

Town of Bayfield
Regular Town Board Meeting
January 18, 2011
1199 US Highway 160B Bayfield, CO 81122

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

Staff Present: Justin Clifton (Town Manager), Dirk Nelson (Town Nelson), Marianne Jones (Town Clerk), Ron Saba (Director of Public Works),

Media Present: None

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

Minutes: Tom made a motion to approve the minutes of December 21st, 2010 as submitted. Debbi seconded the motion. All were in favor except Justin Talbot and Gabe, who abstained from the vote.

General Public Input: Gerald Ludwig (9205 County Road 521) stated that the staff said that there would be a meeting regarding the ditch but he hasn't heard anything yet about when it will be.

Justin Clifton stated that he will follow up with Mr. Ludwig and set up the meeting. .

Daryl Yost (100 Hollow Lane) stated that he owns the property @ 360 Mountain View Drive and he received a letter from La Plata Electric regarding the installation of electric poles in front of his building. However, LPEA doesn't want to replace the infrastructure in the ground. Daryl mentioned that he doesn't think that the Town wants to set that sort of precedence with any of the utility companies. He explained that LPEA is putting in 4 power poles from the corner of Spruce Drive down to Commerce Drive. There are existing lights in place but the power has failed so their solution is to put in new poles.

Justin Clifton stated that he met with Jerry Flinger with LPEA and he has expressed willingness to meet with the property owners involved to come up with a solution. Justin Clifton expressed that the Town is not interested in more poles being installed above ground and the preferred method would be to keep them underground whenever possible. LPEA stated that they will not move forward on this matter until a meeting is held.

Heidi Doscher (550 East Willow Drive) has had several sewer back-ups in her house and her property. The Doschers installed a back-flow valve on the sewer line which has eliminated the back-ups into the house but she is concerned because they have had yet another sewer back-up issue (in their yard). She asked if the Town is doing the agreed upon preventative maintenance on that sewer line to help keep this from happening.

Justin Clifton answered that the Town agreed to jet-rod the line at least 2 times per year and has actually done it 8 times in the last year trying to prevent back-ups from happening. The speculation is that there might be a low spot in the line that is causing it to clog.

Heidi asked if the line is sized correctly.

Ron Saba stated that the line is sized right. He said that the Town staff is working real diligently to get a sewer camera purchased in the next month or two. He said that the Willow line will be the first place that the camera is used because he thinks that there might be a swag or something in the line that is causing the line to clog. Staff hopes that the camera will be able to diagnose what the problem is so that it can be fixed. Ron said that one of the issues is that the house was built lower than the manhole which is why it runs out into the yard instead of out of the manhole the way it is supposed to.

No more public input was offered so that part of the meeting was closed.

Action Agenda Item #1: Approval of the Bills

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Tom made a motion to approve the bills dated January 4th, 2011 as submitted. Gabe seconded the motion. All were in favor, motion passed unanimously.

Gabe made a motion to approve the bills dated January 14th, 2011 as submitted. Tom seconded the motion. All were in favor, motion passed unanimously.

Action Agenda Item #2: Town Updates

Gabe asked about the status of the Finance Director position.

Justin Clifton answered that no final decision has been made yet. The staff had a final interview with the top candidates today and Justin Clifton is debating whether or not to hire her. Dot met with her and really did a thorough interview regarding technical expertise and answering questions about real detailed information. Justin Clifton stated that he is going to meet with Dot tomorrow and make a decision on whether or not to offer the job or continue with an open search.

Gabe asked where the Town Hall liability is on the Financial Statements.

Justin Clifton answered that the yearly debt payment is in the Capital Improvement Fund. The actual liability is not listed in the balance sheet because it is a lease/purchase agreement. The Town is leasing the facility for a period of time and at the end of the lease period, ownership will be turned over to the Town. It is not the same type of long-term liability as an obligated bond.

Gabe asked about the compensated liability line item on page 2.

Justin Clifton answered that it is the outstanding liability for all vacation & sick time accruals. This is the amount that would have to be paid out to the employees if all of them quit at one time.

Debbi asked about the irrigation rights conversion that was mentioned in Ron Saba's staff report.

Dirk answered that the irrigation rights conversion is in progress.

Debbi asked if people are putting their polycarts in their driveways during snow storms to avoid damage during snow plowing (as was suggested by Town policy).

Justin Clifton stated that there isn't a descriptive policy in place regarding the placement of polycarts so people put their carts out where they always do. Unfortunately, people do get upset when they get knocked over or plowed in. However, there is not a lot that can be done to avoid all of the trashcans during snow plowing. There were actually just a few handful complaints regarding trashcans.

Debbi suggested that it works much better if the residents put their polycarts in the driveways.

Ed asked about the meeting with the Senior Center.

