Oct. 23, 1997

Applicant exhibits	#	accepted
	1 - photos	✓
	2 - Easement agreement	✓
	3 - Amended easement	✓
	4 - Field Report	✓
	5 Applic for permit	✓
	6 Applic for permit	✓
	7 Certif. of Business name	✓
	8 Stack letter	✓
	9	✓
	10 Minutes	✓
	11 Easement agreement	✓
	12 Fish & Game letter	✓
	13 " " "	✓
	14 Plans	✓
	15 Letter	✓
	16 - Field report	✓
	17 - Fish Flow chart	
	18 - photo - Vansaun property	
	19 - Application # 29-08168	✓
	20 - Minutes (excerpt)	1-3-1980?
rejected -	21 - U of I document	


EXHIBIT
Applicant
1





































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PICO

FUJICHROME PROVIA

Butcher Block Wholesale Meats

758 South Main, Pocatello, Idaho 83204 • (208) 233-8464

EXHIBIT
Applicant
#2

January 29, 1991

Idaho State Foundation
430 E. Main
Lava Hot Springs, ID 83246

ATTENTION: Mr. Bob Meline
Executive Director

Dear Bob:

Reference: Authorization for entrance for easement into and upon Lazy V Ranch premises for piping work.

The Lazy V Ranch owners, Thayne E. and Karen Vargason, hereby authorize Idaho State Foundation and its contractors (Green Plumbing, Mr. Gary Blanchard and his equipment and operators, the sub contractor Mr. Kenny Stratford, and his crew to dig a 6' x 4' trench 30' westerly then 100 degree turn and then southwesterly approximately 300' to the Portneuf river, and install two (2) 12" plastic lines and fill with trench with dirt and bring back to normal landscaping.

The contractors are aware of fence ,trees and buildings so as not to damage such, and back fill shall please the Foundation and the Vargason's.

It is agreed by the owners of said property and the Idaho State Foundation's executive director that this letter of authorization for easement excavation and installation of two (2) 12" drainage pipes through said property will suffice until a legal document can be obtained.

Lazy V Ranch

Thayne E. Vargason

Idaho State Foundation

Robert Meline

1/29/91

January 31, 1991

Idaho State Foundation
430 E. Main
Lava Hot Springs, ID 83246

ATTENTION: Mr. Bob Meline
Executive Director

Dear Bob:

Subject: Letter of Authorization for Entrance for 12" pipes dated January 29, 1991

This is to amend the Authorization for Entrance for Easement into and upon Lazy V Ranch premises for piping work letter dated January 29, 1991

Please see paragraph three (3).
A reference should indicate that the easement excavation and installation of two (2) 12" drainage pipes through the said Lazy V Ranches property will be for the use of <u>all excess</u> waters that the foundation has going through their said drainage systems.

This reference was omitted from the original letter of authorization.

Lazy V Ranch

Idaho State Foundation

EXHIBIT
Applicant
#3

1/2/91

FIELD REPORT

OBSERVATIONS OF THE GEOTHERMAL HEATING SYSTEM AT THE LAVA HOT SPRINGS STATE FACILITY
August 26, 1996

BACKGROUND

In early July, Kathie Brack, Legal Assistant for the State Attorney General's office, requested that Energy Division staff perform an analysis of the geothermal heating system being utilized at the Lava Hot Springs Foundation. The purpose of the analysis was to determine if the geothermal water flow through Foundation heat exchangers, matched the demand (need) for energy to heat two cold water swimming pools and the adjacent service structure (pool building).

This report has been prepared by Ken Baker and Russell Rydalch, Idaho Department of Water Resources Energy Division. The report describes our investigation and observations of the state facility at Lava Hot Springs subsequent to an August 12, 1996 site visit.

We spent approximately three hours at the state facility. At 1 p.m. we met with Mike Hansen, chief of facility maintenance, and Charles Sudweeks, P.E., the design engineer for the cold water pools and pool building heating system. Mr. Sudweeks and Mr. Hansen spent over two hours with us, walking the length of the state-owned property, explaining the entire system of water flow from the points of inflows to the outflows.

Dennis Dunn, Water Agent with the Department's Eastern Division was also on-site during the afternoon. After our facility tour, Dennis re-walked the entire site making a video recording of the facility.

SITE OBSERVATIONS

There are two artesian geothermal springs on the state facility. The upper spring feeds the two large hot pools at the main Foundation facility and office. This water flows out of the lower pool into the Portneuf river. The water is filtered and then typically discharged into the Portneuf river approximately 50 yards down stream from the two hot pools. At the point of discharge into the river there is a diversion box. This box allows the water to be diverted to a pumping station approximately 50 yards further down stream, and acts as back-up hot water for heating the two cold water pools and the pool building which are located approximately 2 blocks down stream of the pump house.

The main source of geothermal water which is utilized in heating the two cold-water pools

EXHIBIT
Applicant
4

and pool building is a second artesian well located at the pump house (approximately 100 yards below the two hot pools and the upper hot spring). This second spring referred to as the new well (new artesian well on Attachment 1). Again, this is an artesian flow. Water from this well which is not being pumped to the cold water pools, overflows into the Portneuf river.

The pumping station has two separate pumps and two separate sources of geothermal water which can be pumped up hill and then gravity fed to the heat exchangers which supply energy (heat) to the cold-water pools. The new well pump has a 10 HP capacity. This is the primary pump. The back-up pump, which utilizes water diverted from the upper hot pools has a 20 HP capacity. This pump and diversion is utilized only if the new well pump fails. According to Mike Hansen, the new well pump has failed twice since the installation of the system.

Both pumps are variable speed. Again, their purpose is to supply water to meet the energy demand of the cold water pools and service building. For example, on the day we visited the facility, the ambient outdoor temperature was in the high 90's, and the cold-water pool temperature of the large (Olympic) pool was set at 100 degrees. This setting provided an actual pool temperature of 90 degrees. The small pool had a set point of 100 degrees with an actual pool temperature of 84 degrees. The pool building required no energy for heating. The demand for flow through the heat exchangers matched the need for these conditions. On a colder day, the pools would lose energy at a higher rate and demand more flow through the heat exchangers in order to meet the temperature set point.

All water which flows through the heat exchangers is directly discharged into the Portneuf river. <u>There is no diversion of water once it has flowed through the heat exchangers which heat the cold-water pools and pool building.</u> However, the pumping and subsequent flow of water is directly tied to the need for energy at the cold water pools and adjacent pool building, as stated above, with <u>one exception</u>: There is a locked valve box adjacent to the cold-water pools. This is the point of water diversion to the heat exchangers. The two 12 inch pipes which began up stream at the pump house continue approximately 150 yards beyond this valve box and the cold water pools, cross onto private property, make a 90 degree turn, running parallel to state property, and terminate at the Portneuf river. There is a small by-pass flow (estimated to be 50 gallons per minute) which is facilitated through the opening of a valve at the cold-water pool valve box.

This by-pass does have an operational purpose. It allows any air which may be in the 12 inch pipe to be bled by the pipe leading to the heat exchanger, thus keeping air from entering the heat exchange system and causing efficiency and operational problems.

TECHNICAL DESCRIPTION

The following technical observations are descriptive of the hot water piping system which

provides flow through the cold water pool heat exchangers. Attachment #1 is a sketch of the technical description which follows.

Water was flowing in pipe #2, originating at the new well. The valve on pipe # 2 at the valve box near the large pool was slightly opened, allowing a portion of water to continue down the line. A 12" pipe connects to the main pipes here, providing a route for the water to get to the pool building mechanical room.

There are four plate heat exchangers in the mechanical room. The function of the exchangers is to take some energy out of the geothermal water. Within each exchanger, the pool water passes over one side of numerous plates while the geothermal water passes over the opposite sides. This is an efficient method of extracting this energy. The operators are satisfied with the system's performance and indicate that it is functioning well. The smallest heat exchanger heats the water that circulates through the building heating system. The two large heat exchangers are for the large swimming pool and the other one is for the small swimming pool. After passing through the heat exchangers the geothermal water is piped directly to the river.

The amount of geothermal water required to maintain a set temperature in the pool will vary as weather and pool usage varies. The operators set the pool temperature in the mechanical room and the heat exchanger control system adjusts the flow to each exchanger as required. A variable speed pumping system is used in the pump house as a tool to provide efficient pumping. The pumping control system senses pressure and causes the pumps to speed up or slow down as required to maintain a certain operating pressure.

CONCLUSIONS

The idea of heating cold water pools with geothermal water is simple in concept - run hot water through a heat exchanger and transfer a percentage of its energy into to another water stream coming from the pool. The physical design necessary to actually make this transfer of energy possible, piping, valves, controls, pumps, etc., takes on a more complex nature. It is important to remember that this is an engineered system. Though components or operations may seem separate from each other, they do not function in isolation, but work together. To make judgements about one part of the system without knowing its relationship to other operating parts doesn't give proper credit to the sophistication of the design.

We believe that the capacity and operation of the delivery system is in line with the demand for heat transfer to the cold water pools. The extended piping system retains the function and capability to supply other facility needs and future development of the site.

DATE 8.26.96

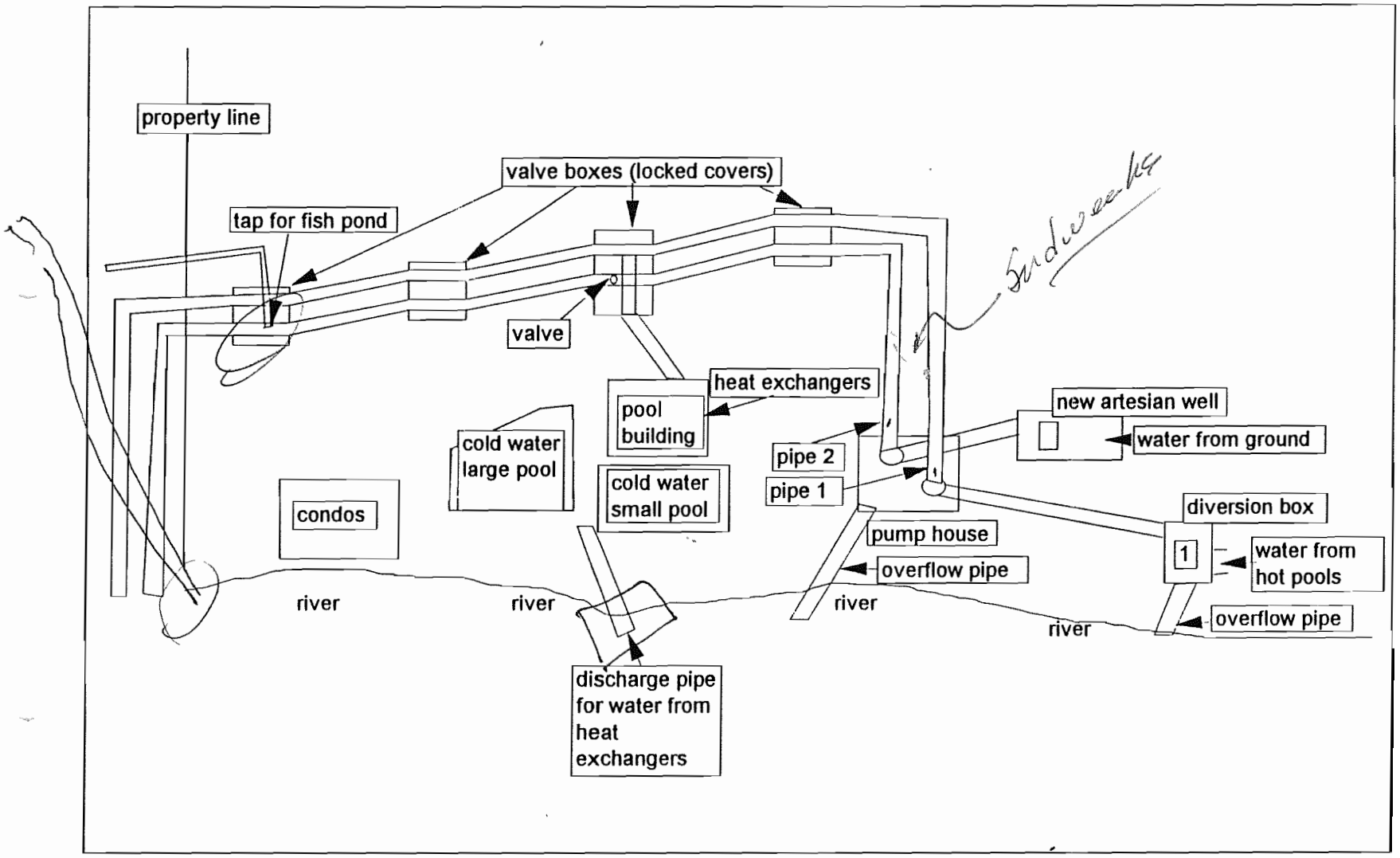
Kenneth L. Baker, Conservation Bureau Chief

DATE 8/26/96

Russell Rydalch, Engineer In Training

Attachment 1

Lava Hot Springs (no scale)



Prepared by IDWR Energy Division 8/26/96

ost-It™ brand fax transmittal memo 7671	# of pages ▸ 4
To Karen Vargason	From KEITH C WILSON
o.	Co. IDWR
ept.	Phone # (208) 525-7166
ax # 208 233 0317	Fax # (208) 525-7177

Ident. No. 29-8162

E OF IDAHO
F WATER RESOURCES

...ON FOR PERMIT

To appropriate the public waters of the State of Idaho

233-8011 (ww)

1. Name of applicant LAZY "V" RANCH, INC Phone (208) 776-5409

   Post office address P.O. Box 268, Lava Hot Springs, Id 83246

2. Source of water supply Waste water which is a tributary of Portneuf River

3. Location of point of diversion is ____ ¼ of NW ¼ of SE ¼, Govt. Lot 7

   Sec. 21 Township 9S Range 38E B.M. Bannock County; additional

   points of diversion if any: ____

4. Water will be used for the following purposes:

   Amount 3.00 (cfs ~~or acre-feet per annum~~) for DIVERSION TO STORAGE purposes from 1/1 to 12/31 (both dates inclusive)

   Amount 0.5af (~~cfs~~ or acre-feet per annum) for STORAGE FOR FISH Propagation purposes from 1/1 to 12/31 (both dates inclusive)

   Amount ____ (cfs or acre-feet per annum) for ____ purposes from ____ to ____ (both dates inclusive)

   Amount ____ (cfs or acre-feet per annum) for ____ purposes from ____ to ____ (both dates inclusive)

5. Total quantity to be appropriated is (a) 3.00 cfs (cubic feet per second) and/or (b) ____ (acre feet per annum)

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. Waste water discharge pipe from Lava Hot Springs Foundation to Fish Propagation Ponds with discharge into the Portneuf River

   b. Height of storage dam 3 feet; active reservoir capacity 0.5 acre-feet; total reservoir capacity 0.5 acre-feet; period of year when water will be diverted to storage: 1/1 to 12/31 inclusive.

   c. Proposed well diameter is ____ inches; proposed depth of well is ____ feet.

   d. Is ground water with a temperature of greater than 85°F being sought? —

   e. If well is already drilled, when? —; Drilling firm —

   Well was drilled for *(well owner)* —

EXHIBIT
Applicant
#5

7. Time required for the completion of the works and application of the water to be proposed beneficial use is

8. Description of proposed uses (*if irrigation only, go to item 9*):

a. Hydropower; show total feet of head and proposed capacity in KW. _____

b. Stockwatering; list number and kind of livestock. _____

c. Municipal; show name of municipality. _____

d. Domestic; show number of households. _____

e. Other; describe fully. Fish Propagation using Geothermal wastewater from Lava Hot Springs Foundation

9. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of the use (*example: D for Domestic*) in the corresponding place of use below. See instructions for standard symbols:

TWP	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
9S	38E	21									LL H								

Total number of acres to be irrigated _____

10. Describe any other water rights used for the same purposes as described above. 29-7847

11. a. Who owns the property at the point of diversion? Lava Hot Springs Foundation

b. Who owns the land to be irrigated or place of use? Applicants

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing. _____

12. Remarks: Pres: Thaigne E. Vargason > officers of Lazy V. Ranch.
Sec-Treas: Karen Vargason

Assisted by
Received by KCW Date 11/20/95 Time 1500hrs Preliminary check by _____

Fee $ 140.00 Receipted by KCW # E021725 Date 11/20/95

Publication prepared by RB Date 12-21 & 28-95 Published in Idaho State Journal

Publication approved _____ Date _____

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Permit to appropriate the public waters of the State of Idaho No. _____, and said application is hereby _____.

1. Approval of said application is subject to the following limitations and conditions:

   a. SUBJECT TO ALL PRIOR WATER RIGHTS.

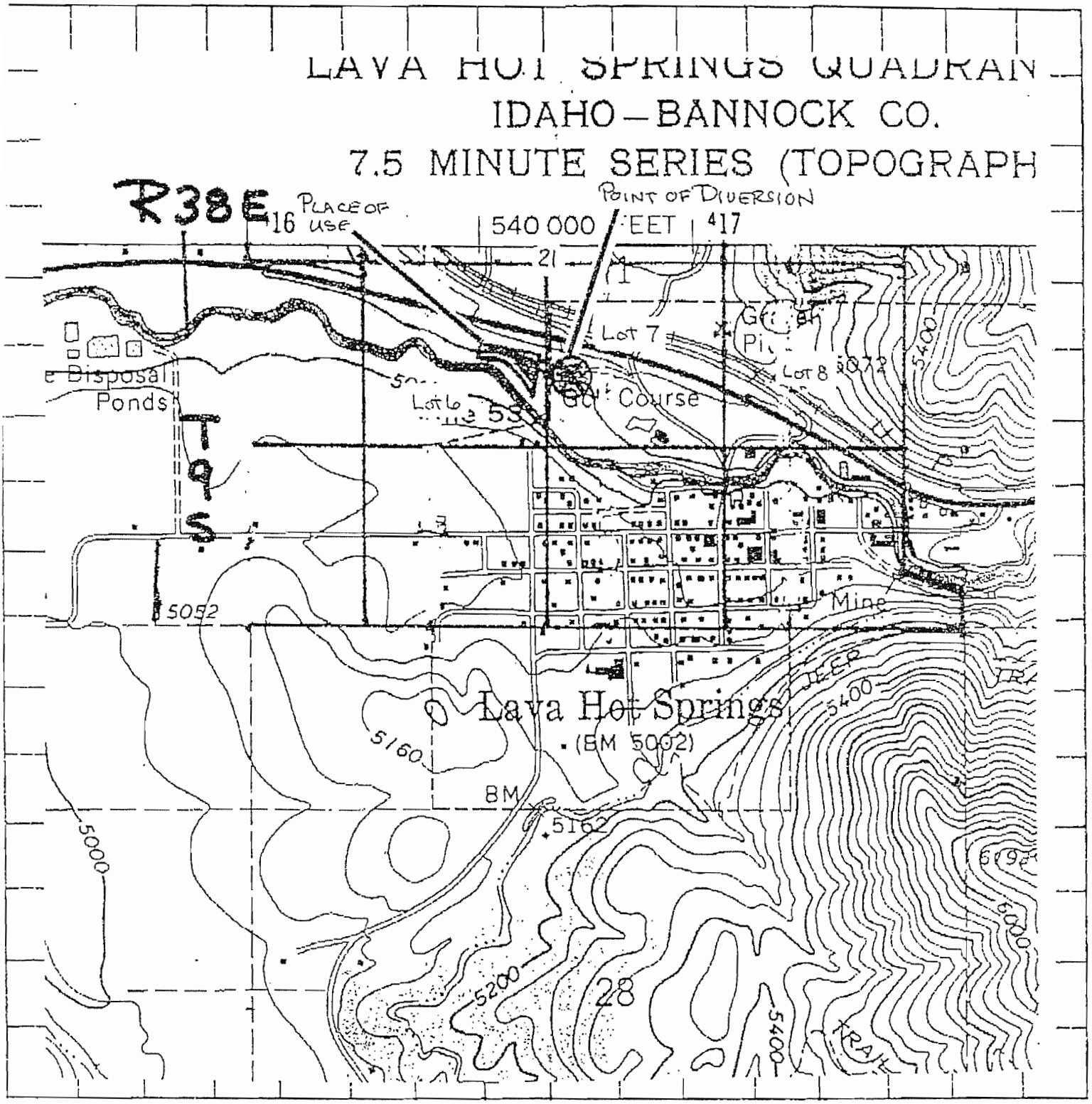
   b. Proof of construction of works and application of water to beneficial use shall be submitted on or before _____, 19____.

   c. The rate of diversion, if water is to be used for irrigation under this permit, when combined with all other water rights for the same land shall not exceed 0.02 cubic feet per second for each acre of land.

   d. The water right acquired under this permit if for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against any future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.

   e. Other:

13. Map of proposed project: show clearly the proposed point of diversion, place of use, section number, township and range number.



Scale: 2 inches equal 1 mile.

BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

Arlen Jorgensen

(Applicant)

Form 202
10/92

Ident. No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

To appropriate the public waters of the State of Idaho

1. Name of applicant Lazy "V" Ranch Inc Phone 208 233-8011 (w) 776-5409

   Post office address P.O. Box 268 Lava Hot Springs Id 83246

2. Source of water supply Spring which is a tributary of Portneuf River

3. Location of point of diversion is SE ¼ of NE ¼ of SE ¼, Govt. Lot 8

   Sec. 21 Township 9S Range 38E B.M. Bannock County; additional

   points of diversion if any: _____

4. Water will be used for the following purposes:

   Amount 7.00 (cfs ~~or acre-feet per annum~~) for DIVERSION to Storage purposes from 1/1 to 12/31 (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for STORAGE FOR Fish Propagation purposes from 1/1 to 12/31 (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

5. Total quantity to be appropriated is (a) 7.00 cfs (cubic feet per second) and/or (b) _____ (acre feet per annum)

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. GEOTHERMAL Spring on Lava Hot Springs foundation Land, FOR Fish Propagation Ponds discharged into Portneuf River

   b. Height of storage dam 3 feet; active reservoir capacity 0.5 acre-feet; total reservoir capacity 0.5 acre-feet; period of year when water will be diverted to storage: 1/1 to 12/31 inclusive.

   c. Proposed well diameter is - inches; proposed depth of well is - feet.

   d. Is ground water with a temperature of greater than 85°F being sought? -

   e. If well is already drilled, when? -; Drilling firm -

   Well was drilled for *(well owner)* -

EXHIBIT
Applicant
#6

7. Time required for the completion of the works and application of the water to be proposed beneficial use is 5 years *(minimum 1 year)*.

8. Description of proposed uses (*if irrigation only, go to item 9*):

a. Hydropower; show total feet of head and proposed capacity in KW. _____

b. Stockwatering; list number and kind of livestock. _____

c. Municipal; show name of municipality. _____

d. Domestic; show number of households. _____

e. Other; describe fully. ~~Fish~~ Propagation using Geothermal Water

9. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of the use (*example: D for Domestic*) in the corresponding place of use below. See instructions for standard symbols.

