MEMORANDUM

Date: December 4, 2008
Updated: December 9, 2008

To: Personnel, Legislative and Public Affairs Subcommittee

From: John Winkler
Hal Daub
Ron Sedlacek
Steve Grasz

RE: Papio-Missouri River NRD bonding authority for watershed enhancement projects including flood control - draft legislation for 2009 Legislative Session.

The purpose of this memorandum is to summarize the recommended language for bonding authority legislation for the 2009 legislative session and to set forth the considerations and issues which shaped the recommended language. The Draft Bonding Bill is attached for review.

I. Summary of Recommendations for 2009 Legislation:

Based on review of the complete legislative history of LB 272 (2007) and LB 880 (2008), it is recommended that the proposed bonding authority legislation for 2009 consist of the following: The language of LB 880, as amended by AM 1787 (committee amendments) and AM 2455 (Kopplin amendment) minus the language in AM 2455 which would have effectively given veto authority over dams or other projects to local zoning authorities (AM 2455 Sections (2)(a) and (2)(b) on page 4.) In addition, the draft 2009 bill (see attached draft of bill) contains a new provision requiring a public vote to authorize any bonds resulting in a special bond levy exceeding two cents per one hundred dollars of taxable valuation on property in the district. Consequently, the primary differences between the proposed 2009 bill draft and last year’s bill (as amended during its consideration by the Legislature) are the requirement for a public vote on bonds that would exceed two cents of the Districts statutory authority of four and half cents per 100 of assessed valuation, as described above, and deletion of language giving local zoning authorities veto power over NRD projects.

II. Issues and Considerations Which Shaped the 2009 Legislation:

A. Eminent Domain Authority.

To achieve majority support, the 2009 legislation must again ensure the use of eminent domain power is carefully limited, in the context of projects using bond funds, and the NRD must communicate this clearly to all stakeholders and
constituents. The authority to issue bonds, coupled with the power to take land by eminent domain, has been a major concern for some constituents and state senators. It will also continue to be important to address and correct misinformation about alleged use of eminent domain for the benefit of private developers. (i.e., Bennington Lake.) It must be made clear that the District, per current statute and case law, can only use eminent domain for the benefit of the general public good.

B. **Property Taxes.**

Another major concern for many senators has been the prospect of increased property taxes. This will continue to be a concern in the upcoming legislative session. Therefore, the 2009 bill must continue to keep the NRD’s bonding authority within the existing four and half cent tax levy, and this must be communicated clearly throughout the process. Per the attached property tax table (attachment #2) the Papio NRD currently utilizes less than two percent of the total property taxes levied throughout the District as a whole.

C. **Alternatives to Flood Control Reservoir Construction.**

The 2009 bill continues to address a holistic system approach to flood control and water quality issues by not focusing solely on the construction of reservoirs by fully utilizing, where feasible and practicable, other strategies and practices (i.e. low impact development, flood plain buyout etc). An amendment to last year’s bill, AM 2455, addressed this issue and the new bill contains the same language.

D. **Public Access to Reservoirs Funded with Bond Proceeds.**

Amendment 2455 to last year’s bill also addressed the issue of public access. Public access has been, at times, an emotional issue and opponents of the prior legislation have sometimes misstated the facts on this subject. This aspect of the bill will be addressed with facts refuting past misrepresentations on public access. The 2009 bill draft again provides public access to any permanent water pool greater than twenty surface acres.

E. **Public Vote on Bonds.**

All bonds authorized by the proposed legislation are to be issued within the existing tax levy limit of four and half cents per one hundred dollars of taxable valuation. Nonetheless, in order to maintain public accountability and to address the concerns of some legislators regarding NRD spending authority, especially in the current economic climate, the draft legislation contains a provision requiring a public vote for bonds resulting in a special bond levy exceeding two cents per one hundred dollars of taxable valuation of district property. Any agreement to further amend the bill so as to require a public vote for issuance of any and all NRD bonds, regardless of size, would be unwise as it may make even small projects subject to a lengthy and expensive election process. This provision as currently written gives the Board of Directors the flexibility needed to address vital public health and safety issues while simultaneously ensuring fiscal constraint. This provision is not without precedent in Nebraska statutes. Section 23-3621 R.R., 2004 provides a similar limiting requirement with respect to county’s issuance of bonds for the purpose of owning, operating, constructing and equipping a sewage
disposal system and plant or improving or extending an existing system (see attachment #3).

