

**NORTH PLATTE NATURAL RESOURCES
DISTRICT BOARD OF DIRECTORS
MEETING**

December 8, 2016

The regular meeting of the North Platte Natural Resources District (NRD) Board of Directors was called to order at 3:05 p.m. MDT, December 8, 2016, by Kent Andreas at the North Platte NRD conference room, 100547 Airport Road, Scottsbluff, Nebraska. Notice of the meeting was given to the public by publishing a legal notice in the December 1, 2016, Scottsbluff *Star-Herald*. Andreas informed meeting attendees that this meeting would be conducted in accordance with the Open Meetings Act, a copy of which is posted in the meeting room for public inspection.

Board members present: Kent Andreas, Dave Deines, Roger Eirich, Chuck Henkel, Dave Ostdiek, and Dan Weinreis. Absent: Gary Darnall, Gerald Dillman, and Pete Lapaseotes. Others present: John Berge, Dave Wolf, Lydia Hanson, Scott Schaneman, Kyle Ann Hopkins, and Todd Filipi, NPNRD staff; Kevin Sylvester, Dana Cole & Company; Thad Kuntz, Adaptive Resources, Inc; Sarah Gray, NRCS District Conservationist; and Byron Peterson, from the public.

The following items of informational material were made available to the Directors electronically prior to the Board Meeting:

1. Meeting Notice
2. Agenda

3. Minutes, North Platte Natural Resources District, Board of Directors Meeting,
November 10, 2016.
4. Treasurer's Report

The following items were provided to the Directors at the Board Meeting:

1. Agenda
2. Minutes, North Platte Natural Resources District, Board of Directors Meeting,
November 10, 2016.
3. Treasurer's Report
4. Manager's Report
5. State Budget Article, "Ricketts Will Propose Flat State Budget", by Don Walton,
Lincoln Journal Star, dated December 5, 2016.
6. Minutes, North Platte Natural Resources District, Budget & Personnel Subcommittee,
November 22, 2016.
7. Minutes, North Platte Natural Resources District, Water Resources Subcommittee,
November 30, 2016.
8. Minutes, North Platte Natural Resources District, District Operations Subcommittee,
November 30, 2016.
9. Suggested Motion for the Consideration of the Meter Exchange Program and Meter
Maintenance Package Program.

10. Suggested Motion for Adjusting the Maximum Cost-share Payments to \$5,000 per Practice per Landowner.
11. DRAFT, North Platte Natural Resources District, Preliminary Draft for Discussion Only of Audit & Financial Statements, June 30, 2016.
12. NDA Grant-Nebraska Noxious and Invasive Weed Initiative, Grantee Information Form.
13. Riparian Vegetation Management Grant Agreement between the Nebraska Department of Agriculture & the North Platte Natural Resources District #18-06-164.
14. Suggested Motion to Modify Meter Maintenance Service Call.

3. Approval of Minutes of Previous Meetings

The Board reviewed the minutes of the November 10, 2016, regular Board meeting.

Moved by Ostdiek, seconded by Deines, to approve the minutes of the November 10, 2016, regular Board meeting. Motion passed.

Ayes: Andreas, Deines, Henkel, Ostdiek, Weinreis

Nay: None

Abstain: Eirich

Absent: Darnall, Dillman, Lapaseotes

4. Treasurer's Report and Accounts Payable

Dave Ostdiek reviewed the Treasurer's report. Moved by Weinreis, seconded by Eirich, to accept the Treasurer's report and pay the bills as listed. Motion passed.

Ayes: Andreas, Deines, Eirich, Henkel, Ostdiek, Weinreis

Nay: None

Abstain: None

Absent: Darnall, Dillman, Lapaseotes

5. Comments from the Public

No comments from the public.

6. Manager's Report

Berge reported the date and menu have been set for this year's annual employee appreciation dinner. The event will be held on February 3 at the Gering Civic Center. A save the date card will be sent to the Board so that they may mark their calendars. The annual Christmas Dinner at the office, followed by a gift exchange, will be held midday on December 15. Board members are invited to attend. Barb Cross, Jackie Bishop and Berge, in consultation with the Board's Budget and Personnel Subcommittee, have made a number of changes to the Personnel Manual and have distributed the new manuals to employees at a recent staff meeting. Many changes were minor, but some were significant overhauls of policy that had not been updated for several years.

The North Platte NRD organized and hosted a drought tournament at the WNCC Harms Advanced Technology Center on November 20. There will be a full read out and report at the January Board Meeting. Dave Wolf and Berge will be meeting with Susan Weideman of Panhandle Coop to review a parcel of land adjacent to their home store to

determine what help we might be able to provide in restoring some grasses on the landscape that could potentially discourage the infestation of prairie dogs that they are currently experiencing. Staff will be meeting with representatives of Ducks Unlimited and landowners in the Blue Creek Watershed to determine whether there is a partnership that could exist to temporarily lease some cropland along the creek for our credit and for habitat for DU.

