Southwest Colorado Council of Governments  
July Board Meeting  
Friday, 8 July 2016, 1:30pm  
1188 E. 2nd Ave., Carnegie Building, Durango, CO 81301

In Attendance:
Dick White – City of Durango  
Ron LeBlanc – City of Durango  
Chris La May – Town of Bayfield  
Michelle Nelson – Town of Bayfield  
Mark Garcia - Town of Ignacio  
John Egan – Town of Pagosa Springs  
Chris Tookey – Town of Silverton  
William Tookey – San Juan County  
Andrea Phillips – Town of Mancos  
Lana Hancock – Town of Dolores  
Michael Whiting – Archuleta County  
Shane Hale – Town of Cortez  
Julie Westendorff – La Plata County  
Joe Kerby – La Plata County

Staff in Attendance:  
Miriam Gillow-Wiles – Southwest Colorado Council of Governments  
Jessica Laitisch – Southwest Colorado Council of Governments  
Shannon Cramer – Southwest Colorado Council of Governments  
Sara Trujillo – Southwest Colorado Council of Governments (by phone)

Guests in Attendance:  
Diane Kruse – NEO Connect  
Ken Charles – Colorado Department of Local Affairs  
James Torres – La Plata County

I. Introductions  
The meeting was called to order at 1:33 p.m.

II. 2017 Preliminary Budget Public Hearing  
Andrea opened the public hearing at 1:35 p.m. She explained that this is a draft and in the past the board has requested the draft earlier in the year. No one being present, the public hearing was closed at 1:36 p.m.

III. Consent Agenda  
Mark Garcia motioned to separate the consent agenda items, Michelle Nelson seconded, unanimously approved.

   a. 3 June 2016 SWCCOG Meeting Minutes  
Dick White sent staff a couple of small changes. Shane mentioned that he had asked about whether the MOU was an opt-in and asked the minutes better reflect this conversation. Staff will look into this and bring the minutes back to the next meeting.
b. 25 May 2016 Executive Committee Meeting

John Egan motioned to approve consent agenda items together as presented, Julie Westendorff seconded, unanimously approved.

c. May 2016 Financials

Michael Whiting motioned to approve consent agenda items together as presented, Mark Garcia seconded, unanimously approved.

IV. Reports (written only)

a. Director’s Report

Dick asked if there is any new information with respect to 4CORE. Miriam replied that after the last board meeting she met with the 4CORE Program Director. After 4CORE had their board meeting she was contacted by a member of the board and told that 4CORE would like to move forward. Julie mentioned that La Plata County has had discussions with 4CORE and it sounds more promising that 4CORE could come under the COG. Andrea asked if this should be at the next board meeting. Julie replied this issue is probably not ready yet. John asked if the ball is in their court. Julie and Miriam replied that COG representatives would be working with the 4CORE board, as opposed to 4CORE staff. Michael asked about the different expectations between acquisition and merger. Julie suggested that the discussion from the last meeting be disregarded. Michael asked for clarification that the intent for 4CORE to come under the COG as a program. There was discussion about how it is expected the 4CORE may be integrated under the COG. Mark asked if there is any action required of him. Julie replied he and Dick should touch base with the 4CORE board and discuss where they are at and next steps.

b. Broadband Report

c. Transportation Report

Mark asked when the next round of enhancement grants will be. Jessica replied she would send him information.

d. VISTA’s Report (Includes Shared Services and Recycling)

Julie asked where the funding for scholarships to repair training vehicles would come from. Miriam replied this is from the DOLA grant for shared services; this would allow a 50% discount on training classes.

e. Community Updates

Community updates will be handled at the end of the meeting, time permitting.

