

**MINUTES OF THE
JOINT SUBCOMMITTEE ON NATURAL RESOURCES/TRANSPORTATION
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-sixth Session
February 15, 2011**

The Joint Subcommittee on Natural Resources/Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Dean A. Rhoads at 8:04 a.m. on Tuesday, February 15, 2011, in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Dean A. Rhoads, Chair
Senator David R. Parks
Senator Sheila Leslie

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Joseph M. Hogan, Chair
Assemblyman Kelvin D. Atkinson
Assemblyman David P. Bobzien
Assemblyman Pete Goicoechea
Assemblyman John Hambrick

SUBCOMMITTEE MEMBERS ABSENT:

Assemblywoman Maggie Carlton, Vice Chair (Excused)

STAFF MEMBERS PRESENT:

Michael J. Chapman, Principal Deputy Fiscal Analyst
Jeffrey A. Ferguson, Senior Program Analyst
Rex Goodman, Principal Deputy Fiscal Analyst
Eric King, Program Analyst
Wayne Thorley, Program Analyst
Patricia O'Flinn, Committee Secretary

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 2

OTHERS PRESENT:

Ken Mayer, Acting Director, Nevada Department of Wildlife
Patrick Cates, Deputy Director, Department of Wildlife
Richard L. Haskins II, Deputy Director, Department of Wildlife
Leo M. Drozdoff, P.E., Director, State Department of Conservation and Natural Resources
Kay M. Scherer, Deputy Director, State Department of Conservation and Natural Resources
James R. Lawrence, Administrator and State Land Registrar, Division of State Lands, State Department of Conservation and Natural Resources
Jason King, P.E., State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources
Colleen Cripps, Ph.D., Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources
Joe Sicking, Chair, Paradise/Sonoma Conservation District, State Conservation Commission, Division of Conservation Districts, State Department of Conservation and Natural Resources
Bruce Petersen, State Conservationist, Natural Resources Conservation Service, U.S. Department of Agriculture
Lyle de Braga, Chair, Stillwater Conservation District
Chris Freeman, Nevada Tahoe Conservation District Board
Doug Martin, District Manager, Nevada Tahoe Conservation District
Michelle Langsdorf, District Manager, Mason Valley and Smith Valley Conservation Districts
John Gavin, Vice Chair, Dayton Valley Conservation District
Barbara Perlman-Whyman, Vice President, Nevada Association of Conservation Districts
Ernie Nielson, Chair, Washoe-Storey Conservation District
Dan Kaffer, Coordinator, Western Nevada Resource Conservation and Development Council
Ed James, General Manager, Carson Water Subconservancy District

CHAIR RHOADS:

We will open the hearing on the Nevada Department of Wildlife (NDOW) budgets.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 3

KEN MAYER (Acting Director, Department of Wildlife):

I will refer to the handout titled "Nevada Department of Wildlife: Senate Finance, Assembly Ways & Means Natural Resources Joint Subcommittee February 15, 2011" ([Exhibit C](#)) throughout my presentation. Page 9 of [Exhibit C](#) details NDOW's 2011-2012 Legislative Session priorities.

The first priority is the reorganization of the NDOW budget accounts. Previously, the budget organization was convoluted and difficult to understand. Working with the Budget Division, Department of Administration and the Legislative Counsel Bureau Fiscal Division Staff, NDOW staff has created new budget accounts that are easier to understand. Another Session priority is the loss of General Fund appropriations to the NDOW budget. Two Capital Improvement Projects (CIP) are Session priorities: NDOW facilities that are 40 to 50 years old and need maintenance, and the Lake Mead Hatchery which has been mothballed due to the quagga mussel infestation. There are two pieces of legislation on NDOW's priority list: Assembly Bill (A.B.) 13 and A.B. 19.

ASSEMBLY BILL 13: Revises provisions relating to certain offenses committed by juveniles involving hunting activities or target practice. (BDR 5-470)

ASSEMBLY BILL 19: Revises provisions governing the issuance of certain fishing licenses and permits. (BDR 45-471)

The intent is to offer a lower-cost license to out-of-state anglers to fish in border waters. Currently, it is more cost-effective for someone fishing in Lake Mead to buy an Arizona border license.

Further priorities for the Session listed on page 10 of [Exhibit C](#) include mule deer restoration and sage grouse restoration. Mule deer populations have increased. Nevada is one of the leaders in the Nation in the effort to restore sage grouse populations. The Nevada Partners for Conservation and Development (NPCD) is a new program involving 18 State agencies that have signed a memorandum of understanding to share financial and human resources; and to develop a list of priorities together rather than duplicate efforts. Aquatic invasive species are a threat to Nevada. The invasion of Lake Mead by quagga and zebra mussels is considered a cautionary tale by many of the other states in our region. Protecting Lake Tahoe requires an integrated system of containment

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 4

and management. Finally, energy and mining development is a priority for this Session. There are existing partnerships between NDOW and the mining industry; NDOW hopes to model new relationships with green energy companies on these successful partnerships.

CHAIR RHOADS:

What is the status of the sage grouse?

MR. MAYER:

The sage grouse has been listed as threatened but precluded; its listing priority number (LPN) is eight. Those species with a higher priority will be worked on first. However, the U.S. Fish and Wildlife Service (USFWS) reviews these listings annually and could change the LPN next year if conditions worsen.

CHAIR RHOADS:

Does the Governor's Sage Grouse Program still exist?

MR. MAYER:

Yes, it does. That group is also an active part in the NPCD. The NPCD Director's group has selected sage grouse and fire restoration for the top two priorities for work in Nevada. Other states are not doing as good a job as Nevada. The USFWS has issued a call for new biological data.

ASSEMBLYMAN BOBZIEN:

What is the extent of the new data call? Does it include information about policy structures and resources directed to the restoration effort in addition to scientific and biological data?

MR. MAYER:

Yes, the data requested includes policy and resource information. One important occurrence in the last two years is the Natural Resources Conservation Service's (NRCS) large contributions for work on private land. This year they have contributed \$25 million, much of which is earmarked for easements. The Bureau of Land Management (BLM) holds the key to success. Nevada has approximately 35 percent of the world's sage grouse population. Most of the sage grouse habitat is on BLM land. The USFWS will determine which programs

have and have not been implemented, and will evaluate the threat to the sage grouse.

There are some wind energy proposals that could be devastating to the sage grouse in the State of Nevada. Prairie grouse do not like tall things in the prairie. The energy companies appear to be willing to work with us to learn which areas to avoid, and how to mitigate the impact on the sage grouse. If the State is not proactive, the USFWS will list the sage grouse as endangered.

PATRICK CATES (Deputy Director, Department of Wildlife):

Page 15 of [Exhibit C](#) reviews the language from section 49 of the General Appropriations Act of the 2009 Legislature that mandates the creation of new budget accounts for NDOW. The Interim Finance Committee (IFC) approved the NDOW plan to split the existing budgets incrementally. In fiscal year (FY) 2010-2011, the Director's Office and Operations budgets are new accounts, and the fee-based revenue has been consolidated into budget account (B/A) 101-4458, formerly called the Obligated Reserve Account.

INFRASTRUCTURE

WILDLIFE – Director's Office — Budget Page WILDLIFE-47 (Volume III)
Budget Account 101-4460

WILDLIFE – Operations — Budget Page WILDLIFE-54 (Volume III)
Budget Account 101-4461

WILDLIFE – Wildlife Fund — Budget Page WILDLIFE-38 (Volume III)
Budget Account 101-4458

The full split of NDOW budget accounts will be implemented in FY 2011-2012 and FY 2012-2013. All remaining fee-based revenue and reserves will be consolidated into B/A 101-4458 and new budget accounts will be created for each division of NDOW. Three accounts will be eliminated: B/A 101-4452, Administration; B/A 101-4454, Trout Stamp Program; and B/A 101-4456, Boating Program.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 6

WILDLIFE – Administration — Budget Page WILDLIFE-1 (Volume III)
Budget Account 101-4452

WILDLIFE – Trout Stamp Program — Budget Page WILDLIFE-29 (Volume III)
Budget Account 101-4454

WILDLIFE – Boating Program — Budget Page WILDLIFE-32 (Volume III)
Budget Account 101-4456

CHAIR RHOADS:

Have systems been developed to accurately and reliably draw on federal aid programs?

MR. CATES:

Yes. The reorganization of budget accounts will help NDOW manage the allocation and reporting of federal grants, as well as give transparency to policy makers.

The chart on page 18 of [Exhibit C](#) is an overview of the process of reorganizing the budget accounts. Program expenditures and federal funds were moved from the four existing accounts to the appropriate division accounts. The fees and reserves were moved from the existing accounts into B/A 101-4458, renamed the Wildlife Account. The table on page 19 of [Exhibit C](#) provides an overview of the NDOW operating budget accounts, including revenue, expenditures and staff levels.

CHAIR RHOADS:

Why are the sagebrush coordinator position costs budgeted in the Habitat Division while certain program costs are budgeted in the Diversity Division?

WILDLIFE – Habitat — Budget Page WILDLIFE-96 (Volume III)
Budget Account 101-4467

MR. CATES:

The sagebrush coordinator position deals with landscape-scale habitat restoration projects and acts as liaison with federal government, local government, nonprofits and private landowners on these types of projects.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 7

Some activities of the Diversity Division are already focused on habitat areas. As a strategy for dealing with the loss of General Fund revenue, more Diversity Division staff activities are being shifted to the habitat sphere. Therefore, some of the Habitat program costs are in B/A 101-4466.

WILDLIFE – Diversity — Budget Page WILDLIFE-90 (Volume III)
Budget Account 101-4466

CHAIR RHOADS:
Work with Staff to clarify the reasons for this.

MR. CATES:
Page 20 of [Exhibit C](#) lists the 4 categories of fee revenue and reserves in B/A 101-4458: unrestricted, restricted, boating and trout stamp. Many fees are restricted in their use by statute and must be kept separate. This budget account isolates the fees from program expenditures; transfers are made from B/A 101-4458 to fund the various division budgets.

Pages 23 and 24 of [Exhibit C](#) illustrate the complexity of B/A 101-4452 and the impetus for creating more discrete budget accounts. Creating eight new budgets out of this one account was a difficult and time-consuming process.

The Trout Stamp program, B/A 101-4454, is a simple budget. Fishermen pay a trout stamp fee to fish for trout. These funds are restricted by statute for fisheries program costs, primarily capital costs. This budget account is going to be eliminated.

CHAIR RHOADS:
Has the revenue in that fund gone up or down?

MR. CATES:
It has been stable. Most of the revenue is used to pay hatchery bond issue costs.

Budget Account 101-4456, the Boating Program, is also proposed for elimination. Most of the money collected in this account was transferred to B/A 101-4452 to fund staff, law enforcement or operations as appropriate.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 8

Budget Account 101-4458 is currently referred to as the obligated reserve account; its purpose is to collect fees restricted by statute.

CHAIR RHOADS:

Will legislation be necessary to clarify how the Wildlife Fund account is to be used?

MR. CATES:

Yes, NDOW has submitted language to implement the budget split and change the purpose of B/A 101-4458.

CHAIR RHOADS:

Considering the E-500 series decision units typically make budget adjustments that net to zero, why do so many of the E-500 and E-501 decision units in this budget recommend adjustments that do not net to zero?

MR. CATES:

When the budget accounts were split, E-900 decision units were used to move funds out of the original budget accounts such as B/A 101-4452. The funds transferred into the new budget accounts had to mirror the transfers out of the original budget accounts. The E-500 series decision units were used to reallocate those funds into the categories created in the new budget accounts. In most cases, the E-500 decision units net to zero. But, there are some that do not. For example, in the original B/A 101-4452 there was a category for vehicle expense. That cost is currently allocated to the various programs within B/A 101-4452. In the new budget account system, the vehicle expenses have been moved to the Director's Office account, B/A 101-4460. The various new budget accounts now have to transfer funding to the Director's Office for their vehicle use costs, which was not previously included in the Department's budget. The E-500 decision units are the mechanism used to charge those accounts for the costs associated with vehicle use. Because the fund transfers did not exist in the old budget account system, not all of the E-500 decision units will net to zero.

The chart on page 30 of [Exhibit C](#) lists the fee-based revenue NDOW collects by the original four budget categories. This information includes the history since FY 2006-2007 and the method used to project revenues in the FY 2011-2012

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 9

and FY 2012-2013 budgets. Revenue has been lower than originally projected in the last biennium, particularly in the Boating Program. The revenue projections for the next biennium are conservative.

Page 31 of [Exhibit C](#) shows the revenue in B/A 101-4458. There are a number of zeros in unrestricted fee categories in FY 2009-2010 because the fees were in other budget accounts at that time. All fee-based revenue has been moved to B/A 101-4458 for the upcoming biennium.

ASSEMBLYMAN BOBZIEN:

Why do the projections for the Upland Game fee dip in FY 2010-2011 and increase in the following two years?

MR. CATES:

The amount for FY 2010-2011 is the budgeted amount. The projections for FY 2011-2012 and FY 2012-2013 are based on a three-year average.

The expenditures for B/A 101-4458 are listed on page 32 of [Exhibit C](#). There were program expenditures in FY 2009-2010 and FY 2010-2011. In FY 2011-2012 and FY 2012-2013, revenues are transferred to the appropriate budget account for program expenditures.

There are a few issues and concerns with this budget account. Since the *Executive Budget* has been made public, NDOW has noticed discrepancies in balancing. We would like to work with Staff to synchronize transfers with the operating accounts to ensure the budgets are as accurate as possible. Any adjustments could impact the reserve amounts currently shown in the budget.

Budget Account 101-4460 is the Director's Office. The major functions and activities in this budget include department oversight, Wildlife Commission support, fiscal services, personnel services and allocated costs.

CHAIR RHOADS:

Considering the Agency's vehicles and uniforms are primarily used by other NDOW operating divisions, why are these costs included in the Director's Office instead of in the operating divisions' accounts?

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 10

MR. CATES:

The NDOW vehicle fleet is cost-allocated to all programs. Few vehicles are used exclusively by one program or division. If vehicle funds were placed in each division budget, work programs would be necessary to shift the allocations between budgets. Placing these funds centrally for allocation is less complicated.

Page 36 of [Exhibit C](#) lists the positions in B/A 101-4460. There are 18 full-time equivalent (FTE) positions, 11 of which are fiscal services positions.

CHAIR RHOADS:

Has that staffing level changed?

MR. CATES:

It is the same.

Page 37 of [Exhibit C](#) is an overview of revenue and expenditures in this budget account. Most of the funding for this account is through indirect cost allocations and the expenditures are primarily allocated costs. Some federal funding in this account is used for the grant coordinator.

CHAIR RHOADS:

Is the \$890,074 in the vehicles category for purchasing vehicles?

MR. CATES:

It is primarily for fuel or repairs. There are no requests for vehicle purchase in this account. Usually, the purchases are charged directly in the programs.

Challenges associated with B/A 101-4460 include synchronizing allocated costs with other budgets, implementing the new budget structure and enhancing the fiscal services support to divisions. This account has already been established this fiscal year, as has B/A 101-4461, the Operations budget.

The functions and activities of B/A 101-4461 include license and registration sales; the Nevada wildlife data system administration; application hunt system, engineering, maintenance and lands; information technology support; air operations; and regional and field office clerical support. The performance

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 11

indicators, staffing, revenue and expenditures for B/A 101-4461 are outlined on pages 41 to 43 of [Exhibit C](#).

CHAIR RHOADS:
Is the land agent III position federally funded?

MR. CATES:
Yes, it is a federally funded position.

Budget Account 101-4461 is one of two budget accounts that uses boat funding, both fees and federal Coast Guard grant funds. Page 44 of [Exhibit C](#) highlights some of the more important decision units in this account, including the transfer of a State lands agent from NDOW to the Division of State Lands in the Department of Conservation and Natural Resources (DCNR).

E-910 Trans State Land Agent frm NDOW Ops to State Lands — Page
WILDLIFE-59

ASSEMBLYMAN GOICOECHEA:
Will NDOW continue to pay for that position once it is transferred?

MR. CATES:
Yes. The decision unit transfers the position and continues the existing funding.

Decision unit E-938 is for replacement equipment including desktop and laptop computers, a file server, and other routine information technology equipment.

E-938 Transfer Replace Equipment from Admin to Operations — Page
WILDLIFE-60

Decision unit E-944 is for new engineering and survey equipment.

E-944 Transfer New Equipment from Admin to Operations — Page WILDLIFE-61

There are a number of challenges associated with B/A 101-4461. As with all NDOW budget accounts, the coordination of allocated costs with other budgets is an ongoing concern. The NDOW will have to adapt to the loss of the land

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 12

agent who is responsible for critical activities such as acquisition and disposition of lands. The completion of the Nevada Wildlife Data System and the automation of business processes are both priorities for the NDOW this biennium. There is a backlog of maintenance and engineering projects. Question 1 (Q1) bond funds have been used to address some of the NDOW infrastructure needs. The air operations program is being evaluated internally to ensure it is cost effective.

CHAIR RHOADS:

Why has NDOW used special use categories for equipment purchases?

MR. CATES:

It is a reflection of the myriad federal grants and programs that must be tracked separately. Using the special use categories gives a fairer assessment of the costs of the programs and assists in tracking the funding based on those programs. It is also consistent with the old budget structure.

ASSEMBLYMAN GOICOECHEA:

If NDOW is paying for the land agent III position, why would you not be able to utilize that position's services?

MR. CATES:

It is our expectation that position will be fully dedicated to NDOW's activities.

MR. MAYER:

It is a challenge when one organization pays the expenses for a position that is housed in another organization. We anticipate a period of transition. The federal government has stated there may be an issue regarding funding for this position if it is moved. The NDOW has a full work program for this position and we will need to coordinate with DCNR to make sure the incumbent is doing Wildlife work.

ASSEMBLYMAN GOICOECHEA:

Who pays vehicle and mileage costs for this position? Will it be billed to NDOW?

MR. MAYER:

Yes.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 13

ASSEMBLYMAN BOBZIEN:

Can we ensure this change is acceptable to USFWS before it is made?

MR. MAYER:

Yes. We have provided the factual information to them and we are waiting for a response. We do not want to put our federal funding in jeopardy. They watch our budget closely.

ASSEMBLYMAN GOICOECHEA:

Why is the state land agent III position being moved from NDOW to DCNR if NDOW will pay for the position which performs NDOW work, and the move may jeopardize federal funding?

MR. CATES:

The next budget account is B/A 101-4462.

WILDLIFE – Conservation Education — Budget Page WILDLIFE-63 (Volume III)
Budget Account 101-4462

The major activities of this Division include public and media relations, volunteer program administration, hunter safety education, wildlife education, publications, webmaster and videography.

ASSEMBLYMAN BOBZIEN:

How many apprentice licenses were issued this season? Does that impact NDOW's projections of hunter safety enrollment?

MR. MAYER:

We will get that information to the Subcommittee.

