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TOWN COUNCIL SPECIAL MEETING MINUTES WEDNESDAY, NOVEMBER 5, 2008 5:00 P.M.

- I. CALL MEETING TO ORDER** – Mayor Aragon, Council Member Atkinson (late), Council Member Cotton, Council Member Holt, Council Member Jackson, Council Member Pierce, Council Member Weiler
- II. APPROVAL of MEETING MINUTES FROM OCTOBER 7 and OCTOBER 16, 2008** – Minutes were approved as read
- III. LIQUOR LICENSES**
 - 1. New Hotel & Restaurant Liquor License – Dorothis Restaurant 755 San Juan St.** – Council Member Pierce moved to approve the new liquor license for Dorothy’s Restaurant, Council Member Jackson seconded, unanimously approved.
 - 2. Transfer of Ownership Hotel & Restaurant Liquor License – Nello’s Inc. dba La Tazza 135 Country Center Drive Suite A** – Council Member Pierce moved to approve the transfer of liquor license to Nello’s Inc. dba La Tazza, Council Member Jackson seconded, unanimously approved.
 - 3. Liquor License Renewal- Bear Creek Saloon** – Council Member Pierce moved to approve the renewal license for the Bear Creek Saloon, Council Member Jackson seconded, unanimously approved.
 - 4. Special Events License – Catholic Health Initiatives Colorado Foundation** – Council Member Pierce moved to approve the special events liquor license, Council Member Jackson seconded, unanimously approved.
- IV. DELEGATIONS**
 - 1. Proclamation Recognizing Gurez, Pakistan as a Sister Community** – In July of 2008, Habitat for Humanity and several local churches hosted members of Pakistan Relief. During this time the group participated in a cultural exchange program and as part of the cultural exchange program, Pagosans donated over \$2,300 to Pakistan Relief to establish the Pagosa Springs Skill Development Center in Gurez. With this center established, those instrumental in this cultural exchange have asked that the Town formally recognize Gurez as a sister community as a way of ensuring a continued relationship, cultural exchange and understanding with this community. Council Member Pierce moved to authorize Mayor Aragon to sign the Proclamation recognizing Gurez as Pagosa Springs’ Sister Village in Northern Pakistan, Council Member Holt seconded, unanimously approved.
- V. NEW BUSINESS**
 - 1. Sawmill Place PUD Preliminary Plan Request** – The applicant, Schlaefli Family Trust, represented by Reynolds and Associates, is requesting the review of a subdivision (PUD) consisting of approximately 11.62 acres. As proposed, the project includes 37 townhome units, 14 residential condominiums and five (5) mixed use lots for future development along Hwy 160 (these five lots will include a maximum of 12 residential condominiums and 30,000 square feet of commercial space). The Planning Commission unanimously recommended approval of the Sawmill Place Preliminary Plan PUD with four conditions; (1) address open space and roadway dedication issues; (2) submit verification at final plan

that emergency access to Rainbow Drive has been secured; (3) vacate Bass Drive right-of-way plat; and (4) address additional vegetation comments per original sketch plan submittal on the west and east property boundaries, as feasible. CDOT asks council to continue this item until a study on left hand turn access off Hwy 160 onto Pike Drive has been completed, or make this a condition to approval of preliminary plan. Mr. Andy Schlaefli explained a permit had been issued from CDOT and agrees the plan would not move forward until after CDOT has been satisfied. He feels CDOT's issues and solutions leaves the project financially infeasible to continue. Tamra Allen explained the CDOT letter caught her and staff off guard and has not had time to look into other alternatives, but is willing to work with all players to get the plans moving along. Council Member Holt would like staff and Schlaefli to work with CDOT to make the project easily accessible for the commercial spaces. Mr. Bruce Hoch says there are a lot of accidents at the Hwy 160 and Pike Dr. and believes there will eventually have to have a light put in. Mr. Bill Hudson also believes Pike Dr. access is a problem at this time. Council Member Jackson moved to approve the Sawmill Place Preliminary Plan PUD, subject to their reporting back to council by the first December town council meeting regarding the left hand turn access options, as well as the four conditions recommended by the planning commission at the October 14, 2008 meeting, Council Member Weiler seconded, unanimously approved.

