

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON NATURAL RESOURCES, AGRICULTURE, AND
MINING**

**Seventy-Fifth Session
February 11, 2009**

The Committee on Natural Resources, Agriculture, and Mining was called to order by Chair Jerry D. Claborn at 1:32 p.m. on Wednesday, February 11, 2009, in Room 3161 of the Legislative Building, 401 South Carson Street, Carson City, 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:

Assemblyman Jerry D. Claborn, Chair
Assemblyman Joseph M. Hogan, Vice Chair
Assemblyman Paul Aizley
Assemblyman David P. Bobzien
Assemblyman John C. Carpenter
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman Don Gustavson
Assemblyman Harvey J. Munford
Assemblyman James Ohrenschall
Assemblyman Tick Segerblom

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

J. Randall Stephenson, Committee Counsel
Jennifer Ruedy, Committee Policy Analyst
Judith Coolbaugh, Committee Secretary
Sherwood Howard, Committee Assistant

OTHERS PRESENT:

Kenneth E. Mayer, M.S., Director, Department of Wildlife
Richard L. Haskins II, Deputy Director, Department of Wildlife
Laura Richards, Chief, Wildlife Diversity Division, Department of Wildlife
David Pulliam, Chief, Habitat Division, Department of Wildlife
Rob Buonamici, Chief Game Warden, Law Enforcement Division,
Department of Wildlife
Mark Atkinson, Chief, Game Division, Department of Wildlife
Kelly Clark, Chief, Conservation Education Division, Department of
Wildlife
David Prather, Administrative Services Officer III, Department of Wildlife
Patricia Mulroy, General Manager, Southern Nevada Water Authority
Las Vegas, Nevada
Kay Brothers, Deputy General Manager, Engineering and Operations,
Southern Nevada Water Authority, Las Vegas, Nevada
Richard J. Wimmer, Deputy General Manager, Administration, Southern
Nevada Water Authority, Las Vegas, Nevada

Chair Claborn:

[Roll was called.] We welcome the Department of Wildlife.

Kenneth E. Mayer, M.S., Director, Department of Wildlife:

Richard Haskins is our new Deputy Director. He has 30 years experience with our Department, and I would like to ask him to answer any specific questions the Committee might have. I will ask the Department chiefs to come up and present each of their Division's programs.

Chair Claborn:

Mr. Mayer, before you get started, I am turning this hearing over to the Vice Chair.

Kenneth E. Mayer:

In addition to the Division reports, we are going to talk about our budget situation because it defines what we do. We have a lot of dedicated funds, and I would like to point out that we are not a General Fund agency. Instead, we

are a 97 percent user-fee agency. Revenues come through hunting and fishing licenses and federal grants. We do receive 3 percent of our budget from the General Fund, and it is absolutely essential to our operation. Those monies represent a key component in our non-game work and wildlife diversity programs. I will talk a little later about the budget cuts.

Next, I would like to introduce my Division chiefs. Mark Atkinson is a veterinarian and Game Division Chief. David Pulliam is next, and he oversees the Habitat Division. Laura Richards is the Chief of Wildlife Diversity, and Rob Buonamici is our head Game Warden. Kelly Clark is the Chief of our Conservation Education Division, and Robert Haughian is our Chief of Operations. There is a current vacancy for the Fisheries Division Chief which we hope to fill in the near future. David Prather is also here, and he is our Chief Financial Officer (CFO). Just before I came on board a couple of years ago, the Department was audited, and one of the criticisms was the Department did not have a CFO to give us solid financial grounding. We have put the CFO under the purview of the Director's office.

I have distributed a copy of our PowerPoint presentation to the Committee ([Exhibit C](#)). The mission of the Nevada Department of Wildlife (NDOW) is to protect, preserve, manage, and restore wildlife, and its habitat for its aesthetic, scientific, educational, recreation, and economic benefit to the citizens of Nevada and the United States. Further, the Department's mission promotes the safety of persons using vessels on the waters of this state.

I would also like to present a brief historical background of the NDOW. In 1877, the office of the first State Fish Commissioner was established. In 1917, the state established the office of State Game Warden. From 1920 to 1948, wildlife management was controlled at the county level within the state. In 1947, the State Fish and Game Commission was reorganized, to be made up of 17 county representatives and the county game boards were established. In 1960, the Nevada Boat Act was enacted, and in 1969, the State Commission for Fish and Game was reduced to nine members all appointed by the Governor. At this time, the name was also changed to the Nevada Department of Fish and Game. Ten years later, the Department of Fish and Game became the Nevada Department of Wildlife to reflect their responsibility for all wildlife in the state per *Nevada Revised Statutes* (NRS) 501.331. In 1995, the Legislature realigned the Department as a Division of the Department of Conservation and Natural Resources. In 2003, the Division was realigned again through legislative action, and it became a Department and a cabinet level agency.

When you think about Nevada being the driest state in the nation, you do not think about wildlife diversity. However, 892 species of wildlife are found

permanently existing within the state, which makes us the eleventh most wildlife diverse state in the nation. Therefore, the NDOW has a relatively large responsibility for a small organization.

The next slide shows the economic impact of wildlife and boat-related recreation to the state. The figures shown on the pie chart are not only interesting, but also, in some instances, shocking. This data was compiled through an addendum to the *2006 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation* report. Under the category of hunting, \$145,208,313 was generated in retail sales; sports fishing, \$272,474,092; and, wildlife watching, \$362,229,000. The total estimated value of wildlife and boating activities to Nevada's economy is nearly \$2 billion each year.

Nevada has a Board of Wildlife Commissioners for policy oversight and 17 county advisory boards for review of local hunting and fishing regulations. The Department has a Director and Commission Secretary appointed by the Governor. There are 243 full-time employee (FTE) positions statewide, and the Department has 7 program divisions. There are 3 regional offices in Reno, Elko, and Las Vegas along with 11 field offices staffed with regional supervisors who report directly to their respective Division administrator.

When I took this position I knew it had a great deal of responsibility because I served on various wildlife commissions and boards. However, I did not realize how important it was to be an active member in the Western Association of Fish and Wildlife Agencies, and the Association of Fish and Wildlife Agencies which operates on a national level. These memberships gave me the opportunity to keep Nevada issues at the forefront of the wildlife issues of this nation. I have been working with the group in Washington, D.C., to make sure Nevada's initiatives will be heard by President Obama's administration.

In the Operations Division, we retail hunting and fishing licenses in seven offices statewide. The Division is responsible for boat registration and titles, and it oversees the draw for big game. They also handle facilities maintenance and air operations. The Conservation Education Division administers our public affairs and marketing programs. They have received national recognition for having one of the best conservation education programs in the nation.

I was surprised at the diversity of our fish resources in the state. The Fisheries Division handles this program. The Game Division handles all avian and terrestrial game species management. The Game Division also operates the Predator Management Program. Nevada is known as one of the premier states for mule deer and Rocky Mountain elk hunting. It is the only state that has

three subspecies of sheep: Desert Bighorn, California Bighorn, and the Rocky Mountain Bighorn. The Habitat Division handles wildlife management areas, and reviews all environmental planning documents for the federal government as well as state, local, and private entities. We are not a regulatory agency, but we handle the first line of communication for providing information to plan and develop "smart."

The Wildlife Diversity Division handles sensitive species surveys and management. They do consultation and recovery work under the federal Endangered Species Act. The Division also does habitat restoration. It is the leader in the Wildlife Action Plan program which every state, under federal mandate, has prepared. They also oversee the landowner incentive program, and the Question 1 bond program.

Chair Claborn:

Mr. Mayer, I need to interrupt you for some questions.

Assemblyman Carpenter:

I understand there is an initiative to establish a wildlife trail from Canada to Mexico, and different states are involved in the program. Is Nevada involved in the effort?

Kenneth E. Mayer:

This is the first time I have heard of it.

Assemblyman Carpenter:

I understood all the Governors are pushing it. I have read about it three or four times, and in one publication there was an actual map.

Kenneth E. Mayer:

It is news to us, but we will check into it.

Chair Claborn:

Please continue with your presentation, Mr. Mayer.

