

MINUTES OF THE
JOINT SUBCOMMITTEE
ON
PUBLIC SAFETY, NATURAL RESOURCES AND TRANSPORTATION
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS

Seventy-fifth Session
February 27, 2009

The Joint Subcommittee on Public Safety, Natural Resources and Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Joyce Woodhouse at 8:08 a.m. on Friday, February 27, 2009, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator Bob Coffin
Senator Dean A. Rhoads

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Kathy McClain, Chair
Assemblyman Joseph M. Hogan, Vice Chair
Assemblyman Marcus Conklin
Assemblyman Joseph (Joe) P. Hardy
Assemblyman Pete Goicoechea
Assemblywoman Ellen Koivisto

SUBCOMMITTEE MEMBERS ABSENT:

Assemblywoman Sheila Leslie (Excused)

STAFF MEMBERS PRESENT:

Michael Chapman, Senior Program Analyst
Sarah Coffman, Program Analyst
Jeff Ferguson, Program Analyst
Michael Archer, Committee Secretary

OTHERS PRESENT:

Allen Biaggi, Director, State Department of Conservation and Natural Resources
James R. Lawrence, Administrator and State Land Registrar, Division of State Lands, State Department of Conservation and Natural Resources
David Morrow, Administrator, Division of State Parks, State Department of Conservation and Natural Resources
Jim Rodriguez, Budget Analyst, Budget Division, Department of Administration
Leo Drozdoff, P.E., Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources

CHAIR WOODHOUSE:

We will open the hearing on budget account (B/A) 101-4173, State Lands.

INFRASTRUCTURE

CONSERVATION AND NATURAL RESOURCES

DCNR - State Lands – Budget Page DCNR-95 (Volume III)
Budget Account 101-4173

ALLEN BIAGGI (Director, State Department of Conservation and Natural Resources):

The mission of the State Department of Conservation and Natural Resources (DCNR) is to conserve, protect maintain and enhance the State's natural resources to provide the highest quality of life for Nevada citizens and visitors. We reviewed all our budgets in total. In that way, we were able to ensure no single program took unnecessary or unwarranted budget reductions, and we can continue to fulfill our mission and obligations under the law.

JAMES R. LAWRENCE (Administrator and State Land Registrar, Division of State Lands, State Department of Conservation and Natural Resources):

Please refer to my handout entitled "Division of State Lands" ([Exhibit C](#)). The mission of the Division of State Lands is to uphold the conservation and land resource values of Nevadans through responsible land-use planning resource programs that protect and enhance the natural environment and land stewardship worthy of the lands entrusted to us.

Staffing for fiscal year (FY) 2008-2009 consisted of 22 full-time equivalent (FTE) positions and one seasonal position. The Governor's recommended budget reduced 2 positions, bringing it to 20 FTE positions and one seasonal position. The number of FTE positions supported by the General Fund has been reduced from 16 to 13.4. The Governor's' budget represents approximately a 16 percent reduction in revenue from what was approved in the last Session. We have four main program areas: the State Land Office, which has the responsibility of being the State's real estate agent for all Nevada land needs, with the exception of the Department of Transportation, the State Legislature and the Nevada System of Higher Education; the State Use Planning Office; the Nevada Tahoe Resource Team; and the Conservation Bond Act, also known as Question 1 funds.

The pie charts on Page 3 of [Exhibit C](#) show the revenues in our budget. We receive about two-thirds of our operating revenue from the General Fund. Page 4 of [Exhibit C](#) describes expenditures. Approximately 80 percent of our budget is used to cover the costs of personnel. Our performance indicators are listed on page 5 of [Exhibit C](#).

In decision unit E-606, In-State Travel has been reduced 18 percent from our FY 2008-2009 budget.

E-606 Staffing and Operating Reductions – Page DCNR-98

Decision unit E-607 eliminates one land agent II position. This reduces the State Land Office staff by 20 percent.

E-607 Staffing and Operating Reductions – Page DCNR-98

Decision unit E-608 transfers funding for the seasonal forester position from the General Fund to the Tahoe Bond interest which creates a General Fund savings of \$28,000 in each year of the biennium.

E-608 Staffing and Operating Reductions – Page DCNR-98

Decision unit E-609 reduces our Out-of-State Travel to the Western States Land Commissioners Association meetings. This represents a reduction of 28 percent in FY 2009-2010 and 38 percent in FY 2010-2011.

E-609 Staffing and Operating Reductions – Page DCNR-99

Decision unit E-610 reduces training costs approximately 33 percent in FY 2009-2010 and 65 percent in FY 2010- 2011.

E-610 Staffing and Operating Reductions – Page DCNR-99

Under decision unit E-613, the State Land Use Planning staff will be reduced from two positions to one position.

