



PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM (PRRIP or Program)
Governance Committee Meeting Minutes
Warwick Denver Hotel – Denver, CO
December 1, 2015

Meeting Attendees

Governance Committee (GC) Table

State of Wyoming

Harry LaBonde – Member

State of Colorado

Don Ament – Member

Suzanne Sellers – Alternate

State of Nebraska

Jeff Fassett – Member (Chair)

Jesse Bradley – Alternate

U.S. Fish and Wildlife Service (Service)

Michael Thabault – Member

Bureau of Reclamation (Reclamation)

Chris Beardsley – Member

Brock Merrill – Alternate

Environmental Entities

Bill Taddicken – Member

Rich Walters – Member

Upper Platte Water Users

Dennis Strauch – Member

Colorado Water Users

Alan Berryman – Member

Kevin Urie – Member

Deb Freeman – Alternate

Downstream Water Users

Don Kraus – Member

Mark Czaplewski – Member

Kent Miller – Member

Brian Barels – Member

Executive Director's Office (EDO) Staff

Jerry Kenny, Executive Director (ED)

Dave Baasch

Bridget Barron

Jason Farnsworth

Bruce Sackett

Sira Sartori

Chad Smith

Seth Turner

Kevin Werbylo

Audience Members:

Jim Jenniges – NPPD

Mike Drain – CNPPID

Diane Hoppe – GEI

Ed Toms – AECOM (Special Advisor)

Tom MacDougall – RJH

Bob Huzjak – RJH

Lyndon Vogt – CPNRD

David Marmorek – ISAC

Ned Andrews – ISAC

Philip Stuckert – State of Wyoming

Jason Roudebush – Ducks Unlimited

Greg Kernohan – Ducks Unlimited

Duane Hovorka – Nebraska Wildlife Federation

Russ Soucek – Nebraska Wildlife Federation

Tom Econopouly – Service

Lee Failing – Compass

Philip Halteman – Compass



Welcome & Administrative

Fassett called the meeting to order at 1:02 p.m. Mountain Time. The group proceeded with introductions. Kenny said we needed to add the election of the 2016 GC Chair at the end of business today.

LaBonde moved to approve the November 2015 GC Special Session minutes; Ament seconded. Minutes approved.

Program Committee Updates

Land Advisory Committee (LAC)

Czaplewski provided an update on the latest LAC activities. The LAC met on November 3 in Kearney. Most of the discussion was about the 5-year O&M plans on the GC agenda today. Czaplewski was re-elected as Chair and John Shadle from NPPD was re-elected Vice Chair. The next LAC meeting is February 23, 2016 in Kearney.

Water Advisory Committee (WAC)

Kenny provided an update on the latest WAC activities. The WAC last met on October 20 in Ogallala. There were updates on all WAP projects underway or at various stages of negotiation; an update on the wet meadows project; a discussion of the status of the new look J2 project; introduction of the broad scale recharge concept; Funk Lagoon as a WAP project which does not look promising and will be discussed with the GC in March 2016; an update on the choke point; and finally a discussion of the draft PRRIP FY16 budget. The next WAC meeting will be February 2, 2016 in Ogallala.

Technical Advisory Committee (TAC)

Sellers provided an update on the latest TAC activities. The TAC last met via conference call on October 26 and discussed the draft FY16 budget and work plan. The TAC also participated jointly with the ISAC and GC members at the 2015 AMP Reporting Session.

Finance Committee (FC)

LaBonde provided an update on the latest FC activities. The FC met on October 22 to discuss the draft PRRIP FY16 budget and work plan.

Program Outreach Update

PRESENTATIONS

- Jerry Kenny, Jason Farnsworth and Dave Baasch presented an overview of the Program to participants of the Nebraska Water Center – Faculty and Partner Retreat on October 7, 2015.
- Jerry Kenny presented on the Program to Senior College of Central Nebraska on October 8, 2015 in Kearney, Nebraska. Bill Taddicken was also a presenter.
- Jerry Kenny was an invited speaker at the Western Water Conference in Salt Lake City, Utah on October 28, 2015. The panel topic was *Payment for Ecosystem Services* and Jerry presentation was titled, “*Experiences Purchasing Land and Water for Habitat Preservation on the Platte River*”. The goal of the conference was to provide information on management tools and approaches that can improve water managers’ ability to cope with increased variability of drought and flooding.
- The Program was well represented at the 2015 National AWRA Annual Water Resources Conference which was held in Denver, Colorado November 16-19, 2015. Jerry Kenny moderated two sessions on Endangered Species Recovery. In the first session, individual presentations were made by Jerry Kenny (Background and Overview of the Program), Sira Sartori (Program Water Plan), and Chad Smith (Program Adaptive Management Plan). A Panel Discussion focused on “Successes and Challenges of the PRRIP”. Panelists included Alan Berryman, Kevin Urie, Don Ament, Harry



LaBonde, Don Kraus, Tom Econopouly, Brock Merrill, and Bill Taddicken. In the second session, individual presentations were made by Sira Sartori (Groundwater Recharge), Mike Drain (Lake McConaughy Environmental Account), Scott Griebing (Wetlands and Wet Meadows Habitat), and Jason Farnsworth (Flow and Sediment Augmentation).

EXHIBITS/SPONSORSHIPS

- The Program exhibited at Husker Harvest Days in Grand Island on September 15th through 17th, 2015 in the Natural Resources Districts building. We made 2,152 contacts over the course of the three days.
- The Program exhibited at the South Platte Forum on October 28 & 29, 2015 in Longmont, Colorado. We made 288 contacts at the event. The Program was also a break sponsor of the event.
- The Program exhibited at the Booseum at the Kearney Children's Museum on October 29, 2015. Children attending the event were age appropriate crane fact sheets and coloring sheets.
- The Program exhibited at the joint conference of the Nebraska Water Resources Association and the Nebraska State Irrigators Association on November 22 -24, 2015 in Kearney, Nebraska. We made 98 contacts at the conference.

UPCOMING PRESENTATIONS/EXHIBITS

- Jerry Kenny will provide an overview of the Program as part of a panel at the Nebraska Power Farming Show on December 8, 2015 in Lincoln, Nebraska. The panel is an educational seminar focusing on Nebraska's water resources.
- The Program will be a break sponsor and will exhibit at the annual meeting of the Four States Irrigation Council in Fort Collins, Colorado on January 13-15, 2016. This year the meeting will be a joint meeting between the Four States Irrigation Council and the Ditch and Reservoir Company Alliance.
- At the joint meeting of the Four States Irrigation Council and the Ditch and Reservoir Company Alliance, Jerry Kenny and John Heaston will be presenting on the Program in a session titled, *3-States Memorandum of Understanding*.
- The Program will exhibit at Colorado Water Congress in Denver, Colorado on January 27 – 29, 2016.

OTHER

- After the September 2015 Governance Committee meeting The Kearney Hub and Omaha World Herald published articles on the increased costs of the J-2 reservoir project. Mike Drain of the Central Nebraska Public Power and Irrigation District and Mark Czaplewski of Central Platte Natural Resources District were interviewed for the articles.

Barron distributed a Christmas gift of a two-item charger to each GC member on behalf of Headwaters Corporation.

PRRIP FY15 Budget Update

Kenny gave an overview of the status of the FY15 budget, related expenditures, and land income and taxes.

FY16 PRRIP Budget and Work Plan

Kenny discussed the latest draft of the PRRIP FY16 budget and work plan, as well as the 2016 EDO contract and staffing plan.

*Strauch moved to approve the PRRIP FY16 budget and work plan; Berryman seconded. **FY16 budget and work plan approved.***



Sellers asked if the mileage rate was changed in the ED Contract as was brought up at the GC meeting regarding the fuel price rate reflected in what is charged for PRRIP use of Headwaters equipment. Kenny said the equipment fuel rate was updated in the PRRIP FY16 budget and work plan under line PD-18 and the ED-1 contract reflects the current IRS mileage reimbursement rate. Czaplewski said the Task 2 header in the ED Contract needs to be changed to 2016 instead of 2014. Kenny said that change would be made.

LaBonde moved to approve the ED Contract with the change in the Task 2 header noted above; Ament seconded. 2016 ED Contract approved.

Water Action Plan Implementation

J2 Quarterly Report and Project Update

Kraus said the recent focus has been a re-evaluation of the project. Huzjak gave a presentation on revised options for the J2 project. Kenny discussed J2 costs, storage volumes, and score volumes. Sellers said land prices appear to be based on what we paid in the past. Kenny said that is the fair market value for land in the project area now. What we actually pay will likely be higher than that but used the fair market value to be consistent. Thabault said he is thinking about the functionality to re-time water back into the river. Many of the projects currently being discussed are related to groundwater so how do we control that water to re-time it. Kenny said stored water in a project like J2 has much more controllability. When you recharge, in rough terms about half of it comes back when it doesn't count to reduce shortages to target flows and recharged water that returns to the river as a groundwater accretion is considered natural flow and that water cannot be protected from diversion. Most of the recharge water is downstream of the main diversions except for the Kearney Canal. If you put in wells to pump water specifically when you need it, then recharge water can be measured and protected. Thabault asked if pump-back costs are included in the recharge projects estimates. Kenny said we are still at a high level of investigation of the broad scale recharge project and that needs to be looked at in the near future. The scores in Document #15 reflect water finding its own way back to the river. Thabault said he appreciates the need to hit a target but that he is looking for usable water that is more controllable. Drain said CNPPID has not applied for a protection order for J2 water. Kenny said if it appears this project will get built then we need to discuss protection options with the Nebraska DNR or even protecting from Kearney Canal diversion under an agreement with NPPD.

Sellers asked if it is important for RJH to present cost per acre foot in an amortized manner. Kenny said RJH is estimating total cost and everything after that is done by EDO manipulation. We will tighten all numbers and procedures up so that we are certain of comparing apples to apples. Beardsley asked if he is understanding correctly that using rough numbers we can get about 86% of the original project yield at an additional cost of about \$7-9 million. Kenny said yes, the current best estimates indicate that to be the situation.

Broad Scale Recharge

Kenny discussed the broad scale recharge concept. Merrill asked if the score reflected a discount because it is further down the habitat reach. Kenny and Sartori said yes. Barels asked how confident we are that water put on this land actually gets back to the Platte River. Kenny said that is a fundamental question (are we getting wet water in the river?) and he has initiated discussions with a new faculty member at UNL that is interested in helping put tracers in the water to watch movement. Beardsley asked if Kenny had done any analysis combining a revised J2 option with recharge. Kenny said the best guidance at this point is Table 2 in Document #15. Strauch asked if the total cost figure in Table 2 is within the current PRRIP water budget. Kenny said yes. Strauch said if you focus on the cheaper per acre foot cost projects (J2, broad scale recharge, Pathfinder) you still get close to 60,000 AF in terms of score. LaBonde said he



189 thought the Pathfinder score of 4,000 AF seems low. Kenny said it has gone through the scoring
190 subcommittee and has been approved by the GC. Sartori said that is an average number. LaBonde said
191 Table 2 should reflect total score over the life of the project in the First Increment if total First Increment
192 cost is included. Kenny said that would be evaluated.

193
194 Thabault said he is starting to look at maximizing flexibility and delivery timing and that should be
195 explored as these discussions go forward. Sellers asked if the concept of a cost band has been integrated
196 into cost estimates like those in Table 2. Kenny said not yet but that can be done, though it will make
197 things more complex. This was an effort to get things focused on thinking through next steps and he
198 knows there is a need for a much greater level of detail on projects like broad scale recharge as well as
199 cost estimates. Drain said it looks possible to meet our water goal within the current budget, but we could
200 also not.

201
202 Huzjak said the guidance needed is how possibly large could the J2 reservoir be so we can do the
203 appropriate studies. Drain said the risk of looking at something too big is that the land would need to be
204 acquired and most likely it will be for more than fair market value. If we have to sell that land down the
205 road, we would likely sell it at fair market value and would eat the extra cost. Sellers asked if we are
206 being asked to allow RJH to design but CNPPID to not yet acquire land. Huzjak said the challenge is it
207 seems like we have arrived at the point of having to buy land to even do baseline studies. Whatever size
208 you allow to be studied, you are essentially allowing seeking acquisition of that land in order to do
209 geotechnical tests and exploration. Ament asked how much farther down the road we have to get to learn
210 about the efficacy of the cutoff wall concept. Huzjak said he would need to do deeper geotechnical
211 borings but there will be gaps in that data because we don't yet have land access except in road right-of-
212 ways and land already acquired.

213
214 Taddicken said he does not see how we cannot go with the full size single reservoir (14,700 AF) footprint
215 now because even the east boundary could shrink due to concerns from the cemetery. Beardsley said he
216 does not understand why we need to look at the larger size. Miller said the downstream NRDs agree.
217 Taddicken asked how much we lose if the eastern boundary gets pushed back. Berryman said the longer
218 we use the water the more value we get out of stored water. Those costs are so much less that we need to
219 look larger if we are thinking this water will be useful into a Second Increment. LaBonde said he is
220 inclined to look at the bigger footprint and then build whatever size we can within that footprint.
221 Thabault said it strikes him that we should be looking at the larger footprint to maximize our options now
222 and be able to shrink if necessary in the future with an understanding that selling land might result in
223 some "sunk" cost. Sellers said the Colorado team has not had a chance to talk about whether now is the
224 decision point on which to buy land and we need time to process and discuss that. Drain asked if that
225 means we need to postpone this decision. Sellers said she is not ready to approve buying land. Kraus
226 said there is an agreement to put the current contracted project in abeyance until we settle on a new path
227 forward. A break was requested to allow sidebar discussions.

228
229 After break, Kenny said there were two threads of conversation one focused on footprint and one on
230 reservoir size. Looking at the larger footprint was not committing to the larger reservoir capacity and the
231 two concepts were getting intertwined. There was thought as to moving in the direction of directing
232 CNPPID to explore the larger footprint but think of a reservoir of some size within that footprint. The
233 existing contract with CNPPID could be easily amended to remove further consideration of Area #2
234 because the existing contract would still cover the larger footprint and allow exploration of reservoir size
235 as part of the design process. Miller asked if that ultimately means something within the 10,500 AF size
236 because that is in budget. Kenny said yes, within that larger footprint develop a reservoir that provides
237 the largest score within the available budget. Kraus said the current agreement has an estimated cost of X



dollars. That might need to go out, or be edited, etc. Miller said based on the discussion of the downstream water users and the State of Nebraska they agree with Kenny's approach. Taddicken said that is along the lines of what the environmental groups were thinking. Berryman said there are concerns about the perception of buying more land than we need even though the risk in dollars is relatively low in the larger perspective. Beardsley asked if there is a way to pay a contingency for access instead of buying the land. Drain said based on working with the landowners the answer is no.

Miller moved to authorize the Executive Director to begin negotiations to modify the existing water service agreement with CNPPID for the J2 Reregulating Reservoir Project to do the following:

- *Eliminate further consideration of Reservoir Area 2.*
- *Consider design options for a single maximum-sized reservoir within the existing available PRRIP budget.*
- *Lift the prior GC direction to pause land acquisition for the project.*

LaBonde seconded. Motion approved, Kraus abstained.

Making the Counties Whole

Kenny discussed issues related to paying taxes related to lands purchased for the J2 project. Ament asked why we don't just pay whatever we cost them in terms of lost taxes. Kenny said once CNPPID acquires the land they don't get a tax bill so we don't know what the cost will be. This memo describes a way to index into the future so we can calculate a reasonable tax payment back to the counties where the land for J2 is purchased. Ament asked if there is an auditor that can help figure all that out. Sackett said school districts decide their boundaries and counties decide their budget boundaries. Miller said the CPI approach at least gives counties an assurance the Program is paying attention to potential tax increases over time.

Barels said he does not like the CPI approach and we should say "adjustment" factor instead of "escalation" factor. We should adjust based on the tax rate for the land classification because we might get a situation where the tax rate goes down but we are locked in through the CPI to pay more. The adjustment should be based on the change in assessment based on the type of land in question. Kenny said houses, different land uses, and similar factors complicate that approach, but that we could just assume all land as irrigated corn ground and pay for lost taxes based on that. Barels and Czaplewski noted use of the rate of irrigated crop ground would be simplest and should reflect the higher end of the property tax scale. Ament voiced his support for that approach as satisfying his concerns.

Miller moved to direct the Executive Director to implement the process described in Document #16 (Compensation for Lost Tax memo), as so modified by the GC to replace use of the CPI with adjustments based on irrigated corn land and to replace the word "escalation" with "adjustment", to initiate the process of "making the counties whole" relative to the J2 Reregulating Reservoir Project; Taddicken seconded. Motion approved.

Water Service Agreement

Kenny discussed the proposed extensions to the two water service agreements for the Elwood and Phelps County Canal recharge projects.

Berryman moved to approve the two water service agreement extensions; LaBonde seconded. Water service agreement extensions approved; Miller, Czaplewski, Kraus abstained.



2016 Environmental Account (EA) Annual Operating Plan (AOP)

Kenny discussed the EA AOP and pointed out the reference to pallid sturgeon in the May 20-June 20 EA release. Program monitoring is applicable to target flows related to channel maintenance, wet meadows, terns/plovers, whooping cranes, etc. but the EDO is not doing monitoring to assess impacts on the pallid sturgeon. Czaplewski said the mention of the pallid sturgeon in the AOP seems to ignore the best science of the Program. Thabault said the position of the Service has always been if we have the opportunity to improve the situation for pallids we should do so. To the extent we have EA water to use, the Service believes this is a legitimate use of the water. The Program should have a broader discussion about pallids. Bradley asked why the number for pallids isn't 3,700 cfs like in the Nebraska New Depletion Plan as opposed to the >3,000 cfs listed in the EA AOP. Barels said the 3,700 number is what was agreed to through the Program document and the depletion plan. Thabault agreed to go back and talk to Eliza Hines at the Service to rectify the discrepancy.

Elm Creek Memo

Kenny discussed the comparison between the Elm Creek Project and the J2 Project as potential WAP projects. At this time, there is no compelling story to sell that the Elm Creek Reservoir should be evaluated again as a potential WAP project. This is part of an ongoing effort to continue to evaluate all potential WAP projects for screening purposes. Freeman asked how J2 is being characterized by way of minimum score. Kenny said all projects are evaluated by their ability to reduce shortages to target flows and their ability to provide SDHF, but also standard metrics such as the ability to permit a project. Freeman said she suggests ultimately that alternatives are going to get measured against what the defined Purpose and Need for the project is and it is helpful to articulate differences amongst projects in conformance to their ability to satisfy the Purpose and Need.

Trans-basin Diversion Project

Miller said the Tri-Basin NRD and the Lower Republican NRD have entered into an agreement for a project that would take excess Platte flows through the CNPPID canal system and a pipeline to the Republican basin. There is an agreement to develop the project but there is not an agreement with CNPPID to move water through their system. Miller said the Platte basin NRDs told the sponsors the only way they will support the project is if it is true excess flows. Miller said the sponsors said that was their intent. Kenny asked if the Program would always get first bite at the flows ahead of the trans-basin diversion as target flows don't have a water right? Taddicken said there is no excess water in the Platte if we already are not meeting target flows.

Colorado Template BA

Urie discussed recent efforts between the Service and Colorado to clean up some language in the previous template document. Freeman said the template was an attachment to some pages in the Water Action Plan (WAP). Their suggestion is to substitute in this new language and pull out the old language. Barels asked if the "applicable language" referenced in the current Program Document is clarified by the updated template. Freeman explained that yes the new template does define that language.

Ament moved to approve substitution of the revised Colorado Template BA language into the Program document thus revising the Final Program Document; LaBonde seconded. Motion approved.

Land Plan Implementation

Speidell Land Transfer

Kenny discussed the proposed transfer that relates to work being done by the Program at the North Platte choke point. Freeman asked why we are deducting these lands from Endangered Species Act (ESA) consideration. Kenny said because the Corps said you cannot use Program lands for mitigation that count



335 for both the ESA and the Clean Water Act (CWA). Freeman asked if the Corps is making this a permit
336 requirement. Kenny said yes. Freeman said this is not an acquisition but is making an enhancement.
337 Thabault said the check will have to not come from federal dollars.



Strauch moved and Beardsley seconded to:

- *Approve returning the calculated attributable share value to the U.S. Fish and Wildlife Service utilizing non-federal dollars to allow for continued work on a wetland restoration at the Speidell tract.*
- *Approve moving 25 acres off Program ESA calculations and into Program CWA calculations.*

Motion approved; Downstream Water Users abstained.

