

Southwest Kansas Groundwater Management District No. 3
Minutes of the ANNUAL Meeting of the Board of Directors
MARCH 08th, 2017

MEETING CALLED TO ORDER

The 42nd Annual Meeting of the Southwest Kansas Groundwater Management District was called to order by President Heger at 9:15 a.m. The meeting was held at the Grant County Civic Center, 1000 W. Patterson Avenue, Ulysses, KS.

Directors Present

Kirk Heger, President, Stevens County Representative
Bret Rooney, Vice President, Haskell County Representative
Randy Hayzlett, Surface Water Representative
Steve Stone, Finney County Representative
Douglass Fox, Meade County Representative
Kent Dunn, Seward County Representative
Fred Claassen, Morton County Representative
Alan Schweitzer, Municipal Representative
Clay Scott, Grant County Representative
Seth Nelson, Stanton County Representative
Zachary Gale, Hamilton County Representative

Directors Absent with Notice

Mike McNiece, Board Secretary, Industrial Representative
Hal Scheuerman, Kearny County Representative
Mike O'Brate, Treasurer, Gray County Representative AB
Jeff Reinert, Ford County Representative AB

District Staff Present

Mark Rude, Executive Director
Jason Norquest, Assistant Manager
Chris Law, Director, Field Services
Trevor Ahring, Engineer
Brandi Sneath, Office Assistant

Others in Attendance

SW KS GMD3 Members
Charles Claar, Lewis Hooper and Dick
Kristin Sekavec, Lewis Hooper and Dick
Brownie Wilson, Kansas Geological Survey
Greg Graff, GMD1 President and Western GMDs rep on Water Authority
Tracy Streeter, Director of Kansas Water Office
Susan Metzger, Kansas Department of Agriculture Assistant Secretary
Lane Letourneau, Kansas Department of Agriculture
Mike Meier, Water Commissioner, DWR Garden City Field Office
Zoe Gehr, Property Valuation Division
David Barfield, Chief Engineer

Welcome, Introductions and Sponsors

President Heger welcomed all those in attendance to the 42nd Annual Meeting of the Groundwater Management District No. 3.

Special introductions were completed and a Thank You was expressed to all sponsors'.

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APPROVE AGENDA

President Heger asked for consideration of the Annual Meeting Agenda. After some discussion, Fred Claassen made motion to approve the agenda as presented. Clay Scott seconded. The motion was declared approved.

APPROVAL OF MINUTES

President Heger drew the attention of the Board to consider the March 9^h, 2016 draft annual meeting minutes. Kent Dunn made a motion to approve the March 9th, 2016 annual meeting minutes. Fred Claassen seconded the motion. The motion was declared approved.

Election of Directors

Vice President, Kirk Heger introduced the director's up for election

Stanton County..... Seth Nelson
Grant County.....Clay Scott
Hamilton County.....Zachary Gale
Haskell County..... Bret Rooney
Municipal (at large).....Fred Jones

Larry Kepley moved to accept the ballots as presented. Willie Nichols seconded. Motion passed with all in favor.

Resigning Board member Alan Schweitzer was presented with a plaque in recognition of his many years of dedicated and meritorious service representing GMD3 and municipal water use on issues and business of the Southwest Kansas groundwater management District.

Report of District Activities

Executive Director, Mark Rude spoke about some key activities of the District. He reviewed the purpose of the GMD along with K.S.A 82a-1020et.seq.

Mark discussed that a main emphasis has been in working on an update of the District Management Program Document as required by statute. He noted that it has been 2004 since the last actual update, the challenge has been to implement current conditions and events that have and will affect future policy and rules. A timeline was presented showing the steps and the estimated dates of completion. Mark then went into a brief summary of some of the issues to be considered when developing this updated Management program, such as water right impairment and court cases that have/are taking place and how it can affect not only the court participants, but the expanded local aquifer neighborhood. There is also ongoing discussion of proposed Water Conservation Areas (WCA) and Local Enhanced Management Areas (LEMA) within GMD3 boundaries.

Mark then briefly described the work that is ongoing by District staff and resources to assist with bringing in new technology and its uses. Currently there are 2 Water Technology Farms in GMD3 they we are partnering in to demonstrate the new technology available and implemented. The District has received two grants, also dealing with implementing new technology. The first is the Regional Conservation Partnership Program (RCPP) which is offering financial assistance to get water users to purchase and properly use soil moisture monitoring equipment to aide in irrigation scheduling. The second is the Conservation Innovation Grant (CIG) that is designed to show the benefits that can be gained from the new Dragon Line mobile irrigation system. GMD3 staff is also continuing to assist and educate water users are monitoring and using their flowmeters properly with our meter inspection program. A brief history and update on the Arkansas River Litigation Funds Advisory Committee was then presented.

