



Pete Ricketts
Governor

STATE OF NEBRASKA

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

IN REPLY TO:

August 26, 2016

Governor Pete Ricketts
State Capitol
2nd Floor N.E.
PO Box 94848
Lincoln, NE 68509-4848

Clerk of the Legislature
State Capitol, Room 2018
PO Box 94604
Lincoln, NE 68509-4604

Subject: Nebraska Resources Development Fund Biennial Report for July 1, 2014 – June 30, 2016

Dear Governor Ricketts & the Clerk of the Legislature:

Pursuant to Neb. Rev. Stat § 2-1588(3) the Department of Natural Resources (DNR) is pleased to submit the 2016 Biennial Report for the Nebraska Resources Development Fund (NRDF). This report briefly summarizes the history of the Fund and focuses on the current status of NRDF including related legislative activities.

Since 1974 the NRDF has helped local subdivisions of government promote natural resources development opportunities and address related problems. By using funding from this program to leverage other monies, sound projects have been completed that likely would not otherwise have been undertaken due to local funding constraints. The \$110 million of state funds invested has leveraged \$152 million of federal and local funds to provide the citizens of Nebraska an estimated \$1.42 billion in benefits over the projected lives of the projects.

In addition, 65 projects that the Nebraska Resources Development Fund helped to build have and will continue to protect the state's natural resources and, although often taken for granted, have also produced significant recreation and economic benefits for our citizens. These projects have leveraged significant federal and local funding to develop, preserve and maintain the state's water, and related land resources, including: programs and projects for the abatement of pollution; reduction of potential flood damages; reservation of lands for resources development projects; provision of public irrigation facilities; preservation and creation of fish and wildlife resources; protection and

improvement of public land; provision of public outdoor recreation lands and facilities; provision and preservation of the waters of the state for all beneficial uses, including domestic, agriculture, and manufacturing uses; conservation of land resources; and protection of health, safety, and general welfare of the people.

In its 2014 session, the Legislature passed legislation in response to Nebraska's water funding needs identified in the "*Strategic Plan and Recommendations Report*" which was submitted to the Legislature by the Water Funding Task Force in December 2013. LB906 and LB1098 created the Water Sustainability Fund (WSF). LB 906 also indicated the Legislature's intent that the new fund would take on the project assistance role previously performed by the NRDF. The bill limited future NRDF expenditures to the previously approved allocations for each project, prohibited reallocation among approved projects, and prohibited approval of new applications.

To complete the six remaining NRDF projects under construction, sponsors prepared a proposal projecting financial funding needed over the anticipated four year period remaining for the NRDF. The following legislative activities have allowed FY 2015-16 and FY 2016-17 funding to continue as proposed.

In its 2015 session, the Legislature passed legislation, LB 657 and LB 661, which collectively transferred \$3 million from the WSF to the NRDF on or before August 1, 2015 and an additional \$3 million on or before August 1, 2016. Additional language was added to; 1) allow for the use of this funding to projects approved as of March 03, 2014; 2) limited annual allocations to funds on hand; and 3) authorized transfer by the State Treasure of any unused funds remaining after all such projects have been funded back to the WSF. Once cost share commitments to currently approved existing projects are satisfied, likely through FY 2019, the NRDF will cease to operate, and the focus of all future State water resources investments will occur through the Water Sustainability Fund.

The six NRDF projects under construction which are not yet fully funded are summarized below.

- **Buck and Duck Creek**

Sponsor: Nemaha NRD

This project consists of two dams, one each on Buck and Duck Creek near Peru, Nebraska. Both structures will control a 100-year event; and reduce sediment loading in the down-stream drainage ditches which currently require frequent mechanical removal in order to maintain their effectiveness running through crop land in the lower half of the watershed before flowing into the Missouri River. Construction of both the Buck Creek and Duck Creek sites are complete. Mitigation work and the public recreation area at the Duck Creek site are both under way.

- **Lake Wanahoo**

Sponsor: Lower Platte North NRD

This project is the largest component of the Sand Creek Environmental Restoration project designed and principally funded by the Corps of Engineers to restore nearly two thousand acres of Todd Valley wetlands, pond habitat, central deciduous forest