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**TOWN COUNCIL MEETING MINUTES**  
**THURSDAY, JULY 21, 2016**  
**Town Hall Council Chambers**  
**551 Hot Springs Blvd**  
**5:00 p.m.**

- I. **CALL MEETING TO ORDER** – Mayor Volger, Council Member Bunning, Council Member Egan, Council Member Patel (by phone), Council Member Schanzenbaker, Town Counsel Bob Cole
- II. **PUBLIC COMMENT** – None
- III. **CONSENT AGENDA**
  1. **Approval of the July 5, 2016 Meeting Minutes**
  2. **Approval of June Financial Statement and Accompanying Payments**
  3. **Liquor Licenses**
    - a. **Special Events Permit – Folkwest Inc. Folk Festival on Reservoir Hill September 2, 3, & 4, 2016**
  4. **Downtown Colorado Inc. (DCI) Letter of Support** – Council Member Schanzenbaker moved to approve the consent agenda, Council Member Egan seconded, unanimously approved.
- IV. **REPORTS TO COUNCIL**
  1. **Featured Department Head Reports**
    - a. **Maintenance Department** – Staff has been busy repairing drywall and painting at the Community Center. The Town Hall and Community Center parking lot was freshly painted and striped. The Visitor Center conference room renovations were completed with new windows and refinishing of woodwork in the lobby area. Staff installed the Pinon Lake fountain in time for the 4<sup>th</sup> of July weekend and assisted with traffic control and coordination with the fireworks vendor over the holiday. Staff provided oversight and training for the parks crew of installation of concrete pads for the new bike racks. Town Manager Schulte thanked Dennis Ford for going above and beyond securing the fireworks by camping on the school hill the four nights prior to the fireworks display. The Mayor thanked Dennis for the great work on the fireworks and at the Visitor Center and for installing the Pinon Lake fountain.
    - b. **Planning Department** - In recognition of the Town's 125<sup>th</sup> anniversary, the HPB has coordinated hosting several performances by regional talent to represent the multi-cultural collection of the people who are a part of the fabric of the area, at this year's Archuleta County Fair, August 5, 6 and 7<sup>th</sup>. The Planning Commission has been discussing smaller lot sizes in R-12 and R-18 districts, revisions to the Town's zoning map, and vacation rental conditional use permitting. These vacation rental applications will go before the commission rather than administratively approved. This way the neighbors will be notified of the possible business. Staff has issued a request for engineering services for the SRTS sidewalk project. Staff received preliminary restoration plans for the Rumbaugh Creek Bridge that were sent to the State Historical Fund staff for approval. The sidewalk segment from 8<sup>th</sup> to 10<sup>th</sup> Street will be awarded and begin construction in July, the west phase has received CDOT

approval and an RFP will be sent out for anticipated construction this season. RFP has been sent out for the comprehensive plan update, due back August 5<sup>th</sup>.

2. **Sales Tax Brief** - The May 2016 sales tax shows a decrease of 0.5% compared to May 2015. Total sales tax revenue for May 2016 for the Town is \$319,772 with that divided equally between the General Fund and the Capital Improvement Fund (\$159,886 going to each). In May 2015, the total amount received was \$321,291. The sales tax received in May 2016 is \$1,519 less than the same month in 2015. This is the first month where there is the direct comparison, month to month, that includes Wal-Mart revenues.
1. **Lodgers Tax Brief** - The most recent lodging tax report shows with all payments received, April 2016 reflects an 11.62% increase over 2015. May 2016 reflects an 11.73% increase, or \$4,104. Year to date, collections are up 9.62%, or \$16,746 over 2015. Traffic to the visitor center during the month of June was up significantly over 2015 with 12,695 visitors - an increase of 1,092. Daily traffic averaged 423 visitors. Monday, June 27<sup>th</sup> was the busiest day in June, with 602 visitors during the day. Mondays are the busiest, followed by Wednesdays and Sundays. The Town hosted a videographer to gain footage to promote 4<sup>th</sup> of July, enhance summer promotion to include more activities, Center for the Arts promotions, Chimney Rock, update brewery video, and more. Director will issue an RFP to locate video editing services to use the footage to develop hundreds of different videos that can be push out via social media, new website, co-op programs. The Town will host the October CAST meeting.