F. **Flood Control Levies.**

The need for funds to repair, replace and/or rehabilitate flood control levies is a very important additional reason why the Papio-Missouri River NRD needs bonding authority. This fact will be given additional emphasis in discussion of the 2009 bill, especially in light of the experience thus far of Waterloo, City of Omaha and the District itself.

G. **Reservoir Size.**

The bill addresses concerns regarding the size of water impoundments by continuing to contain a limit of four hundred surface acres for projects funded with the bonds.

H. **Competitive Bidding.**

Some opponents of LB 880 argued the NRD should use competitive public bidding on any projects involving private developers. It is unclear how such a requirement would work where; for example, a developer has existing ownership or contractual rights to property outside of the NRDs process or control. Consequently, it is not a realistic or workable idea. The NRD must be prepared to address this issue with senators.

I. **HDR Study.**

Before introducing the 2009 bill, it is essential to communicate the results of the HDR Stage IV study to all state senators. Currently, the Papillion Creek Watershed Partnership is finalizing a draft watershed plan and draft policies to present to a public officials meeting in early February. Partnership members will then begin the approval process in their respective jurisdictions for the watershed management plan and the policies.

J. **Financial Management.**

Two state senators had argued in the past that the Papio-Missouri River NRD needs to have “fiscal controls” and “mechanisms in place to manage the money coming in” from the bonds before they could support bonding authority. This issue is addressed by the NRD through the creation of the special reserve fund and the yearly budget and auditing process. Furthermore, additional accounting staff will be hired to assist in monitoring bond and grant funds and their reporting and accounting.

K. **Project Timelines.**

Attachment #4 compares example timelines for similar projects funded by currently available funding mechanisms (pay as you go system). As the timelines demonstrate projects that use to take nine years to complete now take up to 17 years to complete. The District will highlight this fact during the legislative
process as an example of how the current funding mechanism available to the District is ineffective and inefficient.

I have attached letters of support from the Mayor’s of Omaha and Valley. In addition, I have attached a resolution from the Omaha City Council which supports the Papio Missouri River NRD’s effort to secure bonding authority from the Nebraska Legislature in order to provide protection for lives, property and the environment within the Papillion Creek Watershed. The City of Bellevue, Papillion and La Vista will be discussing similar resolutions of support with their respective Mayors and Councils over the next two months.

In conclusion the 2009 proposed bonding bill is enabling legislation to allow the Papio NRD Board of Directors the ability to finance vital capital intensive projects with bonding authority. Bonding authority has been granted to a wide spectrum of political subdivisions from cities and counties to community colleges who, arguably, have less of a mandate to provide protection for lives, property and the environment. Nothing in this proposed bill calls for a tax increase of any kind outside of the Districts current statutory authority of four and half cents. Nothing in the bill allows the District to violate current state law and in fact the bill’s provisions place a number of restrictions on District activities.

Therefore, management recommends that the Personnel, Legislative and Public Affairs Subcommittee recommend to the Board of Directors that the draft bonding bill be adopted, subject to changes deemed necessary by the General Manager, and the General Manager be authorized to work within the legislative process to seek passage of said bonding bill by the One-hundred-and-first Legislature of the State of Nebraska.
LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL

Introduced by

Read first time

Committee:

A BILL

1 FOR AN ACT relating to natural resources districts; to amend
2 sections 2-3234 and 2-3290.01, Revised Statutes
3 Cumulative Supplement, 2008; to provide for issuance of
4 flood protection and water quality enhancement bonds as
5 prescribed; to provide powers and duties; to provide
6 a duty for the Revisor of Statutes; and to repeal the
7 original sections.

