

**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**

**Eightieth Session
February 14, 2019**

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 Dina Neal at 8:05 a.m. on Thursday, February 14, 2019, 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/80th2019.

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Dina Neal, Chair
Assemblyman Michael C. Sprinkle, Vice Chair
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Robin L. Titus

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Yvanna D. Cancela
Senator Pete Goicoechea
Senator David R. Parks

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Kimbra Ellsworth, Program Analyst
Carmen M. Neveau, Committee Secretary
Lisa McAlister, Committee Assistant



Chair Neal reviewed the Subcommittee rules and asked the secretary to call the roll. The Chair asked for the presentation from the State Department of Conservation and Natural Resources.

Bradley Crowell, Director, State Department of Conservation and Natural Resources (DCNR), introduced his presentation titled "Director's Office Budget Hearing, Budget Accounts: 4150, 4151, 4156, 4160," dated February 14, 2019, [Exhibit C](#). As a reminder to the Subcommittee members, he explained that DCNR was comprised of multiple divisions, programs, boards, and councils.

Mr. Crowell referenced basic points from the mission statement, as shown on page 2 of [Exhibit C](#). Page 3 through page 5 of [Exhibit C](#) showed the key divisions and programs administered at DCNR, including the Division of Environmental Protection, the Division of State Lands, the Office of Historic Preservation, the Division of Forestry, and the Division of Water Resources. Page 5 of [Exhibit C](#) also showed four of the programs under the Office of the Director: the Sagebrush Ecosystem Program, the Off-Highway Vehicles Program, the Conservation Districts Program, and the Conservation Bond Program (Q1). He had been asked to only focus on a few programs, so he said he would limit his testimony.

Mr. Crowell said the total DCNR budget recommendation for the 2019-2021 biennium was approximately \$285 million. Notably, he added, the State General Fund share was approximately \$78 million, with the addition of 20 full-time-equivalent positions over the biennium (page 6 of [Exhibit C](#)).

INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - ADMINISTRATION (101-4150)
BUDGET PAGE DCNR-5

Bradley Crowell, Director, State Department of Conservation and Natural Resources (DCNR), started the presentation with budget account (BA) 4150, Administration, from his PowerPoint presentation titled "Director's Office Budget Hearing, Budget Accounts: 4150, 4151, 4156, 4160," dated February 14, 2019, [Exhibit C](#). Page 8 of [Exhibit C](#), he said, showed the recommended 2019-2021 biennium budget of \$3,503,073, of which \$1,525,946 was State General Fund. The bulk of the funding was interagency transfers or cost allocation revenues. The Office of the Director included 11 staff positions, with no new positions recommended for the 2019-2021 biennium. He noted that there were approximately 1,000 employees in the Department including seasonal employees. This made DCNR one of the larger departments in the Executive Branch, and he believed that an 11-person Director's office was relatively small for a Department of that size.

Page 9 and page 10 of [Exhibit C](#), Mr. Crowell said, showed modest enhancements that included routine funding for travel, technical support and software, and cellular phones,

among other items. He noted that his PowerPoint presentation omitted a one-shot appropriation of \$205,183 for backup servers and security that were necessary to ensure adequate space to maintain data, consistent with regulations and statutes governing security and retention of records.

Assemblyman Sprinkle asked about the additional travel and training for the Office of the Director. Mr. Crowell replied that the travel was specific to the employees in the Office of the Director, and explained that in-state travel was for official business and out-of-state travel was for training. Based on prior reductions, his plan was to ensure staff could travel in-state as necessary, given that the scope of the Department's services included field work.

Assemblyman Sprinkle asked how additional travel and training would benefit employees. James R. Lawrence, Deputy Director, Office of the Director, DNCR, said that the enhancement for increased travel was for the sagebrush ecosystem technical team. Although this was an enhancement, it restored the FY 2018 funding levels. In the base year of the 2017-2019 biennium, there were vacancies in positions where visits to rural areas were critical because of sage grouse, fire, and invasive species problems. This enhancement would fund travel at full staffing levels for the sagebrush ecosystem technical team. The benefit was in meeting at field offices with local conservation districts; local ranchers; the Bureau of Land Management, United States Department of the Interior; and the United States Forest Service, United States Department of Agriculture. It was difficult to make necessary decisions when staff could not visit sites outside Carson City.

Chair Neal asked about bond interest earnings. She wondered whether bond interest earnings were available to support the budgeted positions' cost of the \$74,585 in FY 2021, and how the Department would fund the costs if the bond interest earnings were not available. Mr. Lawrence said that the bond interest earnings were available for these positions. He said there had been discussions with the Office of Finance, Office of the Governor, and with the Office of the State Treasurer about the appropriateness of using bond interest to fund the positions, but that was the way the positions were budgeted. The budget for each biennium was based on cash on hand and not dependent on forecasted revenue.

Chair Neal noticed that the bond interest was decreasing. Considering that there was an administrative services officer that spent 1.6 percent of time working on the Conservation Bond Program (Q1), she asked Mr. Crowell to discuss the rationale in supporting 50 percent of that position's costs with the bond interest earnings.

Kelly M. Williams, Administrative Services Officer 4, Office of the Director, DCNR, said that she filled that position for the Department. That position had been dedicated to the Q1 program. The Q1 program was dwindling, the spending authority was being used, and the amount of work now required for the program was minimal. A former employee who was dedicated to the Q1 program had retired, and the Office of the Director, DCNR, decided to reclassify the position to an administrative services officer position. The position,

however, was not fully funded with State General Fund and cost allocation. Because the position would continue to perform the remaining Q1 program duties, the position was funded with 50 percent Q1 proceeds and the balance from State General Fund and cost allocation. Since that time, there was minimal financial work for the Q1 program, as only 16 transactions had been processed in FY 2019 by an administrative services officer 2. Because the work was performed by the administrative services officer 2, the ultimate goal, she concluded, was to fully fund the administrative services officer 4 with State General Funds.

Mr. Crowell added that the Q1 program was winding down, but Assembly Bill 84 created a new conservation bond program, and if that bill were to pass, the legislation had provisions that allowed the use of bond proceeds to manage the program. A position could be funded with interest from bonds, if necessary, and then the administrative services officer 4 position that was partially funded with Q1 funds could be funded in full from the State General Fund.

Hearing no further questions on BA 4150, Chair Neal asked for the presentation on the next budget account.

INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - CONSERVATION DISTRICTS PROGRAM (101-4151)
BUDGET PAGE DCNR-16

Bradley Crowell, Director, State Department of Conservation and Natural Resources (DCNR), continued to budget account (BA) 4151, Conservation Districts Program, using his PowerPoint presentation titled "Director's Office Budget Hearing, Budget Accounts: 4150, 4151, 4156, 4160," dated February 14, 2019, [Exhibit C](#). Page 11 of [Exhibit C](#) reported that the conservation districts program administered and oversaw 28 local conservation districts throughout the state. The recommended funding for the 2019-2021 biennium totaled \$1,291,187, of which \$1,287,831 was State General Fund. The small difference between the State General Fund amount and the total amount was the incidental inclusion of a federal grant that was no longer available, so Mr. Crowell had requested a technical adjustment to provide State General Fund in the amount of \$1,291,187.

The Conservation Districts Program included four staff positions and no additional positions were needed. One staff position each was located in Carson City, Winnemucca, Elko, and Ely. The enhancements on pages 12 and 13 of [Exhibit C](#), Mr. Crowell explained, were minimal: the most expensive enhancement was a grant allocation increase of \$500 per district, raising each district allocation from \$4,500 to \$5,000. These grants were used to administer projects in the districts. Mr. Crowell noted the need for enhancements that covered site visits and information technology because these functions were critical to the Conservation Districts Program.

Assemblyman Sprinkle asked whether the conservation districts requested the increased funding and what benefits the additional funding would provide. Mr. Crowell said that the funding Nevada had provided to the districts was lower than almost every other state.

