



NEVADA LEGISLATURE
Legislative Committee for the Review and Oversight of the Tahoe
Regional Planning Agency and the Marlette Lake Water System
(Nevada Revised Statutes [NRS] 218E.555)

SUMMARY MINUTES AND ACTION REPORT

The second meeting of the Nevada Legislature's Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System was held on March 20, 2014, at 1 p.m. in the Nevada Room West of the Tahoe Biltmore, 5 State Route 28, Crystal Bay, Nevada. A copy of this set of "Summary Minutes and Action Report," including the "Meeting Notice and Agenda" ([Exhibit A](#)) and other substantive exhibits, is available on the Nevada Legislature's website at <http://www.leg.state.nv.us/interim/77th2013/committee/>. In addition, copies of the audio record are available through the Legislative Counsel Bureau's Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835).

COMMITTEE MEMBERS PRESENT IN CRYSTAL BAY:

Assemblyman Michael Sprinkle, Chair
Senator Ben Kieckhefer, Vice Chair
Senator David R. Parks
Senator James A. Settlemeyer
Assemblyman Randy Kirner

COMMITTEE MEMBER ABSENT:

Assemblywoman Heidi Swank

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Jennifer Ruedy, Principal Research Analyst, Research Division
Eileen O'Grady, Chief Deputy Legislative Counsel, Legal Division
Dan Reich, Deputy Legislative Counsel, Legal Division
Wayne Thorley, Program Analyst, Fiscal Analysis Division
Lisa Gardner, Senior Research Secretary, Research Division

OPENING REMARKS

- Chair Sprinkle welcomed members and the public to the second meeting of the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and Marlette Lake Water System. He thanked Heather Bacon, General Manager, Tahoe Biltmore, for assisting with the meeting logistics and Forest Schafer, Forester, North Lake Tahoe Fire Protection District, for coordinating the Committee's premeeting tour of a fuels reduction project on the north shore of Lake Tahoe.
- Chair Sprinkle welcomed new Committee member Assemblyman Randy Kirner, who was appointed by the Legislative Commission on February 25, 2014, to replace former Committee member Assemblyman Peter Livermore.
- Assemblyman Kirner introduced himself and mentioned that Incline Village and Crystal Bay are both in his district.

PUBLIC COMMENT

- Scott Velasco, Winningham Forest Management, Greenville, California, stated that Winningham Forest Management is owed \$70,000 for work it completed two years ago while under a contract with the Nevada Fire Safe Council (NFSC). He pointed out that the project was funded by a grant streamed through the American Recovery and Reinvestment Act of 2009 (Recovery Act). Mr. Velasco remarked that, according to a report from the Office of Inspector General (OIG), United States Department of Agriculture, the United States Forest Service (USFS) failed to comply with the rules of the Recovery Act. Mr. Velasco appealed to the Committee to intervene on the company's behalf.
- California Assemblymember Brian Dahle, District 1, introduced himself and expressed his interest in working with the Committee on issues affecting the Lake Tahoe Basin. He noted that portions of the Lake Tahoe Basin are in his district.

APPROVAL OF MINUTES OF THE MEETING HELD ON FEBRUARY 20, 2014, IN STATELINE, NEVADA

- The Committee **APPROVED THE FOLLOWING ACTION:**

SENATOR SETTELMAYER MADE A MOTION TO APPROVE THE MINUTES OF THE FEBRUARY 20, 2014, MEETING HELD IN STATELINE, NEVADA. THE MOTION WAS SECONDED BY VICE CHAIR KIECKHEFER AND PASSED UNANIMOUSLY.

DISCUSSION OF ISSUES RELATING TO THE NEVADA FIRE SAFE COUNCIL

- Forest Schafer, previously identified, stated that presentations for this agenda topic would include background information on the NFSC, including the financial processes that led up to \$2.7 million being owed to private contractors and fire districts in the Lake Tahoe Basin.
- John Pickett, Forester, Tahoe Douglas Fire Protection District, discussed the establishment, growth, and decline of the NFSC. He stated that the organization was founded in 1999 to spread fire prevention awareness through a “neighbors talking to neighbors” approach. Mr. Pickett noted that it was a highly successful program, with 5,000 citizens participating in 180 communities across Nevada. He remarked that in order to assist communities further, the NFSC began to acquire and manage grants for the establishment of fuel breaks around communities and defensible space on private property. Mr. Pickett commented that the organization effectively managed that funding.

