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Transcriber's Office

Natural Resources Committee
January 20, 2016

[LB737 CONFIRMATION]

The Committee on Natural Resources met at 1:30 p.m. on Wednesday, January 20, 2016, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB737 and gubernatorial appointments. Senators present: Ken Schilz, Chairperson; Curt Friesen, Vice Chairperson; Dan Hughes; Jerry Johnson; Rick Kolowski; John McCollister; and David Schnoor. Senators absent: Brett Lindstrom.

SENATOR SCHILZ: Good afternoon, everyone, and welcome to the Natural Resources hearing; the first one of the year. I'm Senator Ken Schilz and Chairperson of the committee. We have almost everyone here today. And we'll go ahead and I'll let everyone make their own introduction and we'll start over here with Senator Kolowski.

SENATOR KOLOWSKI: Rick Kolowski, senator in District 31 in southwest Omaha. Thank you.

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

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

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

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

SENATOR SCHILZ: Thank you, Senator Hughes. And I'd also like to introduce to my far right is Barb Koehlmoos, she's the committee clerk. And to my left is Laurie Lage; she's legal counsel for the Natural Resources Committee. And we also have with us today two pages: Jake Kowamoto from Omaha, he's a junior political science major at UNL. And then Kellie Wasikowski, is that right?

KELLIE WASIKOWSKI: Yeah.

SENATOR SCHILZ: Very good. She's from Omaha as well, and she's a second year political science and sociology major at UNL as well? At UNL. So we're glad to have them here today. And today we've got a couple confirmations and then LB737. And if you're planning on testifying, please pick up a green sheet that's at either door. Fill that out. If you do not wish to

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

Natural Resources Committee
January 20, 2016

testify, but would like your name entered into the official record as being present at the hearing, there's also a form on the table that you can sign and then that will become a part of the official record. With that sign-in sheet, make sure you fill it out completely; make sure you print. And then make sure you give the sign-in sheet to Barb, the committee clerk, when you come up to testify and that will help us make a more accurate public record. And if you do not choose to testify, you also can submit comments in writing. If you do have handouts, please make sure you have 12 copies. If you don't have 12 copies, we will help accommodate you and try to get those for you. And when you come up to testify, please speak clearly into the microphone. Tell us and spell your first and last name, even if it's an easy one. At this time we'd like to turn off all your cell phones, at least turn them to silent. And if you do need to take a call, we'd ask that you take it out of the room and answer the call in the hallway, please. We don't show any displays of support or opposition to a bill, vocal or otherwise. So we want to give the testifiers the respect they deserve so we...again, I don't think I'll have that problem with this crowd here today. These guys are all veterans it looks like. We won't use the light system today unless somebody gets a little long and then I'll just tell Barb it's the red light. If that happens, you have overstayed your welcome. (Laughter) But I don't think we'll have to worry about that. The other thing is is that I was informed the other day that we have new microphones and sound systems that are very, very sensitive. And when I say "very sensitive", what they said is that you can actually hear people whispering in the front row and pick it up and understand it on the microphones. So, everybody, and I do mean everybody, just be aware of that so that you're not saying anything that could be heard over the mike that you might not want to be heard over the mike. So, with that, I think we will start today with our confirmations. And the first conferee is Richard R. Bell for the Game and Parks Commission. Richard, good afternoon and welcome.

DICK BELL: Good afternoon to all of you. You gave the long name. My name is Dick Bell, D-i-c-k, Bell, B-e-l-l. [CONFIRMATION]

SENATOR SCHILZ: Very good. And why don't you...Dick, why don't you just go through and tell us why you're interested in serving on the Game and Parks Commission and what got you into that, how you ended up here. [CONFIRMATION]

DICK BELL: (Exhibit 1) Okay. A couple years ago there was a vacancy. I filled the unexpired term of Ron Stave. And when I got on the board, I absolutely enjoyed with the commissioners that were there. I also will tell you that you have a good leadership team within Game and Parks. But also, I was brought on board to be helpful on a couple of projects. First of all, I was born in South Dakota. I hunt pheasants in South Dakota. I love pheasants. And one of the projects that we're working on is a statewide pheasant plan for the state of Nebraska. This is no joke. We're going to have it done around April 1, and we're going to start implementing on it. I'm very proud of the work that was done on that plan and I want to be helpful to make sure that it's implemented as we have planned it. And we based it on science. We paid for the last five years

