

**SENATE COMMITTEE ON FINANCE AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**JOINT SUBCOMMITTEE ON PUBLIC SAFETY,
NATURAL RESOURCES, AND TRANSPORTATION
CLOSING REPORT**

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The Joint Subcommittee on Public Safety, Natural Resources and Transportation completed its review of the Department of Conservation and Natural Resources. The closing recommendations of the Subcommittee result in General Fund reductions of \$1.7 million in FY 2016 and \$234,011 in FY 2017. The Subcommittee recommended the following closing actions:

Administration (101-4150) DCNR-22: The Subcommittee recommended approval of the transfer of the Program Manager for the Sagebrush Ecosystem Technical Team from the State Lands budget to the Director's Office Administration budget and to change the funding source from 75 percent non-General Fund to 100 percent General Fund appropriations totaling \$156,520 over the 2015-17 biennium.

The Subcommittee recommended approval of the Governor's recommendation to implement a Conservation Credit System including contract services (1) for an adaptive management contract for the Conservation Credit System; (2) to hire a consultant with expertise in National Environmental Policy Act permit compliance; and (3) for an independent audit of the proposed Conservation Credit System; and increases to travel and equipment for the Sagebrush Ecosystem Program

Technical Team and Council, funded with General Fund appropriations totaling \$1.5 million in each year of the 2015-17 biennium.

The Subcommittee recommended approval of the Governor's recommendation to change the funding source for the Base Budget expenditures of the Sagebrush Ecosystem Program Technical Team and the Council from other funding sources to General Fund appropriations totaling \$85,573 in each year of the 2015-17 biennium.

Additionally, the Subcommittee recommended approval of the Governor's recommendation to fund one new Unclassified Executive Assistant and associated operating costs funded with General Fund appropriations totaling \$40,930 and Director's Office Cost Allocation Reimbursements totaling \$113,587 over the 2015-17 biennium.

The Subcommittee recommended approval of the Governor's recommendation, to transfer a Special Advisor position from the State Lands budget to the Director's Office Administration budget and to reclassify the Special Advisor position to an Unclassified Deputy Director position, funded with General Fund appropriations totaling \$70,192 and Director's Office Cost Allocation Reimbursements totaling \$198,786 over the 2015-17 biennium.

The Subcommittee recommended approval of all other closing items with technical adjustments with authority for staff to make other technical adjustments as necessary.

Conservation Districts Program (101-4151) DCNR-34: The Subcommittee recommended approval of the Governor's recommendation to fund additional in-state travel for the Conservation District Program Manager and the State Conservation Commission funded with General Fund appropriations totaling \$16,662 in each year of the 2015-17 biennium.

The Subcommittee also recommended approval of the Governor's recommendation to increase the total funding of the competitive grant program from \$40,000 to \$75,000 in the second year of the 2015-17 biennium. Finally, the Subcommittee recommended approval of all other closing items as recommended by the Governor with the technical adjustments noted by staff with authority to make other technical adjustments as necessary.

State Parks (101-4162) DCNR-44: The Subcommittee recommended approval of the Governor's recommendation to fund the reclassification of 12 Maintenance Repair Specialist positions and 2 Facility Supervisor positions for the Division of State Parks with General Fund appropriations totaling \$153,506 over the 2015-17 biennium.

The Subcommittee recommended approval of the Governor's recommendation of General Fund appropriations totaling \$85,000 in each year of the 2015-17 biennium to provide matching funds for grants awarded to fund the seasonal shuttle service for Sand Harbor, Lake Tahoe Nevada State Park.

The Subcommittee recommended approval of the Governor's recommendation to fund 13 deferred maintenance projects with General Fund appropriations totaling \$352,030 over the 2015-17 biennium.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

Forestry (101-4195) DCNR-79: The Subcommittee recommended approval of the Governor's recommendation to change the funding source for the Sagebrush Ecosystem Forester position from 75 percent non-General Fund sources (transfer from the Division of Minerals) to 100 percent General Fund appropriations totaling \$137,626 for the 2015-17 biennium.

The Subcommittee recommended approval of the Governor's recommendation for three new positions (one Operations Chief/Deputy Administrator position, one Business Process Manager position and one Equipment Mechanic position) and associated operating costs funded with General Fund appropriations totaling \$485,323 over the 2015-17 biennium.

Additionally, the Subcommittee recommended approval of the Governor's recommendation to replace federal funding received by the Division of Forestry from the U.S. Forest Service with General Fund appropriations totaling \$706,374 for the 2015-17 biennium for the salaries and associated operating costs of seasonal firefighters and three Forester positions.

The Subcommittee recommended approval of the Governor's recommendation to fund seasonal salaries for six seasonal positions (each position funded for five months each fiscal year), with General Fund appropriations totaling \$113,274 for FY 2016 and \$116,976 for FY 2017.

Lastly, the Subcommittee recommended approval of the Governor's recommendation to fund vehicle operating and maintenance costs to maintain and operate heavy equipment and vehicles retained by the state with the phase-out of the All-Risk Fire Management program, funded with General Fund appropriations totaling \$61,060 in each year of the 2015-17 biennium.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

Forest Fire Suppression (101-4196) DCNR-95: The Subcommittee recommended approval of the Governor's recommendation inclusive of the technical adjustments noted by staff, to fund prior year fire billings from federal agencies with General Fund appropriations totaling \$4.0 million and with funding from the FEMA Fire Assistance Grant totaling \$2.3 million in FY 2016.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

Forestry Conservation Camps (101-4198) DCNR-98: The Subcommittee recommended approval of the Governor's recommendation of General Fund appropriations totaling \$413,421 in FY 2017 to reclassify 74 Conservation Crew Supervisor positions in the Forestry Conservation Camps budget, effective the second year of the 2015-17 biennium.

The Subcommittee recommended approval of the Governor's recommendation to transfer two Conservation Crew Supervisor positions from the Forestry Conservation Camp's budget to the Forestry budget with no change in the funding source.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

Wildland Fire Protection Program (101-4194) DCNR-108: The Subcommittee recommended approval of the Governor's recommendation to fund a new Pilot position and associated costs totaling \$167,616 in FY 2016 and \$193,790 in FY 2017, funded with General Fund appropriations, including authority for Fiscal staff to transfer the Pilot position and associated costs to the Forestry budget, to consolidate the total cost of Air Operations for the division.

Additionally, the Subcommittee recommended approval of the Governor's recommendation of General Fund appropriations totaling \$70,000 in each year of the 2015-17 biennium to fund a contract for two seasonal truck drivers with hazmat certifications to drive the division's two aviation fuel trucks during the fire season for the division's Helitack program, including

staff's recommendation to transfer the costs of the contract for the Helitack program to the Forestry budget.

The Subcommittee also recommended approval of staff's recommendation to consolidate all Air Operations Program costs in the Base Budget funded with General Fund appropriations from the Wildland Fire Protection budget to the Forestry budget.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

State Lands (101-4173) DCNR-125: The Subcommittee recommended approval of the Governor's recommendation to change the funding source for the agency's Nevada Tahoe Resource Team Program Manager from bond interest revenues from the Fund to Protect Lake Tahoe/Tahoe Environmental Improvement Program to General Fund appropriations totaling \$95,201 in FY 2017.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

Nevada Natural Heritage (101-4101) DCNR-140: The Subcommittee recommended approval of the other closing items as recommended by the Governor, including Budget Amendment A150354101 submitted by the Executive Budget Office to address the funding issues identified in The Executive Budget for the Nevada Natural Heritage budget, which

results in an increase of Highway Funds transferred from the Department of Transportation totaling \$17,085 in FY 2016 and \$156,521 in FY 2017 for the Adjusted Base Budget; and an increase of \$700 for Decision Unit M-100.

Division of Environmental Protection (DEP) Administration (101-3173)

DCNR-164: The Subcommittee recommended approval of the Governor's recommendation to use funding from reserves totaling \$23,512 in FY 2016 and \$23,795 in FY 2017 to contract for Oracle database administrator services from the Division of Enterprise Information Technology Services.

The Subcommittee recommended approval of the Governor's recommendation to use funding from reserves totaling \$30,400 in each year of the 2015-17 biennium to utilize a contractor through the state's Master Services Agreement to assist with converting a portion of the division's existing databases to a Microsoft Structured Query Language (SQL) platform.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

DEP Air Quality (101-3185) DCNR-171: The Subcommittee recommended approval of the Governor's recommendation to purchase new equipment and to provide additional out-of-state travel and training for the Division of Environmental Protection to meet the new requirements of the federal Clean Air Act, funded from reserves (fees) totaling \$132,151 in FY 2016 and \$20,371 in FY 2017.

The Subcommittee recommended approval of all other closing items with authority for staff to make other technical adjustments as necessary.

DEP Water Pollution Control (101-3186) DCNR-176: The Subcommittee recommended approval of the Governor's recommendation to transfer one Administrative Assistant position from the DEP Administration budget to the DEP Water Pollution Control budget funded with fees from reserves totaling \$56,454 in FY 2016 and \$57,860 in FY 2017.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

DEP Waste Management and Corrective Action (101-3187) DCNR-181: The Subcommittee recommended approval of Budget Amendment A150413187 to transfer six positions from the Division of Environmental Protection's Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget, including associated operating expenses; and contract services.

The Subcommittee recommended approval of all other closing items with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

DEP Industrial Site Cleanup (101-3175) NEW BUDGET: The Subcommittee recommended approval of Budget Amendment A150393175 as recommended by the Governor to create a new budget titled

“DEP Industrial Site Cleanup”, which includes funding from Settlement Income totaling \$8.6 million and funding from the transfer from the non-executive Hazardous Waste Management budget totaling \$3.6 million over the 2015-17 biennium, including the technical adjustments to Budget Amendment A150393175, as outlined by staff and authority for staff to make other technical adjustments, as necessary.

In addition, the Subcommittee recommended issuance of a letter of intent to the Division of Environmental Protection to report to the Interim Finance Committee semi-annually regarding the status of the implementation of the new Bureau of Industrial Site Cleanup budget and the oversight of the Nevada Environmental Response Trust, including a status report of the cleanup activities to be funded with the \$1.1 billion settlement for the cleanup of perchlorate and other hazardous substances released from the former Kerr-McGee Tronox site in Southern Nevada.

The Subcommittee recommended closing the following Department of Conservation and Natural Resources budgets as recommended by the Governor with minor or technical adjustments:

- Water Resources (101-4171) DCNR-65

Department of Conservation and Natural Resources
General Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
AS CLOSED BY SUBCOMMITTEE:				
DCNR-22	101-4150	Administration	(319,999)	(279,729)
DCNR-34	101-4151	Conservation Districts Program	(4,097)	(4,319)
DCNR-44	101-4162	State Parks	46,419	40,707
DCNR-65	101-4171	*Water Resources	-	-
DCNR-79	101-4195	Forestry	(19,510)	(1,473)
DCNR-95	101-4196	Forest Fire Suppression	(1,458,004)	(2,771)
DCNR-98	101-4198	Forestry Conservation Camps	(5,703)	(10,607)
DCNR-108	101-4194	Wildland Fire Protection Program	(2,250)	-
DCNR-125	101-4173	State Lands	19,846	24,181
DCNR-140	101-4101	*Nevada Natural Heritage	-	-
DCNR-164	101-3173	*DEP Administration	-	-
DCNR-171	101-3185	*DEP Air Quality	-	-
DCNR-176	101-3186	*DEP Water Pollution Control	-	-
DCNR-181	101-3187	*DEP Waste Management and Corrective Action	-	-
New Budget	101-3175	*DEP Industrial Site Cleanup	-	-
			(1,743,298)	(234,011)
* No General Fund impact				

Department of Conservation and Natural Resources
Highway Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
<u>AS CLOSED BY SUBCOMMITTEE:</u>				
DCNR-140	101-4101	Nevada Natural Heritage	26,876	165,311
			26,876	165,311

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - ADMINISTRATION
Account: 101 - 4150

Budget Page: DCNR-22, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	9,165	20,374	122.30				
GENERAL FUND	435,034	448,090	3.00	2,259,376	404.22	2,235,542	(1.05)
INTERAGENCY TRANSFER	487,649	519,978	6.63	682,040	31.17	631,123	(7.47)
OTHER FUND	162,215	131,631	(18.85)	290	(99.78)	290	
REVERSIONS	(3,693)						
Total Revenues	1,090,370	1,120,073	2.72	2,941,706	162.64	2,866,955	(2.54)
Total FTE		8.00		11.00		11.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Increase General Fund appropriations for the Sagebrush Ecosystem Technical Team category to add funding for gasoline for the agency vehicle used by the team that was inadvertently left out of <u>The Executive Budget</u> . The amount added is based on FY 2014 actual expenditures.	3,054	3,054
B000	00	2501	Increase the General Fund appropriation in the base budget to reflect the DO cost allocation based on the current methodology.	359,279	382,726
B000	00	4230	Decrease the DO Cost Allocation Reimbursement revenue line item in the base budget to reflect the DO cost allocation based on the current methodology.	(306,838)	(332,503)
B000	00	4668	Decrease the transfer from the Question One bond program. The amount is reduced to reflect the 50 percent of the salaries and fringe benefits for an Administrative Services Officer position and the salaries and fringe benefits for 52 hours per year (1 hour per week) for the Deputy Director's time spent on managing the Question 1 bond program.	(52,441)	(50,223)
M100	00	2501	Decrease General Fund appropriations in this budget as a result of allocating the EITS SilverNet assessment budgeted in the DCNR Administration budget to the agencies housed in the Bryan Building who also use SilverNet. The allocation is based on the number of workstations each agency has in the Bryan Building.	(120,768)	(107,916)
M801	00	2501	Reduce General Fund appropriations for the increase in the DO cost allocation based on the new methodology for the cost allocation.	(489,899)	(484,536)
M801	00	2501	Reduce General Fund appropriations to remove the allocation to the Sagebrush Ecosystem Technical Team for the DO cost allocation. The Governor is recommending this program to be funded 100 percent with General Fund appropriations and the DO cost allocation is only for the non-General Fund share of the cost allocation.	(25,000)	(25,000)
M801	00	4230	Increase DO cost allocation revenue line item for the increase in the DO cost allocation based on the new methodology for the cost allocation.	489,899	484,536
E225	00	2501	Decrease General Fund appropriations for the DO cost allocation based on the new methodology for the cost allocation to allocate the salaries and fringe benefits for the new Executive Assistant position.	(20,096)	(18,067)
E225	00	2501	Increase General Fund appropriations for voicemail, a state phone line and email services that were inadvertently left out of <u>The Executive Budget</u> for the new Executive Assistant position.	264	260
E225	00	4230	Increase the DO Cost Allocation Reimbursement revenue line item	20,096	18,067

			for the DO cost allocation based on the new methodology for the cost allocation to allocate the salaries and fringe benefits for the new Executive Assistant position.		
E500	00	2501	Decrease General Fund appropriations for the DO cost allocation based on the new methodology for the cost allocation to allocate the cost of the salaries and fringe benefits for the new Deputy Director position.	(33,682)	(30,343)
E500	00	4230	Increase the DO Cost Allocation Reimbursement revenue line item for the DO cost allocation based on the new methodology to allocate the cost of the salaries and fringe benefits for the new Deputy Director position.	33,682	30,343
E501	00	2501	Increase General Fund appropriations to change the funding source to 100 percent General Funds for the Sagebrush Ecosystem Program Manager position.	336	93
E501	00	4724	Decrease the Transfer from the Department of Minerals to change the funding source to 100 percent General Funds for the Sagebrush Ecosystem Program Manager position.	(336)	(93)
E801	00	2501	Increase General Fund appropriations for the Directors Office share of the computer hardware and software recommended in Decision Unit E-801.	6,513	
E801	00	4230	Reduce the DO Cost Allocation Reimbursement revenue line item for the Director's Office share of the computer hardware and software recommended in Decision Unit E-801.	(6,513)	
Sub-total				(142,450)	(129,602)
Line Item Changes to Revenues				(142,450)	(129,602)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	10	7000	Increase the Sagebrush Ecosystem Technical Team category for gasoline for the agency vehicle used by the team that was inadvertently left out of <u>The Executive Budget</u> . The amount added is based on FY 2014 actual expenditures.	3,054	3,054
M100	26	7000	Reduce the EITS SilverNet Charges in this budget to allocate the SilverNet assessment to all agencies housed in the Bryan Building.	(120,768)	(107,916)
M801	10	7000	Decrease the Sagebrush Ecosystem Technical Team category for the DCNR Cost Allocation expenditures line item to remove the Director's Office cost allocation based on the new methodology.	(25,000)	(25,000)
E225	04	7000	Increase the Operating category to add voicemail, a state phone line and email services that were inadvertently left out of <u>The Executive Budget</u> for the new Executive Assistant positions.	264	260
E851	01	5000	Increase the Personnel Services category, Board and Commission Pay expenditure line item to include the recommended increase for the board and commission pay for the Sagebrush Ecosystem Council in the correct category.	7,120	7,120
E851	15	5000	Decrease the Sagebrush Ecosystem Council category to move the board and commission pay for the Sagebrush Ecosystem Council to the correct category.	(7,120)	(7,120)
Sub-total				(142,450)	(129,602)
Line Item Changes to Expenditures				(142,450)	(129,602)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(319,999)	(279,729)

Overview

The Director's Office of the Department of Conservation and Natural Resources (DCNR) provides administrative, technical, budgetary and supervisory support to the Division of State Lands, Environmental Protection, Forestry, State Parks, Water Resources, State Historic Preservation Office, the Natural Heritage Program, the Sagebrush Ecosystem program and the Conservation Districts program. The department also has seven boards, commissions and councils with which it is associated.

The Director's Office (DO) is primarily funded with General Fund appropriations, along with cost allocation reimbursements.

Major Closing Issues

1. Sagebrush Ecosystem Program Major Budget Initiative
2. New Unclassified Executive Assistant Position
3. Transfer, Reclassification and Funding Source Change of a Special Advisor Position

Discussion of Major Closing Issues

1. **Sagebrush Ecosystem Program Major Budget Initiative (MAJOR BUDGET INITIATIVES-28 and 29):**
The Governor recommends General Fund appropriations totaling \$4.1 million over the 2015-17 biennium for the Sagebrush Ecosystem program administered by the department. The \$4.1 million in General Fund appropriations would replace all other non-General Fund sources approved by the 2013 Legislature for the 2013-15 biennium to fund six Sagebrush Ecosystem program positions within DCNR whose primary duties relate to the State's Sagebrush Ecosystem program (the Program Manager/Management Analyst in the Director's Office Administration budget, a Forester position in the Forestry budget, an Environmental Scientist position in the State Lands budget, and three Conservation Specialist positions in the Conservation Districts budget), and the Sagebrush Ecosystem Council and associated travel and operating expenses. In addition, \$2.9 million of the \$4.1 million recommended would fund the establishment of a Conservation Credit System (CCS) to mitigate the impact of the sagebrush ecosystem and fund contract services to assist the state with National Environmental Protection Act compliance and permitting issues, as well as contract services for an audit of the CCS.

Lastly, included in the major budget initiative is a recommendation, effective the second year of the 2015-17 biennium, to reclassify (upgrade) 74 Conservation Crew Supervisor positions in the Forestry Conservation Camps budget. The General Fund cost associated with this recommendation is \$413,421 in FY 2017.

The various decision units included in The Executive Budget for the Sagebrush Ecosystem program major budget initiative have been discussed in additional detail in each corresponding budget. The decision units recommended in the Director's Office Administration budget include the following:

- a. **Position Transfer and Funding Source Change (E-501 and E-901; DCNR-26 and DCNR-29):**
The Executive Budget recommends the transfer of the Program Manager (Management Analyst) for the Sagebrush Ecosystem Technical Team from the State Lands budget to the Director's Office Administration budget. In addition, the 75 percent non-General Fund share of this position is recommended to change to 100 percent General Fund appropriations totaling \$117,283 for the 2015-17 biennium. The department indicates the non-General Fund sources supporting this position are not sustainable beyond the current biennium. The total General Fund appropriation recommended for the position and associated costs is \$156,520 for the 2015-17 biennium.

Fiscal staff identified a technical error in the decision unit to change the funding source of this position. Decision Unit E-501 does not reconcile to the revenue included in the transfer Decision Unit E-901, leaving a balance of \$336 in FY 2016 and \$93 for FY 2017 as a transfer from the Division of Minerals. **Fiscal staff has included a technical adjustment in this closing document to eliminate \$336 in FY 2016 and \$93 in FY 2017 for the balance remaining as a transfer from the Department of Minerals and a corresponding increase to General Fund appropriations.** The agency concurs with this adjustment.

Does the Subcommittee wish to approve the Governor's recommendation to transfer the Program Manager for the Sagebrush Ecosystem Technical Team from the State Lands budget to the Director's Office Administration budget and to change the funding source for the Program Manager position from 75 percent non-General Fund to 100 percent General Fund appropriations totaling \$156,520 over the 2015-17 biennium, including the technical adjustment noted by staff?

The Subcommittee recommended approving the Governor's recommendation to transfer the Program Manager for the Sagebrush Ecosystem Technical Team from the State Lands budget to the Director's Office Administration budget and to change the funding source for the Program Manager position from 75 percent non-General Fund to 100 percent General Fund appropriations totaling \$156,520 over the 2015-17 biennium, including the technical adjustment noted by staff.

b. Implementation of a Conservation Credit System, Contract Services, and Increases to Travel and Equipment for the Sagebrush Ecosystem Program Technical Team and Council (E-851, DCNR-28): The Governor is recommending General Fund appropriations totaling \$1.5 million in each year of the 2015-17 biennium for the following enhancements:

- \$1.0 million is recommended in each year of the 2015-17 biennium to implement a state Conservation Credit System (CCS), in part to demonstrate Nevada's commitment for the protection of the Greater Sage-grouse and to generate conservation credits for the CCS. According to the department, the conservation credits could then be used to create a self-revolving fund for habitat conservation and restoration projects to mitigate disturbances to the sagebrush ecosystem. Additionally, the credits would have a monetary value that would be used to generate revenue for further conservation work in the ecosystem. The department advises the \$1.0 million recommended in each year of the 2015-17 biennium would be used as the initial capital for the CCS to implement Greater Sage-grouse habitat protection and enhancement projects in high priority areas that would generate the most credits. The high priority habitat protection and enhancement projects that would be funded with the \$1.0 million that is recommended each year of the 2015-17 biennium, would be prioritized and approved by the Sagebrush Ecosystem Council. Funding for projects approved by the Council could be awarded and completed by private entities, private land owners, Conservation Districts or by the Division of Forestry inmate crews for example.

Pursuant to *Nevada Revised Statutes* 232.162, the Sagebrush Ecosystem Council is required to develop a mitigation system that utilizes an adaptive management framework. The department indicates that the CCS is an innovative mitigation tool that accounts for several factors and then values the functional acres for Greater Sage-grouse utilization. By creating a system that values functional acres of habitat, the CCS would provide strong disincentives for disturbing high value habitat and conversely provides strong incentives for performing restoration and enhancement work in the highest value areas. The CCS would provide regulatory certainty for industries and conservation credit producers by addressing compensatory mitigation needs whether or not the Greater Sage-grouse species is listed by the U.S. Fish and Wildlife Service. Examples of projects that may generate credits include protection and enhancement of wet meadow areas, removal of pinyon-juniper trees where they are encroaching on sagebrush habitat, removal of excess roads and power lines that have been demonstrated to have a negative impact on the Greater Sage-grouse, and rehabilitation of habitat that has been damaged due to wildfire. The department indicates that the projects will be prioritized through the strategic action plan that is currently being developed by the Sagebrush Ecosystem Council.

The department indicates the CCS manual and the underlying methodology, referred to as the Habitat Quantification Tool (HQT) was unanimously adopted by the Sagebrush Ecosystem Council in October 2014. According to the department, the Conservation Credit System is a system that quantifies the functional value of acres and not just the number of acres. The department indicates this valuation is critical in determining the impacts of disturbance to habitat (debits) as well as the value of habitat improvement projects (credits). Nevada's State Plan for the Conservation of the Greater Sage-grouse has an overarching goal of resulting in a net conservation benefit. This can be achieved by generating more credits (habitat improvements) in relation to debits (impacts to habitat).

Upon adoption of the CCS and HQT, the department indicates the Sagebrush Ecosystem Technical Team (SETT) began soliciting parties for pilot projects. The SETT had two entities express interest in a preliminary review for possible habitat conservation projects for credit generation. This preliminary review included some initial field work, potential project area and identification of possible activities to determine upfront if proposed activities would generate credits under the system before moving forward with more intensive work. One project, a private ranch in Elko County, was preliminarily identified as a "credit producing" project and is moving forward. The other project was determined to not have a habitat benefit specific to the Greater Sage-grouse, and as such does not qualify for participation in the Conservation Credit System. The department indicates this preliminary work validates that the CCS performs as designed in only valuing habitat activities that would result in demonstrated improvements to Greater Sage-grouse habitat.

The department indicates the first project that passed the preliminary review is moving forward. The SETT will be performing the necessary field work in May of 2015, and then late in the summer to establish baseline habitat conditions. On the ground project work is scheduled to start in the summer of 2015, in order to begin generating "credits" for the system.

The department advises that three other entities have contacted the SETT for inclusion in the program. One is another ranch that has interest in participating in the program for the purpose of generating credits. The other two entities are separate mineral production companies that will need to go through the system to evaluate the "debits" as a result of proposed mineral activities. All of these CCS projects are scheduled to begin this summer.

- \$250,000 is recommended in each year of the 2015-17 biennium for an adaptive management contract for the CCS to utilize the best available science and methodologies for quantifying credits and debits as new science becomes available and to account for changes in the landscape.
- \$125,000 is recommended in each year of the 2015-17 biennium for contract services of a consultant with expertise in National Environmental Policy Act (NEPA) permit compliance. The department indicates the majority of the Greater Sage-grouse are located on lands that are managed by either the Bureau of Land Management or the U.S. Forest Service. As such, many habitat conservation and enhancement projects will require authorizations from these federal agencies and will require compliance with the NEPA. On-the-ground project implementation will be expedited if assistance is contracted from a consultant with expertise in NEPA permit compliance.
- \$25,000 is recommended in FY 2017 to fund an independent audit of the proposed CCS.

- \$61,344 is recommended in FY 2016 and \$35,344 in FY 2017 to fund additional costs related to the Sagebrush Ecosystem program Technical Team members. The additional funding recommended includes:
 - \$34,144 for each year of the 2015-17 biennium for additional in-state and out-of-state travel for the five positions assigned to the Sagebrush Ecosystem program Technical Team to attend western regional meetings, attend training and to meet with the local communities and work groups around the state. The five-member Technical Team is comprised of representatives from the Division of Forestry, State Lands, the Department of Agriculture, the Department of Wildlife, and a Program Manager recommended to be transferred from the State Lands budget to the Director's Office Administration budget. With the additional funding recommended in Decision Unit E-851, and the funding recommended in the adjusted base budget, the total budget recommended for in-state and out-of-state travel is \$43,476 annually for the five positions, an increase of 341 percent over FY 2014 actual expenditures of \$9,859. The department indicates the expenditures for travel in FY 2014 do not represent the anticipated travel needs of the technical team for the 2015-17 biennium. The department notes that during FY 2014, the team was spending a majority of its time working on planning documents such as the Greater Sage-Grouse Conservation Plan, determining mapping tools to be used and determining what type of mitigation programs should be implemented, as well as working with the Council and determining its needs and providing data and information needed for the Council to make decisions as to the goals and objectives of the new initiative. For the upcoming biennium the department is anticipating the team will need to spend more time in the field primarily in Northern Nevada completing field work and reviewing projects for the CCS.
 - \$20,000 in FY 2016 for the replacement of a host server, one backup server and a tape library. The existing equipment was handed down from an agency within the department and is out of warranty and no longer meets the increased demands of this Ecosystem program
 - \$7,200 in FY 2016 and \$1,200 in FY 2017 for new equipment, including a switch required for a server, one projector, two laptop computers, and new ArcGIS software license and ongoing maintenance. The agency indicates the new equipment and software is needed for off-site field work and presentations in rural Nevada.
- \$18,626 is recommended for each year of the 2015-17 biennium to fund additional board and commission pay and travel costs for nine members of the Sagebrush Ecosystem Council to attend eight one-day meetings and four two-day meetings. With the additional funding recommended in Decision Unit E-851 and the funding recommended in the adjusted base budget, the total funding recommended for board and commission pay is \$11,520 annually, while the total funding recommended for in-state travel for the Council is \$30,000 annually. The department provided supporting calculations for the board travel, which includes one meeting per month for the nine member council. The department indicates that many of the Council members drive from rural areas to attend each meeting, which results in higher than usual costs. The department is projecting an average cost of \$2,500 per meeting. The increase in the board and commission pay was inadvertently placed in the Sagebrush Ecosystem Council category and it should be included in the Personnel Services category. **Fiscal staff has included a technical adjustment in this closing document to transfer the recommended increase for the board and commission pay for the Sagebrush Ecosystem Council totaling \$7,120 in each fiscal year of the 2015-17 biennium from the Sagebrush Ecosystem category to the Personnel category.**

Does the Subcommittee wish to approve the Governor's recommendation to implement a Conservation Credit System including contract services (1) for an adaptive management contract for the Conservation Credit System; (2) to hire a consultant with expertise in National Environmental Policy Act permit compliance; and (3) for an independent audit of the proposed Conservation Credit System; and increases to travel and equipment for the Sagebrush Ecosystem program technical team and council, funded with General Fund appropriations totaling \$1.5 million in each year of the 2015-17 biennium, including the technical adjustment noted by staff?

The Subcommittee recommended approving the Governor's recommendation to implement a Conservation Credit System including contract services (1) for an adaptive management contract for the Conservation Credit System; (2) to hire a consultant with expertise in National Environmental Policy Act permit compliance; and (3) for an independent audit of the proposed Conservation Credit System; and increases to travel and equipment for the Sagebrush Ecosystem Program Technical Team and Council, funded with General Fund appropriations totaling \$1.5 million in each year of the 2015-17 biennium, including the technical adjustment noted by staff.

- c. Funding Source Change for the Base Budget Expenditures of the Sagebrush Ecosystem Program Technical Team and the Council (E-852, DCNR-28): The Governor recommends General Fund appropriations of \$85,573 for each year of the 2015-17 biennium to change the funding source for base budget expenditures for the Sagebrush Ecosystem program from 75 percent non-General Fund sources to 100 percent General Fund appropriations.

Does the Subcommittee wish to approve the Governor's recommendation to change the funding source for the Base Budget expenditures of the Sagebrush Ecosystem Program Technical Team and the Council from other funding sources to General Fund appropriations totaling \$85,573 in each year of the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation to change the funding source for the Base Budget expenditures of the Sagebrush Ecosystem Program Technical Team and the Council from other funding sources to General Fund appropriations totaling \$85,573 in each year of the 2015-17 biennium.

2. New Unclassified Executive Assistant Position (E-225, DCNR-24): The Governor recommends General Fund appropriations totaling \$78,569 and Director's Office Cost Allocation Reimbursements totaling \$75,424 over the 2015-17 biennium to restore an unclassified Executive Assistant position in the Director's Office. The agency notes that an Executive Assistant position was eliminated during the recent fiscal downturn when the department was required to implement mandatory budget reductions. The department advises DCNR is currently the only department without such a position. The Administration budget currently has one Administrative Assistant to provide support to staff in the Director's Office, which the agency indicates is not sufficient to meet the needs of the department.

Fiscal staff has included a technical adjustment in this closing document to add General Fund appropriations totaling \$524 over the 2015-17 biennium for email, state phone line and voicemail costs for the new Unclassified Executive Assistant position that were inadvertently left out of The Executive Budget.

In addition, Fiscal staff has included a technical adjustment to reduce the General Fund appropriations from \$78,569 to \$40,406 and increase the DO Cost Allocation Reimbursement from \$75,424 to \$113,587 over the 2015-17 biennium based on the new methodology for allocating cost to the DCNR agencies for the Director's Office cost allocation.

Does the Subcommittee wish to approve the Governor's recommendation, including the technical adjustment noted by staff to fund one new Unclassified Executive Assistant and associated operating costs funded with General Fund appropriations totaling \$40,930 and Director's Office Cost Allocation Reimbursements totaling \$113,587 over the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation, including the technical adjustment noted by staff to fund one new Unclassified Executive Assistant and associated operating costs funded with General Fund appropriations totaling \$40,930 and Director's Office Cost Allocation Reimbursements totaling \$113,587 over the 2015-17 biennium.

3. Transfer, Reclassification and Funding Source Change of a Special Advisor Position (E-500, and E-900, DCNR-26 and 29): The Executive Budget recommends the transfer of a Special Advisor position from the State Lands budget to the Director's Office Administration budget and further recommends the Special Advisor position be reclassified to an Unclassified Deputy Director position. Funding for the position and associated costs is recommended to change from Question 1 Bond funds totaling \$268,978 to General Fund appropriations totaling \$134,217, and Director's Office Cost Allocation Reimbursements totaling \$134,761 over the 2015-17 biennium. During the 2013-15 biennium, the department created the Special Advisor position by reclassifying a vacant position within the Division of State Lands to a Special Advisor utilizing vacancy savings. The department indicates the Special Advisor to the Director position was created during the 2013-15 biennium to provide additional senior staff for the department with the intent of changing the position to a second Deputy Director position during the 2015 Legislative Session. The department indicates the enormous span of complex, high-profile and technical issues found in DCNR's many agencies creates the need for a strong senior management team. The department notes that recent changes within the department have created the need for a second deputy. Those changes include the addition of the State Historic Preservation Office, an agency formerly in the Department of Cultural Affairs, the new Sagebrush Ecosystem program and the revitalized Conservation Districts program (both the Sagebrush Ecosystem program and the Conservation Districts program do not have administrators). In addition, the Division of Environmental Protection continues to grow in programming and staff and the Director's Office has been asked to take a larger role in the bi-state Lake Tahoe issues, including appointment of the current Special Advisor to the TRPA Governing Board in 2014. The department advises that public lands and water issues are receiving heightened attention that is expected to continue. Finally, the department notes, the current Deputy Director also serves as the Personnel Chief for the department as DCNR, unlike most other departments, does not have a personnel officer. **Fiscal staff has included a technical adjustment to reduce the General Fund appropriations from \$134,217 to \$70,192 and increase the DO Cost Allocation Reimbursement from \$134,761 to \$198,786 over the 2015-17 biennium based on the new methodology for allocating costs to the DCNR agencies for the Director's Office cost allocation.**

Does the Subcommittee wish to approve the Governor's recommendation, including the technical adjustment noted by staff, to transfer a Special Advisor position from the State Lands budget to the Director's Office Administration budget and to reclassify the Special Advisor position to an Unclassified Deputy Director position, funded with General Fund appropriations totaling \$70,192 and Director's Office Cost Allocation Reimbursements totaling \$198,786 over the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation, including the technical adjustment noted by staff, to transfer a Special Advisor position from the State Lands budget to the Director's Office Administration budget and to reclassify the Special Advisor position to an Unclassified Deputy Director position, funded with General Fund appropriations totaling \$70,192 and Director's Office Cost Allocation Reimbursements totaling \$198,786 over the 2015-17 biennium.

Other Closing Items

1. Adjusted Base Budget (BASE, DCNR-22 and 23): Fiscal staff has included the following technical adjustments in this closing document for the Adjusted Base Budget:

- **An increase to the Sagebrush Ecosystem Technical Team category of \$3,054 in each year of the 2015-17 biennium, funded with General Fund appropriations to add funding for gasoline for an agency vehicle used by the Sagebrush Ecosystem Technical team that was inadvertently left out of The Executive Budget. The amount of the increase is based on actual expenditures for FY 2014.**
- **A decrease in the transfer from the Question One Bond program revenue line item and a corresponding increase to General Fund appropriations totaling \$52,441 in FY 2016 and \$50,223 in FY 2017. This adjustment reflects 50 percent of the salaries and fringe benefits for an Administrative Services Officer position and the salaries and fringe benefits for 52 hours per year (1 hour per week) for a Deputy Director's time spent on managing the Question 1 Bond program. The Executive Budget recommended a transfer from the Question 1 Bond program totaling a flat \$115,000 for each year of the 2015-17 biennium; however, the methodology used to charge 100 percent of the Administrative Services Officer position's time to the Question One Bond program was not realistic, as this position was also assigned other duties and serves as the Department's Chief Financial Officer. With the new methodology recommended by staff, the remaining 50 percent of the costs of the Administrative Services Officer position will be included in the Director's Office cost allocation.**

2. Enterprise Information Technology Services (EITS) SilverNet Assessment (M-100, DCNR-23): SilverNet is the State's Wide Area Network (WAN), used by agencies for connection between agency PCs and LANs, host computers and state application programs, and outside access to the Internet. Agencies are billed monthly based on a usage pricing tier. The Department of Conservation and Natural Resources (DCNR) is classified as a tier 7. The agencies in DCNR are primarily located in the Bryan Building in Carson City. The Executive Budget recommends General Fund appropriations of \$123,904 in FY 2016 and \$110,695 in FY 2017 in the DCNR Administration budget for a tier 7 annual assessment for access to the Internet via EITS SilverNet for the Bryan Building. The department has requested the SilverNet assessment to be allocated to each agency's budget for all DCNR agencies housed in the Bryan Building based on the number of agency workstations. The Director's Office share of the SilverNet assessment would be \$3,136 in FY 2016 and \$2,779 in FY 2017. The funding split in this budget for administrative expenses is 60 percent federal funds and 40 percent General Fund appropriation. By allocating the SilverNet assessment to all DCNR agencies in the Bryan Building, department-wide, a total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017 would be realized as a result of the allocation.

