

Town of Bayfield
Town Board Regular Meeting & Budget Discussion
November 3, 2010
1199 US Highway 160B Bayfield, CO 81122

Town Board Members Present: Rick Smith (Mayor), Ed Morlan, Debbi Renfro, Gabe Candelaria, Dan Ford

Town Board Members Absent: Justin Talbot, Tom Au (Mayor Pro-Tem)

Staff Present: Justin Clifton (Town Manager), Dirk Nelson (Town Attorney), Chris Choate (Marshal), Marianne Jones (Town Clerk), Dot Caton (Finance Director)

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

A budget discussion was held from 5:00 p.m. to 7:10 p.m. Justin Clifton, Marianne Jones, Chris Choate, & Scott Key presented their budget information to the Board and a discussion was held with each department.

The regular meeting was called to order @ 7:27 p.m.

Minutes: Dan made a motion to approve the minutes from the October 19th Regular Town Board meeting as submitted. Debbi seconded. All were in favor except Gabe & Ed who abstained from the vote.

Public Input: Bobbye Jean Elliott (211 San Mortiz) stated that she is attending the meeting on behalf of the Bayfield Senior Center. She asked if the Town has received any additional grants that would help fund the "Watch Your Step" program and who is responsible for getting those grants.

Justin Clifton answered that the Senior Center Coordinator, Tracy Reuther has been researching and applying for grant for the Senior Center. The Town has been awarded 5 grants so far for 2010 and 2011. Some of those grants are for general operations, support for the nutrition program, and the Colorado Health Foundation which supports Watch Your Step, Tai Chi, Healthier Living, etc.

Bobbye asked if the Town has received anything specifically for the "Watch Your Step" program.

Justin answered that there isn't one just for that program.

Bobbye asked if Sheila Casey with La Plata County had been in contact with the Town.

Justin answered that she has not.

Bobbye stated that she has spoken with Sheila and Sheila has been able to secure a grant for the Town specifically for that program.

Justin said that he will have Parks & Recreation follow up with Sheila to get more details on that grant opportunity.

No more public input was offered, it was closed.

Action Agenda Item #1: Approval of the Bills:

Dan made a motion to approve the bills dated October 29th, 2010 as submitted. Gabe seconded the motion. All were in favor, motion passed unanimously.

Action Agenda Item #2: Town Updates

Gabe stated that the road rehabilitation project is really coming along.

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Justin reported that the road leak that occurred on Kremer Drive is going to be fixed by Four Corners Materials. The Town is still pursuing reimbursement from the contractor that caused the problem but the Town is going to get it fixed prior to the asphalt plants shutting down for the winter.

Ed mentioned that there are still cracks in Mountain View Drive despite having done a chip & seal.

Justin Clifton answered that there is one spot on the road that has a pothole that has to be fixed. Some of the cracks will continue to show up as contours in the road but the cracks are sealed and water cannot get into them under the base and cause issues.

Rick wished Dot a Happy Birthday.

Action Agenda Item #3: Public Hearing: Fire Code Appendices

Justin gave his staff report. He stated that he is presenting an ordinance to adopt certain appendices of the Fire Code. For clarification, the Board did adopt an ordinance changing the make-up of the Appeals Board (Appendix A). All that remains is to adopt the other appendices recommended by the Fire Chief.

After some consideration, the staff drafted the ordinance to specifically apply to projects that are in the approval process. Given the way the Town enter into development agreements, it is difficult to apply these appendices to any existing subdivisions. There is still latitude for requiring on-site improvements such as fire hydrants under Appendix B of the Fire Code with the section relating to "alternate means of meeting fire flow."

Gabe asked if it's going to be difficult for the Fire Chief & the Building Inspector to meet all of the terms of the codes.

Justin Clifton answered that this ordinance will state that the appendix regarding fire hydrant spacing will only apply in cases where no development agreements are already in place. It will only apply when the Town is negotiating a new development agreement for new infrastructure. The Chief will still have some latitude with new businesses that don't meet fire flow and can negotiate life-safety options that are in the best interest/most cost effective for the new business.

Dirk commented that the Fire Chief approves the language in the ordinance.

Debbi mentioned that she thinks that the Town and the Fire Department should have the ability to go back and request additional infrastructure if the occupancy use is substantially higher than anticipated. She doesn't feel like the developers should have to overbuild the infrastructure for the worse use scenario. She feels that if it's outside of a normal occupancy use than the option should remain open to request additional life safety features.

Justin Clifton clarified that the Town wants to make sure that they are real clear when communicating with an applicant what the requirements are and what is needed for a certain development. There may be some situations when the Town and the Fire Department will have to negotiate the items that are "required" versus "requested".

