

MEMORANDUM

TO THE BOARD:

SUBJECT: General Manager's Report

DATE: February 8, 2016

FROM: John Winkler, General Manager



- A. **INFORMATION/EDUCATION REPORT:** The Information and Education Report detailing Information and Education activities for the month of January 2016, is attached for your review.
- B. **PERSONNEL/MISCELLANEOUS ITEMS:**
1. Martin Cleveland, Construction Engineer, received the 2016 NRD Outstanding Leadership Award for the State of Nebraska. The award was presented by the Nebraska Land Improvement Contractor's Association at their Annual Convention that was held on January 20th, 2016, in Kearney. Martin has served as the District's Construction Engineer for 37 years. Congratulations Martin!
- C. **REPORT ON PURCHASES – CONSTRUCTION SERVICES, PROFESSIONAL SERVICES AND PERSONAL PROPERTY:** Pursuant to Board direction, the report indicating construction services, professional services and personal property purchases from the month of January 2016, is attached for your review. Please review this report and contact me if you have any questions.
- D. **CURRENT AND ON-GOING PROJECTS – P-MRNRD LEGAL COUNSEL:** A copy of the current and on-going projects for District Legal Counsel, Husch Blackwell, as of January 20, 2016, is attached for your review. I would ask each Director to review this report. If you have any questions, please feel free to contact me.
- E. **PAPILLION CREEK WATERSHED PARTNERSHIP REPORT:** The January 28, 2016, Papillion Creek Watershed Partnership meeting was cancelled. The next Partnership meeting is scheduled for February 25, 2016.
- F. **NEWS CLIPS:**
- ✓ January 16, 2016, Omaha World Herald article, Papio-Missouri River NRD selects contractor for Elkhorn River bank project
 - ✓ January 19, 2016, Lincoln Journal Star article, Bike bill seeks to clarify right-of-way when street, trail intersects
 - ✓ January 20, 2016, Lincoln Journal Star article, Farmers suing over Republican River irrigation restrictions
 - ✓ January 22, 2016, Omaha World Herald article, Large amounts of ice, high water seen in Platte River in central Nebraska
 - ✓ February 4, 2016, Omaha World Herald article, Ricketts' property tax plan could have had dramatic effects on farmers if it was in place a decade ago
 - ✓ February 4, 2016, Omaha World Herald editorial: Worthy need, limited funding

- ✓ February 5, 2016, Omaha World Herald article, Gov. Ricketts undaunted as tax property plan hits wall of criticism
- ✓ February 8, 2016, Omaha World Herald article, Omaha-area officials fear fight over water funds may threaten Offutt levee improvements

January 2016 Information/Education Report

Information

- Continued work with NARD Publications Committee to plan statewide publications updates.
- Continued preparation of civics groups listing and drafted e-mail to groups offering NRD Speakers Bureau presentation.
- Prepared for 2016 Omaha Boat Sports and Travel Show
- Distributed news releases
- Continued scheduling of Information Campaign TV and Radio spots
- Updated sections of web site and investigated web site redesign needs
- Responded to many requests for information and materials from web site contacts
- Began work on Spring 2016 Spectrum Newsletter
- Scheduled reprinting of Metro Trails brochure
- Ordered Bee Friendly wildflower seed packets for 2016 distribution
- Ordered resupply of 18 inch catch and release fishing rulers

Education

January Programming Schedule:

- 1/4-** Omaha Public Library- Animal tracks and pelts- 38 children and parents
1/4- Elkhorn 4-H Club- Water Pollution- 3 students
1/5- Sandoz Elementary Tiger Explorers- Nature Craft- 36 students (3rd-5th grade)
1/6- Spring Lake Elementary- Animal Adaptations- 3 programs- 135 students (4th Grade)
1/7- Westgate Elementary- Skulls and Pelts- 3 programs- 83 students (K-3rd grade)
1/7- Sandoz Elementary Cub Explorers- Snakes- 31 students (1st-3rd grade)
1/11- Mockingbird Elementary Environment Club- Owls- 21 students
1/11- Valley United Faith Boy Scouts- Owls- 53 scouts and parents
1/12- Benson Baptist Church Homeschoolers— Reptiles- 38 students and parents
1/13- Mary Our Queen 3rd Grade- Environmental History-38 students
1/14- Elkhorn Middle School- Environmental History- 12 students (5th-8th grade)
1/20- Columbian Elementary- Surface and Groundwater- 2 programs- 39 students (6th grade)
1/21- Crestridge Elementary- Surfacewater- 49 students (5th grade)

Planning:

Updates/Monitoring of Papio-Missouri River NRD Facebook/Twitter/Google+/Instagram Sites and Web Pages
Updates to NRD Policy Manual
General NRD Animal Care
MORE Nature Website/Facebook page
Water Works Application/Database
Preparing/mailling Outdoor classroom folders
2016 Camp Registration Flyer updates

