

**MINUTES OF THE
BUDGET SUBCOMMITTEE
OF THE LEGISLATIVE COMMISSION**

**Seventy-second Session
January 31, 2003**

The Budget Subcommittee of the Legislative Commission was called to order by Chairman Morse Arberry Jr., at 8:30 a.m., on Friday, January 31, 2003, in Room 4100 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Raymond D. Rawson, Vice Chairman
Senator Dean A. Rhoads
Senator Barbara K. Cegavske
Senator Sandra J. Tiffany
Senator Bob Coffin
Senator Bernice Mathews

SENATE COMMITTEE MEMBERS ABSENT:

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Senator William J. Raggio, Chairman (Excused)

ASSEMBLY COMMITTEE MEMBERS PRESENT:

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Mr. Morse Arberry Jr., Chairman
Mr. Bob Beers
Mrs. Vonne S. Chowning
Ms. Dawn Gibbons
Mr. Josh Griffin
Mr. Lynn C. Hettrick
Ms. Sheila Leslie
Mr. John W. Marvel
Ms. Kathryn A. McClain
Mr. David R. Parks
Mr. Richard D. Perkins

ASSEMBLY COMMITTEE MEMBERS ABSENT:

Ms. Christina R. Giunchigliani, Vice Chairwoman (Excused)
Mr. David E. Goldwater (Excused)
Mr. Walter Andonov (Excused)

STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Brian M. Burke, Senior Program Analyst
Michael J. Chapman, Program Analyst
James D. Earl, Committee Secretary

OTHERS PRESENT:

R. Michael Turnipseed, Director, State Department of Conservation and Natural Resources
Hugh Ricci, P.E., State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources
Terry R. Crawford, Administrator, Division of Wildlife, State Department of Conservation and Natural Resources
Steve Robinson, State Forester Firewarden, Division of Forestry, State Department of Conservation and Natural Resources
Pete Anderson, Deputy State Forester, Division of Forestry, State Department of Conservation and Natural Resources
Allen Biaggi, Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources
Wayne R. Perock, Administrator, Division of State Parks, State Department of Conservation and Natural Resources
Steve Weaver, Chief of Planning and Development, Division of State Parks, State Department of Conservation and Natural Resources
Allen Newberry, Chief of Operations and Maintenance, Division of State Parks, State Department of Conservation and Natural Resources
Pamela B. Wilcox, Administrator and State Land Registrar, Division of State Lands, State Department of Conservation and Natural Resources
Catherine Barcomb, Administrator, Commission for the Preservation of Wild Horses, State Department of Conservation and Natural Resources
Glenn H. Clemmer, Program Manager, Nevada Natural Heritage Program, State Department of Conservation and Natural Resources
Juan Palma, Executive Director, Tahoe Regional Planning Agency

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES BUDGET OVERVIEW

R. MICHAEL TURNIPSEED, P.E., DIRECTOR, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

Overall, the department's budget is about \$3.5 million less than the current fiscal year. The General Fund represents less than 20 percent of the entire department's budget. Our department and the divisions are a little cramped for space. We have aging vehicle fleets and aging computers. We have deferred maintenance and certain projects. However, overall, we are doing fine. We will be able to complete our mission.

Here are some of the highlights of the director's office budget. We fulfilled the "two times" rule, an Executive Branch formula to limit agency budget requests, while including a new administrative services officer for forestry. Our 3 percent cuts are carried forward into the budgets of the next 2 years. We were able to fund a new accounting position in our fiscal section and a new administrative clerical position in the director's office. The Question 1 Bond Program will cause us to hire two more people in the director's office. Those salaries will be paid out of bond proceeds or from interest on the bonds. There will be no impact on the General Fund.

Some time back, I transferred the forestry fiscal unit into the Division of Forestry for administrative reasons. Since 1995, the Nevada Division of Forestry (NDF) fiscal operations have been performed by the director's office. This has led to a disconnect. The offices were across town from each other. Earlier this year, we moved them to the same location. In enhancement decision unit E-901, all of the money will be transferred into budget account (B/A) 4195 out of B/A 4150.

ASSEMBLYMAN MARVEL:

Who will explain how the bond proceeds will be spent?

MR. TURNIPSEED:

The bond totals \$200 million, some of which goes to museums, a large portion of which goes to wildlife, another large portion to parks. About \$65.5 million goes through Pam Wilcox, Administrator of the Division of State Lands, to the local and non-profit agencies. She will explain that portion in her

testimony. About \$35 million flows through the director's office to the Department of Cultural Affairs for the museum in Las Vegas. Some \$27 million flows through the director's office to the Division of Wildlife.

ASSEMBLYMAN MARVEL:
When will you start selling bonds?

MR. TURNIPSEED:
The first bond sale will be in June. Pam Wilcox is traveling now to determine the match eligibility.

ASSEMBLYMAN MARVEL:
How much will the first issue be?

MR. TURNIPSEED:
I do not know. We have not yet heard from museums. They wanted money 2 years ago. The new museum will be constructed on the same property as the Las Vegas Springs Preserve. That is a small area, so there are limits on the amount of construction equipment. Between now and June museums will figure out what their first draw needs to be. Wildlife will figure out what its draw needs to be. Parks already has a time-line to expend its money over the next 6 years.

ASSEMBLYMAN MARVEL:
Will we know before the session is over?

MR. TURNIPSEED:
Yes.

SENATOR RHOADS:
Why has the climatologist been taken out of the budget?

MR. TURNIPSEED:
That deletion was part of our budget-cutting measures. I hope the university system can pick up our part of that salary. Actually, I can get everything the climatologist would give me from the web site of the National Oceanographic and Atmospheric Administration (NOAA). I can get that information instantly. We felt this was cheaper. I am more interested in the snow survey and knowing how much water is going to flow than knowing how much it rained yesterday or last month or last year.

HUGH RICCI, STATE ENGINEER, DIVISION OF WATER RESOURCES, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:
Over the last biennium, we have given up about \$120,000 annually. Our fiscal year (FY) budget for FY 2004 and FY 2005 is about the same as it has been except for the imposed 3 percent cut. We did not meet all our performance indicators. In the last biennium we had two people leave the agency, an unexpected staff death, and four retirements. These losses represent about 10 percent of our staff. It took time to recruit and fill the positions, and to train the people we hired. This is why we did not meet the expectations of the performance indicators. We have kept the indicators extremely high. We think we can meet them with staff readjustment. We have also hired a contractor to do some dam inspections. One other legislative concern is our backlog of applications. We still have around 3000. Our definition of backlog is anything 1 year prior to the last date we can take action. That number changes almost daily. We have gone back as far as 1985 to determine what applications we absolutely cannot do. We have moved those we can do towards the front of the queue. We are slowly working on these.

