

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Fifth Session  
February 10, 2009**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:02 a.m. on Tuesday, February 10, 2009, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/75th2009/committees/](http://www.leg.state.nv.us/75th2009/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Marilyn K. Kirkpatrick, Chair  
Assemblyman David P. Bobzien, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Kelvin Atkinson  
Assemblyman Chad Christensen  
Assemblyman Jerry D. Claborn  
Assemblyman Ed A. Goedhart  
Assemblywoman April Mastroluca  
Assemblyman Harvey J. Munford  
Assemblywoman Peggy Pierce  
Assemblyman James A. Settelmeyer  
Assemblywoman Ellen B. Spiegel  
Assemblyman Lynn D. Stewart  
Assemblywoman Melissa Woodbury

**STAFF MEMBERS PRESENT:**

Susan Scholley, Committee Policy Analyst  
Scott McKenna, Committee Counsel  
Denise Sins, Committee Secretary

Cyndie Carter, Committee Manager  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

John Ellison, Commissioner, Elko County Board of Commissioners,  
Elko, Nevada  
Cash Minor, CPA, Assistant County Manager, Chief Financial  
Officer, Elko County, Nevada  
Curtis Calder, City Manager, City of Elko, Nevada  
Mike L. Baughman, Ph.D., Contract Executive Director, Humboldt  
River Basin Water Authority, Carson City, Nevada; Contract  
Executive Director, Lincoln County Regional Development  
Authority, Carson City, Nevada  
Joni Eastley, Chair, Central Nevada Regional Water Authority,  
Fallon, Nevada; Chair, Board of County Commissioners, Nye  
County, Tonopah, Nevada  
Steve Bradhurst, Executive Director, Central Nevada Regional  
Water Authority, Fallon, Nevada  
Bjorn (B.J.) Selinder, Board Member, Central Nevada Regional  
Water Authority Board of Directors, Fallon, Nevada  
John Lovelady, County Manager, Lincoln County, Pioche, Nevada  
Pam Webster, Assistant County Manager, Nye County, Pahrump,  
Nevada  
Andrew (Butch) Borasky, Vice Chairman, Board of County  
Commissioners, Nye County, Tonopah, Nevada

**Chair Kirkpatrick:**

[Roll called.] Good morning. At this time I would like to invite Elko County up to the table.

**John Ellison, Commissioner, Elko County Board of Commissioners, Elko, Nevada:**

[Referring to his presentation ([Exhibit C](#)).] Elko County was created March 5, 1869, by the Nevada Legislature. It is the fourth-largest county in the continental United States, with 17,182 square miles. We have four incorporated cities: Elko, Carlin, Wells, and West Wendover. We have four towns: Jackpot, Montello, Mountain City, and Midas. The county population is 50,561. There is a five-member commission, who, with the County Manager, form a government.

**Cash Minor, CPA, Assistant County Manager, Chief Financial Officer, Elko County, Elko, Nevada:**

Elko County's economy is dependent on three things: mining, ranching, and recreation. Mining, by far, is our largest economic driver, accounting for approximately 80 percent of our economy. There is extensive mining in both the Elko and Eureka regions. Currently, we are very fortunate to have only a 4.9 percent unemployment rate. We are starting to see mining slow down. There have been approximately 70 to 80 layoffs at Newmont Gold. We have seen consolidated taxes drop off. Even though we are fortunate to have the mining income, we are starting to see a reduction.

The County has done well in the last four or five years. We currently have about \$25 million in active, capital projects. One is the regional railport, which is designed to increase freight and trucking in the area, to try and grow jobs in our economy. The second is a new office building to consolidate county offices.

**Curtis Calder, City Manager, City of Elko, Nevada:**

I have been asked to brief the Committee on behalf of all the incorporated cities in Elko County. Please refer to my PowerPoint presentation ([Exhibit D](#)).

The City of Elko is the largest city in the county, and we are also the county seat, incorporated in 1917. Our population is 18,424; however, we are unique in the fact that we provide services for a population of about 40,000 in the region. We provide several regional services of magnitude with a limited municipal tax base. We operate a commercial airport, the regional solid waste landfill, and a regional animal shelter.

Elko is home to various federal and state offices. We are geographically isolated, which requires us to be self-sufficient. Our revenues and expenses depend heavily upon consolidated tax receipts. Sixty-one percent of this year's budget is made up of consolidated tax. Fifty-two percent of our expenditures are spent on public safety, and police and fire, and another 23 percent is spent on public works. The historical revenue chart on page 7 shows clearly and graphically our dependence on consolidated tax. You can see that millions of dollars of our general fund come from the consolidated tax receipts. In the last three years, those are starting to drop, due in part to the mining slowdown.

The City of West Wendover is unique; it is the second-largest city in Elko County and also the newest city, incorporated in 1991. It has a population of about 5,000. It services a regional population of 6,600 as it is a border city with Utah. Gaming is the predominant industry, and the city is dependent upon the Salt Lake City, Utah, market area. Gaming revenues are declining on the

border as well as in most other Nevada counties. There is also a scheduled closure of the Red Garter Casino, which will result in 155 or more job losses. West Wendover's dependence on gaming is problematic as the recessionary pressures increase, and marketing efforts are keyed to tourism-based revenue stabilization. The city has several existing tourism partnerships with the State of Nevada and would like to see those maintained, possibly even expanded.

For diversification from gaming, they have just opened up a 35-acre industrial logistics park, which was completed in the fall.

The City of Carlin is the third-largest city in Elko County, population 2,300. It is the gateway to the Carlin Trend, a large North American gold deposit. Mining and mining support services are the predominant industries in Carlin. More than 68 percent of employment in that city is based upon blue-collar and service jobs in the mining industry. The city is also home to the University of Nevada, Reno Fire Science Academy.

The City of Wells is the smallest city in Elko County. About a year ago, they had a 6.0 magnitude earthquake, the state's most destructive earthquake since 1954. They have some challenges due to the considerable property damage sustained. They are still waiting for some reimbursements from insurance, as well as some incident command expenses.

Finally, the Elko County region is fiscally conservative, with 87 percent of the cities and towns falling below the property tax rate cap. The sales tax rate in Elko County is at the state minimum. The region is heavily dependent upon consolidated tax receipts. The global credit crisis is having a negative impact on mining and industrial development projects, which further reduces consolidated tax receipts. Due to our geographic isolation, we find the public works projects are more expensive here than they are for our urban counterparts due to lack of competition.

**Assemblyman Stewart:**

Is it not true that gold prices are still holding pretty steadily? What is the problem with mining?

**John Ellison:**

Right now, gold prices are up. We are seeing the cost of equipment and labor going up and skyrocketing, which is dropping that labor force down. We have spoken to some of the mining agencies who are really worried about the gross receipt tax because the cost of buying power may be chasing it out of the state. There is a lot of fear right now about what is going to happen. The gold price is still up, and we are still keeping a large employment base.

One of the things Elko County has done is to diversify. An economic diversification council has been created to build a transloading facility in East Elko. We are hoping they will get that running to help diversify the economy.

**Chair Kirkpatrick:**

I think it is important to bring in the eastern part of the state because we have no real idea how things operate for the eastern residents. One of the things the Nevada Commission on Economic Development has mentioned to this Committee is a lack of tools available to attract businesses, one of which is affordable housing. There is insufficient infrastructure in many rural areas. Are there some types of partnerships the state and rural Nevada can attain to help bridge the diversity gap?

**Cash Minor:**

I have had some conversations regarding affordable housing with some nonprofit groups interested in coming to Elko and other rural areas. Part of the problem seems to be the price of real estate, which is too high to tolerate development. Affordable housing is possible, but it will take government involvement with the private sector to make it happen.

**Chair Kirkpatrick:**

I know we have the rural housing division, which is helpful, and we have the Division of Mortgage Lending. Is there land within the Bureau of Land Management (BLM) holdings that local government can ask for to be set aside for housing? I remember we struggled with northern and eastern BLM personnel, as opposed to southern Nevada personnel, who said, "Your local government needs this land for housing? No problem." We caught some resistance on this side. Do you not have that option? I think the land itself is a huge investment. Exactly what do you think is needed that the state can help you achieve?

**John Ellison:**

I know there are several projects for possible affordable housing in Elko at the present time. One of the projects is a joint effort, a partnership between private businesses and the government, to try to get some of these projects completed. Infrastructure costs are one of the biggest challenges. There are four companies that have projects currently under construction or on the drawing board, ready to get under way on these affordable housing projects.

**Curtis Calder:**

We have seen a couple of multifamily housing projects develop within the last two years in the City of Elko. That void is slowly getting filled. Those were infill projects, which are much more affordable because the infrastructure is

already in place. The difficulty arises when developers want to build on the outskirts of the community where utilities need to be extended to those properties. The City of Elko has a groundwater system, so we have to install tanks at elevations that can provide the water. As building progresses outward from the community, there are higher elevations which require storage facilities for the water. It is very expensive to develop on the outskirts of town. We would like to see something to encourage developers to utilize the interior of the city on infill land.

**Chair Kirkpatrick:**

I noticed that you do not have a redevelopment agency. Is that correct?

**Curtis Calder:**

The City of Elko established a redevelopment agency last year. It is still in its infancy. We do not have any redevelopment projects under way at this time.

**Chair Kirkpatrick:**

Would this be your infill tool necessary for the long term?

**Curtis Calder:**

Correct. That would be the infill tool that would work in the older part of the community, in the downtown corridor.

**Mike L. Baughman, Ph.D., Contract Executive Director, Humboldt River Basin Water Authority, Carson City, Nevada:**

I appreciate the Committee's invitation to talk about the authority and the issues it faces.

The Humboldt River Basin Water Authority (HRBWA) was organized back in 1993. Please refer to the handout I have provided ([Exhibit E](#)). The River Basin Authority itself covers an area of about 7,400 square miles. It produces, on average, about 296,000 acre-feet of water annually. There are in excess of 600,000, almost 700,000, acre-feet of decreed and permitted water rights that come off of that system.

You may wonder how that works. We have a very highly efficient reuse of the water, primarily through agricultural irrigation. Picture the water coming off the river and going across one person's field. The tail water goes into a ditch and flows down to the next user, who uses that water. It then flows off their field into a ditch, and goes to the next irrigator. Subsequently, we get reuse of that water several times.

The Pershing County Water Conservation District, in the lower end of the Humboldt River Basin, is the primary user of water within the system. Roughly a third of the decreed and permitted water rights are used in the lower Humboldt system. The highly efficient flows are obviously key.

Within the Humboldt River Basin, we do have the largest gold mines in North America. Mining is very important in northern Nevada, and particularly within the basin member counties.

The annual variations in flow of the Humboldt River are very problematic for water management use and water quality in our area. If you look at the front cover of the handout, you can see two photographs of the exact same location on the Humboldt River. The photograph on the right was taken in June of 1999, and shows the river at peak flow. The photo on the left, taken in October of 2001, roughly illustrates a low flow, which constitutes drought conditions. This river runs dry regularly in various segments. Historically speaking, over the past 100 years, the river has gone dry year in and year out. Consequently, half the time we are at or above average annual flow, and half the time we are at or below average flow. This makes it hard to meet the various decreed and permitted water rights that flow through the system.

The five counties that originally organized the Humboldt River Basin in 1993 were Elko, Eureka, Lander, Humboldt, and Pershing Counties. This organization was created by the county commissions of those five counties in response to a proposal by a project group called EcoVision. It was proposed in the early 1990s to export roughly 350,000 acre-feet of water out of the Humboldt River Basin into the lower Truckee/Carson Basins as a way to provide water to those systems. These five counties were quite concerned about this proposal to move water out of their area, so they got together under the Interlocal Cooperation Act in 1993 and set about to develop the technical basis to support protests before the State Engineer, that this water should not be moved from their area, as it would be detrimental to their property. They also felt the project was speculative in nature. That brought the five counties together, and they presented their information to the State Engineer, who agreed, and over time, ultimately denied those proposals as indeed being speculative in nature.

These counties operate on a very austere budget. Since their inception, each county has annually contributed from \$6,000 to \$8,000, roughly \$30,000 to \$40,000 per year, as their operating budget. From time to time, they have secured grants. There was a program a couple of years ago that provided grant funds from Senate Bill No. 62 of the 73rd Session, through the Nevada Division of Environmental Protection. They operate on a very small budget and actually accomplish some very large projects and do quite a bit for their area.

The authority is directed by a 15-member board that consists of three members from each of the five counties. They are appointed by the boards of county commissioners. They meet every three to four months. The makeup of the board is comprised of at least one county commissioner from each county. Meetings are held throughout the Humboldt River Basin, although most meetings are held in Winnemucca because it is central to the area.

This authority came together to protect the water resources in their areas, primarily to ensure they would be available for beneficial uses within the five-county region. This would not only support sustained economic development and its accompanying lifestyles, it would ensure the environment is protected over time as well.

In order to achieve these goals, they have a variety of things they can do as set forth in the interlocal government agreement, including monitoring the water resources in the area and developing data describing those resources. They do weigh in on federal, state, or even local government proposals to allocate water resources or otherwise manage those resources that are reviewed to determine whether or not they will have any adverse effects on the area. They will offer formal comment and testimony on those proposals.

This authority has traditionally been involved in legislative matters. We are monitoring a suite of water-related bills this session. We are also scrutinizing some of the appropriations proposals that have come forth. The authority will weigh in, if appropriate, to offer a comment in testimony before the Legislature if we are concerned that those proposals will either benefit the area or impair the area in some way.

We have been very instrumental in past legislation in two key areas. One, the Legislature elected to increase the water export fee from \$6 to \$10. There was a lot of bloodletting over that proposal, and it took two sessions to get the issue resolved, but it was accomplished. The other issue was that the authority was concerned about stock water rights being acquired by the federal government. We have worked with the Legislature in the past to ensure we always have a private interest in stock water rights on public lands so there is a true partnership in the management of those resources. There is a very grave concern that if the federal government were to acquire interest in stock water on public lands, it would then control not only the water resources but the land resources as well. At that point, the permittees, who have a right to be grazing livestock under their grazing permits, would be at the whim and mercy of the federal agency in terms of what occurred on those public lands.



We feel the current partnership that revolves around the parties having to come together, primarily over the private ownership of stock water rights on public lands, is very important to sustaining a viable range livestock industry in our state. The authority has worked very hard to ensure this private ownership. Page 6 in the handout describes the various publications available, studies that have been sponsored by the HRBWA. The first study was completed in 1995. It dealt with stock water rights. In 2000, the authority did an extensive analysis of alternatives for storing water in the Humboldt River Basin. We continue to be very interested in identifying and trying to pursue avenues for additional storage in the Humboldt River system. Additional storage would allow us to even out those years of below flow and high flow averages, so we could provide a more sustained and complete delivery of water to all of the permitted and certificated water right holders in the area.

The authority is also quite interested in water quality in the basin. We have been working actively with the Nevada Division of Environmental Protection (NDEP) with regard to the beneficial uses that have been designated for the Humboldt River system and related water quality standards that have been established. For example, the state has identified the Humboldt River as a source of municipal drinking water. There is no municipality on the system nor plans to make use of the Humboldt River for municipal drinking water purposes. We also find the entire stretch of the river has been identified as a cold water fishery. We have a very hard time understanding how we can meet a water quality standard for a cold water fishery when the river is dry. We also have a hard time understanding why we should have to meet a water quality standard for municipal drinking water when nobody makes use of the river for drinking purposes.

The issues with the standards remain, and we continue to work with NDEP. The Humboldt River system has been programmed by NDEP to begin a somewhat detailed analysis of the system and its standards and beneficial uses. The staff at NDEP is very helpful and willing to work with us on this program. It does require putting forth the appropriate information to demonstrate the uses that have been designated for the river, and related standards that are worthy of reconsideration and change if necessary.

Gaps have been identified in water quality data availability, as well as water quantity availability. There is a significant concern throughout Nevada about the availability of information on all of our basins for groundwater, source water, and the quantity of water available to us on a sustained basis to appropriate for beneficial uses.

This information has been presented to the State Engineer's Office in the past, as well as to NDEP. We would note in both cases, that office, with the help of the Legislature over the past several sessions, has allowed the State Engineer's Office to do a yeoman's job of increasing the availability of information on their website and making that information about what water resources are available to all users and decision makers around the state.

There are still significant gaps. We encourage the Legislature to continue to support the Nevada Division of Water Resources, to help them develop and maintain the information. We all need to make sound, water resource allocation decisions.

