locations as a census block address. A map of the eligible locations by county was provided to the COG. John Egan asked if the locations are state-wide. Tim confirmed, yes. Roger Zalneraitis asked if customer locations include vacant lots where someone wants to build. Tim said probably not. Roger said the build-out numbers are good and asked how many customers are in those areas as Alison could have 1 person and Dolores 1,000. In other words, Roger asked what the customer totals are. Abel said he does not have the number of customers as the FCC locations are identified by addresses versus customers.

Abel said CenturyLink has identified the high end users as using 66 Mbps, so the company's goal is to provide between 40 and 100 Mbps over time. Improving infrastructure is essential to providing these speeds in the future. John Egan asked if 40-100 Mbps is the goal then why is CenturyLink applying 10 Mbps at this time. Abel said 10 is the minimum and that this falls under the FCC terms and conditions. The FCC requires that CenturyLink build for speeds of 10 by 1 minimum with 25 by 3 being a new goal. Abel said they know CenturyLink is behind but to reach 25 by 3, they need a network capable of reaching those speeds. Right now, speeds cannot be the concern but rather getting infrastructure in place and/or improved. Essentially, without the infrastructure there is no speed. Michelle Haynes asked what improving the infrastructure means. Abel said this means getting fiber close to neighborhoods by building fiber towards neighborhoods.

Abel said CenturyLink is working to create partnerships and would like to partner with the COG. This would help to accelerate the work being done. John Egan said every community in the COG chose to opt out of SB152. Since then, it seems CenturyLink has gone out of their way to get this reversed, which does not point to a partnership as CenturyLink's actions circumvent what communities want. Tim said CenturyLink does not oppose SB152 opt out but that opting out does not solve the problem. CenturyLink just wants a level playing field so communities cannot give themselves opportunities while not giving the same to providers. John asked what other entities they have spoken to about partnerships. Abel said they are currently talking with CDOT and Mammoth.

Shane Hale asked what opposition CenturyLink has to communities receiving funds from the state and how they spend those funds. Tim said there are 2 reasons, one being that

communities are focusing on middle mile and while this is important, it does not solve the last mile issue where people live and work. The second is that the community anchor institutions are not middle mile, they are last mile. Tim said CenturyLink is not against government spending money, they are against money being spent where it won't make a difference. Tim added that a lot of infrastructure is being built where there is already infrastructure because government wants to own and control but doing this does not solve the issue. Shane said CenturyLink has taken \$159 million for 50,000 homes where \$11.7 million has been spent this far; however, there is still a dearth of service in the area. It seems CenturyLink has no issue taking \$159 million from tax payers when governments are taking much less. Abel reiterated that the CAFII funding is not a CenturyLink fund but an FCC fund based on the FCC's determination of consumer needs. Shane said it seems CenturyLink is working hard at the state level to make sure the playing field is not level by dictating how money can be spent and that money can only be spent on middle mile. Abel said that was a DoLA requirement. Shane said the DoLA restrictions come from industry pressure.

Pattie Adler said she lives in the Lightner Creek area and is the director of a health clinic in La Plata County. Conducting a great deal of work from a home office and owning rental properties in Lightner Creek makes having internet connection extremely important. Patty said in the past, internet has never been fast, but it has worked. However, within the past several months the internet has been completely inaccessible hurting her ability to work to rent her rental properties without being able to offer internet access. Patty has been in touch with the La Plata County Economic Alliance and Darlene Marcus at Senator Tipton's office. Abel said he did recall this issue and welcomes the opportunity to partner with the Economic Alliance. The challenge is to overcome the math problem.

Julie Westendorff said many rural customers will not be CenturyLink customers due to being so rural; therefore, part of the plan must be to deliver broadband wirelessly. Julie asked what opportunities to partner there would be to hook up with a wireless provider and then service rural customers. Tim said they are currently looking at ways to partner with fixed wireless partners, such as Mammoth who recently purchased Skywerx. Julie asked if a timeline for this is known. Tim said too many factors are involved to give a timeline.

Michael Whiting asked how we structure public private partnerships to get things done as a partnership would require more transparent and frank relationships. Abel said we need to identify partners that are out there, understand the expectations of customers as far as speed, and understand the ways in which we can reduce costs for any provider in that particular locale. Michael said another thing to look at is connecting to community anchor institutions. CenturyLink says this is not middle mile but last mile, Michael said he disagrees; if sending a connection from the roof of a fire station, the fire station is middle mile and the shot to the house is the last mile. Michael said there is work to be done so that we are all on the same page and that we understand each other clearly. Abel said the other piece involves understanding who the COG has been working with because this cannot be just a CenturyLink solution but will require all providers to contribute. Abel asked what other providers the COG works with. Miriam said the COG works with all local providers.

Ron LeBlanc said the COG is strapped at the staff level for working on broadband and not attending to other issues and asked if CenturyLink would consider providing grants to local governments to help get staff back-up to address current broadband issues. Abel said he would take this question to the business leaders and see if it is a possibility. John Egan said he would like to invite CenturyLink back in 90 days to talk about progress made and a possible partnership. Abel said they would be interested to know what the COG and this region would

bring to the table. Abel added that if there is a sincere and genuine effort to partner he could bring the VP of operations and higher level of leadership personnel in the future.

The CenturyLink presentation concluded at 2:57 pm and there was a 10 minute break. The regular COG board meeting resumed at 3:10 pm.

### **III. Consent Agenda**

- a. 26 June, 2017 SWCCOG Meeting Minutes
- b. 3 August 2017 SWCCOG Meeting Minutes
- c. July 2017 Financials

**Ron LeBlanc motioned to approve the consent agenda and added a motion to approve that the COG send a letter opposing cuts to USDA funding, Michael Whiting seconded, unanimously approved.**

### **IV. Reports (Staff will be available for questions on the written reports)**

#### **Director's Report**

Miriam reported that she will be out most of next week at the NADO conference; she will be working, just not locally.

Chris asked about the Enterprise Zone (EZ) contribution project. Miriam said Region 9 is the EZ administrator. A contract between Region 9 and the COG was approved by legal and will be on the October agenda for decision.

#### **Broadband Report**

There were no questions.

#### **Transportation Report**

There were no questions.

#### **VISTA Report**

There were no questions.

### **V. Discussion Items**

- a. DoLA EIAF December Grant Cycle

Miriam explained that the SWCCOG would like to request funding from DoLA for broadband development. Funding from DoLA would provide money for existing staff and consulting, such as a broadband coordinator. NWCCOG and Region 10 both used DoLA funds to start a permanent position as a contract position. DoLA only has a very small amount of money in the Broadband Fund, and as a result the SWCCOG may need to apply during the standard grant cycle. Miriam said with all the members utilizing this same DoLA funding, she wanted the board to have a discussion about the SWCCOG potentially applying for DoLA funding at the same time as the membership. Shane said the COG and members will almost always be competing. Michael suggested a general policy to check in with each other. Ron requested that the new DoLA representative be invited to a COG meeting.

### **VI. Decision Items**

- a. Executive Committee Meeting Minutes from July 20, 2017

**Chris La May motioned to approve the Executive Committee meeting minutes from July 20, 2017, Gwen Lachelt seconded, unanimously approved.**

b. Cascade Village Broadband Letter of Support

Miriam reported that Forethought/Brainstorm Internet approached the SWCCOG requesting a letter of support to the Broadband Fund for funding to help offset the cost of the two mile build from Purgatory Ski resort to Cascade Village in San Juan County. Cascade Village is the only population center outside of Silverton in San Juan County that is currently under/unserved (depending on location). Funding requests to the Broadband Fund are due September 12th. Shane asked what the COG would gain. Miriam said this project would fall in alignment with public private partnerships, being community partners, and supporting broadband development. This project also falls into the Enterprise Zone and the goal of the EZ was to encourage broadband builds.

**Karen Sheek motioned to approve the Cascade Village Broadband Letter of Support, Fred Brooks seconded, unanimously approved.**

c. Colorado Tourism Office Grant

Miriam said the Colorado Tourism Office has a marketing grant available. Staff proposes this as the match for the DoLA Technical Assistance 2018 Grant. Staff suggests creating a regional tourism website; ideally we would be able to provide this to an existing agency rather than starting from scratch. In addition to a website there would be significant marketing to increase traffic to the website. This marketing may include advertising, promotional materials, printed materials, and even media placement (radio, TV, digital etc). This grant also provides funding for planning and research. Miriam said this idea came about from the CCUA meeting that was held in Durango in July. The CCUA had asked for information on regional activities. It took about two hours to put together regional information, and not just community specific information. Shane said additional information may make this even more confusing and asked who would update and maintain the website. Miriam said update and maintenance would be outsourced and paid for a length of time through a DoLA grant. A plan would need to be in place to replace the DoLA funds after they have run out. Shane said he is unsure how a website would ensure equal presence for each community and suggested instead of creating a whole new website to just put links on the COG website to each member's tourism website. Ron agreed and said Durango spends a lot of money on brand and this endeavor seems to conflict with that. Keri said this seems a bit out of the COG realm and that marketing should be more community based. Chris reminded the members that tourism is one of the COG initiatives and if this is something members do not feel the COG should be doing, maybe tourism as an initiative should be reassessed.