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

Natural Resources Committee
January 20, 2016

for the University of Nebraska to do a lot of research. And I can show you a map; I can show you the (inaudible) diagram, but, basically, we have a good solid plan that I think could be the envy of a lot of people within the pheasant range. The other project that is very important to Game and Parks is venture parks. As you know, last year a \$35 million was authorized to be spent on venture parks. Venture parks is to really tie the four parks along the Platte River together. And we're out in the private sector trying to raise some of the money to get it done. And working with Roger Kuhn, Jim Douglas, we've been making a lot of calls and visits. And I...when I came on board, I said I'd serve two years and evaluate the situation. I evaluated the situation and I felt that I had unfinished business on Game and Parks and that's why I expressed an interest to Jim, expressed an interest to the Governor that I'd like to serve. And basically, I'm here to answer questions that you may have, but my background has been helpful. I'm involved in a lot of things in Omaha. And we have to continue to raise the money in order to pay for this type of activity. So if you have any questions, I'd like to answer to you. I don't want to get the red light.

[CONFIRMATION]

SENATOR SCHILZ: You did just fine. Mr. Bell, thank you very much. Senator McCollister.

[CONFIRMATION]

SENATOR MCCOLLISTER: Good to see you, Mr. Bell, Dick. Thank you, Mr. Chairman. I can speak to your resume which is top notch and Dick Bell is well known in Omaha. And he'll do a great job on the commission. I have a request, however. I'd like to see a copy of your pheasant report when you get it done. [CONFIRMATION]

DICK BELL: We will absolutely provide it to you. In fact, Roger, did you get that instruction? Okay. Again, our goal is to have it done on about April 1. And that's no joke, and we will have it done. And we're working towards it. So it's...I'm involved on the National Pheasants Forever Board and we took a group of people up to South Dakota to meet with South Dakota to see what they were planning. I will tell you, I was very proud of the state of Nebraska; I was very proud of our staff because I think we helped them out more than they helped us. And they're calling on us and they're going to come and visit us. So we'll make it available to you. [CONFIRMATION]

SENATOR MCCOLLISTER: Well, if we can make Nebraska half as welcoming for pheasant hunters as South Dakota does, that would be great. [CONFIRMATION]

DICK BELL: Well, this is not speaking out of school, but I'm telling you the truth--in order to implement this plan, we're going to need \$5 million of new money. And so we're going to be coming out, working on it, stuff like this. But also there's federal monies that are available, private sector monies, so we have to work all together to get this thing done. And it's a long-term solution that will work. [CONFIRMATION]

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

Natural Resources Committee
January 20, 2016

SENATOR McCOLLISTER: Well done. [CONFIRMATION]

SENATOR SCHILZ: Any other questions? Always money attached to stuff, isn't there?
[CONFIRMATION]

DICK BELL: Well, the total price that we need, to be honest with you, is about a million dollars of outside money, new money. But it's all part of a comprehensive plan. There's nothing free in this world. You have to invest in order to get it. But I would say the focus of...when you see this plan, we didn't play politics with it. Basically, it's where the pheasants will propagate and have the best success. So it's in the south to southwest and the middle part. And the other thing that we had in this plan that was really good--if communities want to really be our partner and work with us, we'll help them and they'll help us and we'll work that. So it's...I think it's a good partnership and I'm very proud to be part of it. And I wanted to be standing with Lynn Berggren and some other people when we got this thing done and said we did the right thing.
[CONFIRMATION]

SENATOR SCHILZ: Very good. Senator Kolowski. [CONFIRMATION]

SENATOR KOLOWSKI: Dick, thank you very much. And as a Pheasants Forever member for years, it's important that we have this happen in our state and your leadership is greatly appreciated. We're also very proud of John Gottschalk for his years of service to the organization...or the presence that he had. And that was a great plum for Nebraska. And to have this plan come to fruition would be phenomenal, financially and every other way, for hunters in our state, so thank you for your work. [CONFIRMATION]

DICK BELL: Responding to that, we have the Nebraska mafia that was four members of the 13-member board and it was done correctly. And John did an absolutely outstanding job in changing the organization, revitalizing the organization, but also providing a new direction to the organization. So John is a great person. He's one of the best at doing it. So I thank you for your comments and I'll inform him. Since I have an office in his building, I'll tell him that he was mentioned and still wanted. Okay? [CONFIRMATION]

SENATOR KOLOWSKI: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Kolowski. Any further questions? Seeing none, thank you very much for coming in today. [CONFIRMATION]

DICK BELL: Thank you. [CONFIRMATION]

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

Natural Resources Committee
January 20, 2016

SENATOR SCHILZ: I don't think you're going to have an issue. [CONFIRMATION]