Finally, there has been some work done with regard to forecasting water demands. The Nevada Division of Water Resources, also known as the State Engineer's Office, as a matter of law and practice, will reserve a component of water resources for a host county, to try and ensure the future of their economy. He will hold back from proposals to export water out of an area, water that is adequate for the future growth and development of a source county, if that county can demonstrate what its needs are. We have worked with our river basin counties to encourage them to understand how to do water demand forecasting and what is involved with that process, so when proposals arise to move water out of those areas, they can demonstrate to the State Engineer what their needs are. Many member counties, unfortunately, have a great deal of water resources, some of which are unappropriated, which can be difficult to retain if the county cannot first demonstrate its own need for the water.

Federal legislation is currently pending in the United States Congress which would extensively broaden the definition of waters of the U.S. within our county, and we are quite concerned as to what these measures would do to our economy in terms of the impacts on mining, agriculture, and other land users who are water-dependent.

Mining is a very important component of the economy in these five counties. The authority will continue working with the industry over mining-related reductions in base flow to the Humboldt River. Many of the environmental impact statements (EIS) that have been prepared have identified a reduction in base flow to the Humboldt River. Granted, these reductions are typically rather small. However, our concern is that those small reductions in base flow, over time, will result in a lot of water. That water, because this river is a fully decreed system, belongs to someone. There has not been an effort on the part of BLM or the State Engineer to recognize that someone's water rights are being taken away; they regard this as simply a loss of water. It comes out of the

balance. When the river is dry down in the lower system, arguably at some point, somebody could say a little bit of that component could be a reduction in base flow. We are working to begin to address mitigation of reduction of base flow. I am confident we will see some resolution of that over time.

Another issue related to mining is pit lakes. We have several pit lakes being created as a result of mining. These pit lakes can actually become a resource in some cases. They can become a viable fishery or a recreational asset, depending on how they are finally closed and made available for use in a safe manner. An issue as yet to be addressed is the large amount of evaporation off the surface water in the pit lakes. If you imagine that lake representing a well, where evaporation occurs off the surface of the lake at several thousand acre-feet of water per year, that evaporation is coming off the surface and is pulling that water from the surrounding ground area. There are no water rights associated with the pit lakes at the present time. The water that annually leaves the area is not being accounted for accurately. We are encouraging that to be done as a matter of policy, to ensure that we do not over appropriate a basin because we failed to recognize the amount of water being lost through evapotranspiration.

**Chair Kirkpatrick:**

Thank you. I understand completely. We will be hearing more bills on water issues this session, as it has become a regular part of Government Affairs.

**Assemblyman Bobzien:**

Dr. Baughman, something that you have in your presentation on page 8, but you did not mention in your testimony, was key issue number eight, implications of Senate Bill No. 275 of the 74th Session (*Nevada Revised Statutes* (NRS) 278.461 and NRS 534.120). I think what you are driving at here is the possibility of unintended consequences from that legislation, of increased filings for folks who are thinking down the road they want to do parcels, but now they want to make sure they get the water rights to go with them. I remember the last session, and the reason the bill went forward was to address everyone in the state having a domestic well, and the next thing you know, there would be no water left. It would be interesting to hear your thoughts on that and if you have any post-session ideas or concepts for us that you want to share to address that issue.

**Mike Baughman:**

The five counties, working very closely with the State Engineer's Office, have identified the basins to which this statute will apply. The State Engineer has provided a letter to the five counties telling them which basins these are. It does not apply to number 05, as Lander County does not have any basins that

would be affected by this statute. The counties have completed, or are very close to completing, the adoption of ordinances which would put a mechanism in place for requiring that a water right be dedicated and provided for the parcel map. I think it is two acre feet per parcel.

There are a couple of ways to accomplish this. The counties can hold the water themselves and then rededicate it to the state, or they can simply require that the applicant dedicate the water directly to the State Engineer's Office. Some of the five counties have elected to dedicate directly to the state so they do not have to maintain records for those basins. An important aspect of this is the State Engineer has agreed to keep a tally and to notify the counties of the amount of water rights that have been allocated or dedicated from them to him. In the event that they create a domestic municipal water system in that basin, and are required to hook people up to that system, the water rights that have been dedicated to the State Engineer in that basin for creation of those parcels will be available to go back to that municipal water system to deliver water. That is a very important outcome to be expected from this process.

In our area, we have not detected any inflation of water rights values nor escalation in filing parcel maps before these ordinances went into effect. At this point, this issue and accompanying concerns have not surfaced as that important. We continue to monitor the situation.

**Assemblyman Aizley:**

I have several questions. When you use water from one area to another area, is there a deterioration of the quality as it goes downstream? What are the plans for storing water? Is there underground storage? When the river is dry, where do the fish go?

**Mike Baughman:**

There can be concerns with water quality as water flows across an irrigated field, depending upon what methods of fertilization have been used. Fecal matter can be picked up. The infiltration of the water across these systems also has a flip side effect. If you look at the water quality in the 1800s, documented accounts of the folks who came through and settled this area described the river water at that time as undrinkable, making people sick. There is no question that agricultural runoff can impair water quality.

There is also a component of irrigation that results in infiltration of the water through a ground system which cleans the water. We do have this clean, recharged water coming into the river after reinfiltration as well. The authority is looking at water storage. The study they produced did indicate that creating new surface storage in the Humboldt River system would be very, very difficult

in this day and age. Primarily from an environmental perspective, it is very hard to get a new dam permitted. However, there is active work being done on a site in Elko County called Bishop Creek Dam. The authority has been watching and monitoring this project that has the potential to store a rather significant amount of water, and to provide beneficial uses for that water downstream.

There are some concerns about how the water is stored and how it is subsequently released, to make sure that all decreed and certificated water rights are met. The studies we have done show that in lieu of additional surface storage, the most feasible alternative would be groundwater banking. That would be a conjunctive use of surface water with groundwater, where during periods of high flow, we would divert water off the Humboldt River system and infiltrate it into basins adjacent to the river, into the groundwater, then into an alluvial aquifer. That water would be stored and, during periods of low flow, would be taken back out of the ground, put back into the river, and then used to serve permitted and certificated uses. Obviously, the diversion and infiltration of the water is not really that expensive. Pumping the water out and putting it back in the river is expensive, and there is also a water quality issue associated with that, as you have to make sure you meet the standards for discharge into the river from the groundwater you are taking out of the aquifer. Paying for it is something the authority and the five counties have not really decided on. One of the approaches being considered is to partner with Metropolitan Water District, a very scary proposal. And the last question was...?

**Chair Kirkpatrick:**  
The fish.

**Mike Baughman:**  
The river does not go dry 100 percent. This river gains and loses water in segments. It dries up and then resurfaces downstream. By law, we are required to provide for the water quality standards in all of the segments, whether they are wet or dry, which is a little problematic for us.

**Assemblyman Goedhart:**  
How many hydrographic basins constitute the five-county area that flows into the Humboldt basin; is it 10, 20, or 30 different hydrographic basins?

**Mike Baughman:**  
That is a good question, and the answer goes something like this: I know when we monitor the water right filings, basins are numbered 42 to 72, so it is about 30 basins.

**Assemblyman Goedhart:**

There are probably some basins within that number that are not fully appropriated yet, right?

**Mike Baughman:**

That is correct, but very few.

**Assemblyman Goedhart:**

Is there also a limit on the parcel size, at which below or above a certain parcel size, you do not have to retire water rights to the state for creation of a parcel? Do you have that set at a ten-acre threshold or what?

**Mike Baughman:**

It varies. I believe that for the five counties, the high is probably a five- to ten-acre parcel and the low is two and one half.

**Assemblyman Goedhart:**

At which point, you would not have to retire water rights if it was greater than that.

**Assemblyman Christensen:**

One of the topics you mentioned that has always interested me, as an investment banker, is groundwater banking. I wonder how reliable it is. When water goes underground, how is it retrieved? Does it go so far down that it disappears or goes somewhere else?

**Mike Baughman:**

Actually, it is a lot like our current mortgage banking system. There are very successful groundwater banking projects. I am not aware of any currently in the State of Nevada. In California's Central Valley and in the Phoenix area, there are very successful groundwater banking programs. Obviously, it depends upon the geology of the location where you put the water. We know, given the geohydrology of our basins, which basins are good and which ones are not. Generally, you find a basin that is confined, you find a geologic stratum that is confined, and you put the water into those basins to keep track of it.

**Chair Kirkpatrick:**

Sometimes water is very dry, listening to it, but you made it very wet today, so we appreciate that. Thank you. We are going to move on to the Central Nevada Regional Water Authority.

**Joni Eastley, Chair, Central Nevada Regional Water Authority, Fallon, Nevada:**

Joining me this morning on my right is Steve Bradhurst, the Executive Director of the Central Nevada Regional Water Authority (CNRWA), and on my left is Bjorn (B.J.) Selinder, also a member of the authority, representing Churchill County.

We appreciate this opportunity to provide the Committee with information on our form, function, and activities. The presentation will be based on the following handout ([Exhibit F](#)). The first page is a map of Nevada depicting the eight counties that are members of the authority. Page 2 is a map of Nevada that shows the Central Hydrographic Region (CHR). To be a member county of the CNRWA, this CHR must be located in a portion of the member county. On pages 3 and 4, you will find descriptions of the form of the organization, its conferred functions, and our mission statement. Our mission is to protect the water resources of Nevada's CHR so that this region will not only have an economic future, but its valued quality of life and natural environment will be maintained.

The CNRWA is a unit of local government created by agreement of the six original member counties. Those six were Elko, Esmeralda, Eureka, Lander, Nye, and White Pine Counties. We actually formed our organization in the fall of 2005. The agreement that we made is an interlocal cooperation act and is pursuant to the provisions of Chapter 277 of the *Nevada Revised Statutes*. We were very pleased to have Churchill County join us September 8, 2006, followed by Pershing County in January of 2008. Therefore, the authority has eight member counties. Our Board of Directors consists of 20 members who meet in various towns in member counties each quarter. Our legal counsel is the Eureka County District Attorney. Elko County is now serving our comptroller function. We do have offices, as Churchill County has graciously agreed to provide office space for us at the Churchill County Government Complex.

As I stated previously, the Nevada CHR, which is comprised of 78 groundwater basins, must be in at least a portion of a county for the county to join the organization. The CHR can be characterized by the following four attributes. The first is that it must have productive alluvial aquifers. Second, there must be an absence of regional surface water flows. Third, deep bedrock aquifers must be present, and fourth, it must have groundwater basins that may or may not be interconnected by subsurface flows.

**Steve Bradhurst, Executive Director, Central Nevada Regional Water Authority,  
Fallon, Nevada:**

I am going to speak briefly about the activities and accomplishments of the authority over the past couple of years. Please go to page 9 of your handout, and I will summarize that for you.

I think the real value of the authority, aside from the things Joni just mentioned, is for these eight counties to come together to collaboratively and proactively address water issues. They focus on water supply. It is nice to talk about water use, allocation, and management, but you have to have water before you can speak of those things.

In 2006, the authority realized there is not a lot of information on a number of these basins. As Joni pointed out, there are 78 water basins. This is the largest hydrographic region in the state. Good baseline data needs to be gathered. Using funds from S.B. No. 62 of the 73rd Session, along with authority funds, they decided to enter into a collaborative effort with the United States Geological Survey (USGS) and the State Engineer's Office. That effort was focused on the USGS going out and inventorying wells in the water basins in the CHR and gathering data for those wells. They took that data to the State Engineer so the data could be incorporated into an upgrade of the State Engineer's website. The CNRWA, using limited resources and S.B. No. 62 of the 73rd Session funds, was able to get that program under way. It is a prime example of federal, state, and local government cooperation. The effort now is to continue the program with the limited resources we have. We had a joint funding program with the USGS. We were able to leverage the money by putting money on the table. The USGS came in with a 50 percent match. Now the USGS has changed their program to a 45 percent match, but still, if our joint funding program this year is a total of \$36,000, the CNRWA will put in \$20,000 and the USGS will put in \$16,000.

So we are stretching the resources and going as far as we can to collect information on the groundwater levels. If someone were to come into one of these basins, and submit an application to the State Engineer to take water out of the ground, the State Engineer would locate the information that has been collected on that basin. If the State Engineer sees that the water level in the wells in a certain basin is dropping, and has been dropping over time, a red flag pops up in the mind of the State Engineer, indicating water level problems. That has been the focus of the program.

On page 11, a flowchart shows data collection and analysis information, combined to create the groundwater model. Page 12 is a handout the USGS



was kind enough to prepare. It is a one-page document on the good work they have done for the CNRWA.

Another accomplishment of the authority is the resolution they passed on December 14, 2007, shown on page 13 ([Exhibit F](#)). [Mr. Bradhurst quoted Resolution 07-01.] Rhetorically speaking, why would the authority want all eight member counties to have a land use plan for all their water basins? The reason for that is the decision-making equation that the State Engineer uses when deciding whether or not to give someone a permit to take water out of the ground. When it is an inter-basin transfer of water, there is a requirement in the *Nevada Revised Statutes* that the State Engineer has to determine whether or not there is enough water left behind for the economic future of that basin of origin. If there is not enough water left behind, then the State Engineer would hopefully say this cannot be done because there will not be enough water left in the basin to ensure its survival for future use.

A land use plan is a determining factor in deciding the economic future of a water basin. A land use plan will tell you what the community thinks the future is going to be for that basin.

Rural counties know the importance of developing land use plans, and they are still developing those in some areas. As they develop their land use plans, they have to keep an eye on sustainable water resources. If a land use plan is created that requires a lot more water than you have in your own jurisdiction, obviously, you have to go outside your county to get water from another county. The residents of the county who prepare the plan should know that. In the final analysis, they are going to have to pay for part of that water importation. If they want their community developed so that they have to build importation projects to get water, they need to know that beforehand, not afterwards.

The authority has the status of a cooperating agency with the BLM on the preparation of the EIS for the Southern Nevada Water Authority (SNWA) water importation project. That means that SNWA is working with federal and state agencies, providing comment on the impact statement.

**Bjorn (B.J.) Selinder, Board Member, Central Nevada Regional Water Authority  
Board of Directors, Fallon, Nevada:**

I am also representing Churchill, Eureka, and Elko Counties as general governments, all within the CHR.

I want to touch briefly on the budget for the CNRWA as it is very spare in its resources. The members each pay dues of \$7,500 annually. That results in a

very small budget of \$60,000. In addition to that, we do have a grant under S.B. No. 62 of the 73rd Session, for water rights technical support.

**Assemblyman Stewart:**

I notice that Clark County is part of the hydrographic region, but not a member. I believe you also said they contributed to the budget. Is that correct?

**Joni Eastley:**

No, they do not contribute.

**Steve Bradhurst:**

Clark County is not a member of the authority. Page 2 shows the aerial extent of the CHR, but the counties that belong to the CNRWA are the eight that are named on page 1. They are the ones who have been assessed the \$7,500 annually.

**Assemblyman Stewart:**

I thought I heard you say \$20,000 was received from SNWA. What is the relationship between the SNWA and your group?

**Steve Bradhurst:**

I do not think it is antagonistic. This authority has the status of a cooperating agency on the development of the EIS for the SNWA project, as it relates to the right-of-way for the pipelines. The rural counties are concerned whether or not there is enough water out there for their own future and the natural environment, much less the water that others might want to come in and take for their future. I think you can say the CNRWA is keeping an eye on these urban areas.

**Assemblyman Stewart:**

What about Lincoln County; is there any special reason why they have not joined?

**Steve Bradhurst:**

I do not know. I know the Chair has spoken with Lincoln and Mineral County officials and there has been some interest shown by Mineral County. Their funding is really quite meager.

**Joni Eastley:**

They simply do not have \$7,500 to spare so they can join the authority.

**Assemblyman Goedhart:**

Mr. Bradhurst, on page 12, does HA stand for hydrographic aquifers?

**Steve Bradhurst:**

It stands for hydrographic areas.

**Assemblyman Goedhart:**

At the bottom of that map, it does not show that they include the southern hydrographic areas of Nye County. Is there a reason for that? Is it not part of the Central Nevada flow model, then? It must go with the Death Valley regional flow model. I know there are quite a few water rights that the SNWA has filed in Lincoln County, but they have also filed for a lot of water rights in northeast Nye County. Is that correct?

**Steve Bradhurst:**

They did. In October of 1989, they filed water rights in Hot Creek Valley and Railroad Valley. It is my understanding they have pulled some of, if not all, those applications.

**Assemblyman Goedhart:**

I have heard of people who wanted to file water rights in Nye County in Railroad Valley, but because they are lower on the list of applicants, they are unable to go ahead and complete their economic development projects.

**Steve Bradhurst:**

You have just highlighted a very difficult issue. If you go out and file for water and you do not act on it, and the State Engineer does not act on it, and you then have to wait for those who filed back in 1989 to act first, it brings you to a grinding halt.

I know you are correct. I know there are parties out in rural Nevada, in some of these basins where water rights have been filed by cities in the SNWA, who feel they should be allowed to proceed and have their applications heard prior to the city applications being heard, to enable them to go ahead with their projects.

**Assemblyman Goedhart:**

It seems like sometimes that "use it or lose it" method has been applied in a discriminatory fashion. If you are a private citizen, you have five years to use the water or lose it, but that statute has never been applied to municipal filings of water rights.

**Steve Bradhurst:**

I think that is because the State Engineer gives you a permit based on your master plan, and understands that you are not going to implement your master plan in the next five years, so whenever you get to it, the water will be there.

**Assemblywoman Spiegel:**

I have a couple of questions on page 2. Am I correct in assuming that the area in blue represents interconnected groundwater basins?

**Steve Bradhurst:**

Some of the 78 basins in the CHR are connected as far as subsurface flow, and others are not. It is pretty complex geology out there. That is an important point. If you put a drinking straw in one basin, you may think you are only affecting that basin of origin, but in fact, you may be affecting the basin adjacent to yours in any given direction. One of the things we are doing with our assessment of the water resources is trying to figure out how the water flows from basin to basin. We know for a fact that water does flow from some basins into adjacent basins. As you go deeper into the ground, the deep carbonate aquifer covers a part of this area. If you go into that deep carbonate aquifer, you are accessing water under a number of these basins. I would not say that all these basins are connected, but some of them are.

**Assemblywoman Spiegel:**

It looks like the areas in blue in Mineral and Esmeralda Counties, and even part of Nye, connect down to California. What impact does that have on planning and use?

**Steve Bradhurst:**

The June meeting of the CNRWA will likely be held in Tonopah, to invite Mono and Inyo County supervisors to sit down with the CNRWA and talk about what the authority is doing. We will discuss our various issues, in an attempt to get a better cooperative collaboration going. I believe there is already something like that going on with respect to those two California counties and Nye County.

**Joni Eastley:**

There is an effort going on. There has been a tri-county coalition created to address water issues in that area.

**Assemblyman Goedhart:**

I want to make a quick comment on California. It is unique, because in hydrographic basin 230, which is the Amargosa hydrographic basin, you have a state line that cuts across the basin. On the Nevada side, you have to have water rights to be able to lawfully appropriate the water to the people in Nevada. In California, you can literally go one half mile across the border, drill ten wells, and be able to pump unlimited amounts of water, because California has what is called the law of capture; he who has the deepest draw wins. That is something I think Ms. Eastley and our Commissioner are working on, because

obviously, the impacts are the same regardless of where that border runs, but we have completely different regulations on how we are able to appropriate that water.

**Chair Kirkpatrick:**

Very nicely put, Mr. Goedhart. Returning to the CNRWA, according to your resolution, you have asked people to put in a land use plan; how is that possible when I know for a fact that some of these counties do not even have a building department? How does that work?

**Steve Bradhurst:**

That is a difficult issue. In fact, when that resolution was passed, I spoke to the state land use planning agency, the State Division of Lands, to see if there was a possibility of them providing assistance to these rural counties, to help them develop land use plans that let you know they have something in mind for these various basins: perhaps building one dwelling per ten acres or one per fifteen acres, at least something different than what they have now. The response I got back was that they wanted to help and were doing some work in rural Nevada, but the fact of the matter is, resources are limited. It is going to be up to the individual counties to grab whoever they can, if they have the resources, and to develop these plans. If they do not, it is a shame. They do not have to spend a lot of money on this, but they need to develop land use plans that at least show the State Engineer what they have in mind for the future. It is my hope they can see the writing on the wall and get the job done right.

**Chair Kirkpatrick:**

Hopefully other state agencies are listening, but maybe that could be a driver within our economic development, as far as figuring out in what kind of direction we want to go. I am asking you to reach out. I think one of our biggest downfalls is we do not work collaboratively to do what is best for our state. Is there a trigger for Lincoln County to become part of the authority?

**Steve Bradhurst:**

I do not believe there is a trigger. What has happened in the past, with some other counties, is they just got to the point where they said they wanted to join the group. These counties do not agree all the time. Your Chair, here, goes out of her way to try to work on a consensus basis, which may be difficult when eight counties and twenty people are involved, but it happens. I think it may be just a matter of time until Lincoln County sees there is some value in becoming a member. If Lincoln County does decide to become a member, it is just a matter of approaching the authority and letting them know. After that, the authority votes on it, and then they have to go to each one of the member

counties and their county commissions to vote on it, to amend the act so that they can become a member. It probably takes a couple of months at most.

**Bjorn (B.J.) Selinder:**

There came a time when the Churchill County Board of County Commissioners thought that it would be a wise decision to join in a larger organization to share information and just generally be attuned to the issues that they were facing in Nevada, primarily in the CHR. It was a very simple process, no magic numbers, nothing out of the ordinary. We simply made an overture that we were interested in joining.

I want to expand a bit on the matter of information and how one shares it amongst the various counties. I know for a fact, again going back to Churchill County, that we have attempted to make as much information available as possible to other counties within that organization, and outside of it as well, that may be applicable to their unique needs with regard to planning and zoning issues, ordinances, studies, and so forth. I am sure that all of the other member counties do everything they can to be as cooperative as possible.

**Chair Kirkpatrick:**

Thank you very much. We appreciate your coming and we look forward to working with you in the future. For the Committee, I will tell you that I asked staff about the "use it or lose it" provision within statute and how it works for a private citizen as opposed to a local government. I am curious to see how it is written in statute. With that we are going to invite Lincoln County up to speak.

**John Lovelady, County Manager, Lincoln County, Pioche, Nevada:**

I have brought Dr. Baughman back, as he agreed to come up here with me. I have submitted an outline of comments I will refer to for my presentation. (See [Exhibit G](#).)

Lincoln County is immediately north of Clark County. The county line encompasses part of Coyote Springs. We border White Pine County on the north, Utah on the east, and we join Nye County on the west side. It is a fairly large area, about 10,835 square miles, 98 percent of which is federal land. That means that our tax base for property taxes is very small. [Referred to the map on page 5 of the handout.]

The towns and villages are listed in the handout. Pioche is the county seat. There is a settlement that I have lumped together called Ursine/Eagle Valley/Mt. Wilson, which is about 12 miles from Pioche. Pioche was founded as a mining town; however, no active mining is going on in Lincoln County at this time.

Caliente is the one incorporated city in the county. It was formed as a railroad town. I think the railroad now just passes through.

Current census statistics show that we have 4,165 people in the county. Of those, 58.21 percent are low- to moderate-income families. Out of those, 618 people are below the poverty level.

There are five state parks in Lincoln County. Some of the prime hunting area in the state is located here for elk, deer, antelope, and sage grouse. Tourism and recreation are the only organized industries in Lincoln County.

I have listed budget totals for the last three years, which include grant funds. We have a very active grants administration office with one employee who works very hard to find grants we can use for various things. Given that the county consists of mostly federally administrated land, federal payments in lieu of taxes (PILT) are very critical to the county's budget. Currently, grant funds added to the PILT money give us \$4.5 million for this year. Most of the grants require county matches.

The Coyote Springs development is going forward in Clark County, but Lincoln County has put its portion of the project on hold until there is an improvement in the economic climate. This project has the potential to create a community of 50,000 people.

The Lincoln County Land Act was another project where the county was able to arrange for purchase of BLM land, near Mesquite, by private parties. The sale was permitted by a congressional act. Five different counties purchased the land. Lincoln County has worked with, completed, and approved development agreements with two of the developers, but the rest of them have put their projects on hold due to the economic climate.

Land for economic expansion and community development has been purchased in the Alamo area for the development of an industrial park. Land has also been set aside for residential use. One of the four parcels for residential development has already been sold.

The county has the need to develop the infrastructure in the area. We have gone to the Economic Development Administration (EDA) for a combination grant/loan, from the EDA and the United States Department of Agriculture (USDA), which we have to match with 40 percent of the funds. Those millions of dollars have yet to be found.

The county has identified a number of needs related to our future development. Our electric power distribution system is old and currently operating above its design capacity. Presently, only two megawatts of power are available for the county's future needs. The Coyote Springs and other new developments are going to increase the need for power by 2,300 percent. The cost to upgrade the system to accommodate future needs exceeds \$70 million, according to estimates from the Lincoln County Power districts and the General Improvement Districts (GIDs) operating in the area. We are looking at the stimulus package, and we are poised to spring to see if we can get some help.

The crumbling public infrastructure needs to be addressed. Growth is four years away. We are planning, but nothing will happen in terms of growth until people are no longer afraid to invest their money. The Courthouse Annex in Alamo, the Panaca Town Hall, and the Panaca Post Office need major repairs. We have several historic buildings, including the Million Dollar Courthouse and the Thompson Opera House, now nearing completion, thanks to a grant from the State Historic Preservation Office (SHPO). We can find funding for historic buildings, but not the ones in which we currently work. There is no source for funding to fix these buildings. The costs for repairs to these structures would run about \$400,000.

The county sewer and water systems are about 50 years old. They need modernization and upgrading. We are looking at \$8 million to bring the water and sewer systems in these small towns up to date.

The county road maintenance department has 3,433 miles of road to maintain, of which less than 100 miles are hard-surfaced. Approximately \$40 million would be needed to bring the road system into the 21st century.

The county has one hospital medical facility and one medical clinic in Alamo. The hospital is a 20-bed facility; however, 18 beds are occupied by long-term care patients. If an accident occurs, patients are stabilized and then taken to Utah or Las Vegas for hospitalization.

The county has two airports. One is in Alamo and the other, the Lincoln County Airport, is in Panaca. That airport has been improved. We received Federal Aviation Administration (FAA) grant funds which were matched by the county for improvements, including a paved runway, a taxiway, an enlarged apron, and a pilot's lounge. We have a full-time manager who lives on-site. The real need is fuel, which we desperately need. We are working on the Alamo airport, as it is a large, beautiful facility with a well-crafted strip for large aircraft, but it is not paved.



**Chair Kirkpatrick:**

Why do we have an airport if we do not have paved roads? What are they flying in to do?

**John Lovelady:**

People fly in for business and recreational purposes. There are a lot of folks who would rather fly than drive in Nevada. If I had the capability, I would.

**Chair Kirkpatrick:**

So do you convert the airport use into dollars?

**John Lovelady:**

Yes. There are people who have planes housed at the airport who pay for that space. We have had members of other boards and commissions who fly in to visit and rent cars at the airport. We just accomplished the upgrade this year.

Lincoln County has changed a little bit over the years. I have only been there two years. In the last three years, we have acquired a County Manager, a professional planning department, and a Building and Safety Administrator, all of which used to be combined into other people's duties. The Board of County Commissioners has expanded the county government, which has not happened for a while.

Indigent accident funds and supplemental funds are critical to small counties. Lincoln County currently has \$126,000 for all indigent needs in our county. In a past year, we had one incident that used up our portion and tapped the State Indigent Accident Fund for \$400,000-plus. One incident could cause extreme harm to Lincoln County.

We have fire protection services and emergency medical services provided by volunteers. We need to recruit and train personnel. Training costs and physical requirements preclude many residents from entering these professions as the general population is aged and may not be able to pass a physical or qualify for licensing requirements. The county residents would be best served by a well-trained, full-time staff of professionals in these areas. I can see that we will eventually have a fire department. We have already formed a countywide fire district. The proposed large developments in Lincoln County will be an enhancement to the county's ability to function.

The Lincoln County Water District has developed water resources to support those large blocks of prospective development. The water district is not a county department. The district has a General Manager and General Council, so

they are working on all the necessary things that have to be done to prepare for the upcoming growth. We have a good working relationship.

We have supported the efforts by electric power developers in the hope we can get more power into Lincoln County. The county has been approached by a number of different people who want to develop alternative energy resources. We do want to go on record as being in support of alternative energy.

The Board of Commissioners has been, and continues to be, conservative in its use of taxpayer funds, while doing all they can to fulfill their mission to support public health, safety, and welfare with the limited resources they have. We appreciate the support the Legislature has provided in the past and thank you for your future support.

**Assemblyman Goedhart:**

Have you been able to negotiate some sort of understanding with the wind energy project in the northern part of the county? Is that still on hold as well?

**John Lovelady:**

There is some research being done right now. They have their anemometers out, measuring the wind velocity. A recent proposal was brought by Dr. Baughman to the county concerning several areas where photovoltaic and solar powered energy could be utilized.

**Mike L. Baughman, Ph.D., Contract Executive Director, Lincoln County Regional Development Authority, Carson City, Nevada:**

The wind energy project is problematic at its current, proposed location, and the county has taken a position in opposition to that. They are not opposed to wind energy projects perhaps located in other locations in the county. They are most recently working on a very aggressive solar energy development initiative, and we are looking at upwards of 26,000 acres in the county for solar projects on both public and private lands. In the Rachel area, there is a very large, private land holding which could be used for solar energy development.

**John Lovelady:**

In answer to your question, Mr. Goedhart, the wind energy project's proposed location happens to be an area that a lot of folks think is the best place to go hunting. That will be a problem. The county wants wind energy, but they want to put it somewhere else.

**Assemblyman Stewart:**

Can you talk about the SNWA, the proposed pipeline, and what economic impact that will have on your county?

**Mike Baughman:**

Lincoln County has taken a very proactive approach to management of water resources within the county. They have entered into a couple of agreements with the SNWA. One of the agreements involves splitting up competing applications for water resources in the county. As you are aware, SNWA filed on water throughout the county. The county also filed on water throughout the county, and it wanted water delivered to projects within its borders; the SNWA wanted the water to go down south. The two parties came to terms. We have divided up those applications and agreed not to protest each other's applications and not to get in the way of developing each other's water granted by the State Engineer under those applications.

The other agreement has to do with providing capacity within the SNWA pipeline. If that project is approved and built, Lincoln County would then propose to convey a portion of its water resources from the northern portion of the county to the southern portion of the county to serve in the Coyote Springs area. Obviously all those activities, as far as the Board of County Commissioners is concerned, are intended to ensure that Lincoln County has an economic future. Had we not interceded and aggressively pursued those kinds of opportunities, it is possible that all of that water could have gone south. The development in Lincoln County simply would not have occurred.

We have taken a very proactive approach to provide for water resources in our own area. I would suggest to you, that is probably why the Board of County Commissioners has not yet elected to pursue membership in the SNWA. A couple of sessions ago, the Legislature statutorily created the Lincoln County Water District. It enabled that county to aggressively go out and provide for the county's economic future through water resources development. I can assure you, they are doing that. They have two water projects in various stages of environmental permitting; one of them is about 11 miles long, and is completed through the permitting process. They have 1,000 acre-feet of water rights to convey through that project. They have another 42-mile water project for which the final EIS will come out in a matter of weeks. It will take water from one area in Lincoln County down to the southern part of the county to serve the Lincoln County Land Act area.

**Assemblyman Stewart:**

Madame Chair, I just wanted to hear their side of it.

**Chair Kirkpatrick:**

It is all good. You can hear the other side tomorrow. Ms. Woodbury.

**Assemblywoman Woodbury:**

I just wanted to clarify, was the land sold through the Lincoln County Land Act federal land?

**John Lovelady:**

If you orient the map this way, this is the land in the Lincoln County Land Act, this little corner here. Coyote Springs is located here. This little dot is the county seat. This map was the best way to demonstrate how much of the land is really out of our control.

**Assemblywoman Spiegel:**

When the BLM sells land in Lincoln County, do you get money from that sale?

**John Lovelady:**

Under the Lincoln County Land Act, we did. We received 10 percent of the funds. They are earmarked by legislation for various purposes, so they have to be used for those purposes. The money is currently waiting to be used for those allocations.

**Assemblywoman Spiegel:**

How often do you need more than two of the available beds in the hospital? If this is a chronic problem, are there plans to develop some sort of long-term care or skilled nursing facility for the 18 people who are just living at the hospital?

**John Lovelady:**

There are plans. The hospital is in a separate district. It is not a county district. They have their elected board of directors and they provide some services to the county under contract. They take care of the jail inmates. We do not have any plans to build a skilled nursing facility, but it is something that needs to be addressed, because right now, anybody who comes in for treatment is sent to Utah. There are no other places left; they are all full.

**Chair Kirkpatrick:**

I worry about Mesquite. They get folks from all three corners for services. For instance, it is a great place to take Girl Scouts in the wintertime because there are plenty of people there, including senior citizens and the snowbirds from Utah. Due to your potential growth, have there been any talks to ensure that we have some shared services? I think this is a prime opportunity to make some good connections.

**John Lovelady:**

The short answer is yes. There is a task force made up of people from Mesquite and from Lincoln County. We worked with Mesquite in the

formulation of the development agreements for the land act area. We have agreements in place for police and fire protection and emergency medical services. It will be a contract arrangement until the developers actually build the facilities and staff them. We have a task force meeting in Mesquite next week. It is an ongoing process.

**Chair Kirkpatrick:**

Perfect. I think sometimes people in Mesquite feel forgotten and not even a part of Clark County. I try to look out for them when I can.

**John Lovelady:**

The Mayor is looking out for the city as well as she can. She is a sharp lady.

**Chair Kirkpatrick:**

In terms of economic development, when renewable companies come to you, do they ever talk about the water they might need for their projects? Is that ever discussed?

**Mike Baughman:**

Water resources are an issue for renewable energy, particularly for solar/thermal. It is not really an issue for photovoltaics, as you just need a little bit of water to keep the mirrors and panels clean. Wind energy does not require a lot of water. We do have geothermal resources in place already. The solar/thermal is an issue. We have two companies that are actually looking at solar/thermal projects in Lincoln County. We do have water resources available for those projects. Lincoln County Water District either has existing water rights or pending applications in valleys that also have high solar concentration potential. We do have some sites that can host solar/thermal projects. We obviously have sites that can host photovoltaics as well.

**Assemblyman Bobzien:**

It seems like the methods we use in this state to manage growth and the governance of growth are varied and often have no consistency. Some of the things we did last session were related to GIDs. Can you provide a brief overview of where you are with that?

**John Lovelady:**

There is a GID formed for water and sewer in the Alamo area, and Coyote Springs has a GID in place. We are in the habitat conservation plan (HCP) for southeastern Lincoln County. The plan is in the process of now forming the GID that will govern that. The utilities are furnished in our county by Lincoln County Power District, which is not a political subdivision of the county. What am I missing on your question, Mr. Bobzien?

**Assemblyman Bobzien:**

I was looking for the hope and vision for the model of going with the GIDs for Coyote Springs, versus a township, city, or corporation. What kinds of conversations are occurring in the county about how that is going to work?

**John Lovelady:**

As we have discussed, Coyote Springs is poised, ready to have local people elected to their GID board. Fees will be assessed there, so the county does not have to take fees from one place and then provide services 100 miles away. The value of the GID is that it is locally run and operated, and is a good vehicle.

**Mike Baughman:**

The key to these GIDs is revenue. These GIDs are able to float bonds and otherwise obtain revenues in advance of the demand for infrastructure. They can get the infrastructure developed and going before the population moves in and requires the services. The county could never accomplish this with its assessed valuation. The risk is on the GID itself. Initially, the developers are the only ones who pay because they have all the land.

About four sessions ago, the Legislature amended the GID legislation to allow for the management and implementation of a habitat conservation plan (HCP) to be one of the allowable uses of GID proceeds. This GID has been created for the southeastern Lincoln County area to fund the initiation of our HCP.

**Assemblyman Bobzien:**

I am wondering about the GID model versus a township, versus an incorporated city, if a GID is supposed to be more constrained to a specific suite of services. Why was it felt the GID would suffice for Coyote Springs rather than going into a full-blown incorporated city? Is there hesitancy to go beyond the GID model?

**John Lovelady:**

Coyote Springs has a homeowners association that takes care of all of the things a city would take care of, such as streets. The GID is for utilities: water, sewer, and those types of services. The homeowners association would have its own elected board and would care for Coyote Springs like a city until the residents vote to become a city someday.

**Chair Kirkpatrick:**

Thank you very much for coming. We appreciate hearing from you. I think it is important that we know the whole state, not just the two big counties.

**Joni Eastley, Chair, Board of County Commissioners, Nye County, Tonopah, Nevada:**

We distributed copies of our handout for you ([Exhibit H](#)). Nye County is an 18,000-square-mile county comprised of ten communities. We are the largest county in the State of Nevada and the third-largest county geographically speaking in the United States. It has been a unique challenge over the years to deliver services to all of those spread-out communities. Ninety-eight percent of Nye County is owned, controlled, or managed by the federal government, which leaves 2 percent of the available land in the county in private hands. We jokingly refer to ourselves as the federally occupied county of Nye. We are bordered on the north, west, and east by Lander, Eureka, White Pine, Lincoln, Clark, Esmeralda, Mineral, and Churchill Counties.

Nye County has 380 employees who deliver services to those ten communities. Our approved budget for Fiscal Year 2009 is \$37.4 million.

I should introduce my colleagues. To my right is Pam Webster; she is the Assistant County Manager, currently serving as our Comptroller. To my left is my fellow commissioner and Vice Chair of the Board of Commissioners, Andrew (Butch) Borasky. Pam, go ahead.

**Pam Webster, Assistant County Manager, Nye County, Pahrump, Nevada:**

The budget for the general fund is \$37 million, exclusive of other funds for roads, medical indigence, and other expenses. We have a total budget of \$98 million.

**Joni Eastley:**

Within our three centers of population, there are close to 40,000 people who reside in the extreme southern portion of the county, which is Pahrump. In Tonopah, the county seat, there are about 2,600 people. There are 850 people who live in the town of Round Mountain. Round Mountain Gold Corporation is the largest taxpayer in Nye County and in one of the smallest communities.

We have included some information about the Board of Commissioners, when they were elected, what districts they serve in, and the size of those districts.

You will also see in your handout the distances we have to travel to provide services. We have listed them by miles from the county seat. So if you think of Tonopah as being in about the geographic center of the county, we are neither north nor south; we are right in the middle. It is not unusual for us to travel to the extremes of the county to haul road equipment up and back, which is an all-day process.

**Pam Webster:**

The next page shows the public services that are provided to the county; the Assessor, Treasurer, and other offices; and regional, local, and additional services. We provide services to each of the regional and remote areas, and it becomes quite cumbersome.

Sources of revenue include property and consolidated taxes, which account for 80 percent of our general fund. In addition, we have a representation for PILT, and charges for services and net proceeds from mines. The sources of employment in the northern part of the state include the mines, ranching, and county government. In the south, we have Pahrump. There is gaming and retail there, but we do suffer from the export of some of our labor force to Clark County.

Our expenses are listed by function in the general fund. Almost 80 percent of our budget goes for general government, public safety, and judicial purposes. In December we approved a development agreement for an \$80 million, 1,500-bed federal detention facility, awarded to a private contractor, Corrections Corporation of America. The project is expected to start by April 2009 with completion in 2010. This project represents 200 new jobs which are at federal scale. Right now, the lowest guard position will start at \$25 per hour. This will be very beneficial in terms of both employment for the community and the additional sales tax revenue that will be forthcoming.

**Joni Eastley:**

That facility is being sited in Pahrump.

**Pam Webster:**

In addition, 27 applications have been submitted to the BLM for renewable energy projects along Highway 95 in Amargosa Valley and Beatty. Four additional renewable energy projects are also being proposed in the Tonopah area. We are having weekly inquiries around the Tonopah Airport for potential airport rehabilitation to relieve some of the Reno Air Races traffic, and possibly do some preliminary qualifications activities for that event.

We are experiencing a resurgence in mining. The Round Mountain Gold Corporation is proposing expansion. We have two more mines under way in Tonopah, Midway Gold and General Moly. There are also two additional mines coming up in the Beatty area.

The continuing reduction of sales tax revenues has resulted in an immediate fiscal impact to the budget. These taxes have gone down \$1.5 million from Fiscal Year (FY) 2007 to FY 2008, and we may experience another \$2 million



loss in FY 2009 if a couple of these major projects continue to be delayed. One of the problems that we experience, as these projects get started in Pahrump, is that subcontractors are utilized out of Las Vegas. These subcontractors buy their products and supplies in Clark County and then bring them to Pahrump to use them. We are trying to push forward with our major projects in our development agreements to have as much purchased locally as we can, because Pahrump now has a Home Depot.

