

LOWER LOUP NATURAL RESOURCES DISTRICT BOARD OF DIRECTORS MEETING

June 22, 2017

Ord, Nebraska

The June meeting of the Board of Directors of the Lower Loup Natural Resources District was held at the Headquarters Office, 2620 Airport Drive, Ord, Nebraska, on June 22, 2017. Chairman Citta called the meeting to order at 5:06 p.m.

CALL TO ORDER

Directors in attendance

James C. Adams
Darwin B. Anderson
Beth Boesch
James J. Eschliman, Vice Chairman
N. Richard Hadenfeldt
Gary A. Kruse
Alan D. Petersen
Dean G. Thede

Rollie D. Amsberry, Treasurer
Robert Bauer
Joseph L. Citta, Chairman
Virgil W. Gellermann
Randy Kauk
James C. Nelson
Gerald P. Smith
Henry J. Thoene, Secretary

Directors absent

Tim Bartak
Chad Podolak

Matt Lukasiewicz
Dean J. Rasmussen

Staff in attendance

Leon "Butch" Koehlmoos, General Manager
Larry D. Schultz, I&E Coordinator
Jason Moudry, Water Programs Specialist
Dell R. Harris, Water Resources Specialist
Tylr Naprstek, Water Modeling Coordinator
Rita A. Goldfish, Administrative Secretary

Russell G. Callan, Assistant General Manager
Irene F. Kreifels, Financial Secretary
Cheryl K. Hornickel, Programs Assistant
Rich Woollen, District Forester
V. Anne Freeman, Water Programs Secretary

Guests in attendance

Bryce Bauer, Liaison DC, NRCS, Ord
Don Blankenau, Blankenau Wilmoth Jarecke LLP, Lincoln

Blake Johnson, Bruning Law Group, Lincoln

NOTICE OF OPEN MEETING LAW POSTING

Chairman Citta referred those in attendance to the open meeting law information posted in the Board room.

VERIFICATION OF MEETING NOTICE AND ADOPTION OF AGENDA

Chairman Citta asked for verification of the meeting notice. General Manager Leon “Butch” Koehlmoos verified that the meeting notices were properly published in all newspapers and that the meeting notice was also posted at the NRD Headquarters office in Ord, the NRD web site, and the eight field office locations. Koehlmoos said that *Letter of Resignation – Subdistrict 4* had been added to the agenda, due to Dean Rasmussen’s resignation from the NRD Board.

EXCUSED ABSENCES AND ROLL CALL

Koehlmoos stated that Directors Bartak, Lukasiewicz, and Podolak had requested to be excused from the meeting. Chairman Citta said excused absences and roll call will be combined.

Smith motioned, seconded by Adams, to excuse all absent directors. Motion carried by voice vote, all present voting yes.

Directors present: Adams, Amsberry, Anderson, Bauer, Boesch, Citta, Eschliman, Gellermann, Hadenfeldt, Kauk, Kruse, Nelson, Petersen, Smith, Thede, and Thoene. Directors absent: Bartak, Lukasiewicz, Rasmussen, and Podolak.

MINUTES

Chairman Citta asked for corrections and/or additions to the May 25, 2017, Board meeting minutes. Koehlmoos said that the transcript of the Prokop hearing was included in the minutes. No corrections/additions were heard.

Gellermann motioned, seconded by Anderson, to approve the May 25, 2017, Board meeting minutes. Motion carried by roll call vote, all present voting yes.

TREASURER’S REPORT

Chairman Citta directed the Board’s attention to the Treasurer’s Report as published in the regular and supplemental agendas.

Koehlmoos highlighted bills for the forester’s position, tree seedlings purchased, weather station fee, Access software rewrite, LLNRD’s share of Hardenbrook dam project, transformer at Davis Creek, computer updates, Davis Creek Phase II improvements, and South Loup monitoring wells.

Anderson motioned, seconded by Kruse, to approve the June, 2017, Treasurer’s Report and pay all bills. Motion carried by roll call vote, all present voting yes.

PUBLIC COMMENTS

There were no public comments.

FORESTER'S REPORT

District Forester Richard Woollen reported that bark beetles have been attacking and killing stressed trees, mainly pine species. He said bark beetle populations often build in recently cut slash piles and then travel to and attack adjacent standing trees. He said ways to prevent infestation would be to manage the slash piles and spray shelterbelts with an insecticide.

Woollen reviewed the Nebraska Buffer Strip Program which is administered from fees assessed on registered pesticides. He said the Department of Agriculture and the NRDs manage the program.

NRCS REPORT

Bryce Bauer, LDC in Ord, reported that compliance reviews were nearly completed and they are seeing more cover crops. He said there will be funding for two more demo farms in Greeley and Howard Counties that will specifically look at cover crop vs. non-cover crop. He said there are now five demo farms in the Lower Loup NRD.

Bauer said that 21 student interns had been hired across the state for the summer, with Lower Loup receiving one in Albion. He said it's easier to hire interns, once they've completed their interning, as permanent employees, than it is to hire graduates as permanent employees, due to budget problems.

Bauer reported that Thad Judge, Range Specialist, will be leaving Burwell, one of the higher workload offices. He said that employees from Spalding and Broken Bow would be coming to Burwell on certain days to fill the void. Bauer said that Wheeler County cooperators do NRCS business in either Burwell or Spalding.

ACTION ON PROKOP CEASE AND DESIST

Chairman Citta entertained a motion that the Board go into Executive Session to discuss legal matters.

Boesch motioned, seconded by Eschliman, that the Board go into Executive Session to avoid needless harm to the reputation of an individual. and that the General Manager, Assistant General Manager, and counsel be invited to stay. Motion carried by roll call vote, all present voting yes.

The Board went into Executive Session at 5:33 p.m.

The Board came out of Executive Session at 6:22 p.m.

Eschliman motioned, seconded by Smith, to adopt the proposed order finding that the Respondent violated Rule 7, Section G, Subsection 5d, and assessing penalties under the Nebraska Groundwater Management and Protection Act, including 1) Respondent cease and desist the use of all groundwater irrigation wells on the property for a period of 4 years, commencing as of January 1, 2018, and continuing through the 2021 crop year; and 2) Respondent shall submit complete annual report forms for the property for the 2015 and 2016 crop years by January 31, 2018. Motion carried by roll call vote, all present voting yes. Rule 7-G-5d

MANAGER'S REPORT

Application for permit for an instream flow appropriation: To determine whether to conduct a public hearing in July to take public comment on a possible application for a permit for instream flow appropriation in the lower Loup River

Don Blankenau, counsel with Blankenau Wilmoth Jarecke LLP, was present and recommended that the Board enter into Executive Session to discuss a possible application for an instream flow appropriation.

Thoene motioned, seconded by Adams, that the Board go into Executive Session to receive legal advice and discuss the application for a permit for an instream flow appropriation, and that LLNRD staff be invited to stay. Motion carried by roll call vote, all present voting yes.

The Board went into Executive Session at 6:27 p.m.

The Board came out of Executive Session at 7:05 p.m.

Smith motioned, seconded by Thoene, that a public hearing be held on July 27, 2017, at 4:00 p.m. to take public comment on a possible application for a permit for instream flow appropriation in the lower Loup River. Motion carried by roll call vote, all present voting yes.

CONTROLLED BURNS IN LLNRD

Koehlmoos reported that Ben Wheeler was out of state and that this item would be postponed to a later date.

INFORMATION AND EDUCATION REPORT

Hazard Mitigation Plan

Information and Education Coordinator Larry Schultz reported that the Hazard Mitigation Plan is being reviewed by NEMA for approval and will then be sent to FEMA for review. After approval by those agencies, he said the plan would then be sent to the various entities for approval by the end of the year so the new plan can take effect in 2018.

Adventure Camp about the Environment (ACE)

Schultz reported that ACE Camp was held at Halsey on June 11-14 and was attended by 48 campers. He said his sessions included a “Chopped” food competition and another on water rockets. He said Jason Moudry helped lead sessions on water quality in the Middle Loup River. Schultz showed a video of some of the activities.

Water Matters

Schultz reported that the latest edition of *Water Matters* had been mailed to all the residents of Area 28.

Schultz reported on plans for getting the historical marker placed at Pibel Lake.

ASSISTANT MANAGER’S REPORT

Assistant General Manager Russ Callan reported that neither the Variance Committee nor the Water Resources Committee met in June.

Davis Creek Phase II Update

Water Modeling Coordinator Tylr Naprstek reported that Nebraska Game and Parks had notified him that the NRD’s grant application was accepted for funds from the Sport Fish Restoration Fund and was backdated to April. He said that the dock and completion of the fish cleaning station would be fall projects. He said the lagoon is operational.

Callan said the because of the recently-approved grant that will cover part of the Davis Creek project, there will be matching funds from the Bureau of Reclamation for additional improvements.

Duncan East IPA/Lost Creek IPA Updates

Callan said that both projects ran some water from earlier rains. He said some willows need to be removed from the Lost Creek channel.

Columbus Area Water Resources Assessment Study Update

Callan said there was a recommendation from the Programs/Projects Committee, so this item will be addressed during that report.

PROGRAMS/PROJECTS COMMITTEE

Mason City Community Drainage Study Funding

Koehlmoos reported that the Village of Mason City was experiencing drainage problems and the utilities superintendent needs assistance with planning and establishing proper drainage. He said Miller and Associates looked at the situation. Koehlmoos said the community would like to hire a

consultant to create an overall plan for the drainage infrastructure, prioritizing the work to be done in the village.

Kruse motioned, seconded by Petersen, to approve 25% of the cost for the Village of Mason City Drainage Study, not to exceed \$5,000. Motion carried by roll call vote, all present voting yes.

Koehlmoos said the village has made a commitment to raise the remaining funds for the study.

Columbus Lost Creek/Christopher's Cove Recharge Project

Callan told the Board that the Programs/Projects Committee had discussed the options outlined for the Columbus Lost Creek/Christopher's Cove Recharge Project.

Callan said that the Committee voted to recommend Alternative #1, but he would present both alternatives to the Board since the vote was close.

Callan gave a powerpoint presentation and said that Alternative #1 included a pump station and was brought to a discharge point on the Lost Creek channel south of Christopher's Cove. He said Alternative #3 included the same type of set-up, but had a 6" pipeline extension to the Christopher's Cove lake facility. He said a couple separately modeled options had been discussed including taking water to the Lost Creek drain for recharge or taking water to Christopher's Cove. He said HDR recently modeled the options together to see what the effect would be.

Callan said that the Christopher's Cove residents are willing to participate in the project financially if Alternative #3 is chosen and said that would be his recommendation. He said that the City of Columbus would participate in any of the alternatives. He said ADM hasn't made a commitment yet, but are continuing to ask for information on the project and are staying engaged with the process.

Callan said the Nebraska Water Sustainability Fund grant application was due by the end of July and that the project will depend on the application being granted. Total project cost is estimated to be \$2,440,000.

Petersen motioned, seconded by Kruse, that staff pursue Alternative #3 for the Columbus Lost Creek/Christopher's Cove Project, not to exceed \$195,200 in District funds. Motion carried by roll call vote. Directors voting yes: Adams, Amsberry, Anderson, Boesch, Citta, Eschliman, Gellermann, Hadenfeldt, Kauk, Kruse, Nelson, Petersen, Smith, Thede, and Thoene. Director abstaining: Bauer. Directors absent: Bartak, Lukasiewicz, Podolak, and Rasmussen.

Water Projects Media Campaign

Schultz said that, given the District's many groundwater management activities that have been accomplished and the future plans for the Lower Loup Basin, staff felt that these activities should be promoted to NRD constituents and to the people of the State of Nebraska. He said a public relations plan was being assembled to help manage public perception. The plan goal would be to make sure

people understand what's happening and why, and to maintain forward progress of projects. One of the considerations was the creation of a water management brand which would identify water projects of the Lower Loup NRD, create trust, and help promote all the activities of the NRD.

He said a budget would be established and a plan drawn up to execute the communications. Some of the media campaign ideas include newspaper and radio ads, billboards, digital and social media ads, the potential for TV advertising, videos, and posters and other visual displays.

Schultz said he has looked at logos and campaign themes online to help create an identity for the project so people will recognize the logo and know that Lower Loup is working to conserve water. He said the Lower Loup NRD logo would not be abandoned, but that an additional logo would help identify water projects in the NRD. He said future logos might include ones for Conservation Trees and recreation areas.

Schultz said there weren't any definitive cost estimates, but said that a general budget would start at approximately \$35,000. Callan said that the initial contract with the group the NRD may be working with to come up with a logo is \$3,000.

Kruse motioned, seconded by Bauer, that staff pursue the water management branding campaign. Motion carried by roll call vote, all present voting yes.

MANAGER'S REPORT

Letter of Resignation – Subdistrict 4

Koehlmoos said that Dean Rasmussen submitted a letter of resignation from the Board since he recently moved out of the NRD.

Eschliman motioned, seconded by Boesch, to accept, with regret, the letter of resignation from Dean Rasmussen. Motion carried by roll call vote, all present voting yes.

Citta said that Dean had been a tremendous asset to the Board for 45 years and wished him the best of luck.

Subdistrict 7 Vacancy

Koehlmoos said that there was a vacancy in Subdistrict 7 due to the passing of Clifford Loseke. He said that Jeff Mullinix had submitted a letter expressing his interest in filling the position.

Koehlmoos said that the NRD has to notify the Secretary of State of the vacancy, but it was up to the Board as to when they want to fill the position and what method they want to use. He said the normal procedure is to advertise the vacancy in newspapers in the vicinity, but sometimes an individual is recommended by the person leaving the subdistrict.

It was the consensus of the Board that public notification in the papers should take place for positions in both Subdistrict 4 and Subdistrict 7.

Litigation Update

Koehlmoos reported that a hearing date of August 28th at 9:30 a.m. has been set for the Koch vs. LLNRD claim in District Court in Valley County.

New Hires

Koehlmoos said that Chairman Citta requested this item be moved to the end of the meeting.

FY 2017 BUDGET WORKSHOP #1

Koehlmoos directed the Board to the budget information included in the agenda and reviewed the budget process. He said he met with the Executive Committee for salary negotiations on June 17th and said the Committee had a recommendation.

Citta said there are 27 full-time employees in the NRD and the Executive Committee made the recommendation for a 2.5% increase in base salaries, amounting to \$38,380.15; and earmark \$15,352.06 in discretionary salary funding to be assigned by the General Manager.

Smith motioned, seconded by Kruse, to increase the base salary by 2.5% and provide an additional \$15,352.06 for the General Manager's discretion. Motion carried by roll call vote, all present voting yes.

Koehlmoos continued with the budget and said the figures listed in the agenda were estimates since the numbers weren't in for June. He said the books will be closed in July.

Code 405 – Auto & Truck Expense - \$68,000

Code 167 – Auto, Trucks, and Other Equipment - \$219,000

Koehlmoos directed the Board's attention to the chart including the list of vehicles and their condition. He said the NRD plans to sell the vehicles listed in red in 2018.

Code 407 – Directors Expenses - \$47,000

Code 409 – Directors Per Diem - \$32,500

Code 413 – Dues & Memberships - \$75,000

Code 417 – Personnel Expenses - \$45,000

Code 419 – Fees & Licenses - \$56,500

Code 421 – Public Information, Education, and Promotion - \$100,000

Koehlmoos said that this code was increased by \$25,000 due to the approval of the water projects media campaign earlier in the meeting.

Code 421 – Bonds - \$500

Code 425 – Insurance - \$50,000

Code 426 – Chemigation - \$8,000

Code 431 – Legal Notices - \$18,000

Code 432 – Miscellaneous Expenses - \$15,000

Code 433 – Office Supplies and Expenses - \$31,000

Code 169 – Office Equipment - \$45,000

Code 436 – Employment Security - \$5,500

Code 437 – Postage - \$35,000
Code 439 – Professional Services - \$50,000
Code 452 – Telephone - \$18,000
Code 453 – Utilities - \$35,000
Code 463 – Building Maintenance - \$25,000
Code 213 – Loan Repayment - \$1,000,000
Code 464 – Farm Account - \$15,000
Code 467 & 454 – Davis Creek Recreation Area & Maintenance - \$865,000
Code 479 & 454 – Pibel Lake Recreation Area & Maintenance - \$350,000
Code 469 – Wildlife Habitat Program - \$40,000

Amsberry motioned, seconded by Anderson, to tentatively approve the first half of the FY 2018 Budget. Motion carried by roll call vote, all present voting yes.

NARD REPORT

Director's Report

Eschliman reported that the meeting was held in Norfolk and the group voted to host the 2020 Envirothon and set a budget to contribute \$5,200 over three years. He said Dennis Mottl of Palmer will be honored as Educator of the Year. Eschliman said the Insurance Risk Pool had broke even, but the premium rate will be going up 5% and the dental will increase 2.9%. He said the Fiscal Planning Committee 2017/2018 budget will increase 3.13% and the 2018/2019 budget will increase 2.82%.

Basin Tour Report

Eschliman and Boesch said the Basin Tour was interesting. They reported on stops at Willow Creek Recreation Area near Pierce, West Knox Rural Water, the Creighton Water Treatment Plant, the rain garden at the Wausa Library, Lake Muscatine, tornado recovery in Pilger, the Pigeon Jones Watershed Project in Hubbard, the Powder Creek Recreation Area, and Lewis & Clark Devil's Nest Project that was never developed.

NRC REPORT

Commissioner's Report

Hadenfeldt reported that the Rules Committee conducted three telephone meetings to discuss suggested rule changes. He said the Commission agreed to proceed with the rules as modified and hold three informational sessions throughout the state by the end of July. He said the rules will most likely be adopted at the August Commission meeting, then 90 days for review by Governor Ricketts and the Secretary of State. He said they hope to have the rules set up and in place so they can be used for July, 2018, projects.

RC&D REPORTS

Loup Basin RC&D

Due to the resignation of Rasmussen, and Thoene unable to attend the RC&D meeting, there was no report. Citta said a Delegate and Alternate would be selected at the July NRD Board meeting.

PrairieLand RC&D

Gellermann said there was no report.

MANAGER'S REPORT

New Hires

Koehlmoos reported that Michaela Cunningham had been hired to collect water samples in the Fullerton area.

Chairman Citta entertained a motion that the Board go into Executive Session to discuss the personnel matters and new hires.

Kruse motioned, seconded by Boesch, that the Board go into Executive Session to discuss personnel matters and new hires. Motion carried by roll call vote, all present voting yes.

The Board went into Executive Session at 8:40 p.m.

The Board came out of Executive Session at 9:00 p.m.

Hadenfeldt motioned, seconded by Petersen, to increase the General Manager's salary by 3.5% as recommended by the Executive Committee. Motion carried by roll call vote, all present voting yes.

New Hires

Citta said that since Koehlmoos announced at the May meeting his intention to retire at the end of the year, he would like discussion on his replacement, and whether to promote from within vs. advertise outside.

Kruse motioned, seconded by Anderson, to begin negotiations with Russ Callan as the NRD's next General Manager following the retirement of Leon "Butch" Koehlmoos. Motion carried by roll call vote. Directors voting yes: Amsberry, Anderson, Bauer, Boesch, Citta, Eschliman, Gellermann, Hadenfeldt, Kruse, Nelson, Petersen, Smith, Thede, and Thoene. Directors abstaining: Adams and Kauk. Directors absent: Bartak, Lukasiewicz, Podolak, and Rasmussen.

ADJOURNMENT

With no further business before the Board, Citta declared the meeting adjourned at 9:05 p.m.

Roster for attendance of this meeting and tally of votes cast on motions at this meeting are being filed with the official minutes of this meeting at the Lower Loup Natural Resources District's Headquarters Office, 2620 Airport Drive, Ord, Nebraska. Publication notification of this meeting was made via a newspaper in each county within the District. The next Board of Directors meeting will be held July 27, 2017, at 5:00 p.m., at the Headquarters Office in Ord, Nebraska.

Henry J. Thoene
Secretary