

MT NEBO WATER AGENCY  
BOARD MEETING  
Salem City Offices, 30 West 100 South, Salem UT 84653  
Monday, February 13, 2023

CONDUCTING

Richard Nielson, Chairman

BOARD MEMBERS

ABSENT-Gene Shawcroft, Central Utah Water Conservancy Dis.  
ABESNT-Marty Larson, Genola City  
ABSENT-Wes Quinton, Goshen Valley Local District  
ABSENT-Brett Christensen, Payson City  
ABSENT-Seth Sorensen, Salem City  
David Hathaway, Santaquin City  
Kevin Oyler, Spanish Fork City  
Boyd Warren, Strawberry Highline Canal Co  
Richard Nielson, Utah County

ALTERNATE BOARD MEMBERS

Chris Hansen, Central Utah Water Conservancy District  
ABSENT-Neil Brown – Genola City  
ABSENT-Paul Munns – Goshen Valley Local District  
David Tuckett, Payson City (7:40 a.m.)  
ABSENT-Kelly Peterson, Salem City  
ABSENT-Lynn Mecham, Santaquin City  
Chris Thompson, Spanish Fork City  
ABSENT-Glen Tanner, Utah County

TECHNICAL COMMITTEE

Chris Hansen, Central Utah Water Conservancy District  
ABSENT-Chris Steele, Genola City  
ABSENT-Melanie McVicker, Goshen Valley Local District  
Travis Jockumsen, Payson City  
Bruce Ward, Salem City  
Norm Beagley, Santaquin City  
ABSENT-Chris Thompson, Spanish Fork City  
Richard Nielson, Utah County

STAFF

Kim E. Holindrake, Payson City Recorder

OTHERS

Steven Clyde, Clyde Snow (online)  
Steve Jones – Hansen, Allen & Luce  
John Waters, Spanish Fork City  
Sterling Brown, Strawberry Water Users Association  
Dave Pitcher, Central Utah Water Conservancy District  
Adam Jokerst, Westwater Research LLC  
Emily Lewis, Clyde Snow (online)  
Rob Hunter, Mapleton Public Works Director

1. Call to Order

Chairman Richard Nielson called this meeting of the Mt Nebo Water Agency Board to order at 7:32 a.m. The meeting was properly noticed.

2. Public Comment Period

No public comments.

3. Approval of Minutes – November 14, 2022, Meeting

**MOTION: Kevin Oyler – To approve the minutes of the November 14, 2022, meeting as corrected.**

Motion seconded by Boyd Warren. Those voting yes: Chris Hansen, David Hathaway, Kevin Oyler, Boyd Warren, Richard Nielson. The motion carried.

4. Finance Report

Kim Holindrake reviewed the finance memo noting since the last meeting no invoices were paid. Revenues included interest of \$21.25. Account balances include reserve account - \$5,000, administrative account - \$30,498.64, Capital Projects Project 4 account - \$1,441.94, and Project 5 \$27,920.00 for a total of \$64,860.58.

5. Technical Committee Report and/or Action

a. Update on Groundwater Management Plan

Chris Hansen stated the final report on the groundwater database is out with a couple corrections. Steve Jones noted the Agency needs to determine how to move forward with the database. This would be addressed at a future meeting.

Chris Hansen stated the Technical Committee will meet and discuss how to move forward. He will get the final report out to the Board.

b. Update on WaterSMART Banking Grant Project

Chris Hansen stated since the last meeting, proposals were received on the WaterSMART Banking Grant. The Board authorized the Technical Committee to execute an agreement. Westwater Research LLC was chosen to do the work, and the agreement was executed. Adam Jokerst with Westwater Research is here to present the information.

Adam Jokerst stated this stems from the Utah Water Bank Act that was passed in 2020 to facilitate local, temporary, and voluntary transfers of water. It is an alternative transfer mechanism compared to traditional change applications and allows more flexibility. It is being promoted by the State in response to more water stress and scarcity. Fundamentally, water is deposited into a bank with the water rights changed to water banking rights. While in the bank, the water rights are protected against abandonment and give the ability to shepherd this water downstream without the risk of intervening diversions taking it out. Once in the bank, it can be withdrawn and leased to one or more users. The process begins with a change application with the Division of Water Resources and then a change application with the State Engineer. Terms can be short-term or long-term leases until 2030, which is the sunset in the Act. It could be longer than seven years if the Act is extended.

There are two forms of water banking allowed under the Act. A contract bank is a simplified arrangement with an agreement/contract signed by the lessor and lessee. The lessor and lessee are defined at the beginning, terms are determined prior to the bank, and a public entity manages the bank. A statutory water bank is more flexible but more complex by requiring governance, operations, membership, reporting, etc. A key requirement is an intergovernmental agreement setting up the governance, which could be the agreement already set up by the Mt. Nebo Water Agency. It is an open-ended agreement with multiple parties leasing into or withdrawing from bank. Both types of banking require a change application with the Utah State Engineer as well as everything involved in a change. The applicant must be the owner of the water right. Currently in the State, there has not been a statutory bank established.

Following the passage of the Act, the Division of Water Resources secured an \$800,000 grant from the Bureau of Reclamation to implement a study on how these banks could be applied throughout the State as well as testing the banks. Three pilot areas were created. Price River with Carbon Canal Company was approved as a contract bank and should be operational next year, Cache Valley on the Bear River was started as a contract bank, but the parties found they could do a leasing arrangement. This project should be operational next year. East Canyon Creek (Snyderville Basin) is an ongoing statutory bank effort, but it's unclear whether it will result in a water bank application. During this process, a suite of tools was created including guidance, application, forms, and website.

The Mount Nebo Water Balance Study identified southern Utah County as an area with increasing water stress and likely water transfers. Other stresses include the Colorado River Basin and Great Salt Lake with an opportunity of 982-acre-feet of groundwater owned by Farmland Reserve Inc available as seed water. The potential benefits of a water bank structure include replacing temporary change applications for each transfer, establishing a broader service area, providing a more predictable market and transfers process, allowing potential small participants, and expanding trading opportunities within the bank service area.

The Agency hired Westwater Research to write a grant that was funded at \$44,000 with \$44,460 as in-kind contributions. The overarching goals include defining how water banking can best serve Mount Nebo members, applying for a statutory water bank, and engaging water users. Four tasks were defined in the bank.

1. Public Outreach – essential to the project success and required by the grant. Public outreach includes engaging members, collecting input, identifying potential lessors and lessees, identifying governance options, addressing concerns, and holding meetings with state agencies and key groups.
2. Scoping – laying the groundwork on how the water bank is established. This includes leveraging the 2019 Regional Water Study, evaluating transferability, and analyzing the seed water right. A regulatory analysis is required for the water banking application, and the grant requires an environmental review/study. The environmental work is done by us for the Bureau.
3. Strategy - deliver a water bank plan and application. This includes reviewing prior water bank applications and applying lessons learned, developing water bank operations, developing a water bank application, and shepherding the application through the approval process and responding to agency comments. This requires a lot of coordination with the State.

4. Administration. This includes developing a work plan, submitting progress reports, and preparing a comprehensive final report.

Three key, in-person meetings are scheduled with this meeting as the first meeting and meetings in June and August. Additional remote meetings are scheduled as well. The process runs over 10 months with the strategy developed by September and finalized by November.

Discussion:

Norm Beagley suggested having meetings with the Technical Committee to ask questions and explore things going through the process.

Chris Hansen stated yes, there will be virtual meetings with Technical Committee.

c. Other

No other items.

6. Envision Utah – Utah County Update

Item not addressed.

7. Other Business

a. Information/Discussion Items for Future Meetings

Legislative Updates

Kevin Oyler asked about getting legislative updates on the legislative actions affecting water. Steven Clyde noted there are 40 water bills moving through the legislature now with many focused on water conservation and the Great Salt Lake. He will give a formal report on these bills at the next meeting, which follows the legislative session.

b. Other

No other business.

8. Next Meeting – May 8, 2023

9. Adjourn

**MOTION: Chris Hansen – To adjourn.** Motion seconded by Dave Tuckett. Those voting yes: Those voting yes: Chris Hansen, Dave Tuckett, David Hathaway, Kevin Oyler, Boyd Warren, Richard Nielson. The motion carried.

This meeting adjourned at 8:00 a.m.