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TOWN COUNCIL MEETING MINUTES
THURSDAY, DECEMBER 16, 2010
Town Hall Council Chambers
12:00 P.M.

- I. **CALL MEETING TO ORDER** – Mayor Aragon, Council Member Cotton, Council Member Holt, Council Member Jackson, Council Member Pierce, Council Member Volger
- II. **LIQUOR LICENSES**
- III. **DELEGATIONS**
 1. **Seeds of Learning** – Mrs. Lynn Bridges gave the Council an update of the programs at the Seeds of Learning Center. The early care and education center accreditation process is moving into the final phase, succeeding through the first three phases. If the inspection is approved, they should have the final accreditation in August. The center has run out of money for the high quality play ground equipment, they have written grants and have been awarded \$30,000 in grant funding. On January 3rd they will open a pre-kindergarten classroom, making the center completely full function. Susan Thorpe is assisting Mrs. Bridges to inform the public of the Seeds of Learning programs, beginning with an informal open house in January and to continue each month.
 2. **Michael Whiting** – Mr. Michael Whiting, the newest County Commissioner elect, scheduled to take office in January said he has appreciated working with the council in the past and would like to keep in the forefront a positive work environment in future interaction with the Town Council.
- IV. **NEW BUSINESS**
 1. **Town Employee Health Insurance Contract** – The Town was informed in mid-November of the bankruptcy of the current insurance carrier. The Town's insurance broker worked diligently to get the employees health insurance once again. Benefit Health Advisor submitted eight firms' proposals to the town and with their assistance, the Town was able to narrow it down and Great West Healthcare (a CIGNA subsidiary) was accepted. Due to the immediate nature of this action, Section 2.4.8 of the Competitive Bidding Policy allows the Town Manager to act in the case where an emergency is required. The new health insurance will be less than the 35% increase budgeted for 2011 and will save the town about 8.5%. Council Member Volger moved to ratify the Great West Healthcare (CIGNA) insurance contract under Emergency Purchases Section 2.4.8 of the Town's Competitive Bidding Policies and Procedures: Ordinance No. 734 and Approve the transfer of \$11,087.51 from the Health Savings Account to cover health expenditures for November and up to \$11,950 in General Fund Reserves and up to \$7,200 in Capital Fund Reserves for the cost of employee health insurance in December 2010 and January 2011 (paid in December), Council Member Holt seconded, unanimously approved.
 2. **Resolution 2010-17, Amending 2010 Budget** - In August 2010 the Council approved Resolution 2010-10 amending the 2010 Budget. Since this time, Council has approved the expenditure of several other items from the Capital Reserve Fund. In September, Council approved the expenditure of \$75,000 from the Capital Reserves to fund the asphalt overlays on Village Drive, Eagle Drive and the 7th Street approach. In October, the purchase of the Watters property for \$121,550 to extend the Riverwalk trail across the wetland area to a proposed bridge. The cost of the environmental assessment is \$1,500, and the property

survey is \$2,500. In November, Council approved the use of Capital Reserves to purchase improvements at the Community Center of \$22,910, along with the approval to use Capital Reserves for overages of \$7,000 in the Streets Department overages for Vehicle Maintenance and Gravel & Asphalt, along with \$1,500 for the Utilities expense in the Parks Department for a total of \$31,410. On December 10th the Town Council approved the purchase of the Cuchara Ski Area chair lift. The dismantling and transport of the lift and tow rope is estimated at \$41,000 to be expended from the Capital Fund Reserves. In November the town's health insurance provider filed bankruptcy. A payment to the new health provider of \$11,087.51 for November coverage will be paid out of the Town's Health Savings. The December and January costs will increase the General Fund by an estimated \$11,950 and the Capital Fund by \$7,200 for a total 2010 additional expenditure of \$30,237.51. Mayor Aragon opened this item for public comment. Council Member Pierce moved to approve Resolution 2010-17 amending the Town's 2010 approved budget to include increases in expense items, thereby decreasing the capital fund reserves by \$280,160 and the General Fund by \$11,950 and the Health Savings Account by \$11,087.51, Council Member Volger seconded, unanimously approved.