E-613 Staffing and Operating Reductions – Page DCNR-99

Decision module E-710 replaces computers, work stations and Geographic Information Systems (GIS) maintenance licenses used for land use planning. There is also money in this decision unit for a new plotter which is necessary when using the GIS.

E-710 Replacement Equipment – Page DCNR-102

CHAIR WOODHOUSE:

If encroachment issues arise due to the loss of the land agent II position, will legal recourse need to be taken by the Division?

MR. LAWRENCE:

Encroachment often occurs unintentionally because people are not aware of property boundaries. We resolve almost all of these problems directly with the property owner. There are rare occasions when we end up in a legal dispute. At those times, we will involve the Office of the Attorney General (AG). A letter from the AG will often resolve the issue.

CHAIR McCLAIN:

What will be the impact of losing the land agent II position with regard to inspections?

MR. LAWRENCE:

Most of the inspections we do are around Lake Tahoe. The State owns about 490 properties that were purchased in the late 1980s. Our forester does most of the inspections. Even with the reduction of the land agent position, we should still be able to keep up with the inspections. The primary impact will be

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in the timeliness of processing land actions. We processed about 200 inspections last year. Some are simple, and others are complex.

CHAIR McCLAIN:

Is the database we approved for you last Session now operational?

MR. LAWRENCE:

That project is not yet operational but will be in place by the end of the fiscal year. The system will save us time and money. Our Land Office staff has had to dedicate about 20 percent of their time over the current biennium to updating the files for that conversion. Once the system is operational, that time will be freed up for other workloads.

CHAIR McCLAIN:

How will eliminating the land use planner position impact the work that needs to be done in your office?

MR. LAWRENCE:

The Land Use staff represents the State in dealing with federal land use issues. They also provide technical planning assistance to the local governments, primarily the rural counties who do not have their own planning staff. We have an obligation to prioritize the county projects and act on the most important first.

CHAIR McCLAIN:

Has there been a decrease in requests for assistance from the rural counties?

MR. LAWRENCE:

I have not seen a decrease. The number of requests has remained consistent.

CHAIR WOODHOUSE:

Assembly Bill (A.B.) 18 will provide for the issuance of an additional \$100 million in general obligation bonds. What projects do you envision happening, should this bill pass? Will the private sector, local governments, California and the federal government continue in their support for the Environmental Improvement Project (EIP)?

[Assembly Bill 18](#): Authorizes the issuance of bonds for environmental improvement projects for Lake Tahoe. (BDR S-375)

MR. LAWRENCE:

Since the start of the EIP, our priorities have been in areas of water quality, particularly in restoring the clarity of Lake Tahoe. We also do forest health projects to reduce fire risk in the Lake Tahoe Basin. In addition, we have a new program meant to deter the threat of aquatic invasive species such as quagga mussels and Asian clams at Lake Tahoe. When the EIP came into existence in 1998, aquatic invasive species were not considered a priority. We also plan on creating recreation and wildlife habitat improvement projects.

MR. BIAGGI:

Assembly Bill 18 will operate like the EIP process. It will require us to come to the Legislature once every Session and to get authorization for bond sales for

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the next biennium. At that time, we also bring forward a listing of projects to be funded. In this way, the Legislature will be fully aware of the types and locations of projects we will be implementing.

CHAIR McCLAIN:

How will this be affected by budget problems in California?

MR. LAWRENCE:

The federal government has reauthorized the Lake Tahoe Restoration Act which will provide a minimum of \$300 million. The California Tahoe Conservancy has already provided over \$500 million towards Lake Tahoe which is double their original commitment. They will continue to move forward with their program and are committed to be with us in the second phase of the EIP.

MR. BIAGGI:

The private sector is fully engaged in this process and their commitments look strong as well.

SENATOR RHOADS:

Have the hours of operation changed at the State parks?

MR. BIAGGI:

Because of the economic downturn, people are taking fewer exotic vacations and visiting their local State parks more often. We have not seen a decrease in visitation and will cover this subject in more detail when we present the budget for the Division of State Parks.

CHAIR WOODHOUSE:

Why are there new training expenditures in this budget?

MR. LAWRENCE:

This represents a reduction in our training of about 33 percent in FY 2009-2010 and 65 percent in FY 2010-2011. We will be scheduling more in-state training opportunities because they are less expensive.

ASSEMBLYMAN HOGAN:

We are concerned the elimination of the two positions will make it difficult for your work to be accomplished. If we are able to restore funds, would the money be used to retain one of these positions, or would it go to some other area of the budget you deem more important?

MR. LAWRENCE:

The loss of the two positions will affect the timeliness of the workload; however, we will be able to carry out the mission of the agency. If funds were restored, I would ask to restore one of these positions.

SENATOR COFFIN:

We approved the water rights of these people when they built in the Amargosa Valley, and it seems we are now taking them away. What is the status of the water rights in Amargosa Valley?

MR. BIAGGI:

The Devil's Hole pupfish is one of the most endangered species in the country and is highly dependent on a certain water level to feed. A 1967 U.S. Supreme Court decision prohibits reducing the water level in Devil's Hole by more than six inches. Because of the dropping water table, we will be in violation of that court decision within the next 40 years. This would result in a federal takeover of that water basin.

The State Engineer issued an order stating that a point of water diversion, such as a new well, cannot be closer to Devil's Hole than existing points of diversion. This order does not impact existing water rights in the Amargosa Basin. The State Engineer feels this order will be in the best interest of all water users in the Amargosa Valley and will prevent federal intervention in the future.

SENATOR COFFIN:

If a person had a project that involved moving their point of water diversion, does this mean they cannot do that? Was this question asked at a previous hearing? Has the federal judgment stopped the State Engineer's action?

MR. BIAGGI:

This has not been discussed at a prior meeting. We would be happy to meet with landowners to outline options. This order has been appealed by landowners in District Court. The State Engineer determined that because of the U.S. Supreme Court decision in 1967, this order is in the best interest of all the water users in the Amargosa Valley and will prevent future federal intervention.

SENATOR COFFIN:

If the drought continues, will we have to truck water into the Amargosa Valley someday to keep the pupfish alive?

MR. BIAGGI:

We may have to do that.

CHAIR WOODHOUSE:

We will open the hearing on B/A 101-4162, State Parks.

DCNR - State Parks – Budget Page DCNR-63 (Volume III)
Budget Account 101-4162

DAVID MORROW (Administrator, Division of State Parks, State Department of Conservation and Natural Resources):

Please refer to my handout entitled "Nevada Division of State Parks, 2010-2011 Budget Review, Budget Subcommittee, February 27, 2009" ([Exhibit D, original is on file in the Research Library](#)). The mission of the Nevada Division of State Parks is to plan, develop and maintain a system of parks and recreation areas for the use and enjoyment of residents and visitors and to preserve areas of scenic, historic and scientific significance in Nevada. There are 25 State parks in Nevada encompassing 146,196 acres and nearly 400 structures, many historical.

Performance Indicators 2 and 3 have modifications in the visitor-survey process. Please refer to page 5 of [Exhibit D](#) for a chart showing our projected revenues

for the biennium. The bulk of our revenue comes from the General Fund and fees generated from visitors. Page 6 of [Exhibit D](#) shows proposed staffing levels. We have recommended a change in the administration of the parks from four regions to two regions. These two proposed regions would be similar in size and resources. This will significantly reduce our administrative costs and would not have a significant impact on visitors' enjoyment of the parks. On page 8 of [Exhibit D](#) is a list of key budget points.

Decision unit M-160 eliminates the Carson Region manager position for a savings of \$68,296 in FY 2009-2010 and \$68,777 in FY 2010-2011.

M-160 Position Reductions Approved in 07-09 – Page DCNR-66

Decision unit E-125 includes a General Fund appropriation to replace the recurring funding transfer from the Tourism Development Account. This is in response to an *Executive Budget* recommendation to reclassify the Nevada State Tourism budget from a non-General Fund account to a General Fund account. The Division of State Parks has received funding from the Tourism Development Account for the last decade.

E-125 Equitable, Stable Tax Structure – Page DCNR-67

Decision unit E-606 eliminates a maintenance repair specialist II position at Washoe Lake State Park. This would result in a savings of \$53,083 in FY 2009-2010 and \$53,584 in FY 2010-2011.

E-606 Staffing and Operating Reductions – Page DCNR-67

Decision unit E-607 reduces the number of seasonal months at the following locations: by six months at Mormon Station, by five months at Kershaw-Ryan and by two months at Sand Harbor.

E-607 Staffing and Operating Reductions – Page DCNR-68

Decision unit E-609 reduces the number of months for the Cathedral Gorge Regional Visitor Center and eliminates the interpreter position assigned to work at the Visitor Center.

E-609 Staffing and Operating Reductions – Page DCNR-68

Decision unit E-610 eliminates the Carson Region headquarters office and staff.

E-610 Staffing and Operating Reductions – Page DCNR-69

Decision unit E-611 reduces the months of operation at Echo Canyon State Park and eliminates the park supervisor position.

E-611 Staffing and Operating Reductions – Page DCNR-69

Decision unit E-612 eliminates the park ranger technician III position at Fort Churchill State Park due to the closure of the Buckland Station historic hotel.

E-612 Staffing and Operating Reductions – Page DCNR-70

Decision unit E-613 eliminates the Panaca Region headquarters office and staff.

E-613 Staffing and Operating Reductions – Page DCNR-70

Decision unit E-614 eliminates seasonal employees and reduces hours and days of operation at the Old Las Vegas Mormon Fort.

E-614 Staffing and Operating Reductions – Page DCNR-71

Decision unit E-615 eliminates funding for the noxious weed program in the Panaca Region.

E-615 Staffing and Operating Reductions – Page DCNR-71

Decision unit E-616 eliminates one permanent position and reduces the months of operation at Little Washoe Lake and the north boat ramp at Washoe Lake State Park.

E-616 Staffing and Operating Reductions – Page DCNR-71

Decision unit E-630 eliminates two fee-based permanent positions associated with the Valley of Fire wedding program.

E-630 Eliminate or Reduce New Prog Not Yet Implemented – Page DCNR-72

Decision units E-660 and E-661 temporarily close the Elgin Schoolhouse facility. An additional reason for closing this facility is because Highway 317 has been washed out, restricting public access to the area.

E-660 Program Reductions/Reductions to Services – Page DCNR-72

Decision unit E-661 closes the public dock at Walker Lake.

E-661 Program Reductions/Reductions to Services – Page DCNR-73

SENATOR COFFIN:

How can we protect isolated historic sites like the Elgin Schoolhouse from vandalism if there is no one present to watch them?

MR. MORROW:

That facility is run as a satellite to Kershaw-Ryan State Park. We have installed a surveillance system that reports to the Sheriff's Office and to the Kershaw-Ryan staff so they can respond to problems. We plan to board up the windows as well. We left enough money in the previous budget to cover the cost of a staff member at Kershaw-Ryan to periodically check on the Elgin Schoolhouse.

SENATOR COFFIN:

How can we ensure someone is monitoring the surveillance system? Are there alarm systems that could trigger a cell phone call to someone? Did we not just invest funds in the Elgin Schoolhouse?

MR. MORROW:

We have a dedicated staff who pay attention to the surveillance monitors. An alarm system is already in place. The site has not been regularly supervised, so this does not represent a change in the way things have operated in the past.

MR. BIAGGI:

This was a generous donation from the residents of the area and the Bradshaw family. There was not a great expenditure to the State.

SENATOR COFFIN:

I disagree. There was a significant expenditure from the family of Senator Helen Foley. There must be a better way to protect this facility.

MR. BIAGGI:

We recognize the generous donations of the Foley and Bradshaw families. However, people do not have access to the Elgin Schoolhouse because the road has been washed out. Consequently, we feel comfortable with the security precautions we have taken.

ASSEMBLYMAN GOICOECHEA:

The people who live in that area are proud of the Elgin Schoolhouse and watch out for it.

MR. MORROW:

Decision units E-662 through E-668 reduce the months of operation at the following parks: Dayton, Ward Charcoal Ovens, Beaver Dam, Dangberg, Lahontan, Rye Patch and the boat ramp at Sand Harbor.

E-662 Program Reductions/Reductions to Services – Page DCNR-73

E-663 Program Reductions/Reductions to Services – Page DCNR-74

E-664 Program Reductions/Reductions to Services – Page DCNR-74

E-665 Program Reductions/Reductions to Services – Page DCNR-75

E-666 Program Reductions/Reductions to Services – Page DCNR-75

E-667 Program Reductions/Reductions to Services – Page DCNR-75

E-668 Program Reductions/Reductions to Services – Page DCNR-76

Decision units E-710, E-711 and E-720 provide funding for equipment deemed necessary for health, safety and critical law enforcement. We are requesting a snowblower and snowplow for Wild Horse State Park and the replacement of water rescue equipment at Sand Harbor and Lahontan.

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E-710 Replacement Equipment – Page DCNR-78

E-711 Replacement Equipment – Page DCNR-78

E-720 New Equipment – Page DCNR-79

The continued maintenance of State park facilities and the replacement of worn-out equipment is a major concern. We are hoping federal assistance from the Land and Water Conservation Fund will continue. Our State Parks Conservation Bond Act Fund will be fully expended by calendar year 2012. This has been a major source of revenue in allowing us to update, renovate and provide additional development for State parks. The retirement of 20 key employees over the next 5 years is also a concern.

ASSEMBLYMAN GOICOECHEA:

Lahontan and Rye Patch are located on lands owned by the U.S. Bureau of Reclamation. Who will manage that land if the state parks close?

MR. BIAGGI:

We are currently in negotiation with the U.S. Bureau of Reclamation to determine if they can provide assistance so we can continue to maintain and operate these parks. Lahontan is of greater concern to us than Rye Patch because it is a law enforcement challenge, particularly during the busy holiday weekends.

ASSEMBLYMAN GOICOECHEA:

Have you requested assistance from local law enforcement agencies?

MR. MORROW:

We have a contract with the Lyon County Sheriff's Office. However, the responsibility falls on the Division of State Parks. In my career administering state parks around the country, I have not seen a park site with a bigger law enforcement problem than Lahontan.

SENATOR COFFIN:

Are there other ways of launching boats if the public dock at Walker Lake is closed?

MR. MORROW:

There are other places on Walker Lake to launch. We will keep the gates open at the public dock in case there is an emergency need to launch a boat.

CHAIR WOODHOUSE:

Will converting from four administrative regions to two allow you to manage the parks properly? Is this a permanent or temporary change?

MR. MORROW:

The change will increase the travel time and distance between parks, but we can still manage them well. The distribution of funds between the two new regions, and among the parks, will be equitable.

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CHAIR McCLAIN:

Please estimate how much money we have lost each year since the last Legislative Session due to the Governor's veto of a request to assess fees for weddings at the Valley of Fire.

MR. MORROW:

I cannot estimate that. We continued to run the wedding program even without the expanded staffing. We ran about 1,000 weddings before applications slowed down dramatically due to the economic crisis. We were estimating a fee of \$150.

CHAIR McCLAIN:

Would it have saved many parks?

MR. MORROW:

It would have helped at the Valley of Fire. With the economic crisis, however, we are no longer seeing a high level of usage.

CHAIR WOODHOUSE:

If we could restore funds, what would be your top five priorities for spending?

MR. MORROW:

I cannot provide those to you right now but will prepare a list and submit it to your staff.

CHAIR WOODHOUSE:

Please do that.

ASSEMBLYMAN GOICOECHEA:

As a result of reducing your park operating hours, will you need to furlough employees?

MR. MORROW:

We have no plans to do that. Most of the locations are not associated with a position. The one instance where a position exists is at the Ward Charcoal Ovens State Park. We plan to use that individual to help with activities at Cave Lake.

ASSEMBLYMAN GOICOECHEA:

Can we realize a budget savings by maintaining personnel?

MR. BIAGGI:

The changes we propose in operating hours occur in the seasonal months. Seasonal employees will not be brought on for as long a period of time. It will not impact FTEs.

SENATOR COFFIN:

Why are we reducing the hours of operation for park facilities to save a relatively low amount, such as \$6,700, when we have fee revenue from those facilities exceeding the amount of the savings?

MR. BIAGGI:

In trying to meet our department revenue targets, we originally considered closing State parks. However, we decided that was not in the best interest of Nevada citizens and visitors to the State. We decided, instead, to implement these temporary seasonal closures which enabled the DCNR to meet its reduction targets. While those seasonal closures only saved a modest amount of money, the overall impact worked out best for our agency and our visitors.

SENATOR COFFIN:

If we have revenues that exceed what you are saving, even with these partial closings, does it not make sense to continue to receive such revenue?

MR. MORROW:

In each of these cases, there was a recommendation for a certain amount of savings. There was also an associated loss of revenue. However, there was still a net savings to the General Fund. While it was not a significant amount, it helped us to meet our target reductions without having to close State parks.

SENATOR COFFIN:

I still do not understand.

JIM RODRIGUEZ (Budget Analyst, Budget Division, Department of Administration):

The net savings between the reduction in budget and the loss of revenue is positive. That is, it would still cost more to operate the park than the revenues obtained from its operation. These are short-term closures that can be reversed as opposed to complete park closures which would be more difficult to reopen.

CHAIR WOODHOUSE:

What does the DCNR plan to do with the noxious weed equipment purchased for the Panaca Region? Will the Southern Nevada Region crew be able to adequately cover the noxious weed area that was previously covered by the Panaca Region?

MR. MORROW:

We intend to transfer that equipment to one of the two new regions. We would continue the program out of the new regions. It will, however, increase the distance the crews would have to travel.

ASSEMBLYWOMAN KOIVISTO:

Having to drive so much farther to the job site with the current high-fuel prices may not result in overall savings.

ASSEMBLYMAN GOICOECHEA:

We should contract with private weed management companies to do the job. It may be more cost effective than having crews drive great distances to the job site.

ASSEMBLYMAN HOGAN:

The cultural and educational benefits of limiting these State park services, when coupled with those from other agencies like libraries and museums, will have a devastating impact for years to come.

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CHAIR WOODHOUSE:

What would be the impact to the Division of State Parks if the replacement of Tourism Account Funds with General Funds, as recommended in the Governor's budget, is not approved?

MR. MORROW:

It would be devastating. We would be faced with complete closure of State parks and the elimination of staff.

CHAIR COFFIN:

If we did not purchase a snowblower and snowplow for Wild Horse State Park, and put that \$15,000 into the park's operating budget, would that allow you to function better for another two years?

MR. MORROW:

Those items are critical to the continued operation of Wild Horse. The snow and road access conditions there can be extreme.

CHAIR COFFIN:

If you had to choose between purchasing the two pickup trucks and keeping people employed, how you would choose?

MR. MORROW:

Retaining employees is more important than purchasing the trucks.

CHAIR WOODHOUSE:

We will now open the hearing on B/A 101-3173, Administration.

DCNR – Dep Administration – Budget Page DCNR-123 (Volume III)
Budget Account 101-3173

LEO DROZDOFF (Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources):

Please refer to my handout entitled "Nevada Division of Environmental Protection, Leo Drozdoff, Administrator, 2010-2011 Agency Budget Overview" ([Exhibit E](#), original is on file in the Research Library). Page 2 is a chart showing our revenues. Only about 1 percent of our revenue comes from the General Fund.

CHAIR WOODHOUSE:

How do your two performance indicators measure the effectiveness of the Nevada Division of Environmental Protection (NDEP) in overseeing its various regulatory responsibilities?

MR. DROZDOFF:

They are good indicators. One measures our network down time and the other measures audit findings. We have implemented a new payment system and have had no problems with our computer network. We were audited by the U.S. Environmental Protection Agency (EPA) who looked at a cross section of our federal grant. We were not required to take any corrective action as a result of their findings.

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CHAIR WOODHOUSE:

We will now open the hearing on B/A 101-3185, Air Quality.

DCNR - Dep Air Quality – Budget Page DCNR-129 (Volume III)
Budget Account 101-3185

MR. DROZDOFF:

Within this budget we have the Bureau of Air Quality Planning and the Bureau of Air Pollution Control. We completed a greenhouse gas emissions inventory following the passage of S.B. No. 422 of the 74th Session. In addition, we continue to implement our Mercury Control Program, yielding significant reductions in mercury. We continue to ensure our permitted facilities maintain a high rate of compliance. There were delays in completing some permit actions due to the temporary hiring freeze and staffing issue, yet we are recovering and do not anticipate any long-term problems.

With regard to our reserve level, we implemented a new fee schedule in December 2006. This has worked well. While we had a low reserve level in the past, we are now beyond that. Since this budget account does not rely on money from the General Fund, we put savings from the negative enhancements based on salary and benefit reductions into our reserve category. This amounted to about \$400,000 in FY 2009-2010 and about \$500,000 in FY 2010-2011 which has artificially inflated that reserve account. I am planning to submit a budget amendment on this account to adjust decision units E-670 through E-673 which will provide a more accurate reflection of what our reserves are.

E-670 Temporary 6% Salary Reduction – Page DCNR-125

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page DCNR-125

E-672 Suspend Longevity for FY10 & FY11 – Page DCNR-125

E-673 Implement SAGE Commission Recommendation – Page DCNR-126

CHAIR McCLAIN:

Will you use this type of rearrangement to offset funds you receive from the Department of Motor Vehicles (DMV)?

MR. DROZDOFF:

We are planning to keep those within the NDEP.

CHAIR McCLAIN:

How much do you get in fees from the DMV?

MR. DROZDOFF:

We get \$2 million each year from the DMV. That is our guaranteed revenue source. It is something we can count on. We are seeing reductions in our fee programs.

CHAIR McCLAIN:

I understand that; however, you also have a massive reserve level and there are other State departments which are struggling.

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MR. BIAGGI:

These funds are especially critical for the NDEP operation because we are seeing reductions in fees as the result of the economic downturn.

MR. DROZDOFF:

When the budget amendment is completed, the reserve will not be as large.

ASSEMBLYMAN GOICOECHEA:

What is the status of the air quality permit for LS Power in Steptoe Valley in White Pine County?

MR. DROZDOFF:

It is being processed. Based on decisions by the EPA Environmental Appeals Board, we have given public notice on a specific question about how carbon dioxide emissions are treated. That public comment period closes on March 25 2009.

CHAIR WOODHOUSE:

We will open the hearing on B/A 101-3186, Water Pollution Control.

DCNR - Dep Water Pollution Control – Budget Page DCNR-136 (Volume III)
Budget Account 101-3186

MR. DROZDOFF:

This budget contains 33 FTEs which are funded by fees and grants. We maintain high levels of compliance at our facilities. We have made significant operational improvements in terms of our ability to review subdivisions and have implemented a Web-based method of issuing public notices.

We are seeing a dramatic downturn in our fee programs which has reduced the reserve amount. We have shifted personnel to larger workloads for efficiency. I am planning to submit a budget amendment on this account to adjust decision units E-670 through E-673 to provide a more accurate reflection of our reserves.

E-670 Temporary 6% Salary Reduction – Page DCNR-138

E-671 Suspend Merit Salary Inc for FY10 & FY11 – Page DCNR-139

E-672 Suspend Longevity for FY10 & FY11 – Page DCNR-139

E-673 Implement SAGE Commission Recommendation – Page DCNR-139

CHAIR WOODHOUSE:

Can you achieve budget savings with these vacancies?

MR. DROZDOFF:

Yes. We will work with the Budget Office on that.

ASSEMBLYMAN HOGAN:

If we can reduce or eliminate proposed salary and benefit reductions, will this decrease your reserve situation into a negative position?

MR. DROZDOFF:

We have been holding off on all discretionary spending and reassigning employees to cover gaps in the work caused by vacancies. We will be able to do the job even if those negative salary enhancements are back in the budget. We had a request for a replacement vehicle and have decided to defer that purchase.

CHAIR MCCLAIN:

What are your vacancy savings in this budget?

MR. DROZDOFF:

We submitted a budget amendment with vacancy savings of \$274,000.

CHAIR MCCLAIN:

Will that help with your negative reserves?

MR. DROZDOFF:

Yes, it will.

CHAIR WOODHOUSE:

We will open the hearing on B/A 101-3187, Waste Management and Federal Facilities.

DCNR - Dep Waste Management and Federal Facilities

Budget Page DCNR-142 (Volume III)

Budget Account 101-3187

This is our largest budget. It encompasses the Bureau of Corrective Action, the Bureau of Federal Facilities and the Bureau of Waste Management. This budget account has 68 FTEs funded by fees, federal grants and reimbursements. We have a large workload and continue oversight of major contaminant remediation projects including the 2,200-acre Basic Remediation Company site in Henderson. We have managed to accomplish this without EPA Superfund monies.

We continue to maintain a high rate of compliance in all our programs. We have made improvement in our recycling rate, now 22 percent. While this is still below the State goal, it is a 4-percent increase over past years. We have run a successful remediation program to reduce the amount of the chemical perchlorate going into Lake Mead. However, the business we contracted to do that has gone bankrupt and we now spend more time engaged in that process.

In decision unit E-350, we have requested technical service support to help us oversee various contaminant remediation projects.

E-350 Environmental Policies and Programs – Page DCNR-145

In decision units E-710 through E-713, we have requested replacement field vehicles. One vehicle did not meet our fuel mileage requirements, and will include that deferral in our budget amendment.

E-710 Replacement Equipment – Page DCNR-147

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E-711 Replacement Equipment – Page DCNR-148

E-712 Replacement Equipment – Page DCNR-148

E-713 Replacement Equipment – Page DCNR-149

ASSEMBLYMAN HOGAN:

Why did you not want to use Superfund monies to help clean up the Henderson site?

MR. DROZDOFF:

A site may score high enough to be put on the Superfund list, but that does not necessarily mean it will compete favorably for funds. In addition, the stigma attached to rehabilitating a Superfund site made us decide against it. We are able to clean the site far more quickly than under the Superfund program. The entire cleanup has been privately funded. This is an incentive, not only to the developers, but to the City of Henderson and Clark County as well.

ASSEMBLYWOMAN KOIVISTO:

What is the Maryland Square site?

MR. DROZDOFF:

Maryland Square Shopping Center is an historic area in Las Vegas. A dry-cleaning company formerly located at the site improperly disposed of the contaminant perchloroethylene. We are doing the cleanup and working with the residents of the area. The dry-cleaning business filed for bankruptcy, further complicating our efforts.

CHAIR WOODHOUSE:

We will open the hearing on B/A 101-3188, Mining Regulation and Reclamation.

DCNR - Dep Mining Regulation/Reclamation – Budget Page DCNR-152
(Volume III)

Budget Account 101-3188

MR. DROZDOFF:

In decision unit E-350, we are asking for one new staff engineer III position.

E-350 Environmental Policies and Programs – Page DCNR-154

The Bureau of Mining is completely funded by fees. Because the price of gold is now so high, it has led to an increase in activities in this program. We are asking for one new position to handle that increased workload. The position will be paid by the increase in fees due to the increase in applications.

Total reclamation bonding in this State is \$1.2 billion. We work well with environmental groups and the mining industry to streamline many of our elements. We have developed the Standardized Reclamation Cost Estimator which has improved the bonding process.

Decision unit E-710 requests one replacement vehicle and replacement personal computers.

E-710 Replacement Equipment – Page DCNR-156

CHAIR McCLAIN:

Does the reclamation bond require the miners to close the hole they made when they are finished in addition to reclaiming the surrounding area? When do they get their bonding back?

MR. DROZDOFF:

In some cases, they have to close the hole. The mining company gets their money back when the site has been returned to productive post-mining land use. However, the larger mines reclaim as they go. If part of the mining site is completed, and they have reclaimed that area, they can get a portion of the bonding back.

CHAIR McCLAIN:

Can we require them to reclaim the land as they go along rather than waiting until they are completely finished with the site? The mining companies take tax deductions on their net proceeds for reclamation as an expense and carry it over a number of tax years. How long does it take to reclaim an area? Do we need to determine whether they are taking deductions for longer than they actually spend reclaiming the site?

MR. DROZDOFF:

I am not an expert on what the mining companies can claim in taxes. However, our bonding practices require monitoring and post-closure monitoring for a long time – often as much as 20 to 25 years.

CHAIR McCLAIN:

Is the bond amount enough to motivate them to reclaim the site as they go?

MR. DROZDOFF:

Yes. These bonds are based on conservative estimates made on third-party costs. This is the leverage we have with the mining companies. We do not want to return a portion of the bond money and discover we still have an environmental problem years later.

CHAIR McCLAIN:

If they expand their operations, does the bonding increase? Do they have to get approval from the NDEP to expand?

MR. DROZDOFF:

Yes. The bonding costs increase as they expand. Not only do they have to get our approval to expand, but they must come to the NEPA every three years with updated costs.

SENATOR RHOADS:

What is the status of the Jarret Canyon Gold Mine?

MR. DROZDOFF:

The NDEP is working with that facility in the program areas of mining, waste disposal and air quality. We shut the facility down based on mercury emissions.

They briefly restarted and then decided to close again. We are meeting regularly with representatives from the parent company, Queenstake Resources, Ltd.

CHAIR WOODHOUSE:

Performance Indicator 1 shows a decrease in the amount of actual mining operations inspected for reclamation in FY 2007-2008. Will acquiring the new position impact the number of mines inspected for reclamation?

MR. DROZDOFF:

We have seen a dramatic increase in caseload. The new position will help us return to our historical percentage.

CHAIR WOODHOUSE:

We will open the hearing on B/A 101-3193, Water Quality Planning.

DCNR - Dep Water Quality Planning – Budget Page DCNR-164 (Volume III)
Budget Account 101-3193

MR. DROZDOFF:

The NDEP has reorganized State water quality standards and updated standards for the Muddy River in southern Nevada. We have issued more than \$1.3 million in contracts to local and State agencies to implement nonpoint source pollution control programs, stream restoration and public education projects. Anticipated General Fund cuts will reduce the number of routine and special project water quality monitoring sites and lengthen the water quality standards review and revision process. As part of the DCNR strategy of meeting our targets, we have suffered General Fund reductions from \$380,000 down to about \$212,000. This represents a 44-percent reduction in General Fund revenue.

CHAIR McCLAIN:

Will holding that position open jeopardize federal funding?

MR. DROZDOFF:

Not yet, but we are getting close. The minimum for federal matching funds is approximately \$190,000 and we are down to \$212,000. There is not much room left.

CHAIR McCLAIN:

What was the reason for the increase in federal fund revenue from \$2,490,241 in FY 2007-2008 to \$7,457,019 in FY 2008-2009?

MR. DROZDOFF:

Much of that was contract money and funds we carried forward. The NDEP distributes a great deal of money. I will explain this in more detail to your staff.

CHAIR WOODHOUSE:

Please explain your four new performance indicators and tell us how effective you anticipate they will be.

MR. DROZDOFF:

All four performance indicators are outcome based. Performance Indicator 1 quantifies perennial river and stream miles monitored for water quality versus all

total perennial river and stream miles in the State. Performance Indicator 2 is the number of water quality standards reviewed and, if necessary, revised. These two indicators measure the basic functions of the Bureau of Water Quality Planning.

Performance Indicator 3 is the amount of the Clean Water Act Section 319 Nonpoint Source grant funds awarded through contracts versus the amounts available to be awarded. Money awarded through Section 319 can be used to leverage additional federal funding. Performance Indicator 4 measures the number of laboratories certified to perform water analysis in keeping with requirements of the Safe Drinking Water, Clean Water and Resource, Conservation and Recovery Acts. It is vital that we have accurate information from these laboratories to do our job properly.

ASSEMBLYMAN HOGAN:

How will President Obama's Administration federal policy on the environment affect the NDEP? Do you anticipate the need for funding from the Interim Finance Committee (IFC)?

MR. DROZDOFF:

The new Administration has added significant resources to the EPA. We hope some of the funds will make it down to our level. If it does, we will likely be coming before the IFC.

MR. BIAGGI:

The stimulus package has a substantial amount of dollars coming our way through the Safe Drinking Water programs though probably less likely for the Superfund projects. I am not sure of the reason for that. Some may go to Brownfields Revitalization Act programs for the redevelopment of impacted lands and for leaking underground storage tanks. We have good, mature programs that can funnel these monies into the communities and create jobs quickly.

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CHAIR WOODHOUSE:
There being no further business before this Subcommittee, this hearing is
adjourned at 9:56 a.m.

RESPECTFULLY SUBMITTED:

Michael Archer,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE:_____

Assemblywoman Kathy McClain, Chair

DATE:_____