



551 Hot Springs Boulevard
Post Office Box 1859
Pagosa Springs, CO 81147
Phone: 970.264.4151
Fax: 970.264.4634

TOWN COUNCIL MEETING MINUTES
THURSDAY, MAY 19, 2011
Town Hall Council Chambers
12:00 P.M.

- I. **CALL MEETING TO ORDER** – Mayor Aragon, Council Member Cotton, Council Member Jackson, Council Member Lattin, Council Member Pierce, Council Member Volger
- II. **LIQUOR LICENSE**
 1. **Liquor License Renewal – Shabri LLC dba Plaza Liquor, 511 San Juan Ste A**
 2. **Liquor License Renewal – Farrago Market Café, 175 Pagosa St #1,2,3** – Council Member Volger moved to approve the liquor license renewals for Shabri LLC dba Plaza Liquor and Farrago Market Café, Council Member Jackson seconded, unanimously approved.
- III. **DELEGATIONS**
 1. **Seeds of Learning Update – Lynn Bridges** – Mrs. Lynn Bridges gave an update on the Learning Centers activities. She said that 18 kids have graduated from the Pre-K classroom and all will begin kindergarten in the fall. The playground area has been rebuilt using grant funds. They are in their final phase of the accreditation process and are hoping to have the final inspection in June with final notice from Washington DC in September or October.
- IV. **NEW BUSINESS**
 1. **Resolution No. 2011-08 appointing a Regular Member and an Alternate Member to the Planning Commission** - The Town planning department has received letters of intent to serve from on the planning commission, there is currently one regular member seat and two alternate member seats open. Applications received are from one, Mr. Cameron Parker, a Town resident for more than a year (30 Little Pine Lane) and he owns a business in Town (Divine Designs International). The other is from Mr. Ron Maez, an Archuleta County resident (non-town resident) who owns a business in Town limits (Shear Talk, 510 San Juan Street) and owns real estate in Town at 826 Rosita Street. A current board member has agreed to move to an alternate seat in order to allow both of these gentlemen to sit on the board as regular members. Council Member Volger moved to table this item until the June 7th meeting when a new resolution will be presented.
- V. **OLD BUSINESS**
 1. **Reservoir Hill Planning** – In December 2010 the Council agreed to allow the TTC to develop a business plan for the chair lift and related amenities on Reservoir Hill. Mr. Rich Lindblad offered to build a business plan for the Town Council for this project, at

a cost of \$2,500 to \$3,000. The Town was awarded ten hours of Mr. Rich Lindblad's time, donated by Mr. Joe Keck of the Fort Lewis College Small Business Development Center (SBDC), to provide guidance for development of the plan. At a recent Town Council work-session, there was considerable discussion regarding Reservoir Hill festivals, as well as the thinning and preservation (protection against the mountain pine beetles) of the forest on the Hill and the deployment of a ticket fee for events using the town's parks. At this meeting, the Town Council instructed the Park and Recreation Commission to develop a plan for Reservoir Hill. We are now faced with plans being developed by two advisory bodies that are approaching the task from very different points of view. To avoid confusion and duplication of effort, it is prudent to define the plan requests. Town Manager Mitchem said it will be a few months before the plan will be available for the council. Council Member Volger moved to task the Park and Recreation Commission with the development of a plan for the thinning and preservation (protection against the mountain pine beetles) of the Reservoir Hill forest and deployment of a ticket fee of events in the town's parks and task the Town Tourism Committee with development of the Business Plan for the chairlift and related recreational amenities on Reservoir Hill, Council Member Lattin seconded, unanimously approved.

2. **Geothermal Heating System RFP Update** - The Town recently advertised a Request for Proposal (RFP) on March 16, 2011, regarding the replacement and expansion of the Town's District Geothermal heating system. On April 13, 2011, an amended RFP was sent out to those that had requested the original RFP. The town received one RFP response from Hardin Geothermal, LLC, by the April 29, 2011 response deadline. On May 3, 2011 the RFP review committee produced a list of items that needed further explanation from Hardin Geothermal, LLC. The RFP review committee met on May 16, 2011 to review the responses to the requested information. The review team has received information from the Hardin Geothermal Group and has made it understood that at this time the project cannot move forward until clarification and issues on bonding are received by the review team. Ongoing dialogue with the Hardin Group will move forward in an attempt to resolve all concerns.
3. **Geothermal Research Study** - Town Council recently approved a reallocation of \$2,000 that was previously budgeted and allocated to the Pagosa Springs Community Development Corporation (CDC) to be used to produce a recommended scope of work for a comprehensive "Pagosa Springs Geothermal Resource Assessment" to be completed by Gerry Huttner of Geothermal Management Company, Inc. The "Pagosa Springs Geothermal Resource Assessment" (PSGRA) is intended to provide a thorough analysis of the local Geothermal Aquifer Resource that will Qualify and Quantify the extent of the geothermal resource and to identify any potential for expanding current uses that may include large economic development opportunities, ensuring that current geothermal rights are protected from harm. The scope of work is expected to be complete in a couple of weeks.
4. **Lewis Street Reconstruction Project Financing** – Council Member Cotton recused himself from the discussion sighting a conflict of interest. At the May 3rd council meeting, the board approved awarding the Lewis Street reconstruction project to TC Pipeline Construction for \$1,318,000 pending financing. The Council agreed to finance up to \$1.5 million for the reconstruction project with the additions for contingency, increased engineering costs, and street lighting. The Town contacted local banks and several institutions approved by the Town's legal counsel to receive proposals for the financing of the project. Of the eight solicited, the Town received three proposals from; Municipal Capital Markets Group, All American Investment Group, and Wells Fargo Bank. The finance rates are competitive; however Wells Fargo Bank is the lowest at 3.34% the annual payment should be around \$177,000 per year. Additionally, Wells Fargo Bank is allowing prepayment with no penalties after the first three years of the loan, and they are allowing a drawdown funding option which gives the Town flexibility to use only the amount of the project costs. Mr. Bill Hudson asked about a loan without voter approval, Town Manager Mitchem said this type of lease-purchase agreement is within state statute for approval without a community vote. Council Member Pierce moved to approve the financing of up to \$1.5 million of the Lewis Street Reconstruction Project from Wells Fargo Bank at 3.34% and the refinancing of

the current Community Center Loan at the 3.34% rate also offered by Wells Fargo Bank and that the Town's attorney review the agreement and the Town negotiate the banking relationship with Wells Fargo to benefit the town, Council Member Jackson seconded, motion carried.

5. **March Sales Tax Brief** - In May, the Town of Pagosa Springs' sales tax revenue increased by +2.54% or +\$5,720 compared to May, 2010. Year-to-date (January through May) sales tax revenue reflects an increase of +1.44% or +\$16,662. No adjustment in expenditures is necessary at this time.

VI. APPROVAL OF APRIL FINANCIAL STATEMENT AND ACCOMPANYING PAYMENTS – Council Member Jackson moved to approve the April financial statement and accompanying payments, Council Member Volger seconded, unanimously approved.

VII. NEXT TOWN COUNCIL MEETING JUNE 7, 2011 AT 5:00PM
Next Joint Town/County Work Session June 2, 2011 at 1:00pm at Town Hall

VIII. ADJOURNMENT – Upon motion duly made, the meeting adjourned at 12:45pm

Ross Aragón
Mayor