



PAGOSA AREA GEOTHERMAL WATER AND POWER AUTHORITY

REGULAR MONTHLY MEETING MINUTES

February 8, 2016 @ 5:00 p.m.

**Town Hall Council Chambers
551 Hot Springs Blvd,
Pagosa Springs, CO 81147**

I. Call to Order – Board Chair Lucero, Board Member Volger, Board Member Alley, Board Member Whiting, Board Member Wadley, Board Member Schanzenbaker, Board Member Egan (5:10pm)

II. Approval of Dec. 23rd 2015 and the January 11th 2016 Minutes – Board Member Alley moved to approve the minutes, Board Member Whiting seconded, unanimously approved.

III. Notification of Invoices Approved by Pagosa Waters

- Ecosphere and Mask Ranch Storage Rental: \$12,720 (DOLA billed \$5,543) – Town Manager Schulte explained the two invoices and the request to DOLA for reimbursement which should come back in the next week.

IV. Pagosa Waters Future Proposals/Recommendations and Manager's Year End Report -

Mr. Jerry Smith said the director of the DOE is coming to Denver on February 18th for a meeting with Jerry Smith for possible 2017 budget funds. He is working on support for a flow test well for Sandia research drilling in Pagosa. He will be presenting to the

State Legislature regarding the geothermal project status. Board Member Schanzenbaker said a \$700,000 well at the TG1 site is the next step. He said the possibility of getting State funds to help with this drilling. Mr. Smith said that 60% of the funding was supposed to come from DOE, but without that the State may support if the Town and County can show a commitment. Board Member Wadley said it is a difficult decision as to move forward. Board Member Alley said there needs to be a six month time limit to get something done. Board Member Volger said a contribution of \$44,500 is a reasonable amount and a timeline needs to be set. Board Member Schanzenbaker said having the State and Local government contribute an additional amount for the extra step. Board Member Egan agrees the \$44,500 is not an outrageous amount. He would like to know what the return on investment for the community is forthcoming. Mr. Marion Francis said this will be the second contribution from the Town and County since the original \$260,000 donation. Board Member Lucero said he isn't sure what the community is going to receive in return from this project. He would like a detailed budget and deadlines, and keep the good relationship with DOLA. Mr. Ken Charles said this is a special scenario, he talked with his superiors and has support for a 50% match. He is not sure about the 75% EIAF funds possibility. He said there is a possibility to request an advance when requesting contract changes. He said explaining what this next step purchases will consist of would be advisable in the contract change request. Mr. Smith said the DOE wants to support the project, but they want local support from DOLA and local government. He said this money will confirm the gradient with a 2,500 foot well. This will tell if they should move forward with a flow test hole. He said if possible, there could be a reduction in electric costs to the community with ownership in the utility, he said direct use benefit would be job increase. Mr. Charles said the overall goal is to validate the investment. He would like to work out the details and said the concept of this project is still valid. Mr. Smith said requesting a change to the DOLA grant would take one month, one month for an RFP for drillers, two months to mobilize and drill the well, so six months is safe timeframe to get the project completed. Mr. Smith said drillers will want to be drilling in late April or May after the runoff. He said June 1st is the expiration of the lease with Fairway trust, so we would need to be done or know to extend the lease. Mr. Charles said DOLA will communicate with PAGWPA and negotiate through that board. Town Manager Schulte said the request to DOLA could be that the next \$745,000 at 75/25% split and the following funding of the \$1.5 million dollar grant be at 50/50% split. Board Member Whiting asked if at 2,500 foot well is a good report, will there be private funds or will the government be asked to support money for a flow test. Mr. Smith said stopping right now gives us no value to sell to anyone, he said if 2,500 feet

shows a play for power or direct use, then there are people who will buy the direct use from us. This should pay back the investment over eight years and add 8-10 jobs. If there is power use then there are people who would invest in the project. He said we could do the project ourselves through the bond program and not need private funds. The DOE may pay the \$2.5 million for the flow test well. Board Member Volger moved to direct staff to submit a request to DOLA to negotiate a terms of amending the DOLA grant, initiating a time extension on the DOLA grant for one year and request a 75/25 funding split and DOLA agrees to advance the funds for the project, Board Member Egan seconded, motion carried with two nays (Whiting and Lucero). Board Member Whiting moved the PAGWPA representatives go back to their respective boards to request funding shares not to exceed \$45,000, Board Member Schanzenbaker, unanimously approved.

V. Status of Lease Agreement with Fairway Trust - Mr. Smith said that until both partners in PAGWPA agree to the \$45,000 contribution he is not comfortable speaking with the State agencies or Fairway Trust.

VI. Direction to pursue time extension and change of cost share for DOLA Grant

VII. Other items of mutual interest - Board Member Volger will make the request to the Commissioners, Board Member Whiting will request at the Town Council meeting.

VIII. Adjourn – Upon motion duly made, the meeting adjourned at 6:20pm.