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Natural Resources Committee  
January 30, 2015

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[LB164 CONFIRMATION]

The Committee on Natural Resources met at 1:30 p.m. on Friday, January 30, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB164 and gubernatorial appointments. Senators present: Ken Schilz, Chairperson; Curt Friesen, Vice Chairperson; Dan Hughes; Rick Kolowski; Brett Lindstrom; John McCollister; and David Schnoor. Senators absent: Jerry Johnson.

SENATOR SCHILZ: Good afternoon, everyone, and welcome to the Natural Resources Committee. I'm the Chair of the committee, Ken Schilz from Ogallala. I represent District 47. We have almost a full committee here with us today. I'll take just a minute to let them all introduce themselves starting with Senator Kolowski.

SENATOR KOLOWSKI: Rick Kolowski, District 31, southwest Omaha.

SENATOR McCOLLISTER: John McCollister, District 20, Omaha, and worked with Joel Christensen at MUD, lo those many years.

SENATOR SCHNOOR: Dave Schnoor, District 15, which is Dodge County.

SENATOR LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

SENATOR FRIESEN: Curt Friesen, District 34, Hamilton, Merrick, Nance, and part of Hall County.

SENATOR HUGHES: Dan Hughes, District 44, Perkins, Chase, Dundy, Hayes, Hitchcock, Frontier, Red Willow, Furnas, Gosper, and Harlan.

SENATOR SCHILZ: There you go. And we are...we are waiting for Senator Johnson. I believe he had a bill to introduce, Jerry Johnson from Wahoo. Also with us today we have Barb Koehlmoos, our committee clerk, and Laurie Lage is our legal counsel. And we have one page, Jake Kawamoto, and he's from Omaha and he's a sophomore at UNL studying political science. So, that's all the introductions. Today we have two items on the agenda. One is a confirmation hearing for Mr. Christensen and the other one is LB164, Senator Friesen. If you're planning on testifying in any capacity today, please pick up a green sign-in sheet and they're on the table in the back corners. And if you don't wish to testify but would like your name entered into the official record as being present at the hearing, there's a form on the table that you can sign as well. And this...and once you sign that it will become part of the official record. Please, when you're doing this, fill out the sign-in sheet before you testify. Please print and it's important to complete the form in its entirety. When it's your turn to testify, give the sign-in sheet to the committee clerk and that will help us make a more accurate public record. If you do not wish to testify, you may submit comments in writing and have them

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read into the official record as well. If you have handouts, please make sure you have 12 copies for the pages to hand out to the committee. And when you come up to testify, please speak clearly into the microphone, tell us your name and spell your first and last name, even if it's an easy name. Please turn off or set to silent all cell phones, pagers, or anything else that might make a noise. And please keep your conversations to a minimum or take them out in the hallway if you need to. We don't allow any displays of support or opposition to a bill, vocal, or otherwise. We want to make sure that we respect every testifier that's here to testify on whatever they're testifying on. So, no shows of support or opposition. We do use the light system in the Natural Resources Committee. You'll be given a total of five minutes to make your point to the committee. The light will start out green. When you have spoken for four minutes, it will turn to orange. At that point, please conclude your remarks. And when the five minutes are up, the light changes to red and you will be asked to stop. And mostly, if I stop you right away or...mostly, it's because somebody has forgotten to spell their name. So don't get nervous. We just want to make sure we get it all in there on the record. And with that, we will go ahead and start with our confirmation hearing. Mr. Joel Christensen, come on up. Good afternoon. [CONFIRMATION]

JOEL CHRISTENSEN: (Exhibit 1) Good afternoon. Thank you, Senator Schilz, members of the Natural Resources Committee. My name is Joel Christensen. It's J-o-e-l C-h-r-i-s-t-e-n-s-e-n. I'm the vice president of water operations for the Metropolitan Utilities District of Omaha. My main interest and experience in water supply in the state of Nebraska is through my involvement in the Water Funding Task Force that met in 2013. A couple of you here were members of that, or participated in that, I should say. Other...you traveled throughout the state and heard people's stories of their issues and their water-related issues throughout the state. So it was very interesting and very educational. I also participated in a study that was done in the 1980s regarding cumulative effects of various water supply projects on the Platte River. I've also been involved in the planning and in the permitting, which was a big deal, and the construction of a major water treatment plant in west Omaha with the well field along the Platte River, west of Omaha. So that's my experience. My interest is really in the long-term health of our rivers and streams in water bodies in the state of Nebraska. I'm very much interested in their long-term health and the long-term health of our agricultural industry and other industries. And last, but not least, I'm also very much interested in the long-term health of our public water supplies. I would like to have the confirmation of serving on the Natural Resources Commission, very much appreciate your consideration and look forward to participating on the commission. Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Mr. Christensen. Any questions? I guess, in your...in the job that you do for the MUD, could you explain what kind of...what kind of duties you have as it pertains to water and how you plan to take that forward into the commission? [CONFIRMATION]

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JOEL CHRISTENSEN: Sure. Well, water operations, so my department operates all of the water treatment plants. We treat the water. We distribute it. We control it, control pressures throughout the system, so we operate the system. I've got a couple of maintenance divisions that work for me, hydrants and valves, and maintenance work and heavy equipment and electricians and instrument technicians and those sort of technical people, machinists, and so on. So, that's the area under me in the Metropolitan Utilities District. And so, two of the water plants are well fields along the Platte River and then one is a surface water plant on the Missouri River. So the Missouri River plant is a real large, old plant and has the same capacity as the other two put together. So Omaha has got our supply divided between the two major rivers, so we're in an enviable position there. Obviously, the Platte River and the Lower Platte River, in particular, is very important to us and the health of that river, so that's...you know, that's one of the areas I'm interested in. Oh, I know what I was going to say. The Lower Platte River, if you count Lincoln and Omaha, Fremont and Papillion, Louisville, and some of the other users, serves about half of the people in Nebraska. So a very important portion of stream for water supply. But there's a lot of other important issues throughout the state and I know that and I know that a lot better now after having served on that task force, so. [CONFIRMATION]

SENATOR SCHILZ: Right. Great. Any other questions? Senator Friesen.  
[CONFIRMATION]

SENATOR FRIESEN: Mr. Christensen, I was just curious if you know how many...what kind of streamflow rights that the city holds in order to protect their water system, and what kind of growth into the future do you perceive that you have there without any additional requests, or...? [CONFIRMATION]

JOEL CHRISTENSEN: You know, the capacity we now have with the Platte West Plant will serve Omaha into, I think, any planning horizon you have. I think we went into the project thinking 30 years. It wasn't long, we were talking 50, you know, as we saw the way the load growth was going. Of course, there's a recession mixed in there too, but, you know, I think, easily 50 years of supply. To try to help protect that portion of the stream, we have appropriations and they're intended to have enough water in the river to supply the wells. And so, our appropriation at Platte West, which is west of Omaha, is 1,000 CFS, and then at our existing plant, our older plant down south of Omaha, is 500 CFS. And Lincoln in-between has another appropriation and, of course, there's a...what's the term, the wildlife appropriation... [CONFIRMATION]

SENATOR FRIESEN: Environmental...instream flow. [CONFIRMATION]

JOEL CHRISTENSEN: ...instream appropriation, that is along in the same stretch. So, you know, they don't really add up to each other but if one or more is protected, why,

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they all are protected. [CONFIRMATION]

SENATOR FRIESEN: So you feel you have enough senior instream flow rights or flow rights in where it is sustained growth for the next 50 years. [CONFIRMATION]

JOEL CHRISTENSEN: Yes. Yes. If there's a moderate amount of flow in the river, why, you know, we'll be fine, you know. One thousand CFS is, you know, not too unreasonable but it got below that in 2012. So it was kind of a warning, I think, to us. [CONFIRMATION]

SENATOR FRIESEN: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Friesen. Senator McCollister. [CONFIRMATION]

SENATOR McCOLLISTER: Thanks, Joel, for coming and thank you for your willingness to serve. Lincoln, no doubt this year will have another situation where they have to ration water. Isn't that probably correct? Haven't they...well, haven't they rationed water for the last four or five years? [CONFIRMATION]

JOEL CHRISTENSEN: You know, I'm not 100 percent sure, but I don't think so. I think in a...I know if there's enough water in the Platte River, they've...I hate to speak for them because I'm not certain. [CONFIRMATION]

SENATOR McCOLLISTER: Okay. [CONFIRMATION]

JOEL CHRISTENSEN: But, when streamflow gets low like it did in 2012, why, you know, I think they will. [CONFIRMATION]

SENATOR McCOLLISTER: Would MUD have potential to supply the city of Lincoln with water, with treated water? [CONFIRMATION]

JOEL CHRISTENSEN: It would be pretty speculative, I'd say to...I'd say, anything is possible. I'm an engineer, and I think if you get enough money and, (laughter) whatever, we can do a lot of things but it would be pretty speculative, I'd say. [CONFIRMATION]

SENATOR McCOLLISTER: Well, the reason I bring it up is that it's my understanding that if something like that were to be desired, we'd probably have to run it through the Natural Resources Committee to get approval to do that. We direct water from one utility to another or from one basin to another, but that's for another day. [CONFIRMATION]

JOEL CHRISTENSEN: Yeah. [CONFIRMATION]

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SENATOR McCOLLISTER: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other persons? Senator Kolowski. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Joel, good to see you again and thank you for your work on the commission. It was really important and it was good to have two of us from eastern Nebraska talking about the issues that we have because a lot of people sometimes don't know that we have issues, especially with too much water many times. Senator McCollister had a great question because of the Lincoln question and that's one that I have for you as well. They have a hard time putting down wells here in this area because of the topography and lack of water and there has been rationing as far as watering your lawn, one side or the other, the number of your house or whatever else has been...that's taken place in Lincoln. What's the long-term solution? Do they need to put a pipe all the way to the Missouri River, is the best solution to all that, or what do we think...what's your thoughts on that? [CONFIRMATION]

JOEL CHRISTENSEN: I'm a little hesitant to speak for Lincoln... [CONFIRMATION]

SENATOR KOLOWSKI: Well, I know that. [CONFIRMATION]

JOEL CHRISTENSEN: ...but I'll say this. When we were planning the Platte West project there was a lot of people that believed we should go to the Missouri River. It's a larger river, is more dependable, probably. And we did some study of other large cities and found that you...it's very rare for a major city to be tied very strongly to one supply. And, in fact, in our case, we did have one plant, but a smaller plant on the Platte River, but that wouldn't even supply us during a winter day, like today. It wouldn't. That plant could not supply the city. So it was inadequate and we found that that was prevalent among major cities that diversified the supply. And so, I...obviously, it would be prudent. How practical and exactly how that can be done, I don't know, but, yeah, I'm sure they wish they had more than one supply and I think that some day they probably will. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you. And the second question, concerning the wells in the well field, with the work on the levees are you secure...are you feeling secure that that's going to protect those adequately compared to what we had before? [CONFIRMATION]

JOEL CHRISTENSEN: Yes. Yeah, especially on the Saunders County side, why that work that's ongoing right now will give an extra measure of protection. I mean, we've had major floods there before like '93 was pretty major and they held during that time okay. So with the extra reinforcement, why, that...yeah, that levee is a...that levee

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project is a good deal, so. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you. And thank you again for your great caring about water. Thank you. [CONFIRMATION]

JOEL CHRISTENSEN: You're welcome. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Kolowski. Any other questions? Seeing none, thank you for coming in today and congratulations. [CONFIRMATION]

JOEL CHRISTENSEN: Okay. Thank you. [CONFIRMATION]

SENATOR SCHILZ: All right. We'll see you. Do we have any proponents for Mr. Christensen's confirmation, proponents? Any opponents? Seeing none. Any neutral testimony? Seeing none, and that will close our hearing on Mr. Christensen's confirmation. And we will open up the hearing on LB164, and Senator Friesen, when you're ready, you're welcome to open. [CONFIRMATION]