**Chris La May motioned that the COG not apply for the Colorado Tourism Office Marketing Grant but establish a link on the COG website referencing local tourism options, Ron LeBlanc seconded, unanimously approved.**

d. DoLA 2018 Technical Assistance Grant

Miriam reported that the DoLA Technical Assistance Grant is due October 2nd. This funding will help provide a path forward for Region 9 and the COG to work together. Currently, both Executive Directors and Executive Committees have seen this as needed work but have been unable to move forward on this for multiple reasons including ED time constraints and the inability to be completely unbiased. If grant funds are awarded, staff would hire a facilitator. The cost would be approximately \$35,000. Region 9 will be providing an \$8,000 cash match. SWCCOG management and coordination of the project will provide matching funding as well. There would be no cash match from members.

**Chris La May motioned for staff to apply for the DoLA Technical Assistance Grant due October 2, 2017, Michael Whiting seconded, unanimously approved.**

## **VII. Other Items**

John reported that recently the Four Corners Film Office sponsored a screen writing class. From this event John learned that the film office falls under Region 9 and is mostly volunteers with no budget and no full-time staff. John suggested that the board consider making an investment and working with Region 9 in making a budget that could help build the film industry in the region as this could bring in a lot of money. Shane asked if John was asking the COG to contribute money to Region 9 to support the film industry. John said yes, to contribute money in conjunction with Region 9. Ron said he does not feel this is a role of the COG and would have issues funding the COG and Region 9 only for the COG to give funds to Region 9. Michael said he would like to hear a bit more information from Region 9. John recommended asking Laura Lewis if she would be interested in talking about the film office and her vision for the future. Miriam will contact Laura Lewis to check availability.

## **VIII. Community Updates**

There were no community updates as time did not allow.

**Karen Sheek motioned to adjourn the September board meeting, Ron Leblanc seconded, unanimously approved.**

**End 4:10 pm.**

# August 2017 Financials

To: SWCCOG Board of Directors  
From: Sara Trujillo  
Date: 5 October 2017

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Comments: The following attachments include:

- Balance Sheet as of August 31, 2017
- January – August 2017 Profit & Loss Budget vs. Actual

Items to Note:

*Balance Sheet:* The majority of Miriam's credit card is conference travel that will be partially reimbursed by the TPR grant and partially put towards the DoLA 8330 Technical Assistance grant in-kind requirement.

*P&L Budget vs. Actual:* Staff is looking to submit an amendment request to extend DoLA Downtown Grant 8011. If this amendment is approved, not all funds anticipated to be received in 2017 will be received. This will change budget income and expenses but should be a wash and not affect the bottom line.

***Fiscal Impact: High, Budget changes throughout the year***

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

***Legal Review: Not Applicable***

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**Southwest Colorado Council of Governments**  
**Balance Sheet**  
**As of August 31, 2017**

Aug 31, 17

<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
<b>Alpine Bank</b>	
<b>Alpine Bank Account (UR)</b>	<u>96,872.55</u>
<b>Total Alpine Bank</b>	<u>96,872.55</u>
<b>Petty Cash</b>	
<b>AmeriCorps VISTA</b>	348.58
<b>Jessica Laitisch</b>	29.10
<b>Petty Cash - Other</b>	<u>29.07</u>
<b>Total Petty Cash</b>	<u>406.75</u>
<b>Total Checking/Savings</b>	<u>97,279.30</u>
<b>Accounts Receivable</b>	
<b>Accounts Receivable</b>	<u>46,494.45</u>
<b>Total Accounts Receivable</b>	<u>46,494.45</u>
<b>Other Current Assets</b>	
<b>Prepaid Expense</b>	<u>11,994.00</u>
<b>Total Other Current Assets</b>	<u>11,994.00</u>
<b>Total Current Assets</b>	<u>155,767.75</u>
<b>TOTAL ASSETS</b>	<u><b>155,767.75</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Credit Cards</b>	
<b>Credit Cards</b>	
<b>Miriam</b>	2,531.49
<b>Sara</b>	<u>596.57</u>
<b>Total Credit Cards</b>	<u>3,128.06</u>
<b>Total Credit Cards</b>	<u>3,128.06</u>
<b>Other Current Liabilities</b>	
<b>Deferred Revenue</b>	<u>-6,540.00</u>
<b>Total Other Current Liabilities</b>	<u>-6,540.00</u>
<b>Total Current Liabilities</b>	<u>-3,411.94</u>
<b>Total Liabilities</b>	<u>-3,411.94</u>
<b>Equity</b>	
<b>Retained Earnings</b>	85,735.42
<b>Net Income</b>	<u>73,444.27</u>
<b>Total Equity</b>	<u>159,179.69</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>155,767.75</b></u>

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

	Jan - Aug 17	Budget	% of Budget
<b>Ordinary Income/Expense</b>			
Income			
All Hazards			
2015 SHSP	78,155.11	75,000.00	104.2%
2016 SHSP	131,279.91	134,283.00	97.8%
2017 SHSP	0.00	100,000.00	0.0%
Total All Hazards	209,435.02	309,283.00	67.7%
Broadband Infrastructure Grant			
CDOT Grants			
SWTPR Grant	13,856.19	22,100.00	62.7%
Transit Coord Grant	0.00	24,239.00	0.0%
Transit LCC Grant	0.00	0.00	0.0%
Total CDOT Grants	13,856.19	46,339.00	29.9%
DoLA Grants			
DoLA 8010	6,200.00		
DoLA 8011	24,243.47	100,000.00	24.2%
DoLA 8330	21,518.80	50,000.00	43.0%
DoLA 9038	44,954.54	25,000.00	179.8%
Total DoLA Grants	96,916.81	175,000.00	55.4%
Dues Revenue			
Admin Position	12,200.00	12,200.00	100.0%
COG Dues	114,000.00	114,000.00	100.0%
SWTPR Contributions	7,607.00	7,679.00	99.1%
Total Dues Revenue	133,807.00	133,879.00	99.9%
EPA Grant - 2017			
Grant Match			
COG Member Match	15,000.00	10,000.00	150.0%
Total Grant Match	15,000.00	10,000.00	150.0%
Misc. Income			
RREO Grant			
RREO 2016-2017	5,555.47		
Total RREO Grant	28,161.60	17,459.00	161.3%
SCAN Services			
Dark Fiber Leasing	16,827.00	36,276.00	46.4%
e-TICS	0.00	8,400.00	0.0%
Fiber Equipment Repair Fund	0.00		
Internet & Transport	6,210.00	10,000.00	62.1%
Total SCAN Services	23,037.00	54,676.00	42.1%
Total Income	525,769.09	1,896,636.00	27.7%
Gross Profit	525,769.09	1,896,636.00	27.7%
Expense			
Advertising and Promotion			
All Hazards Projects			
All Hazards 2015 SHSP			
Grant 2015 Project 1	691.82		
Grant 2015 Project 3	66,959.88		
Grant 2015 Project 4	8,692.28		
All Hazards 2015 SHSP - Other	-12,656.00	75,000.00	-16.9%
Total All Hazards 2015 SHSP	63,687.98	75,000.00	84.9%
All Hazards 2016 SHSP			
Grant 2016 Project 1	9,148.42		
Grant 2016 Project 2	19,942.50		
Grant 2016 Project 3	8,994.34		
Grant 2016 Project 4	23,661.83		
Grant 2016 Project 5	5,167.25		
Grant 2016 Project 6	23,879.11		
Grant 2016 Project 7	46,440.30		
All Hazards 2016 SHSP - Other	-23,879.11	127,569.00	-18.7%
Total All Hazards 2016 SHSP	113,354.64	127,569.00	88.9%
All Hazards 2017 SHSP	0.00	92,320.00	0.0%
Total All Hazards Projects	177,042.62	294,889.00	60.0%
AmeriCorp VISTA	8,000.00	8,000.00	100.0%
Bank Service Charge	0.00	225.00	0.0%
Broadband Expenses			

