

**MINUTES OF THE MEETING OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND
SENATE COMMITTEE ON FINANCE
SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND
TRANSPORTATION**

**Seventy-Eighth Session
April 24, 2015**

The joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on Public Safety, Natural Resources, and Transportation was called to order by Chair Chris Edwards at 8:03 a.m. on Friday, April 24, 2015, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Chris Edwards, Chair
Assemblyman John Hambrick, Vice Chair
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Michael C. Sprinkle
Assemblywoman Robin L. Titus

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Pete Goicoechea, Chair
Senator Mark A. Lipparelli
Senator David R. Parks



STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Jennifer Gamroth, Program Analyst
Anne Bowen, Committee Secretary
Cynthia Wyett, Committee Assistant

Chair Edwards opened the meeting and called for public comment and hearing none, he closed public comment and opened the Subcommittees' budget closings.

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that she would present the closing action reports for 11 of the State Department of Conservation and Natural Resources budgets.

Ms. Gamroth said that with the Chair's permission, she would first provide a summary of technical adjustments that the Subcommittees would note throughout the closing documents.

The first technical adjustment the Subcommittees would see throughout the budget closings was an adjustment for the SilverNet assessment, which was assessed by the Division of Enterprise Information Technology Services (EITS), Department of Administration. The Executive Budget recommended State General Fund appropriations of \$123,904 in fiscal year (FY) 2016 and \$110,695 in FY 2017 in the Department of Conservation and Natural Resources (DCNR) Administration budget for an assessment for access to the Internet via EITS SilverNet for the Richard H. Bryan Building. Ms. Gamroth said the Department had requested the SilverNet assessment be allocated to each agency's budget for all DCNR agencies housed in the Bryan Building, and the assessment would be based on the number of workstations for each agency.

Fiscal Analysis Division staff had included technical adjustments in the budget closing to reduce the SilverNet assessment in the Department's Administration budget, directly allocating the SilverNet assessment to the affected agencies in the Bryan Building that used SilverNet. By allocating the SilverNet assessment to the Department agencies in the Bryan Building departmentwide, a total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017 would be realized.

Ms. Gamroth pointed out that the second technical adjustment throughout the budgets was the Director's Office cost allocation. Fiscal Analysis Division staff had identified problems with the current methodology used for the Director's Office cost allocation. The current cost-allocation methodology did not allocate 100 percent of the personnel expenditures and did not consider the percentage of the non-General Fund sources in each agency's budget for the cost to be allocated. Fiscal staff met with the Budget Division, Department of Administration, and the Department of Conservation and Natural Resources to discuss a new cost-allocation methodology, which would allocate personnel costs based on the percentage of full-time equivalent (FTE) positions for the non-General Fund share of cost only. Ms. Gamroth explained that the General Fund share of the Director's Office cost allocation would be appropriated to the Department's Administration budget (BA 4150) and the Department concurred with the proposed methodology change for the Director's office cost allocation.

Based on the new methodology, the new cost allocation would increase by \$437,277 for the 2015-2017 biennium over the \$1 million recommended in The Executive Budget, which would decrease the State General Fund appropriations by the same amount in the Department's Administration budget. However, departmentwide, the net State General Fund savings totaled \$189,906 over the 2015-2017 biennium because of the change in the methodology used for the Director's Office cost allocation. Fiscal Analysis Division staff had included technical adjustments for the various agency budgets within the Department to adjust the base budget for the Director's Office cost-allocation reimbursement and to adjust decision unit Maintenance (M) 801 to reflect the difference between the base budget and the revised cost allocation according to the agreed-upon methodology.

Ms. Gamroth stated the two adjustments were the major technical adjustments, and with the permission of the Chair, she would not discuss any other technical adjustments.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - ADMINISTRATION (101-4150)
BUDGET PAGE DCNR-22**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 4150, Administration for the State Department of Conservation and Natural Resources.

The Director's Office of the State Department of Conservation and Natural Resources provided administrative, technical, budgetary, and supervisory support to the Division of State Lands, Division of Environmental Protection, Division of Forestry, Division of State Parks, Division of Water Resources, Office of Historic Preservation, Natural Heritage Program, Sagebrush Ecosystem Council, and Conservation Districts Program.

Ms. Gamroth said the Department was also associated with seven boards, commissions, and councils. The Director's Office was primarily funded with State General Fund appropriations along with cost-allocation reimbursements. In this budget, there were three major closing issues. The first major closing issue was the Sagebrush Ecosystem Program major budget initiative.

According to Ms. Gamroth, the Sagebrush Ecosystem Program major budget initiative included the Governor's recommendations for State General Fund appropriations totaling \$4,055,053 over the 2015-2017 biennium for the Sagebrush Ecosystem Program administered by the Department. The \$4,055,053 in State General Fund appropriations would replace all other non-General Fund sources approved by the 2013 Legislature for the 2013-2015 biennium to fund six Sagebrush Ecosystem Program positions within the Department of Conservation and Natural Resources, whose primary duties related to the state's Sagebrush Ecosystem Program. Ms. Gamroth said the funding would also provide support to the Sagebrush Ecosystem Council and associated travel and operating expenses. In addition, \$2,908,940 of the nearly \$4.1 million recommended would fund the establishment of a conservation credit system to mitigate the effects on the sagebrush ecosystem and fund contract services to assist the state with National Environmental Policy Act (NEPA) compliance and permitting issues, as well as contract services for the audit of the conservation credit system.

The major budget initiative also included the reclassification of 74 conservation crew supervisor positions in the Forestry Conservation Camps budget, effective in the second year of the biennium.

Included in this budget account, as part of the major budget initiative, was the transfer and funding source change for the program manager for the Sagebrush Ecosystem Technical Team from the State Lands budget account 4173 to the Director's Office Administration budget account 4150. The Department indicated the non-General Fund sources supporting the position were not sustainable beyond the current biennium. The total State General Fund

appropriation recommended for the position and associated costs was \$156,520 for the 2015-2017 biennium.

ASSEMBLYMAN HAMBRICK MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO TRANSFER THE PROGRAM MANAGER FOR THE SAGEBRUSH ECOSYSTEM TECHNICAL TEAM FROM THE STATE LANDS BUDGET TO THE DIRECTOR'S OFFICE ADMINISTRATION BUDGET AND TO CHANGE THE FUNDING SOURCE FOR THE PROGRAM MANAGER POSITION FROM 76 PERCENT NON-GENERAL FUND TO 100 PERCENT GENERAL FUND APPROPRIATIONS TOTALING \$156,520 OVER THE 2015-2017 BIENNIUM, INCLUDING TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF IN DECISION UNITS ENHANCEMENT (E) 501 AND E-901 IN BUDGET ACCOUNT 4150.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth explained decision unit Enhancement (E) 851 in BA 4150, the establishment of a conservation credit system. This decision unit also included funding for contract services, increases to travel, and equipment for the Sagebrush Ecosystem Program Technical Team and Council. The Governor recommended State General Fund appropriations totaling approximately \$1.5 million in each year of the 2015-2017 biennium, with \$1 million recommended to fund the state conservation credit system. Ms. Gamroth said the proposal was in part to demonstrate Nevada's commitment to protect the greater sage grouse and to generate conservation credits for the credit conservation system. According to the Department, the conservation credits would then be used to create a revolving fund for habitat conservation and restoration projects to mitigate disturbances to the sagebrush ecosystem. Additionally, the credits would have a monetary value that would be used to generate revenue for further conservation work in the ecosystem. The Department advised that the \$1 million recommended in each year of the 2015-2017 biennium would be used as the initial capital for the conservation credit system to provide greater sage grouse habitat protection and enhancement projects in high-priority areas that would generate the most credits.

