

RECORD OF PROCEEDINGS

Hugo, Colorado
April 13, 2026, 6:00 PM
Hugo Town Hall Board Room

The regular meeting of the Board of Trustees, Town of Hugo, Colorado was called to order on April 13, 2026, at 6:03 P.M. by Mayor Emmerling. The Pledge of Allegiance to the United States Flag was recited in unison. The following Trustees answered roll call: Trustee Ehlers, Trustee Piper, Trustee Messer, Trustee Emmerling, and Trustee Mohan. Trustee Thelen was on Zoom. Mayor Emmerling declared that there was a quorum of the Board present for the transaction of business.

Staff present at this meeting were Clerk Administrator Lancaster and via Zoom Attorney LeBuhn.

Guests present were Tony Vick, Wyatt Vick, Troy McCue, Leon Vick, and Kelsey Boyd and via Zoom Stephanie Zwick, Phil Howerton, Krista Jacobson, Randy Hendrix, Grant Hall, and Roy Cue.

A motion was made by Trustee Piper and a second was made by Trustee Emmerling to approve the agenda. THE MOTION CARRIED UNANIMOUSLY.

GUEST REPORTS:

Manager Roy Cue and Engineer Randy Hendrix with Lower Arkansas Water Management Association (LAWMA) presented on how water shares and allocations work through the state and how this affects the water shares the Town of Hugo owns. The Town owns common share, not preferred shares. The State Division of Water Resources sets the allocation amounts for every user in the state. The allocation is 20% this year. The Arkansas basin is in the worst shape it has ever been in since they have been keeping records. In 2013 the allocation was 10%. At that time, the State Division Engineer deemed the Town a non-curtable entity. The current Division Engineer has not asked for those designations for towns and cities. The Town of Hugo is being very proactive by trying to address these issues now. Noncompliance will result in wells being tagged by the Division Engineers Office. Wells will be tagged monthly. We should continue to look for shares to lease and purchase. We should also look into converting our common shares into preferred shares with LAWMA.

Troy McCue with Lincoln County Economic Development presented the monthly report highlighting Rural Philanthropy Days July 8-10, 2026, EDCC Regional Roundtable is at the Fairgrounds Wednesday, April 29, SBDC is trying to find a new home within a Community College, the LCEDC Annual Meeting is April 22 at the Fairgrounds, the Governor was in Arriba to highlight Big Ben's RV Park as a new Rural Jumpstart designee, and there will be a spring social media campaign for the new businesses in Hugo.

Vicks came in and would like to offer the Town a lease for 1 preferred share for 1 year. They would like a 10 day period to come up with a fair market value. They will follow up with the Clerk Administrator.

ACTION ITEMS:

PUBLIC HEARING: Town of Hugo Community Development Block Grant (CDBG)

Mayor Emmerling opened the Public Hearing for The Town of Hugo's Water System Improvements Project at 7:10 P.M.

Dannah Koeniger, with GMS presented information regarding the Town of Hugo Community Development Block Grant as outlined in the attached corresponding document. (Attachment to minutes was provided by GMS.) There were no public comments.

There were no Board comments.

The Public Hearing was closed at 7:20 P.M.

PUBLIC HEARING: Town of Hugo Water Pollution Control Revolving Fund (WPCRF)

Mayor Emmerling opened the Public Hearing for The Town of Hugo's Water System Improvements Project at 7:20 P.M.

Dannah Koeniger, with GMS presented information regarding the Town of Hugo Water Pollution Control Fund as outlined in the attached corresponding document. (Attachment to minutes was provided by GMS.)

There were no public comments.

There were no Board comments.

The Public Hearing was closed at 7:43 P.M.

Dannah Koeniger, with GMS reported on all projects.

The 5th Ave repair is waiting on CDOT to get back to us on what materials they may be able to provide.

The CDOT Sidewalk Project is waiting on asphalt approvals.

