

NEBRASKA NATURAL RESOURCES COMMISSION

MEETING MINUTES – FEBRUARY 22nd, 2017

Roll Call:

Commissioners		Absent	Present	Commissioners		Absent	Present
Amen	Karen	X		Rains	Darrell M.		X
Anderson	Garry		X	Reynolds	Michael (Mick)		X
Barels	Brian		X	Schroer	Lyle		X
Batie	Donald		X	Smathers	Scott		X
Christensen	Joel		X	Smith	Lindsey		X
Clouse	Stan		X	Steffen	Jeff		X
Deines	Dave	X		Strauch	Walter Dennis		X
Dunbar	Brad		X	Sugden	Steven		X
Fornoff	Kevin		X	Taylor	Loren		X
Hadenfeldt	N. Richard		X	Thompson	Jim		X
Halligan	Bill	X		Wilke	Greg	X	
Knutson	Thomas	X		Wright	Chad		X
Kraus	Don		X	Vacant		X	
Palm	Owen	X					

DNR staff in attendance:

Jeff Fassett, Rex Gittins, Kent Zimmerman, LeRoy Sievers and Jill Richters.

Others in attendance were:

Jim Shields, MUD; Dustin Wilcox, NARD.

CALL TO ORDER, ROLL CALL

Chairman Fornoff called the meeting to order at 9:00 a.m. in the Holiday Inn & Convention Center, Kearney, Nebraska, and introduced Commissioner Lyle Schroer. Fornoff also noted that two additional newly elected Commissioners, Bill Halligan and Greg Wilke, were unable to attend today's meeting.

NOTICE OF THE MEETING

Notice of the meeting was published on the State Public Meetings Calendar and on the Natural Resources Commission web site at <https://nrc.nebraska.gov>. A copy of Nebraska's public meeting statutes was available in the room.

MINUTES

Batie moved and Kraus seconded the motion to approve the minutes of the December 12th, 2016, Commission meeting.

Motion Passed.

Commissioner	Aye	Nay	Abstain	Absent	Commissioner	Aye	Nay	Abstain	Absent
Amen				X	Rains	X			
Anderson	X				Reynolds	X			
Barels	X				Schroer	X			
Batie	X				Smathers	X			
Christensen	X				Smith	X			
Clouse	X				Steffen	X			
Deines				X	Strauch			X	
Dunbar	X				Sugden	X			
Fornoff	X				Taylor	X			
Hadenfeldt	X				Thompson	X			
Halligan				X	Wilke				X
Knutson				X	Wright	X			
Kraus	X				Vacant				X
Palm				X	TOTALS	19	0	1	7

PUBLIC COMMENTS

None offered.

DNR UPDATE

- Director Fassett reported that LB 22, the Fiscal Year (FY) 2017 budget reduction bill, included reductions of \$1.1 million from the agency's Fiscal Year (FY) 2017 budget and another \$1.3 million from re-appropriated funding. This bill has already been passed and signed into law by the Governor.
- The reduction in current year appropriations affected the Commission's Soil and Water Conservation Program, the Resources Development Fund, and the Water Sustainability Fund, as well as the NeDNR operating program. All reductions in reappropriated funds were absorbed in NeDNR operating program.
- The Governor is also proposing 3% reductions in both general fund and cash fund appropriations from the Department's 2017-2019 biennial budget request. Our request was for funding at the levels originally appropriated for Fiscal Year 2017.

- Fassett noted that many people have stepped up to defend the way the Water Sustainability Fund is being managed by the Commission in their testimony against LB 488. This puts the fund in the strongest position possible in light of the difficult budget environment.
- The Governor's budget package includes a three-year extension of the priority points award for the Department's applications to the Nebraska Environmental Trust grants to help fund the Water Resources Cash Fund. This fund is used to help meet the State's commitment in Fully and Over Appropriated Basins for studies and management practices associated with Integrated Management Plans, Platte River Endangered Species programs and issues, and to help solve compact compliance in the Republican River.
- Gittins suggested Commissioners consider testifying in favor of the Department's budget bill (LB 327) hearing on March 7th as all of the Commission's funds are included within the Department's budget.

EXPENDITURES REPORT

Gittins directed Commissioners to the Expenditures Report and to the Cash Fund Balances Report and stated that there were no unusual expenditures since the last meeting.

COMPREHENSIVE PLANNING COMMITTEE

Committee Chairman Smathers thanked Commissioners for submitting suggestions for changes to the Water Sustainability Fund rules after the last Commission meeting. The Committee met on January 20th and via telephonic discussion to organize the suggestions and begin review. The Committee then met on February 21st in Kearney from 10:00 a.m. till 4:00 p.m. to discuss all newly submitted and prior suggestions in more detail. The Committee will meet again on April 5th to further discuss rules change suggestions and create a final presentation that will be distributed to all Commissioners for review prior to the June Commission meeting. During the June meeting, Commissioners should plan to review and debate that list of changes to produce a final draft. With the Commission's approval, the Committee and the Department will proceed with the formal process of changing the rules. It was recommended that staff and Commissioners also set up three public meetings across the state to present proposed changes and to listen to stakeholder input, as was done when the initial draft rules were developed. The ultimate goal is to have the revisions approved and in place for the July 2018 applications.

