

# Mount Nebo Water Agency Southern Utah County Water Banking Strategy

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## TECHNICAL PROPOSAL

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### Executive Summary

**Date:** April 7, 2021  
**Applicant Name:** Mount Nebo Water Agency  
**City, County and State:** Salem, Utah County, Utah

The proposed project will develop a Water Banking Strategy for southern Utah County and an application to the Utah Board of Water Resources (UBWR) for the creation of the Mount Nebo Water Bank (MNWB). The Mount Nebo Water Agency (MNWA) is a public entity formed in 2014 by eight municipal and agricultural water users in southern Utah County to facilitate cooperative water planning, resource sharing, water distribution, and to provide for responsible growth and sustainable agricultural water supplies. In 2019, MNWA has completed a regional water supply study which has highlighted negative impacts to local agriculture due to the pending loss of long-term water lease contracts and the growing needs of municipal water providers. Water users in southern Utah County face future water supply gaps, which will lead to local water supply shortages for agricultural and municipal water users and create conflicts between water users. These projected shortages fall in the highest grossing agricultural county in the state and one of the fastest growing counties in the state. Solutions are needed and local stakeholders have charted a path that includes water marketing as a key element to benefit both agricultural and municipal water users.

MNWA seeks to address the near-term concerns of agricultural users and the long-term concerns of municipal water users through the creation of the MNWB. The proposed project will fund MNWA in developing a Southern Utah County Water Banking Strategy which will inform the creation and operation of the MNWB. As part of this, the proposed project will fund the submittal and approval of an application to the UBWR for the creation of the MNWB. The project will provide water users in southern Utah County with an approved tool that provides flexibility to efficiently transfer water supplies between various users in the local region.

Water banks are new to the State of Utah, with enabling legislation passed in March 2020. Currently the Utah Division of Water Resources (UDWR) is engaged in the Water Banking Pilot Program (Pilot Program), an effort to test water banking in Utah through the creation of three pilot water banks. MNWA is seeking to build upon the work already completed and still underway by the Pilot Program. If funded, the proposed project will create one of the first non-pilot water banks in the state and the first water bank along the Wasatch Front region, which is Utah's major population center and the focal point of future growth in the state. Finally, MNWA recognizes that it will be in a unique position to help further water banking efforts in the State of Utah. As part of the proposed project, MNWA will hold several workshops upon completion of the Water Banking Strategy in order to assist other water users to effectively leverage water banking.

### Proposal for Funding Group 1

**Project Timeline:** 12 months

**Estimated Completion Date:** October 2022

**Reclamation Projects:** Strawberry Valley Project, Central Utah Project



## Background Data & Information

Southern Utah County faces significant water resource management challenges in the immediate future and the coming decades. Population in the area is expected to triple in the next 40 years, increasing pressures on limited municipal water supplies. Agriculture in the area has historically benefited from interim water supplies from the Central Utah Project (CUP) which are now being shifted to municipal use. These challenges led to the creation of the Mount Nebo Water Agency (MNWA) by a group eight local municipal and agricultural water users. The MNWA is proposing to develop a Southern Utah County Water Banking Strategy and to submit a water bank application to the Utah Board of Water Resources (UBWR) for the creation of the Mount Nebo Water Bank (MNWB).

Water banking is a relatively new tool in Utah, having been signed into law in March 2020. The legislation allows for the creation of a water bank through approval by the UBWR. The Utah Division Water Resources (UDWR) has been engaged in piloting water banks in Utah, funded in part through a WaterSMART grant. These pilot banks are developing information on how water banking best works in the Utah context and how local areas can best leverage water banking to address local water management challenges. The MNWA will build upon this expertise along with recent work studying regional water supplies in order to compete the proposed project.

### Southern Utah County Water Uses

Water use in southern Utah County was originally agricultural, with limited volumes utilized for municipal and domestic use. Utah County is the second most populated county in the state. Most of the population is confined to the northern and eastern portions of the County. As of 2016, southern Utah County has a population of around 91,000, around 15% of the overall population of Utah County. Agriculture remains dominant in the area, with 55,647 irrigated acres as of 2016. This represents 77% of all irrigated land in Utah County whose agricultural economy was valued at \$202 Million as of the 2017 Census of Agriculture and was the #1 agricultural economy in Utah, in terms of gross receipts in 8 out the previous 10 years. A significant proportion of this value comes from fruit growers who produce products such as cherries, apples and peaches. **Table 1** shows present and future water uses for southern Utah County. As of 2016, municipal water uses accounted for around 23,000 acre-feet (AF) of diversion, while agricultural water use accounted for 167,000 AF of diversion.

**Table 1: MNWA Service Area Water Future Water Supplies**

	Demand Volume (AF)			Supply Volume (AF)		Shortage Volume (AF)	
	Municipal	Agricultural	Total	Dry Year	Avg Year	Dry Year	Avg Year
Present	23,443	166,941	190,384			-43,418	32,797
Future (2060)	82,327	98,506	180,833	146,966	223,182	-33,866	42,349
<b>Change</b>	<b>58,884</b>	<b>-68,435</b>	<b>-9,551</b>			<b>9,552</b>	<b>9,552</b>

### Southern Utah County Water Challenges

Like much of Utah, southern Utah County's water supplies are overallocated and the area is water short. As shown in **Table 1**, if all 55,647 acres of permitted irrigation were fully irrigated, there would be expected shortages in dry years of up to 43,000 AF. Presently, these shortages are mitigated through the delivery of Colorado River water supplies from the CUP, however agricultural users will soon lose access to this water. Historically the CUP has delivered up to 20,000 AF to water users in the Strawberry Water Users Association, which covers the majority of irrigated acreage in southern Utah County, with approximately 15,000 AF



delivered in 2020 to 340 different water users. Starting in 2020, the allocation of 20,000 AF will be reduced by 2,000 AF per year over the next 10-year period. Impacts to local agriculture will become more acute each year. The CUP water is a supplemental water source and fruit growers rely upon the CUP water to provide a reliable water supply to irrigate their high-value crops. Significant high-value acreage is at risk if a replacement water source is not secured. The loss of the CUP contract supply of 15,000 AF is estimated to impact roughly 10,000 acres.

In the future, planning studies indicate that municipal water demands will increase and local water supply shortages will become more acute in all sectors. Municipal water users will be less able to share water supply surpluses with the agricultural sector. In order to provide adequate dry year water supplies, MNWA has received an offer to transfer water rights northern Utah County into the MNWA service area. One water right has already been transferred and will be the seed water right for the MNWB. These transferred water rights are likely to be controlled by municipal water users but will not necessarily be needed for immediate use. Instead, municipal water users seek the ability to lease these water rights to agricultural use, thus preserving the rights for future municipal use and helping agricultural users mitigate the loss of CUP water in the near term.

### **Mount Nebo Water Agency**

In response to the water challenges discussed above, eight water users in southern Utah County formed the Mount Nebo Water Agency (MNWA). MNWA was formed in 2014 through an interlocal agreement and now has eight members, each of whom are water users in southern Utah County:

- Payson City
- Salem City
- Spanish Fork City
- Central Utah Water Conservancy District
- Goshen Valley Local District
- Santaquin City
- Genola Town
- Utah County

The Strawberry Highline Canal Company is also represented in the MNWA as an additional entity through a contract with Utah County. The MNWA is governed by a Board of Directors comprised of one member from each of the eight member organizations, plus a second director from Utah County nominated by the Strawberry Highline Canal Company, and an alternate for each member. The Board Chairman is Gene Shawcroft representing the Central Utah Water Conservancy District and the Board Vice Chairman is Marty Larson representing Genola Town. As the MNWA does not yet operate any facilities or programs, it does not presently have full-time staff. The MNWA assesses its constituent members to fund MNWA activities. Technical efforts of the MNWA are driven by the Technical Committee of the MNWA, which is made up of engineering staff from the MNWA's constituent members.

The MNWA was formed to facilitate cooperative water planning, resource sharing, water distribution, and to provide for responsible growth and sustainable agricultural water supplies and is presently engaged in a number of regional water planning efforts. In 2019 the MNWA completed a Regional Water Supply Study. The study projects future demand, potential sources for additional supplies, and infrastructure needs, laying the groundwork for collaborative processes that will protect and improve the area's water supplies as it prepares for substantial future growth while working to protect agricultural water supplies. A copy of the executive summary of this study is attached to this application. MNWA is also presently acting as a forum through which the MNWA's members are coordinating their water supply planning and is spearheading a study to monitor groundwater levels and balance recharge with use in order to ensure long term sustainability.



Finally, the MNWA is seeking to create a collaborative framework through which the near-term agricultural water supply deficit and the longer-term needs of the municipal sector can be met, which is the subject of this project proposal. The framework will also provide a forum in which historic water conflicts can be discussed and mutually beneficial solutions identified, instead of resulting to litigation, as has occurred in the past.

### **Water Bank Legislation**

While water right transactions currently occur in Utah, water banking is new to the State of Utah. Over the past several years, stakeholders around the state have been engaged in a process of developing water banking for the specific contexts of Utah. The Utah Water Banking Act was passed in March 2020 and a copy of the legislation is attached as part of this grant application. The Act provides for the following:

- The legislation anticipates that local stakeholders will expend significant time identifying and developing a water bank structure that facilitates desired water transactions. The proposed project will expend most of its effort on developing and detailing this framework through the creation of the Southern Utah County Water Banking Strategy.
- Under the Water Banking Act, proponents of a water bank submit an application to the UBWR. The application is intended to provide the public with detailed information on how the bank will operate, such as a geographic boundary for the water bank, information on the governance structure, and procedures on how the water bank will function. The bank can begin operation upon receiving UBWR approval. Under the proposed project, MNWA will develop an application for the creation of the MNWB for submittal to the UBWR. MNWA will provide funding for the project team to respond to any potential changes requested by the UBWR to ensure the application is approved.
- Once the bank is established, any water rights owner can offer deposit of existing water rights into the water bank subject filing of a change application with the Utah Division of Water Rights and approval of the change application. This change application process will use existing law to assess water right validity, set conditions to ensure non-impairment of other water rights, and determine any physical constraints to a transfer. An approved water bank right can extend until December 31, 2030 and will not be subject to beneficial use requirements while in the bank. The MNWA has identified one seed water right which will be added to the MNWB upon approval. MNWA anticipates other water owners will utilize the opportunity to bank water rights once the bank is established. One potential pool of rights totaling more than 10,000 AF has been identified.
- Local water users can access banked water rights by submitting delivery requests to the water bank. Approved delivery requests will be transferred in the water bank service area in coordination with the local river commissioner and State Engineer's Office.
- An active water bank must track water transfers through the water bank and will be required to submit an annual report to the UBWR documenting water bank activity.
- The legislation has a 10-year sunset provision, ending in 2030, with the ability to extend.

### **Water Banking Pilot Program**

In 2019, Reclamation provided \$400,000 in grant funding through the WaterSMART Water Marketing Strategy program to UDWR. The grant established the Water Banking Pilot Program (Pilot Program) to test the tools created by the Water Banking Act through the creation of a Statewide Water Marketing Strategy and the development of three pilot water banks. The pilot projects are testing the efficacy of the Water Banking Act by working with local water users to identify and develop market-based tools, designing a local water bank capable of facilitating the desired transactions, and operating the water bank. This test will provide



valuable new information to inform how other water banks may be developed in Utah. MNWA maintains a relationship with the Pilot Program project team and anticipates leveraging the lessons learned by the team.

**Moving Forward**

In addition to the lessons and expertise MNWA can gain from ongoing water banking efforts, MNWA will also leverage the significant knowledge base it developed in the creation of the MNWA Regional Water Supply Study that was completed in 2019. Between the regional water supply study, the ongoing water banking efforts in the state, and MNWA's ongoing local water planning efforts, the MNWA has a solid foundation of information upon which the Southern Utah County Water Banking Strategy and the MNWB can be created. As well, the efforts of the MNWA in this project will add to the information currently being gathered by the Pilot Program and serve as a template for other localities that want to form their own local water bank. Funding the proposed project is an important step in both preserving a manageable water future for southern Utah County and moving water banking forward in the State of Utah.

**Past Work With Reclamation**

Although the MNWA has not directly utilized water from a Reclamation project nor been the recipient of any Reclamation grants, many of the constituent members of MNWA receive water from a Reclamation project and have received a number of WaterSMART grants. Five MNWA members have previously partnered with Reclamation on seven WaterSMART projects between 2011 and 2020 totaling over \$2 million (see **Table 2**).

**Table 2: Previous WaterSMART Grants to MNWA Constituent Entities**

Entity	Year	Funding Opportunity	Federal Funding
Genola Town	2020	Drought Response Program	\$300,000
Spanish Fork City	2019	Water and Energy Efficiency	\$277,000
Salem City	2018	Water and Energy Efficiency	\$300,000
Payson City	2015	Water and Energy Efficiency	\$295,000
Strawberry Highline Canal Company	2013	Water and Energy Efficiency	\$300,000
Strawberry Highline Canal Company	2013	Water and Energy Efficiency	\$300,000
Payson City	2011	Water and Energy Efficiency	\$300,000
<b>TOTAL</b>			<b>\$2,072,000</b>



## Project Description

The Southern Utah County Water Banking Strategy is a comprehensive effort to define how water banking can best be utilized in southern Utah County. The Strategy will include the required elements listed in the FOA, specifically: (1) an implementation plan defining what actions need to be taken and assigning responsibilities for these actions, (2) a legal framework which outlines how the proposed water marketing activities (such as water banking) fit within Utah water laws and what legal changes may be necessary to fully implement the planned activities, (3) a monitoring plan that describes the planned approach to track water marketing transactions and ensure the physical delivery of water while protecting existing water right holders, and (4) an outreach plan that will describe the public input and outreach efforts proposed to be undertaken during this project, as well as the ongoing efforts to gather feedback as the Strategy and the MNWB application are developed. The following sections describe the proposed project in more detail. This application builds upon previous and ongoing work by the MNWA and ongoing work by the UDWR and as such is requesting Reclamation funding assistance under Funding Group 1.

### Project Applicant

The Mount Nebo Water Agency (MNWA), is the applicant and will manage the proposed project. MNWA is a public body formed in 2014 by Utah County, Central Utah Water Conservancy District, southern Utah County cities<sup>1</sup>, and other water users<sup>2</sup> to facilitate cooperative water planning, resource sharing, water distribution, providing for responsible growth, and sustaining agricultural water supplies. Together, these agencies represent the varied interests of the agricultural and municipal water users within the MNWA service area.

### Project Location

The proposed project is located in southern Utah County. A map of the geographic outline of the MNWA can be seen in **Figure 1***Error! Reference source not found.*. The proposed project will develop a Southern Utah County Water Banking Strategy and an application to the Utah Water Resources Board for the authorization of the Mount Nebo Water Bank (MNWB). Users of the MNWB would include the members of MNWA and other water users located within the boundaries of the MNWA. One water right has been identified as a seed water right for the bank.<sup>3</sup> The seed right was historically used in the service area of the Utah and Salt Lake Canal Company to the north of Utah Lake. The water right was transferred in 2014 into the MNWA service area to be utilized by the Goshen Local District for eventual M&I uses. The MNWB will be able to incorporate other local water rights presently located within the MNWA boundaries, or water rights transferred into the MNWA area.

The proposed project includes meetings throughout the MNWA service area. Video meetings may be utilized in lieu of local meetings potentially due to COVID-19 protocols, but also to increase accessibility. A critical element of the conceptual water banking model developed by the State of Utah is that water marketing decisions originate with local water users. Therefore, the proposed project includes meetings throughout the MNWA service area. Video meetings may be utilized in lieu of local meetings potentially due to COVID-19, but also to increase accessibility.

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<sup>1</sup> Including Payson City, Salem City, Spanish Fork City, Santaquin City and Genola Town

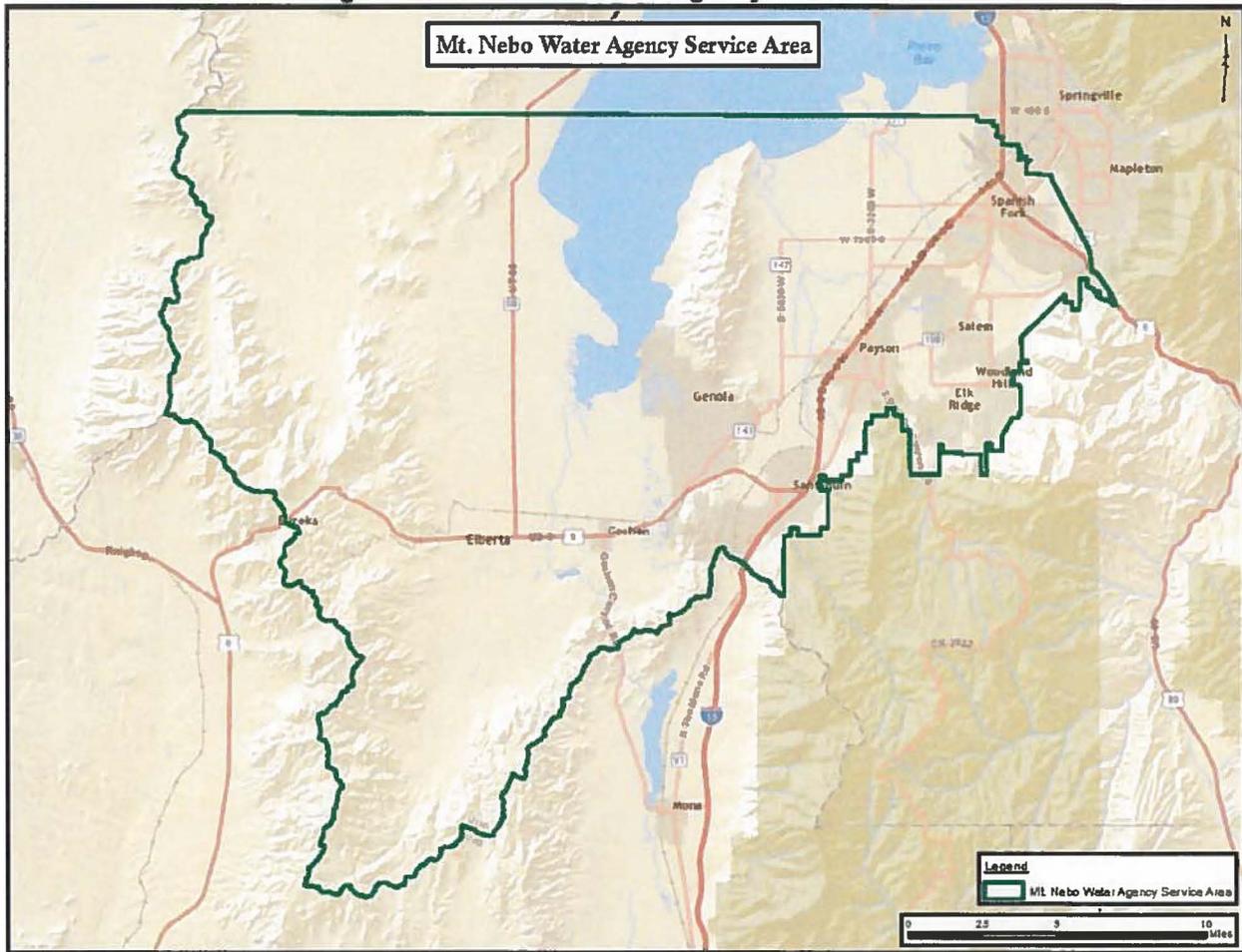
<sup>2</sup> Including the Goshen Valley Local District

<sup>3</sup> Utah Division of Water Resources Water Right # 59-5897,

[https://www.waterrights.utah.gov/asp\\_apps/wrprint/wrprint.asp?WRNUM=59-5897](https://www.waterrights.utah.gov/asp_apps/wrprint/wrprint.asp?WRNUM=59-5897)



Figure 1: Mount Nebo Water Agency Service Area



### Proposed Work Plan

This project builds upon work MNWA has completed in southern Utah County and work the UDWR is presently undertaking across Utah. As discussed previously, the MNWA completed a comprehensive regional water supply study to inventory southern Utah County's current water supply, water resources, water rights, infrastructure, and demand. Stakeholders across the State of Utah have collaborated to create legislation that allows creation of water banks tailored for local circumstances. The Utah Water Banking Act is presently being piloted in three basins across the state, with funding from a previous WaterSMART round. This project will incorporate lessons learned from both the MNWA's study and the development of these pilot banks. The work plan will provide a further step towards realizing the benefits of water banking across the state of Utah. This will be the first implementation of Utah's Water Banking Act along the Wasatch Front, Utah's main population center and a rapidly growing area in the state.