GMD3 staff and Board has also been very active in local, state and federal issues that could affect our District. Mark mentioned that currently there is a good line of communication with State offices and as previously mentioned, working on ways to improve and extent the management of our water resources. Mark mentioned a few of the State legislation issues that are being debated in Topeka this year and how it could affect members of our District. Funding is a major concern as far as how to fund needed projects and where the funds will come from. Efforts are also ongoing to make sure our District interests are represented on Capitol Hill, such as being able to have Clay Scott on the panel for the first public hearing for the new Farm Bill with help from National Water Resources Association.

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Finance Report

2015 Audit Report, Charles Claar, LHD

Charles Claar, CPA with Lewis, Hooper and Dick state that the Southwest Kansas Groundwater Management received an unmodified audit report. 99.68% of the general funds were invested in interest bearing accounts. 99.77 % of the Water Conservation Project Funds were invested in interest bearing accounts. Assessment receipts made up 89% of the years receipts with reimbursements at 2% and interest bearing accounts bringing in 1%. The 2016 expenses consisted of the following: 86% administration, 5% professional services, 4% payroll taxes and 5% water management programs. Mr. Claar stated all in all a good audit for 2016.

Preliminary 2018 Draft General Fund Budget

In the absence of Mike O'Brate, Mark Rude brought to the table the proposed 2018 Budget. Mark stated that the Finance committee and the Board focused on keeping the assessment steady at \$.14/Acre Foot and \$.05/acre on land. Comments on the proposed budget will be accepted until the formal hearing at the July monthly meeting. Mark also stated that GMD3 currently has 3 special project fund accounts that have a zero balance. Those accounts will remain for possible future use. Mark also wanted the membership to know that a bill was introduced into legislation to raise the assessment cap a GMD can charge to \$1.50/Acre Foot and \$.10/acre. This was proposed by one of the other GMD's that are at the current cap limit and are needing the increased fee for current and future projects in their respective districts. This is only a cap limit. It does not mean that assessments will be raised to that rate.

Land Valuation from irrigation water use: Zoe Gehr, Property Valuation Division {REVIEW SLIDES}

Zoe Gehr was introduced to the membership to explain the valuation process for irrigated land that has seen a dramatic increase recent years. Kansas is broken into nine agricultural statistics districts. GMD3 is further classified as SW-30, meaning we are in a two acre foot region. There are four main crops looked at in the land analysis; corn, wheat, alfalfa and sorghum. In order for other crops to be considered, it needs to have been planted in at least 5% of the region. The price for each specific crop is the average price for that commodity over a rolling eight year period. So every year a more current annual average is brought into the calculation and the oldest year is dropped off. The example provided was for Grant county showing that the 2015 crop value of \$72.07 would be added to the 8 year period and the 2007 value of \$4.44 would drop off. Four other variable parcel adjustments are the soil type, well depth, irrigation type (sprinkler or flood) and acre feet of water used. The acre feet of water used comes from the Department of Ag, which gets the information from the annual water use reports submitted by the water users. Ms Gehr then gave an example of how all these variables would then be used in the property evaluation for a parcel within the district. She showed how less water used would have a proportional effect on decreasing the land value. As shown previously, the biggest reason we are seeing higher property evaluations in the area is due to the commodity price.

Time was allowed then for question and further discussion. One comment was that it seems the commodity prices do have a significant affect, but the higher price in the 8 year average hits the producer when prices are now at a low point and expected to remain low. Ms Gehr stated that it is difficult working with the commodity prices part of the equation since, as we all know, there is such a wide range in the prices through the years. Using the 8 year average is a way to smooth out the variability.

Groundwater Supply / Usage: Brownie Wilson, Kansas Geological Survey

Brownie Wilson gave the membership a report on this year's water level measurements. KGS has a network of wells that they try to measure the static water level in every year. GMD3 averaged a 1.09' decline across the District. Some of the wells will be checked again to verify the measurement due to the first measurement seemed to be outside the normal parameters, which is a common practice every year. Brownie then compared the measurements across the District with the departure from normal rainfall for the area to show that some of the areas showing a bigger decline were also in the area that received the least amount of precipitation.

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Brownie then provided information and components of a simple water balance equation, which is taking the measured inflows into the aquifer and subtracting the outflows to get the water volume change. By using current and historical measurements, you can determine a trend in the change in water level. Through an entire year, the water level can drop or rise depending on the time of year and if the well is pumping. Using the Thomas county index well, Brownie was able to show members the variability through the season, but also the average trend of the water level over several years. Once the annual water level measurement is determined, it can then be compared with the annual water use reported. Using this comparison, KGS can help determine the amount of a pumping reduction it would take to reach sustainable water levels. Their data shows, on average across the District, a 34% reduction in pumping could equate to sustainability. Brownie then showed members the percentage reduction needed in each county to reach sustainability in that county. GMD3 varied as much as 17% reduction in Ford county to 69% reduction needed in Haskell County. Using this information, KGS believes that they can determine the effects on decline with varied percentage reduction in pumping in localized areas. This can be useful in discussions of possible LEMAs or WCAs.

