

**MINUTES OF THE JULY 19, 2016
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, 2016, at 9:00 a.m. in the Conference Room of the North Plains Water Conservation Center, 6045 County Road E., Etter, Texas. The following persons were present:

Members Present at 9:05 a.m.:

Bob Zimmer, President;
Danny Krienke, Secretary;
Gene Born, Director;
Harold Grall, Vice-President;
Mark Howard and,
Zac Yoder, Director.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Kirk Welch, Assistant General Manager/Outreach;
Kristen Lane, Executive Assistant;
Pauletta Rhoades, Finance/Administration Coordinator;
Laura West, Production Monitoring Coordinator;
Casey Tice, Compliance Coordinator; and,
Paul Sigle, Agriculture Engineer.

Others present during part or all of the meeting:

Shelly C. Burnett;
F. Keith Good, Attorney;
Jessica McCallie, Attorney; and,
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 9:05 a.m. President Zimmer gave the invocation and led the pledge.

The regular Board meeting was recessed at 9:06 a.m. for the public hearing regarding the District's proposed DFCs.

President Zimmer closed the public hearing at 9:59 a.m.

The regular Board meeting was reconvened at 9:59 a.m.

Laura West, Production Monitoring Coordinator, was recognized for five years of service.

17 – Public Comment

No public comments were received.

18 – Consent Agenda

The Consent Agenda was discussed by the Board and consisted of: the review and approval of the Minutes of the regular June 14, 2016 Board Meeting; the review and approval of un-audited District expenditures for June 1, 2016 through June 30, 2016, including the General Manager's expense and activity report; and the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services

and out-of-pocket expenses from June 1, 2016 through June 30, 2016, in the amount of \$4,502.73.

Gene Born moved to approve the Consent Agenda. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Action Agenda 19a - Consider action regarding proposed Groundwater Management Area 1 Desired Future Conditions.

The District conducted a public hearing regarding the proposed desired future conditions as required under §36.108, Texas Water Code. The District is currently receiving public comments for the 90-day period beginning May 13, 2016 and ending August 15, 2016, on the proposed DFCs. At the end of the 90-day period, the District will prepare and submit a summary based on the results from public comments to the Groundwater Management Area 1 Joint Planning Committee for consideration in the area adopting DFCs.

The General Manager stated that he had reviewed the proposed DFCs and the MAG and he did not believe that it would be necessary for the District to amend its present DFCs. General Counsel stated that the public comment period regarding the proposed DFCs would not expire until 5:00 p.m. on August 15, 2016.

Action Agenda 19b - Consider final compliance approval of Water Well Permits as active and complete Wells.

District Rule 2.13 provides, after the site inspection is complete and it is determined that the Well (and all Wells within the Groundwater Production Unit) are in compliance with the Rules of the District and the Well Permit application, the General Manager shall submit the Well Permit to the Board for final compliance approval.

The General Manager reported that the District staff had processed 30 Water Well Permits which are ready for Board consideration and approval. These permits, listed in the table below, 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 the respective Permits, including proper Well location, Well classification, maximum yield, and proper installations of check valves and flow meters. Copies of the individual permits were presented to the Board.

Well	Class	Qtr	Sec	Blk	Sur	NS	EW
DA-5860	C	NE	33	47 1/2	H&TC	853 N	865 E
DA-8143	D	NE/4	12	5	FDW	652 N	47 E
DA-8202	B	NE/4	8	J C Patton	NONE	171 S	108 E
DA-8572	D	SW/4	4	48	H&TC	601 S	25 W
DA-8728	C	SE/4	7	W H Pardue	NONE	670 S	509 E
DA-8729	C	SE/4	7	W H Pardue	NONE	229 S	21 E
DA-8960	C	SW/4	2	1-A	CTRR	444 S	877 W
DA-9128	B	SE/4	47	5	CSS	361 S	406 E
DA-9129	B	SE/4	50	5	CSS	93 S	358 E
DA-9208	D	SE/4	7	1	ME Hays	300 S	438 E
HA-0295	A	SE	252	44	H&TC	448 S	23 E
HA-8908	D	SE/4	11	1	Waco Mnfg	279 S	100 E
HA-8928	C	SW/4	11	1	Waco Mnfg	282 S	108 W
HA-9003	C	SW/4	15	1	Waco Mnfg	488 S	22 W
HA-9315	C	NW/4	256	43	H&TC	880 N	758 W
HN-5854	C	SE	82	2	GH&H	275 S	118 E
HN-8280	D	SW/4	96	4-T	T&NO	36 S	619 W