The Work Plan detailed below describes the tasks planned for each project component. The proposed project will include extensive outreach efforts to water users throughout southern Utah County, detailed scoping activities, and the development of a South Utah County Water Banking Strategy that would include the drafting and submittal of an application to the UWRB for the creation of the MNWB. The project team will also shepherd the application and be available through the UWRB approval process and be available to make any requested changes. A seed water right for the water bank has been identified and while due



diligence on the right will be included in this project, the project will not include filing any water right change applications. The project will conclude with outreach to interested stakeholders across Utah a final report to Reclamation.

### ***Task 1 – Outreach***

This first task is to lay the groundwork for a successful project by informing and engaging stakeholders at every step. The MNWA members are water users, but they are also supply water to thousands of end users. These water users along with other stakeholders will be identified and invited to participate in an initial kickoff meeting, and a series of public meetings at the outset of the project. The project will also seek to further water banking efforts in Utah in general by providing outreach to statewide stakeholders and other parties interested in forming a water bank in their area.

#### *Task 1.1 – Kickoff Meeting*

A kickoff meeting will be held with the MNWA members and constituent parties as well as any interested members of the public, with a special focus on agricultural water users and water rights owners. The kickoff meeting will solicit stakeholder comments on successfully completing the project and be a foundation for building public outreach and stakeholder engagement during the project. In particular, the project team solicit information on water rights that could be added to the bank, and input on how water users could utilize banked water.

#### *Task 1.2 – Stakeholder Outreach*

MNWA is comprised of a number of local water users and water suppliers. Outreach to MNWA members will be conducted to identify how they will utilize and benefit from a water bank, as well as leverage their resources for the benefit of other water right owners and users who can benefit by using a bank. Other stakeholders across all water use sectors will be identified such as municipal, industrial, recreational, tribal and environmental, with special emphasis on agriculture as noted above. The project team will work to solicit input from interested stakeholders at every critical juncture, in order to identify and resolve potential issues with water banking in the southern Utah County area and prepare stakeholders for the future launch of the MNWB.

#### *Task 1.3 – Broader Outreach*

Upon completion of the South Utah County Water Banking Strategy and approval of the Water Banking Application by the UBWR, the project team will meet with state agencies and other interested parties to share lessons learned that can further Utah's water banking efforts. Participants in these meetings may include the Utah Division of Water Resources, the Utah Division of Water Rights, the Utah Board of Water Resources (UBWR), Utah Division of Wildlife Resources, other parties seeking to develop and use water banks in Utah. Meetings will be held with individual agencies as time and resources allow. A larger, virtual public information meeting will also be held if there is sufficient interest.

### ***Task 2 – Water Bank Scoping***

To lay the groundwork for the South Utah County Water Banking Strategy and the subsequent Water Bank Application to the Utah Board of Water Resources, scoping and planning analyses will be needed. Wherever possible, these analyses will rely upon work previously completed including pilot water banking efforts and the Mt. Nebo 2019 Regional Water Supply Study. The following activities are proposed:

#### *Task 2.1 – Water Rights & Hydrology Analysis*

An analysis of local hydrology will be performed to better understand how a water bank may be best utilized in the specific hydrologic context of southern Utah County. Due diligence of the seed water right will be performed to identify potential issues that may arise during proceedings on the change application that will



be filed to allow use of those rights in the water bank. Other groups of water rights which are likely to be added to the MNWB will also be analyzed, including the 12,000 AF that MNWA has preliminarily identified as likely to be added to the bank. Preliminary information on delivery infrastructure will also be developed. Finally, potential hydrologic factors affecting the function of the MNWB such as carrier water, local interference, and return flows will be identified.

#### Task 2.2 – Regulatory Analysis

The Utah Water Banking Act provides requirements for governance, record-tracking, and procedures of a water bank that must be met for the project to be successful. These requirements and other state and local requirements will be analyzed to identify any potential impediments to transferring water supplies into the bank. The project team for the Pilot Program has preliminarily identified a number of steps for the creation of a water bank. The proposed project would follow these steps in the process of drafting and submitting the MNWB application to UWRB. These steps include:

- Identify a Service Area for a Groundwater or Surface Water Bank
- List Possible Bank Participants within Proposed Service Area
- Identify a Bank Applicant
- Create a Legal Entity for the Water Bank
- Prepare Governing Documents and Policies for the Legal Entity
- Submit Application to UBWR
- Respond to UBWR Comments & Concerns

#### Task 2.3 – Environmental Review & Compliance

The project team will work with Reclamation to determine what environmental review and compliance steps are necessary for the project. It is anticipated that the project will qualify for a categorical exclusion to the National Environmental Policy Act.<sup>4</sup>

### **Task 3 – Strategy Development**

MNWA has identified a water bank as an important strategy for meeting southern Utah County's water needs. The following subtasks will be undertaken to prepare the South Utah County Water Banking Strategy for southern Utah County, culminating in preparation and submittal of a Water Bank Application for the MNWB.

#### Task 3.1 – Review Prior Bank Applications

As discussed previously, there are three water bank applications that are presently in development as part of Utah Division of Water Resources (UDWR) Statewide Water Marketing Development Strategy Project. The MNWA project will build upon previous work done as part of the UDWR project by applying the experience gained as progress is made on these applications and pilot projects. Also, change applications for water rights included in these pilot water banks will also be reviewed to advise MNWA's efforts. These applications are currently in development and are projected to be drafted and submitted by October 2021.

#### Task 3.2 – Develop Water Banking Strategy

Water banking legislation in Utah was designed to be flexible to accommodate the unique characteristics of different areas. MNWA will develop a Southern Utah County Water Banking Strategy using the information received from stakeholder outreach in Step 1, the analyses in Task 2, review of prior bank applications in Task 3.1, and integrating the information gained in the 2019 MNWA Regional Water Study. The strategy document will detail how the MNWA Water Bank will operate including interaction with stakeholders, selection of water rights deposited into the bank, providing those water rights to end users, and administration. The

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<sup>4</sup> Call with Brittany White, Reclamation Provo Office 4/5/2021



structure of the bank will be designed to meet the needs of southern Utah County stakeholders and the legal and regulatory requirements of the UBWR, UDWR and other state agencies.

*Task 3.3 – Develop Bank Application*

For MNWA to implement the South Utah County Water Banking Strategy, a water banking application will have to be filed with the UBWR. This Application will conform to the requirements of the UBWR and will build upon the applications for the pilot water banks reviewed in Task 3.1. Upon approval by MNWA and other stakeholders, the Application will be submitted to the UBWR for approval.

*Task 3.4 – Application Response and Finalization*

Throughout the approval process, the project team will be available to respond to any questions or comments from the UBWR. The project team will also be available to prepare any application changes requested by the UBWR.

***Task 4 – Grant Administration***

This task is dedicated to ensuring the project is well managed and meets all of the requirements of the grant agreement with Reclamation. Activities to be completed under this task include developing a work plan for approval by Reclamation at the outset of the project, providing interim performance reports every 6 months, and developing a comprehensive Final Project Report. The Report will be submitted in draft form for Reclamation review and a final Report will address comments and corrections.



## Evaluation Criteria

The proposed project meets all of the stated goals and objectives of the Water Marketing Strategy grant program listed in the FOA. The overall objective of the MNWA is to develop a framework for effectively implementing water banking in southern Utah County through the Southern Utah County Water Banking Strategy and an application to the UBWR for the creation of the MNWB. There is a need in southern Utah County to provide water to agricultural users who will soon lose access to around 15,000 AF of CUP water and to provide a mechanism by which municipalities can secure water assets for use in the future. In evaluating the proposed project, it is important to understand that MNWA is committed to working to address current and future water issues in southern Utah County. MNWA has identified the creation of a Water Banking Strategy as a critical step in the process of securing southern Utah County's water future.

### **Evaluation Criterion A: Water Marketing Benefits**

1) *Explain whether the water market/water marketing strategy project will address a specific water supply shortfall and describe the extent of benefits to different sectors, including agricultural, municipal/industrial, Tribal and environmental sectors, including:*

a. *Will the water marketing strategy project address a specific water supply shortfall?*

Yes, the project will address specific water supply shortfalls that are predicted for southern Utah County. The specific shortfalls are defined below (response b). The shortfalls affect multiple sectors including municipal and agricultural.

b. *What is the nature and severity of the shortfall and which sectors are affected?*

There are two shortfalls that the project will address, categorized by their timing of occurrence. In the near term over the next 10 years, high-value agricultural water users in southern Utah County have mitigated seasonal supply deficits through deliveries of up to 20,000 AF of CUP water, of which 15,000 AF is actively used. This water source is being phased out by 2030 with reductions of 2,000 AF a year starting in 2020. The near-term shortfall is 15,000 AF and will impact high-value agricultural water users with investments in fruit orchards.

In the long-term, between 20 and 40 years into the future, southern Utah County is expected to face significant shortfalls in the municipal and agricultural sectors. As shown in **Table 1**, southern Utah County is expected to see future (2060) shortfalls of around 33,000 AF in dry years. These shortfalls have been quantified in a 2019 Regional Water Supply Study completed by MNWA. While this is notably less than the current shortfall of around 43,000 AF in dry year, the distribution of the shortfall will shift from the agricultural to municipal sectors over the next forty years. The impact of future shortfalls may be more acute as they will be fall more heavily on the municipal sector. Local municipalities are active planning for this future and joined the MNWA in part to create a framework that aids their water supply planning.

c. *How and to what extent will the water market/water marketing activities, once implemented, address the shortfall?*

MNWA has identified 12,000 AF of water rights which could likely be added to the MNWB and utilized to help bridge the agricultural water supply gap. This 12,000 AF supply represents 80% of the 15,000 AF of CUP water that is scheduled to be removed from agricultural use in southern Utah County by 2030. In addition to this near-term goal, MNWA plans to use the Water Banking Strategy to assist municipal water suppliers who are seeking to secure water supplies for future projected demands.



The MNWB will give local municipalities an important tool in future water planning by allowing the municipalities to purchase water rights before they are needed and place them into the MNWB where they can be utilized by agricultural users until needed by the municipality. This tool helps protect and preserve the beneficial use of the water rights. Importantly, all water rights placed into the bank must undergo a change application process with the state engineer, which will limit future depletions to the hydrologic system from the banked rights to the historic depletions of the rights.

*d. Will the water market/water marketing strategy activities benefit multiple sectors and/or types of water uses? If so, to what extent, and which sectors and water users will benefit?*

The Southern Utah Water Banking Strategy and the MNWB will be created through a process of stakeholder engagement, which will seek to maximize benefits to all water sectors. The MNWB will also be set up as a statutory bank, which will allow multiple water rights from multiple sources to be leased to multiple end users. To the extent that local environmental groups and state environmental agencies see a need, they will be able to participate in the bank to transfer water to increase instream flows. The primary benefits to agriculture will be in the increased water supply in the near term which will be made available through the bank and will help to offset the pending loss of 15,000 AF of CUP contract water. MNWA has identified around 12,000 AF of water rights that may be added to the bank, potentially offsetting 80% of the lost CUP water. Municipal benefits will include improving present and future water supply reliability by allowing municipalities to purchase water rights and place them into the MNWB, thereby protecting the beneficial use of the rights until it is needed by the municipalities to meet growth.

*2) Explain how and to what extent the proposed water market or water marketing activities will improve water supply reliability in general in the area upon implementation of the strategy (address all that apply):*

*a. Reducing the likelihood of conflicts over water*

The MNWA service area has long history of conflicts of water, including numerous lawsuits. For example, in 2001 the Strawberry Water Users Association filed suit regarding the adjudication of trans basin water, with the Bureau of Reclamation as a defendant. More recently, several local municipal water users petition Reclamation to audit the Strawberry Water Users Association. The MNWA was created in part to provide a forum through which local water users could discuss and come to agreement on potential points of conflict. The proposed project is a continuation of the MNWA's purpose as a forum by creating the Southern Utah County Water Banking Strategy through a stakeholder driven process that will identify potential points of conflict and work to address them before any water is transferred through the MNWB. Through exploring how best to transfer water in the MNWA service area, it is expected that potential issues will be brought to the fore, thus allowing all parties to seek solutions and avert conflicts.

*b. Increasing resiliency to drought*

Drought resiliency is one of the leading motivators for water market development by the MNWB. Local water users see water banks and other market strategies as serving an important role in their water portfolios. The expense and delay in developing new water supply infrastructure as well as the specter of future growth has motivated the MNWA to consider water banking as the most viable short-term opportunity to increase drought resiliency. In particular, helping to address the dry-year shortfall of 43,000 AF presently and 33,000 AF by 2060 (see **Table 1**) is a primary target of the MNWB. For the agricultural sector, high-value fruit growers in Utah County need reliable water supply options to maintain their orchard investments, and the MNWB is planned to provide that water supply security during times of drought.

*c. Sustaining agricultural communities*



Agricultural water users in the MNWA service area are currently able to utilize up to 20,000 AF of water from the CUP, with around 15,000 AF presently in use. This water is presently being phased out by 2030, with reductions of 2,000 AF per year starting in 2020. As such, water users are starting to feel the impacts of this phased reduction in water supply. Presently the CUP water is utilized by 340 contract holders in the Strawberry Water Users Association which encompasses nearly all the irrigated lands in southern Utah County. Most of the contract holders are fruit growers, which is the most valuable crop in a county which generated \$202 Million in agricultural products and was Utah's number one agricultural region by value in 8 out of the last 10 years. It is likely that many of the 340 users will have to fallow high-value acreage if replacement water supplies cannot be identified. The current CUP contracts are estimated to benefit roughly 10,000 acres of high-value irrigated lands.

*d. Demonstrating a water marketing approach that is innovative and which may be applied by others*

Water Banking is new to the State of Utah and is still only in the pilot stages. The Southern Utah County Water Banking Strategy and the MNWB will be developed utilizing the lessons from the Pilot Program. The conceptual water bank structure created by the proposed legislation will be innovative in that it represents one of the only known attempts to create a truly flexible water right that (once quantified and approved) can be used for a variety of uses without further administrative oversight. The innovative nature of the Strategy and the MNWB is that it will be one of the first water banks developed independent of the Pilot Project funded last year. However, as the MNWA will build upon the lessons presently being learned during the Pilot Program, the proposed project will act as a bridge between the pilot water banks and wider implementation of water banking throughout Utah. If successful, the MNWB could be a model for other stakeholders to consider and learn from.

*e. Providing instream flows for species, recreation, or water quality objectives*

Instream flows continue to be threatened by hydrologic changes and water diversions. The current regulatory environment in Utah does not allow for water transfers to instream flow uses except under specific circumstances. The Water Banking Act specifically allows for transfers to instream flows in the design of the water bank. As part of stakeholder outreach, MNWA will be in contact with the Utah Division of Wildlife and other local environmental stakeholders to identify how the MNWB can best be designed to provide environmental benefit.

3) *Explain the extent to which the water market/activity will be ready to proceed upon completion of the strategy, addressing each of the following:*

*a. Describe your plans and timeline for implementing the strategy upon its completion.*

The specific implementation of the Southern Utah County Water Banking Strategy will be defined as part of the strategy, in the required implementation plan component. A timeline for the proposed project can be seen in **Table 3**. An important step in the project is the development and submittal of a water bank application for the MNWB to the UWRB. MNWA and the project team will be available during the Board's review process and will shepherd the application to approval. Upon approval, the MNWB will be approved to operate in the MNWA service area, based upon the strategies set forth in the Southern Utah County Water Banking Strategy document. In short, the proposed project will lay the groundwork for the MNWB, with the bank prepared to begin operation upon completion of the project.

*b. Are there complex issues, including issues of law or policy, that would need to be resolved before the strategy could be implemented?*



As of this application, water banking has yet to be tested in Utah under the new water banking legislation passed in March 2020. The Utah Water Banking Pilot Program is presently in the process of developing three pilot water banks in locations around Utah. It is expected that these banks will be operational by the time the grant for the proposed project is awarded and contracted. The implementation of these banks is a complex process, one that MNWA is already learning from. While there may be unforeseen legal or policy issues that arise during the implementation of these pilot banks, the significant work completed by the Pilot Program team is expected to mitigate the risk of these issues arising. This work will inform how MNWA structures the Southern Utah County Water Banking Strategy and the MNWB so that MNWA can avoid legal or policy issues already encountered by the Pilot Program team.

*c. Explain whether previous planning, outreach and/or water marketing activities have been completed.*

The formation of the MNWA was itself a major step taken by local stakeholders to protect the water resources of southern Utah County, assist agriculture and prepare for future growth. The MNWA then completed a regional water planning study in 2019 to further inform the future of water use in southern Utah County and MNWA's role in that future. MNWA has decided to engage in a water banking project and build upon the work completed and underway across the state to implement water banking. This work includes extensive work by the Utah Water Bank Working Group which represented approximately 50 stakeholders with water interests across Utah. The work of the Working Group formed the basis for the Utah Water Banking Act which was signed into law in March of 2020. As part of the implementation of the Act, UDWR is presently engaged in developing three pilot water banks across the state through the Water Banking Pilot Program. MNWA is in contact with the Pilot Program team and expects to leverage their expertise and lessons learned in order to effectively implement the proposed project.

**Evaluation Criterion B: Level of Stakeholder Support and Involvement**

*1) Identify stakeholders in the planning area who have committed to be involved in the planning process.*

*a. Describe their commitment, e.g., will they contribute funding or in-kind services or otherwise engage in the planning process?*

MNWA is comprised of eight entities that together represent the majority of the municipalities and municipal water providers as well as one of the most significant irrigation systems in the MNWA service area. The MNWA Board is comprised of representatives from each of these organizations and has committed to this project. In-kind contributions will be provided by the constituent members of the MNWA through their participation in the MNWA.

*b. Please explain whether the project is supported by a diverse set of stakeholders. For example, is the project supported by entities representing environmental, agricultural, municipal, tribal, or recreation uses?*

The proposed project is supported by a diverse set of stakeholders covering many aspects of water in southern Utah County. The MNWA constituent entities represent the majority of municipal water users in the MNWA service area. Agriculture is represented in the MNWA through Utah County which is contracted to represent the Strawberry Highline Canal Company. The proposed project includes robust stakeholder outreach that will identify and solicit input from other stakeholders in the municipal and agricultural sectors as well as from the industrial, recreational, and environmental sectors. In particular, the project team will reach out to Utah Division of Wildlife and other environmental stakeholders in order to identify how the bank can improve instream flow and ESA habitat. The project is not expected to impact any tribal water uses.



*2) Describe stakeholders in the planning area who have expressed their support for the planning process, whether or not they have committed to participate.*

The MNWA is comprised of eight local entities including most local municipalities as well as Utah County which represents the Strawberry Highline Canal Company by contract. The eight constituent members all have a seat on the Board of Directors of the MNWA, which authorized the MNWA's Water Banking Committee to draft and submit a WaterSMART application for the proposed project on February 16, 2021.

*3) Is there opposition to the proposed strategy? If so, describe the opposition and explain how it will be addressed. Opposition will not necessarily result in fewer points.*

Currently, the MNWA is not aware of any opposition to the proposed project. Several stakeholders have expressed normal concerns about the protection of water rights and uses as the water banking concept is further developed and implemented. The questions and desire to understand more about water banking and how it can best be used in southern Utah County are a driving reason that MNWA is seeking to complete the proposed project.

*4) Do any separate planning efforts express support for the proposed water market/transaction? Or, will the proposed water marketing strategy complement other ongoing or recent planning efforts within the area?*

As described in the Background section, the proposed project complements the Governor's State Water Strategy and will dovetail with the work presently being accomplished by the Utah Water Bank Pilot Project under a previous Reclamation WaterSMART grant. As well, MNWA engaged in the 2019 Regional Water Supply Plan in part to provide information to its municipal members to support water supply planning and is presently engaged with its members in those water supply planning efforts. It is expected that the proposed project will be an integral part to the water supply planning of many of these municipalities.

*5) Describe any relevant planning efforts, including who is undertaking these efforts and whether they support or are complemented by the proposed water marketing strategy. Explain how the proposed water marketing strategy will avoid duplication or complication of other ongoing planning efforts.*

Relevant planning efforts can be summarized by geography. At the statewide level, UDWR is developing a State Water Plan based on the Governor's Water Strategy, and the proposed project will complement this statewide planning effort by providing practical experience on water marketing strategies recommended by the Strategy (see Background section). UDWR is also working on three water banking pilot projects. The expertise developed in these projects will be leveraged in the proposed project through communication and interaction with the water banking pilot project team. The water banking pilot project team has received several inquiries about water banks in other parts of the state. The proposed project will lay the groundwork for the first non-pilot water bank in the state. Lessons learned during the proposed project will be communicated to other potential water bank participants around the state, helping to further leverage water markets and further the Governor's Water Strategy.

*6) Describe what efforts that you will undertake to ensure participation by a diverse array of stakeholders in developing the water marketing strategy.*

The proposed project is built around ensuring diverse stakeholder participation. First, MNWA is comprised of eight entities that together represent agricultural water use and the majority of municipal water use in the MNWA service area. MNWA recognizes that water banking in southern Utah County will impact more than the MNWA constituent members. The proposed project will begin via a kickoff meeting followed by a number of local meetings designed to identify and engage local stakeholders to ensure participation by as diverse a group of water users in the MNWA service area as possible. The project team will reach out to the Utah



Division of Wildlife and other local environmental stakeholders who can provide input on environmental benefits or challenges posed by the project.

***Evaluation Criterion C: Ability to Meet Program Requirements***

*1) Describe how the three required components of a water marketing strategy will be addressed within the required timeframe. Please include an estimated project schedule that shows the stages and duration of the proposed work including major tasks, milestones, and dates.*

The proposed project is estimated to require one year to complete. A detailed project schedule following the Work Plan and description of project components is provided in **Table 3**. Major milestones are highlighted. Specific dates can be defined upon award and completion of contracting. After award of the grant, MNWA will release a request for proposal and engage a contractor team to complete the project. The project team will begin work once the grant contract is signed, with work anticipated to require 12 months to complete.

*2) Describe the availability and quality of existing data and models applicable to the proposed water marketing strategy.*

A variety of existing data and models will be applied in the proposed project. Existing data and models include a central database of water rights and water distribution models maintained by the Utah Division of Water Rights (Water Rights) and hydrologic models also maintained by Water Rights, both of which include southern Utah County. Data developed for the MNWA Region Water Supply Study completed by Hansen Allen & Luce will also be utilized. The quality of both the Water Rights and the Hansen, Allen & Luce data is considered to be high, however it is expected the data will need to be modified to meet the specific needs of the project.

*3) Identify staff with appropriate technical expertise and describe their qualifications.*

MNWA does not presently have staff. Board members of MNWA and staff of MNWA's constituent entities will contribute time and expertise on how water operates in southern Utah County as well as leveraging local stakeholder connections to ensure the developed strategy and water bank best fit local needs. Technical expertise will also be brought by the contractor team selected by MNWA through an RFP process.



**Table 3: Proposed Project Schedule and Milestones**

Task	Sub-Tasks	Month											
		1	2	3	4	5	6	7	8	9	10	11	12
1. Outreach	1.1 - Kickoff meeting												
	1.2 - Stakeholder Outreach												
	1.3 - Broader Outreach												
2. Water Bank Scoping	2.1 - Water Rights & Hydrology Analysis												
	2.2 - Regulatory Analysis												
	2.3 - Environmental Review & Compliance												
3. Strategy Development	3.1 - Review Prior Bank Applications												
	3.2 - Develop Water Banking Strategy												
	3.3 - Develop Bank Application												
	3.4 - Application Response & Finalization												
4. Grant Administration	4.1 - Develop work plan												
	4.2 - Interim performance reports												
	4.3 - Final project report												

**Addressing Required Project Components:**

- Outreach & Partnership Building: Public input in Tasks 1.1 & 1.2, Public assistance in Task 1.3, working with UWRB in Task 3.4
- Scoping & Planning Activities: Technical analyses in Tasks 2.1, 2.2 and 2.3
- Water Marketing Strategy Development: Southern Utah County Water Banking Strategy in Task 3.2, MNWB Application to UBWR in 3.3



## BUDGET PROPOSAL

### Project Budget

This grant application is requesting \$44,000 in Federal funds to cover nearly 50% of the project budget. The budget to complete the Work Plan is detailed in **Table 5** below. The grant project which is the subject of this application has a total budget of **\$88,460**. Approximately 50% of this total grant project budget, equal to **\$44,000** is proposed for reimbursement through this WaterSMART grant application. The remaining 50% equal to **\$44,460** will be provided by MNWA funds and in-kind services from the MNWA as detailed below.

### Budget Proposal

The project budget is summarized in **Table 4** below:

**Table 4: Summary of Project Budget**

SOURCE	AMOUNT
Costs to be reimbursed with the requested Federal funding	\$44,000
Costs to be paid by the applicant	\$27,920
Value of third-party in-kind contributions	\$16,540
<b>TOTAL PROJECT COST</b>	<b>\$88,460</b>

#### ***Budget Narrative***

The project budget represents a combination of contractor awards and in-kind service contributions from MNWA (the applicant). Details regarding these two components of the budget are provided below. No MNWA staff time will be paid from Federal funds in completing the proposed project. All requested Federal funding will be used to award contracts for the completion of the project.

#### Salaries & Wages

No salaries or wages are included in the project budget.

#### Fringe Benefits

No salaries or wages are included in the project budget.

#### Travel

Travel costs are included in the Contractor section below. No travel costs are included in the project budget outside of travel costs included in contractor awards.

#### Equipment

No equipment purchases are planned as part of the proposed project and no equipment purchases are included in the project budget.

#### Materials & Supplies

No significant materials and supplies, beyond standard office supplies, are anticipated to be required for the planned project and no costs are included in the project budget.

#### Contractual



The entire project budget (with the exception of in-kind services) will be utilized for third-party contractors. MNWA will manage the contractor selection and awards under a competitive procurement process as defined in Utah Code R33 – *Administrative Services, Purchasing, and General Services*. MNWA will issue an open Request For Proposals (RFP) for the contract and will include price / cost of providing services as a primary criterium for scoring proposals responding to the RFP. **Table 5** provides a more detailed breakdown of the applicant and contractor work efforts.

For the project budget, contractor billing rates and hours were estimated to be \$170 per hour for contractors and \$140 per hour for in kind services. These billing rates are supported by a review of typical billing rates under the Contract Awarded Labor Category (CALC) search tool maintained by the General Services Administration (GSA). The contractor rate of \$170 per hour was applied for all contractor hours to estimate the project budget, with the understanding that each proposal responding to the MNWA RFP process will represent a unique blend of job categories, positions, and billing rates.

MNWA believes that the project will benefit from including contractor labor, and from organizing the Work Plan and budget in this manner. Consultants and/or consulting teams will bring extensive experience and knowledge relevant to water marketing, water management, and public engagement.

#### In-Kind Contributions

A significant portion of the project budget will be provided by in-kind services. This cost allocation reflects a continuation of the collaborative efforts of the MNWA and its constituent members. The total value of in-kind contributions to the project is \$16,540.

#### Environmental & Regulatory Compliance Costs

Environmental and regulatory compliance costs are estimated to be minimal. The planning, review, and outreach activities are expected fall under Categorical Exclusion B1 for routine planning work based on communication with the local Provo Reclamation office. The applicant has structured the Work Plan to reduce environmental and regulatory compliance costs associated with the proposed project utilizing Federal funding.

#### Indirect Costs

No indirect costs are included in the project budget.



**Table 5: Project Budget Details**

Task	Sub-Tasks	Lumped Hours	Contractor Costs	MNWA In-Kind Services	Total Grant Project Cost
1. Outreach	Kickoff meeting	30	\$3,570	\$1,260	\$4,830
	Stakeholder Outreach	50	\$5,100	\$2,800	\$7,900
	Statewide Outreach	30	\$3,570	\$1,260	\$4,830
2. Water Bank Scoping	Water Rights & Hydrology Analysis	60	\$10,200	\$0	\$10,200
	Regulatory Analysis	40	\$6,120	\$560	\$6,680
	Environmental Review & Compliance	10	\$1,700	\$0	\$1,700
3. Strategy Development	Review Prior Bank Applications	30	\$5,100	\$0	\$5,100
	Develop Water Banking Strategy	70	\$8,330	\$2,940	\$11,270
	Develop Bank Application	40	\$5,780	\$840	\$6,620
	Application Response & Finalization	20	\$2,720	\$560	\$3,280
4. Grant Administration	Develop work plan	12	\$1,632	\$336	\$1,968
	Interim performance reports	20	\$2,720	\$560	\$3,280
	Final project report	80	\$8,840	\$3,920	\$12,760
<b>Sub-Total</b>			<b>\$65,382</b>	<b>\$15,036</b>	<b>\$80,418</b>
Travel & Admin Costs		10%	\$6,538	\$1,504	\$8,042
<b>TOTAL PROJECT</b>			<b>\$71,920</b>	<b>\$16,540</b>	<b>\$88,460</b>
<b>MNWA In-Kind Services</b>			<b>-</b>	<b>\$16,540</b>	<b>\$16,540</b>
<b>MNWA Funding</b>			<b>\$27,920</b>	<b>-</b>	<b>\$27,920</b>
<b>Federal Funding</b>			<b>\$44,000</b>	<b>-</b>	<b>\$44,000</b>



## ADDITIONAL INFORMATION

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### Environmental & Cultural Resource Compliance

The proposed project is not anticipated to result in any environmental or cultural resource impacts, as detailed in the responses below. The proposed project is limited to planning type studies which fall under Categorical Exclusion B1. Compliance will be further evaluated and documented as part of the project.

- 1) *Will the proposed project impact the surrounding environment? Describe all earth-disturbing work and any work that will affect the air, water, or animal habitat in the project area.*

The proposed project is a planning project and will not impact the surrounding environment.

- 2) *Are you aware of any species listed or proposed to be listed as a Federal threatened or endangered species, or designated critical habitat in the project area? If so, would they be affected by any activities associated with the proposed project?*

The proposed project area encompasses southern Utah County. There are 5 threatened or endangered species in Utah County.<sup>5</sup> The proposed project activities will not affect these species.

- 3) *Are there wetlands or other surface waters inside the project boundaries that potentially fall under CWA jurisdiction? If so, please describe and estimate any impacts the proposed project may have.*

The proposed project area encompasses southern Utah County, which contains a number of jurisdictional waters under the Clean Water Act. The proposed project will not impact these jurisdictional waters.

- 4) *When was the water delivery system constructed?*

The proposed project is not focused on any one particular water delivery system. The Southern Utah County Water Banking Strategy and the MNWB will utilize any and all water systems that will allow transfer of water rights throughout the MNWA service area. This may include direct delivery of water, but may also include mitigation transfers where banked water rights are used to mitigate increased groundwater usage.

- 5) *Will the proposed project result in any modification of or effects to individual features of an irrigation system?*

The proposed project will not result in modifications or effects to an irrigation system.

- 6) *Are there any buildings, structures, or features listed or eligible for listing on the National Register of Historic Places?*

The proposed project encompasses southern Utah County, which contains many features eligible for listing on the National Register of Historic Places. The planning studies included in the project will not cause any impact to such features.

- 7) *Are there any known archeological sites in the proposed project area?*

The proposed project area encompasses southern Utah County, which contains a number of known archaeological sites. The planning studies included in the project will not cause any impact to such sites.

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<sup>5</sup> <https://ecos.fws.gov/ecp/report/species-listings-by-current-range-county?fips=49049>



8) *Will the proposed project have a disproportionately high and adverse effect on low income or minority populations?*

The proposed project will not have a disproportionately high and adverse effect on low income or minority populations.

9) *Will the proposed project limit access to and ceremonial use of Indian sacred sites or result in other impacts on tribal lands?*

The proposed project will not limit access to or ceremonial use of Indian sacred sites or result in any impacts to Tribal lands.

10) *Will the proposed project contribute to the introduction, continued existence, or spread of noxious weeds or non-native species known to occur in the area?*

The proposed project will not contribute to the introduction, existence, or spread of noxious weeks or non-native species.

## Required Permits & Approvals

The proposed project will not require any further approvals to be initiated.

## Existing Analysis Contributing to the Strategy

There is a notable body of work that precedes and supports this grant application and the proposed project. Attached to this application are several important references that contribute to the project approach and Work Plan. The attachments include:

- Mt. Nebo Water Agency Region Water Supply Study, dated May 2019, Hansen Allen & Luce Engineers Inc.
- *Utah Code Ann. § 73 31 - Water Banking Act*, Signed into law 3/20/2020

## Letters of Support

Attached to this grant application are letters from stakeholders supporting the proposed project. As shown by the letters, the project is supported by a diverse group of water users, non-profits, state agencies, and other stakeholders.

## Official Resolution

The Board of Directors of the MNWA voted on February 16, 2021 to authorize the Water Banking Committee of the MNWA to proceed with an application for the NOFO, however the Board was not able to meet in time to pass an official resolution in support of the completed application. The MNWA Board will meet by May 7th and an official resolution in support of the application will be provided to Reclamation within 30 days of this application submittal.

## Online References & Information

Mount Nebo Water Agency Website - <http://www.mtnebowater.com/>

Utah Water Banking Website - <https://utahwaterbank.org/>



**CENTRAL UTAH WATER  
CONSERVANCY DISTRICT**

Al Mansell *Chair of the Board*  
Shelley Brennan *Vice Chair of the Board*  
Gene Shawcroft *General Manager / CEO*

G. Wayne Andersen  
JR Bird  
E James (Jim) Bradley  
Shelley Brennan  
Max Burdick  
Kirk L Christensen

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Nathan Ivie  
Bill Lee  
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Greg McPhie  
Jim Riding  
Jennifer Scott  
Edwin Boyd Sunderland  
Byron Woodland  
Boyd Workman

April 6, 2021

To: U.S. Bureau of Reclamation  
Re: **Mt. Nebo Water Agency Water Marketing Strategy Grant Application**

Dear Bureau of Reclamation:

Please accept this letter for both Central Utah Water Conservancy District (CUCWD) and Mt. Nebo Water Agency (MNWA) to express support for the proposed project by the Mt. Nebo Water Agency (Agency) to develop a water marketing strategy for southern Utah County in the State of Utah.

For decades, CUCWD has been responsible for the construction of the Central Utah Project and other major facilities essential to Wasatch Front water supply, distribution, treatment, and environmental protection. CUCWD was a charter member and facilitated the organization of MNWA. MNWA was organized to improve collaborative water resource management in Southern Utah County. The major population and economic growth along Utah’s Wasatch Front continue to drive land use conversion, municipal growth, and changing water needs throughout the CUCWD and MNWA service areas. As local water managers, we seek to meet these changing needs while maintaining the vibrant agricultural culture and economy of Southern Utah County area.

I share the view that a water marketing strategy organized as a water bank under the recent Utah legislation will be an effective tool for sharing water resources and preserving the valuable agriculture base in the MNWA area. This is especially true for the fruit orchards, sometimes called “permanent plantings,” that have for twenty years benefited from lease of CUCWD water resources. As CUCWD must now transition those water resources to different uses, the proposed water bank appears to be a viable replacement to sustain this important agricultural production.

As chair of the MNWA Board of Directors, I voted to apply to the U.S. Bureau of Reclamation WaterSMART Water Marketing Strategy grant program for Fiscal Year 2021. The MNWA Board unanimously voted at its February 16 meeting to support this grant application. We would welcome this opportunity for the shared use of Federal and local funding resources to implement a water bank as part of a water marketing and resource sharing strategy for the southern Utah County area.

This is an important water management project for our fast-growing and continually changing area. We hope Reclamation provides funding under the grant to support the MNWA in its efforts to find creative solutions and we look forward to the successful implementation of this program.

Sincerely,

Gene Shawcroft  
General Manager, Central Utah Water Conservancy District  
Chair, Mt. Nebo Water Agency Board of Directors

## Goshen Valley Local District

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To: U.S. Bureau of Reclamation

**Re: Mt. Nebo Water Agency Water Marketing Strategy Grant Application**

Dear Bureau of Reclamation:

The Goshen Valley Local District (GVLG) Board of Trustees supports the proposed water banking project proposed by the Mt. Nebo Water Agency (Agency) as part of a water marketing strategy for southern Utah County, State of Utah.

The Utah County Board of Commissioners created the Goshen Valley Local District in 2012 as a public agency with authority to provide water services (municipal supply, storm water management, and wastewater treatment) to the Goshen Valley area of southern Utah County. GVLG presently supplies wholesale water to the Elberta Water Company, which in turn supplies retail water connections in Goshen Valley.

The Utah County Board of Commissioners mandated that the District be prepared to offer water services generally in Goshen Valley, including economic development prospects recruited to the Elberta Mega Site. GVLG plans to meet such contingencies in part through procurement of water rights that will be essential as development occurs. GVLG proposes that water rights procured by it but not yet needed to meet district demands could be deposited in the proposed MNWA water bank and water marketing strategy proposed by MNWA. Such water rights could during that interim period be a community resource to aid water users in the MNWA service area similar to the arrangement enjoyed between farmers and Central Utah Water Conservancy District for approximately the past 20 years.

As explained, the water banking/water marketing strategy described in the application to the U.S. Bureau of Reclamation WaterSMART Water Marketing Strategy grant program for Fiscal Year 2021 fits very well with the GVLG strategic water needs. The GVLG board therefore fully supports this grant application and the shared use of Federal and local funding resources to successfully develop a water marketing strategy for southern Utah County area.

This is an important water management project for our fast-growing and continually changing area. We hope Reclamation provides funding under the grant to support the MNWA in its efforts to find creative solutions, and we look forward to engaging in the project.

Sincerely,

GOSHEN VALLEY LOCAL DISTRICT



Warren H. Peterson  
Chair, Board of Trustees



LYNN SWENSON  
President  
SCOTT PHILLIPS  
Vice President

745 North 500 East  
Payson, Utah 84651  
(801) 465-9273

STERLING BROWN  
General Manager

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April 7, 2021

To: U.S. Bureau of Reclamation

Re: Mount Nebo Water Agency's Water Marketing Strategy Grant Application

Dear Reclamation:

I am writing on behalf of the Strawberry Water Users Association to express support for the proposed project by the Mount Nebo Water Agency (Agency) to develop a water marketing strategy for southern Utah County in Utah. Our area continues to see changes due to land development and municipal growth and we want to be in a better position to support these economic benefits while maintaining the vibrant agricultural culture and economy that we have built in this area. I share the Agency's view that a water marketing and/or water banking strategy may be an effective tool in realizing our shared goals.

The Mission of the Strawberry Water Users Association is to develop, preserve, and enhance Strawberry Valley Project water, energy resources and investments for the benefit of our shareholders. We fulfill this mission by delivering nearly 70,000 shares of water to nearly 3,500 shareholders in southern Utah County which, in turn, irrigate approximately 45,000 acres of farm land. Production agriculture is essential to the economy in south Utah County. Maintaining a reliable, affordable water source is equally important.

I understand the Agency plans to submit an application to the U.S. Bureau of Reclamation WaterSMART Water Marketing Strategy grant program for Fiscal Year 2021, and we fully support this grant application.

This is an important water management project for our fast-growing and continually changing area. We hope Reclamation provides funding under the grant to support the Agency in its efforts to find creative solutions, and we look forward to further engaging on this effort as the project gets underway.

Sincerely,

Sterling Brown  
General Manager



April 6, 2021

To: U.S. Bureau of Reclamation

**Re: Mt. Nebo Water Agency Water Marketing Strategy Grant Application**

Dear Bureau of Reclamation:

I am writing on behalf of Mt. Nebo Water Agency to express our support for the proposed project by the Mt. Nebo Water Agency (Agency) to develop a water marketing strategy for southern Utah County in Utah. Our area continues to see changes due to land development and municipal growth and we want to be in a better position to support these economic benefits while maintaining the vibrant agricultural culture and economy that we have built in this area. I share the Agency's view that a water marketing and/or water banking strategy may be an effective tool in realizing our shared goals.

Mt. Nebo Water Agency is an Interlocal Cooperative Agreement created March 14, 2014 for the purpose of maximizing the beneficial use of the available water supplies in satisfying the demands of agriculture and a growing municipal population in southern Utah Valley. The agency, through factually and scientifically based studies, will develop plans to address agriculture preservation, water conservation, infrastructure needs for development, conveyance, distribution, and treatment of the water resources needed for its members and their respective residents and customers.

I understand that the Agency plans to apply to the U.S. Bureau of Reclamation WaterSMART Water Marketing Strategy grant program for Fiscal Year 2021, and we fully support this grant application and the shared use of Federal and local funding resources to see that a water marketing strategy is successfully developed for the southern Utah County area.

This is an important water management project for our fast-growing and continually changing area. We hope Reclamation provides funding under the grant to support the Agency in its efforts to find creative solutions, and we look forward to further engaging on this effort as the project gets underway.

Sincerely,

William R. Wright  
Payson City Mayor

April 5, 2021

To: United States Bureau of Reclamation

Re: Mt. Nebo Water Agency Water Marketing Strategy Grant Application

Dear Bureau of Reclamation:

Utah County Farm Bureau expresses support for the proposed water rights banking project proposed by the Mt. Nebo Water Agency (MNWA) to develop a water marketing strategy in and for southern Utah County in the State of Utah. We support responsible efforts to provide needed irrigation water to agricultural producers in southern Utah County. Southern Utah County, the area encompassed by the Mt. Nebo Water Agency, is the heart of Utah fruit production, making Utah County the highest value producer of agricultural products in the State of Utah.

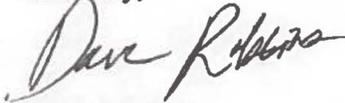
Our area continues to see changes due to land development and municipal growth. These changes impact water supplies currently used for agriculture. In particular, water leases from the Central Utah Water Conservancy District that are relied on by ag producers are expiring as the water is repurposed to supply municipal growth. This will leave a supply gap for producers.

Fortunately, another water rights owner has expressed willingness to make water rights available through the proposed Mt. Nebo Water Bank. This will help fill the water supply gap. We want to be in position to receive these economic benefits and maintain the vibrant agricultural culture and economy we have built in this area. We share the MNWA's view that water marketing through a water rights bank will help stabilize water supplies for our Farm Bureau members.

Utah County Farm Bureau supports the application to the U.S. Bureau of Reclamation WaterSMART Water Marketing Strategy grant program for Fiscal Year 2021. We support the shared use of Federal and local funding resources to create a water bank as a clearing house for water marketing adapted specifically to the needs of southern Utah County area.

This is an important water management project for our fast-growing and continually changing area. We hope the Bureau of Reclamation funds this grant to support the Agency in its efforts to provide water supplies to Southern Utah County agriculture.

Sincerely,



Dave Robbins

President, Utah County Farm Bureau



# **MT. NEBO WATER AGENCY**

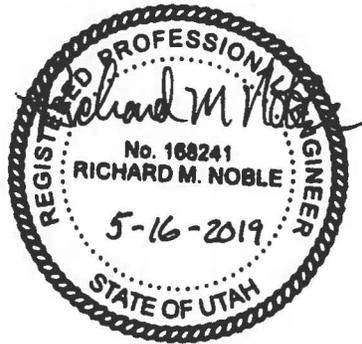
## **REGIONAL WATER SUPPLY STUDY**

(HAL Project No.: (399.01.100))

**MAY 2019  
ADOPTED JUNE 2019**

# MT. NEBO WATER AGENCY REGIONAL WATER SUPPLY STUDY

(HAL Project No.: 399.01.100)



Richard Noble, P.E.  
Principal, Project Engineer

**HANSEN  
ALLEN  
& LUCE** INC  
ENGINEERS

May 2019

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# EXECUTIVE SUMMARY

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## PURPOSE OF STUDY

The purpose of this study is to help Mt. Nebo Water Agency (MNWA) achieve its goals of protecting and preserving water resources of its members by providing direction and help establishing priorities. The study provides guidance for decisions that will be made by water suppliers during the next several decades to maintain adequate water supply for the region as well as provide customers with the most reasonable costs and benefits. The planning horizon for the regional study is 2060. By this timeframe most of the cities are projected to achieve build-out or close to build-out conditions within their proposed future boundaries.

## Study Area

The study area for the MNWA Regional Water Supply Study is in the southern portion of Utah County as shown in Figure ES-1.

## Description of Subareas

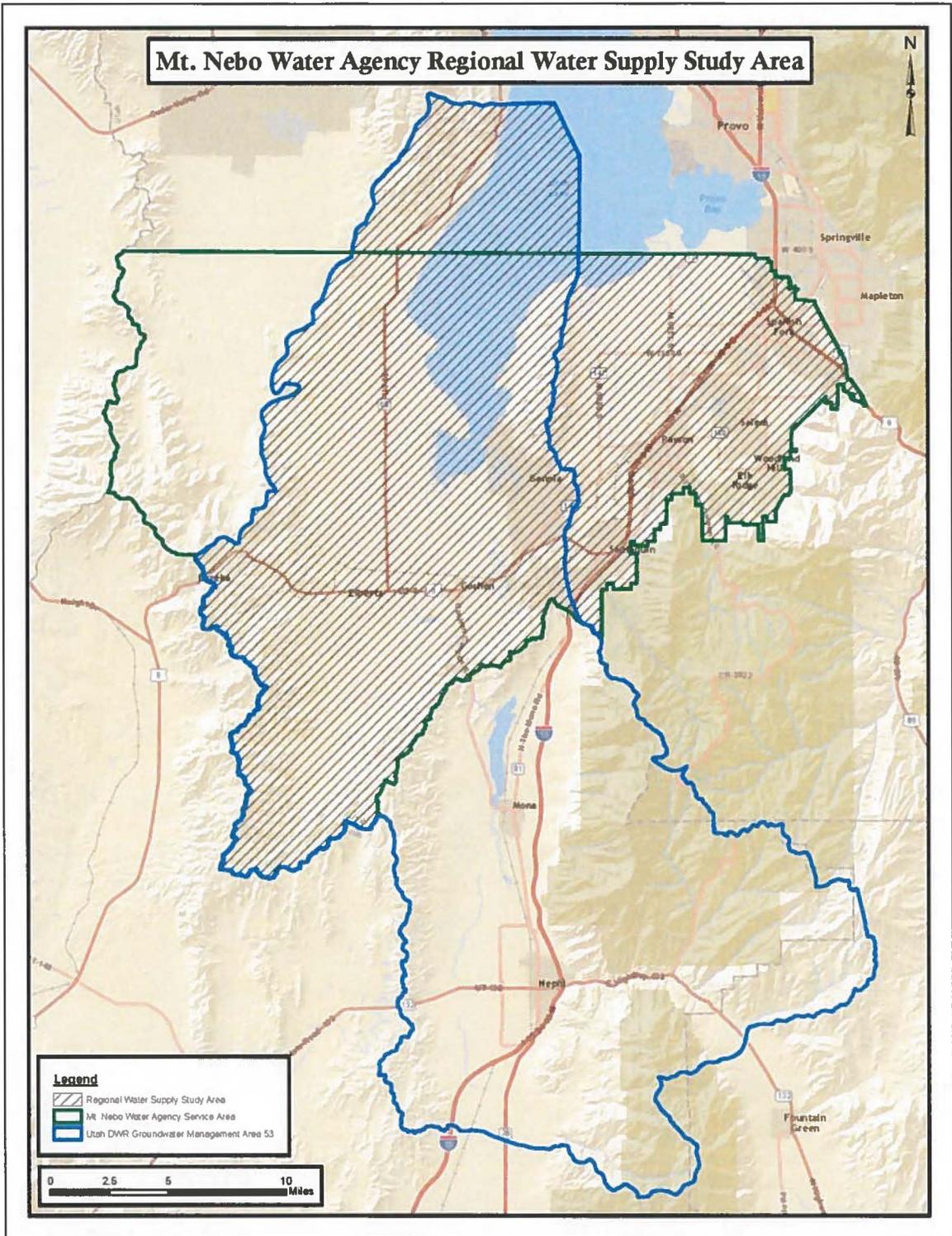
For the purpose of this study, HAL divided the MNWA study area into thirteen subareas. These subarea boundaries are identified by color in the legend of Figure ES-2 with the exception of Utah Lake Subarea which is the part of Utah Lake shown within the study area boundary. Ten of the subareas are locations where significant population growth and development is expected to occur in the next fifty years: Benjamin/Lakeshore, Elk Ridge, Genola, Goshen, Goshen Valley/Elberta, Payson, Salem, Santaquin, Spanish Fork, and Woodland Hills. Most of the boundaries of these subareas are the boundaries of general plans provided by the city or town in the subareas that include a city or town. Utah Lake as well as the Wetlands Subarea and Public Lands/Other Subarea are considered mostly unpopulated and not expected to develop.

## Online Interactive Map Availability

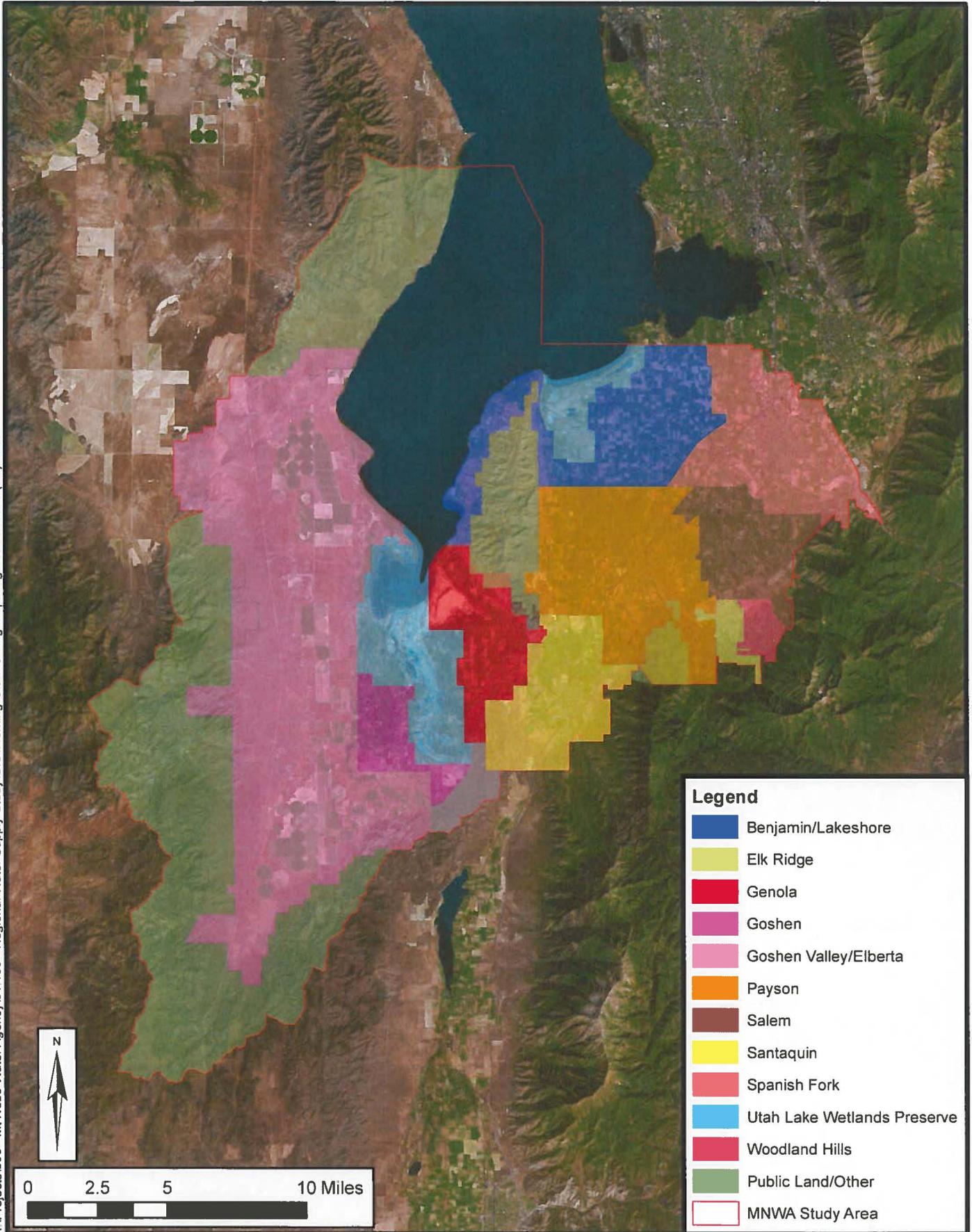
An interactive map file from the MNWA Regional Water Supply Study will be placed on the MNWA website and has been copied to a disk found on the back inside cover of this report. The file can be viewed through Google Earth.

## POPULATION PROJECTIONS

Population projections are based on the 2010 United States Census. Long-term population projections for communities within the MNWA study area have been made in recent years for the Utah Governor's Office of Management and Budget (GOMB) and Envision Utah. GOMB population projections to the year 2060 for cities and towns in the MNWA study area are used in this study with the exception of the Goshen Valley Water District Subarea. Municipalities within the study area generally use GOMB population projections in their planning studies. Population projections prepared for Envision Utah were used for the Goshen Valley Water District subarea (Robert Charles Lesser & Co. Real Estate Advisors, 2014). The Envision Utah projections conservatively reflect long-range planning by the State of Utah of recommending Goshen Valley as a mega site for future large industrial development. Estimated existing population and projected future populations are summarized by subarea in Table ES-1.



**Figure ES-1: Mt. Nebo Water Agency Study Area Boundaries**



**Table ES-1  
Population Projections**

Subarea	Population	
	Existing <sup>1</sup>	Future <sup>2</sup>
Elk Ridge	3,287	7,902
Genola	1,727	10,800
Goshen Town	981	1,800
Goshen Valley/Elberta	275	25,628 <sup>3</sup>
Payson	20,574	60,124
Salem	8,128	45,200
Santaquin	12,782	52,900
Spanish Fork	39,187	78,300
Benjamin/Lakeshore	2,573	18,025
Woodland Hills	1,564	5,300
<b>Total MNWA Area</b>	<b>91,078</b>	<b>305,979</b>

<sup>1</sup> Based on Utah Census Bureau, Population Estimates 2011-2015 for cities and towns in the 2010 U.S., published in 2016 (U.S. Census Bureau, 2016) and GOMB growth rates applied for 2016 population estimate

<sup>2</sup> GOMB Municipal Population Projections 2010-2060 with 2012 Baseline Projections (GOMB, 2012). Elk Ridge and Payson City 2060 populations were adjusted downward to build-out population estimates provided by the city

<sup>3</sup> Wasatch Front 2015 Market-Driven Growth Scenario prepared by Envision Utah (Robert Charles Lesser & Co. Real Estate Advisors, 2014).

**PROJECTED FUTURE LAND USE**

The MNWA study area consists of about 292,765 acres. Of this area, a little more than half, approximately 161,960 acres, is within the ten subarea boundaries listed in Table ES-1. Within these ten subareas there are 55,647 acres of agricultural land that were irrigated in the year 2016 as shown in Table ES-2. Agricultural land is expected to decrease with population growth. City designation of preserved agricultural areas at build-out, was considered for future land use.

**Table ES-2  
Irrigated Agricultural Land**

MNWA Regional Water Study Subareas	Subarea Area (acres)	Irrigated Agricultural Land <sup>1</sup> (acres)
Benjamin/Lakeshore	16,716	10,610
Elk Ridge	2,106	0
Genola	9,473	4,266
Goshen	4,931	2,339
Goshen Valley/Elberta	70,074	13,370
Payson	19,987	10,180
Salem	8,956	3,528
Santaquin	12,081	3,497
Spanish Fork	15,987	6,948
Wetlands	16,782	909
Woodlands Hills	1,649	0
Public Lands/Other	76,555	0
Utah Lake	37,468	0
<b>MNWA study area Total</b>	<b>292,765</b>	<b>55,647</b>

<sup>1</sup> Irrigated agricultural land was determined from the 2016 Water Related Land Use Map published by the Utah DWR (DWR, 2016).

## WATER REQUIREMENTS SUMMARY

The total existing and future demand for water in the MNWA study area is summarized in Table ES-3 below. Existing and future municipal water requirements were calculated from ERCs considering actual demand from historical use data, population projections, and State requirements, and applying best practice engineering assumptions. Municipal demand includes indoor and outdoor watering through municipal water systems. Agricultural demand is water used to irrigate that is not from a municipal water system. The amount of agricultural water used in each subarea was calculated from the number of irrigated acres in each subarea as shown on the Water Related Land Use Map published annually by the Utah Division of Water Resources at DNR. The volume of water used to irrigate existing and future agricultural land was calculated by a rate based on an evaluation of cropping patterns and consumptive use within the study area. Demand for agricultural water is expected to decrease in future years for subareas where development of existing agricultural land is assumed to occur. Consequently, demand for municipal water is expected to increase in these areas.

**Table ES-3  
Water Requirements Summary**

SUBAREA	DEMAND					
	Municipal <sup>1</sup> (ac-ft)		Agricultural <sup>2</sup> (ac-ft)		Total Municipal and Agricultural Demand (ac-ft)	
	Existing	Future	Existing	Future	Existing	Future
Benjamin/Lakeshore	562	3935	31,830	23,333	32,392	27,268
Elk Ridge	685	1651	0	0	685	1,651
Genola	389	2510	12,798	7,316	13,187	9,826
Goshen Town	292	535	7,017	6,404	7,309	6,939
Goshen Valley/Elberta <sup>3</sup>	110	15,596	40,110	40,110	40,220	55,706
Payson <sup>4</sup>	6,800	16,645	30,540	9,522	37,340	26,167
Salem	1774	9,867	10,584	2,399	12,358	12,266
Santaquin	2,684	11,316	10,491	2,637	13,175	13,953
Spanish Fork	9,805	19,114	20,844	4,057	30,649	23,171
Wetlands	0	0	2,727	2,727	2,727	2,727
Woodland Hills	342	1158	0	0	342	1,158
<b>Total MNWA Area</b>	<b>23,443</b>	<b>82,327</b>	<b>166,941</b>	<b>98,506</b>	<b>190,384</b>	<b>180,833</b>

<sup>1</sup> See Water Requirement spreadsheets for each subarea. The demand for outdoor use assumes conservation techniques including metering.

<sup>2</sup> Agricultural water is water used to irrigate that is not from a municipal water system. The agricultural demand is based on the irrigated acreage shown in the Water Related Land Use Map published annually by the Utah DWR and a water requirement of 3.0 ac-ft per acre.

<sup>3</sup> Goshen Valley/Elberta future demand includes 10,000 ac-ft of future large industrial use.

<sup>4</sup> Payson total municipal water requirements for existing and future demand include 1,681 ac-ft of demand for Nebo Power Plant.

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## EXISTING CAPACITY OF MUNICIPAL FACILITIES

Existing capacity is an annual volume of water that is available for use within a system based on the infrastructure in place and maintained to provide water. Table ES-4 is a summary of existing capacity of facilities owned and operated by municipalities within the MNWA study area.

**Table ES-4  
Existing Capacity of Municipal Water Systems**

<b>Subarea</b>	<b>Indoor Capacity (ac-ft)</b>	<b>Outdoor Capacity (ac-ft)</b>	<b>Total Capacity (ac-ft)</b>
Benjamin/Lakeshore	0	0	0
Elk Ridge	2,036	0	2,036
Genola	1,031	0	1,031
Goshen Town	675	0	675
Goshen Valley/Elberta	1,500	0	1,500
Payson	5,646	14,364	20,010
Salem	5,414	11,136	16,550
Santaquin	5,101	1,476	6,577
Spanish Fork	13,050	10,040	23,090
Wetlands	0	0	0
Woodland Hills	1,021	0	1,021
<b>Total MNWA Area</b>	<b>35,474</b>	<b>37,017</b>	<b>72,491</b>

## IRRIGATION COMPANY EXISTING FACILITIES

Irrigation companies that operate and have infrastructure within the MNWA study area are listed in Table ES-5. The table also includes a summary of surface diversion capacity. The canal diversion capacity listed for each company is the maximum amount of flow a canal company can carry from the point of diversion. Canal length listed includes the length in feet of the main channels of each canal company.

**Table ES-5  
Irrigation Company Surface Diversion Capacity and Canal Length**

<b>Name</b>	<b>Service Area (Acres)</b>	<b>Canal Diversion Capacity (cfs)</b>	<b>Canal Length (ft)</b>
Current Creek Irrigation Company	6,274	45.00	34,411
Duck Creek Irrigation Company <sup>1</sup>	434	6.00	4,102
East Bench Canal Company	4,251	95.00	31,206
East Santaquin Irrigation Company <sup>1</sup>	459	4.00	4,339
East Warm Creek Irrigation and Canal Company <sup>1</sup>	210	2.55	1,985
Elberta Water Company <sup>1</sup>	29	0.55	276
Goshen Irrigation and Canal Company	5,470	19.00	53,417
Lake Shore Irrigation Company	4,540	60.00	19,632
Loafer Water Users Association <sup>1</sup>	38	0.05	361
New Northeast Spanish Fork Irrigation Company	236	4.00	19,441
Old Field Water Users Association <sup>1</sup>	432	2.00	48,812
Salem Irrigation and Canal Company <sup>1</sup>	2,465	55.00	33,214
Salem Pond Company <sup>1</sup>	968	7.00	9,153
Spanish Fork South Irrigation Company	6,667	75.00	49,612
Spanish Fork Southeast Irrigation Class A Shares (river) <sup>1</sup>	947	15.00	22,883
Spanish Fork West Field Irrigation Company	6,628	82.00	62,688
Strawberry High Line Canal Company	19,940	300.00	163,428
Strawberry Water Users Association	-	550.00	17,424
Summit Creek Irrigation & Canal Company	2,153	30.00	50,925
Warm Springs Irrigation and Power Company <sup>1</sup>	1,437	9.65	13,588
Wash Creek Irrigation Company	375	2.23	12,390
<b>Total</b>	<b>63,953</b>	<b>1,114</b>	<b>653,287</b>

<sup>1</sup>Estimated Canal Length

## WATER RIGHTS

A list of existing water rights that divert water or put water to use within the boundaries of the MNWA study area was compiled for this study. The main objective of inventorying water rights was to determine an annual volume of the rights available within the MNWA study area. Table ES-6 is a summary by subarea of the water rights listed.

**Table ES-6**  
**Water Right Summary Based on Ownership Type**  
**(Private, Municipal and Irrigation Company Water Rights)**

Subarea	Privately Owned Water Rights <sup>1</sup> (ac-ft)	Municipal Water Rights <sup>1</sup> (ac-ft)	Irrigation Company Water Rights <sup>1</sup> (ac-ft)	Total Water Rights <sup>1</sup> (ac-ft)
Benjamin/Lakeshore	5,459	0	9,715	15,174
Elk Ridge	30	1,417	157	1,605
Genola	1,604	994	2,166	4,764
Goshen	1,447	572	4,858	6,877
Goshen Valley/Elberta	47,936	2,724	9,287	59,948
Payson	20,321	7,338	8,359	36,018
Salem	3,608	5,032	7,056	15,696
Santaquin	10,130	5,994	9,946	26,070
Spanish Fork	5,824	23,602	16,779	46,205
Wetlands	2,133	0	4,490	6,623
Woodland Hills	91	733	0	824
<b>Total MNWA Area</b>	<b>98,583</b>	<b>48,407</b>	<b>72,813</b>	<b>219,803</b>

<sup>1</sup> Due to the scale and broad objectives of this study, all listed water right annual volumes are approximate. Individual water right value requires specific evaluation to determine historical diversion and depletion.

The MNWA study area is within DWRi water right areas 51 and 53 which are administratively closed to new water rights (DWRi, 2017). All sources of water are fully appropriated and, in some locations, may be over allocated. As stated on the DWRi website for these areas, "new diversions and uses of water are established by the modification of existing water rights."

Each water right will require a specific evaluation to determine historical diversion and depletion. Annual volume listed for water rights does not directly correlate to water available for new diversions since any change in the water right is subject to evaluation by the State Engineer and limitations based on depletion, prior use, duties, and/or legal issues could result in a right with less water available for a new use. Due to the scale and broad objectives of this study, all water right annual volumes listed in this report should be considered approximate and appropriate for the purposes of this study.

## WATER SUPPLY

### Rivers and Streams

Table ES-7 is a summary of the flow of rivers and streams within the MNWA study area. The Spanish Fork River is the main source of perennial stream flow entering the MNWA study area. Although their flow is much lower, Peteetneet Creek, Summit Creek, and Currant Creek are also important water sources for the area.

**Table ES-7  
Annual and Irrigation Season Volume Contributed by Streams**

Surface Water Source	25-Year Low (year or years)	Annual Average Volume (ac-ft)	Irrigation Season Average Volume (ac-ft)	Dry Year Volume (ac-ft)	Irrigation Season Dry Year Volume (ac-ft)
Spanish Fork River <sup>1</sup>	1934,1961, 1977, 2002	105,263	74,673	39,933	17,277
Summit Creek	1961	8,524	7,292	3,544	2,500
Peteetneet Creek	1961	9,089	7,567	3,769	2,674
Currant Creek (Mona Station)	2015	17,785	9,454	2,390	771
Beer Creek	N/A	-	-	-	-
Kimball Creek	N/A	70	50	17	7
Spring Creek	N/A	-	-	-	-

<sup>1</sup>Spanish Fork River flows do not include imported Strawberry water.

**Groundwater**

Although the average annual groundwater recharge is about 93,000 ac-ft, this study assumes that the amount of groundwater that is available to be pumped from wells is about 45,000 ac-ft per year as shown in Table ES-8. Pumping greater than 45,000 ac-ft per year or more than the available groundwater for well pumping as shown in Table ES-8 for each subarea, would result in significant impacts to groundwater levels.

**Table ES-8  
Available Groundwater for Well Pumping by MNWA Subarea**

MNWA Subareas	Average Annual Groundwater Recharge (ac-ft/yr)	Available Groundwater for Well Pumping (ac-ft/yr)
Benjamin/Lakeshore	4,700	2,350
Elk Ridge	6,290	3,150
Genola	3,970	1,990
Goshen	2,080	1,040
Goshen Valley/Elberta	15,900 <sup>1</sup>	7,950 <sup>1</sup>
Payson	14,980	7,490
Salem	12,360	6,180
Santaquin	15,540	7,770
Spanish Fork	10,390	5,200
Wetlands	2,380	.. <sup>2</sup>
Woodland Hills	4,090	2,050
<b>TOTAL:</b>	<b>92,680<sup>1</sup></b>	<b>45,170<sup>1</sup></b>

<sup>1</sup> Includes subsurface inflow from Cedar Valley (UGS, 2017)

<sup>2</sup> No pumping from wetlands.

## Springs

Several cities within the MNWA study area obtain a significant portion of their drinking water supply from mountain springs. These springs produce an average annual volume of over 19,000 ac-ft as shown in Table ES-9.

**Table ES-9  
Supply from Mountain Springs**

<b>Subarea</b>	<b>Spring Name</b>	<b>Average Annual Flow Capacity (gpm)</b>	<b>Average Annual Volume (ac-ft)</b>	<b>Dry Year Flow Capacity (gpm)</b>	<b>Dry Year Annual Volume (ac-ft)</b>
Goshen	Ercanbrack Spring	200	320	200	320
Payson	Canyon Springs	1,540	2,480	700	1,130
Payson	Dixon Spring	60	90	50	80
Payson	Picayune Spring	60	100	10	20
Salem	Water Canyon Upper Spring	180	280	50	80
Salem	Water Canyon Springs Lower Spring	600	970	200	320
Santaquin	Gravity Springs	900	1,450	900	1,450
Santaquin	Spring #1	80	130	80	130
Spanish Fork	Crab Creek Springs	1,250	2,020	900	1,450
Spanish Fork	Cold Springs	6,500	8,830	6,000	8,000
Spanish Fork	Malcolm Springs	2,300	2,800	2,300	2,800
<b>Total</b>		<b>13,670</b>	<b>19,470</b>	<b>11,390</b>	<b>15,780</b>

## PROJECTED WATER SURPLUSES AND SHORTAGES

An evaluation of demand and supply is useful in addressing current requirements and in planning for future water supply needs. Table ES-10 provides a summary of municipal demand, agricultural demand, dry year water supply, and average year water supply for each subarea. As shown in the table, the current total water demand within the MNWA study area is approximately 190,000 ac-ft per year. This demand includes 23,000 ac-ft of municipal demand and 167,000 ac-ft of agricultural demand. The future (2060) total water demand is reduced to about 181,000 ac-ft. This reduced demand is due to projected future land use changes of agricultural land being developed for residential, commercial, and industrial use. The water requirement per gross acre of urbanized land is less than the water requirement for irrigated agriculture. Present and future municipal water demands are based on the assumption that the State's goal of reducing per capital water use by 25 percent has been achieved. If this water conservation goal is not achieved, the municipal demand would be higher.

The table shows an average year total water supply of about 223,000 ac-ft per year. This total includes surface water from rivers and streams, springs, and available groundwater. As discussed earlier, the available groundwater for withdrawal from wells is assumed to be 50 percent of the average annual aquifer recharge or about 45,000 ac-ft per year. The present level of groundwater pumping is about half of that amount which suggests that there is an additional 22,500 acre-feet of available groundwater that could be developed.

**Table ES-10  
Demand and Supply Summary**

Subarea	Municipal Demand <sup>1</sup> (ac-ft)		Agricultural Demand <sup>2</sup> (ac-ft)		Total Municipal and Agricultural Demand (ac-ft)		Dry Year Supply <sup>5</sup> (ac-ft)	Average Year Supply <sup>5</sup> (ac-ft)
	Present	Future	Present	Future	Present	Future	Future	Future
Benjamin/Lakeshore	562	3,935	31,830	23,333	32,392	27,268	12,961	23,612
Elk Ridge	685	1,651	0	0	685	1,651	3,929	3,929
Genola	389	2,510	12,798	7,316	13,187	9,826	12,571	17,908
Goshen	292	535	7,017	6,404	7,309	6,939	1,969	4,139
Goshen Valley/Elberta <sup>3</sup>	110	15,596	40,110	40,110	40,220	55,706	8,535	15,091
Payson <sup>4</sup>	6,800	16,645	30,540	9,522	37,340	26,167	35,610	56,352
Salem	1,774	9,867	10,584	2,399	12,358	12,266	14,003	20,597
Santaquin	2,684	11,316	10,491	2,637	13,175	13,953	18,625	26,060
Spanish Fork	9,805	19,114	20,844	4,057	30,649	23,171	35,490	50,311
Wetlands	0	0	2,727	2,727	2,727	2,727	812	2,724
Woodland Hills	342	1,158	0	0	342	1,158	2,460	2,460
<b>Total</b>	<b>23,443</b>	<b>82,327</b>	<b>166,941</b>	<b>98,506</b>	<b>190,384</b>	<b>180,833</b>	<b>146,966</b>	<b>223,182</b>

<sup>1</sup>The demand for outdoor use assumes conservation techniques including metering.

<sup>2</sup>Agricultural water is water used to irrigate that is not from a municipal water system. The agricultural demand is based on the irrigated acreage shown in the Water Related Land Use Map published annually by the Utah DWR and a water requirement of 3.0 ac-ft per acre.

<sup>3</sup>Goshen Valley/Elberta future demand includes 10,000 ac-ft of future large industrial use. Goshen Valley groundwater supply includes subsurface inflow from Cedar Valley.

<sup>4</sup>Payson outdoor municipal water requirement includes 1,681 ac-ft of demand for Nebo Power Plant.

<sup>5</sup>Supply includes surface water supply during the irrigation season (Apr.-Oct.), springs, available groundwater for well pumping, Strawberry Valley Project Water, and Central Utah Project water allotments.

In dry years the total water supply is diminished to about 147,000 ac-ft or about 65 percent of the average year amount. This decrease is due primarily to a reduction of surface flows in rivers and streams.

A comparison of demand with available water supply shows that some subareas enjoy a surplus water supply in average and dry years while other subareas have shortages in average and dry years. Table ES-11 shows water surpluses and shortages of each subarea in average and dry years. Overall, in average years there is a surplus of nearly 33,000 ac-ft based on the current level of development and a shortage of about 43,000 ac-ft in dry years. With future development the average year surplus is about 42,000 ac-ft and the dry year shortage is about 34,000 ac-ft.

**Table ES-11**  
**Water Supply<sup>1</sup> Surplus and Shortage in Dry and Average Years**

Subarea	Dry Year Surplus or Shortage (+/-) <sup>2</sup> (ac-ft)		Average Year Surplus or Shortage (+/-) <sup>2</sup> (ac-ft)	
	Present	Future	Present	Future
	Benjamin/Lakeshore	-19,431	-14,307	-8,780
Elk Ridge	3,244	2,278	3,244	2,278
Genola	-616	2,745	4,721	8,082
Goshen	-5340	-4970	-3170	-2,800
Goshen Valley/Elberta	-31,685	-47,171	-25,130	-40,616
Payson	-1,730	9,442	19,012	30,184
Salem	1,644	1,737	8,238	8,331
Santaquin	5,450	4,672	12,885	12,107
Spanish Fork	4,841	12,319	19,662	27,140
Wetlands	-1,915	-1,915	-3	-3
Woodland Hills	2,118	1,302	2,118	1,302
<b>Total MNWA Area</b>	<b>-43,418</b>	<b>-33,866</b>	<b>32,797</b>	<b>42,349</b>

<sup>1</sup> The supply includes the available groundwater for well pumping, irrigation season river volume, and mountain spring volume.

<sup>2</sup> A surplus water supply is represented by a positive number (+) and a shortage is represented by a negative number (-).

Table ES-12 shows a comparison of indoor municipal demand to mountain spring and groundwater supply in a dry and average year, without imported water. Mountain springs and groundwater are the sources of supply for drinking water within the MNWA study area. As shown in the table there is sufficient spring water and groundwater supply to meet existing and future indoor water demands.

**Table ES-12**  
**Spring Water and Groundwater Supply Surplus and Shortage  
Compared to Indoor Municipal Demand**

Subarea	Dry Year Surplus or Shortage (+/-) <sup>1</sup> (ac-ft)		Average Year Surplus or Shortage (+/-) <sup>1</sup> (ac-ft)	
	Present	Future	Present	Future
	Benjamin/Lakeshore	2,110	668	2,110
Elk Ridge	2,857	2,446	2,857	2,446
Genola	1,824	949	1,824	949
Goshen	1235	1,131	1,235	1,131
Goshen Valley/Elberta	7,903	5,558	7,903	5,558
Payson	6,085	1,016	7,525	2,456
Salem	5,822	2,362	6,672	3,212
Santaquin	8,017	3,831	8,017	3,831
Spanish Fork	12,772	8,102	14,172	9,502
Wetlands	0	0	0	0
Woodland Hills	1,904	1,555	1,904	1,555
<b>Total MNWA Area</b>	<b>50,529</b>	<b>27,618</b>	<b>54,219</b>	<b>31,308</b>

<sup>1</sup> A surplus water supply is represented by a positive number (+) and a shortage is represented by a negative number (-).

Another useful comparison is an evaluation of the municipal water systems capacities against present and future water demands. In examining municipal water systems, it is important to note that Elk Ridge, Goshen, and Woodland Hills have only a drinking water system and are not expected to add a secondary system in the future. In these areas, the drinking water system serves both indoor and outdoor municipal demands.

Table ES-13 shows capacity surpluses and shortages for each subarea. The Benjamin/Lakeshore subarea does not currently have municipal infrastructure within its boundaries. In this subarea indoor water demands are met from individual domestic wells at each residence. This pattern is expected to continue into the future. In the future, additional indoor capacity will be required to meet the indoor municipal demands for Genola, Payson, Santaquin, and Woodland Hills.

In comparing outdoor municipal demand to outdoor municipal capacity, Genola, and Goshen Valley/Elberta show existing small shortages for capacity of 220 and 60 ac-ft, respectively. In the Benjamin/Lakeshore subarea, watering of landscapes around homes is also provided by domestic wells. Future shortages in outdoor municipal capacity ranging from 1,470 to 13,204 ac-ft are shown for the same subareas with shortages in Santaquin as well. These numbers suggest that additional capacity will need to be developed to meet future outdoor municipal demands.

**Table ES-13  
Municipal Capacity Compared to Municipal Demand**

Subarea	Indoor Capacity Surplus or Shortage (+/-) (ac-ft)		Outdoor Capacity <sup>1</sup> Surplus or Shortage (+/-) (ac-ft)		Total Capacity Surplus or Shortage (+/-) (ac-ft)	
	Existing	Future	Existing	Future	Existing	Future
Benjamin/Lakeshore	-240	-1,682	-322	-2,253	-1,922	-3,935
Elk Ridge <sup>2</sup>	1,351	385	0	0	1,351	385
Genola	865	-10	-223	-1,469	642	-1,099
Goshen <sup>2</sup>	383	140	0	0	383	140
Goshen Valley/Elberta <sup>3</sup>	1,453	-892	-63	-13,204	1,390	-14,096
Payson <sup>4</sup>	3,011	-2,058	10,199	5,423	13,210	3,365
Salem	4,656	1,196	10,120	5,487	14,776	6,683
Santaquin	3,768	-418	125	-4,321	3,893	-4,739
Spanish Fork	8,372	3,702	4,913	274	13,285	3,976
Wetlands	N/A	N/A	N/A	N/A	N/A	N/A
Woodland Hills <sup>2</sup>	679	-137	0	0	679	-137
<b>Total MNWA Area</b>	<b>24,298</b>	<b>226</b>	<b>24,750</b>	<b>-10,062</b>	<b>49,687</b>	<b>-9,456</b>

<sup>1</sup>The demand for outdoor use assumes conservation techniques including metering.

<sup>2</sup>It is assumed that Elk Ridge, Goshen, and Woodland Hills will continue to meet indoor and outdoor water demands with their drinking water system in the future.

<sup>3</sup>Goshen Valley/Elberta future demand includes 10,000 ac-ft of future large industrial use.

<sup>4</sup>Payson existing and future demand includes 1,681 ac-ft from the Nebo Power Plant.

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## CONCEPTUAL PLANS FOR ADDRESSING WATER SUPPLY NEEDS

Conceptual plans have been developed to address the water-related needs of communities, industry, and agriculture within the MNWA study area. These needs are based on communications with local stakeholders, working with the MNWA Technical Committee, and on analysis of information collected and summarized in this report. These conceptual plans are just that - conceptual. Additional studies are warranted to determine the feasibility of each conceptual plan.

### Non-Structural Measures

**Water Conservation** – The State of Utah has established a goal to reduce the year 2000 per capita water demand from public community systems by at least 25 percent by 2025. Specifically, the average statewide 2000 per capita demand will need to decline from 295 gallons per capita per day (gpcd) to a sustained 220 gpcd or less (DWR, 2014). For a given system, per capita water use includes all uses such as residential indoor, outdoor, commercial, and industrial. The water demand projections presented in this study are within the State's goal. Therefore, in order to ensure an adequate water supply for the future, each public water system within the MNWA study area must regularly monitor its water use and update its water conservation plan. It is imperative that per capita water use is reduced to meet the goal. Otherwise, water supplies will run short and the area will suffer water shortages.

**Water Rights Acquisition and Management** – Information gathered in this study shows that sufficient water rights currently exist to provide for the present and future needs of the MNWA study area. As growth occurs, however, about 27,000 ac-ft of water rights will need to be reallocated from their previous uses to municipal uses. Each city will need to have an aggressive program for acquiring water supply. Such a program could include water rights exaction on new development and/or an on-going program of purchasing water rights. The cost of water right purchases could potentially be offset by impact fees. Also, cities should regularly monitor water right applications and file protests as needed to ensure that proposed water right changes do not adversely affect the potential for future growth.

**Expanded role of MNWA** – MNWA members have discussed the need for a district or agency to help cities and irrigation companies manage their water and water rights and to pool resources. The MNWA could potentially fill this role. Specific functions that the agency could provide include the following.