MR. CATES:

There are 18 FTEs in this budget account as outlined on page 49 of [Exhibit C](#). The revenue and expenditures are listed on page 50 of [Exhibit C](#). This account receives reimbursement income from indirect cost charges for services such as the webmaster and public information officers.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 14

Page 51 of [Exhibit C](#) details two decision units associated with B/A 101-4462: E-934 and E-940. These transfers will fund the purchase of various audio-visual and hunter safety training equipment.

E-934 Transfer Replace Equipment from Admin to Con Ed — Page WILDLIFE-67

E-940 Transfer New Equipment from Admin to Con Ed — Page WILDLIFE-67

The loss of General Fund appropriations will have a serious impact on B/A 101-4462. Staff in this account handled public education regarding both general wildlife and human and wildlife conflict. Many of these activities are no longer conducted as federal funding is not available for these types of activities. The Division is expanding the use of alternative media and volunteer hours to compensate for the loss of direct education programs and as outreach in the fragmented media environment.

The overview of B/A 101-4463 begins on page 54 of [Exhibit C](#).

WILDLIFE – Law Enforcement — Budget Page WILDLIFE-69 (Volume III)
Budget Account 101-4463

The functions of this Division include the obvious: law enforcement patrol and investigations on land and water. Staff are rotated throughout the State depending on the season: they will be in Elko or Ely during hunting season, and will be in the Lake Mead area during boating season. In addition, boating safety education and boating access programs are paid for with this budget account. Radio dispatch and communications services for all divisions of NDOW are budgeted in this account.

The performance indicators for this account are listed on page 55 of [Exhibit C](#). The Law Enforcement Division has 53 FTEs, 41 of which are sworn peace officer positions. The remainder are civilians associated with the education and dispatch functions of the Division.

ASSEMBLYMAN GOICOECHEA:
Where are the dispatchers based?

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 15

MR. MAYER:

The dispatcher headquarters are in Carson City.

ASSEMBLYMAN GOICOECHEA:

Do you dispatch staff located in Elko or southern Nevada from the Carson City office?

MR. MAYER:

Yes.

MR. CATES:

Page 57 of [Exhibit C](#) contains a summary of B/A 101-4463 revenue and expenditures. Revenue includes a boat fuel tax that is an allocation from the Department of Motor Vehicles; it is an estimate of the amount of fuel used by motorboats. The major source of federal funding for law enforcement comes from a Coast Guard grant. There are federal matching funds for boating-related activities. Land-based activities do not receive federal matching grants; they are paid for with State license funds. The Law Enforcement Division receives funds from BLM for dispatch activities. Many expenditures fall in the vehicle category.

Three of the decision units associated with B/A 101-4463 are for new or replacement equipment: E-901, E-935 and E-941.

E-901 Trans Replace Equip frm Boat to Law Enforcement — Page WILDLIFE-72

E-935 Transfer Replace Equipment from Admin to LE — Page WILDLIFE-74

E-941 Transfer New Equipment from Admin to Law Enforce — Page WILDLIFE-74

The replacement equipment includes motors for boats. The NDOW plans to use existing boats, but the number of hours they are run require replacement motors.

ASSEMBLYMAN BOBZIEN:

Will NDOW get a new Robotic Outreach boat? How much does a new one cost?

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 16

MR. MAYER:

The Robotic Outreach boat makes quite an impression about wearing life preservers. It is a benefit to the programs.

MR. CATES:

The cost is approximately \$10,000.

ASSEMBLYMAN BOBZIEN:

If it results in children floating down the Truckee River in the whitewater park wearing lifejackets, it is worth the investment.

MR. CATES:

Replacement equipment for the land programs is primarily dispatch and communications equipment along with some all-terrain vehicles (ATV) and rifles. Enhancement unit E-941 is a modest request for a mobile storage unit, rifles and a gun safe.

The challenges for the Law Enforcement Division center on declining revenues, both General Fund and boating revenues. In addition, the potential workload impact from aquatic invasive species programs is a concern.

ASSEMBLYMAN BOBZIEN:

Regarding the decline in boating revenues, when was the last time the fee structure was evaluated or increased?

MR. CATES:

The last time boating fees were increased was during the 2003 Legislative Session. The decline in boating revenues is tied to the declining economy. Fewer jet skis and smaller boats are being registered.

MR. MAYER:

If individuals do not plan to use their boats, they do not have to register them.

ASSEMBLYMAN BOBZIEN:

This is an area to flag and watch. Management of the invasive species programs requires reliable revenue sources. It may be time to consider increasing the fee structure.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 17

MR. CATES:

The boat registration fees collected are from in-state boaters. There are many out-of-state boaters who visit places like Lake Mead; they do not pay Nevada registration fees, but they use State services.

The major functions and activities of B/A 101-4464 are described on page 61 of [Exhibit C](#).

WILDLIFE – Game Management — Budget Page WILDLIFE-77 (Volume III)
Budget Account 101-4464

The Game Management Division is responsible for management of big game and avian game species. Further, predation management, wildlife damage programs and wildlife health and disease monitoring are primary functions of this Division. There is a veterinarian on staff who coordinates most of those activities. The Game Division employs 29 FTEs, primarily biologists.

CHAIR RHOADS:

Why are the Division's basic operating expenses not budgeted in standard expenditure categories?

MR. CATES:

It is a function of the federal grants received by NDOW. If expenses for these programs were placed in a generic expenditures category, allocations among the programs would be required constantly. Placing the expenditures in the program accounts allows greater transparency for both policy makers and tracking of federal grants.

CHAIR RHOADS:

Why has NDOW not recommended new or replacement equipment for the Game Management Division?

MR. CATES:

I do not know. There was no request for equipment.

CHAIR RHOADS:

Can you get that information to Staff?

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 18

MR. CATES:

Yes. There was a vacancy in the division administrator position when budgets were being built; that is likely the reason no requests were made for equipment.

ASSEMBLYMAN BOBZIEN:

Is NDOW committing enough money to programs to meet the federal matching requirements for the Pittman-Robertson Wildlife Restoration Act grant?

MR. CATES:

The Pittman-Robertson funds will decline in the future. There was a large increase in the last two years, due to an increase in people purchasing weapons and ammunition. The increase is not expected to last, however. The additional federal funds NDOW received due to this increase have been allocated judiciously. Rather than allocating the funds to baseline programs or staffing, they were used for one-time expenditures.

MR. MAYER:

Agencies, like ours, that are dependent on federal grant funding, do not build and staff programs with these funds.

ASSEMBLYMAN BOBZIEN:

Has the State reached a point where we are unable to receive all funds for which we are eligible because we did not have enough matching funds?

MR. MAYER:

The NDOW is receiving all federal funds available. No money has been left on the table. Cuts in programs may occur as those funds decline.

Relative to the equipment and the Game Management Division, there has been a transition due to a vacancy. In addition, we receive support from nongovernmental organizations (NGO) like the Nevada Bighorns Unlimited. The fleet is not deteriorating.

ASSEMBLYMAN BOBZIEN:

It is important to be reminded of the partnerships with NGOs and other private entities.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 19

MR. CATES:

The only notable decision unit in B/A 101-4464 is E-600.

E-600 Budget Reductions — Page WILDLIFE-79

This decision unit reflects the reduction in transfers to the Department of Agriculture for their predatory animal and rodent control programs.

Mule deer and sage grouse restoration are top priorities for NDOW, and the Game Division is on the front line of these issues. Other challenges for this Division include wildlife disease monitoring, maintaining accurate and detailed data on game species, expanding donations and volunteerism, and loss of General Fund money for human and wildlife conflicts. Game biologists respond to calls for services related to nuisance wildlife and human and wildlife conflicts. Raccoon calls, and other non-public safety issues, cannot be answered because of the loss of General Fund dollars.

The next budget account is Fisheries Management, B/A 101-4465.

WILDLIFE – Fisheries Management — Budget Page WILDLIFE-83 (Volume III) Budget Account 101-4465

Major functions and activities include fish production and stocking, aquatic endangered species management, aquatic invasive species monitoring, aquatic species and habitat surveys, and wildlife health and disease monitoring. Page 70 of [Exhibit C](#) lists the 40 FTEs employed in the Fisheries Management Division. Fish hatcheries are both labor- and capital-intensive. The revenues and expenditures for B/A 101-4465 are listed on page 71 of [Exhibit C](#). The General Fund monies allocated to NDOW in this budget account are used exclusively for endangered species work that is matched by federal grants.

ASSEMBLYMAN GOICOECHEA:

Why did NDOW purchase 100,000 warm water fish?

MR. MAYER:

We purchase catfish and other warm water fish for the southern part of the State. We are a trout hatchery; we do not grow catfish.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 20

MR. CATES:

The expenditures from B/A 101-4454 and B/A 101-4452 have been moved into this account. All fisheries-related expenditures are now in this one budget account, B/A 101-4465.

Replacement equipment, including hatchery equipment, an electrofishing unit and a fish haul tank are requested in decision unit E-936. Decision unit E-942 is for new hatchery and fish survey equipment, ATVs, marine radar and an electrofishing unit.

E-936 Transfer Replace Equipment from Admin to Fisheries — Page WILDLIFE-87

E-942 Transfer New Equipment from Admin to Fisheries — Page WILDLIFE-87

The closure of the Lake Mead Hatchery tops the list of challenges faced by the Fisheries Division. Since the closure of the hatchery due to the quagga mussel invasion, NDOW has been using a federal facility to stock trout in Lake Mead. The federal government is discontinuing operations at that facility. Aquatic invasive species issues are paramount to this Division, as is the loss of General Fund for aquatic endangered species.

CHAIR RHOADS:

Will the loss of General Fund allocations impact NDOW's ability to receive federal funds?

MR. MAYER:

It is not clear at this point. In the past, NDOW has used General Fund allocations as matching funds for general wildlife management programs. The federal government has changed the matching requirements from 50 percent to 35 percent, which helps NDOW meet those requirements even though revenue has declined.