HN-9089	A	NE/4	306	2	GH&H	482 N	222 E
HN-9090	A	NE/4	306	2	GH&H	613 N	321 E
HN-9146	D	NW/4	131	2	GH&H	326 N	103 W
HU-9074	C	SE/4	54	M-23	Robert Sikes	207 S	2023 E
LI-9125	A	SW/4	1151	43	H&TC	508 S	104 W
LI-9201	C	SW/4	66	10	HT&B	105 S	509 W
MO-6716	C	NW/4	345	44	H&TC	145 N	375 W
MO-8894	B	NE/4	178	3-T	T&NO	114 N	313 E
MO-8896	B	NE/4	128	3-T	T&NO	670 N	267 E
MO-9049	C	NW/4	11	Q	H&GN	855 N	36 W
MO-9374	B	SE/4	238	3-T	T&NO	225 S	405 E
OC-6832	D	W/2	43	4-T	T&NO	109 S	285 W
SH-9258	C	NW/4	437	1-T	T&NO	474 N	436 W

Danny Krienke moved to approve Well Permit HA-0295 on the above schedule noting that the Well is properly equipped and otherwise complies with District Rules. Zac Yoder seconded the motion and it passed by a 6-0 vote with Mark Howard abstaining from the vote.

Danny Krienke moved to approve Well Permit LI-9125 on the above schedule noting that the Well is properly equipped and otherwise complies with District Rules. Mark Howard seconded the motion and it passed by a 6-0 vote with Gene Born abstaining from the vote.

Danny Krienke moved to approve Well Permit MO-6716 on the above schedule noting that the Well is properly equipped and otherwise complies with District Rules. Mark Howard seconded the motion and it passed by a 6-0 vote with Harold Grall abstaining from the vote.

Danny Krienke moved to approve all of the remaining Well Permits on the above schedule noting that the Wells are properly equipped and otherwise comply with District Rules. Zac Yoder seconded the motion and it was unanimously approved.

Action Agenda 19c - Receive report from Agriculture Committee.

The Agriculture Committee met on Wednesday, July 13, 2016, to discuss and review the following:

- Discuss progress and review proposal to fund the 3-4-5 Demonstration Program, Master Irrigator Program, Texas Agrilife Extension and Research Irrigation Dashboard development, and the Texas Water Development Board Meter Reimbursement Program in the 2016-2017 budget.**

3-4-5 Demonstration Project

The 3-4-5 Demonstration Project is in its second year of a three-year program. The program should extend through the 2018 irrigation season and the final report should be completed by May 2019. This program is an extension of the 200-12 demonstration program that operated from 2010-2014 with the final report issued in 2015. The following is the anticipated current and end-of-year (EOY)-expenses and anticipated proposed budget for 2016-2017 for this program, not including income from partners, internal staffing, and internal equipment expenses. Funding partners include TWDB and potentially NRCS.

Description	July 11th	Budget	2015-2016 Remaining	EOY	2016-2017 Budget Estimate
Conservation Demo Project					
8102 · Other Expenses	3,208.04	25,000.00	911.76	4,119.80	25,000.00
8103 · Subcontracted Services	61,091.43	80,000.00	17,362.78	78,454.21	80,000.00
8104 · Tech/Computer	58,175.44	70,000.00	16,534.03	74,709.47	70,000.00
Total	122,474.91	175,000.00	34,808.56	157,283.47	175,000.00

Master Irrigator Program

The Master Irrigator Program is in its first year of an anticipated three- to five-year program. The program includes classroom and hands-on instruction in using new technologies and farming methods. The 2016 course should be completed on July 20th. The following is the anticipated current, and end-of-year (EOY)-expenses and anticipated proposed cost for 2016-2017 for this program, not including income from partners, internal staffing, and internal equipment expenses. Funding partners include NRCS, as well as, vendors that have picked up part of the food expenses. NRCS has provided a matching grant for this year, for this and other outreach programs, in the amount of \$45,000.00 This item currently doesn't have a separate budgeted category.