According to the State Department of Conservation and Natural Resources, the conservation credit system was a system that quantified the functional value of acres of habitat, and the Department indicated this valuation was critical in determining the effect of disturbances to habitats, which would be debits, as well as the value of habitat improvement projects, which would be credits.

In addition, \$250,000 was recommended in each year of the 2015-2017 biennium for an adaptive management contract with the conservation credit system to use the best available science and methodologies for quantifying credits and debits as new science became available and to account for changes in landscape. In each year of the biennium, \$125,000 was recommended for the contract services of a consultant with expertise in National Environmental Policy Act (NEPA) permit compliance. The Department indicated the majority of the greater sage grouse were located on lands managed by either the Bureau of Land Management, U.S. Department of the Interior, or the United States Forest Service, U.S. Department of Agriculture, and as such, many habitat conservation enhancement projects would require authorization from those federal agencies and would require compliance with NEPA. Ms. Gamroth said the project would be expedited through a contract with a consultant who had expertise in permit compliance.

According to Ms. Gamroth, \$25,000 was also recommended in fiscal year (FY) 2017 to fund an independent audit of the proposed conservation credit system. In addition to that amount, \$61,344 was recommended in FY 2016 and \$35,344 in FY 2017 to fund additional costs relating to the Sagebrush Ecosystem Technical Team members, which included additional in-state and out-of-state travel for the five positions assigned to the Sagebrush Ecosystem Technical Team.

Ms. Gamroth said \$20,000 was recommended in FY 2016 for replacement of the host server, one backup server, and a tape library, and \$7,200 was recommended in FY 2016 and \$1,200 in FY 2017 for new equipment. She said \$18,626 was recommended for each year of the 2015-2017 biennium to fund additional board and commission pay and travel costs for nine members of the Sagebrush Ecosystem Council to attend eight one-day meetings and four two-day meetings.

Assemblywoman Titus said she wanted to put on record that the Secretary of the Interior had decided not to list the bi-state population of greater sage grouse as an endangered species. She said it required a commitment, and Nevada was

committed to not only the bi-state population, but also the greater sage grouse. She believed that commitment needed to continue and stated she was in complete support of the program.

Senator Goicoechea stated the only thing that really concerned him now that a sage grouse plan was in place was if the state plan was not adopted by the federal agencies. He asked how a conservation credit system could be started if the plan was not accepted by the federal government. Senator Goicoechea noted that if there was no agreement, some of the money might have to be shifted to litigation.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE A CONSERVATION CREDIT SYSTEM, INCLUDING CONTRACT SERVICES, FUNDED WITH STATE GENERAL FUND APPROPRIATIONS TOTALING ABOUT \$1.5 MILLION IN EACH YEAR OF THE 2015-2017 BIENNIUM, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth said the final item relating to the Sagebrush Ecosystem Program was decision unit Enhancement (E) 852, which was the funding source change for the base budget expenditures of the Sagebrush Ecosystem Technical Team and the Council.

The Governor recommended State General Fund appropriations of \$85,573 for each year of the 2015-2017 biennium to change the funding source for the base budget expenditures for the Sagebrush Ecosystem Program from 75 percent non-General Fund sources to 100 percent State General Fund appropriations.

SENATOR LIPPARELLI MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO CHANGE THE FUNDING SOURCE FOR THE BASE BUDGET EXPENDITURES OF THE SAGEBRUSH ECOSYSTEM TECHNICAL TEAM AND THE COUNCIL FROM OTHER FUNDING SOURCES TO STATE GENERAL FUND

APPROPRIATIONS TOTALING \$85,573 IN EACH YEAR OF THE 2015-2017 BIENNIUM.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth explained that in decision unit Enhancement (E) 225, the Governor recommended State General Fund appropriations totaling \$78,569 and Director's Office cost-allocation reimbursements totaling \$75,424 over the 2015-2017 biennium to restore an unclassified executive assistant position in the Director's Office. The Administration budget currently had one administrative assistant to provide support to staff in the Director's Office, which the agency indicated was not sufficient to meet the needs of the Department.

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION, INCLUDING TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, TO FUND ONE NEW UNCLASSIFIED EXECUTIVE ASSISTANT AND ASSOCIATED OPERATING COSTS WITH STATE GENERAL FUND APPROPRIATIONS AND COST-ALLOCATION REIMBURSEMENTS.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth stated that major issue number 3 in budget account 4150 was the transfer, reclassification, and funding source change for a special advisor position. The Executive Budget recommended the transfer of a special advisor position from the State Lands budget to the Director's Office Administration budget and further recommended the special advisor position be reclassified to an unclassified deputy director position. Funding for the position and associated costs was recommended to change from Question 1 bond funds totaling \$268,978 to State General Fund appropriations totaling \$134,217 and Director's Office cost-allocation reimbursements totaling \$134,761 over the 2015-2017 biennium. The Department noted that recent changes within the Department had created the need for a second deputy. Those changes included the addition of the State Historic Preservation Office, an agency formerly under the Department of Cultural Affairs, the new Sagebrush Ecosystem Program, and

the revitalized Conservation Districts Program. The Sagebrush Ecosystem Program and the Conservation Districts Program did not have administrators.

In addition, Ms. Gamroth said the Division of Environmental Protection continued to grow in programming and staff, and the Director's Office had been requested to take a larger role in the bi-state Lake Tahoe issues, including the appointment in 2014 of the current special advisor to the Tahoe Regional Planning Agency Governing Board.

Assemblywoman Carlton commented that reclassification of positions had been seen in a number of different budgets, and she could not begrudge employees attempting to secure a raise, because they no longer had faith in the Legislature giving them one. She said that while she understood the reasons, she could not agree with the procedure and would be voting no on the motion.

SENATOR PARKS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION, INCLUDING TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, TO TRANSFER A SPECIAL ADVISOR TO THE DIRECTOR POSITION FROM THE STATE LANDS BUDGET TO THE DIRECTOR'S OFFICE ADMINISTRATION BUDGET AND TO RECLASSIFY THE SPECIAL ADVISOR TO THE DIRECTOR POSITION TO AN UNCLASSIFIED DEPUTY DIRECTOR POSITION IN BUDGET ACCOUNT 4150, FUNDED WITH STATE GENERAL FUND APPROPRIATIONS AND DIRECTOR'S OFFICE COST-ALLOCATION REIMBURSEMENTS.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Carlton voted no.)

Ms. Gamroth referred to other closing items, and said that under item number 1, Fiscal Analysis Division staff had included technical adjustments for the adjusted base budget.

Items 2 and 3 related to the SilverNet assessment allocation in the Director's Office cost allocation, which was discussed at the beginning of today's hearing. Item 4 included increased funding for out-of-state and in-state travel for the Director to attend meetings required for the state's Sagebrush Ecosystem Program, the Tahoe Regional Planning Agency, and other departmental purposes.

Ms. Gamroth said item 5 included increased funding for out-of-state and in-state travel for the new deputy director.

