

NEBRASKA

Good Life. Great Water.

DEPT. OF NATURAL RESOURCES

October 1, 2019

Patrick J. O'Donnell
Clerk of the Legislature
Rm. 2018, State Capitol
Lincoln, NE 68509



Pete Ricketts, Governor

Dear Mr. O'Donnell,

Pursuant to *Nebraska Revised Statute* § 61-218(6), the Department of Natural Resources (NeDNR or Department) is submitting this report to the Legislature regarding the status and expenditures from the Water Resources Cash Fund (Fund) for the previous fiscal year, FY 2018-19.

Since 2011, this Fund has received equal resources from both General Fund appropriations and from a grant with the Nebraska Environmental Trust (NET), except for an additional \$1.4M General Fund appropriation received in FY 2013. The funding level and proportional share remain \$3.3M from General Fund and \$3.3M from NET grant sources. In addition, LB298, 2019, extended the Legislature's intent for this funding scheme through June 30, 2023. In addition to the annual appropriations, the Legislature's biennial budget bill, LB294, 2019, authorized Fund spending of the one-time \$4M deposit to this fund from a settlement agreement payment from the State of Colorado regarding that state's over-use of their portion of Republican River Compact water. This additional funding will be used for surface water projects in the Republican River Basin.

Basic uses of this Fund's resources have followed statutory authorities since its inception, consistent with incremental and long-range planning for conserving the state's water resources. As noted in earlier reports to the Legislature, NeDNR has reserved maximum flexibility for direct use of the Fund, but since 2010, also committed to expend funds for reimbursement of project costs associated with achieving compliance under an interstate agreement for use of waters of the Platte River. This includes substantial important investments supporting the Platte River Recovery Implementation Program (PRRIP), and the associated approved integrated management plans (IMPs) developed cooperatively between NeDNR and Natural Resource Districts.

A consortium of five natural resources districts (Central Platte, South Platte, Twin Platte, North Platte, and Tri-Basin) and NeDNR 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 \$29.7M dollars from the LB229 (2011) and LB331 (2017), nine years of

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NET grant transfers to the Fund, and \$8,765,725 of the anticipated \$29.7M in General Fund appropriation available over the same time period. The Coalition's total budget for fiscal years 2012-2020 is \$46,015,725 including cost share resources from local natural resource district expenditures. Altogether, Fund contributions to Coalition projects will leverage \$17,450,000 in local match with potential for further leveraging of federal funds through PRRIP. These funds are used by the districts for purchasing easements on water-righted irrigated lands, paying for diversions of excess surface water flows for the purpose of groundwater recharge, conjunctive management, and augmentation well projects, to meet the terms of PRRIP and the requirements of the IMPs. Remaining Coalition dollars committed to other projects total \$896,000. Interested members of the Legislature are referred to NeDNR's July 1, 2014, Report to the Natural Resources Committee, on file at the Legislature's electronic portal, for a comprehensive and detailed review of the demonstrated benefits from Fund expenditures to the Coalition projects through that publication date.

Complementing the Coalition's efforts in the Upper Platte Basin, the Department is moving forward with the development of an integrated real time data-based decision support system that will provide increased efficiency and effectiveness to the current permitting, water rights administration, and project tracking processes for the management of groundwater recharge and streamflow enhancement projects in the overappropriated area of the Upper Platte River Basin. In accordance with statutory authorities NeDNR allocated a portion of the funds to the development of a decision support system to support statewide water planning. The decision support system will assist the state in meeting statutory requirements of *Neb. Rev. Stats. §§ 46-713 to 46-718*, as well as requirements of the PRRIP interstate agreement. This project will improve the efficiency of processing new applications for the utilization of excess surface water flows in the Upper Platte Basin, as well as enhance customer service through increased transparency with water users. Transparency will be increased through the creation of a public web portal that will offer users the ability to login to complete and submit applications and operating plans, track and communicate regarding high flow events, and report on the use of the water associated with their project. A public web portal will also be offered showing all water projects utilizing excess flows and summarizing the recent activities of those projects.

NeDNR has also worked with local natural resources districts in the Republican River Basin to implement various water management actions in support of Republican River Compact (Compact) compliance since 2013. During FY 2014, FY 2015, FY 2016, and FY 2017, \$3,465,600 from the Fund together with the required 40% local cost share to the Upper, Middle, and Lower Republican natural resources districts, has been used in order to enhance Compact compliance measures. The Department also provided additional assistance to Republican River Basin natural resources districts during FY 2016 to support Compact compliance management actions. In FY 2018 and FY 2019, the Department made \$12.6M total long-term contractual agreements with these natural resources districts for the same long-term purposes. Since the last report to the Legislature, NeDNR and each of these three natural resources districts have been working together to discuss and prepare for specific expenditures under these long-term contractual agreements.

Lastly, the Department and the Upper Niobrara White Natural Resources District have collaborated in the implementation of the Upper Niobrara White's IMP for the fully appropriated

portion of their District. Consistent with the goals and objectives of the IMP, an evaluation of potential recharge sites and rates in the fully appropriated area, and a prioritization of those identified sites, was conducted in FY 2018 and FY 2019. The final report on this study will assist the Department and the Upper Niobrara White Natural Resources District in developing effective strategies for implementing conjunctive management projects within the District.

Expenditures from the Fund in FY 2018-19 and commitments for future expenditures are identified in the lists below.

Cash Fund Expenditures in FY 2018-19

Oliver Reservoir Streamflow Enhancement Project	\$ 208,500
NPNRD - EPIC allocation buy down projects	\$171,829
NPNRD Irrigated Land Retirement Projects	\$ 179,686
NPNRD Retirement Agreement - Hardt and Tighe	\$85,155
TBNRD Excess Flows	\$ 32,874
Decision Support System	\$423,087
	Total \$ 1,101,130

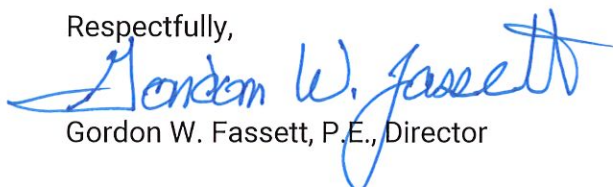
Summary of Cash Fund Commitments through June 2020

N-CORPE (Part 2)	\$1,041,600
NPNRD – EPIC 2019	\$ 183,600
NPNRD Schanemann Recharge Project	\$117,000
NPNRD Perm/Temp Retirement Project (2019-2026)	\$583,217
TBNRD/CNPPID Rainwater Basin Joint Venture	\$ 814,665
TBNRD – RWBJV – High Flow Diversion (Excess Flow Recharge)	\$39,000
SPNRD Western ID Recharge Pit Construction and Rehab	\$ 108,000
CPNRD Recharge Pits/Detention Ponds	\$ 685,000
CPNRD Easement Packages	\$ 534,780
TPNRD Western ID MOA	\$ 90,000
TPNRD Platte Valley ID MOA	\$ 30,000
TPNRD Suburban ID MOA	\$ 30,000
TPNRD Keith-Lincoln	\$ 30,000
TPNRD Paxton-Hershey	\$ 30,000
URNRD Reduce Consumptive Use, CREP and Acre Retirements	\$ 6,000,000
MRNRD Consumptive Use and Other Projects	\$ 3,300,000
LRNRD Consumptive Use and Other Projects	\$ 3,300,000
UNWNRD Groundwater Recharge Potential	\$ 150,000
Decision Support System Design, Sprint and Scope of Work	\$ 887,853
	Total \$ 17,954,715

The June 30, 2019, balance of the Fund was \$22,867,030, reflecting the inherent lag between planning and expenditures for long-term projects. This amount is comprised of the remainder of the unexpended transfers from the General Fund since Fund inception, plus accrued interest;

and deposits derived from LB229 (2011) and LB331 (2017) NET grants to date, less interest on the unexpended balance of funds from those grants which is returned to the NET. There were no expenditures from the Fund to a natural resources district pursuant to *Neb. Rev. Stat. § 61-218(5) (a)* during the reporting period. Transfer of the \$3.3M of General Funds appropriated for FY 2019-20 will occur on or before June 30, 2020.

Respectfully,



Gordon W. Fassett, P.E., Director

cc: Senator Dan Hughes, District 44

