

MEMORANDUM

TO THE BOARD:

SUBJECT: General Manager's Report

DATE: February 11, 2013

FROM: John Winkler, General Manager

- A. **INFORMATION/EDUCATION REPORT:** The I&E Report detailing Information and Education activities for the month of January 2013, is attached for your review.
- B. **PERSONNEL/MISCELLANEOUS ITEMS:**
1. The Director Strategic Planning Meeting will be held on Saturday, March 2nd, 2013 from 9:00 a.m. – 2:00 p.m. at the Natural Resources Center. Jean will be sending out attendance and agenda information next week.
 2. The District has received a Standard & Poor's rating of AA+! Their letter and report is attached for you review.
 3. My memorandum to the Board of Directors with the District Financial/Budget Update is attached for your review. Please contact me if you have any questions.
 4. The District has received a resignation letter from Dick Sklenar, District Project Manager; who is planning to retire on April 28, 2013. The District has recently advertised for the Project Manager position. We hope to have his replacement on board sometime in March.
- C. **REPORT ON PURCHASES – CONSTRUCTION SERVICES, PROFESSIONAL SERVICES AND PERSONAL PROPERTY:** Pursuant to Board direction, attached is a report indicating construction services, professional services and personal property purchases from the month of January, 2013. Please review this report and contact me if you have any questions.
- D. **CURRENT AND ON-GOING PROJECTS – P-MRNRD LEGAL COUNSEL:** Attached is a copy of the current and on-going projects for District Legal Counsel, Paul Peters, as of January 14, 2013. I would ask each Director to review this listing. If you have any questions, please feel free to contact me.
- E. **PAPILLION CREEK WATERSHED PARTNERSHIP REPORT:** The PCWP report for the month of January, 2013 is attached for your review. The next Partnership meeting is scheduled to be held on February 28, 2013, at 10:00 a.m. at the NRC.

F. **NEWS CLIPS:**

- ✓ January 10, 2013, Omaha World Herald article, State buoyed by water news
- ✓ January 17, 2013, Omaha World Herald article, NRD denies \$1M claim filed by parents of boy who drowned in Wanahoo spillway
- ✓ January 17, 2013, Omaha World Herald editorial, Positive step in dispute
- ✓ January 23, 2013, Fremont Tribune article, Legislative Update: Bill targets NRD's veto power
- ✓ January 23, 2013, Papillion Times article, NRD creates plan to balance Platte River use, protect water supply

January, 2013 Information/Education Report

Information

- Continued work on Flood Control Projects brochure
- Continued work on archiving slide images
- Updated Facebook page
- Made updates to NRD Web site.
- Distributed news releases
- Scheduled Information Campaign PSAs
- Spectrum Newsletter prep
- Attended First Aid and CPR training
- Presented Speakers Bureau program to Extension group
- Prepared for NRD booth at Boat Sports and Travel show

Education:

Programming Schedule:

- 1/7-** Blumfield Green Club- Owls- 21 students (3rd-5th grade)
- 1/9-** Gilder Nature Club- Hibernation- 25 students (4th -5th grade)
- 1/10-** Sandoz Tiger Explorers- Environmental History-45 students (3rd-5th grade)
- 1/11-** Sump Library Vendor Fair- Animal Adaptations-50 people
- 1/14-** Millard South- Environmental History- 8 students (high school)
- 1/15-** Mary our Queen- Environmental History- 3 programs- 54 students (3rd grade)
- 1/16-** Gilder Nature Club- Hibernation – 12 students (1-2nd grade)
- 1/23-** Crestridge- Animal Adaptations- 2 programs- 40 kids (5th grade)
- 1/23-** Gilder Nature Club-Environmental History - 8 students (5-6th grade)
- 1/24-** Sandoz Cub Explorers- Reptiles- 49 students (K-2nd grade)
- 1/25-** St. Gerald's- Owls- 2 programs- 36 students (2nd grade)
- 1/31-** Crestridge- Recycle Relay- 2 programs- 40 kids (5th grade)

Meetings:

- 1/7-** NAI Luncheon Meeting
- 1/10-** NAI- Phone Conference
- 1/15-** STEM Meeting
- 1/16-** Storm chasers Meeting
- 1/15-** MORE Nature Meeting
- 1/18-** State Envirothon Conference Call

Planning:

- Water Works Applications and Database
- MORE Nature Meetings & Nature Nights
- Geocache Applications
- NRD Summer Day Camp Registration
- Envirothon Competition

January 24, 2013

Papio-Missouri River Natural Resources District
8901 South 154th Street
Omaha, NE 68138
Attention: Mr. John Winkler, General Manager

**Re: *US\$15,600,000 Papio-Missouri River Natural Resources District In the State of Nebraska
Flood Protection and Water Quality Enhancement Bonds, Series 2013, dated: Date of
delivery, due: December 15, 2032***

Dear Mr. Winkler:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

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Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

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Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

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Sincerely yours,

A handwritten signature in black ink that reads "Standard & Poor's". The script is fluid and cursive, with the ampersand being particularly stylized.

