

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

**Seventy-Fifth Session
April 15, 2009**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 9:02 a.m. on Wednesday, April 15, 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/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: 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 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

COMMITTEE MEMBERS ABSENT:

Assemblyman Chad Christensen (excused)
Assemblyman Kelvin Atkinson (excused)

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Scott McKenna, Committee Counsel
Susan Scholley, Committee Policy Analyst
Cyndie Carter, Committee Manager
Denise Sins, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Leo Drozdoff, P.E., Administrator, Division of Environmental Protection,
State Department of Conservation and Natural Resources
David Emme, Chief, Bureau of Administrative Services, Division of
Environmental Protection, State Department of Conservation and
Natural Resources
Steve Walker, Minden, Nevada, representing the Board for Financing
Water Projects, Carson City, Nevada

Chair Kirkpatrick:

[Roll taken.] We will open the hearing on Senate Bill 37.

Senate Bill 37: Authorizes the award of subgrants for certain purposes relating to the control of water pollution. (BDR 40-360)

Leo Drozdoff, P.E., Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources:

David Emme and I are here to support S.B. 37. Mr. Emme will provide our testimony.

David Emme, Chief, Bureau of Administrative Services, Department of Environmental Protection, State Department of Conservation and Natural Resources:

This is a very simple administrative bill. It gives authority to the division to award subgrants in two of its programs: the Drinking Water State Revolving Fund and the Clean Water Act programs. Subgrants are used as an administrative tool for passing federal grant funds through to local governments for specific purposes. The Drinking Water State Revolving Fund program's primary purpose is to provide low interest loans for capital improvements to public water supply systems. The law also provides for a set-aside program of

federal grant funds that can be used for various technical assistance programs, for example, local well head protection programs.

This type of local assistance would be amenable to subgrants. Similarly, we use a portion of our Clean Water Act federal grant funding to support local projects that help to control nonpoint sources of pollution. These are projects like stream bank stabilization and erosion control projects. These are local projects that we would like to fund using subgrants.

To date, we have used contracts as the administrative tool to fund these local assistance projects. We would propose moving to subgrants for two reasons. First, subgrants by their nature are a more appropriate tool than contracts to pass through federal funds. Contracts are used to procure goods and services that benefit the agency. The kinds of projects we are talking about do not involve procuring a service that benefits the division per se. We are providing support for projects that have some local public benefit in the same manner that the Environmental Protection Agency (EPA) provides grant funding to the states to support state programs.

The second reason we would like authority to use subgrants is that they can be awarded more quickly than contracts since they only require the approval of grantee and grantor. In contrast, contracts require approval by both parties, review by the Attorney General's Office to make sure the terms and conditions protect the State's interest, and approval by the Board of Examiners to ensure the State receives the best product or service at the lowest cost.

These kinds of processes are geared toward contracts where goods or services are being procured. Use of subgrants would allow us to be more efficient with our administrative process.

Assemblyman Aizley:

Would you give an example of where the grants come from?

David Emme:

The original grants we receive are from the EPA. We are talking about taking a portion of that funding and then subgranting it down to a local government level. In the Clean Water Act programs, it would be for entities like local conservation districts, stream restoration projects, and bank stabilization projects along surface waterways.

Assemblyman Stewart:

Do you award grants directly to private companies to perform these restorations or do you give them to the local governments and then they award them?

David Emme:

The subgrants would be limited by federal grant rules to just local governments. We would not be providing the subgrants to private parties. The local governments would then, in turn, contract the labor or use their own personnel.

Assemblywoman Spiegel:

How would you define eligible persons on page 3, line 18 of the bill?

David Emme:

That is going to be limited by the federal grant rules, as I mentioned. Federal grant regulations are in 40 CFR pt. 31, and because we are recipients of a federal grant we are limited in our ability to award subgrants.

Chair Kirkpatrick:

Nevada Revised Statutes (NRS) 445A.300 to 445A.730 allows for water treatment and many other applications. For instance, if Mr. Grady had a bill for the Silver Springs residents, would that include the General Improvement Districts (GIDs)? Would those people be able to apply for those subgrants as well?

David Emme:

They would, but the only instance where we award Clean Water Act grant funds is in what is called the 319 Program, which is a section out of the Clean Water Act. That is specifically for nonpoint source projects. We have been doing this for a number of years. We have a process for doing that in an annual solicitation for grant project proposals. There is also a process for reviewing those. The local governments like GIDs and conservation districts are eligible to apply for those funds. It is for a specific purpose; for nonpoint source control. That is specified in the Request for Proposal (RFP).

Chair Kirkpatrick:

I do not have a problem with it, I just want to make sure where it applies and where it does not. There are a lot of different definitions in NRS 445A, but I do not see where it talks about the one fund. I was asking to make sure of your intent.