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

	Jan - Aug 17	Budget	% of Budget
SCAN Dark Fiber Lease	0.00	9,069.00	0.0%
Total Broadband Expenses	0.00	9,069.00	0.0%
Conference Fee	199.00		
Consulting	75,167.70	1,248,035.00	6.0%
Employee/Board Appreciation	78.88	200.00	39.4%
Information Technology (IT)			
Internal IT Consulting	50.00		
Software	974.00	2,300.00	42.3%
Total Information Technology (IT)	1,024.00	2,300.00	44.5%
Insurance Expense			
General Liability	2,234.75	2,274.00	98.3%
Health	17,476.00	35,649.00	49.0%
HSA	0.00	6,000.00	0.0%
Worker's Compensation	1,668.00	1,808.00	92.3%
Total Insurance Expense	21,378.75	45,731.00	46.7%
Internet Connectivity			
Fast Track	7,200.00	10,000.00	72.0%
Internet Connection (AT&T)	258.73		
Total Internet Connectivity	7,458.73	10,000.00	74.6%
Meetings	1,269.78	7,000.00	18.1%
Memberships	5,673.00	3,200.00	177.3%
Misc. Expense	3,502.60		
Office Equipment	155.66	4,050.00	3.8%
Office Supplies	343.15	1,500.00	22.9%
Postage and Delivery	67.15	100.00	67.2%
Professional Development	2,569.31	4,000.00	64.2%
Professional Fees			
Accounting Software	219.95	14,000.00	1.6%
Audit	6,750.00	15,000.00	45.0%
Legal	2,203.20	3,000.00	73.4%
Misc.	331.41	1,000.00	33.1%
Total Professional Fees	9,504.56	33,000.00	28.8%
Rent	0.00	81.00	0.0%
Salary and Wages			
457 Retirement	4,488.04	8,161.00	55.0%
Car Allowance	2,400.00	3,600.00	66.7%
Cell Phone Allowance	2,015.00	3,120.00	64.6%
Housing Allowance	0.00	3,250.00	0.0%
Payroll Processing Fee	1,122.53	1,600.00	70.2%
Payroll Tax	7,755.58	13,955.00	55.6%
Salary and Wages - Other	92,317.81	163,219.00	56.6%
Total Salary and Wages	110,098.96	196,905.00	55.9%
Software Maintenance e-TICS	15,162.00	8,400.00	180.5%
Team Building	0.00	800.00	0.0%
Travel	13,550.25	16,620.00	81.5%
Total Expense	452,324.82	1,894,705.00	23.9%
Net Ordinary Income	73,444.27	1,931.00	3,803.4%
Other Income/Expense			
Other Income			
Interest Earned	0.00		
Total Other Income	0.00		
Net Other Income	0.00	0.00	0.0%
Net Income	73,444.27	1,931.00	3,803.4%

## Reports

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# Director Report

To: SWCCOG Board of Directors  
From: Miriam Gillow-Wiles  
Date: 5 October 2017

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Comments: Like always, this month has been busy (does it ever get not busy?). Staff has been working on the 2018 proposed budget which has been exceptionally challenging with the potential of FCC funding later in the year. The proposed increased are due to the increased staff which will only increase if/when we receive funding, additionally, an increase of staffing would not be implemented until quarter 2 or 3.

## **NADO**

The National Association of Developmental Organization conference was great. I attended this conference earlier in September to facilitate a discussion about rural broadband development, but also to learn more about the economic development aspect to be better informed as we start to work more closely with Region 9. As it turns out, most of rural America is struggling with the same issues we face with the incumbent ISPs, but only a few have any knowledge of best practices or resources. NADO is going to create a clearing house of information for rural COGs.

## **Four Corners Film Office**

I have attached the memo from Laura Lewis Marchino regarding the Four Corners Film Office. This was requested at the September Meeting. Laura is unable to attend the October meeting, we will be happy to compile any additional questions to send her way.

## **Executive Committee Notes**

At the August Executive Committee meeting, the ExCom did not have quorum so there are no minutes to approve. I have attached the notes from that meeting to the Director's Report for the Board's reading pleasure.

## **Southwest Colorado Incident Management Team**

The Southwest Colorado Incident Management Team (SWMIT) has asked that the SWCCOG become the fiscal agent again. We are working on a contract with the same conditions as the previous contract from 2013, which expired in 2016. The SWCCOG will receive 10% of any funds for management and administration, including reimbursements from call outs, state funding, and any grant funding. This should be on the November agenda as we are still working on ironing out some questions in regards to the contract.

## **Insurance Rates**

As many of you have noticed with your organizations, heath/vision/dental insurance rates have increased for 2018. The SWCCOG utilizes CEBT for

# Director Report

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health/vision/dental/life insurance. Staff has looked at other carriers, but the cost savings was minimal, and would require a switch to a HMO from a PPO plan, which staff was very hesitant about. Rate increases calculated in the 201 budget along with the partial year of insurance additional staff. The rate increases are as follows:

Medical: 5.5%

Dental: 2.0%

Vision: 0.0%

The CIRSA (property/casualty and worker's compensation insurance) with a reduction in rates based on our 2017 budget. If/when FCC funding is awarded CIRSA rates will increase. These increases will be calculated on the amount of funding received, this is one of the aspects creating the challenges with creating the 2018 budget. Rate changes are as follows:

Worker's Comp: \$1,668 in 2017 to \$1,535 in 2018 (\$133 decrease)

Property/Casualty: \$2,201 in 2017 to \$2,084 in 2018 (\$117 decrease)



Date: September 29, 2017

To: SW Colorado Council of Governments Board of Directors

From: Laura Lewis Marchino, Region 9 EDD

Re: Four Corners Film Office

The Region 9 Economic Development District of SW Colorado (Region 9) was a founding member of the Four Corners Film Office (4CFO) and currently serves as the program's fiscal agent, providing administrative staff support, and contributes financially annually. Region 9 has committed to the effort because the office not only creates jobs and marketing exposure for SW Colorado; but also helps to diversify our economy drivers, enhancing resiliency and strengthening efforts to support creative industries. Our region has the diverse landscapes and locations as well as the cultural diversity to be a desirable location. Since the region already has a tourism oriented economy, we can easily meet the lodging and travel support services productions require.

Since 2010, the 4CFO has served as a liaison and information hub to visiting productions and helps our region compete with New Mexico that offers significant incentives to film companies. The Office has a regional Advisory Board, which includes a representative from the Colorado Office of Film Television and Media as well as a New Mexico film liaison. The board meets every other month. Specific activities include:

- Producing a bi-monthly e-newsletter to provide updates on productions, crew needs, jobs, education opportunities etc.
- Hosting a 4Corners Film Office website so productions and crew can find the information they need. Go to [www.4cornersfilmoffice.org](http://www.4cornersfilmoffice.org).
- Maintaining a current location gallery to advertise possible locations for shoots in the region.
- Constantly promoting and add to a production guide where all crew and services interested in working with productions can include their information for free.
- Hosting a phone line that is available 24/7 to interested productions.
- Providing education opportunities for the general public.

The 4CFO also measures impacts by tracking direct spending, the number of productions, inquiries, locations and local hires. In 2017 to date, we have worked with 27 production inquiries with estimated impact of 1.8 million. This includes 3 films in Silverton, the Railroad, several scouting trips and commercials. We are happy to provide specific information if needed.

**Southwest Colorado Council of Governments**  
**Executive Committee Meeting Notes**  
**Thursday, August 24 2017, 1:30 p.m.**

**In attendance:**

John Egan – Town of Pagosa Springs (via phone)  
Miriam Gillow-Wiles – Southwest Colorado Council of Governments  
Jessica Laitsch - Southwest Colorado Council of Governments

The meeting began at 1:40 p.m.

John asked if the regional elected officials would be at the board meeting in September. Miriam replied that Senator Coram has a conflict, Representative McLachlan plans to call in, and Representative Catlin plans to either attend or call in. John suggested sending them a reminder a few days before the meeting. Miriam added that the federal elected officials will have representation there.

John mentioned that he ran an internet speed test and it was about 3 mbps up/1 mbps down. Miriam replied that it was good to collect this data and mentioned that there are issues with how speeds are typically collected.

John mentioned that he would like to hold CenturyLink accountable and expressed concern about some of their recent actions. They discussed some of the issues that should be brought up during the board meeting, including the intended vs. reported deployment of CAFII funds, speeds that fall below the definition of broadband, and the difficulty locating copies of their FCC filings. Miriam will put together some questions to ask them. Miriam mentioned that a couple citizens, the Durango Herald, Colorado Counties Inc., Region 10, and Pitkin County plan to attend the meeting. The Colorado Municipal League was also invited.

Miriam summarized that also on the agenda is a letter of support for an ISP to apply for funding to put in internet for a community in San Juan County. She added that the SWCCOG will need to develop guidelines related to the Enterprise Zone project. The September meeting will be held at the La Plata County Administrative Building. Consideration of the budget will be on the October agenda. There will be a request for an extension on the EIAF 8011 grant. Miriam will be attending the National Association of Developmental Organizations conference. Also on the agenda will be a request to apply for a DOLA Technical Assistance grant. John asked when the CenturyLink presentation should be on the agenda. Miriam replied that the presentation should be first and the general business matters at the end of the meeting.

