

**MINUTES OF THE
ADMINISTRATIVE COUNCIL
COCHISE COLLEGE BENSON CENTER
1025 STATE ROUTE 90
BENSON, ARIZONA
FEBRUARY 12, 2015**

OFFICERS PRESENT: Chair Shane Dille, City of Nogales

MEMBERS PRESENT: Horatio Skeete, City of Safford
John Basteen, Town of Duncan
Tedmond Soltis, City of Willcox
Armando Villa, City of Tombstone
Dave Teel, Town of Patagonia
Carlos De La Torre, City of Douglas
Jennifer Thornton, (for Chuck Potucek) City of Sierra Vista

STAFF PRESENT: Randy Heiss, Executive Director
Cindy Osborn, Accounts Manager
Zoya Greene, Office Assistant
Julie Packer, Housing Program Manager
Chris Vertrees, Transportation Planner
Larry Catten, Economic Development Planner

GUESTS: Kathy Boyle, ADOT Public Affairs Office

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE/INTRODUCTIONS

Chair Shane Dille called the meeting to order at 9:15 a.m. Those in attendance introduced themselves and were welcomed.

II. MEMBER ENTITIES' DISCUSSION

Chair Dille made a call for items to discuss. No common critical issues were discussed.

III. CALL TO THE PUBLIC

Chair Dille made a call to the public and no one spoke.

IV. ACTION ITEMS

1. CONSENT AGENDA

- a. Approval of the November 6, 2014 Minutes
- b. Approval of new Advisory Council on Aging
- c. Update to Transportation Advisory Committee Bylaws
- d. Transportation Advisory Committee Future Project Procedures

Chair Dille asked for a motion to approve items 1a, 1b, and 1d from the Consent Agenda, and to pull item 1c. (Update to Transportation Advisory Committee Bylaws) for further discussion.

MOTION: Carlos De La Torre

SECOND: Horatio Skeete

ACTION: APPROVED UNANIMOUSLY

Members discussed item 1c. regarding difficulty meeting quorum with current bylaws. Concerns were expressed regarding how the proposed updated bylaws would allow for a quorum with only two members present as written. Chair Dille suggested removing the word 'present' from the end of Article 4 and all agreed.

Chair Dille asked for a motion to approve item 1c. from the Consent Agenda as amended.

MOTION: Jennifer Thornton

SECOND: Dave Teel

ACTION: APPROVED UNANIMOUSLY

2. DRAFT SEAGO FUND BALANCE POLICY

Randy Heiss reported the decline of funding for certain SEAGO programs, and that it is necessary to propose the use of fund balance to bridge the gap between revenue shortfalls and expenditures in the budget process. Randy stated that at no time has using fund balance been proposed without first eliminating all expenditures that were not absolutely essential to effectively operating the subject programs, seeking new sources of funding, and shifting costs to other program areas to the extent possible.

Use of fund balance as a means to balance program operating budgets has been a concern for many member agencies. Concerns may be addressed if SEAGO adopted a policy setting an agreed upon minimum level of fund balance and requiring a method to replenish the expenditure of fund balance when it occurs.

Randy shared the fund balance policy adopted by the Maricopa Association of Governments which he has used as a model for a similar SEAGO policy. Randy emphasized a few points for the Council to consider:

- The MAG policy requires a minimum fund balance of 20 – 25 percent of the prior year's total audited expenditures. Randy has recommended over the past three years to maintain a minimum fund balance of at least 50 percent of the current year's proposed budget in order to provide some latitude for potential budget increases in future years.
- The current projected fund balance of \$1,279,617 as of June 30, 2014 amounts to approximately 124 percent of the FY 2015 agency operating budget.
- Proposed budgeting of fund balance does not mean it will be used. It simply means that known revenue sources at the time of budget planning are insufficient to cover essential program operating expenses, and that new revenue sources and/or cost saving strategies will be pursued during the fiscal year to minimize or eliminate fund balance use.

Members discussed concerns regarding the language in the recommended policy and suggested to include definitions on how and when the funds are spent at different levels.

Chair Dille made a motion to have the minimum of the policy to be at 50% and include language that identifies how to handle the fund balance if it falls below the 50%. Horatio Skeete expressed concerns on

how easy it is to spend fund balance and is not comfortable with 50%. Mr. Skeete stated that he preferred a minimum fund balance of 70% of expenditures. The language for surplus fund balance would change for reoccurring or program expenditures, to be required approval by super majority (2/3) of the Executive Board. If it's a non-reoccurring, one-time expense, then approval is required by a regular majority of the Executive Board.