V. Decision Items

a. 2017 Preliminary Budget

Andrea summarized that this is the first presentation of the preliminary budget. Miriam explained that dues and other fees will remain the same next year and mentioned that dues were reduced slightly because Rico joined. She explained that one of the assumptions is that there will be dark fiber leasing and the fiber equipment repair fund will remain at $15,000 in order to balance the budget, if there is more revenue than expected, then adjustments can be made in the 2018 budget. With respect to grants, the DOLA technical assistance grant for next year is budgeted very low, there is an EPA recycling grant for education and a placeholder for a broadband infrastructure grant. Julie asked how the placeholder number was identified. Diane replied that they do not have a good number. Miriam added that she identified $1.1 million based on similar grants for capital plus $100,000 for costs for staff, consulting, etc. Dick asked if
there is any information on whether there will be a DOLA grant cycle. Ken replied he does not know at this point, but may have more information soon. Miriam added there are other options for broadband infrastructure funding. Chris asked if this includes additional match from the communities. Miriam replied hopefully this will not be necessary, but will be addressed in the final budget if necessary.

Miriam explained that the audit cost would increase if there is an infrastructure grant. Julie asked if the grant will cover the increased audit expense. Miriam replied that this would depend on the grant. The budget also includes new accounting software. Sara added that QuickBooks is limited and difficult when dealing with budgets and tracking for grants. She elaborated that the estimated budget is $14,000, which is for local government specific software including set-up. Miriam added this could be an opportunity to share financial software. Julie asked if any of the smaller communities have any software they like. Sara replied she spoke with a number of communities and COGs; the software she based the estimate on had the best reviews.

Miriam stated that they are looking at using a new insurance group.

Shane asked about the housing allowance. Miriam replied this is for the VISTA and comes from a grant. This is because the VISTA volunteers receive very little compensation and this helps offset high housing costs. Andrea asked if this is in the current budget. Miriam replied this was paid by the DOLA grant this year.

Andrea asked about the assumptions made for salaries and wages. Sara replied this includes an increase up to 4% for her and Miriam and Jessica at $18/hour as requested in the transit coordinator grant application. Andrea asked if Sara is full time. Sara replied that she is.

Julie suggested there be a discussion about what the jurisdictions would like from SCAN network and mentioned that there may be a gap with not having a technical person for the SCAN network and the possibility to contract this service out. She mentioned she is uncomfortable with the assumption of $55,000 from dark fiber leasing and how realistic this is. Andrea added that looking at cutting costs rather than increasing dues will be necessary if anticipated revenue is not realized. Chris asked about the consulting line item. Miriam replied that this is for the broadband project. Julie suggested that this be identified differently to show capital versus consulting. Chris suggested showing a reserve for the fiber repair fund. Miriam replied that this is in a restricted account not shown here and there is now $9,400 in the fund. Chris asked if this would be reflected in the ending balance. Miriam replied it would not because it is a restricted account. There was discussion about showing the fiber repair fund in the budget as a restricted account.

Michelle asked to see historic information going back a couple years, showing budgets and estimates. Sara will have this information for the next meeting. Julie asked for an alternative plan in the event the revenue does not come in at the budgeted level. Michelle asked what the projected beginning fund balance is. Sara replied that according to the audit it is $90,000, but she will confirm this.
b. SCAN Decision

