

**Pete Ricketts**  
Governor

# STATE OF NEBRASKA

**DEPARTMENT OF NATURAL RESOURCES**  
Gordon W. "Jeff" Fassett, P.E.  
Director

October 1, 2015

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 2014-15.

The Fund currently receives resources from both General Fund appropriations and from a grant with the Nebraska Environmental Trust (NET). Table 1 provides an annual summary of the resources that have been made available to the Fund since FY 2013. Note that \$14.1million in General Fund resources were appropriated to the Fund prior to FY 2013. The original legislative intent stated in LB701, 2007, proposed using General Fund funding through FY 2019.

Table 1. Summary of resources made available to the Fund since FY 2013.

WATER RESOURCES CASH FUND Funding Amounts and Sources			
Authority	Fiscal Year	General Fund	Nebraska Environmental Trust Grant
LB 229, 2011; LB 950, 2012	2012-13	\$4.7 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 #1)
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)
LB 229, 2011	2017-18	\$3.3 M	\$3.3 M (Grant #2)
LB 229, 2011	2018-19	\$3.3 M	- -

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 committed, beginning in 2010, to expend directly from the Fund in this and prior fiscal years for reimbursement of costs associated with achieving 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 dollars from the LB229 (six years of NET grant transfers to the Fund) and \$9,067,300 dollars of the anticipated \$21.2 million dollars in General Fund appropriation available over the same time 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. Senators may wish to read the Department's July 1, 2014 Report to the Natural Resources Committee, 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 plans to provide additional assistance to Republican Basin natural resources districts during FY 2016 to support Compact compliance management actions.

Expenditures from the Fund in FY 2014-15 and commitments for future expenditures are identified in the lists below.

Cash Fund Expenditures in FY 2014-15

N-CORPE Augmentation Well – TPNRD	\$1,021,000
Canal Rehabilitation Cozad – CPNRD	349,000
Canal Rehabilitation Orchard Alfalfa – CPNRD	1,077,000
Canal Rehabilitation Thirty-Mile – CPNRD	262,000
J-2 Regulating Reservoir - CPNRD, TBNRD, TPNRD, CNPPID	5,812,000
North Dry Creek Augmentation Well Project – TBNRD	19,000
Conservation Easement Package – CPNRD	515,000
Groundwater, Dry Year Leasing – LRNRD, MRNRD	1,022,000
Irrigation District Payments	600,000
Re-use Pits Recharge Project Spring 2014	6,300
E65 & Elwood Reservoir Recharge Project	497,000
Phelps Canal Diversion	55,000

Industrial Baseline – SPNRD

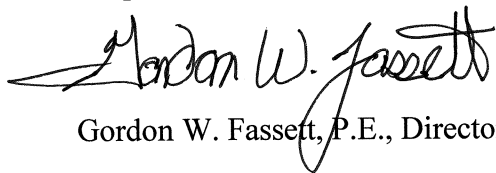
2,100  
**Total** \$11,237,400

Summary of Cash Fund Commitments through June 2016

J-2 Regulating Reservoir – CPNRD, TBNRD, TPNRD, CNPPID	\$5,572,000
Republican Basin NRD management actions	2,000,000
Grandview Retirement – NPNRD	9,432
Phase II North Dry Creek – TBNRD	17,000
Industrial Baseline Offset – SPNRD	4,300
Canal Rehabilitation Orchard Alfalfa – CPNRD	21,000
N-CORPE Augmentation Well – TPNRD	2,618,000
North Platte NRD Lease/Recharge – Cow Camp	627,000
Platte Valley Irrigation District	3,000
Western Irrigation District	9,000
Suburban Irrigation District	3,000
Fall/Winter 2015 E65 Canal & Elwood Recharge Project	107,000
Retirement Agreement – NPNRD - Hardt and Tighe	227,000
<b>Total</b>	<u>\$11,217,732</u>

The balance of the Fund as of June 30, 2015, was \$11,237,718. 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, 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 FY15-16 will be requested when needed for expenditure.

Respectfully,



Gordon W. Fasseff, P.E., Director

CC: Senator Ken Schilz, District 47, Chairman of the Natural Resources Committee