- Facilitate pooling of resources to avoid or defer high-cost capital projects
- Help manage water rights by monitoring water right change applications and filing protests as needed to protect interests of MNWA members
- Help acquire water rights and hold ownership in behalf of cities
- Help manage surface water and groundwater resources to foster better conjunctive use.
  - Use surface water first to prevent it from going to Utah Lake where it is lost for use by MNWA members
  - Use surplus surface water in groundwater recharge projects to improve aquifer levels
  - Preserve groundwater for drinking water and as an emergency secondary water supply
- Facilitate and assist members with groundwater recharge projects

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- Help provide emergency redundancy for members to mitigate risk
  - Facilitate agreements with agricultural interests for emergency water supplies during extreme drought conditions

## **Structural Measures**

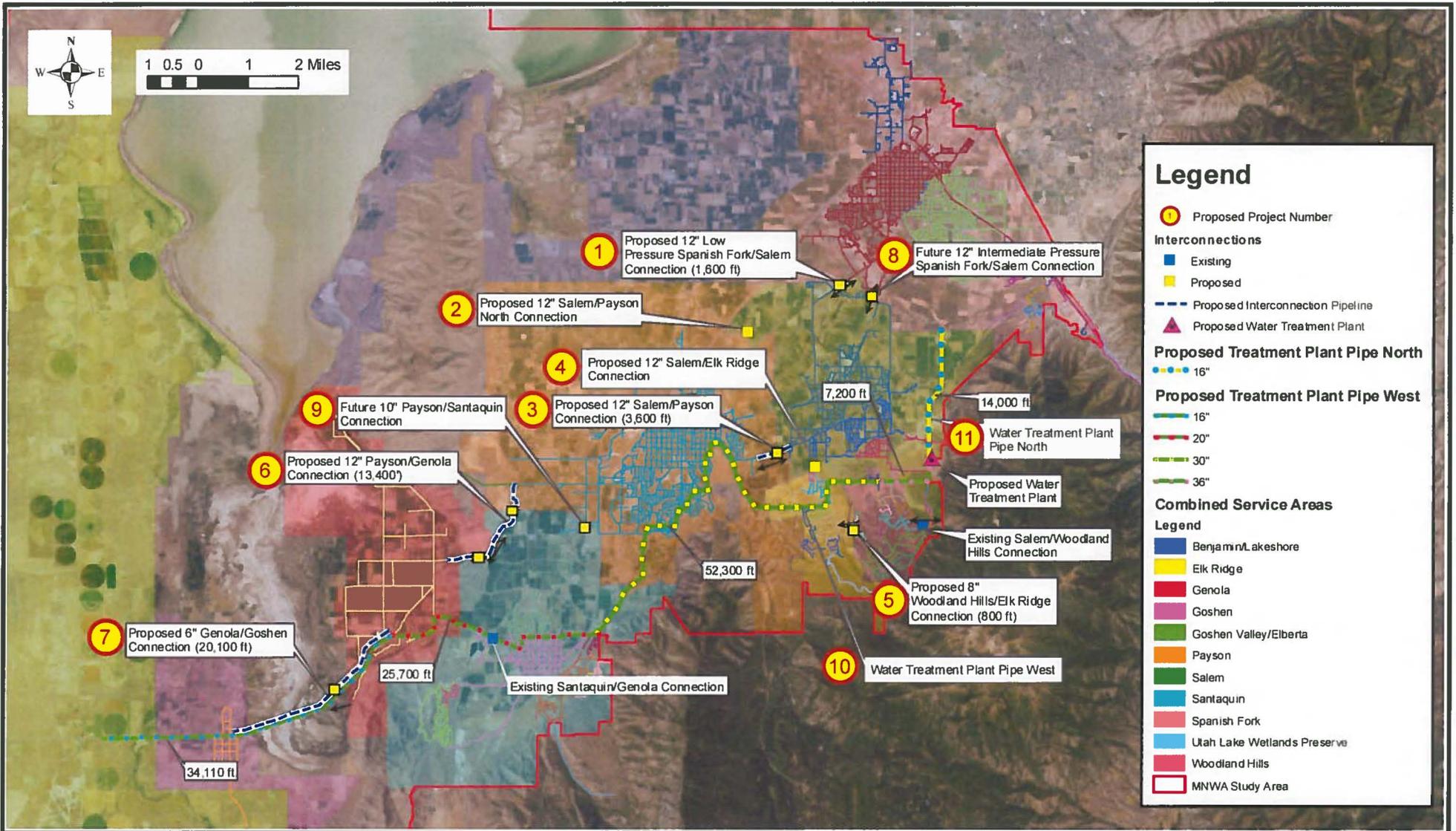
**Interconnections between Cities** – To help minimize the risk of disruption to service caused by well or pump failures, transmission line breaks, or extraordinary maintenance, interconnections are proposed between the cities' water systems. These interconnections could also be used to allow cities to share water sources, particularly water associated with SUVMWA- or MNWA-owned water rights. Additionally, these interconnections could enhance conjunctive use of surface water and groundwater by allowing surface water to be used before groundwater, when available. Proposed interconnection projects are shown in Figure ES-3 as projects 1 through 9.

**New Drinking Water Wells** – Genola, Payson, Santaquin, and Woodland Hills will require additional source capacity to be developed for their drinking water systems. One alternative means of developing this capacity is to drill new wells. For Payson, the additional 2,058 ac-ft of source capacity could be provided by a new 18-inch-diameter well. For Santaquin, the 354 ac-ft of needed source capacity could be provided by a new 10-inch-diameter well. For Woodland Hills, 137 ac-ft of new source capacity could be provided by a new 8-inch-diameter well.

**CUWCD Water Treatment Plant** – CUWCD is considering construction of a water treatment plant within the MNWA study area. This treatment plant could provide additional drinking water source capacity. CUWCD has acquired a site in the southeast portion of Salem for the facility. This site is shown in Figure ES-3. This location will allow raw water to be delivered through the Spanish Fork-Santaquin Pipeline using the available pressure in the pipeline. The elevation of the treatment plant site also would allow delivery of treated water to MNWA cities by gravity pressure without pumping. CUWCD would construct, own, and operate the treatment plant. Capital costs and annual operation and maintenance costs would be repaid through water purchase contracts. Due to the high cost of treating surface water, MNWA cities would likely maximize their use of groundwater before contracting for treated surface water.

**Water Treatment Plant Pipelines** – Two pipelines are proposed to deliver treated drinking water from the CUWCD water treatment plant. These pipelines could also facilitate the cities' ability to share other drinking water sources. The Water Treatment Plant Pipe West will extend from the treatment plant in Salem westward through Salem, Woodland Hills, Elk Ridge, Payson, Santaquin, Genola, and Goshen, ending in the Elberta area at the Goshen Valley Local District. The pipeline will include 7,200 linear-feet of 36-inch-diameter PVC pipe, 52,300 linear-feet of 30-inch-diameter PVC pipe, 25,700 linear ft of 20-inch-diameter PVC pipe and 34,220 linear ft of 16-inch-diameter PVC pipe.

The Water Treatment Plant Pipeline North will include 14,000 linear ft of 16-inch-diameter PVC pipe and also begin at the water treatment plant and extend northward from Salem to Spanish Fork. Both the west and north pipeline alignments are shown in Figure ES-3 as projects 10 and 11.



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**Spanish Fork–Santaquin Pipeline** – The Spanish Fork-Santaquin Pipeline is a proposed federal facility that is being constructed by CUWCD as part of the ULS System and will deliver untreated water from Strawberry Reservoir to the MNWA study area. The Spanish Fork-Santaquin Pipeline will connect to the Spanish Fork Canyon Pipeline at U.S. Highway 89 about 0.8 miles northwest of the Highway 6/Highway 89 junction and mostly run adjacent to existing roads and adjacent to the Union Pacific Railroad right-of-way southwest to Santaquin. The steel pipeline will be 60 inches in diameter for 17.5 miles, with a capacity of 120 cfs. (CUWCD, 2004)

Cities within the MNWA study area will receive water from the Spanish Fork-Santaquin Pipeline through nine pipeline turnouts. The pipeline alignment and turnout locations are shown in Figure ES-4. Each city will be responsible to construct any facilities that are needed to make the connection from their secondary water distribution systems to the Spanish Fork-Santaquin Pipeline.

**Goshen Valley Raw Water Pipeline** – The Goshen Valley Raw Water Pipeline is proposed to convey untreated water to the GVL D. The pipeline would be designed to carry water from the Spanish Fork-Santaquin Pipeline and the High Line Canal as shown in Figure ES-5. The pipeline would begin at the Santaquin West Turnout of the Spanish Fork-Santaquin Pipeline and continue in a northwesterly direction for about a mile to the terminus of High Line Canal Lateral 31 adjacent to U.S. Highway 6 in Genola. From that location the pipeline would extend about 7.9 miles in a southwesterly/westerly direction to the GVL D near Elberta. The pipeline would have a capacity of 38 cfs. The pipeline would include 5,450 linear feet of welded steel pipe and 41,750 linear feet of high-density polyethylene (HDPE) pipe. A pressure reducing station would be provided at the junction with High Line Canal Lateral 31 so that water could be delivered from the Spanish Fork-Santaquin Pipeline and the High Line Canal simultaneously.

**High Line Canal Piping Project** – The Strawberry High Line Canal was constructed as a feature of the Strawberry Valley Project. While title to the canal right-of-way is held by the United States, the canal is operated and maintained by the SHLCC. According to River Commissioner reports, an average of 51,400 ac-ft of water per year was delivered through the High Line Canal from 2000-2016. This amount includes an interim supply of 5,900 ac-ft of CUP water.

**High Line Canal New Wells** – SHLCC holds title for 13,000 ac-ft of water rights based on return flow of Strawberry Valley Project water. SHLCC is working on plans to develop new wells within the MNWA study area and file water right change applications with the State Engineer that would move these return flow rights into the proposed wells. Specific locations for the wells have not yet been identified. Water from the wells would be made available to SHLCC shareholders, cities, and other entities within the MNWA study area. SHLCC also has a water right and pumps water from Spring Creek.

**Secondary Water Meters** – The water requirements calculated for this study are based on the assumption that water meters would be installed on all secondary water connections and that customers would be billed based on metered water usage. Studies have demonstrated that secondary water systems that have installed meters have seen as much as a 40 percent decrease in water use (DNR). Therefore, water meters are proposed to be installed on all municipal secondary water connections in Payson, Salem, and Santaquin. Spanish Fork City already has water meters on its secondary water connections.

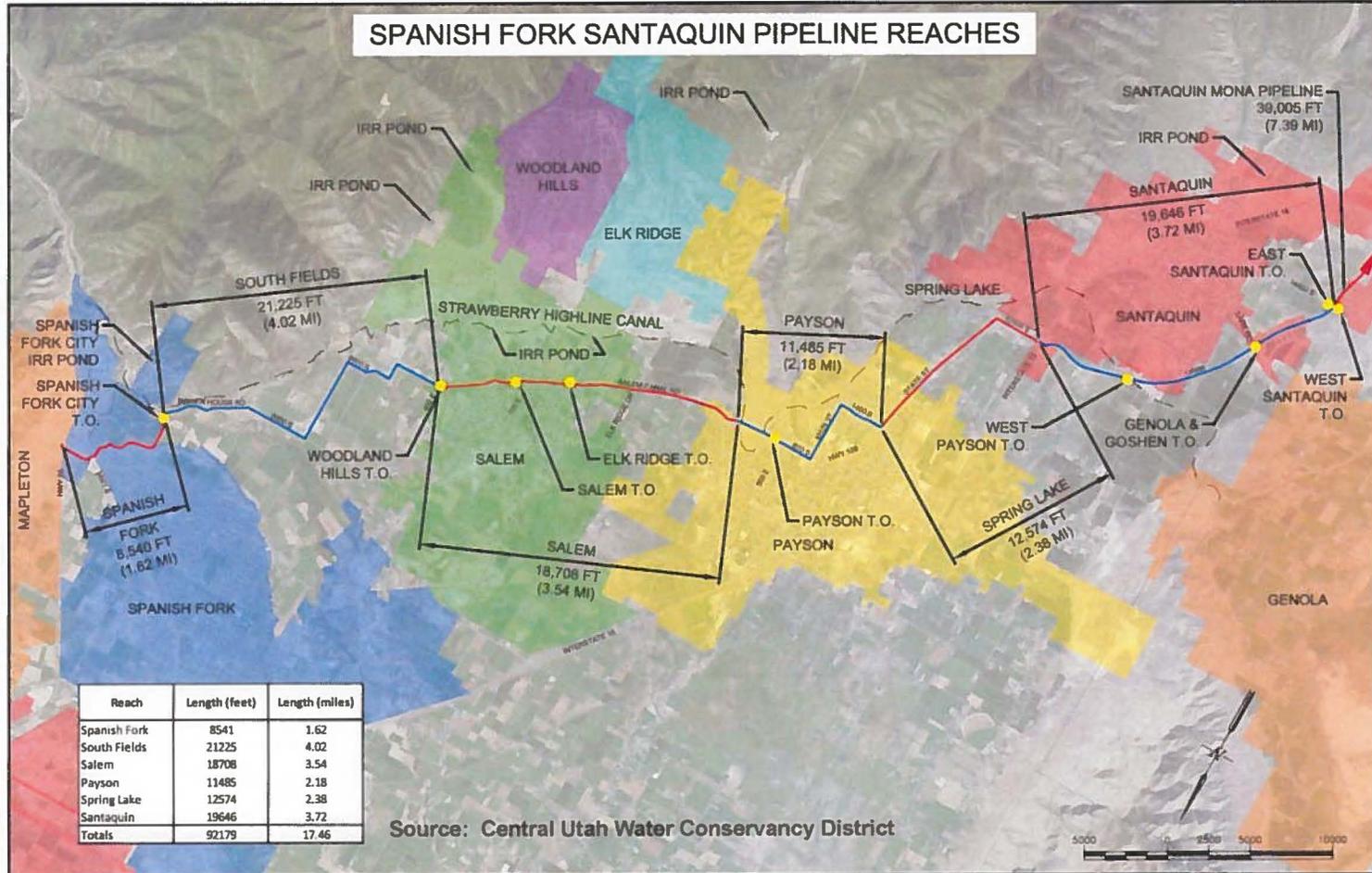
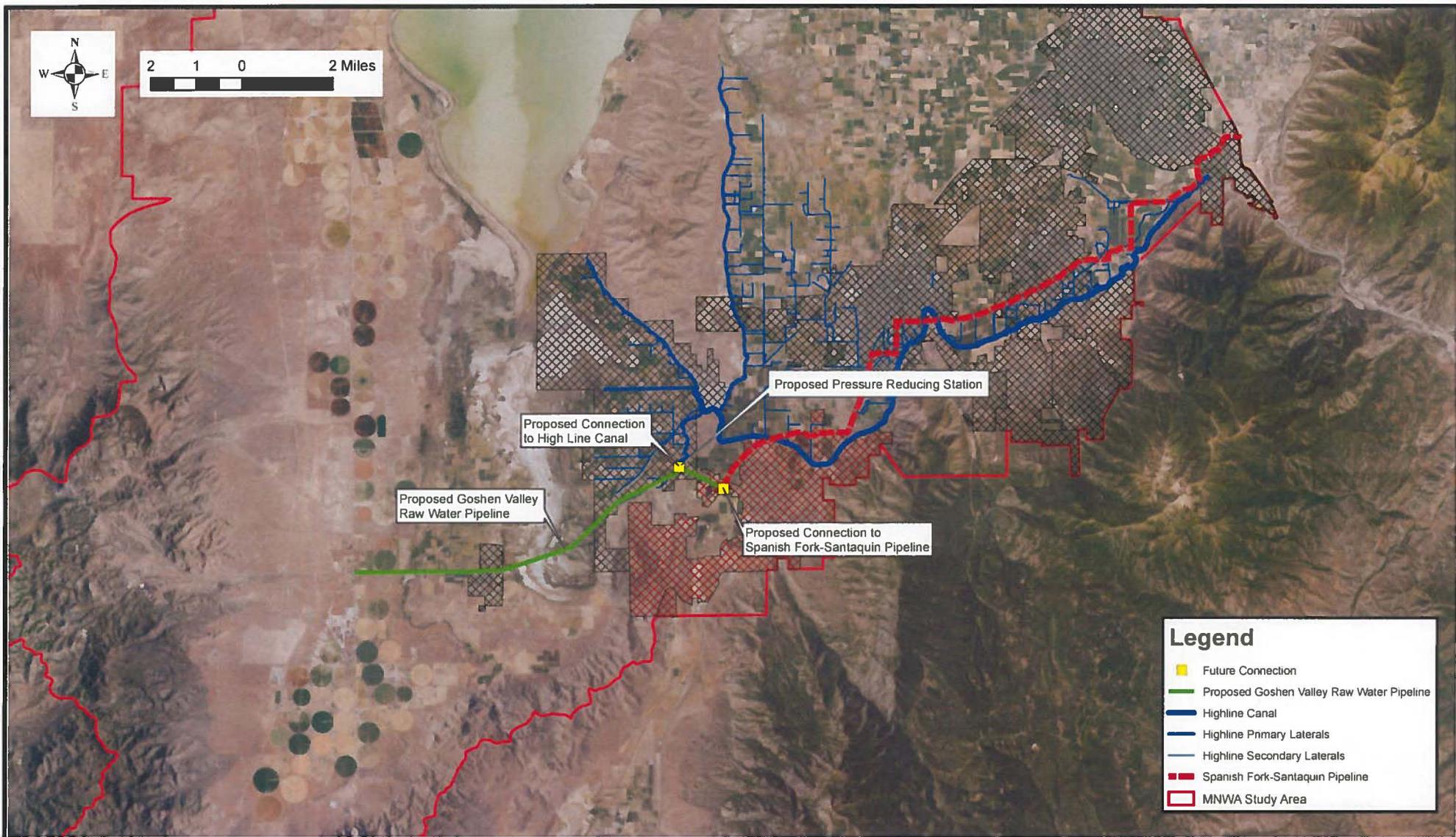
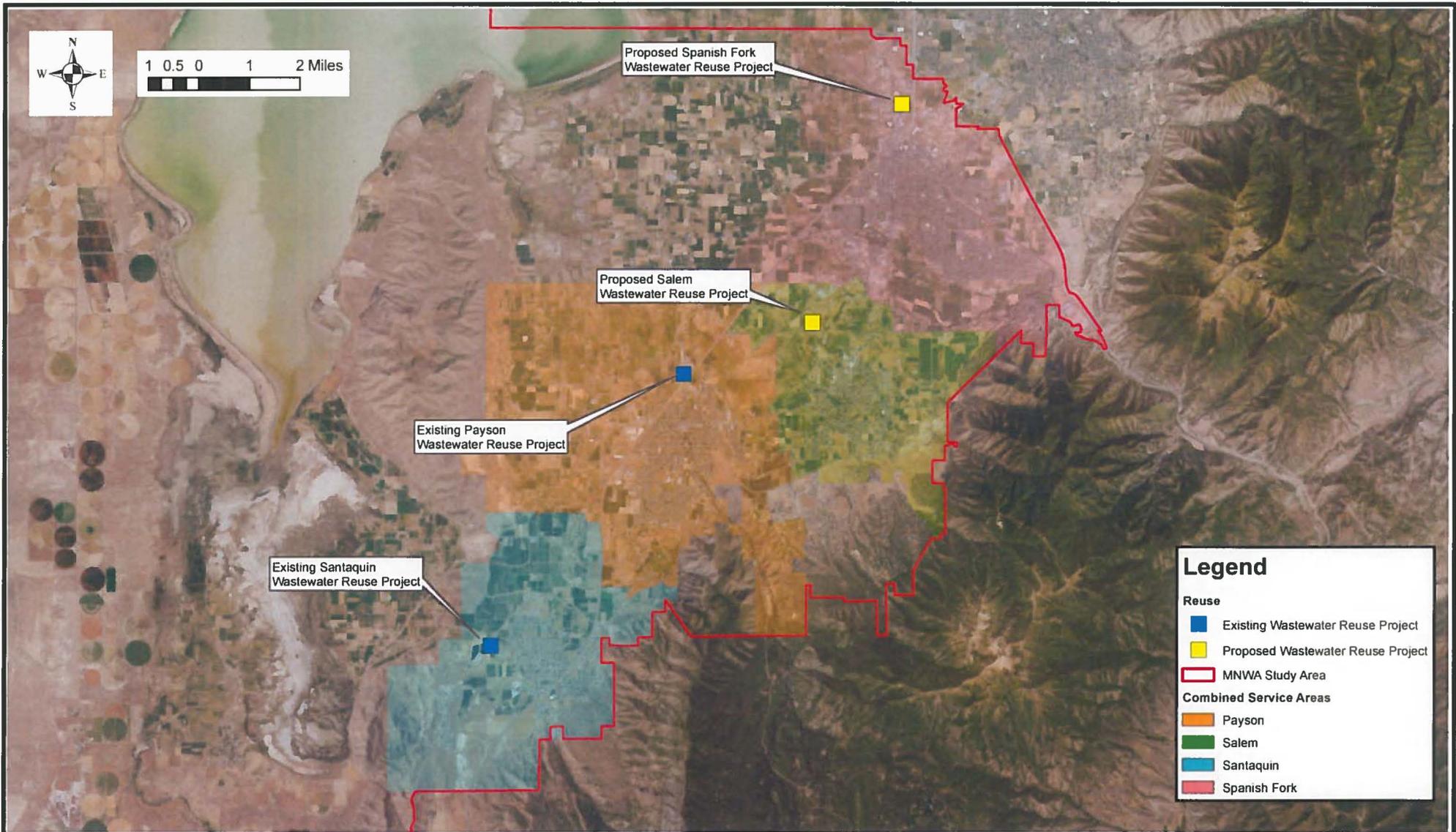


Figure ES-4: Spanish Fork-Santaquin Pipeline Reaches and Turnout Locations



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**Wastewater Reuse Facilities** – Wastewater reuse represents a significant potential to provide additional water supply to the MNWA study area. Four wastewater treatment facilities currently exist within the study area. These plants include Payson, Salem, Santaquin, and Spanish Fork. The locations of these plants are shown in Figure ES-6.



**Aquifer Recharge and Recovery Facilities** – In order to reduce impacts from increased groundwater pumping in the future and to augment the available groundwater for well pumping, MNWA could pursue an Aquifer Storage and Recovery (ASR) program. ASR consists of the artificial recharge of the aquifer system through either surface spreading infiltration basins or direct injection wells and the subsequent discharge of water from the aquifer through increased pumping from existing wells or additional pumping from new wells. Surface spreading basins are the preferred method of recharge if surface water is used for artificial recharge. Otherwise, the water would have to be treated to drinking water standards before direct injection through a well. Typically recovery wells are located downgradient from the point of artificial recharge. Surface spreading basins are proposed to be located in the primary recharge areas near the mountain front at the approximate locations shown on Figure ES-7.

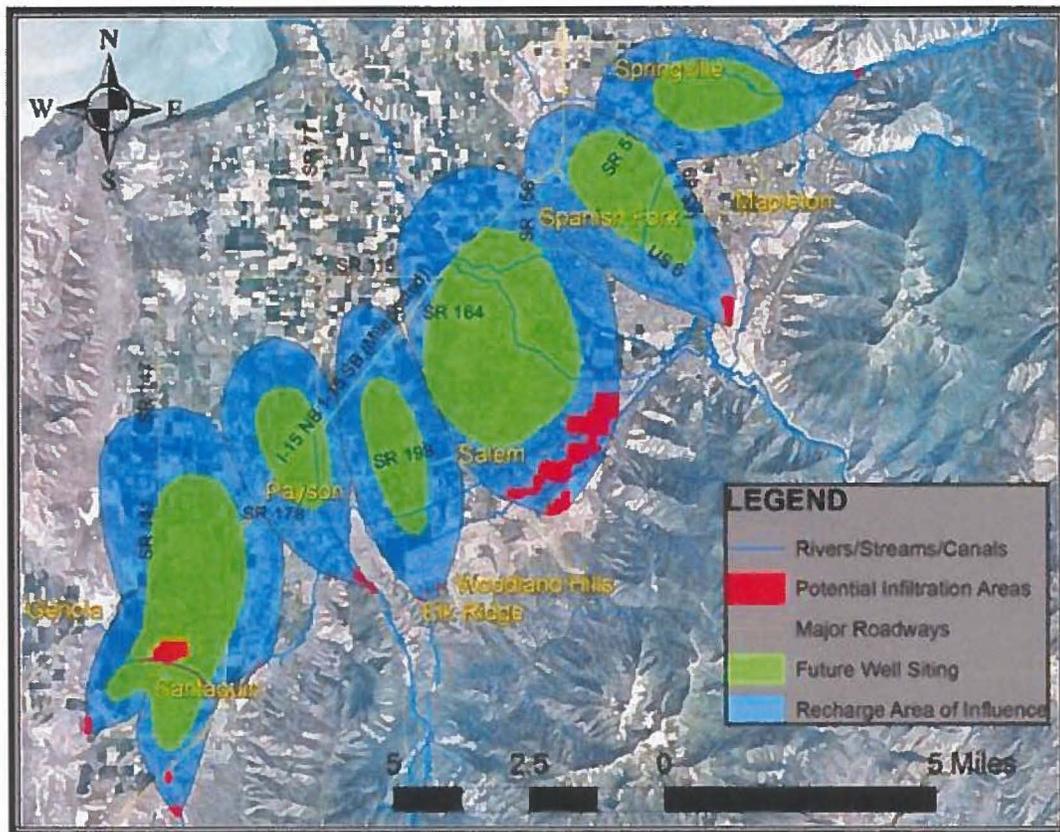


Figure ES-7 Potential Groundwater Recharge Areas (Source: Caldwell, Richards, Sorensen, *Southern Utah Valley Municipal Water Association Groundwater Recharge Feasibility Study*, 2013.)

### Conceptual-Level Cost Estimates

Conceptual-level cost estimates have been prepared for construction of the facilities described previously. These estimates are based on concepts only and should not be used for budgetary purposes. More detailed designs should be developed to determine the technical and financial feasibility of concepts described in this study. Table ES-14 summarizes conceptual-level cost estimates for the proposed facilities.

**Table ES-14  
Conceptual-Level Cost Estimates**

<b>Project</b>	<b>Estimated Cost</b>	<b>Notes</b>
<b>Drinking Water Facilities</b>		
Project 1 – Spanish Fork/Salem Low Pressure Zone Connection	\$560,000	Breakdown of cost estimate provided in Appendix L.
Project 2 – Salem/Payson North Connection	\$230,000	Breakdown of cost estimate provided in Appendix L.
Project 3 – Salem/Payson Connection	\$1,060,000	Breakdown of cost estimate provided in Appendix L.
Project 4 – Salem/Elk Ridge Connection	\$230,000	Breakdown of cost estimate provided in Appendix L.
Project 5 – Woodland Hills/Elk ridge Connection	\$294,000	Breakdown of cost estimate provided in Appendix L.
Project 6 – Payson/Genola Connection	\$3,520,000	Breakdown of cost estimate provided in Appendix L.
Project 7 – Genola/Goshen Connection	\$4,160,000	Breakdown of cost estimate provided in Appendix L.
Project 8 – Spanish Fork/Salem Intermediate Pressure Zone Connection	\$280,000	Breakdown of cost estimate provided in Appendix L.
Project 9 – Payson/Santaquin Connection	\$270,000	Breakdown of cost estimate provided in Appendix L.
Payson Drinking Water Well	\$520,000	Cost based on new 18" well.
Santaquin Drinking Water Well	\$290,000	Cost based on new 10" well.
Woodland Hills Drinking Water Well	\$230,000	Cost based on new 8" well.
CUWCD Water Treatment Plant	\$100,000,000	Cost provided by CUWCD.
Project 10 – Water Treatment Plant Pipe West	\$45,640,000	Breakdown of cost estimate provided in Appendix L.
Project 11 – Water Treatment Plant North	\$5,400,000	Breakdown of cost estimate provided in Appendix L.
<b>Irrigation and Untreated Water Facilities</b>		
Spanish Fork–Santaquin Pipeline	\$140,000,000	Cost provided by CUWCD.
Goshen Valley Raw Water Pipeline	\$36,600,000	Breakdown of cost estimate provided in Appendix L.
High Line Canal Piping Project	\$120,000,000	Cost provided by Strawberry High Line Canal Company.
High Line Canal New Wells	\$3,000,000	Cost based on 6 wells at \$500,000 per well.
Payson Secondary Water Meters	\$5,519,000	Cost based on 5,519 connections at \$1,000 per connection.
Salem Secondary Water Meters	\$2,257,000	Cost based on 2,257 connections at \$1,000 per connection.
<b>Wastewater Reuse Facilities</b>		
Salem New Wastewater Treatment Plant	\$14,000,000	Cost provided by Salem City.
Spanish Fork Wastewater Treatment Plant	\$8,700,000	Breakdown of cost estimate provided in

Project	Estimated Cost	Notes
Upgrades		Appendix L.
<b>Aquifer Recharge and Recovery Facilities</b>		
Recharge Basins and Monitoring Wells	\$3,790,000	Based on CRS Groundwater Recharge Feasibility Study costs of \$1,190,000 for recharge basins and \$2,400,000 for monitoring wells indexed from 2013 to 2017 using RSMMeans indexes.
<b>TOTAL</b>	<b>\$493,770,000</b>	

### Implementation Schedule

The schedule for implementing conceptual plans discussed in this chapter should generally be based on the timing of the needs that each plan addresses. Many of the needs currently exist which means that plans should be implemented as soon as it is reasonably practical. Other needs occur in conjunction with population growth and are based on population projections. Table ES-15 provides a summarized implementation schedule for conceptual plans.

**Table ES-15  
Implementation Schedule for Conceptual Plans**

Project	Implementation Schedule
<b>Non-Structural Measures</b>	
Water Conservation	Should be an on-going practice. However, next updates of water conservation plans should develop strategies to reduce water consumption to State-recommended levels by 2025.
Water Rights Acquisition and Management	Should be an on-going practice.
Expanded Role of MNWA	Discussions between MNWA and cities should begin as soon as possible.
<b>Drinking Water Facilities</b>	
Project 1 – Spanish Fork/Salem Low Pressure Zone Connection	As soon as practical.
Project 2 – Salem/Payson North Connection	As soon as practical.
Project 3 – Salem/Payson Connection	As soon as practical.
Project 4 – Salem/Elk Ridge Connection	As soon as practical.
Project 5 – Woodland Hills/Elk ridge Connection	As soon as practical.
Project 6 – Payson/Genola Connection	As soon as practical.
Project 7 – Genola/Goshen Connection	As soon as practical. Due to cost and limited population this project could be a low priority.
Project 8 – Spanish Fork/Salem Intermediate Pressure Zone Connection	When future development brings water systems in proximity to each other.
Project 9 – Payson/Santaquin Connection	When future development brings water systems in proximity to each other.
Payson Drinking Water Well	When population reaches 44,300.
Santaquin Drinking Water Well	When population reaches 49,700
Woodland Hills Drinking Water Well	When population reaches 4,700.
CUWCD Water Treatment Plant	After completion of Spanish Fork-Santaquin Pipeline.
Project 10 – Water Treatment Plant Pipe West	In conjunction with CUWCD Water Treatment Plant construction. Last 6.5 miles dependent on large industrial

Project	Implementation Schedule
	development at GVL.D.
Project 11 – Water Treatment Plant North	In conjunction with CUWCD Water Treatment Plant construction.
<b>Irrigation and Untreated Water Facilities</b>	
Spanish Fork–Santaquin Pipeline	Project is under construction. Projected completion is scheduled for 2024 but is dependent on availability of federal funding.
Goshen Valley Raw Water Pipeline	Dependent on large industrial development at GVL.D, but not before completion of Spanish Fork-Santaquin Pipeline.
High Line Canal Piping Project	As soon as practical. SHLCC is currently working on a funding plan.
High Line Canal New Wells	As soon as practical.
Payson Secondary Water Meters	As soon as practical.
Salem Secondary Water Meters	As soon as practical.
<b>Wastewater Reuse Facilities</b>	
Salem New Wastewater Treatment Plant	Scheduled for 2020 completion.
Spanish Fork Wastewater Treatment Plant Upgrades	As soon as practical.
<b>Aquifer Recharge and Recovery Facilities</b>	
Recharge Basins and Monitoring Wells	Phased implementation based on population growth (CRS, 2013). Phase I when study area population reaches 107,000. Phase II when population reaches 176,000. Phase III when population reaches 205,000. Phase IV when population reaches 240,000.

**Effective 5/12/2020**

**Chapter 31  
Water Banking Act**

**Part 1  
General Provisions**

**73-31-101 Title.**

This chapter is known as the "Water Banking Act."

Enacted by Chapter 342, 2020 General Session

**73-31-102 Definitions.**

As used in this chapter:

- (1) "Applicant" means:
  - (a) a record holder of a perfected water right or a valid diligence claim applying for board approval of a statutory water bank under Part 2, Statutory Water Banks; or
  - (b) a public entity applying for board approval of a contract water bank under Part 3, Contract Water Banks.
- (2) "Application" means an application submitted to the board to approve a water bank.
- (3) "Approved change application" means a change application that the state engineer approves to authorize a water right holder to deposit a water right in a water bank pursuant to this chapter and Section 73-3-3 or 73-3-3.5.
- (4) "Banked water right" means a water right, or a portion of a water right, deposited in a water bank that the state engineer has authorized for use in a water bank through an approved change application.
- (5) "Board" means the Board of Water Resources.
- (6) "Borrower" means a person seeking to use a banked water right within a water bank's service area.
- (7) "Contract water bank" means a water bank created pursuant to Part 3, Contract Water Banks.
- (8) "Delivery request" means a request to use a banked water right made by a borrower in accordance with a water bank's policies approved under the water bank's application.
- (9) "Deposit" means depositing a banked water right for use within the service area of a water bank.
- (10) "Depositor" means a person seeking to deposit a water right in a water bank.
- (11) "Hereafter use" means the conditions of use the state engineer authorizes for a banked water right during the term of an approved change application.
- (12) "Heretofore use" means the authorized conditions of use that were in effect before the state engineer approved a change application authorizing new conditions for the use of a banked water right.
- (13) "Loaned water rights" means a banked water right that is used pursuant to an approved delivery request.
- (14) "Perfected water right" means a water right evidenced by:
  - (a) a decree;
  - (b) a certificate of appropriation; or
  - (c) a proposed determination or court order issued in a general adjudication.

- (15) "Public entity" means the same as that term is defined in Section 73-1-4 except for the United States or an agency of the United States.
- (16) "Reporting year" means November 1 through October 31.
- (17) "Service area" means the geographic area where a water bank is approved to operate and operates.
- (18) "State engineer" means the state engineer appointed under Section 73-2-1.
- (19) "Statutory water bank" means a water bank created pursuant to Part 2, Statutory Water Banks.
- (20) "Water bank" means a contract water bank or a statutory water bank.
- (21) "Water banking website" means a website overseen by the board in accordance with Section 73-31-103.

Enacted by Chapter 342, 2020 General Session

**73-31-103 Notice -- Website.**

- (1) A notice required under this chapter shall be posted in accordance with Subsection 73-3-6(1) and to a water bank's website, unless otherwise specified.
- (2) The board may create and oversee a website for the purpose of making water banking information available to the public.

Enacted by Chapter 342, 2020 General Session

**73-31-104 Objectives of water banks.**

The objectives in creating a water bank are to:

- (1) promote:
  - (a) the optimal use of the public's water;
  - (b) transparency and access to water markets;
  - (c) temporary, flexible, and low cost water transactions between water users; and
  - (d) Utah's agricultural economy by providing access to water resources and income for Utah's agricultural industry; and
- (2) facilitate:
  - (a) robust and sustainable agricultural production while meeting growing municipal and industrial water demands, such as fallowing arrangements;
  - (b) water quality improvement;
  - (c) water rights administration and distribution; and
  - (d) a healthy and resilient natural environment.

Enacted by Chapter 342, 2020 General Session

**73-31-105 Scope.**

Nothing in this chapter prevents a person from entering into an agreement regarding the use of a water right that differs from the requirements of this chapter, except that only a water bank approved under this chapter may avail itself of the statutory provisions that apply to a water bank.

Enacted by Chapter 342, 2020 General Session

**73-31-106 Board assistance.**

The board may direct the Division of Water Resources to assist the board in fulfilling the board's responsibilities under this chapter.

Enacted by Chapter 342, 2020 General Session

**73-31-107 Fees.**

- (1) The board may charge fees, set pursuant to Section 63J-1-504, to cover the costs of processing and administering:
  - (a) a statutory water bank application; or
  - (b) a contract water bank application.
- (2) The board shall charge a uniform fee for a statutory water bank application and a uniform fee for a contract water bank application.
- (3) The board may charge a different fee for a statutory water bank application than is charged for a contract water bank application.
- (4) Fees collected under this section shall be deposited in the General Fund as a dedicated credit to be used by the board to implement this chapter.

Enacted by Chapter 342, 2020 General Session

**Part 2**  
**Statutory Water Banks**

**73-31-201 Approval of statutory water bank.**

- (1) The board shall approve an application to create a statutory water bank that satisfies this part.
- (2) As a condition of approval, a statutory water bank is subject to this chapter.

Enacted by Chapter 342, 2020 General Session

**73-31-202 Statutory water bank application.**

- (1) A record holder, other than the United States or an agency of the United States, of a perfected water right or a valid diligence claim may request approval for a proposed statutory water bank if the place of use and point of diversion for the applicant's water right are encompassed within the proposed service area of the proposed statutory water bank and the applicant files an application with the board that includes the following:
  - (a) the name of the statutory water bank;
  - (b) the mailing address for the statutory water bank;
  - (c) the type of legal entity recognized under Utah law that constitutes the statutory water bank;
  - (d) a proposed service area map for the statutory water bank;
  - (e) whether the statutory water bank will accept deposits of surface water rights or groundwater rights, provided that:
    - (i) a statutory water bank may not accept deposits of both surface water rights and groundwater rights; and
    - (ii) the applicant's perfected water right or valid diligence claim is of the type accepted by the statutory water bank;
  - (f) a copy of the statutory water bank's governing documents that specify:
    - (i) the number of members of the governing body, which may not be an even number;

- (ii) the qualifications for governing members, including terms and election or appointment procedures; and
- (iii) the initial governing members' names, telephone numbers, and post office addresses;
- (g) a confirmation that the applicant satisfies the criteria listed in Subsection (1)(e)(ii);
- (h) procedures that describe how the statutory water bank will:
  - (i) determine and fund the water bank's administrative costs;
  - (ii) design, facilitate, and conduct transactions between borrowers and depositors for the use of a banked water right; and
  - (iii) accept, reject, and manage banked water rights, including:
    - (A) what information a depositor shall provide to inform the statutory water bank, the state engineer, or any other distributing entity regarding the feasibility of using the water right within the statutory water bank's designated service area;
    - (B) how a potential depositor is to work with the statutory water bank to jointly file a change application seeking authorization from the state engineer to deposit a water right within the statutory water bank;
    - (C) conditions for depositing a water right with the statutory water bank;
    - (D) how payments to depositors are determined; and
    - (E) under what conditions a depositor may use a water right at the heretofore place of use pursuant to Subsection 73-31-501(4);
  - (iv) accept, review, and approve delivery requests, including:
    - (A) deadlines for submitting a delivery request to the statutory water bank;
    - (B) a cost or fee associated with submitting a delivery request and how that cost or fee is to be applied or used by the statutory water bank;
    - (C) what information a borrower is to include on a delivery request to sufficiently inform the statutory water bank, state engineer, or another distributing entity whether the delivery request is feasible within the statutory water bank's designated service area;
    - (D) any notice and comment procedures for notifying other water users of the delivery request;
    - (E) the criteria the statutory water bank will use to evaluate delivery requests;
    - (F) how the statutory water bank will inform water users who have submitted a delivery request if the delivery request is approved or denied, the reasons for denial if denied, and any applicable conditions if approved;
    - (G) appeal or grievance procedures, if any, for a borrower seeking to challenge a denial of a delivery request, including identifying who has the burden in an appeal and the standards of review;
    - (H) how the statutory water bank will determine prices for the use of loaned water rights; and
    - (I) how the statutory water bank will coordinate with the state engineer to facilitate distribution of approved delivery requests;
  - (v) how the statutory water bank will ensure that the aggregate amount of loaned water rights during a calendar year does not exceed the total sum of the banked water rights within the statutory water bank; and
  - (vi) how the statutory water bank will resolve complaints regarding the statutory water bank's operations;
- (i) the process that the statutory water bank will follow if the statutory water bank terminates, dissolves, or if the board revokes the statutory water bank's permission to operate pursuant to this chapter, including how the statutory water bank will return banked water rights to depositors and how the statutory water bank will return any amounts owing to depositors; and

- (j) a signed declaration or affidavit from at least two governing members of the statutory water bank affirming that:
  - (i) the information submitted is correct;
  - (ii) as a condition for permission to operate, the statutory water bank may not discriminate between the nature of use, depositors, or borrowers;
  - (iii) the statutory water bank shall comply with the conditions of an approved changed application for a banked water right; and
  - (iv) the statutory water bank shall report to the state engineer known violations of approved change applications.
- (2) The board may prepare a form or online application for an applicant to use in submitting an application to the board under this part.

Amended by Chapter 4, 2020 Special Session 5

**73-31-203 Action by board on statutory water bank applications.**

- (1) Upon receipt of an application under Section 73-31-202, the board shall record the date the board receives the application.
- (2) The board shall:
  - (a) examine an application for completeness to determine whether the application satisfies this part;
  - (b) review an application to determine whether it meets the objectives of a water bank described in Section 73-31-103;
  - (c) consider an application complete if the application satisfies the requirements of this part; and
  - (d) notify the applicant of any additional information or changes needed to process the application.
- (3) Within 30 days of the date the board determines that an application is complete, the board shall post notice of the application pursuant to Section 73-31-103.
- (4) The notice required by Subsection (3) shall state:
  - (a) that an application to create a statutory water bank has been filed with the board;
  - (b) where an interested party may obtain a copy of the application and any additional information related to the application; and
  - (c) the date, time, and place of the public meeting required by Section 73-31-204.

Enacted by Chapter 342, 2020 General Session

**73-31-204 Public meeting -- Comments.**

- (1) On the date indicated in the notice posted under Subsection 73-31-203(3), the board shall hold a public meeting to:
  - (a) inform water users within the service area of the proposed statutory water bank; and
  - (b) receive comments from water users regarding the application.
- (2) The board shall accept public comments for a period of time no less than 30 days after the adjournment of the public meeting.
- (3) The board shall review public comments when reviewing the proposed statutory water bank's application, but submitting a comment does not create a right of appeal of the board's decision under Title 63G, Chapter 4, Administrative Procedures Act, nor is the board required to address how or whether public comments impacted the board's decision.
- (4) A statutory water bank may review public comments and comments from the board before a final decision is made by the board. If the statutory water bank desires to make changes to

the statutory water bank's application, the statutory water bank may notify the board in writing before the board takes action on the application that the statutory water bank will submit a revised application following the same process that governs the filing and review of the original application for a statutory water bank under this chapter.

Enacted by Chapter 342, 2020 General Session

**73-31-205 Review of statutory bank application.**

- (1) After complying with Sections 73-31-203 and 73-31-204, the board shall approve an application if the application satisfies Section 73-31-202, which is to be liberally interpreted by the board to facilitate the objectives described in Section 73-31-104.
- (2) In approving an application, the board shall:
  - (a) issue an order approving the statutory water bank;
  - (b) approve persons to serve as the initial members of the governing body in accordance with the proposed statutory water bank's structure and Section 73-31-202; and
  - (c) publish the approved application on the water banking website.
- (3) If the board denies an application, the board shall issue a written explanation to the applicant that sets forth the reason for denial, provided that the board's decision regarding an application does not create a right of appeal under Title 63G, Chapter 4, Administrative Procedures Act.

Enacted by Chapter 342, 2020 General Session

**73-31-206 Amending application.**

- (1) After the board approves a statutory water bank's application under this part, the statutory water bank may seek to amend the statutory water bank's application by filing a description of the proposed amendment with the board. The board shall follow the procedures of Sections 73-31-201, 73-31-204, and 73-31-205 to approve an amendment to a statutory water bank's application.
- (2) An amendment approved by the board becomes effective on the first day of the next reporting year.

Enacted by Chapter 342, 2020 General Session

**Part 3  
Contract Water Banks**

**73-31-301 Approval of contract water bank.**

- (1) The board shall approve an application to create a contract water bank that satisfies this part.
- (2) As a condition of approval, a contract water bank is subject to this chapter.

Enacted by Chapter 342, 2020 General Session

**73-31-302 Contract water bank application.**

- (1) A public entity may seek to have a contract for water use approved as a contract water bank under this chapter by submitting an application to the board that meets the following criteria:
  - (a) the name of the contract water bank;

- (b) the mailing address for the contract water bank;
  - (c) the proposed service area map for the contract water bank;
  - (d) a description of how the contract water bank's governing body will be structured and operate;
  - (e) a description for how water delivery requests and loaned water rights are to be administered;
  - (f) criteria for the participation, if any, of non-public entities;
  - (g) includes a copy of the contract, provided that a public entity may redact any information that is private, controlled, protected, or otherwise restricted under Title 63G, Chapter 2, Government Records Access and Management Act;
  - (h) information regarding how the public can learn when the submittal of an application or contract that is the basis of the contract water bank is on the agenda of a public meeting of the public entity under Title 52, Chapter 4, Open and Public Meetings Act;
  - (i) whether the contract water bank will accept deposits of surface water rights or groundwater rights, provided that a contract water bank may not accept deposits of both surface water rights and groundwater rights; and
  - (j) the process the contract water bank will follow if the contract water bank terminates, dissolves, or the board revokes the contract water bank's approval to operate pursuant to this chapter, including how the contract water bank will return banked water rights to depositors and how the contract water bank will return any amounts owing to depositors.
- (2) The board may prepare a form or online application for an applicant to use in submitting an application to the board under this part.

Enacted by Chapter 342, 2020 General Session

**73-31-303 Action by board on contract water bank application.**

- (1) Upon receipt of an application for a proposed contract water bank, the board shall record the day on which the board receives the application.
- (2) The board shall:
- (a) examine the application to determine whether changes are required for the board to process the application in accordance with this part;
  - (b) review the application to determine whether it meets the objectives of a water bank described in Section 73-31-103;
  - (c) consider the application complete if the application satisfies this part; and
  - (d) notify the applicant of any additional information or changes needed to process the application.
- (3) Within 30 days of the date the board determines that an application is complete, the board shall post notice of the application in accordance with Section 73-31-103.
- (4) The notice required by Subsection (3), shall state:
- (a) that an application to approve a contract water bank has been filed with the board; and
  - (b) where a person may review the application.

Enacted by Chapter 342, 2020 General Session

**73-31-304 Review of contract water bank application.**

- (1) After complying with Section 73-31-303, the board shall approve an application for a contract water bank if the application satisfies Section 73-31-302, which is to be liberally interpreted by the board to facilitate the objectives described in Section 73-31-104.
- (2) In approving an application, the board shall:
- (a) issue an order approving the contract water bank; and

- (b) publish a summary of the information submitted by the public entity under Subsection 73-31-302(1) on the water banking website.
- (3) If the board denies an application, the board shall issue a written explanation to the applicant that sets forth the reason for the denial, provided that the board's decision regarding an application does not create a right of appeal under Title 63G, Chapter 4, Administrative Procedures Act.
- (4) A contract water bank may review public comments and comments from the board before a final decision is made by the board. If the contract water bank desires to make changes to the contract water bank's application, the contract water bank may notify the board in writing before the board takes action on the application that the contract water bank will submit a revised application following the same process that governs the filing of an original application.

Enacted by Chapter 342, 2020 General Session

**73-31-305 Amending application.**

- (1) After the board approves a contract water bank's application under this part, the contract water bank may seek to amend the contract water bank's application by filing a description of the proposed amendment with the board. The board shall follow the procedures of Sections 73-31-303 and 73-31-304 to approve an amendment to a contract water bank's application.
- (2) An amendment approved by the board becomes effective on the first day of the next reporting year.

Enacted by Chapter 342, 2020 General Session

**Part 4  
Reporting by Water Banks**

**73-31-401 Annual reports.**

- (1)
  - (a) On or before November 30 of each year, the governing body of a water bank shall submit to the board an annual report on the governing body's management of the water bank's operations for the previous reporting year on a form provided by the board that provides the information in Subsection (2).
  - (b) Proof to the satisfaction of the board that the water bank has mailed, hand-delivered, or sent the annual report electronically is considered compliance with this Subsection (1).
- (2) The annual report shall include the following information for the prior reporting year:
  - (a) a tabulation of the volume and change application number of water rights deposited in the water bank;
  - (b) the nature of use of each banked water right before the banked water right was deposited in the water bank and the volumes of water allocated to each use before being deposited;
  - (c) a tabulation of loaned water rights from that water bank, which includes:
    - (i) the change application number;
    - (ii) the volume of water derived from the loaned water rights;
    - (iii) the nature of use of the loaned water rights and the volumes of water allocated to each use; and
    - (iv) for a statutory water bank, the borrower;

- (d) for a statutory water bank:
  - (i) the amounts charged for the loaned water rights, including a breakdown by nature of use if appropriate;
  - (ii) the revenue generated by the statutory water bank, including the sources of revenue;
  - (iii) the amounts paid out to depositors;
  - (iv) the statutory water bank's expenses;
  - (v) the balance at the end of the reporting year of the statutory water bank's bank account;
  - (vi) the accounting practices used by the statutory water bank;
  - (vii) whether there is pending or ongoing litigation involving the statutory water bank;
  - (viii) whether there are, or have been, any governmental audits of the statutory water bank;
  - (ix) any proposed amendments to an approved statutory water bank's procedures for the coming reporting year;
  - (x) a narrative explanation of any inconsistencies in the annual report or in the operation of the statutory water bank; and
  - (xi) a narrative explanation of how the statutory water bank is or is not fulfilling the objectives described in Section 73-31-104; and
- (e) a declaration or affidavit signed by at least two governing members of the statutory water bank stating that the information in the report is correct.
- (3) The board shall deliver a copy of the prescribed form to each water bank before August 30 of each year.
- (4) If the annual report contains the information required by this section, the board shall post notice of the annual report in accordance with Section 73-31-103.
- (5) If the annual report does not contain the information required by this section, the board shall promptly notify the reporting water bank in writing and return the report to the water bank for correction, providing a written explanation to the water bank that sets forth the information that needs to be corrected. The water bank shall remain in good standing if the water bank submits a corrected annual report that satisfies this section within 90 days of the written notice of the board.
- (6) If a water bank fails to submit an annual report by November 30, or fails to submit a corrected annual report within 90 days of the rejection of an annual report, the water bank is considered in noncompliance under this chapter.

Enacted by Chapter 342, 2020 General Session

**73-31-402 Water bank noncompliance -- Revocation of application.**

- (1) If a water bank is in noncompliance with this chapter pursuant to Section 73-31-401, the board shall give the water bank a written notice of noncompliance that:
  - (a) explains why the water bank is in noncompliance; and
  - (b) gives the water bank a 90-day corrective period from the date of the notice to correct the cause of the noncompliance.
- (2) The board shall:
  - (a) post a notice given under Subsection (1) pursuant to Section 73-31-103; and
  - (b) notify the state engineer of the water bank's noncompliance.
- (3) If the board determines that the water bank has corrected the noncompliance within the 90-day corrective period, the board shall:
  - (a) provide the water bank written notice that the water bank's noncompliance has been cured;
  - (b) post the written notice required under Subsection (3)(a) pursuant to Section 73-31-103; and

- (c) notify the state engineer that the water bank has corrected the noncompliance within the 90-day corrective period.
- (4)
  - (a) If the water bank fails to correct the noncompliance within the 90-day corrective period, the water bank's approval to operate terminates at the end of the current calendar year.
  - (b) The board shall mail notice to the water bank that the water bank's approval to operate has terminated and that the water bank's operations under the application shall cease at the end of the current calendar year.
  - (c) The board shall post the notice required under Subsection (4)(b) pursuant to Section 73-31-103.
  - (d) A water bank shall notify the water bank's depositors and borrowers of the dissolution within 60 days of receiving a notice under this Subsection (4) and shall enact the procedures set forth in the water bank's application ceasing the water bank's operations.
- (5) The state engineer may not approve a change application that seeks to deposit a water right into a water bank that the board determines to be in noncompliance under this chapter.
- (6) A depositor retains title to deposited water rights and the water bank retains no ownership in the deposited water rights.

Enacted by Chapter 342, 2020 General Session

## **Part 5 Deposits**

### **73-31-501 Banking water.**

- (1) A water right may be deposited with a water bank pursuant to an approved change application filed under Section 73-3-3 or 73-3-3.5.
- (2) The state engineer may not approve a change application that authorizes the use of a water right within a water bank for any period of time that exceeds December 31, 2030.
- (3) A banked water right is excused from beneficial use requirements pursuant to Subsection 73-1-4(2)(e)(xi).
- (4) A depositor of a banked water right may use the banked water right in its heretofore use if:
  - (a) the depositor does so under the authority, control, and accounting of the water bank;
  - (b) the water bank informs the state engineer that the depositor's heretofore use is consistent with the water bank's operating procedures for loaned water rights; and
  - (c) during the time the depositor uses the banked water right in its heretofore use, the water bank does not allow the banked water right to be used for other uses within the water bank.
- (5) If an entity authorized to condemn a water right leases a water right under this chapter, the entity may not begin the process of condemning the water right:
  - (a) while the entity leases the water right under this chapter; or
  - (b) within five years after the day on which the entity's lease of the water right under this chapter ends.

Enacted by Chapter 342, 2020 General Session

### **73-31-502 Delivery request for loaned water rights in water bank.**

- (1) A borrower may use water from a water bank for any use within the water bank's service area consistent with the objectives in Section 73-31-104 and the conditions, if any, of the underlying approved change application.
- (2) A borrower shall make use of a banked water right by submitting a delivery request to the water bank that complies with the water bank's requirements.
- (3) The state engineer administratively supervises delivery of water to a borrower. The state engineer may:
  - (a) review an approved delivery request at any point in time to ensure the delivery request complies with a state engineer order approving water rights for use in the water bank, established distribution procedures based on priority, or both; and
  - (b) restrict delivery of loaned water rights if the approved delivery request causes impairment to other water users.
- (4) A water bank shall keep a daily accounting of loaned water rights.
- (5) A water bank shall refer known illegal water use actions to the state engineer's enforcement program pursuant to Section 73-2-25.
- (6) A water bank is responsible for the payment of all distribution costs assessed for the delivery of a banked water right under Section 73-5-1.

Enacted by Chapter 342, 2020 General Session

**73-31-503 State engineer enforcement.**

This chapter does not limit or impair the state engineer's enforcement powers set forth in Section 73-2-25.

Enacted by Chapter 342, 2020 General Session

**Part 6  
Board Reports**

**73-31-601 Reports.**

- (1) In accordance with Section 68-3-14, the board shall report annually by no later than the November interim meeting of the Natural Resources, Agriculture, and Environment Interim Committee regarding the implementation of this chapter.
- (2) The board shall submit a written report to the Natural Resources, Agriculture, and Environment Interim Committee by October 31, 2029, recommending whether the Legislature should take one or more of the following actions:
  - (a) remove or extend the repeal date in Section 63I-1-273;
  - (b) amend the chapter, a provision in the chapter, or a provision in the Utah Code; or
  - (c) take no action and allow the chapter to repeal under Section 63I-1-273.
- (3) At a minimum, the written report described under Subsection (2) shall include the following:
  - (a) a summary of the implementation of the chapter;
  - (b) a statement describing and justifying the recommendation; and
  - (c) a description of the positive and negative aspects of the recommendation.
- (4) Before the board's submission of the written report described in Subsection (2), the Department of Natural Resources shall prepare and submit a draft report to the board for the board's review, provided that the executive director of the Department of Natural Resources may

consult with another state agency or person that the executive director considers necessary to prepare the draft report.

- (5)
- (a) Upon receipt of the draft report described in Subsection (4), the board shall review the draft report and solicit public comment on the draft report by:
    - (i) requesting written comments; and
    - (ii) holding no less than one public hearing at which:
      - (A) the Department of Natural Resources shall explain and justify the draft report's recommendation; and
      - (B) an interested person may comment on or speak for or against the draft report's recommendations.
  - (b) The board shall give notice of the opportunities to provide public comment under this Subsection (5) by:
    - (i) mailing notice to the address of record for each water bank;
    - (ii) publishing notice in a newspaper of general circulation in the state; and
    - (iii) publishing notice as required in Section 45-1-101.
  - (c) The board may give separate notices for any public hearings the board may hold pursuant to Subsection 73-31-601(5)(a)(ii).
  - (d) The notice described in Subsection (5)(b) shall state:
    - (i) that the board is soliciting public comment on the draft report and shall hold a public hearing on a certain day, time, and place fixed in the notice, which shall not be less than 30 days after the day the first notice is published, for the purpose of hearing comments regarding the draft report;
    - (ii) that the board shall accept written comments on the draft report for a period of no less than 30 days after the day the first notice is published, and include instructions for how the public may submit comments; and
    - (iii) how the public may obtain a copy of the draft report.
- (6) The board shall consider timely public comments submitted under this section, and may require the Department of Natural Resources to make revisions the board considers necessary before approving and submitting the final written report required in Subsection (2).

Enacted by Chapter 342, 2020 General Session



PO Box 1126, Salem Utah 84653

Bureau of Reclamation  
Attn: Avra Morgan, Water Marketing Strategy NOFO  
Denver Federal Center  
Bldg. 67, Rm. 152  
6th Avenue and Kipling Street  
Denver, CO 80225

Dear Ms. Morgan:

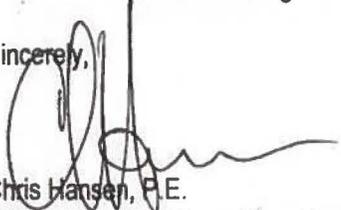
Please find enclosed an application for the Mount Nebo Water Agency (MNWA) Southern Utah County Water Banking Strategy in response to the WaterSMART Water Marketing Strategy Grants for Fiscal Year 2021, NOFO# R21AS00278. The enclosed application meets all requirements listed in the Notice of Funding Opportunity (NOFO).

MNWA is located in southern Utah County in Utah and was created in 2014 by interlocal agreement between eight local governments and a local ditch company. The purpose of MNWA is to facilitate cooperative water planning, resource sharing, water distribution, and to provide for responsible growth and sustainable agricultural water supplies. MNWA has identified water banking as an important collaborative path forward to accomplish these goals and is requesting federal funding in the amount of \$44,000 to develop the Southern Utah County Water Banking Strategy and create an application for the Mount Nebo Water Bank which will implement the Strategy. The Strategy would be a collaborative solution amongst local water users to address present and pending water shortages through innovative market solutions instead of litigation. The Strategy will aid local agriculture by supplying approximately 12,000 acre-feet to replace lost Central Utah Project contracts, and will also allow local municipalities to secure water supplies for future growth.

Two elements of the application will be completed within 30 days from the date of this letter, as allowed under the NOFO: (1) a resolution in support of this grant application and (2) registration in the System for Award Management (SAM). On February 16, 2021, the MNWA Board of Directors authorized the MNWA Water Banking Committee to explore and submit an application for this specific Reclamation funding opportunity, however the Board was not able to meet in time to pass an official resolution in support of the completed application. The Board will meet within the next 30 days to approve and submit an official resolution in support of this application. MNWA is working to register in SAM and will provide Reclamation with notice of its registration prior to May 7, 2021.

Thank you for this opportunity to seek Federal funding assistance through the WaterSMART program. Our member agencies have previously utilized WaterSMART funding to provide critical water resources management in our local area. We see the proposed Water Banking Strategy as the next phase of our local water management efforts. Please do not hesitate to contact me if you have any questions or clarifications regarding our grant application.

Sincerely,



Chris Hansen, P.E.  
MNWA Technical Committee Chairman

Enclosures:

- Mount Nebo Water Agency, Southern Utah County Water Banking Strategy Application Package
- Letters of Support
- Mount Nebo Water Agency Regional Water Supply Study (2019) Executive Summary
- S.B 26 Water Banking Amendments (2020 General Session of the Utah Legislature)