Water Right Impairment Water Transfers

Court Administrative Cases, Chief Engineer David Barfield, KDA / DWR

Mark introduced Chief Engineer David Barfield. Mr. Barfield began with a review of the rules for impairment. Then he gave an overview of the process that is gone through once an impairment complaint is filed with the State. It is important to note that an impairment investigation starts only after a complaint is officially filed, DWR does not start the impairment process themselves. One of the first steps DWR takes is to verify that the complainant's well is capable of pumping what has been requested. DWR will review the well construction, depth and formations. A comparison is done with the well the complaint is filed on also. The study is then extended further out to determine if there is a well to well interaction or if it is an effect of the overall aquifer. If it is determined that the impairment is a well to well effect, the Chief Engineer can administer on the water right(s) causing the impairment.

Mr. Barfield presented several cases where impairment has been claimed and how the State has acted according to the information determined in each case. One of the first in the area was the Gooch/Mills case in Stevens County. It was determined to have well to well interaction. DWR did administer the Mills well in order to satisfy the Gooch water right. Both wells were allowed to continue to pump, but there were certain triggers involved before administration occurred and then the wells were continued to be monitored to determine when/if the senior right is satisfied. Then Mr. Barfield updated the most recent case, which is the court case in Haskell County. He reviewed the timeline of events and that the courts recently issued a permanent injunction of the wells found to be causing the impairment. That case is currently being appealed. Mr. Barfield then discussed the case in Finney County, Stone vs. Hands. This case was also filed in court, but DWR investigated and ran models that showed the effect to be minimal and would not be administered on.

Outside of GMD3 boundaries are two other cases/applications that are ongoing. The first one Mr. Barfield discussed was the impairment filed by the Quivira Wildlife Refuge. Their claim is groundwater pumping upstream has effected the flow in the river that supplies water to the refuge. Using the GMD5 model, which they believed to be the best at time, showed that the groundwater pumping was adversely affecting the river flow. Since it was determined that impairment was occurring, the area groundwater users were given an opportunity to come up with a solution to the problem that would satisfy both DWR and Quivira. Currently they are working on an augmentation program to utilize wells further away from the river to supply flow in the river to meet downstream needs. The second issue Mr. Barfield mentioned was also in GMD5 and deals with the transfer of water up to the city of Hayes. Hayes purchased what was called the R9 Ranch years ago. Their plan was to use the water rights on the ranch and covert the use to municipal use and pipe it to the city. This is roughly a proposed 80 mile transfer of the water. Local interests are saying the pumping could adversely affect their water supply and the area would receive no benefit from the pumping. There are multiple applications filed and DWR is looking at all the applications at once and will act on them all with one order. Prior to issuing an order, the public and GMD5 will have the opportunity to comment.

A question from membership was asking if an updated recharge study has been done and is the effect of CRP ground taken into consideration, since most of the time CRP ground holds water and has less runoff. Mr. Barfield replied that the latest studies/models is always considered. Anything that can reduce use or add recharge is considered a good thing that can extent the aquifer life.

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Another question was asked about the timeframe needed for an impairment complaint and who absorbs the cost? Mr. Barfield stated that in the past, the study of an impairment area could require quite a bit of time, possibly years. Current proposed legislation would set a procedure in place and timeframes to have aspects of an impairment investigation done. The cost of an impairment investigation is currently placed on DWR.

Member water right protection and information sources-GMD3

In the matter of time, Mark briefly discussed the roll of GMDs in the process and possible changes needed to avoid impairment complaints and better protect water rights. Traditionally we have relied on the rules, such as well spacing, but we might be getting to the point that a more extensive review needs to be done while reviewing change applications and make sure there is adequate local notice sent out.

Water Transfer Studies/Education: Clay Scott, Kansas Aqueduct Coalition

Clay Scott spoke to the membership about the need to look at alternative sources and water transfers in order to maybe develop a long term solution for our area. Look at areas that at where water is not being used, or could be harmful to the area, and move to areas that could put that water to beneficial use. Just like other projects you need to look at the cost of the project, cost of the energy and operation, and be mindful of the cost to the end user. This is not a new concept and is being done across the country. Clay mentioned a discussion he had with a water user in California and the projects they are working on, \$2400/acre foot is their cost and the biggest concerns they have are supply and if someone will out bid them for the water. Clay also had discussions with energy representatives, and they are expecting an excess of wind generated power. This could be a good source for a project such as this. The aqueduct project needs to be looked at very carefully. It is a project that could benefit all of Kansas, not just SW Kansas. Partnerships could also be formed with other states that need another supply and at the same time help with the cost. The main point being that a project like this needs to be looked at now and not shelved. The time to be working on future answers is now.

