



**MINUTES OF THE MEETING
OF THE
LEGISLATIVE COMMITTEE ON PUBLIC LANDS
(*Nevada Revised Statutes 218.5363*)
December 7, 2001
Pioche, Nevada**

The third meeting of the Legislative Committee on Public Lands (*Nevada Revised Statutes 218.5363*) during the 2001-2002 interim was held on Friday, December 7, 2001, in the Pioche Town Hall, Hinman and Main Streets, Pioche, Nevada. Pages 2 and 3 contain the “Meeting Notice and Agenda” for this meeting.

COMMITTEE MEMBERS PRESENT:

Senator Dean A. Rhoads, Chairman
Senator Terry Care
Senator Mark A. James
Assemblyman Tom Collins
Assemblyman P.M. “Roy” Neighbors
Peter J. Goicoechea, Eureka County Commissioner

COMMITTEE MEMBER EXCUSED:

Assemblyman John W. Marvel, Vice Chairman

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Linda Eissmann, Senior Research Analyst, Research Division
R. René Yeckley, Principal Deputy Legislative Counsel, Legal Division
Christine Kuhl, Senior Research Secretary, Research Division

All place names mentioned in these minutes are in Nevada unless otherwise noted.

MEETING NOTICE AND AGENDA

Name of Organization: Nevada’s Legislative Committee on Public Lands
(*Nevada Revised Statutes 218.5363*)

Date and Time of Meeting: Friday, December 7, 2001
9 a.m.

Place of Meeting: Pioche Town Hall
Hinman and Main Streets
Pioche, Nevada

A G E N D A

I. Opening Remarks and Introductions

*II. Approval of the Minutes of the Meeting Held on September 28, 2001, in Las Vegas, Nevada

*III. Reports to the Committee

A. Update of Public Lands Issues in Lincoln and White Pine Counties

Dan Frehner or Tim Perkins, Members, Lincoln County Board of Commissioners
Member, White Pine County Board of Commissioners
Jeff Weeks, Assistant Field Manager, Nonrenewable Resources, Ely Field Office,
Bureau of Land Management (BLM), United States Department of the Interior
Jim Perkins, Assistant Field Manager, Renewable Resources, Ely Field Office,
BLM Jerry Green, Ely District Ranger, U.S. Forest Service, U.S. Department of
Agriculture

B. Presentation of the Pinion-Juniper Harvest Project in Lincoln County

John McClain, Principal, Resource Concepts, Inc.

C. Briefing of Vidler Water Company and Nevada Land and Resource Company Projects in Lincoln and White Pine Counties

Dorothy Timian-Palmer, Chief Operating Officer, Vidler Water, and Nevada Land
and Resource Companies
Steve Hartman, General Counsel

D. Status of the Lincoln County Land Act of 2000 (*Public Law* 106-298)

Doug Carriger, Lincoln County Manager
Jeff Weeks, Assistant Field Manager, Nonrenewable Resources, Ely Field Office,
BLM
Gene Drais, Lincoln County Lands Act Project Manager, Ely Field Office, BLM

E. Update of Activities of the Southern Nevada Water Authority: Cooperative Water Resources Project, Rural County Partnership, and Experiences with Endangered Species Habitat Planning in Clark County

Julie Wilcox, Director of Public Services, Southern Nevada Water Authority

F. Status of Grazing Activities in Lincoln and White Pine Counties

Merlin Flake, Chairman, N-4 State Grazing Board

G. Briefing of the Great Basin Restoration Initiative

Betsy Macfarlan, Eastern Nevada Landscape Coalition
Jeff Weeks, Assistant Field Manager, Nonrenewable Resources, Ely Field Office,
BLM
Gary Medlyn, Soils Specialist, Ely Field Office, BLM

H. Status of the Construction of a Fence Along a Portion of U.S. Highway 319 Between Panaca and the Nevada-Utah State Line

Fred Fisher, Natural Resources Supervisor, Ely Field Office, BLM

I. Status of the "Land in Lieu of PILT" (Payment in Lieu of Taxes) Proposal
Linda Eissmann, Senior Research Analyst, Legislative Counsel Bureau

IV. Public Comment

*V. Possible Work Session on Preceding Agenda Items

*Denotes items on which the committee may take action.

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Research Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call Christine Kuhl at (775) 684-6825 as soon as possible.

Notice of this meeting was posted in the following Carson City, Nevada, locations: Blasdel Building, 209 East Musser Street; Capitol Press Corps, Basement, Capitol Building; City Hall, 201 North Carson Street; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was faxed for posting to the following Las Vegas, Nevada, locations: Clark County Office, 500 South Grand Central Parkway; and Grant Sawyer State Office Building, 555 East Washington Avenue. Notice of this meeting was faxed for posting to the following Pioche location: Pioche Town Hall, Hinman and Main Streets. Notice of this meeting was posted on the Internet through the Nevada Legislature's Web site at: www.leg.state.nv.us.

OPENING REMARKS AND INTRODUCTIONS

Chairman Rhoads called the meeting to order at 9 a.m. and welcomed those in attendance. Following brief announcements from the Chairman, the Committee members and staff introduced themselves.

A packet of information containing materials pertinent to the meeting was provided by Linda Eissmann, Senior Research Analyst, Research Division, Legislative Counsel Bureau, Carson City, (Exhibit A).

