

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

**Seventy-Sixth Session  
February 22, 2011**

The Committee on Natural Resources, Agriculture, and Mining was called to order by Chair Maggie Carlton at 1:31 p.m. on Tuesday, February 22, 2011, in Room 3161 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/76th2011/committees/](http://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](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Maggie Carlton, Chair  
Assemblyman Joseph M. Hogan, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Elliot T. Anderson  
Assemblyman David P. Bobzien  
Assemblywoman Irene Bustamante Adams  
Assemblyman John Ellison  
Assemblyman Ed A. Goedhart  
Assemblyman Ira Hansen  
Assemblyman Kelly Kite  
Assemblyman Pete Livermore  
Assemblyman Harvey J. Munford  
Assemblywoman Peggy Pierce

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Randy Stephenson, Committee Counsel  
Amelie Welden, Committee Policy Analyst  
Judith Coolbaugh, Committee Secretary  
Sherwood Howard, Committee Assistant

**OTHERS PRESENT:**

Leo M. Drozdoff, P.E., Director, State Department of Conservation and Natural Resources  
Jennifer Newmark, Administrator, Nevada Natural Heritage Program, State Department of Conservation and Natural Resources  
Colleen Cripps, Ph.D., Acting Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources  
Jason King, P.E., State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources  
James R. Lawrence, Administrator and State Land Registrar, Division of State Lands; Acting Administrator, Division of Conservation Districts, State Department of Conservation and Natural Resources  
Pete Anderson, State Forester, Division of Forestry, State Department of Conservation and Natural Resources  
David K. Morrow, Administrator, Division of State Parks, State Department of Conservation and Natural Resources  
Chris Freeman, Supervisor, Nevada Tahoe Conservation District, State Conservation Commission, Division of Conservation Districts, State Department of Conservation and Natural Resources

[The meeting was called to order. Roll was called.]

**Chair Carlton:**

Welcome, everyone, to the Committee. The bills, exhibits, and any submitted comments are available on the Nevada Electronic Legislative Information System (NELIS) so that you can follow along, even if you are not in the room.

[Chair Carlton explained the rules, policies, and procedures of the Committee.]

Committee members, do you have any questions? Seeing none, we will go ahead and get started. We have presentations today from the State Department of Conservation and Natural Resources. We have a somewhat limited time frame today. Mr. Hogan and I need to leave by shortly after 3 p.m., so we will go through everyone's presentation, and then we will open it up for questions to

make sure everybody has a chance to share their information with us. Thank you for being here today. Please introduce yourself for the record, and proceed.

**Leo M. Drozdoff, P.E., Director, State Department of Conservation and Natural Resources:**

Bob Conrad is our Public Information Officer, and he will be moving the slides along. To my left is Dr. Colleen Cripps, who is the Acting Administrator of the Division of Environmental Protection. To my right is Jennifer Newmark, who is the Administrator of the Natural Heritage Program.

[Leo Drozdoff referenced a PowerPoint presentation ([Exhibit C](#)).]

I appreciate your remarks, Madam Chair, and we will proceed accordingly. We have six divisions, and the way we like to do it is have the divisions themselves give their overviews. As you can see on the second page, we have listed them. They are the Divisions of Environmental Protection, Water Resources, Forestry, State Parks, State Lands, and the Natural Heritage Program. We also have five boards and commissions that we want to call to your attention. They are the State Environmental Commission, the Board for Financing Water Projects, the Board to Review Petroleum Claims, the Land Use Planning Advisory Council, and the Well Drillers' Advisory Board.

On page 3 [of [Exhibit C](#)], to set the stage a little bit for what you may hear during the balance of the presentations, we have a fair amount of organizational changes proposed as part of the budget recommended by the Governor. I want to list those for you.

We are calling for the elimination of the Advisory Board on Natural Resources and the State Conservation Commission. We are proposing to reduce agencies. One has sunset, and that is the Commission for the Preservation of Wild Horses. We are proposing to eliminate the Division of Conservation Districts. The Governor has recommended that two programs be returned to the Department of Conservation and Natural Resources, and those are the State Historic Preservation Office, sometimes referred to as SHPO, and the Division of Minerals, currently part of the Commission on Mineral Resources.

We are also proposing that two agencies become 100 percent non-General Fund, and they are Environmental Protection and Natural Heritage. I will turn it over to Jennifer Newmark. She can tell you about the Natural Heritage Program.

**Jennifer Newmark, Administrator, Nevada Natural Heritage Program, State Department of Conservation and Natural Resources:**

Good afternoon, Madam Chair and Committee members. The Heritage Program maintains comprehensive and scientifically objective data for the state's rare and at-risk plants and animals. We are nonregulatory. We are located here in Carson City, but we have statewide responsibility.

[Jennifer Newmark referred to [Exhibit C.](#)]

The Program is not funded by the General Fund. We use transfer funds and federal grants to support our operations. We are a contributing member of NatureServe, which is an international network of heritage programs in all 50 states and the Canadian provinces, as well as some Latin American countries.

We evaluate plants and animals based on their rarity, using a fairly simple scale of one to five, with one being imperiled and five being secure and widespread. Species that get ranked lower than a three generally become our conservation priorities, and we put them on either the track list or the watch list. Our at-risk tracking list covers any taxon for which long-term viability has been identified as a concern, and it typically includes species with federal or other Nevada agency statuses. We currently have 556 species on our tracking list, and we have an additional 186 species on our watch list. Species on the watch list are typically those that are not a current high priority but are declining, and we are concerned that they might be put on the track list in the future.

The Program maintains biological information, including locations and conditions of individuals or populations in a dynamic geographic information system (GIS) Oracle-driven database system. This system is used by all the heritage programs throughout the network, which allows our state data to be rolled up into data sets of regional or national interest. This system also gives us the ability to track species through time, so we can document distributional changes or other data that would be of management concern. Data comes from a variety of sources, including museum specimens, university studies, field surveys, and other agencies. We currently have over 10,000 known observations of rare species documented in our database.

A significant component of our program is to serve as a database clearinghouse. To that end, we provide custom data searches to other state and federal agencies, and to private consultants and individuals. The data provided range from being a simple list of species documented within a project area to sophisticated GIS maps and shape files. For example, the Department of Transportation uses our data to help meet their mandatory regulatory obligations under the National Environmental Policy Act and the Endangered Species Act.

We can often save the Department of Transportation thousands of dollars and significantly shorten their time lines for their projects by providing our data.

We work in partnership with many state and federal agencies, supporting conservation planning, species management, research, education, and development activities statewide. I would be happy to answer questions about this brief overview. Thank you.

**Colleen Cripps, Ph.D., Acting Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources:**

Thank you for the invitation to be here today. I really appreciate the opportunity to be able to introduce myself and to tell you about all the great work that is being done by the staff in my agency. Before I discuss what we do, I would like to give you a general overview of the Nevada Division of Environmental Protection (NDEP).

[Colleen Cripps referred to [Exhibit C.](#)]

The Nevada Division of Environmental Protection is primarily a regulatory agency. It is staffed by 252 people in ten bureaus. We have offices in Carson City and in Las Vegas, and we have staff that support three boards and commissions: the State Environmental Commission, the Board to Review Claims, and the Board for Financing Water Projects. We are 100 percent fee and grant funded.

The work that we do can be divided into seven priorities. The first is to achieve and maintain healthy levels of air quality and minimize the risk of chemical accidents. This is accomplished through traditional regulatory tools, such as monitoring, permitting, inspections, enforcement, and effective planning. The photographs on pages 9 and 10 [of [Exhibit C](#)] are there to give you an idea of the range of the types of facilities that we regulate. It can be anything from fugitive dust to sand and gravel operations. On the next page you will see photos of power plants and geothermal projects.

