

Town of Bayfield
Regular Town Board Meeting
March 15, 2011
1199 US Highway 160B Bayfield, CO 81122

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

Town Board Members Absent: Gabe Candelaria

Staff Present: Justin Clifton (Town Manager), Bob Ledger (Interim Town Manager), Marianne Jones (Town Clerk), Elizabeth Jackson (Intern), Chris Choate (Marshal), Ron Saba (Director of Public Works)

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

The meeting was called to order @ 7:00 p.m.

Rick thanked Justin Clifton for his 5 years of service. He expressed that Justin Clifton has worked really hard, brought a lot of money to the Town and has spear-headed a lot of projects that he didn't contemplate when he took the job (such as the sewer district). The Board presented Justin with a plaque commemorating his time with the Town.

Rick then introduced & welcomed Bob Ledger, who will be serving as the Interim Town Manager for the next 90 days.

Bob stated that he is really looking forward to the adventurous challenge that will come with serving as the Interim Manager and that he is hopeful he can meet the expectations of the Board.

Rick then introduced and welcomed Erin Dunavant, the newly hired Finance Director.

Minutes: Dan made a motion to approve the minutes from the February 17th, 2011 Special Town Board meeting. Tom seconded the motion. All were in favor, motion passed unanimously.

Tom made a motion to approve the minutes from the February 17th, 2011 Executive Session meeting. Debbi seconded the motion. All were in favor, motion passed unanimously.

General Public Input: None was offered so it was immediately closed.

Action Agenda Item #1: Approval of the Bills

Tom made a motion to approve the bills dated March 11th, 2011. Dan seconded. All were in favor, motion passed unanimously. Tom abstained from approval of payment to Pinnacle Surveying.

Action Agenda Item #2: Town Updates

Dan asked Justin Clifton why the sales tax appears to be down so much.

Justin Clifton answered that technically sales tax is just a bit above for the first quarter of the year. There are some anomalies that happen with the reporting but analysis has shown that sales tax is actually a little over what was anticipated for the year thus far.

Debbi Renfro asked about the extension of the bike path on County Road 501 going north towards the Foursquare Church.

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Justin Clifton answered that the notes on that project will be organized by Elizabeth because she will be the one heading up that project. Justin Clifton updated that the request for proposals is just about ready to go out and that the Town is just waiting on approval from CDOT (Colorado Department of Transportation).

Tom asked if Justin Clifton has spoken to Stantec (the engineer for the wastewater treatment plant project) regarding the water problem that is occurring on the Ludwig's property.

Justin Clifton answered that he has sent them an email regarding the matter but haven't gotten a response.

Tom asked why the engineers for that project did not foresee the need for an awning over the sludge bin.

Justin Clifton answered that it was discussed briefly during the development stage but the need didn't really come to light fully until the department operated the belt presses and it was known exactly what the Town would be dealing with after the whole process is completed.

Justin Talbot asked if the new sewer awning will be able to accommodate future growth.

Ron answered that the awning will be able to accommodate even if the plant doubles in size.

Action Agenda Item #3: Financial Stability Plan Presentation

Justin Clifton gave his staff report. He stated that he has been working for the last several months to put together a Financial Stability Plan for the Town. This plan can be thought of as the beginning of a set of financial policies and procedures. The scope of the plan is primarily broad financial management designed to keep the Town in strong financial health by addressing items including: financial health indicators, budgeting, revenues, expenses, capital budgeting, financing and debt and asset management. The plan captures practices that have been put in place during my tenure and adds new elements that I think will serve the Town well moving forward.

In putting this plan together Justin Clifton reviewed numerous scholarly sources to identify a theoretical framework for the various components of the plan. I also reviewed numerous secondary documents including financial plans and policies from other communities and organization publication from ICMA and other public sector management organizations.

He explained that he hopes to hand this information over to the Interim Manager and Finance Director for future amendment and adoption. Although this plan is the basis for financial management moving forward, ideally it will be revisited and amended many times so the Town can add new policies in areas such as procurement, asset liquidation, wage scales etc.

Justin Clifton showed a power point presentation with the financial stability plan. (*Note: A copy of this presentation is included in the official minute book & Town Board packet book*).

