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TOWN COUNCIL SPECIAL MEETING MINUTES
THURSDAY, AUGUST 23, 2012
Community Center South Conference Room
451 Hot Springs Blvd.
12:00 P.M.

- I. **CALL MEETING TO ORDER** – Mayor Aragon, Council Member Alley (12:05pm), Council Member Bunning, Council Member Cotton, Council Member Lattin, Council Member Schanzenbaker, Council Member Volger
- II. **APPROVAL of MEETING MINUTES FROM AUGUST 7, 2012** – Minutes were approved as read
- III. **PUBLIC COMMENT** – *Please sign in to make public comment* – Mary Greene has eight grandchildren and is opposed to commercialization on reservoir hill.
- IV. **LIQUOR LICENSE**
 1. **Special Events Liquor Permit** – Archuleta County Democratic Party Central Committee, Annual Chili Supper held at the Ross Aragón Community Center October 5, 2012 – Council Member Lattin moved to approve the special events liquor permit for Archuleta County Democratic Party, Council Member Volger seconded, unanimously approved.
- V. **NEW BUSINESS**
 1. **Ordinance No. 775, First Reading, Alpha Drive Quitclaim Deed** – Alpha Drive has been considered for annexation into Town on a number of occasions, as a result of the previously approved Aspen Village Development. With Wal-Mart proposing a 92,000 square foot retail and grocery store along the east side of Alpha Drive, the Town will require Wal-Mart to improve this gravel road to Town standards as a condition of approval. In order to require the road to be improved, the road will need to be in the Town's control. On August 14, 2012, the BOCC approved a quitclaim deed transferring their ownership to the Town. Mr. Michael Whiting said the title policy was issued on August 8th he asked about the title work timeline which Attorney Cole replied that the title work was underway approximately 10 days to 2 weeks prior to the title policy issue date. Mr. Michael Whiting said the BOCC was unaware of the title work being issue. He said because of the value of the property to the county and because the BOCC didn't know all the details of the title work he said there has been a pattern of crappy communication on a lot of projects. Mrs. Vivian Rader said that August 1st she and her husband recorded ownership interest in the road. She said that Wal-Mart is the only reason the Town wants the road. She said the Army Corps permit application is currently inactive, she said the Corps is very interested in this area of the wetlands. She said County Attorney Todd Starr told her privately that he

was not convinced that the County owned Alpha Drive, she said he told her this prior to the quitclaim motion at the BOCC meeting. She said this road is in dispute and said it is inappropriate that the county did not record its interest in the road prior to this quitclaim. Attorney Cole said that Section 1 of the ordinance makes acceptance upon approval of the improvement to the road and security bonds. He said the Corps permit will become reactivated once the applicant gives the information required by the Corps. The Design Review Board (DRB) approved the Resolution 2012-12 which requires an approval by the Corps prior to building permit. Council Member Bunning said he examined the title commitment and didn't see any problems, but until he took a personal stand he would have to complete his own work. Attorney Cole said this is a deal between two parties for quitclaim the seller gives no warranty of the title, the title insurance gives the necessary warranty and security in reducing risk. He said the risk is minimized due the use of a quitclaim. Mrs. Vivian Rader asked about a mention of 25% of improvements to the road. Attorney Cole said the Resolution by the DRB sets a 100% performance bond to be secured to bring the road up to town standards; the 25% is the continued warranty bond that once accepted gives 3 years of warranty work. Council Member Cotton said that once Mr. Eaton conveyed the property to the County for the public use, the issue was done. Council Member Volger moved to approve first reading Ordinance No. 775, accepting the quitclaim deed for a portion of Alpha Drive, Council Member Bunning seconded, unanimously approved.

2. **Ordinance No. 777, First Reading, Skywerx Reservoir Hill Ground Lease** – SkyWerx is a Colorado based company and provides wireless broadband connectivity to nearly 2,000 customers in/around the communities of Pagosa Springs, Bayfield, and Durango. The Town has been working with the SWCOG for redundant wireless service throughout our area; SkyWerx has established redundant services from the Town of Pagosa Spring to the west through Durango and to the east over Wolf Creek Pass. SkyWerx has requested a tower, not to exceed 100 feet be located on Reservoir Hill. In return for the Town allowing SkyWerx to move its equipment to a newly built tower, SkyWerx will purchase and deploy a 365 Mbps licensed backhaul to provide a free 60 Mbps Internet connection, normally costing approximately \$22,000 annually, to the Town and Archuleta County. The Town and County equipment cost will be approximately \$10,000. SkyWerx also intends to utilize its excess capacity to increase the broadband capacity to the Public Library and the School District at no additional charge. Attorney Cole gave an overview of the redline items that were recently updated to the lease agreement. Council Member Lattin moved to approve first reading of Ordinance No. 777, authorizing a ground lease on Reservoir Hill between the Town and SkyWerx as presented on redline, Council Member Bunning seconded, unanimously approved. Council Member Lattin moved to approve the expenditures of up to \$10,000 from the capital fund reserves for the purchase of equipment to facilitate the Town's use of the free 60 Mbps internet connection, Council Member Volger seconded, unanimously approved.
3. **Reservoir Hill Development** - Town Council tasked the Town Tourism Committee (TTC) to create a task force to develop a plan for possible recreational amenities on Reservoir Hill. The goals includes: 1) Creating sustainable family oriented tourism; 2) increasing length of visitation, creating a significant economic boost to the local economy; 3) creating a more stable job environment; 4) providing a more stable tourism base year-round, minimizing the off-season valley-effect; 5) providing affordable activities for families/youth, while enhancing the downtown enjoyment for everyone; and 6) preserving the beauty and natural amenities on Reservoir Hill. The task force discovered that to keep tourists in town longer would be accomplished by providing more family oriented amenities for them. The Reservoir Hill Task Force proposed a free chair lift, amphitheater, observation tower, and spray-park. Tourism Director Jennifer Green presented a stable increase of tourism since 2007 and the trend occupancy rates that the Town would like to continue to see. She said there is a six month shoulder season with lower occupancy. Town Manager Mitchem said that once the infrastructure is complete, he believes there will be an increase in jobs. He said the proposed chairlift is pivotal to the

