

September 28, 2017



Pete Ricketts, Governor

Patrick J. O'Donnell, Clerk of the Legislature
Rm. 1218, State Capitol
Lincoln, NE 68509

Dear Mr. O'Donnell:

Pursuant to Neb. Rev. Stat. § 61-218(6), I am submitting to the Legislature this report of the Water Resources Cash Fund (Fund) uses for the previous fiscal year, FY 2016-17.

The Fund currently receives resources from both General Fund appropriations and from a grant with the Nebraska Environmental Trust (NET). LB331, 2017, provided for an additional three-year \$9.9M grant opportunity to the Fund. The FY2017-18 grant application by the Department was filed with NET on Sept. 5, 2017, and their decision will be made by April 5, 2018. Table 1 provides an annual summary of the resources that have been made available to the Fund since FY 2011-12. Note that \$14.1million in General Fund resources were appropriated to the Fund prior to FY 2011.

Table 1. Summary of resources made available to the Fund since FY 2011-12

WATER RESOURCES CASH FUND Funding Amounts and Sources			
Authority	Fiscal Year	General Fund	Nebraska Environmental Trust Grant
LB 229, 2011; LB 950, 2012	2011-12	\$4.7 M	\$3.3 M (Grant #1)
LB 229, 2011	2012-13	\$3.3 M	\$3.3 M (Grant #1)
LB 229, 2011	2013-14	\$3.3 M	\$3.3 M (Grant #1)
LB 229, 2011	2014-15	\$3.3 M	\$3.3 M (Grant #2)
LB 229, 2011	2015-16	\$3.3 M	\$3.3 M (Grant #2)
LB 229, 2011	2016-17	\$3.3 M	\$3.3 M (Grant #2)

Uses of Fund resources have evolved since its inception, consistent with incremental and long-range planning for conserving the state's water resources. As noted in earlier reports, the Department has reserved maximum flexibility for direct use of the Fund, but also in 2010 began to expend directly from the Fund for reimbursement of costs associated with achieving

Gordon W. "Jeff" Fassett, P.E., Director

Department of Natural Resources

301 Centennial Mall South
P.O. Box 94676
Lincoln, Nebraska 68509

OFFICE 402-471-2363
FAX 402-471-2900

dnr.nebraska.gov

compliance under an interstate agreement for use of waters of the Platte River, the Platte River Recovery Implementation Program (PRRIP) and the associated integrated management plans (IMPs). A consortium of five natural resources districts (Central Platte, South Platte, Twin Platte, North Platte, and Tri-Basin) and the Department are organized under an interlocal cooperative agreement, the Platte Basin Water Project Coalition (Coalition), to implement the IMPs affected by the PRRIP and to collaboratively determine the best use of the financial resources available.

Coalition funding is composed of \$19.8 million from the LB229 (six years of NET grant transfers to the Fund) and \$9,067,300 of the anticipated \$21.2 million in General Fund appropriation available over the same period. The Coalition's total budget for fiscal years 2012-2017 is \$42,827,300 including cost share resources from local natural resource district expenditures. Altogether, Fund contributions to Coalition projects will leverage \$13,960,000 in local match with potential for further leveraging of federal funds of approximately \$60 million. The funds were used by the districts for purchasing easements on water rights, diversions of excess flows for the purpose of ground water recharge, conjunctive management, and augmentation well projects to further meet the terms of PRRIP and the requirements of the IMPs.

Remaining Coalition dollars to be committed to projects total \$7,052,300. Planning for potential future commitments continues. The Department's July 1, 2014, prior Report to the Natural Resources Committee is on file at the Legislature's electronic portal for a comprehensive review of demonstrated benefits from Fund expenditures to the Coalition projects through that publication date.

In addition to Platte River Basin activities, the Department has worked with local natural resources districts in the Republican River basin to implement various management actions in support of Compact compliance since 2013. The intent has been to enhance Republican River Compact compliance measures using Fund resources on a 40% cost share basis. During FY 2014 \$1,021,600 was paid to the Middle Republican Natural Resources District and Lower Republican Natural Resources District from the Fund. The Department also provided additional assistance to Republican Basin natural resources districts during FY 2016 to support Compact compliance management actions.



Expenditures from the Fund in FY 2016-17 and commitments for future expenditures are identified in the lists below.

Expenditures in FY 2016-17

N-CORPE Augmentation Well – TPNRD	\$	199,755
North Platte NRD Lease/Recharge – Cow Camp	\$	307,739
2016-2017 - E65 & Elwood Reservoir Recharge Project	\$	257,474
NRD (Well) Retirement Agreement – NPNRD – Hardt and Tighe	\$	1,904,003
Oliver Reservoir Streamflow Enhancement Project – SPNRD	\$	14,878
Middle Republican NRD	\$	534,421
Total	\$	3,218,270

Summary of Cash Fund Commitments through June 2018

N-CORPE Augmentation Well – TPNRD	\$	3,972,852
North Platte NRD Lease/Recharge – Cow Camp	\$	319,193
Blue Creek Groundwater Recharge – NPNRD	\$	373,407
Western Irrigation District Pits – SPNRD / TPNRD	\$	60,000
Excess Flows Recharge - TBNRD	\$	1,010,000
Recharge Pits/Acres - CPNRD	\$	685,000
Oliver Reservoir Streamflow Enhancement Project - SPNRD	\$	214,353
Total	\$	6,634,805

The balance of the Fund as of June 30, 2017, was \$ 7,768,268. This is comprised of the remainder of the unexpended transfers from the General Fund since Fund inception plus accrued interest, and deposit of LB 229 NET grants to date, less interest on the unexpended balance of funds from that grant which was returned to the NET. There were no expenditures from the Fund to a natural resources district pursuant to § 61-218(5) (a) during the reporting period. Transfer of the \$3.3 million of General Funds appropriated for FY17-18 will be requested when needed for expenditure.

Respectfully,



Gordon W. Fassett, P.E., Director
Nebraska Department of Natural Resources

C: Senator Dan Hughes, District 44, Chairman

