

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

**Seventy-Sixth Session
February 16, 2011**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:07 a.m. on Wednesday, February 16, 2011, in Room 3143 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/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn K. Kirkpatrick, Chair
Assemblywoman Irene Bustamante Adams, Vice Chair
Assemblyman Elliot T. Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblyman John Ellison
Assemblywoman Lucy Flores
Assemblyman Ed A. Goedhart
Assemblyman Pete Livermore
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Peggy Pierce
Assemblyman Lynn D. Stewart
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst
Cyndie Carter, Committee Manager
Sheryl Burrows, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Nancy Boland, Chair, Board of Commissioners, Esmeralda County
Clara Andriola, President/CEO, Nevada Chapter, Associated Builders and Contractors, Inc.
James Ithurralde, Commissioner, Board of Commissioners, Eureka County
Michael Mears, Assessor, Eureka County
Jake Tibbitts, Natural Resources Manager, Eureka County
Paul Mathews, Commissioner, Board of Commissioners, Lincoln County
Jeff Page, County Manager, Board of Commissioners, Lyon County
Joe Mortensen, Commissioner, Board of Commissioners, Lyon County
Chuck Roberts, Vice Chair, Board of Commissioners, Lyon County
John S. Lampros, Chair, Board of Commissioners, White Pine County

Chair Kirkpatrick:

[Roll called.] We are going to have a work session on one bill that we believe that we can move forward. We will start with Esmeralda County, and then go to the work session on Assembly Bill 144. Typically I post them ahead of time. However, we were trying to work through some issues. I think they are all resolved. In the future, you will see a list on the door as we find bills to work through.

Nancy Boland, Chair, Board of Commissioners, Esmeralda County:

Page 2 of our presentation ([Exhibit C](#)) represents the governmental agencies within our county, both formal and quasi-formal. We have a county government that is split into the county commissioners, the equalization board, the school district, and the conservation district as distinct entities. The county board of commissioners is responsible for basically everything: highways, regional transportation, the planning commission, and the liquor board. Other decision boards are the library board, the wildlife board, and the debt committee. We have advisory boards, some town boards, an energy committee, an airport committee, a land use committee, and, because of the Yucca Mountain oversight, a repository citizens board.

On page 3 is our organizational chart of the officials and functions. Most of these are prescribed by the *Nevada Revised Statutes* (NRS).

On page 4 is a flow chart of our emergency services. All of our fire and ambulance people are volunteers. We have no paid personnel in those positions.

Department duties start on page 5. The mission of the Board of Commissioners is to represent, protect, and serve our citizens. We have numerous duties. We listen to our constituents, attend the commission community meetings, and represent the county on intergovernmental boards, authorities, and committees. We represent the county with the state and federal governments. We are responsible for fiscal management, budget protection, and preservation of county-owned property; enactment of ordinances and public works; approval of contracts, land planning, and subdivision/parcel regulation, roads, bridges, and municipal utilities, provision of emergency services; operation of parks, libraries, community centers, and cemeteries; care of indigent persons and indigent legal defense; granting of certain licenses; setting certain tax rates; declaring emergencies; and the rest of the 7,741 hits in the 221 documents when you search for county commissioners in the NRS. In addition, because Esmeralda has no county managers, our Commissioners directly supervise the public works supervisor, road and solid waste operations supervisor, four fire chiefs, three ambulance coordinators, the economic development administrator, and our administrative assistant. We also perform functions that in larger counties are performed by staff, such as project management, cost estimating, and budgets for proposed projects; preparing and commenting on environmental assessments, information documents for projects; and writing resolutions, policies, and ordinances.

Our public works department only does building and property maintenance. In other counties, it is usually the whole gamut including roads et cetera.

Our road department does take care of roads and also takes care of our solid waste management. Our solid waste is an issue with our three, very widely-spaced communities where we have transfer of boxes. Also we have Gold Point where we do provide a dump truck that is driven to town. It is very hard and expensive for our county because everything has to be transferred to one common landfill in Goldfield. Goldfield is 70-plus miles from our furthest community, Fish Lake Valley.

Chair Kirkpatrick:

Does anyone have any questions? I wanted to compliment Esmeralda County, because when I came through Goldfield this time it seemed that repainting was in progress.

Nancy Boland:

That is courtesy of the Nevada Department of Transportation (NDOT). It is one of those community improvement grant projects. It has been like five years.

Chair Kirkpatrick:

It looks great. I love that historical building on the left side.

Nancy Boland:

Our emergency services are directed by our sheriff who is also our emergency services manager.

Our economic development department seeks and writes grants for county projects. They provide information and act as a liaison with industries or developers interested in Esmeralda County. We are currently not associated with Nevada Commission on Economic Development (NCED). We get no money from NCED. We broke ties with that development organization, as they concentrated all their effort in one particular area of Nye County. They did not service Esmeralda or northern Nye County so we pulled out. We have not had any association with or funding from them for a number of years.

Senior services are performed by our administrative assistant. She coordinates with Nye County Nutrition and Transportation programs and serves on the Senior Nutrition Services board. She also performs record keeping and administrative functions associated with operations in Esmeralda County. Our senior transportation service might be unique to Esmeralda County. Once a week, we pick up seniors from our communities and transport them to Tonopah so they can have a meal at the senior center, shop, bank, and go to medical appointments. The transportation service also delivers meals on wheels, which in our case is frozen dinners for those that are homebound and eligible for that service. The senior transportation service also provides the invaluable service of transporting people with medical appointments for specialty care to Reno, Fallon, Las Vegas, and even sometimes beyond. People other than seniors can use that service, but they must pay. That is also true for the weekly trips to Tonopah. We have no public transportation.

We have three libraries that are open at least three days a week. They do a wonderful job for our communities. One librarian is in charge of all three libraries. She procures the materials for the library. We participate in the state library system of Cooperative Libraries Automated Network (CLAN).

Our district attorney's duties are all NRS defined. Our sheriff's duties are also defined by NRS and, as mentioned before, he directs our emergency management. His office also does the billing for county business licenses. He

also does background checks of applicants for liquor licenses, brothels, et cetera.

Our assessor's duties are also defined by NRS, but in Esmeralda she also does the vehicle titling and registration for the Department of Motor Vehicles (DMV). I think she is the only assessor that does this. This is very helpful to the people in Beatty, Tonopah, and our county because there is very little wait in the assessor's office. Many people from all our communities use her. She also maintains the counties fixed asset list.

Our auditor-recorder does her duties as prescribed by the NRS for those two functions. She also serves as our human resources department within Esmeralda County. This is generally an administrative function that falls down through a county manager. She keeps us compliant. She recommends updates to policy and takes care of our drug testing programs.

Our clerk-treasurer also performs her duties as defined by NRS. She also has some unique responsibilities. The clerk-treasurer also prepares bills and receives payments for Goldfield Utilities and Silver Peak Utilities. She also distributes the state commodities. She takes care of social service assistance. She does the Community Services Block Grants (CSBG) funds and distribution and the reports associated. She handles fictitious names. She does the initial business license applications for regular businesses, marriage licenses, bills for ambulance services, and highway rescue billing.

The justice of the peace's mission is to provide a quality, professional judicial institution for all the people of Esmeralda County by application of the laws and ordinances which govern its jurisdiction. Her duties are prescribed by the NRS. She does all of her own filing but does have a part-time clerk that fills in when she is on vacation or otherwise unavailable. Our justice of the peace is a very hard-working lady. Esmeralda County has a high volume of traffic tickets because there is so much state highway in the county. We have very diligent law enforcement personnel as well.

The county also has a public administrator and public guardian as prescribed by the NRS.

On page 10 of our presentation ([Exhibit C](#)) is a list of services that our county provides. As I was writing this list, I was surprised how long it is. I would like to highlight some of these services. Our law enforcement spends a large amount of time and effort enforcing on federal lands. Perhaps you have read in the papers that in the State of Nevada, there have been some very big finds of marijuana growing in wilderness areas, forest areas, and Bureau of Land

Management (BLM) lands near Dyer, Nevada, which is in Fish Lake Valley. There was millions of dollars worth of marijuana involved. Our law enforcement officers spend a great deal of time coordinating and supporting these actions, probably more time than they spend on our local enforcement.

