



1 **PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM**
2 **Water Advisory Committee Meeting Minutes**
3 Conference Call & WebEx
4 October 8, 2013

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6
7 **Meeting Attendees**

8
9 **Water Advisory Committee (WAC)**

10 **State of Colorado**

11 Suzanne Sellers – Member

12
13 **State of Nebraska**

14 Brandi Flyr – Alternate

15
16 **Downstream Water Users**

17 Cory Steinke – Member (WAC Chair)

18 Duane Woodward – Member

19 Jeff Shafer – Member

20 Landon Shaw – Member

21 Mike Drain – Alternate

22 Tyler Thulin

23 Nolan Little

24
25 **Upstream Water Users**

26 Dennis Strauch – Member

27
28 **Colorado Water Users**

29 Jon Altenhofen – Member

30
31 **Environmental Groups**

32 Greg Wingfield – Member

33 Duane Hovorka – Member

34
35
36 **Welcome and Administrative:** *Cory Steinke, WAC Chair*

37 Introductions were made. There were no agenda modifications. Steinke reviewed the August
38 2013 WAC Minutes and noted Sellers' comments were addressed. Woodward made a motion to
39 approve the modified August 2013 WAC Minutes, which was seconded by Sellers. **The August**
40 **2013 WAC Minutes were unanimously approved with modifications provided prior to the**
41 **meeting.**

42
43 **WAP Project Updates:** *Jerry Kenny, ED*

44 **J-2 Regulating Reservoir**

45 Kenny updated the WAC on the status of the J-2 Regulating Reservoir. The Program received
46 an invoice from the Central Nebraska Public Power and Irrigation District (CNPPID) and



47 completed the initial payment to the CNPPID for pre-construction activities. The payment is
48 approximately \$20.5 million, with the Program contributing \$14.6 million, the Nebraska
49 Department of Natural Resources (DNR) contributing about \$5 million, and the CNPPID
50 contributing \$1 million. Drain clarified that the State of Nebraska's funding has not yet been
51 received. He further elaborated that the CNPPID board approved the engineering design contract
52 with RJH on October 7th and also approved the firm that will assist with negotiations with
53 landowners for land acquisition. CNPPID has received qualifications and fee schedules from
54 two firms for FERC permitting and fulfillment of NEPA requirements. They expect to receive
55 information from a third firm in the next couple weeks.

56

57 ***Groundwater Recharge***

58 Kenny provided an update on the Phelps County Canal groundwater recharge project. He
59 explained that the Program has a one-year temporary agreement with the CNPPID to recharge
60 excess flows. The recent Colorado flooding event provided flows in excess of targets and water
61 was diverted in several Nebraska canals to aid in decreasing peak flows. The CNPPID is
62 currently diverting excess flows into the Phelps County Canal and E65 Canal. Woodward stated
63 the Central Platte Natural Resource District (CPNRD) was able to divert flows into the 30-Mile
64 Canal but not the Cozad or Orchard-Alfalfa Canals, as contractors are currently performing work
65 on those canals. Shafer mentioned that the Nebraska Public Power District (NPPD) is diverting
66 water in both the Gothenburg and Dawson County Canals but these canals can only take water
67 while the flows are high. Steinke said he believes there will be excess flows for a couple more
68 weeks and the CNPPID will continue diverting water in the E65 Canal for about another week.

69

70 ***Net Controllable Conserved Water (NCCW)***

71 Kenny asked whether the no-cost NCCW in WP-4(c) transfer had been made into the Lake
72 McConaughy Environmental Account (EA). Steinke said that yes, the transfer was made
73 October 1st. Kenny stated the Program received an offer letter from the CNPPID for the
74 additional NCCW (for purchase) but he has not met with Don Kraus regarding the offer yet.

75

76 ***Pathfinder Municipal Account***

77 Kenny explained that the WP-4(d) Pathfinder Municipal Account water is bought and paid for
78 and the lease amount for this year is 4,800 acre-feet. Steinke confirmed that the Lake
79 McConaughy EA received approximately 18,000 acre-feet (AF) of water from the Pathfinder
80 Municipal and Environmental Accounts in September.

81

82 ***Colorado Groundwater Management***

83 Kenny described that the Program should begin the process of laying out and negotiating lease
84 terms. This project is projected to begin in 2016, per the Program budget.