James R. Lawrence, Deputy Director, Office of the Director, DNCR, said that the increase was an ongoing request from the districts. The \$5,000 limit per district, used for operational costs and to get projects off the ground, was the preeconomic downturn amount. The conservation districts were composed of ranchers and landowners who volunteered time, with no support staff, to attend meetings, prepare minutes, and to cover other administrative tasks. The \$5,000 awarded before fiscal year (FY) 2009, he noted, was to cover part of those costs.

Assemblyman Sprinkle asked whether it was fair to say that from FY 2009 until the present, conservation districts were not able to perform duties because of the grant amount. Mr. Lawrence said that was an accurate statement. Each conservation district was unique; some, such as the Nevada Tahoe Conservation District, had enjoyed funding from other sources. More rural areas did not have many other funding opportunities. He said that the \$5,000 allotments were used for basic operating costs and as matching funds for federal programs.

Assemblywoman Titus said the conservation district where she lived consisted of volunteer ranchers, and \$5,000 did not go far. The weed control, water control, flood control, and noxious weed control efforts were extensive. She asked whether the \$5,000 per conservation district was the only funding source available for this work, and she requested a breakdown for the 28 districts, including the budget items for each district. Mr. Lawrence replied that he would provide the information because the districts were required to submit annual budgets to DNCR to receive the allotments. He noted that the local volunteers did a great job of turning this money into projects valued at five or ten times the allotted amount. Assemblywoman Titus said that seeing how funds had been matched to greater amounts of funding would be helpful.

Mr. Crowell added that the four staff members were important because the staff worked with volunteers to identify grant opportunities and projects. There were no staff positions in the southern Nevada area, although there was work needed there. As the Department moved forward, the lack of staffing was something to consider.

Senator Goicoechea asked whether \$5,000 was the highest historic level of funding for conservation districts. He believed that as much as \$10,000 had been requested in previous years. Mr. Lawrence replied that \$5,000 was the amount he remembered, but there was an attempt to increase the amount, and he agreed to verify the historic funding.

Hearing no further questions on BA 4151, Chair Neal asked for the presentation on the next budget account.

INFRASTRUCTURE

CONSERVATION & NATURAL RESOURCES

DCNR - ACCOUNT TO RESTORE THE SAGEBRUSH ECOSYSTEM (101-4156)

BUDGET PAGE DCNR-12

Bradley Crowell, Director, State Department of Conservation and Natural Resources (DCNR), began his overview of budget account (BA) 4156, recommended funding to restore the sagebrush ecosystem, and referred to page 14 of his presentation titled "Director's Office Budget Hearing, Budget Accounts: 4150, 4151, 4156, 4160," dated February 14, 2019, [Exhibit C](#). He explained that there were no enhancements recommended for this budget account, but the Subcommittee members had asked for an update. This program, he recounted, was capitalized with a \$2 million appropriation, and the remaining balance was \$695,057. He did not expect to expend the full amount during the biennium, but there would be significant activity. Substantial work had been performed to protect and enhance sagebrush habitat across the state. As an example, he cited a mine operator who was expanding his business property, and this resulted in a disturbance to the sagebrush habitat. The mine operator could have offset the disturbance by purchasing or creating credits that enhanced current sagebrush habitat or he could have created new sagebrush habitat. The goal was to avoid listing the greater sage grouse in Nevada as a threatened species because that would affect the rural economies and the conservation credit system. The conservation credit system had been running for two years, and two projects were already completed. The conservation credit system was established as the method to protect sagebrush habitat and needed to operate as designed. The system relied on debits and credits to manage habitats.

The two completed projects, Mr. Crowell said, were the Bald Mountain Mine and the Greater Phoenix Mine. He believed that the more successful the conservation credit system was, the more insulated Nevada would be from federal changes in how species and habitat were managed. The success of the program also relied on the cooperation of the federal partners, including the Bureau of Land Management (BLM), United States Department of the Interior and the United States Forest Service, United States Department of Agriculture. Other partners included mining companies and ranchers who created credits that those who disturbed the habitat could buy. For those partners, he wanted to see the conservation credit system continue to succeed over the 2019-2021 biennium.

Assemblyman Sprinkle asked about a federal ruling to not list the sage grouse as a threatened species. He wondered whether that decision had resulted in less concern or effort. Mr. Crowell said that there was no less concern, but the stakeholders were frustrated by the federal government's indecision over how to manage the ecosystem and the species. Whether the federal government chose to revisit the listing decision in fiscal year (FY) 2020 or not was secondary, because Nevada had the ability under the conservation credit system to control its destiny. His concern was that when the broader sagebrush

ecosystem regions outside Nevada underperformed, the sage grouse could be listed even though Nevada had done a very good job protecting the species.

Assemblyman Sprinkle asked how to keep the conservation credit system financially viable. James R. Lawrence, Deputy Director, Office of the Director, DNCR, said there were different ways to approach Assemblyman Sprinkle's question. Financially, the robust system was up and running. The question was how to ensure the system was the primary one used for mitigation on the landscape. The value of a primary system, he explained, was the assurance that there was a consistent way to measure changes on the landscape, as well as for habitat uplifts. If there was a decision to revisit the listing decision, by having the conservation credit system, Nevada could demonstrate a no-net loss, or perhaps even a net conservation gain. Many ranchers had invested, using the \$5,000 allotments, to make this system successful. The question and frustration, as Mr. Crowell alluded to, was when the credits would be transferred for use in mitigation. The federal government had given mixed responses, and when there was a level of uncertainty, it was difficult for stakeholders to invest and embrace the system. He said that DCNR was working with the BLM to bolster and heighten Nevada's conservation credit system when BLM was making land use decisions. Because these land use decisions were mostly on federal land, and because the BLM was not requiring mitigation, it was difficult to require action. At the direction of the Sagebrush Ecosystem Council, Mr. Lawrence's office was in the process of drafting temporary regulations. Once those regulations were in place, the partners and stakeholders would see the conservation credit system as the primary option. He was less worried about money to run the system than he was about ensuring the system was being used for transactions to record credits.

Mr. Lawrence added that a primary but often overlooked purpose of the system was to encourage use of the model system, rather than just process transactions. In this case, science would determine the effects of projects, and then the project would be adjusted to minimize the consequences when there were disturbances. As an example, he cited the forest supervisor for the Humboldt-Toiyabe National Forest project, Bill Dunkelberger, who required the use of the conservation credit system for transmission lines. Aboveground transmission lines affected sage grouse because predators perched on the lines. Because of the conservation credit system, the power line companies decided to bury the power lines, resulting in no detrimental effect to the sage grouse. That, he concluded, was a successful project that minimized the consequences on the landscape.

Assemblyman Sprinkle asked whether Mr. Lawrence expected to see any reimbursement of the state funding used for projects. Mr. Lawrence thought so and replied that the stakeholders were anxious to use the funding. The bigger question was the federal government because mitigation had not been required. The more that mitigation was required implied more transactions in the conservation credit system.

Assemblywoman Titus asked how last summer's fires had affected the habitat because so much of the sage grouse habitat was destroyed. She wondered whether the conservation credit system credits could be used for agencies to work together for habitat restoration. Mr. Crowell said that could happen, but her question raised a bigger point. Even with the most successful conservation credit system imaginable, fires that destroyed hundreds of thousands of acres would overwhelm any gains in the conservation credit system. The bigger question then was how fires were managed, both by mitigation before the fires and rehabilitation after the fires. When fires were not managed at both ends, DCNR was spinning its wheels with the conservation credit system. A combined effort was needed that included DCNR, the Division of Forestry, and the Department of Wildlife. He concluded by stating that only so much could be done without the cooperation of the federal government. A new BLM state director had started work, which was a positive change. He hoped the new director would bring leadership consistency. He was encouraged by the new director's management approach to ensuring Nevada's success on everything from sage grouse to fires.