Kenneth E. Mayer:

I would like to give you some examples of how important the wildlife diversity program is to hunting and fishing. Our non-game biologists do fish sex consultation for the fisheries. This evaluation gives the Division authority to plant trout in southern Nevada. It would be impossible to do without having endangered species clearance work completed prior to the stocking. A letter recently referred to the de-listing classification for bald eagles. The Division does the mandated survey of breeding and wintering populations in order to

keep the bald eagle de-listed. The General Fund and other "vanilla flavored" money finances the Division's general public wildlife management programs.

The Law Enforcement Division has 34 game wardens statewide. They have some of the largest patrol areas in the nation. They receive the same training as Nevada Highway Patrol officers, and the game wardens often represent the only law enforcement in the rural communities. Our game wardens are police officers.

Further, the Department is very active in publishing reports and providing scientific information. The Department has had many accomplishments since the last biennium including programs in non-game work, and the testing of fish for mercury levels. The state has one of the most aggressive volunteer programs in the nation. The donated time, which equates to over \$500,000 per year, receives matching federal dollars. A lot of states have contacted us to see how we run our very successful volunteer program. We have a number of continuing initiatives and programs including critical work with sage grouse, and monitoring the ecosystem health of the Great Basin. We also continually try to improve our sales and services to the general public. The rapid growth in state population has put increased pressure on habitats and species, so the agency's responsibilities continue to expand.

The Department is primarily funded with monies from hunting and fishing licenses, and four major federal grants. The federal aid provided by the Wildlife Restoration Act of 1937 is referred to as Pittman-Robertson (PR) dollars. The PR dollars represent tax monies collected for hunting and fishing equipment. The federal aid provided by the Sport Fish Restoration Act of 1950 is referred to as Dingell-Johnson (DJ) dollars, and it is an excise tax on fishing equipment. Money is also received through the State Wildlife Grants program for non-game work. General Fund monies are used to match the federal dollars. There is also a United States Coast Guard federal grant. I draw your attention to the last paragraph on page 22 ([Exhibit C](#)) which says to be eligible for PR and DJ funds the:

...States must assent to the provisions of the acts and shall have passed laws for the conservation of wildlife which shall include a prohibition against the diversion of license fees paid by hunters and fishermen for any other purpose than the administration of said State fish and game department....

This requirement was met with NRS 501.115 and 501.117 legislation. The statement and statutes are a critical element in what seems to be Departmental annual audits on grant sources by the federal government.

On page 23 ([Exhibit C](#)), a pie diagram shows the origination of the Department's revenue resources. Licenses and fees provide 26 percent. The PR and DJ federal grant funds total 29 percent. The General Fund total is approximately 3 percent. The next page has the expenditure pie diagram. Personnel pay represents the largest expense, and there is an ample amount of funds held in reserve. Some of the reserve is federal money that is waiting for state matching funds. About 23 percent of the Department's expenditures are program-related operating costs.

On page 25, the pie diagram shows the effects of the proposed Executive Budget cuts. The Department started with a budgeted amount of \$1.3 million, and it has been reduced to \$850,000. The Wildlife Diversity program took a 61 percent cut. Both the Game and Conservation Education Divisions took a 15 percent budget decrease, and Law Enforcement was cut 9 percent. The Department has significantly reduced the nuisance wildlife program and non-game work by shifting personnel to habitat restoration and game projects that meet the appropriate funding.

Chair Claborn:

Are there any questions?

Assemblyman Goicoechea:

In the budget overview, we discussed the windfall dollars received through the PR federal grant which amounted to about \$800,000 more than anticipated. Does the Department need matching dollars for that excess amount?

Kenneth E. Mayer:

The Department is unsure of this coming year's revenue stream. It does have some license dollars, but whether we will have enough to meet the match is currently unclear.

Assemblyman Goicoechea:

Can matching dollars be transferred from the Department of Agriculture or from some other source?

Richard L. Haskins II, Deputy Director, Department of Wildlife:

We have not had a chance to look at the funding to see where it might be used in our programs. There is some question about how we can use those dollars in the nuisance wildlife program. There are some restrictions that come with the money including how it may be used.

Kenneth E. Mayer:

One of the reasons license and PR dollars were not used for the nuisance bear work is bears are not hunted even though they are listed as a game animal. Therefore, a fine line is created on whether or not it is appropriate to use sportsmen's dollars on a species that is not hunted.

Assemblyman Goicoechea:

What I am focused on with the Wildlife Services program is more predatory control, which your Department also funds to a significant extent. Do these dollars match about 3 to 1?

Richard L. Haskins II:

That is correct. The concern we have with the windfall the Department received is that the money comes from hand gun sales. With the change of administration at the federal level, we are not sure the funding stream will be there in the future. The Department will have to strategically utilize those funds.

Chair Claborn:

Is some of that money restricted funds?

Richard L. Haskins II:

The PR funds do have restrictions.

Assemblyman Goicoechea:

I was not talking about eliminating a program; I am trying to sustain a program.

Kenneth E. Mayer:

I spoke with Tony Lesperance this morning, and we have agreed to look at a variety of items that could use the funds from the predator tag fees. Some landowners are doing their own predator control program at their own expense. The Department will have its biologists look at adjoining deer herds to try to determine if there is a predator animal issue we can expand on. It would give us an opportunity to leverage those private dollars.

Assemblyman Goicoechea:

We would probably only need about \$300,000 to get us out of the woods, so keep looking for those funds.

Kenneth E. Mayer:

I will do that.

Chair Claborn:

We have the \$200,000.

Kenneth E. Mayer:

Part of the General Fund cut includes the loss of tourism dollars which were in our marketing program. We have redistributed dollars to take care of that shortfall. A lot of the Wildlife Diversity program personnel have been shifted to habitat development projects. Also, other species that meet the Wildlife Action Plan criteria for matching dollars will be considered for funding.

The Boating Program receives annual funding from the DJ federal grant, boat registration fees, and boat fuel taxes. Since the Department of Wildlife is responsible for the operation of recreational watercraft on all waters of the state, this program has dedicated funding. The boat registration fees make up about 27 percent. The DJ federal grant and the boat fuel tax are another 38 percent of the total funding. The pie diagram shows the boating program expenditures, and this fund has a healthy reserve. A number of field wardens who do boating enforcement are also funded.

Richard L. Haskins II:

The Trout Stamp Program is an angler's fee assessment that is used for the trout management program. Historically, the fund has paid for facility improvements. With the approval of past legislatures, the Department has been able to sell bonds to fund the establishment of a Hatchery Refurbishment Project. In 2008, major reconstruction activities were finished at the Lake Mead and Gallagher Hatcheries. The Gallagher Hatchery is up-and-running. The Lake Mead Hatchery was running, but it is now closed because of the quagga mussel problems, and the declining water levels in Lake Mead. We are looking at changing to a cooler water source from a different part of Lake Mead. The funding going into the Trout Stamp Program amounts to \$600,000 to \$700,000 annually. Those funds are matched with DJ federal funds. Since the Department tries to maintain a year's worth of bond payments, in case one of the Department's revenue strings is compromised, there is a healthy reserve in this budget account.

We are going to defer our discussion of Budget Account 4458 until the end of this presentation, and jump ahead to the Question 1 bond program on page 42 ([Exhibit C](#)). The Department of Wildlife received \$27.5 million from their portion of bond sales. The funds are being used to acquire key wildlife habitats, and to finance the hatcheries refurbishment projects. On page 44, there is a list of completed projects.

Chair Claborn:

Are there any questions?

Assemblyman Goicoechea:

Can you tell me where the Snow Storm Mountains are located?

Richard L. Haskins II:

It is just east of Midas.

Assemblyman Goicoechea:

Who owned it?

Richard L. Haskins II:

Nevada First was the owner.

Assemblyman Goicoechea:

Also, how many acres were involved in the Izzenhood Deer Winter Range Acquisition?

Richard L. Haskins II:

The acreage totals 4,161.

Assemblyman Goicoechea:

How many water rights were acquired with the Carson Lake Water Rights Acquisition?

Richard L. Haskins II:

The Department acquired about 40.

Assemblyman Carpenter:

How many acres are in the Snow Storm Mountains Acquisition?