Esmeralda County has its own ambulance service. That primarily benefits tourists and motorists. We have highway rescue, such as extractions from vehicle wrecks, which is, again, tourists and motorists. Like all the other counties, we provide the 911 system which is at our expense and also primarily benefits the tourists and motorists.

All the fire personnel are volunteers. We participate in wild land firefighting as well, which benefits the state and federal governments. Search and rescue is also done, but there is no formal organization. That benefits tourists and motorists for the most part, as locals rarely get lost.

The senior transportation system and meals have already been discussed. Commodities distribution is done by each community when it is available. We give emergency aid to travelers, usually giving them five gallons of gas or less.

We participate in a discount prescription drug card service that is offered through Nevada Association of Counties (NACO). We give them out to those in the county who do not have medical coverage. There is no limitation on income, just that they do not have their own insurance. That has benefited the people in our county by some \$14,000. We also lease, on a temporary basis, medical equipment such as wheelchairs, crutches, and other items that can be reused.

Our libraries have audio books, DVDs, regular books, and videos to borrow. We have no free broadcast television anywhere within Esmeralda County, so this really helps the many people who cannot afford satellite TV service. We offer high speed Internet at all of our libraries for the general public and for businesses temporarily in the area. Tourists have also used it. The library also offers children's reading programs in school, after school, and during summer.

Our community centers are available for training or events.

The county does record archiving and research assistance, which primarily benefits title companies, historians, and mining companies.

Road maintenance primarily benefits tourists, mining companies, renewable energy companies, and off-highway vehicle race organizers. When they hold

off-road races, it benefits the economies of Mineral County, Nye County, and the State of Nevada, because we have no retail in Esmeralda County.

I have discussed solid waste. You understand the potable water system. We supply potable water to entities such as construction companies, mining companies, or drilling companies. The county also will provide non-potable water to those entities.

The county digs graves, which benefits local residents, present and past.

The county has a contract with a local attorney who provides public defender services. We do not do it through the state. Our contract includes capital cases which we have not had for a long time. That benefits people without means who are charged with crimes.

The county provides a public guardian and public administrator for resident and beneficiary assistance.

We collect fees and remittances, such as tickets, mining claim fees, et cetera, which helps local and state governments. Our tax billing, collection, and remittance on real property, personal property, and water taxes help state and local governments. Recording fees, recording services, assessment services, DMV registrations, and translation services help the general public.

We also offer videoconferencing in all our elementary schools, which may be unique to Esmeralda County because we are so small. We use the system to offer education materials from a variety of sources. It is available to high school and adult students wishing to take courses by that method. There are afterschool activities in Fish Lake Valley. There is a tutor on the activity bus, which takes the high school students who are participating in athletic programs back home because they all go to school in Tonopah, which is a long trip. They are tutored if needed on that bus which helps them a lot.

We have a well camera which we rent.

We also participate in the running of the juvenile detention camps which are financed by Nye, Mineral, and Esmeralda Counties.

[Chair Kirkpatrick left the room. Vice Chair Bustamante Adams assumed the chair.]

Vice Chair Bustamante Adams:

Before you go on, I would like to ask if any of the Committee members have questions.

Assemblywoman Neal:

You have the Internet capability, but you do not have radio, is that correct?

Nancy Boland:

That is correct. It is a reception issue.

Assemblywoman Neal:

What are some of the activities you have for the school children? What is your population of children?

Nancy Boland:

I am not sure how many children we have. The reason we have the afterschool activities in Dyer is because we have many children there. They do track and field. If there is bad weather, they have activities in the community center. That is all done by volunteers. If there is any afterschool activity, it is all done by volunteer parents.

Assemblyman Anderson:

What do you think Esmeralda's biggest challenge is?

Nancy Boland:

That is just what I was going to discuss.

Vice Chair Bustamante Adams:

Before we move on, I want to make sure there are no more questions.

Assemblywoman Pierce:

Congratulations on the school scores. You had a new census. Did you gain or lose people?

Nancy Boland:

The United States Census always undercounts us. It looks like we lost people on the census. Unfortunately, they did the count at a bad time. Chemetall Foote Corporation had laid off half of its workforce in the town of Silver Peak. Immediately after the census, not only did they hire everyone back, but a precious metals mine opened. We went from being almost dead to having people "hot bunking" in whatever rental facilities were available.

Assemblywoman Pierce:

You said that high school students in Fish Lake Valley go to school in Tonopah. How long of a ride is that?

Nancy Boland:

All of our high school students go to Tonopah. It is 70 miles one way from Fish Lake Valley. Some of that is on a 55-mile-an-hour road. The activity bus goes from Tonopah to Goldfield, then from there to Blair Junction for the Silver Peak children and then to Fish Lake Valley, which is an even longer ride. They are on the football team. Nye County actually finances the operation of that bus because a lot of their best football players come from Esmeralda County. We provide the tutor part.

Assemblyman Stewart:

I am amazed with what you do with so little. I have read that Silver Peak has had a revitalization of their precious metal mining. Is that what is used in batteries?

Nancy Boland:

We have a lithium operation which is what is used in batteries. It has been there for quite some time but had a downturn and laid off half its workforce. That was a big concern to us. Senator Reid's, Senator Ensign's, and Representative Heller's offices all helped to support a grant application by that company under the American Recovery and Reinvestment Act for new battery technologies, which they received. Because of that, they not only rehired all of the laid-off people, but they expanded their operation somewhat in Silver Peak. We have also had the reopening of a precious mineral mine on Mineral Ridge that had been closed for a while. The parent company of that mine is Scorpio Gold Corporation. Their main operation in Nevada is near Elko.

Assemblyman Stewart:

The lithium operation is one of the largest in the country, is that correct?

Nancy Boland:

It is the only operation in North America currently.

Assemblyman Ellison:

I know you have some challenges by being surrounded by federal lands. Is most of it Bureau of Land Management (BLM) land?

Nancy Boland:

Yes.

Assemblyman Ellison:

The new Payment in Lieu of Taxes (PILT) management plan is coming. I hope you are looking at some of the issues that you and the rest of rural Nevada will face. Could you discuss that please? It will be controversial throughout northern Nevada.

Nancy Boland:

We are already involved in the revision of the resource management plan for the Tonopah field area. Eureka and Lander are also being revisited. One of our biggest concerns is a proposal by Secretary of the Interior, Ken Salazar, called the "Wild Lands" proposal. That policy is a very, very, very big threat, not only to our area, but to the entire state. What it says is that the BLM should constantly be looking at all of its holdings to find any area that is suitable for wild land management. Wild land management would be similar to wilderness management.

In his draft proposal of how this is to be executed, Secretary Salazar says even areas that have previously been disturbed by mining, or have historical value, or have had the noticeable presence of man, can be considered to be these wild lands if they offer solitude and it is not immediately noticeable that it is radically disturbed. During a mining slump, if an area looks like wild lands, they may begin to manage it like a wilderness by limiting motorized access. That limitation will cut off that area from exploration when mining goes into a boom cycle, and the land will remain fallow and then become the perfect candidates for a wilderness designation. This is a big concern for Esmeralda County.

The BLM does not like us much because we gave them maps of what we consider Revised Statute 2477 (R.S. 2477) roads a long time ago. Our definition and understanding of that from the law is that basically we own those roads. They were given to us by the U.S. Congress. We gave them the maps. They have changed policy several times. First they were going to recognize and then they would not recognize. It is too long to discuss here. We actually found all of the original maps that we sent them and we are digitizing them. We want them to recognize these as our roads.