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enclosures

cc: Ms. Catie Mahaffey, Senior Public Finance Assistant
D.A. Davidson & Company

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RatingsDirect®

Summary:

Papio-Missouri River National Resources District, Nebraska; Miscellaneous Tax

Primary Credit Analyst:

Helen Samuelson, Chicago (1) 312-233-7011; helen_samuelson@standardandpoors.com

Secondary Contact:

Katilyn Pulcher, ASA, CERA, Chicago (1) 312-233-7055; katilyn_pulcher@standardandpoors.com

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Outlook

Related Criteria And Research

Summary:

Papio-Missouri River National Resources District, Nebraska; Miscellaneous Tax

Credit Profile

US\$15.6 mil flood prot & wtr qual enhancement bnds ser 2013 due 12/15/2032

Long Term Rating

AA+/Stable

New

Papio-Missouri River Nat Resources Dist

Long Term Rating

AA+/Stable

Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating to Papio-Missouri River Natural Resources District, Neb.'s series 2013 flood protection and water quality enhancement bonds. At the same time, Standard & Poor's affirmed its 'AA+' long-term rating on the district's outstanding 2010A special-tax revenue flood protection and water quality enhancement bonds. The outlook on all ratings is stable.

The rating reflects our view of the district's:

- An extremely large, diverse, and growing property tax base;
- Growing and reliable pledged revenues, derived from a 1-cent special property tax levy;
- Strong coverage on proposed and parity debt; and
- General creditworthiness, exemplified by its strong financial position.

Offsetting the above strengths is the lack of an explicit additional bond test.

The district is issuing the bonds to fund the construction of a detention basin that will improve flood control. The bonds are secured solely by the property tax revenues generated from a 1-cent property tax levy dedicated to debt service.

Papio-Missouri River Natural Resources District is one of 23 natural resources districts in the State of Nebraska -- and as such, it is responsible for the proper conservation and management of water, soil, forest, and rangeland natural resources within its service area. The district serves all of Washington, Douglas, Sarpy, and Dakota counties, and portions of Burt, Thurston, and Dodge counties. These counties are all situated along Nebraska's northeastern boundary. The length of the district spans roughly 100 miles, from South Sioux City at the northernmost point, to Omaha at the southern point. The tax base is large, currently valued at \$52.57 billion, and growing. Since 2008, the tax base has grown a net 7%. Nearly 70% of the value of the tax base is in Douglas County, and Douglas County's tax base is very diverse, with the leading 10 taxpayers accounting for an estimated 2.6% of taxable value.

The district has pledged 1-cent of its 4.5-cent special tax levy (per \$100 of taxable value) toward the repayment of the series 2013 and outstanding 2010A bonds. The district covenants to levy sufficient revenues from the pledged 1-cent

special property tax annually as long as there are bonds outstanding. The 1-cent special property tax is capable of generating nearly \$5.3 million of tax revenues from the district's current \$52.6 billion property tax base. This provided 2.58x maximum annual debt service (MADS) coverage on the proposed series 2013 and outstanding 2010A bonds. The bonds are structured with level debt service of about \$2 million annually, which is well below the 1-cent limit. Based on this level of debt service, the tax base would have to decline by 61% to approximately \$20 billion for coverage to fall to 1.00x MADS. The district does not currently have any immediate debt plans.

The district's main general fund revenue source is property taxes, derived from a not-to-exceed 4.5 cents per \$100 of all taxable value. Historically, the district's overall tax rate has been lower, ranging between 3.3 cents and 3.5 cents during fiscals 2008 through 2013. The district's major source of expenditures comes from executing its capital program, which consists mainly of land acquisition and contracting out capital projects. The district's projects are typically funded on a pay-as-you-go basis, and occasionally through debt issuances. Officials indicate that overall expenses have remained fairly stable and manageable: Contractual service costs have been favorable, allowing projects to come in under budget; whereas land values remained steady, and those costs did not drop much during the recession. Based on the timing of their revenues, the district finds it advantageous to maintain a strong level of reserves and liquidity.

Officials thus expect to end fiscal 2013 with a breakeven or better result. They expect to pass a similar budget in 2014 and have no plans to materially increase their property tax levy from the current 3.3 cents. Historically, general fund financial results have been mixed, which officials mainly the timing of projects and their related costs as opposed to budget imbalances. At the close of fiscal 2012 (ended June 30), the district reported an unassigned general fund balance of \$14.2 million or 41% of expenditures, which we consider very strong, following a \$10.7 million deficit. During the past five audited years, the district's unreserved or unassigned fund balance has never been lower than 31% of expenditures. Officials also indicate that their minimum fund balance target is \$13 million, which positions the district to meet its cash flow needs.

Outlook

The stable outlook reflects Standard & Poor's opinion that the district will not likely issue additional parity debt within the near future, thereby diluting coverage levels. We do not anticipate changing the rating within the two-year outlook period because we expect pledged tax revenues will remain stable, and thus coverage levels will remain strong. The size, stability and diversity of the property tax base further supports rating stability.

