

**Southwest Kansas Groundwater Management District No. 3
Minutes of the Regular Meeting of the Board of Directors
April 14th, 2016**

MEETING CALLED TO ORDER

The April 14th, 2016 Board of Directors meeting of the Southwest Kansas Groundwater Management District was called to order by President Kirk Heger at 9:07 a.m. The meeting was held in the Board Room of Southwest Kansas Groundwater Management District NO. 3.

Directors Present

Kirk Heger, President, Stevens County Representative

Mike O'Brate, Treasurer, Gray County Representative

Mike McNiece, Board Secretary, Industrial Representative

Hal Scheuerman, Kearny County Representative

Randy Hayzlett, Surface Water Representative

Douglass Fox, Meade County Representative

Steve Stone, Finney County Representative

Alan Schweitzer, Municipal Representative

Seth Nelson, Stanton County Representative

Fred Claassen, Morton County Representative

Zachary Gale, Hamilton County Representative

Jeff Reinert, Ford County Representative

Kent Dunn, Seward County Representative

Directors Absent with Notice

Bret Rooney, Vice President, Haskell County Representative

Clay Scott, Grant 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

Fred Jones, Garden City, KS

Darrell Addison,

Todd Hamilton, Producer

Terry Hamilton, Producer

Travis Jantz, Producer

APPROVE AGENDA

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

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APPROVAL OF MINUTES & MONTHLY FINANCIAL REPORT

President Heger drew the attention of the Board to consider March 9th, 2016 draft minutes. Mike McNiece moved to approve the March 9th, 2016 minutes with a correction of Larry Kepley's name. Randy Hayzlett seconded the motion. The motion was approved with all in favor.

President Heger next drew the attention of the Board to review the March, 2016 financial report documents. Hal Scheuerman made a motion as follows: Approve the financial reports and payments for the month of March as presented at this meeting, and to submit them for the annual audit. Mike O'Brate 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

Board Committee Appointments

President Kirk Heger brought the directors' attention to the new Board Committee appointments. The Directors' reviewed and the Committee Assignments were made as drafted.

Representative Bud Estes, Energy for Water Revenue Program

No discussion with hope for a presentation from in the near future.

Water Commissioner's Report, Commissioner Mike Meyer

Water Commissioner, Mike Meyer was present. He announced DWR is busy with encouraging WCA's (Water Conservation Area) proposals. An employee position is currently in the works to be filled in the field office within the next few weeks. The new employee will be handling the WCA proposals and other general office duties. Mr. Meyer mentioned that as of April 1st, 2016, McCrometer has made a lot of changes in quality control and meter processing / testing. There are only five companies that are approved to work on meters: GLB, Teeter, Ron's Repair, Hydro Resources and L&N. Lastly, he noted that quarterly river well measurements are being checked along the river corridor.

Henry Nightengale Upper Permian deep well proposal

Mark Rude brought to the boards' attention Henry Nightengale, Permian deep well proposal. He stated that Henry Nightengale has completed a deep test hole, 1000 feet down. The location is approximately six miles west of the Garretson impairment Issue. Mr. Nightengale is working with a well driller out of Nebraska. \$26,000 was spent for each of two test holes. A geological report was submitted along with a water sample analysis from the bottom formation of the well. A plan is developed to determine if the formations are hydrostatically connected or separate, the driller's determination was they are separate.

Mr. Nightengale would like to apply to change the point of diversion on an irrigation well near the monitoring well. If this new well and the monitoring of the test hole shows that Ogallala/Dakota formations are separated from upper Permian formation, he would like to follow up with another new well completed only in the Permian formations.

Mark noted that this proposed well should be good under current rules. The monitoring well is being made accessible to us for equipping and review.