MOTION: Shane Dille

SECOND: Dave Teel

ACTION: APPROVED 7 AYE, 1 OPPOSED (Horatio Skeete)

3. POSSIBLE NEW SEAGO ASSESSMENT SCHEDULE

Randy Heiss shared that the assessment for SEAGO annual dues is currently based on the 2010 Census population for each member entity multiplied by 30 cents per capita. Approximately 53% of the annual dues are used to fund the cash match for the EDA grant. The RTAC annual dues are based on the 2010 population of each nonmetropolitan area of each member entity multiplied by 8.2 cents per capita. The resulting cost is then split 70/30, with transportation planning funds paying 70% and member assessments paying the remaining 30% of the RTAC dues. Randy shared the 2015 SEAGO Member Assessment schedule for reference. One of the comments from the smaller communities is the amount of dues they are paying is incredibly low compared to the services they are receiving and they could well afford to pay more. Randy stated that he hears the opposite from our largest members who have sufficient internal capacity, and while they continue to pay the lion's share of SEAGO dues, they rarely utilize SEAGO's services. The Example Dues and Assessment Schedule Fiscal Year 2016 attempts to address concerns by using sliding scales for the assessment of dues with the smaller entities paying more per capita than the largest member entities.

Randy stated that the Council requested staff to provide alternatives to using reserves to balance program budgets. One alternative would be an assessment for each program with a funding shortfall, several of which appear on the provided Example. The columns would only be used if a revenue shortfall appears to exist during the budget planning process, and additional columns could be added if programs not shown here experience revenue shortfalls in the future. The provided Example also attempts to assess dues for certain services based on usage of services or benefit to the member entities. Details relating to each column of the Example are provided on the 'Notes to Assessments' page that is included with the Example.

Randy asked for additional direction from the Council, so that a refined version of the Assessment Schedule is prepared for the Council's consideration as part of the budget process in May.

Chair Dille suggested that the proposed schedule include input that was received at the strategic planning retreat. Chair Dille expressed concern and reluctance to move forward or take action without the County members present. Randy clarified that the action requested by the Council is direction.

Chair Dille recommended that Randy include the percentage of the total of each Agency, as a comparative from the current schedule to what is being proposed.

Horatio Skeete suggested a membership fee structure be developed with consideration of all the possible things that may drive the membership fees as well as recommendations on how to transition into those fees with the use of fund balance as a transition mechanism. Carlos De La Torre agreed with the direction.

Chair Dille asked for further direction from the Council, no one spoke. No motion necessary.

4. CONSIDERATION OF RESOLUTION NO. 2015-01 (HURF)

Randy Heiss stated that Thatcher Mayor Bob Rivera expressed an interest again this year in the Executive Board considering a resolution urging the Governor and Legislature to eliminate the diversion of HURF funds to the State General Fund. Randy borrowed heavily from information prepared by the RTAC in creating the provided Resolution for the Council's consideration. This year's Resolution also includes language urging the powers that be to modernize the mechanisms needed to develop and maintain our State's transportation infrastructure.

Chair Dille asked for a motion to approve item 4. RESOLUTION NO. 2015-01 (HURF)

MOTION: Dave Teel

SECOND: Armando Villa

ACTION: APPROVED UNANIMOUSLY

5. UPDATED TRANSPORTATION ISSUES POSITION STATEMENT

Randy stated that the SEAGO TAC held a substantive discussion regarding transportation issues of concern at their January 15th meeting. A number of concerns were raised this year regarding the ability of local governments to plan and implement transportation projects. Several specific issues were identified that the TAC felt were particularly important and they recommended that a position on these issues be formally taken by the SEAGO Executive Board. The following issues were presented within the 2015 – 2016 Transportation Issues Position Statement that Randy provided to the Council:

1. End the diversion of dedicated transportation funding

Position Statement: Urge the Governor and Legislature to direct dedicated transportation funding to its intended uses as requested in Resolution No. 2015-01.

2. Restore the HURF Exchange Program

Position Statement: Encourage ADOT to restore the HURF Exchange Program.

3. Explore all possible funding options to resolve the ST 189 bottleneck

Position Statement: Encourage ADOT to support the efforts of the Regional Planning Agencies to raise above the line revenue to advance the preferred build alternative for SR 189 into the ADOT Five-Year Transportation Facilities Construction Program and to build a long-term solution that reduces the commercial traffic congestion on SR 189, facilitates cross border trade, enhances economic growth, and fosters job creation in Arizona, as expressed in Resolution No. 2014-05.

4. Expand transportation infrastructure funding mechanisms

Position Statement: Urge the Governor, Legislature, and Congress to expand existing dedicated transportation funding sources, and develop sustainable alternative state and federal transportation funding mechanisms.

5. Empower ADOT staff to challenge the process

Position Statement: Encourage ADOT and Federal Highway Administration to uphold the categorical exclusion provisions in MAP 21 as intended by Congress and impose the minimum federal requirements and allow maximum flexibility for small local public agency projects with no significant environmental effect.

6. Raise Title 34 limitation on use of local forces

Position Statement: Urge the Governor and Legislature, to reset the Title 34 limitation on use of local forces to construct street, road, bridge, water or sewer projects without advertising for bids to \$500,000 and/or exclude the cost of materials from the calculation of project costs.

Chair Dille asked for a motion to approve the Updated Transportation Issues Position Statement

MOTION: Jennifer Thornton

SECOND: Carlos De La Torre

ACTION: APPROVED UNANIMOUSLY

6. CONSIDERATION OF RESOLUTION NO. 2015-02 SUPPORTING THE SECTION 559 PROPOSAL FROM THE CITY OF DOUGLAS

Carlos De La Torre explained the City of Douglas' plans to move forward in partnership with the City of Agua Prieta, Sonora to build a new commercial Land Port of Entry (LPOE), and its Section 559 Donation Acceptance Authority Proposal to U.S. Customs and Border Protection (CBP). The proposed new LPOE will be constructed on city-owned property located approximately 5 miles west of Douglas through a private public partnership project delivery mechanism. The estimated bond/debt issuance for the construction of this facility includes an anticipated construction cost of \$23M, as well as facility improvements intended to facilitate cross border traffic both inbound and outbound at the existing Douglas LPOE at a projected cost of \$3M.

The City is proposing to enter into a 30-year lease agreement with CBP and will donate up to 80 acres of land to CBP in conjunction with the execution of the lease. The City will own, manage, and maintain this facility for the entire duration of the lease period, and will donate the facility to CBP at the end of the lease period. The proposed lease agreement will cover all capital, interest, debt issuance, facility maintenance, and depreciation costs over the life of the lease with the exception of the land being donated by the City, and road construction costs which will be funded by others. The provided Resolution speaks to the need for the new commercial LPOE and improvements at the existing facility.

Chair Dille congratulated Carlos De La Torre and the City of Douglas for the innovation involved in putting the application together. Chair Dille asked for clarification that it is a federal designation and that the proposed resolution is a resolution support from SEAGO. Carlos confirmed. Chair Dille asked if the toll consideration is \$5/car and what type of vehicles. Carlos confirmed that the first phase is only for commercial traffic. Chair Dille asked if a portion of the toll fees will be given to ADOT to offset any costs or if it's all going to the City. Carlos confirmed that it will most likely go to the City to compensate the debt, but still needs to be determined. Chair Dille asked how the fee structure was established. Carlos stated that the fee was established to fortify the application and at the same time, the Tucson Field Office feels that the Government should pay for the facilities. The Office also feels that the fee should not be associated with running the facilities. The fee addresses requirements of not solely relying on federal funding. Chair Dille asked if the lease from Customs or GSA is designed to pay 100% of the bond payment over 30 years. Carlos confirmed.

Chair Dille asked for a motion to approve RESOLUTION NO. 2015-02 supporting the Section 559 proposal from the City of Douglas.

MOTION: Jennifer Thornton

SECOND: Armando Villa

ACTION: APPROVED UNANIMOUSLY

7. GREENLEE COUNTY EXECUTIVE BOARD PRIVATE SECTOR REPRESENTATIVE

Randy stated that he had been notified by Ms. Gail Hackney that she is unable to continue her service as Greenlee County's Private Sector Representative on the Executive Board. The Board must have private sector representation as a requirement of the Economic Development Administration.

Per SEAGO's Bylaws, Private Sector Representatives are appointed from the nominations submitted by the Member Entity Representatives from each county area, and must represent a low income or minority group, or representative organization, or represent the principal economic interests in the region, such as, but not limited to business, industry, finance, utilities, education, the professions, agriculture, or labor.

Based on an e-mail Randy from Clifton Town Manager Mr. John Schempf, the member entity representatives from Greenlee County have discussed nominees and agree that Ms. Dusti Robinette of Duncan Farm and Garden Center would be an excellent choice for the position, and she has agreed to serve if selected.

Chair Dille asked for a motion to approve Ms. Dustie Robinette for the position of Greenlee County Executive Board Private Sector Representative

MOTION: John Basteen

SECOND: Horatio Skeete

ACTION: APPROVED UNANIMOUSLY

V. INFORMATION ITEMS

A. Future Meeting Dates

Randy Heiss explained that the August 2015 meeting of the Executive Board will be moved to August 28th to avoid conflict with the League of Cities and Towns Annual Conference. The February 2016 meeting dates will be moved one week as shown to avoid a conflict with the ACMA Winter Conference. Randy provided a schedule of future meeting dates of the Administrative Council, Executive Board and Administrative/Executive Committee.

B. Strategic Planning Retreat Report

Randy Heiss shared that on January 21st and 22nd, SEAGO held a strategic planning retreat at the Cochise College Benson Center. As of November 17th the final attendance poll determined 14 members of the Administrative Council and 14 members of the Executive Board had indicated they could attend on these dates, yet only 9 members of the Administrative Council and 8 members of the Executive Board actually attended.

Despite a lower than expected turnout, those who did attend were thoroughly engaged, thoughtful, and positively participatory. Randy stated Amy St. Peter, Human Services and Special Projects Manager from the Maricopa Association of Governments did a great job facilitating the retreat, and the exercises generated a lot of data that will be used to develop the SEAGO strategic plan goals, objectives, strategies and tactics. Randy asked members to submit comments by March 15, 2015.

Ted Soltis commented that the facilitator was fantastic. Chair Dilled expressed that he heard good comments from his Mayor as well.

C. Second Quarter Finance Report/FY14 Annual Audit

Cindy Osborn stated that Colby and Powell performed the field work for the SEAGO annual audit during the week of January 12th (originally scheduled for November) and anticipated having the draft ready for the meeting. Cindy requested that the draft audit be in her hands by February 4th, she received it February 10th. Cindy stated that she had not had a chance to review it and was not uploaded to the link provided in the Memo.

Horatio Skeete asked if the audit reporting time is being met on a legal standpoint. Cindy confirmed. Horatio Skeete expressed concern about the timeline of the audit report and that it should be started in September with a draft report by December. Chair Dille asked if the contract with the auditor specifies expectations and if they are clear that the report will be delivered by the end of that year. Cindy responded that the contract does not specify that the report be delivered by the end of the year, that it may be February. Chair Dille suggested reviewing the contract document and changing the expectations language to meet new expectations.

D. Transit Report

Chris Vertrees reported that SEAGO completed the RFQ process for the training program consultant on January 22nd. M. Greene Planning & Resource Development was the only responded to the RFQ. She is very qualified to lead this project. A contract was entered into on January 27th. The first deliverable is a Regional 5310 Training Plan to be delivered to SEAGO by March 15, 2015.

E. Economic Development District Report

Larry Catten expressed that it is an honor and privilege to be appointed to the position of SEAGO Economic Development Planner, effective January 19, 2015. He has had the opportunity to work in the field of economic development for more than 18 years, working with local governments in identifying, developing and implementing economic development strategies. That experience has been buttressed with more than 7 years of experience in the private sector, working for companies in various initiatives of business development, business expansion and retention, and inter-corporate and inter-governmental relations. This public and private sector experience has afforded him the opportunity to view, from both perspectives, government's essential role in developing and growing a community's prosperity.

F. Housing Program Statistics

Julie Packer shared housing statistics through FY15 second quarter. She received phone calls from an additional 104 families in addition to the clients she already worked with during the second quarter. Currently Financial Education and Homebuyer Education classes are being scheduled throughout the region to meet the Attorney General's funding requirements. Classes are being scheduled for the end of February, March and early April. By this meeting, PSA's will have been sent out to area newspapers and radio stations along with flyers to banks, realty companies and low income housing complexes.

VI. RTAC REPORT

Kevin Adam was not present at the meeting to provide the latest RTAC Legislative Update to the Administrative Council.

VII. FUTURE AGENDA ITEMS

Chair Dille made a call for future agenda items. No one responded.

VIII. ADJOURNMENT

Chair Dille asked for a motion to adjourn the meeting.

MOTION: Horatio Skeete

SECOND: Armando Villa

ACTION: APPROVED UNANIMOUSLY

Chair Dille adjourned the meeting at 11:42 a.m.