

January 12, 2006
Nemaha Natural Resources District
Regular Meeting
Tecumseh, Nebraska

1. **CALL TO ORDER/ROLL CALL/MOMENT OF SILENCE**

Chair Jim Wirth called the three hundred sixty-ninth meeting of the Nemaha Natural Resources District Board of Directors to order at 7:00 p.m. Thursday, January 12, 2006, at the NRD Headquarters in Tecumseh, Nebraska.

DIRECTORS	John Albrecht	Roland Meyer	Chuck Starr
PRESENT:	Jeff Crunk	Dave Neddenriep	Duane Sugden
	Orval Gigstad	Gerald Royal	Bruce Walker
<i>*Left early</i>	Ted Godemann	Jim Rush	Dan Watermeier
	Ron Heskett	Steve Sherrow	Paul Weber*
	David Hunzeker	Don Siske	Tom White
	Scott Kudrna	Mike Speece*	Jim Wirth*

STAFF	Bob Hilske, Manager
PRESENT:	Scott Nelson, Assistant Manager
	Jane Kuhl, Administrative Assistant
	Allison Caspers, Administrative Secretary

GUESTS	June Hess, Pawnee City	Lyle Hess, Pawnee City
PRESENT:	Diane Droge, Pawnee City	Dick Droge, Pawnee City
	Lisa Beethe, Elk Creek	Bryan Mellage, Auburn
	Carol Sisco, <i>Pawnee Republican</i>	Randy Bennett, Auburn
	Wally Valasek, NRCS, Beatrice	Lewis Rogers, Pawnee City
	Alan Richard, Pawnee City	Mary Ruegge, Pawnee City
	Ed Ruegge, Pawnee City	Scott Farwell, DuBois
	Betty Flanagan, Pawnee City	Dave Flanagan, Pawnee City
	David Rogers, Pawnee City	Bruce Rogers, Pawnee City
	John Royster, Big Muddy Workshop	

Following the Pledge of Allegiance, a moment of silence was observed.

2. **PROOF OF PUBLICATION**

Proof of Publication was presented and is on file.

3. **EXCUSED ABSENCES**

None.

4. **OPEN FORUMS**

All directors, staff, and guests introduced themselves.

5. **ELECTION OF OFFICERS**

Weber reported that all current officers, Jim Wirth-Chair, Ted Godemann-Vice Chair, Scott Kudrna-Secretary/Treasurer, and Orval Gigstad-NARD Representative, were asked if they would accept nomination to their office, and all agreed. Wirth then opened the floor to nominations for Chair. Hunzeker nominated Crunk. Results of a secret ballot were Jim Wirth-17, Jeff Crunk-3. Jim Wirth was declared Chair.

Wirth opened the floor to nominations for Vice-Chair. Hunzeker nominated Heskett, who declined the nomination. Results of a secret ballot were Ted Godemann-17, Ron Heskett-1, Jeff Crunk-1. Ted Godemann was declared Vice-Chair.

Wirth opened the floor to nominations for Secretary/Treasurer. Crunk nominated Starr. Results of a secret ballot were Scott Kudrna-15, Chuck Starr-6. Scott Kudrna was declared Secretary/Treasurer.

Wirth opened the floor to nominations for NARD Representatives, but there were none. Results of a secret ballot were Orval Gigstad-20. Orval Gigstad was declared NARD Representative.

6. **MINUTES**

Siske pointed out that the opening paragraph showed Jim Wirth, who was absent, opening the meeting instead of Ted Godemann. **White moved, seconded by Siske, to approve the minutes as corrected. Motion carried on consent agenda.**

7. **TREASURER'S REPORT**

Royal moved, seconded by Kudrna, to approve the Treasurer's Report as submitted. Motion carried on consent agenda.

8. **STAFF REPORT**

Hilske and Nelson reviewed their written reports.

9. **AGENCY/ASSOCIATION REPORTS**

A. Natural Resources Conservation Service

Wally Valasek, acting District Conservationist from Beatrice, reported that Stephen Kennedy had been selected as the new Resource Conservationist in Auburn beginning February 19. However, the DC position in Tecumseh has not yet been filled and is being re-advertised. Nebraska got about \$300,000 for TSP with \$50,000 going to the Iron Horse project. EQIP and WHIP contracts must be ranked by January 20.