SENATOR FRIESEN: Thank you, Senator Schilz and the rest of the committee. Good afternoon. I'm Curt Friesen, C-u-r-t F-r-i-e-s-e-n. I'm a District 34 representative. I'm here to introduce LB164. LB164 will allow natural resources districts to adopt either annual or biennial budgets. The legislation will improve long-term planning for NRDs to plan out two years and provide more certainty to the taxpayers. Currently, there is a period of budget uncertainty between the beginning of the fiscal year on July 1 and the availability of the valuations on August 20 and the filing deadline of September 20 when the district is expending funds based upon a yet to be approved budget. This time period is important since it is prime construction season. With the biennial budget this uncertainty will be partially alleviated at least into the second year of the biennium. Further projects undertaken by natural resources districts are often multiyear projects. Often the funding from grants and other sources are multiyear. A biennial budget would assist in project and fiscal planning. Biennial budgeting is allowed for cities and villages. Currently natural resources districts can only adopt an annual budget. Thank you very much. I'm open to questions. [LB164]

SENATOR SCHILZ: Thank you, Senator Friesen. Any questions? Seeing none...oh, Senator McCollister. Sorry. [LB164]

SENATOR MCCOLLISTER: Thank you, Mr. Chairman. Is this a common procedure for subunits of government? You may not know. [LB164]

SENATOR FRIESEN: It's not common. There's currently like four cities have adopted a biennial budget. It was just recently offered to them so I don't know if a lot of them have the knowledge yet, or the reason to use it. When I was on the Upper Big Blue NRD, I

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mean, there were many times we had projects that would go over multiple years and it was always difficult to try and plan those projects because of the annual budget. [LB164]

SENATOR McCOLLISTER: Do you have any knowledge...or do you know whether many NRDs will adopt to take this option? [LB164]

SENATOR FRIESEN: I would assume since it was supported by the NARD that there are several NRDs that are probably interested in this because I think with the large amount of funding that was provided last year for water projects, we're going to start to see more of those multiyear projects coming forward where NRDs are basically required to cost share on those projects. [LB164]

SENATOR McCOLLISTER: Thank you. [LB164]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you. [LB164]

SENATOR FRIESEN: Thank you. [LB164]

SENATOR SCHILZ: Now, we will move to proponents. Welcome. [LB164]

GLENN JOHNSON: (Exhibit 1) Good morning. Good afternoon. Good afternoon, Senator Schilz and members of the Natural Resources Committee. My name is Glenn Johnson, G-l-e-n-n J-o-h-n-s-o-n. I'm the general manager of the Lower Platte South Natural Resources District here in Lincoln and I'm submitting this testimony on behalf of the Lower Platte South Natural Resources District and also the Nebraska Association of Resources Districts in support of LB164. Our district proposed this resolution in a resolution form to the Nebraska Association of Resources Districts last fall. After our experience of observing the city of Lincoln in their second round of using biennial budgeting, and thought that it might be something that may be worth considering for the natural resources districts. Well, the Natural...the association members adopted it and, you know, proposed this resolution to...and we appreciate the senator introducing it. Last...earlier this week, the NARD delegates met, as they were reviewing legislation, and unanimously supported this bill. When we go into a current annual budget, our process takes about five months. We start in April and May. We have 11 subcommittees that are functionally dividing the budget into pieces. Each one of those subcommittees works through a set of recommendations for a one-year certain and four-year estimates for budgeting purposes and planning. All of those recommendations from the 11 subcommittees are put together and consolidated into a first draft of the budget. That's turned over to our finance and planning subcommittee. They go through the process for the next several...couple months of adjusting and revising, getting public input at the June board meeting and our July board meeting, then taking a draft budget, a tentative

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budget to public hearing in the second week in August for final approval by the board of directors in August, later that month, and then a filing of the budget in September. And so, it is a fairly lengthy process. We're already doing a one- and five-year, essentially, process. It would not take much additional work in that first year, in that same year to do two years of a detailed budget and the remaining three years as estimates. So the transition would be fairly easy. As Senator Friesen so adequately mentioned, that would certainly enable us to do a better job of planning and construction and matching the schedule, because right now there is a time period where we're operating without an adopted budget. It's kind of like the federal government on a continuing resolution, I guess. That's kind of the way we approach it. So we have to put off some of those until late in the summer and that passes our construction season by a little bit, the prime of construction season. So we would be able to better cycle our projects the multiyear and do a better job of planning and scheduling, we think, under a biennial budget. And certainly the off-year, it certainly would allow us to focus our efforts on implementation rather than spending a lot of time doing the detailed budgeting again, if we can just do that every other year. I don't know if our board will definitely adopt a biennial budget, but they certainly are interested in having that option. And so we would encourage the committee to support the bill. Thank you. [LB164]

