CITY COUNCIL

REGULAR MEETING

TUESDAY, JULY 23, 2024

1. The meeting was called to order in the City Council Chambers at 7:30 p.m., with the Pledge of Allegiance. Roll Call was taken and the following Councilmembers were present: Mayor Rachel Medina, Mayor Pro-tem Lydia DeHaven, Robert Dobry, Matthew Keefauver, Bill Lewis, April Randle, and Dennis Spruell. Staff present included: Patrol Lieutenant Angelo Martinez, Finance Director Kelly Koskie, Airport Director Jeremy Patton, Human Resources Director Matt Cashner, Director of Parks and Recreation Creighton Wright, Water Treatment Plant Superintendent Randy Hunt, Director of Public Works Brian Peckins, Court Clerk/Administrator Carla Odell, IT Technician Aaron Holleman, City Clerk Linda Smith, City Manager Drew Sanders, and City Attorney Patrick Coleman. There were twelve people present in the audience.

Mayor Pro-tem DeHaven moved that the agenda of July 23, 2024 be approved. Councilmember Lewis seconded the motion and the vote was as follows:

DeHaven Dobry Keefauver Lewis Medina Randle Spruell

Yes Yes Yes Yes Yes Yes Yes

Mayor Medina commented that anyone in the audience that would like to make a statement during Public Participation would need to complete a comment card which is located by the door.

2. The Consent Agenda items acted upon by Council were as follows:

1. Approval of the Special Meeting/Worksession Council Agenda Minutes for July 9, 2024.
2. Approval of the Expenditure List for July 23, 2024.
3. Approval of a renewal application for a Retail Marijuana Center License for Green Kiwi 4, LLC, DBA Livwell, located at 1819 East Main Street, Cortez.

d. Approval of a Special Event Permit application for the Cortez Area Chamber of Commerce to host a “Business After Hours” event on August 8, 2024, from 4:30-7:30 p.m., on the premises of Mann Mortgage, located at 138 West 1st Street, Cortez.

e. Approval of a renewal application for a Hotel and Restaurant Liquor License for Once Upon LLC, DBA , Once Upon a Sandwich, located at 7 West Main Street, Cortez.

Councilmember Dobry moved that the Consent Agenda be approved as presented. Councilmember Lewis seconded the motion, and the vote was as follows:

DeHaven Dobry Keefauver Lewis Medina Randle Spruell

Yes Yes Yes Yes Yes Yes Yes

3. PUBLIC PARTICIPATION - None.

4. PRESENTATIONS:

1. 2024 June Financial Statements. Director of Finance Koskie stated that the June Financial Statements include revenue and expenses through June 2024. It was noted that the Conservation Trust Fund has total revenue of 121% over projected. This is in large part due to the fact that the City was not sure how much our quarterly payment would be because the City hadn’t been receiving payments for some time due to the City’s delinquent audits. Also, the Recreation Center Fund has a healthy year-to-date net income of $468,814.00 which is 261% over projected. It was noted that a portion of the income is from investments which have increased over the past year. Discussion was held on Parks and Recreation projects that would be completed through the Conservation Trust Fund monies recently received.

5. PUBLIC HEARINGS: None.

6. UNFINISHED BUSINESS: None

7. NEW BUSINESS

1. Consider Awarding Contract for the 2024 Clarifier Rehabilitation Project. Director of Public Works Peckins stated that the Public Works Department was seeking a qualified contractor for the rehabilitation of a drinking water clarifier structure. The work would include cleaning the clarifier structure and hardware, rehabilitating the hardware for attachments, and blasting and recoating specified clarifier structures and hardware. SGM, the City’s on-call engineer, compiled bid documents for the Clarifier Rehabilitation Project and the bid opening was held on June 5, 2024, with three bids received. While all three companies are qualified to perform the necessary work, Coblaco Services, Inc., will meet the City’s needs at the lowest bid price for drive replacement. Thus, staff recommends that Council award the 2024 Clarifier Rehabilitation Project to Coblaco Services, Inc., at its bid price of $470,849.00. The monies for the clarifier drive replacement project will be funded through the 2024 Water Fund Capital Projects. In answer to a question from Councilmember Randle, Water Treatment Plant Superintendent Hunt stated that the clarifier has been in operation since 1992 and the new coatings should have a lifespan of approximately 20 to 25 years. The work is a maintenance item and will not increase the capacity of the plant. It was noted that Coblaco Services has a good reputation and is currently doing the same kind of work in Telluride.

Councilmember Lewis moved that Council award the 2024 Clarifier Rehabilitation Project to Coblaco Services Inc. at their bid price of $470,849.00. Councilmember Dobry seconded the motion and the vote was as follows:

DeHaven Dobry Keefauver Lewis Medina Randle Spruell

Yes Yes Yes Yes Yes Yes Yes

1. Executive Search and Recruitment Services Bid. City Manager Sanders stated that the City is seeking to recruit a General Services Director and a Library Director. A previous attempt to fill the Library Director position was not successful even after receiving 18 applications. The City is seeking the services of a professional firm to help find qualified candidates that will meet the needs of the key positions. Sixteen bids were received for the recruiting services. The seven companies whose bids came in under $50,000.00 were vetted and scored. Scoring was based upon five factors to include: cost, value, aggregate recruiting experience, governmental recruiting experience, and experience in Colorado. The scoring matrix was attached to the agenda item for reference. Of the seven companies vetted, Colombia Ltd. of Colorado Springs, scored a 23.5 out of the possible 25 points. The bid documents were very clear and concise from Colombia Ltd. and they stood out amongst the other bidding organizations in all areas except cost. One item that was stated in the Colombia Ltd. bid documents, which no other scored company mentioned, was that Columbia Ltd. factored in at least two on-site visits to Cortez to handle the selection processes. The City has a history of successful recruitments using Columbia Ltd. in the past (four within the past three years) and Columbia Ltd. knows the history of Cortez and ensured a stable process with no surprises. Staff recommends that Council authorize the selection of Columbia Ltd. for recruiting services for the Director of General Services and the Library Director. In answer to a question from Councilmember Randle, City Manager Sanders stated that the fee of $45,000.00 includes the recruitment for both positions and includes travel and all expenses paid for Columbia Ltd. City Manager Sanders stated there is a warranty time period of time for the candidates should the person/persons selected do not work out.

Mayor Pro-tem DeHaven moved that Council accept and approve the bid from Columbia Ltd., for recruiting services for the Director of General Services and the Library Director, and grant authorization to City Manager Drew Sanders to negotiate and sign contracts for this purpose. Councilmember Keefauver seconded the motion and the vote was as follows:

DeHaven Dobry Keefauver Lewis Medina Randle Spruell

Yes Yes Yes Yes Yes Yes Yes

1. Parks, Recreation, and Forestry Advisory Board Appointment. City Clerk Smith stated that Council made appointments to the various City Advisory Boards at the June 25, 2024, Council meeting. One of the applicants that was appointed to the Parks, Recreation, and Forestry Advisory Board has declined the appointment. Eight applicants were originally interviewed and three of the applicants that were not chosen have stated an interest to be considered for the appointment. Council held discussion on the three candidates (Dennis Olson, Steve Moore, and Melissa Baisden) and it was noted that Steve Moore was the candidate that several Councilmembers had spoken of previously for possible appointment during the original interviews.

Councilmember Dobry moved that Council appoint Steve Moore to the Parks, Recreation, and Forestry Advisory Board for a two-year term. Councilmember Lewis seconded the motion and the vote was as follows:

DeHaven Dobry Keefauver Lewis Medina Randle Spruell

Yes Yes Yes Yes Yes Yes Yes

1. Resolution No. 15, Series 2024. Mayor Medina stated that Resolution No. 15, Series 2024, is a resolution amending the 2024 Fee Schedule for the City of Cortez. City Manager Sanders stated that in 2023, City Council was presented with a recommendation from the Public Works Department, Water Division, to impose a tiered water rate system that differed from previous years. The tiered system imposes a graduated higher cost for increased volume in residential water usage. Essentially the more a residential customer uses, the more they pay. Information was presented to City Council prior to adoption of the new rate structure that asserted there would be minimal impact upon the average water user. The new rate structure was adopted and appeared to be operating well until the start of the outdoor watering season. When outdoor watering began in earnest in May 2024 there was a significant increase in water expense for higher volume water users that ranged between 70%-100%, in some cases, over the same period in 2023. The problem became more acute in June 2024 when the weather became even warmer and outdoor watering increased. As a result, staff began the process of re-evaluating the active tiered rate structure and the associated data. The result of the analysis was a determination that, in many cases, the rate structure is not working as intended and is resulting in excessively high costs for higher volume residential water users. Given the unintended consequences of the current tiered rate structure, it is the responsibility of the City to intervene and take corrective action as appropriate. It is clear the issue resides in the single-family tiered rates and the remainder of the water fee schedule appears to be operating as intended and should not be altered. Staff recommends that the residential base rate remain with no change and the volume charges over 1000 gallons of usage be changed to reflect that the fee for greater than (>) 1000 gallons would be $3.73 (single-family usage).