Andrea summarized there had been discussion about the dark fiber leases and whether communities could opt-in to share back revenue to the SCAN and a vote on the split. She added that there was also a vote to increase the lease amount per strand/per mile. She asked Michael to give an overview of the history of the project. Michael summarized that the project was originally funded by DOLA. There have been a number of twists in the history, however he is not sure how much time the board would like to spend on the history. Based on the original grant contract it was not known how much it would cost, but the original premise and expectation for the split was that the network be sustainable. The state has lauded the SCAN project as a success story, therefore it is important to figure out how to make this work. He pointed out that in going through the history there was a lot of inconsistency, he opined that the money was spent and it needs to be made sustainable. Andrea added that this infrastructure has been leveraged to bring in more money. Michael added that Archuleta County had to stop work due to funding concerns, but they will be working on broadband to the home. Andrea pointed out that it is important for all the jurisdictions make sure this works out moving forward. Ken explained that he has tried to keep out of this, but believes it is time for him to step in. He stated that there was an expectation in the grant contract to have an operating plan and have it funded. He added that it was intentionally left vague, but states “the project will be owned by the individual local governments and the individual local governments will be responsible for the long term maintenance of the network and will be required to operate SCAN” and “the IGAs will include, but not be limited to, ownership of the project improvements, procurement and construction responsibilities, financial commitments, financial management, operations and maintenance responsibilities.” He added that the state is under the impression that the project is running well and funded, and he needs to tell the division director the actual situation. He described some of the history with respect to the regional nature of the project specifically the regional operations element, considering this was one-time funding specifically for regional projects. He encouraged the board to seriously consider the work presented by NEO Connect. He stated that the 75/25 model for leased fiber proceeds was discussed from the beginning. He pointed out that those that received the most funds were able to build more, therefore more opportunity for leased fiber and therefore higher income. Another issue is how important this project was at the state level and that it kicked off further broadband development at the local level; this project is still used as the hallmark. Michael mentioned the opinion of one network provider that all government run networks are failures and all networks should be government subsidized private networks, and expressed concern about allowing this type of rhetoric to gain traction. John mentioned that we keep coming back to the table with this explanation, but there needs to be forward motion and asked what specific decisions need to be made in order to move forward. Andrea replied that one of the decisions is whether organizations should be able to opt-in to the dark fiber lease or if everyone is involved. The second is with respect to the 75/25 split as proposed by NEO Connect versus the 50/50 decided at the last meeting. Finally, board members need to bring the MOA to the respective jurisdictions to ensure there is the authority to enter into such agreements. She added that a future decision would be whether to contract out for SCAN management. Dick asked if they are going to adhere to a one-size-fits-all, and suggested the board might want to consider several tiers. He also asked if there would need to be an agreement for members to lease at the same rate for non-SCAN fiber to limit competition. Miriam stated that $110/strand/mile for SCAN fiber was approved at the last meeting. She added that the COG had previously discussed not being a-la-carte. Chris expressed concern about the costs being incurred by the local governments and that the revenue should go to them. Julie would like to have the discussion about what services each entity would like from the COG relative to the network. Andrea asked what the SCAN centralized management services are. Miriam replied the COG does not provide services because there is currently no funding, but could provide services such as: shared financial and human resource software, cloud based
services for remote storage backup, aggregate purchasing of internet, VOIP phones, and virtual machines. Michelle asked what the communities would get for the 75%, since that amount would not cover all those services. Julie asked if these are what they really want. Diane pointed out that the existing SCAN network could also be expanded to include more communities and increase opportunities, connectivity and the ability to provide more shared services. The issue is how to put together a financial plan moving forward with the idea of possibly expanding the SCAN network. John opined that these types of centralized services are what would be helpful. Michael mentioned that some communities provide some of these services, but management of the network assets would be the highest priority, and the costs for such need to be shared. Also important is aggregation of broadband connectivity, and asked how all these pieces are sorted out among members. He suggested ensuring basic support to keep the network running then looking at other possible options in the future. Ron expressed support for a tiered system. He described the previously mentioned services that the city already has and the consequences of getting these services through the COG. Miriam replied that this is not intended to reduce staff, the intent is to look at possibly sharing services to reduce everyone’s overhead. Ron asked what the city would gain from these services as they already have them. Andrea asked what the $55,000 would pay for. Miriam replied this would allow the COG to continue working on education and advocacy and moving and maintaining the broadband asset management software on a cloud based system. Shane asked for clarification that there would not be technical support. Miriam replied the system will move to the cloud and updates will be charged hourly. Julie asked for clarification that the COG would receive the bill. Miriam replied yes, and added that she wanted to budget conservatively since there is so much uncertainty with respect to the dark fiber revenue. She added that the goal will be for any changes to the asset management system be paid by the COG. Dick asked if this would include the inventory of fiber assets that NEO Connect is working on. Miriam replied yes. Andrea asked if there are any other services as part of the basic management of the SCAN. Miriam replied that asset management is number one for maintaining the system; the SCAN is also selling some aggregation of connectivity, IP addresses for use by the communities, and contracted management. There was discussion about how IP addresses are used, bought, and how the fee is determined. Miriam added that through the broadband planning project the RFI is for a private/public partnership for contracted management. Chris asked why Cortez does not buy connectivity from the SCAN. Shane replied that they are an ISP and buy connectivity from upstream. Miriam added that the current contract will expire soon and they will be able to renegotiate. Andrea recommended funding the basic services at $55,000, accomplished through no opt-in at 75% back to the COG. Miriam clarified that it would be 75% of the $55,000, so $48,000, since there would be 25% paid back to the communities. Michelle mentioned that this is a small amount, but in the future this could be significant and may need to be addressed in the event some services not wanted or needed. Miriam replied that this would come up in the budget each year. She added that providing the services together is intended to save money for everyone. John asked for clarification that for $55,000 all the services can be provided to everyone in the region, and suggested putting together a task force to look into the other services the communities may want and options for the future. He recommended moving forward with funding basic services then continue to look at possible services throughout the year. Julie stated that the $55,000 is irrelevant, the 75/25 split needs to be discussed. Andrea asked for feedback from San Juan County and the Towns of Silverton and Dolores. Lana replied that they don’t have fiber. Miriam replied that there was money spent in the Town of Dolores and she needs to do some work to figure out the situation there. Willy replied that this represents a minimal impact to Silverton and San Juan County, so the 75/25 split is fine. He added that the concern is with respect to Cortez and Durango. He added that the COG’s credibility with the state is dependent on maintaining the network; at the same time they need to be fair to the larger communities. Chris Tookey added that getting connectivity to town hall is of greatest importance. She added that it is
entire industry is changing proposals for how to move forward. Diane replied there will be a number of proposals and recommendations presented at the next board meeting. Mark mentioned that the entire industry is changing and looks forward to seeing the possible options. Julie asked what to
expect next month. She explained she does not see the split as a fee for service, but rather as a good-faith reimbursement. She added that while the county may not need many of the proposed services, perhaps they could contract them out.

