

**Pete Ricketts**  
Governor

# STATE OF NEBRASKA

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

December 31, 2015

Patrick J. O'Donnell, Clerk of the Legislature  
Room 2018 state Capitol  
Lincoln, NE 68509-4904

Subject: 2015 Biennial Report of the Nebraska Water Sustainability Fund

Dear Mr. O'Donnell,

Neb. Rev. Stat § 2-1507(7) requires a report be made to the Clerk of the Legislature beginning on December 31, 2015, describing the work accomplished by the use of funds towards the goals of the Water Sustainability Fund. The Fund was created by the 2014 Legislature in LB906, and governance requirements were provided in LB1098. This is the first report.

Although no funds have been expended for projects at this point, I can report on the efforts devoted by the Nebraska Natural Resources Commission (Commission) and the Department of Natural Resources (Department) to tasks required to effectively and efficiently achieve the goals set out by the Legislature for the Fund. Accomplishments to date have included developing and promulgating the statutorily required rules and regulations governing management and administration of the Fund, publishing guidelines and forms, and implementing a web-based application submission and review system to support the first round of applications. The remainder of this report summarizes these efforts and is a review and timeline of these efforts.

In addition to Water Sustainability Fund provisions, LB1098 included an expansion of the Natural Resources Commission from sixteen to twenty-seven members to increase representation from other water-related interest areas. The thirteen (13) members to be appointed by the Governor were in place by mid-May 2014. Orientation sessions for all members were held in three locations across the State. Most Commission members were able to attend one of these sessions. The newly composed Commission held its first meeting in mid-June to organize and begin the work of developing policies and rules for the Fund and the Commission's role ranking and prioritizing applications for funding within the statutory requirements set out in LB1098.

Before any applications for funding could be accepted, the Commission and the Department each had to promulgate formal rules for administration of the Fund, including applications requirements and the processes of review and evaluation within the statutory requirements set out in LB1098. The Commission assigned the task of developing a set of draft rules to its Comprehensive Planning Committee (Committee). The Committee met sixteen times to develop recommendations for best implementing the Legislature's direction and intent for the Water

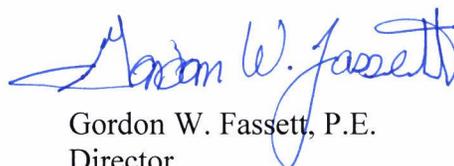
Sustainability Fund, and proposed alternative approaches to accomplish the goals for funding assistance. Committee progress and draft language was routinely shared with the full Commission at eleven meetings for further refinement and guidance. In addition, public awareness meetings were held in Lincoln, Kearney and Scottsbluff with the intent of ensuring clear and concise communication between Commissioners and the public. Public hearings were conducted for the Department Rules (Nebraska Administrative Code Title 264) on April 16, 2015, and for the Commission Rules (Nebraska Administrative Code Title 261) on April 28 and again on July 31. Both sets of rules became effective on September 11, 2015.

Department staff provided administrative support, facilitating the Commission's efforts, coordinating meetings, explaining process and essential contents, drafting rules language, and distributing materials. In addition, the Department drafted rules to implement its statutory responsibility of verifying project eligibility and for the administration of the Water Sustainability Fund. Together, the Commission and Department rules create the process a prospective applicant must follow to apply for cost-share assistance from the Water Sustainability Fund. In addition to rules, the Department staff and Commission collaborated on development of an application form and a set of Guidelines to help applicants in completing applications. Department staff also created a separate web site for the Commission, <https://nrc.nebraska.gov/> which features an e-filing process for Water Sustainability Fund applications and functionality to support the application review process.

The first round of applications was solicited for submission from December 16 through December 30, 2015. The initial applications review and approval process is expected to be completed in spring of 2016.

If any questions remain about Water Sustainability Fund procedures, members of the Legislature are invited to contact me or Natural Resources Commissioners for additional details.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Gordon W. Fassett". The signature is fluid and cursive, with the first name being the most prominent.

Gordon W. Fassett, P.E.  
Director