

Department of Natural Resources
Appropriations Hearing
February 1, 2006

I want to voice my support for the Governor's recommendations for funding the implementation of LB 962 for a second year.

First, however, I want to thank this committee for the financial support you have already provided to implement LB 962, which amended the Groundwater Protection Act to require the Department to determine which river basins in the State were fully or overappropriated and in those basins also required the natural resources district and the Department to jointly develop plans to conjunctively manage surface water and hydrologically connected ground water. Last year, as part of the transition from the former law, the basins shown in gray on the enclosed map were declared fully appropriated and the Platte River Basin west of Elm Creek, as shown on the second map, was declared to be overappropriated. With the help of funding you provided last year that allowed us to appoint an integrated management plan coordinator and hire a geohydrologist and an attorney, the Department is now actively involved with these natural resources districts in developing IMPs (integrated management plans). The Republican River Basin natural resources districts have already completed their IMPs.

The Department also completed its first annual report determining whether any additional basins should be declared as fully appropriated. To produce this report we worked very closely with the University of Nebraska Conservation and Survey Division and Derrel Martin in Biological Systems Engineering and members of the COHYST (Cooperative Hydrology Study) team to develop and use the most up-to-date scientific tools and data available. We learned many things in this process, but perhaps the most important lessons learned were how very important it is to use good science in making a decision to close down a basin to new water uses and how much we need to do to provide the necessary data and modeling tools, particularly in the eastern part of the State, to ensure that sound science is used.

I also want to thank you for the funding that allowed the State to participate in the CREP (Conservation Reserve Enhancement Program) and the EQIP (Environmental Quality Incentive Program). The CREP program provided \$158 million dollars, \$153 million from the federal government and \$5 million from the State, to retire irrigation on up to 100,000 acres and plant those acres in native grasses for wildlife habitat and save water. Nebraska's CREP is the first program in the country to be designed specifically for water conservation. Currently applications for approximately 55,000 acres have been submitted in the CREP program in the Republican River and Platte River Basins. The Department also used \$1 million to enhance the EQIP program, which pays producers not to irrigate their land for four years, in the Republican Basin. About 9,300 acres are currently under the EQIP program in the Republican River Basin.

As you may recall, although the 2005 legislature provided funds to implement LB 962 for 2005, no funding was provided for these activities for 2006. Thus, the Department is asking for additional funding. The amended budget request includes funds for three new positions in DNR. The first is an additional person to analyze permit applications. When a basin is declared fully appropriated, as are most basins in the western part of the state, and there are stays on issuing new permits, new water users must seek a water transfer. Analyzing a water transfer permit has proved to be more complex and time consuming than analyzing a new permit. This new position will help to reduce the time required to issue transfer permits. I would also like to stress that one of my top priorities for the Department is to develop more efficient processes for processing and evaluating water right applications based on a much greater use of digital databases. We expect that these efforts will result in significant time savings in processing applications and more accurate and accessible databases and water rights records.

The Department is also requesting two new ground water model positions. Currently the Department has only one ground water modeler on staff and he is primarily focused on the Republican River ground water model. As mentioned above the decision to determine whether a basin is fully appropriated and to cease issuing new permits for water use has significant economic and social consequences, both to the affected basin and the State as a whole. We believe it is imperative that these decisions be based on sound scientific data. The same holds true for the development of an integrated management plan. Ground water modeling is an essential tool for developing the information needed for these decisions. We believe the need for modeling will not only continue, but will increase in the future and that it will be more cost effective to do the modeling in house than to hire outside consultant

However, there will always be a need to seek expert advice and help with peer reviews of our methodology from outside experts and consultants. For this reason our budget also contains funds to hire advisors and other experts to perform peer reviews of our methodologies and studies and to provide specialized expertise when necessary.

To the extent possible we hope to stretch this money by using it as a match for grants from the U. S. Geological Survey and other federal programs. The Department is currently working on jointly funded projects with the University of Nebraska and the United States Geological Survey, as well as with the natural resources districts and irrigation and power districts to develop suitable ground water models in areas of the state where ground water models do not now exist. We will continue to seek cooperative partnerships and to seek outside funding wherever possible.

Included within the request are funds to cover travel expenses, operating costs, and equipment costs for the three employees. These are necessary expenses to allow those employees to perform their required functions.

Also included in the budget request is \$400,000 to facilitate the natural resources districts participation in the interstate cooperative agreement process for the Platte River. I am

pleased to say that finally the states of Wyoming, Colorado, and Nebraska and the federal government are about ready to complete the final documents outlining the Platte River Implementation Program designed to protect the habitat for endangered and threatened species along the Platte River. Up until this year the Department has annually received general funds to dispense to the natural resources districts for their participation in this process. Last year the legislature provided \$400,000 for FY 06 and no money for FY 07. Because the natural resources districts' participation in this effort is essential, we are seeking funds for FY 07 as well.

Finally, included in the Governor's budget is \$2 million to be provided for use by the natural resources districts to assist in implementing their integrated management plans. In the proposed budget, for every dollar provided by the State, the natural resources district must provide a two dollar match. LB 971, introduced by Senator Schrock, will give natural resources districts the authority to raise their tax levy by three cents in fully and overappropriated natural resources districts. If passed, this bill will enable the districts to provide money to match the State dollars, but, even if the bill passes, it will take time for the districts to authorize the levy and collect the revenue.

As you know the drought in Nebraska unfortunately seems to be continuing. This will be the sixth year of severe drought in the Republican River Basin. For up to three years now several irrigation districts have not been able to deliver any water to their customers and others have only been able to deliver a very limited supply. Currently the water supply in Harlan County Lake is only 15,700 acre feet, over 100,000 acre feet below the 119,000 acre foot level at which it is determined to be a water short year. To help mitigate the impacts of the drought, as well as help Nebraska fulfill its obligations under the Republican River Compact, the Department has set aside 1 million dollars from last year's budget to provide funds to irrigators who would be willing to voluntarily forgo irrigating this year. However, to accomplish what needs to be done, we will need more than the \$1 million. It is the Department's hope that the \$2 million set aside in the Governor's budget can somehow be made available this year to relieve some of the impacts of the drought on the Republican Basin and assist the State in complying with the Republican River Compact.