Related Criteria And Research

USPF Criteria: Special Tax Bonds, June 13, 2007

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Summary: Papio-Missouri River National Resources District, Nebraska; Miscellaneous Tax

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McGRAW-HILL



D.A. Davidson & Co.

member SIPC

	Series 2013 as Originally Proposed	Series 2013 with Final Pricing
Fiscal Yr End	Debt Service	Debt Service
2013	0	0
2014	1,195,682	1,077,039
2015	1,193,304	1,079,538
2016	1,192,328	1,077,638
2017	1,195,668	1,077,413
2018	1,193,324	1,079,413
2019	1,195,296	1,076,638
2020	1,191,584	1,079,138
2021	1,192,188	1,076,638
2022	1,192,032	1,078,038
2023	1,196,040	1,078,238
2024	1,194,212	1,077,238
2025	1,191,624	1,079,938
2026	1,193,200	1,080,078
2027	1,193,864	1,077,969
2028	1,193,616	1,080,000
2029	1,192,456	1,076,172
2030	1,195,308	1,076,484
2031	1,192,172	1,075,859
2032	1,193,048	1,079,219
2033	1,192,860	1,076,563



MEMORANDUM

To: Board of Directors
From: John Winkler
Date: February 5, 2013
Subject: District Financial/Budget Update

In order to keep the Directors informed and to expel any misinformation about the finances or the financial position of the District, I thought it prudent to update the Board of Directors on the financial condition of the District through the beginning of February 2013.

As of February 5th 2013 the District is 58% through its budget year which begins on July 1st. The District has only expended 22% of its budgeted expenses through this same period. The District has collected 30.72 % of its budgeted revenue as of this time and is not expecting any difficulties in collecting revenue and financing budgeted projects or programs for F.Y. 12-13.

The District currently levy's .032753 cents per \$100.00 of assessed valuation which is .0122 cents below the statutory levy maximum for NRD's of .045 cents per \$100.00. The District's current levy is about the same or less than it was in the 1990's (see attachment 1)

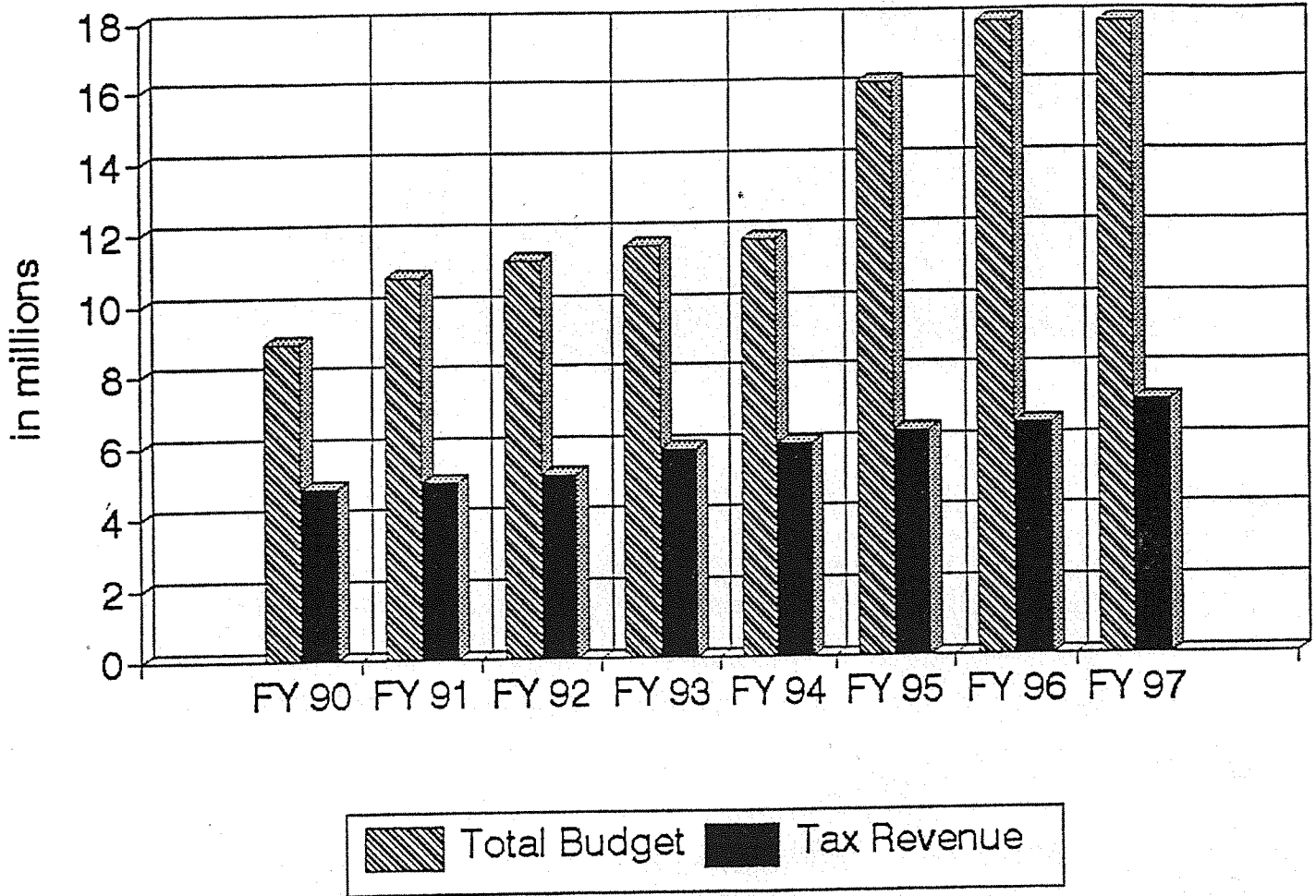
As of February 2013 the District has bonded approximately 29 million dollars for flood control and water quality projects. Per state statute the District is allowed to utilize up to one cent of its mill levy to satisfy bonded indebtedness. The District has utilized approximately forty percent of its bonding capability and has approximately sixty percent available (see attachment 2).

