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Governor

STATE OF NEVADA

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August 22, 2008

**SENATOR DEAN RHOADS, CHAIR  
LEGISLATIVE COMMITTEE ON PUBLIC LANDS**

Dear Dean and Members:

Concerning agenda item XIV, Update on the Programs and Activities of the State Department of Agriculture, I offer the following:

1. Directors report for the August 26 & 27, 2008 Board Meeting (attached)
2. Virginia Range horse update and recent count report (attached)
3. Drought status recommendation to Governor Gibbons (letter attached)
4. Recent status of estray horse numbers:
  - a. The loss of reasonable methods of disposing of unwanted horses (slaughter), coupled with ever increasing costs of hay has apparently resulted in a rather significant number of domesticated horses being turned out. The brands division has been receiving reports of turned out horses in essentially all parts of Nevada. We have been routinely picking these animals up, following the normal procedures for claiming, obviously with little success. We currently have methods of successfully disposing of these horses, with the income, although limited, reverting to the Estray Account. Proposed Federal legislation is aimed at eliminating the transportation of horses outside of the United States for slaughter. If that proposed legislation becomes law, the Nevada Department of Agriculture will have little choice but to ignore estray horses. Placement of horses of this nature into any type of adoptive situation is slow, cumbersome and costly beyond our present means.

In addition to horses being turned out we are finding that a number of horse boarding facilities have been receiving horses for board, with one month paid in advance. As the second month rolls around, the owner doesn't pay the bill, thus leaving the boarding facility with the possession of what will eventually become another estray horse(s).

Exhibit N - LANDS  
Document consists of 7 pages.  
Entire Exhibit Provided  
Meeting Date: 08-22-08

**NEVADA BOARD OF AGRICULTURE**

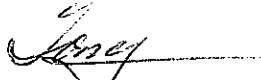
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Thanks for the opportunity to update the Committee on Department of Agriculture activities. I will be happy to attempt to answer any questions the Committee may have.

A handwritten signature in cursive script, appearing to read 'Lesperance', written over a horizontal line.

Anthony L. Lesperance

## **DIRECTOR'S REPORT FOR THE AUGUST 26 & 27, 2008 BOARD MEETING**

### **BUDGET CONSIDERATIONS**

Compliance with a seemingly never ending series of funding reductions has and remains the number one objective of the Director during the last three month period of time.

The following figures show the impact that the reduction in general funds has had on this agency:

	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
DOLLARS	\$3,788,628	\$4,311,295	\$3,832,506	\$3,758,651	\$3,527,883	\$3,527,883
%CHANGE, 2007		113.7%	88.9%	87.2%	81.8%	81.8%
DOLLAR CHANGE		+\$522,777	-\$478,789	-\$552,644	-\$783,412	-\$783,412

Fiscal year's 2007 allocation of \$4,311,295 is somewhat inflated because of certain one shot allocations and deferred maintenance. However, FY 2008, just concluded, indicates an increase of only 1.2% over FY2006, or some 0.6% average annual increase for the two year period. FY 2009-2011 drop significantly below FY2006.

There are certain aspects of the Agency's budget which we have relatively little control over. Most importantly is the total compensation aspect. Employees with satisfactory ratings receive step salary increases every year for the first 10 years of employment. Step raises average 5% per year. Agency management has no control over this factor. Beginning at year 8 of employment, longevity increases kick in. Longevity starts at a \$150 raise at year 8, and goes up \$50 to \$150 per year thereafter until year 30. when longevity pay is increased \$2,350 annually. As an example, if an individual is hired for \$30,000 per year in 2008, does satisfactory work that individual will be receiving \$75,173 per year by 2039, his/her thirtieth year of compensation. The salary step increases and longevity package averages slightly over 5% per year.

This does not take into account cost of living allowances (COLA) which the legislature can periodically issue. We currently have to accounted for a 4% COLA in the FY 2009 budget

The total Departmental compensation package for FY 2008 was \$7,585,118. The step increase and longevity package would amount to close to \$350,000. The COLA would amount to an additional \$280,000. The administration planning for the Department has no options on these mandated adjustments. They occur regardless of legislative mandated budget cutbacks.

The Department of Agriculture receives approximately 25% of its annual budget from the legislature in the form of general fund dollars. Approximately 50% comes from fees and 25% comes from grants. We are not sure at this time of the status of our fee income during the remainder of FY2009, much less FY2010 and 2011; however, one must assume that it will not

increase. It's important to note that if the actual income from fees does not meet or exceed expectations, then the Department must take some form of corrective action which may include requesting budgetary consideration from the Interim Finance Committee, which is not a desirable solution.

We had three administrators retire or leave during FY2008, including Plant Industry, Livestock Identification and Petroleum Technology. Dawn Rafferty was elevated to Acting Administrator in Plant Industry and Chris Collis was elevated to Acting Director in Animal Identification. However, both of their original positions were eliminated due to the budget reductions. Therefore, in the search process to secure a permanent administrator for these positions, if for any reason either one of these individuals had not been selected, it would have meant they would have been terminated, as their fall back position no longer existed. Both Rafferty and Collis met all requirements and were judged best of their respective field of applicants, thus they are now permanent Administrators. In the case of Petroleum Technology, Bill Striejewski has been elevated to Administrator, and we were able to keep his position open. That position is being filled by transferring one of the Plant Industry chemists to Petroleum Technology.

In summary the Department now has 90 full time positions, and is operating on approximately 90% of the general fund dollars that it used two years ago. Additionally, the compensation package has increased over \$700,000, severely restricting the dollars available for operation. Nine positions have been terminated to avoid this reduction in operation. The increased work load that most staff has inherited due to these changes seems to be operating efficiently. Additionally, we have maintained some room for additional financial cutbacks should they occur.

### **OTHER ACTIVITIES**

**VITICULTURE:** Nevada currently has 4 commercial wineries. There is good reason to put effort into expanding this industry. Grape production requires approximately 25% of the water per unit of land when compared to alfalfa, grain or other crop production. Additionally, the value of product produced per unit of land significantly favors grape/wine production.

The Director has been involved in a series of meetings with Larry Ruvo, the principal in Southern Nevada Wine and Spirits, the primary distributor of wine in Nevada. He has given every indication that he will support this struggling industry, and would like very much to see Nevada become a major producer of varietal wines. Mr. Ruvo sponsored a meeting of producers, the Director and the Farm Bureau at his Glenbrook Ranch on July 15, 2008. With Mr. Ruvo's help we have been in touch with Philippe Melka of Spain and France, a world renowned wine expert. Mr. Melka is attempting to coordinate a visit of soil and environmental experts in regard to varieties of grapes to come to Nevada. We are attempting to secure grant funding to cover the cost of these visits. Additionally, Mr. Ruvo has established acceptable distribution practices to facilitate the sale of wine presently available from Nevada producers. It is the intention of the Director to remain active in the development of Nevada's grape/wine industry.

**LIVESTOCK IMPOUNDMENTS:** Impoundments of both cattle and horses by the BLM in Humboldt County earlier this year has raised certain questions. These questions have been discussed between Chris Collis, Katy Armstrong and myself. A meeting between the Department, the Deputy Attorney General and the State Office of the BLM has occurred. Resolution of these problems has not yet been finalized; however, as Director, I will not authorize any further brand certificates for impounded animals without complete approval of all required legal documentation by both myself and legal counsel.

**DEPARTMENT OF WILDLIFE:** Dr. Rink and I visited with John Estill, a Nevada sheep producer and the Cedarville District, California BLM, concerning a proposed conversion of cattle AUM's to sheep AUM's in northern Washoe County on June 25, 2008. At that meeting an NDOW letter surfaced that did not seem to follow the concept of our recently signed memorandum of understanding. A subsequent meeting was held between NDOW, Department of Ag (Rink, LaRussa and myself) and Dr. Thain from UNR. A frank discussion of expectations seems to have solved the problem. Both the Department and NDOW support Mr. Estill's request at this point in time; however, it will still require the BLM's approval before he conversion will be finalized

**SAGE:** A SAGE committee (Spending and Government Efficiency) has been established in the Department and meets weekly. The Governor has established a SAGE committee to advise him. He also suggested that Departments should do likewise. I believe the Department of Agriculture is one of the few Departments that have complied to date. They make recommendations to the Director on a variety of issues, all aimed at increasing our budgetary and operational efficiency. Sandie Foley is Chairman of the group, and membership consists of mid-level Departmental employees from all divisions. In order for this group to have the freedom of thought required to create new ideas administrators, including the Director, are allowed to attend these meeting by invitation only. The SAGE committee has already come forward with several very workable ideas that are already in place, especially in the planning and budgetary areas.

**MEETINGS:** I accompanied Governor Gibbons to Jackpot on June 17' to a joint meeting of the Idaho and Nevada Cattlemen's Associations. The subject being discussed was the "War on Cheatgrass". Summary papers that I have prepared on "Economic Importance of Livestock in Nevada's Cow Counties" and "Fire and Livestock Grazing" were passed out to around 75 cattlemen.

On July 29 & 30, 2008 I met with the directors of the Nevada Livestock Association at Pine Creek in Monitor Valley concerning developing philosophy in regard to animal cruelty (starvation) of range cattle, and BLM impoundment procedures.

**FUTURE PLANS:** Once the budget situation is stabilized, I intend to devote time to developing policy and determining overhead for federal grants. In regard to policy, there appears to be little departmental policy covering a broad range of personnel situations. These include such things as travel, compensatory time, overtime, four day work weeks, etc. State policy covers many of these issues; however, in light of the lack of definitive departmental policy, many of these issues have simply been covered on an individual basis and on an "as needed basis".

JIM GIBBONS  
Governor

STATE OF NEVADA

TONY LESPERANCE  
Director



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Director Lesperance,

On 8/11/2008 I went, as a representative of the Nevada Dept. of Agriculture, on a helicopter trip along with the pilot, Olivia Fiamengo (horse advocate), and a photographer and a writer from the Nevada Appeal. We were up in the helicopter for ~ 9 hours and counted 1448 wild horses. This number was agreed upon by both Ms. Fiamengo and myself. We covered ~ 70 – 80% of the Virginia Range. In the morning we counted horses in the Virginia Highland area and found ~350. In the afternoon some of the land we covered included TRI, TRW, the hills and land west of US 95 Alternate south of Fernley, Silver Springs, Carson River, and Mark Twain. A majority of the horses were found around TRI and TRW with several bands seen in the area south of Fernley and few or no horses seen in Silver Springs, Mark Twain, and the land south of Highway 50. From the helicopter, as best as I could tell, the horses appeared to be in fairly good shape, but there were a handful of very thin horses seen. A fair number of the water sources that I saw appeared dried up but there were some springs still producing water. There were scattered groups of cattle located north of Highway 50 on this range but it appeared to be less than 100.

Sincerely,

  
Dr. Keith Forbes, DVM

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August 13, 2008

**JIM GIBBONS, GOVERNOR**  
**CAPITOL BUILDING**  
**101 N CARSON ST, SUITE 1**  
**CARSON CITY, NV 89701**

Dear Governor:

A number of producers in the Nye/White Pine County areas have expressed great concern to this agency concerning the 2008 drought situation and mitigating factors.

During the last 10 days I have driven much of the east central portion of Nevada and have made personal observations concerning range conditions. It is sufficient to say conditions are very serious and deteriorating rapidly. The entire area has had little meaningful precipitation since mid-winter, with some areas receiving very little winter precipitation at all. Many mountain streams have quit running, most dirt tanks have long since dried up and many springs are showing signs of near depletion. The general lack of precipitation since mid-winter resulted in very limited forage production. Livestock and wildlife have already consumed much of that resource.

This situation is being greatly compounded by historically high hay prices. The Agriculture Statistical Service indicated to me today that the farm price for Nevada alfalfa was \$195/ton. Delivered hay into central or eastern Nevada would easily require an additional \$15 to \$25 per ton. These facts coupled with a current very low market value for slaughter cows places Nevada's range livestock industry in jeopardy.

Essentially all of northern Nevada is in a fairly serious situation in regard to drought. However, the situation is far worse in the Nye and White Pine area. Declaring these two counties in a drought/disaster situation would also impact adjacent counties, thus Elko, Lander, Eureka, would qualify, as well as Churchill, Esmeralda, Clark and Lincoln.

Based on these observations I would strongly urge you to declare an Emergency Drought Declaration for both Nye and White Pine Counties at the earliest possible opportunity. Please let me know if you need additional information.

Sincerely,

Anthony L. Lesperance

Cc: *Pete Goicoechea*  
*Jeffrey Underwood*

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