Fiscal staff has included a technical adjustment in this closing document reducing the SilverNet assessment in the DCNR Administration budget by the amount directly allocated to the DCNR agencies in the Bryan Building using SilverNet, resulting in a decrease of General Fund appropriations of \$120,768 in FY 2016 and \$107,916 in FY 2017.

With the technical adjustment, this recommendation appears reasonable.

3. Director's Office Cost Allocation Reimbursements (BASE, M-801 and E-801, DCNR-22 through 24 and 27): In total, the Governor recommends \$1.0 million over the 2015-17 biennium for the DO Cost Allocation Reimbursements, an increase of 262.8 percent when compared to the \$282,738 approved for the 2013-15 biennium.

Fiscal staff identified issues with the current methodology used for the Director's Office cost allocation. The current cost allocation methodology does not allocate 100 percent of the personnel expenditures and does not consider the percentage of the non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff met with the Executive Budget Office and DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTE's for the non-General Fund share of costs only. The General Fund share of the Director's Office cost allocation would be appropriated to the DCNR Administration budget. The department concurs with the proposed methodology change for the DO cost allocation.

Based on the new methodology, the new cost allocation would increase by \$437,277 for the 2015-17 biennium over the \$1.0 million recommended in The Executive Budget for the 2015-17 biennium, which would decrease the General Fund appropriations by the same amount in the DCNR Administration budget (this includes the new positions recommended in Decision Units E-225 and E-900). Staff would note that in some cases, the allocation of the DO cost allocation to other DCNR agencies increases the General Fund support in those budgets; however, department-wide, the net General Fund savings totals \$189,906 over the 2015-17 biennium as a result of the change in the methodology used for the DO cost allocation.

Fiscal staff has included technical adjustments in this closing document to adjust the base budget for the DO Cost Allocation Reimbursement revenues to \$50,199 for each year of the 2015-17 biennium (reduction of \$639,341 over the 2015-17 biennium) to reconcile to the actual amounts in agency base budgets recommended as transfers to the DCNR Administration budget for the DO cost allocation; and to adjust Decision Unit M-801 to reflect the difference between the base budget and the revised cost allocation based on the agreed upon methodology going forward for the existing positions recommended in the base budget for the DCNR Administration budget (increase of \$974,435 over the 2015-17 biennium).

In Decision Unit M-801, the Governor further recommends General Fund appropriations of \$25,000 each year of the 2015-17 biennium to fund the DO cost allocation for the Sagebrush Ecosystem program. The Sagebrush Ecosystem program is recommended to be funded 100 percent with General Fund appropriations. If the Subcommittee approves the recommended change of the funding source for the Sagebrush Ecosystem program's non-General Fund sources to 100 percent General Fund appropriations, Fiscal staff would recommend the elimination of Decision Unit M-801. The technical correction would eliminate unnecessary transfers within the Director's Office Administration budget each year of the 2015-17 biennium. **Fiscal staff has included a technical adjustment in this closing document to eliminate the \$25,000 cost allocation to the Sagebrush Ecosystem Program included in Decision Unit M-801 in each year of the 2015-17 biennium. If the Subcommittee does not approve the change of the funding source for the Sagebrush Ecosystem program from non-General Fund sources to 100 percent General Fund appropriations, Fiscal staff will remove the technical adjustment.**

In Decision Unit E-801, the Governor recommends DO Cost Allocation Reimbursements of \$75,810 in FY 2016 to purchase four new virtual servers, one backup server, new storage, a warranty renewal on existing storage backup software and a maintenance contract on the new backup software (E-801, DCNR-27). The costs are recommended to be allocated to the various agencies that use the servers in the Bryan Building based on the percentage of server usage. Fiscal staff notes that The Executive Budget does not include a General Fund appropriation of \$6,513 over the 2015-17 biennium for the Director's Office share of the costs for the recommended hardware and software. **Fiscal staff has included a technical adjustment in this closing document to increase the General Fund appropriation by \$6,513 and reduce the DO Cost Allocation Reimbursements by the same amount in Decision Unit E-801 to fund the Director's Office share of the cost of the new IT equipment.**

4. Increased Funding for Out-of-State and In-State Travel for the Director (E-227, DCNR-25): The Governor recommends General Fund appropriations of \$2,397 in each year of the 2015-17 biennium to fund additional out-of-state and in-state travel for the Director of DCNR to attend meetings required for the state's Sagebrush Ecosystem program, the Tahoe Regional Planning Agency and other departmental purposes. The 2013 Legislature approved General Fund appropriations of \$18,500 in each year of the 2013-15 biennium to support increased travel for staff and primarily the Director. The Director's Office spent \$27,406 in FY 2014, in total, for both in-state and out-of-state travel. Fiscal staff has received supporting documentation and calculations for the recommended travel increases over the 2015-17 biennium. **This recommendation appears reasonable.**
5. Increased Funding for Out-of-State and In-State Travel for the new Deputy Director (E-228, DCNR 25): The Governor recommends General Fund appropriations of \$7,635 in each year of the 2015-17 biennium to fund out-of-state and in-state travel for the proposed new Deputy Director position, which was previously discussed under Major Issues. The department indicates the individual in the position would be a member and state representative on the Tahoe Regional Planning Agency Governing Board, as well as a member of the Southern Nevada Public Land Management Act (SNPLMA) working group. Both the membership on the Governing Board, and other related Tahoe policy involvement, necessitate multiple trips to Lake Tahoe. The SNPLMA working group requires meetings in Las Vegas and various other policy matters related to federal resource partners require frequent trips to those agency's offices located in Reno. The additional Deputy Director would act as advisor to the Sagebrush Ecosystem program, which would also require travel. The department indicates that the travel recommended for the Special Advisor position in this decision unit was not required of the incumbent in the State Lands budget prior to the creation and recommended transfer of the Special Advisor position to this budget. The department indicates that during the current biennium it was identified that there would not be sufficient travel funds available in the Director's Office for this position and that the funding for necessary travel for the position when it would be reclassified to a Deputy Director position would be included in the 2015-17 biennial budget proposal from the Director's Office. To bridge the time between the current interim, the department indicates the employee currently filling the Special Advisor position, has limited travel whenever possible, foregoing trips to rural Nevada and limiting other travel. **This recommendation appears reasonable.**
6. Computer Software (E-710, DCNR-27): The Executive Budget recommends General Fund appropriations of \$5,112 in FY 2016 and \$4,782 in FY 2017 for the annual costs of Symplicity Voice-Constituent Management Software purchased by the Governor's Office and cost allocated to all departments utilizing this software (DCNR's share is \$4,782 annually). The system is a web-based constituent relationship management (CRM) system specifically designed for government offices to collect, track, route and interact with constituents through a single, web-based environment. In FY 2016, \$330 is recommended to purchase an updated version of Microsoft Office Suite for the Deputy Director, who is currently using a 2007 version, which will no longer be supported by Microsoft. **This recommendation appears reasonable.**
7. Salary Increase for Deputy Directors (E-806, DCNR-27 and 28): The Executive Budget recommends a General Fund appropriation of \$579 in FY 2016 and \$1,056 in FY 2017 to align the unclassified salary of the existing Deputy Director position with the Deputy Director positions of Wildlife and Agriculture and to establish a second new Deputy Director position at the same salary tier, as discussed in Decision Units E-500 and E-900.

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and authority to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Additional Information - No Action Necessary

Department of Conservation and Natural Resources Bond Programs (APPENDIX-7): The Department of Conservation and Natural Resources has four resource protection programs that are dependent upon the sale of general obligation bonds. The Governor recommends a total of \$6.5 million in the 2015-17 biennium for the issuance of general obligation bonds for the four DCNR resource protection programs as follows:

- \$1.0 million recommended for the Commission for Cultural Affairs grant program managed by the State Historic Preservation Office to promote and preserve the state's cultural resources;
- \$1.5 million recommended for the Lake Tahoe Environmental Improvement Program (EIP) managed by State Lands, which funds activities related to the Environmental Improvement Program in the Lake Tahoe basin;
- \$3.0 million recommended for the Conservation and Recreation Bond Program (Question 1). The 17th Special Session of the Legislature (2001) approved Assembly Bill 9. In the November 5, 2002, General Election, the voters approved the issuance of up to \$200 million in general obligation bonds (Question 1 bond program) for the purpose of protecting, preserving and obtaining the benefits of property and natural resources in the state. All bond sales related to the Question 1 bond program were originally required to be sold by June 30, 2014. Senate Bill 489 (2013 Legislative Session) extended the period for issuance of the Question 1 bonds until June 30, 2019. Of the \$3.0 million recommended, \$1.0 million is designated for grants managed by the Division of State Lands for the construction of recreational trails and the acquisition of conservation easements; \$1.0 million is designated for the Division of State Parks to support capital improvements and renovations of facilities in state parks; and \$1.0 million is designated for the Department of Wildlife for wildlife habitat and facility improvements; and
- \$1.0 million recommended for the Water Infrastructure Grant Program managed by the Division of Environmental Protection to provide grants to water purveyors to assist with the costs of capital improvements and to fund the cost of improvements to conserve water.

Fiscal staff notes the amount of bonds recommended in The Executive Budget for the Department of Conservation and Natural Resources Bond programs for the Tahoe Environmental Improvement Bond program and the Water Infrastructure (NDEP) Bond program were reversed. The total amount of the bonds recommended for the Tahoe Environmental Improvement Bond program should be \$1.5 million and the amount for the Water Infrastructure (NDEP) Bond program should be \$1.0 million.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - CONSERVATION DISTRICTS PROGRAM
Account: 101 - 4151

Budget Page: DCNR-34, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(22,434)	22,434	(200.00)				
FEDERAL FUND	5,272	60,000	1038.09				
GENERAL FUND	297,725	301,804	1.37	542,238	79.67	590,736	8.94
INTERAGENCY TRANSFER	174,746	152,312	(12.84)				
OTHER FUND							
REVERSIONS	(37,960)						
Total Revenues	417,349	536,550	28.56	542,238	1.06	590,736	8.94
Total FTE		4.00		4.00		4.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Decrease General Fund appropriations to adjust the Board and Commission pay to fund 2 2-day meetings and 3 1-day meetings, as requested by the agency.	(400)	(400)
B000	00	2501	Increase General Fund appropriations to add a third agency owned vehicle assigned to the Conservation District (CD) Regional Specialist in Ely.	246	246
M100	00	2501	Increase General Fund appropriations to add a third agency owned vehicle assigned to the CD Regional Specialist in Ely.	4	
M100	00	2501	Increase General Fund appropriations for the SilverNet assessment allocated to the agency.	285	253
M801	00	2501	Decrease the General Fund appropriations to remove the Director's Office cost allocation from this budget, which is funded 100 percent with General Fund appropriations.	(4,189)	(4,375)
E851	00	2501	Decrease General Fund appropriation for travel costs, as requested by the agency.	(43)	(43)
Sub-total				(4,097)	(4,319)
Line Item Changes to Revenues				(4,097)	(4,319)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Decrease the Personnel Services category to adjust the Board and Commission pay to fund 2 2-day meetings and 3 1-day meetings as requested by the agency.	(400)	(400)
B000	04	7000	Decrease the Operating Expenses category to move vehicle insurance costs to the CD Specialists category.	(356)	(356)
B000	10	7000	Increase the CD Regional Specialists category to add a third agency owned vehicle assigned to CD Regional Specialist in Ely and move the insurance costs for all three vehicles from the Operating Expenses category to the CD Regional Specialists category.	602	602
M100	04	7000	Decrease the Operating Expenses category to move vehicle insurance costs to the CD Regional Specialists category	(5)	(5)
M100	10	7000	Increase the CD Regional Specialists category to add a third agency owned vehicle assigned to CD Regional Specialist in Ely and move the insurance costs for all three vehicles from the Operating Expenses category to the CD Regional Specialists category.	9	5

M100	26	7000	Increase the Information Services category for the allocation of the EITS SilverNet assessment to the agency.	285	253
M801	40	7000	Decrease the DCNR Cost Allocation category to remove the Director's Office cost allocation based on the new methodology.	(4,189)	(4,375)
E851	10	6000	Decrease the CD Regional Specialist category for travel costs as requested by the agency.	(43)	(43)
Sub-total				(4,097)	(4,319)
Line Item Changes to Expenditures				(4,097)	(4,319)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(4,097)	(4,319)

Overview

Pursuant to Senate Bill 446 (2011 Legislative Session), the Division of Conservation Districts was modified from a division within the Department of Conservation and Natural Resources (DCNR) to a program within the Director's Office of DCNR. The Conservation Districts Program works with Nevada's 28 locally elected conservation districts in a statewide conservation program. The agency's mission is to train and assist the districts, which work to conserve, improve and sustain the state's renewable natural resources by providing outreach and technical assistance to landowners in partnership with other local, state and federal agencies. The agency provides administrative support to the State Conservation Commission (Commission), which develops policy and regulations for the 28 conservation districts. Through the Commission, the agency provides annual grants to each of the 28 eligible conservation districts (approximately \$3,500 each year), which, by statute, must be distributed equally to all qualifying conservation districts. The state grant funds distributed to conservation districts have a 1:1 matching requirement. The Conservation District's three regional Conservation Staff Specialists work primarily on the Sagebrush Ecosystem program.

Major Closing Issues

1. Additional Travel for the Conservation Districts Program Manager and the State Conservation Commission
2. Increased Funding for the Competitive Grants Program

Discussion of Major Closing Issues

1. Additional Travel for the Conservation Districts Program Manager and the State Conservation Commission (E-225, DCNR-36): The Governor recommends General Fund appropriations of \$16,662 in each year of the 2015-17 biennium to fund additional in-state travel for the Conservation District Program Manager and the State Conservation Commission. Of the recommended increase, \$9,027 would fund additional travel for the State Conservation Commission. The agency indicates the funding recommended would allow the nine member State Conservation Commission to attend five State Conservation Commission meetings each year. The agency indicates the rural locations of the State Conservation Commission members requires more travel days than members who are located in metropolitan areas and can easily travel by plane, rather than car. Meetings are more effective with face-to-face interaction, for both the State Conservation Commission members and the Program Manager.

In addition, the agency advises \$7,635 in each year of the total recommended funding would allow for multiple trips for the Program Manager to meet with the three regional Conservation Staff Specialists located in Elko, Ely and Winnemucca and for multiple trips to western, central and southern Nevada and to non-Sagebrush Ecosystem rural conservation districts. The Program Manager coordinates the activities of the three Conservation Regional Specialists that are located in Elko, Winnemucca and Ely. In addition, the Program Manager is personally responsible for meeting with the conservation districts in western, central and southern Nevada.

Fiscal staff notes that of the \$14,000 approved by the 2013 Legislature for in-state travel in FY 2014, actual expenditures for the Program Manager and the State Conservation Commission totaled \$9,371. Inclusive of the recommended increase for in-state travel, the Governor is recommending \$26,033 in each year of the 2015-17 biennium for in-state travel for the Program Manager and the nine member State Conservation Commission, representing a 177.8 percent increase over FY 2014 expenditures.

Additionally, it should be noted that total annual travel (\$13,104) and operating costs (\$21,409 in FY 2016 and \$21,973 in FY 2017) for the three Regional Specialist positions associated with the Governor's Sagebrush Ecosystem Program Major Budget Initiative are accounted for separately (Category 10) and are not included in the recommended funding increase for in-state travel in Decision Unit E-225.

Does the Subcommittee wish to approve the Governor's recommendation to fund additional in-state travel for the Conservation District Program Manager and the State Conservation Commission funded with General Fund appropriations totaling \$16,662 in each year of the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation to fund additional in-state travel for the Conservation District Program Manager and the State Conservation Commission funded with General Fund appropriations totaling \$16,662 in each year of the 2015-17 biennium.

2. Increased Funding for the Competitive Grants Program (E-350, DCNR-36, 37): The Executive Budget recommends General Fund appropriations totaling \$35,000 for FY 2017, to increase the total funding of the competitive grant program from \$40,000 to \$75,000 in the second year of the 2015-17 biennium. The competitive grant program was initially established to aid conservation districts in funding projects to benefit the sage grouse habitat when the 2013 Legislature approved a General Fund appropriation of \$40,000 in each year of the 2013-15 biennium. During the budget hearings before the money committees of the 2013 Legislature, the agency indicated the funding would provide conservation districts funding for specific approved projects that were ground ready. Examples provided by the agency of the specific types of projects to be funded by the new grant funds included habitat restoration, riparian area fence outs and development, and wildland fire prevention such as green stripping. The agency advised that a conservation district that received a grant award would enter into a contract with the Commission that would include specific requirements. Criterion to determine eligible grant recipients might include matching funds from other sources and project plans that have undergone technical review. The agency further stated that projects would be required to be monitored and measures of success would be determined on a project-by-project basis.

The agency indicates that because of the urgency related to the sage grouse and the Sagebrush Ecosystem program, the Commission approved regulations that provided specific qualifications for the competitive grant program, which include but are not limited to: (a) The conservation district must be in good standing as set forth in NAC 548.110 and eligible to receive a grant of money pursuant to NAC 548.115; (b) Provides written confirmation from the Sagebrush Ecosystem Technical Team that sufficient sage grouse habitat or potential sage grouse habitat exists within the boundaries of the conservation district where the proposed project will benefit the sage grouse; (c) Has demonstrated past ability to complete similar projects in a reasonable manner; and (d) Has adequate resources to track a grant project and administer the grant funds. In FY 2014, the Commission funded 14 grants of the 17 grant applications received during the interim to improve the sagebrush ecosystem habitat for sage grouse. The amount of each grant award was \$2,857.

Currently, *Nevada Revised Statutes* 548.178 requires the State Conservation Commission to distribute grants of money provided by legislative appropriation in equal amounts to each conservation district. Senate Bill 45, enrolled and signed by the Governor on April 7, 2015, adds provisions to the statute for the competitive grant program provided by legislative appropriation. The bill also allows the competitive grant funds to be distributed in unequal amounts to the conservation districts and be governed by regulations specifically adopted by the State Conservation Commission to administer the competitive grant program.

Does the Subcommittee wish to approve the Governor's recommendation to increase the total funding of the competitive grant program from \$40,000 to \$75,000 in the second year of the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation to increase the total funding of the competitive grant program from \$40,000 to \$75,000 in the second year of the 2015-17 biennium.

Other Closing Items

1. Adjusted Base Budget (BASE, DCNR-34): The Governor recommends General Fund appropriations of \$4,320 in each fiscal year of the 2015-17 biennium for board and commission pay for the State Conservation Commission, which consists of seven salaried commissioners appointed by the Governor and two unsalaried ex-officio members. As requested by the agency, Fiscal staff has included a technical adjustment in this closing document to reduce General Fund appropriations by \$400 in each fiscal year of the 2015-17 biennium to decrease the board and commission pay line item in the Personnel Services category. Funding included in The Executive Budget is more than required to fund two two-day meetings and three one-day meetings for the State Conservation Commission. With the technical adjustment completed by staff, this recommendation appears reasonable.

2. Enterprise Information Technology Services (EITS) SilverNet Assessment (M-100, DCNR-35): SilverNet is the state's Wide Area Network (WAN), used by agencies for connection between agency PCs and LANs, host computers and state application programs, and outside access to the Internet. Agencies are billed monthly based on a usage pricing tier. The Department of Conservation and Natural Resources (DCNR) is classified as a tier 7. The agencies in DCNR are primarily located in the Bryan Building in Carson City. The Executive Budget recommends General Fund appropriations of \$123,904 in FY 2016 and \$110,695 in FY 2017 in the DCNR Administration budget for a tier 7 annual assessment for access to the Internet via EITS SilverNet for the Bryan Building. The department has requested the SilverNet assessment to be allocated to each agency's budget for all DCNR agencies housed in the Bryan Building based on the number of agency workstations. The Conservation Districts program share of the SilverNet assessment would be \$285 in FY 2016 and \$253 in FY 2017, funded with General Fund appropriations. Although the allocation of the EITS SilverNet assessment to other DCNR agencies would increase the General Fund support in this budget, department-wide, a total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017 would be realized as a result of the allocation.

Fiscal staff has included a technical adjustment in this closing document to allocate the Conservation Districts Program share of the SilverNet assessment in the amount of \$285 in FY 2016 and \$253 in FY 2017, funded with General Fund appropriations.

With the technical adjustment, this recommendation appears reasonable.

3. Director's Office (DO) Cost Allocation (Base and M-801, DCNR-34, 36): When combined with the Governor's adjusted base recommendations, the amounts proposed in Decision Unit M-801, would bring recommended General Fund appropriation totals to \$4,189 in FY 2016 and \$4,375 in FY 2017 to fund a portion of the DO cost allocation. Fiscal staff identified issues with the current methodology used for the Director's Office cost allocation. The current cost allocation methodology does not allocate 100 percent of the personnel expenditures and does not consider the percentage of the non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff met with the Executive Budget Office and DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTE's for the non-General Fund share of costs only. The General Fund share of the Director's Office cost allocation is appropriated to the DCNR Administration budget. Since the Conservation Districts Program budget is funded 100 percent with General Fund appropriations, Fiscal staff has included a technical adjustment in this closing document to eliminate the General Fund appropriation of \$4,189 for FY 2016 and \$4,375 for FY 2017 and the associated expenditure line item in the DCNR cost allocation category from this budget and to place the recommended General Fund appropriation for the DO cost allocation directly into the Director's Office Administration budget. A corresponding reduction to the DO cost allocation reimbursement revenues for each year of the 2015-17 biennium will also be made to the Administration budget. The technical correction will eliminate an unnecessary transfer of General Fund appropriations between budget accounts. The department concurs with the proposed methodology change for the DO cost allocation.

With the technical adjustment, this recommendation appears reasonable.

4. Increased Grant Funding to the Conservation Districts (E-351, DCNR-37): The Governor recommends General Fund appropriations totaling \$14,000 for each year of the 2015-17 biennium to increase the annual grants awarded to the 28 conservation districts by \$500, for a total grant award of \$4,000 per district, for all qualifying districts. Conservation districts typically use the grant funds for operating costs and to leverage other grant funds.

Pursuant to NRS 548.178, the State Conservation Commission, comprised of two ex-officio members and seven members appointed by the Governor, is authorized to distribute grants to conservation districts in good standing. To be in good standing, NAC 548.110 requires a conservation district to:

- a. Hold regularly scheduled meetings of the governing board of the district;
- b. Hold meetings at least three times each year, one of which must be an annual meeting;
- c. Properly give notice of each meeting, prepare an agenda and issue it in conformance with the requirements of Chapter 241 of NRS;
- d. File the agenda for, and the minutes taken, at each meeting within 30 working days after the meeting;
- e. Hold an election of supervisors on one of the first 10 days of November in each even-numbered year and submit the results of the election to the Commission before November 30 of that year;
- f. Develop an annual work plan and budget and submit them to the Commission by the first of June of each year; and
- g. Develop an annual report and financial report and submit them to the Commission by September 30 of each year for the immediately preceding fiscal year.

Conservation districts may use the grant funding for reasonable and necessary expenses incurred by the districts in carrying out their duties and to leverage other grant funds. Information pertaining to the conservation district grant program is available on the Commission's website. However, staff was unable to locate the annual reports and financial reports submitted by conservation districts per item (g) above. The agency has confirmed the reports are not on the Commission's website, however, the

agency indicates it will make this a priority and the current Program Manager will ensure the reports identified will be made available on the Commission's website.

Concerning the recommended funding increase of \$500 to the existing grant allocations, Fiscal staff would note that prior to and including FY 2009, each of the 28 conservation districts received an annual grant of \$5,000. However, as a result of budget reductions to address the financial crisis facing the state, the 2009 Legislature reduced the grant award to \$4,200 annually for the 2009-11 biennium, and then subsequently, during the 26th Special Session (2010), the Legislature voted to reduce the grants further to \$4,000 for each conservation district. In lieu of entirely eliminating the Division of Conservation Districts, the 2011 Legislature approved a minimum budget to maintain the Conservation Districts as a program within the Director's Office of DCNR and provide annual grants of \$2,500 in each year of the 2011-13 biennium. The 2013 Legislature approved General Fund appropriations of \$28,000 in each year of the 2013-15 biennium, which increased the total annual grant award per district from \$2,500 to \$3,500. The agency notes that while the Governor's recommendation for the 2015-17 biennium increases the annual grant award to each conservation district to \$4,000, this funding level does not restore the grant awards to the 2007-09 funding level of \$5,000 per grant. **This recommendation appears reasonable.**

5. Replacement Equipment (E-710, DCNR-37): The Executive Budget recommends a General Fund appropriation of \$2,812 in FY 2017 to replace two laptops and related software. Though the existing laptops were purchased in June 2013 for two of the three Conservation Staff Specialists positions, the agency indicates the laptops are used extensively in rural field setting and a normal replacement schedule should not apply. **This recommendation appears reasonable.**
6. Sagebrush Ecosystem Program Major Budget Initiative (MAJOR BUDGET INITIATIVES-28, 29): As discussed in the highlight for the Director's Office Administration budget, various decision units are recommended in The Executive Budget for the Sagebrush Ecosystem Program Major Budget Initiative, which will be discussed in further detail in each corresponding budget. The decision units recommended in the Conservation Districts Program budget include the following:
 - a. Decrease to In-State Travel and an Increase in Vehicle Fuel (BASE and E-851, DCNR -34, 38): The Executive Budget recommends General Fund appropriations of \$3,741 for each year of the 2015-17 biennium, which is net of a decrease to in-state travel (\$1,690) and an increase to the vehicle fuel budget (\$5,431) for three agency owned vehicles assigned to the three Conservation Staff Specialist positions located in Elko, Ely and Winnemucca, in support of the Conservation Districts and the Sagebrush Ecosystem program. The agency indicates that each of the regional specialists travels extensively throughout his/her section of rural Nevada coordinating projects with the conservation districts, federal partners and local area working groups. In an agency response to questions posed by Fiscal staff pertaining to the increase recommended for vehicle fuel, the agency indicated that the Conservation District program initially owned two agency vehicles for the regional specialists, but the program was able to acquire a third vehicle for the Ely position during the 2013-14 Interim.

Fiscal staff has included three technical adjustments in the closing document to adjust the Conservation Districts Regional Specialists operating category funded with a net increase to General Fund appropriations of \$410 over the 2015-17 biennium. The technical adjustments include adding insurance for the third vehicle for the Adjusted Base Budget for a total increase of \$496 over the 2015-17 biennium; moving the insurance costs for three agency owned vehicles from the Operating Expenses category (category 04) to the Conservation Districts Regional Specialist category (category 10); and decreasing travel costs by \$43 in each year of the 2015-17 biennium in Decision Unit E-851, as requested by the agency.

With the technical adjustments, this recommendation appears reasonable.

- b. Change of Funding Source for Conservation Staff Specialist Positions and Related Travel and Operating Costs (E-852, DCNR-38): The Governor recommends a change in the funding source for three Conservation Staff Specialist positions, and related travel and operating costs from 75 percent other non-General Fund sources and 25 percent state support to 100 percent General Fund support totaling \$310,444 for the 2015-17 biennium. The agency indicates the non-General fund sources (a transfer from the Department of Minerals and from the Department of Wildlife), approved by the 2013 Legislature for the three Conservation Staff Specialist are not viable funding sources for the 2015-17 biennium. **This recommendation appears reasonable.**

Staff recommends that all other closing items be closed as recommended by the Governor with the technical adjustments noted by staff and with authority for staff to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - STATE PARKS
 Account: 101 - 4162

Budget Page: DCNR-44, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	270,914	1,843,805	580.59				
FEDERAL FUND	328,072	538,730	64.21	324,152	(39.83)	275,560	(14.99)
GENERAL FUND	3,781,962	3,552,837	(6.06)	4,752,927	33.78	5,285,254	11.20
INTERAGENCY TRANSFER	1,120,664	1,066,402	(4.84)	1,134,087	6.35	1,141,553	0.66
OTHER FUND	5,335,750	5,334,707	(0.02)	7,105,305	33.19	7,094,054	(0.16)
REVERSIONS	(166,865)						
Total Revenues	10,670,497	12,336,481	15.61	13,316,471	7.94	13,796,421	3.60
Total FTE		93.00		93.00		93.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Increase General Fund appropriations in FY 2016 and decrease General Fund appropriations in FY 2017 to adjust the health insurance adjustment made during the Adjusted Base budget review for Seasonal positions. The technical adjustment made by staff is based on the rates recommended in <u>The Executive Budget</u> .	4,401	(208)
B000	00	2501	Increase the General Fund appropriation to increase Seasonal Salaries for merit salary increases for eligible long-term seasonal employees that were inadvertently left out of <u>The Executive Budget</u> .	13,014	17,447
B000	00	4201	Increase the Reimbursement from Tahoe Regional Planning Agency (TRPA) revenue line item to reconcile with the contract with TRPA, which funds Seasonal Salaries for positions assigned to the Lake Tahoe Aquatic Invasive Species (AIS) boat inspection program at Sand Harbor and Cave Rock.	12,160	12,160
B000	00	4667	Decrease the Transfer from the Nevada Department of Wildlife (NDOW) in FY 2017 for the AIS program at South Fork Dam, Rye Patch and Lahontan. Agreement with NDOW expires 12/31/15.		(86,764)
B000	00	4723	Increase the Transfer from Parks Division revenue line item (Gift Shop Revenue) to fund a new permanent Retail Storekeeper position assigned to the Valley of Fire Gift Shop, approved by the Executive Budget Office during the interim. The position was inadvertently left out of <u>The Executive Budget</u> . The cost of the permanent position is also offset by savings resulting from the elimination of two seasonal positions with a total cost of \$37,282, which were also funded with Gift Shop Revenues and assigned to the Valley of Fire Gift Shop.	7,721	9,028
M100	00	2501	Increase General Fund appropriations for the agency's share of EITS SilverNet costs for the Bryan Building.	5,416	4,800
M100	00	4723	Increase the Transfer from Parks Division revenue line (Gift Shop Revenue) to fund a new permanent Retail Storekeeper position assigned to the Valley of Fire Gift Shop, approved by the Executive Budget Office during the interim.	47	51
M300	00	4723	Increase the Transfer from Parks Division revenue line (Gift Shop Revenue) in FY 2016 and decrease the transfer in FY 2017 for a new permanent Retail Storekeeper position assigned to the Valley of Fire Gift Shop, approved by the Executive Budget Office during the interim.	342	(21)
M801	00	2501	Increase General Fund appropriations for the Director's Office updated cost allocation.	23,588	18,668
Sub-total				66,689	(24,839)
Line Item Changes to Revenues				66,689	(24,839)

Adjustments to Expenditures					
Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Decrease the Seasonal Salaries expenditures line item resulting from the elimination of two seasonal positions funded with Gift Shop revenues to offset the cost of a new permanent Retail Storekeeper position approved by the Executive Budget Office during the interim.	(37,282)	(37,282)
B000	01	5000	Increase the Seasonal Salaries expenditures line item to adjust the health insurance adjustment made during the Adjusted Base Budget review for Seasonal positions. The technical adjustment is based on the rates recommended in <u>The Executive Budget</u> .	4,401	(208)
B000	01	5000	Increase the Seasonal Salaries expenditures line item for Merit Salary increases for eligible long-term seasonal employees that were inadvertently left out of <u>The Executive Budget</u> .	13,014	17,447
B000	01	5000	Increase the Personnel Services category to add a new permanent Retail Storekeeper position approved by the Executive Budget Office during the interim.	44,697	46,004
B000	01	5000	Increase the Seasonal Salaries expenditures line item to reconcile to the contract with TRPA, which funds Seasonal Salaries for positions assigned to the Lake Tahoe AIS boat inspection program at Sand Harbor and Cave Rock.	12,160	12,160
B000	04	7000	Increase the Operating Expenses category to add operating costs associated with the new permanent Retail Storekeeper position approved by the Executive Budget Office during the interim.	124	124
B000	11	6000	Decrease the AIS Grant-NDOW category travel expenditure line items in FY 2017 for the NDOW AIS program. The agreement with NDOW expires 12/31/15.		(937)
B000	11	7000	Decrease the AIS Grant-NDOW category operating expenditure line items in FY 2017 for the NDOW AIS program. The agreement with NDOW expires 12/31/15.		(85,827)
B000	26	7000	Increase the Information Services category for operating cost associated with the new permanent Retail Storekeeper position approved by the Executive Budget Office during the interim.	182	182
M100	04	7000	Decrease the Operating Expenses category to add operating costs associated with the new permanent Retail Storekeeper position approved by the Executive Budget Office during the interim.	(6)	(7)
M100	26	7000	Allocate EITS SilverNet Charges for the agency's share of the costs for the Bryan Building.	5,416	4,800
M100	26	7000	Increase the Information Services category for operating cost associated with the new permanent Retail Storekeeper position approved by the Executive Budget Office during the interim.	53	58
M300	01	5000	Adjust the Personnel Services category to add a new permanent Retail Storekeeper position approved by the Executive Budget Office during the interim.	342	(21)
M801	40	7000	Update the Director's Office cost allocation for DCNR based on a new methodology.	23,588	18,668
Sub-total				66,689	(24,839)
Line Item Changes to Expenditures				66,689	(24,839)
Total				0	0
Grand Total General Fund Impact of Closing Changes				46,419	40,707

Overview

The Division of State Parks plans, develops, and maintains a system of 23 parks, recreation areas and historic sites for the use of residents and visitors. The division also administers the federal Land and Water Conservation Fund (LWCF) program and the Recreational Trails Program, which provide federal funding for the development of trails and outdoor recreation projects. The primary sources of funding for the division are General Fund appropriations, visitor user fees, marina development gas tax, and federal grants.

Major Closing Issues

1. Position Reclassifications
2. Seasonal Shuttle Service for Sand Harbor, Lake Tahoe Nevada State Park
3. Deferred Maintenance Projects

Discussion of Major Closing Issues

1. Position Reclassifications (E-813, DCNR-53): The Governor recommends General Fund appropriations totaling \$153,506 over the 2015-17 biennium to reclassify 12 Maintenance Repair Specialist positions to Facility Supervisors and to upgrade 2 Facility Supervisor positions for the Division of State Parks. The division indicates the reclassification of the maintenance positions to Facility Supervisors would help in the retention of existing staff and the recruitment of qualified applicants. According to the division, hiring qualified candidates has become increasingly difficult due to the skill level required. The positions are tasked with additional duties, additional certifications, and perform to a level of expertise that is beyond those of the typical maintenance position. State Parks' maintenance positions are required to maintain certifications such as a commercial driver's license required for equipment transport and water truck operations. In addition, water operator certifications are required by Nevada Division of Environmental Protection as 19 of the 23 parks and recreation areas operate as small towns with independent water systems. The agency indicates the retention issues have had an impact on the maintenance of the State Park facilities, which has resulted in an increase to the backlog of maintenance projects. The division indicates for FY 2014, the average vacancy rate for maintenance positions was between 16 and 25 percent.

Does the Subcommittee wish to approve the Governor's recommendation to fund the reclassification of 12 Maintenance Repair Specialist positions and 2 Facility Supervisor positions for the Division of State Parks with General Fund appropriations totaling \$153,506 over the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation to fund the reclassification of 12 Maintenance Repair Specialist positions and 2 Facility Supervisor positions for the Division of State Parks with General Fund appropriations totaling \$153,506 over the 2015-17 biennium.

2. Seasonal Shuttle Service for Sand Harbor, Lake Tahoe Nevada State Park (E-227; DCNR-48 and 49): The Executive Budget includes General Fund appropriations of \$85,000 in each year of the 2015-17 biennium to provide matching funds for grants awarded from the Nevada Department of Transportation to the Tahoe Transportation District (TTD) to continue transit service to Sand Harbor from Incline Village. According to the division, the majority of operating funds are available through federal grants; however, the division indicates that without these matching funds, the TTD would not be able to continue this critical service. The shuttle program was started in June 2012, as a pilot program, and was designed to decrease summer congestion and promote safety along the Nevada State Route 28 corridor, while reducing environmental impacts. Initial funding included a grant through the Nevada Department of Transportation from the Federal Transit Administration and funding from the U.S. Forest Service. For FY 2015, the TTD submitted an application to the Tahoe License Plate fund for matching funds of \$80,000, which was approved. Fiscal staff notes the Tahoe Transportation District charges fares for the shuttle service; however, the division indicates the fares collected by the Tahoe Transportation District do not fully cover the costs for providing the shuttle service. The round-trip fares charged by the Tahoe Transportation District for the shuttle service are \$3 for adults and \$1.50 for children ages 5-12, seniors 60+ years old, and disabled persons. In addition, the fare includes free entry into Sand Harbor.

The agency testified at the March 12, 2015, budget hearing that the funding obligations beyond the 2015-17 biennium would not exceed \$85,000 each year as recommended in The Executive Budget for the 2015-17 biennium, which would provide the matching funds required for the federal grant that funds the balance of the costs for the shuttle service. A representative from the TTD also testified that the federal funding awarded to the Tahoe Transportation District from the Nevada Department of Transportation is likely to be awarded for each year of the 2015-17 biennium.

Does the Subcommittee wish to approve the Governor’s recommendation of General Fund appropriations totaling \$85,000 in each year of the 2015-17 biennium to provide matching funds for grants awarded to fund the seasonal shuttle service for Sand Harbor, Lake Tahoe Nevada State Parks?

The Subcommittee recommended approving the Governor’s recommendation of General Fund appropriations totaling \$85,000 in each year of the 2015-17 biennium to provide matching funds for grants awarded to fund the seasonal shuttle service for Sand Harbor, Lake Tahoe Nevada State Park.