Julie Westendorff motioned to approve the MOA between the SWCCOG and local governments as outlined in the agenda pages 64-67 including exhibits A and B, and the 75/25 split as specified in the agenda. John Egan seconded.

Dick expressed a need to distinguish between the 75/25 split and having the COG exclusively managing the fiber. Diane replied it does not need to be a fee for service, rather the revenue goes to the COG because of DOLA’s contribution, so communities could manage their own leases if they wanted to. Dick replied the contract as written identifies the COG as the exclusive agent and suggested changing that language. Julie suggested moving forward with the 75/25 split whether or not the invoicing, leasing and distribution of revenue is handled exclusively by the COG. Miriam asked about doing a 75/25 split for everyone with opt-in for communities that want to handle their own leasing, billing and invoicing. Ron asked if dark fiber that is not SCAN would be included in this. There was discussion to clarify that this only includes fiber in the SCAN network. Ron added that there is a need to address consistent rates so as to not undercut the network. Julie suggested including a term that a jurisdiction that is leasing non-SCAN fiber must lease at or above the rate. Ron also suggested having all members included, with the option to opt-out of the management. Michelle asked for clarification that the COG will be the exclusive agent unless chosen not to. Shane asked for the plan for the network at the next meeting, as he is uncomfortable voting on an agreement without a lot of questions being answered. He added that they have contracts with ISPs and is not comfortable necessarily renegotiating those. Miriam replied that existing contracts would be grandfathered in, considering the $60 per mile was set 5 years ago it is worth considering updating. Mark asked if this has to be done at this meeting. Andrea replied they don’t have to, but they are looking for direction for the proposals for the next meeting. Shane suggested directing staff to look at the business model at the 75% to look at during the next meeting. Miriam explained that this is inhibiting staff’s ability to work on other projects. Shane pointed out there was a vote for 50/50 at the last meeting.

Julie asked for straw vote for 75/25 revenue share with 75% to the COG, 25% to the local governments, local jurisdictions may not lease non-SCAN fiber at a rate lower than the SCAN rate, the MOA would apply only to SCAN fiber, any individual jurisdiction may opt-out to not utilize SCAN administrative services but would not change the 75/25. Michelle added it would need to include that if communities are collecting their own money, they need to pay back the 75% to the COG. Andrea clarified that this would be for staff to move forward with these assumptions. Aye: Dick, Mark, Michelle, John, Michael, Willy, Chris, Julie. Nay: Shane.

Dick stated it would be useful to know how much SCAN fiber is currently leased. Miriam replied that this is identified on page 63.

The meeting was adjourned at 4:05 p.m.