We also work very closely with our regulated industries to establish equitable fees and on the implementation of new federal regulations and programs. The programs that we implement are very dynamic. We have always made it a priority to work closely with our regulated industries to ensure that they are aware of and understand the new requirements as they are being developed so they can be implemented as smoothly as possible.

We implement the Federal Clean Air Act program in lieu of the Environmental Protection Agency (EPA). This has a number of advantages. For the industries

in Nevada, this means more timely permits. We also have the ability to develop expertise that is specific to the industries that we regulate here, and we can have more of a field presence. That means we are able to identify issues much earlier and can provide a more rapid and thorough response.

We also implement a chemical accident prevention program, which was created to ensure that facilities are designed and operated to prevent catastrophic releases of highly hazardous substances. We implement a smoke management program to minimize impacts with controlled burns, and an alternative fuels and mobile sources program in cooperation with the Department of Motor Vehicles (DMV) and other agencies.

Finally, we monitor ambient air quality across the state to determine whether or not we are in compliance with the National Ambient Air Quality Standards.

We are facing some significant challenges in this program. We have seen, and will continue to see, a barrage of new federal requirements related to such things as climate change, energy, mercury, ozone, and particulate matter. In the air program, we are anticipating over 50 new regulations to be proposed or finalized over the next year. As a result, we are expecting to see new nonattainment areas, thousands of new permits, and many industries facing regulation that NDEP has never before regulated.

Our second priority is to protect state waters from the discharge of pollutants and contaminants to preserve beneficial uses, to maintain healthy aquatic habitat, and to assure public water systems provide safe and reliable drinking water. We protect water quality through the evaluation of the chemical, physical, and biological health of watersheds throughout Nevada and the development of standards specific to watersheds and their beneficial uses.

We also develop local, regional, and statewide plans to ensure that water quality standards are maintained and impaired surface waters are restored whenever possible. The photograph [on page 12 of [Exhibit C](#)] is an example of such a project. This was a stream bank restoration project that we were involved in along the Carson River near Dayton.

We also provide low-cost financing for improvements to drinking water and wastewater infrastructure through the State Revolving Loan Fund. As is true of the air program, NDEP has the authority to implement federal water programs in lieu of the EPA through traditional regulatory tools. Some of the facilities that we regulate include wastewater facilities and drinking water systems, but we also regulate pit dewatering, blowdown water from power plants, commercial

septic systems, and leach fields. It is a pretty broad range of types of facilities that we regulate in the water program as well.

We also operate a lab certification program that is designed to ensure that laboratories performing water quality analyses are adhering to prescribed methods and practices.

This program also faces a number of challenges, including the implementation of the federal arsenic standard, emerging contaminants such as hexavalent chromium, endocrine disruptors, pharmaceuticals, invasive species, mercury, and selenium. We continue to address perchlorate and work on improving water quality at Lake Tahoe.

We are responsible for ensuring the safe management of solid and hazardous waste. We do this by regulating facilities that generate, transport, treat, store, dispose, or recycle hazardous waste, and those facilities that dispose of solid waste. This is done through traditional regulatory approaches, and we are implementing a federal program in lieu of the EPA.

We encourage businesses, institutions, and individuals to reduce the amount of waste that they generate and to participate in recycling programs to conserve natural resources.

We ensure mining industry compliance with state regulatory programs to protect surface and ground water, and that lands disturbed by mining will be reclaimed. Through state-only programs, we regulate fluid management, closure, and reclamation through permitting, monitoring, compliance, and enforcement programs. Under our mining reclamation program, a mine must obtain a reclamation permit and post financial assurance sufficient to cover full reclamation of the site before they can ever break ground. The state currently holds over \$1.6 billion in bonding for the mining industry, and those bonds are regularly updated. The Division has been working with the mining industry for over a decade to reduce their mercury emissions. This chart [on page 16 of [Exhibit C](#)] gives you an idea of the successes that we have had to date. New mercury control technology is still being permitted and installed, and we anticipate future reductions.

We also provide regulatory oversight at federal facilities. At the Nevada National Security Site (NNSS), which is formerly the Nevada Test Site, we oversee efforts to characterize the geology and model potential contaminant migration that has resulted from underground nuclear testing. We oversee the cleanup of industrial sites at the NNSS, as well as soil characterization activities there. We monitor the Department of Energy (DOE) compliance with air, water,

waste, and drinking water regulations. We have nonregulatory, low-level disposal oversight, and we have regulatory oversight over the disposal of waste that is a mixture of low-level radioactive waste and hazardous waste. We review all of the waste streams that are destined for disposal at the NNSS to ensure that they meet established waste acceptance criteria. In addition to conducting inspections of the NNSS, we also inspect the facilities within the weapons complexes throughout the United States that are generating waste to be disposed of at the NNSS.

The map of the NNSS on the left [side of page 17 of [Exhibit C](#)] shows the locations of the corrective action sites, where at least one underground nuclear test was conducted, and how they have been grouped for evaluating the groundwater. On the right is a photograph of the low-level and mixed low-level disposal site that is known as Area 5.

We assess and, if necessary, clean up contaminated properties to levels that are appropriate for their intended use and zoning. We investigate and ensure the cleanup of contaminated areas. The cleanups are typically conducted voluntarily by responsible parties, but in cases where there is an imminent and substantial hazard, the Division has the resources to conduct the cleanup and then pursue cost recovery. We are currently managing a number of large, complex cases, including Rio Tinto, the Basic Management Incorporated (BMI) complex near Henderson, perchloroethylene (PCE) releases across the state, perchlorate, and cleanup activities at Department of Defense (DOD) facilities. These cleanups typically involve legacy sites with multiple responsible parties. They can involve multiple jurisdictions, and they can be complicated by bankruptcies, reorganizations, and property transfers. Significant legal resources are required to manage these cleanups, and we were recently able to secure additional support from the Office of the Attorney General for these projects.

We also regulate underground storage tanks to prevent the release of petroleum products into the environment, and we administer the petroleum cleanup fund, which provides reimbursement for cleanup costs. It is associated with tanks that have already leaked.

In this program, we also administer a certification program for environmental consultants. This program is designed to ensure that competent and knowledgeable individuals are providing environmental cleanup information services to individuals and businesses.



**Chair Carlton:**

Could you go back to the previous slide, please? I found it very interesting. When I thought of NDEP, I always thought of outlying areas and big facilities. I remembered when this happened literally right next to a school, in a neighborhood. I believe it was because of a dry cleaning business. It is not just outlying areas. It is things that actually happen in our neighborhood, right next to where our kids go to school. If you could just touch upon this very quickly for the Committee.

**Colleen Cripps:**

This is one of the PCE sites at which we are doing remediation [on page 18 of [Exhibit C](#)]. This is the Maryland Square PCE plume in Las Vegas. There are a number of areas across the state where we have seen contamination from PCE that has gotten into the soils and groundwater. In this case, there were high enough levels that exceeded an action level and required cleanup. We have been working very closely with the responsible parties, and, as you can see here, it does affect the neighborhood. We had to characterize the plume and concentrations, and we have been working with homeowners to install devices in their homes to mitigate the volatile vapors from the PCE plume. This is one of the projects for which we are seeking cost recovery, because we did pay for all of the initial work up-front.

Finally, we provide education and outreach through a number of programs. Some examples include Project WET (Water Education for Teachers), which is a water education program for teachers and students from kindergarten to twelfth grade (K-12). This program was designed to integrate water education into any subject in the classroom. Workshops for teachers are conducted throughout the state, and we provide a variety of tools that allow them to teach their students about water and water issues in Nevada. We also provide grant funding for environmental education programs, such as River Work Days and Snapshot Days.

