

Revised based on amendments adopted

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	3,000,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	3,000,000			

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 517 as amended would establish the Water Sustainability Project Task Force. The task force would be administratively located in the Department of Natural Resources. The task force would be directed to provide a report by January 31, 2014 that identifies water resources programs, projects, and activities in need of funding in order to meet the long-term statewide goals of water sustainability, increased water use productivity, and maximizing the beneficial use of water resources.

The Department of Natural Resources estimates that if the work specified in LB 517 was carried out in-house, it would require the equivalent of 15 FTE to be committed to the project for a total of one year. This estimate is based upon a review of 250 projects identified in the LR 314 process, with each project review requiring approximately 120 hours of employee time. In order to meet the deadline specified in LB 517, the agency would hire contractual experts to carry out the majority of the work. Costs would include:

250 projects x 120 work hours per project = 30,000 work hours necessary to complete a statewide project analysis
 \$100 per hour contractual fee for Planner/Scientist x 30,000 work hours = \$3,000,000 total cost

Based upon information regarding the amount charged on an hourly basis by consulting firms with expertise in hydrology and engineering, there is no basis to disagree with the agency estimate. It is estimated there would also be costs to reimburse task force members for travel. Actual costs will depend upon the number of meetings and the attendance of task force members at the meetings. The agency estimate assumes that up to \$90,000 in travel expenses could occur, based upon a 28-member task force. The agency response assumes that travel costs would be paid out of the \$3,000,000 appropriation.

It is estimated that costs would come from the General Fund. Because the bill contains the emergency clause, initial costs would occur in FY12-13 and the remainder of the costs would carry into FY13-14.

LB⁽¹⁾ 517 AM 603 Revision #1

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Natural Resources

Prepared by: ⁽³⁾ Ron Theis Date Prepared: ⁽⁴⁾ 4/5/2013 Phone: ⁽⁵⁾ 402 471 0577

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	3,000,000	0	0	0
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	3,000,000	0	0	0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.
Explanation of Estimate:

AM 603 does not substantially change the scope of activities or costs to implement the LB 517 Task Force as originally introduced and as set out in the LB 517 fiscal note. AM 603 also provides that the Task Force is within DNR for administrative and budgetary purposes, but with an autonomous authority for expenditures to carry out its mission.

Performance of the work necessary for the Water Funding Task Force to achieve its objectives will require significant resources with specific expertise in water resources management. The estimate of the cost to perform the work required by this Task Force was based on retaining outside contract resources to perform the effort. The cost to provide these services, by contractors retained by the Task Force, is the bulk of the fiscal impact. For estimating purposes only, and based on the scope of work identified in the amendment, DNR estimates that it would require approximately one year of dedicated time of an additional 15 DNR staff to accomplish the work, including the coordination, planning, and analysis necessary to support the effort. Annual staff costs for that additional staff would be approximately \$1.5 million including benefits. On that basis, after factoring in the identified schedule for completion of the Task Force's report, and considering that outside contractor fees typically run twice that of internal costs, DNR estimates that outside contractor costs could be in the range of approximately \$3 million.

Existing human resources, financial and administrative support resources will be able to handle the added requirements of general administration and meeting logistics work for the Task Force and the associated fund. Task Force operational costs, travel costs, meeting room costs, etc., are however an additional expenditure and are estimated in the following Notes & Assumptions.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2013-14	2014-15
	13-14	14-15	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$2,910,000	0
Travel.....			\$90,000	
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$3,000,000	0

Notes & Assumptions:

The study conducted under LR 314 identified approximately 250 potential projects, with an estimated cost of \$730 million.¹ In order to evaluate and prioritize these projects, the Department estimates that an average of 120 hours per project would be required to obtain a basic estimate of each project’s feasibility. Therefore, the total estimated work requirement is 30,000 hours (250 projects x 120 hours/project), or 15 full-time equivalents (2,000 hours per FTE). Qualifications for personnel performing this work would include expertise in hydrology, engineering, and economics. The Department estimates that the average rate charged by outside consultants for this type of work is \$100/hour. Therefore, at a rate of \$100/hour, the cost to evaluate and prioritize these studies would be \$3 million.

The bill, as amended, does not provide per diem for task force members and appointees.

Fiscal Year breakout assumes task force meetings would begin in May 2013 with two meetings occurring in FY 2013-2014.

The bill, as amended, does provide that travel expenses of task force members are to be reimbursed. Assuming an average of one meeting per month, and extrapolating costs based on travel costs incurred by Nebraska Natural Resources Commission members for a representative 2-day meeting, travel expenses were estimated as follows:

- 10 meetings x 28 task force members x \$ 310 = \$ 86,800 (rounded up to \$ 90,000)
 - *Commission travel costs for November 2012 meeting = \$ 3,406*
 - *Number of Commissioners in attendance = 11*
 - *Average expenses per commissioner = \$ 310*

¹ The project listing – “Group 6 Exhibit B – NRD Projects.pdf” – is available within the December 2011 LR 314 Interim Study Resolution Report: Funding for Water Management, section 4.f. Supporting Documents at http://nebraskalegislature.gov/pdf/reports/committee/natural/lr314_report.pdf. The supporting documents, including the pdf listed above, can be directly accessed through a zip file downloadable at http://www.nebraskalegislature.gov/pdf/reports/committee/natural/lr314_group6.zip.

Conference room facilities to accommodate the task force and public are estimated at \$150 per day:

- 10 meetings @ 2 days x \$150 = \$3,000

Remaining funds would be designated for contracts. It is assumed that all expenditures for such work would be incurred after June 30, 2013.