

**Southwest Kansas Groundwater Management District No. 3
Minutes of the Regular Meeting of the Board of Directors
May 11th, 2016**

MEETING CALLED TO ORDER

The May 11th, 2016 Board of Directors meeting of the Southwest Kansas Groundwater Management District was called to order by President Kirk Heger at 9:06 a.m. The meeting was held in the Board Room of the Southwest Kansas Groundwater Management District No. 3.

Directors Present

Kirk Heger, President, Stevens County Representative
Mike O'Brate, Treasurer, Gray County Representative
Clay Scott, Grant County Representative
Hal Scheuerman, Kearny County Representative
Randy Hayzlett, Surface Water Representative
Steve Stone, Finney County Representative
Fred Claassen, Morton County Representative
Kent Dunn, Seward County Representative

Directors Absent with Notice

Alan Schweitzer, Municipal Representative
Seth Nelson, Stanton County Representative
Zachary Gale, Hamilton County Representative
Bret Rooney, Vice President, Haskell County Representative
Mike McNiece, Board Secretary, Industrial Representative
Douglass Fox, Meade County Representative
Jeff Reinert, Ford 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

Thom Makens, Division of Water Resources, Garden City, KS
Mike Meyer, Division of Water Resources, Garden City, KS
Jon Aquilar, KSU Research
Fred Jones, City of Garden City, KS
Bud Estes, Legislative Representative from Dodge City
Jackie McClaskey, Kansas Secretary of Ag, Manhattan, KS.
Susan Metzger, Assistant Secretary of Ag, Manhattan, KS
Mary Soukup, KDA Communications Director
Armondo Zarco, Garden City KDA/DWR
Roy Brown, Calf/Cattle Empire
Andy Curtis, Calf/Cattle Empire

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APPROVE AGENDA

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

APPROVAL OF MINUTES & MONTHLY FINANCIAL REPORT

President Heger drew the attention of the Board to consider April 14th, 2016 draft minutes. Kent Dunn moved to approve the April 14th, 2016 minutes. Fred Claassen seconded the motion. The motion was approved with all in favor.

President Heger next drew the attention of the Board to review the April, 2016 financial report documents. Randy Hayzlett made a motion as follows: Approve the financial reports and payments for the month of April as presented at this meeting, and to submit them for the annual audit. Hal Scheuerman seconded the motion. The motion was approved with all in favor.

President Heger signed and submitted the financial documents.

President's Report, President Kirk Heger

Legislator from Dodge City, Representative Bud Estes, Study Partnership

Mark introduced Representative Bud Estes from Dodge City, KS. Representative Estes has been working on a project study that could conserve water and benefit the producer in other means. The proposed project would reduce the producers' irrigation water usage and provide replacement income from the sale of energy. The concept is to construct a wind turbine or solar energy systems in which the farmer could sell the energy he produced to an energy utility or keep it for private energy use.

There may be broad support from agencies and companies on the project. University of Kansas and Kansas State University staff are working together to complete a study grant to determine if such a project is good business for producers and/or electric companies to achieve the swap of water income for energy income.

As with any project there are a few bumps in the development road. Identifying them would be beneficial to project advocates. Currently, money is slowing down the research project; \$200,000 to \$250,000 is needed to start the project. An account through Department of Commerce is in place to accept tax deductible funding. Josh Roe with KDA is a central coordinator for the project. For information contact Rep. Estes of Dodge City at 620-338-1381 and make contributions to Dept. of Commerce c/o Stan Ahlerich, KEDI, 1000 SW Jackson, Suite 100, Topeka, KS 66612-1354.

Water Commissioner's Report, Susan Metzger & Mike Meyer

Susan Metzger thanked the directors' for their time. She introduced and welcomed Armondo Zarco to the staff of DWR in the Garden City office. Mr. Zarco will be the specialist for forming Water Conservation Areas and assist with other duties in the field office. More information from DWR will be provided when Water Commissioner, Meyer arrives.

Board Review, 4,451 P/D...Calf Empire

Roy Brown, CEO and Andy Curtis were present to represent Calf / Cattle Empire. Jason Norquest advised the directors that an application was approved Dec. 29th, 2015 to re-drill the well, however, the well was not relocated and therefore, the Notice and Proof of completion was not submitted. The current application was filed

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to move the well to 3789N 4157W (not the original location, but very near). The proposed location would be about 62 feet southwest of the original point of diversion.

The proposed location does not meet spacing to Water Right, File No. 7,227; a problem that existed with the original well.

The annual authorization of Water Right, File No. 7,227 requires a 2300' spacing requirement to other wells. The proposed well spacing is 2066'. The original well was spacing of 2119'. A difference of 53'.

Signed waivers from neighbors are on file stating they have no concern.

After some discussion between Mr. Brown and the directors that included a recognition the net effect was a physical move of just 53 ' and well within the spacing exception in the rules, Kent Dunn moved to recommend approval of the waiver of spacing to new well and stand by well. Clay Scott seconded. Motion passed with all in favor.

Water Commissioner's Report, Susan Metzger & Mike Meyer...continued

Mike Meyer stated business is as usual at the field office and turned the floor over to Assistant Secretary of Agriculture Susan Metzger.

