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## **TOWN COUNCIL MEETING MINUTES TUESDAY, JULY 1, 2008 5:00 P.M.**

- I. **CALL MEETING TO ORDER** –Mayor Aragon, Council Member Atkinson, Council Member Cotton, Council Member Holt, Council Member Pierce, Council Member Weiler.
- II. **APPROVAL of MEETING MINUTES FROM JUNE 3 and JUNE 19, 2008** – Minutes were approved as read.
- III. **LIQUOR LICENSES**
  1. **Liquor License Renewal – Asset Management and Marketing LLC DBA Squirrels Pub and Pantry**
  2. **Liquor License Renewal - Shabri LLC DBA Plaza Liquor**
  3. **Liquor License Renewal - Farrago Market Café**
  4. **Liquor License Renewal - Alley House Grille LLC** – Council Member Pierce moved to approve the license renewals, Council Member Atkinson seconded, unanimously approved. Shanah Schaffer asked for a temporary permit, unanimously approved.
  5. **Liquor License – Bessie Montoya DBA Elkhorn Café** – Council Member Pierce moved to approve the new liquor license, Council Member Atkinson seconded unanimously approved.
- IV. **DELEGATIONS**
- V. **NEW BUSINESS**
  1. **Resolution 2008-15, Supporting the location of a Federal District Courthouse** –La Plata County has requested the Town to consider adopting a resolution supporting the location of a Federal District Courthouse and Article III Judge in Southwestern Colorado. Currently all participants in Federal cases have to travel to Denver to have cases tried, creating a hardship on many parties, especially the Ute Indians. Resolutions have already been passed in La Plata County and Ute Mountain tribe, while other counties are considering the adoption of a similar resolution. There is no fiscal impact from the consideration of this resolution. Council Member Weiler moved to approve resolution 2008-15, stating support for locating a Federal District Courthouse and Appointment of an Article III Judge in Southwest Colorado, Council Member Holt seconded, unanimously approved. Joelle Riddell, La Plata County Commissioner, believes this consideration is a social justice mostly to the tribe, and an economic benefit for all in Southwest Colorado.
  2. **Ordinance No. 712 (First Reading) Adoption of the International Energy Code** – Colorado State Legislature passed HB 1146 requiring all jurisdictions that have adopted a building code, to adopt a minimum energy code standard by July 1<sup>st</sup> 2008 as part of the state's New Energy Economy initiative. Based on direction from Council at the June 3<sup>rd</sup>, 2008 meeting, Town building department staff met with local designers and builders to discuss the impact to local building. The consensus was that the IECC 2006 version was easier to implement, use and demonstrate code compliance when compared to the IECC 2003 version. A concern from Bobby Hart relating to the use of alternative methods and materials was raised; the IECC 2006 allows for alternative methods and materials provided the alternative can be verified. There is a fiscal impact to the Town; however current permit fees should cover the costs of administering the Energy Code. Guidance from the local Builders Association is requested from Council Member Weiler including documentation from their representatives. Town legal council suggested we adopt this code to avoid possible consequences. Mr. Bob Hart, representing the Building Association, said if we must adopt it per state mandates then we must. R-value measurement is the only concern they had and feel that the Building Department will work with the builders to accommodate this issue. Council Member Atkinson pointed out this ordinance also incorporates language from a previous separately adopted ordinance that adopted the appendix chapter M of the 2006 IRC as well as repealing previous archaic energy code standards of the LUDC, and rewording of the Council's decision to defer building permit fees until Certificate of Occupancy. Council Member Pierce moved to approve Ordinance No. 712, re-adoption of the International Energy Code with amendments and inclusion of the International Energy Code and for staff to provide a clause regarding the foam insulation measurement, Council Member Holt seconded, motion carried.
  3. **REVIEW OF PLANNING COMMISSION ACTIONS FROM MAY 13 and 27, 2008**
    - a. **Blondie's Produce Stand Conditional Use Permit** –The applicant is requesting the review of a CUP to operate a temporary vending unit at 191 East

Pagosa St. Council Member Atkinson suggested that temporary retailers have an advantage over the local year-round retailers. She suggests the LUDC review this CUP and fee structure prior to the Council approving the permit. Council Member Atkinson moved to approve the Blondie's Conditional Use Permit, with the five conditions recommended by the Planning Commission and the changes relating to the hours of operation, Council Member Holt seconded, unanimously approved.