B. Five Rivers RC&D

Kudrna reported on a new EDGE class, a grant for the weed management area that will be used to spray purple loosestrife along the Missouri River, new Farm Beginnings classes, Grassland Association activities, and the activities of the Drug Awareness Task Force. A grant application was submitted for tire recycling in Pawnee, Johnson, Nemaha, and Richardson Counties. He also reported that a Rural Advantage Meeting, sponsored by the Nebraska Sustainable Ag Society, will be held in Nebraska City in February. Kudrna stated that RC&D had suggested asking the NRD to consider sponsoring a household hazardous waste collection since RC&D's insurance company dropped them since they did the collection.

C. Nebraska Association of Resources Districts

Gigstad stated the Legislative Conference would be held January 24-25 in Lincoln.

D. Nebraska Natural Resources Commission

Watermeier reported he had attended the hearing at the capitol on November 22 regarding an eminent domain bill; however, nothing has happened since. The next Commission meeting will be in conjunction with the NARD's Legislative Conference.

E. Water Policy Task Force Report

Sugden reported the Task Force met December 22 and that they are recommending \$7.5 million to implement LB962. It would consist of \$3.5 million in state funds and \$4 million from NRD funds. They are also recommending that NRD's in over-appropriated basins and those subject to an interstate compact be given an additional three cents in taxing authority. Regarding how much water should be given to the cities, they came up with a figure of 200-300 gallons per person per day for domestic use. Chris Beutler came up with the idea that irrigators should provide 95 percent of the money. Their next meeting will be February 8 in Lincoln.

F. Pawnee County Lake Steering Committee

Hilske briefly reviewed the minutes of the last two meetings and directed their attention to a draft of the master plan put together by LPG, which was just received prior to the meeting. Hilske also distributed a sheet that he put together on how he felt the process might work but cautioned that this was not intended to be the NRD's position on the project. He also commented on the three bills in the Legislature so far on eminent domain issues. At the second meeting held in January, the committee discussed what questions they thought need to be answered before moving on to the next step. They focused on funding, land rights, and what the process will be. He also commented on Pawnee County's role in the project. Crunk clarified that the draft master plan was prepared by LPG. He added that it appears LPG is throwing all the land acquisition back at the NRD.

10. QUESTION RELATED TO PAWNEE COUNTY LAKE PROJECT

Scott Farwell had questions about the rules and protocol for the special board meeting and, therefore, asked to wait until after that agenda item to ask his question.

11. PAWNEE COUNTY LAKE RECREATION STUDY REPORT – BIG MUDDY WORKSHOP

John Royster, representing the Big Muddy Workshop, summarized their analysis of the recreation visitation, development and maintenance costs, and economic benefits of the project. They estimated 200,000 people would visit the site annually, and the cost to develop the public recreation for the site would be \$7-8 million. Annual maintenance was estimated at \$135,000. The range of gross economic benefits generated was estimated at \$1,336,000-\$3,000,000. Net economic benefits would be figured by subtracting the annual maintenance costs, and recapture of capital could also be subtracted. Speece asked if the lakes used for comparison included private and public development; Royster said they typically did not include private development. Lisa Beethe asked if the water quality issues, as they would affect swimming and fisheries, were considered when figuring economic benefits. Mr. Royster replied that this is a problem in all eastern Nebraska lakes due to the soil types and that a swimming beach was included because there was one at the other lakes reviewed. Bruce Rogers asked if this study take into consideration that some of the visitors from this area who will be coming to the new lake would have normally gone to Kirkman's Cove or Iron Horse Trail Lake if this lake were not built. Royster pointed out that the latest State Comprehensive Outdoor Recreation Plan shows a large, unmet need for water based recreation in eastern Nebraska. Starr felt the offsetting factors for existing recreation facilities should be calculated in these numbers. However, Royster stated this would have been beyond the scope of what they were asked to do. Hilske added that it was estimated most people would be traveling from within a 2-hour drive to the lake. He stated the Nebraska Resource Development Fund formula for recreation benefits would result in a much lower number. Royster explained that the NRDF is not intended to fund recreation by itself and, therefore, takes an ultra-conservative position on recreation value. David Rogers asked if rising fuel costs were taken into consideration in the visitation figures that Game and Parks uses. Royster replied that their opinion was that people then recreate closer to home and that generally the recreation habits of those who have boats or RVs typically are not affected by fuel costs.

