

**TOWN OF BAYFIELD
REGULAR TOWN BOARD MEETING
11 W MILL STREET
BAYFIELD, COLORADO 81122**

SEPTEMBER 18, 2007

BOARD PRESENT: Rick Smith, Carol Blatnick, Mayor James Harrmann, Niel Hieb, and Tom Au.

STAFF PRESENT: Justin Clifton, Pat Anselmo, Dirk Nelson, Joe Crain, and Scott Key, (new park/ rec director).

The meeting was called to order at 7 p.m. by Mayor James Harrmann.

The Mayor opened the meeting for general public input. None was received. This portion of the meeting closed.

Agenda Item #1: Approval of Bills: Carol Blatnick moved to approve the payment of bills as presented. Rick seconded. The vote was four in favor. Motion carried.

Agenda Item #2: Town Updates: Justin explained that, unless the Board had any specific concerns, everything was covered in his packet memos. Justin introduced Scott Key, the new park and recreation director. He attended Fort Lewis College and has been in Durango for a long time.

Concerning Sunrise, Justin has met with the developer concerning the possibility of piping the ditch. Most analyses are complete at this point. The irrigation system was designed to deliver the amount of irrigation water that was due them through ditch rights. Water Salesman: Justin had color samples for the building that will house the new water salesman. Curing of the concrete will take 28 days.

Rick Smith asked if the old scoreboard at the sports park was working. Scott answered no. The conduit going from the tower has been cut. They do not know where. But, he explained, the new scoreboard is wireless so they won't have this problem in the future. Rick then asked if the Board will get a written report on the ditch at Sunrise.

Tom spoke of his concern about the senior center being way over budget. The architect was supposed to design the building to meet the budget. Justin felt the Town would get grant funds. The lesson, never count your chickens till their hatched. When the original needs assessment was done, it reflected 6,000 square feet. They then tried to scale back the square footage to meet the \$1,000,000 original budget amount. Justin said the initial go round was not specific. FCI bid everything, including the kitchen equipment. He said 'You can't go forward with the building until the grant money is in hand'. They will definitely need to take some amenities off to meet the \$1,000,000. El Pomar has offered a grant of 20% of the total cost or a match to any other single grant. Justin said that the Daniels Fund will be providing an additional grant. He intends to go for block grant money, but to make sure he does due diligence, he is keeping the square footage by cutting back everywhere else.

The site costs are going to be much higher than anticipated. Costs for utilities are very high because the location is so far removed from the existing lines, according to Marty.

Justin reaffirmed that the cost to the town of \$250,000 will not be exceeded. Period!! Justin said before you put a shovel in the ground, he will know what grants will be available.

He then asked the Board to pick a color for the new roof on the water salesman. Regarding contractor selection for the new town hall, Marty said that sometime in the next 2- 3 weeks, he will go through the bids for both contractors and suppliers. He will look most closely at local firms. Of course, qualifications *must* include dependability. He said it is a given that the best decision will be made on qualifications and price.

Agenda Item #3: Town Hall Financing: A summary of bid proposals were included in the packet. One is written for a period of ten years, there is also one that is written for a period of fifteen 15 years. One advantage of the fifteen year lease is the availability of more options, one of which is an early pre-payment option. However, the fifteen year lease term does not have as good of interest rate. The debt service amount will be \$120,000 annually. It will take a majority of the capital funds every year just to make debt service. Justin suggests the Board accept the ten year proposal because of the lower interest rate. The ordinance for financing must be published 30 days before it is in effect. Dirk commented that Wells Fargo wants to close by the end of October.

The Board asked for a more in depth explanation on the proposals. Dirk said it is set up as a lease. The Town is not creating debt. Because it is not debt, it would not have to go to vote. Wells Fargo would lease the ground and the building back to the town for the term of the lease (ten or fifteen years). It is a very common mechanism for funding. He feels very comfortable with the terms. The total pay back would be 2.2 million. The Town currently has \$1,400,000 in savings.

Justin is to get an amortization schedule. The first payment would be due October 8, 2008. Dirk confirmed that this issue needs a motion by the Board to accept the lender. Rick made a motion to follow the financial advisor's recommendation to accept the bank institution that they recommend, that being Wells Fargo. Carol seconded. The vote was four in favor, unanimous. Motion carried.

Agenda Item # 4: Public Hearing: Ordinance 322 Regarding Town Hall Financing: The term is set for either ten or fifteen years. Interest on the ten year lease will be 4.5%, or for fifteen years, 4.65 %. The aggregate principal amount shall not exceed \$2,200,000. Prepayment can occur at any time upon a forty five day written notice. The maximum amount of the rent payable in any one year shall not exceed \$285,000. An equal amount will be paid each year for 10 years, and would include both principal and interest. The county would pay roughly \$28,000 a year to lease the space they have requested, which is around ten per cent of the total annual cash outlay requirement.

