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**TOWN COUNCIL SPECIAL MEETING MINUTES**  
**WEDNESDAY, APRIL 6, 2016**  
**Town Hall Council Chambers**  
**551 Hot Springs Blvd**  
**5:00 p.m.**

- I. **CALL MEETING TO ORDER** – Mayor Volger, Council Member Alley, Council Member Egan, Council Member Lattin, Council Member Patel, Council Member Schanzenbaker
- II. **PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**
- III. **PUBLIC COMMENT** – Mr. Mark Zeigler owns the San Juan Plaza, he said CDOT is planning to take down one of his buildings for the McCabe Creek project which is affecting his current tenants and CDOT hasn't even begun the project. Mr. Mike Heraty said the agreement with the Springs Partners states that if the Town is unable to install the bridge, the Springs Partners can move ahead with their development. He suggests modifying the agreement with the Springs Partners to allow for a landing of a possible bridge in the future.
- IV. **CONSENT AGENDA**
  1. **Approval of the March 24, 2016 Meeting Minutes**
  2. **Liquor License**
    - a. **Liquor License Renewal – The Springs Hotel at 323 Hot Springs Blvd**
    - b. **Special Events Liquor Permit – Pagosa Springs Area Association of Realtors, Rummage Sale and Party in the Park at Town Park on April 30, 2016**
    - c. **Special Events Liquor Permit – San Juan Chapter Rocky Mountain Elk Foundation Fundraiser at Ross Aragon Community Center on May 21, 2016**
  3. **Earth Week Proclamation 2016**
  4. **Letter of Opposition to HB 16-1309, Municipal Court Unfunded Mandate** – Council Member Lattin moved to approve the consent agenda, Council Member Egan seconded, unanimously approved. Mayor Volger read the Earth Week Proclamation aloud.
- V. **NEW BUSINESS**
  1. **Retail Marijuana License, Growhouse Pagosa Springs at 2149 Eagle Drive** – A retail marijuana establishment license application for 2149 Eagle Drive was submitted by Mother Spring Management LLC dba Growhouse Pagosa Springs. Mother Spring Management LLC has an existing State of Colorado retail marijuana conditional license. They do not have a grow operation in Archuleta County nor do they have a contract with any Archuleta County growers to supply the required 70% flowered bud. It is the owner's intention to only sell concentrates, edibles, drinks and topicals until such time an Archuleta County source for flowered bud is available to them. The planning department has three items they recommend being considered

prior to approval. 1. Proposed exterior signage requires a sign permit application and possible Town Marijuana Authority's approval prior to installation. In addition, all interior signage visible from the exterior shall comply with the Town's Marijuana Establishment regulations and Town's LUDC. 2. A physical inspection of the exterior lighting is required to be requested and conducted, to confirm compliance with the LUDC exterior lighting regulations, at the time of installation and operation. 3. The applicant / property owner shall respond as to the ability to provide a "Screened Trash Collection Enclosure" prior to the Marijuana Establishment opening for business. The Building department reports the tenant claims that they will not be making any type of building modifications and/or improvements. The staff has reviewed the marijuana application and presently has no issues with the existing building. For any construction, enlargement, alteration, repair, movement, demolition and/or change of occupancy, the owner or authorized agent shall first make an application to the building official and obtain the required permit. The Building and Fire Inspector will do a final inspection to check for proper egress with signage and fire extinguishers. The applicant has submitted a security plan with the Police Department, but none of the physical inspections have been completed. The Police Department made contact with the applicant February 3, 2016; the applicant informed the PD they were not prepared for an inspection. Final inspection will be completed once all physical security systems are in place. Council Member Lattin would like to determine how many stores the Town would allow in Town. Mr. Craig Clark owns Growhouse Pagosa Springs and the office at Eagle Drive. Compliance is a key factor for this emerging market, he is looking to make the contact with the cultivators in the County where they can get a flowered bud supply from a wholesaler. They are planning to follow all requirements including permits and security items. They have been working on the communication with local cultivators to begin gathering their 70% bud requirement over the next 6-12 months. He said he doesn't see viability in not selling bud after 12-18 months. He said they will look for supplies from local growers. Attorney Cole said the Ordinance does not prohibit a store from opening that will only be selling infused product. Ms. Meg Bliss said some of the infused products have helped her condition and she is happy to have a business in town that sells the products she uses. Mr. Jason Werby said the County has only 4 recreational grow operations in the County. There are not any stand alone grow operation available in the County. He said the job creator is the local grow. Mr. Bill Delany said the restrictions in the marijuana business is hard to maintain under normal conditions and allowing a store without bud is not appropriate in support of local job creations. Mr. Bill Hudson said this item was not discussed during the creation of these regulations. Mr. Jeremy Bonin said that other stores had to have grows in the place before approval to open. Town Manager Schulte said the ordinance is silent regarding this type of store. Attorney Cole said the language of the statute is based on marijuana products and not on bud only. Mr. Clark said they are committed to the community will hire between 3 to 7 people. He said there was no intent to circumvent the council's intention. They have invested a lot of money and will do all they can to support the community. Council Member Schanzenbaker said there isn't a reason to deny the application at this time but the ordinance may change next year upon renewal. Council Member Schanzenbaker moved to approve the Marijuana Establishment License for Mother Spring Management LLC dba Growhouse Pagosa Springs at 2149 Eagle Drive contingent upon meeting the conditions and final inspections specified in this report, Council Member Alley seconded, motion carried with one nay (Council Member Egan).

