

**Town of Bayfield**  
**Regular Town Board Meeting**  
**October 5, 2010**  
**1199 US Highway 160B Bayfield, CO 81122**

**Town Board Members Present:** Rick Smith (Mayor), Tom Au (Mayor Pro-Tem), Ed Morlan, Justin Talbot, Debbi Renfro, Gabe Candelaria, Dan Ford

**Staff Present:** Justin Clifton (Town Manager), Dirk Nelson (Town Attorney), Marianne Jones (Town Clerk), Dot Caton (Finance Director), Ron Saba (Director of Public Works), Chris Choate (Chief Marshal)

**Media Present:** Carole McWilliams (Pine River Times), Patrick Young (Durango Herald)

The meeting was called to order @ 7:01 p.m.

**Minutes:** Gabe made a motion to approve the minutes from the September 21<sup>st</sup>, 2010 Regular Town Board Meeting as presented. Tom seconded the motion. All were in favor, motion passed unanimously.

**Public Input:** Chris Choate introduced Dan Abdella, a new reserve deputy that is working for the Bayfield Marshals Office.

**Action Agenda Item #1: Approval of the Bills**

Tom made a motion to approve the bills dated October 1<sup>st</sup>, 2010 as submitted. Gabe seconded the motion. All were in favor, motion passed unanimously.

**Action Agenda Item #2: Town Updates**

Gabe mentioned that the repairs to Mill Street look really good.

Justin Talbot asked about Gem Village Lift Station and if there is still an issue with electrical amperage & air pockets.

Justin Clifton answered that the staff has not been able to reproduce the problems that Smith & Loveless reported regarding reductions in pressure. There have been a lot of adjustments to the controls including elevations to the wet well & all of the triggers to try to reduce the amperage to the motors. It appears that effort was successful. However, since the Town has been unable to see what Smith & Loveless claims was the problem initially there is a bit of an issue with determination on who is accountable. Smith and Loveless has already paid for all of the motor repairs but staff is unsure about whether or not they are going to pay for the additional costs that have been incurred. Justin Clifton hopes that the staff & Smith & Loveless will be able to come to some negotiated settlement that everyone can live with.

Justin Talbot asked if the motor is running loaded all of the time.

Ron answered that that is a dual stage set-up. There are two motors for each set of pumps. The first stage pulls the sewer up from the wet well and pumps it to the second motor that is right next to it. The second motor pushes the sewer over the hill to the sanitation plant. The first stage motor is not a VFD motor and it runs at a certain amount of RPM's. The second stage motor is on a VFD drive so it is possible to control how fast it runs. They have reduced the motor to 53 hertz which lowered the amps on both motors so they're not fighting each other. Ron feels that both motors need to be on a VFD drive so they both run at the same speed.

Tom asked if the motors will be able to handle additional load running through them.

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Justin Clifton answered that it has always been assumed that the Town will have to make changes as the load changes. The over-amping issue was because the motors were operating as though they were pumping additional load but since the volume wasn't actually in the pipe it was pumping too fast thus causing the over-amping. The system is much better suited to handle higher load volumes than what the Town is currently pumping through the station. The Town will have to make adjustments as the volume changes.

Gabe asked why the readjusting of the pumps wasn't done the day it was installed.

Justin answered that Smith & Loveless's claims there was a loss of static pressure in the pumps. The staff was never able to verify that was happening. They also claim that the Town's numbers are nowhere on the pump curve and were far to the left of the pump curve. However, the Town didn't have the necessary measurements to counter-act that claim because the Town didn't begin taking them until Smith & Loveless did as well. The data the Town does have came after the adjustments were made.

**Action Agenda Item #3: Ballot Questions**

Justin gave his staff report. He stated that Dan Ford requested that this item be placed back on the agenda. Ed Morlan also sent a letter to the editor that was shared with the Board expressing his desire for some reconsideration on Resolution #249 that did not pass at the previous Town Board meeting. Justin said that representatives from the local ballot question education campaign are in attendance to present information to the Board.

Dan clarified that he voted against the resolution opposing Amendment 60, Amendment 61 & Proposition 101 because he didn't feel the Town Board should encourage the residents to vote one way or another on the items. However, he did feel that it would be a good idea to be a catalyst for more information and encouraged being able to get more information out to the public.

Dan made a motion to bring Amendment 60, Amendment 61 & Proposition 101 back to the Town Board to be discussed. Ed Morlan seconded the motion. All were in favor except Tom, who was opposed.