Senator Goicoechea asked for a breakdown of the amount of money used by private landowners to develop the conservation credit system. For clarification, he stated that projects had been identified and credits were available for use, but BLM could still determine that under Nevada's land-use plan amendment, Nevada's credits would not be accepted, and the program could be decimated. Mr. Lawrence said that about \$1.3 million had been obligated for the conservation credit system, but he would confirm the amount and provide detailed information to the Subcommittees. He did not have the value that private landowners had contributed.

Hearing no further questions on BA 4156, Chair Neal asked for the presentation on the next budget account.

INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
ENVIRONMENTAL QUALITY IMPROVEMENT (101-4160)
BUDGET PAGE DCNR-4

Bradley Crowell, Director, State Department of Conservation and Natural Resources (DCNR), continued to budget account (BA) 4160, Environmental Quality Improvement, from page 17 of his presentation titled "Director's Office Budget Hearing, Budget Accounts: 4150, 4151, 4156, 4160," dated February 14, 2019, [Exhibit C](#). He explained that the budget account related to the establishment of an environmental quality improvement account (EQIA) to leverage a supplemental environmental projects list. There was no budget recommendation for this effort, but he believed that the small balance in the account could increase and be beneficial to worthy environmental projects statewide. The plan for the EQIA was that when a regulated entity violated environmental statutes or regulations, instead of going through a formal process for fines, the entity could choose to pay a supplemental amount, usually 125 percent of the fine, to be directed to supplemental environmental

projects. As settlements were reached with regulated entities, the monies would be deposited into the EQIA. He noted that there was an intent to match the supplemental project to the penalty. As an example, he said, a penalty for a violation of a water regulation or statute might be applied to a water-related supplemental environmental project generally in the same geographic region.

Hearing no questions on the new budget account, BA 4160, Chair Neal asked for the next presentation.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP ADMINISTRATION (101-3173)
BUDGET PAGE DCNR-137**

Greg Lovato, Administrator, Division of Environmental Protection, (DEP), Department of Conservation and Natural Resources, (DCNR), introduced his PowerPoint presentation titled "Division of Environmental Protection Budget Presentation, Budget Accounts: 3173, 3185, 3187, 3188, 3189," dated February 14, 2019, [Exhibit D](#). He said that he would provide an overview of the agency and then delve into the DEP budgets he had been asked to present. The mission statement, as shown on page 2 of [Exhibit D](#), emphasized the commitment to keeping the air, water and land clean while sustaining a strong economy. The DEP, while primarily a regulatory agency, used the traditional tools of permitting, inspections, compliance, and enforcement to carry out the requirements of major federal and environmental statutes. This work was completed on behalf, in lieu of, and with delegation from the United States Environmental Protection Agency (EPA). The DEP also carried out state-only programs, including mine regulation, mine reclamation, and chemical accident prevention.

Page 4 of [Exhibit D](#), Mr. Lovato stated, provided an overview of the revenue sources for the recommended operating budget of approximately \$59 million per year. The Division was funded without State General Funds. Grant amounts from EPA had been flat, and some programs had not kept up with the scope of federal regulations or inflation. The DEP, he said, was actively assessing long-term options from this decline, as well as the effect on cash flows from the partial government shutdown. The DEP was prepared for contingencies, should another government shutdown occur.

Page 5, the last overview page from [Exhibit D](#), Mr. Lovato explained, identified two offices, one in Carson City and one in Las Vegas. The Las Vegas office had 30 staff members and housed two of eleven DEP bureaus. In addition to the personnel costs for the DEP's primary regulatory role, the recommended budget included authority for specialized technical assistance contracts, environmental protection project grants, and continued increases from the 2017-2019 biennium to the University of Nevada, Reno small business environmental program. The DEP assisted with interpretation of and compliance with complex

environmental regulations to small businesses statewide. Like other government entities, DEP was experiencing turnover based on generational retirements, with over 27 percent of its workforce eligible for retirement between fiscal year (FY) 2020 and FY 2022.

Starting on page 6 of [Exhibit D](#), Mr. Lovato said, budget account (BA) 3173, Administration, funded the DEP front office and administrative programs. The budget was supported by an indirect cost allocation on the individual bureau budgets and an EPA grant and was adjusted annually in accordance with EPA financial procedures. The first enhancement described on page 7 of [Exhibit D](#) was decision unit Enhancement (E) 350 that added a new personnel technician for the Division. Presently, only one employee managed personnel and payroll, with no backup available. The Division had grown to 265 employees, and ongoing matters, including retirements, recruitments, special personnel matters, family medical leave, catastrophic leave, and Americans with Disabilities Act requirements, along with extra paperwork associated with new policies, such as the Nevada Domestic Violence Act and 700-hour lists, required that position to provide extra assistance to employees and supervisors. Backlogged tasks as a result of the extra work included payroll, timesheet reconciliation, and filing of personnel paperwork. The new position would ensure timely responses and allow the existing position to take vacation time without undue concerns.

Decision unit E-351 recommended funding for maintenance and refreshing of the Division website, as shown on page 7 of [Exhibit D](#). Mr. Lovato stated that this was an upgrade of the website in accordance with the Enterprise Information Technology System (EITS) recommendation for maintaining website security.

Decision unit E-355, Mr. Lovato continued, recommended funding for relocation of the Las Vegas office and phone system, a move planned for the 2019-2021 biennium. The office had been located at its current location since 2007, and the move was planned because of a high crime rate in the neighborhood and a poorly operating heating, ventilating, and air-conditioning system.

The remaining enhancements on page 7 of [Exhibit D](#), Mr. Lovato explained, did not require any further detail, noting however, that decision unit E-730, a deep cleaning and carpet cleaning, was included in the recommended budget, as specified in the Budget Building Manual, 2019-2021 Biennium.

Senator Parks referenced E-350 and asked how one employee had been performing the tasks for the backlog. Mr. Lovato said that staff, including management analysts and accounting specialists, were being borrowed from other DEP divisions, but that was not sustainable. When new employees were hired and new policies were adopted, there was a need for the existing employee to set up checklists and procedures, and an additional employee would help with that effort.

Senator Parks referenced decision unit E-355, and asked where the office was located in Las Vegas. Mr. Lovato replied that the office was near Eastern Avenue and East Flamingo Road, in a graystone complex near a hospital. Senator Parks wondered whether Mr. Lovato had a location in mind for the relocation, and Mr. Lovato said that the search would begin about six months before the end of the lease. The existing lease was set to expire early in calendar year 2020.

Assemblywoman Jauregui referenced decision unit E-730 and asked how many offices would be cleaned. Mr. Lovato said that there were three floors in the Bryan Building. He noted that the budgeted estimate was based on a quote, but there would be a competitive bid process used for the service.

Hearing no additional questions on BA 3173, Chair Neal asked Mr. Lovato to address the next budget account.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP AIR QUALITY (101-3185)
BUDGET PAGE DCNR-144**

Greg Lovato, Administrator, Division of Environmental Protection, (DEP), Department of Conservation and Natural Resources (DCNR), introduced his PowerPoint presentation titled "Division of Environmental Protection Budget Presentation, Budget Accounts: 3173, 3185, 3187, 3188, 3189," dated February 14, 2019, [Exhibit D](#). The next budget account he covered was budget account (BA) 3185, Air Quality. This budget account funded the air pollution control program and air quality planning programs. The air quality planning programs collectively regulated over 800 facilities in counties other than Washoe and Clark, which had separate air quality management districts. There were 55 facilities throughout Nevada that were subject to the Chemical Accident Prevention Program (CAPP), managing over 43 million pounds of highly hazardous substances. Over 98 percent of Nevada air basins were in attainment for air quality standards with only a portion of Clark County in marginal nonattainment for ozone. There had not been a major incident since the inception of the CAPP in 1991. The air-permitting program continued to be streamlined and had reduced the permitting backlog while protecting air quality.

Mr. Lovato referred to page 9 of [Exhibit D](#) and explained that the first enhancement for BA 3185 was decision unit Enhancement (E) 350, which recommended funding for a public service intern. He explained that the base budget funded 60 positions with one existing intern in the air program now. The availability of the existing intern position had enabled the Division to bring new employees into the program. It was Mr. Lovato's hope that the additional intern would help to attract prospective employees. The air quality planning program had been more active at reaching out to students and had a strong social network at universities and local colleges.

Mr. Lovato addressed decision unit E-351, which recommended funding for the Volkswagen settlement administrative costs. As part of the Volkswagen settlement, DEP and a national Volkswagen settlement trustee administered a program to mitigate excess nitrogen oxide emissions caused by Volkswagen vehicles with emission control defeat devices. The program supported replacement of older vehicles to reduce emissions. There were administrative duties for DEP as part of the settlement, including setting up beneficiary mitigation plans and soliciting, evaluating, awarding, and monitoring mitigation projects. This enhancement funded those efforts at a level of 10 percent for projects administered through the Office of Energy, Office of the Governor, and for the Nevada Electric Highway infrastructure program, and at a level of 15 percent for other emission mitigation projects.

Mr. Lovato discussed decision unit E-550, which recommended funding for database development that would bring the Air Information Management System project to conclusion and transition the DEP air database to track all billing, permitting, compliance, and enforcement efforts. The enhancement would provide for emission inventory reports by source to DEP and to the United States Environmental Protection Agency (EPA). The enhancement would also transition DEP to e-permitting, as well as provide public access for facility searches. He explained that DEP was leveraging EPA grant funding with Hawaii because Hawaii had similar efforts underway. State funding was required in addition to EPA funding for ongoing maintenance. Although federal funding covered database development, federal funding did not cover database maintenance.

Mr. Lovato concluded this budget with decision unit E-711, which recommended funding for equipment replacement. A network of 12 monitoring stations for specialized air monitoring was needed throughout Nevada to demonstrate compliance with air quality standards. This enhancement covered end-of-life replacement for air-monitoring equipment and was important because if equipment malfunctioned or was out of calibration, data would be lost. If too much data were lost, the monitoring site could not be used in attainment demonstrations.

Assemblyman Sprinkle referenced E-351 and asked how much of the settlement funding covered administrative costs. Jeffrey Kinder, Deputy Administrator, DEP, DCNR, said that the settlement amount awarded to Nevada was approximately \$25 million, and of that amount, up to 15 percent could be allocated to zero-emission vehicle infrastructure. This amount was allocated, he said, through the Office of Energy, Office of the Governor. In addition, 15 percent of that amount could be retained internally to administer the program. He clarified that 10 percent had been dedicated on a per-project basis to projects administered by the Office of Energy, Office of the Governor, and 15 percent was retained for a competitive grant program.

Assemblyman Sprinkle asked whether 15 percent was enough to cover the administrative costs. Mr. Kinder said that 15 percent was not enough to cover administrative costs. There were grants and fees throughout the air quality program, so the settlement funding was supplemented with program funds.

Assemblyman Sprinkle asked how many grant cycles Mr. Kinder anticipated before the settlement funds were spent. Mr. Kinder said the settlement funds were available for ten years. He did not anticipate running out of funds soon because there had only been one funding cycle with \$6.6 million allocated to a wide range of projects. The cycles would continue until the settlement funds were exhausted.

Senator Goicoechea asked about charging stations. He wondered whether an electric vehicle could make the trip from Las Vegas to Reno with existing charging stations in Beatty, Lathrop Wells, and so on or whether more charging stations were needed. Mr. Kinder replied that when the Nevada Electric Highway was completed, the answer would be yes, but the final answer should come from the Office of Energy, Office of the Governor, for an update on the progress of charging stations.

Senator Goicoechea asked about the replacement of school buses and dump trucks in other communities, and he wondered whether the replacement buses were electric or natural gas fired. Mr. Kinder replied that the decision for the type of vehicle was up to the entity requesting the grant to determine what was best for its fleet of vehicles. As examples, he said that DEP had replaced diesels with clean diesels or with natural gas or other alternative fuel vehicles, including electric. School buses were not electric yet because of the infrastructure and cost.

Assemblyman Sprinkle asked whether there was a contingency plan in place to keep the overall program running if the funding was not available as planned. Mr. Lovato referred to the revenue structure for how the program was established. Originally, the program was weighted more for heavier major emission sources such as the Mojave Power Station, the Reid Gardner Generating Station, and the Valmy plant. Because the larger emission sources were closed or being phased out, the DEP had to reassess the fee structure of the program. This reassessment was being conducted now, and he expected completion of the assessment and determination of the potential need for fee adjustments by December 2019. He noted that the DEP had been undercharging for some minor emissions and midrange emissions because time spent by DEP employees working on these emissions was more significant than planned, so this effort was included in the reassessment as well.

Senator Parks referenced declining reserves. It appeared that the air quality budget would be insolvent in FY 2021, and he wondered how the agency planned to address this problem. Mr. Lovato said that DEP was actively assessing the revenue structure that relied on fees from heavier major emission sources that were closed or being phased out. He expected to

have a plan later this year and hoped to enact the plan in calendar year 2020 or early in calendar year 2021.

Senator Parks wondered what would happen if the Volkswagen mitigation revenue was not received at the projected level and how the DEP contingency plan would support its costs. Mr. Kinder replied that the funding requested under the Volkswagen settlement was for existing projects. The money was in a trust account and was available for quarterly draws as needed. Senator Parks wondered whether there was a possibility that the Volkswagen funding would be delayed, and Mr. Kinder replied that the trust was fully funded.

Chair Neal asked for more detail on the duties to be performed by the new public service intern position. Mr. Lovato explained that there was one existing public service intern, and this position would be an additional public service intern. Based on the workload in either the permitting group or the inspection group, the intern would either perform entry-level permitting tasks such as surface area disturbance permits or dust mitigation, or accompany senior inspectors on site visits.

Chair Neal asked whether having an additional public service intern would enhance DEP's ability to recruit qualified staff. Mr. Lovato said that it would, as shown by the existing intern position. The use of an intern was the best way to attract college graduates into the program.

Hearing no further questions on BA 3185, Chair Neal asked for the presentation on the next budget account.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP MATERIALS MNGMT & CORRECTV ACTN (101-3187)
BUDGET PAGE DCNR-159**

Greg Lovato, Administrator, Division of Environmental Protection, (DEP), Department of Conservation and Natural Resources (DCNR), introduced his PowerPoint presentation titled "Division of Environmental Protection Budget Presentation, Budget Accounts: 3173, 3185, 3187, 3188, 3189," dated February 14, 2019, [Exhibit D](#). The next budget account he covered was budget account (BA) 3187, DEP Materials Management and Corrective Actions. This budget account funded three DEP bureaus, including the Bureau of Corrective Action, the Bureau of Federal Facilities, and the Bureau of Sustainable Materials Management. The Bureau of Sustainable Materials Management, formerly Waste Management, included the solid and hazardous waste compliance and recycling programs and ensured the fundamental commitment to safe and compliant management of waste. The program integrated sustainable materials concepts and practices into more aspects of the program's interaction with regulated entities and the public. The Bureau of Federal Facilities was responsible for the ongoing oversight of legacy contamination and waste disposal for the

United States Department of Energy (DOE) at the Nevada National Security Site. That responsibility included a more recent emphasis on enhanced DEP oversight of low-level, radioactive waste disposal activities at Area 5 at the Nevada National Security Site. The facility received low-level waste from DOE generator sites across the country that were part of the original Manhattan Project and some ongoing programs related to maintaining the nation's nuclear stockpile. In addition to reviewing compliance with established waste acceptance criteria at the facility, DEP and DOE were improving waste characterization and waste-packaging verification practices and more thoroughly evaluating disposal options other than the Nevada National Security Site.

Most of the enhancements were housed in the Bureau of Corrective Actions, Mr. Lovato stated, as shown on page 12 and page 13 of [Exhibit D](#). The first decision unit Enhancement (E) 350 added a new professional engineering specialist position classification to the Bureau of Corrective Actions. During the 78th Session (2015), DEP added a professional engineering specialist to the Bureau of Industrial Site Cleanup staff, a position classification originally intended for specialized construction projects overseen by the Department of Transportation. There was a need at DEP for in-house expertise to oversee challenging projects. The existing position evaluated engineering cleanup alternatives for the Black Mountain Industrial complex and another cleanup area near Henderson. The DEP had oversight for cleanup and assessment of hazardous substances in soil and groundwater, mostly legacy releases that occurred before modern environmental standards and regulations. Approximately 50 percent of the DEP cases were ten years old or older. He noted that DEP needed additional technical and engineering capabilities to review complex cases and to either clean up and close the cases or determine that the cases did not pose a threat to water resources or human health. The new position would oversee a broader range of contaminated site cases, evaluate emerging technologies, and review complex cleanup plan designs.

Next, Mr. Lovato said, decision unit E-351 recommended funding for consultant certification program special projects, a consumer protection program that certified consultants working on hazardous substance cleanup projects. This enhancement ensured consultants met fundamental knowledge and experience standards, and because of increased requests from the consultant community, the recommendation included travel funding for testing in Elko and Las Vegas. Also included was a recommendation for additional funding to update testing program licenses and materials.

Mr. Lovato said the next decision unit E-352 recommended funding for the state cost share for the Anaconda Mine Project. The Anaconda Copper Mine project was located in Lyon County and was being completed by Atlantic Richfield Company with DEP oversight. The project had been divided into three phases. The first phase of engineering design was underway, with construction scheduled in 2019 and completion expected by 2024. In 2018, before the United States Environmental Protection Agency (EPA) deferred cleanup to DEP, the first phase of cleanup was anticipated to be eligible for 92 percent federal funds, with the balance funded from the state cost share. Under the deferral,

the DEP cost share remained the same, but the federal share was funded by Atlantic Richfield Company. This enhancement funded the DEP's 7.8 percent cost share from the hazardous waste fund for design and construction costs associated with the first phase of engineering design. He noted that DEP was not responsible for any funding for the final two cleanup phases of this project.

The next enhancement was decision unit E-353, which recommended funding for additional Department of Defense cleanup projects, Mr. Lovato stated, and funded a contractor to provide technical assistance to DEP in its oversight of a munitions range cleanup at the Hawthorne Army Depot. The United States Army used developing geophysical technology as part of its munitions range cleanup projects. This enhancement used United States Department of Defense grant funds for specialized technical contractor assistance to help DEP evaluate the Army's use of this innovative technology.

Decision unit E-354 recommended funding for contract technical assistance, Mr. Lovato continued, and balanced the budget authority for a statewide environmental response contract. This standby contract for assistance responding to releases of hazardous substances in soil and groundwater throughout Nevada was maintained by the DEP. In past years, this enhancement had funded the removal of abandoned drums of waste after floods or at mines, the prevention of volatile organic chemicals from entering residences, and the mitigation of acid drainage at abandoned mines that had poisoned grazing cattle. The recommended funding raised the budget authority to \$1.5 million in each fiscal year of the 2019-2021 biennium.

Mr. Lovato moved to decision unit E-356, which recommended funding for safety training for field staff, shown on page 13 of [Exhibit D](#). The petroleum fund covered assessment and cleanup of soil and groundwater at leaking underground tank sites throughout the state. The DEP would oversee and ensure the cleanup systems were operating as intended. The safety training in the enhancement allowed petroleum fund staff to visit cleanup sites to verify and audit cleanup systems supported by the petroleum fund.

Mr. Lovato linked decision unit E-357, which recommended funding for the Anaconda site contract technical assistance, to decision unit E-352, but explained that E-357 was not funded with a state cost share. Since February 2018, the Division had been reimbursed approximately \$940,000 under an agreement with Atlantic Richfield Company. The contract assistance helped DEP evaluate technical documents, including human health ecological risk assessments, groundwater geochemical modeling studies, and feasibility study evaluations for the final two phases of the Anaconda Copper Mine cleanup. This enhancement provided budget authority for DEP to fund technical assistance contracts for the Yerington and Walker River Paiute tribes and funding for local community technical assistance contracts.

Page 14 of [Exhibit D](#), Mr. Lovato stated, included replacement vehicles and replacement equipment for BA 3187. Decision unit E-722 recommended funding for new equipment for

electronic records management, which allowed the Bureau of Corrective Actions to take similar steps to other Division bureaus. He believed that understanding potential historical contamination on a property was critical for real estate appraisal and property loan evaluation by banks. The Bureau of Corrective Actions received frequent requests for public records, and this enhancement would make those records more available for public inspection.

Assemblywoman Titus had concerns about the Anaconda Copper Mine because of the proximity to her home, and she wondered about the anticipated cost for the final remedial design plan that would not be completed until December 2019. She asked whether any remediation work had started. Mr. Lovato said the remedial design was in final stages, and there were critical path items related to the evaluation of land managed by the Bureau of Land Management (BLM), United States Department of the Interior. Pond construction would start in calendar year 2019, but he could not provide more specifics at this time. Evaluations of cultural resource compliance, as required by the BLM on its land, were being done and would be a factor in determining the time line.

Assemblywoman Titus was disappointed that the efforts had not advanced more quickly, and she asked for verification of the anticipated completion date in 2024. Mr. Lovato said that the first phase of cleanup at the 3,400-acres was the result of groundwater contamination that had left the site. The first phase involved capping 260 acres and some adjacent areas at the property.

Assemblywoman Titus asked about community involvement in the Anaconda Copper Mine cleanup project because she had not received any notices or information. Mr. Lovato said that in November 2018, there had been a community meeting with over 50 stakeholders in attendance. The DEP had presented information in January 2019 to the Yerington City Council and in December 2018 to the Lyon County Board of County Commissioners. Because the EPA could not share its mailing list, the EPA had sent out cards asking for responses from those who wished to be included on a DEP mailing list, and Mr. Lovato said names could be added upon request.

Assemblywoman Titus noticed that decision unit E-354 recommended additional funding for the Buckskin Mine, and she wondered if the Buckskin Mine was an active mine. Mr. Lovato replied that the mine had not been active for a few years. The BLM had been doing reclamation activities for some years at the Buckskin Mine, and this enhancement supplemented the BLM work for abandoned monitoring wells that were conduits to groundwater.

Assemblywoman Jauregui asked about the Anaconda Copper Mine and whether the cleanup had started. Mr. Lovato said that when the site was under DEP oversight, before being abandoned by the previous operator, there were some interim cleanup actions that occurred to stabilize the site, including removal of waste, capping of dust material, and repair of ponds to prevent leaks. The next step was completing the first phase of cleanup, at a cost of between

\$30 million and \$40 million. Construction of an evaporation pond was scheduled for 2019, the capping would begin in 2020, and the first phase would conclude in 2024.

Senator Parks asked Mr. Lovato to explain the term "capping." He thought capping included the removal of waste material, but he wondered whether capping only involved encapsulation. Mr. Lovato said that traditional mine reclamation had been practiced in Nevada for many years and was used when facilities using heap leaching were closed. The problem was not drum waste or byproduct waste, because those had already been removed from the site. This cleanup involved the five remaining heap leach pads that had been used to stack and leach copper. The Division, along with the BLM and EPA, undertook a feasibility study and an engineering evaluation before the deferral, and the agencies agreed on capping for mitigation. If rain was not prevented from entering the ponds, there would be toxic acid fluids released in perpetuity. The situation was being managed through the use of evaporation ponds, but DEP wanted to find a long-term remedy that did not require continuous oversight services. The capping would take borrow soils and reslope the banks so precipitation could be shed to minimize drain down water. He noted that the drain down was between five and ten gallons per minute year round from this site, but that amount added up over time. To prevent the need to build more evaporation ponds, he said, the intent was to prevent rain from continuing to generate the toxic fluids.

Chair Neal asked about the five to ten gallons of fluid that built up over time; she wondered about the effect of that buildup going into the water system. Mr. Lovato replied that heap leach pads were built on a liner that allowed fluids drained from the leach pad to be processed further to obtain the copper. The fluids did not drain into soil or water. The fluids drained into a line system and evaporated from the ponds. The DEP did not intend to build more ponds, but instead DEP planned to cap the ponds to prevent water from entering the pond. There were no ongoing releases to groundwater that were occurring.

Chair Neal asked how long the releases occurred before the ponds were capped. She wondered whether it was a period of years and whether there was documentation of long-term illnesses in the population around the site. She also asked whether there were federal dollars associated with the mitigation. Mr. Lovato reminded the Subcommittee members that the project was a 3,600 acre site, and the heap-leached portion of the site to be capped—the portion that was draining fluids—was approximately 260 acres. The site operated under the Anaconda Copper Mining Company from the 1950s through the 1970s. The 260 acres were operated from the late 1980s through the early 2000s under Arimetco, Inc.

For mining that occurred from the 1950s through the 1970s, Mr. Lovato continued, the operator managed tailings from the mine processing differently than today. During that time, the mine used a slurry pipeline to transfer tailings out to the northern part of the site into unlined ponds. This affected the groundwater during that time, as did pumping from the agriculture wells in the Mason Valley that pushed groundwater deeper at the site. For the

three phases of the cleanup, the 260 acres were the most recent mining done by Arimetco, Inc. that effectively became known as an orphan share in the EPA's Superfund program. The liability for the first phase of the cleanup never attached to Atlantic Richfield Company. Had there been a viable responsible party and had the site been listed on the National Priorities List, the cleanup efforts would have been eligible for federal funding and would have had to compete with other Superfund program sites across the country. The deferral agreement with Atlantic Richfield guaranteed funding for the first phase. He was uncertain whether there were releases into the groundwater on other portions of the site, and that was still being evaluated.

Assemblywoman Titus asked for clarification about one of Mr. Lovato's statements. She wanted to confirm that the agriculture wells were not contaminated. The Mason Valley wells were monitored and tested and there was no contamination. Mr. Lovato confirmed her statement and added that he was describing how water flowed in Mason Valley. The flow of water was affected by agriculture pumping, and because groundwater flowed from higher areas to lower areas, the pumping caused water offsite to migrate.

Assemblyman Sprinkle asked about legacy mine mitigation efforts and the Buckskin Mine and whether any other mines had been identified that would be part of the program in the 2019-2021 biennium. Mr. Lovato said that a few years ago, the abandoned mine lands program had no inventory or ranking of abandoned mines and no indication of the threat to water quality. The inventory from the abandoned mine lands program was between 170 and 200 mines that were preliminarily assessed, either through field or desk assessments. No current mines had been identified for action in the 2019-2021 biennium. There was an old manganese ore mine, known as the Three Kids Mine, near Lake Mead Parkway in Las Vegas. Mr. Lovato referenced House of Representatives (H.R.) 697, Three Kids Mine Remediation and Reclamation Act passed as Public Law No. 113-135 from the 113th Congress (2014). This act allowed cleanup of the mine by a developer and transfer of the property from the federal government through the City of Henderson to a potential developer. There was no evidence that this mine was affecting water supplies. Funding had not been available for that project yet, he said, because the estimate for cleanup was over \$100 million.

Jeffrey Kinder, Deputy Administrator, DEP, DCNR, verified that the current inventory from the abandoned mine lands program showed 191 mines. Of the 191 mines, the top four were the Anaconda Copper Mine, the Buckskin Mine, the Birthday Mine in Humboldt County where cleanup was near completion, and the Three Kids Mine.

Assemblyman Sprinkle asked whether the abandoned-mine safety program was the same program as the DEP abandoned-mine program. He remembered an effort to collapse or fence mine shafts. Mr. Lovato explained that the safety program associated with mine shafts and bat gates was managed by the Division of Minerals. The Division of Minerals and the

DEP communicated with each other about mines to ensure public safety, but the funding to address physical hazards was not the same funding used by DEP.

Assemblyman Sprinkle referenced decision unit E-350 and the new professional engineer specialist position. The position sounded like a highly specialized position, and with 30 positions already at the Bureau of Corrective Actions, he wondered why there was a necessity for another highly specialized engineer. Mr. Lovato replied that the new position would not just use existing technology, but would explore advanced technology and create protocols for evaluating new technologies. Traditional tools for dealing with cleanup sites included digging the site up, using vapor extraction, and managing groundwater. The research and evaluation of alternative methods and advanced techniques had not been done at DEP, although new ideas had been considered. The engineering feasibility related to subsurface structure and how new technologies could be used has not been designed by or monitored well within DEP. This new position with experience would be expected to evaluate the new technology more appropriately.

Referencing decision unit E-351, Assemblyman Sprinkle asked whether there had been more requests for testing that justified more testing. Mr. Lovato said there were cycles as the economy grew. When there was property development, there was a need for licensed individuals who were tested and certified. In the past, consultants promised to take care of waste, and the waste was aggregated in one location as the consultant left town. The consultant's customers had to pay for the waste to be removed, so the program was really a consumer protection program. He added that there were requests from some individuals for the testing to be offered in different locations. Unfortunately, there was no ability to contract with a testing center for this test because the test was Nevada-specific. Testing a larger number of individuals to be environmental managers provided Nevadans with more choice.

Mr. Kinder added that there had been a steady increase in the number of individuals looking for certification. He also recognized that it was difficult for individuals to get to the testing site in Carson City. Because testing fees were charged, it was possible to add testing sites in Elko and Las Vegas.

Senator Parks referenced decision unit E-550, which recommended funding for the federal Brownfields program database conversion, and asked what benefits the Division expected from that effort. He also asked what the Division expected to accomplish with the redirected effort for the environmental scientist and administrative assistant positions after the database was deployed. Mr. Lovato said that decision unit E-550 recommended funding for the integration of the Brownfields database with the existing web-based petroleum fund database, the contaminated site project tracking list, and the consultant certification and underground tank compliance databases. Having integrated systems and having information available to the public was the goal of the project.

Mr. Kinder said that there were eleven bureaus at DEP, and the Bureau of Corrective Actions was the most diverse bureau with various program elements. Many requests were received by various staff in the Bureau for help with processing certification applications and petroleum fund claims. With the database development, the work could be done by users interacting with the new web-based database, and staff could focus on their regular duties. This was believed to be more efficient. The new database would be public facing with a new dashboard, and more information would be added as the databases were combined. Senator Parks asked whether efficiencies would be realized, and Mr. Kinder confirmed that was the intent.

Hearing no further questions on BA 3187, Chair Neal asked for the presentation on the next budget account.

INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP MINING REGULATION/RECLAMATION (101-3188)
BUDGET PAGE DCNR-173

Greg Lovato, Administrator, Division of Environmental Protection, (DEP), Department of Conservation and Natural Resources, (DCNR), introduced his PowerPoint presentation, titled "Division of Environmental Protection Budget Presentation, Budget Accounts: 3173, 3185, 3187, 3188, 3189," dated February 14, 2019, [Exhibit D](#). He next covered budget account (BA) 3188, Mining Regulation and Reclamation. This budget account, he said, funded mine regulation and reclamation programs covering the oversight of 97 permitted operating mines and more than 260 reclamation projects. Together with the Bureau of Land Management, United States Department of the Interior; and the United States Forest Service, United States Department of Agriculture, over \$2.7 billion was held as financial assurance for reclamation of 189,000 acres of mine lands in Nevada. The mining program at DEP was a leader in making permitting and project information available online.

The first enhancement for BA 3188, as shown on page 16 of [Exhibit D](#), Mr. Lovato said, was decision unit Enhancement (E) 351, which recommended funding for travel and training. The bureau had historically under budgeted for travel activities necessary to perform inspections across Nevada. Violation or enforcement action often required the submittal of Interim Finance Committee work programs to keep up with work that needed to be done at the mines. Because several mines were below the water table and created pit lakes, there was a need for staff to have training on geochemical evaluations, groundwater modeling, and pit lake modeling.

The next enhancement was decision unit E-352, which recommended funding to modify office cubicles, and according to Mr. Lovato, the changes were necessary to reduce glare and noise, as well as to provide additional storage space for bureau personnel in the cubicles. Decision unit E-550 recommended funding for a technology investment request (TIR) to

move from Microsoft Access to web-based applications. This effort included a database development project to make records, permitting, reclamation, and closure databases available to the public and to move the program from hard copy applications to e-permitting. The hard copy applications for each mine filled several six-inch binders.

Mr. Lovato highlighted decision unit E-721, which recommended funding for new specialized field equipment, and he explained that this covered new digital cameras, two additional global positioning satellite (GPS) units for two vehicles, and field tablets for inspectors. The GPS units ensured safe travel in remote locations.

Referring to decision unit E-550, Chair Neal asked about benefits to be gained from mining regulation database modernization, and whether there was any additional detail that could be provided. Mr. Lovato said that the primary advantage was e-permitting, and making additional information available online. At this time, the public could look online to determine which mines were permitted and operating, which mines were closed, and which mines were being reclaimed. The enhancement would allow the public to access more detail for each mine, including the data for how each mine was being monitored, how to submit permit application materials electronically, and the electronic history of mine consolidations.

Chair Neal asked how the efforts of the environmental scientist and administrative assistant positions would be redirected under the modernization plan. Mr. Lovato said that for all efforts, things were happening more quickly. Instead of taking three weeks for a records request to be completed, it would be completed much quicker, and that was the benefit of electronic records management. Work associated with maintaining and retrieving files had been focused on scanning the backlog of records. Once everything was digitized, there would be less need for administrative work for managing files, but the Division was still transitioning to electronic records.

Chair Neal referenced older mines, and she wondered whether files that were microfiche were now being scanned because the clarity was not adequate. Jennifer L. Carr, Deputy Administrator, DEP, DCNR, said that records management and e-records management were her projects, and mining was a program with a large inventory of microfiche records from old projects. The DEP had worked with the Division of State Library, Archives and Public Records, Department of Administration, to determine the needed equipment to get information out of microfiche and into the e-records management system. The volume of paper records in a storage center was extensive, and staff was working through those documents first. The intent was to convert records that individuals were interested in first, and if no one had inquired about microfiche records, those records would not be converted until later.

Hearing no further questions on BA 3188, Chair Neal asked for the presentation on the next budget account.

**INFRASTRUCTURE
CONSERVATION & NATURAL RESOURCES
DCNR - DEP STATE REVOLVING FUND - ADMIN (746-3189)
BUDGET PAGE DCNR-181**

Greg Lovato, Administrator, Division of Environmental Protection, (DEP), Department of Conservation and Natural Resources (DCNR), introduced his PowerPoint presentation, titled "Division of Environmental Protection Budget Presentation, Budget Accounts: 3173, 3185, 3187, 3188, 3189," dated February 14, 2019, [Exhibit D](#). The last budget account (BA) to be covered was BA 3189, State Revolving Fund – Administration. This budget account provided low-cost financing for waste water, storm water, and drinking water infrastructure improvements. Since the program's inception, approximately \$490 million had been provided for sustainable water infrastructure across the state, including 313 loans and grants benefitting 115 communities. The program maintained a priority list of projects for funding, annually prepared a state drinking water capacity development report, and reviewed drinking water projects submitted to the Board for Financing Water Projects, DCNR. The program maintained a strong bond rating and made effective use of funds available through cash flow modeling on loan repayments.

For BA 3189, Mr. Lovato stated, decision unit Enhancement (E) 550 recommended funding a technology investment request (TIR) to replace a loan- and grant-tracking system with an interactive web-based system (page 19 of [Exhibit D](#)). This enhancement would provide an increased ability for loan and grant recipients to track the status of payments and funding agreements, and an increased ability for DEP to monitor the status of the program. This enhancement, he stated, benefitted the loan and grant recipients more than the enhancement provided internal efficiencies. This enhancement was part of a statewide requirement to move toward electronic records management.

Assemblyman Sprinkle noticed the anticipated workload reductions of approximately 20 percent with this new integrated system discussed under E-550. He wondered what the positions, such as the management analyst, accountant, and professional engineer, would be doing after the system was in place. Jennifer L. Carr, Deputy Administrator, DEP, DCNR, said she had considered activities that could be done or done better, if staff was less busy managing data and information. For all of those divisionwide projects, it was important to assemble the data into an efficient workspace that could be queried by, for example, a loan applicant to complete an application directly. Ms. Carr noted this would free staff to perform more data analysis or other functions that would enhance services or make them efficient.

Assemblyman Sprinkle assumed that the anticipated workload reduction estimate of approximately 20 percent originated with DEP. He wondered whether that might include the redirection of many positions, not just the positions identified, and a reanalysis to determine whether the projected workload reduction should be revisited and verified after the system was operational. Ms. Carr said that effort would be an ongoing programmatic evaluation to

review how efficiently resources were being managed, the staff capabilities to perform different tasks, and the types of backlogs that existed. She noted that staff spent considerable amounts of time attempting to mine data in response to obscure questions from the United States Environmental Protection Agency. To be able to have the ability to perform data analysis and manage the program in a better way was something DEP wanted to look at during the 2019-2021 biennium to improve efficiency and better direct resources.

Assemblyman Sprinkle said that the Subcommittee members always heard about increasing workloads, but he would like to see more information on the results of a decreased workload based on the decision unit E-550 effort.

Hearing no further questions on BA 3189, Chair Neal asked for the presentation on the next budget account.

INFRASTRUCTURE
TAHOE REGIONAL PLANNING AGENCY
TAHOE REGIONAL PLANNING AGENCY (101-4204)
BUDGET PAGE TRPA-3

Joanne S. Marchetta, Executive Director, Tahoe Regional Planning Agency (TRPA), began her presentation on budget account (BA) 4204, Tahoe Regional Planning Agency, by introducing Julie W. Regan, Chief, External Affairs and Deputy Director, TRPA, and Christopher Keillor, Finance Director, TRPA. She explained the TRPA was an agency created almost 50 years ago through a bi-state compact between California and Nevada. The TRPA's jurisdictions crossed two state lines and covered the entire Lake Tahoe watershed. The TRPA was governed by a board of 15, a mix of appointees from the administrations and legislatures of both states, a presidential appointee, and elected representatives from local governments at Lake Tahoe.

The mission, Ms. Marchetta explained, was to protect Lake Tahoe, both the region's natural environment and the region's economic potential, estimated at approximately \$5 billion per year. The economy was driven largely by outdoor recreation and public enjoyment of the area's renowned natural resources. To accomplish the mission, a regional plan through a code of ordinances was adopted along with regional environmental goals or threshold standards. These efforts, she noted, included regulation and project permitting, which was a small portion of what TRPA did.

The TRPA, Ms. Marchetta continued, led the Lake Tahoe Environmental Improvement Program (EIP), a capital investment program that joined TRPA with more than 50 other state, local, federal, nonprofit and private partners to plan, prioritize and fund high-priority projects. In over 20 years, the EIP partners had completed more than 500 projects, and the EIP had grown into one of the most recognized, landscape-scale environmental restoration programs in the country.

To put TRPA's budget in a larger context, Ms. Marchetta said she would mention a few highlights that would also help to explain the two enhancement recommendations. First, she said, 2018 was a year of landmark accomplishments, not only for TRPA, but for the partners as well. Nevada shared with California in supporting the nationally recognized, aquatic invasive species prevention program. The prevention program celebrated the tenth anniversary of watercraft inspections. Under the watercraft inspection program, every boat was inspected to ensure the watercraft was not carrying an aquatic invasive species before launching.

Another bi-state accomplishment that Ms. Marchetta recounted was the TRPA approval in October 2018 of a new shoreline plan. The new plan was a big accomplishment for the region because historically, the shoreline had been a contentious, controversial, and litigious planning area. This was the first successful update in three decades, governing recreational boating access and shoreline development. The shoreline plan lifted a longstanding moratorium on new piers and buoys and provided new provisions for marina expansion for those marinas that performed environmental improvements. The plan improved recreational experiences for swimmers and paddlers and protected the shoreline environment with new programs for enforcement against illegal moorings, public education about safe boating practices, and more projects to fight the spread of aquatic invasive species in Lake Tahoe. The state of Nevada supported the development of the shoreline plan, and one of the recommended budget enhancements reflected continued funding support as TRPA moved to enact the new plan.

Also in 2018, Ms. Marchetta said, TRPA approved comprehensive changes to a complicated system of development rights. The changes made it easier for the private sector to invest in beneficial redevelopment projects that revitalized Tahoe's economy and provided workforce housing and other gains in environmental conservation. The changes allowed more flexibility in the development process and marked the first major update to Lake Tahoe's development rights system in decades. The system maintained development caps at Lake Tahoe, ensuring the lake would be protected from overdevelopment.

Finally, Ms. Marchetta noted approval in November 2018 of the U.S. 50 South Shore Community Revitalization Project, also known as the "Loop Road." This transformational project would not only realign approximately one mile of U.S. Highway 50, but would also create a new and revitalized South Shore experience that would provide affordable housing, new neighborhood parks and paths, and create a bike and pedestrian friendly, transit-oriented main street on the abandoned right-of-way of U.S. 50. She mentioned that some Subcommittee members had seen this project on field tours during the interim. The project set the stage for continued private investment and economic revitalization of South Shore on both sides of the state line.

Last year's landmark achievements, Ms. Marchetta stated, were made possible through collaboration and public and private partnerships. As TRPA looked forward, new challenges

were clear. Challenges for TRPA and the communities included working with partners to supply needed workforce housing, to address traffic and parking pressures for increased recreational travelers, to deliver a world-class transportation system, to control invasive weeds at Tahoe Keys, and to reduce the threats to forests, including the danger of fire from the increasing number of dead trees. She noted that there were 147 million dead trees in California, with approximately 400,000 dead trees in the Tahoe Basin. The second recommended budget enhancement related to fire and forest health. Those recommended funds, \$100,000, would support TRPA's required threshold evaluation report. The report was required every four years, and it described the restoration progress and covered several resource areas, including forest health. Included in this enhancement were airplane flyovers using light detection and ranging, or LiDAR, to map the condition of the forests. The LiDAR data would provide more detail about the health of the forest and vegetation and would be used to plan future fuel reduction projects.

Ms. Marchetta said that of the annual budget of approximately \$14.3 million, Nevada's share would be approximately \$2.3 million, leveraging funds from California, federal grants and other revenue sources. This amount would allow TRPA to fulfill the mission of preserving Lake Tahoe for future generations.

Assemblyman Sprinkle asked Ms. Marchetta for more detail on the shoreline plan. There was an earlier expectation that permit fees would be available to support the ongoing costs, and he wondered whether the fees were being collected. Ms. Marchetta said that the shoreline program would be funded through a combination of state revenue and user fees. The enhancement included permitting software because part of the effort involved validating all existing mooring permits. Mooring enforcements of illegal buoys was included, as were programs to enforce the boating "no wake zone" within 600 feet of shore for safety of paddlers and for noise mitigation. Education and outreach for boater safety were also included in the recommended budget. Other aspects of the effort focused on aquatic invasive species control. All of these tasks were to mitigate the conditions revealed during an environmental analysis.

Assemblywoman Titus asked about the increased effort to identify diseased trees for fuel mitigation and reduction. There did not seem to be anything in the budget for those efforts. Ms. Marchetta said that the forestry program was a partnership effort, and TRPA had been tackling fuels treatments in the wildland urban interface for the past ten years. The partnership, Tahoe Fire and Fuels Team, had treated 75,000 acres of the 117,000 acres within the wildland urban interface, the areas closest to development abutting the forest. For the past few years, the partnership had been looking at the untreated acreage in the upper forest. This untreated acreage would be a major, landscape-scale planning exercise of how to increase the pace for treating up to 60,000 acres along the west shore. The treatment protocols would then be applied basinwide. Instead of looking at small-scale projects of 200 to 300 acres, the partnership was now looking at treatment projects of 10,000 to 20,000 acres at a time.

Assemblywoman Titus asked what TRPA was doing with the fuel, and she wondered where it went. Ms. Marchetta said that the Forest Service was working with private-sector partners to determine how to build markets for fuel that was harvested and removed. The biomass facilities in Nevada had not been very active, so the TRPA was looking at ways to reinvigorate those markets. How to grow the biomass market, she noted, needed to be part of a larger statewide effort on both sides of the state line.

Hearing no further questions on BA 4204, Chair Neal asked for public comment.

Fred Voltz, a nonpaid lobbyist from Carson City, testified from Las Vegas. He wanted to comment on the pollution problem that had not been addressed in over 20 years. The issue was that TRPA had responsibility for the environment, as stated by Ms. Marchetta, as stated in the Executive Budget, and as stated on the TRPA website. The continued mishandling of solid waste in the Tahoe Basin could only be addressed by TRPA. In December 2012, the TRPA regional plan encouraged local action, but no substantive action had been taken. In August 2014 and again in February 2018, several members of the community, as well as representatives from the California and Nevada wildlife agencies and the United States Forest Service, appeared before the TRPA governing board to discuss the problems. At both times, the concerns were documented, but again there was no action taken after those meetings.

Mr. Voltz stated that there were approximately 700 trash pickups from two jurisdictions in calendar year 2017, and even more pickups by the trash haulers. The reasons TRPA had given for inaction were not logical. The TRPA claimed the problem was a local control matter, but local control had not been successful in dealing with the problem either. The TRPA also claimed that the organization lacked enforcement resources and that it was up to the local communities to perform that enforcement. The last reason given by TRPA for inaction was that it was too expensive, but that raised the question about whether it was more expensive to deal with the trash or pollution on land, or to deal with the trash or pollution once it was in the lake. The waste ended up in the lake through groundwater, through the storm drains, or through the air. The major trash problem in the basin was affecting the environmental quality of the area, as well as the lake itself, and he wondered what could be done. He suggested to the Subcommittee members that only 90 percent of TRPA's requested funding from Nevada be approved pending a firm commitment or demonstrable action to address the overdue problems with a solution.

One solution that Mr. Voltz suggested was requiring wildlife-proof trash containers throughout the basin. He believed that this was the best way to contain the trash that drew wildlife out of the wilderness, placing both the wildlife and public health in peril.

Mr. Voltz emphasized that TRPA was the only agency with basinwide authority to take action, including reopening the trash-hauling contracts that each community had in place.

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Hearing no further public comment, Chair Neal adjourned the Subcommittees at 10:26 a.m.

RESPECTFULLY SUBMITTED:

Carmen M. Neveau
Committee Secretary

APPROVED BY:

Assemblywoman Dina Neal, Chair

DATE: _____

Senator David R. Parks, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Director's Office Budget Hearing, Budget Accounts: 4150, 4151, 4156, 4160," dated February 14, 2019, and presented by Bradley Crowell, Director, Department of Conservation and Natural Resources.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "Division of Environmental Protection Budget Presentation, Budget Accounts: 3173, 3185, 3187, 3188, 3189," dated February 14, 2019, and presented by Greg Lovato, Administrator, Division of Environmental Protection (DEP), Department of Conservation and Natural Resources (DCNR).