Ed asked how the Town can implement this into the budget process.

Justin Clifton answered that he hopes that this plan can be a starting point to ensure financial stability in the long-term. The plan has a lot of items that haven't been implemented yet and he hopes that as time goes on the Board will continue to look at it and decide if those items are needed to help with financial stability.

Rick reiterated that he thinks it's a good idea to make this plan part of the budgeting process and present it to new Town Board members during orientation.

Ed asked what kinds of revenues are available for the improvements of roads.

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Justin Clifton answered that one option is a road impact fee. However, a previous Town Board did not feel that it was the right time to implement that sort of fee. But it is something that could be looked at again in the future.

Dan asked if the data used for the plan is readily available for the next person in the Town Manager position to access.

Justin Clifton answered that all the detail will be handed over to the Interim Manager so that it can be used in the future.

Action Agenda Item #4: Highlands Subdivision Annexation Agreement

Justin Clifton gave his staff report. He explained that the Board recently established terms for the extension of vested rights for the Highlands Subdivision. In light of fulfilling those terms, the Developer has requested that the Annexation Agreement be cleaned up so it can be signed and recorded. The Board had previously approved the Annexation Agreement and approved the Subdivision Improvements Agreement pending a review by the Board of an acceptable drainage plan. However, the previously approved Annexation Agreement references the old development partnership and has other "dated" information including references to the Bayfield Sanitation District and an old agreement to pre-pay water tap fees to help build a water storage tank that has since been built. For these reasons, staff and the Developer agreed that cleaning up the annexation agreement and seeking Board approval made sense.

Justin Clifton explained that the purpose of this review is not really to revisit substantive items already approved by the Board. Rather, the purpose is to review changes and make comments on anything that needs to be addressed that isn't. Justin Clifton reminded that the annexation agreement is the place where the most fundamental terms governing the use of the property are established. The Subdivision Improvements Agreement is much more detailed and specific on how the development will take place.

Rick asked if the drainage plan will have to be brought back to the Board.

Justin Clifton answered that it is outlined in the agreement that the drainage plan does have to come back for final approval prior.

Dan abstained from the discussion and voting on this item due to prior involvement with the property.

Justin Talbot asked if all of the concerns have been addressed in the agreement.

Justin Clifton answered that the agreement does include all of the items and the developers are ready to proceed with the annexation as quickly as possible (and that includes cutting the check to pay for the waterline repairs that were done by the Town).

Debbi stated that she will abstain from the vote as well due to personal involvement with the property.

Ed made a motion to approve the annexation agreement between the Town of Bayfield and Bayfield Ridgeline, LLC for the Highlands Subdivision. Tom seconded the motion. Tom, Rick, Ed, & Justin Clifton voted in favor. Dan & Debbi abstained. Motion carried.

Action Agenda Item #5: Public Hearing: Ordinance #363 - Sign Code Ordinance

Justin Clifton gave his staff report. He stated that over the last few years, staff has been approached by a number of business applicants requesting a variance in the Sign Code regulations. The Land Use Code currently restricts business signs to a maximum of 100 square feet and to a limit of two signs per lot. Most all variance requests are approved by the Planning Commission. For this reason, staff suggests amending Article

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8, Section 8-27 – Sign Regulations, in order to better meet the intent of the Code and better accommodate the needs of businesses.

At its current state, the Town Land Use Code does not specify as to whether a business can erect a free-standing, wall, pole, etc., sign on its premises. Many Towns similar to Bayfield's size have enacted a number of regulations regarding these issues and specifying the basic dimensions and designs of that sign shall adhere to:

Staff reviewed numerous sign codes from communities across the US and found that they all vary depending on local preferences.

With this in mind, staff feels that the real intent of Bayfield's Land Use Code is to regulate signage so that it remains aesthetically pleasing and consistent with the Town's character. And most variance requests, which ask for the size limit to be raised to 150-200 square feet per sign and/or for the limit of 2 signs per premise be raised to 3, fits such intent without disrupting such character.

