

**PROPOSED AGENDA
BOARD OF DIRECTORS MEETING**

EQUUS BEDS GROUNDWATER MANAGEMENT DISTRICT NO. 2

**Wednesday, February 22, 2017 – 10:00 a.m.
Conference room**

**313 Spruce Street • Halstead, KS 67056-1925
Phone: (316) 835-2224 • Fax: (316) 835-2225 • E-mail: equusbeds@gmd2.org
Website: www.gmd2.org**

1. APPROVAL OF MINUTES
2. APPROVAL OF AGENDA
3. FINANCIAL REPORT
 - a) Annual Financial Audit – Amy Elliott - Knudsen, Monroe & Co., LLC.
 - b) January Financial Report
4. APPROVAL OF EXPENDITURES
5. PUBLIC FORUM – Persons may present written or verbal comments concerning non-agenda business. Please state your name and address. Presentations are limited to five minutes.
6. OLD BUSINESS
 - a) Blazefork Farms LLC, Application No. 49178, NE 02-22S-3W, Harvey Co.
 - b) Circle S Farm, Application No. 49099, SE 04-22S-2W, Harvey Co.
 - c) Larry L. Stucky, Application No. 48965, NE 10-21S-3W, McPherson Co.
7. APPEAL REVIEW
 - a) Tim & Jamie Kaminkow, Application #49069, SE 15-21S-3W, McPherson County
8. NEW BUSINESS
 - a) GMD2 Sustainability Assessment / District Safe Yield Review Schedule
 - b) Proposed Legislation & Rules & Regulations Update
 - c) Draft FY 2018 Budget Review
9. AGENCY & COMMITTEE REPORTS
 - a) Division of Water Resources
 - b) Kansas Water Authority
 - c) Equus – Walnut Regional Advisory Committee
10. MANAGER'S REPORT
 - a) Annual Meeting
 - b) ASR Project Report
 - c) Administrative and Field Tasks
 - d) Monthly Information and Service Report
11. ADDITIONS TO THE AGENDA
12. BOARD ROUND TABLE DISCUSSION – Fred Seiler, President
13. EXECUTIVE SESSION – PERSONNEL

NOTICE

A Board of Directors meeting and any portion thereof is open to the public, except for closed or executive meetings, as prescribed by K.S.A. 75-4319.

Please complete a meeting notice form if you wish to be notified of Board of Directors meetings, hearings, work sessions or other business meetings. Notice forms may be obtained by contacting the Equus Beds Groundwater Management District #2.

**EQUUS BEDS GROUNDWATER MANAGEMENT DISTRICT NO. 2
FEBRUARY 22, 2017**

The Board of Directors for the Equus Beds Groundwater Management District No. 2 held a monthly meeting February 22, 2017, in the conference room of the Equus Beds Groundwater Management District No. 2 in Halstead, Kansas. President Fred Seiler called the meeting to order at 10:00 a.m.

Directors and staff present during all or portions of the meeting:

Fred Seiler, President	Bob Seiler, Member
Vin Kissick, Vice-President	Joe Pajor, Member
Jeff Winter, Secretary	Tom Adrian, Attorney
Mike McGinn, Treasurer	Tim Boese, Manager
David Bogner, Member	Steve Flaherty, Hydrogeologist
David Stroberg, Member	Rebecca Wilson, Admin. Assistant
Alan Burghart, Member	

Directors absent: None

Others attending the meeting or portions thereof were:

Cameron Conant, KDA - DWR Stafford
Brian Klager, USGS
Daniel Clement, Burns & McDonnell
Amy Elliott, Knudsen Monroe & Co., LLC
Lisa French, Cheney Lake Watershed
Brian Bretz, Moundridge
Ryan Reiff, Buhler
Gordon Schmidt, G&C Farms, Inc.
Tim Kaminkow, P & M Pumpkin Ranch
Larry L. Stucky, McPherson
Ernest Krehbiel, Moundridge
Justin Schrag, Moundridge

ITEM 1 -- APPROVAL OF JANUARY 31ST MEETING MINUTES

Moved by David Bogner and seconded by David Stroberg to approve the Minutes. Motion carried with 5 Directors for, 0 Directors against, 0 Directors abstained, and 4 Director absent.

ITEM 2 -- APPROVAL OF AGENDA

Moved by Joe Pajor and seconded by David Bogner to approve the Agenda. Motion carried with 5 Directors for, 0 Directors against, 0 Directors abstained, and 4 Directors absent.

ITEM 3 -- FINANCIAL REPORT

Annual Financial Audit – Amy Elliott – Knudsen, Monroe & Co., LLC

Amy Elliott reviewed the 2016 Annual Financial Audit, including the Financial Statement and the Management Letter. Moved by Mike McGinn and seconded by David Stroberg to accept the Audit and Management Letter. Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent.

January Financial Report

The Board discussed adding a monthly revenue report to the Board booklet starting in March 2017. Moved by Vin Kissick and seconded by Bob Seiler to approve the January Financial Report. Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent.

ITEM 4 -- APPROVAL OF EXPENDITURES

Moved by Mike McGinn and seconded by Jeff Winter to approve the February expenditures. Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent.

ITEM 5 -- PUBLIC FORUM - NONE

ITEM 6 -- OLD BUSINESS

a) BLAZEFORK FARMS, LLC, APPLICATION NO. 49178, NE 02-22S-3W, HARVEY COUNTY

Steve Flaherty, Hydrogeologist, presented information regarding application No. 49178. The applicant was present and provided information regarding the application.

FINDINGS:

1. Application No. 49178 proposes the withdrawal 199.68 acre-feet at a maximum rate of 1000 gallons per minute for irrigation of 153.6 acres from a proposed battery of 4 wells with a geographic center located in the Northwest quarter of the Southwest quarter of the Northeast quarter (3714' N & 2034' W), Section 02, Township 22 South, Range 3 West, Harvey County.
2. The application complies with the District's domestic well spacing rule and regulation K.A.R. 5-22-2(b).
3. The application complies with the District's nondomestic well spacing rule and regulation K.A.R. 5-22-2(b).
4. The application complies with the current safe yield Rule and Regulation K.A.R. 5-22-7.
5. Subject to the proposed rate of diversion being reduced to 800 GPM, the application complies with the District's Rules and Regulations, K.A.R. 5-22-1 through K.A.R. 5-22-17.
6. One nearby well owner responded in opposition to Application No. 49178 during the 15 day comment period provided by Division of Water Resources.
7. The applicant submitted a letter signed by the applicants and the owner of nearby water right No. 42507 advising that if the proposed geo-center is moved 200 feet south and 200 feet east of the initially proposed location and the applicant monitors any interactions with Water Right No. 42507, "[the owner of permit no. 42507] has no issues with the new proposed well". The letter details monitoring plan requirements and that if an interaction is discovered between the two wells, that applicant will develop a crop management plan so as to not impair No. 42507.
8. At a proposed modified geo-center location 200 feet south and 200 feet east of the originally proposed geo-center, the application will not comply with the District's Safe Yield Regulation K.A.R. 5-22-7, unless the proposed quantity is reduced by a minimum of 4.98 acre-feet.
9. The test log submitted with the application indicates that depth to bedrock near the proposed point of diversion is approximately 74 feet and the aquifer has a saturated thickness of approximately 31 feet, with only 24 feet being water yielding material consisting of fine and small sand
10. Nearby water level measurements indicate the aquifer in the vicinity of the proposed point of diversion is declining and groundwater is being mined, especially since about the year 2000.

11. The minimal saturated thickness at the application location increases the chance of impairment to existing water rights.
12. The application presents a clear long term impairment issue for prior existing water rights, as the proposed point of diversion will only contribute to active groundwater mining occurring in the area.
13. The application does not comply with the District's Aquifer Management Program goal of managing the groundwater supplies within the District boundaries by balancing groundwater withdrawals with annual recharge to the aquifer to prevent groundwater mining.
14. Allowing new permits in an area where groundwater levels are showing a long term declining trend is not consistent with the Kansas Water Appropriation Act, specifically K.S.A. 82a-711.
15. The recent Sustainability Assessment report published by the Kansas Geological Survey indicates that the sustainable water usage in this area is 3.1% to 4.48% lower than current reported usage, and 43.25% to 41.32% below current authorized quantity, demonstrating that the area is over-appropriated and groundwater use is exceeding sustainable yield.
16. K.S.A. 82a-711(c) states that impairment shall include the unreasonable raising or lowering of the static water level. Three representative hydrographs show a lowering of static water levels within .5 to 2.5 miles of the proposed point of diversion and the KGS GMD2 Sustainability Assessment indicates that the actual recent average water use is not sustainable in Township 22 South, Range 3 West, Harvey County.

Moved by Bob Seiler and seconded by Alan Burghart to recommend approval of the application, subject to the following conditions:

1. The proposed annual quantity of water is reduced to 188.5 acre-feet as proposed by the applicant;
2. The proposed maximum rate of diversion is reduced to 800 GPM to comply with the "Battery of wells" definition K.A.R. 5-22-1(n);
3. The proposed well battery geo-center is moved 200 feet south and 200 feet east of the currently proposed location; and
4. The applicant implements a groundwater monitoring plan to be developed by District staff.

Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent.

b) CIRCLE S. FARM, APPLICATION NO. 49099, SE 04-22S-2W, HARVEY COUNTY

Steve Flaherty, Hydrogeologist, presented information regarding application No. 49099. The applicant was present and provided information regarding the application.

FINDINGS:

1. Application No. 49099 proposes the withdrawal 248.90 acre-feet at a maximum rate of 800 gallons per minute for irrigation of 191.47 acres from a proposed battery of 2 wells with a geographic center located in the Northwest quarter of the Southwest quarter of the Southeast quarter (934' N & 2237' W), Section 04, Township 22 South, Range 2 West, Harvey County.

2. The application complies with domestic and non domestic well spacing rule and regulation K.A.R. 5-22-2(a) & (b).
3. The application complies with the current safe yield Rule and Regulation K.A.R. 5-22-7.
4. One nearby well owner responded with concerns about Application No. 49099 during the 15 day comment period provided by Division of Water Resources.
5. The test log submitted with the application indicates that depth to bedrock near the proposed point of diversion is approximately 121 feet and the aquifer has only 36 feet of saturated yielding material consisting of fine sand.
6. Nearby water level measurements indicate the aquifer in the vicinity of the proposed point of diversion is declining and groundwater is being mined.
7. The minimal saturated thickness at the application location increases the chance of impairment to existing water rights.
8. The application presents an impairment risk for existing water rights as the proposed point of diversion will contribute to groundwater mining occurring in the area.
9. The application complies with the District's Rules and Regulations, K.A.R. 5-22-1 through K.A.R. 5-22-17.
10. The application does not comply with the District's Aquifer Management Program goal of managing the groundwater supplies within the District boundaries by balancing groundwater withdrawals with annual recharge to the aquifer to prevent groundwater mining.
11. The recent Sustainability Assessment report published by the Kansas Geological Survey indicates that the sustainable water usage in this area is 13.9% to 5.6% lower than current reported usage, and 56% to 41.5% below current authorized quantity, demonstrating that the area is over-appropriated and groundwater use is exceeding sustainable yield.
12. K.S.A. 82a-711(c) states that impairment shall include the unreasonable raising or lowering of the static water level. Five representative hydrographs show a lowering of static water levels within a four mile radius of the proposed point of diversion and the KGS GMD2 Sustainability Assessment indicates that the actual recent average water use is not sustainable in Township 22 South, Range 2 West, Harvey County.
13. The applicant advised that a maximum of 108 acres would actually be irrigated and was willing to reduce the place of use to 108 acres and the proposed quantity to 140.4 acre-feet per year.

Moved by Vin Kissick and seconded by David Stroberg to recommend approval of the application, subject to the following conditions:

1. The proposed place of use is reduced to 108 acres;
2. The proposed annual quantity of water is reduced to 140.4 acre-feet; and
3. The applicant implements a groundwater monitoring plan to be developed by District staff.

Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent.

c) LARRY L. STUCKY, APPLICATION NO. 48965, NE 10-21S-3W, MCPHERSON COUNTY

Steve Flaherty, Hydrogeologist, presented information regarding application No. 49178. The applicant was present and provided information regarding the application.

Moved by Joe Pajor to approve staff recommendation of denial. Motion failed to receive a second.

Moved by Bob Seiler and seconded by Mike McGinn to table making a recommendation on the application for 120 days, or until the District's boundaries expansion request is decided upon by the Chief Engineer, whichever comes first. Motion carried with 8 Directors for, 1 Directors against, 0 Directors abstained, and 0 Directors absent.

ITEM 7 -- APPEAL REVIEW

a) Tim & Jamie Kaminkow, Application #49069, SE 15-21S-3W, McPherson County

Tim Boese, Manager, presented information regarding application No. 49069. The applicant was present and provided information regarding the application.

FINDINGS:

1. Application No. 49069 requests 8.45 acre-feet at 50 GPM for irrigating 6.5 acres.
2. The proposed point of diversion meets the minimum spacing requirements.
3. The application complies with the District's Safe Yield Rule and Regulation K.A.R. 5-22-7(b)(1) exemption criteria, as the application is for a small user quantity.
4. Declining water levels as recorded from nearby observation wells indicates that discharge has exceeded recharge since at least the year 2000.
5. Saturated high yielding materials in the application area is approximately 80 feet and that groundwater levels in this area have been steadily declining.
6. The application is not consistent with the District's Aquifer Management Program goal of managing the groundwater supplies within the District boundaries by balancing groundwater withdrawals with annual recharge to the aquifer to prevent groundwater mining.
7. The recent Sustainability Assessment report published by the Kansas Geological Survey indicates that the sustainable usage in this area is 7.3% to 10.8% lower than current reported usage and 39.1% to 43.7% below current authorized quantity.
8. The proposed quantity and rate are relatively minimal, reducing the chance of impairment to existing senior water rights and reducing the impact to the groundwater level.
9. The proposed crop (pumpkins) is generally less water intensive than typical row crops (corn, soybeans), and the applicant intends to install drip irrigation.
10. The proposed quantity, rate, and place of use would be similar to three domestic wells each irrigating 2 acres of trees and lawn.

Moved by Joe Pajor to table making a recommendation on the application for 120 days, or until the District's boundaries expansion request is decided upon by the Chief Engineer, whichever comes first. Motion failed to receive a second.

Moved by Vin Kissick and seconded by Jeff Winter to recommend the application for approval under the Safe Yield Rule and Regulation small use exemption criteria K.A.R. 5-22-7(b)(1). Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent.

ITEM 8 -- NEW BUSINESS

a) GMD2 SUSTAINABILITY ASSESSMENT/DISTRICT SAFE YIELD REVIEW SCHEDULE

Tim Boese, Manager, advised the Board that District staff will continue to review the GMD2 Sustainability Assessment over the next two months, and they plan to incorporate the data and findings into a recommendation on any needed safe yield calculation and regulation modifications to the Board by the May 2017 Board meeting, or at a later meeting if needed. It was the Board consensus for the District staff to give a progress update at the April 2017, meeting

b) PROPOSED LEGISLATION & RULES & REGULATIONS UPDATE

Tim Boese, Manager, provided information on: Senate Bill 194, which is the GMD assessment cap bill; Senate Bill 48 and House Bill 2099, which deal with impairment claims; Senate Bill 46 and House Bill 2100, which would modify the Water Conservation Areas statutes; House Bill 2032, which proposes increased fees on commercial fertilizer, agricultural chemical registration, water sold by public water supply system, and water used for industrial or stockwatering purposes (the Board previously decided to oppose this bill); and House Bill 2241, which proposes increased fees on water withdrawn from reservoirs and creates a new fee on water used for irrigation. Moved by Bob Seiler and seconded by Vin Kissick to oppose HB 2241. Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent.

c) DRAFT FY 2018 BUDGET REVIEW

Tim Boese, Manager, reviewed a draft of the FY 2018 budget. Discussion by the Board followed. Consensus was to have Tim re-draft the budget to show how the District would operate if it had increased funding, even if the draft financial statement will result in a negative balance at the end of 2018. Tim should send the new draft to the Board prior to the March Board meeting for their review.

ITEM 9 -- AGENCY & COMMITTEE REPORTS

a) DIVISION OF WATER RESOURCES

Cameron Conant, DWR - Stafford, stated that he had nothing new to report.

b) KANSAS WATER AUTHORITY

Board Vice President, Vin Kissick, stated that he had nothing new to report.

c) EQUUS – WALNUT REGIONAL ADVISORY COMMITTEE

Bob Seiler, Member, reported that the next Equus-Walnut RAC meeting is scheduled for February 27, 2017 at 1:00 p.m. The meeting will be held at the Harvey County Health Department in Newton, Kansas. Joe Pajor, Member, reviewed the proposed agenda.

ITEM 10 -- MANAGER'S REPORT

a) ANNUAL MEETING

The Board and District staff discussed the agenda for the annual meeting. Tim Boese, Manager, will contact Jim Butler of KGS and request that he provide a presentation on the GMD2 Sustainability Assessment.

b) ASR PROJECT REPORT

Tim Boese, Manager, advised that in January, there was no recharge in Phase I or Phase II. Cheney Reservoir: Conservation pool is full and flood pool is 2.82% full. Cheney release is 244 CFS. Flow today: Little Ark - Highway 50 is 37 CFS; Valley Center is at 86 CFS. The letter from the City of Wichita to DWR regarding ASR permit condition modifications request has not yet been received by DWR or GMD2. District staff plan to review the 2015 ASR Accounting at the March or April 2017 meeting.

C) ADMINISTRATIVE FIELD TASKS

Tim Boese, Manager, reported that in January, staff reviewed 10 new/change applications, provided assistance for 5 applications, and processed a total of 98 files including VI cards, new applications, approvals, dismissals, and recommendation requests from DWR. Staff also completed 15 water permit consultations. Tim also informed the Board that Verified Claims are coming in, and that staff completed annual water-level measurements in January. There were no Term Permit replacement/renewals in January.

d) MONTHLY INFORMATION & SERVICE REPORT

Tim Boese, Manager, presented customer service requests for the month of January.

ITEM 11 -- ADDITIONS TO THE AGENDA - NONE

ITEM 12 -- BOARD ROUND TABLE DISCUSSION – FRED SEILER, PRESIDENT

Tim Boese, Manager, and David Bogner, Board member, provided a recap of the February 8, 2017 Water Congress meeting, GMD Board roundtable discussion, and Legislative Reception. Board Treasurer, Mike McGinn, discussed an article from the Kansas Farmer magazine regarding an assessment for developing a remediation model for cleaning up groundwater in the Equus Beds aquifer. This is one of the goals of the Equus-Walnut RAC. Tim Boese will research the KDHE regulations and provide a report to the board regarding the proposed Nickerson Effluent Holding Cells. Tim Boese also gave an update regarding the lack of progress on fixing the issue with the District's monitoring wells that were affected by the Eagle Drainage District ditch work. Tim advised that the concrete contractor was not getting the work done and District staff was contacting other contractors for estimates. Vin Kissick informed the Board of the pending legislation that proposed the creation of a subcommittee of the Kansas Water Authority. Tim Boese will research this and provide information to the Board.

ITEM 13 -- EXECUTIVE SESSION

Moved by Vin Kissick and seconded by David Stroberg to recess into Executive Session for 10 minutes to discuss personnel matters with the District's attorney for the purpose of protecting the privacy of that information. Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent. Those present during this Executive Session were the members of the Board; Tim Boese, Manager; and Tom Adrian, Legal Counsel.

Time in Executive Session: 1:39 p.m.

Time out of Executive Session: 1:44 p.m.

Moved by Joe Pajor and seconded by Vin Kissick for Manager Tim Boese to change Rebecca Wilson from a probationary employee to a regular employee, and for her to receive a one time, \$400.00 pre-tax bonus. Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent.

Moved by David Stroberg and seconded by Jeff Winter to adjourn the meeting. Motion carried with 9 Directors for, 0 Directors against, 0 Directors abstained, and 0 Directors absent. Fred Seiler, President, adjourned the Board meeting at 1:46 p.m.



Jeff Winter
Secretary
JW/TDB/rsw