

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

[LB344]

The Committee on Natural Resources met at 1:30 p.m. on Wednesday, February 4, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB344. Senators present: Ken Schilz, Chairperson; Curt Friesen, Vice Chairperson; Dan Hughes; Jerry Johnson; Rick Kolowski; Brett Lindstrom; John McCollister; and David Schnoor. Senators absent: None.

SENATOR SCHILZ: Good afternoon, everyone, and welcome to the Natural Resources Committee. My name is Ken Schilz, Chair of the Committee; I represent District 47 from Ogallala. We have the rest of the committee here with us today and we'll start introductions on my far left with Senator Kolowski.

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

SENATOR MCCOLLISTER: John McCollister, District 20, honored to serve Omaha, Nebraska.

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

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

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

SENATOR JOHNSON: Jerry Johnson, District 23, Saunders, Butler, and most of Colfax Counties.

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

SENATOR SCHILZ: Great, thank you very much, guys. And also with us today we have Barb Koehlmoos who is the committee clerk and Laurie Lage who is the committee counsel. And we also have two pages with us today. One is Jake Kawamoto from Omaha; he is a sophomore at UNL studying political science. And Matthew Ruiz, he also goes to the University of Nebraska here in Lincoln, studying international business. Today, we have one bill on the agenda, LB344. And we'll get to that in just a minute, a few cleanup things here. If you're planning on testifying, please pick up a green sign-in sheet that's on the table at the back of the room. If you do not wish

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

to testify, but would like your name entered into the official record as being present at the hearing, there's a form on the table you can sign. This will then become part of the official record of the hearing. Please fill out the sign-in sheet before you testify. Please print, and it's important to complete the form in its entirety. When it's your turn to testify, give the sign-in sheet to the committee clerk. And this helps us keep a more accurate public record. If you do not choose to testify, you may submit comments in writing and have them read into the official record. If you have handouts, please make sure you have 12 copies for the pages to hand out. And if you don't, let the pages know and they will...they'll help you out to get those copies. When you come up to testify, please speak clearly into the microphone. Tell us your name; spell your first and last name, even if it's an easy one. Please turn off your cell phones now, pagers, or anything else that would make any noise. Please keep your conversations to a minimum; or if you need to, please take them into the hallway. In the Natural Resources Committee, we don't allow any displays of support or opposition to a bill either vocal or otherwise, so we'd appreciate you giving the respect to the committee and to the testifiers by maintaining decorum. We do use the light system in the Natural Resources Committee. You'll be given a total of five minutes to make your point. The light will start out green for four minutes; it turns yellow for one minute. And then when your five minutes are up, it turns red and we expect you to be finished and finish up with your testimony then. Okay, with that we will turn it over to Senator Kolowski and his opening on LB344. Welcome, Senator Kolowski.

SENATOR KOLOWSKI: (Exhibits 1 and 2) Thank you. Good afternoon, Senator Schilz and members of the Natural Resources Committee. My name is Senator Rick Kolowski, R-i-c-k K-o-l-o-w-s-k-i, and I represent District 31. LB344 gives natural resource districts, NRDs, the power and authority to issue general obligation bonds for the purpose of financing all or part of the cost of nonrevenue-producing water projects authorized by law. Issuance of such bonds shall be approved by two-thirds of the members of the board of directors of the district. And such bonds shall be retired using the district's ad valorem tax revenue and other funds available to the district not pledged for another purpose. Currently, the Papio-Missouri is the only NRD with bonding authority. Without bonding authority, NRDs do not have the capacity to generate the dollars it takes to pay for a project in one year. NRDs are then forced to wait on projects until they have saved up enough money or they end up paying as they go and the project goes through many delays. These delays could take a long time and adds to the total cost of the project, as inflation will make the cost more over time. If the project is for flood control, local residents are at risk of property damage and loss of life until the project is completed. The ability to bond for these projects will help spread the cost out over time and allows the districts to take on the projects with the lowest possible tax rate and eliminates many unnecessary delays that could end up costing NRDs significantly more money and putting local residents at risk. Although not related to this bill, the ability for the Republican River Basin NRDs to use the occupation tax for bonding allow them to move on a project that became available and convert it into an augmentation project for the Republican River Basin for compact compliance. In less than two

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

years, the project will be in operation and will keep Nebraska in compliance. The total project cost is \$120 million. Without bonding, the project would never have been started and Nebraska would be at risk for additional compact compliance issues. I would like to close by saying that this bill is a direct result of one I had last year and ties in significantly to the water sustainability study that we completed last year. The maps you have before you are two state maps with the 23 Nebraska natural resources districts on the smaller one easily identified, as well as the large one with the number of the allocations and listings of projects and things that are on the groundwater quality regulations across Nebraska as you see them. The water sustainability study was extremely important for us, as we all know from what we were able to accomplish last year and will be continuing as the decade goes along for both ground and surface water issues that are before us and our state. The local matching money that could be raised by NRDs, as has been done with the Papio NRD, are very important funds for major ground and surface water projects that will be identified with the state money and those projects would be done in different places around the state. For each of the NRDs, this is a tool, a tool for their tool chest. No one is forced to use it. But it is there when the time would come and when the route would be open to combine with the state money that will be used over this next decade to work on these water issues throughout our state. It is a local control decision all the way to be made by a locally elected board. And with that I'll conclude. And, Mr. Chairman, I will be here as long as I can. We are pulled into another bill shortly in another committee, and if time remains I shall come back. [LB344]

SENATOR SCHILZ: Okay, thank you very much, Senator Kolowski. Any questions? Senator Johnson. [LB344]

SENATOR JOHNSON: I might have to leave too. In case you're not back, I maybe have a couple of questions that... [LB344]

SENATOR KOLOWSKI: Sure. [LB344]

SENATOR JOHNSON: ...maybe you're not the right one to ask. One of them is how your NRD got the authority originally. What process did they go through, that's one question? I'll wait for...do you have an answer on that? [LB344]

SENATOR KOLOWSKI: I will defer to a person behind me. [LB344]

SENATOR JOHNSON: That's fine. [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

SENATOR KOLOWSKI: Mr. Winkler will be coming up with the history on that. He can share all that. [LB344]