TERRY R. CRAWFORTH, ADMINISTRATOR, DIVISION OF WILDLIFE, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:
My presentation to the committee will involve a PowerPoint presentation, hard copies of which have been distributed ([Exhibit C](#). Original is on file in the Research Library.)

The Division of Wildlife is a user-funded agency. Our statutory mission is found on slide 1A. We

manage 636 species of wildlife as depicted on slide 1B. Annually, there are 757,000 people who spend a total of 3.73 million days a year in Nevada conducting wildlife-related recreation. The estimated value of those activities is a little over \$600 million per year as shown on slide 2A. The history of the agency is depicted on slide 2B. The state agency was created in 1949 because of the availability of federal funding and user fees. Significant legislation is identified on slide 3A. These actions describe our responsibilities. We are also the boating agency in Nevada. Our agency profile is depicted on slide 3B. We have seven bureaus. These develop and implement statewide programs shown through slide 4A. They are administrative services, education, fisheries, game program, habitat, law enforcement program, and a wildlife diversity program, our newest program.

We began our strategic planning process in the early 1990s, and completed our Comprehensive Strategic Plan in 1997 as shown on slide 4B. It has been used as a model here in Nevada and around the country. We identified goals based on stakeholder input. We made promises to our customers and have kept them in the substantive areas identified in slides 5A through 7B.

It is now time for us to develop a new plan as our current plan draws to a close. Our responsibilities will continue to grow as shown on slide 8A. We will be expected to take the lead in these areas.

ASSEMBLYMAN MARVEL:

Where are we with the sage grouse preservation plan?

MR. CRAWFORTH:

The Governor's state team has three draft plans from local planning groups. Three more are coming. We will be pulling those together into a statewide plan during this calendar year.

ASSEMBLYMAN MARVEL:

Do you feel confident that the U.S. Fish and Wildlife Service will accept it?

MR. CRAWFORTH:

If they are looking at a listing petition for the sage grouse, then I believe our plan will be viewed favorably. We have had success in the past. As you are aware, we have had petitions for the Stateline populations known as the Mono Basin population. Our work has had substantial impact on that species not being listed.

We are seeing increasing urban interface issues involving bears, lions, deer, coyotes, and tortoise. A lot of wildlife is moving into town as folks move into wildlife habitat. Our increasing human population places increasing demands on us for education. We have also lost a lot of important wildlife range to fire and continuing drought. There are more demands on us for program adjustments. These are not inexpensive programs, particularly where dealing with wildlife health and viability.

We have five budget accounts as depicted in slide 8B. In 2001-2002 they totaled \$28 million. Our principal operating account is the wildlife B/A 4452. It is primarily user-fee funded. The 1 percent, \$200,000 a year, we have been receiving from tourism is not recommended in the Governor's budget for the upcoming biennium.

Now let me turn to where we are going. It will be necessary for us to find some additional, consistent funding sources in order to sustain wildlife management.

ASSEMBLYMAN MARVEL:

Do you anticipate raising any of the fees?

MR. CRAWFORTH:

Yes, we have a substantial fee-increase proposal in the Governor's budget. The American model for funding wildlife conservation for well over a hundred years has been "consumptive user pays". Our use of this model in Nevada is depicted on slide 10B. Federal program money comes from excise taxes paid on arms and ammunition, fishing poles, and boating equipment. This money is apportioned to states on

the basis of a formula. All information indicates that those revenues will remain relatively flat, and perhaps decrease over the coming decade. Our license fees and license sales trends are shown on slide 11A. These were flat over the last several years, and will continue to be so. We are fortunate in that our state is not losing numbers of hunters and anglers. However, they are becoming a smaller percentage of the state population. There will be an occasional adjustment in our license sales based on climate. Our agency revenue is heavily impacted by climate. We have seen major shifts in the past.

ASSEMBLYMAN BEERS:

Would you elaborate? We read it is supposed to be very dry. Does that hurt you?

MR. CRAWFORTH:

Very much so. When we had the last drought for 7 years, reservoirs were going dry. We had fish in our fish hatcheries and no place to plant them. Wildlife is unable to reproduce. Quality of habitat is unsustainable. Our revenue went down drastically in the early 1990s. Then we had 5 wet years, and the wildlife situation was much improved. We have wild swings in our revenue based on climate. We are right on the edge now after 4 years of drought. We are seeing the cycle start again.

Slide 11B shows the General Fund appropriations we have received. Beginning in the early 1990s, we received funds for what was then known as our "non-game program". This involved management of non-consumptive wildlife species. Funding has been fairly static. The two blips you see on the graph depict the years the Legislature provided for a low cost license reimbursement to the agency for fees set below standard. There has been some debate in these committees over that issue.

We have projected our revenues and expenses out through FY 2007 in slide 12A. We assume no program growth, existing funding, and expenditures without salary increases. The status of the wildlife reserve account has been important to these committees in the past. We are impacted in cash flow because we receive about 65 percent of our revenues in the spring of the year. As a result, our bank account is pretty low now. If we project existing programs and revenues through FY 2007, we will be about \$7.5 million in the hole. We are well aware that we cannot do that. Accordingly, we have developed some funding proposals to maintain our existing program. This is necessary to keep our promises to future generations. Sportsmen and women across the country have always stepped forward to fund wildlife management. Some will be willing to continue to do this, some not. We have proposed across-the-board fee increases. This includes hunting, fishing, and boating in order to cover our existing costs. We have also included a consumer-price-index trigger, the government price deflator, or something like that. We would not see any revenue from these fee increases until the spring of next year because our license year begins either January 1 or March 1.

One of the reasons we hope for approval of a consumer-price-index trigger in our license fees is depicted in slide 13B. We periodically ask for a fee increase. However, we are always playing "catch-up" and we never quite catch up. A number of states have placed "catch-up" provisions in legislation, and with a consumer-price-index trigger, adjust their license fees annually. This is what we are hoping to do.

Our fee proposal in slide 14A would add just the amount that is shown on the top of the blocks to cover the \$7.5 million shortfall I mentioned earlier. Slide 14B shows the effect of the consumer-price-index approach on several license fees. If we had such a trigger starting in 1996, our current proposals would produce similar effects, although non-residents would be hit a little harder. If our fee proposal is adopted intact, the result, as shown in slide 15A, will be that FY 2004 will be tight. After that, the reserve starts to build slightly.

