

**Southwest Kansas Groundwater Management District No. 3
Minutes of the Annual Meeting of the Board of Directors
March 10th, 2010**

ANNUAL MEETING

MEETING CALLED TO ORDER

The annual meeting of the Southwest Kansas Groundwater Management District No. 3 was called to order on March 10th, 2010 by President Clay Scott at 10:05 a.m. The meeting was held at the Gray County 4-H Building in Cimarron, KS.

Directors

Tom Bogner	Dave Brenn
Wayne Breeding	Mike O'Brate
Kirk Heger	Mike McNiece
Clay Scott	Nathan Kells
Steve Stone	Kent Dunn
Meghan Houtsma	Alan Schweitzer

Directors Absent with Notice

Warren Fox
Brant Peterson
Kirk Maddux

District Staff Present

Mark Rude, Executive Director
Jason Norquest, Assistant Manager
Chris Law, Resource Technician
Patty Stapleton, Office Administrator
Trevor Ahring, EIT/GIS Technician

Others in Attendance

Mike Meyer, Water Commissioner, Division of Water Resources, Garden City, Ks
Gary Schlappe & Kristin Seleavec, CPA of Lewis, Hooper & Dick
Brownie Wilson, Manager of Geohydrology Support Service, Kansas Geological Survey
Norm Klocke, Kansas State University
Gary Baker, Water Right Consultant, KWA member & Stevens County Commissioner
Randy Hayzlett, ARLFAC Projects committee chairman and South Side Ditch Representative
Keen Brantley, Wheatland Electric Representative
Perry Smith, Wheatland Electric Representative
Lynn Freese, Wheatland Electric Representative
Hal Scheuerman
Russell Schartz
John T Smith
Jack Kopfman
Wayne Keller
Melba George
Marlin Heger

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Introductions of the Board of Directors were completed by those present. Executive Director, Mark Rude introduced himself and the GMD3 staff.

APPROVE AGENDA

President Clay Scott asked for consideration of the meeting Agenda. After some discussion, Kent Dunn made a motion to approve the agenda as presented. Alan Schweitzer seconded the motion. The motion was approved.

APPROVAL OF MINUTES & MONTHLY FINANCIAL REPORT

President Clay Scott drew the attention of the Board to consider the March 11th, 2009 Annual draft minutes. Tom Bogner made a motion to approve the March 11th, 2009 Annual Board Meeting minutes as presented. Nathan Kells seconded the motion. The motion was approved.

FINANCIAL REPORT

2009 DISTRICT EXPENDITURE OVERVIEW; MARK RUDE

Executive Director, Mark Rude provided a summary of the expenditures for Southwest Kansas Groundwater Management for the year 2009. Major expenditures consisted of a new employee and the remodel of the new office building. Mark explained to the members the three funds that are currently in the budget. The General Fund Account supports the district operations and general programs. There are two special fund accounts. One is budgeted for \$25 million, for a water rights retirement program and currently there is no money in this account. The Arkansas River Water Conservation Projects Fund is the 2nd account. The success of moving Ark River litigation damage funds from the state to our local account preserved those funds from the state budget crisis and occurred through a grant agreement with the Kansas Water Office. The account size is larger than the funds received.

2009 AUDIT REPORT; GARY SCHLAPPE, LEWIS HOOPER & DICK

Gary Schlappe, representative from Lewis, Hooper & Dick stated he was happy to be a part of the annual meeting however regretful the circumstance that prevented Charlie Clair's attendance. Mr. Schlappe stated that the auditor report is unqualified, meaning there were no significant findings and no violations. Mr. Schlappe reported that 95.86% of the general funds and 99.87% of the water conservation project funds are invested in an interest bearing account. Mr. Schlappe reported that the 2009 general fund expenditures were under budget authority, very similar to 2008. Capital outlay was higher due to the office remodel and purchase of a new copier. There was a decrease in earned interest due to rates being down. A strong cash balance is still being maintained even though expenditures exceeded receipts. Mr. Schlappe explained a graph that showed the members that 2009 cash receipts were mostly from assessments with a small percentage coming from interest and reimbursements. A graph was also displayed showing the members the category expenditure percentages, with administration and capital outlay being the highest percentage. Mr. Schlappe opened the floor up for questions. No questions were presented.

2011 PROPOSED BUDGET, TREASURER MIKE O'BRATE

Treasurer, Mike O'Brate started the review of the 2011 Budget with an overview of the assessments. He stated that the GMD3 has the lowest water assessment charge of the Kansas GMD's. The projected total from all the counties comes to \$616,725.61. Mike turned the member's attention to the 2011 Proposed General Fund Budget. Mike stated that the budget is about the same every year, except for the last two years which is due to the purchase of the new building and remodel. He opened the floor to discussion of the proposed budget, with none occurring.