- b. 25 JJ Junction Variance** –The applicant, Sam and Francis Lane, is requesting a setback variance to replace a collapsed structure that encroached approx. five feet into the 25 foot side setback area. There are no objections from the neighbors to the property. Mr. Sam Lane says this does not see the change of five feet would hurt anyone. Council Member Holt moved to approve the variance request to encroach five feet into the side setback, as recommended by Board of Adjustment, Council Member Pierce seconded, unanimously approved.
  - c. Community United Methodist Church Height Variance** –The applicant is requesting a variance from the maximum requirement of 41 feet of the steeple to a proposed height of 58'6" and a spire height of 66'3". The comprehensive plan policy G-4(b) reads, Ensure compatible infill and redevelopment by considering aspects such as the scale and massing of buildings...and other broad design issues that provide consistency and compatibility of new structures with older structures. Pastor Don Ford believes this spire is consistent with the former structure prior to the fire. Council Member Holt moved to approve the variance request to exceed the maximum allowable heights at 430 Lewis street as defined in the Land Use and Development Code, Council Member Cotton seconded, unanimously approved.
  - d. Socorro Senior Living, Setback Variance** –The applicant, Housing Solutions for the Southwest, represented by Kim Welty, is requesting a setback variance for the Socorro Senior Living Project to encroach into the north setback five feet, to accommodate an efficient and cost effective building. Council Member Pierce moved to approve the variance request allowing the applicant the ability to encroach five (5) feet into the required north property line setback as defined in Site Plan 'A', as recommended by the Board of Adjustment, Council Member Cotton seconded, unanimously approved.
  - e. Socorro Senior Living, Lot Consolidation** –The applicant, Housing Solutions for the Southwest, is requesting to complete a plat amendment to consolidate lots 9 & 10 and a portion of Lots 7 & 8, Block 58, Townsite of Pagosa Springs into Lot 9X to allow the ability to construct a building on the property. The Planning Commission approved the consolidation with three conditions, (1) the applicant submit a revised survey plat to include corrections per staff's comments (2) complete a utilities checklist (3) submittal of the final plat for recording. Council Member Cotton moved to approve the requested plat amendment located at 559 South 8<sup>th</sup> Street for Socorro Senior Living, Council Member Pierce seconded, unanimously approved.
- 4. Ordinance No. 716 (first reading) Amending the Municipal code in regards to Signage** –The Town Council directed the Planning Commission to review current regulations in regards to temporary and off-site signage. A group appointed by the PC reviewed modifications and formulated the language included in Ordinance No. 716 allowing off-site signage for real estate 'Open House' signs only. Council Member Pierce recommended other sign code areas that could be amended. Council Member Cotton moved to approve the first reading of Ordinance No. 716, repealing and readopting Section 21.13.2(8)(c) of the Pagosa Springs Municipal Code, revising sign code provisions, Council Member Pierce seconded, unanimously approved.
  - 5. Resolution 2008-16, Appointing a member to the Planning Commission** – Teddy Herzog submitted a letter of intent to fill the recently vacated planning commission seat. Council Member Cotton moved to approve Resolution 2008-16, changing line one to say Mr. Herzog instead of Mr. Hart, Council Member Holt seconded, motion carried with one nay, Council Member Pierce.
  - 6. Resolution 2008-17, appointing 3 members to the Parks and Recreation Commission** – This resolution recognized as "retroactive" for appointing two members of the Parks and Recreation Commission fill one open seat on the commission. Mr. Brian Smith and Mr. John Perea chose to serve another two-year term in January, and Mrs. Carrie Toth was selected last month to fill the seat vacated by Mr. Matt Aragon. The adoption of this resolution enables the continued pursuit of Goal P-1 of Chapter 12 in the Comprehensive Plan. Council Member Holt moved to adopt resolution 2008-17, appointing three (3) members to the Parks and Recreation Advisory Commission, Council Member Cotton seconded, unanimously approved.
  - 7. Consideration of an IGA for Consolidated Emergency Communications** –A proposed final draft of the IGA establishing a Consolidated Emergency Communications Center with the Town, Archuleta County, the Pagosa Fire Protection District, and the Upper San Juan Health Service District. The IGA obligates the town to pay \$50,000 for dispatch services in 2008, which has already been budgeted, and "fair share of operational costs" for future years. Chief Volger said the board will be made up of the representing entities to decide each entity "fair share" with the option to 'opt out' if fees become too high, currently the Health Service District has not signed the IGA. He feels the current dispatch system has

