

Central Nebraska Public Power and Irrigation District suggested a longer term of 8 years out of 10 for interruption on the Platte. They estimate a one time rental rate of \$800.00 per acre for 150,000 acres. A budget for this scenario would look like this;

Basin wide long term	115,000	\$1000	\$115,000,000
CNPPID Quick Response	150,000	\$800	\$120,000,000

Scenario Totals

Basic approach to the Platte

The total estimate for the program would be \$316,000,000.00. It does not propose how to divide up the portions among the responsible parties. We did discuss the fact that there would be a 15 year time span to spread out the cost. The break down is

Republican Basin	\$10,800,000 per year
<u>Platte Basin</u>	<u>\$10,250,000 per year</u>
Total	\$21,050,000 per year

The CNPPID scenario

The total estimate for the program would be \$397,500,000.00. It does not propose how to divide up the portions among the responsible parties. We did discuss the fact that there would be a 15 year time span to spread out the cost. The break down is

Republican Basin	\$10,800,000 per year
<u>Platte Basin</u>	<u>\$15,700,000 per year</u>
Total	\$26,500,000 per year

Meeting for developing acre estimates for retiring acres within the Republican and Platte River Basins for the Funding Subcommittee of the Water Policy Task Force.

Present at the meeting were; Ron Bishop, Don Kraus, Kent Miller, Steve Gaul, Jim Cook, Mike Thompson, Duane Woodward and Jim Cannia.

Reports based on the Republican and Platte River groundwater models were given to establish a basis for estimating the number of acres needed to accomplish near and long term compliance of the respective river systems. A discussion of the total number of acres estimated for this purpose and the dollars required follows.

The Republican River Basin

A description of the 10-25 percent reduction plan was proposed as the best alternative for evaluation for the basin. This plan incorporates a split acreage method of retiring acres to meet long term goals of compliance for the decree. In this proposal 10 percent of total acres would be permanently retired and 25 percent of quick response area acres would be retired temporarily during dry years. The break down of acres and dollars follows;

<u>Area</u>	<u>Acres Required</u>	<u>Cost per Acre</u>	<u>Total Cost</u>
Basin wide long term	125,000	\$1000.00	\$125,000,000.00
Quick response area	75,000	\$500.00	\$ 37,500,000.00

The Platte River Basin

The Platte River Basin was only evaluated for those acres outside the overlap with the Republican River Basin. This prevents doubling up on acres that were shared between the basins. The estimates were taken from the COHYST model acres for 2004 estimated at 240,000 acres basin wide. The 125,000 acres from the Republican basin were subtracted off leaving a remainder of 115,000 acres. These acres would be retired and would replace the acres that were developed between 1997 through 2004. An estimate of what would be needed to keep the basin to whole during dry years was suggested to be similar to the Republican Basin as 25 percent of the number of acres in the Platte "quick response area" or the 28-40 area. The break down of acres and dollars follows;

<u>Area</u>	<u>Acres Required</u>	<u>Cost per Acre</u>	<u>Total Cost</u>
Basin wide long term	115,000	\$1000	\$115,000,000
Quick response area	77,000	\$500	\$ 38,500,000

Basin wide long term	115,000	\$1000.00	\$115,000,000.00
Quick response area	77,000	\$500.00	\$ 38,500,000.00

After additional review it was suggested that 150,000 acres should be targeted in the Platte Basin Quick Response area due to the very close relationship between groundwater use and return flows in the Panhandle. In addition, an incentive of \$800/acre might be needed to address the increased years of reduction necessary to address the lag effect and drought impacts. That raises the Quick Response Area cost to \$120,000,000.

The total estimate for the program would be \$397,500,000. It does not propose how to divide up the portions among the responsible parties. We did discuss the fact that there would be a 15 year time span to spread out the cost. The break down is

Republican Basin	\$10,800,000.00 per year
<u>Platte Basin</u>	<u>\$15,666,000.00 per year</u>
Total	\$26,466,000.00 per year

Funding Subcommittee – Estimate of Acres
 10-26-05
 (Alternate Version Supplied by Don Kraus)

A meeting for developing an acre estimates for retiring acres within the Republican and Platte River Basins for the Budget Committee of the Water Policy Task Force was held on October 24, 2005.

Present at the meeting were; Ron Bishop, Don Kraus, Kent Miller, Steve Gaul, Jim Cook, Mike Thompson, Duane Woodward and Jim Cannia.

Reports based on the Republican and Platte River groundwater models were given to establish a basis for estimating the number of acres needed to accomplish near and long term compliance of the respective river systems. A discussion of the total number of acres estimated for this purpose and the dollars required follows.

