

**Southwest Kansas Groundwater Management District No. 3  
Special Meeting on District Finances  
March 6th, 2024**

**MEETING CALLED TO ORDER**

President McCormick called to order the March 6, 2024, Board of Directors meeting of the Southwest Kansas Groundwater Management District at 9:06 a.m. The meeting was in the GMD3 Board Room.

**Directors Present in Person**

**Mike O'Brate, Treasurer, Finney County Representative**

**Directors Present by Phone or Zoom**

Zachary Gale, Hamilton County Representative

**Chad McCormick, President, Industrial Representative**

**Randy Hayzlett, Vice-President, Surface Water Representative**

Kent Dunn, Seward County Representative

Bret Rooney, Haskell County Representative

Carl Clawson, Meade County Representative

Jacob Harshberger, Ford County Representative

Fred Jones, Municipal Representative

**Directors Absent with Notice**

**Garrett Love, Secretary, Gray County Representative**

Clay Scott, Grant County Representative

Harrison Krey, Morton County Representative

Matt Johnson, Stevens County Representative

Seth Nelson, Stanton County Representative

Kyle Maddux, Kearny County Representative

**District Staff Present**

Mark Rude, Executive Director

Jason Norquest, Assistant Manager via Zoom

Patty Stapleton, Office Administrator

Chris Law, Director, Field Services

Brandi Sneath, Office Assistant

**Others in Attendance**

Keadron Pearson, Kansas Water Office

**The flag salute was recited.**

**APPROVE AGENDA**

President McCormick asked to consider the agenda for the March 6 Special Finance meeting. **Fred Jones made a motion to approve the agenda as presented. Randy Hayzlett seconded. The motion passed.**

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**Finance Committee Report for Board Consideration**

President McCormick gave the floor to Randy Hayzlett, Vice Chairman of the Finance Committee. He reviewed the time spent making the budget work and that it is time to increase assessments. President McCormick added that everything in the world has increased in price, making raising assessments inevitable.

**Review Audit of GMD3, 2023 Finances**

Mark drew everyone's attention to the finance committee agenda in the meeting packet. Mark reported that auditors Lewis, Hooper, and Dick had completed the annual audit of 2023 finances, and a copy of it was emailed to the board. Mark pointed out that there was only one procedural weakness identified - since paychecks are being directly deposited, there were not two people signing off before the transactions were made. However, Patty and Brandi have since updated this procedure for appropriate internal control. Brandi will print out the transaction details and have Patty sign them. Kristen with Lewis, Hooper, and Dick also suggested to make use of the Federal Proceeds fund for Grant Income and Expenses. Doing so enable tracking transactions within the budget a little smoother and does not directly affect the general fund. Mark suggested the name be changed to Federal and State Grant Proceeds.

**Kent Dunn moved to accept the 2023 Audit completed by Lewis, Hooper, and Dick and present at the Annual Meeting next week. Mike O'Brate seconded. Motion passed**

**Recommend 2024 Budget Increase**

**Salaries and new conservation position**

Mark Rude stated he has recommended increasing staff salaries in line with inflation and other area industry comparable jobs. In addition, he recommended that the Finance Committee budget for hiring a new Groundwater Conservationist employee to start the education and training ahead of the anticipated two similar temporary positions that are expected to become available under the new Kansas RCPP through the DOC. If successful on the new hire, the impact to the GMD3 budget would shift to the state and federal grants fund for the new position. But a need exists to authorize the funding and install at least one employee ahead of the early 2025 state/federal RCPP contract. These enhancements would require an increased GMD3 budget. These increases would cause us to dip into our existing unencumbered cash revenue, requiring another special public hearing in July for the enhanced 2024 budget. Fred questioned why the salary line item was so far off from last year. Mike O'Brate noted GMD3 moved the summer inspectors' salaries to the Meter Inspection Program and line item of the conservation programs section.

Fred Jones suggested maybe retitling the "Meter Inspection Program Contract Labor" and correcting the spelling of the line item "Directory" Travel and Education to "Director."

Mark mentioned that the RCPP grant would potentially pay the two new employees in federal dollars. However, the grant might not be ready until next January. Having the salary available in the 2024 GMD3 General Fund would allow us to hire a "temporary" person if a good candidate is identified this year. When the federal dollars are available, the person will transition to being paid by the RCPP grant dollars.

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**Randy Hayzlett moved to recommend approving a revised 2024 budget with a second July 2024 public hearing. Fred Jones seconded the motion.**

Present 2025 Draft Budget and \$0.06 water user fee increase to \$0.22

Raising assessments by 2 cents gives a potential income increase of \$70,000. A six-cent increase could provide the District with a rise in funds of \$210,000. This will be presented as a draft at the annual meeting next week and further considered in the July 2024 Budget Hearing. The proposed budget can be reduced when adopted by the Board after the hearing but not increased. This substantial increase may also result in a significant uptick in verified claims. Fred asked if a discussion occurred on where we might be able to cut some more in the budget. The Finance Committee looked at all the line items, and if additional budget cuts could be made, it could be in travel and board meals. This year, there are plans for more staff resources in the field, and more meetings with members could be held due to the new GMD Act requirements and water concerns. GMD3 is still the lowest in Kansas in terms of water assessments per acre-foot on the water right.

**Fred Jones moved to recommend accepting the draft budget for 2025 and presenting it at the annual meeting and for a July Public hearing. Randy Hayzlett seconded. Motion passed. Zachary Gale opposed.**

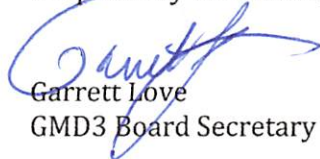
**Annual Meeting**

All positions up for election have been filled with a nomination and are all are unopposed.

**ADJOURNMENT**

**Randy Hayzlett made a motion to adjourn the meeting. Mike O'Brate seconded.**  
**The meeting adjourned at 10:02**

Respectfully Submitted,

  
Garrett Love  
GMD3 Board Secretary