Jackie Morlan thanked the Board for bringing this item back to be discussed. She stated that she has been a resident of Bayfield since 1979 and has been an extremely active part of the community. She stated that she thinks quality of life is very important and doesn't want to see that quality changed. She is a member of FRAC (Financial Reform Action Committee) which is a group of people that were called together in March to help educate people about 60, 61 & 101. They are also doing all they can to encourage people to these ballot initiatives. She explained that the reason they are doing this is because of the drastic implications these items will have on local governments, school districts & fire departments. She stated that the Town Board was elected to serve the residents of Bayfield and she feels that it is the Board's duty to represent the best interest of the Town and its residents. She explained that each one of these amendments will damage the Town, the County & entire State plus there are pieces of these that could almost destroy government as it is known right now. She stated that no one wants that to happen and she encouraged the Board to think about the future of the State. Jackie stated that she is also representing Bayfield Early Education Program (BEEP) & Community Connections and these ballot items will hurt all of these entities in a drastic way. She urged the Board to reconsider representing the residents of the Town and oppose the ballot questions.

Mary Barter stated that she is a member of FRAC, Its About Kids Steering Committee & the League of Women Voters. She explained that she dealt with public policy for 30 years and has had to address these types of issues with Boards. She said that she has advised the public boards that she has dealt with that it is appropriate because it is the job of the Town Board to guide and protect the assets of the Town and that capability is very dependant on the outcome on 60, 61 & 101. The Fire District will be heavily affected by these items and it will affect their ability to respond promptly. Water & sewer funds will also be greatly effected having

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new obligations without the ability to collect the revenues needed. Roads are very important in Towns & funding for them will be substantially decreased if Proposition 101 passes. She explained that it is the responsibility of the Board to provide basic services to the residents and these items will heavily decrease the ability to do that. If the Town ever wanted to build any new facilities, the Town will have to go to a vote of the people to do so and would only be able to bond for it for 10 years. She commented that the residents elect people to serve because they are trusted to make decisions on the residents' behalf in order to make sure the community is safe and healthy. These measures take away a lot of control that the residents have over their community environment. More than 40 Cities & Towns in the State have acted to take a position on this matter. The reason for this is because it sends a strong message to the people who put this on the ballot and the people who elect the Board members. She noted that it is a hard discussion but it is very important because the ramifications of these measures are so substantial to the State of Colorado. It is hard to inform the public that doesn't necessarily pay attention to these things so it's up to the Board's to help get the citizens engaged. Also, there have been 30 organizations in the community that have also taken positions because they recognize how important it is to get the information to the public.

Carol Blatnick (Administrator of BEEP) stated that she wants to share some of the ramifications these initiatives will have to non-profit organizations. BEEP is the largest non-profit in Bayfield and it currently has 20 slots available through the Colorado Preschool Program. This program pays for 2 days of pre-school for children who are educationally at risk. The primary focus of this program is to help these children have higher success in public schools. Currently the program is contracted through the School District. The schools are going to be the most significantly impacted by these items and that means that the pre-school may no longer be granted the 20 slots because the program will probably no longer have available funding. Also, the pre-school received funding for their new building through the CDBG grant. She is concerned that those sorts of programs will no longer be available either. The pre-school was only able to fundraise \$400,000.00 and the building is going to cost 1.4 million dollars to build. The school was able to get the CDBG grant and fund the remainder of the money through a USDA loan. One of these amendments will eliminate the school's ability to get loans and when they do they have to be paid back within 10 years. This is an impossible feat for most non-profits or government entity. Carol explained that the Town Board is elected leaders of the community and the Board has been entrusted by the voters to make wise decisions even when it is tough. She urged the Board to support the resolution opposing the ballot questions.

Josh Joswick (64 S. Los Pinos Drive) asked the Board what they are thinking in not opposing 60, 61, & 101 and stated that he doesn't understand the Board's reasoning on the matter. He asked the Board if they think the residents of Bayfield will blindly follow the Board if the Board tells them to do something. He stated that the residents will still make their own decisions but they do need to hear from their elected officials and find out what a train wreck these items will be to the quality of life in Bayfield. It's up to the Board to look out for the best interest of the Town and its citizens. He explained that the Board needs to stand up as leaders and let the people know how toxic these items are to the community & the future of the community. He said that it's not self-serving of the Board to do that because the Board is not going to directly gain anything from it. The Board is just doing its job to protect the Town which is why the Board members were elected to these positions. Josh stated that the residents like having paved streets, a nice Town Hall, central water & sewer, a responsive Marshals Office. Those things will go away if these items pass so it's up to the Board to look at the best interest of the Town and let the residents know what kind of affect these things will have on those services. He explained that the Board will be making a statement of fact, not telling the people how to vote and it's the Board's responsibility to do that. He urged the Board to make a statement opposing these initiatives and to be the leaders that they need to be for the citizens.

Public input was closed.