8 Be it enacted by the people of the State of Nebraska,
Section 1. In addition to other powers authorized by law, the board of directors of a natural resources district encompassing a city of the metropolitan class may issue negotiable bonds and refunding bonds of the district, entitled flood protection and water quality enhancement bonds, with terms determined appropriate by the board of directors, payable from an annual special flood protection and water quality enhancement bond levy upon the taxable value of all taxable property in the district. Such special bond levy is includable in the computation of other limitations upon the district's tax levy and shall not exceed two cents on each one hundred dollars of taxable valuation annually on all of the taxable property within the district without approval by a majority of registered voters of the district at an election in accordance with the Election Act, called by the board of directors and held in conjunction with a statewide primary or general election.

Sec. 2. (1) The proceeds of bonds issued pursuant to section 1 of this act shall be used to pay costs of design, rights-of-way acquisition, and construction of multipurpose projects and practices for storm water management within the natural resources district issuing such bonds, including flood control and water quality. For purposes of this section, flood control and water quality projects and practices include, but are not limited to, low-impact development best management measures, flood plain buyout, dams, reservoir basins, and levees. No such project shall include a reservoir or water quality basin having a permanent pool greater than four hundred surface acres. Any project having a permanent pool greater than twenty surface acres shall
provide for public access.

(2) A district shall not acquire real property for a project described in subsection (1) of this section by eminent domain proceedings pursuant to sections 76-704 to 76-724 if the real property is to be conveyed to a private entity or private enterprise after such acquisition.

Sec. 3. For the purpose of making partial payments, the board of directors of a natural resources district issuing bonds pursuant to section 1 of this act may issue warrants having terms as determined appropriate by the board, payable from the proceeds of such bonds.

Sec. 4. The board of directors of a natural resources district issuing bonds pursuant to section 1 of this act may agree to pay fees to fiscal agents in connection with the placement of warrants or bonds of the district. Such warrants and bonds shall be subject to the same conditions as provided by section 2-3254.07 for improvement project area bonds and such other conditions as the board of directors determines appropriate.

Sec. 5. Section 2-3234, Revised Statutes Cumulative Supplement, 2008, is amended to read:

2-3234 Each Except as provided in section 2 of this act, each district shall have the power and authority to exercise the power of eminent domain when necessary to carry out its authorized purposes within the limits of the district or outside its boundaries. Exercise of eminent domain shall be governed by the provisions of sections 76-704 to 76-724, except that whenever any district seeks to acquire the right to interfere with the use of
any water being used for power purposes in accordance with sections
46-204, 70-668, 70-669, and 70-672 and is unable to agree with
the user of such water upon the compensation to be paid for such
interference, the procedure to condemn property shall be followed
in the manner set forth in sections 76-704 to 76-724 and no other
property shall be included in such condemnation. No district shall
contract for delivery of water to persons within the corporate
limits of any village, city, or metropolitan utilities district,
nor in competition therewith outside such corporate limits, except
by consent of and written agreement with the governing body of such
political subdivision. A village, city, or metropolitan utilities
district may negotiate and, if necessary, exercise the power of
eminent domain for the acquisition of water supply facilities of
the district which are within its boundaries.

Sec. 6. Section 2-3290.01, Revised Statutes Cumulative
Supplement, 2008, is amended to read:

2-3290.01 (1) A district shall permit public use of
those portions of a water project located on lands owned by
the district and on land over which the district has a lease
or an easement permitting use thereof for public recreational
purposes. All recreational users of such portions of a water
project shall abide by the applicable rules and regulations adopted
and promulgated by the board.

(2) The district shall provide public access for
recreational use at designated access points at any water
project. Recreational users, whether public or private, shall
abide by all applicable rules and regulations for use of the
water project adopted and promulgated by the district or the
political subdivision in which the water project is located. Public
recreational users may only access the water project through such
designated access points. Nothing in this subsection shall require
public access when the portion of the project cost paid by the
natural resources district with public funds does not exceed twenty
percent of the total cost of the project.

