

**MINUTES OF THE JULY 19, 2011  
BOARD OF DIRECTORS MEETING OF  
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session July 19, 2011 at 10:00 a.m. in the Board Room of the District office at 603 East First Street in Dumas, Texas. The following persons were present:

**Members Present:**

Daniel L. Krienke;  
Bob B. Zimmer;  
Gene Born;  
Wesley Spurlock;  
Phil Haaland;  
Harold Grall; and,  
Brian Bezner.

**Staff Present during part or all of the meeting:**

Steve Walthour, General Manager;  
Dale Hallmark, Assistant Manager/District Hydrologist;  
Kirk Welch, Public Information and Conservation Education Manager; and,  
Karen Mannis, Permitting Specialist.

**Others present during part or all of the meeting:**

Sabrina Leven;  
Herman Berngen;  
Amy Hascule;  
F. Keith Good, Attorney; and,  
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 10:06 a.m.

Harold Grall gave the invocation and President Zimmer led the pledge.

President Zimmer then asked if there were persons present who desired to make Public Comment. No public comment was made.

Gene Born moved to approve items 2(a) through 2(c) of the Consent Agenda, consisting of: the approval of Minutes of the Board of Directors Meeting held on June 7, 2011; approval of District expenditures for June 1, 2011 through June 30, 2011; and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from June 1, 2011 through June 30, 2011 totaling \$5,709.00. Phil Haaland seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved that it is in the best interest of Bobby Wyatt and Mary Nix Wyatt and the District to grant the petition of Bobby Wyatt and Mary Nix Wyatt to annex a ten (10) acre tract in the Northeast Corner of the Northwest Quarter, Section 77, Block 7, CSS Survey, Dallam County, Texas, into the District. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Brian Bezner moved that it is in the best interest of Glen P. Reagan and Mildred S. Reagan and the District to grant the petition of Glen P. Reagan and Mildred S. Reagan to annex a 3.34 acre tract in Section 77, Block 7, CSS Survey, Dallam County, Texas, into the District. Danny Krienke seconded the motion and it was unanimously approved by the Board.



General Manager Walthour reported that as of June 24, 2011, the North Plains Groundwater Conservation District has 8052 active well permits. These permits do not include unused wells or registered exempt wells. Since January 1, the District has issued 473 active permits, not including any test hole permits, or permits that were subsequently cancelled. Over the next few months the board will be considering approval of wells as active and complete for most of the wells drilled in 2011.

Mr. Walthour presented the following table to the Board for the Board's review:

COUNTY	Total	2011	2010	2009	2008	2007	2006
DALLAM	1797	145	26	52	68	20	31
HANSFORD	754	18	21	7	6	8	6
HARTLEY	1975	217	31	52	177	28	39
HUTCHINSON	257	12	5	2	8	13	1
LIPSCOMB	227	1	0	4	6	1	5
MOORE	1100	18	14	31	20	27	13
OCHILTREE	426	6	7	13	3	6	6
SHERMAN	1516	56	62	66	40	37	14
<b>TOTAL</b>	<b>8052</b>	<b>473</b>	<b>166</b>	<b>227</b>	<b>328</b>	<b>140</b>	<b>115</b>

The General Manager stated that District staff processed twenty six well permits that are ready for the Board's consideration and approval. These permits, listed in the following table, represent completed wells that have been inspected and are in compliance with District Rules. The inspections verify that the wells were completed as required by their permits, including proper well locations, well classes, maximum yields, and proper installations of check valves and flow meters.

The Board reviewed well permits. Danny Krienke moved to approve the following permits as active and complete wells because the wells are properly equipped and otherwise comply with District Rules:

COUNTY	OWNER	WELL	CL	MAX	QURT	SEC	BLK	SUR	YARDS N S	YARDS E W
DALLAM	PFAFF FARMS LTD	DA-3825	D	1200	SW	3	3	CSS	489S	425W
DALLAM	SHAD KALISIAK	DA-3999	C	800	SE	13	17	CSS	183S	856E
DALLAM	AHLEM FARMS	DA-4077	C	800	SW	67	4	CSS	421S	379W
DALLAM	WILLIAM HUNTER	DA-3853	C	800	SE	63	5	CSS	854S	144E
DALLAM	JAMES MEYER	DA-3893	C	800	SE	4	0	SWISHER	888S	260E
HANSFORD	PHILLIP RENNER	HN-3892	D	1200	NE	36	R	B&B	403N	102E
HANSFORD	TIM WILHELM	HN-3996	D	1200	NW	229	2	GH&H	103N	463W
HARTLEY	EDDIE ALLEN	HA-3523	D	1200	SE	103	48	H&TC	267S	844E
HARTLEY	COVER FARMS	HA-3570	C	800	NW	170	44	H&TC	168N	614W
HARTLEY	KIMBERLY CLAUSS	HA-3725	D	1200	SW	2	1	POITEVE NT	169S	872W
HARTLEY	WADE LENZ	HA-3843	C	800	NE	13	3	B&B	432N	442E
HARTLEY	MIDNIGHT SUN	HA-3918	C	800	SW	120	4	CSS	759S	104W
HARTLEY	MIDNIGHT SUN	HA-3919	C	800	NW	117	4	CSS	105N	861W
HARTLEY	MIDNIGHT SUN	HA-3920	C	800	NE	117	4	CSS	157N	647E
HARTLEY	MIDNIGHT SUN	HA-3921	C	800	NE	102	4	CSS	140N	32E
HARTLEY	14 MILE RANCH	HA-3925	C	800	SW	52	48	H&TC	602S	10W
MOORE	GARY MOORE	MO- 3888	C	800	NW	128	3-T	T&NO	720N	472W
OCHILTREE	DAVE BARKLEY	OC-3852	D	1200	SE	103	4-T	T&NO	371S	215E
SHERMAN	RUSSELL FANGMAN	SH-3696	B	400	NW	208	1-T	T&NO	78N	3W
SHERMAN	NEED IT MORE	SH-3795	D	1200	NW	34	3-T	T&NO	782N	103W
SHERMAN	LONE STAR FAMILY FARMS	SH-3840	C	800	SW	19	3-T	T&NO	155S	387W
SHERMAN	JIMMY CHESHER	SH-3915	C	800	NW	345	1-T	T&NO	848N	871W
SHERMAN	JIMMY CHESHER	SH-3916	C	800	SW	345	1-T	T&NO	427S	113W



SHERMAN	JIMMY CHESHER	SH-3917	C	800	SW	345	1-T	T&NO	8255	103W
SHERMAN	MARLIN NICKEL	SH-3956	B	400	NW	122	1-C	GH&H	28N	876W
SHERMAN	BRADLEY SAVOY	SH-4125	C	800	SE	10	2-T	PSL	366S	116E

Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

The General Manager advised the Board that currently the District uses "unallocated" or "unrestricted" to describe unreserved funds and "dedicated" to describe funds restricted by the Board. In June, the District's auditor made district staff aware that the Governmental Accounting Standards Board (GASB) has generated a new statement, Statement 54, on how balance information should be reported. The District's auditor will be applying this new standard to the District's fund reporting beginning this year. GASB Statement 54 requires fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered non-spendable, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. An example of a restricted fund would apply to funds used as for the 200/12 Demonstration Project where the Texas Water Development Board is providing in-kind matching grant money and the District needs to show its funding for that portion of the funding. The restricted fund would also contain funding for any loans the District might secure. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board. This type of funds would include the Observation Well Network funds from the sale of the weather modification equipment and funds that have been set aside by the board for Conservation Education. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned funds would be all funds to cover the rest of the District's budget. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District must disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

The District must also classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

The requirements of this Statement were effective for financial statements for periods beginning after June 15, 2010. Early implementation is encouraged. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented.



Since the District's auditor will be applying this new standard of reporting to the District's fund balances, the General Manager recommended the Budget and Finance Committee propose that the Board adopt GASB Statement 54 as the District's method of fund balance reporting and adopt the following Fund Balance Policy:

**North Plains Groundwater Conservation District  
Fund Balance Policy**

Anywhere North Plains Groundwater Conservation District reports fund balances for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The non-spendable classification represents assets that will be consumed or "must be maintained in tact" and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board of Directors. However, the Board has adopted fund balance policies for the three unrestricted classifications — committed, assigned, and unassigned.