Item 6 included computer software. Item 7 included a salary increase for the deputy directors to align the unclassified salary of the existing deputy director position with the deputy director positions of the Department of Wildlife and the State Department of Agriculture, and to establish a second new deputy director position at the same salary tier.

SENATOR GOICOECHEA MOVED TO APPROVE OTHER CLOSING ITEMS IN BUDGET ACCOUNT 4150 AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - CONSERVATION DISTRICTS PROGRAM (101-4151)
BUDGET PAGE DCNR-34**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 4151, Conservation Districts Program.

The Conservation Districts Program worked with Nevada's 28 locally elected conservation districts in a statewide conservation program. The agency's mission was to train and assist the districts, which worked to conserve, improve, and sustain the state's renewable natural resources by providing outreach and technical assistance to landowners in partnership with other local, state, and federal agencies.

Ms. Gamroth said there were two major closing issues in this budget, and the first was additional travel for the Conservation District program manager and the State Conservation Commission. Item 1 included additional travel as recommended by the Governor with State General Fund appropriations totaling \$16,662 in each year of the 2015-2017 biennium to fund additional in-state travel for the Conservation District program manager and the

State Conservation Commission. Ms. Gamroth said \$9,027 of the recommended increase would fund additional travel for the State Conservation Commission. The agency indicated the funding recommended would allow the nine-member State Conservation Commission to attend five State Conservation Commission meetings each year. In addition, the agency advised that \$7,635 of the total recommended funding in each year would allow for multiple trips for the program manager to meet with the three regional staff specialists located in Elko, Ely, and Winnemucca and for multiple trips to western, central, and southern Nevada and to non-Sagebrush Ecosystem rural conservation districts.

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO FUND ADDITIONAL IN-STATE TRAVEL FOR THE CONSERVATION DISTRICT PROGRAM MANAGER AND THE STATE CONSERVATION COMMISSION WITH STATE GENERAL FUND APPROPRIATIONS IN BUDGET ACCOUNT 4151.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth stated The Executive Budget recommended a State General Fund appropriation totaling \$35,000 for fiscal year (FY) 2017 to increase the total funding of the competitive grant program from \$40,000 to \$75,000 in the second year of the 2015-2017 biennium. The competitive grant program was initially established to aid conservation districts in funding projects to benefit the greater sage grouse habitat: the 2013 Legislature approved a State General Fund appropriation of \$40,000 in each year of the 2013-2015 biennium for the program. During the budget hearings before the finance committees of the 2013 Legislature, the agency indicated the funding would provide conservation district funding for specific approved projects that were ground-ready. Examples provided by the agency of the specific types of projects to be funded by the new grant funds included habitat restoration, riparian area fence outs and development, and wildland fire prevention such as green stripping.

Currently, *Nevada Revised Statutes* 548.178 required the State Conservation Commission, State Department of Conservation and Natural Resources, to distribute grants of money provided by the legislative appropriation in equal amounts to each conservation district. Senate Bill (S.B.) 45, enrolled and signed by the Governor on April 7, 2015, added provisions to the statute for the

competitive grant program provided by legislative appropriation. The bill allowed the competitive grant funds to be distributed in unequal amounts to the conservation districts and be governed by regulations specifically adopted by the State Conservation Commission to administer the competitive grant program.

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO INCREASE THE TOTAL FUNDING OF THE COMPETITIVE GRANT PROGRAM FROM \$40,000 TO \$75,000 IN BUDGET ACCOUNT 4151 IN THE SECOND YEAR OF THE 2015-2017 BIENNIUM.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Senator Goicoechea commented that there was a Senate bill that would be processed in the Assembly Committee on Natural Resources, Agriculture, and Mining. The Senator wanted to point out that the bill would provide the ability to generate some local funding to help offset the costs. He maintained the largest return on dollars, of almost 30 to 1, occurred with the conservation districts.

Ms. Gamroth continued with her presentation of other closing items and said that Fiscal Analysis Division staff had included technical adjustments to the adjusted base budget under other closing item number 1. Other closing item number 2 included the SilverNet assessment allocation in the Director's Office cost allocation, which was previously discussed.

Other closing item number 4 included a \$500 increase in the annual grant awards to the 28 conservation districts, providing a total grant award of \$4,000 per district for all qualifying districts.

Item number 5 included replacement equipment. Item number 6 was part of the Sagebrush Ecosystem Program major budget initiative and included a decrease to in-state travel and an increase in vehicle fuel in decision unit Enhancement (E) 851. The Executive Budget recommended State General Fund appropriations of \$3,741 for each year of the 2015-2017 biennium to fund additional vehicle fuel for the three vehicles owned by the agency.

Ms. Gamroth said other closing item number 6b changed the funding source for the conservation district specialist positions and the related travel and operating costs. Other closing item number 6b also changed the funding sources from other funding sources to 100 percent State General Fund appropriations totaling \$310,444 over the 2015-2017 biennium. Fiscal Analysis Division staff recommended approval of all other closing items as recommended by the Governor, with technical adjustments, and with authority for staff to make other technical adjustments as necessary.

Assemblywoman Carlton said she was trying to remember the reason the budget was changed from 75 percent non-General Funding to 100 percent State General Fund.

Ms. Gamroth said the Department indicated that the funding sources that were approved by the 2013 Legislature were not viable funding sources for the 2015-2017 biennium.

Assemblywoman Carlton asked what sources were not viable.

Ms. Gamroth stated there had been funding that was transferred from the Division of Minerals, and the Department of Wildlife had contributed some funding.

James R. Lawrence, Special Advisor to the Director, State Department of Conservation and Natural Resources, said the Conservation District Program had been considered for elimination in past sessions. Fortunately, some funding had been acquired, and the program was back on track. However, the funding for the last biennium had been short-term and was not from sustainable funding sources. The Department had the opportunity to receive some funding from the Division of Minerals to get some of the requested positions installed, particularly in the rural areas for greater sage grouse. Mr. Lawrence added that some mitigation dollars that were going away had been received from the Department of Wildlife. Both of those funding sources were not available in the next biennium, so the Department was requesting a switch to State General Fund.

Mr. Lawrence added that before the proposed eliminations that had been planned in prior sessions, this program was entirely funded through the State General Fund.

SENATOR LIPPARELLI MOVED ALL OTHER CLOSING ITEMS BE CLOSED AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY IN BUDGET ACCOUNT 4151.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Carlton voted no.)

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - STATE PARKS (101-4162)
BUDGET PAGE DCNR-44**

Ms. Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 4162, State Parks.

The Division of State Parks, State Department of Conservation and Natural Resources, planned, developed, and maintained a system of 23 parks, recreation areas, and historic sites for the use of residents and visitors. The primary sources of funding for the Division were State General Fund appropriations, visitor and user fees, a marina development gas tax, and federal grants.

Ms. Gamroth said there were three major closing issues in this budget. The first major closing issue was for position reclassifications. The Governor recommended State General Fund appropriations totaling \$153,506 over the 2015-2017 biennium to reclassify 12 maintenance repair specialist positions to facility supervisors and to upgrade 2 facility supervisors for the Division of State Parks. The Division indicated the reclassification of the maintenance positions to facility supervisors would help in the retention of existing staff and the recruitment of qualified applicants. The Division indicated for fiscal year (FY) 2014, the average vacancy rate for the maintenance positions was between 16 percent and 25 percent.