The Republican River Basin

A description of the 10-25 percent reduction plan was proposed as the best alternative for evaluation for the basin. This plan incorporates a split acreage method of retiring acres to meet long term goals of compliance for the decree. In this proposal 10 percent of total acres would be permanently retired and 25 percent of quick response area acres would be retired temporarily during dry years (5 out of 10 years). The break down of acres and dollars follows;

Area	Acres Required	Cost per Acre	Total Cost
Basin wide long term	125,000	\$1000.00	\$125,000,000.00
Quick response area	75,000	\$500.00	\$ 37,500,000.00

*↓
 least a year
 4 yrs. out of 10 interspersed -
 permanent in - the program for system*

The Platte River Basin

The Platte River Basin was only evaluated for those acres outside the overlap with the Republican River Basin. This prevents doubling up on acres that were shared between the basins. The estimates were taken from the COHYST model acres for 2004 estimated at 240,000 acres basin wide. The 125,000 acres from the Republican basin were subtracted off leaving a remainder of 115,000 acres. These acres would be retired and would replace the acres that were developed between 1997 through 2004. An estimate of what would be needed to keep the basin whole during dry years was suggested to be similar to the Republican Basin as 25 percent of the number of acres in the Platte "quick response area" or the 28-40 area. The break down of acres and dollars follows;

Doesn't get to P/A...

Area	Acres Required	Cost per Acre	Total Cost
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Ann Diers

From: Steve Gaul [sgaul@dnr.state.ne.us]
Sent: Friday, October 21, 2005 5:15 PM
To: eugeneglock@yahoo.com; rbishop@cpnrd.org; cellosands@msn.com; jayr@nefb.org; dkraus@cnppid.com; jturnbull@upperbigblue.org; ableed@dnr.state.ne.us; lumjed@fbnetusa.com; dsmith@mnrnd.org; tlschwarz@charter.net; pheath@gering.org
Cc: lrnrd@megavision.com; jasperfanning@urnrd.org; rlhorn@hamilton.net; dschueth@uenrd.org; jthorburn@tribasinrd.org; dedson@nrdnet.org; jcannia@dnr.state.ne.us; tkurtz@dnr.state.ne.us; adiers@dnr.state.ne.us
Subject: 10 A.M. Wednesday October 26 Meeting of the WPTF Funding Subcommittee



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A meeting of the Water Policy Task Force Subcommittee

has been set for 10

am Wednesday, October 26 at the Central Platte NRD in Grand Island. Attached to this e-mail are draft minutes to the October 5 Funding Subcommittee Meeting as well as a copy of information on the Kansas Water Plan Fund that Gene Glock asked that I pass along to you. A major topic of discussion at this meeting is likely to involve potential sizes of irrigated land retirement needs and the amount of incentives that might be useful in helping meet those needs. I look forward to seeing you on Wednesday.

Steve

From: NW Kansas

- **FY 2003 (KANSAS) STATE WATER PLAN FUND EXPLAINED:** (electronic Edition – July 15, 2003)

Another refresher about the state water plan fund – where that money comes from, and where it goes. The fund receives about \$15-\$18 million per year from 8 separate sources as follows:

1. Municipal Water Use Fee (3 cents/1000 gal) – Generates approx. \$3,500,000
2. Industrial Water Use Fee (3 cents/1000 gal) - Generates approx. \$1,300,000
3. Stockwater use fee (3 cents/1000 gal) – Generates approx. \$290,000
4. Pesticide Fee (\$100 on registration of pesticides) – Generates approx. \$920,000
5. Fertilizer Fee (\$1.40/ton on inspection fee) – Generates approx. \$3,000,000
6. Pollution Fines and Penalties – Generates approx. \$70,000
7. EDIF Transfer (Lottery Monies) – Set at \$2,000,000 annually
8. State General Fund – Set at \$6,000,000 annually

Draft Report to the
Water Policy Task Force Executive Committee
on the
October 5, 2005 Meeting of the Funding Subcommittee

Subcommittee Members attending:

Gene Glock
Ron Bishop
Dave Sands

Jay Rempe
Don Kraus
John Turnbull

Ann Bleed
Patrick Heath

Others attending:

Tom Schwarz
Dean Edson
Mike Clements

Jasper Fanning
Ann Diers
Jim Cannia

Jonathan Bartsch
Steve Gaul

- Gene Glock called the meeting to order at 7:30 p.m. at the Kearney Ramada Inn. He indicated that at this meeting the group needed to develop funding recommendations for the Executive Committee. The Executive Committee would then pass them along to the full task force. The goal is to provide Task Force recommendations to the Department of Natural Resources. Glock pointed out that the group had discussed preliminary recommendations in its September 8 meeting and that Committee members had since received explanatory material on NRD budgets.
- Don Kraus indicated that he had heard loud and clear from the Governor's office about the difficulty of any new funding. The Governor had indicated that if it was needed, the problem was where to cut from: schools, Medicare or elsewhere. Kraus said the governor felt that was not an option. However, Kraus also indicated that there was an option to make a sales pitch and that a sales tax option would be put to a vote of the people and would not reflect on office holders.
- Several members reported on the number of comments they had received on the proposed authorization of a \$10 per acre fee.

Discussion of Incentives

Ann Bleed indicated that options in the Republican basin include meeting compact requirements through either regulation or use of incentives. One idea on incentives would be to use as much Federal funding as possible with other state and local match as possibilities. Glock later pointed out that if there aren't sufficient funds for incentives areas will need to go to regulation. Bleed pointed out that administrative funds need to be kept separate from potential incentives because there needs to be funding to implement the law even if there are limited or no incentives.

Attending NRD managers pointed out the difficulty of determining the level of incentives needed. One said that in the Republican they don't know how many acres they will have to retire. He said they simply had to guess for the budget sheets they provided the subcommittee. Another indicated they had looked at retirement of 10% of their irrigated acres because it looked to be as good a number as any. Another member said it would be a problem if they put out a half-baked number and had to come back for more later.

One subcommittee member indicated that there may be sticker shock when the Task Force's original figures were 5 million annually and the same group now says \$15 million for the state portion alone. Another indicated that 100,000 acres went into irrigation in the COHYST area between 1997 and 2001 and something would need to be done about those acres. Others indicated that some of those acres were outside the overappropriated area and would not be subject to those requirements.

There was a discussion of how many acres need to be retired in the Republican Basin. One Republican Basin NRD manager indicated that retiring acres would offset the lag, but in a drought other things will need to be done as well. Another NRD manager asked whether DNR had calculated how many acres would need to be retired to offset the lag. Bleed indicated that DNR hadn't yet done the calculations, but could work on it. One Republican Basin manager indicated that in his basin action would probably need to be taken before incentive funds could be made available. He indicated that FY 07 is a reality and if they go another year it is decided they have to come down in acreage. It was indicated that the Platte Basin has 10 years to get back in compliance whereas the Republican Basin currently has 2 years.

The suggestion was made and generally agreed upon that for purposes of the following day's executive committee meeting the group should only provide operational budget suggestions and not suggest incentive needs.

Operational Budget/General Budget/Sales Tax Discussion

The operational cost component for responding to LB 962 needs was discussed with particular reference to the budgetary responses provided in a survey of NRD. After some discussion it was decided the needed funds would total about \$7.5 million per year. Of that amount \$4 million would be NRD supplied funds for their operations, \$2 million would be state money supplied for NRD operations and \$1.5 million would be state monies for DNR operations and studies. The NRD contribution would be contingent upon restoring mill levy authority in overappropriated and compact areas by raising the levy limit by 1¢.

Dave Sands distributed a draft proposal for a ¼ of 1% or ¼ of 1% dedicated sales tax to subcommittee members. He noted that the tax could go to the voters and in the long run it could provide funding for both the administrative function and incentives as well as a variety of other potential partners/funding needs identified in the handout. Bleed noted that this type of proposal could not come from the Department and, if made, would need to come from the committee. Another subcommittee member indicated that if a vote were to occur on the dedicated sales tax idea, it wouldn't come for some time and funding from the general fund would be needed until

then. It was suggested that when presenting the subcommittee report Glock only mention the need for a sales tax, not the amount.

Discussion of Principles for Incentive Distribution

Bleed indicated that at the previous meeting she had asked subcommittee members about the principles DNR should use in providing incentive funding to natural resources districts. This had come about in part because of an irrigated land buyout proposal for the Pumpkin Creek area that could utilize state funds to help match federal monies. She distributed revised principles and asked for subcommittee input. She noted the new criteria would look at whether the activity to be funded is a component of a joint implementation plan and the extent to which it is a commitment to meet the goal as opposed to waiting for funding. The principles would apply in overappropriated and compact areas.

One NRD manager cautioned about making criteria too subjective by using words such as "committed". It was finally suggested that the principles be revised to suggest that a component of the principles be that the applicant have an integrated management plan that includes controls to achieve the goals of the plan. There was a suggestion that one of the criteria could also be the ratio of state versus local dollars considering the entity's ability to fund.

Conclusions

It was suggested that when Glock reported to the Executive Committee the next day he mention the need to restore the mill levy by allowing a 1¢ increase in NRDs with overappropriated and compact areas. It was also suggested that he report on the need for \$7.5 million with the NRDs supplying \$4 million for their operations to be supplemented with \$2 million in state funds. A need was also identified for \$1.5 million in state funds for DNR operations and studies. It was also suggested that the potential for sales tax be mentioned with subcommittee support but that there be an indication that the amount that needs to be raised is not yet known.

The subcommittee asked that by the next meeting DNR supply them with information on the number of acres that may need to be retired or removed from overappropriated and compact areas. This was identified as the number of acres that would need to be retired to deal with lag effect based upon a normalized precipitation curve. One subcommittee member asked that, for the Platte, figures be developed for both returning to 1997 irrigated acreage levels and for returning to the fully appropriated status.

Next Meeting

The next meeting of the Funding Subcommittee was set for 10:00 a.m., Wednesday, October 26, 2005 in Grand Island.