I have attached a simplified cash flow analysis (attachment 3) which appears to show an enterprise working within its financial limits for the last six plus years.

Cash balances fluctuate from year to year and in some years the District spends more than it takes in. In 2010 and 2012, for instance, cash balances were significantly drawn down as a result of higher-than-trend expenditures, more projects being started and completed. However, carryover funds adequately covered these situations.

The cash flow analysis demonstrates that the District took a financially sound path to get from 2007 to 2012. In addition, all data, budgeting and planning scenarios indicate there are a number of financially sound paths moving forward from 2013. Long-term financial viability of the District is the main criteria considered in budgeting and financing its operations, demonstrating an unwillingness to put the District's finances at risk while simultaneously funding the Board of Directors priorities. From all of the data and analysis available it appears the PMR NRD is currently financially sound.

Attachment 1



Fiscal Year	Total Budget	Actual Tax Revenue	Tax Levy	Tax Based on \$75,000 House
FY 90	8,895,212.00	4,786,941.00	0.0322	24.15
FY 91	10,712,829.00	5,002,219.00	0.0322	24.15
FY 92	11,185,780.00	5,180,492.00	0.0321	24.07
FY 93	11,609,799.54	5,852,261.30	0.0357	26.77
FY 94	11,739,385.71	5,924,719.80	0.0357	26.77
FY 95	16,126,554.00	6,317,715.46	0.0350	26.25
FY 96	17,847,912.80	6,714,339.08	0.0335	25.12
FY 97	17,795,796.27	7,110,324.50*	0.03251	24.38

* Projected figure - includes County Treasurer's Commission (1%)



D.A. Davidson & Co.
FIXED INCOME CAPITAL MARKETS

TAX LEVY REPORT -- AGGREGATE OUTSTANDING DEBT SERVICE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

		<u>Ser. 2010 BABs</u>		<u>Ser. 2013 Bonds</u>		Total Debt Service	Total Levy Reqmt	Coverage on 1 ct levy
FY	AV, infl. @ 1.5%	Debt Service	Levy Reqmt (gross DS)	Debt Service	Levy Reqmt			
2013	52,598,591,483	1,129,174	0.0021	-	0.0000	1,129,174	0.0021	4.66
2014	53,387,570,360	1,139,471	0.0021	1,077,039	0.0020	2,216,510	0.0042	2.41
2015	54,188,383,920	1,131,222	0.0021	1,079,538	0.0020	2,210,760	0.0041	2.45
2016	55,001,209,680	1,164,817	0.0021	1,077,638	0.0020	2,242,454	0.0041	2.45
2017	55,826,227,830	1,119,347	0.0020	1,077,413	0.0019	2,196,760	0.0039	2.54
2018	56,663,621,250	1,109,283	0.0020	1,079,413	0.0019	2,188,696	0.0039	2.59
2019	57,513,575,570	1,101,788	0.0019	1,076,638	0.0019	2,178,426	0.0038	2.64
2020	58,376,279,200	1,093,353	0.0019	1,079,138	0.0018	2,172,491	0.0037	2.69
2021	59,251,923,390	1,079,096	0.0018	1,076,638	0.0018	2,155,733	0.0036	2.75
2022	60,140,702,240	1,067,384	0.0018	1,078,038	0.0018	2,145,422	0.0036	2.80
2023	61,042,812,770	1,057,921	0.0017	1,078,238	0.0018	2,136,158	0.0035	2.86
2024	61,958,454,960	1,047,157	0.0017	1,077,238	0.0017	2,124,395	0.0034	2.92
2025	62,887,831,780	1,030,223	0.0016	1,079,938	0.0017	2,110,160	0.0034	2.98
2026	63,831,149,260	1,017,118	0.0016	1,080,078	0.0017	2,097,196	0.0033	3.04
2027	64,788,616,500	1,004,367	0.0016	1,077,969	0.0017	2,082,336	0.0032	3.11
2028	65,760,445,750	986,714	0.0015	1,080,000	0.0016	2,066,714	0.0031	3.18
2029	66,746,852,440	967,252	0.0014	1,076,172	0.0016	2,043,423	0.0031	3.27
2030	67,748,055,230	950,829	0.0014	1,076,484	0.0016	2,027,313	0.0030	3.34
2031	68,764,276,060	932,295	0.0014	1,075,859	0.0016	2,008,154	0.0029	3.42
2032	69,795,740,200			1,079,219	0.0015	1,079,219	0.0015	6.47
2033	70,842,676,300			1,076,563	0.0015	1,076,563	0.0015	6.58
		20,128,810		21,559,245		41,688,056		