Justin Clifton stated that he hopes to schedule the meeting on January 26th @ 1:30 p.m. at the Town Hall. Phyllis is going to check with her Board to make sure that it works for them.

Dan asked if the Town received their funds in the Mesa Meadows lot sale.

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Justin Clifton answered that it is completed and the Town did receive their funds. It took some time to work out the details of the agreement but it is done and both parties are content with the outcome.

Dan asked if there is going to be some cost sharing with Dove Ranch and the Foursquare Church for the extension of the 501 trail.

Justin Clifton answered that the original agreement was that when the Town did the 2nd phase of the 501 trail enhancement that those entities would contribute their fair share of the improvements. Liz, the Town intern is working on that project and she plans to get together with those involved to find out their financial position on the matter. The cost share is included in the Annexation Agreement for Dove Ranch and the funds paid qualify towards their obligation for the park, open space and trails so it is not an extra contribution.

Gabe asked if a grease trap policy is being drafted for the Board to approve.

Justin Clifton answered that Liz is working to come up with the criteria and draft the policy. He hopes to present it to the Board very soon.

Agenda Item #3: Credit Card Processing

Justin Clifton gave his staff report. He stated that the staff and the Town Board have discussed the possibility of taking credit cards at the front desk for utility payments, sports registrations, court payments, etc. After extensive research, the staff decided to hold off on this endeavor at this time because of the extra cost that is associated with it. Board Member Candelaria asked that this item be put on the agenda to be discussed.

The costs associated are as follows:

Hardware:

Option #1: Standalone Desktop Terminal that runs on an analog landline or through IP via a CAT5 cable

- Terminal is approximately \$355.00 each. (We would need a minimum of three of these units – one for each window).
- If the Town decided to use an Ethernet connection (which would be the most preferable because of the slowness of analog) it will be an additional \$100.00 per unit.
- Debit Card Pin pad is \$180.00 per unit for the acceptance of debit cards.

Total Cost of Hardware for Option #1: \$1905.00

Option #2: ePN JAVA based virtual terminal. (This one will accommodate multiple teller windows).

- Set up fee is \$75.00 plus an additional \$25.00 per JAVA License.
- USB Swiper For Each Terminal - \$160.00 each
- Monthly gateway fee of \$10.00 plus an additional 10 cents per transaction
- Debit Card Pin Paid is \$219.00 per unit for the acceptance of debit cards.

Total Cost of Hardware for Option #2: \$1407.00 + .10 per transaction

Standard Monthly Fees:

- \$35.00 annual fee

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- \$7.95 monthly statement fee
- \$9.95 monthly PAI Secure Fee
- \$15.00 monthly minimum processing fee

Total Yearly Costs for Monthly Fees (Not Including Transaction Fees). \$429.80

Transaction/Processing Fees:

- 1.49% for signature debit +.25 cents per authorization (with the purchase of a pin pad, pin debit rates would vary between .5% and .8%)
- 1.72% for credit cards + .25 cents per authorization (qualified rate)
- Keyed entries would add 1.20% +.10 cents (mid-qualified)
- True Corporate Cards would add 1.75% + .15 cents (non-qualified)

Below are graphs that outline the potential revenue losses that would be incurred for each of our enterprise funds. The graphs estimate what the losses (not including the monthly fees or the transaction fee per authorization) would be for each fund based on if 25%, 40% or 60% of the residents decide to use this service when paying their bills. While 60% is very unlikely, the losses are substantial. 25% of the residents is probably the most realistic, but it's still a substantial amount of money once you also factor in the monthly service charges and the transaction fees per authorization (which will be .25 cents per transaction).

Possible Revenue Effects:

Credit Cards

	2011 Projected Revenue	25% Usage @ 1.72%	40% Usage @ 1.72%	60% Usage @ 1.72%
Water	506,900	2,180	3,487	5,231
Sewer	729,800	3,138	5,021	7,532
Garbage	113,000	486	777	1,166
Parks & Rec	49,450	213	340	510
Total	\$1,399,150	\$6,016	\$9,626	\$14,439

In summary, it would cost approximately \$2000 in startup costs and then anywhere from 6,000 – 14,000 in lost revenue in the Bayfield budget.

After initially reviewing these costs, the staff decided that the rates were too substantial to implement the credit card program at this time. However, if the Board would like to proceed staff can implement the program. One word of caution is that staff recently changed the organization of the budget and the financial statements to match. With this change plus the transition to a new Finance Director staff feels strongly that this items should wait until things are running smoothly before implementing a new payment process. Integration could take time and cause some hiccups along the way.

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Dan asked if there is a demand for this service.

Marianne answered that there is a minimal demand for the service, especially for making court payments.

Dan asked if the Town would gain revenue if they accepted credit cards.