Miriam elaborated that there will be three items included in the DOLA Technical Assistance grant: 1) housing cost assistance for the AmeriCorps VISTA, 2) facilitation for collaboration with Region 9, and 3) a regional tourism website. This would be a \$55,000-60,000 grant, which would include some administrative costs.

The meeting ended at 2:18 p.m.

# Broadband Report

To: SWCCOG Board of Directors  
From: Miriam Gillow-Wiles  
Date: 5 October 2017

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Comments: Unsurprisingly, Broadband has continued to be the major focus this last month. We are working on all the specifics to get ready for expected FCC funding in 2018, coordinating with CDOT for ROW, and collaboration with the ISPs for shared costs and Enterprise Zone use. Below is specific information regarding a variety of different aspects of Broadband staff is working on, among others.

## **Colorado Telehealth Network**

Staff has been in discussion with Colorado Telehealth Network (CTN) to help with the FCC funding application/process as it is tremendously complicated. CTN is a statewide nonprofit whose mission is "...to maximize access to health care services, especially in underserved regions of the state, through information and communications technology." They are experts in rural healthcare FCC funding, and have successfully received funding for multiple areas and agencies across the state. While there will be a fee to utilize their services, we are discussing the cost and benefits. Staff will present more specifics at the November Board meeting regarding specifics of proposed costs and benefits. CTN does not request upfront payment and is flexible on a fixed rate vs percentage of the overall cost. Overall they are very willing to work to make it work for us, and bring in funding for the region.

Website: <http://cotelehealth.com/>

## **Broadband Legislative Outlook for 2018**

Staff had a call with Colorado Counties Inc. regarding expectations for 2018 legislative session. The overall expectation is that not much will get done at the State Capitol as it is an election year – regardless of legislative topic. As a result Mayor Sheek thought that an education campaign for our elected officials and citizen would be useful this year. Ideally, an educational push will have lasting impacts on future legislation, as could help citizen engagement with the legislative process and proposed legislation from incumbents. Staff will work with the Mayor and the Legislative Committee to help craft templates (letters to the editor, etc) for use by local elected officials and some who/what/where/when/why educational material for citizens to be better informed.

# Transportation Report

To: SWCCOG Board of Directors  
From: Jessica Laitsch  
Date: 27 September, 2017

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Comments: Transportation:

The next SWTPR meeting will be held at 9:00 a.m. Thursday, 5 October, 2017 at the Carnegie Building, 1188 E 2nd Ave., Durango.

Transit:

There was a Regional Transit Council meeting held on Friday, September 29, 2017. Staff can answer any questions or provide a copy of the draft minutes if there are questions about the topics covered.

Staff has issued an RFP for a Transportation Consultant to assist with the Four Corners Coordinated Transit Plan funded through FTA section 5304 funds.

# VISTA Report

To: SWCCOG Board of Directors  
From: Dylan Lucas  
Date: 28 September 2017

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**Comments: Recycling**

I was able to meet with the principal of Kemper Elementary and two teachers, fourth and fifth grade, on the 22<sup>nd</sup> of September. The meeting was initially set up to deliver the recycling bins that we purchased for the school. Unfortunately, there had been some confusion as to what their wants and needs were, and so only a few of the bins were delivered. We hope though to deliver the rest of the bins that we allotted to them once they figure out their next steps for recycling.

**Recycling Education**

Kemper Elementary is all in on a recycling curriculum and education lesson. A lesson plan has been written up that gained approval of the principal. We are now waiting on the teachers' feedback and any modifications that need to be made from that. Once feedback is received and the lesson plan is approved it will be presented during their life sciences unit.

The teachers who I met with are avid recyclers themselves and understand the need for education in the classroom that carries over to home life. Their main concern is that the information we will be tooled towards younger people. This is something that we are working.

**COG Website**

I have been working on rewriting the project sections of the SWCCOG website to make them more complete. The writing process is almost over, with finishing edits needed to be put on each section. Last meeting there was a vote to include a section that focuses on tourism. I am happy to say that the tourism section is now in the writing process. One of the roadblocks that came up was figuring out what tourist activities should be included in this section. We have a fine line to walk of not endorsing any businesses but still providing informational options for the region.

## Discussion Items

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# SOUTHWEST COLORADO COUNCIL OF GOVERNMENTS

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**To:** SWCCOG Board of Directors  
**From:** Sara Trujillo, Accountant  
**Subject:** Preliminary FY2018 General Fund Budget  
**Date:** 5 October 2017

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Please find attached the preliminary FY2018 General Fund budget and summary below.

General Fund FY2018	Preliminary (UNAUDITED)
Revenues	\$6,858,727
Expenditures	\$6,857,813
<b>Net Income</b>	<b>\$914</b>

FY2018 Net Income (unaudited) is positive. This budget is with the assumption that FCC funding will be received. Items to note:

- Increased staffing estimates are based on the SWCCOG receiving FCC funding. These staff changes will not be implemented until an FCC funding contract is received.
- Healthcare insurance rates increased 5.5% for health and 2.0% for dental. In addition, healthcare costs include 4 participating staff versus 2 in 2017.
- Receipt of FCC funding will require a single audit that will come with a slight increase in cost.
- The FCC funding revenue and DoLA broadband grant revenue are soft estimates at this time.
- The CIRSA Property/Casualty insurance policy will see significant increases due to a much larger budget.

Attached include the following:

- Revenues and Expenditures Summary: General Fund, with 3 Year's Comparison
- Fund Balance Summary: General Fund, with 3 Year's Comparison

	<u>Jan - Dec 16 (AUDITED)</u>	<u>Jan - Dec 17 (updated &amp; unaudited)</u>	<u>Jan - Dec 18 (preliminary)</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
All Hazards	135,239.20	338,947.00	113,346.00
FCC Broadband Infrastructure Grant	0.00	0.00	5,890,000.00
<b>CDOT Grants</b>			
SWTPR Grant	21,293.31	22,100.00	22,100.00
Transit 5304 Grant	0.00	13,000.00	27,000.00
Transit LCC Grant	19,999.02	0.00	0.00
Total CDOT Grants	41,292.33	35,100.00	49,100.00
<b>DoLA Grants</b>			
DoLA 7645	40,747.05	0.00	0.00
DoLA 8010	78,001.91	6,200.00	0.00
DoLA 8011	33,230.60	92,954.00	0.00
DoLA 8330	0.00	50,000.00	10,346.00
DoLA 9038	55,045.46	44,955.00	0.00
DoLA TA 2018	0.00	0.00	48,200.00
DoLA BB	0.00	0.00	500,000.00
DoLA Grants - Other	0.00	0.00	0.00
Total DoLA Grants	207,025.02	194,109.00	558,546.00
<b>Dues Revenue</b>			
Admin Position	12,347.00	12,200.00	12,200.00
COG Dues	115,363.00	114,000.00	145,000.00
SWTPR Contributions	7,679.00	7,607.00	7,607.00
Total Dues Revenue	135,389.00	133,807.00	164,807.00
<b>Grant Match</b>			
COG Member Match	6,836.42	15,000.00	25,000.00
Non-COG Member Match	12,223.00	0.00	8,000.00
Total Grant Match	19,059.42	15,000.00	33,000.00
<b>Misc. Income</b>			
RREO Grant	29,349.68	5,393.00	10,000.00
<b>RREO Grant</b>			
RREO 2016-2017	6,756.40	28,162.00	0.00
RREO Grant - Other	0.00	0.00	0.00
Total RREO Grant	6,756.40	28,162.00	0.00
<b>SCAN Services</b>			
Dark Fiber Leasing	20,256.00	21,864.00	31,648.00
e-TICS	8,400.00	0.00	0.00
Fiber Equipment Repair Fund	0.00	0.00	0.00
Internet & Transport	8,280.00	8,280.00	8,280.00
Total SCAN Services	36,936.00	30,144.00	39,928.00
SJB AAA	3,375.50	0.00	0.00
Sonoran-Lincoln Institute	0.00	0.00	0.00
<b>Total Income</b>	<b>614,422.55</b>	<b>780,662.00</b>	<b>6,858,727.00</b>
<b>Gross Profit</b>	<b>614,422.55</b>	<b>780,662.00</b>	<b>6,858,727.00</b>