Debbi stated that the reasons she wants to oppose these ballot questions & encourage the rest of the Board to reconsider the Resolution is because Amendment #60 will allow people who don't live in the state but own property to vote on financial matters. She is concerned that the people who don't live in the community will only be thinking about their pocketbook rather than what is best for the community and she doesn't feel that people

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living in another state should be allowed to vote on financial matters. She is also concerned that the Amendments will force the Town to pay property taxes on the water treatment plant, the sewer treatment plant, the water tanks, etc. Since those are enterprise funds, that is going to translate into higher water & sewer rates for the residents of the Town. She is concerned that the voters don't understand the ramifications of these initiatives and feels that the Board needs to make a strong stance by passing the resolution to let them know what a significant impact they will have on the community. She also feels that the message that is being sent by NOT passing the resolution is that these items are not that big of a deal. She thinks that if the Board does think it's important that these items don't pass then they should take a stand and get the word out to the voters.

Gabe said that he was put on the Board with the current rules & regulations that are set forth by the State of Colorado and he feels that if the voters hand him another rule he will make the best of it. He doesn't feel that the Town Board should be campaigning because it's not the proper place for it. He stated that he doesn't understand everything about 60, 61, & 101 because he hasn't actually read them but he doesn't support them. However, he doesn't feel that Board is the proper platform to dispute them. He feels that these items are a little extreme but if they do pass he will deal with the ramifications from every level. He explained that these are a product of overspending for a lot of years and that spending needs to be reigned in. Gabe complained that the majority of the time the residents of Bayfield never show up to a Board meeting unless it's a hot issue. He is extremely concerned about that fact and appreciates those people who do take time out of their schedules to attend. He said that he's sorry it takes something that will affect jobs and money to get people to show up. He proclaimed that he will not change his position on the resolution.

Ed stated that the Board members are "trustees" and it's the job of the Board to look out for the best interests of the Town. He explained that he doesn't feel it's a campaign. The Board is just letting people know what is happening in the outside world and the effects that it will have on the Town. The Town is being threatened by these initiatives and it's the Board's job to take a stance and look after the Town's best interest. These amendments will usurp local control and he feels that it is inappropriate of the Board not to take a stance on these items.

Dan asked if the Board can weigh in on a ballot issue and expect people to trust their judgment when the issue involves the power to tax and spend. He feels that by taking a stance the Board is saying "don't take that power away from us and trust us to take your money and spend it". He feels it is a credibility issue. All 64 counties and many communities have passed a resolution opposing these initiatives without any conversation and he doesn't feel that it does any justice to the issue. The whole Town Board is opposed to these items and it will jeopardize the Town's ability to do business in Bayfield but he still feels it's a credibility issue for the Town Board to take a stance. He stated that he is also firm in his belief that this item is beyond the realm of the Board's prevue.

Justin Talbot stated that he feels that educating the public on the matters will go much further than the Board passing a resolution. He explained that if the Board had passed the resolution at the previous meeting none of the public would have shown up to the meeting.

Tom said that he is against all 3 of the initiatives.

Justin clarified that he is against them as well.

Rick said that he has to think about the responsibility of the position to which he was elected. He feels that every Board member takes their position very seriously because the decisions that are made affect the lives of the staff & the residents. He stated that he feels that the people who proposed these items are probably very upset with what is happening at the federal level. However, there is a difference between federal & state. There are statutes that have to be followed at the state level. These measures state that spending is out of control and needs to be reigned in. That isn't happening at the municipal level because all municipalities have to follow state statutes that don't allow that. Town's do not have the luxury of deficit spending. Rick commented that the residents elected the Board members because they trust the Board to consider these items and make decisions

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that are in the best interest of the Town. He feels that the Town would be far remiss in their duties if they did not take a stance. He agrees that if the Board had taken a stance at the last meeting the it wouldn't have brought the press & public to the meeting; however, now all of those people are in attendance and it's a good idea to get the message out there that the Board is not in favor of these items and they're going to really hurt the financial well-being of the Town. The Town, the Fire Department, the School District, the Pre-School, etc are all going to be effected by these and it's the responsibility of the Board's of these entities to take a stand and let people know what kind of affect they are going to have. He doesn't feel that it's politicking; it's the duty of the Board to take a stand because these measures will hurt the Town and the Board needs to let the residents know that the Board does not support them. Rick encouraged the Board to reconsider the resolution opposing the ballot items. He also offered that it might be worthwhile to change the wording of the resolution so that the Board would then be willing to pass it.

Dirk clarified that there is a state statute that allows Boards to take a stance when an item has a financial ramification on a jurisdiction.

Ed stated that these initiatives are threats to local government and he feels that Board is not doing its duty unless they take a stance proclaiming that these threaten the Town's ability to govern, its welfare & the ability to take care of the citizens.

Debbi stated that she doesn't think the Board taking a stance on this is going to change the mind of those who have already made up on how they're going to vote. However, she does think that a stance from the Town will help those who are still on the fence about their decision or who haven't heard anything about them.