APPROVAL OF THE MINUTES OF THE MEETING HELD ON SEPTEMBER 28, 2001, IN LAS VEGAS, NEVADA

ASSEMBLYMAN NEIGHBORS MOVED TO APPROVE THE MINUTES OF THE MEETING HELD SEPTEMBER 28, 2001, IN LAS VEGAS, NEVADA. THE MOTION WAS SECONDED BY ASSEMBLYMAN COLLINS AND PASSED UNANIMOUSLY BY ALL MEMBERS PRESENT EXCEPT SENATOR JAMES WHO WAS ABSENT FROM THE ROOM.

REPORTS TO THE COMMITTEE

Update of Public Lands Issues in Lincoln and White Pine Counties

Dan Frehner

Dan Frehner, Chairman, Lincoln County Board of Commissioners, Pioche, provided the following information on public lands:

- The sale of 13,500 acres near Mesquite is progressing, despite an appeal and protests.
- A 1,100 megawatt (MW) power generation facility will be constructed in southern Lincoln County.
- Land exchanges for agricultural use are being processed.

Jack Norcross

Jack Norcross, Member, White Pine County Board of Commissioners, Ely, informed the Committee there are a “couple” of mines in operation in the county. The county’s primary mine, Robinson BHP Minerals Copper-Gold Mine, is currently for sale. He explained the county would like to construct a coal fired power generation facility and has been contacted by two interested companies. The facility would provide between 1,000 and 2,000 MW. Issues to be addressed with regard to the facility include: (1) transmission; (2) transportation; and (3) removal of the site’s nonattainment area status for air quality. Mr. Norcross requested the Committee send a letter to Nevada’s Congressional Delegation in support of removal of the nonattainment status.

Jeff Weeks and Jim Perkins

Jeff Weeks, Assistant Field Manager, Nonrenewable Resources, Ely Field Office, Bureau of Land Management (BLM), United States Department of the Interior (DOI), Ely, and Jim Perkins, Assistant Field Manager, Nonrenewable Resources, Ely Field Office, BLM, Ely, provided a folder marked “Nevada Bureau of Land Management” (Exhibit B). Please refer to the “List of Exhibits” for additional information.

The two representatives referred to a document titled “Ely Field Office – Bureau of Land Management, Priority Workloads for Fiscal Year (F.Y.) 2002,” contained in Exhibit B, and addressed the following priority workloads:

- Eastern Nevada Landscape Restoration Project;
- Energy Projects;
- Land Disposals pursuant to the “Baca Bill”;
- The Lincoln County Land Act;
- Urban Interface Projects;
- Tri-County (Lincoln, Nye, and White Pine Counties) Wilderness Legislation;
- Fire Rehabilitation Projects;
- Mine Closures;
- Wild Horses and Burros; and
- Off-Road Vehicle Races.

Please refer to Exhibit B for detailed information.

Jerry Green

Jerry Green, Ely District Ranger, Ely Ranger District, U.S. Forest Service, Department of Agriculture, Ely, provided a document titled “Humboldt-Toiyabe National Forest, Ely Ranger District” (Exhibit C). He explained the Ely Ranger District is working on the following projects:

- Grazing Management;
- Ely Urban Interface Project;
- Mine Rehabilitation; and

- Wild Horse and Burro Gathers.

Please refer to Exhibit C for additional information.

In response to a question from Assemblyman Collins, Mr. Green explained when a mine is rehabilitated, roads that were created for use in conjunction with the mine are reclaimed, but roads that existed prior to the mine are left intact.

Presentation of the Pinion-Juniper Harvest Project in Lincoln County

John McClain

John McClain, Principal, Resource Concepts, Inc., Carson City, provided the Committee with an overview of the Lincoln County Pinion-Juniper Harvest Project, as follows:

- An extended period of fire suppression and non-harvest resulted in loss of forage, habitat, and watershed, which has created unnatural conditions.
- There are 11 million acres of Pinion-Juniper woodlands in Nevada.
- The Pinion-Juniper have the following values:
 - Aesthetic;
 - Biomass;
 - Cultural;
 - Pine nut gathering;
 - Watershed protection; and
 - Wildlife habitat.
- The current environmental conditions created by Pinion-Juniper include:
 - Existence of a fire hazard;
 - High management cost to the public;
 - Negative impacts of runoff;
 - Reduction of understory vegetation;
 - Reduction of wildlife habitat; and
 - Vulnerability to invasive species.

Mr. McClain explained the management strategies for Pinion-Juniper include: (1) burning; (2) chaining; (3) commercial thinning (biomass harvest); and (4) high grading (fence posts, firewood gathering, and pine nut harvesting). He provided detailed information regarding management strategies, as follows:

- Burning Pinion-Juniper can cause the following:
 - Air quality concerns;
 - Unsuitable conditions for reseedling;
 - Diminished useable biomass;
 - Greater potential for invasive species;
 - Release of understory species;
 - Short term viewscape impact; and
 - Temporary period of nonuse.
- Chaining Pinion-Juniper causes the following:

- Cost to the public;
 - Harsh mechanical treatment;
 - Loss of useable biomass;
 - Potential for invasive species;
 - Provides conditions for reseedling;
 - Release of understory species;
 - Short term viewscape impact; and
 - Temporary period of nonuse.
- Commercial thinning (biomass harvest) of Pinion-Juniper provides the following:
 - Creates conditions for healthy burns;
 - Enhances watershed conditions;
 - Improves understory vegetation;
 - Improves wildlife habitat;
 - Provides minimal visual impact
 - Reduces potential catastrophic fires; and
 - Sustains healthy woodlands.

Continuing his discussion, Mr. McClain focused his comments on biomass harvest, which is a new approach to resource management, is sustainable, and is a source of renewable energy and wood products. Biomass uses include:

- Wood blended products;
- Wood distillation;
- Wood energy; and
- Wood products.

Mr. McClain explained that wood hybrid power is coming back on-line. Some generation facilities utilize wood hybrid power exclusively and others operate cogeneration facilities. The energy produced by Pinion-Juniper equated 9,000 British thermal units (BTUs) per pound, compared to the following:

- 8,000 BTUs per pound — poplar wood chips; and
- 10,498 BTUs per pound — coal.

Additionally, there are potential institutional changes through the reemphasis on use of biomass to:

- Reduce fossil fuel consumption and foreign energy dependence;
- Reduce greenhouse effect; and
- Restore natural vegetation conditions.

The U.S. Department of Energy is interested in the use of biomass harvesting to:

- Help achieve national energy strategic goals
- Increase economic viability of rural areas;
- Provide an alternative energy source; and
- Reduce agriculture and urban waste.

Further, assistance opportunities for biomass production are available through:

- The U.S. Department of Agriculture;
- The U.S. Department of Commerce;

- The U.S. Department of Energy;
- The U.S. Department of the Interior;
- The Nevada Commission on Economic Development; and
- The Nevada State Energy Office, Department of Business and Industry.

In conclusion, Mr. McClain explained that Lincoln County has encouraged U.S. Senator Harry Reid (D-NV) to secure funding to conduct an inventory to determine the feasibility of commercial thinning in the county. Mr. McClain requested the Committee support this effort.

In response to Assemblyman Collins, Mr. McClain provided the following comparisons with regard to pollutants emitted by burning Pinion-Juniper:

- Particulate release:
 - Wildfire — 17 pounds per ton;
 - Prescribed burn — 40 pounds per ton; and
 - Electric generation facility — 0.13 per ton.
- Carbon monoxide release:
 - Wildfire — 140 pounds per ton;
 - Prescribed burn — 252 pounds per ton; and
 - Electric generation facility — 3.2 per ton.

Briefing of Vidler Water Company and Nevada Land and Resource Company Projects in Lincoln and White Pine Counties

Stephen D. Hartman

Stephen D. Hartman, General Counsel, Carson City, explained that Nevada Land and Resource Company is Nevada's largest private landowner and holds the "checkerboard pattern" along the Innerstate-80 corridor.

Dorothy Timian-Palmer

In response to an inquiry from Chairman Rhoads, Dorothy Timian-Palmer, Chief Operating Officer, Vidler Water and Nevada Land and Resource Companies, explained PICO Holdings, Inc. has owned both entities for approximately five years. She further responded by noting over the past four years, PICO Holdings reduced its property holdings in the state of Nevada by 200,000 acres and now owns approximately 1.1 million acres.

Mr. Hartman provided a general overview of Nevada Land and Resource Company's activities in Nevada. He noted there are many uses for the Company's land, including opportunities for: (1) grazing; (2) industry; (3) pipelines; and (4) telecommunications. Mr. Hartman explained the company has communicated with all governmental agencies situated along the Innerstate-80 corridor in an effort to understand what the agencies would like economically, and to determine how the company can assist in achieving these goals. The company's largest recent effort has been working with the BLM to consolidate the checkerboard pattern because it is a "tremendous burden from an expense standpoint" for the BLM and private property owners. With regard to this effort, significant progress has been made in Pershing County where 600,000 acres have been acquired. Additionally, a number of exchanges are being conducted, including one in Washoe County, which will be utilized to assist Lincoln County with a project.

Turning to Vidler Water Company, Ms. Timian-Palmer discussed some of the company's holdings and projects. Vidler owns the Fish Springs Ranch, located near Reno. The company operates the ranch, which runs cattle and produces 6,000 tons of hay annually. Vidler is working with Washoe County to deliver water from the ranch to the Reno area. The company also owns the Big Springs Ranch, located near Wendover. The water from this ranch has been designated for the City of West Wendover and the two entities are developing a pricing scenario to meet everyone's needs. Additionally, power generation facility developers are interested in utilizing water from the Big

Springs Ranch.

Another Vidler project is a partnership with Lincoln County wherein the two entities file jointly for water resources in an effort to enhance economic development in the county. A project currently underway is the Toquop Energy Project in the Tule Desert. The developer, Cogentrics, has paid \$180,000 in “option money” to Lincoln County and would like to finalize the deal within nine months. To date, three monitoring holes and one production hole have been drilled. Approximately 7,000 acre-feet of water would be used annually to produce 1,100 MW of power.

Mr. Hartman noted the development of this water asset would contribute to Lincoln County’s master plan and all water would be utilized solely in the county.

In response to Assemblyman Neighbors, Ms. Timian-Palmer explained the City of Primm contacted Vidler to seek additional water sources for casino, housing, and shopping developments. The company found what it asserts is unappropriated water in Sandy Valley and filed for 2,000 acre-feet on behalf of Primm. The only protest to the filing was from domestic well owners in Sandy Valley.

Discussion ensued and Ms. Timian-Palmer clarified Vidler is a water development company that assists entities in obtaining needed water. With regard to the Tule Desert project, when the power generation facility no longer requires use of the water, the rights return to Lincoln County, not Vidler. The same is true for the Primm project.

Mr. Hartman provided a letter to the White Pine County Board of Commissioners, from Mr. Hartman dated September 4, 2001. It clarifies the company’s intent to expand the agricultural activities of the Spring Valley Ranch located in White Pine County (Exhibit D).

Status of the Lincoln County Land Act of 2000 (Public Law 106-298)

Doug Carriger

Doug Carriger, Lincoln County Manager, Lincoln County, Pioche, provided a folder titled “Welcome to Lincoln County Nevada” (Exhibit E). Please refer to the “List of Exhibits” for more details.

Mr. Carriger discussed land sales under the Lincoln County Land Act of 2000. He explained the sales goal is to ensure the responsible development of an environmentally sensitive community that would have a positive socio-economic impact for the residents of Nevada and Lincoln County. To achieve this, the county will adopt a planned unit ordinance with standards.

Gene Drais

Gene Drais, Lincoln County Lands Act Project Manager, Ely Field Office, BLM, Ely, referred to a document titled “Lincoln County Land Act of 2000 - Progress Report,” contained in Exhibit B, which provides acreage and sales information under the Act. Please refer to the document for additional details.

In response to a question posed by Senator James, Mr. Drais noted there are no water rights or infrastructure on any of the parcels for sale. Mr. Carriger stated the county has retained a consulting firm from Las Vegas to assist in land use planning that will be completed prior to the next land sale.

Mr. Carriger explained the parcels are large in order to attract major developers who have the financial capability to develop water rights and infrastructure on the land. These developers will likely make these improvements and subdivide the land for sale to other developers. Lincoln County does not have the capital to make such improvements in order to sell smaller parcels.

Update of Activities of the Southern Nevada Water Authority: Cooperative Water Resources Project, Rural County Partnership, and Experiences with Endangered Species Habitat Planning in Clark County

Julie Wilcox

Julie Wilcox, Director of Public Services, Southern Nevada Water Authority (SNWA), Las Vegas Valley Water District (LVVWD), Las Vegas, introduced Kay Brothers, Director, Water Resources, SNWA, LVVWD, Las Vegas.

Kay Brothers

Ms. Brothers explained the SNWA updates its resource plan annually; the upcoming plan will address a 4 percent population increase projection. She outlined the most optimum options for future water resources, as follows:

1. Interim Surplus: This resource should last until 2016. To achieve this, California has agreed to meet specific deadlines to reduce its annual use of 4.4 million acre-feet, which exceeds their allocated use of Colorado River water.
2. Arizona Water Bank: This option would result in an agreement with Arizona wherein Nevada would bank part of its Colorado River allocation in Arizona and draw water out of Lake Mead when needed. Approximately 1.2 million acre-feet of water would be stored for a fee of approximately \$177 per acre-foot. Power and recovery costs are not included in the storage fee.
3. Coyote Springs: 7,500 acre-feet of water have been purchased and the SNWA is waiting for a response from Hugh Ricci, State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources (SDCNR), with regard to applications for additional resources.

In response to Assemblyman Collins, Ms. Brothers explained the LVVWD does not intend to supply water to areas outside the Las Vegas Valley, with the exception of a line to Jean.

Turning to the Cooperative Water Resources Project, Ms. Brothers explained water applications have been filed in neighboring counties. The SNWA entered into a Memorandum of Understanding (MOU) with Lincoln, Nye, and White Pine Counties, which established an interim process to allow these counties to develop water resources with priority over the SNWA application, if desired. The interim period is 20 years, after which time the SNWA could seek use of the water.

In conclusion, Ms. Brothers addressed water use at the Apex Industrial Park. She explained the State Engineer has approved applications for water use by power generation facilities and the SNWA is entering into agreements with developers. The agreements stipulate that 25 percent of the power generated must remain in the state.

Lisa Luptowitz

Lisa Luptowitz, Environmental Planner, Resources Department, SNWA, LVVWD, Las Vegas, discussed endangered species habitat planning in Clark County.

She began by explaining the correlation between a habitat conservation plan and an incidental take permit. An incidental take permit allows a lawful activity to accidentally take or harm a species. In order to obtain the permit, a habitat conservation plan must be prepared. The “no surprises rule” ensures these permits will remain valid for the entire duration of the permit, regardless of changes.

Continuing, Ms. Luptowitz explained in 1989 the U.S. Fish and Wildlife Service, (USFWS), DOI, exercised its right to place the Desert Tortoise on the endangered species list. This was due primarily to habitat degradation and loss, and was accomplished by emergency listing, in which no public comment period is provided. In 1991, Clark County prepared and issued a short-term habit conservation plan for the Desert Tortoise and completed a long-term plan in 1995. The long-term plan includes a 30-year incidental take permit. This plan will allow development to continue on private lands in exchange for a mitigation fee of \$550 per acre-foot. The fee is utilized to implement conservation activities primarily on federally managed lands.

