

Legislative Committee
for the
Review and Oversight of the
Tahoe Regional Planning Agency
and the Marlette Lake Water System



January 2007

*Legislative Counsel
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**LEGISLATIVE COMMITTEE FOR THE REVIEW AND OVERSIGHT OF
THE TAHOE REGIONAL PLANNING AGENCY AND
THE MARLETTE LAKE WATER SYSTEM**

Nevada Revised Statutes 218.53871

BULLETIN NO. 07-18

JANUARY 2007

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SUMMARY OF RECOMMENDATIONS

LEGISLATIVE COMMITTEE FOR THE REVIEW AND OVERSIGHT OF THE TAHOE REGIONAL PLANNING AGENCY AND THE MARLETTE LAKE WATER SYSTEM

Nevada Revised Statutes 218.53871

The following is a summary of the recommendations approved during the 2005-2006 Legislative Interim by the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System. Requests for bill drafts will be submitted to 74th Session of the Nevada State Legislature for its consideration in 2007.

RECOMMENDATIONS PERTAINING TO THE TAHOE REGIONAL PLANNING AGENCY

Recommendations Resulting in Legislation

1. Request legislation that would release the next phase of bonds in an amount of \$9,057,908 to carry out the Nevada's portion of the Environmental Improvement Program (EIP) for the 2007-2009 biennium.
2. Express, by resolution, acknowledgement and support for the creation and utilization of the Tahoe Science Consortium.

Recommendations Not Requiring Legislation

3. Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of baseline funding Nevada's current level of support (\$200,000 per year) for the Pathway 2007 Threshold and Regional Plan development and implementation process for Fiscal Year (FY) 2007-2009 and beyond to match the State of California's existing baseline funding of \$400,000 per year.
4. Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of funding Nevada's one-third share of a dedicated position focused on transit operations and systems development for the Tahoe Transportation District for FY 2007-2009.
5. Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of a \$100,000 budget increase, phased in over two years, in Nevada's share of the TRPA's baseline funding for compliance, enforcement, and legal services needs.

6. Include a statement in the final report recognizing that it is within the jurisdiction of the Committee to request the Legislative Commission to direct the Audit Division of the Legislative Counsel Bureau to conduct a performance evaluation of the TRPA.

Other Recommendations

7. Include a statement in the final report indicating the support of modifying NRS to allow the use of the word “trust” for community land trusts operating in the State of Nevada.
8. Transmit a letter to Allen Biaggi, Director of Nevada’s State Department of Conservation and Natural Resources and to Douglas E. Hunt, Acting Director of Nevada’s Department of Wildlife, commending the professionalism of their employees who accompanied the Committee on the Lake Tahoe Informational Tour.

**REPORT OF THE LEGISLATIVE COMMITTEE FOR
THE REVIEW AND OVERSIGHT OF
THE TAHOE REGIONAL PLANNING AGENCY AND
THE MARLETTE LAKE WATER SYSTEM**

Nevada Revised Statutes (NRS) 218.53871

I. INTRODUCTION

The 72nd Session of the Nevada State Legislature enacted Senate Bill 216 (Chapter 408, *Statutes of Nevada 2003* and codified as NRS 218.53871), creating a permanent statutory committee to provide oversight and review of the budget, programs, activities, responsiveness, and accountability of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System. The bill further directed the Legislative Commission to appoint three members of the Senate and three members of the Assembly to the Oversight Committee, chosen with regard to their experience with and knowledge of matters relating to the management of natural resources, and appointed to provide representation from various geographic regions of the State. (See Appendix A)

In previous interims, review and oversight of the TRPA and Marlette Lake Water System was conducted by two separate committees. The Marlette Lake Water System Advisory Committee was a permanent committee authorized by NRS 331.165, repealed by S.B. 216. The Committee to Continue the Review of Programs and Activities in the Lake Tahoe Basin (including the TRPA) was authorized as an interim study during each Legislative Session except one since 1985. With passage of S.B. 216, the permanent, statutory Oversight Committee was created with responsibility for both the Marlette Lake Water System and the TRPA.

A. Committee Members and Staff

The Legislative Commission appointed the following six members to the Oversight Committee:

Senator Mark E. Amodei, Chair
Assemblywoman Peggy Pierce, Vice Chair
Senator Maggie Carlton
Senator Dean A. Rhoads
Assemblyman Morse Arberry Jr.
Assemblyman Tom Grady

Staff services from the Legislative Counsel Bureau (LCB) were provided by:

Diane C. Thornton, Senior Research Analyst
Nenita Wasserman, Senior Research Secretary
Eileen G. O'Grady, Chief Deputy Legislative Counsel
M. Scott McKenna, Principal Deputy Legislative Counsel

B. Meetings and Recommendations

The Committee held five meetings, including a work session, during the 2005-2006 Legislative Interim. All meetings were open to the public, and two were conducted through simultaneous videoconferences between the Legislative Building in Carson City and the Grant Sawyer State Office Building in Las Vegas. One meeting was held in Sacramento, California, and two other meetings were held in the Lake Tahoe Basin where videoconferencing was not available.

The meetings addressed a variety of issues, programs, and activities pertaining specifically to the TRPA and the Marlette Lake Water System, and relating generally to the Lake Tahoe Basin. As a result of these hearings, the Committee adopted eight recommendations, including one recommendation for a bill draft for consideration by the 2007 Legislature. The recommendations address the following major topics:

- Nevada's ongoing participation in the Environmental Improvement Program (EIP), including completion and ongoing maintenance of the EIP projects;
- Support for Pathway 2007 Threshold and Regional Plan development and implementation process for Fiscal Year 2007-2009;
- Various funding needs of the TRPA, including the support of a dedicated transportation position, and the support for legal services;
- Support for the creation and utilization of the Tahoe Science Consortium; and
- Meaningful oversight by the Committee of TRPA policies and activities.

II. OVERVIEW OF THE TAHOE REGIONAL PLANNING COMPACT

Several previous reports of the former TRPA and Marlette Lake Water System legislative committees contain extensive background information and recommendations. Copies of these reports are available through the LCB Publications Office at (775) 684-6835.

The following is a brief summary of select topics that may be of special interest.

A. History and Major Elements of the Bistate Compact

Creation of the Bistate Compact

In the 1960s, Nevada Governor Paul Laxalt and California Governor Ronald Reagan began discussing how best to address bistate issues in the Lake Tahoe Basin. California Assemblyman Edwin L. Z'berg and Nevada State Senator Coe Swobe carried the resulting legislation in each state.

Senator Swobe based Nevada's legislation on: (1) a California proposed draft; (2) participation in more than 30 meetings with public and private interests; and (3) the review and modification of five preliminary drafts.

In February 1968, Governor Laxalt called a Special Session of the Nevada State Legislature to consider the proposals to create a Bistate Compact between the States of Nevada and California. After a joint hearing of four Senate and Assembly committees, and 19 days of additional testimony and amendments, Senate Bill 9 was approved by the Legislature and signed by the Governor on February 23, 1968. The President signed federal legislation ratifying the Bistate Compact on December 18, 1969.

Efforts to Revise the Compact – 1975 through 1979

Several provisions in the original Compact resulted in serious controversy as it was being implemented. The basic structure of the Governing Board and a voting system that considered a project approved unless a majority of the members from each state voted to deny it, proved unworkable in achieving several of the Compact's objectives. Additionally, specific controversy arose over the location and control of gaming in the Basin, as well as inadequate requirements for establishing planning standards and criteria for environmental evaluations.

From 1975 to 1979, each state unilaterally attempted to prepare compact revisions that would be acceptable to the other state. Nevada enacted its proposal in 1975, California developed amendments in 1976, and Nevada proposed a different set of amendments in 1977. Each attempt was rejected by the other state.

Between 1977 and 1979, representatives of Nevada Governor Mike O'Callaghan and California Governor Jerry Brown began working on draft proposals to revise the Compact. This effort formed the starting point for legislative negotiations.

Before the 1979 Legislative Session, a special committee of 13 Nevada legislators was appointed to work on revisions to the Compact with their counterparts in California. This special committee, under the chairmanship of Assembly Speaker Joseph E. Dini Jr., met 18 times to debate the issue, and met another eight times for direct negotiations with California legislators. Thirteen redrafts of different portions of the Compact were exchanged between the states during this time.