MR. CATES:

Budget account 101-4466 is the Diversity, or native wildlife, Division. Their functions include implementation of the State wildlife action plan, part of the State wildlife grant focused on native species in Nevada. They also monitor

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 21

nonaquatic endangered species and conduct native wildlife surveys. The Tahoe environmental improvement program (EIP) and the geographic information system (GIS) program are also managed by this Division. The GIS program is utilized by all divisions within NDOW.

Pages 77 and 78 of [Exhibit C](#) list the positions, revenue and expenditures in this account. General Fund appropriations of \$344,872 are used as match for the State wildlife grant and the Section 6 Endangered Species Act of 1973 grants. There are two Tahoe EIP expenditures listed; the category 66 expenditures should be moved into the category 15 expenditures.

ASSEMBLYMAN BOBZIEN:

Does the shift in emphasis from nongame to game jeopardize receipt of federal funds? What work will not get done with the shift in focus?

MR. MAYER:

I have an answer to your earlier question regarding apprentice licenses. There were 148 apprentice licenses sold, 143 to residents and 5 to nonresidents.

RICHARD L. HASKINS II (Deputy Director, Department of Wildlife):

Currently, the shift in program focus is not having a negative impact. Long term, there is a risk of leaving federal wildlife grant funds on the table due to the level of General Fund appropriations we anticipate.

ASSEMBLYMAN BOBZIEN:

What are the species we are talking about? What is the impact on sage grouse?

MR. MAYER:

There are funds in the Game Division for sage grouse. The conservation fee is so narrowly defined that the Division can use the funds for habitat work, but not for survey work. Legislation has been proposed that would expand the acceptable uses for these funds. The conservation fee has not been increased in a long time. The decline in tourism and General Fund appropriations from \$1.6 million to approximately \$500,000 has cut the program capabilities to the bare minimum. It is important the Diversity Division is able to conduct the species surveys to ensure they are not listed as endangered. Continued funding for this work is critical.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 22

ASSEMBLYMAN BOBZIEN:

Page 76 of [Exhibit C](#) indicates 90 requests for GIS or data analysis projects for FY 2011-2012 and FY 2012-2013. Does this number reflect requests and projects NDOW receives from BLM and the U.S. Department of Forestry? In the past, the number of requests has fluctuated widely.

MR. MAYER:

We are at capacity with our current staffing levels. In the near future, NDOW will enter a triage mode with respect to these issues. The NDOW provides baseline information to enable smart planning and development to help developers avoid abatement costs. There are only 16 FTEs in the Diversity Division.

MR. CATES:

The chart on page 13 of [Exhibit C](#) illustrates the decline of General Fund appropriations since FY 2005-2006.

The major decision units for B/A 101-4466 include E-690 which shifts staff time away from species monitoring and surveys toward habitat restoration.

E-690 Budget Reductions — Page WILDLIFE-92

There are also requests for a replacement Global Positioning Satellite Unit (GPS) in decision unit E-937, and replacement ATVs, a GPS and a bat detector in E-943.

E-937 Transfer Replace Equipment from Admin to Diversity — Page WILDLIFE-93

E-943 Transfer New Equipment from Admin to Diversity — Page WILDLIFE-94

In addition, the Sagebrush Ecosystem Restoration Program is continued with funding from Q1 interest and State wildlife grant and habitat conservation fees.

E-960 Trans SWG Sagebrush Ecosys from Admin to Diversity — Page WILDLIFE-94

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 23

ASSEMBLYMAN GOICOECHEA:

Is this an oversight or a treatment program?

MR. MAYER:

It is both. Instead of engaging outside contractors to do the work, NDOW staff, whose focus must be shifted, will be employed in both oversight and treatment.

MR. CATES:

Shifting work from surveys to habitat restoration, and the loss of General Fund that precipitates this shift, are the major challenges in this division.

The next budget account is the Habitat Division, B/A 101-4467.

WILDLIFE – Habitat — Budget Page WILDLIFE-96 (Volume III)
Budget Account 101-4467

Major functions for this Division are listed on page 82 of [Exhibit C](#). They include: wildlife management areas; water development; industrial pond permit program for the mining industry; and project review, including energy development projects. The Habitat Division has 32 staff. The summary budget is listed on page 85 of [Exhibit C](#). Most of the revenue is from the Pittman-Robertson grant, but general ledger codes 4760, 4763, 4765, 4767 and 4768 are transfers from B/A 101-4458. These transfers allow more detailed tracking of the restricted fees formerly housed in the four reserve accounts.

The major decision units in this budget account include E-933 and E-939 for equipment: a power loader, a bulldozer, a pump trailer, a generator, a water truck and a dump truck.

E-933 Transfer Replace Equipment from Admin to Habitat — Page
WILDLIFE-100

E-939 Transfer New Equipment from Admin to Habitat — Page WILDLIFE-101

In addition, enhancement unit E-961 will continue the Sagebrush Ecosystem Restoration Program started with Q1 funding, including a staff specialist position.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 24

E-961 Trans Sage Eco Restor Coord from Admin to Habitat — Page
WILDLIFE-102

MR. MAYER:

Funding for this position initially came from DCNR budgets. The interim plan is for NDOW to fund the position and to work with all the partners in the program to pay for the position.

ASSEMBLYMAN BOBZIEN:

It is an important program, and a great opportunity for cooperation among federal, State and private entities.

MR. CATES:

The volume of energy development projects and expanding the Sagebrush Ecosystem Restoration Program are the primary challenges in this Division.

The NDOW has proposed the establishment of a separate gift account. The Department received over \$190,000 in cash donations in FY 2009-2010. Creating a gift account will encourage cash donations rather than in-kind donations. Some donors have expressed concern that cash donations would revert to the General Fund. The proposed gift account is modeled after the Division of Museums and History private accounts to receive donations. An advantage of cash donations is the funds can be used to match federal funds; in-kind donations are not usually able to be used as match because of lack of documentation. We hope this would facilitate major endowments and bequests. The NDOW would report regularly to the Legislature and the IFC, but a private, nonexecutive account relieves the Department from having to obtain permission to accept a gift or donation. Often, a donation or gift will be offered in response to an emergent issue, such as a die-off of bighorn sheep or equipment failure. Waiting for an IFC meeting to accept the funds can hamper NDOW's ability to respond in a timely manner. The proposed language NDOW submitted to the budget office to implement this account is on page 90 of [Exhibit C](#).

The NDOW has two CIPs. The first is approximately \$1 million for electrical upgrades to the NDOW headquarters building. The building was constructed in 1963 and its systems cannot handle modern electronics. The Lake Mead hatchery is infested with quagga mussels and is unusable. Approximately

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 25

\$500,000 in trout stamp funding will be used for planning for water pipeline and treatment to bring the facility back into use.

ASSEMBLYMAN GOICOECHEA:

What are the anticipated costs of bringing the Lake Mead hatchery back into use?

MR. HASKINS:

It depends on the scenario developed. It is possible we could receive water from the Southern Nevada Water Authority without installing our own pipeline. Private negotiations are currently underway regarding this possibility. If that is developed, it would spare us about \$2 million on the pipeline. Hook-up fees and infrastructure would still be required at the hatchery. A redundant system would need to be installed to ensure no infestation. The cost would range between \$3 million and \$5 million.

ASSEMBLYMAN GOICOECHEA:

What is the cost to build a new one?

MR. HASKINS:

If we had a viable water source, that would be an option.

CHAIR RHOADS:

We will now hear the DCNR budget.

LEO M. DROZDOFF, P.E. (Director, State Department of Conservation and Natural Resources):

We will present the budgets for about half of DCNR's divisions: the Division of Water Resources (DWR), the Division of State Lands, the Director's Office, the Division of Conservation Districts and the Division of Environmental Protection. Page two of the "Presentation to the Natural Resources/Transportation Budget Subcommittee" ([Exhibit D](#)), illustrates the 39.1 percent cut to the DCNR General Fund appropriations since the legislatively approved budget in FY 2008-2009. The percentage of General Fund appropriations by agency are listed on page 3 of [Exhibit D](#). All programs have been significantly reduced. The Nevada Natural Heritage Program and the Division of Environmental Protection have had their General Fund appropriations reduced to zero. Although DWR receives

90 percent of its budget from General Fund appropriations, they collect over \$3 million a year in fees, in a \$4.8 million budget. Factoring in the fees collected by DWR, General Fund appropriations make up less than 40 percent of its budget. The DCNR has made thoughtful decisions about budgeting regarding the core programs and missions of its agencies. Cuts made in one area are cuts that were not made in another area. The end result is a budget that ensures the core mission of DCNR is met.

KAY M. SCHERER (Deputy Director, State Department of Conservation and Natural Resources):

Since the budget cuts began in FY 2008-2009, the Director's Office has decreased its staff from 13 to 7, a 46 percent decrease in staffing. The operating budget has been reduced and computers have not been replaced according to the Department of Information Technology (DoIT) schedule. Budget Account 101-4150 receives 56 percent of its revenues, or approximately \$400,000, from the General Fund for each year of the current biennium.

INFRASTRUCTURE

DCNR – Administration — Budget Page DCNR-1 (Volume III) Budget Account 101-4150

The bulk of the expenditures in B/A 101-4150 are personnel costs, representing 86 percent of the total budget. The Director's Office has not requested new programs or positions, significant maintenance or capital improvements. The resources for B/A 101-4150 are a combination of General Funds, internal cost allocations and fund transfers. Expenditures by category for B/A 101-4150 include general administration, fiscal services, and personnel and payroll. The first two categories receive non-General Funds. The Nevada Division of Environmental Protection (NDEP) has transferred \$200,000 to B/A 101-4150 to offset salary requirements for the Director and Deputy Director of DCNR.

The budget savings achieved by DCNR are highlighted on page 7 of [Exhibit D](#). Two vacant positions will be eliminated. In addition, DCNR recommends the elimination of the Advisory Board for Natural Resources (ABNR). A bill draft request has been submitted to amend statutes to allow the Director to receive

this input directly. Membership in the Western States Water Council will no longer be paid for by the General Fund or through the Director's Office.

The key decision units in B/A 101-4150 are listed on pages 8 through 11 of [Exhibit D](#). The first decision unit, E-230, is a reallocation of space due to decreased staff levels; the second decision unit, E-250, is a restoration of In-State and Out-Of-State travel for the Director to attend natural resource-related meetings.

E-230 Reduce Duplication of Effort — Page DCNR-3

E-250 Economic Working Environment — Page DCNR-3

The elimination of funding for ABNR, enhancement unit E-600, is less budget savings and more a recognition of the need to streamline processes. There is also the issue of time; the DCNR has fewer human resources and the elimination of this advisory board enables the remaining staff assistant to focus on other projects. Enhancement unit E-601 is the elimination of funding for the Western States Water Council. The NDEP will pay for membership in this council without using General Fund appropriations.

E-600 Budget Reductions — Page DCNR-4

E-601 Budget Reductions — Page DCNR-4

The elimination of two vacant positions, a public information officer II and an administrative assistant II, are encompassed in enhancement units E-690 and E-692.

E-690 Budget Reductions — Page DCNR-6

E-692 Budget Reductions — Page DCNR-6

The final enhancement unit is E-710, which requests replacement computer equipment for use by and for all departmental public outreach and online requirements.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 28

E-710 Equipment Replacement — Page DCNR-4

CHAIR RHOADS:

Can you update the Subcommittee on the status of the Q1 program?

MS. SCHERER:

The Q1 is a \$200 million voter-approved bond program. Wildlife had \$27.5 million in authority. To date, they have sold \$24 million in bonds and expended approximately \$18.5 million on projects. The Las Vegas Springs Preserve had \$25 million in authority. They sold the total amount of bonds and completed their projects in FY 2005-2006. The Las Vegas Wash had \$10 million in bond authority and completed all sales and work in FY 2007-2008. The Las Vegas Springs Preserve Museum was granted \$35 million in bond authority. Their balance is less than \$900,000. The Washoe County/Truckee River had \$10 million in authority; \$8 million in bonds have been sold and projects are underway. State Parks had \$27 million in authority; \$20 million have been sold and expended. The grant program, run through the Department of State Lands, had \$65.5 million in authority. They have awarded \$54 million in grants. Bond sales are currently suspended. The grants program has completed 115 projects statewide, 62 of which are fully complete. There is a need for \$12 million in future bond sales to implement nine projects that have already been awarded.

CHAIR RHOADS:

Do these funds have to be spent by 2014?

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

The statutes require the bonds to be sold by June 30, 2014. The funds do not have to be spent by that deadline.

CHAIR RHOADS:

We will open the hearing on B/A 101-4171.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 29

JASON KING, P.E. (State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources):

The main office of DWR is in Carson City. There are branch offices in Las Vegas, Elko and Winnemucca. The priority activities of DWR are water rights, water rights ownership, water distribution, hearings, dam safety, floodplain management, water planning, information technology and general administration. Expenditures from General Fund appropriations by activity are listed on page 14 of [Exhibit D](#). Approximately 54 percent of the Division's General Fund budget is spent administering water rights. Floodplain management receives only 1 percent of the Division's budget, primarily to match federal funding.

Page 15 of [Exhibit D](#) contains pie charts illustrating the Division's revenue sources for FY 2011-2012 and FY 2012-2013. General Fund appropriations account for 91 percent and 92 percent of the Division's funding in FY 2011-2012 and FY 2012-2013, respectively. The remaining revenues come from federal funds, local government and a grant from the Department of Energy (DOE) through NDEP. The local government revenues include funds for the Truckee River mapping project that are due to sunset in 2013.

General Fund supported staffing levels have declined from 73.5 FTEs in FY 2006-2007 to 64.1 FTEs in FY 2010-2011, and are projected to decline to 54.6 FTEs in FY 2012-2013. Page 16 of [Exhibit D](#) presents a history of *Executive Budget* funding for DWR since FY 2006-2007. General Fund appropriations in FY 2006-2007 were approximately \$12.8 million, increased to \$14.4 million in FY 2008-2009, dropped to \$13.3 million in FY 2010-2011, and are projected to be \$10.8 million in the current biennium.

CHAIR RHOADS:

What were the duties of some of the staff who were laid off?

MR. KING:

That issue will be addressed later in the presentation.

Page 17 of [Exhibit D](#) is a summary of the DWR's budget. There are no new programs or positions; 8.5 FTE positions will be eliminated. Of these positions, 5.5 are currently vacant and 3 will move to a nonexecutive budget account.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 30

While there are no significant maintenance or capital improvement requests in the budget, DWR is requesting a new database server.

While the current budget reductions do not impact currently staffed positions, reductions made in previous biennia resulted in layoffs. The Legislature chose to fund 11 new positions in the FY 2005-2006 biennium in response to an increasing backlog in DWR's workload. Those positions were filled immediately and made a positive impact on the backlog.

CHAIR RHOADS:
How large was the backlog at that time?

MR. KING:
Approximately 3,200 applications needed to be evaluated.

CHAIR RHOADS:
What is your current backlog?

MR. KING:
The backlog has been reduced by about half, to approximately 1,600 applications.

CHAIR RHOADS:
Do you anticipate the backlog will begin to increase again?

MR. KING:
We hope it will not increase, but it will not continue to decrease at the rate it has.

In FY 2008-2009, vacant positions were held open to provide budget savings. During the 75th Regular Session and the 26th Special Session, the Division identified numerous positions for elimination to comply with reduction targets, but the Legislature chose to eliminate only 11.05 FTE positions. Added to the elimination of 5.5 FTEs in this budget cycle, DWR has lost only 16.55 FTEs since the 11 new positions were added in 2005.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 31

The major change in DWR funding sources is the greater use of non-General Fund appropriations, including the Agency qualifying to receive a portion of the DOE grant awarded to the NDEP.

SENATOR LESLIE:
Is the DOE grant stable and renewable?

MR. DROZDOFF:
We believe the grant is stable. It is tied to the operations at the Nevada Test Site. The grant is for a five-year period. It is currently in our Base Budget because it was approved at the last IFC meeting.

SENATOR LESLIE:
Do the positions funded by the grant have to work on test site issues?

MR. DROZDOFF:
All positions funded with the grant must have a nexus with the Nevada Test Site, but they are not required to be exclusively devoted to test site issues.

SENATOR LESLIE:
Can these positions be used to reduce the water applications backlog?

MR. KING:
We are able to use those positions to reduce the backlog when the applications deal with issues in those basins where funds are assessed.

SENATOR LESLIE:
The Legislature has attempted to help DWR deal with its backlog. I am disheartened to see those efforts discontinued.

ASSEMBLYMAN GOICOECHEA:
Assembly Bill 480 of the 75th Session was passed and supported by the industry. Did this generate more revenue than originally anticipated?

MR. KING:
Yes. The fee increases were expected to bring in about \$900,000 each year. The actual revenue has been approximately \$1.3 million a year.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 32

ASSEMBLYMAN GOICOECHEA:

Can these fees be shown as revenues to DWR rather than General Fund revenues?

MR. KING:

I will work with you on those changes. There is virtue in directly funding an agency with the fees it collects rather than submitting them to the General Fund for appropriation.

ASSEMBLYMAN GOICOECHEA:

It is unfair that the DWR budget shows a 91 percent General Fund appropriation when industry agreed to pay significantly higher fees, and the agency that generates those fees faces budget cuts.

MR. DROZDOFF:

I agree.

MR. KING:

The DWR expenditures are overwhelmingly for personnel and operations, as illustrated by the bar graph on page 20 of [Exhibit D](#). The U.S. Geological Survey receives approximately \$200,000 for the gauging of streams and creeks; data DWR needs to do its job. The remaining expenditures are matching funds for federal programs.

Pages 21 through 25 of [Exhibit D](#) contain the decision units associated with B/A 101-4171. Currently, a deputy State engineer in Las Vegas is 50 percent funded with General Fund appropriations; the position will remain, but will no longer be funded with General Fund dollars. Decision units E-690, E-691, E-692, E-693, E-694 and E-695 eliminate vacant staff positions located in Las Vegas, Elko and Carson City.

E-690 Budget Reductions — Page DCNR-72

E-691 Budget Reductions — Page DCNR-72

E-692 Budget Reductions — Page DCNR-72

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 33

E-693 Budget Reductions — Page DCNR-73

E-694 Budget Reductions — Page DCNR-73

E-695 Budget Reductions — Page DCNR-74

Decision units E-696, E-697 and E-698 eliminate General Fund appropriations for two engineering technician III and one engineering technician IV positions located in Carson City. These three positions will be funded from alternate funding sources.

E-696 Budget Reductions — Page DCNR-74

E-697 Budget Reductions — Page DCNR-75

E-698 Budget Reductions — Page DCNR-75

Decision unit E-710 is a request for a replacement computer server within DoIT's recommended replacement schedule.

E-710 Equipment Replacement — Page DCNR-75

CHAIR RHOADS:

It amazes me that with almost 15 percent unemployment in Nevada there are so many vacant positions in State government. Why does the Governor recommend transferring these positions out of both the DWR's account and the *Executive Budget*?

MR. KING:

To save these positions, funding from the General Fund was replaced with alternative funding from local basin funds. Statute states that water users in those basins where these accounts are established can be assessed a fee that pays for work done in those basins.

CHAIR RHOADS:

Is that private money?

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 34

MR. KING:

It is. Basin funds cannot be moved into General Fund; as they are used to create individual basin funds, they must be spent in those areas. Audits in the past have clearly stated the basin funds may not be used to pay for personnel in General Fund budgets.

ASSEMBLYMAN GOICOECHEA:

The water assessments are a tax rate imposed by the county, correct?

MR. KING:

We have always used the words fee or assessment, but, yes, they are collected by the county.

ASSEMBLYMAN GOICOECHEA:

I want that clarification on the record; you do pay it on your tax bill.

CHAIR RHOADS:

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

DCNR – State Lands — Budget Page DCNR-79 (Volume III)
Budget Account 101-4173

MR. LAWRENCE:

The Division of State Lands is based in Carson City and has statewide responsibility including: State Land Office, State Land Use Planning, Nevada Tahoe Resource Team, Conservation Bond/Q1 Team, and the Nevada Tahoe Regional Planning Agency. The *Executive Budget* includes funding for 19 FTE positions and 1 part-time seasonal position. Since statehood, there has always been a State lands office; the current configuration in DCNR occurred in the 1950s.

Page 28 of [Exhibit D](#) lists the expenditures of the State Lands Division by primary activity. The first three activities listed relate to the Land Office: authorization of State-owned lands, with the exception of the University System, the Legislature, and right-of-way work done by the Nevada Department of Transportation; securing lands or interest in lands for State agencies; and the maintenance and management of land records. General administration costs are

16.61 percent of the Lands Division budget, but these costs are incurred by three professionals working on various projects for the Division and could be assessed as percentages of those other budgets.

Budget reductions since 2008 have resulted in a 30 percent decrease in General Fund appropriations. The first reduction occurred with the passage of A.B. 2 of the 25th Special Session in December 2008 which maintained a freeze on select State Lands Division vacant positions. The budget approved during the FY 2009-2010 biennium eliminated two positions, shifted funding for one seasonal position, and reduced travel, operating and training funding. Further reductions in operation funds, the elimination of another position and shifting position funding occurred with A.B. 6 of the 26th Special Session.

Page 30 of [Exhibit D](#) is a budget overview. The *Executive Budget* recommends a staffing level that matches the FY 1996-1997 biennium. Additional programs have been added since that time. The FY 2011-2012 and FY 2012-2013 budget recommends a funding level that is a 26 percent decrease from FY 2006-2007. The State Lands Division's funding has been reduced from 63 percent General Fund appropriations to 57 percent from the General Fund. Personnel costs and rent account for 93 percent of the General Fund expenditures in the Division's budget.

The highlights of the decision units for B/A 101-4173 are outlined on page 33 of [Exhibit D](#). The funding source for a land use planner is being changed from General Fund appropriations to the DOE grant discussed earlier. Office space savings associated with staff vacancy and the move of the State Historic Preservation Office to DCNR are located in decision unit E-230. Adjustments to Base Budget operating expenses for positions in the Tahoe EIP and Q1 programs that are now fully staffed are accounted for in decision unit E-351.

E-230 Reduce Duplication of Effort — Page DCNR-82

E-351 Environmental Policies and Programs — Page DCNR-82

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 36

ASSEMBLYMAN GOICOECHEA:

The current moratorium on bond sales impacts the Q1 program. Should the Legislature take action to extend the deadline? Please comment on the status of the pending projects. Can they be put on hold for five years?

MR. LAWRENCE:

State Lands has a \$65.5 million grant program to local governments and nonprofit organizations to carry out a variety of conservation projects. Those projects are vetted and ranked through an application and review process. Matching funds are also required. There are nine projects which have been recommended for funding, but due to constraints in capacity, bonds are not being sold to cover those projects. Most, if not all, of these projects are for acquisitions and they have the matching funding available. Without the sale of Q1 bonds, State Lands cannot move forward with the grants. Whether those projects can wait depends on the applicant. They are "willing seller" programs. How long a seller remains willing varies. Those nine programs amount to between \$10 million and \$12 million. The range reflects the fact that they are acquisitions of property. The final amount is based on the appraisal value at the time of sale. Due to declining property values, acquisition costs have been going down. There is an additional \$10 million capacity in the grant program that has not been awarded.

ASSEMBLYMAN GOICOECHEA

By the time the State has recovered enough capacity to sell these bonds, property values will probably have increased and it will cost more.

MR. LAWRENCE:

Regarding the extension of the deadline for the sale of Q1 bonds, the current statute was amended during the last session to extend the deadline to 2014. If an extension is required, it would not be the first time for the program.

Decision unit E-500 is the return of the NDOW land agent position to the Division of State Lands. The purpose of this move is to create efficiency and economies of scale. Currently, the land agent position is paid for, housed by, and directed by NDOW. The actual day-to-day operation and supervision of the position occurs at the State Lands Division. All the records the land agent needs to consult are located in our office. The incumbent spends one or two days a

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 37

week consulting records and making duplicate copies to work with offsite. State Lands staff are often required to help locate the files. Projects are worked on as a team; coordination with other land agents occurs in the State Lands Division. If there is turnover, all training occurs in our office. In addition, statutes require all land actions to be processed through the State Lands Division which means my signature is required.

E-500 Adjustments to Transfers — Page DCNR-82

A few weeks ago, I was served with a lawsuit for denying access to land for a study for a renewable energy project. I was not aware of the project. I discovered it was a project for NDOW, worked on by their land agent. The problem was easily solved. We were able to get the right-of-entry issued. But, it was solved only by involving my Division and deputy attorney general (DAG). The current situation does not appear to be the most efficient for carrying out the State's land business. Moving the NDOW land agent to the State Lands Division will create efficiency but the priorities for the position will be set by NDOW.

ASSEMBLYMAN BOBZIEN:

That explanation clarifies the reasons behind the move. Is there anything unresolved with the federal funding for this position?

MR. LAWRENCE:

The testimony at this hearing was the first I knew of the potential conflict.

MR. DROZDOFF:

We will communicate with NDOW to ensure federal concerns are met. Based on models we have used elsewhere, I am confident this can be resolved.

CHAIR RHOADS:

Why is a management analyst IV position being reclassified as a deputy administrator?

E-805 Classified Position Reclassifications — Page DCNR-85

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 38

MR. LAWRENCE:

Statutes allow for the appointment of a deputy administrator for the Division of State Lands. The management analyst IV position has served in that capacity since 1998. Since that time, the Department of Personnel has done reclassification studies of the land agent series and the computer series. As a result of their reclassification, they classified the supervisory land agent as the same grade as the management analyst IV serving as a deputy. In the past, that inequity was handled by the "plus five percent" that used to occur in State government: a person supervising another person in the same grade received an additional five percent of salary. Those were eliminated. The remedy given was to solve the inequities through the reclassification system.

MR. DROZDOFF:

I will present the budget for the Division of Conservation Districts.

DCNR – Division of Conservation Districts — Budget Page DCNR-90 (Volume III)
Budget Account 101-4151

CHAIR RHOADS:

For the record, I have used the services of the conservation districts.

ASSEMBLYMAN GOICOECHEA:

I also need to disclose that I am a member of a conservation district.

MR. DROZDOFF:

In past sessions, and in special sessions, the Division of Conservation Districts was kept whole while other programs were cut. We are now proposing to eliminate this program, not because it does not have value, but because the continuing budget cuts force us to make hard decisions.

The Division is currently staffed by 2.5 FTEs. It serves as staff to the State Conservation Commission. The Commission is comprised of seven members appointed by the Governor and two ex officio members; it provides oversight to the 28 independent, local conservation districts. The local conservation districts are separate entities in statute and are formed when any ten occupiers of land lying within the proposed territory petition to be organized. The most recent conservation district was formed in March 1999. During the streamlining and

budget reduction analysis process, it was determined that local conservation districts are able to stand alone and continue their work.

The *Executive Budget* proposes the elimination of the Division of Conservation Districts and its staff. The independent, local conservation districts would remain in *Nevada Revised Statutes* (NRS) 548. As entities recognized in statute, they will continue to be able to qualify for and receive local, State and federal grants. Page 36 of [Exhibit D](#) shows the General Fund appropriations for FY 2009-2010 and FY 2010-2011. Total appropriations for the biennium were \$704,980. These funds were expended as grants to districts totaling approximately \$117,000 each fiscal year. In addition, \$25,252 was spent each fiscal year for insurance. Staff and operating costs were \$208,292 in FY 2009-2010 and \$210,883 in FY 2010-2011.

Over the years, the State has funded a set grant to each district. This past year, the grant to each district was \$4,000. These grants will be eliminated. The General Fund has covered workers' compensation and liability insurance costs for the local districts. This would also be eliminated. It is important to note that both the IFC and the Budget Office indicated that insurance costs should be paid by the grant, therefore, this would not have continued as a separate line item. The staff support to be eliminated has included tracking agendas and meeting minutes to ascertain good standing, answering questions about the Open Meeting Law, providing a forum to discuss critical issues and distributing grants.

Of the 2.5 FTEs to be eliminated, 2 are currently vacant and the Department will assist the 0.5 incumbent in finding another position. It is important to note that NRS 548.325 states, "District Attorneys shall provide legal services as the Supervisors may require." This is an area of support that may have been underutilized in the past. The Nevada Association of Conservation Districts (NACD) is an organization of conservation districts that can provide coordination and oversight. The NACD represents the districts on local, State and national issues and meets a minimum of once a year. Although no longer covered by the General Fund, current insurance coverage options would be available to the conservation districts at the standard rate through the Department of Administration's Risk Management Division.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 40

A past performance measure of the Division of Conservation Districts has been the amount of reported revenue compared to the State grant. In FY 2009-2010, the ratio was reported as 22:1 averaged across all districts. However, the ratio varied widely among the 28 districts. The Nevada Tahoe Conservation District (NTCD) reported a 253:1 match, while other districts are less than 1:1. While the 22:1 average is correct, the median ratio for the 28 conservation districts was 1.94:1.

ASSEMBLYMAN GOICOECHEA:
Where do the matching funds come from?

MR. LAWRENCE:
It varies among the different districts. Regarding NTCD, there are federal and private funds being expended to implement the environmental improvement program at Lake Tahoe. The Dayton Valley and Carson Valley districts have been doing work on the Carson River and many of those matching funds have come through the State Q1 program. Some districts doing work on noxious weeds and invasive weeds receive funds from the U.S. Department of Agriculture (USDA). Some districts rent out some of their equipment and receive local funds.

CHAIR RHOADS:
We will now hear the budget for NDEP.

DCNR – DEP Administration — Budget Page DCNR-102 (Volume III)
Budget Account 101-3173

COLLEEN CRIPPS, PH.D. (Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources):
The NDEP is primarily a regulatory agency. The NDEP implements a number of federal environmental programs in lieu of the U.S. Environmental Protection Agency. The chart on page 40 of [Exhibit D](#) illustrates the breadth of activities undertaken with NDEP, as well as how the funding has been allocated based on these activities. There are no General Fund appropriations to NDEP.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 41

Budget account 101-3173 funds general administration activities including fiscal, personnel and payroll, information technology, public information and the staffing and support of the State Environmental Commission.

The Base Budget supports 32 FTEs; no new positions are requested in the current budget. Budget account 101-3173 is funded by an indirect cost assessment. The new DOE grant is administered in this budget. Three enhancement units reallocate space and rent in the Richard H. Bryan State Office Building; E-710 provides for replacement computer network equipment.

E-710 Equipment Replacement — Page DCNR-106

CHAIR RHOADS:

Will the funding from the DOE grant be available in the next biennium? What would be the consequences if the DOE funding is lost?

MS. CRIPPS:

The DOE funding will be used to fill two vacant positions. If the funding is lost, the positions would be vacated and fewer permits would be issued and the process of creating standards would be slowed.

Page 42 of [Exhibit D](#) focuses on B/A 101-3185, Air Programs. This budget account funds air pollution control and air quality planning activities including permitting and compliance, the development of State implementation plans, standards development, ambient air monitoring and the chemical accident prevention program.

DCNR – DEP Air Quality — Budget Page DCNR-108 (Volume III) Budget Account 101-3185

This budget account supports 54 FTEs; no new positions are requested. Funding for B/A 101-3185 comes from federal grants and fees. Replacement computers and air monitoring equipment is requested in decision unit E-710. Funding for new air monitoring equipment to comply with new ozone standards in rural areas is requested in decision unit E-720.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 42

E-710 Equipment Replacement — Page DCNR-111

E-720 New Equipment — Page DCNR-112

The NDEP will be submitting a budget amendment for a new DAG position recently approved by IFC.

Page 43 of [Exhibit D](#) lists the activities of B/A 101-3186, including water pollution control permitting and compliance as well as drinking water source and wellhead protection programs.

DCNR – DEP Water Pollution Control — Budget Page DCNR-114 (Volume III)
Budget Account 101-3186

This budget supports 32 FTEs; no new positions are being requested. This budget account is funded by federal grants and fees. The only enhancement is for replacement computers under the DoIT schedule.

E-710 Equipment Replacement — Page DCNR-117

The next budget account, 101-3187, funds three programs: corrective actions, federal facilities and waste management. The activities include hazardous waste regulation through permitting, compliance and enforcement; solid waste regulation and recycling program; environmental oversight of the Nevada National Security Site, formerly known as the Nevada Test Site; contaminant investigation and clean-up; regulation of underground storage tanks; and review of the Petroleum Fund reimbursement claims.

DCNR – DEP Waste Mgmt and Federal Facilities — Budget Page DCNR-120
(Volume III)
Budget Account 101-3187

This budget supports 68 FTEs; no new positions are being requested. This budget account is funded by federal grants and fees. There are three decision units for replacement computers under the DoIT schedule for each of the programs.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 43

E-710 Equipment Replacement — Page DCNR-124

E-711 Equipment Replacement — Page DCNR-125

E-712 Equipment Replacement — Page DCNR-125

A budget amendment will be submitted for another DAG recently approved by IFC to deal with a number of large remediation projects and the legal documentation associated with those projects.

Budget account 101-3188, Mining Regulation and Reclamation, is outlined on page 45 of [Exhibit D](#).

DCNR – DEP Mining Regulation/Reclamation — Budget Page DCNR-128
(Volume III)
Budget Account 101-3188

The activities funded under this budget account include: regulation and permitting of ongoing mining operations, the regulation of fluid management to ensure the State's waters are not degraded as a result of mining activities, and mine closure and reclamation activities including permitting and bonding. This budget supports 20 FTEs; no new positions are being requested. Budget account 101-3188 is funded by fees paid by the mining industry. The only decision unit is for replacement computers.

E-710 Equipment Replacement — Page DCNR-131

Finally, B/A 101-3193, Water Quality Planning, supports water quality planning and technical services including the development of water quality standards, water quality monitoring, non-point source and Tahoe programs. In addition, environmental labs performing water quality analyses are certified to ensure they are adhering to prescribed methods and procedures.

DCNR – DEP Water Quality Planning — Budget Page DCNR-138 (Volume III)
Budget Account 101-3193

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 44

This budget supports 20 FTEs; no new positions are being requested. Budget account 101-3193 is funded by federal grants and fees. The only decision unit is for replacement computers.

E-710 Equipment Replacement — Page DCNR-141

CHAIR RHOADS:

We will now open the hearing for public comment.

JOE SICKING (Chair, Paradise/Sonoma Conservation District, State Conservation Commission, Division of Conservation Districts, State Department of Conservation and Natural Resources):

There are many supporters here today. I would like everyone who is a member or employee of a Conservation District to stand up. Note that more than half the people in the room have stood.

CHAIR RHOADS:

Are all 28 Districts active and functioning?

MR. SICKING:

Yes, they are.

I will read from my prepared testimony, titled "Probable impacts to Counties and the State of Nevada if the Conservation District program is Dissolved" ([Exhibit E](#)).

Each district receives a minor amount of State funding each year. In FY 2009-2010, the districts were able to generate nearly \$29 for every dollar they received. This figure is calculated by comparing the total expenditures to the amount of the State grant.

CHAIR RHOADS:

Does the district get \$29 for every dollar the State contributes?

MR. SICKING:

Yes, last fiscal year it was \$28.93.

Of the \$3.4 million expended by conservation districts, over \$2 million came in the form of federal grants. Most of the funding received was only made possible because each district is considered a subdivision of State government and thereby eligible to apply for funding. This funding allows districts to hire employees, carry out district activities and to subcontract with service providers and contractors to implement a wide array of natural resource conservation activities.

Several districts assist county governments in planning and implementing noxious weed control, land use planning and development, storm water management, water resource protection and enhancement, wildlife habitat improvements and wildfire suppression and rehabilitation.

Conservation district supervisors consist of locally elected officials and county and city appointees. All Nevadans live in a conservation district; the whole state is encompassed by conservation districts. The local districts are responsible for organizing local work groups to discuss natural resource priorities in their area and to establish acceptable cost-share rates when implementing the USDA NRCS farm bill programs. Without their input, it is conceivable that federal farm bill programs in their area could be diminished.

With the dissolution of the conservation district program, Nevada would become the Nation's first state or territory not to have a Conservation Commission or a division of State government that administers a conservation district program.

Most conservation districts statewide have a cooperative program with counties to treat noxious weeds. In Elko, the agreement is a county-funded match to the State grant that funds the conservation district to treat weeds on county road rights of way. Conservation districts also treat noxious weeds along the railways in a cooperative effort with both the county and the railroad. Most conservation districts have a noxious weed program that will be affected. Every district has a weed program that uses the State funding for matching funds.

Urban conservation districts proved a site review service to their counties. The professional staff or board members review proposed development for natural resource and conservation activities. These include best management practices recommendations, review of proposed revegetation, seed species and rate, and

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 46

storm water pollution. They may also provide comment to assist in the compliance with the National Pollutant Discharge Elimination System II regulations.

Washoe, Clark and Douglas Counties utilize conservation district board members and staff to encourage compliance with storm water and erosion control regulations. Conservation districts are a nonregulatory governmental entity that can work and implement projects on both public and private land. While the latest focus of natural resource conservation is to do the planning and implementation on a watershed basis, many counties and federal agencies have relied on conservation districts to lead projects because of their expertise.

CHAIR RHOADS:

Do you have an estimate of the amount of federal money that could be generated if the State adequately funded the conservation districts?

MR. SICKING:

Over \$2 million in federal grants would be generated.

The Nevada Conservation Commission has produced a budget proposal which reduces funding 43 percent from the last biennium ([Exhibit F](#)).

BRUCE PETERSEN (State Conservationist, Natural Resources Conservation Service, U.S. Department of Agriculture):

The USDA NRCS has approximately 70 employees and 11 offices throughout the State of Nevada. The largest proportion of our allocation and workload is delivery of farm bill programs. That amounts to approximately \$15 million utilized through cost-share programs with producers in Nevada. Most of our attention is focused on private land. Throughout the 75 years our Agency has existed, the strongest and most valuable partnership has been with the conservation districts. When NRCS was originally formed, we served in a county at the invitation of a conservation district.