Ms. Luptowitz explained in 1994 the USFWS designated most of the entire extent of the Colorado River and its tributaries as critical habitat for four native fish. These fish had previously been listed as endangered species and include the:

- Pike Minnow and Humpback Chubb (listed in 1967);
- Bony Tailed Chubb (listed in 1980); and
- Razorback Sucker (listed in 1991).

Consequently, development of the Lower Colorado River Multiple Species Conservation Program began in 1995 and is expected to be complete in 2004. The plan will address 100 species. Participants in creation of the plan include: (1) the Federal Government; (2) the states of Arizona, California, and Nevada; (3) Native American tribes; and (4) power and water companies. A 50-year incidental take permit that will allow for water planning certainty during the period will be included in the plan.

Continuing her report, Ms. Luptowitz informed the Committee that in 1998 a proactive approach to conservation was taken and the Multiple Species Habitat Conservation Plan was developed. This plan addresses 78 species, in addition to the Desert Tortoise, and includes a 30-year incidental take permit and mitigation fees of \$550 per acre-foot of water.

Turning to another conservation effort, she reported the development of the Coyote Springs Habitat Conservation Plan has begun and is expected to be complete by 2003. The plan will address Big Horn Sheep, the Desert Tortoise, and the Muddy River.

Ms. Luptowitz reported the LVVWD is involved in additional cooperative activities with federal and state agencies, including:

- Efforts to restock and track fish in the Virgin River;
- Stream restoration on the Muddy River; and
- Participation in the Las Vegas Wash Coordination Committee and development of the Comprehensive Adaptive Management Plan for the wash.

In conclusion, Ms. Luptowitz emphasized conservation efforts directly benefit water resource planning in the areas of coverage for construction activities and other projects. Indirect benefits include a reduced need to list species as endangered and an increased scientific knowledge of species.

Status of Grazing Activities in Lincoln and White Pine Counties

Merlin Flake

Merlin Flake, Chairman, N-4 State Grazing Board, Ely, explained the Board is comprised of BLM grazing permit holders elected by fellow permit holders. The Board is charged with distribution of funds generated by BLM grazing fees for return to participating ranches. Additionally, the Board addresses issues associated with both federal and state agencies.

Mr. Flake mentioned three federal issues addressed by the Board, as follows:

1. Wilderness Study Areas (WSAs): Permit holders and grazers on these areas are concerned because management practices are left to interpretation by local managers.
2. Appropriate Management Level for wild horses: The goal is to bring the level to federal standards.
3. Improvement Projects on BLM Grazing Lands: Ranches that seek permits for projects such as construction of fences and water improvements must complete a slow approval process. The request is posted to the Internet and during the 30-day comment period protests may be filed. He noted that anyone could protest the request, which is often the situation. The requests rarely receive supportive comments; consequently, he sought a letter of support

in this regard be addressed to the BLM from the Committee.

Mr. Flake concluded by addressing two state issues, as follows:

1. Elk Management Plans: With assistance from the state of Nevada, Lincoln and White Pine Counties have developed elk management plans to increase the number and management of elk in designated areas.
2. Water: The Board is appreciative of legislative efforts that significantly control the transfer and regulation of water resources.

Briefing of the Great Basin Restoration Initiative

Betsy Macfarlan

Betsy Macfarlan, Project Coordinator, Eastern Nevada Landscape Coalition, Ely, provided the Committee with information about the Great Basin Restoration Initiative (Exhibit F). Please refer to the “List of Exhibits” for more information.

Ms. Macfarlan explained the Eastern Nevada Landscape Coalition is a strategy for implementing the Great Basin Restoration Initiative (GBRI). The project focus is to promote restoration and maintenance of the biological and ecological conditions of the Great Basin in eastern Nevada. The collaborative effort is comprised of a broad base coalition. (Please refer to a list titled “Current Members of the Eastern Nevada Landscape Coalition” contained in Exhibit F.)

Next, she addressed the Mt. Wilson and Ely urban interface projects, which would thin Pinion-Junipers to reduce the threat of wildfire. Contracts have been awarded but are on hold due to petitions pending with the DOI Board of Land Appeals, which were filed by “affected interests” that include groups from Missouri and Idaho, as well as the Toiyabe Chapter of the Sierra Club. Ms. Macfarlan was of the opinion the appeals have been filed by “professional appealers” who appeal issues on public lands throughout the nation. Two of these groups utilize law students to draft the applications.

Senator James contributed two suggestions that could lend support in the appeals process: (1) utilize students from the William S. Boyd School of Law, University of Nevada, Las Vegas; and (2) file an amicus curiae brief on behalf of the BLM.

Gary Medlyn

Gary Medlyn, Soils Specialist, Ely Field Office, BLM, Ely, explained the Eastern Nevada Landscape Coalition was formed to implement the GBRI. It is a collaborative effort to address, improve, and restore the following:

- Cultural resources;
- Livestock;
- Noxious weeds;
- Pinion Juniper;
- Riparian areas;
- Sagebrush;
- Soil productivity;

- Watershed;
- Wildlife habitats; and
- Wild horses.