Speidell Clean-Up

Farnsworth discussed the Speidell tree pile clean-up sole source. Urie asked where large stumps will be burned and buried. Farnsworth said it is in their scope to exclude them from grinding but instead burn and bury the large stumps.

*Strauch moved to approve the sole-source; Berryman seconded. **Clean-up sole source approved.***

Prescribed Fire RFP

*Labonde moved to approved the Prescribed Fire RFP; Beardsley seconded. **RFP approved.***

Land Tract O&M Plans

*Ament moved to approve all six O&M plans; Berryman seconded. **O&M plans approved.***

Independent Scientific Advisory Committee (ISAC) Commentary

Marmorek gave a presentation summarizing ISAC responses to PRRIP questions posed during the 2015 AMP Reporting Session.

Public Comment

Kenny asked for public comment. None offered.

Future Meetings & Closing Business

Upcoming 2016 GC meetings:

- **March 8-9, 2016 @ Kearney, NE**
- **June 7-8, 2016 @ Cheyenne, WY**
- **September 13-14, 2016 @ Kearney, NE**
- **November 15, 2016 @ Denver, CO (GC Special Session on FY17 Budget)**
- **December 6-7, 2016 @ Denver, CO**

Upcoming 2016 ISAC meetings:

- ISAC meeting in conjunction with the **March 2016** GC meeting in Kearney, NE
- 2016 AMP Reporting Session – **October 18-20, 2016 @ Omaha, NE**

*Kraus moved to elect Don Ament, State of Colorado, as 2016 GC chair; LaBonde seconded. **Ament elected.***

Meeting adjourned at 5:52 p.m. Mountain Time.

Summary of Action Items/Decisions from December 2015 GC meeting

- 1) Approved the November 2015 GC minutes.
- 2) Approved the PRRIP FY16 budget and work plan.



- 386 3) Approved the 2016 ED Contract as amended.
- 387 4) Authorize the Executive Director to begin negotiations to modify the existing water service
- 388 agreement with CNPPID for the J2 Reregulating Reservoir Project to do the following:
- 389
 - Eliminate further consideration of Reservoir Area 2.
 - 390 • Consider design options for a single maximum-sized reservoir within the existing available
 - 391 PRRIP budget.
 - 392 • Lift the prior GC direction to pause land acquisition for the project.
- 393 5) Directed the Executive Director to implement the process described in Document #16 (Compensation
- 394 for Lost Tax memo), as so modified by the GC to replace use of the CPI with adjustments based on
- 395 irrigated corn land and to replace the word “escalation” with “adjustment”, to initiate the process of
- 396 “making the counties whole” relative to the J2 Reregulating Reservoir Project.
- 397 6) Approved the extension of the Phelps County Canal groundwater recharge water service agreement.
- 398 7) Approved the extension of the Elwood groundwater recharge water service agreement.
- 399 8) Approved substitution of the revised Colorado Template BA language into the Program document
- 400 thus revising the Final Program Document.
- 401 9) Approved returning the calculated attributable share value to the U.S. Fish and Wildlife Service
- 402 utilizing non-federal dollars to allow for continued work on a wetland restoration at the Speidell tract
- 403 and approved moving 25 acres off Program ESA calculations and into Program CWA calculations
- 404 relative to the Speidell tract.
- 405 10) Approved the Speidell tree pile clean-up sole source.
- 406 11) Approved the multi-year prescribed fire RFP.
- 407 12) Approved six Program land tract O&M plans.
- 408 13) Set GC meeting dates for 2016:
- 409
 - March 8-9, 2016 @ Kearney, NE
 - 410 • ISAC meeting in conjunction with the March 2016 GC meeting in Kearney, NE
 - 411 • June 7-8, 2016 @ Cheyenne, WY
 - 412 • September 13-14, 2016 @ Kearney, NE
 - 413 • 2016 AMP Reporting Session – October 18-20, 2016 @ Omaha, NE
 - 414 • November 15, 2016 @ Denver, CO (GC Special Session on FY17 Budget)
 - 415 • December 6-7, 2016 @ Denver, CO
- 416 14) Elected Don Ament, State of Colorado, as the 2016 GC Chair.