

**Southwest Colorado Council of Governments  
June Board Meeting  
Friday, 3 June 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  
John Egan – Town of Pagosa Springs  
Chris Tookey – Town of Silverton  
William Tookey – San Juan County  
Julie Westendorff – La Plata County  
Joe Kerby – La Plata County  
Michael Whiting – Archuleta County (by phone)  
Shane Hale – Town of Cortez (by phone)

Staff in Attendance:

Miriam Gillow-Wiles – Southwest Colorado Council of Governments  
Jessica Laitsch – Southwest Colorado Council of Governments  
Shannon Cramer – Southwest Colorado Council of Governments

Guests in Attendance:

Laurie Dickson – Four Corners Office of Resource Efficiency  
Kurt Schneider - Four Corners Office of Resource Efficiency  
Eric Pierson – City of Durango  
Darlene Marcus – Congressman Tipton’s Office  
Kelli Jones - HintonBurdick and Associates (by phone)  
Diane Kruse – NEO Connect (by phone)  
Ken Charles – Colorado Department of Local Affairs (by phone)

**I. Introductions**

The meeting was called to order at 1:37 p.m.

**II. 2015 Audit Presentation**

Kelli Jones, HintonBurdick and Associates, commended staff on their good work. She reported that they issued an unmodified opinion on the financial statements, there were no material weaknesses or significant deficiencies. She presented an overview of the financial information from 2015.

Dick White asked what the accounts receivable was at the end of 2014. Kelli and Miriam replied it was much less than at the end of 2015. Chris La May asked about the change in net position. Kelli replied that cash has gone down, but will go back up once outstanding receivables are received. Chris asked if a portion of the fund balance should be designated assigned versus discretionary for the fiber fund. Miriam replied that those monies were assigned in 2016 and these numbers are for 2015. Julie clarified that the discussion to assign these funds had been during budget discussions, which occurred in 2015. Julie asked how funds with specific designations would appear. Kelli replied designations of fund balance would be shown in the financial statements broken out by restricted, assigned or committed. She added that there is nothing shown as restricted right now. Miriam asked for clarification that next year there would

be a restricted line. Kelli replied that if there are restrictions, they would be shown on the financial statements.

Joe Kerby asked about the actual revenues being \$40,000 less than budgeted. Miriam replied that this is due to grant funding, for example there was one grant that was extended into 2016.

Julie asked staff to address the fund balance. Miriam replied that this is due to the Fastrack contact, lack of revenue from dark fiber leasing, and staff time on telecom. Julie summarized that this is the disparity between income and expenses related to the SCAN network.

### **III. 2017 Goal Setting**

Julie explained that goal setting was not addressed during the board retreat. She asked about “the lens” worksheet. Miriam explained that the questions listed were identified during the board retreat as questions to ask when considering decisions.

Miriam described that the current goals are shared services, recycling, transportation, and broadband. She explained that the DOLA grants for recycling, shared services, transit, and broadband planning will be completed by the end of the year and there is doubt concerning whether DOLA will have a grant cycle next year because of the severance tax issues. She asked if there should be any modifications to the goals for 2017. Dick stated that these are the projects the COG has been working on and should continue. Julie expressed agreement in keeping a narrow set of goals to focus on. She added that 4CORE is present and while they do not specifically fall under one of these areas, a larger goal is to have organizations integrated. Miriam mentioned that integration of 4CORE could be added as a goal or just recognized as an ongoing, overarching project. Joe asked if this had previously been identified as a goal. Miriam replied that this was discussed last year, at that time it was determined to have more focus on AAA, however this has since changed. Dick suggested this may be appropriate to add as a fifth goal. He mentioned that this would be a two year process, with the first year running parallel operations. Julie asked if they would like to add partnership with 4CORE as another goal. Dick replied this could be an expansion of the recycling goal. There was general agreement to include partnership with 4CORE as a goal for 2017.

Chris asked if Rico is a member. Miriam replied that they just voted to become a member and will be added to the spreadsheet as a member organization. Julie asked about the purpose of the larger spreadsheet. Miriam replied that this is a tool for staff and “the lens” questions will help with priorities.

Dick asked about the status on the IT support grant. Miriam replied this grant is nearly completed and described some of the projects this grant assisted with. Ron LeBlanc asked what amount the grant was for. Miriam replied it was approximately \$55,000, with a \$2,000 match from each community. She added that DOLA would only pay for labor, not equipment.

**Dick White motioned to accept the goals as presented in the spreadsheets and the five identified as focus goals, Michael Whiting seconded, unanimously approved.**

Julie asked about the potential impacts of losing DOLA funding. Miriam replied it may limit the ability to work on specific projects such as shared services. They discussed limitations on DOLA funding and other possible funding sources.

