

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

**February 14, 2019**

The regular meeting of the North Platte Natural Resources District (NRD) Board of Directors was called to order at 3:00 p.m. MDT, February 14, 2019, 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 February 7, 2018, 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, Gary Darnall, Chuck Henkel, Pete Lapaseotes, Ryan Reuter, Dan Weinreis, and Mark Westphal. Absent: Dave Deines and Roger Eirich. Others present: John Berge, Barb Cross, Danielle Schafer, Lydia Hendrickson, Scott Schaneman, Carolyn Hudson, Craig Uhrig, Dave Christian, Lynn Okicki, and David Wolf, NPNRD staff; Thad Kuntz, Adaptive Resources, Inc; Steve Smith and Megan Dockery, Simmons Olson Law Firm; Sarah Gray, Natural Recourses Conservation Service; Kevin Sylvester, Dana F. Cole and Company; and Dave Fisher, producer.

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, January 10, 2019.
4. Treasurer's Report (Preliminary)

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, January 10, 2019.
3. Treasurer's Report
4. Manager's Report
5. Letter from Jeff Fassett, Director of Department of Natural Resources, regarding Platte Basin Coalition Project for North Platte Natural Resources District, Contract Number 1023; Leases of Water Under Surface Water Irrigation Districts.
6. Press Release, dated February 5, 2019, Regarding North Platte Natural Resources District Opens Enrollment in EPIC Program.
7. Presentation from Richael Young with Mammoth Trading, regarding TAPP H2O, Low-cost Groundwater Management, Compliance, and Economics.
8. Testimony on LB 134, Provided in Person by Chairperson Linehan and Members of the Revenue Committee on Behalf of the North Platte Natural Resources District.
9. Letter to Honorable Dan Hughes, chairman Committee on Natural Resources, from the North Platte Natural Resources District, dated February 5, 2019, regarding Testimony in Favor of LB 48 on Behalf of the Board of Directors.
10. Schedule of Events for WaterWays.
11. Audit Engagement Letter from Dana F Cole & Company, LLP, regarding AU-C 580, dated January 9, 2019.
12. Electronic Submission Confirmation from the Nebraska Auditor of Public Accounts, Charlie Janssen.

13. Audit Report for the North Platte Natural Resources District from Dana C Cole & Company LLP dated June 30, 2018.
14. Letter from Dana F Cole & Company LLP dated January 9, 2019, to the Board of Directors, North Platte Natural Resources District, regarding AU-C 260 Financial Statements.
15. Explanation of Changes to the North Platte Natural Resources District Employee Manual.
16. Updated Employee Manual, Effective February 1, 2019.
17. North Platte Natural Resources District, Addendum to District Policy, Board of Directors Vacancies.
18. North Platte Natural Resources District, Board of Directors iPad Ownership Policy.
19. EPIC Allocation Buy-Back Program Fact Sheet.
20. Email from North Platte Natural Resources District dated February 11, 2019, to the Board of Directors Regarding Nitrogen Advisory Committee.
21. Application to the North Platte Natural Resources District, Board of Directors, from Greta Birch, for Consideration to Serve on the Nitrogen Management Advisory Group.
22. Informational Spreadsheet Regarding 2019 Projects.
23. Informational Memo from North Platte Natural Resources District, to Platte Basin Coalition Administrators, dated January 31, 2019, Regarding Water Resources Cash Funding Formula.

### **3. Approval of Minutes of Previous Meeting**

The Board reviewed the minutes of the January 10, 2018, regular Board meeting. Moved by Weinreis, seconded by Henkel, to approve the minutes of the January 10, 2018 regular Board meeting. Motion passed.

Ayes: Andreas, Darnall, Henkel, Lapaseotes, Reuter, Weinreis, Westphal

Nay: None

Abstain: None

Absent: Deines, Eirich

#### **4. Treasurer's Report and Accounts Payable**

Ryan Reuter reviewed the Treasurer's report with the Board. Moved by Darnall, seconded by Henkel, to accept the Treasurer's report and pay the bills as listed. Motion passed.