weaknesses and is hoping to receive grants and E-911 monies to cover the costs which may be well over \$100,000 for future years for the Town. Council Member Weiler feels uncomfortable agreeing with an IGA that does not have a bottom line price. Council Member Pierce moved to approve the IGA for Consolidated Emergency Communications between the Town of Pagosa Springs, Archuleta County, Upper San Juan Health Service District and Pagosa Fire Protection District, Council Member Atkinson seconded, motion carried with one nay, Council Member Weiler.

- 8. Opportunity Builders CDBG Grant Public Hearing** –The town has consented to apply for CDBG monies in the amount of \$199,999 on behalf of Opportunity Builders, the developers of the Hickory Ridge affordable 41 rental unit project on 8<sup>th</sup> and Florida streets. The town will be notified by the end of October if these grant monies have been received. As required for this application, the town must hold a public hearing to document any concerns, issues or comments in regards to the grant application. Mayor Aragon opened for public comment, with no public comment received.
- 9. Rumbaugh Ditch and Well Lease between the Town of Pagosa Springs and Greer** – Mr. Jeff Greer has been awarded the lease of the Rumbaugh well waters. According to the lease, the town will receive \$4,500 annually from the lease of this water upon Greer beginning to draw from the well head. An additional amount of \$1,000 per year will be received from a previous agreement to reimburse the town for a drain line that was constructed under Hwy 160 in 2001. This lease and subsequent payment will be received for ten (10) years. Mayor Aragon moved this item to the mid-month meeting on July 17<sup>th</sup>, at 12noon to give staff time to contact legal counsel.
- 10. Impact Fee Deferral Request from Pagosa Bible Church** –The applicant is requesting deferral of their impact fees for their proposed building at 209 Harman Park Drive with the conditions as considered by the town council. Town staff has drafted an impact fee deferral agreement for this project that outlines the obligation of the Pagosa Bible Church to make annual payments towards the balance of the fee due over the course of ten (10) years with 3.5% per annum interest. Staff feels the request is consistent with the comprehensive plans and goals. Council Member Holt moved to authorize the Mayor to execute the Impact Fee Deferral Agreement between the Town of Pagosa Springs and Pagosa Bible Church, Council Member Cotton seconded, unanimously approved.
- 11. Ordinance No. 717 (first reading) adopting a Code of Ethics** –Amendment 41 adopted by voters in 2006 prohibits government officials and employees, and their spouses and dependent children, from receiving more than \$50 worth of gifts in any calendar year, with certain limited exceptions. The Town’s legal council advised the adoption of a code of ethics and has prepared an ordinance for consideration and included the option of the adoption of an ethics review board. If a complaint comes forward, all review would be forwarded to the State if the Town does not adopt an ethics review board. Council Member Cotton moved to approve the first reading of Ordinance No. 717, striking section 2.4.4 ethics review board, Council Member Holt seconded. Council Member Cotton withdrew his motion and Mayor Aragon directed staff to work with Council Member Cotton and Council Member Holt to obtain more information from counsel regarding an ethics review board.
- 12. Discussion on Dedicating Funds for a Geothermal Greenhouse Feasibility Study** – Mayor Aragon has been working with Archuleta Economic Development Association on the development of a geothermal greenhouse which would capitalize on the town’s geothermal resources and peoples desire to purchase locally grown products. A feasibility study would need to be conducted to provide information in regards to proposed location, necessary geothermal gpm and btu, revenues, expenditures, etc. The anticipated need for funding to conduct the feasibility study is \$15,000. Unfortunately the Town has seen a sales tax shortfall, a decrease in impact fee revenue, unbudgeted expenses including overages on the Lewis Street project, Town Park bridge project and others. Council Member Weiler recommended not moving forward on funding the feasibility study until a review of the projects that may be deferred until another year. Council Member Cotton feels we could find the money to move forward. Mr. Walsh said the bridge at the end of Hermosa Rd should be deferred and the Mayors project should move forward now. Council Member Weiler withdrew his objection and asks Council to review capital projects and find economic responsible procedures to address projects to move forward with. Mayor Aragon believes there is a lot of assistance in the community and state wide to get this beneficial project moving along. Council Member Holt moved to table the Hermosa Street bridge project and put \$15,000 of that money toward the Greenhouse project, Council Member Weiler seconded, unanimously approved.
- 13. Discussion on Suspension of Fees for Development in the Downtown Area** –Council Member Weiler suggested the town consider suspending all town impact fees, building fees and plan review fees and sewer related fees for development within the downtown area. This may have a direct positive or negative fiscal impact on the town. Council Member Atkinson suggested the impact fee deferral will have an impact on the budget and would like Council to take a look at this item at the mid-month meeting. Council Member Weiler says the deferral will not impact the budget and will allow for an income revenue stream. Mr. Harman would like his project be included in the Downtown Core area suspension of fees and feels it would help his development and bring more revenue to the town. Council Member Holt asked who qualifies, what qualifies, and when with the qualifying begins; he has concerns about opening it to everyone in Town. Council Member Weiler says the trial time is application for a building permit submitted from July 1, 2008 to Dec. 31, 2008, has