Description	July 11th	EOY	2016-2017 Preliminary Cost Estimate
Other Expenses	5,000.00	10,000.00	10,000.00
Subcontracted Services	20,700.00	29,000.00	30,000.00
Tech/Computer	5,000.00	10,000.00	10,000.00
Total	\$30,000.00	49,000.00	\$50,000.00

This program has a producer advisory committee consisting of Danny Krienke, North Plains Groundwater Conservation District; Leon New, Irrigation Engineer; Steve Amosson, Texas A&M AgriLife; Charles Hillyer, Texas A&M AgriLife; Scott Strawn, Texas A&M AgriLife; Shawn Carter, Crop Production Services; Cameron Turner, Texas Water Development Board; Keith Sides, USDA NRCS; David Reinart, Better Harvest; Stan Spain, Spain Farms; and, Bryce Howard, Farmer.

The Texas Water Development Board Meter Reimbursement Program

The following is the anticipated current, and end-of-year (EOY)-expenses and anticipated proposed cost for 2016-2017 for this program, excluding income from partners, internal staffing, and internal equipment expenses.

Description	July 11	Budget	2015-2016 Remaining	EOY	2016-2017 Estimate
Income					
4152 · TWDB Meter Grant	73,734.30	400,000.00	98,416.21	172,150.51	300,000.00
Expense					
8006 · TWDB Meter Grant	172,150.51	400,000.00	48,926.85	221,077.36	300,000.00

This budgetary item is a pass-through and the District has funding contracts for this project extending past 2021.

Texas AgriLife Extension and Research Irrigation Dashboard Development (Full Integrated Irrigation Management Application)

The proposed project involves software development to integrate existing conservation technologies into a simplified irrigation management tool. The project team will use open source software licenses to build a fully-integrated system that collects soil moisture measurements, weather station data, weather forecasts, and water use data from center pivots. The system will integrate this information into a single interface and provide functionality necessary to perform efficient irrigation management. The project will include education and outreach through the support of the existing agricultural demonstration project funded by TWDB through the District. The system will also be available through Texas A&M AgriLife to interested agricultural producers. This project supports implementation of an irrigation conservation water management strategy in the 2017 State Water Plan and the 2016 Panhandle Regional (Region A) Water Plan. Total cost of the project is estimated to be \$30,000. The Texas Water Development Board approved to fund a proposed joint project between the District and Texas A&M AgriLife in the amount of \$15,000.

2. Discuss draft contract for Leon New to conform with Texas Water Development Board requirements for reimbursement for part of the District expenses related to the Agriculture Conservation Demonstration Programs.

The Texas Water Development Board recently requested that Leon New's contract be updated so that the TWDB could pay its share of program expenses for Leon relating to the 3-4-5 Program. A primary contract concern is the liability requirements by the Texas Water Development Board. After looking into those requirements, District staff will be soliciting bids from a third-party vendor to insure Leon New similar to the insurance the District requires for CPS and Spain at the Water Conservation Center. The General Manager is checking into the District covering the cost of general liability for New and will bring the contract to the Board at a later date.

3. Discuss progress and provide input regarding the construction and facility maintenance, as well as, the agriculture water conservation programs at the Water Conservation Center.

This summer, the District will finish its construction on the irrigation infrastructure at the North Plains Water Conservation Center. The following is the anticipated current and end- of-year (EOY)-expenses and anticipated proposed cost for 2016-2017 for this program, not including income from partners, internal staffing, and internal equipment expenses.

Description	July 11	Budget	2015-2016 Remaining	EOY	2016-2017 Estimate
Income					
4110 · North Plains Water CC	50,000.00	50,000.00	0.00	50,000.00	100,000.00
Expense					
8200 · North Plains WCC					
8205 · Irrigation Engineer	11,200.85	40,000.00	13,183.39	24,384.24	42,000.00
8206 · Irrigation Equip. Purchase	84,439.56	100,000.00	25,000.00	109,439.56	0.00
8207 · TWDB Project #21743 - Principal	62,000.00	62,000.00	0.00	62,000.00	62,000.00
8208 · TWDB Project # 21743 - Interest	614.00	174.00	0.00	614.00	614.00

Total 8200 · North Plains WCC	158,254.41	202,174.00	38,183.39	196,437.80	104,614.00
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District staff is investigating the costs of moving the HVAC unit in the Richard S. Bowers Center to make the classroom more useable and working with a landscape architect to develop a landscape plan for parking and grounds at the Center.

