Southwest Colorado Council of Governments

November Board Meeting

06 November 2015

Carnegie Building, 1188 East 2nd Avenue, Durango

Board in Attendance:

Dick White - City of Durango

William Tookey - San Juan County

Chris Tookey - Town of Silverton

Michelle Nelson - Town of Bayfield

Julie Westendorff - La Plata County

Shane Hale - City of Cortez

Andrea Phillips - Town of Mancos

Greg Schulte - Town of Pagosa Springs

John Egan - Town of Pagosa Springs

Ernie Williams - Dolores County

Joe Kerby – La Plata County

Mark Garcia – Town of Ignacio

Chris LaMay – Town of Bayfield

Ron LeBlanc – City of Durango

Staff in Attendance:

Miriam Gillow-Wiles – COG Executive Director

Sara Trujillo – COG Assistant/Accountant

Jessica Laitsch – COG Assistant

Shannon Cramer – COG AmeriCorp VISTA

Guests in Attendance:

Ken Charles – Department of Local Affairs

Lisa Barrett – Leadership La Plata

Amy Long – Leadership La Plata

John Whitney – Senator Bennett’s Office

1. **Call to Order/Introductions**

The meeting was called to order at 1:40 p.m., everyone introduced themselves.

1. **Consent Agenda**

October 2015 Minutes

September 2015 Financials

**William Tookey motioned to approve the consent agenda, Michelle Nelson seconded, unanimously approved.**

1. **Discussion Items**

Dick White said a new agenda item regarding La Plata County needed to be added and asked for a motion.

**Julie Westendorff motioned to formally amend the agenda to add “La Plata County Budget Issue” to the discussion items, Shane Hall seconded, unanimously approved.**

La Plata County Budget Issue:

Julie Westendorff stated that La Plata County has been going through the 2016 budget, and there is a big jump in COG dues from $39,000 to $60,000. The County Commissioners and staff discussed this jump and concluded that the County will not be able to absorb the increase. The expectation was to see COG dues decrease versus increase as the COG grows and for the COG to start paying for itself. With the passing of SB152 and having the ability to lease out more fiber, hopefully more funds will go to the COG and help support the operating costs. However, until that time, La Plata County needs to see more concrete benefit in their COG membership to participate in sustaining COG operations from year to year. Julie stated that for the COG to be relevant and valuable, Miriam Gillow-Wiles cannot be doing administrative work. This undercuts Miriam’s ability to work on other things. The Commissioners did approve providing the funds for the administrative position. For the grant match and fiber equipment repair fund, La Plata County requests to provide the COG with a commitment letter to provide those funds if needed but to keep the funds in the County’s bank account. If dues were to be kept at $114,000 versus increasing to $120,000, with the new formula of 20% baseline plus population, the County’s dues will still increase approximately $1,000. If dues stay at $114,000, there may be need to use a small portion of the fund balance. The Executive Committee met on November 5 and determined there are adequate reserves to accommodate the decrease in dues; however, a fund balance policy with four months of reserve for operating costs, estimated to be approximately $80,000, should be put in place.

Dick White said there was a small surplus from 2015 that will help cover some of the $6,000 difference in dues. The budget can be scrubbed to help prevent a deficit. Dick assured that all member dues will decrease, not just La Plata County, as the $114,000 dues would be reappointed according to the new formula. Dick asked, considering the board’s prior decision for each community to hold the grant match in their own budgets, would the members like to do this with the fiber equipment repair fund as well. Shane Hale said the fiber equipment repair fund is important and needs to be started as it has already been delayed two years and equipment is aging. Michelle Nelson and Andrea Phillips agreed. Dick said the fiber equipment repair fund would continue as previously discussed with the communities being invoiced from the COG for their portion and the funds held in a restricted account until needed; however, the commitment letter would be accepted from La Plata County.

Joe Kerby stated that La Plata County made a two-year commitment to provide funding for the COG. With that two-year commitment ending in 2015, the County is reassessing the value of the COG. The County has a long history of supporting and getting the COG started, but expectations that the COG would begin sustaining itself have not been met. The County has a desire to work diligently with the COG in 2016 to ensure value is delivered. Julie Westendorff added that with the drop in natural gas prices and continued decline in production, 2017 may be a very difficult year for budget. Ernie Williams stated that with changes in community boards, a change in commitment to the COG and finances will happen; this should be expected as the current board cannot tie future board members to current commitments. The board needs to consider the SCAN asset. Because Dove Creek needed something put in place and could not wait, the community created a fiber equipment repair fund of their own and laid their own fiber. This may cause the community to not be part of the SCAN or need access, which is part of how the COG would sustain itself. Further SCAN discussion took place later in the meeting.

Greg Schulte mentioned the purpose of the COG was to create a collective unit to serve regional purposes. There was talk about bringing the TPR under the COG, which has happened, although it took three years. The AAA is slowly moving under the COG. Greater efficiencies will occur if all members work collectively. Andrea Phillips said instead of providing funding to many entities, i.e. AAA, TPR, RHA, etc., the members could give to just the COG, and if other organizations would like some of the funds, they would need to come under the COG. This would reduce dues to one entity versus many and reduce meetings from many to one. Julie Westendorff said with as splintered as the COG currently is, forcing other organizations under the COG may not be practical. Looking into the future, the broadband efforts seem good and viable. The County receives funds from the AAA versus giving funds to the AAA; therefore, the AAA coming under the COG does not benefit the County. Shane Hale agreed that direct value does need to be seen and not all members will gain value the same as others. Julie Westendorff said the administrative position should help demonstrate value, but COG dues are discretionary funds. Dick White mentioned the value that will be added from the Broadband Planning Grant; this grant will run for six months and give a much clearer sense of how to leverage fiber assets, which will guide the leasing capability and process.

Returning to the discussion of using fund balance for the decrease in 2016 dues, the members felt it was better to use the fund balance versus cutting back on portions of the budget because it is important for the COG to start achieving and this cannot happen with budget cuts.

SCAN Policies and Dark Fiber Leasing Discussion:

Miriam Gillow-Wiles requested that the board give direction for fiber leasing as this item has been tabled several times and no progress has been made. Many documents were found that included a 75/25 split with 75% going to the COG. Shane Hale said there was just discussion with no policy or motion and that when the City of Durango adopted the 25/75 split (25% to the COG), this was not meant to set precedent for all. Miriam said the notes called for an annual reevaluation and that a 5/95 split was discussed with 5% going to the COG. Dick White said the DoLA mandate needs to be considered; the assets belong to the membership entities that paid matching funds to build the SCAN. The policy adopted last year is ambiguous saying that if an entity chooses to have the COG bill for their fiber leases, there would be a 5% administration charge. Dick said it is a residual obligation for recipients to share those revenues with the COG. If an entity utilizes the asset built with COG support, the split should be 25/75 with 25% to the COG. If an entity has independently built assets they wish the COG to bill for, the 5/95 split is appropriate. Miriam pointed out that the COG does more than just billing; there is management of leases, information for the GIS, and managing fiber and conduit. Chris LaMay said he would need a good explanation for his board as to why they would give the COG 25%. Miriam said the COG would be managing leases that include infrastructure information. This is very technical with a lot of detail. Ensuring we know who uses what and how it is used is imperative to each community’s network. John Egan asked if 5% would be enough. Miriam responded, no, 5% would provide approximately $800 annually for the COG, which would cover a very small portion of the costs. She also mentioned that folks with more expert knowledge would be needed, such as a technical committee comprised of IT folks like James Torres with La Plata County, Eric Person with the City of Durango, and Rick Smith with the City of Cortez. Ken Charles said having a consultant manage the system would be a good idea. Chris LaMay said everyone is currently managing their own fiber and hubs; the system that was meant to be centralized is decentralized. He asked if the goal is to bring this system back to a centralized system. Miriam responded that if it did go back to a centralized system and revenues were shared, member dues would go down as the COG would have an additional source of income. The revenue from SCAN and fiber leasing in 2015 went to pay for COG efforts in the SB152 elections, which would not have been covered otherwise. Greg Schulte requested that Diane Kruse with NEO Fiber, the contractor for the Broadband Planning Grant, complete a marketing plan as many communities do not know what to do with their fiber or how to advertise its availability. Miriam will ensure Diane Kruse includes marketing in the plan. Ken Charles said that DoLA has an expectation that the COG will make the SCAN network work. If not, DoLA will want to know why and ramifications for not making it work will be considered at that time. Shane Hale said this conversation is premature as the results from the Broadband Planning Grant and an operation plan are needed to move forward. Ernie Williams said they cannot wait 6 months for the operation plan and will continue to work and plan for their future as opportunities arise. William Tookey said if Silverton had fiber to lease they would come directly to the COG and have no issue paying a 25/75 split. He reminded the board that when they got this grant it was to do a regional SCAN network for everyone, and if everyone goes their own way, the same will happen with the planning grant and everyone will go their own way; regional efforts need to be for regional efforts. Andrea Phillips said she would like to see Diane Kruse work with those communities who have already been working on these issues, Coretz and Dolores. Julie Westendorff suggested tabling this item until the planning grant is complete.

1. **Decision Items**

DoLA 2015 Technical Assistance Grant Extension:

Miriam Gillow-Wiles reported that the DoLA Grant 7645, the 2015 Technical Assistance Grant, is nearing the end date, but is not close to being spent. There are several reasons for this, which include:  
∙ Low overhead of labor for the Transit Compilation Study due to the use  
of the CU Denver MURP Intern  
∙ Lack of movement on the IT Shared Services from the seven participating  
communities and counties

Miriam recommended that the COG request an extension to the end of June 2016, although the target date would be March 2016. Michelle Nelson said the letter in the board packet says “2015” versus “2016”. Miriam will update this typo.

**Shane Hale motioned to proceed with the extension request to DoLA with “2015” updated to “2016”, Michelle Nelson seconded, unanimously approved.**

Contract with CDOT for Broadband Planning Grant Match:

Miriam Gillow-Wiles stated that this is the contract with CDOT for the $10,000 match for the DOLA Broadband Planning Grant. This will function as a drawdown request, which while not ideal, should be ok with cash flow considering the match from Region 9 and the Alliance coming in at $16,000. The contract has not been finalized or reviewed by legal. If the Board is unable to vote on it at the November meeting, it will be moved to the December Meeting.

**Shane Hale motioned for Miriam to have signature authority, John Egan seconded, unanimously approved.**

CEBT (Health Insurance) Renewal:

Miriam Gillow-Wiles reported that the COG currently pays for 100% of all health, vision, and dental for employees and dependents. This is doable now - with two employees eligible for benefits. As the COG grows, this overhead will mushroom and become too large to support. Switching some of the costs now will help ensure we have a healthy staff, but insurance for dependents will not be too large of a burden. Staff worked together to choose an appropriate rate plan affordable to staff while reducing COG costs. Staff recommends moving from the PPO3 plan to the PPO6 plan for the following reasons:  
∙ Increases the deductible to $3000 per plan from $1000  
∙ SWCCOG would open a Health Savings Plan (H.S.A.) for each employee  
and deposit the difference between the two deductibles  
∙ SWCCOG pays 100% of Health, Vision, and Dental for all employees  
∙ SWCCOG pays 100% of Vision and Dental for all dependents  
∙ SWCCOG pays 75% of Health for Dependents, Employee pays 25%  
∙ Saves $5000 in 2016 over existing costs despite an 8% increase in 2016  
∙ The max amount an employee will pay in 2016 will be $186/month (3+  
dependents)  
∙ The H.S.A. can cover the costs of the higher co-pay or be saved for a  
larger expense. These are lifetime benefits, and do not expire at  
the end of the calendar year.

**Michelle Nelson motioned to accept staff recommendation of CEBT plan changes, John Egan seconded, unanimously approved.**

CDOT Transit Council Grant:

Miriam Gillow-Wiles reported that the CDOT call for applications for the Transit Council funding is due November 13th. This will be the last application the SWCCOG will be able to submit for the Transit Council as the funding is meant to launch the Transit Council but not be a long term funding mechanism (there are other funding sources like federal 5310 Mobility Management to help with the support of the Transit Council and developing transit). The amount of funding for the 2016 year is expected to be $19,000, with no match required. Miriam requested approval to submit a grant to CDOT for $19,000 for the Transit Council.

**Shane Hall motioned to allow Miriam to submit a grant to CDOT for the Transit Council, John Egan seconded, unanimously approved.**

1. **Reports**

Time did not allow for reports.

1. **Adjournment**

The meeting was adjourned at 3:47 p.m.