Gabe stated that he is glad that a resolution wasn't passed at the last meeting because it brought more people to the meeting to hear what is going on with the matter because it is helping to educate the public. He also feels that some of these amendments would help give the local governments more control than they have currently.

Ed made a motion to adopt Resolution #249 opposing Proposition 101, Amendment 60 & Amendment 61. He took out the sentence which reads: "and urges citizens to vote against all three ballot measures". Debbi seconded the motion.

Dan asked if Ed would be willing to amend the motion to take out the word "oppose" & state that these initiatives will prohibit the Town's ability to do business and will be harmful to the Town's financial stability. He does not want to take a stance that says the Town supports or opposes the initiatives.

Ed stated that he would not change his motion.

Ed called to question. 3 voted in favor, 4 voted in opposition. Motion failed.

Dan made a motion to approve Resolution #249 recognizing that Proposition 101, Amendment 60, & Amendment 61 are harmful to the financial stability of the Town of Bayfield. Tom seconded.

All were in favor, except Gabe who was opposed. Motion passed.

**Action Agenda Item #4: Phelps Annexation**

Justin gave his staff report. The Phelps's own a parcel of land near Homestead Trails and the intersection of Highway 160 and 160B. During the Westside Comprehensive Plan Extension, Rick Phelps inquired about land uses for the property. At the time he said he desired a commercial designation. When this idea went to the Planning Commission it was decided that some limited commercial activity would be appropriate but perhaps not as broad as the Town's Commercial land use zone. For this reason, the Planning Commission decided to

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give the property a "Transitional" zone. The Town's Transitional zone is meant to be a transition between commercial and residential use.

The Town Land Use Code states that Transitional zone is, "intended to provide an area where residential and commercial uses can occur side by side with a minimum amount of inconvenience to each other and other uses, subject to review as set forth in the Use Table. The district is applied to parts of the community that are now business use or may in the future change to business use."

Rick Phelps would like to build storage units on the parcel in question. In my opinion, storage units can fit the low impact commercial activity appropriate near residential areas; especially areas that are slated for greater commercial development. The storage units on Highway 160B and County Road 501 are close to residential areas and seem to fit in nicely enough. However, the Use Table in the Land Use Code does not contemplate storage units in a Transitional zone. Frankly, the desire of the Planning Commission was not necessarily to apply the Transitional zone per se but rather to indicate that commercial activity on that parcel should be more limited than the Land Use Code allows in the "Business" zone. Rick Phelps is submitting the idea to "take the temperature" of the Board before proceeding with potential annexation.

Justin stated that he feels this is an appropriate use and asked for feedback from the Board to direct the applicant how to proceed down the line.

The floor was given to the applicant, Rick Phelps.

Rick stated that he hopes to develop this property as a storage facility. He said that he is coming to the Town Board to find out if it's possible to do this all through the Town rather than going through the County. The property is currently in the County but it was included in the Town's Comprehensive Plan Extension. He would like to get moving sometime soon and wants to make sure that he's on the right track with the Board so that he can move forward in the spring. He explained that the Town taking over Highway 160B will definitely make annexation of the property easier once that is completed. He stated that he would much rather deal with the Town than the County on this project and would really like to get the piece annexed. He explained that the site map is conceptual right now but they have put a lot of thought into it and he asked the Board for some feedback on the proposal.

Dan asked if there is going to be a residence located on the property for a property manager or something.

Rick answered that he had thought about that but had decided against it.

Justin responded that the transitional zone does allow residential by right so the Phelps' would preserve that ability to have residential if desired.

Ed asked if there would be different requirements as long as Highway 160B is still considered a state highway.

Justin Clifton answered that they would have substantially more requirements if the Town does not take over that highway. The applicant and the staff are not looking at the infrastructure challenges yet; including hookup to water & sewer, access, etc. Primarily the question is if the Board feels this is an appropriate use for the property. Once the annexation proposal is submitted to the Planning Commission it will include a zoning designation and they would also need a variance to allow storage units. Justin stated that the applicants just want to find out if the Board is completely opposed to the idea before moving forward with getting the answers for all of the other questions.

Ed asked if this has been presented to the Planning Commission yet.

Justin Clifton answered that it was approved with transition designation in the comprehensive plan extension. However, the proposal has not been submitted to them yet. Justin explained that he wanted to bring this to the

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Board prior to any formal action to take their temperature on the item and get some feedback on whether or not they thought it was a good idea to move forward on the item or not.

Debbi commented that she thinks it would be a good transitional use. She asked if the adjacent landowners are agreeable with the use.

Rick responded that he hasn't spoken with them yet but he will once he gets direction from the Board.

Justin Talbot agreed that he also thinks it's a good idea.

Gabe asked about the commercial space that is proposed on the conceptual drawing.