SENATOR SCHILZ: Great. Thank you, Mr. Johnson. Any questions? Senator Hughes. [LB164]

SENATOR HUGHES: Thank you for coming in today, Mr. Johnson. As...I believe you're executive director, is that correct? [LB164]

GLENN JOHNSON: Correct. [LB164]

SENATOR HUGHES: How involved are you in the projections on the revenue side of the budget when you are in the budget-building process? [LB164]

GLENN JOHNSON: It's very involved. We're, in essence, you know, looking very carefully. Once we get through the individual subcommittees and it goes to the...as a composite bill to...or composite budget, that's when we begin looking at all of the potential sources of funding for both that coming year and the out-years. So we're looking very carefully at what have potential to have grants or partnerships with other entities, so. [LB164]

SENATOR HUGHES: Could you give me just a rough thumbnail sketch of the different funding sources that would be... [LB164]

GLENN JOHNSON: Sure. [LB164]

SENATOR HUGHES: ...play into a budget? [LB164]

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GLENN JOHNSON: Well, for example, the current fiscal year we're in, our current budget is \$24 million. And that includes in the annual property tax requirement that we assess in property taxes, about one-third of that, a little over, you know, close to \$8 million is in the annual budget process. We have funding coming from cooperative projects with the Corps of Engineers, cooperative projects that involve Environmental Trust funds. We do some joint projects with adjoining natural resources districts. We do a number of joint projects on storm water with not only the city of Lincoln, but the other 30 communities within the district. So there are, you know, there are state funds. We've been a major user of resource development funds in the past. We don't have any current projects where we have applications. Obviously, the new sustainability fund is one we'll certainly be looking at as a potential source of funding. So those are state, federal, local, and even private partnerships. [LB164]

SENATOR HUGHES: Are you collecting any of the occupation tax in your NRD? [LB164]

GLENN JOHNSON: No, no, not in this district. [LB164]

SENATOR HUGHES: Okay. Thank you. [LB164]

SENATOR SCHILZ: Thank you, Senator Hughes. Senator McCollister. [LB164]

SENATOR McCOLLISTER: Of your entire budget, how much...what percentage of that amount comes from property taxes? [LB164]

GLENN JOHNSON: Just very close to 50 percent of the total budget will come from property taxes because, obviously, we've got about a third of it coming from that year's annual property tax levy revenue, and then we do have carryover in our cash reserves that were collected and held for future projects that were generated by property tax. So about 50 percent of the total budget. [LB164]

SENATOR McCOLLISTER: Would you say your NRD is fairly typical of the NRDs in the state? [LB164]

GLENN JOHNSON: It's probably typical of about a third of the districts. You know, there's probably a third of the districts that have got a very large...a larger tax base, larger budgets, and are using a lot of additional resources to...we mentioned occupation tax. Some of those districts, that has moved them into that tier where they have a larger budget made up of local funds. [LB164]

SENATOR McCOLLISTER: I certainly understand about occupation taxes, but I didn't realize NRDs could collect on that basis too. [LB164]

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GLENN JOHNSON: It's in the...it's essentially on irrigated acres... [LB164]

SENATOR McCOLLISTER: Oh, I see. [LB164]

GLENN JOHNSON: ...in the fully and overappropriated areas of the state. [LB164]

SENATOR McCOLLISTER: Thank you, sir. [LB164]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you for your testimony. Appreciate it. [LB164]

GLENN JOHNSON: Thank you. [LB164]

SENATOR SCHILZ: Other proponents? Proponents? Seeing none. Do we have any opponents? Seeing none. Any neutral testimony? Seeing none. That will bring Senator Friesen back up if he wishes to close. [LB164]

SENATOR FRIESEN: Unless there are any questions, I will waive closing. [LB164]

SENATOR SCHILZ: Okay. And if they have questions, they can come talk to you, right? With that, that will close the hearing on...for today and we wish everybody a good weekend and thank you very much for coming in. Very good. [LB164]