

**MINUTES OF THE
JOINT MEETING OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Sixth Session
May 3, 2011**

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chairwoman Debbie Smith at 8:12 a.m. on Tuesday, May 3, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/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).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chairwoman
Assemblyman Marcus Conklin, Vice Chair
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblyman Randy Kirner
Assemblywoman April Mastroluca
Assemblyman John Ocegüera

SENATE COMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Chair
Senator Sheila Leslie, Vice Chair
Senator Barbara K. Cegavske
Senator Moises (Mo) Denis
Senator Ben Kieckhefer
Senator David R. Parks
Senator Dean A. Rhoads

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mark Krmpotic, Senate Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Jeff Ferguson, Senior Program Analyst
Wayne Thorley, Program Analyst
Anne Bowen, Committee Secretary
Cynthia Wyett, Committee Assistant

CONSERVATION AND NATURAL RESOURCES

DCNR-FORESTRY INTER-GOVERNMENTAL AGREEMENTS (101-4227)

BUDGET PAGE DCNR-41

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented the closing budget for budget account (BA) 4227.

Mr. Thorley indicated there were five budget accounts within the Division of Forestry (NDF), but only four would be heard today.

The Executive Budget as originally submitted recommended terminating the agreement that NDF had with three counties, Clark County, Elko County and Eureka County, to provide "all-risk" emergency response services. Mr. Thorley noted that the portion of Clark County that the agreement affected was a small portion on Mount Charleston, not the entire county.

Beginning on July 1, 2012, this recommendation would reduce county receipts by \$882,065 in fiscal year (FY) 2013 and eliminate 17 positions, including 11 firefighter 2 positions and 6 fire captain positions.

Mr. Thorley explained that all-risk emergency response included anything that was not wildland fire-related. He said all-risk included structure fires, automobile accidents, and medical emergencies that NDF responded to in the three counties. The Governor recommended terminating the agreements with the three counties to provide all-risk response and transferring the responsibility back to the local governments. Fiscal staff noted that although the Governor's recommendation transferred all-risk emergency responsibilities back to the counties, NDF would continue to maintain wildfire management responsibilities in those three counties.

According to Mr. Thorley, the reason the recommendation was originally proposed was because the agency had indicated that the three counties were receiving General Fund subsidies through various other budget accounts within NDF. This included personnel and equipment in the main NDF account, BA 4195. Additionally, the Forest Fire Suppression account, BA 4196, was used to support the three remaining all-risk districts.

Mr. Thorley stated that Clark, Elko, and Eureka Counties funded the direct operating costs associated with their individual all-risk fire districts, which included employee salaries; however, the state expended General Fund appropriations in the Forestry account to provide indirect support services for the three all-risk fire districts. General Fund appropriations in the Forest Fire Suppression account, BA 4196, were also used to fund all-risk emergency responses in the three counties.

The Division of Forestry retained a SWCAP (Statewide Cost Allocation Plan) consultant to determine how much funding in the Forest Fire Suppression account went toward nonland fire services. In FY 2010, the consultant had determined \$612,945 went toward all-risk emergency services in the three counties.

Mr. Thorley said there were also a number of positions within the main Forestry account, BA 4195, which spent a portion of time supporting the all-risk fire districts. The Division of Forestry had identified six of the positions that could be eliminated because of workload reductions if the agreements with the three counties were terminated. Mr. Thorley indicated the elimination of those positions would provide General Fund savings of \$608,784 per year in BA 4195.

The Division of Forestry (NDF) had indicated that it was diverting its limited resources from its core mission of natural resource management, watershed protection, and wildfire prevention and suppression to provide all-risk emergency

response services to Clark, Elko, and Eureka Counties. Mr. Thorley explained that while the counties paid for the direct operating costs of the all-risk operations, there were certain resources and personnel that NDF utilized to help support the all-risk districts.

The NDF had previously terminated all-risk service responsibility agreements with other counties and during those transitions the positions that were laid off by the state were retained by the county once the county assumed responsibility. Mr. Thorley said NDF anticipated that if the Governor's recommendation was approved, the 17 positions slated for elimination would be retained by the local governments.

Mr. Thorley reiterated that if the recommendation was approved, NDF would continue to provide 24-hour, no-cost wildfire suppression to the individual counties. Existing funding paid to NDF through the three counties would be returned to the counties and any equipment or facilities that had been purchased with county funding would also be returned to the individual counties. In certain cases, NDF indicated it might need long-term lease or loan agreements with the counties to transfer equipment and facilities into the counties' possession.

Referring to Budget Amendments A00367, A00368, and A00372, Mr. Thorley said the amendments affected BA 4227. During the Public Safety, Natural Resources and Transportation Joint Subcommittee budget hearing, concerns were raised by Subcommittee members regarding the time frame of the transfers and also the effect the transfers might have on public safety in those three counties.

The Natural Resources Joint Subcommittee also heard testimony that the affected counties might be willing to increase the payment to NDF to fully fund the actual cost to provide these services. The NDF had consulted with representatives of each of the three counties, Clark, Elko, and Eureka, and had reached an agreement with them to continue to provide all-risk emergency response services for up to four years, until the end of 2015. The counties had also agreed they would directly fund, through BA 4227, the incident costs that were previously subsidized by the General Fund and the Forest Fire Suppression account related to all-risk emergency response activities.

For FY 2012, each county had agreed to fund 35 percent of costs. Beginning in FY 2013, through the end of the agreement in FY 2015, the counties would fund 100 percent of incident cost reimbursements. In addition, the counties would fully fund the six positions that were recommended for elimination in

BA 4195, the Division of Forestry's main account. Those positions would continue in their previous capacity until the end of the agreement. The Governor's recommended budget amendment would also retain the 17 positions previously recommended to be eliminated. Basically, under the agreement everything would remain as it currently was concerning NDF's responsibilities to provide all-risk emergency response services to the three counties.

Mr. Thorley explained that over the biennium, the counties had agreed to transfer \$765,816 to fully fund six positions that were recommended to be eliminated. The counties would increase transfers by \$827,416 to reimburse NDF for the cost of actually providing all-risk emergency response services.

Mr. Thorley indicated there were two options for the Joint Committee to consider. The first option would be to approve decision units Enhancement (E) 690 through E692 as originally recommended by the Governor in The Executive Budget. The option would eliminate 17 positions and transfer all-risk emergency response service responsibilities back to Clark, Elko, and Eureka Counties.

Option number 2 would be to approve decision units E690 through E692 as amended by the three Budget Amendments A00367, A00368, and A00372. This would increase transfers from Clark, Elko, and Eureka Counties to fund the indirect costs associated with operating the all-risk fire districts as well as retain the 17 positions originally recommended for elimination. Mr. Thorley noted that if the Committee approved this option, it should also restore the six positions in BA 4195, which would be funded by increased transfers from the counties, not by the General Fund.

Chairwoman Smith called for discussion.

Assemblyman Ocegüera said he believed option two was the better choice. He said the issue was that in some of the locations the urban area had crept into the wildland area and wildland firefighters were trained differently than urban firefighters. He said he was pleased the counties had agreed to accept more responsibility.

Chairwoman Smith commented that she agreed with Assemblyman Ocegüera. She further said she had heard reports about the possibility for a severe fire season this year.

Assemblyman Bobzien noted that it made sense to keep the current arrangement until the counties could transition, and he was supporting option number two.

Senator Parks remarked that he also supported option number two. He considered option two as a ideal solution for everyone's concerns.

SENATOR PARKS MOVED TO APPROVE DECISION UNITS E690 THROUGH E692 IN BUDGET ACCOUNT 4227 AS AMENDED BY BUDGET AMENDMENTS A00367, A00368, AND A00372, INCLUDING THE RESTORATION OF SIX POSITIONS IN BUDGET ACCOUNT 4195.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

Mr. Thorley said the other closing item in BA 4227, was Governor recommended county receipts of \$23,226 over the 2011-2013 biennium for replacement of computer hardware and software equipment in accordance with the Department of Information Technology (DoIT) recommended replacement schedule (E710). The recommendation appeared reasonable to staff.

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E710 IN BUDGET ACCOUNT 4227 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN OCEGUERA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

BUDGET CLOSED.

CONSERVATION AND NATURAL RESOURCES
DCNR-FORESTRY (101-4195)
BUDGET PAGE DCNR-15

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), referred to budget account (BA) 4195, the main Forestry account. He said there were three major closing issues in the account.

The Governor recommended withdrawing from the Sierra Front Interagency Dispatch Center (IDC) in Minden and eliminating three fire control dispatcher positions, providing General Fund savings of \$220,675 in fiscal year (FY) 2012 and \$220,722 in FY 2013. This recommendation would transfer all Division of Forestry (NDF) administrative radio traffic to the 24-hour Elko IDC and could potentially result in the layoff of three employees.

Mr. Thorley said the agency had indicated that with the technology available the consolidation of administrative radio traffic at Elko IDC would have no effect on the agency's ability to receive and send administrative radio traffic. The agency had also indicated that it would not need to purchase additional equipment for this recommendation.

The building that housed the Sierra Front Interagency Dispatch Center was owned by the state; however, two federal agencies, the Bureau of Land Management (BLM) and the U.S. Forest Service (USFS), also used the building for radio traffic and dispatch. If the recommendation was approved, NDF anticipated those federal partners would remain in the building. The NDF would work out a low-cost lease agreement with the federal partners to allow BLM and USFS to remain in the building. Mr. Thorley said the agency anticipated the lease agreement would be implemented; however, the agency noted to staff that decision unit Enhancement (E) 690 included minimal funding of \$5,936 in each year of the biennium. The funding would cover mothballing costs and basic maintenance for the Sierra Front IDC should the federal agencies withdraw from the center.

Staff noted that administrative radio traffic occurred daily for NDF, but was different from emergency radio traffic. Currently, Mr. Thorley said, emergency radio traffic went through the dispatch center that was closest to the incident or closest to where the wildland fire occurred. There were five interagency dispatch centers around the state, and according to NDF, this recommendation would not change the agreement that the agency had if this recommendation was approved. Should a fire occur in western Nevada and NDF had withdrawn

from the Sierra Front Interagency Dispatch Center, that dispatch center could still manage the associated emergency radio traffic.

Assemblyman Bobzien said that when decision unit E690 was first proposed he had some serious misgivings about what it would mean for initial attack response times in western Nevada. He was concerned about dispatch being run out of Elko and not someplace closer. Subsequently, Assemblyman Bobzien had met with Pete Anderson, State Forester Firewarden and Mr. Anderson had indicated that technological advances to the radio system had made it feasible to perform the dispatch from Elko, and in the event of a major incident, the Sierra Front IDC could be quickly reopened. Assemblyman Bobzien said he was now more comfortable with the recommendation.

Chairwoman Smith said she would entertain a motion on major closing issue number 1, withdrawal from the Sierra Front Interagency Dispatch Center.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE DECISION UNIT E690 IN BUDGET ACCOUNT 4195 TO WITHDRAW FROM THE SIERRA FRONT INTERAGENCY DISPATCH CENTER AND TRANSFER ALL ADMINISTRATIVE RADIO TRAFFIC TO THE ELKO INTERAGENCY DISPATCH CENTER, INCLUDING THE ELIMINATION OF THREE POSITIONS, AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

In response to a question from Assemblyman Aizley, Mr. Thorley explained there were multiple accounts that would include the decision unit E690 series.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

Mr. Thorley stated major closing item number 2 concerned the six positions that were originally recommended by the Governor to be eliminated. The agency had indicated that if all risk emergency response services were transferred back to the counties, these positions could be eliminated because of the decreased workload. Mr. Thorley noted that the six positions under budget amendments submitted to the Fiscal Analysis Division would be retained and would be funded directly by the counties.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE DECISION UNITS E691 THROUGH E697 IN BUDGET ACCOUNT 4195 AS AMENDED BY BUDGET AMENDMENTS A00365, A00366, AND A00371 TO RESTORE SIX POSITIONS ORIGINALLY RECOMMENDED FOR ELIMINATION.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

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Mr. Thorley said the last major closing issue also dealt with the all-risk transfer recommendation. The Executive Budget originally recommended and required an increase in General Funds of \$69,723 to replace a transfer from the counties that had historically taken place. Mr. Thorley said Budget Amendment A00369 would basically repeal decision unit Enhancement (E) 698.

SENATOR RHOADS MOVED TO APPROVE DECISION UNIT E698 AS AMENDED BY BUDGET AMENDMENT A00369 IN BUDGET ACCOUNT (BA) 4195.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

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Regarding other closing items, Mr. Thorley said decision unit Maintenance (M) 425 recommended General Fund appropriations of \$20,450 in fiscal year (FY) 2012 for deferred maintenance projects, including the removal of dead insects and nests from the attic of the Sierra Front Interagency Dispatch Center (IDC). Although the Committee had approved the withdrawal from the Sierra Front IDC, the building was still owned by the state, and the agency indicated that this maintenance project represented a public health and safety issue and should be considered.

Other deferred maintenance projects included installation of fire suppression equipment at Sierra Front IDC, fire alarms at the Elko Dispatch Center,

emergency egress lighting at the Las Vegas office, and installation of signage required under the Americans with Disabilities Act (ADA) at the Las Vegas office. Mr. Thorley stated the recommendation appeared reasonable.

The second item under other closing items was volunteer firefighter savings. In decision unit E606 the Governor recommended General Fund savings of \$43,771 in each year of the 2011-2013 biennium by implementing a method of categorizing volunteers from volunteer fire departments as either active or inactive and providing workers' compensation insurance to only active volunteers. This recommendation would allow volunteer firefighters to opt out of required physicals by signing a waiver. The agency had indicated it currently had a difficult time getting volunteer firefighters to submit to physicals that were required under statute.

Mr. Thorley said other closing item number three concerned replacement equipment. The Governor recommended funding of \$169,204 over the 2011-2013 biennium to replace computer hardware and software.

Other closing item number four was provided for informational purposes only. The Executive Budget recommended General Fund appropriations of \$839,611 in fiscal year (FY) 2010-11 to fund the replacement of certain critical equipment for NDF (A.B. 486) and also the transition to the Very High Frequency (VHF) radio system (A.B. 495) as required by federal mandate.

Assemblyman Ocegüera said other closing item number 2 concerned him because it would allow volunteer firefighters to opt out of physicals by signing a waiver. He said it seemed to him that the employer, the city or county, would just say sign this waiver or you cannot be a volunteer, thus negating the volunteers' rights or ability to file a claim if they had a heart and lung injury.

Assemblyman Ocegüera asked the Minority Leader whether he was aware of this provision for the bill that he had sponsored.

Assemblyman Goicoechea said Assembly Bill 141 was alive and in the Senate where he believed it would be heard on May 11, 2011. Assemblyman Goicoechea said A.B. 141 stated a volunteer had to be on an active roster and be noticed that the individual had 10 days to obtain a physical. If at that point the volunteer determined he or she did not want to take the physical, the employer, whether the state, the city, or the county, was relieved of responsibility. But the bill also required that a volunteer be maintained on an active roster whether opting out of a physical or not. Although decision unit E606 and A.B. 141 were similar, Assemblyman Goicoechea thought the bill was

better because it required that a volunteer had the option and was not waiving heart and lung benefits.

Assemblyman Ocegüera said he knew the Committee on Ways and Means was not a policy committee, but he did not believe that opting out by signing a waiver was a good policy.

Assemblyman Goicoechea said he agreed with Assemblyman Ocegüera.

Chairwoman Smith wondered what the ramifications would be to the budget, and she requested that someone from the agency address that concern.

Pete Anderson, State Forester Firewarden, Division of Forestry (NDF), State Department of Conservation and Natural Resources, said the Division was familiar with the situation with the Minority Leader's bill and concurred. He said the Division would follow the law, whatever the end result was and added that the savings would stay the same.

Chairwoman Smith questioned how the savings stayed the same if requirements as to who was or was not required to take a physical were changed.

Mr. Anderson explained that savings were achieved by the active volunteers versus inactive volunteers. Currently NDF was carrying large numbers of volunteer firefighters on workers' compensation that were not active with their departments. Decision unit E606 would allow the Division to focus on those that were active volunteers and cover the cost for physicals.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, commented that the question was whether the savings estimates were based on the provision that would not require workers' compensation coverage for inactive volunteers or that the savings were based on opting out of the physical examination.

Mr. Anderson said no longer providing workers' compensation insurance to inactive volunteers would save General Fund expenses for the Division.

Chairwoman Smith commented that it sounded like the record was clear, and she would entertain a motion to approve the final items with the recommendation that the policy be worked on in the legislation.

SENATOR RHOADS MOVED TO APPROVE OTHER CLOSING ITEMS 1 THROUGH 3 IN BUDGET ACCOUNT 4195 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)
BUDGET CLOSED.

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CONSERVATION AND NATURAL RESOURCES
DCNR-FOREST FIRE SUPPRESSION (101-4196)
BUDGET PAGE DCNR-30

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), reviewed the Forest Fire Suppression account, budget account (BA) 4196.

Mr. Thorley said there were no major closing issues in this account; however, Fiscal staff noted that the Governor recommended continuing General Fund appropriations of \$2.5 million in each year of the biennium in support of fire suppression and emergency response activities. The recommendation to continue General Fund appropriations at the historic level of \$2.5 million in each year of the 2011-2013 biennium appeared reasonable to staff. Fiscal staff also received Budget Amendment A00375 for this account. Mr. Thorley noted that Budget Amendment A00375 was again tied to the all-risk emergency activity and recommended a reduction in expenditures for all-risk emergency response services of \$6,293 in fiscal year (FY) 2012, and \$17,980 in FY 2013, as well as a corresponding increase in authority for wildland fire suppression activities. Basically, the budget amendment reduced the expenditures in the account that were funding all-risk emergency response activities. Those activities would be funded by the counties through BA 4227. Staff recommended approval of the budget amendment based on the Committee's previous actions.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE BUDGET ACCOUNT (BA) 4196 AS RECOMMENDED BY THE GOVERNOR INCLUDING BUDGET AMENDMENT A00375.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson and Conklin were not present for the vote.)

BUDGET CLOSED.

CONSERVATION AND NATURAL RESOURCES
DCNR-FORESTRY NURSERIES (257-4235)
BUDGET PAGE DCNR-49

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated budget account (BA) 4235, the Forestry Nurseries account, funded the Forestry Nursery and Seedbank programs.

Mr. Thorley said there was one major closing issue regarding declining revenue and reserves. The Governor recommended revenue and expenditures of \$655,918 in fiscal year (FY) 2011-12 and \$587,925 in FY 2012-13 in support of the Forestry Nurseries account. This represented a reduction of 66 percent and 70 percent, respectively, when compared to the amounts that were approved by the 2009 Legislature for the current biennium. The agency had indicated that the Nursery program had been operating at a net loss since FY 2006-07, and as a result the reserve levels were recommended to decrease from \$108,825 actual in FY 2009-10 to \$9,651 at the end of the 2011-2013 biennium.

The agency had indicated that a portion of the operating costs were currently being funded by reserves and had caused the reserve balance to decrease.

Currently, there were two permanent positions in the Forestry Nurseries account, which had been reduced to 0.75 full-time equivalents (FTEs). The agency had indicated any further reductions would affect sales by reducing hours of operation as well as affecting the health and growth of the plants. To address the concerns over the financial solvency of the Forestry Nurseries account, the agency had indicated it was currently working with NV Energy and the Division of Environmental Protection to obtain a grant to be used to reduce utility expenses through retrofits. The Forestry Nurseries program currently expended approximately \$26,000 annually for utilities. The agency was also working on obtaining contracts as the contracts typically produced larger, more cost-effective sales.

While the Governor's recommended budget for the 2011-2013 biennium projected a reserve balance of \$9,651 at end of FY 2012-13, the agency had

indicated there was a possibility that funding for the program would be completely expended during the 2011-2013 biennium. The agency had a plan in place if all funding was projected to be expended in the upcoming biennium. The Department would make the decision to shut down the nurseries with enough money remaining for mothballing costs and termination expenses for the remaining staff. Once the shutdown decision was made, the agency had indicated it would consult with the Director of the State Department of Conservation and Natural Resources (DCNR) and also the Budget Division and the Office of the Governor to make a final decision. Notification would also be sent to the Interim Finance Committee (IFC) that the program would not be able to meet its annual required General Fund repayment of \$20,670 required under Senate Bill No. 524 of the 73rd Session (2005). That bill allowed the Forestry Nurseries program to receive an appropriation from the General Fund of \$413,401 to construct and retrofit the nursery in Las Vegas. The bill also required annual payments back to the General Fund of 5 percent of the costs. Currently, \$351,391 of the original appropriation was still owed to the General Fund.

Mr. Thorley said the Committee might consider issuing a Letter of Intent to the Division of Forestry expressing concern over the financial status of the Forestry Nurseries account and instructing the Division to appear before IFC at the end of FY 2011-12 to provide a status report on nursery operations and fiscal conditions of the program.

Assemblyman Bobzien opined that the Letter of Intent was a necessary part of closing this budget.

ASSEMBLYMAN BOBZIEN MOVED TO CLOSE THE FORESTRY NURSERIES ACCOUNT AS RECOMMENDED BY THE GOVERNOR, INCLUDING ISSUING A LETTER OF INTENT REGARDING THE SOLVENCY OF THE NURSERIES PROGRAM AND INSTRUCTING THE DIVISION OF FORESTRY TO APPEAR BEFORE THE IFC AT THE END OF FY 2011-12 TO DISCUSS THE FINANCIAL STATUS OF THE PROGRAM.

SENATOR PARKS SECONDED THE MOTION.

Senator Kieckhefer asked whether there had been a comprehensive analysis of how the nurseries were conducting business to see whether there was an opportunity to shore up the revenue stream.

Mr. Thorley said he was not aware of any analysis that had been performed by the agency to determine whether reorganization or other options could be financially beneficial to the account.

Assemblyman Bobzien interjected that he believed that subject would be part of the discussion before IFC.

THE MOTION CARRIED. (Assemblymen Atkinson and Conklin were not present for the vote.)

BUDGET CLOSED.

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CONSERVATION AND NATURAL RESOURCES
DCNR-STATE PARKS (101-4162)
BUDGET PAGE DCNR-54

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), introduced budget account (BA) 4162, State Parks. There were three major closing issues in the budget.

The first issue dealt with new revenue to replace General Funds. To reduce General Fund appropriations in the State Parks budget, the Governor recommended three new funding sources that would offset General Funds by \$594,300 over the 2011-2013 biennium.

Mr. Thorley said the first recommendation was contained in decision unit Enhancement (E) 680. The decision unit recommended replacing approximately 50 percent of the operating costs at the Lahontan and Rye Patch State Recreation Areas with a grant from the federal Bureau of Reclamation (BOR) in the amount of \$250,000 in each year of the upcoming biennium. The two recreation areas were owned by the Bureau of Reclamation but operated by the Division of State Parks. A representative from BOR confirmed at the Public Safety, Natural Resources and Transportation Joint Subcommittee budget hearing that BOR was committed to providing support to fund operating expenses at Lahontan and Rye Patch through the upcoming biennium. The agency had discussed the possibility of continuing the agreement into the future beyond fiscal year (FY) 2012-13, but the current agreement with BOR was only for the upcoming biennium. The agency had indicated that as it developed its budgets for FY 2013-14 and beyond, it was not anticipated that funding from the federal government would continue. Mr. Thorley said it was likely the

budget requests for the 2013-2015 biennium would include a request to restore General Fund.

Mr. Thorley said the question for the Committee was whether to approve decision unit E680 as recommended by the Governor, which replaced General Funds of \$250,000 in each year of the upcoming biennium with a transfer from the federal government.

Assemblyman Grady asked whether \$250,000 would cover operating costs for the parks.

Mr. Thorley replied that \$250,000 would cover approximately 50 percent of the operating costs of the two state parks, less whatever the agency received in ticket sales.

ASSEMBLYMAN GRADY MOVED TO APPROVE DECISION
UNIT E680 IN BUDGET ACCOUNT 4162 AS RECOMMENDED BY
THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Atkinson, Conklin, and
Oceguera and Senators Cegavske and Horsford were not present
for the vote.)

Mr. Thorley said decision units Enhancement (E) 682 and E683 were related. Decision unit E682 recommended replacing General Funds of \$30,000 in each year of the upcoming biennium with revenue derived from the operation of sales outlets that were formerly run by a nonprofit organization. The sales outlets were currently located at various state parks, including Valley of Fire State Park, Old Las Vegas Mormon State Historic Park, Spring Mountain Ranch State Park, Lake Tahoe-Nevada State Park, and Cathedral Gorge State Park.

Senate Bill 442 had been introduced and was currently in the Senate Committee on Finance. Mr. Thorley said the bill would establish an enterprise fund to cover the operating costs of running the sales outlets. Any excess revenue would be used to offset the General Fund by \$30,000 and also to provide educational programs and interpretive programs for park visitors.

Fiscal staff noted that the agency terminated its agreement with the nonprofit organization. When that occurred, the Division of State Parks took possession of the remaining funding of approximately \$250,000, which was to be used as start-up funding for this program. The money was currently in the Parks Gifts and Grants account, BA 4170. Mr. Thorley said the equipment and the remaining merchandise in the sales outlets would be retained by State Parks to get the operation up and running. Fiscal staff noted that this decision unit was contingent upon the passage of Senate Bill 442.

Decision unit E683 recommended offsetting General Funds by \$17,150 in each year of the 2011-2013 biennium with revenue derived from the operation of vending machines at various state parks. The money would also go into the proposed enterprise fund, and the money generated from sales at the vending machines would be used to offset the General Fund and also to pay for educational and park interpretive programs.

To implement these two decision units the Governor submitted Budget Amendment A00279, which created a permanent position and provided operating funding for that position and for seasonal employees. Under the budget amendment, the Governor recommended transferring \$171,639 in FY 2011-12 and \$177,445 in FY 2012-13 from the newly created enterprise fund to the State Parks account. Mr. Thorley said this transfer would fund the salary and benefits and operating costs of the newly created retail storekeeper position. It would also fund the hiring of seasonal park aides to operate the sales outlets at the various state parks. Under the Governor's recommendation, this retail storekeeper would be located at the Valley of Fire State Park and would operate as the manager of the retail operation and supervise the seasonal employees. Fiscal staff noted that the budget amendment as submitted by the Budget Division contained merit salary increases in year two of the biennium for the storekeeper position. If the recommendation was approved, as well as the recommendation that is in all of The Executive Budget accounts to suspend all merit salary increases, Fiscal staff would request authority to make a technical adjustment to the salary of the retail storekeeper position.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE DECISION UNITS E682 AND E683 ALONG WITH BUDGET AMENDMENT A00279 AS RECOMMENDED BY THE GOVERNOR, INCLUDING PERMISSION FOR FISCAL STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS TO THE SALARY OF THE RETAIL STOREKEEPER POSITION.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela and Senator Horsford were not present for the vote.)

Mr. Thorley said major closing issue number 2 concerned the Governor's recommendation to eliminate four positions, an administrative assistant, two maintenance repair specialists, and one professional engineer. The recommendation provided General Fund savings of \$355,247 over the 2011-2013 biennium.

Decision unit Enhancement (E) 606 recommended eliminating a vacant administrative assistant 1 position. The position was authorized by the 2007 Legislature to be funded by an increase in fee revenue through admission fees; however, the admission fee increase never materialized and the position was never filled. Mr. Thorley said the recommendation appeared reasonable.

Decision unit E691 recommended eliminating a maintenance repair specialist 2 position at Spring Mountain Ranch State Park and laying off the incumbent currently assigned to the position. The decision unit provided General Fund savings of \$57,279 in fiscal year (FY) 2011-12, and \$58,242 in FY 2012-13. The agency had indicated that maintenance responsibilities at Spring Mountain Ranch State Park would be transferred to the Las Vegas Regional office.

Decision unit E692 recommended eliminating a maintenance repair specialist 2 position at Big Bend of the Colorado Recreation Area and laying off the incumbent assigned to that position, providing General Fund savings of \$48,378 in FY 2011-12 and \$49,316 in FY 2012-13. Again, the Governor recommended transferring maintenance responsibility at Big Bend to remaining park staff and the Las Vegas Regional office.

Decision unit E693 recommended eliminating a vacant professional engineer position from the Division's main office in Carson City. This elimination would provide General Fund savings of \$70,519 in FY 2011-12 and \$71,513 in FY 2012-13. The agency had indicated that these four positions were recommended for elimination to meet budget reduction targets and requirements.

Assemblyman Bobzien said he would reluctantly support the proposed decision units but wanted to call attention to decision unit E693 regarding the professional engineer position. He referred to the statement of the agency

indicating the position elimination would slow projects and delay completion dates which could lead to a loss of federal funding for projects.

ASSEMBLYMAN BOBZIEN MOVED TO APPROVE DECISION UNITS E606, E691, E692, AND E693 AS RECOMMENDED BY THE GOVERNOR IN BUDGET ACCOUNT 4162.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela and Senators Horsford and Rhoads were not present for the vote.)

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Mr. Thorley said major closing issue number 3 concerned the Governor's recommendation to transfer the Dangberg Home Ranch Historic Park to Douglas County which owned the property. The state currently had a lease agreement to operate the facility. This recommendation would eliminate one park interpreter 2 position, providing General Fund savings of \$96,517 in FY 2011-12 and \$97,491 in FY 2012-13.

The Division of State Parks had sent, pursuant to the agreement, a notification letter to Douglas County indicating the Governor's recommendation to terminate the lease agreement to comply with the 120-day termination notification clause in the agreement. If the recommendation was approved, the lease agreement with Douglas County would be terminated on July 31, 2011, however the park interpreter 2 position and operating support would be eliminated at the end of the current fiscal year on June 30, 2011.

Mr. Thorley noted that the termination of the operating agreement with Douglas County would allow Douglas County to potentially close or sell Dangberg Ranch as it would take sole ownership of the property. The state had, through the Question 1 bond program, recently spent approximately \$2 million at the Dangberg Home Ranch Historic Park on infrastructure improvements and building renovations. Any structural and financial benefits from this investment would be transferred to Douglas County if the lease agreement was terminated. The agency indicated that it planned to continue limited funding for operational expenses at the park, including security, utilities, and minimal grounds work. Douglas County had indicated that a nonprofit organization called the Friends of Dangberg Ranch was working on developing a plan to maintain and operate Dangberg Home Ranch Historic Park, although on a limited basis, through the help of volunteers and donations. Should the plan

work, the agency would enter into a long-term agreement with the county or the Friends of Dangberg Ranch to keep a number of state-owned artifacts at the site and would enter into an agreement to keep those artifacts at the Park, rather than move them to storage.

Mr. Thorley said the Governor had recently identified additional General Funds for restoration in certain budget accounts. For the State Parks account, the Governor had recommended, through Budget Amendment A00304, additional General Funds of \$9,231 in each year of the upcoming biennium. The additional General Funds would continue the funding the state had provided for the operations at the Dangberg Home Ranch Historic Park. The agency had indicated that if the county or the Friends of Dangberg Ranch were not able to keep the park open, the additional funding would be reverted to the General Fund. However, this budget amendment did not affect the Governor's original recommendation to terminate the lease agreement with Douglas County.

Mr. Thorley explained that option number 1 would be to approve decision unit Enhancement (E) 690 as originally recommended in The Executive Budget. This option terminated the state's agreement with Douglas County to operate the Dangberg Home Ranch Historic Park and eliminated one position, providing General Fund savings of \$96,517 in FY 2011-12 and \$97,491 in FY 2012-13.

Option 2 would entail approving decision unit E690 as amended by Budget Amendment A00304. This option would also terminate the lease agreement with Douglas County to operate the Dangberg Home Ranch Historic Park. The park interpreter 2 position would also be eliminated, but continued funding of \$9,231 in each year of the upcoming biennium would be restored to provide limited operating support for the park. This recommendation provided General Fund savings of \$87,286 in FY 2011-12 and \$88,260 in FY 2012-13.

Assemblyman Bobzien commented that with both options the state was terminating the agreement, but with option 2 the state was providing funding of approximately \$10,000 each year to provide for care of the state-owned artifacts. He asked whether placing the artifacts in storage was considered or whether the funding was to keep those pieces available and open to the public.

Mr. Thorley explained that the agency had indicated that the artifacts currently at the Dangberg Home Ranch Historic Park had been fully cataloged and were site-specific. The artifacts were important to visitors to the park because they told the story and history of Dangberg Ranch, which was one of the earliest settlements in the Carson Valley. Mr. Thorley said storing those artifacts

off-site had been decided against because it was believed the artifacts should stay on site for the benefit of the public.

Assemblyman Goicoechea said his concern was that the lease would be terminated on July 31, 2011, but staffing was ending on June 30, 2011. He asked who would be at the site during the 30-day gap.

David K. Morrow, Administrator, Division of State Parks, State Department of Conservation and Natural Resources, testified that the plan was to give the Park some time to transition the extra 30 days. He said the Division would help by using staff from other parks, the Friends of Dangberg Ranch were in place to help, and Douglas County was prepared to continue to perform the duties that it had been performing all along. He said the 30-day gap would not put anything at the Park in jeopardy.

Mr. Morrow referred to the state-owned artifacts and explained the state's ownership of items at the ranch ranged across the board. Most of the high-value items at the Dangberg Home Ranch Historic Park were originally gifted to Douglas County. He noted the state's ownership of artifacts was not as significant as it sounded.

ASSEMBLYMAN GOICOECHEA MOVED TO APPROVE DECISION UNIT E690 AS AMENDED PURSUANT TO BUDGET AMENDMENT A00304, WHICH TERMINATES THE STATE'S AGREEMENT WITH DOUGLAS COUNTY TO OPERATE THE DANGBERG HOME RANCH HISTORIC PARK AND ELIMINATES ONE POSITION, BUT PROVIDES FUNDING OF \$9,231 FOR EACH YEAR OF THE 2011-2013 BIENNIUM.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Conklin was not present for the vote.)

Mr. Thorley said, under other closing items, decision unit Enhancement (E) 230 provided for reductions in building rent costs of \$10,622 in each year of the upcoming biennium because of the reallocation of office space within the Richard H. Bryan Building in Carson City. The Governor recommended merging the State Office of Historic Preservation (SHPO) with the Department of Conservation and Natural Resources (DCNR) and eliminating the Division of

Conservation Districts. If approved, the agency had indicated some reallocation of office space would be needed. Fiscal staff requested authority to make technical adjustments to the office space allocation based upon actions taken by the Legislature regarding the other accounts.

In decision unit E694, the Governor recommended reducing funding for seasonal positions dedicated to weed abatement that had been approved by the 2007 Legislature. This recommendation provided General Fund savings of \$15,016 in FY 2012-13. Mr. Thorley said the recommendation appeared reasonable.

In other closing item number 3, the Governor recommended Question 1 bond revenue of \$3,876 in FY 2011-12 for replacement computer hardware and software equipment (E710). This recommendation appeared reasonable to Fiscal staff. In decision unit E712 the Governor recommended \$10,395 in FY 2012-13 to purchase a replacement forklift.

Under other closing item number 4, decision unit E720, the Governor recommended General Funds of \$82,825 in FY 2012-13 to purchase a new backhoe loader. Mr. Thorley said the backhoe would be used to maintain public water and sewer systems at various state parks and it would also aid in snow removal and road repair. The recommendation appeared reasonable to Fiscal staff.

Other closing item number 5 was provided for the Committee's information only. The Executive Budget recommended a capital improvement project with funding of \$382,529 to replace roofing and all heating, ventilating, and air conditioning (HVAC) units at the Valley of Fire State Park visitor's center. The total state funding would amount to \$261,458.

ASSEMBLYMAN HOGAN MOVED TO APPROVE OTHER CLOSING ITEMS 1 THROUGH 4 IN BUDGET ACCOUNT 4162 AS RECOMMENDED BY THE GOVERNOR, WITH AUTHORITY FOR STAFF TO MAKE ADJUSTMENTS TO THE OFFICE SPACE ALLOCATION IN THE RICHARD H. BRYAN BUILDING AS NEEDED.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CONSERVATION AND NATURAL RESOURCES
DCNR-NEVADA NATURAL HERITAGE (101-4101)
BUDGET PAGE DCNR-96

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), reviewed the Nevada Natural Heritage Program, budget account (BA) 4101. Mr. Thorley said there was one major closing issue for this account regarding the removal of General Fund appropriations. The Executive Budget recommended removing all General Fund appropriations from this account. When compared to actual fiscal year (FY) 2009-10 appropriations, this recommendation provided savings of \$110,652 in each year of the upcoming biennium. To offset the loss of this General Fund appropriation, the Governor had recommended two replacement revenue sources.

First, in the base budget, there was a transfer from the Division of Environmental Protection (NDEP) in the amount of \$82,035 in FY 2011-12 and \$84,021 in FY 2012-13. The transfer of funds would be provided by a grant that NDEP had received from the U.S. Department of Energy (DOE). The other funding source that replaced General Fund was an increased transfer from the Department of Transportation (NDOT) of \$22,519 in FY 2011-12 and \$20,533 in FY 2012-13. The Natural Heritage Program currently provided services for NDOT that allowed NDOT to streamline its projects and meet various federal requirements, including the Endangered Species Act and National Environmental Policy Act (NEPA).

In response to a question from the Joint Subcommittee on Public Safety, Natural Resources and Transportation the agency indicated that the new DOE grant and the increased transfer from NDOT would allow the program to permanently remove all General Fund appropriations from this budget account. The agency had also indicated that with removal of General Fund appropriations, no federal grant money currently received by the account would be placed in jeopardy. The recommendation appeared reasonable to Fiscal staff.

Mr. Thorley referred to other closing items and said the first item for the Committee's consideration was the elimination of a biologist position. The position was currently vacant and had been previously funded by a federal grant that had ended.

Mr. Thorley noted in closing item number 2 that performance indicators for budget account (BA) 4101 were all projected to remain flat or decrease.

However, the agency had indicated that budget reductions had not had a noticeable negative impact on the performance indicators.

Mr. Thorley said the question for the Joint Committee was whether to close the Nevada Natural Heritage account as recommended by the Governor. He said the recommendation would include the removal of all General Fund appropriations in the account and offset the funding reduction with federal grant revenue from the Department of Energy and increased transfers from NDOT.

Assemblyman Bobzien commented that he would be reluctantly supporting this budget reduction. While he was pleased there was a mechanism to keep the funding going, he believed there was a serious problem of symbolism in removing General Fund support.

ASSEMBLYMAN BOBZIEN MOVED TO CLOSE BUDGET ACCOUNT 4101 AS RECOMMENDED BY THE GOVERNOR, INCLUDING THE REMOVAL OF ALL GENERAL FUND APPROPRIATIONS. THE FUNDING REDUCTION WILL BE OFFSET WITH FEDERAL GRANT REVENUE AND INCREASED TRANSFERS FROM THE DEPARTMENT OF TRANSPORTATION. APPROVAL WAS GIVEN FOR STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NEEDED.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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CONSERVATION AND NATURAL RESOURCES
DCNR-TAHOE REGIONAL PLANNING AGENCY (101-4204)
BUDGET PAGE DCNR-171

Wayne Thorley, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated the next budget account for review was the Tahoe Regional Planning Agency (TRPA), budget account (BA) 4204.

Mr. Thorley said there were four interrelated major closing issues in this account. The first major closing issue concerned the Nevada/California funding split. According to the Tahoe Regional Planning Compact, which created the bistate agreement between California and Nevada and also created the TRPA,

the TRPA's request for state funds must be apportioned with two-thirds from California and one-third from Nevada. According to Mr. Thorley, the states were not required by the Compact to meet this funding split. Historically, Nevada had approved funding to meet its one-third contribution; however, the 2009 Legislature approved Nevada's apportioned share relative to California's share at a level equivalent to 30 percent, or approximately 3.3 percent less than the full one-third share that had historically been provided to TRPA by Nevada.

The Executive Budget for the 2011-2013 biennium recommended further reducing Nevada's historic one-third share to a level that was approximately 24 percent in each year of the 2011-2013 biennium. Over the upcoming biennium, The Executive Budget recommended Nevada funding at \$2.6 million, while California funding was recommended at \$8.2 million. This split was based on an adjustment to California's revenue compared to what was proposed in The Executive Budget. Mr. Thorley said, given these funding levels, Nevada's total biennial shortfall from the one-thirds, two-thirds match would be approximately \$1.6 million over the upcoming biennium. The estimates assume the continuation of a transfer from the Department of Motor Vehicles (DMV) Pollution Control account, as well as the addition of General Fund appropriations for defensive litigation expenses.

According to Mr. Thorley, if the additional DMV Pollution Control transfer and increased litigation funding were not continued, Nevada's total biennial shortfall would be approximately \$2.3 million. This would place Nevada's apportioned share at approximately 18 percent relative to California's share.

Mr. Thorley said in The Executive Budget, California's contribution was recommended at \$4.25 million for each year of the upcoming biennium; however, the agency had indicated to staff and testified during the Joint Subcommittee hearing that California's share was actually projected at \$4.12 million in each year of the biennium. Fiscal staff had made adjustments to California's funding level to accurately reflect the decrease in The Executive Budget.

During the Joint Subcommittee hearing, the Budget Division testified that the states were not required to fund TRPA based on the one-third, two-thirds split. As a result, the Budget Division had indicated that the funding level recommended in The Executive Budget did not violate the Compact. In response to questions regarding the rationale for reducing General Fund support to TRPA, the Budget Division indicated that tough decisions had to be made given the current General Fund projections. According to TRPA, the reduction in state support would reduce the amount of restoration projects that could be

undertaken and also limit the time that the agency currently used for measuring and reporting.

In response to questions from the Public Safety, Natural Resources and Transportation Joint Subcommittee, the agency indicated that if the Legislature approved an increase in Nevada's funding to the historic one-third level, it would require an increase of \$776,061 in each year of the upcoming biennium. The agency would use this additional funding to (1) implement additional Environmental Improvement Program (EIP) restoration projects; (2) increase monitoring and reporting through the Measurement Department; and (3) increase funding for contract and staff time associated with the completion of the Regional Plan Update.

Major closing item number 2, regarded the continuation of additional DMV Pollution Control funding, decision unit Enhancement (E) 350. The Executive Budget recommended continuing annual transfers from the DMV Pollution Control account in the amount of \$256,640 in each year of the upcoming biennium. The recommendation would increase total transfers from the DMV Pollution Control account to \$419,021 in each year. This increased transfer was originally approved by the 2009 Legislature. While the increased transfer had been approved as a one-time transfer, TRPA considered the continued transfer necessary to minimize the funding gap between California and Nevada and support air quality threshold monitoring.

Mr. Thorley stated the Budget Division confirmed that money was available in the DMV Pollution Control account for the transfer, and DMV was in agreement with the recommended transfer amount.

In major closing issue number 3, decision unit Enhancement (E) 850, the Governor recommended General Fund appropriations of \$110,000 in each year of the 2011-2013 biennium to contract with outside legal counsel to defend TRPA against ongoing litigation. With this recommendation, total requested funding from Nevada for defensive litigation would be \$254,000 in each year. Mr. Thorley noted that because TRPA was not a state agency, it did not have access to the Office of the Attorney General, and all legal expenditures were directly funded by TRPA. During the Joint Subcommittee budget hearing, the agency had indicated there were a number of current and expected lawsuits against TRPA. The agency projected approximately \$1 million would be needed to defend itself against these lawsuits. The Subcommittee also asked TRPA about the possibility of using more in-house legal counsel services instead of contracting with outside legal help, and the agency indicated that it tried to use a mix of in-house and outside legal counsel as the most cost effective, but that

also allowed the agency to adequately respond to increased litigation. The agency had further indicated that certain litigation required experienced attorneys that were generally found through outside legal counsel.

Mr. Thorley said the final major closing issue dealt with the 10 percent reduction in the TRPA budget recommended in decision units E690 through E693. The Budget Division contacted TRPA and requested General Fund reductions of approximately 10 percent in each year of the upcoming biennium. The reductions totaled \$180,500 in each year of the biennium. The TRPA had recommended four decision units to achieve this reduction.

Mr. Thorley indicated decision unit E690 recommended an internal policy of six unpaid furlough days per year for all TRPA employees. Fiscal staff noted that TRPA employees were currently not taking furlough days; however, the agency had previously been involved in the furlough. During the Joint Subcommittee hearing, some concern had been expressed by the Subcommittee members about the Governor's recommendation for TRPA employees to take a 5 percent salary reduction, as well as six furlough days per year. Mr. Thorley noted that funding reductions recommended in these decision units represented savings that would be achieved through salary reductions and furloughs. However, if the Joint Committee approved the 5 percent salary reduction and six furlough days per year, the agency would determine internally how to achieve budget reductions that would not necessarily be achieved through furloughs or salary reduction.

Decision units E691 and E692 recommended the elimination of two positions. The planning technician position recommended for elimination in decision unit E691 was responsible primarily for data entry and analysis, and the incumbent in the position had previously been laid off.

Decision unit E692 recommended eliminating an associate environmental specialist position. Mr. Thorley indicated the position was responsible for collecting water samples, renewing permit applications, and assisting in the preparation of the annual Shorezone Water Quality Report. Fiscal staff noted the agency had indicated this position had also been eliminated.

Mr. Thorley said decision unit E693 recommended reductions to the agency's information technology maintenance contracts.

Mr. Thorley remarked that decision units E690 through E693 were provided by TRPA in response to the Budget Division's request to reduce General Fund appropriations by \$180,500 in each year of the upcoming biennium.

Mr. Thorley explained, however, that once TRPA received an appropriation from the General Fund, it was not obligated to expend funding as represented in the legislatively approved budget because TRPA was not a state agency. Given TRPA's unique status as a nonstate agency, the Committee's action regarding the four decision units only affected the amount of General Fund the agency would receive and not the budget reductions that TRPA would make to achieve the savings.

Mr. Thorley said option number 1 would approve General Fund appropriations as currently recommended in The Executive Budget of \$868,978 in fiscal year (FY) 2011-12 and \$863,859 in FY 2012-13 which included defensive litigation funding of \$110,000 in each year of the biennium. This recommendation provided Nevada's support for TRPA at 24 percent relative to California's apportionment.

Option number 2 would approve Nevada funding for TRPA at a one-third level relative to California's share. Mr. Thorley said this option would require the addition of \$773,501 in FY 2011-12 and \$778,620 in FY 2012-13 through additional General Fund appropriations, DMV Pollution Control funding, or a combination of both.

The third and last option would approve funding for TRPA at a level above that recommended in The Executive Budget, but below the historical one-third level. Staff provided an example: the 2009 Legislature approved funding for TRPA at 30 percent and to achieve that funding for the upcoming biennium, Nevada's funding for TRPA would need to increase by \$479,001 in FY 2011-12 and by \$484,120 in FY 2012-13.

Mr. Thorley said the other option that was not listed would be to not approve the four decision units that reduced the \$180,500 in General Fund in each year of the biennium. This option would restore that funding to TRPA's account.

Assemblyman Hickey stated it would be his preference to adjust the percentage that would be in line with option number 1.

Senator Kieckhefer said he would also prefer to go with option number 1. He also noted that he was the only member of the Legislature that represented Lake Tahoe who did not sign on to cosponsor the piece of legislation that would entirely opt out of the compact. Senator Kieckhefer said while there were very serious concerns about the role that TRPA was playing in Nevada's land-use decisions, he believed the decision to reduce funding did not undermine the commitment to protect the environmental asset that was Lake Tahoe. He

opined that a reduction of funding commensurate with option 1 was appropriate.

Assemblywoman Carlton stated she could not support option 1, but believed option number 3 was the stewardship option because it provided the opportunity to fund TRPA at a lower portion, but still allow the work that needed to be done. She was concerned that option number 1 would cause damage to Lake Tahoe in the long run.

Assemblyman Kirner stated Lake Tahoe was in his Assembly district, and there were a number of issues with TRPA, and he would be supporting option 1.

Assemblyman Bobzien said he wanted to express his appreciation to the TRPA staff because he had a number of questions about shoreline activities and other issues that had implications in the basin for both property owners and the environment. The TRPA had answered those questions, and he said he would be happy to share those answers with any members of the Committee that had ongoing concerns about TRPA's activities. He voiced his concern that a funding decision not be based on whether or not there were questions about TRPA's activities.

Chair Horsford stated he was not comfortable supporting any options before the Joint Committee at this point and said the best course would be to hold this item and return to it at another time.

Chair Horsford closed the hearing on BA 4204 and opened the hearing on BA 4166.

CONSERVATION AND NATURAL RESOURCES
DCNR-NEVADA TAHOE REGIONAL PLANNING AGENCY (101-4166)
BUDGET PAGE DCNR-88

Jeff Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), reviewed budget account (BA) 4166, the Nevada Tahoe Regional Planning Agency (NTRPA) in the State Department of Conservation and Natural Resources (DCNR).

Mr. Ferguson explained that the Nevada Tahoe Regional Planning Agency (NTRPA) should not be confused with TRPA (Tahoe Regional Planning Agency).

Mr. Ferguson said the NTRPA regulated the structures that housed gaming establishments in the Lake Tahoe Basin under the Tahoe Regional Planning Compact.

The NTRPA maintained database plans and chronological records for all Lake Tahoe casinos and reviewed remodeling plans for compliance with the Tahoe Regional Planning Compact.

The account was recommended to receive \$1,371 in General Fund in each year of the biennium in support of board meetings and associated travel costs.

ASSEMBLYMAN GRADY MOVED TO CLOSE BUDGET ACCOUNT
4166 AS RECOMMENDED BY THE GOVERNOR.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

BUDGET CLOSED.

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Chair Horsford closed the hearing on budget account (BA) 4166 and opened the hearing on BA 4151.

CONSERVATION AND NATURAL RESOURCES
DCNR-DIVISION OF CONSERVATION DISTRICTS (101-4151)
BUDGET PAGE DCNR-90

Jeff Ferguson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated the last budget being heard was budget account (BA) 4151, Division of Conservation Districts.

Mr. Ferguson explained the Division of Conservation Districts worked with Nevada's 28 locally elected conservation districts in a statewide conservation program. The Division of Conservation Districts trained and assisted the districts, which worked to conserve, improve, and sustain the state's renewable natural resources. The agency also provided annual grants to each of the 28 eligible conservation districts and provided support to the State Conservation Commission.

Mr. Ferguson said the major closing issue was the Governor's recommendation for the elimination of BA 4151 and the State Conservation Commission. Budget account 4151 included 2.51 full-time equivalent (FTE) positions, operating costs, and transfers from the budget account to the conservation districts. General Fund savings from the recommendation would total \$317,940 in fiscal year (FY) 2011-12 and \$321,098 in FY 2012-13.

During the February 15, 2011, Joint Subcommittee on Public Safety, Natural Resources and Transportation budget hearing, the agency testified that the responsibilities the Division provided had primarily been in the form of ensuring each district met at least three times per year, held meetings in accordance with the Open Meeting Law, and tracked the agendas and minutes of the individual district meetings. The Committee should note that *Nevada Revised Statutes* (NRS) 548.325 required local district attorneys in each conservation district to provide any legal services that the conservation district supervisors might require. Accordingly, the agency indicated some of the support functions that the Division and the Commission had historically provided could come from local district attorneys.

Mr. Ferguson said the Commission was also authorized to distribute grants to conservation districts that were in good standing. Those grants were used by the conservation districts for operating costs and to leverage other funds that might be available. Historically, the state had provided \$5,000 in each year for those grants to conservation districts; however, last session grants were reduced to \$4,200, and in the 26th Special Session (2010), grants were further reduced to \$4,000. In addition to those grants, the Division paid the costs associated with the Commission members, which was approximately \$80 per day, plus travel and per diem, as well as workers' compensation costs, liability insurance, and vehicle insurance for each of the 28 conservation districts. Mr. Ferguson said those costs totaled approximately \$880 per year, per conservation district.

Mr. Ferguson related that during the Joint Subcommittee budget hearing there had been confusing testimony as to whether this recommendation would eliminate the 28 conservation districts. Fiscal staff clarified that the Governor's recommendation would not eliminate the 28 conservation districts. The conservation districts would continue to have the authority to carry out individual conservation programs as the districts had in the past. Programs would include applying for grants from a variety of local, state, and federal sources.

Mr. Ferguson pointed out to the Joint Committee that Senate Bill 446 enabled the execution of eliminating budget account 4151 and the Conservation Commission. It would transfer authority to administer the provisions of NRS Chapter 548 to the existing State Environmental Commission. The State Environmental Commission could create or dissolve a conservation district, but would have no daily oversight of the districts.

Mr. Ferguson said the Committee should note that this budget account was proposed to be closed on April 8, 2011, but was held to a future date. In the meantime, the Budget Division had provided Budget Amendment A00300, which provided General Funds of \$28,000 in each year of the biennium for annual grants of \$1,000 to each of the 28 conservation districts. These grants would be provided through the State Department of Conservation and Natural Resources (DCNR) Administration account for the Director's Office to each district. Mr. Ferguson explained that on April 21, 2011, the money committees accepted the joint subcommittee's recommendation to close the DCNR Administration account as recommended by the Governor, which did not include the budget amendment.

According to Mr. Ferguson, if the Committee wished to close the Division of Conservation Districts' account as recommended by the Governor, including the passage of S.B. 446 in its original form, Fiscal staff would request authority to add Budget Amendment A00300 to the DCNR Administration account. If the Committee voted to retain the Division of Conservation Districts account, including the Conservation Commission and restore associated funding, it would require an amendment to S.B. 446, and Budget Amendment A00300 would not be required.

Mr. Ferguson said the first option for the Joint Subcommittee's consideration would be to approve the Governor's recommendation to eliminate the Division of Conservation Districts and the State Conservation Commission, including 2.51 FTE positions and the annual \$4,200 grant and funding for workers' compensation, liability insurance, and vehicle insurance for each district. The recommendation would allow the individual conservation districts to function as they had, using local district attorneys for legal support regarding the Open Meeting Law, but without monetary assistance from the state and with oversight from the State Environmental Commission.

Mr. Ferguson said in option number 2, if the Committee wished to provide some monetary assistance from the state to conservation districts, it could approve the continuation of annual grants, but at a reduced level, and without oversight and assistance from the state. The conservation districts could use the state

funding in any manner that they chose, including leveraging other funds, or paying various insurance or workers' compensation costs. However, Mr. Ferguson said, without the Division of Conservation Districts and the State Conservation Commission, the State Environmental Commission would administer the provisions of NRS Chapter 548. The responsibility for distributing the grants could rest with the DCNR Director's Office through the DCNR Administration account.

There were two options, (a) and (b), under option number 2.

Option (a) provided annual grants of \$2,000 to each of the 28 conservation districts at a General Fund cost of \$56,000 in each year of the biennium. The option was presented because it was discussed in the Joint Subcommittee budget closing.

Option (b) referred to what the Governor recommended through Budget Amendment A00300, which would provide annual grants of \$1,000 to each of the 28 conservation districts at a General Fund cost of \$28,000 in each year of the biennium. The grants would be distributed through the DCNR Administration account, and the various conservation districts could then use those funds as they saw fit with no strings attached. The conservation districts could provide insurance coverage, leverage other funds, or use it for operating costs.

Senator Rhoads requested that Pam Wilcox, former Administrative Officer of the Division of Conservation Districts, be allowed to testify regarding a "bare-bones" budget she had compiled, and Chair Horsford agreed.

Pam Wilcox, Private Citizen, said she had been the Administrative Officer of the Division of Conservation Districts and the Executive Officer of the Nevada Tahoe Regional Planning Agency. Ms. Wilcox stated that while she no longer had any official connection with the Division of Conservation Districts, she believed it was a great program, and she had been helping in the attempt to salvage whatever program was possible with the funding available.

Ms. Wilcox referred to [Exhibit C](#), "State Conservation Commission Budget 2011-2013," an alternate budget for under \$175,000 for each year of the biennium that would retain grants to districts in the amount of \$2,500 per district, one staff position, and minimal amounts for the Commission to meet.

Ms. Wilcox read the following statement into the record:

If you would like to reduce that still further, I would like to give you some building blocks. As you talk about retaining this program, which has about 200 volunteers working on conservation projects all over Nevada, in 2010, they brought in \$3.4 million from this little amount of state money that they get. If we can find some way to salvage this program and keep these good people working, that is the goal.

Here are some building blocks for you. As Jeff has already told you, there are 29 districts, so for each \$1,000 you may wish to give in a grant you need \$28,000 which would give each district \$1,000, which would just more than cover the liability and workers' compensation insurance premiums, which you have already been told are currently estimated at \$880 per district. I estimate about \$1,000 to cover those premiums. If you feel you can give the districts \$2,000 each, that would be \$56,000. If you wanted to be in the middle and give each district \$1,500 that would be \$42,000. The Commission has historically met face-to-face. They are suggesting here, in their alternative budget, they would have only one face-to-face meeting and then three teleconference meetings, and that building block view is \$6,500 for the Commission to continue to exist. To me, one face-to-face and three times teleconference—you could shave that down a little bit. Historically, commissioners have given up their salaries. I do not think you can require them to do that because it is a statutory provision that they get salaries. But, you certainly need a minimum of \$5,000 for the Commission to continue to exist and to meet. So there is another building block for you.

The question of staffing is I know the most difficult question because people cost a lot of money. They have had two and one-half positions. The Commission's budget is asking for one professional position with a salary of about \$87,500 the first year and \$88,000 the second year. They also have a half-time clerical position, so if you would rather retain that instead of the professional position, the building block for that is about \$27,000 the first year and a little bit more the second year. That would give them instead a half-time clerical person who could help arrange the Commission meetings and answer questions that would come in. Those are two more building blocks for you.

That is really all there is. If the program exists at all they need a little bit of rent, someplace to have their records sitting in an office, and that rent we currently have in here is \$2,500. They need a little operating for mail to meet the requirements of the Open Meeting Law. Those are the basic building blocks that you would have. The most important thing the district people want is to be able to continue to do their good volunteer work. So they want the program to continue into the future with as much of a minimal budget as you can figure out how to fund so that in the future they can rebuild things when times are better.

Chair Horsford thanked Ms. Wilcox for providing the additional information. He said [Exhibit C](#) would basically be a third option and he requested that Fiscal staff review it along with the other two options before presenting it before the Joint Committee at a later date.

Senator Leslie commented that she thought the third option was a good idea. She said she would like to see if there was a way to find the money because it would be unfortunate to lose the program structure.

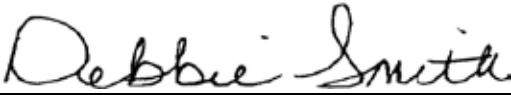
Chairwoman Smith said she felt compelled to comment about today's budget discussion because it had been one of those difficult days. She said that smaller budgets like the Division of Conservation Districts often got lost in the discussion of budgets like K-12 and Health and Human Services, but the smaller budgets clearly affected the quality of life for all Nevadans.

Chair Horsford adjourned the meeting at 10:44 a.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:



Assemblywoman Debbie Smith, Chairwoman

DATE: _____

Senator Steven A. Horsford, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance

Date: May 3, 2011

Time of Meeting: 8:12 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Guest sign-in sheets
	C	Pam Wilcox, Private Citizen	State Conservation Commission Budget 2011-2013