Justin Clifton suggested that it would be a good idea to keep Bayfield's Sign Code regulations as simple as possible. Justin Clifton recommended that the size be increased an additional 50 square feet, for a total maximum standard of 150 square feet per sign. He also suggested setting requirements for specific types of signs in order to avoid any initial confusion. Additionally, the number of allowable signs per premises should be increased to 3. He clarified that the staff finds that these regulations would be reasonable to further the success of any given business as well as to maintain the Town's existing natural, aesthetic appeal. He also recommended that Section (12) be amended to include these specific sign requirements and to help give the Code more clarification.

Justin Clifton mentioned that the Planning Commission unanimously supported the ordinance as presented.

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

Ed made a motion to approve Ordinance #363 amending the Bayfield Lane Use Code by adopting changes to Article 8, Section 8-27(7)C and (12) regarding sign regulations as presented. Debbi seconded the motion.

Dan asked if there will be any businesses that will be in violation once this ordinance is put into place.

Justin Clifton responded that the restrictions are actually becoming more relaxed and will actually put more businesses in compliance with the code (because there are several that aren't in compliance with the current code regulations). It really captures the variance requests that have been approved over and over during the past few years.

Justin Talbot asked if 25 feet is a standard sign height.

Justin Clifton answered that signs that were put up prior to the adoption of the original sign regulations are grandfathered in (and he believes that there is only one sign that is higher than the 25' maximum). Otherwise, it is pretty typical height in comparison to the building height limit of 35 feet.

All were in favor, motion passed unanimously.

Action Agenda Item #6: Resolution #255 – Hwy 160B Acquisition

Justin Clifton gave his staff report. He stated that Resolution #255 is required to execute the agreement with CDOT to acquire Highway 160B. The resolution references the Intergovernmental Agreement, which was presented and approved at the last meeting. This resolution will formalize the deal and allow the process to proceed.

Dan made a motion to approve Resolution #255 approving an intergovernmental agreement between the Town

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of Bayfield and the State of Colorado for the use and benefit of the Department of Transportation for the transfer of ownership of US Highway 160E to the Town on the terms contained in the intergovernmental agreement between the parties. Debbi seconded the motion.

Ed asked how the money will be transferred to the Town.

Justin Clifton answered that it will be wire transferred into a special fund set up by the Town after the last signature is acquired by the CDOT. He suspects that it will probably be received within 30-60 days.

Justin Talbot reminded the Board that when this take-over happens the Town is going to have to be mindful of future needs of the Public Works department due to this big step for the department.

Rick responded that he thinks that's why the funds are restricted specifically for transportation related items, so that these needs are taken care of. He also expressed that he feels this is a step in the right direction to control the Town's destiny for future growth.

Ed asked about the status of the twin bridges.

Justin Clifton answered that the Town went through a lengthy process that included analysis of the bridges, core samples of the road, analysis of annual maintenance costs, etc. He explained that taking over 160B is a liability for the Town long-term but getting the money for the road, being thoughtful in how that money is spent, and the hope is that the net gain will be positive.

Ed asked if the Town has an estimate of when the bridges will have to be improved.

Justin Clifton answered that the analysis showed that the bridges are structurally sound but functionally obsolete because they are so narrow. The bridge inspectors said that if a bridge is taken care of properly their lifespan can be pretty limitless. The Town will need to reinforce the substructure in the river and get rid of some of the rust but with good maintenance routines the Town should be able to keep these bridges in place for a long time.

All were in favor, motion passed unanimously.

Action Agenda Item #7: Conceptual Road & Bridge Fund

Justin Clifton gave his staff report. He stated that the Board asked him to present a conceptual road fund that would house proceeds from the Highway 160B acquisition. He also included other road related money in this fund for convenience of collocating projects and tracking restricted funds. The other funding includes Highway Users Tax (HUTF) and County Road and Bridge funds.

Justin Clifton presented a spreadsheet that illustrates a conceptual road fund. However, he reminded the Board to think of this fund in terms of on-going costs and capital related improvements. Although interest earnings on a large balance can support some of the on-going costs, overall the revenue sources are not enough to create a sustainable program for all related road improvements. This fund will likely shrink steadily over the years unless the Board finds and/or dedicates other sources of revenue.

Justin Clifton explained that he contemplated taking \$90,032 away from the General Fund (HUTF and La Plata County road and bridge funds). He also included transfers from this fund to the Equipment Replacement Fund to cover the cost of Public Works equipment not covered by the Water and Sewer funds and a transfer to the General Fund to cover other Public Works costs including payroll and road maintenance. He clarified that this fund will act like an enterprise fund even though it won't actually be an enterprise fund. He explained that it is beneficial to look at the total revenues restricted to roads and the total cost of supporting the road function of public works.

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Justin Clifton estimated costs for a mill and overlay to Highway 160B (\$1.4 mil) and included engineering for the eastside traffic study and some bridge inspection work (\$50,000). In 2011 the conceptual fund contemplates a bulk transfer to the General Fund whereas in 2012 the fund shows traditional Public Works expenses located in the Road Fund (with a little added to account for Highway160B).

Justin Clifton explained that he contemplated interest rates conservatively on a balance of \$5 million at 1%. In 2011, interest is accrued for 6 months whereas the 2012 estimates contemplate a full year of interest. All together the revenues (without any additional capital support) total about \$140,000 per year. To support *current* road and bridge activities including equipment would require close to \$166,000. This number reflects current road repair costs, which will increase both with the acquisition of Highway 160B and as the Town grows. This is important because it indicates a deficit in supporting road maintenance. However, the General Fund will be deprived of only about \$90,000. The fund could return the \$90,000 and even offer greater support of road activities in the General Fund on a more sustainable level without exceeding annual funding (\$140,000).

Justin Clifton mentioned that large capital projects will lower the available balance, which in turn will lower the yield from interest. Justin Clifton strongly recommended that the Board be mindful of this and consider other sources of funds to either prolong the availability of the 160B proceeds or even better, to create a sustainable source of revenues for needed road improvements.

Ed asked what action needs to be taken on this item.

Justin Clifton answered that the accounting staff will set up a special fund so that CDOT can transfer the money to the Town. However, the Board will need to decide on whether or not to do a mill and overlay on Hwy 160B, the purchase of additional equipment, level of service, etc. once the acquisition is completed and prior to the adoption of the 2012 budget.

Action Agenda Item #8: Resolution #256 – GOCO Grant for Gosney Park Improvements

Justin Clifton gave his staff report. He stated that the Town's last GOCO grant application for a third phase of Joe Stephenson Park was denied based on the fact that the Town was previously awarded for 2 phases and the need to "spread the money around." Justin Clifton expressed that this may be a good thing as it appears the Town needs to further refine the vision and appropriate phasing of improvements in that park. The second round of grant applications for this year is for March and Parks and Recreation would like to bite off an easier project. They have applied for a "mini grant" to renovate Gosney Park on Oak Drive. Parks and Recreation was awarded a similar grant a couple of years ago that was used to renovate Mesa park. Gosney Park is the only other neighborhood park in Bayfield and the only public park north of Highway 160. It is seldom used because of its lack of amenities. The grant contemplates new playground equipment and landscaping that will give area residents a real park and playground area.

The grant request is for \$60,000, \$45,000 of which would come from GOCO and \$15,000 would be provided by the Town. The Town can support this project in next year's budget for less than the amount to be transferred to the Parks and Recreation Fund from Capital this year.

Ed made a motion to approve Resolution #256 supporting a GOCO grant for improvements at Gosney Park. Dan seconded the motion.

Debbi asked if the paths near the park are usable.

Ed answered that they are usable that they are in pretty good condition.

All were in favor except Tom, who was opposed.

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Action Agenda Item # 9: Bank Account Signatories

Justin Clifton gave his staff report. He stated that because of the changes in personnel, the Town needs to do a couple of updates to the authorized users for First National Bank. With the departure of Dot Caton and the arrival of Erin Dunavant, the Town needs to update the authorized users for cash management @ First National Bank. The cash management program is the program that is used to implement payroll direct deposit and do transfer of funds between Town accounts. The way the Town's internal controls are set up, the Town needs at least two users for cash management to implement payroll. (Marianne enters the payroll information and someone else reviews that information and initiates the data for payment). Marianne, Dot & Justin Clifton currently have this authorization so this needs to be changed. He explained that the change will definitely need to include Marianne & Erin; and it's up to the Board if they wish to authorize anyone else to have this privilege.

Also, with the department of Justin Clifton, the Town needs to update the bank signature cards for the Town checking accounts. Justin Clifton, Marianne, & Rick Smith currently have check signing authority on the bank accounts. The change will need to include Marianne & Rick Smith; and it's up to the Board to decide if they want to add someone else (such as Bob Ledger or Erin Dunavant) to the check signer authorization. Justin Clifton noted that this will have to be done again when the permanent Manager is hired.

Justin Clifton explained that the bank requires formal action be reflected in the Town Board minutes in order to make these changes to the Town accounts.

Debbi made a motion to add Erin Dunavant to the cash management program. She also moved to remove Justin Clifton as a check signer and add Bob Ledger, the Interim Town Manager as signer on all of the Town accounts at First National Bank. This will give check signing authority to Bob Ledger, Marianne Jones & Rick Smith for all of the Town transactions. Tom seconded the motion. All were in favor, motion passed unanimously.

Action Agenda Item #10: Water Tank Recoating

Justin Clifton gave his staff report. He explained that the Town has had a need to recoat the inside of its two older water storage tanks. The Town budgeted \$140,000 this year to complete this work. When the project was sent out to bid staff included an "add alternate" to scrub and paint the outside of the tanks. When the two tanks were drained so the inside could be inspected the steel warmed and the paint began to peel. Paint on the oldest tank contains lead. Now that the paint has peeled so badly the tanks can't be scrubbed and painted. Instead, the old paint, including the paint with lead has to be completely removed. Staff amended the add alternate to include the cost of completely removing old paint and repainting the tanks. Much to the Town's satisfaction, the total low bid for completing all of this work was only \$150,870. Although this is more than what is budgeted, it also contemplates significantly more value in that it's possible to paint the two old tanks (that look much worse than ever before now that the paint is peeling). With engineering and other miscellaneous costs the total project could be completed for under \$160,000, an increase to the tank recoating line item of \$20,000 (14.2%). The effect of this increase would reduce the unrestricted fund balance from \$140,103 to \$120,103. This would not impede on other "earmarked" funds in the total Water Fund reserve balance of \$330,103.

Justin Clifton said that the Town staff strongly recommends allocation of the additional \$20,000. The tanks are a major eye sore and the peeling paint is both a nuisance and an environmental concern. If the Town were to bid this work separately in the future it would almost certainly cost more based on the need for mobilization and the smaller scale of the project.

Justin Talbot made a motion to allocate of an additional \$20,000.00 for the recoating of the water tanks. Tom seconded the motion. All were in favor, Motion passed unanimously.

Action Agenda Item #11: New/Unfinished Business

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Tom asked about the drainage easement in the Dove Ranch subdivision.

Dirk answered that the easement doesn't exist because it hasn't been recorded. He mentioned that the bank now owns that property and he is unsure about whether or not the bank will be willing to grant the needed easement. Dirk said that he will continue to follow up on this item.

Ed mentioned that the meetings with the Senior Center Board are going well. He also mentioned that he is concerned about the land use zoning outlined for Gem Village on La Plata County's conceptual land use map. The reason for his concern is that Gem Village does not have any industrial zoning and it seems that industrial would be appropriate in that area.

Justin Clifton explained that the zoning proposed in Gem Village will allow the type of industrial use that is currently already in place in that area and possibly even more. The counties version of industrial is much more intense than the Towns and they include some industrial uses within some of their other mixed uses. They are contemplating allowing the current uses and other businesses of the same type but not anything that would be significantly more impactful.

Rick said that the important thing is to make sure that Gem Village is preserved and that nothing happens to what they are doing development-wise.

Action Agenda Item #12: Sunrise Estates
(Executive Session: C.R.S. Section 24-6-402(2)(e))

Justin Clifton made a motion to move into executive session for the purpose of determining positions relative to matters that may be subject to negotiations & instructing negotiators and he requested that Bob Ledger, Justin Clifton & Dirk be included in the session. Tom Au recused himself from the executive session. Debbi seconded the motion. All were in favor, except Tom who abstained.

The Board came out of executive session.

The meeting was adjourned.

Minutes were approved as submitted on April 19th, 2011

Approved:

Rick K. Smith
Mayor

Marianne Jones
Town Clerk