

**Mt. Nebo Water Agency Meeting  
June 20, 2016**

**Board Members:** Chairman Warren Peterson, Vice Chairman Gene Shawcroft, Danny Throckmorton, Randy Brailsford, Larry Ellertson, Mike Mendenhall.

**Board Alternates:**

**Technical Committee:** Chris Hansen

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

**Public present:**

Warren Peterson called the meeting to order at 7:33 a.m.

**Swearing in of New Board Member**

Soren Christensen, Salem City

Randy Brailsford explained that Soren Christensen would replace him as Salem City's representative and that Randy will be the alternate.

Junior Baker mentioned, as follow up from the last meeting, that three of the Agency member's terms were up. They are Salem City, Highline and Central Utah. Highline and Central did not have a board member ready for today but will be ready by the August meeting.

Shelley Hendrickson performed the swearing in of Soren Christensen as the board representative for Salem City.

**Public Comment Period**

Warren Peterson invited public comment. There was none.

**Board Action on Adoption of Minutes**

**February 22, 2016**

**Gene Shawcroft** moved to **approve** the minutes of February 22, 2016. **Danny Throckmorton** **seconded** and the motion **passed** with all in favor.

May 16, 2016

Soren Christensen **moved to approve** the minutes of May 16, 2016. Gene Shawcroft **seconded** and the motion **passed** with all in favor.

## Technical Committee Report – Chris Hansen & Action on Technical Committee Report On Regional Water Study

### a. Regional Water Study Report on Progress into Phase II

Chris Hansen handed out copies of the completed Phase I report. The scope of services laid out in the Phase I document is what will be used for the basis of the Phase II RFP. A draft rfp for Phase II is out to the technical committee to review. He asked the board how they would like to proceed with the RFP. The Technical Committee could have the RFP out to the Board for their review and receive comments back, evaluate and have a presentation prepared for the Agency's next meeting. He said that the Technical Committee was asked, in the last meeting, to request letters of interest for the Phase II work. The cost sharing sheet was reallocated and sent out to each of the entities. The Technical Committee does not have all of the letters of interest.

Gene Shawcroft asked if the funding is available from the Bureau of Reclamation would it come off of the top and everyone's percentage would remain the same. Chris Hansen concurred. He said if we are able to get the grant funding, it is set up as a 50/50 match, and everyone's allocation will be lopped in half.

Discussion was held regarding entity participation. Tyler Coon talked with Genola's mayor. They are interested but have not submitted a letter of interest.

*\*Larry Ellertson arrived at 7:46 a.m.*

Soren Christensen asked what, if any, were the changes to the Phase I document.

Chris Hansen explained the minor changes to the phase I document.

Soren Christensen **moved to table** taking action on the Regional Water Study until the Agency's next meeting. Danny Throckmorton **seconded** and the motion **passed** with all in favor.

Chris Hansen said that Horrocks Engineers will submit their final invoice for the Phase I study before the Agency's fiscal year end. Brent Ventura is out of town. Junior Baker said that the Agency could carry the balance over into the next fiscal year. Discussion was held regarding payment to Horrocks Engineers.

Gene Shawcroft **moved** to **authorize** the Chairman to **sign** the amended contract with Horrocks Engineers so long as it does not exceed the budgeted amount. Soren Christensen **seconded** and the motion **passed** with all in favor

Chris Hansen said that the draft RFP for Phase II has already been written. The Technical Committee is still reviewing it. The Phase II RFP contains the scope of services from the Phase I study and that is the objective for Phase II. He said that he felt the RFP could be awarded by September or October. If the board would like it to be awarded in August that it could be done and explained the RFP process.

Warren Peterson raised the concern about the issuance of the RFP and anticipating an award of a contract. He expressed he did not feel that there was enough time to adequately anticipate who the participants might be and what the form of the project agreement would look like by the Agency's August meeting.

Discussion was held regarding the timing on the Phase II RFP, allowing the Technical Committee to work as expeditiously as possible on the RFP process to make a recommendation by the August meeting, making sure that the firms have an adequate time frame in their bid numbers for the RFP that will allow the Agency time to award the RFP and have the numbers still be good, putting together a three member committee of the Board to review the RFP with the Technical Committee and advertisement of the RFP to go out sometime in the week following the June meeting.

Warren Peterson **moved** to create an adhoc committee comprised of representatives from the County Irrigators representative, Soren Christensen on behalf of the cities, Warren Peterson will act on behalf of the districts to review the RFP in conjunction with the Technical Committee and then give direction out to potential contractors for Phase II. Danny Throckmorton **seconded** and the motion **passed** with all in favor.

### **Public Hearing for 2017 Budget & Adoption of 2017 Budget**

Larry Ellertson **moved** to **open** into public hearing. Gene Shawcroft **seconded** and the motion **passed** at 8:08 a.m.

Junior Baker handed out copies of the 2017 Budget. He reviewed the proposed administrative budget, Project #1 Regional Water Study Phase I and Project #2 Regional Water Study Phase I as follows:

#### ***FY 2017 PROJECTS BUDGET***

##### ***PROJECT #1***

##### ***Regional Water Study Phase 1***

###### *Expenses*

<i>Regional Study</i>	<i>\$ 5,974.29</i>
<i>Washington Counsel</i>	<i>\$ 3,000.00</i>

Total \$ 8,974.29

Revenues

Carry over from 2016 Budget \$ 8,974.29  
Member assessments \$ 0.00

**PROJECT #2**  
**Regional Water Study Phase 2**

Expenses

Regional Water Study Phase 2 \$300,000.00  
Washington Counsel \$ 9,000.00

Total \$309,000.00

Revenues

Member and  
Non-member participant contracts \$309,000.00\*

*\*To be billed as the project proceeds*

Discussion was held regarding approving the full \$300,000 for the Regional Water Study Phase II for this budget year, splitting the cost over two budget cycles, the cost being billed to the entities as the project is completed, if the grant money comes through how that will cover costs, drafting the RFP to reflect two agency budget cycles.

Gene Shawcroft **moved** to close the public hearing. Larry Ellertson **seconded** and the motion **passed** at 8:17 a.m. with all in favor.

Gene Shawcroft **moved** to adopt the fiscal year 2017 administrative budget in the amount of \$8,465. Soren Christensen **seconded** and the motion **passed** with all in favor.

Gene Shawcroft **moved** to adopt the fiscal year 2017 project #1 Regional Water Study Phase I budget in the amount of \$8,974.29 all of which is carrying over from the 2016 budget. Danny Throckmorton **seconded** and the motion **passed** with all in favor.

Gene Shawcroft **moved** to adopt the fiscal year 2017 project #2 Regional Water Study Phase II budget in the amount of \$309,000 with a note that the \$309,000 for the Phase II study can be spent over two fiscal years as identified in the project agreement. Danny Throckmorton **seconded** and the motion **passed** with all in favor.

## **BOR Grant Application Status**

Tyler Coon explained that the grant application was being prepared in coordination with the Bureau of Reclamation for the Basin study grant. It is due Wednesday of this week. One thing that the board needs to be aware of is that we are not going to expect to get a check cut to the Agency from the Bureau. Going through the process and being awarded we would be taking on the Bureau of Reclamation as a partner in the project. They may look for opportunities to take on some of the scope of work with their own services and make contributions through services and make contributions through services instead of just cutting the Agency a check for half of the cost of the project.

Discussion was held regarding the Bureau of Reclamation as a partner in the grant, building verbiage into the RFP that the Board has the ability to award or not award certain parts of it and reaching out to water rights and water resources for more funding avenues.

Larry Ellertson **moved** to move forward with the grant application. Soren Christensen **seconded** and the motion **passed** with all in favor.

Tyler Coon asked, in an effort to strengthen the application, that all of the entities submit a letter of support.

## **Surface Water to Ground Water Transfers in South Utah County and Action on Surface to Ground Water Transfers**

Soren Christensen explained that this is an issue that has come up time and time again where we have raised concerns with the State water board. Water is being transferred into our aquifers supposedly, at least on paper, but it is actually surface water generally transferred from up north that we cannot really use so the aquifer is depleting. We see ponds going down and private wells going dry and are concerned about it and wondering if this entity can take a position one way or another on it.

Randy Brailsford said that communities are letting developers go anywhere and bring water back to their municipality for development; so, they are bringing the paperwork here but not the canal with water with it. The concern is when you look up North they still keep the water but they don't have the rights but they still have more water. Salem City changed their policy to only accept water that can be used now; that's wet. He asked the Board if there was a recommendation or letter to other municipalities around us to encourage them to get water just not paper.

Warren Peterson explained that this would be within the authority of the Division of Water Rights under the Department of Natural Resources. He said that he had spoken to the Regional Engineer that she is aware the whole division is looking at this issue.

Chris Thompson said that Spanish Fork does not allow underground water to be transferred for development but the wells are going down and they have tried to pump their wells less because of this issue. He feels the proper way is to protest the transfers.

Discussion was held regarding protesting the transfer but with the Agency taking the stand and sending the letter, the Agency's water study should address this but not wait for the study to take any action.

Steve Clyde expressed that he felt it would be more effective for the cities to send a discreet protest. The Agency could be most helpful would be a broad policy letter on protecting the irritable origin of your ground water in your own future development and concern about paper water rights and there are a lot of these transfers being done by developers that are speculating bringing water down from northern Utah county to here and clearly it is putting paper water without bringing physical water and it will have an impact. Put politic pressure on the State Engineer to look at these issues.

Discussion was held regarding the Agency preparing a letter of concern, supporting some of the smaller cities around that are some of the culprits, how this affects our own agencies, individual water users need to protect their own water and preparing a specific proposal on paper.

Gene Shawcroft **moved** that the Agency draft a letter addressed to the state engineer indicating we have concern to the point that we are putting together a water demand and availability study. Send a copy of the letter to whomever we feel appropriate drafted and ready for review at next meeting. The **motion failed**.

Warren Peterson suggested that Gene Shawcroft and Soren Christensen prepare a letter for the board to review in the next meeting. Action will be deferred to the next meeting.

### **Public Outreach Committee Report – Randy Brailsford**

Randy Brailsford did not have anything to report as the committee had not met.

### **Status on Adding New Members**

Gene Shawcroft said as directed, in the prior meeting, a small group consisting of Junior, Marty and himself met to discuss issues associated with adding new members to the agency. It was obvious from the get go that there would be additional members to this Agency at some point in time but was uncertain, when the Agency was created, when additional members would be added and who might be interested in becoming a member and how many might request to be members and whether or not they would be public or private entities. This was a public agency and created as a public agency for various reasons the least of which was the ability to have better access to financing for future projects. There was concern about the size of the Board and the makeup of the Board and again all of those were uncertainties. It was acknowledged; however, very clearly and very straightforwardly that there would be other entities that might want to

participate in projects. His opinion was that the agency was created in such a way that the door was wide open for participation in future projects and that was done so that others could participate in those projects. We at this point have opportunity for all entities to participate in phase II of the project and are encouraging outreach of those who would want to participate. He would not want membership in this Agency to have anything to do with how we move forward with Phase II of the project. As we kicked it around the other day we simply came to the conclusion that it would be important for us to determine who all was interested in participating in the Agency so that we did not have to go through this multiple times. The first suggestion was that we understand who those entities are that want to participate and give them a chance to express interest in participating in the Agency and once those are all identified we can take time to sort through the logistics of how we modify the interlocal agreement for that to occur with the understanding that all those uncertainties that were put forth as the agency was created would be identified and concluded. In the meantime it is our strong recommendation that those that are interested in participating in the Agency participate in phase II of the project. That is something that can happen immediately and without commitment to be a part of the Agency.

Marty Larsen concurred with Gene and figured with this project going forward you would be able to see who participate to what extent, desires and motives and so forth and allow the Agency to make a better decision of the ones who would best fit as a board member.

Warren Peterson said that the phase II of the project is intended to be a foundational element of activity in the Agency.

Jeremy Sorenson asked if you have to participate in phase ii to be considered agency members. Gene Shawcroft said no. That if there is strong interest in participation in the Agency that today what's on the table for the Agency is project Phase II and so if there is interest in participating you can participate immediately in that project but it will take some time to figure out all of the uncertainties for additional members to be added to the Agency.

Junior Baker explained that the key thing is that it is a lot of work to revise all of the agreements and bylaws to make all this happen and we do not want to do it more than once or twice and it is going to take time but do not want to shut the door if people want to participate in this project.

Keith Broadhead explained that Santaquin City did not ask to be a part of the Agency; that they were asked to be a participant. When it came to our board we agreed that we would participate if we had some oversight in it. He said it sounds like this project is going to go on and nobody knows when you are going to decide whether we can be part of the oversight. He said that they would at least like to get their Engineer part of the technical committee but if they can't there was no reason to be a part of this group.

Chairman Warren Peterson explained that in the agreement for creation of this Agency where it contemplates projects the project governs will be decided in the project agreement and not just the board. All project participants will be participating in a project management committee.

Keith Broadhead said that Santaquin City's Engineer has done a great job on their water study and they are really not seeing where they fit into this major group. They want to be a player but if the Agency doesn't want them to be part of the group than they can do it themselves. They did what the Agency requested by submitting a letter and now it has stumped you.

Randy Brailsford said that he agreed that when we first started we had our arms open for people to join and he didn't understand why we were making it so hard.

Warren Peterson said that we are figuring this out as we go. One of the big handicaps is that the Agency does not have any staff.

Discussion was held regarding adding member agencies to the Board, representation on the Agency's technical committee in projects specifically in phase II, public agencies that are not involved will be involved, creating other boards within the Agency, moving phase II forward and adding new members simultaneously.

Junior Baker explained that the Agency could move forward in short order to add new members but that it would take some time but let's not have that affect phase II of the project.

Chairman Warren Peterson asked what action needed to be taken by the board to move forward on the two membership requests and are we set up on the agenda to do that today.

Junior Baker said that a formal motion was not needed just direction and that he felt he got that direction from the board in the last meeting. He said that we should reach out to a few others that are logical. We give them a reasonable but not lengthy time and then proceed.

Chairman Warren Peterson asked Junior Baker to come back to the next board meeting with a specific action item on how to proceed with this.

Discussion was held regarding working on a draft agreement for the next meeting.

Marty Larsen asked if the membership would be limited to the geographical map established for the Agency. Junior Baker said it would for right now.

Larry Ellertson asked about the map and the phase II study helps us decide if the geographical map ought to be revised.



Chris Hansen said that he could see other entities outside of the geographical boundary participating and that the phase II project would help the Agency.

Chairman Warren Peterson said that expanding the membership Agency was quite simply that getting a new survey done to bring new members in there would have to be a discussion on whether or not the new members bear the cost of the survey or if everyone shares the cost.

### Meeting Schedule

- **Next Meeting: August 15, 2016**

### Other Business

Junior Baker handed out a draft participation agreement for our projects.

*\*Soren Christensen exited the meeting at 9:23 a.m.*

Junior Baker reviewed the draft participation agreement. Steve Clyde commented that look at flushing out what a project committee would look at separate and apart from governance of the Board

Danny Throckmorton **moved** to adjourn. Gene Shawcroft **seconded** and the motion **passed** with all in favor at 9:28 a.m.