Richard L. Haskins II:

The acquisition is about 7,000 acres.

Assemblyman Carpenter:

What was the reason for buying that land acquisition? I never heard that it was a high-priority area.

Richard L. Haskins II:

Question 1 bond dollars were used along with recovery land acquisition funds. It is a key Lahontan cutthroat trout habitat, but there are also mule deer and sage grouse populations up there. I wish we had some pictures of it.

[Interjection from the audience—Laura Richards said there is a picture of the acquisition in the lower left hand corner of the slide being shown.]

There are also key training habitats and upland meadows in the acquisition.

Assemblyman Carpenter:

Are you going to continue to pay Elko County the ad valorem taxes on the land?

Richard L. Haskins II:

Yes, it is part of Nevada statutes. When property is acquired by the Department, they continue to pay—in lieu of taxes—the amount that was being paid in taxes when the property was purchased.

Chair Claborn:

Are there any questions?

Assemblyman Goicoechea:

Is it correct that those taxes are paid for 10 years? Or are they paid forever?

[Interjection from the audience—Laura Richards said the taxes are paid forever.]

Which program only pays for a limited time?

Richard L. Haskins II:

By statute, we are obligated to pay indefinitely. On page 45 ([Exhibit C](#)), we have an additional list of ongoing projects including the Fuji Park Urban Pond which is a cooperative project with Carson City. It has been slow getting started. We are currently completing the Crystal Peak Park and Verdi Pond in Washoe County. The Department contributed \$500,000 towards the Lower Truckee River Restoration project at McCarran Ranch. The Lockes Ranch Restoration project, another key wildlife habitat, is ongoing and funded with blended federal recovery land acquisition dollars.

Chair Claborn:

Are there any questions?

Assemblyman Carpenter:

Was the Lockes Ranch deal finally completed?

Richard L. Haskins II:

Yes, we completed that project a couple of years ago. We are currently doing some fence repair. Some restoration work has also been done. Some of the Question 1 bond funds went to the Sagebrush Restoration efforts for obligated species, including sage grouse. We have a series of proposed projects on page 47 ([Exhibit C](#)), and there are some ongoing infrastructure projects, including the Cave Lake Dam repair. It has serious outlet control structure problems, and the Department is responsible for maintaining that dam.

Chair Claborn:

Are there any questions?

Assemblyman Goicoechea:

Is progress being made on the Comins Lake Improvements project?

Richard L. Haskins II:

We have worked very closely with the Nevada Department of Transportation (NDOT). A preliminary feasibility study was completed and a cost analysis was done. The NDOT's preference was to move the highway off the dam. By the time everything was finished, the price tag was up to \$14 million, and none of the agencies had the funds available.

Assemblyman Goicoechea:

Is it "shovel-ready" for the stimulus package?

Richard L. Haskins II:

Yes, it is.

Assemblyman Goicoechea:

Also, I have a follow-up to Mr. Carpenter's question on the Lockes Ranch Acquisition. What was the final price on it?

Richard L. Haskins II:

I do not see the figure.

[Interjection from the audience—Laura Richards said it was in the \$400,000 to \$500,000 range, but we can get the exact number to you.]

The purchase pre-dated this list of projects.

Chair Claborn:

Ms. Richards, would you please state your full name for the record.

Laura Richards, Chief, Wildlife Diversity Division, Department of Wildlife:

I am also responsible for the Nevada Department of Wildlife's Question 1 bond funding. The Lockes Ranch Acquisition was made four years ago. The projects listed in your materials are the most recent ones. The Lockes Ranch Land Acquisition was 75 percent funded with federal recovery land acquisition money, and 25 percent with Question 1 bond dollars.

Chair Claborn:

Did any of those funds come under the Wildlife Action Plan?

Laura Richards:

We are using staff time to provide technical assistance for restoration efforts to meet the requirements of the Wildlife Action Plan.

Chair Claborn:

Do those funds also have matching state funds?

Laura Richards:

That is correct.

Assemblyman Goicoechea:

Therefore, the Department matched the \$400,000, so the total acquisition price was over \$1 million. Is that correct?

Laura Richards:

No, I can get that information to you by the end of the meeting.

Assemblyman Goicoechea:

I am just curious where the rumors, being batted around rural Nevada saying it was a lot of money, came from.

Laura Richards:

The amount was 460 acres with significant water rights.

Assemblyman Goicoechea:

I am familiar with the site as I have hauled a lot of water out of there.

Laura Richards:

I will get that information to you.

Assemblyman Carpenter:

I have a couple of questions about the slough below Bassett Lake. Are you still trying to buy that? What is happening there?

Richard L. Haskins II:

We were working with White Pine County on the Bassett Lake Purchase from Kennecott Minerals Company. Ultimately, we could not consummate the deal because there were environmental liability issues that Kennecott could not be released from because necessary language could not be agreed upon. The project finally died, although Kennecott did leave on the table the potential to work with White Pine County and the Department on a conservation easement. Therefore, in the future, we may receive the same benefit from that property through a different process of acquisition. Potentially, it could be developed for recreational and wildlife purposes. However, I have not heard anything on the project lately.

Assemblyman Carpenter:

What is happening on the old 3C Ranch? Are you leasing any part of it?

Richard L. Haskins II:

We have leased portions of that property for grazing.

David Pulliam, Chief, Habitat Division, Department of Wildlife:

Part of our responsibility under the Habitat Division is managing the Wildlife Management Areas (WMA) in the state. The Steptoe Valley WMA—or the 3C Ranch—was acquired some time ago, and we have leased the property since the Department assumed ownership. The previous owner did not use the property, so a couple of years ago, we offered it to the state for emergency grazing use when the state had its large wildfire years. Therefore, some benefits were provided to federal permittees who came in and grazed livestock to make up for their allotments that had been burnt. Recently, we have gone through the state requirements for the leasing process, and we have leased the property under a 5-year grazing contract. It was offered to the Bureau of Land Management (BLM) as a base property for use on the Tamerlane Allotment which is a federal BLM administered allotment.

Assemblyman Carpenter:

You are talking a lot about my old area, so I am interested. At one time, my grandfather owned that place. How much money is left in the Question 1 bond program?

Richard L. Haskins II:

There is approximately \$6.5 million in unsold bonds, and those funds are not obligated to a project at this point. We have an answer for Mr. Goicoechea. The Lockes Ranch Acquisition was a total of \$600,000.

Assemblyman Goicoechea:

With the other property improvements and the Lockes and Black Rock State Recovery Land Acquisition on top of that, the grand total price is over \$1 million. Is that correct?

Richard L. Haskins II:

The Black Rock Station purchase is still hypothetical. We have had some contact with family members who would like to see that property sold, but we still have not entered into any negotiations with them.

Assemblyman Goicoechea:

Therefore, it is still possible.

Richard L. Haskins II:

Yes, it is still possible.

Kenneth E. Mayer:

The remaining pages in the PowerPoint presentation ([Exhibit C](#)) are organizational charts. We have distributed the second annual report of the Wildlife Diversity Division to the Committee ([Exhibit D](#)) for additional information. Next, I would like some of the Department's chiefs to discuss the Obligated Reserve Budget Account 4458 PowerPoint report ([Exhibit E](#)) that we have distributed to the Committee. The report is our best guess of the legal interpretation of what constitutes the actual Obligated Reserve funds. We are going to work with the Legislative Counsel Bureau attorneys to determine what precise information the Department needs to report. We will complete an amendment to the report, so any missing programs are included. The Department does have dedicated funds in every fund source. It is my mistake, and I apologize. It was not my intent to leave anything out.

Chair Claborn:

My intent was to ensure the Department submitted its annual report verifying that restricted funds were being held in the Obligated Reserve Budget Account 4458. The annual financial report from the NDOW was mandated by Assembly Bill No. 259 of the 74th Session. There are actually four predator control restricted fund programs delineated in A.B. No. 259. What I received when I asked for the restricted funds accounting report was a copy of the

regulations set forth in A.B. No. 259, not the annual report. I am sure you have the other fund accounts, and we will get those annual reports before June.

