



551 Hot Springs Boulevard  
Post Office Box 1859  
Pagosa Springs, CO 81147  
Phone: 970.264.4151  
Fax: 970.264.4634

**TOWN COUNCIL MEETING MINUTES**  
**THURSDAY, JUNE 18, 2009**  
**Town Hall Council Chambers**  
**12:00 P.M.**

- I. **CALL MEETING TO ORDER** – Mayor Aragon, Council Member Cotton (late), Council Member Holt, Council Member Jackson, Council Member Pierce, Council Member Weiler, Council Member Volger
- II. **LIQUOR LICENSES**
  1. **Liquor License Renewal – Shabri LLC dba Plaza Liquor 511 San Juan Street** – Council Member Pierce moved to approve the Liquor License Renewal for Shabri LLC dba Plaza Liquor, Council Member Jackson seconded unanimously approved.
  2. **Special Events Liquor Permit – Pagosa Springs Chamber of Commerce Renaissance Festival July 18<sup>th</sup> and July 19<sup>th</sup> in Town Park**
  3. **Special Events Liquor Permit – Rising Stars of Pagosa Springs DBA Cruise-a-thong – July 25<sup>th</sup> at Town Park** – Council Member Jackson moved to approve the special events liquor permits for Pagosa Springs Chamber of Commerce and Rising Stars of Pagosa Springs, Council Member Volger seconded, unanimously approved.
- III. **DELEGATIONS**
- IV. **NEW BUSINESS**
  1. **REVIEW OF PC ACTIONS FROM MAY 28<sup>th</sup> & June 9<sup>th</sup>, 2009**
    - a. **Variance Fee Waiver Request from The Outfitter** – At the May 28<sup>th</sup> Planning Commission meeting, the board reviewed a request from the Outfitter Department Store to determine the applicability of setbacks in regards to a proposed addition to the building. The proposed addition will encroach into the required setback approximately 1-2 feet. The applicant is required to submit a formal variance application along with a \$300 variance fee. The applicant requested the Town Council waive the \$300 variance fee and during discussion at the June 2<sup>nd</sup> meeting, the board agreed to waive the fee. However, this item is required to be posted as it has and the decision reaffirmed formally. Council Member Pierce objected to the waiver sighting the recent furloughs required by Town staff. Mr. Bruce Hoch says they will be providing more service to the community and buying their products locally will boost sales tax. Council Member Weiler respects Council Member Pierce's opinion, however believes the Town Council needs to remove any barriers that might hinder the business community from increasing their profits. Mr. Cappy White would like to see the Council open doors to the business community with fee waivers to help the business owners get a return on their investment. Council Member Volger moved to approve the Outfitters Department Store variance fee waiver request, Council Member Weiler seconded, motion carried with two nays (Council Member Pierce and Council Member Holt).
  2. **Springs Resort Economic Development/Heating Tap Agreement** – Historically the Town of Pagosa Springs has provided perpetual heating taps to schools and businesses and currently provides 34 customers heating taps. Through the tap portion of this agreement, the Town will provide raw geothermal water to the Springs Resort after it has run through the Town's heat exchanger, basically the wastewater. The Resort will utilize the raw geothermal water for heating purposes and to provide hot mineral water to the pools. In early 2009 the Colorado Division of Water Resources conducted a review of the Town's geothermal water and modified the geothermal well permits 26-G and 27-G to clarify the Town's authority to utilize up to 450 gallons per minute for "geothermal heating" purposes and promote outflows that "avoid waste of the geothermal resource, and protect the environment and public health." In conformity to the revised well permits approved by the Division of Water Resources, on June 2, 2009, the Town Council approved both the Geothermal Regulations (Ordinance 741) and Geothermal Customer Rates (Resolution No. 2009-16). The regulations and customer rates provided the foundation for the economic development/heating tap agreement. There are many benefits to the economic development and heating tap agreement with the Springs Resort Hotel. Employment is projected to rise from 84 employees in 2008 to 168 in 2010. Sales tax increase to the Town of \$74,220 and lodgers' tax increase of \$211,291. The positive community economic impact could be between \$2.4 and \$4.8 million dollars. The terms of the tap agreement include \$13,651 less \$6,000 already paid = \$7,651 for the 2009 heating tap, plus \$8,300 for legal expenses, total \$15,951. At the end of 2009, the Springs Resort may continue the tap at market rates, or may elect to fix the rate by making a payment of \$116,700, the heating tap will be provided

to the Springs Resort at no additional charge for a fourteen year period. Beginning 2024, the Town shall set the per therm price at market rates, based on the Council's geothermal rates (fees) at the time. Staff recommends that \$100,000 of the Resort's 2010 payment, should they elect to pay the \$116,700 payment, be committed to providing solar generated electricity to power the geothermal building and heat exchange pumps, saving the Town approximately \$2,500 per year. Page 11 subparagraph D 2<sup>nd</sup> lines should read January 1, 2010 not 2020. Provisions of Springs Resort #4 tap use gives the Town the leniency to use the water first in any way desired before delivering it to the Springs at a certain temperature. Council Member Pierce would like to keep open the option for using the \$100,000 (referring to page 11) for something other than the solar power option. Council Member Cotton and Holt agree to changing the word from "shall" to "may" regarding using the \$100,000 for solar power electricity option. Council Member Volger would like it stated the \$100,000 will be used for the geothermal upgrades, Attorney Bob Cole stated that the monies would stay within the geothermal fund to be used for its maintenance. The exhibits described in the agreement will be attached at a later date due to the Springs' attorney being out of country at this time. Mrs. Marcia Pruitt of the Spa Motel says the Springs is currently using only 200 gallons per minute and feels the Town is giving all the water to the Springs Resort for only \$.10 when others are paying \$.60. She feels the tap agreement is actually a lease with a different name. Town Manager Mitchem explained as far as using the water for other purposes prior to delivery to the Springs would only be an issue if it changed the mineral content in the water, also the price for the water is based on current rates approved in Resolution 2009-16. Council Member Weiler moved to approve the economic development – heating tap agreement with the Springs Resort, with the change of the word "shall" to "may" regarding the Town's use of the \$100,000 payment and change dates from 2020 to 2010 in paragraph (d) page 11; also to include the exhibits to the agreement, Council Member Volger seconded, unanimously approved.

**V. OLD BUSINESS**

1. **April Sales Tax Analysis** – April 2009 sales tax declined -13.68% compared to April 2008. Year-to-date sales tax revenue is down 8.60% compared to 2008. The Town staff has implemented a 15% expenditure reduction mid-May and will maintain a 15% expenditure reduction unless the formula triggers a higher reduction. The 15% reduction includes a two day furlough for all Town staff.

- VI. Approve May Financial Statement and Accompanying Bills** – Council Member Volger moved to approve May's financial statement and accompanying May bills, Council Member Holt seconded, unanimously approved.

- VII. Next Town Council Meeting July 7, 2009 at 5:00pm**

- VIII. Reschedule of Town Council Meeting from July 16<sup>th</sup> to July 23<sup>rd</sup>** - Council Member Holt moved to approve the July 16<sup>th</sup> meeting be rescheduled to July 23<sup>rd</sup>, Council member Weiler seconded, unanimously approved.

- IX. ADJOURNMENT** – Upon motion duly made, the meeting adjourned at 1:05pm

**Ross Aragón  
Mayor**