2. **Retail Marijuana License, San Juan Strains Inc. at 356 Pagosa Street** – Staff received the retail marijuana establishment license application for 356 Pagosa Street Unit B submitted by San Juan Strains, Inc. They have applied and are in the process of obtaining an Archuleta County retail optional premises cultivation license to grow flowered bud for retail sale at 95 Industrial Circle in the Cloman Industrial Park. They plan to use their grow operation in Archuleta County to reach the 70% flowered bud Town requirement. The Planning department recommendations are; 1.

The applicant / property owner shall provide hard surfaced parking lot improvements with parking space stripping for at least 21 spaces, with a minimum of one ADA space, before the end of the 2016 construction season. 2. The applicant / property owner shall provide a landscaping improvement plan for Town's approval, to include replacement of removed live plantings and at least one tree per 5 parking spaces in or adjacent to the parking area. The Plan is due prior to August 31, 2016 for Town approval, for installation prior to September 30, 2016. 3. Any additional proposed exterior signage requires a sign permit application and Town approval prior to installation. Any interior signage visible from the exterior shall comply with the Town's Marijuana Establishment regulations and Town's LUDC. 4. A physical Inspection of the exterior lighting is required to be requested and conducted, to confirm compliance with the LUDC exterior lighting regulations, at the time of installation and operation. 5. The applicant / property owner shall install a "Screened Trash Collection Enclosure" prior to the Marijuana Establishment opening for business, and provide clarification regarding legal access to the enclosure. The property owner submitted a building application and received a building permit on November 16, 2015 for tenant improvements from the Building department. The applicant has submitted a security plan, but none of the physical inspections have been completed at this time. The Police Department made contact with the applicant February 3, 2016, the applicant informed the Police Department they were not prepared for an inspection. Final inspection will be completed once all physical security systems are in place. Town Attorney Cole said the code reads 70% of inventory is obtained from a local grower. He said depending on the Council's intent there may be other options that are created by this language. Mr. Peter Hurley and Mr. James Diffey said they are invested in the community. They are building a greenhouse on Industrial Circle and have a warehouse on the property. The 3,200 sq ft warehouse is where they will begin the grow facility in the next month and will begin building the greenhouse. They intend to meet the 70% requirement over the annual term. Mr. Jason Cox said the statute has gaps and they may not be negative. He said economically if a business feels they are able to sell certain product then that is up to their business model. Mr. Andre Redstone asked if deferring this application until a review of the loopholes and inadequacies is in the ordinance. Mayor Volger said there is always an option to defer. Mr. Bill Hudson said the growers have to meet state and local laws and are making investments into their business and into this community. Mr. Hurley said they have worked hard on the store in anticipation of this meeting. They hope to open the store to support the business, and have the grow operation up and running in one month. Council Member Schanzenbaker said this applicant has put their capital into the community and doesn't see a problem with their application. Council Member Alley said he doesn't want to hold up this applicant because of what the council hasn't determined yet. Attorney Cole believes the language on day one 70% of the inventory has to be from the County, or if defined flexibility then it can be based on an annual review. Council Member Lattin thought the ordinance was clear that on day one there would be 70% inventory from Archuleta County growers. Attorney Cole said the Council could pass a moratorium until clarification can be determined to the ordinance. Council Member Egan moved to table this application until an ordinance can be put in place to address these issues, motion died for lack of a second. Council agrees there are items to be modified in the ordinance, but they don't feel they can hold up this application because of potential changes. Town Planner Dickhoff said when working with the community in crafting the marijuana code, he said the 70% rule was related to potential crop failure and was based more on an annual basis consideration. Town Manager said that staff is planning to administer the 70% rule quarterly but will need to establish that administration. Staff will be meeting with the current establishments to review their first quarter of bud sources. Council Member Alley would like staff to get the council together to review deficiencies in the code. Council Member Alley moved to approve the marijuana establishment license for San Juan Strains, Inc. at 356 Pagosa Street Unit B contingent upon meeting the conditions and