3. Deferred Maintenance Projects (M-425, DCNR-47): The Governor recommends General Fund appropriations totaling \$352,030 over the 2015-17 biennium for 13 deferred maintenance projects statewide with emphasis on life and safety issues. The division indicates maintenance projects with an immediate need that do not have an identified funding source total \$8.8 million statewide. The division indicates to complete these projects in a time frame of ten plus years, the division would need a consistent General Fund appropriation of \$500,000 - \$900,000 for each biennia. The \$8.8 million estimated for unfunded projects assumes (1) the Question One Bond Program does not continue beyond 2019, (2) the division’s ability to retain maintenance staff, (3) the continued use of two non-executive budgets, which are to be used specifically for the maintenance of buildings and grounds for parks statewide. Fiscal staff notes the division requested a General Fund appropriation of \$593,802 in FY 2016 to fund deferred maintenance projects for the 2015-17 biennium; however, a total of \$352,030 is recommended in the Governor’s budget. Following are the deferred maintenance projects recommended in The Executive Budget:

Priority	Project	Location	Estimated Cost
1	Rethink logs – museum	Mormon Station	\$ 60,426
2	Statewide picnic table replacement	Various	\$ 85,000
3	Memorial Point Overlook and restroom repair	Memorial Point	\$ 85,000
4	Residence repairs – flooring, windows, fixtures	Lahontan	\$ 33,717
5	Replace used oil furnace burner	Northern Region Headquarters	\$ 7,100
6	Residence flooring	Wild Horse	\$ 7,632
7	Replace residence carpet	Lake Tahoe	\$ 7,600
8	Renovate shower building	Wild Horse	\$ 31,426
9	Increase gravel in parking area	Valley of Fire	\$ 3,030
10	Campground renovation	Valley of Fire	\$ 3,850
11	Campground update	Fort Churchill	\$ 12,849
12	Renovate group area	Fort Churchill	\$ 2,400
13	Repaint/Raise School House	Elgin Schoolhouse	\$ 12,000
Total Recommended Deferred Maintenance Projects 2015-17 Biennium			\$352,030

Does the Subcommittee wish to approve the Governor's recommendation to fund 13 deferred maintenance projects with General Fund appropriations totaling \$352,030 over the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation to fund 13 deferred maintenance projects with General Fund appropriations totaling \$352,030 over the 2015-17 biennium.

Other Closing Items

1. Adjusted Base Budget (BASE, DCNR-44 and 45): Fiscal staff has included technical adjustments in this closing document for the Adjusted Base Budget as follows:

- New Retail Storekeeper Position: A permanent Retail Storekeeper position was added during the 2014-15 Interim. However, the new position was not included in The Executive Budget for the 2015-17 biennium by the Executive Budget Office. During the interim, the division eliminated two seasonal positions and created one full-time Retail Storekeeper position. The new position is funded via a transfer from the State Parks Interpretive and Education Program non-executive budget, with receipts received from the various gift shops located at the various State Parks.

Fiscal staff has included technical adjustments to personnel and associated expenditure authority to add the Retail Storekeeper position and to increase the transfer from the State Parks Interpretive and Education Program non-executive budget by \$7,721 in FY 2016 and \$9,028 in FY 2017.

- Seasonal Salaries
 - In FY 2014, the Nevada Department of Wildlife (NDOW) Fisheries Management budget transferred \$109,999 to the division to fund the Aquatic Invasive Species (AIS) Program at Lahontan, Rye Patch and Wild Horse State Parks. The \$109,999 funded seasonal salaries totaling \$17,417 and in-state travel, operating expenses and contract services for temporary employees totaling \$92,582 in FY 2014. For the 2015-17 biennium, The Executive Budget included an adjustment to the base budget to eliminate \$17,417 for the seasonal salaries and \$5,818 for one-time equipment purchases, which reduced the budgeted transfer from NDOW to \$86,764. However, the NDOW Fisheries Management budget includes a transfer to State Parks for the same amount that was funded in FY 2014 (\$109,999). Since the March 12, 2015, budget hearing, the agency indicates that the agreement with NDOW expires December 31, 2015, at which time management of the program will transfer from State Parks to NDOW. The agency also noted the \$86,764 for FY 2016 would be sufficient to operate the NDOW AIS program at Lahontan, Rye Patch and Wild Horse State Parks through the summer in FY 2016, and as such, technical adjustments will be necessary to remove the recommended funding of \$86,764 in FY 2017 in this budget and to the NDOW Fisheries Management budget.

Fiscal staff has included a technical adjustment in this closing document to eliminate \$86,764 in the AIS Grant for FY 2017.

- A contract between State Parks and the Tahoe Regional Planning Agency for the Lake Tahoe AIS boat inspection program for the 2015-17 biennium allows for reimbursement up to \$80,989 for seasonal salaries each fiscal year for the division to provide seasonal staff for the boat inspection program at the Sand Harbor and Cave Rock boat ramps. However, the base budget only includes \$68,829 for each year of the 2015-17 biennium for seasonal salaries for the Lake Tahoe AIS boat inspection program. The agency concurs with a technical adjustment to increase reimbursements by \$12,160 per year, with corresponding increases to seasonal

salary expenditures. **Fiscal staff has included a technical adjustment in this closing document to increase Reimbursements from TRPA and the Seasonal Salaries expenditures line item in the Personnel Services category by \$12,160 for each year of the 2015-17 biennium.**

- Fiscal staff has identified an error in the calculation of an adjustment to seasonal salaries for group insurance costs. Fiscal staff has calculated the insurance adjustment in FY 2016 to be \$5,663 instead of \$1,262 and \$1,055 in FY 2017 instead of \$1,262. The agency concurs with staff's findings. **Fiscal staff has included a technical adjustment to increase General Fund appropriations by \$4,401 in FY 2016 and to reduce General Fund appropriations by \$208 in FY 2017 to correct the adjustment for group insurance costs in the Seasonal Salaries expenditures line item.**
- The division did not include an adjustment to seasonal salaries in FY 2016 or in FY 2017 for long-term seasonal employees who may be eligible for step increases. As a result, Fiscal staff requested that the division provide the additional costs for step increases for long-term seasonal employees. The agency concurs with staff's findings and provided estimates of \$13,014 in FY 2016 and \$17,447 in FY 2017 to recognize the additional costs. **Fiscal staff has included a technical adjustments in this closing document to increase General Fund appropriations by \$13,014 in FY 2016 and \$17,447 in FY 2017 to fund the merit salary increases projected for long-term seasonal employees.**

2. Enterprise Information Technology Services (EITS) SilverNet Assessment (M-100, DCNR-46): SilverNet is the State's Wide Area Network (WAN), used by agencies for connection between agency PCs and LANs, host computers and state application programs, and outside access to the Internet. Agencies are billed monthly based on a usage pricing tier. The Department of Conservation and Natural Resources (DCNR) is classified as a tier 7. The agencies in DCNR are primarily located in the Bryan Building in Carson City. The Executive Budget recommends General Fund appropriations of \$123,904 in FY 2016 and \$110,695 in FY 2017 in the DCNR Administration budget for a tier 7 annual assessment for access to the internet via EITS SilverNet for all DCNR agencies in the Bryan Building. The department has requested a modification to The Executive Budget to allocate the SilverNet assessment to each DCNR agency housed in the Bryan Building based on the number of agency workstations. The Division of State Parks' share of the SilverNet assessment would be \$5,416 in FY 2016 and \$4,800 in FY 2017, funded with General Fund appropriations. Although the allocation of the EITS SilverNet assessment to other DCNR agencies would increase the General Fund support in this budget, department-wide, a total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017 would be realized as a result of the allocation.

Fiscal staff has included a technical adjustment in this closing document to allocate the Division of State Parks' allocation of the SilverNet assessment in the amount of \$5,416 in FY 2016 and \$4,800 in FY 2017, funded with General Fund appropriations.

With the technical adjustment, this recommendation appears reasonable.

3. Department of Public Safety Dispatch Service Cost Allocation (M-800 and E-800, DCNR-47, 52 and 53): The Executive Budget recommends General Fund appropriations totaling \$227 in FY 2016 and \$58 in FY 2017 to fund increases in the cost allocation for dispatching services provided by the Department of Public Safety to the Division of State Parks for law enforcement, medical emergencies and public safety provided to park visitors. **These recommendations appear reasonable.**

4. Director's Office (DO) Cost Allocation (BASE, M-801, and E-801 DCNR-44, 45, 48 and 53): When combined with the Governor's adjusted base recommendations, the amounts proposed in Decision Unit M-801, would bring recommended General Fund appropriation totals to \$58,647 in FY 2016 and \$61,254 in FY 2017 for State Park's share of the DO cost allocation. By comparison, State Parks' share of the DO cost allocation was \$8,000 in FY 2014. Fiscal staff identified issues with the current methodology used for the Director's Office cost allocation. The current cost allocation methodology does not allocate 100 percent of the personnel expenditures and does not consider the percentage of the non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff met with the Executive Budget Office and DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTE's for the non-General Fund share of costs only. The General Fund share of the Director's Office cost allocation is appropriated to the DCNR Administration budget. The department concurs with the proposed methodology change for the DO cost allocation. Although the allocation of the DO cost allocation to other DCNR agencies would increase the General Fund support in this budget, department-wide, a total General Fund savings of \$96,406 in FY 2016 and \$93,500 in FY 2017 would be realized in the DCNR Administration budget as a result of the change in the methodology used for the DO cost allocation.

Based on modifications to the methodology used for the Director's Office cost allocation, which were agreed upon with the department, Fiscal staff included technical adjustments to the cost allocation, as reflected on the first page of this closing document. The change in the methodology increases General Fund appropriations and the cost allocation expense by \$23,588 in FY 2016 and by \$18,668 in FY 2017 over the amounts recommended by the Governor.

In Decision Unit E-801, The Executive Budget recommends General Fund appropriations of \$6,520 in FY 2016 for State Parks' share of \$75,810 recommended by the Governor to purchase four new virtual servers, one backup server, new storage, a warranty renewal on existing storage backup software and a maintenance contract on the new backup software. The costs are recommended to be allocated to the various agencies that use the servers in the Bryan Building based on a percentage of server usage.

With the technical adjustment Fiscal staff included in this closing document for Decision Unit M-801, these recommendations appear reasonable.

5. In-State Travel Increase (E-226, DCNR-48): The Executive Budget recommends General Fund appropriations of \$3,934 in each year of the 2015-17 biennium to increase quarterly park inspections for the northern region manager and facility manager located in Fallon. The division indicates the funding recommended would provide for annual inspections at remote parks such as Berlin Ichthyosaur, Ward Charcoal Ovens, Cave Lake, Wild Horse and South Fork. In addition, the funding recommended provides in-state travel for the temporary assignment of ranger staff on holiday weekends and special events as needed for visitor protection. **This recommendation appears reasonable.**
6. In-State Travel Increase to Complete Maintenance Projects (E-228, DCNR-49): The Governor recommends General Fund appropriations of \$5,656 for each year of the 2015-17 biennium for maintenance staff to travel to remote State Parks to complete maintenance projects. The division indicates this funding would replace funding that was used from the Question One bond program and from the Maintenance of State Parks non-executive budget to cover a shortfall in the maintenance travel budget. **This recommendation appears reasonable.**
7. Law Enforcement Training (E-229, DCNR-49): The Governor recommends General Fund appropriations of \$12,022 in each year of the 2015-17 biennium to conduct bi-annual law enforcement training for commissioned park rangers and for weed control training for maintenance staff. The division indicates the recommended law enforcement training would provide an increase to the

division's in-service training for commissioned park ranger staff from one 24-hour session to two 24-hour sessions. The division indicates the commissioned staff routinely works alone and in remote areas requiring them to make all law enforcement decisions on their own. Ongoing training is necessary to avoid issues of improper evidence handling and poor radio communications. New tactics and techniques are readily available to officers in urban areas; however, that is not the case in rural Nevada. The division advises that adding a second in-service training would provide the division the opportunity to not only cover "mandatory" training, but to train on current, relevant topics and enhance officer skill sets. Currently, the division offers 2 three-day sessions to provide the opportunity for annual training without removing all staff from the parks at the same time. The additional funding would allow for 2 three-day sessions in Northern Nevada and 2 three-day sessions in the Southern Nevada every year.

Fiscal staff notes that effective March 28, 2014, the Nevada Commission on Peace Officers Standard Training (POST) changed the requirements for peace officers to maintain a basic certificate. Instead of a minimum of 24 hours of annual in-service training provided by the employing agency, 12 hours of annual in-services training is now required. At the March 12, 2015, budget hearing, the agency testified that the recommended funding would allow for two training sessions, one in Northern Nevada and one in Southern Nevada, which would allow the agency to train all law enforcement staff state-wide and maintain appropriate coverage in the parks. **This recommendation appears reasonable.**

8. Funding for Temporary Contract Employees (E-231, DCNR-50): The Governor recommends General Fund appropriations of \$4,265 in each year of the 2015-17 biennium for the division to hire temporary contract employees for clerical, maintenance and extra park coverage for special events. The division indicates there are numerous special events that are held during the off-season when seasonal help is not available. There are also maintenance projects that arise that need additional labor to help complete maintenance projects. **This recommendation appears reasonable.**
9. Funding Increase for the Maintenance of Buildings and Grounds (E-232, DCNR-50): The Executive Budget recommends General Fund appropriations of \$34,184 in each year of the 2015-17 biennium to increase the existing budget for routine annual maintenance of buildings and grounds for parks statewide. The division notes that annual maintenance of buildings and grounds includes painting, lock replacements, certification and servicing of fire extinguishers, routine plumbing and electrical repairs, road maintenance, hazardous tree removal, replacement of signs, fencing, and trash receptacles, boat dock/ramp repairs, buoy replacements, weed control and irrigation repairs. Inclusive of the recommended increase, but exclusive of deferred maintenance, the annual maintenance of buildings and grounds budget would be \$198,680. **This recommendation appears reasonable.**
10. Funding Increase for Operating Supplies (E-233, DCNR-50 and 51): The Governor recommends General Fund appropriations of \$85,401 for each year of the 2015-17 biennium to increase the existing operating budget for parks statewide. The division advises that due to increased park visitation and additional park facilities (such as new restrooms and campgrounds), additional funding is needed for janitorial supplies, field supplies, office supplies, and vehicle fuel. **This recommendation appears reasonable.**
11. Funding Increase for Seasonal Salaries (E-250, DCNR-51): The Governor is recommending General Fund appropriations of \$138,580 in each year of the 2015-17 biennium to increase the number of months statewide from 181 to 229 months for seasonal personnel to provide coverage for maintenance, visitor services, interpretive events, janitorial needs, and other routine park services. The division indicates it fills on average 110 seasonal positions statewide each year and with the recommended funding the division would be able to fill an additional 10 seasonal positions and increase the number of months in others. **This recommendation appears reasonable.**

12. Replacement Equipment (E-710, DCNR-52): The Executive Budget includes General Fund appropriations of \$72,883 for FY 2016 and \$416,559 for FY 2017 for replacement equipment statewide, including computer hardware and software (\$27,902), 1 boat (\$60,000) and 13 vehicles (\$401,540). **This recommendation appears reasonable.**
13. New Equipment (E-720, DCNR-52): The Governor recommends General Fund appropriations of \$5,457 for FY 2016 and \$103,392 for FY 2017 to purchase Adobe Pro software (\$1,325), one portable digital analog repeater (\$4,132) for park-wide radio coverage at Valley of Fire State Park, four utility vehicles (\$70,192) and two electric golf carts (\$23,000) used for transportation inside the State Parks for maintenance projects, cleaning facilities and fee collection, and three conex boxes (\$10,200) for weather proof storage needs for all terrain vehicles and boats. **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and authority for staff to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Additional Information - No Action Necessary

1. Capital Improvement Projects (15-S01; APPENDIX-5): The Governor recommends General Funds of \$252,250 as part of the Statewide Roofing program to replace the roof for a comfort station at Spooner Lake, the residence and machine shop at Berlin Ichthyosaur, the Mormon Fort in Las Vegas and the ramada and adobe brick storage building at Fort Churchill. Fiscal staff notes emergency roof repairs had to be completed at the Mormon Fort in January 2015. Therefore, the roof repair project for the Mormon Fort is no longer necessary.
2. Legislative Audit of the Division of State Parks: On May 15, 2013, the Legislative Auditor issued an audit report (LA14-06) pertaining to an audit of the Division of State Parks to: (1) determine if retail outlets at state parks had sufficient controls and processes in place to ensure efficient and effective operations, (2) evaluate the division's financial and administrative controls over concession contracts, and (3) determine if the division had adequate inventory controls over firearms to ensure compliance with applicable state laws, regulations, and policies and procedures for the period from July 1, 2011, through November 30, 2012. The audit report contained 14 recommendations to strengthen controls over retail operations, improve monitoring of concession contracts at state parks, and enhance inventory controls over firearms. The division accepted all 14 recommendations, and as of February 10, 2014, the Department of Administration reports that 8 of the 14 recommendations have been fully implemented. The remaining 6 recommendations have been partially implemented.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - WATER RESOURCES
 Account: 101 - 4171

Budget Page: DCNR-65, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(1,903,816)	1,903,820	(200.00)	1,955,271	2.70	970,104	(50.39)
FEDERAL FUND	140,209	305,154	117.64	136,616	(55.23)	135,161	(1.07)
GENERAL FUND	4,084,214	1,902,301	(53.42)	1,902,301		2,700,000	41.93
INTERAGENCY TRANSFER	3,842,336	254,128	(93.39)	3,734,962	1369.72	3,701,257	(0.90)
OTHER FUND	22,318	3,712,967	16536.65	44,000	(98.81)	44,000	
Total Revenues	6,185,261	8,078,370	30.61	7,773,150	(3.78)	7,550,522	(2.86)
Total FTE		60.00		60.00		60.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Decrease the Balance Forward to reconcile to the total authority in reserves for FY 2015.	(44,444)	
B000	00	2511	Decrease the Balance Forward for adjustments made to reserves.		(70,651)
B000	00	3502	Increase the Federal FEMA Community Assistance Program Federal Grant to reconcile to the most recent annual grant award	12,672	14,132
B000	00	3503	Increase the Federal Dam Safety Grant to reconcile to the most recent annual grant award.	43,197	43,201
B000	00	4669	Decrease Fees to reconcile to actual revenues collected in FY 2014	(35,602)	(646)
B000	00	4670	Decrease the transfer from the water basin non-executive budget to reconcile to expenditures included in the Adjusted Base Budget.	(8,198)	(9,174)
M100	00	2511	Reduce the Balance Forward for adjustments made to reserves.		(10,371)
M100	00	3502	Increase the Federal FEMA Community Assistant Program Grant for its share of the Statewide Cost Allocation increase and other statewide inflation costs.	225	220
M100	00	3503	Increase the Federal Dam Safety Grant for its share of statewide inflation costs.	(33)	(37)
M100	00	4670	Decrease the Transfer from the water basin non-executive budgets, to reconcile to the expenditures that are reimbursed by this revenue source in the Adjusted Base Budget.	(11,889)	(8,586)
M801	00	2511	Increase the Balance Forward for the Director's Office updated cost allocation.		17,223
M801	00	4670	Increase the Transfer from the water basin – non-executive budget for the Director's Office updated cost allocation.	25,076	21,199
Sub-total				(18,996)	(3,490)
Line Item Changes to Revenues				(18,996)	(3,490)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	16	7000	Increase the Federal Dam Safety Grant category to reconcile expenditures to the most recent annual grant award.	43,197	43,201
B000	17	6000	Decrease the Flood Community Assistance category travel expenses included in the Adjusted Base Budget that are recommended in Decision Unit E-225 and to reconcile to the most recent annual grant award.	(1,508)	(1,508)
B000	17	7000	Decrease the Flood Community Assistance category operating	(3,413)	(1,732)

			expenses to reconcile to the most recent annual grant award.		
B000	86	9000	Decrease reserves for technical adjustments to other revenue sources and expenditures in the Adjusted Base Budget.	(70,651)	(63,099)
M100	26	7000	Decrease EITS SilverNet charge to reflect correct allocation in this budget.	(1,326)	(1,339)
M100	86	9000	Decrease reserves for technical adjustments to other revenue sources and expenditures in the Statewide Inflation decision unit.	(10,371)	(17,435)
M801	40	7000	Adjust cost allocation charges for the Director's Office to reflect new methodology.	7,853	(3,185)
M801	86	9000	Increase Reserves as a result of the new methodology used for the Director's Office cost allocation.	17,223	41,607
Sub-total				(18,996)	(3,490)
Line Item Changes to Expenditures				(18,996)	(3,490)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Division of Water Resources (DWR) conserves, protects, manages and enhances the water resources of Nevada through appropriation and reallocation of public waters. The division quantifies existing water rights, monitors water use, distributes water in accordance with court decrees, reviews water availability for new developments, reviews the construction and operation of dams, appropriates geothermal water, licenses and regulates well drillers and water right surveyors, reviews flood control projects, collects and monitors water resource data and records, and provides technical assistance and information to the public and governmental agencies. The DWR is primarily funded with fees and General Fund appropriations.

Major Closing Issues

There are no major closing issues.

Other Closing Items

1. Adjustments to Fees and Other Revenue Sources (BASE, M-100, M-801 SUMMARY, DCNR-69 through 71): Fiscal staff has identified several issues regarding Fees and Other Revenue Sources recommended in The Executive Budget. Fiscal staff has consulted with the division and the Executive Budget Office to resolve the issues identified below, which require technical adjustments for the Division of Water Resources' budget. The agency concurs with these adjustments.

- Balance Forward of Reserves: Fiscal staff notes that the balance forward of reserves from FY 2015 to FY 2016 recommended in The Executive Budget is incorrect. The balance forward from the previous year should be reduced by \$44,444 and the reserves should be reduced by the same amount for both FY 2016 and FY 2017. **Fiscal staff has included a technical adjustment in this closing document to decrease the balance forward from FY 2015 to FY 2016 by \$44,444 and reserves by \$44,444.**
- Fees: Fiscal staff was unable to determine the methodology used for the \$3.4 million recommended in The Executive Budget in each year of the 2015-17 biennium for the fees that are assessed by the division. Fiscal staff is adjusting the fee revenue for each year of the 2015-17 biennium based on actual receipts received in FY 2014. Since staff is unable to determine the methodology used for the fee revenues recommended in The Executive Budget for each year of the 2015-17 biennium, staff recommends a decrease to fee revenues of \$35,602 in FY 2016 and \$646 in FY 2017, to reflect FY 2014 actuals.

- **Fiscal staff has included a technical adjustment in this closing document to decrease the transfer from the non-executive Water Revolving Fund budget, which is the budget that the division's fees are deposited to, by \$35,602 in FY 2016 and \$646 in FY 2017, to reflect FY 2014 actuals.**
- **Federal Grants:** The federal grant funds recommended for both the Federal FEMA Community Assistance Program and the Federal Dam Safety grant for both fiscal years of the 2015-17 biennium do not include the total amount of the most recent federal grant awards. The most recent annual grant award for the Federal FEMA Community Assistance Program grant totals \$103,577 (state match required is 25 percent and totals \$34,525) and the Federal Dam Safety grant's most recent annual grant award totals \$89,100 (there is not a matching requirement). Both of these federal grants are ongoing grants. **Fiscal staff has included technical adjustments in this closing document to increase both the revenues and expenditures for the Federal FEMA Community Assistance Program grant by \$12,897 in FY 2016 and \$14,352 in FY 2017, and for the Federal Dam Safety Grant by \$43,164 in each fiscal year of the 2015-17 biennium.**
- **Transfers from the Water Basin Non-Executive Budgets:** The division provided Fiscal staff with the methodology used for allocating the costs included in this budget to the various non-executive water basin budgets. The non-executive water basin budgets reimburse the DWR budget for 40 percent of the costs for one Engineering Technician position assigned to the Title Section of the division with total costs of \$66,580 over the 2015-17 biennium; and for 45 percent of the Director's Office cost allocation totaling \$52,202 over the 2015-17 biennium. In addition, the Las Vegas Basin Water District budget reimburses this budget for its share of the SilverNet assessment for Internet access for the Las Vegas Office totaling \$15,121 over the 2015-17 biennium. The reimbursements from the non-executive water basin budgets should total \$133,903 for the 2015-17 biennium, however, The Executive Budget recommends reimbursements from the non-executive water basin budgets totaling \$125,475, resulting in a shortfall of \$8,428 over the 2015-17.

Fiscal staff has included a technical adjustment in this closing document to increase the transfers from the water basin non-executive budgets totaling \$4,989 in FY 2016 and \$3,439 in FY 2017.

2. **Enterprise Information Technology Services (EITS) SilverNet Assessment (M-100, DCNR-66 and 67):** SilverNet is the state's Wide Area Network (WAN), used by agencies for connection between agency PCs and LANs, host computers and state application programs, and outside access to the Internet. Agencies are billed monthly based on a usage pricing tier. The Department of Conservation and Natural Resources (DCNR) is classified as a tier 7. The agencies in DCNR are primarily located in the Bryan Building in Carson City. The Executive Budget recommends General Fund appropriations of \$123,904 in FY 2016 and \$110,695 in FY 2017 in the DCNR Administration budget for a tier 7 annual assessment for access to the Internet via EITS SilverNet for all DCNR agencies in the Bryan Building. The department has requested a modification to The Executive Budget to allocate the SilverNet assessment to each DCNR agency housed in the Bryan Building based on the number of agency workstations. The DWR's share of the SilverNet assessment would be \$55,984 over the 2015-17 biennium. The Las Vegas Basin Water District budget reimburses this budget for its share of the SilverNet assessment for Internet access for the Las Vegas Office totaling \$15,121 over the 2015-17 biennium. The balance of \$40,863 is funded with General Fund appropriations and fees over the 2015-17 biennium. The allocation of the EITS SilverNet assessment to other DCNR agencies, department-wide, would result in total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017.

Fiscal staff has included a technical adjustment in this closing document to decrease the allocation to the Division of Water Resources' portion of the SilverNet assessment in the amount of \$1,326 in FY 2016 and \$1,339 in FY 2017.

With the technical adjustment, this recommendation appears reasonable.

3. Director's Office (DO) Cost Allocation (BASE, M-801, and E-801 DCNR-65 through 67 and 69): In Decision Unit M-801, the Governor recommends funding from reserves totaling \$47,872 in FY 2016 and \$50,293 in FY 2017 for DWR's share of the DO cost allocation. By comparison, DWR's share of the DO cost allocation was \$3,381 in FY 2014. Fiscal staff identified issues with the current methodology used for the Director's Office cost allocation. The current cost allocation methodology does not allocate 100 percent of the personnel expenditures and does not consider the percentage of the non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff met with the Executive Budget Office and DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTE for the non-General Fund share of costs only. The General Fund share of the Director's Office cost allocation is appropriated to the DCNR Administration budget. The department concurs with the proposed methodology change for the DO cost allocation. Although the allocation of the DO cost allocation to other DCNR agencies would increase the General Fund support in some budgets, department-wide, a total General Fund savings of \$96,406 in FY 2016 and \$93,500 in FY 2017 would be realized in the DCNR Administration budget as a result of the change in the methodology used for the DO cost allocation.

Based on modifications to the methodology used for the Director's Office cost allocation, which were agreed upon with the department, Fiscal staff included technical adjustments to the cost allocation, as reflected on the first page of this closing document. The change in the methodology increases the cost allocation expense by \$7,853 in FY 2016 and by \$3,185 in FY 2017, over the amounts recommended by the Governor.

Based on the agreed upon modifications to the methodology used for the Director's Office cost allocation, Fiscal staff has included technical adjustments to the cost allocation as reflected on the first page of this closing document for Decision Unit M-801. The change in the methodology increases the cost allocation expense by \$7,853 in FY 2016 and decreases the cost allocation expense by \$3,185 in FY 2017 over the amounts recommended by the Governor, funded from reserves.

In addition, Fiscal staff has included a technical adjustment in this budget for Decision Unit M-801 to increase the transfer from the water basin non-executive budgets for their share of the Director's Office cost allocation (45 percent) totaling \$25,076 in FY 2016 and \$21,199 in FY 2017, including a corresponding increase to reserves and the balance forward revenue line item.

In Decision Unit E-801, The Executive Budget recommends funding from reserves totaling \$17,163 in FY 2016 for DWR's share of \$75,810 recommended by the Governor to purchase four new virtual servers, one backup server, new storage, a warranty renewal on existing storage backup software and a maintenance contract on the new backup software. The total cost of the recommended equipment and software is included in the Director's Office Administration budget and is recommended to be allocated based on the percentage of server usage to the various agencies that use the servers in the Bryan Building.

With the technical adjustment Fiscal staff included in this closing document for Decision Unit M-801, these recommendations appear reasonable.

4. In-State Travel Increase Funded with Federal Grants (E-225, DCNR-68): The Governor recommends federal funds of \$13,288 for both fiscal years of the 2015-17 biennium to increase in-state travel in support of the Flood Plain Management grant program and the Dam Safety grant program. **This recommendation appears reasonable.**
5. Replacement Equipment (E-710, DCNR-69): The Executive Budget recommends federal grant funds of \$2,676 in FY 2016 and a reduction to reserves totaling \$19,800 in FY 2017 to fund the replacement of two desktop computers with monitors, one printer, and software licenses for Microsoft Office. **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and with authority for staff to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Additional Information - No Action Necessary

1. Update of Funding Structure Changes Approved by the 2013 Legislature (SUMMARY, DCNR-69 through 71): The 2013 Legislature approved the Governor's recommendation to increase existing fees assessed by the division to more closely reflect the cost of providing services. The aggregate amount of the fee increases generated revenues totaling just over \$360,000 each fiscal year of the 2013-15 biennium. In addition, the 2013 Legislature approved the Governor's recommendation to add new fees, which were projected to generate additional fee revenue of \$361,348 for each fiscal year of the 2013-15 biennium. Fiscal staff would note that while the adjustment to the division's fees approved by the 2013 Legislature more closely approximate the cost of services provided by the division, the fees were not increased to the level needed to fully offset the cost of the services provided by the division for which fees are charged, thus General Fund appropriations were required to fully fund the division. The division indicated at the March 12, 2015, budget hearing that the change in the fee structure did not provide 100 percent of the funding to meet the division's requirements and that the division would continue to need General Fund appropriations to fully fund the division.

Part of the additional fee revenues generated from fee increases and the new fees were used to offset the costs of five new positions approved by the 2013 Legislature for the Water Adjudication Section, which brought the total number of positions assigned to the Water Adjudication Section to seven. The seven positions assigned to the Water Adjudication Section are working through the division's backlog and new adjudication cases. In the division's 2014 adjudications annual progress report, the division summarized the progress made on current adjudications from October 2013 through the end of 2014. In summary, 48 pending adjudications were identified and 16 adjudications were marked as high priority. Specific accomplishments include the completion of 60 adjudications and the research and mapping of 4,737 proofs, permits and certificates. Finalized activities included three final dates of period for taking proofs, 26 field investigations, one certified preliminary order of determination and one entry of decree. The in-progress activities include six draft preliminary orders, one upcoming administrative hearing and two court hearings. The Water Adjudication staff investigated a total of 4,710 acres of irrigated land and accumulated 4,188 travel miles.

In conjunction with the redirection of fee revenue to this budget, the 2013 Legislature approved the removal of General Fund appropriations totaling \$1.2 million in FY 2014 and \$3.2 million in FY 2015. The 2013 Legislature further approved the redirection of \$3.7 million of fee revenue previously deposited into the General Fund, (which included the increase to the existing fees and the new fees) into this budget for each year of the 2013-15 biennium. The division collected \$3.4 million of

fee revenue for FY 2014, which was \$270,784 less than what was projected for FY 2014. For the 2015-17 biennium, the Governor recommends \$3.4 million of fee revenue for each fiscal year. As of March 2015, the division indicates that fees collected for FY 2015 are higher than the amount of fees collected as of March 2014 by approximately \$200,000. The division is projecting to collect \$3.8 million of fee revenue for FY 2015.

The division indicates the fluctuation of fees from year to year could be as much as 33 percent. The division indicates the fluctuation of fees is driven by the economy's health and climate. For example, when the economy is good, when the mining industry is flourishing, or when construction is up, there is more water activity. The opposite is also true. In times of drought there is an increase in water right activity due to people transferring water.

Funding for Positions in the Title Section of the Division (BASE, DNCR-65 and 66): According to the division's organization chart, there are five Engineering Technician positions assigned to the Title Section of the division to process water right ownership transfers. During FY 2014, the Executive Budget Office approved a work program submitted by the division to increase an Engineering Technician position from a .60 FTE to a 1.0 FTE full-time position. The work program did not meet the thresholds required to be approved by the Interim Finance Committee. The additional costs associated with increasing this position to a full-time position was approved to be funded with transfers from the various statewide designated groundwater basin and decreed surface water distribution budgets (non-executive budgets) through a quarterly cost allocation. The division indicated that there was a significant backlog of pending reports of conveyance for transferring ownership of water rights and as such, the division requested that 40 percent of this position be funded by the various groundwater basin and surface water distribution budgets.

As outlined in NRS 534.040, a special assessment for designated groundwater basins is levied on all taxable property situated within the confines of the particular groundwater basin as officially designated. The special assessment is required for the payment of expenses for the supervision over the groundwater basins included in the various designated groundwater basin budgets. Expenses include, but are not limited to, salaries and travel expenses of well supervisors who perform water level measurements, crop/pumpage inventories, field investigations, aquifer tests, well driller inspections, intent to drill card and well log review, and associated data compilation and analysis.

As outlined in NRS 533.280, an annual budget will be prepared by the State Engineer each year by county for the necessary expenses of adjudicated stream systems or water districts. The funding of the annual budgets of the adjudicated stream systems (surface water distribution budgets) comes from a special assessment against each water user's decreed water rights, which must be based upon the proportion which the water right of that water user bears to the aggregate water rights of the stream system. The assessment provides funding for water commissioners appointed by the State Engineer to supervise the distribution of the water user's water rights in the adjudicated stream systems, including salaries and other associated expenses.

The division indicates the Title Section has a backlog of nearly 1,700 reports of conveyances comprising over 4,000 deeds. The report of conveyance is a mechanism to file for water right ownership transfers. The division indicates the reason the one Engineering Technician position is funded 40 percent from the water basin accounts is because of the backlog. The water basin accounts were the only funding source available to increase the position from .60 FTE to .40 FTE. This Engineering Technician position whose salary is allocated 40 percent to the water basin accounts can only spend 40 percent of their time working on titles that have basin assessments, or are in a basin that bear a direct relationship to the responsibilities or activities regarding that particular groundwater basin. The division indicates the other four Engineering Technician positions assigned to the Title Section

must have the ability to work statewide and therefore, they should not be funded from the non-executive water basin budgets.

Fiscal staff notes that during FY 2014, the division did not transfer funding from the groundwater basin or the surface water distribution budgets to the DWR budget. The employee in the position was changed from .60 FTE to 1.0 FTE on November 25, 2013. Since the division did not transfer funding from the groundwater basin and surface water distribution budgets to the Water Resources budget, fees collected directly in the Water Distribution Revolving Fund (non-executive budget) and transferred to the Water Resources budget paid for the 40 percent funding for this positions in FY 2014. Fiscal staff has notified the division and the Executive Budget Office, and the division concurs with the funding error finding and will submit a work program in FY 2015, which provides the authority for the division to bill the various groundwater basin and surface water distribution budgets for 40 percent of the salary cost for FY 2014, which would increase the reserves by approximately \$19,000.

2. Legislative Audit of the Division of Water Resources: On March 4, 2013, the Legislative Auditor issued an audit report (LA14-03) pertaining to an audit of the Division of Water Resources to: (1) determine whether dam safety inspections were performed timely and emergency action plans were submitted, (2) evaluate the reliability of performance measures used in the state's budget process, and (3) determine whether fees were collected and deposited in accordance with laws and regulations. The audit focused on the division's activities for FY 2012 and included some inspections up to November 2012. The audit report contained eight recommendations to improve inspections of dams, strengthen the reliability of performance measures, and enhance controls over the safeguarding of receipts. The division accepted all eight recommendations, and as of December 2, 2013, the Department of Administration reports the eight recommendations have been fully implemented.