Table 2
Cash Flow Analysis Using Data Provided in Sheet2

	2006	2007	2008	2009	2010	2011	2012	2013
Sources								
Beginning year cash balance		\$ 6,869,030	\$ 12,964,789	\$ 18,107,568	\$ 24,938,235	\$ 19,888,047	\$ 21,659,314	
Property tax revenues		\$ 16,084,439	\$ 16,501,542	\$ 16,687,778	\$ 16,408,634	\$ 16,831,937	\$ 16,903,064	\$ 17,227,389
Non-assessment revenues		\$ 5,740,925	\$ 3,261,604	\$ 4,389,869	\$ 4,670,603	\$ 3,152,496	\$ 2,857,576	
Debt proceeds		\$ -	\$ -	\$ -	\$ 13,300,000	\$ 1,900,000	\$ -	
Total sources		\$ 28,694,394	\$ 32,727,935	\$ 39,185,215	\$ 59,317,472	\$ 41,772,480	\$ 41,419,954	
Uses								
Expenditures		\$ 15,729,604	\$ 21,820,367	\$ 14,246,980	\$ 39,429,425	\$ 20,222,472	\$ 29,822,941	
Debt service					\$ -	\$ -	\$ 674,086	\$ -
							\$ 455,114	
Total uses		\$ 15,729,604	\$ 21,820,367	\$ 14,246,980	\$ 39,429,425	\$ 20,222,472	\$ 30,952,141	
Change in cash balance		\$ 6,095,760	\$ 5,142,779	\$ 6,830,667	\$ (5,050,188)	\$ 1,771,267	\$ (10,062,302)	
End of year cash balance	\$ 6,869,030	\$ 12,964,789	\$ 18,107,568	\$ 24,938,235	\$ 19,888,047	\$ 21,659,314	\$ 11,597,012	

Report on Purchases **Construction Services, Professional Services, Personal Property**

January, 2013

Date	Project Name	Item / Task	Company	Cost
1/2/2013	Machinery & Equip.	2013 Bobcat T190 Loader with Trade-in	Bobcat of Omaha	\$3,250
1/10/2013	Candlewood Lake	Dam drawdown inlet plug installation	Midwest Diving Services	\$2,479
1/15/2013	Ralston Creek	Outlet drainage structure replacement – geotechnical testing services	Thiele Geotech Inc.	\$6,200
1/24/2013	Wash. County RW	Purchase of meter pits	Municipal Supply Inc.	\$11,453.99
1/28/2013	Whitted Creek	Herbaceous Species Planting	Greenlife Gardens	\$2,000
1/2-29/2013	Project maintenance	Gravel/rip rap	Martin Marietta	\$16,902.64

Updated: January 14, 2013

Current and On-Going Projects P-MRNRD Legal Counsel

★ = Top Priority

F = Future Work – No Assignment

N = New Assignment

O = Others Handling

W = Work in Progress

P = PFP's Portion Completed

- **Little Papio:** (Cleveland)
- **Big Papio:** (Cleveland)
- **West Branch:** (Cleveland)
 - Land Exchange with Sarpy Co. (96th St.) (P)
- **Western Sarpy Dike:** (Cleveland)
 - Saunders County side ROW agreement and easements (F)
 - NRDs/NE-ARNG Interlocal for Camp Ashland Property (P)
- **Floodway Purchase Program:** (Laster)
 - ★ Revised King Lake Agreement with City of Omaha (N)
- **Trail Projects:** (Bowen)
 - ★ Mo Pac (Springfield to Platte River) drainage repair easements (W)
- **Missouri River Corridor Project:** (Becic)
- **USDA PL 566 Projects, Silver Creek and Pigeon/Jones Watershed:** (Schumacher/Cleveland)
 - Papio W-3 Eminent Domain (Camden) (F)
 - Papio W-3 Access-Quiet Title Action (W)
 - ★ Pigeon Creek Watershed Wier Structure Easement (W)
- **Papio Watershed Dam Sites:** (Grint/Laster/Bowen)

- Interlocal agreement with Douglas County for DS-15A (W)
- ✪ Zorinsky Basin #1 – Heine property easement (W)
- ✪ Exchange Agreement with Eurich’s for WP-5 ROW (W)
- DS-15A purchase agreements, deeds and easements (W)
- ✪ DS-15A flooding easement language for appraiser (W)
- **Papio Creek Watershed Partnership (Stormwater):** (Grint)
- **Missouri River R-613 and R-616 Levees:** (Cleveland/Henkel)
 - ✪ R-616 culvert agreement with Offutt (W)
- **Rural Water Projects:** (Sklenar)
- **Other:**
 - Elk Creek EWP Purchase Agreements, Deed, and Easements (Sklenar) (N)

MONTHLY UPDATE

January 2013

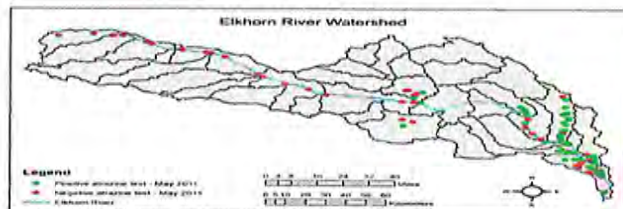


A Partnership meeting was held on January 24, 2013 at 10am at the NRC Building. Minutes are updated regularly on the Partnership's website: www.papiopartnership.org.

Nebraska Watershed Network

Dr. Alan Kolok of the University of Nebraska Omaha talked with the Partnership about the Nebraska Watershed Network. Dr. Kolok has developed a program called "What's In Your Watershed" where volunteers help assist with assessing water quality in Nebraska. In 2011, test kits were provided to over 100 citizen scientists who tested the Elkhorn River for atrazine on the same day.

Pictured below are the results of the sampling day on May 21, 2011. The green dots represent positive atrazine results and the red dots represent negative atrazine results.



Dr. Kolok also operates a sampling station on the Elkhorn River to study effects of water impairments on aquatic animals. The sampling station continuously pumps water from the river so that animals will be exposed to river water in real time.

Dr. Kolok is also in the process of designing another station for the Platte River to go on the Lied Pedestrian Bridge. He hopes to also get stations installed on the Missouri River and in the Papio Watershed.

With the Nebraska Watershed Network, Dr. Kolok will also be working with student interns on education and outreach programs. He is hoping to be able to work with members of the Partnership and Partnership events.

Stormwater Management Plan Tasks

Many tasks required in the Phase II MS4 permit of Bellevue, Boys Town, La Vista, Papillion, Ralston and Sarpy County are performed as group tasks through the Partnership Interlocal Agreement. However, there are some tasks that each permittee is required to complete on their own. The MS4 permit is a five-year permit and we are currently in the fourth year of the permit. Each task was reviewed as a reminder to the permittees that these tasks must be completed.

Annual Sediment and Erosion Control Seminar

The annual sediment and erosion control seminar is scheduled for February 6, 2013 at the Regency Marriot from 8 am to noon. Registration is free.

Next Meeting:

The next Partnership meeting will be **February 28, 2013 at 10 am** at the NRC building.



State buoyed by water news

■ A draft report says Nebraska owes \$5 million to Kansas, not \$80 million.

BY PAUL HAMMEL

AND JOE DUGGAN

WORLD-HERALD BUREAU
1-10-13

LINCOLN — Nebraska got some preliminary good news Wednesday in its lawsuit with Kansas over flows in the depleted Republican River.

A special master who will rule on the lawsuit says Kansas deserves \$5 million in damages, rather than the \$80 million sought by the Jayhawk State.

Nebraska Attorney General Jon Bruning, whose office is defending Nebraska, said he was encouraged by the draft report released Wednesday by Special Master William J. Kayatta.

"While we believe the suggested \$5 million award is too high, we're pleased Kansas' demand for \$80 million in damages was denied," Bruning said in a press release.

The draft report is an important step in a process that began in 2011, when the U.S. Supreme Court agreed to reopen Kansas' water lawsuit with Nebraska. But it will be additional months before a final decision is reached.

Reaction to Wednesday's report was guardedly optimistic.

"Overall, I'd have to say it looks like a good decision for Nebraska," said Dan Smith, manager of the Middle Republican Natural Resources District in Curtis.

The good news for Republican Valley irrigators is that the special master denied Kansas' requests for injunctive relief. That means their irrigation wells will not be shut off in order to comply with the 1943 Republican River Compact.

"This report is a positive step for our basin irrigators," Bruning said, "who have worked hard to keep Nebraska in compliance with the compact on an annual basis since 2007."

But the special master did determine that Nebraska violated the compact in 2005 and 2006 by exceeding its water use by nearly 71,000 acre feet. That finding prompted the \$5 million in damages.

A spokesman for Kansas Attorney General Derek Schmidt did not return a call seeking comment.

Brian Dunnigan, director of the Nebraska Department of Natural Resources, referred questions to Bruning's office.

Attorneys for the two states will have an opportunity to comment on the draft Jan. 24 before Kayatta makes a final report to the U.S. Supreme Court. Either state could then take up exceptions with the high court.

Nebraska officials had been holding their breath over the potential for an adverse ruling and a multimillion-dollar penalty against the state.

Contact the writer:

402-473-9584, paul.hammel@owh.com

NRD denies \$1M claim filed by parents of boy who drowned in Wanahoo spillway

Omaha World-Herald

WAHOO, Neb. — A \$1 million tort claim filed by the parents of a boy who drowned in the spillway of the Lake Wanahoo dam has been denied.

The Lower Platte Natural Resources District board of directors voted unanimously Monday to deny the claim.

Bayden Martinez, 11, of Wahoo drowned last June. He had disappeared the evening before his body was found and was believed to have gone fishing by himself below the dam. His leg apparently became caught in a 12-inch drain.

In September, Raul Martinez and Danelle Rush filed a \$1 million tort claim against the NRD, claiming the district failed to warn the public of a dangerous condition in the spillway.

The denial means the parents now can file suit.

Positive step in dispute

Omaha World-Herald

The preliminary draft of a federal report on Nebraska's Republican River dispute with Kansas seems to indicate that Nebraska has made serious progress in its efforts to keep enough water in the river to meet its obligations under a 1943 water compact between the states.

That's good news for irrigators as well as all Nebraskans.