We have an extensive recycling program. We work with local government and provide assistance. We run a recycling hotline. We also maintain a recycling website, which contains up-to-date information on all the recycling services that are available throughout the state, including those for e-waste. It also includes a guide for starting a recycling program at your own school or office, information on recycling rates across the state, and K-12 recycling education materials that have been developed for use in the classroom. I will be happy to answer any questions.

**Chair Carlton:**

We will have the others present and then come back to you if there are questions. That way, everyone gets a chance to speak. Thank you very much.

**Leo M. Drozdoff:**

Madam Chair, our next two programs that we will be presenting are the Office of the State Engineer, Division of Water Resources, and the Division of State Lands. To my left is Jason King, State Engineer. To my right is Jim Lawrence, the Administrator of State Lands. Jason will proceed.

**Jason King, P.E., State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources:**

Thank you, Leo. Good afternoon, Madam Chair and members of the Committee. Our mission statement is to conserve, protect, manage, and enhance the state's water resources for its citizens through the appropriation and reallocation of all of its waters, both surface and ground. One of the tasks that our office performs to support that mission is to require water rights permits for all beneficial use of water throughout the state, except for domestic water.

Currently, our office is managing and regulating over 27,000 water rights statewide. Additionally, in basins that are becoming fully appropriated, we have the ability to issue curtailment orders that set out how much water we will allow to be appropriated on a single permit as we move forward. We perform a variety of field work statewide, including conducting pumpage inventories, drop inventories, and water level measurements to better understand the health of the basin. We participate in hydrologic studies to better understand how much water is available to appropriate in our 256 hydrographic basins. This is a very important aspect of what we do.

As of last session, we were given the ability to assess fines and penalties for violations of the water laws. I want to emphasize that we do not want to assess fines and penalties. We are looking for compliance, but now we have that ability. If we have to, we are no longer a "paper tiger."

Another responsibility of the Division of Water Resources is dam safety. We are responsible for the review of all dams being built in the state for structural stability. The definition of a dam that meets our criteria is anything that is 20 feet in height or greater, or impounds 20 acre-feet of water. Once a permit is issued, we actually inspect the dam while it is being built. We also inspect it after it is completed. The frequency at which we inspect dams depends on the hazard classification of the dam. I would like to briefly explain those classifications to you.

“High hazard” dams are defined as those dams that, if a breach were to occur, there would be a loss of life. A “significant hazard” dam is one in which if there were to be a breach, there would be no loss of life but significant economic damage. If a breach were to occur in a “low hazard” dam, there would be no loss of life and very minimal economic damage.

It is our goal to inspect high hazard structures on an annual basis. They are inspected by a professional engineer from our office. Significant hazard dams are inspected every three years, and low hazard dams are inspected every five years. The dam safety personnel within the Division are also responsible for emergency response after earthquakes and flooding events.

Our Water Planning Section is responsible for the review of water conservation plans submitted to us by counties and other local governments. Our Water Planning Section is also in charge of overseeing our fines and penalties process for violation of our water law. Floodplain Management coordinates flood mitigation grant money for flood mitigation planning and projects. They are also responsible for managing the community assistance program, where our program officer works directly with the floodplain managers in each participating city and county to ensure their compliance with the national flood insurance program. There are 34 of those communities statewide.

We regulate all well drilling in the state. Any well that is drilled in the state must be drilled by a licensed well driller. Also, there is a continuing education component to maintaining a valid well drilling license with us. We conduct field investigations to both monitor construction standards and well drilling procedures. After the well is completed, those well logs are sent to us. We are the custodian of all the well logs. We review them for completeness, and then they are scanned, and we put them online for the world to see. We have over 90,000 scanned well logs in our database. We also update our well drilling regulations every five years.

The next slide [page 24 of [Exhibit C](#)] is on information technology (IT). We are very proud of what the limited staff in our IT group has done with our website. We have a lot of data that have been paper copies in filing cabinets for years. We have put our water database online. We have pushed our water rights ownership online. There is an online database for all our dams. There is a database for our well logs, along with the scanned images. We have also scanned all of our State Engineer rulings and orders and our water rights permits and certificates. We also have hydrographs for numerous wells throughout the state so that people can see what is happening with the water levels in their basin. We are continuing to push that information out there. That is a primary focus of our Division. The more information we can get out to the public the

easier it is for them to do their work, and the more transparent our work is. When the general public is able to get that information from our website, time is freed up for our staff members to process water rights applications.

There are several program issues. Interbasin transfers are always a contentious issue. Typically, when it is mentioned, people think of the Southern Nevada Authority pipeline project on the east side of the state because of its magnitude. Interbasin transfers have existed in Nevada since 1873. We have approved probably two dozen interbasin transfers of both surface water and groundwater over the years. It is provided for in state law. Taking water from one place to another is always an issue.

I probably do not have to tell you that there is a bull's-eye on southern Nevada for solar energy projects, and a bull's-eye on central and northern Nevada for geothermal projects. We are seeing more and more applications for water rights to support those types of projects. I am here to tell that we are working with them in every way we can. We meet with them. We abstract the basin for them. We tell them where the water is, if there is any available, and what their options are.

You may be aware of the effort by U.S. Senator Harry Reid to save Walker Lake. There is a lease and buyout program, the idea being that if you can fallow irrigated lands in the areas surrounding the Walker River, those farmers do not take their Walker River apportionment but send that water to Walker Lake in order to bring the level of the lake up and reduce its total dissolved solids. It is a multimillion dollar buyout and lease program. That affects us because applications to transfer that water are filed with our office.

We are seeing more and more of our decisions appealed. Because of that, we are seeing more court decisions that can and do have far-reaching impacts on the way we do business. Many of you in the Legislature want to know how we are doing on our application backlog. Our backlog is defined as any application that is more than one year old since the last date of protest. The next slide [on page 26 of [Exhibit C](#)] represents data. In 2005, the Nevada Legislature supported an increase of 11 persons to our staffing level. We filled those 11 positions. After 2005, as you can see, there was a strong downward trend toward reducing that backlog. There were almost 3,100 backlogged applications in 2005. At the end of 2010, there were 1,679. That is almost half. We are very proud of that; however, it is starting to level off. For the last two years, we have had to keep open positions vacant, and as such, I think we are seeing that affect our backlog. I think we will continue to be able to reduce the backlog, or at least keep it flat, but I do not think we will see that drastic decline anytime soon.

There are a number of water-related bills. I have not seen the language for many of them, but I think there are about 20 of those bills out there. There are a couple of bills that have just some cleanup language, but there are a couple of bills that have more substantive changes to them. There is a bill to decrease the fees for agricultural water rights changes. There are two bills that deal with over-appropriated basins in terms of how we can bring them back into balance. We are in support of those bills. There is also a bill that requires a water right permit be obtained by a mine to account for the evaporation from a pit lake that is created after mining is done.

The Nevada Division of Environmental Protection was able to secure a grant from the DOE for the storage of low-level nuclear waste, I believe, to the tune of about \$2 million a year. We at the Division of Water Resources have been able to tap into \$200,000 per year of that. In doing so, we have been able to move three of our General Fund staff to that DOE grant money. It provides an alternative revenue source. In total, we are eliminating 8.5 General Fund positions from our budget in order to meet our budget cuts. We are not asking for any new vehicle replacements or any major enhancements at all. The only enhancement we are asking for is for a computer server. I will be happy to take questions at the end. Thank you.

**Chair Carlton:**

Thank you very much. Mr. Lawrence, go ahead.

**James R. Lawrence, Administrator and State Land Registrar, Division of State Lands; Acting Administrator, Division of Conservation Districts, State Department of Conservation and Natural Resources:**

Thank you, Madam Chair. The Division of State Lands is an agency with 19 full-time employees. We are located in Carson City, and we have statewide responsibilities. Some of the program areas I will talk about today are the State Land Office, State Land Use Planning Agency, our Lake Tahoe programs, and our Question 1 Program.

Our most historic program is the State Land Office. The State of Nevada has always had an entity in place to do the state lands business. Early on in statehood, it was done by the surveyor general. There were a variety of land scandals and grand jury inquiries in the 1950s. The Division of State Lands was created in 1957, and we have been in the Department ever since then.

One of our main functions at the State Land Office is to take care of the state's land records. We do that for all of the agencies, with the exception of Nevada Department of Transportation (NDOT) right-of-ways, the Legislature, and the university system. There are a couple of examples on [page 30 of [Exhibit C](#)] the

screen. The one on the far right is an 1867 deed for the Capitol. The one in the middle is a 1957 deed for Washoe Lake State Park.

I am very proud of the work our staff has done over the last two years. We have gone from an historical paper based recordkeeping to more of a Microsoft Access database type of product. The Legislature granted a technology request about four years ago for us to convert over to our own system that is GIS compatible. We can then "over link" it with the county assessor's records. There is an example of this on the left side of page 30 [of [Exhibit C](#)]. That is the Nevada Youth Training Center in Elko. We are able to overlay the state's deeds, map the legal descriptions, show land ownership, and map easements, licenses, or leases that might be on the property. It has come a long way. By law, we need to verify that any sort of state improvement on state property actually occurs on state property. That is a good thing. It used to take us a while to go through the paper records and map them. Now, with this system, we can cut down our time immensely.

To our staff's credit, they knew that over the years some things have "fallen through the cracks." Some old payments were overdue. They came to me to pitch this and said, "If we do this, we will be able to clean up our records, and we will be able to collect on some old past due notices." This system that cost about \$250,000 will pay for itself in three years. It is a tremendous system. A lot of credit goes out to the staff for doing this.

In addition to doing the land records for the Land Office, we also secure lands for state agencies. There is a picture [on page 31 of [Exhibit C](#)] of a DMV facility in the Las Vegas area. As agencies need land or licenses to carry out their missions, they will come to our office. We are the land agent that makes sure that happens. This DMV facility actually came from Bureau of Land Management (BLM) land. We were able to work with the BLM, through the Recreation and Public Purposes Act, to secure that land at very minimal cost because we do not have a lot of money to purchase land. We were able to work and make sure that we are acquiring land to take care of agencies' needs.

Over the last couple of years, we have done some land exchanges, mostly on behalf of the State Parks, to better their management of the state park system.

The third main function of the State Land Office is to authorize uses on state-owned land. These lands are not just being used by state agencies. We get requests all the time from the power companies and local governments. They need to secure easements for water lines, transmission lines, et cetera. They might want to even lease a portion of land for their own use. We are the agency that makes sure that happens, and, for the most part, we ensure the fair

market value is given back to the people of Nevada for those uses. The map on the left side [of page 32 of [Exhibit C](#)] is a Nevada state prison. It is not very apparent in this slide, but you can see the legend. Just about every one of those legends is a type of easement that is overlaid on that property. It shows the various types of uses that occur on the property. A tremendous amount of work goes into managing those lands on a day-to-day basis. The picture on the right side of page 32 [of [Exhibit C](#)] is of Lake Tahoe. The bed and bank of Lake Tahoe on the Nevada side is owned by the State of Nevada. We do permits for buoys and piers and things like that on the lake.

We have one land-use planner on staff. That position historically and primarily has been dedicated to assisting local governments with their land-use planning needs, particularly rural counties that do not have land-use planners on staff, as well as interfacing with the federal government on state land needs regarding land-use planning issues. We have found more and more that the state needs to interface with local governments on state land-use planning needs. The diagram on top [of page 33 of [Exhibit C](#)] represents a project on which we are working now. We secured a grant in North Las Vegas for the Floyd Edsall Training Center. They are finding, with the City of North Las Vegas, Nellis Air Force Base, and Clark County, some incompatible land uses. We are heading up a joint land-use study, with all of these entities at the table, to come up with a joint land-use plan so that everybody can agree on what is the best land-use mix in that area for years to come.

Since about 1998, the Division of State Lands has been coordinating the state's implementation of the environmental improvement projects at Lake Tahoe. This is a partnership that we do with the State of California, federal agencies, local governments, and the private sector to improve the environment at Lake Tahoe, with a focus on improving the water clarity and improving forest health conditions to avoid catastrophic wildfire. There are also some recreational improvements. The newest threat is aquatic invasive species at Lake Tahoe.

You can see on the chart [on page 34 of [Exhibit C](#)] the investment that the state has made toward the Lake Tahoe Environmental Improvement Plan (EIP). The chart is a graphical illustration of the clarity trend. The good news is that the investment is really starting to pay off at Lake Tahoe. Over the years, the decline in clarity has been from one to three feet per year. Now, thanks to the investment from all our partners, that decline in lake clarity has leveled off. The next challenge is to protect our investment and to reverse that trend so that we are actually improving the lake clarity as the years go on. One of the challenges we have with this program is that these projects on the Nevada side have been paid for through general obligation bonds. Because of the economic conditions,



the state's bonding capacity is very constrained, and so it will be a challenge to find the dollars to continue those projects.

Another program that our agency heads up is called the Question 1, formally known as the Conservation and Resource Protection Grant Program. Question 1 was approved by the voters in 2001. It was a \$200 million resource and conservation grant program. Of that \$200 million, \$65.5 million is resource and conservation grants done through the Division of State Lands. These are primarily grants to local governments and nonprofit organizations for critical land acquisitions, recreational projects, habitat conservation plans, and river restoration projects. The totals are shown on page 35 [of [Exhibit C](#)]. There, we have the same challenges we have with Lake Tahoe. This is backed by general obligation bonds, and with our bonding constraints, it is going to be a challenge as we move forward. In fact, we have about nine projects that are in the pipeline and ready to go once bonds are issued for those projects.

We administer two license plate programs. They are the Lake Tahoe License Plate Program and the Mt. Charleston License Plate Program. They are two very different areas, but two very similar programs. They are grant programs to public agencies to improve recreational access. They also improve the environment and do public education. Those are competitive grant programs. We go out once a year and put those projects through an advisory committee. We have funded several recreation enhancement programs, environmental improvement projects, and some public education projects through those programs. Right now, we have about 17,600 Lake Tahoe plates on the road, and about 2,700 Mt. Charleston plates on the road.

The Nevada Division of State Lands serves as executive officer to the Nevada Tahoe Regional Planning Agency (NTRPA). It is a very small program with a budget account of about \$13,000. We meet with the NTRPA occasionally throughout the year. Once a year, the primary purpose of meeting is to select the at-large member for the full Tahoe Regional Planning Agency Board. Under the federal compact, the NTRPA is responsible for approving changes within the walls of gaming structures of Lake Tahoe. Whenever a casino at Lake Tahoe is making some internal changes, then we need to get a board meeting in place and move that on through. There is no staff for the program. If something comes up, either I or my deputy scrambles to make it happen. With that, I would be happy to answer any questions.

**Leo Drozdoff:**

Madam Chair, our final two programs are the Division of Forestry and State Parks. Pete Anderson is the State Forester in charge of the forestry program.



He will start. Dave Morrow, the Administrator of State Parks, will finish it up for us.

**Chair Carlton:**

That sounds good. Go ahead, Mr. Anderson.

**Pete Anderson, State Forester, Division of Forestry, State Department of Conservation and Natural Resources:**

Thank you, Madam Chair. My presentation today will give you a quick overview of our program's activities and some of the accomplishments we have had over the course of the past couple of years. We have three regional offices, nine conservation camps, two plant material nurseries, several fire stations, two dispatch centers, and an aviation program based in Minden, Nevada.

The core operational mission of the Nevada Division of Forestry (NDF) is focused on our natural resources. It includes managing and coordinating forestry, nursery, endangered plant species, wildfire, and watershed resource activities on qualifying public, state, and private lands. We also focus on comprehensive wildfire management and coordinate emergency responses with other state and local agencies to natural disasters, including floods and earthquakes.

Slide 39 [page 39 of [Exhibit C](#)] focuses on our forestry and natural resource programs. The Division implements a suite of state and private forestry programs with the U.S. Forest Service. Some of you may have heard of the Forest Legacy Program, Forest Stewardship, Urban and Community Forestry, and so forth. We maintain two statewide nurseries and a seed bank program. Their expressed goal is public and private land watershed restoration, erosion control, and, very importantly, to reduce the threat of wildfire and rehabilitate lands that are damaged by wildfires, and mitigating invasive weeds species.

We also work very closely with our federal land managers to address forest, woodland, and rangeland health issues. Some of the accomplishments of our resource programs over the past two years include the completion of our state Natural Resource Assessment and State Natural Resource Strategy. We have also implemented forest health and fuels protection projects on 7,277 acres. That is in conjunction with our Conservation Camp Program, as well as private sector contractors funded by federal competitive grants and stimulus funds.

The Division is a very active partner in the Nevada Pinyon-Juniper Partnership on the eastern side of the state, which strives for scientifically-based management of our pinyon-juniper woodlands.

I would also like to mention that our nursery facilities have completed significant improvements to shade houses and greenhouses, and we have initiated several long-term growing contracts. The economic downturn has impacted our program. We have seen a significant reduction in sales, and, unfortunately, we may be in jeopardy of closing within the next 12 months.

Our Resource Program has completed our second annual report for the Nevada Legislature, which was directed by Assembly Bill No. 75 of the 75th Session, specific to forestry and fuels reduction activities within the Lake Tahoe Basin.

Slide 40 [page 40 of [Exhibit C](#)] addresses our Conservation Camp Program. The Division is very proud of our Conservation Camp Program, which we implemented in partnership with the Department of Corrections. The Program provides a multitude of services to state agencies, counties, communities, and federal agencies, which all generate revenue and represent a significant savings in dollars to the state. In 2010, the Division trained 4,200 inmates statewide in a variety of trades and skills. Through this Program, we are able to field 48 fully-trained Type 2, 12-person hand crews for wildfire suppression and emergency responses. We field 71 trained 12-person crews for conservation projects, maintenance of state highways, and to support local governments, counties, communities, et cetera. One of our focuses over the past two years has been fuels reduction projects. They have completed a tremendous amount of work statewide.

We also operate vehicle maintenance shops in Ely and Washoe Valley, where we construct, retrofit, and maintain state vehicles, saving thousands of General Fund dollars. Some of the key accomplishments of our program are that we continue to meet or exceed our revenue targets while providing the critical match dollars for federal grants. We have completed extensive fuels reduction projects in coordination with the Tahoe Environmental Improvement Program within Lake Tahoe-Nevada State Park and within Little Valley, which is just west of Washoe Valley, in partnership with the Whittell Board of Control at the University of Nevada, Reno (UNR).

Slide 41 [page 41 of [Exhibit C](#)] is on wildfire management. We take great pride in the fact that we are delivering a coordinated and very interdisciplinary approach to comprehensive wildfire management. That includes prevention, preparedness, fuels management, public safety, suppression, incident management, and the rehabilitation of burned lands. The Division provides the initial attack resources for a majority of wildfires across our state, including federal lands. Our expressed goal is to keep fires small through full suppression.

The Division is a critical first responder in the State of Nevada Hazardous Materials Emergency Response Plan, and we maintain critical emergency response agreements with our neighboring states, federal land managers, and other state agencies, including the Nevada National Guard.

Some of the accomplishments in our wildfire program over the course of the last two years include completing the document as directed by Senate Bill No. 94 of the 75th Session, which is a review and evaluation of laws and regulations pertaining to fire protection in the Lake Tahoe and Lake Mead Basins. I look forward to discussing the results of that study with you this session. We continue to implement fuels reduction projects and help volunteer fire stations across the state with their preparedness activities and training.

The next slide [page 42 of [Exhibit C](#)] pertains to “all-risk” emergency services. The Division provides all-risk emergency services to varying degrees in the three remaining fire districts created by *Nevada Revised Statutes* (NRS) Chapter 473. Those services include vehicle accident response, hazardous materials incidents, medical emergencies, structure fires, and other natural disasters. Recently, the Division successfully and safely dispatched incident management expertise and conservation camp crews to both Lincoln County and Clark County following the flooding events over the holidays. We were simultaneously responding to significant snow and avalanche events on Mt. Charleston. I think, overall, both incidents went quite well and were successful.

The next slide [page 43 of [Exhibit C](#)] is on Emergency Response Support Services. To keep all of these services going in the emergency response realm, the Division maintains several support services, including a statewide radio system, vehicle fleet maintenance in the garage and the field, fire vehicle and heavy equipment management, and mandatory emergency response training. We have continued to improve our statewide radio system. We have been doing much work recently with federal access property, accessing used federal equipment, retrofitting that equipment, and getting it to volunteer fire departments around the state.

Slide 44 [page 44 of [Exhibit C](#)] is on administration and fiscal services. These sections of our Division provide general administrative oversight and daily management of all activities, including program direction, strategic planning, information requests, and so forth. They provide all fiscal services reporting accountability, and most importantly, fire billings when we have incidents in the field. I think that is one of the biggest accomplishments. My goal for several years has been to improve our agreements with federal land managers and try to speed up the wildfire billing process, both in the realm of time frames and of

actual documentation of incidents. I think we have made some significant strides there, but we still have a ways to go.

Our administrative staff also secures competitive federal grants. Our grant writers are doing a bang-up job. They have been very successful in bringing in funding, including the first ever, seven-day, shovel-ready funds from the American Recovery and Reinvestment Act that came into our state about two years ago.

The last slide [page 45 of [Exhibit C](#)] is a quick highlight of some of our budget issues this session. It includes the closure of Wells Conservation Camp, which is located about 20 miles east of the city of Wells. We are consolidating our radio traffic from Minden to Elko, so all Division administrative radio traffic will be dispatched out of the Elko Interagency Dispatch Center. I have been working with our federal partners to insure that they continue to operate at Minden Interagency Dispatch Center, but the NDF dispatchers will go away.

We are eliminating a suite of administrative positions. We are transitioning our NRS Chapter 473 all-risk responsibilities back to the three remaining counties, which are Elko, Eureka, and Clark. There is a bill draft request submitted to address this. We are simultaneously establishing a participatory wildfire protection program on a statewide basis that would allow any of the 17 counties that so desire to engage in a partnership with the state to deal not only with the management of large wildfires, but also with wildfire preparedness and education, cost share agreements, and other such activities that we continue to see increase on the federal level. The overall goal of this effort is to reduce the threat of catastrophic wildfire, and that could be accomplished with a strong initial attack, active fuels reduction projects, preparedness in both equipment and training, and education of our land owners.

Thank you all very much. I look forward to the discussions.

**David K. Morrow, Administrator, Division of State Parks, State Department of Conservation and Natural Resources:**

The year 2010 was the 75th anniversary of the Nevada State Park system, which make it one of the oldest in the western United States. Very few people realize this. The Nevada State Park system is a diverse representation of Nevada's history, natural beauty, cultural resources, and our tremendous and abundant recreational opportunities.

[Referred to page 46 of [Exhibit C](#)].

The mission of State Parks originated from its enabling legislation, but more simply, the mission of State Parks over the last couple of years has been to

keep state parks open and operating. Given the significant budget problems that have plagued the state, that has been a challenge.

There are both economic and social benefits to Nevada's 25 state parks that are many times overlooked. A 2003 study determined that State Parks contributes approximately \$62 million to state and local economies from the operation of the parks themselves and the expenditures of the visitors, which makes the benefit about 20 times greater than the \$3 million that the General Fund provides for the operation of State Parks. In addition, a UNR study that was done more recently, estimated that State Parks is responsible for creating about 4,500 jobs, adding about \$180 million to private and public payrolls. It has an overall worth of about a half-billion dollars. Valley of Fire State Park alone provides a private sector benefit of approximately \$11 million. In addition to the economic benefits of state parks, and perhaps most importantly, are the benefits to the citizens and the visitors to this state. State parks provide the opportunity for people to get outdoors, to get exercise, to experience the state's vast and unique resources, and to do it with families and friends.

Despite the downturn in the economy, which resulted in a 60 percent reduction in State Parks' budget since 2008, visitation has remained steady. In fact, it has increased in most parts across the state. Our focus is to keep parks open and operating and maintaining the level of visitor service, which I am proud to say we have done. Our visitor surveys indicate that over 90 percent of our visitors have rated their experience "good" to "excellent," and that is a tremendous accomplishment, given all that we have gone through.

Small businesses in the state also profit from state parks. We have recently received a dozen or so letters from various businesses in the state, extolling the virtues and the opportunity of state parks. To name a few, there is Scenic Las Vegas Weddings, Pink Jeep Tours, and CHAR-PIT, all supporting their opportunities in state parks.

We also have a number of partnerships with nonprofits and communities that provide significant social and economic benefits. They include Super Summer Theatre in the southern part of the state, Fire and Ice in Ely, which has become a nationally recognized event, and the Lake Tahoe Shakespeare Festival.

We certainly recognize the severe budget problems that are facing all of us, and we have done everything we can to reduce our need for General Fund support. We have eliminated 19 positions since 2008, 62 months of seasonal employment, reducing the number of regional management and support units by half. We have collected over a million dollars more in fee revenue, and we have reduced travel, utilized videoconferencing whenever possible, sought out corporate donations, and stepped up internet marketing. Putting together the

budget that is now before the Legislature has been extremely difficult. If not for the support of the Department of Conservation and Natural Resources, the Budget Division, and the U.S. Department of the Interior's Bureau of Reclamation, we would have been forced to close far more than the one park that is before you as a proposed closure in this budget.

This budget includes the elimination of five more positions, further reduction of seasonal employment, and turning back the operation of Dangberg Home Ranch Historic Park to Douglas County. Far more importantly, it includes focusing on the more important aspects of parks, and becoming more entrepreneurial in the way we operate state parks. We are looking into several ways to increase our revenue. The Bureau of Reclamation, through a five-year agreement, has agreed to contribute \$250,000 annually to the operation of Lahontan State Recreation Area. We are looking into establishing entrepreneurial sales outlets in a couple of our parks to generate revenue, and a number of different things of that nature. With that, I will conclude, and I will be happy to answer any questions.

**Leo Drozdoff:**

Madam Chair, that is the close.

**Chair Carlton:**

Okay. Mr. Drozdoff, we will filter questions through you, and you can have whoever come up and answer them as we go. Since we have these two gentlemen here, we should probably start with them. Committee, are there any questions for these two gentlemen?

**Assemblyman Livermore:**

Thank you, Madam Chair. Mr. Lawrence, you have a slide in here that shows, I think, a National Guard site to which you are doing a renovation. You control the National Guard site at Fairview Drive and Carson Street. Am I correct?

**James Lawrence:**

We typically assign our lands over to somebody to manage, but that property is in the ownership of the State of Nevada.

**Assemblyman Livermore:**

When I was a city supervisor, we approached you sometime back about acquiring that property for economic development. With the budget constraints that we just heard about, would it make sense for you to consider that further?

**James Lawrence:**

Are you talking about the developed portion of the property?

**Assemblyman Livermore:**

Yes. Right now, you do not have any resources or the ability to pay for it, and I thought it might be worthwhile and prudent to look at disposing of some sites like that and gaining money to provide resources, like the Wells Conservation Camp you are talking about closing. Where are your priorities?

**James Lawrence:**

You raise an excellent point. It is one of the more important functions of what we do. The state really is not land rich. When you look at the bigger picture, we have about 177,000 acres in state ownership. Most of that is in wildlife management areas. Most of that are state parks and correctional facilities. The old National Guard Armory site on U.S. Highway 395 is currently vacant. One of the things that we have to weigh at the State Land Office is whether it is prudent for us to dispose of that and generate state revenue, or is it more prudent for us to hold on to that for future agency use, because purchasing land sometimes can cost more money. We are always weighing that. Right now, the current plan is for the Department of Public Safety to move into that location. It is a prime spot for them to go into when the state has money to develop. It is certainly part of the conversation to determine when to dispose or hang onto something for future agency use.

**Assemblyman Livermore:**

We had a discussion years ago regarding the Clear Creek Job Corp Camp that you let sit there and finally fall to pieces and fall apart. You had to pay money to dispose of the site. It is still sitting there. Resources are resources. I understand where you are coming from, but in some cases where you have no use for a property, it is better to take an opportunity when it comes to you, rather than let it sit there and fall apart when it could have been useful.

**James Lawrence:**

That is an excellent point. Because there has not been an agency need for the youth facility at Clear Creek, the State Public Works Board has demolished the buildings. That is one of the properties that we have identified for future disposal. I think the question really is "When?" With the real estate market the way it is, our current assessment of the market is that it is more prudent to hold onto that until the real estate market rebounds, and then we will be able to get more dollar revenue for the state.

**Chair Carlton:**

Definitely, if you have to refinance, you have to think about that. Mr. Goedhart, do you have a question?

**Assemblyman Goedhart:**

Mr. Morrow, I would like a point of clarification. Did you say you were going to be able to keep all the parks open, or did you say you are going to have to close one park?

**David Morrow:**

There is one park in this budget that is proposed to be turned back to Douglas County. That is Dangberg Home Ranch.

**Assemblyman Goedhart:**

Thank you.

**Chair Carlton:**

Mr. Ellison.

**Assemblyman Ellison:**

I met with the Acting Director of Department of Corrections about five minutes before this meeting began. We are going to be calling a meeting together. We talked to the Governor, and we also talked to the districts. We are going to see what we can do to save that camp. To me, the camp is one of the most important things out there as far as keeping our highways clean, fences built to keep cattle and other animals off the roads and highways, and maintaining the aqueducts going under these roadways. They build fences, they help fight fires. They actually put incarcerated people to work, which lowers the price and costs of the prisons. To me, it is a win-win situation for the State of Nevada. To close the camp does not make sense, mostly when you are talking about moving everybody to Carlin. You are talking two hours in each direction to move people to do these jobs.

I met with NDOT. It pays about a million and a half dollars a year to NDF, so we are going to have them in that meeting, too, to see what we can do to come up with a working solution to this.

The 4,200 inmates that you have trained for fire suppression have been wonderful up until this point. It has been a major success, because they do cleanup. In some cases, they are the first response. Is that correct?

**Pete Anderson:**

Yes, they are our initial attack forces on most of the fires in the northeastern part of the state.



**Assemblyman Ellison:**

And if you are two hours away just to get to Wells, let alone up to the Pequop Mountain Range, which is heavy with juniper, that will be a disaster, will it not?

**Pete Anderson:**

It adds to the response time. That is for sure. Ely or Carlin would be the next two closest camps.

**Assemblyman Ellison:**

I agree with you in not doing structural fire protection, and focusing more on wildland, but I do not agree with the camp closure. That is why we are going to do what we can to resolve this. I would really appreciate your help on this.

**Pete Anderson:**

If there is any information you need, we will be happy to provide it for you.

**Assemblyman Ellison:**

If not, we are going to go back and ask for cuts in other areas to make up for this.

**Chair Carlton:**

Mr. Ellison, would you be willing to support revenue to make sure that the camp stays functional?

**Assemblyman Ellison:**

The counties need to step up to the plate, but also to divert monies that might . . .

**Chair Carlton:**

So, we are going to take money from some place else to hold onto the camp. Now I understand. Mr. Kite.

**Assemblyman Kite:**

Regarding the closure of the Dangberg Home Ranch, you say you are going to turn that back over to Douglas County. Have you talked to Douglas County about that?

**David Morrow:**

I contacted them just as soon as the Governor's budget was open for release.

**Assemblyman Kite:**

And what was their answer?

**David Morrow:**

So far, the only comment that I have received has been thanking me for the information that I have provided them.

**Assemblyman Kite:**

I found it interesting that you are willing to turn it back to Douglas County, when we did not want it to start with. This weekend, we have an Eagles and Agriculture tour. The ranch is always a stop on the Eagles and Agriculture tour. With the number of volunteers out there, do you have any idea what kind of dollars you will save by closing that particular one?

**David Morrow:**

It will be about \$95,000.

**Assemblyman Kite:**

And that is primarily labor costs?

**David Morrow:**

It would be staffing associated with the park, and some operational costs.

**Assemblyman Kite:**

I am curious to see what your response from Douglas County is going to be. Thank you, Madam Chair.

**Chair Carlton:**

Mr. Kite, I believe that was in the Governor's recommended budget (The Executive Budget), as far as the budget goes. So, we all learned about it when it came out. I do not believe we have had a hearing on that yet in the Assembly Committee on Ways and Means, so there will be a lot more information to come forward when we discuss that in the money committee. I believe Ms. Bustamante Adams has a question.

**Assemblywoman Bustamante Adams:**

Mr. Morrow, on page 49, can you tell me a little more about the demographics of the 3 million visitors?

**David Morrow:**

The ratio is just about 60-40, Nevada residents to out-of-state residents. We do not have it broken down by age, or any other breakdown. We just have it for in-state and out-of-state.

**Chair Carlton:**

Are there any other questions for these gentlemen? I see none. I know we are going to want to hear from Dr. Cripps, and I am sure our esteemed State Engineer is probably going to want to come back to the table, because I know there will be a few questions for him, too.

**Assemblywoman Pierce:**

Dr. Cripps, how long has your department been functioning without any General Fund money?

**Colleen Cripps:**

This budget will be the first one. We have had less than 1 percent General Fund for quite some time, but this will be the first budget with no General Fund.

**Assemblywoman Pierce:**

As far as air quality nonattainment, is there an amount of time that an area can be in nonattainment before the EPA decides to step in and take it over, or something like that?

**Colleen Cripps:**

Yes, but it is quite a long time. When you go into nonattainment, you have to go through a long planning process to develop control measures and figure out how you are going to get back to attainment. If you go through that process and implement all those various controls and you cannot achieve attainment, then you get redesignated to a more serious form of nonattainment. It adds additional levels of control requirements for any new polluting industry that might want to come into the area. Eventually, it gets to a point where they start threatening other funds, such as highway funds and the like. Typically, it will take potentially decades to get to that point.

**Assemblywoman Pierce:**

Is ozone now a pollutant on which you can be in nonattainment?

**Colleen Cripps:**

Yes, it is, and there are portions of Clark County that are out of attainment with the current ozone standard.

**Assemblywoman Pierce:**

Did that just become a pollutant in your jurisdiction, or is that with the EPA?

**Colleen Cripps:**

It is in our jurisdiction. Ozone has been a criteria pollutant under the Clean Air Act since the beginning.

**Assemblywoman Pierce:**

I misunderstood that. Thank you.

**Chair Carlton:**

Are there any other questions for Dr. Cripps? I see none. Mr. Anderson, do you have a question for the State Engineer?

**Assemblyman Anderson:**

Mr. King, it sort of piqued my interest when I saw the wells slide. Does that have anything to do with domestic wells, or is that just water rights? Could you clarify? You were saying a lot to the Assembly Committee on Government Affairs that you had nothing to do with domestic wells, and then I saw the well drilling slide.

**Jason King:**

Domestic use is the only manner of use within the state that does not require a water right through our office. If you live on a parcel of land where a municipality cannot serve you water, you have the ability to contact a well driller and drill a well and withdraw up to two acre-feet per year for that single family dwelling, a garden, and domestic animals. Every other manner of use requires a water right through our office. In terms of well drilling, it would have to be a licensed well driller that would drill that domestic well, just like it would have to be a licensed well driller to drill any of those other wells.

**Assemblyman Anderson:**

Thank you for the clarification.

**Chair Carlton:**

Are there any other questions from the Committee? Mr. Bobzien.

**Assemblyman Bobzien:**

Regarding dam safety, Mr. King, you laid out the risk assessment criteria and how you categorize all of the different dams and pilements across the state. Could you repeat those and give us some approximate numbers of how many you are talking about, and provide information on which dam falls where to give us a visual idea of what you are talking about?

**Jason King:**

We have three classifications of dams, and a lot of people who hear these classifications interpret them as the condition that they are in. For example, a high hazard structure is defined as a structure that, if it were to fail, would cause loss of life. It has nothing to do with the condition of the dam. It does not mean that it is going to fail any second. The way we know to classify that

as a high hazard dam is we can do inundation maps, and we can simulate a dam breach. Based on an inundation map, we can see that it is going to be in neighborhoods, and there is a chance for a loss of life. As a high hazard structure, it has to meet a higher level of design. It has to be able to pass larger flows without failing. There are various standards.

Significant hazard dams are those dams that, if they were to fail, there could be no loss of life, but there could be significant economic damage. An example of that could be a railway. You may assume that, if it was to fail, it could wipe out a railway, and that could mess things up. We might classify that as a significant hazard.

If a low hazard dam were to fail, there would be very minimal economic damage. To give you some examples, the Clark County Regional Flood Control District has numerous flood control detention facilities. Those are all high hazard structures because they are built in neighborhoods. The failure of those could certainly cause loss of life. A lot of low hazard structures are perhaps ponds out on ranches and farms in which the ranchers or farmers store irrigation water. They may only store two or three acre-feet of water, as an example.

**Assemblyman Bobzien:**

Does your authority extend to Bureau of Reclamation projects or anything like that? Are you dealing with federal properties?

**Jason King:**

That is an exemption in NRS Chapter 535. We do not have any responsibility over the federal facilities, such as the Bureau of Reclamation and Hoover Dam.

**Chair Carlton:**

I have a couple questions for you. They are more for informational purposes for the Committee to understand water as a beneficial use, the permitting process, and the water rights and such. Could you please explain the permitting process, how it works, and the associated fees?

**Jason King:**

A condensed version of the application process would be that applications are required for any manner of use other than domestic use. An application is made with our office. We do an internal review of that application to make sure everything looks good. There is a support map that accompanies the application that shows where the well is located and perhaps the land that it is going to irrigate. We do that internal review, and then we send it to the newspaper in the county where that point of diversion lies. It is published in the newspaper for four continuous weeks, and then there is a 30-day protest period

after that publication. Anytime after the application is filed, a protest can be filed, but you have up until 30 days after the last date of publication.

Let us assume that no protest is filed on an application. It becomes "ready for action," as we call it. A staff engineer will look at it and write it up for either approval, denial, or approval with some kind of condition on it. The four primary criteria that we look at are:

- Is there water at the source? If the basin is fully appropriated, we cannot approve it.
- Will it impact existing rights?
- Is it in the public interest?
- Will it impact domestic wells?

There are some other criteria, but those are the primary ones. There is another list of criteria that deals with interbasin transfers. We look at that criteria and decide whether or not to approve or deny an application. Upon approval, it becomes a permit. If you file an application, you get a permit if you get a favorable review. If you put water to beneficial use after you receive a permit, then you get a certificate. Those are the three stages—application, permitting, and certification.

The fees depend on the manner of use. A common permit fee would be \$250 plus \$2 to \$3 per acre-foot. If you were applying for a 100 acre-foot permit, the permit fee would be \$550.

**Chair Carlton:**

Is that a one-time fee?

**Jason King:**

That is correct.

**Chair Carlton:**

Is there a difference between agricultural versus urban versus business, as far as the fees go?

**Jason King:**

There is no difference right now. There is a bill draft out there that proposes to change fees for changes of agricultural rights. If you change the point of

diversion or a place of use of an agricultural right, the proposal is to charge a flat \$500 fee and not have that \$3 per acre-foot incremental charge.

**Chair Carlton:**

I would like to clarify for my own understanding. It has been a while since I worked on this. It is a one-time fee, and they declare how many acre-feet they are going to take. Is the acre-foot charge administered every year, or is it a one-time thing?

**Jason King:**

It is a one-time permit fee.

**Chair Carlton:**

So, they can keep taking it out of the ground after paying for it once.

**Jason King:**

That is correct.

**Chair Carlton:**

I just wanted to be sure that I had that right.

**Jason King:**

Per statute, for out-of-county transfers, there is a \$10 per acre-foot fee that one county can charge a user. That is on an annual basis, but that is the only one.

**Chair Carlton:**

Thank you. Mr. Goedhart.

**Assemblyman Goedhart:**

Mr. King, say, for instance, you have a water right application that has been processed by a governmental entity and you are working through it. In some cases, I have seen that over the course of seven to ten years, every year you have to keep on paying for that renewal and reextension of time. Is that correct?

**Jason King:**

If it is an application, which has not yet become a permit, and someone protests it, there is no annual extension-of-time fee. There is a little bit of a disconnect. Part of the problem is that the application is sitting there for some time because it has been protested and not acted upon. Where the extensions of time come in is after an application has been approved for a permit, and you are not able to drill a well or put the water to beneficial use. Then, the permittee must submit

extensions of time year after year to keep that water right valid. As long as it is in application form, there is no annual fee.

**Chair Carlton:**

Mr. Aizley.

**Assemblyman Aizley:**

Thank you, Madam Chair. What is the approximate annual revenue for these water rights, and where does the money go?

**Jason King:**

In the 2009 Legislative Session, our fees were raised. For fiscal year 2010, we raised approximately \$3.1 million. Prior to that fiscal year, we had been bringing in around \$2.1 million to \$2.3 million. The increase in fees brought in that additional \$900,000 to \$1,000,000. The money does go to the General Fund. Ninety-one to ninety-two percent of our revenue source is the General Fund, but it is a little misleading, because we are actually raising that \$3 million that goes back to the General Fund. In the budget as it is now proposed, our General Fund revenue is \$4.8 million. If you bring in the \$3 million, you are looking at perhaps only a 40 percent reliance on the General Fund.

**Chair Carlton:**

Ms. Bustamante Adams, do you have another question?

**Assemblywoman Bustamante Adams:**

I have a question for Mr. Lawrence. Referring to page 35, can you tell me about the \$54 million awarded? Is that from grants?

**James Lawrence:**

The \$54 million referenced on page 35 is through grants. The Division of State Lands is responsible for a \$65.5 million program in awarding grants to local governments and nonprofit organizations. To date, we have awarded \$54 million of those grants.

**Chair Carlton:**

Are there any other questions for any of the other presenters? I think this went well. It was a little disconnected toward the end, but at least we made sure that everybody had a chance to present their information. Are there any other questions for Mr. Drozdoff or his team?

**Assemblyman Ellison:**

Were all the pictures used in your presentation taken in Nevada?



**Leo Drozdoff:**

Yes.

**Assemblyman Ellison:**

I am surprised that they were. Thank you.

**Chair Carlton:**

The photos were beautiful and are now a part of history. Mr. King, I have a number of other questions for you off-line. I will not take the Committee's time, because we are all very busy now. I will set up a time to talk with you about a couple other things that have been brought to my attention.

With no other questions for these presenters, we will proceed with public comment. We have one gentleman who would like to make public comment. Welcome to the Committee.

**Chris Freeman, Supervisor, Nevada Tahoe Conservation District, State Conservation Commission, Division of Conservation Districts, State Department of Conservation and Natural Resources:**

You have a handout ([Exhibit D](#)) that summarizes what I will be talking about. There are 28 conservation districts in the state. They represent roughly 200 volunteers and supervisors. They serve without pay. Districts do not have the ability to tax, so they rely on other funds to carry out their programs. Prior to the Governor's budget, the districts received between \$4,200 and \$5,000 from the state to help carry out their programs, and also had liability and state industrial insurance coverage for their district supervisors to carry out their programs.

Under the current budget, this will not take place any longer, and the concern is we may lose some of the ability of districts to carry out their conservation programs. We will have 22 elected officials taking the tour on Saturday. This is a small program. Everybody lives within a conservation district boundary, and we would just like to keep our head above water and allow the conservation districts to carry out their programs. They are a partner with the United States Department of Agriculture's Natural Resources Conservation Service (NRCS), and they bring \$22 million a year to the state. The districts help them carry out those programs. There is no indication that it is going to impact those funds, but the districts are the ones that carry out the programs for the NRCS.

In the district I belong to, we receive funds from Question 1, NTRPA, the U.S. Army Corps of Engineers, and the Bureau of Reclamation. All the work we do is related to the clarity of Lake Tahoe. The districts in the local area here are carrying out programs on behalf of the state to do river restoration on the

Walker, Truckee, and Carson Rivers. There is a lot going on, but we are really unheard of groups. We do a lot of work quietly. Are there any questions?

**Chair Carlton:**

Thank you very much for everything that you do. It is true that this state's greatest assets are the people who love it.

With no other business to come before us, we are adjourned [at 3:07 p.m.].

RESPECTFULLY SUBMITTED:

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Judith Coolbaugh  
Recording Secretary

RESPECTFULLY SUBMITTED:

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Jeffrey Eck  
Transcribing Secretary

APPROVED BY:

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Assemblywoman Maggie Carlton, Chair

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

**EXHIBITS**

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

**Date:** February 22, 2011

**Time of Meeting:** 1:31 p.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
	C	Leo Drozdoff	PowerPoint presentation
	D	Chris Freeman	Prepared testimony