He stated that the Southern Nevada Public Land Management Act of 1998 (SNPLMA) was amended in 2005 to allow local fire districts and communities to receive SNPLMA grants for fuels reduction projects. Mr. Pickett pointed out that, subsequently, a vast influx of grant funding streamed into local jurisdictions, and the NFSC was selected to manage those funds.

Continuing, he commented that the NFSC was unable to properly manage the grants because it lacked internal controls with its financial systems. Mr. Pickett explained that the executive director had the authority to both approve expenditures and record income, which demonstrated that the NFSC lacked rules with the segregation of duties. He elaborated that one individual controlled how invoices went into the financial structure and also determined which grants would be billed for a particular project. Mr. Pickett said that the lack of internal controls was not identified earlier because of two factors: (1) the NFSC did not complete required audits; and (2) there was a lack of independent oversight.

- David Fournier, SNPLMA and Environmental Improvement Program Coordinator, Lake Tahoe Basin Management Unit, Region 5, USFS, commented that a forest fuels reduction strategy was established in 2007 through the collaborative efforts of 17 organizations and agencies. He explained that there was a need to stream funds to local jurisdictions through one administrative entity, and the NFSC volunteered for the task. Mr. Fournier pointed out that the NFSC was selected to administer the funding because it had a strong track record with managing grants at the private-parcel level.
- Mr. Schafer presented information about the financial processes that led up to the NFSC’s loss of USFS and Bureau of Land Management (BLM) grant funding ([Exhibit B](#)). He commented on the following:

- Federal Grants managed by the NFSC: BLM – Grant 1, BLM – Grant 2, and USFS – Grant 3;
 - NFSC contracts and the NFSC payment process;
 - The absence of a signed assistance agreement for BLM – Grant 2;
 - The shifting of funds from BLM – Grant 1 and USFS – Grant 3 to BLM – Grant 2;
 - Subsequent financial deficiencies;
 - The continuation of work under all three grants for one field season;
 - The halt of all federal grant reimbursements to the NFSC; and
 - The bankruptcy of the NFSC.
- Mr. Pickett remarked that the NFSC’s books and records are currently in order. He explained that audits have been conducted and the financial deficiencies have been corrected.

Discussion ensued between Chair Sprinkle and Mr. Fournier regarding the unpaid grant balances and the current management of federal grants in the Lake Tahoe Basin. Mr. Fournier stated that the USFS is waiting for outcomes from the United States Department of Justice (DOJ) regarding the bankruptcy. He pointed out that federal grant funding, while smaller than what was managed by the NFSC, has continued to stream into the Lake Tahoe Basin for fuels reduction projects. Mr. Fournier conveyed that the Lake Tahoe Basin Management Unit is effectively managing federal grants awarded to local fire districts and suggested that third party involvement might not be necessary.

Additional discussion between Chair Sprinkle and Mr. Fournier addressed the level of oversight involved with the grants being managed by the Unit. Mr. Fournier remarked that the Unit follows a standard operating procedure, which ensures adequate oversight is provided with the grants. He pointed out that the Unit offers training to grantees and ensures that audits and other reports are completed.

- Senator Settlemeyer stated that to his knowledge, there is no proof of “wrongdoing” or misappropriation of funds by the NFSC; rather, the problem has been attributed to accounting errors. He asked whether his understanding was correct.
- Mr. Pickett stated that audits conducted by the OIG and USFS do not reveal that any funds were misspent by the NFSC. He pointed out that the act of shifting funds from one grant to pay the bills of another grant was the issue.
- Senator Settlemeyer commented that payments are owed to homeowners, private organizations, and fire departments. He remarked that a large hole in the budget of a fire department could compromise the safety of the public.

Responding to a question from Vice Chair Kieckhefer, Mr. Schafer stated that contracted work ceased once the NFSC became aware that the reimbursements were being halted.

A discussion among Chair Sprinkle, Mr. Fournier, Mr. Pickett, and Mr. Schafer clarified the following points:

- All of the grant funds that were distributed by the NFSC have been accounted for;
- The OIG recommended the USFS recapture all of the grant money from the NFSC for two reasons: (1) there was insufficient documentation due to the commingling of funds; and (2) requests for reimbursement should have been submitted as requests for an advance;
- The NFSC has zero liquid assets; therefore, there are no funds in the bankruptcy estate to distribute to creditors;
- The DOJ has allowed for a mechanism through which reimbursements to contractors can be streamed through the bankruptcy estate; and
- All of the funds are currently “sitting” at the federal level.