We have 440 homes that are already in foreclosure, auction, or bank-owned in Pahrump. We are looking at the potential closure of the Tonopah Test Range, which will have a drastic impact on the Tonopah area. The conservation camp closure there has significantly affected elderly and infirm residents, who rely on the inmates regularly for help with their homes, landscaping, and snow removal during the winter.

In our current strategies for attaining budget balance, we have really pushed forward with optimization of technology and automation in terms of getting software into our departments to improve the productivity of the people we already have. We have tried to minimize the addition of more people to the problem by automating what we can. We have upgraded our website to make more information available for public use. We have scaled down middle management positions to minimize that level of governance. As a result, more responsibility has moved up the ladder, but it seems to be working.

We have a shared-savings reward program, where employees can suggest cost savings that are partially returned to the employee upon implementation of those cost-saving measures.

I am sure you have heard the list of legislative impacts repeatedly, so I will not belabor them. Fiscal conditions, tax structure, and economic recovery are all issues the counties are facing as we watch what happens at the state level.

I would like to mention unfunded mandates, as the large rural counties have the responsibility of implementing those mandates in all these communities and throughout all of our services, and the cost becomes astronomical in many cases. Please keep that in mind.

We have two bill requests in place for Nye County. One is S.B. 60...

**Chair Kirkpatrick:**

I'll have to stop you there because I do not let anybody talk specifically about their bills. We want you to come back and tell us about them. We can read it, quite honestly.

**Andrew (Butch) Borasky, Vice Chairman, Board of County Commissioners, Nye County, Tonopah, Nevada:**

You had asked a question of Elko earlier, why they did not apply to BLM for disposable land to be used to help with their financial problems. Four years ago, we applied for a right-of-way for two power poles in Amargosa. I still do not know if we have the right-of-way yet for those poles. Two years ago, I went to BLM and asked them for 40 acres for a gun range. The area has been used regularly as a shooting range for the last 20 to 30 years. The first thing they told me was that it was outside the disposable land area. When we finally got a field office in Pahrump, I talked to the Director about it, and he said it could take two to four years to get the gun range because they had to put it on disposable land. The gun range not only services Nye County, it also services Clark and Inyo Counties, as well as shooters who come in from other states. There are very few of those sites available anymore.

I have also been working on a 320-acre parcel for higher education at Great Basin College. That has been in the works for four years. The land may be attained in February or March.

Twenty-seven solar projects have been proposed; however, we do not know how many will actually be funded. There are many issues and organizational hurdles involved. I think the chances are slim for obtaining one of those projects.

Pahrump Valley is a closed basin. We have a limited amount of water. The supply could eventually support a community of 150,000, but a lot of the surrounding area is BLM land. We have had many businesses come in, but there is no infrastructure, so they go to other areas.

**Assemblyman Goedhart:**

Commissioner Eastley, would you please take a couple of minutes and tell the Committee what Nye County has been able to do using some seed money from geothermal leases and how you are parlaying that into moving forward on the green energy avenue? What can your organization do with the little bit of seed money received, and how much does that equate to in federal dollars?

**Joni Eastley:**

Thank you, Assemblyman Goedhart. A year or two ago, the BLM auctioned off some geothermal leases in Big Smoky Valley in northwest Nye County. Nye County realized more than \$500,000 from those leases. Additionally, I had made a specific request for an appropriation to Congress for another \$500,000 dollars that I wanted to combine with the geothermal lease money, to develop a \$1 million fund for Nye County to draw from for continuing renewable energy

studies, and to move renewable energy projects forward. I am really pleased; not only did Congress grant our appropriation, but the Board of Commissioners, my colleagues, were very supportive on this issue. A new fund was developed by resolution, from which we have been drawing money to continue studies for renewable energy projects, and to move some Nye County projects forward.

To specifically address the airports, I am also the President of the Nevada Airports Association, and we have invited all of you to a future event. We want to thank you and your predecessors. Several years ago, we had asked the Legislature for a \$500,000 appropriation. We were going to use that money for leveraging greater federal dollars that could come back to Nevada's aviation infrastructure. That money was given to us. The Nevada Airports Association, in conjunction with the Nevada Department of Transportation, successfully leveraged that \$500,000 into \$20 million worth of federal grants that came back to the State of Nevada, specifically on airport infrastructure projects, benefitting the entire state. Additionally, we were able to keep Nevada workers employed.

**Assemblyman Stewart:**

You mentioned 27 applications for renewable energy projects; could you break that down, please?

**Joni Eastley:**

The projects are predominantly solar. They are solar among the various disciplines, and there are two wind projects. The 27 projects do not include the two geothermal projects in the Big Smoky Valley.

**Assemblyman Stewart:**

Will the solar projects cause a water problem?

**Joni Eastley:**

As Commissioner Borasky said, we have a lot of concerns regarding that issue and would invite Assemblyman Goedhart to participate in this discussion, because we have worked very closely together on a number of these projects, acting as ambassadors and, essentially, trying to sell the area. We have a lot of concerns with being able to turn a shovel full of dirt on any of these projects.

**Chair Kirkpatrick:**

Does your airport fall under the same guidelines that state, if you build any hangars, you have to go out for auction?

**Joni Eastley:**

Yes. Nye County has three airports. The one in Gabbs is a dirt landing strip. We have a nice, paved runway in Beatty. The third is a 3,800-acre property the county owns in Tonopah, and it is a former World War II air base. The rules that apply to any other airport in the state also apply to us.

**Chair Kirkpatrick:**

Are you under NRS statute like a county airport authority, or are you under NRS Chapter 497?

**Joni Eastley:**

We are under NRS Chapter 497. We do not have an airport authority. The Board of County Commissioners runs all three facilities.

**Assemblyman Munford:**

Who was the force, or the reason, behind building the detention facility?

**Joni Eastley:**

It was not our decision to build anything. The county was approached by the Office of the Federal Detention Trustee (OFDT), a division of the United States Department of Justice.

**Andrew (Butch) Borasky:**

That was initiated by the Pahrump Town Board. It will provide 250 jobs and a \$10 million per year payroll. It will cost \$80 million to build. It would be beneficial to the community.

**Assemblyman Munford:**

Would some of the inmates housed in the facility be coming from the state Department of Corrections?

**Andrew (Butch) Borasky:**

Most of those inmates are detainees through the immigration service. It is almost like it will be a clearing house or processing house. The inmates would be there for a very short period of time, from one day to three or four months. It will be a high security facility with medium security inmates. The facility basically processes the inmates.

**Pam Webster:**

The detention facility was the result of a request for proposal (RFP) issued by OFDT. The primary requirement was that it be within a 75-mile radius of the Federal Courthouse in Las Vegas. As it turned out, there were several sites in

the initial offering that were weeded out, settling on four in Pahrump and the one that was eventually selected in the north part of town.

**Chair Kirkpatrick:**

Thank you very much for coming. We try to make everybody feel welcome. With that do we have any public comment? Are there any questions from the Committee?

I am going to adjourn until 8:00 tomorrow morning.

[Meeting adjourned at 10:31 a.m.]

RESPECTFULLY SUBMITTED:

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Denise Sins  
Committee Secretary

APPROVED BY:

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Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: \_\_\_\_\_

## EXHIBITS

**Committee Name:** Committee on Government Affairs

**Date:** February 10, 2009

**Time of Meeting:** 8 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster/Sign-In
	C	John Ellison, Commissioner, County Board of Commissioners, Elko County, Nevada	Presentation on Elko County
	D	Curtis Calder, City Manager, City of Elko, Nevada	PowerPoint Presentation
	E	Mike Baughman, Ph.D., Contract Executive Director, Humboldt River Basin Water Authority, Carson City, Nevada	Humboldt River Basin Water Authority Overview of Organization and Key Issues
	F	Joni Eastley, Chair, Central Nevada Regional Water Authority, Fallon, Nevada; Steve Bradhurst, Executive Director, CNRWA, Fallon, Nevada	Testimony on CNRWA
	G	John Lovelady, County Manager, Lincoln County, Pioche, Nevada	Presentation on Lincoln County
	H	Joni Eastley, Chair, Nye County Board of Commissioners, Tonopah, Nevada; Pam Webster, Assistant County Manager, Nye County, Pahrump, Nevada	Nye County Presentation