3. **Humane Society Contract** – At the November 23rd budget work session, the Town Council discussed the payment to the Humane Society, with a recommendation of \$5,000. The Humane Society has requested \$20,000. Mr. Steve Wadley, president of the Humane Society, asked to compromise at \$10,000 for the contract funding level for 2011. The Society will closely keep track of the number of dogs picked up in Town boundaries and the number of owners who pick up these dogs. Council Member Volger said this is a good deal and would like to use the Humane Society and would like to see the contract. Council Member Volger move approve the \$10,000 figure to the Humane Society for the 2011 budget with the understanding the Council will approve the contract, Council Member Jackson seconded, unanimously approved.
4. **Archuleta County Education Center Funding in 2011 Budget** – The ACEC had asked for \$50,000 to be budgeted for use in 2011 to keep the center open. The Town Council asked to see a business plan prior to allocating the monies. Archuleta County has set aside \$50,000 for Community Education in their 2011 budget, leaving flexibility on the use of the monies. Mr. David Richardson explained the Education Center was not aware of their financial problems until the 2nd week of November. The board accepts full responsibility for the financial problem, they should have demanded more numbers in the bank account and will in the future. The amount of grants and other sources are down dramatically, they are out finding money to continue the operation perhaps in smaller size, but they do not want to close the doors. They have reorganized the board and the operation of the business; they now have committees responsible in running each part of the operation. They have an array of programs they are looking to in the future, and have partnered with all the educational facilities to make education a strong economic development aspect in Pagosa Springs. Mr. Mark DeVoti, school district superintendent, said the education center has the organization, the vision, and the plan that will fill all the educational gaps in the community. The new teleconferencing and post secondary education facility is up and running with classes beginning January 10th. Mr. Richardson said they will meet their commitment with post-secondary education opportunities. They are asking for a line item in the 2011 budget to be used on a draw basis as needed, and the amount will be based on performance and the amount of matching funds generated by support from the private sector. The results of how the money is spent will be made available to the Council upon request. Council Member Volger asked if this would only be for 2011, Mr. Richardson said they are asking for just the 2011 year, they do not have any intention in asking again in 2012. Mayor Aragon appreciates the down to business attitude the board displays. Town Manager Mitchem said the \$50,000 has been put into the 2011 budget and this request would be up to that \$50,000. Council Member Cotton appreciates the board standing up to take their lumps and responsibility. Council Member Cotton moved to allocate \$50,000 be available to the Education Center contingent upon matching private funds and staff work with the Center to report the money expenditures and return that report to the Council, Council Member Holt seconded, unanimously approved.
5. **Ordinance No. 759 (first reading) Amending LUDC Fire Code** - Town legal counsel, Mr. Bob Cole, was asked by staff to draft an adoption ordinance of the Fire Code to assign all of the duties and responsibilities for the enforcement and interpretation of the Fire Code

for construction document plan reviews and new construction inspections to the Town of Pagosa Springs Building Official. Ordinance #759 places the implementation, administration and enforcement of the provisions of this code related to new structures, any alterations, additions, changes in use or changes in structures required by this code, and the administrative provisions of Chapter 1 for such purposes, under the auspices of the Town Chief Building Official. The document was crafted to give the administrative authority of the Fire Code for building maintenance, operational permits and annual fire safety inspections to the Pagosa Fire Protection District so that they may continue to provide the oversight of these important functions to insure that existing buildings are maintained in a safe manner and certain potentially hazardous operations are performed safely. The Fire Code Amendment Committee appointed by Mayor Ross Aragon, comprised of Councilors Holt and Cotton and staff member Scott Pierce met on Thursday December 9th, 2010 to thoroughly review the language and intent of ordinance #759. With a minor modification of the terminology “this Land Use Code” (found in the Exception of section B105.2 of the amending ordinance) to the term “this code” the document was approved by the sub-committee for presentation and consideration by the Town Board at first reading. Mayor Aragon opened this item for public comment. Council Member Jackson moved to approve Ordinance #759 (First Reading) An Ordinance of The Town of Pagosa Springs Amending portions of Chapter 21 of the Pagosa Springs Municipal Code, Land Use and Development Code, regarding the INTERNATIONAL FIRE CODE, 2006 Edition including appendices, Council Member Volger seconded, unanimously approved.