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO FUND THE RECLASSIFICATION OF 12 MAINTENANCE REPAIR SPECIALIST POSITIONS AND 2 FACILITY SUPERVISOR POSITIONS FOR THE DIVISION OF STATE PARKS WITH GENERAL FUND APPROPRIATIONS IN BUDGET ACCOUNT 4162.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth said that in item number 2 under major closing issues, The Executive Budget included State General Fund appropriations of \$85,000 in each year of the 2015-2017 biennium to provide matching funds for grants awarded from the Department of Transportation (NDOT) to the Tahoe Transportation District to continue transit service to Sand Harbor from Incline Village. The agency testified at the March 12, 2015, budget hearing that the funding obligations beyond the 2015-2017 biennium would not exceed \$85,000 each year, as recommended in The Executive Budget for the 2015-2017 biennium. Ms. Gamroth stated that amount would provide the matching funds required for the federal grants that funded the balance of the cost for the shuttle service. A representative from the Tahoe Transportation District also testified that the federal funding awarded to the Tahoe Transportation District from NDOT was likely to be awarded for each year of the 2015-2017 biennium.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF STATE GENERAL FUND APPROPRIATIONS TOTALING \$85,000 IN EACH YEAR OF THE 2015-2017 BIENNIUM TO PROVIDE MATCHING FUNDS FOR GRANTS AWARDED TO FUND THE SEASONAL SHUTTLE SERVICE TO LAKE TAHOE NEVADA STATE PARK AT SAND HARBOR.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth explained that closing item number 3 concerned deferred maintenance projects. The Governor recommended State General Fund appropriations totaling \$352,030 over the 2015-2017 biennium for 13 deferred maintenance projects statewide, with emphasis on life-and-safety issues.

SENATOR GOICOECHEA MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION TO FUND 13 DEFERRED MAINTENANCE PROJECTS WITH STATE GENERAL FUND APPROPRIATIONS TOTALING \$352,030 OVER THE 2015-2017 BIENNIUM IN BUDGET ACCOUNT 4162.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth referred to other closing items for the Division of State Parks. She said the Fiscal Analysis Division staff had included technical adjustments for the adjusted base budget as listed under item number 1.

Item number 2 and item number 4 related to the SilverNet assessment, decision unit Maintenance (M) 100 in the Director's Office cost allocation, which had been previously discussed.

According to Ms. Gamroth, item number 3 was funding for the Department of Public Safety's dispatch service cost allocation to the Division of State Parks.

Other closing item number 5 included an in-state travel increase to fund quarterly park inspections for the northern region manager and facility manager located in Fallon.

Ms. Gamroth said other closing item number 6 included in-state travel increases for maintenance staff to travel to remote state parks to complete maintenance projects.

Other closing item number 7 provided funding for biannual law-enforcement training for commissioned park rangers and weed-control training for maintenance staff.

Other closing item number 8 included funding for temporary contract services for clerical and maintenance work and for extra park coverage for special events.

Ms. Gamroth said other closing item number 9 included additional funding to increase the existing budget for routine annual maintenance of buildings and grounds for parks statewide.

Other closing item number 10 included funding increases for operating supplies to increase the existing operating budget for parks statewide.

Ms. Gamroth stated that item number 11 included funding increases for seasonal salaries to increase the number of months for seasonal personnel to provide coverage for maintenance, visitor services, interpretive events, janitorial needs, and other routine parks services.

Other closing item number 12 included replacement equipment, and item number 13 included new equipment.

SENATOR GOICOECHEA MOVED TO APPROVE THAT ALL OTHER CLOSING ITEMS 1 THROUGH 13 BE CLOSED AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY IN BUDGET ACCOUNT 4162.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - WATER RESOURCES (101-4171)
BUDGET PAGE DCNR-65

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 4171, Water Resources.

Ms. Gamroth stated that the Division of Water Resources, State Department of Conservation and Natural Resources, conserved, protected, managed, and

enhanced the water resources of Nevada through appropriation and reallocation of public waters. There were no major closing issues in this account. In other closing item number 1, Fiscal Analysis Division staff had included technical adjustments to fees and other revenues for the adjusted base budget and decision units Maintenance (M) 100 and M-801.

Other closing item number 2 and item number 3 included the adjustments for the SilverNet assessment and the Director's office cost allocation, as previously discussed.

Ms. Gamroth said other closing item number 4 included an increase to in-state travel funded with federal grants. The travel would support the flood plain management grant program and the dam safety grant program.

Other closing item number 5 included replacement equipment.

SENATOR GOICOECHEA MOVED TO APPROVE ALL OTHER CLOSING ITEMS IN BUDGET ACCOUNT 4171 AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS AS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - STATE LANDS (101-4173)
BUDGET PAGE DCNR-125**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 4173, State Lands.

The Division of State Lands, State Department of Conservation and Natural Resources, acquired, held, and disposed of all state lands and interest in lands, except for those owned by the Nevada System of Higher Education, the Legislature, and the Department of Transportation. The Division was funded primarily with State General Fund appropriations and transfers from the

Tahoe Mitigation Program, the Question 1 Bond Funds (a 2002 ballot question approved by the voters), and the Tahoe Environmental Improvement Program Bond Fund.

Ms. Gamroth said there was one major closing issue in BA 4173, which was a funding source change for the Nevada Tahoe resource team manager. The Governor recommended a State General Fund appropriation of \$95,201 in fiscal year (FY) 2017 to change the funding source for the agency's Nevada Tahoe resource team program manager. The agency indicated the proposed funding change was because of the reduced availability of bond interest revenues from the Fund to protect the Lake Tahoe Basin/Tahoe Environmental Improvement Program (EIP) that was currently supporting this position. The agency had indicated at the February 24, 2015, budget hearing that interest earnings from bond sales for the Nevada Tahoe resource team were declining.

According to Ms. Gamroth, the agency further indicated that it did not have concerns with funding an administrative assistant position with the interest earnings from bond sales for the 2015-2017 biennium. However, the agency might request a change in the funding source from the interest earnings from bond sales from the Fund to Protect the Lake Tahoe Basin to State General Fund appropriations in the second year of the 2015-2017 biennium for the administrative assistant position.

Senator Lipparelli asked whether the items ebbed and flowed with the interest contribution from the bonds, so that future requests would increase and decline based on the interest component.

Ms. Gamroth replied that was correct. The positions were funded with the interest earned on the bonds, and because there had not been many bond sales lately, there was not sufficient interest to support the position. Ms. Gamroth said if more bonds were sold, the earned interest would go up, but probably not enough to cover the cost of the positions, because interest earnings were currently low.

SENATOR LIPPARELLI MOVED TO APPROVE CHANGING THE
FUNDING SOURCE FOR THE DIVISION OF STATE LANDS'
NEVADA TAHOE RESOURCE TEAM PROGRAM MANAGER FROM
THE FUND TO PROTECT THE LAKE TAHOE BASIN/TAHOE
ENVIRONMENTAL IMPROVEMENT PROGRAM TO GENERAL FUND

APPROPRIATIONS IN FISCAL YEAR 2017, AS RECOMMENDED BY
THE GOVERNOR IN BUDGET ACCOUNT 4173.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth continued with other closing items in budget account (BA) 4173 and stated Fiscal Analysis Division staff had included technical adjustments for the adjusted base budget under item number 1.

Other closing item number 2 related to the Director's Office cost allocation that was discussed previously.

Ms. Gamroth said other closing item number 3 included technical adjustments to decision unit Maintenance (M) 100.

Other closing item number 4 included increased in-state travel for the Administrator to travel to southern Nevada for property inspections, project meetings, and permitting activities.

Other closing item number 5 included replacement equipment, and other closing item number 6 included enhancements to the Division's land management system to fund software updates to improve functionality.

According to Ms. Gamroth, other closing item number 7 included new equipment and other closing item number 8 related to the Sagebrush Ecosystem Program major budget initiative. Other closing item number 8a included funding source changes for the environmental scientist and associated operating costs, changing the funding source from the non-General Fund sources that were approved during the 2013 Session to 100 percent state support, resulting in a State General Fund increase totaling \$105,994 for the 2015-2017 biennium.

Other closing item number 8b included the transfer of the program manager for the Sagebrush Ecosystem Technical Team from the Division of State Lands to the Director's Office, which was discussed previously in the Director's Office Administration budget.

Ms. Gamroth said other closing item 9 related to the transfer of the special advisor position to the Director's Office Administration budget.

SENATOR PARKS MOVED THAT ALL OTHER CLOSING ITEMS BE CLOSED AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY IN BUDGET ACCOUNT 4173.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - NEVADA NATURAL HERITAGE (101-4101)
BUDGET PAGE DCNR-140**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 4101, Nevada Natural Heritage.

The Nevada Natural Heritage program collected information on the locations, biology, and conservation status of all endangered, threatened, sensitive, and at-risk species in Nevada. Ms. Gamroth said the program was funded primarily with State Highway Funds transferred from the Department of Transportation and funds transferred from the Division of Environmental Protection, with a small amount of funding from federal funds and fees charged for database information.

According to Ms. Gamroth, there were no major closing issues in this budget. However, under other closing items, she would review a budget amendment that was submitted by the Budget Division, Department of Administration.

Ms. Gamroth explained to the Subcommittees that the Nevada Natural Heritage program budget was primarily funded with Highway Funds that were transferred from the Department of Transportation, and for the upcoming biennium, the Governor recommended using prior-year receipts or reserves totaling \$147,806 to fund a portion of the budget in fiscal year (FY) 2017. In addition, the Governor recommended increasing database fee revenues

from \$4,221 collected in FY 2014 to \$12,904 in each fiscal year of the 2015-2017 biennium. Fiscal Analysis Division staff noted that there did not appear to be sufficient justification to support the projected increase in the database fees, and based on that concern, the Budget Division submitted a budget amendment to the Fiscal Analysis Division, which reduced the fees to \$3,000 for each fiscal year of the biennium based upon FY 2013 receipts.

In addition, Fiscal Analysis Division staff stated that at the end of FY 2014, the agency had reserve balances totaling \$113,054, which included prior-year Highway Fund transfers that should have been reverted to the Highway Fund. The budget amendment also removed the reserves and balance forward for both fiscal years of the 2015-2017 biennium. Ms. Gamroth said the agency would revert all reserves to the Highway Fund at the end of FY 2015, and the funding from reserves that was recommended in the Governor's budget would be replaced with Highway Funds transferred from the Department of Transportation (NDOT).

Regarding federal funds, Fiscal Analysis Division had noted at the March 12, 2015, budget hearing that of the sources of federal funding in this budget, including the Bureau of Land Management task orders grant and the transfer of federal funds from the Division of Forestry recommended by the Governor, only the transfer from the Division of Environmental Protection appeared to be a stable, ongoing federal source of funding. As a result, the budget amendment eliminated \$20,000 in FY 2016 for the Division of Forestry Agreement revenue line item for the competitive grant, and an expenditure line item of \$8,300 for the Division of Forestry transfer in the Climate Model Project category. The remaining funding from the Division of Forestry grant totaling \$11,700, which funded a portion of salaries, would be replaced with Highway Funds transferred from NDOT. Net total funding for FY 2016 changed from \$960,414 to \$804,026, and total funding for FY 2017 changed from \$807,454 to \$806,871.

Budget Amendment A150354101, submitted on March 10, 2015, by the Budget Division, addressed Fiscal Analysis Division staff's concerns regarding the funding issues identified in the Nevada Natural Heritage Program budget. Fiscal Analysis Division staff had included the adjustments recommended by the Budget Division in the budget amendment, which resulted in an increase of Highway Funds transferred from NDOT totaling \$17,085 in FY 2016 and \$156,521 in FY 2017, for the adjusted base budget and an increase of \$700 for decision unit Maintenance (M) 100.

SENATOR PARKS MOVED TO APPROVE BUDGET AMENDMENT A150354101 SUBMITTED BY THE BUDGET DIVISION, DEPARTMENT OF ADMINISTRATION, TO ADDRESS THE FUNDING ISSUES IDENTIFIED IN THE EXECUTIVE BUDGET FOR THE NEVADA NATURAL HERITAGE BUDGET ACCOUNT 4101.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth continued with other closing items 2 and 3. She said both items were discussed previously and related to the SilverNet assessment allocation and the Director's Office cost allocation.

Other closing item number 4 increased travel and training in budget account 4101. The Governor recommended federal grant funds from the Bureau of Land Management to fund additional travel and training for the agency's various research and analysis projects, in accordance with the individual grant authority and scope of work.

Ms. Gamroth said other closing item number 5 included a recommendation by the Governor to increase Highway Fund transfers from the Department of Transportation by \$7,199 in fiscal year (FY) 2016 and \$7,197 in FY 2017 to increase the salary and related costs of the unclassified Nevada Natural Heritage program administrator. The agency indicated the Nevada Natural Heritage program had a distinct mission within the Department to provide scientific information on the conditions and locations of at-risk plants and animals in the state, and the unclassified salary for this position should be increased. Ms. Gamroth said decisions regarding changes to the salary levels for unclassified positions would be made by the full finance committees, and Fiscal Analysis Division staff requested authority to make technical adjustments based on final decisions made by those committees. Fiscal Analysis Division staff recommended that all other closing items be closed as recommended by the Governor, with the technical adjustments noted by staff and with authority for staff to make other technical adjustments as necessary.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS AS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY IN BUDGET ACCOUNT 4101.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP ADMINISTRATION (101-3173)
BUDGET PAGE DCNR-164**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 3173, Division of Environmental Protection (DEP) Administration.

The Division of Environmental Protection (DEP), State Department of Conservation and Natural Resources, enforced state and federal environmental laws to protect public health and promote a healthy ecosystem. The Division was composed of an Administrative Services office and the following nine bureaus: Bureau of Air Pollution Control, Bureau of Air Quality Planning, Bureau of Corrective Actions, Bureau of Federal Facilities, Bureau of Mining Regulation and Reclamation, Bureau of Safe Drinking Water, Bureau of Waste Management, Bureau of Water Pollution Control, and Bureau of Water Quality Planning.

Ms. Gamroth said the DEP Administration budget supported the administrative needs of the Division. The budget was funded by an indirect cost assessment recommended at 23.91 percent of salaries and fringe benefits charged to the various Division budget accounts.

According to Ms. Gamroth, there were two major closing issues in the DEP Administration budget. In the first major closing issue, the Governor recommended reserve funding of \$23,512 in fiscal year (FY) 2016 and \$23,795 in FY 2017 to contract for Oracle database administrator services from the Division of Enterprise Information Technology Services (EITS), Department of Administration. According to DEP, the proper functioning of various

databases was critical to its operations. However, only one employee had the expertise to provide support for the DEP's various Oracle databases. Ms. Gamroth said DEP indicated the funding recommended would allow the Division to contract with EITS for backup Oracle database administrator services in the event the Division's database administrator was unavailable.

