

Remarks – Republican River Basin NRDs Retreat

Friday, December 15, 2006 – 10:00 a.m.

Republican Valley Event Center, McCook

Media Notified

Notes: Your remarks will open the meeting. Ann will outline several new ideas DNR could consider proposing in the coming year, to help NRDs work towards compliance. Discussion will follow.

The meeting is open to the public. There will be a one-page handout available to serve as an outline of some of the ideas being discussed, in order to help attendees follow along with the conversation.

Notes about what Ann will recommend for discussion purposes only: 15 percent reduction in pumping in region, 50 percent reduction in quick response well areas over 5 years... based on the data available, that is the target she estimates we'll need to achieve compliance perhaps by ~~2011~~ or 2012.

Suggested Remarks –

I appreciate each of you taking the time to be here for today's discussion.

Everyone in this room understands that we have some very serious issues to face, and I want to begin by saying thank you to everyone at this table for your willingness to be part of this conversation.

Our purpose here today is to have an open dialog about how we can move forward here in the Republican River Basin.

I want to take a few minutes to provide an update on the challenges we face when it comes to water...

Then I'll ask Ann Bleed to outline some ideas the Nebraska Department of Natural Resources has come up with to address these challenges.

My hope is that we can use this time today to hear your feedback and any other ideas you might have to help achieve our short and long-term goals here in the basin.

I've said repeatedly that water is the issue of the decade.

It is an absolutely critical issue for our state because of the impact the current drought is having.

It's important because there is increasing competition for water... yet our supply has not increased.

BUT

The drought has been severe ~~enough~~ even if we were to receive all the water we need to catch-up... water use would continue be an issue. *in the AR basin*

That will be true even if the drought ends next year, or several years from now.

The bottom line is that our water challenges will outlast the drought... regardless of when it ends.

I want to be very straightforward and direct with you... the reality is that consumptive use ***is a factor*** in our current situation... as is the drought.

The answer is that we need to achieve a balanced ***and sustainable*** framework for using the water we have available.

I understand that this region has shouldered a lot of the burden when it comes to water management.

I can appreciate that those around this table have had to make some difficult decisions over the last few years, but we're not out of the woods yet.

We're facing a number of extraordinary challenges...

Challenges my administration is preparing to tackle both in the year ahead, and over the long-term.

We have made it a priority to work with the Natural Resources Districts, both in this region, and throughout Nebraska.

Let there be no doubt that I am committed to continuing and ***expanding*** that relationship.

I know there is a feeling that the state was the one to sign onto the Compact...

And that therefore, the state should be the one to pay all bills that come due....

But that just doesn't reflect the reality of the situation.

NRDs have authority over groundwater resources in Nebraska, and that means that we have to work together to address our challenges.

The past few years have shown us that it will take a collaborative, cooperative effort to solve these challenges.

One of our shared goals must be to lower our consumptive use of water in order to meet our expected allocation under the Republican River Compact.

We must also work to offset depletions to the Platte River resulting from development that's taken place since 1997, in order to meet our obligations under the Platte River Cooperative Agreement.

I am committed to working closely with our NRDs to develop the integrated management plans needed to meet these challenges.

D-N-R is equally committed to that process, as Ann can tell you.

However, there are some very clear differences between the Platte River Cooperative Agreement and the Republican River Compact settlement.

The major one being that we do not have the luxury of withdrawing from the Republican River Compact.

Nor do we have the option of simply directing money to Kansas to settle any obligations and ignoring our use of water.

The reality is that our neighbors don't really want our money; they want the water the Compact says they're entitled to.

Estimates indicate that we could be short as much as 200 thousand acre feet of water by the end of 2007.

While the Compact allows for water use to be calculated in a 5-year rolling average, we have not been hitting our annual targets since ~~at least 2003~~... 2002

Therefore, it's unlikely that we would be able to make up that much water in any one year.

However, if we can focus our attention on hitting our targets for water use in a single year, and continue to do so over *a number of years*, I believe we will have created a framework for ensuring compliance with the Compact.

I know this will be painful, but the bottom line is that we must reduce our consumptive use in order to comply with the terms of the Compact.

I believe that at the very least, we need to work to ensure that we do not use more than our allocation in the coming years.

If we can estimate what our allocations will be and use that as a target for managing consumptive use...

It may take a few years, but ultimately we believe we can maintain compliance on our 5-year rolling averages.

What would it take to be in compliance?

We don't have an exact answer for you today, but I've asked D-N-R and the Attorney General's Office to work together to develop one.

That's why we're here today: to make sure the NRDs in this region have a chance to weigh in on how we're going to achieve compliance.

There are a number of ways we can do it... and it's likely that a combination of tools will be what we need.

- Vegetation management

- I know you've already received a grant that's helping NRDs and area Resource Conservation Districts remove invasive vegetation. *DNR is contributing to & working with the NRDs on this project*
- I appreciate your work in this arena
- The value of this project is that it will provide some **real data** on the impact these practices have on reducing river depletions
- It will help everyone in this basin determine the most effective practices

** the University are*

- Similarly, DNR is working with the Bureau of Reclamation to study ways we can make best use of available **surface water** supplies *French man Valley study*

- That work will also provide us with a better understanding of the impact our current surface water projects have on groundwater supply

- Increased participation in CREP and EQIP:

- In the first year and a half the Platte-Republican Area CREP has been in existence, more than 40-thousand acres of the possible 100-thousand acres were enrolled

- We received additional EQIP funding this year for expanding projects...
- While it may be possible to secure additional funds, it's unlikely we'll see full enrollment when corn prices are strong
- Reducing consumptive use... that's the real key to the issue of sustainability... achieving a balance of responsible irrigation

Regardless of the interstate compacts and agreements we've signed onto...