DICK BELL: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Yep, congratulations. With that we will close the hearing on Mr. Bell. Oh yeah, do we have any proponents? Jeez, it's been a long time since I've been out here. Seeing none, any opponents? Seeing none, any neutral testimony? Seeing none, now that will close the hearing on Mr. Bell. [CONFIRMATION]

DICK BELL: You had me dangling for awhile. [CONFIRMATION]

SENATOR SCHILZ: Yeah. (Laughter) And we will move on to... [CONFIRMATION]

DICK BELL: Good luck to you. [CONFIRMATION]

SENATOR SCHILZ: ...yes, thank you, good luck to you. We'll move on to James Hawks for the Environmental Quality Council. Mr. Hawks, good afternoon and welcome. [CONFIRMATION]

JIM HAWKS: Thank you, Mr. Chairman. [CONFIRMATION]

SENATOR SCHILZ: You can go ahead. Just say and spell your name and then kind of the same thing as him, just give us a rundown of why you want to take this on; what you feel your qualifications are. [CONFIRMATION]

JIM HAWKS: (Exhibit 2) Okay. All right. My name is Jim Hawks, J-i-m H-a-w-k-s. I currently serve as the city administrator for the city of North Platte. Along with that, I also serve as the utilities manager, so I also have all the utilities for the city of North Platte under my direct responsibility. I was first contacted by the League of Municipalities and asked if I would be interested in this. My background is, primarily, in civil engineering. I'm also a registered land surveyor, county highway and city street superintendent, and then I kind of have another twist in the fact that I have an MBA, I also have a certification from the American Association of Government Accountants in government financial management. And I guess the reason I was interested in this, we have Gerald Gentleman right there in Lincoln County. I also sit on the rate review committee for NPPD. And so I've worked very closely with them. I'm also on the board of directors for the Nebraska Municipal Power Pool. And I think we all know that with some of the regulations that are coming down from the federal government, it's going to become more and more important that we not only look at the technical aspects of some of the things, but also how that's going to impact our people financially. And so I guess I felt that with my background

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

Natural Resources Committee
January 20, 2016

I could come and offer some assistance in trying to make some decisions in how some of those things were implemented. And, you know, take into consideration how they would affect the people, not only our municipality, but all municipalities and all Nebraska residents. And so anyway, I'm excited. I'm looking forward to being able to participate in this and would be glad to answer any questions that... [CONFIRMATION]

SENATOR SCHILZ: Very good. Thank you, Mr. Hawks. Any questions? I guess...how long have you been the city administrator in North Platte? [CONFIRMATION]

JIM HAWKS: I've been the city administrator for 13 years. I actually came over originally as the public works director. And then the mayor at that time asked me to do that. Prior to that, I was the county engineer and the county surveyor for Lincoln County for about 15 years. During that time, I was president of the county engineers association; president of the Professional Surveyors Association of Nebraska. I also currently serve on the board of examiners for land surveyors. And so anyway, I've been with the city and been involved in my current position for about 13 years. [CONFIRMATION]

SENATOR SCHILZ: Sure. Very good. Any questions...any other questions? I guess you're...you're going to get off easy. Maybe nobody understands what the Environmental Quality Council does, but I think that's probably it unless somebody thinks of a question. We thank you for coming in and making the trip today. Thank you very much. [CONFIRMATION]

JIM HAWKS: Thank you, Senator. [CONFIRMATION]

SENATOR SCHILZ: Any proponents for Mr. Hawks? Any opponents? Seeing none, any neutral testimony? Seeing none, that will end our hearing on Mr. Hawks for the Environmental Quality Council. And we will move on now to the bill for today, and that is LB737, Senator Friesen. He's ready to go, huh. (Laughter) [CONFIRMATION]

SENATOR FRIESEN: Good afternoon Chairman Schilz, members of the Natural Resources Committee. My name is Curt Friesen, F-r-i-e-s-e-n, and I represent District 34 and here to introduce LB737, which is brought to me by the Department of Environmental Quality. LB737 changes the Wastewater Treatment Facilities Construction Assistance Act by expanding eligible funded activities for public entities seeking low-interest loans through the Clean Water State Revolving Fund. The funded activities are for purposes of constructing wastewater treatment facilities, sanitary sewer collection systems to alleviate public health and environmental problems. The bill also increases the loan terms from 20 years to a maximum length of 30 years and...or the useful life of the project, whichever is less. Jim Macy, the director of the Department