From time to time, the Board of Director's may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since the practice would commit funds that the district does not have. Commitments may be for facility expansions or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board.

The Board of Directors may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting. The General Manager is authorized to make assignments of fund balances. When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged in the following order to committed, assigned, and then unassigned balances.

**Fund Balance Note**

By a majority vote in a scheduled meeting The Board of Directors may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

Gene Born moved that the Board adopt GASB Statement 54 as the District's method of fund balance reporting and propose the Board adopt the Fund Balance Policy set forth above. Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

The General Manager presented a detail summary of the District's 2010-2011 Budget and projected year-end totals to the Board. The projected year-end budget shows a net income of \$224,316.49 after total income and expenses. The primary reason for the unusually high net income is permit fees. The net income would be higher if the District did not incur an unanticipated drilling expense for a new production well. The items in red are where the District may be over budget by year end. These over budget expenses are, in part; to transitioning funds for the District's 200/12 Project from Capital to the appropriate Administration, Professional Fees, and Repairs and Maintenance Categories within the budget. Additionally the General Manager anticipates a short fall in Capital



Outlay to address a portion of the \$70,000 well drilling and equipping expense not anticipated at the beginning of this budget year.

Budget Account	2010-2011 Budget	2010-2011 Projected EOY
<b>INCOME</b>		
Taxes		
Property Taxes	1,545,734.58	1,603,249.13
Penalty and Interest on Taxes	9,260.79	6,864.40
Investment Earnings	8,700.00	6,847.08
Rents and Royalties	8,800.00	8,800.00
Refunds	4,000.00	17,439.45
Fees	220,000.00	358,650.00
Other Income	35,845.54	45,066.49
Resale Items	0.00	2,926.25
TWDB Grant	0.00	40,000.00
	<b>1,832,340.91</b>	<b>2,089,842.79</b>
<b>EXPENSES</b>		
Directors		
Per diem	30,240.00	30,240.00
Conferences, Seminars, Training, Meetings	50,760.00	50,760.00
	<b>81,000.00</b>	<b>81,000.00</b>
<b>Personnel</b>		
Salaries and Benefits	<b>768,000.00</b>	<b>737,571.82</b>
<b>Administrative</b>		
Legal Notices	12,000.00	12,000.00
Supplies & Equipment	30,000.00	35,084.53
Conf. Mtgs., & Travel Exp.	40,000.00	40,000.00
Educational Supplies	19,000.00	19,233.20
Postage & Shipping Chgs.	10,000.00	10,728.01
Subs., Publications, Dues	7,500.00	7,984.71
Insurance	18,000.00	18,000.00
Equip./Network/Rep. & Maint.	30,000.00	30,412.76
Other Administrative	2,500.00	2,382.16
Direct Deposit Expense	500.00	430.41
	<b>169,500.00</b>	<b>176,255.79</b>
<b>Contracted Services</b>		
A/C Fees, Discounts	43,490.00	52,060.35
Election	15,000.00	3,168.55
Depletion	3,500.00	2,100.00
Intergovernmental	12,000.00	10,294.67
	<b>73,990.00</b>	<b>67,623.57</b>
<b>Professional Fees</b>		
Audit	20,000.00	19,350.00
Legal	125,000.00	88,319.27
Legislative	75,000.00	97,782.83
Water Cons. Consultant	40,000.00	
Ag. Demonstrations & Research	41,882.50	
Legal filings	107,000.00	
Architect	0.00	333.00
Water Education & Research	0.00	0.00
	<b>100,000.00</b>	<b>89,695.00</b>
	<b>467,000.00</b>	<b>444,362.60</b>
<b>Utilities and Telephone</b>		
	<b>20,000.00</b>	<b>20,000.00</b>
<b>Repairs and Maintenance</b>		
Field, Shop, Ground & Bldg.	58,750.00	51,406.31

Vehicle Repairs, Fuel, & Oil	30,000.00	38,526.67
	88,750.00	89,932.98
Capital Outlay		
Buildings & Grounds	10,000.00	70,062.50
Field Equipment	35,000.00	35,000.00
Agriculture Research Program	60,000.00	24,265.00
	105,000.00	129,327.50
Observation Well Network	114,000.00	114,000.00
North Plains Research Field		
Building & Grounds Maint. Repair	4100.00	3802.14
Meals/ Field Day	1000.00	1000.00
Internet Service	750.00	534.92
	5,850.00	5,337.06
EXPENSES TOTAL	1,893,090.00	1,865,411.30
INCOME TOTAL	1,832,340.91	2,089,842.79
NET INCOME/EXPENSE	-60,749.09	224,431.49