As Nevada's legislative session neared adjournment in 1979, several substantive points had not reached agreement. On session's closing day, Nevada enacted Assembly Bill 503 without obtaining California's agreement on these points. The California Legislature subsequently rejected the Nevada bill.

Amendment of the Bistate Compact in 1980

In late 1979, attempts were renewed to resolve the remaining issues associated with revision of the Compact. Nevada Senator Thomas "Spike" Wilson and Speaker Joseph E. Dini, Jr. began discussions with California Senator John Garamendi and Assemblyman Victor Calvo.

Through numerous meetings, conference calls, and work sessions, 15 different drafts exchanged hands between the two states. On August 25 and 26, 1980, the California Legislature enacted revisions to the Compact. Once Governor Edmund G. (Pat) Brown signed the bill, Governor Robert List called a special session of the Nevada State Legislature. On September 12, 1980, the Nevada State Legislature met as a special committee of the Legislative Commission. On September 13, they enacted the bill and the measure was signed by the Governor.

Congress passed a bill ratifying the amended Compact on December 4, 1980. It was signed by the President on December 19, 1980.

Further Proposals to Amend the Compact

Since 1980, additional modifications to the Compact were attempted. One bill was approved in each of Nevada's 1981, 1983, and 1985 Legislative Sessions. In 1987, Nevada passed Assembly Bill 5, which combined the previous measures and conformed them with relevant California legislation. The major proposed change was with the structure of Nevada's delegation to the TRPA Governing Board.

Bills to ratify this amendment were introduced in Congress in 1987, but no action was taken. Nevada subsequently adopted resolutions in 1989, 1991, 1993, and 1995 urging Congress to ratify the proposed amendment. To date, Congress has taken no action.

Modification of the Compact in 1997

Article IX of the Bistate Compact establishes the Tahoe Transportation District (TTD) and authorizes amendment of these provisions by joint actions of the two states without Congressional ratification. In 1997, the states agreed to modify the structure and authorities of the TTD to provide for expanded public-private cooperative activities.

B. Major Elements of the Bistate Compact

The following outlines major elements of the Tahoe Regional Planning Compact.

General Policy

The “Findings and Declarations of Policy” described in Article I highlight the Lake Tahoe Basin’s unique environmental and ecological values while simultaneously addressing opportunities for orderly growth and development consistent with the Basin’s environmental threshold carrying capacities.

Governing Body and Voting Structure

The TRPA Governing Board and its relatively complicated voting structure are described in Article III of the Compact. The Governing Board consists of 14 members (seven from each state). A dual majority (at least four members from each state) is required to act upon environmental threshold carrying capacities, the regional plan, ordinances, rules, regulations, and variances. Approval of a project requires the affirmative vote of at least five members from the state in which the project is located and at least nine members of the overall Governing Board. A simple majority is required to undertake routine business.

Major Planning-Related Requirements

Planning requirements of the TRPA are outlined in Article V. In summary, the TRPA is directed to adopt:

1. Environmental threshold carrying capacities (defined on the following page);
2. A regional plan which, at a minimum, achieves and maintains the adopted environmental threshold carrying capacities; and
3. The ordinances, rules, and regulations necessary to effectuate the adopted regional plan.

Agency Funding

Local governments pay a portion of the TRPA annual budget, apportioned as outlined in Article VIII. State funding is also described. Specifically, the Compact directs the TRPA to request state funding in the proportion of two-thirds from California and one-third from Nevada. While the actual state appropriations have usually approximated this ratio, several instances exist in which the formula was not observed.

Other Relevant Provisions

Among the Compact's other provisions are:

- A series of definitions explaining relevant terminology is contained in Article II. One of the terms defined in the Compact that is particularly unique to the Compact and the activities of the TRPA is "Environmental threshold carrying capacity," which means "an environmental standard necessary to maintain a significant scenic, recreational, educational, scientific or natural value of the region or to maintain public health and safety within the region. Such standards shall include but not be limited to standards for air quality, water quality, soil conservation, vegetation preservation, and noise."
- The TRPA's powers are defined in Article VI, including (a) its ability to adopt ordinances, rules, and regulations necessary to effectuate the regional plan; (b) its project approval responsibilities (as well as those relating to casinos); (c) the venue for appropriate legal actions; (d) records management; and (e) the Agency's ability to enter into contracts and agreements.
- Environmental Impact Statements are required before the TRPA may act upon matters having significant effect on the environment, as described in Article VII.
- The TTD is established and its powers are defined in Article IX.

III. OVERVIEW OF THE MARLETTE LAKE WATER SYSTEM

A. Historical Background

To appreciate the historical significance of the Marlette Lake Water System, it is important to understand its historic context.

The Comstock Lode, one of the richest mining areas in the world, was discovered in 1859 on the eastern flank of Mount Davidson in the Virginia Range. The Virginia Mining District was the first mining district organized in western Utah Territory, and Virginia City was one of the greatest mining towns of its day. Together with nearby Gold Hill and Silver City, these three towns supported large populations in the 1860s, 1870s, and 1880s.

Providing water to the mining towns on the Comstock posed a serious problem in early Nevada. Originally, several nearby springs and streams fed a series of tunnels, flumes, pipes, ditches, and reservoirs. By the early 1870s, however, these supplies of water had become inadequate to support the growing population.

The Virginia and Gold Hill Water Company decided in August 1871, to develop a water system stretching more than 21 miles west to the Carson Range – part of the Sierra Nevada.

Surface water was plentiful in the Carson Range, but the key was bringing water out of the western mountains, across the Washoe Valley, and back up the Virginia Range to Virginia City (at an elevation of 6,620 feet). The solution was an inverted siphon pressure pipeline designed by Hermann Schussler, a German-born engineer from San Francisco.

In August 1873, the first water from Hobart Creek in the Carson Range reached Virginia City and Gold Hill. Wild celebrations by residents of the area reverberated up and down the surrounding canyons and mountainsides.

Originally, the system included several components: (1) a small diversion dam on upper Hobart Creek at Red House; (2) a 4.62-mile wooden flume to a tank that marked the start of the pipeline, at an elevation 351 feet higher than the outlet end of the pipeline in the Virginia Range; (3) a riveted, wrought iron, 11½-inch pressure pipeline extending 7 miles down to the lowest point on the system at Lakeview (at the south end of Washoe Valley) and back up to the high point in the Virginia Range; (4) a 4.04-mile flume to a point where Five-Mile Reservoir was constructed; and (5) a 5.66-mile flume to tanks located above Virginia City and Gold Hill.

The pipe for the system was made of iron plates bent to a cylindrical shape and then riveted. The pipe was fabricated in San Francisco and shipped by train to Lakeview. It came in 26-foot sections and the thickness of each pipe segment varied depending on where engineering calculations showed differences in internal pressure. The first pipe segments were laid on June 11, 1873, and in just six weeks, the last section was in place on July 25, 1873. There were 1,524 joints in the pipeline; 1 million rivets and 35 tons of lead caulk were used in its installation.

In 1875, a second flume/pipeline was installed adjacent to the first, to double the original maximum production of 2.2 million gallons per day. Unfortunately, the flow of water in summer months from the Hobart drainage dwindled to only 700,000 gallons per day. An additional water source was needed.

During the time the original pipeline was constructed, a lumbering enterprise in the Carson Range created a small reservoir in the Marlette Basin above Lake Tahoe at an elevation of 8,000 feet. Originally named Goodwin Lake, it was renamed Marlette Lake, honoring Seneca Hunt Marlette, the first Surveyor General of the State of Nevada. The water collected in Marlette Lake was to be used for fluming purposes, to send logs through a six-inch V-flume south to Spooner Summit, then down the Clear Creek main flume to a lumberyard south of Carson City.

In 1876, the Virginia and Gold Hill Water Company received permission to draw water from Marlette Lake. The dam was raised to 37 feet high, 213 feet long, and 16 feet wide at the crest.

A covered box flume was constructed from Marlette Lake north along the mountainside above Lake Tahoe, to the west portal of a 3,994-foot tunnel driven through the granite ridge dividing the Lake Tahoe drainage from the Hobart Creek drainage. A secondary flume north of the tunnel captured water from many small creeks on the west side of the mountain, bringing the water to the tunnel to join with the flow from Marlette Lake.

With this increased water availability, a storage reservoir was needed on Hobart Creek to regulate the discharge of water and Hobart Reservoir was created.