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

Natural Resources Committee
January 20, 2016

of Environmental Quality will follow me and add details to this bill so we can...he can answer any technical questions you might have. And I keep it very short. [LB737]

SENATOR SCHILZ: There you go. Any questions for Senator Friesen? Seeing none, thank you. At this time...Mr. Macy, now you can come up. Proponents please...well, I think it's proponent, right? Good afternoon, sir. [LB737]

JIM MACY: Good afternoon. Senator Schilz and members of the Natural Resources Committee, my name is Jim Macy, J-i-m M-a-c-y. I'm the director of the Department of Environmental Quality, the NDEQ. I'm here today to testify in support of LB737. Senator Friesen introduced LB737 at the department's request to implement important changes to Nebraska's Clean Water State Revolving Fund program, the SRF. New provisions of the Federal Clean Water Act passed in 2014 will benefit Nebraska's communities who are seeking funds to construct wastewater treatment facilities and sanitary sewer collection systems by providing additional flexibility. To take advantage of these new provisions, we need to make statutory changes to the Wastewater Treatment Facility Construction Assistant Act. As you are aware, the Clean Water SRF program is a federal and state partnership that provides a permanent, independent source of low-cost financing for a wide range of water quality infrastructure projects. NDEQ has administered this program for 26 years. Over that time, the department has made over 275 loans totaling almost \$600 million. Each year, approximately \$20 million to \$30 million of low-interest loans are provided to municipalities and political subdivisions across the state. LB737 addresses three key provisions. First, it expands the types of projects that are eligible to be funded by the Clean Water SRF program. LB737 amends the wastewater treatment works definition to allow the department the ability to provide loans to communities who need to purchase land to construct wastewater treatment facilities. In addition, this bill expands the categories of loan eligible projects. The program would be able to fund stand-alone projects that are solely for water and energy conservation, reusing or recycling wastewater, storm water or subsurface drainage water, development and implementation of watershed projects, and measures to increase the security at wastewater treatment works. Second, it addresses increasing loan terms currently capped at 20 years to a maximum length of 30 years, or the useful life of the project, whichever is less. This may be advantageous to communities experiencing financial hardship. Communities will be able to spread the repayment of that loan over an extra ten years and enable them to better control monthly user fee increases for their residents. The community would have the choice to decide which time frame to choose from. Finally, the legislation includes additional options that allow the department the flexibility to choose how to pay for the cost to administer the program. The state receives an annual capitalization grant from the Environmental Protection Agency for wastewater projects. Currently, up to 4 percent of the capitalization grant is allowed to be used for administering the Clean Water SRF program. The additional options included in LB737 will ensure the program can meet its administrative costs in the event federal capitalization grants

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

Natural Resources Committee
January 20, 2016

decrease in the future. This concludes my testimony. Thank you for the opportunity to testify in support of LB737. I'd be happy to answer any questions that you may have. [LB737]

SENATOR SCHILZ: Thank you, Mr. Macy. Any questions? Senator Johnson. [LB737]

SENATOR JOHNSON: Thank you, Senator Schilz, Chairman. Thanks for coming in. I think it's probably a good bill. My question is, on the fiscal note, you said short term you would not need additional funds, so assuming your cash flow is working on the loan payments, is that what allows you to expand this? Or how are you going to expand this without new funds? [LB737]

JIM MACY: It simply is the changes in the statutory authority to allow for purchasing land, 30 years versus 20 years, depending on what the community needs; and administration of the program through costs already enabled through the capitalization grants. So, there are no funds needed from the Legislature for administration of this program; it self-sustains. [LB737]

SENATOR JOHNSON: Okay. Because in the comments here, and I don't know who created it, but it says--in the short term. So is it anticipated at some point in time that there will be a cost to this as far as the fiscal note? [LB737]

JIM MACY: No. [LB737]

SENATOR JOHNSON: Okay. Okay. That's all. [LB737]

SENATOR SCHILZ: Thank you, Senator Johnson. Any other questions? Senator Kolowski. [LB737]

SENATOR KOLOWSKI: Jim, thank you for your comments. And simply want to understand the parameters of the possibilities of this. Would the Omaha sewer separation project have any possibilities of securing funds through what you're proposing? [LB737]

JIM MACY: Currently, the Omaha project does secure funds through the State Revolving Fund. [LB737]

SENATOR KOLOWSKI: Would this be expanded upon by what we're doing here with this bill? [LB737]

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

Natural Resources Committee
January 20, 2016

JIM MACY: This helps communities across the state choose whether they want to, again, purchase land. Some land provisions were not included in the original statutory language. And EPA expanded upon that provision. The time line is advantageous to communities that want to help residents out with their user fees on these projects. And then again, the administration of the program. [LB737]

SENATOR KOLOWSKI: And again, a 20- to 30-year payback time periods. [LB737]

JIM MACY: Yes, sir. [LB737]

SENATOR KOLOWSKI: Thank you very much. [LB737]

SENATOR SCHILZ: Senator McCollister. [LB737]

SENATOR McCOLLISTER: Thank you, Mr. Chairman. Just a follow-up question: and this money goes back to the municipality? Is that correct? [LB737]

JIM MACY: The payment of the loans and the interest on this... [LB737]

SENATOR McCOLLISTER: Yeah. Or comes from backing. [LB737]

JIM MACY: It comes from the capitalization grant of the state. So the loan repayments come back into the Clean Water SRF Fund... [LB737]

SENATOR McCOLLISTER: So it's a revolving fund of sorts. [LB737]

JIM MACY: It recycles money. And then that interest and principal payments go back into the fund, thereby we're able to grow the fund and help more communities across the state of Nebraska with their infrastructure needs. [LB737]

SENATOR McCOLLISTER: What's the interest rate on something like that? [LB737]

JIM MACY: It's very low at this point in time. [LB737]

KEVIN STONER: (In the audience) One and a half plus admin. [LB737]

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

Natural Resources Committee
January 20, 2016

JIM MACY: One and one half plus the admin fee. So it's right around 2 percent. [LB737]

SENATOR McCOLLISTER: Do you have any idea how much...and in this case, the money would be...the borrower would be the city of Omaha? [LB737]

JIM MACY: It depends on the loan applicant. If the city of Omaha were to make an application, it goes through a prioritization process where we rank these communities against each other. The best projects end up on an intended use plan. Each year that's published. And we select those projects that are most ready to proceed, both financially with bonding authority and engineering plans. And those that are most likely to succeed go forward. And it's been a very successful program over the last 20-some years. [LB737]

SENATOR McCOLLISTER: Thank you, sir. [LB737]

SENATOR SCHILZ: Thank you, Senator McCollister. Senator Hughes. [LB737]

SENATOR HUGHES: Thank you, Chairman Schilz. Thanks for coming in today, Director Macy. The total fund, I mean, is there...do you have a waiting list of people that...to get funds, or are you...have excess funds that this will allow more people to qualify or...where's our balance at? [LB737]

JIM MACY: Currently, we have more people on the waiting list than we have financial means to support. As the fund grows over time, we're able to help more and more communities. Again, we distribute anywhere from \$20 million to \$30 million a year in both combined loans and loan forgiveness programs across the state. So, it's a very good thing to help Nebraska's infrastructure and to help grow Nebraska in the right direction. [LB737]

SENATOR HUGHES: What's the criteria of whether it's a grant or a loan? I mean, is that up front or is that determined somewhere through the process? [LB737]

JIM MACY: It's through the process. It depends on the LMI of the community whether they're a disadvantaged community or not and need other assistance. And that's determined at the application review cycle. [LB737]

SENATOR HUGHES: LMI is...? [LB737]

JIM MACY: Income eligibility for the...for that community. [LB737]

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

Natural Resources Committee
January 20, 2016

SENATOR HUGHES: Okay. Thank you. [LB737]

SENATOR SCHILZ: Thank you, Senator Hughes. Any other questions? Seeing none, thank you very much for your testimony. [LB737]

JIM MACY: Thank you, Senator. [LB737]

SENATOR SCHILZ: Further proponents? Proponents? Seeing none, any opponents? Seeing none, any neutral testimony? Seeing none, Senator Friesen, you're welcome to close if you so wish. [LB737]

SENATOR FRIESEN: Thank you, Chairman Schilz. I'll just...got a few comments I can make, probably, to address some of the questions. But I think each of you have access, probably, to this report. And if you look in there, I think there are a total of funds that they're now working with is around \$171,600,000. And some of the questions for like Omaha, I think they probably have a loan that's just been approved, I think, for around \$15 million against a \$190 million project. And Dodge County, I know, is taking some money from that. You can go down the list. All your communities are listed in there and just...there's numerous from studies being done to planning to actually construction so there's a lot of various components to this that they fund in a lot of the rural communities. That's all I have. [LB737]

SENATOR SCHILZ: Any final questions for Senator Friesen? Seeing none, thank you. That will close our hearing on LB737. If we could take just one minute, we'll go into a quick exec and talk about some of this stuff. [LB737]