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**TOWN COUNCIL MEETING MINUTES
THURSDAY, SEPTEMBER 22, 2016
Town Hall Council Chambers
551 Hot Springs Blvd
5:00 p.m.**

- I. **CALL MEETING TO ORDER** – Mayor Volger, Council Member Anderson, Council Member deGraaf, Council Member DeMarco, Council Member Schanzenbaker
- II. **PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**
- III. **PUBLIC COMMENT** – Mr. Bill Hudson said the Town is disputing his attorney’s fees. Mr. Hudson presented a letter to the Council which was communication from the Town’s attorney regarding the lawsuit outcome and attorney fees requested. He said his attorney has been working hard on his case and shouldn’t be punished by the Town Council in an attempt to reduce his attorney’s fees.
- IV. **CONSENT AGENDA**
 1. **Approval of the September 6, 2016 Meeting Minutes**
 2. **Approval of August Financial Statement and Accompanying Payments**
 3. **Liquor Licenses**
 - a. **Liquor License Renewal – Rez Hill Grill at 158 Hot Springs Blvd**
 - b. **Special Events Permit – Giving Every Child Knowledge of the Outdoors (GECKO) Mountain Chile Cha Cha October 1, 2016 at Town Park on Hermosa Street**
 - c. **Special Events Permit – Town of Pagosa Springs Festival of Trees December 2, 2016 at the Ross Aragon Community Center**
 4. **Community Center Rental Fee Waiver Request for Chamber of Commerce** – Council Member deGraaf moved to approve the consent agenda, Council Member Anderson seconded, unanimously approved.
- V. **REPORTS TO COUNCIL**
 1. **Featured Department Head Reports**
 - a. **Municipal Court Department** – The court administrator attended CAMCA training in Lakewood. Staff has been working with legal to create an ordinance for collections of unpaid fees. Attorney Ken Miller resigned his position as Prosecutor Pro-Tem, the court is beginning the hiring process to replace this position. Judge Diane Knutson presided over the courts in August while Judge Anderson was away. Staff is preparing the budget for 2017. There are recent legislative actions that affect the municipal court and unfunded mandates including the right to counsel.
 - b. **Projects Department** – The Centennial Park bathrooms are under construction and anticipated to be completed mid-October. Yamaguchi skate park bowl ribbon cutting is set for October 1st, with landscaping to be completed in the future. The climbing boulder at Town Park is set to be installed the week of October 17th. The east phase trail between the library and the

elementary school is set to be completed in November. The west phase trail bid opening is set for September 29th. Bohannon Huston was selected to design and engineer both Harman Hill trail portion and the Safe Routes to School sidewalks at 8th Street. Bohannon Huston is very familiar with CDOT project federal requirements. The Town received a partial grant for the Harman Hill, an additional TAP grant was requested to CDOT for this \$1million project. The South 8th Street work has commenced and the contractor is tearing up and replacing asphalt and curb and gutter on the 100 and 200 block. They anticipate shutting down over the winter and beginning again in the spring. The Hot Springs Pedestrian Bridge replacement is slated for October 2016. Council Member DeMarco asked about analyzing the cost of the grant award. Town Manager Schulte said there are several grants available, DoLA grants are a simple process and the federal grants are most onerous. Each has to be weighed and consider the costs.

2. **Sales Tax Brief** – The July 2016 sales tax receipts show an increase of 5.7% over July 2015. This July is the best on record. Year to date receipts show ahead of budget by about 6%. Town Manager Schulte believes there is a ceiling and the sales tax may begin to plateau, but for right now the receipts are 6% ahead of budget.
3. **Lodgers Tax Brief** – Lodging tax receipts for July are up 15.34% compared to 2015. The year to date collection is 11.87% over 2015 collections at this time. The visitor center traffic is up over 2015 with August traffic numbers at 12,770 visitors. The Town put a lot of effort into attracting group and tour clubs. However, the current hotel inventory does not meet most of the groups needs in price, quality, service, and size. Very few restaurants can accommodate seating for 40-50 people. The Tourism Director will take over the Colorado Instagram page during the last week of September just in time to promote the fall colors in Pagosa. This participation provides the Town free marketing on the State's page. Ms. Mary Jo Coulehan gave updates to the Council about local films that have been or are going to be filmed in Pagosa over the summer and fall.

VI. NEW BUSINESS

1. **Award of Contract for Comprehensive Plan Update** – A request for proposal was advertised for an updated to the Comprehensive Plan last updated in 2006. SE Group is a national firm with offices in Colorado, Vermont, Utah and Idaho. They specialize in developing plans for mountain communities. The project will begin in 2016 and finish up in 2017 with a project cost of \$75,000. Council Member DeMarco moved to award the comprehensive plan update project to SE Group, Council Member Schanzenbaker seconded, unanimously approved.
2. **Approval of Personnel Handbook** – The Town uses the Personnel Handbook to establish personnel rules and guidelines and it should reflect best practices and adapt to changing circumstances and applicable laws. Updates include equal employment opportunity, privacy policies, FMLA and drug policy which continues to reflect a zero tolerance policy. Town Manager Schulte suggests reviewing the handbook on an annual basis. Council Member Council Member DeMarco moved to deny the revised personnel handbook, motion died for lack of second. Council Member deGraaf move to table this item until the October 20th meeting with full council attendance, Council Member Anderson seconded, unanimously approved.
3. **Renewal with Cigna for Health Insurance** - The Town began coverage with Cigna in November 2010. The level of benefits for the employees has had minimal changes and the level of service provided by Cigna both administratively and for claims management has been exceptional. Increases on premiums with Cigna have been very competitive with the marketplace and experience claims credits received over the last five years has exceeded \$107,000. The Town's benefit broker requested proposals for health insurance coverage and received five quotes with Cigna offering a 3% premium increase over 2015-2016 plan year, only Rocky Mountain Insurance was close to the same amount but with higher deductibles, out of pocket limits and copays. Staff is requesting the \$2,327 employee portion of the 3% premium increase be absorbed by the Town using a small portion of the \$35,340 experience credit received in February of 2016. Council Member deGraaf moved to approve renewing health insurance with Cigna at a 3% increase for November 1, 2016 to October 31, 2017 and absorbing employee portion of the

increase of \$2,327, Council Member DeMarco seconded, unanimously approved.

4. **Medical Insurance Premium Exemption for Months of Nov & Dec 2016** - The Town of Pagosa Springs provides health insurance coverage for employees and their dependents through Cigna. When the Town's claims are below the amount set aside, the Town receives a portion of the amount back upon renewal. For policy year, November 2014 – October 2015, the Town received \$35,340 as an experience credit from Cigna. In an effort to encourage Town employees to continue to maintain a healthy lifestyle and reward them for positively managing their health care, staff is request the Council exempt the employees from paying their portions of the medical premium during the months of November and December 2016. Thirty-three (33) employees currently contribute \$6,845 per month to pay the medical premiums to Cigna. The Town retains a Health Trust Account, with a current balance of approximately \$110,000, where accumulated savings are held. Council Member DeMarco moved to approve exempting Town employees from paying the employee portion of medical insurance premiums for the months of November and December 2016, Council Member deGraaf seconded, unanimously approved.
5. **Appointing Council Member Representatives to Region 9, Pagosa Springs CDC and Pagosa Springs Area Tourism Board** - The Town of Pagosa Springs participates on various Boards and Commissions, with many of them being regional in nature. Vacant seats exist on the Region 9 Economic Development District of SW Colorado, the Pagosa Springs Community Development Corporation (CDC) and the Pagosa Springs Area Tourism Board. Council Member Schanzenbaker moved to approve the Town of Pagosa Springs designations: Council Member Anderson shall be the primary representative for Region 9 with Town Manager Schulte as alternate, Council Member DeMarco shall be the primary representative for the Pagosa Springs CDC with Town Manager Schulte as the alternate, and Council Member deGraaf shall be the Primary Representative for the Pagosa Springs Area Tourism Board with Town Manager Schulte as the alternate, Council Member deGraaf seconded, unanimously approved.
6. **Application for Smart Growth Technical Assistance Grant Application** - Smart Growth America advocates for people who want to live and work in great neighborhoods. They believe smart growth solutions support businesses and jobs, provide more options for how people get around and make it more affordable to live near work and the grocery store. Smart Growth America is offering workshops to 6 communities, 3 of which will be communities with a population under 22,000. The grant application deadline is Oct 6th with award notifications on November 9th. The workshops available through this free opportunity are one of several types of technical assistance offered for communities and departments of transportation. Mr. Hudson asked if any have a direct impact on affordable housing. Associate Planner Novak said the affordable housing issue is on the top of the list and the items would be beneficial to coordinate with the comprehensive plan. Council Member Schanzenbaker moved to direct staff to apply for the Smart Growth America Technical Assistance for the session for Implementing Smart Growth 101 session, Council Member deGraaf seconded, unanimously approved.
7. **Resolution 2016-14, Refunding Resolution (South 8th Street Project)** - The Council approved moving forward with financing the S. 8th Street Project through a lease purchase mechanism, and indicating Town Hall as the collateral asset. The financing includes termination of the 2011 Lewis Street lease purchase and will remove it as an encumbrance on Town Hall, allowing the new financing to proceed, and accrue a savings to the Town as well by retiring the debt sooner. The resolution formally authorizes the use of a portion of the proceeds from the new financing to release the Town Hall from the previous lease so that it is free and unencumbered for the new financing. Council Member deGraaf moved to approve Resolution 2016-14, Council Member DeMarco seconded, unanimously approved.

VII. OLD BUSINESS

1. **Ordinance 848, Second Reading, South 8th Street Financing Authorizing Ordinance** – At the July 21st Town Council meeting, the Council approved moving forward with financing the S. 8th Street Project through a lease purchase mechanism, specifically a Public Offering in the amount

of \$2.685 million that included the refinancing of the Lewis Street Project. The Council approved a Reimbursement Resolution (Resolution 2016-12) that allows the Town to reimburse itself from the proceeds of the financing for the funds advanced to get the work started as soon as possible. The Council also approved staff to pursue securing an investment grade rating for the Town of Pagosa Springs and appropriate funding from General Fund Reserves in an amount not to exceed \$12,000 for this purpose. Getting a rating (assuming it is favorable) does help in the marketing of the COPs. Mr. Bill Hudson said the ethics of this type of financing has problems including putting up the Town Hall as collateral. He said a sales tax increase to complete 8th Street would change the payment each year depending on ups and downs in revenues. He said the Town Council will be forced to cut services in order to pay the debt. Council Member Schanzenbaker moved to approve the second reading of Ordinance 848, Council Member deGraaf seconded, unanimously approved.

2. **Hudson vs Hessman with Possible Executive Session Pursuant to C.R.S. 24-6-402(4)(b) for Conference with Attorney to Receive Legal Advice** – Attorney Steve Dawes was present by phone. Town Manager Schulte explained that due to the judgment by Judge Lyman, fees and attorney costs would be awarded to the plaintiff, Mr. Hudson. The amount of fees the Town felt were excessive and did file a rebuttal regarding the plaintiff’s attorney fees. Mr. Roane has requested an extension of time and a hearing in front of Judge Lyman in an attempt to substantiate attorney costs. A potential settlement or other options may be possible for the Town and would be better explained by the Town’s Attorney possibly in executive session. Council Member deGraaf said executive session makes him nervous. He said what Mr. Hudson did took courage and it is important to recognize him for holding the Town Council accountable. Council Member Schanzenbaker moved to enter executive session pursuant to C.R.S. 24-6-402(4)(b) for conference with attorney to receive legal advice regarding Hudson vs Hessman suit and reasonable legal costs associated, Council Member DeMarco seconded, unanimously approved. Council entered executive session at 7:07pm. Mayor Volger called the meeting back into regular session at 7:51pm.

- VIII. **PUBLIC COMMENT** – Mr. Bill Hudson said there have been nine new residential permits this year. He said there should be a policy that states that a percentage of the Town residential projects are affordable housing specific. He said the department should track the value of the new homes to discover if the Town is leaving out the working class. Council Member Schanzenbaker said it is difficult to force a residential homeowner to build a lower cost home. He said they could only do that during a residential development project.
- IX. **COUNCIL IDEAS AND COMMENTS** - Council Member DeMarco said forward thinking for the future growth of the Town Council is critical. Council Member Schanzenbaker said he would like the council packets earlier in the week to give time to review.
- X. **NEXT TOWN COUNCIL MEETING OCTOBER 4, 2016 AT 5:00 PM**
- XI. **ADJOURNMENT** – Upon motion duly made, the meeting adjourned at 8:00 pm.

Don Volger
Mayor