The District anticipates receiving a reimbursement from Stan Spain related to NRCS EQIP for the drip irrigation system. The General Manager did not recommend any additional construction related to agriculture irrigation at this time.

4. Discuss any other conservation agriculture items relevant to the District.

The District is currently working with High Plains Underground Water Conservation District to implement a Resource Conservation Partnership Program that would allow producers to get a cost share for soil moisture probes, as well as other things.

The committees selected August 30 and September 1st for 3-4-5 Demonstration days in Ochiltree County and in Dallam County. The 3-4-5 demonstration in Moore County will be part of the CPS field day at the Water Conservation Center on August 16th.

Action Agenda 19d - Receive report from Property Committee.

The General Manager reported that the Property Committee met on Wednesday, July 13, 2016 and discussed and reviewed the following:

- Proposed improvements to the facilities at the District Offices, 603 East 1st Street, and property behind the offices at 1st Place in Dumas.
- Complete landscaping plan, plan for construction and development of parking portion of the property at 1st Place.
- Resurfacing parking lot at 603 East 1st Street.
- Proposed improvements to the facilities at the North Plains Water Conservation Center, including:
 - Complete landscaping and parking plan for inside the fence;
 - Signage;
 - Moving HVAC System in Richard S. Bowers Center; and,
 - Reviewing restroom facilities at the WCC.
- Request for proposals for web-based application for Water Permitting, Production Reporting, Compliance, Field Activities, and Meter Reimbursement Program.

The North Plains Groundwater Conservation District has released a request for proposal to design a web-based application for the purposes of bringing together the areas of permitting, production reporting, compliance, field activities and meter reimbursement program. District staff is currently evaluating proposals that were due on July 8th. The General Manager anticipated making a recommendation in August. The anticipated overall cost of this web-based design is expected to be approximately \$100,000.00. The designs should incorporate the ability to file production reports online, aid staff in well site inspections, and allow permit applicants to obtaining well permits through a more secure payment approach.

It was noted that the District will not be replacing vehicles in the 2016-2017 fiscal year.
Agenda 19e - Receive report from Finance and Budget Committee.

The General Manager reported that the Finance and Budget Committee met on Monday July 18th, to review the 2015-2016 Budget, review the General Manager's request to amend the 2015-2016 Budget, and to review and consider the General Manager's draft proposed budget for 2016-2017.

Harold Grall stated that the District is not exceeding its 2015-2016 Budget. It is the recommendation of the Budget Committee that the 2015-2016 District Budget be amended to permit certain budget categories to be moved and re-assigned within the 2015-2016 Budget.

Agenda 19f - Consider amending 2015-2016 District budget.

On July 18th the Budget and Finance met to review 2015-2016 District budget and propose budget amendments as necessary to complete the fiscal year. The general manager proposes the following amendments to the 2015- 2016 as recommended by the Budget and Finance Committee, as follows:

Budget Item description	Current Budget Amount	Increase or (Decrease)	Proposed Budget Amount	Explanation
Personnel	1,254,000.01	10,000.00	1,264,000.01	Increased to cover anticipated end of year expenses.
Technical, Communications & Utilities	100,000.00	30,000.00	130,000.00	Increased to cover additional costs of network repairs and maintenance, equipment and software
Vehicle, Building and Field supplies	100,000.00	-10,000.00	90,000.00	Decreased to reflect EOY estimate
Aquifer Science	200,000.00	-25,000.00	175,000.00	Decreased to reflect EOY estimate
Capital Outlay	50,000.00	-10,000.00	40,000.00	Decreased to reflect EOY estimate
Director Expenses	95,000.00	-15,000.00	80,000.00	Decreased to reflect EOY estimate
North Plains WCC	202,174.00	20,000.00	222,174.00	Increased to reflect additional construction costs for drip that district should be reimbursed half.
Total overall 2015- 2016 budget change		0.00		No change in overall budget

Gene Born moved that the Board approve the following amendments to the District's 2015-2016 Budget, which will result in no increase in the District's total budget as follows:

Budget Item description	Current Budget Amount	Increase or (Decrease)	Proposed Budget Amount
Personnel	1,254,000.01	10,000.00	1,264,000.01
Technical, Communications & Utilities	100,000.00	30,000.00	130,000.00
Vehicle, Building and Field supplies	100,000.00	-10,000.00	90,000.00
Aquifer Science	200,000.00	-25,000.00	175,000.00
Capital Outlay	50,000.00	-10,000.00	40,000.00
Director Expenses	95,000.00	-15,000.00	80,000.00
North Plains WCC	202,174.00	20,000.00	222,174.00
Total overall 2015-2016 budget change		0.00	

Mark Howard seconded the motion and it was unanimously approved by the Board.