Meetings/Trainings:

Statewide I&E Meeting—conference call
KANEKO Sponsorship Meetings
KANEKO—H2Omaha/SciFest Meeting
Safety and Wellness Committee meeting
Water Works Database Meeting—JM Web
NRD Website Meeting—JM Web
World Bird Sanctuary—conference call

Report on Purchases

Construction Services, Professional Services, Personal Property

January, 2016

[illegible]

Updated: January 20, 2016

Current and On-Going Projects P-MRNRD Legal Counsel

☼ = Top Priority

F = Future Work – No Assignment

N = New Assignment

O = Others Handling

W = Work in Progress

P = Counsel Portion Completed

B= Next Board Meeting

- **Little Papio:** (Cleveland)
- **Big Papio:** (Cleveland)
 - ☼ Culverts Repair Project Temporary and Permanent Easements (P)
 - ☼ Culverts Repair Project Professional Services Contract Amendment (B)
- **West Branch:** (Cleveland)
 - ☼ Land Exchange with Sarpy Co. (96th St.) (P)
- **Western Sarpy Dike:** (Cleveland/Petermann)
 - NRDs/NE-ARNG Interlocal for Camp Ashland Property (F)
- **Floodway Purchase Program:** (Laster/Grint)
- **Trail Projects:** (Williams)
 - West Papio Trail, Union Pacific Rail Road Right-of-Way Review Rail Bank Provisions (P)
- **Missouri River Corridor Project:** (Becic)
- **USDA PL 566 Projects, Silver Creek and Pigeon/Jones Watershed:** (Schumacher/Cleveland)
 - ☼ Papio W-3 Eminent Domain (Camden) (W)

- Tek/Mud PL 566 Site 41A access (F)
- Papio PL 566 Site W-2 Issues (W)
- ★ Pigeon Jones-8 Easement (W)
- **Papio Watershed Dam Sites:** (Grint/Laster/Williams)
 - ★ Interlocal Agreement and Transfer Deed to City of Omaha for Zorinsky Basin 1 (W)
 - ★ Interlocal Agreement and Transfer Deed to City of Papillion change elevation of Top of Dam for Prairie Queen (P)
- **Papio Creek Watershed Partnership (Stormwater):** (Grint)
- **Missouri River R-613 and R-616 Levees:** (Cleveland/Woodward)
 - Offutt AFB O&M Agreement (P)
- **Rural Water Projects:** (Nelson)
 - ★ Fort Calhoun Lawsuits on WCRW (W)
 - WCRW – Lakeland Estates Water Main Extension Developer Agreement (W)
- **Other:**
 - ★ Elkhorn River 240th Street Land Acquisition Documents (W) (Williams)
 - ★ HDR Contract Amendment for Rumsey Station Wetland Design (W) (Grint)

Papio-Missouri River NRD selects contractor for Elkhorn River bank project

POSTED: SATURDAY, JANUARY 16, 2016 12:00 AM | *UPDATED: 12:13 AM, SAT JAN 16, 2016*

Papio-Missouri River NRD selects contractor for Elkhorn River bank project

By Jay Withrow / World-Herald staff writer The Omaha World-Herald

The Papio-Missouri River NRD board voted Thursday to move ahead with an Elkhorn River bank stabilization project in western Sarpy County.

The board and Sarpy County officials agreed to cooperate on stabilization along the river, southwest of 240th and Harrison Streets, to prevent part of 240th Street from being washed away by riverbank erosion.

Construction will include excavating a pilot channel near a sharp bend in the river at 240th Street, along with bank stabilization measures to help establish and maintain the new channel, officials said. The board selected the low bid of \$399,625 from Niewohner Construction from Onawa, Iowa, for the work.

The total cost of the stabilization project, including construction, engineering and land rights, is approximately \$900,000. The NRD and Sarpy County will share the cost, officials said.

The board also approved a \$173,780 contract with Bayshore Contractors of Omaha for bank stabilization along the Little Papillion Creek near 68th Street and West Center Road.

The project will correct a bank sloughing that occurred due to artesian water pressure at the site. Officials said 24 rock-filled trenches will be installed along a 270-foot section of the creek's western bank. The trenches will relieve the pressure and stabilize the slope, officials said.

Contact the writer:

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Bike bill seeks to clarify right-of-way when street, trail intersects



14 HOURS AGO • BY [JOANNE YOUNG](#) | LINCOLN JOURNAL STAR

After failing to get a bill passed last year to give bicyclists more rights, bike enthusiasts are moving more slowly this year and narrowing their requests.

Sen. Rick Kolowski introduced a whittled-down bill ([LB716](#)) to clarify a right-of-way when a street intersects with a bike trail and to eliminate an outdated measure regarding trails

that are adjacent to streets.

If these requirements get too complicated, it can be disconcerting for motorists, especially with the addition of new bike lanes in larger cities such as Lincoln and Omaha, Kolowski said.

