**Minutes for July 13, 2012 SWGCOG Board meeting**

**Anasazi Room, La Plata County Courthouse**

**1:30 pm to 3:30 pm**

**Members Present:**

Tom Yennerell, Town of Mancos

Michael Lee, Town of Ignacio

Shale Hale, City of Cortez

Ron LeBlanc, City of Durango

Ernie Williams, Dolores County

Dick White, City of Durango

Rachel Davenport, Town of Bayfield

Greg Schulte, Archuleta County

Willy Tookey, San Juan County

David Mitchem, Town of Pagosa Springs

Bobby Lieb, La Plata County

Ryan Mahoney, Town of Dolores

Rachel Simbeck, Town of Mancos

Bryce Capron, Town of Dove Creek

Jason Wells, Town of Silverton

Joanne Spina, La Plata County

**Guests:**

Ken Charles, DoLA

Gary Shaw, Ute Mountain Ute

Todd Beckstead, Beckstead & Co.LLC

**Staff/Consultants:**

Susan Hakanson

Laura Lewis Marchino

Ed Morlan

Shirley Jones

Dr. Rick Smith

John Ehmann

Sam Starr

**Call to Order & Introductions:** The meeting was called to order at approximately 1:30 p.m. by Tom Yennerell, Chair. A quorum was present. Introductions were made by those present and those on the phone were also recognized.

**Additions or Changes to the Agenda:** Tom noted that the agenda order had been adjusted from the standard format to cluster related decisions with other agenda items on the same general topic. Ed Morlan asked to defer the FastTrack decision item because a response to our draft agreement has not been received yet. He would like to also discuss a planned visit by the Governor. Tom suggested making that Discussion Item E. He further suggested that the scheduling of a joint Executive / Administration Committee meeting would be Discussion Item F.

**Presentation: Audit Report – Todd Beckstead, Beckstead & Co., LLC**

Todd Beckstead thanked the Board for the opportunity to serve as Auditor and thanked the staff for their cooperation and transparency. Although the job of the auditor is to find errors, he indicated that a good job is being done and the financial statements fairly present the COG’s operations for 2011. He explained the nature of his review and presented his findings and main recommendations.

He tested the reimbursements for the telecom grant. One check was submitted for reimbursement twice. A similar error was discovered last audit. Procedures and reports to help avoid further recurrence of this issue were recommended and discussed with Laura Lewis Marchino and Shirley Jones.

He was discussed the handling of member match on the telecom grant. He indicated that this revenue should be deferred until it is actually used as match for that community’s project expenses. He recommended that the deferred revenue issue be reviewed at least quarterly. (A policy on this topic was prepared for Board vote at this meeting.)

He also noted that for a large disbursement of grant funds to one community, the support

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document for the grant expenditure was not on file. The member government indicated they

were sending it in but it was not received. The invoices were re-requested, compiled and found to provide adequate documentation in this case but he recommended that the COG consistently require support documentation prior to making payments. (A policy to address this recommendation has also been prepared for consideration later at this meeting.)

He noted that a much higher percentage of the project administration budget had been spent to date than for project construction. He recognized that this was expected, logical and not unusual for a construction project but recommended that administrative expenses be monitored to make sure there is enough remaining administrative budget to finish the grant work.

He re-iterated that the financial statements are fairly presented and offered to respond to questions. Ed Morlan asked for Todd’s opinion about the appropriateness of using an enterprise fund for on-going SCAN operations and how to do it. Todd indicated there are several situations where use of an enterprise is required. If the revenues of an enterprise fully cover the expenses of that activity including capital expenditures, use of an enterprise fund is required. He indicated that the SCAN project doesn’t meet the threshold of this requirement if it does not anticipate full recovery of the incurred capital costs from on-going revenues and he doesn’t believe it is anticipated to do so. However whenever user fees are charged, you are allowed to use enterprise accounting and there can be advantages for management reporting and program assessment. It can be done informally by staff internally without Board action. If the Board directs an enterprise fund be established, it could increase future audit costs. Jason Wells asked if the decision whether to set up an enterprise needs to be made now as the business model is being refined and finalized. Dr. Rick Smith said no, but they would like the opportunity to make a recommendation later. He said there were political factors outside of the realm of accounting that the Board will need to bear in mind when it makes its decision. Ed noted that the budget that will be presented later does not at this time included SCAN operating budget information outside the grant work.

Tom Yennerell thanked Todd for his presentation and work.

