

**Town of Bayfield
Regular Town Board Meeting
August 3, 2010
1199 US Highway 160B Bayfield, CO 81122**

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

Town Board Members Absent: Mayor Rick Smith, Gabe Candelaria

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

Media Present: Carole McWilliams (Pine River Times)

The meeting was called to order @ 7:02 p.m. by Mayor Pro-Tem, Tom Au.

Minutes: Justin Talbot made a motion to approve the minutes from the July 20th, 2010 Regular Town Board Meeting as submitted. Debbi seconded the motion. All were in favor, except Dan who abstained from the vote.

Public Input: No public comment was offered, it was immediately closed.

Action Agenda Item #1: Approval of Bills

Justin Talbot made a motion to approve the bills dated 7/30/10 as submitted. Dan seconded the motion. All were in favor, motion passed unanimously. Tom abstained from voting on the check to Pinnacle Surveying.

Action Agenda Item #2: Town Updates

Dan asked if the water restrictions are going to remain in place since the Town has received a lot of rain.

Justin Clifton answered that there is still some speculation that if the rain stops completely the Town could have an out of priority situation by September. However, that is not likely if the Town keeps getting rain. Justin Clifton stated that the staff is going to monitor for a week or two and if the rain continues the water conservation ban will be lifted.

Debbi asked for the status on the Road Rehabilitation project & the Mesa Water Valve project.

Justin Clifton answered that the apparent low bidder for the Mesa Water Valve project is Summit Excavation. Their bid was \$64,000.00. The bid for the Road Rehabilitation project is way more than the estimated amount. Staff is working out some discrepancies in the bid because the bidder went really heavy on materials for inadequate sub-base. They assumed the very worse scenario when creating their bid. Staff is working with the bidder to understand where the numbers are coming from, eliminate work that doesn't have to be done and structure a contract around the revised scope of work.

Debbi asked the estimated time for the Mesa Water Valve project being completed.

Justin Clifton answered that the notice of award will happen in a couple of days and the project should be under contract within 7 days after that. The construction time is slated for 60 days maximum.

Action Agenda Item #3: Draft – Auditor Request For Proposals

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Dot gave her staff report. She stated that the staff has expressed to the Board over the last 6 months that they intend to go out for bid for a new auditor. When Mike Branch presented the 2009 audit he indicated he was retiring, thus solidifying the Town's need to acquire auditing services.

An audit RFP was written after gathering numerous examples from other municipalities and compiling them to suit the Town's needs. Staff plans to publish it in the Durango Herald on Friday, August 6th, and will also be emailing it to a list of approximately 40 auditors that has already been compiled. Dot pointed out a few key points listed in the RFP.

- The audit will be for the fiscal year ending December 31, 2010, with the option, on mutual agreement, of auditing the Town's financial statements for each of the three subsequent fiscal years.
- Deadlines are included for the beginning and ending of fieldwork and required that the audit be completed by May 31st and that a presentation be made to the board no later than the 2nd meeting in June.
- A section is included stating that the Town would like to have a discussion, at no additional charge, with the auditors regarding "accounting, standards interpretation, and internal control matters concerning the Town." This is important since Michael Branch never examined internal controls as is required in an audit and the Town realizes that there is room to improve and grow in this area.
- If there is a need for additional technical expertise in related areas including taxation, information technology, systems implementation, and internal controls and it is anticipated that costs will be in excess of \$1,000 that these services may be subject to the competitive bid process.
- Staff requested that the auditor's proposal include an all-inclusive price which is to be broken down into professional fees for the standard audit, professional fees for a Single Audit if needed, and out-of-pocket expenses. Additionally, staff requested a total all-inclusive maximum price for each engagement for the years 2010, 2011, 2012, and 2013.

Justin Clifton mentioned that the Board also needs to determine how they would like to be involved in the selection process. He explained that the audit is a substantial tool for the Board and he wants them to be as involved as they would like to be in the process.

Dan asked if it's anticipated to find an auditor in the local area.

Dot answered that she thinks the Town could probably find someone capable in the area but she thinks that the Town will probably receive lower bids from firms out of the Denver area. She explained that most government audits are done by auditing firms out of Denver. The bids generally are lower and they have more expertise in government accounting. She stated that most of the auditing firms in the Durango/Bayfield area don't do audits for local governments.

Dan expressed that he feels that the travel costs could make the bids higher if the firm has to travel to Bayfield from Denver.

Justin Clifton explained that most likely the firms will have other projects in the area and so the travel costs will be split between several entities.

Dan asked if there is a cost savings for doing a multiple year contract.

Dot answered that a multiple year contract is common in local governments so most auditing firms expect to be retained for approximately 4 years. However, they do expect that a new auditor will be brought in at the end of the 4 year term.

Dan asked if the Town will be requesting the same auditor for each of those 4 years.

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Dot answered that she did request the same audit manager in charge of the Town's account. She explained that it can be good to have some change in the team each year because they might see something that someone else might have missed but she thinks it's necessary to have the same person managing the account.

Dan commented that he doesn't think that the Board needs to be involved in the selection process. He feels that the staff is capable of hiring the right person for the job.

Debbi commended Dot for doing a very good job creating the RFP and stated that she also feels that the staff is capable of hiring the right firm.

Justin Talbot concurred.

Ed agreed as well but stated that he would be willing to offer his participation if needed.

Justin Clifton explained that the staff will come up with a recommendation after interviews are conducted and bring it to the Board for final selection.

Ed asked about the 4th bullet point regarding additional technical expertise in related areas including taxation, information technology, systems implementation, and internal controls.

Dot answered that the Town's internal controls were not looked at very closely in previous audits. Audit regulations changed a few years ago and there is a requirement that internal controls have to be reviewed. Since that hasn't been done in the past she is concerned that it might be an area of issue that has to be addressed. She explained that she feels the Town has very good internal controls in place but she is worried that they haven't ever been tested by an audit firm. She put that language in the RFP in case there is a need for additional growth in that area and she didn't want them to be able to overcharge the Town for those services.

Action Agenda Item #4: Water District Letter/Discussion

Justin Clifton gave his staff report. He stated that ever since the La Plata Archuleta Water District (LPAWD) began discussing formation they have approached Town staff to see if there would be interest in any kind of collaboration on water systems. LPAWD has water delivered from Vallecito Lake via the Pine River just like the Town. After LPAWD passed its mill levy question it again approached the Town to resume more serious discussions about collaboration. Collaboration could include treatment and sale of water to LPAWD while they are building initial infrastructure, construction of a joint treatment facility, construction and maintenance of joint distribution systems or any combination of those things.

Justin Clifton explained that the Town has received a letter from Dick Lunceford, Chairman of the LPAWD Board, inquiring about how to continue this dialogue. Justin Clifton stated that the staff is looking for direction on how to engage LPAWD in this discussion. The floor was given to Dick Lunceford with LPAWD.

Dick stated that the LPAWD Board has discussed the opportunity to create a cooperative venture that would benefit everyone involved. He stated that the Town is going to have to build or expand their existing Water Treatment Plant fairly soon and the LPAWD is going to be delivering water to its residents very soon as well. The District has passed a mill levy and plans to build two treatment plants; one on the Pine River and one using ALP water. They are moving forward to meet that goal but the District's Board feels that it would benefit both the District and the Town to build a joint water treatment plant rather than build a separate one for each entity. He explained that the District wanted to come to the Town and start discussion on the possibility of a win/win situation for both entities and asked for input from the Board about whether or not they would like to move forward with those discussions.

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Debbi asked if their water would run through the Town's treatment plant and through the Town lines until it splits off into their newly installed lines.

Dick answered that their vision would be to build a new jointly operated treatment plant. There would be potentially shared lines but it would probably be necessary to build larger lines to help move the water for all the users involved.

Dan commented that he would be interested in seeing the financial model for this endeavor. He wants to make sure that the plan will provide for Bayfield & its future growth. He also wants to make sure that there will be minimal risk to the water users of Bayfield. He doesn't want the Bayfield taxpayers to be burdened because of this joint project. He stated that he is willing to discuss it more and get more details on the project.

Dick said that water treatment plants can be built in modules. The first phase of the plant could be built to accommodate current growth and then it could be added on to as growth occurs. The resulting financial responsibility would be determined by the amount of users connecting to the system and whether or not they were connecting in the Town or in the District. Dick explained that he is appearing in front of the Board to gage the level of interest and see if the District should take the next step for setting up some formal discussions. He feels that there are a lot of benefits for the Town and the District if this joint operation occurs.