Kenneth E. Mayer:

We will have those to you. I do recall my conversations with you about the dedicated funds as the bill went through passage. However, it turns out the scope of the report will be much broader because we have other dedicated funds that are not in this Obligated Reserve Budget Account 4458.

Chair Claborn:

Are there any questions?

Assemblyman Goicoechea:

We had a presentation from Alan Biaggi and Pete Anderson of the Department of Conservation, and they indicated you shared helicopters with them. Have you ever used their helicopters?

Kenneth E. Mayer:

We have not used their helicopters, but we use their helicopter pilots and their mechanics, which we pay for. The helicopters they have are not suited for the type of work we do.

Assemblyman Goicoechea:

Mr. Biaggi did say that his Department would be able to use your helicopter pilots for fire suppression. Is that correct?

Kenneth E. Mayer:

Yes, that is correct. As a sidebar, we had a vacancy. I assumed we would be unable to find someone to meet all the position criteria which included a fixed-wing pilot's license, a helicopter pilot's license, and an aviation mechanic certification. We had 18 qualified candidates apply for the job.

David Pulliam:

The Duck Stamp Program, Category 13 [page 1 of ([Exhibit E](#))], is an obligated—or restricted—account to be spent only on wetlands and waterfowl habitat enhancement. A list with descriptions of some of the Department's completed projects is included.

Some meadow and wetlands restorations and weed management in some of our wetlands and Wildlife Management Areas have been completed. Also, the Department has funded some water transfer projects. In 2008, we expanded the operation of the program to fund some waterfowl harvest modeling projects

which provide critical data to the United States Fish and Wildlife Service for establishing waterfowl hunting seasons and bag limits.

The Department contributes to the North American Wetlands Enhancement project which acquires breeding habitats in Canada for waterfowl that ultimately migrate through Nevada flyways. Further, the Department supports enhancements for farming through purchases and applications of seed fertilizer and soil amendments to provide forage resources and field habitats for geese and ducks. These types of projects provide hunters with game opportunities.

In summary, 9,387 duck stamps were sold in 2007; and, 9,742 were sold in 2008 for total revenues of \$186,686. Our reserve carry-forward balance to fiscal year (FY) 2007 was \$589,117. Duck stamp expenditures for FY2007 and FY2008 totaled \$196,936. Therefore, the balance in the Duck Stamp Program which carries forward to FY2009 is \$578,867.

During wet periods, the Department is unable to do wetlands work. We have a planned project in cooperation with Ducks Unlimited on the Humboldt WMA to create four cross dikes on the lake to improve water management capability, and improve the quality of the waterfowl habitat which will increase hunter opportunities in the region. We are waiting for a dry year to move forward with that project, and when we do, a significant portion of the carry-forward reserve will be expended.

Next, Rob Buonamici will talk about Operation Game Thief (OGT).

[Chair Claborn left the meeting. Vice Chair Hogan assumed the Chair.]

Vice Chair Hogan:

Mr. Buonamici, before you begin, we have a question.

Assemblyman Carpenter:

I see you are doing some weed control work along the Bruneau River and Franklin Lakes WMAs in Elko County. What is happening up there? Is the Department getting a handle on all those weeds?

David Pulliam:

Weeds are certainly a problem up there, but I think we are getting a handle on them. It cannot be finished overnight. A certain amount of weed control is funded annually to try and contain the problem along the meadow and riparian environments that are owned by the NDOW.

Assemblyman Carpenter:

It is a bad situation up there, so hopefully you will be able to do something with it.

David Pulliam:

We are certainly putting an effort into it.

Rob Buonamici, Chief Game Warden, Law Enforcement Division, Department of Wildlife:

Our OGT program is similar to a secret witness program whereby individuals can anonymously report wildlife violations to Nevada game wardens. It is our main method of apprehending and convicting major wildlife criminals. With 34 game wardens to cover the entire state, we need help from the public. This program is our main mechanism for protecting our wildlife resources.

Vice Chair Hogan:

Can you give us a little more detail on the number of calls you have received? Is the acceptance and awareness of the program growing? How is the program doing overall?

Rob Buonamici:

We break the calls up into two categories: related and unrelated. I do not have the exact numbers, but there are about 1,000 unrelated calls annually. These calls are made by people who just want miscellaneous NDOW information. We receive about 200 calls relating to wildlife violations. Those calls are further broken down into calls needing immediate attention; calls where a case may be made in the future; and calls providing informational intelligence. The calls coming in on the OGT line have actually decreased over the past few years. This reduction is primarily the result of NDOW's efforts to assimilate our game wardens directly into local communities. As a result, violations are being reported directly to the game wardens. We are also getting more hunters reporting violations through field contacts. Also, the reduction in calls can be attributed to the fact that people, for the most part, do not wish to remain anonymous. We do pay out some rewards through Operation Game Thief's citizens' board which is a private nonprofit organization. It is Wildlife's answer to 911. The OGT program is designed to catch poachers, and to address other wildlife violations, such as fishing without a license.

We do radio promotions through target-area advertising in rural Nevada. We have two OGT Public Education Trailers which have displays of animal heads that were poached and confiscated. A taxidermist prepared them for display, and we have signage with each explaining the outcome of the poaching cases. The trailers operate around the state, and the public response to them has been

overwhelmingly positive. The trailers are used at sporting goods conventions and events, at boat shows, and at retail store promotions, including Cabela's, Scheels, Sportsman's Warehouse, and others. We also hand out promotional items at sporting events.

The 1-800 OGT tip line used to be valid only within Nevada, but we have expanded it to nationwide coverage. We provide advanced training for field officers, and funds for the purchase of specialized patrol equipment, including everything from metal detectors to game trail cameras, to assist in apprehending violators.

Revenue sources include fines, forfeitures, and penalties held in Category 31, Account 4152. Civil penalties revert to the OGT program on the premise that poachers should pay for the apprehension of violators rather than the honest sportsman. Some donation revenue is received from private parties, but the primary source of this revenue is the OGT's big game tag check-off. The carry-forward balance of the OGT program budget to FY2009 is \$125,168.

Vice Chair Hogan:

Are there any questions?

Assemblyman Aizley:

Are there any activities in Clark County that fit into your purview?

Rob Buonamici:

Yes, absolutely, there are.

Assemblyman Aizley:

Can you describe some of them?

Rob Buonamici:

Lake Mead and Lake Mohave are both located in Clark County. Therefore, the Law Enforcement Division is responsible for all fishing and recreational activities on these bodies of water. We receive OGT calls for over-limits of fish. We have calls regarding seine net fishing where multitudes of fish are illegally harvested. Off the water, we have issues with quail and dove poaching in the spring before the hunting season opens. We have poaching of Desert Bighorn sheep which is a highly sought-after game animal. These crimes tend to be very secretive, and they involve people from all over the nation. They use tag fraud. They apply for tags with fictitious social security numbers, names, and/or dates of birth. These instances take quite a bit of time to investigate, and most of these cases are solved through the OGT program. The reptile trade involves the illegal commercialization of reptiles. It is one of the major illegal

wildlife trade activities in this country. The demand is overseas, for example in China or Japan, for lizards and snakes to be household pets. We also have to deal with calls on exotic animals like cobras, piranhas, and alligators.

Vice Chair Hogan:

Are there any other questions?

Assemblyman Carpenter:

Does the Department go out to bid for material suppliers for the Elk Damage Mitigation Program?

Mark Atkinson, Chief, Game Division, Department of Wildlife:

I will try to talk about the Elk Damage Mitigation Program, but to answer your question, it depends on the size of the project. We follow the state's purchasing rules on large amount contracts that go out to bid. Whoever submits the successful bid is awarded the project contract.

Vice Chair Hogan:

Are there any more questions? [There were none.]

Mark Atkinson:

The Elk Damage Mitigation Program is funded by a \$5 add-on application fee charged to all elk tag applicants. From 1992 to 2002, the revenues derived from that fee exceeded the expenditures for this program. However, in 2003 the program began to expand and expenditures exceeded revenue. During the past five years, landowner awareness of and participation in the program has increased significantly through the efforts of the Nevada Farm Bureau; through word-of-mouth communication among producers; and through advice offered by NDOW personnel working directly with landowners. In FY2008, program expenditures fell slightly below revenues because a number of long-term projects were completed.

