

**MINUTES OF THE
NEBRASKA NATURAL RESOURCES COMMISSION MEETING
May 15, 2008
Lincoln, Nebraska**

Those in attendance were:

Clint Johannes, Chair	Steve Chick, NRCS	Rex Gittins, NDNR Staff
Dick Hadenfeldt, Vice Chair	Lorrie Benson, UN-L	Ron Theis, NDNR Staff
Jim Van Marter, Member	Scott Sobotka, LBBNRD	Jill Richters, NDNR Staff
Roger Korell, Member	Ron Case, LPSNRD Chair	Kent Zimmerman, NDNR Staff
Larry Moore, Member	Ken Berney, LENRD	
David Kadlecek, Member	David Wolf, NARD	
Ladd Reeves, Member	Mike Onnen, LBNRD	
Vince Kramper, Member	Dane Clabaugh, LBBNRD	
Joseph Hergott, Member	John Miyoshi, LPNNRD	
Keith Rexroth, Member	John Thornburn, T-BNRD	
Garry Anderson, Member	Mike Murren, LPNNRD	
Myron Lembke, Member	Mike Placke, JEO	
Dan Watermeier, Member		
Beverly Donaldson, Member		
John Burkholder, Member		

CALL TO ORDER

The meeting was called to order by Commission Chairman Clint Johannes in the Conference Room, Lower Platte South NRD, Lincoln, Nebraska, at 8:30 a.m.

NOTICE OF THE MEETING

Notice of the meeting was published in the LINCOLN JOURNAL STAR on March 5, 2008. Public meeting statutes were available for review at the back of the room.

INFORMATIONAL MATERIAL

The following materials were distributed during the course of the meeting, and a copy of each is attached to the file copy of the minutes:

1. Commission Meeting Agenda
2. DNR Fund Expenditures for March & April, 2008
3. NRCS May 2008 Report to the NRC/NARD
4. UNL – An Overview of Nonmarket Valuation Methodologies
5. DNR Acting Director's Comments & Legislative Report
6. Nebraska Resources Development Fund (NRDF):
 - Status Report
 - Quarterly Report
 - Director's Recommendation, Buck & Duck Creek Proposal

- Buck & Duck Project Proposal Ranking Results
- FY 09 Staff Recommendation Summary
- 7. Small Watersheds Flood Control Fund Status Report
- 8. Soil & Water Conservation Fund
 - Status Report
 - Letter from Michael Clements dated May 9, 2008
 - Eligible Nebraska Conservation Practices
 - Nebraska Practice Payment Schedule-NSWCP (Effective October 1, 2007)
 - Nebraska Practice Payment Schedule-NSWCP (Effective July 1, 2008)
- 9. Interrelated Water Management Plan Program Fund
 - Status Report
 - IWMPFF Grant Request Evaluation & Recommendations Summary Presentation
 - Detailed Funding Summary for FY06-07, 07-08, 08-09
 - Overviews of Requested Projects, May 2008
 - Application Review Committee Structure
 - FY 08-09 Ranking/Scoring Summary
 - FY 08-09 Funding Request and Recommendation Summary
 - Director's FY 08-09 Grant Funding Recommendation
- 10. Information on Selected Agenda Items (previously mailed to Commission Members)
- 11. Collection of Project Sponsor Handouts Related to Project Assessment
 - Antelope Creek
 - Lower Turkey Creek
 - Upper Prairie/Silver/Moores Creek
 - Stevens Creek
 - Western Sarpy/ Clear Creek
 - Leigh Dam (Letter from Corps to Stan Staab dated May 12, 2008)

MINUTES

Motion was made by Kramper and seconded by Hergott:

To approve the minutes of the March 19, 2008, Legislative and Budget Committee meeting; Program Committee meeting; and the March 20, 2008, Natural Resources Commission meeting.

No discussion. Motion carried.

Aye: Hadenfeldt, Kadlecek, Lembke, Donaldson, Burkholder, Hergott, Kramper, Moore, Reeves, Watermeier, Anderson, Johannes, Rexroth, Van Marter and Korell

Nay: None

Abstain: None

Not Present: None

EXPENDITURES REPORT

The expenditures report for the various funds for the month of February 2008 had been distributed to Commission members. Extra copies were available. Gittins reported there were no unusual expenditures and most changes from the previous report were due to interest payments and in some cases income contributions from permit fees that support the funds. Gittins also reminded Commissioners that the budget does not reflect the amount available to spend in some cases.

UNL Water Center

Lorrie Benson, Deputy Program Manager, Water Resources Research Initiative, announced the annual Fall Water Colloquium which will showcase the latest in water related research will be held on Thursday, October 9, 2008, in Harding Hall; and that in the Fall of 2009, in conjunction with the Platte River Implementation Plan and the USGS, there will be a Platte River Symposium in Kearney. Benson then introduced Dr. Karina Schoengold, Agricultural Economics and the School of Natural Resources, who distributed and reviewed a report "*An Overview of Nonmarket Valuation Methodologies.*" Schoengold reviewed nonmarket valuation approaches and techniques used when a market does not exist to price resources.

Gittins asked if these techniques had been applied in Nebraska to come up with a value of water for groundwater recharge and in-stream flow augmentation. Benson stated that Steve Schultz, Real Estate Center at UNO, has begun work to value water in the Niobrara River for recreation.

NRCS

Steve Chick, NRCS, distributed and reviewed a summary for May 2008, entitled "*Natural Resources Conservation Service Report to the Nebraska Natural Resources Commission and Nebraska Association of Resources Districts.*" Chick also reviewed the status of the Farm Bill, "The Food, Conservation and Energy Act" and stated the NRCS has obligated just under \$40 million in cost-share through the various programs. He noted that strong efforts by Bob Hilske and the Nemaha NRD resulted in an earmark of \$1.976 million for the Buck and Duck Creeks Watershed project this year in spite of tight funding for the PL 566 program.

DIRECTOR'S REPORT & UPDATE ON PLATTE/REPUBLICAN ACTIVITIES

A written report from the Acting Director was distributed at the meeting. Dunnigan was unable to attend as he was involved in a Republican River Contract Administration meeting. Gittins also reported the Governor has directed all code agencies to reduce the budgets by three percent across the board for both this fiscal year and next.

ENVIRONMENTAL TRUST

Kramper reported the Trust is in its 15th year and during that time they have given \$112 million dollars in grants. Also, the mini-grant award program will be reestablished in September and awards will be issued four times a year.

PROGRAM COMMITTEE

Vice-Chair Anderson reported that the Program Committee met at 2:50 p.m. May 14th and presented the following motions as recommended by the Committee.

Nebraska Resources Development Fund (NRDF)

Buck and Duck Creeks Watershed Project:

Motion was made by Anderson and seconded by Hergott:

To advise the Nemaha NRD that it may proceed with an application and feasibility report for the Buck & Duck Creeks Watershed Project and that it is to address the comments and questions contained in the letter from the Acting Director of the Department of Natural Resources.

There was no discussion. Motion carried.

Aye: Hadenfeldt, Kadlecek, Lembke, Donaldson, Burkholder, Hergott, Kramper, Moore, Reeves, Anderson, Johannes, Rexroth, Van Marter and Korell

Nay: None

Abstain: Watermeier

Not Present: None

Winslow Levee Project Allocation Increase:

Motion by Anderson, seconded by Van Marter:

To approve the Lower Elkhorn NRD's request to increase the Allocation for Component No. 3 by \$18,759.12 effective July 1, 2008, increasing the total allocation for the Winslow Project from \$491,094.62 to \$509,853.74.

There was no discussion. Motion carried.

Aye: Van Marter, Watermeier, Moore, Lembke, Reeves, Kramper, Kadlecek, Korell, Johannes, Hadenfeldt, Rexroth, Hergott, Burkholder and Donaldson

Nay: None

Abstain: Anderson

Absent: None

Upper Prairie/Silver/Moores Creek Allocation Increase:

Motion by Anderson, seconded by Korell:

To approve the Central Platte NRD's request to increase the Allocation for Component No. 4 (Construction) by \$271,263.63 effective July 1, 2008, increasing the total allocation for the Upper Prairie/Silver/Moores Creek Project from \$8,627,742.19 to \$8,899,005.82.

There was no further discussion. Motion carried.

Aye: Kadlecek, Korell, Johannes, Kramper, Hergott, Van Marter, Watermeier, Lembke, Reeves, Hadenfeldt, Rexroth, Anderson, Moore, Burkholder and Donaldson

Nay: None

Abstain: None

Absent: None

Other Program Committee discussion items as follows:

John Miyoshi, LPNNRD, briefed the Program Committee on a meeting with the U.S Army Corps of Engineers, several of the project sponsors, and others pursuing Corps 404 permits. Rexroth commended those working towards obtaining Corps 404 permits and recommended the Commission support these efforts. Johannes also requested that the Commission be informed of 404 Permit efforts, and of any action that might be appropriate.

Staff presented an analysis of obligations made in FY 2008 and prior that have not yet been expended. The analysis was discussed by the Committee. No action was taken, but Commission members made the following observations:

1. Sponsors must present a credible argument for additional funding if the unspent balance from previous obligations is large, and be prepared to show that funds are committed and being spent.
2. It is unfair that some projects must borrow money and pay interest for work completed while some other projects have large balances of obligated funds which is not being spent.
3. In regard to possible negative reaction toward increased funding when the program has a large balance of unspent funds, some Committee members believe the Governor and Senators are not given enough credit for their understanding of how construction projects work.
4. Rules allow sponsors to proceed at their own risk with the approval of the Commission if they choose to proceed using borrowed funds.

Commission members noted concern about changing prior obligations without a clear recommendation from staff, and asked that any recommendations be provided for consideration in advance of meetings. Staff confirmed that the Committee's request was understood. Any proposed obligation changes will also be discussed in advance with affected project sponsors to provide an opportunity to prepare objections.

Modification of Project Components as Necessary for Obligation of FY 2008 Funds:

Motion by Anderson, seconded by Rexroth:

To modify components as necessary for obligation of FY2009 funds.

Johannes stated this was a blanket motion with no numbers involved. In response to a question about the need for this action, Gittins pointed out the rules specify the Commission will approve the definition of components prior to obligation of funds.

There was no further discussion. Motion carried.

Aye: Kadlecek, Korell, Johannes, Kramper, Hergott, Van Marter, Watermeier, Lembke, Reeves, Hadenfeldt, Rexroth, Anderson, Moore, Burkholder and Donaldson

Nay: None

Abstain: None

Absent: None

Obligation of FY 2009 Funds:

Motion by Anderson, seconded by Hergott:

To establish the following components and obligate FY 2009 funds effective July 1, 2008 as per staff recommendation with changes as discussed during the Program Committee.

Project	#	Project Component	Request for FY 2009	
<i>Upper Prairie/Silver/Moores Creek</i>	4	Construction	1,373,197	
			Subtotal:	\$1,373,197.00
<i>Lower Turkey Creek Watershed</i>	2	Engineering	73,500	
	3	Land Rights	550,200	
	4	Construction	216,844	
			Subtotal:	\$ 840,544.00
<i>Little Sandy Creek Watershed</i>	3	Land	216,061	
	4	Construction	108,536	
			Subtotal:	\$ 324,597.00
<i>Sand Creek Env. Restoration (Lake Wanahoo)</i>	1	Application & Feasibility Study	120,000	
	2	Engineering	264,469	
	3	Land	0	
	4	Construction	15,531	
			Subtotal:	\$ 400,000.00
<i>Antelope Creek</i>	7	Construction	146,057	
	8	Recreation	270,000	
			Subtotal:	\$ 416,057.00
<i>Winslow Levee</i>	3	Land Acquisition	18,759.12	
			Subtotal:	\$ 18,759.12
			TOTAL:	\$3,373,154.12

Considering staff's level of knowledge about the projects and the effort expended to evaluate funding requests, concern was noted by some Commission members about deviating from staff's recommendation. The Commission's latitude in interpreting the fund rules and regulations was also discussed. Staff noted that developing this year's recommendation was particularly difficult, and that the Commission is authorized to modify or reject recommendations within the constraints of the statutes and rules and regulations.

A motion to amend the original motion was made by Kramper, and seconded by Lembke:
To obligate FY 2009 funds effective July 1, 2008 as originally proposed by staff.

Motion failed.

Aye: Donaldson, Kramper, Korell, Lembke, Hadenfeldt, Rexroth and Burkholder
Nay: Kadlecsek, Johannes, Hergott, Van Marter, Watermeier, Reeves, Anderson and Moore
Abstain: None
Absent: None

Additional discussion on the Program Committee's original motion confirmed that requests for reimbursement of detailed design and construction costs could not be approved prior to the project obtaining all necessary permits.

There was no further discussion. Motion carried.

Aye: Reeves, Kadlecsek, Van Marter, Hergott, Kramper, Watermeier, Hadenfeldt, Anderson, and Johannes
Nay: Korell, Burkholder, Moore, Lembke, Donaldson and Rexroth
Abstain: None
Absent: None

Authorization to Proceed with the Sand Creek Environmental Restoration Project:

Motion by Anderson, seconded by Hergott:

To approve the request from Lower Platte North NRD to authorize the Sand Creek Environmental Restoration project sponsor to proceed with development covered in the Application and Feasibility Report, and to proceed with building the project and be eligible for cost-share for covered components when money becomes available and is obligated by the Commission.

There was no further discussion. Motion carried.

Aye: Kadlecsek, Korell, Johannes, Kramper, Hergott, Van Marter, Watermeier, Lembke, Reeves, Hadenfeldt, Rexroth, Anderson, Moore, Burkholder and Donaldson
Nay: None
Abstain: None
Absent: None

Nebraska Soil & Water Conservation Program

Additional Components for NSWCP:

Motion was made by Anderson, seconded by Korell:

To approve an additional component in practice NC-17: Irrigation Water Management for NSWCP cost-share of soil moisture sensors and data readers.

There was no discussion. Motion carried.