SENATOR GOICOECHEA MOVED TO APPROVE THE USE OF FUNDING FROM RESERVES TO CONTRACT FOR ORACLE DATABASE ADMINISTRATOR SERVICES FROM THE DIVISION OF ENTERPRISE INFORMATION TECHNOLOGY SERVICES AS RECOMMENDED BY THE GOVERNOR IN BUDGET ACCOUNT 3173.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth said item number 2 under major closing issues involved funding for a new programming contract, decision unit Enhancement (E) 351. The Governor recommended funding from reserves of \$30,400 in each year of the 2015-2017 biennium to use a contractor through the state's Master Services Agreement to assist with converting the Division's existing databases from an Oracle platform to a Microsoft Structured Query Language (SQL) platform. The Division anticipated it would take several biennia for the conversion of the Division's database from both Microsoft Access and Oracle to the Microsoft SQL server platform. The remaining database would be converted using existing information technology (IT) staff. It was also anticipated that 2 of the Division's 38 Oracle databases would not be converted to the Microsoft SQL server because of monthly communications with the U.S. Environmental Protection Agency's Oracle databases.

SENATOR LIPPARELLI MOVED TO APPROVE FUNDING FROM RESERVES TO USE A CONTRACTOR THROUGH THE STATE'S MASTER SERVICES AGREEMENT TO ASSIST WITH CONVERTING A PORTION OF THE DIVISION'S EXISTING DATABASES TO A MICROSOFT STRUCTURED QUERY LANGUAGE (SQL) PLATFORM AS RECOMMENDED BY THE GOVERNOR IN BUDGET ACCOUNT 3173.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth said other closing item number 1 included the technical adjustments that were completed by Fiscal Analysis Division staff.

Other closing item number 2 also included technical adjustments to reduce the state-owned building rent for office space for the new Industrial Site Cleanup Bureau, which would be discussed later.

Ms. Gamroth stated other closing items number 3 and number 4 related to the SilverNet assessment allocation and the Director's Office cost allocation, which were previously discussed.

Other closing item number 5 included increased funding for training to fund additional online SQL server training for two employees.

According to Ms. Gamroth, other closing item number 6 included replacement equipment, and other closing item number 7 included new equipment. Other closing item number 8 included the transfer of one administrative assistant position from the DEP Administration budget to the Division's Water Pollution Control budget. The DEP indicated that as part of a reorganization, the administrative assistant position would be responsible for maintaining a complex record-keeping system, including developing procedures, purging records, and addressing public information requests for the Division's Bureau of Water Pollution Control.

ASSEMBLYWOMAN DICKMAN MOVED TO APPROVE ALL OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR WITH THE TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY, INCLUDING ADJUSTMENTS TO THE DIVISIONWIDE INDIRECT COST ASSESSMENT IN BUDGET ACCOUNT 3173.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP AIR QUALITY (101-3185)
BUDGET PAGE DCNR-171**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 3185, DEP Air Quality.

The Bureau of Air Pollution Control and Bureau of Air Quality Planning worked to maintain air quality and protect health and safety through air quality monitoring, permitting, and compliance assurance. The Bureaus administered provisions of the federal Clean Air Act in lieu of the U.S. Environmental Protection Agency (EPA). Funding for the Division of Environmental Protection (DEP), State Department of Conservation and Natural Resources, Air Quality budget was primarily derived from permit and licensing fees and federal grant revenue.

Ms. Gamroth said the major closing issue in this account was equipment and training related to the Clean Air Act. The Governor recommended funding from reserves totaling \$132,151 in fiscal year (FY) 2016 and \$20,371 in FY 2017 to purchase new equipment and to provide additional out-of-state travel and training because of new requirements of the federal Clean Air Act.

SENATOR GOICOECHEA MOVED TO APPROVE THE PURCHASE OF NEW EQUIPMENT AND TO PROVIDE ADDITIONAL OUT-OF-STATE TRAVEL AND TRAINING FOR THE DIVISION OF ENVIRONMENTAL PROTECTION TO MEET NEW REQUIREMENTS OF THE FEDERAL CLEAN AIR ACT AS RECOMMENDED BY THE GOVERNOR IN BUDGET ACCOUNT 3185.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth stated that under other closing items for budget account 3185, item 1 included the transfer for the federally approved indirect cost assessment to the Division of Environmental Protection (DEP) Administration budget.

Item number 2 included increases to the training budget to fund registration fees to provide additional training to staff on source sampling for particulate

pollutants for the compliance and enforcement program, and training on process hazard analysis methodologies and mechanical integrity for the chemical accident prevention program.

Ms. Gamroth said item number 3 included replacement equipment.

SENATOR LIPPARELLI MOVED TO APPROVE ALL OTHER CLOSING ITEMS IN BUDGET ACCOUNT 3185 AS RECOMMENDED BY THE GOVERNOR, AND TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY, INCLUDING ADJUSTMENTS TO THE DIVISIONWIDE INDIRECT COST ASSESSMENT.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP WATER POLLUTION CONTROL (101-3186)
BUDGET PAGE DCNR-176**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account (BA) 3186, DEP Water Pollution Control.

The Bureau of Water Pollution Control (BWPC), Division of Environmental Protection (DEP), State Department of Natural Resources, ensured compliance with federal and state water pollution laws by issuing permits to discharge wastewater to surface and/or groundwater sources, inspecting facilities, and reviewing designs of wastewater treatment plans and infrastructure. The BWPC also administered the wellhead protection program, which was a voluntary program that encouraged the use of preventive measures to protect underground drinking water resources. The DEP Water Pollution Control budget was primarily funded by federal grants, revenue from fees, and budgetary transfers.

Ms. Gamroth said the major closing issue in budget account 3186 was the position transfer from the DEP Administration budget, which was discussed earlier, and included a transfer of one administrative position, which would be

funded from reserves totaling \$56,454 in fiscal year (FY) 2016 and \$57,860 in FY 2017.

SENATOR PARKS MOVED TO APPROVE THE TRANSFER OF ONE ADMINISTRATIVE ASSISTANT POSITION FROM THE DEP ADMINISTRATION BUDGET TO THE DEP WATER POLLUTION CONTROL BUDGET FUNDED WITH FEES FROM RESERVES AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth moved on to other closing items in BA 3186, and item 1 included technical adjustments to the adjusted base budget completed by Fiscal Analysis Division staff.

Other closing item 2 included the transfer to the DEP Administration budget for the federally approved indirect cost assessment.

According to Ms. Gamroth, other closing item 3 included training and out-of-state travel to meetings, conferences, and training.

Other closing item 4 included replacement equipment.

SENATOR GOICOECHEA MOVED TO APPROVE ALL OTHER CLOSING ITEMS IN BUDGET ACCOUNT 3186 AS RECOMMENDED BY THE GOVERNOR, INCLUDING THE TECHNICAL ADJUSTMENT NOTED BY STAFF, AND TO AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY, INCLUDING ADJUSTMENTS TO THE DIVISIONWIDE INDIRECT COST ASSESSMENT.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP INDUSTRIAL SITE CLEANUP (101-3175)**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 3175, which was a new budget account that had not been included in the Governor's recommended budget.

Ms. Gamroth recalled that at the budget hearing for the State Department of Conservation and Natural Resources before the joint meeting of the Subcommittees on March 12, 2015, the Budget Division, Department of Administration, submitted Budget Amendment A150393175. The budget amendment created a new budget account titled DEP Industrial Site Cleanup, which included funding from settlement income totaling \$8.6 million and transfers from the nonexecutive Hazardous Waste Management budget totaling \$3.6 million over the 2015-2017 biennium.

Ms. Gamroth explained that the budget amendment created the Bureau of Industrial Site Cleanup to address the cleanup of perchlorate and other hazardous substances released from the former Kerr-McGee Tronox site in southern Nevada. On February 10, 2015, Nevada received payments totaling \$950 million as part of a \$1.1 billion settlement. These funds were dedicated to be used for investigation and cleanup of hazardous substances released from the former Kerr-McGee Tronox facility near Henderson. The contamination from the facility affected both Lake Mead and the Colorado River. Lake Mead was the primary drinking water supply for the Las Vegas Valley, and the Colorado River supplied drinking water to Arizona and southern California.

The new Industrial Site Cleanup budget would fund regional field data collection and evaluation and the provision of regional cleanup options to address releases of hazardous substances from the facility. In addition, funding in this budget would provide enhanced fiscal, regulatory, and technical oversight of the Nevada Environmental Response Trust (NERT) activities related to the investigation and cleanup of contaminate sources and core groundwater contamination areas.

Ms. Gamroth said the Division indicated that as a condition of providing a release from federal liability, the federal government typically negotiated the creation of a separate environmental trust such as NERT to perform the cleanup, rather than provide assets to the individual states. The NERT was subject to the continuing jurisdiction of the U.S. Bankruptcy Court, District of Nevada, which provided a clear role for the United States in monitoring the activities of NERT.

The Nevada Environmental Response Trust existed for the purpose of administering assets received during the bankruptcy and maximizing the use of these assets to address release of hazardous substances from the former Kerr-McGee plant site. The settlement agreement named DEP, on behalf of Nevada, and the U.S. Environmental Protection Agency (EPA), on behalf of the United States, as beneficiaries of NERT. The settlement agreement also designated the DEP as the lead agency to direct and approve environmental work conducted by NERT, including approval of all expenditures prior to NERT incurring costs. The EPA reviewed the budget and provided consultation to DEP prior to DEP approving the budget.

Ms. Gamroth said the Division of Environmental Protection was designated as the lead agency to oversee, direct, and regulate the entire scope of cleanup activities to be funded with the \$1.1 billion settlement. The Division would perform field investigations, technology evaluations, cost estimations, and engineering analysis, and phase-in a set of cleanup options along an approximately 3.5 mile stretch of the Las Vegas Wash.

In addition to the cleanup activities related to the \$1.1 billion settlement, DEP staff in this budget would continue to oversee cleanup resulting from historical hazardous substance releases at the three Basic Management Incorporated (BMI) Complex plant sites and the AMPAC (American Pacific Corporation) site (formerly PEPCON [Pacific Engineering and Production Company of Nevada]), as well as the assessment and cleanup at the 2,200-acre BMI Complex common areas. There were multiple consent agreements with different responsible parties at the BMI Complex, and the DEP billed state personnel and contractor technical oversight costs on a quarterly basis to each of these parties.

According to Ms. Gamroth, the new Bureau of Industrial Site Cleanup budget included nine positions in fiscal year (FY) 2016, of which three were new and six were existing positions recommended to be transferred from the

Bureau of Waste Management and Corrective Action budget. There would be three additional new positions in FY 2017, for a total of 12 positions, to perform the expanded scope of work.

The new bureau would report to the DEP deputy administrator for the Bureau of Corrective Actions, Bureau of Federal Facilities, and Bureau of Mining Regulation and Reclamation. The funding sources for the new Industrial Site Cleanup budget included settlement income from NERT and transfers from the nonexecutive Hazardous Waste Management budget, which provided funding for oversight and cleanup of contaminated sites, including reimbursements received for work completed on the BMI Complex.

Ms. Gamroth explained the first decision unit in the budget amendment establishing the new bureau was Enhancement (E) 225, which included funding for the six new positions—three positions in FY 2016 and three in FY 2017—and associated travel and operating costs for the six positions. Included in decision unit E-225 was \$735,000 in FY 2016 and \$5.8 million in FY 2017 for contract services for technical assistance and construction of a water treatment system. The total funding for this decision unit included funding from both settlement income and transfers from the nonexecutive Hazardous Management Waste budget. The total funding would be \$1.1 million in FY 2016 and \$6.4 million in FY 2017.

In FY 2016, the three new positions recommended to start July 1, 2015, would provide administrative support and included one administrative services officer, one management analyst, and one administrative assistant position. Ms. Gamroth said duties assigned to the new positions would include overall administration of the new Industrial Site Cleanup budget; budget planning; preparation of financial reports; development of updates policies and procedures; oversight and tracking of quarterly accounts receivable and payment requests to BMI companies, including NERT; and service as the BMI contract manager to review invoices submitted by the DEP contractors for conformance to fiscal and administrative requirements of the contract and state payment procedures.

Ms. Gamroth informed the Subcommittees that the three new engineering positions recommended in this decision unit to begin in FY 2017 would oversee and direct construction and construction quality oversight of phased regional cleanup options, including construction to mitigate contamination encountered during construction of the Las Vegas Wash erosion control structures.

Ms. Gamroth referred to decision units Enhancement (E) 501, E-805, E-900, and E901 and said those four decision units related to the transfer of six positions and associated operating expenses from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.

Decision unit E-501 changed the funding sources for the six positions from federal funds and fees to settlement income totaling \$1.2 million and transfers from the nonexecutive Hazardous Waste Management budget totaling \$264,443 over the 2015-2017 biennium. Ms. Gamroth said the existing duties of the four positions recommended to be transferred in decision unit E-900 would remain unchanged, and those duties included the oversight of the cleanup resulting from historical hazardous substance releases at the three BMI Complex plant sites.

In addition to the transfer of the four positions recommended in decision unit E-900, decision unit E-901 included an additional two positions recommended to be transferred from the DEP Waste Management and Corrective Action budget to this budget. Ms. Gamroth said the two additional positions included one staff associate engineer position and one supervising engineer position. In addition to the transfer of those two positions, decision unit E-805 reclassified the staff associate engineer position to a professional engineer position and reclassified the supervising engineer position to a chief of environmental programs.

M. Gamroth explained that the reclassified chief of environmental programs position would be the bureau chief of the new Bureau of Industrial Site Cleanup. The bureau chief would provide regulatory oversight in the investigation and cleanup of the historical hazardous substance releases that originated from several major industrial sites located near Henderson, plus the Kerr-McGee site that was part of the \$1.1 billion settlement. The reclassified professional engineer position would be responsible for conducting field investigations, feasibility studies and alternatives analysis, conceptual remedy design, and evaluation of remedy performance.

Decision unit E-902 included the transfer of authority for existing BMI contracts, which were funded by transfers from the nonexecutive Hazardous Waste Management budget totaling \$1.6 million in each year of the 2015-2017 biennium. The BMI contract expenses were recovered from responsible parties in the nonexecutive Hazardous Waste Management budget, as noted earlier, and from multiple consent agreements with different

responsible parties at the BMI Complex. The DEP billed state personnel and contractor technical oversight costs on a quarterly basis to each of the parties. Ms. Gamroth said the existing contracts provided ongoing and enhanced support in specialized areas of technical expertise to the Division regarding cleanup at the BMI Complex.

