TOWN OF WELLINGTON

BOARD OF TRUSTEES
August 12, 2020
7:30 PM

Special Meeting

MINUTES

A. **CALL TO ORDER**
Mayor Hammon called the regular meeting of the Board of Trustees to order at 7:30 p.m.

1. Pledge of Allegiance
Mayor Hammon asked that all rise for the pledge of allegiance.

2. Roll Call
Mayor Troy Hammon
Trustee Wyatt Knutson
Trustee Jon Gaiter
Trustee John Jerome
Trustee Rebekka Kinney
Trustee Ashley Macdonald
Trustee Tim Whitehouse

Also Present:
Kelly Houghteling, Interim Town Administrator
Tyler Sexton, Interim Finance Director
Cody Bird, Director of Planning
Bob Gowing, Director of Public Works
Krystal Eucker, Town Clerk

3. Amendments to Agenda
Mayor Hammon asked if there are any amendments to the agenda to which there was none.

4. Conflict of Interest
Mayor Hammon asked if there were any conflicts of interest on this evening's agenda to which there was none.

B. **COMMUNITY PARTICIPATION**

1. Public Comment
Mayor Hammon opened the meeting up for public comment to which there was none.

2. Presentation
There were no presentations on the agenda.

C. ACTION ITEMS

1. Annexation Agreement and Development Agreement for Poudre School District
Per Mr. Bird, the Town Board was previously presented with a draft annexation agreement regarding annexation of land owned by Poudre School District. The draft agreement was tabled to the August 11, 2020 and again to August 12, 2020. Town Board meeting to allow revisions to the agreement. The annexation agreement has been coordinated between Town staff and PSD staff. It was also determined to be advisable to enter into a development agreement concurrently with the annexation agreement. Drafts of both agreements are attached, and both agreements have sections that require further coordination. It is recommended that the agreements be tabled to a later meeting for action

Trustee Whitehouse commented on the road impact fee and there would be an average of 3,000 daily vehicle trips, that number seems very high.

Trustee Whitehouse moved to approve to table to PDS Annexation and Development Agreement to August 28, 2020; Trustee Jerome seconded the motion. Roll call on the vote resulted as follows:

Yeas - Gaiter, Jerome, Kinney, Macdonald, Whitehouse, Knutson, Hammon
Nays - None
Motion carried.

2. Resolution No. 28-2020 - Raw Water Dedication Fee-in-lieu Rates
Mr. Bird informed the Board that what is before them is a draft resolution proposing to reestablish the raw water dedication requirement and the cash-in-lieu rate in lieu of water medication. For some background context, Wellington last updated the raw water cash-in-lieu rate in April 2017. That's been a little over three years now since the raw water rate was adjusted and, in that time, the share prices for water have grown exponentially and our cash rates have not kept up with that pace. The numbers on the proposed resolution are to reflect the current market pricing for shares of water that we need for this time to continue to grow. One thing that is new in this proposed resolution is a split for indoor consumption and outdoor use. Staff feels is vitally important for Wellington's future because they are two very different needs and as you can see, it's a pretty close to 50% split. Staff does think it's important as we know the scarce resources are only going to grow scarcer to be able to conserve and adjust our fees appropriately based on demand.

Mr. Gowing commented that the basis of this is to determine the indoor annual water usage and the average annual outdoor water usage and encourage the dedication of shares for that. Town staff is assuming that we will not be able to purchase these shares for an average of a year due to the scarcity of North Poudre Shares and the Town's own inability to buy as many shares as we would like.

Town staff basically took the historic market value of North Poudre Shares, calculated the inflation and applied that to the current market value for one year and that that inflation rate is about 40% which is approximately $280,000.

Trustee Gaiter inquired if the developers are not required to pay a fee if they are going to dedicate water.

> Mr. Gowing stated that is correct, in fact the stated in fact the standard is to dedicate shares.

Trustee Whitehouse inquired as to what kind of outreach has been done to the developers.

> Mr. Gowing stated there has not been a formal presentation outside of what the Board has seen.
>
> Mr. Bird stated there have been numerous conversations with developers and builders over the last few years letting them know that the water rates will have to increase at some point and the Town has reached that point. Most of the feedback that was received from the developers after the public hearing was that we understand the rates need to go up but that is a big number.

Mayor Hammon inquired if the development community was shocked to see the North Poudre shares go up as well.

> Mr. Bird stated he can not speculate to their reactions but would imagine their reaction was the same as the Town's.

Trustee Whitehouse inquired if the cash-in-lieu pricing represents the true cost to Wellington to provide this service, except for the inflation.

> Mr. Gowing stated it is the best estimate of the true cost.

Trustee Macdonald inquired if it would acceptable for a developer to bring in equivalent amount of CBT shares.

> Mr. Bird stated the prior ordinance did allow for contribution of CBT shares. The current ordinance before the Board provides that flexibility. The nuance is that not all water shares are the same and delivery of CBT shares means something very different than delivery of North Poudre shares. There are also other limitations on how those shares are used by the end user. The Town reserves the right to decline the CBT shares in this resolution.
>
> Mr. Gowing stated there is no delivery system in place for CBT shares.

Trustee Jerome inquired as to why there is a significant change in the draft that was presented at the work session to the draft before the Board this evening.

> Mr. Bird stated what was presented at the work session was the methodology for indoor and outdoor use although the factor of inflation was still being worked on.

Trustee Jerome inquired if there will be any assurances that folks living in newer developments with non-potable systems are not using indoor water for outdoor use as there have been instances in the past when pumps on non-potable systems are broken.

Trustee Knutson commented that that would be a short-term use.

Mr. March informed the Board that there are certain subdivisions that have agreements with the Town regarding maintenance of no-potable systems. Should those systems fail, the Town can step in and take over operations, make assessments and collect fees. The Town does hold security deposits to ensure that when systems fail, the problem will be fixed.

Mayor Hammon opened the meeting for public comment.

Daren Robertson with Sage Homes commented that in our development agreements and covenants, it is required that all residents use the non-potable system and cannot use potable water for outdoor use. Mr. Robertson sees the need for an increase and suggested doing a step increase over the next 6-9 months. Mr. Robertson is asking to allow home buyers that are currently making the decision to purchase a home be allowed to do so under the current fees. There could be a list provided of potential buys that are in the pipeline.

Landon Hover with Hartford Homes commented that he is struggling that Wellington is the only municipality or water district that have arrived at these rates being the highest in the surrounding area. Mr. Hoover echoed Mr. Robertson and would also like to see a step increase.

Mayor Hammon commented that the developed brought up some good points and inquired if Wellington could consider the individuals that are currently under home contracts and if there is a possibility or a step increase.

Trustee Gaiter commented that section three does address homes that are under contract. Also, the water situation in municipalities vary so it is difficult to compare municipalities in that aspect.

Trustee Macdonald commented that a concern is if we if we blindly approve this increase number without seeing exactly how it was calculated and overcompensate on this, we could kill the development that supposed to be paying for this growth.

Trustee Jerome commented that as we've been talking about raising the water rates for the home usage, it is believed that those rates were being calculated with these impact fees not being part of that equation. That is the reason Wellington is in some of these water issues is we had been taking those impact fees to help bolster the water treatment part. When the new water rates are being discussed, those rates don't include taking these impact fees and subsidizing the water treatment portion.

Mr. Sexton stated that is correct, the rate is set specifically to do that in order to avoid a problem of slowing down development. If development was stopped completely, those rates would be able to sustain the water costs, as well as the capital improvement projects that come down the line.

Trustee Gaiter inquired as to a rough estimate of the cost under the old rates of the 10 shares we just purchased was cash-in-lieu for the entirety of those shares.

Mr. Gowing stated we're currently charging roughly half of what it's worth; Wellington paid

$2 million for 10 shares and under the old cash-in-lieu we would have received $1 million. Trustee Gaiter commented that Wellington can't afford any substitution, a 50% substitution is outside of what we can afford to do so.

Trustee Whitehouse inquired if Wellington takes a step increase approach, what would prevent someone from coming in and paying for all their water but not bringing homes online for years.

Mr. Bird stated that is a concern that staff had so to help alleviate that, we would like fees to take effect and allow any contracts currently in place to honor the old fees to prevent a flood of new permit applications, just to beat the fees. I think it would be possible to do a step to approach, knowing that we're establishing a cutoff date for the applications with a contract and make that time limited. Step approach would allow the development community to increase their fees, respectively, with those planned incremental steps.

Mayor Hammon inquired as to what it would take to figure out the step approach.

Mr. Bird stated if that was a desire, staff can take the current proposed fee and divided by three to get your step increases and then establish how much time passes between each step.

Trustee Gaiter commented that he is not comfortable with the step approach as it feels like we are going backwards. Wellington is are already negative on this and it needs to be addressed.

Trustee Macdonald commented that she is in support of an increase but is not in support of the increase presented.

Trustee Gaiter moved to approve Resolution 28-2020 with the corrected date, grammatical corrections and with the change to section three that says no reduced payments allowed by this paragraph shall be accepted by the town after October 15, 2020; Trustee Kinney seconded the motion. Roll call on the vote resulted as follows:

Yeas - Gaiter, Jerome, Kinney, Whitehouse, Hammon
Nays – Macdonald
Abstain – Knutson
Motion carried.

3. Ordinance No. 16-2020 - An Ordinance amending Section 2-2-70 of the Wellington Municipal Code as it relates to Special Meeting Notification

Mr. Brad March stated earlier this year the Board went to electronic meeting postings on the internet, rather than postings in place for meetings; this did not include special meetings. The change to posting meeting on the internet was due to legislative changes that encouraged internet postings as they were thought to be more effective in today's world.

Special meeting notices are currently still required to be delivered to Board Member's homes which; it would be more efficient to send them electronically.

Mayor Hammon opened the meeting up for public comment to which there was none.

Trustee Macdonald moved to approve Ordinance 16-2020; Trustee Gaiter seconded the motion. Roll call on the vote resulted as follows:

Yeas - Gaiter, Jerome, Kinney, Macdonald, Whitehouse, Knutson, Hammon

Nays – None.
Motion carried.

Mayor Hammon closed the regular meeting at 9:15 and opened the Liquor License Review Board.

D. OTHER BOARDS

Roll Call
Mayor Troy Hammon
Trustee Wyatt Knutson
Trustee Jon Gaiter
Trustee John Jerome
Trustee Rebekka Kinney
Trustee Ashley Macdonald
Trustee Tim Whitehouse

1. Liquor License Review Board
Annual Renewal - Beer and Wine Liquor License
Hong Investments LLC
d/b/a Papa's Table

Mr. March informed the Board that state law allows the Board to call a hearing on a liquor license renewal application although this is something that is not mandatory. The renewal applications before the Board this evening may be approved by the Board although if the Board feels a public hearing is needed, that can be done at the next regular meeting after the notice has been posted.

Mr. March informed the Board that Hong Lu Investments, LLC, d/b/a Papa's Table submitted their annual renewal for their Fermented Malt Beverage liquor license. A review of the application found the establishment is in good standing with the Colorado Secretary of State, the establishment is current with sales tax and the Larimer County Sheriff's Office reported no issues directly related to the establishment's liquor license.

Mayor Hammon opened the meeting for public comment to which there was none.

Trustee Jerome moved to approve the annually renewal for beer and wine liquor license for Hong investments, LLC doing business as Papa's table; Trustee Knutson seconded the motion. Roll call on the vote resulted as follows:
Yeas - Gaiter, Jerome, Kinney, Macdonald, Whitehouse, Knutson, Hammon
Nays – None.
Motion carried.

2. Liquor License Review Board
Annual Renewal - Fermented Malt Beverage
Mini Mart Inc.
d/b/a Loaf "N Jug
Mr. March informed the Board that Mini Mart, Inc., d/b/a Loaf 'N Jug has submitted their annual

renewal for their Fermented Malt Beverage liquor license. A review of the application found the establishment is in good standing with the Colorado Secretary of State, the establishment is current with sales tax and the Larimer County Sheriff's Office reported no issues directly related to the establishment's liquor license; the calls to the location were of individuals that appeared to have been intoxicated prior to arriving at the establishment.

Mayor Hammon opened the meeting for public comment to which there was none.

Trustee Gaiter moved to approve the annual renewal for fermented beverage liquor license for Mini Mart Inc., doing business as Loaf 'N Jug; Trustee Gaiter seconded the motion. Roll call on the vote resulted as follows:

Yeas - Gaiter, Jerome, Kinney, Macdonald, Whitehouse, Knutson, Hammon
Nays – None.
Motion carried.

Mayor Hammon closed the Liquor License Review Board and resumed the regular meeting.

E. REPORTS

1. Town Attorney

a. Citizen Initiative Update

Mr. March reviewed the memo regarding the citizen initiative that was included in packet material.

2. Town Administrator

a. Economic Development Discussion

Ms. Houghteling stated at our last regular meeting a proposal from a firm to provide temporary economic development services was included in packet material. Having done some more research, it was realized that firm had previously done work for Wellington and it was not work that we felt was efficient or that met our quality of standard. Having that information, staff would like to ask the Board on how to proceed. The three potential options are we could do a request for proposals, most likely that would take about two months, we could hire an economic development manager or we wait until the town administrator is hired to discuss any next steps regarding economic development.

Trustee Macdonald inquired what would be the benefit to the Board to do an RFQ for this situation, instead of an RFP, since we were a little nervous about some of the qualifications and performance of the previous proposal.

Ms. Houghteling state we could do an RFQ for this.

Trustee Gaiter commented that he would like to see us go the route of finding a firm in the interim.

Trustee Kinney commented that she agreed with Trustee Gaiter.

After discussion, it was the general consensus of the Board to move forward with an RFQ.

3. Staff Communications
None.

4. Board
Trustee Gaiter commented that he has received comments from citizens that their water bills are fluctuating and bills are coming in incredibly high so I don't know if Town Staff knows what has been driving that because we haven't made any changes.

Ms. Houghteling stated staff will check into that as I don't have an answer for you this evening.

Trustee Macdonald commented that she attended the North Poudre Irrigation Company Board Meeting and they have three shares that are closing tomorrow at $190,000. Additionally, she recently attended that the Housing Authority Board and they expressed some significant concerns about the water rates; she encourage the director of the Housing Authority Board to provide a letter from the Board expressing their concerns and if they wanted to weigh in on the topic. Trustee Macdonald was also contacted by the School District Board member this morning and that communication was passed onto Mayor Hammond and Kelly Houghteling.

Trustee Kinney wanted to thank the members of the public that did join and stick with us for so long. I do appreciate your input.

F. EXECUTIVE SESSION

1. Conferences with negotiators for the local board as allowed pursuant to § 24-6-402(4) (e)(I), for the purpose of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators relative to needs to lease or acquire space for new Town facilities. As required by C.R.S. §24-6-402(2)(d.5)((II)(E) the executive session proceedings will electronically recorded and the record will be preserved for 90 days through November 9. 2020.

Trustee moved to go into executive session for the purpose of conferences with negotiators for the local board as allowed pursuant to § 24-6-402(4) (e)(I), for the purpose of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators relative to needs to lease or acquire space for new Town facilities; Trustee Jerome second the motion. Roll call on the vote resulted as follows:

Yeas - Gaiter, Jerome, Kinney, Macdonald, Whitehouse, Knutson, Hammon

Nays – None.
Motion carried.

The executive session was closed and the Board of Trustee returned to the Regular Meeting.

G. ADJOURN

Upon a motion duly made, the meeting was adjourned.

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Krystal Eucker, Town Clerk