- 2. Ordinance No. 722 (first reading) – Establishing Vested Rights on the Mountain Crossings Property and Consideration of Mountain Crossings Developer's Agreement** – Pagosa Partners LLC is requesting the ability to enter into a Developer's Agreement with the Town on the Mountain Crossings (Sawmill) property. The submitted letter states the current land use regulations and existing zoning on the property is not flexible and limits the developers options in regards to marketing the property and/or developing the property consistent with the adopted Comprehensive Plan. The agreement as drafted sets forth vested rights for a period of twenty (20) years in regards to permitted uses and residential/non-residential densities; under certain performance thresholds as established in Section 2.5. Vesting is generally for a term of three (3) years; however, the applicant has requested the vested period for this project be extended to twenty (20) years is due to infrastructure costs and the ability to acquire financing. Council Member Atkinson stated that the developer's agreement needs to be open to public comment prior to approval, and the Ordinance vesting would let this development go into phases which might need more time. Mayor Aragon opened the hearing to public comment regarding the development agreement. Ms. Dawn Truax explained that part of the property is under contract with the buyers excited to get started. Mr. Glenn Walsh asked about the performance standards. Mr. Bruce Hoch believes the project is positive and encourages the Council to approve it. Staff explained there are three items on the development schedule and required performance thresholds. Council Member Pierce moved to approve the Mountain Crossing Development Agreement with the necessary legal description change, Council Member Atkinson seconded, unanimously approved. Mayor Aragon then opened the hearing to public comment on Ordinance No. 722, with no public comment Mayor Aragon closed to public comment. Council Member Holt moved to approve first reading of Ordinance No. 722, establishing vested property rights on the Mountain Crossing Property, Council Member Atkinson seconded, unanimously approved.
- 3. Resolution 2008-30, Initiating Annexation of Reservoir River Ranch** – This is a review of a petition from Fairway Land Trust, represented by Russell Engineering Inc., to annex approximately 516 acres of property located adjacent to Light Plant Road and Hwy 84. Approval of the resolution of 'Intent to Annex' establishes that the submitted petition is in substantial compliance with the Municipal Annexation Act and specifically C.R.S. 31.12.107(1). Mayor Aragon opened to public comment, with no public comment Mayor Aragon closed to public comment. Council Member Pierce moved to approve Resolution 2008-30, Resolution of 'Intent to Annex' property known as the Reservoir River Ranch Annexation (approximately 516 acres), Council Member Holt seconded, unanimously approved.
- 4. Resolution 2008-31, Adopting a Definition for affordable and attainable workforce housing** – As presented in February 2008, the Regional Housing Needs Assessment dated February 12, 2008, performed by Economic and Planning Systems (EPS) and paid for by

the Town and County outlined a series of action steps for implementing specific findings with the Assessment. Within the top priorities of the action steps was the need for the town and county to adopt a uniform and industry-wide accepted set of definitions for “Workforce housing” and housing affordability. Creating a definition for affordable and attainable workforce housing for the town is critical for negotiating developer agreements, land and monetary contributions, determining waivers of impact fees, working effectively with non-profit and private developers, and making effective land use and zoning decisions about infill and future growth. The resolution title was read for the record. Mr. Rick Bellis explained that the price of housing compared to the income could change, but that a strip down formula used nationally is included in the definition. Ms. Courtney King suggests adding energy efficiency into the definition. Council Member Cotton moved to approve Resolution 2008-31, adopting a Definition of Affordable and Attainable Workforce Housing by the Town of Pagosa Springs for use in contracting, grant development, housing projects, impact fee waivers, and deferrals and other applicable town business, Council Member Jackson seconded, unanimously approved.

5. **Request from Housing Solutions of the Southwest to waive building permit fees** – The town has received a request to waive building permit fees for Socorro Senior Living Project at 559 S. 8th St. To note, the town has not waived building permit and plan review fees for other affordable housing projects. Mr. Gene Crabtree would like to see the impact fees waived for the senior citizens and deferral isn’t an option due to HUD regulations. Staff explained that Kim Welty had asked and had been granted waiver of the impact fees last year. Council Member Cotton moved to deny the request by Housing Solutions of the Southwest to waive the building permit and plan review fees for the Socorro Senior Living Project, a 20 unity residential project located at 559 South 8th Street, Council Member Weiler seconded, motion carried.
6. **Resolution 2008-32, Appointing two members to the Town Tourism Committee** – This resolution confirms the recommendation of the TTC for appointing two currently vacant seats. Council Member Pierce moved to approve resolution 2008-32, appointing Mr. Morgan Murri and Mr. Jim Smith to the Town Tourism Committee for a two (2) year, at large terms upon verification of the terms limits, Council Member Cotton seconded, unanimously approved.
7. **Resolution 2008-26, Adopting amended personnel policy** – The prepared draft of the Personnel Handbook corrects numerous grammatical errors and terminology inconsistencies throughout the document. Items addressed include Definitions, Hiring Procedures, Employee Conduct, Short Term Disability, Travel, Compensation and Benefits. Council Member Jackson moved to approve resolution 2008-26, adopting a revised personnel policy, Council Member Atkinson seconded, unanimously approved.
8. **Consideration for executing an Independent Contractor Agreement with Riverbend Engineering for work on the San Juan River Project** – At the October 7, 2008 meeting, the Town Council approved allocating monies to Riverbend Engineering to provide oversight and coordination with Recreational Engineering and Planning on design work related to the relocation of “Davey’s Wave.” In addition, the council approved Riverbend to provide preliminary engineering design of a new river improvement project adjacent to Town Park, including topographic surveys, field investigations, preliminary floodplain impact analysis, public agency and stakeholder involvement meeting, permit feasibility discussion with the USACE, easement discussion if needed and presentations to the Town Council. The fiscal impact if the town executes this contract includes Phase I cost for services of \$4,980, and Phase II cost for services of \$19,450, equating to \$24,430. Mr. Bill Hudson is glad to hear Riverbend is being engaged but feels the downtown business and residences should be brought together to get public comment on what Riverbend will or should design in the river. Mr. Chris Philips explained that in phase II there will be stakeholder involvement which includes public comment and suggestions. Council Member Holt asked about the removal of Davey’s Wave. Mr. Philips explained Phase I includes an engineering plan to remove the wave not the physical removal. Council Member Pierce moved to approve the Independent Contractor Agreement for oversight, coordination and design work related to Davey’s Wave and preliminary engineering design of new river improvements, Council Member Atkinson seconded, unanimously approved.