David Black, during discussion, believes that the land purchase for the sewer treatment facility should be considered before buying a town hall.

No other public comment was received.

Rick wanted further discussion about the interest rate terms. Interest rates were cut by the Federal government today by ½ of a per cent.

Herm asked Justin if the grants have been approved. Justin replied that the energy impact grant of \$500,000 has.

The fifteen year plan would cost an additional \$331,683 more than the ten year plan.

Carol mentioned that the town will have money coming in when they sell the current Town Hall building.

Dirk wanted to be sure that the Board understood, they would not have the option to pre-pay in segments, or portions. It would be necessary to have the full sum if they chose the prepayment option.

Justin was asked about the cash requirements for the sewer treatment facility. He said the money necessary for the new plant will be funded through grants and taps, and reaffirmed that the sanitation plant will take care of itself, (financially speaking).

Both the water and the sanitation operations should be expected to function as enterprise funds (generating sufficient money for the purpose each is created for).

Rick Smith moved to approve Ordinance 322, an ordinance of the Board of Trustees of the Town of Bayfield, Colorado authorizing the construction of a new town hall and the execution and delivery of a ground lease, a lease agreement and an escrow agreement related to financing a portion of the costs thereof: ratifying action previously taken concerning the referenced documents; and providing for other matters relating thereto, with supporting documents, for the ten year lease proposal, and not to exceed the terms in the ordinance and attending documents.

Tom Au seconded. The vote was four in favor, unanimous. Motion carried.

Agenda Item # 5: Request Extension Of Vested Rights:

Murray Mead Subdivision, 1809 Highway 160 B, Parcel #5677-111-00-009:

Murray Mead is requesting that the Town Board extend the filing time for recordation of his final plat for a period of six months.

Niel moved to approve an extension for a 120 day period. Carol seconded. The vote was four in favor. Motion carried.

Agenda Item # 6: Liquor License Renewal – Mini Merc:

Niel moved to approve the renewal of the annual liquor license for Mini Merc in Bayfield, Colorado. Rick seconded. The vote was four in favor. Motion carried.

Agenda Item # 7: Liquor License Renewal- Peak Brewing Company:

Niel moved to approve the renewal of the annual liquor license for Steamworks, (Peak Brewing Company). Rick seconded. The vote was four in favor. Motion carried.

Agenda Item # 8: Town/ County IGA:

This issue concerns the lingering persuasion by the County for the Town of Bayfield to annex county roads when the Town annexes property that runs along county roads. The Town knows it is not financially feasible to do this unless they could substantiate that at least 50% of the traffic generated was town traffic. Joe feels that a 50/50 usage would trigger consideration of the town's acceptance of the county roads. They are trying to find a bi-lateral compromise.

Joe pointed out that, when they created the Joint Area Planning Map, it was unlikely they anticipated growing towards the west.

They took the comp plan map and superimposed it with the joint area planning map. This interweave would involve the land owners, and is not going to be an easy process.

The county wants to unload roads within town limits. A good example is CR 501 where the county was required to install a left hand turn lane. This is an extreme cost. The county definitely contributes to a heavier use of the roads. The town should not have to pay 100% of the maintenance. There needs to be an agreement specifying that the county would participate in the cost of improvements based on their percentage of impact. Joe quipped, 'Bayfield residents are county residents too'. Justin is trying to come up with a simple contribution agreement. Rick said the town needs to get the IGA signed before the water service district issue comes to fruition, adding 'If they accept the Bayfield service area for the water service district we would be more amenable'.

The county commissioners took testimony today. There was a large turn-out, with many people voicing opposition to the plan. They extended the hearing until October 15. Joe cautioned that their map at today's meeting did not reflect the one the Town had agreed to. Bayfield needs to stick with the service area that they have initiated.

Joe then said that, when you do an annexation, you should calculate the costs and make the property to be annexed participate in the road costs.

Niel said the Town should never take over a road that is not at county standards when it is accepted.

The towns cost would increase and the countys would decrease over the years. Any cost share formula would have to include future cost increase calculations. You cannot force annexation upon anyone. The benefit to the county commissioners is to have roads done and dealt with (including C. R.501). Rick reminded the council, the county has helped the town financially in several areas, saying ' We have to get along forever, so it would have to be an agreement that benefits both'. The fact that the town is spending \$250,000 for the new water salesman is a direct benefit to the county.

The Town is also asking that the county contribute funds for the costs of recycling because there are many county residents that utilize this service.

