

Dave Heineman
Governor

STATE OF NEBRASKA

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

October 1, 2010

IN REPLY TO:

Patrick J. O'Donnell
Clerk of the Legislature
Room 1218, State Capitol
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 2009-10.

As reported last year, the Department planned to reserve maximum flexibility for direct use of the Fund and had 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 for similar purposes. The Department expended directly from the Fund in this fiscal year to reimburse Central Platte Natural Resources District and South Platte Natural Resources District, under the auspices of PBHEP, for a portion of costs associated with management actions taken to reduce consumptive uses of water in the over appropriated area of the Platte River Basin. The funds were used by the districts for purchasing easements on water rights for reducing consumptive water use as designed by PRRIP compliance plans. Easement acquisition proceeded more slowly than anticipated, but the pace is expected to pick up in FY 2011.

Cash Fund Expenditures in FY 2009-10:

Central Platte Natural Resources District	\$ 304,452.00
South Platte Natural Resources District	<u>\$ 15,327.24</u>
	<u>\$ 319,779.24</u>

While not previously reported pursuant to § 61-218(6) and not State General Fund expenditure, the Department wishes to report grant funds obtained from the Nebraska Environmental Trust (NET) for studies which complement WRCF objectives. This was as anticipated under WRCF enabling legislation. Three such grants have been obtained to date for a total of \$1,313,120.00 with actual grant expenditures spanning four fiscal years. Reimbursements from NET grants are credited to the WRCF to offset funds used to pay UNL invoices for work performed.

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Mr. Patrick J. O'Donnell
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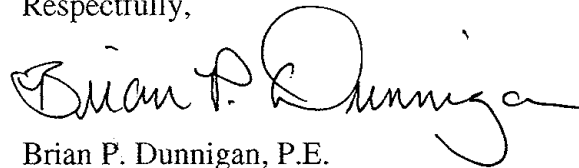
NET Grant Expenditures in FY 2009-10

University of Nebraska

\$ 591,901.12

The balance of the fund as of September 30, 2010, is \$ 3,526,521.94. This is comprised of the remainder of the FY 2008-09 and FY 2009-10 appropriations plus accrued interest. Note that this reflects \$(75,000.00) reduction under LB 1, 2009. Transfer of the \$2.7 million appropriated for FY 10-11 has not yet been requested, and transfers totaling \$150,000.00 will be made to the general fund in FY 2010-11 per LB 1 and LB 935.

Respectfully,

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

Brian P. Dunnigan, P.E.
Director

cc: Senator Chris Langemeier
Chairman, Natural Resources Committee