

**Mt. Nebo Water Agency Board Meeting  
August 21, 2017**

**Board Members:** Chairman Warren Peterson, Goshen Valley; Gene Shawcroft, Central Utah Water; Soren Christensen, Salem City; Marty Larson, Strawberry Highline Canal Company; Mike Mendenhall, Spanish Fork City;

**Board Alternates:**

**Technical Committee:** Chris Hansen CUWCD; Richard Nielson, Utah County; Chris Thompson, Spanish Fork City,

**Staff:** S. Junior Baker, Shelley Hendrickson, Steve Clyde, Marcus Faust (via phone).

**Public present:** Rich Tullis, Richard Noble, Jeremy Sorenson , Norm Beagley.

Chairman Warren Peterson called the meeting to order at 7:35 a.m. He invited public comment. There was none.

**Board action to approve minutes – February 13<sup>th</sup>, May 15<sup>th</sup> & June 19, 2017**

Gene Shawcroft **moved** to **approve** the minutes of February 13, 2017. Soren Christensen **seconded** and the motion **passed** with all in favor.

Gene Shawcroft **moved** to **approve** the minutes of May 15, 2017, with the submitted corrections. Mike Mendenhall **seconded** and the motion **passed** with all in favor.

Soren Christensen **moved** to **approve** the minutes of June 19, 2017, with the submitted corrections. Gene Shawcroft **seconded** and the motion **passed** with all in favor.

**Best Practices Training – Junior Baker**

Junior Baker explained to the Board that the Agency had received a letter from the State Legislature regarding the roles of board and staff of limited purpose entities. The following checklist was included in the letter:

***Checklist of Best Practices for Board Members Of Limited Purpose Entities Roles of Board and Staff***

*See report pages 23 to 27.*

**1. The board takes ultimate responsibility for governance of the entity by (a) appointing an executive staff, (b) providing broad policy guidance, (c) authorizing the use of resources, (d) setting goals and expectations, and (e) monitoring results.**

2. The board members recognize their role is to be more than just a ceremonial body. They have a responsibility to lead and hold staff accountable for results.
3. The board chair reviews and approves the agenda before each meeting, inviting other board members to propose additional agenda items, if desired.
4. The executive director (a) helps the board draft a set of internal control policies and (b) guides staff as they carry out the board's policies.
5. To protect against fraud, staff duties are segregated such that no one person has control over all parts of a financial transaction.
6. The board appoints a board chair, a treasurer and a clerk.
7. For organizations with an insufficient number of staff to achieve a proper separation of duties, board members serve as treasurer, and clerk.
8. The board approves a staffing policy that defines the responsibilities of all those who handle different aspects of the entity's finances.
9. The board is solely responsible for hiring and directing the audit function.

#### **Internal Controls**

See report pages 28 to 33.

10. The board approves policies that govern the organization and addresses each best practice described in the best practice audit. This would include policies such as a personnel policy, a procurement policy, and records retention policy. A procurement policy is of particular importance with the recent instances of fraud, waste, and abuse that have occurred.
11. The board regularly reviews a report of entity disbursements. The report includes the date, vendor and amount of each expense since the last board meeting.
12. To control credit purchases, purchase cards (or "p-cards") are issued to a limited number of staff. Limits are placed on the dollar amount, type and number of charges made to each card.
13. An independent person with no book keeping responsibilities is assigned to reconcile the bank statement each month with that month's receipts and expenses.
14. The board requires its formal approval of any expenditure above a certain dollar amount.
15. The board requires that two people sign all local entity checks. Before signing, both signers will review and approve the attached requisition sheet.
16. The board verifies that the entity has complied with applicable state laws including: certification and filing of annual budget (Utah Code 17B-1-614), notice of public meetings (Utah Code 52-4), notice of board member contact information (Utah Code 17B-1-303), participation in Utah public finance website (Utah Code 63A-3-405.4), and financial statement reporting requirements (Utah Code 51-2a-202).

#### **Tone at the Top**

Report pages 38 to 40.

22. The board adopts a code of ethics that clearly states the organization's values and standards of behavior.
23. The board and management seek opportunities to reinforce the organization's ethical standards during staff meetings, training, and newsletters.
24. The board holds everyone accountable, including management, to high standards of performance.
25. The board and executive director avoid using a compensation system and other incentives that encourage employees to take unnecessary risks.
26. The board provides an ethics hotline and adopts a whistleblower policy.
27. The board adopts a conflict of interest policy (based on Utah Code 10-3-13) describing how members should respond when their personal interests have the potential to conflict with their public duty

Mr. Baker gave a copy of the checklist to the Board and reviewed the checklist with the Board.

Chairman Warren Peterson asked the Board if they had any comments. There was none. He commended Junior for protecting the agency so well and noted that the Agency has adopted most of the policies and guidelines required.

### **Kem Gardner Institute**

Chairman Peterson said that a few years ago Envision Utah engaged a study through Robert, Charles Lessor Company who are a national real estate economics firm. He used an overhead presentation to explain how the RCLCo took the Governor's Office of Management's population projections budget and allocated them based on anticipated land use along the four Wasatch Front counties. One of the things that the study demonstrated was that where the Governor's Office of Management had projected about a 625,000 person population increase in Utah County by 2060. The RCLCo found that land use patterns across the Wasatch Front, including the fact that Davis and Weber Counties would probably run out of land space for growth relatively soon, then Salt Lake County would, which would push a lot of the growth that would otherwise occur on other parts of the Wasatch Front down into Utah County. The RCLCo re-allocated the GOMV projection showing that Utah County would probably receive an 875,000 population increase rather than the previous projected 625,000. That study simply took the GOMV number and reallocated, based on available land. Now we have this July 2017 report from the Kem Gardner Institute at the University of Utah, which has probably the best group of demographers in the State. They went back and redid population projections rather than reallocated. What they project is that Utah's population, which was expected to be 6 million by 2060, they project 5.8 million. The other parts address where growth are expected to occur. The punch line for us is when it gets to Utah County it almost triples. The population for Utah County instead of being 1.25 million is actually 1.6 million, 177 percent growth over the next 50 years. Utah County adds more people than the rest of the Wasatch Front combined. Chairman Peterson said as we look at water planning for south Utah County we have a new urgency. Growth tends to follow the I-15 corridor. New growth in Utah County is job driven and is pushing down through Santaquin, within the Agency's area. The report is available online at the Kem Gardner Institute.

Marcus Faust asked if this presentation was something that might be given to our federal delegates.

Chairman Warren Peterson said yes.

Marcus Faust asked the Chairman to send him the powerpoint presentation.

It was determined that the presentation would be sent to all of the board members.

Mike Mendenhall said there is an organization out of California called the Water Now Alliance that is connected with the Utah league of Cities and Towns which is connected with the National League of Cities and Towns. They are coming out to the League's annual conference in Salt Lake City. They met with Chris Thompson and himself because they were looking for somewhere to hold their national conference

and these growth numbers are really the main reason that they wanted to come here and hold their conference.

### **Technical Committee Report – Chris Hansen**

- a. Regional Water Study on Phase II (status update & participants)**
  - i. Board Action on Technical Committee Report – Regional Water Study**
- b. Flood Control Project**
  - i. Who is participating/Project Participants**

Chris Hansen said the committee is still actively working on the study. The one thing that does throw a little bit of a change on schedule is the release of the numbers from the Ken Gardner Institute. We have been working off of the GOMV numbers the entire time. The committee provided the Ken Gardner numbers to Hansen, Allen & Luce and they will take a look at them and see how they relate. The plan is to have a draft report out by the end of the month

Chairman Warren Peterson said that the GOMV has a very limited budget for population projections that is one of the reasons that you get a better result out of the Ken Gardner Institute and his comments were not meant to disparage GOMV at all.

Richard Noble, from Hansen, Allen & Luce, said they were scheduled to have a draft report by months end. As far as the most recent projections by the Kim Gardner Institute they will likely make reference to those in a qualitative manner. All numbers are based on GOMV numbers or in the case of the Goshen Valley Local District the Envision Utah numbers. This last-minute change will be worked in the best they can but will not be woven into the fabric of the numbers completely. In the report we do show that, through our planning horizon; which is 2060, southern Utah County within the study area of the agency does enjoy a fairly decent water supply that will facilitate the future population growth that has been discussed and leave in place a viable agricultural supply as well. We also have identified conceptual plans to be implemented, some right away and then others phasing in as growth occurs, such as this Agency playing a more active role in water rights and helping the cities manage them. As the Cities exact new water rights, they could be held by the Agency which would allow greater flexibility for sharing the resources among the Cities. They developed a good geographic information system. A tool that displays a lot of the GIS information in google earth so that it doesn't require any proprietary software. The plan is that they will get the draft report to the technical committee for their review first and then distribute it to the Board.

Chris Hansen said the report was coming along nicely and that the GIS data is amazing. He said that we may want to expand on the numbers because the new numbers are drastically different than what we were using.

Chairman Warren Peterson said that is the one question that lingers in his mind. If you address the numbers qualitatively in the report he is wondering what it does to the conclusion of the report. Do we need to give time to relook at the quantitative effects of the numbers?

Chris Hansen said that what the new numbers will change is time. We have a robust study that is looking at population growth that we think is going to happen like this and all of sudden it is different and so there is going to be more growth outside of what we have already been looking at. So, what we are looking at, as far as conclusions, is just going to happen a little bit faster than we had anticipated.

Richard Noble said that one of the issues is the planning horizon of 2060 and that coincides with most of the cities' general plans as to when they will hit built out conditions and so they are not quite sure how to use the new numbers in that context. What it could mean is at some point the cities will change their projections for buildout conditions.

Gene Shawcroft suggested that the Agency move forward. Get the report done and then in our conversations at Central Utah Water Conservancy District and with MAG, it will be late this year or most likely first part of next year before they allocate the new growth coming into Utah County by City. At that point in time we will have a better idea whether or not we need Richard to do some additional work on timing and location of those demands, rather than try to guess.

### **Muscle Wall**

Chris Hansen said that nothing had been done relative to the muscle wall. It is one of our projects that we know needs to be taken care of. We started that as we were looking at heavy snowpack and flooding and then kind of stopped. He will follow up with Chris Thompson. We do have quite a few entities that want to participate. We just need to get a formal list and agreement. There is a couple of issues: storage and how to move them around (i.e. do we need a trailer?). They are being stored at the ULS yard right now.

### **Water resource management**

Soren Christensen said that they are anxiously awaiting the Phase 2 report so that they can start digging into it and using that as the foundation of what we plan to do. He recommended that the Agency include someone from the technical committee as we get into some of the technical issues with that.

Chairman Peterson said that one of possibly two water rights holders, he will speak for one of them, has identified a number, 10,200-acre foot block of water rights that could be transferred into this area probably for diversion in the Benjamin and West Payson area. There is Board approval from the water rights owner to make those water rights available for allocation through the Agency.

### **Open Meetings Training**

Junior Baker said that state law requires open meeting training every year. He used an overhead presentation to conduct open meeting training.

## **Other Business**

Chairman Peterson said that Gene Shawcroft and others had spent the last four years putting together a report to the governor making recommendations for water policy government in Utah that is now available on the Envision Utah website, [Envisionutah.org](http://Envisionutah.org)

Junior Baker said that he had a list of the revenues and disbursements from the last meeting. The line item for the post office went up more than anticipated.

Next Meeting – November 30, 2017.

Gene Shawcroft **moved** to adjourn. Soren Christensen **seconded** and the meeting adjourned at 8:26 a.m.