PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM
Water Advisory Committee Meeting Minutes
Conference Call & WebEx
October 8, 2013

Meeting Attendees

Water Advisory Committee (WAC)

State of Colorado
Suzanne Sellers – Member

State of Nebraska
Brandi Flyr – Alternate

U.S. Fish and Wildlife Service (USFWS)
Tom Econopouly – Member

Downstream Water Users
Cory Steinke – Member (WAC Chair)
Duane Woodward – Member
Jeff Shafer – Member
Landon Shaw – Member
Mike Drain – Alternate
Tyler Thulin
Nolan Little

Upstream Water Users
Dennis Strauch – Member

Colorado Water Users
Jon Altenhofen – Member

Environmental Groups
Greg Wingfield – Member
Duane Hovorka – Member

Executive Director's Office (ED Office)
Jerry Kenny, Executive Director (ED)
Scott Griebling
Sira Sartori
Janice Rainwater
Bruce Sackett

Contractors
Bill Hahn – Hahn Water Resources
Matt McConville – HDR

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

WAP Project Updates: *Jerry Kenny, ED*

J-2 Regulating Reservoir

Kenny updated the WAC on the status of the J-2 Regulating Reservoir. The Program received an invoice from the Central Nebraska Public Power and Irrigation District (CNPPID) and completed the initial payment to the CNPPID for pre-construction activities. The payment is approximately $20.5 million, with the Program contributing $14.6 million, the Nebraska Department of Natural Resources (DNR) contributing about $5 million, and the CNPPID contributing $1 million. Drain clarified that the State of Nebraska's funding has not yet been received. He further elaborated that the CNPPID board approved the engineering design contract with RJH on October 7th and also approved the firm that will assist with negotiations with landowners for land acquisition. CNPPID has received qualifications and fee schedules from two firms for FERC permitting and fulfillment of NEPA requirements. They expect to receive information from a third firm in the next couple weeks.

Groundwater Recharge

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

Net Controllable Conserved Water (NCCW)

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

Pathfinder Municipal Account

Kenny explained that the WP-4(d) Pathfinder Municipal Account water is bought and paid for and the lease amount for this year is 4,800 acre-feet. Steinke confirmed that the Lake

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McConaughy EA received approximately 18,000 acre-feet (AF) of water from the Pathfinder Municipal and Environmental Accounts in September.

Colorado Groundwater Management

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

Water Leasing

Kenny explained that the Program is currently working on agreements with the CPNRD and the NPPD for water leasing projects under WP-4(f) for surface water. The calculation procedures for water leasing were presented by Shafer and Woodward at the August WAC meeting. The ED Office posted a memo on the WAC site describing the calculations, quantities and costs. Kenny requested that any feedback and comments for clarification or addition be sent to him. **Kenny also requested that the WAC members brief and prep their Governance Committee (GC) member as to the calculations, procedures, and assumptions associated with net depletions of surface water and any issues or concerns they may have**

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

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

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

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

Groundwater Management
Kenny discussed Groundwater Management at Funk Lagoon. The Program is discussing the possibility of using the Funk Lagoon to retime water with the CNPPID and the United States Fish and Wildlife Service (USFWS). Recent high flows have provided the opportunity to divert excesses to the lagoon to test project feasibility. The Program has entered a one-year lease with the CNPPID and the USFWS to divert 2,000 AF at $25/AF, with the Program covering 80% of the cost and the USFWS covering the remaining 20%.

Draft 2014 Water Plan Budget: *Jerry Kenny, ED*
Kenny walked through the 2014 budget spreadsheet and explained that considerably more detail has been incorporated into the description of the work plan budget items than in the past.

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

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

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

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

Flow Test Routing WP-3

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

Water Action Plan Projects WP-4

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

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

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

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

WP-4(f) Water Leasing: The Program is planning to lease up to 5,125 AF of water from the CPNRD at a rate of $35/AF for a 2014 total of $179,375 with an annual increase of 7.5%. The

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Program is budgeting a total of $144,590 to lease up to 761 AF of water from the NPPD at a rate of $190/AF with an annual increase of 3.4%.

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

Water Management Tool WP-5

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

Miscellaneous Water Resource Studies WP-9

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

Additional Business: *Cory Steinke, CNPPID*

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

Action Items

General WAC

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

ED Office

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

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