Marianne answered that it is probably going to be the Parks & Recreation Department that is going to utilize the service the most; however, they are also going to take the biggest budget hit.

Justin Clifton responded that the problems with utility collections are not generally a product of not being able to pay on a credit card.

Dan stated that he is not in favor of doing this right now but asked if it's possible to just purchase one unit instead of putting one at each countertop.

Marianne answered that it is possible just to purchase one unit and there's also the JAVA option which will do three windows simultaneously.

Justin Clifton mentioned that he would like to implement fully when the Town pulls the trigger for receiving credit cards. This would include integrating online payments onto the website and this service would require additional authentication and licensing.

Dan made a motion to delay any action on accepting credit cards until sometime in the future. Ed seconded the motion.

Ed asked if other Town's accept credit cards.

Justin Clifton answered that the vast majority of them do.

Ed asked if the Town has the ethernet capability required.

Justin Clifton answered that the Town does have the capability.

Gabe suggested that he would like to put a time limit of 6 months to a year on the delay because he thinks that it should be offered to the residents of Bayfield.

Justin Clifton suggested that it would be good to re-look at this during budget time (which would be 6 months). Addressing it at budget time would give the Town the ability to budget for the loss of revenue, the cost of the hardware and implement the process at the beginning of a fiscal year so it's not spread out over two audits.

All were in favor, motion passed unanimously.

Action Agenda Item #4: Extension of Vested Rights – Highlands Subdivision

Justin Clifton gave his staff report. He stated that the Board previously made a decision to extend the vested rights of the Highlands subdivision for 60 days pending an arrangement with the developer to address the standing of the subdivision and the payment of the waterline fix.

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Justin Clifton has heard from the Developer that they are willing to pay all the costs for the water line repair (although they would like to pay half now and the other half by the time of first building permit or the end of the vested rights), obtain and maintain a Storm Water Management Permit and cap the drainage pipe that could lead to drainage issues. In trade, the Developer would like to extend the project for 2 years. The Developer has also requested to complete the annexation process, which has been approved but never signed.

Justin Clifton stated that he feels this is a very good deal and demonstrates good faith on the part of the Developer. If there are no changes needed to the annexation agreement it can be signed without further Board involvement.

He explained that if the Board agrees to these terms, the staff will draft an agreement regarding these items and record it with the County.

Justin Talbot stated that he feels the Town should get reimbursed for the entire waterline costs within a reasonable time frame before being granted the vested rights extension.

Debbi asked if the annexation approval includes the final engineering.

Justin Clifton explained that the final engineering would be included in the Subdivision Improvements Agreement rather than the Annexation Agreement.

Gabe asked what the Town's enforcement capability will be to make sure that the Developers do what is required.

Justin Clifton responded that if the Board makes a motion that the terms are contingent upon a certain time frame; if the Developer does not comply the vested rights will expire at the end of that time period. However, there are still additional areas that give leverage for the Town to get the results necessary.

Gabe stated that he doesn't think that granting a 2 year extension is a good idea.

Rick stated that he thinks that the developer needs to complete all of the items on the list within 60 days (including payment in full of the waterline costs) and he would be willing to grant a two year extension. However, he would not be willing to extend it again after the two years is up unless situations change substantially.

Gabe so moved. Ed seconded the motion.

All were in favor except Dan & Debbi who abstained from the vote due to conflicts of interest. .

Action Agenda Item #5: Town Manager Transition

Justin Clifton gave his staff report. He stated that he has submitted his resignation effective March 18th, 2011. He said that he thinks it is a good idea for the Board to get started on developing a process to conduct a search for his replacement and generally start to consider the transition to a new Manager. Justin's judgment of the landscape is that there are fewer people qualified to take this position moving around because of the housing market so he anticipates the search could take some time. Even 5 years ago when there was a great deal of movement it took the Town nearly 8 months to hire a permanent Town Manager. This was at least in part because the first person who was offered the job accepted but delayed starting over and over for a period of at least 6 weeks before the Town opened the search again. Nevertheless the Town should be prepared for the worst in an effort to minimize disruption and maintain progress during this transition. Despite the potential

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challenges, Justin Clifton also maintains that this is a very unique opportunity to assess the current status of the Town and bring in a new Manager capable of continuing the progress that has been made.

Justin Clifton suggested that the best way to minimize disruption and keep things moving smoothly is to consider hiring an Interim Manager. This will enable the Board to take longer with filling the permanent position (whether by choice or necessity) and provide for a smooth "hand-off" of responsibilities before Justin Clifton leaves. He also strongly recommended that the Board hire someone to facilitate the search. The Town Manager is not only the only position that the Board hires directly but Justin Clifton thinks it is the most important position to ensure the organization continues to excel. Hiring someone to help with the search will have many benefits. This type of firm will send a person to work with the Board to figure out exactly what kind of manager is desired, use his or her contacts to generate interest in the position and then formulate a thorough process to draw out the skills, talents and experience the Board is looking for.

There are numerous ways to approach both the Interim Manager and the search. In some cases, people are willing to serve both roles. This is nice because the Interim Manager usually gets valuable experience working closely with the Board, staff and community that translates to a better search process. However, this type of person would likely come in from out of Town so there would be some drawbacks in the lack of familiarity with the Town and its particular programs. The Town could also appoint a qualified local person to handle the interim duties and maximize continuity and hire a separate person to conduct the search. In this case the Board gains something on the day-to-day operations but may lose some of the valuable insights an Interim Manager could bring to the search process.

Justin Clifton suggested that it might be best to allow himself & the Mayor to spend some time with Ron LeBlanc, (the Durango City Manager) to vet all of these options and come back to the Board at the first meeting in February with a range of options, including specific individuals/ firms, conceptual outlines and cost. Justin Clifton stated that he has already begun getting materials from recommended firms and individuals to expedite the process.

Justin Clifton said that other than facilitating the Board with this transition, his remaining time in Bayfield will focus on organizing his files, closing as many projects as possible, making comprehensive notes for the next manager and lining out projects for the department heads. He asked that if the Board feels strongly about particular functions that should be performed to let him know.

Dan asked if Justin Clifton has anybody in mind for the interim Town Manager position.

Justin Clifton responded that he does have a person in mind that might be able to fill the role.

Dan asked if the Colorado Municipal League might be able to help with this type of search.

Justin Clifton answered that they are willing to post the advertisement on their website but that is pretty much the only service that they can offer. He explained that it is generally done by the municipality themselves conducting the search or hiring a firm to do it. There are some resources that might help with the process (for free) but he still thinks it would be best to hire a firm to actually conduct the search in order to yield the best results.

Gabe asked if the cost is available in the budget.

Justin Clifton explained that he hopes to bring in an Interim Manager for the amount allocated for his salary and benefits so that it is seamless with the budget. He expressed that there might be some overlap but it would not be substantial.

Gabe asked why Justin Clifton feels that there aren't Public Administrators looking for jobs right now.

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Justin Clifton answered that he has gotten his data from the activity of the headhunting firms. He also has been involved in hiring for some high level positions recently and those positions have not generated a large pool of candidates.

Gabe asked about the timeframe.

Justin Clifton responded that having an interim Manager would buy the Board some time in getting a permanent manager in place. However, if the Board opts not to hire an interim, the timing of hiring a permanent manager becomes much more crucial.

Ed stated that he would like to pursue hiring an interim manager from the local pool rather than going with a firm. He said that he knows of a few people that are qualified for the position and he thinks it's something that could be done pretty quickly.

Rick agreed that the interim is a good option and will allow the Board to take their time to find the right person for the job. Since this is the one position that is hired by the Board, he feels that they need to be able to take the time to pick wisely. He also stated that he thinks the department heads need to be involved in the final selection of a Town Manager and having an interim would help give that sort of selection time.

Dan agrees that the Town should bring in an interim manager and that the Town needs to hire a firm to find the right person for the Town Manager position. He thinks a firm will give the direction needed to be able to move forward as quickly as possible.

Rick agreed that it would be best to hire a search firm to help do the search because a professional firm will be able to figure out exactly what the Board, the staff, & the residents are looking for to fill the Town Manager position.

Rick asked how the Board wants to proceed on the Interim Manager position.

Ed suggested bringing in three to five people to interview.

Gabe asked if the Town has to advertise this position.

Justin Clifton answered that this would be a contract service rather than an actual personnel person.

Dirk agreed that this doesn't have to be advertised since it will be a contract service.

Dan suggested accumulating as many as deemed necessary and bring them to the Board for review. He also expressed allowing the Mayor to be the spokesperson.

Ed concurred.

Gabe & Tom both said that they would like to be included in the recruitment as well.

Justin Clifton said that he will meet with the Mayor and other Board Members as needed to come up with substantial proposals to bring to the Board for consideration at the next meeting. This will include the search for the Interim Manager and the permanent manager.

Justin Talbot asked if the executive firms will still look local.

Justin Clifton answered that the Board can certainly give that direction.

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Action Agenda Item #7: New/Unfinished Business

Justin Clifton mentioned that the Municipal Summit will be held on January 27th @ 5:00 p.m. and asked for a head count of those Board Members that can attend.

4 Board Members stated that they will attend.

The meeting was adjourned @ 8:03 p.m.

Minutes were approved as amended on February 15th, 2011.

Approved:

Rick K. Smith
Mayor

Marianne Jones
Town Clerk