Gabe suggested that if an applicant is developing a property; they generally know what the intended use is going to be. If the property is going to be used for a high-impact business, the Town will be aware of that during the initial approval process and will be able to account for the needed infrastructure. However, he does agree that the communication & documentation needs to be very clear so that any new applicants are well aware of the requirements.

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Justin Clifton clarified that the any high-impact businesses would be required to be built in certain land use zones in the Town. If they attempted to build in a low-impact area of Town they would be subject to a Use By Review process and any of the life-safety requirements would be made through that process rather than the appendix of the Fire Code.

The item was opened for public hearing. None was offered so it was immediately closed.

Gabe made a motion to approve the Ordinance #360 adopting certain appendices to the International Fire Code with certain amendments specific to the Town of Bayfield. Dan seconded the motion. All were in favor, motion passed unanimously.

Action Agenda Item #4: Southwest Community on Government Membership Fees

Justin Clifton gave his staff report. He explained that the SWCOG has been supported by Region 9 Economic Development Office and a technical assistance grant from the Department of Local Affairs. The technical assistance grant cannot be renewed as the funds for the grant program have been taken to backfill the state budget. The COG Board considered and has endorsed implementing a low dues structure as a way to pay for some of the administrative costs of the COG. The dues are structured similarly to those of the Transportation Planning Region, based on a formula with a minimal fee plus consideration of population. Bayfield's contribution for 2011 is \$300.00. Justin asked the Board to consider including this membership fee in the 2011 budget.

Gabe made a motion to approve the \$300.00 membership fee for Southwest Community on Government. Debbi seconded the motion. All were in favor, motion passed unanimously.

Action Agenda Item #5: Direct Deposit

Justin gave his staff report. He stated that management has had many requests from the employees to implement direct deposit of paychecks. Marianne has spent considerable time working with First National and Pine River Valley banks to find the best way to offer this service. After considerable time, the staff has finally found a good solution to use what First National Bank calls a "cash management" plan. Justin was able to get most of the fees waived, except for a \$5 per batch (per pay period) fee. In order to initiate the process, First National Bank requires a resolution authorizing Justin and Marianne to manage the plan.

Gabe made a motion to approve Resolution #250 authorizing the Town Manager and the Town Clerk of the Town to execute a cash management agreement between the Town and First National Bank. Debbi seconded the motion. All were in favor, motion passed unanimously.

Action Agenda Item #6: Draft 2011 Budget Discussion

Justin Clifton gave his staff report. He stated that staff enclosed in the Town Board packet is a near final draft of the budget. There have been very few changes since the last meeting. Noteworthy changes include:

- The addition of a new deputy position in the Marshal's Office.
- The addition of approximately \$10,000 to upgrade the Town's servers and workstation office suite packages
- The addition of \$10,000 for staff bonuses in 2010 (in lieu of pay raises)
- The completion of the separation of the Parks and Recreation operations and capital funds

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The general fund looks very good even after including a new deputy marshal position and funding other wish list items. The Town shows a \$16,000 utilization of reserves in 2010. The "dip" into reserves also includes more than \$10,000 in one time expenditures so the net over/under from true operations standpoint is about (\$5,000). The 2010 budget had a \$15,000 contribution from the "rainy day" budgeted but the Town ended up with large surpluses despite the low sales tax collection. Odds are very good that this gap will be closed again in 2011 without actually using reserves. Even if things get worse, there are numerous ways to respond over the course of the year. Justin stated that he feels that pulling the trigger on the new deputy is a very safe move.

The Parks and Recreation fund has a small utilization of reserves in 2011 (about \$7,000). Again, Justin feels pretty comfortable with these numbers based on the likelihood that the actual revenues and expenses will work out better than the estimates. Also, we have pushed a lot of changes in the Parks and Rec department in order to minimize the transfer from the General Fund. Cutting additional expenses or raising more fees would be difficult and likely unnecessary.

The Capital Fund is in good shape but some reserves are being used for capital projects. Staff decided to put about \$56,000 of the \$89,000 of this year's unanticipated sales tax into the Capital Fund to help minimize use of reserves. Despite the use of some reserves in 2010 and 2011, the fund is in very good shape. The Town completed \$350K in road projects this year, all the cash match for the fiber grant is included next year and the Town will still close the year with more than \$700K. With 7 years left of the Town Hall debt that leaves the Town with 100K per year of reserves plus any growth in sales tax. Justin reminded the Board that the Town Hall debt and the vehicle replacement program are funded primarily from new tax revenue so most of the \$700K can be used for new projects. He also mentioned that the staff will also be implementing a replacement program for computers & software as well.

Justin stated that the only fund that is not quite as healthy is the Sanitation Fund because of the high expenditures that have occurred with the new sewer plant and lift station. The staff is being very cautious with those revenues & expenditures. However, all of the rest are in very good shape financially.

Ed asked where the \$10K for server upgrades appears in the budget. He was curious if it is located in the capital fund or the operations fund.

Justin answered that it is located in the operations fund because while there are some hardware purchases there will also be software upgrades and some other soft costs. It was decided that it made more sense to be in the operations budget at this time rather than capital until the computer replacement program is completed.

Ed asked why the bonuses for employees are listed in the 2010 budget but there is no additional pay increase/bonuses included in the 2011 budget.

Justin answered that the Board will have to adopt a supplemental budget at the end of the year that will include any changes that are made for 2010. He explained that it is being presented to make sure that the Board is okay with the allocation of funds for employee bonuses and will be willing to pass the supplemental budget including that addition.

Ed stated that he would be in support of putting something in the 2011 budget for employee bonuses.

Rick concurred and stated that he would also be in favor of increasing the amount allocated for bonuses.

Gabe agreed as well and stated that \$10K won't go very far when it's divided between all of the employees.

Ed asked how the bonuses will be distributed between the employees.

Justin answered that there will be a certain percentage that will be used as the floor for the bonus and then it will be added based on length of service and some other contributing factors. However, the bulk of the amounts will be awarded based on employee merit. The employees that are model employees and have really put forth the most effort will receive the higher bonuses. Everyone will receive something, but the higher performing employees will receive more.

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The Board agreed to adjust the bonus amount to \$25K.

Dan stated that the Town is planning to spend the projected 2011 revenues during the 2011 calendar year. Due to conservative fiscal principles & practices in the past, the Town has substantial reserves but the Town hopes to not have to tap into those reserves. Revenues & expenditures will be approximately \$1,811,000 which is less than the 1,837,000 that was spent during 2010 (excluding grant funds & expenditures). Not only will the Town be able to balance the 2010 budget and spend no more than the revenues received but will also be spending less than what was spent in 2010.

Dot & Justin agreed that this is an accurate statement.

Dan stated that he supports increasing the bonus amount based on this principle that the Town is still able to balance the budget and can afford to allocate these funds.

Rick stated that he feels that the Town has a good sound fiscal policy implemented by the staff and the staff has really worked diligently to stay within budget and cut expenses whenever possible while still provided a high level of service for the residents of Bayfield. He complimented the staff for their efforts.

Debbi asked how many of the people utilizing the Parks & Recreation benefits are actual Town residents versus County residents. She was curious if the Town should offer some extra benefit for the Town residents.

Justin stated that the staff has thought about that but decided against it because the Town mostly survives on sales tax revenue which is not residency specific. The only thing that Town residents pay that County residents don't is property tax and it is a pretty small portion of the Town's overall budget. Therefore, the staff decided not to discriminate within that particular program.

Ed asked about Town versus County residents for the Recycling Center.

Justin answered that it is considered differently because that center is provided by Enterprise Fund proceeds (Garbage) that is only paid for by Town residents. If it was supported by sales tax than it would be similar to the Parks & Recreation fund but because it is an Enterprise Fund it has to be considered in a different light. Also, the Town is trying to get support from the County to help with hauling costs and it will be easier to present the case if there are actual numbers depicting the number of County residents that are using the facility.

Justin reminded the Board that the next meeting will be the last time to review that budget & make changes before it is adopted. The next meeting will also begin at 5:00 p.m. to have a budget discussion regarding Water, Sewer, Public Works & Capital Improvement.

Action Agenda Item #7: Liquor License Renewal - Chavolos Mexican Restaurant

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

Action Agenda Item #8: New/Unfinished Business

Dan commended Justin Clifton for the job he did on the refinance of the Town Hall through Wells Fargo.

Debbi asked if the staff has heard anything additional on the traffic study for Eastside Intersection.

Justin Clifton answered that he is meeting with CDOT next week to discuss the Environmental Impact Study, the Highway 160B Contract, and the Eastside Intersection traffic study.

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Action Agenda Item #9: Sunrise Estates
Executive Session: {C.R.S. Section 24-6-402(2)(e)}

Gabe made a motion to go into executive session for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators, under C.R.S. Section 24-6-402(4)(e) and requested that Dirk & Justin remain in the meeting for the session. Debbi seconded the motion. All were in favor, motion passed unanimously.

The Board came out of Executive Session.

The meeting was adjourned.

Minutes were approved as submitted on November 16th, 2010.

Approved:

Rick K. Smith
Mayor

Marianne Jones
Town Clerk