

News To Grow On

February 2006

The Struggle Over Water

Every Nebraskan, whether you live in the city, are a farm operator, rancher, or agricultural landowner, is keenly aware of the importance of water. Because Nebraska is in a semi-arid area of the United States, many of us find ourselves short of precipitation to raise crops and are looking for ways to get additional water to increase crop production. In the past twenty years, demands on water have reached the limits of the supply in some parts of Nebraska. Many landowners have recently learned they can't drill additional irrigation wells in their area and many others have hurried to get wells drilled and operational prior to a moratorium on new wells. What this all means is what we have known for years—water is one of our state's most important natural resources and will continue to be a very important topic for years to come. Almost everyone that lives and works in the state will be affected due to the huge impact water and production agriculture has on our state's economy.

What started this water shortage issue and why do many Nebraska irrigators now find themselves with water restrictions? Water disputes have been going on since the first settlers came to the plains and began homesteading the land. Pioneers started out looking to merely provide water for personal use and for their livestock. They later progressed to watering crops in an attempt to increase crop production and their standard of living. For years individuals have felt that others upstream were diverting or using more water than they were entitled to. Nebraska has had numerous water agreements with neighboring states for many years, with one of the most familiar being the Republican River Compact. This compact was created and signed by representatives from Kansas, Nebraska and Colorado in 1943, allocating the average annual water supply from the Republican River as follows: 11% to the State of Colorado, 49% to the State of Nebraska, and 40% to the State of Kansas. In 1998 the State of Kansas filed a complaint with the U.S. Supreme Court alleging Nebraska had violated the compact. They argued that

A Message from Union Bank's Ag Loan Department...

Happy New Year!

We again chose to pack the newsletter with information on water rights. If you read the article on ground water from our late summer issue, you will find "The Struggle Over Water" a nice companion and follow-up piece. The information was put together by Todd Hornung, Assistant Vice President from our Wahoo office.

Along with the water rights article we included some valuable tips on protecting your business and personal information from a disaster. We experienced a tumultuous 2005 with the tsunami in the Pacific, disastrous hurricanes Katrina, Rita

and Wilma, and several large-scale tornados and earthquakes. What better time to let you know how Union Bank protects your information as well as help you protect yourself? There are simple things we all can and should do. This article was written by Colbi Schuster, our Ag Loan OPS Officer, who is also available to help you with any questions you may have upon reading this information. Please feel free to contact her at (402) 323-1161.

We want to take this opportunity to wish you a very prosperous 2006 as we look forward to working with you for all of your agricultural credit needs.

Nebraska had allowed thousands of irrigation wells to pump water that were hydrologically connected to the Republican River and its tributaries and was not protecting the surface water flows into the State of Kansas. Their basic argument was that the many irrigation wells in the water basin had drawn down the water table and thus reduced the surface water flow into their state. Their claim had merit and after 17 months of negotiations the three states reached an out-of-court settlement. The State of Nebraska was forced to make some radical changes in the way surface and ground water were viewed and managed.

On April 13, 2004 the Nebraska Legislature passed LB962, recognizing a need to develop a water policy that would reach all areas of the state and address the increasing concerns of Nebraskans. This legislation is the result of a 49-member task force that was appointed by Governor Johanns in 2003. The task force was made up of irrigators from the states 13 major river basins, representatives of the natural resources districts, public power districts, municipalities, agricultural organizations, recreation users, environmental interest groups, the general public, the Legislature's

Natural Resources Committee, the Attorney General's Office and the Department of Natural Resources. One of the main goals of this bill was to make the state and its 23 Natural Resource Districts more proactive in anticipating and preventing conflicts between ground water users and surface water users. It was widely agreed that Nebraska has a substantial number of irrigation wells and that those wells do in fact affect the surface water in many areas. It was also agreed that in some areas the water table has been dropping as a result of many years of pumping, which was made more evident from recent drought and limited snow melt.

One of the first objectives of the Nebraska Department of Natural Resources and local Natural Resource Districts was to determine what water basins were "overappropriated", "fully appropriated" and those "not yet fully appropriated". Overappropriated river basins are areas where the extent of the development is not sustainable over the long term and corrective actions will need to be taken to reduce water use. Beginning in January 2006, the Department

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of Natural Resources will make annual determinations of which basins, sub-basins, or river reaches not previously designated as “overappropriated” or “fully appropriated” have since become “fully appropriated.” Currently there is a large area within the state that has been designated as “fully appropriated” and several river basins are designated as “overappropriated.” (Please consult your local Natural Resource District to determine the status of your specific area.) In many cases, if you do not have an irrigation well at the present time, you will not be able to drill a new well to develop additional irrigation. In other areas, land can still be developed for irrigation depending on the location of the farm.

Where does this leave us as farmers, ranchers and lenders as we attempt to

sort out this new legislation and how it affects us? Because water is such a precious commodity, we should not waste it and conserve whenever possible. Meters on irrigation wells are present in some areas and will be commonplace on all irrigation wells in the near future. Most irrigators will likely be required to keep detailed records of the number of gallons pumped from each well. Some areas, such as the Republican River Basin, will simply not have enough water to enable full irrigation as has been done in the past. Some farmland will be allocated a reduced water allotment and some land will likely revert back to dry land production. Natural Resources Districts have implemented incentives to irrigators to reduce pumping, however, these incentives will need to be funded by a fee structure yet to be determined. In some cases

there simply will not be enough water for everyone. Recreation users and municipalities will continue to lobby for water and as the state’s population grows, so will the demand for water.

Water rights and demands will continue to be a very important topic as we go forward. For additional information, contact your local Natural Resource District office. The Nebraska Department of Natural Resources in Lincoln also has information available and on the internet at <http://www.nrd.state.ne.us>

*Contributed by Todd Hornung,
Assistant Vice President, Union Bank & Trust*

Preparation is Key to Disaster Recovery

The recent devastating hurricanes have caused people to take a more serious look at how to recover from such disasters. While hurricanes are not a threat in Nebraska, we are at risk of other types of disasters such as tornados, blizzards, floods, fire damage, theft or even widespread illness. Disasters in other regions can also have an effect elsewhere—ports may be closed, slowing commerce; transportation can be severely limited; fuel costs could rise sharply; and many more far-reaching effects.

Union Bank has extensive plans in place to recover from all types of disasters, whether they affect one of our locations or many. Disaster recovery has been, and continues to be, taken very seriously here. Our goal is to maintain business as usual given any circumstances, and we are thoroughly prepared to meet this goal.

You, our valued customers, can take steps within your own business to be prepared for a disaster. Before a disaster occurs, it is important to consider the safety of your business records, contracts, insurance policies, computer data, account numbers, cash and valuables.

To start getting your plan in order, consider the following steps:

- **Store records off-site**

Although business partners can help you re-create your documents, you will save time by ensuring that your documents are protected from fire, flood, etc.

- **Perform regular computer back-ups**

Keep valuable information up-to-date.

- **Keep a list of important numbers**

This can speed up the process of stopping such things as identity theft or stolen credit cards.

- **A picture is worth...**

Photos of valuables can help to expedite the process of replacing business equipment or personal valuables.

- **Review your plan periodically**

As your business changes and grows, your plan should change accordingly.

We want to promote awareness of disaster recovery and assure you that Union Bank is prepared. Hopefully we will never have to deal with these types of situations, but in the unfortunate event we do, being prepared can make recovery much easier for everyone.

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