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## PUBLIC LANDS

**Nevada Learns to Cash In on Sales of Federal Land**By JESSE McKINLEY and GRIFFIN PALMER

LAS VEGAS — When it opens in 2009, the Clark County Shooting Park will be something to behold, through a scope or otherwise: hundreds of acres devoted to all things gun and bow, complete with a rifle range, a skeet center and an R.V. "host area."

The coming Craig Ranch Regional Park, due in 2010, should be impressive too, with plans calling for an amphitheater, an aquatics center and sand volleyball courts, all wound around native gardens and wetlands.

Much of the financing for the projects has not come from familiar sources, like local taxes, bond issues or private donations. Instead, they are being paid for through the sales of public lands owned by the federal government.

Tens of thousands of acres of federal lands in the Las Vegas area have been sold under an unusual law pushed through Congress nearly a decade ago by the Nevada delegation. The sales have grossed nearly \$3 billion and counting.

Because of a stipulation created by the Nevada legislators, the money has not been deposited into the general federal Treasury, but rather put in a special Treasury account to be spent almost exclusively in Nevada on a something-for-everyone collection of projects.

The money has bought environmentally sensitive land and paid for conservation projects, a central purpose of the law and its amendments, as well as improvements in national recreation and refuge areas. But it has also been allocated to such nuts-and-bolts governmental services as education and water projects, and a variety of local perks, including boat ramps, nature trails and community parks complete with tennis courts, dog runs and barbecue pits.

Supporters say the law, which authorized competitive auctions, has been a godsend for a region dealing with rampant population growth, limited room to grow, scarce water and facilities overwhelmed by their own popularity. But critics see it as having created a limitless federal bank account that has encouraged and subsidized unbridled growth at the expense of taxpayers from the 49 other states, all while Nevada continues to draw new residents as a low-tax state disinclined to pay for such projects itself.

Even some ardent fans of the law say the infusion of cash has led to overreaching on the part of some municipalities in Clark County, the mother ship for three growing cities: Las Vegas, North Las Vegas and Henderson.

"We've gotten a bit greedy," said Michael L. Montandon, the mayor of North Las Vegas, which has had \$176 million worth of projects approved, including \$85.3 million for Craig Ranch. "When your neighboring cities are asking for five times what you are, it tends to make your staff run around looking for projects."

To gauge the law's impact since its passage in 1998, The New York Times analyzed data from the United States Bureau of Land Management, the landlord for the federally owned lands. The analysis covered the more than 29,000 acres sold under the law as of Nov. 1, as well as the \$2.3 billion in expenditures allocated to projects as of Aug. 31 by the Department of the Interior, which oversees distribution of the money.

The examination found the following:

¶ More than \$1 billion in proceeds from the federal land sales have been allocated for parks, trails and nature areas that often amount to public amenities — many of which elected officials say they would not have been able to pay for otherwise. The projects have enhanced property values, and benefited big-name developers, including Focus Property Group, the American Nevada Company, the Del Webb Corporation and the Olympia Development Group, all of which have bought large parcels of arid public lands and turned them into elaborate housing tracts.

¶ Nevada's schools, which have long sought more money from state lawmakers who resisted raising taxes as enrollment mushroomed, have received \$150 million from the sale of the federal lands. The interest on that money has paid for expenses including teachers' salaries, utility bills and textbooks, which in other states would usually be underwritten by local property taxes.

The 1998 law uses the same legal framework as a 1920s land act under which the Clark County School District has bought some 685 acres through noncompetitive direct sales for an average of \$10 an acre since 2004 to provide land for public schools.

¶ The Southern Nevada Water Authority, the agency that has long provided cheap water to the valley's two million residents, has received \$285 million from the federal land sales, which it has used on a variety of water treatment, testing and transport projects, including facilities at drought-plagued Lake Mead. Plans for revenue from future land sales, water officials say, could include work on a pipeline to import water from 250 miles away.

¶ The acquisition and protection of environmentally sensitive land in private hands was a central element of the law's purpose, but allocations for those purchases have accounted for only about 15

percent (\$346.1 million) of the \$2.3 billion in approved spending. Moreover, there has been a net loss of protected land: thus far, some 34,468 acres of public land have been sold or exchanged, while a little more than 20,000 acres of environmentally sensitive land have been bought, though federal officials say other big deals are pending.

¶Spending on conservation projects, a focus of an amendment to the law in 2002, has also lagged behind other construction-heavy categories. Some \$180 million has been allocated for continuing projects like programs to fight litter and dumping, studies of off-road vehicle and water strategies, and wild horse and burro management.

Still, some expenditures designated as conservation have been so broadly defined that they resemble traditional pork. Among them are a mobile fire education trailer (\$132,000), an interagency Web site (\$269,000), and several plans devoted to safety programs for the region's abandoned mines (\$3 million).

¶Millions of dollars from the sale of federal lands has been set aside to meet federal requirements — typically the responsibility of local governments — to offset environmental damage from the city's sprawling growth. Under the act, \$53 million has been allocated to help communities in Clark County and the Nevada Department of Transportation to conform with requirements of the Endangered Species Act when development encroaches on native habitats.

Critics argue that the sales help pay for the infrastructure that then supports more expansion.

“Fundamentally, we're talking about selling public lands which belong to all Americans and giving the proceeds back to local counties for what would ostensibly be conservation projects,” said Myke Bybee, public lands representative for the Sierra Club in Washington. “But those projects,” Mr. Bybee said, are not always “in keeping with conservation.”

That said, in Nevada the law is widely seen by Republicans and Democrats alike as paying off for most everyone at the table, a rarity in a gambling town. Among the winners are developers — who now have access to lands long deemed off-limits — and municipalities, which have added dozens of new recreational amenities, thousands of new residents to tax rolls, and improved the quality of life, all without raising taxes.

“This bill has been across the board incredible for the entire state, for quality of life, for economic development, for managing growth,” said Senator John Ensign, a Republican, who was the bill's author while serving in the House of Representatives. “And for doing things to make Nevada a better place.”

The law's original boundary for eligible federal land sales was expanded by Congress in 2002, and some groups, including the Las Vegas Chamber of Commerce, are lobbying to expand it even farther.

The allowable area has grown by about 40 percent, or 22,000 acres more than the original 52,000 approved by Congress.

### Spreading the Wealth

More and more local officials now want a piece of the land pie. In recent years, Congress has authorized the sale of up to 135,000 acres of public land in White Pine and Lincoln Counties in eastern Nevada. Another later law was enacted in 2000 that requires 80 percent of proceeds from federal land sales be spent in the states where the land is located. And there are similar proposals in other Western states, including land hand-overs to localities in central Idaho and land sales in Washington County, Utah, another fast-growing desert area.

Moreover, local authorities are getting ever bolder in using the proceeds from the federal land sales for expenses not traditionally covered by money from federal taxpayers. More recent bills, authorizing the sales in eastern Nevada, funnel 10 percent of federal proceeds back into law enforcement, fire protection and transportation, traditionally the bailiwick of local governments.

Efforts to redirect at least some of the proceeds from the sales of federal lands into the general federal Treasury have repeatedly been beaten back by the politically connected Nevada delegation, which is now headed by the Senate majority leader, Harry Reid, a Democrat. In recent years, the Bush administration twice failed in efforts to take back some of the payout for the Treasury.

In many ways the law, formally known as the Southern Nevada Public Land Management Act of 1998, has created a new model for managing much of the federally owned land in the West, which encompasses more than 80 percent of the state of Nevada and huge chunks of Utah, Idaho, Wyoming, Arizona, California and Oregon. That model provides a faster way of moving public lands into private hands, and encouraging growth into inhospitable places, in this case, the Mojave Desert.

That local and federal governments work together on such deals is remarkable considering the historic tension between federally owned public lands and the all-American desire for private property. The centuries-old debate has resonated from the high-mindedness of Manifest Destiny's westward push in the early 1800s to the frenzied scramble of Civil-War-era homesteaders to the defiance of the Sagebrush Rebellion of the 1970s and '80s, in which ranchers and local officials in the West wanted federal lands transferred to local governments or sold to private owners.

In each case, the central question has been what exactly do America's national lands represent: Are they expendable, tradeable, and now, salable resources meant to be made private for the sake of progress and individual gain? Or are they public treasures to be protected at all costs, even when they are essentially arid wastelands?

In the Las Vegas area, the answer has increasingly been to sell. The first of a wave of omnibus lands

bills passed by a Republican-led Congress, the Nevada law of 1998 was viewed as a pragmatic compromise by environmental groups eager to guarantee the purchase and exchange of fragile habitat.

Subsequent laws affecting other parts of Nevada — which brought environmental groups, land owners and others into negotiations — have coupled land sales with the designation of hundreds of thousands of acres as wilderness. Those wilderness designations, which ban development, were trumpeted by local lawmakers and welcomed even by those who worried about land sales.

“We had a decision to make: Do we pursue this opportunity to protect these special places or do we not?” said Jeremy Garnarz, the associate director of wilderness support at the Wilderness Society. “And we made the decision to pursue the opportunity to protect these places.”

But as the 1998 law has played out, some of its early supporters among environmentalists have also soured on it. The Office of Management and Budget, an arm of the White House, assessed the program in 2004 and said that while it had been “fairly well run,” its revenues were “increasingly being dedicated to low-priority activities.”

#### Original Intent

“The original concept was to allow private, environmentally sensitive land to be bought more readily,” Jeff Van Ee, a longtime Nevada environmentalist who helped lawmakers draw up the law. “But over the years, what we’ve seen is the money going all over the place, and too much money going to projects that should be funded through more conventional means.”

Sales at auction have accounted for the vast majority of the law’s proceeds, with more than \$2.7 billion in sales from 13,000 acres, much of it situated on the edge of cities and primed for development. In a federal-local dance officially known as joint selection, municipalities nominate land for sale once they have determined their infrastructure can support them, said Steve Tryon, assistant field manager for the Las Vegas office of the Bureau of Land Management.

“The cities of Las Vegas and North Las Vegas and Henderson are kind of driving the show,” he said of the selection process, also mentioning that Clark County was very active.

Mr. Tryon said the 1998 law had increased the use of sales provisions in the Federal Land Policy and Management Act of 1976, resulting in more than 14,000 acres sold via direct sale to developers, localities and individuals who owned property adjacent to federal lands. Those sales grossed only a small fraction of the auction sales, bringing in only \$114 million.

Nevada lawmakers say it is unfair to view expenditures under the law as a raid on the federal Treasury since the federal government is the largest landowner in Nevada and should be expected to contribute

to the state's economic well-being, just as big private land owners do in other states.

Senator Reid also said that the improvements, including the money spent on parks, trails and natural areas, were on facilities that the general public could use. "All the money is used on public land," he said. "It doesn't go onto the Las Vegas Strip."

Before the 1998 public lands law, the government often converted land to private hands through land exchanges. The deals were regularly criticized by lawmakers and taxpayers, who thought the government gave too much, and wilderness lovers, who thought they got too little.

Land sales, through acts like the 1980 Santini-Burton Act (which sold small tracts of Las Vegas-area land to finance land purchases in the Tahoe basin), were also laborious and the take often meager. A report in September 2001 by the General Accounting Office found that the Bureau of Land Management had sold 79,000 acres between 1991 and 2000 and received just \$3 million.

Under the 1998 act, the sales have grossed nearly 1,000 times that figure in the same amount of time — with less than half as much land. One reason is timing: the auctions began just as the Las Vegas real estate market heated up.

The proceeds took the law's architects by surprise. The Congressional Budget Office estimated in 1998 that the sales would gross some \$350 million over seven years. But developers spent more than twice that on a single day in November 2005, when 2,887 acres brought a record \$783 million in bids. The majority of auction offerings have been parcels of 10 acres or less. But by 2002, a few large swaths of public lands, more than 100 acres each, were starting to attract bids. At auctions in 2004 and 2005, three bidders bought a combined 10 square miles of land for \$1.7 billion for master-planned communities. These developments, often with tens of thousands of units, effectively convert desert into suburbia, complete with parks, artificial lakes, and preternaturally green golf courses.

One of those master builders is John Ritter, chief executive of Focus Property Group, who called the act "a tremendous success," adding that the fact that sale proceeds would be spent near the communities his company built was an added bonus.

"It's a well-thought-out way to release land," said Mr. Ritter, whose company paid \$557 million for 1,940 acres at an auction in 2004.

### Boat Ramps and Toilets

As quick as money flowed in to the special account, it flowed out. All spending requires authorization by the secretary of the interior from money held in an interest-bearing account, with recommendations from a four-member committee representing four major agencies that receive money from the act, the National Park Service, the United States Forest Service, the Fish and Wildlife

Service and the Bureau of Land Management.

Purchases receiving a green light have included a handsome array of land considered environmentally sensitive, which can be recommended by any interested group in the state, including nonprofit organizations and private landholders.

Among the highlights are the planned purchase of Incline Lake near Lake Tahoe, an \$83 million project headed by the United States Forest Service, which plans to open it to the public.

But other approved projects read like a Christmas list drafted in Carson City, the state capital: \$50.3 million for erosion control and fire prevention programs at Lake Tahoe; \$28.8 million in improvements to the picturesque and increasingly popular Red Rock Canyon conservation area; \$49.4 million for trails and other amenities at the Springs Preserve, a new environmentally friendly tourist attraction in downtown Las Vegas; and \$495,900 for 30 "premier" toilets, complete with "flush technology and solar lighting" at nearby Lake Mead.

This summer, ground was also broken on a tract of low-cost housing in southern Las Vegas, land sold to nonprofit developers at 5 percent of its appraised value.

More than \$400 million has also been allocated for building projects on federal lands for the four agencies represented on the executive committee. The law has also been amended six times, and 10 federal agencies, including the Highway Administration and the Army Corps of Engineers, now receive money through it.

Many projects have been focused on Lake Mead, on water pipes, boat ramps and restrooms, as well as pleasures like picnic tables and campgrounds. But the land sales have also helped federal agencies subsidize basic infrastructure needs, including phone lines, housing, equipment shelters, road construction, fire stations, parking lots, fencing and power supply.

A report last year by the Office of Management and Budget also raised questions about some of the spending, saying too much money went to "purely local projects, which do not reflect the highest priorities of the nation."

### Easing the Burden

Sure enough, the biggest category of approved spending by far has been the urban and suburban projects nominated by local governments, which quickly caught on that the sales of lands on their outskirts could be used to improve life in the heart of their cities. Local officials say that is only fair, arguing that the opening of the lands — and subsequent population growth — increases the stress on local governments to provide services and infrastructure.

The public expenditure, said Erik Pappa, a spokesman for Clark County, in an e-mail message,

“relieves some of that burden by providing funding for amenities to improve our quality of life.”

Amendments to the original law have also opened up more categories of spending, including up to \$300 million to be set aside for restoration programs in the Lake Tahoe basin, and new counties and groups eligible for money, including fire-safe councils and the Washoe Indian tribe. Some money has also started to be allocated for projects in California, as part of fire prevention programs in the Lake Tahoe region, which includes both states.

In 2006, \$476 million was allocated to parks, trails and natural areas throughout the state, a category that has included such cherries as a \$1.4 million softball complex in Caliente, a \$10 million Las Vegas park with boccie and shuffleboard courts and a \$1.5 million planning grant for picnic grounds in Alamo.

P. Lynn Scarlett, the deputy secretary of the interior, defended her agency's performance, saying the Bureau of Land Management “has very vigorously and carefully selected projects” for the various categories approved by Congress. Ms. Scarlett also said that the disparity between land sold and land bought would most likely equalize as pending purchases of tens of thousands of acres of environmentally sensitive land went through.

For now, with the real estate market here and nationally in a tailspin, the flow of new financing has slowed. Likewise, sales at auctions so far this year have brought in only \$20 million.

At the most recent auction, on Nov. 1, the average price per acre topped \$500,000, though only one parcel — of 31 offered — sold. In the early days, an acre typically fetched less than \$100,000.

Both developers and local politicians have blamed the auction system for inflating land values in the Las Vegas Valley, and some groups have started to push for the boundary to be expanded even farther to lower those costs.

Steve Hill, a major concrete supplier and the chairman of the governmental affairs committee of the Las Vegas Chamber of Commerce, said the lack of available land was making it hard for housing projects to make financial sense, a situation made worse by the mortgage crisis. As such the law was unintentionally encouraging the growth of far-flung suburbs throughout Southern Nevada, Mr. Hill said. Because Las Vegas is encircled by federal lands, these suburbs are forced miles away.

“There are those that feel that land constraint is part social engineering, but the idea that we're going to squeeze people outside the disposal boundary and push them 50 miles away has social and environmental consequences as well,” he said. “It would be like saying, you can live on the island of Manhattan or you have to live 50 miles away.”

Defenders of the growth of Las Vegas, which is expected to devour its available land by 2017, say the



city is in fact very dense, not sprawling. They often refer to the "Manhattanization" of the city, with more and more vertical developments planned, making even more urgent the demand for public parks and other amenities.

"I believe in 100 years they'll be studying this as a great piece of public policy," Mr. Montandon, the North Las Vegas mayor, said of the 1998 law. "I think it will go right up beside Robert Moses building New York."

Meanwhile, plans for similar land sales are moving forward elsewhere in the West. A bill to sell land in fast-growing Washington County in southwestern Utah stalled in Congress last year. But its author, Senator Robert F. Bennett of Utah, said he would introduce another version this year.

Both of Nevada's senators, Mr. Ensign and Mr. Reid, are circumspect about the spoils or the concept being expanded elsewhere.

"Nevada is doing just fine," said Mr. Reid, who posed at the ground-breaking for the \$64 million shooting range in October 2006. "But I'm not going to be trying to be a missionary for people doing this in other states."

*Jesse McKinley reported from Las Vegas, and Griffin Palmer from New York.*

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