Our fee proposal also contains a new habitat conservation fee as shown on slide 15B. We have done substantial work in range rehabilitation and other habitat issues in recent years. We have been pretty successful although more rain would have helped. We are asking that a habitat fee be added to each license fee to go to an obligated account.

We are also asking for an upland game bird fee to help fund programs for habitat for those game birds. Slide 16A shows volunteers putting in water "guzzlers" in the background.

SENATOR RHOADS:

What happened to the \$3 predator fee to support the predator program?

MR. CRAWFORTH:

We have implemented that program. The fee is \$3 on each application for a tag. This generates a little over \$300,000. This is different from the \$3 habitat fee. The predator fee came from A.B. No. 291 of the 71st session.

A group of sportsmen in southern Nevada is interested in a sportsman's license plate. The agency is supportive. I am cognizant of the admonitions from Legislators about new plates last session. Potential funding is depicted on slide 16B.

Another funding source relatively new to us is the Conservation and Reinvestment Act. This federal legislation has not passed. However, Congress has provided some funds in state wildlife grants. We have been using that money matched against our General Fund to improve our wildlife diversity program. We were doing okay in FY 2002 and FY 2003. However, with the federal budget situation, funds have been reduced as shown in slide 17A. We think we can maintain our situation with General Fund support for several years while we look for additional funding for non-game species support.

Turning to the Question 1 bond on slide 17B, this is a wonderful program. The earlier Question 5 funding will complete some very good projects. Question 1 bond funding will provide us the opportunity to continue, but it does not help pay the light bill. In fact, it sometimes brings additional burdens. We are asking the public to identify areas where we should be active.

Note the budget highlights on slide 18A indicating a no-growth budget. With cost increases, it is a little larger. This is not program growth. We have lost 3.5 positions. We will have to trim operations further. We have done a substantial amount already, eliminating one layer of the bureaucracy in our agency. Those people are now in the field. You can see our continuing initiatives on the slide.

We are ready to go with the Lake Mead hatchery. The design is complete and we are ready to contract as soon as we get funding from the bond sale. Those bonds will be paid primarily with trout stamp revenues and federal funds. We are wrapping up our new on-line licensing system. Boat licensing is on-line this year. You will be able to purchase a hunting and fishing license on-line. Many of our agents around the state will have terminals in their facilities. This is good business. We can get funds sooner and track them. We have been reporting to the legislature on this system quarterly since it was approved last session.

We need to continue the sage grouse conservation program. This is very important for all wildlife in the state. The predator program, primarily directed at research and management, is now in its second year. We need to finish a new wildlife diversity program. We are underway on a boating education program to be implemented this year. We continue with our boating access program, boating ramps program, and others funded from the obligated reserve.

ASSEMBLYMAN BEERS:

Is it possible to use inmate labor to replace the "guzzler" that was nicked by vandals north of Las Vegas discovered recently? Apparently, there is a \$25,000 price tag to fix it. Can this be reduced by using inmates?

MR. CRAWFORTH:

We have used prison labor on a lot of projects in the past, particularly in remote areas where we have a camp. In this particular situation, Arrow Canyon, prison labor is a possibility. However, with water developments we have more than enough volunteers.

STEVE ROBINSON, STATE FORESTER FIREWARDEN, DIVISION OF FORESTRY, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

I will give an overview utilizing the handout you have, Nevada Division of Forestry, and the associated

slide show. ([Exhibit D](#). Original on file in the Research Library.) It addresses some lesser-known programs and identifies minor changes in our budget. The division has roughly 230 full-time employees and a total budget of \$31 million annually. Seasonal employees raise that figure to about 300 during the fire season. Of the \$31 million, approximately one-third is federally funded, one-third comes from the counties to which we provide fire protection, and the remaining one-third comes from the General Fund. One of the priorities we received from the Governor in 2001 was to pursue every possible federal funding dollar. Over a 3-year period, we have pulled in approximately \$10 million, primarily from the U.S. Forest Service and Department of Interior.

PETE ANDERSON, DEPUTY STATE FORESTER, DIVISION OF FORESTRY, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

The division has three regions covering the entire state as described on slide 1. We have offices in Washoe Valley, Elko, and Las Vegas. Our staff works closely with State and local governments for protection from wildland fire. Cooperative protection activities encompass about 18.4 million acres in the State. Currently, we are striving to place six foresters throughout the State to assist local communities with hazardous fuel reduction and the pursuit of grant funds. We work with a wide variety of state, local, and federal partners, including the State Legislature as shown on page 2.

We are faced with increasing numbers of more intense wild fires, which negatively impact natural resources, tourism, and agricultural. The loss of many acres, particularly in northern Nevada, has seriously impacted mule deer and sage grouse habitat.

MR. ROBINSON:

Over the last three seasons, fires have hit the same acreage twice. This hits ranchers particularly hard.

MR. ANDERSON:

The division manages fire districts in eight Nevada counties, as depicted on page 5, providing direct protection for 8.5 million acres. We provide a range of emergency services from wildfire suppression to paramedic responses. Our counties are in a critical state of change, having the potential to reduce our ability to suppress wildfires in the future.

As page 6 illustrates, volunteers are the backbone of emergency services in Nevada. The division provides technical assistance, cost share grants, and training to volunteer fire departments throughout the state. Our mechanical shops rebuild used federal and state vehicles into functioning fire engines and water tenders for our volunteer fire departments.

MR. ROBINSON:

The volunteer service is not only the backbone in the rural communities, but also in outlying urban areas, particularly for initial attack and medical service. Wildlife mentioned it has aging fleets and buildings; in our case we have aging firemen and firefighters, particularly among the volunteer force. We are not replacing them as we need to in order to continue services.

ASSEMBLYMAN MARVEL:

Will there be a reduction in honor camp crews?

MR. ROBINSON:

When the Governor looked at the \$38 million in reductions a few months ago, we considered closure of a couple of the camps. After consideration by the forestry division, corrections, and the Governor, it was decided the camps were such an integral part of our rural assets and infrastructure that all of the camps would be kept open. We have reduced four crews and four crew supervisors across the state.

ASSEMBLYMAN MARVEL:

If you have a reduction in crews, will that impair your fire fighting ability? They have been instrumental as first responders.

MR. ROBINSON:

Any crew reduction will result in impairment. Our inmate crews fill the holes throughout the State

where either State or federal employees are not present. We provide initial attack with those inmate crews for the federal government. The federal government would have a very hard time if we did not have inmate crews. However, we are not at the point where services will be reduced.

ASSEMBLYMAN MARVEL:

Will you be able to respond as in the past? We do not want to be penny-wise and pound-foolish. We lose a lot of valuable assets to these fires.

MR. ROBINSON:

Fire takes precedence because it is an emergency. If crews are on a conservation or building project and we have a fire, they are pulled off and the fire takes precedence. We do not believe our capabilities will be diminished.

MR. ANDERSON:

The division's Urban and Community Forestry Program, on slide 7, provides technical assistance, cost-share grants, and skilled labor to Nevada communities. A strong, long-term partnership with the Shade Tree Council has resulted in successful tree planting projects from Boulder City to Beatty, and from Caliente to Reno. Our Nevada Big Tree Program, page 9, involves the public in locating and documenting the State's largest tree species. We are proud of our urban forestry program. It has received national recognition.

Slide 10 shows the division provides scientifically-based education to Nevada teachers and students to improve their knowledge of natural resources. Our plant material nurseries, located in Washoe Valley and within the Floyd Lamb State Park in Las Vegas, provide conservation-grade trees and shrubs to a variety of agencies, local governments, and the public. We currently have several large growing contracts, including two for the Southern Nevada Water District and the City of Henderson. Approved by the 1995 Legislature, our Nevada seedbank continues to provide native and adapted seed to rehabilitation projects around the State as seen on slide 12. Both our nursery and seedbank are successful, enterprising budgets with no General Fund support.

MR. ROBINSON:

I hope to get a federal grant of about \$500,000 to expand the capability of the seedbank in Washoe Valley. The grant was initially approved, only to be pulled back, because of federal funding problems. If funds become available, we will increase the capability of the seedbank and its storage capabilities. We also hope to interest other growers in seed production for wildlife and federal agencies.

MR. ANDERSON:

Pursuant to statutory authority, the division regulates the commercial harvest of Christmas trees, cactus, and yucca on private lands. Illegal harvesting of cactus and yucca is expanding in our southern Nevada region. Considerable combined efforts of state and federal agencies are required to control this activity. In conjunction with the Nevada Heritage Program, the division manages critically endangered native plants. Successful conservation strategies have benefited not only listed species, but also allowed a wide variety of land uses.

MR. ROBINSON:

The state endangered list has proven to work quite well with private industry. One of the best examples is at the geothermal facilities at Steamboat. Working together, we have expanded the population of endangered buckwheat in the only location in the world where this species occurs.

MR. ANDERSON:

Our popular forest stewardship program provides assistance and cost share grants to private landowners for conservation projects, riverbank restoration after floods as in 1996 and 1997, timber stand improvement, and agricultural windbreaks. The division and the Department of Corrections manage 10 conservation camps fielding approximately 80 twelve-person crews for fire suppression, conservation and community service as listed on slide 16. Our crews have recently completed an elementary school in Pioche, the community college in Ely, and a variety of other projects. Our Carlin and Wells conservation camps assisted Elko County with the moving and restoration of Sherman

Station, now located in the city of Elko, and assisted with a remodel of the county courthouse.

Our crews are heavily involved in hazardous fuels reduction throughout the state to reduce the threat of wildland fires. Stewart and Silver Springs camp crews responded immediately to stabilize State park lands damaged by the Gondola Fire last summer. The rehabilitation project minimized the potential for erosion and impacts to Lake Tahoe water quality.

Our aging vehicle fleet poses a serious problem as shown on slide 21. We are hopeful we will soon be able to utilize some of the revenue we generate to replace vehicles and equipment.

The health of our forests is an expanding problem. Trees stressed by both drought and overstocked stands are dying at an increasing rate. Our foresters are providing technical assistance to landowners to address these forest health issues.

The division's newest initiative is the national fire plan. This has brought about \$10 million to the State for projects such as fuels reduction, equipment, and training. Through active fuels reduction, we reduce the impact of wildlands fire. The Hobart Junction area south of Gardnerville is shown on slide 24 where overstocked dying stands of pinion were thinned with accompanying brush reduction to lower the fire hazard.

MR. ROBINSON:

Although you cannot see it very well, there is a home among the trees on slide 24. This is an example of urban interface problems we have all over the State. We are trying to put money, particularly federal money, into our fuels reduction program.

MR. ANDERSON:

Another example is the seasonal recreational community at Mt. Wilson, located in northeastern Lincoln County. A community assessment and fuels-reduction plan was recently completed with national firefighting funding. Heavy fuels, coupled with limited access and water sources make the community very susceptible to wildfire. Through the pinion trees in slide 27 one can barely make out a residence. This situation is quite common throughout the community.

Mt. Charleston is also a high priority area for fuels reduction due to extensive development and high public visitation. Community assessments have been completed for Mt. Charleston. We are pursuing funds to reduce the existing fuel problem.

MR. ROBINSON:

The Lost Cabin Fire last summer in the south graphically brought home the problem to people in the Las Vegas Valley. It was the first big fire in quite a while in the area indicating a real risk of catastrophic fire exists in the area.

ASSEMBLYMAN MARVEL:

The audit report had 12 recommendations. How close are you to coming into compliance with them?

MR. ROBINSON:

We accepted all of them. Our first report is due in March. The recommendations we can implement internally will be done this spring. Recommendations involving billing procedures and software usage will not be implemented as quickly because of the costs involved. We are trying to get federal funding to pay for at least part of that software. We are making good progress.

ASSEMBLYMAN MARVEL:

Will the transfer of some of the fiscal people back into your division help to implement these recommendations?

MR. ROBINSON:

I believe it has already. I think the fiscal part of an agency should be with the administration of the agency. It is right to return the management responsibility to me.

ASSEMBLYMAN MARVEL:

I really appreciate your cooperation with the auditors.

SENATOR COFFIN:

Are your firefighting aircraft, similar to those involved in recent accidents, contracted by the State, by federal agencies, or jointly in a cost-sharing arrangement?

MR. ROBINSON:

The federal agencies hire the contactors. If the fire is on State or private land we are covering, then the state reimburses the federal authorities.

SENATOR COFFIN:

What is being done to get old planes out of service? I read one company had acquired airplanes under false pretenses and put them in high stress situations, and that led to crashes and deaths. If we have knowledge of that and are not doing something about it, we appear to be a "party to the crime". If we know a contractor is using a disaster-prone aircraft, what can we do?

MR. ROBINSON:

There are two things we can do. In addition to the triple fatality in Walker, California, there were eight more pilots killed in the country last year in bomber crashes. The Governor asked us to conduct a safety review, now underway. We are interviewing people to ensure we do not have problems with the fixed wing aircraft or helicopters we operate. The U.S. Forest Service and Department of the Interior put us in a potential bind when fire season opens because half of the federal fleet is grounded. Those twin engine, large tankers are not going to fly again because of safety issues. We rely on those aircraft using retardant for our initial attacks to prevent fires from getting out of hand. We want to protect the State using our fleet and the available federal assets. I have to tell you, we have not solved that problem. This is our greatest challenge to be ready for the fire season in the air.

SENATOR COFFIN:

Is there a cost we can pay to have fire-suppression aircraft on standby? Is there a queue for state requests? Do we wait for whatever is available?

MR. ROBINSON:

The federal resources are "national", to use the term used by the federal agencies. The Bureau of Land Management (BLM), by policy and perhaps by law, will not guarantee it will have aircraft available. If there is an active fire season in the west, with burns in Oregon and Montana, they may decide to move aircraft and helicopters out of State. We cannot get assurances in writing that sufficient aircraft will be dedicated to Nevada. Congressional delegations and governors fight for aircraft, and our Governor is, and has been, very ready to engage.

SENATOR COFFIN:

Are any C-130s in use in this kind of endeavor? Equipment seems almost always to be pre-1960 vintage. Is there a drop-in bladder for C-130s that would allow our National Guard aircraft to drop retardant on a fire by dropping the tail end door thereby allowing retardant to flow from the bladder?

MR. ROBINSON:

All the Forest Service C-130s are grounded at present.

SENATOR COFFIN:

Our National Guard C-130s are in good shape. Is it feasible to put kits in them?

MR. ROBINSON:

That is being done right now, although the state does not have a designated kit. There are some eight kits in the western states. General Vanderhoof and I have submitted a request that the next kit produced come to Nevada as our resource. The kit that fits in a C-130 is removable as the mission changes.

SENATOR COFFIN:
How much do the kits cost?

MR. ROBINSON:
They cost something between \$500,000 and \$1 million.

SENATOR COFFIN:
If we had the money, could we have two or three of those kits ready for fire season? Is the Guard permitted and capable of using them and then returning the aircraft to other missions once the fire season is over?

MR. ROBINSON:
The General is ready and able to assume this mission. In addition to the hardware and the retrofit, the process is very crew intensive. It takes a lot of people to operate the necessary equipment.

SENATOR COFFIN:
I would like to have some additional information on this subject.

ALLEN BIAGGI, ADMINISTRATOR, DIVISION OF ENVIRONMENTAL PROTECTION, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

Let me restate our statutory mission: to protect and enhance the environment consistent with public health and enjoyment, to propagate and protect terrestrial and aquatic life, operation of existing industries, pursuit of agriculture, and the economic development of the State. This is a difficult mission in light of increasing residential and industrial growth, and with static resources at both state and federal levels. Whenever we make decisions about the environment, we need to consider economics.

We have 191 full-time employees. We also use the services of three federal staff members, federal liaisons assigned by either the public health service or the U.S. Environmental Protection Agency (EPA). We have offices in Las Vegas and Carson City. We are organized into nine bureaus representing the environmental media that each regulates, including air and water quality, waste management, environmental cleanup, federal facility oversight for Department of Defense and Department of Energy facilities, and mining regulation and reclamation. We also have an office of fiscal and personnel management and a bureau of policy planning and information services.

The division is funded almost exclusively through fees and federal grants with one small General Fund appropriation to support salaries in our water quality planning program. It represents less than one-tenth of 1 percent of our overall agency executive budget. In FY 2003, we realized reductions of 5.5 percent of the General Fund money and we will realize an additional 3 percent reduction in FY 2004 and FY 2005. The division has a relatively complex funding structure, composed of a combination of federal grants from the EPA, Departments of Defense and Energy, and fees from our regulated communities. Currently, the agency has 17 budget accounts, including 7 executive agency budget accounts. We are asking for two more budget accounts to simplify our accounting processes and increase accountability in two complex programs.

We are asking for some new positions funded either through federal grants or fees. Budget account 3173 is our administrative function account for the agency. This is funded through an assessment of 25 percent of salaries and fringe benefits to all of the Division of Environmental Protection (DEP) programs and support personnel. There has been a dramatic increase in litigation over several years, primarily involving mining and corrective action, waste, chemical accident prevention, and air programs. As a result, the enhancement decision unit E-375 would increase our litigation support payment to the Office of the Attorney General. Support has been about \$233,000, and we are asking for an additional \$25,000. In E-710, and throughout our budget, you will see replacement and equipment schedules for computers at the approved Department of Information Technology 25 percent rate. This budget account also supports our agency local area network (LAN) system and software. Decision unit E-720 includes additional new software and equipment for agency-wide use. We are relying more on the Internet. We are attempting to reach out through our web site and through other services to provide

necessary public health and environmental information to our regulated community, and to the public.

In E-900 in this budget account there is an environmental scientist transferred to the air quality program to provide regulatory assistance to communities and regulated industries. Air quality programs are very complex and difficult to manage. We have a number of programs to assist our regulated community in compliance. This budget account also reflects the transfer from B/A 3187 of a bureau chief for our new bureau of planning, information systems, and outreach. Next fiscal year, we modify the way rent is paid. The entire Division's rent will be paid through B/A 3173, using an allocation formula assessing all other programs.

Budget account 3185 is air pollution control. The majority of new positions we request are located in this account, three staff positions and three engineers. Two are Environmental Scientists IIIs (ESIIIs), one is an Administrative Assistant III. These are funded through federal grants and the Department of Motor Vehicles pollution control funds. These programs are needed because of the increased residential and industrial growth throughout the state, particularly in the I-80 corridor and the related industrial growth, and to address a new non-attainment area in Pahrump related to dust issues. The EPA has placed new requirements on the states dealing with Maximum Achievable Control Technologies, or MACT, under Title 5. This encompasses new sectors in the state that need to be permitted such as landfills, paint booths, and dry cleaners. We will need new resources to address these additional concerns. We propose the transfer of one ESIII from B/A 3173 to help us with outreach activities. We also request additional air sampling equipment.

Budget account 3186 is the water pollution control program. This account has 25 revenue sources. The required funding maps are staggering in their complexity, making it difficult to track and prepare the budgets. Accountability can suffer as a result. We request splitting the programs in half through E-900. We will be requesting a new B/A 3193 to increase accountability. Within B/A 3186 and the new budget account, we request two new positions that are grant-and-fee funded. One is an ESIII for our non-point source pollution program. Non-point source pollution is pollution like urban runoff, agricultural runoff, and erosion control. We request a new position in the Bureau of Water Pollution Control to address storm-water issues. We also ask for the transfer of two individuals from the Health Division concerning laboratory certification regarding licensing labs related to analytical services for Clean Water Act and Safe Drinking Water Act compliance. This has been in the works for 2 years. We are also evaluating the need through a Bill Draft Request (BDR) to bring the state revolving loan fund from the Health Division to the Division of Environmental Protection. This uses General Fund dollars. I have already indicated the cuts we have made over the last 2 years.

Major water pollution issues in the next few years include Walker Lake. We face challenges involving water quality, water allocation, upstream and downstream users, and storm water issues. Confined animal feeding operations are going to be an issue with regard to dairies, agricultural operations, and new federal regulations.

Budget account 3187 is the largest account in the agency both in terms of staff and expenditures. There are 19 separate revenue sources in this account, and we are asking to split this account to simplify accounts and procedures. This would be accomplished through E-900 and would transfer our federal facilities programs out of the existing account and into new B/A 3198. We are contemplating a new Federal Facilities Bureau chief. This position is revenue neutral, funded through federal grants. We would reduce contracts in order to support that bureau chief. We are requesting an upgrade of an Administrative Assistant II to an Administrative Assistant III in our corrective action program using hazardous waste management funds. We request a new position for oversight management of underground storage tanks. This job includes the management of support funding to Clark and Washoe Counties.

We are looking for additional contract funds in the adjusted base to support a number of cleanup activities throughout Nevada, specifically at the Base Management, Inc. (BMI) complex in Clark County and at the Yerington Mine in Lyon County. Charging the responsible parties for the cleanup costs offsets these contract dollars. A major action relating to this budget account is chemical accident prevention. There have been several major industrial accidents including the Arrowtech fire in Las

Vegas and the DTI explosion in Douglas County that resulted in fatalities. We also have solid waste importation issues since Nevada is increasingly viewed by other states as a location for solid waste disposal.

Probably the most significant issue is perchlorate remediation. Perchlorate is a rocket fuel ingredient, manufactured for many years in the Las Vegas Valley. It is now impacting the Las Vegas wash, Lake Mead, the Colorado River, and the potential drinking water source for 23 million people.

SENATOR COFFIN:

Are there new federal standards on the acceptable level of perchlorate? Clearly this is a critical drinking water issue.

MR. BIAGGI:

It is critical. Perchlorate emerged as a hot topic about 1997 when new analytic procedures could detect perchlorate in the low parts-per-billion levels. That is when we started to find it in drinking water, not only in Nevada, but also in California and 22 other states. Because this is a relatively new compound, the health concerns are generally unknown. The only health impact we know of is as a treatment for Graves' disease. The EPA has undertaken a series of studies to evaluate perchlorate and determine what impacts it may have on human health. California also has studies underway. Depending on who one talks to, the standard may be between 1 part-per-billion and 4-10 parts-per-billion. This is not only a challenging technical issue, it is also a challenging political issue. I do not envision a maximum standard contaminant level coming from the federal government for perhaps another 18 months to 2 years. We may see a California standard emerge within the next 12 months, driven by legislation.

SENATOR COFFIN:

What is the oldest testing regarding effect of perchlorate? These oxidizers have been around the rocket industry for 40 or 50 years. There must be some studies tracking worker health in that industry.

MR. BIAGGI:

The most cited study comes from a Graves' disease study done in 1953, but it may not be up to current scientific standards. Other studies are ongoing on behalf of the EPA and others. There have been interesting studies out of places like Chile where perchlorate is naturally occurring in fertilizer deposits, resulting in high levels of perchlorate in the drinking water of some communities. There have been studies comparing those communities to others within Chile. We will obtain a copy of the studies.

I would like to highlight B/A 3188, our mining bureau. There are no requested increases; however, there are serious ongoing issues in the mining industry. As in health and construction, we are seeing the insurance and surety industries unwilling to provide financial assurance mechanisms to the mining industry. Many mining operations in the state find it difficult to meet the financial assurance requirements of both state and federal governments. We have issued a directive to the agency to make this issue a high priority. Over the last year we have established a corporate bonding summit and summit forum to try to address the issue. The forum consists of representatives from the mining industry, environmental groups, and the bonding and assurance industries. This problem is not unique to Nevada. It is a national and international issue. We are watching it closely because its impact, not only to the State's economy, but also to public health and the environment.

WAYNE R. PEROCK, ADMINISTRATOR, DIVISION OF STATE PARKS, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

The mission of the Division of State Parks is contained in Chapter 407 of the *Nevada Revised Statutes* (NRS) and guides the operation of the agency.

We have a long tradition in Nevada of setting aside state recreation resources. In 1923 Cathedral Gorge and the road in Valley of Fire were considered and managed as recreational resources. The division traces its roots to 1935 when state parks were recognized at Cathedral Gorge, Valley of Fire, and Kershaw-Ryan. We now operate 24 units in 13 of the 17 counties. We manage over 133,000 acres, including 102,000 acres of land and 30,000 acres of water. We own a little over 77,000 acres, and lease about 55,000 acres from federal agencies. Last year we had 3.3 million visitors. About 177,000

camped; 44,000 launched their boats. We collected revenues of \$2.2 million from visitors and other sources such as leases and concessions.

We have three types of parks. State parks are generally set aside for their natural qualities and scenic beauty. There are historic state parks that preserve and interpret cultural resources. Then there are state recreation areas where the prime attraction is active recreational pursuits such as boating and camping. All three types of parks may share components of the others.

We manage the parks in three different management sections: Administration, Planning and Development, and Operations and Maintenance. Planning and Development administers two federal grant programs, the Land and Water Conservation Fund, and the Recreation Trail Program. We have regional offices in Carson City, Fallon, and Las Vegas. Each of these manages several state parks in its local area.

Budget account 4162 is our primary operations and maintenance budget. The division traditionally has separated budget accounts to deal with park improvements, including new facilities as well as major renovations and replacement projects. Over the current biennium, the division has reverted over half a million dollars to assist in meeting the State financial shortfall. To generate that savings we have frozen and delayed filling positions, eliminated and postponed repairs, rehabilitation, and maintenance projects, and we have reorganized our operations. We have streamlined operations and become more efficient, and we continue to look for ways to improve. No new programs are requested in the budget before you, but we do expand existing programs consistent with the "two times" rule.

STEVE WEAVER, CHIEF OF PLANNING AND DEVELOPMENT, DIVISION OF STATE PARKS, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

My oral presentation will be submitted in written form, Planning & Development Presentation ([Exhibit E](#)).

SENATOR RAWSON:

I see there is an environmental impact statement on El Dorado Canyon, which is under consideration for reopening at Nelson. Will that be managed by the Federal Park Service or by the State?

MR. PEROCK:

That will be part of the Lake Mead National Recreation Area under the National Park Service.

SENATOR RAWSON:

Tourist money is not flowing into the State as it has previously. We plugged some holes in the budget last time using that revenue. Is the Governor's budget recommending a total substitution of tourist dollars with money from the General Fund? In other words, will you be shorted, or, if we approve the budget, will you come out okay?

MR. PEROCK:

I understand the budget office replaced much of the tourism money with General Fund dollars. There is still some tourism money in the budget before you.

SENATOR RAWSON:

I am impressed with the personnel in the park service. They are helpful and friendly, and work very hard, many in isolated areas. Are they compensated in line with other park services and with other state workers?

MR. PEROCK:

The National Association of State Parks updates compensation information annually. Our people are paid well compared to other park employees throughout the U.S. Our wage scale is neither on the low end nor on the upper end. Our personnel are actually better paid than rangers in neighboring states of equivalent size. We conducted a reclassification study several years ago that dealt with intra-State comparisons. As a result, compensation was increased for journeyman-type positions to bring them in

line with Forestry and Wildlife.

SENATOR RAWSON:

I compliment you on what you do with what we give you.

MR. PEROCK:

I will pass those compliments on to staff personally.

ALLEN NEWBERRY, CHIEF OF OPERATIONS AND MAINTENANCE, DIVISION OF STATE PARKS, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

Our budget is fairly flat and is within the "two times" rule. We are requesting several positions to be funded within the "two times" rule or by increased user fees. We are asking for an accounting assistant in the Fallon region. We recently combined two of our regions. The accounting staff will help cover those areas around Elko. We are also asking for a maintenance repair worker, E-276, to be located at Cave Lake State Park to cover that park and Ward Charcoal Ovens State Park. Ward Charcoal Ovens is about 120 miles north of Panaca where the regional office is located. There is no maintenance staff there although there are two state parks in the area. As a result, this is an important position.

Our equipment request is fairly flat. We had some shortfalls and made cuts to make up for them. We are basically asking for what was cut in the last biennium. Three trucks were cut, but four new trucks are requested in a supplemental package. The other equipment requested will replace aging fleet equipment. Four base stations and four repeater sites need repairs to make them compatible with the current system used for public safety in the parks. We need to replace aging generators and our computer systems need an update

SENATOR RAWSON:

You mentioned the repeater station. I believe we are in a transition period in dealing with communications. Do your people in isolated areas have communication?

MR. NEWBERRY:

All of our people have communications dispatched through the National State Parks system. We are in contact with local entities, including sheriffs. We have a good radio system.

SENATOR RAWSON:

Will you be affected if operational frequencies are changed as a result of session action?

MR. NEWBERRY:

That is correct.

Turning to the budget for annual maintenance, programs relating to facility design are still about \$30 million in arrears. We have an aging system as well as an aging fleet. Most of the money in the present budget, within the "two times" rule, will compensate and help us perform annual maintenance on facilities and grounds. We do not have any major renovation projects in the parks other than those listed in Question 1 as already discussed by Mr. Weaver.

PAMELA B. WILCOX, ADMINISTRATOR AND STATE LAND REGISTRAR, DIVISION OF STATE LANDS, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

I will present the highlights of three budgets, the Division of State Lands, the Division of Conservation Districts, and the Nevada Tahoe Regional Planning Agency (NTRPA).

The state lands budget starts on page CNR-18. This division has 18.6 positions located in Carson City in two separate offices. There is insufficient space for us to be in one place. The agency mission is to provide land services to the State. We hold title to all the State's lands with the exception of the university system, the Nevada Department of Transportation, and the Legislature. We provide technical land support to all of the State agencies, including buildings and grounds, prisons, parks, wildlife, and all agencies that manage land for the State. We are also the archive for the State's land records. We perform public information functions regarding State land titles. We have a State land planning agency

program to provide technical planning assistance to rural Nevada where zoning master planning is difficult due to lack of staff. We also have a planning program for federal land issues in Nevada. Our planners provide staff support to the NTRPA. We have two new programs in that section: Question 1, and the Mt. Charleston license plate approved last session. The Department of Motor Vehicles (DMV) has informed us that those plates are on sale. The extra funds for Mt. Charleston will be administered by our agency. We will also look for grants to improve the environment, recreation, and public access in the Mt. Charleston area. We head a Lake Tahoe resource team, an interagency group to implement the state's \$82 million Tahoe Environmental Improvement Program (EIP).

This is a flat budget with no new General Fund programs. The only new programs are the two I have mentioned. There are no new positions, no one-shots, no supplementals.

There are a few routine enhancements. We are making some office improvements, including implementing a 4 year computer replacement schedule. We also have some minor equipment to replace. Enhancement unit E-840 is our Question 1 request, and E-860 involves office furniture for our Tahoe EIP.

Turning to Question 1 in more detail, monies for both wildlife and parks are included as others have mentioned, and funds money for a number of projects. Question 1 is innovative in that it provides \$65.5 million in grants, primarily to local governments, but also to non-profits, for a variety of conservation purposes. We will have grant money to do open space planning and habitat conservation planning. This money is for the small counties. We will have \$20 million for grants for acquisition of lands and interests in lands for open space. We are going to have \$10 million for improvements to the Carson River available to riparian counties. Five million dollars will go toward improvements to the Tahoe path system. Eventually, one will be able to hike or bike along the lake in Nevada as well as in California. Fifteen million dollars will be available for partnerships with non-profits. This is a brand new program.

Existing staff will tell you they are really overloaded with the initial work, but it is important to move rapidly. We are in the middle of 11 workshops conducted around the State to aid in our development of implementing regulations. The response has been great. People all around the State are talking about local conservation needs and possible grant subjects. We will be coming back to you with reports.

Please turn your attention to our handout on the Tahoe EIP ([Exhibit F](#)). We are proud of that program. It has been successful largely because of the bipartisan support from the Legislature. We were the first of the partners in the Tahoe Basin to implement our share, some \$82 million. We are now 5 years into the program and on schedule. Our handout shows the progression and completion of our many projects. I am grateful to our inter-agency team, which includes personnel from parks, forestry, and wildlife. We also receive strong support from NDOT; it is doing environmental retrofits to all of the road systems in the basin.

ASSEMBLYWOMAN CHOWNING:

How much money has the Lake Tahoe license plate raised? Many projects have been completed with those funds. Now there will be additional funds coming in. Do we have too much of a good thing?

MS. WILCOX:

Money from license plate sales that is spent on EIP projects reduces the amount of bonds we need to sell. We are not double dipping here. We have collected about \$1.6 million in license plate funds, making this endeavor the State's most successful license plate program. Most of that money is going for improvement projects, although some is used to fund public information and research and monitoring in the basin.

ASSEMBLYWOMAN CHOWNING:

Is there enough to do with the \$1.6 million?

MS. WILCOX:

Certainly. We have more than enough uses for that money.

ASSEMBLYMAN ARBERRY:

The first page of your handout shows \$9.9 million in the second paragraph. Where is that in the budget?

MS. WILCOX:

That amount is in a separate bill. The Legislature provided \$82 million in the initial bill, but required us to return with a BDR requesting specific authority to sell the bonds needed for funding in each biennium. When that bill comes before you, we will present a presentation to provide in-depth information about the program.

I would now like to address the Division of Conservation Districts budget. It is on page CNR-10. This is a small agency located in Carson City with, two professional positions and one support position. No new positions are requested. This is a completely flat budget. This agency supports the State's 28 locally elected conservation districts. They work on a wide variety of important projects all over the state, including range improvement programs, soil erosion, productivity improvement, water conservation, water quality, public education, flood protection and mitigation, and many others. We are particularly proud the Legislature has provided grant funds for the districts. We have been giving them \$5,000 in grants. The performance indicator we are proudest of is the ratio of dollars generated to grant dollars. For every dollar of grant money we give to conservation districts, they generate \$15 in additional funds from the federal government, counties, and private donations. As a result, the \$140,000 we gave the districts over the last several years generated over \$2 million in additional funds.

The last budget I would like to present is for the NTRPA on page CNR-25, about \$470. The Division of State Lands provides staff service to the NTRPA board, Nevada's seven members of the Tahoe Regional Planning Agency (TRPA) board. When the compact was negotiated, the enforcement of provisions relating to the gaming industry in the basin was reserved to Nevada. The NTRPA monitors the gaming industry for compliance with those provisions, which froze gaming as of compact adoption. The budget is small because it covers only meetings of the board and staff travel for site reviews. No increase is requested.

CATHERINE BARCOMB, ADMINISTRATOR, COMMISSION FOR THE PRESERVATION OF WILD HORSES, DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

Our budget request retains the status quo. We do not have the funds to ask for additional positions or enhancements as some other agencies do. We rely on interest income from our trust fund. The next 2 years will be lean, and we are trying to keep our expenditures as low as possible. The Budget Office will submit a BDR; passage will allow us to spend into the trust fund original amount. The statutes currently provide for us to spend only fund interest. The projected interest is only \$19,000 and \$17,000 over the next 2 years. We cannot survive on that.

ASSEMBLYWOMAN CHOWNING:

Yesterday, the Department of Agriculture told us there were more wild horses being adopted. We did not hear about the prison program that received positive national attention. Is that program still in place?

MS BARCOMB:

Yes, it is. Every quarter we sponsor an adoption at the prison. This quarter's is next week. Currently 16 inmates are in the program. The capacity for training is 12 to 15 horses. The prison has a grant request pending with the National Wild Horse and Burro Foundation to purchase materials to increase capacity to a 40-horse training program. Additionally, there is a holding center at the Stewart facility where there will be an open house and horse show next Saturday to take bids on the horses offered for adoption. At the last adoption, every horse was adopted.

GLENN H. CLEMMER, PROGRAM MANAGER, NEVADA NATURAL HERITAGE PROGRAM, DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES:

My oral presentation is also submitted in written form, Nevada Natural Heritage Program ([Exhibit G](#)).

JUAN PALMA, EXECUTIVE DIRECTOR, TAHOE REGIONAL PLANNING AGENCY:

I will be speaking from my PowerPoint presentation. It has been distributed in hard copy, Tahoe Regional Planning Agency ([Exhibit H](#)).

In 1969, California, Nevada, and the federal government created TRPA. The underlying compact was amended in 1980, as shown on slide 1B, requiring the adoption of environmental thresholds, standards, and a regional plan.

Our mission is found on slide 1C. Our organizational structure is on slide 2A. A presidential appointment was recently made to our governing board, which has 15 members and is responsible for oversight and accountability.

Our programs and authorizations derive from the compact as illustrated on slide 2C. Our regional plan is derived from the standards, and divided into three main program areas as shown. Slide 2D describes our regulatory program. Slide 3A lays out our environmental improvement program. Our environmental threshold evaluation program is described on slide 3B. Slide 3C describes the history of lake clarity. Last year, our reading was 23.7 meters of clarity. Our goal is 33.4 meters of clarity.

The description of the agency budget begins with slide 4A. Expenditures are laid out on slide 4B. Funding specifics are found on slide 4C. TRPA is required to make budget requests on the basis of a fixed ratio. We have to request one-third of our funding from Nevada and two-thirds from California. We need not receive funding at that ratio, but that is how we must request it. As a result, our budget numbers do not reflect an exact numerical ratio between the contributions of Nevada and California.

TRPA has been and will continue to be impacted by budget reductions as shown on slide 4D. We have received record numbers of new construction projects for review. Real estate investment in the Lake Tahoe area seems to be advantaged by the conditions in the stock markets. We want to keep our project review as healthy as possible so that we can process these applications. Reductions will impact our ability, although we are taking measures to reduce the downside.

The enhancement requested from Nevada is contained in what we call "Pathway 2007" as shown on slide 5A. The next 20-year regional plan begins in 2007. We want to update our current plan through 2007 based on science and community input. We have three phases, as shown on the slide, to prepare for 2007. Phase I is broken down on slide 5B, and Phase II on slide 5C. Slide 5D is the last substantive slide and demonstrates our progress. Nevada's contribution of \$80 million leverages \$285 million.

ASSEMBLYMAN ARBERRY:

With no further business, we stand adjourned as of 11:07 a.m.

RESPECTFULLY SUBMITTED:

James D. Earl,
Committee Secretary

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE:_____

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Senator Raymond D. Rawson, Vice Chairman

DATE: _____
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