

October 1, 2022

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



Pete Ricketts, Governor

Dear Mr. O'Donnell:

Background and Appropriations to the Fund

Pursuant to *Nebraska Revised Statutes* § 61-218(6) and 81-15,175(4)(c), the Department of Natural Resources (NeDNR or Department) is submitting this report regarding the status and expenditures from the Water Resources Cash Fund (Fund) for the previous fiscal year, FY 2021-22.

For historical context, this paragraph describes a summary of the funding resources for the Fund. Original funding for the Fund began with LB 701 in 2007. Since 2011, this Fund has received equal resources from both General Fund appropriations and from a grant with the Nebraska Environmental Trust (NET) that was provided for in LB 229. An additional \$1.4M General Fund appropriation was received in FY 2013 (LB 950) and a one-time \$4,000,000 appropriation was authorized by the Legislature's biennial budget bill LB294 (2019) resulting from a settlement agreement payment from the State of Colorado. The funding level and proportional share remain \$3.3M from General Fund and \$3.3M from NET grant sources.

Uses of the Funding

Use of the Fund's resources has followed statutory authorities since its inception, consistent with incremental and long-range planning for conserving the state's water resources while working to meet management objectives in fully and overappropriated portions of the state. The fund has not been used to pay for administrative expenses or any salaries for the department or any political subdivision, and none of the fund matching requirements have been provided by in-kind contributions.

As noted in earlier reports to the Legislature, in accordance with 61-218(3), NeDNR has reserved maximum flexibility for direct use of the Fund. Since 2010 NeDNR has also committed funds for reimbursement of project costs associated with achieving compliance under an interstate agreement for Platte River water uses. These reimbursements include 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 Resources Districts (NRDs).

A consortium of five NRDs (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. The attached NET financial report lists projects and activities funded by the Department through recent grants from the NET.¹ These projects were matched not less than forty percent by other funding sources. 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.

NeDNR has also worked with NRDs in the Republican River Basin to implement various water management actions in support of Republican River Compact (Compact) compliance since 2013. In 2019, \$4 million from a one-time settlement payment from Colorado was added to the fund to be used for surface water projects within the Republican River Basin. In FY 2021-22, the Department entered into \$2.5M contractual agreement with Nebraska Bostwick Irrigation District (NBID) to increase efficiency of the Superior canal system. This project leverages federal funds aimed at developing a project to provide alternative water sources to eastern portions of their district. The \$4.5M (this total includes an additional \$2M leveraged from a federal grant) effort is expected to conserve water supplies in Harlan County Reservoir and reduce consumptive use charges under the Compact in dry years. The Department has been in discussion with other surface water irrigation districts in the basin to determine how the remainder of the Colorado settlement funds will be used.

In FY 2021-22, the Department committed an additional \$1.2 million to the Lower Republican NRD and \$2 million to the Upper Republican NRD for projects that leverage federal funds focused on reducing pumping and consumptive use and supporting compact compliance management actions. Discussions are ongoing with the Middle Republican and Tri-Basin NRD to develop similar projects.

To assist the state in assessing short-term and long-term water management activities, funds were used to develop and publish an online web-based Decision Support System (DSS) dashboard for NRDs, Irrigation Districts, other water managers, and the public. The DSS is an interactive real-time tool for groundwater recharge management and streamflow enhancement in over-appropriated Upper Platte River basin areas. It streamlines communications, permitting, water rights administration, and tracking processes in the basin with greater public transparency. Tutorials have been conducted with water managers in the basin and educational materials are available as part of the dashboard. Basin-wide IMP goals and NRDs' decisions will be more readily achieved with the DSS. For example, new excess surface water flow permit application processes

¹ Reference Table Water Resources Cash Fund NET Grant 18-107 and NET Grant 21-158 pg. 5

may be completed through an online portal rather than via paper forms. The DSS is helping the state meet *Neb. Rev. Stats. §§ 46-713 to 46-718* as well as the PRRIP interstate agreement.

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. The final report on this study has assisted the Department and the District in identifying possible conjunctive management projects.

NeDNR Expenditures in Fiscal Year 2022

The table below list expenditures from the fund for FY 22. The sum of total expenditures for the previous fiscal year are \$4,476,403.

Expenditures from the Fund in FY 2021-22 are identified in the lists below.

Cash Fund Expenditures in FY 2021-22

TPNRD Streamflow Augmentation Project	\$1,004,604
Western Irrigation District MOA	\$93,872
TBNRD Excess Flow Diversions	\$221,556
NPNRD EPIC	\$45,417
NPNRD Temporary Lease of Water Rights	\$128,951
TBNRD Water Conservation Incentive Program	\$123,193
NPNRD Enterprise Canal Recharge Project	\$12,035
URNRD Acre Retirements	\$2,201,048
MRNRD Remote IRR Monitoring	\$308,295
FCID Meeker-Driftwood Canal Automation	\$184,715
Platte River DSS Phase III	\$135,408
Platte River DSS Phase IV	\$17,309

Total \$4,476,403

Fund Balance and Remaining Obligations

The June 30, 2022, balance of the Fund was \$27,503,996.88. This amount is comprised of the remainder of the unexpended transfers from the General Fund since Fund inception, plus accrued interest, less interest on the unexpended balance of funds from those grants, which is returned to the NET. Transfer of the \$3.3M of General Funds appropriated for FY 2023 will occur on or before June 30, 2023 in addition to remaining transfers from the current NET grant. This remaining fund balance is obligated to projects as illustrated in table 3²; however, the unexpended balance is indicative of the inherent lag between planning and expenditures for long-term projects.

² Reference Table 3 pg. 6

O'Donnell
October 1, 2022
Page 4 of 4

Respectfully,



Thomas E. Riley, P.E., Director

cc: Senator Bruce Bostelman, District 23
Karl Elmshaeuser, Executive Director, Nebraska Environmental Trust



Water Resources Cash Fund NET Grant 18-107 and NET Grant 21-158

Project Budgets Obligated for the WRFC

Project	Cnt #	CPNRD	NPNRD	SPNRD	TBNRD	TPNRD	TotalNRD	DNR (NET Transfer)	Total Project (Local + Net)	NET %	% Local Match to NET Grant
TPNRD Streamflow Augmentation Pipeline	778	\$ -	\$ -	\$ -	\$ -	\$ 976,673.06	\$ 976,673.06	\$ 1,465,009.59	\$ 2,441,682.65	60%	40%
TPNRD Streamflow Augmentation Pipeline amendment	778	\$ -	\$ -	\$ -	\$ -	\$ 669,735.77	\$ 669,735.77	\$ 1,004,603.65	\$ 1,674,339.42	60%	40%
Western ID MOA	1010	\$ -	\$ -	\$ 72,000.00	\$ -	\$ 108,000.00	\$ 180,000.00	\$ 270,000.00	\$ 450,000.00	60%	40%
Platte Valley ID MOA	1011	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ 30,000.00	\$ 50,000.00	60%	40%
Suburban ID MOA	1012	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ 30,000.00	\$ 50,000.00	60%	40%
Keiths-Lincoln	1013	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ 30,000.00	\$ 50,000.00	60%	40%
Paxton Hershey	1014	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ 30,000.00	\$ 50,000.00	60%	40%
CPNRD Easement Packages	1119	\$ 180,885.31	\$ -	\$ -	\$ -	\$ -	\$ 180,885.31	\$ 271,327.97	\$ 452,213.28	60%	40%
CPNRD Recharge Pits/Detention Pond	NA	\$ 456,666.67	\$ -	\$ -	\$ -	\$ -	\$ 456,666.67	\$ 685,000.00	\$ 1,141,666.67	60%	40%
CPNRD Gekern-Rowe-Cozad Dev Corp-Conservation Easement	1235	\$ 440,425.20	\$ -	\$ -	\$ -	\$ -	\$ 440,425.20	\$ 660,637.80	\$ 1,101,063.00	60%	40%
TBNRD/CNPPID - Rainwater Basin Joint Venture	1021	\$ -	\$ -	\$ -	\$ 1,064.90	\$ -	\$ 1,064.90	\$ 1,597.35	\$ 2,662.25	60%	40%
TBNRD/CNPPID - Observation Wells	1192	\$ -	\$ -	\$ -	\$ 22,400.00	\$ -	\$ 22,400.00	\$ 33,600.00	\$ 56,000.00	60%	40%
TBNRD High Flow Diversions/Excess Flow Recharge	1150	\$ -	\$ -	\$ -	\$ 11,245.46	\$ -	\$ 11,245.46	\$ 16,868.20	\$ 28,113.66	60%	40%
Western ID Recharge Pit Construction and Rehab	1076	\$ -	\$ -	\$ 21,099.77	\$ -	\$ -	\$ 21,099.77	\$ 31,649.66	\$ 52,749.43	60%	40%
NPNRD Enterprise Canal Recharge Project	1160	\$ -	\$ 42,811.22	\$ -	\$ -	\$ -	\$ 42,811.22	\$ 64,216.83	\$ 107,028.05	60%	40%
NPNRD Perm Retired Project	1156	\$ -	\$ 121,166.40	\$ -	\$ -	\$ -	\$ 121,166.40	\$ 181,749.60	\$ 302,916.00	60%	40%
TBNRD Excess Flow Diversions	1190	\$ -	\$ -	\$ -	\$ 327,800.00	\$ -	\$ 327,800.00	\$ 491,700.00	\$ 819,500.00	60%	40%
NPNRD Temp Lease Project	1157	\$ -	\$ 301,394.70	\$ -	\$ -	\$ -	\$ 301,394.70	\$ 452,092.05	\$ 753,486.75	60%	40%
NPNRD Excess Flows/Groundwater Recharge Project	1159	\$ -	\$ 32,682.00	\$ -	\$ -	\$ -	\$ 32,682.00	\$ 49,023.00	\$ 81,705.00	60%	40%
NPNRD Epic FY-2020	1226	\$ -	\$ 90,806.64	\$ -	\$ -	\$ -	\$ 90,806.64	\$ 136,209.96	\$ 227,016.60	60%	40%
TBNRD WCFP (Water Conservation Incentive Program)	1243	\$ -	\$ -	\$ -	\$ 481,580.00	\$ -	\$ 481,580.00	\$ 722,370.00	\$ 1,203,950.00	60%	40%
CPNRD - Schroeder Property Development	NA	\$ 630,230.23	\$ -	\$ -	\$ -	\$ -	\$ 630,230.23	\$ 945,345.36	\$ 1,575,575.59	60%	40%
Totals by Contributor		\$ 1,708,207.41	\$ 588,860.96	\$ 93,099.77	\$ 844,090.36	\$ 1,834,408.83	\$ 5,068,667.33	\$ 7,603,001.02	\$ 12,671,668.36	60%	40%
Total Budget		\$ 1,708,207.41	\$ 594,332.87	\$ 177,099.77	\$ 844,090.14	\$ 3,276,269.81	\$ 6,600,000.00	\$ 9,906,000.00			
Remaining Financial Commitments by Contributor, Pending Contracts		\$ -	\$ 5,471.91	\$ 84,000.00	\$ -	\$ 1,441,860.98	\$ 1,531,332.67	\$ 2,296,998.99			

October 2022 Report

Expended Dollars

Project	Cnt #	CPNRD	NPNRD	SPNRD	TBNRD	TPNRD	TotalNRD	DNR (NET Transfer)	Total Project (Local + Net)	NET %	% Local Match to NET Grant
TPNRD Streamflow Augmentation Pipeline	778	\$ -	\$ -	\$ -	\$ -	\$ 976,673.06	\$ 976,673.06	\$ 1,465,009.59	\$ 2,441,682.65	60%	40%
Western ID MOA	1010	\$ -	\$ -	\$ 29,484.81	\$ -	\$ 68,797.89	\$ 98,282.69	\$ 147,424.04	\$ 245,706.73	60%	40%
Platte Valley ID MOA	1011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Suburban ID MOA	1012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Keiths-Lincoln	1013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Paxton Hershey	1014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
CPNRD Easement Packages	1119	\$ 180,885.31	\$ -	\$ -	\$ -	\$ -	\$ 180,885.31	\$ 271,327.97	\$ 452,213.28	60%	40%
CPNRD Recharge Pits/Detention Pond	NA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
TBNRD/CNPPID - Rainwater Basin Joint Venture	1021	\$ -	\$ -	\$ -	\$ 1,064.90	\$ -	\$ 1,064.90	\$ 1,597.35	\$ 2,662.25	60%	40%
TBNRD/CNPPID - Observation Wells	1192	\$ -	\$ -	\$ -	\$ 16,068.81	\$ -	\$ 16,068.81	\$ 24,103.21	\$ 40,172.02	60%	40%
TBNRD High Flow Diversions/Excess Flow Recharge	1150	\$ -	\$ -	\$ -	\$ 11,245.46	\$ -	\$ 11,245.46	\$ 16,868.20	\$ 28,113.67	60%	40%
Western ID Recharge Pit Construction and Rehab	1076	\$ -	\$ -	\$ 21,099.77	\$ -	\$ -	\$ 21,099.77	\$ 31,649.66	\$ 52,749.43	60%	40%
NPNRD Enterprise Canal Recharge Project	1160	\$ -	\$ 42,811.22	\$ -	\$ -	\$ -	\$ 42,811.22	\$ 64,216.83	\$ 107,028.05	60%	40%
NPNRD Perm Retired Project	1156	\$ -	\$ 121,166.40	\$ -	\$ -	\$ -	\$ 121,166.40	\$ 181,749.60	\$ 302,916.00	60%	40%
TBNRD Excess Flow Diversions	1190	\$ -	\$ -	\$ -	\$ 180,990.39	\$ -	\$ 180,990.39	\$ 271,485.58	\$ 452,475.97	60%	40%
NPNRD Temp Lease Project	1157	\$ -	\$ 267,644.69	\$ -	\$ -	\$ -	\$ 267,644.69	\$ 401,467.04	\$ 669,111.73	60%	40%
NPNRD Excess Flows/Groundwater Recharge Project	1159	\$ -	\$ 32,682.00	\$ -	\$ -	\$ -	\$ 32,682.00	\$ 49,023.00	\$ 81,705.00	60%	40%
NPNRD Epic FY-2020	1226	\$ -	\$ 75,792.24	\$ -	\$ -	\$ -	\$ 75,792.24	\$ 113,688.36	\$ 189,480.60	60%	40%
TBNRD WCFP (Water Conservation Incentive Program)	1243	\$ -	\$ -	\$ -	\$ 82,128.92	\$ -	\$ 82,128.92	\$ 123,193.38	\$ 205,322.30	60%	40%
CPNRD Gekern-Rowe-Cozad Dev Corp-Conservation Easement	1235	\$ 440,425.20	\$ -	\$ -	\$ -	\$ -	\$ 440,425.20	\$ 660,637.80	\$ 1,101,063.00	60%	40%
TPNRD Streamflow Augmentation Pipeline amendment	778	\$ -	\$ -	\$ -	\$ -	\$ 669,735.77	\$ 669,735.77	\$ 1,004,603.65	\$ 1,674,339.42	60%	40%
CPNRD Schroeder Property Development	NA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total by Contributor		\$ 621,310.51	\$ 540,096.55	\$ 50,584.58	\$ 291,498.47	\$ 1,715,206.71	\$ 3,218,696.83	\$ 4,828,045.26	\$ 8,046,742.09	60%	40%

Table 3

**Sub-Program 20 FUNDS
UPDATE OF UNEXPENDED FUNDS THROUGH
June 30, 2022**

Water Resources Cash Fund Project Commitments	DNR Fund Commitment
Platte River Basin	
TPNRD/Western Irrigation District 5 year recharge	\$ 122,575.00
TPNRD/Platte Valley Irrigation District 5 year recharge	\$ 30,000.00
TPNRD/Suburban Irrigation District 5 year recharge	\$ 30,000.00
TPNRD/Keith-Lincoln 5 year recharge	\$ 30,000.00
TPNRD/Paxton-Hershey 5 year recharge	\$ 30,000.00
EPIC 2020 and 2021	\$ 22,500.00
Empire Canal-Reconstruction and Recharge Flow	\$ 10,000.00
30-year Acreage Reserve Program	\$ 155,000.00
	f
TBNRD - Excess Flow Diversions (2019-2023)	\$ 491,700.00
TBNRD WCIP (Water Conservation Incentive Plan)	\$ 481,580.00
CPNRD:Recharge Pits / Detention Ponds	\$ 685,000.00
PBC (NET) funds (FY22)	\$ 3,300,000.00
PBC (NET) funds (FY23)	\$ 3,300,000.00
Subtotal PBC Remaining commitments	\$ 8,688,355.00
Republican	
URNRD reduce CU CREP and other Acre Retirements	\$2,107,000
MRNRD reduce CU and other proj less contract 1181	\$2,528,000
For 1181 under 1055 Remote IRR monitoring	\$3,555
Lower Republican CU Reductions and other projects	\$3,300,000
Subtotal Republican River NRD commitments	\$7,938,555
Upper Niobrara White	
Groundwater recharge project evaluation	\$27,500
Subtotal Upper Niobrara commitments	\$ 27,500.00
Irrigation District Commitments in Republican River Basin	
NBID	\$ 2,500,000.00
FCID	\$ 406,000.00
FVID	\$ 500,000.00
Subtotal Republican River Irrigation District commitments	\$ 3,406,000.00
Commitments In Progress for FY23	
UNWNRD Groundwater Recharge Project	\$ 100,000.00
NPPD WaterSMART Grant	\$ 5,000,000.00
Republican Basin Telemetry Meters (LRNRD, MRNRD, and URNRD)	\$ 3,400,000.00
MRNRD Contract for Soil Moisture Probes and New Retirements	\$ 2,200,000.00
Unified Water Plan /Conjunctive Mgmt with CNPPID	\$ 7,000,000.00
Hooper Irrigation District	\$ 565,000.00
Whitney Irrigation District	\$ 750,000.00
Subtotal Commitments in Progress	\$ 19,015,000.00
Total of Current and Planned Commitments	\$ 39,075,410.00