<b>Expense</b>			
<b>Advertising and Promotion</b>	419.54	240.00	240.00
All Hazards Projects	119,849.07	334,948.00	108,346.00
AmeriCorp VISTA	8,000.00	8,000.00	0.00
Bank Service Charge	73.00	200.00	200.00
<b>Broadband Expenses</b>			
Fiber Equip Repair - RESTRICTED	0.00	0.00	0.00
SCAN Dark Fiber Lease	12,660.00	5,466.00	7,909.50
<b>Total Broadband Expenses</b>	<b>12,660.00</b>	<b>5,466.00</b>	<b>7,909.50</b>
Conference Fee	0.00	199.00	0.00
Consulting	190,300.41	172,845.00	6,329,046.00
Employee/Board Appreciation	360.68	75.00	100.00
<b>Information Technology (IT)</b>			
Hardware	0.00	0.00	0.00
Internal IT Consulting	0.00	50.00	50.00
Software	1,268.06	994.00	1,074.00
<b>Total Information Technology (IT)</b>	<b>1,268.06</b>	<b>1,044.00</b>	<b>1,124.00</b>
<b>Insurance Expense</b>			
General Liability	2,212.75	2,235.00	18,576.00
Health	19,922.00	26,214.00	51,132.00
HSA	4,000.00	0.00	0.00
Worker's Compensation	1,674.00	1,668.00	1,750.00
<b>Total Insurance Expense</b>	<b>27,808.75</b>	<b>30,117.00</b>	<b>71,458.00</b>
<b>Internet Connectivity</b>			
Fast Track	10,800.00	10,800.00	10,800.00
Internet Connection (AT&T)	385.63	388.00	390.00
<b>Total Internet Connectivity</b>	<b>11,185.63</b>	<b>11,188.00</b>	<b>;</b>
Match Refund	1,634.25	0.00	0.00
Meetings	2,737.95	2,500.00	5,000.00
Memberships	17,253.50	5,673.00	6,048.00
Misc. Expense	15,850.89	2,107.00	0.00
Office Equipment	3,970.62	1,350.00	5,000.00
Office Supplies	741.40	750.00	850.00
Office Telephone	0.00	0.00	480.00
Postage and Delivery	65.02	65.00	80.00
Professional Development	430.40	4,000.00	4,000.00
<b>Professional Fees</b>			
Accounting Software	0.00	220.00	200.00
Audit	6,500.00	6,750.00	6,500.00
Legal	5,248.46	3,000.00	5,000.00
Misc.	1,329.75	331.00	0.00
<b>Total Professional Fees</b>	<b>13,078.21</b>	<b>10,301.00</b>	<b>11,700.00</b>
Rent	87.00	87.00	90.00
<b>Salary and Wages</b>			
457 Retirement	3,514.94	6,657.00	11,820.00
Car Allowance	3,600.00	3,600.00	3,600.00

<b>Cell Phone Allowance</b>	2,665.00	2,795.00	1,560.00
<b>Housing Allowance</b>	2,700.00	0.00	2,400.00
<b>Payroll Processing Fee</b>	1,568.68	1,540.00	2,000.00
<b>Payroll Tax</b>	11,011.93	12,910.00	21,012.00
<b>Salary and Wages - Other</b>	139,494.85	150,995.00	245,750.00
<b>Total Salary and Wages</b>	164,555.40	178,497.00	288,142.00
<b>Software Maintenance e-TICS</b>	10,292.19	15,162.00	0.00
<b>Team Building</b>	320.00	0.00	0.00
<b>Travel</b>	16,244.96	17,000.00	18,000.00
<b>Total Expense</b>	619,186.93	801,814.00	6,857,813.50
<b>Net Ordinary Income</b>	-4,764.38	-21,152.00	913.50
<b>Other Income/Expense</b>			
<b>Other Income</b>			
<b>Interest Earned</b>	0.00		
<b>Total Other Income</b>	0.00	0.00	0.00
<b>Net Other Income</b>	0.00	0.00	0.00
<b>Net Income</b>	<b>-4,764.38</b>	<b>-21,152.00</b>	<b>913.50</b>

## Fund Balance: General Fund

<b>Fund Balance Information</b>	
<b>General Fund – FY2016</b>	
Beginning Fund Balance <sup>a</sup>	\$90,500
Ending Fund Balance <sup>a</sup>	\$85,735
Operating Costs	\$238,614
Reserve Requirement	\$79,538
<b>General Fund – FY2017</b>	
Beginning Fund Balance <sup>e</sup>	\$85,735
Ending Fund Balance <sup>e</sup>	\$64,583
Operating Costs	\$251,793
Reserve Requirement	\$83,931
<b>Reserve deficient</b>	<b>\$19,348</b>
<b>General Fund – FY2018</b>	
Beginning Fund Balance <sup>e</sup>	\$64,583
Ending Fund Balance <sup>e</sup>	\$65,871
Operating Costs	\$412,316
Reserve Requirement	\$137,438
<b>Reserve deficient</b>	<b>\$71,567</b>

**Notes:**

SWCCOG Fund Balance Policy states:

It is the goal of the SWCCOG to maintain an unassigned fund balance equal to four months of operating expenditures.

<sup>a</sup> indicates audited information

<sup>e</sup> indicates unaudited information

Fund Balance = Assets minus liabilities

## Decision Items

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# Region 9 – SWCCOG Enterprise Zone

## Contract

To: SWCCOG Board of Directors  
From: Miriam Gillow-Wiles  
Date: 7 September 2017

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**Comments:** The state approved the SWCCOG Broadband Enterprise Zone application in June. This Enterprise Zone (EZ) is specifically for broadband development. The project would allow private land owners to donate Rights of Way, private companies to donate equipment (such as conduit, switches, or fiber) and labor, and private companies or land owners to donate cash. Of note, the EZ cannot accept more than \$750,000 in donations per year, though likely not an issue. This contract formalizes the relationship between Region 9 as the Enterprise Zone Administrator and the SWCCOG. The SWCCOG will be approving applications and the day to day work. Region 9 is ultimately responsible for our work on the EZ. A significant portion of this contract is standard contract language from SWCCOG Legal Counsel.

**Details:**

- Region 9 receives 3% of monetary contributions, but not to exceed \$500/year
- No exchange of funding for all other contributions such as ROW, equipment, labor, etc
- Contract renewal is automatic until the EZ project expires or the State cancels the EZ project.
- Specifics of the Enterprise Zone, such as maximum amount of donations per year, what information is required for donations, and to ensure Region 9 has all the documentation for the Enterprise Zone.

**Attached:**

- MOU
- Enterprise Zone Map (all the shaded area is eligible)
- Enterprise Zone Tax Credit Example

**Legal Review:** Reviewed.

**Fiscal Impact:** Minor, Region 9 receives 3% of monetary donations

**Staff Recommendation:** Approve the MOU between Region 9 EDD and SWCCOG for Enterprise Zone management

**Memorandum of Understanding  
for the  
Southwest Colorado Enterprise Zone**

**This Memorandum of Understanding**, is made this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by and between the Region 9 Economic Development District of Southwest Colorado Inc. d/b/a Southwest Enterprise Zone (herein after referred to as Region 9 EDD), whose address is 295A Girard St., Durango, CO 81303, and the sub-grantee, Southwest Colorado Council of Governments (herein after referred to as SWCCOG), whose address is PO Box 963, Durango, CO 81302.

**Whereas**, Region 9 EDD is the Southwest Enterprise Zone Administrator designated by the Department of Local Affairs of the State of Colorado; and,

**Whereas**, CRS 30-103.5(1)(a) allows tax credits for contributions to a designated Enterprise Zone Administrator for the purpose of implementing the economic development plan for the Enterprise Zone; and

**Whereas**, the Economic Development Commission has approved **SWCCOG** as an Enterprise Zone project for 2017 for the SWCCOG Telecommunications EZ Project; and

**Whereas**, the Enterprise Zone statutes allow the Enterprise Zone Administrator to certify organizations/projects to receive contributions directly, and;

**Whereas**, the Colorado Department of Revenue has determined that the Zone Administrator, in certifying the appropriate purpose of a contribution, has a responsibility to assure that third party grantees use tax creditable contributions as intended;

**Now Therefore**, it is hereby agreed and understood that:

1. **SWCCOG** must have a file with the Southwest Enterprise Zone Administrator the following documents and **will be asked to furnish them if they are not on file**: (1) IGA's establishing the SWCCOG; (2) proof of SWCCOG legal standing, consisting of the other items set forth in this paragraph; (3) tax status information such as Tax Identification number (W-9) or (4) Federal Letter of IRS Designation; (5) SWCCOG Board approval to enter into Memorandum of Understanding; (6) SWCCOG Articles of Incorporation; and (7) SWCCOG Bylaws.;
2. The Southwest Enterprise Zone Administrator shall be entitled to receive a three percent (3%) **administrative fee** on the value of all monetary contributions received by SWCCOG under the Southwest Enterprise Zone project from Colorado residents or donors with a Colorado state tax liability during the term of this contract to compensate the Southwest Enterprise Zone Administrator for its estimated overhead and administrative costs, subject to approval of the fee by the State of Colorado Economic Development Commission. There is a Five Hundred (\$500) Dollar cap as the maximum administrative fee on any one monetary contribution. No administrative fee will be charged for any in-kind or any non-monetary contributions. If there are monetary contributions, the Southwest Enterprise Zone Administrator will invoice the **SWCCOG** on a quarterly basis for the administrative fee. Failure of the SWCCOG to pay the quarterly administrative fee within thirty days of receipt of the administrative fee invoice may result in the Southwest Enterprise Zone Administrator declining to certify Southwest Enterprise Zone contributions to the SWCCOG until the administrative fee is current.

3. The State of Colorado has reserved the right to request a financial report from each Southwest Enterprise Zone Project describing the work completed and the use of funds. **SWCCOG** agrees to furnish any relevant information deemed necessary by the Southwest Enterprise Zone Administrator to determine the nature of the use of the donations received by SWCCOG through the Southwest Enterprise Zone Contribution Project.

4. **SWCCOG** will forward the completed certifications forms to the Southwest Enterprise Zone Administrator, Region 9 Economic Development District, 295A Girard St., Durango, CO 81303, along with a copy of the check and/or other documentation of in-kind or non-monetary contributions. **Please refer to the Instructions for Certification of Qualified Enterprise Zone Contributions provided by Region 9 EDD.** The Southwest Enterprise Zone Administrator will sign the appropriate certification forms, make a copy, and return the original signed forms to the SWCCOG who will return the signed certification forms to the contributor. After December 31<sup>st</sup> of each year this agreement is in effect, the Southwest Enterprise Zone Administrator needs to report all annual contributions to the State of Colorado. Any certification forms for the previous year filed after January 12<sup>th</sup> will show up on the following year's State of Colorado report.

5. In the case of in-kind contributions, the SWCCOG shall require the donor to submit a description of the in-kind contribution and a statement of value for the in-kind contribution. Per IRS regulation, the donor will be required to provide a "qualified appraisal" for in-kind contributions in excess of \$5,000. The minimum value of in-kind donations accepted will be \$250. Donated stock certificates, securities etc. are considered by the Colorado Department of Revenue as in-kind donations. The rules governing documentation of in-kind contribution are incorporated herein, as the same may be amended from time to time by the Colorado Department of Revenue and IRS.

6. The SWCCOG agrees to hold Region 9 EDD harmless from any claim of liability arising under this agreement or in carrying out the Enterprise Zone Contribution project to the extent it results from the breach of contract or negligence of SWCCOG, to the extent authorized by law. Similarly, Region 9 EDD agrees to hold SWCCOG harmless from any claim of liability arising under this agreement or in carrying out the Enterprise Zone Contribution project to the extent it results from the breach of contract or negligence of Region 9 EDD, to the extent authorized by law.

7. **The Colorado Department of Revenue requires that all Certification forms have the social security, Colorado Account Number or tax id number of the donor prior to the Enterprise Zone Administrator being able to certify the form.**

8. Enterprise Zone Project Designation is renewed annually. For the SWCCOG to continue as an Enterprise Zone Project Program, the SWCCOG must fill out required information from the Colorado Economic Development Commission distributed through the Southwest Enterprise Zone Administrator in the fall of each year.

9. SWCCOG can only certify \$750K in credits each year.

10. The Southwest Enterprise Zone Administrator will certify SWCCOG contributions directly, and retain the signatory authority on all certifications.

11. SWCCOG agrees to maintain its legal standing during the term of this agreement.

12. This Memorandum of Understanding will remain in effect until December 31, 2022 unless terminated by written notification by Region 9 EDD and/or the State of Colorado terminating the Enterprise Zone project. This agreement will automatically renew for additional one year terms, unless either party provides thirty days written notice of its intent not to renew.

13. Assignment. Neither party shall have the right to assign this Agreement except with the express written consent of the other.

14. Enforceability. If any term or provision of this Agreement shall be adjudicated to be invalid, illegal or unenforceable, this Agreement shall be deemed amended to delete the term or provision thus adjudicated to be invalid, illegal or unenforceable and the validity of the other terms and provisions of this Agreement shall not be affected thereby so long as the purposes of this contract can be met.

15. Governing Law and Enforcement. The terms and conditions of this Agreement shall be construed, interpreted and enforced in accordance with the applicable laws of the State of Colorado. Any dispute concerning the performance or interpretation of the agreement which cannot be resolved by the designated points of contact or their immediate superiors shall be referred to the party's board of directors. If the matter is not resolved within 45 days after referral, either party may file legal action. If any legal action is necessary to enforce the terms and conditions of this Agreement, the parties agree that the jurisdiction and venue for bringing such action shall be in the appropriate court in La Plata County, Colorado.

16. Entire Agreement. The parties agree that this Agreement constitutes the entire Agreement between the parties and supersedes any and all prior oral representations, promises, covenants, understandings and other agreements, if any, between the parties and their agents, and this Agreement may not be modified in any manner except by an instrument in writing executed by both parties.

17. Waiver. No failure by either party to exercise any right it may have shall be deemed to be a waiver of that right or of the right to demand exact compliance with the terms of this Agreement.

18. Construction. This Agreement's final form resulted from review and negotiations among the parties and/or their attorneys and no part of this Agreement shall be construed against any party on the basis of authorship.

19. Signatory's Authority. Each person signing this Agreement in a representative capacity expressly represents that the signatory has the subject party's authority to so sign and that the subject party will be bound by the signatory's execution of this Agreement.

20. Funding availability. Financial obligations of the SWCCOG to pay are contingent upon receiving the monetary donations.

21. Third Party Beneficiaries. The parties to this Agreement do not intend to benefit any person not a party to this Agreement. No person or entity, other than the parties to this Agreement shall have any right, legal or equitable, to enforce any provision of this Agreement.

22. Breach of Contract. The prevailing party to any litigation arising out of this agreement shall be entitled to all costs of that action, including reasonable attorney's fees. Notwithstanding, neither party shall be liable for any damages for loss of profits, loss of revenues, loss of goodwill, loss of anticipated savings, loss of data or cost of purchasing, replacement services, or any indirect, incidental, special,

consequential, exemplary or punitive damages arising out of its performance or failure to perform under this agreement.

23. By executing this agreement, the parties do not waive any immunity or limit liability contained in the Colorado Governmental Immunity Act, do not create a multi-year financial obligation, and do not create any other financial obligation not supported by a current appropriation.

**In witness whereof**, the parties here to have executed this Memorandum of Understanding on the date written above.

**Southwest Colorado Council of Governments (SWCCOG)**

By:

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Miriam Gillow-Wiles, Executive Director

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Date

**Region 9 Economic Development District of Southwest Colorado Inc. d/b/a Southwest Enterprise Zone (Region 9 EDD)**

By:

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Laura Lewis Marchino, Enterprise Zone Administrator

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Date

# Auditor Contract

To: SWCCOG Board of Directors  
From: Miriam Gillow-Wiles  
Date: 5 October 2017

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Comments: Earlier this year, the SWCCOG Board awarded the SWCCOG 2017, 2018, and 2019 audit to Haynie & Company. Attached is a basic Professional Services Agreement developed by Legal. Our contact at Haynie & Company is out of the country, but agreed that the template is acceptable. There will be an update to Exhibit A, the letter, as it erroneously states, on page two, paragraph one, that the SWCCOG does not want a management discussion and analysis presented with the basic financial statements. This will be corrected in the final version of exhibit for the contract.

**Basic Information on the Contract:**

- The proposed yearly amount was \$5,900 including all expenses, as the firm is based in Littleton.
- One year terms with renewal for 2018 and 2019
- If/When FCC funding is realized, costs will increase, as it is based on current budget. There is language to allow for this so we do not have to have another RFP because our budget increased. The contract will be amended as necessary.

**Legal Review:** Legal created the contract and reviewed the letter as Exhibit A with recommendations to change the language regarding the management discussion and analysis.

**Fiscal Impact:** The 2018 budget includes the proposed cost for the 2017 audit.

**Staff Recommendation:** Approve contract with signature authority to the Executive Director upon review of updated Exhibit A.

**Independent Contractor Agreement Between  
The Southwest Colorado Council of Governments and Haynie & Company**

This contract is entered into on \_\_\_\_\_, 2017 (the "effective date"), between the Southwest Colorado Council of Governments ("SWCCOG"), a political subdivision of the State of Colorado, whose address is PO Box 963, Durango CO 81302, and Haynie & Company ("CONTRACTOR"), whose address is 1221 W. Mineral Ave, Ste. 202, Littleton, CO 80120-4544.

**Purpose**

The purpose of this contract is to describe the independent contractor agreement by which CONTRACTOR will perform consulting services to the SWCCOG.