final inspections specified in this report, Council Member Patel seconded, unanimously approved. Council Member Lattin would like to propose a moratorium at the next meeting.

- 3. Temporary Use Permit for Vending in Town Parks, Lifestyle Services, LLC** - On March 07, 2016, the Town Planning Department received a temporary use application request from Mr. Jerry Hilsabeck of Lifestyle Services, LLC, requesting Town Council renew permission to operate a vending cart in Town owned park spaces for the 2016 summer season. Similar to the 2015 application, Mr. Hilsabeck is again proposing to operate a vending cart to sell snow-cones, ice cream, soft drinks and water and is requesting alternate locations for the one cart to operate, Yamaguchi Park, Town Park along Riverwalk, west of Hot Springs Blvd, and Goodman Park on July 4<sup>th</sup>. Council Member Egan moved to approve a revocable temporary use permit for Lifestyle Services, LLC to operate a vending cart on Town property in 2016 with Town staff's recommended conditions of approval to be included in the temporary use permit, Council Member Schanzenbaker seconded, unanimously approved.
- 4. Temporary Use Permit for Horse Drawn Carriage Business** - On March 01, 2016, the Town Planning Department received an inquiry regarding operating a Horse Drawn Carriage business on the streets in downtown with an area reserved for loading and unloading guest. Since then, the Planning Department has inquired with the Police Department, Streets Department and Parks Department regarding such proposal and their respective comments. Mrs. Schaeffer said this is a unique business and a unique experience for the visitors. She has been in contact with CDOT regarding what times of day and other stipulations that may apply. Council Member Lattin is concerned about the carriage on the highway 160. Town Planner Dickhoff said the demolition of the McCabe Creek buildings will not occur until later in the fall. Council Member Schanzenbaker doesn't like the staging area on the overlook parking. Council Member Alley likes the idea and have seen this type of business in many mountain towns. Council Member Patel said the overlook does get extremely busy but after the tour they may stop to visit some of the businesses. Mr. Andre Redstone asked for temporary signage to make drivers aware of the business. Mr. JR Ford asked about hours of operation. He said the parking from 11am-3pm at the overlook parking is the only time for parking problems. Council Member Alley moved to approve a revocable temporary use permit for Cortney Schaeffer, to operate a Horse Drawn Carriage Business on Town streets and staging areas on town owned property, with Town staff's recommended conditions of approval to be included in the permit, Council Member Patel seconded, unanimously approved.
- 5. 5<sup>th</sup> Street Bridge Update and Direction for Economic Impact and Traffic Analysis Studies** - In 2012 the Town executed a 10 Year Vested Rights Agreement with the Springs Partners (Partnership) that guides the development of a vacant 27 acre parcel located between the Springs Resort and the Town Hall/Community Center. The Agreement contemplated two possible development scenarios. The first (Sketch Plan A) is with a bridge and connection road over the San Juan River at 5<sup>th</sup> Street and the second is development of the parcel without a bridge (Sketch Plan B). The Agreement specifies the Town would pay for the cost of the bridge and connection road and place it in the Town's 2017 Capital Improvement Plan (CIP). There is not enough information available as to the need and viability of the investment in a bridge and connection road. Direction was given to staff to explore the possibility of initiating an economic impact study as well as a traffic analysis regarding the need of the bridge. Staff contacted Region 9 as well as a sampling of consultants to ascertain if the development would add jobs, sales and property taxes, and add to the vibrancy of the existing downtown area, the cost could be in the approximate range of up to \$20,000. A traffic analysis can be performed to answer questions regarding a possible build-out and what may occur if the vacant parcels are built on as well. The traffic a build-out would produce and the impact on Hot Springs Blvd. Town Manager Schulte said that DOLA may have grant funding for this bridge project, but they will require these studies to apply for the grant. Council Member Schanzenbaker said the developer is normally required