**Decision- Approval of the 2011 Audit (Resolution 12-08)**

Ron LeBlanc asked if the Board needed to approve the Audit or “accept” it. Tom agree that accepting it is probably the more accurate term. **Willy Tookey recommended we pass the resolution 12-08 to accept the audit. The motion was seconded and passed with all those voting in favor.**

**Decision- Accounting policies recommended by auditor (Resolution 12-09)**

**Shane Hale recommended we pass the resolution 12-09 to approve two accounting policies. The motion was seconded Willy Tookey and passed with all those voting in favor.**

After the votes John Ehmann realized that while the agenda listed Resolutions for these decisions, it was later decided by staff that the attachments for these decisions would be the audit materials themselves and the policy statement itself and there would not need to be separate resolutions for them. He apologized that agenda listed Resolution numbers that were relied upon to offer motions when the attached materials did not include separate resolutions. Upon hearing this Joanne Spina recognized that the Board should re-vote to make it clear was voted on and approved and Tom & others agreed.

**The votes were re-made by the same moving parties on the actual audit and accounting policy documents presented and both passed with all those voting in favor.**

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**Consent Agenda:** The Consent Agenda consisted of the minutes for the June 1, 2012 Board meeting and the financial report for May 2012. Ernie Williams asked if there were any sales revenues in May. Laura Lewis Marchino said there was for dark fiber. Ernie asked if this was the expected monthly amount. It may not be, as there may have been some catch-up for past months. Rachel Davenport asked that the minutes be amended to reflect that she was not at the June 1 meeting**. Willy Tookey** **made the motion to approve the consent agenda with the requested correction to the minutes and it was seconded by Ryan Mahoney. The motion passed, with all those voting in favor.**

**Public Hearing on proposed amended SWCOG budget**

Tom Yennerell opened the public hearing at 2:02 pm and asked if anyone from the public wished to speak on the proposed amended SWCOG budget. Seeing and hearing no such request, the public hearing was closed at 2:03 pm.

**Decision- 2012 SWCCOG Budget revisions (Resolution 12-10)**

Shane asked why the Board was being asked to a mid-year budget revision instead of at the end of year. Laura responded that it was intended to help with preparing a 2013 sustainability plan and budget and to recognize that some line items that have seen significant changes and help us get a better handle of where we are at and expect to go. She indicated we would still need to do an end of year adjustment. Susan Hakanson added that the costs of legal counsel was one area where expenses were under-budgeted compared to actual experience. She also indicated that while the AmeriCorps position ends in October (and there may not be an opportunity to get a similar position in the future due to SUCAP not being awarded the contract to offer such positions for 2013), there are remaining available funds (from Region 9 for 2012 transition staffing and the transit grant) that can cover extending the service of John Ehmann past the official end date of his current funding and through the end of the year.

Bobby Lieb asked about the General Manager Services contract amount and if it had already changed. Laura clarified that it was proposed that the budget amount increase by $20,000 recognizing both a need for service and more money available for it due to savings elsewhere. Bobby asked if the approval of the budget revision presumed the addition and extension of the General Manager Services contract. Ed and Laura both indicated there is no linkage and that the budget revision is just a budget revision and that the decision about what to actually do with the General Manager Services contract will be re-visited later.

Shane asked about a discrepancy between revenue and expenditure amounts in the original budget for DoLA construction. Ed indicated the imbalance in the original budget may not have been correct. Bobby Lieb noted discrepancies in in-kind revenue and expenditures in both the original budget and revisions and asked if they should balance out. Shirley Jones agreed that they should offset. Ed indicated that he was already planning on making additional changes in the future to add the SCAN operating budget and update sales revenues and recommended that this version not be adopted at this time and the opportunity be provided to make additional changes later. Tom noted the potential value of the revised budget but asked the preference of the Board. Ron suggested taking this budget material under advisement as information only and that when the numbers are not moving, it could be re-introduced at a later meeting. Shane suggested continuing to receive information and tabling the budget revision until the end of the year and then making the final adjustments. Bobby noted the advantage of amending the budget and having all the funds budgeted to afford planned expenses. Ron noted that the Responsible Administrator is accountable for maintaining a balanced budget. Ernie agreed with the importance of having solid numbers. Greg Schulte said that mid-year budget revisions were the practice of some governments and not others. If we wait, at minimum, we need some process for the Board to be informed about the progress with expenses to date and provided updated best projections. Tom said it was more common in local government to wait until the end of the year and got the sense that had more supported by Board members. He asked if we could amend our monthly budget reporting to show revised projections in addition to the original budget and the actual to date. Joanne noted that if you are increasing the total budget, that needs to be recognized and you are required to make a budget adjustment. Ron wasn’t sure from the information provided what the bottom-line was. (Note: The proposed budget revision reduces the total budget.) Rachel Davenport asked if projections have been prepared for the rest of the year in addition to looking actual costs to date and Laura responded that they were projected for the remaining of the year (based on experience to date and judgment). Rachel did also note though that the profit & loss statement already provides the Board information about revenues & expenditures to date. Laura indicated the budget was amended 5 times last year. Bobby supported preparing projections for future months by month and then looking at actual & projected spending for all 12 months. Rachel agreed that would be useful. Tom summarized the discussion saying there was consensus support for preparing monthly projections and using that information in the budget management report. He asked if staff understood the Board’s preference. Laura said yes. Ed indicated he still wanted to amend the budget when the numbers are checked and revised. Ken Charles suggested the option of further consulting with our Auditor on these policies and practices. Tom ended this discussion and said the item is tabled for the moment.