- 9. PS-3 and PS-5 Geothermal Well Lease between the Town of Pagosa Springs and Gulfstream LLC, 66 Inc** – The Town’s legal council has been working with the Spring’s legal representative to work on several substantive issues with the proposed lease addressed by council during previous meetings. At this time a memo from the Town’s legal council is still to be delivered. Staff brought up the possible amount of the number of GPM needed for the geothermal greenhouse as it relates to other greenhouses in the area. Staff also explained the town has received interest in a lease of the effluent waters from another local property owner. David Smith representing Brown Investments would like the Town to allow Mr. Brown to lease 100 GPM of the effluent waters. This would be paid according to the proposed lease with Gulfstream LLC. He explained Mr. Brown is working with investors and hopes to begin building however will continue to pay the lease even if not in use. Council Member Holt asked how many water rights Mr. Brown has currently. Mr. Smith said that the current water rights include 148 gpm, but mentions that the Springs is also not currently using their water rights. Council Member Weiler said that the Springs is currently building and that Mr. Brown does not have any plans in the process. Council Member Jackson suggests a work session with Bob Cole to discuss the lease. Council Member Pierce explained at this time the Springs has still not removed their filing on the Town’s water rights. Mr. Bill Hudson agrees with Council Member Pierce about the Springs needing to remove their filing. He suggests the Springs does not know how much water they use due to not having meters. Ms. Charmaine Smith with the Springs said that current plans include installing meters. Mr. Glenn Walsh suggests continuing negotiating with the Springs. Mr. Michael Whiting would like to make sure there are gpms held out to accommodate the Geothermal Greenhouse project that is currently in grant submission phase. Mayor Aragon said they are holding approximately 100 gpms for the greenhouse project. Staff is directed to have Mr. Bob Cole attend the mid-month meeting for clarification and information on the lease and possible RFP issues. Staff is also directed to contact Mr. Whittington regarding the verification of the withdrawal on the filing of the Town’s water rights.
- 10. Discussion in regards to the Watter’s Property with possible executive session per C.R.S. Section 24-6-402(4)(a)** –The town has received correspondence from Jean Gray, representing the Watters Property, in regards to the offer of \$200,000 the town extended for the purchase of Lot 6 and 7, Block 51, a 1.44 acre tract of vacant land owned by Ilamae Watters. Ms. Gray’s correspondence extends a counter offer on the property for \$500,000 and asks that the town clarify questions in regards to the town’s interest in the property, the proceeding of the September 25, 2008 executive session and any conflicts of interest council members may have in regards to the Watters Property and the Springs Resort. Council Member Holt proposed an alternate river walk route to cross over to 6th street from the end of the current walk staying solely on Town’s property. Council Member Holt moved to notify the representatives of the Watters property that due to their rejection of our offer of \$200,000 based on the appraisal of the property, we are no long interested in the property, Council Member Weiler seconded, unanimously approved.
- 11. Discussion in regards to creating a Geothermal Advisory Committee** – Staff is requesting that an advisory committee be formed for the geothermal department. Staff feels there are too many issues in just the development of the Rules and Regulations for staff to a narrow down for a comprehensive document to present to the board. The committee would also help in setting the goals for the Geothermal heating future, whether it is for expansion or lowering rates to entice new customers. Mayor Aragon agrees with Council Member Jackson that a committee that includes well owners might be too political. Staff is directed to go over policy and come back to council with comments.