Rick answered that he had discussed it with the architect at one point but had decided to cross it off the plat to make it an easier process. However, the architect forgot to revise the drawing to show that change.

Gabe asked if it would be a gravel road.

Rick answered that it will be paved.

Gabe asked when this item will be presented to the Planning Commission.

Justin answered that it's up to the applicant. However, right now the property doesn't reach the contiguity requirements. So unless the Town performs a flag-pole annexation, the Town acquires the road from CDOT or the Homestead Subdivision completes their annexation petitions the Town would be unable to determine sufficiency for the annexation.

The Board was in agreement that it is a good transitional use and that the applicant should move forward when feasible.

**Action Agenda Item #5: 2011 Draft Budget**

Justin gave his staff report. He stated that staff has been working since July to prepare for the 2011 budget. They have held a series of meetings to establish priorities and make consensus decisions on where to cut and brainstorm about funding existing and new priorities.

Staff is presenting the first draft budget to the Board and confirming the rest of the budget calendar. For the most part this budget is fairly refined. Most of the critical expenses have been verified and the department heads have all of their most basic needs met. In fact, part of the discussion today will be adding some of the identified "needs" into the budget as staff project surpluses in 2010 and 2011.

Justin summarized the major fund's total expenses in 2009, 2010 and 2011 along with the year ending balance below:

	<b>2009</b>	<b>+/-</b>	<b>2010</b>	<b>+/-</b>	<b>2011</b>	<b>+/-</b>
<b>General</b>	\$1,702,189	\$887,309	\$1,841,842	\$991,871	\$1,759,186	\$1,035,170
<b>Parks/ Rec</b>	\$560,868	(\$14,854)	\$360,934	\$89,505	\$596,472	\$29,113
<b>Water Ops</b>	\$298,193	\$388,909	\$536,983	\$315,526	\$610,054	\$166,372
<b>Water Cap</b>	\$201,745	\$220,867	\$119,913	\$247,954	\$156,014	\$159,940
<b>Sewer Ops</b>	\$486,371	\$135,596	\$663,183	\$137,712	\$651,461	\$156,291
<b>Sewer Cap</b>	\$4,983,793	\$114,292	\$516,056	\$258,177	\$170,000	\$148,177
<b>Capital</b>	\$911,206	\$992,701	\$958,935	\$865,256	\$413,920	\$781,191

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He explained that the Board needs to recognize that these numbers are preliminary. Nevertheless, each fund is in great shape. The water and sewer fund appear to have declining balances but that is because some of the line items are designated as "investments" for future years are still counted as cash expenditures. Staff will have a new way to represent this information before adoption of the final budget.

Below are a few highlights and/or notes pertinent to each fund:

**General Fund:**

- Overall very healthy with a 2011 projected year end cumulative surplus of 58%
- Revenues exceed expenses by \$104,563 in 2010 and \$43,298 in 2011
- Board payments are restored
- Very few operational changes
- The transfer to Parks and Recreation has increased by \$40,000 (explained below)

**Parks and Recreation:**

- 2011 will be the first year to separate Parks & Recreation "operations" from "capital"
- Parks & Recreation operations needs an additional \$40K-\$50K to operate sustainably
- Parks & Recreation will need to make many changes in order to be sustainable including:
  - Charging non-Parks & Recreation sports for field rentals
  - Increasing revenues for the Senior Center
  - Adding sponsorships and fundraising for July 4<sup>th</sup> fire works
  - Eliminating certain support staff (class instructors, umpires etc.) and relying more on in-house staff.

**Water Operations:**

- The new rates have helped allocate funds for much needed improvements:
  - Hydrants have been replaced; waterline valves fixed
  - Investments have been made in large capital projects
  - 2011 includes a waterline loop to the business park
  - 2011 includes \$140K for re-coating the two older water storage tanks

**Water Capital:**

- Income from tap fees is down
- We are still able to invest nominal amounts in long term improvements
- The Fund retired \$21,000 in annual debt in 2010

**Sewer Operations:**

- Operating the new sewer plant has cost less than expected
- We have a camera budgeted for 2010
- We are on track for establishing reserves equal to one year of debt service

**Sewer Capital:**

- Tap fees are down

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- We will complete the lift station project without exceeding available revenues
- We are on track for establishing reserves equal to one year of debt service

**Capital Fund:**

- The split of sales tax must change as we must keep 50% of city sales tax in the Capital Fund; we will adjust the County tax to achieve the equivalent funding for 2010 and propose a new split for 2011.
- 2011 contemplates reduced payment for the Town Hall Lease Purchase
- 2011 includes full cash match to fiber project (although this may not happen)

The Town Leadership Team discussed and prioritized the following additions to the General Fund budget.