Assemblywoman Pierce:

You said the grants have to be approved by the Attorney General?

David Emme:

We currently use contracts as the administrative vehicle for these funding agreements. The process includes a review as to form by the Attorney General's Office.

Assemblywoman Pierce:

That means these subgrants would not require that.

David Emme

Correct.

Chair Kirkpatrick:

Does anyone have any questions? At this time I do not have anyone signed in to oppose this bill. Is there anyone who wants to testify in support of S.B. 37? Is there anyone who is opposed to S.B. 37? Is there anyone who is neutral on S.B. 37? We will close the hearing on S.B. 37. We will open the hearing on Senate Bill 105.

Senate Bill 105: Revises the provisions governing the matching funds required for grants made by the Board for Financing Water Projects. (BDR 30-502)

David Emme Chief, Bureau of Administrative Services, Department of Environmental Protection, State Department of Conservation and Natural Resources:

Senate Bill 105 relates to a water infrastructure capital improvement grants program. Using proceeds from State bonds, the program has helped communities to bridge the gap between what it costs to make necessary improvements to public drinking water systems and what a community can afford. The Board for Financing Water Projects oversees the grants program, and staff from the Division of Environmental Protection provide administrative support to the Board.

This bill represents a technical correction to the statutory language that determines the amount of local matching funds required for grant projects. Existing language requires local matching funds that range between 15 and 75 percent of the amount of the grant. Relating local match to the amount of the grant requires a convoluted exercise to determine local match as a percent of total project cost. After some algebra, local match is calculated to range from 13 to 43 percent of total project costs.

A much more straightforward approach proposed by the bill would be to relate local match to the total project cost rather than the grant amount, allowing the board to award grants with a local match ranging from 15 to 75 percent of the total project cost. This change would clarify the statute and give the Board more flexibility in determining the amount of local matching funds.

Assemblyman Bobzien:

I see we have a geographic reference here. Can you give us a picture of how this will be used across the state?

Dave Emme:

During the life of this program, we have funded projects in every county except Carson City. It is a statewide program. There is a provision in the existing statute to give preference to smaller water systems and the Board has adopted policies that account for that in a scoring system. The point of this bill is the determination of the amount of local match for a particular grant. The Board has a policy for determining that amount. The number of people served by a water system is one of the factors. In general, the policy provides a higher level of support and a lower matching requirement for smaller systems.

Assemblyman Bobzien:

My question is specific to the current statute. I know what you are saying about the smaller systems, but besides smaller systems, are we talking specifically about Lincoln County? I do not know if there is more background you can give me on that specific inclusion in statute.

David Emme:

I do not know the historical reference to Lincoln County in the first line.

Chair Kirkpatrick:

I want to follow up on that because it says in section 1, subsection 1 of NRS 349.981, only used for Lincoln County Water District. In subsection 3, that is where it says "Each recipient of a grant pursuant to paragraph (a) of subsection 1" (which goes back to Lincoln County) "of NRS 349.981 shall provide the amount of money for the same purpose." Was the Lincoln County Water District even in existence in 1995? I can ask the Legal Division to look that up for us. The bill is continually referring to the NRS statute that refers to Lincoln County; I did not know they had a water district in place at that time. If this is an attempt to help that water district obtain a better grant, I am curious if this helps or hinders them.

David Emme:

I cannot give you the history of that specific inclusion of Lincoln County Water District. Apparently, when that was added, it limited the grants available for Lincoln County to the water district. The grants program as it operates today and has for many years, is a statewide program. We have awarded grants to the City of Caliente, but I am not aware whether or not we have awarded grants to Lincoln County specifically.

Chair Kirkpatrick:

I think this language was trying to help Lincoln County, but I am not sure if it does.

Assemblyman Claborn:

This would not be to help Coyote Springs in any way, would it?

David Emme:

No. I do not believe so. That is a provision in existing statute. We are not changing anything in this bill.

Chair Kirkpatrick:

Is there anyone else here who would like to testify in support of S.B. 105?

Steve Walker, Minden, Nevada, representing the Board for Financing Water Projects, Carson City, Nevada:

We are in support of this language in the bill. It expands our ability to include some larger entities, such as Carson City, who have been left out before.

In the 2003 session, Lincoln County formed its water district under the statutes of Nevada and this language was inserted here so they would not be excluded from the "A.B. 198" Program because of the 1995 date listed below. I think that is what it is about.

Chair Kirkpatrick:

Does anyone else want to testify in support of S.B. 105? Is there any opposition to S.B. 105? Is there anyone who is neutral on S.B. 105? We will close the hearing on S.B. 105. We will adjourn until 9:00 a.m.

[Meeting adjourned at 9:23 a.m.]

RESPECTFULLY SUBMITTED:

Denise Sins
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: April 15, 2009

Time of Meeting: 9:02 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster