

TOWN OF BERTHOUD  
BOARD OF TRUSTEES  
SPECIAL MEETING  
TUESDAY, NOVEMBER 29, 2005  
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The Board of Trustees of the Town of Berthoud met for a special meeting on Tuesday, November 29, 2005 in the Board Room at Town Hall. The meeting was called to order at 7:00 p.m.

MEMBERS PRESENT: Mayor Milan Karspeck  
Mayor Pro-Tem Don Ashcraft  
Trustee Louis Gervasi  
Trustee Peder Thorstensen  
Trustee Glen Buckingham  
Trustee Michael Patrick  
Trustee David Gregg

STAFF PRESENT: Town Administrator Jim White  
Police Chief Bobby Forrest  
Police Officer and Mrs. Scott Bonner  
Town Attorney Bruce Fickel  
Deputy Town Clerk Charlene Reed

**PLEDGE OF ALLEGIANCE**

Mayor Karspeck led the pledge of allegiance.

**CITIZEN PARTICIPATION**

There were no items presented from the audience.

**REPORTS**

Mayor Karspeck noted a new police officer was sworn in this evening. Town Administrator White introduced Scott Bonner, the new Town of Berthoud police officer.

Police Chief Forrest welcomed Officer Bonner to Berthoud, noting he brings experience that will be of value to the Town of Berthoud.

Administrator White noted the next Finance Committee meeting is scheduled for Thursday, December 1, 2005 at 7:00 a.m. at Town Hall.

Administrator White noted "Coffee with Jim" has been moved to Friday, December 2, 2005 at 7:30 a.m. at Grandpa's.

Administrator White noted "Holidays in Berthoud" is scheduled for Saturday, December 3, 2005.

Administrator White provided a copy of the new recreation brochure which will be distributed by mail throughout town.

Administrator White noted that a new Economic Development Committee has been formed with representatives from the Town, the Chamber and the business community. The purpose of this committee is to develop strategies for economic development for Berthoud.

Michelle Jurs, Chamber Director, addressed the Board, noting this is the 10<sup>th</sup> Annual Holidays in Berthoud celebration and she presented information regarding the events planned.

### **CONSENT AGENDA**

The Consent Agenda consisted of the minutes from the special meeting held on Tuesday, October 18, 2005, the financial statement for October 2005, and the liquor license renewal for Berthoud Wine and Spirits.

**Trustee Buckingham moved to approve the consent agenda as submitted. Second by Mayor Pro-Tem Ashcraft. Trustee Patrick abstained regarding the liquor license renewal. The motion passed unanimously.**

### **PUBLIC HEARING – AMEND DEVELOPMENT CODE RE: TREES**

Mayor Karspeck noted this item involves the amendment to Section 30-14-601 of the Town of Berthoud Development Code regarding the cost for replacement trees.

Arborist Shiloh Hatcher summarized the changes requested by the Board. He noted this ordinance is in line with other communities in the area, and noted this takes the subjectivity out of the replacement of trees.

Trustee Patrick requested language clarification in the Ordinance. Attorney Fickel agreed to make the changes.

Mayor Karspeck opened the floor for public comment.

John Goreski, 604 E. County Road 10, addressed the Board, noting he is the Chairman of the Tree Board and their concern is to preserve a valuable asset in the trees we have currently. He encouraged developers and residents to be good neighbors.

Trustee Gregg asked if there is a way to handle narrow lot sizes, where the replacement trees may not be allowable. He asked if it is possible to put the replacement trees

elsewhere. Arborist Hatcher noted this ordinance allows us to put the trees where they are needed in Town, not necessarily on the subject property.

**Trustee Buckingham moved to approve Ordinance 1017 amending Section 30-14-601 of the Town of Berthoud Development Code with the changes identified. Second by Trustee Thorstensen. The motion passed unanimously.**

### **PUBLIC HEARING – ORDINANCE RE: RAW WATER DEDICATION**

Town Administrator White noted this is a continuation of discussions regarding raw water for new development for the Town of Berthoud. He explained that three versions of the proposed ordinance were included in the packet. This first version is a redlined version tracking changes made through Board discussions, the second is a copy proposing approval of this ordinance in tandem with the approval of the system investment fee ordinance; and the final version proposed approval of this ordinance now prior to the close of 2005 with the expectation that the system investment fee ordinance will be completed within three months.

Paul Zilis, Town of Berthoud water attorney, Vranesh & Raisch, LLC, addressed the Board and presented a brief overview of the changes that were made in the proposed ordinance. He explained that the ordinance currently in effect sets water dedication for a single family home, without taking into consideration lot size. The proposed ordinance bases the water dedication on lot size and is similar to other ordinances for other municipalities in the area.

Trustee Buckingham asked how long it will be before we are able to look at the system investment fees. Administrator White noted that review is in progress and we anticipate that it will be presented within the next three months by John Gallagher.