When I went for training in Battle Mountain in preparation for this resource management plan, I was shocked to discover that the BLM had been spending millions of dollars getting Geographic Information System (GIS) coordinates on our roads. Our county and the State of Nevada have also been gathering these coordinates. We have all been doing the same job. We offered them our road layers, but I am sure they will not take that because they think they own the roads. They believe that they have the authority to tell our county which roads

can be opened and closed. We have had this battle before with the U.S. Forest Service. We have had some hard battles. That will be a challenge.

Just dealing with having that much land in federal hands in our county creates immense distances between communities. Existing communities cannot grow because they are surrounded by federal land and there needs to be disposals to do so. This is especially true in Goldfield and Silver Peak, where there are municipal utilities. We could double our population without spending capital on expanding utilities, but we cannot do that. Anywhere else that we have larger tracts of land are equally removed. It makes it difficult in our county. We do not get any tax revenue from the federal government. We get about 20 cents an acre in PILT payments. They collect about \$200 for a 20-acre mining claim, so they get \$10 an acre. It makes it hard to run the county because we do not have the revenues. If a big business came tomorrow and wanted to locate outside one of our communities, there would be no place to put them. What private land there is has something on it. That is a big problem.

Another problem is that the money earned in our county does not stay in our county. Many of the people who work for Chemetall Foote Corporation or this new precious metals mining company have residences elsewhere. That is even true of big projects. We buy everything somewhere else.

Vice Chair Bustamante Adams:

You did a great job of outlining your challenges. I appreciate that.

Assemblyman Goedhart:

How about Gold Point? Has that issue with the ownership and the deed of the land underneath that town been resolved or not?

Nancy Boland:

No, that has not been resolved.

Assemblyman Goedhart:

Could you tell these folks what is happening there? People have been living in a town, paying taxes for many, many years.

Nancy Boland:

The town began in 1908. It has not been resolved. The BLM is doing minerals validation on the claims. I do not know what is going to happen with that. We want to get those people legal any way we can. At this point it appears that they will have to buy their own land back again. If I get a good district attorney that will have a sense of humor, there is a little part in the NRS under public lands that we might try. That has been an issue for years.

[Chair Kirkpatrick returned and assumed the chair.]

Chair Kirkpatrick:

At this time we will go into work session on Assembly Bill 144 since everyone is here. Ms. Scholley will do a recap on the bill.

Assembly Bill 144: Makes various changes relating to bidder preferences on state and local public works projects. (BDR 28-64)

Susan Scholley, Committee Policy Analyst:

Assembly Bill 144 was heard in this committee on February 14. The primary sponsors of this bill are Assemblypersons Kirkpatrick, Ocegüera, Smith, Conklin, and Atkinson. There were also a number of cosponsors. As you recall, the bill provides a 5 percent bidding preference for contractors, applicants, and design build teams who meet five requirements, as set forth in the bill, which relate to the hiring of Nevada residents and the purchasing of a percentage of materials in the state. The bill also provides for some enforcement mechanisms and for penalties for violating the bill's provisions. At the hearing, concerns were expressed about various aspects of the bill, but no amendments were proposed. With that, I would be happy to answer any questions.

Chair Kirkpatrick:

To the freshmen, typically we do not hear testimony in work session because there were no amendments or opposition. However, in this case, I am asking Clara Andriola to make sure that her concerns were addressed. I know that Mr. Hardy was in Las Vegas this morning. I just want the record to be clear because I am all about the public process. There were some misunderstandings and concerns, but I thought we had addressed them. I want to put that back on the record.

Clara Andriola, President/CEO, Nevada Chapter, Associated Builders and Contractors, Inc.:

Thank you for allowing us to clarify. Certainly we have been working through some of those issues. We had some concerns on the verifications of identification. That has been addressed. We believe that there are still a couple of things we can work through. We understand that we will have the opportunity to do so, so we are supporting moving this forward and working with all those concerned parties to address the additional issues that we have.

Chair Kirkpatrick:

Like any good piece of legislation, there are always additional issues. Thank you for clarifying that for us.

Assemblyman Ellison:

I would like to reserve my right to change my vote because of the E-Verify provision in the bill.

Chair Kirkpatrick:

You want to reserve your right on this bill?

Assemblyman Ellison:

We are going to bring it up for full hearing, is that correct?

Chair Kirkpatrick:

It will be in a separate bill. When we go for a vote, I allow people to reserve their right to change their vote on the floor, as long as you let me know. I do not like to be blindsided and I am fair about working with everyone. Assemblyman Hickey has a separate bill on E-Verify already. It is acceptable to him not to put E-Verify on this bill. You can reserve your right to change your vote. I do not want to tell you how to vote. We worked out the E-Verify issue last night and this morning. There is a separate bill which is a better avenue because we can have a full hearing on it. I do not want to muddy the water. This bill in work session today is exactly as we heard it the first time.

ASSEMBLYWOMAN PIERCE MOVED TO DO PASS
ASSEMBLY BILL 144.

ASSEMBLYMAN ELLISON SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMAN GOEDHART VOTED
NO.)

Assemblyman Stewart:

No bill is perfect. I have a few concerns about it, but in the spirit of unity, we need to send a message to the people: a message of hope or a message that we are trying to create a situation to improve the economic situation with jobs. In spite of some concerns I have, I will be voting for it.

Chair Kirkpatrick:

Does anyone else have any other discussion?

Assemblyman Anderson:

I just wanted to go on the record in strong support. The testimony about construction dropping from 12 percent to 5 percent of our employment really hit me.

Chair Kirkpatrick:

Is there any more discussion? [There was no response.]

With that we will send this bill to the floor. Thank you for everyone working together in our first work session within Government Affairs. At this time we will invite Eureka County up.

James Ithurralde, Commissioner, Board of Commissioners, Eureka County:

[Read from prepared text ([Exhibit D](#)).]

Chair Kirkpatrick:

Does anyone have any questions? You have a great assemblyman.

Michael Mears, Assessor, Eureka County:

This is my first time at Government Affairs. Generally, I am sitting before you in Taxation. The three of us sitting here are Wrangler men. Having the three of us in suits and ties this morning when we are not attending a wedding or a funeral is quite a feat.

I was asked to address some of the challenges in Eureka County. Our primary industries are agriculture and mining. I found it interesting listening to Commissioner Boland from Esmeralda County because Esmeralda County is a lot like Eureka County in its make up, its challenges, its services, et cetera that it provides. I would like to clarify one point. The Esmeralda County Assessor is not the only county assessor that does Department of Motor Vehicles tasks; we do so in Eureka as well. It is another one of those many hats we wear because we are a small government.

Agriculturally, we have large cattle ranching operations as well as some of the highest quality timothy and alfalfa hay from our Diamond Valley agricultural area.

On the mining side, obviously gold and silver are the primary mining operations, but we are also seeing operations starting up with molybdenum and vanadium mining. Obviously, that poses its own challenges because the economics of a mining county mean you ride the roller coaster of the gold market. We ride that roller coaster regularly. We have been at the bottom when gold was at \$200 to \$250 an ounce. We have been on the other side of the coin when gold is up at

\$1000 to \$1200 an ounce. It is difficult at times, but the county has always been very fiscally conservative and has been able to weather those down times.

One of our biggest challenges in Eureka County is that we do not have any zoning anywhere in the county. We do not have a building department in the county. As the county assessor, I have to physically cover the 4,200 square miles of land to discover new construction in our county. I do not get a report from our building department that permits have been issued et cetera. We recently conducted a master plan update. The citizens of our county made it very clear that they did not want government regulation of their property rights. We have acknowledged that with no zoning. I get phone calls almost daily from people looking to relocate to Eureka County asking what the zoning on a piece of land is or what the building permit requirements are. I enjoy telling them that essentially you can come and do as you wish with the understanding that when you build it, I will come. That is really the only governmental interference that we have in the county: I will come and notice the construction.

We recently conducted a housing study in anticipation of some population growth due to mining activity in southern Eureka County. That study identified an immediate need for more single-family residences and apartment units. Without zoning, we are challenged in directing development to the locations we want. We have about 120 acres that we annexed into the town site several years ago. We wanted to direct the housing development into that location, but the private sector did not respond to that need.

Although Eureka County's market, much like Elko and Lander Counties, is fairly stable because of the mining influence, we suffer because of the state's current economic outlook, especially when it comes to housing. We do not have a strong market, so lenders do not have much appetite for lending. The majority of our housing is quite antiquated at over 50 years old or is manufactured housing. To move this project forward and to address our housing need, we ultimately entered into an agreement with the Nevada Rural Housing Authority (NRHA). They are assisting us with the development of the 120 acres. At this time we are expecting to break ground in the spring. Hopefully, in March we can start the dirt work out there. The plan is to have 50 apartment units and 16 single family lots available by summer's end. Those should fill up immediately according to the housing study. We would expect to continue to build out that development.

The population expansion will be placed where we can provide the best service for our citizens. We did a major water-sewer enhancement and expansion project in the town site last summer, preparing for this population boom we are expecting. We are working with NRHA to provide water and sewer service to

that site. We think it is a great way for the county to control the location of the development and meet the needs that the housing study recognized. We have had several public hearings to ensure the citizenry is comfortable with this project. We want them to be proud of the development and pleased with the investment that the county is making.

Chair Kirkpatrick:

Does anyone have any questions? We did a couple of bills last session that gave you the opportunity to consolidate some offices that went before the vote of the people, correct?

James Ithurrealde:

That is correct, but we did not do any of that.

Chair Kirkpatrick:

That was what I was looking for. What I am trying to show our new Committee members is that legislation does not always work, but it is an enabling tool. I received a lot of letters both pro and con. I think I heard from everyone in your county on how that would work, so I was curious on how it worked there.

Jake Tibbitts, Natural Resources Manager, Eureka County:

I would like to note that the 4,200 square miles of land in Eureka County translate into 2.7 million acres. Nearly 2.1 million acres is Bureau of Land Management (BLM) administered land, 145,000 acres is U. S. Forest Service (USFS) land, and 500,000 acres is State of Nevada land. A total of 82 percent of our land base is publicly owned. Nearly 100 percent of our economy relies on natural resources such as mining, agriculture, and recreation-based industries. The bulk of those activities depend on the use of public lands. This is a challenge for us like all the other rural counties and much of Nevada, as it is 87 percent federal land. A lot of our future is not in our hands.

A lot of outside pressure adds to that volatility, such as fluctuating gold prices that Mr. Mears spoke of. We have ever-increasingly prohibitive regulations from the federal level. Efforts, currently and historically, have been made to amend the mining law at the federal level to impose a gross royalty. That is an impact not only to the gold mining counties, but also to the state. If that gross royalty is imposed it will mean less net proceeds also to the state.

There are endangered species issues such as sage grouse. We are faced with a tenuous water supply and over-appropriation. Diamond Valley is the number one groundwater agricultural center in the state. We are solely reliant on groundwater for agriculture. There has been increased leverage by special

interest groups outside of the State of Nevada and even outside the United States. They tend to carry a heavy hammer sometimes. That sometimes trickles all the way down and imposes a lot of restrictions on us.

We are concerned about increased energy costs and regulation on carbon because of our dependence on ranching, farming, and mining that relies on petroleum-based energy. Also a cow tax, in which every cow is taxed, has been brought forth. These could have huge impacts on our way of life. In addition, there are many restrictions on post-mining land use. The BLM requires that transmission lines and facilities be removed when a mine is closed because of possible liability issues. Those facilities represent a significant investment of time and money. If that infrastructure is kept intact, it could be used for other types of industries in the future.

We are currently riding a wave, but that wave will crash at some time. Mining is the use of a nonrenewable resource. Someday it will disappear. I have been in Eureka for 2 1/2 years and have been impressed by the foresight of the local leadership and citizens. Looking into the future, we see that we need to protect our long-term, stable economic basis while also trying to bring in some new resources.

Assemblyman Stewart:

Last session we passed an increase in the mining claim fee. Has that had a negative impact on the number of claims?

Jake Tibbitts:

Yes, we have seen an impact. It has hurt the smaller operations. A lot of the smaller ones holding these claims are not operating. They are trying to define their resource moving forward with feasibility studies. It impacts them because they do not have a source of revenue. Some of the larger ones were not impacted as much. There has been a direct impact.

Assemblyman Stewart:

Could you send us some figures on the decline on the number of claims so perhaps we could adjust that later?

Jake Tibbitts:

Sure.

Assemblyman Ellison:

Assemblyman Stewart, thank you for that question. We have a study going on in Elko County. It will be beneficial for this Committee. You do your own fire district. You have the most amazing firehouse in the county. Can you discuss

that? Elko County is looking at changing how they do fire rehab, structure fires, and possibly, in the long term, rangeland fires.

James Ithurralde:

Our commission chair met with Pete Anderson of the Nevada Division of Forestry (NDF). We are still talking. We are not sure what direction we are going to take with the NDF. The NDF are very important to us because they are often the first responders to much of the area outside of town. Mostly it is volunteers, but the equipment they have is countywide. We are seriously concerned about losing that.

Assemblyman Ellison:

Elko County is currently facing the closure of one of the honor camps. We are trying to save it. They would be pulling the resources back all the way to Carlin. As a first response, that will not work. Your county must be facing the same thing.

James Ithurralde:

We like our NDF work crews out there because we use them extensively countywide in Eureka and, I am sure, in the neighboring counties. That is one of the best programs the State of Nevada has.

Assemblywoman Neal:

I am perplexed and really disturbed as I listen to Esmeralda and Eureka Counties. I want you to be able to develop and have a future and it is a weird dynamic. Does the state have the power to lease lands from the federal government for greater economic development, that is, additional land you can do more with?

Jake Tibbitts:

Yes, the state can help, but it is not that the land is not available. It is that there are so many restrictions on gaining access to federal lands for projects. There are the National Environmental Policy Act of 1969, permitting requirements, and a huge backlog of approvals the BLM must work through. As a governmental agency, the state or the local government can apply for certain uses of the land such as recreation and public purposes patents that we can get. We have done that for our fairgrounds property, for the annexation property where the housing is being built, for our sewer ponds, for our landfill, et cetera. For economic development, it is usually on the proponent who wants to come in. It is a tremendous amount of time and cost to be able to use the federal lands for that purpose. That land can be used as long as all the right studies are done, which is often a long process of five or six years.

Chair Kirkpatrick:

Do not make them talk badly about the BLM, because that will make the process even longer. They are not as friendly in the north as they are in the south. That is the truth of it. I have had them in this Committee, and they are very hard to work with, and they do not want to work with you in the northern part of the state. If they are listening, I am taking the heat because I do not need any BLM land. It is a very cumbersome process in the north. In the south, we are fortunate that the local governments can always ask for land for schools, but then there is something like a deed restriction for the land. There are some state lands available that we may be able to lease to the county for economic development. We need to do some outside-of-the-box thinking.

Assemblywoman Neal:

When geothermal energy became a hot topic in the news two years ago, there was fast-tracking and movement. When people want something, they make it happen. I was wondering if political pressure could be applied.

James Ithurralde:

Fast track for the federal government is 6, 7, 10, or 12 years.

Assemblyman Livermore:

Going east on U.S. Highway 50 to the eastern part of the state seems to be a great tourism draw. I live on this side of the state and I love to go that way and take my son on vacations there. Have you been working with the Department of Tourism to enhance that economy, whether it is a promotion or program that brings attention to the eastern part of Nevada?

Michael Mears:

Our economic development group in Eureka works hard to draw attention to our little town site. In the summer months we get a lot of traffic. We utilize our Eureka Opera House as a cultural events center. It is a great venue. It is a historic 1800s opera house. We have entertainment on a monthly basis from all over the world. There is a wide variety of entertainment styles. That pulls people into our community as well. We do not have quite the draw as Virginia City, but we have done some restoration projects to attract people to Main Street. Ely has done the same with their downtown area. We are trying to draw that tourist traffic. I do know that in the past several summers we have become a hot spot for motorcyclists. Being one myself, it makes sense because U.S. Highway 50 is a great ride. We have been seeing a lot more motorcycle traffic. Specifically, last summer we started to see more bikes that are both street and off-road. We have a lot of those kinds of trails and roadways. You can actually travel through the entire county without ever hitting pavement if you wish.

Assemblyman Livermore:

Do you have a 2011 plan in place?

Michael Mears:

We have an economic development board which is working on ways to promote our county. We have a car show event. This will be its third year. It has grown substantially each year. It is held over Mother's Day weekend. Last year we had 100-plus cars. We are expecting about 200 this year.

Chair Kirkpatrick:

Does anyone else have any questions?

I believe that you have a tour with a booklet for stamps that you can receive on its various stops. Do you also have cowboy poetry events? And do you have visiting hunters?

James Ithurralde:

We do have a walking tour. Our town is still small enough. You can pick up the map at the museum, opera house, or courthouse. You can walk through town and it will give you a little bit of history of every building we have.

Chair Kirkpatrick:

There are some unique perspectives. I am going to go that way on my way home this time.

James Ithurralde:

The gentleman that runs our opera house is retiring. He has won several awards. He just won the Governor's Arts Award for Leadership in the Arts. He has been a huge asset to Eureka County with our cultural events and tourism.

Chair Kirkpatrick:

I appreciate your coming. I think it is important for southern Nevada legislators to understand the differences and challenges across our state.

Now we are going to Lincoln County.

Paul Mathews, Commissioner, Board of Commissioners, Lincoln County:

The map idea is probably good when you mention towns like Panaca and Pioche. I checked into the hotel here last night and said I was from Panaca, Nevada. The hotel clerk had never heard of Panaca before.

My presentation may be somewhat different from the others. Because of time constraints and other issues, I have not prepared a written document for you. First of all, life is good in Lincoln County because we have a winning basketball team with a nationally recognized player with scoring titles and other things. I bring that up because it defines what Lincoln County is. The communities are very close-knit and very proud of the children they raise in a family-centered environment.

Lincoln County does not have the mining base that Eureka and Esmeralda counties do. Our unemployment rate is currently 14.2 percent, maybe a little higher than the state average and a little lower than Clark County. As that relates to housing, we do not have many foreclosures or other housing problems. But because we are so close to Clark County, a lot of our people are affected by the construction slowdown there. They return to Lincoln County, which is home, when their employment in Clark County ends. When they are working again, they move back to Las Vegas and participate in the construction industry.

Lincoln County also has a substantial number of poor people who do not ever move much in life. They are either unemployed or underemployed. That adds to our numbers. One of my concerns with the Governor's budget is social services, child welfare, juvenile justice, and indigent fund issues. The more things are kept the same, the fewer moving targets we have to adjust to on the county level. We are under budget constraints and staffed minimally at this point, as we have been for two years. The more the target continues to move, the harder it is for us to meet the needs of our citizens. The more you can do to add to the stability of the structure, the better off we will be.

The other counties discussed Bureau of Land Management (BLM) and the ratios of private land to public land. Our county is 98 percent federally-managed lands, a considerably larger percentage than Eureka County. We have only 120,000 acres of private land. About 900,000 acres of federal land have been designated as wilderness areas. There is much more wilderness area than private land. Lincoln County must work with the BLM favorably. We work with them on the regional management plan with all different aspects of the plan for the benefit of the county. We have a good working relationship, even though we do not always agree. We have a somewhat different perspective on the land disposals than Eureka and Esmeralda counties. When the wilderness areas were created, Lincoln County also had some disposal projects completed at the same time in Congress. Just north of Mesquite, 14,000 acres were disposed of and set aside for development. Because of the current economic climate, that development has been a roller-coaster ride which continues to affect the county. At one point we had a large staff including planning and building

departments to deal with the new development. But, as the economy slowed down and the developers disappeared, we became over-staffed and had to make that correction.

We have the same issue with the Coyote Springs development on the other side. That development has 24,000 acres of private ground on the southern border. That plan continues to change all the time. We are excited about the prospects of renewable energy industries there. Lincoln County has seen a serious amount of interest in solar projects. Some of these would be on private ground, such as the Coyote Springs Project, and a lot on publicly administered lands. Lincoln County has been very proactive as far as renewable energy and dealing with the BLM on which lands we would like to see solar projects. Currently, there is a solar Programmatic Environmental Impact Statement (PEIS) by the BLM that encompasses 150,000 acres in Lincoln County. While we support solar and see many benefits to the county and the state, we have to balance that development with our ranching communities. When you have acreages that are that large for potential solar, it affects the people who run their cattle there. So we must work through the plan carefully so that we have a balance by putting those solar projects in areas that are not prime grazing lands.

Another thing I would like to discuss with respect to renewable energy is the One Nevada Transmission Line (ON Line), which is a transmission line between LS Power and NV Energy. This transmission line is about to be built through Lincoln County. We have been supportive of that project. We wondered how that could benefit the county as far as the renewable portfolio. How can energy be moved on that? The answer so far is none. It is a point A to point B system. Even though there is a lot of interest in Lincoln County, primarily as far as renewable energies and solar development, there is no way to get it to market. The transmission line is the issue.

We are working with private industry, the BLM, and the Pinyon-Juniper Coalition to develop management plans and economic development with pinyon-juniper, mostly some type of electrical generation facility. This would have the advantage of managing our public lands by reducing the pinyon-juniper overgrowth that is impeding our grazing lands and generate economic benefit as well.

Chair Kirkpatrick:

I did not hear you talk about water. We hear a lot about complicated water issues, because Mesquite is so close. We have 21 water bills in this Committee in this session. If it is not an issue this session, that is good.

Paul Mathews:

Water is always a huge issue in Lincoln County. Lincoln County's position on water has evolved over the years as we respond to what the Southern Nevada Water Authority, Las Vegas Valley Water District, and Virgin Valley Water District are doing. Several years ago the Lincoln County Water District was created. At that time we came to some agreements with the Southern Nevada Water Authority and other entities on which basins they would pursue developing water resources and those they did not want. For the large part, the Lincoln County Water District gained some security from our main agricultural basins and communities being threatened by the over-appropriation of water by other municipalities that might move it south. That does not mean it is perfect. The Lincoln County Water District has had their own permits with which they have tried to develop to service the Toquop, which is the BLM disposal area just north of Mesquite. The economics of piping the water to the distant communities that have a shortage is a huge issue of the pipelines, the infrastructure, and managing the well fields. Is it affordable to build houses based on water that is moved 30 to 50 miles? We deal with all those issues constantly.

Another related issue is in the Lincoln County Land Act area we call Toquop. Some of those developers have filed to have that annexed into the City of Mesquite. That sounds simple enough until you start dealing with all the public works issues between the Virgin Valley Water District and Lincoln County Water District service areas. It is somewhat complicated, not to mention emotional, to some of the people involved. Water is a constant issue. We try to keep an open mind and base our decisions on science and the future. We want to preserve our communities, our agricultural heritage, and our springs. We think that we have been more proactive than other counties as far as negotiating agreements that work for us.

Assemblyman Stewart:

Have the cutbacks affected Cathedral Gorge State Park? Also, can you give us an update on Coyote Springs? How many houses and people are there now?

Paul Mathews:

There are six state parks in Lincoln County. Any cut to the state parks is big to our economy. The district office is located at Cathedral Gorge State Park from which all the state parks are administrated. As those budget numbers are cut, it affects tourism because park services are reduced. It also affects unemployment numbers because some jobs are lost. We are big supporters of the state parks. There are some great gems in the State of Nevada. There is very beautiful country and, in Cathedral Gorge's case, it is unique. Ursine, Eagle Valley, Echo Canyon State Park, and some of the other areas are

mountainous with recreation such as fishing. Cathedral Gorge has unique geological features.

The population at Coyote Springs is zero. The county line runs through the middle of Coyote Springs. About two-thirds of the property is in Lincoln County with the remaining property in Clark County. The Clark County side is still developing infrastructure. Pardee Homes and other partners there are constructing the sewer plants, power systems, and paved roads which move the project along. On the Lincoln County side there has been no residential development yet. The projects on the Lincoln County portion emphasize solar projects, other manufacturing projects, et cetera. They are always planning how to market the property for the economic benefit of the community. We appreciate having a developer in our county that has the resources to continue searching for economic beneficial projects.

Chair Kirkpatrick:

Does anyone else have any questions? The Committee should consider a driving tour that is available from the Nevada Commission on Economic Development that takes you down U.S. Highway 93. It takes you to every single city and the points of interest there, including the best breakfast. Outside of Alamo they are seeking some manufacturing because they have a unique spot with a rail spur and a major interstate. Assemblyman Goedhart and Assemblywoman Woodbury are both into energy, and we all understand that transmission is the key. Lincoln County is in a very good position for many different renewable resources. The availability of water is also helpful. Being on the interstate and the rail spur is going to put you on the map when you return in two years, I am sure.

Assemblyman Goedhart:

Could you discuss the flood control issues in Caliente?

Paul Mathews:

Because of the mountainous nature of Lincoln County, everything funnels through the Meadow Valley Wash through Rainbow Canyon to the south and then to the Moapa River which empties into Lake Mead. Most of our valleys are protected with good flood control structures such as dams or other retaining basins. As the overflows increase, Caliente becomes the location where the water collects. In 2005, there was a huge flood through there, which threatened residences in town along the bank of the creek and did extensive damage to the railroad as it continued south through Rainbow Canyon. The railroad has spent the last five years-plus rebuilding all that. It has been a multi-million dollar project. Then, just a few weeks ago, we had over a week of rain, and the saturation point got so high that the creek was running at full

capacity. There were places in the canyon that water was a half-mile wide. We actually moved more water than we did in 2005 over possibly more days. In Caliente it is a balance among government agencies. The city has the ability to clean the creek of debris. But then we become involved in the willow flycatcher issues, Section 10 of the Rivers and Harbors Appropriation Act of 1899 issues, Federal Emergency Management Agency (FEMA) issues, and U.S. Army Corps of Engineers issues, where the process is always slowed down or delayed. It is a constant worry for the communities, even for those south of us, because if we do not maintain it upstream, they will inherit the problem downstream. It is especially critical to the Moapa area.

Assemblyman Goedhart:

When that happened the last time, was there not a fear that the flood would take out your power substation off the side of the river?

Paul Mathews:

There is a power substation on the bank of the creek where it turns. It was moving enough boulders out of that corner that there was some concern that the substation might go. They are planning on where to relocate or change that turning point in the creek.

Assemblywoman Flores:

This is actually more of a comment. Since many of the Committee members are expressing an appreciation for your county, I felt compelled to share that I, too, spent some imposed time in Caliente as a kid. I am very appreciative of the time I spent there and the surrounding area. I have not voluntarily returned but plan to do so soon. I also developed an "imposed" appreciation of country music when I spent my time there.

Paul Mathews:

I appreciate that comment and the success story. The Nevada Youth Training Center is one of the jewels of our community and a prime employment center. I would hope that you would remember and realize the benefit of the people that work there. It is not just a job to many of them—they get very emotionally involved and work to change those juveniles' lives for the better.

Chair Kirkpatrick:

Let us invite Lyon County up.

Jeff Page, County Manager, Board of Commissioners, Lyon County:

Unlike some of the previous presentations, I do not want to go over in great detail what we do in county government. You have probably figured that out over the last two weeks. I do want to address our situation. At one time we

were one of the fastest growing counties in the nation, in the top ten. Now we have the highest unemployment and foreclosure rate in the State of Nevada. Our population increased 52.6 percent over the past 10 years, but we have seen a decrease from the 2009 high of 3.57 percent. Unemployment is a very large issue, which is partially due to the failing of the construction trades. More importantly, the majority of our citizens do not work in Lyon County but in Washoe County, Carson City, and Churchill County. They have lost their jobs in those counties, but because they live in Lyon County, it makes our unemployment rate appear drastically high.

There is a light at the end of the tunnel for Lyon County. A couple of counties have discussed mining. Lyon County's logo for years was the "Cattle King and Copper Hills." We are now looking at being the "Copper Hills" again with two mining projects in Mason Valley. As you all know, that does not happen overnight. There are a number of regulations. One mine, Nevada Copper, is about 95 percent private land, so they are moving along much quicker than the old Anaconda copper mine property, which is dealing with some federal land issue. There is also a small gold mine at the old Pine Grove mine site. I will be surprised if they open in 10 years because they are in the middle of U.S. Forest Service land, and the regulations are extensive.

Everyone in the State of Nevada is having financial difficulties. Lyon County, not unlike many counties, firmly believes that your financial problems are our financial problems. We believe that it is up to us to work with you to help resolve some of those issues. We have seen a number of bills. We have seen the Governor's budget in which he wants to have the counties either pay for or take over services. Although we are not opposed to that, we want to discuss with the Legislature how we do that. For example, we do not want to just be told that on July 1, 2011, we are doing community health or mental health or whatever the issue may be. We may not have the people and the skill set to take that on. We have looked into working with Carson City, for example, on regionalizing community health in Lyon County, Douglas County, Storey County, and Carson City. Throughout my presentation, you will hear the term "quad county," which is Lyon County, Douglas County, Storey County, and Carson City. We have been working together for years on public safety. When we first started our hazardous response team, which was a quad county team, Mr. Werner, Mr. Whitten, Mr. Brown, and I met on a regular basis to come up with ideas. We are looking at developing a regional geographic information system (GIS) so we can reduce staffing and afford a better service than we have today for less money.

Chair Kirkpatrick:

Could you go back over those "quad counties?" That interests me, because I heard so much opposition when we had the consolidation bill last session. It seems like we should have included you because you could have brought some insight to the discussion.

Jeff Page:

You know, it is amazing. When you start whacking our budget, consolidation is not such a bad thing.

Chair Kirkpatrick:

Shared services are a good word. What were those four counties again?

Jeff Page:

The four counties are Carson City, Douglas County, Storey County, and Lyon County. It has started over the years with the fire service because we work together everyday. It has just moved into every other aspect of county government. Lyon County has had some major changes in leadership in the last year. Commissioners Mortensen and Roberts have two years on the Commission, and the other Commissioners have a month. I am a new county manager having been on since June 2010. Before that, we had people that were brought in from the outside. I am the first one hired from within the county government. I have been in Lyon County my entire life except for a short stay in Washoe County when I was going to college.

We have taken some different roads to develop better economical solutions which will work for us in the long term. We already have inter-local agreements with Carson City on a water pipeline that goes from Carson City into the Dayton area. We are working with Douglas County on a variety of issues including our GIS mapping. We provide animal services for Storey County. Another change in Lyon County is that the school district and the two incorporated cities, Yerington and Fernley, are discussing sharing services with the county. Currently, Fernley does not have the equipment to maintain their gravel roads. In exchange for the county maintaining those roads, they will take responsibility for the facilities maintenance of county-owned facilities in Fernley and possibly maintenance for sheriff's vehicles assigned to Fernley. This has not occurred in the past. In our view, this has been a positive thing. We are, for the first time ever, able to reevaluate our organization and reorganize our operation to be more efficient and effective. We can also eliminate some of the turf issues that have occurred among the quad counties and the cities over the years. I am not trying to paint a rosy picture, but we are working on it.

We are looking at a \$1.8 million deficit for next year's budget based on declining revenues, payroll issues et cetera. With what the Governor is proposing in his budget, we will see between \$1.2 million and \$1.7 million in additional deficit. We have asked our department heads to prepare their budget proposals with 15 percent, 20 percent, and 25 percent reductions. Carson City did something similar last year. We can then have a priority budget cut list so as we see where we are going, we can identify where those cuts will be without returning to the Board of Commissioners to reapprove the budget multiple times. For the first time in my 25 years at Lyon County, the Board of County Commissioners and the elected and appointed department heads are all meeting together and developing solutions as a team. We are doing things in our county that we have not done before.

For those not familiar with Lyon County, it is about 2,100 square miles. Geography kills us. We have a great deal of "windshield time" every day. We have 65 county buildings throughout the county with six people to maintain them. A large portion of their day is spent driving between those facilities. We have several hundred acres of parks and cemeteries, with four maintenance people. The school district has a bus yard in Dayton with no shop. Their mechanic drives in from Yerington every morning to work on busses. There is a nice big shop where the utilities offices are, and we suggested he come there and work on the busses. If he is not busy on the busses, possibly he can work on our vehicles and share the resources.

I have heard much about land issues. We also have some land issues, although not as severe as some of the other counties. Approximately 75 percent of our county is owned by either the federal or state government. We have three state parks—Lahontan, Fort Churchill, and Dayton. We have a very large wildlife management area, Mason Valley Wildlife Management Area, that is owned by the state.

I heard some discussions about the Nevada Division of Forestry (NDF). We do not have all hazards and all risks NDF support in Lyon County. But, because the NDF is responsible for fire control and prevention on the state lands, especially with respect to the wildlife management area, we are very concerned about what happens with them. Two years ago 215 acres burned because of a farmer burning weeds. This was not good for habitat control. It is important to us that NDF stay in the wild lands business. We have no say or concern about what they do in the all risk business.

There has been a great concern about government wages and benefits. We too have those concerns. The website <www.transparentNevada.com> provides good factual information but does not provide the entire picture. For example,

you will see that we have a fire chief that makes \$200,000 a year. He does not work for the county. Our fire protection districts are four separate government entities of their own. They have their own tax rate and their own governing board. But, because we do their payroll, it shows up on < www.transparentNevada.com > .

We are in the midst of negotiations, so I must be careful with what I say. We have some very big concerns with NRS Chapter 288 and would like to see some language change and cleanup to make it more efficient and effective for us to manage our employees and those contracts. If anyone in this room thinks that a county or city asked to have binding arbitration, it is not the case. We are limited on the money we can put into contingency and capital improvements. Whatever is left over is negotiable. In the good years, when we were making a lot of money and houses were going up left and right, we had a lot of money with which to negotiate. We do not have a choice with binding arbitration. If we say no, we cannot do that, and the arbitration says we must give the funding. That is a big issue for us. We would like to see some change with NRS Chapter 288. We are working with two of our collective bargaining units right now. We are working through some difficult issues on wages and benefits, but they are working with us. It was not the case last year, but now they are willing to sit down and talk with us.

Lyon County has some serious water issues. We have three rivers or canals that run through our county—Walker River, Carson River, and the Truckee-Carson Irrigation District (TCID) canal that runs from the Truckee River to the Lahontan Reservoir. Each of those provides their own water rights and legal issues. The Walker River, which I am familiar with because I am from Mason Valley, had the federal government as well as tribal nations battling for water rights. The Carson River seems to be the least problematic river for us. The Bureau of Reclamation (BOR) is not allowing any flow in the TCID canal until the TCID meets certain parameters. The TCID does not have much money with which to make those repairs. It will be interesting to see what happens this summer with farmers in Fallon. We have fed downstream for Churchill County with both the Truckee River and Carson River. We have big concerns about being neighborly and working well with Churchill County.

Our current budget expenditure for the general fund is about \$26.5 million. We are anticipating at least a 10 percent cut, if not more. We had a 15 percent reduction of our workforce last year and a smaller percentage the year before. A 10 percent reduction will add an 11 percent reduction to our employee work base. Last year we cut the “fat.” This year we are cutting “meat and bone.” We have some very difficult decisions ahead of us as to what departments we maintain, what we cut back to skeleton crews, and which departments

we eliminate. We studied what is mandated by law. The elected officials, of course, are. The state statute does not mandate that parks and cemeteries exist. But if they do exist, there are things you have to do with them. Libraries are not mandated by state statute. But if you eliminate them, there will be a public outcry. We are hoping that when we all get together on Friday for our first workshop to discuss the budget, we can begin working on those answers.

I provided you a chart ([Exhibit E](#)), which shows the department budgets over the last five years for the general fund expenditures excluding capital outlay. It is interesting to see that we have been able to keep public safety up there as a high priority. But, this year we have to make cuts for the first time in public safety, which is not something we really want to do. There is also a chart showing our full-time equivalent from 2005 to 2011 and the decreases we have had. Finally, we have given you our proposed cuts for the general fund and what that does to our employee base.

Joe Mortensen, Chairman, Board of Commissioners, Lyon County:

We have a concern about the closure of state parks in Lyon County. That potentially increases the demand on our sheriff's department staff. So often when one situation occurs it has a trickle-down effect. We have discovered that the closure of the animal services would take staff time away from the sheriff's department.

We are at 18.7 percent unemployment currently in Lyon County. Just to reiterate what Jeff mentioned, it is because we are a bedroom community for Reno, Sparks, and Carson City.

We have an excellent staff with an enthusiasm level that we Commissioners are trying to maintain. We must make the best of what we have in these difficult times. I would like to thank our staff. I would also really like to thank Carson City, Storey County, and Douglas County for their help in trying to consolidate various services. When you can share water with another county, it is incredible.

We have been trying to build a jail for 15 years. We are so close, but with the budget cuts, we are under a great deal of pressure from constituents and employees to apply that money towards retaining the employees. We are mandated to correct this jail.

Chuck Roberts, Vice Chairman, Board of Commissioners, Lyon County:

Mr. Page has noted that we are a conservative county and the county is not at its ad valorem cap. That is correct for the majority of the county, but we are very near our cap in the cities. We do not have the option to increase our revenue stream by merely increasing our ad valorem tax rate, because that is reserved for the cities. It is such a small amount; it would be of very little benefit to us.

I would also like to say that hiring from within has been a positive for us. What you see at our level now is no bad baggage. We have started fresh with a new culture, and it has generated a certain amount of excitement and cooperation, which I appreciate. Historically we have not been able to do that. I am currently working on a side project of deficit spending from our jail project. As we look at the budget cuts that are before us today, we fail to recognize how our county got where it is. It came from accelerated growth as a bedroom community. While it is well accepted that 1.2 percent of your tax expenditures go to residential as offset by the commercial, Lyon County was not fortunate enough to enjoy the commercial, although the surrounding counties enjoyed that. That is a problem. We went through a period of planning. Eureka County said they have no zoning. We had zoning, but it was archaic, having not been revised much since the 1970s. We employed a property rights doctrine. "Do as you will." As a result, we ended up with sprawl. Now we have an expanded infrastructure and a lack of funding to take care of it. We are enjoying the tax base from that on new roads built within the last five to eight years. We do not have the statutory ability to set aside reserves for the future expenses of these roads. We have a general fund transfer of \$1.2 million to \$1.4 million to the road fund. It is estimated that that is \$1.2 million to \$1.5 million short. In ten years, at that rate, we will be \$15 million short. We have some unique situations as a bedroom community.

[Chair Kirkpatrick left the room. Vice Chair Bustamante Adams assumed the chair.]

Vice Chair Bustamante Adams:

We will take questions from the Committee members.

Assemblyman Ellison:

How many beds does your jail hold now?

Jeff Page:

We have about 35 classifiable beds. By that, I mean that when they get to 38 inmates, maximum and minimum custody inmates can not be placed appropriately. There are 50 beds in the facility currently. The new facility

design provides for 184 beds. We are running an average of 75 to 80 a day with peaks of 101 to 105. In the mid-1990s when we first started this process and took it to the Board, there was a daily average in the summertime of 127 inmates in a 50-bed jail. It is not new to us. We are financially looking at moving forward on this project. We have been in this process for about two years now. We have a construction management at-risk architect, the building designed, and dealt with some major political issues. At this point it is not just a jail, it is a justice complex. We are putting our district court upstairs and our justice court for Walker River downstairs with the sheriff's administration. We have taken some heat on that because the budgeted amount is \$24.5 million. What people do not understand is that the majority of funding into that project is mandated by statute to go to that project. We have a quarter-cent sales tax increase and capital improvement funding. The only part we could use for anything else is Payment in Lieu of Taxes (PILT) funding. We are not sure how much longer PILT funding is going to last with President Obama and his freeze on annual domestic spending. Also, Congress has not always fully funded PILT. We are reluctant to use PILT one-time funding for payroll for this year and then next year have it be worse than it was this year.

Assemblyman Ellison:

Yes, because you only have a year and a half. After that it goes back to a reduced funding formula unless you get it reauthorized. I do not know if you will see that happen or not.

Assemblyman Livermore:

How many municipalities or townships do you have?

Jeff Page:

We have two incorporated cities—Yerington and Fernley, and seven additional communities—Mound House, Dayton, Mark Twain, Stagecoach, Silver Springs, Mason Valley, and Smith Valley.

Assemblyman Livermore:

Do you still provide municipal services to all those communities?

Jeff Page:

That is correct. With the exception of the City of Yerington, we provide law enforcement throughout the county. We provide human services countywide whether it is an incorporated city or not, as well as the libraries. The City of Yerington is pretty much stand-alone. The City of Fernley provides everything except law enforcement.

Assemblyman Livermore:

I wanted to point out that you have a sheriff's substation in Dayton. When an arrest occurs, what is the time to transfer that prisoner to a holding facility? As you continue to look at the development of the new jail site, have you firmed up the location?

Jeff Page:

We have. In 2007, the Board voted 4 to 0 to build it in Yerington. The reason it is being built in Yerington is that we have no place else in the county that has 24/7 medical care. We have no place else in the county with a pharmacy close by. We can get food shipped to the jail from the grocery store. Silver Springs is the best location geographically and population base-wise, but there are no services out there to take care of it. Medical care is a huge issue for our jail operation. Our staff transports to the local hospital in Yerington on a daily basis. We were questioned because we have had an honor camp in Silver Springs for years, but they are two different creatures. Someone who goes to an honor camp has been through the intake process and has been properly classified and medically cleared and is then shipped out to Silver Springs or another honor camp. If you are drunk and have a heart problem, you go to jail. If you are drunk and have a disease, you go to jail. If you are under the influence of drugs, you go to jail. Even in the juvenile justice system, they will not take intoxicated kids in some programs. The jail does not get that choice. We cannot tell the sheriff's deputies, police officers, or the Nevada Highway Patrol (NHP) that we will not take their prisoners. If there is an arrest made, they come to us. So anyway you look at it, it will stay in Yerington because of the services that are there. The other part of the decision was financial. We own the land we are building it on. The City of Yerington is not charging us for water and sewer hookups, and in exchange we house their prisoners and police department. That is a considerable cost savings from Silver Springs.

Joe Mortensen:

We have closed many services in Dayton for cost savings.

Assemblyman Stewart:

I have a strange question. Looking at the map of Lyon County, it is the strangest-shaped county I have ever seen. Can you tell me the historical background on how it came to be that shape?

Jeff Page:

We are celebrating our 150th anniversary this year. The majority of Lyon County, except for the Dayton area, was Esmeralda County.

Esmeralda County was a huge county in those days. I am not sure why they kept breaking it down as they did, but it made a strange shape.

Assemblyman Stewart:

It is kind of like a two-headed duck.

Vice Chair Bustamante Adams:

Congratulations on your anniversary. We would like to call up White Pine next.

[Chair Kirkpatrick returned and assumed the chair.]

Chair Kirkpatrick:

For the Committee members, before we hear White Pine County, we are probably not going to get out of here before 10:45 a.m. If you received a bill the first week of session, it is more than likely that it has a stamp on it that says it must be introduced on the floor by February 17. Today is that deadline. They were due in the Chief Clerk's Office at 10:00 a.m. I just came from there. We think there are some missing bill draft requests (BDR). If you have one of those BDRs and it is not turned in by 10:30 a.m., your bill dies. If you want to, check with your attachés to make sure you have no BDRs in your room.

John S. Lampros, Chair, County Board of Commissioners, White Pine:

[Read from prepared text ([Exhibit F](#)). [Exhibit G](#) is referenced in text.]

We are also in agreement with our fellow county commissioners and county managers in their concern with the abatement taxes for LS Power and NV Energy. We feel the state should not have any control over that at all. It should be in control of the counties. We know how it affects us financially. We may want to give them 1 percent of the abatement, but we do not want to have the state tell us how much to give them because that affects us financially. We, as counties, know where we are. White Pine has been hit very hard in the last 30 years with ups and downs. We are concerned. We do not want to lose any more of our revenue income. A lot of our fellow commissioners feel the same way.

Chair Kirkpatrick:

That was my bill last session that did that. This may be a conversation for later this afternoon or maybe the Taxation Committee. We are trying to help incentivize businesses to the rural counties because we recognize you have unique challenges. I am happy to have an open-minded conversation with you this afternoon. The state is taking a risk. We heard that last session. We put the whole 2 percent out there to get some of these folks to come here for the long term, not the short term. We gave up our entire sales tax. This is one

subject that Assemblyman Goedhart and I agree on. We are trying to spur some growth. We have spent two weeks hearing the challenges that you face, and I recognize that. But let us be honest, there is no money this session. There was no money last session. There was no money in the special session, and there will probably not be any money next session. We have to work together so we can help you as well as everyone else.

John Lampros:

It is nice to open communications and tell you our thoughts.

Chair Kirkpatrick:

Does anyone have any questions?

Assemblyman Stewart:

Is the Polar Express still running?

John Lampros:

It is very successful. I will speak to our tourism. We have the Renaissance Society, which was formed by local people. They have the village there, and the Polar Express services the village. It was very successful this year. So was the Halloween Train. The railroad is the crown jewel of tourism in White Pine County. It is an incredible piece of equipment to have.

The director of our tourism board, Ed Spear, travels all over the country and into Canada and Mexico and has done a great job of advertising White Pine County. He has brought small conventions to our area. German tourists are some of our most common visitors. They rent buses and stay in Ely for two or three days. The U.S. Highway 50 program started with Eureka and Churchill County. We have promoted that.

Assemblyman Stewart:

You have advertised quite a bit in Clark County.

John Lampros:

We do, and we get great response from Clark County. The Rotary Club has an annual ice fishing program and show. All the proceeds are for scholarships at our high school. This year was very successful. We had over 560 applicants, and most of them were from Clark County and they are returnees.

Assemblyman Stewart:

We would like you to come visit Clark County, too.

Assemblywoman Bustamante Adams:

I am really happy to hear about your community assessment. I know there was another county earlier that discussed their best practice and making sure that they stayed connected with their citizens. Is that information available for me to see? When do you expect to have your swimming pool completed?

John Lampros:

The money has been set aside for the swimming pool and one of our county commissioners donated the land for the pool. We have some other issues to deal with first. The pool will be down the line but it is what the people want. We also need new administration and judicial facilities. Our buildings are very old. We need to move the judicial facility out of the courthouse into a more secure area. There are three items we are considering—the pool, the judicial facility, and the administrative facility. Some of our elected officials are sitting in a building that was condemned 30 years ago. It is an old hospital.

Chair Kirkpatrick:

Are there any other questions? I will try to meet with all the counties while they are here.

Is there any public comment? [There was no response.] [Meeting adjourned at 10:30 a.m.]

RESPECTFULLY SUBMITTED:

Sheryl Burrows
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 16, 2011

Time of Meeting: 8:07 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Nancy Boland	Esmeralda County Presentation
	D	James Ithurrealde	Eureka County Presentation
	E	Jeff Page	Lyon County Presentation
	F	John Lampros	Prepared text
	G	John Lampros	White Pine County Statistics

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