Susan Metzger brought to the board table the Tom Willis WCA Management Plan for the Technology Farm. A copy of the signed WCA Management Plan was handed out to the directors for review. She stressed that this is what the agency had envisioned for WCA's and then being tied to a Technology Farm adds more excitement to the plan. Mr. Willis is holding himself to 40% conservation factor off of ten year average use. [Note: GMD3 later calculation indicates a 33.4% conservation factor off of total authorized amount.] There is a term permit that Tom is asking for pumping flexibility, which was attached to the back of the plan.

Mark stated there are number of things for the directors to review. He indicated there are four or five wells in the project. However only two are being used for the flexibility implementation. It was indicated in discussion that one term permit may be considered for all point of diversions where existing water rights temporarily transferred to new flexibility is requested? This would potentially simplify the term permit process.

Susan Metzger added since last fall they have been working on rules and regulations of the stock water permit concept & facilities permit. The Agency is currently at the point that there are several pilot projects being worked on, one being Cimarron Crossing. The idea of the pilot program is to work with the producer request until a permanent program is developed.

Clay Scott stresses it has to be a real water right not a temporary for banks to loan money to the producer. Jackie McClaskey stated that there is thought to make temporary water permits longer in duration in hopes that the banks will recognize it as real water authority.

President Heger asked about the Quivira [National Wildlife Area water right] Impairment. Jackie McClaskey stated the comment period ends Friday, May 13th, 2016. Turnaround time didn't change for KDA and DWR.

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New Legislation

Management Program Document: Revision Outline

Executive Director Mark Rude brought to the table a draft agenda of what Policy and Legal Committee will work from in revising the Management Program for board consideration. Due to schedule challenges, the committee did not meet.

- SB337: passed and signed on Monday, May 9th, 2016 to be effective July 1st, 2016
A copy of SB337 was in the board book for review. Mark mentioned there were several sections that were parts of SB491 that was introduced for GMD3.
Section 1 (new) dealt with notification between Department of Agriculture and GMD's. Along with notes to process of the GMD Management Programs.
Section 2 (new) (a) states DWR shall post all complete applications and all orders on its official website. (b) states the division shall notify all water right owners with a point of diversion with
Section 3 is amended to read: The secretary of agriculture is hereby authorized to employ a chief engineer of DWR. The chief engineer will be under the classified service of the Kansas civil service act, but any vacant position of such could be converted to unclassified.
Section 5 deals with filing fee and the Dept. of Ag ability to suspend the water right if a water use report is not received.
- SB 322/S SUB HB 2059: deals with the water transfer fee, however, evaporated in Conference.
- CREP Implementation: SB330 signed by Governor
- Flex accounting revised with no MOU transition provision Dealt with concerns out of GMD2 and GMD5, clarified changing place of use for MYFA's.
- Impairment discussions continue: Susan Metzger is planning a meeting in June or July. The official date will be announced soon.

Mike Meyer mentioned the Order by the Chief Engineer closing the High Plains Aquifer in the District was completed March 15th, 2016.

Mark Rude moved the conversation onto the GMD Management Program Revision. He reviewed policy concepts:

- Drinking water goal: (DWG): High quality drinking water for people and animals should be management goal.
- Maximum Allowable Rate of Consumption: (MARC): should be determined and revised as improved aquifer information becomes available to judge use value considerations and a supply allocated to meet future needs.
- Groundwater Conservation Criteria / Credit (GCC): Give credit for conservation. Temporary or permanent voluntary donation of property rights to the GMD3 could be claimed as donation for tax management purposes. Alternate sources of water from deeper lesser quality of water should have available credits also.
- Water right priority consideration / credit (WRPC): recognition of senior water rights withholding priority call against other uses in a local groundwater source of supply may receive credit for remaining satisfied with a contribution to the purposes of the GMD3 management program.
- Water right compliance consideration / credit (WRCC): what extent is there recognition for conservation of water?
- Economic use value consideration / credit (UVC): what extent should higher value use factor into consideration?
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- Augmentation consideration / credit (AC): a proposal to credit water user that seeks a lesser quality source or imports alternative source (by piping) to land.
- Supply estimate improvement consideration / credit (SEIC): if the effort by water user is shown to higher an engineer to calculate the actual water supply in the area should consideration of credit be applied. This could encourage folks to communicate with GMD3.

Mark skipped down to Item 3: Water Right Change demonstration-standards and tools. General rules have been used for years. However, current thinking questions the process of how the district assures adequate process or impairment review than what we have done in the past to resolve potential conflicts before judicial review is needed.

Temporary permits: currently a temporary permit can be given for oil and gas and yet on the very same section the irrigator can be sanctioned for overpumping. Limits for a temporary permit is to 4 million gallons and 6 months. A concept to have membership charge permit holder a user fee amount for management program follow-up for compliance purposes. A follow-up program should be enforced that provides equal opportunity for use of the temporary tool without permit delay. Mark asked the directors to think outside the box, regarding funding the management program and charging for temporary permits. Example, GMD3 also charges water users for MOU's, \$250.00 per well plus mileage for one trip. Mark also pointed out the law allows that GMD3 may also assess a greater annual water user fee not exceeding \$1.50 for each acre foot of groundwater withdrawn within the district if more than 50% of the authorized place of use is outside the district.