In 1877, a third pressure pipe was installed in substantially the same location as the first two pipes. When completed, the water system included three reservoirs, a total of 21 miles of pressure pipes, approximately 46 miles of covered box flume, several structures, and one three-quarter mile tunnel. The total investment in the water system exceeded \$3.5 million.

With the decline of the Comstock in the years and decades to come, the fortunes of the water system suffered. In 1933, the water company's name was changed to the "Virginia City Water Company." By 1941, the company started to remove parts of the first (1873) and third (1887) pipelines to replace the flume between Five-Mile Reservoir and Virginia City. Continued failures in the aging pipeline and a lack of funds caused the company to sell the water system to Curtiss-Wright Corporation in 1957. That corporation planned to use water from the system for a proposed missile test site on lands it owned in Storey County. However, the contract for the missile testing program was never approved. After making certain improvements to the system, Curtiss-Wright subsequently sold it to the Marlette Lake Company. In 1963, the Marlette Lake Company offered to sell the water system to the State of Nevada for \$1.65 million of the State's general obligation bonds. Included in the sale approved by the 1963 Legislature were water rights, over 5,300 acres of land, easements, pipelines, flumes, the Red House structures, the caretaker's house at Lakeview (Lakeview House, 1873), and other water facilities. Administration of the system was assigned to Nevada's Department of Administration.

For many years, the State of Nevada was able to provide water to its Capitol Complex and the maximum security prison, in addition to the water it continued to provide to Virginia City. Subsequently, the State began selling water to Carson City, particularly during periods of peak demand.

Other notable dates in the history of the Marlette Lake Water System include:

- The tunnel carrying water from Marlette Lake to the east portal collapsed in 1957. Efforts by the State of Nevada to re-excavate the tunnel failed.
- In 1959, Marlette Dam was raised 15 feet, thus increasing the capacity in Marlette Lake to over 4 billion gallons (11,800 acre-feet).
- The wooden flume from the east portal to Red House was replaced with a pipeline in 1968.

- A diesel pump was installed at Marlette Lake in 1966, to pump water over a drainage divide to the Hobart Reservoir drainage.
- In 1974, a contract was signed between the State of Nevada and Storey County to ensure the supply of water by the State to Virginia City, Silver City, and Gold Hill on a continuing basis, and to convey from the State to Storey County the siphon system and relevant rights-of-way east of Highway 395 at Lakeview.

B. Current Condition

Currently, most of the water provided by the Marlette Lake Water System to Carson City, Gold Hill, Silver City, and Virginia City comes only from Hobart Reservoir. This shallow body of water is not a reliable resource in dry years, and pumping is required from Marlette Lake over a drainage divide into the Hobart Reservoir drainage. During periods of pumping, State personnel must monitor the diesel generator and pump on a 24-hour basis. Also, there are environmental considerations that must be addressed due to the location of Marlette Lake within the Lake Tahoe Basin and under the jurisdiction of the TRPA.

The current diesel pump water delivery system has been found to be seasonal, expensive, environmentally risky, and unreliable. A 2000 study commissioned by the Carson Water Subconservancy District (CWSD) evaluated various alternatives to this supplemental pumping from Marlette Lake. The study pointed out that over the long-term the most cost-effective and environmental sensitive method of conveying water from Marlette Lake to Hobart Reservoir would be to bore a hole through the drainage divide between these two bodies of water.

In 2003, the CWSD received a grant from United States Environmental Protection Agency to improve the distribution system out of Marlette Lake that is more environmentally compatible with the surrounding area. Currently, the CWSD is completing the environmental assessment (EA) on the preferred alternatives. The EA should be completed in the summer of 2006 and construction is scheduled to begin in 2007.

IV. SELECT TOPICS DISCUSSED BY THE OVERSIGHT COMMITTEE DURING THE 2005-2006 INTERIM

The following is a summary of select topics discussed by the Oversight Committee during the 2005-2006 interim. These are the topics that generated the most discussion throughout the interim, and the topics to which most of the Committee's final recommendations apply.

A. Marlette-Hobart Lake Water Supply System

The Oversight Committee reviewed the current status of projects for the Marlette-Hobart Lake Water Supply System, including: an evaluation of the system's water pipeline; repairs to the 18-inch pipeline; the burst test of the 1873 inverted siphon; a description of installation, funding, and scheduled improvements for a permanent pump and gas line; and construction of a second pipeline to Carson City. Committee members voiced concern for Storey County's oversight of the pipeline under U.S. 395, which was punctured by rock in new road fill.

B. Forest Health and Fire Prevention

Forest health and fire service programs in the Lake Tahoe Basin have always been significant for the Oversight Committee. As a result, the Oversight Committee spent considerable time discussing fire prevention and fire response issues throughout the 2005-2006 interim.

For more than a century, forest management programs have been designed to specifically exclude fire from the Basin's natural ecosystem. Today, the forests of Lake Tahoe are in an undesirable condition due to drought, lack of natural fire, overstocking (too many trees), and beetle infestation. Accumulations of forest fuels have reached a level that requires immediate attention in order to avoid a high intensity catastrophic wildfire. Such a fire would have disastrous, long-term impacts to the environment, Lake Tahoe's clarity, private property, and the economy. The potential danger to public safety is also a serious concern in light of the limited potential for evacuation routes on the often winding and narrow roads in the area.

C. Environmental Improvement Program

In 1997, the President sponsored a series of events relevant to Lake Tahoe, known collectively as the Lake Tahoe Presidential Forum. Nevada Governor Bob Miller participated in these events, joining the President and others in committing to work together to implement the EIP.

Discussed as a major aspect of implementing the agreements reached through the Presidential Forum, the EIP is an integrated procedure for identifying the projects, continuing programs, and studies necessary to achieve environmental goals in the Lake Tahoe Basin. Of

special significance has been the EIP's capital improvements element, which outlines specific projects (categorized by environmental threshold) and funding sources.

Implementation of the EIP was estimated in 1997 to cost \$908 million, with \$82 million representing Nevada's share. At the time, Nevada already had \$25.6 million committed towards the EIP (including a \$20 million erosion control bond approved by voters in 1996, and \$5.6 million in current project and program funding by various State agencies), leaving a balance of \$56.4 million. In 1999, the Nevada State Legislature authorized the issuance of \$56.4 million in bond funds to be made available through June 30, 2007. In addition, funding would be appropriated based on a program and schedule of projects coordinated through the Division of State Lands, State Department of Conservation and Natural Resources. In each session since 1999, the Legislature has approved a specific bond appropriation to carry out projects identified in the EIP. To date, these appropriations include the following:

1999 Legislative Session (A.B. 285)	\$ 3.20 million
2001 Legislative Session (A.B. 177)	\$16.20 million
2003 Legislative Session (S.B. 46)	\$ 9.87 million
2005 Legislative Session (A.B. 458)	\$16.80 million

Each of the previous bond appropriation bills were sponsored by the Legislative Committee that oversees the TRPA. This year's request will complete the authorization of bond appropriations as committed in A.B. 285 (Chapter 514, *Statutes of Nevada 1999*).

D. Pathway 2007 – Regional Plan Update

The Regional Plan currently enforced by TRPA was adopted in 1987 and is due to be updated by 2007. The new planning process is commonly referred to as "Pathway 2007." Pathway 2007 is a collaborative effort between TRPA; the U.S. Forest Service; the Lahontan Regional Water Quality Control Board, and the Division of Environmental Protection, State Department of Conservation and Natural Resources.

The Regional Plan is the document that describes how the environmental threshold carrying capacities will be achieved and maintained. The Regional Plan guides all land use decisions in the Basin and is the basis for all of TRPA's ordinances and environmental codes.

Threshold carrying capacities are standards of environmental quality targets to be achieved in the Tahoe Region. The standards identify the level of human impact the Lake Tahoe environment can take before irreparable damage occurs. There are nine thresholds:

1. Water Quality
2. Air Quality
3. Scenic Resources
4. Soil Conservation

5. Fish Habitat
6. Vegetation
7. Wildlife Habitat
8. Noise
9. Recreation

All nine of the environmental thresholds will be evaluated as part of the Pathway 2007 planning process. The thresholds are evaluated by professionals, researchers, and scientists and also reviewed through extensive participation by the public and community stakeholders.

The Oversight Committee heard updates on the status of Pathway 2007, and expressed its support for the process and the involvement of local governments and private entities that share responsibility for funding the EIP at all levels.