to produce an economic development study. Town Planner Dickhoff said the Town does not require a study. Mr. Jack Searle said he loves this town and is a visionary. He is excited for an extension of the downtown on the 27 acres across the river. He said he owns and supports Old Town Market and charities in the communities. He said it takes investment in your future to create a future. Mrs. Lynn Dryburgh said the taxpayers have a right to vote on any debt over one year. She said the town staff, council, and attorney has gone around the people's right in allowing a lease/purchase. She wants a vote presented to the people. Mrs. Julie Church asked about who should pay for the impact study, most developers are required to pay for the study. She agrees to have both studies completed in order to get the correct traffic number, but needs to have a reasonable scope. She believes CDOT is going to have a great number of comments and requirements for this bridge. She said this bridge will remove all access to the courthouse, Tequilas, and River Pointe and reduce parking for their businesses. Mr. John Thompson asked about legitimate questions being answered. He said a 7 million dollar bridge is less than 3% of the proposed \$200 million dollar project. Mr. Mike Heraty said a full build out of the project needs to have a realistic traffic study and absorption rate. Mr. Bill Hudson showed a map of re-striping by CDOT. He said 14,000 was the average daily traffic in 2014, he said the new CDOT striping can handle 20,000 average daily traffic in the future. He would like the developers to help pay for the traffic study and not do the economic study. JR Ford believes a traffic study has already be done and said that study says the need for upgrades on 8<sup>th</sup> Street and Hot Springs Blvd. Mr. Andre Redstone asked when factual information will be available to the public regarding the benefit of this bridge. Council Member Egan asked information on the 2007 study be given to the Town Council. Town Planner Dickhoff said that study is a private person's ownership. Council Member Schanzenbaker asked to share the cost of the study. He would like the owners to pay for the economic impact study. Mr. Searle said they are willing to pay for a hotel economic study they are talking to. He said the hotel is considering a convention center and are ready to move forward if the study is favorable. Council Member Egan moved to direct staff to pursue economic impact and traffic analysis studies and allocating an amount not to exceed \$40,000 to be shared equally between the developer and the Town, Council Member Schanzenbaker seconded, motion passes with one nay (Council Member Lattin).

- VI. **PUBLIC COMMENT** – Mr. Mike Heraty would like to emphasis a traffic study that has an absorption rate regarding development on all the vacant lots along Hot Springs Blvd.
- VII. **COUNCIL IDEAS AND COMMENTS** – Council Member Patel asked about changing out the windows in order to have them open. Council thanked Mr. Bob Cole for his attendance.
- VIII. **NEXT TOWN COUNCIL MEETING APRIL 21, 2016 AT 5:00 PM**
- IX. **ADJOURNMENT** – Upon motion duly made, the meeting adjourned at 8:01pm.

**Don Volger**  
**Mayor**