



**Monthly Meeting, Friday September 7, 2012**  
Anasazi Room, La Plata County Courthouse, 1:30 pm to 3:30 pm  
(To participate via teleconference, please call 661-673-8600 and then enter participant code 850589#)

## **AGENDA**

**1:30 pm Meeting Called to Order & Introductions:** Tom Yennerell Chair

**1. Additions/Changes to the Agenda**

**2. Consent Agenda**

- A. Approval of Board Meeting Minutes for Friday, August 3, 2012
- B. Approval of Board Meeting Minutes for Thursday, August 16, 2012
- C. Financial Report for July

**Public Hearing- Revised SWCCOG Budget**

(Changes related to The South West All-Hazards Advisory Council and the SCAN Project. Support materials are provided with Decision Item 6c.)

**3. Telecommunications Report**

- A. General Manager Services Report
- B. Community Updates
- C. Responsible Administrator Report
- D. Broadband Knights of the Roundtable materials
- E. Telecommunications Committee Minutes for Aug. 22, 2012
- F. Telecommunications Committee Chair Report

**4. Management Report**

- A. COG sustainability and staffing plan
- B. Update on COG Policies
- C. Transit Council minutes
- D. CARO meeting report

**5. Discussion**

- A. SCAN Implementation and Operation Budgets
- B. Allocation Formula for Match Funds

**6. Decision**

- A. **Contacts for Annual Housing numbers**
- B. **Accepting Census Housing counts as good estimates**
- C. **Amend the 2012 budget and establish SCAN Implementation, SCAN Operation and All Hazards accounts**
- D. **COG Telecommunication Policies (first reading)**
- E. **General Manager Services contract recommendation (Resolution 2012-10)**
- F. **Set 2013 COG member dues (Resolution 2012-11)**
- G. **Authorize a letter in support of Silverton and San Juan County to EAGLE-Net.**
- H. **Contract with Region 9 staff to administer Homeland Security Grant**
- I. **Signature Authority for All Hazards Committee (Resolution 2012-13)**

**Announcements-** Next regular meeting will be Oct. 5, 2012, 1:30–3:30 pm at the La Plata Courthouse.

**3:30 pm Adjourn**

**Minutes for August 3, 2012 SWCCOG Board Meeting**  
**Anasazi Room, La Plata County Courthouse**  
**1:30 pm to 3:30 pm**

**Members Present:**

Tom Yennerell, Town of Mancos  
Shale Hale, City of Cortez  
Ron LeBlanc, City of Durango  
Ernie Williams, Dolores County  
Dick White, City of Durango  
Greg Schulte, Archuleta County  
Willy Tookey, San Juan County  
David Mitchem, Town of Pagosa Springs  
Bryce Capron, Town of Dove Creek  
Jason Wells, Town of Silverton

**Guests:**

Ken Charles, DoLA  
Troy Ralstin, Ute Mountain Ute  
Joe Kerby, La Plata County

**Staff/Consultants:**

Susan Hakanson  
Laura Lewis Marchino  
Ed Morlan  
Dr. Rick Smith  
Paul Recanzone  
John Ehmann

**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.

**Consent Agenda:** The Consent Agenda consisted of Board Meeting Minutes for Friday, July 13, 2012 and the Financial Report for June. **Willy Tookey made the motion to approve the consent agenda with the requested correction to the minutes and it was seconded by David Mitchem. The motion passed, with all those voting in favor.**

**Reports:**

**A. Telecommunications Report**

**General Manager Report**

Dr. Rick Smith indicated he recently had a useful meeting with several parties in Dolores County. They have the IGA and are meeting with their attorney about it. No update on the IGA for Rico.

**Community Updates**

Greg Schulte noted that he, David Mitchem and Paul Recanzone met with USA Communications and the local governments anticipate finalizing an agreement to purchase fiber from them. USA Communications already had plans to trench and lay fiber and it appears they are willing to sell and lay fiber for this community's part of the SCAN Project. Several community anchor institutions have agreed to join the effort.

**Responsible Administrator's Report**

Ed Morlan reported that there have been some recent DoLA grant reimbursements for construction and he is dispensing the checks back to those governments.

**Tele-Com Committee Chair Report**

Jason Wells said the Club 20 telecom committee discussion went well and it is still anticipated that Club 20 will host a public summit on the topic in the near future.

**Minutes of Joint Executive & Administration Committee meeting**

There were no questions or comments about this item.

**Packet Item 2a**

**Discussion- COG recommended excavation policy**

Paul Recanzone looked at ordinances around the country and is suggesting that the COG encourage local governments to adopt an excavation policy that requires cooperation on telecommunications infrastructure excavations, if such policy is not already in place. Susan Hakanson asked Board members to disregard the specific resolution in the meeting packet, as Paul had recommended that what he needed from the SWCCOG Board was action to be taken recommending that each member district would consider asking for excavation policy. John Ehmann asked if the example of USA Communications' cooperation with excavation in Archuleta County would be useful to note to EAGLE-Net. Paul said it would, but that the tightness of cooperation with USA Communications far exceeded what he could hope for with EAGLE-Net. He wants to get EAGLE-Net to put SCAN conduit in the same trench. So far EAGLE-Net won't put in sectioned conduit or anything in the same trench, saying that it violates federal standards. Ed noted that Darlene Tipton of Congressman Tipton's office wrote EAGLE-Net on this topic and got a similar response. Paul considers EAGLE-Net's preference to use different trenches but the same contractor as unacceptable and it would add considerable cost to the SCAN Project. David Mitchem suggested making a COG Board recommendation to local governments to adopt the excavation policy in the draft resolution. Ron LeBlanc noted that a home rule government the City Engineer is the controlling officer for excavation policy in Durango so Council consideration is not really appropriate there. Jason Wells supported making a COG Board recommendation to local governments so he has a specific statement to bring to his Town Board for consideration. **Jason Wells moved to adopt the Excavation Policy Resolution and David Mitchem seconded.** Ron raised some concerns about the wording with regard to rights of way. Paul recommended each government consult their legal counsel. There was further discussion with regard to aerial construction. It was noted that the resolution is just a recommendation and local governments can modify the wording as they deem appropriate. **The motion passed, with all those voting in favor.**

#### **Letter to Pueblo Community College**

A letter was received from the college raising concerns about the design & budget but not indicating a decision to participate in the project or responding to the invoice presented. Ed recommends waiting until the previously given September deadline and then re-allocating their funding to un-allotted and then undertake a re-allocation process to use it for other purposes. Ron noted the college can still join in the future if they find new funding. Greg asked if we expected a further answer from the college between now and September. The response was no. He indicated he preferred to re-allocate and spend the time between now and September on the re-allocation process. Shane Hale agreed. Jason said he thought there was already a tiered approach to re-allocation. Paul replied that such a re-allocation process was developed and discussed but not formally adopted; and that this would also be a re-allocation within a tier. Ed indicated he planned to move the money to unallocated in the budget being prepared for presentation at the next Board Meeting and the Board could officially act on this issue as part of adopting that budget. **Greg moved that, given the information received, the funds for the Pueblo Community College and the accompanying match be moved to a contingency line item and subject to policy discussion and re-allocation by later Board action and Chris La May seconded.** Dick White asked if a formal offer of participation is out there to them until Sept. 1 and expressed concern about taking other action before that date. Shane recommending accepting the letter received as their response, well before the deadline for such response. They have not accepted participation in the project, indicated that it is in their budget or responded to the invoice sent. If further communication was received, the Board could reconsider if it wished. **The motion passed, with all those voting in favor.**

## General Manger Services Contract

Jason explained that the hiring committee had met with Dr. Rick Smith to review his proposal for extending the General Manager Services contract. The committee was not comfortable with undertaking a performance review but it did find the continuation of the position necessary for the progress of the project. Greg asked about the statement in the resolution that the funding of the contract extension would come from project savings. John clarified that he wrote that statement based on discussion of the telecom budget that showed savings in certain telecom items, most notably in large line item for MSC project management. Laura Lewis Marchino confirmed the savings compared to budget in certain telecom line items. Ed explained his plan to move dark fiber leaser revenue to the operations budget and use it to help finance operational expenses for the rest of the year. Greg expressed his continued reservations about authorizing \$20,000 in new expenditures for GM Service at this time based on this level of information about available funding. Bryce Capron noted the importance of reaching out to all the possible participants in the project in all of the communities. Jason shared this interest. Chris La May suggested a one month extension and revisiting the matter in September. Dr. Rick explained that his work to fulfill the existing contract runs thru August, 10. He is agreeable to a 4 month extension and then working pro-bono for the end of December. Greg said he liked Chris' idea for a one month extension right now and then re-visit the topic again in September. Shane Hale indicated he also supported the approach. Dr. Rick indicated he is amenable to this proposal. Ed and Laura noted that one of the main tasks in the next month will be to coordinate on the SCAN operation budget. **Greg Schulte moved that the COG make a one month extension on the GM services contract with Arona Enterprises from August 11 to Sept. 10 for \$5,000 and Shane Hale seconded it.** Dick White suggested that the COG have a contingency plan if the COG doesn't further extend the contract. Tom said the group would come back to the topic of a contingency plan. **The motion passed, with all those voting in favor.**

Jason Wells reiterated that there wasn't a system in place for a performance evaluation and asked if the COG Board wanted to do something with that before the next extension decision. He said a process is needed generally in future for reviewing any positions or contracts. Tom, Shane and Bryce agreed that there is a need for such a process with Bryce suggesting it could be done via a handout to Board members who could comment based on their community's experience to date. Susan Hakanson said that she can prepare a matrix showing how such reviews could be done and for this case it should be based on the original contract. Ed said that he prepared a list of review items based directly off the original workplan for this review but the hiring committee wasn't comfortable using it. Susan agreed that outcomes need to be considered, and that perhaps a version of such a list could be synthesized down and perhaps used at Board level. Tom indicated that there was consensus to have Susan develop an evaluation process that be used generally and in this case. Ed noted that in the GM Services proposal were was mention of other options for running the SCAN operations at some point (thru services provided from member governments) and that was one way the Board could look to go if it needed a contingency plan. Shane said that it is likely that we will face crossing this bridge at some point whether it be right away, in 2013 or later. Tom asked Dr. Rick if he agrees on work with Ed on the operating budget and Dr. Rick responded affirmatively.

Jason emphasized the need for gaining internal agreement on the importance and extent of community marketing and outreach, even though it was not included in the contract extension motion. Greg recalled past agreement based on the law not to market direct

service to non-profit organizations. Jason agreed with that recollection but indicated he still perceived some disconnect on who the project would offer service to. In response to Jason's question to him, Ed indicated that he too believed there were some differences between what he is hearing and understanding from Dr. Rick and what he has understood with regard to what the project would be selling and who would be served. Greg said this was a policy matter that needed some finality and that a recommendation needed to come from staff. Shane asked if the disagreement was about serving schools. Ed said he has always understood that the SCAN project is to provide service to the schools. He further noted that Dr. Rick had shared concerns about serving schools in recent discussions with him and asked Dr. Rick to share more about his viewpoint with the Board. Dr Rick said that you can bring fiber or a connection to community institutions with fiber that you own; but, in his opinion, beyond that you move toward a grey area where you can't say you are going to offer or directly provide service to them. He said that you can say that you are going to aggregate demand for services (such as internet) and give community organizations such as schools (or others) the option to participate in that aggregation of demand. He indicated that he anticipated a lot of issues with private providers if they hear that we are going to customers and offering to provide services. He indicated that EAGLE-Net created problems for themselves when they did that and he recommends we avoid that. We would aggregate demand and if some governments or institutions wanted to use another even cheaper option available to them they could. Ed said you can't force anyone to buy anything, but he didn't believe it was accurate, based on research that Paul has done, that we can't sell services. His understanding is that you can. Tom asked Paul to respond as well. Paul said that based on his reading on the law and talking with others (i.e., Erik Cecil and Ken Fellman) any services that you offer to a member government agency can be offered to other entities defined as governmental entities under the law but not to non-governmental entities. Ed reminded the Board that the COG paid Ken Fellman for a legal opinion on this very question. Paul indicated that the explanation he just gave was based on that opinion. He believes we are within the law to offer a suite of services in exchange for some kind of payment to any DoLA recognized local government entity or jurisdiction. He said, we can build the infrastructure out to them and offer them services. He did agree that we would run into some frustration from private service providers who believe we are potentially taking revenue away from them. But he said that concern already exists as we will take revenue away from them for services that our member governments can provide for themselves. He said we need to emphasize ways that the project can generate revenues to them from other services that they can provide using some of our infrastructure. Rick indicated that if you use this language and approach that the private providers will raise SB 152 objections; but he doesn't think they can effectively make that objection if you use the aggregation of demand language because they still have the opportunity to potentially provide that service. He said he thought provider opinions can shift and get more critical as you move further down the implementation timeline and they look at things differently based on what they see happening.

Shane said it almost sounded like the difference of opinion was mostly semantics over the packaging and delivery of services. Ed agreed that the difference was over packaging, delivery and marketing and his concern was that Dr. Rick had such a conservative fearful perspective about selling these services that he doesn't think Dr. Rick will be as aggressive in selling services as Ed thinks he should be. Greg asked that the legal opinion on this topic be re-distributed to the Board. He added that the COG previously took a conservative stance and decided not to serve non-profits because there was no way the COG could persevere thru a legal battle with Century Link or another major provider. He recommended

that everyone look back at that legal opinion and make an assessment of our legal standing to offer services.

Susan said there is a broad research effort underway to review past Board telecom conversations and identify what was decided and what was just discussed without a decision. She also noted that Dr. Rick's draft business plan projects to be the black without serving the schools and other community anchor institutions. She anticipates bringing the results of that research to the Board in September to help the Board understand of where they are and where they are going.

Bryce said that a larger customer base can make things more attractively priced and provisioned for everyone. John asked if, under the different visions of what could or should be sold, whether differential prices could be charged to member governments who built and partially financed the system and other users who did not participate in this way. Ed said he didn't know at this time. Dr. Rick didn't think you could have pricing based on general pricing tiers as the scenarios for community participation and local matching varied across the region; so he anticipates using flat fee pricing with the necessary administrative overhead charge. Tom indicated that the issue would go back to staff for further work and that it can be brought back to the Board later. He said it was time to move forward with the rest of the agenda.

## **B. Management Report**

There are signed copies of the full final audit report that were submitted to the state available if anyone wants one.

There are no longer plans to meet with the Governor about the SCAN project or anything else when he visits the area later this month. Ken Charles agreed with that decision, if there is nothing we are ready to highlight at this time.

Susan briefly noted some of the strategic discussions she is having with potential partner agencies and Montezuma County about some feasible ways to collaborate in the near future. Shane asked if we would be willing to consider stretching beyond our regional boundaries to collaborate with Region 10 on GIS services. Susan said she was open to the possibility of coordinating with them. Shane said that the concept of aggregation of demand might be appropriate for the purchase of GIS services if a private specialist were used. It has been used with other COGs.

## **Decision- COG Dues**

Susan asked the Board to consider raising the dues to try to maintain current operations and facilitate exploration of service expansion opportunities. It would also give us something to use to try to get matching funds from DoLA and other sources. In responding to Shane question, Susan said the proposal is to raise dues to twice the current rate. She raised the possibility that organizations that donate in-kind staff services might in the future get some sort of credit towards their dues obligation. David Mitchem indicated that he had raised the possibility of a doubling of dues with his Board and they did not object. He said this organization is worthy of stronger financial support and he indicated that it should be done. Susan said that it was important to understand both the SCAN project and the general operations and how it all adds up. **David Mitchem moved that the dues for 2013 be twice the current rate.** Greg wanted

more time to broach the subject with all of his Board and Joe Kerby asked that the item be deferred until next meeting so that his organization could have a voting member present to participate in the voting. Out of respect for the concerns, **David withdrew his motion.** Ron noted that the largest members are paying about 30 cents per capita. Shane said he was paying 4 times as much for a smaller government in another COG. Ron recommended that if other members join the COG in the near future that their dues should be seen as additional funding at a parity level and we should not go back and make reductions for other members.

#### **Announcements-**

Ken Charles gave some further explanation about how the energy impact grants would be run. At least \$25,000 grant opportunities will be available with dollar for dollar local match requirements. Pure administrative requests will not be funded. The funding is for specific projects. Shane spoke to DoLA Director Reeves Brown and stressed the importance of this funding source.

The next regular Board meeting will be held Friday Sept. 7, 2012 from 1:30 pm to 3:30 pm at the La Plata Courthouse.

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

# Minutes for August 16, 2012 SWCCOG Board Meeting

Anasazi Room, La Plata County Courthouse (and by teleconference)

1:30 pm to 2:00 pm

## COG Board Members (& Alternates)

### Present:

Tom Yennerell, Town of Mancos  
Michael Lee, Town of Ignacio  
Shale Hale, City of Cortez  
Ernie Williams, Dolores County  
Rachel Davenport, Town of Bayfield  
Chris La May, 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  
Bryce Capron, Town of Dove Creek  
Jason Wells, Town of Silverton

### Guests:

Drew Peterson, Southwest All-Hazards  
Group Co-Chair  
Laurie Johnson, Southwest All-Hazards  
John Trocheck, Southwest All-Hazards  
Group Co-Chair

### Staff/Consultants:

Susan Hakanson  
Laura Lewis Marchino  
Shirley Jones  
John Ehmann

**Call to Order & Introductions:** This special 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.

Tom Yennerell referenced the materials that were sent out on this topic in advance of the meeting. He explained that the special meeting would be focused on the issue of whether to agree to become the fiscal agent for the Southwest All-Hazards Group. The decision request is an urgent one. The COG recently learned that there was previously awarded funding for the Southwest All-Hazards Group in excess of \$100,000 that would get re-allocated to other regions without a designated fiscal agent in place and just in the past few days learned that the deadline for appointing such a fiscal agent was in fact Friday August 17. He opened the floor to comments and questions.

Greg asked what the money would go for and if there was a reason the Ute Mountain Ute Tribe no longer wants to be the fiscal agent. John Trocheck, Southwest All-Hazards Group Co-Chair indicated that the fiscal agent responsibility had moved to the Southern Ute Tribe. He explained that some previously allocated funds were "lost" but they rallied support and made a successful appeal to get it restored. There was a program coordinator position that was previously full-time to help the fiscal agent do parts of the work but it got knocked down to part-time and that became an issue. Despite some requests, they were unsuccessful in getting a city or county to become the fiscal agent. Laurie Johnson added detail about the specific planned uses of the 2009, 2010, 2011 and 2012 funds.

Ernie Williams explained his recent efforts to get this issue addressed. Dolores County is willing to call a special meeting to discuss the matter if the COG doesn't accept the fiscal agent responsibility but Ernie hopes that the COG will. He feels it would be an appropriate role for the COG. Bobby Lieb asked for clarification about what prevented the spending from being made. Laurie Johnson clarified that necessary paperwork had not been submitted to the state to allow its expenditure despite repeated attempts to get the material submitted. Greg asked Laura Lewis Marchino if she has a good understanding of what is involved and is ok with accepting the fiscal agent responsibility. Laura explained that September would be busy in getting the 2009 expenditures made but that the later grant years could be handled on a less pressured basis. After some back n forth it appeared that Region 9 staff are willing to undertake this work at the

### Packet Item 2B

COG's direction and on the COG's behalf. She noted that the Southwest Region All-Hazards

Council's meeting coordination duties would take some time and if Region 9 staff are to do them, a contract for such support should be prepared. Susan Hakanson noted the funds available in the later contract years for administration but indicated that the Southwest All-Hazards Group would need to further explain the extent of the support requirements. She noted the relevant experience she and Laura have with similar type grant administration work and thought that working together they could save this funding for the region. Greg asked if the resolution would be to accept the fiscal agent responsibility for just the 2009 grant or for 2010-12 as well. It was noted that the draft resolution covered 2009-2011 but omitted 2012. Laura explained that the intent was to assume the fiscal agent responsibility on an on-going basis unless otherwise directed by the COG Board. Drew Peterson the other Co-Chair of the Southwest All-Hazards Group noted that he now had working cell-service and was on the call. He said the rationale was to get a fiscal agent for all of the years because administrative support money is not available in the 2009 grant but some is available in the later years and it could support the overall work. Laurie noted that she served as the region's Homeland Security Coordinator before 2009 and she has permission with her employer to provide technical assistance to help get the ordering and paperwork done. Laura noted that Shirley Jones, the accountant for Region 9, had joined the call and she happens to know Laurie, which could help in working together to get the ordering and paperwork done.

Bobby noted that one of his interests for the COG is to strive for independence. Undertaking this fiscal agent work continues to join the COG at the hip with Region 9 staff to do the administrative work and the COG may want to move toward distancing itself from Region 9. He wants the COG to continue look for and work toward being able to handle these types of work scenarios on its own in the future. Ernie noted that Region 9 could not do this fiscal agent work directly, that it must be a governmental entity. Bobby understood this but indicated that the work would be done largely by Region 9, as it is being done for the telecommunications project, despite it being a COG project. Susan indicated that she would look carefully at what Region 9 was asked to do and what the COG can get done by other means (by its own staff or from support secured from its members). Ernie indicated that he understood Bobby's perspective and agreed with his objective. Tom noted that the Region 9 Board has expressed a similar desire to reduce Region 9 staff involvement in COG work and asked Laura if she agreed with that characterization. She did.

Greg asked long it would take to get all the way thru all the work need for the later grant years. John and Laurie provide information suggesting that even though the grants might allow processing into 2014 (with extension requests in some cases) that it should be possible to get it all done in 6-9 months. Their intent is to close the grant and reporting out as soon as possible.

Greg moved that the Board approve Resolution 2012-12 to accept the fiscal agent responsibility for the Southwest Region All-Hazards Advisory Committee grant funds. Ernie asked if he wanted to specify the years involved. Greg amended his motion to specifically include the grant years of 2009, 2010, 2011 and 2012. David Mitchem seconded the motion. Ernie suggested that after this work is done, the COG Board should be asked whether to extend the fiscal agent work beyond 2012. A roll-call was made and all voting members present (other than the Chair whose vote is reserved to break ties) voted aye for a 11-0 approval. Ernie thanked Tom, the COG Board and all staff who worked on the issue for getting this fiscal agent responsibility handled.

**Adjourn- The Chair adjourned the meeting by consensus shortly after 2:00 p.m.**

Minutes submitted by John Ehmann

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- Announcement/Proclamation
- Special Presentation
- Report

- Consent
- Decision

**AGENDA SUBMISSION FORM**  
**Southwest Colorado Council of Governments**

Date of Board Meeting: September 7, 2012		<input type="checkbox"/>
Staff: Laura Lewis Marchino	Presentation Time: 2 minutes	<input type="checkbox"/>
Subject: July Financials	Discussion Time: 5 minutes	
Reviewed by Attorney? <input type="checkbox"/> Yes   Attorney: _____ <input checked="" type="checkbox"/> N/A <input type="checkbox"/> No fiscal impact Committee Approval _____ <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A		

**Background:**

In your packet are financial reports produced through Quick books for the SWCCOG. The first is the Combined Balance Sheet by Class through July 2012. This shows Total Assets of \$83,565.52 and increase from last month. Please note that the deferred revenue has been cleared out into revenue. All audit adjustments have been made.

The second item is the Profit/Loss through July 2012. The general COG account had no income and an adjustment was made between the DOLA grant admin and construction under the Telecom account.

The final report is the Profit/Loss Annual budget versus actual numbers. The only item of note is under the Telecom budget. Account numbers 4955 and 5955 should be the same in the budget but remain as approved under the original budget. The Financials have been sent to the SWCCOG Treasurer.

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**Fiscal Impact:**

As referred to above.

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**Recommended Action:**

The recommended action is to approve the July Financial Report

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**Accompanying Documents:**

- Combined Balance Sheet by Class through July 2012
- Profit/Loss by Class Budget to actual through July 2012
- Profit/Loss by Class Annual Budget to actual

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ADDITIONAL INSTRUCTIONS

None

**Packet Item 2C (1)**

## Southwest Colorado Council of Governments Combined Balance Sheet by Class July 2012

	100-General	830-Telecom	Unclassified	TOTAL
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
1001 · 1st Southwest Bank	37,040.43	0.00	0.00	37,040.43
Total Checking/Savings	37,040.43	0.00	0.00	37,040.43
Accounts Receivable				
1200 · Accounts Receivable	1,181.76	45,343.33	0.00	46,525.09
Total Accounts Receivable	1,181.76	45,343.33	0.00	46,525.09
Other Current Assets				
1090 · Due To/ Due From	-7,965.51	7,965.51	0.00	0.00
1210 · miscellaneous receivable	0.00	0.00	0.00	0.00
1499 · Undeposited Funds	0.00	0.00	0.00	0.00
1550 · Prepaid expense	0.00	0.00	0.00	0.00
Total Other Current Assets	-7,965.51	7,965.51	0.00	0.00
<b>Total Current Assets</b>	<b>30,256.68</b>	<b>53,308.84</b>	<b>0.00</b>	<b>83,565.52</b>
<b>TOTAL ASSETS</b>	<b>30,256.68</b>	<b>53,308.84</b>	<b>0.00</b>	<b>83,565.52</b>
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities				
Current Liabilities				
Accounts Payable				
20000 · Accounts Payable	0.00	960.00	0.00	960.00
Total Accounts Payable	0.00	960.00	0.00	960.00
Other Current Liabilities				
2200 · Deferred Revenue	0.00	0.00	0.00	0.00
2210 · Deferred Member Contributions	0.00	0.00	0.00	0.00
2500 · Suspense	0.00	0.00	0.00	0.00
Total Other Current Liabilities	0.00	0.00	0.00	0.00
Total Current Liabilities	0.00	960.00	0.00	960.00
<b>Total Liabilities</b>	<b>0.00</b>	<b>960.00</b>	<b>0.00</b>	<b>960.00</b>
Equity				
32000 · Retained Earnings	15,491.74	3,945.79	0.00	19,437.53
Net Income	14,764.94	48,403.05	0.00	63,167.99
<b>Total Equity</b>	<b>30,256.68</b>	<b>52,348.84</b>	<b>0.00</b>	<b>82,605.52</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>30,256.68</b>	<b>53,308.84</b>	<b>0.00</b>	<b>83,565.52</b>

\* moved (booked) deferred revenue

**Southwest Colorado Council of Governments**  
**Profit & Loss by Class**  
 July 2012

	<u>100-General</u>	<u>830-Telecom</u>	<u>TOTAL</u>
<b>Income</b>			
4010 · Grant-DOLA Admin	0.00	-81,505.88	-81,505.88
4020 · Grant DOLA-Construction	0.00	104,265.88	104,265.88
4950 · Match-GOV Admin	0.00	58,112.05	58,112.05
4951 · Match-GOV Construction	0.00	31,047.55	31,047.55
4952 · Region 9-Matching Funds	0.00	977.44	977.44
4956 · Matching Funds-Other	0.00	113.15	113.15
<b>Total Income</b>	<u>0.00</u>	<u>113,010.19</u>	<u>113,010.19</u>
<b>Gross Profit</b>			
	0.00	113,010.19	113,010.19
<b>Expense</b>			
5510 · Travel & Ent	327.45	302.00	629.45
5512 · Meeting Exp	0.00	75.00	75.00
5515 · Legal Fees	201.60	360.00	561.60
5525 · Audit	2,065.00	0.00	2,065.00
5637 · SCAN GM	0.00	7,000.00	7,000.00
5638 · Region 9 EDD	0.00	3,909.77	3,909.77
5639 · Infor Services-Project Mgmt	0.00	275.00	275.00
5641 · MSC-Regional Project Mgmt	0.00	3,797.58	3,797.58
5642 · MSC-Project Engineering & Mgmt	0.00	11,021.00	11,021.00
5644 · AmeriCorp Member	50.00	0.00	50.00
<b>Total Expense</b>	<u>2,644.05</u>	<u>26,740.35</u>	<u>29,384.40</u>
<b>Net Income</b>	<u><u>-2,644.05</u></u>	<u><u>86,269.84</u></u>	<u><u>83,625.79</u></u>

\* adjustment between Admin → Construction  
 All audit adjustments are included.

**Southwest Colorado Council of Governments**  
**Profit & Loss Budget vs. Actual**  
 January through December 2012

*Annual*

100-General

	Jan - Dec 12	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
4000 · Sales	0.00			
4005 · Other Income	0.00			
4010 · Grant-DOLA Admin	0.00			
4020 · Grant DOLA-Construction	0.00			
4040 · Grant-Transit	7,074.34	15,000.00	-7,925.66	47.2%
4950 · Match-GOV Admin	13,999.00	14,000.00	-1.00	100.0%
4951 · Match-GOV Construction	0.00			
4952 · Region 9-Matching Funds	20,000.00	20,000.00	0.00	100.0%
4955 · In Kind Project Match	0.00			
4956 · Matching Funds-Other	0.00			
<b>Total Income</b>	<b>41,073.34</b>	<b>49,000.00</b>	<b>-7,926.66</b>	<b>83.8%</b>
<b>Cost of Goods Sold</b>				
5000 · Cost of Goods Sold	0.00			
<b>Total COGS</b>	<b>0.00</b>			
<b>Gross Profit</b>	<b>41,073.34</b>	<b>49,000.00</b>	<b>-7,926.66</b>	<b>83.8%</b>
<b>Expense</b>				
5510 · Travel & Ent	695.78	1,000.00	-304.22	69.6%
5512 · Meeting Exp	503.14	800.00	-296.86	62.9%
5515 · Legal Fees	3,347.60	3,000.00	347.60	111.6%
5520 · Advertising	261.33	1,000.00	-738.67	26.1%
5525 · Audit	8,250.00	9,000.00	-750.00	91.7%
5527 · Internet & software	0.00			
5532 · Postage	99.02	128.00	-28.98	77.4%
5535 · Printing/Reproduction	457.50			
5540 · Membership/Sub	250.00	250.00	0.00	100.0%
5550 · Supplies	31.98			
5555 · Liability Insurance	3,897.00	3,900.00	-3.00	99.9%
5637 · SCAN GM	0.00			
5638 · Region 9 EDD	0.00			
5639 · Infor Services-Project Mgmt	0.00			
5640 · Consulting	0.00	20,000.00	-20,000.00	0.0%
5641 · MSC-Regional Project Mgmt	0.00			
5642 · MSC-Project Engineering & Mgmt	0.00			
5643 · CDOT LLC	6,395.52	9,500.00	-3,104.48	67.3%
5644 · AmeriCorp Member	2,119.53	5,500.00	-3,380.47	38.5%
5645 · Project Construction	0.00			
5955 · In Kind Project expense	0.00			
<b>Total Expense</b>	<b>26,308.40</b>	<b>54,078.00</b>	<b>-27,769.60</b>	<b>48.6%</b>
<b>Net Income</b>	<b>14,764.94</b>	<b>-5,078.00</b>	<b>19,842.94</b>	<b>-290.8%</b>

Southwest Colorado Council of Governments  
**Profit & Loss Budget vs. Actual**  
 January through December 2012

*Annual*

	830-Telecom			
	Jan - Dec 12	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
4000 · Sales	6,255.00	40,000.00	-33,745.00	15.6%
4005 · Other Income	8,400.00	50,000.00	-41,600.00	16.8%
4010 · Grant-DOLA Admin	26,270.13	120,000.00	-93,729.87	21.9%
4020 · Grant DOLA-Construction	498,025.04	1,400,000.00	-901,974.96	35.6%
4040 · Grant-Transit	0.00			
4950 · Match-GOV Admin	58,112.05	55,000.00	3,112.05	105.7%
4951 · Match-GOV Construction	31,914.18			
4952 · Region 9-Matching Funds	8,877.03	16,000.00	-7,122.97	55.5%
4955 · In Kind Project Match	133,077.05	446,000.00	-312,922.95	29.8%
4956 · Matching Funds-Other	3,739.44			
<b>Total Income</b>	<b>774,669.92</b>	<b>2,127,000.00</b>	<b>-1,352,330.08</b>	<b>36.4%</b>
<b>Cost of Goods Sold</b>				
5000 · Cost of Goods Sold	0.00	10,000.00	-10,000.00	0.0%
<b>Total COGS</b>	<b>0.00</b>	<b>10,000.00</b>	<b>-10,000.00</b>	<b>0.0%</b>
<b>Gross Profit</b>	<b>774,669.92</b>	<b>2,117,000.00</b>	<b>-1,342,330.08</b>	<b>36.6%</b>
<b>Expense</b>				
5510 · Travel & Ent	2,191.97	1,500.00	691.97	146.1%
5512 · Meeting Exp	226.55	1,000.00	-773.45	22.7%
5515 · Legal Fees	7,876.80	4,200.00	3,676.80	187.5%
5520 · Advertising	0.00	400.00	-400.00	0.0%
5525 · Audit	0.00			
5527 · Internet & software	112.50	130.00	-17.50	86.5%
5532 · Postage	10.60	20.00	-9.40	53.0%
5535 · Printing/Reproduction	0.00	350.00	-350.00	0.0%
5540 · Membership/Sub	0.00			
5550 · Supplies	0.00			
5555 · Liability Insurance	0.00			
5637 · SCAN GM	36,750.00	55,000.00	-18,250.00	66.8%
5638 · Region 9 EDD	31,602.36	30,000.00	1,602.36	105.3%
5639 · Infor Services-Project Mgmt	1,850.00	2,000.00	-150.00	92.5%
5640 · Consulting	337.50	600.00	-262.50	56.3%
5641 · MSC-Regional Project Mgmt	37,242.98	40,000.00	-2,757.02	93.1%
5642 · MSC-Project Engineering & Mgmt	69,937.99	353,000.00	-283,062.01	19.8%
5643 · CDOT LLC	0.00			
5644 · AmeriCorp Member	0.00			
5645 · Project Construction	400,107.63	1,145,570.00	-745,462.37	34.9%
5955 · In Kind Project expense	133,077.05	400,000.00	-266,922.95	33.3%
<b>Total Expense</b>	<b>721,323.93</b>	<b>2,033,770.00</b>	<b>-1,312,446.07</b>	<b>35.5%</b>
<b>Net Income</b>	<b>53,345.99</b>	<b>83,230.00</b>	<b>-29,884.01</b>	<b>64.1%</b>

\* 4955 + \* 5955 should match under budget, but haven't revised budget.

Southwest Colorado Council of Governments  
**Profit & Loss Budget vs. Actual**  
 January through December 2012

*Annual*

	TOTAL			
	Jan - Dec 12	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
4000 · Sales	6,255.00	40,000.00	-33,745.00	15.6%
4005 · Other Income	8,400.00	50,000.00	-41,600.00	16.8%
4010 · Grant-DOLA Admin	26,270.13	120,000.00	-93,729.87	21.9%
4020 · Grant DOLA-Construction	498,025.04	1,400,000.00	-901,974.96	35.6%
4040 · Grant-Transit	7,074.34	15,000.00	-7,925.66	47.2%
4950 · Match-GOV Admin	72,111.05	69,000.00	3,111.05	104.5%
4951 · Match-GOV Construction	31,914.18	0.00	31,914.18	100.0%
4952 · Region 9-Matching Funds	28,877.03	36,000.00	-7,122.97	80.2%
4955 · In Kind Project Match	133,077.05	446,000.00	-312,922.95	29.8%
4956 · Matching Funds-Other	3,739.44	0.00	3,739.44	100.0%
<b>Total Income</b>	<b>815,743.26</b>	<b>2,176,000.00</b>	<b>-1,360,256.74</b>	<b>37.5%</b>
<b>Cost of Goods Sold</b>				
5000 · Cost of Goods Sold	0.00	10,000.00	-10,000.00	0.0%
<b>Total COGS</b>	<b>0.00</b>	<b>10,000.00</b>	<b>-10,000.00</b>	<b>0.0%</b>
<b>Gross Profit</b>	<b>815,743.26</b>	<b>2,166,000.00</b>	<b>-1,350,256.74</b>	<b>37.7%</b>
<b>Expense</b>				
5510 · Travel & Ent	2,887.75	2,500.00	387.75	115.5%
5512 · Meeting Exp	729.69	1,800.00	-1,070.31	40.5%
5515 · Legal Fees	11,224.40	7,200.00	4,024.40	155.9%
5520 · Advertising	261.33	1,400.00	-1,138.67	18.7%
5525 · Audit	8,250.00	9,000.00	-750.00	91.7%
5527 · Internet & software	112.50	130.00	-17.50	86.5%
5532 · Postage	109.62	148.00	-38.38	74.1%
5535 · Printing/Reproduction	457.50	350.00	107.50	130.7%
5540 · Membership/Sub	250.00	250.00	0.00	100.0%
5550 · Supplies	31.98	0.00	31.98	100.0%
5555 · Liability Insurance	3,897.00	3,900.00	-3.00	99.9%
5637 · SCAN GM	36,750.00	55,000.00	-18,250.00	66.8%
5638 · Region 9 EDD	31,602.36	30,000.00	1,602.36	105.3%
5639 · Infor Services-Project Mgmt	1,850.00	2,000.00	-150.00	92.5%
5640 · Consulting	337.50	20,600.00	-20,262.50	1.6%
5641 · MSC-Regional Project Mgmt	37,242.98	40,000.00	-2,757.02	93.1%
5642 · MSC-Project Engineering & Mgmt	69,937.99	353,000.00	-283,062.01	19.8%
5643 · CDOT LLC	6,395.52	9,500.00	-3,104.48	67.3%
5644 · AmeriCorp Member	2,119.53	5,500.00	-3,380.47	38.5%
5645 · Project Construction	400,107.63	1,145,570.00	-745,462.37	34.9%
5955 · In Kind Project expense	133,077.05	400,000.00	-266,922.95	33.3%
<b>Total Expense</b>	<b>747,632.33</b>	<b>2,087,848.00</b>	<b>-1,340,215.67</b>	<b>35.8%</b>
<b>Net Income</b>	<b>68,110.93</b>	<b>78,152.00</b>	<b>-10,041.07</b>	<b>87.2%</b>



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 Durango • Saguache • Pagosa Springs  
 720 Main St., PO Box 1139 • Alamosa, Colorado 81101  
 719-587-4200 or 866-641-FSWB (3792)

071 00065 01  
 ACCOUNT:  
 DOCUMENTS:

XXXXXX2610  
 13  
 PAGE: 1  
 07/31/2012

SW CO COUNCIL OF GOVERNMENTS  
 WILLIAM TOOKEY  
 THOMAS YENNERELL  
 295 A GIRARD ST  
 DURANGO CO 81303

30  
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 11

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 FSB Non-Profit Checking ACCOUNT XXXXXX2610  
 =====

AVG AVAILABLE BALANCE	101,089.64	LAST STATEMENT 06/29/12	56,888.05
AVERAGE BALANCE	101,089.64	2 CREDITS	370,598.26
		11 DEBITS	56,192.06
		THIS STATEMENT 07/31/12	371,294.25

DEPOSITS			CHECKS		
REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
	07/09	3,293.00		07/27	367,305.26
CHECK #	DATE	AMOUNT	CHECK #	DATE	AMOUNT
1163	07/27	6,013.52	1167	07/23	360.00
1164	07/17	7,000.00	1168	07/23	357.50
1165	07/24	800.00	1169	07/23	8,346.55
1166	07/18	10.78	1170	07/23	700.00
			1171	07/23	21,937.12
			1172*	07/23	7,527.34
			1175	07/31	3,139.25

(\* ) INDICATES A GAP IN CHECK NUMBER SEQUENCE

--- ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES ---

*****					
*		TOTAL FOR		TOTAL	*
*		THIS PERIOD		YEAR TO DATE	*
-----					
*		TOTAL OVERDRAFT FEES:		\$ .00	*
-----					
*		TOTAL RETURNED ITEM FEES:		\$ .00	*
*****					

DAILY BALANCE			
DATE	BALANCE	DATE	BALANCE
07/09	60,181.05	07/17	53,181.05
		07/18	53,170.27

\* \* \* C O N T I N U E D \* \* \*



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071 00065 01  
ACCOUNT:  
DOCUMENTS:

PAGE: 2  
XXXXXX2610 07/31/2012  
13

SW CO COUNCIL OF GOVERNMENTS  
WILLIAM TOOKEY  
THOMAS YENNERELL

=====

FSB Non-Profit Checking ACCOUNT XXXXXX2610

=====

- - - - - DAILY BALANCE - - - - -	
DATE.....	BALANCE
07/23	13,941.76
07/24	13,141.76

- END OF STATEMENT -

## COG Board Reports for 9-7-12

This section of the agenda is to provide updates on activities since the last SWCCOG meeting. Any item can be moved to decision or discussion if needed.

### 3. Telecommunications Report

#### A. General Manager Services Report- Dr. Rick Smith

##### BOARD MEMORANDUM

**TO:** SOUTHWEST COLORADO COUNCIL OF GOVERNMENTS BOARD (SWCCOG)

**FROM:** DR. RICK SMITH

**SUBJECT:** MONTHLY GM UPDATE

**DATE:** 8/29/2012

This has been a fast paced month. I have spent a great deal of time trying to get the 'operations budget' in a draft form for Board review and comment along with collaboration on policy with Susan. In between, I have been visiting the communities attempting to get routes finalized and visiting with the other governmental entities we refer to as Community Anchor Institutions or CAI's.

**I. COG** a. Worked with Ed on identifying the accounting line items for the SCAN 'Operations Budget.'

b. Reviewed the 'operations budget' with different SWCCOG board members for clarification.

c. Facilitated Telecom sub-committee meeting.

d. Worked with Laura and Shirley to address billing questions in Ignacio and Dove Creek.

e. Worked with Rick Smith in Cortez to visit with Cortez's E-Rate consultant. It was her recommendation for the SWCCOG to NOT pursue any E-Rate spin number. This keeps the SCAN network within the limitations of current Colorado legislation. I would recommend the SWCCOG follow her recommendation and not pursue an E-Rate spin number.

f. Vendor meetings: i. As an FYI, I have resigned from the EAGLE-Net Board of Directors. The CEO, Randy Zila is requesting I send him a name for a replacement.

g. I am beginning work on the 3rd quarter SCAN newsletter.

**II. Mancos** - a. Worked with Tom, EAGLE-Net and Brian (Mid-States) to review and adjust the Mancos route. It is a good route with as few of CDOT permits as possible.

**III. Ignacio** - a. Working through the billing issues in Ignacio. Met with Miriam and Mike to discuss their future projects (empty conduit).

b. I will be meeting with Library and Fire District officials this week to discuss their participation and billing obligations in the DoLA fiber grant.

**Packet Items 3a-c. and 4a-d.**

**IV. Pagosa Springs / Archuleta County** - a. USA Communications / Pagosa Springs fiber joint build agreement is in final legal review with both entities.  
b. Century Link request for contract information has been passed to Pagosa Springs and their legal counsel for handling.

**V. Bayfield** - a. The Town and the water district are combining projects to build a portion of the town fiber project.  
b. The Town is ready to commit to a builder and begin construction this fall.

**VI. Dolores County / Dove Creek** - a. Met with the Dolores County Commissioners with Sonny and discussed how we would proceed. The County was to review the IGA I left with them.  
b. Bryce and Sonny from the Town, Bruce from the schools met and discussed the fiber project and added a few routes for consideration.  
c. Considered the Fire District as a possible location to add. Bryce is asking the Fire Chief to join us at the next meeting.

**VII. Silverton / San Juan County** – a. Met with Jason and Willy to discuss Silverton’s route, policy concerns (Legislative and PUC response agility), EAGLE-Net correspondence and ‘operations budget’ clarification.  
b. Met with the San Juan Sheriff’s office, specifically Melody Skinner in dispatch to talk the options for improved 911 communications utilizing the SCAN network.  
c. Met with the Silverton Chamber director to visit about their needs in reference to the SCAN project.  
d. The school district was in its first day so meeting with the superintendent was delayed to another day as well as the public library.

**VIII. Durango / La Plata County** – a. Visited with Eric from the city and Dave from the county to talk about placement of the hub router in their network.  
b. Also visited with Dave about other SCAN services that could be offered to the SWCCOG membership. We will be pursuing this conversation further.

**IX. Rico** a. Ernie requested I attend a meeting in Rico with him to discuss Rico’s options. We are in the process of setting that meeting.

**X. September FOCUS** a. Get the remaining community builds into action.  
b. Complete the 3rd quarter newsletter.  
c. Assist Susan with Policy work and begin writing procedures for the SWCCOG Board to review and adopt.  
d. Bring VOIP vendors to a regional meeting (SWCCOG members, fire districts, school districts, libraries, and other interested CAI’s) for a presentation to the communities on VOIP options and estimated costs.

## **B. SCAN Community Updates- Ed Morlan**

### **Bayfield**

Bayfield is one of the communities anticipating construction this Fall and is involved in the procurement process for a contractor to do the work. As noted previously, it appears that some of the fiber network may be installed in conjunction with the new La Plata Water

District and that will change the cost estimates. There is concern regarding timing issues of installing the fiber conduit and the water line.

**Cortez – No Change**

**Dolores** – Dolores is one of the communities anticipating construction this Fall and is involved in the procurement process for a contractor to do the work.

**Dove Creek** - Dr. Rick met with the Town to review the plans.

**Durango – No Change**

**Ignacio** –Received the executed IGA. It appears that the Town of Ignacio desires to minimize their direct involvement of the Telecom grant but make the current DOLA grant funds allocated for Ignacio available to the School District, Fire District, and Library.

**Mancos**– Mancos is one of the communities anticipating construction this Fall and is involved in the procurement process for a contractor to do the work.

**Rico– No Change**

**Pagosa Springs** - USA Communications and the Town have agreed in principle to a joint build arrangement and about to sign a contract. We are putting together a meeting for the 2<sup>nd</sup> to finish this piece of work. Staking is now complete and in to drafting.

**Silverton**– Silverton is one of the communities anticipating construction this Fall and is involved in the procurement process for a contractor to do the work. Weather conditions may drive all construction in Silverton to next spring.

**C. Responsible Administrator Report- 8/31/2012**

**General**

•**Contracting for 2012 Construction.** Paul has been working with vendors to solicit and compile bids based on unit pricing as well as furnishing the Vendors construction drawings to do construction work to install the network components this Fall in a number of the communities. The three primary vendors are TetraTec, DB Tek, and Wesodi. The contracts would be between each community and the vendor however it would be more effective to deal with one contractor. The cost estimates and unit pricing vary significantly between the vendors and each community. There are still last minute changes in a variety of locations, e.g. in Bayfield, it appears that some of the fiber network may be installed in conjunction with the new La Plata Water District and that would change the cost estimates. Paul and I are attempting to arrange a conference call among the communities the first week of September to discuss this and get direction. The recommended course of action is to identify a preferred vendor and then negotiate a contract for each community to get a better cost estimate.

**E-mail address block.** We have applied for an IP addressing scheme. The process takes time and is underway.

**E-Rate.** The COG will need to decide if they want to be a telecommunications provider within the context of the E-Rate world. The E-Rate expert in Cortez is available to consult on this. Paul recommended the COG provide service to existing E-Rate providers in order to avoid competing

with regional providers. SCAN would simply sell services to spin holders and collect revenue from that source.

**Pueblo Community College.**

Need to send a letter to PCC on final decision.

**Usage Survey.** We have received a few responses to the usage survey update but it is very few. The original intent of the survey was two-fold; one to have each potential purchasing consortium member become more familiar with their current telecommunication costs with what is available through SCAN. Secondly, the usage survey was intended as a marketing tool for the General Manager to follow up with potential customers to lay the foundation for sales. This has not happened to any significant degree. It is seemed important to get this information to make the business plan better reflect reality. We may need an advocate in each community to reach out to the various potential community anchor institution customers and conduct an in person survey. All participating towns and counties should be considering the telecommunications service assets they currently have available and currently use.

**Vendor Updates**

**USA Communications.** A contract has not been signed yet. A revised version of the contract between city staff and USA was sent to county and town lawyers for review. Pagosa Springs added language to the document to accommodate certain municipal legal requirements. That version was sent to USA and a reply was received from USA saying they have some issues. Paul has forwarded those concerns to the Town & County. We are optimistic that this will go forward.

**CenturyLink.** CenturyLink has requested information regarding the agreement with USA Communications and the Town of Pagosa Springs. The request could be gathering information to compete more aggressively with USA in Pagosa Springs or could be they're preparing legal action as well. Various courses of action have been discussed but the current recommendation is to focus on getting the contract between the Town of Pagosa and USA Communications signed first. Then be proactive dealing with CenturyLink but not share anything that is not already public information without USA Communication's permission.

**FastTrack.** Kelly Hebbard of FastTrack has said that FastTrack would prefer to enter into an agreement with each of the individual communities rather than entering into an agreement with the COG dba SCAN as a whole. We (Paul and I) are uncomfortable with this but it appears necessary in order to keep FastTrack on board. It is important to note that each community would then need to coordinate with the other communities or with the SCAN so that individual agreements don't undermine the ability for communities to service each other. Another issue is that with individual agreements, the COG dba SCAN will lose the ability to set up an exchange of assets by pooling them and balancing them across the entire project. The COG member communities need to make sure that they are working together as a team and not let FastTrack offer different agreements in different communities.

**EAGLE-Net.** Generally, not much progress has been made with coordinating construction with EAGLE.Net. EAGLE-Net has completed construction in Dolores without giving us the opportunity for joint excavation. Paul feels that we still have a positive relationship; however, he believes we won't be able to have a significant impact as far as coordinating and making the most efficient use of government funds in southwest Colorado. Pat Swonger participating in a

Telecom Committee meeting said it's difficult to stay in front of the contractors with three layers of construction going on.

It was also noted at the recent Telecom Committee meeting that EAGLE-Net's October 2011 Board minutes stated that all of SCAN's proposals have been denied and that the SCAN is not a sustainable network and is looking to EAGLE-Net to generate revenue to become sustainable. No reference has been made to the SCAN or the COG in their minutes since that time. Pat didn't know anything about that meeting and said opinions have changed and he would like to continue to move forward.

The Town of Silverton sent EAGLE-Net a letter requesting information in an attempt to quell some negative discourse that has been going on around the state. Some providers have been pointing to Silverton and San Juan County as an example of what's problematic with EAGLE-Net's build-out approach and alleging that they aren't going to deliver as promised. The letter referred to EAGLE-Net's over-spending in geographically favorable places while failing to build in under-served mountainous areas. Tangible evidence was requested regarding the fiber build that would fill part of the gap from Cascade Village to Silverton. A response to the letter by August 29th has been requested and it will be shared with the COG Board at their September 7th meeting. Pat said he could be available for the COG meeting.

In other conversations with Dr. Rick and I, Pat Swonger has informed us that EAGLE-Net is planning a "Market Launch" in the next 4 to 6 weeks and wants to coordinate that with SCAN. A meeting has been scheduled for Wednesday, Sept. 5<sup>th</sup> to discuss further.

#### **D. Report on Colorado Knights of the Broadband Roundtable**

Attached are a Powerpoint and 2 page overview of the strategic plan the Colorado Knights of the Broadband Roundtable are proposing to the Governor to compile a Statewide Broadband Plan. The Office of Information Technology (OIT) will be presenting this plan to the Governor later in August. It is assumed that once the Governor gives the go ahead, the effort will pick up momentum. I was asked by OIT to be the Chair of the Coordination and Collaboration Committee. This is for the Board's information.

Also attached for the Board's information is a letter I sent as Executive Director of Region 9 EDD to comment on CDOT's current rule making process regarding including telecommunication in transportation planning.

**E. Telecommunication Committee Minutes for the August 22 meeting.** (See attached.)

**F. Telecommunications Committee Chair Report** – Jason Wells will provide at the meeting.

### **5. Discussion**

**A. SCAN Implementation and Operation Budgets** (See attached materials.)

**B. Allocation Formula for Match Funds** (See attached materials.)

## **4. Management Report**

- A. **COG sustainability and staffing plan (Susan Hakanson will discuss at the meeting.)**
- B. **Update on COG Policies overall (Susan Hakanson will discuss at the meeting.)**
- C. **Transit Council minutes**

### Minutes of August 10 meeting of Transit Council members with Ralph Power

#### Participants

John Egan, Archuleta County  
John Ehmann, SWCCOG  
Ralph Power, TransitPlus  
Laura Lewis Marchino, Region 9 EDD  
Krystian Boreyko (by phone), Easter Seals ATCI  
Peter Tregillus, Road Runner  
Gregg Dubit, 4Core  
Martha Mason, SW Center for Independence

John Egan called the meeting to order.

(There were issues with the teleconference service.)

Ralph Power introduced himself as the consultant to transit coordinating councils thru CDOT.

John Ehmann recapped a few of the issues that had been mentioned as possible topics for this discussion: use of compressed natural gas in fleets, transit voucher programs, ADA transition plans, medical transportation and inter-city commuter service.

Peter Tregillus also raised general questions about Council direction and focus. There are many things we could do, but what will the Council do right now? Vanpools is an area he has recently initiated some work on and will discuss further at some point.

Ralph asked about Council leadership. John Ehmann noted his part-time role as staff support to the Council and the near-term end of his current position funding. John Egan explained the Council's past preference for a loose, informal structure. John Ehmann indicated that he has been in regular contact with various state government transit officials and consultants about one-call centers, veteran's service and other issues.

Ralph recommended the Council adopt formal bylaws. He asked about documentation of Council discussions and it was clarified that the Council has been a regular forum for information exchange and that minutes of meetings are regularly transcribed and posted to the COG website and shared with the COG and the TPR. Peter noted the difficulty of active coordination in a 5 county area that is so large and spread out but indicated interest in ideas to facilitate more coordination. Ralph indicated that an inventory of services and a gap analysis is standard practice. It was noted that a comprehensive transit study was prepared in 2009 and is still reasonably accurate and deemed as generally sufficient as background data and analysis. A Regional Transit Guide for potential transit users is now online at the COG website. John

Ehmann explained that John Egan has volunteered and been accepted as the informal Council facilitator but that the idea has been raised to have perhaps two more Council members volunteer to form a Steering Committee. In the meantime, a recent planning meeting was held between John Egan, John Ehmann, Laura Lewis Marchino and Susan Hakanson.

Funding and possible joint grant proposals will be a topic of the next regular Transit Council meeting in September. Whether to apply for a regional Mobility Manager in the new grant cycle is one topic to be considered.

The Council's Action Plan has been updated for recent activity and progress and is available for review on the COG website. A written brochure version that be distributed by hand may follow later.

Laura Lewis Marchino noted that there had been a lull in Council activity after the initial period of formation and strategic planning and that is was a good time to re-assess and re-energize. Peter mentioned the strong growth in dial a ride service volume in Ignacio. Other positives include reorganization of Mountain Express into a call and ride operation. Durango Transit has seen major increases in bus volume (in part due to the expansion of free trolley service) One significant cutback is in the funding for the Opportunity Bus paratransit service. Peter has submitted a grant proposal to restore inter-city bus service between Durango and Grand Junction. The decision is expected in September. The Council has discussed medical transportation coordination and Medicaid funding several times and may do so again at a future meeting.

The Council has been encouraged to form workgroups or subcommittees to facilitate Council activity on Action Plan items and will be encourage to do so again at the next regular meeting. John Egan urged forward motion on at least some of the long list of possible projects to instill confidence of even more progress in the future.

Ralph noted that a one call- one click center is a good way to organize and work together. Laura explained initial efforts to work with SW Connect and 211 to develop a community resource database and make that information available. John Ehmann explained that Susan has made a grant inquiry with those organization to US-EDA that might if funded allow the building of a first stage one-click platform. Peter noted the previous exploration of Google transit mapping that did not result in anything operative for our region. John Ehmann restated his outreach efforts to learn from current recipients of federal money for establishing one call – one click centers. He had explored the possibility of seeking second round funding for establishing such a center in our region but was discouraged from doing so this time by the state and the already funded groups. However they indicated that if the existing groups received funding in the second round that there might be some staff time available to help assist new regions in exploring the right design for setting up centers in those regions with possible third round funding. Ralph indicated he had some hours available on the state consulting contract with Coordinating Councils to further work with the Council on this or other topics. He indicated that it is simpler to do referrals than to actually do transit trip scheduling. Peter noted his past exploration of coordinated dispatch with Durango Transit and indicated interest in some assistance in resolving the specific mechanics of such coordination. Ralph noted that his firm's owner is a leader in explaining the development of one call centers. Ralph recently worked with Colorado Springs on this topic and will provide a copy of that study to the Council. John Ehmann suggested that visiting the Denver's one call center would probably be helpful at some point.

Martha Mason mentioned some recent efforts to further address mobility issues for d persons with disabilities. She explained that a Disability Awareness Work Group (DAWG) is meeting to work on issues, recently attend a City Council meeting and had a work session with several Durango city government leaders and staff on parking concerns and other issues. They have invited John Ehmann to meet with them next week and expect to attend a Transit Council meeting in the future.

Ralph asked about the participation of Durango staff in the Transit Council. John Ehmann noted that they have participated in past meetings more often than not but their representatives declined this meeting invitation. Their participation is of course welcome and vital.

Gregg Dubit gave a brief description of 4CORE's programs and their interest in greater energy efficiency in transit as well. They want to encourage more options and more local government support for those options. Peter noted the challenges RoadRunner has faced with maintaining service in the face of funding limitations and some recent funding cutbacks. Greg returned to the issue of CNG as a fuel alternative. A CNG refueling station is a must but Ralph further noted that if all costs of CNG provision are properly recognized (including extra miles to the station and time waiting for refueling) that it is not as promising an alternative financially as it might first appear based on just on fuel costs. Gregg would like more information from Ralph and others. Ralph noted some recent testing of CNG in Summit County. CNG was also a major topic at the Spring CASTA conference.

The topic of vouchers was briefly raised. John Ehmann distributed some information about recent communications on the topic with Council members. Gregg noted that 4CORE has some vouchers to distribute.

John Egan noted that One Call – One Click Centers is a topic that has sufficient support for further conversation. He indicated a desire to have Ralph join us for further conversation on that and / or other topics.

John Ehmann distributed some further information including a copy of an article he wrote for the 4CORE newsletter.

Peter asked Ralph about his experience working on vanpools. Ralph has some. Peter explained that there have been some recent employer contacts on this topic and he is coordinating some research on that topic and thinking about what we can do in this area.

Minutes submitted by John Ehmann

#### **D. CARO Meeting Summary**

##### General Business:

The Colorado Association of Development Organizations met in Alamosa on Friday, August 17<sup>th</sup>. Seven regions were in attendance and the minutes will be provided to the SWCCOG once finalized.

- The group discussed Sequestration and how that will impact regional funding from EDA, USDA, CDBG, HUD etc. Senator Michael Bennet was in attendance and provided additional information. The group was very interested in taking a position on this and will be collecting information on the specific regional impacts.

- CARO Dues for 2013 will remain at \$250 for the SWCCOG.
- CARO will hold elections for 2013 officers and regional representatives at the November meeting to be held at DRCOG in Denver. The group is planning to have an EDA training opportunity either before or following the meeting. The date has not yet been finalized.
- Discussed EDA work plan and prioritizing activities. Work on having a specific CARO website is being looked at and also joining both CML and CCI. Felt this would be a benefit to some of the regions.

Partners:

CARO members received updates from the USDA Rural Development, Colorado Office of Economic Development and International Trade (OEDIT), Economic Development Administration(EDA), and Colorado Department of Local Affairs(DoLA).

- DoLA is relooking at having money available for COGs after the first of the year. It would be a competitive process with a 1 to 1 match. They are not yet sure of the total dollar amount available, nor due dates. Funding will be geared towards projects and mini-grants, not just administrative funds. There was concern voiced that COGs would be competing with each other and that may not be what DoLA wants.
- OEDIT updated the group on the Blueprint process, and data asset mapping project. They are hiring a person for the asset mapping effort who will work with all the COGS/ED districts on mapping assets and what information they have for the region.
- In regards to the Blueprint, they are looking to have strategic summaries for each of the 14 regions and 15 key industries by their First Economic Development Forum to be held December 5<sup>th</sup>. More information on the Forum will be forthcoming. They would like a representative from each Blueprint Team. The regions will work with OEDIT to help them complete their strategic summaries.
- OEDIT has a new website, but the “regional partners” piece is not completed.
- EDA and USDA provided an overview of their funding opportunities and what is happening recently with different applications.
- There was a lot of discussion about the Enterprise Zone and work of the Enterprise Zone Task Force. This was important to most of the regions.
- DRCOG is bringing several of their AAA case management programs in-house rather than contracting. They are also looking at the redevelopment of Denver Union Station and the HUD sustainable communities grant.
- Upper Arkansas COG is struggling with Eagle-Net not serving the underserved areas as expected. Several of the COGs discussed their work with telecommunications, Local Technology Teams and Eagle-Net.
- Several of the COGs are having difficulties working with staff in Colorado Division of Housing’s Housing Rehab programs. They identified it was the same person.
- NWCCOG has hired a transit mobility manager and is working to set up a comprehensive program for seniors, veterans and persons with disabilities. They are also piggybacking with Region 4 on a Network of care system with AAA. They just received Economic Development District designation.
- Jo Downey with Region 5 has been appointed to the Energy & Mineral Impact Grants Committee.

Minutes provided by Laura Lewis Marchino.

**To:** Governor's Cabinet Economic Development Group  
**From:** Monica Coughlin, Brian Shepherd; Office of Information Technology (OIT)  
**Re:** Statewide Broadband Strategy  
**Date:** August 21, 2012

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Broadband Internet access has become a foundational requirement for robust economic development and a necessity for citizen engagement. Unfortunately, Colorado lags in the key broadband metrics of penetration, reliability and quality. Many factors have contributed to this deficiency including geography, outdated regulations and statutes and legacy business models. While efforts have been made to address some of these issues, in order to reverse this trend, a comprehensive statewide strategy is needed to bring together the public and private stakeholders to develop solutions and create an environment that fosters innovation and development.

The Colorado Broadband Knights of the Roundtable, a statewide collaborative consortium, has developed an initial Colorado Broadband Strategy geared toward enhancing and expanding the penetration, reliability and quality of broadband services throughout the state. Initially formed in the summer of 2011 to foster collaboration between independent federally-funded broadband projects, the group quickly realized that a holistic approach to broadband strategy was required. In January of 2012, over 25 individuals from across the state dedicated an afternoon and began formulating such a strategy. Over the past 6 months, the group has worked to refine its strategy and is now ready to begin implementation.

### **Strategy Overview**

The foundation of the strategy lies in both its vision and mission.

#### **Vision**

*All Coloradans should have access to abundant, redundant and affordable broadband service.*

#### **Mission**

*To support and expand an environment that enables the development of a cost effective, sustainable, high-speed, scalable Broadband network and digital literacy that fosters personal, business, educational and public development.*

In order to accomplish the specified goals the group has identified five key priorities to help develop specific solutions and tasks.

- Engage Local Communities
- Coordinate and Collaborate on Broadband Projects Across the State
- Evaluate and Support Critical Broadband Policy
- Leverage Funding Opportunities
- Achieve Digital Literacy

**Packet Item 3D (1)**



Working in groups of expertise, the Knights have developed specific tasks required to accomplish the larger priorities. Some of these tasks include.

- Develop a knowledge base of potential funding opportunities.
- Review and analyze existing broadband regulations and statutes.
- Identify and develop alternative funding models for rural and mountain communities
- Develop digital literacy campaigns to targeted demographics.
- Educate legislative representatives on identified broadband issues.

These tasks represent efforts to change and update the environment in which broadband operates within Colorado. As a recent study from the New America Foundation pointed out, the cost for broadband access within the United States is much higher than our global competitors. Colorado's unique geographical challenges make it even more imperative that we seek to develop a creative, open and forward-looking plan. While we would welcome the resources to simply install all the required infrastructure, we are cognizant that the best solutions lie in fostering lasting partnerships between the public and private sectors as well as the citizens that rely on them.

### **What we need to move forward?**

In bringing together representatives from across the state both geographical and functional, the Broadband Knights of the Roundtable has been able to establish a foundation for moving the state forward and addressing the pressing issue of *abundant, redundant* and *affordable* broadband. To this point, our work has been focused on developing and refining a strategy. With the feedback, buy-in and support from the individuals and organization of this group, the Colorado Broadband Knights of the Roundtable can begin the process of implementing the proposed strategy and working to achieve tangible results. As mentioned, one key for the strategy to be successful is the cooperation between many state agencies. OIT will commit to leading this intra-agency cooperation in an effort to achieve benefits for all of us. By supporting the proposed Colorado Broadband Strategic Plan, OIT, in conjunction with the many representatives of the Roundtable will be able to build on the current momentum and start developing specific solutions. Some specific ways of supporting this process include:

- Provide feedback based on the information received.
- Support and promote the Colorado Strategic Broadband Plan as the official state plan.
- Encourage and enable collaboration between all state agencies.
- Support OIT's broadband efforts throughout the state.

# State of Colorado Broadband Strategy

Colorado Broadband Knights of the  
Roundtable

August 21, 2012



# Broadband in Colorado – Current State

- Colorado lacks adequate Broadband infrastructure across the entire state
  - Hindering economic development, citizen engagement and service delivery
  - Huge disparity between metropolitan and rural areas
- No unified plan for Broadband development
  - Many disconnected “Islands of activity”
  - No strategic approach to solve statewide issues

# Islands of Activity

- Colorado TeleHealth: Health Care
- EagleNet: Education
- Colorado Virtual Libraries: Community development
- ADCOM 911: Public Safety
- State Broadband Initiative: Mapping, Data
- Local and regional projects (examples):
  - Southwest Colorado Access Network (SCAN)
  - Crestone Wireless

# The Problem

Without a comprehensive Broadband plan, Colorado will struggle to attract and retain jobs, educate its citizens, use resources effectively and compete in the the globalized marketplace.

# The Solution

- Colorado Broadband Knights of the Roundtable
  - Formed in June of 2011 to foster collaboration between existing broadband projects
  - Grown to over 30 individuals from across the state representing local and state interests
  - Focused on strategic planning vs. infrastructure installation
- Local Technology Planning Teams
  - Localized teams of both private and public interests focused on identifying solutions to broadband issues.

# Strategic Foundation

## Vision

**All Coloradans should have access to abundant, redundant and affordable broadband service.**

## Mission

**To support and expand an environment that enables the development of a cost effective, sustainable, high-speed, scalable Broadband network and digital literacy that fosters personal, business, educational and public development**

# 5 Key Priorities

- Engage Local Communities
- Coordinate and Collaborate on Broadband Activities
- Leverage Funding Opportunities
- Evaluate/Support Critical Broadband Policy
- Achieve Digital Literacy

# Strategic Goals

Priority	Strategic Goals
Engage Local Communities	<ol style="list-style-type: none"><li data-bbox="653 472 1827 562">1. Ensure all regions of the state have established and functioning Local Technology Planning Teams (LTPT)</li><li data-bbox="653 572 1754 662">2. Provide a conduit for communication between LTPT's, state agencies, private carriers and others in the Broadband Plan</li></ol>
Coordination and Collaboration of Broadband Activities	<ol style="list-style-type: none"><li data-bbox="653 781 1827 919">1. Define a process for coordination and collaboration to engage the public and other stakeholders to adopt and shape the State Strategic Broadband Plan.</li><li data-bbox="653 929 1843 1068">2. Identify and support existing federal, state, regional and local resources to participate. Foster inter-agency collaboration at all levels of government.</li><li data-bbox="653 1078 1827 1216">3. Develop a statewide "Broadband Asset Inventory of public (and potentially) private broadband infrastructure assets to help projects capitalize on existing infrastructure.</li></ol>

# Strategic Goals (cont'd)

Priority	Strategic Goals
Leverage Funding Opportunities	<ol style="list-style-type: none"> <li>1. Create an information base of working models and upcoming funding opportunities.</li> <li>2. Promote collaboration between and among prospective regional partners.</li> </ol>
Evaluate and Support Critical Broadband Policy	<ol style="list-style-type: none"> <li>1. Review and analyze laws and regulations that affect Broadband Services and Infrastructure throughout the state</li> <li>2. Develop recommendations for policies and statutes that promote rapid deployment of broadband infrastructure and ensure competitive pricing, availability and capability of Broadband services throughout the state.</li> </ol>
Achieve Digital Literacy	<ol style="list-style-type: none"> <li>1. Develop and leverage a network of resources available around digital literacy and broadband adoption(people, orgs, tools) with a regional focus on implementation and a state focus on support of local activities.</li> <li>2. Communicate the value of Broadband adoption to stakeholders, community leaders and end users.</li> <li>3. Increase use of digital resources, broadband adoption and digital literacy.</li> </ol>

# Specific Task Examples

- Perform legal analysis of statutory and regulatory boundaries of Colorado High Cost Mechanism.
- Collaborate with CDOT to identify and develop opportunities for development.
- Identify and classify existing and proposed projects to determine potential synergies
- Inventory all state-owned broadband assets

# Benefits of the Plan

- Helps create abundant, redundant and affordable broadband access for every community large or small throughout the state
- Supports economic development
- Fosters interaction between communities, governments and private carriers to develop unique solutions
- Helps remove roadblocks to broadband deployments across the state

# How do we move forward?

- Provide guidance/feedback on the plan
- Support the plan within your organizations

# State of Colorado Strategic Broadband Plan

**Enabling all of Colorado to excel in the  
global marketplace**

Thank you for your time

**Monica Coughlin**

**Director of IT Economic Development  
and Broadband Strategy**

**303-764-7710**

**Monica.Coughlin@state.co.us**

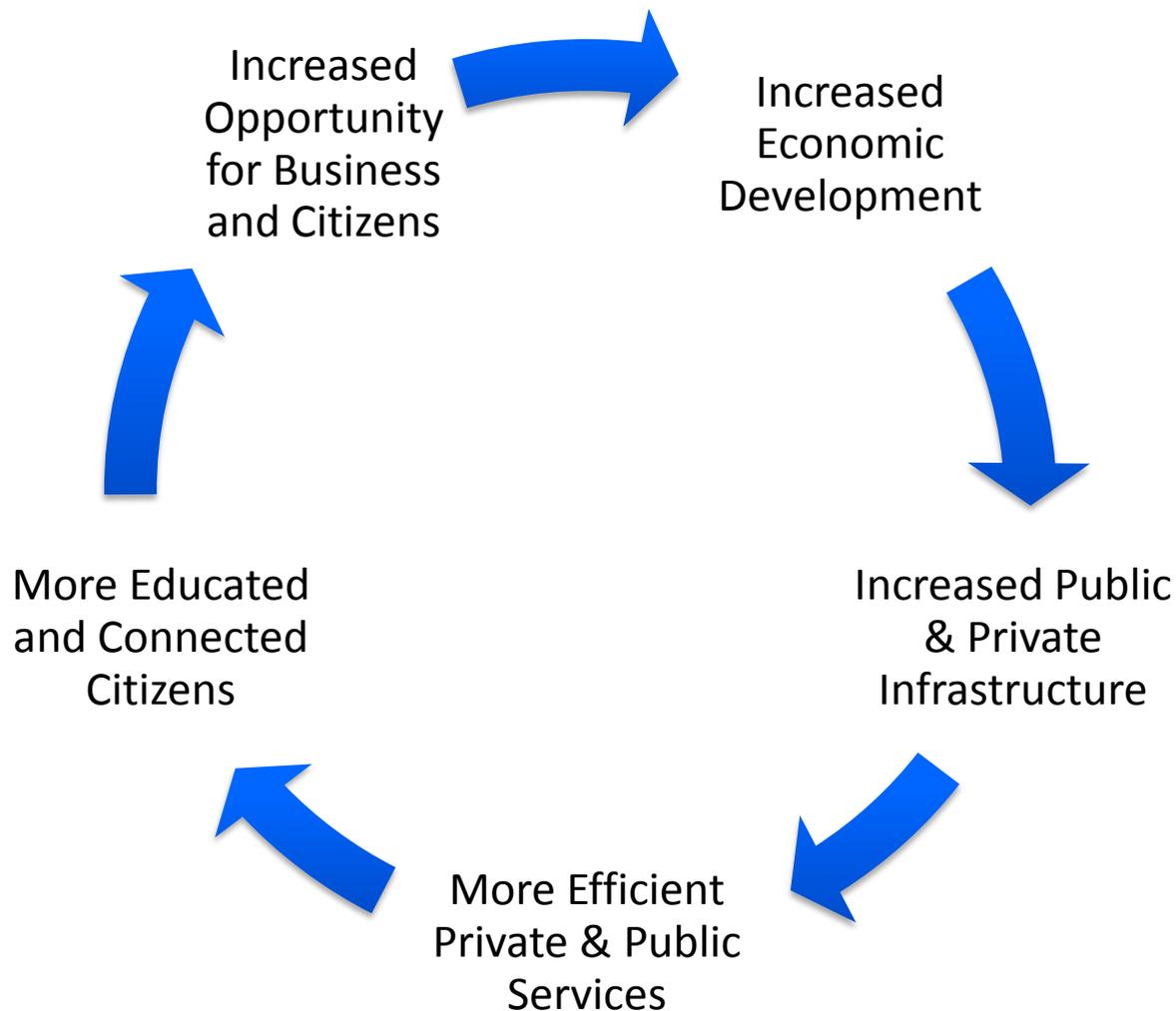
**Brian Shepherd**

**Broadband Program Manager**

**303-764-7826**

**Brian.Shepherd@state.co.us**

# Broadband Opportunity Cycle



# Not Just a Rural Issue

“The results add weight to a growing body of evidence that suggests that the U.S. is lagging behind many of its international counterparts, most of whom have much higher levels of competition and, in turn, offer lower prices and faster Internet service. It suggests that policymakers need to re-evaluate our current policy approaches to increase competition and encourage more affordable high-speed Internet service in the U.S. “

“The Cost of Connectivity: A Comparison of high-speed Internet prices in 22 cities worldwide” – New America Foundation



August 13, 2012

Mary Frances Nevans  
CDOT Rules Administrator  
Re: Statewide Transportation Planning Rules  
4201 E. Arkansas Avenue  
Room 275  
Denver, Co. 80222

**ECONOMIC DEVELOPMENT DISTRICT  
OF SOUTHWEST COLORADO**

Dear Ms. Nevans;

I am providing comment on policy issues pertaining to the concept that Telecommunications / Broadband is a mode of transportation and should be considered such in the *"... process through which a long-range multimodal comprehensive statewide transportation plan will be developed."* In the way of background, as executive director for the Region 9 Economic Development District of Southwest Colorado, I have been involved in assisting the Southwest Transportation Planning Region with their duties for the past 20 years. Also in my capacity as a regional economic development professional, I have been involved in planning for and facilitating improvements in telecommunications infrastructure for about the same length of time. Consequently, the SW Regional Transportation Plan and updates includes a section on Telecommunications. I believe that has made the region "investment ready" for telecommunication projects evidenced by the Region being the recipient of a \$1.375M Beanpole grant in 2000 and a \$3M grant from the Colorado Department of Local Affairs (DoLA) in 2010 to implement the Southwest Colorado Access Network (SCAN).

Most recently, due to my being the Responsible Administrator for the \$3M DoLA grant for the SCAN, I was asked by the Colorado Office of Information Technology to serve on the State *"Broadband Knights of the Roundtable"*. The mission of this group is to assist with developing a State Broadband Plan. I have shared with my *"fellow knights"* our region's history and experience of including telecommunications in with transportation planning. I am on record as advocating for the State Broadband Plan being included in the *"long-range multimodal comprehensive statewide transportation plan."*

The Office of Information Technology has already implemented a system of Local Technology Planning Teams (LTPT) to assist with telecommunication issues and planning throughout the state. There would seem to be some synergy to have the LTPTs work with the Transportation Planning Regions or Metropolitan Planning Organizations in their geographic area.

SERVING THE COUNTIES OF:

**ARCHULETA**

**DOLORES**

**LA PLATA**

**MONTEZUMA**

**SAN JUAN**

**SOUTHERN UTE  
INDIAN TRIBE**

**UTE MOUNTAIN UTE  
INDIAN TRIBE**

**ADMINISTRATIVE OFFICES:**

295A Girard St.  
Durango, CO 81303  
(970) 247-9621 PHONE  
(970) 247-9513 FAX  
e-mail: ed@scan.org  
www.scan.org

Page 2

Mary Frances Nevans

August 13, 2012

Thank you for the opportunity to submit these comments.

Respectfully,

A handwritten signature in cursive script that reads "Ed Morlan".

Ed Morlan,

Executive Director

cc:

Greg Schulte, Chairman, Southwest Transportation Planning Region

Steve Parker, Chairman, State Transportation Commissioner

Colorado Knights of the Broadband Roundtable

Senator Ellen Roberts

Representative J. Paul Brown

Representative Don Coram

Kristin Russell, Colorado Secretary of Technology & State Chief Information Officer

Ms. Debra Perkins-Smith, Director, Division of Transportation Development

## SWCCOG Telecommunications Committee

August 22, 2012, 3:30 – 5:00 p.m.

Phone Conference Summary

### Committee Members Present:

David Bygel, La Plata County  
Eric Pierson, City of Durango  
Rick Smith, City of Cortez  
Jason Wells, Town of Silverton  
Eric Pierson, City of Durango

### Staff/Consultants:

Paul Recanzone, OHivey  
Shirley Jones, Region EDD  
John Ehmann, SWCCOG  
Kathy Sherer, Region 9 EDD  
Susan Hakanson, La Plata County/SWCCOG  
Dr. Rick Smith, SCAN General Manager  
Brian Shepherd, OIT  
Pat Swonger, Eagle-Net

**The meeting was called to order at 3:30 p.m. by Dr. Rick Smith.**

### Agenda Changes:

- Budget added after approval of minutes
- Silverton letter added at end of Vendor Meetings
- Centurylink added to Vendor Meetings
- E-Rate added at end of Upstream Connectivity
- PUC rule-making process added to Operations Budget
- Implementation & Operations Fund added to COG Board action
- General Manager contract added to COG Board action
- Knights of the Round Table added if Ed Morlan joins the meeting

### I. July 18, 2012 meeting summary – Approved

### II. Implementation Budget (January 2010 through August 2012) – Shirley

- The Cost of Goods Sold amount is the 25% the COG pays back to the City of Durango out of the dark fiber lease money.
- The DoLA grant budget doesn't show anything for the GM because this version does not include any operational budget items. Going forward, the GM salary will be included in the operational budget.
- The Regional Engineering and Allocations column is a percent of the allocated construction budget. For example, the COG pays 100% of the money to Mid-State for engineering fees, etc., and then the COG gets reimbursed from the grant for 75% of it. The 25% that is not reimbursed is the community's responsibility. The expenses that are allocated as regional expenses are those that cannot be tied to a specific community (for example, Legal, General Mgr and Mid-State). These expenses are put into a pool and then are allocated according to the percent of the construction budget the community has.

**Packet Item 3e.**

### III. Updates

#### A. Vendor Meetings – Paul

- **USA Communications** and Pagosa Springs have not signed a contract yet. A revised version of the contract between city staff and USA was sent to county and town lawyers for review. They added language to the document to accommodate certain municipal legal requirements. That version was sent to USA and a reply was received yesterday saying they have some issues. Paul hasn't heard yet what those issues are, but he is optimistic that this will go forward.
- **FastTrack** has said that they would prefer to enter into an agreement with each of the individual communities rather than entering into an agreement with the SCAN as a whole. Paul is uncomfortable with this but it's necessary in order to keep FastTrack on board. He added that each community would then need to coordinate with the other communities or with the SCAN so that individual agreements don't undermine the ability for communities to service each other. Another issue is that with individual agreements, we will lose the ability to set up an exchange of assets by pooling them and balancing them across the entire project. We will need to make sure that we're working together as a team and not let FastTrack offer different agreements in different communities.
- **Centurylink** has requested information regarding our agreement with USA Communications. The request was worded in a way that makes Paul think they're preparing legal action as well as gathering information to compete more aggressively with USA in Pagosa Springs. Paul would like to write a response that prevents this from happening and that will be approved by USA, the Town of Pagosa Springs, and Archuleta County. Dr. Rick thought we should tell Centurylink that we've forwarded their request to the Town of Pagosa Springs. Paul will talk to David Mitchem and Greg Schulte about how they would like to handle this.
- **EAGLE-Net** stated in their October 2011 Board minutes that all of our proposals have been denied and that the SCAN is not a sustainable network and is looking to EAGLE-Net to generate revenue to become sustainable. No reference has been made to the SCAN or the COG since that time. Pat didn't know anything about that meeting and said opinions have changed and he would like to continue to move forward. Paul said EAGLE-Net has completed construction in Dolores without giving us the opportunity for joint excavation. Pat said it's difficult to stay in front of the contractors with three layers of construction going on. Paul said we still have a positive relationship, however, he believes we won't be able to have a significant impact as far as coordinating and making the most efficient use of government funds in southwest Colorado.

The Town of Silverton sent EAGLE-Net a letter requesting information in an attempt to quell some negative discourse that has been going on around the state. Some providers have been pointing to Silverton and San Juan County as an example of what's problematic with EAGLE-Net's build-out approach and alleging that they aren't going to deliver as promised. The letter referred to EAGLE-Net's over-spending in geographically favorable places while failing to build in under-served mountainous areas. Tangible evidence was requested regarding the fiber build that would fill part of the gap from Cascade Village to Silverton. A response to the letter by August 29<sup>th</sup> has been requested and it will be shared with the COG Board at their September 7<sup>th</sup> meeting. Pat said he could be available for the COG meeting and that week-to-week updates on

where construction crews are and what build has been done are available at [www.co-eaglenet.net](http://www.co-eaglenet.net).

#### B. Community Meetings

1. Installations – Unit pricing has been requested from contractors for the revisions in Mancos and Paul has been assured that the changes can be accomplished in 2012.
2. Discussions – Dr. Rick spent time in Dolores County to help get things moving and Ernie has been in Rico talking to them about what they want to do. Dr. Rick will be spending the day talking to people in Silverton on Monday. In Bayfield, approval has been received from the water district to put conduit in from the round-about, past Town Hall, and over to CR 509 when they have the trench open.

#### C. Upstream Connectivity

1. EAGLE-Net – Dr. Rick, Dave and Eric have met to discuss their router – where we would place it and how we would do the fiber connection. Upstream purchase was also part of that discussion. Dave and Eric have not met since then so there was no update.
2. E-Rate – Rick said the SCAN and the COG will need to decide if they want to be a telecommunications provider (within the context of the E-Rate world) or an IFP. If we go the telecom route, the COG would be paying a quarterly amount into the E-Rate fund (IFPs do not). The E-Rate expert in Cortez is available to help us with this. Paul recommended we provide service to existing E-Rate providers in order to avoid competing with regional providers. We would simply sell services to spin holders and collect revenue from that source. Dr. Rick suggested that we let the Cortez E-Rate expert advise us.

### **IV. Operations**

#### A. Budget

Dr. Rick had sent out a draft of an Operations budget. Now that he's talked to individual community representatives he has found mistakes that have been made. One of the mistakes was with La Plata County – they're under contract with their vendor for another year. As Dr. Rick visits each community, additional adjustments will be made if needed. After all of the corrections have been made, it will be shown to the COG Board so they can ask questions. The budget will then come back to the next telecom meeting to be finalized so that it can be presented at the October COG meeting for a decision.

#### B. PUC rule-making process

Jason attended the Club 20 telecom meeting in Telluride a month ago and this was a big topic since it has the potential to really impact rural broadband development. His understanding is that the actual hearings will be taking place in Denver on October 1-4, but comments are due by August 29<sup>th</sup> which is before our next COG meeting. There will also be western slope hearings held in Montrose and Rifle on September 19-20. This is an example of our inability to advocate for our own interests. Dr. Rick said the COG needs to find a way of addressing these issues in between their monthly meetings – perhaps by using a subcommittee or executive committee. Jason, Dr. Rick and Eric will meet to brainstorm this issue.

**V. Agenda Items for September COG Meeting**

- Establishment of Implementation and Operations Funds
- Continuation of the General Manager position

**VI. Next Meeting – Note date change due to the CML Municipal Workshop**

The next Telecom Committee meeting will be Thursday, September 20, 3:00 to 4:30 p.m.

The meeting was adjourned at 5:15 p.m.

Meeting summary submitted by Kathy Sherer

## AGENDA SUBMISSION FORM

### Southwest Colorado Council of Governments

Date of Board Meeting: Sept. 7, 2012	Type of Agenda Item: Discussion	
Staff: Ed Morlan and Dr. Rick Smith	Presentation Time: 10 minutes	
Subject: SCAN Implementation and Operation Budgets	Discussion Time: 10 minutes	
Reviewed by Attorney? No Attorney:		
Committee Approval: No		

Background: The Responsible Administrator and the General Manager have been refining the Implementation and Operation Budgets for the SCAN respectively and discussing their interconnections. They have prepared draft materials to share with the Board and seek Board input to further adjust and finalize them.

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Fiscal Impact: As indicated in the attached documents and as will be explained at the meeting.

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Recommended Action: Discussion and guidance of staff on budget items and process where the Board determines it would be appropriate.

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Accompanying Documents: Several SCAN Implementation and Operation Budget materials.

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ADDITIONAL INSTRUCTIONS

Packet Item 5a. (1)

	Actual after adjustments Jan '10 - July 31, 2012	Current Project Budget	Revised Working Budget	Revised Working Budget Remaining as of 8/1/12	Revised Working Budget for Remainder of 2012	Revised Working Budget for Remainder of 2013
<b>Income</b>						
4000 · Sales	\$ 4,560	\$ 40,000	\$ 4,560	\$ -	\$ -	\$ -
4005 · Other Income	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -
4010 · Grant-DOLA Admin	\$ 251,933	\$ 400,000	\$ 420,000	\$ 168,067	\$ 90,000	\$ 78,067
4020 · Grant DOLA-Construction	\$ 1,190,076	\$ 2,600,000	\$ 2,580,000	\$ 1,389,924	\$ 750,000	\$ 639,924
4950 · Match-GOV Admin	\$ 106,627	\$ 100,000	\$ 180,000	\$ 73,373	\$ 15,000	\$ 58,373
4951 · Match-GOV Construction	\$ 31,914	\$ -	\$ 215,440	\$ 183,526	\$ 3,000	\$ 180,526
4952 · Region 9-Matching Funds	\$ 24,848	\$ 37,027	\$ 70,000	\$ 45,152	\$ 20,000	\$ 25,152
4955 · In Kind Project Match	\$ 381,986	\$ 862,973	\$ 645,000	\$ 263,014	\$ 152,864	\$ 110,150
4956 · Matching Funds-Other	\$ 3,739	\$ -	\$ 35,000	\$ 31,261	\$ 15,000	\$ 16,261
<b>Total Income</b>	<b>\$ 1,995,683</b>	<b>\$ 4,090,000</b>	<b>\$ 4,150,000</b>	<b>\$ 2,154,317</b>	<b>\$ 1,045,864</b>	<b>\$ 1,108,453</b>
<b>Cost of Goods Sold</b>						
5000 · Cost of Goods Sold	\$ 960	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total COGS</b>		<b>\$ 0</b>				
<b>Gross Profit</b>		<b>\$ 4,090,000</b>	<b>\$ 4,150,000</b>	<b>\$ 2,154,317</b>		
<b>Expense</b>						
5510 · Travel & Ent	\$ 3,929	\$ 7,634	\$ 7,500	\$ 3,571	\$ 1,500	\$ 2,071
5512 · Meeting Exp	\$ 6,952	\$ 11,706	\$ 8,000	\$ 1,048	\$ 500	\$ 548
5515 · Legal Fees	\$ 26,326	\$ 25,234	\$ 35,000	\$ 8,674	\$ 4,000	\$ 4,674
5520 · Advertising	\$ 284	\$ 3,334	\$ 500	\$ 216	\$ -	\$ 216
5521 · Website	\$ 1,690	\$ 4,590	\$ 2,500	\$ 810	\$ -	\$ 810
5527 · Internet & software	\$ 974	\$ 2,460	\$ 2,000	\$ 1,026	\$ -	\$ 1,026
5532 · Postage	\$ 65	\$ -	\$ 100	\$ 35	\$ -	\$ 35
5535 · Printing/Reproduction	\$ 93	\$ -	\$ 200	\$ 107	\$ -	\$ 107
5637 · SCAN GM	\$ 36,750	\$ 50,000	\$ 36,750	\$ -	\$ -	\$ -
5638 · Region 9 EDD	\$ 110,942	\$ 138,044	\$ 180,000	\$ 69,058	\$ 30,000	\$ 39,058
5639 · Infor Services-Project Mgmt	\$ 13,005	\$ 15,585	\$ 15,585	\$ 2,580	\$ 1,200	\$ 1,380
5640 · Consulting	\$ 538	\$ -	\$ 538	\$ 1	\$ -	\$ 1
5641 · MSC-Regional Project Mgmt	\$ 128,863	\$ 143,400	\$ 173,427	\$ 64,595	\$ 39,063	\$ 25,532
5642 · MSC-Project Engineering & Mgmt	\$ 121,450	\$ 403,400	\$ 403,400	\$ 281,950	\$ 176,573	\$ 105,377
5645 · Project Construction	\$ 1,115,358	\$ 2,627,600	\$ 2,627,600	\$ 1,512,242	\$ 800,000	\$ 712,242
5955 · In Kind Project expense	\$ 381,986	\$ 656,900	\$ 656,900	\$ 282,028	\$ 152,864	\$ 129,164
<b>Total Expense</b>	<b>\$ 1,949,204</b>	<b>\$ 4,089,887</b>	<b>\$ 4,150,000</b>	<b>\$ 2,227,941</b>	<b>\$ 1,205,700</b>	<b>\$ 1,022,241</b>
<b>Revenue minus Expenses</b>		<b>\$ 113</b>	<b>\$ -</b>	<b>\$ (73,624)</b>	<b>\$ (159,836)</b>	<b>\$ 86,212</b>

Packet Item 5a. (2)

## SWCCOG 2012 Telecom Budget Notes Revised

### 2012 Changes Proposed

There is a need to create a separate set of accounts as a new fund for the Operational aspects of the network in addition to the Implementation fund for the DoLA grant. This will have an impact on the previously adopted budget. The following notes go over the proposed changes a line item at a time. The new project total is proposed to be \$4,150,000 with the increase in revenue coming from increased local match (the \$78,149 already assessed) and increased Region 9 match.

Since there are significant changes in the revised budget, it is suggested to start with a revised budget for the **entire** project. Then compare actual expenditures to the new budget to determine the remaining balance in each line item. The balance remaining is then distributed over the remaining portion of 2012 and 2013.

### Implementation Fund #830

#### Revenue

**Acct #4000 – Sales** – This is revenue from the sale of excess capacity, leasing of assets, or transport on the network, currently the City of Durango/La Plata County Dark Fiber Leases. In the process of creating a separate fund for Operations, it is recommended that the \$8,760 revenue received from 1/1/12 through 7/31/12 and going forward be moved from the Grant Implementation Fund to the Operations Fund. This line item has \$4,560 in the revised Implementation Budget as this was income received prior to 1/1/12.

**Acct #4005 – Other Income** – This includes potential revenue from vendors in cost sharing agreement and/or from EAGLE-Net for transport on the network. The current FY 2012 Budget is \$50,000. The \$8,400 posted in this account as of 7/31/12 was income from the City of Cortez and Durango for the E-Tic software. It is recommended that the \$8,400 revenue received as of 7/31/12 and going forward be moved from the Grant Implementation Fund to the Operations Fund. This line item is zeroed out in the revised Implementation Budget although this could be a source of additional matching construction funds.

**Acct # 4010 – Grant DoLA Administration**- The DoLA Contract totaling \$3M had \$400K for Administration and regional project engineering and management. After adjustments \$251,933 has been posted in this account as of 7/31/12. The revised total project budget for this line item is proposed to be \$420,000, leaving \$168,067 of the budget remaining as of 8/1/12.

**Acct #4020 – Grant DoLA Construction** - The DoLA Contract totaling \$3M had \$2.6M for construction. After adjustments \$1,190,076 has been posted in this account as of 7/31/12. The revised total project budget for this line item is proposed to be 2,580,000, leaving \$1,389,924 of the budget remaining as of 8/1/12.

**Acct #4950 – Match Government Administration** – The COG is required to match the grant. After adjustments \$106,627 has been posted in this account as of 7/31/12. The revised total project budget for this line item is proposed to be 130,440, leaving \$23,813 of the budget remaining as of 8/1/12.

**Acct #4951 Match Government Construction** – This is income from the allocation of construction costs billed to each community based on invoices received primarily from Mid-State. After adjustments \$31,914 has been posted in this account as of 7/31/12. The revised total project budget for this line item is proposed to be \$215,440, leaving \$183,526 of the budget remaining as of 8/1/12. The increase in this line item is offset by the decrease in line item #4955.

**Acct #4952 – Region 9 EDD Match Telecom** – This is revenue from Region 9 to match 25% of the administration costs paid to Region 9 under their contract. After adjustments \$24,848 has been posted in this account as of 7/31/12. It is recommended that going forward from 8/1/2012 Region 9 provides revenue to match 50% of the administrative costs and not exceed the original amount to be billed to the COG. The recommended new total project budget is \$70,000, leaving \$45,152 of the budget remaining as of 8/1/12.

**Acct #4955 – In-Kind Project Match** – This line item reflects the construction match portion paid by the COG member, which does not flow to the COG bank account. After adjustments \$381,986 has been posted in this account as of 7/31/12. The original budget for this was \$862,973. The recommended new total project budget is 645,000, leaving \$263,014 of the budget remaining as of 8/1/12. This decrease is due to billing procedures where some of this revenue will come in acct. #4951.

**Acct #4956 – Matching Funds Other** - This is income from other purchasing consortium members, as in the Ignacio library, to match construction costs. After adjustments \$3,739 has been posted in this account as of 7/31/12. The revised total project budget for this line item is proposed to be \$35,000, leaving \$31,261 of the budget remaining as of 8/1/12.

**New Revenue Line Items for Operational Fund in addition to Acct #4000 – Sales.**

**4001 - Access (ramp) Fee** - FY 12 revenue is budgeted to be \$3,000.

**4002 - Internet Usage** - FY 12 revenue is budgeted to be \$0.

**4003 - Internet Administration Fee** - FY 12 revenue is budgeted to be \$0.

**4004 - Fee Allocations (e.g. E-Tic)** - FY 12 revenue is budgeted to be \$8,400.

**4009 - Other Income** - FY 12 revenue is budgeted to be \$0.

**Acct #5000 – Cost of Goods Sold** – Currently this is the amount that SCAN pays to the City of Durango/La Plata County after receiving the payment on the lease of Dark Fiber totals \$10,000 \$960 has been posted in this account prior to 1/1/12. This account and funds paid to date in 2012 are proposed to be moved to the Operational Fund. The recommended new total project budget is \$960 for costs paid prior to 1/1/2012.

**Expenses: Implementation Fund #830**

**5510 · Travel & Ent** - \$3,929 has been spent as of 7/31/12. The current project budget amount is \$7,634. The recommended new total project budget is \$7,500, leaving \$3,571 of the budget remaining as of 8/1/12.

**5512 · Meeting Exp** - \$6,952 as of 7/31/12. The current project budget amount is \$11,760, the recommended new total project budget is \$8,000, leaving \$1,048 of the budget remaining as of 8/1/12.

**5515 · Legal Fees** - \$26,326 as of 7/31/12. The current project budget amount is \$25,234, the recommended new total project budget is \$30,000, leaving \$8,674 of the budget remaining as of 8/1/12.

**5520 · Advertising** - \$284 as of 7/31/12. Expenses were charged to this for advertising for bids and proposals. The recommended new budget is \$500, leaving \$216 of the budget remaining as of 8/1/12.

**5521 · Website** - \$1,690 as of 7/31/12. The recommended new budget is \$2,500, leaving \$810 of the budget remaining as of 8/1/12.

**5527 · Internet & software** - \$974 as of 7/31/12. The recommended new budget is \$2,000, leaving \$1,026 of the budget remaining as of 8/1/12.

**5532 · Postage** - \$65 as of 7/31/12. This was for express mailing documents. Going forward generally this type of expense will be paid by Region 9 and included in the administrative billing. The recommended new budget is \$100, leaving \$35 of the budget remaining as of 8/1/12.

**5535 · Printing/Reproduction** - \$93 as of 7/31/12. The recommended new budget is \$200, leaving \$107 of the budget remaining as of 8/1/12.

**5637 · SCAN GM** - \$36,750 as of 7/31/12. This account and expenses going forward are proposed to be moved to the Operational Fund. The recommended new budget is \$36,750 leaving \$0 budget remaining as of 8/1/12 in the Implementation Fund.

**5638 · Region 9 EDD** - \$110,942 as of 7/31/12. The current project budget amount is \$138,044, the recommended new budget is \$180,000, leaving \$69,058 budget remaining as of 8/1/12. This expense will be covered by the increased income from acct. #4952, Region 9's match.

**5639 · Infor Services-Project Mgmt** - \$13,005 as of 7/31/12. The current project budget amount is \$15,585 and there is no change proposed, leaving \$2,580 budget remaining as of 8/1/12.

**5640 · Consulting** - \$538 as of 7/31/12. Going forward this type of expense will be paid by Region 9 and included in the administrative billing. The recommended new budget is \$538 to zero it out.

**5641 · MSC-Regional Project Mgmt** - After adjustments \$128,863 has been posted to this account as of 7/31/12. The current project budget amount is \$143,400, the recommended new budget is \$173,427, leaving \$64,595 budget remaining as of 8/1/12.

**5642 · MSC-Project Engineering & Mgmt** - After adjustments \$121,450 has been posted to this account as of 7/31/12. The current project budget amount is \$403,400 and there is no change proposed, leaving \$281,950 budget remaining as of 8/1/12.

**5645 · Project Construction** - After adjustments \$1,115,358 has been posted to this account as of 7/31/12, leaving \$1,512,242 budget remaining as of 8/1/12. The current project budget amount is \$2,627,600 and there is no change proposed.

**5955 · In Kind Project expense** - After adjustments \$381,986 has been posted to this account as of 7/31/12, leaving \$282,028 budget remaining as of 8/1/12.. The current project budget amount is \$656,900 and there is no change proposed.

#### **Expenses: Operations Fund #900**

The following are **new expense line** Items for Operational Fund in addition to existing line items. We don't have numbers to insert at the present time.

**5400 - Network Maintenance**

**5401 - Software Maintenance (e-Tic)**

**5402 - Hardware Maintenance (smart net)**

**5526 - Internet Connectivity (100 Mb)**

**5528 - Fiber Locates**

**5529 - Inter-Regional Fiber Routes (leases)**

**5637 · SCAN GM**

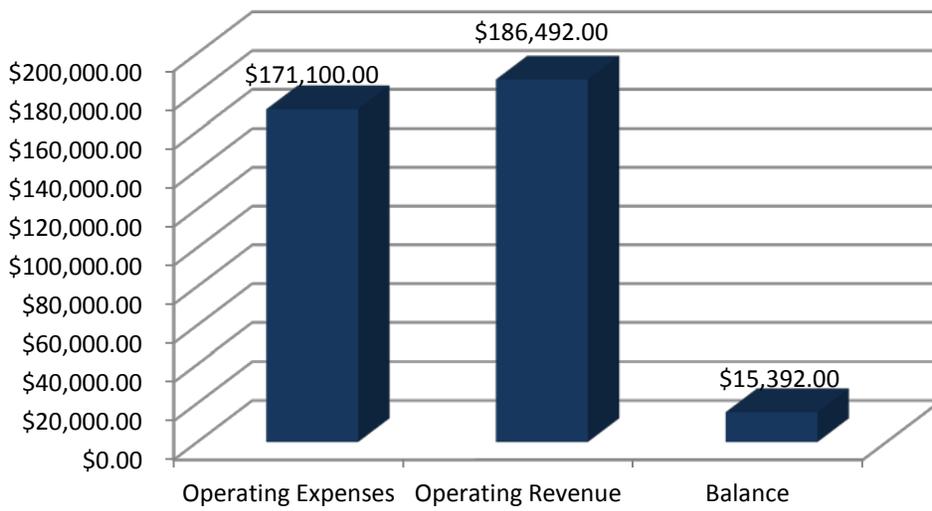
## Operational Costs

<u>Description</u>	<u>Cost</u>
General Manager services (contract with COG member)	<b>\$50,000.00</b>
Legal Counsel (SWCCOG)	<i>In Kind</i>
Accounting / Audit ( SWCCOG)	<i>In Kind</i>
Public IP	<i>In Kind</i>
Annual Internet upstream Connectivity (100 mb)	<b>\$15,000.00</b>
Network Maintenance (contract with COG member)	<b>\$46,800.00</b>
Inter-Regional Connectivity (Eagle Net Port Charge)	<b>\$46,500.00</b>
Software License (E-Tic)	<b>\$8,400.00</b>
Equipment Maintenance (Smartnet)	<b>\$36,200.00</b>
Fiber Repair Fund	<b>\$15,000.00</b>
Equipment replacement (Capital transfer number)	<b>\$36,000.00</b>
Network Expansion	<i>Not Funded</i>
<b>Annual Operations Cost</b>	<b>\$171,100.00</b>

<b>Operating Expenses</b>	<b>\$171,100.00</b>
<b>Operating Revenue</b>	<b>\$186,492.00</b>
<b>Balance</b>	<b>\$15,392.00</b>

## Revenue

<u>Description</u>	<u>AMT.</u>
Fiber Access (ramp charge)	<b>\$35,100.00</b>
Internet Bandwidth Usage	<b>\$120,978.00</b>
Internet Admin Fee	<b>\$13,959.00</b>
Leased Assets	<b>\$8,055.00</b>
E-Tics Software	<b>\$8,400.00</b>
Other	
<b>Total Projected Revenue</b>	<b>\$186,492.00</b>



## AGENDA SUBMISSION FORM

### Southwest Colorado Council of Governments

Date of Board Meeting: September 7, 2012	Type of Agenda Item: Discussion
Staff: Ed Morlan	Presentation Time: 10 minutes
Subject: Allocation Formula for Match Funds	Discussion Time: 10 minutes
Reviewed by Attorney? No Attorney:	
Committee Approval: No	

Background: There are costs for the project that are not specific to any community and therefore need to be allocated based on a methodology. Attached is a brief memo on matching funds and explanation for the attached spreadsheet/matrix. The staff is looking for approval of the methodology of allocating non-community specific costs to the amount of construction funds each member community is utilizing.

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Fiscal Impact: The primary fiscal impact is to associate an allocation of non-community specific costs to construction funds as indicated in the attached documents and as will be explained at the meeting.

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Recommended Action: Approve the methodology to allocating non-community specific costs to the amount of construction funds each member community is utilizing.

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Accompanying Documents: Matching Funds Allocation & SCAN Community Budget Spreadsheet / matrix.

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ADDITIONAL INSTRUCTIONS

Packet item 5b. (1)

<i>Region 9</i>	<i>Town of Ignacio</i>	<i>Ignacio Library</i>	<i>City of Cortez</i>	<i>City of Durango</i>	<i>La Plata County</i>	<i>Town of Dolores</i>	<i>Town of Silverton</i>	<i>San Juan County</i>	<i>Town of Dove Creek</i>	<i>Dolores County</i>	<i>Town of Mancos</i>	<i>Town of Rico</i>	<i>Town of Bayfield</i>	<i>Town of Pagosa Springs</i>	<i>Archuleta County</i>	<i>SWCCC</i>
864.75	2,487.00		26,482.00	11,025.00	5,512.50	298.50	1,744.50	1,744.50	1,749.50	184.50	1,523.00	173.25	10,408.00	10,787.00	10,787.00	
1,491.00			410.00													
1,050.76																
967.55																
431.64																
968.02																
1,111.49																
2,023.88																
3,058.79																
1,225.19																
1,380.35																
1,187.48																
1,656.69																
620.90																
819.97																
1,217.70																
1,132.75																
1,175.53																
1,485.67																
23,870.11	2,487.00	0.00	26,892.00	11,025.00	5,512.50	298.50	1,744.50	1,744.50	1,749.50	184.50	1,523.00	173.25	10,408.00	10,787.00	10,787.00	0.00

### Allocation of Matching Funds

The \$3M DoLA Contract requires a match (“Contractor Funds”) of \$1M for total revenue of \$4M. The Contract identifies two expense line items:

Purchase/Installation of Telecommunications, Equipment/Infrastructure/Appurtenances #1 -	\$3.6M
Engineering Services/Project Management #2	\$0.4M

It does not matter to DoLA how the \$1M match is allocated to the two expense line items, as long as there is at least a \$1M match. All the accounting for community budgets and administrative match revenue and allocation is internal.

Generally, the budgeting to date has attempted to allocate the local match to both expense categories at 25%. However, this is not a simple task. Much of the expense comes through the billing from Mid-State Consultants. While some costs can be directly related to a specific community, there are costs such as design and engineering for the regional network and the general and administrative costs such as legal, General Manager Contract, etc. that cannot be directly related to a specific community. In those cases, these costs have been allocated to each community based on formula of their budgeted percentage of the total construction funds allocated to their community.

Going forward and looking to the end of grant, the COG Board may want to be flexible in allocating the match in order to maximize the use of grant funds at the completion of the project. For example, it is doubtful that the cost of every project will come in exactly on budget. In each case the costs will either exceed or be lower than the budgeted amount. This will be a local decision in each case. In those cases where the local member chooses not to spend a higher amount than the current community budget, or not participate at all, then any excess grant funds could be made available to those communities choosing to spend a higher amount for telecommunications projects consequently providing a higher percentage of match. In the cases where the local member chooses to spend a higher amount for telecommunications projects, a “pool” of matching funds at a rate of higher than 25% match is created that can be used for match.

The matrix attached provides a suggestion for a formula to allocate the match based on a formula of each community’s percentage of the total project construction grant money allocated to their community. If money is reallocated from the current community budgets, then formula could be adjusted to reflect the actual share of construction funds used by each community.

## Community Budgets

The attached chart has numbered columns.

- **Column #1** The percentage shown here is based on each community's percentage of the total project construction grant money allocated to their community
- **Column #2** The project construction grant budgeted for each community
- **Column #3** is each community's initial match for their project.
- **Column #4** The COG agreed to assess themselves \$78,150 as additional administrative match. This is the amount allocated to each community based on their percentage of the total construction grant money allocated to their community.
- **Column #5** is the revised total local match.
- **Column #6** is the Total Project Budget, grant and match.
- **Column #7** is the 25% match for general administrative costs, such as the legal and general manager costs and Regional Network Engineering Costs allocated to specific communities based on each community's percentage of the total construction budget.
- **Column #8** is the Mid-State costs & other vendors invoiced by specific communities.
- **Column #9** is the total of the initial Administrative Match Allocation (#4), the Regional Network Engineering and other general administrative costs (#7), and the Mid-State & other vendor costs invoiced by specific communities (#8).
- **Column #10** is the amount currently (7/31/12) due from each community for #9.
- **Column #11** is the amount paid by each community project to date (received by Region 9).
- **Cell #12** is the 25% match required for the general administrative costs and regional network design
- **Table 13** is 25% of project cost paid by the SWCCOG connected to the specific community. This is the amounts transferred to column #8.

## AGENDA SUBMISSION FORM

### Southwest Colorado Council of Governments

Date of Board Meeting: Sept. 7, 2012	Type of Agenda Item: Decision
Staff: Donna Graves / Ed Morlan	Presentation Time: 3 minutes
Subject: Contacts for housing information and accepting census counts as good estimates	Discussion Time: 2 minutes
Reviewed by Attorney? No Attorney:	
Committee Approval: No	

Background: Region 9 EDD is a designated Data Center Affiliate with the State. Region 9 EDD has a contract with Donna Graves of Information Services to assist with these activities and coordination. Periodically the State Demographer's Office sends out estimates of various types of socio-economic data to local governments and also copies Region 9 EDD. Questions or discrepancies about the data occasionally arise that are not directly related to economic development. Region 9 EDD staff suggest that when issues regarding data not directly related to economic development are identified, that these issues be brought to the COG to determine whether they would like Region 9 to follow-up and how. Region 9 is not requesting any funds or reimbursement, just a process for coordination and collaboration. In this case, they are asking the COG to approve the census counts as good estimates and to recognize the person on the attached list as the contact for each county to coordinate housing counts in the future.

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Fiscal Impact: None expected on the COG.

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Recommended Action:

Donna Graves' recommendation is the COG approve the following motions:

- 1) That the COG recognize the person on the list on page 3 of the attached document entitled Update to Population and Housing Estimates as the contact for each county to coordinate housing counts in the future.
- 2) That the COG approve the census housing unit counts as good estimates.

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Accompanying Documents:  
Update to Population and Housing Estimates

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ADDITIONAL INSTRUCTIONS

Packet Item 6a&b (1)

**Follow-up on Population and Housing estimates**

**Background**

Region 9 EDD is a designated Data Center Affiliate with the State and periodically executes a contract (no funding) with the State for this purpose. Region 9 EDD has a contract with Donna Graves of Information Services to assist with the Data Center Affiliate activities and coordination. Periodically the State Demographer's Office sends out estimates of various types of socio-economic data to local governments and also copies Region 9 EDD. From time to time, questions or discrepancies about the data arise that are not directly related to economic development. Region 9 EDD staff discussed with both the Region 9 Board of Directors and the SWCCOG Board to suggest that when issues regarding data not directly related to economic development, that these issues be brought to the COG to determinewhether they would like Region 9 to follow-up and how. Region 9 is not requesting any funds or reimbursement, just a process for coordination and collaboration. In the case, we are asking the COG to identify a contact person for each county to coordinate housing counts in the future.

**Discrepancy between County Assessor and DoLA/Censuson the number of housing units in each County.**

The Abstract of Assessment is a document prepared each year by the Assessor for the State. There seems to be a great deal of variation in the softwares being used across the state. Decision variables seem to be cost, ease of use, and support by the software company. Archuleta and La Plata Counties use software called Tyler Technologies Eagle Assessor. They seem happy with it as no complaints were offered. Dolores County uses a program called ACS, which seems weak on the reporting side. Montezuma County uses a program called RealWare by Colorado Customware, Inc. Mark Vanderpool thinks the appraisal side of the software is strong, but the reporting side is weak. They seem to do their queries using GIS databases. San Juan County contracts with Pueblo County to use a software that they developed a number of years ago, it is called Progress Based Applications and is GIS compatible.

The term "personal communication" in the tables for the report it means that the number of housing units is not available in the Abstract of Assessment so someone in the Assessor's office in Dolores, Montezuma and San Juan Counties ran a report and verbally gave Donna their best guess.

The table below illustrates this information.

Data Source		Assessor Counts			DOLA Counts			Difference between Assessor & DOLA 2011
		Total Housing Units		Change 2010 - 2011	Total Housing Units		Change 2010 - 2011	
Estimates 6-28-12		2010	2011		2010	2011		
Abstract of Assessment	Archuleta	8,232	8,274	42	8,804	8,841	37	567
Personal Communication	Dolores		2,078		1,469	1,483	14	(595)
Abstract of Assessment	La Plata	24,885	25,132	247	26,093	26,315	222	1,183
Personal Communication	Montezuma	10,363	10,431	68	12,110	12,164	54	1,733
Personal Communication	San Juan	760	761	1	760	761	1	

Of particular concern to Region 9 EDD were the differences in Dolores County, which showed 595 more housing units than the census. The implication of this is that the Census undercounted housing units in Dolores County, in which case it would be worth disputing it as state and federal funds are allocated based on these counts.

Subsequently, Donna corresponded with the State Demographer, Elizabeth Garner and Deying Zhou, who works in that office, with additional questions regarding the housing unit counts. Donna also "brainstormed" with Scott Davis - Deputy Assessor in Montezuma County as to why there are differences in assessor counts versus Census counts. They came up with a number of possible explanations. These include:

- 1) Multiple units, i.e. duplexes, triplexes, etc. are only counted as one unit in the Assessors databases. These are difficult to reconcile as the codes give ranges, not an actual count. For example, code 1220 represents Multi-Units 4-8, and code 1225 represents Multi-Units 9+.
- 2) Group quarters, such as college dorms or nursing homes, are probably counted differently by the two entities.
- 3) County Assessors do not count housing units on Indian Reservations, of which there are two in our region (Southern Ute and Ute Mountain Ute Indian Tribes).
- 4) Mobile homes that are assessed as personal property (not on a permanent foundation) as opposed to real property might create some inconsistencies.

Donna also worked with Joi Redshaw, the Deputy Assessor for Dolores County, to try and reconcile the potential undercount. Donna believes that the software reporting system used by the county may have inadvertently over counted units by including outbuildings that are not actually used for housing, such as sheds and agricultural buildings. Using GIS data supplied by Ms. Redshaw, Donna was able to eliminate a number of these types of buildings, and came up with a number that is more aligned with the DoLa estimates, as shown in the revised table below.

Data Source		Assessor Counts			DOLA Counts			Difference between Assessor & DOLA 2011
		Total Housing Units		Change 2010 - 2011	Total Housing Units		Change 2010 - 2011	
Estimates 7-30-12		2010	2011			2010		2011
Abstract of Assessment	Archuleta	8,232	8,274	42	8,804	8,841	37	567
GIS Data examined by Donna Graves	Dolores		1,315		1,469	1,483	14	168
Abstract of Assessment	La Plata	24,885	25,132	247	26,093	26,315	222	1,183
Personal Communication	Montezuma	10,363	10,431	68	12,110	12,164	54	1,733
Personal Communication	San Juan	760	761	1	760	761	1	

Donna Graves' recommendation at this point is to agree with census counts as there are financial incentives for the counties to accept their higher count numbers. Going forward, each county may want to assign a person to "actually review" the estimates provided by DOLA each year. Perhaps this is a process that the COG board might discuss and clarify. How would Region 9/Donna interact with these

designated reviewers? This will be especially important as data collected gets further away from the current 2010 census.

The request is for the COG to identify a contact person for each county. Suggestions are identified on the following page

**Archuleta County:**

Natalie Woodruff - Assessor  
P.O. Box 1069, Pagosa Springs, CO 81141  
970-264-8310  
[nwoodruff@archuletacounty.org](mailto:nwoodruff@archuletacounty.org)

**Dolores County**

Joi Redshaw - Deputy Assessor  
P.O. Box 478, Dove Creek, CO 81324  
970-677-2385  
[dcjoir@fone.net](mailto:dcjoir@fone.net)

**La Plata County**

Daniel Murray - Planning Dept.  
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**Montezuma County**

Scott Davis - Deputy Assessor  
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**San Juan County**

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# AGENDA SUBMISSION FORM

## Southwest Colorado Council of Governments

Date of Board Meeting: September 7, 2012	Type of Agenda Item: Decision
Staff: Ed Morlan / Laura Lewis Marchino	Presentation Time: 3-5 minutes
Subject: A decision to amend the 2012 budget and establish SCAN Implementation, SCAN Operation and All Hazards accounts	Discussion Time: 5-10 minutes

Reviewed by Attorney? No Attorney:

Committee Approval: No

### Background:

#### Amend the 2012 budget

In your packet is a one page summary of the proposed amendments. Looking at the page from left to right, the first Column, the general SWCCOG fund (100) has not changed. The intention is to revise this fund by the fiscal year end but it was included for your information.

Fund 200 is new and will include all "All-Hazard" grant funds from 2009-2012. The total amount of \$586,000 is the amount of grant funds available. Once staff has more information on specific amounts per grant year and grant category, those funds will be disbursed among the different line items. This Fund needs to be approved as part of the amended budget.

The next column is the original approved budget for #830 and the next column shows the proposed budget revisions to Telecom. The proposed revisions do not increase the total expenses in 830 but are included to show its relation to the proposed Fund 900 and the known changes needed in the Three Year DoLA budget.

The proposed 900 Fund is to separate on-going Telecom SCAN operations from the DoLA grant funds (830). The revenue portion is correct and known expenses are included. Dr Rick might have more information as to the expenses for the meeting. The budget can also be amended later, but the request is to add a 900 Fund.

#### Establish SCAN Implementation, SCAN Operation and All Hazards accounts

The Responsible Administrator for the SCAN project has determined that establishment of accounts for the SCAN Implementation and Operation budgets would add clarity to project planning & management and grant management. A distinct operational account will be needed for the project as it becomes operational. An account will also be established for handling the Southwest Colorado All-Hazards Committee's program activities. The advice of the COG Auditor has been solicited and used in determining and offering this request.

**Packet Item 6c. (1)**

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Fiscal Impact: The fiscal impact of the budget revisions and additions are as stated above.

The fiscal agent reports that the Auditor indicates that this specific plan to set up separate accounts by Board action but without calling the Operation account an enterprise fund will not raise future auditor costs.

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Recommended Action:

It is recommended that the COG Board approve the amended budgets as presented and establish accounts for the SCAN Implementation, SCAN Operation budgets and the Southwest Colorado All-Hazards Committee program activities as shown in the amended budget materials. (It is still anticipated that a final revision will be made at the end of the fiscal year.)

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Accompanying Documents:

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ADDITIONAL INSTRUCTIONS

SWCCOG 2012 Budget Amendments Overview

	Approved	Proposed	Approved	Proposed	Proposed	Approved	Amended
	100	200	830	830	900	Approved	Amended
	General	All Hazards	Telecom	Telecom	SCAN	Total	Total
<b>Income</b>							
4000 · Lease of Excess Capacity (Sales)			40,000		8,055	40,000	8,055
4001-Fiber Access (ramp) fee					3,000	0	3,000
4002-Internet Usage						0	0
4003-Internet Admin Fee						0	0
4004-E-Tics					9,300	0	9,300
4005 · Other Income			50,000			50,000	0
4010 · Grant-DOLA Admin			120,000	116,270		120,000	116,270
4020 · Grant DOLA-Construction			1,400,000	1,248,025		1,400,000	1,248,025
4040 · Grant-Transit	15,000					15,000	15,000
4950 · Match-GOV Admin	14,000		55,000	73,112		69,000	87,112
4951-Match-GOV Construction				34,914			34,914
4952 · Region 9-Matching Funds	20,000		16,000	25,989		36,000	45,989
All Hazard Grant		586,000				0	586,000
4955 · In Kind Project Match			446,000	285,941			285,941
4956 · Matching Funds Other				18,739		0	18,739
<b>Total Income</b>	<b>49,000</b>	<b>586,000</b>	<b>2,127,000</b>	<b>1,802,990</b>	<b>20,355</b>	<b>1,730,000</b>	<b>2,458,345</b>
<b>Cost of Goods Sold</b>							
5000 · Cost of Goods Sold			10,000		2,014	10,000	2,014
<b>Gross Profit</b>	<b>49,000</b>	<b>586,000</b>	<b>2,117,000</b>	<b>1,802,990</b>	<b>18,341</b>	<b>1,720,000</b>	<b>2,456,331</b>
<b>Expense</b>							
5510 · Travel & Ent	1,000		1,500	3,692		2,500	4,692
5512 · Meeting Exp	800		1,000	727		1,800	1,527
5515 · Legal Fees	3,000		4,200	11,877		7,200	14,877
5520 · Advertising	1,000		400	0		1,400	1,000
5525 · Audit	9,000					9,000	9,000
5527 · Internet & software			130	113		130	113
5532 · Postage	128		20	11		148	139
5535 · Printing/Reproduction			350	0		350	0
5540 · Membership/Sub	250			0		250	250
5555 · Liability Insurance	3,900			0		3,900	3,900
5637 · SCAN GM			55,000	36,750		55,000	36,750
5638 · Region 9 EDD			30,000	61,602		30,000	61,602
5639 · Infor Services-Project Mgmt			2,000	3,050		2,000	3,050
5640 · Consulting	20,000		600	338		20,600	20,338
5641 · MSC-Regional Project Mgmt			40,000	70,536	9,300	40,000	79,836
5642 · MSC-Project Engineering & Mgmt			353,000	246,511		353,000	246,511
5643 · CDOT LLC	9,500			0		9,500	9,500
All Hazard Project expense		586,000		0		0	586,000
5644 · AmeriCorp Member	5,500			0		5,500	5,500
5645 · Project Construction			1,145,570	1,200,108		1,145,570	1,200,108
5955 · In Kind Project expense			400,000	285,941		400,000	285,941
<b>Total Expense</b>	<b>54,078</b>	<b>586,000</b>	<b>2,033,770</b>	<b>1,921,256</b>	<b>9,300</b>	<b>2,087,848</b>	<b>2,570,634</b>
<b>Net Income</b>	<b>-5,078</b>	<b>0</b>	<b>83,230</b>	<b>-118,266</b>	<b>9,041</b>	<b>-367,848</b>	<b>-114,303</b>

## AGENDA SUBMISSION FORM

### Southwest Colorado Council of Governments

Date of Board Meeting: September 7, 2012	Type of Agenda Item: Decision
Staff: Susan Hakanson	Presentation Time: 5 minutes
Subject: 2013 SWCCOG SCAN General Operations Policy on First Reading	Discussion Time: 5-10 minutes

Reviewed by Attorney? As the Board moves past first reading, a legal review may be necessary.

Committee Approval: N/A

Background: The SCAN project under the original DoLA grant is moving towards an expected completion in 2013. With a fiber network in place, SWCCOG needs to set clear policy and direction for how the network will be utilized, administered, maintained and funded. Part of this discussion needs to include the expectations of the SWCCOG Board of who may utilize the network, how they will utilize it, what they may utilize it for, and expectations regarding funding and funding sources.

Enclosed in the packet is the skeleton of a SCAN General Operations Policy. A great deal of discussion has taken place between SWCCOG Board members during the past two years, with concepts and ideas suggested, but not compiled and voted into policy. The ideas included in this outline have been compiled from board minutes from the past SWCCOG meetings. It is the hope of staff that some of these "50,000" foot over-arching decisions can be finalized, and the details of policy can be filled in – along with procedures developed and the business plan completed based on this initial policy discussion.

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Fiscal Impact: NA

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Recommended Action: Policy review and revised by the Board and passed on first reading with revisions.

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Accompanying Documents: General Operations Policy, Legal Review of Proposed Eagle-Net Intergovernmental Agreement, Cecil. Impacts of SB 152 State Grant for Fiber Network, Fellman. (Board Packet Only- please do not forward)

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ADDITIONAL INSTRUCTIONS

Packet Item 6d. (1)



## **Broadband Network Policy – Policy on First Reading**

### **Mission Statement**

The Mission of the Southwest Colorado Access Network “SCAN” is to:

Implement a regional telecommunications network that provides infrastructure to enable public offices to connect to one another within a community, and aggregate demand to purchase telecommunications services more effectively. This will enable public offices throughout the region to network and aggregate their service delivery.

### **Vision Statement**

Local public offices control their own telecommunications destiny with a private network supported by publicly owned infrastructure on an open access network model that provides very high speed transmission and large amounts of bandwidth at reasonable costs. The network provides the ability to aggregate demand among community public offices that further enhances the ability to acquire telecommunications services on the most cost effective and efficient basis possible. The availability of excess capacity within an open access network model enables the private sector to extend broadband access and services to businesses and residents into areas where previously not financially feasible.

### **Description of Regional Network Architecture**

The Southwest Colorado Access Network (SCAN) will build a state of the art telecommunications network supported by publicly-owned or leased infrastructure to provide secure connections between participating community public offices including: government, education, law enforcement, search and rescue, medical facilities, and others.

The regional network will provide connectivity for Southwest Colorado Council of Governments (SWCCOG) members ranging from Pagosa Springs on the east, to Dove Creek on the west. The regional network will include two hub locations for the outlying communities and colleges to connect. The two regional hubs (Durango and Cortez) will be connected via a 10G backbone. Each community will build an intra-community network to aggregate services at a common point (see figure below). Aggregation of demand region-wide is a major goal of the project. Where feasible, each community aggregation point will connect to one or both of the regional hub sites. Upstream connectivity will be from the regional hubs, or from community aggregation points for communities where connectivity to the regional hub is infeasible.

Each community varies in its level of sophistication and capability. Some are rather advanced, others are just getting started. Inter- and intra-community SCAN network segments may be: new construction executed by the SWCOG members; new construction executed by private carriers in partnership with

the SWCCOG members; leased services from private carriers; or other deployments. High capacity connectivity at reasonable operational costs is the hallmark of the project. When feasible, fiber connectivity is preferred, but copper and wireless services will be considered where fiber deployment proves to be unrealistic.

The regional network will provide services for local governments. Furthermore, excess capacity in a logically separate open access / open services network will be made available for private service providers to utilize. Providing an open access / open services model is a requirement of the grant funding. Logical service provider connections throughout the network should be accommodated.

### **Beliefs:**

- The Southwest Colorado region that makes up the district of the SWCCOG is rural in nature, with populations that are often isolated from necessary services and infrastructure such as adequate broadband. Not having access to broadband service or adequate broadband service and applications limit institutions, individuals and businesses from participating fully in the nation's economy, democracy, culture and society.
- Economic growth and educational development in southwest Colorado depend in large part on the range and quality of telecommunications services available to public and private institutions, businesses and residents.
- By aggregating demand in each participating community and throughout the region, SCAN will offer faster speeds, greater throughput, and the ability to deliver services in an efficient and cost-effective manner to SWCCOG members including, but not limited to: data transfer, application sharing, digital telephony, and other advanced digital services.
- Public funds allocated for broadband development may be used to compensate for the lack of private broadband investment in unserved and underserved communities, such as rural areas and low-income areas.
- Public funding should prioritize reaching communities that do not have access to broadband, rather than rebuilding existing networks.
- Oversight, transparency, accountability, and public access information are important components of all broadband development projects funded by tax payer's money.

### **SCAN Access and Users**

#### **First Tier:**

The first priority of the SCAN project is the broadband connectivity of the SWCCOG membership, or “First Tier” organizations.

First Tier organizations have full access to benefits and full participation in revenue and cost sharing.

Town of Bayfield

City of Cortez

Town of Dolores

Town of Dove Creek

City of Durango

Town of Ignacio

Town of Mancos

Town of Rico

Town of Silverton

Archuleta County

Dolores County

La Plata County

San Juan County

Other partners may include:

Montezuma County (At such time that they choose to participate)

Ute Mt Ute Indian Tribe

Southern Ute Indian Tribe

### **Second Tier:**

Secondary to the SWCCOG member organizations are the “second tier” governmental organizations, and may include other governmental organizations such as special districts and “other political subdivisions under the State”.

- Access as participants in the purchasing consortium, as deemed appropriate by partnering local SWCCOG member organization;
- **Or**
- Access to the SCAN infrastructure only through a separate service provider.
- No revenue sharing is available to Second Tier organizations.

### **Third Tier:**

Third tier organizations include Public Schools, (which are to be served by other non-profit entities). At such time that they are deemed to be unserved or underserved, the SCAN network may deliver dark fiber for their connection to the network.

Access to the SCAN infrastructure only through a separate service provider.

- Cost sharing may be made available to unserved or underserved Third Tier organizations.
- No revenue sharing is available to Third Tier organizations.

#### **Fourth Tier:**

Fourth Tier organizations include Non-Profit Organizations and Private Enterprise. Organizations must prove that they are unserved or underserved to access the SCAN network; the SCAN network may deliver dark fiber for their connection to the network.

Access to the SCAN infrastructure only through a separate service provider, or when the non-profit is housed within a governmental agency's building and "utilities" are part of the conditions of occupancy.

- No cost sharing is available to Fourth Tier organizations.
- No revenue sharing is available to Fourth Tier organizations.

#### **Unserved or Underserved**

"Unserved" communities are places that currently do not have internet service or have only dial-up service.

Underserved can be defined by the following:

1. Cost of current broadband service is out of reach of the organization.
2. Current speeds available fail to meet the organization's needs for services.
3. Organization has no access to broadband services due to hardware limitations.
4. Organization has no access to broadband access due to technology, education or language.

When seeking public funds to service an organization, the SCAN entity must:

1. Partner with private or non-profit service provider and assist that provider in extending infrastructure to the organization to achieve optimal broadband services;
2. Work with the service provider to ensure broadband is available at an affordable rate for the target organization;
3. Work with service provider to ensure broadband is available at optimal speeds for the targeted organization; and
4. Work with service provider to insure that they provide necessary education regarding the use of the broadband services in a language accessible to the organization.

*In the case where no private or non-profit service provider can or will offer broadband service to unserved or underserved organizations or populations, the SCAN reserves the right to extend broadband access directly as allowable by state law.*

## **General Operations**

*Member organizations may utilize the SCAN Network to collaborate with other member organizations to share services or software. All members are encouraged to offer any such collaboration to all member organizations.*

*If the member organizations wish to support and administer the project, they will do so with their own staff and at no additional payment to the SCAN administration.*

*If the member organizations wish that agreements be developed, software or services researched or developed or administered by SCAN staff, an administrative fee will be required, based on actual usage and cost.*

*Fees paid by SWCCOG members to the on-going SCAN grant administration for organizational participation will be based on the original DOLA grant associated with 75% of the member communities' fiber project total cost.*

*If a community chooses to release funds back to the SWCCOG for other communities or if a community elects to use additional DoLA grant funds, it's administration fee will be adjusted accordingly.*

## **SCAN Operations**

### **Fees**

#### **Ramp Fee (Connectivity Fee)**

- Fee covers Network maintenance (staff hours and fiber).
- Ramp Fees will be paid by any entity that touches the SCAN Network.
- This fee will be re-evaluated bi-annually to determine what is necessary for maintenance.

#### **Internet Bandwidth Usage**

- Fee covers cost of Internet & Transport (port fees).
- SCAN General Manager will determine usage fee per term of lease based on real cost.

#### **Internet Admin Fee**

- Fee covers cost of routers & equipment fee.

#### **Leased Assets**

- Revenue from fiber IRU's with vendors.

#### E-Tics Software

- Direct payment for service from SWCCOG Members.

#### Other

- Payment for services from SWCCOG members (such as: credit card payment systems, voice systems, admin costs on joint projects etc.).

#### **Fiber Repair Fund**

A fiber repair fund is to be developed utilizing budget funds. This fund shall hold a minimum of 8% of the total operational costs, and not to exceed 16 %. Once the fund is established, the overall cost to members to fund the SCAN will be reduced. This fund is to be used to cover expenses in the case of damage or destruction of the SCAN fiber system, hardware and software. These funds are intended to be used for the immediate repair, and will be replaced as quickly as possible by the member organization utilizing the fund.

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## ATTORNEY – CLIENT PRIVILEGED M E M O R A N D U M

TO: Ed Morlan  
Conor Wakeman  
Region 9 Economic Development District

FROM: Ken Fellman, Esq.,  
Kissinger & Fellman, P.C.

DATE: November 5, 2010

RE: Impacts of SB 152 State Grant for Fiber Network

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### INTRODUCTION

The Region 9 Economic Development District is administering a grant for the Southwest Colorado Council of Governments, (SWCOG). The grant is provided by the State of Colorado to build a regional telecommunications network for government offices.

### ISSUES TO BE ADDRESSED

In 2005, the Colorado General Assembly passed Senate Bill 152, codified at C.R.S. Sec. 29-27-101, *et seq.* (“SB 152”). SB 152 placed certain limitations on a local government’s ability to deploy and operate advanced communications networks. This legal opinion will examine whether SB 152 creates any limitations on the SWCOG’s ability to build and operate the network envisioned by the grant.

### RELEVANT STATUTORY PROVISIONS

Because they will relate to the discussion of the primary legal issue, the relevant provisions of SB 152 are excerpted here:

#### **29-27-102. Definitions.**

(1) “Advanced Service” means high-speed internet access capability in excess of two hundred fifty-six kilobits per second both upstream and downstream.

(3) “Local Government” means any city, county, city and county, special district, or other political subdivision of this state.

**Packet Item 6d. (4)**

(5) “Subscriber” means a person that lawfully receives cable television service, telecommunications service, or advanced service. A person that utilizes cable television service, telecommunications service, or advanced service provided by a local government for local governmental or intergovernmental purposes and is used by persons accessing government services is not a subscriber for purposes of this article.

(6) “Telecommunications Service” has the same meaning as set forth in Section 40-15-102, C.R.S.

**29-27-103. Limitations on providing cable television, telecommunications, and advanced services.**

(1) Except as provided in this article, a local government shall not:

(a) Provide to one or more subscribers cable television service, telecommunications service, or advanced service, or

(b) Purchase, lease, construct, maintain, or operate any facility for the purpose of providing cable television service, telecommunications service, or advanced service to one or more subscribers.

