

**TOWN OF PAYSON
TOWN COUNCIL MEETING
MINUTES OF THE SPECIAL MEETING
May 6, 2008**

CALL TO ORDER

Mayor Edwards called the meeting to order at 4:00 p.m. in the Council Chambers.

PLEDGE OF ALLEGIANCE

PRESENT: Mayor Bob Edwards, Vice-Mayor Tim Fruth, Council Member Ed Blair, Council Member Su Connell, Council Member Andy Romance, Council Member Mike Vogel, and Council Member John Wilson.

STAFF PRESENT: Debra Galbraith - Town Manager, Silvia Smith, Town Clerk, Colin P. Walker, Water Superintendent, LaRon Garrett, Town Engineer, and Jerry Owen, Community Development Director.

OTHERS PRESENT: Tim Wright, Deputy Town Attorney; Mike Ploughe, Hydrogeologist; Diane Stoyer, Legal Department Office Manager; Debbie Dawson, Executive Assistant; Marci Huffman, Chief Deputy Town Clerk.

PURPOSE OF MEETING

1. Discussion/possible action concerning Resolution No. 2374, captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE WATER RIGHTS TRANSFER, AND WATER DELIVERY AND USE AGREEMENT BETWEEN SALT RIVER WATER USERS' ASSOCIATION, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND TOWN OF PAYSON (C.C. CRAGIN RESERVIOR).

Buzz Walker, Water Superintendent, said that after 30 years this was a historical moment and the single most important decision the Town could make. He began by introducing the team that helped negotiate the partnership; SRP's Dave Roberts and Jeff Beeler, Water Rights Group. Larry Castor, attorney from Fennemore Craig was also present. Mr. Walker said this project was started in 1995, however in 1973 to 1994 the Town had first tried. He then presented a Power Point explaining where the Town is today and why. This will be a water supply partnership, sharing expenses, liabilities and costs. He then gave a background of water development actions taken over the years. The money from the sale of CAP water to Scottsdale helps for today. He condensed the 41-page contract down to 26 major points.

There was discussion concerning the pipeline and its construction. There was also discussion concerning the gallons per capita per day (gpcpd). With future build-out (36,000-43,000), if the water use goes up per person to 85gpcpd, there would still be 20% reserve. The source for building the pipeline is currently in the bank.

Gene Sampson expressed his concerns regarding forest fires and the result of one. Dave Roberts said there could be a fire and they could desilt the lake if needed. SRP and the Town will discuss fire safety issues with the Forest Service.

Clmn. Wilson moved to approve Resolution No. 2374, seconded by Clmn. Vogel.

Clmn. Romance expressed his concerns regarding risks. He asked if a cap could be placed on Payson's responsibility. Mr. Roberts replied that there is not a good way of estimating what costs would be. Claims could come from the Navajo Nation. They are continuing to work to resolve those claims and he was optimistic about reaching a settlement. SRP was not willing to put a cap on it at this time.

Larry Castor had been involved in the same negotiations with other clients, stating that it could be extra difficult because of the tenacity of the opponent. However, he was more optimistic about the Little Colorado case (Navajo Nation). The agreement obliges the Town to defend its own rights because the Town will end up having its own water right. SRP is a better ally.

There was discussion regarding this historic event for the Town. There is no other opportunity as comparable as this water resource, and very few communities will have this chance, Mayor Edwards commented. There was discussion regarding the overwhelming benefits, regardless of what risks there might be.

Clmn. Romance expressed his concern about there being enough money in the bank for any future risk. Town Attorney Streichman said that if the Town got to the point of impairment, then it has rights under this agreement to terminate the agreement.

Larry Castor said it is a common circumstance when aligned parties work together. There will be no duplication of efforts. This had been understood over a long period of time. Mr. Walker corrected the amount of the cost from \$4.5 million to \$3 million, spread out over a long period of time.

Pointing out Section 12 of the agreement, Clmn. Romance questioned if this would delimit Payson's groundwater resources in exchange for Blue Ridge water. Mr. Roberts explained the clause is to deal with situations where the pipeline goes out for three or four years, or if the dam is limited in storing water. Further explanation followed.

In the future there could be more effluent than the Town now has. Mr. Castor, in response to paragraph 16, said allows the Town to engage in the project. Industrial use would have to pay for enlarged pipe.

Mr. Walker was commended for his hard work on the agreement.

NEPA is the next step. Several years ago Mr. Walker developed a timeline. The Town had undergone some hurdles in the past; e.g. waiting 8 years on the Diamond Rim Project.

Clmn. Romance felt that the risks were not well demonstrated.

Motion carried, 6-1; Clmn. Romance dissented.

ADJOURNMENT

The meeting adjourned at 5:10 p.m.

_____ Date: _____

Bob Edwards, Mayor

ATTEST:

Silvia Smith, Town Clerk

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the special meeting of the Town Council of the Town of Payson held on this day the 6 of May, 2008. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this ____ day of _____, 2008.

Marcia F. Huffman, Chief Deputy Town Clerk