TWP	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
9S	38E	21									LL6 H								

Total number of acres to be irrigated _____

10. Describe any other water rights used for the same purposes as described above. 29-7847

11. a. Who owns the property at the point of diversion? Lava Hot Springs Foundation

b. Who owns the land to be irrigated or place of use? Applicants

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing. _____

12. Remarks: Pres: Thayne E Vargason > officers Lazy "V" Ranch
Sec Trea: Karen Vargason

Assisted By KCW 1/5/96

Received by KCW Date 1/5/96 Time 1617 hrs Preliminary check by _____

Fee $ 220.00 Receipted by KCW # E0 21819 Date 1/5/1996

Publication prepared by _____ Date _____ Published in _____

Publication approved _____ Date _____

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Permit to appropriate the public waters of the State of Idaho No. _____, and said application is hereby _____.

1. Approval of said application is subject to the following limitations and conditions:

   a. SUBJECT TO ALL PRIOR WATER RIGHTS.

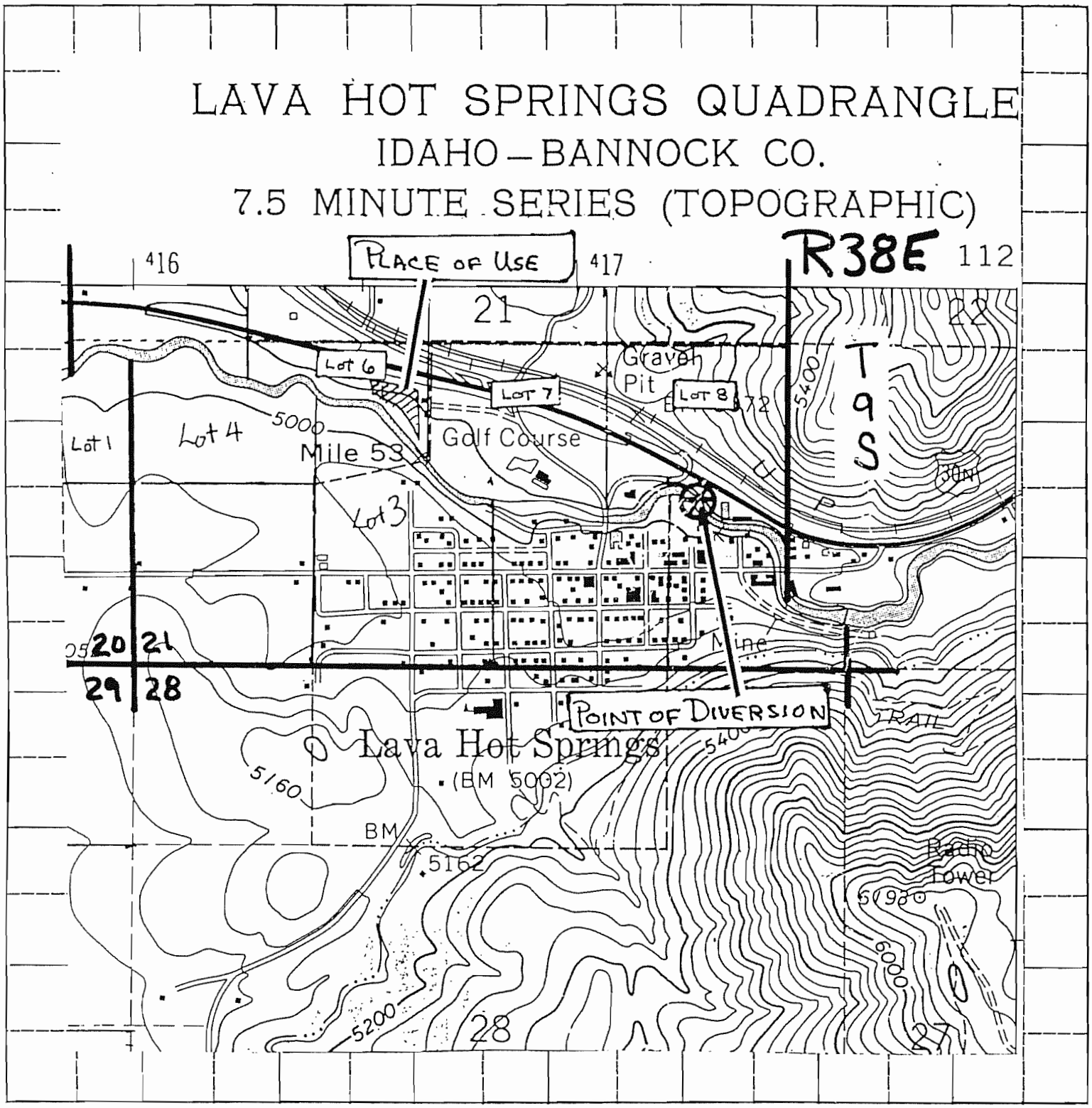
   b. Proof of construction of works and application of water to beneficial use shall be submitted on or before _____, 19____.

   c. The rate of diversion, if water is to be used for irrigation under this permit, when combined with all other water rights for the same land shall not exceed 0.02 cubic feet per second for each acre of land.

   d. The water right acquired under this permit if for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against any future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.

   e. Other:

13. Map of proposed project: show clearly the proposed point of diversion, place of use, section number, township and range number.



Scale: 2 inches equal 1 mile.

BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

(Applicant)

CERTIFICATE OF ASSUMED BUSINESS NAME

To the SECRETARY OF STATE, STATE OF IDAHO

Pursuant to Section 53-504, Idaho Code, the undersigned gives notice of adoption of an Assumed Business Name.

1. The assumed business name which the undersigned use(s) in the transaction of business is:

   Lazy V Ranches

2. The true name(s) and business address(es) of the entity or individual(s) doing business under the assumed business name is/are:

Name	Address
Karen Vargason	299 N. center, Lava Hot Springs, ID 83246
Thayne Vargason	299 N. Center, Lava Hot Springs, ID 83246

3. The general type of business transacted under the assumed business name is:

   Retail Trade and Agriculture

   See categories on the reverse

4. The name and address to which correspondence should be addressed:

   Karen and Thayne Vargason

   P.O. Box 268, Lava Hot Springs, Idaho 83246

Signed Karen Vargason

By Karen Vargason

Capacity Co-Owner

EXHIBIT
Applicant
#7

Submit Certificate of Assumed Business Name and **$20.00** fee to:

Secretary of State
700 West Jefferson
PO Box 83720
Boise ID 83720-0080

Customer #

Secretary of State use only

g:\corp\forms\abn.pm6 Revision 10/96

CERTIFICATE OF ASSUMED BUSINESS NAME

To the SECRETARY OF STATE, STATE OF IDAHO

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2. The true name(s) and business address(es) of the entity or individual(s) doing business under the assumed business name is/are:

Name	Address
Karen Vargason	299 N. center, Lava Hot Springs, ID 83246
Thayne Vargason	299 N. Center, Lava Hot Springs, ID 83246

3. The general type of business transacted under the assumed business name is.

Retail Trade and Agriculture

See categories on the reverse

4. The name and address to which correspondence should be addressed:

Karen and Thayne Vargason

P.O. Box 268, Lava Hot Springs, Idaho 83246

Signed Karen Vargason

By Karen Vargason

Capacity Co-Owner

Submit Certificate of Assumed Business Name and **$20.00** fee to:

Secretary of State
700 West Jefferson
PO Box 83720
Boise ID 83720-0080

Customer #

Secretary of State use only

IDAHO SECRETARY OF STATE

10/14/1997 09:00

CK: none CT: 2982 BH: 46402

1 @ 20.00 = 20.00 ASSUM NAME

D 8855

Revised 10/96

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
ALAN G. LANCE

October 1, 1996

EXHIBIT
Applicant
Ex 8

Via Facsimile and Statehouse Mail

Norman C. Young
Administrator - Water Management Division
Idaho Department of Water Resources
Statehouse Mail

Dear Norm:

I am writing on behalf of the Lava Hot Springs Foundation. It is my understanding that the Department will soon be holding a hearing regarding the water right application of Lazy V Ranch. Although the Foundation is not a party to that proceeding, it does have a substantial interest in the proceedings. As you know, the Ranch's application is for the diversion of water from the Foundation's waste water system. The Foundation agreed to the diversion in return for the Ranch's permission to run the waste water pipe across the Ranch's property. The Ranch has indicated that if it is no longer allowed to divert water from the pipe, it will withdraw its permission to run the waste water across the Ranch's property.

My understanding is that several persons, including John Melhaff, have objected to the diversion on several grounds, including the assertion that the bypass system from which the diversion is made is not a beneficial use of water by the Foundation. They base this assertion on the understanding that the primary purpose of the bypass system is to bleed air from the system prior to its use in the heat exchanger. The objecting parties question the need for a 12-inch bypass pipe to accomplish this purpose.

My understanding from conversations with Bob Meline, the executive director of the Lava Hot Springs Foundation, is that the bypass pipe was designed to meet several additional needs: first, it was designed with the capacity to divert the entire flow of water from the hot springs in the case of an emergency requiring the diversion of water away from the heat exchanger. Second, the amount of water required by the heat exchanger varies according to need, and such needs are communicated to the pump at the hot springs. At very low flows the pump overheats. To rectify this, the bypass was designed to "leak" an amount of water sufficient to allow the pump to run at levels necessary to prevent such overheating. Third, the bypass system was designed with additional capacity to allow for the future nonconsumptive use of the water for space heating at the condominiums or other future buildings located on Foundation property.

Natural Resources Division
P.O. Box 83720, Boise, Idaho 83720-0010
Telephone: (208) 334-2400, FAX (208) 334-2690
Located at 700 W. Jefferson Street, Suite 210

The Foundation approved the system pursuant to the authority vested in it by Idaho Code § 67-4401, which vests the Foundation with "[a]ll right to the operation, management and control . . . of the lands and property belonging to the state of Idaho situated within and near the city of Lava Hot Springs." Under the terms of Idaho Code § 67-4403, the term "property" includes the lands owned by the Foundation "and the hot springs and hot waters arising from and flowing thereon." These statutes raise a significant issue as to whether waters on Foundation property are within the jurisdiction of IDWR, whether they are within the exclusive jurisdiction of the Foundation, or whether there is to be some form of shared authority over such waters. Certainly, the unique nature of the water rights held by the Foundation requires further scrutiny. I am in the process of reviewing the Foundation's claims in the Snake River Basin Adjudication to determine whether those claims should be amended to reflect these statutory provisions, and the nature of the Foundation's water rights may well be resolved as part of the adjudication. In the meantime, I have asked the Foundation to request an attorney general's opinion to determine, at least on an interim basis, the relative authorities of the Foundation and IDWR with regard to the Foundation's hot water resources. One of the questions that the attorney general is being asked to determine is whether a use of water authorized by the Foundation through a contract with a private party is an unauthorized use of water as the term is used in Idaho Code § 42-351.

In the meantime, the Foundation believes it is in everybody's interest to actively cooperate with IDWR and employ IDWR's expertise in the area of water resources to ensure that Foundation's water is being put to maximum beneficial use. In that regard, the Foundation is undergoing an objective review of its water system to ensure that the water is being used in accordance with the directives of the statutes governing the operation of the Foundation. The Foundation plans to share its findings with IDWR.

In light of the uncertainties regarding the respective authorities of IDWR and the Foundation, we believe it would be appropriate for IDWR to temporarily defer any action that would interfere with the present operation of the Foundation's water system pending a determination of the respective authorities of the Foundation and IDWR. We believe the present action regarding the use of water by Lazy V Ranch is within the scope of this proposed deferral, since their use is authorized by the Foundation in accordance with the terms of the agreement between the Foundation and Lazy V Ranch.

Sincerely,

STEVEN W. STRACK
Deputy Attorney General
Natural Resources Division

SWS/sc
16275nsa

MINUTES
LAVA HOT SPRINGS FOUNDATION
Board of Directors Meeting

Lava Hot Springs Foundation Office
430 E. Main, Lava Hot Springs, Idaho 83246
Regular Meeting

EXHIBIT
Applicant
4 9

JANUARY 24, 1996

Chairman Floyd Jensen called the meeting to order at 2:25 p.m.

Board members present:

Mr. Floyd J. Jensen, Chairman
Mr. Ralph Lacy
Mr. Al Ricken
Mr. Sheldon Jones
Mr. Dwaine Wellard

Staff members present:

Mr. Robert Meline, Executive Director
Mrs. Katherine Howell
Mr. Mike Hansen
Mr. Russ Sidell
Mrs. Katie Smith

Guests present:

Mr. Mike Norkevich
Mr. Leon Gates
Mrs. Karen Vargason
Mr. Jack Robson, Attorney
Mr. Les Bocek
Mrs. Cookie Bergendorf
Mrs. Ricken.
Mr. Ron Berger
Mr. Ted Itami
Mr. Lamont Jones, Attorney
Mr. Jay Burke
Mrs. Joan Bocek
Mrs. Geri Wellard

APPROVAL OF MINUTES:

Mr. Dwaine Wellard made a ***motion*** to approve minutes from previous meeting, Mr. Sheldon Jones seconded. All were in favor.

FINANCIAL UPDATE - Mrs. Katie Smith:

Financial information for the first six months of fiscal year 96 (July through December) was presented to the Board. Mrs. Smith stated that business was down approximately 3.2% over the same period last year. Much of this was due to the fact that the Foundation did not sell the "special" punch card tickets and the attendance mix is different from previous years.

The Foundation has spent 51.9% of personnel appropriation and 41.8% of operating appropriation through December. Annual sales, attendance and cash flow analysis were presented to the Board. Mr. Dwaine Wellard made a ***motion*** to approve the Financial Report, Mr. Ralph Lacy seconded. All were in favor.

ADVERTISING UPDATE - Mrs. Denise McIver:

Mrs. McIver was not available to give update. Mrs. Smith reported that soon the Foundation would have information on the Internet. The Department of Commerce has some information on Lava Hot Springs.

LEASE REVIEWS/PROPOSALS:

Tumbling Waters Motel - Mr. Ron Berger
Lease review, payment adjustment.

Mr. Ron Berger stated he would like clarification of financial responsibility for repair of fixtures, windows, ceiling, etc. He also mentioned his lease does not contain a clause for option to renew lease. The lease with Tumbling Waters will expire in the year 2000. Mr. Robert Meline stated that most leases give the lessee an option to renew. With four years to go, with no renewal option at the end, a lessee is a little reluctant to put a lot into repairs. Mr. Berger asked what was his responsibility to maintain and the extent of that versus the foundation. Mr. Wellard said that the Board needed to know the cost to bring up to standards, for both parties. Then the Board would need to decide what type of return they required on lease and if they are in fact interested in extending. Mr. Meline pointed out that this lease is different because this is the foundation's building.

Mr. Berger said that the motel was not very profitable but it worked well for them because it is right next door. He said that the windows cannot be opened to allow a person to get out of room. New windows priced were about $8,000.00. Mr. Berger stated that the motel is a little antiquated, citing walk-in shower stalls and windows, but said that some people feel quite comfortable there. Mr. Berger stated that he felt the foundation should be responsible for replacing major components. He further said he was happy to maintain every item inside in good working order.

Mr. Berger said that his payment went up in July and was in tact until the year 2000. There was more discussion on repairs, windows and outside sign. Mr. Berger stated that if he were doing something that was not in the budget, possibly he could pay for and deduct from payment.

Mr. Wellard made a ***motion*** to table decisions on Tumbling Waters until an inspection of the property and an estimate of cost is available. Mr. Ricken seconded. All were in favor. Mr. Meline will supervise inspection and bring information back to Board.

Lava Spa R.V. Park - Mr. Ron Berger
Request to change payment date and consideration for payment reduction.

Mr. Berger asked that the payment due date for the Lava Spa R.V. Park change from January 1 to the date coinciding with the date the lease was signed, which was in mid April. Mr. Sheldon Jones made a ***motion*** to change the payment due date to the month and day the lease was signed. (April 13) Mr. Dwaine Wellard seconded. All were in favor.

Mr. Berger also asked the Board for consideration of a payment reduction due to slow business. The R.V. Park is not operational at all in the winter. Mr. Berger said that the lease payment is $2,400.00 a year and requested a lower payment or one-half the lease payment amount for five months. Mr. Dwaine Wellard asked if Mr. Berger could provide the Board with financial records for the last two years. Mr. Berger said that he could supply financial records. Mr. Wellard suggested that the Board table until they could get financial statements. Mr. Lacy made a ***motion*** to accept a $500.00 reduction in the land payment for one year. Mr. Jones seconded. Dwaine Wellard opposed. Motion carried. Payment for the Lava Spa R.V. Park due April 13, 1996 will be $1,900.00.

Health West, Inc. - Mr. Leon Gates, Health West Board Member Development Proposal.

Mr. Gates gave presentation on Health West, Inc. Health West, Inc. is a non profit health care facility, with locations in Aberdeen, American Falls, Downey, Lava Hot Springs. The main office is in Pocatello. Health West has been in Lava since 1976. The proposal is for putting a new facility in Lava since business has reached the point where they must expand to maintain current level of providing health care services. Health West is interested in leasing state property. The need for a fire safe, handicap accessible facility and to allow Health West to stay open on weekends are some reasons for this proposal. Currently the rooms are small and do not allow for casting and x-rays. Fire inspectors and site inspections from federal inspections reveal serious safety concerns including the fact that there is only one escape route from clinic. The facility is no longer adequate to meet their needs.

Mr. Gates stated that the Health West Board has looked at several options. They looked at the vacant buildings in Lava and none of them met Health West's needs. Mr. Gates said that it is not feasible to purchase property and build, so to lease property was their only option. Requirements are; a minimum of 150 feet x 200 feet, water, sewer and other utilities easily accessible and adequate parking. The property that Health West had in mind was in the loop area between the swimming pool and their current location, but that the location of the ground is debatable.

Health West will be submitting a grant application and needs to file a letter stating they have suitable property to lease. As a federally qualified health facility, Health West is eligible to apply for a capital improvement grant to assist with construction of building. Gates said that the successful awarding of this grant will be greater enhanced if Health West has the opportunity to obtain a lifetime lease of property from the State of Idaho for a minimal fee. It is imperative that Health West submit two or three options on property to apply for grant.

Mr. Ralph Lacy asked what type of capital outlay were they talking about and who would own the building. Mr. Gates stated that the capital investment would be approximately $200,000 to $225,000 for building and equipment. If they leased property from the State, the State would own the property but Health West would own the building.

Mr. Al Ricken asked if there was an urgent need for the facility. Mr. Gates stated that the paperwork for the grant had to be in by May to apply for grant. Mr. Lacy asked how would Health West operate from one year to next and what was their financial stability. Mr. Gates stated that Health West would apply for grants, many Doctors are paid by the government and they receive patient income. Mr. Gates stated that Health West has been in Lava for 20 years and longer in other areas. Health West would still have enough money to operate from patient fee income. Business is growing every month. Size of building and parking facilities were further discussed.

Mr. Ricken made a ***motion*** to table the discussion until a study of the foundation property could be conducted. Mr. Jones seconded the motion. Roll call vote: Dwaine Wellard, yea; Sheldon Jones, yea; Al Ricken, yea; Ralph Lacy, yea.

Mr. Gates stated that Health West needed three proposals to submit with the grant and they liked the property close to the swimming pool and in a highly visible area. Mr. Wellard agreed that the need for an improved medical facility in the community existed. The board discussed the need for a comprehensive plan and to conduct public hearings. Mr. Wellard said that in the management session it was brought up that Idaho is very popular and that leases are increasing by large percentages all over the State. Mr. Wellard stated that this type of decision would affect the community and the foundation. Mr. Floyd Jensen suggested the land between the highway and the railroad tracks. Other possible locations were discussed.

Itami & Associates - Mr. Ted Itami
Lease payment review.

Mr. Itami presented information on his business since he began operating at the foundation in 1973. Mr. Itami stated that his business coincides very much with the foundation's business and is also much like Mr. Berger's in that it is very seasonal, with the peaks months in the summer. He stated that over the years he has paid over $26,000 in rental income and that the foundation has allowed him to double up on payments in the summer months so he would not have to make payments in the winter when business is very slow.

Mr. Itami said that the massage therapy has really grown. Citing information from the New England Journal of Medicine, 34% of people now use natural healing arts.
The number of licensed massage therapists nationally was 1500 in 1986. Now there are over 24,000 members. In Utah alone there are 900 - 1,000 licensed massage therapists. There are now three schools in Salt Lake that graduate approximately 200 students every tri-semester. Two of Mr. Itami's new associates are from the Utah School of Massage. All of his associates are graduates of recognized schools. Mr. Itami said that this is the best team he has ever had. Mr. Itami said that he is really optimistic about massage therapy. The more treatments and the more people educated about massage, the better for the industry.

Mr. Itami stated that Hot Springs Magazine ranks Lava Hot Springs as number one in the west for water quality. Mr. Itami said that he has talked with several people, who say that Lava Hot Springs is the best facility, clean and well kept. Mr. Itami said that he has been at this facility through seven different directors and he has noted that Bob Meline is fiscally conservative and financially responsible person and the staff is very good to him too. Itami

id that in 23 years as a lessee, the Board and Bob Meline have always treated him with gnity and respect. Mr. Jensen said that Mr. Itami has been as asset to the Foundation.

Ir. Meline stated that when Mr. Itami built his building, the building inspectors made him g out six inches of concrete so that it would meet code. When the foundation's lift pump oes out, it floods Mr. Itami's facility. Mr. Meline asked the Board to consider this as they view the lease. Current lease is $1,500.00 per year. Mr. Itami stated that he doubles up is payments in the summer.

Ir. Dwaine Wellard made a ***motion*** to adjust lease payment according to the Implicit Price eflator, bringing the lease payment to $144.23 per month. Mr. Ralph Lacy seconded otion. All were in favor.

ottonwood Campground - Mr. Mike Norkevich
larification of responsibility for pump repairs.