Mike McNiece moved to adopt the proposed budget and take to the public hearing in July. Wayne Breeding seconded. Motion passed with all in favor.

ELECTION OF DIRECTORS

President Clay Scott reminded the members present that the GMD3 does not accept nominations from the floor. He then asked if any nominee would like to state a brief history of them.

Steve Stone started, stating he farms southwest of Garden City. He is the sole candidate for Finney County.

Ford County Representative, Tom Bogner stated that he has been on the Board for several years and really does enjoy it. Tom stated the Board is good at working together and not just for their county but for the benefit of the whole district.

President Scott introduced Mike O'Brate, who has been the Treasurer for the district for many years. Mike added that he has been the Treasurer for ten years and he farms in Gray County. He also enjoys being on the Board and enjoys the continued learning.

The next nominee to provide a statement was Hal Scheuerman. Hal informed that he lives in Deerfield and has surface water rights, well water rights, he is President of one of the Ditch Companies and he serves on the Litigation Funds [ARLFA} Committee. Hal proudly stated he has two kids still in high school. Following his grandfather and father, is the 3rd generation to be involved with the Amazon Ditch [Kearny County Farmers Irrigation Association].

President Scott then introduced the final nominee for the elections, Dave Brenn. Dave stated that he enjoys working with the Board and the progressive nature of the Board. He is the surface water representative and does have ties to surface water in Finney and Kearny County. Mr. Brenn stated that the members need to remember that the directors volunteer their time. He described that the discussions he has been involved in have always been presented in a professional manner by the Directors and Staff of the District.

President Scott reiterated that the Board is made up of a good mix of 15 people. Russell Schartz moved to elect the slate of directors as presented. Randy Hayzlett seconded. Motion passed with all in favor.

PRESIDENT'S REPORT, PRESIDENT CLAY SCOTT

GRATITUDE FOR BOARD SERVICE EXTENDED TO KIRK MADDUX, KEARNY CO

Due to the absence of Kirk Maddux the presentation recognizing his years of dedicated service to the Board of Directors and to the membership of GMD3 will be presented at a later meeting.

KANSAS GEOLOGICAL SURVEY, WATER RESEARCH & TOOLS FOR GMD3
BROWNIE WILSON

Brownie Wilson from the Kansas Geological Survey discussed with the members and Board of Directors the Water Level Program and introduced the Numeric Model for Groundwater. Brownie informed the attendees that KGS goes out with Division of Water Resources and measures around 1400 wells mainly in the high plains same time, same wells every year. KGS has developed customized software tied to global positioning systems to assist in finding the well in the field and then store information. A steel tape is still used to measure depth to water that is incremented to the hundredth of a foot. The bottom 30 feet is covered in chalk and when lowered into the well the water table makes a clear mark (called a cut). The depth of water is then calculated by the distance from the top of the well to the cut. Brownie displayed a water level change map that showed the raw changes from 2009 to 2010. Between Liberal and Hugoton is the greatest decline of the water table and of course traditionally south of the Ark River. Interested patterns of water table increase did occur in the artesian area; however the precipitation pattern may have something to do with the increase.

Brownie then shared slides explaining the Numerical Ground-water Model. A ground-water model is similar to a calculator. As with traditional math there is a group of water rules in the form of mathematical equations that portrays the natural environment. The more you know for the equation the better your response / answer will be. The creation of a water model has many steps; the water model is developed to answer specific questions/ issues within a specific study area. The study area is generally subdivided into cells. Rules and conditions are then established to the study area. The information that is required can be very complex and detailed; some of the parameters can be gross assumptions with inherent levels of uncertainty. The GMD3 model area is in the High Plains aquifer with streamflow in the Arkansas/Cimarron Rivers and Crooked Creek. Brownie demonstrated slides of parameter examples and provisional results. Concluding that there is a lot of information you can get in Kansas in terms of hydrologic information. The GMD3 goal for the groundwater model is to simulate streamflow and water-level conditions along with the ability to run "what if" scenarios.

KANSAS STATE UNIVERSITY, WATER RESEARCH & TOOLS FOR GMD3

President Scott introduced Norm Klocke. Mr. Klocke is the Water Resources Engineer for the Western Kansas Agricultural Research Center located in Garden City. Mr. Klocke informed the group that a bird eyes view of the programs and water resources used in the Garden City office will be demonstrated today. Mr. Klocke stated that to have the successful programs in this area a team of collaborators is beneficial. The team consists of Randall Currie, Weed Scientists, Garden City, Loyd Stone, Soil Physics, KSU, Manhattan, Steven Briggeman, Sprout Software, KC, MO, Dale Bolton, KSU, Garden City.

Through a power point presentation Mr. Klocke demonstrated if producers dropped off pumping what will the response of the crop be and how much yield can be expected. Six different irrigation treatments are used throughout the production plots. The different treatments demonstrate the yield characteristics. If less irrigation is pumped it forces the roots of the crop to go deeper in search of the aquifer. Roots could be 6-8 feet deep. If irrigation pumped heavily the roots will be shallow.

Mr. Klocke spoke about the Crop Water Allocator. The tool considers combinations of crops for rotation along with the combinations of irrigation allocated to each crop from limited water supplies. The allocator then stacks options from highest to lowest net return. Two examples of the crop selection options were demonstrated.

Option 1—Entire pivot to corn

- ◆ Irrigate 6 inches on whole pivot
- ◆ Net Return--\$225/ac X 130 ac = \$29,250

Option 2—Corn & Sorghum on each half

- ◆ Irrigate 12 in. on corn and 2 in. on sorghum
- ◆ Net return =
 - Corn \$350/ac X 65 ac = \$22,750
 - Sorghum \$135/ac X 65 ac = \$ 8,840
 - Total = \$31,590

Another tool that is available is the Crop Yield Predictor. This tool is a decision tool predicting crop yields and economic returns for irrigated crops. Designation of potential irrigation schedules can demonstrate the best yields and net returns.

The Crop Yield Predictor and the Crop Water Allocator are both available at www.mobileirrigationlab.com. Both tools are beneficial to producers in reducing evaporation losses; better use of precipitation; yield reductions vs. irrigation reductions; mixing crop rotations and predicting irrigation schedules.

EXECUTIVE DIRECTOR REPORT

GMD3 Water Flowmeter Program

Chris Law, Resource Technician with Groundwater Management spoke to the members about the 2009 Inspection Program. Chris advised that three different township were worked; 24, 28 and 32, extending from the Colorado line to the east side of the district. A total of more than 2100 well sites were included for the inspection program. Four contractors performed approximately 500 inspections each, leaving GMD3 staff to complete 106 initial inspections for a grand total of 2,072.

Chris explained the contractor's responsibility, stating that each contractor is provided a predetermined list from GMD3. From this list the contractor is to visit each well or meter site. The information that needs to be collected and or verified is as follows:

- Meter location
- Meter ID info
- Meter installation info
- Perform a timed test if pumping
- Take a GPS reading and 2 pictures
- Leave a tag
- Note any other related observations
- Organize and identify pictures
- Submit inspections with a concern within 1 day
- Submit remaining inspections and pictures regularly

The percentage of the pumping wells visited increased from the two years prior. 46% of the wells were pumping in 2008 and 42% of the wells were pumping in 2007. In 2009 52% of the wells were pumping resulting in a timed test and a better indication of the status of the meter.

Approximately 14% of the inspections were "inactive" wells. This is based on field observations and interpretation of contractor notes. In 2008 the inactive well percentage was 7.5%.

254 (13%) of the 1,966 were either missing the seal or does not have any method for being sealed. This is a better percentage from 2008 which was at 19%.

GMD3 Staff worked with operators to correct issues such as; no meter, meter unreadable and other issues such as moisture on the lens, a broken lens or register and needle differ greatly.

Chris advised the members that 2010 inspections will be held in Townships 21, 25, 29, and 33.

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Chris also updated the members on the 2009 Flow Verification Test. Jason Norquest and Chris Law are both certified to complete flow test. 98 flow tests were attempted in 2009. Tests are performed as a result of an inspection, DWR notice or because a member requested for their own reason. A seal can be placed on the meter when a flowmeter test within 6% +/- . The meter accuracy this year was 35 negative results which means the meter is registering less than is actually being pumped, and 51 positive results which means the meter is registering more than is actually being pumped.

Russell Schartz asked Executive Director, Mark Rude, “how does the level of activities going on in the GMD3 compare to other Districts? Is there more or less?” Mark replied that due to the economy and expertise, working with other GMD’s on such projects as modeling initiatives is beneficial for all districts. Mark added that work with other GMD’s in the State and outside of Kansas is similar.

BOARD MEMBER REPORTS

There were no Board Member reports to present.

PUBLIC FORUM

Russell Schartz asked if the “use it or lose it” rule got squared away. Mark replied that they are working on it. Sub. For Senate Bill 316 is expected to pass removing the need to pump well to preserve the water right.

ADDITIONS

Mark reminded the members that annual meeting next year will be held in Ulysses, KS.

Door Prizes were drawn and handed out.

A 20 minutes recess was called by President Clay Scott for lunch.

Mark spoke to the members about local water management that benefits Kansas. Local water management is a collaboration of local and state directors. A timeline of the historical perspective of water management was reviewed. Starting in 1945 with the Kansas Water Appropriation Act and ending in 2004 with the subunit management concept. Highlights between the two years consist of the GMD Act in 1972. 1973 to 1976 the GMD 3 was formally organized. Permits were required to use water; IGUCA tool and allowable appropriation (40/25 rule) in GMD3 were all created in 1978. Beginning in 1991, township closures and meters occurred.

Subunit management concept was added in 2004. Declines in some areas have occurred for 50 years with GMD3 being active for 35 years. In 1999 legislature passed SB287. This bill required Kansas Water Office to examine Kansas aquifers and any needed transition assistance to dry land farming.

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Incentive Programs, such as; CREP (Conservation Reserve Enhancement Program), EQIP for temporary conservation of water and AWEP are some of the voluntary incentive programs that target subunits.

Mark advised the members that aquifer declines remain a priority issue in the district. Reducing the rate of consumption is getting another look through modeling the available supply and the constraints of water right owners and water uses.

Constant attention of what's happening in the Ogallala is ongoing. National Geographic Magazine will be publishing an article about the declining Ogallala aquifer next month. "Nat Geo" worked with Kansas Geological Survey to come up with a representation of the aquifer in Haskell County and DWR on water use.

Mark presented a slide regarding the Ogallala-High Plains Aquifer Special Study Phase II: Part Two-Southwest Kansas Economic Model. Dr. Bill Golden is the project manager; he is from Department of Agricultural Economics, Kansas State University. The team consists of other researchers from KSU, Kansas Water Office and Southwest Kansas GMD3 and the Ogallala Aquifer.

Mark spoke to the members about three management scenarios that are in the works from the board work with the aquifer computer model. Mark stressed that each scenario is very simple to begin model evaluations.

- 1. No change to the present water policies
- 2. No more water use other than domestic
- 3. A budget of 40% consumption in 25 years allocated to existing water rights with some respect to priority

He reported that GMD3 is constantly working on developing good groundwater management tools. Hydrology Calculator, Economy Calculator, Available Supply Calculators and Water Right Allocation Calculators are the tools either being developed or are in use at the present time. Promotion of the groundwater management tools are developed through flowmeters and other sensors, MOU project monitoring agreements, beneficial groundwater conservation and administrative and fiduciary service to partner organizations and agencies to meet the goals of the GMD3 membership.

Mark updated the members of legislative bills that are in the works. HSSB 316 (nonuse in closed areas), this bill would amend K.S.A. 82a-718 to establish that "...a groundwater right, which has as its local supply an aquifer area that has been closed to new appropriations by rule, regulation or order of the chief engineer and where means of diversion are available to put water to a beneficial use within a reasonable time, shall be deemed to have due and sufficient cause for nonuse and shall not be deemed abandoned.". On February 25 this bill passed the House and on March 2, the Senate signaled its disagreement with the House revisions and sent the bill to conference committee.

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SB 510 (establishing conservation use as a beneficial use of water)-Committee deliberation on the bill has not yet been scheduled.

SB 558 (interstate water litigation fund) Senate Bill 558 would amend K.S.A. 82a-1802 to delete references to the interstate water litigation reserve account of the state general fund; to declare that the interstate water litigation fund “shall remain intact and inviolate” and “shall be used for the purposes set forth in this section and for no other governmental purposes”, and to accrue interstate in the interstate water litigation fund. On March 4th, the Senate Ways and Means Committee received supportive testimony from GMD3. The committee did not take action on the bill.

HB2283 (rural water district annexation), this bill originated in the 2009 session. It would create new laws and change existing ones dealing with procedures for annexing rural water district service areas into cities. In the last session the bill was amended by the Senate, it would have prohibited the chief engineer from initiating an intensive groundwater use control area in a groundwater management district unless the district requested the IGUCA.

Mark announced that April 7th is a public hearing on rules and regulations addressing several proposed regulations. Impairment investigations, due and sufficient cause for nonuse, 15 acre-foot exemptions in groundwater management districts 2 and 5 and water flowmeter requirements are among the topics to be discussed.

GMD3 is working on improving communication with the members of the district and all other persons that are interested in learning about water issues. The district is regularly publishing an email newsletter. Mark announced to the crowd that if anyone is interested in receiving the newsletter to provide us their email address.

Mr. Keller asked about the CREP program and conveyed his disappointment in the minimum qualifications to be eligible. Mark stressed that signing up in CREP is still an opportunity but not for long. Dollars for the program came from the Kansas V. Colorado case. Mr. Keller stressed his disappointment that he is not eligible because he conserved water practices. Mark agreed that there is an issue with the program on existing conservation. However, a future AWEF being considered may be an option for some producers.

Concluding there were no more questions or comments, the meeting was adjourned.

ADJOURNMENT

Meghan Houtsma made a motion to adjourn the meeting. Wayne Breeding seconded the motion. The meeting was adjourned at 12:26 p.m.

Respectfully Submitted,

Meghan Houtsma