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**TOWN COUNCIL SPECIAL MEETING MINUTES
TUESDAY, DECEMBER 7, 2010
Town Hall Council Chambers
5:00 P.M.**

- I. **CALL MEETING TO ORDER** – Mayor Aragon, Council Member Cotton, Council Member Holt, Council Member Jackson, Council Member Lattin, Council Member Pierce, Council Member Volger
- II. **APPROVAL of MEETING MINUTES FROM NOVEMBER 3rd & 18th, 2010** – Minutes were approved as read.
- III. **LIQUOR LICENSES**
 1. **Liquor License Renewal – Nello’s Bistro, 135 County Center Drive** – Council Member Jackson moved to approve the liquor license renewal for Nello’s Bistro, Council Member Volger seconded, unanimously approved.
- IV. **DELEGATIONS**
- V. **NEW BUSINESS**
 1. **Resolution 2010-14, Certify Mill Levy** – Each year the Town Clerk is required to certify the mill with Archuleta County. The mill must be set by the Council prior to the certification. The deadline for certification of the mill levy to the county commissioners is December 15th per C.R.S. 39-5-128(1). The mill levy was not increased or decreased during 2010 and therefore should remain at 1.557 for general operating expenses plus any rebates/abatements. Council Member Pierce moved to approve Resolution 2010-12, setting the Town of Pagosa Springs Mill Levy at 1.557 plus any refunds and abatements for the Budget Year 2011, Council Member Holt seconded, unanimously approved.
 2. **Resolution 2010-15, 2011 Budget Policy** - Colorado and national economies have adversely impacted the Town of Pagosa Springs. Year-to-date, the Town’s 2010 sales tax revenues have declined three and six tenths percent (3.6%) compared to 2009. Town must be able to respond quickly to economic downturns as they occur. Staff recommends that the Town Council budget sales tax revenue for 2011 at \$2,853,374, or seven percent (7%) below 2009 actual sales tax revenue, and three percent (3%) above 2010 budgeted sales tax revenue, and further recommends this budgeted amount be split equally between the General Fund and Capital Fund. It is Town staff recommendation that a similar financial stability plan to the one deployed in 2009 be implemented in 2011. Council Member Volger moved to approve Resolution No. 2010-15, a policy to enhance the Town’s financial stability by ratcheting down spending as needed, Council Member Jackson seconded, unanimously approved.
 3. **2011 Budget Public Hearing** – Since the last Town Council budget meeting, the board had a worksession and approved the expenditure of \$50,000 for the Archuleta Education Center contingent upon the board receiving a the Education Centers new business plan. The business plan was received, but the Council did not have sufficient time to go over the plan so approval of this item will be postponed until the next meeting. Council Member Pierce would also like to postpone funding the Humane Society \$5,000 and the \$4,500 budgeted for the Archuleta Education Center in Service Organization funds. Council Member Pierce would like to modify the description in Community Center Operations Costs regarding the “gym usage” item. Ms. Jennie Green with the Town Tourism Committee explained the \$60,000

Capital Improvement line item in the TTC budget; these would be \$40,000 for Wayfinding Plan, \$9,000 for the Community Grant Writer and \$11,000 for Fishing and Reservoir Hill projects. Council Member Pierce would like more information regarding the potential loan for the Lewis Street repaving project. Town Manager Mitchem explained there may be some options to get the Lewis Street costs down and a decision will be presented to the board when more information is available and before any loans are finalized. Mayor Aragon opened this item to public comment, Mayor Aragon closed to public comment.

4. **Resolution 2010-16, Adopting 2011 Budget** - During the budget development process, the Town Council utilized a 2011 sales tax revenue target of \$2,853,374, which is seven percent (7%) below 2009 actual sales tax revenue, and three percent (3%) above 2010 budgeted sales tax revenue. In 2011, the Town staff will continue to monitor the Town's revenues on a monthly basis and report fluctuations from prior year revenues to the Town Council. Council Member Cotton moved to approve Resolution 2010-16, appropriating sums of money to the various funds for the Town of Pagosa Springs, for the 2011 budget year including the modifications voiced by Council Member Pierce and leaving out both funds for the Education Center \$50,000 and \$4,500 and the \$5,000 for the Humane Society funds until a later discussion, Council Member Jackson seconded, unanimously approved.
5. **Ordinance No. 757, (first reading) Amending LUDC Section 2.5.2.B.1 Regarding Planning Commissioner Eligibility Requirements** – The Town Planning Commission continues to see little interest from eligible applicants to serve on the Planning Commission. At the September 14, 2010 PC meeting, the Planning Commission unanimously approved a direction for staff to propose to TC, another amendment to LUDC section 2.5.2.B.1 that would allow an Archuleta County Resident business owner owning **any** property in town to be eligible to serve. Additionally, in an effort to bring consistency within our community and continue the current working relationship between the Town and County Planning Commissions, staff has been directed to include the Archuleta County Planning Commission Chair or Co-Chair as an eligible Town Planning Commissioner. At the November 9, 2010 town council meeting, the board approved the first reading of Ordinance No. 757, however after this meeting the planning commission requested the inclusion of an exchange of members between boards to increase cooperative efforts. The proposed language is *"The Planning Commission shall consist of five (5) regular members and two (2) alternate members, who shall be appointed by the Town Council by resolution. All members shall be either (a) a Town Resident; or (b) an owner of a business located within the Town which business or owner also owns real property within the Town, and which owner is a resident of Archuleta County (c) the Chair or Co-Chair of the Archuleta County Planning Commission. An owner of a business includes a sole proprietor and the majority owner of a business entity such as a corporation, a limited liability company or a partnership. Non-Town residents shall be limited to two members at any one time."* Council Member Holt moved to approve the first reading of Ordinance No. 757 (Series 2010), an ordinance of the Town of Pagosa Springs amending Section 2.5.2.B.1 of the Land Use and Development Code regarding planning commissioner eligibility requirements, Council Member Lattin seconded, unanimously approved.
6. **Ordinance No. 759 (first reading) Fire Code** - This item is being tabled to a later date.
7. **Reservoir Hill Chair Lift** - The Town Tourism Committee recently began investigating a chair lift available nearby at very little cost. The Town Tourism Committee sent a team to inspect the lift on Tuesday, November 30th. The group met with Davey Pitcher prior to inspecting the lift to understand what is needed and help the TTC investigating committee to ask the necessary questions. Upon inspection, the lift appears to be in very good condition. Currently, the Town Tourism Committee is working on getting engineering estimates on necessary configuration changes for the lift to handle download, as well as upload. The lift itself as well as storage is being offered to the Town at no cost. The town would be responsible for the costs associated with dismantling and shipping the lift to Pagosa Springs. A new lift would cost approximately \$1.5 - \$2 million, plus installation costs. Estimates for acquisition, configuration and installation, plus all related engineering fees are approximately \$300,000. Mr. Davey Pitcher applauds the TTC's enthusiasm of this project. He said the ski area's maintenance, electrical, insurance, supervisor/mechanic and two other employees, for a chair lift similar to the proposed lift is approximately \$142,000 per year. He is unsure if this chair is the best for the town and recommends thoughtfulness in the decision. Mr. Bob Hart

believes the project is definitely worth pursuing. Council Member Cotton agrees with the concerns from Mr. Pitcher and the modifications it will require to upgrade to state safety standards. Council Member Lattin said the lift is not long enough to go to the top of reservoir hill. Mr. Hart said the \$300,000 estimate includes extending the lift to the top of the hill. Council Member Holt suggests a business plan to find out how the lift will be operated once installed. Mr. Hart said the engineer believes this lift would be popular in the mid-west with smaller slopes and the town could possibly sell if this lift is not right for the town. Mr. Pitcher said the rope tow is suitable to the town, and believes there is a chance to recoup the \$46,000 if it were sold. Council Member Cotton said it is an opportunity and the Town should move forward. Council Member Volger agrees to take the chance believing this would give the town many different opportunities. Council Member Pierce asked to table this item until the Parks and Recreation Commission meeting; she also feels there are unfinished projects that should be finished first rather than this project and is concerned with the costs to run the lift. Council Member Cotton would like to reserve the option for a special meeting to act on this item. Council Member Jackson agrees not to vote tonight, but would not want to miss the opportunity. Mr. Hart will contact the council with the information from the engineer regarding when a decision needs to be made.

8. **Dispatch Center Equipment Loan** – On March 25, 2010, the Town Council approved the Dispatch Center’s application to the Colorado Public Utilities Commission for a 911 surcharge increase to provide the revenue for the purchase of new equipment. Recently, the Commission approved the 911 surcharge for purposes that include making new equipment loan payments. The lender is requesting that the Town, County, Hospital & Fire District all co-sign the \$475,000 loan. Town Manager Mitchem explained the revenue from the 911 surcharge will be more than adequate to make the payments. Council Member Cotton said the Council endorsed the increase of fees for the charges to the Town residents and doesn’t feel the dispatch center’s budget is being watched carefully. The Town’s portion of the Dispatch annual fees to staff the center will most likely not be reduced, but will most likely not be increased due to the increased 911 fees. Council Member Pierce would like to see the financial statement from the center. Council Member Holt moved to authorize Mayor Aragon to co-sign the Dispatch Center Equipment Loan as presented, Council Member Volger seconded, unanimously approved.

VI. OLD BUSINESS

1. **Ordinance No. 758, (second reading) Adopting the Amended and Restated Rules and Regulations of the PSSGID** - On November 18th, the Sanitation District amended three items in the PSSGID Rules and Regulations adopted May 14, 2007. Changes to the Rules and Regulations include; Section 2.01 – Definitions, subsection (54) – Monthly Service Charge (MSC) to read: An amount determined by the Board from time to time by Resolution to be paid per billing or ERT unit for the use of the District facilities on a monthly basis. Section 4.03 – Non-payment of Fees and Charges to read: Any time a Customer is delinquent in payment of any charges due the District, the District shall assess a delinquency charge and an interest charge on the unpaid balance at the maximum rates allowed by Section 29-1-1102, C.R.S. The District shall assess to any Customer who is late in payment of his account, all legal, court, disconnection, and other costs necessary to or incidental to the collection of the account. Until paid, all such fees, rates, penalties, or charges shall constitute a perpetual lien on the property served. Any such lien may be foreclosed in the same manner as provided by the laws of Colorado for the foreclosure of mechanics’ liens. Section 4.06 – Monthly Sewer Service Charge to read: In every case where the District furnishes sanitary sewer service to property located within the District, the District shall be paid for this service. This monthly service charge shall be set by the Board from time to time by resolution. At the time of connection, or upon re-evaluation when additions and modifications to or changes in use of buildings or facilities adversely impact the District, the District shall determine the number of ERT to be served by a connection. All monthly charges for sanitary sewer service shall be based on this number of ERT multiplied by the then-current MSC rate. Monthly service charges become due and payable when the user purchases a tap and/or places the tap into service. The monthly billing cycle begins on the 21st day of each month and ends on the 20th day of the following month. The District invoices Customers on approximately the 27th day of each month. Payment is due on the 20th of the following month and is delinquent if not

received within 5 days following the due date. Council Member Pierce moved to approve Ordinance No. 758, second reading, An Ordinance of the Town of Pagosa Springs Adopting by Reference the Amended and Restated Rules and Regulations, November 2010, of the Town of Pagosa Springs Sanitation General Improvement District and would like to thank the sanitation and clerks department for all their work, Council Member Volger seconded, unanimously approved.

VII. DEPARTMENT HEAD REPORTS

1. **Parks and Recreation Department Report** - This year's youth volleyball season concluded Nov. 17; youth basketball season for 7- and 8-year-olds began Nov. 18 and will run through Dec. 15. Registration for youth basketball (ages 9-12) will continue through Dec. 15; the season for ages 9-12 will begin in early January and run through early March. The parks crews has been assisting volunteers with the removal of logged trees and slash from the newly-created sledding and snowboarding areas on Reservoir Hill. The crew has also been monitoring the ice depth at the River Center skating pond and determined it is thick enough to begin skating. Staff met with representatives of Lane & Company on Nov. 23 to discuss the creation of plans for bathrooms at Yamaguchi Park. Lane & Company is a design and construction firm which specializes in the crafting of low-maintenance bathrooms. Staff expects several energy-efficient design options to be available for review before the end of the year. Once the final design is determined, cost estimates and begin grant proposal for GOCO, which will probably have to be submitted in early March. We will also approach the county PROST board with a request for funding to help offset the costs of construction
2. **Community Center Report** - Small Fries play group begins December 1st for the winter. The Center currently provides 8 free programs for the community. Holy Water and Whisky Concert on November 19th was a night filled with good humor and great music. The festival of Trees raised \$7,000 for local non-profits. A large crowd is expected at "A Classic Christmas" event December 17th. The process of finalizing the improvements of the multipurpose room with the contractors has begun; the construction process will not start until after the first of the year.
3. **Planning Department Report** - Recently, Planning Department staff completed and submitted a \$32,000 State Historic Society Grant Application for Interpretive Heritage signs for the Historic District. Notification of awards will be in March 2011. Planning Department staff completed the 3rd neighborhood work session on December 2 for the San Juan Alley Sidewalk Project. Information collected will be considered in the design of the sidewalk project which is partially funded from CDOT transportation enhancement funds. This sidewalk project can proceed once the Town receives a "notice to proceed" in July 2011. The Planning Department staff recently completed and submitted a \$248,000 grant for sidewalks along the south side of Lewis Street between 1st Street and 3rd Street. The grant is indented to provide safe routes to school campuses for students walking/biking to school. Award notification is anticipated in August 2011. On Monday November 15th in the Ross Aragon Community Center, a community open house and presentation was held regarding the Highway 160 Access Control Plan (ACP). The Town, Archuleta County and CDOT presented the ACP to the community and the resulting long term benefits. All access owners and all property owners along the Hwy 160 corridor between S. 8th Street and Vista Blvd were mailed notices regarding this presentation. Approximately 30 people attended the open house and presentation. The ACP and associated IGA between the Town, County and CDOT will be presented at the December 14th Planning Commission meeting and then at the December 16th Town Council meeting.
4. **Town Tourism Committee Report** - Lodgers tax collections for October 2010 were up 11.59% over October 2009, or a difference of \$2,985.38. The first 10 months of 2010 shows an 8.48% increase over the same period in 2009, or \$25,187.67. October 2010 saw a 27.64% increase in fulfillment requests versus October 2009, 2010 requests are 40.64% above 2009. Traffic in the Visitor Center was down by 7 people in October, as compared to 2009. YTD 2010 has seen an increase in visitors by 1.17% in the visitor center compared to the same period in 2009. The final phase of the 2010 winter Reservoir Hill Sledding Hill Enhancements, dirt work and build up of berms. This work will be conducted using the dirt pulled out of the river for the new features being added. The Town Tourism Committee submitted a Request for Proposal for Fulfillment Services related to mailing of the 2011

Vacation Planner beginning in April 2011. The Fulfillment subcommittee recommended the one local vendor that responded, the Cassio Group, to the TTC. Currently a contract is being reviewed. The Town Tourism Committee will present the contract to Town Council during the December 16th meeting for approval.

5. **Town Manager Report** - For several months, Rural Health Plans Initiative, the Town's current health insurance provider, has not been paying the medical providers serving Town employees. Therefore, Town began working with our insurance broker, Brent Hillier of Benefit Health Advisor, to identify a replacement health insurance provider. On November 23rd, Rural Health Plans Initiative filed for a Chapter 7 bankruptcy protection in the United States Bankruptcy Court District of Colorado. The Town will retain legal counsel to represent it in the bankruptcy proceedings. On November 30th, the Town reviewed detailed health insurance proposals from Great West Healthcare Cigna and Rocky Mountain Health Plans. Based on the premium cost, Great West Healthcare Cigna was selected and will save the Town/employees \$46,000 in 2011. The town's legal counsel has suggested the town engage Caplan and Earnest LLC attorneys to go after any possible assets of the original health insurance company RHPI. Mr. Olson, Caplan and Earnest LLC, will be the contact who will help to resolve the employees unpaid medical bills. The letter of commitment presented needs to include an upper level cost by the Town and will include the negotiation with medical providers. Council Member Holt said the original goal was to negotiate the medical bills down and use the health savings money to pay the bills. Town Manager Mitchem said that at this time legal counsel has advised the town council not to take on the obligation of the unpaid medical expenses, but instead let the attorneys handle the negotiations. Council Member Holt said the town needs to commit the funds in the health savings funds for use of the employee's medical bills and instruct the attorney to devote his time to getting the medical providers paid in a timely fashion before moving forward with going after RHPI assets. Town Manager Mitchem explained the billings that are in dispute according to the fair credit law can not be put on the employee's credit report and should put the collection efforts into neutral. The employees have been given the letters to give to the unpaid medical providers. In September, the Town of Pagosa Springs' sales tax revenue increased by **+1.18% (\$3,196)** compared to September, 2009. Year-to-date (January through November) sales tax revenue has declined **-3.60% or -\$101,817** (excluding the Department of Revenue Audit payment of \$1,001,739) compared to the same period last year. The Town Council budgeted for a **-10% (-\$282,858)** decline in sales tax revenue, on a year-to-date basis. Therefore, 2010 actual sales tax revenue is **+6.40% (+\$181,041)** ahead of the budgeted revenue. The end of October and November saw 8 building permits, one new residence.

VIII. Next Town Council Meeting December 16, 2010 at 12noon

IX. ADJOURNMENT – Upon motion duly made, the meeting adjourned at 6:45pm

**Ross Aragón
Mayor**