to generate sales tax, and project has to start immediately when building permit issued. Council Member Cotton says the fees are normally only 1% of the project and monitoring of the results to this idea will be difficult and causes more problems. Council Member Pierce suggests giving the deferral option time to work, Council Member Cotton agrees. Mr. Steve VanHorn doesn't believe the six month suspension starting now is feasible and because of the PAWSD fees, suspension of Town fees is not going to be effective. He would like a public statement from Council made to PAWSD regarding their impact fees and that town residents are penalized from PAWSD an additional \$1,000. Mr. Mike Harrity commends Town Council to have vision and concern to relieve the economic strain on the community. He believes the PAWSD fees and the oversized reservoir they have started will strangle the community. Mr. Robbie Pepper says the change of use fee for his Lewis Street restaurant went from \$79,000 to just over \$4,000 and would like the Town to change the equivalent unit fee structure. Mr. Bob Hart would like Council to consider Mr. Harman's request and believes the sales tax receive will make up the difference in suspending his fees, he'd also like the suspension to go over a five year period. Mr. Glenn Walsh asks to have confidence in the current impact fee structure analysis and ask PAWSD to get an analysis for their fee structure. Council Member Weiler would like Council to consider setting an example of economic long term viability in our town including the suspension of upfront fees and is flexible to a timeline and an area of town to help this community. Council Member Atkinson would like to give the deferral program a chance to work and evaluate it later, also look back at the current impact fees and ask EPS to complete a study on a current impact fees structure. Council Member Weiler agrees on a new study with EPS and would like staff to discuss with EPS a cost estimate for review of our fee structure in light of the change in the current economic situation.

## **VI. OLD BUSINESS**

- 1. Ordinance No. 714, (Second Reading) Amending Deferral of Impact Fees –** Ordinance No. 714 established the ability to defer impact fees for land development activities that under Council's determination provide a public benefit to the residents of the Town. Council Member Holt moved to approve the second reading of Ordinance No. 714, amending deferral of impact fee regulations, Council Member Weiler seconded, unanimously approved.
- 2. Ordinance No. 715, (Second Reading) Amending Truancy and Tenure of Judges –** This ordinance amends the language in Municipal Code Section 10.1.7 to keep consistent with Colorado Revised Statutes and modify language relating to the terms of appointment for Municipal Judges to 'four-year terms', and amend compulsory school attendance until the age of seventeen (17) consistent with CRS 22-33-107. Council Member Pierce moved to approve the second reading of Ordinance No. 715, Council Member Cotton seconded, unanimously approved.
- 3. Resolution 2008-18, reappointing Municipal Court Judge and Judge Pro Tempore –** Upon approval of Ordinance No. 715, Council may then consider resolution 2008-18 amending the language in Section 10.1.3 to modify the terms of Municipal Judges from 'indefinite terms' to 'four-year terms'. This resolution will re-appoint the presiding Municipal Judge and assistant municipal judge for four-year terms. Council Member Cotton moved to adopt resolution 2008-18, re-appointing the presiding Municipal Judge and the assistant Municipal Judge, Council Member Pierce seconded, unanimously approved.

## **VII. DEPARTMENT HEAD REPORTS**

- 1. Parks and Recreation Department Report –** The PRC has met for three work session regarding the Reservoir Hill Master plan and hopes to have a plan completed before the end of the year. Provided there is grant funding available, the PRC would like Council's permission to move the skate park due south of the current sports complex site on 5<sup>th</sup> Street to the former sewer lagoons. Council approves the recommended site location for the skate park. Youth baseball and adult softball leagues run through early August, Tennis will conclude late July, and Park Fun is back at the junior high school and will conclude July 31<sup>st</sup>. The Fourth of July festivities has been the focus of the parks crew along with negotiations with the school district regarding a facility use agreement. The Sports Complex Construction Project is 40% complete with 50 days remaining in contract scheduled to be completed in late August.
- 2. Planning Department Report –** The Historic Preservation Board still has a vacancy after three weeks of advertising. The LUDC Advisory Committee met with Clarion regarding direction for the development of downtown standards, the entire draft of Module 2 is expected in late July for review. A July 10<sup>th</sup> date is schedule with DoLA for the annexation training. Funds were awarded to complete the planning of the Town to Lakes Trail in hopes of a grant eventually being submitted to Great Outdoors Colorado to construct the trail.
- 3. Interim Town Manager Report –** Sales Tax receipts decreased in May down .003%, this show an overall increase of .08% year-to-date in collections. Staff would like direction as to the monthly revenue/expenditure report Council Member Weiler requested during the last meeting. Council Member Weiler would like staff to research a financial module for municipal finances. The TTC interviewed marketing firms to create a marketing plan and they will be working on the town' logo. Barnhart communications, out of Denver, has been selected as their PR and marketing firm. Dianne has moved offices to the Visitor Center. Staff has been working with Region 9 Economic Development to finalize a job creation

audit for Parelli Natural Horsemanship which requires a creation of 25 jobs within 5 years; Parelli has already created 14 qualifying jobs within Pagosa Springs. The town will be notified in October if we receive a grant submitted to the Colorado Division of Housing for a Community Development Block Grant on behalf of Opportunity Builders. Socorro has interest in the town applying for a CDBG grant for their project as well. Capital improvement and enhancement projects, overseen by Construction Manager Torry Hessman, include alternative concept plans for Town Park South, Council agrees to do the minimum improvement and dress up the site for a usable park. **The award is going to Noraa for the Lewis Street project, Council Member Cotton moved to execute a motion to proceed with the Lewis Street project, Council Member Atkinson seconded, motion carried with one nay, Council Member Weiler.** The possible paving of a portion of Brookhill drive with the CMAQ 2010 Funding. These roads are in the County and staff has talked with the County and feels this project would be the right thing to do to be a good neighbor. Council agrees that if the Town decides to use these CMAQ funds, the County should pay a portion of the costs and the Town should present the County with this idea. A revised geothermal lease with the Springs Resort should be available for review at the mid-month meeting with the help of town's legal council. Council agrees a work session with the County Commissioners to discuss the drafting of a ballot question for the November 2008 election needs to be scheduled to address the expiring 2% county-wide sales tax resolution. The Mercer Group has finalized the profile and advertised for the Town Manager's position. A "Report of Leading Candidates" is expected by August 7<sup>th</sup>. The profile lists the completion of Hot Springs Blvd as a priority and staff has asked for clarification. Davis Engineering will conduct a survey on Kathy Young's property as part of the Trujillo Road right-of-way negotiation and Putnam annexation. Council agrees the July 17<sup>th</sup> meeting would be a good day to discuss with Blue Sky Ranch of Colorado, LLC the possibility of annexation. Council Member Jackson has agreed to set up a fall clean-up committee and the town's intent to pick-up business as well as residential related debris and trash. Mayor's Green Panel and Litter Awareness Program. Pam Morrow sent a letter in regards to the Springs downtown development project and her concern for this 'huge development' and losing our small town charm. Shelly Frye, president of the Mountain High Gardner's Club has requested the Town consider putting a ramp or steps connecting the Senior Center garden to the Riverwalk. Staff explained no agreements have been made with Mr. Whittington regarding the river restoration project at this time. Council Member Weiler has concerns with the firm hired to design the river restoration and would like to look into severing the relationship with them and look into another organization. Council Member Atkinson would like to give Gary Lacey the opportunity to address the problems and find a possible solution. Council Member Holt says which consultant we use really doesn't matter if Mr. Whittington isn't going to negotiate with the Town. Mayor Aragon is discouraged with the negotiations with Mr. Whittington regarding the river restoration easements. Mr. Jeff Greer asked if the design has been approved by the State, which staff explained has. Council Member Weiler has concerns with the information received and does not want to move forward without proper permits and would like all information out in the open before making the decisions and would like to do it right this time. Staff will attempt to get the river restoration group together for the mid-month meeting.

**VIII. APPROVAL OF BILLS** – Motion duly made the bills were approved.

**IX. ADJOURNMENT** – Upon motion duly made, the meeting adjourned at 8:17pm

**Ross Aragón  
Mayor**

**PAGOSA SPRINGS SANITATION  
GENERAL IMPROVEMENT DISTRICT MINUTES  
TUESDAY, JULY 1, 2008  
5:00 P.M.**

- X. CALL MEETING TO ORDER** – Meeting called to order at 8:30pm
- XI. APPROVAL of MINUTES FROM JUNE 3 and JUNE 19, 2008** – Minutes were approved as read
- XII. DELEGATIONS**  
**1. Change of Use Tap Fees at 468 Lewis Street - Robbie Pepper -**
- XIII. NEW BUSINESS**
- 1. Request for Waiver of Plant Investment Fees for Hickory Ridge Apartment Project** – A request was made by Opportunity Builders to waive the Plant Investment Fees for the proposed Hickory Ridge development. A waive of the fees would cause the district to lose \$153,750 in revenues needed to construct the new waste water treatment facility. Mr. Eric Kjeldgaard, executive director, explained the current financial situation of the project has suffered and have incurred over \$150,000 in additional costs. He would be thankful for a partial waiver of the fees if the entire waiver is not possible. He believes the sales tax revenue would increase due to the 41 units of residents moving into the downtown area. Plan review is in the process and hopes to have the building permit application in soon to have a start prior to the winter hitting. Council Member Weiler suggests a fee to the residents; however it is not possible due to the affordable housing restrictions. An arrangement to defer 2/3rds of the fees with these fees being attached to a lien and if the project becomes market rate, the fees will become due. Council Member Weiler moved to approve the waiving of \$100,000 in fees and attach a lien to receive this waived monies when the property is no longer affordable housing, Council Member Atkinson seconded, unanimously approved.
- 2. Ordinance No 2008-03, Amending the East Highway 160 District Inclusion** – Ordinance No. 03 amends portions of Ordinance No. 02, series 2007 and Ordinance No. 20, Series 2008 to address legal description errors and to further clarify certain lands that were intended to be included in the District. Council Member Cotton moved to approve the first reading of Ordinance No. 03, Series 2008, granting the Laverty petition for inclusion of real property into the boundaries of the district and amending portions of Ordinance No. 04, Series 2007 and Ordinance No. 02, Series 2008, Council Member Pierce seconded, unanimously approved.
- 3. Resolution 2008-01, Amending Wastewater Activity Enterprise** – This resolution amends resolution 2007-02 to provide that the Wastewater Activity Enterprise shall own, operate and maintain all wastewater collection, transmission and treatment facilities and assets of the district, including the existing wastewater treatment plant. Council Member Cotton moved to adopt resolution 2008-01, amending the Wastewater Activity Enterprise, Council Member Pierce seconded, unanimously approved.
- 4. Resolution 2008-02, Reimbursement of Enterprise** – This resolution is required to be approved in order to recognize the allocation and expenditure of anticipated loan monies that will be received from the Water and Power Authority for the costs incurred for the acquisition and construction of a wastewater treatment plant and related improvements. Council Member Cotton moved to adopt Resolution 2008-02, allowing for reimbursement to the Wastewater Activity Enterprise, Council Member Pierce seconded, unanimously approved.
- 5. Springs Resort Line Extension Agreement** – The applicant, 66 LLC, is requesting a line extension agreement for the proposed Springs Hotel at 305 Hot Springs Blvd. to connect to an existing sewer main line that passes through their property. There are not direct fiscal impacts associated with the approval. Council Member Cotton moved to approve the line extension agreement for Springs Resort Company as proposed, Council Member Pierce seconded, unanimously approved.
- 6. Review and Discussion on Fee Rate Study as completed by Red Oak Consulting** – The study was completed in 2007 and indicates necessary increase in rates to fund capital improvements for system upgrades and new infrastructure of the wastewater treatment plant. The rates for quarterly customer sewer billing would increase to \$75 per quarter in 2008, \$90 for 2009, and small increases yearly for the next four years. Phil Starks explained the prices are based on the \$4.5 million plant and the funds needed to keep it running, repay the loan, and factor in the increase in growth rate. Council suggests finding more money instead of raising rates; staff has looked into USDA grants available. Mr. Glenn Walsh appreciates the Town's concerns and might suggest a \$.01 on the sales tax vote. Staff explained the District only relies on mill levy and user fees. A fee increase needs to be held at a public hearing and staff will attempt to get that ready for formal adoption at the mid-month meeting.
- XIV. OLD BUSINESS**
- 1. Update on New Waste Water Treatment Plant Financing** – Staff is finalizing the documents for the Water Authority Loan and will keep Council up to date on any grant

funds available.

**XV. DEPARTMENT HEAD REPORT**

**1. Supervisor Report** – May’s flows were .247 MGD on average and an 86% removal rate for BOD. There were no violations, no spills and no clogs to report. Sewer line cleaning started May 20<sup>th</sup> and plan to complete July 2<sup>nd</sup>. Memos for the board review from town attorneys include (1) reporting and disclosure of gifts, honoraria and other benefits and (2) conflict of interest disclosure statements and legal requirements.

**XVI. APPROVAL OF BILLS** – Motion made to approve bills and seconded, motion carried. The economic summit is the 14<sup>th</sup> of July at 12noon at Community Center.

**XVII. ADJOURNMENT** – Upon motion duly made, meeting adjourned at 9:19pm