Justin Talbot expressed that the Town just went through this sort of problem with the Bayfield Sanitation District and he wants to make sure that the Town doesn't end up in another bad situation like it did before. His biggest concern is to make sure that the Bayfield residents are taken care of first and foremost. He also asked what the plan is for plant operations.

Dick answered that the District is reluctant to get into a situation where they are purchasing treated water from the Town. They hope to work out a joint venture where both parties are responsible for treating the raw water and distributing it to the customers. He explained that the District is going to have a lot more taps to service than the Town so the District will have a larger financial responsibility for the operation, i.e. salaries, repairs, maintenance, etc. The District has already reserved 200 acre feet of water from Pine River Irrigation District and they will have to build a treatment facility in Bayfield at some point. They really hope that the Town will want to work together and do a joint venture on the project. He stated that he understands the Town's concerns about the financial aspect of the project but hopes that both entities can come up with a solution that works for everyone and begin construction & operation of the plant sooner rather than later.

Justin Talbot asked what the difficulty is for getting funds on a partnership like this.

Justin Clifton answered that there are partnerships like this throughout the State. He explained that there are a lot of ways that it can be coordinated. He explained that even if the Town only coordinated with the District on property, access and a reservoir the Town would still be farther ahead than if they were going through the process alone. However, he does think that there could be some complications that can only be identified through a technical feasibility study. He thinks that the next step would be to start with a blank slate, start to look at models that would work and what won't work for the Town and come up with a solution that is agreeable to both parties.

Ed asked about capacity at the water plant.

Justin Clifton answered that the Town approaches 80% capacity during peak times in the summer. According to the State regulations, that means that the Town probably needs to begin planning for expansion. The treatment plant might also need something substantial like a filter in 1-4 years. How much capacity long term would have to be determined by a technical analysis. He stated that there are a lot more questions than answers at this point but he thinks it would be a good idea to get all of the questions written out and figure out which ones can be checked off the list.

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Debbi asked if the staff has spoken with Public Works to get their input.

Justin Clifton answered that Public Works is interested in having the conversation. He stated that there is a possibility to do a fund request through the Department of Local Affairs (DOLA) for a feasibility study on the project. There might also be some other sources of funding available as well. He thinks the first step would be to do the study and find out if it's even feasible. He explained that the Town has benefited in every situation where it has collaborated on projects.

Tom asked when the District plans to start building.

Dick answered that they hope to begin putting pipes in the ground in the next 18-20 months. The District might also propose some sort of agreement regarding purchasing treated water from the Town while construction is occurring so that they can deliver water to their residents. He stated that he realizes that could have a lot of implications on the Town and the Town will have to make sure that they are not selling water that is needed for it's own residents. He stated that the possibilities of this endeavor are endless and it will take time to figure everything out but he would really like to have those discussions with the Town to try and come up with an agreement that is satisfactory to both parties.

Amy Kraft with Harris Water stated that the District is going to hire a manager by the end of the year. They have also sent out Request For Qualifications for an Environmental Firm. They will be interviewing the firms and will be hiring one to do all of the environmental permitting, studies, etc. The District received a grant which will fund the project through the permitting process until they are ready to begin

The Board gave their consensus that they would like to move forward with the discussions on the matter.

Justin Clifton stated that he will begin working with the District on the technical analysis and will check back with the Board periodically on the progress.

Dick thanked the Board for their interest and cooperation in the process.

Action Agenda Item #5: GIS Memo of Understanding

Justin Clifton gave his staff report. He stated that Bayfield was the fiscal sponsor of a regional GIS project that has been under way over the last year. The project included establishing baseline GIS mapping for smaller communities throughout southwest Colorado. Part of the GIS project included new hardware and software to run the GIS mapping. However, the Town did not have the capacity or money to place this hardware and software in each small community. La Plata County offered to house the GIS program for Bayfield.

The County has presented an MOU outlining the understanding for La Plata County to house Bayfield GIS mapping. The MOU is typical boiler plate to protect the County and includes provisions that the County is doing this as a favor but can terminate at any time. It also makes clear that future costs associated with the Town's mapping, hardware and software needs or anything else associated with the Town's benefit will be born by the Town.

Dan made a motion to approve the Memo of Understanding with La Plata County regarding GIS services. Justin Talbot seconded the motion. All were in favor, motion passed unanimously.

Action Agenda Item #6: Business Park Landscaping

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Justin Clifton gave his staff report. He stated that the Town offered to help economic development in Bayfield by financing bonds for the Bayfield Business Park through the formation of a Special Improvements District (SID). The Town was responsible to overseeing construction of the SID and also committed to take maintenance responsibility of the public infrastructure and the landscaping.

Justin Clifton stated that the quality of the construction of the SID was very poor. The landscaping that was constructed is below par. The weed matting is insufficient and the irrigation system is set up as 1 large zone. An area the size of the Business Park should probably have more like 100 zones. The lines were not buried deeply and have been destroyed by new construction. It is all but impossible to keep up with this system without reconstructing portions and hooking into the municipal system.

Over the last 5 years the Town has slowly began replacing the landscaping; installing heavy duty weed matting and replacing the mulch with rock. The Town invested \$5,000 per year for a few years and then attempted to bump it up to \$15,000 in 2008. However, since the economic downturn the Town has not invested any additional funding.

Vern Sower submitted a letter requesting the Town to honor its obligation to maintain the landscaping. Justin Clifton explained that he has spoken to Vern and expressed that he feels that the the obligation to maintain landscaping is no different from the Town's obligation to maintain any other public infrastructure; level of service is determined by priorities and available resources.

Justin Clifton explained that he wants to find out if the Board would like to treat this obligation differently since it is the result of a contract agreement and not a general obligation. Justin Clifton also included this item on the agenda at the request of Vern Sower. He hopes that the Town Board would consider greater financial support of the SID landscaping maintenance. Justin Clifton proposed to Vern to set up a group of SID stakeholders and the Town to discuss creative ways to improve the landscaping through some combination of private business support, service group support and Town support.

Dan Ford asked for feedback from Dan Hopper, the developer of the project.

Dan Hopper stated that Justin Clifton did a very good job explaining the situation. He was concerned that the Town was going to completely stop maintaining the landscaping. He explained that the contractor that was hired to install the landscaping and sprinkler system did a very poor job and when it was completed it was approximately 50-60% of what was anticipated. He feels that getting the stakeholders involved would be a very great idea.

Dan asked how the property owners in the Business Park would feel about eliminating the middle median to widen the road.

Dan Hopper stated that the median was a great idea at the time but he thinks that the residents realize the need for a wider road and would be open to eliminating them. A lot of the trees have died due to lack of watering and he thinks that if there was an effort made to do more landscaping along the sides it would make up for the loss in the middle. He stated that the Business Park is a great asset to the Town but it is looking a little shop worn.

Dan Ford stated that he thinks the Town should treat the area like any other asset. He thinks the Town should take care of it the best way possible but not to detriment of any other project because he doesn't think that it deserve any more priority than anything else in the Town. He thinks it definitely needs to be put on the to-do list and done as money is available. He also thinks it would be a good idea to get stakeholders and property owners together and see if they would be willing to improve the looks of things as well.

Justin Clifton explained that the Town was putting in \$5,000 per year towards improvements in the SID but had to cut that out of the budget when the economy started declining. He's hoping that the Town will be able to find

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some other alternatives such as service groups, Town participation, private owners, community service, etc to help improve the looks in that area without stretching the Town's resources beyond it's means.

The Board concurred with this concept.

Justin Clifton stated that he will work on this item and will have a plan in place to present to the Board.

Action Agenda #7: New/Unfinished Business

Debbi asked if there was an agreement or resolution regarding the issue with Grace Schirard and the baseball fields.

Justin Clifton answered that Pine River Youth Baseball is a private entity. The Town Recreation department has worked really hard to work cooperatively with them but there are still issues that crop up periodically. There was an issue one evening where the field was locked and a team was unable to get into the field. Grace was extremely upset about this; however, the team never notified the Town that they wanted to practice that evening. They just showed up and expected the field to be unlocked. The Town is doing the very best they can to keep the problems at a minimum with the use of the fields.

The meeting was adjourned @ 7:59 a.m.

Minutes were approved as amended on August 17th, 2010.

Approved:

Rick K. Smith
Mayor

Marianne Jones
Town Clerk