

Syracuse Dairy, LLC thanks Chairman Minnix and the House Water Committee for this opportunity to testify as a proponent of House Bill No. 2695. Syracuse Dairy operates six dairies and a beef cattle feeding operation at six locations in southwest Kansas. We also have an extensive irrigated and dryland farming operation that produces feed for our cattle. We are landowners and water right holders in Hamilton, Stanton, Morton, Kearny and Grant Counties. We employ approximately 350 people and are currently milking about 33,000 cows every day twice day. The majority of our milk is delivered to the Dairy Farmers of America plant in Garden City. Our milk production along with that of other dairies in southwest Kansas supports a significant number of jobs in Garden City.

My name is Frank Mercurio. I am an employee of Syracuse Dairy, LLC. I am a professional engineer licensed in Kansas, Colorado and Oklahoma. One of my responsibilities is to provide technical support to Syracuse Dairy concerning issues related to water resources, water rights, and associated regulatory issues. Today I am representing Syracuse Dairy as a proponent of HB No. 2695.

We have a substantial interest in water policy and management. Our dry southwest Kansas climate provides an incentive to irrigate our farmland in order to provide sufficient feed for our cattle. We also require an ample supply of water for our dairy cows, dairy heifers and beef cattle. We understand the need to balance wise water policy and water conservation vs. the need to use water resources to support agricultural production and our local economy. As the Ogallala Aquifer has declined, Syracuse Dairy has been forced to deal with the consequences of reduced availability of water. We established a Water Conservation Area at our Westside Dairy in Stanton County and have documented significant water savings resulting from the management flexibilities provided through that plan. We also established a Water Technology Farm in 2020 and have implemented technological upgrades that significantly reduced water use at that dairy. Our partners in these endeavors were the Kansas Department of Agriculture, Division of Water Resources and the Kansas

Water Office. These agencies provided technical, administrative and financial assistance that allowed us to make great strides in water conservation and management. Staff from these agencies and other partners worked directly with us and gave us the tools to install equipment and technology that result in measurable water conservation.

Please note that our Kansas land and water rights are located within the boundaries of Southwest Kansas Groundwater Management District No. 3 (GMD 3). We have received no discernible support from GMD 3 in our water conservation efforts and in fact received some pushback when we sought to renew our Westside Dairy Water Conservation Area. It is a matter of record that the owners of Syracuse Dairy were among those who signed and presented a petition to GMD 3 to remove the portion of Hamilton County lying within GMD 3. This petition was delivered to GMD 3 in March of 2023. It is my understanding that GMD 3 has not affirmatively acted on this petition. It appears that GMD 3 has decided that the petitioners must further justify removal and have apparently refused to take any action that would allow the Chief Engineer to consider the Hamilton County petition. We are stonewalled at this point.

The petition to remove Hamilton County from GMD 3 reflected our frustration over several issues. These may be briefly summarized as:

- Implementation of a process to evaluate applications to re-drill wells that conflicts with the long-established regulatory and technical procedures of the Division of Water Resources. In some cases, GMD 3 asked applicants to reduce their water rights in order to get a favorable recommendation.
- Being resistant to Water Conservation Area plans that offered flexibilities that are unavailable to those who do not implement these plans.

- Being less than accommodating to the needs of the livestock industry when it comes to providing flexibilities that will provide a secure water supply.
- Returning little of the revenues raised from a substantial tax base in the form of funding that is readily accessible to the constituents of GMD 3 to implement water conservation practices.
- Providing no discernible benefits to dryland producers who are subject to acreage-based taxation.
- Providing services that are generally duplicates of those offered by state agencies.

We are willing to provide more specific examples of these issues by providing copies of minutes from GMD 3 meetings, copies of change application files retained by the Division of Water Resources, and copies of pertinent correspondence.

In contrast, we can look north to GMD 1 and GMD 4. These districts have been very supportive of Water Conservation Areas, have implemented Local Enhanced Management Areas (LEMAs) and operate readily accessible cost-share programs to improve water use efficiency and implement other water conservation practices.

Syracuse Dairy supports local self-rule and local solutions to local problems. We are not against the concept of Groundwater Management Districts. However, when this unit of government fails to effectively serve its citizens and constituents, there must be a practical legal avenue to rectify the situation. The current Groundwater Management District statute does not offer that avenue. HB No. 2695 provides a significant step in correcting this situation. Syracuse Dairy, LLC respectfully requests that the House Water Committee advance this bill for consideration by the Kansas House of Representatives.