

Dave Heineman
Governor

STATE OF NEBRASKA

DEPARTMENT OF NATURAL RESOURCES
Brian P. Dunnigan, P.E.
Director

October 1, 2009

IN REPLY TO:

Patrick J. O'Donnell
Clerk of the Legislature
State Capitol, Room 1218
Lincoln, NE 68509

Dear Mr. O'Donnell,

Pursuant to § 61-218(6), I am submitting this report to the Legislature of the Water Resources Cash Fund uses for the previous fiscal year, FY 2008-09.

In review of the Department's most recent expenditures from the Fund, you may note that the residual \$52,000 appropriated for FY 07-08 plus amounts from the FY 08-09 appropriation was applied to the initial payment of a multi-part contract with Frenchman Cambridge Irrigation District for withholding use of their irrigation rights until June 23, 2008. That contract, as well as the following contracts, was made in order that the state was assured of avoiding water short year status under the Republican River Compact accounting in 2008. The total contracted amount to Frenchman Cambridge was \$470,640, and was paid in full with FY 08-09 resources. In addition, and for the same purpose, the Department contracted with and paid Riverside Irrigation Company to forgo use of their total surface water right for calendar year 2008 in the amount of \$165,000, and Frenchman Valley Irrigation district \$1,000,000 for forgoing their rights for 2008. The balance of the fund as of October 1, 2008, was \$1,154,276. This was comprised of the remainder of the FY 08-09 appropriation plus accrued interest.

Expenditure Summary:

Frenchman Cambridge Irrigation	7/7/2008	\$ 242,000
Frenchman Cambridge Irrigation	7/7/2008	176,640
Riverside Irrigation Company Inc	7/7/2008	165,000
Frenchman Valley Irrigation	7/7/2008	1,000,000

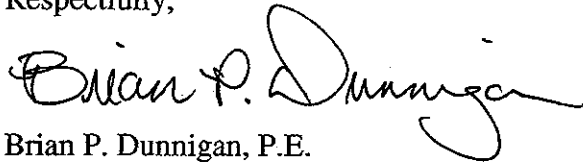
The Department, while reserving maximum flexibility for direct use of the Fund, has tentatively committed to utilizing up to \$2 million from WRCF annually over the next three years for reimbursement of costs associated with the Platte River Recovery Implementation Program (PRRIP) compliance plans. The Platte Basin Habitat Enhancement Program (PBHEP) is a consortium of five natural resources districts organized under interlocal cooperative agreement

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for similar purposes. The Department will expend directly from the Fund, when it is available, to reimburse PBHEP \$2 million for a portion of the costs associated with management actions taken to reduce consumptive uses of water in the over appropriated area of the Platte River Basin.

The balance of the fund as of September 30, 2009, is \$1,193,843.91. This is comprised of the remainder of the FY 08-09 appropriation plus accrued interest. Transfer of the \$2.7 million appropriated for FY 09-10 has been requested, but the transaction has not yet been completed.

Respectfully,

A handwritten signature in black ink that reads "Brian P. Dunnigan". The signature is written in a cursive style with a large, sweeping flourish at the end.

Brian P. Dunnigan, P.E.
Director

cc: Senator Chris Langemeier