There is a detailed breakdown of fund expenditures ([Exhibit E](#)). Most of the expenses are for fencing, labor, salary, and mileage for NDOW personnel, and for direct elk damage payments to landowners. From the program's inception in 1992 through the end of FY2008, eighty-six landowners' claims have been paid totaling \$323,587. Fencing materials and labor have been provided by the NDOW to landowners for minor projects such as haystack protection and field fencing. Approximately 90 miles of fence have been constructed at a total cost of \$847,655. The fencing projects often take several years to complete, so showing yearly expenditures is difficult. The total revenues for FY2007 and FY2008 are \$272,950, and the total expenditures are \$340,930. This allows a program carry-forward balance to be maintained, but it is less than it has been

in the past. With the completion of the elk damage mitigation projects, the number of requests for elk damage compensation has decreased. It is a popular and successful program.

Vice Chair Hogan:

Are there any questions? [There were none.]

David Pulliam:

Seventy-five percent of the funding for the Carson Lake and Pasture program comes through a federal PR grant, and 25 percent is received through license and tag fees to match the grant funding. The entire expenditures for this budget account go for water delivery fees to manage the wetland habitat area.

Vice Chair Hogan:

Are there any questions? [There were none.]

David Pulliam:

The Mason Valley Wildlife Management Area (MVWMA) has 100 percent funding through a federal grant from the Bureau of Reclamation. There are no state funds in this program. It is an ongoing grant to develop water management facilities in the MVWMA to more effectively and efficiently use the available water resources. The ultimate goal is to have the saved water eventually transported to Walker Lake in an effort to improve water quality in that ecosystem. We expect this project to be completed this fiscal year. Therefore, no funds would be carried forward to FY2010.

Vice Chair Hogan:

Is there a sense that much of what has been accomplished is being negated by the continuing drought and the worsening of climatic conditions? Or are you making any progress on transporting more water into Walker Lake?

David Pulliam:

I am not sure I can give you a good answer to your question. Certainly, the drought conditions are affecting the water levels of Walker Lake. The facilities, pipelines, and water management structures that we have implemented in the MVWMA have improved our water management capabilities, so we can survive these drought periods in the MVWMA a little better.

Assemblyman Grady:

Are you making any progress on purchasing the land just north of the MVWMA? Or is that still in the talking stages?

David Pulliam:

We have met with the county, and a proposal is being developed to have the Division of State Lands use the county's Question 1 bond money to acquire that property. Then, we would enter into an agreement for the management of that land for recreational opportunities since it adjoins the MVWMA.

Assemblyman Grady:

Are there any water rights on that property?

David Pulliam:

I do not believe there are.

[Mr. Claborn returned and resumed the Chair.]

Chair Claborn:

Are there any questions? [There were none.]

David Pulliam:

Another program under Budget Account 4458 is the Wildlife Water Development Atlas Program. This is an atlas that provides maps of the locations of all of the NDOW's wildlife water developments for both big game and upland game species. It is published and sold to the public. In FY2007, the NDOW sold 893 copies for a total of \$35,730; and, in FY2008, 412 atlases were sold for a total of \$16,480. The program has minimal expenditures, and there is a carry-forward balance into FY2009 of \$66,444. The funds are used to update the atlas when it is appropriate, and to cover the publishing costs.

Chair Claborn:

Are there any questions?

Assemblyman Bobzien:

Has a new edition been printed since 2005? Is there an update coming?

David Pulliam:

There is a supply on hand, so there are no immediate update plans. It was updated about a year and a half ago with new information. We may see a need in the next couple of years to publish new updated copies.

Assemblyman Bobzien:

There has been an updated edition since the 2005 atlas. Is that correct?

David Pulliam:

Yes, that is correct.

Chair Claborn:

Are there any questions?

Assemblyman Gustavson:

How much does it cost to publish this atlas?

David Pulliam:

I need to refer your questions to Kelly Clark who handles the publication.

Kelly Clark, Chief, Conservation Education Division, Department of Wildlife:

The cost of publishing the atlas has decreased because we are making bulk purchases. Currently, each atlas costs about \$28 to publish. This is how we are able to support a revolving account for the following year.

Assemblyman Gustavson:

I wanted to make sure it was paying for itself.

Kelly Clark:

Yes, it is.

David Pulliam:

The next category, Category 71, is the Habitat Conservation Fee. It is a \$3 fee attached to hunting, fishing, and trapping licenses. The revenue is restricted funding for habitat restoration. The largest portion goes to wildfire rehabilitation efforts. The fishing restoration projects in FY2008 were the Eagle Valley Reservoir Aeration project, and the Jiggs Reservoir Ditch Maintenance project. The carry-forward balance from FY2007 was \$644,333. The total revenues from FY2007 and FY2008 amounted to \$793,749 minus the total expenditures resulting in a balance carry-forward to FY2009 of \$818,763. There is a large carry-over balance in this account because the NDOW has to be ready to respond to each fire year. This last year, there was a minimal number of fire-burned acreage, but we never know. We have to be ready to cooperate with our federal partners to restore important wildlife habitat.

Chair Claborn:

Are there any questions? [There were none.]

David Pulliam:

The next account is the Upland Game Bird Stamp Program, Category 72. It funds a water development crew—presently located in Las Vegas—that

maintains upland game water projects. Some upland game habitat enhancement projects are also being developed. An example is the sage grouse genetic analysis and delineation investigation project to improve available data-bank information for the United States Fish and Wildlife Services. We receive requests for data and needs assessments from them for sage grouse to evaluate the birds for potential listing as an endangered species. In FY2007, 30,808 Upland Game Bird Stamps were sold; and, in FY2008, 29,341. The carry-forward balance to FY2009 was \$412,380.

Chair Claborn:

Are there any questions?

Assemblyman Bobzien:

What was the first year for the Upland Game Bird Stamp?

David Pulliam:

I believe it was 2003.

Assemblyman Bobzien:

You are showing a two-year trend on the number of stamps sold. What has been the historical trend on the number of stamps sold?

David Pulliam:

The Upland Game Bird Stamps have had fairly stable sales. As drought conditions worsen, sometimes the chukar hunting is not as good as it could be, so we sell fewer stamps. However, the account maintains a healthy budget reserve for habitat enhancement, water development, and maintenance projects.

Our big game or large capacity water development is shown in Category 73. Twenty-five percent of the funding comes from "in-kind" services, which means we have enough volunteers in the field and material donations to provide matching funds for the state without any license or tag fee monies being used. The PR federal grant provides the remaining 75 percent, so essentially this account is a federally-funded program. The monies are primarily used for maintenance on existing projects, and for development of new ones. Currently, the account is showing a negative amount because the grant amendment process and federal responses to it are slow. License and tag fees are used until the grant money comes in, then the account is reimbursed.

The last Habitat Division's budget account is Category 74, the Mining Assessment Fee program. The revenue for the program comes from required permit fees for artificial industrial ponds, and from assessment fees for the tonnage of ore produced. Part of the funds collected is transferred into

Budget Account 4452, which funds a portion of the salary for one mining biologist in each region. The mining biologist works with mine personnel to reduce wildlife mortalities associated with cyanide leach operations. Also, the biologist assists with the restoration and reclamation of the land after the mining operation is closed. The remainder of the funds stays in Budget Account 4458, and it is used for a variety of restoration projects. Some species monitoring projects are also funded, including bat studies. Water sampling studies are completed for water reclamation projects in closed mines. The carry-forward balance on this account to FY2009 is \$625,640, which means this program is financially healthy.

[Mr. Claborn left the hearing, so Vice Chair Hogan assumed the Chair.]

Mark Atkinson:

We have an additional report on the Wildlife Heritage Fund. Would you like to take this one out of order, so Mr. Claborn can be here for the Predation Management discussion?

Vice Chair Hogan:

We will switch the sequence, so Mr. Claborn can hear the Predation Management program.

David Prather, Administrative Services Officer III, Department of Wildlife:

I have distributed a copy of the *Wildlife Heritage Budget Account Report* to the Committee ([Exhibit F](#)). These amounts are allocated by the Board of Wildlife Commissioners for various projects. We have listed the recipient of the donation, the amount of the project award, and the expenditures for each project. I would be happy to answer any questions you might have on the account.

[Mr. Claborn returned and resumed the Chair.]

Chair Claborn:

Are there any questions? [There were none.]

Mark Atkinson:

A copy of the *Predation Management Program Status Report* has been distributed to the Committee ([Exhibit G](#)). The \$3 predator game fee attached to game tag application fees is paid into Budget Account 4452. The details of the revenues and expenditures are in this handout. The majority of funds go to contract United States Department of Agriculture's Wildlife Services for predation management projects. These are projects developed by the Game Division and others in the NDOW that are presented to the Board of Wildlife

Commissioners for their approval and ratification. There are a number of ongoing projects. About 89 percent of the total funds in FY2007 funded Wildlife Services activities; and, in FY2008, 82 percent. Wildlife Services used about 90 percent of those funds for mule deer enhancement projects statewide. The account details are on the last page ([Exhibit G](#)). We have been able to slightly increase expenditures by increasing the number of projects that are ongoing. These projects enhance and protect mule deer, bighorn sheep, pronghorn antelope, and sage grouse populations. A figure is missing from the bottom of the table on the last page ([Exhibit G](#)). It is the total funds paid out to the Department of Agriculture, and for the NDOW's infrastructure costs. The total should be \$388,674.

Chair Claborn:

Are there any questions?

Assemblyman Carpenter:

What were the results of the mule deer and mountain lion interaction study you mentioned in a previous exhibit?

David Prather:

Which project are you referring to?

Assemblyman Carpenter:

It is [in ([Exhibit C](#))] on page 17.

Kenneth E. Mayer:

We can get you the specifics of the study. Basically, we were looking at the effects of predation on the mule deer population. We use a control and a treatment area that is populated with mountain lions and coyotes. The problem is determining whether rain (or lack of it) overrides the predatory control of the mule deer populations.

Assemblyman Carpenter:

I would appreciate that.

Chair Claborn:

Are there any more Department of Wildlife presentations? [There were none.] The Las Vegas Water Authority's presentation is next. We are going to take a five-minute recess first.

[Committee in recess at 3:05 p.m.]

Chair Claborn:

This meeting is called back to order [at 3:09 p.m.].

Patricia Mulroy, General Manager, Southern Nevada Water Authority, Las Vegas, Nevada:

A copy of my PowerPoint presentation has been distributed to the Committee ([Exhibit H](#)). The Southern Nevada Water Authority (SNWA) was created in 1991 as a partnership of all the water agencies in southern Nevada. During the 1990s, the SNWA was successful in negotiating with the other states on behalf of southern Nevada to secure additional water resources from the Colorado River. In 2000, we took a water resource plan to the SNWA Board which gave southern Nevada a secure 40- to 50-year water supply. All of these waters came exclusively from the Colorado River through the various arrangements we made with other states.

Unfortunately, in 2000, the worst drought on record for the Colorado River began, and is still ongoing. Climate scientists increasingly believe the drought is more the result of climate change than an event in the climatological history of the Colorado River. The Colorado River Basin states began an arduous negotiating process that was very different from the prior 1990s discussions when there were water surpluses.

In 2007, all the states signed a document which fundamentally changed the original water supply arrangements between the states. It also changed how Lake Powell and Lake Mead are operated, and it established a water shortage arrangement among the three lower Colorado River Basin states. It included some important provisions for Nevada. Southern Nevada was given the opportunity to generate return-flow credits for any water it brings in from outside of the Colorado River Basin. It gave Nevada the opportunity to financially participate with California and Arizona in the construction of a reservoir in the All-American Canal. In exchange for our participation, Nevada will receive an amount of water that it can use when shortages are declared. We also retooled our water supply arrangement with Arizona. In exchange for \$300 million, Arizona is banking 1.2 million acre-feet of their unused entitlement in their groundwater basins for our future use. We can draw that water, when needed, from Lake Mead.

The most dramatic change is in the relationship among the three urban areas in the three affected states. We have forged a close working relationship. We are currently looking at a joint venture to operate the desalination plant located in Yuma which has sat inoperable since its completion in the 1980s. It treats Wellton-Mohawk Irrigation District runoff to meet water quality standards dictated by the 1944 treaty with Mexico. There are some environmental issues

with the project that we are working through with the Environmental Defense Fund and the Sonoran Institute. Through the United States Department of State and the United States Department of the Interior, we are working with Mexico and our Mexican counterparts to find new desalination opportunities. By financially participating in these projects, southern Nevada could gain additional water resources. Mexico would also benefit from these new water resources, especially during shortages.

The most pressing issue for southern Nevada is the real effect the drought is having on the waters of Lake Mead, and our reduced ability to take water from the Colorado River. The United States Department of the Interior has "shorted" Nevada on the amount of Colorado River water the state receives. Further, our facilities at Lake Mead are also restricting our use of the water. Kay Brothers, Deputy General Manager for Operations, will give you a summary of each of the steps the state has taken as this drought has worsened.

Kay Brothers, Deputy General Manager, Engineering and Operations, Southern Nevada Water Authority, Las Vegas, Nevada:

The table on page 2 ([Exhibit H](#)) shows the historical 9-year average inflow to the Colorado River Basin. This is the most severe drought period since records were started in 1906. The normal flow of the Colorado River into the Basin, calculated from records kept since 1906, averages 15 million acre-feet annually. Dendrochronological studies for the same period show an average closer to 13 million acre-feet or less. Beginning in 2000, we have received 66 percent of the normal flow, or 66 percent of the 15 million acre-feet of water. There were only two years—2005 and 2008—with above normal flows; and, in 2000, Lake Mead was nearly full at 1,225 feet elevation. Since then, with 66 percent of normal runoff, lake level has dropped markedly. Lake Mead is now at an elevation of 1,110 feet.

Since the drop in water level began, southern Nevada's first response to the drought conditions was to utilize its 2003 drought plan to conserve existing water resources. We realized our goal of 25 percent conservation, as compared to 1990 usage, sooner than we had expected. Originally, our date for achieving the goal was 2010. In 2005, a new conservation goal of 250 gallons per capita per day with a projected accomplishment date of 2010 was adopted. Currently, we have exceeded that goal. At our next SNWA meeting in February, a new goal of 199 gallons per capita per day by 2035 will be adopted. Despite a population increase of 400,000, between 2002 and 2008, southern Nevada's annual water consumption decreased by nearly 21 billion gallons. By 2012, with a projected 69 percent of average runoff, Lake Mead could fall below 1,050 feet of elevation. At that point, the SNWA could lose facility access

because the upper intake will be higher than the water level. We would lose 40 percent of our capacity to pump water into southern Nevada.

Patricia Mulroy:

To put that into perspective, when the water level in Lake Mead reaches an elevation of 1,050 feet, Nevada loses its ability to generate electricity at Hoover Dam and Glen Canyon Dam.

Kay Brothers:

To replace that capacity, the SNWA is constructing a new Lake Mead intake, which will be called Intake No. 3. It will preserve existing generating capacity, and it will go down to an elevation of 860 feet. Creating this tunnel under Lake Mead is a very risky project because of the hydrostatic pressure of the lake over the construction area. The tunnel starts at 600 feet elevation, and it will rise to 860 feet where it will enter the lake. We are anticipating completion by 2013. In case the lake level falls below 1,050 feet before the tunnel is completed, the SNWA is installing larger pumps in a number of our pumping units in Intake No. 2. Intake No. 2 will go from a capacity of 600 million gallons per day to about 730 million gallons. Lowering the new intake to 860 feet elevation will also provide cooler water which is easier to treat because trihalomethanes levels are decreased. Therefore, Intake No. 3 will also improve water quality. The estimated cost is \$817 million, and we will discuss the project financing a little later in this presentation.

By 2015, if the drought conditions continue, Lake Mead's elevation could drop to 1,000 feet. Then, the SNWA would lose Intake No. 2 capacity. This situation is critical because without Intake No. 2 the SNWA will be unable to pump any water from the Colorado River. When the water level reaches 1,025 feet of elevation, the SNWA will be implementing other water shortage criteria. Ninety percent of southern Nevada's water comes from this one source.

The SNWA is trying to develop non-Colorado River water sources including the Clark, Lincoln, and White Pine Counties Groundwater Development Project (GDP). The water rights for this project were filed in 1989 for 27 basins. This revised project only takes water from six basins. The permitted amounts include: Spring Valley for 60,000 acre-feet which is subject to stage pumping restrictions; Delamar, Dry Lake, and Cave Valleys for 18,755 acre-feet; and Snake Valley with undetermined amounts. Hearings in Snake Valley are scheduled later this year to determine the number of acre-feet to be pumped.

Patricia Mulroy:

It is important that we discuss the issues that concern the ranches in these areas. The ranches have significant surface water rights, and they were bought for only one purpose. The intent is to no longer allow surface water to flow into the playas and evaporate. The SNWA will build infiltration basins at the base of the mountains. Whatever water is available, it will be recharged to keep the groundwater basin healthy. It is only with these types of management strategies that the state will be able to withstand what nature may throw at us in the coming decades. The surface water will never leave those valleys. The SNWA did not embark on this GDP because it is the cheapest alternative, or because it is the easiest. It embarked on this GDP because it is the only alternative. Unless there is a massive federal effort to bring water from outside the Colorado River Basin into the Colorado River Basin, and secure ties to the flow of the Colorado River, southern Nevada has no choice other than looking for water resources outside its boundaries in order to protect two million people.

Kay Brothers:

Some of our environmental protection activities associated with this GDP include the establishment of stipulations with the participating federal agencies for the procedures and methods that will be used to monitor the biology and the wildlife habitats of the area. Further, stipulations need to be developed for monitoring the hydrology and groundwater levels of the area. This monitoring program will be ongoing for the life of the GDP, and it is designed to assess impacts on the environment before they reach sensitive resources. The SNWA and the involved federal agencies have developed and just released an extensive biological monitoring program. The federal agencies will remain involved for the life of the GDP.

The seven Colorado River Basin states continue to study long-term options for augmenting Colorado River water supplies. Vegetation management, weather modification, desalination, and river basin import have all been considered.

The single most important project the SNWA is currently working on is the construction of Intake No. 3. In this current economic crisis, financing the project has gone from a difficult challenge to a daunting one. Richard Wimmer will discuss the financial impact.

Richard J. Wimmer, Deputy General Manager, Administration, Southern Nevada Water Authority, Las Vegas, Nevada:

The SNWA is responsible for acquiring water rights, and for building the major regional infrastructure that is necessary to treat and deliver water to the Las Vegas Valley. All of the necessary structures to deliver the water to individual homes are handled by the purveyor members. The SNWA is looking

at acquiring and developing major water rights acquisitions, treatment plants, intakes, and major transmission facilities. All of these are very expensive, long-life structures that need to be financed and maintained. One of the major sources of revenue for operations is the wholesale delivery charge which is not shown on the pie chart on page 8 ([Exhibit H](#)). It is \$252 per acre-foot, and it is assessed to each of the agencies who acquire water from the SNWA. They, in turn, sell the water to the customers in their service area. The other revenue sources which will fund these major infrastructure projects are shown on that pie chart.

The largest generator of revenue is regional connection charges which are based on the concept that growth needs to pay for growth. The two smaller revenue sources shown are regional commodity surcharges and regional reliability surcharges, which recognize the principle that all users should help pay for improved water quality and reliability. The 28 percent portion of the pie chart is sales tax revenue mandated by the 1997 Legislature. It was authorized to create a more stable source of revenue to build the projects and repay the infrastructure bonds. The current decrease in sales tax revenue has impacted local and state governments, but it is still the SNWA's most stable revenue source.

Regional connection charge revenues are down about 90 percent. In 2006, the SNWA was averaging over \$15 million per month in regional connection charges. Last month, the SNWA expended \$1 million more than the total monthly revenue. This means developers are simply abandoning construction projects in southern Nevada, and relinquishing their water commitments. Planned subdivisions are being reverted to acreage, so developers can get refunds on paid water connection charges. Part of the financing plan from start-up was to exercise discipline over time to build up reserves to withstand economic fluctuations. We expected volatile revenue sources, like connection charges, to go down in time, but the current downturn has been unprecedented. The built-up reserves are making it possible for the SNWA to finance new projects like Intake No. 3.

The wholesale water delivery fees have been very flat over the last decade. Projected water sales for 2009 are less than those in 2000 because of the successful water conservation programs. People are watching their money and using less water which, in turn, negatively impacts our sales and revenues. The SNWA has the same kind of challenges that everyone in the state is experiencing. In this year's budget, there is a \$29 million reduction in spending. Further, \$259 million in capital expenditures has been deferred. It appears we are at the "tip of the iceberg" because next year's budget is going to show deeper cuts.

The SNWA's reserve funds are fully committed to serve future debt. The funds are a cushion in economic cycles, and without the current reserves, Intake No. 3 would not be built. The reserve helps the SNWA maintain a strong bond rating which reduces overall project costs in the long term.

Patricia Mulroy:

We are happy to answer any questions.

Chair Claborn:

Are there any questions?

Assemblyman Segerblom:

Is the sales tax money committed to bond funding?

Richard Wimmer:

Yes, it is part of that funding plan, and contributes to the reserves which pay for capital improvements and debt service.

Assemblyman Segerblom:

When the bonds were sold, was the sales tax money committed as a guaranteed source to pay back the bonds?

Richard Wimmer:

It is not delineated in the bond documents, but the bond market requires a demonstration of revenue sources for pay-back.

Patricia Mulroy:

We do not enjoy the full benefit of the sales tax the voters approved. A portion goes to the wastewater agency, a portion goes to Mesquite and Boulder City, and a portion goes to every community in Clark County. They all derive some benefit from the sales tax.

Richard Wimmer:

The tax is assessed on drinking water and wastewater.

Assemblyman Segerblom:

If the pipeline is built to White Pine County, would it be paid for by water revenues, or is another funding source required?

Richard Wimmer:

At this point in time, these are the only revenue sources available to us. Sales tax revenues would have to improve, and increases would have to be made in rates and connection charges.

Patricia Mulroy:

The SNWA will not build the in-state project unless it is absolutely necessary. We are deferring the construction project into the future. Hopefully, Lake Mead will not go "south" on us as quickly as it could, but we do not know. Our current strategy is to complete the permitting and processing of the environmental issues for the GDP. Then, we will have everything in place in case we have no choice but to build the pipeline.

Assemblyman Segerblom:

You said 250,000 of the 300,000 acre-feet are being used. Does that include return-flow credits?

Patricia Mulroy:

That is consumptive use.

Assemblyman Segerblom:

Therefore, based on what we know, what is the maximum population growth available to Clark County based on the remaining 50,000 acre-feet?

Kay Brothers:

That water is being banked in California. The savings generated by our water conservation program is being sent to California for future use.

Assemblyman Segerblom:

How much population growth can be supported by the existing 300,000 acre-feet?

Patricia Mulroy:

The new conservation water goal will be 199 gallons per capita per day, and if that goal is achieved...

[Ms. Mulroy deferred the rest of the answer to Ms. Brothers.]

Kay Brothers:

We could probably support additional growth in population until 2018 on the remaining 50,000 acre-feet, assuming there are no water shortages on the Colorado River.

Assemblyman Segerblom:

Is your projection based on historic growth rates?

Kay Brothers:

It is based on future projected population growth rates determined by the Center for Business and Economic Research. It is a population projection that is completed annually for certain agencies in southern Nevada.

Assemblyman Segerblom:

Is it currently based on the population growth rate for the last ten years, or is it the growth rate for the past couple of years?

Richard Wimmer:

Those projections have been revised, and they are now lower going forward than what they have been historically.

Assemblyman Segerblom:

But even so, 2018...

Kay Brothers:

Yes, it would be 2018 to 2020. I will have to go back and check.

Patricia Mulroy:

That is the reason why southern California, Arizona, and southern Nevada are looking for projects in Mexico and for desalination projects. We are doing everything we can to bring additional water to the Colorado River. One of the components of the agreement is that the first 75,000 acre-feet of new water created on the Colorado River will come to Nevada.

Assemblyman Segerblom:

Are you saying we could go to 375,000 acre-feet of available water?

Patricia Mulroy:

Yes, that is correct.

Assemblyman Goicoechea:

How much is the sales tax levy?

Richard Wimmer:

The sales tax is a quarter-cent for drinking water and wastewater for all of Clark County, including the rural areas.

Assemblyman Goicoechea:

Ms. Brothers, could you answer this question? Are the ranches the SNWA has in Spring Valley owned by a company the SNWA calls Great Basin Ranches, Limited Liability Corporation (LLC)?

Kay Brothers:

Yes, that is the name.

Richard Wimmer:

It is not sanctioned as a LLC.

Assemblyman Goicoechea:

That is what I had heard, so I was curious how a tax-exempt entity can also be a LLC.

Richard Wimmer:

It is not; that is just the name.

Patricia Mulroy:

It is not incorporated.

Assemblyman Goicoechea:

I heard the name at a White Pine County Commissioners' meeting, so I needed clarification.

Assemblyman Hogan:

I want to verify a couple of items that have been presented today. You indicated the Secretary of the United States Department of the Interior had "shorted" Nevada on water. Is that something we need to know about?

Patricia Mulroy:

When Lake Mead hits 1,075 feet in elevation, the agreement among the Colorado River Basin states stipulates the Secretary of the Interior will declare a water shortage in the lower basin. The Secretary will "short" Nevada. When the water level hits 1,050 feet in elevation, the Secretary will declare the second round of shortage, and Nevada takes a share of the shortage. At 1,025 feet the third round starts with deeper shortages, and southern Nevada takes a share of the shortage.

Assemblyman Hogan:

I misinterpreted it thinking Nevada was being treated differently than the other involved states. I understand all the states have to share in the shortages. I was pleasantly surprised by your reduction in water usage through the

conservation program. It has resulted in a dramatic and rapid decrease in gallons per capita, and a significantly larger decrease is expected with the new conservation goal. Until recently minimal progress was made in conserving water by reducing use. How can you predict a continued accelerated rate of decrease in water use?

Patricia Mulroy:

In 2002, the drought became so severe the separate entities began working together. By 2003, the Board adopted the most radical water conservation plan in the United States, especially for a large urban area. Since that time, we have seen dramatic drops in water usage. To date, the SNWA has spent over \$100 million rebating our customers for turf removal and other programs. We know the souring economy and high foreclosure rate play into that number, but we do not know the extent of their impact. There is a marked decline in water usage, and in large measure it has taken place since 2003.

Assemblyman Hogan:

To what extent did the most recent rate increase contribute to the decline in water usage? Did the rate increase force people to conserve water out of financial necessity?

Kay Brothers:

The SNWA is preparing the 2009 water conservation plan, and some assumptions have to be made. We believe the increase in price accounted for about 40 percent of the decline in water usage.

Assemblyman Hogan:

I am concerned about the severe drop in revenues. Have you considered replacing the effective but expensive turf-buying activity with further price increases for high-end users?

Patricia Mulroy:

The SNWA has seen a mass exodus out of the fourth pricing tier. At this point, raising the fourth tier will not produce any additional savings. Conservation rates have encouraged people to come to the SNWA to redo their landscaping. I would be reluctant to place a higher rate on an already financially strapped population without giving them an opportunity to fix their water use problem. Some people might choose to just let their landscaping die which would create a fire hazard.

Assemblyman Carpenter:

You stated that if the Colorado River drops to a certain level, its capacity for generating electricity would cease at both dams. Sierra Pacific (now

NV Energy) recently announced they were not going to build their power plant. Does that mean southern Nevada will be out of water and electricity?

Patricia Mulroy:

Southern Nevada only gets 11 percent of its electricity from Hoover Dam. It will impact areas like Ely more since they receive a significant portion of their power from the Glen Canyon Dam. It will manifest itself on the interstate electrical grid system for distribution. California is heavily dependent on Hoover Dam energy, and the Western Area Power Administration uses power from Hoover Dam as a balancer. It is easy to turn those generators on and off to balance the electrical grid demand. The Western Area Power Administration is going to be strapped looking for replacement power for southern California. Fortunately, NV Energy is not that dependent on Hoover Dam energy.

Assemblyman Carpenter:

It is conceivable California might come after the energy we are currently using. If Hoover and Glen Canyon Dams go down, California will have to get power from somewhere else. As I understand it, no new generating plants are being built in California, so it might become a critical situation.

Assemblyman Goicoechea:

Does the SNWA receive some stipend money? If so, why does it not show in your revenue stream?

Richard Wimmer:

We do. The SNWA has received over \$200 million since the inception of the plan. Primarily, the funds have been used for pay-as-you-go expenditures to avoid incurring debt. It was not put in the original model because we were unaware of how much the amounts would be.

Assemblyman Goicoechea:

It is now going the other way.

Richard Wimmer:

Yes, it is gone. We used the money prudently, but it is not part of the budget going forward because we cannot depend on that revenue source.

Assemblyman Goicoechea:

A year ago when the settlement was made for Intake No. 3, were you guaranteed the third intake would be protected?

Patricia Mulroy:

Absolutely, a guarantee was given. The elevations are there because there is a limit to what can be done to protect the water level in Lake Mead. When we consult again, it will be very difficult because there are limits to what the Secretary of the Interior can do in the lower Colorado River Basin. For example, the largest agricultural producer using that water is California. It is the Imperial Irrigation District which uses 3.3 million acre-feet of water annually. The United States Supreme Court decreed the Imperial Irrigation District would receive 2.6 million acre-feet. Therefore, there is nothing the Secretary of the Interior can do to reduce that amount. When there is only 5 million acre-feet left in Lake Mead, it will be very difficult to get any water downstream. That is the reason we are consulting again when the water level reaches 1,025 feet in elevation. The Secretary of the Interior will do everything in his power to protect the elevation at 1,000 feet, but if nature does not give it, there is nothing that can be done.

Assemblyman Goicoechea:

That is understood, but I wanted to clarify that point because it provides some protection. If there is any water in the Colorado River, the SNWA will be covered.

Assemblyman Carpenter:

What is the outlook for the runoff this year? Have they been getting a little snow or not?

Kay Brothers:

The western slope received quite a bit of snow at Christmas, and it has had a little since. We do a monthly update for our Board, and I estimate the snow pack to be 80 to 85 percent of normal.

Assemblyman Hogan:

Your chart ([Exhibit H](#)) shows both Intake No. 2 and Intake No. 3 to be right at, or near, the 1,000 foot elevation mark. Does that mean we are expending a large amount of money to build Intake No. 3 which is in danger of becoming unusable about the same time as Intake No. 2 becomes unusable?

Patricia Mulroy:

Intake No. 3 is being constructed to replace Intake No. 1 at elevation 1,050. Intake No. 3 will be located at elevation 860. How far below elevation 1,000 the pumps can be placed is still being considered, but the intake will be at elevation 860.

Assemblyman Hogan:

Has the SNWA experienced some loss in value on its reserve holdings?

Richard Wimmer:

No, we have not because those funds are committed to bond repayment. The investment is conservatively held in cash-backed investments, not equities. We have noticed a diminishment in returns, but there has been no loss in principal value.

Chair Claborn:

Are there any questions? [There were none.] This hearing is adjourned [at 3:55 p.m.].

RESPECTFULLY SUBMITTED:

Judith Coolbaugh
Committee Secretary

APPROVED BY:

Assemblyman Jerry D. Claborn, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Natural Resources, Agriculture,
 and Mining

Date: February 11, 2009

Time of Meeting: 1:32 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Kenneth E. Mayer	PowerPoint Presentation
	D	Kenneth E. Mayer	Second Annual Report Wildlife Diversity Division
	E	Kenneth E. Mayer	PowerPoint Presentation Obligated Reserve Account 4458
	F	David Prather	Wildlife Heritage Budget Account Report
	G	Mark Atkinson	Predation Management Program Status Report
	H	Patricia Mulroy	PowerPoint Presentation