**Nevada Legislative Counsel Bureau
Budget Closing Action Report
Public Safety, Natural Resources and Transportation Joint
Subcommittee
W02 - WORKING VERSION 2**

Title: DCNR - FORESTRY
Account: 101 - 4195

Budget Page: DCNR-79, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	960,659	606,167	(36.90)	403,037	(33.51)	403,037	
FEDERAL FUND	5,238,966	8,792,883	67.84	1,315,632	(85.04)	1,084,932	(17.54)
GENERAL FUND	3,764,892	3,727,520	(0.99)	5,248,380	40.80	6,951,885	32.46
INTERAGENCY TRANSFER	1,757,292	1,126,757	(35.88)	482,346	(57.19)	506,390	4.98
OTHER FUND	543,657	527,864	(2.90)	573,733	8.69	578,713	0.87
REVERSIONS	(815,839)						
Total Revenues	11,449,627	14,781,191	29.10	8,023,128	(45.72)	9,524,957	18.72
Total FTE		65.00		64.00		64.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Decrease General Fund appropriation as a result of a decrease to Seasonal Salaries, agency inadvertently budgeted for two seasonal Pilot positions and there should only be one six-month seasonal Pilot position.	(41,771)	(42,197)
B000	00	2501	Decrease General Fund appropriations as a result of an increase to the Air Operation revenue line item for the reimbursements from the Nevada Department of Wildlife (NDOW) for Forestry pilots flying NDOW missions based on FY 2013 (the lowest year between FY 2010 and FY 2015).	(5,182)	(5,182)
B000	00	2501	Decrease General Fund appropriations resulting from the decrease to Seasonal Salaries to eliminate retirement costs for those seasonal positions that do not exceed six months.	(12,850)	(13,452)
B000	00	2501	Increase General Fund appropriations to increase Personnel costs as a result of an upgrade for a Forester position to a Conservation Staff Specialist position effective 2/6/15 (position is part of the Sagebrush Ecosystem Program Technical Team); and to correct the step of the Aviation Services Officer position from a step 1 to a step 10 for the current incumbent.	10,840	10,151
B000	00	2501	Increase the General Fund appropriations as a result of the decrease to the transfer of the cost allocated for Air Operations positions to the Wildland Fires Suppression budget that were calculated incorrectly.	18,645	19,437
B000	00	4264	Increase Air Operation reimbursements revenue line items for the reimbursements from the Nevada Department of Wildlife (NDOW) for Forestry pilots flying NDOW missions based on FY 2013 (the lowest year between FY 2010 and FY 2015).	5,182	5,182
B000	00	4669	Decrease the Transfer of the cost allocated for Air Operations positions to the Wildland Fires Suppression budget that were calculated incorrectly.	(18,645)	(19,437)
M300	00	2501	Increase General Fund appropriations for fringe benefit rate adjustments as a result of adjustments to personnel costs for the Adjusted Base budget for a position reclassification of the Forester position to a Conservation Staff Specialist position and a change in the steps for the Aviation Services Officer from a step 1 to a step 10.	850	865
M801	00	2501	Increase General Fund appropriations for the Director's Office updated cost allocation.	22,357	13,191
E230	00	2501	Decrease General Fund appropriations resulting from the decrease to Seasonal Salaries to eliminate retirement costs for those	(11,244)	(12,852)

			seasonal positions that do not exceed six months.		
E710	00	2501	Decrease General Fund appropriations for the decrease of the costs for recommended equipment based on recent quotes.	(1,155)	(926)
E711	00	2501	Increase General Fund appropriations for the decrease of the costs for recommended equipment based on recent quotes.		18,984
E813	00	2501	Increase General Fund appropriations to include the cost of reclassifying two Conservation Crew Supervisors recommended to be transferred from the Forestry Conservation Camp budget to this budget in Decision Unit E-900. The Governor recommends an upgrade of all Conservation Crew Supervisor positions included in the Forestry Conservation Camps budget as part of the Sagebrush Ecosystem Program Major Budget Initiative. The two Conservation Crew Supervisor positions recommended to be transferred to this budget were inadvertently excluded.		10,508
Sub-total				(32,973)	(15,728)
Line Item Changes to Revenues				(32,973)	(15,728)

Adjustments to Expenditures					
Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Decrease Seasonal salaries to eliminate retirement costs for those seasonal positions that do not exceed six months.	(12,850)	(13,452)
B000	01	5000	Decrease Seasonal Salaries as agency inadvertently budgeted for two seasonal Pilot positions and there should only be one six-month seasonal Pilot position.	(41,771)	(42,197)
B000	01	5000	Increase Personnel costs as a result of an upgrade for a Forester position to a Conservation Staff Specialist position effective 2/6/15 (position is part of the Sagebrush Ecosystem Program Technical Team); and to correct the step of the Aviation Services Officer position from a step 1 to a step 10 for the current incumbent.	10,840	10,151
B000	75	8000	Decrease the Consolidated Payment Grant for federal fiscal year 2015, Grants expenditure line item to transfer grant funding to the Forestry Nurseries budget to fund seasonal salaries.	(91,473)	
B000	75	9000	Increase the Consolidated Payment Grant for federal fiscal year 2015, Transfer to Forestry expenditure line item to reflect the recommended transfer of grant funding to the Forestry Nurseries budget to fund seasonal salaries.	91,473	
B000	76	8000	Decrease the Consolidated Payment Grant for federal fiscal year 2016, Grants expenditure line item to transfer grant funding to the Forestry Nurseries budget to fund seasonal salaries.		(92,469)
B000	76	9000	Increase the Consolidated Payment Grant for federal fiscal year 2016, Transfer to Forestry expenditure line item to reflect the recommended transfer of grant funding to the Forestry Nurseries budget to fund seasonal salaries.		92,469
M300	01	5000	Increase the Personnel category for fringe benefit rate adjustments as a result of an upgrade for a Forester position to a Conservation Staff Specialist position effective 2/6/15 (position is part of the Sagebrush Ecosystem Program Technical Team); and to correct the step of the Aviation Services Officer position from a step 1 to a step 10 for the current incumbent.	850	865
M801	82	7000	Update the Director's Office cost allocation for DCNR based on a new methodology.	22,357	13,191
E230	01	5000	Reduce Seasonal Salaries to eliminate retirement costs for those seasonal positions that do not exceed six months.	(11,244)	(12,852)
E710	05	7000	Decrease cost for recommended equipment based on recent quotes provided by the agency.	(1,155)	
E710	26	8000	Decrease cost for recommended equipment based on recent quotes provided by the agency.		(926)
E711	05	7000	Decrease cost for recommended equipment based on recent quotes provided by the agency.		(600)
E711	05	8000	Increase cost for recommended equipment based on recent quotes provided by the agency.		19,584
E813	01	5000	Increase General Fund appropriations to include the cost of		10,508

reclassifying two Conservation Crew Supervisors recommended to be transferred from the Forestry Conservation Camp budget to this budget in Decision Unit E-900. The Governor recommends an upgrade of all Conservation Crew Supervisor positions included in the Forestry Conservation Camps budget as part of the Sagebrush Ecosystem Program Major Budget Initiative. The two Conservation Crew Supervisor positions recommended to be transferred to this budget were inadvertently excluded.

Sub-total	(32,973)	(15,728)
Line Item Changes to Expenditures	(32,973)	(15,728)
Total	0	0
Grand Total General Fund Impact of Closing Changes	(19,510)	(1,473)

Overview

The Nevada Division of Forestry (NDF) is responsible for supervising, managing, and coordinating all forestry, fire, and watershed work on state and privately owned lands within Nevada. The division also responds to natural disasters including floods and earthquakes. The NDF provides assistance to county and local fire districts and adopts and enforces fire prevention regulations, including fire retardant roofing and defensible space. This budget is funded by General Fund appropriations, along with various federal grant funds, fire reimbursements, and budgetary transfers. The Governor recommends General Fund appropriations totaling \$12.2 million over the 2015-17 biennium, an increase of 62.8 percent when compared to the legislatively approved amount of \$7.5 million for the 2013-15 biennium.

Major Closing Issues

1. Sagebrush Ecosystem Program Major Budget Initiative – Funding Source Change of a Forester Position
2. New Positions
3. Funding Source Changes and Funding for Seasonal Salaries and Vehicle Operations

Discussion of Major Closing Issues

1. Sagebrush Ecosystem Program Major Budget Initiative – Funding Source Change of a Forester Position (E-852, DCNR-90 and 91): As discussed in the Department of Conservation and Natural Resources (DCNR) Administration budget highlight, there are various decision units included in The Executive Budget for the Sagebrush Ecosystem Program Major Budget Initiative. As part of the Sagebrush Ecosystem Program Major Budget Initiative for the Forestry budget, the Governor recommends a change in the funding source for the Sagebrush Ecosystem Forester position from 75 percent non-General Fund sources (transfer from the Division of Minerals) to General Fund appropriations totaling \$137,626 for the 2015-17 biennium (100 percent). This Forester position represents the Division of Forestry as part of the five-member Sagebrush Ecosystem Program Technical Team. The five-member technical team is comprised of representatives from the Division of Forestry, State Lands, the Department of Agriculture, the Department of Wildlife and a Program Manager recommended to be transferred from the State Lands budget to the Director’s Office Administration budget. Fiscal staff would note that a combination of funding sources were approved to support the Sagebrush Ecosystem Program Technical Team costs in the 2013-15 biennium. The department indicates the funding source from the Division of Minerals is not sustainable for this position beyond the 2013-15 biennium.

Does the Subcommittee wish to approve the Governor’s recommendation to change the funding source for the Sagebrush Ecosystem Forester position from 75 percent non-General Fund sources (transfer from the Division of Minerals) to 100 percent General Fund appropriations totaling \$137,626 for the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation to change the funding source for the Sagebrush Ecosystem Forester position from 75 percent non-General Fund sources (transfer from the Division of Minerals) to 100 percent General Fund appropriations totaling \$137,626 for the 2015-17 biennium.

2. New Positions (E-225, E-226 and E-228, DCNR-84 through 86): The Governor recommends General Fund appropriations totaling \$485,323 over the 2015-17 biennium for three new positions and associated operating costs. The three new positions include one Operations Chief/Deputy Administrator (\$177,434) to manage and coordinate the Wildland Fire Protection Program, the Conservation Camp Program, the Aviation Program and the Natural Resources Program; one Business Process Manager (\$191,666) to manage Geospatial Information Services (GIS) for the division's Wildland Fire Protection Program, the Conservation Camp Program, the Aviation Program and Natural Resources Program; and one Equipment Mechanic (\$116,223) to assist with the maintenance and repair of the division's vehicles and heavy equipment statewide. The agency indicates with the combination of aging vehicles and equipment (oldest 1959 and newest 2014); and with the extensive fleet of vehicles and equipment (approximately 450 pieces of equipment), it is becoming difficult for the current equipment mechanics to keep up with necessary maintenance and repairs. Currently, the equipment mechanic staff comprises six full-time equipment mechanics performing maintenance and repair in four locations around the state. The agency indicates since recent fire seasons have extended beyond the traditional five to six months, the maintenance backlog has doubled.

Fiscal staff notes that the Operations Chief/Deputy Administrator position is technically not a new position for the 2015-17 biennium. During the 2013-15 biennium, the agency's Operations Chief/Deputy Administrator position was funded with a transfer from the Forestry Inter-Governmental Agreement budget. However, the Forestry Inter-Governmental Agreement budget and the funding received from that account to fund the Operations Chief/Deputy Administrator position is recommended to be eliminated in Decision Unit E-490 as discussed under Other Items number 6. Decision Unit E-225 technically changes the funding source of the Operations Chief/Deputy Administrator position from non-General Funds to General Fund appropriations.

Does the Subcommittee wish to approve the Governor's recommendation to fund three new positions (one Operations Chief/Deputy Administrator position, one Business Process Manager position and one Equipment Mechanic position) and associated operating costs with General Fund appropriations totaling \$485,323 over the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation for three new positions (one Operations Chief/Deputy Administrator position, one Business Process Manager position and one Equipment Mechanic position) and associated operating costs funded with General Fund appropriations totaling \$485,323 over the 2015-17 biennium.

3. Funding Source Changes and Funding for Seasonal Salaries and Vehicle Operations (E-230, E-231 and E-350; DCNR-86 and 87): The Governor recommends General Fund appropriations totaling \$706,374 for the 2015-17 biennium to replace federal funding received by the Division of Forestry from the U.S. Forest Service for the salaries and associated operating costs of seasonal firefighters and three Forester positions. The division indicates the federal funds from the U.S. Forest Service, which currently funds seasonal firefighters, will not be available beyond the current biennium and will only be available to fund the three Forester positions through FY 2016. In addition, the General Fund appropriation recommended by the Governor replaces the funding transferred from the division's Inter-Governmental Agreement budget for administrative services provided by staff in the Forestry budget. The Inter-Governmental Agreement All-Risk Fire Management Program (ARFM) funded by

participating counties via a county assessment is currently being phased out, with the final county participating in that program transitioning out by June 30, 2015.

Does the Subcommittee wish to approve the Governor's recommendation to replace federal funding received by the Division of Forestry from the U.S. Forest Service with General Fund appropriations totaling \$706,374 for the 2015-17 biennium for the salaries and associated operating costs of seasonal firefighters and three Forester positions?

The Subcommittee recommended approving the Governor's recommendation to replace federal funding received by the Division of Forestry from the U.S. Forest Service with General Fund appropriations totaling \$706,374 for the 2015-17 biennium for the salaries and associated operating costs of seasonal firefighters and three Forester positions.

In addition to the funding source changes, the Governor recommends General Fund appropriations totaling \$376,466 over the 2015-17 biennium to fund costs that have been previously funded with federal funds from the U.S. Forest Service and by the counties in the Forestry Inter-Governmental budget as follows:

- Seasonal Salaries (E-230, DCNR-86): In addition to the replacement of federal funds, The Executive Budget recommends \$124,518 for FY 2016 and \$129,828 for FY 2017 to fund the seasonal salaries for six seasonal positions (each position funded for five months each fiscal year) that were previously funded with federal funds from the U.S. Forest Humboldt/Toiyabe National Forest. According to the division, federal funding for these positions was not received in time to fill the positions in FY 2014; therefore, the costs of these seasonal positions were not included in the base budget. The agency indicates the funding for these seasonal positions is critical to ensure sufficient staffing for wildland fire suppression during fire season. Per NRS 286.297, Section 9, persons assigned to intermittent or temporary positions, unless the assignment exceeds six consecutive months, are excluded from membership in the Public Employees Retirement System. The amounts recommended for seasonal salaries include retirement for the six seasonal positions that are recommended to be funded for only five months. The total costs of salaries and fringe benefits for five months for the five seasonal positions without retirement, is \$113,274 in FY 2016 and \$116,976 in FY 2017. **Fiscal staff has included a technical adjustment in this closing document to reduce seasonal salaries by \$11,244 in FY 2016 and \$12,852 in FY 2017, with a corresponding decrease of General Fund appropriations.**

Does the Subcommittee wish to approve the Governor's recommendation to fund seasonal salaries for six seasonal positions (each position funded for five months each fiscal year), with General Fund appropriations totaling \$113,274 for FY 2016 and \$116,976 for FY 2017, including the technical adjustments noted by staff?

The Subcommittee recommended approving the Governor's recommendation to fund seasonal salaries for six seasonal positions (each position funded for five months each fiscal year), with General Fund appropriations totaling \$113,274 for FY 2016 and \$116,976 for FY 2017, including the technical adjustments noted by staff.

- Vehicle Operating and Maintenance Costs (E-350, DCNR-87): In addition to the replacement of the transfer from the ARFM budget, General Fund appropriations of \$61,060 are recommended in each year of the 2015-17 biennium for the division to maintain and operate heavy equipment and vehicles retained by the state with the phase-out of the ARFM. In conjunction with the phase-out of this program, negotiations took place between the state and individual counties as to who would retain the heavy equipment and vehicles assigned to the counties. The assignment of equipment

resulting from the negotiations was primarily based upon the funding source initially used to purchase the vehicles and heavy equipment. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve the Governor's recommendation to fund vehicle operating and maintenance costs to maintain and operate heavy equipment and vehicles retained by the state with the phase-out of the All-Risk Fire Management program, funded with General Fund appropriations totaling \$61,060 in each year of the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation to fund vehicle operating and maintenance costs to maintain and operate heavy equipment and vehicles retained by the state with the phase-out of the All-Risk Fire Management program, funded with General Fund appropriations totaling \$61,060 in each year of the 2015-17 biennium.

Other Closing Items

1. **Adjusted Base Budget (BASE, DCNR-79 through 81):** During the adjusted base review process, Fiscal staff identified several issues that carried over in the Governor's recommended budget. Fiscal staff in consultation with the agency and the Executive Budget Office is working to resolve the issues identified below, the resolution of which may require one or more technical adjustments.
 - a. **Air Operations Reimbursements from the Nevada Department of Wildlife (NDOW):** The reimbursement for Air Operations was eliminated by the division and the Executive Budget Office during the Adjusted Base budget review. Fiscal staff notes reimbursements from NDOW to the Division of Forestry for Pilots to fly missions for NDOW occurs every year and the reimbursement offsets a portion of the Pilot's salary and the cost of the aircraft used. Based on a review of prior year receipts, **Fiscal staff has included a technical adjustment in this closing document to increase the Air Operations reimbursements revenue line item by \$5,182 for each year of the 2015-17 biennium, and a corresponding decrease to General Fund appropriations, based on the lowest year of reimbursements.**
 - b. **Personnel Costs (Base and M-300, DCNR-79 through 81 and 83):** **Fiscal staff has included technical adjustments in this closing document to increase Personnel costs as a result of an upgrade for a Forester position to a Conservation Staff Specialist position effective 2/6/15 (the position is part of the Sagebrush Ecosystem Program Technical Team); and to correct the step of the Aviation Services Officer position from a step 1 to a step 10 for the current incumbent, which allows staff to correctly calculate the amount of the funding to be transferred from the Fires Suppression budget for 25 percent of the costs for the Aviation Services Officer position. The technical adjustments for the increase in costs for the Conservation Staff Specialist position upgrade and the step increase for the Aviation Services Officer, results in an increase of General Fund appropriations totaling \$11,690 in FY 2016 and \$11,016 in FY 2017 (includes costs in the Adjusted Base budget and Decision Unit M-300).**
 - c. **Seasonal Salaries:** **The Executive Budget recommends funding for seasonal salaries of \$483,267 in FY 2016 and \$499,543 in FY 2017 funded with General Fund appropriations in the Adjusted Base budget. Per NRS 286.297, persons assigned to intermittent or temporary positions unless the assignment exceeds six consecutive months are excluded from membership in the Public Employees Retirement System. The amounts recommended for seasonal salaries include retirement for seasonal positions that are recommended to be funded for six months or less. Fiscal staff has included a technical adjustment in this closing document to reduce seasonal salaries by \$12,850 in FY 2016 and \$13,452 in FY 2017 with a corresponding decrease to General Fund appropriations in each year.**

In addition, the agency inadvertently budgeted for 2 six-month seasonal Pilot positions and there should only be funding for one six-month seasonal Pilot position. The agency has two seasonal Pilot positions, as two employees have been sharing the funding for the one seasonal Pilot position (two employees cannot share one position). General Fund appropriations totaling \$41,771 in FY 2016 and \$42,197 in FY 2017 should be reduced for the funding included in The Executive Budget for the second seasonal Pilot position. **Fiscal staff has included a technical adjustment in this closing document to reduce seasonal salaries by \$41,771 in FY 2016 and \$42,197 in FY 2017 with a corresponding decrease to General Fund appropriations in each year.**

d. Transfer from the Fires Suppression Budget for Air Operations: A portion of the salaries and fringe benefits for the air operations staff is funded via a transfer from the Forest Fire Suppression budget. However, the methodology used for prior biennia is different from the methodology used for the 2015-17 biennium. **Fiscal staff has included a technical adjustment in this closing document to correct the transfer from the Forest Fire Suppression budget to reflect the methodology used in prior biennia, resulting in a decrease to the Transfer from the Forest Fire Suppression budget of \$18,645 in FY 2016 and \$19,437 in FY 2017, and corresponding increases to General Fund appropriations in each year.**

2. Director's Office (DO) Cost Allocation (BASE, M-801, and E-801 DCNR-79 through 81, 84 and 90): In Decision Unit M-801 the Governor recommends General Fund appropriations of \$102,916 for FY 2016 and \$107,758 for FY 2017 for Forestry's share of the DO cost allocation. By comparison, in FY 2014, Forestry's share of the DO cost allocation was \$6,000. Fiscal staff identified issues with the current methodology used for the Director's Office cost allocation. The current cost allocation methodology does not allocate 100 percent of the personnel expenditures and does not consider the percentage of the non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff met with the Executive Budget Office and DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTE's for the non-General Fund share of costs only. The General Fund share of the Director's Office cost allocation is appropriated to the DCNR Administration budget. The department concurs with the proposed methodology change for the DO cost allocation. Although the allocation of the DO cost allocation to other DCNR agencies would increase the General Fund support in this budget, department-wide, a total General Fund savings of \$96,406 in FY 2016 and \$93,500 in FY 2017 would be realized in the DCNR Administration budget as a result of the change in the methodology used for the DO cost allocation.

Based on modifications to the methodology used for the Director's Office cost allocation, which were agreed upon with the department and the Executive Budget Office, Fiscal staff included technical adjustments to the cost allocation, as reflected on the first page of this closing document. The change in the methodology increases General Fund appropriations and the cost allocation expense by \$22,357 in FY 2016 and by \$13,191 in FY 2017 over the amounts recommended by the Governor.

In Decision Unit E-801, The Executive Budget recommends General Fund appropriations of \$3,995 in FY 2016 for Forestry's share of \$75,810 recommended by the Governor to purchase four new virtual servers, one backup server, new storage, a warranty renewal on existing storage backup software and a maintenance contract on the new backup software. The costs are recommended to be allocated to the various agencies that use the servers in the Bryan building based on a percentage of server usage. **With the technical adjustment Fiscal staff included in this closing document for Decision Unit M-801, these recommendations appear reasonable.**

3. Deferred Maintenance (M-425, DCNR-83): The Governor recommends a General Fund appropriation totaling \$382,650 in FY 2017 for deferred maintenance projects with emphasis on life and safety issues. Projects include lighting replacements, electrical upgrades and repairs, floor covering, drainage improvements, erosion control, vehicle exhaust extraction system, door repairs, and water heater replacements. **This recommendation appears reasonable.**
4. Increased Funding for Training (E-235, DCNR-87): The Executive Budget recommends General Fund appropriations of \$25,000 for FY 2016 and \$50,000 for FY 2017 to fund additional training needs to meet the National Wildland Coordinating Group Standards for wildland fires. The agency indicates wildland fire training for the current biennium is funded with federal funds from the U.S. Forest Service; however, the funding source is being eliminated. Training classes include fire-line leadership training, and dozer and fire engine academy training. **This recommendation appears reasonable.**
5. Maintenance Cost for an In-Stream Gauge Located at Mount Charleston (E-351, DCNR-88): The Governor recommends General Fund appropriations of \$6,000 for each year of the 2015-17 biennium to fund the state's portion of a joint funding agreement with the U.S. Geological Survey for the annual maintenance costs associated with an in-stream gauge at the Mount Charleston/Kyle Canyon storm water diversion structure. **This recommendation appears reasonable.**
6. Elimination of Six Positions (E-490, DCNR-88): The Governor recommends the elimination of the division's All-Risk Fire Management Program (ARFM). The 2011 Legislature approved maintaining all-risk emergency response service agreements with Clark (Mt. Charleston area only) Elko, and Eureka counties until at latest the end of FY 2015. In place of the ARFM, the 2013 Legislature approved a new Wildland Fire Protection Program to which several counties have transitioned. The elimination of the ARFM includes the recommended elimination of six positions (three Administrative Assistants, one Deputy State Forester and one Forestry Program Manager) and associated operating expenses funded through a transfer totaling \$789,378 for the 2015-17 biennium from the Inter-Governmental Agreement budget (county assessments) to the Forestry budget. **This recommendation appears reasonable.**
7. Replacement Equipment (E-710 and E-711, DCNR-89 and 90): The Executive Budget recommends \$1.0 million (General Fund appropriations of \$977,046) over the 2015-17 biennium for replacement equipment for the division statewide. Equipment recommended for replacement includes computer hardware and software, chainsaws, shop equipment, a heavy-duty chipper, seed drill trailer, 12 older vehicles with high mileage, and a helicopter seat conversion to modify a Nevada Division of Forestry (NDF) helicopter with a left hand drive door conversion. The conversion allows the pilot to operate the helicopter from the left seat to perform long-line/vertical lift operations safely.

Fiscal staff requested the agency to provide new quotes for all equipment recommended in Decision Units E-710 and E-711, from vendors willing to provide discounts to state agencies. The new quotes for the chainsaws and shop equipment were less than the amounts included in The Executive Budget. As a result, General Fund appropriations decrease by \$2,081 over the 2015-17 biennium in Decision Unit E-710 as a result of a decrease in the price quoted for the chainsaws, shop equipment, the heavy duty chipper, the helicopter seat conversion and computer hardware (HP plotter); and General Fund appropriations increase by \$18,984 in FY 2017 for Decision Unit E-711, as a result of an increase in the unit price for the package upgrades to the vehicles recommended for replacement. **Fiscal staff has included a technical adjustment in this closing document to decrease General Fund appropriations by \$2,081 over the 2015-17 biennium for Decision Unit E-710 and to increase General Fund appropriations by \$18,984 in FY 2017 for Decision Unit E-711.**

With the technical adjustments this recommendation appears reasonable.

8. Transfer-in of Two Conservation Crew Supervisor Positions (E-900, DCNR-91): The Governor recommends the transfer of two Conservation Crew Supervisor positions from the Forestry Conservation Camps budget to the Forestry budget with no change in the funding source. General Fund appropriations totaling \$129,379 in FY 2016 and \$133,134 in FY 2017 fund the position and associated operating costs of the two positions recommended for transfer. The division indicates the duties of the two Conservation Crew Supervisor positions are directly tied to the Helitack Air Operations Program, which is managed in the Forestry budget. Fiscal staff notes the agency indicates the duties assigned to the two Conservation Crew Supervisors recommended to be transferred to the Forestry budget for the Helitack program will only differ during fire season. During fire season, the two Conservation Crew Supervisor positions would act as crew bosses supervising seasonal firefighters assigned to a Helitack crew. The agency indicates during the non-fire season, the two Conservation Crew Supervisors would continue to supervise inmate crews and generate revenues from camp projects. Based on the information provided by the agency, it does not appear to Fiscal Staff that the agency has sufficiently justified a need to transfer the two Conservation Crew Supervisor positions to the Forestry budget since a majority of the year the two positions would be supervising inmate crews during the non-fire season. Approval of this decision unit is contingent upon the closing action by the Subcommittee in the Forestry Conservation Camps budget.

Additionally, Fiscal staff notes the agency inadvertently excluded the two Conservation Crew Supervisor positions in Decision Unit E-813 in the Forestry Conservation Camps budget to reclassify all 76 Conservation Crew Supervisor positions (only 74 of the 76 Conservation Crew Supervisor positions were included in Decision Unit E-813 in the Forestry Conservation Camps budget). The upgrade of the Conservation Crew Supervisor positions is recommended to become effective in FY 2017.

Fiscal staff has included a technical adjustment in this closing document to add Decision Unit E-813 in FY 2017 to include the upgrade for the two Conservation Crew Supervisor positions that are recommended to be transferred from the Forestry Conservation Camps budget to this budget to align with the recommendation in The Executive Budget to upgrade all 76 of Conservation Crew Supervisor positions in the Forestry Conservation Camps budget included in Decision Unit E-813. If the Subcommittee does not approve the transfer of the two Conservation Crew Supervisor positions from the Forestry Conservation Camp budget to this budget, Fiscal staff will need to make a technical adjustment to add the two positions to Decision Unit E-813 in the Forestry Conservation Camps budget.

Staff recommends that Other Closing Items 1 through 7 be closed as recommended by the Governor with the technical adjustments noted by staff and with authority to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, including a technical adjustment in this closing document to add Decision Unit E-813 in FY 2017 to include the upgrade for the two Conservation Crew Supervisor positions that are recommended to be transferred from the Forestry Conservation Camps budget to this budget to align with the recommendation in The Executive Budget to upgrade all 76 of Conservation Crew Supervisor positions in the Forestry Conservation Camps budget included in Decision Unit E-813, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Additional Information - No Action Necessary

1. One-Shot Appropriation (INTRODUCTION-18): The Executive Budget includes a General Fund appropriation of \$1.1 million in FY 2016 for the Division of Forestry to replace one aviation fuel truck, two type 3 engines, and one water tender used for firefighting. The existing equipment that is recommended for replacement is either completely out-of-service or has high mileage. The one-shot appropriation for the Forestry budget is included in Senate Bill 428, which was introduced in Senate Finance on March 23, 2015.

2. Supplemental Appropriation (INTRODUCTION-20): The Executive Budget recommends General Fund appropriations of \$266,653 for FY 2015 to fund the cost of terminal leave (\$86,407) for employees in the Forestry budgets who have retired or are scheduled to retire in FY 2015. In addition, the supplemental appropriation is recommended to fund the cost of a Public Employees' Retirement System (PERS) buyout (\$180,246) for an employee funded with county assessments in the Forestry budget that retired early because of the scheduled elimination of the ARFM by the end of FY 2015. Fiscal staff notes the amounts for the supplemental appropriations listed in The Executive Budget for the Forestry budget and the Forestry Conservation Camps budget were reversed. The total amount of the supplemental appropriation for the Forestry budget should be \$266,653 and the amount of the supplemental appropriation for the Forestry Conservation Camp budget should be \$59,634. The supplemental appropriation for the Forestry budget is included in Senate Bill 486, which was introduced in Senate Finance on March 23, 2015. However, on April 2, 2015, the Executive Budget Office notified Fiscal staff that the supplemental funding was no longer needed, as the agency has sufficient vacancy savings to make up for the cost of terminal leave for employees in the Forestry budget who have retired or are scheduled to retire in FY 2015.

3. Capital Improvement Projects (15-M36, APPENDIX-5): The Governor recommends General Fund appropriations of \$378,372 for fire and life safety upgrades to the Kyle Canyon fire station for the Division of Forestry. This project would address all of the code violations, upgrade the fire station to meet the current code for facility use, and provide necessary protection from erosion and rocks falling around the site. The upgrades include second floor exit stairs, furnace flue modifications, electrical remediation, structural remediation and site erosion protection.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - FOREST FIRE SUPPRESSION
Account: 101 - 4196

Budget Page: DCNR-95, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	1,494,071	1,672,494	11.94	1,922,494	14.95	1,922,494	
FEDERAL FUND	43,502	636,125	1362.29	5,208,012	718.71	708,012	(86.41)
GENERAL FUND	2,499,636	2,499,636		7,923,398	216.98	2,502,771	(68.41)
INTERAGENCY TRANSFER	11,581			33,254		33,254	
OTHER FUND	4,356,144	2,905,732	(33.30)	3,150,025	8.41	3,152,624	0.08
Total Revenues	8,404,934	7,713,987	(8.22)	18,237,183	136.42	8,319,155	(54.38)

Total FTE

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Decrease General Fund appropriations by the amount that exceeds the annual \$2.5 million appropriation for each fiscal year.	(1,807)	(2,771)
B000	00	2511	Increase the Balance Forward as a result of the decrease to the transfer to the Forestry budget for the Central Reporting Unit (CRU) unit to reconcile to the revenue line item in the Forestry budget.		236
E226	00	2501	Decrease General Fund appropriations for the FEMA Fires Assistance subgrants included in the amount recommended to be funded with the General Fund appropriations for outstanding fire billings. In addition, the decrease to the General Fund appropriations includes an adjustment for prior year fire billing to reconcile to the most current outstanding fire billings report provided by the division.	(1,456,197)	
E226	00	3576	Decrease the FEMA Fire Assistance Grants revenue line item to reconcile to the most current outstanding fire billings report provided by the division.	(2,215,000)	
Sub-total				(3,673,004)	(2,535)
Line Item Changes to Revenues				(3,673,004)	(2,535)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	10	7000	Decrease Fires Suppression category as a result of decreasing General Fund appropriations by the amount that exceeds the annual \$2.5 million appropriation for each fiscal year.	(1,807)	(2,771)
B000	10	7000	Increase the Fire Suppression Cost category as a result of the decrease to the transfer of the costs allocated for Air Operations positions from the Forestry budget to the Forest Fire Suppression budget, which were calculated incorrectly.	18,478	19,437
B000	11	9000	Decrease the Transfer to 4195 category for the transfer of costs allocated for Air Operations positions from the Forestry budget to the Forest Fire Suppression budget, which were calculated incorrectly.	(18,478)	(19,437)
B000	15	9000	Decrease the Transfer to CRU in 4195 category to reconcile to the revenue line item in the Forestry budget.	(236)	(259)
B000	84	9000	Increase the Reserves for CRU Future Year Funding category as a result of the decrease of the transfer to the Forestry budget in category 15.	236	495
E226	19	7000	Decrease the FEMA Fire Assistance Grants category to to reconcile to the most current outstanding fire billings report provided by the	(840,000)	

E226	82	7000	division. Reduce the Prior Year Claims category to reconcile to the most current outstanding fire billings report provided by the division.	(2,831,197)	
Sub-total				(3,673,004)	(2,535)
Line Item Changes to Expenditures				(3,673,004)	(2,535)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(1,458,004)	(2,771)

Overview

The Forest Fire Suppression budget provides funding to protect public and private land, property, and resources from fires, floods, and other disasters and emergencies. The budget is funded by General Fund appropriations, Federal Emergency Management Agency (FEMA) Fire Management Assistance Grants (FMAG), and reimbursements for firefighting and emergency response provided on lands outside of the state's jurisdiction. In heavy fire years when authorized funds are insufficient to meet the state's obligations, the agency may request additional funding from the Interim Finance Committee Contingency Account, the Reserve for Statutory Contingency Account, or the Disaster Relief Account. There are no positions funded in this account.

Major Closing Issue

Prior Year Fire Billings from Federal Agencies

Discussion of Major Closing Issue

Prior Year Fire Billings from Federal Agencies (E-226, DCNR-96): The Governor recommends a General Fund appropriation of \$5.4 million and \$4.5 million in FEMA Fire Assistance Grants (\$9.9 million total) in FY 2016 to fund prior year fire billings from federal agencies. Fire billings from federal agencies result when federal agencies assist the state on wildland fires occurring on state lands for which the state would be required to reimburse the federal entity (typically the U.S. Forest Service or the Bureau of Land Management). Federal fire assistance may be required when state resources to suppress a wildland fire are insufficient or unavailable; and if a wildland fire occurs on state land, or if a wildland fire is considered a multi-jurisdiction fire (both state and federal lands are involved) and a cost share agreement is negotiated. Cost share agreements are usually based on a percentage of the total acreage for which each agency is responsible. The agency is dependent upon the workflow of the federal cooperating agencies that reside in different federal departments that have completely different processes. The agency must have all billings from all entities involved in a wildland fire incident before the agency can analyze and adjudicate cost sharing for each incident to determine which agencies should be reimbursed. According to the division, the agency is waiting for fire billings from both the U.S. Forest Service and the Bureau of Land Management for several incidents from both the 2013 and 2014 fire seasons totaling \$5.4 million of which \$900,000 is for subgrants from FY 2014 that will be funded from the FEMA Fire Assistance Grant. Larger wildland fires that require many resources, which typically include contracted resources for both air and ground support, take time to process all the payments and cross check against resource order numbers for the many wildland fires that occur each year across the United States. The federal agencies typically have centralized billing centers, which may also contribute to billing delays.

Since the February 24, 2015, budget hearing the agency has only received \$258,560 of prior fire billings, which the division can now pay out of Prior Year Reimbursements received in FY 2015, resulting in a decrease to the General Fund appropriation for this decision unit. Fiscal staff would note, that if the agency receives additional prior year fire billings from the federal agencies in FY 2015, staff requests authority to make further technical adjustments to decrease the General Fund appropriations in this decision unit, as the agency could pay prior year fire billings in FY 2015 with receipts the division has received for the

division's cost of fire billings to federal agencies for prior years (to date per DAWN, \$950,561 has been received by the division for prior year fire billings owed to the state).

In addition, staff has discovered that the division inadvertently included projected expenditures for subgrants totaling \$900,000 from 2014 fires that would be reimbursed to the division via the FEMA Fire Assistance Grant. The General Fund appropriation should be reduced by the \$900,000. Finally, the agency provided staff with the most recent fire billing accounts payable report, and the amount of General Fund appropriations needed compared to the amount recommended in The Executive Budget should be reduced by an additional \$297,637 and the FEMA Fire Assistance Grants should be reduced by \$2.2 million **Fiscal staff has included a technical adjustment in this closing document to decrease General Fund appropriations by \$1.5 million and a decrease to the FEMA Fire Assistance Revenue line item totaling \$2.2 million in FY 2016.**

Does the Subcommittee wish to approve the Governor's recommendation, inclusive of the technical adjustments noted by staff, to fund prior year fire billings from federal agencies with General Fund appropriations totaling \$4.0 million and with funding from the FEMA Fire Assistance Grant totaling \$2.3 million in FY 2016?

The Subcommittee recommended approving the Governor's recommendation inclusive of the technical adjustments noted by staff, to fund prior year fire billings from federal agencies with General Fund appropriations totaling \$4.0 million and with funding from the FEMA Fire Assistance Grant totaling \$2.3 million in FY 2016.

Other Closing Items

1. General Fund Support (BASE, DCNR-95): The Governor recommends continuing General Fund appropriations of \$2.5 million in each year of the 2015-17 biennium in support of fire suppression and emergency response activities. The 2007 Legislature increased the annual General Fund appropriation in this account from \$1.0 million to \$2.5 million to more accurately reflect historic costs and to decrease the frequency in which the agency needed to request additional funds from contingency sources. Fiscal staff would note that the FY 2016 General Fund appropriation exceeds the \$2.5 million generally appropriated by \$1,807 and the FY 2017 General Fund appropriation exceeds the \$2.5 million generally appropriated by \$2,771. **Fiscal staff has included a technical adjustment in this closing document to reduce the General Fund appropriations by \$1,807 in FY 2016 and \$2,771 in FY 2017 to continue General Fund appropriations of \$2.5 million in each year of the 2015-17 biennium.**

2. Adjusted Base Budget (BASE, DCNR-95): Fiscal staff has identified several issues in the base budget for the Forest Fire Suppression budget and has resolved the issues with the agency. Following are technical adjustments Fiscal staff has included in this closing document.
 - The amount of funding that is transferred from the Forest Fire Suppression budget to the Forestry budget for the Central Reporting Unit does not reconcile to each other. **Fiscal staff has included a technical adjustment in this closing document to decrease the transfer from the Forest Fires Suppression budget to the Forestry budget for the Central Reporting Unit by \$236 in FY 2016 and \$259 in FY 2017 to reconcile the transfer amounts between budgets.**

 - A portion of the salaries and fringe benefits for the air operations staff is funded via a transfer from the Forest Fire Suppression budget. However, the methodology used for the 2015-17 biennium represents a change from the methodology used for the 2013-15 biennium. **Fiscal staff has included a technical adjustment in this closing document to decrease the transfer to the Forestry budget by \$18,478 in FY 2016 and \$19,437 in FY 2017 to correct the amounts**

transferred to the Forestry budget based on the same methodology used for prior fiscal years for the personnel cost for certain positions assigned to Air Operations.

- The Forest Fire Suppression budget includes two separate reserve categories for fleet expenditures each totaling \$250,000 of unexpended vehicle reimbursement revenue for each year of the 2015-17 biennium. The 2013 Legislature approved the Governor's recommendation to allow the agency to carry forward to the next fiscal year up to \$250,000 in each year of the 2013-15 biennium of unexpended vehicle reimbursement revenue. Additional language was added to the Authorizations Act (S.B. 521, Section 15) granting the agency authority to balance forward the unexpended vehicle repair funding. Fiscal staff is working with the agency to determine if two separate reserve categories are necessary. **Fiscal staff requests authority to make technical adjustments related to the two separate reserves as necessary.**

The Adjusted Base budget appears reasonable with the technical adjustments noted by staff.

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and with authority to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - FORESTRY CONSERVATION CAMPS
Account: 101 - 4198

Budget Page: DCNR-98, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	799,766	1,760,000	120.06				
GENERAL FUND	5,184,324	5,071,469	(2.18)	5,072,610	0.02	6,701,620	32.11
OTHER FUND	3,628,622	3,473,738	(4.27)	3,704,892	6.65	3,751,424	1.26
REVERSIONS	(461,314)						
Total Revenues	9,151,398	10,305,207	12.61	8,777,502	(14.82)	10,453,044	19.09
Total FTE		96.00		94.00		94.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Increase General Fund appropriations to increase the cost of cell phone expenditures based on updated costs provided by the agency.	457	457
E710	00	2501	Decrease General Fund appropriations for the decrease of the costs for recommended equipment based on recent quotes.	(6,160)	(6,160)
E711	00	2501	Decrease General Fund appropriations for the decrease of the costs for recommended equipment based on recent quotes.		(4,904)
Sub-total				(5,703)	(10,607)
Line Item Changes to Revenues				(5,703)	(10,607)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	04	7000	Decrease the Operating Expenses category, cell phone charges expenditure line item, based on updated costs provided by the agency.	(3,500)	(3,500)
B000	04	7000	Transfer an increase for diesel fuel costs included in the adjusted base budget to the correct expenditure category (from the Operating Expenses category to the Humboldt Conservation Camp Category).	(4,344)	(4,344)
B000	10	7000	Increase the Stewart Conservation Camp category, cell phone charges expenditure line item, based on updated costs provided by the agency.	786	786
B000	12	7000	Increase the Pioche Conservation Camp category, cell phone charges expenditure line item, based on updated costs provided by the agency.	231	231
B000	14	7000	Increase the Three Lakes Valley Conservation Camp category, cell phone charges expenditure line item, based on updated costs provided by the agency.	268	268
B000	19	7000	Increase the Wells Conservation Camp category, cell phone charges expenditure line item, based on updated costs provided by the agency.	632	632
B000	20	7000	Increase the Ely Conservation Camp category, cell phone charges expenditure line item, based on updated costs provided by the agency.	420	420
B000	32	7000	Increase the Jean Conservation Camp category, cell phone charges expenditure line item, based on updated costs provided by the agency.	453	453
B000	36	7000	Increase the Carlin Conservation Camp category, cell phone charges expenditure line item, based on updated costs provided by the agency.	196	196
B000	38	7000	Increase the Tonopah Conservation Camp category, cell phone	588	588

			charges expenditure line item, based on updated costs provided by the agency.		
B000	40	7000	Increase the Humboldt Conservation Camp category, cell phone charges expenditure line item, based on updated costs provided by the agency.	383	383
B000	40	7000	Transfer an increase for diesel fuel costs included in the adjusted base budget to the correct expenditure category (from the Operating Expenses category to the Humboldt Conservation Camp Category).	4,344	4,344
E710	05	7000	Decrease cost for recommended equipment based on recent quotes provided by the agency.	(6,160)	(6,160)
E711	05	7000	Decrease cost for recommended equipment based on recent quotes provided by the agency.		(4,904)
Sub-total				(5,703)	(10,607)
Line Item Changes to Expenditures				(5,703)	(10,607)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(5,703)	(10,607)

Overview

The Nevada Division of Forestry (NDF) Conservation Camp Program coordinates and supervises labor-intensive work projects performed by inmates from the Nevada Department of Corrections (NDOC). The inmates reside in NDOC conservation camps and work on forestry and conservation projects that generate revenue for the state, provide free or reduced-cost labor for state and local agencies, and provide fire suppression and emergency response resources to NDF. There are nine conservation camps, statewide, housing 76 twelve-person inmate crews. The Conservation Camp Program is funded primarily from General Fund appropriations, with additional revenues generated from projects.

Major Closing Issues

1. Sagebrush Ecosystem Program Major Budget Initiative - Position Upgrades
2. Transfer of Two Conservation Camp Supervisor Positions

Discussion of Major Closing Issues

1. Sagebrush Ecosystem Program Major Budget Initiative – Position Upgrades (E-813, MAJOR BUDGET INITIATIVES-28 & 29 AND DCNR-101 & 102): As part of the Sagebrush Ecosystem Program Major Budget Initiative, the Governor recommends General Fund appropriations of \$413,421 in FY 2017 to reclassify 74 Conservation Crew Supervisor positions in the Forestry Conservation Camps budget, effective the second year of the 2015-17 biennium. The recommended position reclassifications would increase the starting grade level and each progression level by two grades (approximately a 10 percent salary increase). Currently, the existing class specifications for the Conservation Crew Supervisor series starts at a pay grade 27 and progresses to grade 29 after the first year of employment, and then to a grade 31 after the second year of employment. The Governor’s recommendation would start the Conservation Crew Supervisor series at a grade 29, with progression to a grade 31, and then to a grade 33. The progression of grades for the Conservation Crew Supervisors would be based on performance and upon completion of additional fire and forestry resource training. The agency indicates the crews would be used for sagebrush habitat restoration projects.

The division indicates the two-grade increase of the division’s Conservation Crew Supervisors would help in the retention of existing staff and the recruitment of qualified applicants. The agency indicates there are numerous factors that contribute to the Conservation Crew Supervisor’s high turnover. Salary is the primary factor hindering recruitment and retention of qualified Conservation Crew Supervisors. The Conservation Camp Program constantly loses valuable Conservation Crew Supervisors and potential candidates to better paying positions in both the public and private sector. The current pay grade does not represent the position knowledge, skills and abilities required to supervise, train,

complete project work and lead 12 inmates on a fire line or other emergency responses. The geography of the conservation camps being located in the rural areas further challenges the division in finding qualified candidates, especially when competing with Nevada's strong mining sector. The Conservation Crew Supervisor position demands the following three critical skills: a professional working knowledge of the supervision of inmates; fighting wild land fire; and natural resource project work. The agency indicates that over the past five years, the agency has had over 70 vacancies in the Conservation Crew Supervisor position out of the 76 full-time positions. The agency indicates the retention issues have had an impact on the number of crews that are available to fight wildland fires, as the qualifications required for a Conservation Crew Supervisor to become a crew boss can take between two to three years to obtain. Further, the agency indicates that only 40 percent of the Conservation Crew Supervisors currently qualify as crew bosses and are able to supervise an inmate crew on a wildland fire. Currently, of the 76 Conservation Crew Supervisor positions, 10 positions (13.2 percent) are vacant.

Additionally, Fiscal staff notes the agency inadvertently excluded two Conservation Crew Supervisor positions in Decision Unit E-813 (only 74 of the 76 Conservation Crew Supervisor positions were included in Decision Unit E-813 in the Forestry Conservation Camps budget). The two Conservation Crew Supervisor positions that were excluded are included in Decision Unit E-900 and are recommended to be transferred to the Forestry budget. If the Subcommittee does not approve the transfer of the two Conservation Crew Supervisor positions from the Forestry Conservation Camp budget to the Forestry budget, as recommended in Decision Unit E-900, Fiscal staff will need to make a technical adjustment to add the two Conservation Crew Supervisor positions to Decision Unit E-813 in this budget, contingent upon the Subcommittee's approval of Decision Unit E-813.

Does the Subcommittee wish to approve the Governor's recommendation of General Fund appropriations totaling \$413,421 in FY 2017 to reclassify 74 Conservation Crew Supervisor positions in the Forestry Conservation Camps budget, effective the second year of the 2015-17 biennium?

The Subcommittee recommended approving the Governor's recommendation of General Fund appropriations totaling \$413,421 in FY 2017 to reclassify 74 Conservation Crew Supervisor positions in the Forestry Conservation Camps budget, effective the second year of the 2015-17 biennium.

2. Transfer of Two Conservation Crew Supervisor Positions (E-900, DCNR-102): The Governor recommends the transfer of two Conservation Crew Supervisor positions from the Forestry Conservation Camps' budget to the Forestry budget with no change in the funding source. The division indicates the duties of the two Conservation Crew Supervisor positions are directly tied to the Helitack Air Operations program, which is managed in the Forestry budget.

As outlined in the Department of Human Resource Management Division's class specifications for the Conservation Crew Supervisor, the position supervises inmate crews, maintains security, and provides training in equipment use and safety in completing projects in resource conservation, fire management and community service. The agency indicates the duties assigned to the two Conservation Crew Supervisors recommended to be transferred to the Forestry budget for the Helitack program will only differ during fire season. During fire season, the two Conservation Crew Supervisor positions would act as crew bosses supervising seasonal firefighters assigned to a Helitack crew. The agency indicates during the non-fire season, the two Conservation Crew Supervisors would continue to supervise inmate crews and generate revenues from camp projects. The agency indicates camp revenues should not be affected by the recommended transfer.

Fiscal staff notes the agency inadvertently excluded the two Conservation Crew Supervisor positions in Decision Unit E-813 (discussed under Major Issue 1) to reclassify the 74 Conservation Crew Supervisor positions. Fiscal staff has included a technical adjustment to add Decision Unit E-813 in the Forestry budget to include the upgrades as recommended in The Executive Budget for the 74 Conservation Crew Supervisor positions that will remain in this budget. If the Subcommittee does not approve the transfer of the two Conservation Crew Supervisor positions from this budget to the Forestry budget, Fiscal staff will need to make a technical adjustment to add the two positions to Decision Unit E-813 in this budget. Based on the information provided by the agency, it does not appear to Fiscal staff that the agency has sufficiently justified a need to transfer the two Conservation Crew Supervisor positions to the Forestry budget since a majority of the year the two positions would be supervising inmate crews during the non-fire season.

Does the Subcommittee wish to approve the Governor's recommendation to transfer two Conservation Crew Supervisor positions from the Forestry Conservation Camp's budget to the Forestry budget with no change in the funding source?

The Subcommittee recommended approving the Governor's recommendation to transfer two Conservation Crew Supervisor positions from the Forestry Conservation Camp's budget to the Forestry budget with no change in the funding source.

Other Closing Items

1. Adjusted Base Budget (BASE, DCNR-98 and 99): Fiscal staff has identified the following issues in the Forestry Conservation Camps' base budget:
 - Diesel Fuel, Gasoline, and Vehicle Repair/Supplies: An adjustment for diesel fuel for the Humboldt Conservation Camp was made to the incorrect category during the Adjusted Base budget process. **Fiscal staff has included a technical adjustment in this closing document to transfer \$4,344 from the Operating Expenses category to the Humboldt Conservation Camp category. The agency concurs with this adjustment.**
 - Cell Phone Charges: Combined, base year expenditures for all nine conservation camps totaled \$12,104 in FY 2014. The base budget for the 2015-17 biennium increased by \$16,900 in each fiscal year for this line item, bringing the total combined amount to \$29,004 in each fiscal year. The division provided staff with updated costs for the cell phones that are needed for the Conservation Camps. The updated quotes provided by the agency increase the total costs for this budget by \$457 in each fiscal year of the 2015-17 biennium, funded with General Fund appropriations. In addition, the costs for each camp have changed. **Fiscal staff has included a technical adjustment in this budget to increase General Fund appropriations by \$457 for each year of the 2015-17 biennium and to adjust the amounts for the Cell Phone/Pager Charges expenditure line item in the operating budget for each camp, resulting in a net increase of \$457 in each year of the 2015-17 biennium.**

The Adjusted Base budget appears reasonable with the technical adjustments noted.

2. Deferred Maintenance Projects (E-425, DCNR-100): The Governor recommends a General Fund appropriation totaling \$266,504 in FY 2017 for deferred maintenance projects with emphasis on life and safety issues for the Forestry Conservation Camps statewide. Deferred maintenance projects recommended to be funded include fire alarm systems, a water treatment system, stair handrails, electrical upgrades and repairs, anchoring of water heaters, emergency eye wash station, occupancy separation upgrade, site drainage improvements, a structural assessment, exit sign and egress lighting upgrades, portable fire extinguishers, a dust collection system, and hazardous material containment. **This recommendation appears reasonable.**

3. Replacement Equipment (E-710 and E-711, DCNR-101): The Executive Budget recommends General Fund appropriations totaling \$1.2 million over the 2015-17 biennium for replacement equipment for the Forestry Conservation Camps statewide. Equipment recommended for replacement includes computer hardware and software, chainsaws, handheld radios, satellite phones, shop equipment, three mobile kitchens to be used on wildland fires, and eight vehicles. Fiscal staff requested the agency to provide new quotes for all equipment recommended in Decision Units E-710 and E-711, from vendors willing to provide discounts to state agencies. The new quotes for the chainsaws and shop equipment were less than the amounts included in The Executive Budget. As a result, General Fund appropriations decrease by \$6,160 in each year of the 2015-17 biennium for the chainsaws recommended in Decision Unit E-710; and by \$4,904 in FY 2017 for the shop equipment recommended in Decision Unit E-711. **Fiscal staff has included technical adjustments in this closing document to decrease General Fund appropriations by \$6,160 in each year of the 2015-17 biennium for Decision Unit E-710 and to decrease General Fund appropriations by \$4,904 in FY 2017 for Decision Unit E-711.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and with authority to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Additional Information - No Action Necessary

1. One-Shot Appropriation (INTRODUCTION-18): The Executive Budget recommends a General Fund appropriation of \$1.8 million in FY 2016 to replace nine crew carriers for the Conservation Camp program. The agency indicates that all nine crew carriers recommended to be replaced are 1996 models, have high mileage, are in poor condition and need major repairs to be reliable vehicles to transport the inmate crews. The one-shot appropriation for the Forestry Conservation Camps budget is included in Senate Bill 428, which was introduced in Senate Finance on March 23, 2015.
2. Supplemental Appropriation (INTRODUCTION-20): The Executive Budget recommends a General Fund appropriation of \$59,634 for FY 2015 to fund the cost of terminal leave for employees in the Forestry Conservation Camp's budget who have retired or are scheduled to retire in FY 2015. Fiscal staff notes the amounts for the supplemental appropriations listed in The Executive Budget for the Forestry budget and the Forestry Conservation Camps budget were reversed. The total amount of the supplemental appropriation for the Forestry budget should be \$266,653 and the supplemental amount for the Forestry Conservation Camp budget should be \$59,634. The supplemental appropriation for the Forestry Conservation Camps budget is included in Senate Bill 486, which was introduced in Senate Finance on March 23, 2015. However, on April 2, 2015, the Executive Budget Office notified Fiscal staff that the supplemental funding was no longer needed, as the agency has sufficient vacancy savings to make up for the cost of terminal leave for employees in the Forestry Conservation Camps budget who have retired or are scheduled to retire in FY 2015.
3. Legislative Audit of the Division of Forestry: On February 11, 2013, the Legislative Auditor issued an audit report (LA14-01) pertaining to an audit of the Division of Forestry's conservation camp projects for the 18-month period ending June 30, 2012. The audit report contained six recommendations to improve oversight and control activities regarding conservation camp project work. The division accepted all six recommendations, and as of November 7, 2013, the Department of Administration reports the six recommendations have been fully implemented.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - FORESTRY - WILDLAND FIRE PROTECTION PRGM
Account: 101 - 4194

Budget Page: DCNR-108, Volume III

	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
Revenues			Chg		Chg		Chg
BALANCE FORWARD	(703,061)	703,062	(200.00)	1,352,491	92.37	1,813,068	34.05
GENERAL FUND	182,774	264,474	44.70	419,621	58.66	445,305	6.12
OTHER FUND	1,252,500	2,275,000	81.64	2,275,000		2,275,000	
REVERSIONS	(66,909)						
Total Revenues	665,304	3,242,536	387.38	4,047,112	24.81	4,533,373	12.02
Total FTE		17.00		18.00		18.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Increase the Balance Forward for the increase to reserves, resulting from the decrease to Seasonal Salaries to eliminate retirement costs for those seasonal positions that do not exceed six months.		51,596
E240	00	2501	Reduce General Fund appropriations for the reduction to operating costs for the new Pilot position to reflect the appropriate amount for nine months based on the recommended start date of October 1, 2015.	(2,250)	
Sub-total				(2,250)	51,596
Line Item Changes to Revenues				(2,250)	51,596

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Reduce Seasonal Salaries to eliminate retirement costs for those seasonal positions that do not exceed six months.	(51,596)	(58,945)
B000	85	9000	Increase reserves for the decrease to the Seasonal Salaries to eliminate retirement costs for those seasonal positions that do not exceed six months.	51,596	110,541
E240	04	7000	Reduce operating costs for the new Pilot position to reflect the appropriate amount for nine months based on the recommended start date of October 1, 2015.	(2,250)	
Sub-total				(2,250)	51,596
Line Item Changes to Expenditures				(2,250)	51,596

Total	0	0
Grand Total General Fund Impact of Closing Changes	(2,250)	0

Overview

The Wildland Fire Protection Program (WFPP) was established during the 2013-15 biennium as a voluntary, cooperative arrangement between the Nevada Division of Forestry and local governments. The program was developed to provide a statewide, comprehensive WFPP to educate and prepare landowners, to reduce the threat of wildfire, to provide a well-trained and equipped wildfire suppression force, and to rehabilitate damaged lands after a fire. The WFPP is funded through fees paid by the participating local jurisdictions and General Fund appropriations.

Major Closing Issues

1. One New Pilot Position and Two New Contracted Seasonal Positions
2. Forestry Air Operations Program

Discussion of Major Closing Issues

1. **One New Pilot Position and Two New Contracted Seasonal Positions (E-240, DCNR-110)**: The Governor recommends General Fund appropriations of \$167,616 in FY 2016 and \$193,790 in FY 2017 to fund one new Pilot position with associated operating costs and two new contract seasonal drivers for the WFPP's aviation operations. According to the division, the WFPP operates three helicopters for fire suppression and personnel/cargo transport. To operate the helicopters, the division indicates it currently has two full-time pilots (one position funded in this budget and one position funded in the Forestry budget) and two six-month seasonal pilot positions (funded in the Forestry budget), which allows the division to operate two helicopters five days a week and one helicopter over the weekend during fire season (roughly May through September). The division indicates the addition of one new Pilot position would maximize aviation capability and provide greater wildland fire protection by allowing the division to fly two helicopters seven days a week during fire season when the two seasonal positions are filled. In addition, the division indicates that as climate conditions change and the state's drought continues, the fire season is now year around. According to the division, the agency's Pilots work year around to ensure aircraft worthiness, obtain training certifications, and to perform wildland fire rehabilitation projects and to respond to wildland fires.

Fiscal staff would note the operating costs recommended for FY 2016, totaling \$9,000 include funding for an entire fiscal year; however, the new Pilot position is not recommended to start until October 1, 2015. **Fiscal staff has included a technical adjustment in this closing document to decrease the recommended funding for operating costs by \$2,250 in FY 2016, with a corresponding decrease to General Fund appropriations for the new Pilot position. The division concurs with this adjustment.**

Fiscal staff notes the position description for the new Pilot position indicates the new Pilot would fly missions for the Nevada Department of Wildlife. Similar to the Pilots in the Forestry budget, a revenue source should be included in WFPP for the Department of Wildlife to reimburse the WFPP program for the costs incurred in flying missions for the Department of Wildlife for the Pilot recommended in Decision Unit E-240 and for the existing Pilot. The division testified at the February 24, 2015, budget hearing that the Pilot positions in the Wildland Fire Protection Program budget could fly missions for the Department of Wildlife. **Fiscal staff requests authority to make a technical adjustment to include a revenue line item in the Wildland Fire Protection Program budget to receive reimbursements from the Department of Wildlife for the cost of the Pilot's salary and fringe benefits (in this budget) and the cost of the aircraft (reimbursed to the Wildland Fire Suppression budget) used to fly for the Department of Wildlife's missions. Fiscal staff will work with the division to determine the appropriate amount, which would offset General Fund appropriations.**

Fiscal staff would note that the Clark County Commission approved a resolution at its February 17, 2015, meeting to reorganize the Mount Charleston Fire Protection District from a NRS 473 State Fire Protection district to a NRS 474 County Fire Protection District effective July 1, 2015. However, at this time, the division indicates Clark County has not made a commitment to join the Wildland Fire Protection Program. At the February 24, 2015, budget hearing the division testified that the need for the new Pilot position recommended in this decision unit would be contingent upon Clark County's participation in the Wildland Fire Protection program.

If the Subcommittee recommends approval of the new Pilot position, Fiscal staff recommends the transfer of the division's Air Operations Program costs and the General Fund appropriations for those costs from the Wildland Fire Protection Program budget to the Forestry main operating budget.

The Subcommittee may wish to consider the following options:

- a) Approve the Governor's recommendation to fund a new Pilot position and associated costs totaling \$167,616 in FY 2016 and \$193,790 in FY 2017, including the technical adjustments noted by staff.
- b) Approve the Governor's recommendation to fund a new Pilot position and associated costs totaling \$167,616 in FY 2016 and \$193,790 in FY 2017, funded with General Fund appropriations, including authority for Fiscal staff to transfer the Pilot position and associated costs to the Forestry budget to consolidate the total cost of Air Operations for the division, including the technical adjustments noted by staff.
- c) Do not approve the Governor's recommendation to fund a new Pilot position and associated costs totaling \$167,616 in FY 2016 and \$193,790 in FY 2017, funded with General Fund appropriations, until such time as Clark County joins the division's Wildland Fire Protection Program.

The Subcommittee recommended approving the Governor's recommendation to fund a new Pilot position and associated costs totaling \$167,616 in FY 2016 and \$193,790 in FY 2017, funded with General Fund appropriations, including authority for Fiscal staff to transfer the Pilot position and associated costs to the Forestry budget to consolidate the total cost of Air Operations for the division, including the technical adjustments noted by staff (option b).

Additionally, the recommended funding supports a new \$70,000 contract for each year of the 2015-17 biennium for two seasonal truck drivers with hazmat certifications to drive the division's two aviation fuel trucks during fire season. According to the division, seasonal firefighters currently perform this function, reducing the number of firefighters that are available to suppress fires. The division indicates that by hiring contract truck drivers the seasonal firefighters would be available for the fire line and safety would be improved by having professional drivers transport aviation fuel. **This recommendation appears reasonable.**

If the Subcommittee approves the Governor's recommendation to fund \$70,000 each year of the 2015-17 biennium with General Fund appropriations for two seasonal truck drivers with hazmat certifications to drive the division's two aviation fuel trucks during fire season for the division's Helitack program, Fiscal staff recommends the transfer of the costs associated with the contract for the division's Helitack program to the Forestry budget, where the Governor also recommends the transfer of two Conservation Crew Supervisor positions from the Conservation Camps budget to the Forestry budget for the Helitack program. **The agency concurred at the April 28, 2015 budget closing hearing before the Subcommittee.**

Does the Subcommittee wish to approve the Governor's recommendation of General Fund appropriations totaling \$70,000 in each year of the 2015-17 biennium to fund a contract for two seasonal truck drivers with hazmat certifications to drive the division's two aviation fuel trucks during the fire season for the division's Helitack program, including staff's recommendation to transfer the costs of the contract for the Helitack program to the Forestry budget?

The Subcommittee recommended approving the Governor's recommendation of General Fund appropriations totaling \$70,000 in each year of the 2015-17 biennium to fund a contract for two seasonal truck drivers with hazmat certifications to drive the division's two aviation fuel trucks during the fire season for the division's Helitack program, including staff's recommendation to transfer the costs of the contract for the Helitack program to the Forestry budget.

2. Forestry Air Operations Program: Currently, the Division of Forestry's Air Operations program is split between the Forestry Division's main budget and the WFPP budget. General Fund appropriations for two Pilot positions, one Helitack Supervisor position and contract services for two seasonal fuel truck drivers, as well as associated operating expenses are recommended in the WFPP budget. In addition, one Pilot, one Aviation Services Officer position, one Aircraft Maintenance Specialist position, two Conservation Crew Supervisor positions (recommended to be transferred from the Conservation Camps budget to the Forestry budget for the Helitack program) and two seasonal Pilot positions are recommended in the Forestry budget. It is unclear to Fiscal staff why the Forestry Air Operation program is split between two budgets. Generally, to provide better transparency, all of a program's costs are included in a single budget unless there are specific reasons or circumstances to diverge from this practice.

When asked by Fiscal staff why costs associated with the division's air operations program were budgeted in two separate budgets, the division indicated the Pilot position and the Air Operation's Supervisor position and associated costs are included in the WFPP budget to demonstrate the state's commitment to the counties that are participating in the WFPP, to keep the WFPP air operation funding separate from the primary Forestry budget. However, if the division's air operations program were to be consolidated into one budget, the division would still be able to demonstrate the costs associated with the Air Operations program in the Forestry budget to any participating county upon request. In addition, staff would note, that not only does the division provide aviation support to the counties that are participating in the Wildland Fire Protection Program, but these counties are also supported with General Fund appropriations via the Wildland Forest Fire Suppression budget. When a wildland fire occurs in a county that is participating in the WFPP, the expenses incurred as a result of the wildland fire, which are in addition to the personnel and operating expenses paid out the WFPP budget, are paid from the Wildland Forest Fire Suppression budget. Based on this information, Fiscal staff does not believe the division has provided sufficient justification to separate the division's Air Operations program between two separate budgets. Therefore, Fiscal staff would recommend the transfer of all air operation costs and 100 percent of the General Fund appropriations for those costs from the Wildland Fire Protection Program budget to the Forestry budget. **The agency concurred at the April 28, 2015 budget closing hearing before the Subcommittee.**

Does the Subcommittee wish to approve staff's recommendation to consolidate all Air Operations Program costs funded with General Fund appropriations from the Wildland Fire Protection budget to the Forestry budget?

The Subcommittee recommended approving staff's recommendation to consolidate all Air Operations Program costs funded with General Fund appropriations from the Wildland Fire Protection budget to the Forestry budget.

Other Closing Item

Adjusted Base Budget (BASE, DCNR-108): The Executive Budget recommends funding for seasonal salaries of \$619,347 in FY 2016 and \$640,831 in FY 2017 funded with County Participation Funds. Per NRS 286.297, persons assigned to intermittent or temporary positions unless the assignment exceeds six consecutive months are excluded from membership in the Public Employees Retirement System. The amounts recommended for seasonal salaries include retirement for 23 seasonal positions that are recommended to be funded for only six months. **Fiscal staff has included a technical adjustment in this closing document to reduce seasonal salaries by \$51,596 in FY 2016 and \$58,945 in FY 2017 with a corresponding increase to reserves. Seasonal employees are not eligible to contribute to retirement unless the assignment exceeds six consecutive months (NRS 286.293). The division concurs with the technical adjustment.**

With the technical adjustment, the Adjusted Base Budget appears reasonable.

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and with authority to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Additional Information - No Action Necessary

Overview of the Wildland Fire Protection Program: As noted above, the WFPP was established during the 2013-15 biennium as a cooperative arrangement between the Nevada Division of Forestry and local governments. The creation of the WFPP allowed the division to continue the transition from the division's historical use of the NRS 473 All-Risk Fire Protection Districts, in the Forestry Inter-Governmental Agreement budget to a statewide comprehensive wildland fire management approach.

The 2013 Legislature approved General Fund appropriations of \$447,248 over the 2013-15 biennium, as well as county assessment revenue of \$3.6 million over the biennium, to support the new voluntary, risk-based WFPP. Services provided by the WFPP include aerial and ground fire suppression capabilities, fire prevention planning services, and natural resource health and restoration expertise to all participating counties and other local jurisdictions. The Legislature also approved the creation of a new WFPP budget within The Executive Budget, as well as 17 new positions including 15 permanent firefighting positions, 1 Pilot position, 1 Helitack Supervisor position and 12 seasonal firefighting positions for FY 2014 and 24 seasonal firefighting positions for FY 2015. The 17 permanent positions and 24 seasonal positions were based upon all 17 Nevada counties participating in the WFPP program. However, the division indicated that positions would only be filled as needed, as the various counties joined the WFPP. Finally, in order to provide the Legislature with updates during the biennium on the development and implementation of the WFPP, the 2013 money committees approved the issuance of a letter of intent to the Division of Forestry requesting semi-annual reports be provided to the Interim Finance Committee (IFC).

The December 1, 2014, semi-annual report submitted to the IFC by the Division of Forestry indicated 18 local governmental entities are currently participating in the WFPP, and Elko County was scheduled to join by January 1, 2015. The division indicated there were ongoing discussions with Clark and White Pine counties and the City of Sparks about joining the WFPP. The report also indicated that the current financial status of the program was satisfactory. However, as of the date of the report, the division stated it was difficult to determine if the assessment fee structure was adequate to support the program.

Fiscal staff notes at the end of FY 2014, the WFPP budget had an ending reserve balance of \$703,062. For the upcoming biennium, The Executive Budget recommends reserves of \$1.8 million at the end of FY 2016 and \$2.2 million at the end of FY 2017. Typically, reserves are used for cash flow purposes and are equivalent to 90 days of expenditures. For FY 2016, a 90-day reserve would equate to \$550,860 and for FY 2017 a 90-day reserve would equate to \$570,193. The division indicates the program was designed to build a reserve of 90 days of operating expenses and also build a pool of unspent county funds that would be available for program augmentation, such as to purchase additional equipment or to fund seasonal salaries for an exceptionally heavy fire year.

In regard to the three performance indicators identified by the division for the WFPP, the division reported that during the 2014 fire season the division had a 94.4 percent success rate of fires contained in the first burn period and 100 percent of the division's billings for incidents were submitted to the responsible agency in a timely manner. However, the division was not able to report on the number of mutual aid requests that were filled, due to the insufficient collection of data from the most recent fire season. The division indicated the last performance indicator might need to be revised.

The 2013 Legislature approved maintaining all-risk emergency response service agreements with Clark (Mt. Charleston area only), Elko, and Eureka counties through no later than June 30, 2015. During the current biennium, Elko and Eureka counties have transitioned out of the division's Inter-Governmental Agreement All-Risk Fire Management (ARFM) program. Clark County is currently the only county remaining in the program. The Clark County Commission approved a resolution at its February 17, 2015, meeting to reorganize the Mount Charleston Fire Protection District from a NRS 473 State Fire Protection district to a NRS 474 County Fire Protection District effective July 1, 2015.

**Nevada Legislative Counsel Bureau
Budget Closing Action Report
Public Safety, Natural Resources and Transportation Joint
Subcommittee
W02 - WORKING VERSION 2**

Title: DCNR - STATE LANDS
Account: 101 - 4173

Budget Page: DCNR-125, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(13,322)	31,920	(339.60)	13,337	(58.22)	13,337	
GENERAL FUND	1,167,878	1,148,927	(1.62)	1,200,589	4.50	1,337,708	11.42
INTERAGENCY TRANSFER	466,379	488,733	4.79	416,259	(14.83)	329,580	(20.82)
OTHER FUND	90,757	321,714	254.48	329,755	2.50	356,489	8.11
REVERSIONS	(77,295)						
Total Revenues	1,634,397	1,991,294	21.84	1,959,940	(1.57)	2,037,114	3.94
Total FTE		22.00		20.00		20.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Increase General Fund appropriations in FY 2016 and decrease General Fund appropriations in FY 2017 to properly reflect funding sources that were fund mapped incorrectly to the Transfer from Environmental Protection Department of Energy Grant (DOE) revenue line item.	1,011	(104)
B000	00	2501	Decrease the General Fund appropriation to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation for the Adjusted Based Budget	(8,586)	(7,484)
B000	00	2501	Increase General Fund appropriations to fund the transfer of state-owned building rent from the DOE Staff Cost category to the Operating Expenses category.	4,995	4,995
B000	00	2501	Increase General Fund appropriations to fund a portion of the costs of printing the agency's land use planning publication, which is not reimbursed by Publication Sales. NRS 321.720 requires the agency to produce a publication, which is revised in even numbered years, that is available to cities and counties for land use planning.	121	75
B000	00	2501	Increase the General Fund appropriation to increase the In-State Travel category to correct the number of months from 4 to 12 for a vehicle that is leased from the Fleet Services Division by the agency.		4,854
B000	00	2511	Increase Balance Forward revenue line item to correct the balance forward from FY 2015.	17,373	17,373
B000	00	4027	Decrease Publication Sales revenue line item to reflect the average receipts for each fiscal year of the 2015-17 biennium. NRS 321.720 requires the agency to produce a publication that is available to cities and counties for land use planning, which is revised in even numbered years. Publication sales are higher in the first year of each biennium when the publication is updated.	(121)	(2,407)
B000	00	4301	Decrease Rental Income in the Adjusted Base Budget to align actual receipts with other decision units, as the total rental income in this budget should not exceed \$7,644 each year, which is the amount of rental income the agency currently receives each year for the Winnemucca Facility.	(579)	(331)
B000	00	4659	Increase the Transfer from the Conservation Q1 Bonds to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation.	2,387	1,993
B000	00	4665	Increase the Transfer of Mitigation Fees to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation.	1,142	1,025

B000	00	4666	Increase the Transfer of Bond Proceeds to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation.	952	854
B000	00	4668	Increase the Transfer from Lake Tahoe License Plate Program to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation.	952	854
B000	00	4669	Increase the Transfer from the Fund to Protect Lake Tahoe to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation.	1,904	1,708
B000	00	4673	Decrease the Transfer from Environmental Protection to reconcile to the most recent DOE grant award.	(6,235)	(6,389)
B000	00	4673	Increase the Transfer from Environmental Protection to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation.	1,249	1,050
M100	00	2501	Increase General Fund appropriation for the agency's share of EITS SilverNet costs for the Bryan Building	5,707	5,052
M100	00	2501	Decrease the General Fund appropriation for the statewide inflation decrease to the In-State Travel category to correct the number of months from 4 to 12 for a vehicle that is leased from the Fleet Services Division by the agency		(421)
M100	00	2501	Increase the General Fund appropriation to allocate statewide inflation costs to the appropriate revenue sources.	20,156	20,359
M100	00	4301	Increase Rental Income to allocate statewide inflation costs to the appropriate revenue sources.	579	331
M100	00	4659	Decrease the Transfer from the Conservation Q1 Bonds to allocate statewide inflation costs to the appropriate revenue sources.	(39,619)	(44,076)
M100	00	4665	Decrease the Transfer of Mitigation Fees to allocate statewide inflation costs to the appropriate revenue sources.	(7,127)	(7,657)
M100	00	4666	Decrease the Transfer of Bond Proceeds to allocate statewide inflation costs to the appropriate revenue sources.	(39,600)	(45,741)
M100	00	4668	Adjust the Transfer from the Lake Tahoe License Plate Program to allocate statewide inflation costs to the appropriate revenue sources.	(12)	550
M100	00	4669	Adjust the Transfer from the Fund to Protect Lake Tahoe to allocate statewide inflation costs to the appropriate revenue sources.	(41)	1,079
M100	00	4673	Decrease the Transfer from Environmental Protection DOE grant to allocate statewide inflation costs to the appropriate revenue sources.	(15,255)	(16,629)
M801	00	2501	Decrease General Fund appropriations to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation.	(1,600)	(3,145)
M801	00	4659	Decrease the Transfer from the Conservation Q1 Bonds to properly reflect the correct funding sources for the allocation of the Director's Office cost allocation.	(210)	(283)
M801	00	4665	Increase the Transfer of Mitigation Fees to properly reflect the correct funding sources for the allocation of the Director's Office Cost Allocation for Lake Tahoe related costs.	1	1
M801	00	4673	Decrease the Transfer from Environmental Protection DOE grant to properly reflect the correct funding sources for the allocation of the Director's Office cost allocation.	(99)	(130)
E801	00	2501	Decrease the General Fund appropriation to reflect the correct funding sources for the Director's Office allocation of the IT server upgrades.	(1,958)	
E801	00	4659	Decrease the Transfer from the Conservation Q1 Bonds to reflect the correct funding sources for the Director's Office allocation of the IT server upgrades.	(415)	
E801	00	4665	Increase the Transfer of Mitigation Fees to reflect the correct funding sources for the Director's Office allocation of the IT server upgrades.	421	
E801	00	4669	Increase the Transfer from the Fund to Protect Lake Tahoe to reflect the correct funding sources for the Director's Office allocation of the IT server upgrades.	2,103	

E801	00	4673	Decrease the Transfer from Environmental Protection to reflect the correct funding sources for the Director's Office allocation of the IT server upgrades.	(151)	
Sub-total				(60,555)	(72,644)
Line Item Changes to Revenues				(60,555)	(72,644)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	03	6000	Increase the In-State Travel category to correct the number of months from 4 to 12 for a vehicle that is leased from the Fleet Services Division by the agency in FY 2017.		4,854
B000	04	7000	Increase Operating Expenses category to fund state-owned rent that is transferred from the DOE Staff Cost category to reconcile to the Environmental Protection DOE grant award.	4,995	4,995
B000	04	7000	Increase the Operating Expenses category for transfer of the State Lands' planning publication costs from the Planning Publication category.	2,832	500
B000	08	7000	Decrease the Winnemucca Facility Maintenance category to reconcile to the Rental Income revenue line item in the Adjusted Base Budget to balance to the total reimbursements in all decision units, not to exceed \$7,644 each year for the amount of rent currently charged for the Winnemucca Facility.	(579)	(331)
B000	09	7000	Decrease the Planning Publication category and transfer the publication costs to the Operating Expenses category.	(2,832)	(2,832)
B000	21	6000	Decrease the DOE Staff Costs category to decrease travel cost to reconcile to the most current Environmental Protection DOE grant award.	(1,240)	(1,394)
B000	21	7000	Decrease the DOE Staff Costs category operating expenditures to reconcile to the most current Environmental Protection DOE grant award.	(3,984)	(5,099)
B000	80	9000	Increase Reserves to correct the balance forward from FY 2015.	17,373	17,373
M100	03	6000	Decrease the In-State Travel category to correct the number of months from 4 to 12 for a vehicle that is leased from the Fleet Services Division by the agency in FY 2017.		(421)
M100	26	7000	Add EITS SilverNet charge to reflect payment in this budget.	5,701	5,052
M100	88	9000	Decrease the Statewide Cost Allocation Plan category, as the agency was incorrectly allocated their own costs included in the Statewide Cost Allocation.	(80,913)	(91,784)
M801	40	7000	Decrease cost allocation charges to the Director's Office to reflect the new methodology.	(1,908)	(3,557)
Sub-total				(60,555)	(72,644)
Line Item Changes to Expenditures				(60,555)	(72,644)
Total				0	0
Grand Total General Fund Impact of Closing Changes				19,846	24,181

Overview

The Nevada Division of State Lands (Division) acquires, holds, and disposes of all state lands and interests in lands, except for the Nevada System of Higher Education (NSHE), the Legislature, and the Department of Transportation. The Division provides planning to local governments and represents the state on federal land issues. The Division also leads the Nevada Tahoe Resource Team (NTRT), is responsible for the Environmental Improvement Program (EIP); administers the Tahoe Mitigation Program; and manages the Conservation and Resource Protection Grant Program (also known as the Question 1 Program). The Division is funded primarily with General Fund appropriations and transfers from the Tahoe Mitigation Fund, the Question 1 Bond Fund and the EIP Bond Fund.

Major Closing Issue

Funding Source Change for the Nevada Tahoe Resource Team Manager

Discussion of Major Closing Issue

Funding Source Change for the Nevada Tahoe Resource Team Manager (E-250, DCNR-130): The Governor recommends a General Fund appropriation of \$95,201 in FY 2017 to change the funding source for the agency's Nevada Tahoe Resource Team Program Manager. The agency indicates the proposed funding change is due to the reduced availability of bond interest revenues from the Fund to Protect Lake Tahoe/Tahoe Environmental Improvement Program (EIP) that is currently supporting this position. However, The Executive Budget recommends bond interest earnings from the Fund to Protect Lake Tahoe to continue funding 100 percent of an Administrative Assistant position and associated operating expenses, as well as fund a portion of the Director's Office cost allocation. Based on an analysis completed by Fiscal staff, the interest earnings in the Fund to Protect Lake Tahoe would be depleted by the end of the 2017-19 biennium if the funding recommended for transfer from the fund for FY 2017, totaling \$83,299, is approved to continue into future biennia. The agency indicated at the February 24, 2015, budget hearing that interest earnings from bond sales for the Tahoe Resource team was declining. The agency indicated it did not have concerns with funding the Administrative Assistant position with the interest earnings from bond sales for the 2015-17 biennium. However, the agency indicated it may request a change in the funding source from interest earnings from bond sales from the Fund to Protect Lake Tahoe to General Fund appropriations in the second year of the 2017-19 biennium for the Administrative Assistant position.

Does the Subcommittee wish to approve the Governor's recommendation to change the funding source for the agency's Nevada Tahoe Resource Team Program Manager from bond interest revenues from the Fund to Protect Lake Tahoe/Tahoe Environmental Improvement Program to General Fund appropriations totaling \$95,201 in FY 2017?

The Subcommittee recommended approving the Governor's recommendation to change the funding source for the agency's Nevada Tahoe Resource Team Program Manager from bond interest revenues from the Fund to Protect Lake Tahoe/Tahoe Environmental Improvement Program to General Fund appropriations totaling \$95,201 in FY 2017.

Other Closing Items

1. Adjusted Base Budget (BASE and SUMMARY, DCNR-125, 126, 134 and 135): Following are technical adjustments that Fiscal staff has included in this closing document for the Adjusted Base Budget:
 - a. Balance Forward from the Previous Fiscal Year: The balance forward from FY 2015 to FY 2016 and FY 2016 to FY 2017 is incorrect. The Executive Budget includes a balance forward of \$13,337 for each year of the 2015-17 biennium, and the actual cash on-hand in reserves for FY 2015 is \$30,710. The reserves are from Rental Income received for the rental of the Winnemucca facility, which is leased to two tenants. The reserves are for maintenance of the facility. **Fiscal staff has included a technical adjustment in this closing document to increase the Balance Forward revenue line item and the Reserve category by \$17,373 in both fiscal years of the 2015-17 biennium.**
 - b. Reduce the Transfer from the Division of Environmental Protection for the Department of Energy (DOE) Grant: The Executive Budget recommends funding from the Division of Environmental Protection totaling \$122,735 in FY 2016 and \$124,082 (SUMMARY, DCNR-134 and 135) in FY 2017. However, the Division of Environmental Protection has indicated total funding available from the Department of Energy grant for the Division of State Lands is \$102,244 in FY 2016 and \$101,984 in FY 2017. **Following are technical adjustments Fiscal staff has included in this**

closing document to correct the revenues and expenditure line items for the transfer from the Division of Environmental Protection of the DOE grant to State Lands:

- **Fiscal staff has corrected costs allocated to the DOE grant that should be funded with General Fund appropriations, resulting in an increase of General Fund appropriations totaling \$1,011 in FY 2016 and a decrease of \$104 in FY 2017;**
- **Fiscal staff has included a technical adjustment to transfer a portion of the building rent allocated to this program to be funded with General Fund appropriations totaling \$4,995 for each fiscal year of the 2015-17 biennium;**
- **Fiscal staff has included technical adjustments in this closing document to decrease the Transfer from the Division of Environmental Protection for the DOE grant by \$6,235 in FY 2016 and \$6,389 in FY 2017 and corresponding decreases to the DOE Staff Cost category expenditures line items; and**
- **Fiscal staff notes the balance of the decrease in the amount of the DOE grant that is transferred to the agency is included as a technical adjustment in Decision Unit M-101 totaling \$15,255 in FY 2016 and \$16,629 in FY 2017 as a result of the decrease to the Statewide Cost Allocation assessment in this budget.**

- c. Publication Sales: NRS 321.720 requires the agency to produce a publication that is available to cities and counties for land use planning. The publication is revised by the agency in even numbered fiscal years. Publication sales are higher in the first year of each biennium when the publication is updated. The Governor recommends Publication Sales of \$2,832 for each year of the 2015-17 biennium.

Fiscal staff has included a technical adjustment to decrease the Publication Sales revenue line item by \$121 in FY 2016 and by \$2,407 in FY 2017, based on the two lowest fiscal years for the last six years, and increase General Fund appropriations by \$121 in FY 2016 and \$75 in FY 2017 to account for publications that are not sold.

In addition, staff has included a technical adjustment in this closing document to decrease the printing costs of the publication from \$2,832 to \$500 for FY 2017, as the agency sells a majority of the publications in the first year of the biennium.

Finally, staff has transferred the printing cost from the Publication category to the Operating Expenses category totaling \$2,832 in FY 2016 and \$500 in FY 2017, which will give the agency flexibility if additional copies of the publication are needed.

- d. In-State Travel: The costs for a vehicle State Lands leases from the Fleet Services Division was not calculated correctly for FY 2017. The Governor's recommended budget includes funding for 4 months instead of 12 months in FY 2017. FY 2016 was calculated correctly, and is based on 12 months. **Fiscal staff has included a technical adjustment in this closing document to increase General Fund appropriations totaling \$4,854 in FY 2017 in the Adjusted Base Budget to correct the number of months the vehicle would be leased from the Fleet Services Division.**
- e. Rental Income: State Lands manages and maintains a facility owned by the state in Winnemucca. The Winnemucca facility occupies approximately six acres. A majority of the facility is managed and occupied by the Department of Wildlife. The Department of Transportation and the

Job Opportunities in Nevada (JOIN) office occupies the portion of the Winnemucca facility managed by State Lands, which currently generates annual rental income totaling \$7,664. The rental income is used to offset the maintenance of the Winnemucca facility. **Fiscal staff has included a technical adjustment in this closing document to decrease the Rental Income revenue line item and the Winnemucca Facilities category by \$579 in FY 2016 and \$331 in FY 2017 in the Adjusted Base Budget to take into account other decision units recommended in The Executive Budget, which include Rental Income; so the total rental income for each fiscal year of the 2015-17 biennium does not exceed \$7,644 in this budget.**

The recommendations for the Adjusted Base Budget appear reasonable with the technical adjustments, as recommended by staff.

2. Director's Office (DO) Cost Allocation (Base, M-801, and E-801, DCNR-126, 128 and 132): In Decision Unit M-801, the Governor recommends \$26,623 in FY 2016 (General Fund appropriations of \$1,315 and other funding sources totaling \$25,308) and \$27,182 in FY 2017 (General Fund appropriations of \$1,770 and other funding sources totaling \$25,412) for State Lands' share of the DO cost allocation. By comparison, State Lands' share of the DO cost allocation was \$10,944 in FY 2014. Fiscal staff identified issues with the current methodology used for the Director's Office cost allocation. The current cost allocation methodology does not allocate 100 percent of the personnel expenditures, and does not consider the percentage of the non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff met with the Executive Budget Office and DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTE's for the non-General Fund share of costs only. The General Fund share of the Director's Office cost allocation is appropriated to the DCNR Administration budget. The department concurs with the proposed methodology change for the DO cost allocation. Although the allocation of the DO cost allocation to other DCNR agencies would increase the General Fund support, department-wide, a total General Fund savings of \$96,406 in FY 2016 and \$93,500 in FY 2017 would be realized in the DCNR Administration budget as a result of the change in the methodology used for the DO cost allocation.

Based on the agreed upon modifications to the methodology used for the Director's Office cost allocation, Fiscal staff included technical adjustments in this closing document to change the funding sources for the cost allocation as reflected on the first page of this closing document in both the Adjusted Base Budget and Decision Unit M-801. The technical adjustments to change the funding sources in the Adjusted Base budget includes a decrease to General Fund appropriations of \$8,586 in FY 2016 and \$7,484 in FY 2017 and corresponding increases to other funding sources. The technical adjustment to change the funding sources in Decision Unit M-801 includes a decrease to General Fund appropriations of \$1,600 in FY 2016 and \$3,145 in FY 2017 and corresponding increases to other funding sources.

In addition, the change in the methodology decreases the cost allocation expense in Decision Unit M-801 by \$1,908 in FY 2016 and by \$3,557 in FY 2017 under the amounts recommended by the Governor.

In Decision Unit E-801, The Executive Budget also recommends \$14,032 (General Fund appropriations of \$11,363) in FY 2016 for State Lands' share of \$75,810, recommended by the Governor, to purchase four new virtual servers, one backup server, new storage, a warranty renewal on existing storage backup software, and a maintenance contract on the new backup software. The costs are recommended to be allocated to the various agencies that use the servers in the Bryan Building based on a percentage of server usage. Fiscal staff notes the funding sources recommended in

The Executive Budget for Decision Unit E-801 are incorrect. The division concurs, and has provided Fiscal staff with the correct funding split.

Fiscal staff has included a technical adjustment to Decision Unit E-801 to decrease General Fund appropriations by \$1,958 in FY 2016, and increase the other funding sources by the same amount to correct the allocation of funding sources for the cost of the servers.

With the technical adjustments for Decision Units M-801 and E-801, these recommendations appear reasonable.

3. Statewide Inflation (M-100, DCNR-126 and 127): Following are technical adjustments Fiscal staff has included in this closing document for the Statewide Inflation Decision Unit M-100:
 - a. Correct the Funding Sources for Decision Unit M-100: During the review of the Governor's recommended budget for State Lands, Fiscal staff determined that General Fund appropriations and other funding sources recommended in The Executive Budget for Decision Unit M-100 were incorrectly allocated. A decrease of General Fund appropriations totaling \$18,837 is recommended in The Executive Budget in FY 2016 and \$18,958 in FY 2017, when General Fund appropriations should increase by \$1,319 in FY 2016 and \$1,401 in FY 2017. This error results in a shortfall of General Fund appropriations of \$20,156 in FY 2016 and \$20,359 in FY 2017 for Decision Unit M-100. **Fiscal staff has included a technical adjustment in this closing document to correct the funding sources in Decision Unit M-100, which includes an increase to General Fund appropriations totaling \$20,156 in FY 2016 and \$20,359 in FY 2017 for Decision Unit M-100.**
 - b. In-State Travel: State Lands leases a vehicle on a monthly basis from the Fleet Services Division that was not calculated correctly for FY 2017. The Executive Budget recommends funding for 4 months instead of 12 months in FY 2017. FY 2016 was calculated correctly, and is based on 12 months. The adjustment in Decision Unit M-100 for inflation is a result of an adjustment Fiscal staff included in the Adjusted Base Budget for the increase in the number of months to lease the vehicle for the entire year in FY 2017. **Fiscal staff has included a technical adjustment in this closing document for the rate adjustment for vehicles leased from the Fleet Services Division included in Decision Unit M-801 to decrease General Fund appropriations totaling \$421 in FY 2017.**
 - c. Enterprise Information Technology Services (EITS) SilverNet Assessment: SilverNet is the state's Wide Area Network (WAN) used by agencies for connection between agency PCs and LANs, host computers and state application programs, and outside access to the Internet. Agencies are billed monthly based on a usage pricing tier. The Department of Conservation and Natural Resources (DCNR) is classified as a tier 7. The agencies in DCNR are primarily located in the Bryan Building in Carson City. The Executive Budget recommends General Fund appropriations of \$123,904 in FY 2016 and \$110,695 in FY 2017 in the DCNR Administration budget for a tier 7 annual assessment for access to the internet via EITS SilverNet for the Bryan Building. The department has requested the SilverNet assessment to be allocated to each agency's budget for all DCNR agencies housed in the Bryan Building, based on the number of agency workstations. State Lands' share of the SilverNet assessment would be \$5,701 in FY 2016 and \$5,052 in FY 2017, funded 100 percent with General Fund appropriations. Although the allocation of the EITS SilverNet assessment would increase the General Fund support in this budget, department-wide, a total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017 would be realized as a result of the allocation. **Fiscal staff has included a technical adjustment in this closing document to allocate State Lands' share of the SilverNet assessment in the amount of \$5,701 in FY 2016 and \$5,052 in FY 2017, funded with General Fund appropriations.**

- d. Statewide Cost Allocation: Fiscal staff has determined the Statewide Cost Allocation Plan (SWCAP) for State Lands was calculated incorrectly. Staff has determined that the increase for SWCAP included in Decision Unit M-100 was the result of a new allocation included in SWCAP, specifically for State Lands' costs to other agencies. The new allocation for State Lands' costs included in the SWCAP should not be charged to this budget. The Executive Budget Office concurs with staff's finding. **Fiscal staff has included a technical adjustment in this closing document to remove 100 percent of Statewide Cost Allocation Plan allocated to State Lands in Decision Unit M-100, funded with other funding sources totaling \$80,913 in FY 2016 and \$91,784 in FY 2017.**

With the technical adjustments, the recommendation for Decision Unit M-100 appears reasonable.

4. Increase of In-State Travel (E-225, E-227, E-228 and E-230, DCNR 128 through 130): The Executive Budget recommends \$8,007 (General Fund appropriations of \$3,863) for each year of the 2015-17 biennium to increase the In-State Travel budget for the Administrator to travel to Southern Nevada for property inspections, project meetings and permitting activities; for the Land Use Planner to attend the State Land Use Planning Agency Council meetings and Nevada Joint Military Affairs Council meetings; for the Tahoe Program Manager to travel for routine interagency meetings related to the Tahoe program; and to annualize travel costs for the Environmental Scientist, as the position was vacant for three months during FY 2014. **This recommendation appears reasonable.**
5. Replacement Equipment (E-710, DCNR-131): The Governor recommends \$5,032 (General Fund appropriation of \$1,258) in FY 2017 to replace four desktop computers. **This recommendation appears reasonable.**
6. Enhancements to the Land Management System (E-711, DCNR-131): The Executive Budget recommends a General Fund appropriation of \$50,000 in FY 2017 to fund software updates to the division's Land Management System (LMS) to improve functionality. The agency indicates the LMS is a critical component for the agency to conduct its daily business in supporting other state agencies and the public. Not only is it the electronic version of State Land records, but the system also serves as a project management tool and financial billing and records system. **This recommendation appears reasonable.**
7. New Equipment (E-720, DCNR-132): The Governor recommends General Fund appropriations of \$4,075 in FY 2016 and \$2,116 in FY 2017 to purchase a new tablet computer to be used in the field to collect data for the LMS, Adobe and Microsoft software, and to fund one-fourth of the cost of a Feature Manipulation Engine Script programming license allocated to four agencies within the department. **This recommendation appears reasonable.**
8. Sagebrush Ecosystem Program Major Budget Initiative (MAJOR BUDGET INITIATIVES-28 and 29): As noted in the highlight for the Administration budget, various decision units are recommended in The Executive Budget for the Sagebrush Ecosystem Program Major Budget Initiative (MBI), which will be discussed in further detail in each corresponding budget. The decision units recommended in the State Lands budget, pertaining to the Sagebrush Ecosystem Program MBI, include the following:
 - a. Funding Source Change for the Environmental Scientist and Associated Operating Costs (E-852, DCNR-132 and 133): The Governor recommends a change in the funding source for the Sagebrush Ecosystem Environmental Scientist from 75 percent non-General Fund sources and 25 percent state support to 100 percent state support, resulting in a General Fund increase totaling \$105,994 for the 2015-17 biennium. The agency advises the change is necessary because the

non-General Fund sources of funding for this position, approved by the 2013 Legislature, are not sustainable for the upcoming biennium. **This recommendation appears reasonable.**

- b. Transfer of the Program Manager for the Sagebrush Ecosystem Technical Team from the Division of State Lands to the Director's Office (E-901; DCNR-133 and 134): The Executive Budget recommends the transfer of the program manager position (Management Analyst) for the Sagebrush Ecosystem Technical Team from the State Lands budget to the Director's Office Administration budget. **This recommendation appears reasonable.**

While a funding change is not recommended in the State Lands budget for the program manager position, a funding source change is recommended in the Director's Office Administration budget to change the non-General Fund share (75 percent) of the costs for the position to a General Fund appropriation, totaling \$117,283 for the 2015-17 biennium. Fiscal staff notes that the decision unit recommended in the Director's Office Administration budget to change the funding source for this position should have been included in the State Lands budget, where the position is currently funded. Fiscal staff would note that if the money committees do not approve the transfer of the program manager position to the Director's Office Administration budget, but the funding source change recommended for all six positions assigned to the Sagebrush Ecosystem Program is approved, a technical correction would need to be made in this budget to change the funding source to a General Fund appropriation.

9. Transfer a Special Advisor Position to the Director's Office Administration Budget (E-900, DCNR-133): The Executive Budget recommends the transfer of a Special Advisor position from the State Lands budget to the Director's Office Administration budget. The position is currently supported 100 percent by Question 1 bond funds totaling \$268,978 over the 2015-17 biennium. The Special Advisor position was established this interim through the reclassification of a vacant Grants Analyst position for the Question 1 Bond Program. **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff, and authority for staff to make other technical adjustments as necessary.

<p>The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.</p>
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Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - NEVADA NATURAL HERITAGE
Account: 101 - 4101

Budget Page: DCNR-140, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(24,206)	113,054	(567.05)	152,171	34.60	157,179	3.29
FEDERAL FUND	82,705	168,836	104.14	15,000	(91.12)	16,578	10.52
INTERAGENCY TRANSFER	661,389	675,118	2.08	760,339	12.62	620,793	(18.35)
OTHER FUND	67,385	34,119	(49.37)	32,904	(3.56)	12,904	(60.78)
Total Revenues	787,273	991,127	25.89	960,414	(3.10)	807,454	(15.93)
Total FTE		8.00		8.00		8.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Eliminate the Balance Forward per Budget Amendment A150354101. Reserves will revert to the Highway Fund at the end of FY 2015.	(152,171)	(157,179)
B000	00	3500	Adjust Federal Bureau of Land Management Task Orders revenue line item to reconcile to available funding remaining per the agreement with the Bureau of Land Management as adjusted in Budget Amendment A150354101.	(1,189)	1,189
B000	00	4254	Reduce Data Base Run Sales per Budget Amendment A150354101 to reflect actual receipts from FY 2013.	(9,904)	(9,904)
B000	00	4355	Remove the Division of Forestry Agreement revenue line item to eliminate authority for a grant received by the Division of Forestry per budget amendment A150354101. The grant is a competitive grant that must be applied for each year and is not guaranteed every year.	(20,000)	
B000	00	4704	Increase the Transfer from the Department of Transportation per Budget Amendment A150354101 to offset the reductions to other funding sources and reserves.	17,085	156,521
M100	00	4704	Increase the Transfer from the Department of Transportation for the agency's share of EITS SilverNet costs for the Bryan building and to fund a \$700 adjustment recommended to be funded with funding from a non-guaranteed competitive grant.	2,980	2,021
M801	00	4704	Increase Transfer from the Department of Transportation for the Director's Office updated cost allocation.	6,811	6,769
Sub-total				(156,388)	(583)
Line Item Changes to Revenues				(156,388)	(583)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	41	6000	Remove travel expenses funded with a grant received by the Division of Forestry per budget amendment A150354101. The grant is a competitive grant that must be applied for each year and is not guaranteed every year.	(8,800)	
B000	41	7000	Remove operating expenses funded with a grant received by the Division of Forestry per budget amendment A150354101. The grant is a competitive grant that must be applied for each year and is not guaranteed every year.	(200)	
B000	86	9000	Eliminate reserves per Budget Amendment A150354101. Reserves will revert to the Highway Fund at the end of FY 2015.	(157,179)	(9,373)
M100	26	7000	Add EITS SilverNet charge to reflect payment in this budget.	2,280	2,021

M100	41	6000	Remove Decision Unit M-100 adjustment funded with a grant received by the Division of Forestry per budget amendment A150354101. The grant is a competitive grant that must be applied for each year and is not guaranteed every year.	700	
M801	40	7000	Increase cost allocation charges to the Director's Office to reflect new methodology.	6,811	6,769
Sub-total				(156,388)	(583)
Line Item Changes to Expenditures				(156,388)	(583)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Nevada Natural Heritage Program (NNHP) collects information on the locations, biology, and conservation status of all endangered, threatened, sensitive, and at-risk species in Nevada. This information is maintained in a system of computerized databases, topographical maps, and manual files, and is integrated into the NatureServe website. The program also sets priorities for conservation efforts based on species rarity, vulnerability, and management needs, thereby serving as an early warning system for species that might become endangered in the future. The NNHP also provides data to state and federal agencies, as well as the private sector, for consideration pertaining to development and conservation activities as mandated by federal laws. The program is funded primarily with Highway Funds transferred from the Nevada Department of Transportation (NDOT), transfers from the Division of Environmental Protection and a small amount of federal funds and fees charged for database information.

Major Closing Issues

There are no major closing issues.

Other Closing Items

1. Funding Issues (SUMMARY, DCNR-144 and 145): As mentioned in the overview above, the NNHP budget is primarily funded with Highway Funds that are transferred from NDOT (\$541,760 in FY 2016 and \$528,479 in FY 2017). For the upcoming biennium, the Governor recommends using prior year receipts (reserves) totaling \$147,806 to fund a portion of the NNHP budget in FY 2017. In addition, the Governor recommends increasing database fee revenues from \$4,221 collected in FY 2014 to \$12,904 in each fiscal year of the 2015-17 biennium. Fiscal staff would note that there does not appear to be sufficient justification to support the projected increase in database fee revenues. Based on this concern, The Executive Budget Office submitted Budget Amendment A150354101 on March 10, 2015, which, among other actions, reduces database fees to \$3,000 for each fiscal year of the 2015-17 biennium, based upon FY 2013 database fees (the lowest amount received in the last five fiscal years).

Highway Fund Reversion

Fiscal staff notes that at the end of FY 2014, the agency reserve balance totaled \$113,054, which included prior year Highway Fund transfers that should have been reverted to the Highway Fund. Per NRS 353.253, Section 2, any balance remaining at the end of a fiscal year in a budget account of an agency, department or institution of the State of Nevada, whether or not authorized for expenditure under a work program, reverts to the source of funding supporting the agency. General Funds and Highway Funds remaining at the end of each fiscal year must revert to the appropriate fund at the end of each fiscal year unless the agency has statutory authority to carry forward funds to the next fiscal year. The NNHP does not have such statutory authority in the 2013 Authorizations Act (Senate Bill 521) or in statute authorizing the agency to carry forward the transfer of Highway Funds from NDOT remaining at the end of a fiscal year. For years prior to FY 2014, the NNHP reverted balances remaining at the end of each fiscal year to the Highway Fund. However, in FY 2015 a work

program was approved by the Executive Budget Office, which allowed the agency to carry forward unused Highway Funds transferred from NDOT totaling \$19,984 from FY 2014 to FY 2015, and retain the funding in reserves. The agency indicates that due to projected funding shortfalls, the agency requested authority from NDOT to retain the unspent Highway Funds transferred rather than reverting the funding back to the Highway Fund. NDOT authorized the agency to retain the unused Highway Funds at the end of FY 2014.

In addition, beginning in FY 2012, the agency placed 100 percent of all database fees collected in reserves instead of first using the fees to fund positions and operating expenses in the fiscal year that the fees were collected. The funds that were balanced forward from FY 2014 to FY 2015 (\$113,054) include a cumulative total of \$17,211 in database fees collected from prior years (FY 2012 through FY 2014), \$75,859 paid to the agency for contract services provided by NNHP to various entities for specific projects from prior years, and the \$19,984 of unused NDOT Highway Funds transferred in FY 2014. Had these amounts been reverted in the year the funds were received, it would have resulted in a higher amount reverted to the Highway Fund in those fiscal years.

Fiscal staff would note that database fees and receipts for contract services provided by NNHP should be used first to fund expenditures in the fiscal year in which they are received, and any cash balances remaining at the end of each fiscal year (excluding federal funds) should transfer back to NDOT. Fiscal staff has met with the agency and the Executive Budget Office regarding the funding issues in this budget, and have reached a consensus that the agency should revert the prior year receipts (currently identified in reserves) totaling \$113,054 to the Highway Fund at the end of FY 2015. The Executive Budget Office submitted Budget Amendment A150354101 on March 10, 2015, which removes the reserves and the balance forward for both fiscal years of the 2015-17 biennium. The agency would revert all reserves to the Highway Fund at the end of FY 2015. The funding from reserves that was recommended in the Governor's budget would be replaced with Highway Funds transferred from NDOT.

Federal Funds

Fiscal staff noted at the March 12, 2015, budget hearing for the NNHP, that of the sources of federal funding in this budget, including the Bureau of Land Management (BLM) Task Orders grant and the transfer of federal funds from the Division of Forestry recommended by the Governor for NNHP in the 2015-17 biennium, only the transfer from the Division of Environmental Protection totaling \$218,579 in FY 2016 and \$92,314 in FY 2017 appeared to be the stable ongoing federal source of funding. Because a portion of salaries and benefits are recommended to be funded by the various sources of federal funding recommended in the Governor's budget for the 2015-17 biennium, if the BLM Task Orders grant and the transfer of federal funds from the Division of Forestry (competitive grant) are not reliable ongoing sources of funding, then the loss of these funds would contribute to the potential funding shortfall in NNHP's budget for the upcoming biennium. As a result, it appeared to staff that there could be a potential funding shortfall in the NNHP budget as high as \$30,034 in FY 2016 and \$165,988 in FY 2017 if the BLM Task Orders grant and the federal funds transferred from the Division of Forestry were not received. Since the March 12, 2015, budget hearing, the NNHP provided Fiscal staff with documentation to support the continued funding from the Bureau of Land Management. However, the grant funding from the Division of Forestry is a competitive grant, and as such, is not a predictable or reliable funding source. The Executive Budget Office submitted Budget Amendment A150354101 on March 10, 2015, which, among other actions, eliminates \$20,000 in FY 2017 in the Division of Forestry Agreement revenue line item for the competitive grant and \$8,300 in the NDF -Climate Model Project category (includes an increase of \$700 for an adjustment in Decision Unit M-100 for a vehicle that will not be leased from the Fleet Services Division in FY 2016, replaced with Highway Fund transferred from NDOT.) The funding from the grant from the Division of Forestry totaling \$11,700, which funded a portion of salaries, would be replaced with Highway Funds transferred

from NDOT. The net total funding for FY 2016 changes from \$960,414 to \$804,026, and total funding for FY 2017 changes from \$807,454 to \$806,871.

Budget Amendment A150354101 submitted on March 10, 2015, by the Executive Budget Office, addresses staff's concerns regarding the funding issues identified in the Nevada Natural Heritage Program budget. Fiscal staff has included the adjustments recommended by the Executive Budget Office in Budget Amendment A150354101 in this closing document, which results in an increase of Highway Funds transferred from the Department of Transportation totaling \$17,085 in FY 2016 and \$156,521 in FY 2017 for the Adjusted Base Budget; and an increase of \$700 for Decision Unit M-100.

Does the Subcommittee wish to accept Budget Amendment A150354101 submitted by the Executive Budget Office to address the funding issues identified in The Executive Budget for the Nevada Natural Heritage budget?

2. Enterprise Information Technology Services (EITS) SilverNet Assessment (M-100, DCNR-141): SilverNet is the state's Wide Area Network (WAN), used by agencies for connection between agency PCs and LANs, host computers and state application programs, and outside access to the Internet. Agencies are billed monthly based on a usage pricing tier. The Department of Conservation and Natural Resources (DCNR) is classified as a tier 7. The agencies in DCNR are primarily located in the Bryan Building in Carson City. The Executive Budget recommends General Fund appropriations of \$123,904 in FY 2016 and \$110,695 in FY 2017 in the DCNR Administration budget for a tier 7 annual assessment for access to the internet via EITS SilverNet for the Bryan building. The department has requested the SilverNet assessment to be allocated to each agency's budget for all DCNR agencies housed in the Bryan Building based on the number of agency workstations. NNHP's share of the SilverNet assessment would be \$2,280 in FY 2016 and \$2,021 in FY 2017, which would be funded with Highway Fund transfers from NDOT. The allocation of the EITS SilverNet assessment to the DCNR agencies would result in a department-wide total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017.

Fiscal staff has included a technical adjustment in this closing document to allocate the Nevada Natural Heritage's share of the SilverNet assessment in the amount of \$2,280 in FY 2016 and \$2,021 in FY 2017, funded with Highway Fund transfers from NDOT.

With the technical adjustment, this recommendation appears reasonable.

3. Director's Office (DO) Cost Allocation (BASE, M-801, and E-801 DCNR-140 through 143): In Decision Unit M-801, the Governor recommends a decrease of Highway Fund transfers from NDOT in the amount of \$9,480 in FY 2016 and \$9,294 in FY 2017 for NNHP's share of the DO cost allocation. By comparison, NNHP's share of the DO cost allocation was \$13,669 in FY 2014. Fiscal staff identified issues with the current methodology used for the Director's Office cost allocation. The current cost allocation methodology does not allocate 100 percent of the personnel expenditures, and does not consider the percentage of the non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff met with the Executive Budget Office and DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTE's for the non-General Fund share of costs only. The General Fund share of the Director's Office cost allocation is appropriated to the DCNR Administration budget. The department concurs with the proposed methodology change for the DO cost allocation. As a result of the change in the methodology used for the DO cost allocation, the DO cost allocation to other DCNR agencies would realize total General Fund savings department-wide of \$96,406 in FY 2016 and \$93,500 in FY 2017 in the DCNR Administration budget, and increases NNHP's share of the cost allocation by \$6,811 in FY 2016 and \$6,769 in FY 2017.

Based on the agreed upon modifications to the methodology used for the Director's Office cost allocation, Fiscal staff included technical adjustments to the cost allocation and to the Highway Fund transfer from NDOT revenue line item as reflected on the first page of this closing document. The change in the methodology increases the cost allocation expense by \$6,811 in FY 2016 and by \$6,769 FY 2017 over the amounts recommended by the Governor.

In Decision Unit E-801, The Executive Budget also recommends a transfer of Highway Funds from NDOT totaling \$9,484 in FY 2016 for NNHPs share of \$75,810 recommended by the Governor to purchase four new virtual servers, one backup server, new storage, a warranty renewal on existing storage backup software and a maintenance contract on the new backup software. The costs are recommended to be allocated to the various agencies that use the servers in the Bryan Building based on a percentage of server usage.

With the technical adjustment Fiscal staff included in this closing document for Decision Unit M-801, these recommendations appear reasonable.

4. Increase to Travel and Training (E-125, DCNR-142): The Governor recommends federal grant funds from the Bureau of Land Management totaling \$1,562 for FY 2016 and \$8,300 for FY 2017 to fund additional travel and training for the agency's various research and analysis projects in accordance with the individual grant authority and scope of work. The Executive Budget does not include supporting documentation to justify or substantiate the recommended travel and training increase. However, since the March 12, 2015, budget hearing, Fiscal staff has received sufficient supporting documentation to justify the travel and training increases recommended in Decision Unit E-125. **This recommendation appears reasonable.**

5. Unclassified Salary Increase (E-806, DCNR-143 and 144): The Governor recommends Highway Fund transfers from NDOT in the amount of \$7,199 in FY 2016 and \$7,197 in FY 2017 to increase the salary and related costs of the unclassified NNHP Administrator from \$81,584 annually to \$87,773 annually. The agency indicates the Nevada Natural Heritage Program has a specific and distinctive mission within the department to provide scientific information on the conditions and locations of the at-risk plants and animals within the state. According to the agency, the scientific information is provided as a unique service to other state and federal agencies, as well as to the private business sector and to the public. This scientific information also streamlines mandated environmental reviews, and is a proactive means of ensuring that species are not listed under the Endangered Species Act. **Decisions regarding changes to the salary levels for unclassified positions will be made by the full money committees. Fiscal staff requests authority to make technical adjustments based upon final decisions made by the money committees.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff, with authority for staff to make other technical adjustments as necessary.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, including Budget Amendment A150354101 submitted by the Executive Budget Office to address the funding issues identified in The Executive Budget for the Nevada Natural Heritage budget, which results in an increase of Highway Funds transferred from the Department of Transportation totaling \$17,085 in FY 2016 and \$156,521 in FY 2017 for the Adjusted Base Budget; and an increase of \$700 for Decision Unit M-100; with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - DEP ADMINISTRATION
Account: 101 - 3173

Budget Page: DCNR-164, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(622,185)	864,707	(238.98)	1,016,912	17.60	1,083,901	6.59
FEDERAL FUND	2,301,519	2,114,186	(8.14)	2,540,678	20.17	2,000,000	(21.28)
INTERAGENCY TRANSFER	4,169,052	4,193,765	0.59	4,657,875	11.07	4,734,572	1.65
Total Revenues	5,848,386	7,172,658	22.64	8,215,465	14.54	7,818,473	(4.83)
Total FTE		32.00		31.00		31.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Increase the Balance Forward From the Previous Year for state-owned building rent that will be allocated to the new Industrial Site Cleanup budget for the new staff housed at the Bryan Building.		1,706
M100	00	2511	Increase the Balance Forward From the Previous Year for state-owned building rent that will be allocated to the new Industrial Site Cleanup budget for the new staff housed at the Bryan Building.		17
M100	00	2511	Reduce the Balance Forward to fund the EITS SilverNet charge to reflect payment in this budget.		(74,586)
M801	00	2511	Reduce the Balance Forward for the increase of the cost allocation charges for the Director's Office to reflect the new methodology.		(196,819)
E800	00	2511	Increase the Balance Forward revenue line item to add the indirect cost assessment based on salaries and fringe benefits for the new positions recommended in for the new DEP Industrial Site Cleanup budget.		54,744
E800	00	4230	Increase the DEP IDC Cost Allocation revenue line item to add the indirect cost assessment based on salaries and fringe benefits for the new positions recommended for the new DEP Industrial Site Cleanup budget.	54,744	115,890
Sub-total				54,744	(99,048)
Line Item Changes to Revenues				54,744	(99,048)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	04	7000	Decrease the Operating Category for state-owned building rent that will be allocated to the new Industrial Site Cleanup budget for the new staff housed at the Bryan Building.	(1,706)	(1,706)
B000	86	9000	Increase Reserves for state-owned building rent that will be allocated to the new Industrial Site Cleanup budget for the new staff housed at the Bryan Building.	1,706	3,412
M100	04	7000	Decrease the Operating Category for state-owned building rent that will be allocated to the new Industrial Site Cleanup budget for the new staff housed at the Bryan Building.	(17)	(17)
M100	26	7000	Add EITS SilverNet charge to reflect payment in this budget.	74,586	66,930
M100	86	9000	Increase Reserves for state-owned building rent that will be allocated to the new Industrial Site Cleanup budget for the new staff housed at the Bryan Building.	17	34
M100	86	9000	Reduce Reserves to fund the EITS SilverNet charge to reflect payment in this budget.	(74,586)	(141,516)
M801	41	7000	Increase cost allocation charges for the Director's Office to reflect the new methodology.	196,819	194,142

M801	86	9000	Reduce Reserves for the increase of cost allocation charges for the Director's Office to reflect the new methodology.	(196,819)	(390,961)
E800	86	9000	Increase Reserves for the indirect cost assessment based on salaries and fringe benefits for the new positions recommended for the new DEP Industrial Site Cleanup budget.	54,744	170,634
Sub-total				54,744	(99,048)
Line Item Changes to Expenditures				54,744	(99,048)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Division of Environmental Protection (DEP) implements and enforces state and federal environmental laws in order to protect public health and promote a healthy ecosystem. The division is composed of an administrative services office and nine bureaus: Air Pollution Control; Air Quality Planning; Corrective Actions; Federal Facilities; Mining Regulation and Reclamation; Safe Drinking Water; Waste Management; Water Pollution Control; and Water Quality Planning. The DEP Administration budget supports the administrative needs of the division, including the division's personnel, information technology, and accounting and fiscal staff. The budget is funded by an indirect cost assessment (recommended at 23.91 percent of salaries and fringe benefits) charged to the various DEP budget accounts. A Department of Energy grant is also administered in this budget. The majority of the grant funding is passed through to other Department of Conservation and Natural Resources (DCNR) budgets where the actual grant-funded work is performed.

