

MT NEBO WATER AGENCY
BOARD MEETING
Salem City Offices, 30 West 100 South, Salem UT 84653
Monday, June 10, 2024

CONDUCTING

Richard Nielson, Chair

BOARD MEMBERS

Bart Leeftang, Central Utah Water Conservancy Dis.
Marty Larson, Genola City
Braden Sheppard, Goshen Valley Local District
ABSENT-Brett Christensen, Payson City
ABSENT-Paul Taylor, Salem City
Lynn Mecham, Santaquin City
Kevin Oyler, Spanish Fork City
Boyd Warren, Strawberry Highline Canal Co
Sterling Brown, Strawberry Water Users Assoc.
Richard Nielson, Utah County

ALTERNATE BOARD MEMBERS

Gerard Yates, Central Utah Water Conservancy Dis.
ABSENT-Curtis Thomas – Genola City
ABSENT-Paul Munns – Goshen Valley Local District
David Tuckett, Payson City
Bradey Wilde, Salem City
Art Adcock - Santaquin City
Chris Thompson, Spanish Fork City
ABSENT-Lynn Swensen, Strawberry Water Users Assoc.
Glen Tanner, Utah County

TECHNICAL COMMITTEE

ABSENT-Roger Pearson, Central Utah Water Conservancy Dis.
ABSENT-Chris Steele, Genola City
ABSENT-Melanie McVicker, Goshen Valley Local Dis.
Travis Jockumsen, Payson City
Bradey Wilde, Salem City
Norm Beagley, Santaquin City
Chris Thompson, Spanish Fork City
Sterling Brown, Strawberry Water Users Assoc.
Richard Nielson, Utah County

STAFF

Kim E. Holindrake, Payson City Recorder

OTHERS

Steven Clyde, Clyde Snow (online)
Gary Brimley, Central Utah Water Conservancy Dis.
Brian Hutchings, Woodland Hills City

1. Call to Order

Chair Richard Nielson called this meeting of the Mt Nebo Water Agency Board to order at 7:30 a.m. The meeting was properly noticed.

2. Public Comment Period

No public comments

3. Approval of Minutes – May 13, 2024, Meeting

MOTION: Kevin Oyler – To approve the meeting minutes of May 13, 2024. Motion seconded by Marty Larson. Those voting yes: Bart Leeftang, Marty Larson, Braden Sheppard, Dave Tuckett, Bradey Wilde, Lynn Mecham, Kevin Oyler, Boyd Warren, Sterling Brown, Richard Nielson. The motion carried.

4. Technical Committee Report (7:32 p.m.)

a. Other

No Technical committee items or reports.

5. Finance Report (7:33 p.m.)

Dave Tuckett presented the finance memo. Since the last meeting four invoices were paid to Westwater Research LLC (\$1,331.25), Hansen, Allen & Luce (\$1,236.50 & \$4,370.50), and State of Utah (\$25.00). Revenues included interest of \$3.58. Account balances include the reserve account - \$5,000, administrative account - \$30,648.87, Project #5 account - \$21,602.81-, and Project #6 account - \$12,035.85 for a total of \$26,081.91. The current balance of the groundwater database assistance is \$1,395.75. The current balance of Project #5 – Grant is \$27,259.53 because it has been funded with the administrative account until the grant funds are received. He has been working with the Bureau of Reclamation on the extension. Once the extension is completed, the grant funds will be released, and the account will be trued up.

Sterling Brown questioned that there are four separate accounts.

Dave Tuckett clarified that there is one bank that is allocated into four accounts (spreadsheets). There are enough funds in the administrative account so there are no member assessments. The administrative account is only \$2,800, which isn't all used each year. Assessments are allocated to each member when there is a project, which is based on the number of participants. When funds are left over following the close of a project, a credit is given on the next project, which may occur on Project #5. The negative \$21,602.81 has been covered by the administrative account and will be reimbursed when the grant funds are received. A public hearing can be held at the next meeting to amend the budget and true up the project accounts.

Kim Holindrake stated the \$26,081.91 is the bank account balance, which totals the four accounts. The \$27,259.53 is what is expected to be received from the grant funds on Project #5. The \$1,395.75 is what's left from tracking the groundwater database assistance contract and is pulled from the administrative account.

Board Discussion:

Boyd Warren stated a discussion was held at the last meeting regarding the ongoing groundwater management. He questioned the costs of moving forward.

Chris Thompson explained initially budget estimates came in lower the first year with projections closer to \$20,000 per year for subsequent years. However, there are specific expenses anticipated for the initial year related to modeling and project accounting. While half of these expenses is being covered by CUWCD, there is still a need to allocate funds from the Agency's budget. Once the modeling is complete and ongoing data tracking is established, then expenses are expected to diminish to just operations and maintenance. During a meeting of the Technical Committee, it was decided that adjusting the budget for the current year upwards would be prudent to accommodate these additional costs. Dave Tucket stated the first year is estimated at \$32,000, which he will cover in the budget section.

6. Review of State Auditor's Fraud Questionnaire (7:40 p.m.)

7. Review of State Auditor's Self-Evaluation Form

Dave Tuckett noted the State Auditor's Office requires this Fraud Risk Assessment yearly. The questions cover policies, accounting, and budgeting, which receive points. The Agency doesn't have policies on conflict of interest, ethical behavior or fraud/abuse, but policies could be put in place to receive more points. The Agency has separation of duties. As treasurer, he doesn't sign checks. Kim Holindrake prepares the checks, and he reaches out to two board members to sign. He doesn't believe there is any penalty from the State Auditor's Office if points are low. In the future, the Auditor's Office may get more aggressive. Last year question #5 was given points, but this year two members have not completed their training, so no points were given.

Dave Tuckett reviewed the Self-Evaluation Form required by the State Auditor. This covers policies and procedures such as purchasing, approval of disbursements, and GRAMA requests. If the Agency didn't have a policy on an item, it's stated that the State law is followed. If there are any questions, he discussed it with the Payson Finance Director. He doesn't see any concerns. The budget comparison was in the meeting packet, which covers the last three budget years.

MOTION: Marty Larson – To approve the State Auditor's Fraud Questionnaire and Self-Evaluation Form. Motion seconded by Bart Leeftang. Those voting yes: Bart Leeftang, Marty Larson, Braden Sheppard, Dave Tuckett, Bradey Wilde, Lynn Mecham, Kevin Oyler, Boyd Warren, Sterling Brown, Richard Nielson. The motion carried.

8. Public Hearing/Resolution – Proposed Final Budget for Fiscal Year 2024-2025 (7:46 p.m.)

Dave Tuckett reviewed the administrative budget, which was approved as a tentative budget at the last meeting. Again, this is an estimate and a very lean budget of \$2,800. There are enough funds in the administrative account so there are no assessments to the members.

He reviewed the project's budget. Project #5 is awaiting reimbursement of \$27,259.53 from the Federal Government. The current expenses from Westwater Research LLC is \$54,519.06, which includes the application expense. The in-kind participation probably isn't applicable. Once the grant funds are

received, the account will be trued up and closed at the next meeting. Project #6 has a contract amount of \$22,488.00 with expenses from Hansen Allen & Luce at \$10,452.15. The Board will be given the final costs at the August meeting and then it can be closed out.

Chris Thompson stated project #6 will be under budget with a final expense before August.

Dave Tuckett reviewed Project #7 for Groundwater Database/Plan Management at a cost of \$32,000 for this year. He and Chris Thompson review previous project assessments. A portion of the cost is project based and the remainder is maintenance. The proposed assessment was included in the packet with \$18,000 for project costs and \$14,000 for maintenance costs. Any credits from prior projects can be applied to each entity's assessment.

Chris Thompson stated because the model will be developed and then just maintained, the future costs will be \$24,000 yearly for maintenance plus a little for inflation. This will be split up evenly among the members.

Dave Tuckett stated last year there was a groundwater database assistance project that was funded through the administrative account, and this just shows the accounting with \$2,854.25 in expenses and \$1,395.75 remaining. This will not be needed in the future. He will prepare a summary for the Board of what is left in each project and the credits available before the assessments are finalized.

MOTION: Bart Leeftang – To open the public hearing. Motion seconded by Marty Larson. Those voting yes: Bart Leeftang, Marty Larson, Braden Sheppard, Dave Tuckett, Bradey Wilde, Lynn Mecham, Kevin Oyler, Boyd Warren, Sterling Brown, Richard Nielson. The motion carried.

Public Hearing:
No public comments.

MOTION: Kevin Oyler – To close the public hearing. Motion seconded by Lynn Mecham. Those voting yes: Bart Leeftang, Marty Larson, Braden Sheppard, Dave Tuckett, Bradey Wilde, Lynn Mecham, Kevin Oyler, Boyd Warren, Sterling Brown, Richard Nielson. The motion carried.

MOTION: Braden Sheppard – To adopt the (Resolution No. 06-10-2024-A) 2024-2025 Fiscal year Budget as presented. Motion seconded by Bart Leeftang. Those voting yes: Bart Leeftang, Marty Larson, Braden Sheppard, Dave Tuckett, Bradey Wilde, Lynn Mecham, Kevin Oyler, Boyd Warren, Sterling Brown, Richard Nielson. The motion carried.

9. Other Business

a. Presentation on the history, mission/purpose, etc. of the Mt. Nebo Water Agency (7:58 p.m.)

Steve Clyde stated in 2014, the Utah Lake Project or ULS System of the Central Utah project was moving rapidly into the county. While South Utah Valley Municipal Water Association (SUVMTWA) has a contract with Central Utah Water Conservancy District's (CUWCD) for delivery of water allocated to south Utah County, CUWCD could see a variety of things that were going on. The cities appeared to be all rapidly growing, and there was some real competition for groundwater. Wells were being put down almost everywhere, bringing in water some of which wasn't good quality, and importing

185 water from way north. CUWCD felt there was a real issue as to whether there was adequate groundwater
186 supply to support everything that was happening. CUWCD proposed the creation of this entity through
187 an interlocal agreement including governmental and non-governmental entities. The primary goal was to
188 bring these various voices to the table to work through and move forward in a cohesive way to address
189 the options and opportunities related to water created by such an entity. One of those might be to have
190 this organization take over for SUVMWA the ULS contracts for example. It would be possible to do, as
191 the Agency is now doing, a cohesive groundwater study to see what resources are actually available, see
192 what the basin as a whole could tolerate by additional development, and use this as a vehicle to
193 coordinate activities.

194
195 The initial interlocal agreement, adopted in 2014, granted 28 specific powers to the Agency, but the
196 primary authority was to plan, design, develop, construct, own and/or sponsor projects related in
197 facilities; operate, administer, repair, and replace any project facilities built by this organization for the
198 mutual benefit of its membership; facilitate the transfer and distribution of Agricultural Water and
199 Municipal Water to the extent it was going to happen; but also work on preserving the agricultural
200 economy in south Utah County, which was and still is a vibrant part of the overall economy. It was felt
201 this organization would be a good vehicle to do this. The organization was created with its original
202 members. Not all the cities in south Utah County were interested in joining but were given the
203 opportunity to join later. Additionally, non-members were allowed to participate in specific projects
204 through contractual agreements. CUWCD has and continues to play a significant role in funding the
205 Agency.

206
207 This was the primary goal of the Agency. Whether or not this has been achieved, he's not sure. The
208 groundwater study and water banking study continue to move forward, which were critical to get
209 answers. There was an opportunity when the LDS Church made available a block of water that was
210 parked in this area for a number of years, which gave good water rights available as well as prevented
211 poor quality water from being brought into the area. At this time, the opportunity to use the LDS Church
212 water block has moved.

213
214 Moving forward, the organization must continue studying water-related issues, adapting to changing
215 circumstances, and exploring opportunities for further collaboration and development to meet the
216 growing needs of the area. The Agency serves a vital role.

217 Board Discussion:

218 Sterling Brown mentioned a sensitive part of the history as to why this Agency was created instead of
219 dovetailing into the existing SUVMWA.
220

221
222 Steve Clyde stated CUWCD didn't see SUVMWA as doing quite what it was hoped to do. It started out
223 with mayors and higher echelon people in the cities. It simply didn't fill the role envisioned when
224 created and contracted for the ULS water. This Agency is far more active and vital. It is a sensitive
225 subject, but this was one of the factors in CUWCD's mind to find another vehicle to work and plan
226 because SUVMWA simply wanted to hold the contract. This period is about up, and people will need to
227 start paying for the CUP water. This Agency is more of a planning organization and takes a hard look at
228 issues such as groundwater management and letting participants dictate how water will be shared. The
229 Agency is working well and doing good things.
230

Dave Tuckett thanked Steve Clyde for getting this up and running. The interlocal has worked best, and it's been a great organization. It's been beneficial.

Steve Clyde noted the Agency does have a mission statement.

Marty Larson stated Genola has 1,600 residents and will receive a \$1,900 bill for the groundwater maintenance as well as a bill from SUVMWA. He proposed that a great effort be put into combining these two entities, which would include changing the boundaries. Also, he questioned if the groundwater maintenance is a project so other entities could join as well.

Steve Clyde noted the two agencies could definitely be merged, but not all of the members of SUVMWA are members of this Agency, which is an issue in terms of where the contract water is allocated. There would need to be a buy-in from all the entities.

Chris Thompson clarified that the groundwater maintenance is a database of well levels that is maintained over time; it's not a project. You need to be at the member level to benefit.

Norm Beagley stated if anyone wanted to bring in their data at no cost, it would certainly be beneficial to everyone. The monetary side could be something different.

b. Information/Discussion Items for Future Meetings (8:12 p.m.)

No future meeting items.

c. Other

No other discussions.

10. Election of Officers (8:13 p.m.)

Richard explained the chair and vice chair have a one-year terms and can serve three consecutive terms. The secretary/treasurer serves a three-year term and can only serve one term.

Dave Tuckett recommended appointing Richard Nielson as Chair, Marty Larson as Vice Chair, and Sterling Brown as Secretary/Treasurer. Sterling Brown works in Payson and the communication will be better accommodated.

a. Chair

b. Vice Chair

c. Secretary/Treasurer

MOTION: Dave Tuckett – To appoint Richard Neilson as Chair, Marty Larson as Vice Chair, and Sterling Brown as Secretary/Treasurer. Motion seconded by Braden Sheppard. Those voting yes:

Bart Leeftang, Marty Larson, Braden Sheppard, Dave Tuckett, Bradey Wilde, Lynn Mecham, Kevin Oyler, Boyd Warren, Sterling Brown, Richard Nielson. The motion carried.

11. Next Meeting – August 12, 2024

12. Adjourn

MOTION: Marty Larson – To adjourn. Motion seconded by Dave Tuckett. Those voting yes: Bart Leeftang, Marty Larson, Braden Sheppard, Dave Tuckett, Bradey Wilde, Lynn Mecham, Kevin Oyler, Boyd Warren, Sterling Brown, Richard Nielson. The motion carried.

This meeting was adjourned at 8:15 a.m.