I rely on a local work group, that is chaired and convened by the conservation district, to provide input on how to deliver programs in that service area. The conservation district boards and staff help set priorities and rank projects. While the districts can function without the Commission, it serves a valuable purpose

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 47

in capacity building, leadership and assistance with funding grants. I partnered with the Commission on a contract to assist in building the capacities of the districts by improving the local work group process and the locally led input process. The Commission helps with outreach and education regarding farm bill programs and the role and opportunities of conservation district supervisors.

The USDA NCRS programs are well utilized in Nevada. The conservation districts and the Conservation Commission are a valuable piece of the programs we present.

CHAIR RHOADS:

Is [Exhibit F](#) your revised budget I have before me?

MR. PETERSEN:

No.

MR. SICKING:

No, that is a budget suggested by the Nevada State Conservation Commission.

There are 165 supervisors statewide who are elected and serve in a nonpaid capacity.

LYLE DE BRAGA (Chair, Stillwater Conservation District):

I am concerned about the elimination of the State Conservation Commission and the grant funding for the conservation districts. Most of the conservation districts have weed-control programs and equipment programs and other projects that may not be continued without assistance. Some conservation districts will continue to function, but some districts will not. The conservation districts are required to submit budgets and reports to the Conservation Commission. Without the Commission, who will we report to? There will be no continuity with other districts in the State.

CHAIR RHOADS:

Assemblyman Goicoechea and I have spoken with the Governor about this. We have been told if we can find the money, the Commission will be restored. We have to find cuts elsewhere to restore funds here.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 48

MR. DE BRAGA:

I understand, but I would like to see the Commission kept intact rather than eliminated.

ASSEMBLYMAN GOICOECHEA:

How essential is the \$3,500 for the districts? Is it more critical to maintain the Commission presence so there is someone to report to and oversee your work?

MR. SICKING:

With the discontinuance of the State making insurance payments, some districts will not be able to afford approximately \$1,500 to maintain the insurance. The Commission is not only responsible for administering the State grants; we assist with programs and create continuity among the districts.

ASSEMBLYMAN GOICOECHEA:

Instead of restoring \$3,500, a direct grant of \$1,500 to the conservation districts could be used as each district needs most. The constraints of the budgeting process require funds added in one place to be made up with funds from another place. A lot can happen between now and June.

MR. SICKING:

We realize the budget constraints. We appreciate anything that can be done to keep the Commission active.

MR. DE BRAGA:

Do not eliminate the Commission.

CHRIS FREEMAN (Nevada Tahoe Conservation District Board):

The conservation districts, by statute, do not have the ability to tax. They are not able to generate local resources. Some districts that receive the State grants combine the funds to hire an employee who is able to find other funds. Without some seed money, the ability to obtain other grants is diminished.

DOUG MARTIN (District Manager, Nevada Tahoe Conservation District):

Our funding comes from multiple sources, including our partners. The ability to implement locally led decisions and programs is vital in attracting partners such as NRCS, the Forest Service, the Bureau of Reclamation, the Corps of

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 49

Engineers, the Environmental Protection Agency, NDEP, the Division of State Lands, the General Improvement Districts and more. Conservation districts were formed and implemented as part of a partnership between landowners and the Soil Conservation Service (now NRCS) to assist with implementing natural resource management practices that restore and maintain a balance between man's activities and natural resource needs. That partnership was formed during the Dust Bowl period, one of the greatest economic challenges in this Country. The natural resource challenges were as great, if not greater, than the economic challenge. During the 1920s and 1930s, through a combination of natural climate shifts and the application of till farming practices in a fragile semi-arid ecosystem, soil and wind erosion problems occurred locally, regionally and nationally.

Currently, the Nevada conservation districts and our partners, primarily NRCS, continue to focus on locally led solutions, backed by science, to many natural resource issues facing our State and region. We do this through partnerships utilizing expertise, experience and the desire to conserve and maintain a healthy ecosystem in balance with the local community. The challenges are unique to each district, but the science of water conservation, for example, is constant. The Conservation Commission affords us the opportunity to share resources.

Rather than eliminating the Commission, I suggest a temporary reduction to their costs and the maintenance of at least one staff conservation specialist to assist the Conservation Commission and the districts.

ASSEMBLYMAN BOBZIEN:

How can the State ask the federal government to help with more funding for NRCS if we are not willing to spend any money on the conservation districts?

MR. MARTIN:

I agree. It is important for the federal delegation to know Nevada is directing resources to these programs. I am the cochair of the Nevada Pinyon-Juniper Partnership which brings together scientists, local government and economic interests. We are looking at the encroachment of the pinyon-juniper and the fire problems and water resources associated with it. People in Washington, D.C. are paying attention to that work and are offering financial assistance. Now is not the time to eliminate a base structure like the Conservation Commission.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 50

MICHELLE LANGSDORF (District Manager, Mason Valley and Smith Valley Conservation Districts):

In these two small districts, I have been able to retain one position and create four new positions using the State grant money. We have awarded contracts totaling \$200,000 to do field modification work in Smith Valley next month. This is not only a resource concern; it is a public safety concern. Many of our projects are river restoration which improves water quality and quantity and reduces flood potential. We also provide funding to bring students to the river and educate them about our resources so they understand where their food and fiber come from. In the next year, we are hoping to work with other organizations to improve capacity on the Walker River to reduce the flood potential in Yerington. If the State is not willing to provide seed money, why should we expect our partners to give us money?

MR. FREEMAN:

The conservation districts carry out aggressive education programs. For over 50 years they sponsored youth to attend the Nevada Range Camp where children learn about the environment. It is a program they probably would not be able to sponsor without discretionary funds.

JOHN GAVIN (Vice Chair, Dayton Valley Conservation District):

The money the conservation districts receive from the State is comparable to an acorn that becomes an oak. The small amount of State grants grows into \$20 million worth of jobs for Nevada employers through contracts with the conservation districts.

CHAIR RHOADS:

Can you get that information in writing to the Subcommittee?

MR. GAVIN:

There are more knowledgeable people here who would like to talk about it with you. These jobs will not exist without our little acorn. There are 600 to 800 children in elementary and junior high school learning about resource development and conservation enhancement. When funding for these programs disappears, the volunteers will not be available, either. Unpaid volunteers account for approximately 95 percent of program staffing.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 51

CHAIR RHOADS:

The Subcommittee needs figures like that.

BARBARA PERLMAN-WHYMAN (Vice President, Nevada Association of Conservation Districts):

We come from all over the State to present the same message: the conservation districts are locally led grassroots organizations that understand conservation and produce. Conservation districts are respected for their ability to produce, for their information and the consistency and accuracy in what they do. We work on a regionwide basis. Natural resources do not respect boundaries; therefore, conservation districts must collaborate to be effective. The grants awarded to the conservation districts are not only based on the applications, but on the relationships built through State, regional and national associations. The Conservation Commission is an important part of this collaboration. Cut, but do not eliminate it.

ERNIE NIELSON (Chairman, Washoe-Storey Conservation District):

The districts cannot function without the insurance. The State grants are vital for us to implement programs.

CHAIR RHOADS:

Can you provide illustrations that the grants are working to leverage more funding?

MR. NIELSON:

I can get that to the Subcommittee.

DAN KAFFER (Coordinator, Western Nevada Resource Conservation and Development Council):

Because of the work of conservation districts, Nevada has received \$2 million in Environmental Quality Incentive Program and Wildlife Habitat Protection funds. In addition, the State received \$5 million in sage grouse reserve program funds that can be utilized for conservation easements to protect ranches and habitat. Although it is called "sage grouse," it protects habitats for all wildlife species.

CHAIR RHOADS:

How would you direct that money without the Commission?

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 52

MR. KAFFER:

The Commission does not direct the money. The partnership is among NRCS, the members of the conservation districts, and the ranchers and farmers of Nevada. They work together to get the money and complete the projects. An annual program we sponsor is called the Carson River Work Days. The conservation districts are the leaders in planning and outreach.

ED JAMES (General Manager, Carson Water Subconservancy District):

We partner with many conservation districts on the Carson watershed. Most of the land along the Carson River is owned by private citizens. The local conservation districts have the connections with landowners that allow us to get the projects done on the river. Without the conservation districts, many of the projects currently being worked on would not happen. Many of the river restoration projects in the Dayton area, including a Superfund site due to mercury contamination, depend upon the coordination and expertise of the conservation districts. We support the conservation districts. They are important.

CHAIR RHOADS:

Could you function without the conservation districts?

MR. JAMES:

It would be difficult. To keep our staff small and direct more funding to projects, we depend on the local conservation districts and their connections. Without the conservation districts, our ability to get projects done would be inhibited.

Joint Subcommittee on Natural Resources/Transportation
Senate Committee on Finance
Assembly Committee on Ways and Means
February 15, 2011
Page 53

CHAIR RHOADS:

The Subcommittee needs information about success stories. It would be helpful if you could send us the information in presentation format.

As there is no further testimony, this meeting is adjourned at 11:48 a.m.

RESPECTFULLY SUBMITTED:

Patricia O'Flinn,
Committee Secretary

APPROVED BY:

Senator Dean A. Rhoads, Chair

DATE: _____

Assemblyman Joseph M. Hogan, Chair

DATE: _____

EXHIBITS

**Committee Name: Senate Committee on Finance/Assembly
Committee on Ways and Means Joint Subcommittee on Natural
Resources/Transportation**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Kenneth Mayer/NDOW	Budget Presentation
	D	Leo Drozdoff/DCNR	Budget Presentation
	E	Joe Sicking/NV Conservation Commission	Testimony
	F	NV Conservation Commission	Budget Proposal