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TOWN COUNCIL MEETING MINUTES THURSDAY, NOVEMBER 20, 2008 12:00 P.M.

- I. **CALL MEETING TO ORDER** – Mayor Aragon, Council Member Cotton, Council Member Holt, Council Member Jackson, Council Member Pierce, Council Member Weiler

- II. **NEW BUSINESS**
 1. **Discussion and Consideration of a PS-3 and PS-5 Geothermal Well Lease between the Town of Pagosa Springs and Gulfstream Worldwide Ltd., a Florida limited partnership; Northwestern Investments, Inc., a Florida corporation; Albuquerque Properties, Inc., a Florida corporation; and Pagosa Resort and Spa, Inc., a Florida corporation with consideration for adjournment into an executive session per C.R.S. Section 24-6-402(4)(a).** – Mr. Jim Anesi representing the Springs Resort, explained that the current lease expires in 2012 and the Springs Resort has filed on the water rights primarily to protect the lease of the pipeline the Springs uses to get the water from the Town. The original lease states the Company has an option to enter into a new lease with the Town, upon mutually agreeable negotiated terms, the lease can be extended, however Mr. Anesi explained the Springs needs a 50 year commitment. The great hot spring gives 725gpm to the Springs, the existing hot tubs require 521gpm, the new hotel addition will take 250gpm and to heat the sidewalks another 300gpm, which means they need over 1,000gpm. The new lease would give them the Town's 400gpm to add to their 725gpm. At full build out they will have access to the other 3 springs the Resort has on their properties. According to Mr. Anesi, the Resort will have to become more efficient on the use of their water. Mr. Smith with the Bootjack Management says the Springs' current csf water rights are 1800 gpm. Mr. Anesi explained there are not the stated gpm, that some water rights have been abandoned, some are for irrigation and not for hotel use. Mrs. Marcia Pruitt asked regarding the amount of gpm the Springs currently uses. Mr. Anesi explained that Davis Engineering did a water analysis and the Springs currently uses 551gpm but not all from the great spring. Mr. Bill Hudson asked how much the Spa uses; Marcia Pruitt explained they use 100gpm. Mr. Hudson then asked how much of the Town's water is used when not in heating season and how many water rights the Springs uses of their own rights. Mr. Anesi explained the water coming across the footbridge from the Town then goes either into the baths, or it may go into the great springs to get heated up before going to the hot tubs or for heating the rooms or sidewalks. Council Member Weiler explained the water the Springs uses is water that would otherwise be discharged into the river. Mr. Hudson doesn't believe the Council should approve a 50 year lease without further information from the Springs. Council Member Holt had asked that a performance clause be put into the lease enabling the Town to give the Springs the water they need as they need it, however according to the amount needed by the Springs in April of 2009 this would use the 400gpm. Council Member Weiler asked about amending the Town's charter. Attorney Bob Cole said there would need to be a Town-wide vote to change the charter. Council Member Cotton asked legal counsel if discharged water was legally owned by the Town. Mr. Cole says that relinquishment of the discharged water is when it is in the river. However, if the town directs the discharged water to a party and enters into a lease and receives revenue for the Town then it is not relinquished water. Mr. Jim McQuiggin asked about the cost of amending the Town Charter. Attorney Bob Cole explained a charter amendment could be requested by the Town Council and a special election would be necessary possible funded by the other party. Mr. Matt Meese believes this downtown project is a great asset to the town and the local resources. Council Member Pierce asked about the original request from the Springs in May of 2008, that says the Springs would be willing to grant easements for the River Restoration project. Mr. Matt Meese said he would talk with Mr. Whittington about the easements. Geothermal Supervisor, Phil Starks, explained that the temperature of the discharge is approximately 118 degrees, however the proposed lease explains that if the temperature falls below 110 degrees before it is delivered to the Springs, there will be a discount in the lease. Council Member Weiler asked if the Springs could buy heat from the town instead of hot water. Attorney Bob Cole says the proposed lease has the wording giving the impression of a 50 year lease without violating the Town Charter and that he would be willing to looking into provisions for changing the charter or the leasing of the heated water. Council Member Weiler moved to table the discussion with the provisions Attorney Bob Cole suggested, Council Member Holt seconded, unanimously approved.

III. OLD BUSINESS

- 1. Discussion about the adopted Personnel Policy in regards to Section 17.10; Short Term Disability** – The policy states PTO does not accrue when a person is on short or long term disability and the Short Term Disability provides for 100% of salary while the employee is on Short Term Disability up to a maximum of four hundred eighty (480) hours. After discussion, the Council agreed not to make any changes to this portion of the policy at this time.
- 2. Mayor Aragon's concern** – The development on North 7th Street has put stress on the infrastructure and although Tamra Allen had brought to council the potential consequences, Council did not head the warning and needs now to address the problem. Town Manager David Mitchem will be getting with the developer to correct the problem. The developer PQC has been very responsive to cleaning up the trash and slowing down the project trucks.

IV. ADJOURNMENT – Upon motion duly made, the meeting adjourned at 1:51pm.

**Ross Aragón
Mayor**