(3) For purposes of this section water project means
a project with cooperators or others, as authorized in section
2-3235, that results in construction of a reservoir or other body
of water having a permanent pool suitable for recreational purposes
greater than one hundred fifty surface acres, the construction
of which commenced after July 14, 2006. Water project shall
not mean soil conservation projects, wetlands projects, projects
described in section 2 of this act, or other district projects with
cooperators or others that do not have a recreational purpose.

(4) For projects funded under section 2 of this act that
result in a reservoir or other body of water having a permanent
pool suitable for recreational purposes greater than twenty surface
acres, the district shall provide public access for recreational
use at designated access points and shall include access to the
land area a minimum distance of one hundred feet from the permanent
pool. Recreational users, whether public or private, shall abide
by all applicable rules, regulations, ordinances, or resolutions
for use of the project adopted by the district or the political
subdivision in which the project is located. Public recreational
users may only access the project through such designated access
Sec. 7. The Revisor of Statutes shall assign sections 1 to 4 of this act within Chapter 2, article 32.

Sec. 8. Original sections 2-3234 and 2-3290.01, Revised Statutes Cumulative Supplement, 2008, are repealed.
### FY 09 Tax Levy Comparisons
**Papio-Missouri River NRD**
**December, 2008**

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### Comparison #8 - Papillion

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F.Y. 2009 Papio-Missouri NRD Tax Levy is 0.033753 = $33.75 annually on a home valued at $100,000

LEVY-COM-09

Papio-Missouri NRD has reduced the tax levy the last two fiscal years from 0.38% to 0.33%
Such a limitation is not without precedent in Nebraska statutes. For example, existing Section 23-3621 R.R.S., 2004, provides a similar limiting requirement with respect to a county’s issuance of bonds for the purpose of owning, operating, constructing, and equipping an industrial sewerage disposal system and plant or plants or improving or extending an existing system. That section (enacted by Laws 1994, LB 1139, § 21) provides as follows:

**23-3621 Bonds; resolution required; vote; when required.**
Revenue bonds authorized by section 23-3617 may be issued by resolution duly passed by the governing body of the county without any other authority. General obligation bonds authorized by section 23-3620 may be issued by resolution duly adopted by the county board without any other authority, unless the proposed sewer tax levy authorized by section 23-3616 exceeds three and five-tenths cents on each one hundred dollars of actual value, in which case the bonds may be issued only after (1) the question of their issuance has been submitted to the registered voters of the county at a general or special election, (2) three weeks’ notice thereof has been published in a legal newspaper published in or of general circulation in the county, and (3) more than a majority of the registered voters voting at the election have voted in favor of the issuance of the bond.

As proposed, the new amendment, above, calls for such an election to be held by the NRD only in conjunction with a statewide primary or general election, since a special election for such a purpose at another time might be extremely expensive and impractical for the NRD with its multi-jurisdictional boundaries.

Please advise if I can provide any further information or assistance.
November 19, 2008

TO: Natural Resources Commission Members

CC: Rex Gittins

FROM: Dean E. Edson, Executive Director

RE: Example Timelines for Nebraska Resources Development Fund Projects

Attached are timeline charts comparing a NRDF project completed in 1998 and a current pending project. Because of delays in funding, it will take 8 years longer to complete the project which significantly increases the total cost. Also note that the percent of cost-share is less, shifting more of the burden to local sources.

**Walnut Creek Lake and Recreation Area (75% grant $4,257,828 COMPLETED)** –
This chart shows the 9-year timeline for application to completion. This project was delayed somewhat due to lack of adequate NRDF funding.

