

By Russ Pankonin

The Imperial Republican

A request from four natural resources districts (NRDs) for a \$40 million loan from the state to build pipelines from a Lincoln County augmentation project went unheeded in this year's state budget proposal.

The request was missing from the state budget put forth by the Legislature's Appropriations Committee this week.

The Upper, Middle and Lower Republican and Twin Platte NRDs sought the state loan to build augmentation pipelines to the Republican and Platte River Basins.

The four NRDs formed the Nebraska Cooperative Republican Platte Enhancement Project (N-CORPE) and purchased 19,000 acres of irrigated land in Lincoln County in late 2012.

N-CORPE plans to retire the irrigation on the large tract and instead pump groundwater into the two river basins for compliance purposes.

N-CORPE planned to bond the purchase of the land, along with the additional \$40 million for the pipelines.

However, two Nebraska surface water irrigation districts in the Republican Basin filed suit in an effort to stop N-CORPE from pumping the augmentation project.

With a lawsuit pending, bond issuers became wary of issuing bonds for the project.

When the Legislature convened in January, Sen. Mark Christensen introduced a bill asking for a \$40 million general budget appropriation as a loan to pay for pipeline construction.

Because the bill asked for a state appropriation, it was referred to the Appropriations Committee.

Christensen said committee members would not include the loan request into the budget.

He said Chair Heath Mello said it would set a bad precedent, opening the door for other governmental entities to come to the state for loans.

Christensen countered, saying the state already did that in 2006-07. Then, the state loaned money to NRDs to buy surface water for the compact compliance purposes during a period of extended drought.

Committee members also said they wanted a long-term solution versus augmentation.

Christensen told them augmentation is key first step toward a long-term solution. Augmentation becomes even more key if drought conditions continue, Christensen said.

Still a Glimmer of Hope

Nate Jenkins, assistant manager for the URNRD, said he and Manager Jasper Fanning went to Lincoln last week in an effort to convince senators about the need for the loan.

While he said they didn't make a lot of progress, they're still hoping the budget could be amended to include the loan.

Christensen said he's considering offering that amendment.

Both Christensen and Jenkins said the legislators must realize the importance augmentation plays in keeping the state in compact compliance with Kansas.

Other Funding Options

Jenkins said N-CORPE is trying to develop other options if the \$40 million loan isn't included in the state budget.

He noted the lawsuit challenges the use of augmentation, not the purchase of the land.

As a result, they are looking at bonding the land purchase only, which was \$83 million. Those

bonds would be secured by the land.

If they can accomplish that, Jenkins said they may pursue commercial bank financing to pay for pipeline construction. However, that's no given either, he added.

The pipeline to the Republican Basin is the more critical of the two, due to compliance issues with Kansas. The Twin Platte doesn't need the water for compliance issues until 2018-19 time frame.

Jenkins said augmenting Republican River flows could also help surface water users.

Presently, surface water districts must release all water stored since Jan. 1, 2013 for compliance.

Once enough water is released, he said it's realistic the Department of Natural Resources would lift the call on the surface water districts' stored water.

Then, augmentation water could be used for delivery to surface water users.

LB 522 Hangs in the Balance

Christensen's LB 522 seeks to compensate surface water users who have lost their water due to DNR's compact call.

While the measure passed first round debate last week, the bill's fate remains in the balance.

He said a meeting midweek with the speaker and other key senators will likely decide the fate of the bill.