**Smaller on-going costs:**

- \$2,500 pay adjustment for the administrative assistant for constantly out-performing wage and expectations.
- \$1,500 increase to Town Manager vehicle stipend. Town Manager put about 15,000 work-related miles on his vehicle in 2009 and 2010. This equates to \$.28 per mile. The increase would equate to \$.38 per mile at 15,000 miles per year.
- \$1,100 new line item to add "LEXIPOL," a new uniform policy system that will be mostly paid for by CIRSA.
- \$3,000 increase to "economic development" to pay for the revamped LEAD organization. The County and City are also pledging substantially more.
- \$1,000 for Parks and Recreation to attend Colorado Parks and Recreation Association annual event
- \$750 for Town Manager to attend CML annual event

Total: **\$9,850**

**Smaller one-time costs:**

- \$2,000 to replace two old and VERY SLOW computers
- \$800 to replace old and slow printer

Total: **\$2,800**

**Larger on-going costs:**

- \$62,000 for a new Deputy
- \$13,000 for targeted 1.5% pay raises (could also be one-time bonuses)

**Larger one-time costs:**

- \$12,000 to cut down old trees (will be requested at this meeting)
- \$10,000 - \$20,000 for to hire a retail sales capture consultant (grocery store or other anchor)

Although these goals are ambitious, staff feels that the Town could easily fund all of the smaller on-going costs and still have a nice surplus in 2011. If the Board is willing to take about \$35,000 of the savings from re-financing Town Hall and move it to the General Fund staff may even be able to fund the additional deputy. However, long term needs should be established before making this decision.

Justin asked for the following direction from the Board.

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1. Comments/direction on draft budget
2. Comments/direction on budget additions
3. Comments/direction on adjusting the sales tax split
4. Discussion of other priorities
5. Other

Staff deviated from the budget calendar a little bit. Originally staff intended to make presentations to the Board on October 14<sup>th</sup> and present a draft budget on November 2<sup>nd</sup>. Given the progress that has been made it makes more sense to submit the draft budget now, get feedback on the proposed additions/ subtractions/ changes and still come back to the Board on Oct 14<sup>th</sup> for department presentations. This will allow the staff to incorporate changes and present relatively final budgets to the Board during department presentations and still have plenty of time to make changes during November. Justin asked the Board to confirm October 14<sup>th</sup> making staff presentations.

Ed asked how much reserve is too much and if the Town is vulnerable because of its substantial reserve balance.

Justin responded that he thinks the Town has too much currently and suggested using some of it to fund some of the one-time costs that are needed within Town.

Rick emphasized the need for the new Deputy Marshal.

Justin responded that he does think it might be possible; it might be required to sacrifice some of the other items on the wish list but he does think it might be possible.

Dan asked about revenue from property taxes.

Justin Clifton answered that the Town has already received the estimates for 2011. The budgeted amount does anticipate some potential non-payments.

Dan asked about severance tax.

Justin Clifton answered that there are two types of distribution of severance tax. The first is a direct distribution which is based on a certain formula. The amount for 2010 has already been collected. The way it is distributed is based on production, well permits, & where employees live. The amount is supposed to double to \$90,000.00 but the staff budgeted \$75,000.00 just in case the production is not as high in this area as anticipated. The other portion is the money that funds the energy impact programs.

Dan asked if the budgeted amounts takes into consideration non-payment of water/sewer fees and other economic downturns.

Justin Clifton answered that the staff has budgeted \$425,000 in water payments and \$640,000 in sewer payments. This is the best estimate of monthly bills with a reduction of 5% for consideration of non-payments.

Justin also mentioned that the staff received the health insurance renewal and it went up by 2.25%. This was substantially less than what was anticipated. However, he said that it might be a good idea for the Board to consider changing the policy for health benefits. Currently, the Town pays 90% of health, dental & vision insurance for the employee and their family. He suggested that it might be wise to change that for new employees coming into the Town so that the Town pays less for spouse & family. The Town is not going to be able to maintain funding on 90% of employee plus family coverage. He thinks that by changing that for new employees it will help stabilize the amount the Town has to pay each year for insurance benefits.

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Rick complimented Justin and all of the department heads for the work that has been done on the budget. Dan stated that the Board attended a Colorado Municipal League meeting and got to hear about the financial woes of other communities in the area. He stated that he is proud of the financial condition of Bayfield and is very happy with the work that is being done.

Ed asked if the smaller on-going costs are included in the budget.

Justin answered that they have not been included yet because the staff wanted to get some feedback from the Board to find out which ones they would like to see included.

Rick asked if the Board was in favor of putting all of the items in the budget for perusal at the next meeting.

Gabe asked that staff provide detail on any outstanding debt. He also requested a comparison of total revenues to total debt to consider when going through the budget.

Justin said that he will provide that information in a balance sheet style for the Board to review.

Gabe also requested to know how much of the budget is supplemented by grants. He also noted that he wants to make sure that all of the Town's water rights are properly allocated and that needs to be taken care of as soon as possible.

Dan stated that he is anxious to see the final Parks & Recreation budget and would like to see that fund be able to sustain itself on its own.

Rick asked for the Board's opinion on the sales tax split.

The Board was in agreement that the staff should bring it back with the proposed split.

Ed commented that the payments to the Board Members have been reinstated in the 2011 budget. He stated that he would be willing to forego his payments each month in order to get raises for the employees.

Gabe also suggested that the money could also be used for laptops for the Board.

Ed clarified that he feels that if the money is going to be taken away from the Board members he would like it to be given to the employees.

Dan stated that he doesn't agree with giving up the Board payments. He has employees that haven't received any sort of additional compensation in three years and he doesn't want the perception of the residents to be that the Town is using their ability to "tax & spend" to charge more in taxes and give the Town employees raises. He thinks the Board needs to keep their payments.

It was decided to leave the Board payments in the budget until the next discussion.

A short recess was called.

The meeting was called back to order.

**Action Agenda Item #6: Capital Allocation For Parks & Recreation**

Justin gave his staff report. He stated that every year the Town allocates \$2,000 or less to take care of trees that need to be trimmed or cut down in the parks. This amount has not been sufficient to take care of the trees

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at risk of falling down. Over the last couple of years the Town has had two trees in Eagle Park fall. The last one, about a month ago, hit the fence separating the park from the mobile home subdivision and grazed a mobile home. Had the circumstance been just a little different, the tree could have caused significant damage to the home or worse; it could have injured or killed someone. Justin instructed Scott Key to immediately contact an arborist to examine all of the trees in our public parks/nature areas and get an assessment of those that need to come down. It is difficult to assess exactly which trees need to be cut down; especially considering cottonwood trees are very unpredictable. However, all the trees that were identified could be cut down for about \$12,000.

Justin asked the Board to allocate \$12,000 from the Capital Fund to Parks and Recreation to cut down these trees and catch up with maintenance. These trees constitute a significant liability and need to be addressed this year if possible.

Gabe made a motion to allocate money from the Capital Fund to Parks & Recreation to remove liability trees. Tom seconded the motion. All were in favor, motion passed unanimously.

**Action Agenda Item #7: Appraisal of the Town Hall**

Justin gave his staff report. He stated that the Heritage Society is making preparations to complete the purchase of the old Town Hall. However, the appraisal is over two years old and the State Historic Fund, which is funding the majority of the purchase, requires a new appraisal. The appraisal is \$3,000 and the Heritage Society recently asked Justin if the Town would be willing to pay for half the cost. Justin expressed that he is not sure if the request is based on shortage of funds or just consideration of equal cost sharing. Justin asked the Board for their consideration on the matter.

Gabe made a motion to split the cost of the appraisal for the Old Town Hall building as long as the amount does not exceed \$1500.00. Debbi seconded the motion. All were in favor except Justin and Ed who were opposed. Motion carried.

**Action Agenda Item #8: LAPLAWD Discussion**

Justin gave his staff report. He stated that the Board asked to have some information from staff before having a joint meeting with the LAPLAWD (La Plata Archuleta Water District) Board on October 19<sup>th</sup>. At this point, it is still very difficult to anticipate the possible burdens and benefits from collaborating with LAPLAWD. Justin explained that he has done his best to outline critical issues.

Justin explained that collaborating with LAPLAWD could take many forms from selling the district water until they build a treatment plant to building and operating a joint treatment plant and everything in between. Justin thinks it is best to keep in mind two important concepts that shape this discussion:

1. On one hand, collaboration can be a very efficient way to do business. The Town has collaborated with the County on many important projects including the Maintenance Facility, Town Hall and Senior Center and each time the Town has navigated the political waters and saved money in the end.
2. On the other hand, it is very difficult to comingle jurisdictional authority. Voters of Bayfield and LAPLAWD expect their representatives to look out for their interests. It is difficult as it is to share in the cost of projects, sharing *authority* is a different subject entirely.

Almost all of the questions identified below support one of those two statements.

1. What are the different options for collaboration?

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- Purchase joint property
  - Build separate facilities with a few common owned components
  - Build a joint facility with separate operations
  - Build a joint facility that is jointly managed and operated
2. When does Bayfield need to expand its own water treatment capacity?
  3. How much could be saved by coordinating on a joint maintenance facility?
  4. Can operations of a treatment plant be shared?
  5. Are there models for well working collaborative efforts?
  6. What is the cost of a new facility compared to the cost of expanding the existing facility?
  7. What are the needs of the Town compared to the needs to LAPLAWD

In having discussions with Amy Kraft, representing LAPLAWD, it was suggested that the Town could jointly engage in a feasibility study to answer some of these questions. The proposal a couple months ago was to apply for an Energy Impact Grant. However, that opportunity is now gone (at least for 2011). There may be other funds available but if not, one of the key questions is: how much is Bayfield willing to spend to pursue getting answers to the critical questions? The risk is that the Town may spend the money only to learn the opportunities are very limited.

Amy had drafted a request for qualifications that could be issued. This would be one way to visit with consultants who know more about this type of process than staff does and get some clarification. However Justin recommended several changes to the draft to address some of the questions raised above. The Town can likely issue a revised RFQ and ask firms to estimate the time and scope involved. However, it might be worthwhile for the Board to consider how much it would be willing to spend.

Justin reminded the Board that this will be the last meeting to discuss this issue before meeting with the LAPLAWD Board and to consider any questions that may want to be asked.

Rick stated that in all of the joint operations that the Town has done it has remained in control of operations. He stated that he likes the Town staff and trusts their abilities to run the facilities. He is not inclined to split operations and let them be in charge of part of the Town's operations. He would rather charge what is needed to cover costs and let the Town employees handle it because they are very good at what they do.

Justin responded that there are a couple of options for joint efforts. Option A would be on the Town's schedule and would include studying Bayfield's existing plant and determine if upgrades would be sufficient rather than building a new plant. The RFQ doesn't factor in that scenario which is an analysis that the Town really needs.

Rick agreed that he doesn't want this joint effort to cost the Town taxpayers; however, if it's advantageous to the Town he feels that it should be explored.

Justin Clifton asked the Board they are willing to spend some money to get answers to some of the questions.

Gabe responded that if the Town wants some answers it had better be willing to pay for it because if LAPLAWD pays for it the answers could potentially sway in their favor. He also mentioned that he is concerned about the Town's ability to annex because water service is a draw to annexing properties.

Justin responded that the Town has a sphere of influence that is not included in the water district. There is a certain parameter of area that does not have the ability to get water from the district. This gives the Town the ability to influence annexation into the Town.

Justin also mentioned that it might be wise for the Town and the District to look at having separate facilities but collaborating on other items that would gain efficiency. He suggested that the staff would need to look at some other communities Inter-Governmental Agreements to come up with ways to collaborate on key components

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instead of the whole plant. He is against the idea of doing a joint-operation system unless he is able to find a model from a community that shows that it has worked really well.

Justin stated that the Board is scheduled to meet with the LAPLAWD Board @ 5:00 on October 19<sup>th</sup>, 2010. According to the RFQ, the District hopes to collaborate on joint construction, joint maintenance and the hiring of a consultant to review it all. Justin suggested changing the RFQ for the consultant to look at the Town's existing capacity, and when upgrades are going to be needed and what those upgrades will be and determine if the Town and LAPLAWD are aligned in any way that will make a joint effort beneficial.

Gabe suggested that the Board needs to meet with the District and define a scope of work.

Rick asked that Ron be at the meeting with the LAPLAWD board.

**Action Agenda Item #9: Liquor License Renewal - Mini Merc**

Gabe made a motion to approve the liquor license renewal for Mini Merc. Ed seconded the motion. All were in favor, motion passed unanimously.

**Action Agenda Item #10: Liquor License Renewal – AJ's Pizza**

Dan made a motion to approve the liquor license renewal for AJ's Pizza. Gabe seconded the motion. All were in favor, motion passed unanimously.

**Action Agenda Item #11: Liquor License Renewal – Tequilas Family Mexican Restaurant**

Tom made a motion to approve the liquor license renewal for Tequilas Family Mexican Restaurant. Gabe seconded the motion. All were in favor, motion passed unanimously.

**Action Agenda Item #12: New/Unfinished Business**

Justin Talbot asked if the repairs to the Highland Water Line are completed.

Justin Clifton answered that all of the repairs have been done and now the Town is just waiting to be reimbursed when someone takes over the subdivision.

Ed asked about the water in the Ludwig's yard and if the staff has been able to come up with a resolution.

Justin answered that the staff is still trying to come up with a resolution to the problem. It's a tough situation and there are no guarantees that any of the solutions readily available will fix the problem. The staff is still working to figure out how to handle the issue.

**Action Agenda Item #13: Sunrise Estates**

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Gabe made a motion to go into executive session for a conference with the Town attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) and requested that Justin & Dirk be included. Justin Talbot seconded. All were in favor except Tom who abstained from the vote and stated that he would not be attending the executive session due to a conflict.

The Board members came out of executive session.

The meeting was adjourned.

*Minutes were approved as submitted on October 19<sup>th</sup>, 2010*

**Approved:**

\_\_\_\_\_  
Rick K. Smith  
Mayor

\_\_\_\_\_  
Marianne Jones  
Town Clerk