Major Closing Issues

1. New Database Administrator Services Contract
2. New Programming Contract

Discussion of Major Closing Issues

1. New Database Administrator Services Contract (E-350, DNCR-166 and 167): The Governor recommends funding from reserves of \$23,512 in FY 2016 and \$23,795 in FY 2017 to contract for Oracle database administrator services from the Division of Enterprise Information Technology Services (EITS). According to the division, the proper functioning of various databases is critical to the division's operations; however, only one employee has the expertise to provide support for the division's various Oracle databases. The division indicates the funding recommended would allow the division to contract with EITS for backup Oracle database administrator services in the event the division's database administrator is unavailable. The division projects 250 hours of database administrator services in each fiscal year of the biennium at \$94.05 per hour in FY 2016 and \$95.18 per hour in FY 2017. Fiscal staff would note that there are eight Information Technology (IT) positions (of varying levels) funded in this budget. The division indicates that Oracle databases are more complicated to support and highly configurable requiring dedicated IT support staff. The division also states that IT staff would require a great deal of training to be able to effectively support an Oracle environment because the learning curve for Oracle is very steep, while the learning curve for Microsoft SQL server is considerably less. The division indicates they only have one full-time dedicated Oracle support person. The Department of Conservation and Natural Resources employs a senior technical support person familiar with Oracle databases that has been able to assist with previous emergencies. The support contract through EITS would only apply if the dedicated Oracle support person was unavailable and an emergency beyond the abilities of senior IT support staff arose. The division anticipates the need for EITS support hours would be very low. Fiscal staff would note the division has not had to use EITS support to date.

Does the Subcommittee wish to approve the Governor's recommendation to use funding from reserves totaling \$23,512 in FY 2016 and \$23,795 in FY 2017 to contract for Oracle database administrator services from the Division of Enterprise Information Technology Services?

The Subcommittee recommended approving the Governor's recommendation to use funding from reserves totaling \$23,512 in FY 2016 and \$23,795 in FY 2017 to contract for Oracle database administrator services from the Division of Enterprise Information Technology Services.

2. New Programing Contract (E-351, DCNR-167): The Governor recommends funding from reserves of \$30,400 in each year of the 2015-17 biennium to utilize a contractor through the state's Master Services Agreement to assist with converting the division's existing databases from an Oracle platform to a Microsoft Structured Query Language (SQL) platform. In addition, the division indicates the contractor would assist in the conversion of several local Microsoft Access databases to a Microsoft SQL server database platform. According to the division, this conversion is necessary to enable online access of the databases, acceptance of electronic versions of administrative forms, and electronic payments. The division projects 320 hours of programming services in each fiscal year of the biennium at \$95 per hour. The division indicates the funding to utilize a contractor was requested to accelerate conversion from the Oracle platform to the Microsoft SQL platform due to workloads on current IT staff. The division anticipates it will take several biennia for the conversion of the division's databases from both Microsoft Access databases and Oracle to the Microsoft SQL server platform. The remaining databases will be converted utilizing existing IT staff. It is also anticipated that 2 of the division's 38 Oracle databases will not be converted to Microsoft SQL server due to monthly communication with the U.S. Environmental Protection Agency's Oracle databases.

Does the Subcommittee wish to approve the Governor's recommendation to use funding from reserves totaling \$30,400 in each year of the 2015-17 biennium to utilize a contractor through the state's Master Services Agreement to assist with converting a portion of the division's existing databases to a Microsoft Structured Query Language (SQL) platform?

The Subcommittee recommended approving the Governor's recommendation to use funding from reserves totaling \$30,400 in each year of the 2015-17 biennium to utilize a contractor through the state's Master Services Agreement to assist with converting a portion of the division's existing databases to a Microsoft Structured Query Language (SQL) platform.

Other Closing Items

1. Transfer to the Division of Environmental Protection (DEP) Administration Budget (SUMMARY, DCNR-170): The Executive Budget recommends DEP Indirect Cost Assessment receipts that include the transfer of federal funds and other funding sources totaling \$4.7 million in FY 2016 and \$4.7 million in FY 2017 to the DEP Administration budget for the federally approved indirect cost assessment of 23.91 percent of the total salary and fringe benefits costs for all budgets managed by the division. The division's indirect cost allocation funds a majority of the DEP Administration budget. Fiscal staff may need to make technical adjustments for this budget and all other DEP budgets for the DEP Indirect Cost Assessment based on final amounts approved by the 2015 Legislature for salaries and fringe benefits.

Fiscal staff has included a technical adjustment in this closing document, to add a new Decision Unit E-800 to receive the DEP Indirect Cost Assessment receipts totaling \$54,744 in FY 2016 and \$115,890 funded with Settlement Income and other funding sources from the new Industrial Site Cleanup budget (budget 3175) for six new positions and two position reclassifications recommended for the new budget included in Decision Units E-225 and E-805 respectively. The indirect cost assessment was included in Budget Amendment A150393175 for the new Industrial Site Cleanup budget to reimburse this budget, but the Executive Budget Office did not

submit a companion budget amendment for this budget to increase the revenues to receive the reimbursement of the DEP indirect cost assessment from the new Industrial Site Cleanup budget.

Fiscal staff requests authority to make technical adjustments to Decision Unit E-800 based upon the closing action taken with regard to Budget Amendment A150393175 for the new Industrial Site Cleanup budget.

With the noted technical adjustment, this recommendation appears reasonable.

2. Reduce State-Owned Building Rent for Office Space for the new Industrial Site Cleanup Bureau (BASE and M100, DCNR-164 and 165): Fiscal staff has included technical adjustments in this closing document totaling \$1,689 in each year of the 2015-17 biennium to increase reserves and decrease state-owned building rent for space in the Bryan Building that will be dedicated space for the new Industrial Site Cleanup Bureau, as recommended in Budget Amendment A150393175. The cost for office space for the new bureau was inadvertently left out of the budget amendment.

Fiscal staff requests authority to make technical adjustments to rent expenditures based upon the closing action with regard to Budget Amendment A150393175 for the new Industrial Site Cleanup budget.

With the noted technical adjustment, this recommendation appears reasonable.

3. Enterprise Information Technology Services (EITS) SilverNet Assessment (M-100, DCNR-165): SilverNet is the state's Wide Area Network (WAN), used by agencies for connection between agency PCs and LANs, host computers and state application programs, and outside access to the Internet. Agencies are billed monthly based on a usage pricing tier. The Department of Conservation and Natural Resources (DCNR) is classified as a tier 7. The agencies in DCNR are primarily located in the Bryan Building in Carson City. The Executive Budget recommends General Fund appropriations of \$123,904 in FY 2016 and \$110,695 in FY 2017 in the DCNR Administration budget for a tier 7 annual assessment for access to the Internet via EITS SilverNet for all DCNR agencies in the Bryan Building. The department has requested a modification to The Executive Budget to allocate the SilverNet assessment to each DCNR agency housed in the Bryan Building based on the number of agency workstations. The DEP's share of the SilverNet assessment would be \$74,586 in FY 2016 and \$66,930 in FY 2017. The funding in this budget comes from the federally approved indirect cost assessment charged to the DEP. The allocation of the EITS SilverNet assessment to other DCNR agencies, department-wide, would result in total General Fund savings of \$86,563 in FY 2016 and \$77,602 in FY 2017.

Fiscal staff has included a technical adjustment in this closing document to allocate the Division of Environmental Protection's allocation of the SilverNet assessment in the amount of \$74,586 in FY 2016 and \$66,930 in FY 2017 funded with the indirect cost assessment.

With the technical adjustment, this recommendation appears reasonable.

4. Director's Office (DO) Cost Allocation (BASE, M-801, and E-801 DCNR-164 through 166, 168 and 169): In Decision Unit M-801 the Governor recommends funding from reserves of \$167,563 for FY 2016 and \$175,012 for FY 2017 for DEP's share of the DO cost allocation. By comparison, the DO cost allocation for DEP was \$54,592 in FY 2014. Fiscal staff identified issues with the current methodology used for the Director's Office cost allocation. The current cost allocation methodology does not allocate 100 percent of personnel expenditures and does not consider the percentage of the

non-General Fund sources in each agency's budget for the costs to be allocated. Fiscal staff met with the Executive Budget Office and DCNR to discuss a new cost allocation methodology, which would allocate personnel costs based on the percentage of FTE's for the non-General Fund share of costs only. The General Fund share of the Director's Office cost allocation is appropriated to the DCNR Administration budget. The department concurs with the proposed methodology change for the DO cost allocation. Although the allocation of the DO cost allocation to other DCNR agencies would increase the General Fund support in some budgets, department-wide, a total General Fund savings of \$96,406 in FY 2016 and \$93,500 in FY 2017 would be realized in the DCNR Administration budget as a result of the change in the methodology used for the DO cost allocation.

Based on modifications to the methodology used for the Director's Office cost allocation, which were agreed upon with the department, Fiscal staff included technical adjustments to the cost allocation, as reflected on the first page of this closing document. The change in the methodology increases the cost allocation expense by \$196,819 in FY 2016 and by \$194,142 in FY 2017, over the amounts recommended by the Governor. The increase in the Director's Office cost allocation would be funded with indirect cost assessments.

In Decision Unit E-801, The Executive Budget recommends funding from reserves of \$2,911 in FY 2016 for DEP's share of \$75,810 recommended by the Governor to purchase four new virtual servers, one backup server, new storage, a warranty renewal on existing storage backup software and a maintenance contract on the new backup software. The total cost of the recommended equipment and software is included in the Director's Office Administration budget and is recommended to be allocated based on the percentage of server usage to the various agencies that use the servers in the Bryan Building.

With the technical adjustment Fiscal staff included in this closing document for Decision Unit M-801, these recommendations appear reasonable.

5. Increase in Training (E-225, DCNR-166): The Governor recommends funding from reserves of \$6,866 for each fiscal year of the 2015-17 biennium to fund additional online SQL server training for two employees. The division indicates the training would assist the division in transitioning databases from the Oracle platform to an SQL server platform. The division provided Fiscal staff with supporting documentation to support the amounts recommended. **This recommendation appears reasonable.**
6. Replacement Equipment (E-710, DCNR-168): The Executive Budget recommends funding from reserves totaling \$58,740 in FY 2016 and \$59,736 in FY 2017 to replace ten desktop computers with monitors, one printer, eight Microsoft Windows server licenses, eight file print servers, one router, one switch, and four Microsoft Visual Studio software packages. **This recommendation appears reasonable.**
7. New Equipment (E-720, DCNR-168): The Governor recommends funding from reserves totaling \$83,875 in FY 2016 and \$94,075 in FY 2017 to purchase new equipment including one videoconferencing system to communicate between the Carson City and Las Vegas offices, one disk-backup system for network file servers, one document management storage server and one tape backup device for Oracle databases and Microsoft Office Suite updates for 275 employees in the Carson City and Las Vegas offices. **This recommendation appears reasonable.**

8. Position Transfer (E-901, DCNR-169): The Governor recommends the transfer of one Administrative Assistant position from the DEP Administration budget to the DEP Water Pollution Control budget. This recommendation would increase reserves in this budget by \$56,454 in FY 2016 and \$57,860 in FY 2017. The division indicates as part of a reorganization, the Administrative Assistant will be responsible for maintaining a complex records keeping system, including developing procedures and purging records, and to address public information requests for the DEP Bureau of Water Pollution Control. **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor with the technical adjustments noted by staff and with authority for staff to make other technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
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 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - DEP AIR QUALITY
 Account: 101 - 3185

Budget Page: DCNR-171, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(209,381)	771,152	(468.30)	1,328,827	72.32	892,266	(32.85)
FEDERAL FUND	1,041,834	880,742	(15.46)	851,847	(3.28)	851,847	
INTERAGENCY TRANSFER	2,480,881	2,740,974	10.48	2,499,513	(8.81)	2,509,942	0.42
OTHER FUND	3,360,124	4,571,791	36.06	3,938,598	(13.85)	3,961,148	0.57
Total Revenues	6,673,458	8,964,659	34.33	8,618,785	(3.86)	8,215,203	(4.68)
Total FTE		62.00		62.00		62.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Bureau of Air Pollution Control and the Bureau of Air Quality Planning work to maintain air quality and protect health and safety through air quality monitoring, permitting, and compliance assurance. The bureaus implement provisions of the federal Clean Air Act in lieu of the U.S. Environmental Protection Agency (EPA). The Bureau of Air Pollution Control also includes the Chemical Accident Prevention Program, which ensures the safe and adequate handling of hazardous chemicals and explosives that are produced, used, stored, or handled in this state. Funding for the Division of Environmental Protection (DEP) Air Quality budget is primarily derived from permit and licensing fees, as well as federal grant revenue.

Major Closing Issue

Equipment and Training Related to the Clean Air Act

Discussion of Major Closing Issue

Equipment and Training Related to the Clean Air Act (M-590, DCNR-173): The Governor recommends funding from reserves totaling \$132,151 in FY 2016 and \$20,371 in FY 2017 to purchase new equipment and to provide additional out-of-state travel and training due to new requirements of the federal Clean Air

Act. The new equipment recommended in FY 2016 includes two sulfate monitors with shelters (\$67,294), equipment to produce pure air for the sulfate monitors (\$8,022), one data logger (\$7,380) to record data collected from the sulfate monitors, and one calibrator (\$29,084) for the sulfate monitors. The division indicates the new equipment is needed to demonstrate the state's compliance with the National Ambient Air Quality Standard for one-hour sulfate.

Additionally, of the total amount recommended, \$4,766 in each year of the 2015-17 biennium would provide funding for two positions to travel out-of-state to the EPA office located in San Francisco to meet with regional EPA officials regarding the new regulations and federal standards; and funding for one position to travel to the Association of Air Pollution Control Agencies annual meeting to learn about issues surrounding implementation of the new federal air regulations.

A total of \$15,605 is recommended in each year of the 2015-17 biennium to fund a contract with an onsite trainer for a workshop on the New Source Review (NSR) and Prevention of Significant Deterioration (PSD) regulations. The division indicates the advanced NSR workshop would provide staff a comprehensive working knowledge of the manner in which EPA is interpreting the Clean Air Act New Source Review rules and the documents that establish EPA NSR policies. The DEP advises with over 20,000 pages of case law and policy documents issued since 1974, the PSD NSR program (which applies in attainment and unclassifiable areas) and the nonattainment area are complicated and time-consuming topics, and a current dedicated training position does not exist within the Air Program, or the Division of Environmental Protection. The division further indicates this knowledge is the foundation of a permit writer's ability to effectively and accurately determine the parameters of an operating permit, which will improve productivity and compliance. The DEP staff must be proficient in PSD and NSR regulations, in order to write accurate permits, thereby enabling the Air Program to retain its PSD program delegation. The division notes a total of 19 permitting staff and 5 emissions auditing staff will require this course.

Does the Subcommittee wish to approve the Governor's recommendation to purchase new equipment and to provide additional out-of-state travel and training for the Division of Environmental Protection to meet the new requirements of the federal Clean Air Act, funded from reserves (fees) totaling \$132,151 in FY 2016 and \$20,371 in FY 2017?

The Subcommittee recommended approving the Governor's recommendation to purchase new equipment and to provide additional out-of-state travel and training for the Division of Environmental Protection to meet the new requirements of the federal Clean Air Act, funded from reserves (fees) totaling \$132,151 in FY 2016 and \$20,371 in FY 2017.

Other Closing Items

1. Transfer to the Division of Environmental Protection (DEP) Administration Budget (SUMMARY, DCNR-174 and 175): The Executive Budget recommends funding from federal funds and fee revenues totaling \$1.2 million in FY 2016 and \$1.3 million in FY 2017 for a transfer to the DEP Administration budget for the federally approved indirect cost assessment of 23.91 percent of the total salary and fringe benefits costs for this budget, which funds the administrative expenses in the DEP Administration budget. **This recommendation appears reasonable.**
2. Increase to the Training Budget (E-225, DCNR-173): The Governor recommends a transfer of fees from the Air Quality Management Account budget (a non-executive budget) of \$17,980 for each year of the 2015-17 biennium to fund registration fees to provide additional training to staff on source sampling for particulate pollutants for the Compliance and Enforcement Branch, and training on Process Hazard Analysis methodologies and mechanical integrity for the Chemical Accident Prevention Program. The division indicates 6 to 7 employees would attend the Source Sampling course and up to 5 employees would attend the Process Hazard Analysis methodologies course. The division indicates neither course

is offered online; however, the base budget includes adequate funds to cover travel expenses. **This recommendation appears reasonable.**

3. Replacement Equipment (E-710, DCNR-174): The Executive Budget recommends funding from reserves totaling \$472,015 over the 2015-17 biennium to replace 22 desktop computers with monitors (\$27,676), 11 laptop computers (\$17,325), 3 printers (\$7,905), 6 sport-utility vehicles (\$166,278), and for the replacement of specialized air monitoring and analyzing equipment (\$252,831). **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor, with the authority to make technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, including authority for Fiscal staff to make technical adjustments as necessary.

Additional Information - No Action Required

New Air Quality Standards Related to the Federal Clean Air Act: During the 2013 Legislative Session the money committees discussed new ambient air quality standards issued by the federal Environmental Protection Agency (EPA) and other regulations related to the federal Clean Air Act. As a result, the Senate Committee on Finance and the Assembly Committee on Ways and Means approved the Governor's recommendation to fund six new positions for the Nevada Division of Environmental Protection to assist with air quality monitoring, permitting, and enforcement related to the new standards and regulations.

The Division of Environmental Protection had originally requested 11 new positions for the 2013-15 biennium. The money committees expressed concern whether 6 new positions would be sufficient for the agency to fully comply with the new air quality standards and EPA regulations. Because of these concerns, the money committees issued a letter of intent, which required the Nevada Division of Environmental Protection to provide semi-annual reports to the Interim Finance Committee concerning the new federal regulations and the agency's efforts in complying with the regulations. The reports were to also include information regarding anticipated new regulations from the EPA and whether the agency's current staffing level is sufficient to fully comply with the current and anticipated regulations.

The most recent report submitted by the Division of Environmental Protection relating to the letter of intent was provided on January 30, 2015. In the report the division indicates the U.S. EPA issued new proposed greenhouse gas standards for existing power plants and is planning to issue the final rule by June of 2015. The division noted they had reviewed and commented on the 645-page rule. In addition, the U.S. EPA proposed new lead and ozone standards at the end of December. The lead standard was unchanged, but EPA is proposing to significantly lower the ozone standard. As a result, a new State Implementation Plan (SIP) will be required for ozone standards. In addition, the new ozone standard will most likely result in new non-attainment areas in the state. A new SIP for the 2012 update to the National Ambient Air Quality Standards for fine particulate is due at the end of 2015. The division indicates they are currently working on updating state regulations that will be required to be included in the state plan. The division also indicated in their report that they do not anticipate additional staff will be needed to address the new rules being proposed by EPA at this time and no new positions were recommended in *The Executive Budget* for the 2015-17 biennium. At the March 12, 2015, budget hearing, the division testified that no new positions were needed at this time. In addition, the division provided an update at the budget hearing regarding one new regulation and one proposed regulation issued by the U.S. Environmental Protection Agency as follows:

- On June 2, 2014, EPA proposed a plan to reduce carbon pollution from power plants. The Clean Power Plants rule is anticipated to be issued by EPA late summer of 2015. DEP worked with the EPA and provided significant comments on the proposed plan. The division testified at the March 12, 2015, budget hearing that it does not anticipate a significant workload to the division. The division indicated the new ruling would primarily impact Nevada Energy.
- DEP is also working with the U.S. EPA and is providing comments on the proposed strengthening of the National Ambient Air Quality Standards for ground level ozone. The Clean Air Act requires the EPA to set national ambient air quality standards for ozone and five other pollutants considered harmful to public health and the environment. The law also requires the EPA to periodically review the standards to ensure that they provide adequate health and environmental protection and to update those standards as necessary. The division testified at the March 12, 2015, budget hearing that the proposed standards would require a number of areas in Nevada to be considered as non-attainment areas that are currently not designated as such. As an example, under the proposed new standards, White Pine County and the Great Basin National Park in White Pine County would be considered a non-attainment area. The division indicated there may be consideration given in the implementation of the proposed standard pertaining to background concentrations of ozone that are creating these non-attainment situations. EPA is looking at using exceptional events such as wildland fires to keep areas from being designated as non-attainment areas. Until the final ruling from the EPA is issued regarding the ozone standards, the division noted that it is unable to estimate the workload requirements.

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 W02 - WORKING VERSION 2

Title: DCNR - DEP WATER POLLUTION CONTROL
Account: 101 - 3186

Budget Page: DCNR-176, Volume III

	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
Revenues							
BALANCE FORWARD	(232,916)	3,233,472	(1488.26)	3,284,623	1.58	3,298,149	0.41
FEDERAL FUND	198,256	328,109	65.50	265,173	(19.18)	265,176	0.00
INTERAGENCY TRANSFER	970,900	971,171	0.03	948,401	(2.34)	756,204	(20.27)
OTHER FUND	2,984,319	2,821,477	(5.46)	2,958,789	4.87	2,956,989	(0.06)
Total Revenues	3,920,559	7,354,229	87.58	7,456,986	1.40	7,276,518	(2.42)
Total FTE		31.00		32.00		32.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Reduce the Balance Forward for the increase in the transfer to the State Environmental Commission budget for the manual adjustment to add Workers' Compensation and Medicare for the State Environmental Commission Board Members.		(52)
Sub-total				0	(52)
Line Item Changes to Revenues				0	(52)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	40	9000	Increase the transfer to the State Environmental Commission budget for the manual adjustment to add Workers' Compensation and Medicare for the State Environmental Commission Board Members.	52	52
B000	86	9000	Reduce the Reserves for the increase to the transfer to the State Environmental Commission budget for the manual adjustment to add Workers' Compensation and Medicare for the State Environmental Commission Board Members.	(52)	(104)
Sub-total				0	(52)
Line Item Changes to Expenditures				0	(52)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Bureau of Water Pollution Control (BWPC) ensures compliance with federal and state water pollution control laws by issuing permits to discharge wastewater to surface and/or groundwater sources, inspecting facilities, and reviewing designs of wastewater treatment plants and infrastructure. The BWPC also administers the Wellhead Protection Program, which is a voluntary program that encourages the use of preventive measures to protect underground drinking water resources. The Division of Environmental Protection (DEP) Water Pollution Control budget is primarily funded by federal grants, revenue from fees, and budgetary transfers.

Major Closing Issue

Position Transfer

Discussion of Major Closing Issue

Position Transfer (E-901, DCNR-179): The Governor recommends funding from reserves totaling \$56,454 in FY 2016 and \$57,860 in FY 2017 for the transfer of one Administrative Assistant position from the DEP Administration budget to this budget. The division indicates the Administrative Assistant will be responsible for maintaining a complex records keeping system, including developing procedures and purging records, and to address public information requests for the DEP Bureau of Water Pollution Control.

Does the Subcommittee wish to approve the Governor's recommendation to transfer one Administrative Assistant position from the DEP Administration budget to the DEP Water Pollution Control budget funded with fees from reserves totaling \$56,454 in FY 2016 and \$57,860 in FY 2017?

The Subcommittee recommended approving the Governor's recommendation to transfer one Administrative Assistant position from the DEP Administration budget to the DEP Water Pollution Control budget funded with fees from reserves totaling \$56,454 in FY 2016 and \$57,860 in FY 2017.

Other Closing Items

1. Adjusted Base Budget (BASE, DCNR-176 and 177): The State Environmental Commission Board members are required to be covered under Workers' Compensation through the Risk Management Division. In addition, board members must also contribute to Medicare. The budget system software does not automatically calculate these payroll assessments for board members, and a manual adjustment was not added by the Executive Budget Office. Fiscal staff included a technical adjustment to add both the Workers' Compensation and Medicare payroll assessments for the SEC board members in the SEC budget. The combined additional expenditures total \$457 in each fiscal year and the increases are funded via transfers from various DEP budgets and the DMV Motor Vehicle Pollution Control budget. **Fiscal staff has included a technical adjustment in this closing document to increase the transfer to the State Environmental Commission budget totaling \$52 in each fiscal year of the 2015-17 biennium funded from reserves (fees) for this budget's share of the technical adjustment completed by staff in the State Environmental Commission budget to fund Worker's Compensation and Medicare payroll assessments.**

With this technical adjustment, the Adjusted Base Budget appears reasonable.

2. Transfer to the Division of Environmental Protection (DEP) Administration Budget (SUMMARY, DCNR-180): The Executive Budget recommends federal funds and funding from fee revenues totaling \$610,408 in FY 2016 and \$623,164 in FY 2017 for a transfer to the DEP Administration budget for the federally approved indirect cost assessment of 23.91 percent of the total salary and fringe benefits costs for this budget, which funds the administrative expenses in the DEP Administration budget. **This recommendation appears reasonable.**
3. Out-of-State Travel and Training (E-350, DCNR-178): The Executive Budget recommends funding from reserves totaling \$23,864 in FY 2016 and \$23,785 in FY 2017 to fund additional out-of-state travel for meetings, conferences, and trainings. The division has hired a number of new employees over the past two years and indicates these staff members require training. Additionally, the division notes that training is needed for staff to stay current on issues, technologies, and federal regulations related to water pollution, including storm water runoff, aquifer recharge, and training for the National Pollutant Discharge Elimination System. According to the division, the additional training would reduce errors by staff, increase productivity, and enhance the division's relationship with the industry it regulates. In addition staff would attend various conferences, including, but not limited to the EPA National

Conference, the Surface Water Quality Conference and Exposition, the Storm Water Quality Association conference, the Biennial Symposium on Managed Aquifer Recharge, and the Water Reuse Research Conference. The division indicates staff attendance at these conferences would allow the division to stay current with national and regional issues and priorities. **This recommendation appears reasonable.**

4. Replacement Equipment (E-710, DCNR-179): The Governor recommends funding from reserves totaling \$80,787 over the 2015-17 biennium to replace eight desktop computers with monitors (\$10,064), two laptop computers (\$3,150), and two sport-utility vehicles (\$67,573). **This recommendation appears reasonable.**

Staff recommends that all Other Closing Items be closed as recommended by the Governor, including the technical adjustment noted by staff with authority for staff to make other technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

<p>The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, with the technical adjustments noted by staff, including authority for Fiscal staff to make other technical adjustments as necessary.</p>
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Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DCNR - DEP WASTE MGMT AND CORRECTIVE ACTION
Account: 101 - 3187

Budget Page: DCNR-181, Volume III

Revenues	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
			Chg		Chg		Chg
BALANCE FORWARD	(471,528)	719,826	(252.66)	1,128,441	56.77	854,787	(24.25)
FEDERAL FUND	4,196,488	4,729,097	12.69	4,812,606	1.77	4,794,351	(0.38)
OTHER FUND	7,567,893	13,461,868	77.88	10,319,531	(23.34)	10,540,823	2.14
Total Revenues	11,292,853	18,910,791	67.46	16,260,578	(14.01)	16,189,961	(0.43)
Total FTE		67.00		67.00		67.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	3455	Decrease the Federal Department of Energy Grant revenue line item for the decrease to the non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with Truck Underwriters for the building leased on Flamingo Rd in Las Vegas.	(9,035)	(9,293)
B000	00	4735	Decrease the transfer from the Hazardous Waste Management (non-executive) budget for the decrease to the non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building leased on Flamingo Rd in Las Vegas.	(36,592)	(41,687)
M100	00	2511	Increase the Balance Forward from the Previous Year revenue line item to decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the new Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building leased on Flamingo Rd in Las Vegas.		3
E900	00	3425	Decrease the Federal Leaking Underground Storage Tank Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget per Budget Amendment A150413187.	(49,930)	(50,704)
E900	00	3466	Decrease the Federal Dept. of Defense Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(64,138)	(65,857)
E900	00	3583	Decrease the Federal EPA Underground Storage Tank Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(24,128)	(24,267)
E900	00	3585	Decrease the Federal EPA Superfund Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(20,414)	(20,581)
E900	00	3589	Decrease the Federal EPA State Response Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(56,469)	(57,130)
E900	00	4735	Decrease the Transfer from the Management of Hazardous Waste budget revenue line item for the transfer of travel and operating costs from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget, that were not included in Budget Amendment A150413187.	(4,154)	(4,154)

E900	00	4735	Decrease the Transfer from the Management of Hazardous Waste budget revenue line item for the four positions and associated costs transferred from DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(139,085)	(145,007)
E900	00	4770	Decrease the Transfer from the Petroleum Trust Fund revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(96,779)	(97,780)
E901	00	3409	Decrease the Federal Hazardous Waste Grant revenue line item for the two positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(33,352)	(34,161)
E901	00	3455	Decrease the Federal Dept. of Energy Grant revenue line item for the two positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(50,532)	(49,850)
E901	00	3772	Decrease the Dumping Fees revenue line item for the two positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(33,395)	(34,113)
E901	00	4735	Decrease the transfer from the Hazardous Waste Management (non-executive) budget revenue line item for the two positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(112,414)	(114,582)
E902	00	4735	Decrease the transfer from the Hazardous Waste Management (non-executive) budget revenue line item for contract service costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget to fund the existing on-going Basic Magnesium Industrial Complex (BMI) contracts.	(1,620,036)	(1,620,036)
Sub-total				(2,350,453)	(2,369,199)
Line Item Changes to Revenues				(2,350,453)	(2,369,199)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	10	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building leased on Flamingo Rd in Las Vegas.	(5,081)	(5,231)
B000	20	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building leased on Flamingo Rd in Las Vegas.	(2,952)	(3,034)
B000	56	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building leased on Flamingo Rd in Las Vegas.	(3,378)	(3,472)
B000	72	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	(9,034)	(9,292)
B000	75	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	(16,148)	(16,623)
B000	82	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	(9,034)	(13,328)

M100	10	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	(2)	(2)
M100	20	7000	Increase non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	2	2
M100	72	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	(1)	(1)
M100	75	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	(1)	(1)
M100	82	7000	Decrease non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	(1)	(2)
M100	86	9000	Increase Reserves for decrease of non-state owned building rent to reduce rent paid out of this budget for the positions that would be assigned to the Industrial Site Clean-up budget and to decrease the rent based on the most recent lease agreement with the Truck Underwriters for the building lease on Flamingo Rd in Las Vegas.	3	7
E900	01	5000	Decrease Personnel Services for the transfer of four positions from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	(362,789)	(371,154)
E900	04	7000	Decrease the Operating category to transfer operating costs for the four positions transferred from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	(468)	(467)
E900	14	7000	Decrease the Indirect Costs category for the federally approved indirect costs assessment paid to the DEP Administration budget based on the salaries and fringe benefits for the four positions transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(86,742)	(88,743)
E900	26	7000	Decrease the Information Services category to transfer operating costs for the four positions transferred from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	(944)	(962)
E900	75	6000	Decrease the Corrective Actions category for the transfer of travel costs for the positions transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget that were not included in Budget Amendment A150413187.	(2,100)	(2,100)
E900	75	7000	Decrease the Corrective Actions category for the transfer of operating costs for the positions transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget that were not included in Budget Amendment A150413187.	(2,054)	(2,054)
E901	01	5000	Decrease Personnel Services for the transfer of two positions from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget per Budget Amendment A150413187.	(184,802)	(187,226)
E901	04	7000	Decrease the Operating category to transfer operating costs for the four positions transferred from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	(233)	(233)
E901	14	7000	Decrease the Indirect Costs category for the federally approve indirect costs assessment paid to the DEP Administration budget based on the salaries and fringe benefits for the four positions	(44,186)	(44,766)

			transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.		
E901	26	7000	Decrease the Information Services category to transfer operating costs for the four positions transferred from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	(472)	(481)
E902	75	7000	Decrease the the Corrective Actions category for the transfer of the existing on-going BMI contracts from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	(1,620,036)	(1,620,036)
Sub-total				(2,350,453)	(2,369,199)
Line Item Changes to Expenditures				(2,350,453)	(2,369,199)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Division of Environmental Protection's (DEP) Waste Management and Corrective Action budget supports three DEP bureaus: the Bureau of Corrective Actions, the Bureau of Federal Facilities, and the Bureau of Waste Management. The Bureau of Corrective Actions is responsible for the analysis and remediation of contaminated sites; certification of environmental consultants; regulation of underground storage tanks (UST); and remediation of leaking underground storage tanks. The Bureau of Corrective Actions also administers the Petroleum Claims Fund. The Bureau of Federal Facilities provides oversight of all operational activities and cleanups at the Nevada National Security Site (formerly the Nevada Test Site) and several offsite locations to ensure compliance with environmental statutes and regulations. The Bureau of Waste Management is responsible for ensuring safe management of hazardous waste by regulating its handling, transportation, treatment, storage, and disposal and ensuring safe collection and disposal of solid waste. The DEP Waste Management and Corrective Action budget is primarily funded by federal grants, fees, and budgetary transfers.

Budget Amendment A150393175 for the new Bureau of Industrial Site Cleanup creates a new budget titled "DEP Industrial Site Cleanup" (3175) to address the cleanup of perchlorate and other hazardous substances released from the former Kerr-McGee Tronox site in Southern Nevada. On February 10, 2015, payments totaling \$950 million were received as part of a \$1.1 billion dollar settlement. These funds are dedicated to be used for investigation and cleanup of hazardous substances released from the former Kerr-McGee Tronox (Facility) near Henderson, Nevada. The contamination from this Facility affects both Lake Mead (the primary drinking water supply for the Las Vegas Valley) and the Colorado River, which supplies drinking water for 24 million people in Arizona and Southern California. The new DEP Industrial Site Cleanup budget would fund regional field data collection and evaluation and implementation of regional cleanup options necessary to address releases of hazardous substances from the Facility. In addition, funding in this budget would provide for enhanced fiscal, regulatory and technical oversight of the Nevada Environmental Response Trust (NERT) activities related to the investigation and cleanup of contaminant sources and core groundwater contamination areas.

The DEP is taking the lead on oversight, direction and implementation of the entire scope of cleanup activities to be funded with the \$1.1 billion settlement. In addition to oversight of the NERT performance, DEP will provide oversight of the NERT budget, which includes a total budget of \$29.0 million in calendar year 2015 and a projected budget of \$40.0 million in 2016 calendar year. In addition, DEP will perform field investigations, technology evaluation, cost estimations, engineering analysis, and phased implementation of a set of cleanup options along an approximately 3.5 mile

stretch of the Las Vegas Wash (LV Wash). This area of the LV Wash is where contamination from the Facility is continuing to load Lake Mead and the Colorado River with perchlorate.

In addition to the cleanup activities related to the new \$1.1 billion settlement, the six DEP staff recommended to transfer from this budget to the new Industrial Site Cleanup budget as recommended in Budget Amendment A150413187 will continue to oversee cleanup resulting from historical hazardous substance releases at the three Basic Magnesium Industrial (BMI) complex plant sites and the AMPAC site (formerly PEPCON), as well as the assessment and cleanup at the 2,200 acre BMI common areas. There are multiple consent agreements with different responsible parties at the BMI Complex and DEP bills personnel and contractor technical oversight costs on a quarterly basis to each of these parties.

The new Bureau of Industrial Site Cleanup would include 9 positions in FY 2016 (of which 3 positions are new and 6 are existing positions that are recommended to be transferred from this budget); and 3 additional new positions in FY 2017 for a total of 12 positions to perform the expanded scope of work. The new Bureau would report to the DEP Deputy Administrator for Corrective Actions, Federal Facilities, and Mining Regulation and Reclamation. The funding sources for the new Industrial Site Cleanup budget includes settlement income from NERT and transfers from the non-executive Hazardous Waste Management budget, which provides funding for oversight and clean-up of contaminated sites, including reimbursements that are received for work completed for the BMI complex.