Ir. Meline stated that there are two wells, one of which the Cottonwood Campground is llowed to use for culinary and irrigation, as stated in the lease. Mr. Meline stated that the ray area concerns whether the lessee or the lessor is to assume maintenance responsibility. Ir. Meline said the lease states the lessee will maintain according to certain standards.

ir. Mike Norkevich assumed the Cottonwood Campground lease nine years ago. Mr. orkevich stated that the buildings have been there for many years. He cannot find a date r the lift station, but the pump house has been there since before 1971. Mr. Norkevich ated he has made repairs to pump house and lift station but unless there is professional storation, the pump house could collapse. This is his only source of water to supply to the mpgrounds and campers. If the system failed, he would not be able to supply water or rigate grounds, which could put him in violation of his lease. Mr. Norkevich showed to e Board pictures of the pump house where the concrete is crumbling. Mr. Norkevich said the pipes spring a leak or if the system fails, it would shut the Cottonwood's business own. He cannot rent campsites without water and there is no access to city water.

r. Norkevich said that the problems with the lift station are inside and that you cannot rchase replacement parts for the system. According to Norkevich, a professional needs to me in and upgrade the facility. Mr. Mike Hansen stated that the Foundation had a similar stem and they had Ford's Electric come in and replace with mercury switches. Mr. ansen said these would probably be in the $100.00 range. Mr. Norkevich said he has no ckup system because he has salvaged contacts from the backup to put on his primary ewage pump. Mr. Floyd Jensen asked Mr. Hansen if he had inspected the systems in uestion. Mr. Hansen said that he had only been up there once with Water Resources. Mr. ansen stated he does not have access to a key.

ir. Norkevich said he would like to establish responsibility for the buildings. He said that e lease is not specific with restoring, rebuilding or replacing panels. The lease is more pecific with maintenance of grounds but not buildings and this is a State owned building. Mr. Norkevich asked if it would be permissible to take some money from payment to make epairs. He said that otherwise, he could not afford to make major repairs. Mr. Norkevich ated that if these systems are not operable by March or early April, he is out of business.

Mr. Meline stated he recommended Mike Hansen. He said Mr. Hansen is a professional contractor, concrete and maintenance person. Mr. Meline said that he, Russ and a professional well man have looked at pumps and the buildings are not in total disrepair. Mr. Norkevich said that he was willing to work with Mr. Hansen. Mr. Meline said he feels this can be worked out but further stated that the lessee should maintain what they took on up to certain standards. If there was a problem with the well itself, then that situation may be different. Mr. Meline stated that the system is utilized by the lessee, and the Board has never restricted usage.

Mr. Ralph Lacy stated that there was nothing in the budget for capital investments. Mr. Ricken asked what the total dollars of the project would be. Mr. Norkevich read a portion of an Idaho law concerning landlord/tenant relationships and responsibility for maintenance.

Mr. Jensen said Mr. Hansen should look the facilities over and get an idea of the cost. This inspection is to include the pump house foundation, pipes and switches. Mr. Norkevich said this was fine with him as long as operation is functional. Mr. Norkevich said he would like to clarify who is responsible for making sure they are operational. He said there is a need to replace an obsolete system. Mr. Norkevich said he has done his best to maintain but this is restoration.

Mr. Ralph Lacy made a ***motion*** for Mr. Hansen to look at facilities and get figures for the next meeting. Mr. Al Ricken seconded. All were in favor.

Mr. Jensen stated that everyone should get cost information together for the next meeting. Mr. Norkevich said that if he shuts down the Cottonwood, everyone loses and he is doing everything to keep his income up.

CEM Hydro - Mr. Mahar Wissa
Land Department Recommendation.

Chairman Floyd Jensen announced that the Board would table the discussion on CEM Hydro until a later date.

Lazy V - Mrs. Karen Vargason
Update on Aquaculture efforts.

Mrs. Vargason said that she would like to talk about fish and the project with the INEL and Shelly High School. Mrs. Vargason introduced Mr. Lamont Jones and Mr. Jack Robson, Attorney's at Law.

Mrs. Vargason said that the question the Shelly students wanted to know was if Tilapia could grow in the hot water around Lava Hot Springs. Mrs. Vargason said that twelve inch lines from foundation heat the pool, go to Vargason's property, and then on to the river. The Vargason's were granted a six-inch line in lieu of payment for easement. This water is used in the fish pond. Mrs. Vargason stated that they started with 650 fish early summer. Four and one-half months later, there were over 20,000 fish taken out and they left another 20,000. So the fish survive very well in the hot water.

Mrs. Vargason stated that when the Water Resources man was here, he told them they should file on the water coming down through their place. Mr. Jensen asked if this was a filing on water or a change of the point of diversion. Mrs. Vargason said it was filing on excess or waste water coming from twelve inch lines to their property. Mrs. Vargason said that they have a permit for up to three cfs of water from river into pond, and back into river. Mrs. Vargason stated that she went to Water Resources to obtain a permit, the information was posted in the newspaper and Water Resources received some inquiries on filing protests.

Mrs. Vargason said that Water Resources told her what they were doing was well within the law. Mrs. Vargason stated that then they decided to file on the remaining water rights available to make the fish farm even larger, but she needed the Board's approval to cross foundation ground to put in piping. Mrs. Vargason said that filing on water rights is on a first come, first serve basis, but you also need a reason to file. Her reason is economic development for Lava Hot Springs, and to raise more fish. Since the foundation currently does not have plans for use of the waster water, Mrs. Vargason stated she would file for seven cfs, and hold it. Mrs. Vargason said that in exchange she would give three cfs back to the foundation if they had a future need.

There was much discussion on what Mrs. Vargason was filing on. Mrs. Vargason explained it was from the point where excess is being put into river, behind the pancake house. Mrs. Vargason said the INEL will do a forty-hour feasibility study. Mrs. Vargason stated that if she did not file on, someone else could, and that someone might not be a friend of the foundation. Mrs. Vargason said she is only talking about waste water. She further added there is a moratorium on drilling hot water wells.

Mr. Al Ricken said that he favored Karen's efforts on the fish farm that it was a great idea and a great way to utilize water, provide employment and another attraction to Lava. Mr. Ricken said he understood the Vargason's wanted to put a walkway around the ponds. Mrs. Vargason said that she wants to make this area an aesthetically beautiful attraction. Plant trees, make it a nice place.

There was much discussion on who has a right to file on waste water and fluctuation in the amount the foundation produces and possible future development of foundation property.

Mr. Bob Meline stated that what Vargason's will file on is the excess waste water. Mr. Meline said that the Foundation's use fluctuates because of demand and water temperature, pumps fluctuate and sometimes we might not produce very much excess water, other times we do. Mr. Meline said that the overflow from the big springs that goes out by the pancake house is the secondary source. The other spring is separate. Some waste water goes down the river but 65% goes to the pool. Those are the two access points for excess waste water. Mr. Meline stated that anyone can file if they show proof of usage and if that much is going down the pipe. The foundation only has rights for 6.33 cfs. Mr. Lacy asked if we could divert water into our own system and pump there. Mr. Lacy asked why we would put pipes across the land when they could get excess from the pipes on the easement. Mrs. Karen Vargason said then you need to worry about pumps going out. This system would be excess water from here. There was discussion and concerns were expressed over the amount of waste water available, who had a right to file on, potential future use by the foundation and the possibility that the Vargason's could sell property. It was noted that certain things would need to be worked out.

Mr. Lamont Jones, Attorney stated that Mrs. Vargason says she can give you one-half but she has no right to give any. If the foundation needs more water, it would become a priority of use. Mr. Jones further stated that they are not addressing the water the foundation already has rights for. Vargason is filing for use of waste water and that depends on the amount of waste water available.

Mrs. Bocek asked Karen Vargason if they had enough land to develop. Mrs. Vargason said that they had 17 acres. Mrs. Vargason said they had plotted it out with an extension agent and it would work quite well. She said that they would not do processing. The fish are shipped live to market so no smoke, no noise and they would provide employment opportunities to Lava. Mrs. Bocek stated that Vargason's would come up with a valuable asset. Mrs. Bocek said Vargason is taking a valuable asset from the State. Mrs. Vargason said it has already been used and it now drops into the river. Mrs. Bocek asked if the Board felt that they do not want the water. Mr. Meline said this is the first time someone has came in with a plan to implement something to use the waste water for beneficial use. Mrs. Bocek said she feels it is great as long as the State is not giving away an asset that they could put to use. Mrs. Bocek asked if there should be a lease or a percentage. Mr. Lamont Jones said all they are talking about is what the State already owns, so if they want to put to use for any other purpose, nothing can be done to prevent that. If situations change so there is no waste water, nothing can be done.

Mr. Dwaine Wellard said that Water Resources told him that no one is forced to provide waste water. Mr. Wellard said that his concern was would it hinder or affect development, long range and Water Resources told him no. The foundation has the water right above that point and if the foundation chooses to develop, they would have a right to apply to Water Resources for a permit to use water. Water Resources has to approve. Even if foundation decides to do more, they have to apply to Water Resources to apply to use for that purpose. Mr. Jensen stated that this would make the point of diversion higher than before. Mr. Wellard said that the foundation needs to agree to the higher point of diversion. There would need to be an agreement that the foundation could use whatever amount they need any time. Mr. Lamont Jones said that this could be addressed in an Easement in Common. Mrs. Karen Vargason stated that in talking with people that it was upsetting to some on the Board that not more schools were involved in the fish project. Mrs. Vargason stated that the INEL sent letters to all high schools concerning their ability to do this and Shelly High was the only school that responded. Mrs. Vargason said she was also considering putting in a hot house to grow tomatoes for winter consumption, before water is put back into river. Mrs. Vargason would like to get Marsh Valley involved in that project.

Mrs. Geri Wellard asked if the foundation would need to file a protest against Vargason's filing to delay? Mr. Floyd Jensen said that they would need something concrete before they could give any encouragement on an easement.

Mr. Jack Robson, Attorney, said that if the foundation felt this was putting them at risk now, then they were already at risk. Mr. Lamont Jones said Water Resources does not determine priority of use, they just determine how much water is available.

Mr. Jensen stated that the Board is responsible for protecting water for the State of Idaho. Mr. Jay Burke said the foundation has a senior water right. If someone wants to file on water after it leaves Vargason's, they have the right, but they are third in line. Mr. Les

Bocek stated that tubing is one of the biggest businesses in Lava in the summer and thinks that should be taken into consideration.

Mrs. Karen Vargason said that Fish and Game really supports the fish farm cause it helps lower the temperature of the water going into the Portneuf. Lowering the temperature of the water helps since hot water causes more carp to grow.

Mr. Lamont Jones stated they could provide the Board with a document of what they intend to do, to relieve foundation of any responsibility in consideration of easement in common. The size of pipe would be determined by the Board. Mr. Jensen asked them to draw up agreement and provide to Mr. Meline for review.

MAINTENANCE UPDATE - Mr. Mike Hansen

Mr. Hansen stated new sprinkle heads were purchased this year that he hopes will go a little further to water more ground. He stated that they have had problems with main line breaks. They applied for funds but did not receive so they are doing what they can this year with the dollars available. Mr. Hansen said the County Agent told him that last year weeds were bad all over. The foundation sprayed four times last year and will continue next year. Mrs. Geri Wellard asked if it was expensive? Mr. Hansen said the County charges the Foundation $35.00 an hour plus they pay for the chemicals. Mrs. Geri Wellard asked Mr. Hansen if he would let her know when the foundation sprays their property so she can spray hers also. Then weeds will not grow back on each others property.

Mr. Norkevich brought to Mr. Hansen's attention that two sprinkle heads up by campground were run over. Mr. Norkevich said that the foundation was probably losing much pressure right there.

OTHER ITEMS

River bank and Walking Path - Mr. Dwaine Wellard

Mr. Dwaine Wellard stated that he was opposed to having material from Katsilmetes dumped on river bank. He said that the dirt contained concrete, rebar, wooden pipe, etc. Mr. Wellard said he felt this was an environmental concern and that the riverbank was quite steep, silt may go into river and he recommended removal. Mr. Wellard said that a walking path definitely created a hazard and a liability for the State. Mr. Wellard said that if there was a need for fill, the foundation should have selected the material more carefully. Mr. Sheldon Jones said the area was a mess. Mr. Al Ricken said he saw rebar and concrete and two girls were crawling through it, and it was a possible liability situation. Mr. Wellard stated that the foundation does not know what, if, where or when development may happen but that this can create a hazard or additional expense that can cost twice as much in the future. Mr. Wellard said that it was waste when it was dumped there.

Mr. Russell Sidell stated that Mr. Rick Hale contacted the foundation about dumping dirt and they verbally agreed that Mr. Katsilmetes would clean up after fill dirt put in area. Mr. Katsilmetes refused to fulfill agreement. Mr. Sidell said that as far as danger, the State may

assume responsibility for letting people jump over the bank into the river behind the Majestic Mart. Every tube outfit drops them up there.

Mr. Wellard stated that to his knowledge, the Board did not agree to do development of path through the area. Mr. Wellard stated he considered the fill to be bad material and asked if Sidell agreed? Mr. Sidell stated he agreed there was a verbal agreement made that someone would clean up, they did not, someone took a video and it did not look good. Since then they have been down and cleaned up the area. Mr. Sidell stated they have removed obstructions, put dirt and gravel over top.

Mr. Sidell stated that they have been down on the bank with cutting torches and cleaned up the area. As far as what is under the ground, Mr. Sidell said he could show the same thing around hot pools within a 100 square foot area. Mr. Sidell said that they received a letter from the contractor stating the terms. Mrs. Vargason asked where was Mr. Katsilmetes. Mr. Wellard stated that there is still concrete and rebar in there.

Mr. Bob Meline stated that the new mayor was excited about the path. He also said that anywhere he has dug and when the city took out sidewalks, there is much material in the ground in this area. Mr. Meline said that he checked with Water Resources when they approached this project before and he use to have a permit for the foundation, from the Corp. of Engineers to put a greenbelt from the Cottonwood Campground to the Condo's. There are still many people interested in the project. Mr. Meline said they took a worst case scenario that we did not make, and tried to fix it. They are trying to provide a good easy access route to keep people off the streets.

Mr. Sheldon Jones and Mr. Ralph Lacy said that this should be in the development plan. Mr. Meline stated that if it were a walking path or route, we could be liable, whereas a greenbelt removes liability. A greenbelt you can put in yourself and not be liable.

Mr. Mike Hansen asked if the area along the bank is such a hazard why the foundation does not barricade so they are not responsible, since they do not make any money from tubing? Mrs. Joan Bocek said that the tubers pay option tax and this goes into state and city.

Mr. Meline said that the tubers encroach on our parks and our guests that pay $40.00 a day for a park. Mrs. Geri Wellard stated that they had a problem with this and the property was deteriorating, so with Bob's cooperation, they put in a turnaround to keep them out of the Condo's driveway. Mrs. Wellard said she believes the community needs to address this situation. Mr. Meline said with the Boards blessing we would like to continue with the Greenbelt.

Mr. Dwaine Wellard said he wants to see all concrete and rebar taken out. He stated that it is really a safety hazard and there is still some rebar sticking out, and concrete. Mr. Meline said that we want to clean up and make it safe. Water Resources does not object to concrete as long as it does not go into bank. Mr. Wellard questioned whether we wanted fill put in there or not. Mr. Wellard said the fossil rocks that are there provide a natural scenic area. Mr. Wellard stated that he is opposed, without a plan and he feels we should retain the natural beauty. Mr. Lacy said they should not put any more fill down there until we get the foundations development plan. Mr. Ricken stated he was not happy with the long range plan and hoped it was not written in stone. Mr. Wellard said that the Board will look at the area.

when weather permits and will discuss further.

Water Permits in Lava - Mr. Jay Burke

Mr. Burke stated that as the Board requested, he checked on the permit's Katsilmetes had applied for and presented Chairman Floyd Jensen with a letter concerning his findings. He said that Mr. Katsilmetes originally put in a permit for one well, but drilled three. 0.500 cfs.

The conditions of the permit were: no claim on senior water rights; construction completed in one year; return flow according to Idaho Water Quality Standards. Mr. Burke said that when he spoke with the Electrical Inspector, pumps that were larger than what he had a permit for were installed in the wells. Permits were issued for three and five HP pumps that already allowed them to exceed the 225 gallons.

Mr. Burke again expressed an interest to be involved with the Citizens Committee.

Citizens Committee

Mr. Al Ricken said that Dwaine Wellard and Sheldon Jones came up with the idea of a citizens committee group. Mr. Wellard stated there were seven member to start with and that to expand would be up to the committee. Mr. Wellard said that the committee has not had a meeting since then and would like to give the new Mayor and Council Members an opportunity to be represented.

Mr. Ricken said this group is suppose to represent the community. Mr. Wellard said that it opens channels of communication and the state recommended that we involve the community in our planning. Floyd Jensen asked if public hearings are conducted during our planning, will that eliminate the need for committee. Mr. Wellard stated that if the city, chamber, foundation or any groups who are involved in creating business decide as an entity that they need this group then it is worth it to carry on because it opens lines of communication. Mrs. Geri Wellard stated that it is an unfair assumption that everyone on the committee is against the foundation. Mr. Wellard said he feels they have made leaps and bounds.

Mr. Sheldon Jones said that he thought there was a cross section from the town on the citizens' committee. Mrs. Vargason said that she was the new on the block and thought she could add to and help the town and the foundation.

Mr. Ralph Lacy said that no one has told him what was going on. Mr. Lacy said that the sub-committee is not legally constituted to make any obligations and he feels we should get rid of. Mr. Wellard said that ground rules were laid and that no decisions would be made by the Committee. It was simply to be a sharing of information.

Mrs. Geri Wellard stated they had a meeting established but the people did not show up. Mr. Ralph Lacy stated that the citizens' committee has absolutely no legal standing in the community. Mr. Floyd Jensen said there has been no activity since they came here and voiced their opinions. Mr. Wellard stated there were not enough for a meeting. As far as expanding the number of members, Mr. Wellard stated this would be up to the committee.

Mr. Wellard said him and Al Ricken were appointed by the board to represent on behalf of the board. Mr. Ricken said he suggests communicating with the committee.

Lava Chamber & Advertising

Mr. Bob Meline called everyone's attention to an article concerning Lava that was in the Greater Pocatello Chamber of Commerce newsletter. The article was put in the newsletter by Lava Hot Springs Chamber and Mr. Meline said it was very positive and he would like to see more like that. Mrs. Joan Bocek asked if the foundation could join the Lava Chamber. Mr. Meline stated that they need to prove that there will be a return before they get involved with any organizations.

Mr. Meline said that Mr. Bocek comes up to his office to discuss what is going on and that Mr. Bocek requested that the foundation do some advertising in cooperation with the Chamber. Mr. Meline brought up the proposal concerning advertising with the Foundation and the Chamber. Mr. Meline explained that the foundation goes through an advertising agent and spends $40,000.00 to 50,000.00 a year now. Mr. Les Bocek said all we are trying to do is to get people to come to Lava, and the other part is an ad for the Wall Street Journal to try to develop, however they do not know what investors want. Mr. Meline stated they would need to contact the foundation's advertising agent concerning advertisements.

Board Election

Mr. Wellard asked if it was policy for the Board to elect a new chair in January. Mr. Floyd Jensen said no, it was just something that they have done the last few times.

Mr. Dwaine Wellard made a ***motion*** to put the chair up for vote. Mr. Jensen stated that nominations were in order for chairman.

Mr. Sheldon Jones ***nominated*** Dwaine Wellard for chair. Mr Al Ricken stated that nominations did not need to be seconded under Roberts Rules. Mr. Al Ricken seconded the nomination. Mr. Floyd Jensen asked if there were any other nominations. Since there were no further nominations, Mr. Dwaine Wellard was named the Chairman.

ADJOURNMENT

Mr. Sheldon Jones made a motion to adjourn. Dwaine Wellard seconded. Meeting adjourned at 7:20 p.m..

Dwaine G Wellard
Mr. Dwaine G. Wellard, Chairman

Robert L Meline
Mr. Robert L. Meline, Executive Director

ATTACHMENTS

TO

MINUTES

January 224, 1996

Board of Directors Meeting

- Letter dated January 23, 1996 from Engineered Systems Associates, Inc. to Chairman Floyd J. Jensen concerning Lava Pool and hot water line installation.

- Letter dated January 19, 1996 from M. Jay Burke to Chairman Floyd J. Jensen concerning Katsilmetes water.

- Request from Health West Inc., New Facility for the Lava Medical Center

ESA

Engineered Systems Associates, Inc.
MECHANICAL - ELECTRICAL - ENGINEERING

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January 23, 1996

Mr. Floyd Jensen, Chairman
Lava Hot Springs Foundation
430 East Main
Lava, ID 83246

Subject: Lava Pool

Dear Mr. Jensen:

As the engineer for the natural hot water line to the swimming pool I would like to make some statements regarding the installation and location of the line carrying the waste water from the pumped line back into the river.

I was hired by the Department of Public Works, as directed by the legislature in September 1989, to make a study of the existing pool conditions and find a way if possible to heat the pool and the buildings with natural hot water, reducing the cost of gas and other utilities. This study was completed in January 1990 and the results were given to the Department of Public Works and the Foundation Board.

In the spring of 1990 the legislature appropriated funds to construct the system recommended by my study. After an interview process, Engineered Systems Associates was selected by the Foundation Board to be the professional engineer on the project. We proceeded to prepare plans and specifications for the construction of the pipe line system as required by state law. Approval had to be obtained from EPA, Idaho Fish and Game, Department of Environmental Quality, District Health Department, and the Army Corp. of Engineers for the cutting of the bank of the river and returning the waste water back into the river. This water could not be contaminated in any way and could only be used as supplemental make up to the pools and heat recovery from the water temperature.

The plans and specifications were put out to the public bid and advertised as required by the state law. The public bid opening was held on November 29, 1990. I am enclosing a photo copy of the plan showing the location of the waste water line as it was originally bid by the contractors. This line was surveyed by Harper-Leavitt Engineers prior to the bid time and the surveyor indicated that the manager of the condominiums had expressed an interest and concern about what was going to happen with the location of the pipe line since it was crossing an area of the state property that they had under lease. The line would also impact the lawn and the trees near the property line fence.

On December 3, 1990 a contract was signed by the foundation with Greene Plumbing Co. of Pocatello, Idaho for the work with requirement that all work be completed by May 1, 1991. Because of the short time frame the contractor was instructed to proceed as soon as the contract documents were complete. Construction started in January 1991.

It was decided that the pipe line would be started from the river entrance and work back toward the pool building. Pipe materials and equipment were brought to the site for use. I was present when the line was being staked out in preparation for the excavation work. We were approached by a lady who identified herself as the manger of the condominiums. She indicated that we would not be allowed to tear up any property because it was under lease and we should contact Bob Meline. Both myself and Gary Blanchard of Greene Plumbing, the contractor, contacted Bob Meline and told him of the conversation. Greene Plumbing was told to stop work until the problem was solved. Several days later we were instructed by Mr. Meline to place the waste water lines on the west side of the fence so as not to disturb the condominium property. The changes were made and the project was completed. The project was put into operation on May 1, 1991.

Very truly yours,

ENGINEERED SYSTEMS ASSOCIATES, INC.

Charles L. Sudweeks

Charles L. Sudweeks

jls

Lava Hot Springs, Idaho 83246

January 19, 1996

Mr. Floyd J. Jensen, Chairman
Lava Hot Springs Foundation
Board of Directors
Post Office Box 669
Lava Hot Springs, ID 83246

Dear Chairman Jensen:

In the Board Meeting of August, the Board was questioning what Mr. Katsilmetes was doing on his property where he is installing a group of private pools and a larger soaking pool. He has also drilled three (3) wells; one is reported to be dry, the second would not produce enough water so a third well was drilled. Idaho Department of Water Resources Rec. 8-25-1989 - app. rec., proof due date 01-01-92, proof made date 11-16-91 - diversion rate 0.500 cfs. Three conditions of the permit were:

048 The use of water under this right shall not give rise to any claim against the holder of a senior water right based upon the theories of forfeiture, abandonment, adverse possession, waiver, equitable estoppel, estoppel by laches or customary preference.

026 Permit holder shall commence the excavation or construction of diverting works within one year of the date this permit is issued and shall proceed diligently until the project is complete.

09C Return flow if discharged to a subsurface system must be authorized by a separate injection well permit, and return flow if discharged to a surface water system shall meet Idaho Water Quality Standards.

On 1-11-96, I called Dennis Dunn at Department of Water Resources and I asked "How many gallons per minute is Mr. Katsilmetes allowed to pump and has the department tested for that amount?" I was told 225 GPM, but when they last inspected it, they could not get a definite GPM, but felt that it was between 225 and 300 GPM. In checking with the State Electrical Inspector: Permit on pumps well electrical work was for one pump in each well, one (1) 3 HP pump and one pump 5 HP pump. However, upon inspection of electrical work it was discovered there is: In well #1, one 5 HP pump. In well #2, a 7.5 HP pump. The permit for 3 HP and 5 HP would exceed 225 GPM. Why would Mr. Katsilmetes put in larger pumps when his permit would only allow 225 GPM?

I checked with Fish & Game about returning water to source at river, Department of Environment and Army Corp of Engineers. They cannot find the permit but will call back. The last inspection I can find by Water Resources was 1-24-92, but all during 1995 and even today there remains a well drilling rig on this property.

Mr. Dunn asked me to see if there would be any interest in having a survey done on the hot water resources in the area. I asked why and if there was a need for this. It was explained to me that the Department has received several inquiries from people concerning the waste water going into the fish pond west of the large pool. They have had protests from a party in California, Ms. Hill of Lava and Mr. Wellard has inquired about airing a protest but they have not received it by the deadline.

Mr. Dunn asked me if I was on the Foundation Board. I told him I was not. He asked if Mr. D. Wellard was. I explained that Mr. Wellard was new on Board.

As far as Mr. Dunn could determine everyone including the Board, the Vargeson's, Water Resources he followed the law. However, if there is that much interest in that waste water, maybe a study of the hot water resources in this area would determine what is available. It must be remembered that the past actions of the Board, permits easements or agreements should be respected and honored. Mr. Wellard should respect the past action of his Board. Mr. Katsilmetes and the Vargeson's know that there senior water rights will be honored.

Mr. Dunn and myself feel that the Board and the Executive Director of Lava Hot Springs Foundation run one of the best facilities in the State and one of the best hot pools in the west. There is always someone who has a few sour grapes.

At the Board meeting in August when Mr. Wellard announced the members of the Citizens Committee, Mrs. Vargeson and I volunteered to be members. Perhaps if we would have been allowed to be included, there would have been five members participating at their last meeting.

There has been talk of privatization. Is there a feeling of who in the area would like to run the springs? Or, would we go back to a period when the village of Lava had eight Mayors in one year?

Sincerely,

M. Jay Burke
Concerned Citizen
Lava Hot Springs

Lava Hot Springs Foundation

P.O. Box 669
Lava Hot Springs, Idaho 83246
(208) 776-5221 or (800) 423-8597

Posted
B/B
01-23-97

Governor:
Philip E. Batt

Board of Directors
Karleen L. Gunnell
Floyd J. Jensen
Sheldon H. Jones
Alvin Ricken
Dwaine G. Wellard

Executive Director
Robert I. Meline

EXHIBIT
Applicant
E/10

BOARD OF DIRECTORS MEETING
AGENDA
JANUARY 30, 1997

~~SPECIAL INFORMATION MEETING 9:30 A.M.~~

~~Bureau of Reclamation - Cynthia Moon & Jim Coffin~~

BOARD EXECUTIVE SESSION 11:00 A.M.

LUNCH: NOON - 1:15 P.M.

REGULAR MEETING - 1:30 P.M.

1. WELCOME & CHAIRMAN'S OPENING REMARKS

2. APPROVAL OF MINUTES OF PREVIOUS MEETING

3. FINANCIAL REPORT

4. LEASES

   A. TUMBLING WATERS - MR. RON BERGER - STATUS: NOT SIGNED
   B. MAJESTIC MART - MR. CRAIG BLOXHAM - STATUS: NOT SIGNED
   C. COTTONWOOD CAMPGROUND - MR. MIKE NORKEVICH - STATUS: PUMP REPAIR - LETTER SENT

5. OLD BUSINESS UPDATE

   a. ATTORNEY GENERAL OPINION REGARDING WATER ISSUE
   b. STATUS OF PRIVATE HOT BATHS & TOTAL COST
   c. UPDATE ON RESTROOM REMODEL AT HOT BATHS
   d. UPDATE ON SWIMMING POOL DRESSING ROOM REPAIRS

6. NEW BUSINESS & REMARKS BY BOARD & CHAIRMAN

7. ADJOURNMENT

Discussion continued on Bloxham's proposed changes to the lease and Mr. Wellard asked for clarification on the amounts on the fuel and lottery tickets. Mr. Wellard told Mr. Bloxham that right now he would be paying the Foundation double than what they originally requested. Mr. Wellard told the Board what they needed to decide was if they were willing to agree to the terms proposed by Mr. Bloxham.

Mr. Wellard stated that gross profit equals total sales minus cost of sales. All other expenses come out of gross profit.

Mr. Jones made a *motion* to accept the proposed change on fuel and lottery to one-quarter of one cent per gallon for fuel and the one-half of one cent per lottery ticket in lieu of five percent. Mr. Ricken seconded. All were in favor.

Mr. Wellard stated that the document should be sent to the State for their review and advisement on the other proposed changes.

Proposed Expansion - Majestic Mart

Mr. Bloxham drew on easel what they propose for the expansion and changes to the Majestic Mart. Mr. Bloxham explained that twenty-six feet from front of building to the first set of islands there is an apparent underground water flow. Mr. Bloxham said that their proposal calls for the tanks to be excavated from present place and moved to the East. Mr. Bloxham said that tests reveal the soil is all okay. The proposal calls for building a berm behind Phillips 66 sign and guard rail and placing the tank farm near that location. A large bladder fits in so that all the tanks lie within a triple wall containment with four different compartments and lines running over to the new islands. Mr. Bloxham explained that the berm needs to be there in case of overfill situation so that it doesn't end up in the Portneuf River. Mr. Bloxham stated they want to add on a 30' x 30' addition on the East. This area may be all encompassed in present lease.

With the new system, should there be a leak, the containment bladder will catch any leaks and there are test holes with monitors. In the event anything leaks from a tank or line, it will go into the non-permeable bladder.

The tanks need to be placed 12-13 feet in the ground. Mr. Bloxham stated that the water level is about 36 feet this time of year, depending on what comes out of Chesterfield this summer, the level could be about 30-32 feet deep. The tanks will be well above the water level. The tanks are 8-9 feet in diameter and it is a requirement to bury them about 3 feet. With a couple of feet of back fill and sand beneath the bladder, they should be set in about 12-13 feet down.

This system will be designed the way the State of Idaho and Idaho Petroleum and Storage Tank Fund as well as Bloxham's own liability want the design to be in this fragile area. Mr. Bloxham stated that this is really high tech stuff.

Mr. Meline stated that somewhere along there is a sewer line. Mr. Bloxham is that his recollection is that it is deeper and there is a water line further back. This will need to be looked into. Mr. Bloxham stated that he would like the Boards blessing so he can get started. Mr. Bloxham stated that there is low interest money available. When members have pollution liability problems, the

Idaho State Storage Petroleum Fund will pay off the debt created by the pollution but it will not pay for putting in tanks. There are federal funds available but Bloxham Oil will invest $130,000 to $140,000 with addition and modular face front. Phillips 66 will offer money if he rock faces building at least part way up. It will look very attractive.

Mr. Wellard stated that first he would like to see a professional drawing. Something that a person can look at to see if we need to get certifications, etc. Mr. Wellard stated that he wants specialist recommendations from State for Bloxham's protection as well as the Foundation's.

Mr. Bloxham asked the Board for approval to proceed from this point. Mr. Bloxham stated that by fall of 1998 he has to have the new system in place or EPA will shut him down.

Mr. Wellard asked for the Board's opinion, but stated that the Board needs a plan to submit to the State.

Mr. Bloxham stated that he has preliminary approval from Rick Jarvis at the EPA. Mr. Bloxham has talked to the State but does not have drawing. In addition he will need to talk to State for building design. EPA's standards are much higher than the States.

Mr. Wellard asked if the plan is for everything to stay within the confines of the present lease boundary. Mr. Bloxham stated yes but he does not know for sure. Mr. Bloxham stated that he has asked for that information for some time. Mr. Meline said they have the property description but they need to measure. The pins in Lava are hard to find.

Mr. Bloxham stated that when Mr. Meline talked about the GPS, he thought that would help. Mr. Bloxham stated that with a GPS hand held you should be able to pin point within a few feet. Mr. Ricken asked when would the engineer have time to come down here to measure? Mr. Meline stated that he would contact the engineer right away to see when he may be able to get down here.

Mr. Wellard asked if it would be satisfactory if the Board made a motion to approve Bloxham proceeding with the planning stage so he can go ahead and get drawings. Mr. Wellard stated that the Board will need drawings before they give final approval so they can make sure it meets all standards. Mr. Bloxham stated he will get architects drawings and have Rick Jarvis put approval on tentative placement. Mr. Wellard stated that they will still need to get approval from Foundation's people and related agency personnel, telling them exactly what is needed to be in place.

Mr. Norkevich stated that the sewer lines run to the campground and he does not know how deep they are. Mr. Norkevich stated that no one knows where they are at. Mr. Bloxham stated that there is ultrasound equipment that can be used to tell where the lines are. The tank farm will be south of that area.

Mr. Jones made a *motion* to approve proceeding with planning stage so Craig can obtain drawings of property expansion and tank upgrade. Mr. Jensen seconded, all were in favor.

Mr. Bloxham stated he will get back to Board as soon as possible with architects drawings.

Majestic Mart - Other (Foundation's Hill)

Mr. Bloxham stated that several years ago he began a project in Downey and started to reclaim BLM lands that burned in the 60's. Mr. Bloxham stated that this is very viable winter habitat for deer. Mr. Bloxham stated that they planted bitter brush and hobble creek sage brush and wondered if they could begin a discussion of doing this on the Foundation's hill. They work with Fish and Game and Bureau of Land Management who supply seed. Mr. Bloxham stated he would like to get a program going on hill across highway 30.

Mr. Wellard asked how far the State land goes up. Mr. Meline stated that the land goes up over the highway and almost to top of hill.

Mr. Wellard stated that this is the hill where the City shoots fireworks. Mr. Meline stated it was State land and this leaves the Foundation liable. Mrs. Gunnell said this would be a way to keep fireworks out of there.

Mr. Bloxham stated that these are typically 20 to 30 year projects. Assistance in planting can be obtained from within the area, inmates, FFA, concerned sportsman, etc. Mr. Bloxham stated that besides providing habitat, hobble creek sage brush will help prevent erosion and does not burn as much as quickly as grass.

Mr. Wellard stated that this issue will need to be tabled till next meeting. Mr. Wellard stated they will need to visit with City to see if they have an alternative location to shoot off fireworks.

COTTONWOOD CAMPGROUND - Mr. Mike Norkevich

Mr. Dwaine Wellard said after last meeting the Board wrote to the State Attorney General to ask who is responsible for pump repair. The Attorney General's letter stated that the pump repair is the lessee's expense.

Mr. Norkevich said the only way it would do him any good would be for him to hire an attorney. Said he did not know why this was denied. Mr. Norkevich said he does not know what was mentioned in the letter to the Attorney General with regard to the fact that no one knows for sure who is hooked to the sewer up there. This is a concern.

Mr. Norkevich said the other lessees have a year round business and his is not. Since his sources of funding are pretty dried up right now he will need to pay for this out of his own pocket. Since it took one and one-half months for a response and in the mean time he has been charged interest.

Mr. Norkevich said for two and one-half years he has been talking to Bob about the condition of the lift station and pump house. Mr. Norkevich stated he asked who is responsible to rebuild or maintain. During this time he had been keeping the lift station running by salvaging parts from the secondary pump. Mr. Norkevich stated he put in a new compressor last February and a new sump-pump. That was about $900.00.

Mr. Norkevich stated that he felt since the State Foundation took care of the foundation on the pump

house last time, that there had been a consensus that things like this were the States responsibility so when the lift station quit, he notified Bob Meline. Since the Attorney General's opinion, Mr. Norkevich stated that he has talked with Fords and he will pay bill Monday.

Mr. Norkevich also stated that he wanted to put the Board on notice that there is a continuing situation with water pressure. During the summer when its hot and dry, he has difficulty supplying campers with adequate water. If he does not maintain the grounds and the grass dies, it puts him in violation of his lease. The last two or three years it has been difficult to supply water to the upper park.

Mr. Norkevich stated he has to re-grade and put new rock in as well as a new roof on the building. At some point you reach a point of diminishing returns. Mr. Norkevich stated that he has to compensate for the potential of losing business as opposed to violating the lease with regards to watering the upper park. The only thing he can do is raise the price but then he is concerned over pricing himself out of business.

Mr. Meline suggested Mr. Norkevich get a pump man to check through pump and tank. This is just regular maintenance. The Foundation has to do this occasionally.

Mr. Norkevich said that the problems with the water started happening when the Foundation pump house was re-built. Mr. Norkevich said it is just as if he is not getting water when the Foundation is pumping. Mr. Norkevich stated that right now he has no funds to do anything with.

Mrs. Gunnell complemented Mr. Norkevich on the appearance of the campgrounds. Mrs. Gunnel stated that it is a neat clean campground.

Mr. Norkevich stated that he heard that the water in the hot pools here is second only to one in Germany. The water is excellent. Discussion continued on the Good Sams Club and the Campgrounds.

Mr. Norkevich stated that he is in a situation now where he needs to lower expenses or bring in more income.

OPINION ON FOUNDATION WATER USAGE:

Mr. Wellard referred to an opinion on water from the Attorney General, number 97-01. Mr. Wellard stated that in essence it says that the Water Resources has the control to do what they are doing and the Foundation Board does not have any say so. Water Resources is the governing agency. The Foundation Board only has say on the water that is on their grounds. Once the water leaves the Foundation grounds, it becomes waste water and Water Resources has the authority.

Mr. Meline said what he understood was that the Foundation had not done anything wrong, but Water Resources was sitting on the application that they advised the other party put in for. Mr. Meline stated that he understands that as long as the Foundation uses the water for what they use it for that is okay. Mr. Meline said that they can move the water up and down and do what they want

with it, but cannot do anything else with it, without another permit.

Mr. Wellard said his interpretation was that the Foundation could only use the water on grounds for purpose of hot baths and existing uses of water. The Foundation can expand on those but it has to be for those existing uses. Mr. Meline stated the uses are; hot baths, swimming pool and heat exchanger.

Mr. Ricken asked if what the Foundation was doing with waste water going into the fish pond was wrong. Mr. Wellard stated it was not wrong but that there was an application for use of the water to the fish pond made, at the recommendation of Water Resources. Mr. Wellard said the agreement to run through the ground was a done deal there is no question about that. The question was concerning the Foundation Boards authority to use or lease water for something else without going through Water Resources.

Mr. Ricken asked if this meant the Foundation could not provide water to Vargason's for the fish pond. Mr. Meline said not without them getting permit and approval. Water Resources is still sitting on the permit application.

Mr. Wellard stated in that the Vargason's filed on the waste water as did Katsilmetes and Eva Lee Hill Rush.

Mr. Meline stated that the Vargason's filed when Water Resources advised them to. The Vargason's were using water from the Portneuf and traded cold water from the Portneuf to hot waste water from the Foundation. Then there was the fish study and others filed for permits too. Water Resources put a hold on having hearings because no one really knew who had jurisdiction over State Foundation water.

Mr. Wellard stated that his concern over the whole issue was if Water Resources could stop the Foundation from using water on property whichever way they choose. Once it becomes Waste Water then it is waste water and it is outside the Foundation's control. Mr. Wellard stated he did not want to get into a situation where someone makes an improvement on waste water and then the foundation decides they have someone they want to lease water to and they change the diversion point. Mr. Wellard stated he was concerned if the Foundation could potentially be liable for damages because of a change in the diversion point. The Attorney's said the Foundation could potentially be liable.

There was more discussion over water and whether the Vargason's knew where they stood with Water Resources.

Mr. Ricken stated that Karen Vargason was encouraged to proceed with the project because the Foundation encouraged her. Mr. Ricken said he feels the Board should help her because of the prior action of this Board. Mr. Ricken said as he stated in the last meeting he feels that the Water Resources person favored the other party.

Mr. Wellard said that the way he understands Water rights is that it is based on time. First application and usage. Mr. Jensen stated it is now up to Mrs. Vargason to see where her application stands. Mr. Wellard stated his opinion is that the Foundation should stay out of the discussions until Water Resources makes a ruling.

There was much more discussion over what has been done and how Water Resources has been handling the applications for permits and what course of action the Board should now take.

Mr. Meline stated that the Foundation did what they had to do to get the pipeline put in. Rather than give a cash payment for easement the Foundation agreed to allow the Vargason's to use waste water in fish pond. Mr. Jones questioned if that decision was in a prior copy of the minutes. Mr. Meline stated no, but there was written documentation to support what was done.

Mr. Wellard stated that he requested the file and he saw a letter from the Lazy V requesting to use the hot water and a letter signed by Bob Meline authorizing them to use water, if they would give an easement for the pipe to go through their property.

Mr. Meline stated that there was no time for a Board meeting, they were doing construction. Mr. Meline said he can get an affidavit from the former Chairman and two former Board Members that this was discussed and approval made by phone.

Mr. Jensen stated it happened as Bob Meline said it did. Bob called and related negotiations and the two other members gave their approval. Mr. Jensen stated based on this, he approved.

There was more discussion over where pipelines for the waste water were located and why.

Mr. Ricken stated he felt the Vargason's got into business because of an agreement to feed them hot water. Mr. Ricken said he felt the Foundation owns them an assist for their action up to that point.

EXPENSES FOR PRIVATE HOT TUB:

Mr. Wellard referred to a cost break out provided by the staff on the expenses involved in building the private hot tubs. Mr. Meline stated that the Governor had given spending authority to spend up to $50,000. There was no special allocation, just spending authority.

Mrs. Parris stated that the railing cost about $2,485.00 and customer's really like enlargement of the pool area at the hot baths.

Mr. Hansen and Mr. Sidell stated the private tubs were open and operating.

DRESSING ROOM REMODELING HOT POOLS - Mr. Mike Hansen:

Mr. Hansen stated they were waiting to see if funds will be available. Mr. Hansen said if the weather breaks they will have to start on the swimming pool the end of February and will have to go in full speed ahead. Mr. Hansen stated they have not started on the dressing rooms because of lack of funds.

Mr. Meline stated they were sitting on due to cash flow. They are patching and fixing. Mr. Wellard asked if there was anything arranged on dressing room addition? Mr. Meline stated it is on hold, but not forgotten. They are watching the cash flow and just patching and fixing.

SWIMMING POOL - Temperature, Dressing Rooms, Hours of Operation, Etc.

Mr. Hansen said that work at the swimming pool will cost high dollars, but much depends on how hot the Board wants to run pool. Mr. Hansen stated that he need a consensus from the Board of how hot (what degree temperature) to run the pool. Mr. Hansen said this information is needed so they can plan the purchase of chemicals, etc. The hotter the water temperature, the more chemicals. The longer the hours or the later the pool stays open, the more lifeguards that will be needed. Mr. Hansen stated he understands from the office that they are short on personnel funds. If they stay open longer, more costs toward personnel will be incurred. Mr. Jones said that if they are open, there is the possibility of more revenue.

Mr. Hansen said that could be but it is a fact that they will pay more on employees. Mr. Jones stated that there is no sense in losing revenue and we need to come up with ways to create additional revenue.

Mr. Hansen stated that if the pool is run to health department standards and run cooler, the public will not like but it will costs less in chlorine.

Mr. Wellard and Mr. Jones both agreed you need to satisfy the public or they won't come back. It is a competitive business.

Mr. Ricken asked if we worked it out to stagger the hours of the employees. Mrs. Parris stated it is still a problem of when you spend $300.00 an hour to stay open and there are only five people in the pool. Mrs. Parris said that one week-end there were 24 people. When the sun goes down it gets chilly. Mrs. Parris stated that the additional cost is about $300.00 an hour, or $600.00 per day.

Mrs. Parris said they did a lot of juggling and staggering of personnel. Mrs. Parris stated there were also additional chemical costs involved with the extended hours. Mrs. Parris said they stayed open a lot of nights and no one was there. It is hard to judge costs. Mrs. Parris stated there were only two nights when they had more than a few and then it was only about 30 people and that does not pay.

Mrs. Gunnell agreed it has to be looked at and stated that the employees and director need to look at and make recommendations. Mr. Meline said they tried and the business was not there.

Mrs. Gunnell said she has heard comments from her community concerning the family passes. The comment was that family passes use to be about $125.00 but now it was raised quite a bit and they can buy one cheaper from Donata. Mrs. Parris said that the family season pass is $300.00 or $125.00 a person.

Mr. Meline stated that the Foundation has checked the market and we are in the mid-range. We are the only swimming complex in the area not subsidized. Chlorine is going up, maintenance, pumps, etc. Mr. Meline said he was going to propose a $1.00 increase on tickets or at least .50 cents. Mr. Meline stated this is needed to bring cash flow up. The tubing business in Lava is pulling off of the hot pools and swimming pool. Mr. Meline said the only thing we can do is to get .50 cents more a ticket. Mr. Meline stated thank goodness we still have the tour business. If not, the Foundation would be in a world of hurt. Mr. Meline said we cannot make money off of discounts and freebies. The Foundation does not make a thing off of the tubers and they use the Foundation's right of ways. They have the right to do that unless they are disrupting. Mr. Meline said that is why they put some fences up because they were disrupting the river and fee use picnic areas.

Mr. Jones stated they have to find something people want and enjoy to get the business back.

Mr. Sidell stated that the perfect opportunity is now because Blackfoot is barely staying open and is almost closed, Rexburg and Pocatello are closed. Mr. Sidell said we need to make it look good and run good and we will get the customers back. The only way to do this is to spend some money and make it look nice. Mr. Sidell said the bid for the diving platform and stand to sandblast and re-paint was approximately $10,000.00. Mr. Sidell asked are we going to spend some money on the pool? Are we going to make it look nice and run smooth? Will there be extended hours? How warm should the pool be kept? Mr. Sidell asked the Board to let him know of their decisions on these issues.

Mr. Meline stated that if the Foundation gets .50 cents more on a ticket, this will generate enough revenue to sand blast towers and some other big dollar enhancements to make it look good.

There was much discussion over fees and generating revenue and maintaining operations.