The draft report was issued by the U.S. Supreme Court's special master, who will recommend to the high court how to resolve the Kansas-Nebraska dispute.

It indicates that Kansas may be entitled to about \$5 million in damages from Nebraska — down substantially from the \$80 million figure that top Jayhawk State officials have bandied about. Nebraska Attorney General Jon Bruning said he believes even \$5 million is too high.

Special Master William J. Kayatta's final report isn't due for several months. The draft did find that Nebraska had violated the compact in 2005 and 2006, removing almost 71,000 acre-feet more water from the river than it was entitled to. That's the basis for the \$5 million.

However, the master didn't go along with Kansas' demand for injunctive relief, meaning Republican River irrigators won't have their underground wells shut down by court order. "This report is a positive step for our basin irrigators who have worked hard to keep Nebraska in compliance with the compact on an annual basis since 2007," Bruning said.

Compliance comes in large part thanks to historic state water management legislation passed in 2007. Legislative Bill 701 set up a system that allowed the three Republican NRDs to tax irrigators to fund projects that benefit the river's flow. It also set up an \$8 million state fund for Republican projects, including water purchases from irrigation districts.

The water management legislation also gave the state Department of Natural Resources the responsibility to oversee the NRDs and require more conservation measures to keep Nebraska in compliance. The DNR exercised that power early this year because of the ongoing drought, ordering the Lower and Upper Republican River NRDs to find additional conservation tactics to add about 9,000 acre-feet of water to the river's flow. And water that usually would be held in reservoirs along the river will remain in the river.

The special master's preliminary recommendation is particularly welcome because of a nagging worry for the Republican NRDs and state officials that Nebraska would have to pay a multimillion-dollar penalty — perhaps up to Kansas' eye-popping \$80 million claim — to settle the dispute. It is in part thanks to Bruning, who deserves considerable credit for his aggressive advocacy for the state's position, and his staff's hard work that the original high-dollar claim did not prevail.

The master's report seems to accept that Nebraska has been in compliance with Republican River compact rules since 2007, which should make Nebraskans pleased with state leaders and lawmakers for their effective, though hard fought, approach to a sticky dilemma.

LB 701 worked as it should have, the three Republican River NRDs have, for the most part, done their jobs well and the state DNR has accomplished its aim with effective oversight.



LEGISLATIVE UPDATE

Bill targets NRD's veto power

During this second week of the 103rd Legislature, bill introduction continued, Gov. Dave Heineman delivered his State of the State address, and Chief Justice Michael Heavican delivered the State of the Judiciary address.

Last week I introduced three pieces of legislation.



Lydia Brasch
 16th District

One of these bills, LB325, removes the ability of the board of directors of Natural Resources Districts (NRDs) to veto proposed boundary changes that have already passed with a vote of the citizens in the resource district. This was brought by constituents of the Papio-Missouri NRD, which takes in portions of Washington and Burt Counties, and extends north through portions of Thurston and Dakota counties and south into Douglas and Sarpy counties. I value the work of NRDs and believe local control of our natural resources is very important, and that is why I am bringing this legislation. Currently, the Papio-Missouri NRD board of director has 11 members, but only one is elected north of Omaha. That's one representative for the four counties in the upper portion. It is nearly impossible for these citizens who lack representation to change boundary lines of NRDs when the board's veto authority currently overrules a vote of the people. I have met and listened closely to concerns from many property tax owners in the district. This is the first of several steps needed to ensure our property tax dollars are fairly budgeted and that our citizens receive fair representation from an NRD board. The Unicameral will continue bill introduction until today, and another update will be included next week.

Other bills I introduced were:

■ LB244 provides requirements for continuing education for electrical apprentices.

■ LB398 changes provisions and penalties relating to excessively loaded vehicles.

Bills I co-sponsored were:

■ LB96 exempts repair or replacement parts for farm machinery from sales tax.

■ LB203 makes changes to the Environmental Protection Act.

■ LB296 raises the ceiling for contributions to the educational savings plan.

■ LB62 changes levy provisions for rural and suburban fire protection districts

■ LB 393 modifies the Nebraska motorcycle helmet law and requires operators, over the age of 21, of a motorcycle or moped on any highway in the state to wear eye protection. An individual under the age of 21 that is an operator or passenger of a motorcycle or moped are required to wear a helmet. Over the last 2 years, many constituents voiced concern that the current law is an infringement on individual rights, and my support of this legislation comes following careful deliberation and consideration.

Others bills of interest this week:

■ LB400 appropriates additional funds for community colleges.

■ LB381 requires voter photo identification.

■ LB255 adds protections to Nebraska laws for victims of human trafficking.

During the past week, I enjoyed the privilege of meeting with constituents from across the district who visited Lincoln about important issues. I hope you will also consider stopping in our office at the State Capitol, Room 1016. This weekend, it was an honor for my husband and I to attend the Blair Area Chamber of Commerce Annual Awards Banquet where 200 people gathered to applaud a year of many success stories and congratulate the Blair community on a great year.

Sen. Lydia Brasch represents District 16 in the Nebraska Legislature. She can be reached at 402-471-2728 or lbrasch@leg.net.gov.