(2) For purposes of this article, a local government provides ... service if the local government provides the ... service to one or more subscribers:

(a) Directly;

(b) Indirectly by means that include but are not limited to the following:

(II) through a partnership or joint venture;

(c) By contract, including a contract whereby the local government leases, sells capacity in, or grants other similar rights to a private provider to use local governmental facilities designed or constructed to provide ... service for internal local government purposes...

**29-27-201. Vote – referendum.**

(1) Before a local government may engage or offer to engage in providing ... service, an election shall be called on whether or not the local government shall provide the proposed ... service.

**29-27-302. Scope of article.**

(2) Nothing in this article shall be construed to apply to a local government purchasing, leasing, constructing, maintaining or operating facilities that are designed to provide ... service that the local government uses for internal or intergovernmental purposes.

(3) Nothing in this article shall be construed to apply to the sale or lease by a local government to private providers of excess capacity, provided:

- (a) such excess capacity is insubstantial in relation to the capacity utilized by the local government for its own purposes, and
- (b) the opportunity to purchase and the opportunity to use such excess capacity is made available to any private provider in a nondiscriminatory, nonexclusive, and competitively neutral manner.

## **DISCUSSION**

It should be noted at the outset of this discussion that there has been no case law interpreting the restrictions and the exceptions to SB 152. While approximately 13 other states have laws creating roadblocks and in some cases absolutely prohibiting local government involvement in broadband deployment, none that I am aware of have language comparable to SB 152. Therefore, the legal analysis that follows is based upon both an examination of the specific statutory language, and the specific facts surrounding the grant application and award.

### *1. Do the Limitations of SB 152 Apply to the SWCOG?*

SB 152 creates limitations for a local government's involvement in telecommunications. The SWCOG is an intergovernmental entity formed through an Intergovernmental Agreement (IGA) authorized by Colorado law. The IGA statute basically permits two or more local governments to do collectively what the individual governments are authorized to do on their own. So if this network were contemplated by any individual COG member, and if the statute applies, it will likely apply to the COG as well.

It could be argued that the SWCOG will use the network built with grant funds to "provide to one or more subscribers cable television service, telecommunications service, or advanced service." In addition, one could argue that the network involves the purchase, lease, construct, maintenance, or operation of a facility for the purpose of providing cable television service, telecommunications service, or advanced service to one or more "subscribers," as that term is defined in the statute. Therefore, the prohibitions of the statute would apply, unless the network falls within one or more of the statutory exceptions.

### *2. Do any of the exceptions within SB 152 govern the COG's ability to build and operate a network to provide service to governmental entities?*

The statutory language that is relevant to this question is C.R.S. 29-27-302(2). As noted above, this section of the statute reads as follows:

- (2) Nothing in this article shall be construed to apply to a local government purchasing, leasing, constructing, maintaining or operating facilities that are designed to provide ... service that the local government uses for internal or intergovernmental purposes.

Therefore, the statute does *not* apply to network services used for internal or intergovernmental purposes. It is my understanding from the presentations made at the time of grant application

and award that this was in fact the primary purpose of the proposed network. If this understanding is correct, then the network clearly falls within the statutory exception, and the prohibitions of the statute would not apply.

3. *Would the provision of any network services to private entities be permitted under SB 152?*

The network might also fall within the statutory exception that allows for the leasing of “excess capacity” to private providers. The statute allows for the sale or lease of such excess capacity that is “insubstantial” in relation to the capacity utilized by the local government(s) for its (or their) own purposes. There is no definition of what “insubstantial” capacity means. I do not have specific knowledge as to the technical capacity envisioned for the network or the anticipated governmental and intergovernmental use, versus what might be expected to be made available to the private sector, if anything. However, if the variety of governmental uses expected of the network exceed the capacity that may be available to private entities, there is a good argument to be made that the provision of excess capacity is consistent with the statutory exception.

4. *Are there any other reasons to suggest that the proposed use of the network would be considered appropriate under SB 152?*

There are at least two non-legal factors that suggest the construction and operation of the network by the SWCOG is appropriate under the statute. First, the Department of Local Affairs presumably would have evaluated the grant, and understood the proposed uses of the network. Had the state felt that SB 152 posed a legal problem for network operations, it would have raised that question in connection with the grant application review process and/or would not have awarded the grant.

Second, there is a comparable, though larger, multi-use governmental network planned by the EAGLE-Net entity, the recipient of a \$100 million federal Recovery Act grant. EAGLE-Net is an intergovernmental entity that, like SWCOG, is created by IGA. It is expected to be comprised of multiple, diverse governmental entities throughout the state. That network is intended to connect every school district and also provide services to a variety of governmental institutions, including municipal and county buildings, libraries, emergency communications centers, community colleges and the like. It also intends to offer the network’s excess capacity to the private sector on a competitively neutral basis. The EAGLE-Net grant request to the federal government was supported by the Governor’s office, and in addition, had many letters of support from telecom industry players throughout the state. Large entities like Qwest, Comcast and Level 3 wrote letters of support in favor of the EAGLE-Net project. If a private entity supported the EAGLE-Net project, it would not have much credibility if it opposed this project. That does not mean of course, that some private entity might not challenge the SWCOG project. It only suggests that a similar, and larger project did not face this kind of challenge by the state’s telecommunications providers.

## CONCLUSION

Based upon my understanding of the network, the limitations of SB 152 should not apply. Governmental and intergovernmental use is clearly not applicable under the statute. The provision of excess capacity to private providers would be allowed if we can make a credible case that the capacity is less than the capacity used by the various governmental entities. And recent history suggests that the telecommunications industry in Colorado did not object to a larger network that anticipates similar uses.

It should also be noted that if there was a challenge, the remedy does not involve damages. If a court were to find a violation of the statute, the remedy is to cease operations, unless and until local voters approve. It is at least somewhat likely that if the use of the network is positively accepted by many in the various communities in the region, the voters would not want to lose the benefits of the network and would support it in an election. That being said, it is my legal opinion that the statute does not apply, and the network, as I understand it, is not impacted by SB152.



**Monthly Meeting, Friday September 7, 2012**  
Anasazi Room, La Plata County Courthouse, 1:30 pm to 3:30 pm  
(To participate via teleconference, please call 661-673-8600 and then enter participant code 850589#)

## **1. AGENDA**

**1:30 pm Meeting Called to Order & Introductions:** Tom Yennerell Chair

### **Additions/Changes to the Agenda**

#### **2. Consent Agenda**

- A. Approval of Board Meeting Minutes for Friday, August 3, 2012
- B. Approval of Board Meeting Minutes for Thursday, August 16, 2012
- C. Financial Report for July

#### **Public Hearing- Revised SWCCOG Budget**

(Changes related to The South West All-Hazards Advisory Council and the SCAN Project. Support materials are provided with Decision Item 6c.)

#### **3. Telecommunications Report**

- A. General Manager Services Report
- B. Community Updates
- C. Responsible Administrator Report
- D. Broadband Knights of the Roundtable materials
- E. Telecommunications Committee Minutes for Aug. 22, 2012
- F. Telecommunications Committee Chair Report

#### **4. Management Report**

- A. COG sustainability and staffing plan
- B. Update on COG Policies
- C. Transit Council minutes
- D. CARO meeting report

#### **5. Discussion**

- A. SCAN Implementation and Operation Budgets
- B. Allocation Formula for Match Funds

#### **6. Decision**

- A. **Contacts for Annual Housing numbers**
- B. **Accepting Census Housing counts as good estimates**
- C. **Amend the 2012 budget and establish SCAN Implementation, SCAN Operation and All Hazards accounts**
- D. **COG Telecommunication Policies (first reading)**
- E. **General Manager Services contract recommendation (Resolution 2012-10)**
- F. **Set 2013 COG member dues (Resolution 2012-11)**
- G. **Authorize a letter in support of Silverton and San Juan County to EAGLE-Net.**
- H. **Contract with Region 9 staff to administer Homeland Security Grant**
- I. **Signature Authority for All Hazards Committee (Resolution 2012-13)**

**Announcements-** Next regular meeting will be Oct. 5, 2012, 1:30–3:30 pm at the La Plata Courthouse.

**3:30 pm Adjourn**

## AGENDA SUBMISSION FORM

### Southwest Colorado Council of Governments

Date of Board Meeting: September 7, 2012	Type of Agenda Item: Decision
Staff: Susan Hakanson	Presentation Time: 2 minutes
Subject: 2013 SWCCOG SCAN Reallocation of SCAN Grant Funds – Policy on First Reading	Discussion Time: 5 minutes
Reviewed by Attorney?	
Committee Approval: N/A	

Background: As the SCAN grant moves towards completion, and by the nature of the size and scope of the grant, issues have and will continue to arise regarding the reallocation of grant funds. In the event that one or more of the local government partners declines to participate in the project in full or in part, the funds not utilized for that local government's project(s) will need to be reallocated. A policy is not yet in place for how to handle such reallocations. Draft language has been offered for consideration and revision by the Board.

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Fiscal Impact: NA

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Recommended Action: Policy reviewed and revised by the Board and passed on first reading with revisions.

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Accompanying Documents: Reallocation of SCAN Grant Funds – Policy on First Reading

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ADDITIONAL INSTRUCTIONS

Packet Item 6d. (1)



**Reallocation of SCAN Grant Funds – Policy on First Reading**

*In the event that one or more of the local government partners declines to participate in the project in full or in part, the funds not utilized for that local government’s project may be utilized by other member organizations to expand their own community projects. This will require the participating community receiving the reallocated funds to increase their local match accordingly to include the construction match and regional administration match allocated to those funds they will receive. The reallocation of the grant funds will require a recalculation of the administrative match percentage tied to the transferred funds.*

*Requests to utilize those funds which are to be reallocated will come to the SWCCOG telecom committee for first review, discussion and, in the case of multiple requests, prioritization.*

*The requests will include a complete history of any grant funds utilized to date, estimates for the proposed project(s) in the request, specific information regarding how the project will benefit the community and / or the SCAN project as a whole, a timeline for completion.*

*Requests or a prioritized list of requests will be presented to the SWCCOG Board for consideration and approval.*

*Priorities will be based on: (as determined by the board)*

- a.*
- b.*
- c.*
- d.*

*Suggestions: The funds will be distributed based on:*  
*-meeting grant requirements to-date*  
*Can meet match requirements*  
*Ability to complete by grant deadline*  
*SWCCOG Board priorities (determined)*

## AGENDA SUBMISSION FORM

### Southwest Colorado Council of Governments

Date of Board Meeting: Sept. 7, 2012	Type of Agenda Item: Decision
Staff: Ed Morlan	Presentation Time: 3-5 minutes
Subject: Extension of GM services contract	Discussion Time: 5-10 minutes
Reviewed by Attorney? No, not yet. Attorney:	
Committee Approval: No, not by full Committee; but Jason Wells, Tele-Com Committee Chair, indicates it is recommended by the Tele-Com Committee members who were charged with and attended the contract review.	

Background: A review meeting was held July 25 with Dr. Rick Smith in regards to the General Manager Services contract for the SCAN project. Attending were Jason Wells, Rick Smith of the City of Cortez, David Bygiel and Ed Morlan. Eric Pierson also provided input but was not able to attend. These 5 had previously served as the review committee in making the initial proposal award to Dr. Smith and Arona Enterprises. The report of this review group is attached.

It is recommended that the COG Board approve an additional 3 month extension at \$5,000 per month beyond the one month extension made at the August 3, 2012 Board meeting. A contract extension or letter agreeing to the contract extension will be prepared by staff and made available to the SWCCOG Chair for review and signature if the review group's recommendation to offer the extension is approved by the Board. The extension document will maintain all of the terms of the existing contract except for the time period and the rate of compensation but will add conditions that: 1) Dr. Rick agree to develop and clearly present to the Board in the near future, some clear options for Network management in 2013 and 2) provide assurances that before this extension ends that he will fully engage with all community anchor institutions of interest to the Network while working closely with COG staff and/or legal counsel to clear any remaining legal hurdles relative to marketing services to these entities.

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Fiscal Impact: \$15,000, if approved.

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Recommended Action: Approval of the recommendation that a contract extension be finalized and signed by the Chair as described above.

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Accompanying Documents: Arona Enterprises Proposal; SCAN General Manager Contract Evaluation & Recommendation; Resolution 12-10 Extension of SCAN General Manager Services Contract.

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#### ADDITIONAL INSTRUCTIONS

Prepare extension document and present to COG Chair for review, approval & signature.

**Packet Item 6e. (1)**



**Southwest Colorado Council of Governments  
(SCAN)  
General Management**

Prepared for  
**Southwest Colorado Council of Governments**

Prepared by  
**Dr. Rick K. Smith  
Arona Enterprises**



## **Project to Date:**

The SCAN project is a difficult project from a management perspective due to its complexity and ownership of the assets upon completion. The Southwest Colorado Council of Governments (SWCCOG) owns the project and received the Department of Local Affairs (DoLA) grant. However, each community is unique in its requirements and relationships with vendors. Arona Enterprises recognized these circumstances and attempted to balance the political and technical aspects of the SCAN project.

The SWCCOG and its membership are held bound by state legislation. The success of SCAN is dependent on it following the original grant parameters. Building and maintaining vendor relationships within those restrictions is paramount as those are the providers of service to the SWCCOG membership. To date, the SWCCOG has begun to foster positive relations with local vendors.

The SCAN project is in its second year of a three year construction cycle. The build is progressing as expected considering the different procurement processes that must be followed by the SWCCOG and the individual communities. When building a sustainability plan that generates sufficient funds to sustain the endeavor, Arona Enterprises recognized that funds generated from SWCCOG members' use of the SCAN will not be fully appreciated until the completion of the project in 2013.

## **Proposal:**

In order for the SCAN project to be sustainable an operational plan that accounts for SWCCOG members' utilization of SCAN assets is essential. This plan should be founded in SWCCOG policy and should take into consideration SWCCOG membership ramp fees, and usage fees as revenue streams to assist in the maintenance cost of the fiber infrastructure. An additional consideration can be given to leasing out excess capacity to vendors.

Technical and managerial tasks of the SCAN should be a function of the SWCCOG membership. A procedural process needs to be developed based upon SWCCOG policy to achieve these ends.



Arona Enterprises is willing to continue working to these ends with the following specific deliverables:

- 1) Enhance the draft plan previously submitted to include an operations budget that follows SWCCOG Board policy.
- 2) Develop a set of procedures that will guide the operations of the SCAN network based upon SWCCOG Board policy.
- 3) Responsible for the Technical Committee meeting (agenda, meeting announcement and conducting the meeting).
- 4) Provide the SWCCOG Board with a monthly report and be available during the SWCCOG monthly meeting to address Board concerns.
- 5) Serve as a resource to SWCCOG members during their construction phase.

### **Timeline:**

Arona Enterprises contemplates a short term contract of four months commencing on August 10 and concluding on November 10<sup>th</sup>.

### **Remuneration:**

Arona Enterprises proposes a flat fee of \$5000 a month including all expenses associated with the project engagement. Invoices will be submitted monthly to the SWCCOG Board.

### **SCAN General Manager Contract Evaluation & Recommendation**

Per the direction of the COG Board, a committee meeting was arranged with the group comprised of Jason Wells, Chair of the Telecom Committee and persons from the GM selection committee; Rick Smith from Cortez; David Bygel from La Plata County; and Eric Pierson from the City of Durango, although he was not able to attend the meeting, he provided some input. Ed Morlan and Paul Recanzone also provided some input. Ed had prepared an evaluation form based on the GM Contract Scope of Work but the group felt it was too detailed and they did not know the details of how that work was progressing. Jason brought a copy of the original proposal from Arona Enterprises and the group reviewed some of the objectives and time frames of that proposal. It was noted that some areas were significantly behind the proposed timelines and achievements.

There was discussion among the group to distinguish between the evaluations of the contract itself and the performance of the individual. The committee did not feel it was appropriate for them to evaluate the performance of the individual. The consensus of the group was that there was a need for a General Manager of the network to implement the systems and beginning to sign up customers.

Dr. Rick Smith provided the group a proposal at the meeting, Wednesday, July 25<sup>th</sup>. Copy attached. The proposal calls for an extension of Dr. Rick's managerial obligations to the COG through November 10<sup>th</sup> of this year, after which time he recommends that he yield to a modified approach to managing the Network. According to Dr. Rick, the current model is not financially sustainable for the SWCCOG, particularly within the coming year when operational revenues are not yet expected to have reached their full potential. Dr. Rick's proposal also calls for a reduced monthly fee for the extension period -- \$5,000 a month, whereas the current agreement's fee is established at \$7,000/month.

Essentially, the foundation of Dr. Rick's proposal is that the COG cannot afford to hire a General Manager as a separate contract position and proposes that the larger members of the COG (City of Cortez & Durango/La Plata County) increase their staff capacity to include management of the network, at least during an interim period prior to the SCAN's ability to maximize its earning potential. The group collectively noted that it would be up to those COG members whether or not they would agree to do this. Also it was noted that it would take time (at least a year or two) after the physical completion of the network to develop products and service and build a customer/user base that could sustain a contract employee.

Based on the change of direction advanced in the proposal and the need for full Board input on such a decision, the committee did not have a recommendation in response to Dr. Rick's suggested managerial approach beyond the current calendar year. However, the committee did recommend continuing to retain Dr. Rick's services not only through the November 10<sup>th</sup> proposed date, but through the end of 2012. This recommendation was conditional on Dr. Rick developing and clearly presenting to the Board in the near future, some clear options for Network management in 2013. The recommendation was further conditional on assurances from Dr. Rick that before his term runs, he would fully engage with all community anchor institutions of interest to the Network while working closely with COG staff and/or legal counsel to clear any remaining legal hurdles relative to marketing services to these entities.

Should the Board accept this proposal; staff will need time to develop a different budget implied in this approach. It is suggested that the COG Board discuss this among the group and the entities this would impact.





**Resolution 12-10**  
**Authorizing the Southwest Colorado Council of Governments**  
**To Execute A Contract Extension with Arona Enterprises**

WHEREAS, Jason Wells, Tele-Communications Committee Chair, several other members of the Tele-Communications Committee of the SWCCOG and Ed Morlan, Responsible Administrator, met with Dr. Rick Smith, owner of Arona Enterprises on July 18, 2012 to review the General Manager Service contract as was discussed at the July 13 meeting of the SWCCOG Board, and;

WHEREAS, Dr. Smith made a proposal for a 4 month extension of that contract at a reduced rate of compensation, and;

WHEREAS, the Tele-Com Committee members participating in this review agreed to recommend to the SWCCOG Board that such an extension with several conditions be prepared and presented to the SWCCOG Chair for review and signature and have provided a report of their evaluation & recommendation to the Board;

WHEREAS, the SWCCOG Board decided to offer a one month extension at \$5,000 at its August 3, 2012 and re-visit the decision at its Sept. 7 Board meeting,

NOW, THEREFORE, BE IT RESOLVED BY the Board of Directors of the SWCCOG, Colorado:

That a 3 month extension of the General Manager Services contract with Arona Enterprises at \$5,000 per month be prepared by staff, reviewed by the COG's attorney and made available to the SWCCOG Chair for review, approval and signature. The extension document will maintain all of the terms of the existing contract except for the time period and the rate of compensation but will add conditions that: 1) Dr. Rick agree to develop and clearly present to the Board in the near future, some clear options for Network management in 2013 and 2) provide assurances that before this extension ends that he will fully engage with all community anchor institutions of interest to the Network while working closely with COG staff and/or legal counsel to clear any remaining legal hurdles relative to marketing services to these entities.

ADOPTED, this 7<sup>th</sup> day of September, 2012

Attest: \_\_\_\_\_

Tom Yennerell, Chairman of SWCCOG

## AGENDA SUBMISSION FORM

### Southwest Colorado Council of Governments

Date of Board Meeting: September 7, 2012	Type of Agenda Item: Decision
Staff: Susan Hakanson	Presentation Time: 2 minutes
Subject: 2013 SWCCOG Member Dues	Discussion Time: 5 minutes
Reviewed by Attorney? N/A. Attorney:	
Committee Approval: N/A	

Background: Staff is asking for a decision on 2013 SWCCOG member dues. The timing of the request is aimed at allowing adequate lead notice to member jurisdictions about what to include in their 2013 budgets and to help guide the sustainability plan by clarifying what level of core administrative funds will be available to support and operate the SWCCOG.

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Fiscal Impact: The dues will help determine the core administrative funding of the SWCCOG and will inform the 2013 budget which will be prepared and approved in Oct. of 2012. The dues are a main potential source of local match for any possible new grant funding.

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Recommended Action: Approve the recommended level of dues and schedule of amounts from member jurisdictions.

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Accompanying Documents: Set 2013 COG member dues (Resolution 12-11);  
Proposed 2013 SWCCOG dues schedule.

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ADDITIONAL INSTRUCTIONS

**Packet Item 6f. (1)**



**RESOLUTION 2012-11 TO ADOPT 2013 SWCCOG MEMBER DUES**

A RESOLUTION ADOPTING MEMBER DUES FOR THE **SOUTHWEST COLORADO COUNCIL OF GOVERNMENTS (SWCCOG)** COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2013, AND ENDING ON THE LAST DAY OF DECEMBER, 2013.

**WHEREAS**, the SWCCOG will be considering a sustainability plan to ensure long-term viability of the SWCCOG; and

**WHEREAS**, financial support by the membership is crucial to assure the minimal staffing of the SWCCOG through 2013 to allow for other programs or projects identified as goals by the SWCCOG board to be developed and put into place; and

**WHEREAS**, financial support by the membership is crucial to receiving grants and additional funding for other identified future programs or projects; and

**WHEREAS**, the SWCCOG board has considered options regarding dues schedules to assure the minimal staffing the SWCCOG through 2013; and

**WHEREAS**, this schedule is attached and has been considered and finalized by the Board.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Southwest Colorado Council of Governments, Colorado that:

1. The attached schedule of 2013 member dues as submitted and amended by Board discussion, is hereby approved and adopted as the schedule of 2013 member dues for the SWCCOG.
2. Staff is hereby directed to issue the invoices to the member jurisdictions according to this schedule with a due date of January 23, 2013.

DONE AND ADOPTED IN DURANGO, LA PLATA COUNTY, COLORADO, this 7th day of September, 2012.

SOUTHWEST COLORADO COUNCIL OF GOVERNMENTS

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Tom Yennerell, Chairman

**Packet Item 6f. (2)**

## Proposed 2013 SWCCOG Dues

	Data for calculation				Revenue options	
	Pop. 2010 Census	% of Total Pop.	% of Pop. Times Remainder	Base Dues Amount: 200	FY 12 Dues	Proposed FY 13 Dues To Raise 2X revenues
<b>ARCHULETA</b>						
Pagosa Springs	1,727	2.3%	\$ 255	\$ 200	455	910
Unincorporated	<u>10,357</u>	<u>13.6%</u>	<u>\$ 1,528</u>	<u>\$ 200</u>	<u>1,728</u>	<u>3,457</u>
<b>DOLORES</b>						
Dove Creek	735	1.0%	\$ 108	\$ 200	308	617
Rico	265	0.3%	\$ 39	\$ 200	239	478
Unincorporated	<u>1064</u>	<u>1.4%</u>	<u>\$ 157</u>	<u>\$ 200</u>	<u>357</u>	<u>714</u>
<b>LA PLATA</b>						
Bayfield	2,333	3.1%	\$ 344	\$ 200	544	1,089
Durango	16,887	22.2%	\$ 2,492	\$ 200	2,692	5,384
Ignacio	697	0.9%	\$ 103	\$ 200	303	606
Unincorporated	<u>30,379</u>	<u>40.0%</u>	<u>\$ 4,483</u>	<u>\$ 200</u>	<u>4,683</u>	<u>9,366</u>
<b>MONTEZUMA</b>						
Cortez	8,482	11.2%	\$ 1,252	\$ 200	1,452	2,903
Dolores	936	1.2%	\$ 138	\$ 200	338	676
Mancos	1,336	1.8%	\$ 197	\$ 200	397	794
<b>SAN JUAN</b>						
Silverton	637	0.8%	\$ 94	\$ 200	294	588
Unincorporated	<u>62</u>	<u>0.1%</u>	<u>\$ 9</u>	<u>\$ 200</u>	<u>209</u>	<u>418</u>
<b>GRAND TOTAL</b>	<b>75,897</b>	<b>100%</b>	<b>\$ 11,200</b>	<b>\$ 2,800</b>	<b>\$ 14,000</b>	<b>\$ 28,000</b>

Packet Item 6f. (3)

## AGENDA SUBMISSION FORM

### Southwest Colorado Council of Governments

Date of Board Meeting: Sept. 7, 2012	Type of Agenda Item: Decision	
Staff: Susan Hakanson	Presentation Time: 3 minutes	
Subject: <b>Authorize a letter in support of Silverton and San Juan County to EAGLE-Net.</b>	Discussion Time: 3-5 minutes	
Reviewed by Attorney? No Attorney:		
Committee Approval: No		

Background: The Town of Silverton, Silverton Public Schools and San Juan County wrote a letter (see attached in the Board Report) to EAGLE-Net requesting clarification of their telecommunication construction plans in their area. The letter noted a contrast between previous verbal assurances and other information that the community has gathered. The authors requested a written clarification by August 29<sup>th</sup>.

---

Fiscal Impact: No direct impact from the letter. The response of EAGLE-Net to the original letter and the proposed letter of support from the COG could potentially affect SCAN construction costs throughout the region.

---

Recommended Action: Authorize staff to prepare a letter in support of Silverton and San Juan County to EAGLE-Net with review from telecom and general administrative staff and the TeleCom Committee Chair. The letter will then be reviewed by the COG Chair and if it is deemed satisfactory, it will be signed and forwarded to EAGLE-Net and the authors of the original letter.

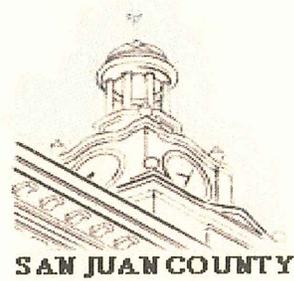
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Accompanying Documents: Town of Silverton, Silverton Public Schools and San Juan County letter.

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ADDITIONAL INSTRUCTIONS

Packet Item 6g. (1)



Eagle-Net Alliance  
Attn: Randy Zila, Chief Executive Officer  
11800 Ridge Parkway, Suite 450  
Broomfield, CO. 80021

August 17, 2012

Dear Mr. Zila -

Please accept this letter in your capacity as Chief Executive Officer for the Eagle-Net Alliance (“ENA”) yet direct it to whichever appropriate designee(s) within your organization might offer us a timely response to our line of inquiry. We are asking that you kindly provide us with such a written answer within seven (7) working days of the date of this correspondence, or by August 29<sup>th</sup>, such that we might continue to plan accordingly in relation to verbal assurances ENA has issued as to its plans for our community.

As we noted in a recent meeting with ENA Southwest Colorado Representative Patrick Swonger, we feel that you should be aware that we have been party to a significant amount of correspondence of late suggesting that ENA is presently engaged in planning and building efforts in a number of communities across the state to the detriment of ours. Meanwhile, little evidence of demonstrable progress toward a ground-based build to Silverton-San Juan County has been made publicly available such that those of us who serve the Town, County and local School District here might refute such allegations from an informed perspective. With this in mind, we will simply repeat for you some of the assertions we’ve been fielding in hopes that this will prompt some measure of formal assurances from Eagle-Net as to your progress toward a pledged Silverton-San Juan County fiber build:

In a July 18<sup>th</sup> letter from PC Telecommunications (“PCT”), CEO/General Manager Vince Kropp suggested that ENA is improperly expending its federal grant award funding so as “to overbuild the same communities where [PCT] recently installed fiber optic cable with our own internal funds and [federal] loans.” According to Mr. Kropp, it appears that ENA intends to deploy fiber to numerous anchor institutions in multiple eastern Colorado communities that his company currently serves via a fiber-based network “including, but not limited to, schools and libraries.” His letter concludes that while “[t]hese are not unserved or underserved locations,” ENA is nevertheless proceeding to overbuild in these localities given that “it is easier to place fiber cable in eastern Colorado than the more mountainous areas of the state.”

The inference here is that harder-to-reach communities such as ours that are not currently served by fiber connectivity are being neglected in favor of more geographically feasible locations. PCT and others have argued that this dynamic continues to play out despite the National Telecommunications and Information Administration (“NTIA”) directive that ENA focus its resources on bringing enhanced connectivity to those areas of the state that are currently either unserved or underserved. We trust that you are well aware of the fact that we here Silverton-San Juan County squarely fit the bill in this respect and in response to the negative contentions of PCT and others, we thus seek some confirmation as to Eagle-

Net's commitment to reach into our disadvantaged area with long-awaited fiber optic communications technology.

Mr. Kropp's correspondence was followed by a letter jointly drafted by the Southeast Colorado Power Association ("SCPA") and SECOM Communications, and directed to members of our federal delegation as well as key NTIA officials. As with PC Telecom, both of these entities are based in the southeast part of the state and have expressed concerns similar to those of PCT as to ENA's build-out approach. In doing so, they go out of their way to highlight some alleged deficiencies with ENA's progress in bringing fiber connectivity to our community. According to their July 30<sup>th</sup> letter, Eagle-Net is setting about providing duplicative connectivity in their service area while failing to connect more technologically deprived areas such as ours. They suggest that ENA's propensity to bring redundant fiber infrastructure to areas already served by the same "is a waste of taxpayer money, and missing the goal of the grant." They further suggest that "a better use of the money would be to invest in truly unserved or underserved communities." Specifically, SCPA and SECOM propose that "one such example is Silverton." They state that "[p]rior to being awarded the grant, ENA repeatedly used Silverton as an example of a community who was bypassed approximately ten years ago in a state wide project called the MNT...and now as a cruel irony, ENA, after using them as a poster child, refuses to commit to bring fiber into this community who is truly underserved."

I imagine you can understand why, in light of the worrisome allegation that Eagle-Net is "refusing" to bring fiber connectivity to Silverton-San Juan County pursuant to its federal NTIA grant award as pledged, we might seek some type of verifiable reassurances from ENA at this time that would tend to ease our apprehensions. Particularly as the sole county seat that was left without crucial fiber connectivity through the completion of the MNT project a number of years ago, we are perhaps a bit sensitive to claims such as these while intent on assessing their veracity or lack thereof. We make particular note of the fact that the expressions of concern we've heard have not been limited to those representing entities alleging unfair intrusion into Eastern Colorado markets.

In an August 2<sup>nd</sup> email, Corey Bryndal of Crested Butte warned that with respect to the Eagle-Net build-out, "[t]here is a clear focus on the revenue-rich, densely populated competitive metropolitan markets of Denver, Colorado Springs, Pueblo and Grand Junction, as well as flat, quick construction in the Eastern plains." Mr. Bryndal goes on to suggest that "[w]hile some investment is planned for the West, it is comparatively modest and leaves large portions of the rural west un-addressed." According to Mr. Bryndal, Eagle-Net must provide service to "72% of 234 listed institutions by the end of this month - August - in order to avoid de-funding." He further cites Silverton and San Juan County as part of "the proverbial hole in the donut" the Eagle-Net project was meant to fill. Rather disturbingly, he suggests that while "[t]he gaps are glaring," they remain "un-resolved through what little EagleNet has disclosed."

In light of his statements, would you say that Mr. Bryndal provides an accurate assessment of the unfavorable circumstances we as a community are faced with as to certain project completion time restrictions that ENA is up against? If the impending expiration of the NTIA grant contract and the drawing down of the awarded funds within a certain window of time are in fact valid considerations with respect to ENA build-out schedules, how might you warrant to us that our component of the statewide network will be fiscally accounted for subsequent to all relevant deadlines in place? Or if ENA feels that Mr. Bryndal's comments are not in fact representative of an informed perspective, could you please elaborate for us in writing as to how we are being misguided and provide us whatever sources of information there might be available so as to refute Mr. Bryndal's assertions?

Also on August 2<sup>nd</sup>, in an email from telecommunications attorney Erik Cecil, Mr. Cecil stated that the law "REQUIRES that ENA [Eagle-Net Alliance] build where there is NO SERVICE or LACK of service. That's in the federal statutes. But apparently they don't believe anyone in this state cares or is serious about

it.” Mr. Cecil continues that “Vince [Kropp] and others are doing what they can to push this money off the eastern plains and up to the mountains where it was supposed to go in the first place. We need the mountain communities to do what they can to help. Please stand up as one and deliver the message: NTIA must follow federal law and policy; they must use federal money to fiber up mountain communities.”

Lacking substantiation from ENA as to the exact nature of its plans for our community, it is difficult for us to ignore this plea from Mr. Cecil, who for some time now has served as a thoughtful and committed advocate of bringing fiber connectivity to Silverton-San Juan County. So again, we wonder what available information ENA might provide to us so as to verify that delivery to the most needy mountain communities such as ours is indeed on the way via ENA notwithstanding Mr. Cecil’s clear allegation to the contrary. Obviously, we strongly support Eagle-Net’s stated mission to enhance broadband connectivity in underserved areas such as ours but will continue to feel the need to advocate zealously on our own behalf whenever the circumstances so warrant. So how might you temper the powerful suggestion circulating throughout the state that we should be mobilizing at every conceivable level in support of greater Eagle-Net resources being allocated to underserved mountain communities such as Silverton lest they otherwise be left behind as your project nears completion?

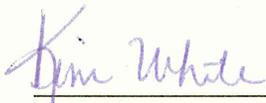
Finally, in an August 3<sup>rd</sup> email in response to Mr. Cecil’s communication, former GOIT rural broadband advocate Frank Ortman observed that “NTIA thru [the Colorado] Broadband Data and Development Program (CBDDP) gathered thousands of speed tests from over 1,000 of [Colorado’s] 1,793 public schools. I believe it was NTIA’s intent that NTIA-funded BTOP ‘infrastructure’ projects and ‘planning’ (mapping via CBDDP) [such as Eagle-Net] would work together closely to ensure an intelligent approach as to where and when construction would occur. In this case, which school districts were most deserving in terms of broadband infrastructure needs. [But] it appeared to me that EagleNet avoided contact with or input from CBDDP.” According to Mr. Ortman’s account, “EagleNet never requested data from CBDDP that might support their planning,” and he “would be curious to understand what coordination or oversight NTIA might have provided to EagleNet based on mapping info gathered by CBDDP in terms of guiding EagleNet’s planning and/or prioritization of build out.”

Providing greater connectivity to rural Colorado school districts if of course a primary underpinning ENA’s very existence insofar as the Alliance advances a “a vision to bring high-speed Internet to every public school in Colorado.” With that in mind, and as home to one such school district notably “deserving in terms of broadband infrastructure needs,” how do you respond to the assertion that actual needs have been neglected for expediency’s sake? Specifically, how might you advise as to how Eagle-Net did in fact use such state-produced speed metrics in its planning process despite Mr. Ortman’s understanding? Again, we feel devoid of any meaningful information when it comes to our ability to independently assess charges such as these and are thus hopeful that ENA might arm us with some useful facts in response to this request.

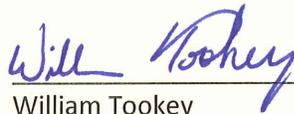
It has been suggested to us that there are a number of indicators that would demonstrate substantial progress toward the establishment of a fiber optic run to Silverton-San Juan County that we should be inquiring about as part of our own due diligence in this arena. Evidence of advancement might be indicated by proof that ENA has either obtained or is pursuing any number of federal permits, environmental approvals, and/or right-of-ways necessary to complete the project. Also, ENA would likely need to execute various legal instruments with private sector interests. These might include encumbrances upon real property, irrevocable rights of use (IRUs) on existing fiber lines, and/or utility pole agreements for the placement of new fiber strands. Finally, local permitting, both at the county and municipal level would be necessary. Given that we would be directly aware of any such activity at this latter echelon, we are concerned that no firm inquiries have actually been made in furtherance of acquiring necessary local approvals. Yet in other jurisdictions in our region, planning is fully complete and construction is well underway.

So once more, we ask that you provide us with concrete evidence of any type that would tend to refute the growing contentions of others that ENA is failing to meaningfully progress toward the completion of a fiber build to our community. With this request, we express great appreciation in advance for accommodating us. We have and will continue to view Eagle-Net as a much-welcome solution to a problem that has long plagued us and as a visionary organization that promises to deliver substantially where others have failed us.

Most Sincerely,



Kim White, Superintendent  
Silverton School District



William Tookey  
San Juan County Administrator



Jason S. Wells  
Silverton Administrator

- Announcement/Proclamation
- Special Presentation
- Report

- Consent
- Decision

**AGENDA SUBMISSION FORM**  
**Southwest Colorado Council of Governments**

Date of Board Meeting: Friday, Sept. 7, 2012		<input type="checkbox"/>
Staff: Laura Lewis Marchino/Susan Hakanson	Presentation Time: 10 minutes	<input type="checkbox"/>
Subject: Contract for Accountant services	Discussion Time: 10 minutes	
<p>Reviewed by Attorney?   <input type="checkbox"/> Yes   Attorney: _____   <input checked="" type="checkbox"/> N/A   <input type="checkbox"/> No fiscal impact</p> <p>Committee Approval _____   <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> N/A</p>		

**Background:**

Susan Hakanson, Laura Lewis Marchino and Shirley Jones met with State Department of Public Safety Officials on August 30<sup>th</sup> regarding the fiscal agency of the All Hazards grant funds. It appears that the All Hazards Board will be contracting with a Coordinator but that decision will not be made until late September. SWCCOG staff will work with the Board to define which duties will be the SWCCOG's and which will be the All Hazards Coordinator. However, with the 2009 grant needing to be disseminated by the end of September 2012 and two more additional grants for 2012 and 2011 needing to progress, there will be significant accounting time required. Currently, Region 9 has a contract with the SWCCOG to provide fiscal oversight with no reimbursement for any of their time outside of telecom. Region 9's accountant has the expertise to set up the accounts, distribute purchase orders and make sure the grant deadlines are met. With All Hazards being in addition to the regular contract with Region 9 and required short-term but significant work, staff is proposing that hourly All Hazards work done by the Region 9 accountant be reimbursed at an hourly rate through the end of the year. There will continue to be no charge for fiscal duties or administrative time for anything SWCCOG related outside of the All Hazards or telecom programs. There are funds in the All Hazards grants that will cover this. How to move forward in 2013 can be addressed as SWCCOG staff and the All Hazards coordinator will be taking on additional duties. A 2012 grant is also in the works.

**Fiscal Impact:**

The contract proposes up to \$6000, or \$37 an hour be allowed for the next four months. In talking with the State Dept of Public Safety, there are funds in 2010 and 2011 grants that can cover the work for the 2009 grant. The contract has a clause that funds paid will not exceed available funds. This contract can be renewed or revised in 2013.

**Recommended Action:**

The recommended action is to approve the attached contract to ensure the fiscal accountability to the All Hazards Board and the distributed funds.

**Accompanying Documents:**

ADDITIONAL INSTRUCTIONS

None

**Contract for Services Between  
Region 9 Economic Development District of Southwest Colorado, Inc.  
And Southwest Colorado Council of Governments**

This contract is entered into on September 7, 2012 between the Southwest Colorado Council of Governments and Region 9 Economic Development District of Southwest Colorado, Inc. (hereinafter referred to as the SWCCOG and District).

**Purpose**

The purpose of this contract is to describe the relationship between the District, and SWCCOG regarding services the District will perform for the Southwest Regional All Hazards Advisory Committee.

**Terms and Conditions**

The term for this contract will be from September 7, 2012 through December 31, 2013. The terms and conditions can be extended by mutual written agreement of both parties.

**Consideration**

Region 9 will be paid \$37 per hour for accountant services provided under this contract and reimbursed for miscellaneous expenses incurred upon receipt of invoice. The total amount of funds to be paid under this contract will not exceed \$6,000 unless otherwise agreed to by both parties. Payments shall be made from the SWCCOG to the District within 30 days of receiving an invoice detailing the work performed. The total amount of funds that will be paid under this contract will not exceed available and budgeted funds from available sources as agreed to by both parties.

**Description of Work**

The Scope of Work is provided by attachment A.

**Not An Employee**

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

**Acknowledgment**

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

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Tom Yennerell, Chair. Southwest Colorado Council of Governments

Date

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Ed Morlan, Executive Director, Region 9 Economic Development District

Date

## **Attachment A: Scope of Work**

Implement and monitor system of financials controls and reporting required for fiscal accountability to the All Hazards Board, SWCCOG and any other appropriate State and Federal offices.

Administer the final adopted budget per All Hazard Board direction.

Prepare monthly and/or annual fiscal reports to All Hazards and SWCCOG Boards as requested.

Coordinate with designated All Hazards Coordinator on invoices, purchase orders, delivery of product, and required grant paperwork. This includes grant applications, grant reports and other fiscal requirements.

Coordinate with SWCCOG staff that any items not handled by the All Hazards Coordinator are being completed.

Be responsible for supervision and management of the annual audit process and address any issues that arise during the audit and as a result of audit report.

Maintain file copies of contracts, grants, financials and all other items needed for the annual audit.

g:\admin\contracts\swccog all hazards with r9.rtf

- Announcement/Proclamation
- Special Presentation
- Report

- Consent
- Decision

**AGENDA SUBMISSION FORM**  
**Southwest Colorado Council of Governments**

Date of Board Meeting: Friday, Sept. 7, 2012		<input type="checkbox"/>
Staff: Laura Lewis Marchino/Susan Hakanson	Presentation Time: 5 minutes	<input type="checkbox"/>
Subject: Signature Authority for All Hazards	Discussion Time: 5 minutes	
Reviewed by Attorney? <input type="checkbox"/> Yes    Attorney: _____ <input checked="" type="checkbox"/> N/A <input checked="" type="checkbox"/> No fiscal impact Committee Approval _____ <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A		

**Background:**

Susan Hakanson, Laura Lewis Marchino and Shirley Jones met with State Department of Public Safety Officials on August 30<sup>th</sup> regarding the fiscal agency of the All Hazards grant funds. The meeting reviewed the grant forms and requirements. Though the SWCCOG Board Chairman signed the 2009 grant agreement, the 2009 grant is solely for equipment for area fire districts, law enforcement etc. All equipment requires purchase orders and paperwork to be submitted to the State. These documents require a signature from the fiscal agent as well as an All Hazards Coordinator. Staff proposes approving Susan Hakanson to have signature authority for All Hazard items needed in a timely manner to fulfill the grant contract such as purchase orders. The SWCCOG Chair will continue to be the signature on any grant contracts.

**Fiscal Impact:**

There is no fiscal impact.

**Recommended Action:**

The recommended action is to give Susan Hakanson as the SWCCOG's Acting Director, signature authority for the grant paperwork required to carry out the All Hazard grant contracts.

**Accompanying Documents:**

Resolution 2012-13 for Signature authority.

**ADDITIONAL INSTRUCTIONS**

None

**Packet Item 6i. (1)**



**Resolution 12-13**

**Authorizing the SWCCOG's Acting Director to have signature authority to carry out the SWCCOG's fiscal agent duties for the South West All-Hazards grant contracts**

WHEREAS, the Board of the Southwest Council of Governments (SWCCOG) agreed to accept fiscal agent duties for the South West All-Hazards Committee grant contracts at a special Board meeting on August 3, 2012, and;

WHEREAS, in the course of grant administration, paperwork is to be submitted to the State, and requires a signature from the fiscal agent as well as an All Hazards Coordinator, and;

WHEREAS, the SWCCOG (Acting) Director will be reviewing all grant documents that staff prepare on the fiscal actions of the grant before those documents are submitted to the state, and;

WHEREAS, the SWCCOG Chair will continue to be the signature required on any grant contracts;

NOW, THEREFORE, BE IT RESOLVED BY the Board of Directors of the SWCCOG, Colorado:

**The SWCCOG's (Acting) Director, shall have signature authority to carry out the SWCCOG's fiscal agent duties for the South West All-Hazards Committee grant contracts.**

ADOPTED, this 7<sup>th</sup> day of September, 2012

Attest: \_\_\_\_\_

Tom Yennerell, Chairman of SWCCOG

**Packet Item 6i. (2)**