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**TOWN COUNCIL MEETING MINUTES
THURSDAY, MARCH 20, 2014
Town Hall Council Chambers
12:00 P.M.**

- I. **CALL MEETING TO ORDER** – Mayor Aragon, Council Member Alley, Council Member Bunning, Council Member Cotton, Council Member Lattin, Council Member Schanzenbaker, Council Member Volger, Attorney Bob Cole
- II. **APPROVAL of MEETING MINUTES FROM MARCH 4, 2014** – The minutes were approved as read.
- III. **PUBLIC COMMENT** – Mrs. Christine Funk said she is dismayed at the signage with incorrect information with the regard to the recreation center issue on the ballot. She said the recreation center would allow the schools to host swim meets and provide a kids area to learn to swim or a place to play while their parents exercised or swam. She said it would provide a community gathering place and an amazing place for our community. Mayor Aragon felt Mrs. Funk's comments were a personal attack and feels the community should not be talking about the kids but should be talking about fiscal responsibility. Mr. Albert JeNab would like to have the amenities of a recreation center but is not sure the finances work. He asked about the sale of the bonds, refinancing the center after it is paid off, the land donation and the purchase of the land. Council Member Lattin said the bonds are meant to be sold in the next six months or so. Mayor Aragon said the current pipeline project at the sewer lagoons is a four million dollar debt. Attorney Cole said refinancing is available, but cannot capitalize on equity on the facility, and as soon as the bond is paid off for the recreation center, the sales tax revenue will cease. Mr. Glenn Walsh said this project is not a penny on a dollar, but the community's future. He said in 2007 sales tax receipts were \$3.3 million and after the recession sales tax is up again to \$3.3 million, but inflation is up 20% since 2007. He said investing the one penny in this building, will not allow funding to sidewalks, streets and trails. Mr. Bill Hudson said he believes the town council has been given the information and hopes the town council would come out against this proposed tax.
- IV. **LIQUOR LICENSE**
 1. **Liquor License Renewal – Springs Resort LTD dba the Springs Hotel 323 Hot Springs Blvd** – Council Member Volger moved to approve the liquor license renewal for the Springs Resort LTD dba the Springs Hotel, Council Member Bunning seconded, unanimously approved.
 2. **Special Events Liquor Permit – National Wild Turkey Federation Annual Banquet April 19, 2014 at the Ross Aragon Community Center**
 3. **Special Events Liquor Permit – Pagosa Springs Community Facilities Coalition High Rollers Dance April 25, 2014 at the Ross Aragon Community Center** – Council Member Bunning moved to approve the special events liquor permit for the National Wild Turkey Federation Event April 19, and Pagosa Springs Community Facilities Coalition event April 25, Council Member Volger seconded, unanimously approved.

V. NEW BUSINESS

- 1. Ordinance 807, First Reading, Establishing the Geothermal Electric Utility** - The Town of Pagosa Springs sits on one of the largest geothermal aquifers in Colorado. Current usage of this geothermal resource is limited to three bathing spas and winter heating for a number of downtown businesses, homes and schools. Over the past several years, the Town has sponsored research to document the geothermal aquifer's capacity more fully. In March of 2013, the Town and County appropriated \$9,000 each to support of Pagosa Verde, LLC's research to assess the merits of further testing and development of the geothermal resource for electricity production. Later in 2013, the Town and County appropriated \$65,500 each to further support the work of Pagosa Verde for research and establishment of a geothermal water and power authority. In the 2014 Town and County budgets, each government appropriated \$200,000 to drill exploration wells. The Town Council and County Commissioners have approved moving forward with exploration drilling and creation of a utility. The Pagosa Area Geothermal Water and Power Authority Agreement creates the utility company. Mr. Jerry Smith with Pagosa Verde said he has worked diligently toward this project. He said Pagosa Verde received a \$3.8 million from Department of Energy and the State of Colorado passed a bill allowing bonding the balance of the costs for the facility. Drilling is scheduled for this summer. Ms. Kirsten Skeehan said the Town/County authority will join the Pagosa Waters LLC who will own the project. Mr. Smith said the rest of the State sees the Town and County as leaders in the area of geothermal projects. He said the GGP was awarded \$25K and then another \$50K by the State for the greenhouse project. Council Member Schanzenbaker asked about compensation for the board members of the electric utility. He said the time and energy by a board member for this new board might be great and would like to keep the option of compensation open. Attorney Cole said the LLC formation would be more hands on, and the compensation may be more appropriately addressed in the formation of the Pagosa Waters LLC. Council Member Alley agrees the compensation is supported and later amending the agreement for compensation. Council Member Volger moved to approve first reading of Ordinance 807, an ordinance of the Town of Pagosa Springs approving an intergovernmental agreement for the formation of the Pagosa Area Geothermal Water and Power Authority with correction to date on page 1, Council Member Cotton seconded, unanimously approved.
- 2. Ordinance 808, First Reading, Visitor Center Lease Agreement** - The visitor center task force has recommended the agreement to utilize space adjacent to the old downtown City Market complex for the new visitor center. The space is 1,500 square feet and the property owner has offered the town a monthly rental fee of \$1 square foot. The rental amount is within the budgeted amount for visitor center space. It is estimated that the remodeling expenses will cost approximately \$30,000. There are lodger's tax reserves to cover this cost. The property owner has verbally offered to reduce the monthly rent by \$300 to reimburse the Town for upfront remodeling expenses. The correction to the title to include Pierce Mangurian as well as adding the word complex to the end of the title. The exterior of the building is intended to be improved in the next 3 months. Mr. Bill Hudson asked about the term of the lease, Town Manager Mitchem said the lease option is for 30 years. Mr. Glenn Walsh said this is the transformative issues we should be investing in first. Council Member Volger moved to approve first reading of Ordinance 808, an ordinance of the Town of Pagosa Springs, Colorado, authorizing the execution and delivery of a lease agreement between the Pierce Mangurian Trust, as landlord, and the Town as tenant with respect to certain real property located at 755 San Juan Street and formerly known as the downtown City Market building complex, Council Member Lattin seconded, unanimously approved.
- 3. Elementary School Traffic Control Funding** – Representatives from the Town, County and School District met at the elementary school to view the traffic patterns as children arrive in the morning. The school district requested assistance from the streets department with filling potholes, grading, modifications, and street sweeping cleaning the drop off area, this has been completed. The District additionally asked for financial assistance in hiring part-time staff to direct traffic. The cost for the Town, County and District would be \$3,000 each. Mrs. Linda Reed said the Town has been very helpful in working through the

backup on the highway from CDOT's change in lanes on the Highway. Planning Director Dickhoff said staff has talked with CDOT, but that queuing traffic on the Highway is not allowed. Council Member Lattin moved to approve an appropriation of \$3,000 from the general fund to support traffic control at the elementary school and amend the Town's 2014 general budget to reflect the expenditure, Council Member Volger seconded, unanimously approved.

4. **Town-County Sales Tax Intergovernmental Agreement** – The Town and County are proposing to direct the Colorado Department of Revenue to send the 50% of sales tax approved by the voters for the Town of Pagosa Springs directly to the Town rather than routing the funds through the County Treasurer's Office. This request will resolve the conflict with the County Treasurer over deducting administrative fees. Council Member Volger moved to approve the Intergovernmental Agreement with Archuleta County Concerning the distribution of sales tax with authorization to staff to modify the agreement based on recommendations by the County and Colorado Department of Revenue, Council Member Schanzenbaker seconded, unanimously approved.

VI. OLD BUSINESS

1. **Ordinance 806, Second Reading, Refinancing of Dispatch Center Equipment -** Ordinance 806 calls for the refinance of the Archuleta County Consolidated Emergency Communication Dispatch communications equipment. The current loan with Wells Fargo is up for renewal or replacement. A bidding process has taken place and the low interest rate bidder is Bank of the San Juans, Division of Glacier Bank. The loan principal amount is \$356,356.31, with an interest rate of 3.50% per annum and 83 monthly payments of \$4,789.22 and a final payment of \$4,788.84. There is no prepayment penalty. Collateral for the loan includes all Archuleta County Consolidated Emergency Communication Dispatch equipment. Council Member Lattin moved to approve second reading of Ordinance 806, an ordinance authorizing the refinance of the Archuleta County Consolidated Emergency Communication equipment lease purchase, Council Member Schanzenbaker seconded, unanimously approved. Mr. John Ramburg asked about the funding of the recreation center and where the funding may come from if the sales tax doesn't pay the debt. Council Member Cotton said general fund, Council Member Lattin said the reserve fund provided by the bond. A daily pass would be \$7 and a family annual pass will be approximately \$450.
2. **Sales Tax Brief** – Sales tax in March, based on January 2014 retail sales, was up 3.87% compared to 2013. Year to date sales tax is up 1.54% over 2013.

VII. DEPARTMENT HEAD REPORTS

1. **Community Center Report** - The community center staff is currently planning events for summer and summer programs. Ross Aragon appreciation celebration March 21st, dances and talent shows, and after prom parties are being organized. All new chairs and carts are placed. Staff continues to book events that have not had at the community center in some time, such as the Turkey Federation and the Elk Foundation. Staff is excited to see the events and activities continue to flourish. Staff is in the process of writing a grant to buy three new computers for the computer lab, which would bring the entire lab up to date.
2. **Parks and Recreation Department Report** - The youth basketball program for ages 9-12 ended March 10; the adult basketball seasons will begin this week. The adult seasons will run from through the first week of May. Registration for the spring session of gymnastics for ages 3 and up will end this week, and tee-ball registration for ages 5 and 6 will begin before the end of the month. Staff is working with the community center staff to outline and promote this year's outdoor-education curriculum for ages 4-10. The plan this year will be to utilize volunteers for as many programs as possible, but there may also be opportunities for the use of talented, specialized instructors on a part-time, compensated basis. Now that the gazebo on Reservoir Hill is complete with the exception of staining, the parks crew will be reconditioning the turf areas that were disturbed during construction. The meadow will be reseeded and graded in some areas, and a thick layer of mulch will be applied to areas adjacent to the gazebo that do not yet have adequate

irrigation to allow for seeding. The sixth of seven whitewater features, which is located roughly 100 yards downstream from the Apache Street Bridge, has been completed. The seventh and final feature, to be located at "Cotton Hole," is tentatively scheduled for late this fall or early next winter. Council Member Volger suggests a community work day to install the observation tower.

3. **Town Tourism Committee Report** - Final 2013 lodging tax reflected a 6.91% increase over 2012, or an increase of \$28,709.30. January 2014 was up 8.15% over 2013, or an increase of \$2,649.90. Chamber of Commerce does not currently have a visitor center coordinator and at present, only has one part time staff person. Recruitment of Visitor Center Ambassadors continues - over 40 people have committed to helping. Met with Colorado Workforce to receive "free" assistance for processing fulfillments once Visitor Center begins handling fulfillment. Visitor Program Manager has begun importing leads into Internet Honey each week for fulfillment processing, offsetting expenses previously incurred through Internet Honey. Each year, Jon Johnson organizes a TTC Work Project, where he leads the effort to volunteer labor to needed Town projects including adding and staining sign structures. The TTC budget includes the purchase of two large event tents available for organizers to use.
4. **Planning Department Report** – Brad Ash was appointed to the Historic Preservation Board as chair and Peggy Bergon appointed vice-chair. An alteration certificate for Riff Raff Brewing Company was approved. The 6th Street riverwalk extension should begin soon. The 6th Street pedestrian grant was delivered to GOCO, awards will be announced mid-July. Majestic Drive CMAQ project is set to start this year. The McCabe Creek bridge project is being reviewed, estimated at \$5.9 million, starting in 2015 and completed in 2016. CDOT has begun discussion with affected property owners to discuss the project including the downstream property acquisition. Council Member Schanzenbaker would like to discuss with CDOT that under bridge trail headroom, as well as an extra wide pedestrian sidewalk to keep the continuity of downtown. CDOT has proposed installing a message board just past the 1st Street Bridge for eastbound traffic to view any closures or restrictions on Hwy 160 or Hwy 84. The Safe Routes to School grant application did not make it to the State with the conclusion that it was not submitted. The State legislature will fund it as a new state initiative; the Town can then submit a new grant.

VIII. APPROVAL OF FEBRUARY FINANCIAL STATEMENT AND ACCOMPANYING PAYMENTS – Council Member Volger moved to approve the February financial statement and accompanying payments, Council Member Bunning seconded, unanimously approved.

IX. PUBLIC COMMENT – Mr. Mark Weiler shared economic research within the 7 counties in southwest Colorado. He said sales tax in 2007 was \$3.3 million in 2013 sales tax was over \$3.3 million, he said sales tax is up 20% since 2007. He said the dark storefront has decreased by 40% in the last 3 years. He said the sales tax shows the local economy is not in dire straits. Mr. Bill Hudson asked about changes to the budget. Town Attorney Cole said the budget refers to total funds expenditure and monies might be adjusted within the fund. Mr. Mitchem said the Town completes annual budget amendments to approve changing the budget funds.

X. NEXT TOWN COUNCIL MEETING APRIL 1, 2014 AT 5:00PM

XI. ADJOURNMENT – Upon motion duly made, the meeting adjourned at 2:15pm.

Ross Aragón
Mayor