Councilmember Spruell stated that he feels the City got it wrong as he feels he was penalized for keeping his lawn green and he is glad the City is fixing the fee. He asked if the City could go back and reimburse some of the fees charged and City Manager Sanders stated that anything is possible and staff is at Council’s direction; however, he would suggest that it was the rate that was enacted at the time and it may take months to fix it. Councilmember Keefauver stated that he served previously on Council for eight years and historically the fee was raised 5% each year to account for inflation, which most of those years that worked. He stated that Council needs to look at a realistic plan for water line replacement and what that may take. He stated that we need to recognize where we live and there is a way to maintain green lawns that is not so water intensive which he gave several suggestions. Mayor Pro-tem DeHaven stated that she doesn’t feel that penalizing people for having green lawns is the issue and that it is more about people using so much water and plants can only process so much. She spoke about some of the high water bills and how much her bill was for watering her property. She noted that the purpose of the information used from the water rate study is not operating as was intended but she does support a tiered system based on different data and there should be a higher rate for the higher users as they are taxing the infrastructure at a much higher rate. She feels that the water rates have not been based on real data for many years. Councilmember Randle stated that she is glad that the City can turn the ship around; however, her concern is that the City is in need of capital improvement projects for line replacement and the City needs to find a way fund it. She feels that this was not the appropriate measure to do so. She spoke about the SEH study and the propositions that were included in the study for capital improvements. She stated that the City needs to look ahead and pay attention to the issues during the budget process. She commented she doesn’t necessarily agree with the fee changes between single-family and multi-family as treated water is being used by both and that everyone needs to be conservative, but there needs to be a balance. Councilmember Dobry stated that the structure the City has was not doing what Council intended. Council does know that the rates need to be raised to meet the infrastructure needs and to make sure the community is sustainable into the future. He did note that the vast amount of water that is used at the City parks and golf course is irrigation water which is not treated water. Councilmember Spruell commented that if the City doesn’t use the irrigated water we will lose it.

Mayor Medina opened the public comment period.

* Patty Curtis, Cortez, stated that she has lived in Cortez since 1977 and is concerned about the state of the City’s infrastructure and the way that water issues have been presented. She stated the Cortez Journal article gave the indication that the water issues were essentially the fault of the residents by wastefully using treated water for landscaping, even though there are no other options and that residents have failed to landscape appropriately for our area and are not using water according to conservation guidelines. Ms. Curtis asked how the water lines become so seriously neglected and why was it necessary to raise water rates above the recommended rates in our own water study.
* Cindy Lindvall, Cortez, asked why the tiered rates are different for single-family, multi-family, and commercial when the water is the same. She stated that the rates should be the same for everyone. She suggested that with new construction in the area, that the City should encourage xeriscape and that only so much turf is allowed per square footage.
* Elise Goggin, Cortez, stated that she supports the tiered water structure and that we do live in a desert. She stated that she is a very conscious water user and people need to be incentivized to use less water. There are people that have green lawns and gardens and their water bills are not astronomical. She suggested that the community needs to work together to educate residents on how to limit their water use and be more responsible with water. She commented that a financial incentive needs to be part of that equation. She stated that the change may have been a bit abrupt and could use better education before a change occurs. She stated that the City could set a good example by using less water on the grass medians located on Montezuma and North Market Streets, as there is water consistently running in the streets from the medians. She commented that the medians on Highway 491 are beautifully xeriscape.
* Robert Lindvall, Cortez, stated that the sprinkler company set up their sprinkler system and they assumed they knew how to set the sprinkling appropriately. He stated that when the bill was received it alarmed them and they have taken a look at how much water needs to be used to keep everything green. He suggested that the City do a better job at policing the abusers and give them warnings to encourage them to use water better. He stated that it was good that the City took a step backwards to reassess, but the residents could be better water users with some education.

Mayor Medina stated that several Councilmembers had a tour of McPhee Dam recently and got a better understanding of the City’s water rights versus the water rights in the County. The City’s water use is very small compared to the County and conservation within the City isn’t going to make a huge difference for the reservoir. We also don’t want to be wasteful and not be in solidarity with the County as they struggle with water issues. The water plant can only process so much water in one day and if the City is using almost all that water everyday, it will strain the infrastructure, increase costs, and shorten the lifespan of the water plant. Irrigation water used by the City is less costly as the water is not treated. The last water rate study was completed in 1986 and the City was overdue on rate information. The rates that were adopted were higher than proposed and that is a mistake that the City owns. Mayor Medina stated that the average user uses less than 8,000 gallons a month and she reviewed the percentage of use in the higher water use months. She suggested that residents take their water usage more seriously and that we all try to be more efficient. In answer to a question from Councilmember Randle, City Manager Sanders stated that more discussion on how to move forward with future water rate fees will be held with Council during the budget process which begins in August/September and a public process can be held through Council worksessions.

Councilmember Lewis moved that Council approve Resolution No. 15, Series 2024, a resolution amending the 2024 City of Cortez fee schedule by deleting the section entitled “Volume Charges over 1000 Gallons of Usage – Single Family” and replacing it with the following: “>1000 Gallons: $3.73 per 1000 gallon”. Councilmember Dobry seconded the motion and the vote was as follows:

DeHaven Dobry Keefauver Lewis Medina Randle Spruell

Yes Yes Yes Yes Yes Yes Yes

City Manager Sanders stated that the new fee will take effect with the July 1, 2024, billing. Mayor Medina thanked the residents for attending the meeting and noted that this is a complicated issue and Council wants to do right by the community for the future and she asked that the residents stay engaged.

1. Award a Lease Bid for a 124-inch Toro Rotary Mower for the Parks and Recreation Department. Director of Parks and Recreation Wright stated that on March 22, 2023, Council approved an order to Simpson Norton for the 124-inch Toro Rotary Mower. The mower is available for delivery. He noted that the mower that the 124-inch Toro Rotary Mower is replacing a 2016 model which had 4,000 hours on the engine which recently failed. He noted that the City is mowing with the backup mower and it is important to get the new mower in place. Finance Director Koskie requested lease proposals for the total amount of $110,146.92 with five annual payments. The lease is for a 4-year lease, with the first annual payment due at closing, plus a $1 buyout. Four lease bids were received and the low bid was offered by Clayton Holdings, LLC (Commerce Bank) at an annual payment of $24,317.47, with an annual interest rate of 5.2%. The budgeted amount was $27,000.00 and the remaining four year payments will be budgeted in the future budgets. Staff recommends that the lease bid be awarded to Clayton Holdings, LLC (Commerce Bank) with five annual payments of $24,217.47 at a 5.2% interest rate, and authorize the City Manager to negotiate and sign a lease agreement.

Mayor Pro-tem DeHaven moved that Council award the 124-inch Toro Rotary Mower lease bid to Clayton Holdings, LLC (Commerce Bank) with five annual payments of $24,317.47 at a 5.2% interest rate, and authorize the City Manager to negotiate and sign a lease agreement. Councilmember Spruell seconded the motion and the vote was as follows:

DeHaven Dobry Keefauver Lewis Medina Randle Spruell

Yes Yes Yes Yes Yes Yes Yes

8. DRAFT RESOLUTIONS/ORDINANCES: None.

9. CITY ATTORNEY’S REPORT: None.

10. CITY MANAGER’S REPORT: None.

11. CITY COUNCIL COMMITTEE REPORTS

1. Mayor’s Report on Workshop. Mayor Medina stated that the results of the City’s wage study was reviewed with Graves Consulting staff. City staff will be meeting to review the information and Council will review the recommendations during the budget session. Also, an Executive Session was held to complete the evaluation on the City Attorney and an amendment to his contract will be reviewed at the next Council meeting. General Discussion included the need to be consistent across the community in code enforcement. The Mayor asked if there are any volunteer groups that would be interested in helping citizens deal with their weeds and shovel their snow, please let the City know so a list could be made for the citizens.

12. OTHER ITEMS OF BUSINESS: None.

13. PUBLIC PARTICIPATION:

* Brent Pharo, Cortez, inquired about the property on South Broadway, once known as the Anasazi Inn, which is now in complete disarray. He stated that it is an embarrassment to the community and asked what is being done regarding the property. Mayor Medina noted that information on the property could be obtained from the Community and Economic Development Department (Director Rachael Marchbanks).

14. ADJOURNMENT: Mayor Pro-tem DeHaven moved that the regular meeting be adjourned at 8:35 p.m. Councilmember Lewis seconded the motion, and the vote was as follows:

DeHaven Dobry Keefauver Lewis Medina Randle Spruell

Yes Yes Yes Yes Yes Yes Yes

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Rachel B. Medina, Mayor

ATTEST:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Linda L. Smith, City Clerk