Ayes: Andreas, Darnall, Henkel, Lapascotes, Reuter, Weinreis, Westphal

Nay: None

Abstain: None

Absent: Deines, Eirich

#### **5. Comments from the Public**

Producer Dave Fisher explained his opposition testimony on LB 134, which removes the word "overappropriated" from statutes and provided a copy of this testimony.

#### **6. Manager's Report**

John Berge reported Steve Smith, Ryan Reuter and Berge met with Jeff Fassett and his senior staff at DNR to discuss finally receiving reimbursement on Nebraska Department of Natural Resources (DNR) Contract #1023. This contract is a reimbursement of 60% of our costs associated with surface water leases on Enterprise and Minatare Irrigation ditches. The funds due us are in excess of \$170,000 and the reimbursement comes after more than a year. DNR was concerned about the operational plan for these leases as it related to the diversion changes, or lack thereof with each of the ditches. The group concluded that the ditches will turn down their diversion an equal amount to the consumptive use that the District is leasing. Staff is continuing to work with DNR to ensure that they have the information that they require to reimburse this

contract. Contract #1070 is a 60% reimbursement for the EPIC allocation buy down program, and this contract will provide the District in excess of \$180,000 for this past year's contract.

Staff is working out logistics to ensure that the long-awaited discussion between senior officials at DNR and members of the board related to the potential changes to the allocation that the Water Resources Committee has been discussing for the past several months can occur on February 28, when those officials are here for the last IMP discussion and consideration of that document.

Sign up for our fourth year of the EPIC Allocation Buy Down Program will commence on February 19 and run through March 1. In today's agenda, the Board will be considering a payment schedule for this year's program. Also, the District will seek reimbursement from the Platte Basin Coalition at a rate of 60% again this year.

The Integrated Management Planning process will wrap up with the stakeholder group on February 28, and the timeline for adoption will run concurrent to the Basin Wide Plan. The Board will have the initial agreement consideration item in May, the public hearing in July, and the final agreement in August. The effective date will be in September. Berge attended a meeting of the PAWS project last month, and the group is still working on a governance plan, financing plan and impetus for the project. Staff will re-engage when this becomes a more serious proposal.

Staff has been working with the Platte River Recovery Implementation Program to determine whether that entity would be a partner in financing future EPIC allocation buy-down contracts. Discussions are still in progress as there is a desire to ensure that any water partially financed by the program be protected at least to Lake McConaughey. Representatives from this NRD, South Platte NRD and the Upper Niobrara White NRD will be holding a PRECIP Water

Technology Summit in Bridgeport on March 8. This is the first outreach for this grant and hope to have a good turnout to get people interested and involved in using technology for water savings and for nutrient management. This may coincide with our producer roundtable discussions.

Dave Wolf, Barb Cross, Ryan Reuter and Berge attended the NARD Legislative Conference at the end of January and participated in the requisite discussions and caucuses leading up to the votes on whether the association would support certain proposed legislation over the course of the next several months. They also took special interest in the following bills:

- LB 134 – a bill to reinstate the levy authority for overappropriated and fully appropriated NRDs.
- LB 48 – a bill to allow a surface water appropriator to enter into an agreement beyond 5 years with the NRD and not stand to lose their water right.

Berge will be attending the Manager’s Meeting on March 6<sup>th</sup> in Lincoln and will have breakfast with the Natural Resources Committee. Staff from our NRD are participating in several events associated with the Smithsonian Water Ways Exhibit at the Legacy of the Plains between February 22<sup>nd</sup> and April 13<sup>th</sup>.

The entire Manager’s Report was submitted in writing to the Board.

## **7. Presentation on Audit – Dana Cole Company**

Kevin Sylvester reviewed the audit in detail for the Board. Their findings report indicated that the District in very good financial health. He also answered questions from the Board.

## **8. Presentation from Danielle Schafer on the Administrative Department Activities**

Schafer provided an overview of the Administrative Department, which includes

bookkeeping, accounts payable, accounts receivable, helping with tree inventory, cost-share, answering calls, greeting people, and many other duties. She went over each of the four employee's duties and responsibilities.

**9. Consideration of Changes to the Personnel Manual**

Staff provided edits to the NPNRD Employee Manual for the Board to consider. Majority of the edits reflect the changes that have occurred over the past year. These changes include the definition of employees, hours of work, time records, overtime/compensatory time, and others. An informational sheet was provided to the board that explained the proposed changes. Moved by Reuter, seconded by Darnall, to approve the suggested changes to the NPNRD Personnel Manual. Motion passed.

Ayes: Andreas, Darnall, Henkel, Lapascotes, Reuter, Weinreis, Westphal

Nay: None

Abstain: None

Absent: Deines, Eirich

**10. Consideration of Board Vacancy Policy**

Berge reminded the Board the District lacks a stated policy on what happens if a Director retires, dies, or is removed from the Board. Staff provided proposed language for the Board to consider. Moved by Darnall, seconded by Westphal, to approve the NPNRD Board of Director Vacancies addendum to the NPNRD District Policy Manual. Motion passed.

Ayes: Andreas, Darnall, Henkel, Lapascotes, Reuter, Weinreis, Westphal

Nay: None

Abstain: None

Absent: Deines, Eirich

## **11. Consideration of iPad Ownership Policy**

Berge explained the purposed iPad Ownership Policy. The ownership of the iPad would be transferred from the District to the Director, with a case and screen protector provided by the District. The Director would then assume all liability of the device and information stored on the device. Moved by Henkel, seconded by Reuter, to approve the purposed iPad Ownership Policy.  
Motion passed.

Ayes: Andreas, Darnall, Henkel, Lapascotes, Reuter, Weinreis, Westphal

Nay: None

Abstain: None

Absent: Deines, Eirich

## **12. Consideration of Changes to the Encouraging Producer Innovation in Conservation (EPIC) Program**

Schaneman explained that some of the potential funding partners for the EPIC program, namely the Nebraska Department of Natural Resources, have some concerns about the program. They want the landowner to be only be able to use the 14 acre-inches minus the amount they enrolled into the EPIC program. For example, a landowner sells the District five acre-inches, the District would subtract that five acre-inches from the 14 acre-inches, and the producer will only be able to utilize nine acre-inches for the water year. Staff also proposed lowering the flat rate per acre-inch from \$20 to \$15, with the opportunity to qualify for a bonus payment of \$5 per acre-inch. Moved by Henkel, seconded by Weinreis, to approve the changes to the Encouraging Producer Innovation in Conservation (EPIC) Program. Motion passed.

Ayes: Andreas, Darnall, Henkel, Lapascotes, Reuter, Weinreis, Westphal

Nay: None

Abstain: None

Absent: Deines, Eirich

### **13. Consideration of Appointment of the Nitrogen Advisory Board**

Last year, the Board approved the creation of a Nitrogen Advisory Group. The District has received applications from people interested in serving in the group. After some questions from the board regarding whether others might be still interested, the board decided the General Manager (GM) should be able to appoint members to the group from the current applicants. If someone applies after the formation of the group, and the GM thinks they will provide valuable insight, the GM would be able to appoint them to join the group. Moved by Henkel, seconded by Weinreis, to approve the General Manager to appoint the Nitrogen Advisory group. Motion passed.

Ayes: Andreas, Darnall, Henkel, Lapascotes, Reuter, Weinreis, Westphal

Nay: None

Abstain: None

Absent: Deines, Eirich

### **14. Adjourn**

Moved by Reuter, seconded by Darnall, to adjourn at 4:30 p.m., MDT. Motion passed.

Ayes: Andreas, Darnall, Henkel, Lapascotes, Reuter, Weinreis, Westphal

Nay: None

Abstain: None

Absent: Deines, Eirich