Agenda 19g - Consider action to propose the District's 2016-2017 budget.

Each year the Board prepares and adopts a budget and sets a tax rate for the following year.

Preliminary information from the tax collection and appraisal districts (CADs) shows that the total appraised property values will decrease for 2016. The table below shows the preliminary tax values as provided by the CADs.

County	Certified				Preliminary	Percent
	2012	2013	2014	2015	2016	
Dallam	657,512,807	705,324,465	736,674,045	803,102,856	759,071,55	-5.48%
Hansford	640,494,348	598,011,802	629,065,320	657,620,582	560,000,00	-14.84%
Hartley	554,727,947	594,833,715	588,456,108	609,979,400	617,816,58	1.28%
Hutchison	284,764,250	233,750,810	206,343,400	186,668,380	160,623,68	-13.95%
Lipscomb	1,110,751,947	1,217,513,558	1,219,888,949	910,776,732	547,270,90	-39.91%
Moore	2,230,479,493	2,288,939,037	2,245,567,863	2,149,580,872	1,954,648,14	-9.07%
Ochiltree	1,331,731,584	1,730,153,898	1,976,158,575	2,159,858,960	1,296,793,91	-39.96%
Sherman	699,862,530	625,571,890	665,431,950	626,051,650	593,098,14	-5.26%
Total	7,510,324,906	7,994,099,1	8,267,586,2	8,103,639,432	6,489,322,9	-19.92%

Based on this preliminary information, the current tax rate of \$0.026829/\$100 of valuation would increase to an effective rate of \$0.032173/\$100 of valuation or 19.92 percent. The CADs have not provided their certified values yet and the above estimates will change.

The 2015-2016 budget contemplated reducing the District's reserves by \$289,172.48. The District's total assets and liabilities are approximately \$1,833,526.51. The District should realize \$2,754,316.87 estimated income and \$2,863,621.40 estimated expenses for the fiscal year. Total expenses and income should reduce reserves by \$401,420.70 to \$1,432,105.81 for this fiscal year.

The Finance and Budget Committee met July 18, 2016. The General Manager provided a draft budget for the committee to consider proposing for the fiscal year 2016-2017 budget as described below. The General Manager's estimated end-of-year (EOY) income for FY 2015-2016 compared to proposed income for FY 2015-2016 is as follows:

Description	2015-2016	Draft 2016-2017	Draft 2016-2017
	EOY	Budget	Budget
		Effective Tax Rate	Current Tax Rate
Taxes	2,155,399.62	2,155,399.62	1,726,024.99
Penalties and Interest	15,725.24	12,265.69	8,475.46
Delinquent Taxes	22,058.54	17,205.66	12,841.13
North Plains Water Conservation Center	100,000.00	50,000.00	50,000.00
Refunds	3,180.86	2,500.00	2,500.00
Fees for District Services	102,000.00	110,000.00	110,000.00
Other Income	45,654.35	60,000.00	60,000.00
TWDB Grant 3-4-5 and dashboard	65,058.19	75,000.00	75,000.00
TWDB Grant Meters	162,576.05	300,000.00	300,000.00
Investment Income	8,500.49	8,500.49	8,500.49
Donations	1,500.00	0.00	0.00
Dallam County Untaxed Area	60,000.00	60,000.00	60,000.00
Total Anticipated Income	2,741,653.34	2,850,871.46	2,413,342.07

The District's projected income from all sources in FY 2016-2017 will be \$2,850,871.46, if the Board elects to establish taxes based on the effective tax rate, or \$2,413,342.07 if the Board establishes a tax rate that is consistent with the current rate. Assuming all budgeted funds are expended in FY 2016-2017, the District will use \$41,858.38 from its reserves, if the District elects to maintain the same effective tax rate, reducing the District's assets to approximately \$1,400,000.

The draft proposed expense budget for FY 2016-2017 compared to the FY 2015-2016 is as follows: