

NEBRASKA NATURAL RESOURCES COMMISSION
MEETING MINUTES – August 13, 2014
Holiday Inn Hotel & Convention Center – Kearney, Nebraska

Roll Call:

Commissioners		Absent	Present	Commissioners		Absent	Present
Anderson	Garry	X		Kosman	Henry (Hod)	X	
Barels	Brian		X	Kraus	Don		X
Batie	Donald		X	Mercer	Dick		X
Christensen	Joel		X	Palm	Owen		X
Clouse	Stan		X	Palmertree	Tom		X
Deines	Dave		X	Rains	Darrell M.		X
Donaldson	Beverly		X	Rexroth	Keith		X
Fornoff	Kevin		X	Reynolds	Michael (Mick)		X
Hadenfeldt	N. Richard		X	Smathers	Scott		X
Hergott	Joseph		X	Smith	Lindsey		X
Huggenberger	Steve		X	Steffen	Jeff		X
Johannes	Clint		X	Strauch	Walter Dennis		X
Kadlecek	David	X		Sugden	Steven		X
Knutson	Thomas		X				

DNR staff in attendance:

Brian Dunnigan Rex Gittins Kent Zimmerman LeRoy Sievers

Others in attendance were:

Karen Griffin, Olsson Assoc.	Sen. Tom Carlson, Dist. 38	Sen. Ken Schilz, Dist. 47
Laurie Lage, Legislature	Dustin Wilcox, NARD	Dean Edson, NARD
Bob Hilske, NNRD	Mike Clements, LRNRD	Jay Rempe, Farm Bureau
Marlin Petermann, PMRNRD		

CALL TO ORDER & ROLL CALL

Commission Chairperson Donaldson called the meeting to order at 8:30 a.m. at the Holiday Inn Hotel & Convention Center, Kearney, Nebraska.

NOTICE OF THE MEETING

Notice of the meeting was published on the State Public Meetings Calendar and on Department of Natural Resources' web site at www.dnr.ne.gov. A copy of Nebraska's public meeting statutes was available in the room.

INFORMATIONAL MATERIALS

The following informational materials were distributed at the Commission meeting. Copies are attached to the file copy of these minutes.

1. Commission Meeting Agenda
2. Expenditures Report

3. Resources Development Fund (RDF) Status Report as of 8/8/14
4. RDF Quarterly Report as of 7/31/14
5. Small Watershed Flood Control Fund Status Report as of 7/31/14
6. Small Watershed Flood Control Fund FY2015 Base
7. Nebraska Soil & Water Conservation Fund (NSWCPF) Status Report as of 7/31/14
8. Nebraska Water Quality Fund Status Report as of 7/31/14
9. Water Well Decommissioning Fund Status Report as of 7/31/14
10. Interrelated Water Management Planning Program Report as of 8/6/14
11. Policy Statements I & II (red-line & final)
12. Pages 15-20 of LB517 Water Funding Task Force Report 12/20/13
13. Comprehensive Planning Committee 8/11/14 Notes
14. Preliminary Findings of the Nebraska Natural Resources Commission Regarding the Need for a Water Sustainability Fund Funding Cap (Draft for Consideration – 6/19/14)

MINUTES

Knutson moved and Smathers seconded the motion to approve the minutes of the June 18th, 2014 Program Committee and June 19th Commission meetings.

Motion Passed.

Commissioner	Aye	Nay	Abstain	Absent	Commissioner	Aye	Nay	Abstain	Absent
Anderson				X	Kosman				X
Barels	X				Kraus	X			
Batie	X				Mercer				X
Christensen	X				Palm				X
Clouse	X				Palmertree	X			
Deines	X				Rains	X			
Donaldson	X				Rexroth	X			
Fornoff	X				Reynolds	X			
Hadenfeldt	X				Smathers	X			
Hergott	X				Smith	X			
Huggenberger	X				Steffen	X			
Johannes	X				Strauch				X
Kadlecek				X	Sugden	X			
Knutson	X				TOTALS	21	0	0	6

EXPENDITURES & PROGRAM REPORTS

Reports were distributed but not discussed due to the special nature of this meeting.

EXECUTIVE COMMITTEE

Sievers reviewed red-line and final versions of draft changes to Policy Statements I & II proposed by the Executive Committee. These will be acted on during the September Commission meeting. Other than “housekeeping” items, changes to the draft Policy I which had been distributed were to:

- Extend the terms of office for the Commission and committee chairpersons and vice-chairpersons and committee members to two years.

- Allow scheduling of meeting dates as needed rather than during the January meeting.
- Specify advisors as including but not limited to: University of Nebraska, Department of Environmental Quality, Nebraska Environmental Trust Board, and the Game & Parks Commission.
- Allow in-state travel and per diem expenses (excludes registration fees) for all Commissioners to attend up to two meetings of represented groups per year where the Commissioner is reporting on Commission activities.

PUBLIC COMMENT

Senator Tom Carlson addressed the Commission to provide a synopsis of recent water legislation, including:

- LB517 (2013) and ensuing Water Funding Task Force activities.
- Evolution of LB1098 through negotiation and cooperative efforts of senators.

Senator Carlson described expectations for the new Water Sustainability Fund including the focus on water sustainability, equitable distribution across identified project types and geographically, and local involvement through cost sharing. He also emphasized the importance of the Commission working in a unified manner to manage the fund to achieve clear water sustainability benefits.

Senator Schilz stated that, if elected chair of the Natural Resources Committee, he would intend to meet with the Chairs of the Appropriations Committee, Revenue Committee and the Speaker of the Legislature on a regular basis to talk about water projects and funding needs. He added that he believes the entire Legislature is becoming more aware of the importance and costs of water sustainability. He also recommended limiting commitments to the funding available and requiring any projects not funded to reapply.

COMPREHENSIVE PLANNING COMMITTEE REPORT

Chair Smathers reported that the Comprehensive Planning Committee membership was identified on June 18, 2014, and tasked with preparing draft rules and regulations for the new Water Sustainability Fund. Committee meetings conducted on July 2, July 17, August 5, and August 11 were focused on evaluating statutory requirements, evaluating alternative approaches to meeting requirements, and preparing a list of topics and related questions and options for discussion with the full Commission. Smathers explained that discussion points had been narrowed down to the list in the Comprehensive Planning Committee 8/11/14 Notes document included in Commissioners' meeting folders. He stated that the purpose of the document was to initiate discussion to add, subtract or revise these bullet points. Smathers then led discussion on each topic. Follow up actions identified were:

- Sievers was asked to research statutes and other references that could provide guidance as to when a Commissioner should/must abstain from voting on project related actions such as scoring to comply with LB1098 Sec. 7(4) (i.e., what constitutes "*any interest*"?).
- Staff was asked to send copies of guidelines prepared for Resources Development Fund and Nebraska Environmental Trust project application processes.

In concluding the discussion, Smathers requested Commissioners submit any additional comments or concerns related to the points discussed. The Committee will incorporate Commission considerations in a white paper that can be voted on at the September meeting.

LEGISLATIVE & BUDGET COMMITTEE REPORT

Chair Johannes reminded Commissioners that LB1098A directed the Commission to prepare a report of preliminary findings regarding the need for a Water Sustainability Fund funding cap for inclusion in DNR's 2015-2017 Biennium Budget Request which is due September 15, 2014. He referred to the Committee's draft prepared at the July meeting (Draft for Consideration 6/19/2014) included in the Commissioners' meeting folders.

Motion by Johannes, seconded by Hergott to approve the following preliminary findings regarding the need for a funding cap for the water sustainability fund, and to direct the DNR to include these findings in the Department's 2015-2017 Biennial Budget Request:

The Nebraska Natural Resources Commission has considered the need for a funding cap to help insure both the prudent management of the Water Sustainability Fund (WSF) and the timely cash flow of programs, projects, and activities (PPAs) approved for funding. Preliminary findings, recognizing that rules for administration of the Fund are still in the process of being developed, are that:

- 1) Applications for funds toward PPAs eligible for WSF funding are expected to significantly exceed appropriations.*
- 2) Many eligible PPAs are expected to require several years to complete, and costs incurred by project sponsors will be spread over the implementation timeframes lasting several years.*
- 3) Aid from the WSF is expected to be provided on a cost reimbursement basis. Setting aside appropriated funds equal to approved PPA project totals would limit the number of projects that can be approved, and would likely result in a significant WSF balance being carried over from year to year.*

Based on the above findings, the Commission believes a funding cap should be established to best support prudent management and timely use of Water Sustainability Fund appropriations in achieving benefits from approved PPAs, while also providing some assurance to PPA sponsors that approved PPAs would be funded. A recommendation for the cap amount will be made upon completion of WSF rules and assessment of initial applications received.

Motion Passed.

Commissioner	Aye	Nay	Abstain	Absent	Commissioner	Aye	Nay	Abstain	Absent
Anderson				X	Kosman				X
Barels	X				Kraus	X			
Batie	X				Mercer			X	
Christensen	X				Palm	X			
Clouse	X				Palmertree	X			
Deines	X				Rains	X			
Donaldson	X				Rexroth	X			
Fornoff	X				Reynolds	X			
Hadenfeldt	X				Smathers	X			
Hergott	X				Smith	X			
Huggenberger	X				Steffen	X			
Johannes	X				Strauch	X			
Kadlecek				X	Sugden	X			
Knutson	X				TOTALS	23	0	1	3

ADMINISTRATIVE COMMENTS

Director Dunnigan mentioned Gittins is diligently working on the agency budget and will have that in place for the next biennium.

Sievers gave an update on the revisions to the rules, Title 262, Chapter 3. A public hearing is scheduled for September 18, 2014, and a decision to formally adopt the change is anticipated for the next meeting.

Gittins reminded Commissioners to submit itemized receipts for meals with reimbursement requests, and asked that Committee members also identify dates of Committee meetings attended to help with determining per diems to be paid.

ANNOUNCEMENTS / OTHER BUSINESS

Public Comment will be added to future agendas following approval of the Minutes.

Smathers will schedule the next Comprehensive Planning Committee meeting.

Mercer thanked the governor and fellow commission members for their kind words and the opportunity to serve on the commission. Although reluctant, the decision to submit his resignation from the Commission was neither quick nor easy.

Several Commissioners expressed their appreciation to Mercer for his leadership skills and years of service to the Commission.

Motion was made by Johannes and seconded by Rexroth that the Natural Resources Commission adopt the following resolution thanking Mercer for his leadership:

WHEREAS, Dick Mercer was elected to serve as a member of the Nebraska Natural Resources Commission representing the Middle Platte Basin in 1992 and appointed by Governor Dave Heineman to represent the interests of the state's Groundwater Users in 2008; and

WHEREAS, his experience and abilities as a board member of the Groundwater Foundation, Nebraska Environmental Trust, Water Policy Task Force and on the Central Platte NRD Board for over 40 years were valuable assets to the Commission; and

WHEREAS, his leadership and foresight as a Commission member of the Water Funding Task Force during the time of development of the Strategic Plan and Recommendations Report was an important contribution towards shaping the future of the Commission; and

WHEREAS, he always made a sincere effort to understand the natural resources challenges of all of Nebraska and act in a manner that was best for the entire state; and

WHEREAS, his judgment and reason were valuable assets to the Commission; and

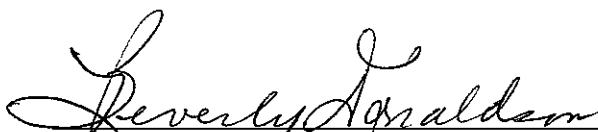
THEREFORE, BE IT RESOLVED by the Nebraska Natural Resources Commission that Dick Mercer be recognized for their gratitude and his distinguished service on the Commission and his contributions to the Commission and the State of Nebraska;

Motion Passed.

Commissioner	Aye	Nay	Abstain	Absent	Commissioner	Aye	Nay	Abstain	Absent
Anderson				X	Kosman				X
Barels	X				Kraus	X			
Batie	X				Mercer	X			
Christensen	X				Palm	X			
Clouse	X				Palmertree	X			
Deines	X				Rains	X			
Donaldson	X				Rexroth	X			
Fornoff	X				Reynolds	X			
Hadenfeldt	X				Smathers	X			
Hergott	X				Smith	X			
Huggenberger	X				Steffen	X			
Johannes	X				Strauch	X			
Kadlecek				X	Sugden	X			
Knutson	X				TOTALS	24	0	0	3

* * * * *

The meeting was adjourned at 1:06 p.m.


 Beverly Donaldson, Chair


 Brian P. Dunnigan, Director