

# NEBRASKA

Good Life. Great Water.

## DEPT. OF NATURAL RESOURCES

October 1, 2021

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 2020-21.

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. The Legislature's intent for this funding arrangement was extended through June 30, 2023 by LB298 (2019). A one-time \$4,000,000 appropriation was authorized by the Legislature's biennial budget bill LB294 (2019). The funds were received in December 2018, resulting from a settlement agreement payment from the State of Colorado, and are to be used for surface water projects in the Republican River Basin.

Basic uses of the Fund's resources have 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. As noted in earlier reports to the Legislature, NeDNR has reserved maximum flexibility for direct use of the Fund. Since 2010, NeDNR has also committed to expend funds for reimbursement of project costs associated with achieving compliance under an interstate agreement for Platte River water uses. It 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 (NRDs).

A consortium of five NRDs (Central Platte, South Platte, Twin Platte, North Platte, and Tri-Basin) and NeDNR is 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 \$33M dollars from the LB229 (2011) and LB331 (2017), comprising nine years of NET grant transfers to the Fund, and an accompanying \$33M in General Fund transfers, and \$22M in local matches over the same time period. Altogether, Fund contributions to Coalition projects leverage

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\$22,000,000 in local match with potential for further leveraging of federal funds through PRRIP. These funds are used by the districts to purchase irrigation water rights, pay for diversions of excess surface water flows for the purpose of groundwater recharge, conjunctive management, and augmentation well projects, and to meet the terms of PRRIP and the requirements of the IMPs.

The Coalition's total budget for fiscal years 2012-2021 is \$64,597,383, including cost share resources from local natural resource district expenditures. There are \$7,469,871 of the General Fund transfers remaining and available to Coalition over the ten-year time period for the NET grants. 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. During fiscal years 2014-18, \$3,465,600 from the Fund together with the required 40% local cost share to the Upper, Middle, and Lower Republican NRDs, has been used to enhance Compact compliance measures. The Department also provided additional assistance to Republican River Basin NRDs during FY 2016-17 to support Compact compliance management actions. In FY 2018-19 and FY 2019-20, the Department obligated a total of \$12.6M long-term contractual agreements with these NRDs for the same purposes. NeDNR and each of these three districts have been working together to discuss, prepare for, and implement specific expenditures under these long-term contractual agreements.

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 2019-20, the Department entered into a \$2 million-dollar contractual agreement with Frenchman Cambridge Irrigation District (FCID) for automation of the Meeker-Driftwood canal system. The district expended \$1,381,453 from the fund for this purpose, followed by an additional \$27,000 in FY 2020-21. In FY 2020-21 the Department entered into a contractual agreement with the Nebraska Bostwick Irrigation District (NBID) to support automation of the Superior and Courtland Canal headgates, and the district extended \$48,950 from the fund for this purpose. The Department is also working with NBID to leverage federal funds aimed at developing a project to provide alternative water sources to eastern portions of their district. This 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.

The Department has used a subset of funds to 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 overappropriated 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 may be completed through an online portal rather than via paper forms. The DSS will help 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 in FY 2018-19 and FY 2019-20. The final report on this study has assisted the Department and the District in identifying possible conjunctive management projects.

Expenditures from the Fund in FY 2020-21 and commitments for future expenditures are identified in the lists below.

#### **Cash Fund Expenditures in FY 2020-21**

CPNRD Geikern-Rowe-Cozad Dev Corp water right purchase	\$660,638
NPNRD Permanent Water Right Purchase (2019-2026)	\$91,666
NPNRD Temporary Water Right Lease (2019-2026)	\$283,819
TBNRD Excess Flow Diversions (2019-2023)	\$49,919
NPNRD EPIC (allocation buy-down) FY-2020	\$68,271
TBNRD/CNPPID Observations Wells	\$25,701
Platte River Decision Support System	\$209,366
FCID	\$27,000
UNWNRD Groundwater Recharge Potential Study	\$3,602
MRNRD Consumptive Use and Other Projects	\$68,429
TBNRD/CNPPID Western Basin Recharge	\$132,054
Central ID Excess Flows 2020	\$6,709
Mitchell ID Excess Flows 2020	\$20,000
Winter Creek Excess Flows 2020	\$4,448
MRNRD Consumptive Use and Other Projects	\$571,195
UPNRD Consumptive Use and Acre Retirements	\$1,691,913
Platte Basin Coalition Operations Cost	\$671

**Total \$3,816,370**



**Summary of Cash Fund Commitments through June 2021**

CPNRD Recharge Pits/Detention Ponds	\$ 685,000
CPNRD Schroeder Property Groundwater Recharge	\$945,345
NPNRD EPIC (allocation buy-down) FY-2021	68,271
NPNRD Temp Water Right Lease (2019-2026)	\$50,625
TBNRD/CNPPID Observation Wells	\$33,600
TPNRD Streamflow Augmentation Pipeline	\$3,167,395
TPNRD Western ID Excess Flow Diversions	\$ 122,576
TPNRD Platte Valley ID Excess Flow Diversions	\$ 30,000
TPNRD Suburban ID Excess Flow Diversions	\$ 30,000
TPNRD Keith-Lincoln Excess Flow Diversions	\$ 30,000
TPNRD Paxton-Hershey Excess Flow Diversions	\$ 30,000
Winters Creek Irrigation District Recharge	\$15,552
Central Irrigation District Spring 2020	\$13,291
TBNRD Excess Flow Division	\$ 328,912
TBNRD Water Conservation Incentive Program	\$722,370
URNRD Reduce Consumptive Use	\$ 4,308,087
MRNRD Reduce Consumptive Use and Other Projects	\$ 1,847,185
LRNRD Reduce Consumptive Use and Other Projects	\$ 3,300,000
UNWNRD Groundwater Recharge Potential	\$ 3,079
Platte River Decision Support System	\$ 752
FCID	\$519,546

**Total \$16,251,586**

The June 30, 2021 balance of the Fund was \$28,298,247, 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), LB331 (2017) NET grants to date, and the 2019 one-time \$4M settlement agreement payment from the State of Colorado, less interest on the unexpended balance of funds from those grants which is returned to the NET. There were no expenditures from the Fund pursuant to Neb. Rev. Stat. §61-218(5)(a) during the reporting period. Transfer of the \$3.3M of General Funds appropriated for FY 2022 will occur on or before June 30, 2022.

Respectfully,



Thomas E. Riley, P.E., Director

cc: Senator Bruce Bostelman, District 23