VI. OLD BUSINESS

- 1. Ordinance No. 720 (Second Reading) – Annex property known as ‘Blue Sky Village’** – The proposed annexation includes seven (7) tracts of property comprising six (6) right-of-way tracts held under Colorado Department of Transportation ownership and an approximate 96 acre tract known as Blue Sky Village. The council approved Resolution 2008-14 initiating proceedings for annexation on June 19, 2008, the first reading of Ordinance No. 720 was approved at the September 2, 2008 meeting. A draft annexation

agreement is still in the negotiation process and therefore Town legal counsel and Blue Sky Village legal counsel concur that the town continue this ordinance. Council Member Pierce moved to conduct the public hearing as required under the Municipal Annexation Act, and continue review of Ordinance No. 720 (second reading) until the next regularly scheduled meeting at which time an annexation agreement in an acceptable form can be forwarded to Council for concurrent review as recommended by staff, Council Member Atkinson seconded, unanimously approved.

2. **Ordinance No. 721 (Second Reading) – Zoning property known as ‘Blue Sky Village’** – The applicant has submitted a zoning request that identifies a portion of the western 48 acres as D-3 District, Corridor Business; the northern portion of the property as A-District, Single-Family Residential; and the remaining acreage as B-1 District, Multiple Use Residential. The first reading of this ordinance was approved at the September 2, 2008 council meeting and the approval of the second reading needs to be completed after the approval of the annexation ordinance. Council Member Pierce moved to continue review of Ordinance No. 721 (second reading) based on the continuation of Ordinance No. 720 as recommended by staff, Council Member Jackson seconded, unanimously approved.

VII. DEPARTMENT HEAD REPORTS

1. **Parks and Recreation Department Report** –Parks and Recreation Director Tom Carosello has submitted a letter to the county indicating interest in serving on the soon-to-be created county parks, recreation, open space and trails task force. Youth soccer was a success and youth volleyball has attracted 66 participants for its first year. Youth basketball begins this day through early January. Fresh trees adorn the new Lewis Street sidewalk, and winterizing the town’s irrigation and restroom facilities has been completed along with chip and slash landscaping. The South Pagosa Park turf is being used by the Seeds of Learning center, and the Town Park turf has been we used and reseeded spots has been postponed until next spring. Entries are being accepted through the middle of November for the Mayor’s Green Ribbon Panel anti-litter campaign poster and essay contest. The Sports Complex should be closed out before the end of the year. Skate park design is underway and the Town should receive construction documents by the end of the year in order to pursue future grants to offset the costs of construction.
2. **Planning Department Report** – The LUDC Advisory Committee met on October 1st and 2nd to review Module 2 of the draft code, the public review draft will be available November 7th and public comment will be taken for approximately 4 weeks. Council Members have been working with staff, Clarion and Town legal council to establish a draft adoption schedule. Staff continues to work with a few property owners along the proposed Town to Lakes trail alignment to secure necessary easements. A number of annexation petitions are in various stages of processing including Goodman, Blue Sky Village, Blue Sky Ranch and Reservoir River Ranch. A working meeting is requested from Blue Sky Ranch of Colorado LLC and Prime Property Investments of Colorado, LLC to discuss certain terms with the Blue Sky Ranch Annexation. Bob Cole suggests two members of council sit down with legal council and the property representatives to discuss the items. Mayor Aragon appointed Council Member Holt and Council Member Weiler to meet with legal council and representatives from Blue Sky Ranch to discuss these issues on the 20th of November.
3. **Town Tourism Committee Report** – September figures are still coming in but showing a decrease from 2007 at this time. Barnhart marketing has submitted a media plan and supporting documentation for their decisions. Visitor packets were up in September, however the visitor center traffic is down. The budget sub-committee is still working on the 2009 budget. The executive committee is made up of Bob Hart – Chair, Marcy Mitchell – Vice Chair, Crista Munroe – Secretary and Morgan Murri – Treasurer. New billboards are going up in Colorado Springs for the winter season.
4. **Interim Town Manager Report** – August sales tax represents a 2.75% increase from August 2007 and an overall increase of .3% year to date in collections. Council received September’s spending report via email on October 8, 2008. The sales tax renewal ballot issue passed. A project summary of the capital improvement and enhancement projects is provided by Torry Hessman. An RFP for Geothermal Greenhouse has been posted in

anticipation that grant monies will be awarded by the ACRE grant. T3 has agreed to conduct a winter retreat for Town Council and suggests a full-day retreat on November 21st. Council Member Jackson suggests a more nuts-and-bolts retreat and would like to find out if Ken Charles can facilitate the retreat. The quarterly town/county meeting has been rescheduled for November 12th at noon at the County Commissioners meeting room. The town will be looking for a new judge pro-tem. Staff also offered council a town email if desired.

- VIII. **APPROVAL OF BILLS** – Upon motion duly made, the bill were approved.
Council Member Atkinson announced she will be resigning from Town Council effective at the end of this evening meeting.
- IX. **ADJOURNMENT** – Upon motion duly made, the meeting adjourned at 7:49

Ross Aragón
Mayor