

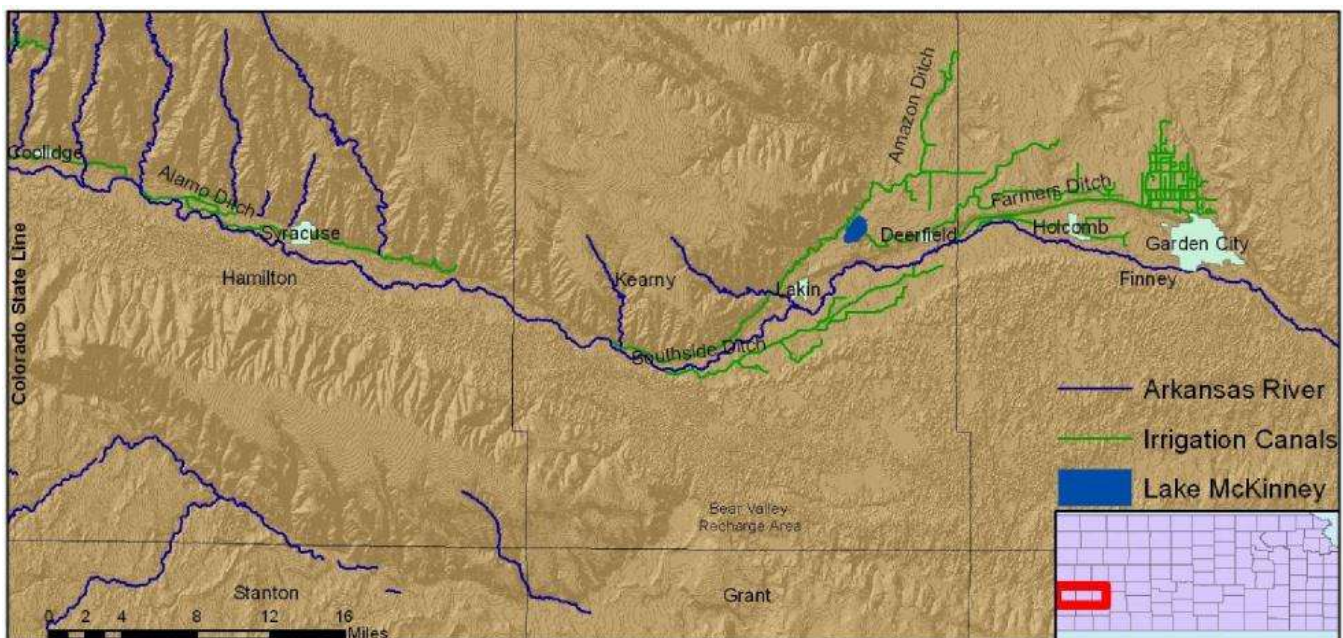
Returning a fraction of the Cash Damage Mitigation from KS vs. CO
to the area affected

2012 Western Water Conservation Projects Fund
Grant Activity

Annual Legislative Report in 2013

Submitted by

The Southwest Kansas Groundwater Management District Number 3
Kansas Water Office Contract Number 08-0129



Upper Arkansas River Western Water Conservation Projects Fund Area

Calendar year 2012 financial statement

The Western Water Conservation Projects Fund (WWCPF) began year 2012 with \$6,219,425 and ended the year with \$5,690,631. There were expenditures totaling \$563,809 and income of \$35,015. The 2012 Audit Report for the Southwest Kansas Groundwater Management District Number 3 (GMD3) is complete and found secured investments consistent with municipal investment law and accepted expenditure procedure.

Background and Recommendations

As a result of litigation filed in the United States Supreme Court (*Kansas v. Colorado, No. 105 Original*), the State of Kansas received more than \$34.7 million in damage award from the State of Colorado for actual losses to crops and fields in Southwest Kansas, including interest. The cash damage award was quantified from the effects for certain Colorado violations of the Arkansas River Compact (Compact, K.S.A. 82a-520). The cash damages paid back the state litigation cost, with the remainder going 1/3rd to the Kansas Water Plan and 2/3rds to the actual affected area in southwest Kansas in the form of the WWCPF.

The Interstate Water Litigation Account - A Vital Priority Kansas Account.

Approximately \$20 million was determined to be the cost Kansas incurred to prosecute the most recent *KS v. CO* case. When that amount was paid from the affected area damages, the \$20 million became a standing fund resource managed by the Attorney General's office to protect Kansas interests in interstate and tribal water matters. **The Kansas Interstate Litigation Fund has since been swept to balance state general fund fiscal demands.** The absence of this water management tool is a circumstance that has not gone unnoticed by water managers in Colorado, Oklahoma, Nebraska and the Missouri River basin states.

Kansas nearly lost KS v. CO for lack of timely funding. This statewide account is meant to correct that disadvantage, and is a vital and cost effective tool to protecting Kansas interstate water interests. The existence of the account is considered a key factor in the early settlement agreement reached in the *Kansas v. Nebraska and Colorado, No. 126 Original*.

Restoring what was recovered and lost. Even though there has been legislative effort to restore an Interstate litigation Account, that funding mechanism currently relies on the potential for any future cash damage awards. As written, K.S.A. 82a-1801 does not provide the water management tool needed to discourage external challenges to Kansas water nor assures the resources necessary for Kansas to pursue compliance and cash damage awards. A funded Interstate Litigation Account communicates the Kansas commitment to protect Kansas interstate water interests, and actual expenditure authority is not a necessary provision of this purpose.