85

86 ***Water Leasing***

87 Kenny explained that the Program is currently working on agreements with the CPNRD and the
88 NPPD for water leasing projects under WP-4(f) for surface water. The calculation procedures
89 for water leasing were presented by Shafer and Woodward at the August WAC meeting. The



90 ED Office posted a memo on the WAC site describing the calculations, quantities and costs.
91 Kenny requested that any feedback and comments for clarification or addition be sent to him.
92 **Kenny also requested that the WAC members brief and prep their Governance Committee**
93 **(GC) member as to the calculations, procedures, and assumptions associated with net**
94 **depletions of surface water and any issues or concerns they may have**
95

96 Econopouly requested information on why the NPPD lease cost is significantly higher than the
97 CPNRD cost. Kenny explained the approach by the NPPD is based on the price differential
98 between irrigated land and dry land in Dawson County. NPPD estimated about \$160 per acre of
99 irrigated land, which appears valid based on the Program's economics consultant. About 10
100 inches per acre of water is yielded from the acres that would be part of the transfer process. That
101 quantity is converted to dollars/acre-foot of water and subject to a habitat loss from the project
102 location to Grand Island. Even though there would be water available in the summer low flow
103 season, it is not always a time of shortage so there is another reduction factor. Those steps move
104 the price to about \$350/acre-foot.
105

106 Altenhofen asked if the relinquished acres associated with the NPPD lease will be groundwater
107 irrigated or dryland and noted that the assumptions are very important when determining a cost.
108 Kenny said that he thought most of the acres will be groundwater irrigated. Drain noted that
109 Program is not always able to set the selling price. He stated that he is not necessarily endorsing
110 the NPPD price, but noted the Program obtains water from sponsors on a willing participant
111 basis. The Program has been able to get most water at cost, such as for the J-2 Regulating
112 Reservoir. The WAC's role is not necessarily to say whether the NPPD is right or wrong in
113 setting a price but to advise the GC members as to whether water at this price is a worthwhile
114 acquisition for the Program. The WAC and GC might direct Jerry to go and negotiate the price
115 down or to look at other projects that are less expensive. It is primarily a GC issue.
116

117 **Kenny said he will touch base with Barels and Shafer regarding this discussion and see if**
118 **the NPPD is willing to negotiate a lower price.** It is ultimately the NPPD's decision on the cost
119 offer as the sponsor of this project; however, the Program may not be a willing buyer.
120

121 *Water Management Incentives*

122 Kenny informed the WAC that no Water Management Incentive projects are actively being
123 pursued at this time; however, the Program is following the progress of a possible grant of
124 \$500,000 from the Coca-Cola Company to The Nature Conservancy (TNC) for corn related
125 water management efficiency.
126

127 *Groundwater Management*

128 Kenny discussed Groundwater Management at Funk Lagoon. The Program is discussing the
129 possibility of using the Funk Lagoon to retine water with the CNPPID and the United States
130 Fish and Wildlife Service (USFWS). Recent high flows have provided the opportunity to divert
131 excesses to the lagoon to test project feasibility. The Program has entered a one-year lease with



132 the CNPPID and the USFWS to divert 2,000 AF at \$25/AF, with the Program covering 80% of
133 the cost and the USFWS covering the remaining 20%.

134
135 **Draft 2014 Water Plan Budget: Jerry Kenny, ED**

136 Kenny walked through the 2014 budget spreadsheet and explained that considerably more detail
137 has been incorporated into the description of the work plan budget items than in the past.

138

139 ***Active Channel Capacity Improvements WP-1***

140 The first line item was WP-1(a) for channel improvements associated with the choke point. At
141 the recommendation of the Choke Point Working Group, the Program is moving forward with
142 the State Channel Reactivation and Whitehorse Creek drainage improvement projects. Culverts
143 for the Whitehorse Creek project are being provided by Lincoln County and the project will be
144 completed by the end of 2013. The State Channel Reactivation project is undergoing additional
145 hydraulic studies to determine optimal berm height in 2013. Construction is expected to begin in
146 2014 and cost between \$80,000 and \$100,000. Canal improvements to improve canal by-pass
147 are planned for the Platte Valley and Suburban Canals and expected to cost between \$70,000 and
148 \$120,000. The total WP-1 (a) budget falls between \$200,000 and \$230,000 and an estimate of
149 \$260,000 is used in the 2014 budget. Kenny noted that the WP-1(a) budget items in future years
150 involve property buy-outs and are scheduled to coordinate with the completion of J-2 Regulating
151 Reservoir payments in 2017.

152

153 Altenhofen asked whether the Program could get credit for recharge in the canals when
154 bypassing flows, but Kenny said the recharge would be minimal due to the volume of water and
155 bypass time in the canals.

156

157 Shafer informed the WAC there may have been water flowing over roads at canal crossings
158 during the Short Duration Medium Flow (SDMF) event last spring. Kenny indicated he will
159 follow up with Barel, who is on the Nebraska Water Funding Task Force Committee where the
160 issue arose (Note: The follow up with Barel indicated this issue was not specifically related to
161 the SDMF and the North Platte ditches involved with that; there was a broader concern about the
162 use of road side ditches as irrigation system wasteways.).

163

164 Kenny discussed the WP-1 (b) budget item which involves the Platte Valley weed management
165 projects. The Program has contributed \$1 million up to this point for removing invasive species,
166 primarily phragmites, as impediments to flow. These projects have been successful in terms of
167 controlling and the channels are largely free of phragmites. The EDO is planning \$100,000
168 every year to the end of the first increment to help cover the cost of chemicals, helicopter flights,
169 and ground removal crews to maintain the flow capacity.

170

171 ***Flow Test Routing WP-3***

172 Econopouly asked why there isn't a budget for a flow routing test in 2014. Kenny responded
173 that the budget for SDHF EA bypass is now included under an Adaptive Management line item.

174



175 **Water Action Plan Projects WP-4**

176 Kenny provided an overview of the WP-4 line item project budgets for 2014 and future years.

177

178 *WP-4(a) J-2 Regulating Reservoir:* The J-2 Regulating Reservoir project had an initial payment
179 of \$14.6 million in 2013 and payments of \$14.4 million are budgeted for each year from 2014 to
180 2016, for a total payment of \$57.8 million. Project construction should begin in early 2016 and
181 annual operation and maintenance costs of \$250,000 are expected in 2017 through 2019.

182

183 *WP-4(b) Groundwater Recharge:* For the Phelps County Canal groundwater recharge project,
184 the Program and CNPPID are in the process of securing a permanent water right to divert up to
185 9,261 AF of water annually for recharge. The project will divert excess water and the Program
186 will divide half of the recharge water and associated costs with the Tri-Basin Natural Resource
187 District (TBNRD). The Phelps recharge agreement with the CNPPID would include the
188 possibility of recharge in the E65 canal and the Program is investigating the feasibility of E65
189 recharge. The cost for Phelps recharge in 2014 is estimated to be \$177,502.50 and will increase
190 annually. The Program is also planning to lease up to 5,125 AF of water from the CPNRD for
191 groundwater recharge at a cost of \$179,375 in 2014 with an annual increase of 7.5%.

192

193 *WP-4(c) Net Controllable Conserved Water (NCCW):* The Program anticipates purchasing
194 10,586 AF of water from the CNPPID at an annual cost of \$2,318,334 from 2014 through 2019.
195 The Program is still negotiating the price and terms of NCCW with the CNPPID. Kenny said the
196 budget shown for NCCW has many assumptions and those are the subject of further discussions
197 and negotiations with Don Kraus. The EDO made the following assumptions: rather than paying
198 in a lump sum as CNPPID offered, the payments would be spread over time, the unit cost would
199 hold over time, there will be an option for renewal at the end of the First Increment, and that the
200 Program would acquire 10,586 acre-feet of the offer. If the Program does not receive that water,
201 other sources must be found to take its place.

202

203 *WP-4(f) Water Leasing:* The Program is planning to lease up to 5,125 AF of water from the
204 CPNRD at a rate of \$35/AF for a 2014 total of \$179,375 with an annual increase of 7.5%. The
205 Program is budgeting a total of \$144,590 to lease up to 761 AF of water from the NPPD at a rate
206 of \$190/AF with an annual increase of 3.4%.

207

208 *WP-4(h) Nebraska Groundwater Management:* The Program anticipates leasing up to 2,000 AF
209 of water from the CNPPID at a rate of \$25/AF for the Funk Lagoon project. The 2014 budget
210 also includes \$20,000 for feasibility study equipment resulting in a total 2014 budget of \$60,000.

211

212 **Water Management Tool WP-5**

213 Kenny explained the \$67,000 budgeted for management tools is planned for evaluating the
214 combined effects and interaction of multiple water action plan projects using the Stella surface
215 water model developed in the COHYST modeling effort. Future year costs may not be incurred
216 if the Program is able to run the Stella model in-house.

217



218 ***Miscellaneous Water Resource Studies WP-9***

219 Kenny then explained that the \$25,000 budgeted in the Miscellaneous Water Resources Studies
220 line item will likely be used towards research focusing on Water Action Plan aspects of the
221 Adaptive Management wet meadows hydrology monitoring effort. Kenny reminded the WAC
222 that more details on the budget items are included in the work plans posted on the WAC website
223 and solicited WAC comments on the work plans prior to the October 24th Finance Committee
224 meeting. The GC will meet to discuss the budget on November 20th in Denver and will approve
225 the 2014 budget during the December 2nd GC meeting. **Kenny requested the WAC members**
226 **work with their GC member and direct comments and suggestions to him so the ED Office**
227 **can incorporate comments.**
228

229 **Additional Business:** *Cory Steinke, CNPPID*

230 The 2014 meeting schedule is posted on the WAC website. Kenny requested the February 11,
231 2014 WAC meeting date be changed and the WAC decided to move the next meeting to
232 February 4th. **The next WAC meeting is scheduled for February 4, 2014, from 9:30 am –**
233 **3:00 pm (Mountain Time) at the Lake McConaughy Visitors Center.**
234

235 **Action Items**

236 **General WAC**

- 237
- 238 • Discuss the NPPD and Central Platte NRD water leasing projects with your GC member,
including any issues or concerns.
 - 239 • Discuss the 2014 budget and work plans with your GC member before the November 20th
240 GC Meeting.
- 241

242 **ED Office**

- 243 • Kenny will work with NPPD in attempts to negotiate a lower price for the water leasing
244 project.