

Editor's Note: *This is the second in a series of articles that will examine details of the purchase of 4,000 acres to be used for a stream augmentation project by the Upper Republican Natural Resources District (URNRD).*

By Russ Pankonin

The Imperial Republican

The biggest consequence irrigators in the Rapid Response Area in the URNRD faced centered on having their wells shut down in a water-short year (WSY) or compact call year (CCY).

The Department of Natural Resources predicts regulatory action will be needed one out of every three years, or a third of the time.

When URNRD began working on its latest integrated management plan approved last year, shutting off irrigators in the 10-2 Rapid Response Area (RRA) would come only as a last resort.

They've devised a retirement program aimed at reducing the number of wells in the RRA to avoid any shutdowns.

Still, a retirement program would not likely produce the kind of stream flow savings to avoid some type of shutdown.

Now, this augmentation project comes to the rescue!

The URNRD purchased a 4,000-acre land tract in southwest Dundy County that includes 3,261 certified irrigation acres.

After the 2011 crop year, the URNRD will retire irrigation pumping and use the allocation to supplement stream flows to meet the offsets needed in dry years.

Occupation Tax to be Used

Several board members said the purchase of the \$10 million property would not have been possible without the occupation tax the district has been collecting since its inception.

Presently, the URNRD holds slightly more than \$6.9 million with another \$2.6 million to be collected in 2011.

In 2007, the NRD assessed \$6.95 per irrigated acre, \$4 per acre in 2008 and 2009, and \$6 per acre in 2010.

Manager Jasper Fanning said about \$5 million will be used as a down payment, with bank financing used to cover the balance.

A district court has ruled the occupation tax created in LB 701 in 2007. That decision is on appeal with the Nebraska Supreme Court with their ruling expected soon.

Fanning said even if the LB 701 version is ruled unconstitutional as a closed class, the Legislature adopted LB 862 last year to fix the closed-class problem. The new law allows other NRDs in the state to use the occupation tax, providing they meet certain conditions.

However, if LB 862 should go down for some reason, Fanning said an Improvement Project Area could be created. This would allow farmers to vote on obligating themselves to paying for the augmentation project.

Retirement vs. Augmentation

Fanning said the augmentation program will cost less than the amount estimated to retire enough irrigated ground.

Some have expressed sticker shock over the price of the land but Fanning justified it in this way:

The augmentation project will be capable of putting up to 10,000 acre-feet of water back into the stream. In 2006, the worst drought year, that was the amount of overuse in the URNRD.

He estimated 10,000 acres of RRA ground would have to be retired to generate the same benefit back to the stream augmentation.

At a cost of \$2,500 per acre-foot of benefit, Fanning said that equates to \$25 million compared to the \$12-15 million for the augmentation project.

Fanning estimated the cost of the pipeline to carry augment water to Rock Creek will run about \$5-6 million.

He noted some personal property assets, such as pivots, could be sold off later. That, along with the rangeland value, could total \$2.5-3 million, yielding the cost of the augmentation project between \$12-15 million.

No Plans to Sell Off Ground

One of the questions Fanning has responded to centers on whether the NRD plans to sell off some of the land.

He said there are no plans to sell off any of the ground. If some more retirement is needed in the area to satisfy Kansas on compliance issues, he said they may purchase some nearby ground in the future.

As part of the purchase agreement, the URNRD leased the ground back to the seller for the 2011 crop season.

Fanning said lease proved to be a key negotiating factor in getting the seller to accept the NRD's offer, since an offer was on the table from another buyer.

The seller, FEM, Inc., will get to lease back the irrigated ground for \$125 cash rent.

The amount of water that can be pumped is capped at 16 inches, and not all of the irrigated acres can be planted to corn.

If FEM uses 14 inches of water, the rent increases \$10 per acre; another \$15 per acre for 15 inches and another \$15 per acre for 16 inches.

FEM will cover initial repair costs on the pivots, up to \$500 each and will pay for drying facilities, if used, up to \$5,000. As a landlord, Fanning said they wouldn't offer those kinds of lease terms. However, he felt the agreement balanced out to work for the seller and the NRD.

IMP Protects Augment Water

One primary reason the URNRD was looking at cooperating in augmentation projects in the

Middle and Lower Republican NRD was the proximity of Harlan County Dam and getting water into the reservoir.

Fanning said a review of the current IMP with DNR showed that DNR would protect the water put in the stream in the URNRD. The IMP does not allow downstream surface water irrigators to use the augment water.

This made looking for an augmentation project in the URNRD feasible, he noted. It wouldn't have been possible without that assurance.

Fanning also noted the augmentation wells will only be pumped when needed to meet estimated depletions in WSYs or CCYs. DNR estimates these conditions will occur about one-third of the time.

Another plus of the current IMP is that the URNRD is only responsible for meeting their share of the depletions of Republican Basin water to keep Nebraska in compliance with Kansas.

Depletions are shared on a percentage basis: 44 percent for the URNRD, 30 percent for the MRNRD and 26 percent for the LRNRD.

Fanning said when the URNRD uses augmentation and/or acreage retirement to account for the district's share of depletions, then DNR will not ask for more.

That achieves a big goal of not having to shut down RRA wells in the district during WSYs or CCYs.

Rather, the attention will then turn to the other NRDs in the basin to insure they meet their compliance levels.

Rock Creek Compact Gauge

Another important factor in the location of the augmentation project deals with accounting for the water pumped to augment the stream.

Fanning said there is a stream measurement gauge on Rock Creek before it runs into the Republican River.

He said this gauge is recognized under the compact agreement to measure stream flows when determining compliance.