“We’ve got more people driving at later ages, and you mix that in with bikes that are trying to use the bike lanes, it gets confusing,” he said.

Bike riders also need to heed the rules of the road, he said.

“When they don’t, I get mad at them, when they go zipping in and out of traffic and down a lane and backwards on a one-way street,” Kolowski said.

There needs to be mutual respect, he said.

Nebraska has slipped in its rankings by the League of American Bicyclists of bike-friendly states. In 2015, it ranked 47th, better than just three other states. That’s down from 45th in 2014 and 33rd in 2008.

The state scored only 19.2 out of a possible 100 points in areas that included legislation, policies, infrastructure and education.

The league recommended such options as adopting a statewide policy that requires bicycle accommodations on all bridge and tunnel projects, emphasizing bicycle safety in the state’s highway safety plan, aggressively funding bike safety projects and considering ways to increase federal funding for bicycle and pedestrian infrastructure.

Julie Harris of the Nebraska Bicycling Alliance said this session’s bill is focused on the two highest priorities: repealing the mandatory side path law and clarifying who has the right-

of-way when a trail crosses a road.

Lincoln has trails that cross streets, and when cyclists cross those streets the law does not define who has the right-of-way, Harris said.

Kolowski's bill says bicyclists who enter crossings lawfully -- with traffic control signals -- have the right-of-way with respect to vehicles.

The right-of-way doesn't include sidewalks, only trails.

"It just says if the bicyclist has the clear signal they can continue on," Harris said.

Nebraska law already says a pedestrian cannot make a sudden move into the road, or into traffic, so quickly that a car could not stop in time, she said. This bill mirrors that for bicyclists.

"That will address any concern ... that any senator might have that we're not advocating that bicyclists should be able to just dart out into traffic without a care in the world," Harris said.

"They still need to follow the rules of the road and be aware of their surroundings and do everything they can to be safe."

The side path law requires a bicyclist to be on a side path, or trail, if it's available and adjacent to the street.

Nebraska is one of only four states to have retained that provision. It's out of date, she said, and doesn't give the cyclist the option to move into the street legally if the side path is in disrepair, has debris or is not well-maintained.

Last session, cycling advocates tried and failed to get protections passed in the form of a bill (LB39) introduced by Kolowski that included both trails and highways, and another (LB641) with similar language introduced by Sen. Tommy Garrett of Bellevue.

Kolowski's bill was killed in committee, and the committee amended Garrett's bill to remove bicycles from the list of protections in intersections.

There were two fatalities of bicycle riders in Lincoln last year. And the city had the most fatalities for bicyclists and pedestrians in 15 years.

"Safety is one of our major concerns and one of the major planks of our organization, so that's what we're going to be focusing on," Harris said.

Farmers suing over Republican River irrigation restrictions



18 HOURS AGO • BY [NICHOLAS BERGIN](#) | LINCOLN JOURNAL STAR

Tired of finding themselves on the short end of the water meter, farmers in southwest Nebraska who rely on the Republican River for irrigation are suing for access to more water and for damages they claim to have suffered when state officials turned off their faucets to meet provisions of a 70-year-old interstate pact.

The Bostwick Irrigation District headquartered in Red Cloud filed a class action lawsuit this month on behalf of more than 160 of its

members who have suffered due to unreliable water access for 118 farms, according to court records. The irrigation district covers about 22,400 acres.

Bostwick joins the Frenchman Cambridge Irrigation District in suing over water rights to seek relief.

The Republican River has been the source of multiple lawsuits that have cost Nebraska taxpayers millions. The Nebraska Attorney General's Office in December asked for another \$1.2 million to fight lawsuits filed by farmers and to pay consultants for ongoing negotiations with Kansas.

The river starts in Colorado's high plains, crosses the northwestern tip of Kansas and then flows into southern Nebraska before re-entering Kansas in its northeastern corner and eventually meeting up with the Smoky Hill River to form the Kansas River. The states signed a compact in 1943 that divides the river's water, giving Colorado 11 percent, Nebraska 49 percent and Kansas 40 percent.

Kansas has long contended that Nebraska farmers use more than their share. The U.S. Supreme Court last year ordered Nebraska to pay Kansas \$5.5 million. Nebraska hailed the ruling as a victory because it was much less than the \$80 million and shutdown of thousands of acres of Nebraska farmland for which Kansas had asked.

Nebraska and its natural resources districts have instituted a variety of measures to ensure Kansas is happy with the amount of water it's getting, including pumping water from the Platte River into the Republican and shutting down farmland and using its irrigation wells to pump water into the Republican.

The states recently extended a one-year agreement that lets Nebraska use more than its

share of water as long as it places water in storage for Kansas over the winter and spring, when it's not being used for agriculture.

The states are working toward a long-term agreement.

But farmers who use surface water in the Republican River watershed say they have been forced to bear more than their fair share of irrigation restrictions.

