

Southwest Kansas Groundwater Management District No. 3
Minutes of the ANNUAL Meeting of the Board of Directors
MARCH 14th, 2018

MEETING CALLED TO ORDER

President Heger called the 43rd Annual Meeting of the Southwest Kansas Groundwater Management District to order at 9:09 a.m. at the Seward County Event Center, Liberal, KS.

Directors Present

Kirk Heger, President, Stevens County Representative
Mike O'Brate, Treasurer, Gray County Representative
Mike McNiece, Board Secretary, Industrial Representative
Bret Rooney, Vice President, Haskell County Representative
Kent Dunn, Seward County Representative
Fred Claassen, Morton County Representative
Dave Casterline, Ford County Representative
Steve Stone, Finney County Representative
Douglass Fox, Meade County Representative
Clay Scott, Grant County Representative
Randy Hayzlett, Surface Water Representative
Fred Jones, Municipal Representative
Hal Scheuerman, Kearny County Representative

Directors Absent with Notice

Zachary Gale, Hamilton 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

SW KS GMD3 Members
Charles Claar, Lewis Hooper and Dick
Brownie Wilson, Kansas Geological Survey
Greg Graff, GMD1 President and Western GMDs rep on Water Authority
Mike Meyer, Water Commissioner, DWR Garden City Field Office
Richard Rockel, Kansas Water Office
Professor G.A. Art Barnaby, JR., Extension Specialist, Farm Policy KSU
Rebecca Swender, Congressman Roger Marshall's Office
Nick Hatcher, Chairman of Cimarron Regional Advisory Committee

Welcome, Introductions and Sponsors

President Heger welcomed all those in attendance to the 43rd Annual Meeting of the Groundwater Management District No. 3.

APPROVE AGENDA

President Heger asked for consideration of the Annual Meeting Agenda. After some discussion, Randy Hayzlett made a motion to approve the agenda as presented. Doug Fox seconded. The motion passed.

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APPROVAL OF MINUTES

President Heger drew the attention of the Board to consider the March 8th, 2017 draft annual meeting minutes. Nick Hatcher made a motion to approve the March 8th, 2017 annual meeting minutes. Hal Scheuerman seconded. The motion passed.

Overview of GMD3 governance role in Kansas, Mark Rude

Executive Director Mark Rude spoke to the membership about District Overview. Four decades ago, Kansas opted for local groundwater management rather than state grants of appropriations and state administration of complains. The Kansas Groundwater Management Act was enacted in 1972, expecting prudent decision-making with deference to local organized groundwater management.

The governance of a district is by locally elected boards of directors who must be eligible voters as defined by the GMD Act. A management plan along with an operational budget and collection of assessment are important factors for Kansas GMDs. The management program is locally written then reviewed and approved by the Chief Engineer, Division of Water Resources, State Department of Agriculture, a local public hearing of the district membership and final governing board decision adopting the management program are the final steps. The funding of the district is from Land Assessment of .05cents per acre and .14cents per acre-foot of water.

All landowners and water users are eligible voters of the district (with one vote each). No proxy voting, though one natural person can be designated by one or more unnatural persons; for example, an LLC, or other corporation as their authorized voter.

Groundwater quantity is the most pressing problem with the declining water levels and well yields, development of a management program and initiatives that slow the decline of supply while at the same time minimizing the social and economic diminishment that less water use can create. Conservation and renewable imports have their limits and their opportunities. New source development requires funding, a filing and partners. The 5 Kansas GMDs are directed by 49 elected water user board of directors. Each board meets monthly on key issues with access to nearly \$3.7 million of additional local monies each year.

Financial Report:

Lewis Hooper and Dick

Charles Claar with Lewis, Hooper and Dick stated that Southwest Kansas Groundwater Management received an unmodified audit report.

- Total Treasurer's Cash \$3,682,896
- Invested in Interest Bearing accounts at December 31st, 2017
 - General Funds 92.64%
 - Water Conservation Project 99.30%
- Total receipts under expenditures for 2017 \$38,495.00
- 2017 General Fund Expenditures were less than budget authority by \$383,200.00
- Zero funds at risk for deposits in financial institutions.
- Risk Management: settled claims have not exceeded commercial insurance for last three years
- Post-employment health care benefits-no cost to District
- General Fund
 - 2017 Receipts
 - Assessments 93%

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- Reimbursement Expenses & Misc. 1%
- Intergovernmental 5%
- Interest 1%
- 2017 Expenditures
 - Administration 84%
 - Capital Outlay 2%
 - Water Management Programs 4%
 - Professional Services 6%
 - Payroll Taxes and benefits 4%

Mr. Claar was happy to recognize that GMD3 completed a perfect audit for 2017. Charles Claar stated this would be the last time he will provide the Southwest Kansas Groundwater Management District NO. 3 Audit review as he is retiring mid-summer. He introduced Kristen Sekavec as the future presenter for annual meetings.

2019 General Fund Draft Budget

GMD3 Treasurer Mike O'Brate turned the audience's attention to the 2019 proposed general fund budget. He acknowledged that it appears the district is short about \$15,000. This is due to Finney County failing to charge non-irrigated producers land assessment. Finney County has taken action to correct the error.

Mr. O'Brate stated that the District is looking into purchasing the property to the west of our current location. Mark Rude added that the owner is asking around \$250,000 for the property. Research of additional details and options of the purchase will be presented to the Board of Directors at the next meeting.

Larry Kepling moved to accept the budget and take to the July 2018 budget hearing. John Borth seconded.

No discussion. The 2019 Budget hearing will be in July 2018.

Election of Directors

Vice President, Brett Rooney introduced the director's up for election

Industrial at Large:	Mike McNiece (current Board Secretary)
Meade County:	Doug Fox
Morton County:	Fred Claassen
Seward County:	Kent Dunn
Stevens County:	Kirk Heger (current Board President)

John Borth moved to accept the ballots as presented. Nick Hatcher seconded. Motion passed with all in favor.

Technology Minutes:

Kaitlin Donovan spokesperson for Kanas Corn provided a technology moment. She stated that Kansas Corn focuses on the sustainability of the water and supports the investment in water research in the GMD3 area. Membership for one year along with a free bag of corn seed and two RTIC cups were given away.

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Nathan Woydziak with Crop Quest provided insight on their products that aid in water management services and variable rate irrigation. The winner of the door prize had a choice of door prize.

Groundwater Supply & Climate: Brownie Wilson, Kansas Geological Survey

Brownie Wilson with Kansas Geological Survey gave the membership a report on 2017 water level measurements. Cooperative Water Level Network of approximately 1400 wells measured every year by either KGS or DWR. The Southwest Kansas GMD3 area has approximately 429 wells measured. By and large a good year of water level change with only .05ft. Brownie spoke about the continuously recorder wells, also known as telemetry or pressure transducers. These are wells that you can go on line and see the water level change by the hour. Willis Technology Farm has been active since 2016, there are big responses when irrigation is going and then shoots up when irrigation is shut-off. Brownie advised the members they could go to <http://www.kgs.ku.edu> to view any of the continuous wells.

Technology Minutes:

Monty Teeter with Dragon-Line, LLC spoke about the mobile drip irrigation being the most precise watering method. Dragon-Line, LLC is in 10 locations throughout United States with Saudi Arabia and South Africa also receiving systems. Two drawings were held for a bag of goodies each.

Dan Morgan with Servi-Tech introduced the ProfilerPlus. ProfilerPlus is a moisture probe that can provide you real-time access to your field data, including information on when to irrigate your fields.

The Developing Farm Bill and Other Federal Topics

Federal Farm Bill: Professor G.A. Art Barnaby, JR. Extension Specialist, Farm Policy, KSU

Professor Barnaby spoke to the members about critics who currently want to cut participation versus past Farm Bill debates that wanted to increase participation in crop insurance.