An internal committee went through our NSWCP Cost Share Questionnaire and Scoring Sheets to ensure that we are prepared for the upcoming awards season in February. The District has signed a permanent retirement on 152.7 acres of groundwater near Broadwater owned by Blaine McVicker. The District has also signed a permanent retirement on 82.49 acres of groundwater in Sioux County owned by Jim and Joann Schnieder, and the District is a few steps closer on retiring an additional Tighe property of 394.1 acres in Sioux County. All three of these retirements are eligible for reimbursements under the Water Sustainability Fund.

Wolf and Berge will be revamping our efforts to provide regular columns for District newspapers to keep our constituents apprised as to what is occurring at the NRD. Scott Schaneman, Wolf and Berge participated in the first annual technology meeting between the North Platte, South Platte, and Upper Niobrara White NRDs in the panhandle. Growers and NRDs were able to discuss the work that is going on related to the use of technology for water savings in each of the NRDs. Schaneman and Berge also

participated in the Annual Tour of the Sugar Factory with the Scottsbluff-Gering United Chamber of Commerce. The District is in the planning stages for producer roundtable meetings to be held across the district in January/February.

7. Legislative Update-State Budget

Berge reminded the Board that the 2017 Unicameral will start this January. He reported the session will be focusing on budget, corrections, and Senator Bill Kitner. Berge included some articles regarding Governor Pete Rickett's proposed flat state budget for the board to read. He also mentioned that he met with Senator John Stinner and relayed his concern about budget short fall and the impacts it could have on the Water Sustainability Fund. Senator Stinner will also introduce a bill for the District which will change the rules regarding how long a surface water right can be tied to a conservation contract. The change will add local to the list of federal and state conservation programs and will extend the number of years the producers can stay in conservation contracts from five to fifteen years.

8. Report from Budget and Personnel Subcommittee

Dave Ostdiek reported staff brought updates to the employee manual. The committee read through each item and made comments or clarifications on wording. The committee found the document acceptable. The committee unanimously delegated the authority to the General Manager to complete future necessary minor changes to the employee manual that do not effect budget considerations.

Ostdiek reported Berge reviewed line items in the budget and the percentage of the current budget used with the committee. Some purchases have been put on hold until the tax dollars and grant funding is received. He updated the committee on the status of the \$1.9 million that the Department of Natural Resources will be issuing the District for water retirements. Once all paperwork is completed, it will be submitted to DNR with an estimated disbursement time of 30 days.

Ostdiek also reported the committee was informed that the financial audit was complete and will be presented later in the board meeting. The committee was advised that job description updates are being completed due to the changes in overtime regulations on exemption status that will take effect on December 1, 2016. Minor changes to update current duties are also being made.

9. Report from Water Resources Subcommittee

Roger Eirich reported that Lindsey would like to know the status of the Field Net Meter pilot project. They would like to see the meter accepted on the District's approved flow meter list. The main concern staff has with the flow meter is they are battery operated, since most the District's failed meters are due to battery problems on electric meters. The committee members would like staff to go and gather more information.

He reported that the District might have to think of other avenues other than water retirements to help meet our obligations under the Intergraded Management Plan. Berge expressed that another option would be to increase the on-farm efficiency on groundwater

acres only. Berge included information on variable rate irrigation (VRI) from Elite Ag as examples. Berge want to start the conversation with the committee members, and the members of the Water Resources Committee would like to have some of the producers that are currently using the technology come and talk with the committee.

Eirich reported Berge would also like to open the discussion on creating a District-Wide Nitrate Management Area. Our only current nitrate management area is in the Lisco-Oshkosh-Lewellen (LOL), and it would be beneficial to use the tools in LOL to help with the various nitrate hot spots that are spread throughout the District.

Finally, Eirich reported the fully appropriate portion of the District has been metered. The District did apply for a Bureau of Reclamation Grant to help fund the cost-share program, but the District still has approximately \$68,000 left to spend. The Bureau does not want the money back and suggested that we request an amendment to the grant agreement to allow NPNRD to use the remaining funds on flow meter maintenance and cost share, including those in the over appropriated portion of the District. NPNRD has begun that process.

10. Report from District Operations Subcommittee

Chuck Henkel and John Berge reported Robin Foulk, District Conservationist for the Upper Niobrara White NRD, has asked us to review the questionnaire the use when evaluating contracts for Environmental Quality Incentives Program. She asked Berge if they would like to convene a local work group meeting to talk about the questionnaire.