- 6. Town Tourism Committee Fulfillment Contract with Cassio Group** - The Town Tourism Committee issued an RFP for fulfillment services for 2011 Pagosa Springs Visitor Guides for Pagosa Springs, Colorado. Two responses were received - one local vendor and one vendor from Oklahoma. The Fulfillment Subcommittee of the TTC met with the Cassio Group to review their proposal and discuss the proposal from the company in OK. The fulfillment subcommittee recommended to the TTC during its November 16th meeting to select Cassio Group for Fulfillment Services. The TTC voted unanimously in favor of working with the Cassio Group. The Town Tourism Committee will pay the Cassio Group \$8,350.00 at the start of the contract, April 1st 2011 for materials needed to complete these services; these include labels, poly bags, printer and software for the labels. The TTC will then be billed monthly \$0.40 for each piece mailed, plus cost of postage, estimated to be approximately \$0.90 per piece, for a total of \$1.30 per piece. The contract runs through March 31, 2012. Council Member Holt said the \$.90 charge for postage is exorbitant. This postage is the current bulk mail rate. Council Member Pierce explained the postage is reasonable for this type of guide. Council Member Jackson moved to approve contract with the Cassio Group for fulfillment services for 2011 Pagosa Springs Visitor Guides for Pagosa Springs, Colorado contingent upon Town Counsel looking over the contract, Council Member Holt seconded, unanimously approved.
- 7. Geothermal Heating for Pagosa Springs** - For many decades, the Town of Pagosa Springs has provided geothermal heated water for heating a limited number of downtown businesses and residences. The infrastructure that carries heated potable water to businesses and residences is deteriorating. Repairs on the system are becoming more frequent. Given the cost of replacing this aging infrastructure, Town staff has been making inquiries regarding sources of funding. During this process, Mayor Aragón introduced us to Robert Sparks, Vice President of Engineering for Hardin Geothermal, LLC. Mr. Sparks met with the Town staff and the Geothermal Greenhouse Team to discuss new technology that has the potential for more fully utilizing the Town’s geothermal resources. The information provided during this briefing suggests that the Town could utilize U.S. Department of Energy grant funds to enhance the Town’s heating system, as well as provide for energy related renovations of community businesses and homes. Mr. Sparks and Mr. Hardin from Hardin Geothermal, LLC gave a presentation to the Town Council regarding the company’s technology and its business approach to acquiring U.S. Department of Energy grant funds. The financial impact of a Town-wide state-of-the-art geothermal heating system would save the Town hundreds of thousands of dollars in the short-term and provide a significant revenue stream for the Town in the long-term. Energy related renovations of community businesses and homes will increase property values in the short-term and save property/business owners utility cost in the long-term. They propose a partnership with the Town and GeoUtilities LLC to create a privately-owned geothermal utility that will receive

more grant funding than the Town could receive. The proposed first phase has a two to three year build-out including 500 residents and 50 businesses and a complete renovation of the system this would cost \$15 million dollars. Mr. Hardin said the system would be paid of in due course and the operation returned to the Town. The letter of intent includes a budget design and economic analysis of performance. Mr. Phil Starks said this technology has been around for a long time, and the potential for increased energy use is in this program. He sees a benefit and would like to move forward with this project. Council Member Jackson asked if anything would lower the current Springs Resort and others that would lower the level of other wells. Mr. Sparks said they will not be putting holes in the current hot water source, but using the current quantity in a more productive way for the whole town including the uptown. He said this is a closed loop system and no water will be necessary, they use the earth as the heat source only. Council Member Jackson asked about re-injecting the water, Mr. Sparks doesn't believe a long term re-injection system is successful and they do not consider this an option. Council Member Jackson asked about the commercial use and the geothermal greenhouse use. Mr. Sparks said the greenhouse project is easily folded into the potential project. Council Member Volger asked the benefit of changing his own home. Mr. Sparks said a water to water heating system would decrease Council Member Volger's energy costs by 50%. Council Member Holt asked if the current system will continue to be used specifically for the tap agreements the town maintains. Mr. Sparks said the current direct system would be replaced with a system that would be available to the whole town. He said they can replace the system under Hwy 160 without cutting the road. Council Member Pierce asked the costs to get a home renovated for this system. Mr. Sparks said their company will provide the improvements which will be paid out over many years in the monthly billing. Their company will do their best to utilize the current system. Mr. Davis, Lewis Street residence, estimates the system would cost \$15,000 to \$24,000 per house. Mr. Sparks said the tax incentives and lower utility bills, even with the equipment payment, would benefit the homeowner by perhaps 10% to 15%. Mr. Hardin clarified the property tax revenue to the Town is from the utility company not the property owners. Council Member Jackson moved the Town Council to authorize the mayor to sign a letter of intent with Hardin Geothermal, LLC., Council Member Volger seconded, unanimously approved.

8. **Geothermal Building Solar Array Grant Application** - The Governors Energy Office has announced an end-of-year grant opportunity to construct alternative energy equipment for public buildings. The 4-Core Advisory Board is going to submit a grant for the four corners area to the Governors Energy Office who is offering a Renewable Energy in Municipal Building grant, the Town could receive from 50%-100% of the costs. The intent to put solar array onto the geothermal building in order to run the pumps. The focus of the current grant initiative is reducing energy consumption in publicly owned buildings by at least 20%. This grant requires a twenty percent (20%) match: 80% federal/20% local. During the negotiations of a geothermal raw water tap agreement with the Springs Resort in 2009, research and preliminary design was completed for a solar array on top of the Pagosa Springs Geothermal Heating System building. The purpose for installing 15.5KW photovoltaic solar panels on top the geothermal building is to run the electric circulation pumps. The useful life of the panels is twenty-five (25) years. The solar system will reduce power consumption by as much as 100% and potentially save the Town \$7,000 per year in electricity expense. The total cost for the project is \$125,000 with a potential match of \$25,000. Council Member Jackson moved to authorize the submission of the Geothermal Heating System Solar Array grant application and appropriate \$25,000 from geothermal enterprise fund as match, Council Member Pierce seconded, unanimously approved. Council Member Holt asked regarding the geothermal building as a tourist site with windows and signage, and he would like to look into upgrading the building architecturally to increase the appearance of the building. He would like the price to upgrade the façade of the geothermal building. Mr. Starks will bring information to the Council through the preservation board as requested by Council Member Pierce.

9. **Hwy 160 Access Control Plan** - In 2002 CDOT produced a proposed conceptual 20-year Access Control Plan (ACP) for Highway 160 between Vista Blvd and 8th Street. Since that time, the new Town LUDC has incorporated a reference to this document, the planning department has been using this as a planning document and most recently, the PC recommended TC approve the ACP and IGA at their December 14, 2010 meeting. In an

effort to formalize adopting the ACP and enter into an Inter-Governmental Agreement (IGA) between the Town, County and CDOT, this plan is being presented once again for approval. The ACP is a conceptual plan that will provide our community a plan for vehicular highway 160 access and future secondary roads to maintain efficient, safe and smooth traffic flows optimize traffic capacity, to reduce potential accidents, provide functional traffic levels, effectively space traffic signals, protect the public health, safety and welfare. Most recently on November 15, 2010, the Town, County and CDOT hosted a public presentation regarding the ACP, with approximately 26 property owners attending. The IGA is an important component that will ensure support for the plan and future amendments and annual reviews of the plan will be agreed upon by all three government entities; Archuleta County, Town & CDOT. There are four options available; A) Approve the proposed conceptual Highway 160 Access Control Plan and associated Inter-Governmental Agreement; B) Approve the proposed conceptual Highway 160 Access Control Plan and associated Inter-Governmental Agreement with amendments; C) Postpone a decision until the January 4, 2011 Town Council Meeting after further review of the proposed ACP; D) Deny the proposed conceptual Highway 160 Access Control Plan and associated Inter-Governmental Agreement. Council Member Volger and Holt believe this is a long time coming and believes the board needs to move forward. Mr. Dickhoff, planning department, said the developers dictate the plan and any amendments would come to the Town Council, County Commissioners and CDOT. Mayor Aragon opened this item to public comment. Council Member Jackson asked if this plan puts restrictions on developers. Mr. Dickhoff believes the plan makes the community safer and the developments more accessible. Mr. Tommy Humphries, CDOT, said the State Statute includes an access code; however there are portions of the code to allow for development access plans. Council Member Cotton moved to approve the proposed conceptual Highway 160 Access Control Plan and associated Inter-Governmental Agreement, Council Member Holt seconded, unanimously approved. Council Member Holt asked if there were any grants available to extend the 300 yards from Eagle Drive to Pike Drive to complete the access plan. Mr. Tommy Humphries said the ACP is a good step and believes there may be grant funding available but it needs to be applied for equally across the state. He said he will bring it to his boss and find out if there is any funding available.

V. OLD BUSINESS

1. **October Sales Tax Brief** - In October, the Town of Pagosa Springs' sales tax revenue increased by -3.08% or -\$7,384 compared to October, 2009. Year-to-date (January through December) sales tax revenue has declined -3.56% or -\$109,201 (excluding the Department of Revenue Audit payment of \$1,001,739) compared to the same period last year. The Town Council budgeted for a -10% (-\$306,814) decline in sales tax revenue, on a year-to-date basis. Therefore, 2010 actual sales tax revenue is +6.44% (+\$197,613) ahead of the budgeted revenue.

VI. APPROVAL OF NOVEMBER FINANCIAL STATEMENT AND ACCOMPANYING PAYMENTS

– Council Member Jackson moved to approve the November financial statement and accompanying payments, Council Member Pierce seconded, unanimously approved.

VII. NEXT TOWN COUNCIL MEETING JANUARY 4, 2011 AT 5:00PM

VIII. ADJOURNMENT – Upon motion duly made, the meeting adjourned at 2:30pm.

Ross Aragón
Mayor