SENATOR JOHNSON: Do you have any limit to the amount of bonding you can do based on your taxing authority? Is there a limit of what a...in this...I don't see it in the bill, a limit of how much total bonding capacity you would have? [LB344]

SENATOR KOLOWSKI: Yes, there is, and Mr. Winkler can go into more detail on the dollar amount or cents included on the tax bill. [LB344]

SENATOR JOHNSON: Okay. Thank you. [LB344]

SENATOR KOLOWSKI: Thank you, I appreciate that very much. [LB344]

SENATOR SCHILZ: Thank you, Senator Johnson. Any other questions? Senator McCollister. [LB344]

SENATOR McCOLLISTER: Thank you, Mr. Chairman. You used the justification of emergencies in order to get the bonding authority previously. Is that correct? [LB344]

SENATOR KOLOWSKI: It was part of the discussion. We were assisted, of course, by a bad economic time which slowed down growth in the city as far as additional asphalt, rooftops, roadways, and all the things that would empty into the Papio watershed at a very rapid rate. So we were...it's hard to say there was something good about a recession, but that did slow down growth for quite awhile. [LB344]

SENATOR McCOLLISTER: I see. Do the rest of the NRDs using that same justification for bonding authority? [LB344]

SENATOR KOLOWSKI: No, I wouldn't say it's that situation. The Papio NRD was unique because of the watershed that we live in, the danger and the flooding that has happened in the past and has been kept from happening again by some of the reservoirs that are currently in place from a total number that are still in the planning stages. So there's a different situation. I would tie what we're doing right now back to the water sustainable study that we did...sustainability study from last year, because this assists dollars to a local level in a watershed that would be available for tying into, perhaps, watersheds around you as larger state projects will be worked on with larger dollars. [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

SENATOR McCOLLISTER: The Papio NRD has used the bonding authority then to solve the problem that they felt they had to solve? [LB344]

SENATOR KOLOWSKI: They are working it, yes, there is still more... [LB344]

SENATOR McCOLLISTER: It's not completed it. [LB344]

SENATOR KOLOWSKI: No, sir. The original plans could be elaborated upon by the speakers following me. [LB344]

SENATOR McCOLLISTER: Okay. Thank you very much. [LB344]

SENATOR KOLOWSKI: Thank you. [LB344]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Senator Kolowski, just a couple of things. [LB344]

SENATOR KOLOWSKI: Sure. [LB344]

SENATOR SCHILZ: If I understand it right, the only NRDs that would be able to use the bonding authority under this bill would be those that are not already at their levy limit, correct? [LB344]

SENATOR KOLOWSKI: I believe that's correct, but I...the finance is much better by people behind me who deal with that on a daily basis...managers. [LB344]

SENATOR SCHILZ: I'll wait. Okay. I'll wait. Thanks...thank you. Any other questions? Seeing none, thank you for your opening. [LB344]

SENATOR KOLOWSKI: Thank you. [LB344]

SENATOR SCHILZ: At this point we will take proponents to LB344. Good afternoon. [LB344]

JOHN WINKLER: (Exhibit 3) Good afternoon, Senator Schilz. Members of the committee, my name is John Winkler, J-o-h-n W-i-n-k-l-e-r. I'm the general manager of the Papio-Missouri River Natural Resources District, and I'm here to testify in support of LB344. As Senator

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

Kolowski discussed, currently, the NRDs do have bonding authority for revenue-producing projects such as our rural water systems. In 2009, the Legislature passed LB160 which authorized limited bonding authority for the Papio-Missouri River NRD. These flood control bonds must be funded within the district's existing mill levy limitation of 4.5 cents, and that is in state statute. I think it is important to note, as the committee considers LB344, that the limited bonding authority authorized six years ago for the Papio NRD has been utilized responsibly and without exceeding our statutory levy limit. In fact, the Papio NRD has either lowered or kept its mill levy the same for the past decade. In all fairness, we have received a modest 4 percent average increase in our evaluations over that ten-year period. While at the same time, state aid to the Papio NRD was cut by over \$400,000 per year during that ten-year period. The district's current property tax mill levy is 32 cents per hundred dollars of assessed valuation. Therefore, a property owner with a \$100,000 valuation pays the Papio NRD \$32.75 a year, or \$2.73 a month. And of that \$2.73 a month, 68 cents a month goes to the current debt service. Since 2010, the district has issued \$71.3 million of bonding, and as a result, was able to leverage other funding to complete \$149 million in various flood control and water quality projects in half of the time it would have taken without financing. By decreasing completion times and leveraging historically low interest rates and construction costs, the district was able to save millions of dollars in project costs, and more importantly, was able to get projects built to provide the design protections to our citizens and their property. These projects protect billions of dollars of public and private infrastructure, hundreds of millions of dollars in public property, tens of thousands of citizens, and hundreds of millions of dollars in economic activity. The bonding authority granted under LB160 expires in four years. Unlike LB160, LB344 has statewide applicability to all NRDs and a much broader scope of potential uses. LB344 is good public policy for several reasons. It is well established that funding water projects with bonds, especially at today's low interest rates, is far less expensive for property taxpayers than funding such projects out of annual property tax revenue. That is because the construction costs of a major project will increase multiple times if funded in a piecemeal, pay-as-you-go fashion. It would have taken the Papio NRD over 30 years to save the funds necessary to construct the \$149 million project I mentioned earlier. Projects never get cheaper as time goes on. Our Western Sarpy Clear Creek Project, which I've discussed with this committee in previous testimony, started out roughly at \$11 million. Today to complete it's \$42 million. And this was all as a result of piecemeal funding. Unfortunately, this type of situation plays out across the state on a consistent basis. However, the most important attribute of financing NRD projects is the flood control, water quality and water sustainability benefits that projects get constructed now and put into place for beneficial use for half the time. LB344 does not alter existing levy limits. The 4.5 cents is the maximum that NRDs can levy. It rather gives NRDs another tool to maximize the benefit of each dollar invested. As stated by Senator Watermeier in testimony to this committee, NRD programs and projects are one of the few in the state that have a positive cost/benefit ratio. LB344 is simply enabling legislation which represents an important step in putting another mechanism in place where we'll facilitate implementation of the important work of the Water Funding Task