## V. NEW BUSINESS

1. **Selection of New Council Members** - Two town council members have recently stepped down from the board, Kathie Lattin, representing District 1, and Clint Alley. Four interested parties submitted letters for the at-large seat, Mat deGraaf, Matt DeGuise, Nicole DeMarco, and Mark Weiler. Mr. Mark Weiler was the first candidate to answer questions. He said his love of the community is deep and sincere. He has served as a Town Council Member in the past and attended the goals and objective work sessions and watched the council have open discussion. He said he is astute financially and a leader with the local business people. He served on the FSWB board and four other boards and he supports financing the community. He has seen a change in the Town Council and wants to work with the new council members. He has interacted with every town department but says the employees lack leadership from the town council. He said he is able to recuse himself in situations and is able to attend all meetings, he also said he can support the majority once the vote is made. He said his legal residence is 7 Parelli Way and said he went through a lot of work to confirm his residence in the Parelli building. Attorney Bob Cole said there is a group of factors that determine the residency includgin the place the person lives in with intent to return. Mr. Weiler then withdrew his letter of interest to serve on the Town Council. Mr. Matt DeGuise said he wanted to get involved in the community and now that he has moved into the town limits he wants to participate. He said he is not a business owner but has management experience as a chemist and the ability to weigh decisions. He said he is pleased and surprised there was so much work going on in the community. He said a priority should be availability of lower income housing so as not to become an Aspen. He said his employer encouraged him to apply for the town council position and he is able to commit time to the board. He said his strength is taking time to weigh the decisions and will back up the decision made by the majority. Mr. Mat deGraaf said the Town has potential and is moving in a good direction and he wants to be a part of it. He said his strengths are virtues; patience, objectiveness, a commitment to the process, and respect for others. He said he has sat on the County and Town parks and recreation commission since 2008. He said the goals and objectives are common sense items, not exclusive to other ideas but focused. He said the Town needs places where everyone can live. He said he works Monday-Friday 7:30am to 4:30pm and some meetings may conflict with work, but that he should be able to make the commitment. He said he can agree to disagree with others but will support

what the direction of the council is and will not get hung up on any item, but move on with the decision. He said he put a lot of effort into meeting the constituents when he ran in 2014 against Kathie Lattin in District 1. Ms. Nicole DeMarco said she is engaged in local affairs and local government and said she has an obligation to give back to the community. She said she has professional experience in government and the Senate. She has worked in several different markets in Pagosa and understands the fickleness of the weather and issues that employees have in the community. She said the integrated trail system is the most important project, and that workforce housing and early childhood education is huge issues. She said the geothermal project should not be let go and could benefit the town. She said she is able to attend all the meetings. She said she wants to give back to the community and this position is right up her alley. Mayor Volger thanked all the council candidates for their time. Council Member Schanzenbaker thanked the applicants and suggested they participate on other boards. He said the District seats may not be sufficient for this community and would like to consider removing Districts from the charter. Council took a break until 6:45pm. Council Member Bunning moved to appoint Ms. Nicole DeMarco to the council seat, Council Member Egan seconded, motion failed with three nays (Mayor Volger, Council Member Egan, Council Member Patel). Council Member Schanzenbaker moved to approved Mr. Mat deGraaf for the Council Seat, unanimously approved. Council Member deGraaf was sworn in and seated on the dias.

- 2. Downtown Task Force Presentation** - In partnership with a group known as the Downtown Task Force, the Town of Pagosa Springs allocated \$10,000 to hire DCI to perform the assessment with a focus of exploring the possibility of forming a Downtown Development Authority (DDA). This effort began in 2012 and was completed in 2014. Pagosa Springs was successful in securing a grant from DOLA to hire Jeremy Nelson of Regeneration Development as the consultant to ascertain whether a Downtown Development Authority (DDA) or Business Improvement District (BID) would be a viable initiative. A special election is suggested by Mr. Nelson to ask the voters in a specific downtown district if the DDA should be organized, if property taxes be raised by 5 mils, if the DDA should be authorized to retain sales tax, and authorization to incur debt. Mr. Nelson provided the town council with a presentation outlining the funding sources, uses and expending. He said a 5 mil would be used for operation cost, a tax increment financing would be used for capital costs, and TIF bonds can be available for a DDA. He explained the appointment or election of the DDA board, and the setting of the boundaries. Some capital projects the DTF has considered include sidewalk enhancement, public restrooms on the east end of town, increased parking for a total of approximately \$916,000. Revenues for a mil are projected to generate \$50,000 per year. Mr. JR Ford said the DTF group started before Wal Mart and Tractor Supply arrived and they have been working to clean up the downtown. He said the DDA is a way to leverage the funds from DoLA and Region 9. Mr. Jerry Smith said this plan is a self funding and self investing project for the business and property downtown. Mrs. Shari Pierce volunteers a lot of hours to the downtown community. Mr. Tom Beavers has been involved in the DTF and owns 3 properties downtown. He believes the DDA is not the vehicle for these downtown improvements. He said the property owners should be the only voters for the mil levy increase. He said the board members of the DDA are liable individually and he said it is too soon for this project and there aren't any controls. Ms. Elizabeth Rios owns a business on Pagosa Street and pays \$7,000 per year in property tax. She said the visitors use the sidewalk and she doesn't want to pay for it, she said she is losing money from the internet. She said there should be things for kids to do in Pagosa Springs. Mr. Andre Redstone said there has been a convoluted approach to the problem and he suggests extending the process to better educate the public. Mr. Bill Hudson said the downtown isn't broken and this type of mechanism is not the right approach for enhancing the downtown. Attorney Bob Cole said if the DDA approves the issuance of bonds, the repayment is based on TIF revenue and the DDA Board and Town Council are not