Starr moved, seconded by Rush, that the board be provided access to the study as well as a summary of the study, be given an opportunity to address Big Muddy Workshop on the study, and that they be asked to come to another board meeting to address these issues. Godemann suggested that questions be given to the staff in writing to be addressed collectively if possible. Starr agreed but then felt after posing the written questions that other questions may come up that could be asked of Mr. Royster at a future meeting. Upon roll call vote, **motion carried.**

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Neddenriep, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Watermeier, Weber, White

NOT PRESENT: Wirth

Starr suggested that the questions be in to the Manager by the end of next week so that Mr. Royster would have an opportunity to address them prior to the next meeting.

12. STANDING COMMITTEES

A. Programs & Projects Committee

1. *Contract with JEO for Engineering Services on Muddy Creek:* Sherrow reported that the staff had negotiated a contract with a not-to-exceed amount of \$40,502. The contract includes seven tasks to be completed with the draft plan ready by June and the final report by August, 2006.

Sherrow moved, seconded by Siske, to authorize the NRD to enter into a contract with JEO Consulting Group, Inc., to develop a water plan for the upper one quarter of the Big Muddy Creek Watershed. Heskett asked how this dollar figure was arrived at, and Sherrow replied this is what the engineers estimated it would cost within the scope requested. **Motion carried.**

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Neddenriep, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Watermeier, White

NOT PRESENT: Weber, Wirth

B. Operations & Education Committee

1. *Custom Drilling Rates:* White explained that due to rising fuel costs and an increase in prices charged by private contractors, the staff was recommending increasing the rate for custom, no-till grass seeding from \$19/acre to \$22/acre.

White moved, seconded by Siske, to increase the custom, no-till drilling rate to \$22/acre with a \$100 minimum charge. Motion carried.

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Neddenriep, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Watermeier, White

NOT PRESENT: Weber, Wirth

C. Executive Committee

1. **2006 Washington, DC, Trip:** Godemann reported that anyone interested in going on the trip should let the staff know as soon as possible. Caspers stressed that the sooner directors decide to attend the better because prices increase for flights as they book up. Crunk and Meyer expressed interest in attending.

2. **August, 2003, Motion on Pawnee County Lake:**
Starr moved, seconded by Rush, that the board remove any previous authorization given to the NRD Manager to pursue the Pawnee County Lake Project without authorization of the Board. Starr explained that his interpretation of the motion was that the board approved \$50,000 for that particular fiscal year for those particular tasks. Starr added that Godemann saw the motion as two different parts: \$50,000 for that particular budget year; the other part was that the board has given authorization for the NRD Manager to follow the flow chart and do all those activities including ultimate construction of the lake. Starr felt the August, 2003, motion was being taken out of context and that his motion tonight would not change anything but would perhaps clarify the August, 2003, motion.

Gigstad moved, seconded by Speece, to lay the question on the table. Motion carried.

AYE: Albrecht, Gigstad, Godemann, Heskett, Kudrna, Meyer, Neddenriep, Royal, Sherrow, Siske, Speece, Sugden, Walker, Watermeier, White

NAY: Crunk, Hunzeker, Rush, Starr

NOT PRESENT: Weber, Wirth

3. **Rules and Protocol for Special Board Meeting:** Hilske explained that the special board meeting would be in one week and that the Louisiana Purchase Group will make a presentation. The board will have an opportunity to ask questions. He asked if the board wanted to allow the public to make comments or ask questions or to hold another public meeting or hearing at a later time for such questions. Watermeier explained that the committee discussed whether the board wants public input and that the board would not be ready to answer questions from the public until they have a chance to look at the plan. Godemann felt if someone in the public had a pertinent question about the presentation it would be good to allow it. Starr asked who would define what is pertinent. Godemann stated the Chair would probably determine this. He also asked if the board would be able to ask questions of LPG about who they are before the master plan is presented. Hilske thought they would be including that as part of their presentation. Starr felt this needed to be on there prior to their presentation. White suggested that the public questions be written down and read. Hilske stated in the committee there was some discussion about setting up another public meeting between the special meeting and the March board meeting to address

any other questions from the public. Watermeier added that this was considered since it was assumed the presentation and questions from the board would consume much of the evening. Godemann clarified that it would be questions about the presentation that would be addressed and not comments or rhetoric. Starr expressed his concern that he had been contacted about having the agenda item he had asked for regarding LPG being present moved from tonight's meeting to the meeting on the 19th. Hilske confirmed that this agenda item would be placed on the agenda for the meeting on the 19th.

Scott Farwell asked what this meeting on the 19th is about because he had heard that other entities are pursuing this as an investor meeting for supporters of the project. Hilske responded that this is a special meeting of the board of directors where SENLA and LPG are presenting their conceptual master plan to the NRD. He added that LPG would probably be bringing some people and perhaps some who are interested in investing in the project. Farwell asked if there would be some format for the public or landowners to ask questions of LPG at this meeting. Kudrna responded that the board would be seeing this for the first time next week. Lisa Beeche felt there would be a lost opportunity for asking questions of the entire panel present at this meeting if all public questions are delayed until a later date.

Starr moved, seconded by Gigstad, that for the special meeting on January 19 that the board be allowed to ask questions of LPG and their various partners pertaining both to and outside their presentation and that any questions from the audience be collected in written form and read by a responsible party and that there then be a follow-up meeting with an open forum later for questions from both the board and public. Sherrow suggested that public questions be limited to a set period of time. Royal felt there are only so many questions that can be asked without repeating things so it won't be a big deal. Crunk felt that once the written question is answered by LPG or the board that there would be no verbal rebuttal. White suggested that further questions could be addressed at the meeting down the road. Some discussion was held on whether the board would be in a position to answer any questions. After further discussion, **motion carried.**

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Neddenriep, Royal, Rush, Sherrow, Siske, Starr, Sugden, Walker, Watermeier, White

NOT PRESENT: Speece, Weber, Wirth

4. Voting Delegate for NARD Legislative Conference:

Sugden moved, seconded by Walker, to designate Orval Gigstad the voting delegate for the NARD Legislative Conference. Motion carried.

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Neddenriep, Royal, Rush, Sherrow, Siske, Starr, Sugden, Walker, Watermeier, White

NOT PRESENT: Speece, Weber, Wirth

13. ANNOUNCEMENTS, FEBRUARY MEETING DATE/TIME & AGENDA ITEM REQUESTS

Watermeier asked if the Chair and Manager could have permission to establish a special board meeting time next month if a decision is made to hold the subsequent special public meeting on the same day.

Watermeier moved, seconded by Sugden, to allow the Chair discretion to change the February 9 regular meeting time as necessary to accommodate any scheduling for a special meeting on the same date. Motion carried.

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Neddenriep, Royal, Rush, Sherrow, Siske, Starr, Sugden, Walker, Watermeier, White

NOT PRESENT: Speece, Weber, Wirth

Godemann announced next month's regular meeting would be February 9 beginning at 7:00 p.m. unless otherwise scheduled by the Chair. Kuhl reminded directors that the deadline for incumbents to file for their positions is February 15. Since it was not voted on at this meeting, selection of an NARD Alternate will be on the February agenda.

14. CONSENT AGENDA

Royal moved, seconded by Albrecht, to approve the consent agenda. Consent agenda items: Treasurer's Report, Minutes. **Motion carried.**

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Neddenriep, Royal, Rush, Sherrow, Siske, Starr, Sugden, Walker, Watermeier, White

NOT PRESENT: Speece, Weber, Wirth

12. ADJOURNMENT

Albrecht moved, seconded by Kudrna, to adjourn. Motion carried.

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Neddenriep, Royal, Rush, Sherrow, Siske, Starr, Sugden, Walker, Watermeier, White

NOT PRESENT: Speece, Weber, Wirth

The meeting adjourned at 9:40 p.m. A special meeting of the board of directors will be Thursday, January 19, 2006, at 7:00 p.m. at the First Baptist Activity Center, 3rd & Jackson Streets, Tecumseh. The next regular meeting of the board of directors will be Thursday, February 9, 2006, at 7:00 p.m. at the NRD headquarters at 62161 Hwy 136 in Tecumseh.

(Approved 2/9/06)

Secretary, Nemaha Natural Resources District