NRD EROSION & SEDIMENT CONTROL PROGRAM

Lower Loup NRD staff submitted an amended Erosion and Sediment Control Program for Commission review and Director Fassett's approval. The amendments were based upon the template that the Commission reviewed in 2016 and the amendments were similar to those previously reviewed and approved from other NRDs.

Reynolds moved and Sugden seconded the motion to recommend the Director approve the Lower Loup NRD's amended Erosion & Sediment Control Program.

Motion Passed.

Commissioner	Aye	Nay	Abstain	Absent	Commissioner	Aye	Nay	Abstain	Absent
Amen				X	Rains	X			
Anderson	X				Reynolds	X			
Barels	X				Schroer	X			
Batie	X				Smathers	X			
Christensen	X				Smith	X			
Clouse	X				Steffen	X			
Deines				X	Strauch	X			
Dunbar	X				Sugden	X			
Fornoff	X				Taylor	X			
Hadenfeldt			X		Thompson	X			
Halligan				X	Wilke				X
Knutson				X	Wright	X			
Kraus	X				Vacant				X
Palm				X	TOTALS	19	0	1	7

PROGRAM COMMITTEE

A separate Program Committee meeting was not held, so staff led the discussion on agenda topics pertaining to program activities. No unusual activity was reported during discussion of status reports for the following funds.

Resources Development Fund

The status report showed no unusual activity. Staff reported that the passage of LB 22 requires that funds allocated and obligated as of July 1, 2016 be reduced by \$125,613.

Smathers moved and Strauch seconded the motion to authorize staff to work with one or more RDF project sponsor(s) to reduce FY 2017 allocations and obligations to comply with Legislative funding reductions with the understanding that the Commission intends to restore a like amount to the same sponsor prior to making any future RDF allocations and obligations.

Motion Passed.

Commissioner	Aye	Nay	Abstain	Absent	Commissioner	Aye	Nay	Abstain	Absent
Amen				X	Rains	X			
Anderson	X				Reynolds	X			
Barels	X				Schroer	X			
Batie	X				Smathers	X			
Christensen	X				Smith	X			
Clouse	X				Steffen	X			
Deines				X	Strauch	X			
Dunbar	X				Sugden	X			
Fornoff	X				Taylor	X			
Hadenfeldt	X				Thompson	X			
Halligan				X	Wilke				X
Knutson				X	Wright	X			
Kraus	X				Vacant				X
Palm				X	TOTALS	20	0	0	7

Small Watersheds Flood Control Fund

The only activity in this fund since the September meeting was the addition of accrued interest. The current balance is \$721,250.41.

Soil and Water Conservation Fund Program

Status report showed normal activity since the last report. NRD managers were notified in November 2016 of the potential reduction in the current Fiscal Budget. That 4% reduction has been realized and each of their allocations has been reduced accordingly. In accordance with standard procedures, an email asking if any allocated funds remained unobligated was sent last week, but no replies have been received. If available, unobligated funds are redistributed to all NRDs.

Natural Resources Water Quality Fund

Business as usual reported. The next distribution of \$800,000 will be made to NRDs in accordance with the prescribed formula in early March.

Water Well Decommissioning Fund

Business as usual reported. For the benefit of those not present at the December Commission meeting, staff reminded Commissioners of catching an error in the way water well fees were being split between the Well Decommissioning Fund, the Department, and the Department of Health & Human Services. The error occurred after system changes were made in May 2015 by the on-line payment processor, Nebraska Interactive, and resulted in the fund receiving about \$99,000 more than should have. Based on the balance in the fund, the transfer of funds to HHS to correct for the error will not impact this year's allocations, and none is expected for next year. The change in the available balance is reflected in the financial statements.

Water Sustainability Fund (WSF)

A status report was distributed showing for each project the approved grant, cumulative reimbursement totals and remaining unclaimed balances. Barels questioned the difference between the cash fund balance report and the WSF Report. Gittins stated that several items add up to create the difference between the two.

- Timing of when the annual cash transfer from the general fund is made. The cash transfer will not occur until the last day of the fiscal year. If a need for those funds could be justified, a request could be filed to transfer all or part of the money sooner.
- There is accrued interest of about \$1.2 million in the fund balance which the Commission does not have authority to spend.
- Fund-related Department operating expenditures have been subtracted.
- Staff agreed to add a line to show funds "due by June 30th from the Legislature in fiscal year 2017" to the report, but there will still be some small differences.

Smathers asked staff to create a map depicting the location of the project sponsors and to place it on the Commission's web site. The map will be used to track statewide distribution of funding and for informational purposes when discussing the fund.

Commissioners discussed the pros and cons of showing each individual Commissioner's scores for each application regardless of who is on the Applications Review Committee and making that data public. No conclusion was reached.

Staff noted that applications not scoring high enough to be funded may be resubmitted with only a few changes. This may create the expectation that the application will automatically score as high or higher when resubmitted. Commissioners asked staff to update the Guidelines to emphasize each application in each application period, is to be scored independently of its prior score, and that future Commission members are not bound by scores of former Commissions.

Staff also noted an increase in requests from consultants to speak at meetings they host which were not tied to specific sponsors or projects. Staff has declined these invitations, but remains willing to meet with sponsors to discuss specific projects. Commissioners voiced agreement with staff's decision.

Annual reports are due April 1st. Some project sponsors have inquired what specific information the Commission would like to see. Suggestions include:

- Quick narrative (bullets).
- Project progress since last report including where they are relative to completing the project.

- List activities planned for the coming year.
- Projected or forecast of cash flow for remainder of the project.
- Reassessment of the likelihood that benefits projected in the application will be realized and, for the final report, a description of benefits realized or reasonably expected to be realized as compared to those stated in their application.

ELECTION OF OFFICERS

Smith led a discussion on behalf of the Nominating Committee and brought forward the following:

Smith moved and Sugden seconded the motion to recommend nominations cease and that the Commission cast a unanimous ballot for Dennis Strauch to Chair the Commission for calendar years 2017 and 2018.

Motion Passed.

Commissioner	Aye	Nay	Abstain	Absent	Commissioner	Aye	Nay	Abstain	Absent
Amen				X	Rains	X			
Anderson	X				Reynolds	X			
Barels	X				Schroer	X			
Batie	X				Smathers	X			
Christensen	X				Smith	X			
Clouse	X				Steffen	X			
Deines				X	Strauch	X			
Dunbar	X				Sugden	X			
Fornoff	X				Taylor	X			
Hadenfeldt	X				Thompson	X			
Halligan				X	Wilke				X
Knutson				X	Wright	X			
Kraus	X				Vacant				X
Palm				X	TOTALS	20	0	0	7

Smathers spoke for all Commissioners in thanking Fornoff for Chairing the Commission the past two years.

Smith then stated the Committee would like to nominate two individuals, Scott Smathers and Jeff Steffen, for the position of Vice-Chair and requested the Commission vote using secret ballots.

Thompson moved and Sugden seconded the motion to cease nominations.

Motion Passed.

Commissioner	Aye	Nay	Abstain	Absent	Commissioner	Aye	Nay	Abstain	Absent
Amen				X	Rains	X			
Anderson	X				Reynolds	X			
Barels	X				Schroer	X			
Batie	X				Smathers	X			
Christensen	X				Smith	X			
Clouse	X				Steffen	X			
Deines				X	Strauch	X			
Dunbar	X				Sugden	X			
Fornoff	X				Taylor	X			
Hadenfeldt	X				Thompson	X			
Halligan				X	Wilke				X
Knutson				X	Wright	X			
Kraus	X				Vacant				X
Palm				X	TOTALS	20	0	0	7

Ballots were collected and counted. Smathers received a majority of the votes and was elected Vice-Chairman for calendar years 2017 and 2018.

Strauch chaired the rest of the meeting. He requested input from Commissioners as to who would be willing to serve on, or chair, the Commission's committees. Subsequent to the meeting, Committee assignments were made with the exception of the Application Review Committee which will be determined at the next Executive Committee meeting. Committee assignments are as follows:

Program Committee

Jeff Steffen, Chair

Loren Taylor, Vice-Chair

Karen Amen

Gary Anderson

Darrell Rains

Legislative Committee

Brad Dunbar, Chair

Jim Thompson, Vice-Chair

Chad Wright

Don Batie

Jeff Steffen

Lyle Schroer

Tom Knutson

Steve Sugden

Comprehensive Planning Committee

Brian Barels, Chair

Donald Batie, Vice-Chair

Scott Smathers

Stan Clouse

N. Richard Hadenfeldt

Don Kraus

Mick Reynolds

Lindsey Smith

Executive Committee

W. Dennis Strauch

Scott Smathers

Jeff Steffen

Brad Dunbar

Brian Barels

Kevin Fornoff

SCHEDULING NRC MEETING DATES

Chair Strauch led a discussion to select the next four quarterly meeting dates and the Commission selected the following dates with Kearney as the meeting location:

- June 20, 2017
- August 30, 2017
- November 28, 2017
- February 21, 2018


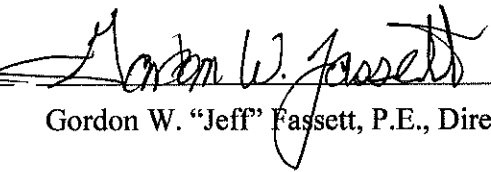
OTHER BUSINESS

Richters reminded Commissioners to complete and turn in the Accountability and Disclosure form for calendar year 2016.

Christensen announced he is retiring from MUD and that this will be his last meeting as a Commissioner. Commissioners thanked Christensen for his service to the Commission.

ADJOURNMENT

The meeting was adjourned at 10:43 a.m.

Walter Dennis Strauch, Chairman Gordon W. "Jeff" Fassett, P.E., Director

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