

Palmer Lake Town Council, May 9 and 23

# Town finances cause concern; future of Fire Department debated

By James Howald and Jackie Burhans

The Palmer Lake Town Council held its monthly council meeting May 9 and a work session May 23.

At the May 9 meeting, interim Town Manager Valerie Remington gave the council the results of her investigation of the town's finances. Remington also reported on the town's project to build a second water tank. The council continued its discussion of how to properly set tap fees. The council also heard a request to transfer a liquor license to a new owner and granted special event permits for a wine festival and two running events.

At the May 23 meeting, the council took steps to address problems with finance that Remington documented in the previous meeting, appointed a new member to the council, heard a presentation from a consultant concerning the future of the town's Fire Department, and gave permission for a local group to move forward with plans for fireworks on the Fourth of July.

## Remington uncovers problems with town finances

Remington began her remarks with a summary of the General Fund and the Water Enterprise Fund. The General Fund pays for everything except water, and had a balance of \$2.4 million at the end of March. Remington found that \$223,000 from the town's sale of some land needed to be transferred from the General Fund to an account specific to that sale. She pointed out the budget for the General Fund is \$3.1 million, but that the town is still collecting tax revenue into the General Fund.

The town's Enterprise Water Fund, which pays all water bills, has only \$41,900, a very low balance, Remington said. She added that even though the town had recently increased water rates, those increases would take some time to have an effect.

The town also has a money market account that held funds to purchase three vehicles. The three vehicles have been purchased and the fund is empty, Remington said.

Remington told the council that the General Fund has \$215,000 in a reserve account required by the Taxpayer's Bill of Rights (TABOR). The Enterprise Water Fund also has funds in reserve, she said, which is a requirement of loans that the town has taken out through the Colorado Water Resources and Power Development Authority (CWDPPDA).

Remington told the council the Enterprise Water Fund owed the General Fund \$113,000 at the end of 2018, because some bills had been paid out of the wrong account. This debt will be resolved when the town's audit is completed, she said. Remington emphasized that the Enterprise Water Fund is "extremely low," that the two funds must be kept separate, and that TABOR prevents transfers of more than 10 percent of the budget from the General Fund to the Enterprise Water Fund. The town must have an Enterprise Fund to qualify for loans, Remington said.

Remington also addressed revenues in her remarks. Both the Police and Fire Departments are on budget, she said. The Roads Department is under budget, but has large projects on the schedule that will require more spending.

Remington concluded her report by mentioning that the Water Enterprise Fund is at 24 percent of its budget, and that she expects the rate increases to increase the money in that account.

The council voted unanimously to approve Remington's report on the town's finances.

## Water tank project faces problems; contract requires amendment

Remington told the council that the project to secure the town's water supply by adding a second water tank was five months behind schedule, and the tank leaks. She told the council they would need to extend their contract with Tetra Tech, the consulting and engineering firm that is managing the project for the town. The continuation would cost the town an additional \$14,400, she said.

Remington said the continuation was necessary to keep Tetra Tech's engineer in place so that the tank can be finished as soon as possible. "At the end of the project there is going to be some reconciliation," she said.

Remington proposed that the town lend money from its General Fund to its Enterprise Water Fund to cover the completion of the water tank project. The loan would have to have proper documents, fees, and a repayment schedule to maintain the integrity of the

Water Enterprise Fund, she said, because a simple transfer of funds between the accounts would compromise the water fund.

Remington assured the council that Tetra Tech would address the leaks with the company building the tank and the project would deliver a functioning water tank.

The council voted unanimously to amend the contract with Tetra Tech. At the May 23 work session, the council voted to approve the loan from the General Fund to the Water Enterprise Fund.

## Water tap fees to double

Remington compared the tap fee Palmer Lake charges for a new connection to the water system to the fees charged by other nearby water districts. Palmer Lake charges \$10,650, whereas the town of Monument charges \$19,420, and Triview Metropolitan District charges between \$35,000 and \$45,000 for a new water tap.

Remington recommended that Palmer Lake increase its tap fee to \$20,650 but pointed out that not much revenue would be produced because there are few undeveloped lots in the town. Council member Glant Havenar reminded the council that no new water taps could be issued because the sewer system is at capacity, preventing any new sewer taps from being issued.

The council authorized Remington to write a resolution doubling water tap fees and put it on the agenda for a vote at the May 23 work session.

## New member appointed to council

The council voted to appoint Patty Mettler to replace Mitchell Davis, whose retirement from the council was announced at the meeting in April. Five other residents expressed interest in the seat on the council.

## Consultant addresses proposals for the future of the Fire Department

Dan Qualman, senior consultant at Emergency Service Consulting International, reported to the council the results of his study of the town's Fire Department, and proposed four possible paths the Palmer Lake Volunteer Fire Department (PLVFD) could take going forward.

Qualman said he met with members of the PLVFD and was impressed with their dedication and with what they were able to do with the resources they have. Qualman compared PLVFD's current conditions with industry standards and best practices, and considered the pros and cons of keeping the service in-house or contracting it out.

His staffing analysis showed a shortage of staff at PLVFD. Industry standards specify a need for 15 firefighters at a typical residential fire. PLVFD has two to three firefighters on duty at any one time, Qualman said. He pointed out that two to five other stations could have firefighters at a fire within 10 minutes.

Qualman presented arguments for and against four different strategies:

- Make no changes and maintain the status quo. This approach is the easiest from a political standpoint and does not require additional funds. It does not provide for necessary changes and introduces potential liabilities for health and safety of the town's firefighters. This would maintain the current rate of 10 mills.
- Build a new station, fund equipment replacement, and improve staffing. This approach would retain local control but its costs would be high, and the town would still be responsible for the department's operations. This would require 36.8 mills.
- Create a Public Safety Department, which would combine the fire and police services, with the same staff providing both services. This approach would improve staffing for both services, but might encounter difficulties when fire and police services were needed simultaneously. Recruitment would be more challenging and training costs would be high. This would require 44.9 mills.
- Use Tri-Lakes Monument Fire Protection District (TLMFPD) for services. Qualman said he had not discussed this option with TLMFPD. This approach would improve depth of response capability due to TLMFD's larger and better equipped staff and would avoid the need to build a new fire station. It would increase costs and sacrifice local control, Qualman said. This would require a rate between 18.4 and 19.5 mills. See [www.ocn.me/v18n8.htm#tlmfpd](http://www.ocn.me/v18n8.htm#tlmfpd) and

[www.ocn.me/v14n9.htm#tlmfpd-0827](http://www.ocn.me/v14n9.htm#tlmfpd-0827).

In response to a question from council member Mark Schuler, Qualman said his recommendation was option 4, inclusion with TLMFPD, because of costs and because the Palmer Lake firefighters would always be dependent on surrounding departments.

Mayor John Cressman said the town was facing a large increase in spending for its Fire Department, and the issue for him was the best way to provide the service.

After a lengthy discussion and public input, the council decided the issue would need to be put to the voters. Town Attorney Maureen Juran advised that only one option could be put on the ballot, and Rem-



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