Work to restore funds in the Interstate Water Litigation Account should be a high priority Kansas initiative. The importance of a \$20 million Interstate Water Litigation Account for Kansas cannot be over emphasized as necessary management tool of interstate water. The continued absence of such a fund is viewed as an impediment to ongoing Kansas interstate water management efforts.



Items in this report:

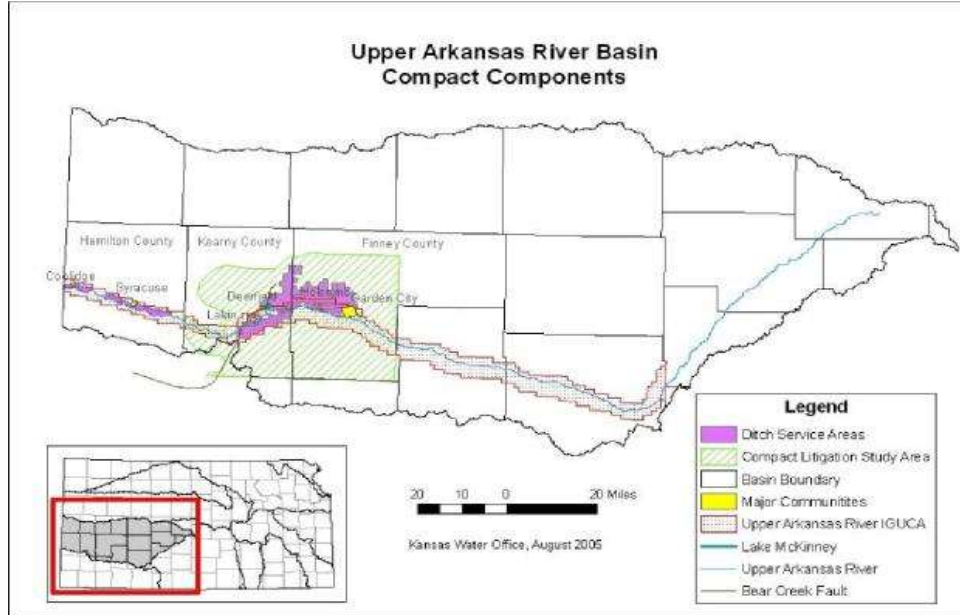
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Purposes of the Western Water Conservation Projects Fund

The remainder of the *KS v. CO* damage award was split one third to the statewide Water Plan fund and two thirds to the Water Conservation Projects Fund (WCPF) for use in the area affected by the compact violations. The statewide Water Plan portion was used primarily as state cash funding to create the Kansas Conservation Reserve Enhancement Program (CREP). However, several state legislative funding cycles have removed most of those damage funds from the Kansas CREP and work to continue the committed CREP funding is ongoing.

KSA 82a-1801-1803 stipulate the portion of these funds placed in the Water Conservation Projects Fund (WCPF) Reserve Account be used for projects that contribute to water conservation efficiency in the area directly affected by the Colorado and Kansas Arkansas River Compact.





Ultimately, to assure the WCPF Reserve Account funds would be available for the intended purposes, **the 2008 legislature authorized a grant** to be made from the Kansas Water Office to a Southwest Kansas Groundwater Management District No. 3 special fund through a grant agreement.

A historical WCPF Background Prior to the KWO Grant Agreement

1996 – Legislation passed (K.S.A. 82a-1801 et seq.) creating WCPF as part of an overall allocation system for financial damages accrued to Kansas from the Arkansas River litigation (*KS v. CO*)

- KWO charged with administering fund with input from Chief Engineer

2005 – \$34.7 million received from Colorado and distributed as prescribed by '96

Legislation

- \$20.2 million to Litigation Fund
- \$9.7 million to WCPF (2/3)
- \$4.8 million to State Water Plan Fund (SWPF) (1/3)

2006 – \$1.1 million received from Colorado

- Not distributed per '96 Legislation
- Placed in a suspense account

Suspense account transferred to SWPF to fund DWR's Interstate Water Issues 2006 & 2007. Funding appropriated from WCPF to reimburse Ditch Companies for state expenses incurred during litigation. Project funds were expended for project reconnaissance, feasibility studies and project oversight on the following:

- Southside Ditch Alternative Delivery System



- Southside Ditch Lining
- Lake McKinney Renovation
- Enhanced Aquifer Recharge Projects

2008 – Appropriations language directs KWO to transfer remaining balance of \$9.964 million to GMD3 as a Western Water Conservation Projects Fund (WWCPF)

- Included \$9.225 million from WCPF & \$739K from State Water Plan Fund (suspense account)
- Other provisions included:
 - Must be used for same purposes as WCPF
 - Creation of an advisory committee consisting of ditch companies
 - GMD3 submits expenditure and status report to KWO
 - Annual report to legislature: Ways and Means and Appropriations
 - August 6, 2008 – KWO and GMD3 enter into agreement to transfer funds and establish appropriate oversight procedures per 2008 Appropriations Act proviso. WCPF becomes WWCPF.

GMD3 Received the WWCPF under a KWO MOA

When the 2008 Kansas Legislature provided for the Southwest Kansas Groundwater Management District No. 3 to administer the Fund through a grant agreement with the KWO, it provided an efficient way to accomplish the purposes of the WCPF and allowed the interest to also accrue to those purposes. The WCPF became the WWCPF by legislative budget proviso and by the KWO Grant Agreement.

General WCPF project goals per K.S.A. 82a-1803 are to:

- 1) maximize general public good (public interest),
- 2) maximize efficiency of call water for ditch irrigation (low transit losses),
- 3) maximize benefits of high river flows to improve recharge,
- 4) mitigate water quality problems in surface and groundwater,
- 5) reduce consumptive use of water to help stabilize the system,
- 6) improve the stability of the hydrologic system for irrigators, and
- 7) Meet compact compliance.

Projects funded in whole or in part by the WWCPF must be in the area impacted by the Arkansas River Compact and meet eligibility requirements and goals in K.S.A. 82a-1803 and Senate Bill 534. Under the provisions of SB 534 and the KWO Grant Agreement, the Arkansas River Litigation Fund Committee established in 2005 became the advisory committee to the GMD3 board, who in turn manages the funds, approves expenditures and projects, and makes requests to the Director of the Kansas Water Office to approve projects, in consultation with the Chief Engineer.



The Southwest Kansas GMD3 Board of Directors

The board of directors for the Southwest Kansas Groundwater Management District is comprised of 15 directors, one from each of the twelve counties having all or a part of the county in the district, one surface water director, one industrial water use director, and one municipal use director. The directors serve three year terms and are elected by the members of the district at an annual meeting held each March. Candidates are nominated during a nomination period that ends prior to the annual meeting. The directors are volunteers who commit considerable time to monthly board meetings, as well as special and working committee meetings. The board of directors is supported by an executive director, staff, and consultants as needed. The management of the WWCPF and its purposes is well suited to the groundwater management district activities as described in the Kansas GMD Act (K.S.A.82a-1020 et. seq.). The working relationship with water users and the state and federal water agencies benefits the purposes of the WWCPF.



Arkansas River Litigation Funds Advisory Committee (ARLFAC)

A stakeholder group was formed in 2005 comprised of representatives from the six irrigation ditch companies, Compact representatives, and GMD3 to provide recommendations and guidance on projects. KWO and DWR staff provides advice and guidance to this committee. ARLFAC members have given significant attention to the river management issues and Compact issues for many years. A preliminary list of projects believed to fit the requirements of K.S.A. 82a-1803 was developed by this stakeholder work group based on the “Upper Arkansas River Conservation Project Reconnaissance Study” conducted by GMD3 in 2005. These were prioritized and three feasibility studies were initiated in 2006.

The ARLFAC is comprised of primary stakeholder representatives who are both surface and groundwater users, for the purposes of the WWCPF. The Arkansas River in both Colorado and Kansas has been considered fully appropriated by existing project for all but the very high flood flows. Reservoir construction and storage improvements in Colorado have dramatically increased water use efficiencies in Colorado over time. Additionally, groundwater withdrawals further cut into the base flows to the river in both Colorado and Kansas. The Arkansas River flow in southwestern Kansas is highly dependent on the irrigation demands of Kansas ditches, which have been diverting surface water since the 1880’s. Thus, water called for by the six Kansas irrigation ditch companies is put to beneficial use in Hamilton, Kearny, and Finney Counties under their

vested water rights and the Compact. Most of the lands irrigated from the river also have groundwater wells providing a supplemental water supply.

The ARLFAC is chaired by Randy Hayzlett, who is a compact representative for Kansas, a representative of the South Side Irrigation Association, and a member of the Upper Arkansas Basin Advisory Committee for the state water plan. ARLFAC Committee members are stakeholders who have given significant attention to the river management issues and Compact issues. A preliminary list of projects believed to fit the requirements of K.S.A. 82a-1803 was developed by ARLFAC stakeholder work group based on the “Upper Arkansas River Conservation Project Reconnaissance Study” conducted by GMD3 in 2005. These were prioritized and three feasibility studies were initiated in 2006.

Arkansas River Litigation Fund Advisory Committee (ARLFAC) Members

Name/*Voting	Representing	Street	City	Telephone/ Email/
*Randy Hayzlett Chairman	Representative, South Side Ditch Assoc. & Kansas ARCA Representative	1112 Road T	Lakin, KS 67860	620-355-7499 H 620-271-4008 Cell 620-355-7064 Fax hayzlett@pld.com
*Ronald Conway Vice-Chairman	Great Eastern Ditch Assoc. President	P.O. Box 597	Garden City, KS 67846	620-276-3246 O 620-640-2336 Cell 620-276-2795 Fax conway.ron@sbcglobal.net
*Tim Gillan	Finney CO Water Users Assoc. (Farmers Ditch) President	5115 N VFW RD	Garden City, KS 67846	620-275-6737 tingillan53@gmail.com
*Al Knoll	Garden City Ditch Company President	2385 Chmelka Road	Garden City, KS 67846	620-277-2437
*Hal Scheuerman	Kearny County Farmers Irrigation Assoc (Amazon Ditch) President, & GMD3 Board, Kearny County	P.O. Box 222	Deerfield, KS 67838	620-426-6073 schrman@pld.com
*Steven A. Hines	Frontier Ditch Company Representative	P.O. Box 147	Coolidge, KS 67836	620-372-8251 Shop 620-384-4842 Cell 620-372-2636 Fax
Harold Knoll	Associated Ditches of Kansas President	4125 N Anderson RD	Garden City, KS 67846	620-277-2253 620-277-2110 Fax hknoll@gcnet.com



Patty Stapleton Recording Secretary	GMD3 Staff	2009 E. Spruce St.	Garden City, KS 67846	620-275-7147 O pstapleton@gmd3.org
Mark Rude Treasurer	GMD3 Executive Director	2009 E. Spruce St.	Garden City, KS 67846	620-275-7147 O mrude@gmd3.org
David Brenn	GMD3 Board, Surface Water & Kansas ARCA Representative	1710 Pheasant Ct.	Garden City, KS 67846	620-287-4541 Cell 620-260-9605 Fax dbrenn@gcnet.com
Diane Coe	Kansas Water Office Basin Planner	901 S Kansas Ave	Topeka, KS 66612	785-296-3185 O 785-296-0878 Fax diane.coe@kwo.ks.gov
Michael Meyer	Water Commissioner, KSDA/DWR	2508 John Street	Garden City, KS 67846	620 276 2901 O 620 276-9315 Fax mike.meyer@kda.ks.gov
Kevin Salter	Interstate Water Engineer, KSDA/DWR	2508 Johns Street	Garden City, KS 67846	620 276 2901 O 620-276-9315 Fax Kevin.salter@kda.ks.gov

Dates of ARLFAC Meetings in 2012

The Committee conducted four meetings in 2011. Meetings were conducted at the GMD3 office in Garden City, with attendance in person or by phone four times on the following dates: January 3, 2012; March 7, 2012; April 4, 2012 and September, 2012. ARLFAC minutes and GMD3 monthly board meeting minutes can be accessed online at <http://www.gmd3.org> .

CREP and the WWCPF activity

The 2007 Kansas legislature authorized the Kansas Conservation Reserve Enhancement Program using part of the money Kansas received from Colorado as repayment of quantified damages to southwest Kansas. The portion of those funds dedicated to the Kansas Water Plan Fund were leveraged with local, state and federal resources under the CREP to provide voluntary cash incentives to transition irrigated land to dry land grass and to permanently retire groundwater water rights in the Upper Arkansas River basin.

Most of the cash damage reimbursement from Colorado originally committed to the CREP has been swept to other Kansas legislative funding priorities. The program benefits are locally viewed as a cost effective mechanism to mitigate some of the damaging effects of compact



violations by Colorado. Those damages included incremental loss of aquifer water levels and the costs that will be incurred to pump water from greater depths. Local retirement of groundwater rights help offset those effects while encouraging land transition in highly erodible soils

A significant portion of the activities of GMD3, its volunteer board and also the activities of the volunteer ARLFAC and WWCPF expenditures are counted as cash and in-kind contributions in the Kansas CREP. For the CREP, Report period October 1, 2011 thru September 30, 2012, the amount of in-kind costs which the GMD3 expended in the CREP area: **\$93,646.33**

Also, a report of the CREP related direct expenditures made from the Western Water Conservation Projects Fund and the in-kind technical assistance and management development provided by the GMD3. This does not include in-kind expenditure of the advisory committee.

Western Water Conservation Project Fund Cash Contribution to CREP goals: October 2011 through September 2012.

Proposed Project	Cash for Surface Water Efficiency	Cash for Aquifer Recharge	In-kind Cost
WWCPF Ditch Lining (including Amazon Head Gate Project)	\$291,852.61		\$2,400
WWCPF Alternative Delivery System	\$0		\$3,800
WWCPF Storage Capacity (Lake McKinney)	\$0		\$0
WWCPF Lake Bypass	\$0		\$0
WWCPF Groundwater Recharge (includes Preferred Interstate Supply Assessment)		\$0.00	\$10,000
WWCPF Channel Rehabilitation, feasibility studies and measuring devices			\$0.00
WWCPF Reimbursement to GMD3 for fiduciary work and program facilitation			\$48,266.62
Totals from WWCPF for report period	\$291,852.61	\$0.00	\$64,466.62

Annual cash and in-kind contributions to CREP from the WWCPF were committed prior to GMD3 receiving the WWCPF and made a part of the grant agreement with KWO. GMD3 continues to support CREP as the program for soil and water stability in the area affected by the source of the state funds. The Kansas Department of Agriculture, Division of Conservation provides a full CREP report on the Kansas Department of Agriculture website at:

http://www.ksda.gov/includes/document_center/doc/Water%20Conservation/CREP_FY2012_Annual%20Report.pdf



Calendar Year 2008 Began Local Management of the WWCPF

A check was received from the Department of Administration in August 2008 which put dollars in the WWCPF for GMD3 management. A special Arkansas River Litigation Fund Account outside the GMD3 general fund was created by the governance of the GMD3 in 2005 and has been carried forward in the budget amount of \$15.5 million. The budget bucket to receive the funds had to be larger than the actual WWCPF amount. Therefore, the GMD3 financial statement indicates a much larger budgeted amount than what exists in that WWCPF.

There were no expenditures from the WWCPF in 2008 and \$48,508 in interest accrued for that partial year. Work in 2008 centered primarily on investing and securing the funds, setting up internal processes to manage the funds and expenditures and developing the initial funding needs and expenditure submittal processes with the ARLFAC for proceeding with the approved project priorities.

The ARLFAC met regularly in the GMD3 office and began working closely with the GMD3 board of directors to implement the purposes of the WWCPF.

Project Approval and Review Process

Projects for funding assistance are proposed to GMD3, reviewed by the ARLFAC for benefits and the beneficial improvements of the area directly affected by the damages quantified in the *KS vs. CO* case. Recommendations are provided to the board of GMD3 for project funding approval. A request for project approval is then submitted to the Director of the Kansas Water Office for review of consistency with the purposes of the WWCPF. The KWO director regularly consults with the Chief Engineer in conducting his review.

The expertise in the advisory committee is uniquely suited to carry out the purposes of the WWCPF. The ARLFAC is comprised of knowledgeable representatives who understand the work that is needed and who have a vested interest in the priority projects underway. We believe their regular review of proposed project details and expenditures provides a powerful assurance that the projects undertaken will be at the least cost for the best results.

GMD3 Payment Voucher Submittal and Processing

Payment from the WWCPF occurs through the submittal of a signed voucher with attached invoices by an approved project operator. The request for payment is reviewed by GMD3 staff for consistency with a project budget amount that has had both ARLFAC and GMD3 board action. The voucher requires signature from an authorized ARLFAC representative and an approved GMD3 board representative. A check is generated by the GMD3 staff to the vendor identified on the voucher and signed by two GMD3 representatives authorized to remit GMD3 funds. All executed vouchers are regularly reviewed by the ARLFAC and the GMD3 board.



Western Water Conservation Project Fund Activities

1) South Side Ditch (Initial project construction completed, 2011)

- a. Southern Alternative Delivery System
- b. Lining of Southside Ditch in key areas

2) Lake McKinney (Construction completed, 2011)

- a. Restoring Lake McKinney capacity and storage efficiency, update control structures
- b. Alternate bypass canal around Lake McKinney

3) Arkansas River Recharge

- a. Enhanced Aquifer Recharge from Arkansas River, reconnaissance study completed.
- b. Specific site and operational evaluations are ongoing.

4) Preferred Interstate Supply Assessment

- a. Phase one, Institutional Structure and Agreements evaluation completed.
- b. Added evaluations include the Colorado Super Ditch under way
- c. LiDAR surveys for floodwater management.

5) Amazon Headgate Improvement Project (Construction to be completed, 2012)

- a. Replacement of headgate to improve diversion efficiency.
- b. Automation of headgate to improve efficiency.

6) Amazon Canal Sand Creek Flume Evaluation (South end of Lakin Golf Course)



7) Frontier Ditch West Bridge Creek Flume Evaluation (completed)

8) Frontier Ditch West Bridge Creek Flume Project (completed, 2012)

- a. Flume replaced to improve delivery capacity and distribution efficiency.

9) Arkansas River Gage Funding Initiative

- a. Restored funding of existing system management gages (completed)
- b. Equip South Side return gage (2012)
- c. Identify and equip other needed gage sites (ongoing)

10) A System Optimization Review of the Associated Ditches in Kearny and Finney Counties, Kansas (To be completed 2014)

- a. Losses will be quantified at structures and segments of ditch identified by water users as problem areas.
- b. Potential projects to address losses and improve efficiency will be proposed by Spronk Water Engineers and GEI.
- c. A cost-benefit analysis will be conducted to rank the proposed projects.
- d. Potential locations for small hydro power generation may be identified.

11) An Appraisal Investigation for Improving Drinking Water Quality in the Arkansas River Basin in Hamilton and Kearny Counties, Kansas.

- a. Bureau of Reclamation Rural Water grant funding anticipated in 2012.

Other future projects that are in GMD3 staff development for consideration of proposals include:

- 1) Projects identified in the System Optimization Review
- 2) Bear Valley Flood Mitigation and Aquifer Recharge project
- 3) A Colorado and Kansas Arkansas River Enhancement Committee (COKARE Committee) as a multi-state committee to develop mutually beneficial water quality improvement strategies.
- 4) Water Transfer Project to look at moving high flows from the Missouri and Kansas Rivers to this water deficit and highly regulated area of Kansas, with benefit opportunities all across Kansas.

Active Project Notes

Alternate Delivery System (ADS) delivery option through the South Side Ditch

A priority of the stakeholders concerned over the difficulty in delivery of shared river flows was to develop options for more efficient deliveries of low flows and avoid high transit losses. Requests for bids were let by the construction engineer for the South Side project phase one. A bid was accepted for the construction that was significantly less than engineer estimates.

Due to some legal questions regarding existing right of way and efforts to accommodate landowner concerns, an alternative proposed route for the connector ditch was designed to avoid the center of several pivot irrigation fields. The proposed work was adopted and completed. Work is progressing on other priority needs and key control structures subject to the ongoing Systems Optimization Review.



South Side ADS new bifurcation control structure. Back when there was river flow, Water can be seen flowing under the return gate headed back to the river.



Clay liner being placed near Station 114+00, looking north towards the River Road bridge.



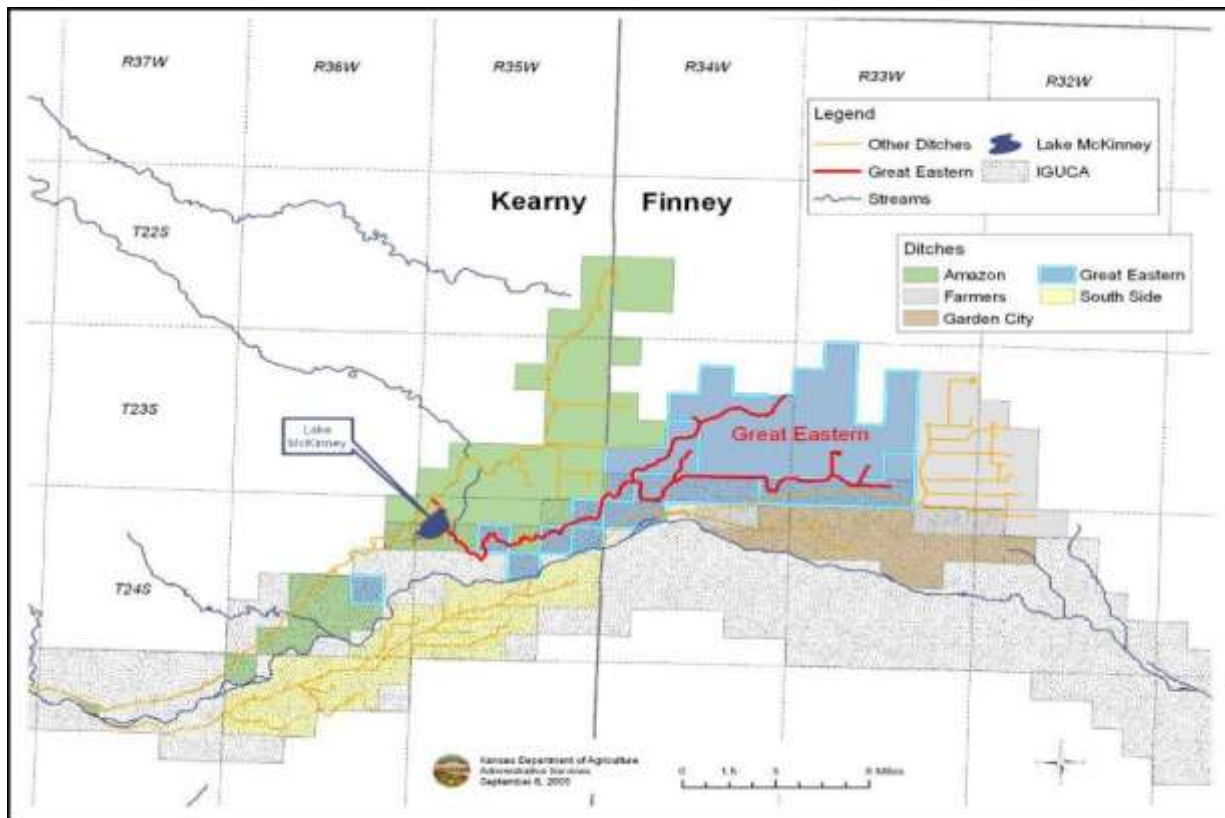
Grading and compacting of the cover layer north of the turnout/drop structure.

Good coordination and cooperation occurred between the South Side Irrigation Association, Kearny County Commissioners, and the members of the ARLFAC. County governance agreed to

contribute resources to replace two bridges where county roads crossed the ditch project work, which saved WWCPF dollars. The priority phase of a much larger ADS project was completed in 2011 and was utilized very little in 2012 due to dry river conditions and drought. The delivery efficiency of the project work will be quantified by the GMD3 System Optimization Review now under way. The total cost of this key project was \$1,356,732.50.

Lake McKinney Projects

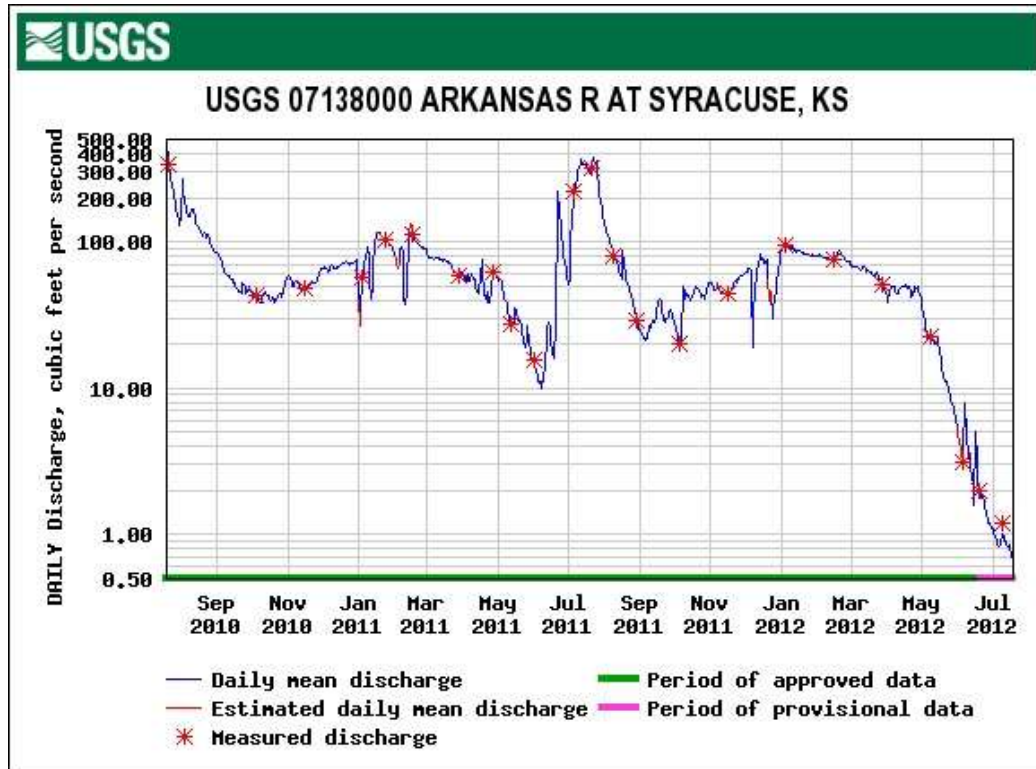
Engineering began in 2008 for the construction needs to restore part of the historic storage capacity of Lake McKinney including replace the dam outlet control gates and rebuilding two dikes, as well as design of a lake bypass for use when water supply is limited. Approval of up to \$200,000 was granted by the GMD3 board and the Water Office for initial engineering and right of way acquisition. Bids were received by the Garden City Company who owns the Lake and a bid was accepted with construction review by the ARLFAC. The Lake McKinney Projects were completed in 2011 at a total cost of \$2,170,008.42.