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

Force. NRDs have publicly-elected boards which are charged with meeting the district's obligation to set forth by the Legislature, mandated by the federal government, the boards are accountable to the electorate for their spending decisions all within the existing levy limits. I urge the committee to advance LB344 and I would be happy to answer all the questions Senator Kolowski handed to me. (Laughter) Thank you. [LB344]

SENATOR SCHILZ: Thank you, Mr. Winkler. Any questions? I guess the question that I have is is that if LB344 goes into effect, then would that supersede LB160 or would that still be what you have to go under as the Papio-Missouri NRD? [LB344]

JOHN WINKLER: I haven't asked the legal opinion of that, but I'm assuming that LB160, since it sunsets in four years, if that, in fact, would have to sunset then the new LB344 goes into effect for the Papio as well. Or if it's passed, then that kind of goes away and this super...I don't know that answer, Senator, but I could find out for you. [LB344]

SENATOR SCHILZ: We'll do some checking too. Thank you. Any...Senator Johnson. [LB344]

SENATOR JOHNSON: Yeah, thank you, Senator Schilz. Go back a little bit, maybe change my question a little bit, the bill talks about revenue bonds and general obligation bonds. Are both of those within your lid then? Or can...is this...any of your bonding authority outside of your lid? [LB344]

JOHN WINKLER: This is all within our lid. [LB344]

SENATOR JOHNSON: All within the lid. [LB344]

JOHN WINKLER: The revenue bonds, typically, are used for, like I said, for rural water projects. [LB344]

SENATOR JOHNSON: Right. [LB344]

JOHN WINKLER: And they have to be paid for with revenue producing, so for example, water sales, as it applies to NRDs. General obligation has to be paid within that lid. So the revenue that gets paid...those revenue bonds is a totally different funding stream. So again, that would impact our 4.5 cents. [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

SENATOR JOHNSON: Yeah. But both the...the revenue bonds and the general obligation bonds then come out of your 4.5 cents. [LB344]

JOHN WINKLER: Well, the revenue bonds are from a water sales funding stream. So our property tax revenue does not figure into paying revenue bonds. [LB344]

SENATOR JOHNSON: So those are outside your... [LB344]

JOHN WINKLER: Yes, yes. [LB344]

SENATOR JOHNSON: Okay. Okay. [LB344]

JOHN WINKLER: Those have to be paid by a commodity sale. [LB344]

SENATOR JOHNSON: Right, so that's outside the lid. [LB344]

JOHN WINKLER: Yes. [LB344]

SENATOR JOHNSON: Clarified that then, so you're taking on a longer-term obligation with bonding most likely, but that stays in...so that's your ongoing...takes out of your lid, affects other projects down the road. [LB344]

JOHN WINKLER: Exactly. And you know bonds typically are 30 years. Our board has been a little more conservative and we've only gone with 20 years...20-year bonds. So they've tried to keep that time frame as compact as possible. But you're right, whatever comes out of that 4.5 cents, whatever we've bonded, that comes out of that and... [LB344]

SENATOR JOHNSON: Those payments come out... [LB344]

JOHN WINKLER: Those payments come out of that total. So we can't ever exceed that 4.5 cents. And the intent of this legislation is that as well; never go above that. [LB344]

SENATOR JOHNSON: So do you have other projects that are hampered because of your obligation of the...has that come up in your board? [LB344]



Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

JOHN WINKLER: I think the thing that hampers our ability to complete projects is our 4.5 cents total. [LB344]

SENATOR JOHNSON: It might be 3 cents or 3.75 if you've got bonding obligations that go out 20 years. [LB344]

JOHN WINKLER: Right. The benefit with the bonding, obviously, is you can fund capital-intensive projects in a shorter time frame. [LB344]

SENATOR JOHNSON: Yeah. [LB344]

JOHN WINKLER: And again, we found...our experience has been, and not just ours, is that, you know, the larger the project...you know, we used to try to save \$5 million a year to go toward projects. We used to take that 1 cent we have for bonding and we used to try to put it into a savings account. And we found that, you know, \$5 million a year, and if you have a \$50 million project, it's going to take you a decade just to save. What we found out too that if you get at the end of that savings period, that project isn't \$50 million anymore, it's \$75 million or \$100 million. So that was the intent behind the bond was to get those projects in place. The bigger piece of that is while we're waiting ten years to save the money, that particular protection that that project was intended to address isn't built. And so you still have the risk out there to either property or infrastructure or people. So that was the intent behind getting that authority. It's similar to what you discuss in roads or any type of infrastructure. [LB344]

SENATOR JOHNSON: Yeah. Okay, thank you. [LB344]

SENATOR SCHILZ: Thank you, Senator Johnson. Any other questions? Senator McCollister. [LB344]

SENATOR MCCOLLISTER: Yeah, thank you, Mr. Chairman. The bonding authority that you received in 2009 was to cover a project that was pretty important and a dangerous situation, wouldn't you say? [LB344]

JOHN WINKLER: It was to cover several projects. We were able to fund...in fact, I have a list in here for you that what we were able to fund, but Western Sarpy Clear Creek was one of those that we discussed about the levee along the Platte River that protects Omaha and Lincoln's well field and those were part of that, as well as a couple of reservoirs in the Omaha area. Another project that received funding was Waterloo's levee. And that community was faced with a FEMA mandate, similar to what we're experiencing on the Missouri River, that if they didn't bring their

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

levee into compliance with FEMA standards, their community was going to be placed in the 100-year flood plain. And they didn't have the funds themselves to bring that levee into compliance. So the district was able to bond and help them with that project and completed it and now they are FEMA accredited and so those folks in that community are not at risk and they don't have to spend millions of dollars, additional, on flood insurance as a community. So those were the types of projects that we were able to fund with having that bonding authority. [LB344]

SENATOR McCOLLISTER: Do you have projects lined up now that are of similar importance? [LB344]

JOHN WINKLER: We have...you know, we have a partnership plan that we are involved in a partnership between several communities in the Omaha metro area: Omaha, Papillion, La Vista, Bellevue, and Sarpy County, and we are...we have a plan to...there's additional reservoirs that need to be built, additional water quality basins that need to be built. We're looking at projecting out now without additional bonding authority and without additional revenue that you're...you know, we're looking at 2050 before we complete those projects. And that's assuming that you can do them in today's dollars, which we know that's not possible. So we have a plan, but, you know, we've got...I think there's \$239 million...\$240 million left of projects to complete. And when you're at 4.5...we at 32...you're bringing in \$17 million...\$18 million a year in property taxes, it takes a long time to get there. [LB344]

SENATOR McCOLLISTER: John, were you the manager in 2009 when you brought this up? [LB344]

JOHN WINKLER: Yes. Yes. [LB344]

SENATOR McCOLLISTER: Did you characterize the need then as a one-time thing? [LB344]

JOHN WINKLER: No, I don't think so. [LB344]

SENATOR McCOLLISTER: And that's why it got a limited duration. [LB344]

JOHN WINKLER: Well, I think it got a limited duration because of just the negotiations that occurred due to get it passed. There were a lot of restrictions that were placed in the original bill that was drafted because of concerns raised by opponents. For example, reservoir size, we can't construct a reservoir over 400 surface acres using bond funds. We gave counties the ability to veto projects that are within their exclusive zoning jurisdiction. There was various other restrictions...staying with the existing 4.5 cent. Another compromise was to limit our ability for 1

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

cent, and then if we wanted to get an additional cent, we went to a vote of the people. So all those things were...and Laurie was here, I know, and she always shakes her head, but all those things were worked into the original bill as it was introduced. And it changed significantly over the time that we presented it to the Natural Resources Committee and the time that it got signed by the Governor. There was a lot of different aspects that were added to it. [LB344]

SENATOR McCOLLISTER: Is there a metric this committee could use to show whether a project is of clear and present danger to the severity of the need? [LB344]

JOHN WINKLER: Well, it depends on...I mean, we can show you...you know, you can show studies and...clear and present danger, I guess, is a matter of...and our board struggles with this too, is what level of risk are you willing to accept? And we know by experience...empirical experience that we've...since this bill was introduced...or the LB160 was introduced, we've experienced the flood control system in the Omaha metro area is getting taxed. And it was designed back in the '60s and '70s, the majority of it was mostly constructed then and the area has exponentially grown since then. It's probably tripled in size, the Omaha metro area. So that has put a strain on the system to the point where we're seeing, you know, levees over top that have never been topped in 40 years. And we're seeing various high-frequency events that we see, you know, reservoirs raised four to five feet in a 24-hour period that are in place holding back that water. So the issue of is it an emergency? I guess it depends on your level of risk. We would say that there's a high level of probability that we will get that hundred-year storm. And we've done models; we've done studies that show if we do get that storm, how's the system react? And it fails miserably. And there's...and I'll provide the study to you; it's probably on our Web site called the Ames Study. We actually took a storm event that occurred in Ames, Iowa, in 2010 and put it over our metro area and see how a small part of our system reacted. And it failed, and there were hundreds of millions of dollars, lost economic activity, displaced persons, by using current computer models, hazmat-type of scenarios from FEMA. And so we know it's not designed and it's not constructed to a current hydrological condition in the Omaha metro area. So would I say that there's high flood risk? Yes. Now is an emergency...an immediate emergency today? Well, depends on how much rain we get this spring and summer. And we'll find out. [LB344]

SENATOR McCOLLISTER: Thank you, John. Thank you, Mr. Chairman. [LB344]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Senator Friesen. [LB344]

SENATOR FRIESEN: Thank you, Chairman Schilz. When I look at how many dollars...what is your current debt level on these bonds? [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

JOHN WINKLER: \$71 million. [LB344]

SENATOR FRIESEN: Seventy-one? [LB344]

JOHN WINKLER: Well, I...and if that's even the current...that might not be the current balance. [LB344]

SENATOR FRIESEN: With your other projects, I mean, how close to your debt lid...or your spending lid would you be willing to go when you're leveraging funds; what kind of cushion do you leave yourself? [LB344]

JOHN WINKLER: Well, we're at .032 and we have the ability to .045. So the board has done, you know, fairly good job of keeping a cushion there. So we're not...anyway, we never wanted to get to the point where we're completely...our backs were against the wall and we had no room to raise additional revenue. And so they've been very thoughtful about not doing...not bonding to our very maximum, which we have probably an additional...in today's dollars, \$8 million to \$10 million probably, to bond if we wanted to under that 1 cent. But they didn't want to go up to their very top of their tax levy either and to have that type of cushion available. And that, again, is to several reason. One is in case you do get a catastrophic event, you want to have...to be able to leverage funds to respond to that. In addition, we didn't know where the \$25 million was going to come from to meet the FEMA federal mandate on the Missouri River levees that protect Offutt. Now we're starting to get an idea, maybe, there's some assistance there from the federal government and maybe the state as well. So they wanted...they always had that in the back of their mind, we may need to...we may need to get some money quickly to address a certain situation. So they always leave themselves some cushion. Now we've got additional penny and more of levy...of property tax levy that the board could approve this next budget cycle if they so desire without bonding. So that's kind of the situation they're in now. [LB344]

SENATOR FRIESEN: So now many dollars do you see bonding...under this new authority? I mean, you already have the authority to do some more... [LB344]

JOHN WINKLER: Right. Right. [LB344]

SENATOR FRIESEN: ...in the next four years, I take it, if you would start those projects that would fall under your current statutes. [LB344]

JOHN WINKLER: Right. Right. And I don't know as far as I can't speak for the other districts, but I know this is one of the main impetuses behind this is statewide. And it's not just now, it's

Natural Resources Committee  
March 06, 2015

---

not just flood control and water quality, although those are important components. But now we're talking about water sustainability projects and we're talking about groundwater augmentation and all those type of things that this opens it up to. I can't say off the top of my...what we would bond right now for. We've got \$200-and-some-million of projects waiting in the queue to fund. And so it would be a matter of prioritizing and seeing which ones we wanted to do first. But it would definitely give the board the option, it would give us the ability to respond to events and to attempt to take advantage of our current economic situation. You know, interest rates are still historically low. Construction costs--we're saving, you know, \$5 million...\$6 million in construction costs in a lot of these projects just because the economy was as such. You know, we're seeing that change; we're seeing maybe interest rates are going to creep up and we see contractors are getting busier, land is getting more expensive. Another issue we have in the Omaha metro area is development is starting to pick up where, you know, for the last six, seven years it was really depressed. Now we're seeing these projects are getting put under development pressure. We're seeing development by the sites that we need to build the reservoir or a water quality basin and they're saying--what are you guys going to do? Are you going to move on this? Are you going to build this or not? And we've got fairly good relationships with our...zoning authorities are trying to reserve those spots saying, hey, we know we have a reservoir that's going to go here and try to work within that development community. But they're starting to say--you know, we've got...you're negatively impacting us; you're negatively impacting the economies of our development and so you need to move. So we're starting to see that kind of pressure. Where we had that little bit of a lull when LB160 was passed, we didn't really have that kind of pressure, but now we're starting to experience it. [LB344]

SENATOR FRIESEN: So would you say that the city is not recognizing the danger involved there and restricting their zoning and they're going to let building happen in those areas? [LB344]

JOHN WINKLER: No, they've done a very good job of holding on to those...holding those sites and saying these are zoned or these are going to be reserved for flood control. They understand the danger there and they understand...and so they've been very good about that. It's a matter of when, in fact, you reach the time where a development is going to occur and they hold the space available and then all of a sudden it becomes...almost kind of a reverse condemnation, where you've tied them up for decades with their property because you haven't been able to buy it from them, and you've been limiting what they could do with it. Then when does all of a sudden that balancing point tip and then all of a sudden you cause that type of situation. That's what we struggle with. [LB344]

SENATOR FRIESEN: Okay. So if this bonding authority was restricted to only those NRDs that are doing a joint project with the Water Resources Fund would that cause any problems for anybody? [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

JOHN WINKLER: I can only speak for the Papio, and Senator Kolowski, obviously, would have a stake in that, in what the other NRDs think. But that would be something,...obviously, I think with a situation like this, with an issue like this, you have to be open to give and take, and you have to be open to ideas of how to make it work. So I would not discount it. [LB344]

SENATOR FRIESEN: Thank you. [LB344]

SENATOR SCHILZ: Thank you, Senator Friesen. Any other questions? Seeing none, thank you for your testimony. [LB344]

JOHN WINKLER: Thank you. [LB344]

SENATOR SCHILZ: Next proponent. Good afternoon. [LB344]

JOHN MIYOSHI: (Exhibit 4) Good afternoon. Senator Schilz and members of the Natural Resources Committee, my name is John Miyoshi, J-o-h-n M-i-y-o-s-h-i, general manager of the Lower Platte North NRD located in Wahoo. And today I'm giving testimony on behalf of my NRD and the Nebraska Association of Resources Districts in support of LB344. LB344 is permissive language that allows NRDs to issue obligation bonds just as other political subdivisions of the state are allowed to do. The role of the NRDs is changing and we are looked upon to sponsor larger programs and projects that may exceed our annual taxing authority. We recently completed the Sand Creek Environmental Restoration Project. Lower Platte North was the lead agency for this \$43 million project with our portion totaling about \$6.5 million, yet our NRD was required to up front a large portion of the costs. Without bonding authority, we were very fortunate to be able to work with our local banks with seven of them pooling funds to loan the NRD \$12.3 million so we could make the project financially work. At the time of this loan, our property tax income totaled \$3.5 million per year. This is an example of where bonding authority would have been used by our NRD. This spring we will complete the \$7 million Schuyler levee project. This is also a U.S. Army Corps of Engineers project who are paying 65 percent with Schuyler and the NRD responsible for the remaining 35 percent. We were fortunate on this project that Schuyler was able to bond the local portion of the project as the NRD does not have the authority to do so. Both of these projects brought 65 percent of the needed funds from federal sources. We did not have the opportunity to save funds ahead of time, as we needed to take advantage when the outside funding was available. Bonding authority would give us another tool to be able to continue to leverage our local dollars when the timing is right. We greatly appreciate Senator Kolowski sponsoring this bill and urge you to support LB344 by advancing it out of committee. This could be another tool the NRD would have available, just as our fellow political subdivisions currently have. [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

SENATOR SCHILZ: Thank you, Mr. Miyoshi. Any questions? Any questions? Do you know...do you have any information out there as to how many NRDs are at their levy limit now? Is there any information out there? [LB344]

JOHN MIYOSHI: There are not very many...there's a couple of us that have been close to that limit. For two years, our NRD was at the maximum limit. This past year, at the end of this fiscal year, we should have that \$12.3 million down to \$1.4 million. So our board did back off and lower our levy to about 4 cents. [LB344]

SENATOR SCHILZ: And then if this goes into place and you're able to use this, would it further reduce your levy...I mean, do you think that that is possible to further reduce your levy because not having payments after payment after payment out there, spreading them out a little bit more? It's a tough question, yeah. [LB344]

JOHN MIYOSHI: I guess I can't speculate what our board would do, but I would think we would try to keep close to the 4 cents and still have that half a cent in reserve any time we owe an obligation to try to get that paid down. [LB344]

SENATOR SCHILZ: And then Senator Friesen had asked a question about limiting when an NRD could use that bonding authority. Is that something that makes sense to you? [LB344]

JOHN MIYOSHI: There's two opportunities. One is the new Water Sustainability Fund; the second one is when Corps of Engineer dollars are available. We were shocked when all of a sudden the Corps came up with a large amount of money and they give you 240 days to make the decision--are you going to take advantage and be able to match that money locally. So we have about eight months lead time when that money has to be in place for the Corps to come in. And if they suddenly have \$6 million, you need to come up with \$3 million locally to match that. That's a stretch for our NRD. [LB344]

SENATOR SCHILZ: Sure. Thank you, Mr. Miyoshi. Any other questions? Seeing none, thank you for your testimony, appreciate it. Next proponent. Good afternoon. [LB344]

JOHN HANSEN: Good afternoon, Mr. Chairman, members of the committee. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n, and I'm the president of the Nebraska Farmers Union. As a former, somewhat longtime suffering chair of an NRD, of budget and legislative committee, the need to be able to try to do things in a cost-effective way is always a struggle when you look at taking on a bigger bite. So when you look at flood control projects, and now we're going to be doing, as we look into the future, more and more sustainability,

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

groundwater augmentation kinds of projects, in my view, as we look at the likely dealing with some weather changes that are going to cause us to need to do a much better job of being able to keep and use the water that we get in a more effective way, this tool looks like to me to be a responsible way to do things more cost effectively. The fact that you have two-thirds of the board voting to do this is a check and balance. Our boards are representative of our voters, they're diverse. There's lots of different opinions. And if you've ever been the chair of a budget committee, you appreciate just how diverse they are. And so as I look at this primarily for the needs of the mostly rural NRDs, this seems to me, as we look into the future, to be a good fiscal tool and also a tool that I think that we're going to likely need as we go into the future. And especially as we look at groundwater recharge and augmentation projects. So with that, I would close my testimony and answer any questions if I could. [LB344]

SENATOR SCHILZ: Thank you, Mr. Hansen. Any questions? Seeing none, thank you for your testimony, appreciate it. [LB344]

JOHN HANSEN: Thank you very much. [LB344]

SENATOR SCHILZ: (Exhibits 5 and 6) Next proponent. Proponents. Seeing none, we have a couple of letters here: one from John Berge from North Platte Natural Resources District and one from David Black, the mayor of the city of Papillion. We move now to opponents. Good afternoon. [LB344]

DOUG KAGAN: (Exhibit 7) Good afternoon, Senators. My name is Doug Kagan, that's D-o-u-g K-a-g-a-n, representing Nebraska Taxpayers for Freedom. Our group strongly opposes LB344 for several reasons. We believe that the Papio-Missouri River NRD has ignored options to cope with current and future stormwater management. We advocate better options than bond financing a series of dams that offer private developers of lakeside residential and commercial property more benefit than those protected from flooding and serious erosion. No bond funds are needed to implement more effective and less costly low-impact alternative development measures like wetlands, small retention ponds, levee and channel modifications and enlargements, enhanced conservation measures like contouring, and multiple dry dam detention structures. Dry dams are a more economical alternative and offer better water quality, one of the main NRD objectives. Our previous NRD boards declined to ask HDR, a company that has conducted other watershed studies, to prepare an analysis that compares cost-benefit ratios between construction of large dams and low-impact developments. This bonding authority our NRD board would use only to transfer wealth from property taxpayers to large developers who would earn enormous profits by developing expensive commercial and residential property around dammed lakes. Our NRD would commit to funding and building a dam to stem stormwater runoff from urban sprawl, yet its plan does not require developers to construct wetlands or silt impoundments that reduce



Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

runoff. Charge those who create excess water runoff to pay the cost and implement means to control it, not all area taxpayers through bonds. This bill would offer our NRD a blank check to issue millions in bonds without a specific, concrete plan of action along the entire flood plain, individual costs for each project, or a definitive time line. This bill asks taxpayers to write a check that permits our NRD to use this money without telling taxpayers its precise use. I never write a check that leaves the amount spaces blank. Because this grandiose scheme to build dams exceeds the NRD financial abilities, our NRD board continues to ask the Natural Resources Committee for authority to issue general obligation bonds. This bonding authority would provide the means needed to build all the desired dam sites in the district. Passing this bill would present a large tax increase for NRD property owners paying off both principal and interest. If the NRD board implements its entire plan for 29 dams, spending \$375 million taxpayer cost with interest would total over \$589.8 million. Debt retiring takes many years, so this expensive proposal will burden future generations of property owners. A memorandum from our NRD general manager stated that Douglas and Washington Counties are not obligated to approve or disapprove projects for such bond issues, as such projects do not locate within either of the county's exclusive zoning jurisdictions. His statement apparently contradicts LB160 passed by this Legislature in 2009. Our NRD board, we believe, intentionally designs dam sites to straddle counties. LB160, years ago, allowed county boards to block bond projects within their exclusive county jurisdictions. Therefore, Douglas and Washington County boards, which oppose dams, now could not legally disapprove these projects funded by bond issues. We believe that the board intentionally circumvented the intent and spirit of LB160. It has proved itself devious with both state senators and taxpayers. Federal EPA mandates require that local governments improve the quality and reduce the future quantity of water flowing through a watershed. However, no EPA requirement mandates dam building; no mention of creating recreational areas or swank lakeside residential communities. Moreover, each existing Papiro NRD dam lake is on the EPA impaired list, polluted and/or silted. The NRD needlessly frightens citizens by frequently referring to a possible 500-year or even 100-year flood that would inundate the entire watershed. Actually, there exists only a 1 percent chance of a flood of such magnitude each year, and if occurring, probably would not pass over the entire watershed, thus placing only some properties at risk. Therefore we ask committee members to vote no on LB344. Thank you. [LB344]

SENATOR SCHILZ: Thank you, sir. Any questions? Seeing none, thank you for your testimony. Further opposition. Good afternoon. [LB344]

SCOTT JAPP: (Exhibit 8) Good afternoon. My name is Scott Japp, S-c-o-t-t J-a-p-p. I am currently a Papiro NRD board member, but I'm not here representing them today. As we all know, necessity is the mother of invention and money is the drug to government. Before LB160 was passed, what was in front of the current NRD board, before I got on the board, was a study on the flood protection for Omaha. Two scenarios was provided to them. One scenari...each scenario provides the exact same amount of flood protection. Scenario one for \$25 million, you

Natural Resources Committee  
March 06, 2015

---

build a levee that provides a hundred-year flood protection. We required no additional land and no threat of eminent domain. Scenario three, which is the other scenario which is what the Papio NRD chose to do. A \$120 million project that requires six dams, doesn't provide the flood protection, unless you go in and rebuild the levees. Where is the accountability to the taxpayers of this state that a board can justify spending \$95 million or more to provide the same amount of flood protection? We need state statutes to watch the consumer, a.k.a--taxpayer. Another scenario: the city of Blair, which is in the Papio NRD, has come to the Papio NRD twice on two major flood projects. One was the OPPD power plant which is a major contribution, billions of dollars of assets to the economy of the state of Nebraska. And another one was a levee around the water and waste treatment plant for Blair. In this case, it is the...the Missouri River is the only source of water for that municipality. The NRD has voted each time not to support or help finance those plans. But the city of Blair has to do it on their own. And again, necessity is the mother of invention. In this case, the city of Blair did a study that...and again, the study was well done, that building dams for their flood protection has a great cost and due to the amount of inner structure that has to be relocated. However, by building a dry dam, excavating the dirt out the dry dam and selling that topsoil out of that dry dam would greatly reduce the cost that could make this cost feasible. I, being in the construction business, know the value of dirt and also in agriculture know the value of topsoil. In the Omaha area, topsoil sells, as laying in the ground, you can get approximately \$8 a cubic foot for topsoil, and you can get a dollar a cubic foot for fill dirt. In these dam projects that the Papio NRD is building and proposing, one example, I gave the Papio NRD an offer which they turned down twice for \$10 million because I, in the construction business, have a use for that dirt. The cost of building Dam Site 15, where I gave them that proposal, was \$10 million. We could have built that dam at no cost to the taxpayer. In addition to another revenue source, Newport Landing west of Blair...west of Bennington, that dam, according to the documents by the Department of Natural Resources, was built exclusively for the storage of that developer, in this case Horgan Development. Why aren't we collecting storage fees as reclamation districts do to irrigation districts for another source of revenue? Thank you very much. [LB344]

SENATOR SCHILZ: Thank you, Mr. Japp. Any questions? Seeing none, thank you for your testimony. Further opposition. [LB344]

MICK MINES: Senator Schilz, members of the committee, my name is Mick Mines, M-i-c-k M-i-n-e-s. I'm a registered lobbyist today appearing for the Papio Valley Preservation Association. And I'm going to echo some of the things that Mr. Kagan had said, and I'll do it in one sentence...LB344 is a tax increase, it's a property tax increase. Now it's coming from different sources, but it's a property tax increase period. We hope that LB344 is intended for discussion purposes only. And we're going to urge you to IPP the bill. But it's far from being a bill that I believe should go to the floor. As written, this bonding authority has no safeguards or oversight by the public. Obviously, that they pay for those bonds. Any legislation that would afford any

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

local government body with unfettered ability to obligate new property tax dollars without limitation, and for reasons very broadly defined, is bad legislation. The work...as we all know, the natural resource districts fly under the radar as far as the media is concerned. Very few people attend the meetings. And not that the NRD board members aren't well-intentioned, but there are many instances where...you just heard one, where the public good wasn't necessarily served at the least expensive or most efficient way possible. Let me just say that the...LB344, there were several questions that were asked. Senator Johnson, I think, you asked about the...would the levy remain within the maximum levy limit of 4.5 cents? It does for the LB60 (sic) that was passed in 2009, that was one of the provisions that this group, Papio Valley Preservation Association, negotiated hard for, is we need to keep the tax increase within the levy limit. LB344 doesn't contain that provision. In fact, the provisions left out of LB344 would gut LB360 (sic) by 2019; that's the ten-year sunset from the implementation of that bill. It doesn't include the sunset, for instance, of when...of how long they can be bonded. I think, Senator, did you ask about the amount of bonding? The amount of bonding...I probably have it wrong, Senator, but the amount of bonding is unlimited. They could bond...they...an NRD could bond at whatever level they want. There's no restrictions in LB344. Water quality basins--right now they can't exceed 400 acres under the old LB160, that would be gutted. Override authority by a county is written into LB160. And the word "exclusive" was used. And I think you heard from Mr. Kagan that the authority lies only if the project lies wholly in a county, not within any other city or county. So it's very narrowly written. LB344 doesn't even have that provision. LB344 is a talking point right now. I'm afraid the taxpayers, once they understood what might or might not be in it, would be problematic. The NRD in 2009, Papio NRD, crafted and helped pass that LB160. And again, we strongly opposed. And by the way, there's no...it carried also a 1 cent levy limit without a vote of the people. Cities and counties have a vote of the people when you issue a general obligation bond. LB344 doesn't have that provision. So in summary, we believe that LB344 is a tax increase with no limits, no restrictions, and no oversight by the public and we'd urge you to IPP the bill. Thank you. [LB344]

SENATOR SCHILZ: Thank you, Mr. Mines. Any questions? Senator Johnson. [LB344]

SENATOR JOHNSON: Thank you, Chairman Schilz. Going back to an earlier question that I asked, I got the impression that the general obligation bond...the payments on that would be within the 4.5 cent lid, and you're saying it's not there now. Is that because general obligation bonds in other subdivisions are not subject to lid? [LB344]

MICK MINES: That is correct. But this bill doesn't address the general obligation bond and their levy authority. So it's...without mentioning the levy authority, the cap on property tax--the 4.5 cents, this has nothing to do with the cap and is completely outside that levy limit. As it is today, they're restricted to funding within that levy limit. They meaning Papio-Missouri. [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

SENATOR JOHNSON: Thank you. [LB344]

SENATOR SCHILZ: Thank you, Senator Johnson. Senator McCollister. [LB344]

SENATOR McCOLLISTER: Yeah, welcome, Mick. [LB344]

MICK MINES: Thank you. [LB344]

SENATOR McCOLLISTER: Mr. Chairman. What can you tell me about the membership, the association you represent. Are you free to disclose who the members are? [LB344]

MICK MINES: Yeah, I am. It's a not-for-profit organization with at least 400 members, mostly rural members, farmers, people that are...that were...that are in the area of proposed dams that would take their property. One time...and it's still on the books, there's a dam located that would eliminate the village of Washington and take part of Kennard. So these people are...are...and this has been...they've been fighting this battle since the early '70s. They are committed. They are...we have monthly meetings; they have an annual meeting attended by 200 people. It's important, and they don't want their land taken through eminent domain for what we view as recreational purposes. And I think we need to understand that the Papio NRD is...they're in a position where the city of...people who live in the municipality, they like recreation, they like trails, they like boating and fishing and those kind of things. But when it takes rural members out of that equation and it takes their property, they have a problem. That's who our association is. [LB344]

SENATOR McCOLLISTER: Are there any governmental units in the association? [LB344]

MICK MINES: No. [LB344]

SENATOR McCOLLISTER: Okay. Thanks, Mick. [LB344]

MICK MINES: Thank you. [LB344]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you for your testimony. [LB344]

MICK MINES: Thank you. [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

SENATOR SCHILZ: Further opposition. Good afternoon. [LB344]

SHAWN MELOTZ: (Exhibit 9) Good afternoon. Shawn Melotz, S-h-a-w-n M-e-l-o-t-z. Good afternoon, Chairman Schilz and the members of the Natural Resources Committee. My name is Shawn Melotz. I'm testifying on behalf of the Papio Valley Preservation Association. We're a grassroots organization with over 500 members that's purely funded by membership dues. And we appreciate our group's support. On behalf of the PVPA, I wish to express our group's opposition to LB344. Our rationale for opposing this bill is quite simple--granting natural resource districts the ability to author...the authority to issue general obligation bonds leads to unlimited spending using an open checkbook. This open credit minimizes the vital checks and balances, as NRD boards will no longer be obligated to consider less costly alternatives for projects. At the same time, government debt through bonding substantially increases property taxes on future generations. To understand the hazards of LB344, I'm asking this committee to compare it to LB160, a bill presented to this committee and subsequently signed into law May, 2009. LB160 granted NRDs encompassing a city of the metropolitan class general obligation bonding authority. Currently, it's exclusive to the Papio NRD. Although this legislative body attempted to place controls on the use of bonding, the Papio NRD has been able to work around these protective measures and have increased property taxes in my district. Using my 30-plus years of experience as a certified public accountant, I will share the financial pitfalls when government entities utilize bonding. And I will add, the numbers speak for themselves. In my handout on page 3 is a chart. This chart I've labeled Exhibit A. And I have benchmarked my remarks beginning in 2009, the date the Papio NRD received bonding authority. And since being granted this authority, the Papio NRD has increased their cash balances by \$30.5 million. It is currently on their budget at \$42.5 million. They've increased their annual property tax requirements by \$1.4 million. And a number that's not on the chart, more than doubled their annual budget by \$44 million. It is currently \$83.5 million. Keep in mind that the Papio NRD's tax base is \$55 billion. I am not certain of this number, but I believe it's the largest taxing base in the state, exclusive of the state itself. Exhibit B in the handout analyzes the use of bonds by this Papio NRD. Currently, they have issued \$71.5 million in bonds. The annual bond payments on these such bonds have...are currently \$4.2 million in a fiscal year. That's almost a fourth of the property taxes collected in this district that's used to pay principle and interest on these bonds. By 2034, when the last of the bonds are paid for, the current bonds, there will be approximately \$109 million spent by taxpayers in our district, including myself, to service these bonds. So another 30 percent on top of the bonds...or 50 percent on top of the bonds is needed to pay the interest. Next I refer to the next exhibits. While the Papio NRD claims on their Web site, and I heard it today, that property taxes remain the same for the ninth consecutive year. I reject that statement. The NRD has property tax collections have increased period. They have only maintained their mill levy. The chart, to some extent, speaks for itself why they're capable of doing this. And this is based on the Nebraska Department of Revenue reports. Since 2009, I have listed the three counties, the three major tax counties in the Papio NRD. They currently serve six

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

counties; these three counties pay in 95 percent of the property taxes. Since 2009, property taxes increased 4.5 percent in Douglas County, 9.25 percent in Sarpy County, and 24.5 percent in Washington County, which is primarily ag land and farmers. One of the primary purposes of this year's legislative body is to reign in property taxes. Based on the financial information outlined in my testimony, it is evident that bonding increases property taxes. Thus, LB344 is a direct conflict of this objective given that the financial effect of bonding increases property taxes period. With that, on behalf of the PVPA, we are respectfully requesting this committee to say no to property tax increases by not advancing LB344. Thank you. [LB344]

SENATOR SCHILZ: Thank you, Miss Melotz. Any questions? Seeing none, thank you for your testimony, appreciate it. Further opposition. [LB344]

TYLER MOHR: Hello. My name is Tyler Mohr, T-y-l-e-r M-o-h-r, and I want to thank you for the opportunity to testify today on behalf of my family and other families like ours in opposition to LB344. As farmers in Douglas and Washington Counties, we believe that stewardship is part of ownership. In the past, we have been one of the biggest supporters of the Papio-Missouri River Natural Resource District, working with them on several conservation projects. That is why we were shocked when we were told by the NRD that their main priority was to build dams for developers. In fact, the relationship between the Papio NRD and what they refer to as their development partners goes much deeper than that. In 2009, the NRD renewed a written agreement with the Papillion Creek Watershed Partnership, a partnership that is controlled by an executive committee that consists of real estate developers and their attorneys. The agreement states: The NRD serves at the pleasure of the executive committee and performs duties assigned by the executive committee. Those duties included seeking legislation; the first being LB160 granting bonding authority to the Papio NRD. The result being the current debt of over \$70 million worth of bonds. In signing the partnership agreement, the NRD board has agreed to represent the will of their development partners rather than that of their constituents. An NRD project near Bennington resulted in a bankruptcy of \$15 million worth of bonds, SID bonds. It was structured as such that their development partner was able to keep all the open lots free and clear, lots that were worth well in excess of the \$15 million, leaving the SID and the bondholders holding the bag. Not to mention those who provided goods and services for the project. My fear is that the history will repeat itself and this time the bondholders and the taxpayers will be the ones holding the bag. Having seen the Papio NRD use their governmental authority to force tax dollars and real estate into the hands of their development partners, I believe that granting bonding authority to an agency with the power of eminent domain and a lack of oversight could be an invitation to corruption. We would welcome an NRD that is honest and ethical. Take into consideration the negative effects this bill could have, not only giving the Papio NRD the opportunity to create more debt, but allowing other NRDs to go down this same road. I would respectfully ask you to stop LB344 in committee. Thank you. [LB344]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Natural Resources Committee  
March 06, 2015

---

SENATOR SCHILZ: Thank you, sir. Any questions? Seeing none, thank you very much for your testimony. [LB344]

TYLER MOHR: Thank you. [LB344]

SENATOR SCHILZ: (Exhibits 10 and 11) Further opposition. Any opposition? We have a letter here from Duane Hovorka from the Nebraska...somewhere here I've got it, yeah, Duane Hovorka from the Nebraska Wildlife Federation, I believe. And then we have a resolution from the Douglas County Clerk from the Board of County Commissioners in Douglas County in opposition. Okay, I think that's it. Any neutral testimony? Neutral testimony? Seeing none, I see that Senator Kolowski has not come back yet. So with that, that will close our hearing on LB344. Thank you very much for coming in, folks, and have a good day and have a good weekend. Thank you. (See also Exhibit 12.) [LB344]