Demonstrating the cuts to the safety net include:

- Means Testing \$250,000 vs \$500,000 AGI
- Limit premium discount to \$40,000 or \$50,000
- Eliminate HPO
- Reduce premium discount on HPO by 15 points
- Reduced A&O
- Replace NASS yields with RMA yields for ARC
- Conservation Washington Think Tanks are arguing there is no need to send taxpayer money to millionaire farmers.

Professor Barnaby discussed a few “surprises” that might be in the farm bill.

- Section 1999A
- Require base update that eliminates base for farmer planting non-program crops.
- Additional conservation requirements for crop insurance
- Ad hoc disaster aid was provided for insurable hurricane crop losses.

He encouraged everyone to view the maps and information on the website, www.agmanager.info

Farm Bill and NAFTA: Rebecca Swender, Congressman Roger Marshall's Office

Rebecca Swender with Congressional representative Roger Marshall's Office spoke about the future expectations of the Farm Bill. They expected to have Farm Bill Legislation out this week but due to negotiations issue could be next week. Eight round tables for NAFTA are scheduled; to date seven

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are complete. Out of 30 chapters, negotiations are complete on six chapters; the six negotiated chapters are easy, the remaining chapters are pretentious.

Attending to Receive Input: *James Lane, Senator Pat Roberts' Office*

Technology Minutes:

Teeter Irrigation: Marlon Hoeffner with Teeter Irrigation spoke about Teeter Irrigation and their products and services. Every drop of water counts.

McCrometer: Paul Tipling with McCrometer was attending to speak about Electromagnetic Flowmeter, propeller flowmeters and FlowConnect. Mr. Tipling invited everyone to his booth for information on the products and services that McCrometer offers.

State Water Planning, Kansas Water Office/Water Authority, Richard Rockel, Water Authority

Mark Rude acknowledged the Water Authority representatives that were present: Randy Hayzlett and Greg Graff and introduced Richard Rockel with Kansas Water Office. Richard introduced Nick Hatcher as the Chairman for the Cimarron Regional Advisory Committee and Fred Jones as Chairman for Upper Arkansas RAC.

Richard started by discussing the drought in Kansas. A new drought map will come out tomorrow, but Governor Coyle issued the drought declaration and all 105 counties are included. He spoke about water vision implementation and recognized the three water technology farms within the GMD3 area and eight total in Kansas. Incentives for water conservation in the GMD3 include RCPP, which has 2.4 million going to water conservation programs. Expansion on water conservation area throughout the state include LEMA (local enhancement management area), GMD4 approved their modifications to their LEMA and renewed the Sheridan 6 LEMA for five years (2018 – 2022). Richard stated that funding of eight million was requested, however, nothing yet from the governor budget.

Cimarron Regional Advisory Committee (RAC): Nick Hatcher, Chairman

Nick Hatcher Chairman of the Cimarron Regional Advisory Committee explained that Kansas is divided into 14 regions with each region being represented by an advisory committee made up of 12 locals with varied interests. The Cimarron RACs four-priority goals are:

- 1) Reduce the rate of decline of the Ogallala Aquifer in the region through voluntary, incentive-based conservation as assessed every five years
- 2) Extend the usable lifetime of the Ogallala Aquifer in the region through technology adoption
- 3) If individuals elect to conserve then they would be afforded flexibility (allowing quantities to be moved, water bank movement, water conservation areas, etc)
- 4) Promote the adoption of irrigation efficient technology.

In 2017 the regions first WCA (Water conservation Area) and Water Technology Farm (Hatcher Farms) were established, banking 11% annual water allocation for future use with WCA.

Funding for water conservation education and demonstration projects, incentives for water conservation areas and efficient irrigation technologies, increased communication methods and collaboration with partner groups along with documentation of current conservation measures to develop baseline are the needs of the Cimarron.

Upper Arkansas RAC, Fred Jones, Chairman

Fred Jones, Chairman of the Upper Arkansas RAC reviewed the priority goals of the committee. 1. Extend the usable lifetime of the Ogallala Aquifer for at least 25 years in the planning region through the promotion of multiple Local Enhanced Management Areas. 2. By the year 2020, continue to re-

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establish and maintain flows along the Upper Arkansas River in the amount of one cubic foot per second at the USGS gage located at Dodge City. 3. Maximize available water and promote conservation of municipal use through incentives, education and outreach, reduced water loss and increased data availability to reduce gallons per capita per day usage. 4. Maximize available water and promote conservation of industrial use through incentives, education and outreach, benchmarking efforts, and increased data availability to reduce gallons per production unit. A chart demonstrated the changes of groundwater level for 2007 to 2016 in the High Plains Aquifer Regional Planning Area. The water level measurements demonstrated an average decline every year, with an average annual decline of 1.89 feet, a cumulative decline of 18.86 feet.

Fred Jones is also the water manager in Garden City, Ks and he shared an example of an insert that Garden City residents' will receive with their water bill. It demonstrated their average daily water usage compared to similar households for the past year. From that, residents will get the idea if they compare to similar household or using too much water. Upper Arkansas Area has two Water Technology Farms: T&O Farms Water Technology Farm south of Garden City and Roth Water Technology Farm Northwest of Garden City. T&O saved 39% of water allocation in 2017 for future use with Water Conservation Area. Roth Water Technology Farm used 45% of 2017 water allocation, banked 55% for future use with water conservation area in a wet 2017.

The needs of the Upper Arkansas consist of 3 items:

1. Financial and technological support for voluntary incentive programs to increase water use efficiency;
2. Funding for water conservation education
3. Gathering data to quantify the reduction in water use needed to reduce the depletion rate by at least 25% in 10 years and extend the life of the Ogallala in the region for at least 25 years are the needs that Upper Arkansas are working towards.

Technology Minutes:

Hydro Resources: Kent Rauhut was present with a booth for the members to visit.

Seametrics: Lonnie Nunnekamp was the spokesman for Seametrics. He provided a summary of the products, service that Seametrics offers, and invited everyone to check their booth out.

Water Rights Administration Update: *Mike Meyer, Water Commissioner, KDA DWR* 1.51

Mike Meyer spoke to the audience about Tools for Over Appropriated Areas, Local Enhanced Management Areas and Water Conservation Areas. Regulatory tools for over appropriated areas started in 1978 with IGUCA (Intensive Groundwater Use Control Areas) and LEMA (Local Enhanced Management Areas) in 2012. LEMA is a tool specifically for GMDs to set goals and control measures to aid in water conservation. Like IGUCAs, it requires demonstrated problem, such as groundwater declines, dropping rates etc. Since adjustment of water rights occurs with LEMAs and IGUCAs, a due process hearing is required. Hearings are before the Chief Engineer. He then decides if the plan addresses the problem appropriately and if it's consistent with State law. At that point, Chief Engineer either adopts, rejects or returns plan to GMD for more work.

Sheridan 6 LEMA initially started in 2012 and found acceptable for a five-year extension (2018-2022). Same terms apply as with the initial LEMA except to allow up to 5 inches of unused allocation from the first 5 years. GMD4 proposed a District wide LEMA and June 2017 sent plan to Chief

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Technology Minutes:

Western Irrigation: Western Irrigation was a financial sponsor for this year's annual meeting.

Seaman Crop Consulting: Scott Schechter spoke on behalf of Seaman Crop Consulting specializes in scouting but also offer a full line of precision agriculture. \$250.00 off a probe or Ag service was their door prize.

Draft Revised Management Program and well evaluations: *Mark Rude, GMD3*

Executive Director Mark Rude spoke to the members about the Management Program and Well evaluation of GMD3. The Draft Management Plan 2017 timeline demonstrated the adoption of the management program in April. Due to several revisions of the document, the board updated the timeline for 2018. The next step in the time line will occur in April when the board adopts revisions and submits to Chief Engineer for statutory approval. Between April and July, the Chief Engineer hopefully approves the revised management program. July 11th, the Board will hold a public hearing on the proposed plan and draft rules needed to implement. Finally, the GMD3 Board will adopt the revised Management Program and notify State offices in August. Mark continued to brief the members on the Management Program points, programs, drawdown allowance, economical drawdown constraints and activities for water supply problems.