Tom did add that the invoices for the additional 10% of telecom project management match are out and important to pay promptly.

**Reports:**

1. **Telecommunications Report**

Ernie had a few comments and questions related to the community update. He asked Shirley to separate the match for Dolores County and Dove Creek. Their projects may be the same, they may not. He asked why discussion of Eagle-Net build was scheduled with Dolores County Development Corporation on a date when the Dolores County Commissioners were not available when it is the County Commission who will put up the match. He asked for better communications and more detail. Ed offered to respond. Tom observed that detailed community conversation is best done outside the Board meeting and that he and others do that to pursue their specific concerns with community projects. Ernie asked if discussion of how things were going with the project was acceptable? Tom said it was but there were time constraints and raising them during the Board meeting takes time from lots of other people who are not directly interested parties in that particular conversation. Ernie indicated that he was interested in hearing how things were going in other communities; but that if further discussion wasn’t to be afforded now, then someone should call him. Rick said he would call Ernie.

Ron LeBlanc asked for more information about the accounting issue with the Durango project raised in the report. Laura indicated that the matter has been resolved with Eric Pierson. Cortez had a similar issue but also believes it has been since handled.

General Manager Services Report- Dr. Rick Smith was on vacation for 3 ½ weeks in June. Paul Recanzone submitted information for this report in his place. Rick is looking forward to further discussion with the Executive / Administration Committees about SCAN, the operating budget and how SCAN can be a useful tool without it being very time-consuming. Greg asked if there was any update on Eagle-Net progress. Rick indicated they are going to Mancos next week for permitting and then headed west. In the discussion it was noted that Eagle-Net had previously been vague about construction dates, only saying what they expected to do this year. The line over Wolf Creek Pass has not yet been laid. Rick will try to get more specific information on exactly when they will be in communities at the Eagle-Net Board meeting he will attend next week.

Responsible Administrator Report- Ed asked for questions but none were immediately offered. He indicated several communities have still not signed the telecom IGA- Rico, Dolores County, the Town of Dolores and Ignacio. Michael Lee said he is aware of the status of the document with respect to his community. Ernie indicated that they were previously advised by their lawyer to not sign it but he is willing to discuss it further by phone. Ryan indicated while there were previous hesitation related to Eagle-Net, he is willing to put it before his Board.

Telecommunications Committee Chair Report- Jason Wells asked if the General Manager Services contract was going to discussed at this meeting, as anticipated in the TeleCom Committee minutes. It is not on this meeting’s agenda and there is no longer a special Board meeting planned later in July so it will have to handled later. Ed indicated that it was a COG Board decision when & how to handle it but he thought there should be an evaluation process. He thought the budget could be increased by as much as $30,000 to extend the contract if the Board wishes.

Jason gave a brief reminder about the Club 20 telecom discussion event in Telluride on July 18.

**B. Management Report**

Greg Schulte reported that the TPR voted to keep the administrative support contract with Region 9 until end of June 2013. Shane said the topic should come earlier next year. He asked Susan the extent to which she had gotten to communicate with the TPR before the vote. Susan said she shared some information to try to reassure them at that meeting about how little would change and what might be gained. She will be attending their meetings going forward to establish better communication and highlight new opportunities. Shane shared that in his view the COG is not seeking to be the overseer or over-rider on transportation policy. Susan agreed. Ernie indicated he was opposed to the change at this time based on the TPR”s success working together and the difficulties he has had on telecom issues with the COG to date. If he thought the transition would be smooth, he would be willing to support it. Greg observed that several jurisdictions did not participate in the vote and that it would be important to hear their voice next time.