- Proposal/Application and review -- 17 months
- NNRC allocation approved -- 2 months later
- NNRC Obligation -- 11 months later
- Finish Design and Land Rights -- 3.5 years
- Dam Construction -- 1 year
- Recreation Construction -- 2 years
- Park Open -- 9 years after proposal/application

**Pigeon/Jones Creek Lake and Recreation Area (65% grant $6,482,667 PENDING)** –
This chart shows the 17-year timeline expected under the current funding levels. This project severely delayed if NRDF funding levels remain unchanged and increases overall cost significantly. The timeframe for the Walnut Creek Project is in parenthesis for comparison.

- Application and review -- 2 years (15 months)
- NNRC allocation approved -- 3.5 years later (2 months)
- NNRC Obligation -- 6 years later (11 months)
- Finish Design and Land Rights -- 2.5 years (3.5 years)
- Dam Construction -- 1 year (1 year)
- Recreation Construction -- 2 years (2 years)
- Park Open -- 17 years after proposal/application (9 years)
December 3, 2008

RE: Support for NRD Bonding Authority

Chairperson Jim Thompson and Members of the P-MRNRD Board of Directors:

On behalf of the City of Omaha, I am writing to encourage you to pursue a legislative bill to provide bonding authority to the Papio-Missouri River Natural Resource District (P-MRNRD) for financing flood control and water quality projects. Meeting the federal water quality mandates and protecting area lives and property from flooding are extremely important, and Omaha and the metropolitan area communities understand that there are very limited federal and state funds available to assist us with these costs.

In June 2006, to satisfy a state permit requirement, Omaha and most of the communities in the region formally adopted the six policies recommended by the Papillon Creek Watershed Partnership (PCWP). The adopted policies call for additional regional water quality and flood control structures to be funded through development fees and P-MRNRD funds. While the scope of the plan for management of the watershed will take a number of years to fully implement, we know now that even the immediate needs will require a method of long term financing.

I believe that the P-MRNRD is the most appropriate agency to coordinate the implementation of necessary water quality and flood control structures. The P-MRNRD has the combination of technical expertise and regional jurisdiction that make it the obvious choice for implementing a regional storm water management plan. The Omaha Master Plan includes this philosophy, and is consistent with the recently adopted resolution from the Omaha City Council in support of bonding authority for the P-MRNRD.

If you have any questions regarding this issue, please contact Marty Grate from our Public Works Department at (402) 444-5225.

Sincerely,

[Signature]

Mike Fahey, Mayor
City of Omaha
CITY OF OMAHA

LEGISLATIVE CHAMBER

Omaha, Nebraska

RESOLVED BY THE CITY COUNCIL OF THE CITY OF OMAHA:

WHEREAS, on January 7, 2009, the One-Hundred and First Legislature of the State of Nebraska, First Session, will convene; and,

WHEREAS, legislation may be proposed by others which is of interest to the City of Omaha and its citizens; and,

WHEREAS, the City of Omaha desires to express its support for certain of such legislative bills which are introduced; and,

WHEREAS, it is the purpose of this resolution to approve support for legislation, if introduced, to provide bonding authority for the Papillion-Missouri River Natural Resource District to finance and construct additional flood control detention structures and other such measures necessary to provide protection for lives, property and the environment within the Papillion Creek "Watershed", much of which lies within the City of Omaha and its zone of present development; and,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OMAHA:

THAT, at the request of Councilmembers Jim Vokal and Chuck Sigerson, the legislative package of the City of Omaha for the First Session of the One-Hundred and First Legislature of the State of Nebraska shall include support for legislation, if introduced, to provide bonding authority for the Papillion-Missouri River Natural Resource District to finance and construct additional flood control detention structures and other such measures necessary to provide protection for lives, property and the environment within the Papillion Creek "Watershed", much of which lies within the City of Omaha and its zone of present development.

APPROVED AS TO FORM:

[Signature]
DEPUTY CITY ATTORNEY

DATE

By:.................................................................
Councilmember

Adopted...........................................................

