

**Southwest Kansas Groundwater Management District No. 3
Minutes of the Regular Meeting of the Board of Directors
July 12, 2017**

MEETING CALLED TO ORDER

9:07a.m. Vice President, Bret Rooney called to order the May 10th, 2017 Board of Directors meeting of the Southwest Kansas Groundwater Management which was held in the Board Room of Southwest Kansas Groundwater Management District NO. 3.

Directors Present

Mike O'Brate, Treasurer, Gray County Representative

Mike McNiece, Board Secretary, Industrial Representative

Bret Rooney, Vice President, Haskell County Representative

Clay Scott, Grant County Representative

Steve Stone, Finney County Representative

Kent Dunn, Seward County Representative

Zachary Gale, Hamilton County Representative

Randy Hayzlett, Surface Water Representative

Douglass Fox, Meade County Representative

Fred Claassen, Morton County Representative

Fred Jones, Municipal Representative

Hal Scheuerman, Kearny County Representative

Vacant, Ford County Representative

Directors Absent with Notice

Kirk Heger, President, Stevens County Representative

Seth Nelson, Stanton County Representative

District Staff Present

Mark Rude, Executive Director

Jason Norquest, Assistant Manager

Patty Stapleton, Office Administrator

Chris Law, Director, Field Services

Trevor Ahring, Engineer

Brandi Sneath, Office Assistant

Others in Attendance

Mike Meyer, Water Commissioner, Division of Water Resources, Garden City, KS

Armondo Zarco, Garden City KDA/DWR

Kelly Warren, Water Right Consultant

Ben Fuentes, Supreme Feeders

Dave Casterline, Ford County Prospective Representative

Dwane Roth, KFL committee representative

Dave Brenn, Kansas Water Congress

APPROVE AGENDA

Vice President Rooney asked for consideration of the meeting Agenda. After some discussion, Kent Dunn made a motion to approve the agenda as revised by adding travel approval for Mark Rude to the Oklahoma compact meeting. Clay Scott seconded. The motion passed.

APPROVAL OF MINUTES & GENERAL MONTHLY FINANCIAL REPORT

Vice President Rooney drew the attention of the Board to consider June 14, 2017 draft minutes. Clay Scott moved to approve the June 14, 2017 minutes with correction by Mike Meyer. Randy Hayzlett seconded the motion. The motion passed.

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Vice President Rooney next drew the attention of the Board to review the June 2017 financial report documents. Hal Scheuerman made a motion as follows: Approve the financial reports and payments for the month of June as presented at this meeting, and submit them for the annual audit. Mike McNiece seconded. Motion passed.

Vice President Rooney signed and submitted the financial documents.

Vice President's Report, President Brett Rooney

Water Commissioner's Report: Mike Meyer

Water Commissioner Meyer stated there are currently 13 WCA's (water right conservation area) approved. There are also two proposed LEMA's waiting on signature or hearing: the SD6 area renewal and the GMD4 full district request.

Ford County Representative

Vice President Rooney introduced David Casterline. Mr. Casterline is interested in becoming the Ford County Representative. He attended KSU and currently works for Keller Leopold Insurance in Cimarron and farms in Ford County. He resides in Dodge City, KS. Vice President Rooney stated that GMD3 Board and Staff appreciate Mr. Casterline's interest and willingness to provide time to the district. Kent Dunn moved to approve Dave Casterline as representative for Ford County to fill the unexpired term of Jeff Reinert. Doug Fox seconded. Motion passed.

Each Director introduced themselves and stated their position representation on the board.

Kearny / Finney LEMA Update

Governor Tour

Due to a conflict, the Governor Tour was rescheduled from this Thursday to next Tuesday. Due to the forecast, touring of the Roth farm will be held at American Ag.

KFL committee will meet tomorrow (Thursday 13th) to discuss further details on further consideration of using certified acres. This plan is similar to SD6.

WCA plan reviews for written comment

Big D Farms WCA:

Dwane Roth addressed those in attendance. GMD3 staff recommended supporting this conservation plan as straightforward. Steve Stone questioned, "why not just shut the water off and why this plan is really needed." Vice President Bret replied, "It seems to be a statement that they want recognize to conservation and to show folks that this can work and conservation will help the groundwater situation. Hoping for a ripple effect and others to follow. Others within the proposed LEMA area have said they will be looking at forming their own WCA until a LEMA is implemented. No new flexibilities on this plan.

Jason Norquest presented a power point demonstrating the details of Big D Farms WCA.

- 8 water rights involved, 13 wells
- Historic years 2006-2015
- 4 of the wells had no use reported during that time frame
- Total authorized = 5600AF
- 10 year avg. use reported=1683.4AF
- 15% conservation proposed
- $1683.4 \times 85\% = 1430.89AF$
- $1430.89 \times 5 = 7154.45AF/5 \text{ Years}$
- None of the wells can exceed annual authorized in a year
- All wells must stay within the 5 year allocation limit
- Stipulation in WCA to allow possible conserved water carryover if/when LEMA is established

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Clay Scott moved to approve support, with letter of recommendation and noting Mr. Roth is not asking for any flexibility. Mike O'Brate seconded. Motion carried.

Richmeier Farms

Jason Norquest introduced the WCA plan covering most of a section of land for board comments. Randy Richmeier did a brief description of his proposed WCA plan and described the west half of the section had more vested right on it, but seems to have lost it in the past, not sure how or what occurred? Jason continued, saying well spacing is met to neighboring wells. However, this plan does offer flexibility on the two SW wells, each now having 160 AF, to allow them to pump more than current annual limit as long as 5-year overall WCA allocation is not exceeded. What is the possible effect that might happen with this flexibility on neighboring prior rights? Mike Meyer stated the amount used in the state Theis calculation of affect was from the max reported for each SW well during the 2006-2015 timeframe and indicated to DWR staff there would be no real effect.

Jason Norquest turned the boards' attention to Richmeier Farms WCA summary and reviewed the following details:

- 4 Water Rights (1 is Vested), 4 wells
- Historic years 2006-2015
- Total authorization = 1200AF
- 10 year avg. use reported = 660.277AF
- 15% overall conservation proposed
- $660.277 \times 85\% = 561.235AF$
- $561.235 \times 5 = 2806.177AF/5$ Years
- F193 & 564 cannot exceed current annual authorized
- 7998 & 29052 may exceed authorized
- All 4 cannot exceed the 5 year quantity WCA limit
- Spacing would be met to neighboring wells
- Stipulation in WCA that would allow possible conservation carryover credit if/when LEMA is established

Much discussion occurred amongst the directors and Randy Richmeier. Clay Scott advised that with a conservation goal, to be careful not to chase water from low aquifer yield to remaining high yield areas, even though this is a small water right.

Mark stated that the board likely supports the overall initiative, but for the "chasing water", concern and a little more information on effect and acceptability by neighboring prior right owners and rate limit issue in plan.

Mike McNiece moved to support the WCA. Clay Scott seconded. Vice President Rooney asked for additional comments. Randy Hayzlett stated that consideration of a better letter to the neighbors which addresses the rate along with clarification in the letter that the neighbor could comment on the project within a limited amount of time. Mike McNiece amended his motion to read, support the WCA along with a better letter to the neighbor members that addresses the rate and quantity along with clarification that the neighbor could comment on the project within a limited amount of time. Clay Scott seconded. Motion passed.

Annual GMD3 Budget Hearing.

Vice President Brett Rooney called the Public Budget Hearing on the proposed 2018 budget for Southwest Kansas Groundwater Management District NO. 3 to order at 10:00 a.m. He welcomed all those in attendance. Vice President Rooney stated that a GMD3 budget hearing is necessary and proper according to state policy for our organized groundwater area of Kansas. Specifically, K.S.A. 82a-1030 provides for water user charges, which are, annual assessments per acre for tracts of land 40 acres or more in size and per acre foot, against landowners and this budget hearing process. The purposes of GMD3 are long standing in the history and activity of Southwest Kansas and our water use influenced economy.

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The hearing is held to receive comments on both the proposed 2018 budget and on the assessments to member landowners and water users necessary to fund the management program of the Groundwater District. Newspapers of the District published the Hearing announcements in compliance with State Law. Presentation of the draft budget was completed at the annual meeting that was held this past March.

Hearing officer Rooney introduced and handed the floor over to Treasurer, Mike O'Brate for budget details. Treasurer, O'Brate stated the 2018 budget was created using a user fee of 14 cents per acre-foot of groundwater withdrawn within the district or allocated by the water right, and a special land assessment of 5 cents per acre for tracts of 40 or more acres, as allowed by law.

Hearing officer Rooney asked for any comments or questions. Commissioner Mike Meyer asked what the Meter Inspection / Technology budget line is. Mark Rude added that provides dollars available for additional contractors or technology support that maybe needed. Added question on the \$31, 600.77 in expenditures under conservation projects was answered as a GIS Workshop, Inc. development of map based field data collection software in cooperation with other GMD's. There were no more stated comments or questions.

Hearing officer Rooney declared the budget hearing closed at 10:47a.m. Vice President, Rooney continued as presiding over the July board meeting agenda.

WR 8,014, Green Plains Cattle, Distance

Jason Norquest described that the Green Plains Cattle wishes to move 277.95af from well ID5 to well ID3, which is further than the half-mile limit in the rules. Total allocated amount within one mile of ID5 is 1680.49 af and total allocated amount within one mile of ID3 is 1059.41af. The move of pumping authority east is to an aquifer area with less annual pumping demand.

- Four wells under Water Right, File No. 28014, 3 active & 1 standby
- Well ID5: 556.25=>278.25AF
- Well ID3: 203.95=>481.9AF
- Proposed reallocation is just over 3300' move
- Spacing also not met to applicant's well to the south (WR 17833)
- Response letter from applicant in packets
- East well has variable drive pump and can keep system pressure without runoff from tanks
- West well currently natural gas pump is harder to adjust to pressure demands through day
- No response from other neighbors.

After board discussion, Kent Dunn moved to recommend approval. Mike O'Brate seconded. Fred Jones voted Nay. Motion passed.

Committee Reports

Policy and Legal

Mark Rude, Jason Norquest, Mike McNiece, Clay Scott and Kirk Heger were in attendance of the Policy and Legal Committee meeting which occurred a few days prior to the July board meeting. Discussion occurred of the consumptive use rule change along with term permit applications for Grant County Feeders and a change application for John Borth. Grant County Feeders is a question of process authority awaiting an answer from the state. Mark stated there were two letters of concern from neighbors on the Borth review. More fact finding is needed for the Borth situation, however could be on the agenda for August.

Mark reminded the board that GMD3 has framed their Management Plan Draft Document from the GMD4 example recommended by DWR. More work needs to be completed and Policy and Legal recommendations to move it to approval at the August board meeting.

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Budget

Vice President Rooney asked for recommendation and Board resolution on the proposed 2018 Budget. Mike O'Brate moved and Steve Stone seconded approval of the 2017-4 Budget Resolution.

Old Business

Draft Revised Management Program Document

Randy Hayzlett moved to table Draft Revision Management Program Document review to next month. Fred Jones seconded. Motion passed.

New Business

There was no new business brought to the table.

Executive Director Report, Mark Rude

Employee Recognition

GMD3 Board of Directors and staff recognized Chris Law for his 10 years of dedicated employment to the district with a plaque.

City of Garden City sub-irrigation demonstration project support

Recently, City of Garden City entered into a grant agreement with BOR (Bureau of Reclamation) for a demonstration project of reuse wastewater for sub-irrigation of a baseball field. The Water Office recently provided state Water Plan funds. Mark is recommending GMD3 monetarily supporting the City of Garden City demonstration project proportional to state support, based on the annual collection and return ratio. \$300.00 as the calculated amount as a possible policy for proportional GMD3 support of all district municipalities receiving federally granted demonstration project support in which a portion of state Water Plan funds collected from the municipality is returned as state support. Fred Jones stated he appreciates what Mark is trying to provide. Mr. Jones noted the total project cost is \$175,000.00 and City money has been set aside already.

The consensus of the Board of Directors agrees to the monetary support up to \$300.00.

Kansas Water Congress Summer Conference, Garden City, KS July 27-28

Dave Brenn reminded those in attendance the Kansas Water Congress Summer Conference will be held at the Clarion in Garden City, KS, July 27 and 28th. Mr. Brenn reviewed a few topics on the agenda including: WCA (water right conservation area) LEMA's (local enhanced management area) and IGUCA'S (intensive groundwater use control area) will be discussed heavily. A tour will begin in the afternoon starting at the college. Hal Scheuerman moved to support registration for directors and staff to attend the Kansas Water Congress held in Garden City, KS July 27-28. Randy Hayzlett seconded. Motion carried.

Move August Meeting to Friday, August 11

Due to a conflict in August, the monthly board meeting needs to be changed. After some discussion on dates, Clay Scott moved to change the August Board Meeting date to August 11, 2017. Doug fox seconded. Motion passed.

Kansas Water Authority, Pittsburg, KS August 16-17

Mark Rude announced the meeting for the Kansas Water Authority would be held in Pittsburg, KS on August 16-17, 2017.

Four States Irrigation Council Tour, Grand Island, Nebraska, August 16-17 (travel approval)

Mark Rude noted Four States Irrigation Council Tour would be held in Grand Island, Nebraska, August 16-17. Randy moved to approve travel and registration for board and staff. Fred Claassen seconded. Motion carried.

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Governor's Water Conference, Manhattan, KS November 8-9

Mark advised the Board to mark their calendar for November 8 and 9th, 2017 for the Governor's Water Conference and to get staff their reservation needs.

Kansas / Oklahoma Compact Meeting.

Mark Rude announced he would attend the Kansas / Oklahoma compact meeting later in the month as approved for travel.

Monthly Western Water Conservation Projects Fund Business

Mark Rude drew the attention of the board to the financial documents of the Western Water Conservation Projects Fund and activity of the advisory committee. After some discussion of the Board, Fred Jones moved to accept the June financial report and payments as presented and submit them for annual audit. Hal Scheuerman seconded. Motion passed.

Mark Rude brought to the Boards' attention a Certificate of Deposit of \$500,000, which was with Commerce Bank that was up for renewal. Patty Stapleton received bids from interested banks in the district and Grant County Bank came in with the best rate. Due to the nature of the Arkansas River projects, the expiring CD was divided into three CD's. Doug Fox moved the approval of the change in banks and the structure of the CD's. Hal Scheuerman seconded. Motion passed.

Board Member Report

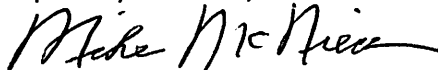
Jason Norquest announced the pickup bids are complete and finalized in a couple of weeks.

Public Forum

ADJOURNMENT

David Casterline made a motion to adjourn the meeting. Fred Claassen seconded. At 12:27p.m the meeting adjourned.

Respectfully Submitted,



Mike McNiece
GMD3 Board Secretary