Chair Sprinkle remarked that he has been in contact with federal representatives regarding the NFSC; everyone agrees that the ultimate goal is to get the contractors paid. He stated that the Committee would not consider formal action during the meeting; however, the issue may be addressed again at a later date.

DISCUSSION OF THE IMPACT OF FIRE IN THE LAKE TAHOE BASIN

- Michael D. Brown, Fire Chief, North Lake Tahoe Fire Protection District, commented on fuels reduction efforts in the Lake Tahoe Basin. He remarked on the collaborative efforts of various jurisdictions and the impacts of the Gondola, Angora, and Washoe fires. Chief Brown pointed out that the Washoe fire did not spread over a large area because it moved into a fuels treatment area.

He discussed the current drought conditions and noted the potential for insect infestations in the trees and shrubs of the Lake Tahoe Basin. Chief Brown mentioned the presence of the bark beetle and other insects is associated with an increased wildfire risk. He also commented on the streaming of grant funding through the Lake Tahoe Restoration Act of 2000. He stressed the importance of continuing fuels reduction programs in the Lake Tahoe Basin.

- Ben Sharit, Fire Chief, Tahoe Douglas Fire Protection District, commented on the efforts of the Tahoe-Douglas Fire Protection District to reduce fuels around communities and on private property. He commented on the fuels reduction activities of the Zephyr Fire Crew and stressed the importance of providing education to residents living in the wildland urban interface. Chief Sharit commented on the Gondola fire, the Wildland Urban Interface conference, the NFSC’s ability to harness widespread community participation, and the continuation of local fire prevention programs.
- Chief Brown commented on the structure of the Multi-Agency Coordinating Committee (MAC), the Incident Command System, and the delegation of authority to the Tahoe

Fire and Fuels Team (TFFT). He mentioned that Chief Sharit is the current chair of the MAC.

- Chair Sprinkle expressed his appreciation for Chief Brown's and Chief Sharit's presence at the meeting. He remarked that the premeeting tour provided the Committee members with valuable information relating to fuels reduction activities in the Lake Tahoe Basin.

OVERVIEW OF THE NEVADA NETWORK OF FIRE-ADAPTED COMMUNITIES

- Ed Smith, Area Natural Resources Specialist, University of Nevada Cooperative Extension, presented information about the Nevada Fire-Adapted Communities Network ([Exhibit C](#)), which highlighted the following:
 - The Living With Fire program;
 - The Living With Fire forum in 1999;
 - The establishment of the Network;
 - The purpose of the Network;
 - The distinction between the Network and the NFSC; and
 - The next steps for the Network.

He noted that the Network's advisory board will be established at the organization's first conference, which will be held in the fall of 2014.

Mr. Smith submitted a document pertaining to the establishment of the Network ([Exhibit C-1](#)).

Responding to a question from Chair Sprinkle, Mr. Smith clarified that grants acquired by the Network are utilized for staffing and educational outreach programs.

OVERVIEW OF THE ECOLOGICAL BASIS FOR FUELS TREATMENTS

- Mike Vollmer, Forest Management Program Coordinator, TRPA, gave a presentation on the ecological basis for fuels treatments in the Lake Tahoe Basin ([Exhibit D](#)). He shared information regarding the following:
 - Factors influencing vegetation at Lake Tahoe;
 - Human influence on the vegetation of Lake Tahoe;
 - Natural disturbances;
 - The role of fuels reduction in forest restoration;
 - Forest management; and
 - Planning tools.

He presented before-and-after pictures of certain forest areas of the Lake Tahoe Basin, which reveal the high levels of overgrowth that has transpired over the past 120 years. Mr. Vollmer also displayed images from a stand visualization model of the Quail Vegetation and Fuels Treatment Project.

Concluding his testimony, Mr. Vollmer made the following points about fuels treatment operations in the Lake Tahoe Basin: (1) they are guided by the pre-European forest stand structure; (2) they have a watershed protection function—they can both improve water quality and increase water quantity; (3) they build forest resilience to wildfire, drought, disease, and insects; and (4) they impact wildlife habitat, which can be beneficial for certain species.

PRESENTATION OF THE ANNUAL REPORT ON FIRE PREVENTION AND FOREST HEALTH IN THE NEVADA PORTION OF THE LAKE TAHOE BASIN REQUIRED BY NRS 528.150

- Pete Anderson, State Forester Firewarden, Division of Forestry, State Department of Conservation and Natural Resources (SDCNR), introduced John Christopherson, Natural Resource Program Manager, Division of Forestry, SDCNR.
- Mr. Christopherson discussed a 2014 report to the Nevada Legislature, compiled by Nevada's Division of Forestry (NDF), pertaining to fire-fuels restoration activities and accomplishments in the Nevada portion of the Lake Tahoe Basin ([Exhibit E](#)). He stated that the California-Nevada Tahoe Basin Fire Commission, which convened after the Angora fire, recommended the requirement for annual reporting; the statutory requirement was established through Assembly Bill 75 (Chapter 144, *Statutes of Nevada 2009*). Mr. Christopherson noted that the 2014 report consists of the original report, which was produced in 2009, and addendums for 2010 through 2013.

Mr. Christopherson provided an overview of the following topics discussed in the report: (1) the total acreage of fuels treated in the wildland urban interface; (2) prevention education programs; and (3) NDF's State Fire Assistance grant program. He pointed out that NDF's grant program streams funds, acquired through the USFS's State and Private Forestry programs, to local fire protection districts and other organizations.

Concluding his testimony, Mr. Christopherson commented that the update to the Lake Tahoe Basin Multi-Jurisdictional Fuel Reduction and Wildfire Prevention Strategy might be completed prior to the 2014 Annual Lake Tahoe Summit. He also mentioned that NDF's website, which has a web-mapping program, contains graphics of fuels reduction and forest restoration projects in the Lake Tahoe Basin.

Responding to questions from Chair Sprinkle, Mr. Christopherson stated that some of the graphics found in the report are also available on NDF's website. He remarked that the website did not exist at the time when the California-Nevada Tahoe Basin Fire Commission made the recommendation for the annual report requirement.

Mr. Christopherson suggested that, in lieu of producing annual reports, NDF could provide additional information on its website.

- Mr. Anderson commented on NDF's plan to create a web portal, through which community-specific information would be accessible to the public. He noted that grant funding is being pursued for this project.

PRESENTATION ON THE WILDLAND FIRE PROTECTION PROGRAM OF THE DIVISION OF FORESTRY, STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

- Pete Anderson, previously identified, provided an overview of the Wildland Fire Protection Program (WFPP) ([Exhibit F](#)). He commented on the following:
 - WFPP partnerships;
 - The 2013 fire season;
 - NDF's helitack program;
 - NDF's Budget Account 4194 for the 2013-2015 Biennium—WFPP staffing status;
 - Fire prevention and public education;
 - Forest, range, woodland, and watershed projects;
 - Hazardous fuels mitigation through fire-adapted communities;
 - Prescribed fires;
 - NDF's active and completed projects in 2013; and
 - Resource management assistance.

Mr. Anderson discussed the current drought conditions, the increased risk of wildfire, and collaborative efforts between Nevada and California to prepare for the upcoming fire season. He mentioned that Nevada Governor Brian Sandoval and California Governor Edmund G. Brown Jr. signed a joint proclamation addressing issues relating to wildfire in the Lake Tahoe Basin on August 19, 2013, at the 17th Annual Lake Tahoe Summit.

Responding to a question from Chair Sprinkle, Mr. Anderson remarked that resources can be effectively maneuvered through the WFPP to implement a strong initial attack on a large wildfire.

PRESENTATION ON THE FUELS REDUCTION AND WILDFIRE PREVENTION ACTIVITIES OF THE MULTI-JURISDICTIONAL TAHOE FIRE AND FUELS TEAM

- Michael D. Brown, previously identified, and David Fournier, previously identified, jointly presented information on the fuels reduction and wildfire prevention activities of the Multi-Jurisdictional TFFT ([Exhibit G](#)). They commented on the following:
 - Recognition of the wildfire threat, 1990 through 2002;
 - Increased local capacities for fuels reduction, 2002 through 2006;
 - The creation of the TFFT in 2007;
 - The structure of the TFFT;
 - Basin-wide fuels status of treatments;
 - Mechanical access; and
 - The future of the TFFT.

PUBLIC COMMENT

- James R. Lawrence, Administrator and State Land Registrar, Division of State Lands, SDCNR, reported that on March 11, 2014, the State Board of Finance approved a \$1.5 million bond sale package for the State's environmental improvement projects in the Lake Tahoe Basin. He remarked that the SDCNR intends to utilize the funding for the following activities: (1) the continuation of water quality grants to improve the clarity of Lake Tahoe; (2) fuels projects; and (3) recreational improvements in Nevada's State park system. Mr. Lawrence stated that the Office of the State Treasurer will begin working on the package on April 2, 2014, and funds are expected to become available on April 22, 2014.
- Chair Sprinkle remarked that additional information regarding environmental improvement projects in the Lake Tahoe Basin would be discussed at future Committee meetings.
- Steve Teshara, Principal, Sustainable Community Advocates, commented that H.R. 3390 (The Lake Tahoe Restoration Act of 2013) is pending in the U.S. House of Representatives; a hearing has yet to be scheduled. He suggested the Committee send a letter to U.S. Representative Mark Amodei (R-Nevada), the bill's primary sponsor, to stress the importance of securing a hearing. Mr. Teshara remarked that reauthorization of the Act is critical to receiving federal funding for fuels reduction projects in the Lake Tahoe Basin.
- Dan Winningham, Owner, Winningham Forest Management, commented on the payment owed to his company for work conducted while under contract with the NFSC. He pointed out that 51 contractors and fire districts are waiting for the distribution of funds, which are currently being held by the USFS. Mr. Winningham

mentioned that a letter was sent by the OIG to the NFSC, which stated that it intended to freeze the funds but pay the contractors. Mr. Winningham requested the Committee take action to release the funding.

- Chair Sprinkle clarified that while the Committee would not take formal action that day, the issue would be addressed again at a subsequent meeting.
- Mr. Winningham remarked that conducting fuels reduction activities is more cost-effective than fighting a large wildfire.
- Scott Velasco, previously identified, conveyed that Winningham Forest Management is still losing money, due to the time and effort involved with resolving the payment issue. He remarked that the OIG has documented that the USFS failed to conduct a preassessment as well as required audits. He explained that, to his knowledge, there is no oversight of the USFS; the agency polices itself. Mr. Velasco requested the Committee investigate the oversight issue.
- Chair Sprinkle announced that the next Committee meeting will be held on May 2, 2014, on the south shore of Lake Tahoe.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 3:57 p.m.

Respectfully submitted,

Lisa Gardner
Senior Research Secretary

Jennifer Ruedy
Principal Research Analyst

APPROVED BY:

Assemblyman Michael Sprinkle, Chair

Date: _____

LIST OF EXHIBITS

[Exhibit A](#) is the “Meeting Notice and Agenda” provided by Jennifer Ruedy, Principal Research Analyst, Research Division, Legislative Counsel Bureau (LCB).

[Exhibit B](#) is a document titled “NVFSC Supporting Documentation,” submitted by Forest Schafer, Forester, North Lake Tahoe Fire Protection District.

[Exhibit C](#) is a Microsoft PowerPoint presentation titled “Nevada Network of Fire Adapted Communities,” provided by Ed Smith, Area Natural Resources Specialist, University of Nevada Cooperative Extension (UNCE).

[Exhibit C-1](#) is a concept paper titled “Establishment of the Nevada Fire-Adapted Communities Network (NFACN),” submitted by Ed Smith, Area Natural Resources Specialist, UNCE.

[Exhibit D](#) is a Microsoft PowerPoint presentation titled “Overview of the Ecological Basis for Fuels Treatments,” provided by Mike Vollmer, Forest Management Program Coordinator, Tahoe Regional Planning Agency.

[Exhibit E](#) is a report titled *Report to Nevada State Legislature-AB75: Fire-Fuels-Forest Restoration Activities and Accomplishment at Lake Tahoe, NV*, dated 2014, submitted by John Christopherson, Natural Resource Program Manager, Division of Forestry, State Department of Conservation and Natural Resources (SDCNR).

[Exhibit F](#) is a Microsoft PowerPoint presentation titled “Wildland Fire Protection Program,” dated March 2014, provided by Pete Anderson, State Forester Firewarden, Division of Forestry, SDCNR.

[Exhibit G](#) is a Microsoft PowerPoint presentation titled “The Fuels Reduction and Wildfire Prevention Activities of the Multi-Jurisdictional Tahoe Fire and Fuels Team,” dated March 20, 2014, submitted by Michael D. Brown, Fire Chief, North Lake Tahoe Fire Protection District.

<p>This set of “Summary Minutes and Action Report” is supplied as an informational service. Exhibits in electronic format may not be complete. Copies of the complete exhibits and other materials distributed at the meeting are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the Library online at www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm or telephone: 775/684-6827.</p>
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