E. Economic Trends and Conditions in the Lake Tahoe Basin

The Oversight Committee heard testimony from the gaming industry, business owners, and realtors on the socio-economic status in the Lake Tahoe Basin. Statistics for the Lake Tahoe gaming market show that gaming win has decreased due to a combination of economic factors, including increased tribal gaming and a decline in the Dot Com technology markets in California. In addition, testimony indicated that businesses were not thriving in the Basin due to increased property and housing prices, changes in community demographics, and the complexities of TRPA regulations.

F. Transportation in the Lake Tahoe Basin

The Oversight Committee heard testimony that revealed that the success of the EIP is closely intertwined with transportation. A review of the projects in the EIP shows that almost 80 percent of the project costs are transportation related. This has led TRPA to more closely align transportation and the EIP, as well as integrating transportation in other planning processes.

In addition, discussion focused on Article IX of the Bistate Compact, which establishes the Tahoe Transportation District. The TTD was established as a mechanism to generate revenue for the regional transportation needs of the Lake Tahoe Basin and to handle those funds. Article IX has never been utilized to develop the regional revenue or to fully implement transportation needs for the Basin including construction and operations and maintenance of transit, linear, and road systems. The Oversight Committee indicated its support of funding Nevada's one-third share of a dedicated position focused on transit operations and systems development for the TTD.

V. COMMITTEE RECOMMENDATIONS

The following is a summary of the recommendations approved during the 2005-2006 Legislative interim by the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System. Requests for bill drafts will be submitted to 74th Session of the Nevada State Legislature for its consideration in 2007.

RECOMMENDATIONS PERTAINING TO THE TAHOE REGIONAL PLANNING AGENCY

A. Recommendations Resulting in Legislation

1. Request legislation that would release the next phase of bonds in an amount of \$9,057,908 to carry out Nevada's portion of the Environmental Improvement Program (EIP) for the 2007-2009 biennium. (BDR S-250)
2. Express, by resolution, acknowledgement, and support for the creation and utilization of the Tahoe Science Consortium. (BDR R-251)

B. Recommendations Not Requiring Legislation

3. Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of baseline funding Nevada's current level of support (\$200,000 per year) for the Pathway 2007 Threshold and Regional Plan development and implementation process for Fiscal Year (FY) 2007-2009 and beyond to match the State of California's existing baseline funding of \$400,000 per year.
4. Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of funding Nevada's one-third share of a dedicated position focused on transit operations and systems development for the TTD for FY 2007-2009.
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6. Include a statement in the final report recognizing that it is within the jurisdiction of the Committee to request the Legislative Commission to direct

the Audit Division of the Legislative Counsel Bureau to conduct a performance evaluation of the TRPA.

C. Other Recommendations

7. Include a statement in the final report indicating the support of modifying the NRS to allow the use of the word “trust” for community land trusts operating in the State of Nevada.
8. Transmit a letter to Allen Biaggi, Director of Nevada’s State Department of Conservation and Natural Resources and to Douglas E. Hunt, Acting Director of Nevada’s Department of Wildlife, commending the professionalism of their employees who accompanied the Committee on the Lake Tahoe Informational Tour.

VI. APPENDICES

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APPENDIX A

Nevada Revised Statutes 218.53871

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Nevada Revised Statutes 218.53871

218.53871 Creation; membership; Chairman; Vice Chairman; vacancies; annual report.

1. There is hereby created the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System consisting of three members of the Senate and three members of the Assembly, appointed by the Legislative Commission with appropriate regard for their experience with and knowledge of matters relating to the management of natural resources. The members must be appointed to provide representation from the various geographical regions of the State.

2. The members of the Committee shall elect a Chairman from one house of the Legislature and a Vice Chairman from the other house. Each Chairman and Vice Chairman holds office for a term of two years commencing on July 1 of each odd-numbered year.

3. Any member of the Committee who is not a candidate for reelection or who is defeated for reelection continues to serve until the next session of the Legislature convenes.

4. Vacancies on the Committee must be filled in the same manner as original appointments.

5. The Committee shall report annually to the Legislative Commission concerning its activities and any recommendations.

APPENDIX B

Presentation from Executive Director John Singlaub on January 9, 2006, titled
“Preserving a National Treasure”

Preserving a National Treasure

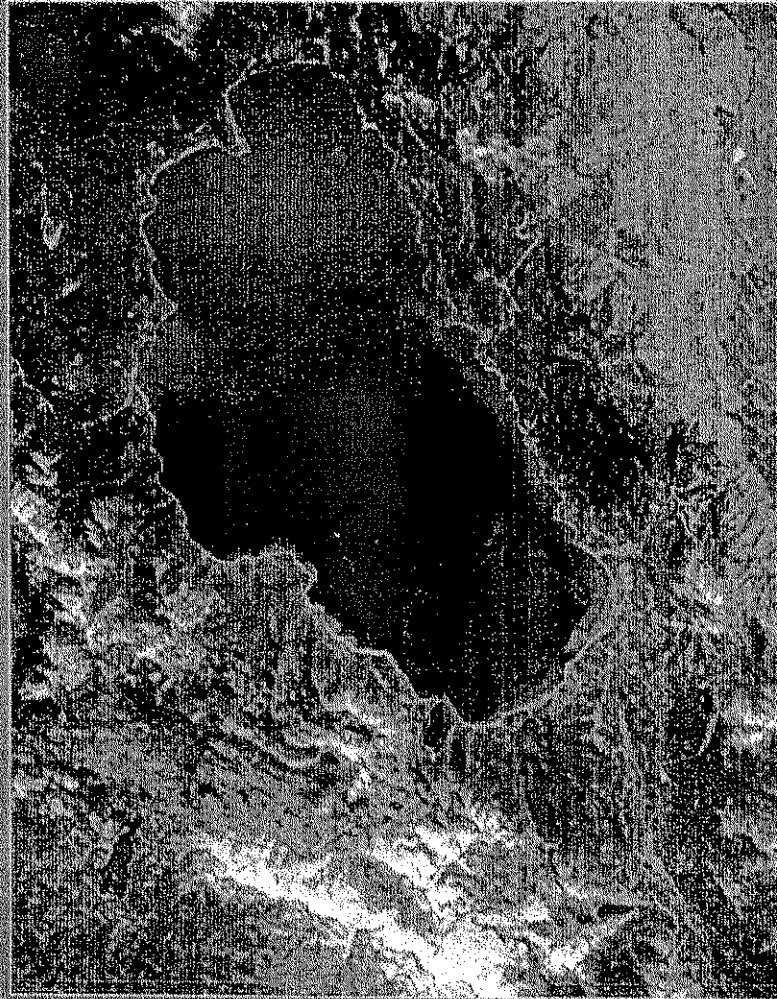


**John Singlaub, Executive Director
Tahoe Regional Planning Agency**

EXHIBIT B - TAHOE
Document consists of 14 pages.
Entire Exhibit Provided
Meeting Date: 01-09-06

THE WATERSHED

- 501 sq. miles
- 192 sq. miles lake surface area
- 12 miles wide
- 22 miles long
- 71 miles of shoreline
- 1,625 ft. deep
- 6,223 ft. elevation



- 2 states: CA, NV
- 5 counties, 1 city
- 65,000 Tahoe Basin year-round residents
- Majority of property owners are part-time residents
- USFS and State Parks manage 85% of land

THE ECONOMY

- TOURISM-DRIVEN
 - Historical tourist destination
 - 3 million visitors annually. Most come from the Bay Area
 - Gaming, recreation, site-seeing
- Approx. 40,000 housing units, majority are part-time/seasonal residents from Bay Area
- Real estate is a billion dollar industry in the Tahoe Basin
 - Escalating housing prices are driving families outside the Tahoe Basin, creating new commuting trends
 - Affordable housing crunch





Protecting Lake Tahoe Since 1969

Our Mission:

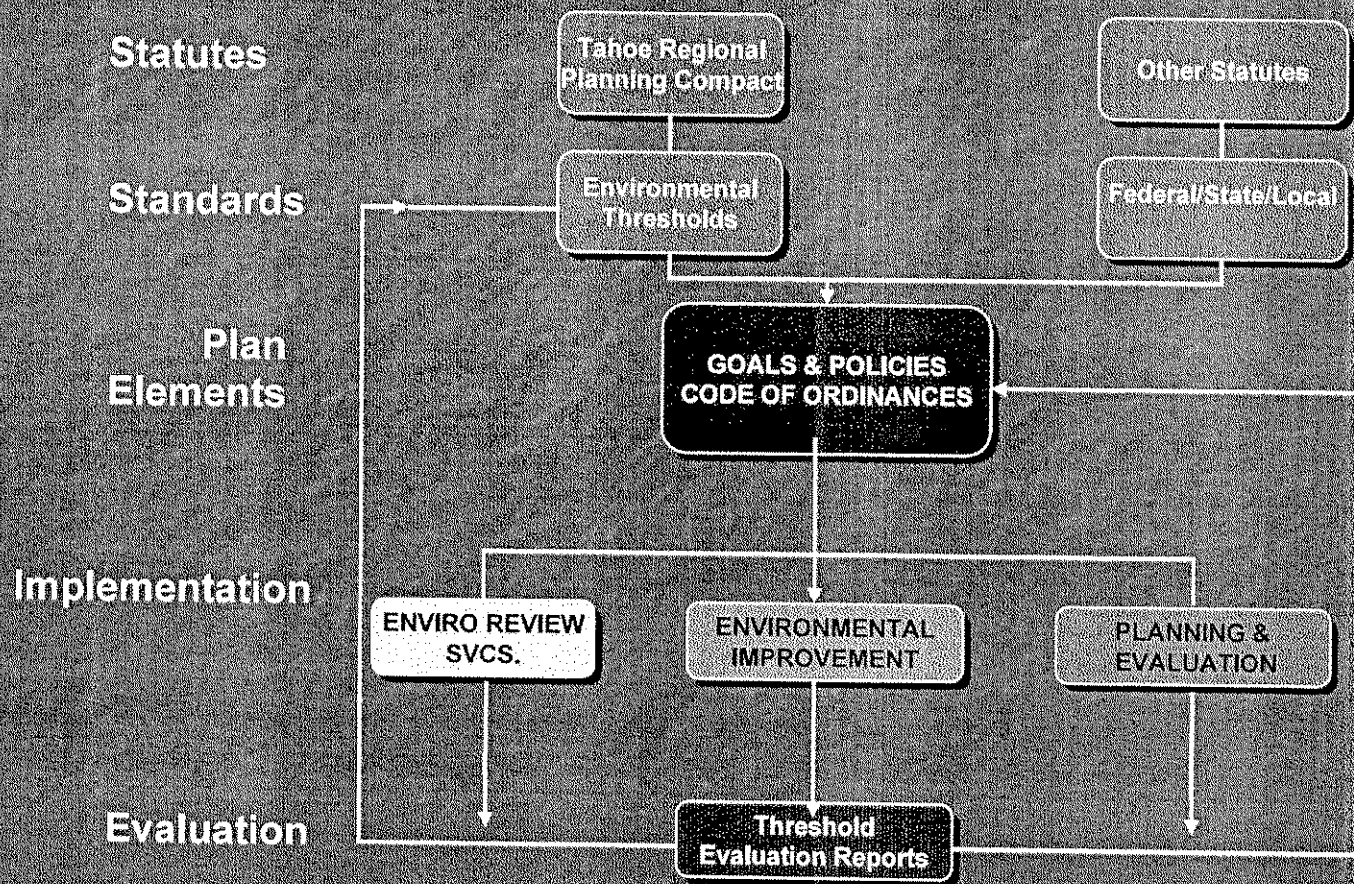
The Tahoe Regional Planning Agency cooperatively leads the effort to preserve restore and enhance the unique natural and human environment of the Tahoe Region now and in the future.

THE BI-STATE COMPACT

- California and Nevada, with approval of Congress and Pres. Nixon, created TRPA in 1969
- The Compact was amended in 1980 requiring adoption of environmental threshold standards and a regional plan to guide orderly development
- Moratorium on future subdivisions, casinos
- Visionary document established TRPA to think beyond political boundaries and to plan for the region

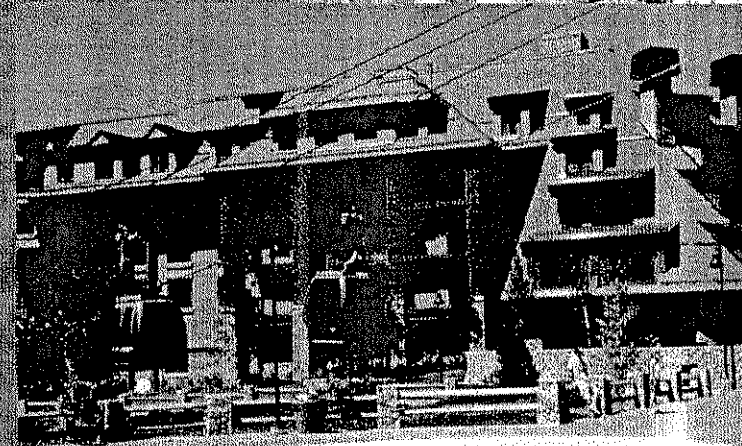


TRPA RESPONSIBILITIES



ENVIRONMENTAL REVIEW SERVICES

- Aimed at controlling environmental impacts of new development
- Establishes design and construction standards
- Controls land use and growth
 - 212 building allocations released for entire Tahoe Basin for 2006
 - Building allocations are tied to environmental improvements



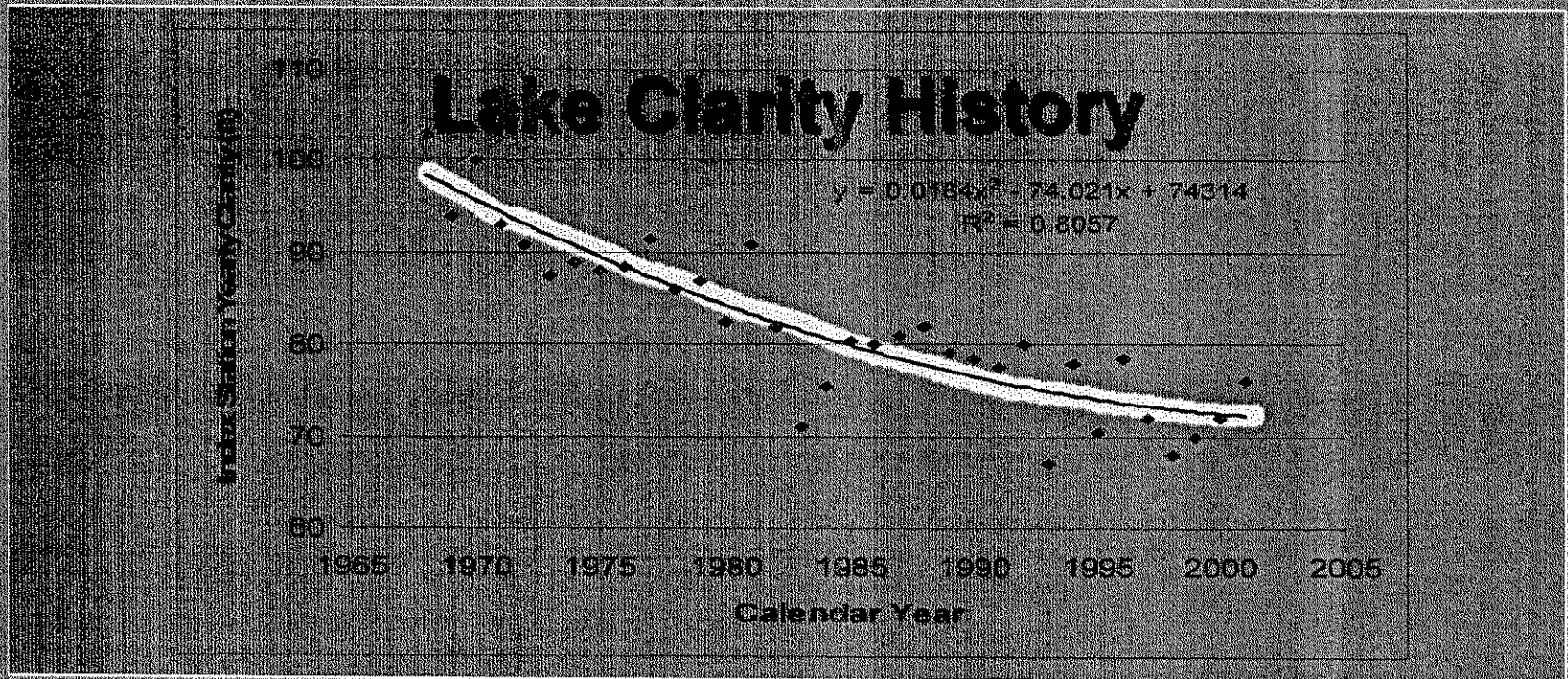
Environmental Improvement Branch: Correcting Land Use Mistakes of the Past



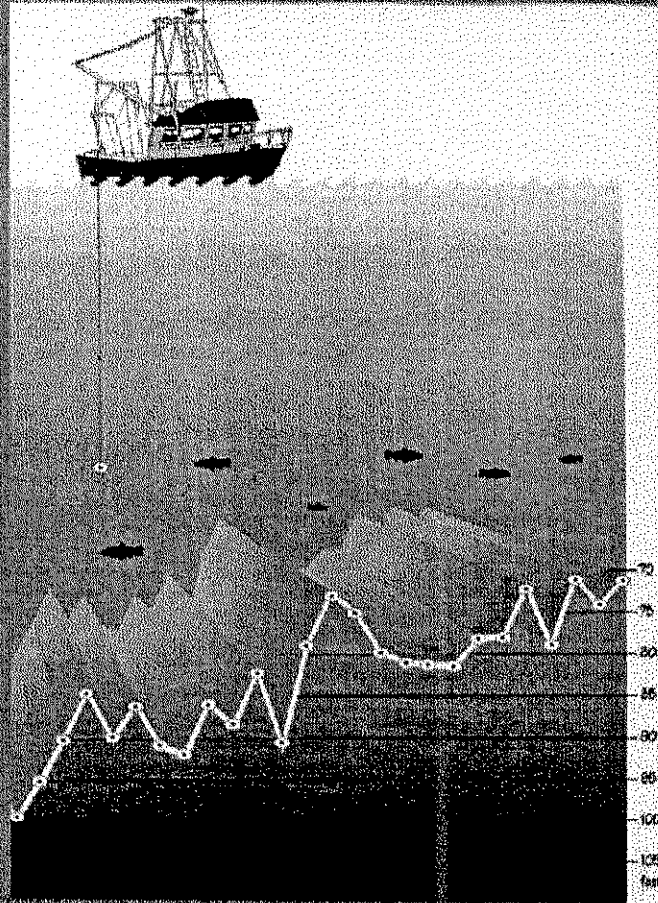
- **Environmental Improvement Program:**
\$908 million pledged of the \$2 billion program
needed within 10 years

PLANNING & EVALUATION

- Provides feedback on threshold attainment progress
- Provides direction for necessary regulatory or EIP adjustments
- Evaluates validity of Regional Plan and Threshold Standards



Saving Lake Tahoe's Clarity Is A Critical Goal

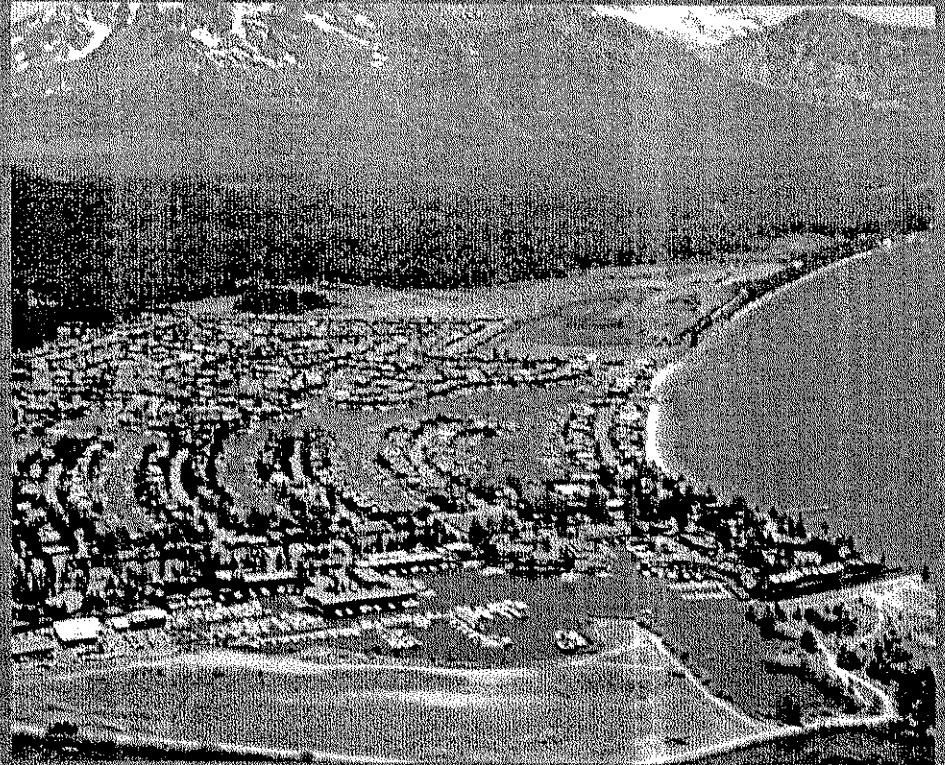


Clarity in 1960s: 100+ ft.
Clarity Today: 74 feet

Clarity loss has averaged
one foot per year

IMPACTS TO LAKE TAHOE

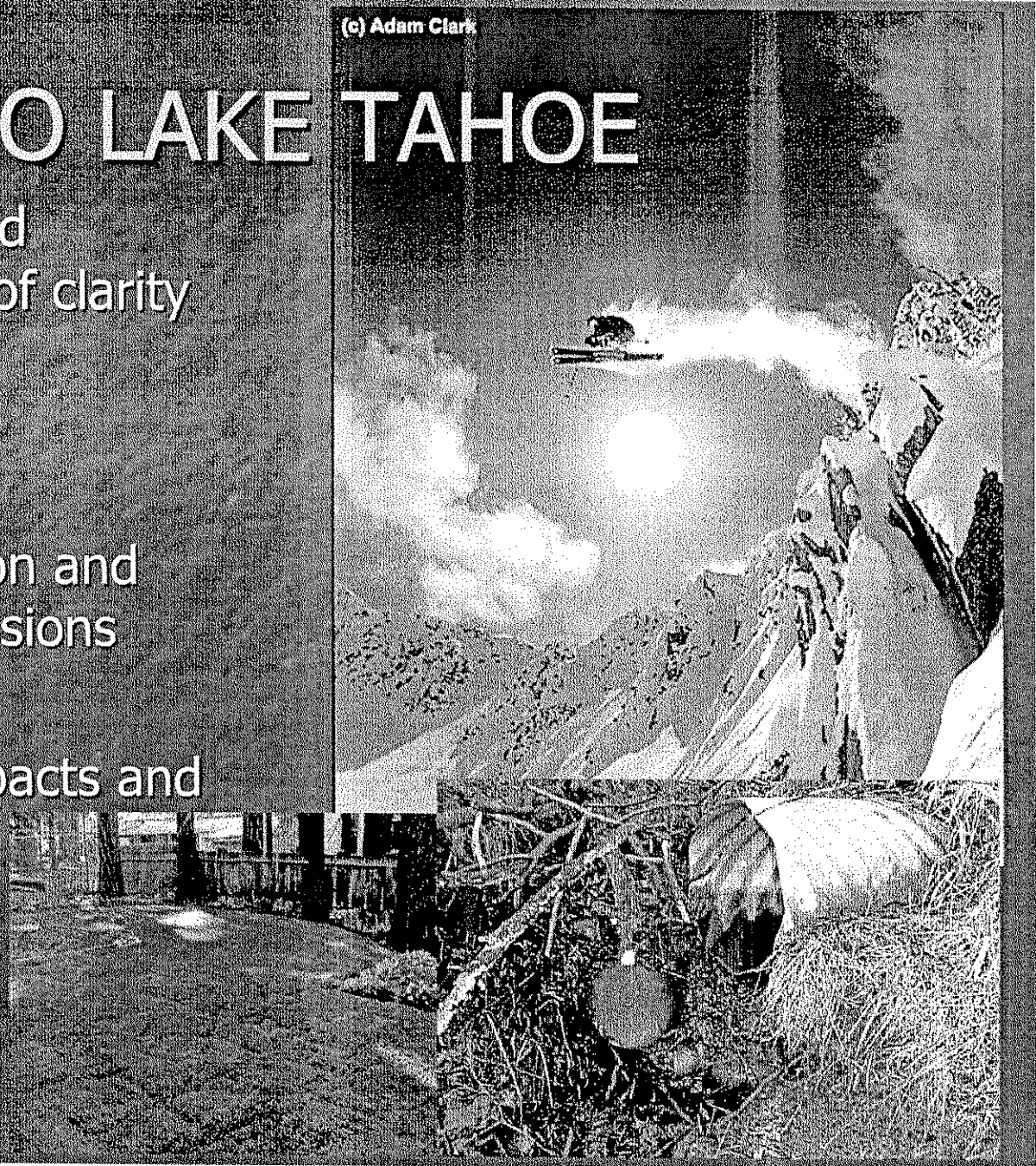
- 1800s impacts from logging
- Building boom of 1950s-60s
 - Olympics held at Squaw Valley in 1960
 - Building in and filling wetlands
 - Altering river and stream flows
 - Development without conservation measures



(c) Adam Clark

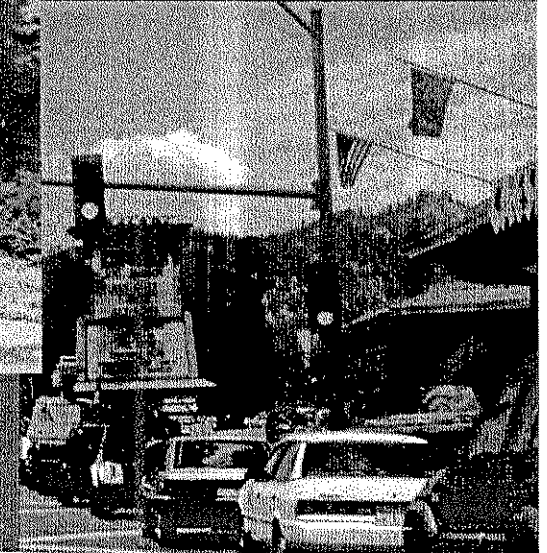
IMPACTS TO LAKE TAHOE

- Fine particles and sediment: 60% of clarity loss
 - Atmospheric deposition
- Road construction and traffic/auto emissions
- Fertilizer use
- Recreational impacts and erosion

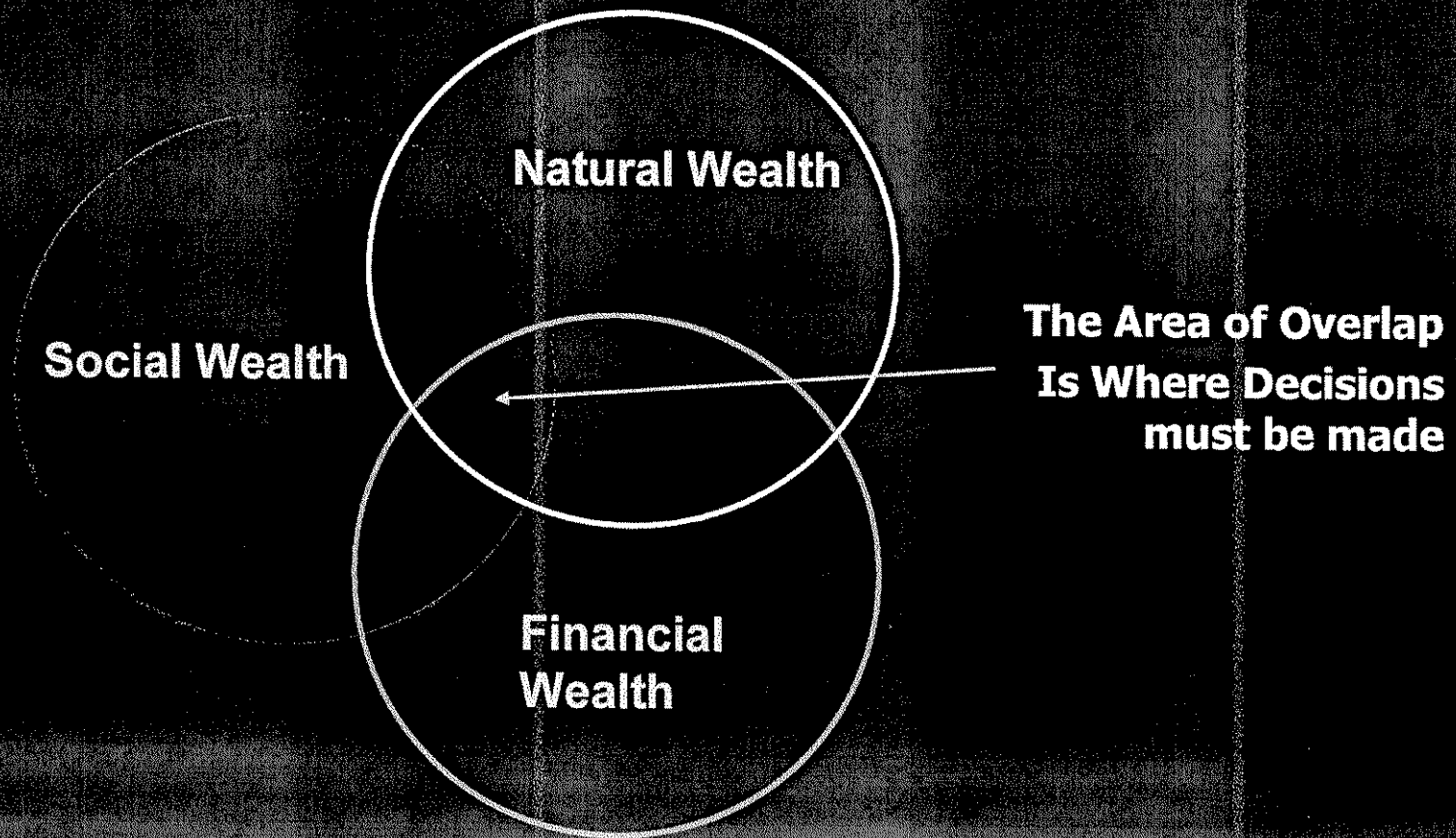


FUTURE THREATS TO LAKE TAHOE

- Increased demands on resources from growing populations surrounding Tahoe (NV-fastest growing state in U.S., northern CA growing rapidly)
- Traffic congestion
- Public awareness
- Potential wildfires
- Lack of economic diversification
- Lack of affordable housing



TRPA's Culture Change: Promoting the Triple Bottom Line



APPENDIX C

Committee Letters

MARK E. AMODEI

SENATOR

Capital Senate District

PRESIDENT PRO TEMPORE

COMMITTEES:

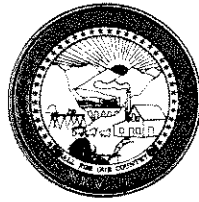
Chairman

Judiciary

Member

Natural Resources

Transportation



State of Nevada Senate

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September 26, 2006

Chairman William J. Raggio and Members of the
Senate Committee on Finance

Chairman Morse Arberry Jr. and Members of the
Assembly Committee on Ways and Means

Nevada State Legislature

Chairmen and Members

401 S. Carson Street

Carson City, Nevada 89701-4747

Dear Chairmen and Members:

As part of its duties during the 2005-2006 interim, the Nevada Legislature's Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System (Senate Bill 216, Chapter 408, *Statutes of Nevada 2003*) received considerable testimony from citizens, interest groups, and representatives of the TRPA and other agencies with responsibilities in the Lake Tahoe Basin.

Based on this testimony and our subsequent deliberations, the Committee adopted four recommendations of relevance to the Senate Committee on Finance and the Assembly Committee on Ways and Means.

Funding for Local Environmental Improvement Program (EIP) Projects

As you know, in 1997, Nevada committed to implement its share of environmental projects on the Nevada side of the Lake Tahoe Basin as part of the basin-wide EIP. At the time, the total funding for projects throughout the Lake Tahoe Basin was estimated at \$908 million. Nevada's share of the projects total \$82 million.

In 1999, the Nevada State Legislature enacted legislation providing periodic issuance of up to \$56.4 million in bonds to implement projects in the EIP through 2007. In 2001 and 2003, the Legislature approved the total sale of \$26.07 in bonds to continue the EIP on the Nevada side of the Lake Tahoe Basin. Last session, Assembly Bill 458 (Chapter 298, *Statutes of Nevada 2005*), which was sponsored by this Committee, authorized the issuance of general obligation bonds in the

Chairman William J. Raggio and Members of the
Senate Committee on Finance
Chairman Morse Arberry Jr. and Members of the
Assembly Committee on Ways and Means
September 26, 2006
Page 2

amount \$16.8 million to carry out the EIP. This session, the Committee is requesting legislation that would relieve the balance of Nevada's share of the EIP. Therefore, the Committee is

- *Requesting legislation that would release the next phase of bonds in an amount of \$9,057,908 to carry out Nevada's portion of the Environmental Improvement Program (EIP) for the 2007-2009 biennium.*

Support for Special Budget Requests by the TRPA

The TRPA presented information to the Committee regarding several "special budget requests" it will make for the 2007-2009 biennium. The Committee would appreciate your favorable consideration of these special budget requests, which we believe would enhance the TRPA's ability to carry out its programs and activities in the Lake Tahoe Basin:

- *Support of baseline funding Nevada's current level of support (\$200,000 per year) for the Pathway 2007 Threshold and Regional Plan development and implementation process for Fiscal Year (FY) 2007-2009 and beyond to match the State of California's existing baseline funding of \$400,000 per year.*
- *Support of funding Nevada's one-third share of a dedicated position focused on transit operations and systems development for the Tahoe Transportation District for FY 2007-2009.*
- *Support of a \$100,000 budget increase, phased in over two years, in Nevada's share of TRPA's baseline funding for compliance, enforcement, and legal services needs.*

As Chairman of the Committee, I respectfully request your favorable consideration of the recommendations listed above, and would be happy to provide additional information if required.

Sincerely,



Mark E. Amodei, Chairman
Legislative Committee for the Review
and Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MARK E. AMODEI

SENATOR

Capital Senate District

PRESIDENT PRO TEMPORE

COMMITTEES:

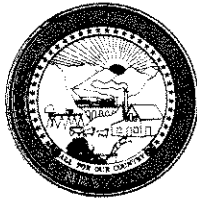
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Andrew Clinger

Director

Department of Administration

209 East Musser Street, Room 200

Carson City, Nevada 89701

Dear Mr. Clinger:

The Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System has completed its hearings for the 2005-2006 interim. Background information and testimony were received from citizens, interest groups, and representatives of the TRPA and other agencies with responsibilities in the Lake Tahoe Basin.

Based on this testimony and our subsequent deliberations, the Committee adopted several recommendations, including several in reference to the Committee's support of special budget requests being made by the TRPA for the upcoming biennium:

- 1. Request legislation that would release the next phase of bonds in an amount of \$9,057,908 to carry out Nevada's portion of the Environmental Improvement Program (EIP) for the 2007-2009 biennium.*
- 2. Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of baseline funding Nevada's current level of support (\$200,000 per year) for the Pathway 2007 Threshold and Regional Plan development and implementation process for Fiscal Year (FY) 2007-2009 and beyond to match the State of California's existing baseline funding of \$400,000 per year.*
- 3. Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of funding Nevada's one-third share of a dedicated position focused on transit operations and systems development for the Tahoe Transportation District for FY 2007-2009.*

Andrew Clinger
September 26, 2006
Page 2

4. *Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of a \$100,000 budget increase, phased in over two years, in Nevada's share of TRPA's baseline funding for compliance, enforcement and legal services needs.*

I would be pleased to provide additional information or to discuss these recommendations with you further. Please do not hesitate contacting me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Amodei", with a long horizontal flourish extending to the right.

Mark E. Amodei, Chairman
Legislative Committee for the Review
and Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MEA/nw:L13

MARK E. AMODEI

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Chairman Allen Biaggi
Governing Board Members
Tahoe Regional Planning Agency
P. O. Box 5310
Stateline, Nevada 89449

Dear Chairman Biaggi and Governing Board Members:

Throughout the 2005-2006 interim, the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System met and received much testimony regarding the operation and activities of the TRPA. As Chairman of the Committee, I wish to express my appreciation to your staff for their cooperation and for the many presentations they made. At each meeting, representatives of interested parties in the Basin also expressed their concerns and questions relative to the TRPA.

Based on this testimony and our subsequent deliberations, the Committee adopted several recommendations with which your assistance would be appreciated (please note: these recommendations are not presented in any particular order):

- 1. Request legislation that would release the next phase of bonds in an amount of \$9,057,908 to carry out Nevada's portion of the Environmental Improvement Program (EIP) for the 2007-2009 biennium.*
- 2. Express, by resolution, acknowledgement and support for the creation and utilization of the Tahoe Science Consortium.*
- 3. Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of baseline funding Nevada's current level of support (\$200,000 per year) for the Pathway 2007 Threshold and Regional Plan development and implementation process for Fiscal Year (FY) 2007-2009 and beyond to match the State of California's existing baseline funding of \$400,000 per year.*

4. *Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of funding Nevada's one-third share of a dedicated position focused on transit operations and systems development for the Tahoe Transportation District for FY 2007-2009.*
5. *Transmit a letter to Nevada's Department of Administration and the Nevada State Legislature in support of a \$100,000 budget increase, phased in over two years, in Nevada's share of TRPA's baseline funding for compliance, enforcement and legal services needs.*
6. *Include a statement in the final report recognizing that it is within the jurisdiction of the Committee to request the Legislative Commission to direct the Audit Division of the Legislative Counsel Bureau to conduct a performance evaluation of the TRPA.*
7. *Include a statement in the final report indicating the support of modifying NRS to allow the use of the word "trust" for community land trusts operating in the State of Nevada.*
8. *Transmit a letter to Allen Biaggi, Director of Nevada's State Department of Conservation and Natural Resources and to Douglas E. Hunt, Acting Director of Nevada's Department of Wildlife, commending the professionalism of their employees who accompanied the Committee on the Lake Tahoe Informational Tour.*

In addition to the assistance of your staff, I would also take this opportunity to express my appreciation to you and the Governing Board members who participated in the Committee's meetings. Please do not hesitate to contact me should you need any further information about any of the recommendations listed above, or if you wish to discuss them in greater detail.

Sincerely,



Mark E. Amodei, Chairman
Legislative Committee for the Review
and Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

MARK E. AMODEI

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September 26, 2006

Terri Marceron
Forest Supervisor
U.S. Forest Service
Lake Tahoe Basin Management Unit
35 College Drive
South Lake Tahoe, California 96150-4500

Dear Ms. Marceron:

On July 20, 2006, the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System (*Nevada Revised Statutes* 218.53871) conducted an informational tour of the Lake Tahoe Basin and the Marlette Lake Water System. It was a very illuminating and informative tour, in part, due to the expertise of several individuals who are employees of Nevada's Department of Wildlife (NDOW), the State Department of Conservation and Natural Resources (SDCNR), and the Lake Tahoe Basin Management Unit, United States Forest Service.

I am writing to express the Committee's appreciation for your staff working with the legislative staff in arranging the tour and to also thank them for taking time out their demanding schedule to accompany the Committee members on the tour. Their dedication, professionalism, and enthusiasm to their duties were evident throughout the day. In particular, the Committee would like to offer its gratitude to the following employees who attended: Joe Barron, Division of State Lands, SDCNR; David Catalano, NDOW; Charles Donohue, Lake Tahoe Program Coordinator, Division of State Lands, SDCNR; Kevin Gorgan, Division of State Lands, SDCNR; David Marlow, U.S. Forest Service and, Roland Shaw, Nevada's Division of Forestry, SDCNR.

Please do not hesitate to call upon me if I can be of any assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Amodei".

Mark E. Amodei, Chairman
Legislative Committee for the Review
and Oversight of the Tahoe Regional Planning
Agency and the Marlette Lake Water System

Similar letters were also sent to:

Allen Biaggi, Director, State Department of Conservation and Natural Resources

Douglas E. Hunt, Acting Director, Nevada's Department of Wildlife

APPENDIX D

Suggested Legislation

The following Bill Draft Requests will be available during the 2007 Legislative Session, or can be accessed after “Introduction” at the following Web site: <http://www.leg.state.nv.us/74th/BDRList/>

- BDR R-251 Expresses Acknowledgment of and Support for the Creation and Activities of the Tahoe Science Consortium.
- BDR S-250 Authorizes the Issuance of General Obligation Bonds to Carry Out the Environmental Improvement Program in the Lake Tahoe Basin.