Please refer to documents titled “The Great Basin Restoration Initiative, The Eastern Nevada Landscape Restoration Project” and “The Great Basin Restoration Initiative, A Hand to Nature: Progress to Date,” contained in Exhibit B, for more information.

Status of the Construction of a Fence Along a Portion of U.S. Highway 319 Between Panaca and the Nevada-Utah State Line

Michael G. Fewell

Michael G. Fewell, Range Technician, Caliente Field Station, Ely District, BLM, Caliente, explained the proposed fence is a safety effort to address several incidents of vehicles striking wild horses and cattle on the road. The fence would run along a 25-mile portion of U.S. Highway 319 between Panaca and the Nevada-Utah state line. He noted no private land is involved.

Mr. Fewell reported a working group comprised of local, state, and federal agencies, and concerned citizens has formed to coordinate the project. The cost was originally estimated to be \$220,000, and financial contributions have been received from several sources. The BLM has prepared a contract and anticipates hiring a private firm to conduct a survey along the fence line by January 15, 2002. Additionally, an environmental assessment is being conducted and completion is anticipated by the end of January 2002. Some materials have been purchased and the goal is to commence work in March, weather permitting. Lincoln County has entered into an agreement with the Nevada Division of Forestry, SDCNR, to utilize conservation camps to provide construction labor.

Eugene F. Weight

In response to a question from Assemblyman Neighbors, Eugene F. Weight, P.E., District Engineer, District 1, Nevada Department of Transportation, Carson City, explained survey work is being conducted to establish necessary points on the right-of-way line. Additionally, a cattle guard to be installed on the Nevada-Utah border has been purchased.

Both speakers expressed a positive outlook for the project.

Status of the “Land in Lieu of PILT” (Payment in Lieu of Taxes”) Proposal

Linda Eissmann

Linda Eissmann, previously identified, provided a memorandum regarding “Status of Payment in Lieu of Taxes” from Ms. Eissmann to the Chairman and Members of the Legislative Committee on Public Lands, dated December 7, 2001 (Exhibit G). She provided a status report of the Payment in Lieu of Taxes (PILT) Act, and the “land in lieu of PILT” proposal supported by the Legislative Committee on Public Lands during the 1999-2000 Interim.

Ms. Eissman began by explaining the PILT Act authorizes payments to local governments to offset the loss of tax revenue caused by tax-exempt federal land located within their jurisdictions. The PILT program began in 1977 and has distributed roughly \$2.7 billion to local governments nationwide.

Continuing, she explained the funds are appropriated each year by the U.S. Congress and are distributed by the BLM. Payments are made for tax-exempt federal lands in the National Park and National Forest systems, federal lands administered by the BLM, lands dedicated to federal water resources development projects, and lands withdrawn from the public domain in other categories.

Although there have been increases in funding to the PILT program in recent years, the money appropriated by the U.S. Congress remains insufficient to provide full payments under the PILT formula. The formula used to determine PILT payments is based on population and the amount of federal land within an affected county or census area.

Ms. Eissmann noted during the last interim, the Legislative Committee on Public Lands voted to send two letters regarding PILT to:

1. Nevada's Congressional Delegation, the Director of the BLM, and certain congressional representatives, requesting full funding of the PILT program by the U.S. Congress; and
2. The Secretary of the U.S. Department of Interior and the Director of the BLM, requesting a "land in lieu of PILT" program be considered and that Lincoln County be used as a "pilot project" for any efforts to reimburse local governments in the form of land for PILT compensation that is not appropriated or made.

Ms. Eissmann noted the "land in lieu of PILT" proposal was supported by the Legislative Committee on Public Lands during the 1997-1998 Legislative Interim, and resulted in the creation and passage of Senate Joint Resolution No. (S.J.R.) 1 by the 1999 Legislature (File No. 130, *Statutes of Nevada*). The resolution urges Congress to appropriate, for distribution to Nevada's counties, the amount of money necessary to correct the underpayments, or to authorize the transfer of land of equivalent value from the Federal Government to the affected counties.

Continuing, Ms. Eissmann reported the amount of funding authorized by Congress for federal FY 2001 was just over \$199 million nationwide, which represents an increase of \$65 million over FY 2000. Funding is expected to increase an additional \$10 million in FY 2002. Nevertheless, this appropriation still does not represent permanent or full funding of PILT.

Regarding federal legislation, Ms. Eissmann explained two identical measures have been introduced in the U.S. Congress to authorize permanent funding for PILT. They are H.R. 1811, "To provide permanent funding for the payment in lieu of taxes program, and for other purposes" and S. 454 "A bill to provide permanent funding for the Bureau of Land Management Payment in Lieu of Taxes program and for other purposes." Nevada's Senators John Ensign (R) and Harry Reid (D) are among the co-sponsors of S. 454. H.R. 1811 was referred to the House Committee on Resources, where its Subcommittee on Forests and Forest Health has requested an executive comment from DOI. In the Senate, S. 454 was referred to the Senate Energy and Natural Resources Committee where no action has been taken.

In conclusion, Ms. Eissmann noted the "land in lieu of PILT" proposal recommended by the Nevada Legislature in 1999 and supported by the Public Lands Committee would require federal legislation to amend the PILT Act. At this time, it does not appear any legislation has been introduced in either house of Congress to address this proposal.

PUBLIC COMMENT

Chairman Dean A. Rhoads

Chairman Rhoads indicated the interim meeting is an official legislative proceeding and the work of the Committee is very important to the people of Nevada. Members of the public are expected to be civil to each other and accord one another dignity and respect. Shouting, personal insults and attacks, or engaging in any other activity that disrupts the flow of business will be considered out of order. At the discretion of the Chairman, the Legislative Police Officer in attendance will remove disruptive individuals.

Continuing, Chairman Rhoads explained he did not expect there to be a problem maintaining professional decorum during this portion of the meeting, but wanted to set out the basic rules for public participation in an effort to avoid any problems and inappropriate behavior.

He explained it is important to the Committee to hear from members of the public, which is why every attempt is made to conduct meetings in areas around the state, including rural locations. Chairman Rhoads requested those providing public comment to: (1) indicate on the sign-in sheet a desire to speak; (2) come forward when called; (3)

provide name for the record; (4) address topics within the Committee’s jurisdiction; and (5) refrain from making repetitious remarks.

Thomas Jefferson

Thomas Jefferson, Member, Nevada Committee for Full Statehood and the Jarbidge Shovel Brigade, Elko, provided a copy of an untitled document regarding the Committee for Full Statehood (Exhibit H). He read a portion of the document and referenced the “Nevada Public Lands Ownership Act,” passed by the Nevada Legislature in 1979 and S.J.R. 1 (File No. 63 *Statutes of Nevada*) passed by the Nevada Legislature in 1995.

Mr. Jefferson made the following points:

- He complimented Mr. McClain on his proposal for the harvest of Pinion–Juniper as an industry;
- He opined the use of coal for firing power generation facilities in White Pine County is “wrong” and asserted atomic power should be utilized; and
- He asserted the state should assume control over all public lands in the state.

Clint Bently

Clint Bently, Member, Nevada Land Users Coalition, Las Vegas, read verbatim a petition titled “A Petition To The Honorable Senator Harry Reid And The Honorable Senator John Ensign Of The Great State Of Nevada” [sic] (Exhibit I). Mr. Bently explained the coalition was originally formed to address WSAs in Clark, Esmeralda, Lincoln, and Nye Counties. However, following meetings with Senators Ensign and Reid, the coalition has been asked to focus only on Clark County in order to make recommendations for the upcoming Clark County Public Lands Bill. However, the coalition maintains an interest in the other counties mentioned and would like to work with these counties to resolve the WSA issue.

Tim Crowley

Tim Crowley, Community Relations Manager, Nevada Mining Association (NMA), Las Vegas, addressed the issue of mine bonding and the lack of funds available for mine closure. He noted this is primarily a result of unanticipated bankruptcies; however, the NMA has recently made several changes, including implementation of a fluid management fund. This fund is used to provide loans during the interim period until a mining operation’s bond is complete. He offered to provide a presentation to the Committee in this regard.

Responding to Assemblyman Neighbors, Mr. Crowley noted the Division of Minerals, Commission on Mineral Resources, manages the State Bonding Pool. Chairman Rhoads requested Ms. Eissmann, previously identified, schedule a presentation for a future Committee meeting.

Bevan Lister

Bevan Lister, Pioche, made the following points and requests:

- He spoke in support for Mr. Bently’s WSA proposal.
- Mr. Lister expressed concern with regard to the relationship between Lincoln County and Vidler Water Company; he questioned its appropriateness. Mr. Lister requested the Committee investigate the legality of a relationship involving a public body that receives dividends from a private corporation.
- Mr. Lister addressed water rights and the SNWA’s MOU with the Counties of Lincoln, Nye, and White Pine. He explained that as a condition for the SNWA to subordinate water applications, a 99-year covenant is placed on the land. He questioned the nature of the subordination requirements and was skeptical of the SNWA’s intent.

- He requested the Legislature mandate a fast-track application process for water applications on private lands.
- Mr. Lister requested the Committee use its influence to ensure Nevada's Division of Wildlife, SDCNR, seek additional input in the elk planning process in central Nevada.

Senator James suggested the Committee request a presentation by the SNWA to address Mr. Lister's concerns. He noted *Nevada Revised Statutes* 533.370, "Approval or rejection of application by state engineer: Conditions; considerations; procedure," requires the State Engineer provide for an inner basin transfer of water only if adequate water supplies remain for future use in the county of origin. Senator James expressed interest in hearing a status report in this regard at a future meeting.

John Hunt

John Hunt, Owner, KZBZ Radio 98.8 FM, and President, Chamber of Commerce, Pioche, apologized for the condition of the meeting facility and informed the Committee improvements would be made. He also offered the radio station for public announcements.

John Hutchinson

John Hutchinson, Natural Resources Manager, Eureka County, Eureka, requested the Committee address the National Environmental Protection Act of 1969 and the Clean Water Act of 1977 when in Washington, D.C., in an effort to end frivolous appeals such as those discussed earlier by Ms. Macfarlan.

Senator James suggested Mr. Hutchinson prepare a memorandum for the Committee and outline specific concerns; Chairman Rhoads agreed this would be useful.

