

DRAFT
Notes from the
October 26, 2005
Water Policy Task Force
Funding Subcommittee Meeting

Attending

Gene Glock
Ron Bishop
Don Kraus
Jay Rempe
Lumier Jedicka
Butch Koehmoos

Dan Smith
Dave Sands
Brian Barels
Ann Bleed
Dennis Schueth
Mike Clements

David Kracman
Jodi Gittins
Ann Diers
Jim Cannia
Steve Gaul

- Gene Glock called the meeting to order at 10:05 AM at the Central Platte NRD Offices in Grand Island.
- One member reported that there was some positive news related to the potential Budget for LB962 activities. They indicated Budget Office had asked for material to be submitted on LB962 needs including any supplemental needs for FY 06.

It was also reported that the Governor's office had met with Representatives from the Republican and asked that more education be provided on what is needed in the Basin. In addition it was also reported that the Attorney Generals office had been asked to get the word out on what would happen if the state is not in compliance with the Compact/Settlement.

- Jim Cannia distributed two summaries of Irrigated Acreage Retirement Need Estimates and related budget material (attached) that were developed in connection with, an October 24th subgroup meeting. He explained that he had developed one summary and Don Kraus had a few suggested changes that were included in the second version. He noted that the figures for the Republican were based upon both modeling and decree administration. The needs figures in the Republican Basin included \$125 million to buy out irrigation rights on 125,000 acres (10% of total acres) at \$1000 per acre. In addition a need for \$37.5 million to buy right to halt irrigation on some quick response, acres in dry years (up to 4 or 5 years out of 10) was identified. The estimated need was for \$500 per acre on 75,000 acres (25% of the quick response acres).

For the Platte Basin the needs figures included \$115 million to buy out irrigation rights on 115,000 acres (to replace acres developed between 1997 and 2004) at \$1000 per acre. In addition a need for \$38,500 was identified to buy rights to halt irrigation on quick response acres in dry years was identified. The modification suggested by Don Kraus identified a longer term of 8 years out of 10 for interruption on the Platte and a rental rate of \$800 per acre for 150,000 acres. This would bring the total cost in the quick response area of the Platte up to \$120 million.

In total the estimates involved \$162.5 million and 200,000 acres affected in the Republican Basin and \$153.5 million and 190,000 acres affected in the Platte Basin for a grand total of \$316 million which if spread over 15 years would result in a cost of \$21.05 million per year. If the figures suggest by Don Kraus were used instead, the total for the Platte Basin would rise to \$235 million and the overall total would rise to \$397.5 million or \$26.5 million per year for 15 years.

One subcommittee member suggested the lag may increase the acres needed and was concerned about giving the legislature one figure if more would be needed in the future. Another member noted that around NPPD's Sutherland project well field, farmers were refusing to take a one-time payment not to irrigate. He indicated the landowners were concerned conditions might change in the future. Another member emphasized that he had not yet talked with irrigators in his area about the size of payment that would be required to cause them to be willing to retire land from irrigation. Another participant said that Ray Suppala at UNL had sent out a survey on what payment would be required to retire an acre of land and asked if would there be a problem if the figures he derives are substantially different than those being presented. Another member indicated she had no problem with a one-time payment but the details of the program and contract should be worked out later. She also indicated that while this may constitute what it takes to get the State in compliance over the long term, in the short term there may still be a problem because of climatic conditions following the negotiation of the settlement and the inertia built in the system. One participant noted that the Platte funding would only pull the State back to 1997 conditions and not to fully appropriated.

One subcommittee member presented thoughts on a potential ballot initiative that would be used to both provide administrative funding and incentives for LB962 implementation as well as fund other Natural Resources programs. He indicated the measure could be sold as providing for better management of Nebraska's Natural Resources. He asked whether a feasibility study and poll could be financed. Another task force member indicated State money could not be used for that purpose. There was discussion of whether some groups might wish to form a separate coalition. There was some discussion of how to frame the funding question in terms of other options. One participant suggested people would need to see this in terms of being the least bad option. Others were worried about what evidence showed on economic impacts. One subcommittee member indicated that a study by Ray Suppala had not shown that much of an economic disaster in the Republican Basin if regulation is used.

One subcommittee member suggested that a meeting with key Senators occur before the North Platte meetings. He said what is needed, is to layout the alternatives for Senators and what each of them are likely to mean for the State. He indicated some alternatives may be: 1) current regulations with incentives, 2) additional regulation and, 3) default on interstate obligations. Another subcommittee member indicated, the State, really needs to know what the cost of being out of compliance would be.

It was suggested that Rempe, Gittins and one NRD person decide how to best present information to Senators. Gittins said she would only participate in that type of activity to the extent Senator Schrock instructed her to do so.

One participant indicated there are likely to be questions about the degree to which the whole state should pay for problems arising in one district. He said his district might pay \$5 million under some of what had been proposed and asked what would they receive in return.

There was extensive discussion about the degree to which NRD's with over appropriated and compact areas needed additional financial capability to provide match for any incentives. It was suggested that a total of 3¢ added to the levy in those areas would provide 2¢ to use for incentives. It was also suggested that the idea of a ballot referendum be further explored. In addition participants asked that Rempe and Gittins work together to develop draft material for the subcommittee. There was some suggestion that subcommittee members may want to get together for lunch during the November 18th Task Force Meeting.

- The Next meeting of the subcommittee was set for 10 AM Friday December 9th. The place was not set, but is likely to be at the Central Platte NRD Offices in Grand Island.