Mark reminded the members that the Board meets monthly to study water supply and policy, consider rule waivers and promote water conservation. GMD3 actively participates in Statewide water planning (Kansas Water Office and Water Authority), along with participation in Regional Advisory Committees.

Technology Minutes:

Hortau Systems: Acknowledgement of Sponsorship for GMD3 annual meeting.

AquaSpy: Eric Betschart was present to speak about AquaSpy Inc. AquaSpy provides soil moisture data and telemetry data among other services. He invited everyone to visit with him at his booth. Their door prize was \$250.00 off equipment.

Member / Public Forum

None presented.

ADJOURNMENT

The 43rd GMD3 Annual meeting adjourned at 12:11 p.m.

Respectfully Submitted,



Mike McNiece, Board Secretary

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Engineer. The plan was found to be acceptable and the initial hearing was held August 23rd, 2017. Three conditions of the LEMA 1) Whether one or more of the circumstances specified in K.S.A. 82a-1036 (a) through (d) exist 2) Whether the public interest of K.S.A. 82a-1020 requires that one or more corrective control provisions be adopted and 3) whether the geographic boundaries are reasonable. All three conditions met according to the hearing officer. The second hearing was scheduled for November 14th, 2017, however, a group of intervenors via their attorney filed motions to delay the hearing and requesting expanded “due process” conditions. Chief Engineer declined the delay but granted additional process considerations including the ability to cross-exam at hearing and additional time for comments. February 23rd, 2018 Chief Engineer issued his order of decision and sent it back to GMD4 with recommendations following changes in the plan to improve its administration. The following changes included:

- Two modifications requested by the GMD at hearing principally affecting non-irrigation uses.
- Adjusting the LEMA boundary to exclude the townships with little or no decline in water level (those shown in shown in blue and green).
- Three changes representing relatively small amounts of water but are necessary to be equitable in the treatment of certain classes of water rights (those with places of use in different allocation zones, those who have not completed their time to perfect and those who may wish to lawfully expand their place of use).
- Improvements to the appeal process to ensure past conservation is sufficiently considered and that everyone understands the basis of their allocations
- Requires the advisory committee to track allocation changes and to look at the issue of improving water level change data for purpose of future management.

On March 1st, 2018 GMD4 board voted unanimously to accept the Chief Engineer’s recommended changes and forwarded the revised plan back to the Chief Engineer. On March 8th the Chief Engineer issued an order accepting the GMD4s modified LEMA plan, which will go into effect 2018-2022.

Mr. Meyer touched on what a WCA (water conservation area) is and the benefits. WCA is a designated area with an approved management plan developed by a water right owner or group of water right owners to reduce water withdrawals while maintaining economic value via water right flexibility. A WCA is not a permanent change in water right. Extension of the usable lifetime of the local aquifer, more flexibility consideration for multi-year allocation, movement of allocations and allowing for new uses of the water along with receiving credit for past conservation efforts are some benefits of a WCA.

Mike reviewed updated rules and regulations for violations of water right conditions. If a complete and accurate water use report is not received in the office of the Chief Engineer by March 1, 2018, the landowner will be assessed a CIVIL PENALTY for each water right or permit as follows:

<u>WATER USE REPORT RECEIVED</u>	<u>CIVIL PENALTY PER WATER RIGHT OR PERMIT</u>
January 1 – March 1, 2018	NO PENALTY
March 2 – June 1, 2018	\$250.00 PER FILE NUMBER
AFTER JUNE 1, 2018	\$1,000.00 PER FILE NUMBER

Mike turned the members’ attention to the new overpumping violations and severity levels that went into effect. A review of those can be find under K.A.R 5-14-12.