

NEBRASKA WATER POLICY TASK FORCE

EXECUTIVE COMMITTEE

Ogallala Visitors Center
August 12, 2003
8:30 AM to 3:00 PM MDT

D R A F T A G E N D A

- ◆ Welcome and Introductions
- ◆ Agenda Review
- ◆ Discussion of and deliberations on the recommendations from the Surface Water Subcommittee
- ◆ Discussion of issues in the Equity/Compensation Subcommittee
- ◆ Discussion of issues in the Funding Subcommittee
- ◆ Discussion of additional issues raised by the Task Force to be addressed by the Groundwater Subcommittee
- ◆ Review and approval of most recent draft of Proactive Option
- ◆ Discussion of agenda for next Executive Committee meeting

Draft 8/11/03

*Report to the Nebraska Water Policy Task Force Executive Committee
on the
AUGUST 6, 2003 FUNDING PLANS SUBCOMMITTEE MEETING*

- A meeting of the Funding Plans Subcommittee was held August 6, 2003 at the Central Platte NRD offices in Grand Island. Those attending were Ron Bishop, Jay Rempe, Dave Sands and Steve Gaul. The subcommittee charge for the meeting was to assemble and recommend a funding package to address the full spectrum of issues being addressed by the Water Policy Task Force. This includes funding for research/data, management, and compensation/incentives/alternative supplies.
- Broadly, the subcommittee's recommendation is to: 1) make groundwater management activities exempt from the 2 ½ % budget lid placed upon programs of the NRDs/local governments, 2) Create a Water Resources Trust Fund to provide monies for both a spectrum of interrelated water management activities and most of the current Funds administered by the NDNR and Natural Resources Commission, and 3) fund the Water Resources Trust Fund through a .05 of 1¢ dedicated sales tax increase. This would currently raise about \$11.1 million annually, of which about 38% to 40% would be dedicated to interrelated water management activities and the remainder dedicated to the funds and other groundwater management activities.
- Subcommittee members believed that the current lid on budget increases would affect the ability of natural resources districts to respond to the responsibilities that many are likely to incur as a result of the draft legislation the task force is considering. In its February 4, 2003 meeting the subcommittee identified approximately \$700,000 in annual need for NRD funds for research and data needs over a 10 year period. To that will need to be added any NRD contribution to compensation, incentives, and alternative supplies. The subcommittee suggested that having about 20% of that total come from NRD sources may be appropriate. In addition, some NRDs will need to add staff to administer/manage interrelated water management efforts. It is recommended that the exemption from the lid be for all groundwater management programs, not just interrelated management programs.
- The recommended Water Resources Trust Fund would be administered by the Natural Resources Commission with formal input and staff support from the Director of Natural Resources. The Fund would be responsible for the following with some very rough annual funding amounts noted based upon current levels or projected needs.
 1. Resources Development Fund (\$3.6 million)
 2. Soil and Water Conservation Fund (\$2.7 million)
 3. Small Watersheds Fund (\$24,000)
 4. Interrelated Mangement Research/Data (projected at approximately \$2 million)

5. Interrelated Mgmt. Tools in Overappropriated Basins – compensation, incentives and alternative supplies (projected at approximately \$1.8 million)
 6. Other Groundwater Management Funding (?)
- TOTAL (Above total accounts for \$10 million out of the \$11.1 million likely to be raised)

Note that about \$6.2 million of the above amount is currently funded through existing appropriations and funds. The Water Resources Trust Fund would only represent a change in funding source for that portion and *not* a total increase in state funding by \$10 million. Two NDNR Funds, the Water Well Decommissioning Fund and the Natural Resources Water Quality Fund are not part of this mix and would retain their current funding sources.

- The .05 of 1¢ dedicated sales tax would raise about \$11.1 million per year and the above amounts total about \$10 million per year. However, these do not include funds for local management costs, or other groundwater management activities. It is also recommended that at least some portion of the overall funding distribution be discretionary to the Natural Resources Commission.
- There was considerable subcommittee discussion of potential funding sources. It was decided that a dedicated funding source would be preferable because of reliability and that a percentage of sales tax was probably a relatively good option. Other options discussed included add-ons to water bills and direct appropriations.
- There was also discussion of whether funding should be for a larger amount that would build up a fund that could utilize the interest on the fund and allow the tax to sunset. It was suggested that given current state financial circumstances that raising considerably more funding than needed for the immediate future was probably unacceptable. However, the subcommittee indicated that the fund should have the ability to accumulate funds over a longer term. Grants and donations to the fund could also be accepted.
- One subcommittee member who was unable to attend wrote in after the meeting to suggest that there should be more specific direction on how the funds will be used and whether a statewide study had first priority.

CONDITIONS FOR MITIGATION/COMPENSATION
PLATTE RIVER BASIN

1. Allegedly Aggrieved Party must be able to demonstrate:
 - a) Their right to the use of water has been diminished to the point that there is an economic loss,
 - b) The extent of that economic loss,
 - c) The extent (%) of that loss of use that can be attributed to:
 1. Groundwater development in Nebraska that has occurred (a) between July 1, 1997 and the date Nebraska enters into a Platte River Cooperative Agreement Program for Habitat with the U.S. Department of Interior and the State(s) of Wyoming or Colorado or both, or (b) the date that the Department of Natural Resources designates the Platte Basin as fully appropriated, whichever comes first.
 2. Groundwater development in Nebraska that has occurred after either (a) the date Nebraska enters into a Platte River Cooperative Agreement Program for Habitat with the U.S. Department of Interior and the State(s) of Wyoming or Colorado or both, or (b) the date that the Department of Natural Resources designates the Platte Basin as fully appropriated, whichever comes first.
 3. Conservation that has occurred since the granting of their water right, and
 4. Any other definable causes.
 - d) That there is no alternate source (groundwater, irrigation district canal, etc.) available to them at the site.
2. Allegedly Aggrieved Party would be given a hearing if DNR felt the complaint had merit.
3. Effectuated parties would be given chance to participate.
4. If DNR Director, after hearing testimony and considering evidence, finds that the complaint had merit he/she would issue an order in favor of the aggrieved party and outline the extent the loss of use is attributed to groundwater development in Nebraska that:
 - a) Occurred after July 1, 1997 but before (1) the date Nebraska enters into a Platte River Cooperative Agreement Program for Habitat with the U.S. Department of Interior and the State(s) of Wyoming or Colorado or both, or (2) the date that the Department of Natural Resources designates the Platte Basin as fully appropriated, whichever comes first, and
 - b) Occurred (1) after the date Nebraska enters into a Platte River Cooperative Agreement Program for Habitat with the U.S. Department of Interior and the State(s) of Wyoming or Colorado or both, or (2) after the date that the Department of Natural Resources designates the Platte Basin as fully appropriated, whichever comes first.

5. Preference for mitigation of loss due to groundwater development shall be for water first and monetary compensation second.

6. Cost of mitigation of the loss due to groundwater development after July 1, 1997 but before (a) the date Nebraska enters into a Platte River Cooperative Agreement Program for Habitat with the U.S. Department of Interior and the State(s) of Wyoming or Colorado or both, or (b) the date that the Department of Natural Resources designates the Platte Basin as fully appropriated, whichever comes first, shall be the State's responsibility.

7. Cost of mitigation of the loss due to groundwater development after (a) the date Nebraska enters into a Platte River Cooperative Agreement Program for Habitat with the U.S. Department of Interior and the State(s) of Wyoming or Colorado or both, or (b) the date that the Department of Natural Resources designates the Platte Basin as fully appropriated, whichever comes first, shall be a local (user(s) and/or NRD) responsibility.

8. Prior to any mitigation, an Integrated Management Plan must be in place and operating for any impacting groundwater and surface water uses as well as the impacted surface water use.

9. Monetary compensation shall predominantly be in the form of a lump sum settlement unless State and/or NRD determine otherwise.

10. Monetary compensation shall not exceed:

- a. For irrigation – the price difference between dry land cropland and irrigated cropland (assessor?)
- b. For power production - ??
- c. For industrial - ??