#### **IV. Consent Agenda**

a. 6 May 2016 SWCCOG Meeting Minutes

Julie asked to change visiting “counties” to “members.”

b. April 2016 Financials

**Dick White motioned to approve both consent agenda items together as presented, John Egan seconded, unanimously approved.**

#### **V. Reports (written only)**

a. Director’s Report

b. Broadband Report

i. 16 May 2016 CAFII Meeting Notes

c. Legislation Update

d. Transportation Report

e. VISTA’s Report (Includes Shared Services)

f. Community Updates

Dick reported that the City of Durango will be receiving final public input on the wastewater treatment plant design prior to submitting to the Colorado Water Resources and Power Development Authority. The project is estimated at \$58 million, by far the largest project undertaken by the city. Miriam had presented a report on the SWCCOG to City Council. He pointed out that traffic was heavy today.

John reported that the Town of Pagosa Springs has a number of projects, including the south Eighth Street repaving project. They have been dealing with some issues on the McCabe Creek project, it is generally on schedule although there have been some delays. Mountain Express Transit is installing new signs.

Chris reported that the Town of Bayfield is nearing completion on the water treatment plant. They are moving forward with the replacement of the bridges, planning to start construction in the fall considering schedule challenges due to wildlife. They are working with DOLA to install improvements to the water system.

Julie reported that La Plata County had a hearing and approved a coal mine permit that had been ongoing. She and Michael attended a meeting in Arboles regarding crime and that cell phone service exacerbates issues with reporting. The Colorado Airport Operators Association was in Durango and they were able to discuss airport governance options.

Willy Tookey reported that all the major passes into San Juan County are open. The BLM changed the district boundaries to put San Juan County into the Gunnison district, part of the justification is to have the entire alpine loop in one district, but this does not make logical sense considering the topography of the region.

Chris Tookey reported that the Town of Silverton had a board retreat and the goal setting will be done in two weeks. The library is 110 years old and there will be an open house to celebrate. They are working on affordable housing and will have a meeting to discuss vacation rentals. The Events Coordinator is working on a “Superfund Day” event. The train has begun running for the season. Joe asked about the newly remodeled hotel. Chris replied that they had a ribbon cutting and tours, and there are options for package deals with the train, hotel and museum. John mentioned that the hotel looks good. Dick mentioned that the superfund team has scheduled monthly meetings.

Joe added that they are working on completing the impact fee feasibility study, this will be considered by the board in a couple weeks.

Michael reported that Archuleta County has finished data collection for the courthouse and will begin making decisions. He added that the Arboles meeting went well. They are looking at a contentious gravel pit permit. The town and county developed joint strategic objectives around childcare, affordable housing, broadband, and downtown vitality. Tourist season has begun.

## **VI. Discussion Items**

### **a. RFI for Broadband Public Private Partnerships Feedback for NeoConnect**

Diane Kruse reported that they put together a Request for Information for a public private partnership. The intent is to determine how the private sector could extend last mile service if strategic, key routes were put in place. This does not commit the SWCCOG to anything, it is just collecting information for options. Julie asked who the RFI would be sent to. Diane replied they have put together a list of internet service providers that provide services locally and nationally, and a number of companies have reached out. Additionally, they would like to put it on the Rocky Mountain Bids system. Joe mentioned that the county will check to see if they can help with this. Miriam explained there has been discussion about whether this would need to benefit the entire region as there are no ISPs that work throughout the entire region and this may be an issue. Ron asked if an ISP is only interested in one area, how would the SWCCOG move forward. Miriam replied that, since this is a RFI, if a company only wants to work in one area they can reject the bid as the intent for this is to be a regional project. Diane elaborated that there could be different solutions throughout the region; they have written the RFI to try to ensure a regional approach. Julie agreed that the intent is a regional approach and to reach areas that may not otherwise be likely to be served. Dick suggested that preference be given to those that can approach the greatest portion of the region and maintain a focus on communities that otherwise would not be served. Diane replied that they could put this in the evaluation criteria, one concern is that CenturyLink may be the only company able to address the entire region, and there have been issues in their public/private partnership approaches. Julie asked for clarification that they do not want to discourage multiple providers in order to cover the entire region. Diane replied that is correct. Dick suggested they add language to encourage multiple providers to work collectively.

Julie asked about next steps. Diane replied that they need to finalize the RFI, including language to encourage a regional approach and encourage partnerships, and to finalize dates. She asked for feedback before they release it. Miriam asked for confirmation that they will look at a draft of the plan in July with the final plan by August. Julie asked if they are looking for comments on the 18 page document. Diane replied yes. There was general discussion on reviewing the RFI, Julie will review it and suggested they ask Ernie to do so as well.

## **VII. Decision Items**

### **a. 4CORE Whitepaper & Recommendation**

Laurie Dickson distributed information related to the combined structure of a COG and a non-profit based on research she had undertaken. She described that the 501C3 would need a separate governing board to maintain its 501C3 status. Miriam clarified that the intent is for 4CORE to remain a 501C3, and that non-profits do exist under COGs with the COG board as the governing board. Michael mentioned that despite 501C3 status, a non-profit could come under the COG with leadership and fiduciary responsibility being transferred to the COG board. Laurie described the model used by the East Central Colorado COG. Miriam mentioned that the

COG does not have the staff capacity to take on another governing board and that having too many governing boards can be challenging. Kurt Schneider replied there is a need to ensure the board maintains oversight and responsibility and having the board in an advisory capacity would not be sufficient. Miriam clarified that she has not found precedents of a COG bringing on an established non-profit, but many non-profits exist within COGs wherein the COG is the governing board with an advisory board for the non-profit. Kurt and Laurie described the model wherein the non-profit has a separate governing board. Miriam replied that this model is less common.

Joe asked what 4CORE is proposing. Kurt replied that this is not a proposal, just information. Chris asked for clarification that 4CORE does not want to give up its authority. Kurt replied that the full board has not had this discussion, the Executive Committee has had discussions that they do not anticipate going that direction. Miriam described that in the discussion with 4CORE, the first phase would include contracted administrative and financial work and in the second phase 4CORE would be fully incorporated, as a non-profit, with 4CORE staff becoming COG staff. Laurie replied that the East Central COG's model includes contracting of its employees. She described other models that include foundation based organizations. Chris pointed out that the Regional Housing Alliance has a similar model in place.

Julie asked about the level of interest on moving forward with merging. Dick replied that both organizations are doing similar educational efforts such as with recycling and resource efficiency, both are regional, and it could be worthwhile to look for administrative efficiencies. He added that each board must decide if they would like to continue the discussion and looking at how to move forward; he believes there is value for both organizations, although there is a lot to explore including further partnerships. Laurie mentioned that 4CORE's costs would not be reduced because they would be paying the COG for services, so they would need to continue to find alternative funding. Joe stated that part of the anticipated benefit of the COG is to combine with non-profits to reduce the overall cost to member governments. He also expressed concern about the financial viability of 4CORE and the benefits to the county from both 4CORE and the COG. Dick pointed out that a lot of work would have to be done very quickly if the decision is to move forward. Julie mentioned that if the information Laurie distributed is true, moving forward does not seem worthwhile. Ultimately, the goal is to reduce overhead costs, such as with a shared audit, and contracting services does not seem to be the most efficient. John expressed concern about the usefulness of the COG to take on 4CORE considering the information distributed. Laurie replied that 4CORE would be paying the COG for professional services and there would be opportunities for collaboration.

Julie asked about next steps. Dick replied that he will not have time for follow up in June. Julie asked what he would suggest happen next. Dick suggested moving forward with a similar model the COG had undertaken with AAA, the hope being that 4CORE would save some money and the COG would earn some money while giving time to further explore options. Miriam explained that the purpose of this discussion is to determine whether to continue moving forward, and the discussion regarding the organization of the organizations falls under strategic planning. She added that the COG has money available to undertake strategic planning. Michael asked for

clarification that there would be savings to both organizations. Miriam replied yes. Michael asked what would be the most efficient structure to take advantage of the savings without undue burden on either board. Miriam replied that needs would have to be identified to determine the structure. Julie asked if 4CORE is in favor of pursuing this. Kurt explained that the conversation was prompted from a desire for collaboration and efficiency and to help with staffing challenges. His ultimate goal is that the mission of 4CORE continues into the future, whether that is done as a separate or combined organization. John mentioned that it sounds like there may be different ideas about what the discussion was intended to be today.

**Dick White motioned to authorize staff to enter into strategic discussions with 4CORE to identify what it could look like and how we could do it or whether we don't quite fit together and continue separately. John Egan seconded. Unanimously approved.**

Julie recommended also looking at other possible models.

e. Meeting time change

Miriam explained that this request is to change the posted times of meetings. This issue was postponed to a later meeting.

f. Snapple Grant: Recycling Bins

Shannon explained that this grant would be for 60 recycling bins, there will be no cost to the SWCCOG.

**Dick White motioned to apply for the Snapple Grant for recycling bins, Chris La May seconded, unanimously approved.**

d. 2017 CIRSA Renewal

Miriam explained that this is a renewal to get a quote for CIRSA. Dick asked if staff can do this without bringing it to the board every year. Miriam replied yes because it is just to get a quote.

**Dick White motioned to accept 2017 CIRSA renewal and allow staff to submit renewal applications in the future, Chris La May seconded, unanimously approved.**

c. Transit & Recycling Marketing Consultant Selection

Miriam explained that the SWCCOG received two bids and neither were local. Staff recommends that the bids be rejected and they work with local agencies for a plan to move forward. Dick replied this seems reasonable.

**Dick White motioned to accept the staff recommendation and reject all bids, reevaluate and come up with a plan to engage at least one marketing agency, John Egan seconded, unanimously approved.**

b. Dark Fiber Lease MOU

Miriam explained that this has been discussed previously and that a decision must be made. She provided an overview of the history of the SCAN network and the attached documents. Julie asked for clarification that the 75/25% split came from the initial investment of 75% grant funded and 25% from the members. Miriam replied yes, although there is additional history.

Julie asked for comments about the proposed pricing. Ron pointed out that some of the larger entities have contributed a significant amount of staff time in addition to infrastructure and it is not fair for these entities to take additional burden to subsidize other communities. Miriam asked if the connection to EAGLE-Net was SCAN or City of Durango fiber. Eric Pierson described which portions were SCAN versus city projects. Miriam stated that the leases being discussed are only related to SCAN fiber. There was discussion about the fiber up to San Juan County. Miriam clarified that the EAGLE-Net project to San Juan was not involved with the COG. Julie asked if Ron is proposing that the City's lease agreement be set up differently. Ron replied that he would like the city to receive 75% and the COG 25%. Eric clarified that the majority of the ongoing cost for fiber is utility locates, which come to about \$10,000/year, as well as general maintenance and staff time. Miriam mentioned that the conservative estimate nearly covers these costs, even with the COG receiving 75%. Chris mentioned the cost of depreciation of assets. Miriam replied that fiber does not degrade, therefore it would not need replaced or repaired unless cut. The equipment on either end does need replaced periodically to maintain or increase speeds. Joe mentioned that there could be a future need to upgrade. Diane replied that there should not be a future need to upgrade the fiber as there is plenty of capacity. Additional capacity could be increased by upgrading infrastructure at the ends. Joe asked how option one would be handled differently than option two. Miriam replied that part of the discussions had been that the COG would help the communities with items such as locates or repairs and the leases will either be a stable source of funding for the COG to do this or member organizations will need to continue contributions for the fiber replacement fund. Julie asked if La Plata County's costs are similar to the City of Durango's. Joe replied he believes so. Chris stated that they do their own locates. Willy stated that they have probably only had a couple locate requests. Shane asked if this would be an opt-in model. He expressed concern about the continued 75/25 split simply because that was the original distribution of the grant. Julie mentioned that her goal is to not pay the COG any more money and this is a higher priority for her than additional revenue from dark fiber. Shane mentioned that this would not appreciably reduce COG dues. He expressed concern about reduced revenue to member organizations. Miriam reiterated that this would only apply to SCAN infrastructure. She added that this is a very conservative estimate and it would help increase the fiber replacement fund. Willy pointed out that per the initial discussions both the COG and the member entities would get revenue. He added that reduced revenue is equivalent to increased expense. Ron suggested splitting 50/50 for one year. Joe asked how long this would be for. Ron replied one year. Dick summarized that there are dark fiber leases essentially on the table and this would be to move forward with those. He suggested future discussion on the possibility of a tiered system. He recommended accepting Ron's proposal in order to move forward, considering the fiber would not be in place if not for the COG's SCAN grant and there is a need to pay some back to the COG.

**Dick White motioned to accept the MOU and split at 50/50, William Tookey seconded.**

Joe expressed support for this proposal if it will be readdressed in one year. Chris asked about the consequences if an entity does not sign on. Miriam replied that this is a policy decision whether an entity can opt-out.

**For the question for the MOU to be in place for one year at a rate of 50/50.**

Shane asked if this is an opt-in MOU or if it would be compulsory. Chris replied it would be an opt-in MOU that each entities' boards would need to approve. Shane mentioned that there are provisions to opt-out and for automatic renewal, so it sounds like it would be opt-in. Julie agreed that she does not have the authority to bind La Plata County. Shane stated that he is not opposed to any specific split as long as it is not mandatory for any jurisdiction.

**Support: Julie Westendorff, William Tookey, Chris Tookey, Dick White, John Egan, Shane Hale**

**Opposed: Chris La May**

Miriam explained that the next question is whether to raise the rate per strand/per mile to \$110. Dick asked what the current market rate is. Diane replied that the market rate varies widely based on various factors, the recommended rate is based on cost recovery. Chris mentioned that access fee in the lease agreement based on the City of Durango's model. Shane pointed out that the increase is significant. Miriam replied that this would not apply to existing leases, and added that there could be different rates for ISPs than for governments.

**Dick White motioned to approve the cost of \$110 per strand/per mile, John Egan seconded, unanimously approved.**

John stated that the issue of parity between entities needs to be discussed at some point.

The meeting was adjourned at 4:47 p.m.