In summary, Budget Amendment A150393175, as recommended by the Governor, would establish the new Industrial Site Cleanup budget within the Division of Environmental Protection and would fund the personnel and related costs of six new positions and contract services for technical assistance for construction of a water treatment system funded with settlement income totaling \$7.4 million and transfers from the nonexecutive Hazardous Waste Management budget totaling \$95,763 over the 2015-2017 biennium.

Decision units E-501, E-900, and E-901 included the transfer of the six positions currently funded with federal grants from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget and changed the funding sources of the positions to settlement income and transfers from the nonexecutive Hazardous Waste Management budget to this budget.

Decision unit E-805 included the reclassification or upgrade of the two positions transferred, for a total cost of \$74,938 over the 2015-2017 biennium, funded with settlement income. Decision unit E-902 included the transfer of the contract authority totaling \$1.6 million in each year of the 2015-2017 biennium from the DEP Waste Management and Corrective Action budget to this budget, funded with transfers from the nonexecutive Hazardous Waste Management budget to this budget.

Ms. Gamroth suggested options for the Subcommittees to consider as follows:

- A. Approve Budget Amendment A150393175 as recommended by the Governor.
- B. Approve portions of Budget Amendment A150393175. If option B was selected, the Subcommittees should identify the decision units in the budget amendment to approve.
- C. Not approve Budget Amendment A150393175 as recommended by the Governor.

If option A or B were selected, Fiscal Analysis Division staff requested the approval of technical adjustments to Budget Amendment A150393175 and authority to make other technical adjustments as necessary.

Ms. Gamroth said that if the budget amendment was approved, Fiscal Analysis Division recommended the Subcommittees consider issuing a letter of intent to the Division of Environmental Protection to report to the Interim Finance Committee (IFC) semiannually regarding the status of the new Bureau of Industrial Site Cleanup and the oversight of the Nevada Environmental Response Trust. Included should be a status report of the cleanup activities to be funded with the \$1.1 billion settlement for the cleanup of perchlorate and other hazardous substances released from the former Kerr-McGill Tronox site in southern Nevada.

Assemblywoman Titus said she appreciated receiving a plan on how to mitigate the process and cleanup, because she had questions when the program was originally presented. She said she needed to see a more detailed plan of how the funds would be used, and she appreciated that the IFC would be monitoring how the money was being spent.

SENATOR GOICOECHEA MOVED TO APPROVE OPTION A, BUDGET AMENDMENT A150393175, AS RECOMMENDED BY THE GOVERNOR WITH TECHNICAL ADJUSTMENTS; TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY IN BUDGET ACCOUNT 3175; AND TO ISSUE A LETTER OF INTENT TO THE DIVISION OF ENVIRONMENTAL PROTECTION TO REPORT TO THE INTERIM FINANCE COMMITTEE SEMIANNUALLY REGARDING THE STATUS OF THE NEW BUREAU OF INDUSTRIAL SITE CLEANUP AND THE OVERSIGHT OF THE NEVADA ENVIRONMENTAL RESPONSE TRUST, INCLUDING A STATUS REPORT REGARDING THE CLEANUP ACTIVITIES TO BE FUNDED WITH THE \$1.1 BILLION SETTLEMENT FOR THE CLEANUP OF PERCHLORATE AND OTHER HAZARDOUS SUBSTANCES RELEASED FROM THE FORMER KERR-MCGEE TRONOX SITE IN SOUTHERN NEVADA.

ASSEMBLYWOMAN CARLTON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP WASTE MGMT AND CORRECTIVE ACTION (101-3187)
BUDGET PAGE DCNR-181**

Jennifer Gamroth, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented budget account 3187, DEP Waste Management and Corrective Action. She noted that all technical adjustments were a result of the creation of the new DEP Industrial Site Cleanup budget previously discussed and the transfer of six positions from this budget to the new Industrial Site Cleanup budget.

Ms. Gamroth explained that the Division of Environmental Protection (DEP) Waste Management and Corrective Action budget supported three bureaus within the Division: the Bureau of Corrective Actions, the Bureau of Federal Facilities, and the Bureau of Waste Management. The Bureau of Corrective Actions was responsible for the analysis and remediation of contaminated sites; certification of environmental consultants; regulation of underground storage tanks; and remediation of leaking underground storage tanks. The Bureau of Corrective Actions also administered the Fund for Cleaning Up Discharges of Petroleum (Petroleum Claims Fund).

Ms. Gamroth said the major closing issue in BA 3187 was the same as in the presentation made on the new Industrial Site Cleanup budget and included decision units Enhancement (E) 900, E-901 and E-902. The decision units included the transfer of the six positions, associated operating costs, and contract services related to the new Industrial Site Cleanup budget.

Ms. Gamroth advised that because the Subcommittees approved the transfer of the associated costs to the new Industrial Site Cleanup budget, the Subcommittees should also approve Budget Amendment A150413187, which transferred the six positions from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget. She also suggested including associated operating expenses and contract services, including technical adjustments completed by Fiscal Analysis Division staff, and authority for Fiscal staff to make other technical adjustments as necessary.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE BUDGET AMENDMENT A150413187 AS RECOMMENDED BY THE GOVERNOR TO TRANSFER SIX POSITIONS FROM THE DEP WASTE MANAGEMENT AND CORRECTIVE ACTION BUDGET TO THE NEW INDUSTRIAL SITE CLEANUP BUDGET, INCLUDING ASSOCIATED OPERATING EXPENSES AND CONTRACT SERVICES, WITH TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY IN BUDGET ACCOUNT 3187.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Gamroth referred to other closing items in budget account 3187. The first other closing item included technical adjustments for the transfer to the DEP Administration budget for the federally approved indirect cost assessment.

Other closing item number 2 included an increase in funding for travel and training for the Bureau of Corrective Actions staff.

Other closing item number 3 included additional travel and training for the Bureau of Federal Facilities staff.

Other closing item number 4 included additional out-of-state travel and training for the Bureau of Waste Management staff to attend meetings, conferences, and training.

Other closing item number 5 included replacement equipment for the Bureau of Corrective Actions.

Other closing item number 6 included replacement equipment for the Bureau of Federal Facilities.

Other closing item number 7 included replacement equipment for the Bureau of Waste Management.

SENATOR PARKS MOVED TO APPROVE ALL OTHER CLOSING ITEMS IN BUDGET ACCOUNT 3187 AS RECOMMENDED BY THE GOVERNOR WITH THE TECHNICAL ADJUSTMENTS NOTED BY FISCAL ANALYSIS DIVISION STAFF, AND TO AUTHORIZE FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY, INCLUDING ADJUSTMENTS TO THE DIVISIONWIDE INDIRECT COST ASSESSMENT.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Edwards called for public comment and there being none, he adjourned the meeting at 9:28 a.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Assemblyman Chris Edwards, Chair

DATE: _____

Senator Pete Goicoechea, Chair

DATE: _____

EXHIBITS

Committee Name: Subcommittees on Public Safety, Natural Resources, and Transportation

Date: April 24, 2015

Time of Meeting: 8:03 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster