

**Sheridan HPA SD-6
January 25, 2010
Participant Comments (C), Questions (Q) and District Responses (R)**

The meeting began with an intro by Mitchell Baalman who synthesized the last meeting discussion and reiterated the overall goals of the meeting – to continue discussing possible goals to reducing water use to achieve the state water plan goals (slowing the decline rate and extending the economic life of the aquifer), and approaches to achieving the selected goal(s). Another discussion point for this meeting was the potential use of a 2010 AWEP program in moving the process forward. Mitchell asked GMD 4 staff to cover the developing 2010 AWEP effort.

Wayne Bossert and Ray Luhman covered the developing 2010 AWEP application – essentially an application that would provide HPA landowners with an option (voluntarily) to permanently convert irrigated acres for a NRCs practice payment. The use of this program could be at least a partial solution to achieving any reduction goal eventually set by the group. GMD 4 needed to know if this HPA wanted to be included in the 2010 application or not.

Q: Clarifying that it would be a voluntary program for the producers. (Yes)

Q: What might the practice payment rates be?

R: GMD 4 would like the group's input, but early values (based on all the WTAP applications) are suggesting a 3-tiered rate proposal based on the amount of irrigation water applied – the highest rate would be about \$2,300-2,400 per acre; the mid rate at \$1,700-\$1,800 per acre; and the lowest rate at \$1,200-\$1,400 per acre. The 3 tiers of water use suggested are: 1.1 AF/Ac and more (high); .8 – 1.09 AF/Ac (medium); and .79 and less AF/Ac (low) – 1/3 payable each year over a 3-year period.

C: The local operators may be unduly affected if too many absentee landlords participate.

C: I still prefer the previous suggestion of a mandated approach for all water rights (either MFA or per acre allocation) – especially if it can be done outside an IGUCA.

C: It's time that something got started – even if it's a small step forward. Otherwise the issue will get discussed to death and nothing will be done.

Q: What are the advantages/disadvantages of using AWEP to jump start the forward progress?

R: Advantages: all water use retired via AWEP will reduce the water use reductions that must be achieved to meet any chosen goal by other means; it's a voluntary program with a practice payment. Disadvantages: Reducing full water rights is not the best economic way to achieve any chosen reduction goal (it's not the worst either).

C: Perhaps a 20% reduction across the board would be tolerable – especially w/ advanced crop hybrids and other technology on the horizon.

C: I'm not so sure a voluntary payment is needed to get everyone to participate.

Q: What are the differences between a 5-year allocation and converting a water right to a 5-year multiyear flex account (MFA)?

R: A 5-year allocation (example: 45 inches over 5 years – or 9 inches per year) is limited to the 45 inches, but in no single year can the right exceed its annual appropriation before the change. The MFA is essentially some percentage (not to exceed 90%) of the average annual usage (between 1992 and 2002) times 5. Being based on actual usage with a percentage conservation reduction, the total 5-year water right can be used with no limit other than the total quantity. The MFA is more flexible for the producers, but is going to be a little more difficult to require.

Other discussion Points: Chief engineer recently met with the GMD 4 board and expressed the following (relative to enhanced management):

- a. he is supportive of exploring local GMD regulation(s) that could mandate MFAs for all water rights if the district wants to draft such regulation(s);
- b. no one can guess when or who will decide to address the decline problem if this process doesn't work;
- c. he wants to find locally workable solutions to the overdraft conditions in the Ogallala that involve the GMDs and their affected members, and also maximize the economic returns from any pumpage reductions;

Directions:

1. The group should meet again following the GMD 4 annual meeting (3:30 P.M.-ish, February 17, 2010) to decide if SD-6 HPA should or should not be included in the AWEP application. Staff should notify everyone of this direction by invitation which should include a statement to the effect that the meeting will be held to make certain decisions regarding the AWEP program and the possible choice of a HPA goal that would reduce all water use in the HPA by 60%.