Committee Reports

Executive Committee Report

Executive committee met by phone last week and again this morning at 8:30. Committee will discuss in executive session on matters of non-elected personnel.

Old Business

There was no old business.

New Business

There was no new business.

Executive Director Report, Mark Rude

Kansas Blue Ribbon Funding Task Force Report

Mark stated he provided testimony at the Kansas Blue Ribbon Funding Task Force meeting. The committee is still working on question of long term funding of the Kansas water vision document programs.

WaterOne Tour (April 26th) Report

Mark announced that at the invitation of the Johnson County Rural Water District Number 1, also known as WaterOne, members of the district participated in a special tour April 26, 2016. The GMD3 hired a charter plane service to get directors who were able to attend to Kansas City in a timely manner. Jason Norquest and Chris Law drove district trucks to provide adequate transportation for the day. A presentation was completed at the WaterOne office and a generous tour of the facilities was provided by WaterOne top staff and included lunch.

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Thirsty Land Documentary

Thirsty Land Documentary premiered this last month in Nebraska. Some local supporters of Thirsty Land may work on a video in the near future to better communicate the value of water in Kansas.

GMD/KDA Discussions

Mark reported that mobile WRIS development as a tool for GMD's to use in the field data collection is an ongoing conversation between GMD's and KDA/DWR. GMD's are working together on tools that work best in the field for GMD purposes.

Water Authority Meeting, Oakley, KS, May 18th-19th, Buffalo Bill Cultural Center

Water Authority Meeting will be held in Oakley, KS on May 18th and 19th at the Buffalo Bill Cultural Center. The agenda is not posted as of this morning, however, the first day starts at 1pm.

GMDA Summer Conference, Yakima, Washington, June 29th thru July 1st.

GMDA summer conference will be held in Yakima, Washington, June 29th through July 1st, 2016. Flight, registration and room reservations need to be made as soon as possible (preferably before the registration deadline of May 22nd, 2016) to take advantage of the lower cost.

Water Congress Summer Meeting, Wichita State University, July 26th and 27th

Water Congress summer meeting will be held at Wichita State University, Wichita, KS, July 26th and 27th, 2016.

Governors Water Conference, November 15-16, 2016

Governors Water Conference will be held in Manhattan, KS, November 15-16, 2016. GMD3 will make reservation for 5 plus rooms and cancel what is not needed closer to time.

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, Randy Hayzlett moved to accept the April financial report and payments as presented and submit them for annual audit. Mike O'Brate seconded. Motion passed with all in favor.

Project Updates

Hal stated done with Amazon Flume project and ready to run water.

Mark added that Tracy Streeter has confirmed that the KFB Foundation will handle the funds for the water technology farms across the state, including the two in Finney County. Last month the Committee and GMD3 Board moved to support the projects up to \$10,000 each. Do we want to maintain the process of voucher submittal for payment or cut a check from one fund to another? Consensus was to maintain the process of voucher submittal for payment then cut check for actual services that have been completed and not transfer from the Fund to other funds.

Randy Hayzlett stated that Kansas Water Office did not do the application for the Duane Roth Water Technology farm. Trevor is talking to them on state level CIG Grant assistance.

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Ark River Tour

Randy Hayzlett recapped the Ark River Compact Tour of the projects from the headwaters to about Deerfield, Kansas. A presentation was received on fountain creek conduit, augmentation stations were toured, along with Frontier Ditch, Headgate of the Amazon, and Lake McKinney.

John Martin Reservoir release looking good for summer water supply.

Board Member Report

Mike O'Brate questioned Mike Meyer if the Garretson telemetry is working. Mike Meyer replied that the telemetry was up and working.

Public Forum

Johnathan Aguilar with K State Research commented there are three technology farms, two in Garden City, KS and one in Larned. He was also at the Ark River Water Festival and was pleasantly surprised on the knowledge of the aquifer by the students.

Fred Jones with City of Garden City stated there is a lot of work going on, a very busy time of year. He provided a presentation at the Blue Ribbon Task Force in the statehouse. He also attended the Ark River Water Festival and spoke on Recycling Water.

EXECUTIVE SESSION

Mike O'Brate moved to have an executive session on personnel matters for 10 minutes, initially without the attendance of Executive Director, Mark Rude. Clay Scott seconded. Motion passed with all in favor.

Upon conclusion of the executive session, Kent Dunn moved to provide 3% increase in base pay for Mark Rude, retroactive back to February, 2016. Randy seconded. Motion passed with all in favor. It was the consensus of the board to allow the executive director discussion of district permanent employees of up to 3% at time of annual personnel reviews.

ADJOURNMENT

Fred Claassen made a motion to adjourn the meeting. Clay Scott seconded. The meeting was adjourned at 12:30 pm.

Respectfully Submitted,



Mike McNiece
GMD3 Board Secretary