On the pursuit of a grant on regional mapping, Tom asked if there was a cash local match? Susan clarified that only preliminary information has been submitted so far that might lead to an opportunity to make a grant request. SW Connect would be the primary organization to do the mapping which would include transportation and other services. The COG might provide some staff support and use existing, currently unallocated transit grant funds for the match. They also have secured an offer of a $5,000 private donation if the proposal is invited. The COG could receive about $4,000 in new revenue to help administrate the grant.

The new COG office is in the old Durango Public Library. Volunteers for Committees are still wanted and will be formally appointed in September. Ed discussed an issue with regional housing data discrepancies and asked if the COG wanted Region 9 to continue to work on it at some expense. Shane said yes, agreeing that was an important topic to address. Ed said that Region 9 would continue to work to correct the issue. Tom thanked Region 9 for handling it and indicated that at some point in the future the COG might get more involved, but not immediately.

**Discussion:**

1. Region wide guidelines for conditional permitting for telecommunication utility installation

Rick indicated that Eagle-Net is mainly focused on federal rules and are not very interested in what local government thinks. He described our desire for Eagle-Net (or others) to put or allow communities to put empty conduit in the trench for the community to use now or later. Space for trenches and lines is limited. Ryan observed that Eagle-Net plans to use a shaker tool to put the conduit in rather than dig a trench and lay it in. He is not sure if they can double up the conduit for the insertion. Ed noted that there is compartmentalized conduit with 2, 4 or 8 chambers. There are federal legal concerns for Eagle-Net about sharing a stick of conduit. Rick said if an actual trench is dug there is the option of using the same contractor and trying to get a good price for simultaneous work and have two sticks of conduit put in with one paid for by SCAN. Ed said that Eagle-Net has raised objections to doing even simultaneous work and trench sharing, saying that other conduit must be 5 feet away from theirs. We are trying to gain some power and get them to change their stance to some degree. Bobby asked how many miles we might have to lay conduit or fiber side by side to theirs. A definite answer was not provided (in part because it has not been firmly determined yet, though it could be large). Ron added that the City of Durango has laid telecom lines in abandoned gas and water lines and realized cost and time savings. Shane was impressed with the good idea implemented by the city of Durango.

 Jason took the opportunity to ask about the E-Tic contract and whether there was an automatic process for new communities to get trained on and billed for E-Tic. Rick indicated that there isn’t an automatic system in place. Shane said it was good software but kind of complicated to use & train people on. Rick said that there may be the possibility that information could be moved from GIS to E-Tic or vice versa

1. COG sustainability and staffing plan update

Susan is pursuing outreach meetings include related to GIS, the Office of Community Services, AAA, etc. She is looking at new programs, existing and new policies, the relationship between the SCAN project and the sustainability plan for the COG as whole, the budget more. It is a big elephant. An analysis grid is included in the management report that gives a preliminary look at program options in each COG priority area..

1. DoLA funding opportunities

Ken Charles was recognized by Tom and volunteered some information related to the energy impact assistance money. Support for COG may be available in mid to late 2013 in amounts of $25,000 or maybe more). It is not firm yet whether it can be used for general support or must be for programs. The match will be dollar for dollar. He said that might be something to think about when the COG decides what level of dues to raise. Laura noted that there was a lot of discussion about this topic at the CARO meeting and disappointment about what was being offered and the timeline. Ken noted that that is the opportunity to advocate for change, but if they did more for the COGs it would take from what is otherwise going to the local governments.

1. Guidance on 2013 dues

A spreadsheet was included in the management report about the what the 2013 dues would be by community for different levels of total revenue raised. This is just information at this time. A decision on dues is planned for the next Board meeting

1. Governor’s visit

Ed was contacted by Tony Hernandez of DoLA recently, suggesting there may be an opportunity to meet with Governor when he comes to Durango to start the U.S. Pro bike race. DoLA thought it could be a chance to showcase & discuss the SCAN project. Ed filled out a placeholder meeting request but is seeking Board input on the prospect. A meeting with Mayors was also suggested. Greg said he preferred to wait to talk more about the SCAN project until we have more to show off and Ron agreed. The Governor’s time availability was unclear. We will wait to get some further feedback from the Governor’s office then Ed and Charles will confer further and notify the group when plans come together.

1. Joint Executive / Administration Committee

The members of these committees and staff will be meeting on July 23, mainly about the SCAN project .

**Announcements-**

The next Board meeting will be held Friday August 3, 2012 from 1:30 pm to 3:30 pmat the La Plata Courthouse.

**Adjourn-** **The Chair adjourned the meeting by consensus shortly after 3:30 p.m.**

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