Jule Wadsworth

Jule Wadsworth, Chairman, Lincoln County Public Lands Commission, Lincoln County, Panaca, provided a letter from George R. Nethercutt, Jr. (R-WA), Representative in Congress, to Gale Norton, Secretary, U.S. Department of the Interior dated November 16, 2001 (Exhibit J). She noted the letter would inform the Committee that DOI is seeking to gain law enforcement authority. Next, Ms. Wadsworth explained the Tri-County Group is addressing WSAs and will make recommendations regarding designation. The group's main concern about WSAs is access and road maintenance. Continuing, Ms. Wadsworth spoke in support of the GBRI and the urban innerface project. She requested the Committee use its influence to encourage the BLM to allow for economic use of surplus wood as outlined in the presentation by Mr. McClain. In conclusion, Ms. Wadsworth informed the Committee that Lincoln County is no longer part of the MOU with SNWA.

There being no further business to come before the Committee, Chairman Rhoads thanked the speakers and adjourned the meeting at 1:35 p.m.

Exhibit K is the "Attendance Record" for this meeting.

Respectfully submitted,

Christine Kuhl
Senior Research Secretary

Linda Eissmann
Senior Research Analyst

APPROVED BY:

Chairman Dean A. Rhoads

Date: _____

LIST OF EXHIBITS

Exhibit A, provided by Linda Eissmann, Senior Research Analyst, Research Division, Legislative Counsel Bureau (LCB), is a packet of information prepared for the meeting of the Legislative Committee on Public Lands.

Exhibit B, provided by Jeff Weeks, Assistant Field Manager, Nonrenewable Resources, Ely Field Office, Bureau of Land Management (BLM), United States Department of the Interior (DOI), and Jim Perkins, Assistant Field Manager, Nonrenewable Resources, Ely Field Office, BLM, is a folder titled "Nevada Bureau of Land Management," which contains the following:

- A document titled "Ely Field Office – Bureau of Land Management, Priority Workloads for Fiscal Year 2002";
- A status report titled "Lincoln County Land Act of 2000, Progress Report";
- A report titled "Highway 319 R.O.W. Fence Project";
- A booklet titled "Bonanza BLM Land Auctions over 6,000 Acres";
- An informational report titled *The Great Basin Restoration Initiative, The Eastern Nevada Landscape Restoration Project*; and
- A progress report titled *The Great Basin Restoration Initiative, A Hand to Nature: Progress to Date*.

Exhibit C, provided by Jerry Green, Ely District Ranger, Ely Ranger District, U.S. Forest Service, U.S. Department of Agriculture, is a document titled "Humboldt-Toiyabe National Forest, Ely Ranger District, dated December 7, 2001."

Exhibit D, provided by Stephen D. Hartman, General Counsel, Vidler Water Company, is a letter from Stephen D. Hartman to the White Pine County Board of Commissioners, titled "Vidler Water Company," dated September 4, 2001.

Exhibit E, provided by Doug Carriger, Lincoln County Manager, Lincoln County, is a folder titled "Welcome to Lincoln County Nevada," which contains the following:

- A document titled "Who Lies Yonder in Boot Hill?";
- An article titled "The Strange Story of F.L.A. Pioche," by Philip S. Rush;
- A brochure titled "Welcome to the Pahrnagat Valley"; and
- A booklet titled "Lincoln County Driving and Walking Tours."

Exhibit F, provided by Betsy Macfarlan, Project Coordinator, Eastern Nevada Landscape Coalition, consists of the following:

- A pamphlet titled “Great Basin Restoration Initiative”;
- A membership list titled “Current Members of the Eastern Nevada Landscape Coalition”; and
- A document titled “Eastern Nevada Landscape Restoration Project White Paper, August 2001.”

Exhibit G, is a memorandum dated December 7, 2001, from Linda Eissmann, Senior Research Analyst, Research Division, LCB, to the Chairman and Members, Legislative Committee on Public Lands, titled “Status of Payment in Lieu of Taxes.”

Exhibit H, provided by Thomas Jefferson, Member, Nevada Committee for Full Statehood, is an untitled document that was read into the record.

Exhibit I, provided by Clint Bentley, Member, Nevada Land Users Coalition, is a petition titled “A Petition To The Honorable Senator Harry Reid And The Honorable Senator John Ensign Of The Great State Of Nevada” [sic].

Exhibit J, provided by Jule Wadsworth, Chairman, Lincoln County Public Lands Commission, Lincoln County, is a letter from George R. Nethercutt, Jr. (R-WA), Representative in Congress, to Gale Norton, Secretary, DOI, dated November 16, 2001.

Exhibit K is the “Attendance Record” for this meeting.

Copies of the materials distributed in the meeting are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the library at (775) 684-6827.

LIST OF ACRONYMS

BLM	Bureau of Land Management, U.S. Department of the Interior
BTU	British Thermal Unit
DOI	U.S. Department of the Interior
FY	Fiscal Year
GBRI	Great Basin Restoration Initiative
LVVWD	Las Vegas Valley Water District
MOU	Memorandum of Understanding
MW	Megawatt(s)
NMA	Nevada Mining Association
PILT	Payments in Lieu of Taxes
SDCNR	State Department of Conservation and Natural Resources
SNWA	Southern Nevada Water Authority
S.J.R.	Senate Joint Resolution
USFWS	U.S. Fish and Wildlife Service, U.S. Department of the Interior
WSA(s)	Wilderness Study Area(s)