They contend that water being pumped from wells has caused surface water to dry up and those depleted flows caused state officials to impose restrictions on using surface water.

"Only surface water users such as Bostwick have been shut off for compact compliance, while wells have been allowed enough water to continue irrigating a full crop," the Bostwick Irrigation District said in a news release.

Jasper Fanning, general manager of the Upper Republican Natural Resources District, disputed those claims. He said surface irrigation infrastructure in the area hasn't been sustainable since its inception in the 1930s.

Fanning said NRD programs that are pumping water into the Republican are allowing surface irrigators to continue using the river.

"I have a hard time seeing how they think they're the ones shouldering the burden of compact compliance," Fanning said. "Essentially they are allowed to use the same volume of water even though that water belongs to Kansas and the NRDs make up the entire projected shortfall."

The demands of the Bostwick lawsuit include reimbursement for unspecified financial damages related to restrictions in 2013 and 2014; for the river integrated management plan to be declared unlawful; and for the 2016 compact compliance actions to be deemed unlawful.

The Bostwick lawsuit was filed against the Nebraska Department of Natural Resources and its director Gordon "Jeff" Fassett, as well as the Upper Republican, Middle Republican and Lower Republican NRDs.

Bostwick filed its lawsuit Jan. 11, and Frenchman Cambridge refiled its suit Jan. 7, both in Lancaster County District Court.

Large amounts of ice, high water seen in Platte River in central Nebraska

POSTED: FRIDAY, JANUARY 22, 2016 12:00 AM | UPDATED: 12:07 AM, FRI JAN 22, 2016.

Large amounts of ice, high water seen in Platte River in central Nebraska

By Jay Withrow / World-Herald staff writer The Omaha World-Herald

The Platte River in east-central Nebraska has begun to flex its muscles.

Officials with the Central Platte Natural Resources District said they are seeing high water flows and large amounts of ice on the Platte.

The Central Platte NRD said it had received reports about floodwaters beginning to rise near the Paradise Lake area at the U.S. Highway 34 Platte River bridge on the Hamilton County side. The waters could threaten houses and access to the area, the NRD said.

Also Thursday, the National Weather Service office in Hastings issued a flood warning until Monday morning for the Platte near Grand Island. Officials said the river stage was at 7.4 feet. Flood stage is 6.5 feet, the weather service said.

Moderate flooding was occurring in some areas near Grand Island, and more moderate flooding is forecast through Monday morning.

Low-lying areas along the Platte River south of Grand Island in Hall County, as well as in nearby Merrick and Hamilton Counties, could be impacted by flooding.

The weather service said ice jams may develop. Officials urged Hall County residents to be prepared for river-level fluctuations.

Ricketts' property tax plan could have had dramatic effects on farmers if it was in place a decade ago

By Martha Stoddard / World-Herald Bureau | Posted: Thursday, February 4, 2016 12:30 am

LINCOLN — Gov. Pete Ricketts' property tax plan could have had dramatic effects if it had been in place before farm- and ranch-land prices exploded during the past decade.

A World-Herald analysis shows that the governor's proposal to cap annual valuation hikes would have left ag land valued at a small fraction of its market value during that period.

That could have meant substantial savings in property tax bills for at least some farmers while shifting the tax burden onto homeowners and businesses.

Ricketts wants to cap the growth of taxable ag land valuations at 3 percent annually. Actual valuations increased an average of 14.2 percent in the past decade.

If his plan had been in effect starting in 2005, Nebraska farmers and ranchers would have been paying taxes now on 27 percent of the market value of their property by 2015. Current law sets farm valuations at 75 percent of market value.

Ruth Sorensen, the state property tax administrator, said the analysis demonstrates that the governor's proposal "will result in controlled growth in ag land valuations and much-needed property tax relief."

The impact of limiting ag valuation hikes varies depending on the time period studied.

If the plan had been in place during a period of moderate growth in land prices, it would have had a smaller effect. In fact, from 1995 through 2005, Ricketts' proposal last year to lower the taxable value of ag land to 65 percent of market value would have been a bigger boon to farmers.

On the other hand, if Ricketts' new proposal had been in effect three decades ago, farmers would be paying taxes on just 18 percent of market value.

Ricketts called the cap an "important component" of his broader property tax relief plan. He said it would address the rising property taxes that Nebraska farmers and ranchers say are threatening their



Ricketts

Gov. Pete Ricketts wants to cap the growth of taxable ag land valuations at 3 percent annually. Actual valuations increased an average of 14.2 percent in the past decade.

way of life.

"I think it is very important to address this key issue for the people who are driving our economy," he said.

The valuation cap is part of Legislative Bill 958, introduced by State Sen. Mike Gloor of Grand Island, the Revenue Committee chairman. The committee will hold a public hearing on the bill, which also tightens budget limits on local governments, at 1:30 p.m. today.