Location of Lake McKinney near the borders of Kearny and Finney Counties, southwest Kansas.



Gage data at Syracuse, KS indicate the effect of drought on river flow this summer.



Additional evaluation occurred of the Amazon Ditch leaky flume structure across Sand Creek at the Lakin Golf Course.

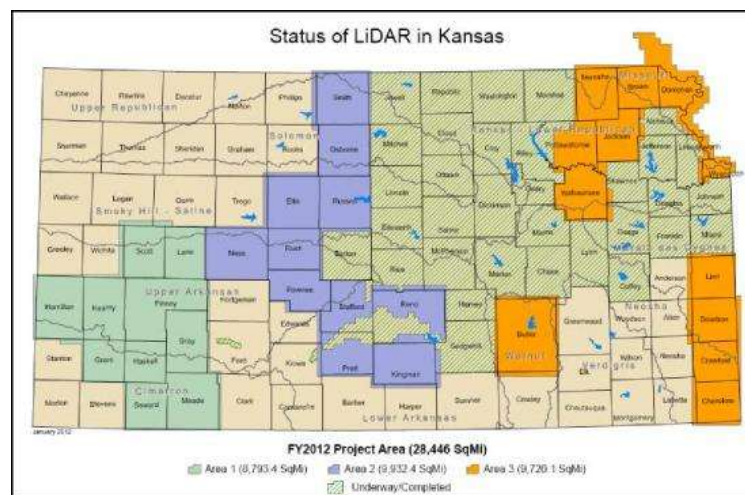
Preferred Interstate Supply Assessment

A third project authorized in late 2008, the Preferred Interstate Supply Assessment (PISA) will review the Arkansas River operational factors controlled by the Compact and associated agreements, and the U.S. Supreme Court decree in *KS vs. CO* to determine which river operations may be managed to optimize the water supply into Kansas and GMD3. The authorized budget for the full project is \$100,000. The PISA will also review the river infrastructure and existing project studies to identify the projects and operating protocols that would maximize the beneficial water supply.

The first part of that study effort pulled together all of the pertinent documents and institutional documents and factors at a cost of \$12,000, with a report and a reference appendix produced by Spronk Water Engineers in November 2009. From this work it is expected that some engineering of possible river operation alternative may occur and that flood stage recharge feasibility may also be further developed working from an earlier recharge feasibility study conducted by Burns and McDonald Engineering and the Kansas Water Office.

The second part looked at an evaluation for a proposed Colorado “Super Ditch” pilot project. The project does not involve an actual surface water diversion structure. But rather, a concept of annual credits for contracted water consumptive use savings crediting applied to upstream added diversions. The concept presents some basis for concern by lower Arkansas Basin water rights in Colorado and for Kansas.

The PISA also will look at the added benefits of enhanced management of high river flows for aquifer recharge. From an earlier recharge project feasibility study conducted by the Kansas Water Office using the Fund, a Bear Valley site was identified as a site of interest. Through additional site evaluation undertaken by GMD3 staff, detailed elevation data became necessary. Working with county commissions for Kearny and Grant Counties, and the Kansas state mapping coordination committee, cooperative cost share funding was secured for the needed LiDAR (Light Direction and Ranging) data. The project helped focus funding resources to accomplish full county LiDAR surveys in 10 southwest Kansas counties.



Amazon Canal Headgate Replacement

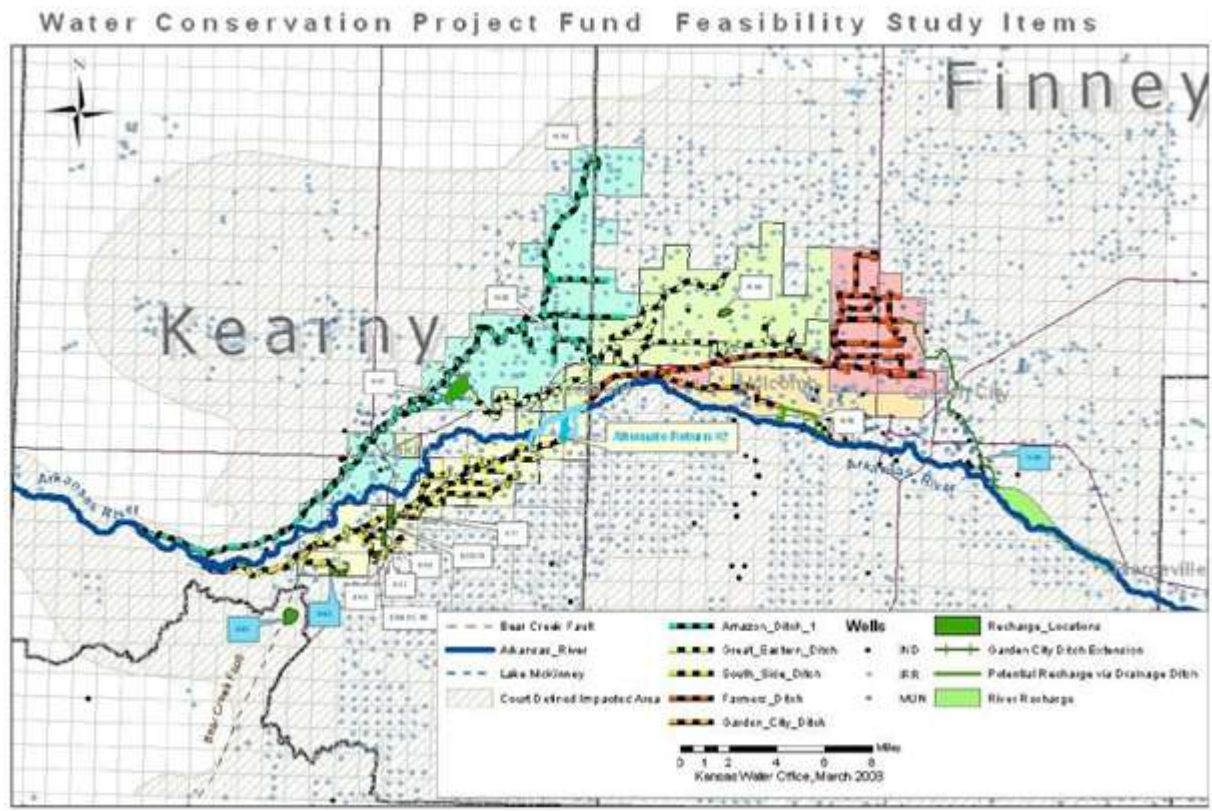
The GMD3 board granted approval for the replacement of the Headgate of the Amazon Canal in 2011. The new headgate will reduce leakage through the gate and will also be automated, granting improved efficiency. This project is expected to result in an average annual water savings of 2,000 AF through added diversion efficiencies. Construction of the headgate began in 2011 and was concluded in 2012.



Committee inspects Arkansas River diversions into old Amazon Canal prior to improvements. The low head dam extends to the upper right in the background, with a look upstream to the upper right of the photo looking west. (Photo by Amazon Ditch President Hal Scheurman, ARLFAC)



Concrete final pour in place for the new radial arm headgates of the Amazon Ditch.



Through the System Optimization Review, all items identified and prioritized by the ARLFA Committee and the program partners will be evaluated and reviewed to provide a basis for appropriate further project and fund approaches to optimize management strategies for the water delivery system.

System Optimization Review project delayed by drought

The GMD3 board approved funding for a system optimization review to be cost-shared by the Bureau of Reclamation's WaterSMART Grant program. GMD3 was awarded the grant in 2011. The total project budget is \$223,250. \$111,625 is to be paid by the Bureau of Reclamation. \$88,325 is to be paid from the Fund. \$23,300 is to be matched with in-kind contributions from GMD3 and the Associated Ditches.

The system optimization review will fund measurements and engineering efforts by Spronk Water Engineers at critical structures and stretches of the river and canal along the entire irrigation ditch system to identify priority projects based upon water savings, cost, economic benefit, environmental impact, and energy savings and/or power generation. Work on this project started in 2011 and was to be concluded in 2013. However, drought conditions and lack of river flow for data collection this year has delayed the field activities of the project. A one year extension of time on the contract with Reclamation's WaterSMART Grant program will be requested to allow the anticipated field work.

Financial Statements

The financial statements of the Southwest Kansas Groundwater Management District No. 3, as audited and opined by Lewis, Hooper & Dick, LLC, Certified Public Accountants, Garden City, Kansas will be appended to this report in the Kansas Water Office when the audit of the 2012 GMD3 financial statements is completed in late January 2013. Notwithstanding the low interest rates available to municipal fund investments, 99% of the WWCPF was in interest-bearing accounts as of December 31, 2012. For Questions or to obtain additional information, contact:

Mark Rude, Executive Director
 Southwest Kansas Groundwater Management
 District No. 3
 2009 E. Spruce Street
 Garden City, Kansas 67846
 Phone: 620-275-7147
 mrude@gmd3.org



Special thanks are made for the ongoing advisory assistance provided by: the Kansas Water Office, and the Kansas Department of Agriculture’s division of water resources and division of conservation.

The Board of Directors for the Southwest
 Kansas Groundwater Management No. 3



Kent Dunn Seward County Nathan Kells Haskell County Mike O’Brate Gray County Kirk Heger Stevens County Dave Brenn Surface Water Mike McNiece Industrial Clay Scott Grant County Hal Scheuerman Kearny County



Seth Nelson Stanton County Wayne Breeding Morton County Doug Fox Meade County Steve Stone Finney County Meghan Houtsma Hamilton County Tom Bogner Ford County Alan Schweitzer Municipal