Roundhouse Estates preliminary filed investigations have completed. A critical component of the evaluation is the system impact fees. Greg Etl with DOLA had discussed this on his last visit. Impact fees are a one-time fee assessed on new developments to fund capital costs of expanding public infrastructure systems. Impact fees are

always growth-related, capital focused and proportionate. The suggestion would be charge impact fees per lot. The infrastructure was improperly constructed, mostly on the sewer side, roads and drainage. The Water Improvements Project is in the final push to complete the drawings. These will be reviewed with the Town staff before going to bid. The design is underway for the repair to water storage tank. Level one water restrictions are suggested to keep water usage down to comply with allocations. The main wastewater lift station does have hookups for a portable generator. A grinder pump is an option for solids. More information needs to be collected to understand the flow at the main lift station. The Town attorney is reviewing the warranty information on the overflow tank and vault.

A motion was made by Trustee Messer and a second was made by Trustee Ehlers to approve Resolution 2026-05, a Resolution of the Board of Trustees of the Town of Hugo, Colorado Approving Declaring an Emergency and Directing the Town Clerk Administrator to Contract with a Vendor as Soon as Possible to Make Repairs to the Town's Water Tower. THE MOTION CARRIED UNANIMOUSLY.

A motion was made by Trustee Messer and a second was made by Trustee Piper to table Ordinance 298, an Emergency Ordinance of the Board of Trustees of the Town of Hugo, Colorado Authorizing the Board of Trustees to Impose Restrictions on Water Usage. THE MOTION CARRIED UNANIMOUSLY.

A motion was made by Trustee Emmerling and a second was made by Trustee Thelen to approve Resolution 2026-06, a Resolution of the Board of Trustees of the Town of Hugo, Colorado Imposing Level Two Water Restrictions to be in effect until October 1, 2026. Those voting in favor were Trustee Emmerling and Trustee Thelen. Those voting opposed were Trustee Messer, Trustee Ehlers, Trustee Mohan and Trustee Piper. THE MOTION FAILED.

A motion was made by Trustee Ehlers and a second was made by Trustee Mohan to approve Resolution 2026-06, a Resolution of the Board of Trustees of the Town of Hugo, Colorado Imposing Level One Water Restrictions to be in effect until October 1, 2026. THE MOTION CARRIED UNANIMOUSLY.

PUBLIC HEARING: St. Aoro Minor Subdivision Replat Minor Application

Mayor Emmerling opened the Public Hearing for the St. Aoro Minor Subdivision Replat Application at 8:54P.M. Clerk Administrator Lancaster reported that the notice of hearing was posted and no comments from the public were received.

Mayor Emmerling asked for public comment. There were no public comments.

The public comment portion of the public hearing closed at 8:56P.M.

Mayor Emmerling asked for Board comment.

Trustee Emmerling asked about the applicant name not being the same as the property owner name.

Attorney LeBuhn stated that the only authority the Board has is to look at the Land Development Code requirements. There is not a requirement that the applicant name be the same as the owner name.

A motion was made by Trustee Emmerling and a second was made by Trustee Messer to approve the St. Aoro Minor Subdivision Replat Application request based on a finding that it meets the requirements of the review criteria under Section 404 of the Hugo Land Development Code. THE MOTION CARRIED UNANIMOUSLY. The public hearing closed at 9:04P.M.

PUBLIC HEARING: Wildfire Resiliency Code Adoption

Mayor Emmerling opened the Public Hearing for the Wildfire Resiliency Code Adoption at 9:05P.M.

Clerk Administrator Lancaster presented Ordinance 295, an Ordinance of the Board of Trustees of the Town of Hugo, Colorado Adopting by Reference the 2025 Wildfire Resiliency Code.

Mayor Emmerling asked for public comment. There were no public comments.

The public comment portion of the public hearing closed at 9:06P.M.

Mayor Emmerling asked for Board comment.

Trustee Emmerling understands we are required to pass this. He is concerned that we only heard about this two months ago and there is legislation to push the dates back.

Trustee Piper stated that we do have a choice. We do not know what happens if we vote it down. We can table this until all of the questions and all these concerns come out and we have more information.

Trustee Messer asked why not vote on it at a later date.

Trustee Ehlers stated that utilities were required to pass it.

Attorney LeBuhn advised that we do pass it.

A motion was made by Trustee Emmerling and a second was made by Trustee Thelen to approve Ordinance 295, an Ordinance of the Board of Trustees of the Town of Hugo, Colorado Adopting by Reference the 2025 Wildfire Resiliency Code. Those voting in favor were Trustee Messer, Trustee Ehlers, Trustee Emmerling and Trustee Thelen. Those voting opposed were Trustee Mohan and Trustee Piper. THE MOTION CARRIED.

The public hearing closed at 9:15P.M.

Funding options for playground equipment were reviewed. Direction was given to verify requirements with our insurance company.

Proposals to paint Town Hall were reviewed. Direction was given to have the contractors present at the next meeting.

A motion was made by Trustee Ehlers and a second was made by Trustee Mohan to approve the March 9, 2026, minutes. THE MOTION CARRIED UNANIMOUSLY.

A motion was made by Trustee Ehlers and a second was made by Trustee Messer to accept the February and March financial reports. THE MOTION CARRIED UNANIMOUSLY.

OLD BUSINESS:

We have three committed Board members and two that are thinking about it. We need five Board members to move forward.

We are working on draft revisions. Trustee Mohan does not like Ordinance 289 that talks about burning in town.

We reviewed the Speed Study done by DacraTech. The Board requested DacraTech present the findings at the next meeting.

STAFF REPORTS:

On the Maintenance Supervisor’s report it was reported that varmints and wind caused the tears in the sewer liners.

Clerk Administrator Lancaster reviewed the Clerk Administrator report revieing the pothole map with a rough estimate, the County will help us fix the pothole at 5th Street and 9th Avenue, TextMyGov is a company that other municipalities use to do mass texting alerts, and we are now working through the Observations/Recommendations portion of the Sanitary Survey that we will need help with from our ORC.

MAYOR AND TRUSTEE REPORTS:

Mayor Emmerling encouraged everyone to continue to look at the ordinances, stated that the CML conference is in Westminster June 22 to 25, thank you to the ballot supporters and election judges.

Trustee Emmerling wanted to thank everyone for the kind words, it has been a hard time. Thank you very much. Trustee Piper wanted to ensure we are noticing water restrictions to the public. Clerk Administrator Lancaster stated that we will make a Facebook post, send emails to the large commercial users and mailers will go out at the end of the week.

The Meeting was adjourned.

Kara Emmerling, Mayor

ATTEST:

Sara Lancaster, Town Clerk Administrator

TOWN OF HUGO

CDBG PUBLIC HEARING ON 2025 WASTEWATER SYSTEM IMPROVEMENTS

April 13, 2026

- The Community Development Block Grant (CDBG) program, administered by the U.S. Department of Housing and Urban Development, provides federal funding to small communities for projects such as water, sewer, streets, and other public infrastructure, with the primary goal of benefiting low- and moderate-income (LMI) residents, improving public health and safety, and supporting overall community development.
- The population of the Town of Hugo is 55.5% low-to-moderate income.
- The Town of Hugo owns and operates a wastewater treatment facility (WWTF), built in the early 1960s. Much of the sanitary sewer system is still in its original condition. The Town's sanitary sewer collection system consists of gravity-flow pipelines and lift stations that pump sewage to the WWTF. The Town's WWTF is a three-cell, stabilization, evaporative lagoon system.
- The Town of Hugo has undertaken smoke testing, sewer cleaning, and videoing to determine the condition of its collection system. The results identified one infiltration source, 42 inflow sources, and three possible blockages. Inspected segments were in poor condition and require replacement. Approximately one-third of the system was video-inspected.
- This phase replaces pipelines in alleys between 4th–5th Streets (1st–4th Avenues) and 5th–6th Streets (1st–5th Avenues), totaling about 4,000 feet of pipe, 12 manholes, and approximately 80 service connections with full surface restoration.
- The lift station, built with the WWTF in 2022, can connect to a portable generator but does not have a permanent standby unit. The Town is concerned about power reliability and sewer backup risk; therefore, the Town may install a permanent generator as part of this project.
- The proposed improvements will be beneficial to the protection of public health as the replacement sewer main will prevent future sewer main collapses and sewage backup. The estimated cost for the project is \$2,167,000.
- Construction Schedule
 - Submit CDBG funding application.....May 2026
 - Obtain CDBG funding commitment.....July 2026
 - Submit WPCRF funding application.....August 2026
 - Finalize CDBG Contract.....October 2026
 - Obtain WPCRF Loan Approval.....October 2026
 - Finalized WPCRF Contract.....February 2027
 - Advertise for Bids.....March 2027
 - Bid opening.....April 2027
 - Project award.....April 2027
 - Initiate construction.....June 2027
 - Complete construction.....December 2027

This schedule assumes there are no funding delays.

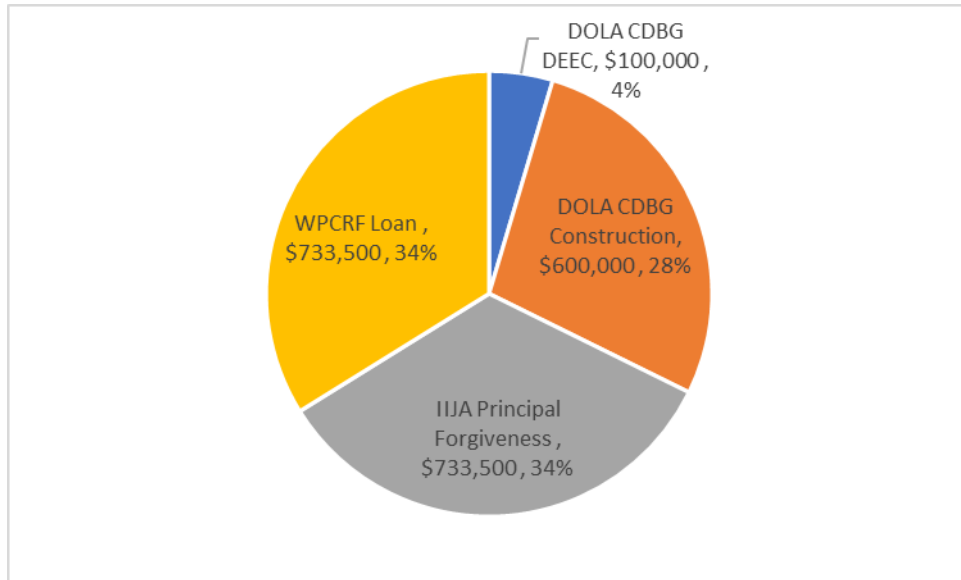
- Construction/Environmental Impacts
 - Short-term construction impacts will consist of noise and added traffic.
 - Construction activities will incorporate the appropriate best management practices to mitigate any potential of erosion or sedimentation.
 - There are no other environmental impacts identified at this time.
 - The project has been defined as a Categorical Exclusion; therefore, an Environmental Assessment is not required.
- Community Development Block Grant Funds
 - Eligible activities:
 - Economic Development = drawing in a specific business
 - Housing
 - Public works
- The Wastewater System Improvements project has been determined to be a high priority by the elected officials. Does the constituency have any other identified needs?
 - The project is not expected to result in the displacement of any persons or businesses. If displacement occurs, it will be handled in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act.
- The wastewater collection system improvement project has been determined to be a high priority by the elected officials. Does the constituency have any other identified needs? Written comments will be accepted for a reasonable period following this hearing. The Town will consider all comments prior to submission of the CDBG application.