plan, as well as the amphitheatre, zip line, alpine coaster, and more family oriented activities. He said the chairlift is the tool to get the folks to the top of the hill to enjoy the open space, trails, and amenities. He said the model used will cash flow and includes a sinking fund for maintenance. He said the Fort Lewis College research as well as Mr. Tim Wheeler, an independent advisor, gave encouragement that the financial plan will work with the amenities proposed. Mr. CK Patel with the Quality Resort had called Red River to compare with what is proposed. He said Red River has a charge chair lift (\$11 per rider) which operates from Memorial Day to Labor Day each summer. He said that in 2010 when they added amenities to their hill, their rider ship increased dramatically. Town Manager Mitchem said that Ms. Mary Jo Coulehan with the Chamber has had requests from tourists as to zip lines in town. He said the proposed alpine coaster is the leading edge of amenities and is replacing most alpine slides in other places. He said the coaster can run winter and summer and will give a return on investment within approximately 18 months. He said the coaster is the amenity that will help to pay for a free chairlift, observation tower, amphitheatre, and spray park. Additional dialog regarding the placement of the amphitheatre be it on the hill or in one of the downtown parks is recommended by staff. A spray park close to the river would give those families who are unable to get in the river a place to play and is inexpensive to run. Current tourism in the Town generates approximately \$31 million; a 50% increase in occupancy would create a healthy level for our hotels and generate approximately 390 new jobs in restaurants, retail, and hotel staff. Staff recommends 50% of new lodging tax revenues that result from this project be used for trail systems in Town, which is approximately \$105,000. Petitions to date in favor of this project are 730, 48% of those were business owners and there are 104 signatures against this project. The lodgers association and realtor association endorse this plan. Town Manager Mitchem said that grants are available to fund this type of project and he believes the downtown area will grow with new businesses. He said the amenities have to be decided upon prior to funding or investments are considered. Council Member Alley said moving forward with financing is premature until a plan is decided upon and the estimated costs are obtained. Town Manager Mitchem said they have had the plan reviewed by several entities, but that at this time there is adequate information to take to the market place for grant or financial funding. The task force has received proposed costs from engineers for the amphitheatre and infrastructure, and to vendors for the other amenities. Council Member Bunning asked about the circulation of petitions, Town Manager Mitchem said there is a mix of Town and County and some tourist who signed the petition. He said the current options with the plan show that the Town will not operate the amenities but allow the experts to operate them. Council Member Schanzenbaker asked about the maps he did not receive as well as who was Tim Wheeler. Tourism Director Green said that Mr. Wheeler reviewed the plan and gave input to the task force. Council Member Schanzenbaker asked about the revenue numbers for riders on the alpine coaster, Director Green said that they assumed 100 riders per hour in July and used this assumption to find the hourly ridership for the other months based on 2010 lodger's tax. She said the max for an alpine coaster is 225 per riders per hour. Council Member Volger talked about change in Pagosa Springs and a vibrant downtown and if more jobs is an issue. He said that he has to decide if this plan is economically viable and good for the most residents in Pagosa Springs, he is currently siding with this proposal to promote tourism and revitalize the downtown area. Council Member Schanzenbaker said he agrees with Council Member Volger but that this is the only plan presented and would like more options. Ms. Christine Funk agrees with growth and doesn't like the all or nothing idea that she said this plan requires. She would rather try a few items and then see how it goes. She questioned the parking sites and cars going up and down the hill, she questioned what might happen if the plan doesn't profit. Mr. Dave Richardson representing the Rotary Clubs said that the rotary is not allowed to endorse any projects. Mr. Rick Bolhouse said that development is necessary to survive and grow, but said to ask what type of development is needed. He said the Pagosa Sun has a survey with 71% of people saying to leave the hill as it is. He said to proceed slowly, develop the plan, engineering, infrastructure, and amenities. Mr. Kenny Levine asked if

this was the best plan, he said the lookout tower and amphitheatre is available for grant funding, he said an alpine coaster would be good for a ski area that is already in service. He said adventure tourism is the town's niche and an amusement park is going in the wrong direction. Ms. Nicole DeMarco said to look at the current amenities that tourism come for, she said that the tourists come from towns that already have amusement parks. She read a letter from Felicity Lane who opposes development on the hill. Mr. John Steinert said the financial plan is deficient. He said the Fort Lewis study was not a valid study but a rehash of what the TTC had given them. Mr. Jim Smith, representing the board of realtors, said the realtors voted in favor of encouraging the Town to look into developing the plan. He said he has confidence this plan will work. Mr. Bill Kinsley is involved in a tourism based business, he said beetle kill is a real concern for this community and said this plan can be developed in a manner to suit everyone. Mr. CK Patel said he has personally witness the use of a chairlift and amenities in Red River. He said it is critical to move forward to spur the downtown development. He said his family is waiting for the council's decision in order to move forward with a multi-million dollar purchase and renovation of a downtown property. Mrs. Joanne Irons runs the Pagosa Youth Center and would like to have the kids use a downtown spray park for free. She said the kids use those amenities that are free. Mr. Kyle Frye strongly recommends the Town Council deny the plan, he said the numbers are unknown at this time and need to be nailed down before moving forward. He said the alpine coaster will be un-natural, he would rather have mountain biking trails and active uses. Mayor Aragon addressed Mr. Frye when he said he is not a servant, but a representative. Ms. Muriel Eason representing the Pagosa Springs Community Development Corporation, she said the CDC has not been asked to take a position and does not have a position on this plan. She said that Davey Pitcher had an issue with the chair lift. She said it is crazy for this plan to be an all or nothing plan, she said cautious, small steps would be best. Ms. Cinda Green is confused about the 20 parking spaces proposed by Town Manager Mitchem in Davis Engineering's report, in which Town Manager Mitchem said he would respond to the question at the end of public comment. Mr. Mark Bergon commended Director Green and Town Manager Mitchem, he said they are doing a great job, he said the TTC is promoting economic growth. He asked the council to use their best judgment, to keep the locals in mind, go slow because he said this issue is important. He said Davey Pitcher highly questioned the ski lift for this purpose. Mr. Matt Schwarz said there is a lot of natural beauty in Pagosa and that it is unique to have this hill for recreation in town. He suggests increasing actively participating activities for the public. Mrs. Stacy Kirby works for the Chamber, she said that Town Manager Mitchem should not have quoted Mary Jo, she said that she gets 3 times more requests for good restaurants in town than the zip line. She said the business plan is poorly written, she asked the council to slow it down and think through this project. Mrs. Mary (Biz) Green said she doesn't trust the petitions and had never seen one. She said there is revenue from families that stay with locals and not at the hotels but still spend money in town. She does not want the amphitheatre in the downtown parks. Town Manager Mitchem said there is proposed 250 car parking space at the trailhead and that the chairlift is not intended to be used for a ski hill area. He said the chairlift is not required for the alpine coaster and the trails would be redirected. Council Member Schanzenbaker said that the petition presented is incorrect; he said he has received over 50 emails against the plan. He said the July meeting discussed a change in the plan, Town Manager Mitchem said the location of the amphitheatre was reviewed during the July meeting as well as new approaches, but ultimately the task force came back to the original plan. Town Manager Mitchem said the council asked the TTC to develop a viable plan for the reservoir hill. He said they have now presented their best plan and is in wait for direction from council. Council Member Cotton said Pagosa is a tourist town and this project needs to start somewhere. He said the Town should move forward and understands this is not an all or nothing plan but that things will shake out as they move forward. Council Member Alley said there are items that could be finished but would like to see a plan that has more in depth numbers and concrete plans. Council Member Lattin said she believes that the town needs growth. She said the council asked the TTC to come

up with a plan and she would like to let staff move forward to find out if financing is available. Council Member Bunning said that there needs to be a package to ask for funding, if funding is not available then the plan is moot, he said it is time to move forward and get going on this project. Council Member Schanzenbaker moved to authorize the preparation of an economic feasibility analysis by a professional 3rd party reviewer, authorize staff to develop funding packages for this plan and authorize staff to work on the next iteration of design options which would include alternative ideas for Reservoir Hill, Council Member Alley seconded, motion failed five nays (Bunning, Lattin, Volger, Cotton, Aragon). Council Member Volger moved to approve the package of recreational activities proposed in the plan, authorize staff to look into funding packages to execute the plan, to dedicate 50% of the new lodging tax revenues that could result from this project to completion of the current trail system, and authorize staff to facilitate a community dialog regarding the location of the amphitheater, Council Member Bunning seconded, Council Member Schanzenbaker said it is too early to approve and would like to go to a third party for a feasibility analysis, motion carried with two nays (Schanzenbaker and Alley).

4. **Ordinance No. 779, First Reading, Medical Marijuana Business Moratorium and Alternative Considerations** –In June 2011 the council approved Ordinance 762 suspending the processing of applications for medical marijuana centers, cultivation, and manufacturing until September 1, 2012. The Town had expected the state to have new legislation in place in July of 2012 however this has not happened. Council Member Volger moved to approve first reading of Ordinance No. 779, suspending the processing of applications for medical marijuana centers, medical marijuana optional premises cultivation operations and medical marijuana infused product manufacturing businesses until July 30, 2013, Council Member Lattin seconded, motion carried with one nay (Council Member Schanzenbaker).

VI. OLD BUSINESS

1. **Sales Tax Brief** – Sales tax revenue decreased in August by .62% (\$1,986) compared to August 2011. During August 2011 the town received extraordinary income from the Transportation and Warehousing section. If this one time increase is not included in the calculation the increase would be 11.95%. Year to date sales tax revenue has increased 3.01% (\$60,437) over 2011.

VII. DEPARTMENT HEAD REPORTS

1. **Parks and Recreation Department Report** – The soccer season starts September 5 with 220 participants ages 5-12, the number of participants is slightly down from 2011 due to two privately organized traveling club teams started this year. The parks crew has been heavily engaged in assisting Folk West with the annual Folk Festival on Reservoir Hill. The crew is preparing to seed/sod and landscape the bathrooms at Yamaguchi Park as the last portion of work required under the GOCO grant. A sun shade will be erected over the playground at Yamaguchi Park thanks to Archuleta County 1A funds and private donors. Estimates for the ball field dugout roofing are currently being received.
2. **Town Tourism Committee Report** – Lodgers tax collections were up 6.19% in June 2012 (\$2,235). Year to date collections are up 10.09% over 2011 (\$16,221). Visitor Center traffic has decline 7.56%. July visitor guide requests and leads increased 102% over 2011, and winter visitor guide request have recently picked up. Facebook fans now exceed 5,345. The TTC Director attending a session with travel writers enticing them to visit and write about Pagosa. The TTC is working with the Springs Resort and USOC to promote the US Ski Team training at Wolf Creek Ski Area in November.
3. **Planning Department Report** – The Design Review Board approved Resolution 2012-12 for the Wal-Mart project. Staff is expecting a building permit application in approximately four months once the applicant completes several items needed for the

application. Street lights for the 100 block of Pagosa Street have been ordered and should arrive in October. The Lewis Street contractor is focusing on the 300 block for the start of school; the 200 block was delayed due to PAWSD and Source Gas deciding to replace the service lines on the north side properties while the road is torn up. Staff continues to work with CDOT to pave 2,000 feet of Majestic Drive. Construction is anticipated on Majestic Dr in late 2013. Geothermal Management Inc has provided copies of the Assessment Report. Wyndham Vacation Resort has submitted a redevelopment application for the demolition of the east wing of their check-in building on Pinon Causeway, and the replacement of the offices. They have also requested the demolition and removal of the tower. The planning commission will see this item first and pass along a recommendation to town council. Staff asked council to support consistent procedures and processes in the town and county building department. This process may go along with the upcoming CityWorks program. An IGA with the county will be proposed to allow the building inspectors to help each other out if one is not available as well as other joint efforts. Council Member Lattin said it would be very beneficial if the two entities have the same interpretation of the code as well as the same information.

VIII. APPROVAL OF JULY FINANCIAL STATEMENT AND ACCOMPANYING PAYMENTS

– Council Member Bunning moved to approve the July financial statement and accompanying payments, Council Member Volger seconded, unanimously approved.

- IX. PUBLIC COMMENT** – *Please sign in to make public comment* – Mrs. Vivian Rader said that now that the town is the owner of Alpha Drive she hopes the town will prioritize the maintenance on the road she said it is terribly washboard since the County has not maintained the road. She understands the situation in the current economy, but asked if it is now time to repeal the comprehensive plan on the website, since it states the preservation of our natural beauty, it may no longer apply if the economic situation has changed that plan. Mr. Mark Weiler read a quote dated October 2011 complimenting the work of the TTC and stated that what was lacking was the TTC’s ability to look for funding; he said the council has now given the TTC the ability. He thanked the council for their courage to move forward with the next step.

X. NEXT TOWN COUNCIL MEETING SEPTEMBER 4, 2012 AT 5:00PM

- XI. ADJOURNMENT** – Upon motion duly made, the meeting adjourned at 3:07pm.

**Ross Aragón
Mayor**