NRD creates plan to balance Platte River use, protect water supply

By Mike Bell

Times Staff Writer

The Papio-Missouri River Natural Resource District has a plan for the future of the area's water supply.

The NRD has created an integrated management plan to shape the future of the Lower Platte River Basin by managing the water supply, how it's used and its impact on the environment.

The government subdivision oversees development and appropriation of the river and its tributaries, which flows south of Springfield, Papillion and Bellevue and is west of Gretna.

Brian Henkel, groundwater management engineer with the NRD, is part of the project. He said the decision to create an plan for the area is a proactive one to help better manage the area's growth and demand for water.

"It's planning appropriately for expansions so we grow appropriately," he said.

The integrated management plan is a living, evolving plan and set of goals a group of stakeholders in the area come together on. Many area resource districts are becoming part of them, including

the Lower Platte South NRD, Lower Platte North NRD and Lower Elkhorn NRD.

The Platte River planning process began at the end of last year and will be a two year process, Henkel said. The plan will be updated as more data is collected.

The process began with a partnership with the NRD and the Nebraska Department of Natural Resources. Henkel said this is done to protect existing interests of water resources while creating growth. He said domestic wells, like in the City of Springfield, will be unaffected by the plan.

"There will be no impact to the municipal supply," Henkel said.

The integrated management plan should concern residents, Henkel said, because the Platte River is the primary source of water in the greater metropolitan area. Water for drinking, agricultural and industrial use flows from the Platte to create municipal water supplies.

Hence, the long term plan ensures the availability of water for residents and businesses — one of the keys to avoiding a natural disaster on human and economic scales.

"We don't have any imminent issues, but we have to

know how to handle situations like drought," Henkel said.

The environmental charge of making sure not to endanger local species who call the Platte home is also a factor, Henkel said.

When a water basin is determined to be fully appropriated by the state, they hold a hearing to determine if the basin is actually fully appropriated or not. If it is, a group of stakeholders comes together to determine goals and give input from the public.

Stakeholder groups usually consist of irrigation districts, reclamation districts, local public power and municipalities. The Department of Natural Resources and Papio NRD determine who has a vested interest in the use of water in the area.

The stakeholders for the Platte River plan include Valmont Industries, the Gretna Farmers Union Co-Op, the Nebraska Airboat Association, the Sarpy County Economic Development Corp. and cities of Papillion, Springfield and Gretna.

The integrated management plan is the combined management of both surface and ground water, Henkel said.

"It's important to keep the supply sustainable for the en-

tire metro area," he said.

If the basin is determined as fully appropriated, the stakeholders plan on creating sustainability. The goals are finalized and the NRD presents a draft of the proposal for the stakeholders to critique.

Henkel said Nebraska's water resources required more complex management after Legislative Bill 962 was passed in 2004 the Nebraska Legislature. The bill called for a proactive approach towards the management of the state's water resources.

"Anyone who has a stake in the water supply will most likely be involved," he said. "The stakeholder advisory committee will meet and set up goals."

As a voluntary plan, Henkel said the stakeholders' goals will most likely be striking a balance between water use and supply. The goals can be viewed as a big picture type idea, like protecting the water supply while ensuring stability and the wellbeing of the area in a natural sense.

"It's not a very simple process," Henkel said. "But it's very important for the future 25 to 50 years of the area."

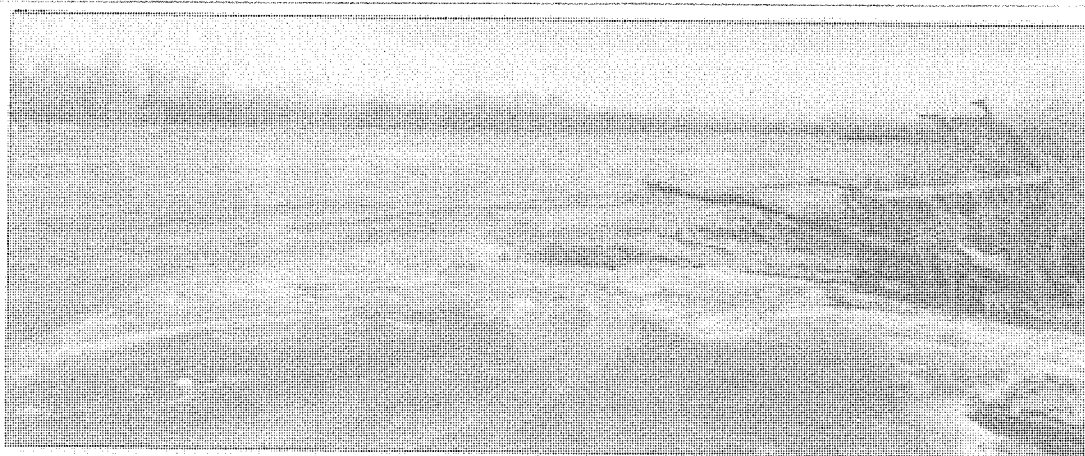


Photo by Mike Bell

Chunks of ice flow in the Platte River just south of Bellevue on Sunday. The Papio Natural Resource District has created an integrated management plan to better control the river's resources. The Platte flows near Bellevue, Springfield and Gretna.