Sustainable water policy will only be achieved when we are successful in reducing our consumptive use of water in over-appropriated areas of the State....

And when we are able to reach a balance between the competing interests for water.

We also can't forget that our water challenges aren't only in the Republican River Valley or along the Platte River Basin.

Even in the water-rich areas of the state, we need to be pro-active in our planning efforts to ensure that these areas don't some day become over-appropriated.

That was the goal of the Water Management legislation passed in 2004.

That's why I support the implementation of LB 962 and why I am committed to doing whatever I can to ensure its success...

It's not simply the law of the land; it's the best model we have for achieving sustainable water use in this state.

In developing these integrated management plans, LB 962 requires cooperation between the state and the NRDs, and input from stakeholders within the region.

When I became Governor, I said that my administration would work closely with NRDs in order to promote an open dialogue and an exchange of ideas with the public in developing water management policies.

We've tried to do that at every turn: *(examples)*

- Negotiating purchase of water rights this year in Republican River Valley with local NRDs and irrigation districts
 - Resulted in a one-time payment to:
 - Bostwick Irrigation District
 - Frenchman Valley Irrigation District

- Riverside Irrigation Company

Lease water supply during the 2006 irrigation season, which was used to direct water downstream

- Public comment and informational forums held on Platte River Cooperative Agreement

Because our water supply is finite, we have to work that much harder to make the most of every drop of water we use....

And that is why it is so important that we bring all those with a stake in this issue to the table.

There are several things that I think are key in helping Nebraska move forward.

We have to recognize that the drought, combined with the growth in irrigated acres, has compounded our challenge.

Because of this, there needs to be a recognition among all water users and regulators that we can not afford to put off tackling these issues.

Now is the time... this has to be a priority.

I am committed to doing whatever I can in the years to come to make sure that addressing these issues is a priority for water users, communities, and all those involved in the regulation of water.

I also want to recruit others to help us find answers to the challenges we face.

I want the state to work with the University of Nebraska in finding ways to maximize the use of water we have available...

For example:

- Getting involved in research that aids in the development of drought-resistant crops
- Other potential high-value crops requiring less irrigation, like sweet sorghum... which could potentially be used for ethanol

I've also empowered several members of my Cabinet to work with pivot manufacturers on finding new ways to reduce the consumptive use of water when it comes to irrigated land and crops.

This is in addition to the management plans that are being developed for each area of the state.

While we're committed to addressing the water issues facing Nebraska, we also have to recognize that in addition to our finite supply of water, we have limited financial resources.

Funding for water management programs will be critical to the success of LB 962, and I assure you I recognize that need... and it will be reflected in my budget proposal come January.

But I'll be honest with you....

We have a number of important challenges in the coming biennium.

We need to create jobs that will keep the next generation of young Nebraska workers here in our state, in addition to attracting young families here to Nebraska.

We need a competitive tax climate, and in order to achieve that – we must lower taxes and control spending.

I'm not here to sugar-coat the situation... that would be a waste of your time.

I'm here to hear ideas on how we move forward.

I appreciate that we're talking about some very difficult decisions that need to be made... but need to have this discussion in order to move in a direction that benefits everyone.

I think that the decisions affecting water users in this region are best made at the local level by NRD members and irrigation districts.

But I have to tell you, there's a fair amount of apprehension among other NRDs and residents of urban areas about the argument that the state should pick up the tab for these challenges.

In fact, I would go so far to say that most Nebraskans don't think the state should have to pay.

Many believe it's a local problem, requiring a local solution.

I'm willing to make the argument that this is an issue that affects our entire state.

I'm willing to say to the residents of Lincoln and Omaha, and other NRDs that we have some obligation to be part of the solution here in the Republican River Basin...

And to come up with some amount of funding if needed.

In fact, *in the long run, it's probably in our best interest to do so.*

But if you're saying the state has the responsibility to fund 100 percent of the solution, I'll just be honest with you...

There aren't 25 votes in the Legislature to make that happen.

Here's the direction I think we need to head:

In the budget proposal I'm going to propose in January, I going to propose that the state establish a Water Cash Fund in order to begin setting aside the money needed to fund our water challenges...

Whether that means implementing LB 962, or working toward the goals of Platte River Cooperative Agreement and solving our challenges here in this region.

I'll go a step further and say that I'm prepared to propose setting aside General Fund dollars to get that cash fund started.

But it's going to require a partnership.

NRDs will have a responsibility for regulation in the years ahead.

There's no question that achieving a sustainable level of water use, funding and regulation is going to be a *very difficult proposition*...

Yet I am confident that if we work together, this is a vision we *can achieve*.

I know I've thrown a lot out on the table...

So let me take a few minutes to answer any questions before we turn things over to Ann.

(This will help give you both an idea of the first reaction, and evaluate the mood of the room before she jumps