Aye: Hadenfeldt, Kadlecek, Lembke, Donaldson, Burkholder, Hergott, Kramper, Moore, Reeves, Watermeier, Anderson, Johannes, Rexroth, Van Marter and Korell

Nay: None

Abstain: None

Not Present: None

Motion was made by Anderson, seconded by Hergott:

To approve an additional component in practice NC-17: Irrigation Water Management for NSWCP cost-share of replacement gates and gaskets for gated irrigation pipe.

Moore stated his objection to this motion, pointing out that gates and gaskets are maintenance items just like fuel filters, air filters, points, and plugs for an engine. Lembke noted that the component definition did not cover main line irrigation pipe which would have similar gaskets and potential water savings as gated pipe. Johannes pointed out that it would be up to each NRD to decide whether or not water savings benefits from this practice component were worth cost-share. Rexroth added that the allotment of NSWCP funds to each NRD would not change; it simply provides an additional approved practice that NRDs could choose to support.

In response to a question from a Commission member, Mike Onnen stated that Little Blue NRD had contributed about \$16,000 last year for gates and gaskets. Gittins pointed out that the NRCS docket does not include any maintenance components. Technical specifications would have to be documented by NRDs to determine eligibility and to confirm that work was properly completed. Responding to another question, Onnen stated that installation inspections were typically not performed as available staff time could be put to more important tasks.

A motion to amend was made by Hergott, seconded by Lembke:

To strike the word “gated” from the motion.

No discussion. Motion carried.

Aye: Hadenfeldt, Kadlecek, Lembke, Donaldson, Burkholder, Hergott, Kramper, Moore, Reeves, Anderson, Johannes, Rexroth, Van Marter and Korell

Nay: Watermeier

Abstain: None

Not Present: None

The original Motion as amended now reads "To approve an additional component in practice NC-17: Irrigation Water Management for NSWCP cost-share of replacement gates and gaskets for irrigation pipe.

No discussion. Motion failed.

Aye: Hergott, Van Marter, Burkholder, Johannes and Rexroth

Nay: Hadenfeldt, Kadlecek, Lembke, Donaldson, Kramper, Moore, Reeves, Watermeier, Anderson, and Korell

Abstain: None

Not Present: None

Interrelated Water Management Plan Program Fund (IWMPPF)

FY 2009 Obligations:

Motion was made by Anderson and seconded by Lembke:

To approve the FY 2009 IWMPPF grants and make obligations as recommended by staff.

No discussion. Motion carried.

Aye: Donaldson, Anderson, Hadenfeldt, Kadlecek, Lembke, Burkholder, Hergott, Kramper, Moore, Reeves, Watermeier, Johannes, Van Marter and Korell

Nay: Rexroth

Abstain: None

Not Present: None

Other Funds Status Reports

All other reports were discussed during the Program Committee meeting and had no unusual business to report.

OTHER MATTERS

Johannes read a resolution to be presented to the family of Wayne Madsen.

Motion was made by Van Marter and seconded by Anderson:

To adopt a Resolution of Recognition for Service of Wayne Madsen in appreciation for his years of service to the Commission and send a copy to his family.

No discussion. Motion carried.

Aye: Hadenfeldt, Kadlecek, Lembke, Donaldson, Burkholder, Hergott, Kramper, Moore, Reeves, Watermeier, Anderson, Johannes, Rexroth, Van Marter and Korell

Nay: None

Abstain: None

Not Present: None

Keith Rexroth volunteered to deliver the resolution.

Johannes opened the floor to suggestions for candidates for the Governor's consideration to fill the position as Commissioner representing groundwater irrigators. Gittins stated that those interested would need to file out the application information, available on the Governor's web page.

Kramper suggested placing a time limit on advisor comments at future meetings. Johannes suggested 15 minutes. Staff responded that similar time restrictions have been stated in the past, but the 15-minute limit will be further emphasized.

Johannes announced that an Executive Meeting will be held in conjunction with the next meeting in Ord.

Rexroth encouraged everyone to contact senators in regards to funding needs as this is going to be an ongoing process. Gittins reminded the Commissioners that the enabling legislation for the IWMPPF includes a sunset clause. Fiscal Year 2008-09 appropriation will be the last appropriation for this fund unless action is taken by the Legislature. Johannes suggested that IWMPPF funding continuation should be added to the next Commission meeting agenda.

ANNOUNCEMENTS, FUTURE MEETINGS, AGENDA ITEMS

<u>Meeting Dates</u>	<u>Location</u>	<u>Notes</u>
July 16-17	Ord	Summer Tour
September 29-30	Kearney	NARD Conf.
November 19-20	Lincoln	Christmas Party
January 27-28, 2009	Lincoln	NARD Conf.

ADJOURNMENT

The meeting was adjourned at approximately 10:03 a.m.

Natural Resources Commission Chair

Director of Natural Resources