Mr. Wellard said the Foundation needs to be creative. It is a competitive market. Some are going broke. It will cost 2 1/2 million to build a new facility in Pocatello. A lot of people come from Pocatello. Mr. Wellard stated that when people are in the pool, others come. Mr. Wellard said that the captured business, the locals, people from Pocatello, Soda Springs, etc. come more often and they are willing to spend more money up front, we want the attendance. The more people in the pools, the more people want to come. Mr. Wellard said if the captured markets will come it is good. Mr. Wellard suggested the Foundation come up with some packages.

Mrs. Gunnell said swimming lessons are needed. Mrs. Gunnell said that Soda Springs always brought buses to Lava and now they go to Riverdale. Mrs. Gunnell stated that Lava needs to get them back. Then they will bring their families.

Mr. Meline said that the staff will be going to the schools in the area and talking to them about getting them down here. Mr. Meline said he has already talked to Pocatello. There was further discussion over when the pool would be ready, ways to increase attendance and fees.

Swimming Pool - Dressing Rooms

Mr. Sidell stated that he has ordered $1,900.00 of metal dividers. All dividers will not be replaced but this will allow them to rebuild what was bad. In addition, it will cost about $400.00 for wood supplies to fix dressing stalls. Mr. Sidell said that a contractor came in to look at the diving boards

and tower. His bid to sand blast and repaint was about $10,000.00. Mr. Sidell said that much needs to be done at the swimming pool. Mr. Sidell stated that they can do a lot. They want to make the facility look good and get as many people in there as they can.

Mr. Sidell stated that chlorine has doubled in the last two years. They were getting chlorine at $1.30 a pound. Mike was able to purchase some at a special of $1.06 a pound but now chlorine is listing at $2.74 a pound. The cost of chemicals is high. Mr. Sidell stated this is why he wants to know what temperature the Board wants pools to be kept. Mr. Sidell said they can keep at 90 degrees, but the pool would need to be vacuumed twice a day. Once in the morning and once at night in order to keep the algae down. This would also increase chlorine costs. In addition, if more fill water is needed, this needs to be treated. This increases costs, but it may bring in more people. Mr. Sidell asked the Board to let him know how warm they will want the pool.

Mr. Wellard asked if there was a way to calculate what the cost would be for chemicals at a particular temperature.

Mr. Sidell stated there was not because it depends largely on the outside environment. Mr. Sidell stated that the large pool can lose 8 or 9 degrees overnight if the wind blows. If hot mineral water is used then the water needs to be treated with caustic soda to balance it out. Mr. Sidell said when the health department comes in, the water has to have a ph and a chlorine level or they will close the pool. Mr. Sidell said the health department recommends pool temperature run about 78 - 80 degrees.

There was much discussion over temperatures, potential wind breaks and what the majority of people prefer. Mr. Wellard suggested taking a survey to get input.

Mr. Wellard recommended tabling the discussion on a raise in admission fee. Mr. Wellard suggested everyone try to come up with ideas if there is a raise, what type of packages or what type of enticements to get people back here.

OTHER BUSINESS:

Snow Machines and Vandalism

Discussion on snow machines and law enforcement help in keeping vandalism down.

Governor's Conference on Recreation and Tourism

Mrs. Smith outlined the plans for the evening in Lava for the conference attendees. This conference is attended by recreation and tourist professionals from all over the State. Mrs. Smith asked the Board if they would be willing to greet people when they arrive and mingle with the crowd. Mrs. Smith stated that everyone in Lava is working hard and working well together in order to make this a memorable occasion. A budget has been submitted and now it is up to the Steering Committee to approve. All indications are that the Steering Committee will approve plans and they seem to be excited over the evening.

Risk Management

Mr. Meline reported that Mr. Coffey requested to meet with Board on March 19, 1997 at 1:30 p.m. This will be confirmed with Coffey.

Information/Personnel

Mr. Jensen stated that the Executive Director and everyone is doing a great job. Mr. Jensen said that everyone should continue on and the Board will help when they are needed. Mrs. Gunnell agreed.

Mr. Wellard stated that his goal was for clear precise flow of information with no mis-communication. Mr. Wellard said that the information that was prepared clarified areas and hopefully communication between staff and Board.

Mr. Wellard stated that the Board relies on staff and puts a great deal of confidence in everyone. Mr. Wellard said the Board looks to the staff for areas that need improvement and ideas to create revenue. If there are questions, the Board will be straight forward and the same is expected of the staff.

Mr. Jensen stated everyone needs to move in a forward positive manner.

ADJOURNMENT:

Mr. Jensen made a *motion* to adjourn. Mr. Al Ricken seconded. All were in favor. The meeting adjourned at approximately 6:00 p.m.

APPROVED

Dwaine Wellard, Chairman

Robert I. Meline, Executive Director

DRAFT

EASEMENT AGREEMENT

THIS AGREEMENT entered into this _____ day of _____, 1996, between the Lava Hot Springs Foundation ("Foundation") and Lazy V. Ranch, ("LVR").

RECITALS

1. Foundation is the owner and holder of water licenses issued by the State of Idaho which are superior to all water rights to be perfected by LVR under Idaho State Water Permits Numbers 29-08162 and 29-08164.

2. LVR and Foundation have entered into one Easement Agreement covering some of the waste waters flowing from Foundation property and now used by LVR; LVR now requests and Foundation is willing to grant another Easement for a pipeline to transport the remaining Foundation waste water across another portion of Foundations property upon the terms and conditions contained herein.

NOW THEREFORE, in consideration of the provision contained herein and the recitals set forth above, which are a material part of this Agreement, the parties agree as follows:

1. Foundation for the sum of $10.00 and the mutual covenants contained herein and other valuable consideration, receipt of which is hereby acknowledged, hereby grants and conveys to LVR, its successors and assigns, a right of way and Easement in common with Foundation for a water line to be constructed and buried by the LVR upon the center line of the following described Foundation property.

EXHIBIT
Applicant
#11

Together with the right of ingress and egress when necessary to maintain, repair and replace the water line from time to time solely at LVR's expense.

2. LVR shall at all times maintain the pipeline in a water tight condition.

3. LVR, as additional consideration to Foundation for the foregoing easement, covenants and agrees with Foundation that:

a. LVR's water permits only grant it the right to use waters resulting after the beneficial use of waters by Foundation under its license(s).

b. LVR shall forever indemnify, save and hold harmless the Foundation of and from any damage whatsoever kind or character suffered by LVR resulting from the diminished flow or discontinued flow of Foundation water or waste water.

c. LVR shall forever indemnify, save and hold harmless the Foundation of and from any liability or damages that may result to the Foundation, or any third party, by reason of a break or rupture of the water line to be placed on Foundations property by LVR regardless of the cause of such break or rupture.

d. That from time to time, at Foundation's option and expense, the water line easement herein granted and a pipeline of equal or greater size may be relocated upon Foundations property so long as the free flow of Foundation's water through the relocated pipeline shall not be impaired.

4. The water line easement herein granted shall be appurtenant to and shall be perpetual unless sooner terminated by the mutual written agreement of the parties, their successors or assigns.

5. This Easement Agreement shall be binding upon the respective parties, their successors and assigns.

LAVA HOT SPRINGS FOUNDATION

BY_____
EXECUTIVE DIRECTOR

LAZY V. RANCH

_____
KAREN VARGASON

IDAHO FISH & GAME

SOUTHEAST REGION
1345 Barton Road
Pocatello, Idaho 83204-1819

January 3, 1996

Phil Batt / Governor
Jerry M. Conley / Director

Harold W. Jones
Water Right Supervisor
Idaho Department of Water Resources
900 N. Skyline Dr.
Idaho Falls, ID 83402-1718

Re: Application 29-08162 - Lazy V Ranch, Inc.

Dear Skip,

Department personnel have reviewed the application by Lazy V Ranch, Inc. (Thayne and Karen Vargason) to appropriate 3 cfs of heated wastewater for fish propagation, have discussed the application with the applicants and have no objection to the permit issuance. However, we have some comments regarding the planned use of this water.

Private fish ponds require a permit from our Department and commercial fish ponds require a permit from the Idaho Department of Agriculture. If this will be a commercial facility, we would have concerns regarding the nutrient content of the effluent and its impact to the Portneuf River. A commercial facility may require a National Pollution Discharge Elimination System (NPDES) Permit which is the jurisdiction of Idaho Division of Environmental Quality and the U.S. Environmental Protection Agency. We also have concerns regarding the species of fish propagated and their disease status. We would caution the applicants that the acquisition of supplemental permits are separate processes and not insured by the issuance of a water right.

Thank you for the opportunity to review this application and provide input.

Sincerely:

Greg Tourtlotte
Regional Supervisor

EXHIBIT
#12

cc: Jim Lukens
Chris Bocek
Natural Resources Policy Bureau
Division of Environmental Quality, Pocatello
Dr. Mamer, Idaho Department of Agriculture, Division of Animal Industries
Thayne and Karen Vargason

IDAHO FISH & GAME
SOUTHEAST REGION
1345 Barton Road
Pocatello, Idaho 83204-1819

Phil Batt / Governor
Jerry M. Conley / Director

January 23, 1996

Harold W. Jones
Water Right Supervisor
Idaho Department of Water Resources
900 N. Skyline Dr.
Idaho Falls, ID 83402-1718

Re: Application 29-08164 - Lazy V Ranch, Inc.

Dear Skip,

Department personnel have reviewed the application by Thayne and Karen Vargason, owners of the Lazy V Ranch, to appropriate 7.0 cfs of geothermal water from Lava Hot Springs Foundation for fish propagation and have no objection to the permit issuance.

In our response to application 29-08162 we identified concerns related to the use of the water and additional permits which may be required. The same comments apply to this application since appropriated water will be used in the same aquaculture endeavor.

Thank you for the opportunity to review this application and provide input.

Sincerely:

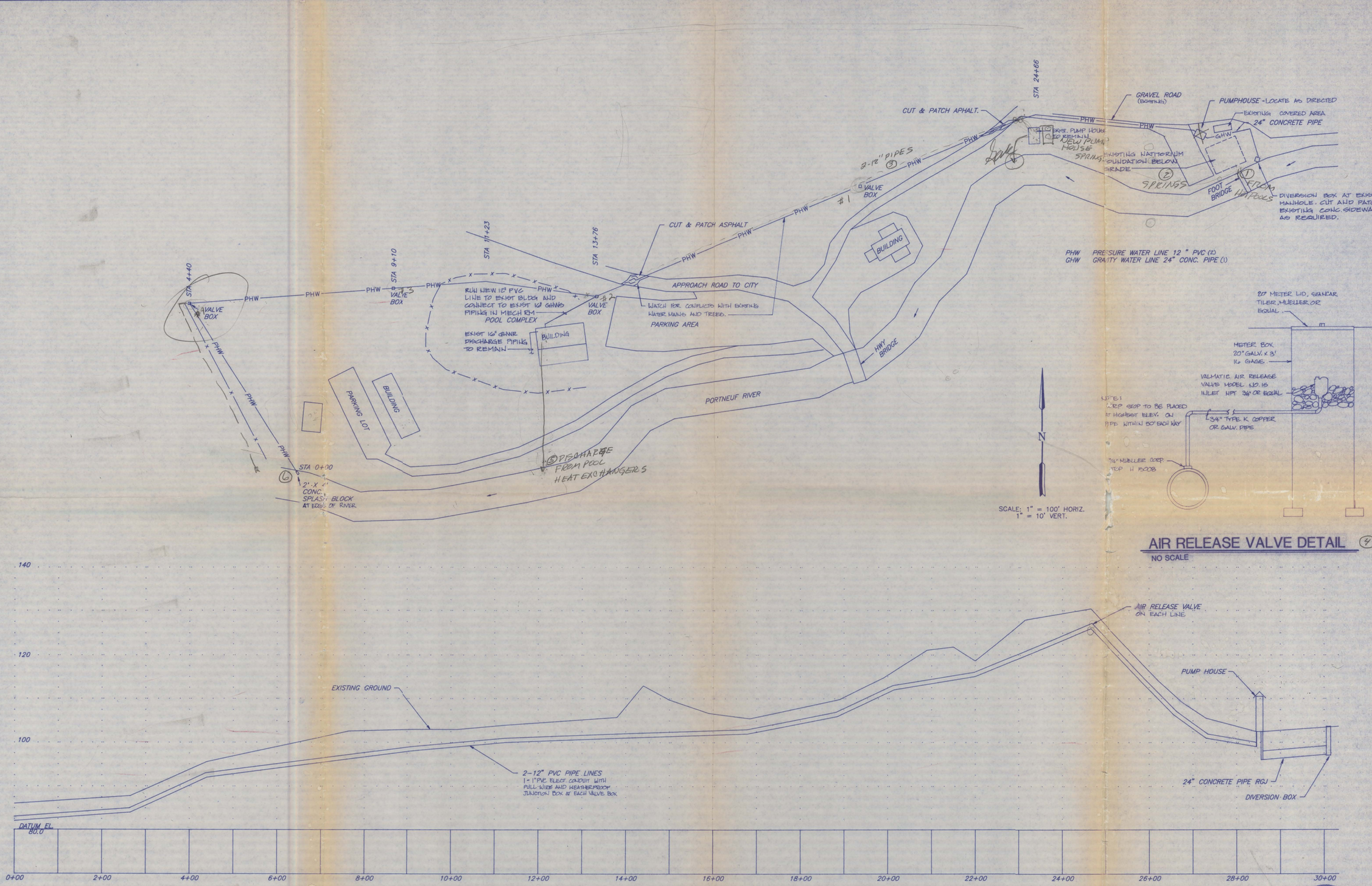
Greg Tourtlotte
Regional Supervisor

GT/JL/jl

cc: Jim Lukens
Chris Bocek
Natural Resources Policy Bureau
Division of Environmental Quality, Pocatello
Thayne and Karen Vargason

EXHIBIT
#13

1/23/96



AIR RELEASE VALVE DETAIL (4)

NO SCALE

EXHIBIT
Applicant
#14

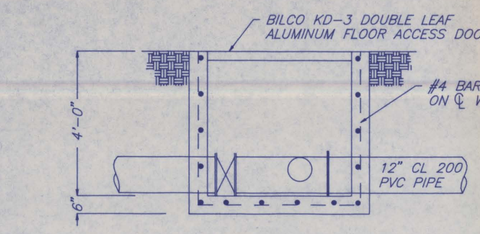
ENGINEERED SYSTEMS ASSOCIATES, INC.
MECHANICAL - ELECTRICAL ENGINEERS
POCATELLO, IDAHO JACKSON, WYOMING

POOL REVISIONS FOR:
IDAHO LAVA FOUNDATION
LAVA HOT SPRINGS, IDAHO

DATE: OCT 1990 | JOB NO. 90118 | DRWN: STAFF | CHKD: SUDWEEKS | SHT NO. 1 OF 6

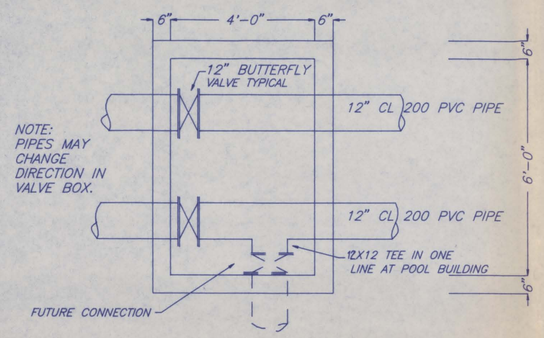
REGISTERED PROFESSIONAL ENGINEER 1491 STATE OF IDAHO CHARLES L SUDWEEKS

PROFESSIONAL ENGINEER - LAND SURVEYOR 3891 STATE OF IDAHO JOHN L. HASTEN



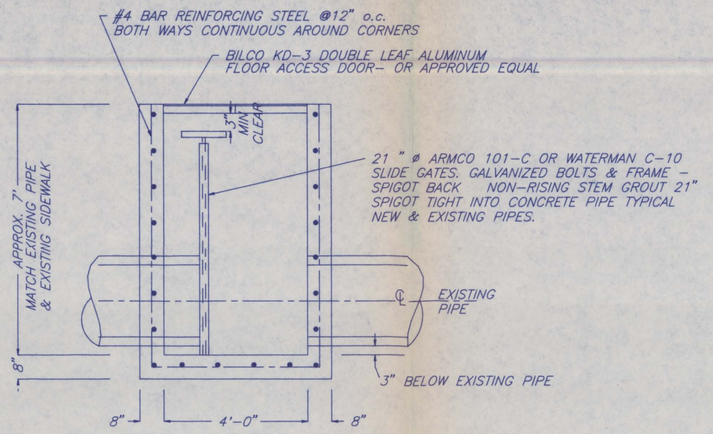
VALVE BOX SECTION

SCALE: 1/2" = 1'-0"



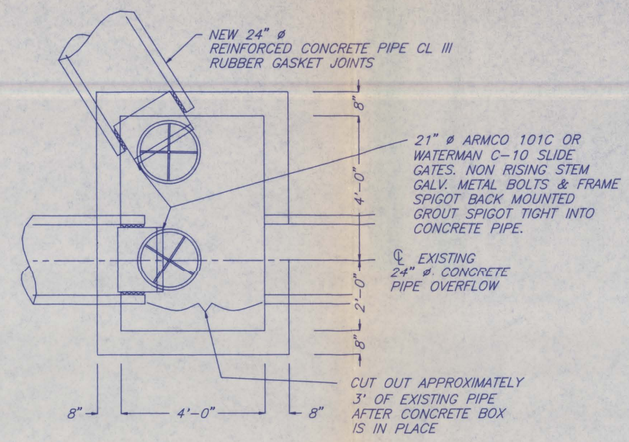
VALVE BOX PLAN

SCALE: 1/2" = 1'-0"



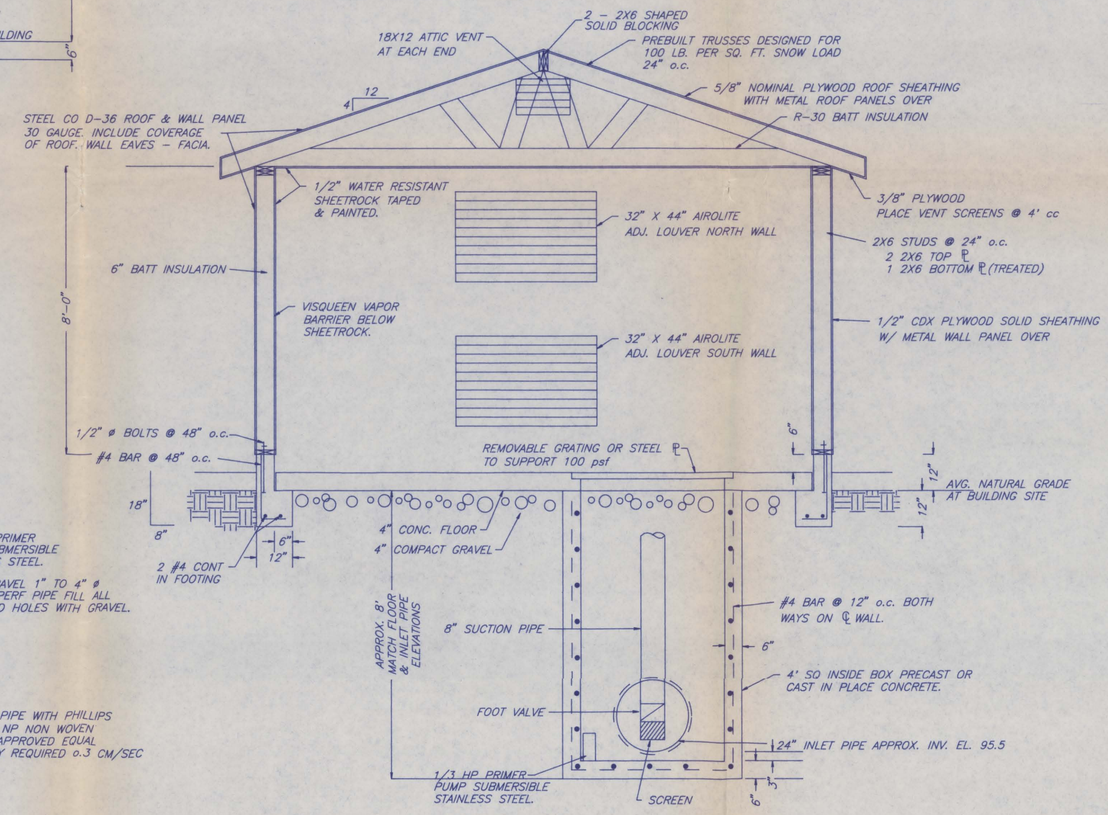
DIVERSION BOX SECTION

SCALE: 1/2" = 1'-0"



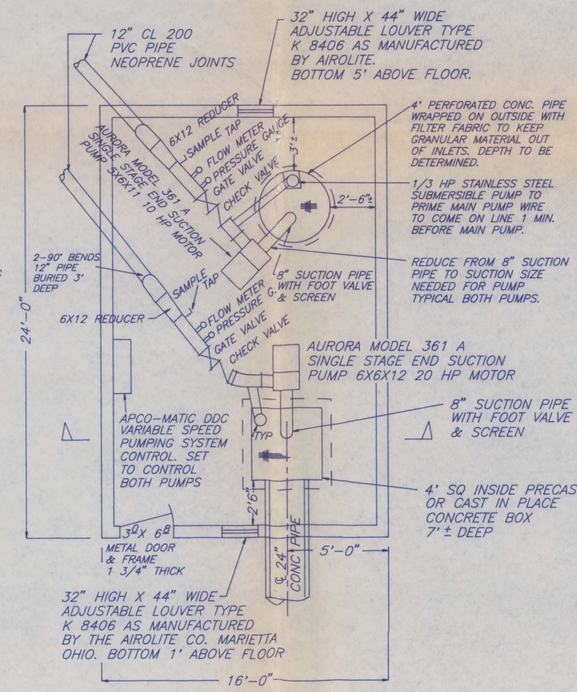
DIVERSION BOX PLAN

SCALE: 1/2" = 1'-0"



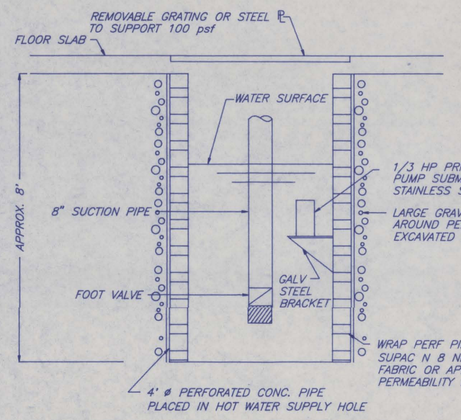
PUMPHOUSE SECTION

SCALE: 1/2" = 1'-0"



PUMPHOUSE PLAN

SCALE: 1/4" = 1'-0"



PIPE SUMP IN PUMPHOUSE SECTION

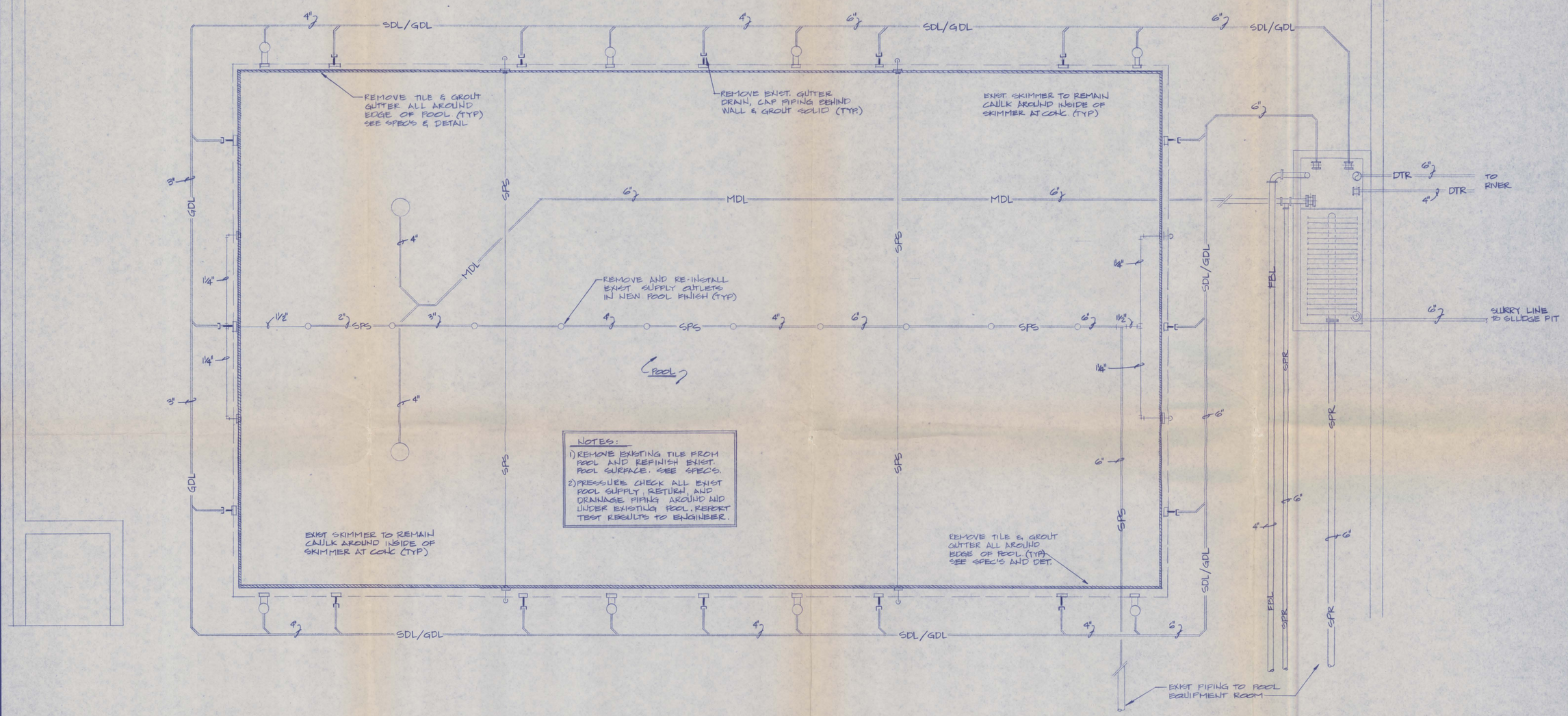
SCALE: 1/2" = 1'-0"

ENGINEERED SYSTEMS ASSOCIATES, INC.
MECHANICAL - ELECTRICAL ENGINEERS
POCATELLO, IDAHO JACKSON, WYOMING

POOL REVISIONS FOR:
IDAHO LAVA FOUNDATION
LAVA HOT SPRINGS, IDAHO

DATE: OCT 1990 | JOB NO. 90118 | DRWN: STAFF | CHKD: SUDWEEKS | SHT NO. 2 OF 6

REGISTERED PROFESSIONAL ENGINEER
STATE OF IDAHO
CHARLES L. SUDWEEKS
1491



NOTES:

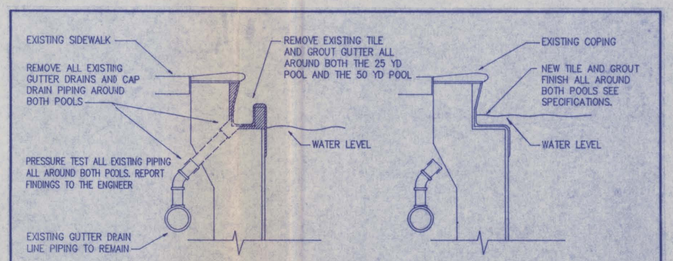
1) REMOVE EXISTING TILE FROM POOL AND REFINISH EXIST. POOL SURFACE. SEE SPEC'S.
2) PRESSURE CHECK ALL EXIST POOL SUPPLY RETURN AND DRAINAGE PIPING AROUND AND UNDER EXISTING POOL. REPORT TEST RESULTS TO ENGINEER.

GENERAL NOTES:

1. THE CONTRACTOR SHALL CHECK AND VERIFY ALL DIMENSIONS AND CONNECTIONS ON THE JOB. ALL WORK SHALL BE EXECUTED FROM MEASUREMENTS TAKEN AT THE SITE.
2. THE MECHANICAL CONTRACTOR SHALL BE RESPONSIBLE TO INSURE PROPER CODE CLEARANCES FOR ELECTRICAL AND MECHANICAL ACCESS WHEN INSTALLING ANY EQUIPMENT SUPPLIED BY THE MECHANICAL CONTRACTOR.
3. IT IS CRITICAL THAT THIS CONTRACTOR COORDINATE EQUIPMENT LOCATION WITH PIPING, DUCTWORK, ELECTRICAL CONDUITS & BUILDING STRUCTURE TO INSURE CODE COMPLIANCE.

25 YD POOL REPAIR PLAN

SCALE: 1/4": 1'-0"



GUTTER REMOVAL DETAIL

NO SCALE

ENGINEERED SYSTEMS ASSOCIATES, INC.
MECHANICAL – ELECTRICAL ENGINEERS
POCATELLO, IDAHO JACKSON, WYOMING

POOL REVISIONS FOR:
IDAHO LAVA FOUNDATION
LAVA HOT SPRINGS, IDAHO

DATE: OCT 1990 | JOB NO. 90118 | DRWN: JOHNSON | CHKD: SUDWEEKS | SHT NO. 3 OF 6

REGISTERED PROFESSIONAL ENGINEER
STATE OF IDAHO
CHARLES L. SUDWEEKS
1491

GENERAL NOTES:

1. THE CONTRACTOR SHALL CHECK AND VERIFY ALL DIMENSIONS AND CONNECTIONS ON THE JOB. ALL WORK SHALL BE EXECUTED FROM MEASUREMENTS TAKEN AT THE SITE.
2. THE MECHANICAL CONTRACTOR SHALL BE RESPONSIBLE TO INSURE PROPER CODE CLEARANCES FOR ELECTRICAL AND MECHANICAL ACCESS WHEN INSTALLING ANY EQUIPMENT SUPPLIED BY THE MECHANICAL CONTRACTOR.
3. IT IS CRITICAL THAT THIS CONTRACTOR COORDINATE EQUIPMENT LOCATION WITH PIPING, DUCTWORK, ELECTRICAL CONDUITS & BUILDING STRUCTURE TO INSURE CODE COMPLIANCE.

REPLACE EXISTING BASKET IN SKIMMERS WITH NEW

REMOVE TILE & GROUT GUTTER ALL AROUND POOL (TYPICAL)

REPLACE EXIST. SWIMQUIP 8655 SKIMMERS W/ NEW. CUT AND PATCH EXISTING CONCRETE AS REQUIRED.

REMOVE TILE AND REPAIR EXP. JOINT

ABANDON EXIST DRAIN LINE

REPLACE EXISTING BASKET IN SKIMMERS WITH NEW

REMOVE EXIST. GUTTER DRAIN. CAP PIPING BEHIND WALL. CUT & PATCH WALL AS REQUIRED. (TYPICAL)

ABANDON EXIST. DRAIN LINE

EXIST. SKIMMER TO REMAIN. CAULK INSIDE OF SKIMMER AT CONC. (TYPICAL)

EXIST SKIMMER TO REMAIN CAULK INSIDE OF SKIMMER AT CONC. (TYPICAL)

REMOVE TILE & GROUT GUTTER ALL AROUND POOL (TYPICAL) SEE SPEC'S & DETAIL

REPAIR CRACK IN BOTTOM OF POOL SEE SPEC'S

REMOVE TILE AND REPAIR EXP. JOINT

REMOVE & RE-INSTALL EXIST. SUPPLY OUTLETS IN NEW POOL FINISH

NOTES:

1) REMOVE EXIST TILE FROM POOL AND RE-FINISH EXIST. SURFACE OF POOL SEE SPECIFICATIONS.
2) PRESSURE CHECK ALL EXIST POOL SUPPLY, RETURN, AND DRAINAGE PIPING AROUND AND UNDER EXISTING POOL. REPORT TEST RESULTS TO ENGINEER
3) CAULK ALL EXIST SKIMMERS INSIDE AT CONC JOINT

REMOVE EXIST TILE & REPAIR EXPANSION JOINT

2" FILL LINE

ABANDON EXIST. DRAIN LINES, CAP AFTER PRESSURE TESTING LINES.

REMOVE & RE-INSTALL EXIST. SUPPLY OUTLETS IN NEW POOL FINISH.

REMOVE EXIST. GUTTER DRAIN. CAP PIPING BEHIND WALL. CUT AND PATCH WALL AS REQUIRED. (TYPICAL)

REPAIR CRACK IN BOTTOM OF POOL SEE SPEC'S.

REMOVE TILE & GROUT GUTTER ALL AROUND POOL (TYP.) SEE SPEC'S & DETAIL

REMOVE TILE & GROUT GUTTER ALL AROUND POOL (TYP) SEE SPEC'S & DETAIL

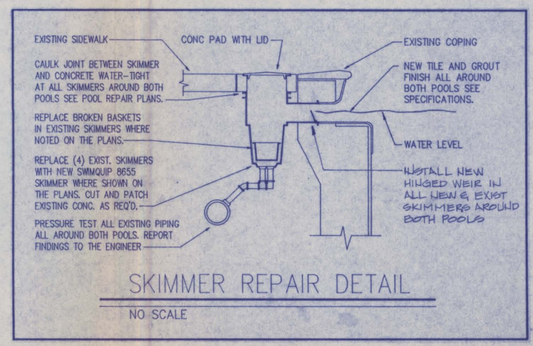
EXIST. SKIMMER TO REMAIN CAULK INSIDE OF SKIMMER AT CONC (TYPICAL)

REPLACE EXISTING BASKET IN SKIMMER WITH NEW

ABANDON EXIST. DRAIN LINE

50 YD POOL REPAIR PLAN

SCALE: 1/4": 1'-0"



SKIMMER REPAIR DETAIL

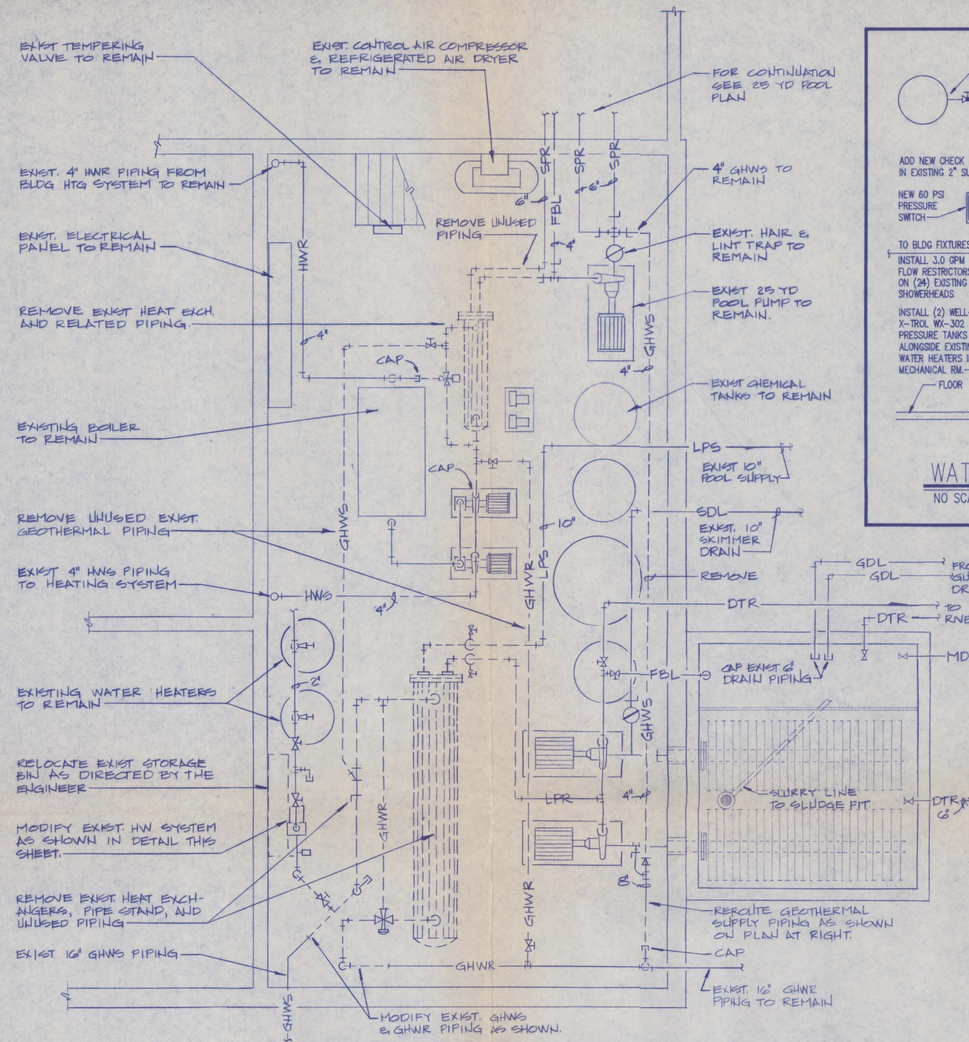
NO SCALE

ESA
ENGINEERED SYSTEMS ASSOCIATES, INC.
MECHANICAL – ELECTRICAL ENGINEERS
POCATELLO, IDAHO JACKSON, WYOMING

POOL REVISIONS FOR:
IDAHO LAVA FOUNDATION
LAVA HOT SPRINGS, IDAHO

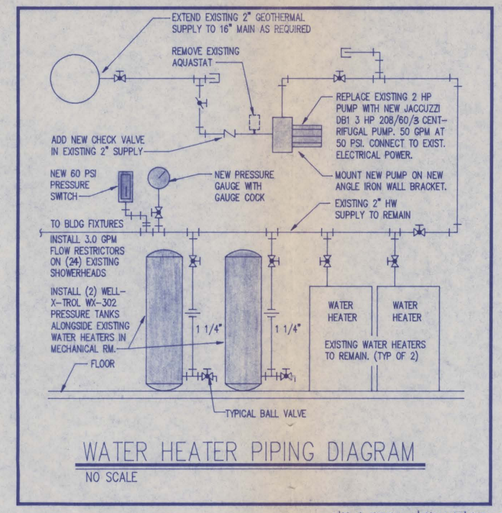
DATE: OCT 1990 | JOB NO. 90118 | DRWN: JOHNSON | CHKD: SUDWEEKS | SHT NO. 4 OF 6

REGISTERED PROFESSIONAL ENGINEER
CHARLES L. SUDWEEKS
STATE OF IDAHO
1491



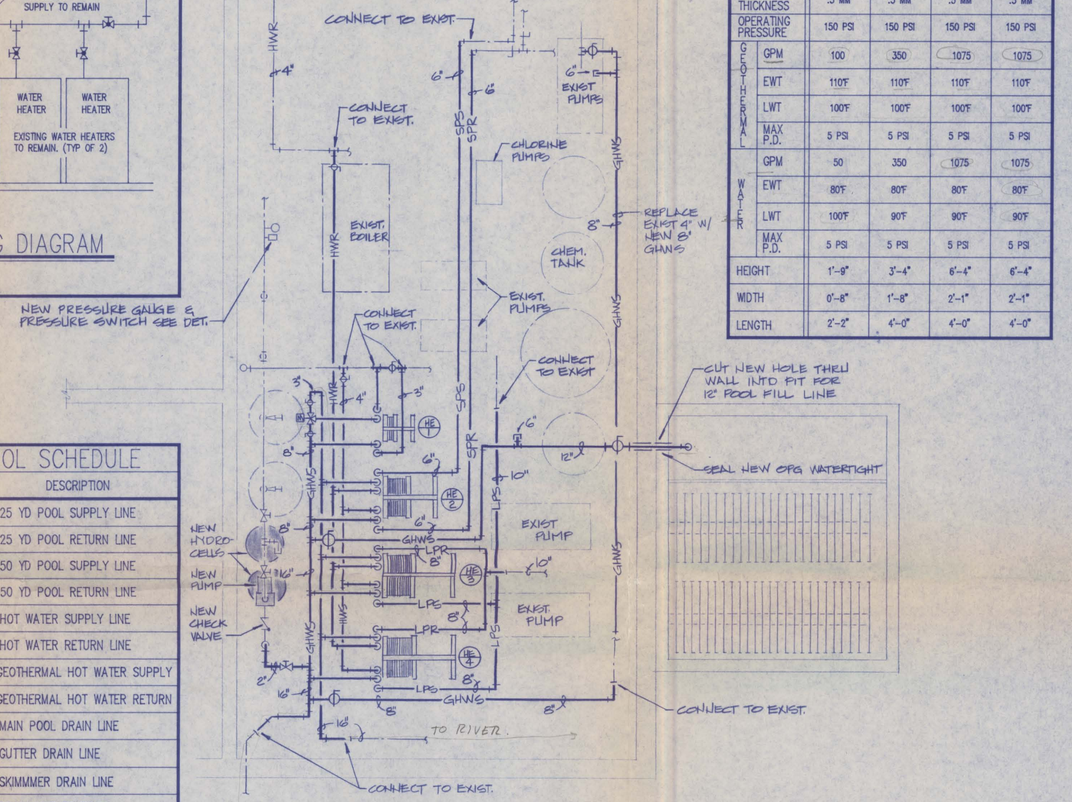
LARGE SCALE EQUIPMENT ROOM PLAN - DEMOLITION

SCALE: 1/4" = 1'-0"



WATER HEATER PIPING DIAGRAM

NO SCALE



LARGE SCALE EQUIPMENT ROOM PLAN - MECHANICAL

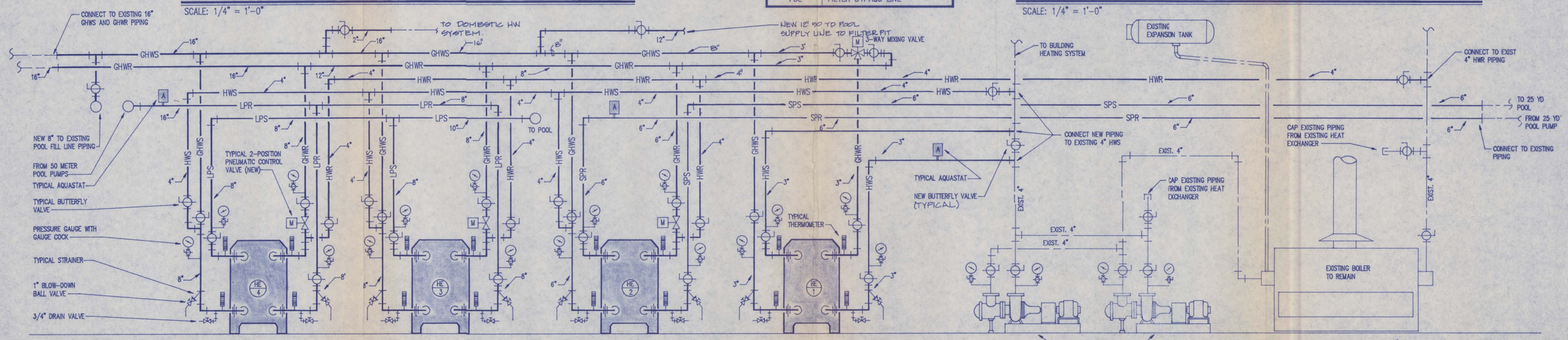
SCALE: 1/4" = 1'-0"

SYMBOL SCHEDULE

SYMBOL	DESCRIPTION
— SPS —	25 YD POOL SUPPLY LINE
— SPR —	25 YD POOL RETURN LINE
— LPS —	50 YD POOL SUPPLY LINE
— LPR —	50 YD POOL RETURN LINE
— HWS —	HOT WATER SUPPLY LINE
— HWR —	HOT WATER RETURN LINE
— GHWS —	GEOTHERMAL HOT WATER SUPPLY
— GHWR —	GEOTHERMAL HOT WATER RETURN
— MDL —	MAIN POOL DRAIN LINE
— GDL —	GUTTER DRAIN LINE
— SDL —	SKIMMER DRAIN LINE
— DTR —	DRAIN LINE TO RIVER
— FBL —	FILTER BYPASS LINE

HEAT EXCHANGER SCHEDULE

SYMBOL		HE 1	HE 2	HE 3	HE 4
B & G MODEL		GPX-130	GPX-237	GPX-538	GPX-538
MBH HEAT TRANSFER		500 MBH	1760 MBH	5360 MBH	5360 MBH
MIN. HEATING SURF. AREA		23 SQFT	65 SQFT	235 SQFT	235 SQFT
FOULING FACTOR		1.3	1.3	1.3	1.3
PLATE MATERIAL		AISI 316	AISI 316	AISI 316	AISI 316
PLATE THICKNESS		.5 MM	.5 MM	.5 MM	.5 MM
OPERATING PRESSURE		150 PSI	150 PSI	150 PSI	150 PSI
GEOTHERMAL	GPM	100	350	1075	1075
	EWT	110°F	110°F	110°F	110°F
	LWT	100°F	100°F	100°F	100°F
	MAX P.D.	5 PSI	5 PSI	5 PSI	5 PSI
WATER	GPM	50	350	1075	1075
	EWT	80°F	80°F	80°F	80°F
	LWT	100°F	90°F	90°F	90°F
	MAX P.D.	5 PSI	5 PSI	5 PSI	5 PSI
HEIGHT		1'-9"	3'-4"	6'-4"	6'-4"
WIDTH		0'-8"	1'-8"	2'-1"	2'-1"
LENGTH		2'-2"	4'-0"	4'-0"	4'-0"



HEAT EXCHANGER PIPING DIAGRAM

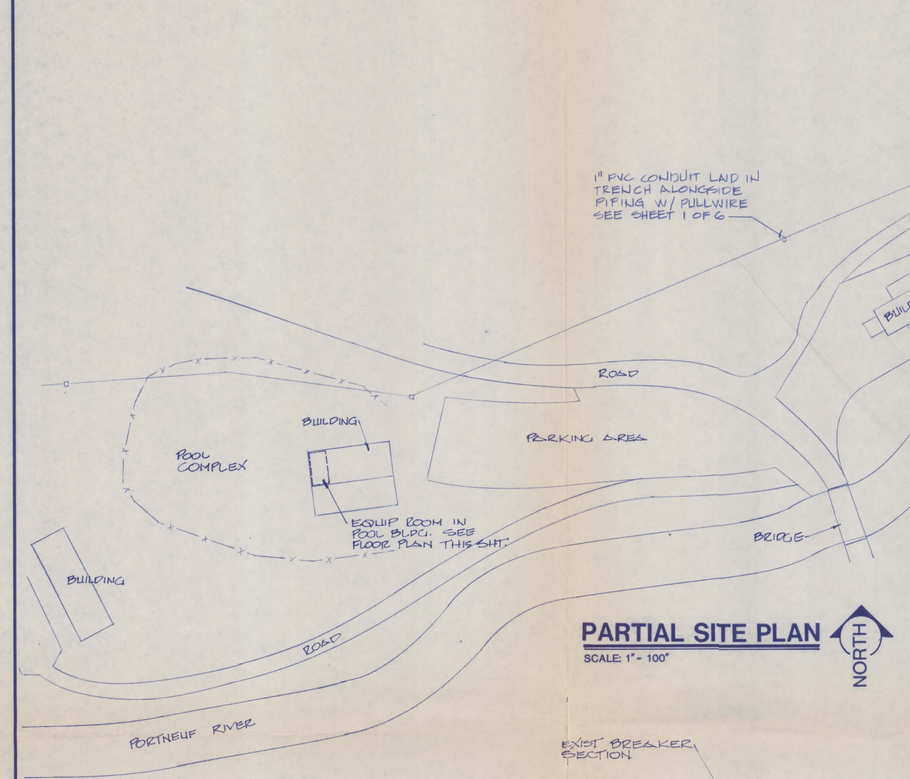
NO SCALE

ESA
ENGINEERED SYSTEMS ASSOCIATES, INC.
MECHANICAL - ELECTRICAL ENGINEERS
POCATELLO, IDAHO JACKSON, WYOMING

POOL REVISIONS FOR:
IDAHO LAVA FOUNDATION
LAVA HOT SPRINGS, IDAHO

DATE: OCT 1990 | JOB NO. 90118 | DRWN:JOHNSON | CHKD: SUDWEEKS | SHT NO. 5 OF 6

REGISTERED PROFESSIONAL ENGINEER
STATE OF IDAHO
CHARLES L. SUDWEEKS
1491



PARTIAL SITE PLAN

SCALE: 1" = 100'

NORTH

EXISTING MOTOR CONTROL CENTER

NO SCALE

PANEL "P1" LOCATION PUMP HOUSE ■ FEED BOTTOM ☐ FLUSH

VOLT./PHASE 120/240 3ø MAIN 200 AMPS ☐ FEED TOP ■ SURFACE

TYPE "SQ D" NQOD ☐ LUGS ■ BREAKER DIMENSIONS 20"x35"x5¾"

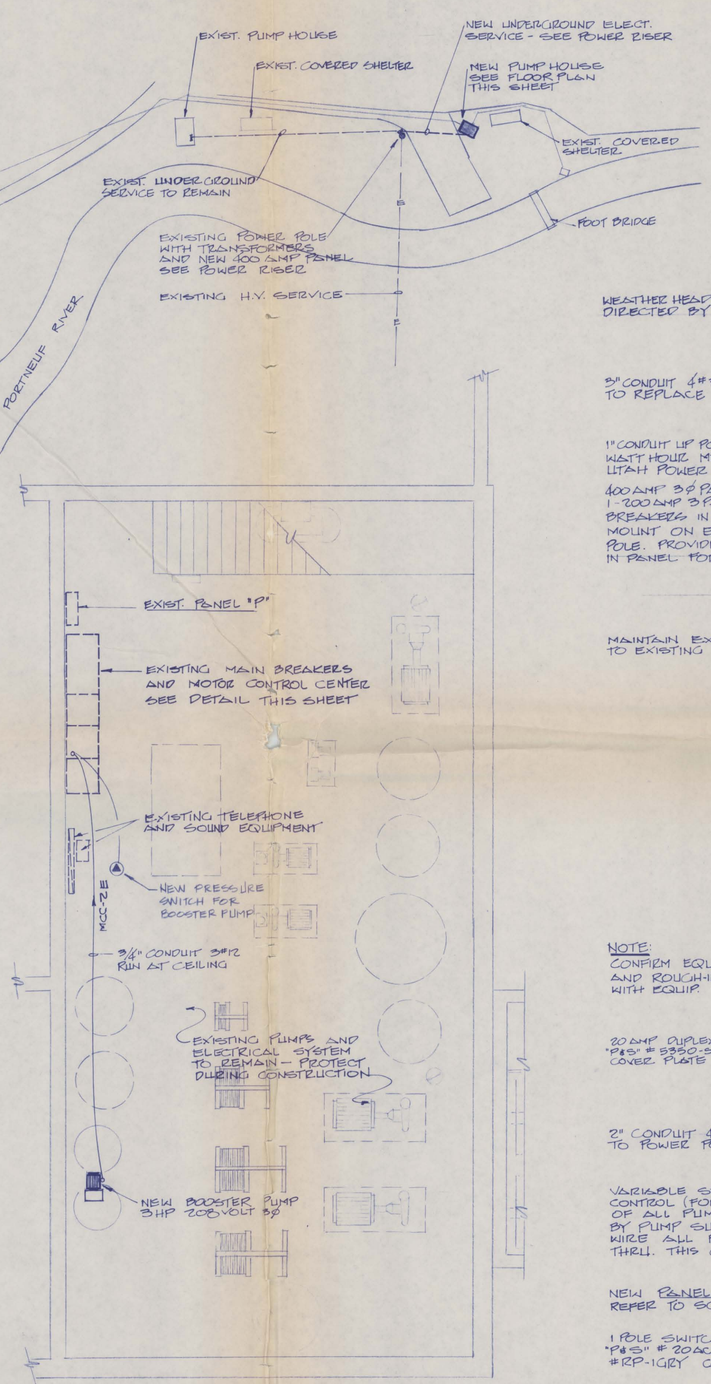
QUANTITY LTS	REC	MIS	SCHEDULE	CIR NO.	LOAD WATTS	BREAKER POLE	AMP	LOAD/POLE A	B	C	BREAKER POLE	AMP	LOAD WATTS	CIR NO.	SCHEDULE	QUANTITY LTS	REC	MIS
2			LIGHTS	1	300	1	20	3700			3	60	3400	2	SUCTION PUMP			1
	2		RECEPTACLES	3	500				3900		-	-	3400	4	—			
		1	PRIMER PUMP	5	900			900		3400	-	-	3400	6	—			
		1	PRIMER PUMP	7	900			6500	900		3	90	6500	8	SUCTION PUMP			1
			SPARE	9					6500		-	-	6500	10	—			
			"	11						6500	-	-	6500	12	—			
			"	13							1	20		14	SPACE			
			"	15										16	"			
			SPACE	17										18	"			
			"	19										20	"			
			"	21										22	"			
			"	23										24	"			

TOTAL LOAD/PHASE WATTS 11,100 11,300 9900 S.C. INT. CAP/BRKR 22,000 AMPS

AMPS 93 94 83

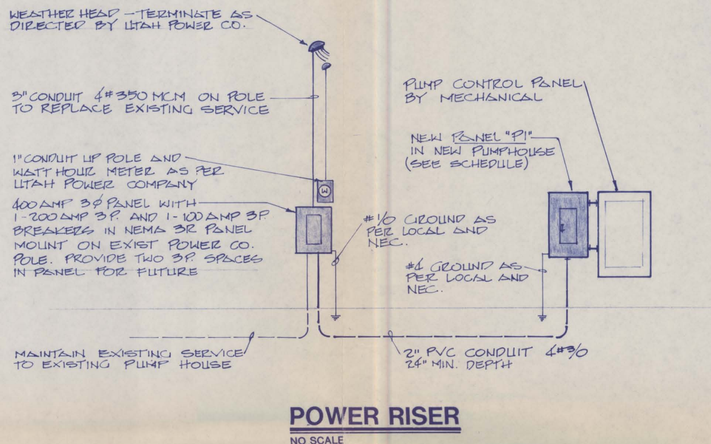
FEEDER: BRKR. SIZE 200 AMP CONDUCTORS 4#3/0 CONDUIT 2"

REMARKS:



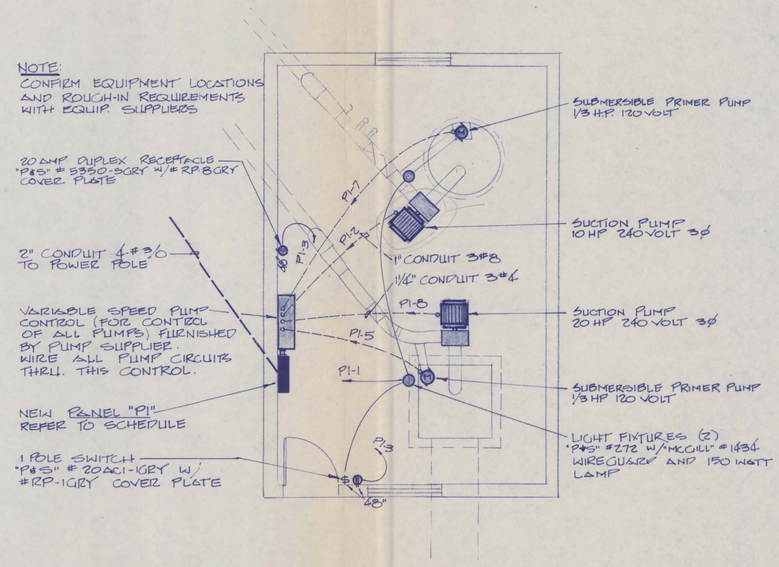
EQUIP. ROOM PLAN - ELECTRICAL

SCALE: 1/4" = 1'-0"



POWER RISER

NO SCALE



PUMP HOUSE PLAN - ELECTRICAL

SCALE: 1/4" = 1'-0"

ESA

ENGINEERED SYSTEMS ASSOCIATES, INC.
MECHANICAL - ELECTRICAL ENGINEERS
POCATELLO, IDAHO JACKSON, WYOMING

POOL REVISIONS DOR:
IDAHO LAVA FOUNDATION
LAVA HOT SPRINGS, IDAHO

DATE: OCT 1990 | JOB NO. 90118 | DRWN: HILL | CHKD: SUDWEEKS | SHT NO. 6 OF 6

REGISTERED PROFESSIONAL ENGINEER
STATE OF IDAHO
1491
CHARLES L SUDWEEKS

ESA

Engineered Systems Associates, Inc.
MECHANICAL - ELECTRICAL - ENGINEERING

315 WEST CENTER, POCATELLO, IDAHO 83204
TELEPHONE - 208-233-0501
FAX - 208-233-0529
C. SUDWEEKS, P.E.
D. SUDWEEKS, P.E.

January 23, 1996

Mr. Floyd Jensen, Chairman
Lava Hot Springs Foundation
430 East Main
Lava, ID 83246

EXHIBIT
Applicant
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Subject: Lava Pool

Dear Mr. Jensen:

As the engineer for the natural hot water line to the swimming pool I would like to make some statements regarding the installation and location of the line carrying the waste water from the pumped line back into the river.

I was hired by the Department of Public Works, as directed by the legislature in September 1989, to make a study of the existing pool conditions and find a way if possible to heat the pool and the buildings with natural hot water, reducing the cost of gas and other utilities. This study was completed in January 1990 and the results were given to the Department of Public Works and the Foundation Board.

In the spring of 1990 the legislature appropriated funds to construct the system recommended by my study. After an interview process, Engineered Systems Associates was selected by the Foundation Board to be the professional engineer on the project. We proceeded to prepare plans and specifications for the construction of the pipe line system as required by state law. Approval had to be obtained from EPA, Idaho Fish and Game, Department of Environmental Quality, District Health Department, and the Army Corp. of Engineers for the cutting of the bank of the river and returning the waste water back into the river. This water could not be contaminated in any way and could only be used as supplemental make up to the pools and heat recovery from the water temperature.

The plans and specifications were put out to the public bid and advertised as required by the state law. The public bid opening was held on November 29, 1990. I am enclosing a photo copy of the plan showing the location of the waste water line as it was originally bid by the contractors. This line was surveyed by Harper-Leavitt Engineers prior to the bid time and the surveyor indicated that the manager of the condominiums had expressed an interest and concern about what was going to happen with the location of the pipe line since it was crossing an area of the state property that they had under lease. The line would also impact the lawn and the trees near the property line fence.

On December 3, 1990 a contract was signed by the foundation with Greene Plumbing Co. of Pocatello, Idaho for the work with requirement that all work be completed by May 1, 1991. Because of the short time frame the contractor was instructed to proceed as soon as the contract documents were complete. Construction started in January 1991.

It was decided that the pipe line would be started from the river entrance and work back toward the pool building. Pipe materials and equipment were brought to the site for use. I was present when the line was being staked out in preparation for the excavation work. We were approached by a lady who identified herself as the manger of the condominiums. She indicated that we would not be allowed to tear up any property because it was under lease and we should contact Bob Meline. Both myself and Gary Blanchard of Greene Plumbing, the contractor, contacted Bob Meline and told him of the conversation. Greene Plumbing was told to stop work until the problem was solved. Several days later we were instructed by Mr. Meline to place the waste water lines on the west side of the fence so as not to disturb the condominium property. The changes were made and the project was completed. The project was put into operation on May 1, 1991.

Very truly yours,

ENGINEERED SYSTEMS ASSOCIATES, INC.

Charles L. Sudweeks

Charles L. Sudweeks

jls

Form 219
6/92

RECEIVED
MAR 2 5 1996
Department of Water Resources

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

BENEFICIAL USE FIELD REPORT

A. GENERAL INFORMATION

Permit No. 29-07847

1. Owner: Thayne E. or Karen Vargason Phone No. (208) 233-8011 (W) 776-5409

Current Address: P.O. Box 268, Lava Hot Springs Id 83246

2. Accompanied by: Mike Hanson EXAM DATE: 14 Nov 1995

Address: — Phone No.

Relationship to Permit Holder: Brother in Law

3. Source: Wastewater tributary to PORTNEUF RIVER

B. OVERLAP REVIEW

1. Other water rights with the same place of use: NONE

2. Other water rights with the same point of diversion: None

C. DIVERSION AND DELIVERY SYSTEM

1. Point(s) of Diversion:

Ident No.	Gov't Lot	¼	¼	¼	Sec.	Twp.	Rge.	County	Method of Determination/Remarks
	7		NW	SE	21	9S	38E	Bannock	Aerial Photo/ONSITE INSPECTION

2. Place(s) of Use: Indicate Method of Determination

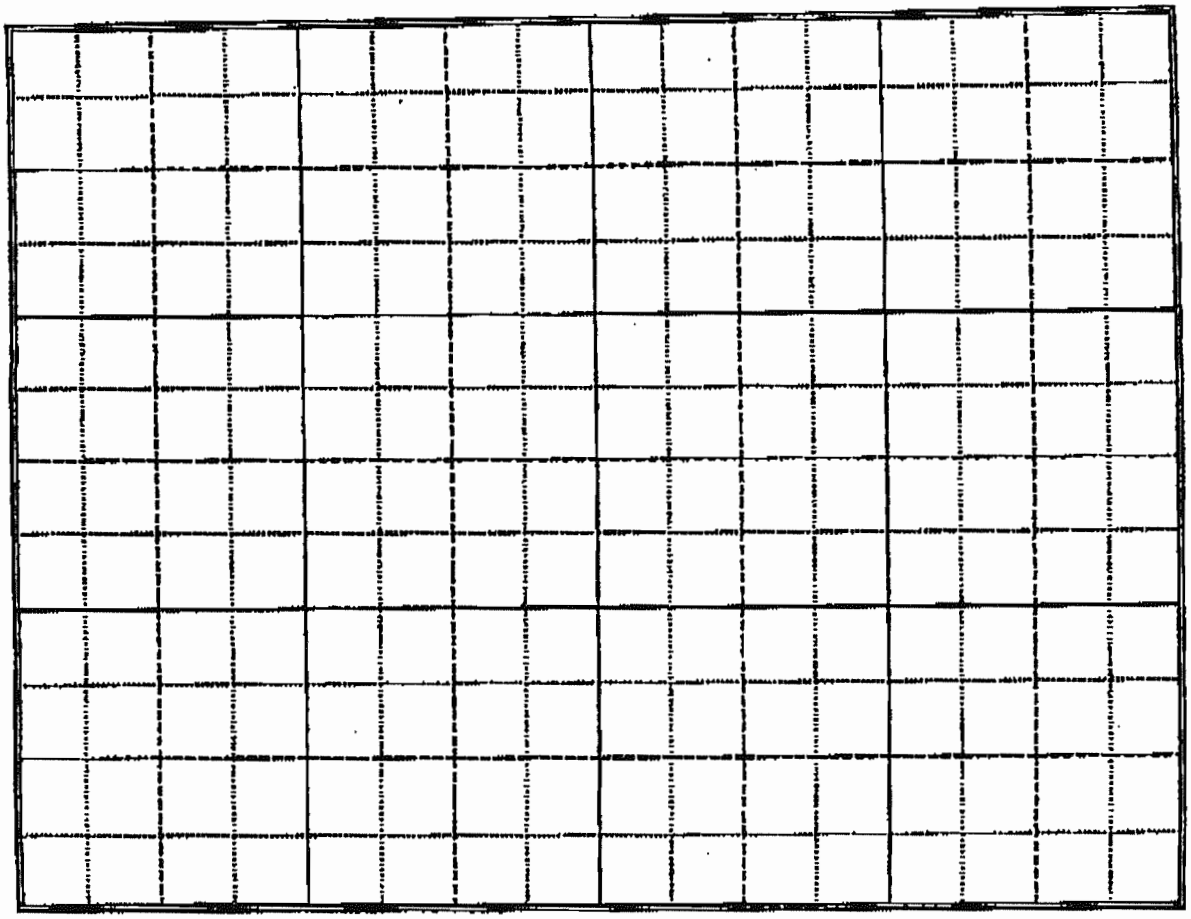
TWP	RGE	SEC	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
9S	38E	21									LL R								

Post-it™ brand fax transmittal memo 7671 | # of pages ▸ 8

To JACK ROBISON	From KEITH CWILSON
Co.	Co. IDWR
Dept.	Phone # 208 525 7161
Fax # (208)-232-5962	Fax # 208 525 7177

EXHIBIT
Applicant
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3. **Delivery System Diagram:** Indicate all major components and distances between components. Indicate weir size/ditch size/pipe I.d. as applicable.



Scale: 1" = _____.

____ Copy of USGS Quadrange Attached Showing location(s) of point(s) of diversion and place(s) of use (required).

____ Aerial Photo Attached (required for irrigation of 10+ acres)

____ Photo of Diversion and System Attached

4.

Well or Diversion Identification No.*	Motor Make	Hp	Motor Serial No.	Pump Make	Pump Serial No. or Discharge Size

*Code to correspond with No. on map and aerial photo

D. FLOW MEASUREMENTS

1.

Measurement Equipment	Type	Make	Model No.	Serial No.	Size	Calib. Date

2. **Measurements:** Timed Volumetric displacement (2.5gal)

1 (2.5gal / 32.71sec) = 1(4.58gpm), 3(2.5gal / 30.37sec) = 3(4.94gpm).

22 (2.5gal / 155.43sec) + 22(0.96gpm) =

E. NARRATIVE/REMARKS/COMMENTS

GEOTHERMAL WATER IS COLLECTED BY COLLECTION PIPES UNDER THE OLD SWIMMING POOL AND DIVERTS THE WATER INTO A SYSTEM THAT EITHER DISCHARGES INTO THE PORTNEUF RIVER OR IS PUMPED INTO A MAINLINE TO HEAT EXCHANGERS FOR THE "OLYMPIC SWIMMING POOL." THE WASTEWATER DISCHARGE LINE FROM THE HEAT EXCHANGERS THEN CARRIES THE WATER TO A VALVE WHERE THE APPLICANTS DIVERT A SMALL PORTION OF THE FLOW FOR THIS PERMIT. THE REMAINING PORTION OF THE WASTEWATER IS THEN DISCHARGED INTO THE PORTNEUF RIVER.

FROM THE VALVE THE APPLICANTS DIVERT THE WASTEWATER THRU A MAINLINE TO A SMALL POND (0.5 af). THE WATER IS COOLED BY SPRAYING IT INTO THE AIR JUST AS IT IS DISCHARGED INTO THE POND. THE POND SPILLS ANY OVERFLOW INTO THE PORTNEUF RIVER.

POND SIZE (51' x 175' x 5' deep)

THE LAVA HOT SPRINGS FOUNDATION OWNS AND OPPERATES THE SYSTEM USED TO DIVERT THE WATER FOR GEOTHERMAL HEATING OF THE "OLYMPIC SWIMMING POOL"

Have conditions of permit approval been met? ✓ yes ___ no

F. FLOW CALCULATIONS ____ Additional Computation Sheets Attached

Measured Method: 1(2.5gal/32.71sec) = 1(4.58gpm) = 4.58gpm
22(2.5gal/155.43sec) = 22(0.97gpm) = 21.34gpm
3(2.5gal/30.37sec) = 3(4.94gpm) = 14.82gpm
40.74gpm = 0.09cfs

G. VOLUME CALCULATIONS

1. Volume Calculations for Irrigation:

V_{IR} = (Acres Irrigated) x (Irrigation Requirement) = _____
V_{DR} = [Diversion Rate (cfs)] x (Days in Irrigation Season) x 1.9835 = _____
V = Smaller of V_{IR} and V_{DR} = _____

2. Volume Calculations for Other Uses:

POND Volume Rec = 59' x 175' x 5' deep

Capacity = Surface Area x Max depth x 0.4 =
10,325 ft² x 5' x 0.4 = 20,650 ft³ = 0.47af = 0.5af

H. RECOMMENDATIONS

1. Recommended Amounts

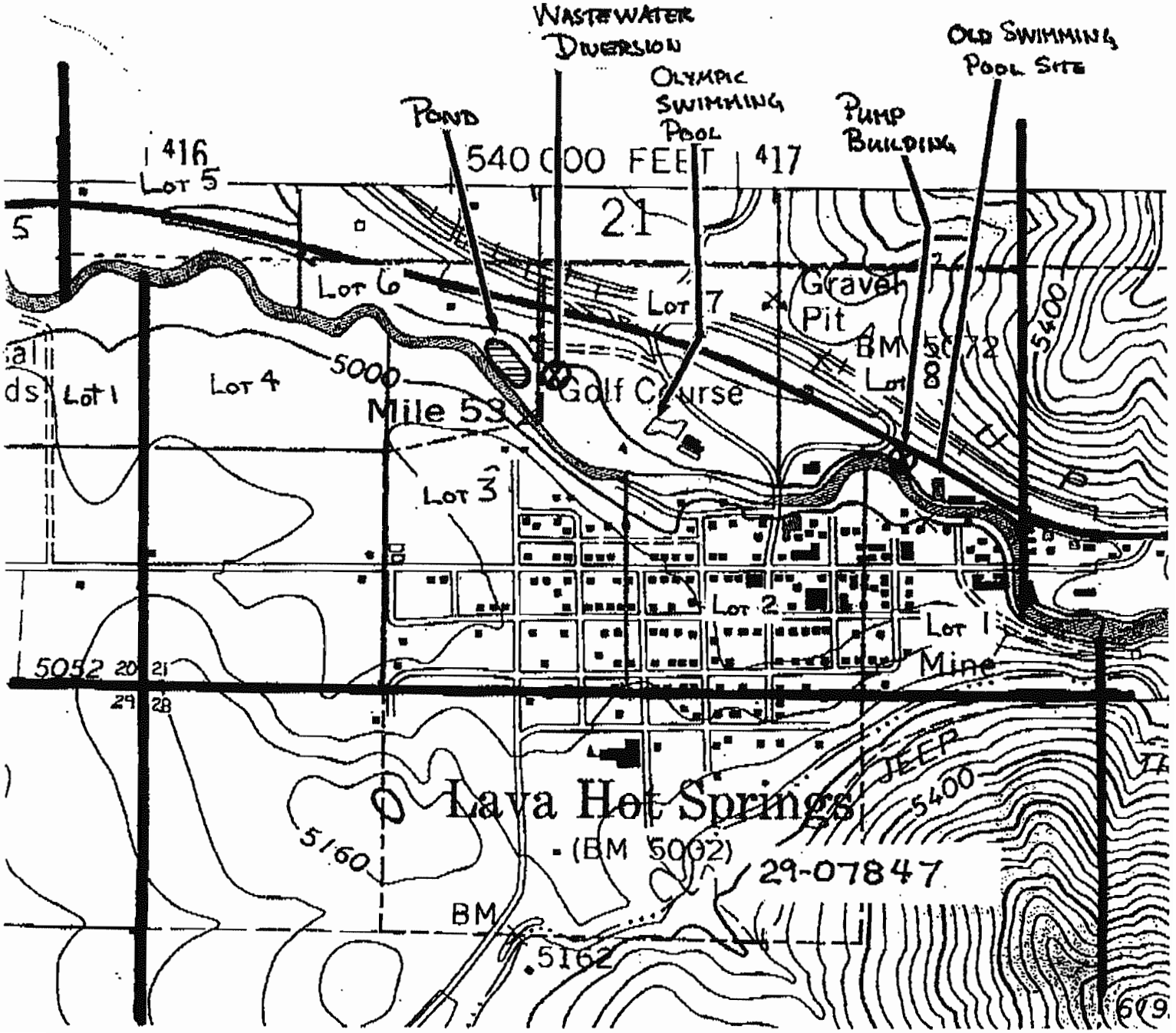
Beneficial Use	Period of Use From	Period of Use To	Rate of Diversion Q (cfs)	Annual Volume V (afa)
DIVERSION TO STORAGE	1/1	12/31	0.06cfs	—
STORAGE FOR RECREATION	1/1	12/31	—	0.13af
		Totals:	0.06cfs	0.13af

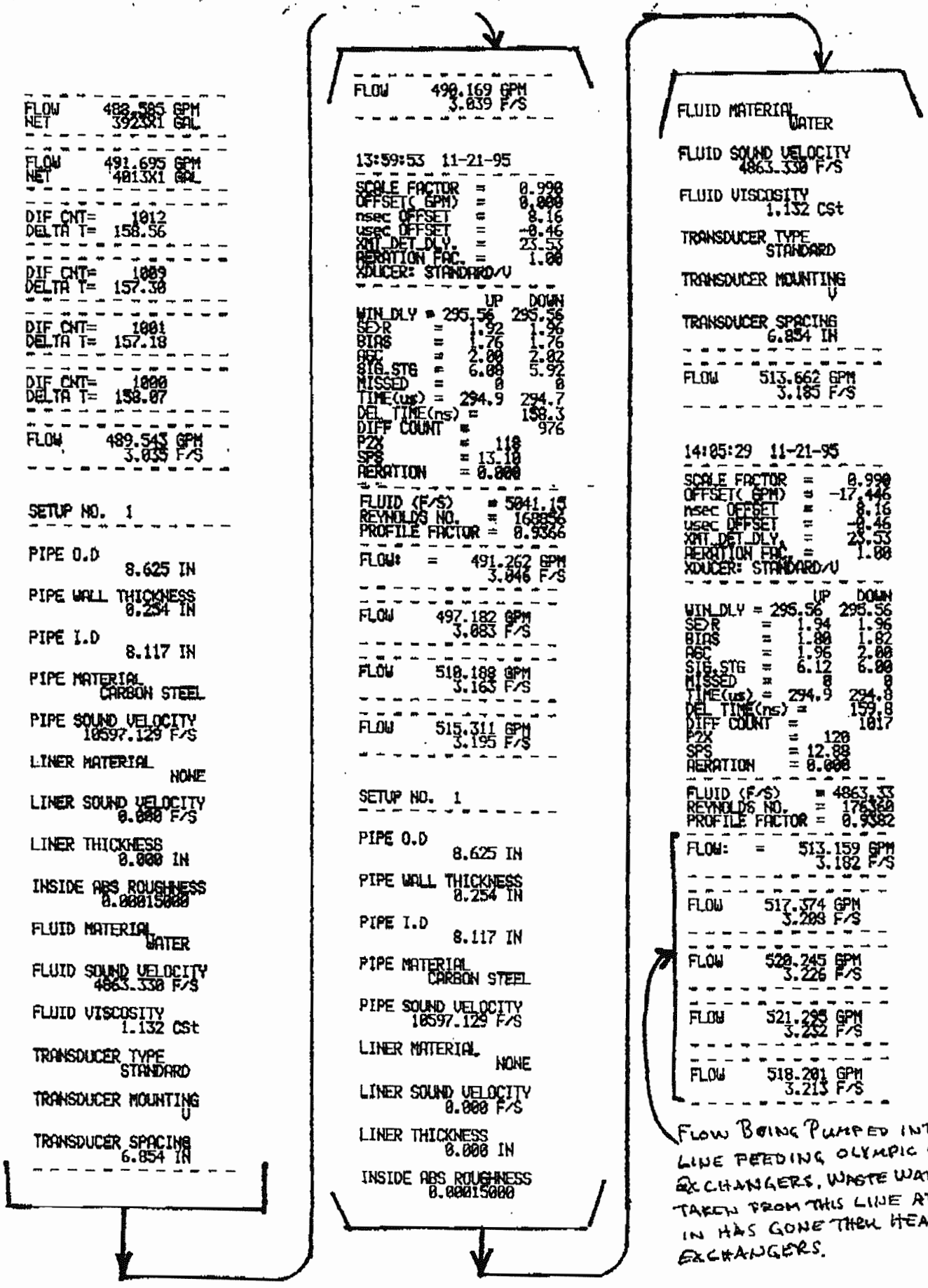
2. Recommended Amendments

✓ Change P.D. as reflected above ___ Add P.D. as reflected above ___ None
___ Change P.U. as reflected above ___ Add P.U. as reflected above ✓ Other CHANGE SOURCE

I. AUTHENTICATION

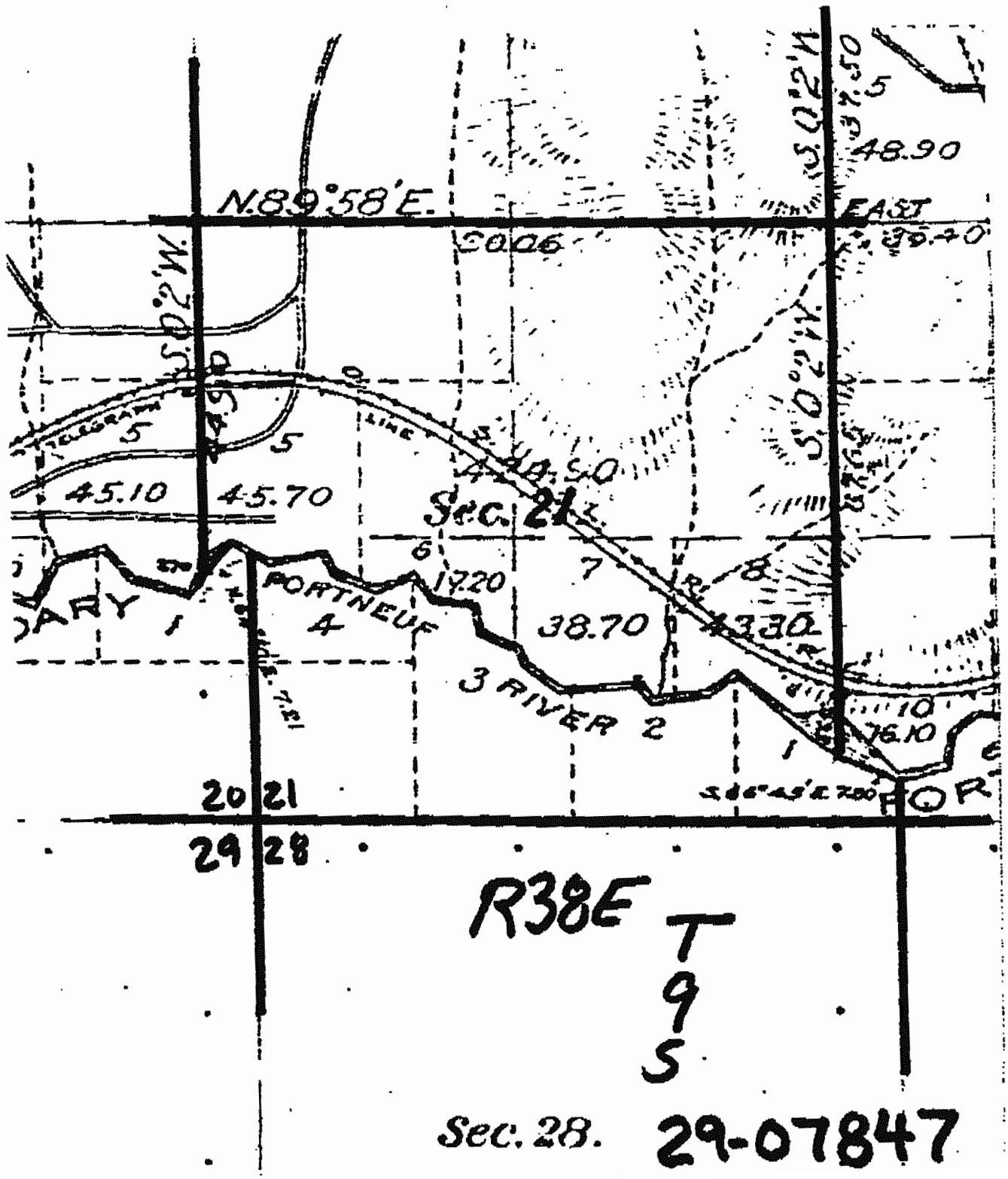
Field Examiner's Name KEITH C. WILSON Date 14 Nov 1995
Reviewer _____ Date 3-12-96 SEAL


WASTEWATER DIVERSION
OLYMPIC SWIMMING POOL
POND
PUMP BUILDING
OLD SWIMMING POOL SITE
540000 FEET
416
417
LOT 5
21
LOT 6
LOT 7
Gravel Pit
BM 5072
LOT 8
5400
5000
LOT 1
LOT 4
Mile 53
Golf Course
LOT 3
LOT 2
LOT 1
Mine
5052
20
21
29
28
JEEP
Lava Hot Springs
(BM 5002)
29-07847
5160
BM
5162
609



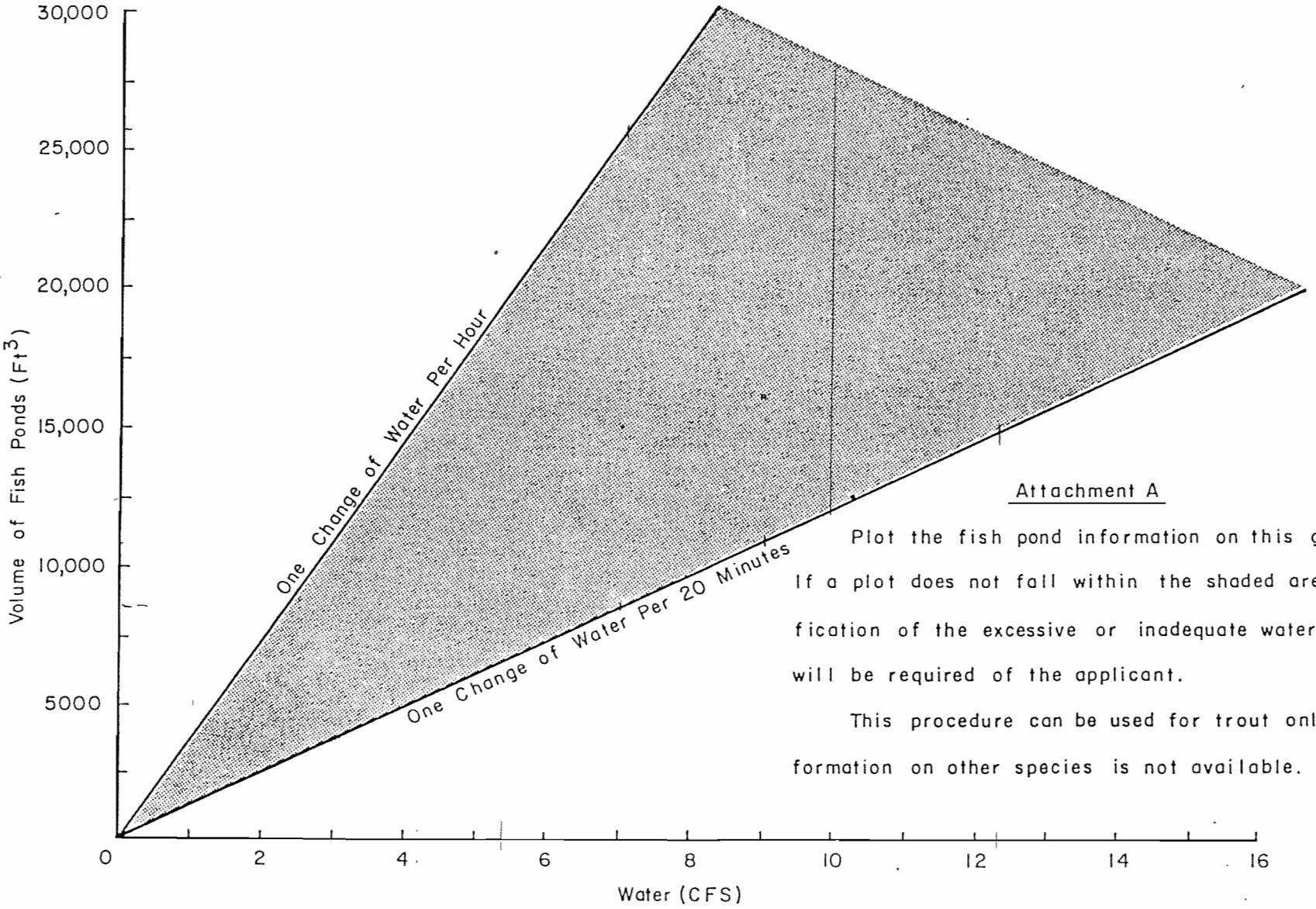
FLOW BEING PUMPED INTO LINE FEEDING OLYMPIC HEAT EXCHANGERS. WASTE WATER TAKEN FROM THIS LINE AFTER IN HAS GONE THRU HEAT EXCHANGERS.

29-07847


N.89°58'E.
2006
EAST
S.0°2'W.
S.0°2'W.
S.0°2'W.
48.90
45.10
45.70
Sec. 21
17.20
38.70
330
3 RIVER 2
PORTNEUF
20 21
29 28
R38E
T
9
S
Sec. 28.
29-07847

Lot 1
Lot 4
Lot 3
Lot 2
Lot 1
Lot 5
Lot 6
Lot 7
Lot 8
Mile 53
Lava Hot Springs
(BM 5002)
Pond
Gravel Pit
BM 5012
Old Swimming Pool Site
Olympic Pool
Pump Building
Wastewater Diversion
540 000 FEET
416
417
5000
5400
R38E
29.07847
21
28
29
20

EXHIBIT
Applicant
#17



Attachment A

Plot the fish pond information on this graph. If a plot does not fall within the shaded area, justification of the excessive or inadequate water supply will be required of the applicant.

This procedure can be used for trout only. Information on other species is not available.

Water Requirements For Trout Rearing Facilities Based On Total Volume Of Ponds

APPLICANT'S EXHIBIT 18



Form 202
10/82

Idant. No. 29-8168

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

EXHIBIT Applicants 19

To appropriate the public waters of the State of Idaho

1. Name of applicant George William Kotsionetes Phone 208-776-8850

   Post office address PO 620 ME Portneuf Lava Hot Springs ID 83246

2. Source of water supply ~~Bypass wastewater line~~ Artesian Wastewater Ribbon is a tributary of Portneuf River

3. Location of point of diversion is _____ ¼ of NE ¼ of SE ¼, Govt. Lot 5

   Sec. 21 Township 9S Range 38E B.M. Boise County: additional

   points of diversion if any: Where hot mineral water dumps into Portneuf

4. Water will be used for the following purposes:

   Amount 1.0 cfs (cfs or acre-feet per annum) for commercial purposes from 1-1 to 12-31 (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purposes from _____ to _____ (both dates inclusive)

5. Total quantity to be appropriated is (a) 1.0 cfs (cubic feet per second) and/or (b) _____ (acre feet per annum)

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. Existing pipes crossing the river at four separate points of an easement (5). To bring water to our property. 6" drain pipe to River

   b. Height of storage dam N/A feet; active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet; period of year when water will be diverted to storage:

   _____ to _____ inclusive.

   c. Proposed well diameter is N/A inches; proposed depth of well is _____ feet.

   d. Is ground water with a temperature of greater than 85°F being sought? No

   e. If well is already drilled, when? Yes, Drilling firm _____;

   Well was drilled for *(well owner)* State of Idaho for Hot Artesian Springs

7. Time required for the completion of the works and application of the water to be proposed beneficial use is

   10 5 years *(minimum 1 year)*.

29-8168

8. Description of proposed uses (*if irrigation only, go to item 9*):

a. Hydropower; show total feet of head and proposed capacity in KW. N/A

b. Stockwatering; list number and kind of livestock. N/A

c. Municipal; show name of municipality. N/A

d. Domestic; show number of households. N/A

e. Other; describe fully. Use at fishing pond, watering of livestock, and recreation, including Bank

9. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of the use (*example: D for Domestic*) in the corresponding place of use below. See instructions for standard symbols.

TWP	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
45	38E	21			C														

Please see attached Descriptions for full Legal

Total number of acres to be irrigated N/A

10. Describe any other water rights used for the same purposes as described above.

11. a. Who owns the property at the point of diversion? State of Idaho & Water Users

b. Who owns the land to be irrigated or place of use? George W. and Frances B. Kettenbach

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing. N/A

12. Remarks:

29-8168

29-8168

12. Map of proposed project: show clearly the proposed point of diversion, place of use, section number

29-8168

(Applicant)

2-2-96

1/3/90

lava hot springs foundation

Mr. Sher inquired as to how much was taken in from the food stand last season. Mrs. Vargeson stated that t... food stand took in $13,575 last season. Mr. Jensen asked what Mr. Meline thought of the food stand. He stated that it was a great benefit for the Foundation to supply a service for the customers. Mr. Spraker made a MOTION: To negotiate with the Vargesons for the 1990 season. Mr. Jensen suggested that the Vargesons be given a chance to recoup their investment in the food stand before the food service be put out for bid. Mr. Terrell suggested that the fee be increased to 5% on the first $5,000, and 6% on the remainder. Mrs. Vargeson requested that the lease be extended to 2 or 3 years instead of 1 year at a time so as to help recoup the monies invested to start the operation. Mrs Vargeson stated that they had learned a lot this first year and intended to make some changes in the next seasons procedure that should increase the gross to close to double.
Mr. Terrell made a Motion: to accept the figure of 5% on the first 5,000, and 6% on the remainder. Mrs. Vargeson agreed to this.
Mr. Terrell made a MOTION: To renew the lease for 1 year at 5% on the first $5,000 and 6% on the balance. Seconded Jensen, the vote was unanimous.
Ms. Bergindorf asked if there is any way that the contract could be put out for bid. Mr. Spraker stated that the food stand is a service and does not have to go out for bid.

Mr. Itami presented his proposal to the Board for a renewal of his contract he has with the Foundation for the Massage Therapy facility at the Hot Pools. Mr. Itami stated that when he built the new building for his office, the terms were $75.00 per month for the first 5 years, to give him a chance to recoup his investment. Mr. Itami stated that the business is still a one man operation and that he has 2 therapists to work the time that he is not available.
Mr. Jones made a MOTION: That the rental fee be increased to $125.00 per month for the next 5 years. Mr. Itami agreeded to this increase. Mr. Jensen seconded the motion, the vote was unanimous.

The Board gave Mr. Peterson high acclaim for the decorations on the diving tower, for the Christmas season.

Mr. Sudewich presented a blue print of the water profect that is proposed to move the hot water from the Old Nat Park to the olympic swimming complex. The diagram showed where the pump should be placed. The flow is 1.8 million gal. per day, there is an existing line to the pool but it is only pumping about 40% of the capacity. Mr. Jones asked what kind of a pump will be required to move the water. Mr. Sudwich stated that at this time there is a 30 hp pump. The existing city line is supplying the water for the swimming pool complex in the winter to keep the water from freezing. The water that is in the Old Nat Park is about 119°. The water that drains out of the Hot Pools drains into the river and is not used. Mr. Sudwich showed on the diagram how the water could be run to the Swimming Pools, and utilized for heating the pools and run into the pools in the winter to prevent the freezing problem. He also showed how the cost of utilities could be reduced with the hot water.
Mr. Jensen excused Mr. Sudwich.

Mr. Craig Bloxham introduced his attorney Mr. Englestrum who is representing him in the claim of the Foundation for the clean-up of the petroleum spill that has contaminated the Hot Pools. Mr. Englestrum stated that the concent order has been entered to set up proposal for cleaning up the petroleum contaminent. He stated that when the petroleums benzine level is reduced the bacteria will return to a dormant state.

EXHIBIT
Applicant
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