The committee members reviewed the questionnaire and had no additional suggestions. Berge will report the results back to Foulk and tell her that a meeting will not be necessary. The committee was also briefed on the District-Wide Nitrate Management, variable rate irrigation, and update on fully appropriated flow meters discussions, but since they were already reported on in the Water Resources Committee report, so they were skipped.

a. Consideration of Meter Exchange Program and Meter Maintenance

Package Program

McCrometer has requested the NRD change the way they order their parts for flow meters, and they have asked us to develop our repair kits. Staff have reassured the committee that we can still order individual parts in bulk, if they so choose too. McCrometer has also developed a flow meter exchange program. If a producer has a meter that will needs extensive repairs and might cost hundreds of dollars to replace, they could just exchange their broken flow meter for a refurbished one at half the price of a new flow meter. The NRD would still allow cost-share on the refurbished meter, and it could drop cost the cost for the producer to \$325. There was not enough committee members for a quorum, but there was a consensus from the committee members present and staff to make a recommendation to the full board to proceed with the McCrometer Flow Meter Exchange Program. Motion by Deines, seconded by Eirich, to approve the meter exchange program and the Meter Maintenance Package Program to ensure that a

landowner can exchange a broken flow meter with a refurbished one what it is more cost-effective to do so, and to develop a meter maintenance package when it is more cost effective for the District and landowner than replacing parts individually. Motion passed.

Ayes: Andreas, Deines, Eirich, Henkel, Ostdiek, Weinreis

Nay: None

Abstain: None

Absent: Darnall, Dillman, Lapaseotes

b. Consideration of Adjusting Maximum Cost-Share Payment to \$5000 per Practice Per Landowner

Berge reported that there were changes made to the cost-share questionnaire that is used in the evaluation of the Nebraska Soil and Water Conservation Program. The questionnaire was provided for the committee members and no additional suggestions were offered. Staff will also bring a recommendation to the full Board of Directors to increase the limit of the cost-share from \$3000 per practice, per person, per year to \$5000 per practice, per person, per year. There were no objections from the committee members on bring it to the full board. Moved by Eirich, seconded by Ostdiek to raise the maximum cost-share payment under the Nebraska Soil and Water Conservation Program from \$3000 to \$5000 per practice per landowner.

Motion passed.

11. Audit Report and Approval of Audit from Dana Cole and Company

Kevin Sylvester explained their findings in the audit. On both the government activities side and business side, the accounting principles were fairly presented. The only deficiencies were the segregation of duties, the number of people that work on the accounting process and there were some uncollateralized bank accounts. The two deficiencies have been common in past audits and mainly due to the relatively small size of the staff. Berge also thanked Sylvester and Dana Cole for their help through the budget process. Moved by Eirich, seconded by Henkel to approve the FY 2016 Audit Report from Dana Cole Company. Motion passed.

Ayes: Andreas, Deines, Eirich, Henkel, Ostdiek, Weinreis

Nay: None

Abstain: None

Absent: Darnall, Dillman, Lapascotes

12. Consideration of Riparian Vegetation Management Grant Agreement with the Nebraska Department of Agriculture

The Nebraska Department of Agriculture has approached the District about applying for Riparian Vegetation Management Grant, as they still have funds available. Todd Filipi said we could use some additional equipment to help with weed control, and the District already have enough work to cover the in-kind match. The equipment Filipi

has identified as a need are: spray booms that can fit on the back of a four-wheeler and a seven-inch disc for tilling smaller areas. Moved by Ostdiek, seconded by Eirich to approve the Riparian Vegetation Management Grant Agreement with the Nebraska Department of Agriculture. Motion passed.

Ayes: Andreas, Deines, Eirich, Henkel, Ostdiek, Weinreis

Nay: None

Abstain: None

Absent: Darnall, Dillman, Lapaseotes

13. Consideration of Staff Recommendation for Modification of Meter Maintenance Service Call Charge

The committee also discussed changing the flow meter maintenance fee. The \$25 per meter fee was put in place to help the District recoup some of the of the costs they have incurred due to the amount of travel some of the flow meters require. With some producers having multiple flow meters worked on at the same time, the some of the final bills were reaching over \$1000. Staff has proposed to change the fee to \$25 per entity per month to help alleviate some of those costs. Staff also recommended that the changes be retroactive to October 1, 2016, so the District can reimburse some of the producer that have already paid. Since there was not enough committee members for a quorum, there was a consensus from the committee members and staff to make a recommendation to the full board to approve the changes to the flow meter maintenance service call fee. Motion by

Weinreis, seconded by Henkel to approve the changes to the meter maintenance service all fee from \$25 per meter to \$25 per entity, per month, effective October 1, 2016. Motion passed.

Ayes: Andreas, Deines, Eirich, Henkel, Ostdiek, Weinreis

Nay: None

Abstain: None

Absent: Darnall, Dillman, Lapaseotes

14. Adjourn

Moved by Eirich, seconded by Ostdiek, to adjourn at 4:06 p.m., MDT. Motion passed.

Ayes: Andreas, Deines, Eirich, Henkel, Ostdiek, Weinreis

Nay: None

Abstain: None

Absent: Darnall, Dillman, Lapaseotes