



**Dave Heineman**  
Governor

**STATE OF NEBRASKA**  
**DEPARTMENT OF NATURAL RESOURCES**  
Brian P. Dunnigan, P.E.  
Director

October 1, 2014

IN REPLY TO:

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

Dear Mr. O'Donnell:

Pursuant to *Neb. Rev. Stat. § 61-218(6)*, I am submitting to the Legislature this report of the Water Resources Cash Fund (Fund) uses for the previous fiscal year, FY 2013-14.

The Fund uses state funds from multiple resources. Therefore, some review of the Fund's historical context is helpful to describe uses of the Fund in terms of legislative relationships to funding resources. LB 229, 2011, and LB 950, 2012, expanded Fund resources beyond the original (LB 701, 2007) General Fund appropriations. LB 229 provided for DNR to apply for grants from the Nebraska Environmental Trust (NET) in the amount of \$3.3 million annually for three years for use by the Fund and increased the annual transfer from the General Fund to \$3.3 million from \$2.7 million. NET transfers grant moneys directly to the Fund for use under Fund rules. LB 950 provided an additional \$1.4 million General Fund appropriation to WRCF for one year, FY 2012-13, in addition to the annual \$3.3 million otherwise required by LB 229. The NET approved the Department's LB 229 first three-year (FY 2012-15) grant application for \$3.3 million annually. Based upon the LB 229 provisions, *Neb. Rev. Stat. § 81-15,175(4)*, the Department applied for a second three-year grant on August 28, 2014 and planning for Fund expenditures is based upon anticipated approval of the second three-year grant.

Uses of Fund resources have evolved since the Fund's inception, consistent with incremental and long-range planning for conserving the state's water resources. As noted in earlier reports, the Department has reserved maximum flexibility for direct use of the Fund but also committed, beginning in 2010, to utilizing portions from the Fund annually for reimbursement of costs associated with compliance under an interstate agreement for use of waters of the Platte River, the Platte River Recovery Implementation Program (PRRIP), and the associated integrated management plans (IMPs). A consortium of five natural resources districts (Central Platte, South Platte, Twin Platte, North Platte, and Tri-Basin) and the Department organized under interlocal cooperative agreements to implement the IMPs and collaboratively determine the best use of the financial resources available. The first interlocal cooperative agreement formed the Platte Basin Habitat Enhancement Program (PBHEP), and the succeeding interlocal cooperative agreement formed the Platte Basin Water Project Coalition (Coalition). The Coalition shares the same general goals as PBHEP but extends the commitment of WRCF dollars through FY 2015. These dollars are composed of \$9.9 million dollars from the LB 229, 2011 NET, grant transfers to the Fund for the first three-year grant and \$6.6 million dollars of the anticipated \$11.3 million

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