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TOWN COUNCIL MEETING MINUTES THURSDAY, DECEMBER 15, 2011 Town Hall Council Chambers 12:00 P.M.

I. CALL MEETING TO ORDER – Mayor Aragon, Council Member Holt, Council Member Lattin, Council Member Pierce, Council Member Volger.

II. NEW BUSINESS

- 1. Resolution 2011-18, 2011 Budget Amendment** – During the year the Town Council approved expenditures from the reserves. These items include skate park construction, RHPI insurance dispute, new street sweeper, community center improvements, and others. Approval of the proposed 2011 budget amendment decreases the budgeted general fund reserves by \$238,063 (this includes \$100,000 from the health savings account), capital fund reserves by \$184,855, impact fee fund by \$8,087, lodgers tax fund by \$15,000 and the conservation trust fund by \$10,000. Council Member Holt moved to approve Resolution 2011-18 amending the Town's 2011 approved budget to include increases in revenue and expense items, thereby decreasing reserves in the General Fund by \$238,063, Capital Fund by \$184,855, Impact Fund by \$8,087, Lodgers Tax Fund by \$15,000 and the Conservation Trust Fund by \$10,000, Council Member Volger seconded, unanimously approved.
- 2. Central Reservation System Update** - The contract with Gateway Reservations is up for renewal and the Town has indicated to Gateway that there is no intent to renew the contract. The Town Tourism Committee has been working in conjunction with the Lodging Association to locate a Central Reservation System for the community. A new system was introduced during the CADMO meeting, Jack Rabbit. The zero commission structure for participating businesses was appealing. The system integrates with lodging properties existing online reservation system, therefore removing the need to manage inventory in multiple locations. The Lodging Association will sign the contract with Jack Rabbit Systems and the Town Tourism Committee will pay the set up fees and annual licensing fees. All participating businesses must become a member of the Lodging Association to participate. The Springs Resort is also participating. Anyone wanting to participate would have to verify that they are paying taxes.

III. OLD BUSINESS

- 1. Resolution 2011-16, 2012 Budget Policy** - Over the course of 2011, retail sales in the Town of Pagosa Springs has matched those of 2010. In addition to the Town's customary sales tax revenue, some exceptional income (\$108,211) from a Colorado Department of Revenue audit. It is true that a number of Pagosa Springs businesses have experienced excellent sales in 2011 and new businesses have been added during the course of the year. However, other Pagosa Springs businesses have either closed or moved to other communities. The local economy remains fragile. Therefore, staff believes it is important to be able to respond quickly to economic downturns and in a manner that is directly proportional to the reduction in revenues. Budget sales tax

revenue for 2012 at the same level as 2010 actual sales tax revenue = \$2,958,944. Continue the Town Council's policy of abating fifty percent (50%) of the Town's normal planning/development and building permit fees for 2012. Council Member Holt would like to get new businesses in town and restricting businesses over 25,000 square fee from the rebate is not necessary, he believes all new business should be included in the rebates. Council Member Volger agreed with Council Member Holt the rebates should apply to any new business no matter what the size. Council Member Lattin also agreed and feels that any new development is good for the town as well. Council Member Pierce concurs. Mr. Morgan Murri said a big box will hurt his shopping center business and feels the incentives should be restricted. He said that should a big box be given incentives to build in Pagosa they would more likely come and it would put Alco out of business and other small business would go out of business also. He would like to argue the fact that he does not agree that we should allow bigger business to come into town. He asked Council to reconsider their decision as far as allowing incentives for bigger businesses. Council Member Holt reiterated his feeling of private enterprise and new growth in the community. Council Member Lattin explained she has a business in town and she supports competition. She believes the town is losing too many people and jobs are required to support them. Council Member Volger says he is very sensitive to the business owners who are here already and would hate to see them leave. He believes a big box will have an impact and increase competition which is healthy for a community. Council Member Pierce is inclined to ask council to pass the Resolution, minus #2. She would like to have opportunity to meet with Morgan Murri to go over the objections. Council Member Lattin agrees with extracting item #2 as of now and to provide statistics in January. Item #2 could be a stand alone policy. Council Member Pierce moved to approve Resolution 2011-16, a policy to enhance the Town's financial stability minus item #2 and will come back with a recommendation regarding abatement of planning/development and building fees, Council Member Holt seconded, unanimously approved.

2. **December Sales Tax Brief** - In December, the Town of Pagosa Springs' sales tax revenue increased by **5.93%** or **\$13,775** compared to December, 2010 (base on October retail sales). Year-to-date (January through December) sales tax revenue reflects an increase of **+5.30%** or **+\$156,776**. If the audit related increases are excluded, the Town's year-to-date sales tax revenue reflects an increase of **+1.64%** or **+\$48,566** when compared to the same period in 2010.

IV. DEPARTMENT HEAD REPORTS

1. **Parks and Recreation Department Report** - This year's youth volleyball season for ages 9-12 concluded Dec. 5, youth basketball season for 7- and 8-year-olds began Nov. 13 and will run through Dec. 20. The parks crews have been assisting with the removal of logged trees and slash from the newly-thinned areas on Reservoir Hill. The crew has also been monitoring the ice depth at the River Center skating pond and has indicated that the ice should be thick enough to skate on by this weekend. Regarding the latest developments concerning the recently adopted park fees policies, staff has been in frequent contact with representatives of the Chamber of Commerce and FolkWest to clarify some of the elements of the policies. Mutual agreements are expected in the near future. The Yamaguchi Park bathroom project is approximately 70 percent complete. All but the finishing touches on the landscaping should be completed in early January, but the final report to GOCO will have to be postponed until spring to allow for the town's portion of the required in-kind labor (final grading, seeding, etc.) to be completed. Except for some finishing touches on the landscaping, which will have to wait until spring, the Yamaguchi skate park is complete and open for use. As long as the park remains dry and free of snow and ice, the park will be open between dawn and dusk. A grand opening, to be sponsored by the Skaters' Coalition for Concrete, is expected next spring.
2. **Town Tourism Committee Report** - Lodgers tax collections were up in both September and October 2011, as compared September and October 2010. September was up over 2010 with an increase of 6.5%, or \$2,686.80 and October was up over 2010 with an

increase of 3.06%. Year to date in 2011, lodgers tax collections are up 4.5% over 2010, or \$14,514.22. The TTC has recently agreed to work with a marketing analytic software solution (Internet Honey), to enhance the tracking of the full lifecycle of leads. Traffic in the Visitor Center in October was up 10.26%, as compared to 2010. Facebook fans now surpass 3,910 fans.

3. **Planning Department Report** - Staff has received a very positive correspondence from GOCO regarding our submitted River Corridor Improvement Concept Paper, stating that GOCO staff is recommending to the GOCO board, to invite Pagosa Springs to submit a River Corridor Grant. The new vehicular directional sign structure project is scheduled to be finished by December 16th. The Sign Cabinet fabrication will be complete by December 16th and installation is scheduled the week of December 19th. Three Geothermal Well Owner Agreements are still waiting signatures from well owners. One of which is a recently purchased well, whose owner has confirmed approving the agreement. The remaining two are expected to be signed before the end of the year. Jerry Hutterer of Geothermal Management Company, Inc, is expecting to install the monitoring equipment in January 2012. Mr. Hutterer has stated that the collection of base line data between and May 2012 when the aquifer testing will occur, will more than sufficient for their analysis.

- V. **APPROVAL OF NOVEMBER FINANCIAL STATEMENT AND ACCOMPANYING PAYMENTS** – Council Member Holt moved to approve the November financial statement and accompanying payments, Council Member Volger seconded, unanimously approved.

- VI. **NEXT TOWN COUNCIL MEETING JANUARY 3, 2012 AT 5:00PM**

- VII. **ADJOURNMENT** – Upon motion duly made, the meeting adjourned at 12:53pm

Ross Aragón
Mayor