responsible for repayment. Town Manager Schulte said the Town invests a lot into the downtown area, he said the DDA is an opportunity for the downtown businesses to direct their own destiny. Mayor Volger has concerns with estimated projections and the revenue that could be used for projects. Mayor Volger would like to check with other DDA's in the community to get a better sampling. Attorney Cole said the town council would have a lot of control over pledging funds and financing. The DTF said the group has had very low attendance with only 4 to 8 people at the meetings. Mr. Mark Weiler asked the Town Council to allow those people affected by this future the opportunity to vote on it. He recommended having the election in November. Council Member Egan moved to direct staff to bring back to the council an ordinance to set an election for a possible downtown development authority consistent with the timeline provided. The election shall consist of four questions, as follows, 1. Shall a DDA be organized? 2. Shall property taxes be raised by 5 mills in the specified DDA district? Shall the DDA be authorized to collect, retain and spend revenue? 4. Shall the DDA be authorized to incur debt?, Council Member Schanzenbaker seconded, motion carried with two nays (Council Member Patel and Council Member deGraaf).

3. **South 8<sup>th</sup> Street Financing-** (Council Member Patel left the meeting 9:05pm). South 8<sup>th</sup> Street was originally to be resurfaced with asphalt in 2015, however, geo-technical testing results identified the base of the roadway was not sufficient to accommodate the life span of a new asphalt layer, 20 + years. As a result, the decision was to rebuild the road and consider other alternatives for road enhancements. On June 9<sup>th</sup>, the Town Council voted to move forward with all 5 additives with Cooley and Sons being the low bidder. Troy Bernberg with UMB provided options for financing the \$2.1 million project. A 20 year public offering at 3.43 percent, a 10 year Bank placement at 2.65 percent interest. All options could include a buy down with cash reserves, or it could include increasing the loan to pay off the current \$580,000 Lewis Street lease/purchase. The Town may consider paying off the debt early but does have the option to pay off early in 5 or 10 years (call date). Council Member Bunning moved to finance the South 8<sup>th</sup> Street with public offering for 20 years with the \$2.675 million at approximately 3.43% interest rate, Council Member Schanzenbaker seconded, unanimously approved.
4. **Bid Award for East Phase Trail Project** - The Town to Pagosa Lakes East Phase Trail project will continue a 10-foot-wide hard surfaced trail west of the Library Trail to 10<sup>th</sup> Street, and a sidewalk along the east side of 10<sup>th</sup> Street to the apex of the curve at the elementary School with a cross walk to the School grounds. The construction is intended to begin by mid-August 2016 with completion this construction season. Three contractors submitted bids for the work and include a base bid and then an alternate for the trail and the additive items to include trail lighting conduit. The engineer's estimate was much lower than the Davis Engineer's estimate. Mr. Davis said the bidding late in the year as well as local contractors knowing that they have limited competition and Municipal projects typically cost more than private companies. He said the rigorous CDOT project includes a lot of specifications and documentations required that the contractor adds into their prices to have to work with the CDOT requirements. This project is Davis-Bacon wages making the costs of labor higher as well. If the lights are added, 7 or 8 lights, that would add approximately \$35,000 to the \$314,130 cost. This does not include the construction management costs of approximately \$25,000. Staff said there were a few more items the \$314,130 didn't include and said they would get the information back to council prior to the decision. Council Member Bunning moved to table this item, Council Member Schanzenbaker seconded, unanimously approved.

- VI. **PUBLIC COMMENT** – Mr. Bill Hudson said the Town Council cannot create debt without going to the voters. He asked the council to go to the voters for approval of the 8<sup>th</sup> Street debt. He said that the report by the disabled veteran with the service dog was misrepresented by the veteran. He suggests the Town put in place licensing of service dogs to help our business owners.

- VII. **COUNCIL IDEAS AND COMMENTS** – None
- VIII. **NEXT TOWN COUNCIL MEETING AUGUST 2, 2016 AT 5:00 PM**
- IX. **ADJOURNMENT** – Upon motion duly made, the meeting adjourned at 9:58 pm.

**Don Volger**  
**Mayor**