

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 488 would create the Water Conservation Grant Act. A grant program would be established when the Department of Natural Resources determines that states subject to a multi-state compact have agreed to count reduction in water usage resulting from the Act in determining Nebraska’s compliance with the multi-state compact.

The grant program would be funded by transferring \$3,000,000 from the Water Sustainability Fund to the Water Conservation Grant Fund. Operating costs to administer the program would also be paid from Water Conservation Grant Fund.

There would be no net fiscal impact to the Department of Natural Resources due to the reallocation of resources. The Department estimates that initial program start-up costs could total \$144,768 Cash Funds, including \$80,000 in costs to set up an internet portal for applications, including geographic documentation of property parcel information. The agency estimate states that subsequent year expenses would total approximately \$65,000 per year, which would include staff and travel time to conduct compliance checks.

The start-up date of the program would depend upon when other states in a multi-state compact approve the reduction in water usage resulting from the grant program as a means of compliance with the compact.

Grants approved from the Water Sustainability Fund would be reduced by \$3,000,000 annually if funding is transferred out of the fund to the Water Conservation Grant Fund.

LB⁽¹⁾ 488

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Department of Natural Resources

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⁽⁵⁾ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2017-18		FY 2018-19	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

The bill creates a water conservation grant program for the Republican River Basin (Basin) administered by NeDNR. The program utilizes \$3M annually transferred from the Water Sustainability Fund to pay qualified irrigator applicants \$50 per (natural resources district) certified irrigated acre not to irrigate. Disbursement of the funds requires prioritization of grant applications based upon the location of applicant lands relative to the river or tributary and coordination with local property tax authority confirming the grant property's exemption from the Sec. 2-3226.05 occupation tax. It is assumed that the Republican River Compact Administration promptly agrees to the Compact accounting demands of the bill.

The 30 day application processing period required by the bill will require development of information technology tools to simplify and standardize applicant submissions and to support NeDNR's application verification, ranking and recordkeeping on compliance checks. Support for applicant submission is envisioned to include development of an internet website (web portal) with the application form and geographic information tools to help applicants delineate irrigated land tracts offered for consideration. Website development including application submittal functionality is estimated to require 320 hours of a contract programmer resource at \$100 per hour or a cost of about \$32,000. This estimate was based on the Department's prior experience in creating the internet portal for Water Sustainability Fund application submission structure that can be used as a framework model. Development of simple tools applicants can use to delineate and submit supporting geographic documentation for the tracts offered will require contract services to develop Geographic Information System (GIS) data layers and tools and to enhance the web portal functionality to support submission of parcel information. This computer programming will be necessary to efficiently intake, review and prioritize applications. Costs are estimated at \$48,000 based upon current costs for such services of \$120 per hour for 400 hours. The process must be highly automated for efficiently processing many applications in a short amount of time.

NeDNR's annual program administration will involve support for applicants' submissions,

application review and ranking, and on-site field inspections during the growing season. Based upon the bills proposed transferred amount of funds for this new program, and assuming an average of 100 acres per tract offered, nearly 600 applications could have to be ranked, reviewed and approved within a 30-day window. It is estimated that this process will require about 480 work hours. When added to the estimated hours for field work, the administrative effort is projected to equal one full-time Natural Resources Specialist II position. Additional field inspection time and travel costs are shown in the attachment below.

The bill allows NeDNR administrative costs to be paid by the Fund it creates, so the Department's budget is otherwise unaffected. Fund operation requires a transfer from one cash fund program to another cash fund program within the agency. Other NeDNR administrative functions including accounting, clerical, coordination of Occupation Tax exemptions with local authorities, and publishing grant contracts pursuant to the Taxpayer Transparency Act will be performed by existing staff resources. The estimate assumes all remaining funds will be disbursed annually as aid to individuals for the approved grants.

<u>BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE</u>				
Personal Services:				
<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Natural Resources Specialist II	1.0	1.0	\$43,403	\$43,403
Benefits.....			\$13,021	\$13,021
Operating.....			\$80,000	
Travel.....			\$8,344	\$8,344
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$144,768	\$64,768

Grants under the bill may be for parcels as small as a single acre. The size of grants under similar conservation programs in the Republican River Basin (through the NRCS managed CREP program) have ranged from several acres to hundreds of acres. For the purpose of the cost estimate it is assumed that there could be approximately 600 tracts of 100 acres each that would be enrolled into the program. It was assumed that each of these tracts would be inspected once each year to verify compliance per the bill's requirements.

These inspections would be similar in nature to the compliance checks currently conducted on each surface water appropriation in the basin. In 2016 Cambridge Field Office staff conducted 280 inspections. It took the four staff members of the Cambridge Field Office a total 20 days each (including travel time) to complete these inspections. In all, this amounted to 80 staff days or a total of 640 hours to complete. Extrapolated across the 280 inspections this averaged out to 2.29 hours per surface water appropriation inspection.

It was assumed that the surface water appropriation inspection would take slightly more time to complete than a groundwater site investigation to determine non-use due to the fact that each surface water appropriation required staff to drive through the field to physically observe and inspect the pumping facilities. However, it is intrinsically more difficult to determine with certainty the absence of

irrigation rather than its presence. For the purpose of this analysis, it is assumed that each tract of land subject to this legislation could be inspected, requiring an average of 2.5 to 3 hours including travel time for each. Extrapolated across the 600 tracts of land, it would take a total of 1,800 staff hours (.86 FTE) for the compliance inspections.

These inspections would be time sensitive and would need to be carried out over the irrigation season. These inspections would need to be carried out primarily over the months of July and August or within an approximate 10 week period. With 400 work hours available in the 10 week season three full time staff members would have to be dedicated to the project to complete the estimated 1,800 hours of work. The work would be completed by Natural Resources Specialist II job classifications. As of this current fiscal year, Natural Resources Specialist IIs would be compensated at an hourly rate of \$20.867 per hour with an additional fringe benefit of \$6.26 per hour for a total compensation of \$27.127 per hour.

<u>Position Title</u>	<u>Hourly Salary</u>	<u>Hourly Fringe</u>	<u>FTE (2,080hours)</u>	<u>Total</u>
Natural Resource Specialist II	\$20.867	6.26	1.0	\$56,424

Travel would also be an expense to be considered. It is assumed that each of the three Natural Resources Specialist IIs would conservatively travel an average of 400 miles per week over the 10 week period.

<u>Number of Vehicles</u>	<u>Miles per week</u>	<u>Total Miles per Week</u>	<u>Number of Weeks</u>	<u>Total Miles</u>	<u>Mileage Rate</u>	<u>Total</u>
3	400	1200	10	12,000	.535	\$6,420

Another component of travel to include would be lodging and expenses for two of the Natural Resources Specialist IIs when working at the far ends of the basin. It is estimated that two Natural Resources Specialist IIs would have to spend the equivalent of two weeks in lodging with expenses.

<u>Number of Staff</u>	<u>Number of Nights</u>	<u>Nightly Lodging Rate</u>	<u>Total</u>
2	8	\$89.00	\$1,424.00

<u>Number of Staff</u>	<u>Number of Weeks</u>	<u>Weekly Expenses</u>	<u>Total</u>
2	2	\$125.00	\$500.00