TOWN OF HUGO
PUBLIC HEARING ON WASTEWATER SYSTEM IMPROVEMENTS

April 13, 2026

- The Town of Hugo owns and operates a wastewater treatment facility (WWTF), built in the early 1960s. Much of the sanitary sewer system is still in its original condition. The Town's sanitary sewer collection system consists of gravity-flow pipelines and lift stations that pump sewage to the WWTF. The Town's WWTF is a three-cell, stabilization, evaporative lagoon system.
- The Town of Hugo has undertaken smoke testing, sewer cleaning, and videoing to determine the condition of its collection system. The results identified one infiltration source, 42 inflow sources, and three possible blockages. Inspected segments were in poor condition and require replacement. Approximately one-third of the system was video-inspected.
- This phase replaces pipelines in alleys between 4th–5th Streets (1st–4th Avenues) and 5th–6th Streets (1st–5th Avenues), totaling about 4,000 feet of pipe, 12 manholes, and approximately 80 service connections with full surface restoration.
- The lift station, built with the WWTF in 2022, can connect to a portable generator, but lacks a permanent standby unit. The Town is concerned about power reliability and sewer backup risk; therefore, the Town may install a permanent generator in this project.
- The proposed improvements will be beneficial to the protection of public health as the replacement sewer main will prevent future sewer main collapses and sewage backup. The estimated cost for the project is \$2,167,000.
- Proposed project financing and status:
 - Total project cost: \$2,167,000
 - Department of Local Affairs (DOLA) Community Development Block Grant (CDBG) Design and Engineering and Environmental Clearance (DEEC) grant: \$100,000
 - DOLA CDBG Construction grant: \$600,000
 - Disadvantaged Communities (DAC) Design and Engineering (D&E) grant: \$0
 - Bipartisan Infrastructure Law (BIL) funding- provides 50% grant funding after the loan application is submitted. \$733,500
 - Water Pollution Control Revolving Fund Program (WPCRF) Loan: \$733,500
 - Summary:

DOLA CDBG DEEC Grant	\$ 100,000
DOLA CDBG Construction Grant.....	\$ 600,000
DAC D&E Grant	\$ 0
BIL Principal Forgiveness	\$ 733,500
WPCRF Loan	\$ 733,500
Total	\$2,167,000



TOWN OF HUGO
RECOMMENDED WASTEWATER SYSTEM IMPROVEMENTS
POTENTIAL PROJECT FINANCING SCENARIO

Component	Amount
Project Cost ¹⁾	\$2,167,000
DOLA CDBG DEEC ²⁾	\$100,000
DOLA CDBG Construction ³⁾	\$600,000
DOLA EIAF Grant	\$0
DAC D&E Grant ⁴⁾	\$100,000
BIL Principal Forgiveness ⁵⁾	\$683,500
WPCRF Loan ⁶⁾	\$683,500
Annual Loan Payment ⁷⁾	\$33,754
Current O&M Expense (EQR/mo) ⁸⁾	\$70.23
2024 CWRPDA Loan ⁹⁾	\$5.71
New Debt Service ¹⁰⁾	\$6.81
Added Reserve Requirement ¹¹⁾	\$1.25
Needed Average Monthly Bill (EQR/mo) ¹²⁾	\$84.00
Monthly User Charge Revenue per EQR ¹³⁾	\$57.31
Estimated Rate Increase	\$26.69

- 1) Reflects the projected total estimated project cost.
- 2) Community Development Block Grant (CDBG) Design Engineering Environmental Clearance (DEEC) awarded in November 2025
- 3) Application will be submitted in May of 2026 for \$600,000
- 4) Disadvantaged Community Design and Engineering Grant
- 5) Potential loan forgiveness through the Bipartisan Infrastructure Law (BIL) funding. Final determination to be made by SRF loan process.
- 6) Required Water Pollution Control Revolving Fund (WPCRF) loan amount for full project financing.
- 7) Annual Loan Payment based on a 30 year loan term with an annual interest rate of 2.75%
- 8) Based on 2025 unaudited operating expenditures of \$348,079 divided by 413 EQRs and 12 months.
- 9) New debt service per EQR from the 2024 CWRPDA loan not shown in the 2024 Audit; annual payment for this loan is \$16,922.
- 10) For new WPCRF loan, annual payment of \$33,754 at 2.75% and 30 years divided by 413 EQRs and 12 months.
- 11) Required 10% reserve requirement on debt service for the 2024 loan and the new project loan

- 12) Total of all monthly EQR expenses.
- 13) Actual monthly sewer user charge per EQR

The operating expenditures continue to rise which is happening in every community. Utilizing 2024 expenditures, expenses increased by over \$10 per EQR per month in 2025 and the Town did not have a public works director in place for a portion of the year.

- Construction/Environmental Impacts
 - Short-term construction impacts will consist of noise and added traffic.
 - Construction activities will incorporate the appropriate best management practices to mitigate any potential of erosion or sedimentation.
 - There are no other environmental impacts identified at this time.
- Wastewater System Improvements project schedule
 - Submit CDBG funding application.....May 2026
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