Sen. Kate Sullivan of Cedar Rapids, the Education Committee chairwoman, introduced a companion measure, LB 959. That bill, to be heard by the Education Committee on Tuesday, would tighten budget limits on school districts.

Three major agricultural groups have endorsed Ricketts' plan, including the valuation cap.

But others say it has the same flaws as the earlier proposal to lower taxable values of ag land to 65 percent.

It would not necessarily result in lower property tax bills for owners of ag land because tax levies could still increase. It could squeeze funding for schools and other local governments and it would not alter the state's heavy reliance on property taxes.

"The reality at the end of the day is that unless we change the way we're funding local government," we will not reduce property taxes, said Renee Fry, executive director of the OpenSky Policy Institute, a Lincoln-based think tank.

Under Ricketts' proposal, the taxable value of ag land would be allowed to float up and down in comparison to market value. While it could go no higher than 75 percent of market value, there is no floor on how low it could drop.

Residential and commercial property would continue to be taxed at 100 percent of market value under the plan. Voters passed a state constitutional amendment in 1990 allowing ag land to be valued separately from those two classes of property.

The analysis looked at how the cap would have affected statewide taxable values for ag land during past years. Taxable values for individual parcels of land could increase or decrease more than the statewide level, depending on local land prices.

From 1995 through 2005, the market value of ag land grew by an annual average of 4.7 percent.

With the 3 percent cap on taxable values, farmers and ranchers would have been taxed on a slowly decreasing proportion of market value. The taxable value would have reached 67 percent of market by 2005.

In comparison, from 2005 through last year, the market value of ag land grew by an average of 14.2 percent annually.

With the cap, the taxable value of ag land would have fallen well below market value. It would have quickly passed the 65 percent mark and dropped to 27 percent of market value by the end of the decade.

Sorensen, the state property tax administrator, said the proposed valuation cap has advantages compared to last year's plan for dropping taxable ag land values to 65 percent of market value. The cap is more gradual, allowing planning time for local governments and annual adjustments instead of a one-time change.

Jay Rempe, senior economist with the Nebraska Farm Bureau, said the analysis highlights the dramatic rise in ag land values during recent years and the resulting shift in property tax burdens.

Agriculture's portion of the total state property tax bill grew from 18 percent in 2005 to 30 percent in 2015, according to the State Department of Revenue.

Rempe said the valuation cap would stabilize ag land values and lead to a rebalancing of the property tax load.

Pete McClymont, executive vice president of the Nebraska Cattlemen, said the group supported the 65 percent plan last year and is backing the valuation cap this year, even though neither offers a long-term solution to property tax woes.

"To have substantial reform is not in the cards this year," he said. "We'd like to see some relief."

That relief might be minimal in the next few years. Both Rempe and McClymont said they expect ag land prices to flatten out, following the past eight years of double-digit increases.

The Nebraska Farmers Union opposed the 65 percent plan last year. The group has not taken a position on the proposed valuation cap.

John Hansen, the group's president, said farmers and ranchers might not get much help on property tax bills from either measure, depending on the location of their land.

Ag land owners near towns and cities could benefit from lower valuations because the tax burden could shift to residential and commercial property owners.

Owners of property in more rural areas, with relatively little residential and commercial property to share the burden, could see little change in their tax bills. Local governments could raise their property tax levies to offset lower ag land values and keep their funding stable.

"They're different pockets on the same set of pants," Hansen said.

However, Larry Dix, executive director of the Nebraska Association of County Officials, said counties and other governmental subdivisions could reach their levy limits if the taxable values of ag land fall enough.

That would put a squeeze on local governments, especially those with no other options for funding.

The state school aid formula could help school districts that reach their levy limits and can show a need for additional funding. Legislative fiscal staff estimate that the cap would require boosting the state aid pool by \$8 million, starting with the 2017-18 school year.

But it would not alter the tax mix that goes into paying for schools. About 60 percent of property tax revenues goes to support K-12 schools, and Nebraska ranks 49th among the states in the percentage of school funding that comes from the state.

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Additional information on the Legislature

More Legislature coverage from The World-Herald

Contact your state senator

Q&A: Nebraska Legislature 101

World-Herald editorial: Worthy need, limited funding

POSTED: THURSDAY, FEBRUARY 4, 2016 1:10 AM

Iowa showed foresight in 2013 when it became the first state in the Mississippi River basin to develop a statewide plan to reduce fertilizer runoff.

The well-designed, science-based initiative offers sensible flexibility and is part of a pledge by a dozen states to reduce the nitrate runoff into the river by 45 percent.

The goal is to reduce phosphorous levels from wastewater plants and industrial sites by 16 percent and nitrogen by 2 percent. Iowa's ag sector aims to reduce its levels of nitrogen by 41 percent and phosphorous by 29 percent.

The need for action has intensified in the wake of a lawsuit that Des Moines' drinking water utility filed against three northwestern Iowa counties over high nitrate levels in the Raccoon River. The suit contends that counties failed to control agricultural runoff as required by federal law. The utility has run into hefty costs for nitrate removal.

Developing the statewide water quality plan was one thing. Finding adequate funding was another. So far, state leaders have struggled.

Gov. Terry Branstad has outlined an ambitious proposal to extend a state sales tax earmark for school construction and divert some revenues to water quality efforts. Schools would be guaranteed the funding they currently receive, plus an additional \$10 million each year. Water quality projects would receive additional revenues beyond that \$10 million.

Initial funding for water-focused efforts would total \$7.4 million in 2017 and rise to \$374.6 million in 2049, according to projections from the Iowa Department of Revenue.

The department estimated funding for school infrastructure to increase from \$468 million in 2017 to \$778 million in 2049.

At this point, the political prospects are uncertain in terms of winning support from lawmakers and school groups. Senate Majority Leader Mike Gronstal, D-Council Bluffs, termed Branstad's proposal "robbing Peter to pay Paul." A spokesperson for the Iowa Association of School Boards said her organization has concerns but is "committed to working with the governor, legislative leaders and other interest groups to craft a proposal that best meets the needs of public schools."

The important thing is for Iowans to give Branstad's proposal a fair hearing and hold a full debate so a responsible decision, pro or con, can be made.

School construction is a priority. So is improved water quality. Can Iowa leaders find a way forward to fund both adequately? The question looms as a central one for the state.

Gov. Ricketts undaunted as tax property plan hits wall of criticism

By Martha Stoddard / World-Herald Bureau | Posted: Friday, February 5, 2016 12:15 am

LINCOLN — Gov. Pete Ricketts told a legislative panel Thursday that he is willing to consider changes in his property tax proposal.

But he insisted that lawmakers need to do something to respond to the Nebraska taxpayers and citizens who are complaining about their property tax burdens.

“It’s important we get something done this year,” Ricketts said. “The people are mad. They’re demanding action.”

Only a few of those angry taxpayers, however, showed up at the State Capitol to speak in support of Ricketts’ proposal.

Instead, Legislative Bill 958 ran into a wall of opposition during a six-hour public hearing before the Revenue Committee.

Cities, counties, school districts, natural resources districts, community colleges and fire districts from across the state turned out to raise concerns about the proposal.

They argued that the measure would remove local control and hamstring local governments by tightening budget and levy limits.

The opponents also included some agricultural groups, who said the bill would not do enough to relieve the property tax burden on farmers and ranchers.

Ned Meier, a Grand Island-area farmer, offered a pessimistic take on the whole effort.

“I know you’re not going to solve it,” he said. “I don’t know how it’s going to be solved.”

Ricketts sounded a more positive note when he launched testimony in support of LB 958, which was introduced on his behalf by State Sen. Mike Gloor of Grand Island.

A companion measure, LB 959, was introduced by Sen. Kate Sullivan of Cedar Rapids, the Education Committee chairwoman.

Ricketts said the bills represent a balanced, incremental and measured approach to property tax relief.



Ricketts - teaser

Nebraska Gov. Pete Ricketts

LB 958 would cap statewide growth of farm- and ranch-land valuations at 3 percent annually. It also would keep a lid on local governments by removing some exceptions to their current spending and levy limits.

Ricketts said the bill represents one step toward his broader goal of reducing taxes in Nebraska. He promised to continue working on tax relief, including property and income tax, each year of his term in office.

Steve Nelson, president of the Nebraska Farm Bureau, while supporting the governor's plan, echoed the need to do more.

He said the goal should be reform of how Nebraska pays for K-12 education, so that no more than 40 percent of the cost comes from property taxes.

Currently, property taxes pay about 57 percent of those education costs. The burden has fallen increasingly on farmers and ranchers as prices for ag land soared in recent years.

"What we have today is not sustainable," Nelson said.

Other supporters included the Nebraska Cattlemen and the Platte Institute for Economic Research, an Omaha-based think tank.

On the other side, John Hansen, president of the Nebraska Farmers Union, also called for the state to put more money into schools to decrease their reliance on property taxes. But he rejected the governor's plan as moving too slowly to address the steep rise in ag land taxes.

Other opponents said the bill would shift taxes to residential and commercial property owners and not necessarily reduce the property tax bills that farmers and ranchers pay.

Owners of property in more rural areas, with relatively little residential and commercial property to share the burden, could see little change in their tax bills. Local governments could raise their property tax levies to offset lower ag land values and keep their funding stable.

Many opponents said the changes proposed in LB 958 would squeeze local governments.

Virgil Harden, a Grand Island school administrator, was among those raising concerns.

He said the cap on ag land valuation would mean a \$100,000 loss of revenue for the Grand Island district. The district could not recoup that money from other taxpayers because it is at the state-imposed levy limit.

Rodney Storm, the city administrator in Blair, said the proposal to tighten spending lids would hamper his city's ability to save money for major projects. As an example, he said, Blair put money aside for three years to pay for the commitments it had made to attract Novozymes to the city.

LB 958 would put capital improvements, funds saved for equipment purchases and expenditures for interlocal agreements under the overall budget limit.

Steve Curtis, Omaha's finance director, raised concerns about the effects on interlocal agreements, under which Omaha and other local government join forces to provide such things as 911 coverage.

Although the bill would allow local governments to exceed spending and levy limits with approval from voters, Curtis said every election costs \$100,000 to \$400,000.

Ryan Purdy, president of Mid-Plains Community College, said the tighter limits would not allow community colleges the flexibility they need when enrollments grow, as they typically do during slow economic times.

Despite the number of opponents to LB 958, Ricketts remained undaunted. He noted that the opponents were mostly local governments that would be affected by the limits, not the taxpayers who have been seeking relief.

The Revenue Committee took no action on the bill Thursday. The governor's second proposal, LB 959, is scheduled to have a hearing Tuesday before the Education Committee.

Contact the writer: 402-473-9583, martha.stoddard@owh.com

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Additional information on the Legislature

More Legislature coverage from The World-Herald

Contact your state senator

Q&A: Nebraska Legislature 101

Omaha-area officials fear fight over water funds may threaten Offutt levee improvements

By Paul Hammel / World-Herald Bureau | Posted: Sunday, February 7, 2016 12:30 am

LINCOLN — Some Omaha-area officials are worried that an urban-rural tussle may jeopardize state funding of levee improvements near Offutt Air Force Base, a project officials see as essential to avoid a major downsizing at the base.

A \$13.7 million grant has been requested from the state’s Water Sustainability Fund, which was created two years ago. The grant would complete the funding for the \$25 million levee improvement.

But Omaha-area officials, in letters and meetings that have reached the Governor’s Office, have expressed concerns that the levee project will be overlooked by the rural-dominated commission that is deciding which projects get the grants.

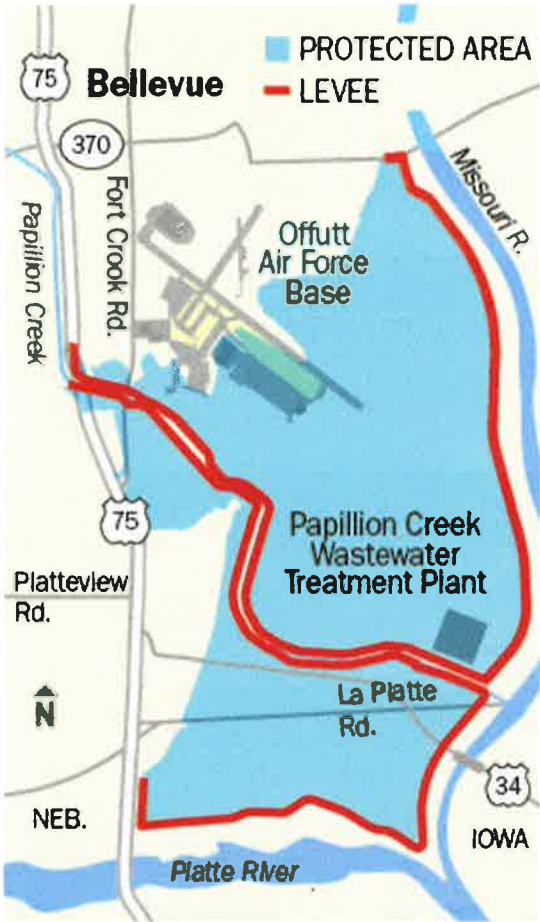
The angst centers on the purpose of the water fund, which was initially envisioned as a way to finance pricey projects that retain stream flows and bolster groundwater for farmers, but was later amended to include Omaha’s sewer-separation project and priority for federally mandated projects, like the Offutt levee.

While some on the 27-member Nebraska Natural Resources Commission dismiss the concerns and say that all projects will be judged impartially, Omaha-area officials have conducted a full-court press of lobbying efforts.

They are emphasizing, in sometimes blunt terms, the importance of the levee project and that the water fund was created with urban support after assurances it could finance projects like the Offutt levee.

“It concerns us that there’s this kind of undertow that we’re not going to fund this project or we shouldn’t fund this project. That’s what’s disconcerting,” said John Winkler, the general manager of the Omaha-based Papio-Missouri River Natural Resources District, which is requesting the funds.

There would be dire consequences if the \$13.7 million grant request for the Offutt levee is denied,



THE WORLD-HERALD

Offutt levee map

Winkler and others said.

Without that funding, the Air Force may drop a proposed \$125 million reconstruction of the base's runway. That could lead to a massive downsizing at the base, one of the metro area's largest employers, with 10,000 military and federal workers.