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Board Review, 25,196 P/D Change spacing water to own well, John Abel

Jason Norquest brought to the Boards' attention, Board Review 25,196 point of diversion change, spacing waiver to own well. The following notes were highlighted:

- WRs 4809 & 15288; Change approved June 25, 2013 to re-drill NC NW of 36.
- April 20, 2015, same WRs approved to move to SW NW.
- WR 25196 filed to move PD to vacated location.
- Spacing is met to all wells EXCEPT 4809 & 15288
- 4809 & 15288 authorized 480AF, 2100' spacing needed
- Only has 1710'
- Heard from 2 neighboring wells, did not want to submit any comment to stop the apps.
- Short on spacing by about 400 feet.

Mike Meyer added that the tool was used and the proposed change did exceed the 20% effect in 50 years tool evaluation. The result was 21%. Mark added the tool is the Theis calculation. Neighbors were contacted within a mile, but no respondents offered written comment or wanted to object to the change.

After some additional discussion amongst the directors, Kent Dunn moved to recommend a waiver of the spacing rule to neighboring wells due to no issue raised by neighbors and the fact that the spacing issue is only to the applicant's own well. Mike O'Brate seconded.

Motion passed with all in favor.

Board Review, FI36, FI39, & FI40, Reasonableness and well spacing, Recommendation

Mark Worf currently has two wells with three vested rights stocked on them, with blanket quantity authority. One authorized point of diversion is located under the parking lot of Wal-Mart and the other is currently in the new shopping development area. He has severed the water right from the land and has preserved it by deed ownership. Plans are to keep the water right, due to value. Mark Worf is proposing a new location for one of the wells (point of diversion), going from two authorized points of diversions to one. The original place of use has been physically reduced due to the development of Garden City in the area and it is unreasonable to have 400 AF on the small patch of land proposed for irrigation. Mr. Worf could utilize a portion of the rights for irrigation and put the remaining authority on ice as a restricting condition of approval until the next water right change is proposed, effectively conserving the remaining property right and avoiding pumping to conserve water until some future proposal.

Mark Rude stated that staff recommendation is to proceed with Change of Application and restricting conditions, with liberties to the extent reasonable for the acres to be irrigated.

Mike McNiece moved limiting him to two acre feet per remaining irrigated acre and administratively pursue actions that keep his water rights intact and restrict excessive usage as a limitation until future changes are proposed. Alan seconded. Motion passed with all in favor.

Proposed changed in PD Demonstration regulation update

Mark spoke about the K.A.R 5-5-1X, Demonstration required to change a point of diversion in areas of decline. There are areas where under rule, it has to be 40 feet of water today and 50 years from now or you can't go further than 300 feet. Added pressure on the directors if adopted. Excellent tool that allows you to run numbers, place it back in the file and then run numbers again in the future.

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Mike Meyer stated the process is a ways from proposal to a public hearing. DWR has to give 60 day notice for any public hearing. Mr. Meyer hopes to “come up with a tool that helps evaluate and shows not chasing water. A tool to analyze that helps evaluate and keep from chasing water.”

Steve Stone stressed that a management plan is needed. Kent Dunn stated “He is not sure he is against chasing water, as long as it can be done legally. He is against three neighbors bringing everything to a corner without proper space.” Many directors agreed with Kent’s statement.

Kansas Blue Ribbon Funding Task Force for Water Resources Management Hearing

Mark Rude announced that A Blue Ribbon Task Force Public input meeting will be held on April 19th, 2016 from 9:00 a.m. to 12:00 p. m. at the Old Supreme Court Room, 346 State Capitol Building in Topeka, KS. April 1st was the deadline for request to testify in person before the Task Force and written only testimony was due by April 12th.

The group was appointed by Governor Brownback and Tracy Streeter. Individuals from KLA, Farm Bureau, Kansas Ag Retailers Cooperative Council, and Water Authority, along with three selected Senators and Representatives from the Kansas Legislature make up the Blue Ribbon Task Force. Mark Rude stated the only written testimony he provided was a copy of HB 2059. Other written testimonies were presented. 1.3 million dollars of the \$16 million state water plan funding today comes out to southwest counties. BRTF (Blue Ribbon Task Force) looks for better ways to fund the Plan and projects. Currently they are looking at other states on how they fund water; 1cent for 1000 gallons has been mentioned. Mark read who is represented on the BRTF. Much discussion continued on property water tax increases in the past years. Are counties completing the taxes the same?

Committee Reports

Finance Committee: Groundwater User Fee (Assessment) Proposed for 2017 Management Program

Mike O’Brate stated the Finance Committee met last week. The main discussion was increasing the water assessment by 2 cents per acre foot to budget for water transfer projects. December 1st would be the first date to file an application for water transfer, if the proposed bill passes. Mark Rude is advocating for a general proposal application until further gaps can be filled in when information is accurate and detailed. The full cost of a filing would be approximately \$800,000, but upfront the fee could be \$50,000. The Finance Committee suggest to take the .02 cent increase of the water assessment (for an assessment total of .14cents) to the July budget hearing.

Steve Stone commented that it appears we are tying the Southwest Kansas Groundwater Management District No. 3 budget to the aqueduct and it doesn’t have to be nor should it be. The money could stay in the GMD3 budget if needed. Mark replied that “We are either going to do this or we are not.” We are not going to fund the aqueduct by ourselves, therefore, we do not need to collect that much money without a secure reason of having it.”

Mike O’Brate reiterated that the Finance Committee recommends a 2 cent per acre foot increase for 2017 and probably 2cents per acre foot for 2018. The consensus of the board was to advertise the Budget Hearing for the July monthly meeting, with discussion to increase water assessment to 14 cents per acre foot.

Steve Stone stressed that funding the aqueduct isn’t feasible until we have partners. He is opposed to funding the aqueduct on any level, as he believes it will take a lot of money from this district with no benefit to the district without a way to see returns.

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Mike McNiece stated that he believes this board and this district wants to facilitate the discussion going forward. We have not made a commitment in any way that this aqueduct is assured to take place. But we are going to be the facilitator that makes this project move forward. The decision for the aqueduct or amount of dollars needed is down the road. The legislation and the tools needed to be in place is the responsibility of this board.

Old Business

There was no old business to take from the table.

New Business

There was no new business to discuss.

Executive Director Report, Mark Rude

Summer Flowmeter Inspection Program

Mark announced the summer flowmeter inspection program will once again be up and running this summer. Kelly Warren will be an additional seasonal employee along with the same seasonal employees from last year.

Producers have been surprised with violation orders from DWR, six months after flowmeter tests were determined not in compliance. Mark reassured that GMD3 will be sensitive to that and will provide a service to help the member to remain compliant.

Commissioner Mike Meyer urges to do more than just an audit look.

Washington D.C. Report

Mark recapped the Washington D.C. trip. He believes it was a very beneficial trip that provided connections with various national and federal organizations. Fact sheet of HB 2059 was handed out to spark support for the water transfer project. Jason spoke with USDA in DC about the GMD3 RCPP and the issue of nozzle spacing failures. USDA/NRCS is looking into the situation and will get with us on the result/answer.

Water Authority RAC's Report

Kirk Heger stated he had no report.

Thirsty Land Documentary will be reviewed on the 24th of April in Nebraska. The documentary sensationalizes the dryness of the land.

Legislative Update

Currently in Conference Committee are two bills. Substitute HB2156 proposed changes to rules and how the Chief Engineer provides notice of program changes or proposed rules and regulations, the classification of the Chief Engineer position, and dam inspection fees. The second bill is Substitute HB 2059, application fee for permits to appropriate surface water that otherwise leaves the state. A meeting is set up for the 19th to have a question and answer time about House Bill 2059.

WaterOne Tour, April 26th

Mark Rude announced that a WaterOne Tour will occur on April 26th, 2016 at the facilities in Kansas City. A hand full of directors demonstrated interest in attending the tour with several directors stating if flying is an option that would be better for the sake of time.