After review of the proposed budget for 2011-2012 and the projected net income at the end of the 2010-2011 fiscal year, the General Manager proposes to address the budget short falls by budget amendment and to amend the budget to purchase capital items before the end of this fiscal year. This proposed action will reduce the proposed 2011-2012 Budget. The General Manager requests budget amendments as follows:

EXPENSES	2010-2011 Budget	2010-2011 Projected End of Year	Proposed 2010-2011 Budget Amendment
Directors	81,000.00	81,000.00	81,000.00
Personnel	768,000.00	737,571.82	768,000.00
Administrative <sup>(1)</sup>	169,500.00	176,255.79	179,500.00
Contracted Services	73,990.00	67,623.57	73,990.00
Professional Fees	467,000.00	444,362.60	467,000.00
Utilities and Telephone	20,000.00	20,000.00	20,000.00
Repairs and Maintenance <sup>(2)</sup>	88,750.00	89,932.98	90,000.00
Capital Outlay <sup>(3)</sup>	105,000.00	129,327.50	175,000.00
Observation Well Network	114,000.00	114,000.00	114,000.00
North Plains Research Field	5,850.00	5,337.06	5,850.00
EXPENSES TOTAL	1,893,090.00	1,865,411.30	1,970,340.00

(1) Administrative: cover additional costs associated with 200-12 demonstration and costs associated with drought education.

(2) Repairs and Maintenance: cover addition costs associated with 200-12 demonstration.

(3) Capital: Increase budget by \$70,000 to pay for production well and to purchase a replacement field vehicle. The additional funds in Capital Outlay were for a planter that will not be delivered until next fiscal year.

The purchase of the replacement vehicle will reduce the District's projected net income after expenses to \$199,431.49.

Gene Born moved to amend the 2010-2011 District budget as set forth above. Harold Grall seconded the motion and it was passed by the majority vote of the Board.

Gene Born moved to table Item F on the Action Agenda until a later time during the meeting as Director, Wesley Spurlock was outside of the meeting room. Harold Grall seconded the motion and it passed by the majority vote of the Board with Wesley Spurlock not voting on the motion.

The District ran a request for qualifications June 16th and June 22nd, in the newspaper for an architectural Firm to provide professional services to redesign the District's office space or design a new space to facilitate the District's mission. The Firm will evaluate the functionality of the existing facilities and recommend design options with cost estimates and will also provide design options and cost estimates should the District choose to build



a new building. If the District selects a design option, the Firm will provide and prepare all plans, drawings, documents and other services as needed to implement the design. The District received qualifications from four (4) Firms to redesign the existing building the firms are: Parkhill, Smith, & Cooper, Amarillo, Texas, Pro-Forma Architecture, Inc., Dallas Texas, Dekker/Perieh/Sabatini, Amarillo, Texas, and Lavin Associates, Inc. — Amarillo, Texas. The General Manager recommended that the District engage Lavin Associates, Inc. — Amarillo, Texas for this District project.

Phil Haaland moved that the General Manager and the District's legal counsel negotiate the preliminary stages of a contract with Lavin Associates, Inc. — Amarillo, Texas for this project and bring the negotiated terms of the contract back to the Board for its review and discussion. Brian Bezner seconded the motion and the motion passed by the majority vote of the Board with Wesley Spurlock being absent from the room during the vote.

In May, the District received socio-economic modeling results of management strategy impacts to the North Plains area from the Texas AgriLife Research. The board requested a proposal for additional study to evaluate the short term and long term economic implications with respect to the District of; changing conditions within the District, alternative water conservation strategies being considered by the District, and/or the impacts of potential water policies originating from the state or federal government.

Texas AgriLife will update if necessary, and utilize the baseline projections developed in the previous contract with the District to measure the impacts of alternative scenarios. The study will estimate and report the measured impacts including the change in ending saturated thickness, irrigated acreage, and producer income; the change in regional District parameters such as economic activity, value added and employment relative to the baseline; and the temporal (over time) impacts on these variables.

**Task 1.** Evaluate the impacts of changing conditions including acreage increases occurring in the western counties and potential acreage increases in the eastern counties.

Two scenarios identified in the June Board meeting will be evaluated. In the first scenario, the impacts on future producer income, water availability and the regional economy will be evaluated from increases in irrigated acreage that are occurring and will continue to occur in Hartley and Dallam counties. The second scenario will analyze the impacts on future conditions (producer income, water availability, and the regional economy) of increases in irrigated acreage in the eastern counties. In both scenarios, a sensitivity analysis on the number of irrigated acres added will be performed to provide a broader picture of potential impacts.

Initially in **Task 1**, the optimization and socio-economic models will be refined and/or updated to accurately portray the counties in the District where necessary. Secondary data sources including input from District staff and area producers will be used to accomplish this objective.

**Task Timeline:** *September 1, 2011 — December 31, 2011*

**Task 2.** Evaluate the impacts of potential water conservation strategies for District counties.

Two additional water conservation strategies or potential policies identified by the District will be evaluated using the economic models in Task 2. As a part of the strategy identification process, the District will identify both strategy implementation levels and schedules to be modeled.

Initially a baseline will be estimated assuming none of the policies being considered have been implemented. The impacts both short (10 years) and long term (60 years) of each conservation strategy will be estimated relative to the baseline. Results of the study will



provide insight into the changes in producer income and saturated thickness, as well as, impacts on regional economic activity, income and employment of each conservation strategy evaluated.

Scenario results will be enhanced by conducting sensitivity analyses where appropriate.

**Task Timeline:** *January 1, 2012 — December 31, 2012*

	<b>Budget</b>		
	Task 1	Task 2	Total
Salaries & Fringe	\$ 19,500	\$9,750	\$29,250
Travel	\$ 500	\$ 500	\$ 750
AgriLife Indirect*	\$ 0	\$ 0	\$ 0
Total	\$ 20,000	\$10,000	\$30,000

\*Indirect costs are being waved to comply with the policy of the primary funding organization, North Plains Groundwater Conservation District, of not paying indirect costs on grants.

The General Manager recommended that the Board approve the Texas AgriLife Research Evaluation of Alternative Water Conservation Strategies for the North Plains Groundwater Conservation District.

Wesley Spurlock moved that the Board approve the Texas AgriLife Research Evaluation of Alternative Water Conservation Strategies for the North Plains Groundwater Conservation District. Brian Bezner seconded the motion and the motion passed by a majority vote of the Board with Gene Born and Phil Haaland abstaining from the vote.

President Zimmer reopened Item 3F of the action agenda. The General Manager reported the District's current financial condition and a Budget and Finance Committee proposed 2011-2012 District Budget as follows:

**EXPENSES**

Directors	81,000.00
Personnel	818,868.00
Administrative	179,500.00
Contracted Services	96,750.00
Professional Fees & Services	401,000.00
Utilities and Telephone	20,000.00
Repairs and Maintenance	90,000.00
Capital Outlay	40,000.00
Observation Well Network	114,000.00
North Plains Research Field	0.00
Conservation Demonstration Project	182,350.00

<b>EXPENSES TOTAL</b>	<b><u>2,023,468.00</u></b>
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Danny Krienke moved that the Board adopt the 2011-2012 Budget presented above and authorize the District to use from its reserves any funds necessary to fully address the budget expense items. Gene Born seconded the motion and it was unanimously approved by the Board.

Brian Bezner moved to table item 3G (discuss and consider proposing a tax rate for 2011) from the action agenda until the Board's next regular meeting date. Danny Krienke seconded the motion and it was unanimously approved by the Board.



Steve Walthour presented the following report to the Board and stated that in 2010, the District experienced lower groundwater production than measured in 2008 and 2009. 2010 groundwater production provisional data from the District's database is as follows:

COUNTY	Number of properties	Groundwater Production (acre-feet)	Property Acres	Average acre-feet/acre	Acre-inches per acre
DALLAM	398	269,984	275,957	0.98	11.74
HANSFORD	354	127,789	199,865	0.64	7.67
HARTLEY	416	327,218	310,279	1.05	12.66
HUTCHINS	98	40,322	67,126	0.60	7.21
LIPSCOMB	104	30,469	57,691	0.53	6.34
MOORE	341	160,505	203,254	0.79	9.48
OCHILTREE	222	59,846	116,191	0.52	6.18
SHERMAN	484	235,634	294,828	0.80	9.59
<b>TOTAL</b>	<b>2417</b>	<b>1,251,767</b>	<b>1,525,192</b>	<b>0.82</b>	<b>9.85</b>

The District will publish this information rounded to the nearest 1000 acre-feet in July.

Steve Walthour reported that in 2011, the Panhandle is experiencing one of the worst droughts in history. Dry, hot and windy conditions have required all groundwater users increase their production to maintain crops, to provide for public water supply and for industrial uses.

The district has created a summer water conservation campaign to aid cities within the district in addressing the increasing pressure being place on water systems by the current drought. The campaign includes a radio PSA, press release, water conservation kit, water saving tips and distribution instructions. We have coordinated with the city managers in seven towns across the district to have the City Hall's serve as distribution centers for the free kits and to share in the cost of the kits. In addition to the PSA's and releases, district representatives will be making public appearances and presentations to raise awareness about the campaign. Kirk represented the district at the Dumas/Moore County July 4<sup>th</sup> Celebration by maiming a booth, explaining the campaign and distributing 20 free kits. To further spread the word, Kirk has coordinated a presentation by the district at a Spearman Rotary Club meeting in July and participation in the KDDD Hotdog Feed on July 13<sup>th</sup> in Dumas. The campaign is also being promoted through the district's Facebook and twitter presences. In addition, the district has provided information to city officials and media outlets regarding water conservation strategies.

Additionally, the Board president requested that the District analyze the use of the Conservation Reserve Program to offset any potential groundwater production in excess of the District's 1.75 acre-feet production limitation. Groundwater rights owners reserved over 12 acre inches per owned acre in 67 percent of the properties and over 6 acre-inches over 93 percent of the properties. For 2417 properties in the database that reported water use, the results of the conservation reserve program for 2010 is shown below.

COUNTY	Conservation Reserve Data											Total Properties
	Average acre-inches	Average wet inches under circle	No Reserve	<= 3"	<= 6" and > 3"	<= 9" and > 6"	<= 12" and > 9"	<= 15" and > 12"	<= 18" and > 15"	<= 21" and > 18"	<= 24" and > 21"	
DALLAM	12.26	15.61	5	13	22	57	86	77	62	49	27	398
HANSFORD	16.33	20.79	0	2	8	17	51	67	88	65	56	354
HARTLEY	11.34	14.44	3	23	46	72	89	70	55	42	16	416
HUTCHINSON	16.79	21.38	1	0	1	3	11	20	21	22	19	98
LIPSCOMB	17.66	22.49	0	1	0	10	8	8	20	26	31	104
MOORE	14.52	18.49	0	5	7	30	61	69	85	41	43	341



OCHILTREE	17.82	22.69	1	1	2	6	19	45	49	38	61	222
SHERMAN	14.41	18.35	0	3	21	43	61	139	106	75	36	484
<b>TOTAL</b>	<b>14.15</b>	<b>18.02</b>	<b>10</b>	<b>48</b>	<b>107</b>	<b>238</b>	<b>386</b>	<b>495</b>	<b>486</b>	<b>358</b>	<b>289</b>	<b>2417</b>

For those who saved over 6 inches of groundwater, they have 27 acre-inches in allowable production. The Board president request that the staff provide the following table regarding the well production capacities on a 640 acre property, a 320 acre property and a 160 acre property that would be needed to exceed the 27 inch production limitation (1.75 acre-feet + 0.5 acre-feet conservation reserve) compared to the number of irrigation days. The District's Hydrologist analyzed the data and reports well capacities in gallons per minute as follows:

Irrigation Days	640 acres	320 acres	160 acres
80	4,073.10	2,036.55	1,018.28
90	3,620.53	1,810.27	905.13
100	3,258.48	1,629.24	814.62
110	2,962.25	1,481.13	740.56
120	2,715.40	1,357.70	678.85

The staff plans to publish the above referenced data after the Board's review.

Gene Born moved that the continuation of a requirement of applying irrigation after a crop fails is not beneficial and requests any agency requiring such continued irrigation on failed crops to immediately cease such requirement. Brian Bezner seconded the motion and it was unanimously approved by the Board.

The General Manager reported to the Board that for a year where groundwater was not to be a major legislation issue, the 82<sup>nd</sup> Legislature found a way to make some pretty profound changes to how areas can be added to Districts that are in Priority Groundwater Management Areas and how District's rules and management plans must be adopted to implement DFCs. Mr. Walthour stated that groundwater ownership was affirmed by the Legislature but groundwater conservation districts can continue to manage the resource (SB 332). Mr. Walthour reported that based upon the District's current management philosophy, the amendment to groundwater ownership should not affect the District's management planning or rulemaking. Mr. Walthour also stated that the second most significant piece of legislation was by Senator Seliger (SB 313), which allows the Texas Commission on Environmental Quality to simply create a district or assign an area that is in a Priority Groundwater Management Area to a District. A vote would be required to determine if the persons in the PGMA would pay taxes to support the District operation. If the vote fails, then the District would set fees for that area to cover the cost of operations.

Mr. Walthour also reported to the Board that the method for the adoption and the method of management, under a selected Desired Future Condition were modified to allow a more transparent notice and reason justification of the selection of the DFC and provide clarification of the long-term management to achieve the DFC. Mr. Walthour also reported that after September 1, 2011, "Managed Available Groundwater" will become "Modeled Available Groundwater" to more accurately reflect the nature of the amounts from the Texas Water Development Board.

Mr. Walthour also stated that permit applicants, or affected parties, now can request a hearing before the State Office of Administrative Hearing (SOAH) for a permit matter. The District Board would receive a recommendation from an administrative law judge, but the Board would make the ultimate decision in the matter. The General Manager



informed the Board that the District already has rules addressing this issue, though the District may need to tweak the rules, the District has contemplated using a third party to hear a matter before the Board, if necessary.

Lastly, Mr. Walthour reported that the executive administrator of the Texas Water Development Board no longer certifies management plans but approves management plans.

A detailed Bill Status Report from Longbow Partners and a legislative analysis prepared by the District's legal counsel were presented to the Board for the Board's review and discussion.

Danny Krienke and Steve Walthour presented the following report to the Board:

Following electronic, personal and all discussion of the North Plains Groundwater District's 200-12 reduced corn irrigation project, nine cooperators were selected for 2011 on 670 acres. Three are the same cooperators as in 2010. 2011 200-12 cooperators are in Hartley, Dallam, Sherman, Moore, Hutchison and Ochiltree Counties. It was reported that water meters, rain gauges and PivotTrac website irrigation system tracking services were installed for each field prior to planting. Each grower selected the corn hybrids he planted, the planting date and fertility levels. Better Harvest Consultants were employed by the District to monitor nitrogen levels at planting and three crop stages in each 200-12 field to help ensure sufficient levels throughout the growing season. Seven fields were planted in April and May. Each field contains one or more additional comparative promising drought tolerant corn hybrid and/or different plant populations that significantly expand the data collection and results. Two fields include both comparative hybrid and plant population more extensive plots. Two growers chose June planting dates.

Plant emergence was slow and significantly challenging due to extremely dry, windy and low relative humidity climatic conditions. Portions of the 12 inches of irrigation were used to establish a crop. Following plant emergence, gypsum block and AquaSpy website probes were installed at one location, adjacent to one another, in each field to monitor soil moisture to 60 inches in the plant root zone. Gypsum blocks are at 12 inch increments and AquaSpy at 4 inch. AquaSpy and PivotTrac have had some challenges regarding installation and reporting, possibly because of a combination of heat and the shear demand for the products. Currently, plant growth stages vary from silk to 10-leaf depending on the planting date.

The District staff and consultant are in each field at least weekly, more when required, to read rain gauges, water meters, soil moisture gypsum blocks, plant growth stage and make other data collection and observation. Data from AquaSpy and PivoTrac websites are read recorded and/or used daily and more often when needed to communicate with cooperating growers to make irrigation and other corn production decisions.

The District invoiced the Texas Water Development Board for tasks related to this project on July 15th.

Steve Walthour reported that on June 24, 2011, the Water Development Board returned Managed Available Groundwater Amounts for the Ogallala, Dockum and Blain aquifer DFCs. The Blain Aquifer is located outside the District. A summary of the MAG results is as follows.

Dockum GAM 10-019 MAG

Summary of "GAM Run 10-019 MAG" Relevant to the North Plains Groundwater Conservation District

		2010	2020	2030	2040	2050	2060
District	District Dockum MAG Amount	11,768	11,723	11,676	11,642	11,624	11,625

Ogallala MAG Amounts Ogallala MAG Amounts (entire counties)



		2010	2020	2030	2040	2050	2060
Entire Co	Dallam	413,310	336,398	270,964	200,522	139,834	103,119
	Hansford	259,866	240,816	223,139	206,706	191,258	179,899
	Hartley	388,576	327,678	289,555	267,345	249,520	231,990
	Hutchinson	144,858	134,202	124,427	115,281	106,664	100,374
	Lipscomb	242,114	224,463	208,084	192,884	178,780	169,452
	Moore	216,020	152,766	110,471	89,314	74,249	64,847
	Ochiltree	243,318	225,552	209,065	193,767	179,465	169,864
	Sherman	243,311	190,272	160,774	144,707	135,586	130,828
	Totals	2,151,373	1,832,147	1,596,479	1,410,526	1,255,356	1,150,373
MAG	Area	2010	2020	2030	2040	2050	2060
District Area	West	1,081,427	868,862	725,597	620,542	537,927	486,341
	East	796,448	738,163	684,078	633,821	586,727	553,708
	Total	1,877,875	1,607,025	1,409,675	1,254,363	1,124,654	1,040,049

The Board next considered approving payment of an invoice from Hydro Resources for the drilling of water well to replace SH-1231 in Sherman County, Texas pursuant to a settlement agreement between W & C Cattle Co. and the District. It was noted by the General Manager that there was a scrivener's error in the settlement agreement which specified 4-inch casing which should have specified 16-inch casing. Brian Bezner moved that the Board authorize the General Manager to pay the invoice of Hydro Resources in the amount of \$50,062.50 for the drilling of irrigation well no. 2-11 in the Southwest corner of the Southwest Quarter of Section 60, Block 1-T, T & NO Survey, Sherman County, Texas. Gene Born seconded the motion and it was unanimously approved by the Board.

At 12:16 p.m. the Board recessed for lunch and reconvened at 1:19 p.m.

The Board discussed its current Rules and its Management Plan in length and considered the possible revision of the current District Rules, including, but not limited to, the Well Density Rule; the Well Spacing Rule; the Replacement Well Rule; the Pooling Rule; the Enforcement Rules; the Annual Allowable Production Rule; and the Conservation Reserve Rule. The Board also discussed the District's present DFC goals.

At 3:26 p.m. the Board recessed and reconvened at 3:40 p.m. and the discussion regarding District Rules continued.

The Board next considered enforcement action against any Well Owner that has not paid a civil penalty to the District for filing a 2010 Annual Production Report late. Phil Haaland moved that the General Manager and the District's legal counsel submit demand letters from the District to the violators and to use their best efforts to get the penalties collected for the District. Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

The Board next considered Item 3R on the Action Agenda. It was reported that one producer had missing or incomplete information on eleven 2011 Annual Production Reports. Phil Haaland moved that the District's General Counsel and the District's General Manager use all power available to the District to get the violator into compliance. Gene Born seconded the motion and it was unanimously approved by the Board.

Steve Walthour presented the General Manager's Report, including information concerning upcoming meetings and conferences; the General Manager's activity summary; and the District activity summary.

District Directors reported to the Board regarding meetings and/or seminars attended, weather conditions and economic development in each Director's precinct.

By consensus, the Board set August 9, 2011 at 9:30 a.m. as its next regular meeting date.



Phil Haaland moved to adjourn the meeting. Gene Born seconded the motion and it was unanimously approved by the Board. President Zimmer declared the meeting adjourned at 4:38 p.m.

  
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Bob B. Zimmer, President

  
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Brian Bezner, Secretary