Major Closing Issue

Transfer Six Positions, Associated Operating Cost and Contract Services to the new DEP Industrial Site Cleanup Budget (3175)

Discussion of Major Closing Issue

Transfer Six Positions, Associated Operating Cost and Contract Services to the new DEP Industrial Site Cleanup Budget (E-900, E-901 and E-902): Following is a summary of each decision unit included in Budget Amendment A150413187 to transfer six positions, associated operating expenses and contract services related to the three Basic Magnesium Industrial (BMI) complex plant sites and the AMPAC site (formerly PEPCON), for the assessment and cleanup at the 2,200 acre BMI common areas from this budget to the new Industrial Site Cleanup budget:

1. Decision Units E-900 and E901 transfers six positions and associated operating expenses from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget. Four of the six positions transferred from the Waste Management and Corrective Action budget are included in Decision Unit E-900, and include two Professional Engineering positions and two Environmental Scientist positions. The existing duties for the four positions recommended to be transferred in Decision Unit E-900 will continue as is. Those duties include oversight of the cleanup resulting from historical hazardous substance releases at the three BMI complex plant sites and the AMPAC site as well as the assessment and cleanup at the 2,200 acre BMI common areas. Federal funds, fees and reimbursements received in the non-executive Hazardous Waste Management budget, which were transferred to this budget, totaling \$912,269 over the 2015-17 biennium funded the four positions that are recommended to transfer to the new Industrial Site Cleanup budget in Decision Unit E-900.

In addition to the transfer of the four positions recommended in Decision Unit E-900, Decision Unit E-901 includes an additional two positions recommended to be transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget. The two additional positions include one Staff Associate Engineer position and one Supervising Engineering position. Federal funds, fees and reimbursements received in the non-executive Hazardous Waste

Management budget, which were transferred to this budget, totaling \$462,399 over the 2015-17 biennium funded the two positions that are recommended to transfer to the new Industrial Site Cleanup budget in Decision Unit E-901.

Fiscal staff has included a technical adjustment for travel and operating costs that were not included in Budget Amendment A150413187 for the four positions recommended to transfer to the new Industrial Site Cleanup budget in Decision Unit E-900. The technical adjustment decreases the Transfer from the Hazardous Waste Management (non-executive) budget revenue line item by \$4,154 for each year of the 2015-17 biennium and decreases the Corrective Action category for travel expenses for two of the four positions based on 3 trips per year to Carson City at a total cost of \$350 per trip for a total of \$2,100 for each year of the 2015-17 biennium and decreases operating expenses for the four positions based on the average cost of \$513.50 per position for a total cost of \$2,054 for each year of the 2015-17 biennium.

In addition, Fiscal staff has included a technical adjustment funded with federal funds and fees totaling \$96,604 over the 2015-17 biennium to reduce the Adjusted Base budget by decreasing non-state owned building rent paid for the six positions that are transferring to the Industrial Site Cleanup budget and to decrease the non-state owned building rent that will remain in this budget, based on the decrease in the cost per square foot included in the most recent lease agreement.

Finally, Fiscal staff requests approval to make technical adjustments to add back in federal funds and other funding sources to this budget that were included in transfer Decision Units E-900 and E-901 to transfer the six positions to the new Industrial Site Cleanup budget. The funding sources that were included in the Decision Units E-900 and E-901 were changed to settlement income and transfers from the non-executive Hazardous Waste Management budget in Decision Unit E-501 in the new Industrial Site Cleanup budget. The increase of federal funds and other funding sources in this budget will reduce the amount of the transfer from the non-executive Hazardous Waste Management to this budget.

These recommendations appear reasonable with the technical adjustments noted by Fiscal staff.

2. Decision Unit E-902 includes the transfer of authority for existing BMI contracts, which are funded via transfers from the non-executive Hazardous Waste Management budget totaling \$1.6 million for each year of the 2015-17 biennium. The BMI contract expenses are recovered from responsible parties in the non-executive Hazardous Waste Management budget as a result of multiple consent agreements with different responsible parties at the BMI complex. The DEP bills personnel and contractor technical oversight costs on a quarterly basis to each of these parties.

The existing contracts provide ongoing and enhanced support in specialized areas of technical expertise to the division regarding cleanup at the BMI complex. The Basic Magnesium Industrial Complex includes the large evaporation pond areas located to the north and west of the plant site areas. The DEP indicates they have been addressing cleanup of the larger pond areas (also known as the BMI Common Areas since wastewater from different plant properties was disposed of there) through an agreement with Basic Magnesium Incorporated and its affiliated companies. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve Budget Amendment A150413187 to transfer six positions from the Division of Environmental Protection's Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget, including associated operating expenses; and contract

services including the technical adjustments noted by Fiscal staff, and authority for staff to make other technical adjustments as necessary?

The Subcommittee recommended approving Budget Amendment A150413187 to transfer six positions from the Division of Environmental Protection's Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget, including associated operating expenses; and contract services including the technical adjustments noted by Fiscal staff, and authority for staff to make other technical adjustments as necessary.

Other Closing Items

1. Transfer to the Division of Environmental Protection (DEP) Administration Budget (SUMMARY, DCNR-187 and 188): The Executive Budget recommends federal funds and other funding sources totaling \$1.4 million in each year of the 2015-17 biennium for a transfer to the DEP Administration budget for the federally approved indirect cost assessment of 23.91 percent of the total salary and fringe benefits costs for this budget, which funds the administrative expenses in the DEP Administration budget. **This recommendation appears reasonable.**

2. Travel and Training for the Bureau of Corrective Actions (E-350, DCNR-184): The Governor recommends funding from reserves of \$15,045 in FY 2016 and \$15,240 in FY 2017 to fund travel and training for the Bureau of Corrective Actions staff. Out-of-state travel includes training related to emergency response, chemical management and cleanup, a federally mandated National Tank Conference for the regulation of petroleum storage tanks, EPA Brownfields conference, Abandoned Mine Lands conference and annual environmental law training for the division's legal counsel (\$10,165 in FY 2016 and \$10,360 in FY 2017). In-state travel includes various trips for staff to help plan and facilitate an in-state training program regarding environmental cleanup, notification and procedures, and for travel between Las Vegas and Carson City for the BMI Complex project oversight and management meetings (\$4,880 each year). **This recommendation appears reasonable.**

3. Travel and Training for the Bureau of Federal Facilities (E-351, DCNR-184): The Executive Budget recommends funding from reserves totaling \$43,284 in each year of the 2015-17 biennium for additional travel and training for the Bureau of Federal Facilities staff. Out-of-state travel includes funding for one staff member to travel to 21 generator sites once each year (\$31,039 each year). The division indicates it is involved in the oversight of new, unique low-level waste streams proposed by the U.S. Department of Energy (DOE) to be disposed of at the Nevada National Security Site (NNSS).

The division indicates the increase for out-of-state travel would permit additional audits of DOE generators located throughout the country that ship low-level and mixed-low-level waste to the NNSS. In addition, the out-of-state travel recommended includes funding for two staff members to attend meetings for the National Governor's Association Task Force related to the cleanup of waste at state and federal facilities (\$4,808 each year). In-state travel includes various trips to Las Vegas for staff to attend the RadWaste Summit, which focuses on the full spectrum of commercial and federal radioactive waste management; for staff to attend Resource Conservation and Recovery Act refresher training to stay current on federal regulations in order to conduct inspections on the Nevada National Security Site; and for in-state travel between Carson City and Las Vegas to meet with DEP staff on various issues (\$7,437 each year). **This recommendation appears reasonable.**

4. Out-of-State Travel and Training for the Bureau of Waste Management (E-352, DCNR-185): The Governor recommends funding from reserves totaling \$11,652 in each year of the 2015-17 biennium to fund additional out-of-state travel for the Bureau of Waste Management's staff to attend meetings, conferences, and trainings. Training includes trips to Las Vegas for three employees each year to attend Hazardous Waste Training (\$9,960 each year). The division indicates that a number of new staff have been hired over the past two years and these staff members require training. Additionally, the

division notes that training is needed for staff to stay current on issues, technologies, and federal regulations related to waste management. Out-of-state travel includes two trips for the Bureau of Waste Management Chief to meet with U.S. Environmental Protection Agency staff at their regional office in San Francisco regarding state issues pertaining to waste management (\$1,692). **This recommendation appears reasonable.**

5. Replacement Equipment (E-710, DCNR-185 and 186): The Governor recommends funding from reserves totaling \$75,382 over the 2015-17 biennium to replace 18 desktop computers with monitors (\$22,644), 4 printers (\$4,833), 1 laptop computer (\$1,575), 1 tablet computer for field use (\$875), 1 four-wheel drive truck (\$25,249), and small office equipment (\$20,206) for the Bureau of Corrective Actions. **This recommendation appears reasonable.**
6. Replacement Equipment (E-711, DCNR-186): The Executive Budget recommends funding from reserves totaling \$6,022 over the 2015-17 biennium to replace two desktop computers with monitors (\$2,516), two printers (\$2,776), and small office equipment (\$730) for the Bureau of Federal Facilities. **This recommendation appears reasonable.**
7. Replacement Equipment (E-712, DCNR-186 and 187): The Governor recommends funding from reserves totaling \$48,438 over the 2015-17 biennium to replace seven desktop computers with monitors (\$8,806), five laptop computers (\$7,875), one printer (\$1,388), one four-wheel drive truck (\$23,341), and small office equipment (\$7,028) for the Bureau of Waste Management. **This recommendation appears reasonable.**

Staff recommends this budget be closed as recommended by the Governor with authority to make other technical adjustments as necessary, including adjustments to the division-wide indirect cost assessment.

The Subcommittee recommended approving the Other Closing Items as recommended by the Governor, including authority for Fiscal staff to make technical adjustments as necessary.

Additional Information - No Action Necessary

Funding Approved during the Interim by the Interim Finance Committee for an Interactive Database: At the October 22, 2013, Interim Finance Committee meeting, the Committee approved a request from the Division of Environmental Protection to transfer fee revenue of \$618,480 from the Fund for Cleaning Up Discharges of Petroleum (Fund), to fund the development of an interactive database to more efficiently and effectively administer the Fund. The Fund, which exists as a special revenue fund against which owners of petroleum storage tanks can file a claim to recover the costs incurred to clean up discharges, is funded by a fee of \$0.75 cents per gallon of motor vehicle fuel imported into or refined in Nevada, as well as a \$100 annual storage tank registration fee. Pursuant to NRS 590.840, any expenses incurred by the division in administering the statutes pertaining to cleanup of discharged petroleum are charged against the Fund. As of March 7, 2015, \$8.1 million was available in the Fund.

The division receives and processes claims made against the Fund; however, according to the division, the database that existed at that time was not interactive and did not allow for online claim submittals. As a result, division employees had to manually enter submitted reimbursement claims into the database. The division estimated 75 percent of the time it took to process and review a claim was spent on manual data entry. With an interactive database, the division indicated the data entry portion of the claim process would be completed by the entity submitting the claim, thereby eliminating the time spent by division employees on data entry. According to the division, the interactive database would allow for a greater field presence by division staff, which would in turn increase the ability to verify the claims presented. In addition, the division indicated that the proposed database would be able to create reports that would better enable the tracking and management of critical program components.

The division also indicated that the development of an interactive database would allow for online reimbursement claim submittals, which is consistent with the passage of Senate Bill 236 (2013 Session), which requires state agencies to make all administrative forms available online not later than June 30, 2015. The bill also requires the administrative forms to be available in a format that allows a person to submit the form to the state agency securely via the Internet. According to the division, the new database would comply with the requirements of Senate Bill 236 approved by the 2013 Legislature.

The division advises that it engaged in a contract for services via a Master Services Agreement on June 2, 2014. The division anticipates the enrollment portion of the Petroleum Fund interactive database will be rolled out for public use in July 2015. Therefore, enrollment into the Fund electronically will be available for all storage tank operators/owners in Nevada for the upcoming enrollment cycle beginning August of 2015. The agency estimates the entire project is 45-50 percent complete. The complete database is expected to be rolled out for interactive use by summer of 2016, which the division indicates is on schedule.

In addition, the division indicates two positions currently spend a portion of their time entering data from claims and applications into the legacy database and that the time saved in data entry is expected to be used to increase field presence, which is currently limited to site inspection by leaking underground tank case officers at sites with identified performance concerns based on data reported. The division indicates this increased field presence would increase DEP's ability to provide oversight of petroleum fund cleanup systems to ensure they are running effectively at startup and initial operation, rather than waiting until performance issues have been identified.

**Nevada Legislative Counsel Bureau
Budget Closing Action Report
Public Safety, Natural Resources and Transportation Joint
Subcommittee
W02 - WORKING VERSION 2**

Title: DCNR - DEP INDUSTRIAL SITE CLEANUP
Account: 101 - 3175

Budget Page: New Budget (not in The Executive Budget)

Revenues	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
OTHER FUND							
Total Revenues							
<hr/>							
Total FTE							

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E225	00	4279	Decrease the Settlement Income based on revised fund maps and allocations for positions provided by the agency.	(26,685)	(13,355)
E225	00	4279	Increase the Settlement Income revenue line item for the new Industrial Site Cleanup budget per Budget Amendment A150393175.	1,041,314	6,419,731
E225	00	4735	Increase the transfer from the Hazardous Waste Management (non-executive) budget to partially fund salaries and the federally approved indirect cost assessment paid to the DEP Administration budget for the new Industrial Site Cleanup budget.	40,634	55,129
E225	00	4735	Increase transfer from the Hazardous Waste Management (non-executive) budget based on revised fund maps and allocations for positions provided by the agency.	26,685	13,810
E501	00	3409	Decrease the Federal Hazardous Waste Grant revenue line item to change the funding sources included in transfer decision unit E-901 from the DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.	(33,352)	(34,161)
E501	00	3425	Decrease the Federal Leaking Underground Storage Tank revenue line item to change the funding sources included in transfer decision unit E-900 from the DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.	(49,930)	(50,704)
E501	00	3455	Decrease the Federal Department of Energy Grant revenue line item to change the funding sources included in the transfer decision units E-901 from the DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.	(50,532)	(49,850)
E501	00	3466	Decrease the Federal Department of Defense Grant revenue line item to change the funding sources included in transfer decision unit E-900 from the DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.	(64,138)	(65,857)
E501	00	3583	Decrease the Federal EPA Underground Storage Tank revenue line item to change the funding sources included in transfer decision unit E-900 from the DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.	(24,128)	(24,267)
E501	00	3585	Decrease the Federal EPA Super Fund Grant revenue line item to change the funding sources included in transfer decision unit E-900 from the DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.	(20,414)	(20,581)
E501	00	3589	Decrease the Federal EPA State Response Grant revenue line item to change the funding sources included in transfer decision unit E-900 from the DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.	(56,469)	(57,130)
E501	00	3772	Decrease the Dumping Fees revenue line item to change the funding sources included in transfer decision unit E-901 from the	(33,395)	(34,113)

			DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.		
E501	00	4279	Decrease the Settlement Income based on revised fund maps and allocations for positions provided by the agency.	(323,850)	(330,756)
E501	00	4279	Increase the Settlement Income revenue line item to change the funding sources for the six positions and associated operating costs included in transfer decision units E-900 and E-901 from the DEP Waste Management and Corrective Action budget from Federal Funds and other funding sources to Settlement Income in the new Industrial Site Cleanup budget.	549,708	560,517
E501	00	4735	Decrease the transfer from the Hazardous Waste Management (non-executive) budget revenue line item to partially change this funding source, which is included in transfer decision units E-900 and E-901 from the DEP Waste Management and Corrective Action budget to Settlement Income in the new Industrial Site Cleanup budget.	(120,571)	(126,074)
E501	00	4735	Increase the transfer from the Hazardous Waste Management (non-executive) budget based on revised fund maps and allocations for positions provided by the agency.	323,850	330,756
E501	00	4770	Decrease the Transfer from the Petroleum Cleanup Trust Fund (non-executive budget) revenue line item to change the funding sources included in transfer decision unit E-900 from the DEP Waste Management and Corrective Action budget to Settlement Income in the Industrial Site Cleanup budget.	(96,779)	(97,780)
E805	00	4279	Decrease the Settlement Income based on revised fund maps and allocations for positions provided by the agency	(31,912)	(31,951)
E805	00	4279	Increase the Settlement Income revenue line item to fund the increased cost of the reclassification of two positions transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	37,345	37,593
E805	00	4735	Increase the transfer from the Hazardous Waste Management (non-executive) budget based on revised fund maps and allocations for positions provided by the agency.	31,912	31,951
E900	00	3425	Increase the Federal Leaking Underground Storage Tank Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	49,930	50,704
E900	00	3466	Increase the Federal Dept. of Defense Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	64,138	65,857
E900	00	3583	Increase the Federal EPA Underground Storage Tank Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	24,128	24,267
E900	00	3585	Increase the Federal EPA Superfund Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	20,414	20,581
E900	00	3589	Increase the Federal EPA State Response Grant revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	56,469	57,130
E900	00	4735	Increase the Transfer from the Management of Hazardous Waste budget revenue line item for the four positions and associated costs transferred from DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	143,239	149,161
E900	00	4770	Increase the Transfer from the Petroleum Trust Fund revenue line item for the four positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	96,779	97,780
E901	00	3409	Increase the Federal Hazardous Waste Grant revenue line item for the two positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	33,352	34,161
E901	00	3455	Increase the Federal Dept. of Energy Grant revenue line item for the two positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	50,532	49,850

E901	00	3772	Increase the Dumping Fees revenue line item for the two positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	33,395	34,113
E901	00	4735	Increase the transfer from Hazardous Waste Management (non-executive) budget revenue line item for the two positions and associated costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	112,414	114,582
E902	00	4735	Increase the transfer from the Hazardous Waste Management (non-executive) budget revenue line item for contract service costs transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget to fund the existing on-going Basic Magnesium Industrial Complex (BMI) contracts.	1,620,036	1,620,036
Sub-total				3,424,119	8,831,130
Line Item Changes to Revenues				3,424,119	8,831,130

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E225	01	5000	Increase the Personnel Services category for the three new positions recommended in FY 2016 and the three additional new positions in FY 2017 for the new Bureau of Industrial Site Cleanup.	198,820	454,354
E225	04	7000	Increase Operating category for operating costs associated with the six new positions.	351	701
E225	14	7000	Increase the Indirect Costs category to add the federally approved indirect cost assessment paid to the DEP Administration budget based on salaries and fringe benefits for the six new positions.		455
E225	14	7000	Increase the Indirect Costs category to add the federally approved indirect cost assessment paid to the DEP Administration budget based on salaries and fringe benefits for the six new positions.	47,538	108,181
E225	26	7000	Increase the Information Services category to add operating costs for the six new positions.	708	1,444
E225	74	6000	Increase the Nevada Environmental Response Trust (NERT) category to add travel and training costs for the six new positions.	20,555	20,755
E225	74	7000	Increase the NERT category to add building rent for the six new positions.	19,749	28,270
E225	74	7000	Increase the NERT category to add contract services for technical assistance and construction of a water treatment system.	735,000	5,835,000
E225	74	7000	Increase the NERT category to add operating costs for the six new positions.	14,760	20,669
E225	74	8000	Increase the NERT category to add 8 desktop computers and one printer.	8,217	2,516
E225	74	8000	Increase the NERT category to add office furniture.		2,970
E225	74	8000	Increase the NERT category to add one new sports utility vehicle.	36,250	
E805	01	5000	Increase the Personnel Services category for the increase in costs to reclassify two positions transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	30,139	30,339
E805	14	7000	Increase the Indirect Costs category to add the federally approved indirect cost assessment paid to the DEP Administration budget based on the increase in salaries and fringe benefit from the reclassification of two positions.	7,206	7,254
E900	01	5000	Increase Personnel Services for the transfer of four positions from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	362,789	371,154
E900	04	7000	Increase Operating category to include operating costs for the four positions transferred from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	468	467
E900	14	7000	Increase Indirect Costs for the federally approved indirect costs assessment paid to the DEP Administration budget based on the salaries and fringe benefits for the four positions transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	86,742	88,743
E900	26	7000	Increase Information Services category to include operating costs	944	962

			for the four positions transferred from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.		
E900	75	6000	Increase the Corrective Actions category for the transfer of travel costs from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	2,100	2,100
E900	75	7000	Increase the Corrective Actions category for the transfer of operating costs from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	2,054	2,054
E901	01	5000	Increase Personnel Services for the transfer of two positions from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	184,802	187,226
E901	04	7000	Increase Operating category to include operating costs for the four positions transferred from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget	233	233
E901	14	7000	Increase the Indirect Costs category for the federally approve indirect costs assessment paid to the DEP Administration budget based on the salaries and fringe benefits for the four positions transferred from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	44,186	44,766
E901	26	7000	Increase Information Services category to include operating costs for the four positions transferred from the DEP Waste Management and Corrective Action budget assigned to the new Industrial Site Cleanup budget.	472	481
E902	75	7000	Increase the Corrective Actions category for the transfer of the existing on-going BMI contract from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget.	1,620,036	1,620,036
Sub-total				3,424,119	8,831,130
Line Item Changes to Expenditures				3,424,119	8,831,130
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

As presented by the Division of Environmental Protection (DEP) at the budget hearing for the Department of Conservation and Natural Resources before the Joint Subcommittee on March 12, 2015, the Executive Budget Office submitted Budget Amendment A150393175 to create a new budget titled "DEP Industrial Site Cleanup", which includes funding from Settlement Income totaling \$8.6 million and funding from the transfer from the non-executive Hazardous Waste Management budget totaling \$3.6 million over the 2015-17 biennium.

Budget Amendment A150393175 creates the Bureau of Industrial Site Cleanup to address the cleanup of perchlorate and other hazardous substances released from the former Kerr-McGee Tronox site in Southern Nevada. On February 10, 2015, Nevada received payments totaling \$950 million as part of a \$1.1 billion dollar settlement. These funds are dedicated to be used for investigation and cleanup of hazardous substances released from the former Kerr-McGee Tronox (Facility) near Henderson, Nevada. The contamination from this Facility affects both Lake Mead (the primary drinking water supply for the Las Vegas Valley) and the Colorado River, which supplies drinking water for 24 million people in Arizona and Southern California. The new DEP Industrial Site Cleanup budget would fund regional field data collection and evaluation and implementation of regional cleanup options necessary to address releases of hazardous substances from the Facility. In addition funding in this budget would provide for enhanced fiscal, regulatory and technical oversight of the Nevada Environmental Response Trust (NERT) activities related to the investigation and cleanup of contaminant sources and core groundwater contamination areas.

The division indicates that as a condition of providing a release from federal liability, the federal government typically negotiates the creation of separate environmental trusts such as NERT to perform the cleanup, rather than providing assets to the individual states. The NERT is subject to the continuing

jurisdiction of the U.S. Bankruptcy Court, which provides a clear role for the United States in monitoring the activities of the NERT.

The NERT exists for the sole purpose of administering assets received during the bankruptcy and maximizing use of these assets to address releases of hazardous substances from the former Kerr-McGee/Tronox plant site. The Settlement Agreement named the DEP on behalf of Nevada and the U.S. Environmental Protection Agency (EPA) on behalf of the United States as beneficiaries of NERT. The Settlement Agreement also designated the DEP as the lead agency to direct and approve environmental work conducted by NERT, including approval of the budget for all expenditures prior to NERT incurring costs. The U.S. EPA, as the non-lead agency, reviews the budget and provides consultation to DEP on the budget prior to DEP approving the budget.

The trust consists of the bankruptcy trustee named in the Settlement Agreement - Jay Steinberg - as President and sole shareholder of the Nevada Trustee for a period of 10 years, expiring in February 2021. The Nevada Trustee, Jay Steinberg, is the custodian of NERT and its assets. Mr. Steinberg was selected in September 2010 from among five qualified applicants by the DEP, EPA, and the U.S. Department of Justice. Mr. Steinberg was selected by these Agencies (on behalf of NERT) to negotiate and sign what became the February 2011 Settlement Agreement. The Nevada Trustee employs a number of professional service providers and vendors to perform work associated with administration of the trust and performance of environmental work in accordance with a budget approved in advance by the DEP.

The Settlement Agreement also established two cost accounts to support trust activities, the Environmental Cost Account and the Administrative Cost Account. Per the Settlement Agreement, the Environmental Cost Account can only be used for specifically defined environmental actions associated with investigation and cleanup of hazardous substance releases from the NERT property and the Administrative Cost Account can only be used for NERT activities associated with administering the trust.

As required by the terms of the Settlement Agreement, funds owned by NERT can only be invested in demand and time deposits, such as certificates of deposit, in banks or other savings institutions whose deposits are federally insured, or other liquid investments such as Treasury bills.

The DEP, designated as the lead agency, provides oversight, direction and implementation of the entire scope of cleanup activities to be funded with the \$1.1 billion settlement. In addition to oversight of the NERT, DEP will provide oversight of the NERT budget, which includes a total budget of \$29.0 million in calendar year 2015 and a projected budget of \$40.0 million in calendar year 2016. The NERT budget is neither an executive budget nor non-executive budget. In addition, DEP will perform field investigations, technology evaluation, cost estimations, engineering analysis, and phased implementation of a set of cleanup options along an approximately 3.5 mile stretch of the Las Vegas Wash (LV Wash). This area of the LV Wash is where perchlorate from the Facility continues to contaminate Lake Mead and the Colorado River.

In addition to the cleanup activities related to the new \$1.1 billion settlement, DEP staff in this budget will continue to oversee cleanup resulting from historical hazardous substance releases at the three Basic Magnesium Industrial (BMI) complex plant sites and the AMPAC site (formerly PEPCON), as well as the assessment and cleanup at the 2,200 acre BMI common areas. There are multiple consent agreements with different responsible parties at the BMI Complex and DEP bills state personnel and contractor technical oversight costs on a quarterly basis to each of these parties.

The new Bureau of Industrial Site Cleanup budget includes nine positions in FY 2016 (of which three positions are new and six are existing positions that are recommended to be transferred from the Bureau of Waste Management and Corrective Action budget); and three additional new positions in FY 2017 for a total of 12 positions to perform the expanded scope of work. The new Bureau would report to the DEP Deputy Administrator for Corrective Actions, Federal Facilities, and Mining Regulation and Reclamation. The funding sources for new Industrial Site Cleanup budget includes

Settlement Income from NERT and transfers from the non-executive Hazardous Waste Management budget, which provides funding for oversight and cleanup of contaminated sites, including reimbursements that are received for work completed for the BMI complex.

Major Closing Issue

Establishment of the new DEP Industrial Site Cleanup Budget

Discussion of Major Closing Issue

Establishment of a New DEP Industrial Site Cleanup Budget (E-225, E-501, E-900, E-901 and E-902): Following is a summary of each decision unit included in Budget Amendment A150393175, which establishes the new DEP Industrial Site Cleanup budget:

1. Decision Unit E-225 as recommended in Budget Amendment A150393175 includes total funding of \$1.1 million in FY 2016 (\$1.0 million Settlement Income and \$40,634 transferred from the non-executive Hazardous Waste Management budget) and \$6.4 million in FY 2017 (\$6.4 million from Settlement Income and \$55,129 transferred from the non-executive Hazardous Waste Management budget) to fund six new positions (three new positions in FY 2016 and 3 new positions in FY 2017) and associated travel and operating costs for the six new positions. Included in the total cost is \$735,000 in FY 2016 and \$5.8 million in FY 2017 for contract services for technical assistance and construction of a water treatment system. In FY 2016 three new administrative support positions are recommended to start July 1, 2015. The three new administrative support positions include one Administrative Services Officer, one Management Analyst position and one Administrative Assistant position. Duties that would be assigned to the administrative support positions include the following:

- Overall administration of the new Industrial Site Cleanup budget;
- Budget planning and preparation of budgets and work programs;
- Review of the NERT fee applications for reimbursement from environmental and administrative cost accounts;
- Review and participation in the annual NERT fiscal audits and tracking of cash flows, review of quarterly and annual financial statements;
- Preparation of financial reports and performance associated with the BMI complex projects;
- Review of NERT fund investment reports, including providing assistance to the NERT financial advisory committee;
- Develop and update policies and procedures for tracking expenditures and reimbursements for the BMI projects;
- Oversee and track quarterly accounts receivables and payment requests to BMI companies, including NERT;
- Serve as the BMI contract manager including contract development and coordination with State Purchasing on request for proposals and evaluations;
- Maintain project document files, document database and respond request for public records; and
- Review invoices submitted by DEP contractors for conformance to fiscal and administrative requirements of the contract and state payment procedures.

The three new Engineering positions recommended in FY 2017 would oversee and direct construction and construction quality oversight of phased regional cleanup options, including construction to mitigate contamination encountered during construction of LV Wash erosion control structures.

Fiscal staff has included a technical adjustment to correct the funding sources included in Budget Amendment A150393175 for Decision Unit E-225, as requested by the agency. The funding allocations for the positions included in this decision unit were not calculated correctly. The correct funding split for Decision Unit E-225 is \$1.0 million from Settlement Income and \$67,319 transferred from the non-executive Hazardous Waste Management budget in FY 2016 and \$6.4 million from Settlement Income and \$68,939 transferred from the non-executive Hazardous Waste Management budget in FY 2017

2. Decision Units E-501, E-805, E-900 and E901 relate to the transfer of six positions and associated operating expenses from the DEP Waste Management and Corrective Action budget to the new Industrial Site Cleanup budget. Decision Unit E-501 changes the funding sources for the six positions from Federal Funds and Fees to Settlement Income totaling \$1.2 million and transfers from the non-executive Hazardous Waste Management budget totaling \$264,443 over the 2015-17 biennium. Four of the six positions transferred from the Waste Management and Corrective Action budget are included in Decision Unit E-900, and include two Professional Engineering positions and two Environmental Scientist positions. The existing duties for the four positions recommended to be transferred in Decision Unit E-900 would remain unchanged. Those duties include oversight of the cleanup resulting from historical hazardous substance releases at the three BMI complex plant sites and the AMPAC site (formerly PEPCON), as well as the assessment and cleanup at the 2,200 acre BMI common areas.

In addition to the transfer of the four positions recommended in Decision Unit E-900, Decision Unit E-901 includes an additional two positions recommended to be transferred from the DEP Waste Management and Corrective Action budget to this budget. The two additional positions include one Staff Associate Engineer position and one Supervising Engineering position. In addition, to the transfer of the two positions, Decision Unit E-805 reclassifies the Staff Associate Engineer position to a Professional Engineering position and reclassifies the Supervising Engineering position to a Chief of Environmental Programs position funded with Settlement Income totaling \$11,075 and transfers from the non-executive Hazardous Waste Management budget totaling \$63,863 over the 2015-17 biennium (total cost \$74,938 over the 2015-17 biennium). The new reclassified Chief of Environmental Programs position would be the Bureau Chief of the new Bureau of Industrial Site Cleanup and would provide regulatory oversight in the investigation and cleanup of historical hazardous substance releases that originated from several major industrial sites located near Henderson, Nevada. The reclassified Professional Engineering position would be responsible for conducting field investigations, feasibility studies and alternative analysis, conceptual remedy design and evaluation of remedy performance.

Fiscal staff has included a technical adjustment to correct the funding sources included in Budget Amendment A150393175 for Decision Unit E-501, as requested by the agency. The funding allocation for the positions included in Decision Units E-900 and E-901 were not calculated correctly. The correct funding split for Decision Units E-900 and E-901 combined is Settlement Income totaling \$455,619 and transfers from the non-executive Hazardous Waste Management budget totaling \$927,357 over the 2015-17 biennium.

3. Decision Unit E-902 includes the transfer of authority for existing BMI contracts, which are funded via transfers from the non-executive Hazardous Waste Management budget totaling \$1.6 million in each year of the 2015-17 biennium. The BMI contract expenses are recovered from responsible parties in the non-executive Hazardous Waste Management budget as a result of multiple consent agreements with different responsible parties at the BMI complex. The DEP bills state personnel and contractor technical oversight costs on a quarterly basis to each of these parties.

The existing contracts provide ongoing and enhanced support in specialized areas of technical expertise to the division regarding cleanup at the BMI complex. The Basic Magnesium Industrial Complex includes the large evaporation pond areas located to the north and west of the plant site areas. The DEP indicates they have been addressing cleanup of the larger pond areas (also known as the BMI common areas since wastewater from different plant properties was disposed of there) through an agreement with Basic Magnesium Incorporated and its affiliated companies.

Fiscal staff has included several technical adjustments in this closing document for expenses that were not included in Budget Amendment A150393175, as outlined in Attachment A on the last page of this document.

In summary, Budget Amendment A150393175, as recommended by the Governor, would establish a new Industrial Site Cleanup budget within the Division of Environmental Protection and would:

- Fund the personnel and related costs of six new positions and contract services for technical assistance and construction of a water treatment system funded with Settlement Income totaling \$7.4 million and transfers from the non-executive Hazardous Waste budget totaling \$95,763 over the 2015-17 biennium **(E-225)**;
- Transfer six positions currently funded with federal grant funds from the Waste Management and Corrective Action budget to this new budget and change the funding source of the positions to Settlement Income and transfers from the non-executive Hazardous Waste Management budget to this budget **(E-501, E-900, & E-901)**;
- Reclassify (upgrade) two of the transfer positions for a total cost of \$74,938 over the 2015-17 biennium funded with Settlement Income **(E-805)**; and
- Transfer contract authority totaling \$1.6 million in each year of the 2015-17 biennium from the Waste Management and Corrective Action budget to this budget funded with transfers from the non-executive Hazardous Waste Management budget to this budget **(E-902)**.

The Subcommittee may wish to consider the following options:

- A. Approve Budget Amendment A150393175, as recommended by the Governor.**
- B. Approve portions of Budget Amendment A150393175. If option B is selected, the Subcommittee should identify the decision units in the budget amendment to approve.**
- C. Do not approve Budget Amendment A150393175, as recommended by the Governor.**

If option A or B is selected, does the Subcommittee wish to approve the technical adjustments to Budget Amendment A150393175, outlined by staff on Attachment A and included in the closing document, and authorize staff to make other technical adjustments, as necessary?

If approved, Fiscal staff recommends the Subcommittee consider issuing a letter of intent to the Division of Environmental Protection to report to the Interim Finance Committee semi-annually regarding the status of the implementation of the new Bureau of Industrial Site Cleanup and the oversight of the Nevada Environmental Response Trust, including a status report of the cleanup activities to be funded with the \$1.1 billion settlement for the cleanup of perchlorate and other hazardous substances released from the former Kerr-McGee Tronox site in Southern Nevada.

The Subcommittee recommended approving Budget Amendment A150393175 as recommended by the Governor to create a new budget titled “DEP Industrial Site Cleanup”, which includes funding from Settlement Income totaling \$8.6 million and funding from the transfer from the non-executive Hazardous Waste Management budget totaling \$3.6 million over the 2015-17 biennium, including the technical adjustments to Budget Amendment A150393175, as outlined by staff and authority for staff to make other technical adjustments, as necessary. In addition, the Subcommittee recommended issuing a letter of intent to the Division of Environmental Protection to report to the Interim Finance Committee semi-annually regarding the status of the implementation of the new Bureau of Industrial Site Cleanup budget and the oversight of the Nevada Environmental Response Trust, including a status report of the cleanup activities to be funded with the \$1.1 billion settlement for the cleanup of perchlorate and other hazardous substances released from the former Kerr-McGee Tronox site in Southern Nevada.

ATTACHMENT (1 Page)

New Industrial Site Cleanup budget					
Technical Adjustments to Budget Amendment A150393175					
Decision Unit	Category	GL	Description	FY 2016	FY 2017
E-225	00	4279	Increase the Settlement Income revenue line item for all of the technical adjustments noted below for Decision Unit E-225.	\$25,727	\$39,259
E-225	01	5000	Increase in Personnel costs as the incorrect month (October instead of July) was used to calculate salaries and fringe benefits for merit salary increases for the three new positions. Using the correct month of July results in an increase in costs for FY 2017.	\$0	\$1,904
E-225	74	7000	Increase operating expenses for 3 new positions in Decision Unit E-225 and 2 positions in Decision Unit E-901 for FY 2016 and operating expenses for 6 new positions in Decision Unit E-225 and 2 positions in Decision Unit E-901, based on the average cost of \$513 per position, less the amount included in the amendment totaling \$2,000 in FY 2016 and \$2,500 in FY 2017.	\$565	\$1,604
E-225	04	7000	Decrease employee bond and tort assessments that were calculated for 6 new positions in FY 2016 and should be 3 new positions in FY 2016 and 6 new positions in FY 2017.	(\$350)	\$0
E-225	26	7000	Decrease EITS Infrastructure and Security assessments that were calculated for 6 new positions in FY 2016 and should be 3 new positions in FY 2016 and 6 positions in FY 2017.	(\$708)	\$0
E-225	74	6000	Increase travel in FY 2017 to reconcile to the same amount in FY 2016.		\$134
E-225	74	7000	Add Buildings and Grounds Division property and contents assessment.	\$49	\$53
E-225	74	7000	Add Buildings and Grounds Division lease assessment.	\$18	\$312
E-225	74	7000	Add building rent for 9 positions in FY 2016 and 12 positions in FY 2017.	\$19,749	\$28,270
E-225	74	7000	Add insurance for the new vehicle recommended in this decision unit.	\$250	\$246
E-225	74	7000	Add gasoline and routine maintenance for the new vehicle recommended in this decision unit (\$3,627 each year minus \$150 in FY 2016 and \$250 in FY 2017 for the amounts included in the budget amendment).	\$3,977	\$3,877
E-225	74	7000	Correct the units in the EITS schedule for EITS voice mail, e-mail and state phone line expenses.	\$2,177	\$2,859
E-900	7000	4735	Increase the transfer from the Hazardous Waste Management (non-executive) budget revenue line item for the technical adjustments in Decision Unit E-900.	\$4,154	\$4,154
E-900	75	6000	Add travel expenses for two of the four positions included in Decision Unit E-900, based on 3 trips per year to Carson City @\$350 per trip.	\$2,100	\$2,100
E-900	75	7000	Operating expenses for the four positions included in Decision Unit E-900, based on the average cost of \$513.50 per position.	\$2,054	\$2,054
Total Adjustments				\$29,881	\$43,413