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Water Authority Meeting, Oakley, Kansas May 18-19th

Mark Rude announced that Water Authority will be meeting in Oakley, KS on May 18th -19th. No agenda is available as of today.

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

Mark Rude announced the GMDA Summer Conference will be in Yakima, Washington, June 29th through July 1st, 2016. If any directors are interested in attending notify Jason. GMD3 needs to purchase plane tickets soon to receive better pricing.

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

Water Congress Summer Meeting will be held in Wichita at the Wichita State University campus.

November 14th and 15th, 2016 Governor's Conference will be held in Manhattan, KS

KGS is conducting their annual Natural Resources legislative tour in June and will tour the Water Technology Farm, The Ark River projects and Mark will be a speaker on the Aquifer resources and water transportation ideas.

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, Hal Scheuerman moved to accept the March financial report and payments as presented and submit them for annual audit. Randy Hayzlett seconded. Motion passed with all in favor.

Project Updates

Hal Scheuerman updated the board on the progress of the Amazon Flume and stated the project is almost done. Hal was interviewed by a student from the high school. He shared a picture that he discovered in the Kearny County History book that was published in the 1960. There has been a lot of changes since the 1940 picture that was shown in the book.

Hal Scheuerman brought to the boards attention regarding the Amazon Flume Overrun. Engineers made a mistake by building the flume but failing to realize the difference in feet from the flume to the dirt. The total cost of the overrun is \$135,300.

After some discussion amongst the directors, Alan Schweitzer moved to approve the \$135,300 over run. Mike O'Brate seconded. Motion passed with all in favor.

Project Recommendations for Approval & Submittal to KWO

South Side Phase II Construction, up to \$1,400,000

Randy Hayzlett stated approval of money (\$70,000 from the projects) for engineering on the check structures was received a couple of months ago. However, when the engineers came out they realized it was a different project than what they originally thought. So the bid was then estimated at \$240,000 for engineering fees with the total cost being \$3.4 million.

Randy had discussions with Tracy Streeter and David Barfield on how extensive of an engineer was needed for this project. With 17 structures needed it was agreed that private contractors could be used with an engineer designing the structures. The estimate then came in at \$1.4 million.

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Hal Scheuerman moved to approve recommendation of the project up to \$1.4 million for the Southside Phase II Construction. Mike McNiece seconded. Motion passed with all in favor.

Tom Willis Water Technology Farm, up to \$10,000, waive 3% GMD3 Fee
Duane Roth Water Technology Farm, up to \$10,000, waive 3% GMD3 Fee

Mark Rude brought to the table discussion on two Water Technology Farms. Tracy Streeter and the Water Office has taken the lead on these projects. Tom Willis initiated the interest in a Water Technology Farm, for financial profit and conservation. McCrometer, Chemical Companies, irrigation equipment representatives and Seed Companies are contributors to the technology farms, in coordination with KSU, KWO, DWR and GMD3. Two soil moisture probes are proposed on every field, some fields will have Dragon-Line while others are current drop nozzle packages and telemetry will be used. These farms are in the damage fund areas, so the discussion was to what extent the Project Committee Fund would financially assist. Project Advisory Committee moved to recommend approval up to \$10,000 for each Technology Farm. Also, GMD3 could provide the accounting for these projects, waiving the 3% accounting fee.

McNiece moved to recommend approval up to \$10,000 for each Technology Farm and waive the 3% of accounting fee that could be submitted by GMD3. Alan Schweitzer seconded. Motion passed with all in favor.

Board Member Report

No board member reports were announced.

Public Forum

No comments from the public were stated.

ADJOURNMENT

Fred Claassen made a motion to adjourn the meeting. Jeff Reinert seconded. The meeting was adjourned at 12:21 p m.

Respectfully Submitted,



Mike McNiece
GMD3 Board Secretary