Clay also mentioned that through a collaborative effort with staff, GC coop and other donations, a 45t minute documentary was produced. "Feast and Famine: Securing Kansas Water Needs" was a bronze winner of the 2017 People's Telly Awards.

Groundwater Conservation and Management

Susan Metzger; Institutional Tools: LEMA's, WCA's & MYFA's

Mark introduced Susan Metzger, Assistant Secretary of Ag to discuss the conservation options available today to water users. Local Enhanced Management Areas (LEMA) are requested by the GMDs. They have defined boundaries within the district with a developed management plan to conserve water. Everyone within the proposed boundaries are bound to the conditions of the LEMA. Current there is one active LEMA in Kansas that is showing positive results. There is also Water Conservation Areas (WCA) that can be more tailored to an individual's farm or smaller localized group of farmers. WCAs are an agreement between the water user and the Chief Engineer. This program is completely voluntary and can be entered into at any time, without other public input. Ms. Metzger also mentioned the Multi Year Flex Allocation (MYFA). This program is on a water right by water right basis where a water user has a calculated 5 year allocation. That allocation can be used however the water users wishes to use it as long as the total five year quantity is not exceeded.

Dwane Roth was introduced to discuss the activities in his area. He has one of the current two technology farms in GMD3. There will another field day March 21, 2017 with the focus being on different soil moisture probes. Dwane is also one of a core group in northern Finney/Kearny Counties that is in discussions about forming a LEMA for their area. They hope to have an initial plan to present to the GMD3 Board next month.

Tracy Streeter, KWO: Support: RMA, Tech Farms, Water Plan Funding

Tracy Streeter was introduced to give the highlights of Kansas Water Office (KWO) activities. He presented a map showing the areas that will be eligible for limited irrigation crop insurance through RMA. As mentioned before, there are currently 3 technology farms, 2 being in GMD3. The goal is to have several others established this year. The goal of the farms is to show others that water conservation can occur if these new tools are used.

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A big topic right now is the funding for KWO and the possible future projects for the 50 Year Vision. Several options and legislative bills have been debated and will continue to be debated. The possible ideas ranged from a state sales tax to water user fees. Tracy discussed how each would work, who would be paying the tax/fee and a breakdown of the distribution of where those funds would come from if implemented. The proposed water use fee would see a substantial amount collected in GMD3. The current general consensus is to push the State to actually provide the funds that they are statutorily required to do now, but haven't in recent years.

Member Forum

One member asked if a domestic well can file impairment and how are they recognized during the whole process. Mark explained that they are appropriation rights by law, but are not made to go through the filing process, unless you desire to do so or desire to use the rights in an impairment complaint. Then the domestic right must first be quantified so the extent of the right and impairment of the right can be determined. During any kind of review, staff does their best to identify domestic wells along with certified wells but sometimes the records are hard to find.

If one or more producers wished to look further into a possible LEMA/WCA, who would they need to go to for assistance, or what is the proper process to follow? Mark explained that all the agencies have input through the process and can assist the producer as best they can. A lot depends on what it is you are wanting to propose. A LEMA has to go through a GMD while a WCA is an agreement between the user and the Chief Engineer. There has been a lot of discussion on the Board and between agencies on how either can be implemented. There is no set standard in place to determine how much conservation is needed in a proposal. Also, with the possible flexibilities that could be implemented, we want to be sure that we are not adversely effecting a neighboring well. We do not want to cause a possible problem in the name of conservation.

With the continued study and discussion on water transportation, such as the aqueduct, has there been any thought of starting to raise the assessments in order to build the funds that might be needed? Clay Scott said that there are continuing discussions about how to fund such a project. We do not currently have plans to raise assessments. With the current low commodity prices, the Board wants to make sure there is a definite need for the money and a plan is in place to bring to the membership. We also need to get a better feel about possible federal assistance since we are dealing with a totally new administration.

Is there currently an appeal process to a Chief Engineer report/order? There is a statutory process in place to appeal an order of the Chief Engineer and a court appeal is also an option.

Vendor Moments

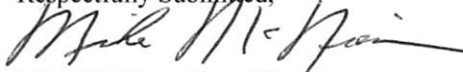
NO COMMENTS

ADJOURNMENT

The 42nd GMD3 Annual meeting was adjourned at 12:15 p.m.

NATHAN AND JACK JENKENSEN

Respectfully Submitted,



Mike McNiece, Board Secretary