**Term and Conditions**

The term for this contract is 12 months, commencing upon mutual execution of this contract and ending 12 months thereafter, with up two additional one year terms, unless terminated by either party prior to that time. It may be extended at any time by mutual written consent.

**Additional Documentation**

CONTRACTOR shall complete within 15 days of the effective date of this contract documentation regarding:  
a) certification of compliance with prohibition of employ or contract of illegal aliens, b) proof of carrying professional liability insurance, c) provision of worker's compensation and  
d) a W9 form.

CONTRACTOR shall maintain professional liability insurance and worker's compensation insurance and all required business licenses during the length of the contract.

**Consideration**

For performance of services set forth in Attachment A, SWCCOG will pay CONTRACTOR at the rates provided in Attachment A, but not to exceed amount of \$5,900 during the contract period, with all payment contingent upon SWCCOG appropriation. Said payment is the full compensation to CONTRACTOR which shall bear all expenses incurred to accomplish the scope of work except as provided in Attachment A

Submission of a monthly payment request shall be accompanied by an CONTRACTOR monthly progress report for the previous month summarizing activities & accomplishments and total hours of activity.

Payments shall be made from SWCCOG to CONTRACTOR within 30 days of receiving a monthly invoice.

Compensation shall be paid in the trade or business name of CONTRACTOR. CONTRACTOR shall be solely responsible for any payroll, withholding, or other taxes, and any of its insurance requirements.  
**THE PARTIES HERETO UNDERSTAND THAT CONTRACTOR IS NOT ENTITLED TO WORKER'S COMPENSATION BENEFITS OR UNEMPLOYMENT COMPENSATION BENEFITS AND IS OBLIGATED TO PAY FEDERAL AND STATE INCOME TAX ON ANY MONEYS EARNED PURSUANT TO THIS AGREEMENT.**

**Description of Work**

Please see Attachment A for a detailed scope of work.

CONTRACTOR warrants that the quality of its Services under this Agreement shall conform to the level of professional quality performed by experts regularly rendering this type of service. It shall be a condition of

this Agreement that CONTRACTOR shall be responsible for meeting the program expectations of SWCCOG pursuant to Attachment A, and the terms, requirements, and specifications established herein, in the performance of services hereunder to the satisfaction of the SWCCOG. CONTRACTOR warrants that it has all the skills, experience, and professional licenses necessary to perform the services specified in this Agreement. CONTRACTOR warrants that it has available, or will engage, at its own expense, sufficient trained employees to provide the services specified in this Agreement.

#### **Independent Contractor/ Not An Employee**

It is understood through this contract that CONTRACTOR is contracting with SWCCOG to provide specific services and this contract should in no way be interpreted that CONTRACTOR is an employee of the SWCCOG.

CONTRACTOR shall perform said services in its own way in the pursuit of its independent calling and not as an employee of SWCCOG, and shall be solely responsible for the means and methods and the proper performance of the services in compliance with the terms, requirements, and specifications of this Agreement. CONTRACTOR and any persons employed or retained by CONTRACTOR for the performance of services hereunder shall be independent contractors and not employees or agents of the SWCCOG. CONTRACTOR shall not be under the control of SWCCOG or its employees as to the means or manner by which such result is to be accomplished. It shall be a condition of this Agreement that CONTRACTOR shall be responsible for meeting the program expectations of SWCCOG, and the terms, requirements, and specifications established herein, in the performance of services hereunder to the satisfaction of the SWCCOG.

CONTRACTOR shall have no claim against the SWCCOG hereunder or otherwise for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits, or employee benefits of any kind. CONTRACTOR shall be solely responsible for meeting all applicable withholding, tax, and insurance requirements.

#### **Ownership of Work Product**

SWCCOG shall be the owner of information gathered and developed during the project, and of all work product performed by CONTRACTOR under the terms of this agreement. Subsequent use of such information by CONTRACTOR shall require the advance written approval of the SWCCOG.

In the event of termination, all finished and unfinished work product(s) prepared by CONTRACTOR pursuant to this Agreement shall become the sole property of the SWCCOG, provided CONTRACTOR is compensated in accordance with this Agreement for all work performed in accordance with this Agreement up to the effective date of termination. CONTRACTOR shall not be liable with respect to the SWCCOG'S subsequent use of any incomplete work product, provided CONTRACTOR has notified the SWCCOG in writing of the incomplete status of such work product.

#### **Equal Employment Opportunity**

- A. CONTRACTOR will not discriminate against any employee or applicant for employment on the basis of race, color, national origin, ancestry, age, sex (gender), religion, creed, or physical or mental disability. CONTRACTOR may adhere to lawful equal opportunity guidelines in selecting employees, provided that no person is illegally discriminated against on any of the preceding bases. This provision shall govern, but shall not be limited to, recruitment, employment, promotion, demotion, and transfer, and advertising therefor; layoff or termination; rates of pay or other compensation; and selection for training, including apprenticeship. CONTRACTOR shall post, in all places conspicuous to employees and applicants for employment, notices provided by the State of Colorado setting forth the provisions of this nondiscrimination clause.

- B. All solicitations and advertisements for employees placed by or on behalf of CONTRACTOR, shall state that CONTRACTOR is an equal opportunity employer.
- C. CONTRACTOR shall cause the foregoing provisions to be inserted in all subcontracts for any work contemplated by this Agreement or deemed necessary by CONTRACTOR, so that such provisions are binding upon each sub-Consultant.
- D. CONTRACTOR shall keep such records and submit such reports concerning the racial and ethnic origin of employees and of applicants for employment as the U.S., the State of Colorado, the SWCCOG, or their respective agencies may require.
- E. CONTRACTOR shall comply with such rules, regulations and guidelines as the United States, the State of Colorado, the SWCCOG, or their respective agencies may issue to implement these requirements.

### **Records**

CONTRACTOR shall maintain records that indicate the date, time, and nature of the services rendered under this agreement. CONTRACTOR shall make available for inspection by the SWCCOG all records, books of account, memoranda, and other documents pertaining to the SWCCOG upon reasonable request. SWCCOG, or a duly authorized representative from SWCCOG shall until three (3) years after final payment under this agreement have access to and the right to examine any of CONTRACTOR's books, documents, papers, or other records involving transactions related to this contract agreement. Additionally, pursuant to Section 6 of the SWCCOG procurement policy:

**6.11.1 Audit of Cost or Pricing Data.** The SWCCOG may, at reasonable times and places, audit the books and records of any contractor who has submitted all cost or pricing data pursuant to the Policy to the extent that such books, documents, papers, and records are relevant to such cost or pricing data. Any person who receives a contract, change order, or contract modification for which cost or pricing data is required, shall maintain such books, documents, papers, and records that are pertinent to such cost or pricing data for three (3) years from the date of final payment under the contract.

**6.11.2 Audit of Contractor.** The SWCCOG shall be entitled to audit the books and records of any contractor or subcontractor at any tier under any negotiated contract or subcontract other than a firm fixed-price contract to the extent that such books, documents, papers and records are relevant to the performance of such contract or subcontract. Such books and records shall be maintained by the contractor for a period of three (3) years from the date of final payment under the prime contract and by the subcontractor for a period of three (3) years from the date of final payment under the subcontract.

**6.11.3 Contractor Records.** If a contract is being funded in whole or in part by assistance from a federal agency, then the contractor or subcontractor at any tier are required to maintain for three (3) years from the date of the final payment, or as required by the grantor, all books, documents, papers, and records pertinent to the contract; and to provide to the SWCCOG, the federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives access to such books, documents, papers, and records for the purposes of examining, auditing, and copying them.

### **Insurance**

Professional Liability Insurance: CONTRACTOR shall maintain professional liability insurance for itself and its employees in an amount no less than One Million Dollars (\$1,000,000) throughout the term of this Agreement. Such insurance shall provide that the SWCCOG be notified no less than 45 days in advance in the event of cancellation.

Worker's Compensation: CONTRACTOR shall secure, maintain and provide verification of all necessary Worker's Compensation insurance as may be required by law to provide coverage for CONTRACTOR's

employees hereunder.

### **Conflict of Interest**

CONTRACTOR warrants that it presently has no interest and shall not acquire any interest – direct or indirect – which would conflict in any manner or degree with the performance of services required under this Agreement.

CONTRACTOR shall disclose any potential conflicts of interest with the project regarding other employment, contracts or representation related to telecommunications services.

The SWCCOG may immediately terminate this contract if it determines that there is a conflict of interest with the project.

### **Confidentiality**

Any confidential information provided to or developed by CONTRACTOR in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by CONTRACTOR without the prior written approval of the SWCCOG. CONTRACTOR acknowledges that during the engagement, it will have access to and become acquainted with various information or data owned or licensed by the SWCCOG and/or used by the SWCCOG in connection with the operation of its affairs, including, without limitation, the SWCCOG's business, processes, methods, lists, accounts and procedures. CONTRACTOR agrees that it will not disclose any of the aforesaid, directly or indirectly, or use any of them in any manner, either during the term of this Agreement or at any time thereafter, except as required in the course of its engagement with the SWCCOG. All files, records, documents, blueprints, specifications, information, letters, notes, lists, notebooks, and similar items relating to the business of the SWCCOG, whether prepared by CONTRACTOR or otherwise coming into its possession, shall remain the exclusive property of the SWCCOG. CONTRACTOR shall not retain any copies of the foregoing without the SWCCOG's prior written permission. Upon the expiration or earlier termination of this Agreement, or whenever requested by the SWCCOG, CONTRACTOR shall immediately deliver to the SWCCOG all such files, records, documents, specifications, information, and other items in its possession or under its control.

CONTRACTOR shall execute and comply with additional non-disclosure agreements as necessary to implement the project and as requested by the SWCCOG board.

### **Indemnification and Release**

CONTRACTOR agrees to indemnify and hold harmless the SWCCOG, and its officers and its employees, from and against any and all liability, claims, demands, and expenses, including court costs and attorney fees, on account of any injury, loss, or damage, which arise out of or are in any manner connected with the services to be provided under this Agreement, if such injury, loss, or damage is caused in whole or in part by, or is claimed to be caused in whole or in part by, the act, omission, or other fault of CONTRACTOR, any subcontractor of CONTRACTOR, or any officer, employee, or agent of CONTRACTOR .

CONTRACTOR waives and releases the SWCCOG, and its officers and its employees, from any and all liability, claims, demands, and expenses, including court costs and attorney fees, on account of any injury, loss, or damage which Contractor may suffer and which arise out of or are in any manner connected with the services to be provided under this Agreement.

### **Termination**

Either party may terminate this Agreement, without cause, upon providing 30 days written notice to terminate the contract.

In addition, SWCCOG, may immediately terminate this contract pursuant to paragraph 6.9 of its Procurement Policy if CONTRACTOR:

- (1) Fails to begin the work within the time specified in the Contract;
- (2) Fails to perform the work with sufficient workers and equipment or with sufficient materials to assure the prompt completion of said work;
- (3) Fails to perform the work in accordance with contract requirements or refuses to remove and replace rejected materials or unacceptable work;
- (4) Discontinues the work;
- (5) Fails to resume work which has been discontinued within a reasonable time after notice to do so;
- (6) Becomes insolvent or is declared bankrupt or commits any act of bankruptcy or insolvency;
- (7) Allows any final judgment to remain unsatisfied for a period of ten (10) days;
- (8) Fails to comply with contract requirements regarding minimum wage payments;
- (9) Is a party to fraud; or,
- (10) For any other cause whatsoever, fails to carry on the work in an acceptable manner.

Additionally, SWCCOG may immediately terminate this contract if it determines that there is a conflict of interest with the project.

SWCCOG's approval of any services or any payment hereunder shall not in any way relieve CONTRACTOR of the responsibility for the accuracy and completeness of the services, or for compliance with the terms, requirements, and specifications applicable thereto; and no such approval shall constitute a waiver of any rights of SWCCOG under this Agreement, or of any cause of action arising out of or in any way connected with this Agreement.

#### **Miscellaneous**

CONTRACTOR shall receive and securely maintain personal data on its contractors necessary for the purposes of administration and reporting. The data will be held for one year beyond the duration of this contract to answer any required and appropriate question relating to you as contractor.

CONTRACTOR, at all times, agrees to observe all applicable Federal and State Laws, SWCCOG rules and regulations issued pursuant thereto, which in any manner affect or govern the services contemplated under this Agreement.

CONTRACTOR shall advise SWCCOG of any duties or responsibilities on this contract that are subcontracted to other parties and shall remain responsible for the quality, timeliness and completeness of all contract duties. Notwithstanding, no portion of this contract shall be subcontracted without SWCCOG prior written approval. CONTRACTOR shall be solely responsible for the compensation, insurance, taxes, withholding, and all clerical detail pertaining to such assistance.

CONTRACTOR and any of its officers, employees or contractors do not have the authority to obligate the SWCCOG to contracts or expenditures.

It is understood and agreed that SWCCOG's performance shall be subject to appropriation of funds by its governing body, and payment of such funds into the treasury of such party.

This Agreement may be amended only by the mutual written agreement of the parties.

This Agreement shall not be assigned by either party without the written consent of the other party.

This Agreement contains all agreements, understandings, and arrangements between the parties, and no other such agreements, understandings, and arrangements exist.

This Agreement shall be governed by the laws of the State of Colorado and applicable federal law. Nothing in this Agreement shall be construed as a waiver of SWCCOG's governmental immunity.

In the event this contract is litigated, SWCCOG shall be entitled to all litigation expenses, collections fees, witness fees, court costs and attorney fees if it prevails. Venue and jurisdiction for any claim shall be in the La Plata County District Court.

It is expressly understood and agreed that the enforcement of the terms and conditions of this agreement and all rights of action relating to such enforcement, shall be strictly reserved to the parties. Nothing contained in this agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of the parties that any other person or entity, receiving services or benefits under this agreement shall be deemed an incidental beneficiary only

If any provision of this Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect.

**Acknowledgment**

***All parties hereby acknowledge and accept the terms and conditions of the above contract and acknowledge receipt of a copy by evidence of their signatures found below.***

Agreed to by CONTRACTOR by

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(Title)

Date

Agreed to by the Southwest Colorado Council of Governments by

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Miriam Gillow-Wiles, Executive Director

Date

**ATTACHMENT A**



Certified Public Accountants (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

April 4, 2017

Southwest Colorado Council of Governments  
Attn: Miriam Gillow-Wiles  
P.O. Box 963  
Durango, Colorado 81302

To the Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Southwest Colorado Council of Governments (the Council) for the year ended December 31, 2017.

We will audit the financial statements of the governmental activities and the major funds, including the related notes to the financial statements, which collectively comprise the basic financial statements of Southwest Colorado Council of Governments as of and for the year ended December 31, 2017.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as the Statement of Revenue, Expenditures and Changes in Fund Balance—Actual and Budget—General Fund, to supplement the Council's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Council's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) General Fund—Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We will also prepare the Council's financial statements and footnotes for the year ended December 31, 2017.

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the sixth paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Council's financial statements. Our report will be addressed to the Board of Directors of Southwest Colorado Council of Governments. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they

may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Council's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Our audit will be in conformity with the Colorado Local Government Audit Law (C.R.S. 29-1-601, et seq.). The scope of the audit will include the books and records of all the funds of the Council. Colorado law requires the following illegal alien provisions:

We certify that we will comply with the provisions of CRS 8-17.5-101 et seq. We shall not knowingly employ or contract with an illegal alien to perform work under this contract or enter into a contract with a subcontractor that fails to certify to Haynie & Company, that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this contract. We represent, warrant, and agree that we (i) have verified that we do not employ any illegal aliens, through participation in the E-Verify Program administered by the Social Security Administration and the Department of Homeland Security, or (ii) otherwise will comply with the requirements of CRS 8-17.5-102(2)(b)(I). We will comply with all reasonable requests made in the course of an investigation by the Colorado Department of Labor and Employment. If Haynie & Company fails to comply with any requirement of this provision or CRS 8-17.5-101, et seq., the Council may terminate this contract for breach of contract, and Haynie & Company shall be liable for actual and consequential damages to the Council and the Council shall report such violation to the Colorado Secretary of State, as required by law.

If Haynie & Company obtains actual knowledge that a subcontractor performing work under this contract knowingly employs or contracts with an illegal alien, we will:

- a. Notify the subcontractor and the Council within three days that we have actual knowledge that the subcontractor is employing or contracting with an illegal alien; and
- b. Terminate the subcontract with the subcontractor if within three days of receiving the notice required pursuant to sub-paragraph (a) above, the subcontractor does not stop employing or contracting with the illegal alien, unless the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

### **Other Services**

We will also prepare the financial statements of Southwest Colorado Council of Governments in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. You will be required to acknowledge in the management representation letter the financial statement services provided and our assistance with preparation of the financial statements, supplementary information, and related notes, and that you have reviewed and approved the financial statements, supplementary information, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

Our fee will not exceed \$5,900 and includes expenses. You will be billed at our standard rates based on the number of hours worked. Our fees are based on anticipated cooperation from your personnel and the assumption that

unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. Accounts in excess of 30 days will accrue finance charges at 1.5% per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Nick Warnick is the engagement partner and is responsible for supervising the engagement and signing the report.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Accepted and agreed to:  
Southwest Colorado Council of Governments

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Executive Director signature

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Title

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Date

## Other Items

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## Community Updates

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