Joe said that the county is not going to honor any agreement with the town over the Homestead development. The intersection is going to have to be built. The developer is reluctant to contribute to funding a part of the costs because their lenders would need to have a revenue source to recoup their costs. The county says if the town goes that direction, people would have to pay in. Joe reinforced that the intersection *is* going in. When it goes in, it will have a positive influence on growth in that area.

A short break was called for at 8:45 p.m.

The meeting reconvened at 8:55 p.m.

Agenda Item # 9: Sanitation District Update:

The Sanitation District meetings are now being held on the fourth Wednesday of the month. Justin went over some of the regular reports generated by the Sanitation District. He explained that the 'Blue' reflects conformance, 'red' connotes violations. The Bayfield plant has improved. Justin is still in negotiations with the state. He said that both the elementary and the mid school exceed the 51 lb. load reduction expectation. The State extended the September 3 deadline for one month. Their demand for 51.24 pound reduction must be complied with.

Justin said that the bottom line is, 'we have met the goal, we will exceed it. New restaurants must have larger grease traps'. Gem Village is the big problem now. It has had effluent violations, the loading numbers are incredibly high now. Maybe some new

business is causing the violations. Brent Adams has conducted a study. His preliminary recommendations, when complete, will decide.

There will not be two different plants (one for Bayfield, one for Gem Village). Building and operating one plant will provide economy of scale.

The electricity (three phase) is coming. The re-construction on the bridges that LPEA needed to get across has already been started. The only remaining thing now is to get the owner to sign the easement. The documents are ready to be signed. LPEA said they could have the three phase installed there in ten weeks. Tom asked, 'has the land been purchased to put the sewer plant on?' Justin replied, 'no'. The sewage treatment facility is currently in the southeast corner of the land. They are reconfiguring the property to allow for only the exact amount of land they need, which is one acre.

Justin confirmed that the School Board understands the situation, saying 'They will sell the land to you!' Justin feels the interaction with the School Board has been very good. They have also agreed to pay \$100,000 for a pretreatment process. Things between the town and the school are headed in the right direction.

Justin thinks the dumping (the cause of the violation) out at Gem Village is chemical. It is evidently illegal dumping. There could be a meth production entity dumping stuff out there. Justin said it may even be sabotage. There is still a reward out for reporting on any illegal dumping.

Tom wants plenty of information available to the residents of Gem Village so that they know the town is not annexing them. Justin said this information will be out by October 1. He can include sufficient data in the fall newsletter.

The Sanitation District is moving forward with the plant. They have a letter of intent, and a community block grant. Steamworks is going after available funding for a pre-treatment system.

Agenda Item # 10: Schedule: Budget, Road Impact Fees, RHA, CML, Economic Incentives:

Justin informed the Board that staff is behind on the budget schedule. He wants to call a special meeting next week and have all department heads there. He believes that sales tax revenue will be flat next year. If the Board can hear from all department heads on the same evening, it may help them with their decisions on budgeting.

He asked that they set a special meeting to formulate budget numbers on October 4, at 5 p.m. Staff will send reminders.

Justin is to get data for road impact fees, RHA, and economic incentives previous to Rick is reluctant to go ahead with any further support for Rural Housing. The taxpayers would be paying out and getting very little in return. It was moving away from government to government, and leaning toward entitlement programs.

Bayfield pursued a grant for tap fees for Fox Farm. They don't get a penny if they don't dissolve when the lots are sold. The intention was not to have them leave with money in their pocket. Justin said 'we should go to the meeting, but politely bow out of participating in the financing support'. As many board members that can work it into their schedule should go. It is to be held September 27 at the fairgrounds in Durango, in the Animas room 5:30 p.m. to 7: 30 pm.

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CML is hosting a District 9 pre-meeting, social hour and dinner at Mancos. This will be in the Town of Mancos, at the Community Center, Thursday October 11. The pre-meeting starts at 4 p.m. and the social hour at 6. Staff needs to take a head count and get the numbers back to Georgette in order for her to make the necessary reservations.

Tom Au will have Planning commission pc next time.

There is to be a Grand Opening this coming Sunday at The Lavenia Mccoy Public Library.

On November 9 Justin will attend a new government class taught by Laurie Wright.

Carol Blatnick announced that there will be a meeting regarding the family youth master plan. It is Saturday from 1 p.m. to 4 p.m. She commented that there are very few people from Bayfield involved in this program. It is a stepping stone approach to building community and family.

Tom asked about the tanks that Dave Anderson put underground. He wondered if they were clean, or contaminated, and what they would be used for. Does he intend to use them for drain water detention, or ????

Motion to adjourn. 9:40 p.m.