.................................................................
City Clerk

Approved....................................................... 11-24-08
Mayor

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December 5, 2008

RE: Support for NRD Bonding Authority

Chairperson Jim Thompson and Members of the P-MRNRD Board of Directors:

In 2001 Sarpy County partnered with ten other entities in the metropolitan area to form the Papillion Creek Watershed Partnership (PCWP) in an effort to address federal water quality mandates and protecting area lives and property from flooding. These mandates require major financial investments and Sarpy County recognizes that there are limited federal and state funds available to assist with these costs. On behalf of the Sarpy County, I request and encourage you to support a legislative bill to provide bonding authority to the Papio-Missouri River Natural Resource District (P-MRNRD) for financing flood control and water quality projects.

Sarpy County, in cooperation with the PCWP, adopted six watershed management policies in June of 2006. The policies recommend additional regional water quality and flood control structures to be funded through development fees and P-MRNRD funds. While the full scope of the watershed management plan will take a number of years to be achieved, long term financing is necessary to meet immediate needs.

Sarpy County supports the P-MRNRD as the most effective agency to coordinate the implementation of necessary water quality and flood control measures. The P-MRNRD has the combination of technical expertise and regional jurisdiction to facilitate the implementation of a regional storm water management plan. The Sarpy County Development Plan incorporates this philosophy, and consistent with the recently adopted resolution from our County Board we support and request bonding authority for the P-MRNRD.

If you have any questions regarding this issue, please contact me at (402) 593-2347.

Sincerely,

Mark Wayne
Sarpy County Administrator
December 3, 2008

RE: Support for legislation for NRD Bonding Authority

Chairperson Jim Thompson and Members of the P-MRN RD Board of Directors:

As we approach a new legislative session, I am writing to encourage the Papio-Missouri Natural Resources District Board to pursue legislation to allow it to have bonding authority for flood control and water quality projects. As we face the challenges of meeting the needs of our citizens and the mandates of the federal government, the communities of the Papio-Missouri NRD must work together to maximize their dollars.

Water quality and flood control projects will require coordination across jurisdictional lines and will require long-term financing. Your agency has the expertise and experience to assume a leadership role to coordinate a positive and proactive response to immediate or long-range projects. It will be important for the District to have the option of using bonding authority to meet the regional challenges of implementing sound flood control and water quality projects.

We in the Platte River/Elkhorn River Valley know that stormwater management and flood control will always be a challenge. The City of Valley and the Papio-Missouri NRD have worked together for many years, and we appreciate your guidance and financial support on several projects.

The City of Valley is not unlike the other communities in the area. Our resources are limited and our authority is restricted to our jurisdiction. Water does not recognize our political boundaries. Water quality and flood control projects impact everyone in the region, and, consequently, it will be appropriate from time to time to have regional projects. The Papio-Missouri NRD is the regional agency that can implement those projects.

I encourage you to move forward to achieve bonding authority so that the District can assist the citizens and communities with responses to immediate and long-range flood control and water quality projects.

Sincerely,

Mayor Mary Caffey
December 9, 2008

Chairman Jim Thompson and
Members of the Papio-Missouri Natural Resource District Board of Directors
8901 S. 154th St.
Omaha, NE 68138

Dear Chairman Thompson and Board of Directors:

The City of South Sioux City supports the proposed legislation for the Natural Resource District to have bonding authority for flood control and water quality projects. It would make sense and enable the NRD’s to have a funding mechanism to handle larger projects; within the parameters allowed by state law. The flood control and water quality projects are expensive and need to be funded over several years. Other governmental bodies have bonding authority and it would be prudent for the legislature to support these efforts.

I have been in contact with our new State Senator, Bob Giese, and he has indicated that he will support this legislation. South Sioux City has a strong history in working with the Papio-Missouri Natural Resource District and recognizes the diligence the board makes in spending our scarce property tax resources properly.

This authority will be of great benefit to many Nebraskans that are seeking relief from the potential of flooding and the more pro-active we can be, the better we can help protect our citizens and their property.

Sincerely,

CITY OF SOUTH SIOUX CITY

[Signature]
Sandra K. Ehrich
Mayor

Cc: Senator-elect Bob Giese