"Without this levee protection we could run the risk of losing the 55th Wing, Offutt employment, the economic benefits it brings to our state, and the pride of having this base," stated a joint letter from U.S. Reps. Brad Ashford, D-Neb., and Jeff Fortenberry, R-Neb.

Offutt's annual economic impact has been estimated at \$1.3 billion.

The concerns come as the Natural Resources Commission takes the initial steps to score the first applications for funds from the Water Sustainability Fund. Applications totaling about \$51 million have been received for the \$29 million that will be awarded by the commission at its meetings April 19-20 in Kearney.

Of that \$29 million, 10 percent has been set aside for small water projects, of \$250,000 or less, and another 10 percent was earmarked for Omaha's massive sewer-separation project, leaving about \$23 million to award.

The money for the Omaha sewer project as well as a priority for the Offutt levee project were among the compromises adopted to win passage of the new water fund.

But the sewer earmark, coupled with the big request for the Offutt levee, has spawned concerns from some rural interests that a water fund designed to solve water shortages in the countryside is mainly helping the state's largest city. There also are concerns that the bill creating the fund didn't clearly spell out how much priority to give to the levee and other federally mandated projects, and that the Papio-Missouri River NRD was requesting money for things other than the levee.

Urban interests, meanwhile, worry that the scoring system adopted by the commission doesn't adequately give "priority funding status" to federally mandated projects, like increasing the height of the Offutt levee, which was ordered by the Federal Emergency Management Agency.

Former State Sen. Tom Carlson of Holdrege, the sponsor of Legislative Bill 1098 that created the water fund, said that while it would be a "wise use" of state money to support the Offutt levee, that money should come directly from the state's general fund or the cash reserve.

The former senator said a bill should be introduced next year to obtain the \$13.7 million directly from the state rather than through the water fund.

But urban senators, as well as Winkler, said the funding can't wait. The military expects to release its spending priorities on March 1, and Bellevue Sen. Sue Crawford said that the runway project is expected to be high on the list.

Crawford and Omaha Sen. Rick Kolowski said that the feds need to know now that Nebraska is committed to improving the levee.

“They aren’t going to put one inch of concrete down (for a new runway) until they get the levee issue solved,” said Kolowski, who served on the task force that led to creation of the water fund and is a former member of the Papio-Missouri River NRD board.

Waiting until next year to ask for state money would be risky, said the two senators and others. By then a new president’s administration will be in place that might look differently on improving Offutt’s runway.

Kolowski and Crawford said that introducing a separate bill in the Legislature to obtain the \$13.7 million was considered but rejected. The water fund, they said, was set up to benefit projects statewide, the state’s cash and reserve funds are needed for other priorities, and to start seeking money for individual projects defeats the purpose of the fund.

Omaha Sen. Heath Mello, who was instrumental in crafting the bill that created the water fund, said that some of the problems were probably caused by the Papio-Missouri River NRD when it submitted another big request for water sustainability funds.

The other request was for \$9 million to build two flood-control dams on the West Papillion Creek.

In response, Winkler, the NRD manager, wrote a letter Jan. 12 to make it “abundantly clear” that the levee project was the district’s top priority.

But both Mello and Ogallala Sen. Ken Schilz, who heads the Legislature’s Natural Resources Committee, said the NRD ought to take another step and rescind the \$9 million request.

“It’s only in the best interests of Offutt to withdraw that other project,” Mello said. “It’s probably the most important issue facing the state.”

To be sure, there has always been somewhat of a tussle when entities compete for a limited amount of state money. And there has been tension in the past about whether the populous east or rural west gets the bulk of funds for water projects.

But this year’s water fight turned up the heat, with a letter-writing campaign including two congressmen, five state senators, the mayors of Omaha and Bellevue, and local business groups. A meeting was held with Gov. Pete Ricketts, who has been lobbying to retain and expand Offutt’s mission. Two state senators took the rare step of testifying at a rule-making hearing to ensure that the levee project got a fair shake.

Winkler called on the governor to urge the 14 members who are subject to the governor’s appointment on the 27-member Natural Resources Commission to support the levee request. The commission is overwhelmingly rural, with representatives of irrigation interests and NRDs. Only two members are from Omaha: Jim Thompson, a Papio-Missouri River NRD board member, and Joel

Christensen of the Metropolitan Utilities District.

A spokesman for Ricketts said the governor expressed his support for the levee project to a member of the Natural Resources Commission in October. “The Offutt levee project is important to ensure that the base continues to grow,” the governor said.

By mid-March the commission will begin scoring the projects based on criteria such as increasing water supplies, improving water quality, maximizing water resources and reducing property damage.

Kevin Fornoff of Hayes Center, the commission chairman, said he realizes that some concessions to urban interests were necessary to get the water fund established, but that there’s been “a little politicking, a little pleading” over how to dole out the money.

“We’ll see how (the levee project) scores,” Fornoff said. “It should score high enough, I would think.”

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