Attorney Fickel noted one thing we are trying to accomplish is to assign the fees to the projects they support. This advocates this fee to raw water and allows the Town to identify water sources and have the monies available to purchase water.

Mayor Karspeck noted the first decision is which ordinance will be considered for approval this evening.

Trustee Buckingham noted based on staff's view that we can review treatment and delivery fees, would support either. Mayor Pro-Tem Ashcraft agreed.

Trustee Patrick expressed concern that we are considering make a change in one piece of the puzzle without making a change in all the pieces. There would be a decided windfall if a developer was able to pay a reduced raw water dedication fee, and being allowed to pay the lower tap fees that are in place. He did not feel it would be appropriate to give

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unwarranted incentives caused by a gap in the fee structure. He suggested that all the changes need to be done simultaneously.

Trustee Gregg noted evidence that has been presented indicates that we have been receiving more than necessary in the raw water department. If we had found an inequity in the other direction, it would have been promptly resolved and with the extra water that has been collected should provide a cushion.

Trustee Gervasi agreed it is appropriate to make all fee changes at the same time and Mayor Karspeck agreed. He noted one of the proposed ordinances allows us to pass this ordinance at this time and make it go into effect when we make the change to the investment fees.

Board members agreed to consider the ordinance version that would allow the changes to take effect when the remainder of the fees are review and revised.

Mayor Karspeck opened the floor for public comment.

Larry Heckel of Peakview Subdivision addressed the Board noting this change needs to be made in the spirit of economic vitality to bring better spirit to the growth in Berthoud. He noted he owns 50% of Peakview Subdivision and they have been getting permits. Prices of homes being constructed in Berthoud are too high and the raw water dedication is one of the reasons. He asked the Board to go forward with this issue.

Karen Stockley spoke in opposition to the change. She agreed that tiered rates bring fairness to the development community, but felt the rates proposed are too low. She was concerned that the drought will continue and the amount of water collected will be inadequate.

Michelle Jurs, Executive Director, Berthoud Chamber of Commerce addressed the Board. She thanked the Board for considering this change, noting that this is directly in accord with bringing development and business to Berthoud.

Frank Bender, 540 Mount Massive, felt that the Board procrastinated in making this change. He built a house in Berthoud and the permit cost an additional \$8,000. This should be lowered and he noted this is important in encouraging businesses to come to Berthoud.

There were no further comments and the item was returned to the Board.

Trustee Thorstensen noted the Board is in favor of making this change concurrent with the change to the capital investment fees.

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Trustee Gervasi asked Mr. Zilis to address the comments from the audience.

Mr. Zilis noted that most towns do not define their water portfolio based on drought conditions that occur every hundred years. That is handled with water restrictions. He also noted that this ordinance requires that CBT units be conveyed to the Town at a guaranteed rate. The Town has really good water rights, and that provides a cushion, even with a drought of the type we faced in 2002. The tables presented make sense and consider losses within the Town system.

Mayor Pro-Tem Ashcraft noted the Town also has a rate structure that encourages conservation. He noted the senior rights the Town has are critical to making it through drought years. He noted we are fortunate when you compare our water rights with other municipalities in the area.

Trustee Gervasi asked how this change will affect our participation in the NISP project. Attorney Zilis noted that is something that the Town will have to address as we go down the road, and the funds collected here could be used for participation in that program.

Trustee Buckingham noted the Town had a water demand and supply analysis done that indicates that the Town has 1200 acre feet of surplus water. That surplus allows the Town to have 20 years of raw water. He noted that is why it is important to look at this issue and make the changes necessary. He also noted it is important to look at other aspects of this fee structure. Raw water treatment will be the next funnel in the financial picture for the Town. The Town has 300 permits left before we must look at another water purification plant and that will be very expensive. He agreed that it is important to consider the fees together, but noted we have a sizeable surplus.

Mayor Pro-Tem Ashcraft noted it is important that we go forward and take care of this, but noted this is important and all factors must be considered.

Trustee Patrick noted the water that has been described as "surplus" is a very valuable asset. It was purchased by the people that live here and just because we have it is not a reason to be cavalier about how much is required for dedication in the future.

Trustee Patrick agreed that a tiered structure makes sense, but he suggested that the tiers presented are too low. He felt there must be a reasonable minimum and the proposed minimum is not adequate in a worst case scenario. Other cities have tiered structures and their minimum is .62 or .64 acre feet.

Trustee Patrick also expressed concern that we are reducing the water dedication to a bare minimum and then allowing a further reduction for non-potable systems. He noted it is conceivable to have credits as high as 60%, and that would substantially reduce the amount of water required.

Trustee Patrick noted the lowest he would consider would be the .64 acre feet, which would compare to the current standards at a 35% reduction. He identified changes that need to be made in the document and Mr. Zilis noted the changes.

**Trustee Buckingham moved to approve Ordinance 1018 amending the raw water dedication requirements for the Town of Berthoud as amended. Second by Mayor Pro-Tem Ashcraft.**

**Trustee Patrick moved to amend the motion to eliminate the two smallest lot size dedications and make the minimum 0.64 acre feet. Second by Trustee Thorstensen.**

Mayor Karspeck noted he would prefer to see the ordinance left as it is. He asked that the Board be polled for the amendment.

**Trustee Gervasi, Trustee Patrick and Trustee Thorstensen voted YES on the amendment. Trustee Buckingham, Mayor Pro-Tem Ashcraft, Mayor Karspeck and Trustee Gregg voted NO on the amendment. The amendment failed.**

Trustee Gregg noted he is in favor of approving the ordinance, but not in favor of waiting for the ordinance to go in effect at a later date. He noted in three years, there have been three increases in water rates, and the change needs to be made.

Mayor Karspeck asked that the Board be polled for Ordinance 1018.

**Trustee Buckingham, Trustee Gervasi, Mayor Pro-Tem Ashcraft, Mayor Karspeck, Trustee Gregg and Trustee Thorstensen voted YES. Trustee Patrick voted NO. The motion passed.**

The Board took a brief recess.

### **PUBLIC HEARING – WATER AND WASTEWATER USER RATES**

Administrator White noted the Board received copies of the proposed rate adjustments proposed by John Gallagher of Red Oak Consulting. He noted after the Board reviewed the proposed rates, development costs were removed from the increases. The original recommendation was to increase rates over the next five years. The proposed rates for 2006 are 6.7% for water and 12.7% for wastewater and we will plan to review the future rate increases during 2006.

Trustee Buckingham noted that this has been considered during Finance Committee meetings and he asked if ending fund balances can be in deficit. He noted that when you project forward to the 2007 budget, there are serious concerns about whether the rates

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proposed for wastewater are adequate. He noted this is one of the areas where if we do not use 2006 to fix part of the problem, the problem will be worse in 2007, with a deficit of up to \$500,000. He suggested this is the time to spread the pain out and make more significant increases in 2006 to offset some of the increases which will be necessary in 2007. He noted if we go forward at this rate, we will need a 21.4% increase in 2006 and the same in 2007 to keep the fund from going in the red in 2007. If we do not make this change, there is the potential for a 45% increase in 2007.

Trustee Gregg asked what caused the change. Trustee Buckingham noted that not much has changed. It is possible to conclude that having permits at below the budget average of permits for 60 dwelling units has had a negative impact on the rates collected. For each year we have less than 60 permits, the problem gets worse.

Trustee Patrick noted that the fees we have been charging are not meeting expenses forcing the Town to dip into the reserves during that period. The problem is that we are going to run out of reserves, which will create a need for increases in the number of tap fees, higher tap fees, or higher user fees. We are ending up with a situation where we must take a significant step at reducing the amount of reserves we use in 2006, we will be faced with inadequate reserves in 2007. He noted even if the Town had been at 60 per year, we would still be in substantially the same place with regards to the enterprise funds.

Trustee Buckingham agreed, noting that there were no rate increases over many years, and we have significant bond payments that must be made. Trustee Patrick agreed, noting the Town has bond payments of over \$1,000,000 per year. He noted it is agonizing for the Board to authorize these increases, realizing that there is a negative impact on the residents in Berthoud who are on fixed incomes. The only long term solution is to have more residents involved in paying the rates.

Trustee Patrick encouraged the Board to go forward with these increases, but to return this item to John Gallagher and look for a solution early in 2006.

Trustee Buckingham agreed, noting that it would be beneficial to have this dialogue with John Gallagher.

Mayor Karspeck agreed this is troublesome and felt we need further analysis early in 2006.

Mayor Pro-Tem Ashcraft agreed and noted that this has come to light in the Finance Committee and we need to get John Gallagher involved in looking for ways to resolve this issue.

Administrator White noted one problem was a decrease in revenue and another aspect is the increase in bond obligations at \$1.2M over the next ten years. There was some debt anticipation reflected in the document provided to the Board in 2002, but we have added to that amount with the increase in cost for the wastewater treatment plant. Administrator White noted that Mr. Gallagher originally proposed larger increases, but he worked to reduce those at that time. He has expressed a willingness to review these numbers in 2006.

Frank Bender, 540 Mount Massive, noted he was not opposed to the rate increases. He encouraged the Town to look at conservation. In new developments, they are required to have sod in tree lawns, and allowing other options could allow for a reduction in water usage. Mayor Pro-Tem Ashcraft noted that is no longer required by the Town, it is a requirement of the HOA for Peakview.

There were no further comments from the public.

**Mayor Karspeck moved to approve Ordinance 1019 to make water and wastewater funds rate adjustments in the enterprise funds, proposed at 6.7% and 12.7% respectively to achieve the fiscal demands of the water and wastewater enterprise funds and to meet the Town's long-term debt requirements. Second by Trustee Gregg. All members voted YES.**

Trustee Buckingham recommended that review of the rates begin in early 2006. Board members agreed.

#### **PUBLIC HEARING – MUNICIPAL FEE**

Administrator White noted the Finance Committee has recognized the need to consider the continuation of a municipal fee in 2006 to cover expenses of certain municipal services, including mosquito control, street lighting, snow and ice removal, recycling, weed control, school light maintenance, signs (signage), port-a-johns, and trash removal. He noted the proposed fee for 2006 is included in an amount of \$104,300 in 2006 for these Town Services, and pointed out that a sunset provision is included in the proposed ordinance.

Board members encouraged staff to evaluate changes in the ordinance throughout the year to modify this cost if possible during 2006.

Trustee Patrick noted the Finance Committee would have preferred not to have this ordinance continue this year, but it was necessary in order to allow the Town to continue providing the essential services included in the ordinance. There were insufficient funds available without continuing this fee through 2006. This fee is lower for 2006 than it was in 2005. He noted the Town is doing everything possible to try to make Berthoud a place

where the residents can afford to continue living in Berthoud. He noted with our current budget, the only way we could provide street lighting was to continue this fee.

Trustee Buckingham noted this fee has been closely scrutinized and the services are needed in the community. He noted it is appropriate for the community to help pay for these services. These are necessary services, and it is necessary for the Town to be able to offset these costs. He noted this is a wise approach to allowing the Town to provide these services.

Mayor Karspeck noted there are limited ways to handle expenses of this type. We can continue to try to reduce our expenses, but these are necessary services that need to be provided for our residents. In order to offset these costs in other ways, we can have more residents shopping in Berthoud and see an increase in our sales tax, we can increase our property taxes, or we can have the municipal fee. The Town needs the \$104,000 in 2006.

Trustee Gregg noted that it is important that the residents understand that this fee is a direct result of less than ideal growth. The individuals that bear the cost of the slower growth are the fee payers in the Town. He noted the individuals that regularly attend meetings when matters of growth and growth control are on the agenda who in many cases do not live in the Town limits and are not subject to these fees are again conspicuously absent when the Board has to deal with the costs of not having grown very rapidly. He noted this is something that must be done.

**Trustee Gregg moved to approve the Town of Berthoud's 2006 Municipal Fee Ordinance # 1020. Second by Trustee Buckingham. Trustee Buckingham, Mayor Pro-Tem Ashcraft, Mayor Karspeck, Trustee Gregg, Trustee Patrick and Trustee Thorstensen voted YES. Trustee Gervasi voted NO. The ordinance passed.**

#### **SET PUBLIC HEARING – 2006 BUDGET AND RELATED ORDINANCES**

Mayor Karspeck read the titles of the four 2006 budget related ordinances.

**Trustee Gregg moved to set the Public Hearing on Tuesday, December 13, 2006, to consider the approval of the Town of Berthoud's 2006 budget and related ordinances to meet the Colorado statutory deadline of December 15, 2005. Second by Trustee Patrick.**

Mayor Karspeck noted these ordinances must be passed with an Emergency Clause and require a vote of six members. There is a possibility that there will be a shortage of Board members. Administrator White noted we have done the research and it is possible in an emergency to have one of the absent members available by phone to vote for approval of the budget.

**All members voted YES.**

**LIBRARY BOARD APPOINTMENTS**

Trustee Thorstensen noted there are two openings on the Library Board, and interviews were held for the two applicants. Both applicants were qualified and we look forward to them joining the Library Board.

**Trustee Thorstensen moved to appoint Peg Obenhaus to a four-year term and Julie Bunich to a three-year term on the Library Board. Second by Mayor Pro-Tem Ashcraft. The motion passed unanimously.**

**HISTORIC PRESERVATION COMMISSION APPOINTMENT**

Trustee Buckingham noted there was one opening in the Historic Preservation Commission. This opening was posted and there was one applicant, Carlin Barkeen, who serves as a consultant for the Town Planning Department. She has a sizeable interest in historic preservation and was interviewed for the opening. She will be a valuable asset on the Commission. Carlin also has a development background and she will bring a balance to the Commission between development and preservation.

**Trustee Buckingham moved to appoint Carlin Barkeen to a three-year term on the Historic Preservation Commission for a term to expire on August 31, 2008. Second by Trustee Gregg. The motion passed unanimously.**

With no further business, the meeting ended at 10:50 p.m.

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Mayor Milan Karspeck

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Deputy Clerk Charlene Reed